

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 474 (Ward)
Version: May 23, 2025
Hearing Date: July 1, 2025
Fiscal: Yes
Urgency: No
ID

SUBJECT

Housing discrimination: nonprofit home-sharing program: eligibility for public social services

DIGEST

This bill exempts income received through renting bedrooms or units in a nonprofit home-sharing program from consideration as income or assets for the purposes of determining an individual's eligibility and benefit amounts for a variety of public social services, and expands an exception to the prohibition on discrimination in refusing to rent or lease a portion of an owner-occupied single-family house to include when up to two tenants are living within the household.

EXECUTIVE SUMMARY

California is currently in the midst of both a housing and an affordability crisis. Increases in the cost of living and in rents most severely impact elderly Californians, who often rely on a fixed income or public benefits. One of the solutions to assist older Americans and alleviate the housing crisis are what are called nonprofit home-sharing programs. A nonprofit home sharing program is a program run by a nonprofit organization which pairs a person offering a room in their home with an unrelated person in need of housing, in exchange for rent or assistance around the house. In order to increase participation in these programs, AB 474 proposes a number of changes to law. First, it exempts income received through renting bedrooms or units in a nonprofit home-sharing program from consideration as income or assets for the purposes of determining an individual's eligibility and benefit amounts for a variety of public social services. Second, it expands an exception to the prohibition against discrimination in refusing to rent or lease a portion of an owner-occupied single-family house to when up to two tenants are living within the household. AB 474 is sponsored by LeadingAge California, and is supported by the AARP, Disability Rights California, and a number of other nonprofits. The Committee has received no timely letters of opposition. If it passes this Committee, AB 474 will be heard in the Senate Human Services Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes various public social service programs that provide eligible low-income recipients with certain benefits, including, but not limited to, cash assistance under CalWORKS, nutrition assistance under CalFresh, and health care services under Medi-Cal. (Welfare and Institutions Code, *passim*.)
- 2) Under the Fair Employment and Housing Act (FEHA), prohibits housing discrimination on the basis of certain protected characteristics and defines “discrimination” to include refusal to sell, rent, or lease housing accommodations. (Gov. Code § 12927(c).)
- 3) Provides that housing “discrimination” under FEHA does not include refusal to rent or lease to a person as a roomer or boarder living within an owner-occupied single-family home, provided that no more than one roomer or boarder is to live within the household and the owner complies with prohibitions on discriminatory advertisements regarding the rental. (Gov. Code § 12927(c)(2)(A).)
- 4) Provides that housing “discrimination” does not include using words that state or imply that the housing being advertised is available only to persons of a particular sex when shared living areas in a single dwelling unit is involved. (Gov. Code § 12927(c)(2)(B).)
- 5) Provides that the hiring of a room by a lodger on a periodic basis within an owner-occupied dwelling may be terminated by either party giving written notice to the other party or their intention to terminate, as specified. Defines “lodger” as a person contracting with the owner of a dwelling unit for a room or room and board within a dwelling unit personally occupied by the owner, where the owner retains a right of access to all areas occupied by the lodger and has overall control of the dwelling unit. (Civ. Code § 1946.5.)

This bill:

- 1) Makes various findings regarding the income of older Californians or those that experience disabilities, housing and homelessness, and home sharing.
- 2) Expands the exception to housing discrimination described in (3), above, to include when up to two tenants live within the household.
- 3) Excludes, to the extent permitted by federal law and notwithstanding any other law, income received through renting bedrooms or units as a landlord in a nonprofit

home-sharing program from an individual's income or assets for the purposes of eligibility for a variety of public social services, as specified.

COMMENTS

1. Author's statement

According to the author:

AB 474 aims to expand housing opportunities for low-income Californians, particularly older adults, by simplifying and incentivizing the process of renting out available residential bedrooms through non-profit home share programs. Non-profit home share programs help match individuals in need of housing with homeowners willing to share their space, providing an affordable housing solution. AB 474 safeguards eligibility for government assistance by ensuring that rental income does not affect qualification for support programs, encouraging homeowners dependent on these programs to participate in non-profit home sharing. AB 474 seeks to prevent homelessness and support those being priced out of the housing market.

2. California's housing crisis

California is currently in the midst of both a housing and an affordability crisis. For the last decade, the state has had a significant shortage in available housing. Some estimates suggest that California currently has a shortfall of 1,283,734 affordable and available rental homes.¹ This shortfall has led California to have incredibly low rental vacancy rates, far below the national average and that of most states.² This tight supply has resulted in stiff competition for the available housing, and available affordable housing, that exists in many of California's communities. It has also resulted in high and increasing rents, which are far outpacing many Californians' income, despite the caps on rent increases that the state implemented for many tenants in 2019. In fact, California's rents are 38 percent higher than median rents nationwide.³ Thus, significant numbers of California renters pay a disproportionate amount of their income toward rent and struggle to make ends meet. In 2019, 51.8 percent of California renters were

¹ California Housing Partnership, "Housing Needs Dashboard," Mar. 2024, available at <https://chpc.net/housingneeds/>.

² Alexa Mae Asperin, California has least amount of vacant housing in US, study shows, FOX 11 News (Aug. 21, 2023), available at <https://www.foxla.com/news/california-vacant-housing-us-census-study>; see also Federal Reserve Bank of St. Louis, Rental Vacancy Rate for California (accessed Jun. 3, 2024), available at <https://fred.stlouisfed.org/series/CARVAC>.

³ Levi Sumagaysay, "Californians face higher costs for goods and services than before the pandemic despite inflation slowing," CalMatters (Mar. 6, 2024), <https://calmatters.org/economy/2024/03/california-inflation/#:~:text=Rent%20in%20California%20is%2038,March%202023%2C%20Zillow%20data%20show> S..

cost-burdened, in which their rent costs exceeded 30 percent of their household income, and 27.3 percent were severely cost-burdened, in which their rent costs exceeded 50 percent of their household income.⁴

At the same time, Californians have experienced significant increases in the cost of living. Inflation in the past five years has been much higher than the target of two percent, with overall prices today 23% higher than they were in January 2020.⁵ For specific goods, prices have risen even more. For food and beverages, prices are up 28% since 2020, as are energy prices as well.⁶ Many Californians' wages have not kept up with inflation, thereby exacerbating this affordability crisis and making it harder for many Californians to afford their basic needs.

3. Non-profit home sharing programs

Increases in the cost of living and in rents often hit elderly Californians the hardest, as older Californians often rely on a fixed income. According to the U.S. Department of Housing and Urban Development, the rate of homelessness among Americans above the age of 62 increased by 68.5 percent between 2007 and 2017.⁷ One of the solutions for assisting older Americans, and other low-income adults who have space in their home to rent, are what are called nonprofit home-sharing programs. A nonprofit home sharing program typically is a program run by a nonprofit organization which pairs a person offering a room in their home with an unrelated person in need of housing, in exchange for rent or assistance around the house. A variety of nonprofit home-sharing programs exist in California, including Home Match, the Human Investment Project, Inc., Ventura County Area Agency on Aging, and Front Porch. In these home-sharing programs, the nonprofit often is involved in listing and preparing rooms to rent, screening participants, arranging the lease agreements, and providing support to program participants. Sometimes renters in home-sharing programs rent a room, and other times the renter may rent an accessory dwelling unit on the lessor's property. These programs argue that they are a practical solution to the state's housing crisis, an efficient use of existing housing, and are helping people find and remain in homes.

4. Landlord-tenant law and protections against discrimination

Typically, when a landlord rents a residential space to a tenant, the tenant is afforded various protections and rights. The tenant has what is called a leasehold interest in the

⁴ Davalos *supra* note 1, p. 3.

⁵ Sarah Bohn, "Testimony: Cost pressures and affordability for Californians in today's economy," Public Policy Institute of California (Mar. 26, 2025), [https://www.ppic.org/blog/testimony-cost-pressures-and-affordability-for-californians-in-todays-economy/#:~:text=The%20most%20recent%20inflation%20data,the%20country%20\(after%20Hawaii\).](https://www.ppic.org/blog/testimony-cost-pressures-and-affordability-for-californians-in-todays-economy/#:~:text=The%20most%20recent%20inflation%20data,the%20country%20(after%20Hawaii).)

⁶ *Id.*

⁷ U.S. Dept. Housing & Urban Dev., *The 2017 Annual Homeless Assessment Report (AHAR) to Congress*, Part 2: Estimates of Homelessness in the United States, 2-8 (Oct. 2018).

property, which is a right to exclusive possession and use of the leased premises during the tenancy. Thus, while the landlord retains ownership of the property itself, the tenant has a number of rights with which the landlord cannot interfere. Because of this leasehold interest, California law provides that tenants may not be removed from a property upon the termination of the tenancy except through a court process called an unlawful detainer. (Code Civ. Proc. § 1161.)

An exception to this process is California's lodger law, which allows a landlord of a tenant who rents a room within the landlord's home to evict the tenant (considered in this instance a "lodger") without going through the unlawful detainer process. Instead, if the landlord provides the tenant written notice within a certain period not to exceed 30 days before the termination of the lease that the lease is being terminated, and the tenant remains on the property after the termination of the lease, the landlord may have the tenant forcibly removed by law enforcement for "trespassing." (Civ. Code § 1946.5.) The lodger law only applies where the leased property is also occupied by the landlord, only one renter resides on the property, and the owner retains control of and a right to access all areas of the property and the space occupied by the renter. (Civ. Code § 1946.5(c)-(d).)

In addition to landlord-tenant laws, California law also contains the Fair Employment and Housing Act (FEHA), which prohibits discrimination on the basis of certain protected characteristics in the provision of housing. (Gov. Code §§ 12900 et seq.) This prohibited discrimination includes the refusal to sell, rent, or lease housing accommodations, as well as a variety of other actions adversely taken against a tenant. (Gov. Code § 12927(c)(1).) Under FEHA, a landlord generally cannot commit such acts against a person because of their race, color, religion, sex, marital status, national origin, ancestry, familial status, or disability.

However, FEHA includes an exception for landlords who lease a space in an owner-occupied property. FEHA specifies that it is not discrimination to refuse to rent or lease a part of the landlord's owner-occupied single-family house to a person living within the household as long as only one renter lives in the household, and the owner complies with specified prohibitions on discrimination in notices, statements, and advertisements related to the rental. (Gov. Code § 12927(c)(2)(A).) FEHA also exempts from housing discrimination the advertising of a preference for a renter of a particular gender when the landlord and the tenant would be sharing living areas in a single dwelling unit. (Gov. Code § 12927(c)(2)(B).)

5. AB 474 expands an exception to the prohibition on discrimination in the provision of housing accommodations

AB 474 proposes to increase the use and availability of nonprofit home-sharing programs through a number of changes to law. One change made by this bill relates to how eligibility for income-based social services is calculated. It specifies that, for

determining eligibility for a number of public benefits, any income that the beneficiary received from renting a room or unit through a nonprofit home-sharing program is exempted from the calculation of the beneficiary's income. These provisions are outside this Committee's jurisdiction.

The second change that AB 474 makes is to FEHA's exception to housing discrimination. It would expand this exception to permit a landlord renting a portion of their owner-occupied single-family home to discriminate in the refusal to rent or lease the premises when they rent to up to two tenants, instead of only one tenant. The author argues that this change is necessary to increase the flexibility and comfort for shared living arrangements, uphold landlords' freedom of association, and to ensure that a participating landlord in a home-sharing program feels comfortable in their own homes. The author asserts that many landlords in nonprofit home-sharing programs are older women homeowners who are only comfortable living with other women, due to concerns for their personal safety. They assert that many of these participants have room to rent to more than one woman, but cannot seek to do so under current law without risking violating FEHA's anti-discrimination rules.

Increasing housing supply and the use of home-sharing programs are important policy goals. However, the elimination of bias and discrimination is also an important policy goal. The author's arguments for the changes this bill makes to FEHA seems to rest on the assumption that participation in nonprofit home-sharing programs requires the ability to discriminate, or that participation in such programs would increase if participants had a greater ability to discriminate. There may be a variety of other factors and considerations that affect an individual's decision not to participate in a program that are not related to anti-discrimination laws. Whenever someone is sharing living spaces with someone they do not know, there likely are always some levels of concern relating to privacy and safety, regardless of the identity of the other person. To the degree that a participant may have concerns about their safety or have a preference due to such concerns, current law still allows them to be discriminatory in renting out their home: when they rent out to only one person. The rationale undergirding the current exemption in FEHA is that, because the landlord will also be living on the property and sharing space with the renter, the landlord should have a greater ability to be selective when choosing a tenant than a landlord typically would be.

However, this is still currently an incredibly narrow exception. While a homeowner's discriminatory renting may be based on concerns for their safety, it also could be based on pure bias. Notably here, while the author cites an example related to sex discrimination, the exception that AB 474 expands would include discrimination on any of the protected characteristics. Given the harm caused by discrimination and the pernicious nature of discrimination, the Legislature should carefully consider any policies that expand permissible discrimination, and ensure that a thorough policy justification exists for such expansion.

Previous Legislatures have determined that a narrow exception to housing anti-discrimination laws should exist when the landlord will also live in the leased dwelling. AB 474 would permit that this exception apply to slightly more situations, and the author argues that expanding the exception would increase the utilization of nonprofit home-sharing programs. AB 474 would not change the exception's requirements that the landlord live on the property, that the property be a single-family home, or that the landlord retain control of and a right to access the entire premises. A landlord in a nonprofit home-sharing program still would need to satisfy those requirements in order to take advantage of the exception. It is also true that there may be many others in need of housing that a nonprofit home-sharing program could assist, but who would not be able to participate because of the limitations in the exception, such as if the individual has a child that will be living with them. With the housing crisis California is currently experiencing, more people than ever are in need of affordable housing options.

6. Arguments in support

According to LeadingAge, which is the sponsor of AB 474:

California is facing an unprecedented housing crisis. The state needs approximately 1.3 million additional affordable housing units to meet demand, and over 187,000 Californians experience homelessness on any given night. The majority of renters are burdened by excessive housing costs, with nearly one-third paying over 50% of their income toward rent. This crisis disproportionately affects older adults, who are both the fastest-growing population experiencing homelessness and the most housing cost-burdened. By 2040, California's older adult population is projected to reach 11.4 million, making senior housing solutions an urgent priority.

Home-sharing programs provide an innovative and immediate way to alleviate this crisis. These programs match homeowners and primary tenants with extra bedrooms to individuals seeking affordable housing while providing ongoing support such as case management and conflict mediation at no cost to participants. While home-sharing programs are typically open to adults of all ages, they are especially popular among older adults, who often fall into a situation where they are "housing rich but cash poor". Older adults have the highest homeownership rate of any age cohort in California. At the same time, older Californians have the lowest incomes. Many older Californians live on fixed incomes like Social Security, which have not increased sufficiently with rising costs. For many of these older Californians who have seen their fixed incomes outpaced by costs, they are put in the impossible position of deciding whether to forgo necessities like food or healthcare, or leave their home that they love and have lived in stably for many years. Home-sharing helps low-income older homeowners generate supplemental income, allowing them to stay housed and age in place, while also offering renters more stable and affordable housing

options. Additionally, nonprofit home-sharing providers have found that participating in their programs can provide valuable social connection, especially among older adults, who are disproportionately impacted by isolation and loneliness.

Assembly Bill 474 takes key steps to facilitate home-sharing by ensuring that, to the extent allowable under federal law, additional income received by low income landlords through renting out rooms through nonprofit home-sharing programs does not impact their eligibility for or the benefit amount they receive through government social services programs including but not limited to Medi-Cal, CalFresh and IHSS.

SUPPORT

LeadingAge California

AARP

California Apartment Association

California Commission on Aging

CalPACE

Christian Church Homes

Disability Rights California

Eskaton

Front Porch

Home Match, a Front Porch Community Service

Housing Action Coalition

Volunteers of America Northern California and Northern Nevada, Inc.

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: SB 477 (Blakespear, 2025) modifies the timelines for the Civil Rights Department (Department) to issue right-to-sue notices and tolls the statute of limitations for the Department to bring a civil action related to violations of FEHA. SB 477 is currently pending before the Assembly Appropriations Committee.

Prior Legislation:

AB 1497 (Holden, Ch. 599, Stats. 2019) included a building, structure, or portion thereof that is occupied or intended to be occupied pursuant to a transaction facilitated by a

hosting platform to the definition of a housing accommodation for FEHA's housing anti-discrimination provisions.

SB 391 (M. Thompson, Ch. 169, Stats. 1995) added an exception to the prohibition against discrimination in the advertising of housing accommodations for a leased premises where living areas are shared in a single dwelling unit.

PRIOR VOTES:

Assembly Floor (Ayes 77, Noes 0)

Assembly Appropriations Committee (Ayes 11, Noes 0)

Assembly Revenue and Taxation Committee (Ayes 7, Noes 0)

Assembly Human Services Committee (Ayes 6, Noes 0)

Assembly Judiciary Committee (Ayes 8, Noes 3)
