



ASSEMBLY MEMBER

Jesse Gabriel
DISTRICT 46



FACT SHEET

AB 1053 – AFFORDABLE HOUSING CONSTRUCTION LOANS

SUMMARY

Assembly Bill (AB) 1053 reduces the cost of affordable rental housing by allowing developers to receive Department of Housing and Community Development (HCD) funds during the construction period, saving on average \$1 million dollars per development in construction period interest expenses.

BACKGROUND

HCD makes rental housing affordable by providing financing in the form of 55-year deferred loans. HCD funds these loans after construction is complete when the development converts to permanent financing. To pay bills during the construction period, the developer obtains and pays interest on a construction loan from a private bank. This loan is larger than it would otherwise be if HCD funds were available during the construction period.

THIS BILL

AB 1053 significantly reduces construction period interest expenses by allowing developers to receive future HCD loan funds during the construction period under the Multifamily Housing Program, Affordable Housing and Sustainable Communities Program, the Serna Farmworker Grant Program and possibly other HCD programs. Although these changes will reduce the size of private construction loans, they will still be a piece of the financing during the construction period, albeit significantly smaller. Private construction lenders will continue to monitor construction progress and provide these reports to HCD, significantly reducing workload for the state. HCD will adopt guidelines by July 1, 2026 to specify

the process for reviewing these construction reports and disbursing funds. Up to 10% of HCD's funds may be retained until construction completion to ensure compliance with all program rules.

The California Housing Partnership calculates that this bill will result in the construction of an additional 500 affordable homes over the next ten years within existing funding. The impact will be even greater at higher levels of state investment.

SUPPORT

- California Housing Partnership (Sponsor)
- Association of Bay Area Governments
- A Community of Friends
- All Home
- California Apartment Association
- California Housing Consortium
- California State Association of Counties
- Supportive Housing Alliance
- California Coalition for Rural Housing
- City and County of San Francisco
- City of Ceres Council District 2
- Community Corporation of Santa Monica
- Community Housing Improvement Program (CHIP)
- Community Housing Works
- Danco Communities
- EAH Housing
- East Bay Asian Local Development Corporation
- East Bay Housing Organizations
- Eden Housing
- Enterprise Community Partners Inc.
- Housing Authority of California



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- Housing Authority of the City of Santa Barbara
- Jamboree Housing Corporation
- Many Mansions
- Merritt Community Capital Corporation
- Metropolitan Transportation Commission
- Midpen Housing Corporation
- Non-Profit Housing Association of Northern California (NPH)
- Resources for Community Development
- San Diego Housing Federation
- San Diego Housing Commission
- San Francisco Housing Accelerator Fund
- Self Help Enterprises
- San Joaquin Valley Housing Collaborative
- Southern California Association of Non-Profit Housing (SCANPH)
- Supportive Housing Alliance
- Urban Counties of California (UCC)
- Wakeland Housing and Development Corporation

CONTACT INFORMATION

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