

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON EDUCATION

Al Muratsuchi, Chair

AB 1296 (Bonta) – As Amended April 10, 2025

[Note: This bill was double referred to the Assembly Housing and Community Development Committee and was heard by that Committee as it relates to issues under its jurisdiction.]

SUBJECT: Local educational agencies: reserve funds

SUMMARY: Requires the Department of Housing and Community Development (DHCD) to, by January 1, 2027, make available on its website a form to allow local educational agencies (LEAs) to notify the DHCD of their interest in using property they own for a housing project, and requires the DHCD to provide technical assistance to the LEA to support predevelopment activities related to a housing project on LEA property. Specifically, **this bill:**

- 1) Requires the DHCD to make available on its website by January 1, 2027, a form to allow LEAs to notify the DHCD of their interest in using property they own for a housing project.
- 2) Requires the DHCD to provide technical assistance to an LEA to support predevelopment activities related to a housing project located on property owned by the LEA.
- 3) Authorizes the DHCD to provide technical assistance to an LEA directly or through contracts with qualified third-party entities, including but not limited to, legal firms, financial advisors, housing development consultants, and nonprofit technical assistance providers.
- 4) Requires that technical assistance include, but not be limited to, all of the following:
 - a) Legal advice regarding statutory requirements, surplus land procedures, and local land use regulations;
 - b) Guidance on available funding sources, including state and federal grants, tax credits, and loan programs;
 - c) Assistance with project feasibility analysis and partnership models, including joint ventures with housing developers or public agencies;
 - d) Support for navigating state and local regulatory processes related to planning, zoning, and environmental review; and
 - e) Drafting, reviewing, and negotiating agreements with housing developers, including ground leases, joint development agreements, and other public-private partnership contracts.
- 5) Prohibits any legal advice or other assistance provided by the DHCD to be construed as forming an attorney-client relationship between the DHCD and the LEA and prohibits the DHCD from being held liable for any damages, liabilities, or other obligations that an LEA incurs as a result of these activities.

- 6) Requires the DHCD to prioritize the provision of technical assistance to LEAs serving high-need student populations or those located in areas experiencing high housing cost burdens or educator staffing shortages.

EXISTING LAW:

- 1) Authorizes a housing development project to be an allowable use on any real property owned by an LEA if the housing development satisfies all of the following:
 - a) Consists of at least 10 housing units;
 - b) At least 30% of the units are affordable to lower-income households;
 - c) 100% of the units are rented, in priority order to the LEA's employees, directly adjacent LEA's employees, public employees working in the jurisdiction of the LEA, and to the general public;
 - d) Complies with the residential density allowable by the city or county, as applicable;
 - e) Complies with the height limit of 35 feet or the height allowable by the city or county, whichever is greater;
 - f) Property is adjacent to a property that permits residential use;
 - g) Property is located on an infill site;
 - h) Satisfies all other local objective zoning standards;
 - i) Is located entirely within any applicable urban limit line; and
 - j) Complies with all infrastructure-related requirements. (Government Code (GOV) 65914.7)
- 2) Establishes the Teacher Housing Act of 2016 in order to facilitate the acquisition, construction, rehabilitation, and preservation of affordable rental housing for teachers and school district employees to allow them to access and maintain housing stability. Requires a program established to be restricted to teacher or school district employees, except that a school district may allow local public employees or other members of the public to occupy housing. Requires a school district to retain the right to prioritize school district employees over local public employees or other members of the public to occupy housing. (Health and Safety Code (HSC) 53570 and 53571)
- 3) Creates a state policy supporting housing for teachers and school district employees and permits school districts and developers in receipt of local or state funds or tax credits for affordable housing to restrict occupancy to teachers and school district employees on land owned by school districts, provided that no other laws are violated. (HSC 53571)
- 4) Exempts a property belonging to the state, a county, a city, a school district, a community college district or any combination thereof, that is used to provide rental housing for

employees of one or more public school districts or community colleges from paying property taxes and any interest, including possessory interest. (Revenue and Taxation Code Section 202)

FISCAL EFFECT: Unknown

COMMENTS:

Need for the bill. According to the author, “California’s educator workforce is being pushed out of the communities they serve. Over half of California school districts are in counties where new teachers are rent-burdened. The burden of unaffordable housing falls hardest on Black and Latinx educators and school staff—undermining efforts to build a diverse and inclusive workforce that reflects the students our schools serve. At the same time, California has over 75,000 acres of public school land that could support housing—but many school districts lack the capacity to act on this opportunity. AB 1296 connects LEAs interested in pursuing housing projects with potential partners and directs the Department of Housing and Community Development to offer technical assistance to LEAs to support predevelopment activities. AB 1296 is about equity, access, and supporting the people who support our students. This bill ensures that workforce housing is not just an option for well-resourced districts, but a real opportunity for every community.”

Teacher Housing Act of 2016: In 2016, SB 1413 (Leno), Chapter 732, established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school district employees. That Act authorized school districts to establish and implement programs that address the housing needs of teachers and school district employees by leveraging funding sources, including state, federal, and local public, private and nonprofit resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities. The Act also created a state policy supporting the use of federal and state Low Income Housing Tax Credits (LIHTC) to fund housing for teachers and school district employees on land owned by the school district and permitted school districts to restrict occupancy to teachers and school district employees.

Generally, under federal Internal Revenue Service (IRS) rules, if a residential unit is provided for only a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for federal LIHTC. However, federal IRS law also states that a qualified LIHTC project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants (1) with special needs, (2) who are members of a specified group under a federal program or a state program or policy that supports housing for such a specified group, or (3) who are involved in artistic or literary activities.

The Act provided express state statutory authority to permit school districts to construct housing on their property and limit the occupancy to teachers and school district employees. As mentioned above, federal law creates an exemption to the “general use” requirement that allows the use of federal and state tax credits if a state establishes a policy or program that supports housing for such a specified group. The Act established this policy by allowing school districts to restrict occupancy of affordable housing on school district land constructed with federal or state low income housing tax credits to the district’s teachers and school employees.

Housing on School District Land: There are over 1,000 LEAs in California. Collectively, they own more than 150,000 acres of land. According to recent research, on land owned by LEAs, there are 7,068 properties with potentially developable land of one acre or more, totaling 75,000 acres statewide. At a modest density of 30 dwelling units per acre, such properties could contain 2.3 million units of housing – more than enough to house the state's 300,000 teachers and 350,000 other LEA employees.

LEAs that want to build housing for their employees face barriers, including land that is not zoned for housing. To build housing, a LEA would need to get the site rezoned by a local government, which would take time and could face community opposition. AB 2295 (Bloom), Chapter 652, Statutes of 2022 made housing a permissible use on LEA properties with an allowable height of 35 feet, if the housing project provided some affordable housing and prioritized housing units for school employees. To qualify, a development would need to make a majority of the units affordable to moderate-income households (those making less than 120% of the area median income), including that at least 30% would need to be affordable to lower income households (those making less than 80% of the area median income). Priority for housing would go to district employees. However, should there not be enough LEA employees to fill the units, projects would be subject to a sequence where they could fill the units with employees of adjacent LEAs, and if there is still space then other public employees in that jurisdiction and if there is still space after that, to members of the general public.

While housing would become a permissible use, an LEA's housing project would still need to go through the local government's entitlement process. The local government can apply its own zoning and design review standards, as long as they do not preclude the project from being three stories or 35 feet in height and allow a density that accommodates at least 30 units per acre in urban areas, 20 units per acre in suburban areas, and 10 units per acre in rural areas.

Providing technical assistance to LEAs. This bill requires the DHCD to provide technical assistance to an LEA to support predevelopment activities related to a housing project located on property owned by the LEA either directly or through contracts with qualified third-party entities, including but not limited to, legal firms, financial advisors, housing development consultants, and nonprofit technical assistance providers.

Another bill moving through the legislative process this year, AB 1381 (Muratsuchi) would establish the Educational Workforce Housing Revolving Loan Fund, administered by the State Treasurer, and would require, upon an appropriation by the Legislature, moneys in the fund to be loaned to LEAs for purposes of conducting educational workforce housing predevelopment efforts. The bill requires the State Treasurer to designate a statewide educational nonprofit organization with demonstrable experience in assisting LEAs with workforce housing predevelopment efforts to, among other tasks, to providing training to LEA staff responsible for overseeing implementation of its educational workforce development project.

The Committee may wish to consider that AB 1381 and this bill require technical assistance to be offered regarding employee housing projects, which may cause some duplication.

Related legislation. AB 1381 (Muratsuchi) of the 2025-26 Session would establish the Educational Workforce Housing Revolving Loan Fund, administered by the State Treasurer, and requires upon an appropriation by the Legislature moneys in the fund to be loaned LEAs for purposes of conducting educational workforce housing predevelopment efforts.

AB 1021 (Wicks) of the 2025-26 Session, makes changes to AB 2295 (Bloom), Chapter 652, Statutes of 2022, which authorized a housing development project as an allowable use on any real property owned by an LEA and adds housing on LEA property to an existing exemption in the California Environmental Quality Act (CEQA).

AB 2967 (Ting) Chapter 748, Statutes of 2024, expands the Teacher Housing Act to cover specified nonprofit organization employees.

AB 2517 (Papan) of the 2023-24 Session would have established a definition of the term “school facilities” as it relates to local school facilities bond elections in school districts and California Community College districts and delineates the purposes for which school bonds may be issued. This bill was held in the Assembly Higher Education Committee.

AB 2295 (Bloom), Chapter 652, Statutes of 2022, authorizes a housing development project to be an allowable use on any real property owned by a local educational agency (LEA), as specified.

AB 3308 (Gabriel), Chapter 199, Statutes of 2020, allows school districts to restrict occupancy of affordable housing on school district-owned land, funded with LIHTC, to teachers and school district employees of the school district that owns the land, regardless of any laws that would prohibit a priority or preference for school district employees and teachers. Allows public employees to also occupy the housing, as specified.

SB 1413 (Leno), Chapter 732, Statutes of 2016, establishes the Teacher Housing Act of 2016 and provides that a school district may establish and implement programs that address the housing needs of teachers and school district employees who face challenges in securing affordable housing.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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