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June 4, 2025

The Honorable Ávila Farías
California Assembly
1021 O Street, Suite 6140
Sacramento, CA 95814

RE: AB 726 (Ávila Farías): Planning and Zoning: Annual Report: Rehabilitated Units – SUPPORT

Dear Assemblymember Farías,

Larry Klein
Mayor

Linda Sell
Vice Mayor

Alysa Cisneros
Councilmember

Richard Mehlinger
Councilmember

Murali Srinivasan
Councilmember

Charlsie Chang
Councilmember

Eileen Le
Councilmember

On behalf of the City of Sunnyvale, we want to express our support of AB 726, which will allow for the substantial rehabilitation of existing affordable housing with local funding to be counted in the Annual Progress Report. California's statewide housing plan consists of three key principles: protect our state's most vulnerable residents, build housing faster, and preserve existing housing. It is the latter that lies at the heart of AB 726. Too many older affordable housing projects in Sunnyvale and across California face expiring affordability covenants and significant physical need improvements, the rehabilitation of existing affordable housing remains a key priority. This bill would ensure that steps taken by local agencies to keep these units in service as safe, healthy, and affordable is properly recognized as part of California's overall housing strategy.

The overall goal of the Regional Housing Needs Allocation and the associated Annual Progress Report system is to encourage jurisdictions to adopt land use and policy initiatives to provide for more housing and especially more affordable housing to meet the needs of their communities. Although most attention has historically been focused on encouraging new affordable housing production, the loss of every existing affordable housing unit creates an equal need for additional affordable housing construction. Local jurisdictions and the State therefore have a compelling interest in preventing the loss of any additional affordable housing units. According to California's Department of Housing and Community Development (HCD), the state's Portfolio Reinvestment Program that HCD oversees has kept approximately 700 units of affordable housing annually from falling off the market. Since its inception in 2022, the reinvestment program has kept a total of 2,000 units of affordable housing on the market.

AB 726 would allow for a limited subset of affordable housing rehabilitation to be counted as progress in the Annual Progress Report. To be counted, units would require at least \$60,000 per unit in local investment, projects must be 15 years old, and the average affordability must be no more than 45 percent of Area Median Income. This will recognize local jurisdictions that take meaningful action to keep the most at-risk projects safe, healthy, and affordable housing. The narrow targeting of which units can be counted will ensure that these rehabilitated units do not constitute a disproportionate share of overall RHNA progress.

As identified in General Plan Policy H-3.4, City policy supports the preservation of affordable housing with both technical and financial assistance, including the use of local Housing Mitigation Funds (HMF) to rehabilitate affordable housing projects. Since 2015, the City has committed over \$13 million in funds for the preservation of affordable housing projects. This bill would enable the City to receive credit on Annual Progress Reports when it provides its limited financial assistance for many of these preservation projects. AB 726 will recognize this balanced approach and encourage jurisdictions across California to likewise invest in existing affordable homes.

For these reasons, we support AB 726. Thank you for consideration of our position. Please do not hesitate to contact me or Trudi Ryan, Director of Community Development, at tryan@sunnyvale.ca.gov, if you have any questions.

Sincerely,



Larry Klein
Mayor

cc: Senator Dr. Aisha Wahab
Assembly Member Patrick Ahrens
City Council
Tim Kirby, City Manager
Sarah Johnson-Rios, Assistant City Manager
Trudi Ryan, Director of Community Development