

THIRD READING

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Bill No: SB 1091  
Author: Caballero (D), et al.  
Amended: 4/6/26  
Vote: 21

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SENATE HOUSING COMMITTEE: 10-0, 3/17/26  
AYES: Arreguín, Seyarto, Ashby, Cabaldon, Caballero, Durazo, Gonzalez,  
Grayson, Ochoa Bogh, Padilla

SENATE JUDICIARY COMMITTEE: 11-0, 4/14/26  
AYES: Umberg, Allen, Ashby, Caballero, Durazo, McNerney, Reyes, Stern,  
Wahab, Weber Pierson, Wiener  
NO VOTE RECORDED: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26  
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

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**SUBJECT:** Community Anti-Displacement and Preservation Program

**SOURCE:** California Community Land Trust Network  
Enterprise Community Partners  
Housing California  
Public Advocates

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**DIGEST:** This bill creates a new Department of Housing and Community Development (HCD) program, the Community Anti-Displacement and Preservation Program (CAPP), to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions.

**ANALYSIS:**

Existing law:

- 1) Establishes several housing programs that finance housing rehabilitation, including, but not limited to:

- a) Multifamily Housing Program (MHP) – administered by HCD, finances the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.
- b) Joe Serna Jr., Farmworker Housing Grant Program – administered by HCD, finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower-income households.
- c) Affordable Housing and Sustainable Communities Strategies (AHSC) – administered by the Strategic Growth Council (SGC) and implemented by HCD, funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas emissions.

This bill:

- 1) Establishes the Community Anti-Displacement and Preservation Program (CAPP) for funding the acquisition and rehabilitation of unrestricted housing units and attaching long-term affordability restrictions, while safeguarding against the displacement of current residents.
- 2) Clarifies that unrestricted housing units are those within housing developments with 5 or more housing units; and thus, this bill shall not apply to housing developments with 1 to 4 housing units.
- 3) Establishes the Community Anti-Displacement and Preservation Fund in the State Treasury, with all money in the fund to be available, upon appropriation by the Legislature, to HCD; and limits administrative expenses and technical assistance expenditures to 5% of the funds' deposits for each.
- 4) Instructs HCD to issue a request for qualifications to select a private sector entity or consortium to manage the program for a period of five years.
  - a) The agreement between the department and the private sector entity may be extended in additional five-year increments.
- 5) Assigns responsibility to the selected program manager for reviewing and approving loan applications, originating and servicing loans, and subject to HCD approval, establishing terms and conditions for loan applications, and reporting to HCD to demonstrate compliance with program regulations.
- 6) Requires the following of a private entity to qualify as a program manager:

- a) Be a nonprofit lender or consortium of nonprofit lenders, including community development financial institutions (CDFIs) and credit unions, with experience making similar loans in the state.
  - b) Have originated and serviced loans in an aggregate amount of not less than thirty million dollars (\$30,000,000) that were used to develop or acquire affordable housing. At least ten million dollars (\$10,000,000) or more of the loans shall have been in the form of an acquisition loan.
  - c) Provide geographic coverage across the state.
- 7) Requires units that will remain rental housing after acquisition or rehabilitation to remain affordable to low-income households for at least 55 years.
  - 8) Requires HCD to contract with third-party consultants to assist with the development, implementation, and administration of the technical assistance and capacity building.

## Comments

- 1) *Author's statement.* "As California's affordable housing crisis worsens, unsubsidized affordable housing is disappearing, and fewer low-income families can find stable housing. As rent outpaces demand, housing becomes less accessible and more unaffordable, displacing people from their homes and communities. To address this, SB 1091 will create the Community Anti-Displacement and Preservation Program (CAPP). The purpose of CAPP is to stabilize low-income families and tenant displacement through the acquisition and rehabilitation of existing rental housing. The conversion of this housing into long-term affordable options will keep families housed and in their communities. Acquisition and preservation of unsubsidized affordable housing is a proven successful local model that prevents displacement and grows the supply of affordable housing. SB 1091 is one important step to avoid displacement, homelessness, and to stabilize families in their communities in homes they can afford."
- 2) *An affordable housing crisis decades in the making.* Decades of insufficient housing production – particularly that at levels which lower- and middle-income Californians can afford without burden – have created a severe strain on the state's housing supply. Further, exclusionary policies have deepened racial and class disparities in housing access and affordability. As a result, working class Californians bear the brunt of the inaction – 56% of California renting

households are rent burdened (an increase of 55% since 1970), and 30% are severely rent burdened (a 65% increase over the same period).<sup>1</sup>

- 3) *Subsidized affordable housing units.* Since the 1960s, developers have constructed at least 425,000 units of affordable rental housing in California with the assistance of federal, state, and local subsidies that require owners to maintain rents at affordable levels for specified periods of time. Examples include: federal project-based Section 8 Housing Choice Vouchers (HCV), Federal Housing Administration (FHA) mortgages, low-income housing tax credits (LIHTC), state housing programs, and city and county redevelopment funds. The affordability restrictions on assisted units typically last 30 to 55 years, depending on the program. Once affordability obligations expire, owners may preserve the affordability of the units by renewing assistance or by refinancing with new public subsidies. Alternatively, they may convert the development to market rate. Under some federal programs, owners can also terminate affordability restrictions early by prepaying the underlying mortgage or opting out of the rental assistance contract. According to the California Housing Partnership, 6,800 subsidized affordable rental homes may no longer be affordable as soon as next year due to the loss of federal, state and local protections. Nearly 48,000 could lose their affordability within 10 years if nothing is done.<sup>2</sup>
- 4) *Unsubsidized affordable housing units.* These units are affordable without subsidy due to a variety of factors, including age, location and other market factors; however, as costs rise and housing supply is further constrained, an increasing number of these units will be at risk for increased rents or sale on the private market. When no public subsidy or agreement is attached to these units, they are much more susceptible to market pressures and have much greater flexibility than subsidized units to do as they please, without regard for how it will affect the housing security of the resident(s).
- 5) *Going, going, gone.* According to the California Housing Partnership, approximately 39,738 unsubsidized affordable homes are currently at very high risk of losing their affordability with an additional 268,693 to 333,819 homes at high or moderate risk in five years. Since mid-2020, an estimated 189,051 formerly unsubsidized affordable homes were no longer affordable to low-

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<sup>1</sup> Natalia Vega Varela and Nancy L. Cohen. *The Origins of California's Housing Crisis*. Accessible here: <https://thegepi.org/the-origins-of-californias-housing-crisis/>. June 2024.

<sup>2</sup> Danielle M. Mazzella. *Affordable Homes At-Risk Report*. Accessible here: <https://calhousingpartnership.org/affordable-homes-at-risk-report/>. April 2025.

income households.<sup>3</sup> This bill seeks to curb these trends by acquiring and rehabilitating unsubsidized affordable housing stock that is at risk of conversion to market rate housing. CAPP could empower public housing agencies to make strategic investments in qualified developers who are skilled at doing the work necessary to meet health, safety, and quality of life needs, as determined by standards established by the department. New affordable housing construction is notoriously expensive, so the cost savings generated by preserving existing housing stock could be passed along to provide even more affordable units.

- 6) *The role of HCD.* This program would require HCD to designate a non-profit lender or consortium of lenders to oversee the distribution of bond monies to local public entities in charge of selecting eligible borrowers. These local public entities include public housing authorities, regional housing finance authorities, and successors to redevelopment agencies. Eligible borrowers would be responsible for the acquisition and rehabilitation of eligible housing units with technical assistance and capacity building provided by HCD. HCD would also be responsible for ensuring long-term affordability covenants are enforced and eligible tenants are not evicted without just cause.
- 7) *Third time's the charm.* Similar legislation has been introduced two other times. SB 490 (Caballero, 2021) would have provided technical assistance to qualified program managers levying CAPP funds, if authorized in the Governor's budget. SB 225 (Caballero, 2023) was near-identical to this bill, except it would have permitted developments with 1-4 units, not just 5 and above, to be eligible for acquisition and rehabilitation.
- 8) *Double-referral.* This bill is also referred to the Committee on Judiciary.

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

According to the Senate Appropriations Committee:

- General Fund and/or bond fund cost pressures, likely in the hundreds of millions of dollars, to provide grant and loan funding for the CAPP. (See Staff Comments)
- HCD would likely incur administrative costs of approximately \$2 million and 9.0-10.0 PY of staff in the first two years, and ongoing costs of approximately \$1.7 million and 8.0-9.0 PY annually thereafter for workload associated with this bill. Specific staff duties include developing and adopting program

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<sup>3</sup> Matt Alvarez-Nissen. *Unsubsidized Affordable Homes At-Risk Report*. Accessible here: <https://calhousingpartnership.org/unsubsidized-affordable-homes-at-risk-report/>. April 2025.

regulations, managing the release of a Notice of Funding Availability (NOFA), application, and awards process for jurisdictional applicants, as well as selection, contracting with, and oversight of the program manager. Ongoing staff would also be required to monitor borrowing compliance over the term of the affordability covenants. Staff notes that the bill specifies that HCD's administrative costs may not exceed 5% of the moneys deposited into the new fund established by the bill. (Community Anti-Displacement and Preservation Fund / General Fund / bond funds)

- HCD would also likely incur consultant contract costs of approximately \$2 million in the first year and \$1 million ongoing annually for a private sector entity or consortium to manage the program. First year costs would be related to the development technical assistance tools, and ongoing costs would be to provide the technical assistance. Staff notes that the bill specifies an initial contract arrangement would be five years, and authorizes HCD to extend the agreement in additional five-year increments, so the ongoing costs would be incurred annually for the duration of the agreement. (Community Anti-Displacement and Preservation Fund / General Fund / bond funds)
- (Staff notes that the detailed breakdown of HCD costs and personnel needs noted here were provided by the department in relation to SB 225 (Caballero), a nearly identical bill that was approved by this Committee in 2023. They are noted here for reference as a likely approximation of administrative costs to establish and implement the CAPP. HCD indicates that all administrative costs would likely be covered by the specified allowance of 5% of funds deposited into the new fund established by this bill.)

**SUPPORT:** (Verified 5/15/26)

California Community Land Trust Network (Co-source)

Enterprise Community Partners, INC. (Co-source)

Housing California (Co-source)

Public Advocates (Co-source)

Acce Action (alliance of Californians for Community Empowerment)

Act-la

Bay Area Lisc

Beverly-vermont Community Land Trust

California Center for Movement Legal Services

California Healthy Nail Salon Collaborative

California Rural Legal Assistance Foundation

Chinatown Community Development Center

Courage California  
Day Worker Center of Mountain View  
Disability Rights Education & Defense Fund  
East Bay Housing Organizations  
East Bay Permanent Real Estate Cooperative  
Eden Community Land Trust  
Fideicomiso Comunitario Tierra Libre  
Friends Committee on Legislation of California  
Health in Partnership  
Housing Accelerator Fund  
Housing for All Long Beach Community Land Trust  
Housing Now!  
Inland Equity Community Land Trusts  
Irvine Community Land Trust  
Long Beach Forward  
Long Beach Residents Empowered  
Mission Economic Development Agency  
National Housing Law Project  
Neighborhood Partnership Housing Services, INC.  
Noho Home Alliance  
Oakland Community Land Trust  
Oakland Tenants Union  
Pahali Community Land Trust in East Palo Alto  
Parable of the Sower Intentional Community Cooperative  
Pico California  
Public Interest Law Project  
Ruchell Cique Magee Community Land Trust Riverside  
Sacramento Community Land Trust  
Sacramento Housing Alliance  
Saint Joseph Community Land Trust  
San Diego Housing Federation  
San Francisco Community Land Trust  
San Francisco Tenants Union  
San Gabriel Valley Community Land Trust  
Sgv Casita  
South Bay Community Land Trust  
Starting Over Strong  
Strategic Actions for a Just Economy  
T.r.u.s.t. South LA  
Tenants Together

Tenants United Anaheim  
Tenderloin Neighborhood Development Corporation  
Thai Community Development Center  
The Unity Council  
Tierras Indigenas Community Land Trust  
Two Valleys Community Land Trust  
Urban Habitat  
Western Center on Law and Poverty

**OPPOSITION:** (Verified 5/15/26)

None received.

**ARGUMENTS IN SUPPORT:** According to the California Community Land Trust Network, “CAPP will prevent displacement and homelessness by stabilizing low-income families in their communities, while also growing California’s supply of deed-restricted affordable homes for the future.

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5/16/26 15:59:59

\*\*\*\* **END** \*\*\*\*