

GOVERNOR'S VETO
AB 474 (Ward)
As Enrolled September 12, 2025
2/3 vote

SUMMARY

Creates incentives for persons to participate in nonprofit home-sharing programs, as defined.

Major Provisions

- 1) Excludes income received through renting bedrooms or units through a nonprofit home-sharing program, as defined, from consideration as income for the purposes of determining eligibility for certain social services and benefits.
- 2) Defines "nonprofit home-sharing program" for purposes of 1) and 2) above to mean a program that meets all of the following:
 - a) Is administered by a nonprofit organization or governmental entity.
 - b) Provides services that help match a person or household, who has one or more unoccupied bedrooms in their owner-occupied home, one or more unoccupied bedrooms in their rental of which they are the primary tenant, or up to two separate vacant units on an owner-occupied property with one or more unrelated tenants. Specifies that lease agreements pursuant to this part must be for a term of no less than 30 days.
 - c) Provides services, including, but not limited to, case management, intake, introductions, background checks, and third-party mediation, at no cost to participants, as specified.
- 3) Provides that "discrimination," under state law prohibiting housing discrimination, would not include refusal to rent or lease a portion of an owner-occupied single-family house to a person as a roomer, boarder, or tenant living within the household if, among other things, the owner is renting the portion of their home as a landlord in a nonprofit home-sharing program, as defined.
- 4) Requires the State Department of Social Services to seek all available federal waivers and approvals necessary to exclude the income described in 1) above for the purposes of calculating household income under CalFresh and the Supplemental Security Income/State Supplementary Program for the Aged, Blind, and Disabled (SSI/SSP).

Senate Amendments

- 1) Clarify that discrimination would not include refusal to rent or lease a portion of an owner-occupied single-family house to a person as a roomer, boarder, or tenant living within the household if, among other things, the owner is renting the portion of their home as a landlord in a nonprofit home-sharing program, as defined.
- 2) Require the State Department of Social Services to seek all available federal waivers and approvals necessary for income exemptions, as specified.

Governor's Veto Message

This bill would exclude income from nonprofit home-sharing arrangements when determining eligibility for certain state-administered public benefit programs, effectively allowing participants to retain more of their benefits while earning modest income. This bill also would create a new exemption under the Fair Employment and Housing Act (FEHA) for these programs, shielding them from certain state housing discrimination laws in order to facilitate their operations.

The intent of this measure is commendable, but further work is needed to address two fundamental issues. First, the provision establishing a categorical exemption under FEHA raises significant concerns. By exempting nonprofit home-sharing programs from long-standing FEHA protections, the bill risks creating inconsistencies in California's fair housing framework and causing legal uncertainty for both program operators and participants.

Second, the bill would exclude income from nonprofit home-sharing arrangements only for state-administered benefit programs, creating inherent inconsistencies with federal benefit rules. While California should not refrain from extending support simply because federal programs remain unchanged, any state-level adjustment must be designed to minimize administrative complexity and costs so that assistance can be delivered effectively and equitably.

I encourage the Legislature to work with my Administration to refine the FEHA provisions with greater precision to avoid unintended consequences and to develop approaches that reduce administrative complexity while continuing to provide meaningful support to Californians most in need.

COMMENTS

Many older Californians, after children have grown, opt to live alone in multi-bedroom single-family homes, even as they struggle to make mortgage payments or pay property taxes while earning much less than they did in their working years. Meanwhile, according to the author, other older adults may lease a large apartment, but find their rent outpacing their income.

This bill seeks to serve the author's goals in several innovative ways. First, in order to provide an incentive for persons who have empty rooms to rent them to people who need them, this bill, excludes such rental income received by a low-income household for purposes of determining income eligibility requirements for any benefits or social services administered under the Welfare and Institutions Code.

Second, in addition to this economic incentive, the bill would modify the definition of "discrimination" under the Fair Employment and Housing Act (FEHA) which currently exempts an owner who refuses to rent a room to a person in an owner-occupied household, as long as no more than one tenant lives within the household and the owner complies with laws prohibiting discriminatory listing or advertising. This bill would extend this exemption to situations in which there are no more than two tenants within the household. Third, this bill would delete a provision of existing law that outlines the process for ending the tenancy of a "lodger."

In sum, this bill would amend existing law to encourage and supplement the work of nonprofit organizations that connect potential providers of an affordable housing option with those who need an affordable housing option. Nonprofit home-sharing programs, therefore, serve the needs of two groups. First, they provide low-income households, especially older Californians living

on a fixed income, with much needed supplemental income. Second, for older Californians who do not have a home of their own and cannot afford to rent a house or full-sized apartment, these programs allow them to rent a room in a household as an alternative to homelessness or institutional living. In addition to these obvious economic benefits, there are also compelling social benefits. As the bill's sponsor points out, home-sharing programs provide human contact and social connection, and this is especially beneficial to older adults who disproportionately experience isolation and loneliness.

According to the Author

According to the author, this bill would "expand housing opportunities for low-income Californians, particularly older adults, by simplifying and incentivizing the process of renting out available residential bedrooms through non-profit home share programs. . . By increasing these options," the author explains, "AB 474 seeks to prevent homelessness and support those being priced out of the housing market." Although the author and sponsor are primarily concerned with elderly Californians, who would be the ones most likely to benefit, the bill would in fact benefit any low-income household with a room to spare and any person willing and able to rent it.

Arguments in Support

Leading Age, the bill's sponsor, writes that "Assembly Bill 474 provides a low-cost, high-impact strategy to increase California's housing stock while promoting housing stability for both homeowners and renters." Leading Age further explains:

Home-sharing programs provide an innovative and immediate way to alleviate this crisis. These programs match homeowners and primary tenants with extra bedrooms to individuals seeking affordable housing while providing ongoing support such as case management and conflict mediation at no cost to participants.

While home-sharing programs are typically open to adults of all ages, they are especially popular among older adults, who often fall into a situation where they are "housing rich but cash poor". Older adults have the highest homeownership rate of any age cohort in California. At the same time, older Californians have the lowest incomes. Many older Californians live on fixed incomes like Social Security, which have not increased sufficiently with rising costs. For many of these older Californians who have seen their fixed incomes outpaced by costs, they are put in the impossible position of deciding whether to forgo necessities like food or healthcare, or leave their home that they love and have lived in stably for many years. Home-sharing helps low-income older homeowners generate supplemental income, allowing them to stay housed and age in place, while also offering renters more stable and affordable housing options.

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) The California Department of Social Services (CDSS) indicates that there are no state operations costs because this bill would only require CDSS to seek federal waivers, which is absorbable work under current staffing levels. CDSS reports that this bill will result in a local assistance impact. This bill would increase benefit costs for a portion of the California Work

Opportunities and Responsibility to Kids (CalWORKs) program and the Cash Assistance Program for Immigrants (CAPI) recipients by exempting any income received through renting bedrooms or units as a landlord in a nonprofit home-sharing program from consideration as income or assets for the purposes of determining eligibility and benefit amounts for public social services.

For CalFresh and Supplemental Security Income/ State Supplementary Payment (SSI/SSP), federal regulations are in direct conflict with the provisions of this bill. This bill would require the Department to seek all available federal waivers to implement the provisions of this bill for CalFresh and SSI/SSP. As such, this fiscal analysis contemplates scenarios where the federal government both denies and approves the waivers for CalFresh and SSI/SSP.

If federal waivers are not approved, this bill would still apply to state-only programs like CalWORKs, CAPI, and the Trafficking and Crime Victims Assistance Program (TCVAP), which do not need federal approval to implement changes. By excluding rental income from eligibility calculations, the bill would expand access to these programs and lead to new General Fund costs.

VOTES

ASM JUDICIARY: 8-3-1

YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Papan, Stefani, Zbur

NO: Dixon, Essayli, Sanchez

ABS, ABST OR NV: Pacheco

ASM HUMAN SERVICES: 6-0-0

YES: Lee, Castillo, Calderon, Elhawary, Jackson, Celeste Rodriguez

ASM REVENUE AND TAXATION: 7-0-0

YES: Gipson, Ta, Bains, DeMaio, Garcia, McKinnor, Quirk-Silva

ASM APPROPRIATIONS: 11-0-4

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

ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 77-0-2

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Lackey, Lowenthal

SENATE FLOOR: 39-0-1

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney,

Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Cabaldon

ASSEMBLY FLOOR: 79-0-1

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, 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, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Tangipa

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