Date of Hearing: August 27, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 750 (Quirk-Silva) – As Amended August 20, 2026

SUBJECT: Department of Housing and Community Development

SUMMARY: Expands eligibility for the Portfolio Reinvestment Program (PRP) administered by the Department of Housing and Community Development (HCD) to include affordable housing developments at-risk of conversion that do not have HCD funding, as specified Specifically, **this bill**:

1) Provides that the following housing development projects are eligible for PRP funding:

   a) An HCD-funded project that has an affordability restriction that has expired or has a remaining term of less than 10 years or is otherwise at-risk for conversion to market rate.

   b) A "challenged development," defined as a housing development project that is at least 15 years old, has insufficient access to private or other public resources to complete substantial rehabilitation, as determined by HCD, and either:

      i. Serves very low-income or extremely low-income households, with an average maximum household income as restricted by an existing regulatory agreement of up to 45% of area median income (AMI); or,

      ii. Is financed under the federal U.S. Department of Agriculture (USDA) Rural Rental Assistance Program.

2) Requires HCD, prior to allocating program funds, to evaluate and analyze the preservation and rehabilitation needs of HCD-funded developments with expiring affordability restrictions to inform program allocation decisions.

3) Requires HCD to allocate 10% of funds of every round to to challenged developments that are not HCD funded based on relative need and the availability of resources. Allows HCD to allocate more 10% to challenged developments if there is demand and available funds.

4) Requires HCD to prioritize projects outlined in (1)(a).

5) Requires HCD to allow PRP-financed developments to layer program funds with other federal, state, and local resources.

6) Defines "at risk of conversion" to include, but not limited to, all of the following:

   a) Risk of default, foreclosure, sale, receivership, or other circumstances that could result in the loss of affordability;

   b) Physical obsolescence or significant physical or life safety deficiencies;

c) Significant vacancy resulting in sustained negative cash flow for three or more consecutive years; and

d) A demonstrated need for financial support to maintain the physical and financial integrity of the property and prevent the loss of affordability

EXISTING LAW:

1) Authorizes HCD to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of department-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.

2) Provides that if HCD makes a loan or grant to a project that has an existing HCD loan for a multifamily housing project, HCD may approve an extension of the existing loan, the reinstatement of a qualifying unpaid matured loan, the subordination of a loan made the department to new indebtedness, or an investment of tax credit equity for purposes of funding necessary rehabilitation and extending the affordability of the project without complying with the requirements of Chapter 3.9 (commencing with Section 50560).

3) Allows HCD to forgive some or all of the accrued interest on the existing department loan if necessary to facilitate the department's new rehabilitation loan.

4) Allows HCD to establish loan processing or transaction fees for loans or grants, as necessary, in an amount not to exceed the amount necessary to generate sufficient revenue to cover the cost of processing loan transactions. However, the department may waive fees to the extent necessary for project feasibility.

5) Allows HCD to charge a monitoring fee in lieu of the required 0.42% per annum loan payments.

6) Allows HCD to capitalize fees, at its discretion, as necessary to ensure the financial feasibility and long-term affordability of the project. (Health and Safety Code Section 50607)

FISCAL EFFECT: According to Senate Appropriations Committee,

1) HCD indicates that expanding the PRP to allow funding for challenged developments would increase the scope of application processing and the overall complexity of the program, requiring the addition of 5.0 PY of new staff at a cost of approximately $1.2 million annually. Staff notes that these costs would only be incurred to the extent additional funding is appropriated for the PRP in the future. (General Fund, potentially bond funds)

2) Unknown future cost pressures, likely in the millions to tens of millions annually, to provide additional program funding to accommodate the demand for challenged developments that would be eligible for funding under the program. Staff notes that the bill requires HCD to

allocate an unspecified “certain percentage of funds” for challenged developments based on the relative need and availability of resources. (General Fund, potentially bond funds)

COMMENTS:

Author's Statement: “The source of California’s housing crisis lies in the scarcity of affordable housing, disproportionately affecting low-income families and households. To address this issue, California has developed 500,000 rental homes affordable to low-income families. However, after 15 years or more of occupancy, a considerable number of these developments are in need of significant rehabilitation. Developments with the lowest rents, designed to provide affordable units, are not in a position to leverage debt or tax credits and therefore lack financing options. Without rehabilitation, such challenged developments fall into disrepair, creating health and safety concerns for residents and, ultimately, jeopardizing the loss of precious affordable homes.”

Portfolio Reinvestment Program: The California Housing Partnership estimates that over 32,700 of the existing government-subsidized affordable apartments in California are at risk of conversion to market rate in the next 10 years. Many older HCD-funded affordable multi-family rental housing developments are aging and need additional investments. The affordability restrictions on some properties have expired or are close to expiring, placing these units at risk of converting to market-rate. The Portfolio Reinvestment Program was established through the budget beginning in 2021-22 to provide loans and grants to HCD-funded developments that have expired affordability covenants or have remaining term of 10 years. This program has received $250 million in funding (2021-22 included $300 million, the 2022-23 included $50 million, and the 2023-24 budgeted included $100 million).

This bill would expand the types of developments that can qualify for loans or grants to include developments that do not have HCD loans but are defined as “challenged developments.” A challenged development is defined as a development that is at least 15 years old, serves either extremely low income or very low income residents or has a USDA loan, and HCD determines that development cannot access private funds. HCD would be required to prioritize HCD-funded loans with affordability restrictions that have expired or that are at risk of expiring within 10 years. At least 10% of every round of funding for PRP would be made available to challenged developments. Because these developments have less rental income they are less able to compete for Low Income Housing Tax Credits or other debt.

The Legislature passed SB 417 (Limon and Rivas), Chapter 16, Statues of 2026, a $11.25 billion housing bond for the November 2026 ballot. The bond includes $750 million for PRP.

Arguments in Support: According to the California Housing Consortium, “AB 750 expands PRP to all challenged developments while maintaining a priority for those that have HCD loans and expiring regulatory agreements. The bill defines a challenged development as one with an average affordability of 45% of the area median income or less and insufficient access to private or other public resources to complete substantial rehabilitation. AB 750 will help maintain California’s existing affordable housing stock.

Arguments in Opposition: *None on file.*

Related Legislation:

AB 1789 (Quirk-Silva) would have expand the types of housing projects that may be funded under the Department of Housing and Community Development's (HCD's) Portfolio Reinvestment Program (PRP) to include a "challenged development," as specified. This bill was held in Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Housing Consortium (Sponsor)
California Housing Partnership (Sponsor)
Eden Housing
Linc Housing
Resources for Community Development
Supportive Housing Alliance

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085