

GOVERNMENT AFFAIRS REPORT
May 2026

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 May 2026:

- **House Releases Latest Bipartisan Housing Proposal as Senate Negotiations Continue:** Congress continues to work toward advancing a bipartisan housing package aimed at addressing housing affordability and supply challenges, with the House this week releasing its latest version of the “21st Century Road to Housing Act.” The Senate previously passed its own version of the legislation, known as the ROAD to Housing Act, but it remains unclear whether senators will accept the House’s newest proposal. One of the primary areas of negotiation continues to center on language dealing with institutional investors and build-to-rent housing. The revised House bill narrows the definition of “single-family home,” expands exemptions under investor restrictions, and removes a provision that would have required investors to sell build-to-rent properties to individual homebuyers after seven years. The updated package also reflects additional bipartisan negotiations between House Financial Services Committee Chair French Hill and Ranking Member Maxine Waters. The revised bill restores several tenant safety provisions from the original House legislation and includes a package of community banking measures supported by both parties on the committee. While questions remain about whether the House and Senate can ultimately reconcile their differences, congressional leaders in both chambers continue efforts to move a broad housing package forward before the end of the year.
- **NAR Comments on Increased Clarity of Appraiser Guidance While Using AI:** The Appraisal Foundation released a second exposure draft of its Proposed Advisory Opinion 41, which seeks to provide guidance to appraisers using advanced technological tools, such as artificial intelligence, in the appraisal process. NAR identified potentially confusing language in the original draft and issued a comment letter praising the increased clarity provided in the second draft. Click [here](#) to read more.
- **NAR Backs Labor Department Proposal to Clarify Independent Contractor Rules:** The National Association of REALTORS® is voicing strong support for a proposed federal rule that could bring greater clarity and consistency to how real estate professionals are classified. In a letter to the U.S. Department of Labor (DOL), NAR backed a new independent contractor framework issued by the DOL, calling it a step toward a more predictable standard for workers across industries, including real estate. Click [here](#) to read more.
- **NAR Opposes Copyright Office Fee Increases:** The U.S. Copyright Office recently sought public comment on proposed increases to copyright registration fees. NAR submitted comments opposing the proposal and also joined a broader content creator coalition, called the Copyright Alliance, urging modernization of the copyright registration system as a more effective way to reduce costs. Click [here](#) to read more.

- **House Energy & Commerce Working Group Introduces National Data Privacy Legislation:** The SECURE Data Act (H.R. 8413), a bill introduced in April by a House working group, would establish a national consumer data privacy standard. It is based on model legislation adopted by 19 states that provides consumer data rights, limits how personal data is collected and used, and relies on enforcement by regulators. Click [here](#) to read more.
- **Six Forces Shaping Commercial Real Estate Today:** In this episode of the Advocacy Scoop Podcast, Shannon and Patrick break down the key policy and market dynamics shaping commercial real estate today. From tax policy to insurance, to construction and energy costs, to rent control measures, NAR advocacy is working on dozens of federal, state and local actions that impact how CRE is transacted. Whether you're in brokerage, development or investment, this episode connects the dots between market forces and the advocacy efforts shaping the future of commercial real estate. Click [here](#) to read more or listen.

State Update:

Below are important State updates as of May 2026:

- **State Legislative Update:** California's Budget May Revision continues to prioritize housing production by advancing policies intended to reduce development costs, accelerate construction timelines, and improve coordination across state housing programs. Central to the proposal is the **implementation of the Governor's Reorganization Plan, which creates a more streamlined "one-stop shop" housing finance system.** The Administration states these reforms are designed to make housing development more efficient, maximize state housing investments, and increase the delivery of affordable housing statewide. A key component of the proposal focuses on lowering costs for state-funded affordable housing projects by aligning local government actions with state housing goals. **The May Revision encourages local governments to waive development fees by recognizing those waivers as local contributions toward affordable housing projects.** In addition, local jurisdictions acting as lead or co-applicants for state-funded housing projects would be prohibited from imposing development impact fees on those same developments. According to the Administration, these changes are intended to ensure more state dollars directly support housing production rather than offsetting locally imposed costs. The May Revision also **includes targeted investments to support housing recovery and infrastructure development** across the state. To assist homeowners impacted by the 2025 Los Angeles wildfires, the Administration proposes a new \$100 million Disaster Rebuilding Fund to expand access to construction and renovation financing through loan guarantees, interest rate buydowns, and other financing tools. Additionally, the proposal includes funding to strengthen enforcement of housing discrimination complaints and reappropriates approximately \$7 million in Infill Infrastructure Grant Program funds to support additional infill infrastructure and housing projects statewide.
- **C.A.R. 2025 Legislative & Advocacy Recap:**
 - **Bill Monitoring and Policy Defense:** C.A.R. actively tracked and monitored 2,800 pieces of legislation affecting real estate priorities, defending private property rights and advocating for policies that streamline housing production.

- **Direct Consumer Savings:** By successfully defeating burdensome taxes, fees, and regulations that would make buying or selling a home more expensive, C.A.R. saved California consumers an average of **\$9,540**.
 - **Rental Market Stability:** Defeated extreme rent control measures—including legislation seeking permanent rent caps—and blocked restrictive proposals on housing providers to preserve housing supply and protect small landlords.
 - **SB 410 (Sponsored):** Enhanced transparency for condo buyers by requiring condo associations to provide balcony inspection reports to sellers as part of standard property disclosures.
 - **AB 493 (Supported):** Protected natural disaster victims by requiring mortgage lenders to pay homeowners at least **2%** annual interest on insurance proceeds held in escrow.
 - **Housing Development Reforms:** Supported California Environmental Quality Act (CEQA) streamlining and housing production reforms to accelerate infill, transit-oriented development, and reduce regulatory red tape.
 - **Legal Enforcement Victory:** Secured a major legal win through *Californians for Homeownership* to enforce state builder's remedy laws, leading to the pending approval of **825 additional housing units** across 10 projects in a Southern California city.
 - **Financial Assistance Advocacy:** Advocated for the state to allocate an extra **\$300 million** to the *California Dream For All* shared-equity down payment assistance program, which will save the average first-generation homebuyer roughly **\$1,200 per month** by eliminating mortgage insurance.
- **Has your local government advised you or a member to recuse yourself from public deliberations over an issue because of a perceived conflict of interest dealing with housing policy deliberations?** Local Government Policy Committee Update on FPPC Complaints.
 - Last month, members of the C.A.R. leadership team spent several days in Sacramento meeting with legislators and their staff to advocate for the California Association of REALTORS®' legislative priorities. These meetings focused on advancing policies that strengthen consumer protections and support homeownership across California. During these conversations, C.A.R. highlighted several sponsored bills currently moving through the Legislature:
 - **SB 1320 (Archuleta)** – Protecting Consumers from Misuse of UCC Filings Prohibits solar and home improvement creditors from placing UCC-1 fixture filings on owner-occupied residential properties, which often surface late in transactions and can delay or block home sales and refinances. Status: 3/4/2026 Referred to Com.
 - **AB 2553 (Petrie-Norris)** – Extended Probation for Real Estate Fraud. Extends probation periods for individuals convicted of real estate fraud to help ensure victims receive full restitution and strengthen accountability. Status: 2/21/2026. May be heard in committee March 23.
 - **AB 1850 (Irwin)** – Licensing of Real Estate Contract Wholesalers: Requires licensing for individuals who wholesale residential real estate contracts to investors, closing a

loophole that allows predatory actors to target vulnerable homeowners. Status: 2/12/2026 From printer. May be heard in committee in March.

- **SB 1238 (Wahab)** – HOA Transparency. Requires HOA managers to provide clearer disclosures with key information that may affect a property's value, helping buyers and homeowners make informed decisions. Status: 3/4/2026 Referred to Coms. on HOUSING, JUD., and APPR.

Regional & Local Update:

Below are important regional & local updates as of May 2026:

- **County tenant protection change in unincorporated LA County:** On March 17, 2026, the Board approved an ordinance raising the unpaid rent threshold before an eviction for nonpayment proceeds, described as two months of fair market rent. This does not affect Downey directly, but it drives countywide political pressure and media narratives on tenant protections.
- **State & Local Bond Proposal moving forward:** Affordable housing bond. SB 417, a \$10 billion bond proposal. SB 417: The Affordable Housing Bond Act of 2026. This bill would enact the Affordable Housing Bond Act of 2026, which, if adopted, would authorize the issuance of bonds in the amount of \$10 billion pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance programs to fund affordable rental housing and home ownership programs, including, among others, the Multifamily Housing Program, and the CalHome Program.