



OFFICE OF THE GOVERNOR

SEP 30 2026

To the Members of the California State Assembly:

I am signing Assembly Bill 2689, which authorizes the nonrenewal of a lease in a 100% affordable low-income housing tax credit development when a household no longer meets specified income criteria. The authority applies when a household's income exceeds 140% of area median income for at least two consecutive years and the household can afford fair-market rent.

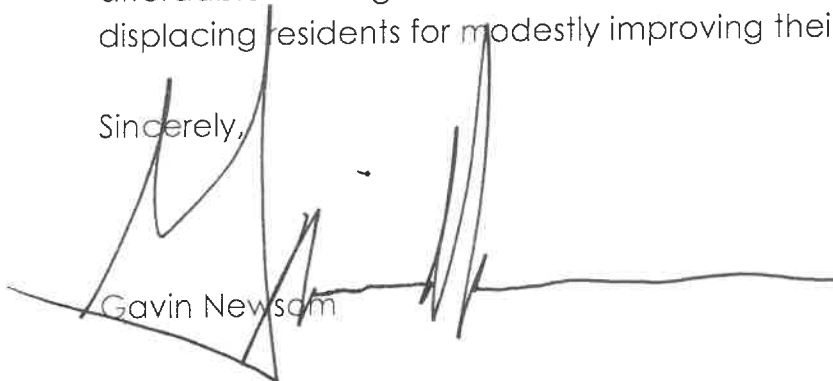
California's supply of deed-restricted affordable housing is limited, and these publicly supported units should remain available to the households that need them most. AB 2689 advances that goal by allowing housing providers, with appropriate notice, to make a unit available to a lower-income household when an existing tenant's income has increased substantially.

However, the bill may operate differently in certain high-cost counties because federal adjustments raise the lower-income eligibility limits in those areas, potentially subjecting some households to a lease nonrenewal after a relatively small increase in income. As this bill is implemented, it will be critical to provide clear guidance and appropriate safeguards for its income and rent-affordability requirements, including ample notice to residents who may be affected. Housing providers should also use this authority thoughtfully, considering each household's circumstances and reasonable housing alternatives before declining to renew a lease.

I also encourage the Legislature to consider further refinements that account for the unique conditions in high-cost areas. This would better preserve scarce

affordable housing for those with the greatest need without inadvertently displacing residents for modestly improving their economic circumstances.

Sincerely,



Gavin Newsom