CONSENT

Bill No: AB 2320
Author: Ta (R)
Amended: 4/27/26 in Assembly
Vote: 21

SENATE HOUSING COMMITTEE: 10-0, 6/10/26
AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Grayson, Ochoa Bogh, Padilla, Pérez

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 77-0, 5/14/26 (Consent) - See last page for vote

SUBJECT: Multifamily Housing Program: Homekey: adaptive reuse

SOURCE: Author

DIGEST: This bill requires the Department of Housing and Community Development (HCD), when awarding Homekey+ grant funding, to consider allowing adaptive reuse projects to use the timelines for new construction rather than for rehabilitation, as specified.

ANALYSIS:

Existing law:

1) Establishes the Homekey and Homekey+ program to serve individuals and families experiencing homelessness or who are at risk of homelessness. Homekey+ disbursed through the Multifamily Housing Program (MHP), as grants to eligible applicants for:

   a) Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing;

b) Master leasing of properties for noncongregant housing;

c) Conversion of units from nonresidential to residential;

d) New construction of dwelling units;

e) The purchase of affordability covenants and restrictions for units;

f) Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units; and

g) Capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section.

2) Requires, upon appropriation, by the Legislature, HCD to administer funding according to the timeline set forth below, subject to any modifications set forth by the guidelines:

a) HCD may accept funding applications and issue awards on a continuous, over-the-counter basis until the funding has been exhausted or as otherwise required by law;

a) Each award shall be expended on the uses described in 1) above and in accordance with all relevant representations and descriptions in the application, within eight months of the date of the award; and,

b) Applicants may ask HCD for an extension of this timeframe on the grounds and according to the procedures set forth in the guidelines. The Director of HCD director shall have reasonable discretion to approve or deny such an extension upon conducting a full and good faith review of the applicant's extension request.

This bill:

1) Requires, for each Homekey+ award made on or after July 1, 2026, HCD consider allowing applicants that utilize funds for adaptive reuse to be subject to the same timelines as new construction, as set forth by HCD.

2) Defines "adaptive reuse" to mean retrofitting and repurposing of existing buildings to create new units.

Comments

Author's statement. "In 2024, voters approved $2.145 billion in funding to expand housing and treatment options for vulnerable populations and tasked the state with ensuring these funds are used effectively. AB 2320 helps the state meet that goal. Since the passage of Proposition 1, Homekey+ grant funding has been underutilized. The state has had funding available to build permanent supportive housing for veterans and individuals with behavioral health challenges for more than a year, yet barriers to development have limited the program's use. AB 2320 does not reinvent the wheel. The 26-month completion timeline already exists for new construction projects. Applying this same timeline to adaptive reuse projects that require extensive demolition, and reconstruction aligns with industry standards and better reflects the realities of these developments. AB 2320 is a commonsense clarification that will help ensure Homekey+ funding can be deployed more effectively to expand permanent supportive housing for those who need it most."

Homekey+. During the COVID-19 pandemic, the state used federal resources to create Project Roomkey to quickly house people experiencing homelessness temporarily in hotels and motels to avoid mass contamination of the virus and deaths. Project Roomkey later evolved into Homekey to fund the permanent acquisition of hotels and later new construction, master leasing, and other uses of the funds to create short-term and permanent housing to move people out of homelessness. In 2024, the voters approved Proposition 1 for the creation of housing for people experiencing homelessness with substance abuse and mental health challenges. Those funds have been available through Homekey+. According to information on HCD's website, $767,900,183 of the $2.145 billion available has been awarded. HCD issued a Notice of Funding Availability for the 2.1 billion for Homekey+ in March 2026. This includes funding for veterans housing, which was separately authorized by Prop 1.

Homekey+ can be used for a variety of uses and establishes timelines for when construction must begin and completed. For new construction and gap financing, groundbreaking must occur within six months of award, construction must be complete within 24 months, capital expenditure must be complete within 27 months and the units must be occupied by 27 months. All eligible uses, including acquisition and rehabilitation, must complete construction within 12 months, complete capital expenditure within 15 months, and be occupied within 15 months.

The sponsors wish to use Homekey+ for adaptive reuse projects, which would involve a full teardown of an existing structure, not just rehabilitation. They contend that adaptive reuse projects typically involve extensive demolition, structural reconfiguration, and major electrical and mechanical upgrades; which align more closely with the new construction timeline, rather than the rehabilitation timeline. For example, nearly all unit conversions from nonresidential to multifamily residential require significant upgrades (e.g., electrical and transformer upsizing, merging rooms, adding kitchenettes, and constructing community buildings) that go far beyond typical rehabilitation and better align with new construction.

This bill directs HCD, when awarding Homekey+ funds, to consider using the same timelines as new construction (26 months) instead of timelines for all other projects (14 months).

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 6/22/26)

California Apartment Association
California State Association of Counties
Urban Counties of California

OPPOSITION: (Verified 6/22/26)

None received

ASSEMBLY FLOOR: 77-0, 5/14/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Arambula, Flora, Celeste Rodriguez

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
6/24/26 16:35:05

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