

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 417 (Cabaldon) – As Amended January 22, 2026

SENATE VOTE: 30-9

SUBJECT: The Affordable Housing Bond Act of 2026

SUMMARY: Authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion bond on the November 3, 2026, ballot to fund affordable multi-family housing and supportive housing. Specifically, **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 Multifamily Housing Program (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;
 - 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; and
 - 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.
- 5) Includes the following definitions:
 - a) “Board” means HCD for programs administered by the department and CalHFA for programs administered by the agency;
 - b) “Committee” means the Housing Finance Committee; and
 - c) “Fund” means the Affordable Housing Bond Act of 2026.
- 6) Authorizes the Committee, upon a request by the board, to determine whether or not it is necessary and desirable to issue bonds, upon a request by the board, and if so, the bonds will be issued and sold.
- 7) Authorizes the board to request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account to support the bond.
- 8) Includes an urgency clause.

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.

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: 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. The Affordable Housing Bond Act of 2026 represents a necessary and effective step toward addressing the housing crisis Californians face every day."

Affordable Housing Need: According to the 2022 Statewide Housing Plan, to meet California's unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing per year.

Furthermore, the state's homelessness crisis is driven by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP's) Housing Need Dashboard, in the current market, over 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for affordable housing for decades. In the last eight years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

Affordable Housing Funding: Developing housing that is affordable to very low- and low-income families requires some amount of public investment. Due to the high cost of land and construction materials and significant regulatory barriers, the private market does not build

housing that is affordable for lower income households. The state provides public subsidies to non-profit and for-profit developers to build affordable housing that is deed restricted for 55 years. It is important to note that a single affordable housing unit serves more than one individual over the course of its 55-year affordability term. Most affordable housing units will serve 17.5 people over the term. Historically, the state has funded affordable housing production through voter-approved bonds and low-income housing tax credits (LIHTC). Only in the last few years have the Legislature and the Governor allocated General Fund dollars to affordable housing.

Beginning in 2019, an unprecedented \$8 billion in General Fund has gone to a variety of affordable housing programs. According to the Legislative Analyst's Office, while the budget picture is fair for the upcoming year, the outlook suggests that the state faces double-digit operating deficits in the years to come. The last voter-approved bond, the Veterans and Affordable Housing Bond Act of 2018, authorized \$3 billion to fund state affordable housing programs and \$1 billion for the CalVet program, which provides mortgages to veterans. All of the funding from the bond, including \$1.5 billion for the state's flagship affordable multi-family rental housing program – MHP – has been fully allocated.

In addition to bond proceeds and the General Fund, the federal and state government both subsidize affordable housing through LIHTC. The federal government offers two forms of tax credits, a 9% and a 4% credit. The 9% credit equates to approximately \$109 million in annual subsidy. The 4% credits are unlimited but must be paired with private activity bonds (PABs), which are capped. Since 1986, the state has offered a state LIHTC that generally equates to about \$100 million each year. In 2019, AB 101 (Budget Committee, Chapter 159) was signed into law, providing an additional \$500 million in "enhanced" state LIHTCs in 2020 and future years, subject to appropriation. Twenty-five million of the \$500 million in enhanced LIHTC is available for farmworker housing developments. The enhanced LIHTC must be paired with 4% federal credits in an effort to capitalize on the unlimited nature of those credits and to leverage PABs. The Governor did not include any funding for affordable housing in his January budget, including zeroing out the \$500 million in enhanced state LIHTC that has been allocated since 2019.

In 2025, H.R.1 lowered the private activity bond (PAB) financing threshold from 50% to 25% of land and building costs. Due to this change, affordable housing developments financed with PABs issued after Dec. 31, 2025, qualify for 4% LIHTCs with much fewer bonds than before. As a result, the PABs and 4% LIHTC will be able to stretch much further than in the past. To fully leverage this change, the state will need additional gap financing to pair with these PABS and credits. Estimates suggest that the state may be able to double our affordable housing production, from 20,000 to 40,000 units, with the additional bond cap.

Other Funding for Affordable Housing: In 2017, the Legislature passed SB 2 (Atkins), Chapter 364, which created a permanent funding source for affordable housing through a \$75 recording fee on real estate documents, excluding those recorded at the time of sale of a property. The fee generates between \$300 million and \$500 million each year. Seventy percent of the funds must go directly to counties to spend on housing priorities. The remaining 30% is split between the CalHFA Mixed Income Housing program, the Joe Serna, Jr. Farmworker Housing Program, and funds for state incentive programs.

The Affordable Housing and Sustainable Communities (AHSC) Program is one of the state's few affordable housing programs that receives ongoing funds. The program is funded by a

continuous appropriation of 20% of funds from the Greenhouse Gas Reduction Fund (GGRF), funded by proceeds of the cap-and-trade system. Because AHSC is a GHG reduction program, applicants who receive awards are responsible for monitoring and reporting their projects' emissions reductions using a quantification methodology certified by the California Air Resources Board. Since 2015, there have been ten rounds of AHSC funding, investing \$2.5 billion in affordable housing to produce 15,324 affordable housing units and reducing 4.4 million tons of CO₂e. In 2025, the budget extended the GGRF through 2045, and the investments were adjusted so that AHSC was locked in at \$800 million a year, provided Cap and Invest proceeds are maintained.

Supportive Housing: Supportive housing combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities. The state has funded supportive housing through MHP and the No Place Like Home Program (NPLH). NPLH authorized the state to issue \$2 billion in General Obligations bonds against revenues from the Mental Health Services Act – a 1% tax on millionaires in the state. Those funds supported the construction of over 7,000 supportive housing units, and the funds are now exhausted. The voters passed Proposition 1 in March of 2024 to strengthen California's behavioral health system by funding mental health treatment, substance use disorder services, and supportive housing for veterans and individuals facing homelessness. The Proposition 1 bond included \$1.98 billion for supportive, with \$1.065 billion designated for veterans and \$922 million for other people experiencing or at risk of homelessness with behavioral health challenges. SB 417 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.

Other Programs: SB 417 would require a portion of the bond proceeds to go toward a program to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. SB 1187 (McGuire), Chapter 295, Statutes of 2024, created the Tribal Housing Grant Program (THGP) at HCD for the construction and rehabilitation of rental and for-sale housing. SB 417 also references funding for a program to be created by the Legislature that funds the acquisition and rehabilitation of unrestricted housing units and attachment of long-term affordability restrictions to the units. SB 490 (Caballero) of 2022 and SB 225 (Caballero) of 2024 would have created such a program, but both bills were held at various stages during the legislative process. In addition, SB 417 would set aside \$200 million for wildfire prevention, rental assistance, and affordable housing construction.

Funding Infrastructure: Funding for infrastructure was significantly reduced with the loss of redevelopment over a decade ago. The Legislature has prioritized policies and funding for infrastructure for mixed income and affordable housing. The Infrastructure Grant (IIG) Program was created in 2007 to provide funding for infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. Under the program, developers and local governments can partner to apply for infrastructure funding, including the development or rehabilitation of parks or open space; water, sewer, or other utility service improvements; streets; roads; sidewalks; and environmental remediation. Originally, bond funding was provided for the program through the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) and the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). Since 2019-20, the budget included \$775 million General Fund for the IIG Program. The IIG program was changed in 2019 to include funding for small jurisdictions, ensuring that funds were allocated across the

state. The program includes a 10% set-aside in rural areas and allows a local government to apply for funding without a developer partner. The funds can be used in areas where developers are not building because the infrastructure is not adequate to support development.

In 2022, through the budget process, the state created an IIG Catalytic program with the goal of providing financial assistance for Capital Improvement Projects (CIPs or Projects) that are necessary to facilitate the development of Catalytic Qualifying Infill Areas. Sites and parcels that make up Catalytic Qualifying Infill Areas must have been either previously developed (within the last ten years) or largely surrounded by sites developed with Urban Uses. IIG does not directly fund the construction of housing units, but is estimated to have supported the creation of 10,628 homes between 2019-20 and 2022-23. SB 417 includes some funding for IIG as part of the \$5.25 billion allocated to MHP, but does not specify the amount that would go to IIG.

Differences Between SB 417 and AB 736 (Wicks) (2026): This bill funds all of the same programs as AB 736, also a \$10 billion affordable housing bond, that is pending hearing in Senate Housing Committee, with a few differences. SB 417 has an additional \$25 million in MHP; includes IIG in the MHP funding for the bond but does not specify how much goes to the program, includes \$100 million less for the Joe Serna Jr. Farmworker Housing Program, and includes \$200 million for a new wildfire prevention, rental assistance, and affordable housing construction program

Arguments in Support: A larger coalition of affordable housing organizations writes in support of this bill, “the Affordable Housing Bond Act of 2026 (SB 417, Cabaldon) comes at a crucial time for California. Historically, the state has used voter-approved General Obligation bonds to fund the construction and rehabilitation of affordable housing. However, the \$3 billion bond funds authorized by the Veterans and Affordable Housing Bond Act of 2018 was fully allocated by the end of 2024. Further, recent federal changes make it possible for California to nearly double affordable housing production, but only if the State invests \$4.1 billion annually to leverage \$6.7 billion in available federal funding. The average state investment in affordable housing leverages public and private dollars at a rate of 5 to 1. Without additional state resources, we cannot take full advantage of 4% federal Low-Income Housing Tax Credits, leaving billions of dollars of federal assistance on the table.”

Arguments in Opposition: Habitat for Humanity is opposed to this bill unless it is amended to specify that 10% of the bond proceeds go to CalHOME. This bill currently designates \$1 billion to the CalHOME Program and the My Home down payment assistance program administered by CalHFA, but does not specify how much would be allocated to each program.

Related Legislation:

AB 736 (Wicks) of this legislative session would place a \$10 billion bond on the November 2026 ballot. This bill is scheduled to be heard in Senate Housing Committee on April 21, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

A Community of Friends

ACCE Action

Affordable Housing Management Association-northern CA Hawaii

AIDS Healthcare Foundation
All Home
Alliance for Housing and Healing
Allied Framers
Alta Housing
Amazon.com
American Federation of State, County and Municipal Employees, AFL-CIO
Architects Fora
Asian Americans Advancing Justice Southern California
Associated General Contractors, California Chapters
Bay Area Council
Berkeley City Councilmember Igor Tregub
Better Opportunities Builder
Board of Supervisors for the City and County of San Francisco
Brilliant Corners
Brooks + Scarpa
Buen Vecino
Burbank Housing
CAA Consultants
Cabrillo Economic Development Corporation
California Apartment Association
California Coalition for Community Investment
California Coalition for Rural Housing
California Community Land Trust Network
California Housing Consortium
California Rural Legal Assistance Foundation
Care CLT Champions for Progress.
Chelro Care Institute
Christian Church Homes
City of Riverside
City of Santa Ana Councilwoman Jessie Lopez
City of Soledad
City of Thousand Oaks
Coachella Valley Housing Coalition
Community Corp. of Santa Monica
Corporation for Supportive Housing
Council of Community Housing Organizations
Council of Community Housing Organizations
Courage California
Destination: Home
EAH Housing
East Bay Housing Organizations
East Bay YIMBY
Eden Housing
Eden I&R
End Poverty in California
Enterprise Community Loan Fund
Enterprise Community Partners
Episcopal Community Services of San Francisco

Eviction Defense Network
Evolve California
Fantastic Calculator
Firm Foundation Community Housing
FSY Architects
Gubb & Barshay
Homebase
Hope Cooperative
Hope Solutions
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
Human Good
Larkin Street Youth Services
League of Women Voters of California
Legal Aid of Sonoma County
Lifehouse, INC
LifeSTEPS
Lift to Rise
Linc Housing
LISC San Diego
Long Beach Gray Panthers
Los Angeles County Affordable Housing Solutions Agency
Making Housing and Community Happen
Many Mansions
Merritt Community Capital Corporation
Michelson Center for Public Policy
MidPen Housing
Mithun
Mogavero Architects
Monterey Bay Economic Partnership
Monterey Peninsula YIMBY
Mountain View YIMBY
Multi-faith Action Coalition
National Alliance to End Homelessness
Our Future Los Angeles
Pep Housing
Pico California
PolicyLink
Public Interest Law Project
Redwood Community Services
Related California
Renewal Enterprise District
Sacred Heart Community Service
Saida + Sullivan Design Partners
San Francisco Community Land Trust
San Francisco YIMBY

Santa Clara County Housing Authority
Self Help Enterprises
Self-help for the Elderly
Serving Seniors
Sierra Business Council
Silicon Valley Community Foundation
SOMOS Mayfair
Southern California Association of Governments
Stinson Beach Affordable Housing Committee
Supportive Housing Alliance
SV@Home
Tech Equity
Tenderloin Neighborhood Development Corporation
TerraCorp
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
United Wholesale Mortgage
University of California
Urban Habitat
Victor Valley Family Resource Center
WPH Holdings
WUNZ Apparel in Action
YIMBY Los Angeles
YIMBY Oceanside
Young Community Developers

Support If Amended

Burbank-Glendale-Pasadena Regional Housing Trust
C&C Development
California State University, Office of the Chancellor
Cesar Chavez Foundation
City of Arcadia
City of Berkeley
City of Brea
City of Duarte
City of Glendora
City of LA Habra
City of Mill Valley
City of Monterey Park
City of Palo Alto
City of Santa Barbara
City of South Pasadena
County of Orange
Housing Trust Fund Ventura County

National Core
Orange County Housing Finance Trust
San Gabriel Valley Council of Governments
San Gabriel Valley Economic Partnership
San Gabriel Valley Regional Housing Trust

Opposition

None on file.

Oppose Unless Amended

Habitat for Humanity California

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