



AFFORDABLE HOUSING PRESERVATION LAW

Government Code §§ 65863.10, 65863.11, and 65863.13

INTRODUCTION

California's Affordable Housing Preservation Law (AHPL) safeguards long-term affordability in housing developments that have rental restrictions. Administered by HCD, AHPL gives a right of first refusal to certain potential buyers that are determined to be a "Qualified Entity" (QE) by HCD and are willing to maintain the affordability of the property. AHPL does this by providing a 270-day offer period that gives QEs the exclusive opportunity to make an offer to purchase a property with expiring affordability. Non-QEs may only submit an offer after the 270-day period. This law also ensures transparency and tenant protections before affordability restrictions expire, mortgage prepayment, or subsidies are terminated.

The Housing Law Fact Sheets provide an overview of existing laws which the California Department of Housing and Community Development (HCD) has statutory authority to enforce. The fact sheet does not constitute legal advice but is intended to be a resource for local agencies and decision-makers within California, including members of City Councils, Boards of Supervisors, and Planning Commissions.

This law is a critical tool for local governments, housing authorities, and qualified affordable housing organizations seeking to prevent displacement and preserve housing for lower-income residents.

For comprehensive guidance, HCD created a [Guide to Affordable Housing Preservation Laws](#). For more information, please see HCD's [Preservation page](#).

KEY PROVISIONS

Applies to Certain Multifamily Developments

Multifamily rental developments with **five or more units** that have received **government assistance** and are subject to rental restrictions are covered by the AHPL, which includes but is not limited to housing supported by:

- ▶ HUD programs (e.g., Section 8, Section 202, Section 236)
- ▶ USDA Sections 514, 515, 538
- ▶ LIHTC and tax-exempt bond financing
- ▶ HCD and CalHFA loans or grants
- ▶ Local redevelopment agency funds, density bonuses, or other land use concessions

Property Owner Noticing Requirements

Property owners must provide multiple advance notices to preserve affordability and inform current and prospective tenants and stakeholders of expiring affordability restrictions. These include:

- ▶ A **Notice of Opportunity to Submit an Offer to Purchase (NOSOP)** must be sent to **QEs** and HCD before or concurrent with the 12-month notice. This starts a **270-day offer period** prioritizing buyers who commit to preserving affordability. During this time, the owner may only consider purchase offers received from QEs. If the owner receives a bona fide, market value offer from a QE in this period, then the owner must notify HCD within 90 days that they have received a purchase offer, and either: 1) accept one of the offers from a QE and execute a purchase agreement, or 2) record a new regulatory agreement with a term of at least 30 years, per Government Code section 65863.13, subdivision (a).
- ▶ **Three-Year, Twelve-Month, and Six-Month Notices** to tenants, public agencies, local housing authorities and HCD before any expiration of affordability restrictions, prepayment of a mortgage, or termination of subsidy. Three-Year notices must be posted on site and delivered by email or first-class mail to public agencies and HCD. Twelve-Month and Six-Month Notices must be delivered by first-class mail to each affected tenant.
- ▶ Owners must provide tenants the **Tenant Advisory and Options document**, outlining possible rent changes, displacement risks, and available resources. These notices help tenants prepare and connect with legal aid or public entities.
- ▶ Owners must complete **Annual Compliance Certifications** with HCD, affirming they are in compliance with AHPL.
- ▶ **Injunctive relief** is available to tenants and public entities in case of noncompliance, including reinstatement of affordability and restitution for rent overcharges. Attorney's fees may also be recovered.

A **Qualified Entity (QE)** is a stakeholder certified by HCD as capable of operating the housing and related facilities. A QE can be a tenant association; a local, regional, or national non-profit or public agency; or a for-profit housing developer that has obtained certification from HCD.

LEGISLATIVE HIGHLIGHTS

Notice of Expiration of Affordability Restrictions

[AB 2926](#), Kalra (2024); amended Gov. Code, §§ 65863.10, 65863.11, and 65863.13

AB 2926 strengthens the AHPL by mandating that owners of assisted housing developments accept bona fide purchase offers from qualified entities or record a new regulatory agreement to extend affordability restrictions for at least 30 years. Previously, owners could decline such offers, potentially leading to the conversion of affordable units to market rate.