

CONCURRENCE IN SENATE AMENDMENTS

CSA1 Bill Id:AB 726 Author:(Ávila Fariás)

As Amended Ver:September 4, 2025

Majority vote

SUMMARY

Allows local governments to include in their Annual Progress Report (APR) the number of units of existing deed-restricted affordable housing that have been substantially rehabilitated with at least \$60,000 per unit in funds from the local government, as specified.

Senate Amendments

Make technical changes and add chaptering language.

COMMENTS

Annual Progress Reports: Current law requires all local jurisdictions to provide housing information annually to HCD via the APR, including the following information from the current housing element cycle:

- 1) The number of housing development applications received, and whether those applications are subject to ministerial or discretionary approval;
- 2) The number of units included in all development applications;
- 3) The number of units approved and disapproved;
- 4) For each income category, the number of net new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy;
- 5) A unique site identifier (such as assessor's parcel number) for each entitlement, building permit, or certificate of occupancy; and
- 6) The overall progress in meeting its share of regional housing needs.

This bill creates an option for a local government to include in the housing element progress section of their APR the number of units of existing deed-restricted affordable housing that are at least 15 years old and have been substantially rehabilitated with at least \$60,000 per unit in funds from a local government in the prior year, which may also include the forgiveness of principal or interest on existing debt issued by the local government. The average affordability of these units would have to be no greater than 45% of AMI in order to be reportable under the bill.

The bill further specifies that these substantially rehabilitated units would not be considered when HCD evaluates progress in meeting RHNA targets for purposes of determining if a local government is subject to the streamlined, ministerial approval process created by SB 35 (Wiener), Chapter 366, Statutes of 2017.

It is important to note that APR submission has become a lengthy and involved process for city and county planning staff to undertake each year, and changing components can also prompt

HCD to need to reconfigure its existing APR data collection and visualization tools to account for different categories of information. Adding new components to APRs should be considered carefully in light of the additional workload that will be placed on planning staff or consultants as well as HCD. This bill allows, rather than requires, a local government to report this additional information if it so chooses.

According to the Author

"Before 2000, much of the affordable housing that the Department of Housing and Community Development (HCD) funded required extremely affordable rents that barely or do not cover the development's annual operating expenses.

These developments have no extra money to fund long-term repairs. The only funding source developed to address this need is the Portfolio Restructuring Program (PRP) at HCD, which was funded at low levels during the last surplus but has since run out of money. Properties cannot wait much longer for repair.

AB 726 incentivizes local governments to invest in the rehabilitation of deeply-affordable housing by allowing them to receive housing element credit for doing so. This bill addresses the need to preserve existing affordable housing stock that is deteriorating due to rents being too low to cover long-term repairs, and it prevents the potential loss of these vital units. AB 726 will ensure local governments can meet their housing obligations while addressing the urgent need to maintain deeply-affordable housing."

Arguments in Support

According to the California Housing Partnership and the California Housing Consortium, the bill's cosponsors, "Local governments have some resources for affordable housing purposes. However, since investments in the rehabilitation of affordable housing does not give them credit toward their regional housing needs goals, they tend to prioritize their resources for new construction. AB 726 offers a smart solution. By allowing cities and counties to receive Housing Element credit for substantial rehabilitation of deeply-targeted affordable housing, this bill directly incentivizes local investment in these at-risk properties. Granting Housing Element credit for rehabilitation purposes will encourage local governments to dedicate resources to preserving existing affordable housing, alongside new construction."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) HCD indicates that this bill would impose ongoing workload costs to collect, validate, and store reported data on substantially rehabilitated housing units, and provide technical assistance to local agencies, as well as one-time costs to update the housing element APR form and make IT systems upgrades. HCD estimates that costs associated with this bill would be absorbable, assuming resources are approved for other APR-related bills that are pending in the Legislature. Staff estimates that ongoing workload directly attributable to this bill would likely exceed \$50,000 in staff time, and first-year costs could be as high as \$150,000 to \$200,000 if no other APR bills are enacted and HCD

would still be responsible for one-time fixed costs to update forms and IT systems, and to provide ongoing data collection and technical assistance services. (General Fund)

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-0-1

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

ABS, ABST OR NV: Gallagher

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM APPROPRIATIONS: 14-0-1

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

ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 79-0-0

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, 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, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

UPDATED

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

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