



AB 2717 (Alvarez): Homeownership Accountability Act

Bill Summary

California's housing element law requires local governments to plan and provide for the housing needs of all economic segments of their communities based on the regional housing needs assessment (RHNA).

The housing element, however, does not universally account for the supply and demand for for-sale housing for "homeownership." In order to address this deficiency, AB 2717 requires California's jurisdictions to include the number of rental housing units and for-sale units that have been completed, evidenced by "Certificate of Occupancy" to be reported in the Annual Progress Report.

Background

The Housing Element process does not have a clear universal reporting requirement for completed for-sale and rental units in its Annual Progress Report. Current law requires RHNA planning to, among other things, increase the supply, mix, and "tenure" of housing. Tenure is defined as the legal relationship an occupant has to housing, encompassing ownership, rental, and other forms of occupancy.

Over the last decade, local governments have focused on planning for units necessary to satisfy the demand in rental housing more than ownership housing.

The median price of housing statewide remains over \$800,000 despite the dramatic rise of interest rates over the last year, which is directly related to our lack of supply within the homeownership space.¹ California has reached its lowest level of housing affordability since 2007 at 15%.² Only 15% of California's working families can afford to

purchase a median price home. A major barrier to new entry-level homeownership housing supply is planning, which may benefit from the inclusion of a dynamic analysis that takes into account both affordability based on income and supply type, which would ensure that homeownership housing is included as a planning focus in each level of housing affordability based on income.

The Housing Element planning process is critical as we seek to inform policies that guide the state's planned housing types while ensuring that the state prioritizes market-rate entry level homeownership housing opportunities necessary to bridge the ever-widening wealth gap in California.

Conclusion

AB 2717 will create a requirement for California jurisdictions to report number of completed rental and for-sale units in the Annual Progress Report. AB 2717 will indicate the state's priority of homeownership opportunities and lays the foundation for jurisdictional accountability by acknowledging potential gaps between homeownership versus rental opportunities.

Support

- California Association of REALTORS® (Sponsor)

For More Information

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¹ The Sacramento Bee, "[California median home price surpasses \\$800,000, marking a new record](#)," July 13, 2021

² Times of San Diego, "[California Housing Affordability Falls to Lowest Level Since Just Before the Great Recession](#)," August 14, 2023.