California State Assembly

HOUSING AND COMMUNITY DEVELOPMENT

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MATT HANEY
CHAIR

AGENDA

Wednesday, April 15, 2026
9:30 a.m. -- State Capitol, Room 437

HEARD IN FILE ORDER

1.	AB 1556	Haney	Recovery residences: funding.
2.	AB 1708	Solache	Homeless Housing, Assistance, and Prevention program: round 8: smaller jurisdictions.
3.	AB 1751	Quirk-Silva	Missing Middle Townhome Ownership Act.
6.	AB 1924	Gabriel	Statewide homelessness prevention strategy.
8.	AB 2050	Caloza	Common interest developments: reserve accounts.
9.	AB 2058	Harabedian	California Factory-Built Housing Law: inspection: permitting.
10.	AB 2089	Ward	Property taxation: welfare exemption: filing of claims: delinquency penalties.
12.	AB 2296	Papan	Planning and zoning: housing element: regional housing needs allocation.
13.	AB 2351	Bonta	General plan: annual report: shelter beds.
15.	AB 2576	Harabedian	Transit-oriented development.
17.	AB 2601	Lee	Planning and zoning: housing development: streamlined approval and subdivisions.
18.	AB 2612	Schultz	Building standards: qualified plug-in photovoltaic systems.
19.	AB 2626	Gabriel	Housing programs: financing.

CONSENT

4.	AB 1817	Addis	Mobilehome parks: termination of tenancy: failure to comply with a rule or regulation.
5.	AB 1892	Davies	Common interest developments: associations.
7.	AB 2020	Gabriel	Housing programs: financing.
11.	AB 2127	Johnson	Accessory dwelling units: private sewage disposal systems.
14.	AB 2480	Ávila Farías	Housing development: density bonus: student housing developments.
16.	AB 2596	Gipson	Mobilehome parks: federally approved housing programs: compliance with state and local laws.

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1556 (Haney) – As Amended March 19, 2026

SUBJECT: Recovery residences: funding

SUMMARY: Creates a definition of "recovery residence" and establishes requirements for recovery residences to receive state funding. Specifically, **this bill**:

1) Defines "recovery residence" to mean housing in a residence that serves individuals experiencing, or who are at risk of experiencing, homelessness and who opt into a drug-free environment that does all of the following:

    a) Satisfies the core components of Housing First;

    b) Uses substance use-specific, peer support, and physical design features that support individuals and families on a path to recovery from substance use disorders;

    c) Emphasizes abstinence; and

    d) Offers tenants permanent or temporary housing.

1) Provides that to be eligible for state funding, a recovery residence shall meet all of the following requirements:

    a) Provide treatment and services that are participant driven and tailored to participant needs;

    b) Requires residency to be initiated by the resident or their family and the resident or their family is offered at least one harm-reduction housing placement option, unless participation in recovery housing is court ordered, residency is initiated by the resident;

    c) Requires the resident or family to choose a recovery residence instead of housing offering a harm-reduction approach;

    d) Does not require the harm-reduction housing placement option and the recovery residence to be available for move in at the same time;

    e) Provides that relapse is not a cause for eviction from housing and requires residents to receive relapse support;

    f) Require that the residence supports, and not prevent or restrict, a resident's access to, or use of, medications prescribed for behavioral or physical health conditions, including, but not limited to, medications prescribed for the treatment of mental health conditions and substance use disorders, including, but not limited to, alcohol use disorder and opioid use disorder;

g) Requires the residence to provide emergency preparedness and overdose prevention and response training to staff and residents and makes overdose reversal medication available and readily accessible to staff and residents onsite;

h) Requires the residence to have consent and confidentiality protections for its residents consistent with applicable state and federal law;

i) Requires the residence to adopt and maintains a written return to use policy that is approved by an organization currently recognized as an affiliate of the National Alliance for Recovery Residences (NARR) for consistency with NARR best practices. Requires the return to use policy to include all of the following:

    a. A clear articulation of the recovery housing's policy on the possession and use of alcohol, cannabis, and other controlled substances;

    b. Contact information for treatment providers, mutual aid supports, and recovery coaches that can be contacted for additional support;

    c. An explanation that the residence's standard response to a resident's return to substance use will not be punitive in nature;

    d. An explanation of the steps the residence will take to address a resident's return to use;

    e. An explanation of actions by the resident that may result in eviction or discharge, including, but not limited to, the possession or use of alcohol, cannabis, or any other controlled substance or repeated program violations;

    f. A prohibition on the eviction or discharge of a resident for a return to use related program violation unless the following conditions are met:

        i. The resident rejects a warm handoff to long-term supportive housing;

        ii. If the resident rejects the warm handoff described in clause (i), the residence offers at least one warm handoff to an emergency shelter, interim supportive housing, or an appropriate level of care consistent with the American Society of Addiction Medicine criteria, and the resident rejects all offers;

        iii. If the resident rejects the warm handoff offers described in subparagraph (A), the residence may proceed with an eviction or discharge of the resident; and

j) Requires that all prospective residents agree to the residence's return to use policy as a condition of residency.

EXISTING LAW:

1) Establishes the California Interagency Council on Homelessness (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) Requires agencies and departments administering state programs created on or after July 1, 2017 to incorporate the core components of Housing First. (WIC 8255)

3) Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services. (WIC 8255)

4) Defines, among other things, the "core components of Housing First" to mean:

    a) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness;

    b) Supportive services that emphasize engagement and problem-solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals;

    c) Participation in services or program compliance is not a condition of permanent housing tenancy;

    d) Tenants have a lease and all the rights and responsibilities of tenancy, as outlined in California's Civil, Health and Safety, and Government codes; and

    e) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction. (WIC 8255)

5) Defines "recovery residence" to mean a residential dwelling that provides primary housing for individuals who seek a cooperative living arrangement that supports personal recovery from a substance use disorder and that does not require licensure by the department or does not provide licensable services. Provides that a recovery residence may include, but is not limited to, residential dwellings commonly referred to as "sober living homes," "sober living environments," or "unlicensed alcohol and drug free residences." (HSC 11833.05)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's statement: According to the author, "Although housing that does not require sobriety works for thousands of people who aren't yet ready to enter drug free housing, it doesn't work for everyone. There are thousands of people who want, and need, to live in a strictly sober living

arrangement, but they can't access it because this type of housing is limited and hard to find. This causes people to live in housing that is not best suited for their sobriety journey and puts them at a higher risk of falling back into homelessness. AB 1556 aligns California policy with federal policy briefs by recognizing that drug free housing is a component of the housing first model and should get some statewide funding."

Homelessness in California: Based on the 2024 Point-in-Time count, 187,000 people experience homelessness on any given night California. Many of those people, 78%, or 143,900, are unsheltered, meaning they are living outdoors and not in temporary shelters. Nearly half of all unsheltered people in the country were in California during the 2024 PIT count. Homelessness grew at a higher rate in the nation (18%) than in California (3%) from 2023 to 2024, driven by a 25% jump in sheltered homeless in the US compared to 9% in California. The homelessness crisis is driven by the lack of affordable rental housing for lower income people. In the current market, 2.2 million extremely low-income and very low-income renter households are competing for 664,000 affordable rental units. Of the six million renter households in the state, 1.7 million are paying more than 50% of their income toward rent. The National Low Income Housing Coalition estimates that the state needs an additional 1.5 million housing units affordable to very-low income Californians.

Housing First: Housing First is an evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on connecting people experiencing homelessness to permanent housing as quickly as possible. Housing First is not housing only – people are offered services including mental health support, job training, and substance use treatment that are essential for maintaining long-term stability and preventing returns to homelessness. These supportive services are offered to support people with housing stability and individual well-being, but participation is not required, as services have been found to be more effective when a person chooses to engage.

Housing First is a bipartisan, evidence-based approach that was first adopted as federal policy during the George W. Bush Administration. Various studies support the efficacy of Housing First as a policy that ends homelessness. Evidence from a systematic review of 26 studies indicates that Housing First programs decreased homelessness by 88% and improved housing stability by 41%, compared to programs that require treatment first as a condition of housing. Clients in stable housing experienced a better quality of life and showed reduced hospitalization and emergency department use.[1]

Three major studies of the Pathways to Housing program – one of the first Housing First programs in the U.S. – found that Housing First programs were more successful in reducing homelessness than abstinence-based programs. Seventy-nine percent of participants remained stably housed at the end of six months in Housing First programs, compared to 27% in the control group. After two years, Housing First participants spent almost no time experiencing homelessness, while participants in the city's residential treatment program spent on average 25% of their time experiencing homelessness. Participants in the Housing First model obtained housing earlier, remained stably housed after 24 months, and reported higher perceived choice

[1] https://pmc.ncbi.nlm.nih.gov/articles/PMC8513528/

than participants in abstinence-based programs. After five years, 88% of Pathways to Housing participants remained housed, compared to only 47% of the residents in the control group.[2] In 2016, the Denver Supportive Housing Social Impact Bond Initiative (Denver SIB), found that people who had experienced long-term homelessness, who struggled with mental health and substance use and who received supportive housing coupled with Housing First over treatment first spent significantly more time in housing. Most participants stayed housed over the long term, with 86% remaining housed for over one year, 81% for two years, and 77% for three years. Denver SIB also demonstrated that stable, supportive housing can decrease police interactions and arrests and disrupt the homelessness-jail cycle. Denver SIB participants experienced a 34% reduction in police contacts, 40% reduction in arrests, 30% reduction in unique jail stays, and a 27% reduction in total jail days. [3]

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

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

Millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs**.** Currently, according to HDIS data, for every five individuals who access homelessness services in California, only one is housed each year, leaving four unhoused.

California Statewide Study of People Experiencing Homelessness (CASPEH): The University of California, San Francisco Benioff Housing and Homelessness Institute conducted the CAPSEH, the largest representative study of homelessness since the mid-1990s and the first large-scale representative study to use mixed methods (surveys and in-depth interviews). They administered questionnaires to nearly 3,200 participants and conducted in-depth interviews with 365 participants. Their report provides evidence to help shape the state's policy response to

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[2] https://nlihc.org/sites/default/files/Housing-First-Evidence.pdf#:~:text=%E2%80%93%20Evidence%20from%20a%20systematic%20review%20of,showed%20reduced%20hospitalization%20and%20emergency%20department%20use.

[3] https://www.urban.org/research/publication/breaking-homelessness-jail-cycle-housing-first-results-denver-supportive-housing-social-impact-bond-initiative

homelessness. The median age of participants was 47 (range 18-89). Participants who report a Black (26%) or Native American or Indigenous identity (12%) were overrepresented compared to the overall California population. Thirty-five percent of participants identified as Latino/x.

The report found that people experiencing homelessness in California are Californians. Nine out of ten participants lost their last housing in California; 75% of participants lived in the same county as their last housing.

The median monthly household income in the six months prior to homelessness across all CASPEH participants was $960. Almost all participants met criteria to be considered "extremely low-income" or making less than 30% of the Area Median Income. Participants' inability to afford housing was both the underlying cause of homelessness and the primary barrier to their returning to housing. Evidence and interviews with people who are experiencing homelessness show that a small amount of shallow subsidy could keep people from falling into homelessness. This finding was true throughout California, not only in the high-cost coastal regions.

Twenty percent of participants who reported current regular substance use indicated that they wanted treatment, but were unable to receive it. Evidence shows that substance use treatment is most effective among those who choose to engage with it. A higher proportion of individuals who used substances regularly live in unsheltered environments. There is a need for increased access for those who want it, particularly those in unsheltered settings. Promising models for low-barrier, outreach-focused services (including medication treatment) should be expanded.

Statue Funding to Address Substance Use: In March of 2024, the voters approved Proposition 1 to provide additional resources to treat people with behavioral health challenges and substance use disorders. The bond authorized $6.4 billion in bonds to finance behavioral health treatment beds, supportive housing, community sites, and funding for housing veterans with behavioral health needs. The Department of Health Care Services (DHCS) will administer $4.4 billion of these funds for grants to public and private entities for behavioral health treatment and residential settings. $1.5 billion of the $4.4 billion will be awarded only to counties, cities, and tribal entities, with $30 million set aside for tribes.

Recovery Housing: Under existing law, "recovery housing" or "sober living homes" are residential dwellings that provide cooperative living in a residential dwelling that support an individual's personal recovery from a substance use disorder. These homes are not licensed by DHCS or any other state or local government. Recovery housing, as currently defined under existing law, is not required to comply with Housing First requirements, although some elect to do so. This bill would define recovery residence as a residence that serves individuals experiencing, or who are at risk of experiencing, homelessness and who opt into a drug-free environment. The residence must satisfy the core components of Housing First; use substance use-specific, peer support, and physical design features that support individuals and families on a path to recovery from substance use disorders; emphasize abstinence; and offer tenants permanent or temporary housing. Recovery residences must have a written policy on what actions are taken if a residence returns to substance use. If relapse occurs, residents must be offered the option to move to a harm-reduction modelled housing. If the resident chooses not to move into harm-reduction housing, then the housing operator may move forward with an eviction.

Federal Department of Housing and Urban Development (HUD) Guidance: In 2015 HUD provided guidance to CoCs regarding the expected and effective operation of the subset of HUD-funded recovery housing programs to strengthen performance and improve the achievement of outcomes by these programs. HUD stated its intent was not to require CoCs to fund recovery housing but rather, in deciding whether to fund recovery housing, to consider the local conditions, including the existing housing inventory, the need, and the preferences of people being served. HUD's guidance emphasized the need to provide people the option to choose either recovery housing or a harm-reduction model.

Housing First requires that housing providers follow landlord-tenant laws and that participants have a lease. HUD's guidance for recovery housing maintains this requirement and states that relapse should not be a reason for eviction, and if people are evicted for "behavior that substantially disrupts or impacts the welfare of the recovery community," individuals must be offered a harm-reduction option for housing. This is key to ensuring that people do not fall back into homelessness and waste valuable state and local resources.

Cal-ICH Guidance: Cal-ICH, the state's lead entity for coordinating state efforts to prevent and end homelessness, has provided guidance on how recovery housing can comply with Housing First core principles.[4] The guidance, "Implementing Recovery Housing in Alignment with California Housing First Requirements" published in January 2025, outlines four key principles that offer a roadmap for Recovery Housing Programs serving people experiencing homelessness as they navigate the path to recovery and stable housing:

- Alignment with Housing First: RHPs must meet the 11 core components of Housing First, including low-barrier access, voluntary services, tenant rights, and equitable screening and referral policies.

- Person-Centered Care & Harm Reduction: RHPs ensure participants are at the center of their service plans and are referred to the housing and services options that meet their needs. RHPs must accommodate the use of medication-assisted treatment (MAT) and incorporate evidence-based practices such as motivational interviewing and trauma-informed care.

- Participant Choice: Entry into RHPs must be voluntary (unless court-ordered). Programs must offer alternative housing options for individuals who decline or exit recovery housing.

- Eviction for Relapse: Programs cannot remove participants solely for substance use. Instead, relapse support should be offered and transitions to other appropriate housing facilitated when necessary.

Arguments in Support: The Bay Area Council writes in support, "AB 1556 codifies key elements of the ICH guidance and establishes a clear framework for recovery housing providers to maintain drug-free environments while ensuring residents who return to use remain connected to housing. The bill requires recovery residences to develop a written Return to Use Policy, approved by the National Alliance for Recovery Residences (NARR), and agreed to by prospective residents, which would ensure all residents understand a recovery housing project's drug and alcohol policy, and steps the residence will take to address a return to use."

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[4] Housing First and Recovery Housing Cal ICH Guidance

Arguments in Opposition: None on file.

Related Legislation:

AB 255 (Haney) (2025) would have created a process for abstinence-based housing for people experiencing homelessness to comply with the Core Components of Housing First and receive up to 10% state funding to local jurisdictions for homelessness. AB 255 was vetoed by the Governor. Below is the veto message:

> *I am returning Assembly Bill 255 without my signature.*
>
> *This bill would create a new category of "supportive recovery residences," allow up to 10 percent of state homelessness funds to support them, and set up a new certification and oversight system.*
>
> *Recovery-focused housing is an essential part of a comprehensive homelessness response, and California recognizes the value these programs provide individuals seeking support and stability. Current law already permits local jurisdictions to receive funding within the Housing First framework, and recent guidance allows support for recovery housing without creating a duplicative and costly new statutory category. Establishing a separate certification and oversight process wrongly suggests incompatibility with Housing First, while imposing fees that would not cover implementation costs.*
>
> *California remains committed to advancing recovery housing within Housing First. I encourage the author and stakeholders to continue working with my Administration to strengthen these options in ways that complement, rather than complicate, the state's approach. Any broader programmatic changes, if warranted, should be considered holistically through the annual budget process.*
>
> *For these reasons, I cannot sign this bill.*

AB 2479 (Haney) (2024) allows state departments and agencies to allow programs to fund recovery housing if the state program uses at least 75% percent of funds for housing or housing-based services using a harm-reduction model, and the recovery housing. AB 2479 was held in the Senate Housing Committee.

AB 2893 (Ward) (2024) establishes a certification process for recovery homes and adds a standard for recovery homes that meets the state's Housing First requirements. AB 2893 was held in the Senate Appropriations Committee.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Mayor Daniel Lurie, City and County of San Francisco (Sponsor)
Bay Area Council (Co-Sponsor)

Opposition

None on file

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1708 (Solache) – As Amended April 6, 2026

SUBJECT: Homeless Housing, Assistance, and Prevention program: round 8: smaller jurisdictions

SUMMARY: Requires a regionally coordinated homelessness action plan developed for Homeless Housing, Assistance, and Prevention Program (HHAP) Round 8 to include specified information regarding smaller jurisdictions. Specifically, **this bill**:

1) Defines "smaller jurisdiction" to mean a city with a population under 300,000.

2) Requires HHAP Round 8 to include a description of programs and interventions provided by smaller jurisdictions that serve the objectives and goals of HHAP, which shall include:

   a) An opportunity for smaller jurisdictions to identify existing programs, gaps, and financial needs;

   b) Ongoing and documented engagement with smaller jurisdictions; and

   c) Opportunities for smaller jurisdictions to participate in the identification of funding priorities in addition to program identification.

3) Requires HHAP Round 8 to include an analysis that contains all of the following:

   a) An analysis of how local, state, and federal funding can be allocated to support programs identified for smaller jurisdictions;

   b) An analysis of how funding provided by the region will enable smaller jurisdictions to expand or sustain existing state or locally funded projects, partnerships with nonprofits, or partnerships with other small cities; and

   c) An evaluation of the feasibility of allocating a targeted percentage of funds to support smaller jurisdictions, consistent with regional needs, priorities, and available resources.

4) Allows a region receiving funding under HHAP Round 8 to allocate a portion of that funding to smaller jurisdictions to support the programs in the regional plan.

5) Requires a region to establish a transparent and publicly available process through which smaller jurisdictions may apply for or otherwise access funding that includes, but is not limited to, timelines, evaluation criteria, and decision-making formulas.

6) Requires a smaller jurisdiction to do all of the following to be eligible for funding from HHAP Round 8:

   a) Have a compliant housing element;

b) Have adopted a local encampment policy consistent with administration guidance;

c) Demonstrate how its past actions, programs, and appropriation of funds have served the objectives and goals of the adopted regionally coordinated homelessness action plan and the intent of the Homeless Housing, Assistance, and Prevention program to prevent and expeditiously reduce unsheltered homelessness through homelessness prevention activities; and

d) Adopt a resolution that commits to participating in, and complying with, the regionally coordinated homelessness action plan and directs the mayor to sign the memorandum of understanding that reflects the regionally coordinated homelessness action plan.

EXISTING LAW:

1) Established 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. (Health and Safety Code Section (HSC) 50216)

2) 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 Continuum of Care (CoC);

ii) The number of people experiencing unsheltered homelessness in the homeless Point-in-Time (PIT) 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. (HSC 50220.7)

3) 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:

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;

b) 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;

c) 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;

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

e) 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. (HSC 50220.7)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "To effectively serve unhoused Californians, we must empower communities with the resources needed to meet this moment with compassion and deliver local solutions. AB 1708 would create a clearly defined pathway for cities with populations under 300,000 to access the Homeless Housing, Assistance, and Prevention Grant Program (HHAP) while requiring clear accountability metrics aligned with the state's goals. Currently, only 14 of the state's 483 cities can access HHAP funding directly. There is no statutory requirement for direct recipients to equitably or meaningfully allocate funds to smaller cities in their region. As a result, many small and mid-sized cities lack a clear pathway to these existing state resources, even as they invest their own limited local dollars to address homelessness. As the state continues to demand meaningful results in addressing homelessness across California, AB 1708, offers equitable opportunities for cities of all sizes to access state funding to supplement the work they are already doing to support their unhoused residents."

***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 (big cities), 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, supportive housing, landlord incentives, rental assistance, rapid rehousing, homelessness prevention, 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. Homelessness in California has gone down by 9% since the state started investing in the homelessness response system though HHAP. Data shows that HHAP has helped 100,000 people be permanently housed from January 2023 to September 2025.

HHAP funding has significant accountability measures attached to it. Applicants must submit monthly fiscal reports and regular reporting on metrics designed to move people experiencing homelessness into permanent housing. Applicants must develop regional plans that identify how multiple sources of funds can be used to support a best-practices framework to move homeless individuals and families into permanent housing. Local Action Plans require HHAP recipients to set outcome goals that prevent and reduce homelessness over a three-year period, informed by the findings from a local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System (HDIS). The outcome goals included defined metrics, based on HUD's system performance measures, to do the following:

- Reduce the number of people experiencing homelessness;
- Reduce the number of people who become homeless for the first time;
- Increase the number of people exiting homelessness into permanent housing;
- Reduce the length of time people remain homeless;
- Reduce the number of people who return to homelessness after exiting homelessness to permanent housing; and
- Increase successful placements from street outreach.

Small Jurisdictions and HHAP: Big cities, CoCs, and counties are required to develop a regionally coordinated homelessness action plan and sign Memorandums of Understanding (MOUs) agreeing to participate and comply with the action plan. Smaller jurisdictions in the region may also sign the MOU and commit to participation in and comply with the regionally coordinated homelessness action plan. Counties are encouraged to allocate resources from program funding to smaller jurisdictions that participate in and commit to complying with the regionally coordinated homelessness action plan. If HHAP recipients are not making progress toward meeting their performance metrics listed above, HCD may require them to develop a system performance and improvement plan. If smaller jurisdictions participate in the regional plan, they would be part of the system performance and improvement plan, which requires the applicants to develop a timeframe for steps and completion of each key action, the methods of measuring the success of each key action, and related system performance measures that will demonstrate success of the key action.

This Bill: Some counties are already providing HHAP funds to smaller jurisdictions; however, counties are not required to allocate funds to smaller cities. This bill would not require any of the HHAP applicants to grant funds to smaller cities. It would provide for a more robust process for cities to engage in the regional plan that all applicants are required to complete and update to receive HHAP funds. It would require more engagement and outreach to smaller cities than what is currently required. Smaller jurisdictions that receive HHAP funds would be required to adopt a resolution that commits to participating in, and complying with, the regionally coordinated homelessness action plan. The mayor would be required to sign the MOU that reflects the regionally coordinated homelessness action plan. This bill would apply to Round 8 of HHAP, which has yet to be funded.

Arguments in Support: According to the sponsor, the League of Cities, "Currently HHAP applicants must submit regionally coordinated action plans to the Department of Housing and Community Development (HCD), identifying each jurisdiction's roles and responsibilities in addressing homelessness. While cities with populations under 300,000 may participate in these plans, direct recipients are encouraged, but not required, to allocate HHAP funding to those cities. As a result, there is no requirement to meaningfully engage or allocate these critical resources to small and medium-sized cities. Many of these cities lack a clear and consistent pathway to access HHAP funding, even as they invest significant General Fund resources to prevent and reduce homelessness in their communities. AB 1708 would address this by requiring CoCs, prior to allocating funding to other subrecipients in their region, to accept applications for a period of 30 days only from cities with populations under 300,000."

Arguments in Opposition: The National Alliance to End homelessness has an oppose unless amended position on the bill, writing the bill "would result in more of our homelessness funding going to support local bureaucracy and planning instead of funding the programs that are producing meaningful results." "When funding is balkanized among many smaller cities that keep programs within their borders, service delivery becomes fragmented and less effective, and funding amounts become too small for programs to reach an optimal scale."

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

League of California Cities (Sponsor)
California Contract Cities Association
City of Alameda
City of Arcata
City of Artesia, California
City of Azusa
City of Baldwin Park
City of Bell Gardens
City of Bellflower
City of Beverly Hills
City of Big Bear Lake
City of Brawley

City of Buellton
City of Buena Park
City of Burlingame
City of Carlsbad
City of Carpinteria
City of Chula Vista
City of Cloverdale
City of Coachella
City of Colton
City of Cypress
City of Delano
City of Diamond Bar
City of Duarte
City of Elk Grove
City of Encinitas
City of Eureka
City of Folsom
City of Folsom, California
City of Fullerton
City of Garden Grove
City of Glendora
City of Grand Terrace
City of Grover Beach
City of Huntington Park
City of Hawaiian Gardens
City of LA Palma
City of Lake Forest
City of Lakeport
City of Lakewood
City of Lakewood CA
City of Lancaster
City of Lomita
City of Maywood
City of Mission Viejo
City of Modesto
City of Montclair
City of Moreno Valley
City of Mountain View
City of Needles
City of Norwalk
City of Oceanside
City of Oroville
City of Pacifica
City of Palm Desert
City of Palmdale
City of Palo Alto
City of Paramount
City of Paso Robles
City of Perris

City of Petaluma
City of Pico Rivera
City of Placentia
City of Redlands
City of Redondo Beach
City of Riverbank
City of Rocklin
City of Rohnert Park
City of Salinas
City of San Bernardino
City of San Luis Obispo
City of Santa Barbara
City of Santa Cruz, CA
City of Santa Monica
City of South Gate
City of Stanton
City of Temecula
City of Thousand Oaks
City of Torrance
City of Tracy
City of Tulare
City of Union City
City of Vacaville
City of Ventura
City of Vista
City of Walnut Creek
City of Westminster
DignityMoves
Los Angeles County Division, League of California Cities
Mayor Michael Hannon, City of Newark
Town of Apple Valley
West Hollywood/Hernan Molina, Governmental Affairs Liaison

Opposition

Los Angeles Homeless Services Authority
Office of Los Angeles Mayor Karen Bass
Individuals (2)

Oppose Unless Amended

Corporation for Supportive Housing
National Alliance to End Homelessness

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1751 (Quirk-Silva) – As Introduced February 9, 2026

SUBJECT: Missing Middle Townhome Ownership Act

SUMMARY: Establishes the Missing Middle Townhome Ownership Act (Act), creating a streamlined, ministerial approvals pathway for townhome development on residentially zoned lots. Specifically, **this bill**:

1) Defines "townhome" as a single-family dwelling unit less than three stories of occupiable square feet, either with shared walls with other single-family dwellings or separated from one or more neighboring units by an air gap.

2) Defines a "townhome development project" as a housing development project consisting entirely of residential townhomes.

3) Allows a development proponent to submit an application for a townhome housing development project, including land use, zoning approvals, subdivision, building, and grading permits, in any city and any unincorporated area of a county.

4) Allows a local agency to impose objective zoning, subdivision, or design standards that are applicable to townhome development projects, as long as the standards do not:

   a) Conflict with the requirements of the Act;

   b) Physically preclude the development of townhomes at the "Mullin densities" in Housing Element Law, which are 30 dwelling units per acre (du/ac) in urban areas, 20 du/ac in suburban areas, and 10 du/ac in rural areas;

   c) Impose any requirements on townhomes solely or partially because they use the Act; or

   d) Require parking to be enclosed or covered, or require parking capacity or designs that are prohibited or restricted by other laws.

5) Requires a local agency to ministerially consider, without discretionary review or hearing, an application for a townhome development project submitted under the Act.

6) Provides that townhome development project processing under the Act is subject to all applicable state housing laws, including statutory review processes, standards, and approval timelines.

7) Allows a local agency to disapprove a townhome development project under the Act if it makes a written finding, based upon a preponderance of the evidence, that the proposed townhome housing development project would have a specific, adverse impact upon public health and safety for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

8) Allows a local agency to adopt an ordinance to implement the Act and specifies that the adoption of an ordinance is not a project under the California Environmental Quality Act (CEQA).

9) Requires a local agency to ministerially consider, without discretionary review or a hearing, a parcel map or a tentative and final map for a townhome development project that meets all of the following requirements:

   a) The proposed subdivision will result in parcels and residential units that will meet the "Mullin densities" in Housing Element Law;

   b) The proposed subdivision is on land zoned for multifamily use, or on underutilized land zoned for single-family development'

      i) Defines "underutilized" as having no permanent residential structure, unless the permanent residential structure is abandoned and uninhabitable, and excludes housing that is deed restricted affordable to low, very low, or extremely low incomes, or subject to a local rent control program from the definition of "underutilized."

   c) The project is not located on a transit-oriented development (TOD) site subject to the provisions of SB 79 (Wiener), Chapter 512, Statutes of 2025;

   d) The newly created parcels are no smaller than 600 square feet;

   e) The housing units on the lot proposed to be subdivided are fee simple ownership lots, part of a common interest development, part of a limited equity housing cooperative, constructed on land owned by a nonprofit or community land trust and sold to a resident in a shared equity transaction, or part of a tenancy in common;

   f) If the proposed development is on a parcel that is identified to accommodate any portion of the jurisdiction's share of the regional housing need for low-income or very low income households in its housing element, the affordable housing units for the townhome development project shall be subject to a 45 year recorded affordability deed restriction;

   g) The proposed subdivision cannot require the demolition of any of the following types of housing:

      i) Housing subject to a recorded covenant, ordinance, or law that restricts rent to affordable levels for families of low, very low, and extremely low income; and

      ii) Housing that is subject to any form of rent or price control through a local public entity's valid exercise of its police power through an adopted ordinance.

   h) The lot of the proposed subdivision is not located on a site that is any of the following:

      i) Prime farmland, or farmland of statewide importance;

      ii) Wetlands;

      iii) A hazardous waste site, with certain exceptions;

iv) Within a delineated earthquake fault zone, unless the project complies with applicable seismic building standards;

v) Within a special flood hazard area subject to a 100 year flood, with certain exceptions;

vi) Within a regulatory floodway, with certain exceptions;

vii) Land identified for conservation in an adopted natural community conservation plan, habitat conservation plan, or another adopted natural resource protection plan;

viii) Habitat for protected species; or

ix) Land under conservation easement.

i) The proposed subdivision conforms to all applicable objective requirements of this Act;

j) The proposed subdivision applies with all applicable standards in 2) – 7), above; and

k) Any parcels proposed to be created will be served by a public water system and a municipal water system.

10) Provides that a townhome development project on a site proposed to be subdivided under the Act does not have to comply with either of the following:

a) Minimum lot size, width, depth, frontage, or dimension requirements beyond the requirement that the resulting parcel is no smaller than 600 square feet; or

b) The formation of a homeowners' association (HOA), except as required by the Davis-Stirling Act, although a local agency is not prohibited from requiring a mechanism for the maintenance of common space within the subdivision, including, but not limited to, a road maintenance agreement.

11) Requires a local agency to approve or deny an application for a parcel map or tentative map for a townhome development project in accordance with the timelines in the Housing Accountability Act (HAA) and the Permit Streamlining Act (PSA).

12) Requires a townhome development project constructed on lots proposed to be subdivided under the Act to comply with all applicable local objective zoning, subdivision, and design standards that are consistent with the Act.

13) Prohibits the separate sale, lease, or financing of subdivided parcels unless each parcel contains a completed residential structure, an existing legal residence, or serves as common area, with an exception allowing local agencies to waive this requirement by ordinance or map condition.

14) Allows a local agency to deny the issuance of a parcel map, tentative map, or final map for a townhome development project if it makes a written finding, based upon a preponderance of the evidence, that the proposed townhome development project would have a specific, adverse impact, upon public health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

15) Provides that the approval of a townhome development project pursuant to the Act is not a project under CEQA.

16) Prohibits SB 9 (Atkins), Chapter 162, Statutes of 2021, urban lot splits on parcels created under this Act.

17) Exempts sites in pre-1994 master-planned single-family horse keeping zones from SB 9's lot split and duplex requirements, provided the local government has a compliant housing element.

18) Allows a local government to adopt an implementing ordinance for the Act and provides that the adoption is not a project under CEQA.

EXISTING LAW:

1) Establishes, pursuant to SB 79, a streamlined, ministerial approvals process for housing development projects meeting certain objective standards within a specified distance of TOD stops. (Government Code (GOV) 65912.157)

2) Establishes, pursuant to SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, a ministerial process for the subdivision of a lot zoned for multifamily development, or lots that are vacant and zoned for single-family residential development, to develop up to 10 residential units. (GOV 65852.28)

3) Requires, pursuant to SB 9 (Atkins), Chapter 161, Statutes of 2021, the streamlined and ministerial approval by a local agency of a duplex in a single family zone (GOV 65852.21), and the urban lot split of a parcel zoned for residential uses into two parcels. (GOV 66411.7)

4) Establishes, pursuant to state Accessory Dwelling Unit (ADU) Law, uniform statewide standards that compel every California jurisdiction to ministerially approve ADUs and Junior ADUs (JADUs) on residential lots, by establishing statewide planning standards and review shot clocks, and limiting local discretion. Single-family lots can now have up to three ADUs: one interior or conversion ADU, one detached ADU, and one JADU. Multifamily properties must allow at least one ADU within existing non-livable space (or up to 25 % of the number of existing units), two detached ADUs for new construction projects, and up to eight detached ADUs for existing multifamily buildings, so long as total ADUs do not exceed the number of existing units. (GOV 66310-66342).

5) 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)

6) 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)

7) 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)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California is facing a homeownership crisis that reflects the disappearance of the middle-class. With only 18% of households able to afford a median-priced single-family home, the dream of owning a piece of our state and building generational wealth is fading away for millions of hardworking families and the next generation of Californians. I have four young adults who are trying to embark on this journey of home ownership themselves. Yet, the market is almost making it impossible to find a viable path towards this pillar of ownership every adult should have. The evidence is clear, while detached single family units become more expensive, townhomes offer a feasible path forward. AB 1751, the Missing Middle Townhome Ownership Act removes red tape that has made developing these projects so arduous. By establishing a ministerial approval process for townhomes that meet certain standards that protect housing equity, AB 1751 chooses people over politics protecting existing adorable housing strategies while unlocking the potential for new ownership opportunities. It is time to provide the 'missing middle' with a key to their own front door and towards a greater future."

California's Housing Crisis: California's housing crisis is a half-century in the making. 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. One in three households in the state doesn't earn enough money to meet their basic needs. In 2024, over 187,000 Californians experienced homelessness on a given night.

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. 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. As it pertains to homeownership, homeownership rates have fallen to historic lows, particularly among moderate-income households, first-time buyers, and communities of color. The median home price in California now exceeds $800,000, effectively locking out many working families from the ownership market.

California's Statewide Housing Plan: In 2022, HCD released its most recent update to the statutorily required Statewide Housing Plan (Plan). The Plan "lays out a vision to ensure every

Californian has a safe, stable, and affordable home."[1] As part of that vision, HCD puts forward a statewide objective of Producing More Affordable and Climate Smart Housing. HCD writes:

> "We aim to increase the supply of housing at all affordability levels throughout the state and target production in the places where people need it the most, without displacing existing residents. This objective seeks to facilitate a greater diversity of housing models and typologies, outside of the status quo, to meet California's pressing and diverse housing needs. We must produce new housing in areas with high access to opportunities and services without displacing existing residents, mitigate the risk of climate change while developing new housing units, provide housing units that are affordable to all Californians, lower housing development costs, and continue to enforce existing housing laws to achieve results."[2]

Two of HCD's recommended actions associated with this objective are to:

1) Encourage greater diversity of housing types in all neighborhoods; and

2) Encourage new housing development in existing communities to reduce vehicle miles traveled (VMT) and mitigate climate change while simultaneously addressing housing need.

Planning for Housing. Planning for and approving new housing is primarily a local responsibility. The California Constitution allows cities and counties to "make and enforce within [their] limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental authority, commonly called the police power, that cities and counties derive the ability to regulate behavior in order to preserve the public's health, safety, and welfare, including through land use regulation. Cities and counties exercise this land use authority through zoning regulations that shape, and sometimes limit, development, such as maximum housing densities, height limits, required setbacks, minimum parking requirements, and maximum lot coverage ratios. These ordinances can also impose conditions on development to address aesthetics, potential community impacts, or other site-specific considerations.

While local governments do not build housing, the restrictions they impose on new housing production have contributed to the state's severe housing shortage and sprawling land use patterns. Historically, housing supply closely followed market demand. However, this alignment shifted with the emergence of local zoning, which became widespread just over a century ago. The most prominent form of zoning in California limits development to single-family homes on large lots.[3] 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. This type of zoning effectively locks in low density, regardless of the actual demand for housing, even as that demand now exceeds millions of additional homes across the state. This mismatch drives up home prices and values, which

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[1] https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136
[2] IBID.
[3] UC Berkeley Terner Center, 2018, *Land Use in California* survey of cities and counties: https://californialanduse.org/

benefits existing homeowners, who are disproportionately white.[4] At the same time, rising housing costs disproportionately harm communities of color, who are less likely to have generational wealth, own property, or afford escalating rents. [5]

Approximately every eight years, all jurisdictions in California are required to update the Housing Element of their General Plan, setting forth a blueprint for how they will meet the housing needs of current and future residents at all income levels. A key component of the Housing Element is the sites inventory, where jurisdictions must identify parcels with the potential to accommodate housing development that meets their share of the state-mandated RHNA. Jurisdictions must demonstrate that these sites are realistically developable, particularly for lower-income housing, and often must complete rezoning to allow for higher densities of residential uses if their existing zoning is insufficient. This process is overseen by HCD, which reviews and certifies Housing Elements for compliance with state law.

California is currently in its 6th Housing Element cycle. In this cycle, HCD determined that the state must plan for the development of 2.5 million new homes, including more than one million affordable homes. This has prompted an unprecedented volume of rezoning at the local level. However, housing advocates argue that significant improvements are still needed in the Housing Element review and rezoning process. For example, the City of Los Angeles' recent rezoning effort to accommodate over 250,000 new homes has drawn substantial criticism. Despite the fact that single-family neighborhoods make up the majority of the city's residential land, the plan largely excluded those areas from upzoning. Instead, much of the rezoning was concentrated in already dense, transit-rich, multifamily areas, particularly downtown and along commercial corridors. Critics contend that this approach perpetuates racial and economic segregation, misses an opportunity to equitably distribute growth, and places disproportionate pressure on communities that have historically borne the brunt of inequitable planning decisions.

Recent State Efforts to Address the Housing Crisis: In recent years, and largely in response to the lack of progress at the local level, the state has taken a series of steps to address land use and regulatory constraints to new housing production. A particular focus of recent legislation has been on shifting housing approvals from discretionary processes to more standardized, ministerial approvals governed by objective standards, and efforts to upzone land for higher density residential development. These efforts include allowing accessory dwelling units (ADUs) by right, reforming single-family zoning to allow for additional density, and updating the requirements governing how local governments must plan to accommodate their housing needs through the housing element. The state has also enacted measures to expedite housing production by limiting the ability of local governments to deny, delay, or reduce the density of projects that comply with applicable standards, and by establishing by-right approval pathways for proposed developments meeting certain requirements. In addition, the Housing Crisis Act of 2019 includes "anti-downzoning" provisions that generally prohibit local governments from reducing the intensity of residential land use in affected cities or counties, or imposing new constraints that would lower a site's development capacity, helping to preserve recently established zoning capacity for housing production.

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[4] UC Berkeley Terner Center, 2018, *Land Use in California* survey of cities and counties: https://californialanduse.org/

[5] Bhutta et al, 2020, *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*, US Federal Reserve: https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm

Many of these state upzoning and streamlining efforts allow for both rental and ownership housing, but in practice tend to facilitate rental production. For example, AB 2011 (Wicks), Chapter 647, Statutes of 2022, allows qualifying housing development on commercially zoned sites and provides a streamlined, ministerial approval pathway, including for both rental and for-sale housing types. Similarly, Density Bonus Law (DBL) provides additional density, incentives, and concessions for both rental and for-sale developments. Recent changes to state law have authorized local agencies to allow for the separate conveyance of ADUs through an opt-in process. More recently, AB 507 (Haney), Chapter 493, Statutes of 2025 facilitates the conversion of underutilized office buildings to housing through streamlined approvals for both rental and ownership housing, and SB 79 (Wiener), Chapter 512, Statutes of 2025 establishes statewide minimum zoning standards near major transit stops, allowing increased residential density and limiting local discretion when reviewing transit-oriented housing development proposals. While these policies expand overall housing production capacity, the scale, financing structures, and state-imposed regulatory frameworks have generally resulted in a greater share of rental housing than homeownership opportunities.

SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024 represent a more targeted effort to facilitate small-scale, ownership-oriented housing production. SB 684 establishes a streamlined, ministerial approval process for small subdivisions of up to 10 units in urban infill areas, enabling the creation of fee-simple lots and supporting "missing middle" housing types such as townhomes. SB 1123 amended the SB 684 framework by expanding eligibility and refining implementation. Unlike many other recent streamlining efforts, SB 684/1123 are specifically designed to enable for-sale housing production by facilitating subdivision and lot creation, thereby lowering barriers for smaller builders and increasing opportunities for homeownership at a neighborhood scale.

The state has also enacted a suite of changes to Housing Element Law during the current (6^{th}) cycle. The current housing element cycle did introduce much higher RHNA targets, requiring local governments to complete an unprecedented amount of upzoning for residential development and develop and implement local programs to help the needed housing units move from a planning concept to production. Furthermore, local governments had a robust requirement to affirmatively further fair housing (AFFH) in this housing element cycle, ensuring that the planned housing growth was evenly distributed throughout each jurisdiction to increase access to high-opportunity areas, and bring opportunity into lower-opportunity areas as well.

Affording the California Dream: In January 2026, the UC Berkeley Center for Law, Energy & the Environment (CLEE) released a report titled *Affording the California Dream: Optimal Locations and Product Types to Increase Home Ownership Opportunities*.[6] The report evaluates how both housing location and product type affect the total cost of homeownership in California, using case studies in Fresno and the surrounding county, Lancaster/Palmdale and the surrounding areas in Los Angeles County, and Beaumont and the surrounding areas in Riverside County. The report takes a "full cost" approach to homeownership cost and household affordability, incorporating not only home purchase price but also ongoing carrying costs (such as property taxes, insurance, utilities, and special taxes) as well as household transportation costs. It finds that development patterns play a significant role in shaping these costs, particularly

[6] https://www.law.berkeley.edu/research/clee/research/land-use/affordingcadream/

due to differences in infrastructure needs and travel behavior associated with exurban versus urban locations.

Across all case study geographies, the report finds that single-family attached housing (e.g., townhomes) in existing urban areas consistently represents the lowest-cost homeownership option. On an annual basis, these units are approximately 30% less expensive than single-family detached homes in exurban areas and about 18% less expensive than detached homes in urban areas. While attached housing can have higher per-square-foot construction costs, its smaller size, reduced land requirements, and lower infrastructure and transportation costs result in lower total costs to households. By contrast, exurban development, while sometimes associated with lower land costs, often results in higher total homeownership costs due to increased infrastructure expenses (including ongoing special taxes) and significantly higher transportation costs for the future residents of these communities.

The report, therefore, concludes that policies seeking to expand homeownership opportunities should prioritize compact, attached housing types in existing urban areas and should evaluate affordability based on total household costs rather than home price alone. It also suggests that state and local policies that facilitate development in exurban locations, particularly where new infrastructure is required, may inadvertently increase the long-term cost burden on homeowners, even if upfront home sales prices appear lower.

This Bill: This bill creates the Missing Middle Townhome Ownership Act, establishing a new, streamlined, ministerial approval pathway for townhome housing development projects. In doing so, it seeks to promote homeownership opportunities throughout the state, especially opportunities that may help Californians purchase their first "starter-home," as townhomes generally sell for less than a detached single-family home on a large lot.

This bill authorizes a development proponent to submit an application for a townhome housing development project, including land use, zoning approvals, subdivision, building, and grading permits, in any city and any unincorporated area of a county, which a local agency must review without discretionary action or a public hearing if the project meets specified objective standards. This bill would only apply on sites zoned for multifamily residential development and underutilized single-family sites. This bill permits local agencies to apply objective zoning, subdivision, and design standards, but prohibits standards that would physically preclude the project as allowed under the Act, conflict with the Act's minimum density requirements (10-30 du/ac, depending on the location), or impose additional requirements based solely on the use of the ministerial process established by the Act that do not apply to other developments. A local agency may deny a qualifying townhome project under the Act only if it makes written findings, supported by a preponderance of the evidence, that the project would result in a specific, adverse, and unmitigable impact on public health or safety. This bill also applies all applicable HAA and PSA procedures, which apply to all housing development projects, including timelines and application completeness requirements, to the review and approval of townhomes under the Act.

This bill further creates a parallel ministerial process under the Subdivision Map Act (SMA) for qualifying townhome developments, requiring local agencies to approve parcel maps, tentative maps, and final maps that meet detailed statutory criteria. These requirements include minimum density standards for the townhomes on the resulting parcel, which must meet the "Mullin density" established in Housing Element Law, and a minimum parcel size of 600 square feet. This bill authorizes multiple pathways to creating homeownership opportunities, including fee

simple lots, common interest developments, tenancy-in-common arrangements, limited-equity cooperatives, and shared equity models such as community land trusts. If a townhome project under the Act is located on a site that is counted toward a jurisdiction's lower-income regional housing need allocation in its housing element, this bill requires the townhomes to be subject to a recorded affordability deed-restriction of at least 45 years.

This bill limits eligibility for the ministerial subdivision pathway and incorporates certain tenant protections by excluding projects on sites that would require demolition of deed-restricted affordable housing or housing subject to local rent or price controls. This bill also bars use of the streamlined process on a wide range of environmentally sensitive and hazardous sites, including prime farmland, wetlands, hazardous waste sites unless cleared for residential use, high and very high fire hazard severity zones, earthquake fault zones unless compliant with seismic standards, FEMA flood hazard areas unless specified federal criteria are met, regulatory floodways absent a no-rise certification, conservation lands, and habitat for protected species. The list of environmental exclusions largely mirrors the criteria established in SB 423 (Wiener), Chapter 778, Statutes of 2023, which is cross-referenced in a number of streamlining bills. In addition, qualifying parcels must be served by public water and municipal sewer service.

In addition, this bill limits certain local subdivision and development requirements, including prohibiting minimum lot dimension standards beyond those specified in this bill, and generally not requiring the formation of a homeowners' association, while allowing local agencies to require mechanisms for maintaining common areas. This bill prohibits the sale, lease, or financing of individual parcels created through the subdivision until each parcel contains a completed or existing residential unit, or is reserved for common area or circulation, with limited exceptions. A local agency may, however, authorize earlier sale, lease, or financing of parcels by ordinance or as a condition of map approval. This bill provides that townhomes approved pursuant to the Act are not a project under the CEQA, and local agencies may adopt implementing ordinances to establish local standards for the Act that are similarly exempt from CEQA. By establishing these approval pathways and standards, the bill seeks to facilitate small-scale, ownership-oriented "missing middle" housing development while maintaining objective local control and environmental and safety safeguards.

Policy Considerations. This bill seeks to expand homeownership opportunities through streamlined approval of townhome developments. While this bill may increase homeownership opportunities and housing supply, furthering a goal of the Legislature and this Committee, its approach may not fully align with findings from the CLEE report, which emphasizes that the long-term cost advantages of "missing middle" housing are highly dependent on location, particularly in existing urban areas with access to jobs, services, and infrastructure. Because this bill is not limited to urban, infill, or high-opportunity areas, and would rather allow for townhome development on much of the state's residentially-zoned land, it may facilitate townhome development in locations where initial home sales prices are lower, but higher infrastructure and transportation costs diminish overall affordability in a given household's daily budget. To the extent this results in development patterns that are more geographically dispersed, it may also contribute to increased vehicle miles traveled and associated greenhouse gas emissions, raising potential tensions with the state's climate goals. Nonetheless, the state is in a dire housing affordability crisis, with home prices rising and homeownership being increasingly out of reach for the average Californian. This crisis is compounded by the historically inadequate land zoned for denser development typologies, and the difficult approvals process homebuilders

must navigate in order to begin housing construction. As such, the Committee may want to weigh these policy tradeoffs when considering this bill.

In addition, although this bill includes certain tenant protections by excluding sites with existing deed-restricted or rent-controlled housing, questions remain regarding broader anti-displacement impacts, particularly in areas where redevelopment pressures may still affect existing tenants or naturally occurring affordable housing.

This bill also raises questions regarding the extent to which it will, in practice, deliver entry-level homeownership opportunities. While this bill is premised on an affordable-by-design approach, facilitating smaller, potentially attached units that may be less expensive than traditional single-family homes, it does not include mechanisms to ensure that resulting units are priced at levels accessible to lower- and moderate-income buyers. In contrast, existing approaches to ensuring affordability, such as inclusionary zoning requirements for deed-restricted units, provide more certainty but can introduce tradeoffs, including potential impacts on project financial feasibility, pricing of market-rate units, and overall housing production levels.

This raises a broader policy question regarding the appropriate balance between relying on market-driven production and filtering effects to achieve affordability over time, versus requiring upfront affordability through deed restrictions, potentially resulting in higher prices for the non-restricted units. While deed-restricted homeownership can ensure long-term affordability, and help households who might not be able to afford a market-rate unit access homeownership, it may limit the extent to which homeowners can realize appreciation and build wealth compared to unrestricted homeownership. Conversely, an affordable-by-design approach may expand supply and could provide lower-cost entry points, but without guarantees that units will be affordable to the intended households, particularly in higher-cost markets. Historically, the Legislature has required some amount of affordable housing in legislation that creates a streamlined, ministerial approval pathway.

Finally, by establishing this statewide, ministerial pathway with prescribed density standards, this bill may functionally constrain local zoning flexibility in a manner that could be characterized as a form of statewide "downzoning" in certain contexts, particularly if local jurisdictions have already planned for higher-density development through their housing elements. This bill requires proposed townhomes to meet the minimum Mullin densities established by Housing Element Law, however, local governments may have higher local density requirements on certain multifamily lots. This raises a broader question about consistency with the Housing Crisis Act's prohibition on local downzoning, and the state's overall objective of increasing residentially zoned capacity. When considering this, the Committee may wish to contemplate the tradeoff between a product that may be easier for a developer to construct in current market conditions in areas zoned for higher density urban land, versus the policy tradeoffs of waiting for the financial conditions to change such that higher density typologies can pencil out.

Arguments in Support: The New California Coalition, the bill sponsor, writes in support: "AB 1751 will address a key component of this affordability gap by focusing on townhome developments. Townhomes, defined in AB 1751, are one of the few homeownership products that are both affordable to first-time homebuyers, insurable, and financeable for builders. This makes the townhome model attractive and achievable. However, delays due to discretionary

approval processes add time and cost to these projects, which makes it more difficult to deliver homes at an attractive price.

AB 1751 provides needed streamlining for townhome developments that will help projects break ground faster, creating more entry-level homeownership opportunities for Californians in a timely manner. This bill will make approvals of townhome projects ministerial in placed where local governments have already zoned for future residential development. This ministerial approval will avoid the delays that come with discretionary approval processes, provided that the project meets certain standards."

Arguments in Opposition: The League of California Cities writes in an Oppose unless Amended position: "The Subdivision Map Act requires local agencies to review and approve proposed subdivisions in a manner that ensures adequate public services, infrastructure capacity, and orderly development. Under existing law, this process includes reviewing and approving a parcel map for four or fewer parcels, while larger subdivisions of five or more parcels must submit both a tentative and final map. This measure would treat all townhome subdivisions the same in multifamily and single-family zones by requiring a ministerial approval process for these complex projects.

AB 1751 bypasses the state-mandated local planning effort and forces cities to approve all maps for a townhome development project, even if it would exceed the residential capacity and infrastructure assumptions evaluated and certified by the state, creating potential unintended consequences for infrastructure and public services. AB 1751 disregards state-approved housing plans and zoning requirements, despite the multi-year effort to identify sites suitable for new housing development in coordination with residential growth.

To improve the legislation, Cal Cities encourages the author and sponsors to limit the measure to multifamily residential zones and subject it to locally adopted objective development standards."

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

1) Adding the following demolition protections to the existing list in 66499.46(a)(6)

   The development of a townhome development project on the lot proposed to be subdivided does not require the demolition of any of the following types of housing:
   …
   (C)Housing occupied by tenants and subject to rent or price control within the five years preceding the date of the application, including housing that has been demolished or that tenants have vacated prior to the submission of the application for a development permit.
   (D) A parcel on which an owner of residential real property has exercised the owner's rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years before the date that the development proponent submits an application.

2) Allowing local governments to apply the affordability requirements contained in any local inclusionary zoning ordinances for developments resulting in 11 or more townhomes.

3) Preventing this bill from being used on sites with existing mobilehome parks.

4) Prohibiting this bill from resulting in any existing dwelling unit being alienable separate from the title to any other existing dwelling unit on the lot.

5) Limiting the bill to infill development (where three of the four sides of the site are surrounded by developed uses) in suburban and rural areas.

Related Legislation:

SB 1116 (Caballero) of this legislative session further revises the streamlined and ministerial approval framework created by SB 684/1123. SB 1116 is pending in the Senate Committee on Local Government.

SB 79 (Wiener), Chapter 512, Statutes of 2025. Established a streamlined, ministerial approval process for TOD housing development 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 1211 (Skinner), Chapter 296, Statutes of 2024 increased the number of allowable detached ADUs on multifamily properties.

AB 1033 (Ting), Chapter 752, Statutes of 2023 allowed local governments to adopt an ordinance to allow the separate conveyance of the primary dwelling unit and ADU as condominiums.

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.

SB 684 (Caballero), Chapter 783, Statutes of 2023. Created a streamlined, ministerial approvals process for the construction of up to 10 residential units on multifamily parcels.

SB 1123 (Caballero), Chapter 294, Statutes of 2024. Expanded SB 684 (Caballero) to vacant single-family sites and made other changes.

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.

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

New California Coalition (Sponsor)
Bay Area Council
CalAsian Chamber of Commerce
California Business Roundtable
California Conference of Carpenters
California Hispanic Chamber of Commerce
Circulate San Diego
Civic Steward
East Bay Leadership Council
Fresno Business Council
Fresno County Economic Development Corporation
Fresno Stewardship Foundation
Greater Ontario Business Council
Greater Sacramento Economic Council
Habitat for Humanity California
Hispanic Chambers of Commerce of San Francisco
Hope the Mission
Latin American and Caribbean Business Chamber of Commerce
North Bay Leadership Council
R Street Institute
Sacramento Metropolitan Chamber of Commerce
San Francisco Filipino American Chamber of Commerce
San Joaquin Valley Manufacturing Alliance
Santa Barbara South Coast Chamber of Commerce
Sierra Business Council
Signature Development Group
Signature Homes
Summerhill Homes LLC
The Grupe Company
United Airlines
Veterans in Business Network
West Ventura County Business Alliance
Zillow Group

Opposition

California Contract Cities Association
City of Artesia
City of Pico Rivera
City of Vacaville

Oppose Unless Amended

League of California Cities

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1817 (Addis) – As Introduced February 10, 2026

SUBJECT: Mobilehome parks: termination of tenancy: failure to comply with a rule or regulation

SUMMARY: Specifies the manner in which management of a mobilehome park must serve a mobilehome owner or resident with written notice of an alleged failure to comply with a reasonable rule or regulation of the park, that is part of the rental agreement, prior to terminating tenancy. Specifically, **this bill**:

1) Requires mobilehome park management to provide written notice to a mobilehome owner or resident of an alleged failure to comply with a reasonable rule or regulation of the park that is part of the rental agreement prior to termination of a tenancy by any of the following methods:

    a. By delivering a copy to the mobilehome owner personally;

    b. If the owner is absent from the place of residence, and from their place of business, by leaving a copy with a person of suitable age and discretion at either place, and sending a copy through the mail addressed to the owner at their place of residence; and

    c. If the place of residence and business cannot be ascertained, or a person of suitable age or discretion there can not be found, then by affixing a copy in a conspicuous place on the property, and also delivering a copy to a person residing in the mobilehome, if such person can be found; and also sending a copy through the mail addressed to the owner or resident at the place where the mobilehome is situated.

2) Requires the written notice to include the language of each rule or regulation for which the homeowner is alleged to be in violation.

3) Requires the written notice to include the specific facts to permit determination by the homeowner or resident of the date, place, or circumstances concerning the alleged violation.

4) Requires the written notice to include any action required to adhere to or comply with the rule or regulation.

EXISTING LAW:

1) Establishes the Mobilehome Residency Law (MRL), which governs the rights, responsibilities, and relationships between mobilehome park management and park residents. (Civil Code (CIV) 798 *et seq*.)

2) Specifies all notices required pursuant to MRL, unless otherwise provided, shall be delivered either personally to the homeowner and resident, or deposited in the United States mail,

postage prepaid, addressed to the homeowner and resident at their site within the mobilehome park. (CIV 798.14(b))

3) Prohibits mobilehome park management from terminating a tenancy except for one, or more, of seven possible reasons, including failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or any amendment thereto. (CIV 798.56(a)(4))

4) Specifies no act or omission shall constitute a failure to comply with a reasonable rule or regulation unless and until management has given the homeowner written notice of the alleged rule or regulation violation and the homeowner or resident has failed to adhere to the rule or regulation within seven days. (CIV 798.56(a)(4))

5) Specifies that if a homeowner has been given written notice of an alleged violation of the same rule or regulation on three or more occasions within a 12-month period after the homeowner or resident has violated that rule or regulation, no written notice shall be required for a subsequent violation of the same rule or regulation. (CIV 798.56(a)(4))

6) States 4) and 5) above do not relieve the management from its obligation to demonstrate that a rule or regulation has in fact been violated. (CIV 798.56(a)(4))

7) Specifies the methods by which required notice of an unlawful detainer is served, including any of the following:

    a) By delivering a copy to the tenant personally;

    b) By leaving a copy with a person of suitable age and discretion at either the tenant's residence or usual place of business if the tenant is absent from either location; or,

    c) By affixing a copy in a conspicuous place on the property, delivering a copy to a person residing on the property, and sending a copy through the mail if a place of residence and business cannot be ascertained. (Code of Civil Procedure (CCP) 1162).

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

COMMENTS:

***Author's Statement*:** According to the author, "Receiving a 7-day notice is an extremely stressful event for a homeowner because, if they are unable to remedy the situation, it could cause them to lose their home. Because many residents of mobilehome parks are part of vulnerable communities, being evicted is an especially devastating situation. Many residents are living on fixed-incomes or are low-income individuals, leaving them few alternatives for permanent housing. We must ensure that mobile home park residents do not abruptly lose their homes because of vague 7-day notices and delivery procedures. Rules violations should be addressed, but they should be done in a way that will not unnecessarily cause eviction."

Housing affordability: Californians across the state continue to experience a housing affordability crisis. Due to years of underproduction, the number of low-income households significantly exceeds the number of affordable and available homes in California. According to the California Housing Partnership's (CHP) Housing Needs Dashboard, 1,306,149 low-income

renter households in California do not have access to an affordable home in today's market. In the absence of affordable housing, renters are forced to secure housing that leaves little flexibility to fulfill other obligations, such as food, child care, or transportation. Renters are cost-burdened when they must pay more than 30 percent of their income towards rent. According to the CHP dashboard, 68% of low-income renter households in California are cost-burdened by their rent. The numbers of very low-income households and extremely low-income households that are cost-burdened by housing costs are even greater, with 85% and 90% of households being cost-burdened, respectively.

Mobilehomes in California: Mobilehomes are pre-fabricated homes that are designed to be able to be transported and moved between locations. In practice, however, significant costs associated with relocation make it much more difficult to move a mobilehome. Because of their method of construction, mobilehomes are one of the most affordable types of housing, both as a pathway to homeownership and for tenants renting park-owned mobilehomes. In the latter arrangement, the relationship between a park resident and park management is similar to that of a traditional tenant-landlord relationship in other housing types. The resident leases the park-owned mobilehome and the park management maintains the mobilehome and other facilities in the park. However, in the former example, the relationship is unique in that a resident may own their mobilehome yet still pay rent to park management to lease the space upon which the mobilehome rests. More than one million people live in California's approximately 4,500 mobilehome parks.

***Notification requirements under the MRL*:** There are a variety of notices that the MRL requires be delivered by park management to homeowners and residents, including a full copy of the MRL itself as well as notices regarding planned utility shutoffs, information about whether spaces in the park are or are not covered by rent control ordinances, notices of any changes to the park's rules and regulations, rent increase notices, and more. Last year, AB 391 (Rodriguez, Chapter 339, Statutes of 2025) authorized notices required under the MRL to be delivered to a homeowner by February 1 of each year by electronic mail, if the homeowner or resident has provided affirmative, written consent to receive notices by electronic mail. This bill would prescribe the method by which park management delivers written notice of an alleged violation of a park rule or regulation prior to termination of a tenancy. Notably, the methods prescribed by the bill are the same methods of delivery required for service of eviction notices to tenants in possession of other types of rental housing (CCP 1162(a)).

***Termination of tenancy in mobilehome parks*:** Because of the high cost of moving mobilehomes, the potential for damage resulting from the move, the requirements relating to installation of mobilehomes, and the cost of landscaping or lot preparation, the State has established unique protections for owners of mobilehomes occupied within mobilehome parks. The MRL limits park management's ability to terminate tenancy to at least one of the following seven reasons:

1) Failure of the homeowner or resident to comply with a local ordinance or state law or regulation relating to mobilehomes within a reasonable time after the homeowner receives notice of noncompliance from the appropriate governmental agency;

2) Conduct by the homeowner or resident, upon the park premises, that constitutes a substantial annoyance to other homeowners or residents;

3) Conviction of the homeowner or resident for prostitution, battery (PEN 243(d)), assault with a firearm (PEN 245 (a)(2)), assault with a semiautomatic firearm (PEN 245 (b)), lewd or lascivious act upon a child who is under the age of 15 years or is a dependent person, as defined (PEN 288), or arson (PEN 451), as specified;

4) Failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or any amendment;

5) Nonpayment of rent, utility charges, or reasonable incidental service charges, as specified;

6) Condemnation of the park; and

7) Change of use of the park or any portion thereof, as specified.

This bill focuses on the failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or any amendment. Under existing law, no act or omission of the homeowner or resident shall constitute a failure to comply with a reasonable rule or regulation until the management has given the homeowner written notice of the alleged rule or regulation violation, and the homeowner has failed to adhere to the rule or regulation within seven days. However, if a homeowner has been given a written notice of an alleged violation of the same rule or regulation on three or more occasions within a 12-month period after the homeowner or resident has violated that rule or regulation, no written notice is required for a subsequent violation of the same rule or regulation.

This bill also requires management to recite each rule or regulation for which the homeowner is alleged to be in violation. Stakeholders provided the committee with a redacted notice a resident received from the mobilehome park management. The notice lists alleged actions in violation of park rules and regulations. The notice also states a follow-up inspection will take place by a specified date with the expectation that corrective action will have been taken by the inspection date. The author notes, "[…] the document lacks clarity regarding what specific details led to this determination, the regulation language that is explicitly being violated, and what the homeowner can do to remedy the situation."

***Arguments in support*:** According to the Golden State Manufactured-home Owners League, the bill's sponsor, "the current notification process is often vague and fails to provide homeowners with the needed information about the alleged violation. This can lead to confusion and unjust termination of a tenancy. AB 1817 directly addresses this issue by requiring that management provide homeowners with a written notice that includes the specific language of the rule or regulation that has allegedly been violated, as well as the specific facts of the violation, including the date, place, and circumstances."

According to the California Rural Legal Assistance Foundation and the National Housing Law Project, "Working with mobilehome park residents and advocates throughout the state, we regularly encounter evictions from mobilehome parks for violations of vague rules or regulations, without clear information on how to cure any alleged violation. Requiring concrete service process and specificity regarding written notice are critical to ensuring due process and fairness for mobilehome park residents. The bill also helps reduce the risk of pretextual evictions by unscrupulous park managers. These are basic and necessary protections for mobilehome owners and park residents."

According to the Western Manufactured Housing Communities Association (WMA), "WMA appreciates the intent behind AB 1817 as it will provide clarity about what rule or regulation is being violated. It seems appropriate to have a resident know precisely why he or she is facing an eviction to be served a notice in the manner prescribed by Section 1162 of the Code of Civil Procedure."

According to the AIDS Healthcare Foundation, "California law relative to residential real property is expansive when describing the eviction process for landlords and tenants. A landlord is required to provide notice in compliance with existing law to allow a tenant to cure the violation that is prompting the potential eviction. The eviction language relative to mobilehome parks is not as robust. That law is particularly weak when outlining the notice responsibility of the park itself. Current law provides little direction to the park, and thus, it provides little protection to the tenant who has been accused of violating parking rules. Housing access, especially for low-income and middle-income Californians, is particularly challenging in the middle of California's ongoing housing crisis. While there is no question that parks have an obligation to protect the park and its residents from a person who violates park rules, there is equally no question that a resident be afforded very clear information about any alleged violation and be given every opportunity to cure that violation. AB 1817 provides more of that protection for the resident than current law allows."

***Arguments in Opposition*:** None on file.

***Related legislation*:**

AB 391 (Rodriguez), Chapter 339, Statutes of 2025: Authorizes notices required by the MRL to be delivered to a homeowner by February 1 of each year by electronic mail, if the homeowner or resident has provided affirmative, written consent to receive notices by electronic mail, as specified.

***Double-referred*:** This bill is also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this committee

REGISTERED SUPPORT / OPPOSITION:

Support

Golden State Manufactured-home Owners League (Sponsor)
AIDS Healthcare Foundation
California Rural Legal Assistance Foundation
National Housing Law Project
Public Interest Law Project
Western Manufactured Housing Communities Association

Opposition

None on file

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1892 (Davies) – As Introduced February 12, 2026

SUBJECT: Common interest developments: associations

SUMMARY: Makes numerous changes to the Davis Stirling Act (Act) regulating common interest developments (CIDs), including clarifying utility service restoration responsibilities, modifying election nomination notice timelines, and revising notice requirements for electronic secret ballots. Specifically, **this bill**:

1) Clarifies that a homeowners association (HOA) is responsible for repairs and replacements necessary to restore interrupted gas, heat, water, or electrical services when the interruption in service begins in the common area.

2) Reduces the timeframe in which an HOA is required to provide individual notice of the election and the deadline for submitting nominations for an election from at least 90 days before the election to at least 30 days.

3) Provides that an HOA must deliver individual notice of electronic secret ballot no later than 30 days before the election, rather than exactly 30 days before, and must just be delivered to members who are electronically voting, rather than all members.

EXISTING LAW:

1) Provides that a homeowners association is responsible for repairs and replacements necessary to restore interrupted gas, heat, water, or electrical services that begin in the common area, even if the matter extends into a separate interest or exclusive use common area, unless the utility is maintained by a public or private provider or otherwise specified in the governing documents. (Civil Code (CIV) 4775)

2) Requires HOAs to follow specified procedures for nominating candidates for election to the board, including establishing a deadline for submitting nominations. (CIV 5115)

3) Authorizes an HOA to elect directors by acclamation if the number of qualified candidates does not exceed the number of open seats and specified conditions are met, including providing individual notice of the election and nomination procedures at least 90 days before the deadline for submitting nominations. (CIV 5103)

4) Requires an HOA to deliver individual notice of electronic secret ballot to each member 30 days before an election, including instructions on how to access and use the electronic voting system. (CIV 5105)

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

COMMENTS:

Author's Statement: According to the author, "No Californian should be left without heat, water, or electricity because of a jurisdictional dispute between a homeowner and their association over

common area infrastructure. AB 1892 provides critical clarity to the Davis-Stirling Act by ensuring that common interest developments take immediate responsibility for restoring essential utility services that originate in shared spaces. By modernizing election procedures and streamlining the acclamation process, this bill also strengthens the democratic rights of every resident within these communities. This legislation is a common-sense update that prioritizes the health, safety, and fundamental rights of homeowners across our state."

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

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

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

This Bill: This bill amends three sections of the Act in response to anecdotal evidence shared by HOAs when implementing more recent amendments to the Act. Specifically, this bill proposes the following changes:

1) ***Interruption of Service and Requirement to Repair:*** Existing law requires HOAs to repair and replace components necessary to restore interrupted gas, heat, water, or electrical services that originate in the common area, regardless of whether the disruption extends into a separate interest or exclusive use common area. The author's office maintains that this requirement has introduced ambiguity and may increase potential liability for HOAs in situations where the affected utility infrastructure is owned or maintained by a public or private utility provider, rather than the HOA itself.

   This bill would amend that provision to clarify that an HOA's responsibility applies when the

interruption in service begins in the common area, rather than when the utility service itself "begins" in the common area.

2) ***Election Nomination Period:*** The Act currently allows an HOA to seat directors by acclamation (without balloting) when, at the close of the nomination period, the number of qualified candidates does not exceed the number of open seats. To do so, the HOA must have held a regular election within the past three years and must provide individual notice at least 90 days before the nomination deadline, describing the election, nomination process, and the possibility of acclamation.

   This bill proposes to reduce the notice period from at least 90 to at least 30 days, which would shorten the timeframe for members to receive notice and submit nominations, resulting in a more compressed election timeline. This change may facilitate faster board formation and reduce administrative requirements for HOAs, while also reducing the amount of time available for candidate outreach and member awareness. The shorter timeframe would also more closely align with other election-related timelines in the Act, which generally operate on 30-day notice periods.

3) ***Electronic Voting Notification:*** The Act currently allows for electronic voting via secret ballot for members who opt-in to voting electronically. HOAs are required to provide individual notice at least 30 days before the election to each member regarding the use of an electronic secret ballot, including instructions on how to access and use the voting system. The statute allows this notice to be delivered electronically if the member has designated an electronic address or system for receipt.

   This bill proposes to limit this notice requirement to only those members who are voting electronically, rather than all members. Limiting the notice requirement to members who are electronically voting would reduce the number of notices associations are required to send, potentially streamlining administrative processes. At the same time, members who are not voting electronically would no longer receive this specific notice, which may change the distribution of information about electronic voting procedures across the membership.

Arguments in Support: The California Associations Institute's California Legislative Action Committee writes in support: "AB 1892 clarifies election notice requirements related to electronic voting established in AB 2159. Current language can be interpreted to require notice to all members, even those who do not vote electronically, and requires notice to be sent exactly 30 days before an election. AB 1892 clarifies that notice is required only for members who elect to vote electronically and allows notice to be provided no later than 30 days before an election, providing needed flexibility and reducing unnecessary administrative costs.

The bill also clarifies language related to utility interruptions stemming from SB 900. Current law could be interpreted to make associations responsible for any interruption beginning in the common area, even when the utility infrastructure is maintained by a public or private provider. AB 1892 clarifies that associations are responsible only when the interruption itself occurs in the common area and not when utilities are maintained by a utility provider."

Arguments in Opposition: None on file.

Committee Amendments: The Committee may wish to consider the following clarifying amendment to Civil Code Section 5105(h)(8) to better align the text with existing law:

For purposes of determining a quorum, a member voting ***by electronic secret ballot*** ~~electronically~~ pursuant to this subdivision shall be counted as a member in attendance at the meeting. Once the quorum is established, a substantive vote of the members shall not be taken on any issue other than the issues specifically identified in the electronic vote.

Related Legislation:

AB 502 (Davies) Chapter 517, Statutes of 2021 authorized HOAs to conduct uncontested director elections by acclamation and established associated notice requirements, including a requirement to provide individual notice of the election and nomination procedures at least 90 days before the nomination deadline.

AB 2159 (Maienschein), Chapter 383, Statutes of 2024 authorized the use of electronic secret ballots in HOA elections and required associations to provide notice to members regarding electronic voting procedures at least 30 days before the election.

SB 900 (Umberg), Chapter 288, Statutes of 2024 clarified and expanded HOA responsibility for repairing utility service interruptions originating in the common area, including establishing timelines and financing mechanisms to ensure timely restoration of service.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Community Association Institute-California Legislative Action Committee

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1924 (Gabriel) – As Amended March 9, 2026

SUBJECT: Statewide homelessness prevention strategy

SUMMARY: Requires the Department of Housing and Community Development (HCD), by July 1, 2027, to develop and publicly issue a statewide homelessness preventions strategy. Specifically, **this bill**:

1) Includes the following definitions:

   a) "At risk of homelessness" means the presence of multiple evidence-based homelessness risk factors for an individual, including, but not limited to, any of the following:

      i. Prior experience of homelessness;

      ii. Annual income below 30% of the area median income (AMI);

      iii. Experiencing rent burden; and

      iv. Experiencing other household and social characteristics that are known to elevate the risk of homelessness.

   b) "Housing stability" means the ability of an individual or family to maintain housing that is consistent, safe, and affordable.

   c) "Relevant agency" means any state agency or department that affects, or has the potential to affect, housing stability and the prevention of homelessness, including, but not limited to, all of the following:

      i. HCD;

      ii. The Interagency Council on Homelessness;

      iii. The State Department of Social Services;

      iv. The Department of Corrections and Rehabilitation;

      v. The Division of Rehabilitative Programs, Department of Corrections and Rehabilitation;

      vi. The Office of Youth and Community Restoration, California Health and Human Services Agency;

      vii. The California Health and Human Services Agency;

      viii. The State Department of Public Health;

ix. The State Department of Health Care Services;

x. The State Department of State Hospitals;

xi. The Employment Development Department; and

xii. The State Department of Education;

2) Requires HCD, by July 1, 2027, to develop and publicly issue a statewide homelessness prevention strategy that includes all of the following:

a) An inventory of each definition of homelessness prevention employed by each relevant agency and how those definitions differ;

b) The actions each relevant agency is taking to promote housing stability and homelessness prevention, and the gaps in those actions;

c) A homelessness prevention action plan for each relevant agency that is developed by HCD and the relevant agency that details specific actions the agency will take to contribute to housing stability and homelessness prevention, and the timeline for those actions;

d) Recommendations for legislation or executive action to implement the homelessness prevention action plans;

e) A plan to coordinate and integrate the homelessness prevention action plans;

f) A plan to annually evaluate the effectiveness and efficiency of the homelessness prevention action plans that includes, but is not limited to, both of the following:

i. Accountability measures; and

ii. An assessment of the impact of the homelessness prevention action plans on homelessness prevention.

g) An inventory of state resources currently devoted specifically to preventing homelessness;

h) A proposal for state resources and actions to prevent homelessness in addition to existing resources;

i) Statewide homelessness prevention goals and accountability measures;

j) An annual agenda recommending third-party evaluations of selected local or state homelessness prevention programs other than the homelessness prevention action plans that test the impact of those programs on homelessness prevention;

k) Evidence-based model homelessness prevention practices identified or designed and developed by the department that include, but are not limited to, all of the following:

i. Identification of persons most at risk of homelessness through evidence-based risk factors, including, but not limited to, all of the following:

a. Prior experience of homelessness;

b. Annual income below 30 percent of the area median income;

c. Rent burden; and

d. Other household and social characteristics that are known to elevate the risk of homelessness.

ii. The use of predictive models to identify individuals most at risk of homelessness;

iii. The targeting of resources to households most at risk of homelessness;

iv. The most effective and efficient interventions to prevent homelessness, including, but not limited to, all of the following:

a. Financial assistance to increase housing stability, including, but not limited to, the most effective methods of accelerating the delivery of emergency rental assistance;

b. Eviction defense and holistic legal services to increase housing stability;

c. Case management to increase housing stability;

d. Specific homelessness prevention practices that address the needs of subpopulations;

e. Successful integration of financial, legal, and case management assistance;

f. Evaluation of the effectiveness of homelessness prevention strategies on preventing homelessness, including performance metrics;

g. The most effective and efficient means of coordinating state and federal homelessness prevention efforts identified and proposed by the department;

h. The most effective and efficient means of coordinating state and local homeless prevention efforts identified and proposed by the department;

i. Evidence-based state and local homelessness prevention programs and systems that have received evaluations validating their effectiveness in preventing homelessness identified by the department, and

recommendations for scaling up those programs and systems to have a broader impact on homelessness prevention; and

j. The compilation, acquisition, and use of relevant data necessary to effectuate homelessness prevention, including, but not limited to, a universal system of data collection and reporting that facilitates access to data by all participants in a homelessness prevention system.

3) Requires HCD to do both of the following with the model homelessness prevention practices:

   a) Offer them as guidance to local programs; and

   b) Propose methods to integrate relevant practices into state agencies and programs.

4) Requires HCD to annually review and update the strategy and publish any revisions.

EXISTING LAW:

1) Establishes the California Interagency Council on Homelessness (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) Requires agencies and departments administering state programs created on or after July 1, 2017, to incorporate the core components of Housing First. (WIC 8255)

3) Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis, and that do not make housing contingent on participation in services. (WIC 8255)

4) Defines, among other things, the "core components of Housing First" to mean:

   a) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness;

   b) Supportive services that emphasize engagement and problem-solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals;

   c) Participation in services or program compliance is not a condition of permanent housing tenancy;

   d) Tenants have a lease and all the rights and responsibilities of tenancy, as outlined in California's Civil, Health and Safety, and Government codes; and

   e) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction. (WIC 8255)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "For each homeless individual who is successfully connected with housing, nearly three access homelessness services for the first time. To make meaningful progress and address California's homelessness epidemic, we can't have more people entering homelessness than exiting it. Prevention is a cost-effective and critical piece of solving this problem. AB 1924 would create a statewide homelessness prevention strategy, along with a collection of evidence-based best practices that can guide programs and agencies that work to stop people from falling into homelessness in the first place. Through stronger guidance and support to those seeking to prevent Californians from becoming unhoused, this legislation will help prevent homelessness before it can occur, better protecting our state's most vulnerable residents and preserving limited state resources."

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

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

Millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs**.** Currently, according to HDIS data, for every five individuals who access homelessness services in California, only one is housed each year, leaving four unhoused.

California Statewide Study of People Experiencing Homelessness (CASPEH): The University of California, San Francisco Benioff Housing and Homelessness Institute conducted the CASPEH, the largest representative study of homelessness since the mid-1990s and the first large-scale representative study to use mixed methods (surveys and in-depth interviews). They administered questionnaires to nearly 3,200 participants and conducted in-depth interviews with 365 participants. Their report provides evidence to help shape the state's policy response to homelessness. The median age of participants was 47 (range 18-89). Participants who report a Black (26%) or Native American or Indigenous identity (12%) were overrepresented compared to the overall California population. Thirty-five percent of participants identified as Latino/x The report found that people experiencing homelessness in California are Californians. Nine out of ten participants lost their last housing in California; 75% of participants lived in the same county as their last housing.

The median monthly household income in the six months prior to homelessness across all CASPEH participants was $960. Almost all participants met criteria to be considered "extremely low-income" or making less than 30% of the Area Median Income. Participants' inability to afford housing was both the underlying cause of homelessness and the primary barrier to their returning to housing. Evidence and interviews with people who are experiencing homelessness show that a small amount of shallow subsidy could keep people from falling into homelessness. This finding was true throughout California, not only in the high-cost coastal regions.

Homelessness Prevention: Making progress in solving homelessness requires that we reduce the number of people falling into homelessness while simultaneously expanding housing opportunities for those currently experiencing it. Homelessness prevention interventions can include:

- Short-term and medium-term rental assistance,
- Emergency Rental assistance
- Flexible financial support
- Legal services, mediation, and credit repair
- Moving costs support, including rental application fees, security and utility deposits; and
- Housing case management.

Homelessness Prevention programs are funded through local sources, through the state HHAP Program, and through federal sources, including the Emergency Solutions Grant Program and the Continuum of Care program. In HHAP Round 5, Prevention and Shelter Diversion programs accounted for roughly 5% of total funds awarded.

California Interagency Council on Homelessness: 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 the California Interagency Council on Homelessness (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.

Arguments in Support: According to the Steinberg Institute, "AB 1924 offers a thoughtful and necessary shift toward prevention. The bill requires the Department of Housing and Community Development to develop a statewide homelessness prevention strategy, including coordinated action plans across relevant state agencies, identification of evidence-based prevention practices, and accountability measures to track progress. It also calls for targeted interventions such as financial assistance, eviction defense, case management, and predictive data models to identify individuals most at risk of homelessness. These provisions reflect best practices and help ensure that state resources are used strategically to reduce inflow into homelessness rather than solely responding after individuals have already lost housing. California cannot end homelessness without preventing it. AB 1924 provides a wise, data-driven framework to better align state agencies, scale what works, and ensure that prevention becomes a central pillar of California's homelessness response. By shifting toward a proactive, coordinated strategy, this bill will help

reduce homelessness before it occurs and strengthen our broader efforts to end homelessness statewide."

Arguments in Opposition: None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

All Home (Co-Sponsor)
Inner City Law Center (Co-Sponsor)
Active San Gabriel Valley
Alliance of Californians for Community Empowerment
Being Alive/people With Aids Action Coalition
Bet Tzedek Legal Services
Community Corp. of Santa Monica
Community Health Project Los Angeles
Compass Family Services
Corporation for Supportive Housing
DAP Health
Destination: Home
Housing California
LA Forward Institute
League of California Cities
MidPen Housing Corporation
National Alliance to End Homelessness
Non-Profit Housing Association of Northern California
Para Los Ninos
Restoration Diversion Services
Safe Place for Youth
Safehouse San Francisco
Steinberg Institute
SV@Home Action Fund
The People Concern
The Sidewalk Project
Union Station Homeless Services

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2020 (Gabriel) – As Introduced February 17, 2026

SUBJECT: Housing programs: financing

SUMMARY: Allows Department of Housing and Community Development (HCD) to authorize the transfer of "excess reserves" or "excess operating income" from one rental housing development, subject to a HCD regulatory agreement, to another rental housing development that is owned by the same sponsor or affiliate. Specifically, **this bill:**

1) Includes the following definitions:

    a) "Excess operating income" means the annual net operating income in excess of the amount that is 1.15 times the sum total of required annual debt service payments, provided that the owner can demonstrate sufficient net operating income over a 15-year period; and

    b) "Excess reserves" means replacement reserves, operating reserves, or transition reserves no longer required by, or in excess of the minimum amount required by, the department regulatory agreement.

EXISTING LAW:

1) Allows HCD to approve an extension of a department loan, the reinstatement of a qualifying unpaid matured loan, the subordination of a department loan to new debt, or an investment of tax credit equity under various older HCD rental housing finance programs. (Health and Safety Code (HSC) Section 50560)

2) Allows HCD to approve an extension of a loan, the reinstatement of a qualifying unpaid matured loan, or the subordination of an HCD loan to new debt or an investment of tax credit equity if it determines that the project will have, after rehabilitation of repairs, a potential remaining useful life equal to or greater than the term of the restructured loan. (HSC 50560)

3) Provides that HCD may subordinate its loan to refinance existing senior debt only as necessary for project feasibility and to reimburse borrower advances for predevelopment costs, recent capital improvements, and recent operating deficits. (HSC 50560)

4) Creates the Multi-family Housing Program (MHP), whose Regulations include the following prohibitions:

    a) Prohibits the Sponsor from encumbering, pledging, or hypothecating the Rental Housing Development, or any interest therein or portion thereof, or allow any lien, charge, or assessment against the Rental Housing Development without the prior written approval of HCD. HCD will not permit refinancing of existing liens or additional financing secured by the Rental Housing Development except to the extent necessary to maintain or improve the Fiscal Integrity of the Project, to maintain Affordable Rents, or to decrease Rents and for no other purpose, including, but not limited to, cash payments to the

Sponsor, repayment of general partner loans or of limited partner loans, or for limited partner buyouts. Notwithstanding the general provisions in UMR Section 8308(g), this special condition controls, in that no MHP reserve balance can fund a limited partner buyout or exit; and

b) No loan may be paid off prior to maturity without the prior written consent of the Department in its sole discretion, which consent shall be subject to conditions deemed necessary to ensure compliance with the Program requirements. All of the loan documents, including the Regulatory Agreement and Deed of Trust, shall continue in full force and effect notwithstanding any prepayment, in whole or in part, or the loan. (California Code of Regulations (CCR), Title 25, Subchapter 4, MHP Regulations 7322 (d)-(e))

5) Requires HCD to allow an owner of a property subject to a regulatory agreement with the department to take out additional debt on the development to finance, with the department's approval, rehabilitation of the property or investment in new affordable housing, if all of the following conditions are met:

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

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

c) Any extracted equity is any of the following:

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

ii. Utilized in the purchase of a limited partner interest of a tax credit investor in the project, provided that the amount used to purchase that interest, as specified;

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

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

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

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

d) The department's regulatory agreement remains in place for the project for its remaining term; and

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

6) Defines "extracted equity" to mean debt added to a department-regulated property that is not used for any of the following purposes:

   a) Approved project rehabilitation work;

   b) To pay off existing debt;

   c) Replenishment of reserves; and

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

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California continues to face a severe housing crisis, making the preservation of existing affordable housing more critical than ever. To help address this challenge, affordable housing providers need flexible financial tools to preserve their affordable housing units and maintain the long-term stability of their developments in the face of rising costs. AB 2020 seeks to address this by allowing the Department of Housing and Community Development to authorize the transfer of excess reserves or operating income between affordable housing developments owned by the same sponsor. This simple change will help stabilize developments facing financial challenges and protect California's existing supply of affordable housing."

Affordable Housing Finance: The state finances affordable multifamily rental housing using a combination of loans, tax credits, and private activity bonds. Unlike market rate housing, affordable housing does not have enough cash-flow from rents to support conventional financing. Affordable housing is provided to tenants whose household income are below the area median income (AMI). To qualify, very low-income tenants must make 60% or less of the AMI, and lower-income tenants must make only 80% or less of AMI. Tenants in affordable housing are only required to pay 30% of their income toward rent, so the state provides enough long-term subsidy to reduce the overall debt service on a development. HCD loans serve as the permanent financing that comes in once a development is complete to take out the predevelopment and construction loans a developer took on to construct the development. HCD loans are secured with a lien in first position on the property. Developments are also subject to a 55-year recorded regulatory agreement, which runs with the project. If a developer pays off an HCD loan before the covenants expire, the regulatory agreement is not extinguished, and the developer must continue to provide the units at an affordability rent for the length of the regulatory agreement to lower-income tenants.

Challenges Facing Affordable Housing Developments: Due to several factors including the depletion of operating reserves resulting from the COVID-19 rent moratorium and unprecedented increases in insurance rates, affordable housing developments are facing financial challenges. Enterprise Community Partners recently conducted a survey of 130 affordable

properties and found that on average the developments were experiencing insurance cost increases of 70%, with some providers reporting increases up to 500%. Because rents are capped, these properties have fewer options to cover these increases. In some cases, the situation is made worse because the project's operating reserves have not recovered from the rent moratoriums. Due to these financial pressures, some properties are at risk of foreclosure or becoming market-rate developments, which would eliminate vital affordable housing units.

This Bill: To address the fiscal integrity of housing developments financed by HCD, this bill would give the department authority to allow for the transfer of excess reserves or operating income from one rental housing development owned by the same developer to another development. Previous bills, AB 2638 (Ward) (2024), AB 515 (Ward) (2023), and AB 578 (Berman) (2023) have attempted to address a similar issue. Those bills allowed for the early payoff of an HCD loan, if approved by HCD. Those funds could be used to develop a new project. Last year, AB 130 (Committee on Budget), Chapter 22, gave HCD authority to allow developers to utilize equity in their affordable housing projects to finance further investments in other affordable housing projects, purchase a limited partners interest of a tax credit investor in the project, pay any unpaid deferred developer fee for the project, and pay for necessary repairs and rehabilitation of the project. This bill is different from AB 130 in that it allows for the transfer of excess reserves or operating income rather than project equity between developments with HCD financing, to alleviate financial challenges from increased insurance costs or loss of rental income, for example. Excess operating income means the annual net operating income in excess of the amount that is 1.15 times the sum total of required annual debt service payments, provided that the owner can demonstrate sufficient net operating income over a 15-year period.

Arguments in Support: According to one of the sponsors, the Enterprise Community Partners Inc., "Affordable housing developments across California operate with extremely limited financial margins and rely on carefully structured reserves and operating income to remain viable over time. In recent years, many properties have faced significant financial strain due to rising insurance premiums, maintenance costs, and other operating expenses, particularly following the COVID-19 pandemic. When these developments experience operating deficits, the risk of financial distress or foreclosure increases, putting critical affordable housing units, and the residents who call them home, at risk. AB 2020 would provide a practical solution to these challenges by allowing the California Department of Housing and Community Development to authorize the transfer of excess reserves or operating income between affordable housing developments that share the same sponsor or affiliated ownership. This flexibility enables developers to stabilize struggling properties using existing portfolio resources, helping ensure the long-term viability of affordable housing developments."

Arguments in Opposition: None on file.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2026 requires HCD to allow an owner of a property subject to a regulatory agreement with the department to take out additional debt on the development to finance, with the department's approval, rehabilitation of the property or investment in new affordable housing, as specified.

AB 2626 (Gabriel) (2026) would allow HCD to waive payment of residual receipts or minimum annual loan payments required under a department regulatory agreement to improve the fiscal

integrity of a development financed with departmental resources. AB 2626 will be heard in the Assembly Housing and Community Development Committee on April 15, 2026.

AB 913 (Celeste Rodriguez) (2025) would have authorized the HCD to authorize the transfer of excess reserves or operating income from one rental housing development to another under specified conditions. AB 913 would also authorize HCD to waive payment of residual receipts or annual loan payments required under regulatory agreements, as specified. AB 913 was held in Senate Appropriations Committee.

AB 515 (Ward) (2023) would amend the Loan Portfolio Restructuring Program (LPR Program) to authorize the HCD to approve the payoff of a department loan prior to the end of its term, and the extraction of equity from a development for purposes approved by the department, as specified. AB 515 was held in Senate Appropriations Committee.

AB 578 (Berman) (2023) would have reduced the amount of annual loan payments that developers pay to the HCD to cover the ongoing costs of project monitoring under the Multifamily Housing Program and the No Place Like Home Program to the lesser of the current amount or $260 per unit. AB 578 was held in Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Coalition for Rural Housing (Co-Sponsor)
California Housing Partnership (Co-Sponsor)
Enterprise Community Partners (Co-Sponsor)
Non-profit Housing Association of Northern California (Co-Sponsor)
Abode Housing Development
California Apartment Association
California Coalition for Community Investment
California Council for Affordable Housing
California Housing Consortium
CTY Housing
East Bay Housing Organizations
East LA Community Corporation
Episcopal Community Services of San Francisco
Housing California
LeadingAge California
Linc Housing
Little Tokyo Service Center
Local Initiatives Support Corporation
MidPen Housing Corporation
Resources for Community Development
Self-help Enterprises
Southern California Association of Nonprofit Housing
Supportive Housing Alliance
Tenderloin Neighborhood Development Corporation

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2050 (Caloza) – As Introduced February 18, 2026

SUBJECT: Common interest developments: reserve accounts

SUMMARY: Requires homeowners associations (HOAs), beginning January 1, 2032, to fund reserve accounts at a minimum level sufficient to prevent insolvency over a 30-year period, and authorizes (and in some cases requires) special assessments notwithstanding existing statutory assessment caps to meet that obligation. Specifically, **this bill**:

1) Sunsets the existing HOA reserve study requirements on January 1, 2032, and, beginning on that date, establishes the following revised requirements:

    a) The HOA (rather than the board) to conduct a reasonably competent and diligent visual inspection of major components at least once every three years as part of a reserve study;

    b) The HOA to review and update the reserve study annually; and

    c) The HOA to consider and implement necessary adjustments to reserve funding based on that annual review.

2) Retains existing reserve study content requirements, including identification of major components, their remaining useful life, cost estimates to repair, replace, restore, or maintain them, and a reserve funding plan, but:

    a) Revises the calculation from an "annual contribution" to an annual reserve account transfer; and

    b) Adds a requirement that the study include the minimum reserve contribution level necessary to prevent the reserve account balance from falling below zero over a 30-year period.

3) Requires the HOA to annually fund the reserve account at least at the minimum reserve contribution level identified in the most recent reserve study.

4) Provides that, if the HOA cannot meet the minimum reserve funding level without exceeding existing statutory assessment increase limits, the HOA shall, notwithstanding those limits:

    a) Levy a reserve special assessment sufficient to meet the minimum funding level; and

    b) Structure the assessment such that the HOA can fund it to the minimum level required within three fiscal years.

5) Specifies parameters for reserve special assessments:

    a) Requires that all funds collected through a reserve special assessment be deposited into the reserve account and treated as reserve funds;

b) Requires that the amount of the special assessment be sufficient to prevent the reserve account balance from falling below zero over the following 30 years; and

c) Prohibits an HOA from levying a reserve funding special assessment more than once every three years.

6) Provides that the revised reserve study requirements and new reserve funding mandates, including the minimum funding requirement and special assessment provisions, become operative on January 1, 2032

EXISTING LAW:

1) Requires the HOA board to conduct a reasonably competent and diligent visual inspection of the accessible areas of the major components that the HOA is obligated to repair, replace, restore, or maintain at least once every three years as part of a reserve study, when the replacement value of those components meets a specified threshold. (Civil Code (CIV) 5550).

2) Requires the HOA board to review the reserve study annually and consider and implement necessary adjustments to reserve funding planning. (CIV 5550).

3) Requires reserve studies to include: identification of major components with a remaining useful life of less than 30 years; estimates of remaining useful life; estimated repair and replacement costs; estimated annual reserve contributions; and a reserve funding plan. (CIV 5550)

4) Provides that "major components" include gas, water, and electrical service lines where the association is responsible for maintenance or replacement. (CIV 5550).

5) Prohibits an HOA board from imposing the following without approval of a majority of a quorum of members:

a) A regular assessment that is more than 20% greater than the regular assessment for the association's preceding fiscal year; or

b) Special assessments which, in the aggregate, exceed 5% of the budgeted gross expenses. (CIV 5605).

6) Allows HOAs to impose emergency assessments without member approval for specified urgent expenses, including court-ordered obligations, disaster-related repairs, or threats to health and safety (CIV 5610).

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

COMMENTS:

Author's Statement: According to the author, "California is home to thousands of common interest developments (CIDs), where homeowners rely on their association to maintain shared property and ensure long-term safety and financial stability. In my district alone, 70% of associations are more than 20 years old and 73% are condominiums, meaning many communities are managing aging buildings that require significant long-term maintenance. While state law

requires associations to conduct reserve studies and plan for major repairs, it does not require them to fund those future obligations.

The lack of reserve funding is also impacting the ability of homeowners to sell. Fannie Mae and Freddie Mac now requires an association to show it has at least 10% of its budget focused on reserves. This amount is likely to increase to 15% by 2027. If an association cannot meet this requirement, owners will have trouble selling their residences due to a lack of mortgage financing.

Strong neighborhoods are built on financial preparedness. California homeowners deserve the peace of mind knowing their HOAs are equipped with the tools and resources they need to meet the long-term needs of their community. With reliable infrastructure, properly managed common areas, and secure reserves, neighborhoods can thrive and homeowners can live with confidence in their community—not just today, but for many years to come. Adequate reserve funding will promote safer homes, encourage proactive maintenance, and help prevent sudden and costly special assessments that burden homeowners and support long-term housing affordability."

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

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

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

Reserve Studies and Assessments: Under existing law, HOAs are required to periodically assess their long-term repair and replacement obligations through reserve studies. At least once every three years, the HOA board must conduct a reasonably competent and diligent visual inspection of the accessible areas of major components for which the association is responsible, where the replacement value of those components is at least one-half of the association's gross budget,

excluding reserves, and must review that study annually and make appropriate adjustments to its reserve analysis. The reserve study must identify major components with less than 30 years of remaining useful life, estimate their remaining life and repair or replacement costs, calculate the annual contribution needed to fund those obligations, and include a reserve funding plan. In this sense, existing law requires HOAs to periodically identify foreseeable capital needs and map out a strategy to pay for them.

However, while the Act requires reserve planning, it does not mandate actual funding at any particular level. In practice, this may result in HOA boards being constrained, or politically discouraged, from raising assessments enough to match reserve study recommendations. Under the Act, an HOA board generally may not increase regular assessments by more than 20% over the prior year or impose special assessments exceeding 5% of the association's budgeted gross expenses without member approval. This provision is meant to empower homeowners to make decisions that will ultimately affect their monthly payments, and HOA members are often reluctant to approve fee increases even where the long-term need is clear.

As a result, some HOA's may defer reserve contributions to avoid near-term assessment pressure, even if that increases future risk. Rather than spreading costs over time through gradual increases in regular assessments, this can lead to large, one-time assessments when major components ultimately fail, even when the need for repair or replacement was foreseeable and identified in prior reserve studies.

Furthermore, underfunding can then spill into broader financing and insurance problems. For example, Fannie Mae's current condo project standards treat projects with significant deferred maintenance or unsafe conditions as ineligible until repairs are completed, require lenders to scrutinize special assessments, and note that projects budgeting less than 10% of HOA assessment income toward reserves may be at increased risk of deferred maintenance and special assessments. Fannie Mae also requires adequate master property insurance for condo projects and has suspended waivers for certain project insurance deficiencies, which means deteriorating conditions or weak project finances can make units in these HOAs harder to finance and potentially harder to sell.

This Bill: This bill builds on existing reserve study requirements by shifting from a planning framework to a funding requirement. Beginning in 2032, HOAs would be required not only to conduct reserve studies, but to fund reserves at a minimum level sufficient to prevent the reserve account from falling below zero over a 30-year period, as calculated in the study. This bill also requires HOAs to meet that minimum funding level annually and authorizes the use of special assessments, notwithstanding existing statutory caps, where necessary to achieve compliance within three fiscal years. In doing so, this bill seeks to align reserve funding practices more closely with the long-term obligations identified in reserve studies.

By requiring more consistent reserve funding, this bill may help distribute the cost of major repairs over time, rather than relying on large, one-time special assessments when components fail. This approach could reduce the likelihood of deferred maintenance and improve the financial predictability of HOAs, including in contexts where reserve funding levels are considered in lending or insurance decisions. At the same time, this bill would likely result in higher regular assessments for some homeowners, particularly in HOAs that are currently underfunded, and may reduce the extent to which boards and members can defer or phase in those costs under existing assessment limits.

Policy Considerations: The bill's three-year structure for reserve funding special assessments may raise affordability concerns for homeowners. Existing law places a cap on the amount that an HOA can charge by limiting annual increases in regular assessments to 20% and requiring member approval for special assessments that exceed 5% of the HOA's budgeted gross expenses. This bill would allow them to exceed that cap for purposes of funding reserves to the minimum contribution level identified in the reserve study, notwithstanding those limits. While the bill limits these assessments to no more than once every three years, it allows each assessment to be sized to bring the HOA into compliance with the minimum funding requirement within that timeframe, which could result in relatively large, lump-sum charges. In practice, this may create periodic spikes in costs that are difficult for homeowners to absorb, particularly for those on fixed or limited incomes.

Extending this period to nine years could improve affordability by allowing HOAs to spread required funding adjustments over a longer horizon, reducing the need for large, near-term special assessments. A longer compliance window may enable boards to phase in increases more gradually, whether through regular assessments or smaller special assessments, resulting in a more manageable and less disruptive cost burden for homeowners.

Arguments in Support: The Community Associations Institute's California Legislative Action Committee (CAI-CLAC) writes in support: "The bill, beginning January 1, 2032, would require reserve studies to identify a minimum annual reserves contribution necessary to ensure that an association's reserve balance does not fall below zero over a 30-year period. Associations would be required to fund reserves at or above that level annually. If they are unable to do so within statutory limits on assessment increases, the bill appropriately requires a temporary reserve special assessment to restore funding within three fiscal years.

This approach reflects a simple but critical principle: pay now or pay later. Adequate reserve funding prevents deferred maintenance, costly emergency repairs, and steep special assessments that place sudden financial burdens on homeowners. By promoting disciplined, forward-looking funding practices, AB 2050 helps protect property values and the long-term affordability of common interest developments.

More importantly, stronger reserve funding will also help associations meet secondary mortgage market expectations."

Arguments in Opposition: None on file.

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

1) Changing the three-year timeframe for reserve funding special assessments to a nine-year timeframe.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Community Associations Institute – California Legislative Action Committee

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2058 (Harabedian) – As Amended March 19, 2026

SUBJECT: California Factory-Built Housing Law: inspection: permitting

SUMMARY: Eliminates the requirement that local enforcement agencies enforce and inspect the installation of factory-built housing (FBH) and instead requires a first user of FBH to select either the local enforcement agency or a quality assurance agency (QAA) to enforce and inspect the installation. Establishes caps on fees by local enforcement agencies related to the installation and permitting of FBH. Specifically, **this bill**:

1) Eliminates the requirement that local enforcement agencies enforce and inspect the installation of FBH.

2) Prohibits a local enforcement agency or QAA from disassembling, damaging, or destroying FBH while inspecting the installation of that FBH housing, as specified.

3) Requires a first user to choose to have either the local enforcement agency or a QAA, acting on behalf and subject to the supervision of the California Department of Housing and Community Development (HCD), inspect the installation of FBH.

4) Authorizes a local enforcement agency, by ordinance, to establish an inspection fee for the inspection of the installation of FBH.

5) Caps the fee in 4) to no more than 50% of the equivalent inspection fee for non-FBH.

6) Prohibits a local enforcement agency from charging an inspection fee if a first user chooses to have a QAA enforce and inspect the installation of FBH.

7) Prohibits a local enforcement agency from establishing any permitting fee related to FBH that exceeds 50% of the equivalent permitting fee for non-FBH.

8) Declares that the provision of adequate housing, in light of the severe shortage of housing at all income levels in the state, is a matter of statewide concern and is not a municipal affair as the term is used in Section 5 of Article XI of the California Constitution, applies this bill to all cities, including charter cities.

EXISTING LAW:

1) Establishes the California FBH Law. (Health and Safety Code (HSC) Section 19960 et seq.)

2) Defines "FBH" to mean a residential building, dwelling unit, or an individual dwelling room or combination of rooms thereof, or building component, assembly, or system manufactured in such a manner that all concealed parts or processes of manufacture cannot be inspected before installation at the building site without disassembly, damage, or destruction of the part, including units designed for use as part of an institution for resident or patient care, that is either wholly manufactured or in substantial part manufactured at an offsite location to be wholly or partially assembled onsite in accordance with specified building standards and

regulations. Excludes from the definition of FBH a mobilehome, a recreational vehicle, or a commercial modular, as specified. (HSC 19971)

3) Defines "design approval agency" (DAA) as a private organization meeting the requirements of HCD regulations to perform evaluation of FBH plans and specifications. (HSC 19969.3)

4) Defines "first user" as the person, firm, or corporation who initially install FBH within this state. Excludes from the definition of first user a person who subsequently purchases a building which wholly or partially consists of FBH. (HSC 19972)

5) Defines "QAA" as a private organization meeting the requirements specified in regulations of HCD to perform in-plant inspections of the construction of FBH. (HSC 19976.05)

6) Deems all FBH bearing an Insignia of Approval, as specified, to comply with the requirements of all ordinances or regulations enacted by any city, county, city and county, or district which may be applicable to the construction of housing, except as specified. (HSC 19981(a))

7) Requires local enforcement agencies to enforce and inspect the installation of FBH and requires the installation of FBH to be conducted in accordance with the requirements of the State Building Standards Code and State Housing Law relating to FBH. (HSC 19992)

8) Reserves to local jurisdictions local use zone requirements, local snow load requirements, local wind pressure requirements, local fire zones, building setback, side and rear yard requirements, site development and property line requirements, as well as the review and regulation of architectural and aesthetic requirements. (HSC 19993)

9) Prohibits those local requirements imposed on FBH from varying substantially from the requirements imposed on other residential buildings of similar size. (HSC 19993)

10) Authorizes HCD to provide by regulation for the qualification and disqualification of QAAs to perform inspections of FBH manufacturers, acting on behalf and under the supervision of HCD. (HSC 19991.4)

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's Statement*:** According to the author, "The housing crisis in California is making life increasingly unaffordable for families, young adults, and working communities, and it is forcing many people to leave the state simply because they cannot find a home within their budget. Factory-built homes offer a solution, but current laws allow unnecessary inspections, delays, and high fees that drive up costs and slow construction. AB 2058 will streamline inspections, protect homes from damage during installation, and reduce permitting fees, making it faster and more affordable to bring these homes to Californians. By removing these barriers, the bill will help more people to achieve the dream of homeownership."

***California's Housing Crisis*:** Californians across the state continue to experience a housing affordability crisis. Due to years of underproduction, the number of low-income households significantly exceeds the number of affordable and available homes in California. According to

the California Housing Partnership's (CHP) Housing Needs Dashboard, 1,306,149 low-income renter households in California do not have access to an affordable home in today's market. In the absence of affordable housing, renters are forced to secure housing that leaves little flexibility to fulfill other obligations, such as food, child care, or transportation. Renters are cost-burdened when they must pay more than 30% of their income towards rent. According to the CHP dashboard, 68% of low-income renter households in California are cost-burdened by their rent. The numbers of very low-income households and extremely low-income households that are cost-burdened by housing costs are even greater, with 85% and 90% of households being cost-burdened, respectively.

***Select Committee on Housing Construction Innovation*:** In late 2025, the Assembly Select Committee on Housing Innovation (Select Committee) was established with the purpose of exploring how the state can play a role in reducing housing costs by facilitating innovation in housing construction. The Select Committee conducted two hearings in January 2026 and received testimony from industry experts. These experts discussed all of the following: the benefits and risks of industrialized construction methods, including potential cost savings; the ability to reduce project timelines; and, regulatory, labor, and budget considerations. The hearings also explored barriers to opportunities for scaling construction innovation.

The Select Committee requested support from the University of California, Berkeley's Terner Center for Housing Innovation (Terner Center) to conduct research, including interviews with people familiar with the industry. The Terner Center interviewed 65 people representing different perspectives in the industry, including market-rate and affordable housing developers, general contractors, off-site manufacturers, architects, investors, lenders, building trades unions and carpenters union members, state and regional government staff, building code experts, and representatives from companies using 3D printing, artificial intelligence, or other emerging technologies.

The Terner Center published a white paper, titled "Potential Pathways to Scale Innovative Construction Methods in California." The Terner Center's white paper details seven categories of approximately 40 policy proposals identified by stakeholders as potential pathways to reducing barriers to accelerating industrialized construction, including FBH, at scale. These categories of proposals include:

- increase certainty through building code reform;
- increase consistency and certainty through other process reforms;
- reduce financial risk and liability to encourage industry growth;
- support pipeline certainty through demand aggregation;
- increase long-term industry certainty by developing a strong workforce pipeline;
- modify existing state funding stream to better align with the realities of FBH; and
- address negative perceptions of industrialized construction through education and data.

Stakeholders identified instances in which building elements were inspected by local jurisdictions despite having already been reviewed during the in-factory inspection process by

HCD-approved QAAs, per HCD guidelines. The Terner Center's white paper identified consensus among stakeholders for consolidated review and inspection authority at the state level, though less consensus on the form of such consolidated review. One potential policy identified by some stakeholders was to allow third-party inspectors, hired by the project developer, to perform on-site inspections. Some stakeholders noted that allowing FBH projects to use third-party inspectors for an entire project, including on-site work, would reduce local friction and may increase efficiency. This bill allows first users of FBH projects to use third-party inspectors to perform on-site inspections.

***FBH*:** FBH, often referred to as modular, manufactured, or prefabricated housing, involves the construction or assembly of various components of a housing unit or room in a factory and the transport of those components or structures to the construction site, where they are installed and fixed to a building foundation. FBH is a specific subset of industrialized construction, which refers to a broad spectrum of practices that apply the ideas and methods from the manufacturing industry to housing design and construction. This is in contrast to traditional ("site-built" or "stick-built") homes, which are built piece by piece on top of the foundation at the actual construction site. FBH units and building components are generally assembled in factories located inside or outside of California. The mass production techniques in a factory environment can sometimes be faster and cheaper than site-built construction methods and are not as impacted by weather constraints that might hamper construction progress on a site, though benefits will vary widely between projects. Research reviewed by the Terner Center finds that using factory-based methods has the potential to reduce hard costs by 10% to 25% compared to traditional construction while also reducing build times significantly.

***Around the world*:** FBH has achieved notable success in countries like Sweden and Japan, where it has become a prominent method of delivering housing at scale. In Sweden, an advanced industrialized construction ecosystem integrates forestry, manufacturing, and housing development, allowing firms to standardize designs and use assembly-line production to deliver high-quality multi-family housing efficiently. Academic research on Swedish prefabrication systems shows that companies have successfully translated manufacturing principles, like repeatability, supply-chain integration, and quality control, into housing production, resulting in strong performance across cost, time, and quality dimensions.

Prefabrication has been institutionalized for decades in Japan through coordinated industry and government support. According to research from the Harvard Joint Center for Housing Studies, prefabricated housing accounted for about 14% of all housing starts in Japan as of 2019, with even conventional construction incorporating highly modularized and pre-cut components. Large firms have refined factory-based production systems that can assemble a majority of a home in a matter of days, emphasizing precision, durability, and customization at scale. Studies of Japanese and Swedish firms also find that prefabricated housing can deliver higher and more consistent quality than site-built construction due to controlled factory environments and advanced automation, even when costs are comparable or slightly higher. International research, including analyses by the RAND Corporation, has highlighted FBH as a promising strategy to address housing shortages by improving productivity and reducing construction risk, particularly when supported by standardized regulations and stable demand pipelines.

***FBH in California*:** FBH may be installed where other similar types of dwelling units are zoned. Existing law allows local governments to exercise specified local land use requirements with respect to FBH, but the Attorney General has ruled that local governments may not require use

permits for FBH built in residential areas. Local requirements imposed on FBH may not differ substantially from requirements imposed on other residential buildings of the same size.

HCD has maintained building code and plan approval authority over FBH. HCD currently contracts with various DAAs who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. HCD approves QAAs that inspect FBH during the production phase in the manufacturing facility or offsite. In-plant inspections are conducted by a third party agent certified by HCD to ensure FBH and modular buildings meet state codes and standards during the manufacturing process. Approved FBH must bear a California Insignia of Approval on each FBH system or component in the project.

***The role of local governments*:** Existing law establishes three primary responsibilities of local governments related to the installation of FBH. These include plan review of the portions of the project that are not designated as FBH or have not been approved previously by HCD or an HCD third-party agency, permit issuance and inspection of the installation and assembly of FBH units at the building site, and an authority to establish an inspection fee for the inspection involved in the installation of the FBH structure. Local agencies maintain authority over a variety of post-manufacture elements of these projects (for example, snow load, wind pressure, building setback, and architectural requirements) and are also responsible for inspecting and approving the installation of the FBH at the project site. Local building standards related to local conditions are incorporated into the design of FBH units in factory. During installation, local inspectors verify the presence of the HCD insignia and inspect on-site assembly and non-factory components.

In-plant inspections: The inspection of FBH manufactured products may be made either by HCD, third-parties approved by HCD, or local building departments that are specifically approved by HCD. These agencies conduct in-plant inspections to monitor the manufacturer's compliance with approved plans and the applicable California Building Standards Code. Under existing law, city and county building departments may request a reciprocity agreement with HCD to conduct in-plant inspections within their jurisdiction.

***QAAs*:** Existing law allows these private organizations, on behalf of HCD, to perform in-plant inspections of FBH once certified by HCD and subjects QAAs to other requirements related to reporting and certification outlined in the California Code of Regulations. As part of an application for certification, QAAs must include a statement under penalty of perjury that the agency is not under the control or jurisdiction of any manufacturer or supplier for any industry affected by the California FBH law, except by contract approved by HCD. QAAs must report and maintain written reports of all inspection activities and submit monthly reports to HCD that summarize inspection activity conducted in the previous month with information about the manufacturer's quality control program and the number of units with FBH insignia, among other requirements. QAAs must also notify HCD of any discovery of units shipped from factory without required inspection or insignia within 24 hours of discovery.

***Assembly and Installation*:** Existing law requires local enforcement agencies to enforce and inspect the installation of FBH. Regulations require a manufacturer of FBH with plan approval to provide two sets of the approved FBH plans to the installer. The installer must provide one set of the approved plans to the local enforcement agency prior to installation. The plan includes a list of the installation work to be done on-site. Local enforcement agencies are required to accept

plans approved by HCD or a DAA for purposes of issuing an installation permit after determining the design criteria are consistent with the requirements for the local jurisdiction.

This bill: This bill makes three changes to the installation and local permitting processes for FBH. First, this bill eliminates the requirement that local enforcement agencies enforce and inspect the installation of FBH at the project site. This bill, instead, offers first users the option to choose to have a local enforcement agency or a QAA enforce and inspect the installation of the FBH. Second, this bill prohibits local enforcement agencies and QAAs, if selected by the first user, from disassembling, damaging, or destroying FBH while inspecting the installation of that FBH. The author contends that FBH with HCD insignia have already undergone adequate inspection by the state and subsequent inspections of the FBH and its components by the local enforcement agencies are unnecessary and redundant. This bill expands the roles and responsibilities of QAAs by allowing a first user to choose them for the on-site inspection of installation at project sites around the state.

This bill also imposes caps on two categories of fees. Fees for inspections of installations conducted by the local enforcement agency (if selected by the first user) would be capped at 50% of the equivalent inspection fee for site-built housing. If the first user chooses the QAA, the bill prohibits a local enforcement agency from imposing an inspection fee. This bill also caps all permitting fees related to FBH at 50% of the equivalent permitting fee for non-FBH.

***Policy consideration*:**

***Utilization of FBH*:** Housing development projects utilizing FBH are often categorized as volumetric modular or panelized. Projects utilizing volumetric modular FBH are entire sections of a building, like a full room or the entire unit. These "box-like" structures are delivered to the site and installed on-site to complete the final project. Some developers may use volumetric modular for a portion of the development -like the bathrooms – but the rest of the development is stick-built. Projects utilizing panelized FBH, sometimes referred to as "flat packs," include flat panels of components like walls, floors, or roofs. Panels are shipped from the factory to the site and assembled on-site for installation. Both types of FBH projects may still utilize site-built components. As mentioned previously, this bill caps permitting fees related to FBH at 50% of the equivalent permitting fee for non-FBH, no matter the amount of FBH used as part of the project. If this bill continues through the legislative process, the author may wish to consider including a threshold amount of FBH be a part of the project to receive the benefit of a cap in permitting fees.

***Arguments in Support*:** According to the AIDS Healthcare Foundation (AHF), "The attention to factory-built housing that has arisen this year is welcome. AHF has seriously engaged in pursuing factory-built housing in its efforts over the last 7 years to develop housing for extremely low-income Californians; however, the many challenges that stand in the way of that being a viable option have been a deterrent. AB 2058 is one piece of the effort this year to remove some of those challenges. Minimizing the impediments and potentially excessive costs of inspecting the installation of factory-built housing is a substantial step forward in making this housing option more viable."

According to the California Housing Consortium, "The UC Berkeley Terner Center for Housing Innovation recently released a report titled 'Potential Pathways to Scale Innovative Construction Methods in California,' which explores opportunities to adopt industrialized construction methods, including factory-built housing, in California. Factory-built housing, where substantial

portions of a home are built off-site and installed on-site, can reduce construction costs and accelerate construction timelines. However, the report states that stakeholders have noted that the dual inspection framework that exists for factory-built housing stands as a barrier to scaling its use. Under the current framework, the state conducts in-factory inspections and local jurisdictions conduct on-site inspections. In some cases, local jurisdictions inspect building components that have already been reviewed in the factory by the State. Current law allows redundant inspections, the disassembly of homes during installation, and excessive permitting fees – all of which slow construction and raise costs. AB 2058 addresses these barriers by protecting factory-built housing units during inspections to prevent disassembly or damage, allowing developers to choose whether a local agency or a third-party quality assurance agency conducts the inspection, and capping inspection and permitting fees to make installation more affordable. These changes reduce unnecessary delays while maintaining safety standards and facilitating the use of factory-built housing in California."

***Arguments in Opposition*:** None on file.

***Related legislation*:**

AB 1815 (Wicks), of this legislative session. Prohibits a city or county from imposing or enforcing building standards that exceed state building standards in the California Building Standards Code on a housing project that utilizes FBH, as specified. *AB 1815 is pending consideration in this committee.*

AB 2166 (Carrillo), of this legislative session. Establishes the Multifamily Backstop Financing Program at the California Housing Finance Agency for purposes of supporting multifamily projects through the provision of state-backed credit backstops that would enable surety companies to issue payment and performance bonds to offsite housing factories in the state, as specified. *AB 2166 is pending consideration in this committee.*

AB 557 (McKinnor), of this legislative session. Allows for the reuse of certain plans or specifications for FBH if the plans have previously been approved by HCD or a qualified DAA in the same building code cycle, with conditions. *AB 557 is pending consideration in the Senate Committee on Housing.*

***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

AIDS Healthcare Foundation
California Housing Consortium

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2089 (Ward) – As Amended April 6, 2026

SUBJECT: Property taxation: welfare exemption: filing of claims: delinquency penalties

SUMMARY: Makes changes to how the property tax welfare exemption applies to properties where there is a change in ownership of an affordable housing development and requires the county assessor to post certain documents on their internet website. Specifically, **this bill**:

1) Provides that a property owner shall not be liable for property taxes if the tax collector has evidence that the property received a welfare tax exemption, but lost the exemption due to a change in control, change in ownership, or removal, resignation, or replacement of a nonprofit managing general partner of the property, and that the benefit provided by this provision is necessary to continue maintaining the welfare exemption on the property. Applies this provision to property taxes due and payable beginning December 10, 2027

2) Requires the county assessor to accept electronic signatures for materials necessary to claim, maintain, or otherwise receive the property tax welfare exemption, including the annual income verification.

3) Requires a county board of supervisors to, if necessary, and in collaboration with the county assessor, adopt any ordinances or resolutions to accept electronic materials associated with the property tax welfare exemption.

4) Requires the county assessor to make all documentation required for the property tax welfare exemption related to the certification that a unit is occupied by a lower income household available on its internet website, as specified. Requires the county assessor to make this information available within seven days of any changes.

5) Requires every county to release all forms related to the annual recertification of tenant income necessary to receive the exemption by November 15 of each calendar year, prior to the due date for the forms.

EXISTING LAW:

1) Authorizes the Legislature to exempt from taxation property used exclusively for religious, hospital, or charitable purposes, as specified. (California Constitution Article XIII, Section 4(b).) The Legislature has implemented this "welfare exemption" in Revenue and Taxation Code (R&TC) Section 214.

2) Exempts from taxation low-income housing developments operated by non-profit organizations, as specified. (R&TC Section 214(g).)

3) Provides that qualifying rental housing properties are entitled to a partial exemption, equal to that percentage of the property's value that is equal to the percentage that the number of units serving "lower income households" represents of the total number of residential units. The exemption applies in any year in which any of certain criteria apply, including that the owner

is eligible for and receives low-income housing tax credits (LIHTCs) under Internal Revenue Code (IRC) Section 42.

4) Defines "lower income households" by reference to Health and Safety Code (H&SC) Section 50079.5. H&SC Section 50079.5, in turn, defines the term as persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time under Section 8 of the United States Housing Act of 1937. In the event the federal standards are discontinued, the Department of Housing and Community Development (HCD) must, by regulation, establish income limits for lower income households for all geographic areas of the state at 80% of area median income (AMI), adjusted for family size and revised annually.

5) Authorizes an exemption from taxation property used exclusively for religious, hospital, or charitable purposes when buildings are under construction. (California Constitution Article XIII, Section 5)

6) Provides that a property owner shall not be liable for interest or penalties, nor shall the tax collector take or continue any collection action, with respect to any ad valorem property taxes levied upon a property if the property owner satisfies all of the following requirements annually:

   a) The property owner submits evidence to the tax collector that they have submitted an application to the assessor for a welfare exemption from property tax for rental housing,

   b) Supplies evidence to the tax collector that they received a reservation of LIHTCs from the California Tax Credit Allocation Committee (TCAC) or an award of funds from HCD, including a copy of the reservation letter or notice of award, and

   c) A facility is in the course of construction.

   d) Applies to delinquent installments that are due and payable from December 10, 2025 to April 10, 2031.

7) Requires an eligible property owner that is not liable for penalties or interest to provide verification of eligibility annually to the tax collector.

8) Directs the tax collector to provide a list of properties eligible for 1) to the assessor.

9) Provides that if an assessor deems an application ineligible for an exemption under 1), they must provide to the tax collector the same notice that they must provide to the property owner upon receipt of the eligibility list.

10) Provides that when a corporation, partnership, limited liability company, other legal entity, or any other person obtains control through direct or indirect ownership or control of more than 50% of the voting stock of any corporation, or obtains a majority ownership interest in any partnership, limited liability company, or other legal entity through the purchase or transfer of corporate stock, partnership, or limited liability company interest, or ownership interests in other legal entities, including any purchase or transfer of 50% or less of the ownership interest through which control or a majority ownership interest is obtained, the purchase or transfer of that stock or other interest shall be a change of ownership of the real property

owned by the corporation, partnership, limited liability company, or other legal entity in which the controlling interest is obtained. (RTC 64 (c))

11) Provides that property is transferred on or after March 1, 1975, to a legal entity in a transaction excluded from change in ownership then the persons holding ownership interests in that legal entity immediately after the transfer shall be considered the "original co-owners." Whenever shares or other ownership interests representing cumulatively more than 50% of the total interests in the entity are transferred by any of the original co-owners in one or more transactions, a change in ownership of that real property owned by the legal entity shall have occurred, and the property that was previously excluded from change in ownership shall be reappraised. The date of reappraisal shall be the date of the transfer of the ownership interest representing individually or cumulatively more than 50% of the interests in the entity. A transfer of shares or other ownership interests that results in a change in control of a corporation, partnership, limited liability company, or any other legal entity is subject to reappraisal. (RTC 64 (d))

FISCAL EFFECT: Unknown.

COMMENTS:

Author's statement: According to the author "AB 2089 would preserve limited affordable housing dollars by allowing non-profit affordable housing providers to withhold relevant tax payments, without penalty, while their welfare exemption applications are under review. To be eligible, a property must be subject to a recorded affordability covenant, indicating they are eligible for the exemption."

Property Tax Welfare Exemption: Article XIII, Section 4(b) of the California Constitution authorizes the Legislature to exempt property used exclusively for religious, hospital, or charitable purposes, as specified, from taxation. The Legislature has implemented this "welfare exemption" in R&TC Section 214. AB 2144 (Filante), Statutes of 1989 amended R&TC Section 214 to specifically exempt low-income housing developments operated by non-profit organizations. As noted in the Senate Revenue and Taxation Committee analysis, AB 2144's proponents argued that the property tax funds then being paid "could better be used in furtherance of the goals of providing low income housing." Generally, to qualify for the welfare exemption, the law requires that the rental housing be financed with specified tax-exempt bonds, government loans, or grants, or that the property's owner receives LIHTC under IRC Section 42. The welfare exemption extends to "units serving lower income households."

To qualify for the property tax welfare exemption, the unit must be occupied by a lower income household (a household with an initial maximum income of 80% of AMI). To receive the welfare exemption, a property owner must certify that the property tax savings are necessary to maintain the affordability of the units occupied by lower income households. A developer must also submit an application to the county assessor. While the application is being approved, a developer must pay property taxes, and must later seek reimbursement after both the BOE and the county assessor approve the property tax exemption. County assessors have existing authority to cancel any penalty, costs, or other charges resulting from tax delinquency, in particular if a taxpayer is ordered to "shelter in place" as a result of a natural disaster.

AB 2353 (Ward), Chapter 566, Statues of 2024, created a "land banking" use exemption to the welfare exemption, allowing developers to receive the exemption if they have purchased properties to develop as affordable housing if they have received appropriate clearance certificate or supplemental clearance certificate from the BOE, have a reservation of LIHTC. Building affordable housing can sometimes take years. Once a developer purchases a property, they must go through the local approval process and assemble the funding for the project. Allowing the welfare exemption to apply during construction reduces some of the burden to the developer and could improve overall financial feasibility for the project. Requiring proof of an application for the welfare exemption and proof that the project has LIHTC act as a safeguard to ensure the project will actually be constructed.

This bill adds to AB 2353 a new scenario in which a developer could continue to receive the welfare property exemption without penalty, when a change in ownership occurs. A change in ownership occurs when 50% of the property ownership changes. Most LIHTC projects are owned as limited partnerships. The limited partner, a for-profit entity with tax liability, that receives the benefit of the LIHTC, owns 99% of the partnership. The administrative general partner owns the remaining 0.99%, with the managing general partner owning a small 0.001% interest. In year 15 of the affordable housing development constructed with LIHTC, once the limited partner has received the benefits of the LIHTC, the administrative general partner or the managing general partner will buy out the limited partner. This triggers a change in ownership.

According to the sponsors of this bill, in some counties, the change in ownership causes the county assessor to revalue the property. The use of the property does not change with the change in ownership, it is required to remain affordable to lower income households for 55 years, the entire length of the deed-restriction on the affordable units. This process is not atypical for a development funded by LIHTC, however, the sponsor indicates that it has become more frequent because the state has shifted funding from new construction to support acquisition-rehab projects. Projects can "re-syndicate" or access additional LIHTC to finance improvements to the developments after year fifteen. Re-syndication requires a change in ownership in order to receive LIHTC for acquisition-rehab.

Income Limits for LIHTC Units: Property owners are required to verify tenants' income annually and certify to the county assessor that incomes qualify to receive the welfare exemption. This bill requires the county assessor to make the materials needed to certify incomes for lower income households on its website and accept electronic signatures for any materials needed to claim the welfare exemption.

Arguments in Support: According to the sponsors, the California Council for Affordable Housing, "when an affordable housing project that already qualifies for and receives the welfare exemption undergoes a change in ownership, control, or managing general partner, the exemption is automatically terminated, even though the physical property, its use, and its affordability restrictions remain unchanged. As a result, the new ownership entity must restart the exemption application process with the county assessor. During this administrative review period, the project is required to pay full property taxes. This creates an unnecessary financial burden at precisely the moment when projects are most vulnerable, during ownership transitions that are often driven by compliance requirements, recapitalization needs, or long-term stewardship planning."

Arguments in Opposition: None on file.

AB 2353 (Ward), Chapter 566, Statutes of 2025 prohibits a county tax collector from taking or continuing any collection action for any delinquent installments of property taxes levied on a taxpayer that intends to develop the property for rent at affordable rates to low-income households, among other conditions.

AB 84 (Ward), Chapter 734, Statutes of 2023 expanded the welfare exemption by authorizing 501(c)(3) bonds as an eligible form of financing, and permits, for five years, a unit in a development that is not financed with low-income housing tax credits to remain eligible if the tenant's income rises to no more than 100% of the area median income.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Council for Affordable Housing (Sponsor)
California Housing Partnership (Sponsor)
Enterprise Community Partners (Sponsor)
California Housing Consortium
Circulate Planning & Policy
Housing California
LeadingAge California

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2127 (Johnson) – As Amended April 6, 2026

SUBJECT: Accessory dwelling units: private sewage disposal systems

SUMMARY: Prevents local governments from prohibiting the construction of new accessory dwelling units (ADUs) in an area solely because the lots are served by private sewage disposal systems. Specifically, **this bill**:

1) Prevents local governments from prohibiting ADUs solely because the lots are served by private sewage disposal systems rather than by a public sewer system.

2) Provides that a local health officer shall not withhold approval based on a minimum lot size requirement if the private sewage disposal system meets the operating requirements established by the State Water Resources Control Board pursuant to the Water Code for that lot size.

3) Further provides that if an existing private sewage disposal system is verified to be functioning properly, as determined by a qualified professional, based on the operating requirements of the Water Code for that lot size, and has the capacity to serve the additional load of an ADU, the local health officer shall not require the installation of a new or alternative system as a condition of approval, unless there is specific, substantial evidence that the existing system creates a present risk to public health or water quality.

EXISTING LAW:

1) Allows a local agency to adopt an ordinance to provide for the creation of ADUs in areas zoned for single-family or multifamily residential uses. (Government Code (GOV) 66314)

2) Requires the ordinance in 1) to:

    a) Designate areas within the jurisdiction of the local agency where ADUs may be permitted, as follows:

        i) The designation of areas may be based on the adequacy of water and sewer services and the impact of ADUs on traffic flow and public safety; and

        ii) A local agency that does not provide water or sewer services shall consult with the local water or sewer service provider regarding the adequacy of water and sewer services before designating an area where accessory dwelling units may be permitted. (GOV 66314)

    b) Mandate approval by the local health officer where a private sewage disposal system is being used, if required. (GOV 66314)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "For too long, rural homeowners have been denied the right to build ADUs due to an inconsistent patchwork of local septic regulations and arbitrary lot-size mandates that ignore modern engineering. AB 2127 removes these barriers by ensuring that if a septic system works and meets state environmental standards, a homeowner can build. By shifting the permitting process from discretionary judgment to objective, evidence-based standards, we are providing rural families with the same housing opportunities as their urban counterparts. This bill protects our groundwater while removing the $40,000 infrastructure barriers that have stalled rural housing production for a decade."

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

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

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

ADUs and Gentle Density as a Solution: Recently, there has been a national trend toward allowing more "gentle density," such as ADUs, duplexes, fourplexes, townhomes, and other moderately dense housing types that were common before zoning restrictions took hold. In 2016, SB 1069 (Wieckowski), Chapter 720, and AB 2299 (Bloom), Chapter 735, allowed ADUs by right on all residentially zoned parcels in California. SB 1211 (Skinner), Chapter 296, Statutes of 2024, continued this trend by increasing the number of allowable detached ADUs on multifamily properties from two to as many as eight, depending on the number of existing multifamily units on the site. Additional legislation has established statewide standards for ADU setbacks, height limits, square footage, and other land use regulations, regardless of local zoning. ADUs are now required to be reviewed within 60 days by local governments through a streamlined, ministerial

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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

process. By permitting attached ADUs, detached ADUs, and junior ADUs (JADUs) on all residential lots, these and other laws have facilitated the construction of "missing middle" housing in exclusionary single-family zones and across all residential neighborhoods in the state.

Taken together, these reforms have created a fast, predictable, uniform, and enforceable approval process for ADUs statewide. As a result, ADUs have gone from representing less than 1% of new housing construction before 2017 to approximately 20% today, with more than 20,000 ADUs legally completed in 2024.[7] Their numbers are expected to continue growing as the ADU construction and financing industry matures, helping meet an estimated market potential of 1.8 million units in California.[8] Because ADUs are not dependent on state funding allocations, they are poised to remain a significant and growing part of the state's new housing stock.

ADUs address California's severe housing deficit and offer benefits to both homeowners and future residents. For homeowners, ADUs can generate rental income to help offset mortgage costs or supplement retirement savings. They may also increase property value and support multigenerational living, allowing families to house aging parents, adult children, or caregivers while preserving privacy. JADUs, typically smaller and created from existing space in the main residence, offer a lower-cost way to add living space using existing infrastructure. For renters, ADUs and JADUs expand the housing supply in established neighborhoods, creating more rental opportunities in areas where housing is often scarce or expensive. Because they are typically smaller than average homes and do not require land acquisition, ADUs are generally cheaper to build and rent than other market-rate units, making them more accessible to lower-income households.

ADUs and Private Sewage Disposal Systems: Existing ADU law permits local agencies to require approval by a local health officer for ADUs served by private sewage disposal systems, reflecting that septic capacity and groundwater protection are legitimate public health concerns. In many rural and semi-rural areas, septic constraints are not theoretical. Systems may be aging, undersized, or located in areas with poor soil or high groundwater, and cumulative impacts can affect drinking water quality and surface water. Under current law, local agencies retain authority to apply objective health and safety standards and to deny or condition an ADU where a system is not functioning properly, lacks sufficient capacity, or would pose a risk to public health or water quality.

At the same time, both existing law and this bill seek to ensure that this authority to ensure health and safety of private sewage disposal systems is applied in a manner consistent with the state's ministerial ADU framework. This bill clarifies that septic-related review must be grounded in objective, site-specific health considerations, rather than broader policy judgments about residential growth or density. In practice, however, some local standards, particularly minimum lot size requirements tied to septic systems, can function as a proxy for land use regulation by effectively limiting where ADUs are feasible, even where a system may otherwise be capable of supporting additional load.

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[7] Per HCDs "APR Dashboard" https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard. Complete data for 2023 will be made available by June 30, 2024. This statistic relies on data pulled on March 30, 2026.
[8] Monkonnen et al, 2020, *One to Four: The Market Potential of Fourplexes in California's Single-Family Neighborhoods*, UCLA Working Paper Series: https://www.lewis.ucla.edu/research/market-potential-fourplexes/

This bill responds to this tension by narrowing the circumstances under which septic requirements may be used to deny or condition ADUs. This bill prohibits denial based on minimum lot size where the system meets State Water Resources Control Board standards, and limits the ability to require system replacement where an existing system is functioning properly and has adequate capacity. At the same time, it preserves local authority to deny or impose conditions where there is substantial evidence that a system cannot safely accommodate an ADU or would create a risk to public health or water quality. In this way, this bill attempts to differentiate between legitimate health-based regulations and the use of septic constraints as a de facto land use control.

Arguments in Support: None on file.

Arguments in Opposition: None on file.

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

None on file.

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2296 (Papan) – As Amended March 19, 2026

SUBJECT: Planning and zoning: housing element: regional housing needs allocation

SUMMARY: Extends a number of timelines in the process of regional housing needs determinations (RHND), regional housing needs allocations (RHNA), and housing element revisions, and requires the Department of Housing and Community Development (HCD) to provide specific analysis or text to local governments to remedy deficiencies in their draft housing element revisions. Specifically, **this bill**:

1) Declares the intent of Legislature to enact legislation that would assign housing element revision deadlines based on smaller regional groupings and local jurisdiction size, as recommended by the California State Auditor in Report 2024-109 California Department of Housing and Community Development: Increased Support Is Critical for Local Jurisdictions to Complete Timely Housing Plans (January 15, 2026).

2) Revises the time by which two or more cities and a county, or counties, may form a subregional entity for the purpose of allocating the subregion's RHNA among its members, from 28 months prior to the scheduled housing element update to 34 months prior.

3) Revises the time by which a Council of Government (COG) must determine the share of RHNA assigned to each delegate subregion in 2) above from 25 months prior to the scheduled revision to 31 months prior.

4) Revises the time by which each COG or delegate subregion shall develop, in consultation with HCD, a proposed methodology for distributing the RHNA to local governments within the region or subregion, from at least two years prior to the scheduled housing element revision to at least two and one-half years prior. For the seventh housing element cycle, this change applies to housing elements adopted after 2027.

5) Revises the time by which each COG and delegate subregion shall distribute a draft RHNA to each local government in the region or subregion and to HCD based on the methodology described in 4) above and to publish the draft RHNA on its website, from at least one and one-half years before the scheduled housing element revision to at least two years prior. For the seventh housing element cycle, this change applies to housing elements adopted after 2027.

6) Requires HCD, if it finds that a draft housing element or draft amendment does not substantially comply with Housing Element Law, to do both of the following in a written communication to the planning agency:

    i. Identify and explain the specific deficiencies in the draft element or draft amendment, including a reference to each subdivision of specified portions of Housing Element Law that the draft does not comply with; and

ii. Provide the specific analysis or text that HCD expects the planning agency to include in the draft to remedy the deficiencies identified pursuant to 6) i) above.

7) Requires a local government's legislative body to consider HCD's findings and the specific analysis or text required by HCD pursuant to 6) above prior to the adoption of its draft element or draft amendment.

8) Requires HCD to review any change made to a housing element as a result of 6) and report its findings to the planning agency within 30 days of receipt of any change, instead of 60 days as currently required.

9) Requires the local government's legislative body, if HCD finds that the draft element or draft amendment does not substantially comply with Housing Element Law, to do one of the following:

   i. Include the specific analysis or text from HCD specified in 7) above in the draft element or draft amendment to substantially comply; or

   ii. Adopt the draft element or draft amendment without the specific analysis or text required by HCD and include written findings in its resolution of adoption that explain the reasons the legislative body believes that the draft substantially complies with the law, despite the specific analysis or text required by HCD.

10) Requires a local government's legislative body to consider HCD's findings and the specific analysis or text required by HCD pursuant to 7) above prior to the adoption of its draft element or draft amendment.

11) Provides that any amendment to Housing Element Law or to any other law that changes in any way the provisions of Housing Element Law does not apply to the period beginning 34 months before the scheduled housing element adoption deadline for a region.

EXISTING LAW:

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

2) Requires HCD, in consultation with each COG, to determine each region's existing and projected housing need at least three years prior to the scheduled revision of the housing element, as provided, and requires the COG or HCD to adopt a final RHNA that allocates a share of the regional housing need to each city or county at least one year prior to the housing element due date for the region. (GOV 65584)

3) Requires HCD to meet and consult with each COG regarding the assumptions and methodology to be used in determining the region's housing needs at least 26 months prior to the housing element due date for the region. (GOV 65584.01)

4) Requires each COG or delegate subregion to develop, in consultation with HCD, a proposed methodology for distributing the RHNA to local governments within the region or subregion at least two years prior to the housing element due date for the region. (GOV 65584.04)

5) Requires each COG or delegate subregion to distribute a draft RHNA based on the methodology under 4) above to each local government in the region and to HCD, and to publish the draft RHNA on its website, at least one and one-half years prior to the housing element due date for the region. (GOV 65584.05)

6) Requires each city and county to adopt a housing element, which must contain specified information, programs, and objectives, including:

   a) An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs, including a quantification of the locality's existing and projected housing needs for all income levels; an inventory of land suitable and available for residential development; an analysis of potential and actual governmental and nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels; and a demonstration of local efforts to remove constraints that hinder the locality from meeting its share of the regional housing need, among other things;

   b) A statement of the community's goals, quantified objectives, and policies relative to affirmatively furthering fair housing and to the maintenance, preservation, improvement, and development of housing; and

   c) A program that sets forth a schedule of actions during the planning period, and timelines for implementation, that the local government is undertaking to implement the policies and achieve the goals and objectives of the housing element, including actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the local government's share of the regional housing need for each income level that could not be accommodated on sites identified in the sites inventory without rezoning, among other things. (GOV 65583)

7) Requires a local government to submit a draft housing element revision or amendment to HCD at least 90 days prior to adoption of a revision of its housing element, as specified, or at least 60 days prior to the adoption of a subsequent amendment to the housing element. (GOV 65585)

8) Requires HCD to review the draft and report its written findings to the planning agency within 90 days of its receipt of the first draft submittal for each housing element revision or within 60 days of its receipt of a subsequent draft. Prohibits HCD from reviewing the first draft submitted for each housing element revision until the local government has made the draft available for public comment for at least 30 days and, if comments were received, as taken at least 10 business days to consider and incorporate public comments, as provided. (GOV 65585)

9) Requires HCD, in its written findings under 8) above, to determine whether the draft element or amendment substantially complies with Housing Element Law. (GOV 65585)

10) Requires the legislative body of a local government to consider the findings made by HCD under 8) above prior to the adoption of its draft element or amendment. Allows the legislative body to act without the findings if HCD's findings are not available within specified time limits. (GOV 65585)

11) Requires the legislative body of a local government, if HCD finds the draft element or amendment does not substantially comply with Housing Element Law, to take one of the following actions:

    a) Change the draft element or amendment to substantially comply with Housing Element Law, as provided; or

    b) Adopt the draft element or amendment without changes, and include written findings in its adoption resolution that explain the reasons the legislative body believes the draft element or amendment substantially complies with Housing Element Law despite the findings of HCD. (GOV 65585)

12) Requires HCD to review adopted housing elements or amendments and any findings described under 11) b) above within 60 days and make a finding as to whether the adopted element or amendment is in substantial compliance with Housing Element Law, and report its findings to the planning agency. (GOV 65585)

13) Requires HCD to develop a standardized reporting format for programs and actions taken in a housing element to affirmatively further fair housing, which must enable the reporting of specified components of assessing fair housing and include specified fields. (GOV 65583)

14) Prohibits, under the Housing Accountability Act (HAA), a local government from disapproving or conditioning approval in a manner that renders infeasible certain housing development projects, including a "builder's remedy project," which is defined to mean:

    a) A housing development project that provides housing for very low, low-, or moderate-income households;

    b) On or after the date an application for the project or emergency shelter was deemed complete, the jurisdiction did not have a housing element that was in substantial compliance with the law; and

    c) The project meets specified density, location, and affordability requirements. (GOV 65589.5)

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's Statement*:** According to the author, "AB 2296 will improve the housing element review process by addressing the delays and challenges local governments face in dealing with HCD. This bill makes three key improvements: first, it starts the Regional Housing Needs Allocation (RHNA) process six months earlier, giving municipalities more time to work on their housing elements and allowing them to engage with HCD sooner; second, it mandates clear and actionable feedback from HCD to ensure local governments have the guidance they need to

comply; finally, the bill will stagger housing element deadlines within Councils of Government to ease the workload on HCD staff, freeing up their time for one-on-one, tailored feedback to municipalities. These changes will help local governments develop compliant housing elements on time, supporting the production of much-needed housing and ensuring clarity in the process."

California's Housing Crisis: California is in the midst of a severe housing crisis. Over two-thirds of low-income renters are paying more than 30% of their income toward housing, a "rent burden" that means they have to sacrifice other essentials such as food, transportation, and health care. In 2024, over 187,000 Californians experienced homelessness on a given night, with a sharp increase in the number of people who became homeless for the first time. The crisis is driven in large part by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP) Housing Need Dashboard, in the current market, nearly 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month. CHP estimates that the state needs an additional 1.3 million housing units affordable to very low-income Californians to eliminate the shortfall. By contrast, production in the past decade has been under 100,000 housing units per year – including less than 20,000 units of affordable housing per year.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for new housing for decades. In the last eight years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

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 seventh RHNA cycle will begin for some COGS in 2027. 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 bulleted 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.

This bill would push back several RHND and RHNA deadlines for the seventh housing element cycle and beyond by six months, as follows:

1) Each COG must develop its proposed RHNA methodology at least 2.5 years prior to the scheduled housing element revision, rather than two years under existing law; and

2) Each COG must distribute its draft RHNA allocation plan at least two years prior to the scheduled housing element revision, rather than 1.5 years under existing law.

This bill also contains some differences or exceptions to these extended timelines to provide feasible timelines for jurisdictions with due dates earlier in the upcoming seventh housing element cycle. Generally, the additional six months provided by this bill would mean that COGs would have to distribute their draft RHNA plan at least two years before the housing element due date. With the 195-day RHNA methodology appeal timeline in existing law, this change would result in local governments receiving their final RHNA numbers about 1.5 years prior to the housing element due date, providing them an extra six months to prepare housing elements and submit them to HCD for review and approval.

Local governments are allowed to form a subregional entity underneath the COG that receives a direct allocation of the RHND from the COG and has the ability to establish its own RHNA methodology and allocation plan. Two or more local governments are allowed to form a subregion to allocate the RHNA. The formation of the regional entity must occur 28 months prior to the housing element revision. This bill would extend the timeline that cities and counties have to form a subregional entity to allocate the subregions RHNA from 28 months to 34 months. In addition, COGs must determine the share of RHNA assigned to each delegate subregion 25 months prior to a housing element revision, this bill would change that requirement to 31 months prior.

***Adoption and Implementation of Housing Elements*:** All of the state's 540 cities and counties are required to appropriately plan for new housing through the housing element of each community's General Plan, which outlines a long-term plan for meeting the community's existing and projected housing needs. Cities and counties are required to update their housing elements every eight years in most of the high population parts of the state, and five years in areas with smaller populations. Localities must adopt a legally valid housing element by their statutory deadline for adoption. Failure to do so can result in certain escalating penalties, including an accelerated deadline for completing rezoning, exposure to the "builder's remedy," public or private lawsuits, financial penalties, potential loss of permitting authority, or even court receivership.

Among other things, the housing element must demonstrate how the community plans to accommodate its share of its region's RHNA, described above. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Where a community does not already contain the existing capacity to accommodate its fair share of housing, it must undertake a rezoning program to accommodate the housing planned for in the housing element. Depending on whether the jurisdiction met its statutory deadline for housing element adoption, it will have either one year (if it failed to meet the deadline) or three years (if it met the deadline) from its adoption deadline to complete that rezoning program.

It is critical that local jurisdictions adopt legally compliant housing elements on time in order to meet statewide housing goals and create the environment locally for the successful construction of desperately needed housing at all income levels. Unless communities plan for production and preservation of affordable housing, new housing will be slow to build. Adequate zoning, removal of regulatory barriers, protection of existing stock and targeting of resources are essential to obtaining a sufficient permanent supply of housing affordable to all economic segments of the community. Although not requiring the community to develop the housing, housing element law requires the community to plan for housing. Recognizing that local governments may lack adequate resources to house all those in need, the law nevertheless mandates that the community do all that it can and that it not engage in exclusionary and harmful practices.

Local governments have a statutory deadline to submit a housing element based on region. Ninety days before the deadline to adopt a housing element, localities must submit a draft to HCD. HCD is required to review the draft element within 90 days of receipt and provide written findings as to whether the draft amendment substantially complies with housing element law. If HCD finds that the draft element does not substantially comply with the law, the local agency may either make changes to the draft element to substantially comply with the law or adopt the element and make findings as to why it complies with the law despite the findings of the department. Following adoption of a housing element, a local agency submits it to HCD. When a local government adopts its housing element without making the changes HCD provides, the process is called "self-certification." Despite the fact that the process allows a local agency to adopt a housing element without making the changes required by HCD to be in substantial compliance, a local agency is not considered compliant until receiving ultimate approval from HCD. Last year, AB 1886 (Alvarez), Chapter 267, further clarified that a housing element is in compliance when both a local agency has adopted a housing element and HCD had found the element in compliance.

This bill would require HCD's findings of noncompliance for either a draft or adopted housing element to identify and explain the specific deficiencies, by reference to each subdivision of housing element law, that the draft does not comply with, and would require HCD to provide the specific analysis or text that would address the deficiencies if the local government were to include them in a revised element or amendment. This requirement would add considerable work to the already labor-intensive housing element review process. Last year, SB 650 (Papan) proposed this change, and HCD estimated it would cost $11 million annually and 52 new positions to do this additional work.

Auditor's Report: The Legislature directed the State Auditor to audit HCD to evaluate its oversight of cities and counties' submissions of housing elements and HCD's procedures for reviewing housing elements. HCD interprets and enforces the Housing Element Law and determines whether local jurisdictions' housing elements substantially comply with it. HCD then issues findings letters to local jurisdictions to notify them of its compliance determination, but the law does not require these letters to provide prescriptive instruction for achieving compliance.

The audit found that, generally, HCD's feedback was viewed as valuable feedback to local jurisdictions; however, jurisdictions that are struggling to develop compliant housing elements also require individualized assistance. The auditor looked at 10 local jurisdictions and found that HCD's review met the statutory deadlines, but individualized assistance from HCD was important to help the jurisdictions understand and address the department's findings.

The auditor recommended staggering the submission dates for housing elements in order to reduce the spike in HCD's workload that occurs when many local jurisdictions submit their revised housing elements at the same time. The auditor recommended assigning housing element due dates based on smaller regional groupings and local jurisdiction size. This would allow local jurisdictions within larger COGs to have different due dates, such as separating ABAG and SCAG deadlines by three years.

This bill includes intent language to Legislature to enact legislation that would assign housing element revision deadlines based on smaller regional groupings and local jurisdiction size. The author has proposed an adjustment to housing element timelines to better-manage HCD's workload and prevent a sudden influx of housing elements requiring review on tight statutory timelines.

Transition Period: In addition to recommending the housing element submission be staggered to ease HCD's workload, the auditor recommended that any new laws that change the process for housing elements have a delayed implementation. To ensure that local jurisdictions and HCD have time to adjust to any new or updated housing element laws without disrupting current planning cycles, the Legislature should consider including a transition period, such as a delay in the effective date of a law passed during a planning cycle. This bill prohibits any amendment to Housing Element Law, or any other law that changes housing element from applying to a housing element update 34 months before the housing element scheduled to be submitted. This provision would have broad implications. It would tie the hands of future Legislators and could be easily undone if there was a desire to change the law. It would also prevent the Legislature from making necessary changes to the law to ensure housing elements are effective.

In a court case, *New Commune DTLA LLC v. City of Redondo Beach,* a court invalidated Redondo Beach's housing elements because it relied upon affordable housing overly zones, which allowed for housing in the overlay but not in the underlying zoning designation. The court case has implications for 100s of cities that used overlay zones in their housing element. Some affected cities are sponsoring a bill to allow cities to use overlay zones and not have their housing element found out of compliance. A noncompliant housing element triggers consequences, including the Builder's Remedy, which allows housing on sites that are not zoned residential with certain parameters, as well as other penalties. Although the committee has historically been careful not to make significant changes to Housing Element Law when cities are in the midst of developing their housing element, it is not prudent to enact a blanket prohibition of changes to Housing Element Law during the time leading up to adopting of a housing element.

Arguments in Support: According to the sponsor of this bill, the League of California Cities, 'During the 6th RHNA cycle, local governments experienced various challenges in obtaining certification from HCD. Some of the challenges include multiple housing element drafts before certification within a short timeline for completing these complex documents, a nearly 126% increase in the duration to complete the housing element compared to the 5th RHNA Cycle1, a lack of clarity regarding what the state expects from local governments when reviewing additional housing element drafts, and an ever-changing legal environment mid-cycle that local jurisdictions must account for and incorporate into their housing elements. AB 2296 would address these issues by allowing local governments to begin updating their housing elements six months early and by staggering housing element statutory deadlines to help manage HCD's workload capacity.

Arguments in Opposition: Several organizations including, CA Yimby, CBIA, SPUR and Greenbelt Alliance, are opposed to this bill because it would prohibit new state housing laws from applying to city housing elements for a three year period leading up to the deadline to submit a housing element. They write, "Without this amendment AB 2296 would undermine the carefully crafted connection between the housing element process and enforcement measures within the HAA. Enforcement of state housing element law is key to addressing our housing affordability and availability crises and, therefore, we must strongly oppose AB 2296 unless amended because it would take us backwards in this effort."

Committee amendments:

1) Delete the following language to prohibit any amendment to Housing Element Law or any other law that changes Housing Element Law from applying 34 months before a local government must update their housing element.

   ~~*(f) Any amendment to this article, or to any other law that changes in any way the provisions and requirements of this article, shall not apply to the period that begins 34 months before the scheduled housing element update required by this section*~~

Related Legislation:

AB 650 (Papan) (2025) was substantially similar to this bill and would have extend a number of timelines in the process of regional housing needs determinations (RHND), regional housing needs allocations (RHNA), and housing element revisions, and requires the Department of Housing and Community Development (HCD) to provide specific analysis or text to local governments to remedy deficiencies in their draft housing element revisions. AB 650 was vetoed by the Governor. The veto message is below:

> *To the Members of the California State Assembly:*
>
> *I am returning Assembly Bill 650 without my signature.*
>
> *This bill would require the Department of Housing and Community Development (HCD), if it finds that a draft housing element is deficient, to provide the specific analysis and the draft text that should be included in the jurisdiction's housing element.*
>
> *I share the author's interest in improving the housing element process. In partnership with the Legislature, we have enacted numerous reforms to strengthen this process by demanding more rigorous site inventories, enforceable rezoning, and stronger accountability mechanisms to uphold state law.*
>
> *Although intended to build on these recent efforts, I am concerned that this bill would inappropriately shift responsibility for preparing housing elements from local jurisdictions to HCD. While HCD provides technical assistance when requested and in response to inadequate housing elements, that support is no substitute to the local government's fundamental responsibility to plan for its share of housing needs. Further, shifting these duties to the state would add at least $11 million in new annual costs.*
>
> *Housing element law has advanced considerably through recent legislation, much of which is now being implemented in the current planning cycle. As these changes take hold, it is critical to preserve the fundamental structure of local planning responsibility under state oversight. However, I look forward to continuing to work with the Legislature on additional opportunities to further improve this process.*
>
> *For these reasons, I cannot sign this bill.*
>
> *Sincerely,*

Gavin Newsom

AB 1275 (Elhawary), Chapter 593, Statues of 2025, requires HCD to determine each region with a COG's existing and projected housing need three years prior to each region's scheduled housing element revision, rather than two years as under existing law, and makes changes to how the transportation and job projections in a region's sustainable communities strategy (SCS) must be incorporated into each COG's RHNA methodology and final RHNA plan. Ab 1275 is currently pending a hearing before this committee.

AB 1886 (Alvarez), Chapter 267, Statutes of 2024 clarified that a housing element or amendment is not considered substantially compliant with housing element law until the local agency has adopted a housing element that HCD has determined is in substantial compliance with housing element law, as specified.

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

League of California Cities (Sponsor)

Opposition

California YIMBY
CBIA
Greenbelt Alliance
South Pasadena Residents for Responsible Growth
SPUR

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2351 (Bonta) – As Amended April 6, 2026

SUBJECT: General plan: annual report: shelter beds

SUMMARY: Requires local jurisdictions, beginning with the annual progress report (APR) that is due April 1, 2028, to report the number of emergency shelter beds and permanent housing units in the jurisdiction. Specifically, **this bill**:

1) Requires local jurisdictions to include in the APR they must submit to Housing and Community Development (HCD) the number of temporary emergency shelter beds and permanent housing units serving those experiencing or exiting homelessness in the jurisdiction in each of the following categories:

   a) Noncongregate shelter beds, which are facilities that offer temporary shelter or lodging for people experiencing homelessness, including, but not limited to, interim beds in tiny homes, models, hotels, or navigation centers;

   b) Transitional housing, which is housing that provides temporary lodging and is designed to facilitate the movement of individuals and families experiencing or exiting homelessness into permanent housing within a specified period of time, but no longer than 24 months;

   c) Permanent supportive housing, which is housing that offers permanent housing and supportive services to assist people experiencing or exiting homelessness with a disability to live independently, including but not limited to, individuals with disability or families in which one adult or child has a disability;

   d) Rapid rehousing, which is permanent housing that provides housing relocation and stabilization services or short- or medium- term rental assistance as necessary to help an individual or family experiencing or exiting homelessness move as quickly as possible into permanent housing and achieve stability in the housing; and

   e) Other permanent housing, which is long-term housing that is not otherwise considered permanent housing or rapid housing.

EXISTING LAW:

1) Defines “permanent supportive housing,” as a project that offers permanent housing and supportive services to assist people experiencing homelessness with a disability to live independently, including individuals with disabilities or families in which one adult or child has a disability, in alignment with 24 Code of Federal Regulation (CFR) Part 578.3.

2) Defines “rapid rehousing,” as a permanent housing project that provides housing relocation and stabilization services and/or short- and/or medium-term rental assistance as necessary to help an individual or family experiencing homelessness move as quickly as possible into permanent housing and achieve stability in that housing. (24 CFR Part 578.3)

3) Defines "shelter," to include interim beds in tiny homes, motels and hotels, as defined as projects that offer temporary shelter (lodging) for people experiencing homelessness in general or for specific populations of people experiencing homelessness.(24 CFR Part 576.2)

4) Defines "transitional housing," as a project that provides temporary lodging and is designed to facilitate the movement of individuals and families experiencing homelessness into permanent housing within a specified period of time, but no longer than 24 months. (24 CFR Part 578.3)

5) Requires a planning agency to provide an APR to the legislative body, the Office of Planning and Research, and the HCD by April 1 of each year that includes all of the following:

    a) The status of the general plan and progress in its implementation;

    b) The progress in meeting its share of the regional housing needs allocation (RHNA), including the need for extremely low-income households, and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing included in the housing element;

    c) The number of housing development applications received in the prior year, including whether each housing development application is subject to a ministerial or discretionary approval process;

    d) The number of units included in all development applications in the prior year;

    e) The number of units approved and disapproved in the prior year, disaggregated into income subcategories within opportunity areas, as specified;

    f) The degree to which the approved general plan complies with the guidelines developed in existing law for addressing specified matters, including environmental justice matters, collaborative land use planning of adjacent civilian and military lands, consultation with Native American tribes, and road and highway safety;

    g) A listing of sites rezoned to accommodate that portion of the city or county's share of the RHNA for each income level that could not be accommodated on sites identified in the housing element's site inventory and any sites that may have been required to be identified under the No Net Loss Zoning law;

    h) The number of housing units demolished and new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy, thus far in the housing element cycle, and the income category by AMI that each housing unit satisfies;

    i) Certain information regarding funding that may have been allocated via the Local Government Planning Support Grants Program;

j) The progress of the city or county in adopting or amending its general plan or local open-space element in compliance with its obligations to consult with California Native American tribes and to identify and protect, preserve, and mitigate impacts to tribal places, features, and objects;

k) Specified information related to density bonus law applications, including the number of units in a student housing development for lower income students for which the developer was granted a student housing density bonus;

l) Specified information related to Affordable Housing and High Road Jobs Act of 2022 applications; and

m) A list of all historic designations listed on the National Register of Historic Places, the California Register of Historic Resources, or a local register of historic places by the city or county in the past year, and the status of any housing development projects proposed for the new historic designations. (Government Code (GOV) 65400)

6) Requires HCD to post APR reports on its website within a reasonable time of receiving the reports. (GOV 65400)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's statement: According to the author, "Addressing the homelessness crisis is a top priority for countless Californians, including many in this legislature, yet we still lack basic data transparency to track how we are addressing it as a state. AB 2351 takes a simple but critical step: requiring local governments to report the number of shelter beds and housing units serving people experiencing or exiting homelessness as part of their existing annual progress reports to the state. This data is already largely tracked. This bill simply ensures it flows to the state so that we can build a complete, statewide picture of our shelter capacity and better coordinate our response. California has made real progress, including a 9% drop in unsheltered homelessness in 2025, but that progress has been uneven across jurisdictions. This bill gives the state the tools to identify which communities are stepping up and which are falling behind. By leveraging the Annual Progress Report process that cities and counties already complete each year, AB 2351 imposes minimal new administrative burden while delivering maximum accountability. Transparent, standardized data is the foundation of an effective, equitable homelessness response."

The Point-in-Time (PIT) and Housing Inventory Count (HIC): The PIT is a count of sheltered and unsheltered people experiencing homelessness on a single night in January. HUD requires that Continuums of Care (CoCs) conduct an annual count of people experiencing homelessness who are sheltered in emergency shelter, transitional housing, and Safe Havens on a single night. CoCs also must conduct a count of unsheltered people experiencing homelessness every other year (odd-numbered years). Each count is planned, coordinated, and carried out locally.

The HIC is a point-in-time inventory of provider programs within a CoC that provide beds and units dedicated to serving people experiencing homelessness (and, for permanent housing projects, where homeless at entry, per the HUD homeless definition), categorized by five Program Types: Emergency Shelter; Transitional Housing; Rapid Re-housing; Safe Haven; and

Permanent Supportive Housing. Data for the PIT count and HIC are submitted to HUD via the online data submission Homelessness Data Exchange (HDX). The definitions of emergency shelter and permanent housing are almost identical to the federal definitions in the HIC, which should make it easier for local jurisdictions to report data as part of the APR. This bill adds navigation centers to the definition of emergency shelter, which is not in the federal definition.

Annual Progress Reports: Current law requires all local jurisdictions to provide housing information annually to HCD via the APR, including the following information from the current housing element cycle:

- The number of housing development applications received, and whether those applications are subject to ministerial or discretionary approval;
- The number of units included in all development applications;
- The number of units approved and disapproved;
- For each income category, the number of net new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy;
- A unique site identifier (such as assessor's parcel number) for each entitlement, building permit, or certificate of occupancy; and
- The overall progress in meeting its share of regional housing needs.

It is important to note that APR submission has become a lengthy and involved process for city and county planning staff to undertake each year, and changing components can also prompt HCD to need to reconfigure its existing APR data collection and visualization tools to account for different categories of information. Adding new components to APRs should be considered carefully in light of the additional workload that will be placed on planning staff or consultants as well as HCD. This bill would delay the requirement to report information on the number of emergency shelter and permanent housing until April 1, 2028. This delay eases the impact of this bill on local governments, who will have begun updating their APRs in the beginning of 2027 and would then be forced to change their reporting process by a new requirement due for the APRs due on April 1, 2027.

Arguments in Support: According to the Bay Area Council, a sponsor of this bill, "current law already requires that all local governments adopt housing plans as part of their general plans. The bill adds the number of shelter beds as a required reporting element for annual progress reports. This will impose minimal new burden by allowing cities to report pre-existing data through a state-level process that they already complete each year. This valuable addition to APRs will help illuminate which cities are leading with the most effective approaches and refine the state's response in helping Californians off the streets.

Arguments in Opposition: None on file.

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

DignityMoves (Sponsor)
Bay Area Council
California YIMBY
National Alliance to End Homelessness

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2480 (Ávila Farías) – As Amended April 7, 2026

SUBJECT: Housing development: density bonus: student housing developments

SUMMARY: Requires a local government to provide an additional density bonus for student housing developments that meet a minimum affordability threshold and provide additional units for moderate-income students. Specifically, **this bill**:

1) Defines "moderate income student" as a student who is not claimed as a dependent on a parent's or guardian's federal or state income tax returns, and whose income does not exceed 120% of the area median income (AMI), as published by the California Tax Credit Allocation Committee (TCAC), for the area in which the student housing development is located.

2) Establishes the following rental limits for student housing developments in DBL:

    a) For lower income students, the rent shall not exceed the following:

        i) For an efficiency or one-bedroom unit: 65% of area median income (AMI) rent limit for the appropriate unit size, as established by the California Tax Credit Allocation Committee (TCAC); and

        ii) For two-bedroom or larger units: 80% AMI rent limit for the appropriate unit size as established by TCAC, divided by the number of bedrooms. If bedrooms will be shared, the per bed rent limit shall be 75% of the per-bedroom rent limit.

    b) For moderate income students, the rent shall not exceed the following:

        i) For an efficiency or one-bedroom unit: 100% AMI rent limit for the appropriate unit size, as established by TCAC; and

        ii) For two-bedroom or larger units: 120% of the AMI rent limit for the appropriate unit size, as established by TCAC, divided by the number of bedrooms. If bedrooms will be shared, the per-bed limit shall be 75% of the per-bedroom limit.

3) Requires local governments to grant an additional density bonus, provided that the resulting student housing development would not restrict more than 50% of the total units to moderate-income or lower income students, subject to the following requirements:

    a) The student housing development provides 24% of the total units for lower-income students;

    b) The student housing development meets existing statutory requirements pertaining to DBL student housing developments, including requirements of student occupancy, affordability, priority for students experiencing homelessness, and a 55-year affordability restriction;

c) The student housing development is located in a campus development zone (CDZ), generally a ½ mile radius around a California Community College (CCC), California State University (CSU), or University of California (UC);

d) The student housing development is not located on a site identified in the city or county's housing element as suitable for the development of units for lower-income households; and

e) The applicant agrees to include additional rental units to lower- and moderate-income students.

4) Requires the additional bonus in 3), above, to be calculated as follows:

a) If the student housing development provides at least 5%, and at most 10%, additional very low income (VLI) units, a bonus ranging from 20%-38.75%; and

b) If the student housing development provides at least 5%, and at most 15%, moderate-income units, a bonus ranging from 20%-50%.

EXISTING LAW:

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

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

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

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

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

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

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

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

2) Requires local governments to grant a density bonus ranging from 20% to 50% for rental developments that include a minimum percentage of units affordable to very low-, low-, or moderate-income households, with the bonus increasing on a sliding scale based on the level of affordability provided. For 100% affordable rental developments, the law provides a bonus of up to 80%, along with additional incentives such as increased height limits, reduced parking requirements, and modified development standards if the project is located within ½ mile of a major transit stop or in a low vehicle miles traveled (VMT) area. In certain cases,

100% affordable projects in qualifying areas may be allowed unlimited density. (GOV 65915)

3) Requires a local government to grant an additional density bonus on top of the bonus in 2) if the applicant agrees to include additional rental or for-sale units affordable to very low income households or moderate income households.

4) Provides that the granting of a density bonus, incentive, or concession shall not be interpreted in and of itself, to require a general plan amendment, local coastal plan amendment, zoning change, or other discretionary approval. (GOV 65915)

5) Establishes procedures for calculating the maximum allowable residential density, or base density, of the project, for which the bonus is to be calculated based on. (GOV 65915)

6) Provides that, in no case, may a local government apply any development standard that will have the effect of physically precluding the construction of a development at the densities or with the concessions or incentives permitted by DBL. (GOV 65915)

7) Establishes Campus Development Zones (CDZ) within a ½ mile radius of a University of California (UC), California State University (CSU), and a California Community College (CCC). (GOV 65912.101)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "As you know, our state is facing an extreme housing crisis, and students are not immune. The vast majority of California's college students rely on a limited number of unaffordable and inaccessible off-campus housing units. Despite the immense community benefit low-income and moderate student housing provides, new housing projects near colleges are often difficult to build. Not to mention, for most affordable housing projects to pencil out, developers need financing mechanisms offered by federal, state and local governments in order to fill the gap.

AB 2480 would harmonize the Student Housing Density Bonus with super density bonus, allowing additional density increases for developments that serve both low-income and moderate-income students. This would allow student developments that have maxed out their low-income density bonus to receive a super density bonus as long as the developer reserves those additional units for moderate income students."

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

[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

One in three households in the state doesn't earn enough money to meet their basic needs. In 2024, over 187,000 Californians experienced homelessness on a given night.[2]

To meet this housing need, the Department of Housing and Community Development (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). 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.[3]

A recent report from the Public Policy Institute of California (PPIC) shows that students spend more on housing than tuition while attending public university.[4] While public colleges have made significant efforts to house students on campus in recent years, the vast majority of California's college students still rely on a limited number of increasingly unaffordable and inaccessible off-campus housing units available through the private market. While public universities are not required to obtain approval to build student housing on their own land, so long as they have a master plan in place, private developers building housing near college campuses must undergo an often lengthy and costly approval process. Furthermore, student housing need is not accounted for in the RHNA process by HCD, so Californians attending university may be underserved by our current production pipeline.

According to a 2023 survey from the California Student Aid Commission, a majority of California college students experience rent burdens and housing insecurity due to high housing costs.[5] Nearly 24% of CCC, 11% of CSU, and 8% of UC students are unable to keep up with the high cost of housing and fall into homelessness in a given year.[6] The largest representative study of homelessness since the 1990s found that the most common reason for leaseholders leaving their last housing was economic.[7]

Density Bonus Law: California's DBL, originally enacted in 1979, is a key state policy tool aimed at addressing the financial challenges of building affordable housing, particularly in high-cost markets. Given the state's elevated land and construction costs, the private market struggles to deliver housing that is affordable to low- and moderate-income households without public subsidy. An analysis by the California Housing Partnership compares the cost of market rate developments 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.[8] The increased cost for

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[2] 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
[3] https://www.hcd.ca.gov/policy-research/housing-challenges.shtml
[4] https://www.ppic.org/publication/keeping-college-affordable-for-california-students/#:~:text=In%20fact%2C%20for%20a%20majority,community%20college%20(Figure%201).
[5] https://www.csac.ca.gov/sites/main/files/file-attachments/food_and_housing_basic_needs_survey_2023.pdf?1700100691&utm_medium=email&utm_source=ActiveCampaign&utm_medium=email&utm_content=California+Democrats+gather+to+pick+favorites+-+and+party&utm_campaign=WhatMatters
[6] https://lao.ca.gov/reports/2024/4898/Update-on-Student-Housing-Assistance-050724.pdf
[7] https://homelessness.ucsf.edu/our-impact/studies/california-statewide-study-people-experiencing-homelessness
[8] 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-

the deed-restricted 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 public funding sources used by affordable housing developers.

DBL seeks to close some of the financial gaps associated with building affordable housing by allowing developers to build more units than local zoning laws typically permit, known as a "density bonus," in exchange for reserving a certain percentage of the housing units as affordable. This increased density enables the fixed costs of development to be spread across more units, thereby helping to offset the lower returns from the affordable units and reducing the need for direct public subsidy. Under current law, any housing development proposing five or more units, including mixed-income developments, can take advantage of the provisions of DBL.

To qualify for a density bonus, a project must include one of several affordability options, including providing units for lower-income, very low-income, or moderate-income households, or targeting specific populations such as seniors, transition-age foster youth, disabled veterans, or lower-income college students. All affordable rental units built under DBL must be deed-restricted for at least 55 years to ensure long-term affordability. Local governments are required to adopt a local ordinance implementing DBL. However, even if a local government has not formally adopted a density bonus ordinance, it is still legally obligated to comply with state law and grant the bonuses and concessions to qualifying projects as requested by developers.

Under DBL, when a mixed-income housing development includes a minimum percentage of affordable units, such as 5% very low-income or 10% lower-income, it becomes eligible for a density bonus for additional market-rate units starting at 20%, with the potential to increase up to 50%, depending on the proportion of affordable units provided. Fully affordable projects can qualify for up to an 80% density bonus, or unlimited density if located within ½ mile of a major transit stop, or in a very low vehicle travel area. Furthermore, DBL provides an additional density bonus on top of the typical density bonus for proposed developments that provides very-low or moderate-income units, if certain affordability thresholds are met.

In addition to the density bonus, eligible projects are entitled to receive between one and five regulatory incentives or concessions, depending on the share of affordable housing units provided. These may include modifications to development standards such as reduced setbacks, increased building height, higher floor area ratios (FAR), or reduced parking requirements, when those changes result in actual and identifiable cost savings that help support the affordable units. Because DBL applies to mixed-use developments, a project may also receive incentives or concessions for increased intensity or expanded nonresidential uses if doing so would reduce the overall cost of development. Projects can also request other zoning or regulatory modifications that reduce development costs, and local governments must grant those incentives, unless they can make specific findings to deny them as narrowly defined in state law. Developers maintain that these incentives and concessions are critical for making affordable housing projects financially feasible.

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rate-housing-from-a-cost-perspective/#:~:text=It%20turns%20out%20that%20costs,market%2Drate%20developments%20do%20not.

In practice, DBL plays a critical role in the state's housing strategy, both by reducing development costs and by increasing the overall supply of housing at all income levels, particularly in communities that might otherwise see little affordable housing development. By leveraging regulatory flexibility instead of direct public funding, DBL offers a cost-effective mechanism to stimulate the production of both mixed-income and 100% affordable housing projects throughout California. According to Annual Progress Report (APR) data, published by HCD and analyzed by Circulate Planning & Policy, since 2021, DBL has been used to approve over 140,000 homes, including more than 69,000 deed-restricted affordable homes.[9]

Student Housing Legislation: In recent years, the Legislature has made targeted amendments to the DBL to explicitly facilitate student housing production, which historically did not fit neatly within standard affordability and occupancy frameworks. SB 290 (Skinner) Chapter 340, Statutes of 2021 provided that student housing developments providing at least 20% of units for lower-income students are eligible not only for a density bonus, but also for incentives and concessions, specifically guaranteeing at least one concession at that threshold.

Subsequent legislation has focused on expanding the usability and financial feasibility of DBL for student-oriented projects. AB 1287 (Alvarez), Chapter 755, Statutes of 2023, added an additional, "stackable" density bonus tier and an additional incentive/concession for projects that exceed existing DBL affordability thresholds. Under AB 1287, a project must first qualify for the maximum base density bonus by meeting existing thresholds, such as providing 15% very low-income units, 24% low-income units, or 44% moderate-income units in for-sale projects, and may then receive an additional density bonus of up to 50% by providing additional very low-income or moderate-income units beyond those thresholds.

AB 3116 (Garcia, 2024) further restructured DBL by replacing fixed bonus thresholds with a sliding scale tied more directly to the percentage and depth of affordable units, and, critically, removed the requirement that student housing projects be master leased or operated by a college or university. This change addressed a key constraint in prior law, allowing student housing developments to qualify for DBL incentives without requiring direct institutional participation, thereby broadening the range of developers able to deliver student housing while maintaining affordability requirements tied to student populations.

Separately, AB 893 (Fong) extends the state's recent use-by-right housing framework to student housing by applying an AB 2011 (Wicks), Chapter 647, Statutes of 2022–style ministerial approval process to qualifying developments located within designated "campus development zones," defined as areas within one-half mile of a California Community College, California State University, or University of California campus. Within these zones, qualifying student housing projects may be approved ministerially (without discretionary review or CEQA) if they meet specified affordability, labor, and site standards. In contrast to the DBL changes described above, which operate by increasing development capacity through incentives, AB 893 primarily addresses entitlement risk and timing, seeking to facilitate student housing production in campus-adjacent areas by reducing approval uncertainty while maintaining existing exclusions for environmentally sensitive sites and protected housing.

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[9] Circulate Planning & Policy, *Win-Win Bonus, How Bonus Law quietly transformed California's Housing Approvals,* April 2026.

"Stackable" DBL: AB 1287 (Alvarez), Chapter 755, Statutes of 2023, added an additional, "stackable" density bonus tier and an additional incentive/concession for projects that exceed existing DBL affordability thresholds. However, this additional bonus is structured around the existing DBL affordability categories, particularly very low-, low-, and moderate-income units as defined for traditional rental and for-sale housing. Student housing developments, as authorized under DBL, are instead governed by a separate framework that requires units to be restricted to lower-income students and priced using student-specific affordability assumptions (e.g., per-bed rents tied to a lower-income standard), and do not align with the statutory categories used to qualify for the additional AB 1287 bonus. As a result, student housing developments are generally unable to utilize the additional density bonus and concession created by AB 1287, even if they provide deeper levels of affordability, because the law does not clearly map the student housing provisions onto the new bonus thresholds.

This Bill: This bill would expand the "stackable" DBL provisions created by AB 1287 to student housing developments. It would establish an additional density bonus specifically for student housing developments that include both lower-income and moderate-income students, and that exceed existing statutory affordability thresholds. It defines "moderate-income student" as a student who is not claimed as a dependent and whose income does not exceed 120% of AMI, and establishes rent limits for both lower- and moderate-income student units based on TCAC standards, including per-bedroom and per-bed calculations for shared housing configurations.

This bill requires a local government to grant an additional density bonus, on top of the existing statutory density bonus requirements, for qualifying student housing developments that provide at least 24% of units for lower-income students and include additional units affordable to lower- or moderate-income students, provided that no more than 50% of the total units are restricted to those income levels. To qualify, developments must meet existing statutory requirements applicable to student housing under the DBL, including student occupancy restrictions, affordability requirements, and a 55-year affordability covenant. For a student housing development to be eligible for this stackable bonus, it must be located within a CDZ, which is the area within a ½ mile radius of a California Community College, California State University, and University of California, and cannot be located on sites identified in the local housing element for lower-income housing.

Finally, this bill establishes a sliding-scale framework for calculating the additional density bonus that student housing developments can receive if they include additional moderate-income or VLI units, allowing projects to receive between 20% and 50% additional density depending on the extent to which they exceed baseline affordability requirements. This additional bonus is cumulative with existing density bonus provisions, effectively allowing qualifying student housing developments to achieve significantly higher overall densities in exchange for deeper or broader affordability targeting within student populations.

Policy Considerations: **Very Low Income.** This bill would allow student housing developments to access the stackable density bonus if they meet a baseline lower-income unit threshold, and then provide additional moderate-income or VLI units. However, VLI student housing units are not defined in existing statute or this proposed bill. The Committee may wish to consider removing reference to VLI student housing units, and instead focus this bill on the newly-defined moderate-income provisions.

Arguments in Support: The Student Homes Coalition, one of this bill's sponsors, writes in support: "Many of California's existing tools for addressing the housing crisis were not designed to address student homelessness and housing insecurity. Students are expressly prohibited from accessing most deed-restricted affordable units, and financial aid programs rarely cover the student's cost of living. AB 2480 will help fill the gap between affordable housing and student housing by allowing developers to use the super density to build affordable units for students. By building on affordable housing programs that have been proven effective, this bill will create a truly viable pathway for low and moderate income student housing to get built across California."

Arguments in Opposition: None on file.

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

1) Removing reference to the stackable bonus for lower-income units, which does not exist in statute, and limiting the ability to access the stackable bonus to student housing developments that include additional moderate-income units.

Related Legislation:

AB 1287 (Alvarez), Chapter 755, Statutes of 2023, added an additional, "stackable" density bonus tier and an additional incentive/concession for projects that exceed existing DBL affordability thresholds.

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

ASUCD Housing and Transportation Advocacy Committee (Sponsor)
College Democrats At UC Irvine (Sponsor)
Davis College Democrats (Sponsor)
Student Homes At SJSU (Sponsor)
Student Homes At UCLA (Sponsor)
Student Homes At UCSB (Sponsor)
Student Homes At UCSD (Sponsor)
Student Homes Coalition (Sponsor)
University Housing Rights Organization At UC Berkeley (Sponsor)
Urban Studies Student Association (Sponsor)
YouthBridge Housing (Sponsor)
California Apartment Association
Circulate Planning & Policy
Construction Employers' Association
GenerationUp, Incorporated

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2576 (Harabedian) – As Amended March 19, 2026

SUBJECT: Transit-oriented development

SUMMARY: Amends SB 79 (Wiener), Chapter 512, Statutes of 2025, to add additional historic preservation protections, delay implementation by one year, and increase the population threshold under which certain SB 79 requirements apply to cities from 35,000 to 40,000. Specifically, **this bill**:

1) Defines "historic resource," for purposes of SB 79, to mean a historic resource listed on a local, state, or national historic register and including, but not limited to, a historic district and local landmark district.

2) Increases, from 35,000 to 40,000, the population threshold used to determine whether SB 79's upzoning standards apply within one-half mile (instead of one-quarter mile) of a qualifying transit-oriented development (TOD) stop.

3) Delays the implementation of all provisions of SB 79 by one year.

4) Allows an SB 79 TOD local alternative plan to exceed the 50% cap on reducing the developmental capacity of any given site by allowing local governments to exempt sites with any historic resource, not just those listed on a local register, from the upzoning provisions of SB 79 through their local plans, and deletes the existing requirement that the cumulative amount of historic resource exemptions in any TOD zone cannot exceed 10% of the eligible area.

5) Allows a local government to adopt an ordinance exempting sites designated as a historic resource as of January 1, 2025 from the provisions of SB 79 until one year after the adoption of a seventh cycle housing element.

EXISTING LAW:

1) Creates, pursuant to SB 79, a streamlined, ministerial approvals process for housing development projects meeting certain objective standards within a specified distance of TOD stops as follows:

    a) Makes housing development projects an allowable use on any site zoned for residential, mixed-use, or commercial development within one-half mile of a TOD stop in cities with a population of 35,000 or more, and within one-quarter mile of a TOD stop in cities with a population of less than 35,000.

    b) Establishes minimum land use standards, including requirements related to height, density, and floor area ratio, for TOD housing projects based on proximity to the TOD stop and the population of the jurisdiction. (Government Code (GOV) 65912.157)

2) Establishes the following timelines in SB 79:

a) Requires the Department of Housing and Community Development (HCD) to develop standards on how to allow for residential capacity under SB 79 to be counted in a jurisdiction's housing element sites inventory by July 1, 2026; (GOV 65912.160)

b) Requires Metropolitan Planning Organizations (MPOs) to create a map of TOD stops and zones within their region in accordance with HCD's guidelines, with a rebuttable presumption of validity for use by project applicants and local governments on an unspecified timeline; (GOV 65912.160)

c) Applies SB 79 to local governments starting July 1, 2026; (GOV 65912.157)

d) Allows a local agency to adopt an SB 79 implementing ordinance or local TOD alternative plan, which must be deemed compliant by HCD and meet certain requirements to tailor SB 79 locally, while still generally maintaining the same realistic capacity for residential development, before July 1, 2026; (GOV 65912.157)

e) Allows transit agencies to develop TOD zoning standards for district-owned real property in TOD zones on land that was owned by the agency on or before January 1, 2026; (GOV 65912.158) and

3) Makes the denial of a housing development project in a high-resource area a presumed violation of the Housing Accountability Act, and the local government immediately liable for penalties under the HAA, unless the local government demonstrates it has a health, life, or safety reason for denying the project, beginning on January 1, 2027. (GOV 65912.157)

4) Allows a local government, in its TOD alternative plan, to reduce the maximum allowed density for any individual site by more than 50% below the residential capacity permitted under SB 79 if the site contains a historic resource designated on a local register, so long as sites excluded do not cumulatively exceed 10% of the eligible area of any TOD zone. (GOV 65912.161)

5) Allows a local government, through an SB 79 implementing ordinance, to fully exempt sites designated as a historic resource on a local register as of January 1, 2025 from the provisions of SB 79 until one year after the adoption of a seventh cycle housing element. (GOV 65912.161)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Assembly Bill 2576 makes targeted, practical improvements to SB 79 to ensure that California can advance transit-oriented housing while protecting the historic places and communities that define our cities and neighborhoods. As SB 79 is implemented, it is important that historic districts and resources listed at the local, state, and national levels are clearly recognized and fully protected. This clean-up legislation preserves the intent of expanding housing near transit while promoting thoughtful implementation that respects community history, reduces unintended consequences, and supports equitable outcomes statewide."

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

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

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

California's Statewide Housing Plan: In 2022, HCD released its most recent update to the statutorily required Statewide Housing Plan (Plan). The Plan "lays out a vision to ensure every Californian has a safe, stable, and affordable home."[7] As part of that vision, HCD puts forward a statewide objective of *Producing More Affordable and Climate Smart Housing*. HCD writes:

"We aim to increase the supply of housing at all affordability levels throughout the state and target production in the places where people need it the most, without displacing existing residents. This objective seeks to facilitate a greater diversity of housing models and typologies, outside of the status quo, to meet California's pressing and diverse housing needs. We must produce new housing in areas with high access to opportunities and services without displacing existing residents, mitigate the risk of climate change while developing new housing units, provide housing units that are affordable to all Californians, lower housing development costs, and continue to enforce existing housing laws to achieve results."[8]

Two of HCD's recommended actions associated with this objective are to:

1) Encourage greater diversity of housing types in all neighborhoods; and

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

2) Encourage new housing development in existing communities to reduce vehicle miles traveled (VMT) and mitigate climate change while simultaneously addressing housing need.

Planning for Housing: Historically, housing planning and land use decisions in California have been delegated to local governments, which exercise primary authority over land use, zoning, permitting, and development approvals through their police power. While the state has long required each jurisdiction to adopt a housing element identifying how it will accommodate its share of regional housing need, these requirements historically lacked meaningful enforcement mechanisms. In addition, earlier iterations of Housing Element Law and the Regional Housing Needs Allocation (RHNA) process required significantly less upzoning and did not compel jurisdictions to adopt zoning that could realistically accommodate assigned housing needs. As a result, jurisdictions could comply on paper while maintaining restrictive zoning and development standards that limited actual housing production. Local discretionary approval processes further allowed projects to be delayed, reduced in scale, or denied based on subjective criteria, contributing to significant constraints on housing supply, particularly in high-opportunity areas.

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. The state has taken some strides to facilitate additional housing typologies in exclusionary zoning districts, namely through State accessory dwelling unit (ADU) Law and SB 9 (Atkins), Chapter 161, Statutes of 2021, effectively making single-family zoned parcels eligible to accommodate up to four dwelling units. However, much of California's residential land remains off-limits for denser development, regardless of how well-situated the land may be when it comes to access to jobs, transportation, and other opportunities.

In recent years, the state has taken a series of actions to address local constraints on housing production by both expanding allowable residential density and shifting project approvals from discretionary review to more predictable, ministerial processes governed by objective standards. These efforts include allowing ADUs by right, enabling additional density in single-family zones, strengthening housing element requirements, and limiting the ability of local governments to deny, delay, or reduce the density of housing development projects that comply with applicable standards.

The state has also established multiple by-right approval pathways for qualifying developments, particularly in infill and transit-accessible areas. For example, SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, create a streamlined process for small subdivisions in urban infill areas, enabling additional housing production at a neighborhood scale. AB 2011 (Wicks), Chapter 647, Statutes of 2022, establishes a ministerial approval pathway for qualifying housing development on commercially zoned sites, while Density Bonus Law provides additional density, incentives, and concessions for eligible projects. More recently, AB 507 (Haney), Chapter 493, Statutes of 2025, facilitates the conversion of underutilized office buildings to housing through streamlined approvals, and SB 79 (Wiener), Chapter 512, Statutes of 2025, establishes minimum zoning standards near major transit stops, increasing allowable density and limiting local discretion.

SB 79: As mentioned above, SB 79 was one of the state's most recent attempts to encourage additional residential density in climate-smart locations. SB 79 establishes a statewide

framework to increase residential density near major transit stops by making qualifying housing development an allowable use on sites zoned for residential, mixed-use, or commercial development within specified distances of transit. SB 79 sets minimum statewide standards for height, density, and residential floor area ratio based on a project's proximity to high-quality transit, and limits the ability of local governments to impose standards that would physically preclude achieving those thresholds. SB 79 developments must include at least five units and comply with specified affordability, labor, and anti-displacement requirements, including prohibitions on demolishing rent-restricted housing and requirements to provide deed-restricted affordable units for developments containing more than 10 units.

SB 79 applies to jurisdictions within "urban transit counties" that have qualifying high-quality transit stops, and requires that, beginning July 1, 2026, housing development projects be an allowable use on qualifying sites within one-half mile of a (TOD) stop (or one-quarter mile in smaller cities). SB 79 contains implementation deadlines, including requiring the Department of Housing and Community Development (HCD) to issue guidance by July 1, 2026 on how SB 79 capacity is counted toward a jurisdiction's housing element sites inventory, and requiring MPOs to prepare maps of TOD stops and zones to guide implementation. Local governments may adopt implementing ordinances or local TOD alternative plans, subject to HCD review, prior to July 1, 2026, to tailor development standards, so long as the plan maintains equivalent overall residential capacity. SB 79 also provides that, beginning January 1, 2027, denial of a qualifying project in a high-resource area is presumed to violate the HAA, subject to specified exceptions.

Within this framework, SB 79 provides local governments with the ability to craft local alternative plans and implementing ordinances. This includes providing local governments with limited local flexibility to reduce development intensity on certain sites. A local TOD alternative plan may reduce the allowable density on an individual site by up to 50% below SB 79's baseline standards, and may further reduce or exempt sites designated as historic resources on a local register, provided that such exemptions do not cumulatively exceed 10% of the total eligible area within a TOD zone. In addition, SB 79 allows local governments, through an implementing ordinance, to fully exempt sites designated as historic resources on a local register as of January 1, 2025 from SB 79 until one year following the adoption of a seventh cycle housing element.

Historic Preservation, Districts, and Landmarks in California: Historic preservation in California operates across local, state, and federal levels, with each level maintaining its own designation processes and regulatory frameworks. Historic resources may include individual landmarks, such as buildings or structures associated with significant events, persons, or architectural styles, as well as historic districts, which are geographically defined areas containing a concentration of historically or culturally significant properties. These resources may be listed on local registers, the California Register of Historical Resources, or the National Register of Historic Places. In California, properties listed on the state or national register are generally treated as "historical resources" for purposes of environmental review, with any proposed development on those sites requiring analysis under the California Environmental Quality Act (CEQA). Notably, listing on the California Register or National Register occurs through state or federal nomination processes that do not require local government approval, meaning properties may receive historic designation even where a local jurisdiction has not chosen to designate or protect them.

The regulatory implications of historic designation vary depending on the level and type of designation. Local governments typically establish and regulate historic districts and landmarks through local ordinances, which may impose restrictions on demolition, alterations, or new construction to preserve the character of designated areas. Within historic districts, individual properties may be classified as "contributing" or "non-contributing" resources, with contributing properties retaining their historic integrity and contributing to the district's overall historical, architectural, or cultural significance, typically because they were constructed during the district's period of significance and reflect its defining characteristics. Non-contributing properties, meanwhile, are geographically located in the district but do not retain those character-defining features. Unlike local historic designations, which are typically implemented through local land use controls, state and federal designations primarily operate through environmental review processes, most notably under CEQA in California.

State housing laws vary in how they treat historic resources when establishing streamlined or ministerial approval pathways. Some laws, such as SB 9 (Atkins), Chapter 162, Statutes of 2021, initially took a more categorical approach by excluding parcels located within historic districts or containing designated historic resources from its requirements; however, subsequent amendments under AB 1061 (Quirk-Silva), Chapter 505, Statutes of 2025, narrowed these exclusions by eliminating the blanket district-wide prohibition and instead focusing on protections for individually designated resources and contributing structures. Other state streamlining and upzoning laws continue to exclude sites containing historic resources more broadly.

SB 79, by contrast, takes a more limited and locally driven approach to historic preservation. Rather than broadly exempting historic resources, SB 79 allows local governments to reduce development intensity on individual sites by up to 50%, or fully exempt sites, only if those properties are designated as historic resources on a local register, and only through adoption of an implementing ordinance or a locally adopted transit-oriented development (TOD) alternative plan subject to review by HCD. Even within that framework, SB 79 places constraints on the use of these exemptions, including a 10% cap on the total amount of land within a TOD zone that may be excluded from SB 79 in a local alternative plan around any given major transit stop. In addition, SB 79 allows local governments to temporarily exempt locally designated historic resources, as of January 1, 2025, from its provisions one year before the next housing element cycle. SB 79's historic preservation framework relies on local designation to determine where protections apply, rather than uniformly recognizing historic resources listed on the California Register or National Register. Under SB 79, only individually listed local resources, and not districts, are afforded these protections.

This Bill: This bill proposes the following changes to SB 79:

1) **Timing.** First, this bill delays all implementation timelines in SB 79 by one year. This includes the deadline for HCD to issue guidance on how SB 79 capacity is counted toward housing element site inventories, the date on which SB 79's zoning and development standards become operative for local governments, and the date on which denial of a qualifying SB 79 project in a high-resource area is presumed to violate the HAA. Proponents state that additional time is needed for local governments to understand SB 79's requirements and adopt implementing ordinances or alternative plans, while opponents raise concerns that delaying implementation would postpone housing production and the enforcement of key accountability provisions.

2) **Population Threshold.** This bill also modifies the population threshold that determines the geographic scope of SB 79's upzoning provisions. Under current law, cities with a population of 35,000 or more must apply SB 79's standards within one-half mile of qualifying transit stops, while smaller cities apply those standards within one-quarter mile. This bill increases that threshold to 40,000, thereby reducing the number of cities subject to the broader one-half mile applicability and limiting the extent of upzoning in smaller cities.

3) **Historic Preservation.** Lastly, this bill substantially expands SB 79's treatment of historic resources. Under current law, SB 79 primarily allows exemptions or reduced development intensity for sites designated as historic resources on a local register, subject to limits such as a cap on the total amount of land within a TOD zone that may be excluded. This bill broadens that framework by redefining "historic resource" to include properties and districts listed on local, state, or national registers, and by removing the existing cap on the cumulative amount of land that may be exempted. In doing so, this bill shifts SB 79 from a locally bounded historic preservation framework to one that recognizes a broader universe of designated resources, while also expanding local governments' ability to exempt those sites from the bill's upzoning requirements. Preservation advocates and some local governments may support these changes as strengthening protections for historically significant resources, while some housing advocates and developers may raise concerns that expanding exemptions could reduce the amount of land available for TOD housing projects.

Arguments in Support: The City of Beverly Hills writes in support: "AB 2576 addresses the challenges posed by SB 79 by extending key deadlines by one year. These extensions give local governments additional time to interpret the complex provisions of SB 79, align zoning codes, and develop alternative TOD plans that meet state housing goals while addressing local needs. This extra time helps jurisdictions navigate the intricate requirements without facing immediate penalties, fostering a smoother transition to compliance.

By delaying implementation deadlines and increasing the population threshold for certain requirements, the bill provides local jurisdictions like the City of Beverly Hills—a built-out city with a population just under 33,000—with additional time to adopt ordinances and alternative TOD plans that align with the Department of Housing and Community Development's (HCD's) standards."

Arguments in Opposition: California YIMBY, SPUR, Streets For All, Bay Area Council, Inner City Law Center, Abundant Housing Los Angeles, and the Greenbelt Alliance write in opposition: "We support thoughtful protections for historic places, but as drafted, AB 2576 would make implementation of SB 79 (Wiener, 2025) significantly more difficult and less effective. SB 79 is designed to unlock housing near high-quality transit, which is an essential strategy for addressing California's housing shortage, reducing emissions, and improving affordability.

However, California's most transit-rich areas are often also the most exclusionary when it comes to housing. Many of these neighborhoods have long histories of restrictive zoning, limiting multifamily housing, and barriers that prevent new residents, especially lower-income households, from accessing opportunity-rich communities. SB 79 is intended to address this imbalance by requiring jurisdictions to allow more housing near transit. AB 2576 would undermine that goal by adding new exemptions and delays that disproportionately affect these high-opportunity, transit-served areas."

Committee Amendments: The Committee may wish to consider the following amendments to provide additional historic preservation protections, while maintaining the legislative intent of SB 79:

1) Striking the existing provisions from the bill.

2) Permitting local governments to adopt an ordinance exempting, through the first year of the seventh housing element cycle, the following projects from the provisions of SB 79:

   a) Individually listed sites on a state or federal register that were designated prior to January 1, 2025; and

   b) Contributing structures within a historic district that was designated prior to January 1, 2025.

Related Legislation:

AB 2415 (Hoover), of this legislative session, would allow a city to reduce the capacity in one TOD zone by more than 50% if a city has a population of less than 150,000, a majority of the station area is part of a local historic district designated before January 1, 2000, and the city has more than one TOD zone.

SB 722 (Wahab), of this legislative session, prohibits the use of SB 79 on mobilehome parks.

SB 1361 (Durazo), of this legislative session, would provide an exemption from SB 79 for a county, a city, a city and county, a single or multicounty council of governments, a regional transportation agency, a transit agency or district, or a county transportation agency that has adopted a policy by January 1, 2026, to complete at least 10,000 housing units, at least 50% of which will be income restricted, by January 1, 2032, except for certain transit stops.

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

AB 1061 (Quirk-Silva), Chapter 505, Statutes of 2025, narrowed historic preservation exclusions in SB 9 by eliminating the blanket district-wide prohibition and instead focusing on protections for individually designated resources and contributing structures.

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

California Preservation Foundation
City of Beverly Hills
City of Oceanside
Individuals (1)

Opposition

Abundant Housing LA
Bay Area Council
California YIMBY
Greenbelt Alliance
Inner City Law Center
South Pasadena Residents for Responsible Growth
SPUR
Streets for All

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2596 (Gipson) – As Introduced February 20, 2026

SUBJECT: Mobilehome parks: federally approved housing programs: compliance with state and local laws

SUMMARY: Requires a mobilehome park operator or owner to ensure ongoing compliance with applicable state laws, including the Unruh Civil Rights Act, and local ordinances if a mobilehome park operator or owner fails to comply with federal law or other federal requirements imposed in connection with a federally approved housing program that allows for limitations on age in a mobilehome park.

EXISTING LAW:

1) Establishes the Mobilehome Residency Law (MRL), which governs the rights, responsibilities, and relationships between mobilehome park management and park residents. (Civil Code Section (CIV) 798 *et seq*.)

2) Requires mobilehome park management, when the management proposes an amendment to the park's rules and regulations, to meet and consult with the homeowners in the park, their representatives, or both, after written notice has been given to all the homeowners in the park at least 10 days before the meeting, except as specified. (CIV 798.25(a))

3) Authorizes mobilehome park management, following the meet and consult process in 2) above, to implement the noticed amendment without the homeowner's consent upon written notice of not less than six months, with exceptions related to recreational facilities and changes to the MRL, as specified. (CIV 798.25(b))

4) Authorizes park management to require a prospective purchaser to comply with any rule or regulation limiting residency based on age requirements for housing for older persons, provided that the rule or regulation complies with the federal Fair Housing Act and implementing regulations. (CIV 798.76)

5) Establishes the Unruh Civil Rights Act, which provides that all persons in the state are free and equal and are entitled to the full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind. Prohibits arbitrary discrimination by such establishments on the basis of characteristics including sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status. (CIV 51)

6) Prohibits a business establishment from discriminating in the sale or rental of housing based upon age, with exceptions for accommodations designed to meet the physical and social needs of senior citizens, as specified. (CIV 51.2(a))

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

COMMENTS:

***Author's statement*:** According to the author, "AB 2596 makes clear that failure to maintain federal documentation or failure to comply with federal age-verification requirements does not relieve a mobilehome park owner of the obligation to comply with California law and locally adopted senior-housing ordinances. Without this clarification, mobilehome park owners are attempting to use technical compliance gaps as a pretext to convert senior communities to all-ages parks, which is leads to significant rent increases, the displacement of long-time residents, and the loss of critical affordable housing for older Californians. This bill restores legislative intent, reduces unnecessary litigation, preserves local land use authority, protects vulnerable seniors from economic displacement, and closes a loophole being exploited by bad actors."

Mobilehomes in California: Mobilehomes are pre-fabricated homes that are designed to be able to be transported and moved between locations. In practice, however, significant costs associated with relocation make it much more difficult to move a mobilehome. Because of their method of construction, mobilehomes are one of the most affordable types of housing, both as a pathway to homeownership and for tenants renting park-owned mobilehomes. In the latter arrangement, the relationship between a park resident and park management is similar to that of a traditional tenant-landlord relationship in other housing types. The resident leases the park-owned mobilehome and the park management maintains the mobilehome and other facilities in the park. However, in the former example, the relationship is unique in that a resident may own their mobilehome yet still pay rent to park management to lease the space upon which the mobilehome rests. More than one million people live in California's approximately 4,500 mobilehome parks.

***Housing for Older Persons Act (HOPA)*:** HOPA is a federal law enacted in 1995 that amended the Fair Housing Act. Its primary purpose is to clarify when housing communities may lawfully restrict residency based on age without violating prohibitions on familial status discrimination. Under HOPA, "housing for older persons" may limit occupancy to seniors, most commonly those aged 55 and older, if certain criteria are met. These include having at least 80% of occupied units with at least one resident aged 55 or older, maintaining policies that demonstrate an intent to operate as senior housing, and complying with age-verification requirements. The law streamlined prior rules by removing the requirement to provide significant services or facilities for seniors, instead focusing on occupancy thresholds and administrative compliance.

Mobilehome parks are among the types of housing that can qualify for HOPA's exemption, and many parks actively participate by designating themselves as "55+ communities." To do so, a mobilehome park must meet the same federal standards as other housing providers, including the 80% occupancy threshold and formal policies supporting age-restricted residency. In California, mobilehome parks are a significant portion of the senior housing market, and HOPA interacts with state laws that may impose additional requirements, like registration, signage, or local enforcement mechanisms. Participation in HOPA allows these parks to legally limit residency to older adults, but failure to consistently meet the federal criteria, like falling below the 80% threshold or not properly verifying ages, can result in loss of the exemption and potential liability under fair housing laws. Federal regulations adopted by the U.S. Department of Housing and

Urban Development under the HOPA law authorize cities to adopt local laws to protect senior housing in mobilehome parks.

***Unruh Civil Rights Act*:** The Unruh Civil Rights Act (Unruh Act) broadly prohibits arbitrary discrimination by business establishments in California, guaranteeing equal access regardless of protected characteristics, including those that courts have interpreted to include age. In the housing context, Civil Code Section 51.2 specifically provides that owners of housing accommodations may not discriminate based on age, but it expressly allows exceptions "as otherwise provided by law." One such exemption is set forth in Civil Code Section 51.3, which permits certain qualifying senior housing developments to impose age restrictions without violating the Unruh Act. This exemption is narrowly tailored and applies only to housing that meets specified criteria, such as qualifying as "housing for older persons," and that complies with specific requirements regarding occupancy thresholds, policies and procedures showing intent to operate as senior housing, and age verification practices. Together, these provisions reflect a balance between the Unruh Act's general prohibition on age discrimination in housing and the Legislature's intent to preserve legally compliant housing opportunities for older adults. Local jurisdictions can also, within reasonable exercise of their police powers, establish certain zones for mobilehome parks and establish types of uses and locations, including senior mobilehome parks.

***Senior mobilehome parks*:** Mobilehome parks represent one of a few affordable housing options left to senior citizens that permit exclusive residence in a detached dwelling by those individuals over the age of 55 years. Residents of senior mobilehome parks rely upon the representation of the park management and park owners that only seniors can purchase homes in those parks and obtain tenancies in those parks. Those rules are set forth in the leases or rental agreements. Owners of senior mobilehome parks can change their parks from senior mobilehome parks to all-age parks by changing park rules using the procedures outlined below.

***Changes to park rules and regulations*:** The MRL specifies procedural and substantive requirements that must be followed prior to changes to park rules and regulations. Management must provide written notice of a proposed rule change and an opportunity for homeowners to meet and consult regarding the change prior to its adoption. A rule change may take effect immediately, as to any owner, with the consent of that homeowner, or without the homeowner's consent upon written notice no less than six months, with some exceptions. For example, changes to regulations applicable to recreational facilities may take effect without homeowner consent 60 days after written notice has been provided. Shorter notice (60 days) is permitted for changes relating to recreational facilities or where the rule change is required by a change in law. Existing law restricts management's ability to impose certain new fees or charges that are not authorized by the rental agreement. These provisions operate within the broader framework of the MRL, which is deemed incorporated into every rental agreement (CIV 798.15), ensuring that rule changes are subject to standardized notice, participation, and enforceability requirements.

This bill: This bill clarifies that mobilehome park operators or owners must comply with relevant state laws and local ordinances even if the park operator or owner fails to comply with federal requirements, like age-verification, in connection with a federally approved housing program. The co-sponsors of this bill note a number of disputes between mobilehome park residents and park operators around the state, including in the city of Petaluma. According to a local media

outlet[1], operators of a mobilehome park in Petaluma announced that they intended to convert the mobilehome park to an all-ages park. Following the announcement, the City of Petaluma adopted an ordinance establishing an overlay district to provide assurances that existing senior mobilehome parks within the overlay district and future senior mobilehome parks will remain available to seniors. Another local media outlet reported the park operator's decision to continue advertising, and selling, to all ages and claimed that they have not been meeting requirements to maintain status as a senior park.[2] This bill seeks to clarify that if a park operator fails to meet the requirements of federal law, the park operator must still comply with applicable state laws and local ordinances.

***Arguments in Support*:** The California Association of Code Enforcement Officers, this bill's sponsor, writes in support: "This narrowly tailored measure addresses an urgent and growing gap in state law that is being exploited to destabilize senior mobilehome communities and displace vulnerable residents.

Across California, cities and counties have adopted zoning protections and rent stabilization measures to preserve certain mobilehome parks as affordable housing for seniors. These policies are critical for older Californians living on fixed incomes and have long been upheld and enforced through established local compliance mechanisms. However, recent business practices by certain mobilehome park operators have exposed a loophole in the interaction between federal age-verification requirements under the Housing for Older Persons Act (HOPA) and California's senior-housing zoning protections. Some park operators now argue that if they fail to meet federal age-verification requirements, they are no longer bound by state and local senior-only zoning requirements. This interpretation turns housing policy on its head — effectively allowing noncompliance with one legal obligation to excuse compliance with another.

While most operators comply in good faith, at least one large operator managing nearly 100 properties in California has attempted to use this technical defense to strip senior designation from parks. Their financial incentive is clear: converting senior parks to all-age occupancy allows for significantly higher rents, often at the expense of long-term senior residents living on fixed incomes. For many seniors, displacement from a mobilehome park is not merely disruptive — it can mean homelessness. Residents often own their homes but cannot afford relocation costs or market-rate housing alternatives. AB 2596 provides the clear statutory direction necessary to ensure California's senior housing protections function as intended."

The Golden State Manufactured-home Owners League, this bill's co-sponsor, writes in support: "AB 2596 clarifies that mobilehome park owners cannot use their failure to comply with any federal-approved housing program requirements, including the Housing for Older Persons Act of 1995 (HOPA) – a federal law that amends the Fair Housing Act to allow 55+ communities - to then ignore or exempt themselves from state and local laws passed in California. By explicitly stating that park owners must comply with the Mobilehome Residency Law (MRL), the Unruh Civil Rights Act, and other applicable state laws and local ordinances, AB 2596 ensures mobilehome residents are protected.

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[1] https://www.petalumanews.com/2023/10/04/petaluma-designates-5-mobile-home-parks-for-seniors-only/
[2] https://www.pressdemocrat.com/2025/11/25/petaluma-mobile-home-park-rules-court-fight/

This is not a new right, but a reaffirmation of our existing rights, and a necessary clarification to prevent any misinterpretation or misapplication of law or circumstance where park owners, who participate in federally-approved housing programs, can pick and choose when California laws apply to them. Passing AB 2596 sends a clear message that California is committed to protecting all of its mobilehome residents, especially those in vulnerable housing situations."

Arguments in opposition: None on file.

***Double-referred*:** This bill is double-referred to the Assembly Committee on Judiciary, where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Code Enforcement Officers (Sponsor)
Golden State Manufactured-home Owners League (Co-sponsor)

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2601 (Lee) – As Introduced February 20, 2026

SUBJECT: Planning and zoning: housing development: streamlined approval and subdivisions

SUMMARY: Makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments. Specifically, **this bill**:

1) Establishes concurrent processing of an application for an urban lot split under SB 9 (Atkins), Chapter 162, Statutes of 2021, with the application for an SB 9 duplex.

    a) Provides that a local agency's issuance of building permits, grading permits, or certificates of occupancy for a proposed SB 9 duplex may be conditioned upon the applicant first obtaining approval and recording a parcel map for the new parcels through the SB 9 lot split; and

    b) Allows a local agency to deem a building permit or other postentitlement permit for an SB 9 duplex incomplete and require revisions in response to any comments from the local agency or other reviewing agencies regarding the parcel map's compliance with applicable state or local development and building standards.

2) Authorizes the primary dwellings associated with an SB 9 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, including the Davis-Stirling Act.

3) Provides that, notwithstanding any other law, a parcel map for an SB 9 urban lot split is exempt from the requirement to obtain a public report from the Department of Real Estate (DRE), provided that the development otherwise complies with state and local safety standards. Further provides that this exemption only applies for the purposes of streamlining the sale or conveyance of starter homes and small-lot residential units and does not limit the authority of the DRE to enforce consumer protection, disclosure, or antifraud provisions under state law.

4) Establishes concurrent processing of ministerial housing development applications and associated building permit applications for a housing development under SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, with an application for a parcel map or tentative and final map under SB 684/1123.

    a) Provides that a local agency's issuance of building permits, grading permits, or certificates of occupancy for a proposed SB684/1123 housing development may be conditioned upon the applicant first obtaining approval and recording a parcel map or tentative and final map for the lot split under SB 684/1123; and

    b) Allows a local agency to deem a building permit or other postentitlement permit for a SB 684/1123 housing development project incomplete and require revisions in response to any comments from the local agency or other reviewing agencies regarding the parcel

map's or tentative and final map's compliance with applicable state or local development and building standards.

5) Provides that notwithstanding any other law, a parcel map for an SB 684/1123 urban lot split is exempt from the requirement to obtain a public report from DRE, provided that the development otherwise complies with state and local safety standards. Further provides that this exemption only applies for the purposes of streamlining the sale or conveyance of starter homes and small-lot residential units and does not limit the authority of the DRE to enforce consumer protection, disclosure, or antifraud provisions under state law.

EXISTING LAW:

1) Requires a local agency to ministerially approve an urban lot split creating up to two parcels, and to ministerially approve up to two residential units on a parcel, if specified criteria are met. (Government Code (GOV) Sections 66411.7, 65852.21)

2) Authorizes local agencies to apply objective zoning, subdivision, and design standards to SB 9 projects, but prohibits standards that would physically preclude the construction of up to two units per parcel or otherwise conflict with state law. (GOV 66411.7, 65852.21)

3) Provides that a local agency is not required to permit more than two units on a parcel created through an urban lot split, including units created through SB 9, ADUs, or JADUs. (GOV 66411.7)

4) Requires ministerial approval of qualifying subdivisions of up to 10 parcels and associated housing development projects of up to 10 units, subject to objective standards and specified eligibility criteria. (GOV 66499.41, 65852.28)

5) Requires local agencies to ministerially approve qualifying housing development projects on subdivided lots within specified timeframes and limits the ability of local agencies to deny such projects except upon a written finding of a specific, adverse impact on public health and safety. (GOV 65852.28)

6) Requires local agencies to issue building permits for qualifying housing development projects of 10 or fewer units on subdivided lots, subject to compliance with applicable standards and conditions related to subdivision approval. (GOV 65913.4.5)

7) Requires approval and recordation of a parcel map or final map prior to the separate sale or financing of subdivided parcels, and governs the process for tentative and final map approvals. (GOV 66426, 66499.41)

8) Requires a subdivision creating five or more lots or five or more units to obtain a public report from the Department of Real Estate prior to offering subdivided lands for sale or lease, subject to specified exemptions. (Business and Professions Code (BPC) Sections 11000 et seq.)

9) Governs the creation of condominiums and common interest developments, including requirements for condominium plans, disclosures, and governance, pursuant to the Davis-Stirling Common Interest Development Act. (Civil Code (CIV) Sections 4000 et seq.)

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: According to the author, "The state has enacted a variety of laws in recent years to encourage and speed the development of new and affordable housing units. Much of that effort has focused on streamlining permitting and approval processes through government agency deadlines, ministerial approvals, and exemptions from regulatory processes (such as CEQA). While these efforts have provided more certainty and potentially reduced timeframes for developments, projects still must engage in separate approval processes, however streamlined, when the development requires a parcel map split.

This bill proposes to allow developments to be eligible for concurrent review of parcel map splits associated with specified development types, including ADU, condos, and SB 9 splits. By allowing concurrent review of different aspects of a single project, the development may be able to be approved faster, without imposing new deadlines on approving agencies, and provide greater certainty for project financing."

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

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

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

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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

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. Under SB 9, the total number of units that can be built on a formerly single-family zoned lot is capped at four. Under existing law, accessory dwelling units (ADUs) may be built 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 SB 9 and ADUs 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 unit. Furthermore, SB 9 explicitly prohibits the owner of the parcel being subdivided from also subdividing the adjacent parcels under SB 9 in order to limit its applicability to a two-lot, four-unit cap.

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 to 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 684/1123: SB 684/1123 established a streamlined, ministerial pathway for small-scale housing development on subdivided lots. Specifically, these laws require local agencies to ministerially approve qualifying subdivisions of up to 10 parcels and associated housing development projects of up to 10 units on lots zoned for multifamily or on lots that are vacant and zoned for single-family residential developments. SB 684/1123 projects are required to meet specified objective standards related to site eligibility, density, affordability (if it is located on a site identified for lower-income housing in the most recent housing element), and environmental constraints. The statutes limit local discretion to objective zoning, subdivision, and design standards, prohibit standards that would physically preclude development at required densities, and impose firm timelines for approval. Together, these provisions are intended to facilitate "missing middle" housing by enabling smaller, by-right projects in urbanized areas.

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[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 684/1123 also establish a coordinated framework between subdivision approvals and vertical development, allowing housing projects to proceed on newly created lots while maintaining compliance with the Subdivision Map Act (SMA). However, under existing law, subdivision maps, project approvals, and building permits are often processed sequentially, which can introduce delays even for ministerial projects. As a result, while these laws reduce discretionary barriers, practical implementation has highlighted ongoing timing and coordination challenges between entitlement, subdivision, and permitting processes.

Public Reports: Under the Subdivided Lands Act, a subdivider offering five or more lots or units for sale is generally required to obtain a public report from the DRE prior to marketing the subdivision to the public, unless a statutory exemption applies. The public report requires disclosure of material information about the property, including title conditions, encumbrances, access, utilities, financing arrangements, and applicable use restrictions. These disclosures are reviewed by DRE prior to issuance and are intended to inform prospective purchasers about the characteristics of the subdivision and any associated obligations, serving a consumer protection function for the prospective buyer. The requirement most commonly applies to larger subdivisions and common interest developments, including projects with homeowners' associations (HOAs), where purchasers may be subject to ongoing financial and governance obligations.

According to the DRE's Subdivision Public Report Application Guide, the public report process involves a multi-step administrative review with associated processing timeframes. Within approximately 10 days of initial submission, DRE determines whether the application meets "substantially complete" requirements. Once deemed substantially complete, DRE generally issues a qualitative deficiency notice within 20 days for standard subdivisions or 60 days for common interest developments, with additional rounds of review occurring as applicants respond to identified deficiencies. After all issues are resolved and the file is deemed "perfected," DRE issues the final public report within 10 days for standard subdivisions or 15 days for common interest developments. While these timeframes provide structure to the review process, overall processing time may vary depending on the complexity of the project and the extent of revisions required. Some developers cite that this Public Notice requirement introduces additional time and administrative steps into the development process.

This Bill: This bill makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments under SB 9 and SB 684/1123, primarily by aligning timelines and reducing procedural barriers between subdivision and vertical development. Specifically, this bill requires local agencies to allow concurrent processing of applications for urban lot splits and associated SB 9 duplexes, as well as concurrent processing of subdivision maps and ministerial housing development and building permit applications for projects authorized under SB 684/1123. While this bill allows these approvals to proceed in parallel, it preserves existing sequencing requirements by authorizing local agencies to condition the issuance of building permits, grading permits, or certificates of occupancy on the prior approval and recordation of the applicable parcel map or final map.

This bill also makes targeted changes to facilitate the delivery and sale of small-scale ownership housing. It authorizes the primary dwellings associated with an SB 9 urban lot split to be developed or converted as condominiums, including allowing the conversion of existing units, subject to applicable state and local condominium laws. This provision creates a clear pathway for SB 9 units to be sold as individual ownership interests, which may enable up to four

separately conveyable homes on a site. In addition, this bill exempts parcel maps for SB 9 urban lot splits from the requirement to obtain a public report from the DRE, provided that projects comply with applicable health and safety standards, and provides that this exemption is intended to streamline the sale of starter homes and small-lot residential units without limiting the Department's consumer protection authority.

Taken together, this bill does not expand the underlying eligibility or increase density for SB 9 or SB 684/1123 projects, but instead focuses on improving how these projects move through the approval process and how resulting units may be structured and conveyed. By allowing concurrent processing while maintaining key subdivision law checkpoints, this bill seeks to reduce delays associated with sequential approvals while preserving local oversight of final map recordation and compliance with applicable standards.

Policy Considerations

Public Reports: This bill exempts SB 9 and SB 684/1123 subdivisions from the DRE Public Report requirement, in an attempt to further expedite small-scale housing development and sales. However, existing law already does not require Public Reports for subdivisions of fewer than five units or lots, therefore SB 9 projects should not be subject to this Public Report requirement under current law, and this amendment may not be necessary.

SB 684/1123 projects may include up to 10 units and, in some cases, may include shared infrastructure or common interest elements. As a result, eliminating the public report requirement could reduce consumer disclosures in projects that begin to resemble larger subdivisions traditionally subject to DRE review, raising questions about whether disclosure to the future purchaser may still be warranted.

Arguments in Support: None on file.

Arguments in Opposition: The California Association of Realtors writes in opposition: "AB 2601 places homeowner protections established in SB 9 (Atkins, 2021) to ensure homeowners benefit from the generational wealth building opportunity created by streamlining urban lot splits in jeopardy. SB 9 was the product of extended stakeholder negotiations. Many of those discussions resulted in the establishment of guardrails intended to protect homeowners and communities and reduce gentrification risks. AB 1033 (Ting, 2023) was advanced in an attempt to render many of the protections in SB 9 moot by opening the door to conveyance of ADUs without any guardrails or limitations. However, a key negotiated provision ensured that local governments retain the power to voluntarily adopt a local ordinance to clarify local title conveyance procedures and other mandated construction standards. AB 2601 seeks to eliminate local control by mandating that all cities and counties in California permit "lot splitting" of ADUs in a time that insurance costs are skyrocketing, insurance availability for these types of common interest developments is unclear, and transparency in the HOA management space remains a serious concern.

AB 2601 would circumvent the consumer protections intentionally established in SB 9 (Atkins, 2021) by creating a pathway to convert ADUs not intended for separate sale into condominiums, particularly in the state's most affordable and diverse neighborhoods."

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

1) Deleting the provisions of the bill that exempt SB 9 and SB 684/1123 developments from DRE's Public Reports requirement.

Related Legislation:

AB 2005 (Ahrens) of this legislative session would establish a new owner-occupancy pathway for SB 9 developments. AB 2005 passed out of this Committee with a vote of 11-0 and is pending in the Committee on Local Government.

SB 1116 (Caballero) of this legislative session further revises the streamlined and ministerial approval framework created by SB 684/1123. SB 1116 is pending in the Senate Committee on Local Government.

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.

SB 684 (Caballero), Chapter 783, Statutes of 2023. Created a streamlined, ministerial approvals process for the construction of up to 10 residential units on multifamily parcels.

SB 1123 (Caballero), Chapter 294, Statutes of 2024. Expanded SB 684 (Caballero) to vacant single-family sites and made other changes.

AB 1033 (Ting), Chapter 752, Statutes of 2023 allowed local governments to adopt an ordinance to allow the separate conveyance of the primary dwelling unit and ADU as condominiums.

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

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

California Association of Realtors

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2612 (Schultz) – As Introduced February 20, 2026

SUBJECT: Building standards: qualified plug-in photovoltaic systems

SUMMARY: Requires the California Building Standards Commission (CBSC), beginning with the first triennial addition of the budling code adopted after by January 1, 2031, to adopt, approve, codify, and publish mandatory building energy standards for new construction building electrical circuit features to enable a qualified plug-in photovoltaic system to function as an energy source within a single-family residential dwelling, multi-family residential dwelling, or nonresidential development's electrical circuit. **Specifically**, this bill:

1) Defines "qualified plug-in photovoltaic system" to mean a device that meets all of the following conditions:

    a) It is designed to be connected to a building's electrical system through a standard electrical outlet;

    b) It is intended to offset the customer's on-site electricity consumption;

    c) It meets the standards of the most recent version of the National Electrical Code, as published by the National Fire Protection Association, and of the California Electrical Code, as specified; and

    d) It is certified as a plug-in photovoltaic system by the Underwriters Laboratories as specified.

2) Requires the Department of Housing and Development (HCD) to research, develop, and propose for adoption mandatory new construction building standards for a qualified plug-in photovoltaic system to function as an energy source within a single-family residential dwelling, multi-family residential dwelling, or nonresidential development's electrical circuit.

3) Requires CBSC and HCD to do all the following in the process of developing the building standards:

    a) Consult with interested parties, including, but not limited to, the State Energy Resources Conservation and Development Commission, electrical safety standard setting bodies, photovoltaic and battery equipment manufacturers, commercial building and apartment owners, and the building industry;

    b) Invite the participation of the public at large in the development of those building standards through open consensus-based processes;

c) Propose new construction building electrical standards that allow a qualified plug-in photovoltaic system with appropriate grid protective functions and rapid shutdown features to function as an energy source for a building's electrical circuit by connecting to a standard alternating current electrical outlet; and

d) Propose building circuit design features to allow a qualified plug-in photovoltaic system to isolate from the premises wiring in order to provide limited backup power functions during outages.

EXISTING LAW:

1) Establishes the CBSC within the Government Operations Agency and requires CBSC to receive proposed building standards from state agencies for consideration on a 3-year code adoption cycle, with procedures that ensure adequate public participation, notice and justification, technical review, and opportunities for advisory input before adoption by CBSC. (Health and Safety Code (HSC) Section 18920 and 18942)

1) Requires any building standard adopted or proposed by state agencies to be submitted to, and approved or adopted by, the CBSC prior to codification. Requires building standards submitted for approval to include an analysis written by the agency proposing the standards which justifies the approval using the following criteria:

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

   b) The proposed standard is within the parameters established by enabling legislation and is not expressly within the exclusive jurisdiction of another agency;

   c) The public interest requires the adoption of the building standard, which includes, but is not limited to, health and safety, resource efficiency, fire safety, seismic safety, building and building system performance, and consistency with environmental, public health, and accessibility statutes and regulations;

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

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

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

   g) The applicable national specifications, published standards, and model codes have been incorporated where appropriate;

   h) The format of the proposed standard is consistent with that adopted by the CBSC; and

   i) The proposed standard, if it promotes fire and panic safety, as determined by the SFM, has the written approval of the SFM. (HSC 18930)

2) Prohibits the CBSC and any other adopting agency, from June 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units unless any of the following conditions are met:

a) The CBSC deems those changes necessary as emergency standards to protect health and safety;

b) The building standards are related to home hardening and are proposed for adoption by the Office of the State Fire Marshal (SFM);

c) The building standards are proposed for adoption in relation to the SFM's study of standards for single-exit, single stairway apartment houses with more than two dwelling units in buildings above three stories; or

d) The building standards are proposed for adoption pursuant to an adaptive reuse standards working group, to reduce potable water use in new residential buildings, or to support risk-based water quality standards for the onsite treatment and reuse of nonpotable water for certain residential buildings, as specified. (HSC 18929.1)

3) Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from June 1, 2025 until June 1, 2031, unless one of the following conditions is met:

a) The changes or modifications are substantially equivalent to changes or modifications that were previously filed by the governing body of the city or county and were in effect as of January 1, 2025;

b) The CBSC deems those changes or modifications necessary as emergency standards to protect health and safety;

c) The changes or modifications relate to home hardening; or

d) The building standards relate to home hardening and are proposed for adoption by a fire protection district pursuant to existing provisions governing the proposal of new standards by fire protection districts. (HSC 18929.1)

4) Requires CBSC to reject a modification or change to any building standard affecting a residential unit filed by the governing body of a city or county, from June 1, 2025, until June 1, 2031, unless one of the conditions in 2) above is met. (HSC 18929.1)

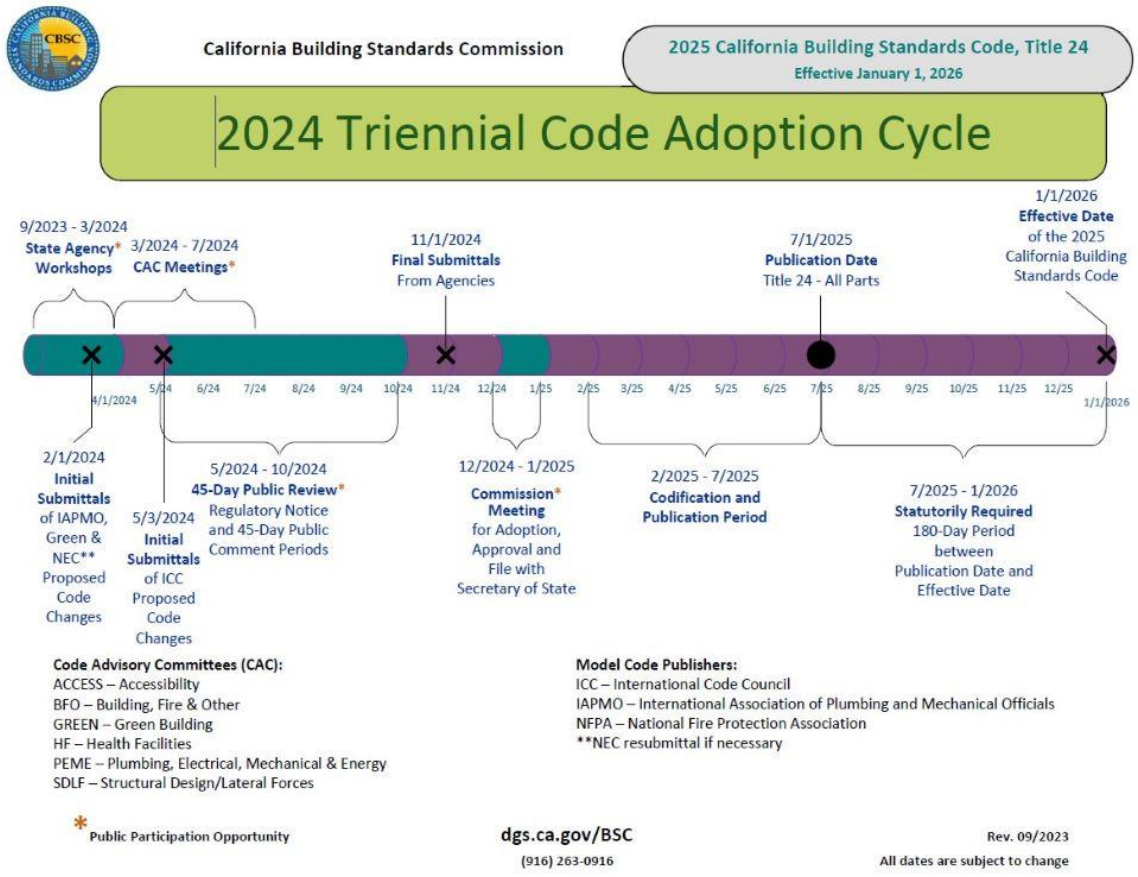
FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "AB 2612 (Schultz) aims to expand access to affordable solar energy for Californians who have historically been excluded from rooftop solar benefits — particularly renters, apartment dwellers, and low-income households. The bill directs the California Building Standards Commission to develop and adopt mandatory building standards that would allow portable, plug-in solar generation devices (small solar panels that connect directly to a standard electrical outlet) to safely function as an energy source within residential and nonresidential electrical systems. By establishing safety certifications and circuit standards for these devices, the bill seeks to give renters and multifamily residents a practical, low-cost way to generate their own clean energy onsite, reduce their electricity bills, and improve energy resilience — without requiring the permanent rooftop solar installations that

have long been out of reach for non-homeowners."

Background on Building Standards: The California Building Standards Law establishes the process for adopting state building standards by the CBSC. Statewide building standards are intended to provide uniformity in building across the state. The CBSC's duties include the following: receiving proposed building standards from state agencies for consideration in each triennial and intervening building code adoption cycle; reviewing and approving building standards submitted by state agencies; adopting building standards for state buildings where no other state agency is authorized by law; and publishing the approved building standards in the California Building Standards Code (California Code of Regulations, Title 24).
Most building standards currently in use in California are developed and vetted at the national level every three years by technical organizations, academics, and trade associations that develop national consensus standards, which are then incorporated into the International Building Code (IBC), the national model code used by most US jurisdictions. At the state level, state agencies with authority over specified occupancies then review the IBC and amend as necessary for California's specific needs. There are approximately 20 state agencies that develop building standards and propose them for adoption to the CBSC.



After the proposal of building standards by state agencies, the standards undergo a public vetting process. A code advisory committee composed of experts in a particular scope of code reviews the proposed standards, followed by public review. The proposing agency considers feedback and may then amend the standards and re-submit them to the CBSC for consideration. CBSC reviews and adopts the standards and files them with the Secretary of State for codification and publishing, and there is a 180-day period during which local agencies file modifications and

changes to the state codes (though they are not limited to this window). The new codes then take effect January 1 of the subsequent year following publication. Updates and changes to building standards are adopted on two timelines: through the triennial code adoption cycle which occurs every three years. Regulatory activities for each cycle begin over two years before the effective date of the codes.

Local Amendments to State Codes: Local governments are provided wide latitude to make changes and modifications to the state baseline codes – so long as they exceed or are more protective than the state baseline, not a reduction – and for codes affecting residential buildings (excluding energy "reach codes" which follow a different process), neither the CBSC nor statute requires the local modifications to include any cost determinations or economic impact analysis. Local governments simply have to include a finding in their filing with the CBSC that the modifications are "reasonably necessary because of local climatic, geological, or topographical conditions" (HSC 17958.7) or environmental conditions for green building standards. CBSC does not currently have the authority to review these findings for validity, merits, or the justification of reasonableness, nor do the local amendments have to follow the Administrative Procedures Act (APA) or more rigorous state review criteria requiring state building standards to "not [be] unreasonable, arbitrary, unfair, or capricious, in whole or in part" (HSC 18930(a)(4)) or have a "cost to the public [that is] reasonable, based on the overall benefit to be derived from the building standards" (HSC 18930(a)(5)).

Numerous Additional Directives and Mandates in Recent Years: The Legislature has passed, and the Governor has signed, multiple additional directives to research and propose new building standards in recent years around proposals like rainwater catchment, electric vehicle charging, water efficiency and reuse, adaptive reuse projects, "single stair" apartments exceeding three stories, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders or the adopting agencies themselves (rather than the Legislature), like solar panel mandates and fire sprinkler requirements. There are a number of legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos with regard to the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult, and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable. In addition, cost impacts to affordable housing developments are less visible in these analyses as these increased costs are indirectly borne by the state via higher per-unit development costs in the state's grant, tax credit, and loan financing programs rather than extrapolated as a direct impact to the state budget in the evaluation process.

Six Year Freeze: In 2025, AB 130 (Committee on Budget), Chapter 22, imposed a six-year moratorium on the proposal or adoption of new state building standards and modifications to building standards affecting residential units (new and existing) from June 1, 2025 until June 1, 2031. There are a few exceptions to the state moratorium are provided – first, if the standards are proposed via the existing emergency standards process outlined in HSC 18937 and the CBSC agrees with the proposing agency that the standards meet the criteria for emergency adoption and several other specific exemptions. The moratorium would only apply to standards affecting residential units, meaning standards for nonresidential buildings would remain unaffected.

AB 130 also imposed a six-year moratorium on the adoption of new local amendments and modifications to building standards affecting residential units (new and existing) from June 1, 2025 until June 1, 2031. Local agencies would be permitted to re-file amendments or modifications that are substantially equivalent to those that they already had in effect as of January 1, 2025 – in effect, a "hold harmless" to allow the reauthorization of any local standards that are already in place – but new amendments impacting residential units would not be permitted unless they meet limited exceptions. Those exceptions are similar to the state exceptions, including for emergency reasons, for home hardening, or those proposed by a fire protection district that relate to home hardening under specified law allowing for fire protection districts to make such changes.

Individuals may still choose to exceed the state baseline codes, as they always have the option to do. In addition, code proposals impacting new and existing non-residential buildings would still be permitted to continue as expected. All the items contained in the most recent triennial code that were to take effect January 1, 2026 went into effect as planned, as those codes have already been adopted by the CBSC at their recent meetings on February 26-28, 2025 and December 17-19, 2024. Code agencies have the option to bring new proposals to the CBSC to address pressing health and safety issues through the emergency standards process if there is sufficient justification for the urgency of those standards. Further, agencies and stakeholders may continue to work on other non-emergency proposals and could have them ready to propose immediately upon expiration of the moratorium.

Plug-in Photovoltaic System: Plug-in solar, small photovoltaic systems are small, portable solar panels, typically under 2 kilowatts that can be plugged directly into a wall outlet to offset a portion of a households energy consumption. These devices have become popular in Europe and are gaining popularity in the United States as simple, inexpensive options for reducing energy costs. Plug-in photovoltaic systems can be mounted on fences or on balconies and can be moved from one residence to the next, an attractive option for renters. These systems do not power an entire house like rooftop solar, but can be used like energy efficient appliances.[1]

This bill would require HCD to research and propose mandatory building standards for newly constructed single-family and multi-family housing for "qualified plug-in photovoltaic systems" that can be plugged into a standard outlet. As part of the process of developing standards, HCD would be required to consult with the State Energy Resources Conservation and Development Commission, electrical safety standard setting bodies, photovoltaic and battery equipment manufacturers, commercial building and apartment owners, and the building industry. HCD would be required to invite the public at large to participate in the development of those building energy standards through open consensus-based processes.

Arguments in Support: According to Enphase Energy, "AB 2612 takes a thoughtful and long-term approach to ensure California residents and businesses can safely and seamlessly integrate plug-in photovoltaic systems into the built environment. AB 2612 would ensure that plug-in photovoltaic systems can be safely integrated into new buildings and complimentary building electrical circuit features, in tandem with appropriate product safety features certified by a nationally recognized testing laboratory to the Underwriter Laboratory's UL 3700 standard, or a comparable set of safety standards."

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[1] What to Know About Plug-In Solar - Southern Alliance for Clean Energy (SACE)

Arguments in Opposition: None on file.

Committee Amendments: As discussed, the Legislature has placed six-year freeze on the adoption of new building standards. This bill requires the building standards that would be developed for "qualified plug-in photovoltaic systems" to sync with that pause, requiring the standards to be made as part of the 2031 building standards update.

To give HCD and CBSC the authority to evaluate building standards and determine if they are appropriate and necessary, the committee may wish to consider the following amendment:

18944.23. (a) (1) Commencing with the first triennial edition of the California Building Standards Code (Title 24 of the California Code of Regulations), adopted after June 1, 2031, the commission ~~shall~~ ***may*** adopt, approve, codify, and publish ~~**mandatory**~~ building energy standards for ~~new construction~~ building electrical circuit features to enable a qualified plug-in photovoltaic system to function as an energy source within ***the electrical circuit*** *of* a single-family residential ~~**dwelling's,**~~ ***dwelling***, multiunit residential ~~**dwelling's,**~~ ***dwelling***, or nonresidential ~~**development's electrical circuit.**~~ ***development, that is constructed after the adoption of the first triennial edition of the California Building Standards Code (Title 24 of the California Code of Regulations) that is adopted after June 1, 2031.***

(2) For purposes of paragraph (1), the Department of Housing and Development shall research, develop, and propose for adoption ~~**mandatory new construction**~~ building standards for a qualified plug-in photovoltaic system to function as an energy source within ***the electrical circuit of*** a single-family residential ~~***dwelling's, dwelling***~~, multiunit residential ~~***dwelling's, dwelling***~~, or nonresidential ~~***development's electrical circuit.***~~ ***development, that is constructed after the adoption of the first triennial edition of the California Building Standards Code (Title 24 of the California Code of Regulations) that is adopted after June 1, 2031.***

Related Legislation:

SB 868 (Weiner) (2026) Would exempt portable solar devices, as defined, from state law and electric utility rules regarding requirements to connect to the electrical distribution system, known as interconnection. This bill passed out of Senate Committee on Energy, Utilities, and Communication 14-0 and is pending a hearing in Senate Appropriations Committee.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Apartment Association
Enphase Energy

Opposition

None on file.

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

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2626 (Gabriel) – As Amended March 9, 2026

SUBJECT: Housing programs: financing

SUMMARY: Allows the Department of Housing and Community Development (HCD) to waive payment of residual receipts or minimum annual loan payments required under a department regulatory agreement to improve the fiscal integrity of a development financed with departmental resources.

EXISTING LAW:

1) Requires HCD to require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. Provides for the first 30 years of the loan term, the amount of the required loan payments shall not exceed .42% per annum. (Health and Safety Code (HSC) Section 50675.6)

2) Allows HCD to approve an extension of a department loan, the reinstatement of a qualifying unpaid matured loan, the subordination of a department loan to new debt, or an investment of tax credit equity under various older HCD rental housing finance programs. (HSC 50560)

3) Allows HCD to approve an extension of a loan, the reinstatement of a qualifying unpaid matured loan, or the subordination of an HCD loan to new debt or an investment of tax credit equity if it determines that the project will have after rehabilitation of repairs, a potential remaining useful life equal to or greater than the term of the restructured loan. (HSC 50560)

4) Provides that HCD may subordinate its loan to refinance existing senior debt only as necessary for project feasibility and to reimburse borrower advances for predevelopment costs, recent capital improvements, and recent operating deficits. (HSC 50560)

5) Establishes the Multi-family Housing Program (MHP), whose Regulations include the following prohibitions:

    a) Prohibits the Sponsor from encumbering, pledging, or hypothecating the Rental Housing Development, or any interest therein or portion thereof, or allow any lien, charge, or assessment against the Rental Housing Development without the prior written approval of HCD. HCD will not permit refinancing of existing liens or additional financing secured by the Rental Housing Development except to the extent necessary to maintain or improve the Fiscal Integrity of the Project, to maintain Affordable Rents, or to decrease Rents and for no other purpose, including, but not limited to, cash payments to the Sponsor, repayment of general partner loans or of limited partner loans, or for limited partner buyouts. Notwithstanding the general provisions in UMR Section 8308(g), this special condition controls, in that no MHP reserve balance can fund a limited partner buyout or exit.

    b) No loan may be paid off prior to maturity without the prior written consent of the Department in its sole discretion, which consent shall be subject to conditions deemed

necessary to ensure compliance with the Program requirements. All of the loan documents, including the Regulatory Agreement and Deed of Trust, shall continue in full force and effect notwithstanding any prepayment, in whole or in part, or the loan. (California Code of Regulations (CCR), Title 25, Subchapter 4, MHP Regulations 7322)

1) Requires HCD to allow an owner of a property subject to a regulatory agreement with the department to take out additional debt on the development to finance, with the department's approval, rehabilitation of the property or investment in new affordable housing, if all of the following conditions are met:

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

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

   c) Any extracted equity is any of the following:

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

      ii. Utilized in the purchase of a limited partner interest of a tax credit investor in the project, provided that the amount used to purchase that interest, as specified;

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

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

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

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

   d) The department's regulatory agreement remains in place for the project for its remaining term.

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

2) Defines "extracted equity" to mean debt added to a department-regulated property that is not used for any of the following purposes:

a) Approved project rehabilitation work;

b) To pay off existing debt;

c) Replenishment of reserves; and

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

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, California's housing crisis demands action on every front, and that starts with protecting the affordable housing we already have. To support this goal, affordable housing providers need targeted relief from cost burdens that threaten the viability of the developments that house our most vulnerable residents. AB 2626 seeks to address this by authorizing the Department of Housing and Community Development to waive annual monitoring fee payments for affordable housing developments when necessary to protect their fiscal integrity and long-term affordability. This common-sense fix will keep vulnerable developments afloat and preserve affordable homes for the Californians who need them most.

Affordable Housing Finance: The state finances affordable multifamily rental housing using a combination of loans, tax credits, and private activity bonds. Unlike market rate housing, affordable housing does not have the cash-flow from rents to support traditional financing. Affordable housing is provided to tenants whose household income is below the area median income (AMI). To qualify, very low-income tenants must make 60% or less of the AMI and lower-income tenants must make only 80% or less of AMI. Tenants in affordable housing are only required to pay 30% of their income toward rent, so the state provides enough long-term subsidy to reduce the overall debt service on a development. HCD loans serve as the permanent financing that comes in once a development is complete to take out the predevelopment and construction loans a developer took on to construct the development. HCD loans are secured with a lien in first position on the property. Developments are also subject to a 55-year recorded regulatory agreement which runs with the project. If a developer pays off an HCD loan before the covenants expire, the regulatory agreement is not extinguished and the developer must continue to provide the units at an affordability rent for the length of the regulatory agreement to lower-income tenants. Last year, AB 130 (Committee on Budget), Chapter 22, gave HCD authority to allow developers to utilize equity in their affordable housing projects to finance further investments in other affordable housing projects, purchase a limited partners interest of a tax credit investor in the project, pay any unpaid deferred developer fee for the project, and pay for necessary repairs and rehabilitation of the project. This bill is different from AB 130 in that it allows HCD to waive payment of residual receipts or minimum annual loan payments required under a department regulatory agreement to improve the fiscal integrity of a development financed with departmental resources.

Challenges Facing Affordable Housing Developments: Due to several factors including the depletion of operating reserves resulting from the COVID-19 rent moratorium and unprecedented increases in insurance rates, affordable housing developments are facing financial challenges. Enterprise Community Partners recently conducted a survey of 130 affordable

properties and found that on average the developments were experiencing insurance cost increases of 70%, with some providers reporting increases up to 500%. Because rents are capped, these properties have fewer options to cover these increases. In some cases, the situation is made worse because the project's operating reserves have not recovered from the rent moratoriums. Due to these financial pressures some properties are at risk of foreclosing or becoming market-rate developments, which would eliminate vital affordable housing units.

Fees for Monitoring: Existing law authorizes HCD to charge loan processing and monitoring fees to an applicant to generate sufficient revenue to cover initial and ongoing monitoring requirements of the program. Developments pay a flat fee of 0.42%of the total loan amount to support the cost of monitoring. A recent analysis by the California Housing Partnership has shown that Multi-family Housing Program (MHP) monitoring fees average $1,000 per unit per year. The California Housing Finance Agency (CalHFA), a sister state agency to HCD which also makes loans to affordable housing developments, charges a flat monitoring fee of $7,500 regardless of the number of units in the development. Past bills have proposed to cap the monitoring fees charged by HCD, this bill gives HCD discretion to waive the fee if it would improve the fiscal integrity of a development financed with departmental resources.

Arguments in Support: According to the California Housing Partnership, *"*AB 2626 recognizes that the state needs to charge reasonable monitoring and compliance fees and therefore provides HCD with the discretion to waive monitoring fee payments when doing so is necessary to protect the financial health of a development or in the best interests of the state. This targeted flexibility allows the state to respond to situations where compliance costs threaten the viability of affordable housing while maintaining appropriate oversight and accountability."

Arguments in Opposition: None on file.

Related Legislation:

AB 2020 (Gabriel) (2026) allows Department of Housing and Community Development (HCD) to authorize the transfer of "excess reserves" or "excess operating income" from one rental housing development, subject to a HCD regulatory agreement, to another rental housing development that is owned by the same sponsor or affiliate. AB 2020 will be heard in the Assembly Housing and Community Development Committee on April 15, 2026.

AB 913 (Celeste Rodriguez) (2025) would have authorized the HCD to authorize the transfer of excess reserves or operating income from one rental housing development to another under specified conditions. AB 913 would have also authorized HCD to waive payment of residual receipts or annual loan payments required under regulatory agreements, as specified. AB 913 was held in Senate Appropriations Committee.

AB 515 (Ward) (2023) would have amended the Loan Portfolio Restructuring Program (LPR Program) to authorize the HCD to approve the payoff of a department loan prior to the end of its term, and the extraction of equity from a development for purposes approved by the department, as specified. AB 515 was held in the Senate Appropriations Committee.

AB 578 (Berman) (2023) would have reduced the amount of annual loan payments that developers pay to the HCD to cover the ongoing costs of project monitoring under the Multifamily Housing Program and the No Place Like Home Program to the lesser of the current amount or $260 per unit. AB 578 was held in the Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Coalition for Rural Housing (Co-Sponsor)
California Housing Partnership (Co-Sponsor)
Enterprise Community Partners, INC. (Co-Sponsor)
Non-profit Housing Association of Northern California (Co-Sponsor)
Abode Housing Development
All Home
California Coalition for Community Investment
California Housing Consortium
CTY Housing, INC.
East Bay Housing Organizations
East LA Community Corporation
Episcopal Community Services of San Francisco
Housing California
LeadingAge California
Linc Housing
Little Tokyo Service Center
Local Initiatives Support Corporation
MidPen Housing Corporation
Resources for Community Development
Southern California Association of Nonprofit Housing
Supportive Housing Alliance
Tenderloin Neighborhood Development Corporation

Opposition

None on file.

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