

Date of Hearing: June 30, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
SB 1091 (Caballero) – As Amended June 3, 2026

SENATE VOTE: 34-2

SUBJECT: COMMUNITY ANTI-DISPLACEMENT AND PRESERVATION PROGRAM

SYNOPSIS

The California Department of Housing and Community Development (HCD) administers several grant and funding programs, both state and federal, aimed at the preservation and expansion of safe, stable, and affordable housing. Many of these programs provide loans or grants to assist in the construction of new residential properties, for both rental and home ownership. These homes remain deed “restricted” for a designated period of time (typically 55 years), meaning that they must be affordable to low-income households. When the deed restriction expires, the units return to market rates or are purchased by designated nonprofits that, in exchange for public assistance, agree to keep them at deed-restricted affordable rates. The purpose of these programs, therefore, is both to construct and preserve “restricted” (affordable) housing that limits occupancy to households at specified income levels.

This bill offers a variation on the above approach by helping designated nonprofits and local public entities who want to purchase and rehabilitate existing “unrestricted” properties and convert them into safe, stable, and affordable housing. The bill does this by creating the Community Anti-Displacement and Preservation Program (CAPP) within HCD. Upon appropriation by the Legislature, the bill creates a CAPP fund that will provide loans to nonprofits and local public agencies. The bill requires HCD to solicit and select a private sector entity or consortium, with proven experience and expertise in financing affordable housing, to manage the program. Finally, the bill provides that no resident of a property purchased or rehabilitated with program funds shall be evicted or have their tenancy terminated on the grounds of their income or other eligibility requirements.

The bill is supported by a broad coalition of affordable housing and tenant advocates. There is no registered opposition to this measure. The bill passed out of the Assembly Housing and Community Development Committee on a 9-1 vote, with two members not voting.

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

- 1) Creates the CAPP fund within the State Treasury upon appropriation by the Legislature. Specifies that, in addition to moneys appropriated by the Legislature, the fund shall receive repayment of loans made from the fund and any other moneys made available to carry out the purpose of CAPP.

- 2) Requires HCD to adopt regulations for the CAPP program and to solicit and select a private sector entity or consortium to manage the program for a period of five years, with the possibility for extensions in five-year increments.
- 3) Requires the private sector entity selected to manage the program to meet all of the following criteria:
 - a) Is a nonprofit lender or consortium of nonprofit lenders, including community development financial institutions and credit unions, with experience making similar loans in the state.
 - b) Has originated and serviced loans in aggregate of not less than \$30 million that were used to develop or require affordable housing, with at least \$10 million or more of the loans in the form of acquisition loans.
 - c) Provides geographic coverage across the state.
- 4) Requires HCD to grant funds to the program manager, as specified, and makes the program manager responsible for reviewing and approving loan applications, originating and servicing loans, establishing terms and conditions for loan applications, and reporting to HCD to demonstrate compliance with program regulations and to summarize program impacts.
- 5) Requires the program manager of CAPP to make loans to eligible borrowers, as defined, based on underwriting guidelines approved by HCD, and requires rental housing purchased through CAPP to be deed restricted for 55 years and for homeownership units to be deed restricted for 45 years.
- 6) Defines an “eligible borrower” for purposes of the above to mean:
 - a) A nonprofit corporation that has a principal place of business in the state and 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.
 - b) A community land trust, as defined.
 - c) A limited partnership in which the managing general partner is a nonprofit corporation, as specified, and has a principal place of business in the state.
 - d) A limited liability company in which the managing member is a nonprofit corporation, as specified, that has a principal place of business in the state.
 - e) A limited-equity housing cooperative, as defined.
 - f) A local public entity.
- 7) Permits 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 housing units.

- 8) Requires HCD to develop technical assistance and capacity building for the development of and ongoing operation of funded projects and to contract with third-party consultants for these purposes. Specifies that consultants shall possess specific areas of expertise including, but not limited to, the following:
 - a) Resident engagement and education.
 - b) Property assessment and due diligence.
 - c) Affordable housing operations management.
 - d) Financial assistance for projects involving the acquisition and rehabilitation of property.
 - e) Construction and property management.
 - f) Capacity and experience in advancing racial equity.

EXISTING LAW:

- 1) Establishes the Department of Housing and Community and endows it with certain powers and responsibilities, including the power to make advance payments to eligible borrowers and grantees under any loan or grant programs for housing pursuant to the Health and Safety Code Development. 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. (Health and Safety Code Section 50675 *et seq.*)
- 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. (Health and Safety Code Section 50515.2 *et seq.*)
- 3) Establishes the Affordable Housing and Sustainable Communities program (AHSC) administered by the Strategic Growth Council (SGC) and implemented by HCD, to fund land-use, housing, transportation, and land preservation projects to support infill and compact developments that reduce greenhouse gas emissions. (Public Resources Code Section 75200 *et seq.*)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: 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.

Conflict and consensus on the affordable housing crisis. This Committee has heard many bills in the last few years (if not decades) that reflect a seeming consensus – among both proponents and opponents – that California is facing an affordable housing crisis. These past measures, both enacted and defeated, have called for imposing caps on rental increases, protecting tenants from unjust or unreasonable evictions, protecting homeowners from foreclosure, regulating the process for foreclosure sales, addressing problems of homelessness, and gathering more data, among others. Legislators, legislative advocates, learned academics, landlords, and tenants rarely agree on the best solution to the problem. Indeed, bring two witnesses to the table and you will typically hear three or more opinions on the subject. Yet all sides seem to agree that measures to expand and preserve the supply of affordable housing is a step in the right direction. This sensible bill – which has no opposition – does precisely that.

Existing programs and “restricted” housing. The California Department of Housing and Community Development (HCD) administers several grant and funding programs, both state and federal, aimed at the preservation and expansion of safe, stable, and affordable housing. For example, HCD administers the Multifamily Housing Program (MHP) to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households. The MHP and other programs provide loans or grants to assist in the construction of new residential properties, for both rental and home ownership. These homes remain deed “restricted” for a designated period of time (typically 55 years), meaning that they must be affordable to low-income households. When the deed restriction expires, the units either return to market value or they are purchased by designated nonprofits that, in exchange for public assistance, agree to keep them at affordable rates. The purpose of these programs, therefore, is both to construct and preserve “restricted” and affordable housing that limits occupancy to households at specified income levels. As the author and supporters of this bill note, however, the existing programs tend to focus on constructing new affordable housing or helping nonprofits acquire property that is nearing the expiration of affordability restrictions.

This bill offers a variation on the existing approaches by helping designated nonprofits and local agencies who want to purchase and rehabilitate existing “unrestricted” properties and convert them into safe, stable, and affordable housing. The bill does this by creating the Community Anti-Displacement and Preservation Program (CAPP) within HCD. Upon appropriation by the Legislature, the bill creates a CAPP fund that will provide loans to nonprofits and local public agencies. The bill requires HCD to solicit and select a private sector entity or consortium, with proven experience and expertise in financing affordable housing, to manage the program. Specifically, the bill requires that the entity selected to manage the program will be a nonprofit or community land trust, or a limited partnership or limited liability company in which the managing general partner is either a nonprofit or community land trust. The entity selected must have originated and serviced loans that, in aggregate, amount to not less than \$30 million that was used to develop or acquire affordable housing. The bill also permits HCD to issue grants or loans to local public entities that will use the funds to make loans to eligible borrowers within its jurisdiction.

Safeguarding against displacement of current residents. Finally, the bill provides protections for tenants who reside at properties purchased and rehabilitated with programs funds. First, the bill clarifies that all tenant protections under state law, or a more protective local policy, shall

apply to tenants of projects funded by the program. Moreover, the bill ensures that no resident of a property purchased or rehabilitated with program funds shall be evicted or have their tenancy terminated on the ground of their income or other eligibility requirements.

ARGUMENTS IN SUPPORT: A large coalition of community land trusts and affordable housing advocates write in support:

Acquisition and preservation of unsubsidized affordable housing has proven to be a successful local model to prevent displacement and homelessness and grow the supply of affordable housing – keeping existing housing in the hands of the community, rather than outside investors. Moreover, acquisition preservation creates new affordable homes immediately, since the buildings are already built. These projects generally close in several months, rather than years. Currently, only a limited patchwork of local resources are available to do this work, and only a select number of communities are able to utilize this important strategy.

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.

REGISTERED SUPPORT / OPPOSITION:

Support

AAPI Force
ACCE Action
Access Reproductive Justice
ACT LA
Aids Healthcare Foundation
All Home
Alta Housing
American Planning Association, California Chapter
Asian Pacific Environmental Network Action
Bay Area Community Land Trust
Bay Area LISC
Beverly-Vermont Community Land Trust
California Apartment Association
California Center for Movement Legal Services
California Coalition for Rural Housing
California Community Land Trust Network
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
City of Sunnyvale
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
Enterprise Community Partners, INC.
Epacando
Fideicomiso Comunitario Tierra Libre
Friends Committee on Legislation of California
Generation Housing
Health in Partnership
Housing Accelerator Fund
Housing California
Housing for All Long Beach Community Land Trust
Housing Land Trust of the North Bay
Housing Now!
Housing Now! CA
Housing Trust Silicon Valley
Indivisible CA State Strong
Inland Empire Prism Collective
Inland Equity Community Land Trusts
Irvine Community Land Trust
Leadership Counsel for Justice and Accountability
Legal Aid Society of San Diego
Libre, Long Beach Residents Empowered
LISC Bay Area
Long Beach Community Land Trust
Long Beach Forward
Long Beach Residents Empowered
Long Beach, City of
Mission Economic Development Agency
Multi-faith Action Coalition
National Housing Law Project
Neighborhood Partnership Housing Services INC
Noho Home Alliance
Oakland Community Land Trust
Oakland Tenants Union
Pahali Community Land Trust
Pahali Community Land Trust in East Palo Alto
Parable of the Sower Intentional Community Cooperative
Pico California

Policylink
Public Advocates
Public Counsel
Public Interest Law Project
Resilience OC
Richmond Land
Rise Economy
ROC USA (UNREG)
Ruchell Cinque Magee Community Land Trust
Ruchell Cinque Magee Community Land Trust Riverside
Sacramento Community Land Trust
Sacramento Housing Alliance
Sacred Heart Community Service
Saint Joseph Community Land Trust
San Diego Housing Commission
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: Tom Clark / JUD. / (916) 319-2334