Vice-Chair
Patterson, Joe

Members
Ávila Farías, Anamarie
Caloza, Jessica
Garcia, Robert
Kalra, Ash
Lee, Alex
Quirk-Silva, Sharon
Ta, Tri
Tangipa, David J.
Wicks, Buffy
Wilson, Lori D.

California State Assembly

HOUSING AND COMMUNITY DEVELOPMENT

Chief Consultant
Lisa Engel

Senior Consultant
Nicole Restmeyer
Dori Ganetsos

Committee Secretary
Despina Demas

State Capitol, PO BOX 942849
(916) 319-2085
FAX: (916) 319-3182

MATT HANEY
CHAIR

AGENDA

Wednesday, January 14, 2026
9:30 a.m. -- State Capitol, Room 437

HEARD IN FILE ORDER

1.	AB 739	Jackson	Common interest developments: managing agent fees: executive officer training.
2.	AB 748	Harabedian	Single-family and multifamily housing units: preapproved plans.
3.	AB 939	Schultz	Housing development: density bonuses: affordability of for-sale units.
4.	AB 1070	Ward	Residential developments: building standards: review.
5.	AB 1184	Patterson	Common interest developments: association management and meeting procedures.

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 739 (Jackson) – As Amended January 5, 2026

SUBJECT: Common interest developments: managing agent fees: executive officer training

SUMMARY: Requires the annual policy statement of common interest developments (CIDs) to include a statement of all fees charged by a homeowner's association's (HOA's) managing agent and requires the Department of Real Estate (DRE) to develop an education course for HOA executive officers. Specifically, **this bill**:

1) Adds a statement of all fees charged by the HOA managing agent (property manager) to the list of required materials to be included in an HOA board's annual policy statement, which is provided to all HOA members within 30 to 90 days before the end of each fiscal year.

2) Requires DRE to develop an education course for HOA executive officers that is validated by the Secretary of State. The education course must include training on:

    a) Information on the duties of the HOA board, including the board's role in reviewing all major financial statements and account activity.

    b) Fiduciary duties;

    c) Management duties; and

    d) All other applicable provisions of the Davis-Stirling Act.

3) Requires an executive officer to complete the education course in 2), consisting of 12 hours of education, within one of the following timeframes:

    a) Two years of the date of the development of the education course for executive officers appointed or elected before the date of the development of the course; or

    b) Two years of appointment or election for executive officers appointed or elected after the course is developed.

4) Defines "executive officer" as the president, vice president, secretary, or treasurer of the HOA.

EXISTING LAW:

1) Requires each HOA board to distribute an annual policy statement that provides members with information about association policies within 30-90 days before the end of the fiscal year that includes all of the following information:

    a) The name and address of the person designated to receive official communications to the HOA;

b) A statement explaining that an HOA member can request to have notices sent to up to two different addresses;

c) The location, if any, designated by the HOA for the posting of any general notices;

d) Notice that a member may receive general notices by individual delivery;

e) Notice of a member's right to receive copies of any meeting minutes;

f) The statement of HOA assessment collection policies;

g) A statement describing the HOA's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments;

h) A statement describing the HOA's discipline policy, if any, including any schedule of penalties for violations of the governing documents;

i) A summary of HOA dispute resolution procedures;

j) A summary of any requirements for association approval of a physical change to property; and

k) The mailing address for overnight payment of assessments. (Civil Code (CIV) 5310)

2) Requires an HOA to distribute an annual budget report within 30-90 days of the end of the fiscal year. (CIV 5300).

3) Allows an HOA member to inspect association records, including management contracts and corresponding invoices. (CIV 5200 & 5210)

4) Establishes an optional certification program for "certified common interest development manager(s)." Business and Professions Code (BCP) 11502.

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Fees charged by HOA managing agents are often complex and confusing for association members who want to understand exactly what they are paying and want insight into third-party vendors. AB 739 is a transparency measure to require a summary of HOA fee information be provided to the association's board members while guaranteeing homeowners the right to access this information. Providing HOA members with clear, digestible fee information is critical to ensure they can make informed decisions about their communities."

Common Interest Developments: There are over 50,000 CIDs in the state that range in size from three to 27,000 units, with the average CID having 286 residents. CIDs make up roughly 4.7 million housing units, and 36% of Californians (over 14 million Californians) live in a CID. These rates are even higher for homeowners, with approximately 65% of homeowners living in a CID. CIDs include condominiums, community apartment projects, housing cooperatives, and planned unit developments. They are characterized by a separate ownership of dwelling space

coupled with an undivided interest in a common property, restricted by covenants and conditions that limit the use of common area, and the separate ownership interests and the management of common property and enforcement of restrictions by an HOA. CIDs are governed by the Davis-Stirling Common Interest Development Act (the Act) as well as the governing documents of the association, including bylaws, declaration, and operating rules.

Davis-Stirling Common Interest Development Act: The Act went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The law aims to balance the authority of HOAs with the rights of individual property owners, ensuring that communities are managed efficiently and fairly.

Over time, the Davis-Stirling Act has been amended to address the evolving needs of CIDs and to increase transparency, accountability, and consumer protections. Key provisions include requirements for open meetings, financial disclosures, election procedures, and architectural review processes. The Act also provides mechanisms for resolving disputes, including internal dispute resolution and alternative dispute resolution before certain legal actions can proceed. As CIDs continue to represent a significant portion of California's housing stock, the Davis-Stirling Act plays a critical role in shaping the living environment and governance of millions of residents across the state.

Annual Policy Statements and Budget Reports: Under the Act, each HOA board must provide all HOA members with an Annual Policy Statement (Statement) before the end of each fiscal year, summarizing key HOA rules, procedures, and member rights. The Statement functions as a practical, consolidated reference for how the HOA operates. It must include basic contact and notice information, explain members' options for receiving official HOA communications and meeting materials, and outline core governance policies like assessment collection and enforcement, lien and legal remedies for nonpayment, disciplinary and penalty policies, dispute resolution procedures, and any requirements for obtaining HOA approval for physical changes made to a member's property. The Statement must also identify where HOA general notices are posted and must provide the address where members can send overnight payments of assessments. The Statement is meant to promote transparency and ensure members have clear, accessible information about their rights and the HOA's day-to-day practices.

This bill would add a requirement for the Statement to include a list of all fees charged to the HOA by the HOA property manager. In doing so, this bill seeks to increase transparency for HOA members on how their money is being spent. However, under current law, HOAs are already required to annually provide all members with the budget and year-end financial statements each fiscal year, which include the fees charged by the managing agent, through the Annual Budget Report. Homeowners are also currently allowed to inspect HOA records, which include property management contracts and corresponding invoices, under current law.

In light of the existing requirements under the Davis-Stirling Act, the Committee may wish to consider whether the Annual Policy Statement is the appropriate place for HOA members to receive access to this information, and whether all members of each HOA across the state will want that level of detail on property management fees included in their Policy Statement. The Committee may instead wish to consider alternative ways to expand member access to details of fees charged to the HOA by the management company, such as a requirement to make a detailed

fee breakdown available for electronic delivery upon member request. This approach may strike a better balance between increased transparency (providing a member with the requested information without them having to search through all HOA records) and feasibility for the HOA (reducing the burden of preparing Annual Policy Statements and avoiding providing members with information that may not be useful to them).

Mandatory Certification through DRE: This bill would add a new certification requirement to the Davis-Stirling Act, requiring all HOA "executive officers," defined as the president, vice president, secretary, or treasurer of the HOA, to obtain a mandatory certification developed and administered by DRE. Currently, DRE's primary involvement with HOAs comes through the Subdivided Lands Act as part of its subdivision public report approval process. When a developer creates a CID, DRE must review and issue a Subdivision Public Report before sales occur. To secure this report, the developer must disclose detailed information about the formation, structure, financial obligations, and projected operations of the HOA. This gives DRE a front-end regulatory role, ensuring that the HOA is set up transparently and that consumers are warned about financial or governance issues before homes are sold. After formation, DRE does not regulate HOA operations; that authority shifts to Davis-Stirling (Civil Code) and local enforcement mechanisms. As such, DRE's involvement is consumer protection at the point of home sale, not ongoing HOA oversight.

All executive officers would be expected to complete this new 12-hour training within either two years of DRE's development of the training for existing officers, or two years of election for officers elected after the training is developed. The training developed by DRE would be required to cover the duties of the HOA board, fiduciary duties, management duties, and training on all other applicable provisions of the Act.

Requiring this training may increase each HOA's compliance with the Act and could help ensure that HOA Boards have a baseline understanding of their legal, fiduciary, and management obligations under the Act. At the same time, the requirement may impose new administrative and cost burdens on associations and volunteer board members, particularly for small or self-managed HOAs with limited resources. The 12-hour training requirement could discourage participation in HOA leadership roles or exacerbate existing vacancies in executive officer positions. Furthermore, this requirement would shift DRE's involvement in HOAs from a front-end regulatory role at the point of sale, to an ongoing role in regulating HOA governance and training the executive board. As such, the Committee may wish to consider striking the requirement for mandatory certification of HOA executive officers through DRE from the bill.

Arguments in Support: The California Association of REALTORS, the California Desert Association of REALTORS, Inland Valley Association of REALTORS, and the Greater Palm Springs REALTORS, write in support: "All of the information that AB 739 would require should technically be available to HOA board members and their community members under existing regulations and practices. However, until that information is required to be provided in a simplified, usable form, it will remain elusive. In conclusion, AB 739 is a modest measure which represents a straightforward, common-sense step toward greater transparency and accountability in California's HOAs. By requiring an annual, easy-to-understand disclosure of all management fees—both base and additional charges—this legislation empowers boards and homeowners to make informed decisions about their communities."

Arguments in Opposition: The California Association of Community Managers (CACM) writes in an oppose unless amended position: "CACM agrees that the board of directors should have clear visibility into the fees charged by managing agents, and that homeowners also have a right to access this information. Current law requires the association to annually provide all homeowners with the budget and year-end financial statements, which show the fees charged by the managing agent. Current law also allows homeowners to inspect association records, which include the management contract, as well as corresponding invoices.

Accordingly, we respectfully oppose AB 739 unless it is amended to:

1. Clarify that the fees to be provided to the board are the total base fee, fee schedule charges and reimbursable expenses.

2. Allow homeowners to receive this information upon request."

Committee Amendments: To address the policy considerations outlined in this analysis, the committee may wish to consider the following amendments:

1) Strike all existing provisions from the bill.

2) Create the following new Civil Code Section 5378:

5378. The association shall deliver through electronic means a statement of fees charged by the managing agent as, as described in subparagraph (e) of Section 5500, upon written request by a member.

3) Amend CIV 5500 as follows:

5500. Unless the governing documents impose more stringent standards, the board shall do all of the following:

…

(e) Review, on an annual basis, a statement of fees charged by the managing agent, including the following:

(1) The reporting period covered by the disclosure.

(2) The total number of residential units in the association during the reporting period.

(3) The total amount billed and paid by the association to the management company during the reporting period.

(4) A breakdown of the total amount described in (3), into the following categories:

(i) Base management fee, which include amounts paid pursuant to fixed or recurring compensation specified in the management agreement.

(ii) Fee-schedule charges, which include amounts paid for additional or optional services provided pursuant to a fee schedule adopted by the board of directors as part of the management agreement.

(iii) Reimbursable expenses, which include amounts paid to reimburse the management company for third-party costs or expenses incurred on behalf of the association

Double Referred: This bill was also referred to the Committee on Business and Professions, where it will be heard on January 13, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Realtors
California Desert Association of Realtors
Greater Palm Springs Realtors
Inland Valleys Association of Realtors

Opposition

California Association of Community Managers (CACM)
Community Associations Institute California Legislative Action Committee

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

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 748 (Harabedian) – As Amended January 5, 2026

SUBJECT: Single-family and multifamily housing units: preapproved plans

SUMMARY: Requires each local agency to develop a program for the preapproval of single-family and multifamily residential housing plans for public use. Specifically, **this bill**:

1) Requires each local agency to develop a program for the preapproval of single-family and multifamily residential housing plans with up to 10 units, as follows:

    a) Establishes that the local agency must;

        i) Accept single-family and multifamily residential housing plans for preapproval from any applicant without restriction; and

        ii) Approve or deny the application for preapproval pursuant to applicable state and local housing regulations.

    b) Allows the local agency to charge the applicant the same permitting fees that the local agency would charge an applicant seeking approval for the same-sized single-family or multifamily residential housing unit in reviewing and approving a preapproved housing plan submission;

    c) Provides that an application for the preapproval of plans shall include a statement by the applicant certifying that they have sufficient authority, license, or ownership interest in the plan to submit the plan for preapproval;

    d) Requires the local agency to post the preapproved plans on the agency's website, with the contact information of the party that submitted the plans included. The posting of the plans shall not be considered an endorsement of the applicant, or an approval of the applicant's application. The local agency is required to remove preapproved plans within 30 days, at the applicant's request; and

    e) Allows, but does not require, the local agency to admit plans developed and approved by the local agency independently of this program, or plans at higher densities in additional zoning districts, into the preapproved program.

2) Specifies that the preapproved plans shall not be used in a master-planned community, a planned unit development, or a similar large-scale development that includes the subdivision of land for the construction of multiple housing units.

3) Requires a local agency to approve or deny an application for a single-family or multifamily housing development ministerially and without discretionary review within 30 days, if the lot for which the application is proposed meets the soil conditions, topography, flood zone, zoning regulations, and design review standards for which the preapproved housing plan was designed, and the applicant uses either of the following:

a) Plans preapproved pursuant to the program established in 1), as long as they were approved by the local agency within the current triennial California Building Standards Code (CBSC) rulemaking cycle; or

b) Plans that are identical to a plan that was preapproved pursuant to 1), as long as they were approved by the local agency within the current CBSC rulemaking cycle.

4) Applies the provisions in (1) to large jurisdictions by July 1, 2027, and to small jurisdictions by January 1, 2029.

5) Defines "large jurisdiction" as a county that is not a small jurisdiction or any city with a population with 25,000 or more as of January 1, 2019, within that county.

6) Defines "small jurisdiction" as a county with a population of less than 250,000 as of January 1, 2019, any city within that county, or a city with a population of less than 25,000 as of January 1, 2019.

7) Includes annual progress reporting requirements.

8) Applies these provisions to all cities, including charter cities.

EXISTING LAW:

1) Requires each local agency to develop a program for the preapproval of Accessory Dwelling Units (ADUs) by January 1, 2025, as follows:

a) Establishes that the local agency must;

i) Accept ADU plans for preapproval from any applicant without restriction; and

ii) Approve or deny the application for preapproval pursuant to applicable state and local housing regulations.

b) Allows the local agency to charge the applicant permitting fees for the review of the plans submitted for preapproval, as long as the fees are the same as those that would be charged to review the plans if a standard ADU application were filed;

c) Requires the local agency to post the preapproved ADU plans on the agency's website, with the contact information of the party that submitted the plans included. The posting of the plans shall not be considered an endorsement of the applicant, or an approval of the applicant's application. The local agency is required to remove preapproved plans within 30 days, at the applicant's request; and

d) Allows the local agency to admit ADU plans developed and approved by the local agency independently of this program into the preapproved ADU program. (Government Code (GOV) 65852.27)

2) Requires a local agency to approve or deny an application for an ADU ministerially and without discretionary review within 30 days, if the applicant uses either of the following:

a) ADU plans preapproved pursuant to the program established in 1), as long as they were approved by the local agency within the current triennial California Building Standards Code (CBSC) rulemaking cycle; or

b) ADU plans that are identical to a plan that was preapproved pursuant to 1), as long as they were approved by the local agency within the current CBSC rulemaking cycle. (GOV 65852.27)

3) Applies 1) and 2) to all cities, including charter cities. (GOV 65852.27)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "AB 748 streamlines the approval process for both single-family and multifamily housing by requiring local agencies to establish pre-approved housing plan programs. Under the bill, large jurisdictions would be required to develop these programs by July 1, 2027, while small jurisdictions would have until January 1, 2029. By providing homeowners and developers with a standardized set of housing models to choose from, the bill not only accelerates post-disaster rebuilding but also facilitates the construction of new housing statewide. This standardized and predictable approval pathway cuts through bureaucratic red tape, reduces costs, and removes delays that often prevent housing from being built. By making it easier to rebuild and create new homes, AB 748 increases overall housing supply, supports faster community recovery, and helps ensure more families can access stable, affordable places to live."

Local Housing Approval Process: Planning for, and approving, new housing developments is primarily a local responsibility. Under the California Constitution, cities and counties have broad authority, known as the police power, to regulate land use in the interest of public health, safety, and welfare. Local governments enforce this authority through an entitlement process, which includes both discretionary and ministerial approvals. Gaining "entitlement" is essentially a local government's confirmation that a housing project conforms with all applicable local zoning regulations and design standards. Once a project receives entitlement, or approval, from the local planning department, it must obtain postentitlement permits, such as building, demolition, and grading permits. Postentitlement permits are related to the physical construction of the development proposal before construction can begin.

Navigating through the various stages of housing approval requires developers to invest time and resources early in the development process. Obtaining approval to build housing can be even more difficult for less-experienced homeowners seeking to add gentle density to their properties. To address this, the Legislature has enacted various laws to streamline, expedite, and standardize housing approvals, particularly for projects meeting objective standards. Despite the efforts to expedite local approvals for housing development proposals both at the entitlement and permitting stages, it still can take takes far too long to approve housing in California.

HCD identifies lengthy permit processing timelines and procedures as a governmental constraint to housing development. In HCD's San Francisco Housing Policy and Practice Review, the department found that procedural complexities associated with housing entitlement and permitting are "not only a barrier to entry to new development professionals pursuing [housing] projects," but they may also cause developers to exit housing markets with complex permitting

ecosystems and pursue developments in neighboring jurisdictions with less complex procedural requirements instead.[1] For homeowners seeking to add gentle density to their property, bureaucratic hurdles and delays can result in project abandonment, further tightening the housing production pipeline.

This bill would address a key governmental constraint to housing production by expediting and standardizing the housing approvals process for homeowners using plans that the local government already approved. Speeding up housing approvals as proposed in this bill reduces costs by minimizing delays that can increase financing, labor, and material expenses. Faster and more predictable approvals also create more certainty for homeowners and developers, encouraging investment and increasing housing supply, which can help to stabilize prices. Increasing the supply and availability of housing at all income levels ultimately lowers housing costs and helps to promote a more affordable California.

Benefits of Standardization and Predictability: In recent years, there has been a legislative trend towards standardization, consistency, and expediency in housing approvals. Research from urban planning, public policy, and economic disciplines consistently highlights the advantages of clear and consistent regulatory frameworks in housing development. Unpredictable and lengthy approval timelines can increase financial risk, discourage investment, and drive up costs for developers, which ultimately translates into higher housing prices for consumers.

On the other hand, standardized approval processes can help mitigate these risks by providing clear guidelines, reducing ambiguity, and fostering confidence for the applicant. One such example of increasing standardization, speed, and predictability in housing reviews comes from accessory dwelling units, or ADUs. The Legislature passed laws to permit ADUs by right on all residentially-zoned parcels in the state, facilitating the construction of missing middle housing in exclusionary single-family neighborhoods.[2] Since then, various pieces of legislation have been passed to establish statewide standards for ADUs, regardless of the underlying zoning district. ADUs are now required to be reviewed within 60 days by local governments in a streamlined and ministerial fashion. This means that there are clear rules that apply to every residential parcel in the state, and if those rules are followed, an ADU proposal will be quickly approved.

Taken as a whole, ADU laws have established a fast, predictable, uniform, and enforceable process for the approval of ADUs statewide. These laws have transformed these units from being less than 1% of new construction before 2017 to now being approximately 20%, with over 20,000 new ADUs legally completed in 2024.[3] With thousands of ADUs being added every year, ADUs have already become an important part of the state's stock of new housing, with a growth potential that is not subject to the state's funding allocations. This bill seeks to build off the successes of standardization and predictability by applying them to standard housing units, not just ADUs, through a preapproved program.

Preapproved Plans: In an attempt to increase standardization and predictability in housing approvals, there has been increased interest at the state and local level in preapproved plans for

---

[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.hcd.ca.gov/sites/default/files/docs/policy-and-research/adu-handbook-update.pdf
[3] Per HCDs "APR Dashboard" https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard. Complete data for 2023 will be made available by June 30, 2024. This statistic relies on data pulled on January 9, 2026.

housing development. Building on the success of prior ADU laws, AB 1332 (Juan Carrillo), Chapter 759, Statutes of 2023, established a preapproved plan program for ADUs, which this bill draws heavily from. Under AB 1332, local governments were required to develop a program for the preapproval of ADU plans by January 1, 2025, with functionally the same provisions as this bill. Because this preapproved ADU program went into effect on January 1, 2025, it is still too early to tell how successful or impactful it will be in terms of increasing ADU production.

More recently, the City of Los Angeles (LA) launched a local "Small Lots, Big Impact" initiative to encourage for-sale housing on small lots.[4] Through this initiative, LA is hosting a design competition for designers to develop plans for multiple small-scale housing units on individual lots, with the winning designs eventually serving as pre-approved plans for all developers to use.[5] The LA housing department anticipates that these pre-approved designs will be for one to three-story developments ranging from fourplexes to 20-unit proposals.[6] LA anticipates that this program may help the Pacific Palisades neighborhood rebuild more quickly after thousands of homes were damaged or destroyed in last year's Palisades fire.

This bill would build on the precedent set by AB 1332 (Juan Carrillo) and would be similar to LA's preapproved plan initiative. Under this bill, local governments would be required to establish a program for the preapproval of single-family and multi-family homes ranging from 1-10 units, and then expedite the approval process for applicants who later want to use those preapproved designs by reviewing them within 30 days.

Large jurisdictions, as defined, would need to set up this program for preapproval by July 1, 2027, while small jurisdictions will have until January 1, 2029. There is no requirement that a local government must have a certain number of preapproved plans, and nothing prescribes how many units must be contained in the multiunit preapproved plans (though the maximum unit cap is 10). Local governments may, but are not required to, voluntarily admit or accept additional plans at higher densities and in additional zoning districts into the preapproved plan program, at their discretion. Local governments would be allowed to charge the same permitting fees as they would for the standard approval of similar housing units to review these plans submitted for preapproval. Jurisdictions are not required to post a preapproved plan that is not submitted by an applicant, meaning they do not have to develop any on their own should no applicants submit plans for preapproval. If a local government does receive plans submitted for preapproval, they must be approved or denied pursuant to state and local housing requirements. All approved plans must be posted on the jurisdiction's website, along with the contact information of the applicant. A local agency must remove a preapproved plan from their website within 30 days of request of the applicant.

In order to use the preapproved plans, the lot for which the housing development application is proposed must meet the same soil conditions, topograpy, flood zones, zoning regulations, and design review standards for which the preapproved plan was designed, and the plans must comply with the current triennial California Building Standards code. The preapproval program established by this bill cannot be used in a master-planned community, planned unit development, or a similar large-scale development that includes the subdivision of land for the

---

[4] https://www.latimes.com/california/story/2025-03-05/los-angeles-launches-effort-to-encourage-starter-homes-on-city-owned-vacant-lots
[5] IBID.
[6] IBID.

construction of multiple new housing units. The review of these development proposals using preapproved plans would be ministerial, without discretionary review, and as such would not be subject to review under the California Environmental Quality Act (CEQA). In order to track program efficacy, local governments are required to report to HCD in their annual progress reports (APRs) how many residential units are approved using preapproved housing plans through this bill. This preapproved program may help standardize and simplify the approvals process for homeowners and developers by increasing approval certainty, so long as they stick to the preapproved plans, and by expediting the approval process.

Related Legislation:

AB 1206 (Harabedian) of 2025 was substantially similar to this bill. AB 1206 was held in the Senate Appropriations Committee.

AB 1332 (Juan Carrillo), Chapter 759, Statutes of 2023, established a similar preapproved plan program for ADUs.

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

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 939 (Schultz) – As Amended January 5, 2026

SUBJECT: Housing development: density bonuses: affordability of for-sale units

SUMMARY: Revises Density Bonus Law (DBL) to allow qualifying nonprofit corporations to purchase for-sale units developed under DBL without waiting 180 days. Specifically, **this bill** allows nonprofit corporations that receive a welfare exemption to purchase for-sale units developed under DBL without waiting 180 days after the issuance of a certificate of occupancy, if those units are sold by the nonprofit to low-income families participating in a below-market interest rate loan program.

EXISTING LAW:

1) Establishes DBL, which requires local governments to grant a density bonus when an applicant for a housing development, defined as a development containing "five or more residential units, including mixed-use developments," seeks and agrees to construct a project that will contain at least one of the following:

    a) 10% of the total units of a housing development for lower-income households;

    b) 5% of the total units of a housing development for very low-income households;

    c) A senior citizen housing development or mobile home park;

    d) 10% of the units as for-sale units in a common interest development (CID) for moderate-income households;

    e) 10% of the total units for transitional foster youth, veterans, or persons experiencing homelessness;

    f) 20% of the total units for lower-income students in a student housing development; or

    g) 100% of the units of a housing development for lower-income households, except that 20% of units may be for moderate-income households. (GOV 65915)

2) Requires for-sale units built using DBL to be initially sold and occupied by a person or family of very low, low, or moderate income. (GOV 65915)

3) Provides that if the for-sale unit is not purchased by an income-qualified person or family within 180 days after issuance of a certificate of occupancy, a qualified nonprofit housing corporation meeting the following requirements may purchase the unit:

    a) The nonprofit corporation is tax-exempt, as verified through determination letter from the Internal Revenue Service, and is not a private foundation;

    b) The nonprofit corporation is based in California;

c) All board members of the nonprofit corporation have their primary residence in California; and

d) The primary activity of the nonprofit corporation is the development and preservation of affordable home ownership housing in California. (GOV 65915)

4) Requires a qualifying nonprofit meeting the definition in 3), above, to sell any for-sale owner-occupied units to families meeting the income levels defined in Health and Safety Code (HSC) Section 50052.5. (GOV 65915)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Nonprofit affordable housing organizations across California work directly with lower income households at the community level building awareness, providing first-time buyer education and increasing access to affordable housing opportunities, including maintaining long lists of pre-qualified families ready to purchase affordable homes. These organizations specialize in complex financing, compliance with long-term affordability covenants, and homeowner readiness. Allowing them to acquire affordable units during entitlement, prior to the completion of construction or immediately thereafter would achieve the original intent of the law—ensuring homes are sold to qualified, low-income households, affordably, effectively and efficiently.

AB 939 provides a targeted, no-cost fix to streamline affordable homeownership by removing the 180-day resale restriction in state law, if the developer is under contract with a nonprofit affordable housing organization for the transfer of units to be sold to low- income individuals directly. Under this bill, income-restricted ownership units could be sold immediately to qualified nonprofit affordable housing organizations rather than sitting vacant, after construction for 180 days. This allows developers to reduce holding and marketing costs while ensuring that homes reach income-qualified families more efficiently.

Most importantly, AB 939 maintains all existing affordability covenants and resale restrictions on these low- -income units, guaranteeing that these homes remain affordable for at least 45 years, as already required by existing law. By enabling mission-driven nonprofits and private developers to collaborate more effectively, the bill accelerates the creation of affordable homeownership supply without any fiscal impact to the state."

Density Bonus Law: California's Density Bonus Law (DBL), originally enacted in 1979, is a key state policy aimed at addressing the financial challenges of building affordable housing, particularly in high-cost markets. Given the state's elevated land and construction costs, the private market often struggles to deliver housing that is affordable to low- and moderate-income households without public subsidy.

DBL closes some of the financial gaps associated with building affordable housing by allowing developers to build more units than local zoning codes typically allow, known as a "density bonus," in exchange for reserving a certain percentage of the housing units as affordable. To qualify for a density bonus, a project must include one of several affordability options, including: providing rental units for lower-income or very low-income households, for-sale units for moderate-income households, or homes targeting specific populations such as seniors, transition-

age foster youth, disabled veterans, or lower-income college students. Under DBL, when a mixed-income housing development includes a minimum percentage of affordable units, such as 5% very low-income or 10% lower-income, it becomes eligible for a density bonus starting at 20%, with the potential to increase the project's density up to 50%, depending on the proportion of affordable units provided. 100% affordable projects can qualify for up to an 80% density bonus, or unlimited density if the proposed development is within ½ mile of a major transit stop or located in a very low vehicle miles travelled area.

Under DBL, developers are also entitled to receive additional benefits, including up to five regulatory incentives or concessions, such as relaxed design standards, increased floor area ratio (FAR), and reduced parking requirements if the concession or incentive would result in identifiable and actual cost reductions for the project and would not have specific, adverse impacts on public health or safety.

This increased density and flexibility provided by DBL allows the fixed costs of development to be spread across more units, helping to offset the lower financial returns from the deed-restricted affordable units, and reducing the need for direct public subsidy. It also helps to mitigate local standards that would render a qualifying DBL project financially infeasible in order to bolster the state's housing production pipeline. In practice, DBL plays a critical role in the state's housing strategy, both by reducing development costs and by increasing the overall supply of housing at all income levels, particularly in communities that might otherwise see little affordable housing development. By leveraging regulatory flexibility instead of direct public funding, DBL offers a cost-effective mechanism to stimulate the production of both mixed-income and 100% affordable housing projects throughout California.

Qualified Nonprofit Purchase of DBL For-Sale Units: All affordable rental units built under DBL must be deed-restricted for at least 55 years to ensure long-term affordability. For-sale affordable units constructed pursuant to DBL are subject to a separate affordability and resale framework that requires each unit used to qualify for the density bonus to be initially sold and occupied by a very low-, low-, or moderate-income household at an affordable housing cost and subject to an equity-sharing agreement that governs resale of the unit regardless of the identity of the purchaser. If the unit is not purchased by an income-qualified household within 180 days of issuance of the certificate of occupancy, DBL allows the unit to be purchased by a qualified nonprofit housing corporation that meets specified federal and state eligibility criteria and whose primary mission is the development and preservation of affordable homeownership housing in California. Units acquired or developed by a qualified nonprofit must be subject to repurchase options or affordability restrictions that preserve the unit as owner-occupied affordable housing for at least 45 years and limit resale to income-qualified households, and, in those cases, DBL permits the local government to contract with the nonprofit to assign responsibility for recapture of the initial public subsidy and proportionate share of appreciation, provided all proceeds are reinvested in lower-income homeownership within the local jurisdiction.

AB 323 (Holden), Chapter 738, Statutes of 2023, limited the ability of developers to sell deed-restricted units intended for owner-occupancy to purchasers who would rent the unit. The bill sought to ensure that low-income families can realize the dream of homeownership, rather than allowing investors to use DBL to change income-restricted owner-occupancy units into rental units. AB 323 (Holden) specified that for-sale units must be sold to, not just occupied by, income-qualified households. AB 323 (Holden) also established the 180-day hold period between issuance of a certificate of occupancy and when a qualified nonprofit could purchase the

for-sale unit under DBL, and added the following more stringent parameters around which nonprofits are qualified to purchase for-sale units:

- The nonprofit must have a determination letter from the Internal Revenue Service affirming its tax-exempt status, and must not be a private foundation.
- The nonprofit must be based in California, and all of the nonprofit's board members must have their primary residence in California.
- The primary activity of the nonprofit is the development and preservation of affordable homeownership housing in California that incorporates within their contracts for initial purchase a repurchase option that requires a subsequent purchaser of the property that desires to resell or convey the property to offer the qualified nonprofit corporation the right to repurchase the property prior to selling or conveying that property to any other purchaser pursuant to an equity sharing agreement.

While AB 323 (Holden) intended to ensure that qualified income-restricted buyers have the first opportunity to purchase DBL units without competing with speculative investors or non-certified nonprofits, developers have shared anecdotal evidence that they sometimes struggle to find income-qualified buyers for for-sale units developed through DBL, leaving these affordable for-sale units sitting vacant, generating carrying costs and marketing costs for the homebuilder, before they can transfer the title to a qualified nonprofit to manage the initial sale to a low-income buyer. Sometimes, these restrictions deter developers from pursuing for-sale DBL projects altogether.

This bill would amend DBL to allow nonprofit corporations that receive a welfare exemption to purchase for-sale units developed under DBL without waiting 180 days after the issuance of a certificate of occupancy, so long as those units purchased by the nonprofit are sold to low-income families who participate in a below-market interest rate loan program. These organizations, like Habitat for Humanity and Self-Help Enterprises, are currently prohibited from partnering with market-rate homebuilders early in the planning process to create a pipeline of low-income for-sale homes due to the 180-day hold period. These nonprofit affordable housing organizations across California maintain lists of pre-qualified low-income families with approved financing, and ready to purchase affordable homes, and these units are often built by the nonprofit to be immediately sold to a low-income family upon issuance of the certificate of occupancy.

In doing so, this bill seeks to facilitate the sale and construction of for-sale affordable units under DBL by allowing qualified nonprofits to purchase these units sooner, allowing them to be sold to low-income families who participate in a below-market interest rate loan program, rather than allowing them to sit vacant for approximately half of a year before the unit can be sold if an income-qualified buyer does not buy the unit.

In its attempt to allow certain nonprofits to purchase these for-sale DBL units, this bill does not maintain some of the protections surrounding DBL for-sale units that were enacted by AB 323 (Holden) to ensure that these units are occupied by income-qualified households and remain affordable after the first purchaser sells the home. For example, this bill does not:

- Require units purchased by a nonprofit organization receiving a welfare exemption to remain affordable for 45 years;

- Require these for-sale DBL units to be both sold to *and occupied by* low-income families, just sold to them; or
- Subject these for-sale units to the standard equity sharing agreement established under DBL for for-sale units.

The Committee may wish to consider amendments to ensure those protections established in DBL and as amended by AB 323 (Holden) remain in place to ensure long-term affordability and to promote homeownership (not rental) opportunities. This bill would otherwise maintain the provisions of AB 323 (Holden) to limit the eligibility of who may purchase an income-restricted unit under DBL. Opponents of this measure maintain that allowing nonprofits to purchase the unit at the same time as other prospective buyers may result in owner-occupants having to compete with corporations seeking to purchase units intended for family occupancy.

Income Levels: This bill would require qualified nonprofits that receive a welfare exemption to sell these affordable homes to low-income families, but does not define low-income. Under the current DBL ownership framework, as established in Health and Safety Code (HSC) section 50052.5, for-sale units are available to the following households at the following affordable housing costs, adjusted for family size appropriate for the unit:

- For extremely low income households at 30% times 30% of the AMI;
- For very low income households at 30% times 50% of the AMI;
- For lower income households at 30% times 70% of the AMI, with the option to instead use 30% of the household's actual income for households between 70% and 80% of AMI; or
- For moderate income households between 28%–35% times 110% of the AMI, with the option to instead use 35% of the household's actual income for households between 110% and 120% of AMI.

By only specifying that the units are sold to low-income households without a statutory citation for the income and affordability levels of those units, this bill creates ambiguity around the proposed affordability structures. In order to maintain the bill's intent (excluding moderate-income households from this proposal) but better structuring the bill to fit within the state's existing for-sale affordable housing framework, the Committee may wish to consider amendments to require a qualifying nonprofit to sell the homes to extremely low, very low, and lower-income households, as defined in HSC 50052.5.

Arguments in Support: The California Home Building Alliance writes in support: "Developers who build income-restricted for-sale units under Density Bonus Law have demonstrated their challenges attempting to sell these units directly to homebuyers. Units are often sitting vacant for months, generating unnecessary market costs for developers who struggle and are not equipped to locate qualified low-income buyers. AB 939 provides a targeted and common sense fix by removing the 180-day resale restriction if the developer is partnering with a qualified nonprofit affordable housing organization for the transfer of units to be sold to low-income individuals with below interest rate mortgages directly. Importantly, AB 939 preserves all existing affordability covenants and resale restrictions, guaranteeing these homes remain affordable for at least 45 years. By enabling earlier collaboration between mission-driven nonprofits and developers, the bill accelerates affordable homeownership opportunities without any fiscal impact to the state."

Arguments in Opposition: According to the California Association of Realtors, "AB 939 seeks to reverse amendments negotiated with the bill's sponsor to permit corporate nonprofits to purchase deed restricted, density bonus units if a qualified buyer did not purchase the for-sale unit intended for owner occupancy within 180 days of construction. This bill, as amended, proposes to instead allow these corporations to purchase these units ahead of a qualified buyer, effectively undoing the legislation C.A.R. sponsored with Assemblymember Holden in 2023 (AB 323). If enacted, the bill allows corporate nonprofits to control all for sale deed restricted units acting as a developer, dual unlicensed real estate agents and lenders simultaneously for buyers seeking to obtain the dream of homeownership, without independent representation locking them into contracts that result in little to no equity growth for the occupant owner during their term of ownership."

Committee Amendments:

In order to address the aforementioned policy considerations regarding the occupancy of the for-sale units, the ongoing affordability term, the affordability levels, and ensuring these for-sale units are subject to an equity sharing agreement, the Committee may wish to consider the following amendments:

Amend the existing bill text as follows:

> (iii) The unit is purchased by a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code that receive a welfare exemption under Section 214.15 of the Revenue and Taxation Code for properties to be sold to ***and occupied by extremely low, very low, and*** low***er***-income families who participate in a below-market interest rate loan program***, that incorporates within their contracts for initial purchase a repurchase option that requires a subsequent purchaser of the property that desires to resell or convey the property to offer the qualified nonprofit corporation the right to repurchase the property prior to selling or conveying that property to any other purchaser pursuant to an equity sharing agreement or affordability restrictions on the sale and conveyance of the property that ensure that the property will be preserved for low income housing for at least 45 years for owner-occupied housing units and will be sold or resold only to persons or families of extremely low, very low, and lower income, as defined in Section 50052.5 of the Health and Safety Code.***

Add and amend 65915(c)(2)(C) as follows:

> The local government shall enforce an equity sharing agreement required pursuant to clause (i) ~~or~~**,** (ii)***, or (iii)*** of subparagraph (A), unless it is in conflict with the requirements of another public funding source or law or may defer to the recapture provisions of the public funding source. The following apply to the equity sharing agreement:

Related Legislation:

AB 323 (Holden), Chapter 738, Statutes of 2023: Amended DBL to ensure that qualified income-restricted buyers have the first opportunity to purchase DBL units without competing with speculative investors or non-certified nonprofits.

REGISTERED SUPPORT / OPPOSITION:

Support

Habitat for Humanity (Sponsor)
California Chambers of Commerce
California Council for affordable Housing
California Building Industry Association
California Home Building Alliance
Circulate San Diego
Monterey Bay Economic Partnership
SPUR

Opposition

California Association of Realtors

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

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1070 (Ward) – As Amended January 5, 2026

SUBJECT: Residential developments: building standards: review

SUMMARY: Requires the Department of Housing and Community Development (HCD) to convene a working group to research and consider recommending building standards to allow residential developments between three and ten units to be built under the requirements of the California Residential Code (CRC), and requires HCD to perform a review of residential construction cost pressures, as specified. Specifically, **this bill**:

1) Requires HCD, no later than December 31, 2027, to convene a working group, with membership including but not limited to the California Building Standards Commission (CBSC), State Fire Marshal, Division of the State Architect, Energy Commission, and other stakeholders, to research and consider identifying and recommending amendments to state building standards allowing residential developments of between three to ten units to be built under the requirements of the CRC, and any necessary modifications to maintain health and safety standards for the developments.

2) Requires each entity in the working group to provide input relative to its area of expertise and oversight.

3) Requires HCD to provide a one-time report of its findings to the Legislature in the annual report, as specified, no later than December 31, 2028.

4) If the working group identifies and recommends amendments to building standards in the report under 3) above, requires HCD and other state agencies within the working group with authority to propose adoption of building standards to research, develop, and consider proposing for adoption by CBSC such standards for the next triennial update of the California Building Standards Code that occurs on or after January 1, 2027, notwithstanding any other law.

5) Allows HCD to exceed the scope and application of the International Residential Code, as specified, to allow residential developments of between three and ten units to be designed and constructed under the requirements of the CRC.

6) Clarifies that this bill does not limit the application of the California Electrical Code, the California Mechanical Code, the California Plumbing Code, and the California Energy Code to residential occupancies of any size.

7) Prohibits this bill from authorizing the working group to propose the expansion of the CRC to include chapters in the International Residential Code that were not adopted in the 2025 edition due to duplication with other parts of the California Building Standards Code.

8) Requires HCD, by December 31, 2027, to perform a review of construction cost pressures for single-family and multifamily residential construction as a result of new or existing

building standards requirements in the California Building Standards Code and provide a one-time report of its findings to the Legislature in the annual report, as specified.

9) Requires HCD to perform the review under 8) above commencing with the next triennial update of the California Building Standards Code that occurs on or after January 1, 2031, and every three years thereafter, to revise or update standards, as needed.

EXISTING LAW:

1) Pauses changes to building standards affecting residential units at the state and local level until 2031, with limited exceptions. (Health and Safety Code (HSC) Section 18921.1)

2) Establishes the CBSC within the Department of General Services, and requires the commission to approve and adopt building standards and to codify those standards in the California Building Standards Code. Requires CBSC to publish editions of the code in its entirety once every three years. In the intervening period the commission must publish supplements as necessary. (HSC 18942 and 18930)

3) Requires CBSC to receive proposed building standards from a state agency for consideration in an 18-month code adoption cycle. Requires CBSC to adopt regulations governing the procedures for 18-month code adoption cycle, which must include adequate provision of the following:

    a) Public participation in the development of standards;

    b) Notice in written form to the public of the compiled building standards with justifications;

    c) Technical review of the proposed building standards and accompanying justification by advisory boards appointed by CBSC; and

    d) Time for review of recommendations by the advisory boards prior to CBSC taking action. (HSC 18929.1)

4) Requires proposed building standards that are submitted to CBSC for consideration to be accompanied by an analysis completed by the appropriate state agency that justifies approval based on the following criteria:

    a) The building standard does not conflict with, overlap, or duplicate other building standards;

    b) The proposed standard is within the parameters of the agency's jurisdiction;

    c) The public interest requires the adoption of the building standard;

    d) The standard is not unreasonable, arbitrary, unfair, or capricious;

    e) The cost to the public is reasonable, based on the overall benefit to be derived from the building standard;

    f) The standard is not unnecessarily ambiguous or vague; and

g) The applicable national specifications, published standards, and model codes have been appropriately incorporated into the standard. (HSC 18930)

5) Requires HCD to propose the adoption, amendment, or repeal of building standards to CBSC for residential buildings, including hotels, motels, lodging houses, apartment houses, dwellings, buildings, and structures. (HSC 17921)

6) Requires the building standards adopted and submitted by HCD for approval to be adopted by reference, inclusive of any additions or deletions made by HCD, and requires the standards to impose substantially the same requirements as are contained in the most recent editions of the following international or uniform industry codes as adopted by the organizations specified:

   a) The Uniform Housing Code of the International Conference of Building Officials, except its definition of "substandard building;"

   b) The International Building Code of the International Code Council;

   c) The International Residential Code of the International Code Council;

   d) The Uniform Plumbing Code of the International Association of Plumbing and Mechanical Officials;

   e) The Uniform Mechanical Code of the International Association of Plumbing and Mechanical Officials;

   f) The National Electric Code of the National Fire Protection Association; and

   g) The International Existing Building Code of the International Code Council. (HSC 17922(a))

7) Provides that only those building standards that are approved by the CBSC and are in effect at the local level at the time an application for a building permit is submitted shall apply to the plans and specifications for construction, with exceptions for permits for residential dwellings based on model home designs approved under specified standards. (HSC 18938.5)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "AB 1070 would direct HCD to create a working group to explore allowing 'missing middle' developments between three and 10 units to be built under the requirements of the California Residential Code, rather than the California Building Code. This change could unlock the production of triplexes and other smaller multi-family housing types by streamlining code requirements, while preserving health and safety and opening up a broader workforce to build these projects. Additionally, this bill would also require HCD to perform an analysis of cost pressures created by current building code requirements and to complete the same analysis in future building code cycles with a goal of maintaining or reducing the costs of construction for new housing."

Building Standards: The California Building Standards Law establishes the process for adopting state building standards by the Commission. Statewide building standards are intended to provide uniformity in building across the state. The CBSC's duties include the following: receiving proposed building standards from state agencies for consideration in each triennial and intervening building code adoption cycle; reviewing and approving building standards submitted by state agencies; adopting building standards for state buildings where no other state agency is authorized by law; and publishing the approved building standards in the California Building Standards Code (CCR, Title 24).

Most building standards currently in use in California are developed and vetted at the national level every three years by technical organizations, academics, and trade associations that develop consensus standards, which are then incorporated into the International Building Code (IBC), the national model code used by most US jurisdictions. At the state level, agencies with authority over specified occupancies then review the IBC and amend as necessary for California's specific needs. There are approximately 20 state agencies that develop building standards and propose them for adoption to the CBSC.

After the proposal of building standards by state agencies, the proposals undergo a public vetting process. A code advisory committee composed of experts in a particular scope of code reviews the proposed standards, followed by public review. The proposing agency considers feedback and may then amend the standards and re-submit them to the CBSC for consideration. CBSC reviews and adopts the standards and files them with the Secretary of State for codification and publishing, and there is a 180-day period during which local agencies file modifications and changes to the state codes (though they are not limited to this window). The new codes then take effect January 1 of the subsequent year following publication.

Updates and changes to building standards are adopted on two timelines: through the triennial code adoption cycle which occurs every three years, and through the intervening code adoption cycle which provides an update to codes 18 months after the publication of the triennial codes. Regulatory activities for each cycle begin over two years before the effective date of the codes.

HCD is responsible for the standards for residential buildings, hotels and motels. The California Building Code and CRC govern general standards for multifamily and single-family residential construction, while the California Plumbing Code governs plumbing requirements for a variety of buildings and other codes similarly control other aspects of building. Within the codes, there are certain requirements that are mandatory for all newly constructed dwellings or buildings, and certain provisions that are optional or voluntary – meaning the requirements must be followed only if an entity chooses to construct certain items or systems.

As a matter of practice, the Legislature typically offers guidelines or directs agencies to consider certain standards, rather than requires the adoption of specific standards, in order to provide flexibility and allow for subject matter experts to determine appropriateness and weigh the many considerations that must be evaluated when recommending new or modified building standards.

Numerous Directives and Mandates Leading to Standards Freeze: The Legislature and Governor have enacted multiple additional directives to research and propose new building standards in recent years, including for rainwater catchment, electric vehicle charging, water efficiency and reuse, adaptive reuse projects, "single stair" apartments exceeding three stories, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders or the adopting agencies themselves (rather than the Legislature), like solar panel

mandates and fire sprinkler requirements. There are several legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos regarding the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable.

In response to concerns regarding the rapid pace of modifications to building standards, the deadly Los Angeles fires of January 2025, and a need to find methods to stem increases in housing construction costs, the Legislature and Governor enacted several significant changes to building standards in the 2025 housing budget trailer bill, AB 130 (Committee on Budget), Chapter 22. The most significant change is a freeze to any new building standards or changes to existing building standards affecting residential units at both the state and local level until 2031, with limited exceptions. AB 130 (Committee on Budget) also curtailed the practice of incorporating significant new building standards into the codes via the intervening code cycle (instead only technical or emergency changes may be made in this manner), and allowed phased residential developments utilizing model home designs to continue using approved building permits until those designs substantially change or for a period of 10 years, rather than at each new code cycle.

Housing Costs and Missing Middle Housing: The cost of housing in California is the highest of any state in the nation. Additionally, the pace of cost increase has far outstripped that in other parts of the county. One result of this is that homeownership has become much more difficult to attain, and the median priced home in California has continued to climb even during the high interest rate environment. Construction costs have also continued to increase, though there are many drivers of this, including the cost of materials, cost and availability of labor, complexity of building code requirements, availability of construction loan financing, and more. According to the California Association of Realtors' Housing Affordability Index, only 17% of California households can afford to purchase the median priced home – compared to 36% for the country.

One of the many reasons that housing is too expensive is the type of housing that is being built. Much of the housing built in California is large single-family homes (which can be an inefficient use of land) and mid- and high-rise construction (which are expensive to build). A strategy to lower the cost of housing is to facilitate the construction of "missing-middle" housing types that accommodate more units per acre, but are not as inherently expensive to build. This includes medium-density typologies such as accessory dwelling units, condos, duplexes, fourplexes, and the like. These units are more likely to be affordable to moderate-income households that cannot afford typical market-rate homes, but that earn too much income to qualify for publicly-subsidized affordable housing.

The CRC governs construction of one- and two-family dwellings and townhouses of three stories or less. The California Building Code (CBC) establishes requirements for all other buildings, including medium and high-density housing. These are based on model international codes commonly used around the country. However, certain reasonable requirements in the CBC for larger buildings can make development prohibitively complicated or render the economics infeasible for smaller ones. As a result, several jurisdictions across the United States have begun

to allow smaller, missing-middle housing types, including triplexes and fourplexes, to be built under the requirements of the Residential Code.

Additionally, the unit cutoffs in the CRC do not align with the current financing offerings for constructing one- to four-unit dwellings. FHA-backed mortgages allow recipients to take advantage of more affordable financing for construction up to a fourplex, but the rigidity of the CBC hinders this possibility. In addition, some jurisdictions have reported that the construction of new units that increase the unit count of a parcel from two to three (or more) are triggering the heightened requirements of the CBC, including instances of adding an ADU to properties with a duplex, or adding a second ADU to a lot with a single-family home and an existing ADU.

This bill would direct HCD to set up a working group, similar to the working group established in AB 529 (Gabriel), Chapter 743, Statutes of 2023, to examine the possibility of modifying the CBC/CRC here in California for smaller developments between three and 10 units in size, without creating negative impacts on health and safety.

The city of Memphis, which pioneered this new flexibility, identified several immediate benefits to the shift, including no longer requiring separate mechanical, engineering, and plumbing drawings to be submitted for project permitting; providing simpler egress requirements; and safely modifying seismic and fire protections. In addition, more small-scale residential contractors are now available to build these homes, as commercial contractors tend to work on larger projects like block-size apartment complexes and large commercial buildings.

Cost Study: New building standards being proposed by various code entities like HCD or the Division of the State Architect to CBSC must be accompanied by an analysis that justifies approval based on the following criteria:

- The building standard does not conflict with, overlap, or duplicate other building standards;
- The proposed standard is within the parameters of the agency's jurisdiction;
- The public interest requires the adoption of the building standard;
- The standard is not unreasonable, arbitrary, unfair, or capricious;
- The cost to the public is reasonable, based on the overall benefit to be derived from the building standard;
- The standard is not unnecessarily ambiguous or vague; and
- The applicable national specifications, published standards, and model codes have been appropriately incorporated into the standard. (HSC 18930)

While the law currently requires the proposing entity to analyze the cost to the public of individual building code modifications, as discussed above, it is not apparent that any entity is reviewing the accumulation of those many changes at a holistic level to form a reasonable estimate of the cumulative cost impacts. These changes and any new or heightened requirements in the code have a direct impact on the cost of new housing in the state. This bill would require HCD to begin performing a more holistic cost pressure analysis of proposed standards, to better identify the impacts and ensure the residential building standards process evaluates not just the granular cost of individual modifications, but the overall impact of the totality of standards.

Arguments in Support: According to California YIMBY, "AB 1070 would direct the Department of Housing and Community Development to convene a working group to study and

recommend pathways for allowing missing middle housing developments of three to 10 units to be constructed in the California Residential Code. This recognizes that modern fire safety technology and mitigation, including sprinklers, alarms, and fire-resistant assemblies, have raised the safety baseline in residential code buildings, making it reasonable to permit more units while still satisfying health and safety requirements. Other jurisdictions have demonstrated that allowing small multifamily projects to follow residential code standards can safely reduce complexity, eliminate duplicative engineering requirements, expand the pool of qualified builders, and lower overall project costs."

Arguments in Opposition: None on file.

Related Legislation:

AB 6 (Ward) of 2025 was substantially similar to this bill. The bill was held in the Senate Appropriations Committee.

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025: Paused further changes to building standards affecting residential units at the state and local level until 2031, with limited exceptions.

AB 2934 (Ward) of 2024 was substantially similar to this bill. The bill was held in the Senate Appropriations Committee.

AB 529 (Gabriel), Chapter 743, Statutes of 2023: Requires HCD to convene a working group regarding adaptive reuse residential projects, including identifying and recommending amendments to state building standards, and makes other changes to state law related to adaptive reuse projects.

AB 835 (Lee), Chapter 345, Statutes of 2023: Requires the California State Fire Marshal to research standards for single-exit, single stairway apartment houses, with more than two dwelling units, in buildings above three stories, as specified, and to provide a report to the relevant legislative committees by January 1, 2026, as specified.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Co-Sponsor)

Opposition

None on file.

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

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1184 (Patterson) – As Amended January 5, 2026

SUBJECT: Common interest developments: association management and meeting procedures

SUMMARY: Establishes the Homeowner Association (HOA) Accountability and Transparency Act of 2026, which makes various changes to the Common Interest Development (CID) Open Meeting Act, regarding the management and meeting procedures and protocols for CIDs. Specifically, **this bill**:

1) Requires the general notice about any HOA emergency rule changes to include the text of the rule change, a description of the purpose and effect of the rule change, and the date when the rule change will expire.

2) Prohibits a majority of the directors of the HOA board from, outside a board meeting, using a series of communications to deliberate or act on any items of business except in an emergency. Provides that informational or ministerial communications that do not solicit responses, do not involve discussion among a majority of directors, and do not result in board action are permissible.

3) Requires that, if an HOA becomes involved in litigation, the board must provide notice of the litigation as part of the annual budget report distributed to members. Any member receiving the notice of litigation may request the name of the court and case number of any litigation from the HOA board.

4) Provides that, if ongoing litigation is discussed in executive sessions, the meeting minutes must include the case name.

5) Provides that, if open session HOA board meetings are electronically recorded with audio or audio and video, the recordings must be considered a record of the HOA and shall be made available to HOA members on the same basis as written meeting minutes. Further requires notice to be given at the beginning of every open session of the board that the meeting is being recorded.

6) States that there shall be no charge for the emailing of board meeting minutes to any requesting HOA member. Specifies that posting the meeting minutes on the HOA's website satisfies the requirement for the HOA to provide any requesting member with an electronic copy of the meeting minutes, and members may be directed to the HOA's website to obtain a copy.

7) Requires HOA board meeting minutes, or proposed minutes, to include, but not be limited to, all of the following information:

    a) The date of the meeting;

    b) The time of the meeting;

    c) The location of the meeting;

d) The type of meeting, such as regular, special, emergency, executive, or committee;

e) Whether notice and an agenda of the meeting was given to the membership;

f) The names of directors present;

g) The names of absent directors; and

h) Whether members are also present, and the names and titles of any guest speakers.

8) Prohibits amendments to the HOA's governing documents to include amendments to the operating rules if the vote is being held by secret ballot.

9) Requires the meeting minutes reporting the election results for HOA director positions to state the term for each elected director.

10) Provides that the HOA may only bill the requesting member for the direct and actual cost of copying and mailing requested records, and that there shall be no charge for the emailing of documents already in electronic format and which do not require any redacting.

11) Allows a HOA member to bring a civil action to enforce their right to inspect and copy the HOA's records. Provides that if a court finds that the HOA unreasonably withheld access to the HOA's records, the court shall award the member attorney's fees and court costs, and the court may impose a civil penalty up to $500 for each violation.

EXISTING LAW:

1) Requires an HOA board to provide general notice of a proposed rule change at least 28 days before adopting it. (Civil Code (CIV) 4360)

2) Requires the HOA board to deliver general notice of an adopted rule change as soon as possible, and no later than 15 days after adoption. For emergency rule changes, the notice must include the text, purpose and effect, and expiration date. (CIV 4360)

3) Authorizes the HOA board to adopt emergency rule changes without prior notice if needed to address an imminent threat to health and safety or substantial economic loss. (CIV 4360)

4) Establishes the CID Open Meeting Act (CIV 4900)

5) Prohibits the HOA board from taking action on any item of business outside of a board meeting. (CIV 4910)

6) Prohibits the HOA board from conducting meetings through a series of electronic transmissions (e.g., email), except when conducting an emergency board meeting under specific conditions. (CIV 4910)

7) Authorizes an HOA board to adjourn to, or meet solely in, executive session to discuss litigation, contracts with third parties, member discipline, personnel matters and assessment payment issues at a member's request. (CIV 4935)

8) Requires the HOA board to meet in executive session for member discipline, if requested by the member, discussion of a payment plan, or to decide on whether to foreclose on a lien. (CIV 4935)

9) Requires any matter discussed in executive session to be generally noted in the minutes of the next open board meeting. (CIV 4935)

10) Requires the HOA board to make minutes, draft minutes, or a summary of any non-executive session board meeting available to members within 30 days of the meeting. (CIV 4950)

11) Requires the HOA board to distribute the minutes, draft minutes, or summary to any member upon request and reimbursement of the association's distribution costs. (CIV 4950)

12) Requires HOA elections on assessments, director elections and removals, governing document amendments, and grants of exclusive use of common area to be held by secret ballot. (CIV 5100)

13) Requires all votes to be counted and tabulated by the inspector(s) of elections or their designee in public at a properly noticed open board or member meeting, with the process open to observation by candidates and members. (CIV 5120)

14) States that once received by the inspector(s), a secret ballot is irrevocable. (CIV 5120)

15) Requires election results to be promptly reported to the HOA board, recorded in the next board meeting minutes, made available to members, and noticed within 15 days. (CIV 5120)

16) Requires meeting agendas, minutes, and election materials to be included in an association's records. (CIV 5200)

17) Requires an HOA to make association records available for member inspection and copying. (CIV 5205)

18) Authorizes the HOA to bill the requesting member for the direct and actual cost of copying and mailing records, with prior disclosure and member agreement. (CIV 5205)

19) Enforces the right to inspect and copy HOA records by bringing legal action if access is unreasonably denied. If a court finds the HOA withheld records without justification, it must award the member reasonable costs and attorney's fees, and may impose a civil penalty of up to $500 for each separate written request. File in small claims court if the demand is within its jurisdiction. A prevailing HOA may recover costs only if the court finds the action to be frivolous, unreasonable, or without foundation. (CIV 5235)

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's Statement*:** According to the author, "AB 1184 ensures California homeowners have information about decisions made by homeowner's associations (HOAs) affecting their properties. It enacts common-sense transparency measures, such as allowing HOA residents to access the recordings of board meetings and requiring HOAs to notify members of pending litigation against the HOA. Reforms in AB 1184 enhance information availability for members

of the HOA."

Common Interest Developments: There are over 50,000 CIDs in the state that range in size from three to 27,000 units, with the average CID having 286 residents. CIDs make up roughly 4.7 million housing units, and 36% of Californians (over 14 million Californians) live in a CID. These rates are even higher for homeowners, with approximately 65% of homeowners living in a CID. CIDs include condominiums, community apartment projects, housing cooperatives, and planned unit developments. They are characterized by a separate ownership of dwelling space coupled with an undivided interest in a common property, restricted by covenants and conditions that limit the use of common area, and the separate ownership interests and the management of common property and enforcement of restrictions by an HOA. CIDs are governed by the Davis-Stirling Common Interest Development Act (the Act) as well as the governing documents of the association, including bylaws, declaration, and operating rules.

Davis-Stirling Common Interest Development Act: The Davis-Stirling Act (Act) went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The law aims to balance the authority of HOAs with the rights of individual property owners, ensuring that communities are managed efficiently and fairly.

Over time, the Davis-Stirling Act has been amended to address the evolving needs of CIDs and to increase transparency, accountability, and consumer protections. Key provisions include requirements for open meetings, financial disclosures, election procedures, and architectural review processes. The Act also provides mechanisms for resolving disputes, including internal dispute resolution and alternative dispute resolution, before certain legal actions can proceed. As CIDs continue to represent a significant portion of California's housing stock, the Davis-Stirling Act plays a critical role in shaping the living environment and governance of millions of residents across the state.

Common Interest Development Open Meeting Act: The CID Open Meeting Act, first enacted in 2004, and significantly reorganized in 2012, enhances transparency and accountability in the governance of HOAs by establishing requirements for open board meetings. The CID Open Meeting Act mandates that, with limited exceptions, all meetings of the board of directors must be open to association members, and sets clear rules for notice, access, and member participation. This law was enacted in response to growing concerns about HOA boards conducting business without sufficient input or visibility from the broader membership, and is functionally a "Brown Act" for HOA Boards.

Over time, the Legislature has refined and expanded the CID Open Meeting Act to improve transparency and adapt to changes in communication technology. For example, amendments have clarified that board meetings conducted via teleconference or videoconference must allow members to attend remotely, and that meeting notices must include instructions on how to participate. The law also requires general notice of board meetings to be given at least four days in advance (or two days in the case of executive sessions), typically by posting in a prominent location within the development or via other methods such as mail or email if agreed upon by the member (through an opt-in process). Additional provisions govern emergency meetings, executive sessions, and the ability of members to address the board. These evolving requirements

reflect a broader legislative intent to protect homeowner rights and ensure that board decision-making processes remain open and accessible.

This bill would establish the HOA Accountability and Transparency Act of 2026, amending many portions of the Davis-Stirling Act and the CID Open Meeting Act. The stated purpose of this bill is to increase transparency and accountability to HOA members through numerous policies that would strengthen notice and disclosure requirements, limit board deliberations outside of noticed meetings, expand member access to records and meeting materials, clarify meeting minutes and election reporting standards, enhance transparency around litigation, and provide clearer enforcement mechanisms for members seeking to inspect association records. In practice, these changes are intended to provide members with timely, complete, and usable information about board actions that affect their financial obligations, property rights, and governance of the association, including rule changes, elections, and litigation exposure. By standardizing meeting documentation, limiting certain board communications outside of meetings, and ensuring meaningful access to association records, the bill seeks to reduce disputes arising from unclear processes, incomplete disclosures, or inconsistent recordkeeping. In doing so, this bill seeks to balance expanded transparency and member access with the practical and administrative realities of HOA governance by clearly defining expectations, minimizing ambiguity in compliance obligations, and limiting new requirements to targeted measures designed to improve accountability without unduly burdening routine association operations.

Arguments in Support: None on file.

Arguments in Opposition: None on file.

Committee Amendments: In order to ensure that requesting HOA members are directed to meeting minutes posted on an HOA's website, the Committee may wish to consider the following amendment to GOV 4950:

> *There shall be no charge for minutes that are distributed electronically. Posting the minutes on the association's website satisfies this requirement, and members* ~~***may***~~ ***shall*** *be directed to the association's website to obtain a copy.*

Related Legislation:

AB 21 (DeMaio) of 2025 would have established the HOA Accountability and Transparency Act of 2025. AB 21 failed passage in this Committee on a 5-2 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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