SENATE RULES COMMITTEE SB 1091
Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 1091
Author: Caballero (D), et al.
Amended: 8/19/26
Vote: 21

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

SENATE FLOOR: 34-2, 5/20/26
AYES: Allen, Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NOES: Choi, Jones
NO VOTE RECORDED: Alvarado-Gil, Becker, Grove, Niello

ASSEMBLY FLOOR: Passed, 8/25/26

SUBJECT: Community Anti-Displacement and Preservation Program

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

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.

Assembly Amendments make minor, clarifying changes regarding program management and funding.

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 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) Includes the following definitions:

   a) "Administering entity" means the program manager or a regional housing entity administering funds allocated by the department.

b) "Capitalized operating subsidy reserve" means funds that are set aside before a property is acquired pursuant to this chapter to cover the property's operating expenses over time.

c) "Department" means the Department of Housing and Community Development.

d) "Eligible borrower" means an entity that is at least one of the following:

   i. 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.

   ii. A community land trust, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

   iii. A limited partnership in which the managing general partner is a nonprofit corporation described in subparagraph (A) or a community land trust described in subparagraph (B) and that has a principal place of business in the state.

   iv. A limited liability company in which the managing member is a nonprofit corporation described in subparagraph (A) or a community land trust described in subparagraph (B) and that has a principal place of business in the state.

   v. A limited-equity housing cooperative as defined in Section 817 of the Civil Code.

   vi. A local public entity.

e) "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.

f) "Low-income households" has the same meaning as "lower income households" in Section 50079.5.

g) "Program manager" means a private sector entity or consortium selected by the department to manage the program.

h) "Regional housing entity" means any of the following:

   i. The Bay Area Housing Finance Authority, as defined.

   ii. The Los Angeles County Affordable Housing Solutions Agency, as defined.

   iii. A regional housing finance authority created locally, including, but not limited to, those created under the Regional Housing Finance Act.

i) "Rehabilitation" means rehabilitation work necessary to meet health, safety, and quality of life needs, as determined by standards established by the department.

j) "Tenant protections under state law" means the protections specified in the Civil Code and in the California Fair Employment and Housing Act.

k) "Unrestricted housing" means a housing development, as defined, 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.

3) Requires HCD to adopt regulations for the operation of the program on or before July 1, 2028. The adoption of those regulations is exempted from the rulemaking provisions of the Administrative Procedure Act.

4) 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.

5) Provides that the following moneys shall be paid into the fund:

   a) Any moneys appropriated and made available by the Legislature.

b) Any moneys that the department receives in repayment of loans made from the fund, including interest therefrom.

c) Any other moneys that may be made available to the department for purposes of this chapter from any other source.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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.

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

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).[1]

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

[1] 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.

protections. Nearly 48,000 could lose their affordability within 10 years if nothing is done.[2]

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-income households.[3] 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

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[2] Danielle M. Mazzella. Affordable Homes At-Risk Report. Accessible here: **https://calhousingpartnership.org/affordable-homes-at-risk-report/**. April 2025.
[3] Matt Alvarez-Nissen. *Unsubsidized Affordable Homes At-Risk Report.* Accessible here: **https://calhousingpartnership.org/unsubsidized-affordable-homes-at-risk-report/**. April 2025.

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 was also heard in the Senate Judiciary Committee on April 14, 2026, where it received a vote of 11-0.

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

According to the Assembly Appropriations Committee:

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. 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.

SUPPORT: (Verified 8/20/26)

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
American Planning Association, California Chapter
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
City of Sunnyvale
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
Legal Aid Society of San Diego
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 8/20/26)

None received.

ARGUMENTS IN SUPPORT: Those writing in support of this bill argue that it would 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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8/25/26 13:06:13

****** END ******