
THIRD READING

Bill No: SB 417
Author: Cabaldon (D), et al.
Amended: 1/22/26
Vote: 27 - Urgency

SENATE HOUSING COMMITTEE: 8-1, 1/6/26

AYES: Wahab, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Grayson, Padilla

NOES: Seyarto

NO VOTE RECORDED: Ochoa Bogh, Reyes

SENATE APPROPRIATIONS COMMITTEE: 5-2, 1/22/26

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SUBJECT: The Affordable Housing Bond Act of 2026

SOURCE: Author

DIGEST: This urgency bill 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.

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 the California Housing Finance Agency (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 bill:

- 1) Authorizes \$10 billion in general obligation bonds at the November 3, 2026 statewide general election 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 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) *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.

- 2) *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 year¹, which in some areas of the state falls into the low- or even very low-income categories.
- 3) *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

¹ Statewide Average Salaries and Expenditure Percentages: 2023-24. California Department of Education.
Accessible here: [Average Salaries & Expenditure Percentage - CalEdFacts \(CA Dept of Education\)](#)

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.

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) Housing Bond (\$10 BN)	SB 417 (Cabaldon) Housing Bond (\$10 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

- 4) *Appropriations amendments.* Senate Appropriations processed authors amendments, which do the following: (a) place the Bond Act before the voters at the November 3, 2026 statewide general election, rather than the June 2, 2026 statewide primary election, and (b) add co-authors.

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

According to the Senate Appropriations Committee:

- Bond costs: Total principal and interest costs to pay off the bonds would be approximately \$17.39 billion (\$10 billion in principal and \$7.39 billion in interest), with average annual debt service payments of \$580 million (General Fund), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 4.02% (the average weighted interest rate secured by the State Treasurer over several general obligation bond sales in 2025). If interest rates increase to 5% in the near future, annual debt service would be approximately \$651 million (General Fund) and total principal and interest costs over the repayment period would be approximately \$19.5 billion. Staff notes that this bill explicitly authorizes a maturity date of up to 35 years from the date of issuance of each bond. The estimated annual debt service costs would be lower, but total interest costs would be higher over the repayment period, if the bonds are sold with a 35-year maturity date.
- Administrative costs: The Department of Housing and Community Development (HCD) would incur significant increased staffing and operations costs to administer the new and existing housing programs funded by this Bond Act (Affordable Housing Bond Act Trust Fund of 2026). HCD expects to utilize up to 5% of bond proceeds dedicated to the programs it administers, or up to \$465 million in total, for overall administrative costs, with some immediate personnel needs and others added over a subsequent decade. The department does not anticipate a General Fund impact related to its administrative costs.

The California Housing Finance Agency (CalHFA), which administers the Downpayment Assistance Program, does not anticipate significant additional administrative costs as a result of this measure.

- Ballot costs: One-time Secretary of State (SOS) costs, likely in the range of \$784,000 to \$984,000 in the 2026-27 fiscal year (General Fund), assuming this Bond Act would add 6-8 additional pages to the Voter Information Guide ballot pamphlet for the November 3, 2026 statewide general election. Actual costs would depend upon the length of the title and summary, analysis by the

Legislative Analyst's Office, proponent and opponent arguments, and text of the proposal.

SUPPORT: (Verified 1/22/2026)

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
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
City of Eureka
City of Oakland
City of Santa Ana Councilwoman Jessie Lopez

City of Woodland
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
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 Social 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
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
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
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: (Verified 1/22/2026)

Habitat for Humanity California

ARGUMENTS IN SUPPORT: According to the author, “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.”

ARGUMENTS IN 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.”

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
1/26/26 13:22:01

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