

Date of Hearing: June 10, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 1091 (Caballero) – As Amended June 3, 2026

**SENATE VOTE:** 34-2

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

**SUMMARY:** Establishes the Community Anti-Displacement and Preservation Program (CAPP) at the Department of Housing and Community Development (HCD) to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents. Specifically, **this bill:**

1) Includes the following definitions:

- a) “Eligible borrower” means an entity whose primary mission includes the development or ownership of housing that is affordable to low-income households and that has demonstrated experience in acquiring, rehabilitating, and operating multifamily housing for the benefit of low-income households. “Eligible borrower” includes, but is not limited to, the following:
  - i) An eligible nonprofit corporation that has a principal place of business in the state;
  - ii) A limited partnership in which the managing general partner is an eligible nonprofit corporation that has a principal place of business in the state;
  - iii) A limited liability company in which the managing member is an eligible nonprofit corporation that has a principal place of business in the state;
  - iv) A community land trust, as defined;
  - v) A limited-equity housing cooperative, as defined; and
  - vi) A local public entity.
- b) “Local public entity” means a public entity in the state, including a city, county, city and county, public housing authority, regional housing finance authority, and successor agency to a former redevelopment agency;
- c) “Rehabilitation” means rehabilitation work necessary to meet health, safety, and quality of life needs, as determined through standards established by HCD.
- d) “Tenant protections under state law” means the protections provided in Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code, except for Section 1947.12 of that code, and in the California Fair Employment and

Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code).

- e) “Unrestricted housing” means a residential rental development of five units or more that is not currently subject to a recorded deed restriction limiting occupancy to households at specified income levels and rents to levels affordable at those income levels. Mixed-use buildings are eligible if the majority of the building square footage is used for residential purposes.
- 2) Requires HCD to adopt regulations for the operation of the program that are exempted from the rulemaking provisions of the Administrative Procedure Act.
- 3) Requires HCD to select a program manager that is a non-profit entity or consortium to manage CAPP for a period of five years meeting specified standards, including originating and servicing loans for affordable housing, covering the state geographically, and having the ability to work on housing models including rental housing, affordable homeownership, and community land trusts.
- 4) Requires the program manager to make loans to eligible borrowers based on underwriting guidelines approved by HCD, and requires rental housing purchased through CAPP to be deed restricted for 55 years, and homeownership units for at least 45 years.
- 5) Allows HCD to issue grants and loans to local public entities to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents.
- 6) Requires all tenant protections under state law, or a more protective local policy, other than rent stabilization, to apply to tenants of projects funded by CAPP.
- 7) Requires HCD to require in its regulations and regulatory agreement, standards for annual rent increases, with a goal of ensuring affordability for current and future residents.
- 8) Requires HCD to develop technical assistance and capacity building for the development and ongoing operation of projects funded by CAPP.

**EXISTING LAW:**

- 1) Establishes the Multifamily Housing Program (MHP) administered by HCD to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.
- 2) Establishes the Joe Serna, Jr. Farmworker Housing Grant Program administered by 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.
- 3) Establishes the Affordable Housing and Sustainable Communities program (AHSC) administered by the Strategic Growth Council (SGC) and implemented by the HCD, to fund

land-use, housing, transportation, and land preservation projects to support infill and compact developments that reduce greenhouse gas emissions.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

***Author's Statement:*** According to the author, "As California's affordable housing crisis worsens, unsubsidized affordable housing on the private market 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 growing crisis, SB 1091 creates a new program, the Community Anti-Displacement and Preservation Program (CAPP), to assist with the acquisition and rehabilitation of existing unsubsidized housing and with the conversion of this housing to long-term affordable solutions, to keep families housed and in their communities. Acquisition and preservation of unsubsidized affordable housing is a proven successful local model to prevent displacement and grow 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."

***Background on California's Housing Crisis:*** California's current housing crisis stems from an undersupply of housing, which HCD recently attributed to "decades of underproduction underscored by exclusionary policies" in its 2022 update to the Statewide Housing Plan. Housing affordability remains a major challenge for many of California's most economically-vulnerable households. According to data from the 2019 American Communities Survey, over half of the state's renters are considered rent-burdened, which is defined as paying more than 30% of their income towards rent. The California Housing Partnership Corporation (CHPC) assessed the amount of existing unsubsidized affordable properties that due to their age, location or other market factors offer rents that are likely affordable to low-income households. As of 2025, CHPC determined there are an estimated 1.08 million affordable homes across 60,621 unsubsidized affordable properties throughout the state. In comparison, there are 594,055 government regulated affordable rental properties in the state. Combined, these two sources fall short of meeting the housing demand of the state's approximate 3.68 million lower-income renter households. Homes at very high, high, and moderate risk of losing affordability have the following characteristics: 43% serve seniors, 43% serve families, and 34% are concentrated in the counties of Los Angeles, Orange, Santa Clara, San Francisco, and San Diego.

***Existing State Financing of Acquisition-Rehabilitation:*** According to one of the sponsors, Enterprise Community Partners, in recent decades, most preservation efforts have focused on extending the affordability of subsidized or income-restricted affordable housing in need of capital improvements and/or nearing the expiration of affordability restrictions. This is primarily accomplished through the re-syndication of low-income housing tax credits, refinancing with special-purpose loan funds and products, and renewing rental subsidies such as Section 8 vouchers. More recently, both housing practitioners and residents (including nonprofits, affordable housing developers, community land trusts, and other community-based organizations and tenant associations) have shown a growing interest in the acquisition and rehabilitation of unsubsidized affordable housing currently on the private market as a means to create or preserve affordable housing. The sponsors maintain that acquisition-rehabilitation in practice is a direct anti-displacement strategy that is fast, effective, flexible, and long-term.

While several existing state programs (mostly notably the MHP program at HCD) finance the acquisition and rehabilitation of affordable housing units, these programs are more targeted towards the new construction and acquisition-rehabilitation of existing deed-restricted affordable housing that is approaching the expiration of its affordability term, and not for unsubsidized housing. According to the sponsors, some of the reasons for the narrower focus in existing state programs are that they are limited to buildings with five or more units and specific project types, such as large family, special needs, senior, supportive housing, and high-risk. It is unlikely that a building acquired from the private market with existing tenants would meet these requirements.

***Unique Challenges for Acquisition-Rehabilitation Projects:*** According to the sponsors, occupied acquisition-rehabilitation projects present challenges. First, interested entities need to compete on the private market against investors that have more access to capital and are less reliant on public resources. Second, performing any rehabilitation work with tenants requires technical expertise to identify structural needs and ongoing communication with residents. Additionally, acquisition-rehabilitation projects are often smaller-scale developments that are more difficult to manage and sustain financially. Because this is a newer practice for even experienced developers, acquisition-rehabilitation projects may require new skills to support tenant engagement and property management, particularly with a scattered site model.

This year's budget does not include funding for this program; however, AB 736(Wicks), the Affordable Housing Bond Act of 2026, would authorize \$500 million for a program to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents. The Senate also has a \$10 billion bond, SB 417 (Cabaldon), which includes \$500million with the same description. If a bond passes and the voters approve it, the Legislature could utilize this bill or a future similar bill to establish the program in statute.

***Tenant Protections:*** State housing programs have historically funded construction of affordable housing, not acquisition of existing naturally affordable housing. Because this program funds acquisition with existing tenants, it also includes protections for those tenants. The goal of the program is to provide housing for households that are lower income (making 80% of the AMI or less), but it is possible that when the unit is first purchased, a tenant may make more than that amount. This bill prohibits eviction of existing tenants. The Tenant Protection Act (TPA) (AB 1482 (Chiu), Statutes of 597, Chapter 2019 caps rent increases to 10% each year and applies just cause eviction protections to rental units it covers. The TPA covers multi-family housing but exempts any new construction for the first 15 years of a development's life. This bill would apply the just cause protections of the TPA to any units purchased using the program. It would not apply the rent cap, but directs HCD to develop rent standards for units purchased using the program.

***Arguments in Support:*** According to a coalition of organizations in support of this bill, "SB 1091 would create a new state program to provide the resources that community organizations, nonprofit affordable housing developers, and local jurisdictions need to acquire unsubsidized rental housing from the private market where tenants are at risk of displacement and to preserve the housing as affordable rental housing or homeownership opportunities. 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. CAPP would also advance several, interconnected State goals in addition to increasing the supply of affordable housing, including reducing greenhouse gas emissions by preventing

families from being displaced and forced to commute long distances to jobs and services, and supporting equitable place-based investment in historically disinvested neighborhoods now facing displacement pressures.”

**Arguments in Opposition:** None on file.

**Related Legislation:**

**SB 417 (Cabaldon) (2026)**, in the current legislative session, authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the November 3, 2026, statewide general election ballot to fund production of affordable housing and supportive housing. This bill is pending in the Assembly Rules Committee.

**AB 736 (Wicks) (2026)**, in the current legislative session, this urgency bill would authorize the Affordable Housing Bond Act to place a \$10 billion housing bond on the June 2, 2026, primary election ballot to fund production of affordable housing and supportive housing. This bill is on the Senate Floor.

**SB 225 (Caballero) (2023)** established the Community Anti-Displacement and Preservation Program for purposes of funding the acquisition and rehabilitation of unrestricted housing units and attaching long-term affordability restrictions; would have applied to all housing developments of any number of units. This bill died on the Assembly Inactive File.

**SB 490 (Caballero) (2021)** implemented a technical assistance program, administered by the HCD, for community-based nonprofits to leverage CAPP funds, if it was authorized in the Governor’s final budget. The bill was gut and amended into another policy area.

**Double-Referred:** This bill was also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this Committee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Community Land Trust Network (Co-Sponsor)  
 Enterprise Community Partners (Co-Sponsor)  
 Housing California (Co-Sponsor)  
 Public Advocates (Co-Sponsor)  
 AAPI Force  
 ACT-LA  
 Aids Healthcare Foundation  
 All Home  
 Alliance of Californians for Community Empowerment (ACCE) Action  
 Alta Housing  
 Asian Pacific Environmental Network Action  
 Bay Area Community Land Trust  
 Beverly-Vermont Community Land Trust  
 California Apartment Association

California Center for Movement Legal Services  
California Coalition for Rural Housing  
California Green New Deal Coalition  
California Healthy Nail Salon Collaborative  
California Rural Legal Assistance Foundation  
Care Community Land Trust  
Centro Legal De LA Raza  
Chinatown Community Development Center  
Community Economic Development Corporation  
Courage California  
Day Worker Center of Mountain View  
Disability Rights Education and Defense Fund  
East Bay Housing Organizations  
East Bay Permanent Real Estate Cooperative  
Eden Community Land Trust  
Epacando  
Fideicomiso Comunitario Tierra Libre  
Friends Committee on Legislation of California  
Generation Housing  
Health in Partnership  
Housing Accelerator Fund  
Housing Land Trust of the North Bay  
Housing Now! CA  
Housing Trust Silicon Valley  
Inland Empire Prism Collective  
Inland Equity Community Land Trusts  
Irvine Community Land Trust  
Leadership Counsel for Justice and Accountability  
Libre, Long Beach Residents Empowered  
Lisc Bay Area  
Long Beach Community Land Trust  
Long Beach Forward  
Mission Economic Development Agency  
Multi-faith ACTION Coalition  
National Housing Law Project  
Neighborhood Partnership Housing Services  
Oakland Community Land Trust  
Oakland Tenants Union  
Pahali Community Land Trust  
Parable of the Sower Intentional Community Cooperative  
Pico California  
PolicyLink  
Public Counsel  
Public Interest Law Project  
Resilience OC  
Richmond Land  
Rise Economy  
Roc USA (UNREG)  
Ruchell Cinque Magee Community Land Trust

Sacramento Community Land Trust  
Sacramento Housing Alliance  
Sacred Heart Community Service  
Saint Joseph Community Land Trust  
San Diego Housing Federation  
San Francisco Board of Supervisors  
San Francisco Community Land Trust  
San Francisco Tenants Union  
San Gabriel Valley Community Land Trust  
SGV Casita  
South Bay Community Land Trust  
Southern California Association of Nonprofit Housing  
Starting Over Strong  
Strategic Actions for a Just Economy  
Supportive Housing Community Land Alliance  
SV@Home Action Fund  
T.r.u.s.t. South LA  
Tenants Together  
Tenants United Anaheim  
Tenderloin Neighborhood Development Corporation  
Thai Community Development Center  
The Kennedy Commission  
The Unity Council  
Tierras Indigenas Community Land Trust  
Two Valleys Community Land Trust  
Urban Habitat  
Western Center on Law and Poverty  
Young Community Developers

**Opposition**

None on file.

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