



# AB 1789 (QUIRK-SILVA): MAKING MORE AFFORDABLE HOUSING ELIGIBLE FOR CRITICAL REHABILITATION RESOURCES

## SUMMARY

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AB 1789 expands access in the Department of Housing and Community Development's (HCD) Portfolio Reinvestment Program (PRP) to challenged developments in need of rehabilitation in order to avoid health and safety concerns as well as the loss of precious affordable housing in California.

## BACKGROUND

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Affordable housing is the source of California's housing crisis and disproportionately affects low-income families and households. As a result, homes and rentals have become out of reach even for mid-to-high income earners.

In response to this crisis, California has developed over 500,000 rental homes affordable to low-income families over the last decades. After 15 years or more of occupancy, many of these developments require significant rehabilitation. While developments generating rental income beyond operating costs can typically secure financing for rehabilitation through debt or low-income housing tax credits, those with the lowest rents lack the capacity to leverage debt or tax credits, leaving them without the means to finance necessary rehabilitation efforts. Without rehabilitation, these developments can fall into disrepair and foreclosure, whereby affordability is lost.

In 2021, California created the Portfolio Reinvestment Program at HCD. This program finances the rehabilitation of a limited universe of "challenged developments", specifically those with old HCD loans and regulatory agreements that expire within 10 years. However, thousands of units of affordable housing without old HCD loans also need rehabilitation and remain unassisted.

## SOLUTION

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AB 1789 opens up PRP to all challenged developments while maintaining a priority for those that have old HCD loans and expiring regulatory agreements. Consistent with tax credit law, the bill defines a challenged development as one with an

average affordability of 45% of the area median income or less and insufficient access to private or other public resources to complete substantial rehabilitation less than 10 years, or are otherwise at risk for conversion.

Expanding access to PRP while prioritizing at-risk HCD projects will reduce the risk of losing affordable housing to disrepair and foreclosure and maintain safe and affordable housing for California's most vulnerable populations.

## SUPPORT

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- California Housing Partnership (Co-Sponsor)
- California Housing Consortium (Co-Sponsor)

## CONTACT

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