

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 939 (Schultz) – As Amended January 15, 2026

Policy Committee: Housing and Community Development      Vote: 10 - 1

Urgency: No      State Mandated Local Program: Yes      Reimbursable: No

**SUMMARY:**

This bill revises Density Bonus Law (DBL) to allow a qualifying nonprofit corporation to purchase for-sale units developed under DBL without waiting 180 days after the issuance of a certificate of occupancy, if those units are sold by the nonprofit to low-income families participating in a below-market interest rate loan program.

**FISCAL EFFECT:**

- 1) The Department of Housing and Community Development anticipates minor and absorbable General Fund costs to update guidance regarding DBL and provide technical assistance to local agencies.
- 2) Local costs of an unknown, but likely minor amount to cities and counties to make changes to local planning and permitting processes to account for the new DBL requirements. These costs are not reimbursable by the state because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates.

**COMMENTS:**

- 1) **Purpose.** The author seeks to facilitate the sale and construction of for-sale affordable housing units under DBL. According to the author:

[This bill] provides a targeted, no-cost fix to streamline affordable homeownership by removing the 180-day resale restriction in state law, if the developer is under contract with a nonprofit affordable housing organization for the transfer of units to be sold to low-income individuals directly. Under this bill, income-restricted ownership units could be sold immediately to qualified nonprofit affordable housing organizations rather than sitting vacant after construction for 180 days. This allows developers to reduce holding and marketing costs while ensuring that homes reach income-qualified families more efficiently.

- 2) **Background.** Each for-sale affordable unit constructed pursuant to DBL used to qualify for the density bonus must be initially sold and occupied by a very low-, low-, or moderate-income household at an affordable housing cost and subject to an equity-sharing agreement that governs resale of the unit regardless of the identity of the purchaser.

If the unit is not purchased by an income-qualified household within 180 days of issuance of the certificate of occupancy, DBL allows the unit to be purchased by a qualified nonprofit housing corporation that meets specified federal and state eligibility criteria and whose primary mission is the development and preservation of affordable homeownership housing in California.

Units acquired or developed by a qualified nonprofit must be subject to repurchase options or affordability restrictions that preserve the unit as owner-occupied affordable housing for at least 45 years and limit resale to income-qualified households.

To discourage investors using DBL from changing income-restricted owner-occupancy units into rental units, AB 323 (Holden), Chapter 738, Statutes of 2023, limited the ability of developers to sell deed-restricted units intended for owner-occupancy to purchasers who would rent the unit. AB 323 specified that for-sale units must be sold to, not just occupied by, income-qualified households, established the 180-day hold period between issuance of a certificate of occupancy and when a qualified nonprofit could purchase the for-sale unit under DBL, and added stringent parameters around which nonprofits may purchase for-sale units.

According to the Assembly Housing and Community Development Committee analysis of this bill, developers assert they sometimes struggle to find income-qualified buyers for for-sale units developed through DBL, leaving these affordable for-sale units sitting vacant and generating carrying costs and marketing costs for the homebuilder before they can transfer the title to a qualified nonprofit to manage the initial sale to a low-income buyer.

This bill allows qualified nonprofit corporations, such as Habitat for Humanity and Self-Help Enterprises, to purchase for-sale units developed under DBL without waiting 180 days after the issuance of a certificate of occupancy, so long as those units are sold to low-income families who participate in a below-market interest rate loan program. Recent amendments ensure this bill maintains all existing affordability covenants and resale restrictions on these low-income units.

- 3) **Arguments in Support.** This bill is supported by the California Home Building Alliance, a diverse coalition focused on increasing the supply of new housing and improving the quality and affordability of housing in California. The Alliance asserts:

Developers who build income-restricted for-sale units under Density Bonus Law have demonstrated their challenges attempting to sell these units directly to homebuyers. This bill provides a targeted and common sense fix by removing the 180-day resale restriction if the developer is partnering with a qualified nonprofit affordable housing organization for the transfer of units to be sold to low-income individuals with below interest rate mortgages directly.

- 4) **Arguments in Opposition.** The California Association of Realtors (C.A.R.) opposes this bill, asserting it “allows corporate nonprofits to compete with owner occupants for the purchase of what was intended to be owner occupied housing, reversing recently enacted C.A.R. sponsored legislation.”