

# The California Affordable Housing Production Pipeline

March 2026

## Seizing the Opportunity for Affordability

To provide enough affordable homes for low-income households across the state, California has set a goal to produce 1 million affordable homes by 2030.<sup>1</sup> Rising to meet the challenge, the affordable housing sector is actively designing, seeking public approvals, and working to secure funding for new developments – building out the pipeline of affordable homes. Over the last several years, the State Legislature and the Newsom Administration have taken bold action to actively remove barriers to build affordable housing across the state.

**Despite this progress, far too many affordable developments are stalled and unable to begin construction due to a lack of public funding.**

Enterprise Community Partners (Enterprise) conducted an analysis of the California Affordable Housing Production Pipeline (Pipeline), which analyzes the developments awaiting final funding to begin construction. The Pipeline illustrates the progress cities, counties, and the state have made to encourage affordable housing in California. However, it also underscores that without the companion resources, these developments will not be built.

This brief outlines the Pipeline data and proposes four key actions that state and federal leaders can take to unlock and scale affordable housing.

- 1 INVEST URGENT STATE FUNDING THROUGH THE 2026-27 BUDGET
- 2 PASS THE 2026 AFFORDABLE HOUSING BOND ACT AND PAVE THE WAY FOR PERMANENT FUNDING
- 3 STREAMLINE THE HOUSING FINANCE SYSTEM AND IMPROVE COST-EFFICIENCY
- 4 CONFRONT OPERATIONAL CHALLENGES



Photo: Kifer Senior Apartments, Abode Housing Development

# 39,880

AFFORDABLE HOMES  
(461 DEVELOPMENTS) IN THE PIPELINE  
AWAITING FUNDING TO BEGIN  
CONSTRUCTION

OVER THE NEXT 55 YEARS, THESE HOMES  
WOULD SERVE

# 432,050

LOW-INCOME HOUSEHOLDS<sup>2</sup>

<sup>1</sup> The State set the goal of 1 million homes affordable to low-income households by 2030 through the Regional Housing Needs Determination process.

<sup>2</sup> According to data from the AARP Public Policy Institute and HUD's Office of Policy Development and Research, residents stay in LIHTC-financed affordable rental housing for an average of 5 years. Homeownership units are estimated to serve 1 household during its lifetime.

## Maintaining Our Momentum

California is facing a housing affordability and homelessness crisis decades in the making. Over the last several years, the state has taken meaningful steps to turn the tide on this generational issue.

- ✓ Leaders and voters have made unprecedented investments in affordable housing.
- ✓ Streamlining legislation has cleared longstanding barriers to breaking ground, helping communities say “yes” to affordable housing.
- ✓ Addressing homelessness through state programs, such as the Homeless Housing Assistance and Prevention (HHAP) Program and Homekey.

California has proven that, together, we can rise to this challenge, but it requires continued investment and policy to make and continue progress.

## Funding Affordable Homes in California

An affordable housing development generally leverages multiple funding sources to fully finance construction – often referred to as the “capital stack.”

For affordable rental housing, funding sources typically include a commercial mortgage, federal and state Low-Income Housing Tax Credits, tax-exempt bonds, and public subsidy. Developments that serve extremely low-income households, such as permanent supportive housing, also often require operating subsidies to provide deeply affordable rents and on-site services.

For affordable homeownership developments, the overall capital structure includes public investment from local, state, and federal programs (e.g., local housing trust funds, CalHome, etc.); private, donor-centric philanthropy; and mortgage financing provided by first-time homebuyers. Once core public funding commitments are secured, nonprofit affordable housing developers strategically leverage private philanthropic capital to help carry projects through construction and completion.

The public sector provides subsidy, which is often the first funding committed and allows the development to then leverage additional funding. It is critical for developments to receive public subsidy to move forward, which is unfortunately in limited supply across California.

## WHO LIVES IN AFFORDABLE HOUSING?

Affordable housing serves low-income Californians, defined by area median income (AMI):

- Low-income: 50-80% of AMI
- Very Low-Income: 30-50% of AMI
- Extremely Low-Income: < 30% of AMI

**Example: Sacramento AMI is \$121K (2025)**

	ELI	VLI	LI
2-person Household	\$31K	\$51K	\$82K
4-person Household	\$39K	\$64K	\$103K



K-12 Teacher w/ Bachelor’s Degree  
\$63,000 – \$79,000



Bus Driver  
\$52,000 – \$73,000

## TYPICAL FUNDING SOURCES FOR AN AFFORDABLE HOUSING DEVELOPMENT





## The California Affordable Housing Pipeline

In February 2026, Enterprise conducted an analysis of the state’s near-construction pipeline of affordable homes.

These “near-construction” developments have applied for and/or secured local, state or federal funding but still require additional funding to begin construction. Furthermore, these developments have already gone through the local process of community engagement, design, and securing, for most projects, all local land use approvals.

**There are over 39,880 affordable homes (461 developments) in the pipeline as of the end of 2025.** Of these homes, 39,217 are affordable rentals and 663 are for affordable homeownership.

Over the next 55 years, these developments are estimated to serve 432,050 low-income households.<sup>3</sup> Over two-thirds of these homes (25,802) have already been awarded funding from at least one state program.

A significant number of affordable homes in the Pipeline, 9,533, are in Los Angeles and Ventura counties, where residents have been impacted by the catastrophic fires of early 2025.

To move the Pipeline forward, these developments need an estimated \$2.3 billion in state subsidies, \$1.8 billion in state tax credits, and \$5.8 billion in tax-exempt bonds. With recent federal LIHTC reform, there will likely be enough tax-exempt bonds available, but only if the state provides funding to leverage these funds. On average, the state contributes an estimated \$170,290 in subsidy to each affordable rental home it funds and \$143,092 to each affordable homeownership unit built.<sup>4</sup>

**State funding for these developments is critical to unlocking more private, federal, and local resources.**

On average, for every \$1 of state funds invested in affordable rental developments, nearly \$3.6 of local, federal, and private funds are leveraged. Without the needed state subsidy, California will lose out on an estimated \$7.7 billion in local, federal and private dollars.<sup>5</sup>

<sup>3</sup> According to data from the AARP Public Policy Institute and HUD’s Office of Policy Development and Research, residents stay in LIHTC-financed affordable housing for an average of five years. Homeownership units are estimated to serve 1 household during its lifetime.

<sup>4</sup> Rental figure are based on a 2022-2025 average of LIHTC-funded affordable housing. Homeownership figure is based on awarded projects from the Homeownership Super NOFA Round 2.

<sup>5</sup> Based on a 1:4 leverage factor from a 2022-2025 average of LIHTC-funded affordable rental housing that also received state and local subsidy.

# 39,880

AFFORDABLE HOMES IN THE PIPELINE AWAITING FUNDING TO BEGIN CONSTRUCTION

# \$2.3B

ESTIMATED STATE SUBSIDY NEEDED FOR PIPELINE

# \$1.8B

ESTIMATED STATE TAX CREDITS NEEDED FOR RENTAL PIPELINE

# \$5.8B

ESTIMATED TAX-EXEMPT BONDS NEEDED FOR RENTAL PIPELINE

# 1:4

AVERAGE LEVERAGE OF STATE FUNDS TO FEDERAL, PRIVATE, & LOCAL FUNDS FOR AFFORDABLE RENTAL PROJECTS



## Four Actions to Unlock and Scale the Pipeline

State and federal leaders have a golden opportunity to unlock and scale California’s growing pipeline of affordable housing through sustained investments and key reforms. These four key actions can make possible the affordable housing Californians need.

### 1 Invest Urgent State Funding through the 2026-2027 Budget

#### CALIFORNIA’S BUDGET SHOULD MAKE AFFORDABLE HOUSING A PRIORITY

The extremely limited resources remaining for state affordable housing production programs underscore the urgency of housing investments.

Previous voter-approved state bonds and General Fund investments are nearly exhausted. The Veterans and Affordable Housing Bond Act of 2018, for example, has expended all its \$4 billion. Major funding programs, including the CalHome and Multifamily Housing Program, are regularly oversubscribed at a rate of between 2:1 and 10:1. Previously allocated state Low-Income Housing Tax Credits will also be awarded by the end of 2026. No funding for CalHome was allocated in the previous budget, and final funds were awarded in 2025.

The Governor’s January 2026 budget proposal outlined a \$349 billion spending plan for California, but it did not include new funding for any of the state’s core affordable housing production subsidy programs or state tax credits.

Addressing our housing crisis requires balancing immediate housing needs and long-term, sustained investments to unlock the state’s affordable housing pipeline. This starts with critical General Fund investments for 2026-2027.

Without General Fund investment, coupled with cuts to affordable housing programs from the last three budget cycles, most affordable housing developments in the Pipeline will not be able to move forward and begin construction.

Without these General Fund investments, the only developments that would be able to move forward are those that require either only federal resources, which

typically do not serve the lowest income levels, as available, or developments that are competitive for two highly targeted programs: Homekey+ and the Affordable Housing and Sustainable Communities Program (AHSC). Homekey+ provides funding exclusively for veterans and individuals at risk of or experiencing homelessness. AHSC funds integrated affordable housing and transportation projects that reduce greenhouse gas emissions.

To maintain the momentum of affordable housing production across California, the state needs to allocate short-term funding in the budget that can provide a bridge to more significant funding, such as the 2026 affordable housing bond and other permanent sources.

AFFORDABLE HOUSING PRODUCTION PROGRAM	FUNDING ALLOCATED IN 2025-2026 <sup>6</sup>	2026-2027 FUNDING UNDER GOVERNOR’S PROPOSAL
Multifamily Housing Program	\$120 M	\$0 M
Joe Serna, Jr. Farmworker Housing	\$0 M	\$0 M <sup>7</sup>
CalHome	\$0 M	\$0 M
State Low-Income Housing Tax Credit	\$500 M	\$0 M
Infill Infrastructure Grant Program	\$0 M	\$0 M
Affordable Housing and Sustainable Communities Program	Appropriation depends on Cap & Invest proceeds; historically, \$449M/year for housing	
Homekey+	\$1.5 B <sup>8</sup>	\$0 B

<sup>6</sup> Funding allocated in 2025-2026 are expected to be expended this year.

<sup>7</sup> The Joe Serna, Jr. Farmworker Housing program receives a 10 percent annual allocation from SB 2 (Chapter 364, Statutes 2017).

<sup>8</sup> All dollars are currently open for application over the counter with the aim of awarding all remaining funds this year.

## 2 Pass the 2026 Affordable Housing Bond Act and Set the Stage for Permanent Funding

**A new state affordable housing bond, as outlined in Assembly Bill 736 (Wicks) and Senate Bill 417 (Cabaldon), proposes \$10 billion in critical resources to keep the affordable housing pipeline moving.**

With previous funds nearly exhausted, a new bond would allow California to fund developments in the pipeline for new production as well as for preservation. According to the California Housing Partnership, the bond is estimated to fund:

-  **40,000** new homes affordable to low-income families
-  **5,500** affordable homes preserved, rehabilitated, and/or retrofitted
-  **13,000** homeownership opportunities

**The bond would also allocate targeted resources to the preservation of affordable housing and naturally-occurring affordable housing.**

The California Housing Partnership estimates that 340,575 subsidized<sup>9</sup> and unsubsidized<sup>10</sup> affordable homes are at risk of being lost within the next 5 years, leaving thousands of low-income families vulnerable to displacement. On the homeownership side, there is also a need for home repair programs. For example, 251 owner-occupied home repair projects, preserving the supply of existing affordable homes, were unfunded in the most recent round of CalHome. There are currently no state subsidy resources available for affordable rental or ownership preservation projects. The proposed bond would provide much-needed resources for preservation strategies.

Housing affordability and homelessness continue to be top issues for voters, and a bond in 2026 will set the state up for affordable housing funding for several years.

California needs a significant permanent source(s) of funding to meet its goal of building 1 million affordable homes by 2030. While the Pipeline illustrates the scale of funding needed in the short-term, this does not come close to the funding needed to house every low-income household in California. The state needs to invest in affordable housing at a scale that matches its ambitious goal. Two emerging opportunities demonstrate potential avenues for additional resources.

The California Community Reinvestment Act through Assembly Bill (AB) 801 (Bonta) would require certain California financial institutions to reinvest resources in communities across the state. AB 801 is estimate to generate \$15.3 billion in revenue annually that could go toward affordable housing and economic development.<sup>11</sup>

The Vehicle Miles Traveled (VMT) Mitigation Bank established under Assembly Bill 130 (Wicks, 2025) could also serve as a permanent source of funding for affordable housing by directing VMT mitigation payments made by developers of large transportation and land use projects under CEQA to affordable housing near transit. The guidelines for the VMT Mitigation Bank will be finalized by the Governor’s Office of Land Use and Climate Innovation by July 1, 2026, and its implementation will help determine the scale of revenue it could generate.



Photo: Escalante Meadows, Housing Authority of the County of Santa Barbara

<sup>9</sup> Mazzella, Danielle M., “Affordable Homes At-Risk.” 2025. California Housing Partnership

<sup>10</sup> Alvarez-Nissen, Matt., “Unsubsidized Affordable Homes At-Risk.” 2025. California Housing Partnership

<sup>11</sup> Buell, Jamie, “Revitalizing California Communities: A Call for a California Community Reinvestment Act.” 2024. Rise Economy.

### 3 Streamline the Housing Finance System and Improve Cost-Efficiency

**California can reduce development costs by better coordinating its housing finance system.** The current system requires developments to apply to multiple state housing finance agencies to access subsidies, bonds, and tax credits. This leads to many inefficiencies, adds additional costs, as much as \$47,000 per unit,<sup>12</sup> and further delays of much-needed affordable homes.<sup>13</sup>

**California made significant strides in improving its housing finance system this past year through the creation of the California Housing and Homelessness Agency.** The ability to coordinate and streamline funding is estimated to bring about \$463 million in cost savings each year.<sup>14</sup> In standing up this new agency, it is essential that the state prioritize effective and efficient systems that balance speed and simplicity with the diverse goals that state investments are charged with advancing.

There are key opportunities to streamline and optimize the affordable housing finance system through this new agency at each step of the process – from supporting predevelopment, to a single, unified application for permanent financing, to thoughtful and flexible long-term asset management that centers portfolio and resident stability. Importantly, this agency is poised to better integrate affordable housing and homelessness funding.

**California can also maximize the impact of its limited public subsidy by lowering construction costs.** Strategies including reducing impact fees and improving post-entitlement permitting processes should be pursued alongside securing resources for affordable housing. Development impact fees, for example, were found to have added almost \$20,000 per unit to development costs among LIHTC projects.<sup>15</sup>

### 4 Confront Operational Challenges

**Compounding impacts from increasing operating costs, the lack of sufficient funding, and a changing federal landscape, leave California’s affordable housing properties and the state’s most vulnerable households at risk.**

Affordable housing providers face significant operational challenges, with many providers experiencing extreme financial distress across their portfolios. Common drivers of operational cost increases include insurance, staffing, vacancy delays, and utilities. Unlike market-rate housing which can absorb increased costs by increasing rents, affordable housing providers operate on very thin margins and have limited options to absorb increasing operating costs.

**Housing providers are facing limited insurance availability, significant premium and deductible cost increases, and reductions in the scope and quality of coverage within property, liability, and builder’s risk insurance.**<sup>16</sup> In 2025, the State took an important step toward addressing this issue of insurance by enacting [AB 1339 \(Gonzalez, 2025\)](#), which directs the California Department of Insurance (CDI) to conduct a study on the availability of insurance coverage for affordable housing. With the analysis, CDI must provide policy and budget recommendations to help lay the groundwork for advancing long-term solutions for the affordable housing industry through the State.

**As part of these efforts, California should consider expanding insurance options for affordable housing providers by exploring alternative risk-sharing or risk-financing approaches that could be facilitated or enabled by the State.** A state sponsored insurance program would enable the State to play a critical role in making insurance more functional and affordable for the affordable housing sector.

<sup>12</sup> California Housing Partnership, [“Creating a Unified Process to Award All State Affordable Rental Housing Funding “One-Stop Shop.”](#) 2021.

<sup>13</sup> Reid, Carolina., [“The Costs of Affordable Housing Production: Insights from California’s 9% Low-Income Housing Tax Credit Program.”](#) 2020. The Turner Center.

<sup>14</sup> California Housing Partnership, [“Here’s How the State of California Can Save \\$463 Million Annually.”](#) 2025.

<sup>15</sup> Reid, Carolina., Corsiglia, Leslye., Metcalf, Ben., [“Assessing the Cost of Impact Fees on Affordable Housing: An Analysis of Low-Income Housing Tax Credit Projects in California.”](#) 2026. The Turner Center.

<sup>16</sup> Arabo, Flora., Jakobovics, Andrew., Parks, Ayrienne., [“Curbing the Insurance Spiral: Policy and Practitioner Strategies to Help Stabilize Multifamily Affordable Housing.”](#) 2026. Enterprise Community Partners.

Insurance reform is just one piece of a larger puzzle – operational challenges extend to the very systems meant to facilitate housing placement.

**California should work with Continuums of Care (CoCs), behavioral health systems, public housing authorities, and the affordable housing industry, and issue guidance to uplift best practices for how CES policies can expedite placements in supportive housing while maintaining equity and predictability in the system.** A county’s Coordinated Entry System (CES) is intended to streamline housing efforts, but housing operators continue to struggle with achieving and maintaining occupancy of CES-referred units due to administrative burdens and inefficiencies in the referral process, ultimately adding to a building’s operational costs. Coordinated Entry remains a critical part of the state’s homelessness response, helping localities match individuals or families experiencing homelessness to housing opportunities. California should also direct departments to examine causes outside of CES, such as income verification and verification of homeless status that can slow down the filling of units.

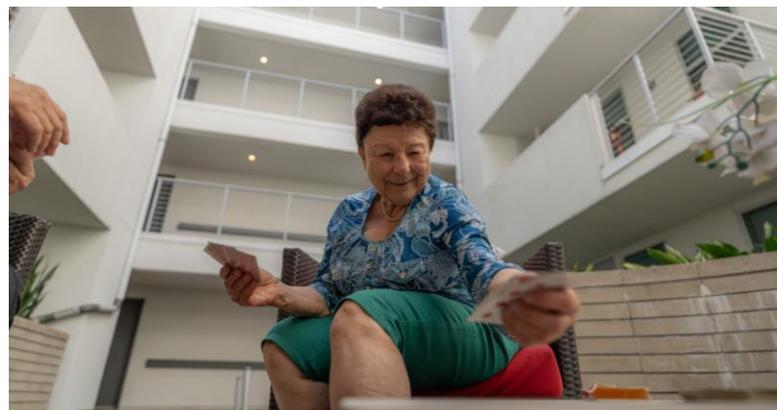
**Several current and future cuts to federal funding, particularly to rental assistance programs, present another significant operational challenge for housing providers – in many cases an existential threat to the sustainability of projects.** The depletion of Emergency Housing Vouchers (EHV) by the end of the federal FY 2026 and proposed changes to the CoC program, if enacted, will leave households served by these programs unable to afford rent or at an increased risk of homelessness. An estimated 41,000+ formerly homeless Californians would be forced to return to homelessness if these changes and cuts were realized in 2026.<sup>17</sup>

<sup>17</sup> Acosta, Sonya., “[Congress Must Act to Prevent Cuts That would Leave Hundreds of Thousands at High Risk of Homelessness.](#)” 2025. Center on Budget and Policy Priorities.

Federal cuts to voucher programs will negatively impact investments in affordable housing as well as current and future development of LIHTC projects in California. With uncertainty around the CoC program, which is often paired with LIHTC to fund services and operations of supportive housing projects, and no guarantee of federal rental subsidies, affordable housing developers and operators will feel the rippling effects across their affordable housing pipelines and existing portfolios. These federal actions could lead to less supply and a greater demand for rental assistance, forcing the State to fill the gaps. To prevent this increase in homelessness, the State should invest in programs that fund rental assistance and operating subsidies in this year’s budget. For example, the Homeless Housing Relief Fund, which would allocate \$500 million in forgivable loans to CoCs, would help keep vulnerable Californians in place.

**In this dynamic moment for housing operations, it is imperative to support the sustainability of existing state-funded affordable housing – both to preserve the State’s investments and protect the stability of low-income renters.** The California Department of Housing and Community Development (HCD) can use its flexibility to offer targeted, short-term support to housing providers while larger policy and regulatory changes are enacted.

The State should reconsider the policies of [AB 913 \(Rodriguez, 2025\)](#) which provided explicit authority for HCD to waive or defer minimal loan payments and allow excess income to be shifted from one existing affordable housing property to another property that needs the cash flow.



## Summary

California has an appropriately ambitious goal of producing 1 million affordable homes over the next decade. Attaining this goal will not be possible unless state programs are expanded and receive adequate funding to maintain a steady pipeline of affordable housing development.

The significant resources needed to move the state's pipeline of affordable homes to construction demands action from all levels of government – local, regional, state, and federal. It is only through this all-in approach that California will be able to achieve scalable solutions that meet the needs of California communities.

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### OUR WEBSITE

<https://www.enterprisecommunity.org/>

## Methodology

Enterprise Community Partners completed the 2026 California Affordable Housing Pipeline in February 2026. The analysis estimated the near-term affordable housing pipeline. For rental housing, this is defined as developments that have already applied to or received funding from HCD, but have not yet been awarded low-income housing tax credits and bonds. Securing these credits and bonds is the final step needed to move shovel-ready developments to construction. For homeownership housing, this is defined as developments that have applied to but have not yet received funding from HCD. The analysis drew from the following publicly available state data sources:

- 4% and 9% Tax Credit Applications and Awards 2022-2025
- California Housing Accelerator Program Rounds 1-2
- Multi-Family Finance Super NOFA Applications and Awards Rounds 1-3
- Infill Infrastructure Grant Program Applications and Awards 2022-2023
- Affordable Housing and Sustainable Communities Program Applications and Awards Rounds 6-9
- Homeownership Super NOFA Awards Round 2

Duplicate developments were identified and removed using project name, cross-referenced for city, county, developer, and/or unit count if available. Developments that have received affordable housing tax credits and/or tax-exempt bonds were removed from the analysis as they no longer require funding. Developments that have not appeared in subsequent funding rounds since 2021 are assumed to no longer be progressing and are omitted from the analysis.

## About Enterprise Community Partners

Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$80.9 billion and created 1 million homes across all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands – all to make home and community places of pride, power and belonging. Join us at [enterprisecommunity.org](https://www.enterprisecommunity.org).