California State Assembly

HOUSING AND COMMUNITY DEVELOPMENT

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MATT HANEY
CHAIR

AGENDA

Wednesday, April 8, 2026
9 a.m. -- State Capitol, Room 126

HEARD IN FILE ORDER

1.	AB 1621	Wilson	Planning and Zoning Law: postentitlement phase permits: Housing Accountability Act.
3.	AB 2002	Solache	Local government assistance: Regional Early Action Planning Fund.
4.	AB 2005	Ahrens	Housing developments: urban lot split: owner-occupancy.
5.	AB 2074	Haney	Regional transit hub districts: downtown housing developments.
6.	AB 2118	Hoover	Affordable Housing and High Road Jobs Act of 2022: use by right: objective standards.
8.	AB 2676	Gallagher	Housing Crisis Act of 2019.

CONSENT

2.	AB 1899	Caloza	Office of Youth Homelessness Prevention.
7.	AB 2390	Schiavo	Streamlined housing approvals: objective standards: review and modifications.

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1621 (Wilson) – As Amended March 4, 2026

SUBJECT: Planning and Zoning Law: postentitlement phase permits: Housing Accountability Act

SUMMARY: Makes numerous changes to the postentitlement permit review process. Specifically, **this bill**:

1) Limits a local agency to two rounds of plan check and specification reviews while reviewing a building permit for a housing development proposal, unless the local agency or state agency's requirement or request for additional review is accompanied by written findings based on substantial evidence in the record that the additional review is necessary to address a specific, adverse impact on public health or safety.

2) Provides that a local or state agency may deny a permit application that is not compliant with standards following two plan check and specification reviews.

3) Allows an applicant to request additional submittals of applications that are not compliant with permit standards.

4) Provides that the requirements in 1)-3) above, only apply to building permits, not other postentitlement phase permits.

5) Provides that if state or federal law requires review of the application by another public agency that is independent of the state or local agency before the state or local agency is authorized to act on the application, the postentitlement phase permit time limits shall be tolled until that public agency completes the review and returns the application to a state or local agency.

6) Clarifies notification requirements regarding tolling of time limits and resumption of the time limits for building permits.

7) Prohibits a local agency from requesting or requiring any action or inaction as a result of a building inspection that would represent a deviation from a previously approved plan or similar approval for the project, unless the local agency's requirement or request is accompanied by written findings based on substantial evidence in the record that both of the following apply:

    a) A reasonable person could not interpret the previously approved plan or similar approval as being compliant with the applicable standards; and

    b) The deviation is necessary to address a specific, adverse impact on public health or safety.

8) Makes the following changes to the process and requirements that apply if a postentitlement phase permit is determined to be incomplete or denied, or determined to be noncompliant:

a) Removes the authority of a state or local agency to provide that the right of appeal is to the director of the agency and for the local agency to provide the option to appeal to the Planning Commission;

b) Reduces the amount of time within which a local agency must provide a final written determination after receipt of an applicant's written appeal, as follows:

   i) With respect to a postentitlement phase permit concerning housing development projects with 25 units or fewer, a local agency shall provide a final written determination no later than 30 business days (instead of 60 business days) after receipt of the applicant's written appeal; and

   ii) With respect to a postentitlement phase permit concerning housing development projects with 26 units or more, a local agency shall provide a final written determination no later than 45 business days (instead of 90 business days) after receipt of the applicant's written appeal.

c) Allows an applicant to seek a writ of mandate to compel approval of the application if the applicant's appeal is denied, or a decision on the appeal is not made within the timelines provided, or an appeals process is not provided as required.

9) Expands the "deemed approved" provision for state agencies, and Housing Accountability Act (HAA) violation provision for local agencies, to specify that they need to comply with all postentitlement phase review processes, not just the statutory timeframes.

10) Adds plan checking and building inspection functions to the definition of "building permits" as it pertains to postentitlement phase permits, and provides that this is declaratory of, and does not constitute a change in, existing law.

11) Makes a number of conforming, technical, and clarifying changes.

12) Makes findings and declarations.

EXISTING LAW:

1) Defines "postentitlement phase permit" as follows:

   a) All nondiscretionary permits required by a local agency after the entitlement process to begin construction of a development that is intended to be at least two-thirds residential, excluding specified planning permits, entitlements, and other permits. These permits include, but are not limited to, all of the following:

      i) Building permits, and all inter-departmental review required for the issuance of a building permit;

      ii) Permits for minor or standard off-site improvements;

      iii) Permits for demolition; and

      iv) Permits for minor or standard excavation and grading.

b) All building permits and other permits issued under the California Building Standards Code or any applicable local building code for the construction, demolition, or alteration of buildings, whether discretionary or nondiscretionary;

c) Permits required and issued by the California Coastal Commission, a special district, or a utility that is not owned and operated by a local agency, or any other entity that is not a city or county, are excluded from the definition of "postentitlement phase permit." [Government Code (GOV) 65913.3]

2) Requires a local agency and a state agency, as defined, to compile one or more lists of information that will be required from any applicant for a postentitlement phase permit. (GOV 65913.3)

3) Allows the state and local agency to revise the lists specified in 2), however, any revised list cannot apply to any permit pending review. (GOV 65913.3)

4) Requires a state and local agency to post an example of a complete, approved application and the local agency to post an example of a complete set of postentitlement phase permits for at least five types of housing development projects in the jurisdiction, as specified. Requires the lists and example permits to be posted on the agency's' websites. (GOV 65913.3)

5) Requires a state and local agency to determine whether an application for a postentitlement phase permit is complete and provide written notice of this determination to the applicant within 15 business days after the local agency received the application, as follows:

a) If the agency determines an application is incomplete, the agency must provide the applicant with a list of incomplete items and a description of how the application can be made complete, but the local agency can't request new information that was not on the original list of needed information;

b) After receiving a notice that the application was incomplete, an applicant may cure and address the items that are deemed to be incomplete by the local agency. Upon receipt of a corrected application, the local agency must notify the applicant whether the additional application has remedied all incomplete items within 15 business days; and

c) If an agency does not meet the timelines required for determining an application complete, and the application or resubmitted application states that it is for a postentitlement phase permit, the application or resubmitted application shall be deemed complete. (GOV 65913.3)

6) Specifies the process for approving postentitlement permits, as follows:

a) Requires state and local agencies to complete review, either return in writing a full set of comments to the applicant with a comprehensive request for revisions or return the approved permit application, and electronically notify the applicant of its determination within:

i) Thirty business days of the application being complete for housing development projects with 25 units or fewer; or

ii) Sixty business days of the application being complete for housing development projects with 26 units or more.

b) Provides that the above time limits do not apply if the agency makes written findings within the applicable time limit that the proposed postentitlement phase permit might have a specific, adverse impact on public health or safety and that additional time is necessary to process the application;

c) Tolls the time limits for approval if the agency requires review of the application by an outside entity, as specified;

d) If an agency finds that a complete application is noncompliant, the agency must provide the applicant with a list of items that are noncompliant and a description of how the application can be remedied by the applicant within the applicable time limit, as provided, and must allow the applicant to correct the application; and

e) Requires agencies to establish an appeals process. If an applicant appeals, the local agency must make a final determination within:

i) Sixty business days of the appeal for a project of 25 units or fewer; or

ii) Ninety business days of the appeal for a project of 26 units or more. (GOV 65913.3)

7) Provides that failure to meet the time limits in 6) constitute a violation of the Housing Accountability Act (HAA) for local agencies, and results in the application review being deemed complete and the permit being deemed approved if reviewed by a state agency. (GOV 65913.3)

8) Allows extension of any of the time limits upon mutual agreement by the state or local government and the applicant. However, an agency cannot require, as a condition of submitting the application, that the applicant waive the time limits in this bill, with an exception for environmental review associated with the project. (GOV 65913.3)

9) Specifies that the process and timeframes outlined above do not place limitations on the amount of feedback that a state or local agency may provide or revisions that a state or local agency may request of an applicant. (GOV 65913.3)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "While California has taken many steps to address the housing crisis, there is still much work to be done. AB 1621 aims to build on AB 2234 by closing gaps in existing law regarding the timelines for local agencies to review applications and act on post-entitlement permits and applications. The post-entitlement process has become a significant cog in the housing progress, delaying construction and advancement across the state. AB 1621 aims to ensure that our housing projects are approved and built on time, avoiding delays during the plan check process that often derail housing development. This legislation ensures that the standards we put on our local agencies are truly binding by empowering developers to seek legal action when these agency "shot clocks" are violated. AB 1621 moves to

continue the streamlining of housing production in California, removing unnecessary plan checks and assuring that our local agencies abide by established deadlines."

California's Housing Crisis: California's housing crisis is a half-century in the making. [1] After decades of underproduction, supply is far behind need 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]

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]

Housing Approvals Process: The process of gaining approval to build new housing in California can be lengthy, unpredictable, and expensive. 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 complies 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. These include building, demolition, and grading permits issued by the local agency – typically the local building department. Postentitlement permits are related to the physical construction of the development proposal before construction can begin. While local governments are primarily responsible for approving housing developments within their jurisdiction, various state and regional departments may also play a role, depending on the project scope and location.

While local governments are primarily responsible for approving housing developments within their jurisdiction, various state agencies may also play a role, depending on the project scope and location. For example, the Department of Toxic Substances Control (DTSC) reviews housing

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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

projects for potential hazardous materials, requiring site cleanup and mitigation plans. The California Department of Transportation (Caltrans) assesses development proposals that impact state highways, reviewing traffic impact analyses, access modifications, and right-of-way needs to ensure housing developments do not create congestion or safety hazards. Approvals and reviews by these agencies, among others, can affect project timelines, costs, and feasibility, particularly for large-scale or infill housing near major transportation corridors.

Navigating through the various stages of housing approval requires developers to invest time and resources early in the development process. A 2025 study found that California is the most expensive state for multifamily housing production, in part due to the long timeline it takes to go from an application to an approved project.[7] 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.[8]

The Department of Housing and Community Development (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.[9]

This bill seeks to address postentitlement and construction delays for housing development proposals by imposing reasonable and clear limits on state and local agency processes during the permitting and inspection stages, as further described below.

Postentitlement Review Timelines: In an effort to address delays in the postentitlement permitting process, in 2022, the Legislature passed AB 2234 (Rivas), Chapter 651, to establish clear timelines and review standards for local governments processing postentitlement phase permits, as follows:

- Deemed Complete Timeframe: Local governments must determine application completeness within 15 business days of receipt;
- Substantive Review Timeframe: Local governments must approve or deny postentitlement permits within 30-60 business days, depending on project size; and
- Revision and Appeal Process: Developers have a clear process to amend applications and appeal denials or incomplete determinations.

Furthermore, AB 2234 requires local governments to prepare lists specifying required application materials and post examples of approved permits. It also establishes strict timelines and procedures that must be followed to appeal decisions made on postentitlement permits. If a local government violates the timelines stipulated in AB 2234, it is considered a violation of the HAA. HCD has enforcement authority over the HAA, among other state housing laws. HCD initiates enforcement reviews based on various sources, including stakeholder complaints. If

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

there is suspected violation of a housing law such as the HAA, the process typically begins with discussions with the local government for HCD to better understand the issue. If further action is needed, HCD may issue a letter of inquiry, technical assistance, or corrective action, usually allowing 30 days for a response from the local government. Depending on the outcome, HCD may acknowledge compliance, issue a violation notice, or revoke housing element certification. If the issue remains unresolved, HCD may escalate the matter to the California Attorney General, who may take legal action, including potentially imposing fines or other penalties.

In 2025, AB 301 (Schiavo), Chapter 488, applied many of the same postentitlement review provisions and procedures to state agencies in an effort to further expedite all levels of development review.

This Bill: Despite the passage of AB 2234, and further refinement through AB 301, developers cite continued delays, hurdles, and inconsistencies in the postentitlement permitting and inspection process. This bill seeks to address many of those. First, this bill would prohibit state or local agency inspectors from requiring in-field changes that deviate from previously approved plans, unless they make written findings based on substantial evidence in the record that a reasonable person could not interpret the previously approved building plan or similar approval as being compliant with the applicable standards for the building permit, and that the changes are necessary for life/safety reasons.

Second, this bill would limit the number of plan check or specification resubmittals that a state and local agency can require from applicants during the building permit review process, limiting the review to two sets of plan check and specification reviews for building permits only. This bill still maintains the ability for additional rounds of review if the state or local agency makes written findings based on substantial evidence in the record that the additional review is necessary to address a specific, adverse impact on public health or safety, or if requested by the applicant. A state or local agency may deny an application after two plan check and specification reviews if it is still not compliant with the permit standards.

Additionally, this bill strengthens enforcement of permit timelines by allowing applicants to seek a writ of mandate in court to compel the approval of an application if an applicant's appeal of a postentitlement permit decision, if the state or local government does not follow statutory review processes and timeframes. If there is substantial evidence in the record to show that the application is complete and compliant, a court could compel the agency to issue the permit.

This bill also expedites the appeals process by cutting in half the time that a state or local agency has to provide a written determination on the appeal, and by removing the role of the Planning Commission from the appeals process. Finally, this bill would prevent state and local agencies from indefinitely extending shot clocks if they outsource application reviews to third parties, limiting statutory tolling provisions to outside reviews required by state or federal law.

Arguments in Support: The California Building Industry Association (CBIA), the bill sponsor, writes in support: "Extended post-entitlement processing increases financing costs, labor and material expenses, and overall project risk. In today's economic environment – marked by elevated interest rates and volatile construction costs – unpredictability in the permitting process can be the difference between a project moving forward or being shelved entirely. When approved projects stall, communities lose housing opportunities, jobs, and local economic activity.

AB 1621 thoughtfully builds upon the existing law governing state and local postentitlement permits by strengthening timelines and accountability for local public agency action during the post-entitlement phase."

Arguments in Opposition: The League of California Cities, California State Association of Counties, and Rural County Representatives of California, write in opposition unless amended: "AB 1621 (Wilson)…would eliminate the ability of local governments to require more than two plan checks on a building permit application unless the local agency can make a written finding based on substantial evidence that additional review is necessary to address a specific, adverse impact on public health and safety. This bill also prohibits a local or state agency from requiring remediation of any non-compliant conditions if it is a deviation from a previously approved building plan, even if that condition adversely impacts public health and safety. While we appreciate and share your desire for prompt review and approval of post-entitlement phase permits, AB 1621 would create practical and policy concerns impairing local government's ability to review applications for residential development projects effectively."

Related Legislation:

AB 301 (Schiavo), added state agencies to the postentitlement permit review provisions established by AB 2234 (Rivas), Chapter 651, Statutes of 2022.

AB 1007 (Blanca Rubio), Chapter 502, Statutes of 2025 expedited timelines for approval or disapproval by a public agency acting as the "responsible agency" for residential and mixed-use development projects.

AB 1114 (Haney), Chapter 753, Statutes of 2023, expanded the scope of postentitlement phase permits subject to mandated processing timelines and other requirements to include discretionary permits. This bill functionally only applies to the City and County of San Francisco.

AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, required local agencies to process postentitlement permits within 30 days for small housing development projects and 60 days for large housing development projects.

Double-Referred: This bill was double-referred to the Assembly Committee on Local Government, where it passed on a vote of 10-0 on March 25, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California Building Industry Association (Sponsor)
Bay Area Council
Boma California
Building Owners and Managers Association of California
California Apartment Association
California Association of Realtors
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Council for Affordable Housing (CCAH)

California Housing Consortium
California Self Storage Association
California YIMBY
Circulate Planning & Policy
Fieldstead and Company
Habitat for Humanity California
Housing California
LeadingAge California
Los Angeles Area Chamber of Commerce
NAIOP California
Orange County Business Council
San Diego Housing Commission
South Pasadena Residents for Responsible Growth
Southern California Leadership Council
SPUR
Supportive Housing Alliance

Opposition

Equitable Land Use Alliance
Save Lafayette

Oppose Unless Amended

California State Association of Counties
Families and Homes San Jose
League of California Cities
Rural County Representatives of California

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1899 (Caloza) – As Amended March 19, 2026

SUBJECT: Office of Youth Homelessness Prevention

SUMMARY: Creates the Office of Youth Homelessness Prevention (OYHP) in the California Agency on Housing and Homelessness. Specifically, **this bill**:

1) Declares that the mission of the OYHP is to reduce youth homelessness in the state to functional zero.

2) Gives the OYHP the following responsibilities:

   a) Developing and overseeing the implementation of a comprehensive framework, by September 15, 2027, to reduce youth homelessness to functional zero, with specific and measurable goals, including, but not limited to, all of the following:

      i. Decreasing the number of youth who experience homelessness within 12 months of discharge from a public system of care, including foster care, inpatient residential treatment, and incarceration;

      ii. Decreasing the length and occurrence of youth homelessness caused by a youth's separation from family or a legal guardian; and

      iii. Decreasing the number of homeless youth experiencing homelessness to functional zero, through, among other things, identifying and enhancing programs that address the root causes of youth homelessness, including timelines within which to attain these measures of success.

   b) Leading the coordination of funding, policy, and practice to prevent youth homelessness across federal and state agencies and departments with jurisdiction over the state's child welfare, foster care, and juvenile justice systems, including, but not limited to, the California Interagency Council on Homelessness (Cal-ICH), the State Department of Social Services, and the Department of Youth and Community Restoration, focused on all of the following:

      i. Sufficient stable housing, including, but not limited to, the utilization of housing vouchers, rapid rehousing, rental support, and eviction prevention;

      ii. Economic and employment support, including job training and placement, financial management skills, flexible financial assistance, and assistance connecting with public benefits;

      iii. Education, including support to earn a high school degree and to pursue and complete postsecondary education and training programs;

iv. Prevention of youth homelessness, including family reconciliation, interventions to prevent exits from public systems of care, including child welfare, foster care, juvenile justice, and behavioral health, into homelessness, flexible financial assistance, and school-based supports;

v. Health and mental health, including support for youth to obtain and maintain mental health care; and

vi. Services to assist youth to establish and maintain connections with supportive adults and peers.

c) Supporting, advising, or providing guidance to local agencies and entities, including, but not limited to, county child welfare agencies, and county probation departments, on funding, policy, and practice, including transition planning, housing services, aftercare supports, and other approaches to preventing youth from existing public systems into homelessness;

d) Developing best practices and policy recommendations, with proposed timelines for completion, to address gaps, shortfalls, and other inadequacies in the areas listed in 2)b).

e) Gathering data, including by initiating data sharing agreements, and analyzing the data to evaluate the progress toward desired outcomes, including tracking the rate at which youth exit foster care and other public systems of care into homelessness; and

f) Creating and posting on or before December 15, 2027, to its internet website a publicly accessible dashboard tracking the office's progress toward the goals.

3) Requires OYHP to consult with a 12-member advisory committee with membership as follows:

a) Two youth with current or previous lived experience with the foster system or the juvenile justice system;

b) Two parent advocates;

c) Three advocates for youth;

d) Two members of the Legislature; and

e) Three stakeholders knowledgeable in the provision of services to homeless youth, the dependency system, and family reunification.

4) Requires the Governor to appoint the members of the advisory committee by March 1, 2027.

5) Requires the advisory committee to meet on or before June 1, 2027, and at least twice each calendar year thereafter.

6) Requires at least one member of the OYHP to attend advisory committee meetings to provide administrative support and guidance as needed.

EXISTING LAW:

1) Establishes the Cal-ICH with the purpose of coordinating the state's response to homelessness by utilizing Housing First practices. (Welfare and Institutions Code (WIC) Section 8255)

2) Establishes a number of goals for Cal-ICH, including the following:

   a) Creating partnerships among state agencies and departments;

   b) Promoting systems integration to increase efficiency and effectiveness; and

   c) Coordinating existing funding and application for competitive funding.

3) Establishes the Secretary of the Business, Consumer Services and Housing Agency and the Secretary of the California Health and Human Services Agency (CalHHS) as co-chairs of Cal-ICH, which consists of 20 other members:

   a) The Director of Transportation;

   b) The Director of Housing and Community Development;

   c) The Director of Social Services;

   d) The Director of the California Finance Agency;

   e) The Director or the State Medicaid Director of Health Care Services;

   f) The Secretary of Veterans Affairs;

   g) The Secretary of the Department of Corrections and Rehabilitation;

   h) The Executive Director of the California Tax Credit Allocation Committee in the State Treasurer's Office;

   i) The State Public Health Officer;

   j) The Director of the California Department of Aging;

   k) The Director of Rehabilitation;

   l) The Director of State Hospitals;

   m) The Executive Director of the California Workforce Development Board;

   n) The Director of the Office of Emergency Services;

   o) A representative from the State Department of Education;

p) A representative of the state public higher education system from one of the following:

i) The California Community Colleges;

ii) The University of California; and

iii) The California State University.

q) One member appointed by the Senate Committee of Rules, and one appointed by the Speaker of the Assembly, from two different stakeholder organizations.

4) Requires Cal-ICH to have a public meeting at least once every quarter and authorizes Cal-ICH to invite stakeholders, members of the philanthropic community, experts, and individuals who have experienced homelessness.

5) Requires Cal-ICH to seek guidance from and meet, at least twice a year, with an advisory committee that includes the following:

a) A survivor of gender-based violence who formerly experienced homelessness;

b) Representatives of local agencies or organizations that participate in the United States Department of Housing and Urban Development's Continuum of Care Program;

c) Stakeholders with expertise in solutions to homelessness and best practices from other states;

d) Representatives of committees of African Americans, youth, and survivors of gender-based violence;

e) A current or formerly homeless person who lives in California; and

f) A current of formerly homeless youth who lives in California.

6) Established Homeless Housing, Assistance and Prevention Program (HHAP) 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. Directs the California Interagency Council on Homelessness (Cal-ICH) to administer HHAP. (Government Code (GOV) Section 50216)

7) Requires an applicant to use at least 10% of funding from a HHAP allocation for services for homeless youth populations. (Health and Safety Code Section 50218.6)

8) Requires HHAP to be used for evidence-based solutions that address and prevent homelessness among eligible populations, including any of the following:
a) Rapid rehousing, including rental subsidies and incentives to landlords, such as security deposits and holding fees;

b) Operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers. Operating subsidies may include operating reserves;

c) Street outreach to assist persons experiencing homelessness to access permanent housing and services;

d) Services coordination, which may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing;

e) Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations, including families and homeless youth;

f) Delivery of permanent housing and innovative housing solutions, such as hotel and motel conversions;

g) Prevention and shelter diversion to permanent housing, including rental subsidies; and

h) Interim sheltering, limited to newly developed clinically enhanced congregate shelters, new or existing noncongregate shelters, and operations of existing navigation centers and shelters based on demonstrated need. Demonstrated need for purposes of this paragraph shall be based on the following:

   i) The number of available shelter beds in the city, county, or region served by a CoC;

   ii) The number of people experiencing unsheltered homelessness in the homeless point-in-time count;

   iii) Shelter vacancy rate in the summer and winter months;

   iv) Percentage of exits from emergency shelters to permanent housing solutions; and

   v) A plan to connect residents to permanent housing. (GOV 50220.7)

7) Requires, beginning with the third round of HHAP, applicants to provide the following information for all rounds of program allocations through a data collection, reporting, performance monitoring, and accountability framework, as established by Cal-ICH. The framework includes:

   a) Data on the applicant's progress towards meeting their outcome goals, which must be submitted annually on December 31 of each year through the duration of the program;

      i) If the applicant has not made significant progress toward their outcome goals, the applicant must submit a description of barriers and possible solutions to those barriers;

      ii) Applicants that do not demonstrate significant progress towards meeting outcome goals must accept technical assistance from Cal-ICH and may also be required to limit the allowable uses of these program funds, as determined by the council.

b) A quarterly fiscal report of program funds expended and obligated in each allowable budget category approved in their application for program funds; and

c) If the applicant has not made significant progress toward their outcome goals, then the applicant must report on their outcome goals in their quarterly report. (GOV 50220.7)

8) Requires Cal-ICH to post a statewide report that aggregates each applicant's outcome goals into a single statewide set of metrics. (GOV 50220.7)

9) Requires each recipient that receives a round three program allocation to submit to Cal-ICH a final report, as well as detailed uses of all program funds, no later than October 1, 2026. (GOV 50220.7)

10) Requires each recipient that receives a round four program allocation to submit to Cal-ICH a final report, as well as detailed uses of all program funds, no later than October 1, 2027. (GOV 50220.7)

11) Establishes the Homeless Youth Act of 2018 to better serve the state's homeless youth population and requires the Homeless Coordinating and Financing Council to take on additional related responsibilities, including setting goals to prevent and end homelessness among youth in the state, defining outcome measures, and gathering data related to those goals. (WIC 8261)

12) Includes among the existing goals of the Homeless Coordinating and Financing Council, the following:

a) Setting goals to prevent and end homelessness among California's youth;

b) Improving the safety, health, and welfare of young people experiencing homelessness in the state;

c) Increasing system integration and coordinating efforts to prevent homelessness among youth who are currently or formerly involved in the child welfare services or the juvenile justice systems;

d) Leading efforts to coordinate a spectrum of funding, policy, and practice efforts related to young people experiencing homelessness; and

e) Identifying best practices to ensure homeless minors who have experienced maltreatment and are eligible to be dependent children re-referred to, or have the ability to self-refer to, the child welfare system, as specified. (WIC 8261)

13) Tasks the council with setting and measuring progress towards goals to prevent and end homelessness among youth in California by setting specific, measurable goals aimed at preventing and ending homelessness among youth in the state, and defining outcome measures and gathering data related to those goals, as specified. (WIC 8261)

14) Instructs the council, in order to coordinate a spectrum of funding, policy, and practice efforts related to young people experiencing homelessness, to do the following:

a) Coordinate with young people experiencing homelessness, the Department of Social Services (DSS), appropriate state and county agencies and departments, the state advisory group established pursuant to current law related to runaway and homeless youth, and relevant stakeholders, in order to inform policy, practices, and programs; and

b) Provide technical assistance and program development support, to the extent that funding is made available, in order to increase capacity among new and existing service providers to best meet statewide needs, particularly in areas where services to youth experiencing homelessness have not yet been established, and provide support to service providers in making evidence-informed and data-driven decisions. (WIC 8261)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "No young person should have to choose between school and the streets or between meaningful work and the street economy. No young person should be sleeping on a city bus or camping on a sidewalk. Creating an Office of Homeless Youth, as envisioned in AB 1899, will ensure that there are programs specifically designed to support and serve youth and young adults to prevent unnecessary suffering and prevent them from growing up and becoming chronically homeless. It is modeled after Washington State, which has reduced youth and young adult homelessness by forty percent. California can, and must, do more for our young people who are experiencing homelessness. If youth or young adults do experience homelessness, then it must be rare, brief, and non-recurring."

Homeless Youth in California*:* According to the 2024 U.S. Department of Housing and Urban Development Point-in-Time (PIT) count, there are over 187,000 people experiencing homelessness in California. This includes 9,052 homeless youth and 1,890 parenting youth and their children experiencing . Homelessness among some groups of youth is significantly disproportionate – up to 40% of homeless youth identify as LGBTQ. Among racial and ethnic groups, African American youth were especially overrepresented, with an 83% increased risk of having experienced homelessness over youth of other races. Most telling, the lack of a high school diploma or General Equivalency Diploma (GED) was the most strongly correlated indicator with the greatest risk of experiencing homelessness. These young adults, without a high school diploma or GED, had 4.5 times the risk of experiencing homelessness compared to peers who completed high school. Youth homelessness is often rooted in family conflict. Other contributing factors include economic circumstances like poverty and housing insecurity, racial disparities, and mental health and substance use disorders. Young people who have had involvement with the child welfare and juvenile justice systems are also more likely to become homeless. Evidence has also shown that being homeless as a youth is a key indicator of adult homelessness.

HHAP: Beginning in 2018, in response to a growing number of people experiencing unsheltered homelessness, the state began investing significantly in the local homelessness response system through HHAP. HHAP provides one-time grants to cities with populations over 300,000, Continuums of Care (CoCs), and counties to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. Investments are 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. Big cities, CoCs and counties can use HHAP for operating subsidies for

shelters and supportive housing; construction of shelter, interim housing and supportive housing, landlord incentives, rental assistance and rapid rehousing; prevention and shelter diversion; street outreach and services coordination. The program has received 7 rounds of funding totaling $5.45 billion from 2019-2025, of that $3.9 billion has been awarded, and $2.3 billion has been expended. Round 6 of HHAP is available to applicants and an additional $500 million was included in this year's budget, contingent on more accountability, with a commitment that funds would go out in an expedited fashion.

HHAP Youth Set Aside: The Homeless Emergency Aid Program (HEAP) and subsequently HHAP requires applicants to use a percentage of their allocation to assist homeless youth. The 10% set-aside for youth totals of $276 million from both programs must be used by local jurisdictions to address youth homelessness. The John Burton Foundation analyzed the impact these funds had regionally on reducing the number of homeless youth by comparing the 2020 PIT count to the 2022 PIT count. They found a 21% reduction in homelessness among unaccompanied youth. California's decrease in youth homelessness is 2.6 times greater than the reduction in all other states – all other states decreased by 8%.

HHAP rounds 3 and 4 both authorized the use of HHAP funds to create a youth-specific CES or youth-specific coordinated entry access points, or to improve the coordinated entry assessment tool to ensure that it contemplates the specific needs of youth experiencing homelessness.

Homeless Youth Act of 2018: SB 918 (Weiner) Chapter 841, Statutes of 2018, established the Homeless Youth Act of 2018 to better serve the state's homeless youth population. Cal-ICH is required to set goals to prevent and end homelessness among youth in the state, defining outcome measures, and gathering data related to those goals. Specifically, Cal-ICH is required to set specific and measurable goals aimed at preventing and ending homelessness for youth in the state by defining outcome measures and gathering data related to the goals. In addition, coordinate with young people experiencing homelessness, the State Department of Social Services, and the appropriate agencies and departments to coordinate a spectrum of funding policy and practice efforts related to young people experiencing homelessness. SB 918 did not include any deadlines by which Cal-ICH would deliver on the goals of the bill or a reporting requirement on progress or outcomes.

California Interagency Council on Homelessness (Cal-ICH): In 2016, SB 1380 (Mitchell), Chapter 847, created the Homelessness Coordination and Financing Council (HCFC) to coordinate the state's response to homelessness. HCFC was later named Cal-ICH. Cal-ICH is made up of all state agencies or departments that operate programs that provide housing or housing-related services to people experiencing homelessness or at risk of homelessness. The council meets quarterly and has an advisory committee which includes a current or formerly homeless youth who lives in California. One of the listed statutory goals of the Council is to prevent and end homelessness among California's youth.

This bill would create the OYHP to be the lead state entity in coordination of funding, policy, and practice to prevent youth homelessness across federal and state agencies and departments with jurisdiction over the state's child welfare, foster care, and juvenile justice systems, including, but not limited to, the Interagency Council on Homelessness, the State Department of Social Services, and the Department of Youth and Community Restoration. While youth are a deserving population of special attention, the Committee may wish to consider if this proposal is duplicative of the role of Cal-ICH.

Arguments in Support: According to the sponsors of this bill, "the State of Washington established an Office of Homeless Youth in 2015, with the goal of preventing state systems from discharging youth and young adults into homelessness. Washington has reduced youth and young adult homelessness by forty percent since the Office was created. Solving youth homelessness is a critical part of ending California's larger homelessness crisis because young people who experience homelessness are five times more likely than their peers to become homeless adults. While the Interagency Council on Homelessness is tasked with setting goals to reduce youth homelessness, a state-level Office of Youth Homelessness Prevention, focused exclusively on leading California to achieve function zero in youth and young adult homelessness, would ensure these goals are fulfilled."

Arguments in Opposition: None on file.

Committee Amendment: The Committee may wish to consider moving the OYHP into Cal-ICH. The Governor's reorganization of the Business, Consumer Services, and Housing Agency made Cal-ICH its own entity, which has the potential to give it more authority to influence the work of other state departments and agencies.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Coalition for Youth (Co-Sponsor)
Inner City Law Center (Co-Sponsor)
Aspiranet
Bill Wilson Center
Black Women United
Bright Futures for Youth
California Behavioral Health Association
Fostering Promise
Glide
John Burton Advocates for Youth
Larkin Street Youth Services
League of California Cities
Legacy Bridge CDC
Orangewood Foundation
Safe Place for Youth
Steinberg Institute
SV@Home Action Fund
Unity Care
Youth Law Center

Opposition

None on file.

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2002 (Solache) – As Introduced February 17, 2026

SUBJECT: Local government assistance: Regional Early Action Planning Fund

SUMMARY: Creates the Regional Early Action Planning (REAP) Fund to provide councils of governments (COGs), regional entities, and jurisdictions with grants for planning and other activities to help those entities meet the seventh and subsequent cycles of the regional housing need assessment. Specifically, **this bill**:

1) Includes the following definitions:

    a) "Council of governments (COGs)" means a single-county or multicounty council that is responsible for allocating regional housing need, as specified;

    b) "Jurisdiction" means a city, county, or city and county;

    c) "Regional entity" means a regional government that is not a council of government that is responsible for allocating regional housing need, as specified; and

    d) "Regional housing need assessment" or "RHNA" means the existing and projected need for housing for each region, as determined by the department as specified.

2) Establishes the REAP Fund to provide COGs, regional entities, and jurisdictions with one-time funding, including grants for planning activities to enable those entities to meet the seventh and subsequent cycles of the regional housing need assessment. Provides that upon appropriation by the Legislature, moneys in the fund shall be made available to HCD for allocation as specified.

3) Requires HCD to allocate funds from the REAP Fund to each COG or regional entity responsible for allocating regional housing need.

4) Provides that a COG or regional entity may apply for funds, in a form and manner prescribed by the department, beginning 39 months prior to the next applicable housing element for the seventh housing element.

5) Requires funds to be distributed by HCD on a population basis based on the most recent population estimates posted on the Department of Finance's (DOF's) internet website.

6) Requires an application to include, at minimum, all of the following information:

    a) An allocation budget for the funds;

    b) Amounts to be retained by the COG or regional entity, and any suballocations to jurisdictions;

    c) An explanation of how proposed uses will increase housing planning and facilitate local housing production;

d) Identification of current best practices at the regional and statewide level that promote sufficient supply of housing affordable to all income levels, and a strategy for increasing adoption of these practices at the regional level, where viable; and

e) An education and outreach strategy to inform jurisdictions of the need and benefits of taking early action related to housing need, as quantified by the regional housing need assessment.

7) Requires HCD to review an application submitted within 30 days, otherwise, the application shall be deemed approved.

8) Allows a COG or regional entity to use REAP program funds for any of the following purposes:

a) Activities that support the development, improvement, or implementation of the methodology for the seventh and subsequent RHNA cycles;

b) Suballocating moneys directly and equitably to jurisdictions in the form of grants for planning that will accommodate the development of housing and infrastructure that accelerates housing production in a way that aligns with state planning priorities, and housing, transportation, equity, and climate goals;

c) Provide jurisdictions with technical assistance, planning, temporary staffing, or consultant needs associated with updating local planning and zoning documents, including any activity related to updating or implementing a jurisdiction's housing element, expediting application processing, and other actions to accelerate additional housing production;

d) Administrative costs, which may be up to 5 percent of an entity's total award;

e) Activities to establish a regional or countywide housing trust, or to allocate a portion of funds to an existing regional or countywide housing trust, for the purpose of supporting planning, predevelopment, or other activities that facilitate the production of housing; and

f) Activities, determined in consultation with HCD, that support regional or local housing planning priorities.

9) Provides that a jurisdiction that receives a suballocation of funds from the COG or regional entity shall only use that suballocation for housing-related planning activities, including, but not limited to, the following:

a) Technical assistance in improving housing permitting processes, tracking systems, and planning tools;

b) Establishing regional or countywide housing trust funds for affordable housing;

c) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents;

d) Performing feasibility studies to determine the most efficient locations to site housing consistent; and

e) Covering the costs of temporary staffing or consultant needs associated with the activities allowed for the program.

10) A COG or regional entity receiving funds shall submit annual reports to HCD that include information on expenditures and suballocations to jurisdictions.

11) Requires a COG or regional entity to submit a final report to HCD upon expenditure of all funds, that includes information on outcomes achieved, including the corresponding impact on housing within the region.

12) Allows HCD to publish a summary of information received from the reports submitted by the COGS and regional entities.

13) Allows HCD to monitor expenditures and activities of an applicant, as the department deems necessary, to ensure compliance with program requirements.

14) Requires HCD to produce guidelines to create REAP that are exempt from the Administrative Procedure Act.

EXISTING LAW:

1) Defines a "council of governments" to mean a single or multicounty council created by a joint powers agreement that is responsible for allocating regional housing, as specified. (Health and Safety Code (HSC) 0515.07)

2) Established the Local Government Planning Support Grants Program to provide regions and jurisdictions with one-time funding, including grants for planning activities to enable jurisdictions to meet the sixth cycle of the regional housing need assessment. (HSC 0515.07)

3) Requires HCD to administer the Local Government Planning Support Grants Program to provide grants to regions and jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements to accelerate housing production and facilitate compliance to implement the sixth cycle of the regional housing need assessment. (HSC 0515.02)

4) Requires HCD to allocate $125 million based on population, as part of the Local Government Planning Support Grants Program, to COGs and regional entities to increase housing planning and accelerate housing production, as follows:

   a) Develop an improved methodology for the distribution of the sixth cycle regional housing need assessment;

   b) Suballocating moneys directly and equitably to jurisdictions or other subregional entities in the form of grants; for planning that will accommodate the development of housing and infrastructure that will accelerate housing production in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals;

   c) Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing or consultant needs associated with updating local planning and

zoning documents, expediting application processing, and other actions to accelerate additional housing production; and

d) Cost of administering any programs (HCS 50515.02)

5) Requires any funds that are suballocated from COGs to jurisdictions from the Local Government Planning Support Grants Program to use the funds for housing-related planning activities, including, but not limited to, the following:

   a) Technical assistance in improving housing permitting processes, tracking systems, and planning tools;

   b) Establishing regional or countywide housing trust funds for affordable housing;

   c) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents;

   d) Performing feasibility studies to determine the most efficient locations to site housing consistent with transportation and environmental planning; and

   e) Covering the costs of temporary staffing or consultant needs associated with the above activities (HCS 50515.02)

6) Require HCD to make $125 million available to cities and counties using a population formula, to assist in planning for other activities related to meeting the sixth cycle regional housing need assessment. Requires a city or county that receives an allocation to use that allocation for housing-related planning activities, including, but not limited to, the following:

   a) Rezoning and encouraging development by updating planning documents and zoning ordinances, such as general plans, community plans, specific plans, sustainable communities' strategies, and local coastal programs;

   b) Completing environmental clearance to eliminate the need for project-specific review;

   c) Establishing a workforce housing opportunity zone;

   d) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents;

   e) Partnering with other local entities to identify and prepare excess property for residential development;

   f) Revamping local planning processes to speed up housing production;

   g) Developing or improving an accessory dwelling unit ordinance; and

   h) Covering the costs of temporary staffing or consultant needs associated with the above activities. (HSC 50515.03)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California remains in a severe housing crisis, with millions of units needed to meet current and future demand. The REAP1.0 program was initially established as a one-time investment to help regional governments and local jurisdictions implement the Regional Housing Needs Assessment (RHNA) process. AB 2002 seeks to build off REAP 1.0's proven success by codifying the program and creating permanent support infrastructure to ensure regional governments, cities, and counties have the technical assistance needed to get their housing elements done right and on time. This cost-effective solution provides regions and local governments the tools needed to strengthen collaboration, and accelerate housing production and prepare for the future. AB 2002 will safeguard the integrity of the state's housing planning framework, improve the RHNA process, and ensure California can meet its housing goals."

RHNA and Housing Elements: 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 planning cycle. The state is currently in the sixth housing element cycle. The RHND 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).

The cycle begins with HCD and DOF projecting new RHND numbers every five or eight years, depending on the region. DOF produces population projections, and the COG also develops projections during its Regional Transportation Plan update. Then, 26 months before the housing element due date for the region, HCD must meet and consult with the COG and share the data assumptions and methodology that they will use to produce the RHND. The COG provides HCD with its own regional data on several criteria, including:

- Anticipated household growth associated with projected population increases;
- Household size data and trends in household size;
- The percentage of households that are overcrowded, as defined, and the overcrowding rate for a comparable housing market, as defined;
- The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs, as specified;
- Other characteristics of the composition of the projected population;

- The relationship between jobs and housing, including any imbalance between jobs and housing;

- The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market, as defined; and

- The loss of units during a declared state of emergency during the planning period immediately preceding the relevant housing element cycle that have yet to be rebuilt or replaced at the time of the data request.

HCD can take this information and use it to modify its own methodology, if it agrees with the data the COG produced, or can reject it if there are other factors or data that HCD feels are better or more accurate. Then, after a consultation with the COG, HCD makes written determinations on the data it is using for each of the factors listed above, and provides that information in writing to the COG. HCD uses that data to produce the final RHND, which must be distributed at least two years prior to the region's expected housing element due date. The COG must then take the RHND and create an allocation methodology that distributes the housing need equitably amongst all the local governments in its region. The RHNA methodology is statutorily obligated to further all of the following objectives:

1) Increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the regional in an equitable manner, which must result in each jurisdiction receiving an allocation of units for low- and very low-income households;

2) Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;

3) Promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction;

4) Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category; and

5) Affirmatively further fair housing.

State Funding for Planning: Although local governments do not build housing, they are responsible for the planning and zoning necessary to facilitate the production of housing. Prior to the dissolution of redevelopment agencies in 2016, many cities and counties relied upon redevelopment funding to support their planning departments. Beginning in 2019, the state created several one-time General Fund programs to support local planning activities to increase housing production.

SB 2 Planning Grants, the first of these programs was funded by SB 2 (Atkins) Chapter 364, Statutes of 2017, the Building Homes and Jobs Act, which imposes a $75 recording fee on real estate documents, excluding those documents recorded at the time of sale. The money raised by SB 2 goes to support affordable housing activities, and in the first year, the money collected was split between planning grants and funding for homelessness programs. The SB 2 Planning Grants made $123 million in grants available to local governments to update general plans, community plans, specific plans, local planning related to implementation of sustainable communities

strategies, or local coastal plans, updates to zoning ordinances, environmental analyses that eliminate the need for project-specific review, and local process improvements that expedite local planning and permitting.

In 2019-20, the Budget included $250 million in grants for COGs, regions, cities, and counties to fund planning activities that accelerate housing production. This funding was split between the Regional Early Action Planning Grant Program (REAP)and Local Early Action Planning Grant Program (LEAP). Through REAP, $125 million went to COGs and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the RHNA. The remaining $125 million went to the REAP, which provided one-time grants to cities and counties to update their planning documents and implement process improvements that will facilitate the acceleration of housing production and help local governments prepare for their 6th cycle RHNA, much like the SB2 Planning Grants.

In 2020, REAP 2.0 expanded on the REAP program by integrating housing and climate goals, and allowing for broader planning and implementation investments (including infrastructural investments that support infill development, which facilitates housing supply, choice, and affordability). REAP 2.0 funds were designed to accelerate infill housing development, reduce Vehicle Miles Traveled (VMT), increase housing supply at all affordability levels, affirmatively further fair housing (AFFH), and facilitate the implementation of adopted regional and local plans to achieve these goals. REAP 2.0 was administered by HCD in collaboration with the Governor's Office of Land Use and Climate Innovation (LCI), the Strategic Growth Council (SGC), and the California Air Resources Board (CARB). REAP 2.0 provided an investment to advance implementation of adopted regional plans by funding planning and development activities that accelerate infill housing and reductions in per capita VMT. The 2020-21 Budget included $480 million for REAP 2.0 to suballocated directly to the state's 18 Metropolitan Planning Organizations (MPOs), and the MPOs suballocated a portion of the funds to eligible entities (cities, counties, transit/transportation agencies) in their metropolitan region. The remaining funds were split into a set aside for Tribal entities and for eligible entities in smaller counties in non-MPO regions ($30 million), as well as for a Higher Impact Transformative set aside for all eligible entities ($30 million).

This Bill*:* This bill creates a program that is similar to the existing statutory program but with some key differences. The Local Government Planning Support Grants Program provides grants to COGs and local jurisdictions to update the sixth RHNA cycle, which is almost over, this bill would apply to the seventh cycle. In addition, this bill adds local housing trust fund activities as an eligible use for COGs; removes the multiagency working groups required to access funds; adds an automatic approval once HCD's 30-day shot clock to approve a request expires; and staggers allocations so that COGs become eligible for funding once they begin their RHNA process.

The author of this bill submitted a budget request for $125 million over multiple years for the Regional Early Action Planning (REAP 1.0) grant program. If funding was included in the budget for this program, it could not be easily plugged into the existing statute given the differences between what is being proposed and the Local Government Planning Support Grants Program. It's worth noting that the Governor's budget does not include any new funding for housing programs.

Augments in Support: According to the sponsor of this bill, California Association of Councils of Government (CalGOG), "the next RHNA cycle will be the most expensive and complex in California history. Recent statutory changes require regions to analyze additional income categories, conduct expanded outreach to special-needs populations, undergo more rigorous HCD review, and meet heightened equity, environmental, and data standards. These reforms can potentially improve outcomes, but they significantly increase costs for both regional agencies and local jurisdictions. Without a dedicated funding source, regions will struggle to meet statutory requirements, and cities will lose access to the planning assistance that proved essential during REAP 1.0."

Arguments in Opposition: The California Building Industry Association (CBIA) writes in an oppose unless amended position: "CBIA supports codifying the REAP framework as a permanent program and agrees that regional governments need dedicated resources for the increasingly complex RHNA process. Our concern is focused on ensuring that REAP funds are directed toward planning for and permitting housing, rather than toward regional regulatory frameworks that layer new requirements on top of the state housing accountability system that the Legislature has built over the past decade."

REGISTERED SUPPORT / OPPOSITION:

Support

Southern California Association of Governments (Sponsor)
American Planning Association, California Chapter
California Association of Councils of Governments
California State Association of Counties
City of Barstow
City of Garden Grove
City of Grand Terrace
City of Montebello
City of Palm Desert
City of Palmdale
City of Paramount
City of Pico Rivera
City of Pomona
City of Riverside
City of Santa Monica
City of South El Monte
City/county Association of Governments of San Mateo County
East Bay Housing Organizations
Imperial County
LA Forward Institute
League of California Cities
Mayor Patricia Lock Dawson, City of Riverside
Rural County Representatives of California
South Bay Cities Council of Governments
South Bay Cities Council of Governments
Urban Counties of California

Opposition

Equitable Land Use Alliance

Oppose Unless Amended

California Building Industry Association
Families and Homes San Jose

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2005 (Ahrens) – As Amended March 19, 2026

SUBJECT: Housing developments: urban lot split: owner-occupancy

SUMMARY: Creates an alternative compliance pathway for the owner-occupancy requirement of SB 9 (Atkins), Chapter 162, Statutes of 2021. Specifically, **this bill**:

1) Requires the seller of an urban lot split under SB 9 to disclose, in writing, any owner occupancy requirement for three years after the conveyance of an urban lot split if the seller is the managing or authorized member of a limited liability company (LLC) or the trustee of a living trust.

2) Adds the option for an applicant of an SB 9 urban lot split to select a different owner occupancy requirement, which shall be imposed as a condition of approval of a parcel map for the lot split, as follows:

    a) The applicant shall require, as a condition of sale to the homebuyer, that all of the units of both parcels of the lot split remain owner-occupied for three years, beginning on the date the parcel or unit is conveyed to the homebuyer;

    b) The local agency must record a notice of the owner-occupancy requirement as a condition of ministerial approval of the parcel map for the lot split;

    c) The parcel or unit being purchased shall be subject to a recorded deed restriction imposing the owner-occupancy requirement on any subsequent homebuyer who purchases the parcel or unit during the three-year period; and

    d) The homebuyer shall record a notice of owner-occupancy as a condition to acquiring title to a parcel or unit. The notice shall state that the homebuyer, and any subsequent homebuyer who purchases the parcel or unit during the three-year period, is required to occupy the parcel or unit or designate the parcel or unit as their primary residence.

3) Allows the managing or authorized member of an LLC or the trustee of a living trust to be the applicant for an urban lot split under SB 9.

4) Provides that a local agency shall not adopt or impose any requirement, process, practice, or procedure, or undertake any course of conduct, that applies to a project solely or partially on the basis of the project being an SB 9 lot split, including, but not limited to, restricting the eligibility of an applicant for an urban lot split.

EXISTING LAW:

1) Requires the streamlined and ministerial approval by a local agency of a duplex in a single-family zone (Government Code (GOV) Section 65852.21), and the urban lot split (subdivision) of a parcel zoned for residential use into two parcels, each at least 40% of the original lot's size (GOV 66411.7). Specifically:

a) Prohibits an urban lot split if the lot was previously split under SB 9, and prohibits an owner or related party from splitting adjacent lots to prevent circumvention of the two-lot limit. (GOV 66411.7)

b) Provides that an application for a duplex or a lot split must be considered and approved or denied by the local agency within 60 days of the date the local agency receives a completed application. Further provides that:

   i) If a local agency denies an application for a duplex or lot split, the permitting agency must provide, in writing, a full set of comments to the applicant, with a list of items that are defective or deficient, and a description of how the application can be remedied by the applicant; and

   ii) If the local agency has not approved or denied the application within 60 days and the application meets all qualifying criteria, the application is deemed approved. (GOV 66411.7 & 65852.21)

c) Prohibits a local agency from imposing objective standards on a proposed duplex that do not apply uniformly to developments within the underlying zoning district. Otherwise, allows a local agency to adopt or impose objective zoning standards, objective subdivision standards, and objective design standards on development authorized by this section as follows:

   i) If those standards are more permissive than applicable standards in the underlying zone;

   ii) If the standards would not physically preclude the construction of up to two units or physically preclude either of the two units from being at least 800 square feet in floor area;

   iii) A city or county may require a setback of up to four feet from the side and rear lot lines; and

   iv) A city or county may not require setbacks for an existing structure or a structure constructed in the same location and to the same dimensions as an existing structure. (GOV 66411.7 & 65852.21)

d) Allows a local agency to impose objective standards for a proposed lot split so long as they are related to the design or to the improvements of a parcel. (GOV 66411.7)

e) Requires an applicant for an urban lot split to sign an affidavit stating they intend to occupy one of the housing units as their primary residence for at least three years following the lot split. (GOV 66411.7)

f) Prohibits units created by SB 9 from being used as short-term rentals (i.e., they must be rented for terms longer than 30 days). (GOV 66411.7 & 65852.21)

g) Requires the Department of Housing and Community Development (HCD) to notify a local government if it has taken an action in violation of SB 9 and authorizes HCD to

notify the Attorney General (AG) if the local government is in violation of SB 9, at HCD's discretion. (GOV 65585 & 65585.1)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California's housing shortage—and the growing homeownership crisis—requires solutions at many scales. SB 9 was designed to enable small, incremental housing production led by homeowners, creating opportunities for more attainable, entry-level ownership in existing neighborhoods. It also allows homeowners to unlock value within their own property that is otherwise inaccessible unless they sell and leave their home.

However, implementation has revealed unintended technical barriers that prevent some responsible homeowners from participating, particularly those who use common estate planning tools. AB 2005 clarifies the law, so it works as intended, ensuring these homeowners are not excluded while maintaining strong protections against investor speculation.

By removing these barriers, AB 2005 helps unlock small-scale housing production, expand access to entry-level homeownership, and support long-term wealth building for California families who are increasingly being priced out of the market."

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

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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

work in, the state's highest-cost regions.[6] As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds $800,000, effectively locking out many working families from the ownership market.

SB 9: In 2021, the Governor signed SB 9 (Atkins), Chapter 162, Statutes of 2021, which allowed up to four homes on lots where currently only one exists. It did so by allowing existing single-family homes to be converted into duplexes. It also allowed single-family parcels to be subdivided into two lots, while allowing for a new two-unit building to be constructed on the newly formed lot.

SB 9 has the potential to help address the state's multi-million unit housing deficit. According to a 2021 study from the UC Berkeley Terner Center for Housing Innovation, the passage of SB 9 increased the amount of market-feasible homes statewide by 700,000.[7] However, a 2023 analysis from the Terner Center determined that, in its first year, the effect of the law has been relatively limited.[8] Los Angeles had the most activity, with 211 applications for new units under SB 9 in 2022. The state's other large cities all reported very few applications for lot splits or new units. For example, the City of San Diego reported receiving just seven applications for new SB 9 units in 2022.

There are multiple reasons for this slow uptake. It often takes a few years for the construction process to catch up with changes to land use policy. Also, higher interest rates greatly increased the cost to finance a second unit, adding a chilling effect to the housing market. The City of San Diego has a generous local ADU program, providing a local pathway to increasing missing-middle housing which is less restrictive than the provisions of SB 9. SB 450 (Atkins), Chapter 286, Statutes of 2024, amended SB 9 to address some of the early barriers to low utilization of SB 9. SB 450 (Atkins) added a 60-day review period for SB 9 applications, removed the ability of local agencies to deny certain SB 9 projects, prohibited a local agency from imposing standards on SB 9 projects that do not apply to the underlying zoning district, gave HCD explicit enforcement authority over SB 9, and strengthened the statewide concern findings that applied SB 9 to charter cities. The provisions of SB 450 became effective on January 1, 2025, so it is too early to judge the impact of those changes on SB 9 uptake.

SB 9 Owner Occupancy Requirements: SB 9 contains an owner-occupancy requirement for lot splits. Under current law, a local agency must require an applicant for an urban lot split to sign an affidavit stating that they intend to occupy one of the resulting housing units as their principal residence for at least three years following approval of the lot split. This requirement does not apply to applicants that are "community land trusts" or "qualified nonprofit corporations."

HCD has interpreted SB 9's owner-occupancy provision to mean that a living trust, limited liability company, or other legal entity cannot serve as the applicant, even when the beneficiary owner or member is the current owner-occupant of the property. Furthermore, the current statute requires the existing homeowner to serve as the project applicant, who then must be solely responsible for obtaining local approvals, including navigating the subdivision process. This may prove daunting for existing homeowners and may discourage them from pursuing SB 9 projects.

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[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] https://ternercenter.berkeley.edu/wp-content/uploads/2021/07/SB-9-Brief-July-2021-Final.pdf
[8] https://ternercenter.berkeley.edu/research-and-policy/sb-9-turns-one-applications/

SB 9 Versus ADU Law: ADU law and SB 9 are complementary strategies aimed at increasing density on single-family parcels, but they operate under different frameworks. Under current law, ADUs may be used in combination with SB 9 so long as the total number of units on a lot does not exceed four. Property owners may use both tools to achieve the maximum allowed density in a configuration that best suits their site and circumstances, for example, two primary units under SB 9 and one ADU per new lot. Through the ADU pathway, a property owner of a single-family home would be able to build four units (one single-family home, one junior ADU, one detached ADU, and one conversion ADU) on that same property. A key distinction between SB 9 and ADU law is that, through ADU law, unless a local jurisdiction has opted-in to for-sale provisions, all of the resulting ADUs would be rental units, while the second lot created under SB 9 would be for-sale.

The distinctions between SB 9 and ADU law may influence which pathway a property owner chooses when seeking to increase density, based on factors such as cost, design flexibility, and regulatory requirements. SB 9 projects often require compliance with local development standards such as height limits and objective design guidelines, and may be subject to proportionate impact fees and infrastructure upgrades, particularly for lot splits. In contrast, ADUs benefit from fewer local restrictions and exemptions from certain fees, especially for units under 750 square feet. Furthermore, SB 9 contains the aforementioned owner-occupancy requirement, and requires the property owner to be the applicant for an SB 9 development, whereas ADU law explicitly prohibits local governments from imposing such a requirement. As a result, some property owners may prefer to pursue multiple ADUs rather than an SB 9 lot split, especially if their goal is to add rental units without added costs or design requirements.

This Bill: This bill revises the provisions of SB 9 related to owner-occupancy requirements for urban lot splits. Specifically, this bill requires a local agency to condition approval of an urban lot split on the applicant selecting one of two owner-occupancy options: either the existing requirement that the applicant occupy one of the units as their principal residence for at least three years, or a new alternative requiring that all of the homes created through the SB 9 lot split remain owner-occupied for three years following their sale to a homebuyer, enforced through recorded deed restrictions and notice requirements. This three-year owner occupancy requirement would begin on the date a parcel or unit is conveyed to the homebuyer, and stays with the property for three years, meaning if the first purchaser sells the property before that three-year expiration period, the owner occupancy requirement would pass on to the subsequent purchaser.

This bill additionally allows a managing or authorized member of an LLC or a trustee of a living trust to apply for an SB 9 urban lot split, and requires local agencies to record and enforce owner-occupancy requirements associated with this new homebuyer-based owner-occupancy pathway. This bill also requires sellers of units resulting from this new SB 9 owner-occupancy pathway to provide written disclosure of the three-year owner-occupancy restriction upon conveyance, and prohibits local agencies from imposing owner-occupancy requirements beyond those established in statute.

Proponents of this bill maintain that it will improve the usability of SB 9 by allowing homeowners to utilize common ownership structures, such as trusts and LLCs, and by creating a pathway for partnerships with builders, which may increase the number of feasible projects and expand small-scale homeownership opportunities. The alternative owner-occupancy option may also help ensure that newly created units are ultimately occupied by homeowners, rather than

serving as investor rental units. On the other hand, opponents may argue that shifting the owner-occupancy requirement away from the applicant and onto future homebuyers could weaken SB 9's original anti-speculation guardrails and introduce additional complexity in enforcement, particularly with respect to tracking and enforcing deed restrictions over time.

Policy Considerations:

- **All Units.** This bill requires, in order to use this alternative owner-occupancy pathway, that "**all units** on both parcels of an urban lot split remain owner occupied for three years." Under current law, the property owner applicant must reside in just one of the resulting units, and you can construct up to four units on what was previously a single-family lot (two lots, each with two units). It is unclear how, under the current structure of SB 9, one could achieve owner occupancy on all four units without subdividing the lot into four, which is not permitted under SB 9.

  The Committee may wish to consider an amendment so that one unit on each of the resulting lots, rather than all units, are subject to this owner occupancy requirement in order to maintain the existing structure of SB 9.

Arguments in Support: The Bay Area Council writes in support: "SB 9 was designed to benefit homeowners by providing a streamlined pathway to create small-scale housing opportunities on existing residential parcels. However, it has been interpreted by the Department of Housing and Community Development (HCD) in a way that limits eligible applicants when applying for urban lot splits. Currently, a living trust or limited liability company (LLC) may not serve as the applicant and, therefore, HCD effectively requires the existing individual homeowner to be included as part of the applicant group in every SB 9 urban lot split project.

The practice of placing a single-family home into a living trust or a limited liability company is a common practice in retirement and estate planning. Yet because a trust or LLC cannot sign the required owner-occupancy affidavit, some homeowners are unable to effectively use SB 9. AB 2005 would amend current law to close this gap and allow members of an LLC or trustees of a living trust who are primary residents of a single-family home to apply for urban lot splits.

The bill shifts the owner-occupancy requirement from the applicant to the homebuyer of the newly created unit, removing barriers and increasing opportunities for entry-level homeowners to partner with experienced builders and local developers. AB 2005 clarifies the intent of current law, empowering existing homeowners to build on their current properties and creating scalable solutions for Californians across the state."

Arguments in Opposition: None on file.

Committee Amendment: **The Committee may wish to consider the following amendment:**

66411.7(g)(1)(A)(ii) An applicant for an urban lot split shall require, as a condition of sale to a homebuyer, that ~~all~~ ***one*** of the units on both parcels of an urban lot split remain owner occupied for three years, beginning on the date a parcel or unit is conveyed by the applicant to a homebuyer. If an applicant selects the option in this clause, all of the following shall be required:

Related Legislation:

SB 2601 (Lee) of this legislative session. Makes numerous changes to the processing of subdivisions under existing law, including SB 9, and authorizes the primary dwellings associated with an urban lot split to be developed or converted as condominiums, including allowing condominium conversion of an existing unit, pursuant to applicable state and local condominium law.

SB 450 (Atkins), Chapter 286, Statutes of 2024. Amended the process established by SB 9 (Atkins), Chapter 162, Statutes of 2021 for the ministerial approval of a duplex in a single-family zone and the lot split of a parcel zoned for residential use into two parcels.

SB 9 (Atkins), Chapter 162, Statutes of 2021. Required the ministerial approval by a local agency of a duplex in a single-family zone and the lot split of a parcel zoned for residential use into two parcels.

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

Bay Area Council
California YIMBY
Equitable Land Use Alliance
Families and Homes San Jose
Housing Action Coalition
SPUR
SV@Home Action Fund
The Two Hundred for Homeownership

Opposition

None on file.

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2074 (Haney) – As Amended March 19, 2026

SUBJECT: Regional transit hub districts: downtown housing developments

SUMMARY: Requires major transit cities to designate high-density downtown transit hub districts where qualifying housing developments are allowed by right, subject to specified labor and affordability standards, and establishes a state revolving loan fund to support their construction. Specifically, **this bill**:

1) Defines the following terms:

   a) "Downtown housing development" means a housing development project within a regional transit hub district;

   b) "Fund" means the Downtown Revitalization Loan Fund;

   c) "Housing development project" means the same as a housing development project is defined in the Housing Accountability Act (HAA), generally a multiunit project that is at least two-thirds residential;

   d) "Major transit city" means a city with a population of at least 400,000 in the 2020 U.S. Census with at least two transit-oriented development stops;

   e) "Regional transit hub district" (district) means a district of a certain minimum size surrounding a transit stop designated by a city; and

   f) "Transit-oriented development stop," (TOD stop) has the same meaning as defined in SB 79 (Wiener), Chapter 512, Statutes of 2025.

2) Requires each major transit city to designate at least one district of a certain size based on its population in the 2020 U.S. Census, as follows:

   a) For cities with at least 400,000 but less than 1,000,000 people, one district with a total area of at least 0.5 square miles;

   b) For cities with a population of at least 1,000,000 people but less than 2,000,000, one district with a total area of at least 1 square miles; and

   c) For cities with a population of at least 2,000,000, at least one district with a total area of at least 1.5 square miles.

3) Allows jurisdictions that do not meet the definition of a "major transit city" to designate a district, as provided in 2).

4) Provides that the designation of a district, as required by 2), is not a project under the California Environmental Quality Act (CEQA).

5) Requires each district to meet the following requirements:

   a) It must be a contiguous area;

   b) It must have a land area of at least 0.25 square miles; and

   c) It must contain at least one TOD stop.

6) Makes a downtown housing development meeting the following requirements an allowable use within a district:

   a) Height limits:

      i) The city shall not set a maximum height limit lower than 150'; and

      ii) At least 25% of the total area of the district shall allow a maximum height limit of at least 450'.

   b) Floor Area Ratio (FAR):

      i) The city shall not set a maximum FAR lower than 6; and

      ii) At least 25% of the total area of the district shall allow a maximum FAR of at least 12.

   c) Density:

      i) The city shall not set a maximum density less than 200 dwelling units per acre; and

      ii) At least 25% of the total area of the district shall allow for unlimited density.

   d) Allows a city to set other zoning standards that are consistent with the requirements described in 6)a) through 6)c).

7) Applies all of the following to a downtown housing development:

   a) The existing labor standards in SB 423 (Wiener), Chapter 778, Statutes of 2023;

   b) The ability to qualify for density bonus, incentives or concessions, waivers or reductions of development standards or parking ratios under state Density Bonus Law (DBL) or a local density bonus program, with the requirements in (6) serving as the base zoning;

   c) The streamlined ministerial approval process in SB 423, without the downtown housing development having to comply with the same qualification requirements established in SB 423;

   d) A phase I environmental assessment, imposed as a condition of approval, with associated mitigation measures;

   e) A minimum density of at least 60 dwelling units per acre;

f) Affordable housing requirements established in SB 79 for projects containing more than 10 units, generally ranging from 7-13% deed-restricted affordability depending on income level, or the affordability required by a local inclusionary ordinance;

g) Antidisplacement requirements established in SB 79, preventing downtown housing developments from being located on sites containing more than two units that would require the demolition of housing subject to any form of rent or price control that has been occupied by tenants over the past seven years, or that was demolished within seven years before the development proponent submits the application; and

h) A prohibition on the demolition of any individually landmarked property on a local, state, or federal historic register.

8) Establishes the Fund in the State Treasury;

a) Provides that moneys deposited and maintained in the Fund are continuously appropriated without regard to fiscal year to the California Housing Finance Agency (CalHFA);

b) Provides that moneys in the Fund may be loaned to an applicant to develop a downtown housing development, subject to all of the following conditions:

i) The loan shall be a simple-interest loan at an interest rate that is the same or less than the rate of interest earned on moneys in the Pooled Money Investment Account, determined as of the date of disbursement of the loan;

ii) The amount loaned shall not exceed 30% of the project cost; and

iii) The applicant shall repay the loan, including interest, after completion of the development, as specified in the terms of the loan.

c) Provides that moneys received from repayments of loans shall be deposited into the Fund and shall be available to make new loans;

d) Allows CalHFA to adopt necessary rules and regulations to create and administer the Fund, and allows CalHFA to adopt those regulations as emergency regulations under the Administrative Procedures Act.

9) Provides that this bill does not override the height, noise, or safety standards of an adopted airport land use compatibility plan or Department of Defense Air Installation Compatible Use Zones.

10) Makes findings and declarations.

EXISTING LAW:

1) Establishes, pursuant to SB 79 (Wiener), Chapter 512, Statutes of 2025, a streamlined, ministerial approvals process for housing development projects within a specified distance of TOD stops. (Government Code (GOV) 65912.157)

2) Establishes, pursuant to SB 423 (Wiener), Chapter 778, Statutes of 2023, a streamlined, ministerial approval process for certain infill multifamily affordable housing projects that are compliant with local zoning and objective standards and that are proposed in local jurisdictions that have not met their regional housing needs allocation. (GOV 65913.4)

3) Establishes, pursuant to AB 2011 (Wicks), Chapter 647, Statutes of 2022, a streamlined, ministerial approval process, not subject to CEQA, for certain infill multifamily affordable housing projects that are located on land that is zoned for retail, office, or parking. (GOV 65912.100-65912.140)

4) Establishes, pursuant to SB 6 (Caballero), Chapter 659, Statutes of 2022, the Middle Class Housing Act of 2022, allowing residential uses on commercially zoned property without requiring a rezoning. (GOV 65852.24)

5) Establishes, pursuant to AB 507 (Haney), Chapter 493, Statutes of 2025 a streamlined, ministerial approvals process for office-to-housing development projects.

6) Establishes DBL, which requires local governments to grant increased density and other development incentives or concessions, waivers or reductions of development standards, to housing projects that include specified levels of affordable housing. (GOV 65915)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California's downtowns are at a crossroads. In the wake of the pandemic, many of our city centers are struggling with high vacancy rates, declining foot traffic, and reduced economic activity. At the same time, we continue to face a severe housing shortage, especially in the very places where housing makes the most sense: near jobs, transit, and existing infrastructure. AB 2074 responds to both of these challenges by creating a clear, statewide framework to support high-density housing in our downtown cores while ensuring that the jobs created are high-quality, family-supporting jobs.

This bill establishes regional transit hub districts in major cities and sets baseline zoning standards that allow for meaningful mixed-use and residential high-rise development, while providing a streamlined approval pathway for projects that meet affordability and strong labor standards. It also creates a revolving loan fund through CalHFA to help address one of the most significant barriers to building housing today: access to early-stage financing. By pairing housing production with robust labor protections and financial tools, AB 2074 is designed to unlock housing, support good-paying jobs, and bring new life to our downtowns."

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

[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

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]

Downtown Recovery: Downtowns across California continue to face significant economic and fiscal challenges in the aftermath of the COVID-19 pandemic. Remote and hybrid work have fundamentally reduced daily office occupancy, leading to lower foot traffic, diminished retail activity, and rising commercial vacancies. These shifts have weakened local tax bases, strained small businesses, and left many central business districts with underutilized infrastructure and declining vibrancy. While some recovery has occurred, it has been uneven and slow across the state, particularly in major urban cores that historically relied on office workers to sustain surrounding commercial activity.

These conditions have prompted growing interest in strategies to support downtown revitalization, including facilitating the conversion of underutilized commercial space to housing, activating ground-floor uses, and investing in public realm improvements. Policymakers are increasingly evaluating whether existing land use, financing, and regulatory frameworks are well-suited to support this transition, or whether targeted interventions are needed to help downtowns adapt to changing economic conditions. For example, in recognition of these challenges, the Assembly has convened the Select Committee on Downtown Recovery to examine the scope of these impacts and identify potential policy responses.

Transit-Oriented Development (TOD): TOD refers to compact, pedestrian-oriented development located within walking distance of high-quality public transit. A growing body of academic research points to a range of public benefits associated with TOD, particularly from increasing dense housing options near transit, including reduced greenhouse gas (GHG) emissions, lower vehicle miles traveled, and greater economic and social inclusion.

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[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

However, much of California's urban form reflects a century of auto-centric development, characterized by low-density suburban neighborhoods, wide streets, and land use patterns designed around vehicular access. Despite significant investments in transit infrastructure, ridership remains low across much of the state, and driving continues to dominate travel behavior. This is particularly true outside of dense urban cores, due in part to the lack of housing near high-frequency transit stops and the challenges of first- and last-mile connectivity.

According to a 2024 analysis by the Othering & Belonging Institute at UC Berkeley, a staggering 95.8% of all residential land in California is zoned exclusively for single-family housing, severely constraining opportunities for infill development near transit. Even when lower-density unincorporated areas are excluded, over 82% of residentially zoned land in the state prohibits multifamily housing. In response, the state has increasingly sought to align land use with transit investments by requiring additional housing capacity in transit-rich areas and limiting local ability to downzone or otherwise constrain development in those locations, including through SB 79 (Wiener), Chapter 512, Statutes of 2025. The state has also taken steps to incrementally open single-family zones specifically to additional housing, including through State ADU Law and SB 9 (Atkins), Chapter 161, Statutes of 2021. However, much of California's residential land remains off-limits for denser development, even in locations with strong access to jobs, transit, and other opportunities.

One way to address these constraints and discourage sprawling development patterns is to increase allowable density in infill locations near existing transit stops and job centers, as was the case in SB 79. Doing so can place more homes, and therefore more people, within walking distance of frequent transit. While proximity alone does not always shift travel behavior, particularly where parking remains abundant or bundled with housing, pairing land use reforms with complementary policies can meaningfully influence outcomes. For example, AB 2097 (Friedman), Chapter 459, Statutes of 2022 eliminated minimum parking requirements near transit, and a 2020 UCLA study by Manville & Pinski found that residents in buildings without bundled parking are substantially more likely to commute without a car. Together, these types of reforms suggest that increasing housing near transit, while reducing incentives to drive, can lead to measurable increases in transit ridership and reductions in car dependency.

Cost of Building Housing: It is expensive to build housing in California. The UC Berkeley Terner Center finds that challenging macroeconomic conditions, including inflation and high interest rates, affect the availability and cost of capital, resulting in rising costs for labor and materials.[7] Furthermore, workforce and supply shortages have exacerbated the already high price of construction in California, and economic uncertainty has made equity partners and lenders apprehensive about financing new housing development proposals.[8] These conditions are particularly acute during the early stages of development, when projects rely on higher-risk, higher-cost forms of capital, such as predevelopment and construction financing, which are often the most difficult to secure.

A 2025 study found that California is the most expensive state for multifamily housing production, in part due to the long timeline it takes to go from an application to an approved

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[7] David Garcia, Ian Carlton, Lacy Patterson, and Jacob Strawn, *Making It Pencil: The Math Behind Housing Development (2023 Update)*, Terner Center for Housing Innovation, December 2023, https://ternercenter.berkeley.edu/research-and-policy/making-it-pencil-2023/
[8] IBID.

project.[9] 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.[10] These cost and timing challenges can make it difficult to build housing at all in the current environment, and are especially pronounced for high-rise and other complex urban developments, which carry higher construction costs, longer timelines, and greater exposure to financing risk. More broadly, when development projects are perceived as too costly or risky, capital may be redirected to lower-risk investments or to other states with more predictable timelines and lower development costs, further constraining housing production in California.

A separate analysis by the California Housing Partnership compares the cost of market rate development prototypes developed by the Terner Center with the median cost of developing affordable rental homes. In the four regions analyzed, the study found that the cost of developing one unit of affordable housing ranged from approximately $480,000 to $713,000, while the cost of developing one unit of market rate housing in the state ranged from approximately $508,000 to $637,000.[11] The increased cost for the affordable units can be attributed, in part, to the difficulty associated with assembling a capital stack for affordable housing development, the complex regulations that these affordable units must comply with, and the added cost of labor requirements tied to certain funding sources used by affordable housing developers.

This Bill: This bill establishes a statewide framework to facilitate high-density housing development in downtown, transit-rich areas by requiring certain large cities with a population of at least 400,000 in the 2020 U.S. Census with at least two qualifying TOD stops to designate "regional transit hub districts" of a specified minimum size based on population. Under the bill, Los Angeles (population over 2,000,000) must designate at least 1.5 square miles; San Diego and San Jose (population between 1,000,000 and 2,000,000) must designate at least 1 square mile; and San Francisco, Sacramento, Long Beach, and Oakland (population between 400,000 and 1,000,000) must each designate at least 0.5 square miles in districts, based on 2020 Census populations. Other cities may opt in and elect to designate a regional transit hub district in order for downtown developments to be eligible for project financing through the Fund, as further explained below.

Within these districts, the bill establishes minimum zoning standards that local governments must allow, including a base maximum height of at least 150 feet, with at least 25% of the district permitting heights of at least 450 feet; a minimum floor area ratio (FAR) of 6, with at least 25% of the district allowing an FAR of at least 12; a minimum density of 60 dwelling units per acre, and a density cap of no less than 200 dwelling units per acre, with at least 25% of the district allowing unlimited density. This bill prohibits cities from imposing lower caps and requires that housing be an allowable use throughout these areas, while still permitting local governments to adopt other zoning standards that do not conflict with these minimum thresholds. In effect, this bill establishes a statewide zoning floor for downtown areas, increasing allowable development intensity in proximity to major transit.

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[9] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[10] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[11] Mark Stivers, *Affordable Housing Compares Favorably to Market-Rate Housing From a Cost Perspective*, California Housing Partnership, January 2024: https://chpc.net/affordable-housing-compares-favorably-to-market-rate-housing-from-a-cost-perspective/#:~:text=It%20turns%20out%20that%20costs,market%2Drate%20developments%20do%20not.

Within these designated districts, qualifying "downtown housing developments" are subject to additional requirements and benefits. Projects must meet the same labor requirements currently included in SB 423 (Wiener), the same affordability requirements included in SB 79 (Wiener), and satisfy site eligibility and anti-displacement provisions. These qualifying downtown housing developments are eligible for ministerial, streamlined approval and are exempt from discretionary review processes, while still requiring environmental site assessments and remediation where necessary. Projects may also layer on additional incentives through the DBL, with the bill's zoning standards serving as the applicable base zoning for calculating concessions, incentives, waivers, and reductions of development standards.

In addition, this bill creates the Downtown Revitalization Loan Fund, administered by CalHFA, to provide low-interest, revolving loans covering up to 30% of project costs for eligible developments. Loans are issued at or below the state's pooled investment rate and must be repaid upon project completion, with repayments recycled to support future projects. The Fund is considered a continuous appropriation, because CalHFA can continue to issue additional loans upon repayment without future appropriation from the Legislature.

By pairing significant upzoning and ministerial approval with a dedicated financing source, this bill seeks to incentivize large-scale housing production in transit-accessible downtown areas and support broader efforts to revitalize urban cores.

Arguments in Support: California YIMBY, one of the bill's co-sponsors, writes in support: "AB 2074 requires California's seven largest transit-rich cities—those with populations over 400,000, including Los Angeles, San Diego, San Jose, San Francisco, Sacramento, Oakland, and Long Beach—to designate regional transit hub districts. Within these districts, the bill establishes new development standards, including a baseline height limit of 150 feet and a requirement that at least 25 percent of each district allow buildings of 450 feet or more. Residential projects that meet the bill's labor standards would qualify for streamlined, ministerial approval.

By requiring cities to designate transit-rich districts and allow substantial residential capacity, AB 2074 will unlock new housing opportunities in the places where homes are most sustainable, accessible, and economically productive—near jobs, transit, and existing infrastructure. This approach helps ensure that California's growth is directed to areas best suited to support vibrant, transit-oriented communities while reducing barriers that too often delay or prevent housing construction."

Arguments in Opposition: The California Housing Consortium writes in opposition: "While the intent of the bill is to revitalize downtown areas, we have concerns with the unintended consequences of the legislation. At a time when the state's general fund has a growing structural deficit, creating a loan fund that is limited to a specific project type in specific locations raises serious issues. As currently written, the bill would subsidize market-rate luxury housing unaffordable to most Californians. Limited public dollars should subsidize homes that are affordable to low-income people, not developments with mostly market-rate housing. Furthermore, given the project requirements, there are only a few jurisdictions that would benefit from these funds, inadvertently exacerbating regional economic disparities. For these reasons, we hold an "oppose" position on AB 2074.

Revitalizing downtowns is a laudable goal, and we would welcome the opportunity to partner with you to craft a policy that will increase the supply of housing that is affordable to Californians."

Committee Amendments: The Committee may wish to consider the following amendments:

1) Moving all of the content in 65913.13(d)(1), and 65913.13(g), which contain requirements related to the whole transit hub district, to 65913.13(c) of the bill so that all district-wide standards are in the same subdivision.

2) Clarifying that the base density, for purposes of calculating any density bonus on downtown housing developments, is calculated using all of the land use controls in 65913.13.

3) Add language providing that instead of allowing the city to apply "zoning standards" to downtown housing developments, it may apply "other objective zoning standards, objective subdivision standards, and objective design review standards."

4) Require all downtown housing development projects under this bill to meet the site requirements in GOV 65913.4(a)(6).

5) Require downtown housing developments under this bill to comply with any applicable local demolition and antidisplacement standards established through a local ordinance.

Related Legislation

SB 79 (Wiener), Chapter 512, Statutes of 2025. Established a streamlined, ministerial approval process for TOD housing development projects.

AB 507 (Haney), Chapter 493, Statutes of 2025. Established a streamlined, ministerial approval process for adaptive reuse housing development projects.

AB 1490 (Lee), Chapter 764, Statutes of 2023. Established a streamlined, ministerial approval process for "extremely affordable adaptive reuse projects."

SB 423 (Wiener), Chapter 778, Statutes of 2023. Amended SB 35 (Wiener), which created a streamlined, ministerial local approvals process for housing development proposals in jurisdictions that have failed to produce sufficient housing to meet their RHNA.

SB 6 (Caballero), Chapter 659, Statutes of 2022. Established the Middle Class Housing Act of 2022, allowing residential uses on commercially zoned property without requiring a rezoning.

AB 2011 (Wicks), Chapter 647, Statutes of 2021: Created the Affordable Housing and High Road Jobs Act of 2022, creating a streamlined, ministerial local review and approvals process for certain affordable and mixed-use housing developments in commercial zoning districts and commercial corridors. A current bill, AB 2243 (Wicks) would amend AB 2011 to facilitate the conversion of office buildings to residential uses, among other provisions.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Sponsor)
State Building & Construction Trades Council of California (Co-Sponsor)
Circulate Planning & Policy

Opposition

California Housing Consortium
Equitable Land Use Alliance

Oppose Unless Amended

Families and Homes San Jose

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2118 (Hoover) – As Introduced February 18, 2026

SUBJECT: Affordable Housing and High Road Jobs Act of 2022: use by right: objective standards

SUMMARY: Makes changes to the Affordable Housing and High Road Jobs Act of 2022 (AB 2011 (Wicks), Chapter 647, Statutes of 2022). Specifically, **this bill**:

1) Provides that any aspect of an AB 2011 development project, including a local or state permit or approval, is not a project for purposes of the California Environmental Quality Act (CEQA).

2) Requires an AB 2011 development project, rather than the entire property on which the AB 2011 housing development is proposed to be located, to meet certain planning standards.

3) Provides that any objective standards imposed by a local government on an AB 2011 housing development project may not prohibit or otherwise inhibit mixed-uses.

EXISTING LAW:

1) Establishes AB 2011, which deems the development of 100% affordable and qualifying mixed-income housing development projects that are located in commercial corridors and zoning districts to be a use by right and requires local agencies to approve these projects ministerially if certain development and workforce criteria are met. (Government Code (GOV) 65912.100-65912.140)

2) Provides that for purposes of determining whether an AB 2011 property or site satisfies the criteria, objective development standards, or other requirements for receiving streamlined, ministerial review under, a local government's review of the property or site shall be limited to the area described as being physically disturbed by construction in the application for streamlined, ministerial review and shall not include, unless expressly stated otherwise, other contiguous or noncontiguous areas even if under the ownership or control of the project proponent. (GOV 65912.103.5)

3) Provides that no aspect of the AB 2011 development project, including any permits required for the development project, is a project under CEQA. (GOV 65912.101)

4) Requires the property on which a mixed-income AB 2011 housing development along a commercial corridor is proposed to be located to meet certain planning standards. (GOV 65912.123)

5) Allows a local government to adopt objective zoning, subdivision, and design standards, so long as they do not preclude a development from being built at the residential density allowed under AB 2011, and do not require the development to reduce unit size to meet them. (GOV 65912.113 & 65912.123)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California continues to face a severe housing crisis with soaring home prices and rents making it increasingly difficult for residents to find affordable and safe housing. Despite ongoing efforts to develop affordable and mixed-income housing, developers still face regulatory hurdles that slow the construction of new units. Building on the pathway created by AB 2011 (2022), AB 2118 clarifies existing statute to allow for mixed-use projects and ensure both local and state permits are subject to streamlined approval. With added clarity we promote the development of new units and provide more opportunities for affordable housing."

California's Housing Crisis: California's housing crisis is a half-century in the making.[1] After decades of underproduction, supply is far behind need, 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]

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]

AB 2011: In response to the housing affordability crisis, the Legislature passed AB 2011 (Wicks), Chapter 647, Statutes of 2022, also known as the Affordable Housing and High Road Jobs Act of 2022. AB 2011 streamlines the approval process for certain housing developments along commercial corridors and in commercial zones, while ensuring labor standards for construction workers and facilitating the development of affordable housing units. The law allows for by-right approval of mixed-income and 100% affordable housing projects on sites currently zoned for office, retail, or parking uses, provided they meet specific affordability, labor, and environmental criteria. This means qualifying projects can bypass certain discretionary local approvals, such as conditional use permits, making it easier and faster to build housing.

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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

While AB 2011 was signed into law in 2022, it had a delayed implementation date of July 1, 2023. Since its passage, multiple bills have expanded and amended AB 2011. AB 2243 (Wicks), Chapter 272, Statutes of 2024, made substantive amendments to AB 2011 by expanding site eligibility, refining objective standards, and amending project processing timelines. AB 893 (Fong), Chapter 500, Statutes of 2025, expanded the provisions of AB 2011 to allow developments within a half-mile radius of public universities, or in "Campus Development Zones."

Specific to this bill, existing law provides that no aspect of an AB 2011 development project, including any permits required for the proposed development, is a "project" under CEQA. This provision was intended to streamline project delivery by eliminating discretionary review and reducing potential litigation risk, thereby reducing approval timelines, increasing certainty for applicants, and lowering overall development costs.

AB 2011 also establishes detailed, objective site development standards governing setbacks, building placement, and frontage for the property on which a mixed-income AB 2011 development project along a commercial corridor is located. These standards generally require buildings to front the street along the commercial corridor with minimal setbacks, limit above-ground parking visibility, and impose graduated setbacks and step back requirements to control building massing. Additional design requirements apply to projects on regional mall sites, including block size, open space, and frontage requirements.

Finally, AB 2011 allows local governments to adopt objective zoning, subdivision, and design standards applicable to all AB 2011 projects, provided those standards do not preclude development at the permitted residential density or require reductions in unit size. In practice, some jurisdictions have adopted objective standards that may constrain mixed-use development on AB 2011 sites, notwithstanding the statute's definition of a "housing development" project, which permits projects to include up to one-third commercial uses.

AB 2011 Impact to Date: All jurisdictions are required to report projects approved pursuant to AB 2011 in their Annual Progress Reports (APRs) submitted to the Department of Housing and Community Development (HCD). While APR data provides the most comprehensive statewide data available, it is well-documented that these reports contain data quality limitations, including inconsistent reporting practices and project classification errors.

Preliminary quantitative APR data through 2024, as analyzed by the UC Berkeley Terner Center for Housing Innovation and provided to this Committee, indicate that there are 23 AB 2011 projects in the pipeline, representing a total of 5,832 housing units. Of those, 3,163 (54%) are affordable homes and 2,669 (46%) are market rate homes. A total of 2,076 units (35.6%) have been submitted to a local agency but have not yet received any local approvals, 2,956 (50.7%) are entitled, or approved by a planning department, but have not pulled the building permits necessary to commence construction, and 800 (13.7%) are permitted. Submitted and entitled units reflect projects at earlier stages of the development pipeline, whereas permitted units have received building permits and are closer to commencing construction. However, units at any stage of the pipeline, including those submitted, entitled, or even permitted, may ultimately be delayed, modified, or not constructed due to financing difficulties, market conditions, project litigation, or other development-specific factors.

This Bill: This bill would amend AB 2011 by doing the following:

- ***CEQA.*** Explicitly adding "state permits or approvals" into the existing CEQA exemption for permits required for an AB 2011 development. Current law states that "no aspect of the development project, including any permits required for the development project, is a 'project'" under CEQA. This bill would expand upon that language by providing that any local or state permit or approval is not a project under CEQA. In doing so, this amendment seeks to ensure that the entirety of an AB 2011 development project benefits from a streamlined and ministerial review process. In current practice, some AB 2011 projects that were approved without CEQA review at the local level have found that environmental review is required by state agencies if they need any additional state agency sign-off.

- ***Development Project versus Property.*** Under current law, the property on which AB 2011 developments along commercial corridors are located is required to comply with certain setback, frontage, and step back requirements. This bill would change the word "property" to "development project," so that just the portions of the property that are the subject of the development application would have to comply with those standards.

- ***Mixed Use Objective Standards.*** Add language providing that any locally adopted objective standards shall not prohibit or otherwise limit mixed-use development. This would enable all proposed AB 2011 housing developments, which are currently defined as projects that are at least 2/3 residential, to take advantage of the provisions of AB 2011.

Arguments in Support: The Student Homes Coalition, the bill sponsors, write in support: "AB 2011 (Wicks) and AB 893 (Fong) unlocked thousands of acres of land across California for 100% affordable, mixed-income, and student housing development. Commercially zoned lands are often well-suited for housing projects, located near jobs, transit, and amenities. At the same time, mixed-use projects create sufficient density to support local businesses and revitalize commercial districts.

AB 2118 will allow us to maximize the benefits of developing mixed-income and affordable housing on commercial land by strengthening the streamlined approval process for AB 2011 and AB 893 projects. This bill clarifies that any permit or approval, including those issued by state agencies, are subject to a by-right process and prevents local governments from limiting mixed-uses in these projects. AB 2118 will provide affordable housers more certainty in the development process, lowers project risk, and prevents unnecessary delays."

Arguments in Opposition: The Equitable Land Use Alliance writes in opposition: "ELUA objects to the further elimination of objective development standards prescribed by this bill. Such standards include the number of access points, traffic calming measures, pedestrian walkways, bicycle parking, setbacks (distances between buildings, streets, and neighbors), minimum recreation space, privacy buffers, light intrusion limits, building massing/articulation, etc. Developers are providing the minimum number of affordable units to get a density bonus designation with unlimited waivers of these standards, creating huge box-shaped buildings with significantly reduced safety and quality of life.

ELUA also objects to this bill's further shift to "use by right," which hampers useful expert and public review of projects that are designed to help preserve safety, health, sufficient infrastructure, and quality of life. There are alternative methods to speeding up approvals that still allow reasonable review.

Further, ELUA objects to this bill's further shift away from conducting responsible environmental analyses."

Related Legislation:

AB 893 (Fong), Chapter 500, Statutes of 2025. Allowed the Affordable Housing and High Road Jobs Act of 2022, established by AB 2011 (Wicks), Chapter 647, Statutes of 2022 (AB 2011) to be used within campus development zones, as defined.

AB 2243 (Wicks), Chapter 272, Statutes of 2024. Made changes to the Affordable Housing and High Road Jobs Act.

AB 2011 (Wicks), Chapter 647, Statutes of 2022. Created the Affordable Housing and High Road Jobs Act, which deems the development of 100% affordable and qualifying mixed-income housing development projects that are located in commercial corridors and zoning districts to be a use by right and requires local agencies to approve these projects ministerially if certain development and workforce criteria are met.

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

REGISTERED SUPPORT / OPPOSITION

Support

Student Homes Coalition (Sponsor)
Abundant Housing Los Angeles
California YIMBY
Housing Action Coalition
Monterey Bay Economic Partnership
San Diego Housing Federation
SPUR
The Two Hundred for Homeownership

Opposition

Equitable Land Use Alliance

Oppose Unless Amended

Families and Homes San Jose

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2390 (Schiavo) – As Amended March 16, 2026

SUBJECT: Streamlined housing approvals: objective standards: review and modifications

SUMMARY: Modifies provisions of the streamlined, ministerial review process established by SB 423 (Wiener), Chapter 778, Statutes of 2023, related to environmental eligibility, project modifications, and approval tolling timelines. Specifically, **this bill**:

1) Provides that, for purposes of determining whether a site meets any of the environmental criteria that would disqualify it from SB 423 eligibility, a local government's review of the site shall be limited to the area that would be physically disturbed by construction, as identified in the project application, and shall not include, unless expressly stated otherwise, other contiguous or noncontinuous areas even if under the ownership or control of the development proponent.

2) Expands tolling provisions so that approvals are extended during the pendency of litigation related to any modification request for SB 423 projects, rather than only the first request.

3) Provides that for purposes of SB 423 modifications, consistency is measured against objective zoning, subdivision, and design review standards, rather than "planning standards."

4) Requires a local government to evaluate modification requests, including a subsequent modification, for consistency with the objective planning standards that the local government originally used, or that were used in a previous modification, to assess consistency.

5) Allows a local government to apply objective zoning, subdivision, and design review standards, rather than "planning standards," adopted after the development application was first submitted to the requested modification in certain instances.

6) Makes other technical and conforming non-substantive changes.

7) Includes findings and declarations.

EXISTING LAW:

1) Establishes a streamlined, ministerial review process for housing development projects in jurisdictions falling short of their housing production goals, as follows:

   a) Requires local governments to approve qualifying housing development projects ministerially, without discretionary review or CEQA, if specified affordability, labor, and site criteria are met;

   b) Applies to jurisdictions that have not met their Regional Housing Needs Allocation (RHNA) targets for or have failed to adopt a compliant housing element; and

   c) Limits local review to objective planning standards that were in effect at the time a complete application was submitted.

d) Establishes detailed site eligibility requirements for streamlined approval:

   i) Prohibits use of the streamlined process on environmentally sensitive or hazardous sites, including wetlands, conservation lands, habitat for protected species, and hazardous waste sites, unless cleared for residential use;

   ii) Excludes sites located in high-risk areas, including very high fire hazard severity zones (subject to mitigation), earthquake fault zones (unless compliant with building standards), and flood hazard areas unless federal criteria are met; and

   iii) Restricts eligibility on certain coastal zone sites, prime farmland, and land under conservation easements.

e) Provides vesting and expiration timelines for approved projects:

   i) Provides that approvals remain valid for three years, or longer if litigation is pending, so long as construction has commenced and is progressing'

   ii) Allows a one-time, one-year extension upon a showing of substantial progress toward construction readiness; and

   iii) Provides that approvals for certain affordable housing projects with public investment do not expire.

f) Authorizes project modifications after approval:

   i) Allows a developer to request modifications prior to issuance of the final building permit;

   ii) Requires local governments to approve modifications if they remain consistent with objective standards in effect at the time of the original application;

   iii) Limits local review to only those aspects of the project that are modified and requires use of the same assumptions and analytical methodology as the original approval; and

   iv) Establishes timelines (60–90 days) for local review of modification requests.

g) Provides for tolling of approval timelines:

   i) Extends the life of an approval during the period in which a modification request is under review, plus an additional 180 days to obtain building permits; and

   ii) Further tolls the approval period during the pendency of litigation related to the first modification. (GOV 65913.4)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California's housing crisis requires that existing tools operate efficiently, consistently, and as intended. State law provides a streamlined approval

pathway for infill housing developments, but gaps in implementation have created uncertainty and delays that undermine its effectiveness. Additionally, ambiguities in current law have led to inconsistent interpretations, prolonged timelines, and opportunities for misuse. These challenges can slow housing production and create avoidable barriers for both local governments and developers. AB 2390 provides targeted clarifications to ensure that the streamlined housing approval process is applied predictably, allowing projects that meet objective standards to move forward without unnecessary disruption. In doing so, the bill supports the timely delivery of much-needed housing while maintaining appropriate environmental and local safeguards. This measure represents a practical, good-governance approach that strengthens implementation without altering the underlying policy framework."

SB 423: SB 423 (Wiener), Chapter 778, Statutes of 2023, extends and expands one of California's main streamlined housing approval laws, first established by SB 35 (Wiener), Chapter 36, Statutes of 2017. Originally enacted as a temporary tool applicable in jurisdictions falling short of housing production targets, SB 35 created a ministerial, CEQA-exempt approval process for qualifying projects that meet certain statutory standards, including affordability and labor, and objective local standards. SB 423 continues the law through 2036 and broadens its reach by addressing several limitations of the initial bill. The Department of Housing and Community Development (HCD) refers to this combined framework as the Streamlined Ministerial Approval Process (SMAP). Under SB 423, a jurisdiction is subject to streamlining either if it is out of compliance with Housing Element Law or falls short of Regional Housing Needs Assessment (RHNA) production targets.

SB 423 also includes environmental siting restrictions, prohibiting streamlined approval on certain sensitive or hazardous sites, including coastal zones without appropriate planning protections, prime farmland, wetlands, high fire hazard areas (with limited exceptions), hazardous waste sites, earthquake fault zones, flood hazard areas, and lands designated for conservation or protected species habitat. These exclusions are intended to ensure that streamlining is directed toward infill and appropriate urban sites, while avoiding development in environmentally sensitive or high-risk areas, thereby balancing housing production goals with environmental and public safety considerations. SB 423 contains tenant protections and anti-displacement measures, prohibiting use on sites that would demolish tenant-occupied, deed-restricted, rent-stabilized, or rent-controlled housing.

The streamlining pathway created by SB 35 and modified by SB 423 also contains affordability requirements and labor standards. In jurisdictions underproducing above-moderate RHNA, projects must include at least 10% very low-income units; where lower-income RHNA is underproduced, 50% affordability is required. All projects must pay prevailing wages, while larger or taller projects must also provide health benefits, apprenticeships, and employ a skilled and trained workforce.

Existing law under SB 423 provides a pathway for housing developments to seek project modifications after planning approval under the streamlined, ministerial process. A development proponent may request a modification prior to the issuance of the final building permit, and a local government must approve the modification if it remains consistent with applicable objective standards. Local agencies are required to evaluate modification requests using the same assumptions and analytical methodology applied to the original approval and are limited to reviewing only those aspects of the project that are modified.

Existing law also establishes timelines for the validity of approvals and includes tolling provisions. For most projects, an approval remains valid for three years, provided specified conditions related to construction progress are met, while certain deeply affordable projects and projects receiving public investment are not subject to an entitlement expiration timeframe. The approval period is extended during the time a modification request is under review, and during the pendency of litigation related to the first request for modification, recognizing that these processes may delay a project's ability to proceed prior to building permit issuance.

By replacing discretionary approvals with ministerial ones, SB 423 reduces litigation risk, lowers costs, and increases predictability, while requiring compliance with local planning regulations. In particular, the elimination of CEQA review for qualifying projects may reduce entitlement timelines and the risk of project delays associated with litigation, which can significantly increase carrying costs and uncertainty. Annual Progress Report (APR) data suggest the law has been used to entitle thousands of units, though APR data contains known errors.[1] As of September 2025, roughly 92% of jurisdictions are subject to SB 423, a number likely to grow as the 6th RHNA cycle progresses.[2]

This Bill: This bill modifies provisions of SB 423 related to environmental eligibility, project modifications, and approval timelines. According to the sponsors, these changes respond to conditions that stakeholders experience while trying to use SB 423.

Specifically, this bill limits a local government's review of environmental disqualifying criteria to only the portion of a site that would be physically disturbed by construction, as identified in the project application, rather than the entire parcel, unless otherwise required. Under current law, the presence of any disqualifying environmental criteria, such as sensitive or hazardous sites, including coastal zones without appropriate planning protections, prime farmland, wetlands, high fire hazard areas (with limited exceptions), hazardous waste sites, earthquake fault zones, flood hazard areas, and lands designated for conservation or protected species habitat, could be interpreted to disqualify a proposed development from SB 423 streamlining. Under this bill, developments on sites with those environmental criteria may be eligible for SB 423, so long as the proposed development itself does not disturb the portion of the site that contains the otherwise disqualifying environmental criteria.

This bill also revises the modification process for SB 423 projects. It requires local governments to evaluate modification requests, including subsequent modifications, using the same assumptions and analytical methodology applied to the original approval or a prior modification. It further specifies that consistency is measured against objective zoning, subdivision, and design review standards, and refines statutory cross-references to more precisely identify the applicable standards for modification review. These changes provide greater predictability for both developers and local governments by ensuring that the rules used to evaluate a project do not shift over time or across successive modifications, and can ensure that prior modifications still apply to the development proposal. They also allow projects to adapt to financing, design, or market conditions without restarting the entitlement process, while maintaining guardrails that ensure continued compliance with applicable objective standards.

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[1] Department of Housing and Community Development (HCD) APR Dashboard: https://www.hcd.ca.gov/housing-open-data-tools/apr-dashboard

[2] HCD Streamlined Ministerial Approval Process (SMAP) Dashboard: https://www.hcd.ca.gov/planning-and-community-development/streamlined-ministerial-approval-process-dashboard

In addition, this bill expands existing tolling provisions by providing that project approvals are extended during the pendency of litigation related to any modification request, rather than only the first modification. Under current law, approvals may be extended during litigation, but this protection is limited to the first request for a modification, creating a risk that subsequent litigation regarding a modification could cause an approval to expire. For context, certain deeply affordable housing developments are not subject to an expiration timeframe under SB 423, while other developments generally have a three-year approval period.

This change helps ensure that applicants are not required to forgo project modifications in order to preserve an approval or risk expiration while litigation is ongoing. It could also reduce the potential for litigation to be used strategically to delay projects until approvals lapse. At the same time, the provision maintains existing safeguards by limiting tolling to the duration of active litigation, thereby preserving the overall intent of time limits on approvals while accounting for circumstances outside the applicant's control, including successive litigation.

Arguments in Support: SPUR, the bill sponsor, writes in support: "AB 2390 clarifies several provisions in the streamlined housing approval process by:

1) Clarifying that when determining whether a project site meets location restrictions, a local government's review is limited to the area that will be physically disturbed by construction, rather than parcel lines.

2) Specifying that modifications to an approved housing development must be evaluated using the same objective zoning, subdivision, and design review standards that were in effect when the original application was submitted.

3) Ensuring that subsequent modifications are reviewed using the same assumptions and analytical methodology originally used by the local government, as well as in any prior modifications.

4) Clarifying that extensions of project approvals during litigation apply to multiple modification requests, not just the first request submitted by the developer."

Arguments in Opposition: None on file.

Related Legislation:

SB 423 (Wiener),Chapter 778, Statutes of 2023, extends and expands a key streamlined, ministerial housing approval law in jurisdictions that are falling short of their RHNA or out of compliance with Housing Element Law, first established by SB 35 (Wiener), Chapter 36, Statutes of 2017.

SB 35 (Wiener), Chapter 36, Statutes of 2017, created a ministerial, CEQA-exempt approval process for qualifying projects that meet certain statutory standards, including affordability and labor, and objective local standards, in jurisdictions falling short of their RHNA or out of compliance with Housing Element Law.

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

REGISTERED SUPPORT / OPPOSITION:

Support

San Francisco Bay Area Planning and Urban Research Association (Sponsor)
California Council for Affordable Housing
Circulate Planning & Policy
LeadingAge California
SPUR
Student Homes Coalition

Opposition

None on file.

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

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2676 (Gallagher) – As Introduced February 20, 2026

SUBJECT: Housing Crisis Act of 2019

SUMMARY: Amends the Housing Crisis Act of 2019 (HCA) to expand prohibitions on local actions that constrain housing development in affected cities and counties, including limiting the use of voter initiatives and referenda to impose moratoria or similar restrictions and extending those protections to areas within an affected city's sphere of influence (SOI). Specifically, **this bill**:

1) Defines the following terms:

   a) "Moratorium or similar restriction or limitation of housing development" to include, but not be limited to, the electorate of an affected city or county exercising its referendum power in a manner that would extend an existing moratorium or similar restriction or limitation on housing development; and

   b) "Sphere of influence" (SOI) to mean, by reference, a plan for the probable physical boundaries and service area of a local agency, as determined by a Local Agency Formation Commission (LAFCO).

2) Relocates the definition of "reducing the intensity of land use" to the general definitions section applicable to the entire article.

3) Expands existing prohibitions by providing that an affected city or county shall not enact or impose a development policy, standard, or condition that would violate the HCA.

4) Expands the prohibition on imposing a moratorium or similar restriction or limitation on housing development to apply within the sphere of influence of an affected city.

5) Prohibits an affected city or county from enforcing an initiative or referendum imposing a moratorium or similar restriction or limitation on housing development unless the measure is submitted to, and approved by, the Department of Housing and Community Development (HCD).

6) Requires HCD to approve such an initiative or referendum only if it determines that the measure would not restrict or limit housing development, including mixed-use development; provides that an ordinance denied approval by HCD is deemed void.

7) Applies a three-year statute of limitations, pursuant to California Code of Civil Procedures Section 338(a), to actions or special proceedings brought to enforce these provisions, notwithstanding any other law.

8) Makes other nonsubstantive and conforming changes.

EXISTING LAW:

1) Establishes the HCA, which, among other provisions, prohibits an affected city or county from enacting a development policy, standard, or condition that would reduce the intensity of land use or otherwise reduce residential development capacity. (Government Code (GOV) 66300).

2) Prohibits an affected city or county from imposing a moratorium or similar restriction or limitation on housing development, as specified. (GOV 66300)

3) Defines "affected city" and "affected county" to include the electorate exercising its initiative or referendum power. (GOV 66300)

4) Defines "reducing the intensity of land use" to include actions that reduce allowable residential density, floor area ratio, or height, or impose development standards that would preclude the development of the number of units otherwise permitted. (GOV 66300)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "The housing crisis in our state has been ongoing for decades. AB 2676 is a step towards tightening up the Housing Crisis Act and encouraging vital housing development in our communities."

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

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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

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]

Housing Crisis Act of 2019: The Housing Crisis Act (HCA), enacted by SB 330 (Skinner), Chapter 654, Statutes of 2019, establishes a statewide constraint on local land use authority intended to preserve existing housing development capacity. In affected jurisdictions, the HCA requires that local governments maintain at least the level of residential development capacity that existed as of January 1, 2018, effectively creating a statewide "capacity floor." Rather than creating new approval pathways, the statute functions as a backstop, limiting local actions that would reduce housing supply.

To implement this framework, the HCA broadly applies to "development standards, policies, or conditions," including general plans, zoning, and subdivision regulations, and directs that its provisions be interpreted to favor housing production. Its core operative provisions prohibit jurisdictions from downzoning or otherwise reducing the "intensity of land use," a term defined expansively to include both direct changes (e.g., reductions in allowable density, height, or floor area ratio) and indirect regulatory actions (e.g., increased setbacks, open space requirements, or minimum lot sizes) that would individually or cumulatively reduce residential development capacity.

The statute also restricts other mechanisms that could limit housing production, including development moratoria (absent narrow health and safety findings), caps on housing units or approvals, and population limits. In addition, design standards adopted after January 1, 2020 must be objective, limiting the use of discretionary review to potentially constrain development. Any local action that violates these provisions is deemed void, and the statute is intended to prevail over conflicting laws where necessary to support housing production.

The HCA allows limited flexibility through a "no net loss" framework, under which jurisdictions may reduce capacity on individual sites only if they concurrently offset that reduction elsewhere. Overall, the statute reflects a shift away from local discretion to reduce residential capacity and toward a state-imposed baseline intended to stabilize and preserve zoning capacity over time.

Sphere of Influence: In California land use, an SOI is a planning boundary established by a LAFCO that designates the probable future service area and jurisdictional boundary of a city or special district. It is not a regulatory zoning boundary and does not, by itself, change land use designations or authorize development. Instead, it functions as a long-range planning tool to guide where urban development and public services (e.g., water, sewer, fire protection) are expected to expand over time.

LAFCOs are required to adopt and periodically update SOIs for each city and special district in their county, based on statutory factors such as present and planned land uses, population projections, infrastructure capacity, and the need for orderly development. In practice, an SOI signals where annexations are generally appropriate. Territory outside a city's SOI is typically not eligible for annexation absent an SOI amendment, and LAFCOs are expected to discourage

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[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

urban sprawl and promote orderly, efficient development by regulating boundary changes and SOIs for cities and special districts.

Importantly, an SOI does not confer development rights or override local land use authority. Counties retain land use control over unincorporated areas, even if those areas fall within a city's SOI. However, being inside an SOI can shape expectations for future urbanization, infrastructure planning, and housing growth, and it often aligns with long-term general plan and housing element strategies.

Local Referendums: In California, local referenda remain a constitutionally protected tool that allows voters to overturn certain legislative land use approvals, such as rezoning actions or specific plan amendments. In the housing context, referenda are typically used to challenge project approvals that require discretionary legislative actions, particularly for larger or more controversial developments. Unlike broader growth control measures, a referendum operates on a project-specific basis by suspending and potentially invalidating an approval after it has been granted.

This use of referenda exists in tension with recent state housing laws but is not directly addressed in the same way as other local constraints on development. For example, the HCA clearly prohibits jurisdictions from adopting policies that reduce residential development capacity, including downzoning, moratoria, and population caps. However, the statute does not explicitly address project-specific referenda that overturn individual approvals, creating a more nuanced legal question when a referendum has the practical effect of preventing housing development.

Recent litigation provides some guidance on how courts may approach this issue. In *NRF Project Owner LLC v. City of Oceanside* (2021), a trial court held that a voter-approved referendum overturning a rezoning for a housing development violated the HCA, reasoning that the referendum functioned as a "policy, standard, or condition" that imposed a prohibited "moratorium or similar restriction or limitation on housing development." The court further concluded that state housing law preemption may apply to voter actions as well as to local legislative bodies. However, this decision is not a binding appellate precedent and was based on a referendum that directly reversed a rezoning, leaving open questions about how the HCA applies to other types of project-specific referenda.

As a result, while referenda may ultimately be subject to challenge where they conflict with state housing laws, they can still introduce delay, litigation risk, and uncertainty for projects that rely on legislative approvals. In practice, the potential for a referendum may influence project design, timing, or feasibility, even where the underlying legal authority of the referendum is unsettled.

This Bill: This bill expands the provisions of the HCA to further limit local actions that constrain housing development and apply it to voter-approved measures. This bill defines "moratorium or similar restriction or limitation on housing development" to include, but not be limited to, the electorate exercising its referendum power in a manner that extends an existing moratorium or similar restriction, and defines "sphere of influence" by reference to a plan adopted by a LAFCO. It also relocates the definition of "reducing the intensity of land use" to the HCA's general definitions section, and provides that an affected city or county may not enact *or impose* a development policy, standard, or condition that would violate the HCA. This bill further expands the prohibition on imposing a moratorium or similar restriction on housing development to apply within the sphere of influence of an affected city, not just within its jurisdictional boundaries.

Importantly, this bill addresses the use of local voter measures by providing that an affected city or county shall not enforce an initiative or referendum imposing a moratorium or similar restriction or limitation on housing development unless the measure is submitted to, and approved by, the HCD. HCD may approve such a measure only if it determines that the initiative or referendum would not restrict or limit housing development, including mixed-use development, and a measure denied approval is deemed void. Finally, the bill applies a three-year statute of limitations, pursuant to California Code of Civil Procedure Section 338(a), to actions or special proceedings brought to enforce the provisions of the HCA.

Arguments in Support: Believe in Chico LLC and Gullon-Brouhard Commercial Real Estate write in support: "As California continues to confront a severe and persistent housing shortage, the effectiveness of existing statutory tools depends not only on their intent, but on their clarity and enforceability in practice. While Government Code section 66300 prohibits local policies that impose a "moratorium or similar restriction or limitation on housing development," recent experience has demonstrated that ambiguity in this language has allowed for inconsistent interpretations that undermine the statute's purpose.

In particular, there has been increasing reliance on referendum processes to delay or obstruct housing developments that would otherwise proceed under existing law. As recognized in NRF Project Owner LLC v. City of Oceanside, such actions can operate as functional moratoria, directly conflicting with the Housing Crisis Act's prohibition on measures that constrain housing supply. AB 2676 appropriately codifies this principle, ensuring that the statute is applied consistently and that procedural mechanisms are not used to circumvent state housing law.

Equally important, AB 2676 addresses uncertainty surrounding the statute of limitations applicable to private enforcement actions. Inconsistent interpretations in this area have treated unnecessary procedural disputes, delaying resolution on the merits and increasing the cost and complexity of enforcement. By clarifying these timelines, AB 2676 will help ensure that the Housing Crisis Act can be implemented efficiently and predictably, consistent with legislative intent."

Arguments in Opposition: The Equitable Land Use Alliance writes in opposition: "Laws prohibit local agencies from "reducing the intensity of land use" through changes to zoning ordinances, including reductions in building height limits, increases in setback requirements, minimum frontage requirements, increased open space, and any other action that would reduce a site's residential capacity. ELUA objects to this bill's expansion of that state mandate. There may be cases where fire departments are unable to maximally serve such projects due to heights, or where different setbacks are necessary for safety. There is an exception for safety, but the laws explicitly require that exception to be "construed narrowly," and local jurisdictions, in fear of HCD/builder's remedy, are likely to err on the side of approval as opposed to preserving safety and health.

ELUA opposes the further erosion of local control, because the state does not understand the nuances of every local parcel.

In addition, the bill makes it less likely that responsible local jurisdictions will implement higher density zoning through their normal processes. "

Committee Amendments: The Committee may wish to consider the following amendment:

1) Add language giving HCD authority to void initiatives or referendums upon finding them inconsistent with the HCA, bringing this portion of the bill into conformity with the author's intent.

   66300(b)(1)(B)(ii) The affected county or affected city, as applicable, shall not enforce an initiative, referendum, or zoning ordinance imposing a moratorium or other similar restriction on or limitation of housing development until it has submitted the initiative, referendum, or ordinance to, and received approval from, the department. The department shall approve an initiative, referendum, or zoning ordinance submitted to it pursuant to this subparagraph only if it determines that the initiative, referendum, or zoning ordinance satisfies the requirements of this subparagraph. If the department denies approval of an initiative, referendum, or zoning ordinance imposing a moratorium or similar restriction or limitation on housing development as inconsistent with this subparagraph, that ***initiative, referendum or*** ordinance shall be deemed void.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, made permanent the provisions of the HCA.

SB 8 (Skinner) Chapter 161, Statutes of 2021, extended and clarified the HCA, primarily by extending its sunset from 2025 to 2030 and expanding its protections (including vesting and applicability) to a broader range of housing development projects

SB 330 (Skinner) Chapter 654, Statutes of 2020, SB 330 established the Housing Crisis Act of 2019, which, among other things, would prohibit an affected city or county, with respect to land where housing is an allowable use, from enacting a development policy, standard, or condition that would impose a moratorium or similar restriction or limitation on housing development.

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

Believe in Chico LLC
Guillen-Brouhard Commercial Real Estate

Opposition

Equitable Land Use Alliance

Oppose Unless Amended

Families and Homes San Jose

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