

GOVERNMENT AFFAIRS REPORT
June 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 June 2026:

- **One-Pager: Outdated Tax Policy Is Locking Up America's Housing Market:** Modernizing capital gains tax policy would unlock housing inventory, help first-time buyers, support families and seniors, improve affordability, and strengthen local and national economies, creating jobs and revenue. More homes. More mobility. More opportunity. Click [here](#) to read more.
- **NAR And NAHB Challenge DOE Gas Appliance Efficiency Rules:** The National Association of REALTORS® (NAR), alongside the National Association of Home Builders (NAHB), has secured an important win in its support of a legal challenge to the U.S. Department of Energy (DOE) rules setting energy-efficiency standards for gas appliances. As previously reported, NAR and NAHB filed an amicus brief supporting a petition to the U.S. Supreme Court to address the legality of the DOE rules. Click [here](#) to read more.
- **HUD Opens Review of Minimum Property Requirements for FHA Mortgages:** The U.S. Department of Housing and Urban Development (HUD) is asking housing professionals, lenders, appraisers and other stakeholders to weigh in on potential updates to the Federal Housing Administration's (FHA) Minimum Property Requirements (MPRs), a set of standards that homes must meet to qualify for an FHA-insured mortgage. According to HUD, the review is part of a broader effort to determine whether the agency's property-condition requirements still align with today's housing market and appraisal practices. FHA officials noted that the standards have not received a comprehensive overhaul in more than two decades. MPRs are intended to ensure that properties insured through FHA programs are safe, secure and structurally sound while protecting the FHA insurance fund. Under current guidelines, repairs identified during the appraisal process often must be completed before a loan can close and receive FHA insurance. The public comment period remains open through June 29. Click [here](#) to read more.
- **Tax Experts Weigh in on More Homes on the Market Act:** This bill increases the amount of gain from the sale of a principal residence that an individual may exclude from gross income (for federal tax purposes). Under the bill, an individual may exclude from gross income gain from the sale of a principal residence of up to \$500,000 (currently \$250,000), and taxpayers who are married and file a joint federal income tax return may exclude up to \$1 million (currently \$500,000). The bill also requires these amounts to be adjusted annually for inflation. NAR Executive Vice President and Chief Advocacy Officer Shannon McGahn moderated a panel to discuss NAR's advocacy around the home equity tax exclusion, with many of the panelists pointing to the organization's support of the More Homes on the Market Act. The legislation would double the home equity tax exclusion for the first time since 1997. Click [here](#) to read more.

- **NAR Applauds Senate Advancement of Bipartisan 21st Century ROAD to Housing Act:** Late last week, congressional leadership and key members of both parties in the House and Senate reached agreement on final legislative language for H.R. 6644, the 21st Century ROAD to Housing Act, marking a significant milestone for one of the most comprehensive housing packages considered by Congress in decades. On June 22, the Senate approved the legislation by a bipartisan vote of 85-5. The bill now returns to the House of Representatives for final consideration. Speaker Mike Johnson has indicated the House could act as early as this week, potentially clearing the measure for President Trump's signature. Click [here](#) to read more.
- **NAR Supports USDA Proposed Rule Excluding Real Estate Commission Fees From Seller Concession Cap:** NAR recently submitted comments supporting a U.S. Department of Agriculture (USDA) proposal that would exclude real estate commission fees from the cap on seller contributions in its Single Family Housing Guaranteed Loan Program, which backs home loans for low- and moderate-income buyers in rural areas. Click [here](#) to read more.
- **NAR Comments on Proposed Bank Capital Changes:** NAR submitted comments to a joint request for comment by the Federal Reserve, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, on proposed changes to capital rules they oversee. These capital rules will affect the cost and availability of bank-financed mortgages. Click [here](#) to read more.

State Update:

Below are important State updates as of June 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 encouraged 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.

- C.A.R. Bills of Priority:
 - **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 June 2026:

- **Downey is changing City Hall operating hours:** effective July 6, 2026, to Monday through Thursday, 7:00 AM to 6:00 PM. This affects permit counter access, public records, planning inquiries, and member interactions with city staff.
- **Downy City staff is proposing a total of 963 user fees for FY 2026-2027:** Out of this total the following actions are recommended:
 - 466 of the fees are proposed to be increased by CPI (3.4%).
 - 35 fees are proposed to be increased or decreased to reflect market rates.
 - 60 fees are new proposed fees.
 - 237 fees have no increase or decrease proposed due to rounding or current market rates.
 - 45 fees are set by outside agencies.
 - 70 fees were adjusted as a result of the 2026 Fire Department Fee Study; and,
 - 50 fees are proposed to be removed from the schedule.
- **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.