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**SENATE COMMITTEE ON HOUSING**  
**Senator Aisha Wahab, Chair**  
**2025 - 2026 Regular**

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|--------------------|---------------|----------------------|----------|
| <b>Bill No:</b>    | SB 417        | <b>Hearing Date:</b> | 1/6/2026 |
| <b>Author:</b>     | Cabaldon      |                      |          |
| <b>Version:</b>    | 2/18/2025     | Introduced           |          |
| <b>Urgency:</b>    | Yes           | <b>Fiscal:</b>       | Yes      |
| <b>Consultant:</b> | Alison Hughes |                      |          |

**SUBJECT:** The Affordable Housing Bond Act of 2026

**DIGEST:** This urgency bill authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the June 2, 2026 ballot to fund production of affordable housing and supportive housing,

**ANALYSIS:**

*Existing law:*

- 1) Authorized the Veterans and Affordable Housing Bond Act of 2018, which provided \$4 billion in funding, including \$1 billion for the Department of Veterans Affairs (CalVet) program and \$3 billion for various affordable housing programs.
- 2) Establishes the Multifamily Housing Program (MHP) at the California Department of Housing and Community Development (HCD) to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers.
- 3) Establishes the Portfolio Reinvestment Program to provide loans or grants to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of HCD-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 10 years, or are otherwise at-risk for conversion to market-rate housing.
- 4) Establishes the Energy Efficiency Low-Income Weatherization Program, which provides technical assistance and incentives for the installation of energy efficiency measures and solar photovoltaic systems in low-income multifamily dwellings serving priority populations.

- 5) Establishes the Joe Serna, Jr. Farmworker Housing Grant Program (Serna Program) at 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.
- 6) Establishes CalHome at HCD to provide grants to local public agencies and non-profit developers to assist individuals and households through deferred-payment loans. The funds provide direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions.
- 7) Authorizes CalHFA to provide first time homebuyer assistance, including but not limited to a deferred-payment, low-interest, subordinate mortgage loan, including down payment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income households.

**This urgency bill:**

- 1) Authorizes \$10 billion in general obligation bonds to fund the following programs:
  - a) \$5.25 billion to MHP. At least 10% of units in a MHP development must be available for extremely low-income households;
  - b) \$1.75 billion to supportive housing administered through the MHP program. Requires HCD to offer capitalized operating subsidy reserves for supportive housing developments receiving funding;
  - c) \$800 million for the Portfolio Reinvestment Program, which provides funding to rehabilitate, fund short-term capitalized operating subsidy reserve, and extend the long-term affordability of HCD-funded rental multifamily housing projects that are at-risk of conversion to market-rate housing;
  - d) \$250 million for the Tribal Housing Grant Program;
  - e) \$500 million for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units (*i.e.*, unsubsidized housing that may naturally be affordable) and the attachment of long-term affordability restrictions to the units;
  - f) \$1 billion to the CalHOME Program and the My Home down payment assistance program administered by the California Housing Finance Agency (CalHFA); and
  - g) \$250 million to the Joe Serna, Jr. Farmworker Housing (Serna) Program and a dedicated program for tribes to finance housing and housing related activities that will enable tribes to rebuild and reconstitute their communities;

- h) \$200 million for wildfire prevention, rental assistance, and affordable housing construction.
- 2) Authorizes the Legislature to amend any law related to programs, which have been allocated funds by the bond, to further improve the efficacy and effectiveness of those programs.
- 3) Authorizes the Legislature to reallocate funds authorized by the bond to effectively promote affordable housing in the state.
- 4) Authorizes HCD to disperse funds made available through the bond to housing developments during the construction period.

## **Background**

*Affordable housing finance generally.* California has the largest concentration of severely unaffordable housing markets in the nation , with the average home value in California at \$877,285 . To keep up with demand, the state Department of Housing and Community Development (HCD) estimates that California must plan for the development of more than 2.5 million homes by 2031, and no less than one million of those homes must meet the needs of lower-income households (more than 640,000 very low-income and 385,000 low-income units are needed).

Developing housing that is affordable to very low- and low-income families almost always requires some amount of public investment. Unlike market-rate housing, tenants in affordable housing are only required to pay 30% of their income toward rent, so the state provides enough long-term subsidy to reduce the overall debt service on a development. The high cost of land and construction, as well as regulatory barriers, in California generally makes it economically impossible to build new housing that can be sold or rented at prices affordable to such households. The private sector sometimes provides financial subsidies or land donations mandatorily through inclusionary zoning policies or voluntarily through density bonus ordinances, described below. In most cases, however, some amount of public financial subsidy is needed from federal, state, and/or local governments.

## **Comments**

- 1) *Author's statement.* “California has provided affordable housing developers with new tools to streamline permitting for affordable housing on hundreds of thousands of parcels throughout the state. Unlocking the promise of the state’s landmark housing policies requires cash to move to construction. SB 417 proposes placing the \$10 billion Affordable Housing Bond Act of 2026 on the

November ballot, allowing voters to decide whether to make a critical investment in expanding the state's affordable housing stock. This bond would also enable California to leverage matching federal resources, including federal housing tax credits, maximizing the impact of state dollars. Collectively, these investments would support over 135,000 affordable homes, the construction of new affordable homes statewide, and generate tens of thousands of high-paying construction jobs. The Affordable Housing Bond Act of 2026 represents a necessary and effective step toward addressing the housing crisis Californians face every day.”

- 2) *Publicly available funds for affordable housing.* Prior to 1974, the federal government invested heavily in affordable housing construction. When those units began to deteriorate, the Housing Community and Development Act ended most new construction of public housing and the Housing Choice Voucher Program (Section 8) was created in its place. This new program allowed eligible tenants to pay only a portion of their rent (based on their income) and shifted funds from public housing authorities to the private sector. The goal was to eliminate concentrations of low-income people in housing developments. In 1981, the Reagan administration dismantled federal affordable housing funding. From 1978 to 1983, the funding for low- to moderate-income housing decreased by 77%. In 1970, there were 300,000 more low-cost rental units (6.5 million) than low-income renter households (6.2 million). By 1985, however, the number of low-cost units had fallen to 5.6 million, and the number of low-income renter households had grown to 8.9 million, a disparity of 3.3 million units. Federal investments have not gone back up to pre-1978 levels, and measures like the Faircloth amendment hamstringing federal investments in new publicly-funded affordable units.

At the state level, California has invested significantly in affordable housing construction and rehabilitation in recent years through the passage of one-time discretionary actions in the budget and the passage of voter approved bonds.

Only in the last few years have the Legislature and Governor allocated General Fund dollars to affordable housing programs. Beginning in 2019, an unprecedented \$8 billion from the General Fund has gone to a variety of affordable housing programs. The Veterans and Affordable Housing Bond Act of 2018 (Proposition 1), authorized \$3 billion to fund state affordable housing programs and \$1 billion for the CalVet program, which provides advantageous mortgages to veterans. All of the funding from the bond will be fully allocated by the end of 2023. Proposition 2 of 2018 authorized the state to issue \$2 billion in General Obligations bonds against revenues from the Mental Health Services Act for purposes of funding the No Place Like Home Program

(NPLH). Those funds supported the construction of over 7,000 supportive housing units and the funds are now exhausted.

It should be noted that of these investments, only funds from the Affordable Housing and Sustainable Communities program (AHSC), federal and state low income housing tax credits, and funds from SB 2 (Atkins, Chapter 364, Statutes of 2017), are ongoing sources of funding.

These investments, while critical, have not made up for decades of disinvestment from the federal level, resulting in a supply-side shortage of affordable housing to meet the growing demand. Significant ongoing investments are necessary to meet the current undersupply of housing affordable to lower-income families. According to the bill sponsors, California has nearly 45,000 shovel-ready affordable homes that cannot move forward due to lack of gap financing.

- 3) *Who benefits from affordable housing?* Most subsidized affordable housing developments are built for families and individuals with incomes of 60% or less than AMI; as noted above, AMI is set regionally and means different things in different areas of the state. While these income limits may seem low, many “middle-class” and working families fall into low-income categories due to the high cost of housing. For example, a renter earning minimum wage (such as a pre-school teacher, janitor, or retail employee) needs to earn 2.8 times the state minimum wage to afford the average asking rent in California. The average beginning elementary school teacher in California makes between \$55,000 - \$62,000 per year and a beginning high school teacher makes between \$55,000 and \$67,000 per year<sup>1</sup>, which in some areas of the state falls into the low- or even very low-income categories.
- 4) *A renewed GO Bond for Housing.* According to the sponsors, this new bond could produce more than 40,000 new affordable homes for lower-income households, preserve more than 5,500 existing units, create more than 53,000 construction jobs, and generate \$1.3 billion in state and local tax revenue. This bill would provide \$1.75 billion to supportive housing for people at-risk or experiencing homelessness. In addition, the bond would require that 10% of any units created through MHP go to people who are extremely low-income (at or below 30% of area median income), who may be at greater risk of homelessness. It would also reinvest in the Serna Program and CalHOME. These three programs benefited from funding through Proposition 1.

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<sup>1</sup> Statewide Average Salaries and Expenditure Percentages: 2023-24. California Department of Education. Accessible here: [Average Salaries & Expenditure Percentage - CalEdFacts \(CA Dept of Education\)](https://www.cde.ca.gov/ta/re/2023-24/average-salaries-and-expenditure-percentage-caledfacts-ca-dept-of-education/)

The bond would also fund two new programs: (1) a wildfire prevention program and (2) a program to support acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions to the units (contemplated by SB 490 (Caballero, 2022) and SB 225 (Caballero, 2023)).

This bill is substantially similar to AB 736 (Wicks, 2025), which is pending in the Senate Rules Committee. Below is a chart comparing the funding proposed in both bills.

| Program Funded  | AB 736 (Wicks)<br>Housing Bond<br>(\$10 BN) | SB 417 (Cabaldon)<br>Housing Bond (\$10<br>BN) |
|---|---|--|
| Multifamily Housing Program (MHP)   | \$5.25 BN (at least 10% to ELI)             | \$5.25 BN (at least 10% for ELI)               |
| MHP Supportive Housing  | \$1.75 BN                                   | \$1.75 BN                                      |
| CalHome   | \$1 BN combined for both                    | \$1 BN combined for both                       |
| Downpayment Assistance Program (CalHFA)   |   |  |
| Portfolio Reinvestment Program (PRP)  | \$800 MN                                    | \$800 MN                                       |
| Tribal Housing Grant Program (SB 1187, McGuire, 2024)   | \$250 MN                                    | \$250 MN                                       |
| Joe Serna Jr., Farmworker Housing Program   | \$250 MN                                    | \$250 MN                                       |
| Low Income Weatherization Program   | \$200 MN                                    | \$0  |
| NEW Community Anti-Displacement and Preservation Program (contemplates SB 225, Caballero, 2024) | \$500 MN                                    | \$500 MN                                       |
| NEW Wildfire Prevention, rental assistance, and affordable housing construction program         | \$0   | \$200 MN                                       |

*Given the decades of disinvestment of affordable housing funding and the demand for more funding to build affordable housing, the author moving forward may wish to consider increasing the funding in the bond.*

5) *Opposition.* Habitat for Humanity California is opposed to this bill unless it is amended “to designate a \$1 billion appropriation specifically to the CalHome Program to increase the production of affordable homes for ownership in our state.”

**Related/Prior Legislation**

**SB 492 (Menjivar, 2026)** — creates the Youth Housing Bond Act of 2025, which would propose the sale of an unspecified amount of general obligations bonds at the next statewide election for purposes of funding youth housing programs. *This bill will be heard on January 6<sup>th</sup> in Senate Housing Committee.*

**AB 1657 (Wicks, 2024)** — urgency bill would have authorized the Affordable Housing Bond Act of 2024 to place a \$10 billion housing bond on the March 5, 2024 primary ballot to fund production of affordable housing and supportive housing. *This bill is pending in Senate Rules Committee.*

**SB 3 (Beall, Chapter 365, Statutes of 2017)** — enacted the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1, 2018) and authorized the issuance of \$4 billion in general obligation (GO) bonds for affordable housing programs and a veteran's homeownership program, subject to approval by the voters in the November 6, 2018 election.

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

**POSITIONS:** **(Communicated to the committee before noon on Tuesday, December 30th.)**

**SUPPORT:**

A Community of Friends  
Abode Housing Development  
Affordable Housing Management Association-northern CA Hawaii  
Alliance for Housing and Healing  
Alliance of Californians for Community Empowerment (ACCE)  
Alta Housing  
Architects Fora  
Audubon California  
Azul  
Berkeley City Councilmember Igor Tregub  
Better Opportunities Builder, INC.  
Board of Supervisors for the City and County of San Francisco  
Brilliant Corners  
Buen Vecino  
CA Assn of Winegrape Growers  
CAA Consultants  
Cabrillo Economic Development Corporation

California Apartment Association  
California Association of Housing Authorities  
California Center for Cooperative Development  
California Coalition for Community Investment  
California Coalition for Rural Housing  
California Coastal Protection Network  
California Housing Consortium  
California Housing Partnership  
California National Organization for Women  
California Rural Legal Assistance Foundation  
Care Clt (a Division of Care Assn, Inc)  
Champions for Progress INC.  
Chelro Care Institute  
Chinatown Community Development Center  
Christian Church Homes (CCH)  
City of Eureka  
City of Oakland  
City of Santa Ana Councilwoman Jessie Lopez  
Coachella Valley Housing Coalition  
Collective Operation  
Community Corp. of Santa Monica  
Corporation for Supportive Housing  
Council of Community Housing Organizations  
County of San Diego  
Courage California  
Destination: Home  
Disability Rights California  
Drug Policy Alliance  
Eah Housing  
East Bay Housing Organization - Ebho  
East Bay Yimby  
Eden Housing  
End Poverty in California (EPIC)  
Endangered Habitats League  
Enterprise Community Partners, INC.  
Environmental Action Committee of West Marin  
Environmental Center of San Diego  
Environmental Protection Information Center  
Episcopal Community Services of San Francisco  
Equal Rights Advocates  
Eviction Defense Network  
Evolve California

Fantastic Calculator  
Firm Foundation Community Housing  
Friends Committee on Legislation of California  
Fsy Architects, INC  
Generation Housing  
Grow the Richmond  
Gubb & Barshay Llp  
Health in Partnership  
Heavin Helps  
Homebase  
Homefirst  
Homes & Hope  
Hope Cooperative (tlcs, Inc.)  
Hope Solutions  
House Farm Workers!  
Housing Accelerator Fund  
Housing Action Coalition  
Housing Authority of City of Santa Paula  
Housing Authority of the City of San Buenaventura  
Housing Authority of the City of San Luis Obispo  
Housing California  
Housing Leadership Council of San Mateo County  
Housing Now!  
Housing Trust Silicon Valley  
Human Good  
Human Impact Partners  
Humboldt Waterkeeper  
Indivisible Ca: Statestrong  
Initiate Justice  
Inland Abundant Housing and Housing Claremont  
Inland Empire Waterkeeper  
Inland Socal Housing Collective  
Inner City Law Center  
Jamboree Housing Corporation  
League of California Cities  
Legal Aid of Sonoma County  
Let Spirit Lead, INC.  
Lifehouse, INC  
Lifesteps  
Lift to Rise  
Lighthouse Silicon Valley  
Linc Housing

Lisc San Diego  
Long Beach Gray Panthers  
Making Housing and Community Happen  
Many Mansions  
Mayor Daniel Lurie, City and County of San Francisco  
Mayor's and Councilmembers' Association of Sonoma County Legislative Committee  
Merritt Community Capital Corporation  
Michelson Center for Public Policy  
Midpen Housing  
Midpen Housing Corporation  
Mission Economic Development Agency  
Mithun  
Monterey Bay Economic Partnership  
Monterey Peninsula Yimby  
Mountain View Yimby  
Move California  
Napa-solano for Everyone  
National Alliance to End Homelessness  
National Housing Law Project  
Neighborhood Partnership Housing Services INC  
Nonprofit Housing Association of Northern California  
Northern Circle Indian Housing Authority  
Northern Dreamcatcher  
Northern Neighbors  
Orange County Coastkeeper  
Our Future Los Angeles  
Partnership for the Bay's Future  
Peninsula for Everyone  
People for Housing - Orange County  
People's Self-help Housing  
Pep Housing  
Pico California  
Planning and Conservation League  
Policylink  
Prosperity California  
Public Counsel  
Public Interest Law Project  
Queer Surf  
Redwood Community Services  
Renewal Enterprise District  
Resource Renewal Institute

Resources for Community Development  
Sacramento Area Congregation Together  
Sacramento Community Land Trust  
Sacramento Housing Alliance  
Sacramento Transit Advocates and Riders STAR  
Sacred Heart Community Service  
Salted Roots  
San Francisco Board of Supervisors  
San Francisco Community Land Trust  
San Francisco Department of Homelessness and Supportive Housing  
San Francisco Safehouse  
San Francisco Yimby  
San Joaquin Valley Housing Collaborative  
Santa Clara County Housing Authority  
Santa Cruz Yimby  
Santa Rosa Yimby  
Satellite Affordable Housing Associates  
Save the Bay  
Save the Sonoma Coast  
Self-help Enterprises  
Self-help for the Elderly  
Serving Seniors  
Sf Yimby  
Sierra Business Council  
Silicon Valley Community Foundation  
Sloco Yimby  
Smart Justice California  
Socal 350 Climate Action  
Somos Mayfair  
South Bay Community Land Trust  
South Bay Yimby  
Southern California Association of Non-profit Housing (SCANPH)  
Starting Over Strong  
Stinson Beach Affordable Housing Committee  
Sun Light & Power  
Supportive Housing Alliance  
Supportive Housing Community Land Alliance  
Surfrider Foundation  
Sv@home Action Fund  
Techeqiuty Action  
Tenderloin Neighborhood Development Corporation  
Terracorp

The John Stewart Company  
The Kennedy Commission  
The Lived Experience Advisory Board of Silicon Valley  
The Unity Council  
Transform  
Truckee Tahoe Workforce Housing Agency  
Two Valleys Community Land Trust  
United Domestic Workers/afscme Local 3930  
Urban Habitat  
Valley Industry and Commerce Association (VICA)  
Van Meter Williams Pollack, Llp  
Venice Community Housing  
Ventura County Yimby  
Ventura Homeless Prevention  
Victor Valley Family Resource Center  
Vital Arts  
Wakeland Housing and Development Corporation  
Western Center on Law & Poverty  
Women's Empowerment  
Wph Holdings, LLC  
Wunz Apparel in Action  
Yimby Action  
Yimby LA  
Yimby Los Angeles  
Yimby Oceanside  
Yimby Slo  
Yolo Yimby  
Young Community Developers  
Zen Development Consultants LLC

**OPPOSITION:**

Habitat for Humanity California

-- END --