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AB-590 Social Housing Bond Act of 2026. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 590

Introduced by Assembly Member Lee

February 12, 2025

An act to add Part 16.1 (commencing with Section 54050) to Division 31 of the Health and Safety Code, relating to the Social Housing Bond Act of 2026, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 590, as introduced, Lee. Social Housing Bond Act of 2026.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Social Housing Bond Act of 2026 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$950,000,000 pursuant to the State General Obligation Bond Law, to fund social housing programs, as specified. The bill would create the California Housing Authority, which would be governed by the California Housing Authority Board, to ensure that social housing developments that are produced and acquired align with specified goals and would authorize the authority to issue the bonds and, upon appropriation of the Legislature, utilize funds from other sources to build more low, very low, and extremely low income housing. The bill would create the Social Housing Revolving Loan Fund to be used, upon appropriation of the Legislature, to provide zero-interest loan for the purpose of constructing housing to accommodate a mix of household incomes.

The bill would provide for the submission of the bond act to the voters at the November 3, 2026, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The housing crisis has reached unprecedented and unacceptable proportions in the State of California, where more than two in five households spend greater than 30 percent of their income on housing and more than one in five households spend greater than 50 percent of their income on housing.

(b) The United States Department of Housing and Urban Development defines cost-burdened families as those who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Severe rent burden is defined as paying more than 50 percent of one's income on rent.

(c) Housing burden creates severe financial, physical, and emotional impacts on households.

(d) The affordable housing crisis has imposed a significant toll on the California economy, as overpriced rents depress the California gross domestic product by approximately 2 percent and more than 600,000 people leave the state annually in search of lower rent.

(e) Current efforts, while laudable, have proven insufficient in resolving the state's affordable housing crisis, since 97 percent of cities and counties have been unable to meet the regional housing needs assessment targets for very low income, low-income, and moderate-income housing.

(f) With such a great failure to meet the housing needs of California residents, the state has a duty to act and help localities fill the gap by financing publicly owned, affordable housing built sustainably, based on the widely successful Vienna and Singapore models and many other successful models of mixed-income rental and ownership housing.

(g) It is the intent of the Legislature to establish the California Housing Authority, an independent public entity, to offer the necessary social housing to help eliminate the gaps between housing production and acquisition and regional housing needs assessment targets in all jurisdictions throughout the state. The authority shall be responsible for developing, owning, and maintaining social housing in California. Social housing is publicly owned, mixed-income housing, removed from market forces and speculation, and built with the express aim of housing people equitably and affordably. Under public control and oversight, social housing is sustainable and remains affordable in perpetuity.

(h) It is the intent of the Legislature in enacting this legislation to set an ambitious goal for creating social housing, through both new production and preservation of existing units, and to establish the means for achieving that goal.

(i) It is further the intent of the Legislature for the California Housing Authority to ensure that no Californian pays more than 30 percent of their income on housing by the year 2050.

SEC. 2. Part 16.1 (commencing with Section 54050) is added to Division 31 of the Health and Safety Code, to read:

PART 16.1. Social Housing Bond Act of 2026

CHAPTER 1. General Provisions

54050. This part shall be known, and may be cited, as the Social Housing Bond Act of 2026.

54051. As used in this part:

(a) "Fund" means the Social Housing Bond Trust Fund created pursuant to Section 54053.

(b) "Social housing" means housing with the following characteristics:

(1) The housing units are owned by a government entity such as the California Housing Authority, a public entity, or a local housing authority.

(2) For the purposes of this part, all social housing developed or authorized by the authority shall be owned by the authority.

(3) If a housing unit is in a social housing development, the development contains housing units that accommodate a mix of household income ranges, including extremely low income, very low income, low income, moderate income, and above moderate income.

(4) Residents of housing units are afforded, at a minimum, all protections granted to tenants with tenancies in private property under Section 1946.2 of the Civil Code, including protection against termination without just cause or for any discriminatory, retaliatory, or other arbitrary reason, and shall be afforded due process prior to being subject to eviction procedures, in addition to other protections provided by this part.

(5) The housing units shall be protected for the duration of their useful life from being sold or transferred to a private for-profit entity to prevent the privatization of social housing.

(6) Residents of the housing units have the right to participate directly and meaningfully in decisionmaking affecting the operation and management of their housing units.

54052. This part shall only become operative upon adoption by the voters at the November 3, 2026, statewide general election.

CHAPTER 2. Social Housing Trust Fund And Program

54053. (a) The Social Housing Bond Act Trust Fund is created within the State Treasury. It is the intent of the legislature that the proceeds of bonds, excluding of refunding bonds issued pursuant to Section 54064, issued and sold pursuant to this part shall be deposited in the fund, and used to fund social housing programs.

(b) The proceeds of the bonds issued and sold pursuant to this part for the purposes specified in this part shall be allocated for the purposes of Title 6.91 (commencing with Section 64900) of the Government Code.

(c) (1) The California Housing Authority is hereby created. The authority shall be governed by the California Housing Authority Board.

(2) The core mission of the authority shall be to ensure that social housing developments that are produced and acquired align with the goals of eliminating the gap between housing production and regional housing needs assessment targets, and preserving affordable housing.

54054. (a) The Legislature may, from time to time, amend any law related to programs to which funds are, or have been, allocated pursuant to this part for the purposes of improving the efficiency and effectiveness of those programs or to further the goals of those programs.

(b) The Legislature may amend this part in order to reallocate the proceeds of bonds issued and sold pursuant to this part among the programs to which funds are to be allocated pursuant to this part as necessary to effectively promote the development of social housing in this state.

(c) (1) It is the intent of the Legislature to enact subsequent legislation to provide financing for the activities of the authority through the issuance of general obligation bonds.

(2) The authority may, from time to time, issue revenue bonds in the principal amount that the agency determines necessary to provide sufficient funds for financing social housing developments, the payment of interest on these bonds, the establishment of reserves to secure the bonds, and the payment of other expenditures of the agency incident to, and necessary or convenient to, issuance of the bonds.

(3) The board shall provide for regular audits of the authority's accounts and records and shall maintain accounting records and shall report accounting transactions in accordance with generally accepted accounting principles adopted by the Governmental Accounting Standards Board of the Financial Accounting Foundation for both public reporting purposes and for reporting of activities to the Controller.

(d) The authority may, upon appropriation by the Legislature, utilize funds from other legislation, cities and counties, or other sources, in order to build more low, very low, and extremely low income housing.

54055. (a) The activities of the authority shall be conducted with a goal to cover its costs over the long term in accordance with the principle of revenue neutrality.

(b) The Social Housing Revolving Loan Fund is hereby established within the State Treasury to be used, upon appropriation by the Legislature, to provide zero-interest loans for the purpose of constructing housing to accommodate a mix of household incomes.

CHAPTER 3. Fiscal Provisions

54056. Bonds in the total amount of nine hundred fifty million dollars (\$950,000,000), exclusive of refunding bonds issued pursuant to Section 54064, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized that have been duly issued, sold, and delivered as provided herein shall constitute valid and binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of and interest on those bonds when due.

54057. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except subdivisions (a) and (b) of Section 16727 of the Government Code, and all of the provisions of that law as amended from time to time apply to the bonds and to this part, except as provided in Section 54067, and are hereby incorporated in this part as though set forth in full in this part.

54058. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the committee is continued in existence. For the purposes of this part, the California Housing Authority Board is "the committee" as that term is used in the State General Obligation Bond Law..

(b) For the purposes of the State General Obligation Bond Law, the California Housing Authority Board is designated the "board" for programs administered with Social Housing Bond Act funds.

54059. Upon request of the board stating that the funds are necessary for the purposes of this part, the committee shall determine by resolution whether or not it is necessary to issue bonds, and if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time. Bonds may bear interest subject to federal income tax.

54060. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds becoming due each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

54061. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this part, and without regard to fiscal years, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 54063.

54062. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this part, excluding any refunding bonds authorized pursuant to Section 54064, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn from the General Fund pursuant to Section 54063 and not yet returned to the General Fund. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this part.

54063. For the purposes of carrying out this part, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54064, less any amount loaned pursuant to Section 54062 and not yet repaid, and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amounts withdrawn shall be deposited in the fund to be allocated pursuant to this part. Any moneys made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds that would otherwise be deposited in that fund.

54064. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued to refund bonds issued pursuant to this part, including any prior issued refunding bonds. A bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

54065. Notwithstanding any provisions in the State General Obligation Bond Law, the maturity date of bonds authorized by this part shall not be later than 35 years from the date of each bond. The maturity of each series shall be calculated from the date of issuance of each bond.

54066. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

54067. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, may order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of tax-exempt bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

54068. (a) Subject to subdivision (b), all moneys derived from premiums and accrued interest on bonds sold pursuant to this part shall be transferred to the General Fund as a credit to expenditures for bond interest.

(b) Amounts derived from premiums may be reserved and used to pay the costs of bond issuance before transfer to the General Fund.

SEC. 3. Section 2 of this act shall take effect upon the approval by the voters of the Social Housing Bond Act of 2026, as set forth in Section 4 of this act.

SEC. 4. Section 2 of this act shall be submitted to the voters at the next statewide election on November 3, 2026, in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to maximize the time available for the analysis and preparation of the proposed issuance of bonds pursuant to this act, it is necessary that this act take effect immediately.