

THIRD READING

Bill No: AB 736
Author: Wicks (D), Haney (D) and Quirk-Silva (D), et al.
Amended: 4/10/25 in Assembly
Vote: 27 - Urgency

SENATE HOUSING COMMITTEE: 8-1, 4/21/26
AYES: Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson,
Padilla
NOES: Seyarto
NO VOTE RECORDED: Ochoa Bogh

SENATE APPROPRIATIONS COMMITTEE: 5-0, 5/14/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

ASSEMBLY FLOOR: 65-11, 6/3/25 - See last page for vote

SUBJECT: The Affordable Housing Bond Act of 2026

SOURCE: Author

DIGEST: This urgency bill authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the June 2, 2026 primary election ballot to fund production of affordable housing and supportive housing.

ANALYSIS:

Existing law:

- 1) Authorized the Veterans and Affordable Housing Bond Act of 2018, which provided \$4 billion in funding, including \$1 billion for the Department of Veterans Affairs (CalVet) program and \$3 billion for various affordable housing programs.

- 2) Establishes the Multifamily Housing Program (MHP) at the California Department of Housing and Community Development (HCD) to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers.
- 3) Establishes the Portfolio Reinvestment Program to provide loans or grants to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of HCD-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 10 years, or are otherwise at-risk for conversion to market-rate housing.
- 4) Establishes the Joe Serna, Jr. Farmworker Housing Grant Program (Serna Program) at HCD to finance the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.
- 5) Establishes CalHome at HCD to provide grants to local public agencies and non-profit developers to assist individuals and households through deferred-payment loans. The funds provide direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions.
- 6) Authorizes CalHFA to provide first time homebuyer assistance, including but not limited to a deferred-payment, low-interest, subordinate mortgage loan, including down payment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income households.

This bill:

- 1) Authorizes \$10 billion in general obligation bonds to fund the following programs:
 - a) \$5 billion to MHP. At least 10% of units in a MHP development must be available for extremely low-income households;
 - b) \$1.7 billion to supportive housing administered through the MHP program. Requires HCD to offer capitalized operating subsidy reserves for supportive housing developments receiving funding;

- c) \$800 million for the Portfolio Reinvestment Program, which provides funding to rehabilitate, fund short-term capitalized operating subsidy reserve, and extend the long-term affordability of HCD-funded rental multifamily housing projects that are at-risk of conversion to market-rate housing;
 - d) \$250 million for the Tribal Housing Grant Program;
 - e) \$500 million for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units (*i.e.*, unsubsidized housing that may naturally be affordable) and the attachment of long-term affordability restrictions to the units;
 - f) \$1 billion to the CalHOME Program and the My Home down payment assistance program administered by the California Housing Finance Agency (CalHFA);
 - g) \$350 million to the Joe Serna, Jr. Farmworker Housing (Serna) Program; and
 - h) \$400 million to the Infill Infrastructure Grant Program of 2019, which promotes infill housing development by providing financial assistance for the infrastructure and adaptive reuse that is an integral part of, or necessary to facilitate the development of affordable and mixed-income housing.
- 2) Authorizes the Legislature to amend any law related to programs, which have been allocated funds by the bond, to further improve the efficacy and effectiveness of those programs.
 - 3) Authorizes the Legislature to reallocate funds authorized by the bond to effectively promote affordable housing in the state.
 - 4) Authorizes HCD to disperse funds made available through the bond to housing developments during the construction period.

Background

Affordable housing finance generally. California has the largest concentration of severely unaffordable housing markets in the nation, with the average home value in California at \$877,285. To keep up with demand, the state Department of Housing and Community Development (HCD) estimates that California must plan for the development of more than 2.5 million homes by 2031, and no less than one

million of those homes must meet the needs of lower-income households (more than 640,000 very low-income and 385,000 low-income units are needed).

Developing housing that is affordable to very low- and low-income families almost always requires some amount of public investment. Unlike market-rate housing, tenants in affordable housing are only required to pay 30% of their income toward rent, so the state provides enough long-term subsidy to reduce the overall debt service on a development. The high cost of land and construction, as well as regulatory barriers, in California generally makes it economically impossible to build new housing that can be sold or rented at prices affordable to such households. The private sector sometimes provides financial subsidies or land donations mandatorily through inclusionary zoning policies or voluntarily through density bonus ordinances, described below. In most cases, however, some amount of public financial subsidy is needed from federal, state, and/or local governments.

Comments

- 1) *Publicly available funds for affordable housing.* Prior to 1974, the federal government invested heavily in affordable housing construction. When those units began to deteriorate, the Housing Community and Development Act ended most new construction of public housing and the Housing Choice Voucher Program (Section 8) was created in its place. This new program allowed eligible tenants to pay only a portion of their rent (based on their income) and shifted funds from public housing authorities to the private sector. The goal was to eliminate concentrations of low-income people in housing developments. In 1981, the Reagan administration dismantled federal affordable housing funding. From 1978 to 1983, the funding for low- to moderate-income housing decreased by 77%. In 1970, there were 300,000 more low-cost rental units (6.5 million) than low-income renter households (6.2 million). By 1985, however, the number of low-cost units had fallen to 5.6 million, and the number of low-income renter households had grown to 8.9 million, a disparity of 3.3 million units. Federal investments have not gone back up to pre-1978 levels, and measures like the Faircloth amendment hamstringing federal investments in new publicly-funded affordable units.

At the state level, California has invested significantly in affordable housing construction and rehabilitation in recent years through the passage of one-time discretionary actions in the budget and the passage of voter approved bonds.

Only in the last few years have the Legislature and Governor allocated General Fund dollars to affordable housing programs. Beginning in 2019, an unprecedented \$8 billion from the General Fund has gone to a variety of

affordable housing programs. The Veterans and Affordable Housing Bond Act of 2018 (Proposition 1), authorized \$3 billion to fund state affordable housing programs and \$1 billion for the CalVet program, which provides advantageous mortgages to veterans. All of the funding from the bond will be fully allocated by the end of 2023. Proposition 2 of 2018 authorized the state to issue \$2 billion in General Obligations bonds against revenues from the Mental Health Services Act for purposes of funding the No Place Like Home Program (NPLH). Those funds supported the construction of over 7,000 supportive housing units and the funds are now exhausted.

It should be noted that of these investments, only funds from the Affordable Housing and Sustainable Communities program (AHSC), federal and state low income housing tax credits, and funds from SB 2 (Atkins, Chapter 364, Statutes of 2017), are ongoing sources of funding.

These investments, while critical, have not made up for decades of disinvestment from the federal level, resulting in a supply-side shortage of affordable housing to meet the growing demand. Significant ongoing investments are necessary to meet the current undersupply of housing affordable to lower-income families. According to the bill sponsors, California has nearly 45,000 shovel-ready affordable homes that cannot move forward due to lack of gap financing.

- 2) *Who benefits from affordable housing?* Most subsidized affordable housing developments are built for families and individuals with incomes of 60% or less than AMI; as noted above, AMI is set regionally and means different things in different areas of the state. While these income limits may seem low, many “middle-class” and working families fall into low-income categories due to the high cost of housing. For example, a renter earning minimum wage (such as a pre-school teacher, janitor, or retail employee) needs to earn 2.8 times the state minimum wage to afford the average asking rent in California. The average beginning elementary school teacher in California makes between \$55,000 - \$62,000 per year and a beginning high school teacher makes between \$55,000 and \$67,000 per year¹, which in some areas of the state falls into the low- or even very low-income categories.
- 3) *A renewed GO Bond for Housing.* According to the sponsors, this new bond could produce more than 40,000 new affordable homes for lower-income

¹ Statewide Average Salaries and Expenditure Percentages: 2023-24. California Department of Education. Accessible here: [Average Salaries & Expenditure Percentage - CalEdFacts \(CA Dept of Education\)](#)

households, preserve more than 5,500 existing units, create more than 53,000 construction jobs, and generate \$1.3 billion in state and local tax revenue. This bill would provide \$1.75 billion to supportive housing for people at-risk or experiencing homelessness. In addition, the bond would require that 10% of any units created through MHP go to people who are extremely low-income (at or below 30% of area median income), who may be at greater risk of homelessness. It would also reinvest in the Serna Program and CalHOME. These three programs benefited from funding through Proposition 1.

The bond would also fund a new program contemplated by SB 1091 (Caballero, 2026). That program would support the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions to the units.

This bill is substantially similar to SB 417 (Cabaldon, 2026), which is pending in the Assembly Housing and Community Development Committee. Below is a chart comparing the funding proposed in both bills.

| Program Funded | AB 736 (Wicks) Housing Bond (\$10 BN) | SB 417 (Cabaldon) Housing Bond (\$10 BN) |
|---|--|--|
| Multifamily Housing Program (MHP) | \$5 BN (at least 10% to ELI) | \$5.25 BN ² (at least 10% for ELI) |
| MHP Supportive Housing | \$1.7 BN | \$1.75 BN |
| CalHome | \$1 BN combined for both | \$1 BN combined for both |
| Downpayment Assistance Program (CalHFA) | | |
| Portfolio Reinvestment Program (PRP) | \$800 MN | \$800 MN |
| Infill Infrastructure Grant Program of 2019 | \$400 MN | Funds for this program included in \$5.25 BN for MHP above |

² This also includes funds for the Infill Infrastructure Grant Program of 2019.

| | | |
|--|----------|----------|
| Tribal Housing Grant Program (SB 1187, McGuire, 2024) | \$250 MN | \$250 MN |
| Joe Serna Jr., Farmworker Housing Program | \$350 MN | \$250 MN |
| NEW Community Anti-Displacement and Preservation Program (contemplates SB 225, Caballero, 2024) | \$500 MN | \$500 MN |
| NEW Wildfire Prevention, rental assistance, and affordable housing construction program | \$0 | \$200 MN |

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

According to the Senate Appropriations Committee:

- **Bond costs:** Total principal and interest costs to pay off the bonds would be approximately \$17.88 billion (\$10 billion in principal and \$7.88 billion in interest), with average annual debt service payments of \$596 million (General Fund), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 4.25% (the all-in true interest rate secured by the State Treasurer at recent \$2.4 billion general obligation bond sale). If interest rates increase to 5% in the near future, annual debt service would be approximately \$651 million (General Fund) and total principal and interest costs over the repayment period would be approximately \$19.5 billion. Staff notes that this bill explicitly authorizes a maturity date of up to 35 years from the date of issuance of each bond. The estimated annual debt service costs would be lower, but total interest costs would be higher over the repayment period, if the bonds are sold with a 35-year maturity date.
- **Administrative costs:** The Department of Housing and Community Development (HCD) would incur significant increased staffing and operations costs to administer the various housing programs funded by this Bond Act (Affordable Housing Bond Act Trust Fund of 2026). HCD expects to utilize up to 5% of bond proceeds dedicated to the programs it administers, or up to \$465 million in total, for administrative costs. See staff comments.

The California Housing Finance Agency (CalHFA), which administers the Downpayment Assistance Program, does not anticipate significant additional administrative costs as a result of this measure.

- **Ballot costs:** One-time Secretary of State (SOS) costs, likely in the range of \$4 million in the current fiscal year (General Fund), to generate and mail a supplemental pamphlet to voters for the June 2, 2026 primary election, due to the compressed timeline and deadlines in the Elections Code for measures to be included in the main Voter Information Guide pamphlet that is mailed to voters. Staff notes that this timeline is infeasible. See Recommended Amendments below.

SUPPORT: (Verified 5/16/26)

A Community of Friends
Abode Housing Development
Acce Action
All Home
Alliance for Housing and Healing
Allied Framers LLC
Alta Housing
Amazon.com
Architects Fora
Asian Americans Advancing Justice Southern California
Berkeley City Councilmember Igor Tregub
Better Opportunities Builder, INC.
Bolin Community Land Trust
Brilliant Corners
Brooks + Scarpa
Buen Vecino
CAA Consultants
Cabrillo Economic Development Corporation
California Association of Councils of Governments
California Building Industry Association
California Center for Cooperative Development
California Coalition for Community Investment
California Coalition for Rural Housing
California Community Land Trust Network
California Council for Affordable Housing
California Department of Education
California Housing Consortium

California Housing Partnership
California National Organization for Women
California Rural Legal Assistance Foundation
California-hawaii State Conference of the NAACP
Care Clt (a Division of Care Assn, Inc)
Champions for Progress INC.
Chelro Care Institute
Chinatown Community Development Center
Christian Church Homes (CCH)
City of Anaheim
City of Riverside
City of Santa Ana Councilwoman Jessie Lopez
City of Soledad
City of Woodland
Coachella Valley Housing Coalition
Collective Operation
Community Corp. of Santa Monica
Corporation for Supportive Housing
Council of Community Housing Oranizations
Courage California
Destination: Home
Disability Rights California
Drug Policy Alliance
Eah Housing
East Bay Housing Organization - Ebho
East Bay Yimby
Eden Housing
Eden I&r, INC.
Endangered Habitats League
Enterprise Community Loan Fund
Enterprise Community Partners, INC.
Episcopal Community Services of San Francisco
Equal Rights Advocates
Eviction Defense Network
Fantastic Calculator
Firm Foundation Community Housing
Fresno Housing Authority
Friends Committee on Legislation of California
Fsy Architects, INC
Generation Housing

Heavin Helps
Homes & Hope
Hope Solutions
Housing Accelerator Fund
Housing Action Coalition
Housing Authority of City of Santa Paula
Housing Authority of the City of San Buenaventura
Housing Authority of the City of San Luis Obispo
Housing California
Housing El Dorado
Housing Leadership Council of San Mateo County
Housing Now!
Housing Trust Silicon Valley
Human Good
Human Impact Partners
Indivisible Ca: Statestrong
Initiate Justice
Inland Abundant Housing & Housing and Homeless Collaborative of Claremont
Inland So Cal Housing Collective
Inner City Law Center
Legal Aid of Sonoma County
Let Spirit Lead, INC.
Lifehouse, INC
Lifesteps
Lift to Rise
Lighthouse Silicon Valley
Lisc San Diego
Making Housing and Community Happen
Midpen Housing Corporation
Mission Economic Development Agency
Mithun
Monterey Bay Economic Partnership
Monterey Peninsula Yimby
Mountain View Yimby
Move California
National Alliance to End Homelessness
National Housing Law Project
Neighborhood Partnership Housing Services INC
Nonprofit Housing Association of Northern California
Northern Circle Indian Housing Authority

Northern Dreamcatcher
Oxnard Union High School District
Path Ventures
People for Housing Orange County
People's Self-help Housing
Pep Housing
Pico California
Public Interest Law Project
Public Counsel
Redwood Community Services
Related California
Resources for Community Development
Sacramento Area Congregation Together
Sacramento Community Land Trust
Sacramento Housing Alliance
Sacramento Transit Advocates and Riders STAR
Saida + Sullivan Design Partners
San Francisco Community Land Trust
San Francisco Department of Homelessness and Supportive Housing
San Francisco Yimby
Santa Clara County Housing Authority
Self Help Enterprises
Self-help Enterprises
Self-help for the Elderly
Serving Seniors
Sierra Business Council
Sloco Yimby
South Bay Yimby
Southern California Association of Non-profit Housing
Supportive Housing Alliance
Supportive Housing Community Land Alliance
Tenderloin Neighborhood Development Corporation
The Unity Council
Two Valleys Community Land Trust
United Way Bay Area
Ventura Homeless Prevention
Victor Valley Family Resource Center
Women's Empowerment
Yimby Action
Yimby Los Angeles

Yimby Oceanside
Yolo Yimby
Young Community Developers
Zillow Group

OPPOSITION: (Verified 5/16/26)

Habitat for Humanity California

ARGUMENTS IN SUPPORT: According to the author, “Housing affordability is the number one issue for lower income Californians. The Affordable Housing Bond of 2026 will help produce and preserve tens of thousands of affordable housing units over several years, serving hundreds of thousands of lower income households over the following decades. And because every \$1 spent by the state is matched by \$4 from federal tax credits, local grants, and rent payments from the residents, the Affordable Housing Bond of 2026 is a smart investment.”

ARGUMENTS IN OPPOSITION: Habitat for Humanity California is opposed to this bill unless it is amended “to designate a \$1 billion appropriation specifically to the CalHome Program to increase the production of affordable homes for ownership in our state.”

ASSEMBLY FLOOR: 65-11, 6/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Castillo, Davies, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Macedo, Sanchez, Tangipa

NO VOTE RECORDED: Chen, Hoover, Ta

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
5/16/26 15:50:50

**** END ****