

GOVERNMENT AFFAIRS REPORT
December 2025

Greater Downey Association of REALTORS®, in conjunction with the National Association of REALTORS® and the California Association of REALTORS®, provides superior industry knowledge and a genuine understanding of real estate issues. The Greater DAOR is committed to bringing you the most up-to-date legislation and political news that affect the real estate industry and its members.

National Update:

Below are important Federal updates as of December 2025:

- **NAR on 50-year mortgage won't solve housing shortages:** NAR's senior economist and director of real estate research, examines the tradeoffs that come with the proposed 50-year mortgage loan. While it would offer slightly smaller mortgage payments for families and broaden access for some potential buyers, the idea doesn't address the real reason affordability remains so difficult. Click [here](#) to read more.
- **On Common Ground Fall 2025: Financing the Future:** This issue of On Common Ground spotlights local government financing—where municipal funds come from, how they are spent, and the pressures communities face in balancing budgets. In this issue, NAR explores emerging tools and strategies that local leaders are using, along with best practices, case studies, and expert recommendations designed to help strengthen fiscal health and support smarter growth. Click [here](#) to read more.
- **NAR Comments on FHFA's Proposed Strategic Plan and Proposed Housing Goals:** NAR responded to the Federal Housing Finance Agency's (FHFA) proposed strategic plan for the coming three years. The FHFA seeks to trim many of its duties implemented over the prior four years, arguing that several programs are not based in statute. Click [here](#) and [here](#) to read more.
- **Life After Tax Reform: Making Sense of the Mortgage Interest Deduction:** Throughout the tax reform process in 2025, the National Association of REALTORS®' advocacy team was deeply engaged in ensuring lawmakers understand how their decisions affect the broader housing market and help expand access to homeownership for more American families. NAR successfully advocated for preserving the full mortgage interest deduction in the tax reform package. Click [here](#) to read more.
- **Housing Leaders Drive Progress on Affordability Solutions:** Housing supply and affordability remain top of mind in real estate. In its ongoing effort to address those issues, NAR leveraged its presence in Houston to bring together leaders from across the country. Representatives from America's Housing Comeback coalition—a national partnership of the National League of Cities, American Planning Association, National Association of Home Builders, and NAR—gathered during NAR NXT, the REALTOR® Experience. The coalition includes 10 members of the National Association of REALTORS® and is co-chaired by Muriel Bowser, the Democratic mayor of Washington, D.C., and Mark Shepherd, the Republican mayor of Clearfield, Utah. For more information, click [here](#).

- **Shutdown and Elections, What's Next for Real Estate:** The Advocacy team continues to play a leading role in every major policy discussion shaping real estate. In this episode, taped live at the NXT Conference in Houston, Shannon McGahn and Patrick Newton break down the government funding deal that ended the shutdown, examine the latest election results and explain what these developments mean for NAR's advocacy priorities heading into 2026. Click [here](#) to read more.

State Update:

Below are important State updates as of December 2025:

- **New 2026 California laws, including rental habitability and appliances:** AB 628 will require landlords to provide a working stove and refrigerator for most rental units starting in 2026, writing those appliances into the legal definition of "habitable." Fits into a broader package of tenant and consumer protections taking effect in 2026.
- **AB 628 appliance rule for rentals, November implementation guidance:** AB 628 appliance mandate. Starting January 1, 2026, residential leases that start, renew, or amend after that date must include a working stove and refrigerator for the unit to be "tenantable," with limited exemptions. Landlords must repair or replace recalled appliances within 30 days, and tenant waivers only work in narrow "bring your own refrigerator" situations. Recent pieces target owners in markets such as Orange County and stress budgeting, lease updates, and compliance planning ahead of 2026. Click [here](#) to read more.
- **AB 102 Victory:** One of C.A.R.'s major wins in 2025 was its pivotal support of AB 102, which secured a significant new investment in the Dream for All down payment assistance program during state budget negotiations. With this new funding, the program is expected to reopen in early 2026, and REALTORS® will again play a key role in preparing qualified buyers. As before, applicants must be first-generation homebuyers, meet county-specific income limits, and satisfy general credit and eligibility requirements. CalHFA has indicated that the maximum down payment assistance will remain at 20%, which is later repaid through shared appreciation when the borrower sells or refinances.
- **New CEQA streamlining for infill housing and community projects:** A recent analysis from Harris & Associates explains how AB 130 and SB 131, signed earlier in 2025, now operate. AB 130 creates a statutory CEQA exemption for qualifying infill housing projects up to 20 acres in urbanized areas, with clear criteria on density, environmental constraints, and timelines for local decisions. SB 131 adds new exemptions for child care centers, small health clinics, food banks, farmworker housing, and certain water and climate projects, and narrows CEQA review for "near miss" housing projects that almost qualify for an exemption. Click [here](#) to read more.
- **Projected 18 billion dollar state budget deficit for 2026:** CA projects a roughly 17.7 to 18 billion dollar deficit in the next budget year. Shortfall comes despite strong revenue from AI and market gains, due to spending growth and federal changes in health and nutrition programs. Deficit could rise toward 35 billion dollars later in the decade without course corrections. Potential impact for housing, homelessness, and local government funding, depending on final budget choices.

- **Prop 50 and redistricting reshape California's House map:** California voters approved Proposition 50 in the November 4, 2025 special election, which lets state leaders use a new congressional map that favors Democrats for several cycles.
- **Justice Department challenges California's new map:** On November 13, the U.S. Department of Justice filed suit to block the new California congressional map that follows Prop 50. DOJ argues the Legislature's plan violates the Fourteenth and Fifteenth Amendments by drawing districts that favor Latino voters without sufficient justification. The case targets how California uses race in line drawing and will influence 2026 House races. Click [here](#) to read more.

Regional & Local Update:

Below are important regional & local updates as of December 2025:

- **Los Angeles County proposes deep cuts to homeless services:** LA County faces roughly a 300 million dollar shortfall in its homelessness response. The draft plan would cut about one third of homelessness programs. Proposed reductions include closing most Pathway Home interim housing sites, slashing outreach teams, ending housing navigation, prevention, and some legal and employment services, and shutting down Safe Parking sites. Debate unfolds under Measure A, the new half-cent homelessness tax that replaced Measure H earlier in 2025.
- **City of Downey amending the Citywide User Fee Schedule for fiscal Year (FY) 2025-2026:** On June 24, 2025, the City Council adopted Resolution No. 25-8303 establishing the Citywide User Fee Schedule for FY 2025-2026. The adopted schedule compiled all City fees and charges into a single reference document and included annual CPI-based adjustments to maintain cost recovery across City departments.
 - **Inclusionary Housing In-Lieu Fee - \$15.90** (a new fee to implement the City's Inclusionary Housing Program. The in-lieu fee provides an alternative compliance option for developers who elect to pay a fee instead of constructing affordable units onsite).
 - **Planning Division Building Plan Check Fee** - New set of fees. Residential (single-family new or expansion): **\$319.59**; Commercial / Multi-Family Residential (over four units): **\$958.77**; Planning Division Building Plan Check (3rd recheck and beyond) per hour - **\$213.06**