GOVERNMENT AFFAIRS REPORT
July 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 July 2026:

- **The 21st Century ROAD to Housing Act Becoming Law After Nearly Two Years of Advocacy:** More than 21 months ago, the National Association of REALTORS® set out with an ambitious goal: build bipartisan support for the most significant federal housing package in a generation. That effort culminated on July 11th as the bipartisan 21st Century ROAD to Housing Act officially became law—a sweeping package of nearly 50 individual housing measures designed to increase housing supply, improve affordability, expand access to homeownership, strengthen housing finance and support veterans. Click here and here to read more.

- **Reconciliation 3.0 Advances, But Tax Priorities Remain Absent:** House Republicans have taken the first step toward advancing a third budget reconciliation package, approving a budget resolution in the House Budget Committee that would provide funding for defense, agriculture, and their election-related priorities. The measure now heads to the House floor as congressional leaders work to move the package before the August recess. While reconciliation was widely viewed earlier this year as the most likely legislative vehicle for advancing tax legislation, the current framework contains no tax instructions for congressional committees. Although Congress is expected to continue work on tax policy separately, the exclusion of tax provisions from Reconciliation 3.0 significantly reduces the likelihood of major housing tax legislation moving before the end of the year.

- **America's Housing Deficit Held Steady at 4.7 Million Units for the First Time in Years:** America's housing deficit finally stopped growing in a meaningful way. The national housing deficit remained at 4.7 million units in 2024, rising by just 43,000 homes, according to a new Zillow® analysis of recently released data from the U.S. Census Bureau. That counts as a step in the right direction after years of the deficit deepening significantly. According to Zillow, the 4.7 million shortfall is the root of our country's affordability crisis, and the product of nearly two decades of underbuilding that began after the 2008 financial crisis. For the first time in that period, new supply and new housing demand were roughly in balance in 2024. Click here to read more.

- **US Copyright Office Submits MLS Fee Increase to Congress:** Following news that the U.S. Copyright Office has submitted a final fee schedule to Congress that includes a significant increase in registration fees for multiple listing services, NAR is taking its opposition to Congress. Timely copyright registration is essential for MLSs fighting infringement by data scrapers. During the review period, NAR will engage with key members of Congress to oppose the fee increases. Click here to read more.

- **House Panel Examines Bipartisan FEMA Reform Bill:** On July 15, 2026, the House Transportation and Infrastructure Committee held a hearing on the bipartisan Fixing Emergency Management for Americans (FEMA) Act (H.R. 4669). NAR supports the legislation, which would speed disaster assistance, prioritize cost-effective home repairs, strengthen mitigation efforts, create a single application for federal disaster aid programs, and help communities rebuild to more resilient standards that reduce future losses and support insurance availability. Click here to read more.

- **FHA Seeks Feedback on a New Repayment Option for Borrowers:** The Federal Housing Administration (FHA) has posted a draft policy that would give lenders a new way to handle partial claims, a change that responds to a problem NAR members have raised: hidden liens that surface late in a transaction and hold up closings. FHA is accepting stakeholder feedback through September 3, 2026. Click here to read more.

State Update:

Below are important State updates as of July 2026:

- **Governor Signs 2026-27 State Budget:** Governor Newsom signed the 2026-27 state budget, which includes several policy changes impacting housing and elections. The budget seeks to reduce unnecessary local fees that increase the cost of affordable housing, modernize California's housing finance system to streamline funding, and invest an additional $500 million for Low-Income Housing Tax Credits and $200 million for the Multi-Family Housing Program. The administration estimates these changes will lower affordable housing development costs while freeing up existing resources to build additional units. The budget also establishes a $100 million Disaster Rebuilding Fund to help homeowners rebuild after disasters when insurance coverage falls short and to improve access to affordable construction financing. On elections, the budget provides $29 million to help counties upgrade staffing, technology, and equipment to speed ballot counting, along with $10 million for voter outreach and education, and $750,000 to support statewide efforts to combat election misinformation and disinformation.

- **Gov. Newsom signs affordable housing bill changing where CA directs financing to build developments:** Gov. Gavin Newsom visited the Bay Area on Monday to highlight one of California's top priorities: increasing affordable housing. Newsom signed AB 179, a budget trailer bill including several housing provisions, aimed at cutting red tape and clearing the way for more affordable housing projects. State leaders say the new law targets affordable housing gets financed, one of the biggest obstacles to construction. The legislation will aim to streamline how affordable housing projects receive state funding while encouraging cities to reduce development impact fees, which can add tens of thousands of dollars to a project. Click here to read more.

- **C.A.R. Lobbying Team Engages on Dozens of Bills as Legislature Heads into Summer Recess:** C.A.R.'s advocacy efforts remained active over the past two weeks, with the Association engaging on 44 bills during one of the busiest periods of the 2026 legislative session. Ahead of the second-house policy committee deadline, C.A.R. successfully advanced two sponsored measures. SB 1238 (Wahab) would strengthen accountability and transparency for HOA managers, while AB 2553 (Petrie Norris) would improve restitution oversight in mortgage-related fraud cases. C.A.R. also supported 15 additional bills addressing housing stability, consumer protection, and operational improvements to real estate law. In addition, C.A.R. sought amendments to 12 of 25 other bills it opposed, with efforts focused on preserving homeownership opportunities, protecting consumers, and addressing concerns related to foreclosure processes, property taxation, and local housing regulations.

- **Governor Newsom delivers $109.6 million in voter-approved Prop 1 funding:** Governor Gavin Newsom announced Thursday, July 23rd, the creation of 278 new permanent supportive homes in the communities of Bakersfield, Contra Costa County, Fresno, and Sacramento, including 103 homes reserved for veterans through $109.6 million in Prop 1-funded Homekey+ awards. The investments build on the state's ongoing work to reduce homelessness by expanding behavioral health services, while strengthening support for veterans across the state. This announcement is part of the Newsom administration's comprehensive strategy to address California's housing affordability and homelessness crisis by expanding permanent supportive housing, increasing access to behavioral health services, and helping people move off the streets and into stable housing with the support they need to succeed. Click here to read more.

- **C.A.R. State Update:** C.A.R. continues to engage on several priority housing and real estate bills as the Legislature reconvenes on August 3rd from summer recess and moves toward its August 14th fiscal committee deadline.
  - **SB 1238 (Wahab)** – HOA Transparency – SPONSOR. C.A.R. is SPONSORING SB 1238 (Wahab) which will improve accountability, transparency, and consumer protection in homeowner associations (HOAs), while addressing growing challenges in condo financing and property values. C.A.R. is SPONSORING SB 1238 because nearly all new housing construction now includes an HOA, yet current law provides virtually no state-level oversight of HOA managers or management companies.
  - **AB 1957 (Pacheco)** – Prevents Owner-Occupants from Bidding on Foreclosed Properties Post Auction--OPPOSE UNLESS AMENDED. C.A.R. has an OPPOSE UNLESS AMENDED position on AB 1957 (Pacheco), a bill that will remove prospective owner-occupants from the list of those who can bid on a foreclosed home after the auction. C.A.R. OPPOSES AB 1957 because current law was intended to give families the opportunity to own a home. AB 1957 takes away that opportunity in favor of investors. C.A.R. has proposed amendments which address the sponsor's concerns about fraudulent activity which if accepted would remove our opposition.
  - **AB 2005 (Ahrens)** – Removal of Owner-Occupancy Requirement to Apply for Ministerial Approval of Urban Lot-Splits -- OPPOSE. C.A.R. OPPOSES AB 2005 (Ahrens), which fundamentally changes SB 9 by eliminating the requirement that the applicant for an urban lot split personally occupy one of the resulting homes. Under AB 2005, an applicant can split a lot, build, and sell both parcels without ever living there. That guts one of SB 9's core safeguards, which was designed to keep this streamlined process focused on homeowner-driven neighborhood infill rather than speculative development. AB 2005 further limits local control by prohibiting cities and counties from adopting additional eligibility requirements for urban lot splits, expanding ministerial approvals while reducing local discretion to address community and infrastructure impacts.

Regional & Local Update:

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

- **Another Costco warehouse and gas station coming to Downey:** The Downey City Council has approved a development agreement to pave the way for a new Costco warehouse and gas station on Firestone Boulevard. The upcoming retail project aims to boost the local economy, though it will take several years to finalize planning, environmental reviews, and site preparations. Click here to read more.

- **145 townhomes proposed for former Honda service center:** A former Honda service facility could be replaced with 145 for-sale townhomes under a proposal going before the Downey Planning Commission on Wednesday, July 15, at 6:30 p.m. at Downey City Hall. Meritage Homes is seeking approval to build the three-story condominium development on 6.15 acres at 11136 Dollison Drive, south of Florence Avenue and between Crossdale and Fairford avenues. Plans call for 145 ownership units spread among 14 three-story buildings. Of those, 130 would be sold at market rates and 15 would be reserved for moderate-income households. Click here to read more.

- **Downey property values rise to $17 billion as county reaches record high:** Assessed property values in Downey climbed to more than $17 billion in 2026, part of a countywide increase that pushed Los Angeles County's taxable property roll to a record $2.272 trillion. Downey's assessed valuation rose from approximately $16.37 billion in 2025 to $17.01 billion this year, an increase of about $636.9 million, or 3.9%, according to figures released by Los Angeles County Assessor Jeff Prang. The city's assessment roll includes 23,424 parcels, including 20,032 single-family residential parcels, 2,059 residential income properties and 1,333 commercial or industrial parcels. Click here to read more.

- **Los Angeles region has more homeless people on street, new data confirms:** The number of homeless people rose in the city and county of Los Angeles so far this year after the region reported fewer unhoused people for two consecutive years, officials announced Friday, July 24th. Homelessness went up 1.2% in the county of LA with some 73,000 unhoused people, according to figures from the 2026 Greater LA Homelessness Count. Click here to read more.

C.A.R. 2026 State Bills

AB 2553 (Petrie-Norris) Real estate crimes: probation
This bill would allow a court, when it convicts a defendant of certain real estate–related offenses (such as crimes involving the purchase or sale of real property or the recording/attempted recording of real estate instruments) and grants probation, extend that probationary term by up to one additional year. For defendants on formal probation, the extension requires the probation department to file a petition and the court to find that extra time is necessary for programming. This change in law is intended to allow for a longer period of court supervision over restitution payments that are often due to victims in such cases. The bill was passed out of the Senate Public Safety Committee on June 30th and will now be moving on to the Senate Appropriations Committee.
Position: Sponsor
Status: Senate Appropriations Committee

SB 1238 (Wahab) Common interest developments: management
Under current law HOA managers have no licensing requirements or duties to the homeowner. This bill would improve accountability, transparency, and consumer protection in homeowner associations (HOAs) by establishing standards of conduct for HOA managers, strengthening financial oversight, and improving homeowners' access to important association records. The bill also closes loopholes that allow misuse of reserve funds, enhances disclosure requirements regarding an association's financial health, and increases transparency of inspection ratings to help homeowners and boards better understand building conditions and plan for necessary maintenance. C.A.R. is sponsoring SB 1238 because it provides meaningful protections for homeowners by establishing basic accountability standards and improving transparency in HOAs, addressing the lack of state-level oversight of HOA managers and reducing the financial risks homeowners face when management practices fail. This bill was heard and passed out of the Assembly Judiciary Committee on June 30th and will now be moving forward to the Assembly Appropriations Committee.
Position: Sponsor
Status: Assembly Appropriations Committee

SB 880 (Wahab) Residential property: transfers: institutional investors
This bill seeks to implement provisions of the 21st Century ROAD to Housing Act (H.R. 6644) that is supported by the National Association of REALTORS® (NAR). Modeled on the federal First Look program that was codified in California in 2022 (AB 2170, Grayson, Statutes of 2022), SB 880 seeks to increase and strengthen homeownership opportunities by ensuring that when institutional investors sell single-family homes, in compliance with the 21st Century ROAD to Housing Act, they are sold to families that will be afforded an opportunity to make an offer for the first 30 days after a property is listed. For these reasons C.A.R. is in support of SB 880. This bill was heard in the Assembly Judiciary Committee on June 30th but failed to pass and will not be moving forward.
Position: Support
Status: Dead

SB 1090 (Perez) Planning and zoning: housing development projects: urban lot splits: subdivisions: 2025 Eaton Wildfire: Altadena

This bill suspends the by-right ministerial approval requirements of SB 9 (Atkins, Statutes of 2021) and SB 1123 (Caballero, Statutes of 2024) in Altadena ZIP codes 91001 and 91003 for applications submitted on or after January 1, 2027, and before January 7, 2030. C.A.R. has long supported SB 9 (Atkins, Statutes of 2021) as a tool to expand homeownership opportunities. However, we recognize that the circumstances in Altadena are extraordinary, and that applying SB 9's urban lot split provisions to fire-affected communities before residents have had time to rebuild or make informed decisions about their property could expose those communities to investor-led redevelopment inconsistent with the needs of recovering neighborhoods. SB 1090's temporary suspension of SB 9 in Altadena is a measured and appropriate response to those extraordinary circumstances. C.A.R. is in support of SB 1090, as it seeks to protect fire survivors from exploitation by investor-driven redevelopment, preserve homeownership stability, and give affected residents time to make informed decisions about whether to rebuild or sell their property in the wake of losing their homes in the Eaton Fire. The bill was heard on July 1st and passed out of both the Assembly Housing and Community Development Committee, and the Assembly Local Government Committee.

Position: Support

Status: Assembly Floor

AB 736 (Gonzalez) Transfer taxes: limitation

This bill would, for the first time, write into state law a local real estate transfer tax ceiling of up to 1.5%, and up to 3% in cities that already had higher tax rates as of June 30, 2026. C.A.R. opposed AB 736 because it established a transfer tax ceiling well above the current general law city limit, effectively placing a state stamp of approval on significantly higher transfer taxes. The bill would have increased the cost of buying and selling homes, reduce housing affordability, and encouraged more cities to adopt higher transfer taxes. The bill also unfairly left high value single-family homes exposed to ULA-style or higher local rates, while extending cap protections to multifamily and commercial properties, discouraging housing production on single-family parcels. Additionally, the bill failed to address the Upland loophole and did not restore the two-thirds voter approval requirement for special taxes, leaving property owners vulnerable to future tax increases enacted through simple-majority initiative campaigns. While the bill included provisions to prohibit local governments from charging a transfer tax on the first sale of a single-family home within five years after it was destroyed or made uninhabitable by a natural disaster, the exemption was too narrow and could primarily benefit developers who acquired wildfire-damaged properties. Because thousands of California REALTORS® took action and made their voices heard, AB 736, a bill that would have incentivized cities to raise transfer taxes on property, particularly higher-value homes, will not be moving forward.

Position: Oppose

Status: Dead

AB 1406 (Ward) Attached residential condominium sales

Liquidated damages- C.A.R strongly opposes AB 1406 which would double the statutory liquidated-damages cap in new construction condominium transactions from 3 percent to 6 percent of the purchase price. This change would expose homebuyers to extraordinary financial risk and undermine longstanding consumer safeguards enacted specifically to protect California purchasers. C.A.R. opposes AB 1406

because it dismantles strong, long-standing consumer protections for buyers, putting their savings at risk for the developer's stated purpose of utilizing the funds to help finance the condominium project. The bill was scheduled to be heard in the Senate Judiciary Committee on June 30th but was pulled at the request of the author and will not be moving forward.
Position: Oppose
Status: Dead

AB 1957 **(Pacheco) Mortgages: foreclosure** – This bill would eliminate prospective owner-occupants from the post-foreclosure bidding process established by SB 1079, limiting eligibility to purchase foreclosed homes after a trustee's sale. C.A.R. is opposed to the bill because it would undermine SB 1079's goal of expanding homeownership opportunities and shift a significant advantage back to institutional investors and other large-scale purchasers. C.A.R. will remain opposed to the bill unless it is amended to include the preservation of prospective owner-occupants' eligibility, while establishing safeguards, including an owner-occupancy deed restriction, an affidavit of intent to occupy the property as a principle residence, and meaningful civil penalties for violations, to prevent misuse of the program while maintaining pathways to homeownership. This bill passed out of the Senate Judiciary Committee on June 30th and is now pending in the Senate Appropriations Committee.
Position: Oppose Unless Amended
Status: Senate Appropriations Committee

AB 2005 **(Ahrens) Housing developments: urban lot split: owner-occupancy –** This bill significantly expands access to SB 9's ministerial urban lot split process by weakening the original owner-occupancy safeguards that were central to the 2021 compromise. Rather than requiring the applicant to live on the property for three years, the bill allows applicants to instead sell both newly created parcels after construction if the eventual homebuyers agree to satisfy the owner-occupancy requirement. The bill also permits a natural person acting on behalf of an LLC or living trust to serve as the applicant for most projects, while prohibiting local governments from imposing additional applicant eligibility requirements. Although the bill includes a limited prohibition on LLC applicants within the 2025 Palisades and Eaton Fire burn areas, C.A.R. believes the measure broadly opens SB 9's streamlined, ministerial approval process to investor-backed development throughout the rest of California, undermining the homeowner-focused protections that were a key part of the original SB 9 compromise.For these reasons, C.A.R. opposes AB 2005. This bill passed out of the Senate Housing Committee on June 30th and is now pending in the Senate Appropriations Committee.
Position: Oppose
Status: Senate Appropriations Committee

SB 1092 **(Allen) Mobile-home parks: resident organizations: option to purchase** – This bill significantly expands the requirements imposed on mobile-home park owners during the sale of a mobile-home park by creating lengthy notice periods, mandatory negotiation obligations, and a de facto right of first opportunity for resident organizations. The bill establishes an extensive 240-day process before an owner completes a transaction with another purchaser, while also exposing property owners to expanded enforcement actions, civil penalties, and increased litigation risk. These provisions create significant uncertainty for buyers, sellers, and lenders involved in mobile-home park transactions. For these reasons and concerns relating to broader private property rights, C.A.R. is opposed to SB 1092. This bill passed

out of the Assembly Housing and Community Development Committee on July 1st and is now pending in the Assembly Judiciary Committee.
Position: Oppose
Status: Assembly Judiciary Committee