



## AB 1521 (Bloom & Chiu)

### *Preserving California's Existing Stock of Affordable Rental Homes*

**Summary:** This bill strengthens the state's existing Affordable Housing Preservation Law (Government Code Sections 65863.10-13) by requiring that rental housing with expiring federal and/or state subsidies and/or affordability protections be offered for sale first to qualified preservation purchasers at market value. This change will significantly increase the chances that thousands of affordable homes at risk of conversion will be preserved, reduce the displacement of existing low-income residents, and prevent the state's already large shortage of affordable rental homes from growing.

**Background:** According to the California Housing Partnership, the state has a shortfall of more than 1.5 million rental homes affordable to low-income households. This shortage at the lower end of the rental market is in turn placing huge pressure on low-income households, many of whom are being displaced as real estate speculators purchase apartment buildings, in some cases converting properties that were previously reserved as affordable rentals for low-income households. The California Housing Partnership reports that the state has lost more than 28,000 affordable rental homes, with another 30,000 at risk of losing their affordability in the next five years due to the expiration of a federal or state subsidy and/or deed restriction.

California's existing Preservation Notice Law defines the state's interest in multifamily rental properties of five or more units that are affordable to lower income households due to various forms of subsidies and/or covenants restricting the incomes of their occupants and the rents that they may charge. The Notice Law describes various actions that

owners of these properties must take prior to prepaying subsidized mortgages, terminating rental subsidies, or otherwise allowing covenants protecting the affordability of the rental units to expire. As described in more detail in the Notice Law, these actions include:

- Notifying tenants and local governments of the impending loss of affordability 12 and 6 months prior.
- Notifying qualified preservation entities of the opportunity to submit a non-binding offer to purchase covered properties.

**The Bill:** AB 1521 strengthens the existing Preservation Notice Law by requiring owners of expiring affordable rental properties to accept any market-rate purchase offer from a qualified preservation entity that intends to maintain the property's affordability restrictions. The bill additionally requires the Department of Housing and Community Development to monitor compliance with the law and allows affected tenants and local governments the right to enforce the law.

These provisions are incorporated in preservation and anti-displacement laws in other places in various forms, including Illinois. They are considered to be best practices to prevent loss of affordability and displacement.

#### **Support:**

- California Coalition for Rural Housing (co-sponsor)
- California Housing Partnership (co-sponsor)
- California Rural Legal Assistance Foundation (co-sponsor)
- Western Center on Law & Poverty (co-sponsor)