THE GREENLINING INSTITUTE

The Greenlining Institute
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November 16, 2026

Jonathan Klein
Executive Director
Housing Development and Finance Committee
651 Bannon Street, Suite 400
Sacramento, CA 95811

Re: Comments on Second Draft 2027 HDFC Regulations — Protecting Community Ownership and Advancing Housing Equity

Dear Executive Director Klein and Members of the Committee:

On behalf of The Greenlining Institute, we write to express our concerns regarding the proposed ownership and control requirements in the Second Draft 2027 HDFC Regulations, particularly Section 32020(e)(2). While we appreciate the state's efforts to streamline its affordable housing financing programs, we are concerned that the proposed regulations could undermine community ownership models, limit opportunities for emerging community-based developers, and reinforce longstanding inequities in who controls and benefits from publicly funded housing investments.

The Greenlining Institute works to advance economic opportunity and racial equity by addressing the systems and policies that have historically excluded communities of color from wealth creation, investment, and decision-making. Central to this mission is ensuring that public resources build lasting community assets and expand opportunities for communities to shape their own economic futures.

Affordable housing policy must advance community wealth and ownership.

For generations, discriminatory housing and financial policies have limited the ability of communities of color to own property, build wealth, and exercise control over neighborhood investment. Today, community land trusts, housing cooperatives, and community-based nonprofit developers offer important opportunities to reverse these patterns by creating permanently affordable housing while building institutions that are accountable to local residents.

These models do more than deliver affordable homes. They provide a means for communities to retain ownership of land, influence development decisions, and ensure that public investments produce benefits that endure for generations.

Unfortunately, the proposed requirements risk moving California in the opposite direction.

Under Section 32020(e)(2), an experienced co-sponsor would be required to maintain control of the project ownership entity throughout the full term of the state's financing agreements, which can extend 55 years or longer. This provision could effectively prevent community-based organizations from

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assuming control of developments they helped initiate, finance, and build, even when those organizations own the underlying land.

Experience and financial capacity are important considerations in safeguarding public investments. However, requiring an established development partner to retain control for decades is neither the only nor necessarily the most equitable way to manage that risk. It creates a structural barrier for emerging developers, particularly organizations rooted in communities that have historically been excluded from access to capital and development opportunities.

Public investment should strengthen community institutions, not perpetuate unequal power dynamics.

California has an opportunity to use its affordable housing investments to expand the capacity of community-based organizations and create new pathways to long-term community ownership.

Partnerships between established developers and emerging community organizations can help achieve this goal. But these partnerships should facilitate the transfer of expertise, institutional capacity, and ultimately ownership and governance. They should not result in community organizations permanently relinquishing control of projects that would not exist without their leadership, relationships, land, or financial contributions.

This is especially important as California seeks to address the intersection of housing affordability, displacement, and the racial wealth gap. Housing investments should be evaluated not only by the number of affordable homes produced, but also by whether they strengthen community institutions and expand local ownership of assets.

Requiring communities to surrender control of these assets for more than half a century risks preserving an extractive development model in which communities contribute resources and assume responsibility for neighborhood outcomes without exercising meaningful authority over the investments made in their name.

We urge HDFC to revise the proposed regulations to advance equitable and lasting community ownership.

Specifically, The Greenlining Institute recommends that HDFC:

1. **Remove the long-term control requirement in Section 32020(e)(2).** Preserve appropriate financial oversight and accountability while allowing ownership and governance structures that support community-led development and eventual community control. Clarify that experienced sponsors can continue to participate in a partnership structure while transferring ownership and control to qualified emerging or community-based developers after a defined period, subject to HDFC approval, without compromising the 55-year affordability requirement.

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2. **Protect the ability of community-based organizations to lead projects on land they own.** Community land trusts, cooperatives, and nonprofit developers should be able to serve as lead sponsors and controlling partners when the overall development team meets the state's experience and financial requirements.
3. **Establish predictable pathways for ownership transitions.** Allow emerging community developers to negotiate enforceable purchase and control rights at the outset of a project, with clear and reasonable conditions for assuming control as their organizational capacity grows.
4. **Ensure equitable treatment of community contributions.** Land, philanthropic resources, and other assets contributed by community organizations should be recognized and protected in partnership agreements, including during ownership transitions. Communities should not face unreasonable financial barriers to securing control of assets they helped create.
5. **Prioritize permanent affordability and community governance.** State housing programs should actively encourage ownership models that preserve affordability, promote resident participation, and maintain community accountability beyond the initial development and financing periods.

These recommendations are consistent with a broader principle that should guide California's housing investments: **public dollars should not only address immediate housing needs, but also build enduring wealth, capacity, and decision-making power in communities that have historically been denied those opportunities.**

As California confronts an ongoing housing affordability crisis, we cannot afford to separate the production of affordable housing from the question of who owns, governs, and benefits from that housing over time. Both are essential to advancing a more equitable housing system.

We appreciate the opportunity to provide comments and urge HDFC to revise these provisions before final adoption. We welcome the opportunity to work with HDFC and community partners to ensure the final regulations advance responsible development while expanding pathways to meaningful and lasting community ownership.

Sincerely,

Kirin Kumar
Vice President of Policy
The Greenlining Institute