California State Assembly

HOUSING AND COMMUNITY DEVELOPMENT

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MATT HANEY
CHAIR

AGENDA

Wednesday, July 16, 2025
9:30 a.m. -- State Capitol, Room 437

HEARD IN FILE ORDER

3.	SB 634	Pérez	Local government: homelessness.
4.	SB 655	Stern	Dwelling units: indoor temperature.
7.	SB 772	Cabaldon	Infill Infrastructure Grant Program of 2019: applications: eligibility.
8.	SB 802	Ashby	Housing finance and development: Sacramento Area Housing and Homelessness Agency: Multifamily Housing Program: Homekey: Homeless Housing, Assistance, and Prevention program.
9.	SB 838	Durazo	Housing Accountability Act: housing development projects.

CONSENT

1.	SB 484	Laird	Coastal resources: coastal development permits: infill area categorical exclusion.
2.	SB 489	Arreguín	Local agency formation commissions: written policies and procedures: Permit Streamlining Act: housing development projects.
5.	SB 686	Reyes	Housing programs: financing.
6.	SB 724	Richardson	Public housing: lead testing.

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 484 (Laird) – As Amended June 25, 2025

SENATE VOTE: 37-0

SUBJECT: Coastal resources: coastal development permits: infill area categorical exclusion

SUMMARY: Requires the California Coastal Commission (CCC), in consultation with the Department of Housing and Community Development (HCD), by July 1, 2027, to identify infill areas within at least three local jurisdictions that do not have a certified local coastal program (LCP) for a categorical exclusion from the coastal development permitting (CDP) requirement for deed-restricted affordable housing developments. Specifically, **this bill**:

1) Requires the CCC, on or before July 1, 2027, to identify infill areas within three local jurisdictions that do not have a certified LCP for categorical exclusion from CDP requirements if the development is a residential housing project comprised entirely of units that are deed-restricted affordable for very low-, low-, or moderate-income households.

2) Sunsets the categorical exclusion June 30, 2037, or when a LCP is certified in the selected jurisdictions.

3) Requires each of the areas identified by the CCC for the provisions of this bill to be effective upon a 2/3 vote of the CCC, as specified.

4) Requires the CCC, in consultation with HCD, to do both of the following when identifying categorical exclusion areas:

    a) Select jurisdictions located in various regions of the coast; and

    b) Select jurisdictions that vary in size from one another.

5) Further requires the CCC, in consultation with HCD, to do the following when identifying categorical exclusion infill areas:

    a) Identify the largest feasible categorical exclusion areas;

    b) Ensure the areas affirmatively further fair housing (AFFH);

    c) Consider each selected jurisdiction's inventory of sites in its housing element; and

    d) Avoid sites that are projected to be impacted by sea level rise and associated coastal hazards.

6) Provides that nothing in this bill exempts a qualifying residential housing project proposed in a categorical exclusion area from obtaining a land use entitlement approval otherwise required by the local jurisdiction.

7) Requires a development proponent, prior to beginning construction of a proposed residential housing project subject to the categorical exclusion described in 1), to request from the CCC a notice of exclusion, and requires the CCC to provide that exclusion, as specified.

8) Requires the CCC to post clearly defined maps of the categorical exclusion areas established pursuant to this bill on its internet website on or before August 1, 2027.

9) Requires the CCC, on or before January 1, 2035, to submit a legislative report identifying the number of projects constructed or currently under construction that received the categorical exclusion described in 1), as provided.

EXISTING LAW:

1) States the intent of the Legislature in enacting Housing Element Law to assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goals, and to assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward attainment of state housing goals. (Government Code (GOV) 65581)

2) Requires the housing element of the general plan to consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. Requires the housing element to identify adequate sites for housing, including rental housing, factory-built housing, mobilehomes, and emergency shelters, and shall make adequate provision for the existing and projected needs of all economic segments of the community. (GOV 65583)

3) Defines "affirmatively furthering fair housing" as taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, AFFH means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to AFFH extends to all of a public agency's activities and programs relating to housing and community development. (GOV 8899.50)

4) Pursuant to the California Coastal Act of 1976 (Coastal Act):

    a) Regulates development in the coastal zone and requires a new development to comply with specified requirements. (Public Resources Code (PRC) 30000)

    b) Defines "development" to mean, among other things, the placement or erection of any solid material or structure on land or in water. "Structure" includes, but is not limited to, any building, road, pipe, flume, conduit, siphon, aqueduct, telephone line, and electrical power transmission and distribution line. (PRC 30106)

    c) Requires each local government lying, in whole or in part, within the coastal zone to prepare a LCP for that portion of the coastal zone within its jurisdiction. Authorizes any

local government to request, in writing, the CCC to prepare an LCP or a portion thereof, for the local government. (PRC 30500)

d) Requires, in addition to obtaining any other permit required by law from any local government or from any state, regional, or local agency, any person wishing to perform or undertake any development in the coastal zone, other than specified facilities, to obtain a CDP. (PRC 30600)

e) Requires, prior to certification of a LCP, a CDP to be obtained from the CCC or from a local government, as provided. Requires, after certification of a LCP, a CDP to be obtained from the local government.

f) Clarifies that LCP updates, for local governments in the coastal zone, shall be completed in the same period required for the completion of rezones as part of the rezone program in the housing element. (PRC 30603)

g) Establishes exemptions from CDP requirements, including any category of development, or any category of development within a specifically defined geographic area, that the Commission, after public hearing, and by two-thirds vote of its appointed members, has described or identified and with respect to which the Commission has found that there is no potential for any significant adverse effect, either individually or cumulatively, on coastal resources or on public access to, or along, the coast and, where the exclusion precedes certification of the applicable LCP that the exclusion will not impair the ability of local government to prepare a LCP. (PRC 30610)

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: According to the author, "California is facing a critical housing shortage, and affordability is a greater challenge on the coast where two-thirds of California's population resides. Thoughtful and sustainable development can take place on our coast without compromising the integrity of the Coastal Act or the preservation of our coastline and coastal resources.

Senate Bill 484 introduces a pilot program in three coastal jurisdictions that lack a certified local coastal program (LCP), directing the Coastal Commission to identify infill areas where 100% affordable housing can be developed without the need for a coastal development permit. This bill is limited to areas where the Coastal Commission is the permitting authority for development because there is not an approved LCP, thereby retaining local control for the jurisdictions that have certified LCPs.

Senate Bill 484 harmonizes the urgent need for affordable housing with the principles established by voters when they created the Coastal Commission. By leveraging the Commission's existing authority to establish categorical exemptions for certain types of development, SB 484 requires the Coastal Commission to streamline 100% affordable housing development within infill areas in limited parts of our coast, ensuring that both affordable housing and environmental protections are prioritized."

California's Housing Crisis: California's housing crisis is a half-century in the making. [1] After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state. [2] One in three households in the state doesn't earn enough money to meet their basic needs. [3] In 2024, over 187,000 Californians experienced homelessness on a given night.[4]

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.[5] Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state's housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Terner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.[6]

In the Coastal Zone, this housing crisis is particularly acute. According to a 2023 analysis by the Legislative Analyst's Office, "while many factors have a role in driving California's high housing costs, the most important is the significant shortage of housing, particularly within urban coastal communities. A shortage of housing along California's coast means households wishing to live there compete for limited housing. This competition increases home prices and rents. Some people who find California's coast unaffordable turn instead to California's inland communities, causing prices there to rise as well."[7]

California's Coastal Zone: In 1976, the Legislature enacted the California Coastal Act, which mandates that coastal counties manage the conservation and development of coastal resources through a comprehensive planning and regulatory framework. The boundaries of the Coastal Zone are defined in the Public Resources Code. In ecologically significant areas, such as estuaries, habitats, and recreational zones, the Coastal Zone can extend inland to the first major ridgeline paralleling the sea or up to five miles from the mean high tide line, whichever is less. In more developed urban areas, the Coastal Zone typically extends inland less than 1,000 yards. The Coastal Zone explicitly excludes the jurisdiction of the San Francisco Bay Conservation and

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[1] California Department of Housing and Community Development, *A Home for Every Californian*: 2022 Statewide Housing Plan. March 2022, https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136
[2] IBID.
[3] IBID.
[4] U.S. Department of Housing and Urban Development, Point in Time Counts. https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html
[5] https://www.hcd.ca.gov/policy-research/housing-challenges.shtml
[6] UC Berkeley Terner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025
[7] Legislative Analyst's Office, California's Housing and Homelessness Challenges in Context (February 27, 2023), page 2, available at https://lao.ca.gov/handouts/socservices/2023/Housing-and-Homelessness-Challenges-020623.pdf.

Development Commission and any areas contiguous to it, including rivers, streams, tributaries, and flood control channels.

California's coast is a vital natural and social resource. However, not all of the Coastal Zone is composed of environmentally sensitive areas. Much of it includes developed urban neighborhoods, including affluent, high-opportunity communities, where housing scarcity is especially acute.

Development in the Coastal Zone: The process of securing approvals for new housing throughout California is often lengthy, unpredictable, and costly. A 2025 study found that California is the most expensive state in the nation for multifamily housing production, in part due to prolonged timelines between application submittal and project approval.[8] This report found that longer production timelines are strongly associated with higher costs, and the time to bring a project to completion in California is more than 22 months longer than the average time required in Texas.[9]

HCD identifies lengthy permit processing timelines and procedures as a governmental constraint to housing development. In its *San Francisco Housing Policy and Practice Review*, HCD found that complex entitlement and permitting processes not only discourage new developers from entering the market, but can also cause existing developers to exit high-barrier jurisdictions in favor of those with simpler procedures. [10] Bureaucratic delays can result in project abandonment, further constraining the state's housing supply.

Housing development projects in the Coastal Zone face additional layers of review and uncertainty. Each coastal jurisdiction must develop its own LCP, which must be certified by the CCC. Once certified, the LCP governs land use within the Coastal Zone, including whether a CDP is required. Most development in the Coastal Zone must obtain a CDP in addition to any required local land use entitlements. These CDPs often add time and cost to the process. In areas with a certified LCP, the local government conducts the CDP review. However, even when the local government grants the permit, CDP decisions are appealable to the CCC if the development falls within certain defined zones. In areas without a certified LCP, the CCC retains approval authority for CDPs.

This layered approval structure presents particular challenges for developers pursuing denser, multifamily housing in the Coastal Zone. Common barriers to development in the Coastal Zone include high land costs, a scarcity of sites zoned for multifamily use, strong local opposition, and regulatory uncertainty. These issues are especially acute for developers of 100% affordable housing, who must assemble multiple funding sources and meet numerous regulatory requirements to make a project financially viable. According to statewide affordable housing organizations, many affordable developers avoid the Coastal Zone altogether due to the unpredictability of the permitting process. Delays can jeopardize funding applications and threaten the overall feasibility of these projects.

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[8] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[9] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[10] HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: https://www.hcd.ca.gov/policy-and-research/plans-and-reports

CDP Categorical Exemptions and Proposed Pilot Program. Under current law, the CCC may establish categorical exclusions from CDP requirements for specific classes of development that the CCC determines, following a public hearing and a 2/3 vote of its appointed members, will not have a significant adverse effect on coastal resources or public coastal access. These exclusions must not impair a local government's ability to prepare a LCP and typically apply in areas without a certified LCP.

This bill establishes a pilot program designed to streamline the approval of affordable housing in certain areas of the Coastal Zone by leveraging the CCC's existing authority to issue categorical exclusions from CDP requirements. Specifically, by July 1, 2027, the CCC, in consultation with the HCD, must identify infill areas within at least three local jurisdictions that currently lack a certified LCP. In those areas, residential housing projects comprised entirely of deed-restricted units for very low-, low-, or moderate-income households (excluding managers' units) may be categorically excluded from CDP requirements.

The categorical exclusions would remain in effect until June 30, 2037, unless the applicable LCP is certified before that date, at which point the exclusion would no longer apply in that jurisdiction. The Commission, again in consultation with HCD, must ensure geographic and demographic diversity in selecting the pilot jurisdictions, including:

- Selecting jurisdictions located in different coastal regions and with varying population sizes;
- Identifying the largest feasible categorical exclusion areas;
- Ensuring the areas affirmatively further fair housing (AFFH);
- Considering each jurisdiction's housing element sites inventory; and
- Avoiding areas projected to be impacted by sea level rise and associated coastal hazards.

Although qualifying projects would be exempt from CDP requirements, they would still be subject to local land use approvals. Additionally, before construction, project proponents must request and receive a "notice of exclusion" from the CCC confirming that the project qualifies for the categorical exemption. The CCC must publish clearly defined maps of the selected exclusion areas by August 1, 2027, and report to the Legislature by January 1, 2035, on the number of exempt projects constructed or under construction.

Arguments in Support: The California Coastal Commission writes in support: "[Categorical exemptions] (CatXs) are not a new feature of the Coastal Act. The Commission and local governments have used them in in the past to facilitate important types of development in areas where construction will not impact coastal resources or public coastal access. SB 484 would pilot a new use for CatXs by having the Commission establish them specifically for the purpose of promoting affordable housing in uncertified areas of the coastal zone.

There is a strong policy rationale for the bill's focus on uncertified jurisdictions and on 100% affordable housing projects. Of the 76 local governments located in the coastal zone, there are 12 cities that remain uncertified. Given that these cities do not have LCPs, the Commission is still in charge of coastal permitting in these portions of the coastal zone. By establishing CatXs in these areas, the Commission would simply be excluding affordable housing projects from its own jurisdiction. Thus, the CatXs required by the bill would not affect the relevant local government's land use authority or any other permits that a local government issues for affordable housing projects."

Arguments in Opposition: None on file.

Related Legislation:

AB 462 (Lowenthal) of this legislative session would place CDP reviews for ADUs on a 60-day timeframe and remove the ability for ADU CDPs to be appealed to the CCC. AB 462 is pending in the Senate Committee on Housing.

Double-Referred: This bill was double-referred to the Assembly Committee on Natural Resources, where it passed on a vote of 14-0 on June 23, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

Audobon California
Azul
Black Surfers
California Apartment Association
California Coastal Commission
California Coastal Protection Network
California Housing Partnership
California Institute for Biodiversity
California Marine Sanctuary Foundation
CAUSE
Center for Biological Diversity
Coastal Environmental Rights Foundation
Defenders of Wildlife
Endangered Habitats League
Environmental Action Committee of West Marin
Environmental Protection Information Center
Green Foothills
Housing California
Los Angeles Waterkeeper
Los Cerritos Wetlands Land Trust
MidPen Housing Corporation
National Parks Conservation Association
Natural Heritage Institute
Nature Conservancy; the
NRDC
Orange County Coastkeeper
Planning and Conservation League
Protect San Antonio Valley
Salted Roots
Surfrider Foundation
Turtle Island Restoration Network

Opposition

None on file.

Analysis Prepared by: Dori Ganetsos / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 489 (Arreguín) – As Amended April 21, 2025

SENATE VOTE: 39-0

SUBJECT: Local agency formation commissions: written policies and procedures: Permit Streamlining Act: housing development projects

SUMMARY: Adds ministerial housing projects to the Permit Streamlining Act (PSA) and requires local agency formation commissions (LAFCOs) to post their application packets for changes of organization on their websites. Specifically, **this bill**:

1) Applies the provisions of the PSA to ministerial housing development projects, as defined in the Housing Accountability Act (HAA), via cross reference to the Housing Crisis Act (HCA), reviewed by public agencies.

2) Requires a public agency to publish online, for each approval it issues in connection with a housing development project, the list and criteria the public agency will apply to determine completeness as required under existing law.

3) Requires a LAFCO's written policies and procedures to include any forms necessary for a complete application for a proposed change of organization or reorganization. These policies, procedures, and forms must be posted on the LAFCO's website.

EXISTING LAW:

1) Establishes the PSA which, among other provisions, establishes time limits within which state and local government agencies must either approve or disapprove entitlement applications. The PSA further provides that each public agency shall compile one or more lists specifying in detail the information that will be required from any applicant for a development project. (GOV 65920 - 65964.5)

2) Establishes the HCA which, among other provisions, defines a "housing development project" to have the same meaning as "housing development project" in the HAA as described in 3) below, and also includes both of the following:

   a) Projects that involve no discretionary approvals and projects that involve both discretionary and nondiscretionary approvals; and

   b) A proposal to construct a single dwelling unit. (GOV 65905.5)

3) Establishes the HAA which, among other provisions, defines a "housing development project" as follows:

   a) A project that only includes residential units; or,

   b) A mixed use project that meets any of the following conditions:

i) At least 2/3 of the new or converted square footage is designated for residential use;

ii) At least 50% of the new or converted square footage is designated for residential use if the project meets both of the following:

I) The project includes at least 500 units; and,

II) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified; or,

iii) At least 50% of the new or converted square footage is designated for residential use if the project meets all of the following:

I) The project includes at least 500 net new residential units;

II) The project involves the demolition or conversion of at least 100,000 square feet of nonresidential use;

III) The project demolishes at least 50% of the existing nonresidential uses on the site; and,

IV) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified.

iv) Transitional housing or supportive housing; and

v) Farmworker housing, as defined. (GOV 65589.5)

4) Establishes LAFCOs, which are delegated the ongoing responsibility to control the boundaries of cities, county services areas, and most special districts. (GOV 56300)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author "SB 489 would reduce costly delays in the permitting process and facilitate the approval and construction of much-needed housing in California. SB 489 would improve the Permit Streamlining Act (PSA) by requiring all public agencies to post online the information necessary for a housing development application to be deemed complete. While the PSA currently requires cities and counties to post this information online, the PSA does not comprehensively require the myriad of other public agencies from which housing development projects are required to secure regulatory approval, to post this important information online. SB 489 will help to advance the goals of the State in building more housing by requiring other agencies to post relevant requirements for housing project completion online and will strengthen the integrity and efficiency of California's housing approval process, ensuring that housing projects can be built on time and at predictable costs. This will benefit not only home buyers and renters, but businesses and workers who rely on housing development for job opportunities."

Housing Entitlement Process: The process of gaining approval to build new housing in California is often arduous, unpredictable, and expensive. Under the California Constitution,

cities and counties exercise broad "police power" authority to regulate land use in the interest of public health, safety, and welfare. Local governments implement this authority through an entitlement process, which encompasses both discretionary and ministerial approvals. Gaining "entitlement" is essentially a local government's confirmation that a housing project complies with applicable zoning regulations, design standards, and other local requirements.

The Department of Housing and Community Development (HCD) has identified lengthy approval timelines and procedural complexity as significant governmental constraints on housing production. In its *San Francisco Housing Policy and Practice Review*, HCD found that the city's complex entitlement and permitting procedures not only deter new housing developers, but may also prompt existing developers to exit the market altogether in favor of neighboring jurisdictions with simpler, more predictable processes. [1] A 2025 study found that California is the most expensive state for multifamily housing production—due in part to long approval timelines. The study also found a strong correlation between longer production timelines and higher costs, with California's average timeline to bring a project to completion exceeding that of Texas by more than 22 months. [2]

In response, the Legislature has enacted a series of laws to streamline, expedite, and standardize the housing approvals process. These include the PSA, the HAA, and the HCA, which collectively establish clear timelines and procedural requirements for public agencies reviewing housing development proposals. Among other provisions, these laws require public agencies to specify what materials must be submitted in an application and clarify the criteria by which applications will be reviewed. Once an application is deemed complete, a project is generally subject only to the ordinances, policies, and standards in effect at the time of submittal. Local agencies must then act on the application within specific timeframes, particularly following completion of any required review under the California Environmental Quality Act (CEQA).

The PSA applies timelines to the local planning approvals process. Under the PSA, local governments have 30 days to determine whether applications for development projects are complete and request additional information; failure to act results in an application being "deemed complete." The PSA also establishes certain approval timeframes under which development projects must be approved.

Historically, the PSA applied only to discretionary development review projects. However, AB 130, (Committee on Budget), Chapter 22, Statutes of 2025, changed the law so that the PSA now applies to ministerial reviews done by local agencies at the entitlement stage for housing development projects. This bill would further expand the PSA by adding all ministerial reviews involving housing development projects done by public agencies, not just local governments, to the definition of a development project under the PSA. The Committee may wish to consider aligning this bill with a provision in AB 130 that excluded postentitlement phase permits from the definition of a development project under the PSA in order to better align this bill with very recent legislation (effective July 1, 2025), and to preserve existing postentitlement timelines and review procedures.

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[1] HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: https://www.hcd.ca.gov/policy-and-research/plans-and-reports
[2] https://www.rand.org/pubs/research_reports/RRA3743-1.html

Separately, the HCA currently requires public agencies to prepare a list of all information that must be submitted for a development application. This bill would expand that requirement by mandating that each public agency publish a separate list for each type of approval related to a housing development project, including the specific criteria used to determine application completeness. These lists must also be posted online. In doing so, the bill aims to improve transparency, reduce uncertainty, and provide developers with a clearer understanding of the requirements they must meet across the full spectrum of public approvals.

Local Agency Formation Commissions (LAFCOs): The California Constitution grants the Legislature the authority to create, dissolve, or modify the boundaries and services of local governments. Since 1963, the Legislature has delegated this responsibility to LAFCOs, established in each county to oversee boundary changes involving cities, county service areas, and most special districts. LAFCOs were created to promote orderly growth, discourage urban sprawl, and encourage the efficient delivery of municipal services. Courts often refer to LAFCOs as the Legislature's "watchdog" over boundary changes.

The responsibilities and authority of LAFCOs have evolved over time, most notably through the *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* (AB 2838, Hertzberg, Chapter 761, 2000), which reaffirmed the state's interest in coordinated, efficient local governance. LAFCOs are empowered to review and act on a range of jurisdictional changes, including annexations, detachments, incorporations, dissolutions, and city or district consolidations.

Each LAFCO is governed by a commission composed of local elected officials and members of the public. Most commissions have either five or seven members, including two county supervisors, two city council members from cities within the county, and one public member. In counties where special districts have opted into representation, two special district board members are also included. Larger counties such as Los Angeles and San Diego may have additional members. While commissioners are appointed from local agencies, LAFCOs operate as independent regulatory bodies and do not represent the interests of any one jurisdiction.

State law requires each LAFCO to adopt written policies and procedures, including the forms applicants must use. This bill would clarify that those written policies and procedures must include any forms necessary to submit a complete application for a proposed change of organization or reorganization. It would also require that the policies, procedures, and forms be posted on the LAFCO's website to promote transparency and accessibility.

Arguments in Support: The California Building Industry Association, the sponsor of the bill, writes in support, "SB 489 addresses barriers to the permitting process in two key ways. First, SB 489 would improve the Permit Streamlining Act (PSA) by requiring all public agencies to post online the information necessary for a housing development application to be deemed complete. Second, SB 489 would eliminate gaps in the PSA and clarify the relationship of the PSA's permitting rules and the separate rules governing postentitlement phase permits so that all required public agency permits required to approve and build a housing project are expressly covered by either the PSA or the postentitlement permit statutes, as appropriate.

By modernizing the PSA, SB 489 will reduce unnecessary delays, lower construction costs, and facilitate the development of critically needed housing. This will benefit not only home buyers and renters, but businesses and workers who rely on housing development for job opportunities.

California's housing shortage is already a key factor in high cost-of-living concerns and workforce shortages, particularly in high-demand regions where workers cannot afford to live near their jobs."

Arguments in Opposition: None on file.

Committee Amendments:

The Committee may wish to consider the following amendment to better align this bill with a provision of the recently enacted AB 130 (Committee on Budget), Chapter 22, Statutes of 2025:

65928

(e) "Development project" does not include a postentitlement phase permit, as that term is defined in Section 65913.3.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, made numerous changes to housing policy. Specific to this bill, AB 130 added ministerial projects reviewed by local agencies to the list of development projects covered under the PSA. It also removed the sunset date from the HCA.

SB 838 (Durazo) of this legislative session would remove mixed-use developments containing any hotel, motel, or similar use from the definition of a housing development project under the HAA. SB 838 is pending hearing in this committee.

SB 681 (Wahab) of this legislative session contained the same language pertaining to the PSA and the HCA that was ultimately incorporated into AB 130. SB 681 was held in this Committee at the request of the author and is now a two-year bill.

AB 301 (Schiavo) of this legislative session would place reviews of housing development proposals conducted by state agencies, as defined, on the same post-entitlement permitting timelines as are currently contained in GOV 65913.3.

AB 2234 (Rivas), Chapter 651, Statutes of 2022 established post-entitlement review timelines for local agencies reviewing housing development projects.

SB 330 (Skinner) Chapter 654, Statutes of 2019 established the HCA, including various entitlement review requirements for housing development projects.

Double-Referred: This bill was double-referred to the Assembly Committee on Local Government, where it and passed on a vote of 10-0 on June 18, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

California Building Industry Association (Sponsor)
21st Century Alliance
Building Industry Association of the Greater Valley

Building Owners and Managers Association
California Apartment Association
California Association of Realtors
California Business Properties Association
California Chamber of Commerce
California Housing Consortium
California YIMBY
Circulate San Diego
Elevate California
Fieldstead and Company
Home Builders Association of the Central Coast
Inner City Law Center
Institute for Responsive Government Action
Lieutenant Governor Eleni Kounalakis
NAIOP California
Orange County Business Council
Orange County Taxpayers Association
Southern California Leadership Council
SPUR

Opposition

None on file with the committee.

Analysis Prepared by: Dori Ganetsos / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 634 (Pérez) – As Amended June 24, 2025

SENATE VOTE: 23-11

SUBJECT: Local government: homelessness

SUMMARY: Prohibits a local jurisdiction from adopting a local ordinance, or enforcing an existing ordinance, that prohibits a person or organization from providing support services to a person who is homeless, or assisting a person who is homeless with any act related to basic survival. Specifically, **this bill**:

1) Includes the following definitions:

    a) "Act related to basic survival" includes, but is not limited to, assisting with or providing items to assist with any of the following:

        i) Eating and drinking, including provision of food and water;

        ii) Sleeping, including provision of blankets and pillows;

        iii) Protecting oneself from the elements; and

        iv) Other activities and items necessary for immediate personal health and hygiene.

    b) Provides that nothing in the definition of "act related to basic survival" shall be interpreted to include distribution of plywood or other heavy construction materials;

    c) "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019;

    d) "Local jurisdiction" means a city, county, city and county, or special district; and

    e) "Support services" includes street outreach, evidence-based engagement services, intensive case management services, assertive community treatment, housing navigation, harm reduction services, coordination with street-based health care services, and hygiene services for people living in encampments and unsheltered individuals, as specified.

2) Provides that, notwithstanding any other law, a local jurisdiction shall not adopt a local ordinance, or enforce an existing ordinance, that prohibits a person or organization from providing support services, including legal services or medical care, to a person who is homeless or assisting a person who is homeless with any act related to basic survival.

3) States that it is the intent of the Legislature in enacting this bill to do both of the following:

a) Limit penalties that local and state governments may pursue for the performance of acts related to experiencing homelessness, including conducting life-sustaining activities, for the purpose of removing hindrance to ending California's homeless crisis; and

b) Not impose any other restrictions on local jurisdictions beyond those set forth in this bill.

4) Finds and declares that ensuring a compassionate, evidence-based approach to ending homelessness is a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities.

EXISTING LAW:

1) Establishes the Homeless Housing, Assistance, and Prevention (HHAP) program to provide jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing, and supporting the efforts of those individuals and families to maintain their permanent housing. (Health and Safety Code (HSC) 50217)

FISCAL EFFECT: None.

COMMENTS:

Author's Statement: According to the author, "SB 634 will prohibit local and state government entities from adopting an ordinance, or enforcing an existing ordinance, that prohibits a person or organization from providing basic survival services or resources to an unhoused person. Addressing the unhoused crisis in California requires proven response efforts focused on providing housing, basic services, and financial support for unhoused individuals. Such programs include the Bringing Families Home program and Homeless Housing, Assistance and Prevention (HHAP) Grant Program that have housed tens of thousands of people. The success of these unhoused service programs is largely based on supporting the efforts of community-based service providers that carry out these programs. Despite such efforts contributing to reducing the number of unhoused, there is a growing trend of local governments adopting ordinances that impose punitive penalties, including fines and jail time towards unhoused service providers. The primary example of the later includes an ordinance that broadly categorized service providers as 'aiding and abetting' for supporting unhoused people or charge them with misdemeanors simply for handing out food and water. Instead of evidence-based intervention, such punitive policies only exacerbate the unhoused crisis, cutting off the lifeline to critical services that ultimately offer a pathway off the streets. The growing shift to criminalize the unhoused and those that assist them has shifted the focus from applying proven, humanitarian solutions to a stigmatized race to the bottom.

SB 634 reaffirms California's commitment to addressing the unhoused crisis through a common sense and humanitarian approach. Specifically, this bill prohibits local and state government entities from adopting a new ordinance, or enforcing an existing ordinance, that prohibits a person or organization from providing supportive services, including legal and medical services, as well as other basic survival resources, to an unhoused person. By eliminating these barriers, SB 634 ensures that people providing critical life-saving survival resources and support to

among the most vulnerable, can continue to without fear of persecution and punishment as the state continues to tackle the unhoused crisis."

Police Power and Local Ordinances: The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental 'police power' that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public, including how people use public spaces. Local agencies can impose fines and penalties for violations of local ordinances. A violation of a local ordinance is a misdemeanor, unless by ordinance it is made an infraction. State law allows specified fines for infractions. Any local agency can make any violation of any of its ordinances subject to an administrative fine or penalty (SB 814, Alquist, 1995). Administrative fines and penalties are subject to the same maximum fine limits. The local agency must adopt an ordinance specifying the administrative procedures that govern the imposition, enforcement, collection, and administrative review of the fines or penalties.

Homelessness in California: According to the 2024 point in time count, over 187,000 people experienced homelessness in California, which is a 3.1% increase from 2023 representing almost 25% of the nation's homeless population. Sheltered homelessness is when a person is living in a temporary place, such as a temporary shelter, and unsheltered homelessness is living out in the open or in places not designated for, or ordinarily used as, a regular sleeping accommodation for people (i.e. the streets, vehicles, or parks). The point in time count is required by the US Department of Housing and Urban Development as a condition of receiving federal funding. Of that 2024 point in time count population, 123,974 people were experiencing unsheltered homelessness in the state.

The High Cost of Housing: Although some point to drug use as the cause of homelessness, it is the high cost of housing that is the root cause of homelessness in California. Other states with higher rates of overdose but lower costs of housing report much lower rates of homelessness. West Virginia leads overdose deaths per capita but has one of the lowest homelessness rates in the country. A study by the National Low Income Housing Coalition found that West Virginia has 50 affordable and available rental homes for every 100 extremely-low-income households, more than double the number that California has. A family in West Virginia can afford a two-bedroom rental on less than $17 an hour – the second-lowest figure in the nation. In California a family would need more than $40 per hour to be able to afford an average two-bedroom rental.

California needs an additional 2.5 million units of housing to meet the state's need, including 643,352 for very low-income households and 394,910 for lower income households. Since 2018, California has permitted 890,000 units of new housing, with 126,000 of those being low- and very low-income units. The Legislature has passed major legislation in recent years to allow affordable housing to be built on almost any site in the state. However, the lack of housing overall and in particular the continued lack of sufficient affordable housing is a problem that is decades in the making.

Millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs. Currently, according to the state's Homelessness Data Integration System data, for

every five individuals who access homelessness services in California, only one is housed each year, leaving four unhoused.

Grants Pass and the Criminalization of Homelessness: On June 28, 2024, in a 6-3 decision the Supreme Court ruled in the case of City of Grants Pass v. Johnson that cities can enforce camping regulations against homeless individuals without violating the Eighth Amendment's ban on cruel and unusual punishment. This means cities can penalize individuals for sleeping outside, even if they have no other safe place to go, according to the Supreme Court. This has led to many cities sweeping encampments of homeless people and pushing them out into less populated areas. The Mayor of San Jose, for example, has proposed to arrest people experiencing homelessness while acknowledging there are not enough mental health beds, permanent supportive housing, or affordable housing units to accommodate people.

For individuals experiencing homelessness, acts necessary for basic survival often happen in public spaces. In jurisdictions that have criminalized these actions, these individuals break the law because they have no private space to live. In February 2025, the City of Fremont enacted an ordinance that banned camping on public property and some private property. It also initially included a prohibition against aiding and abetting camping. Violations were punishable by up to six months in jail or a fine of up to $1,000 per violation. Public outcry regarding the aiding and abetting provision led the City Council to announce amendments to the ordinance to remove that provision. Because the city has approximately one shelter bed for every eight individuals experiencing homelessness, criminalization will not result in a reduction in homelessness; a more effective approach would be to construct more interim housing and permanent affordable housing. SB 634 prevents local agencies from imposing such fines and penalties.

Encampment sweeps that do not connect people to housing are ineffective and a waste of money. Los Angeles adopted an ordinance allowing city council members to designate areas in their district where unhoused people cannot sit, lie down, sleep, or keep belongings on sidewalks or other public areas. People are supposed to receive advanced warning and get help finding shelter before encampments are cleared. A report by the Los Angeles Homeless Services Authority (LAHSA) found that these designations and subsequent sweeps failed to keep the areas free of encampments and people largely returned. The report found that the city of Los Angeles spent millions on enforcement and 81% of people who were removed were ticketed, arrested, and later returned to where police cited them. As a result of the sweeps, service providers working to get people indoors lost contact with their clients, making it harder to connect people to shelter. People's belongings are often thrown away or destroyed in sweeps, including identification documents and vital records that they or service providers need in order to receive housing vouchers or permanent housing. Ninety-four percent of people forced to leave their location stated they wanted shelter, but only 18% were actually connected to shelter. A recent study in Seattle showed that fines and tickets prolonged people's homelessness by nearly two years.[1] Research supports encampment resolution when it is done in a coordinated fashion as part of a multi-system strategy to address the impacts of unsheltered homelessness. Shelter should only be an option when a more permanent housing placement is not available.

[1] Court-imposed fines as a feature of the homelessness-incarceration nexus: a cross-sectional study of the relationship between legal debt and duration of homelessness in Seattle, Washington, USA | Journal of Public Health | Oxford Academic

This Bill: This bill is a modest effort to limit local government's ability to adopt ordinances that criminalize homelessness and make it harder to serve people experiencing homelessness. Although it began as a more sweeping prohibition, it now simply prohibits a local government from adopting an ordinance that prevents a person or organization from providing support services to a person who is homeless, or assisting a person who is homeless with any act related to basic survival.

Arguments in Support: The National Alliance to End Homelessness Fines writes in support of this bill, "jail time double down on racial inequities. People experiencing homelessness are all already a population that's disproportionately Black: while Black people constitute about 6% of the state's overall population, they represent about a quarter of people experiencing homelessness. This overrepresentation is even worse in the prison system, where Black people in California are incarcerated at 9.5 times the rate of white people. With Black people far more likely to be subject to enforcement actions than white people, penalties for homelessness continue to turbocharge the racial inequities in California's justice system."

Arguments in Opposition: A few cities remain opposed to this bill, including the City of Corona who writes, "The City of Corona has worked hard to develop a system that connects people to shelter, services and housing to "end" homelessness, not support programs that perpetuate street homelessness, such as community-based/faith-based organizations serving meals in parks, providing mobile showers, and providing tents and blankets that result in encampments. In reviewing the amendments, we still believe that this legislation would impact our ability to enforce the City's municipal code regarding unauthorized meal serving in the parks and would further encourage the distribution of blankets and sleeping bags that contribute to encampments."

Double Referred: This bill is double referred. It was heard in the Assembly Committee on Local Government and passed on a vote of 6-2 on July 2, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

Disability Rights California (Sponsor)
Inner City Law Center (Sponsor)
National Alliance to End Homelessness (Sponsor)
Western Center on Law & Poverty (Sponsor)
Abode Housing Development
ACLU California Action
All Home
Alliance San Diego
Brilliant Corners
California Coalition for Rural Housing
California Coalition for Youth
California Housing Partnership
California Interfaith Power & Light
California Professional Firefighters
Coalition on Homelessness
Compass Family Services
Corporation for Supportive Housing
Courage California

Drug Policy Alliance
East Bay Housing Organizations
Enterprise Community Partners
Fremont for Everyone
Harm Reduction Therapy Center
HealthRIGHT 360
HomeFirst Services of Santa Clara County
Housing California
Human Impact Partners
Inland Region Reentry Collaborative
Los Angeles Homeless Services Authority
National Harm Reduction Coalition
National Homelessness Law Center
NOHO Home Alliance
Oakland Privacy
PATH
Peace and Freedom Party of California
Sacramento Area Congregations Together
Safe Place for Youth
SEIU California
Swords to Plowshares - Vets Helping Vets
The Gubbio Project
University of the Pacific McGeorge School of Law Homeless Advocacy Clinic
Valley Oasis
Westside Community Coalition
Individuals (1)

Opposition

City of Corona
City of Fairfield
City of Folsom
City of Lake Forest
City of Lakewood
City of Paramount
City of Riverside
City of Simi Valley
City of Thousand Oaks
City of Torrance
City of Wildomar
Orange County Board of Supervisors
Riverside County Sheriff's Office
San Bernardino County Board of Supervisors

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 655 (Stern) – As Amended June 16, 2025

SENATE VOTE: 39-0

SUBJECT: Dwelling units: indoor temperature

SUMMARY: Declares it to be the established policy of the state that all dwelling units, as specified, shall be able to attain and maintain a safe maximum indoor temperature, and requires all state agencies to consider this policy when revising, adopting, or establishing policies, programs, regulations, and criteria, including grant criteria, that are relevant to achieving this state policy.

EXISTING LAW:

1) Deems any building or portion thereof in which there exists a lack of adequate heating, to an extent that endangers the life, limb, health, property, safety, or welfare of the occupants of the building, nearby residents, or the public, to be a substandard building. (Health and Safety Code Section 17920.3(a)(6))

2) Deems a dwelling untenantable if it substantially lacks heating facilities that conformed with applicable law at the time of installation or that are maintained in good working order. (Civil Code Section 1941.1(a)(4))

3) Requires every dwelling unit and guest room used or offered for rent or lease to be provided with heating facilities capable of maintaining a minimum room temperature of 70 degrees at a point three feet above the floor in all habitable rooms, and when the heating facilities are not under the control of the tenant or occupant of the building owner and/or manager, shall provide that heat at a minimum temperature of 70 degrees, 24 hours a day. Requires these facilities to be installed and maintained in a safe condition and in accordance with Chapter 37 of the Uniform Building Code, the Uniform Mechanical Code, and other applicable laws. Prohibits unvented fuel burning heaters and requires all heating devices or appliances to be of an approved type. (California Code of Regulations, 25 CCR § 34)

4) Declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code (WAT) Section 106.3(a))

5) Requires all relevant state agencies, including the Department of Water Resources, the State Water Resources Control Board, and the State Department of Public Health, to consider the state policy in 4) above when revising, adopting, or establishing policies, regulations, and grant criteria when those policies, regulations, and criteria are pertinent to the uses of water described in 4) above. (WAT 106.3(b))

6) Provides that 4) and 5) above do not expand any obligation of the state to provide water or to require the expenditure of additional resources to develop water infrastructure beyond the obligations that may exist pursuant to 3) above. (WAT 106.3(c))

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "As Californians face the growing impacts of climate change, extreme heat is among the most alarming and deadly. These spikes in heat are not just uncomfortable. They are life threatening. Vulnerable populations including our elderly, children, those with preexisting health conditions, and low income individuals where access to cooling resources may be limited, are disproportionately affected. The State must address and prepare for extreme heat, promote energy efficiency, and secure safe and healthy housing for all Californians. This bill unifies relevant state efforts around the common-sense goal of refuge from extreme heat in one's own home. When residential dwelling units can maintain a safe indoor temperature, it greatly mitigates heat-related illnesses and death- a worthy and necessary goal for California to achieve."

Extreme Heat and Residential Indoor Temperature Challenges: While current housing law generally provides for the right to heat during times of extreme cold, it does not guarantee cooling during heat events. Heat exposure can cause a variety of health impacts including heat cramps, heat exhaustion, heat stroke, exacerbation of respiratory illnesses, and can even lead to death. In fact, heat causes more reported deaths per year on average in the US than any other weather hazard.[1] A heat wave in 2006 led to 140 deaths as well as 16,000 more emergency room visits and 1,100 more hospitalizations as compared to similar time periods without a heat wave. The California Department of Public Health in 2023 reported 395 excess deaths in California during a 10-day heat wave in September 2022. Due to climate change, this extreme weather will become more common – the California Fourth Climate Change Assessment estimates that by 2050, urban heat-related deaths could double or triple due to rising temperatures. In addition, lower income communities are hotter than wealthier communities, and California metro areas have a larger temperature disparity between their poorest and wealthiest areas than any other state in the southwest.[2,3]

State Action Plan: In response to concerns about the dangerous impacts of extreme heat, the Governor's Office released "Protecting Californians from Extreme Heat: A State Action Plan to Build Community Resilience" in April 2022.[4] This plan, known as the California Extreme Heat Action Plan (EHAP), includes 13 goals under the categories of building public awareness and notification; strengthening community services and response; increasing the resilience of our built environment; and utilizing nature-based solutions. Areas of near-term focus include implementing a statewide public health monitoring system for early identification, monitoring, and tracking of heat illness events; accelerating readiness and protection of communities most impacted by extreme heat; protecting vulnerable populations through codes, standards, and regulations; expanding economic opportunity and building a climate smart workforce that can operate under, and address, extreme heat; increasing public awareness to reduce risks posed by

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[1] https://oehha.ca.gov/media/epic/downloads/19humanhealth_14jan2019.pdf
[2] https://www.latimes.com/california/story/2021-10-28/extreme-heat-built-environment-equity
[3] Dialesandro, John; et al. *Dimension of thermal Inequity: Neighborhood Social Demographics and Urban Heat in the Southwestern U.S.* (Int. J. Environ. Res. Public Health, 2021). https://www.mdpi.com/1660-4601/18/3/941
[4] *Protecting Californians From Extreme Heat: A State Action Plan to Build Community Resilience*, https://www.gov.ca.gov/2022/04/28/california-releases-extreme-heat-action-plan-to-protect-communities-from-rising-temperatures/

extreme heat; and protecting natural and working lands, ecosystems, and biodiversity from the impacts of extreme heat.

Recent Efforts to Create a Cooling Standard: In 2022, AB 2597 (Bloom) would have required HCD to develop, propose, and submit mandatory building standards for adequate residential cooling for both new and existing units. AB 2597 was held by the author in the Senate Housing Committee due to concerns about placing onerous requirements on housing providers, circumventing the state regulatory process for building code adoption, and placing significant challenges on the electric grid due to more air conditioners running during peak energy demand times and during hot weather in general. Stemming from that conversation, legislation enacted as part of the budget agreement in 2022 (AB 209, Committee on Budget) included a provision requiring HCD to provide recommendations to the Legislature to help ensure that residential dwelling units can maintain a safe indoor temperature.

AB 209 Report*:* As required by AB 209, HCD recently released "Policy Recommendations: Recommended Maximum Safe Indoor Temperature" to the Legislature.[5] The report notes that its policy recommendations are aligned with many of the goals identified in the 2022 EHAP discussed above. The report recommends that the state consider a general maximum safe indoor air temperature of 82 degrees Fahrenheit for residential dwelling unit, to be implemented by methods including building standards for newly constructed residential dwelling units, and/or incentive programs for retrofitting existing residential dwelling units, manufactured homes, and mobilehomes. The report recommends the following for newly constructed residential units:

- Direct HCD to propose building standards that require newly constructed residential dwelling units to be designed and constructed to maintain a maximum indoor air temperature of 82 degrees Fahrenheit.

- Establish incentive programs for passive and low energy cooling strategies focusing on the use of cool roofs, cool walls, window shading, building shading, and landscaping. In developing these programs, evaluate the use of modeling predictions of future weather data rather than historical weather data.

For existing residential units, mobilehomes, and manufactured homes, the following:

- Establish incentive programs to encourage broader adoption and use of fans or whole house ventilation systems.

- Establish incentive programs to encourage the use of room evaporative coolers (commonly known as "swamp coolers") in warmer climate zones.

- Establish incentive programs to encourage the use of air conditioning, with current heat pump technology, where feasible and cost effective.

- Establish incentives for weatherization and passive and low energy cooling retrofit strategies.

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[5] *Policy Recommendations: Recommended Maximum Safe Indoor Air Temperature*, https://www.hcd.ca.gov/sites/default/files/docs/policy-and-research/plan-report/ab-209-policy-recommendations.pdf

This bill declares it to be the state's policy that all dwelling units be able to attain and maintain a safe maximum indoor temperature (but does not establish or otherwise reference a specific temperature). This policy declaration is modeled after a similar declaration of water policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes, as referenced in existing law above.

This bill, similar to the aforementioned water policy, also requires all state agencies to consider the indoor temperature policy when revising, adopting, or establishing any policies, programs, regulations, and grant criteria that are relevant to achieving the policy. The author indicates the intention of this subdivision is to require state agencies that have jurisdiction over policies, regulations, or programs that affect cooling standards, incentives, or other tools the state may be using to address extreme heat in residential settings to incrementally incorporate this new policy declaration into those policies, regulations, or programs as they are being issued or updated.

Arguments in Support: According to a coalition of supporters, including Leadership Council Action, the Western Center on Law and Poverty, the Sierra Club, and Tenants Together, "California has a minimum residential indoor temperature standard to protect people from the cold, yet there are no complementary mechanisms designed to provide broad protections from dangerous indoor heat. This gap in our programs and policies puts the most vulnerable Californians at serious risk of illness and death from extreme heat. … SB 655 will establish a critical policy statement and goal that all people in California should be able to be safe from the impacts and risks of extreme heat in their own homes. And it will create a common-sense approach to achieving this goal by ensuring that state agencies - through their existing and ongoing efforts to address and prepare for extreme heat, promote energy efficiency, and secure safe and healthy housing - consider how best to address extreme heat in homes through those ongoing efforts."

Arguments in Opposition: The Southern California Rental Housing Association writes in opposition that the bill's policy standard is vague and unenforceable and raises significant concerns regarding expectations for landlords and developers, that it may lay groundwork for future regulatory burdens in the form of cooling mandates to be imposed on existing housing, and that the bill may conflict with other work local governments are now required to perform to incorporate extreme heat into their general plans' safety elements.

Committee Amendments: Staff recommends the bill be amended as follows:

1) Name specific state agencies and departments that are of particular relevance to the temperature policy in the bill, specifically HCD, the Office of Land Use and Climate Innovation, and the Energy Commission; and

2) Phase in the requirement to consider the temperature policy for regulations on January 1, 2027, as the rulemaking process is lengthy and enacting this requirement with a January 1, 2026 date may disrupt pending rulemaking packages or cause agencies to have to withdraw or reissue legally required notices or reopen comment periods.

Related Legislation:

AB 209 (Committee on Budget), Chapter 251, Statutes of 2022: Required HCD to provide recommendations to the Legislature to help ensure that residential dwelling units can maintain a safe indoor temperature.

AB 2579 (Bloom) of 2022 would have required HCD to develop, propose, and submit mandatory building standards for adequate residential cooling for both new and existing units. The bill was

AB 685 (Eng), Chapter 524, Statutes of 2012: Declared that it is the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Required all relevant state agencies, including the Department of Water Resources, the State Water Resources Control Board, and the State Department of Public Health, to consider this state policy when revising, adopting, or establishing policies, regulations, and grant criteria when those policies, regulations, and grant criteria are pertinent to the uses of water.

REGISTERED SUPPORT / OPPOSITION:

Support

Access Reproductive Justice
Association for Energy Affordability
Building Decarbonization Coalition
Building Electrification Institute
California Center for Movement Legal Services
California Environmental Justice Alliance Action
California Green New Deal Coalition
California Rural Legal Assistance Foundation
Center for Community Action and Environmental Justice
Center on Race, Poverty & the Environment
Central California Asthma Collaborative
Central California Environmental Justice Network
Central Valley Air Quality Coalition
Centro Binacional para el Desarrollo Indigena Oaxaqueño
Clean Water Action
Climate Resolve
Coalition for Economic Survival
Cómite Cívico del Valle
Community Action to Fight Asthma
Courage California
Healing and Justice Center
Health in Partnership
Hmong Innovating Politics
Housing Now!
Impactful Freedom
Inland Empire Prism Collective
Inner City Law Center
Interfaith Movement for Human Integrity
Leadership Counsel Action
Legal Aid of Sonoma County
Local Clean Energy Alliance
Los Angeles County Board of Supervisors
Madera Coalition for Community Justice
Natural Resources Defense Council

Pesticide Action and Agroecology Network
PODER
Pueblo Unido CDC
Regional Asthma Management and Prevention
Rising Sun Center for Opportunity
SGV Casita
Sierra Club California
So Cal Trash Army
Starting Over Strong
Starting Over
Strategic Actions for a Just Economy
Tenants Together
TODEC Legal Center
Unidos por el Valle Central
USGBC California
Western Center on Law & Poverty
Individuals (1)

Opposition

Southern California Rental Housing Association

Analysis Prepared by: Nicole Restmeyer / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 686 (Reyes) – As Amended July 7, 2025

SENATE VOTE: 38-0

SUBJECT: Housing programs: financing

SUMMARY: Changes recently passed trailer bill language in AB 130 (Committee on Budget), Chapter 22, Statutes of 2025 that authorized the Department of Housing and Community Development (HCD) to allow owners of developments with affordable housing funding from HCD to extract equity for specified purposes. Specifically, **this bill**:

1) Adds to the list of eligible uses of extracted equity, reimbursement of borrower advances for predevelopment costs, unreimbursed capital improvements, and unreimbursed operating deficits.

2) Revises the definition of "extracted equity" to mean "distributed funds that are financed with debt that is secured by a department-regulated property" rather than "debt added on to a department-regulated property."

EXISTING LAW:

1) Authorizes HCD, to the extent permitted under federal law and the California Constitution, to allow an owner of a property subject to a regulatory agreement with the department to take out additional debt from a development to finance rehabilitation of the property or investment in new affordable housing if all of the following conditions are met:

    a) All hard debt, including the additional debt, is underwritten with a debt-service coverage ratio of at a minimum 1.15 and is demonstrated to project positive cash flow for 15 consecutive years. For the purposes of this subdivision, "hard debt" means debt that must be repaid via an amortizing payment or at a specified maturity date;

    b) Any new debt is subordinate to the department's lien and regulatory agreement, as applicable, unless the department reasonably determines that subordination of the department's lien is necessary for the feasibility of a project and to fund reasonable rehabilitation or improvements, including soft costs;

    c) Any extracted equity is any of the following:

        i) With HCD's approval, contributed to other projects that will increase or improve the supply of deed-restricted affordable housing serving low-income households in the state;

        ii) Utilized in the purchase of a limited partner interest of a tax credit investor in the project, provided that the amount used to purchase that interest shall be subject to the guidelines adopted, as specified;

iii) Utilized in the payment of any unpaid deferred developer fee for the project pursuant to any applicable department regulations;

iv) Applied toward payment for necessary repairs and rehabilitation of the project;

v) Utilized for the establishment or replenishment of department-approved project reserves; or

vi) Utilized for any other purposes approved by the department.

d) The department's regulatory agreement remains in place for the project for its remaining term. If equity is extracted for purposes allowed, the department's regulatory agreement will be recorded in a senior position; and

e) The department continues to be entitled to receive monitoring fees to ensure compliance with the existing regulatory agreement. (Health and Safety Code (HSC) Section 50406.4)

2) Defines "extracted equity" to mean debt added to a department-regulated property that is used for any of the following purposes:

a) Approved project rehabilitation work;

b) To pay off existing debt;

c) Replenishment of reserves; or

d) Other department-approved project specific uses. (HSC 50406.4)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California is in a serious deficit of affordable housing supply. Investing and financing affordable housing are key tools to addressing the housing supply deficit. With the passage of AB 130, the Department of Housing and Community Development (HCD) may now accept the early repayment of loans by housing developers. With the approval of HCD, developers can now leverage extracted equity to create more affordable housing projects or for the preservation of existing affordable housing. SB 686's previous language was included in this trailer bill and will unlock millions of dollars to be used on more affordable housing projects. The bill now seeks to follow up on this investment by addressing the lack of clarity involving permitted uses of the extracted equity and better define the term extracted equity."

Affordable Housing Finance: The state finances affordable multifamily rental housing using a combination of loans, tax credits, and private activity bonds. Unlike market rate housing, affordable housing does not have the cash-flow from rents to support traditional financing. Affordable housing is provided to tenants whose household income is below the area median income (AMI). To qualify, very low-income tenants must make 60% or less of the AMI and lower-income tenants must make 80% or less of AMI. Tenants in affordable housing are only required to pay 30% of their income toward rent, so the state provides enough long term subsidy to reduce the overall debt service on a development. HCD loans serve as the permanent financing

that comes in once a development is complete to take out the predevelopment and construction loans a developer took on to construct the development. HCD loans are secured with a lien in first position on the property. Developments are also subject to a 55-year recorded regulatory agreement which runs with the project. If a developer pays off an HCD loan before the covenants expire, the regulatory agreement is not extinguished and the developer must continue to provide the units at an affordability rent for the length of the regulatory agreement to lower-income tenants.

Challenges Facing Affordable Housing Developments: Due to several factors including the depletion of operating reserves resulting from the COVID-19 eviction moratorium and unprecedented increases in insurance rates, affordable housing developments are facing financial challenges. Enterprise Community Partners recently conducted a survey of 130 affordable properties and found that on average the developments were experiencing insurance cost increases of 70%, with some providers reporting increases up to 500%. Because rents are capped, these properties have fewer options to cover these increases. In some cases, the situation is made worse because the project's operating reserves have not recovered from the eviction moratorium. Due to these financial pressures some properties are at risk of foreclosing or becoming market-rate developments, which would eliminate vital affordable housing units.

Recent Trailer Bill: Just last month, the Legislature approved and the Governor signed a budget trailer bill, AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, which authorized HCD to allow owners of affordable housing developments financed with HCD loans to extract equity from the development for specified purposes. HCD has ultimate authority to allow an extraction of equity and while there is a list of specified uses of equity withdrawals including, approved project rehabilitation work, to pay off existing debt, and replenishment of reserves, the bill also gave HCD broad authority to approve other uses. Any new debt must be subordinated to HCD's lien and regulatory agreement unless the department determines that subordination of its lien is necessary for the feasibility of the project and to fund the rehabilitation or improvements.

This bill would add to the list of eligible uses of extracted equity, reimbursement of borrower advances for predevelopment costs, unreimbursed capital improvements, and unreimbursed operating deficits. In addition, this bill revises the definition of "extracted equity" to mean "distributed funds that are financed with debt that is secured by a department-regulated property" rather than "debt added on to a department-regulated property." According to the sponsors, they are in discussions with the department about the need to make these changes which they view as clarifying.

Arguments in Support: According to the bill's cosponsor, the California Council for Affordable Housing, "The amendments in SB 686 serve as essential clarifying revisions to the language in the budget trailer bill. These amendments provide clarification on the following points:

- Amendment 1: Section 50406.4(c)(1) – This language clarifies that the permitted uses for extracted equity include reimbursements for borrower advances for predevelopment costs, unreimbursed capital improvements, and unreimbursed operating deficits and that these things are allowable. This amendment makes the language consistent with the permitted uses described in 50560(e).

- Amendment 2: Section 50406.4(c)(2). – The language in the budget bill describes extracted equity as 'debt added' to a property. This is confusing and inaccurate because,

in these circumstances the purpose of the law is to allow for the debt to be repaid to HCD, effectively removing the debt rather than adding debt. This amendment clarifies that 'distributed funds that are financed with debt that is secured by a department-regulated property…' which more accurately describes the action."

Arguments in Opposition: None on file.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025: Authorized HCD, to the extent permitted under federal law and the California Constitution, to allow an owner of a property subject to a regulatory agreement with the department to take out additional debt from a development to finance rehabilitation of the property or investment in new affordable housing if specified conditions are met.

AB 913 (Celeste Rodriguez), of this legislative session, would authorize HCD to take specified actions to improve the fiscal integrity of an affordable housing development financed with department resources. This bill is pending a hearing in the Senate Appropriations Committee.

AB 2638 (Ward, 2024) would have authorized HCD to approve the payoff of an HCD loan in whole or part, prior to the end of its term, and the extraction of equity from a development for purposes approved by HCD. This bill was held on the Senate Appropriations Committee suspense file.

AB 515 (Ward, 2023) would have authorized HCD to approve the payoff of an HCD loan in whole or part, prior to the end of its term, and the extraction of equity from a development for purposes approved by HCD. This bill was held on the Senate Appropriations Committee suspense file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Council for Affordable Housing (Sponsor)
California Housing Consortium (Co-Sponsor)
California Housing Partnership
Housing Action Coalition
Housing California
MidPen Housing Corporation
Resources for Community Development

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 724 (Richardson) – As Amended May 5, 2025

SENATE VOTE: 38-0

SUBJECT: Public housing: lead testing

SUMMARY: Requires the owner of a public housing unit, if it is owned or managed by a city, county, city and county, or housing authority, to provide information to the residents of the public housing unit regarding any applicable existing program that offers free testing for lead in drinking water.

EXISTING LAW:

1) Establishes as policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. (Water Code Section 106.3)

2) Requires, pursuant to the California Safe Drinking Water Act (SDWA), the State Water Resources Control Board (State Water Board) to regulate drinking water and to enforce the federal SDWA and other regulations. (Health and Safety Code (HSC) Section 116275, et seq.)

3) Prohibits the use of any pipe, pipe or plumbing fitting or fixture, solder, or flux that is not "lead free" in the installation or repair of any public water system or any plumbing in a facility providing water for human consumption. (HSC 116875(a))

4) Prohibits the use of lead for residential use in the United States. (16 Code of Federal Regulations § 1303)

5) Requires the California Department of Public Health (CDPH), by July 1, 2019, to adopt regulations establishing a standard of care whereby all children are evaluated for risk of lead poisoning by health care providers during each child's periodic health assessment. *As of the writing of this analysis these regulations have not been adopted by CDPH.* (HSC 105285).

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Lead consumption among youth and disenfranchised communities occurs at a higher rate. Assisting public housing residents with the resources and appropriate standards to ensure the water people drink are safe will help us protect our communities. California should take the responsible steps to ensure public housing residents receive adequate lead testing standards."

Human Right to Water: In 2012, the Legislature enacted AB 685 (Eng, Chapter 524), making California the first state in the nation with a Human Right to Water law. AB 685 established a

state policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitation. However, water supply issues, climate change, contaminants, aging infrastructure, and failing and at-risk systems, especially in disadvantaged communities, are among the multiple factors that continue to challenge progress in implementing the Human Right to Water.

Short- and Long-Term Consequences of Childhood Lead Exposure: According to the Centers for Disease Control and Prevention (CDC), research shows that there is no safe level of lead in drinking water and even very low levels can have negative and irreversible health effects, especially for children and pregnant persons. Because of lead's health impacts, the United States Environmental Protection Agency (US EPA) maintains a maximum contaminant level goal of zero, and some organizations, such as the American Association of Pediatrics, have called for national and state efforts to bring lead levels in drinking water closer to zero parts per billion (ppb). The CDC states that childhood lead exposure can seriously harm a child's health and cause well-documented adverse effects, including brain and nervous system damage, slowed growth and development, learning and behavior problems, and hearing and speech problems. These health impacts can in turn lead to decreased attention and underperformance in school among lead-exposed children. One study by Evens et al. (2015), published in *Environmental Health*, examined data for nearly 58,000 children attending Chicago public schools and found that increasing blood lead levels were associated with increasing failure rates on standardized reading and math tests. Among children with the lowest blood lead levels, even small increases in blood lead levels were associated with what the authors described as "steeper failure rates."

While children, pregnant persons, and developing fetuses are particularly susceptible to the harmful effects of lead, lead in blood can also result in an increased risk of cardiovascular disease, high blood pressure, and kidney and nervous system problems for adults. Because the human body can store lead in bone, even temporary environmental exposures in childhood can result in many years to decades of recurring or ongoing elevations in blood lead levels. One study by Nie et al. (2009), published in the *Journal of Occupational and Environmental Medicine,* reports that lead stored in bone can release back into the blood, resulting in elevated blood lead levels during periods of illness (e.g., with skeletal or dental disease) and during multiple life stages, including childhood, pregnancy, lactation, and menopause.

Inequities in Childhood Lead Exposure: According to the CDC, people with low incomes and people of color are more likely to live in neighborhoods with outdated infrastructure, and are thus more likely to be exposed to lead-based paint and pipes, faucets, and plumbing fixtures containing lead. Evens et al. (2015) found that among nearly 58,000 children attending Chicago public schools, blood lead levels were highest in Black children (relative to Hispanic and white children) and higher in low-income children.

Children from low-income families and communities of color can also be further disadvantaged through the cumulative impacts of lead and other challenges they may face, including higher rates of poverty, malnutrition, exposure to multiple pollutants, and enrollment in under-resourced schools. A 2020 study published in *Nature Medicine* (Marshall et al.) reported that the combination of lead exposure and being from a low-income family can result in worse impacts for children, when compared to children who have only one of these risk factors. Specifically, children from low-income families and with the highest risk levels for lead exposure showed reduced cognitive performance and changes in parts of the brain that regulate the capacity for problem solving, planning, critical thinking, and memory.

Sources of Childhood Exposure to Lead*:* The US EPA states that children can be exposed to lead in paint, dust, soil, air, and food, as well as drinking water, and that drinking water can make up 20% or more of a person's total lead exposure. According to a 2012 article published in the CDC's *Morbidity and Mortality Weekly Report* (Brown and Margolis), lead is unlikely to be present in source water, unless a specific source of contamination exists. More commonly, lead enters drinking water through the corrosion of plumbing materials and solder that contain lead. Lead can enter a building's drinking water by leaching from lead service lines, lead solder used in copper piping, and from brass fixtures. The amount of lead in tap water can depend on several factors, including the age and material of the pipes and fixtures, concentration of lead in water delivered by the public utility, and corrosiveness of the water. More corrosive water can cause greater leaching from pipes. The most common sources of lead in drinking water are lead pipes, faucets, and fixtures. In homes with lead pipes that connect the home to the water main, also known as lead services lines, these pipes are typically the most significant source of lead in the water. Lead pipes are more likely to be found in older cities and homes built before 1986. Among homes without lead service lines, the most common problem is with brass or chrome-plated brass faucets and plumbing with lead solder.

The CDC recommends that public health actions be initiated when the level of lead in a child's blood is 3.5 micrograms per deciliter or more. It is important to recognize all the ways a child can be exposed to lead. Children are exposed to lead in paint, dust, soil, air, and food, as well as drinking water. If the level of lead in a child's blood is at or above the CDC action level of 3.5 micrograms per deciliter, it may be due to lead exposures from a combination of sources. US EPA estimates that drinking water can make up 20% or more of a person's total exposure to lead. Infants who consume mostly mixed formula can receive 40% to 60% of their exposure to lead from drinking water.

California's Childhood Lead Poisoning Prevention Program**:** The Childhood Lead Poisoning Prevention Program (CLPPP), administered by CDPH, provides services to the community for the purpose of increasing awareness regarding the hazards of lead exposure, reducing lead exposure, and increasing the number of children assessed and appropriately blood tested for lead poisoning. The CLPPP program offers home visitation, environmental home inspections, and nutritional assessments to families of children found to be severely lead poisoned. The CLPPP provides telephone contacts and educational materials to families of lead-poisoned and lead-exposed children. The CLPPP also provides information and education to the general public, medical providers, and community-based organizations.

Legislation to Improve Testing for Children for Lead**:** AB 1316 (Quirk, Chapter 507, Statutes of 2017) required CDPH, as part of the CLPPP, to adopt regulations, by July 1, 2019, establishing a standard of care, at least as stringent as the most recent CDC screening guidelines, whereby all children are evaluated for risk of lead poisoning by health care providers during each child's periodic health assessment. *As of the writing of this analysis, these regulations have not been adopted by CDPH.*

State and Federal Laws Regulate the Lead Content of Fixtures**:** Beginning January 1, 2010, California law (AB 1953, Chan, Chapter 853, Statutes of 2006) banned for sale and use any pipe, pipe or plumbing fitting, or fixture intended to convey or dispense water for human consumption through drinking or cooking that is not "lead free." "Lead free" is defined as not more than 0.2% lead when used with respect to solder and flux; not more than a weighted average of 0.25% when used with respect to the wetted surfaces of pipes and pipe fittings, plumbing fittings, and

fixtures; and not more than 8% when used with respect to pipes and pipe fittings. This definition applies to kitchen faucets, bathroom faucets, and any other endpoint device intended to convey or dispense water for human consumption through drinking or cooking.

***Federal Drinking Water Regulation of Lead*:** The Safe Drinking Water Act requires US EPA to determine the level of contaminants in drinking water at which no adverse health effects are likely to occur with an adequate margin of safety. These non-enforceable health goals, based solely on possible health risks, are called maximum contaminant level goals (MCLGs). US EPA has set the maximum contaminant level goal for lead in drinking water at zero because lead is a toxic metal that can be harmful to human health even at low exposure levels. Lead is persistent, and it can bioaccumulate in the body over time.

On October 8, 2024, US EPA promulgated the Lead and Copper Rule Improvements (LCRI), which updates the federal Lead and Copper Rule, a body of regulations under the SDWA that governs the management of lead in drinking water. Under the LCRI, drinking water systems will be required to proactively replace lead services lines within 10 years. This requirement removes the greatest nationwide source of lead in drinking water. The rule also strengthens requirements to locate lead pipes, improve testing for lead in water, and ensure that exposure is minimized while lead pipe replacement efforts are underway.

***This Bill*:** Requires the owner of public housing, whether it's a city or county; city and county; or local housing authority, to provide information to residents of the public housing unit regarding any applicable existing program that offers free testing of drinking water for lead. Given the health risks associated with lead exposure, especially to children, providing information about the levels of lead in drinking water in public housing seems very reasonable. Public housing does not have the funding available to complete this testing without additional resources from the state, local or federal government.

Arguments in Support: According to the American College of Obstetricians and Gynecologists, "SB 724 offers an urgently needed solution. By increasing awareness of no-cost testing programs in public housing, where lead exposure risks may be elevated due to older infrastructure, we can better inform families to safeguard their health. The bill does not create a new testing requirement or burden for housing authorities; it simply ensures that existing resources are communicated to the residents who need them most."

Arguments in Opposition: None on file.

Related Legislation:

SB 1076 (Archuleta), Chapter 507, Statutes of 2022): Requires CDPH to promulgate regulations governing lead-related construction work to conform to US EPA's Lead Renovation, Repair, and Painting Rule.

AB 100 (Holden), Chapter 692, Statutes of 2021: Requires, commencing January 1, 2023, manufacturer compliance with a specified lower lead leaching standard for faucets and other end point devices used for providing drinking water; prohibits sales of products that do not meet the new standard beginning July 1, 2023; and, requires labeling of products that comply with the definition of "lead free" to indicate compliance in an easily identifiable manner.

AB 2370 (Holden), Chapter 676, Statutes of 2018: Requires licensed child day care facilities to, upon enrolling any child, provide parents or guardians with certain written information related to the risks and effects of lead exposure and blood lead testing recommendations and requirements, and subjects certain child day care centers to requirements related to testing drinking water for lead.

SB 862 (Budget Committee), Chapter 449, Statutes of 2018): Appropriated $5 million to the State Water Board to provide grants or contracts for drinking water testing for lead at licensed child day care centers, remediation of lead in plumbing and drinking water fixtures, and technical assistance for licensed child day care providers to apply for testing and remediation.

AB 1316 (Quirk), Chapter 507, Statutes of 2017: Requires, by July 1, 2019, CDPH to define"risk" in the regulations for the Childhood Lead Poisoning Prevention Program (CLPPP). *As of the writing of this analysis, these regulations have not been adopted by CDPH.*

AB 746 (Gonzalez Fletcher), Chapter 746, Statutes of 2017: Requires a community water system that serves a school-site built before January 1, 2010 to test for lead in the potable water system of the school-site on or before July 1, 2019.

AB 1953 (Chan), Chapter 853, Statutes of 2006: Banned for sale and use any pipe, pipe or plumbing fitting, or fixture intended to convey or dispense water for human consumption through drinking or cooking that is not "lead free."

Double Referred: This bill is double referred. It was heard in the Assembly Committee on Environmental Safety and Toxic Materials and passed on a vote of 7-0 on June 17, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

American College of Obstetricians & Gynecologists - District IX
California State PTA

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 772 (Cabaldon) – As Amended July 8, 2025

SENATE VOTE: 34-0

SUBJECT: Infill Infrastructure Grant Program of 2019: applications: eligibility

SUMMARY: Lowers the affordability requirements to receive funding from the Infill Infrastructure Grant (IIG) Program and makes other changes to the program. Specifically, **this bill**:

1) Changes the definition of "qualifying infill project" areas for the purposes of the IIG program to include parcels that are adjacent to parcels that have previously been developed in addition to ones with existing development.

2) Adds to the list of priorities that the Department of Housing and Community Development (HCD) considers in ranking applicants for IIG funding for both "qualifying infill area" and "catalytic qualifying infill area" to include walkability to essential services or businesses.

3) Changes the information that eligible applicants must submit to HCD in the application request for both "qualifying infill projects" and "catalytic qualifying infill" funding from a requirement to submit permits and a certification that the project is shovel-ready to building permits.

4) Adds to the definition of "qualifying infill area" a contiguous area that is located within an urban area that qualifies as a site under AB 2011 (Wicks), Chapter 647, Statutes of 2022.

5) Lowers the affordability requirements for a project in a "qualifying infill area," or "catalytic qualifying infill area" in the following way:

    a) Reduces the area median income (AMI) a project must include in a development from 15% of affordable units at 60% of AMI to 15% at 80% of AMI;

    b) Allows a project that is using the by-right, streamlined process under SB 35 (Wiener), Chapter 366, Statutes of 2017 to qualify for funding if they include at a minimum 10% of the affordable units at 50% of AMI (very low-income); and

    c) Allows a project that is using the by-right, streamlined process under AB 2011 (Wicks), Chapter 647, Statutes of 2022 to qualify for funding if they include a minimum of either 8% of units at 50% of AMI and 5% of units at 30% of AMI (extremely low-income), or 15% of units at 80% of AMI.

6) Expands the areas where a "qualifying infill project," "qualifying infill area," or "catalytic qualifying infill area" can qualify for funding to include sites that are eligible for AB 2011 (Wicks), Chapter 647, Statutes of 2022.

7) Changes the definition of capital improvement projects that may be funded under the IIG as follows:

a) Replaces "streets and roads" as a use to streets or roads that are publicly maintained and open to the use of the public for purposes of vehicular travel and that will serve as a connector within a qualifying infill project or qualifying infill area; and

b) Add the use of funds for "nature-based solutions" that are proven to reduce the risk from climate change-driven natural disasters and risks like wildfire, flooding, heat, and sea level rise. For purposes of this paragraph, "nature-based solutions" means sustainable planning, design, environmental management, and engineering practices that weave natural features or processes into the built environment to promote adaptation and resilience.

8) Allows a city, county, or city and county to apply for a "qualified infill area" or a "catalyst qualifying infill area" without having a developer as a co-applicant.

9) Adds a definition of a "major transit stop" that includes existing and planned stops in the regional transportation plan.

10) Changes the definition of an "urbanized area" to an urbanized area as defined by the United States Census Bureau rather than for sites in unincorporated areas that the site is within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

11) Adds a definition of "walkability" to mean the parcels or parcel where the development will occur is within one mile of six or more of any of the following amenities:

a) A supermarket or grocery store;

b) A public park;

c) A community center;

d) A pharmacy or drugstore;

e) A medical clinic or hospital;

f) A public library; or

g) A school that maintains a kindergarten or any of grades 1 to 12, inclusive.

EXISTING LAW:

1) Defines a "capital improvement project" to mean the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, that is an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area. Capital improvement projects include, but are not limited to, those related to the following:

a) The creation, development, or rehabilitation of parks or open space;

b) Water, sewer, or other utility service improvements;

c) Streets, roads, or transit linkages or facilities, including, but not limited to, related access plazas or pathways, bus or transit shelters, or facilities that support pedestrian or bicycle transit;

d) Facilities that support pedestrian or bicycle transit;

e) Traffic mitigation;

f) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities;

g) Adaptive reuse; and

h) Site preparation or demolition related to the capital improvement project or planned housing development used in calculating the eligible grant amount.

2) Defines a "catalytic qualifying infill area" to mean a contiguous area or multiple noncontiguous parcels located within an urbanized area that meet all of the following requirements:

a) The contiguous area or noncontiguous parcels have been previously developed, or at least 75% of the perimeter of each parcel or area adjoins parcels that are developed or have been previously developed with urban uses, with specified perimeter requirements for small jurisdiction applicants;

b) No parcel within or adjoining the area is classified as agricultural or natural and working lands; and

c) The area or areas constitute a large catalytic investment in land that will accommodate a mix of uses, including affordable or mixed-income housing.

3) Defines "qualifying infill area" to mean a contiguous area located within an urbanized area that meets either of the following criteria:

a) A contiguous area located within an urbanized area that has been previously developed, or where at least 75% of the perimeter of the area adjoins parcels that are developed with urban uses, and in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition of a qualifying infill project;

b) The area contains sites included on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan and at least 50% of the perimeter of the area shall adjoin parcels that are developed with urban uses; or

c) The capital improvement project for which funding is requested is necessary, as documented by an environmental review or some other adopted planning document, to make the area suitable and available for residential development, or to allow the area to accommodate housing for additional income levels, and the area otherwise meets the

requirements for inclusion on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan and at least 50% of the perimeter of the area adjoins parcels that are developed with urban uses.

4) Defines "qualifying infill project" to mean a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 50% of the perimeter of the site adjoins parcels that are developed with urban uses.

5) Establishes the IIG of 2019 at HCD to provide capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project, qualifying infill area, or catalytic qualifying infill area.

6) Requires HCD to administer a competitive grants process for larger jurisdictions and an over-the counter, non-competitive grants process for smaller jurisdictions.

7) Requires HCD to do all of the following for grants for qualifying infill projects:

   a) Administer funding through the Multi-family Housing Program (MHP); and

   b) Award funds to residential or mixed-use residential projects located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75% of the perimeter of the site adjoins parcels that are developed.

8) Requires HCD in its review of capital improvement project grants in infill qualifying areas to review and rank applications based on the following:

   a) Project readiness, which shall include all of the following:

      i) A demonstration that the area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application; and

      ii) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill area.

   b) The depth and duration of the affordability of the housing proposed for a qualifying infill area;

   c) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in the housing element;

   d) The qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop;

   e) The proximity of housing to parks, employment or retail centers, schools, or social services;

f) The qualifying infill area location's consistency with an adopted sustainable communities strategy, alternative planning strategy, or other adopted regional growth plan intended to foster efficient land use;

g) For qualifying infill areas, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that are designated prohousing; and

h) Ensure a reasonable geographic distribution of funds.

9) Provides that for a qualifying infill project located in the unincorporated area of the county HCD shall allow an applicant to meet the requirement to provide documentation of all approval necessary entitlement and permits, and a certification from the applicant that the project is shovel-ready, by submitting a letter of intent from a willing affordable housing developer that has previously completed at least one comparable housing project, certifying that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the county receives an award of funding for an qualifying infill area (Health and Safety Code Section (HSC) 53559 *et seq.*)

10) Requires the Office of Land Use and Climate Innovation, before July 1, 2026, and at least once every three years thereafter, to consult with other state agencies to issue the following guidance:

a) A methodology for determining the amounts that are required to be contributed to the Transit-Oriented Development (TOD) Implementation Fund to mitigate the environmental impacts associated with vehicle miles traveled;

b) A definition of location-efficient areas that reflects a reasonable nexus between the location of the transportation impact of the project and the location of the vehicle miles traveled-efficient affordable housing or related infrastructure project, which shall consider the location-efficient area's consistency with an adopted sustainable communities strategy, alternative planning strategy, or other adopted regional growth plan intended to foster efficient land use;

c) A process for validating a project's vehicle miles traveled funding contribution, which shall be designed to provide certainty to the lead agency and project applicant that the contribution satisfies applicable mitigation requirements for significant transportation impacts; and

d) A methodology for estimating the anticipated reduction in vehicle miles traveled associated with affordable housing or related infrastructure projects funded pursuant to subdivision This methodology may consider existing methodologies, but shall be tailored to the specific purposes of the TOD Implementation Fund, including accounting for relevant factors influencing vehicle miles traveled reduction, including proximity to transit, job access, walkability, and the level of affordability, and the length of the affordability period, of the affordable housing or related infrastructure project. (HSC 53568)

11) Establishes the Housing Accountability Act (HAA), which, among other provisions, provides specified housing development projects with protections under the HAA if the local government fails to make a determination that a project is exempt from the California Environmental Quality Act. This includes projects that are within one-half mile of a bus station or ferry terminal and within one to two miles from six or more of the following amenities:

    a) A supermarket or grocery store;

    b) A public park;

    c) A community center;

    d) A pharmacy or drugstore;

    e) A medical clinic or hospital;

    f) A public library; or

    g) A school that maintains a kindergarten or any grades 1 to 12, inclusive. (Government Code Section 65589.5.1)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Many former commercial and underutilized areas have significant potential for the development of housing at scale but lack the public infrastructure necessary to support higher-density residential development. The Bridge District is a perfect example of smart growth. It is a waterfront urban mixed-use development located along the western side of the Sacramento River. A former industrial area, it is now a vibrant community easily accessible to downtown Sacramento via the Tower Bridge, with the potential to eventually support 5,210 new homes and 7,290,000 square feet of commercial development. The Bridge District required vision and state and local investments. Reforms to the IIG Program have the potential to catalyze investment in underutilized lands, such as vacant shopping centers or strip malls, to support the development of housing with infrastructure that has been upgraded to accommodate growth. Aiding local governments to transform cities into denser, more livable communities will also mitigate against the impacts of climate change. The bill would also authorize the IIG Program to fund green infrastructure improvements, such as landscape features that can help mitigate flooding risks."

IIG: The original IIG program, now commonly known as IIG of 2007, was established pursuant to Proposition 6, the Housing and Emergency Shelter Trust Fund Act of 2006. It received additional funds through Proposition 1, the Veterans and Affordable Housing Bond Act of 2018. In 2019, the Legislature allocated $500 million General Fund monies to IIG and updated the program; the new version of the program is commonly known as IIG of 2019.

IIG of 2019 promotes infill housing development by providing financial assistance for capital improvement projects that are an integral part of, or necessary to facilitate the development of, affordable and mixed income housing. Under IIG of 2019, grants are available in the form of

gap funding for infrastructure, factory-built housing components, and adaptive reuse necessary for specific residential or mixed-use infill developments. Eligible costs include, but are not limited to, the creation, development, or rehabilitation of parks or open space; water, sewer, or other utility service improvements (including internet and electric vehicle infrastructure); streets; roads; transit station structured parking; transit linkages or facilities; facilities that support pedestrian or bicycle transit; traffic mitigation, sidewalk, or streetscape improvements; factory-built housing components; adaptive reuse; and site preparation or demolition.

IIG of 2019 has a competitive program for larger, urban jurisdictions and a non-competitive, over-the counter program for small jurisdictions. The IIG program provides funding for infill projects, infill areas, and catalytic areas. Infill projects are required to include a minimum of 15% of the units affordable to households at or below 60% of AMI. Infill areas are not required to have a specific number of affordable housing units, but must have at least one development that qualifies as an infill project. Qualifying infill areas are evaluated based on project readiness, proximity to transit and other amenities, level of residential density on parcels in the area, if an area is in a sustainable communities plan, and if the jurisdiction has a pro-housing designation from HCD. For the competitive program, applications are weighted based on the amount of affordable housing in a project and a jurisdiction must apply with a developer. Small jurisdictions in unincorporated areas are not required to have a developer as a co-applicant.

The catalytic program does not require a minimum affordability level, but areas are weighted based on the number of housing units that could be produced in addition to other factors. These are areas that constitute a large catalytic investment in land that will accommodate a mix of uses, including affordable or mixed-income housing. These areas can have contiguous or non-contiguous parcels.

Walkability: The IIG program is intended to fund dense, infill housing close to transit. While the statute does require a consideration of proximity to existing or planned parks, employment or retail centers, schools, or services, this bill adds definition from Housing Accountability Act (HHA) for walkability that requires a development to be within one mile of six listed entities.

Affordability: IIG of 2019 requires that infill projects include a minimum of 15% of the units at 60% of AMI. This bill would reduce the affordability requirement in two ways: 1) it would increase the allowable AMI for the existing 15% requirement to 80% of AMI; and 2) it would allow a development that is utilizing streamlining under SB 35 (Wiener) to qualify for funding if they include at a minimum of 10% of the units at 50% of AMI, or if a development used AB 2011 (Wicks) they could qualify for funding if they include either 8% at 50% of AMI and 5% at 30% of AMI or 15% for 80% of AMI. A developer utilizing SB 35 or AB 2011 is not subject to review under the California Environmental Quality Act (CEQA) and is eligible for a density bonus which creates significant benefits to a developer – those benefits support the inclusion of a small percentage of affordable housing. The amount of affordable housing required to qualify for SB 35 has been reduced from 20% at 80% of AMI to 10% at 50% of AMI. This change was sought by developers who argued that 20% was too high and would require subsidy to achieve. The lower percentage of 10% at 50% of AMI also allows a developer to access additional density under Density Bonus Law, increasing the number of market rate units allowed over the density allowed in a jurisdiction to further support the inclusion of 10% of the units at an affordable rate. Both AB 2011 and SB 35 are land use tools to expedite housing production and the goal – unlike the IIG program – is for the inclusion of these benefits to support the construction of mixed-

income housing that specifically does not require the state to provide additional subsidy through its extremely limited pool of housing construction funding.

Concerns: This bill makes other changes that may undermine the goals of the IIG program. The infill area and catalytic application requires an applicant to show proof that a development is permitted and has obtained its entitlements. This bill would change that to a requirement to show proof of building permits, which comes later in the post-entitlement process and may not be available at the point when a local government is applying for funds for infrastructure to attract a developer.

To qualify for funding for a qualifying infill area, an area must include sites included in the housing element or as documented by an environmental review or some other adopted planning document, to make the area suitable and available for residential development. This bill would add to this list that a capital improvement project requesting funding may meet the standards of AB 2011 (Wicks), as adopted by a planning document, to make the area suitable and available for residential development. The reasoning behind adding this option is fundamentally flawed. AB 2011 rezones commercial corridors and makes housing an allowable use at a minimum density and with a minimum amount of affordable housing. These sites likely will not be in a planning document as they are not part of the local jurisdiction's housing element and likely are not part of any land use plan for housing development.

Arguments in Support: According to the bill's sponsor, Prosperity California, *"*The Infill Infrastructure Grant Program (IIG) is an effective but oversubscribed program funding the upgrades to water, sewer, and transit access that make new housing possible. By updating the program and increasing funding, we can ensure more climate-smart housing is built while protecting Californians from the impacts of climate-driven natural disasters. SB 772 will:

- Require the California Department of Housing and Community Development (HCD) to include future transit stops that have been planned for by local and regional government when considering project eligibility;

- Require HCD to look at a development's walkability to essential services and businesses, such as grocery stores and medical clinics, when ranking which project to fund;

- Expand the type of projects that can be funded by including nature-based solutions that promote climate adaptation and resilience for new housing."

Arguments in Opposition: None on file.

Committee Amendments: The following amendments address issues raised in the analysis.

1) Restore this language:

(E) (i) Except as provided by clause (ii), documentation of ~~all~~ *approval of* necessary entitlement and ~~permits, and a certification from the applicant that the project is shovel-ready.~~ *building permits.*

2) Delete this language:

(iii) The capital improvement project for which funding is requested is necessary, as adopted by a planning document, to make the area suitable and available for residential development pursuant to Chapter 4.1 (commencing with Section 65912.100) of Division 1 of Title 7 of the Government Code.

3) Restore this language:

(v) (I) Except as provided by subclause (II), documentation of all necessary entitlement and ~~permits, and a certification from the applicant that the capital improvement project is shovel-ready.~~ *building permits.*

4) Delete the changes to this section:

(2) The project meets one of the following:

~~(2)~~ *(A)* ~~Include~~ *Includes* not less than 15 percent of affordable units, as follows:

~~(A)~~ *(i)* For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

~~(B)~~ *(ii)* ~~(i)~~ *(I)* To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

~~(ii)~~ *(II)* Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced shall not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

~~(C)~~ *(iii)* For the purposes of this ~~subdivision,~~ *subparagraph*, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than ~~60~~ *80* percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and shall be subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(B) If the project is a by-right site and is in compliance with Section 65913.4 of the Government Code, or Chapter 4.1 (commencing with Section 65912.100) of Division 1 of Title 7 of the Government Code, the project meets the affordability requirements outlined in those sections, as applicable.

***Related Legislation*:**

SB 341 (Becker, Chapter 777, Statutes of 2023) makes a number of changes to state housing programs, including specifying that additional points or preference from a prohousing designation shall be awarded only for the qualifying infill area portion of IIG of 2007, and adding the qualifying infill area and catalytic qualifying infill area portions of IIG of 2019 as one

of the specified state programs for which additional points or preference is awarded due to a prohousing designation.

AB 140 (Committee on Budget, Chapter 111, Statutes of 2021) provided for statutory changes necessary to implement the housing and homelessness provisions of the Budget Act of 2021. Included provisions authorizing HCD to expend $250 million pursuant to IIG of 2019, with $160 million directed to selected capital improvements for large jurisdictions and $90 million directed to over-the-counter grants for capital improvements for projects for small jurisdictions.

AB 101 (Committee on Budget, Chapter 159, Statutes of 2019) provided for statutory changes necessary to enact the housing and homelessness-related provisions of the Budget Act of 2019. Included provisions authorizing HCD to expend $500 million in grants to fund infrastructure improvements including water, sewer, other utility improvements, streets, roads, other transit linkages, sidewalks, and other streetscape improvements for eligible cities and counties. Included a 15% affordability requirement.

REGISTERED SUPPORT / OPPOSITION:

Support

Abundant Housing L.A.
California Forward
California YIMBY
Center for Biological Diversity
Central Valley Urban Institute
Council of Infill Builders
Endangered Habitats League
Enterprise Community Partners, INC.
Epic - Environmental Protection Information Center
Greenbelt Alliance
Housing Action Coalition
LandWatch Monterey County
League of California Women Voters
LISC San Diego
Livable Communities Initiative
New Way Homes
Planning and Conservation League
Prosperity California
Seamless Bay Area
Sequoia Riverlands Trust
Sierra Business Council
Streets for All
Transform
Wildlands Network
YIMBY Action

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 802 (Ashby) – As Amended June 23, 2025

SENATE VOTE: Not relevant

SUBJECT: Housing finance and development: Sacramento Area Housing and Homelessness Agency: Multifamily Housing Program: Homekey: Homeless Housing, Assistance, and Prevention program

SUMMARY: Restructures, expands, and amends the Sacramento Housing and Redevelopment Agency (SHRA) and renames it to the Sacramento Housing and Homelessness Agency (SHHA). Moves the Sacramento Continuum of Care to the new SHHA, moves all homelessness funding from the federal and state government that would go to the impacted cities and county to SHHA, transfers fees collected by the County of Sacramento and specified cities in Sacramento County to SHHA, and changes the process for distributing the Regional Housing Needs Allocation (RHNA) in the county. Specifically, **this bill**:

1) Includes the following definitions:

    a) "Agency" means the SHRA;

    b) "Governing board" means the governing board of SHRA;

    c) "Qualified local agency" means any city within the County of Sacramento that has a population of at least 50,000, based on the most recent federal decennial census or a subsequent estimate prepared by the Demographic Research Unit of the Department of Finance (DOF); and

    d) "Qualified local agency" includes, but is not limited to, the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, and Sacramento.

2) Restructures, expands, and amends the SHRA.

3) Renames the SHRA as the Sacramento Housing and Homelessness Agency (SHHA).

4) Makes Legislative findings and declarations that the purpose of restructuring SHRA is to modernize and expand the agency's scope and governance to address regional housing and homelessness needs while preserving the agency's legal status, contracts, funding eligibility, and programmatic history.

5) Provides that SHHA shall serve as the regional authority to do all of the following:

    a) Develop and preserve affordable housing;

    b) Coordinate and administer homelessness prevention and response services including the Coordinated Entry System;

    c) Serve as the federally-designated Continuum of Care (CoC);

d) Apply for, receive, and administer federal, state, and local funding for housing and homelessness; and

e) Manage and implement a comprehensive strategic plan to address and reduce homelessness in the County of Sacramento.

6) Establishes the following governing board composition for SHHA:

a) At least one elected official from each qualified local agency that is party to the joint powers agreement (JPA) with full delegated powers and duties transferred from the city and county;

b) The initial board shall consist of 11 members appointed by the legislative bodies of the County of Sacramento and each of the qualified local agencies as follows:

i) Three members appointed by the City Council of the City of Sacramento;

ii) Three members appointed by the Board of Supervisors of the County of Sacramento;

iii) Two members appointed by the City Council of the City of Elk Grove; and

iv) One member appointed by each of the following City Councils: Citrus Heights, Folsom, and Rancho Cordova.

7) Provides that the board of SHHA may increase the number of members if a qualified local agency enters into the agreement to join the JPA. The qualified local agency shall be entitled to make one appointment to the board.

8) Sets out a process for the governing board to select alternative members in the case a member is not available.

9) Provides that the initial Executive Director of SHHA shall be the current Executive Director of SHRA and requires the governing board to establish a process for removing and replacing the Executive Director.

10) Sets out the requirements for the bylaws of SHHA, including timing of meetings, ethics rules, and voting rights.

11) Requires the Sacramento Local Agency Formation Commission (LAFCO) to form an independent task force as follows:

a) Staff of existing entities cannot be appointed to the task force;

b) The task force shall consolidate all entities for purposes of establishing the SHHA; and

c) The task force shall dissolve 60 days after the establishment of the governing board of SHHA.

12) Requires SHHA to adopt a comprehensive strategic plan to address housing and homelessness no later than three years from the date the restructured agreement takes effect.

13) Provides that SHRA shall retain its legal identity and shall continue to administer all existing housing, homelessness, and redevelopment programs. Prohibits the creation of an agency that negates the duties of SHRA.

14) Requires SHHA to assume or continue responsibility for the administration, oversight, and compliance with all regulations and requirements of programs for all participating agencies in the JPA, including but not limited to all of the following:

    a) Section 8 Housing Choice Voucher (HCV) Program;

    b) United States Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing;

    c) Public housing;

    d) Community Development Block Grant Program (CDBG);

    e) HOME Investment Partnerships Program (HOME);

    f) Emergency Solutions Grants (ESG);

    g) CoC Program;

    h) Housing Opportunities for Persons With AIDS Program (HOPA);

    i) State homelessness programs;

    j) Homeless Housing, Assistance, and Prevention (HHAP) program;

    k) Homekey program;

    l) Coordinated Entry System (CES); and

    m) CoC governance, data, and performance standards mandated by HUD (HMIS).

15) Requires SHHA to comply with civil rights laws, including the federal Fair Housing Act, the mandate to affirmatively further fair housing, the Federal Americans with Disabilities Act of 1990, and Title VI of the federal Civil Rights Act of 1964.

16) Provides that SHHA shall be the designated recipient of all local housing trust funds and local housing ordinance fees collected by each participating entity within the JPA, including but not limited to the affordable housing ordinance fee collected by the County of Sacramento and the mixed income housing ordinance fee collected by the City of Sacramento.

17) Requires the Regional Housing Needs Allocation (RHNA) for all participating entities with the JPA to be consolidated into a single regional goal to be administered by SHHA. Provides that the total RHNA shall be reduced by 20% from the aggregate of the allocations that would otherwise apply to the participating entities individually.

18) Provides that SHHA shall be deemed a regional entity for the purposes of statewide housing and homelessness funding programs and shall be granted priority consideration for all applicable state housing and homelessness funding sources.

19) Provides that all housing tax increment revenues from former redevelopment areas and allocated to participating cities or to the County of Sacramento shall be transferred to SHHA. Requires these revenues to be used exclusively for the development, preservation, and administration of affordable housing projects. Allows SHHA to issue bonds secured by these revenues to finance current and future housing initiatives.

20) Requires SHHA to coordinate its operations with the housing and homelessness departments of each participating jurisdiction to ensure alignment of local priorities and effective delivery of services, including but not limited to the following:

    a) The Department of Homeless Services and Housing of the County of Sacramento;

    b) The Department of Community Response of the City of Sacramento;

    c) The Housing Division of the City of Elk Grove;

    d) The Housing Division of the City of Rancho Cordova; and

    e) The Housing and Grants Division of the City of Citrus Heights.

21) Requires SHHA to establish and maintain a standing advisory board to ensure compliance with federal and state requirements for public participation in housing authority and CoC governance.

22) Sets out requirements for the advisory board, including that the membership include the following:

    a) At least one individual currently or formerly experiencing homelessness;

    b) At least one individual who is a current resident of public housing or low-income housing;

    c) Representatives from community-based organizations, service providers, and housing developers; and

    d) Experts in behavioral health, public housing, and program implementation.

23) Requires the advisory board to do all of the following:

    a) Meet at least quarterly in publicly noticed meetings;

    b) Provide recommendations on funding, programs, planning, and performance;

    c) Fulfill HUD and state consultation requirements for funding and compliance, and

d) Assist in development of the agency's strategic plan and annual updates

24) Requires HCD, for future rounds of HHAP, Multi-family Housing Program (MHP), and Homekey funding, to give consideration to the following populations:

a) Foster youth;

b) Homeless persons; and

c) Extremely low-income households, very-low-income households, and lower-income households who need safe and stable housing and are experiencing traumatic homelessness, street violence, domestic violence and abuse, sexual abuse and assault, or human trafficking.

EXISTING LAW:

1) Defines the composition of a CoC to mean the group organized to carry out the responsibilities of the McKinney-Vento Homeless Assistance Act composed of representatives of organizations, including nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons to the extent these groups are represented within the geographic area and are available to participate. (24 Code of Federal Regulations (CFR) § 578.3 CoC Definition)

2) Requires the CoC to establish a board to act on behalf of the CoC through an adopted and written process. The process must be reviewed, updated, and approved by the Continuum at least once every five years. (24 CFR § 578.3 CoC Definition)

3) Requires a CoC board to include representatives of the relevant organizations and of projects serving homeless subpopulations and to include at least one homeless or formerly homeless individual. (24 CFR § 578.3 CoC Definition)

4) Defines a collaborative applicant to mean the eligible applicant that has been designated by the CoC to apply for a grant for CoC planning funds under this part on behalf of the Continuum. (24 CFR § 578.3 CoC Definition)

5) Establishes the responsibilities of the CoC, including the following:

a) Adopt and follow a written process to select a board to act on behalf of the CoC and requires the process to be reviewed, updated, and approved by the CoC at least once every five years;

b) In consultation with the collaborative applicant and the Homelessness Management Information System (HMIS) Lead, develop, follow, and update annually a governance charter, which will include all procedures and policies needed to comply with federal requirements and with HMIS requirements as prescribed by HUD;

c) Hold meetings of the full membership, with published agendas, at least semi-annually;

d) Make an invitation for new members to join publicly available within the geography of the CoC at least annually; and

e) Appoint additional committees, subcommittees, or workgroups. (24 CFR § 578.7 CoC Definition)

6) Federal law, Section 8 of the United States Housing Act of 1937, and federal regulations, Part 982 of Chapter IX of Subtitle B of Title 24 of the CFR, establish the HCV Program and enact rules and regulations governing the operation of the program. (24 CFR § 982)

7) Creates in each county and city a public body known as the housing authority of the county or city and grants certain powers to those authorities. (Health and Safety Code Section 34240 *et seq*.)

8) Provides that each community's fair share of housing be determined through the RHNA process. Sets out the process as follows: (a) DOF and the Department of Housing and Community Development (HCD) develop regional housing needs determination estimates or RHNDs; (b) Councils of Governments (COGs) allocate housing via RHNA within each region based on these determinations, and where a COG does not exist, HCD conducts the allocations; and (c) cities and counties incorporate these allocations into their housing elements. (Government Code (GOV) 65584 and 65584.01)

9) Allows two or more cities and a county or counties to form a subregional entity for the purpose of allocating the subregion's RHNA among its members in accordance with a RHNA allocation methodology at least 28 months prior to the region's scheduled housing element update. Provides that the purpose of establishing a subregion is to recognize a community of interest and mutual challenges and opportunities for providing housing within a subregion. Allows a subregion formed under this provision to include a single county and each of the cities in that county or any other combination of geographically contiguous local government and requires the formation to be approved by the adoption of a resolution by each of the local governments in the subregion as well as the COG. (GOV 65584.03)

FISCAL EFFECT: Unknown.

COMMENTS:

Author Statement: According to the author, "SB 802 addresses two key issues: California faces a severe shortage of shelters that serve the unique needs of women experiencing homelessness. Despite the fact that one in five women in California become homeless to escape intimate partner violence, with more than 40% continuing to face abuse after losing housing, state law does not designate funding specifically for women-only shelters or services tailored to women. Most homeless shelters, transitional housing programs, and permanent supportive housing in California are co-ed, and women are not treated as a protected class in the homelessness response system. As a result, services often fail to account for the distinct and compounding vulnerabilities women face.

In addition, this bill addresses Sacramento County's housing and homeless system. Sacramento County's housing and homelessness systems currently operate through multiple entities with limited coordination, making it difficult to deliver services efficiently and equitably across the region. The Sacramento Housing and Redevelopment Agency (SHRA), established in 1973,

serves only the City and County of Sacramento, while regional homelessness planning is led by a nonprofit Continuum of Care (CoC) that lacks formal authority over local jurisdictions. As a result, cities such as Elk Grove, Folsom, Citrus Heights, and Rancho Cordova have limited representation in key planning and funding decisions. A 2023 Sacramento County Grand Jury report emphasized the need for stronger regional alignment and named the creation of a Joint Powers Authority (JPA) as its top recommendation to improve coordination, accountability, and outcomes. Without a unified governance structure, jurisdictions often pursue separate approaches, leading to duplicated efforts and missed opportunities for more impactful, collaborative solutions."

SHRA: SHRA is a JPA of the City and County of Sacramento, formed in 1973. It was originally formed to combine the Housing Authorities for both the city and county of Sacramento and became the redevelopment agency for the city and county before redevelopment agencies were dissolved. It serves as the successor agency to the redevelopment agency and is responsible for winding down the activities of redevelopment, including paying down any obligations of the redevelopment agency. SHRA owns and manages thousands of residential units in the county, develops new housing, and administers federal housing choice vouchers. SHRA has a seat on the Sacramento's CoC – Sacramento Steps Forward. Records indicated that the city and county have not met as a full joint board of the SHRA in eight years. The city's housing authority meets on city decisions, while the county housing authority meets on county matters. A separate Sacramento Housing Commission with delegated approvals from both the city and county make decisions so they do not have to go back to the board of supervisors or city council.

Sacramento Steps Forward (SSF)*:* SSF is Sacramento County's CoC. The CoC is a federally created entity that is responsible for administering federal funding to address homelessness, collect data that is inputted into the HMIS, and managing the Coordinated Entry System (CES). HMIS is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. As the local HMIS lead, SSF manages the database for Sacramento and Yolo Counties, granting access to the system, maintaining data quality, and providing regular reports to HUD. The use of an HMIS is mandated by Congress for any CoCs who receive federal funding to address homelessness in their communities. Access to HMIS is strictly monitored, requiring background checks and security measures to protect the confidential client data stored in the system. One of the main functions of the HMIS is to connect community agencies with one another, allowing direct service staff to know more about what is happening with their clients and where else they are obtaining services. SSF also manages the CES. Coordinated Entry is a CoC-established system-wide process to quickly and equitably coordinate the access, assessment, prioritization and referrals to housing and services for people experiencing or at imminent risk of homelessness.

CoCs are federally created entities subject to federal regulations. Federal regulations require a CoC to have two-tiered governance structure – a CoC board and a CoC membership. The board is responsible for day-to-day operations. HUD does not dictate the board membership except it must be representative of the community and have at least one person with lived experience of homelessness. SSF has over 30 members including the County of Sacramento, Cities of Sacramento, Elk Grove, Rancho Cordova, and Citrus Heights, and multiple other local service providers. SSF does not have a board but has been working with a technical advisor since January to address this issue. It is unclear why SSF does not have a board but the CoC membership must vote on the board members. The membership must vote every five years to elect the board. The makeup of the membership and the board are key to the CoCs

competitiveness for federal funding. Despite not having a board, SSF has increased its funding this past year, which is a sign that it is competing well. Federal funding is tied to how the CoC board and membership are structured, meaning decisions regarding board makeup will impact the competiveness of the community for funding. This bill would move the CoC to the SHHA without a vote of the CoC and would appear to make the board of the SHHA the board of the CoC. This would violate federal regulations and make the CoC ineligible for federal funding under the McKinney-Vento Act. The committee may wish to consider if this bill should instead require the CoC Board, once it is created, to vote to be moved to SHHA.

RHNA: The RHNA process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next eight-year planning cycle. The state is currently in the sixth housing element cycle. The regional housing needs designation is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income (0-50% of AMI), low-income (50-80% of AMI), moderate income (80-120% of AMI), and above moderate income (120% or more of AMI). Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI). This bill would consolidate the RHNA for Sacramento County into one single regional goal and have SHHA allocate it to cities in the county. The total RHNA would be reduced by 20% from the aggregate of the allocation that would otherwise apply to the participating entities individually. The committee may wish to remove this provision as it undermines a multi-year effort by the Legislature to reform the RHNA process to make it more equitable and affirmatively further fair housing, fails to account for the ongoing work of the region's current COG (the Sacramento Area Council of Governments), and is unnecessary as there already exists a process by which various contiguous cities or counties within a COG can choose to form a subregional entity to sub-allocate the RHNA in those jurisdictions.

Local Housing Trust Funds: Cities and counties create local housing trust funds to collect funding to support the construction of affordable housing. If a city has an inclusionary housing ordinance that requires developments to either include a percentage of affordable housing on site or pay an in-lieu fee, those fees are deposited into the local housing trust fund and invested in future affordable housing developments. Cities can also pass local fees with a majority vote to fund housing and homelessness. This bill would require all funds in local housing trust funds to be transferred to the SHHA to administer. Redirecting fees generated in individual cities and spending those funds in other parts of the county could raise Proposition 26 issues and the requirement for a majority vote to collect fees. The committee may wish to require that if housing trust fund dollars are moved to a regional entity, they are still spent in the city that generated the funding.

Having a single entity that administers funds regionally could be beneficial. A single entity could create a common application and award process that would be easier for developers to navigate. SHRA also controls the housing choice vouchers for the county which can be "project-based," meaning they subsidize the units in a developments, not the individual – these are a major resource needed to fund affordable housing. A regional entity could identify how many affordable units are needed across the region, including how many are needed specifically for people experiencing homelessness, and coordinate vouchers to those areas.

State and Federal Funding Grab: This bill would have SHHA assume or continue responsibility for the administration and oversight of a list of programs for all participating entities in the joint powers agreement. The list includes federal and state funding programs that fund affordable housing and homelessness programs that currently go directly to the cities and the county impacted by the bill.

The Federal government provides funding to local communities through the CDBG and HOME programs. CDBG provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. Cities can choose to receive these funds directly as an entitlement or have HCD administer the funds as non-entitlement jurisdictions. Funding for unincorporated areas are administered by SHRA. All of the cities in the county impacted by this bill receive direct entitlements of CDBG.

This bill would also direct "all state homelessness program funding" to SHHA. Although the bill specifies some programs – like HHAP, which SSF, the City of Sacramento, and the County all currently can apply for, and HomeKey which is a competitive program – there are other programs the state administers through counties. These include the Bringing Families Home Program and CalWORKs Housing Support Program, which the Department of Social Services (DSS) administers as grants to counties. All of these funds could be swept into this new agency. This could create challenges in complying with the program requirements. The CalWORKs Housing Support Program provides rental assistance to CalWORKs recipients and CalWORKs is administered by the county. Bringing Families Homes provides rental assistance to families who have been able to reunite with a child in foster care, except they cannot secure affordable housing. The county administers the foster care system.

As previously discussed, this bill would also move the CoC to the new entity, including the function of managing the CES and the HMIS system – these are the core functions of the CoC as the designated Lead Agency. Federal regulations require the CoC membership to vote to designate the lead agency.

Why is it hard to solve homelessness? Homelessness is the top issue among voters and one of the hardest policy issues to address. In most communities, the resources needed to solve homelessness – the homeless response system – are siloed among three major parties – cities, counties, and CoCs. Cities tend to be home to more people experiencing homelessness because people have easier access to amenities and resources. Yet, cities do not control much of the funding that is needed to get people into housing, including vouchers, mental health services, and connections to health care. Cities have land use authority and can site more housing, particularly affordable housing and permanent supportive housing, but they still have to seek help from their county to get project-based vouchers and funding for wrap-around services for people living in supportive housing that need extra help to stay housed. Counties have funding for mental health services through the Behavioral Health Services Act – recent legislation requires that 30% of those funds go to support people accessing and maintain housing through rental assistance and other supports. CoCs have funding to address homelessness and maintain the CES which matches people experiencing homelessness with services and hopefully a permanent housing unit. While the CoC is responsible for collecting and maintaining the data around homelessness and is the entry point for many people experiencing homelessness into services and connecting to housing, they lack any ability to direct County, SHRA, or city resources. SHRA, the City of

Rancho Cordova, the City of Elk Grove, the City of Citrus Heights, the City of Sacramento, and Sacramento County currently sit on the CoC. This entire system lacks adequate resources to house the people who are currently homeless and the resources to help people who are falling into homelessness to stay housed.

Sacramento is not unique in its inability to figure out a structure that resolves all of these challenges and aligns resources. Los Angeles County and the City of Los Angeles have a JPA but are in the process of dissolving that entity to create a new structure. Communities around the state are struggling to figure out how to coordinate resources.

The state has provided funds through HHAP program over the last seven years to help big cities, counties, and CoCs respond to homelessness, with a focus on unsheltered homelessness, but this funding is inadequate to resolve the problem. HHAP has evolved over the last few years to push applicants to develop a coordinated strategy to address homelessness. HHAP requires applicants – CoCs, big cities – and counties - to develop a Regional Plan to address homelessness. SSF developed the plan and though all of the cities within the county participated, none of the cities not receiving funding from HHAP brought the plan before their City Councils to be ratified.

Other options? A 2022-23 Sacramento County Grand Jury Report lays out past efforts to create a coordinated response to homelessness in the county. In December 2019, the County Board of Supervisors and Sacramento City Council passed resolutions to form a JPA intended to resolve homelessness, but no JPA was established. In 2011, the Board of Supervisors and Sacramento City Council passed a resolution endorsing SSF as the Lead Agency to monitor and coordinate homelessness in the county. In November 2022, Sacramento County voters passed Measure O to require the city and county of Sacramento to approve a legally binding partnership agreement to improve the homelessness crisis. The Grand Jury Report laid out the challenges of addressing homelessness through the siloed system in Sacramento and recommended the creation of a JPA governed by elected officials in the county.

In December 2023, a consulting firm commissioned by SSF and the county identified ways to better align and engage local partners and researched national governance models to develop a report that includes local and national landscape assessments and provides options for alternative organizational approaches to shared governance. The consultants provided several options, based on models that have worked in other communities, which will help to inform what the county presents to the BOS in August. These include:

> *"Collective Impact Model – A revision of the current structure to advance regional goals by establishing an overarching and revised Partnership Agreement to redefine roles and restructure board under a revised collective impact framework with SSF functioning as the backbone agency.*
>
> *Regional Governance – This redefines the governance structure under a JPA which designates a distinct entity the JPA responsible for acting as a single representative for ending homelessness in the region. The JPA defines the scope of the JPA and the roles and authority. The JPA can be developed as a new, independent entity or within an existing government body."*

In October there is a planned meeting of all the county supervisors and the mayors of all of the cities in the county for a discussion of homelessness. This bill appears to disrupt this local shared governance evaluation process in favor of state-level intervention.

Joint Exercise of Powers Act: Joint powers are exercised when public officials of two or more agencies agree to establish a joint approach or create another legal entity to work on a common problem, fund a project, or act as a representative body for a specific activity. All manner of federal, state and local public agencies can agree to exercise joint powers. A California agency can even share joint powers with an agency in another state. The common thread is that a confederation of governments work together and share resources for mutual support or common actions. The government agencies that participate in joint powers are called member agencies, and a JPA can only exercise powers that each member agency independently possesses.

A joint powers agreement is a formal, legal agreement between two or more public agencies that wish to exercise joint powers. Some joint powers agreements are administered by one of the participating agencies. Others are administered by a new, legally independent government entity (called a joint powers agency or a joint powers authority – both referred to as a JPA) that the member agencies create. The new entity need not even call itself a JPA. JPAs are not special districts, although such agencies can enter into joint powers agreements.

As tools for collaboration, JPAs are used for a variety of purposes. By sharing resources and combining services, the member agencies – and their taxpayers – save time and money. There are no official categories for the types of JPAs, but their services generally fall into five broad groups: general public services, financial services, insurance pooling and purchasing discounts, planning services, and regulatory enforcement.

Public agencies authorized to enter into joint powers agreements include "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority…"

Given JPA's inherent design as voluntary agreements among participating agencies, and the existence of JPA law that already authorizes interested agencies to create JPAs, the Legislature has not generally authorized or required the creation or alteration of specific JPAs. However, in recent years, the Legislature has reviewed and/or approved the creation of JPAs for specific purposes, some to address the ongoing housing crisis in the state. For example:

AB 2593 (McCarty) of 2024 would have authorized a local agency within the County of Sacramento to enter into a joint powers agreement with any other local agency to operate a joint powers authority to assist people experiencing homelessness. AB 2593 died on the Senate inactive file. AB 1086 (McCarty) of 2023 was similar to AB 2593. AB 1086 was referred to Assembly Local Government Committee but never heard.

SB 20 (Rubio), Chapter 147, Statutes of 2023, allowed all local agencies to create regional housing trusts to fund housing to assist people experiencing homelessness and persons and families of extremely low-, very low-, and low-income within their jurisdictions.

SB 1177 (Portantino), Chapter 173, Statutes of 2022, authorized the creation of the Burbank-Glendale-Pasadena Regional Housing Trust; SB 1444 (Allen), Chapter 672, Statutes of 2022, authorized the creation of the South Bay Regional Housing Trust; AB 687 (Seyarto), Chapter 120, Statutes of 2021, authorized the creation of the Western Riverside County Housing Finance Trust.; SB 751 (Rubio), Chapter 670, Statutes of 2019, authorized local agencies within the San Gabriel Valley Council of Governments to enter into a JPA to fund housing; and, AB 448 (Daly), Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust.

Finally, SB 1403 (Maienschein), Chapter 188, Statutes of 2015, allowed one or more private, non-profit 501(c)(3) corporations that provide services to homeless persons to form a JPA, or enter into a joint powers agreement, with one or more public agencies to encourage and ease information sharing between public agencies and nonprofit corporations to identify the most costly and frequent users of publicly-funded emergency services, provide frequent user coordinated care housing services, and prevent homelessness.

Notably, all of the aforementioned bills authorized – but did not require – the creation of a JPA to address housing or homelessness needs.

State Authorized Regional Entities: In 2019, AB 1487 (Chiu, Chapter 598), created a new regional option to address the lack of affordable housing in the San Francisco Bay Area. Specifically, that bill provided the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) – acting as the Bay Area Housing Finance Agency (BAHFA) – with new tools to raise billions of dollars to fund the production, preservation, and protection of affordable housing. That bill was formulated in partnership with the Bay Area's local elected leaders and other regional leaders and set forth the governing structure and powers of the board, allowable financing activities, and allowable uses of the revenues generated. Its purpose was to raise, administer, and allocate funding and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production.

In 2022, the Legislature authorized the County of Los Angeles to establish the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) through the passage of SB 679 (Kamlager, Chapter 661). That bill, similar to AB 1487, authorized LACAHSA to utilize specified local financing tools (taxes and bonds) to fund renter protections and the preservation and production of housing affordable to households earning up to 80% of area median income.

In 2024, in an effort to create a roadmap for other communities to create regional housing entities without having to come to the Legislature, SB 440 (Skinner), Chapter 767 empowered communities to address their own affordable and missing middle housing shortages by allowing regions to create finance agencies that can fund the construction and preservation of affordable housing. SB 440 allowed two or more local governments to establish an Authority for purposes of raising, administering, and allocating funding and providing technical assistance at a regional level for affordable housing development. The Authority is granted specific powers, and the bill established a governance structure and imposed reporting and auditing requirements. It also spelled out the specific types of funding streams that may be collected, and that they may be used for affordable housing development and preservation, and infrastructure necessary for those developments. While SB 440 was modeled on BAHFA and LACAHSA, that bill granted new Authorities additional powers not bestowed on those existing entities. These Authorities, in

addition to the ability to managing existing buildings, could hold and acquire existing buildings for purposes of attaching affordability requirements. For any property acquired, these Authorities, unlike BAHFA and LACAHSA, will have the power to set the land use and development parameters for such property, including setting the request for proposal criteria and selection process for a development partner. Lastly, these Authorities are focused on the preservation and construction of housing. BAHFA and LACAHSA also authorized funds to be used for renter protections and renter supports.

The SB 440 Authority model is now available should other communities, such as Sacramento, wish to form or consolidate regional efforts to address affordable housing needs in their communities. The difference between these entities and what is proposed in this bill is these proposals were initiated through a collaborative process at the local level. In addition, the regional entities that the Legislature created through statute are being organized locally to generate new funding rather than redirecting existing funding.

Redevelopment: Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of RDAs to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Generally, property tax increment financing involves a local government forming a tax increment financing district to issue bonds and use the bond proceeds to pay project costs within the boundaries of a specified project area. To repay the bonds, the district captures increased property tax revenues that are generated when projects financed by the bonds increase assessed property values within the project area.

To calculate the increased property tax revenues captured by the district, the amount of property tax revenues received by any local government participating in the district is “frozen” at the amount it received from property within a project area prior to the project area’s formation. In future years, as the project area's assessed valuation grows above the frozen base, the resulting additional property tax revenues — the so-called property tax “increment” revenues — flow to the tax increment financing district instead of other local governments. After the bonds have been fully repaid using the incremental property tax revenues, the district is dissolved, ending the diversion of tax increment revenues from participating local governments.

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend $1 billion on affordable housing each year. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over $5.6 billion yearly.

RDAs were required to dedicate 20% of the tax increment to be used to increase, improve, and preserve the community’s supply of low- and moderate-income housing available at an affordable housing cost. When RDAs were dissolved, successor agencies were established to wind down the RDAs' obligations. Successor agencies were required to effectuate the transfer of an RDA's housing functions and assets to a "housing successor." Cities and counties were given the option of acting as housing successors and taking over the housing assets of their jurisdiction's RDA. If they did not wish to take on this role, the local housing authority was required to act as housing successor. If there was no local housing authority, HCD was required

to act as housing successor.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

Housing successors are required to maintain any funds generated from housing assets and use them in accordance with the housing related provisions of the Community Redevelopment Law (CRL). This includes real property and other physical assets, funds encumbered for enforceable obligations, any loan or grant receivable, any funds received from rents or operation of properties, rents or other payments from housing tenants or operators, and repayment of loans or deferrals owed. Funding available to a housing successor in the post-redevelopment world is limited to program dollars repaid from loans or investments made by the former RDA. This is a much smaller amount than was generated by RDAs, which produced more than $1 billion in tax increment for housing. SB 341 (DeSaulnier), Chapter 796, Statutes of 2014, revised the rules governing the activities and expenditures of housing successors. RDAs were required to expend funds to improve, increase, or preserve housing affordable to low- and moderate-income families. Housing successors have far less money than RDAs, so the law generally requires them to prioritize that limited funding toward monitoring and maintaining the housing assets that were created or financed by the former RDA.

Generally, former RDA tax increment primarily is used for paying off approved enforceable obligations like bonds and loans. Some agencies have completed payments on these obligations, while others will be making payments for many years to come. As the enforceable obligations decrease, the leftover property tax increment is then allocated to the agencies in which it derives from, including schools and special districts. Housing successors are required to maintain any funds generated from housing assets and use them in accordance with the housing related provisions of RDA law. These assets could include funds encumbered for enforceable obligations. The committee may wish to consider delete the transfer of any tax increment to SHHA to avoid any issue with undermining RDA dissolution law.

Arguments in Support: Several members of the Sacramento City Council submitted letters in support of this bill, including Councilmembers Caity Maple and Mai Vang. Councilmember Maple writes, “Sacramento is one of the most impacted cities in California when it comes to both homelessness and rising housing costs. The 2024 Point-in-Time Count shows that more than 6,600 people remain unhoused in our county. In my district, I meet families, seniors, and young people sleeping outside without access to basic shelter or services. This is not due to a lack of will or resources, but because our response remains fragmented and uncoordinated across jurisdictions. SB 802 would create a regional public agency focused on housing and homelessness that can coordinate across systems to meet the needs of our most vulnerable neighbors. It would allow jurisdictions to pool resources, reduce duplication, and use economies of scale to build the shelter and housing capacity our region desperately needs. A 2023 Sacramento County Grand Jury identified this lack of coordination as our most pressing

challenge and made the creation of a Joint Powers Authority its top recommendation. SB 802 answers that call."

Councilmember Mai Vang writes, "In District 8, we have long recognized that addressing homelessness requires collective responsibility and regional alignment. Since 2020, our district has been home to the Meadowview Navigation Center – a dedicated women's shelter that has provided safety, stability, and pathways to short-term and long-term housing for unhoused women. SB 802 has the potential to not only strengthen centers like this, but also expand access to services for individuals who are often left behind in outreach efforts due to existing gaps between systems. While our city and partners remain deeply committed to addressing homelessness, we know that a more regional approach is essential. A streamlined framework would allow jurisdictions to better coordinate care, align resources, and develop long-term strategies that truly center our most vulnerable residents. Homelessness knows no boundaries, and this effort is ultimately about people. It's about ensuring every individual has the opportunity to access stable housing and services. It's about public health, community well-being, and doing what we can—together—to support our most vulnerable neighbors. Sacramento deserves a housing and homelessness response that works collectively, with shared goals and shared success. SB 802 is a meaningful step towards that vison."

Arguments in Opposition: Mayors from all of the cities impacted by this bill, the Board of Supervisors, and City of Sacramento Mayor Kevin McCarty write in opposition of this bill. They state, "The County values partnerships, collaboration, and shared responsibility as evidenced by our success in addressing the needs of the unhoused in our region. In just the last two years, Sacramento County blended State funding and a variety of local and federal funding sources to:

- Successfully launch three Safe Stay Shelter Communities adding 356 new beds that include intensive, wrap around behavioral health services in non-congregate setting. An additional site that will include 225 beds is currently under construction, to open early 2026.

- Expand outreach in the unincorporated County and along the Parkway from a team of 3.5 staff to 23 contracted staff along with County social workers and County behavioral health clinicians and peers who provide proactive encampment response, respond to crisis calls alongside law enforcement and offer an 'office hour' approach to outreach to serve the suburban parts of the County.

- Lead the development and expansion of rehousing programs, providing one-time housing funds and on-going rental subsidies to both prevent families from becoming homeless and quickly re-housing them. We are currently working with all four Managed Care Plans to support implementation of a 'Flex Housing Pool' to integrate Medi-Cal transitional rent benefits into these programs and creating a consolidated landlord network.

SB 802 disrupts this good work that is on an upward trajectory to giving our very cared-for community members a strong foundation to succeed. As mentioned in our meeting with Senator Ashby on May 22, 2025, the County is also working on the best governance model for our region, which is scheduled for a public hearing in August so that all voices can be heard and considered. In the spirit of partnership and collaboration, we ask that the Senator reconsider her proposal by working with the jurisdictions who take care of the community members on the streets, face-to-face, day and night."

Committee Amendments: The author submitted amendments to the committee to address several issues raised in the analysis. Staff recommends the committee accept these amendments as committee amendments. Due to timing, these amendments will be taken in the Assembly Local Government Committee. The amendments would:

1) Specify that the governing board shall create a plan to ensure equitable distribution of funding and resources across all participating jurisdictions.

   (B) The governing board shall establish a removal and replacement process for the executive director.
   (3) The governing board shall determine a plan to ensure equitable distribution of funding and resources across all participating jurisdictions.

2) Require any funds collected in a local housing trust fund and local housing ordinances fees to be spent in the jurisdictions in which they were originally collected for the purpose they were originally imposed.

   d) The agency shall be the designated recipient of all local housing trust funds and local housing ordinance fees collected by each participating entity within the joint powers agreement pursuant to Section 6539.9.6. These funds shall include, but are not limited to, the affordable housing ordinance fee collected by the County of Sacramento (Section 22.35.010 et seq. of the Sacramento County Code) and the mixed income housing ordinance fee collected by the City of Sacramento (Section 17.712.010 et seq. of the Sacramento City Code). ***These funds shall only be spent within the jurisdiction from which they were originally collected and for purposes for which they were originally imposed.***

3) Delete the requirement to the transfer of "housing tax increment revenues" to SHHA:

   ~~*(h) All housing tax increment revenues derived from former redevelopment areas and allocated to participating cities or to the County of Sacramento shall be transferred to the agency. These revenues shall be used exclusively for the development, preservation, and administration of affordable housing projects. The agency may issue bonds secured by these revenues to finance current and future housing initiatives.*~~

4) Delete the language that changes the RHNA process:

   ~~(f) Notwithstanding any other law, the regional housing needs allocations pursuant to Section 65584 for all participating entities within the joint powers agreement pursuant to Section 6539.9.6 shall be consolidated into a single regional goal to be administered by the agency. The total regional housing needs assessment allocation for the joint powers agreement shall be reduced by 20 percent from the aggregate of the allocations that would otherwise apply to the participating entities individually.~~

Related Legislation:

SB 679 (Kamlager), Chapter 661, Statutes of 2022: Established the Los Angeles County Affordable Housing Solutions Agency (LACAHSA), and authorized LACAHSA to utilize specified local financing tools for the purpose of funding renter protections and the preservation

and production of housing units affordable to households earning up to 80 percent of the area median income.

AB 1487 (Chiu), Chapter 598, Statutes of 2019: Established BAHFA throughout the San Francisco Bay Area and set forth the governing structure and powers of the BAHFA Board, allowable financing activities, and allowable expenditures of the revenues generated.

***Double-referred**:* This bill was also referred to the Assembly Committee on Local Government and the Assembly Committee on Human Services where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

AARP
Black Women Revolt Against Domestic Violence
California Apartment Association
California YIMBY
Center on Juvenile and Criminal Justice
Community Forward SF
Councilmember Caity Maple, City of Sacramento, District 5
Councilmember Mai Vang, City of Sacramento, District 8
Downtown Women's Center
Franklin Boulevard Business Association
Freedom Forward
LA Casa De Las Madres
Mary Elizabeth Inn
National Council of Jewish Women-SF
People Working Together
Race & Equity in All Planning Coalition (REP-SF)
San Francisco Domestic Violence Consortium
San Francisco SafeHouse
The Women's Building
Vice Mayor Karina Talamantes, Sacramento City Council, District 3
Youth Forward
Individuals (3)

Support If Amended
House Sacramento

Opposition

California (UN)incorporated
California Association of Realtors
Camp Resolution
City of Citrus Heights
City of Elk Grove
City of Folsom
City of Rancho Cordova

Community Lead Advocacy Program Clap
Izaya Michael Foundation
Mayor Bobbie Singh-Allen, City of Elk Grove
Mayor Dr. Jayna Karpinski-Costa, City of Citrus Heights
Mayor Kevin McCarty, City of Sacramento
Mayor Sarah Aquino, City of Folsom
Mayor Siri Pulipati, City of Rancho Cordova
Phil Serna, Sacramento County Board of Supervisors, Chair
Sacramento Area Congregations Together
Sacramento County Board of Supervisors
Sacramento Environmental Justice Coalition
Sacramento Homeless Organizing Committee
Sacramento Homeless Union
Sacramento Housing Alliance
Sacramento Poor People's Campaign
Sacramento Region Business Association
Tai Leadership
Urban Counties of California (UCC)
Individuals (3)

Oppose Unless Amended
Fieldstead and Company
International Brotherhood of Electrical Workers Local 340

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 838 (Durazo) – As Amended May 1, 2025

SENATE VOTE: 23-11

SUBJECT: Housing Accountability Act: housing development projects

SUMMARY: Revises the definition of housing development project in the Housing Accountability Act (HAA) to exclude projects that include any hotel or motel space in the commercial portion of a project. Specifically, **this bill**:

1) Revises the HAA definition of housing development projects that are two-thirds residential and one-third commercial to exclude projects that include any hotel or motel space in the commercial portion of the project.

2) Makes 1), above, retroactive and applicable to project applications that were not deemed complete, as specified, by January 1, 2025, even if the project submitted a preliminary application before January 1, 2025.

EXISTING LAW:

1) Provides, pursuant to the HAA, that a local government may only disapprove a housing development project under specified circumstances. Specifically, among other provisions, the HAA:

    a) Prohibits a local agency, from disapproving a housing development project containing units affordable to very low-, low- or moderate-income households (herein after "housing development projects that contain affordable units"), or conditioning the approval in a manner that renders the housing development project infeasible, unless it makes one of the following findings, based upon substantial evidence in the record:

        i) The jurisdiction has adopted a housing element in substantial compliance with the law, and the jurisdiction has met its share of the regional housing need for that income category;

        ii) The project will have a specific, adverse impact on public health or safety, and there is no feasible method to mitigate or avoid the impact without rendering the housing development unaffordable to very low-, low- or moderate-income households;

        iii) The denial or imposition of conditions is required to comply with state or federal law;

        iv) The project is located on agricultural or resource preservation land that does not have adequate water or wastewater facilities;

        v) The jurisdiction had adopted a revised housing element that was in substantial compliance with this article, and the housing development project or emergency shelter was inconsistent with both the jurisdiction's zoning ordinance and general

plan land use designation as specified in any element of the general plan, as specified; or,

vi) The jurisdiction does not have an adopted revised housing element that was in substantial compliance with the law, and the housing development project is not a "builder's remedy project." (Government Code (GOV) 65589.5)

b) Defines a "builder's remedy project" as a housing development project that meets all of the following criteria:

i) The project will provide housing for very low-, low- or moderate-income households, as specified;

ii) The project application was submitted in a jurisdiction that did not have a housing element in substantial compliance with the law;

iii) The project meets specified density thresholds; and,

iv) The project does not abut a site where more than one-third of the square footage on the site has been used within the past three years for heavy industrial uses, as specified. (GOV 65589.5)

c) Defines a "housing development project" as follows:

i) A project that only includes residential units; or,

ii) A mixed use project that meets any of the following conditions:

(1) At least two-thirds of the new or converted square footage is designated for residential use;

(2) At least 50% of the new or converted square footage is designated for residential use if the project meets both of the following:

(a) The project includes at least 500 units; and,

(b) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified; or,

(3) At least 50% of the new or converted square footage is designated for residential use if the project meets all of the following:

(a) The project includes at least 500 net new residential units;

(b) The project involves the demolition or conversion of at least 100,000 square feet of nonresidential use;

(c) The project demolishes at least 50% of the existing nonresidential uses on the site; and,

(d) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified. (GOV 65589.5)

d) Defines "disapprove the housing development project" as any instance in which a local agency does any of the following:

i) Votes on a proposed housing development project application and the application is disapproved, including any required land use approvals or entitlements necessary for the issuance of a building project;

ii) Fails to comply with specified times for approving or disapproving development projects;

iii) Fails to cease a course of conduct undertaken for an improper purpose, such as to harass or to cause unnecessary delay or needless increases in the cost of the proposed housing development project, that effectively disapproves the proposed housing development without taking final administrative action, as specified;

iv) Fails to comply with requirements in the Housing Crisis Act that prohibit holding more than five public hearings on an application that is deemed complete, as specified;

v) Determines that an application is incomplete and request items that an applicant submit items that were not originally required to complete the application, as specified;

vi) Seeks to impose conditions on a builder's remedy project that are prohibited, as specified;

vii) Unlawfully determines that a projects' vesting under a preliminary application submitted to the jurisdiction has expired; or,

viii) Fails to make a determination of whether a project is exempt from the California Environmental Quality Act, or commits an abuse of discretion, as specified. (GOV 65589.5)

FISCAL EFFECT: This bill is keyed non-fiscal by the Legislative Counsel.

COMMENTS:

Author's Statement: According to the author, "The Legislature has made significant strides in easing housing development restrictions by providing incentives and streamlining benefits to projects that meet key housing requirements. The HAA, California's flagship housing production law, was designed to accelerate the creation of permanent homes to solve the state's housing crisis. Unfortunately, some developers are taking advantage of the HAA to gain incentives and fast-track approval for hotels and resorts. This undermines the law's core goal—building homes—and erodes public trust in California's housing policies. These hotel developments are diverting critical resources that are desperately needed for housing in California. The HAA was created to accelerate housing development, not commercial hotel projects. This abuse is occurring across the state, including in Sonoma County, Santa Clara

County, Santa Monica, and Pacific Beach. Further, while important to the tourism economy, hotels place a unique, ongoing and significant demand on public resources such as water, energy, public safety services, transportation, and parking. Because of these impacts, hotels are better suited to local review. SB 838 restores the HAA's original purpose, reinforces the state's commitment to building housing, and ensures that California's housing laws deliver for the communities they were designed to serve."

HAA Background: In 1982, in response to the housing crisis, which was viewed as threatening the economic, environmental, and social quality of life in California, the Legislature enacted the HAA. The purpose of the HAA is to help ensure that a city does not reject or make infeasible housing development projects that contribute to meeting the housing need determined pursuant to Housing Element Law without a thorough analysis of the economic, social, and environmental effects of the action and without complying with the HAA. The HAA restricts a city's ability to disapprove, or require density reductions in, certain types of residential development proposals, including mixed-use projects. The HAA does not preclude a locality from imposing developer fees necessary to provide public services or from requiring a housing development project to comply with objective standards, conditions, and policies appropriate to the locality's share of the regional housing needs assessment.

If a locality denies approval or imposes conditions that have a substantial adverse effect on the viability or affordability of a housing development for very low-, low, or moderate-income households, and the denial or imposition of conditions is subject to a court challenge, the burden is on the local government to show that its decision is consistent with specified written findings. The Department of Housing and Community Development (HCD) has enforcement authority over the HAA, and HAA violations may be referred to the Attorney General.

"Housing Development Project:" The HAA was significantly amended last year by AB 1893 (Wicks), Chapter 268, Statutes of 2024 which, among other provisions, eliminated some of the legal ambiguity surrounding the applicability of the builder's remedy, and reduced the affordability standards projects must meet in order to qualify as a builder's remedy project. The builder's remedy allows developers to move forward with qualifying housing projects even when those projects conflict with local zoning standards, so long as the jurisdiction is out of compliance with Housing Element Law. In the 6th Housing Element cycle, there was increased developer interest in, and controversy around, builder's remedy projects, despite the law existing on the books for decades.

AB 1893 also revised the definition of "housing development project" in the HAA to allow additional categories of mixed-use developments to qualify as "housing development projects" eligible for HAA protections. Before AB 1893, a housing development project was defined as a development only containing residential units, or a mixed-use development where at least two-thirds of the square footage of the project is designated for residential use. AB 1893 expanded the scope of mixed-use developments eligible for HAA protection to include projects that are only 50% residential, provided that they contain at least 500 residential units and do not include any hotel or motel space, as defined. While conditions were placed on the expanded definition of housing development to exclude hotel and motel space from mixed-use projects that are only 50% residential, the Legislature never contemplated narrowing the scope existing projects eligible for protection under the HAA in AB 1893.

This bill would narrow the types of mixed-use projects eligible for HAA protections from disapproval by excluding all mixed-use developments that contain a hotel, motel, or similar use. Furthermore, this bill contains a retroactive provision, and would apply to development proposals where there are existing applications that a local agency did not deem complete by January 1, 2025, including projects that have submitted a preliminary application before January 1, 2025.

Recent Hotel Controversies: Several housing development proposals with hotel components attracted attention in recent years, including:

- *125-129 Linden Ave project.* In October 2022, the City of Beverly Hills received an application for a builder's remedy project containing 200 residential units. The project was later revised in April 2023 to instead include 165 residential units and a 73 room hotel. Beverly Hills denied the revised proposal in June of 2024, but HCD maintained that in doing so, Beverly Hills violated the HAA and mandated that the City process the application "without further delay.

- *970 Turquoise Street project.* In August 2024, the City of San Diego received an application for a project located at 970 Turquoise Street that is a mixed-use project containing 74 residential units, 10 of which have affordability restrictions. The developer of the project proposes to use Density Bonus Law (DBL) to accommodate 139 hotel rooms as well. To fit those hotel rooms allowed under local zoning, and the bonus units that the project is entitled to under DBL, the developer requested a waiver of the city's 30-foot height limit to construct a 240-foot tall structure.

- *1420 20th Street project.* In December 2022, the City of Santa Monica received an application for a builder's remedy project containing 50 residential units, including 10 affordable units, ground floor commercial, and 40 hotel rooms in the city's R2 zone, which prohibits hotels.

- *Mountain Winery Redevelopment project.* In 2024, Santa Clara County received an application for a builder's remedy project containing 237 residential units and 81 hotel rooms in a "Hillside" zoning district, which Santa Clara County designates as a zone "to preserve mountainous lands unplanned or unsuited for urban development."

- *Sonoma Developmental Center project.* In August 2023, one day before the County of Sonoma adopted a compliant housing element, the County received an application for a builder's remedy project (under the law prior to the passage of AB 1893) containing 930 residential units and 150 hotel rooms at the site of the former Sonoma Development Center.

Notably, four of the five examples above are builder's remedy projects, submitted before AB 1893 took effect, which likely would have precluded, or drastically changed the scope, of the proposals. One of the proposals, the Turquoise Street project, did not involve the builder's remedy, but was situated on a site where the City of San Diego allowed for hotel uses locally. There are two other bills this legislative session, AB 87 (Boerner), and SB 92 (Blakespear), that seek to address the DBL issue that led to the Turquoise Street proposal.

Nonetheless, this bill seeks to narrow the definition of a "housing development project" to (1) prevent some of the aforementioned projects from proceeding as proposed with the retroactive clause, and (2) to prevent future mixed-use residential projects with hotel components from

having protections under the HAA and to ensure future state housing bills that use the HAA definition proactively prevent these types of projects.

Take Backs? This bill includes a retroactive clause and would apply the new definition of "housing development project" under the HAA to exclude certain mixed-use projects already in the pipeline with a transient lodging component from HAA protections. Specifically, this bill would apply retroactively to any development application that was submitted but not deemed complete by January 1, 2025, even if the applicant filed a preliminary application before that date. Under the HAA, developers may submit a preliminary application to secure vested rights to the zoning, design, and development standards in effect at that time, provided that a complete application follows within 180 days.

This bill would override that vesting protection for affected mixed-use projects, and for projects that would get deemed complete this year. This bill provides that even if the preliminary application was filed before January 1, 2025, and well in advance of the potential effective date of this bill, those projects are not entitled to rely on prior standards that would have allowed hotel or similar uses to qualify for HAA protections. Instead, they must meet the revised definition of a housing development project, as established by this bill, to continue to receive protection under the HAA, including in order to make use of the builder's remedy. If the jurisdiction has since come into compliance with Housing Element Law, it is possible that the retroactivity clause would disqualify these projects from moving forward at all if they were dependent on HAA protections and builder's remedy leverage, particularly if local zoning or politics are unfavorable to the proposed development.

Broad Implications: The definition of "housing development project" in the HAA is cross-referenced in a series of statutes that: require local agencies to streamline the approval of affordable housing projects, establish enforcement authority for the Attorney General, establish permitting criteria applicable to local agencies, and limit the ability of local agencies to impose conditions on projects. The table below is a partial list of statutes in the Government Code implicated by the change in this bill. This bill will narrow the scope and effect of these statutes by excluding any mixed-use developments containing a hotel, motel, or similar use from their provisions.

Streamlining Bills	
65912.100-65912.140	Creates a streamlined ministerial approval process for an affordable housing development project located in an area zoned for office, retail or parking. (AB 2011 (Wicks) The Affordable Housing and High Roads Jobs Act of 2022).
65913.16	Makes an affordable housing development project a use by right on land owned by an institution of higher education or a religious institution, as specified. (SB 4 (Weiner) The Affordable Housing on Faith and Higher Education Lands Act).
65913.4	Creates a streamlined ministerial approval process for infill affordable housing development projects, as specified (SB 35 and SB 423 (Weiner) infill housing developments).

65913.12	Makes "extremely affordable" housing development projects that reuse commercial buildings an allowable use for the purposes of the local zoning code. (AB 1490 (Lee) affordable housing development projects: adaptive reuse).
Enforcement and Anti-Discrimination	
65008	Specifies that the disapproval of housing development projects contemplated in the HAA prohibits local agencies from discriminating against a residential development on the basis of its financing, or the income level of the expected occupants.
65009.1	Establishes legal remedies that can be used by the Attorney General to enforce the adoption of housing element revisions, or any state law that requires a local government to ministerially approve a housing development project.
65589.5.1 – 65589.5.2	Specifies that not taking action under CEQA, as specified, constitutes disapproving of a housing development project.
Permit Timelines & Criteria	
65905.5	Part of the Housing Crisis Act that prohibits local agencies from subjecting housing development projects to more than five hearings.
65913.3	Establishes time limits for local agencies to process post-entitlement phase permits for housing development projects.
65940 -65943	Requires public agencies to compile a list that specifies in detail the items an applicant must submit for an application to be deemed complete, and establishes timelines for a public agency to deem an application complete.
Limitations on Development Standards	
65913.11	Establishes minimum Floor-to-Area Ration (FAR) standards local agencies can impose on specific housing development projects.
65863.2	Limits the ability of local agencies to impose minimum parking standards on housing development projects and other development projects.
69513.6	Limits the ability of local agencies to impose parking standards on an affordable housing development project built on property owned by a religious institution.

This would also impact any bills in the current legislative session, or in future legislation, that cross-reference the HAA definition of a housing development project.

Arguments in Support: UNITE HERE International Union, and UNITE HERE Local 11, the bill co-sponsors, write in support: "California desperately needs more housing. Over the past few years, the Legislature has taken decisive action to ease restrictions on the development of residential units. Unfortunately, some hotel developers have taken advantage of loopholes created by these changes to develop luxury hotels. These projects are inconsistent with the purpose of housing streamlining laws— which were always intended to create more permanent housing—not hotels.

SB 838 would close this loophole by amending §65589.5(h)(2) to specify that a project that intends to make use of housing streamlining laws may not include hotel uses. There is no evidence that hotels, as a rule, are needed to make housing projects financially feasible. On the other hand, allowing hotel rooms to be part of the "commercial" percentage of a mixed-use housing project just encourages developers to reduce the number of housing units in a project to replace them with hotel rooms. We believe hotels are added to housing projects opportunistically because the loophole allows it."

Arguments in Opposition: The California Association of Realtors, California Building Industry Association (CBIA), NAIOP Commercial Real Estate Development Association of California, San Francisco Planning and Urban Research Association (SPUR), and Lexor Builders write in opposition: "We oppose this bill because it will limit the development options on the commercial use of all mixed-use projects. The bill is also applicable retroactively, which jeopardizes many projects in the pipeline.

Our concerns with SB 838 rest in the fact that this policy could limit the financing tools available to make mixed-use development projects feasible. We oppose any policy that may limit viable options on the non-residential use of any mixed-use project, which could negatively impact the supply of housing and inhibit the development of mixed-use projects. One additional provision that causes concern is that it has a retroactive application to SB 330 projects in the pipeline, which would undermine mixed-use projects that are already in flux. This policy would have a variety of unintended consequences that could roll back the progress we have made with passing and implementing housing streamlining laws over the years to support the production of mixed-use development."

Committee Amendments:

The Committee may wish to consider removing the retroactive clause of this bill, as follows:

~~*(ib) This subclause shall be retroactive and apply to an application or a revised application for a project that the local agency has not deemed complete pursuant to subdivision (e) of Section 65941.1 or Section 65943 as of January 1, 2025, including projects that a preliminary application has been submitted for before January 1, 2025.*~~

Related Legislation:

SB 92 (Blakespear, 2025) would prevent the use of DBL to add, enlarge, or expand hotel, motel, and similar uses in mixed-use developments, among other measures.

AB 87 (Boerner, 2025) would similarly prevent DBL incentives or concessions from being granted to hotel, motel, or similar uses.

AB 1893 (Wick, Chapter 268, Statutes of 2024) amended the HAA to revise the standards a housing development project must meet in order to qualify for the "Builder's Remedy," which authorizes projects to bypass local development standards in jurisdictions that fail to adopt a substantially compliant housing element. This bill also expanded the scope of actions that constitute disapproval of a housing development project by a local government.

Double-Referred: This bill was also referred to the Committee on Local Government, where it will be heard should it pass out of this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Unite Here International Union, AFL-CIO (Sponsor)
Unite Here Local 11 (Co-Sponsor)
California Federation of Labor Unions, AFL-CIO
City of Beverly Hills

Opposition

Building Owners and Managers Association of California
California Association of Realtors
California Building Industry Association
California Business Properties Association
Lexor Builders
NAIOP of California
SPUR

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