

ASSEMBLY THIRD READING

AB 282 (Pellerin)

As Amended April 10, 2025

Majority vote

SUMMARY

Creates an exemption in source of income discrimination law to allow a housing owner or landlord to establish policies or preferences in favor of an applicant or tenant who qualifies for or participates in federal, state, or local housing subsidy programs, including, but not limited to, federal housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937.

Major Provisions**COMMENTS**

California's Housing Crisis: California is in the midst of a housing crisis. Over two-thirds of low-income renters are paying more than 30% of their income toward housing, a "rent burden" that means they have to sacrifice other essentials such as food, transportation, and health care. In 2024, over 185,000 Californians experienced homelessness on a given night. The crisis is driven in large part by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP's) Housing Need Dashboard, in the current market, over 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month. CHP estimates that the state needs an additional 1.28 million housing units affordable to very low-income Californians to eliminate the shortfall.

PHAs and the Voucher System: The HCV program is the largest rental assistance program in the country, first established in 1974 under Section 8 of the United States Housing Act of 1937. More than 5 million people in over 2 million low-income households use vouchers nationwide, including 307,800 California households as of January 2022. A key feature of the HCV program is that the program relies on private landlords to accept voucher recipients as tenants. Because the amount of funding provided for the HCV program is limited, far more low-income people qualify for a voucher than actually receive one – and even fewer of those who receive one can successfully find a landlord in the private market willing to accept the voucher. While the voucher generally covers the portion of the tenant's rent that exceeds 30% of their income, payment standards for metro areas determine how much rent beyond 30% the HCV is allowed to cover and in some cases tenants may end up paying more than 30% of their income if they cannot find an available affordable unit. The payment standards are based on fair market rents that the US Department of Housing and Urban Development (HUD) calculates each year for middle-range housing units in an area.

The HCV program is administered by public housing authorities (PHAs), which are independent public entities created by state law and almost entirely funded by the federal government. Some PHAs also own and develop affordable and mixed-income housing. In addition to administering "tenant-based" HCVs and specialty vouchers like HUD-VASH, PHAs can also choose to

"project-base vouchers" or dedicate up to 20% (in some cases up to 30%) of their vouchers to specific units in an affordable or supportive housing development.

Due to the mismatch between the number of eligible low-income households and the amount of HCVs available in each region, most PHAs require applicants to join a voucher waitlist, which is intended to filter people into the program as vouchers become available. Because the HCV program is so impacted and there is such a lack of affordable housing in the state, many people wait years on a voucher waitlist, and some PHAs have had their waitlists closed for years and only open them for extremely brief periods of time due to overwhelming demand.

Source of Income Discrimination: Vouchers should be a lifeline for families who finally receive them after months or years on a waitlist – but California's voucher recipients face significant barriers to using their vouchers because they have trouble competing in the state's competitive rental housing market. Once a tenant receives a voucher, they have a limited amount of time to secure a rental unit, typically between 60 to 120 days with limited extensions.

Though California adopted a prohibition on housing discrimination based on source of income in 2019 via SB 329 (Mitchell), Chapter 600, this protection only prohibits a housing provider from refusing to rent or taking other adverse actions against an individual due to the fact that they have a government subsidy. It continues to be very challenging for voucher holders to secure rental housing, particularly if they have a low credit score or no credit history. Additionally, while source of income protections prohibit housing providers from using a financial or income standard based on something other than a tenant's share of rent, there is no proportional weighting of other tenancy qualification criteria.

This bill would clarify that it is permissible for an owner or landlord to establish a policy or preference favoring applicants or tenants who qualify for or participate in rental assistance or housing subsidy programs, vouchers, or certificate systems, like HCVs or HUD-VASH vouchers. While the cosponsors of the bill are PHAs who likely seek to utilize this authority to help direct and prioritize voucher holders toward units owned and operated by the PHAs and free up more PBVs, the bill broadly authorizes this practice for any owner or landlord (if they so choose). The author and sponsors also point out that the State of Delaware recently amended their source of income discrimination law to allow landlords to reserve rental units for voucher holders (see Del. Code tit. 6 Section 4607(k)).

According to the Author

"The Housing Choice Voucher (HCV) Program is a vital tool for low-income families seeking stable housing, yet many continue to face barriers in the private rental market. This includes blatant refusal from some landlords to rent units to tenants with a voucher. While landmark legislation in 2019 sought to eliminate discrimination based on source of income, it unintentionally prohibited preferences that could benefit voucher holders. AB 282 seeks to clarify the law by allowing housing providers to prioritize tenants with rental assistance, expanding housing opportunities for low-income families."

Arguments in Support

According to the Housing Authority of the County of Santa Cruz, the bill's cosponsor, "In 2019, SB 329 was passed, which revised the definition of 'source of income' to include housing subsidies, thereby prohibiting discrimination based on participation in such a program. This legislation was passed with the explicit intent to create more housing opportunities and make it easier for participants of rental assistance programs to secure a place to call home. While SB 329

succeeds at preventing discrimination against rental assistance participants, the operative language was written in such a way that unintentionally prohibited housing providers from establishing a preference for renting to participants in rental assistance programs. As a result, this limits the extent to which housing providers can expand housing opportunities for low-income individuals and families participating in rental assistance programs, which is counter to the original intent of the legislation. While the proposed legislation would assist low-income families in utilizing their rental assistance and finding an available unit, it could also assist housing providers. In addition to housing authorities and non-profits whose mission is to exclusively serve low-income families, private market owners could use a preference for rental assistance recipients to receive market rate rates while meeting their inclusionary requirements to rent a certain percentage of units to low-income families, thereby potentially promoting the financial viability of those projects."

Arguments in Opposition

According to the Southern California Rental Housing Association, "California must remain committed to policies that ensure equity and inclusivity in housing practices. While supporting government-assisted tenants is important, it should not come at the expense of other groups who also face significant barriers to securing housing. AB 282 could lead to unintended consequences that erode fair housing principles and exacerbate disparities in housing access. I urge you and your colleagues in the California State Assembly to reconsider this legislation and explore alternative solutions that strengthen housing access for all Californians without creating preferential treatment based on income sources."

FISCAL COMMENTS

According to the Assembly committee on Appropriations: The Civil Rights Department (CRD), which has enforcement authority under FEHA, does not anticipate this bill will result in a significant increase in complaints filed with the department and, therefore, estimates costs to be minor and absorbable.

CRD notes, however, if the bill does result in a significant increase, CRD would require additional program staff and administrative resources. Further, CRD may require additional resources if this bill is one of several bills that each by itself would be minor and absorbable, but cumulatively would increase CRD's workload.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 8-2-1

YES: Haney, Ávila Farías, Caloza, Kalra, Lee, Quirk-Silva, Wicks, Wilson

NO: Patterson, Ta

ABS, ABST OR NV: Gallagher

ASM JUDICIARY: 9-3-0

YES: Kalra, Wicks, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur

NO: Dixon, Sanchez, Tangipa

ASM APPROPRIATIONS: 11-4-0

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Ta, Tangipa

UPDATED

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CONSULTANT: Nicole Restmeyer / H. & C.D. / (916) 319-2085

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