

UNFINISHED BUSINESS

Bill No: SB 772
Author: Cabaldon (D), et al.
Amended: 8/19/26
Vote: 21

SENATE HOUSING COMMITTEE: 11-0, 4/29/25

AYES: Wahab, Seyarto, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Ochoa Bogh, Padilla

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 34-0, 5/15/25 (Consent)

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNERney, Menjivar, Niello, Ochoa Bogh, Pérez, Richardson, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Alvarado-Gil, Cervantes, Grove, Padilla, Reyes, Rubio

ASSEMBLY FLOOR: Passed, 8/25/26

SUBJECT: Infill Infrastructure Grant Program of 2019: applications: eligibility

SOURCE: Author

DIGEST: This bill makes a number of revisions to the Infill Infrastructure Grant (IIG) Program.

Assembly Amendments make updates to IIG to facilitate developments in areas eligible for streamlined, ministerial approval; authorize natural infrastructure solutions to be funded, as specified; expand the definition of “walkability”; and, make other clarifying changes.

ANALYSIS:

Existing law:

- 1) Establishes the IIG at the Department of Housing and Community Development (HCD).
- 2) Streamlines the approval process for certain housing developments along commercial corridors and in commercial zones, as specified, pursuant to AB 2011 (Wicks, Chapter 647, Statutes of 2022).
- 3) Streamlines the approval for certain infill housing developments, pursuant to SB 35 (Wiener, Chapter 366, Statues of 2017).

This bill:

- 1) Changes the definition of "qualifying infill project" areas for the purposes of the IIG program to include parcels that are adjacent to parcels that have previously been developed in addition to ones with existing development.
- 2) Adds to the list of priorities that HCD considers in ranking applicants for IIG funding for both "qualifying infill area" and "catalytic qualifying infill area" to include:
 - a) Walkability to essential services or businesses; and
 - b) On-demand transit services that provide or support new, restored, or expanded routes.
- 3) Adds to the definition of "qualifying infill area" a capital improvement project for which funding is requested is necessary and integral to make and are suitable for development under AB 2011 (Wicks, Chapter 647, Statutes of 2022).
- 4) Expands the areas where a "qualifying infill project," "qualifying infill area," or "catalytic qualifying infill area" can qualify for funding to include sites that are eligible for AB 2011 (Wicks, Chapter 647, Statutes of 2022) or SB 35 (Wiener, Chapter 366, Statues of 2017).
- 5) Changes the definition of capital improvement projects that may be funded under the IIG as follows:

- a) Replaces "streets and roads" as a use to 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; and
 - b) Add the use of funds for "nature infrastructure solutions" that reduce the risk of climate change-driven natural disasters like wildfire, flooding, heat, and sea-level rise, or provide other social benefits.
- 6) Allows a city, county, or city and county to apply for a "qualified infill area" or a "catalyst qualifying infill area" without having a developer as a co-applicant.
- 7) Adds a definition of a "major transit stop" that includes existing and planned stops in the regional transportation plan.
- 8) Changes the definition of an "urbanized area" to an urbanized area as defined by the United States Census Bureau rather than for sites in unincorporated areas that the site is within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.
- 9) Adds a definition of "walkability" to mean the parcels or parcel where the development will occur is within one mile of six or more of any of the following amenities:
- a) A supermarket or grocery store;
 - b) A public park;
 - c) A community center;
 - d) A pharmacy or drugstore;
 - e) A medical clinic or hospital;
 - f) A public library; or
 - g) A school that maintains a kindergarten or any of grades one to 12, inclusive;
 - h) Food bank;
 - i) A licensed childcare facility as identified by the State Department of Social Services;
 - j) A community or recreation center accessible to the general public;
 - k) A bank or credit union;
 - l) A post office; and
 - m) A laundry service.
- 10) Adds a definition of "on-demand transit service" to include shuttles, vans, circulators, paratransit services, and private sector transit solutions commonly

referred to as microunits that are operated or contracted by a public entity. Requires the transit service to serve the general public and be demand responsible and capable of serving multiple riders simultaneously not only a single rider service. Defined "demand responsive" to mean a route or frequency of service is dispatched in real time based on customer demand.

Background

IIG. The original IIG program, now commonly known as IIG of 2007, was established pursuant to Proposition 6, the Housing and Emergency Shelter Trust Fund Act of 2006; it received additional funds through Proposition 1, the Veterans and Affordable Housing Bond Act of 2018. In 2019, the Legislature allocated \$500 million General Fund moneys to IIG and updated the program; the new version of the program is commonly known as IIG of 2019.

IIG of 2019 promotes infill housing development by providing financial assistance for capital improvement projects that are an integral part of, or necessary to facilitate the development of, affordable and mixed-income housing. Under IIG of 2019, grants are available in the form of gap funding for infrastructure, factory-built housing components, and adaptive reuse necessary for specific residential or mixed-use infill developments. Eligible costs include, but are not limited to, the creation, development, or rehabilitation of parks or open space; water, sewer, or other utility service improvements (including internet and electric vehicle infrastructure); streets; roads; transit station structured parking; transit linkages or facilities; facilities that support pedestrian or bicycle transit; traffic mitigation, sidewalk, or streetscape improvements; factory-built housing components; adaptive reuse; and site preparation or demolition.

Comments

Author statement. “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. The Bridge District is a perfect example of smart growth. It is a waterfront urban mixed-use development located along the western side of the Sacramento River. A former industrial area, it is now a vibrant community easily accessible to downtown Sacramento via the Tower Bridge, with the potential to eventually support 5,210 new homes and 7,290,000 square feet of commercial development. The Bridge District required vision and state and local investments. 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. The bill would also authorize the IIG Program to fund green infrastructure improvements, such as landscape features that can help mitigate flooding risks.”

Updating IIG of 2019. Supporters of this bill note that IIG of 2019 is a key tool in helping to address infrastructure challenges – such as upgrades to water, sewer, and transit access – that make it harder to build multifamily housing. They also note that since this program has not been significantly updated since it was established, and precludes some housing developments from accessing funds from IIG in areas that are walkable to specified services and retail centers.

Limited program funding. HCD released the Multifamily Finance Super NOFA (Notice of Funding Availability) on February 13th, announcing the availability of \$382 million through Multifamily Housing Program (MHP), Joe Serna Jr. Farmworker Housing Grant Program, IIG of 2007, IIG of 2019, and the Veterans Housing and Homelessness Prevention Program.¹ Of this total, \$20 million is provided for IIG of 2007 and IIG of 2019 – the total amount of remaining funds in these programs. This bill would apply to any future funds that are appropriated to IIG. SB 417 (Limon/Rivas, Chapter 16, Statutes of 2026) enacts the Veterans and Affordable Housing Bond Act of 2026, which, if adopted by the voters in the statewide election November 2, 2026, would authorize \$11.25 billion in general obligation bonds to fund specified housing programs, including \$500 million for IIG of 2019.

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

According to the Assembly Committee on Appropriations:

- Ongoing General Fund cost pressures to provide funding to the IIG Program to accommodate the expanded allowable projects under the bill. The IIG Program is oversubscribed and the 2026 budget act does not provide an allocation for additional grants. SB 417 (Limon), Chapter 16, Statutes of 2026, the Veterans and Affordable Housing Bond Act of 2026, which includes \$500 million for the IIG Program is a potential funding source, should it pass at the November 3, 2026 statewide general election.

¹ *Multifamily Finance SuperNOFA Program 2025 Notice of Funding Availability.* (HCD, February 13, 2025). Accessible here: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/supernofa/2025-mfsn-round-3-nofa.pdf>

- 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.

SUPPORT: (Verified 8/20/26)

Abundant Housing LA
California Forward
California Yimby
Center for Biological Diversity
Council of Infill Builders
Endangered Habitats League
Enterprise Community Partners, INC.
Epic - Environmental Protection Information Center
Greenbelt Alliance
House Sacramento
Housing Action Coalition
Lisc San Diego
Livable Communities Initiative
New Way Homes
Prosperity California
Save the Bay
Seamless Bay Area
Sequoia Riverlands Trust
Sierra Business Council
Streets for All
The Central Valley Urban Institute
Transform
Wildlands Network
Yimby Action

OPPOSITION: (Verified 8/20/26)

None received

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