

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 772 (Cabaldon) – As Amended July 17, 2025

Policy Committee: Housing and Community Development      Vote: 12 - 0

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

**SUMMARY:**

This bill revises and expands the Infill Infrastructure Grant (IIG) Program of 2019.

Specifically, this bill:

- 1) Expands the definition of “qualifying infill project” for the purposes of the IIG program to include a residential or mixed-use residential project located within an urbanized area on a vacant site where at least 75% of the perimeter of the site adjoins parcels that have been previously developed with urban uses.
- 2) Adds to the list of priorities the Department of Housing and Community Development (HCD) considers in ranking applicants for IIG funding for a qualifying infill area or a catalytic qualifying infill area to include the area’s walkability to essential services or businesses. Defines “walkability” for these purposes.
- 3) Allows a qualifying infill project, qualifying infill area, or catalytic qualifying infill area to also be located in an area that allows for mixed-use or residential development pursuant to AB 2011 (Wicks), Chapter 647, Statutes of 2022.
- 4) Makes other definitional additions and revisions, including, modifying “capital improvement project” to also include:
  - a) Streets or roads that are publicly maintained and open to the use of the public for purposes of vehicular travel and that will serve as a connector within a qualifying infill project or qualifying infill area.
  - b) “Nature-based solutions,” as defined, proven to reduce the risk from climate change-driven natural disasters and risks like wildfire, flooding, heat, and sea level rise.

**FISCAL EFFECT:**

- 1) Ongoing General Fund cost pressures to provide funding to the IIG Program to accommodate the expanded allowable projects under the bill. The Program is oversubscribed and the 2025 budget act does not provide an allocation for additional grants. AB 746, the Affordable Housing Bond Act of 2026, which includes \$400 million for the Program is a potential funding source, should it pass the Legislature and a vote of the people at the June 2, 2026 statewide primary election.

- 2) HCD estimates minor and absorbable costs to make minor modifications to the IIG Program guidelines, application materials, and application review tools. Because program guidelines are generally updated with every funding round, HCD indicates the workload created by this bill can be absorbed by current staffing levels.

#### COMMENTS:

- 1) **Purpose.** According to the author:

Many former commercial and underutilized areas have significant potential for the development of housing at scale but lack the public infrastructure necessary to support higher-density residential development. Reforms to the IIG Program have the potential to catalyze investment in underutilized lands, such as vacant shopping centers or strip malls, to support the development of housing with infrastructure that has been upgraded to accommodate growth. Aiding local governments to transform cities into denser, more livable communities will also mitigate against the impacts of climate change.

- 2) **Background.** Existing law establishes the IIG Program of 2019, which requires HCD, upon appropriation, to establish and administer a grant program to allocate funds for infrastructure improvements necessary to facilitate new infill housing development. Under the program, grants are available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas. Existing law defines a qualifying infill project or area for these purposes to include a residential or mixed-use residential project located within an urbanized area on a vacant site where at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses.

Eligible improvements include development or reconstruction of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, sidewalks, and streetscape improvements.

The program requires HCD to administer a specified competitive application process for capital improvement projects for large jurisdictions, and a non-competitive, over-the counter program for small jurisdictions. Infill projects are required to include a minimum of 15% of the units affordable to households at or below 60% of AMI. Qualifying infill areas are evaluated based on project readiness, proximity to transit and other amenities, level of residential density on parcels in the area, whether an area is in a sustainable communities plan, and whether the jurisdiction has a pro-housing designation from HCD.

This bill expands the definition of a qualifying infill project, includes walkability provisions in application ranking criteria, and updates eligible funding uses to include nature-based solutions that promote climate adaptation and resilience. According to the bill's sponsor, Prosperity California:

The IIG Program is an effective but oversubscribed program funding the upgrades to water, sewer, and transit access that make new housing possible. By updating the program and increasing funding, we can

ensure more climate-smart housing is built while protecting Californians from the impacts of climate-driven natural disasters.

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