Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1091 (Caballero) – As Amended June 3, 2026

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| Policy Committee: | Housing and Community Development | Vote: | 9 - 1 |
| | Judiciary | | 9 - 3 |

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

**SUMMARY**:

This bill 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 developments and attach long-term affordability restrictions on those units, while safeguarding against the displacement of current residents.

Under CAPP, this bill:

1) Creates the CAPP Fund within the State Treasury, and requires all funding, including CAPP loan repayments, be available to HCD, upon appropriation by the Legislature, for purposes of the program.

2) Allows HCD to use up to 5% of the moneys in the fund for administrative purposes and up to an additional 5% for technical assistance and capacity building to eligible borrowers.

3) Requires HCD to select a private sector entity or consortium to manage CAPP for five years, with the option for the agreement to be extended in additional five-year increments.

4) Requires the selected program manager to review and approve loan applications, originate and service loans, establish terms and conditions for loan applications, subject to HCD approval, and report to HCD to demonstrate compliance with program regulations.

5) Requires the program manager to make loans to eligible borrowers, based on underwriting guidelines approved by HCD, and requires rental housing purchased through CAPP be deed-restricted for 55 years, and homeownership units for at least 45 years.

6) Authorizes HCD to issue grants or loans from CAPP funds to local public entities, upon request, and requires local entities that receive funding to file annual reports demonstrating compliance with affordability requirements.

7) 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.

8) Requires HCD to develop technical assistance and capacity building for the development and ongoing operation of projects funded by CAPP.

9) Requires HCD to adopt regulations for the operation of the program and exempts the adoption process from the rulemaking provisions of the Administrative Procedure Act.

**FISCAL EFFECT**:

1) Ongoing cost pressures (bond funds, General Fund) likely in the hundreds of millions of dollars to provide grant and loan funding for CAPP.

   SB 417 (Limon), Chapter 16, Statutes of 2026, the Veterans and Affordable Housing Bond Act of 2026, places a $11.25 billion bond on the November 3, 2026, ballot to fund veteran's home ownership program and affordable housing programs. The bond provides $200 million for a program to be created by the Legislature, such as the program created by this bill, that funds acquisition and rehabilitation of unrestricted housing units and the attachment of long-term affordability restrictions to the units. Funding would be available for CAPP if the pending bond measure is approved by the voters.

   Absent the availability of housing bond revenues, this bill would create significant General Fund cost pressures to fund the CAPP. The Budget Act of 2026 does not provide funding for this program.

2) HCD would likely incur ongoing administrative costs (CAPP Fund, General Fund) in the low millions of dollars annually to establish and implement CAPP, based on past estimates of similar bills. Specific staff duties include developing and adopting program 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.

   The bill specifies that HCD's administrative costs may not exceed 5% of the moneys deposited into the CAPP Fund and allows up to 5% more of the fund to be used to provide technical assistance and capacity building. HCD indicates these allowances would likely be sufficient to cover the program's design and implementation depending on the total amount of funding made available. Any costs exceeding the allowances in the bill would necessarily be covered by the General Fund.

**COMMENTS**:

1) **Purpose.** 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, [this bill] creates a new 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. [This bill] is one important step to avoid displacement,

homelessness, and to stabilize families in their communities in homes they can afford.

This bill is supported by a broad coalition of affordable housing and tenant advocates and has no known opposition.

2) **Background.** Existing law establishes several housing programs that finance the acquisition and rehabilitation of affordable housing units, such as the Multifamily Housing Program and Joe Serna Jr. Farmworker Housing Grant Program, both administered by HCD, and the Affordable Housing and Sustainable Communities Strategies, administered by the Strategic Growth Council and implemented by the HCD. These programs tend to target new construction and the acquisition-rehabilitation of existing deed-restricted affordable housing nearing the expiration of its affordability term.

   According to supporters of this bill, there is growing interest among various housing practitioners and residents in the acquisition and rehabilitation of unsubsidized affordable housing on the private market as an anti-displacement strategy to create or preserve affordable housing stock. However, occupied acquisition-rehabilitation projects present challenges, even for experienced developers, and acquisition-rehabilitation projects may require new skills to support tenant engagement and property management.

   This bill creates a technical assistance program at HCD designed to provide support and tools to mission-driven organizations and public-sector partners that apply for acquisition-rehabilitation project funding. In addition, the bill provides the framework for providing loans and grants to eligible entities, to the extent funding is available for the program.

3) **Related Legislation.** SB 225 (Caballero), of the 2023-24 Legislative Session, was substantially similar to this bill. SB 225 died on the Assembly inactive file.

**Analysis Prepared by**: Jennifer Swenson / APPR. / (916) 319-2081