

**Vice-Chair**  
Patterson, Joe

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

# California State Assembly

## HOUSING AND COMMUNITY DEVELOPMENT



**MATT HANEY**  
CHAIR  
**AGENDA**

Wednesday, April 22, 2026  
9 a.m. -- State Capitol, Room 126  
(Please note time and room change)

**Chief Consultant**  
Lisa Engel

**Senior Consultant**  
Dori Ganetsos  
Juan Reyes

**Committee Secretary**  
Despina Demas

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### **HEARD IN FILE ORDER**

1. AB 1725 Caloza Residential buildings: oil well disclosures: methane mitigation systems.
2. AB 1732 Alvarez California Environmental Quality Act: exemption: affordable housing projects: public university or public college housing projects.
3. AB 1740 Zbur Coastal resources: coastal development permits: Santa Monica.
4. AB 1771 Alvarez State Housing Law: apartment houses.
5. AB 1815 Wicks Factory-built housing: building standards.
7. AB 1997 Lee Land use: housing development approvals: timelines and processes.
9. AB 2094 Harabedian Social Housing Strategy and Implementation Program.
10. AB 2110 Johnson Local financing: workforce housing: tax increment financing district.
11. AB 2128 Haney Housing authorities: term limits and work requirements.
12. AB 2139 Garcia Surplus lands: exempt surplus land: City of Ontario.
13. AB 2146 Stefani Supportive housing: prospective tenants: barriers to access.
14. AB 2166 Carrillo Multifamily housing development: offsite housing factories: backstop financing.
16. AB 2185 Quirk-Silva Housing: multifamily affordable housing programs.
17. AB 2252 Lee Building standards: residential buildings.
21. AB 2415 Hoover Transit-oriented housing developments: alternative plans.
22. AB 2439 Blanca Rubio Common Interest Developments: governing documents: assessments.
23. AB 2525 Ward Surplus lands: Mission Bay Park.
24. AB 2579 Petrie-Norris Common interest developments: discipline.
27. AB 2741 Muratsuchi Housing element: inventory of land: substantial compliance.
28. AB 2748 Quirk-Silva Building standards: affordable housing developments: electric vehicle charging.
29. SB 417 Cabaldon The Affordable Housing Bond Act of 2026.(Urgency)

## CONSENT

- |     |         |               |  |
|-----|---------|---------------|--|
| 6.  | AB 1926 | Pacheco       | Residential construction costs: regulation.  |
| 8.  | AB 2044 | Petrie-Norris | Building standards: approval or adoption: cost of compliance estimate.                         |
| 15. | AB 2174 | Johnson       | Mobilehomes and manufactured housing: registration and titling documentation.                  |
| 18. | AB 2264 | Lackey        | District agricultural associations: real property: affordable housing.                         |
| 19. | AB 2320 | Ta            | Multifamily Housing Program: Homekey: adaptive reuse.  |
| 20. | AB 2329 | Fong          | Surplus residential property: condition-adjusted fair market value: City of South Pasadena.    |
| 25. | AB 2581 | Soria         | Housing: affordable housing tenants: home ownership.   |
| 26. | AB 2692 | Irwin         | Common interest developments: reinstatement of terminated declarations: County of Los Angeles. |

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1725 (Caloza) – As Amended April 16, 2026

**SUBJECT:** Residential buildings: oil well disclosures: methane mitigation systems

**SUMMARY:** Requires sellers and landlords to disclose information about the presence of wells, as specified, on or within 300 feet of a property to prospective buyers and prospective tenants, respectively. Requires owners of multifamily dwelling units who rent or lease the dwelling unit to a tenant to maintain a methane gas monitoring or alarm system if a well, as specified, is on or within 300 feet of the dwelling unit. Specifically, **this bill:**

- 1) Requires the seller, or seller's agent, of any real property to deliver to the prospective buyer a written disclosure statement describing the presence of active, idle, orphaned, or abandoned wells on or within 300 feet of the property as identified by the Geologic Energy Management Division's (CalGEM) Well Finder database or successor database.
- 2) Requires the landlord, or their agent, of a residential dwelling unit to give written notice to a prospective tenant describing the presence of active, idle, orphaned, or abandoned wells on or within 300 feet of the property as identified by the CalGEM's Well Finder database or successor database.
- 3) Requires the notice in 1) and 2) to include information on the associated hazards of living in close proximity to a well, including any potential health impacts and the increased risk of fire, toxic exposure, and methane gas emergency.
- 4) Requires an owner, or owner's agent, of a multifamily dwelling unit intended for human occupancy who rents or leases the dwelling unit to a tenant to maintain a methane gas monitoring or alarm system in that dwelling unit if the unit is located where active, idle, orphaned, or abandoned wells are on or within 300 feet of the property, as identified by the CalGEM's Well Finder database or successor database, or where the increased levels of methane are likely to be present due to commercial, industrial, geological, or environmental factors.
- 5) Requires the owner, or owner's agent, to ensure that the methane gas monitoring or alarm system is operational, and that it is inspected, updated, and tested monthly or at the manufacturer's recommended frequency to ensure that it remains in good working order.
- 6) Requires the owner, or owner's agent, to periodically submit certification of compliance with 4) and 5) to the California Department of Housing and Community Development (HCD) or the local housing or building standards enforcement agency.
- 7) Specifies "well" has the same meaning as defined in the Public Resources Code (PRC) Section 3008.

**EXISTING LAW:**

- 1) Specifies the disclosures that must be made to a buyer upon the transfer by sale, exchange, real property sales contract, lease with an option to purchase, any other option to purchase, or ground lease coupled with improvements of any single-family residential property. (Civil Code (CIV) Section 1102 *et seq.*)
- 2) Clarifies that neither the seller nor any seller's agent or buyer's agent is liable for any error, inaccuracy, or omission of any information delivered pursuant to 1) if the error, inaccuracy, or omission was not within the personal knowledge of the seller or that listing or buyer's agent, was based on information timely provided by public agencies or by other persons providing information, as specified, so long as ordinary care was exercised in obtaining and transmitting the information. (CIV 1102.4(a))
- 3) Requires a seller to provide a Natural Hazard Disclosure Statement to a prospective buyer, disclosing specified natural and environmental hazards, such as whether the property is located within a seismic hazard zone, an earthquake fault zone, a special flood hazard area, an area of potential flooding, or a high or very high fire hazard severity zone, with specified information. (CIV 1103.2)
- 4) Requires a landlord or their agent, for any structure intended for human habitation, to undertake one or both of the following actions as may be necessary to remediate any dilapidations that arise as a result of a disaster:
  - a) Removal of debris caused by the disaster; and
  - b) Mitigation of hazards arising from the disaster, including, but not limited to, the presence of mold, smoke, smoke residue, smoke odor, ash, asbestos, or water damage. (CIV 1941.8(a))
- 5) Requires the owner of a dwelling unit intended for human occupancy to install a carbon monoxide device, approved and listed by the State Fire Marshal, in each existing dwelling unit having a fossil fuel burning heater or appliance, fireplace, or an attached garage. (Health and Safety Code 17926)
- 6) Defines "well" as any oil or gas well or well for the discovery of oil or gas; any well on lands producing or reasonably presumed to contain oil or gas; any well drilled for the purpose of injecting fluids or gas for stimulating oil or gas recovery, repressuring or pressure maintenance of oil or gas reservoirs, or disposing of waste fluids from an oil or gas field; any well used to inject or withdraw gas from an underground storage facility; or any well drilled within or adjacent to an oil or gas pool for the purpose of obtaining water to be used in production stimulation or repressuring operations. (PRC Section 3008)
- 7) Defines a "health protection zone" as the area within 3,200 feet of a sensitive receptor, which includes a private home, condominium, apartment, and living quarter. (PRC 3280)
- 8) Requires the operator of a well or production facility to notify the Supervisor of Oil and Gas or the district deputy, in writing, in the form that the Supervisor or the district deputy may direct, of the sale, assignment, transfer, conveyance, exchange, or other disposition of the well or production facility by the operator of the well or production facility as soon

as is reasonably possible, but in no event later than the date that the sale, assignment, transfer, conveyance, exchange, or other disposition becomes final. (PRC 3201(a))

- 9) Provides that an operator of a well or production facility is not relieved of responsibility for the well or production facility until the supervisor or the district deputy acknowledges the sale, assignment, transfer, conveyance, exchange, or other disposition, in writing, and the person acquiring the well or production facility is in compliance with bonding and other recordkeeping requires required by law. (PRC 3201(a))
- 10) Requires an operator of a well who, on or after January 1, 2018, engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing, of a well, shall file with the supervisor an individual indemnity bond for each well so drilled, redrilled, deepened, or permanently altered in the following amount:
  - a) Twenty-five thousand dollars (\$25,000) for each well that is less than 10,000 feet deep; or
  - b) Forty thousand dollars (\$40,000) for each well that is 10,000 or more feet deep. (Public Resources Code Section 3204 (a).)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's statement:** According to the author, "Our communities have a fundamental right to know what's in their backyard, especially when it puts their health and safety at risk. Too often, uncapped and undocumented oil wells pose hidden dangers beneath the surface—leaking toxic gases, contaminating soil and groundwater, and creating long-term environmental hazards that families may never see, but still feel the impacts of every day. These risks are too serious to ignore and too often go unreported.

AB 1725 puts families first by requiring monitoring of uncapped oil wells near schools, homes, parks, and neighborhoods—bringing these hidden threats into the light. This is about transparency and accountability: ensuring that communities are informed, agencies are responsive, and responsible parties are held to account.

Every resident deserves access to clear, timely information about potential hazards in their neighborhood so they can protect their health, safeguard their families, and make informed decisions about their safety."

**CalGEM:** CalGEM is the state entity within the California Department of Conservation responsible for regulating oil, gas, and geothermal operations to protect public health, safety, and the environment. Its primary purpose is to oversee the permitting, operation, maintenance, and closure of wells, including making sure operators follow requirements for well safety, emissions control, and proper plugging and abandonment. In addition to its regulatory role, CalGEM maintains comprehensive mapping and data systems that track the location and status of oil and gas wells across California. Through publicly available tools and databases, like GIS mapping platforms and well data systems, CalGEM provides detailed information on each well's location, operational status, such as active, idle, or plugged, and available regulatory information, making it the primary statewide source for oil and gas well data.

**Wells in California:** California's oil and gas well inventory, as tracked by CalGEM, includes more than 220,000 well records statewide, reflecting both currently regulated wells and historical wells that have been plugged or otherwise taken out of service. Of these, recent CalGEM reports indicate that approximately 107,000 wells are classified as active or idle, including about 35,000 idle wells that are not currently producing but remain subject to regulatory oversight. The remainder of the state's well inventory consists largely of plugged and abandoned wells, along with smaller categories such as injection and observation wells. CalGEM maintains the official statewide database and geospatial mapping system for these wells, providing detailed information on each well's location, operational status, and compliance history.

**Methane exposure:** Living close to oil and gas wells can pose a range of environmental and health risks, especially when wells are active, idle, or not well maintained. People nearby may be exposed to air pollutants such as volatile organic compounds, including benzene, and gases like hydrogen sulfide, which can cause respiratory irritation, headaches, and other health effects. Long-term exposure to certain chemicals like benzene has been linked to increased cancer risk. There is also a risk from methane leaks, which can build up in enclosed spaces and create explosion hazards. Additionally, wells and related equipment can present a fire risk, particularly because they involve flammable materials under pressure. For example, in 2016, the Department of Conservation had to step in and permanently plug and abandon two orphaned oil wells in Los Angeles. These wells had not been properly abandoned. As a result, natural gas was seeping into the well's upper tubing and annulus and began reaching its lower explosive limit.<sup>1</sup> Idle and orphan wells may pose higher risks because they are more likely to have maintenance or structural issues, increasing the chance of leaks or other releases. For these reasons, regulators like CalGEM require monitoring, maintenance, and safety measures to help protect nearby communities.

**Hazard disclosures:** Existing law requires a seller of real property to disclose a number of potential natural and environmental hazards in proximity to the property. These disclosures include whether the property is located within a seismic hazard zone, an earthquake fault zone, a special flood hazard area, an area of potential flooding, or a high or very high fire hazard severity zone, with specified information. These disclosures allow the prospective buyer to understand potential hazards near the property. Existing law holds no seller liable for any error, inaccuracy, or omission of any information if the error, inaccuracy or omission was not within the personal knowledge of the seller and was based on information timely provided by public agencies other persons providing information, as specified, so long as ordinary care was exercised in obtaining and transmitting the information.

Similarly, landlords must disclose to tenants potential hazards in proximity to rental properties. These disclosures include asbestos, flood risks, local sex offenders, and carcinogenic material on the property.

**This bill:** This bill extends disclosure requirements to prospective property owners and prospective tenants within 300 feet of wells. The disclosure must include information about the associated hazards of living in close proximity to a well, including any potential health impacts and the increased risk of fire, toxic exposure, and methane gas emergency. This bill also require landlords of a multifamily dwelling unit to maintain a methane gas monitoring or alarm system if

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<sup>1</sup> *Abandoned Echo Park oil wells are to be sealed off for safety*, Los Angeles Times.  
<https://www.latimes.com/local/lanow/la-me-ln-oil-wells-20160608-snap-story.html>

the unit is on or within 300 feet of the property. Recent amendments clarify that the determination of a property's proximity to the well is to be made using CalGEM's Well Finder database. By tying the 300-foot radius to wells identified by CalGEM's Well Finder database, this bill ensures property sellers, landlords, prospective buyers, and prospective tenants are using the same information to determine potential exposure to methane hazards.

**Arguments in Support:** According to the Sunrise Movement, Food and Water Watch, and Consumer Watchdog, "California is home to man of the nation's urban oil fields. Today, there are more than 5,000 active, idle, and orphan wells in the City of Los Angeles. They are next to schools, community centers, and homes. Nearly 75% of active wells are located near 'sensitive land use' facilities. The fact is that 3.3 million residents of Los Angeles County alone live near an uncapped oil well, and over 500,000 residents live within 1300ft of a well. There are 68 named oil fields in the Los Angeles basin alone, representing thousands of wells and billions of gallons of oil." "The vast majority of those living on or near oil wells are often not aware of the presence of oil wells or their effects. The ringing of a methane alarm is often the first time that residents are aware of an impending issue. There is nothing in the current law that empowers residents with the knowledge to keep themselves safe, nor anything that ensures methane monitoring systems are operational."

**Arguments in Opposition:** According to the California Apartment Association, California Building Industry Association, California Business Properties Association, and the California Mortgage Bankers Association, "AB 1725 places responsibility for oil well-related risks on neighboring property owners who have no control over those wells. Property owners do not drill, operate, maintain, or abandon oil wells, nor do they have the ability to prevent methane leaks or other hazards associated with these facilities." "AB 1725 would create significant new compliance obligations for property owners. The bill mandates installation of methane gas monitors, as well as maintenance, testing, and reporting requirements of these monitors for property owners. These requirements could increase operational costs and liability exposure, particularly for smaller property owners, without directly addressing the root cause of the safety concerns."

**Committee amendments:**

- 1) The author has requested that the committee consider amendments that narrow this bill to two census tracts within the author's Assembly District.
- 2) Delete the requirement for monthly inspections, updates, and testing of the installed methane gas monitoring or alarm system and instead limit such inspections, updates, and testing to the manufacturer's recommended frequency.

SEC. 3. Health and Safety Code 17926.5

...

(b) The owner or owner's agent shall be responsible for ensuring that the methane gas monitoring or alarm system is operational, and that it is inspected, updated, and tested ~~monthly~~ or at the manufacturer's recommended frequency to ensure that it remains in good working order.

*Double referred:* This bill is double referred. It was heard in the Assembly Committee on Judiciary and passed on a vote of 9-3 on April 14, 2026

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Environmental Voters  
Climate Environmental Voters  
Consumer Watchdog  
East Area Progressive Democrats  
Food and Water Watch  
Stand Together Against Neighborhood Drilling (STAND-LA)  
Sunrise Movement  
Sunrise Movements Bay Area  
Sunrise Movement LA  
Sunrise Movement Orange County  
Vista Hermosa Heights Community Group  
350 Bay Area Action  
Individuals (1)

**Opposition**

California Apartment Association  
California Association of Realtors (unless amended)  
California Building Industry Association  
California Business Properties Association  
California Chamber of Commerce  
California Mortgage Bankers Association

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1732 (Alvarez) – As Amended April 15, 2026

**SUBJECT:** California Environmental Quality Act: exemption: affordable housing projects: public university or public college housing projects

**SUMMARY:** Expands an existing California Environmental Quality Act (CEQA) statutory exemption for infill affordable housing to include qualifying public university and community college housing projects, allowing those projects to proceed without environmental review if they meet specified labor, location, and environmental standards. Specifically, **this bill:**

- 1) Defines “public university or public college housing project” as one or more housing facilities to be occupied by students, faculty, or staff on a University of California (UC), California State University (CSU), or California Community College (CCC) campus, including dining, academic, student support service spaces, and other facilities that meet the following requirements:
  - a) The labor standards established in AB 2011 (Wicks), Chapter 647, Statutes of 2022;
  - b) The project is located on a legal parcel or parcels in any of the following locations:
    - i) In a city where the city boundaries include some portion of either an urbanized area or urban cluster;
    - ii) In an unincorporated area where the legal parcel or parcels are wholly within the boundaries of an urbanized area or urban cluster;
    - iii) Within one-half mile walking distance of either a high-quality transit corridor or a major transit stop;
    - iv) In a very low vehicle miles traveled (VMT) area; or
    - v) Proximal to six or more specified amenities; and
  - c) The project is located on a site where parcels developed with urban uses adjoin at least 75% of the perimeter, or at least three sides of a four-sided site.
- 2) Expands an existing CEQA exemption for qualifying affordable housing projects to also apply to public university or public college housing projects meeting the criteria in 1).
- 3) Extends the CEQA exemption to specified actions related to public university or public college housing projects, including the issuance of entitlements, land disposition actions, rezonings or plan amendments required to facilitate the project, and the provision of financial assistance, consistent with the actions already exempted for affordable housing projects.
- 4) Modifies existing law governing the CEQA exemption for both affordable housing projects, and the new addition of public university or public college housing projects, by requiring the lead agency to provide notice to, and consult with, California Native American tribes prior to

project approval, and authorizing the lead agency to impose conditions of approval to avoid or mitigate impacts to tribal cultural resources.

- 5) Applies existing environmental and site eligibility requirements under the CEQA exemption to public university or public college housing projects, including requirements related to hazardous materials assessment and remediation, exposure to environmental hazards, and specified siting constraints.
- 6) Extends the sunset date for the CEQA exemption for both affordable housing projects and public university or public college housing projects from January 1, 2033, to January 1, 2037.

**EXISTING LAW:**

- 1) Requires a lead agency to prepare, or cause to be prepared, and certify the completion of an environmental impact report (EIR) for a project it proposes to carry out or approve that may have a significant effect on the environment, or to adopt a negative declaration or mitigated negative declaration, as applicable, unless the project is exempt from CEQA. (Public Resources Code (PRC) Section 21000 et seq.)
- 2) Exempts from CEQA specified actions related to qualifying affordable housing projects, including the issuance of entitlements, land disposition actions, rezonings or plan amendments required to facilitate the project, and the provision of financial assistance, if the project meets specified requirements. (PRC 21080.40)
- 3) Defines a qualifying “affordable housing project” as a project consisting of multifamily residential uses only or a mix of multifamily residential and nonresidential uses, with at least two-thirds of the square footage designated for residential use, that meets one of the following:
  - a) All residential units, excluding managers’ units, are dedicated to lower income households; or
  - b) The project is on a site owned by a local educational agency and complies with specified affordability requirements.
- 4) Requires the affordable housing project to meet specified labor standards, including prevailing wage requirements and, for projects of 50 or more units, additional labor standards.
- 5) Requires the affordable housing project to be located on a legal parcel or parcels in any of the following locations:
  - a) In a city where the city boundaries include some portion of an urbanized area or urban cluster, or in an unincorporated area where the parcel is wholly within an urbanized area or urban cluster;
  - b) Within one-half mile walking distance of a major transit stop or high-quality transit corridor;
  - c) In a very low vehicle miles traveled (VMT) area; or

- d) Proximal to specified amenities.
- 6) Requires the project to meet specified site and environmental conditions
- 7) Requires the lead agency to file a notice of exemption with the Office of Planning and Research (OPR) and the county clerk.
- 8) Sunsets these provisions in 1)-7), above, on January 1, 2033.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "California's public colleges and universities are among the finest higher education institutions in the world. They are also at the frontlines of the student housing crisis, yet they are uniquely disadvantaged by a legal technicality that prevents them from accessing the same CEQA streamlining available to private higher education institutions and other housing developers. AB 1732 closes this gap. By extending the infill exemption framework to housing projects consistent with public higher education land use plans, we can accelerate the construction of the affordable student housing that our students urgently need, without sacrificing environmental protections or labor standards.

UC, CSU and CCC Campus housing projects are some of the most environmentally friendly buildings and located in already dense areas, often around transit options. In fact, several public higher education land use plans explicitly reference campus housing as a Vehicle Miles Traveled-reduction strategy. At a time when housing insecurity affects students and employees across California's public higher education system, it is difficult to justify maintaining procedural barriers that private developers and private colleges are not required to overcome.

**Student Housing Need:** California's housing crisis is a half-century in the making.<sup>1</sup> 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. 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.<sup>2</sup>

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 6<sup>th</sup> 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.<sup>3</sup>

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> 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>

<sup>3</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

A recent report from the Public Policy Institute of California (PPIC) shows that students spend more on housing than tuition while attending public university.<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> The largest representative study of homelessness since the 1990s found that the most common reason for leaseholders leaving their last housing was economic.<sup>7</sup>

**CEQA:** CEQA was enacted in 1970 and signed into law by Governor Reagan in response to growing public concern about the environmental consequences of development. Over time, CEQA has become a central feature of land use planning in California, influencing how and where development proposals, including proposed housing developments, can proceed. Modeled after the National Environmental Policy Act (NEPA), CEQA requires public agencies to identify, disclose, and, where feasible, mitigate the significant environmental impacts of proposed projects. The level of environmental review varies depending on a project's potential impacts or its eligibility for exemption under CEQA. Projects may qualify for a statutory or categorical exemption, or, if not exempt, may require a Negative Declaration, Mitigated Negative Declaration (MND), or a full EIR. While categorical exemptions typically apply to project types that are unlikely to have significant environmental impacts, statutory exemptions may apply even if a project could result in significant impacts, based on policy decisions made by the Legislature.

While CEQA is intended to promote transparency and environmental protection, it also introduces time, complexity, and litigation risk to proposed developments, particularly for multifamily or infill housing projects. Developers and local governments often face challenges navigating CEQA's technical requirements, including preparing lengthy documentation and coordinating among various departments and consultants. CEQA includes statutory timelines intended to guide the environmental review process, but these deadlines are largely unenforceable in practice. Statute establishes time limits for completing various levels of environmental review, such as a one-year timeframe to complete a full EIR, but courts have consistently interpreted CEQA's timeframes as advisory rather than mandatory, meaning there

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<sup>4</sup> [https://www.ppic.org/publication/keeping-college-affordable-for-california-students/#:~:text=In%20fact%2C%20for%20a%20majority,community%20college%20\(Figure%201\).](https://www.ppic.org/publication/keeping-college-affordable-for-california-students/#:~:text=In%20fact%2C%20for%20a%20majority,community%20college%20(Figure%201).)

<sup>5</sup> [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](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)

<sup>6</sup> <https://lao.ca.gov/reports/2024/4898/Update-on-Student-Housing-Assistance-050724.pdf>

<sup>7</sup> <https://homelessness.ucsf.edu/our-impact/studies/california-statewide-study-people-experiencing-homelessness>

are no penalties for exceeding them. As a result, environmental review under CEQA can often extend well beyond the statutory timelines, contributing to uncertainty and delays in project approvals, especially for complex or controversial developments.

In a 2024 report, the Little Hoover Commission (Commission) found that debates over CEQA can function as a “proxy battle,” for other policy disputes, such as debates over land-use and local control.<sup>8</sup> CEQA’s broad standing provisions allow virtually any party to file a lawsuit challenging the adequacy of a CEQA analysis, which can lead to costly and time-consuming delays even for projects that comply with all applicable state and local requirements. While CEQA litigation is often cited as a key barrier to housing production, the Commission finds that lawsuits are relatively rare in proportion to the overall number of projects subject to CEQA review.<sup>9</sup> On average, approximately 200 CEQA lawsuits are filed annually, representing about 2% of all developments that are subject to CEQA.<sup>10</sup> This low rate of litigation is partly attributable to CEQA’s broad applicability, as the vast majority of all projects subject to CEQA have minimal environmental impact, and can proceed under CEQA exemptions or some other form of streamlined review.<sup>11</sup> For example, fewer than 10% of housing projects, representing slightly under a quarter of the total number of residential units proposed in the timeframe and jurisdictions analyzed by the Commission, required the preparation of a full EIR.<sup>12</sup>

However, the Commission’s report also notes that when litigation does occur, it disproportionately targets housing developments, particularly multifamily and mixed-use projects.<sup>13</sup> Approximately 25% of all CEQA lawsuits filed challenged residential or mixed-use housing, with many such lawsuits being filed for infill housing and transit-oriented developments, which are central to California’s housing and climate policy objectives.<sup>14</sup> Research cited by the Commission suggests that litigation may disproportionately affect housing developments proposed in higher-income communities and in transit priority areas.<sup>15</sup> Furthermore, the broader impact of CEQA litigation on housing development is difficult to measure. Beyond formal lawsuits, CEQA’s influence extends to project delays associated with preparing defensible environmental documentation, settlements between developers and opponents to avoid litigation, or the deterrent effect on projects never proposed due to the uncertainty and risk that going through CEQA review poses. The Commission concludes that while CEQA litigation is infrequent, its potential to disrupt critical housing production, particularly the types of projects aligned with state policy goals, warrants continued attention.

***CEQA Exemptions for Housing Developments:*** Certain housing developments are currently exempt from CEQA review altogether, including projects that are:

- Ministerial (i.e., those that do not involve discretionary approvals);
- Covered by statutory exemptions enacted by the Legislature; or

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<sup>8</sup> Little Hoover Commission Report # 279, *CEQA: Targeted Reforms for California’s Core Environmental Law*, May 2024. Page 12

<sup>9</sup> IBID.

<sup>10</sup> IBID.

<sup>11</sup> IBID.

<sup>12</sup> IBID.

<sup>13</sup> IBID.

<sup>14</sup> IBID.

<sup>15</sup> IBID.

- Eligible for categorical exemptions under CEQA Guidelines.

These exemptions are intended to streamline the approval process for housing developments that are typically unlikely to result in significant environmental impacts, especially in urban infill locations. However, the criteria for these exemptions are often narrow and challenging to use, particularly for larger or more complex projects. Categorical exemptions, such as the Class 32 Infill Development Exemption, are intended to streamline CEQA review for projects that are unlikely to cause significant environmental impacts, including small-scale housing developments on sites that are five acres or less in urbanized areas. However, local governments may hesitate to rely on these exemptions due to the risk of litigation. Under CEQA, even if a project meets all the technical criteria for a categorical exemption, opponents can challenge its use by claiming the presence of “unusual circumstances” that could result in significant environmental effects. This legal uncertainty creates a strong incentive for local agencies to conduct a full environmental review, even for projects that qualify, simply to avoid the time and cost of defending an exemption in court. Additionally, the strict requirements regarding traffic, noise, air quality, and water quality impacts further limit the practical application of Class 32 to smaller, less complex projects. As a result, categorical exemptions, while available in theory, are often underutilized in practice, especially for the types of larger infill housing developments needed to address California’s housing shortage.

In recent years, the Legislature has increasingly implemented statutory exemptions for infill housing developments in order to address the difficulties associated with CEQA compliance. These include statutory exemptions for:

- Accessory Dwelling Units (ADUs);
- Streamlined multifamily housing meeting certain criteria in jurisdictions falling short of their RHNA targets - SB 35 (Wiener, Chapter 366, Statutes of 2017) and SB 423 (Wiener, Chapter 778, Statutes of 2023);
- Lot splits and duplexes - SB 9 (Atkins, Chapter 162, Statutes of 2021);
- Mixed-income housing along commercial corridors - AB 2011 (Wicks, Chapter 647, Statutes of 2022);
- 100% affordable housing projects that meet certain locational criteria - AB 1449 (Alvarez), Chapter 761, Statutes of 2023;
- Affordable housing development on faith and independent higher-education organization-owned land - SB 4 (Wiener, Chapter 771, Statutes of 2023); and
- Qualifying infill housing development projects meeting specified size and locational standards - AB 130 (Committee on Budget), Chapter 22, Statutes of 2025.

These laws are designed to facilitate housing production by exempting certain projects from CEQA, and expediting approvals if they meet certain conditions. ADUs and SB 9 projects benefit from relatively broad statutory exemptions, as they target small-scale developments with minimal environmental impacts. More recently, AB 130 established a broader CEQA exemption pathway for infill housing projects that meet specified objective criteria related to site size, urban location, surrounding uses, and consistency with applicable planning standards. This exemption

is intended to address longstanding limitations of categorical exemptions, particularly for larger infill projects, by providing a more durable statutory pathway that is less vulnerable to legal challenge.

Specific to public university housing development projects, previous legislative efforts to streamline approvals include SB 886 (Wiener), Chapter 663, Statutes of 2022, which established a statutory exemption but imposed highly prescriptive requirements, such as LEED Platinum certification as a prerequisite to using the exemption, which limited its practical use. Subsequent legislation, SB 312 (Wiener) Chapter 284, Statutes of 2024, sought to address implementation challenges in SB 886 by modifying certain requirements, including allowing LEED certification to occur after project completion. However, stakeholders report that these frameworks remain difficult to utilize in practice.

***This Bill:*** This bill expands an existing CEQA statutory exemption that currently applies to qualifying affordable housing projects, established by AB 1449 (Alvarez), to also include certain public university and public college housing projects. Specifically, this bill establishes a new category of “public university or public college housing project,” defined to include student, faculty, and staff housing on UC, CSU, and CCCC campuses, along with associated facilities, that meet specified labor, location, and site criteria.

This bill applies the existing CEQA exemption framework in Public Resources Code Section 21080.40 to these projects, including exempting specified actions, including the issuance of entitlements, land disposition, and related planning actions, from CEQA review. In doing so, this bill effectively extends to public higher education housing the same streamlined approval pathway currently available to qualifying affordable housing developments that meet infill, environmental, and labor requirements.

In addition to expanding the scope of eligible projects, this bill modifies certain requirements within the existing exemption framework that apply to both affordable housing projects and the newly covered public university and public college housing projects. Most notably, the bill replaces existing provisions related to tribal cultural resources with a requirement that the lead agency provide notice to, and consult with, California Native American tribes prior to project approval, and authorizes the imposition of conditions of approval to avoid or mitigate impacts to tribal cultural resources. This bill also maintains existing environmental and site eligibility requirements related to the existing CEQA exemption, such as those related to hazardous materials, environmental hazards, and site suitability, and applies them to public higher education housing projects.

Finally, the bill extends the sunset date for this CEQA exemption framework from January 1, 2033, to January 1, 2037.

***Arguments in Support:*** The Student Homes Coalition, the bill sponsor, writes in support: “While the legislature has made significant progress towards CEQA streamlining, California has yet to pass an exemption that is workable for public student housing projects. Previous attempts to streamline UC and CSU housing specifically, namely SB 886 and SB 312, include financially burdensome requirements and as such have never been used. Rather than creating another new exemption, AB 1732 will build on existing pathways that have been proven effective for affordable housing projects. By expanding AB 1449 (2023) to include UCs, CSUs, and CCC housing projects, AB 1732 will ensure that California's public institutions have viable streamlined pathways in line with those currently available to private developers.”

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

**Committee Amendments:** Add “or lead agency” to PRC 21080.40(b) as follows, to ensure that housing development projects by UCs, CSUs, and CCCs are covered:

(b) Subject to subdivision (c), this division does not apply to any of the following:

(1) The issuance of an entitlement by a public agency or lead agency for an affordable housing project or a public university or public college housing project.

(2) An action to lease, convey, or encumber land owned by a public agency or lead agency for an affordable housing project or a public university or public college housing project.

(3) An action to facilitate the lease, conveyance, or encumbrance of land owned or to be purchased by a public agency or lead agency for an affordable housing project or a public university or public college housing project.

**Related Legislation:**

*AB 130 (Committee on Budget), Chapter 22, Statutes of 2025*, exempted qualifying infill housing development projects meeting specified size and locational standards from CEQA.

*AB 1449 (Alvarez), Chapter 761, Statutes of 2023*, exempted certain affordable housing projects from CEQA until 2033.

*SB 312 (Wiener) Chapter 284, Statutes of 2024*, sought to address implementation challenges in SB 886 by modifying certain requirements, including allowing LEED certification to occur after project completion.

*SB 886 (Wiener), Chapter 663, Statutes of 2022*, established a statutory exemption but imposed highly prescriptive requirements, such as LEED Platinum certification as a prerequisite to using the exemption, which limited its practical use.

**Double-Referred:** This bill was also referred to the Committee on Natural Resources, where it passed with a vote of 13-0 on April 13, 2026.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Student Homes Coalition (Sponsor)  
 University of California Student Association (Sponsor)  
 21st Century Alliance  
 Abundant Housing LA  
 ASUCD Housing and Transportation Advocacy Committee  
 California Apartment Association  
 California College Democrats  
 California Faculty Association  
 California School Employees Association  
 California YIMBY  
 Chris Ricci - Modesto City Councilmember

City of Culver City  
City of Gilroy Council Member Zach Hilton  
City of Monterey Park  
College Democrats At UC Irvine  
Davis College Democrats  
GenerationUp, Incorporated  
Inner City Law Center  
Santa Monica Community College District  
Student Homes At SJSU  
Student Homes At UCLA  
Student Homes At UCSB  
Student Homes At UCSD  
UC San Diego Triton Lobby Corps  
UCLA Undergraduate Student Association Council  
Urban Studies Student Association  
YouthBridge Housing

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1740 (Zbur) – As Amended April 15, 2026

**SUBJECT:** Coastal resources: coastal development permits: Santa Monica

**SUMMARY:** Exempts certain activities and developments in the City of Santa Monica from the requirement to obtain a Coastal Development Permit (CDP) under the California Coastal Act (Act). Specifically, **this bill:**

- 1) Exempts, notwithstanding any provision of an existing certified Local Coastal Program (LCP) or certified land use plan, the following activities and types of developments in Santa Monica (the City) from CDP requirements, and provides that they shall not require an amendment to a certified LCP or certified land use plan, with limited exceptions:
  - a) Establishing, altering, eliminating, or otherwise managing parking regulations and requirements, including the addition or removal of parking spaces, establishing parking minimums and maximums, determining parking rates, and parking pricing management;
  - b) Making roadway or public right-of-way (ROW) improvements to support pedestrians, bicyclists, or public transit;
  - c) Installing accessible walkways compliant with the Americans with Disabilities Act (ADA), pay stations, signage, and electric vehicle (EV) chargers in public facilities;
  - d) Increasing parking rates without limitation until the rate reaches \$10 per day, adjusted annually for inflation;
  - e) Approving a person hosting short-term community events that do not permanently alter land use;
  - f) Making interior or exterior renovations, changes of use, or intensifications of existing buildings;
  - g) Any aspects of a housing development project, including permits, approvals, or public improvements required for the project, if the housing development meets the following requirements:
    - i) The site is located within an area that allows for multifamily housing in the city's general plan land use element, specific plan, or zoning ordinance;
    - ii) The housing development is a multiunit development, excluding a single-family home with an accessory dwelling unit (ADU), that is at least 2/3 residential;
    - iii) The project is not located on or within a 100-foot radius of a wetland or an environmentally sensitive habitat area; or

- iv) Between the sea and the first public road paralleling the sea or within 300 feet of the inland extent of any beach or of the mean high tideline of the sea where there is no beach, whichever is the greater distance;
  - h) Outdoor dining; and
  - i) Installing bicycle facilities.
- 2) Provides that the activities described in 1) are subject to approval and regulation by the City in accordance with state and local laws, and do not require review or approval by the California Coastal Commission (Commission).
  - 3) Provides that this bill does not limit the applicability of other exemptions from CDP requirements.
  - 4) Includes a sunset date of January 1, 2037.

**EXISTING LAW:**

- 1) Establishes the Commission in the Natural Resources Agency and requires the Commission to consist of 15 members (3 non-voting and 12 voting). (Public Resources Code (PRC) Section 31004)
- 2) Requires each local government within the Coastal Zone to prepare an LCP for that portion of the Coastal Zone within its jurisdiction. Authorizes any local government to request, in writing, the Commission to prepare an LCP or a portion thereof, for the local government. Prohibits amendments to an LCP for the purpose of developing a certified LCP from constituting an amendment of a general plan. (PRC 30500)
- 3) Provides the following for the planning and regulation of development within the Coastal Zone, generally:
  - a) A person planning to perform or undertake any development in the Coastal Zone is required to obtain a CDP from the Commission or local government enforcing an LCP that is certified by the Commission; (PRC 30600)
  - b) An LCP cannot be required to include housing programs and policies; (PRC 30500.1)
  - c) The Coastal Zone means the coastal land and waters of California, and includes the lands that extend inland generally 1,000 yards from the mean high tide line, as specified, with various exceptions including the San Francisco Bay; and (PRC 30103)
  - d) Development means, among other things, the placement or construction of any solid material or structure on land or in water. (PRC 30106)
- 4) Pursuant to the Act (PRC 30000 *et seq.*):
  - a) Declares that it is a basic goal of the state to maximize public access to and along the coast and to maximize public recreational opportunities in the Coastal Zone consistent with sound resource conservation principles and constitutionally protected rights of private property owners. (PRC 30001.5)

- b) Requires, consistent with the California Constitution, maximum access to be conspicuously posted, and recreational opportunities to be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse. (PRC 30210)
  - c) Provides that lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. (PRC 30213)
  - d) Provides that the location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation, (5) assuring the potential for public transit for high intensity uses such as high-rise office buildings, and (6) assuring that the recreational needs of new residents will not overload nearby coastal recreation areas by correlating the amount of development with local park acquisition and development plans with the provision of onsite recreational facilities to serve the new development. (PRC 30252)
  - e) Requires all new development to, among other things, minimize energy consumption and vehicle miles traveled (VMT). (PRC 30253)
- 5) Requires, by July 1, 2026, the Commission, in coordination with the Department of Housing and Community Development (HCD), to develop and provide guidance for local governments to facilitate the preparation of amendments to an LCP to clarify and simplify the permitting process for accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) within the Coastal Zone. (PRC 30500.5)
- 6) Requires by July 1, 2027, the Commission, in consultation with HCD, to identify infill areas within at least three local jurisdictions that currently do not have a certified LCP, wherein development of a residential housing project comprised entirely of units, excluding managers' units, that are deed-restricted for persons of very low-, low-, or moderate-income shall be categorically excluded from the requirement to obtain a CDP. (PRC 30610.05)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "AB 1740 modernizes the coastal act to support local jurisdictions' climate action, transit and housing strategies by reforming the way the Coastal Act advances public access to the coast in a highly urbanized transit-rich community. In particular, the bill embraces smart climate strategies by incentivizing and supporting investments in transit, bike lanes and pedestrian transportation, rather than imposing unnecessary parking and road improvements. It does this by recognizing and empowering an urbanized, transit-rich community to have the ability to approve housing, bike and pedestrian improvements, outdoor dining and certain building renovations and certain other minor projects without the need for individual coastal development permits. The bill would only apply to areas in Santa Monica

without protected coastal resources, such as wetlands, environmentally sensitive habitat areas or coastal bluffs.

This bill now only applies to the City of Santa Monica. However, at the bill's inception, it only applied to a small, narrow portion of the California coast- mainly urban built-out areas with transit service. This proposal will preserve the California Coastal Commission's authority and ability to protect beaches and coastal resources from activities that threaten sensitive habitats. By returning control over a limited but important set of permitting activities to local government, this bill will alleviate an unnecessary regulatory burden, improve local flexibility, and reduce costs and uncertainty for city government, individuals, and businesses. In an area that is urbanized, intensively developed, and void of sensitive ecological resources and habitats, Coastal Commission oversight merely adds cost and significant delay- and diverts Commission staff resources from their crucial role of protecting our beaches and sensitive habitats."

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

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

**Development in the Coastal Zone:** The process of securing approvals for new housing throughout California is often lengthy, unpredictable, and costly. A 2025 study found that California is the most expensive state in the nation for multifamily housing production, in part due to prolonged timelines between application submittal and project approval.<sup>1</sup> This report found that longer production timelines are strongly associated with higher costs, and the time to bring a project to completion in California is more than 22 months longer than the average time required in Texas.<sup>2</sup>

HCD identifies lengthy permit processing timelines and procedures as a governmental constraint to housing development. In its San Francisco Housing Policy and Practice Review, HCD found that complex entitlement and permitting processes not only discourage new developers from entering the market, but can also cause existing developers to exit high-barrier jurisdictions in favor of those with simpler procedures.<sup>3</sup> Bureaucratic delays can result in project abandonment, further constraining the state's housing supply.

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<sup>1</sup> [https://www.rand.org/pubs/research\\_reports/RRA3743-1.html](https://www.rand.org/pubs/research_reports/RRA3743-1.html)

<sup>2</sup> [https://www.rand.org/pubs/research\\_reports/RRA3743-1.html](https://www.rand.org/pubs/research_reports/RRA3743-1.html)

<sup>3</sup> HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>

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

***Recent Legislative Efforts:*** In recent years, the Legislature has passed legislation aimed at addressing barriers to coastal development. Notably, AB 462 (Lowenthal), Chapter 491, Statutes of 2025 streamlines the approval of ADUs within the Coastal Zone by requiring local governments or the Commission to approve or deny a CDP application for an ADU within 60 days of a complete application, with concurrent processing alongside the underlying ADU permit, and a “deemed approved” provision if timelines are not met. AB 462 further removed the ability to appeal CDPs for ADUs approved by a local government. AB 462 also creates a limited exception to allow certificates of occupancy for certain detached ADUs in disaster-affected areas prior to reconstruction of the primary dwelling.

Similarly, SB 484 (Laird), Chapter 416, Statutes of 2025, directed the Commission, in consultation with HCD, to identify infill areas within specified jurisdictions where certain development may be categorically excluded from CDP requirements, based on findings that such development would not result in significant adverse impacts to coastal resources or access.

***This Bill:*** This bill establishes a broad set of exemptions from Coastal Act CDP requirements within the City of Santa Monica for specified categories of development and activities, including parking management, multimodal transportation improvements, accessibility upgrades, temporary events, building renovations, outdoor dining, bicycle infrastructure, and housing development. By removing CDP requirements for these activities, this bill shifts primary oversight to the City and is intended to reduce administrative delays associated with coastal permitting.

While the bill is not exclusively focused on housing, its inclusion of a broad exemption for qualifying housing development projects represents a potentially significant change to how housing is approved in the Coastal Zone. Specifically, this bill exempts multifamily housing developments that are already permitted under local zoning, along with all associated permits and public improvements, from CDP requirements, provided the projects are located outside environmentally sensitive areas and not in close proximity to the shoreline. In practice, this removes an additional layer of discretionary review that can introduce delay, cost, and appeal risk, even for projects that are otherwise consistent with local land use plans.

This bill also meaningfully alters the role of the Local Coastal Program (LCP) in governing development within the Coastal Zone. Under existing law, a certified LCP serves as the primary mechanism through which local governments implement the Coastal Act, and CDP requirements are typically embedded within and enforced through the LCP framework. If a local government does not have a certified LCP, then the Coastal Commission is the issuing body for CDPs. This bill, however, provides that the specified exemptions apply notwithstanding any provision of a certified LCP or land use plan and without requiring an LCP amendment, effectively superseding

locally adopted coastal policies for these categories of development. As a result, projects that would otherwise be subject to LCP-based CDP review, including those consistent with zoning, but still requiring CDPs, would instead be processed solely under local land use authority.

Because LCPs often include additional coastal-specific standards, discretionary review processes, and appeal pathways, they can function as an additional layer of regulation beyond local zoning. By bypassing CDP requirements and, by extension, key components of LCP implementation for qualifying projects, this bill may streamline infill housing production in a high-opportunity coastal jurisdiction and reduce permitting timelines. At the same time, this approach shifts the balance between state-directed streamlining and the Coastal Act's long-standing reliance on locally tailored coastal planning through certified LCPs. This bill maintains geographic and environmental guardrails and sunsets on January 1, 2037, allowing the Legislature to evaluate how these changes affect housing production, coastal access, and resource protection over time.

**Arguments in Support:** The California Home Building Alliance (HBA) writes in support: "AB 1740 recognizes the critical role played by the Coastal Commission's while also acknowledging that urban communities with high quality transit are burdened by the need to seek Coastal Commission approval for activities ranging from removing a parking space and installing outdoor dining to building housing or changing the use of an existing, already constructed building."

**Arguments in Opposition:** The California Coastal Protection Network, Environmental Action Committee of West Marin, Azul, and Surfrider Foundation write in an oppose unless amended position: "Unfortunately, the author of AB 1740 continues to pursue a Coastal Act exemption-based approach. The core of the bill - which guts essential Coastal Act provisions for the protection of the environment, public access, environmental justice and sea level rise planning - remains intact. For this reason, we remain opposed until ALL of the Coastal Act Exemptions are removed from AB 1740."

**Committee Amendment:** The Committee may wish to consider the following amendment, so that sites identified for housing in the housing element, not just the land use element, are eligible:

(A) The project site is located within an area where multiunit housing is an allowed use in the city's general plan ~~land use element~~, specific plan, or zoning ordinance.

**Related Legislation:**

*AB 462 (Lowenthal), Chapter 491, Statutes of 2025*, streamlines the approval of ADUs within the Coastal Zone by requiring local governments or the Commission to approve or deny a CDP application for an ADU within 60 days of a complete application.

*SB 484 (Laird), Chapter 416, Statutes of 2025*, directed the Commission, in consultation with HCD, to identify infill areas within specified jurisdictions where certain development may be categorically excluded from CDP requirements, based on findings that such development would not result in significant adverse impacts to coastal resources or access.

**Double-Referred:** This bill was also referred to the Committee on Natural Resources, where it passed with a 10-0 vote on April 13, 2026.

**REGISTERED SUPPORT / OPPOSITION:****Support**

Abundant Housing LA (Co-Sponsor)  
City of Santa Monica (Co-Sponsor)  
Streets for All (Co-Sponsor)  
AARP  
Abundant Housing Los Angeles  
Abundant Housing Pasadena  
Abundant Housing Sunset  
Ahla Koreatown  
Alhambra Urbanists  
American Gonzo Food Corporation  
Bay Area Council  
Burbank Abundant Housing  
Cal Chamber  
California Attractions and Parks Association  
California Council for Affordable Housing  
California Downtown Association  
California Mobility and Parking Association  
California Restaurant Association  
California Travel Association  
California YIMBY  
CBIA  
Chulita Restaurant Group  
Circulate San Diego  
City of Long Beach  
Climate Resolve  
Downtown Santa Monica  
DTLA 4 All  
Eastside Housing for All  
Fieldstead and Company  
Glendale YIMBY  
Housing Action Coalition  
Independent Hospitality Coalition  
League of California Cities  
LISC San Diego  
Los Angeles Cleantech Incubator  
Los Angeles County  
Los Angeles County Business Federation  
Mayor Todd Gloria, City of San Diego  
MidPen Housing Corporation  
Move LA  
New Way Homes  
Office of City Councilwoman Traci Park, Council District 11, City of Los Angeles  
Santa Monica Chamber of Commerce  
Santa Monica Forward  
SPUR

Streets are for Everyone  
The Brig  
The Wish You Were Here Group  
Urban Environmentalists, Los Angeles  
Venice Ale House  
Venice Chamber of Commerce  
Westside Council of Chambers of Commerce  
Westside for Everyone

### **Opposition**

Coastal San Pedro Neighborhood Council  
Environmental Defense Center  
Sierra Club  
Venice Neighborhood Council

### ***Oppose Unless Amended***

350 Bay Area Action  
Amigos De Bolsa Chica  
Audubon California  
Azul  
Ballona Wetlands Institute  
California Coastal Protection Network  
California Coastkeeper Alliance  
Citizens Preserving Venice  
Cleaneearth4kids.org  
Coalition for a Beautiful Los Angeles  
Coastal Corridor Alliance  
Coastal Lands Action Network  
Defend Ballona Wetlands  
Endangered Habitats League  
Environmental Action Committee of West Marin  
Environmental Action Committee of West Marin  
Environmental Center of San Diego  
Escondido Neighbors United  
Friends of Harbors, Beaches and Parks  
Friends of Los Penasquitos Canyon Preserve  
Green Foothills  
Heal the Bay  
Humboldt Waterkeeper  
Inland Empire Waterkeeper  
National Parks Conservation Association  
Newport Mooring Association  
Ocean Defenders Alliance  
Orange County Coastkeeper  
Outdoor Outreach  
Planning and Conservation League  
Resource Renewal Institute  
Save Our Shores

Sea and Sage Audubon Society  
SoCal 350 Climate Action  
Surfrider Foundation  
Surfrider Foundation Los Angeles Chapter  
Tubb Canyon Desert Conservancy  
WILDCOAST

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1771 (Alvarez) – As Introduced February 9, 2026

**AS PROPOSED TO BE AMENDED**

**SUBJECT:** State Housing Law: apartment houses

**SUMMARY:** Requires the Department of Housing and Community Development (HCD), no later than January 1, 2029, to develop and submit to the Legislature a report that analyzes the efficacy of the requirement in Title 25 of the California Code of Regulations that apartment buildings with 16 units or more have a manager, janitor, housekeeper, or responsible person reside on site and provide recommendations on whether to maintain, modify, or repeal the regulation. Specifically, **this bill**:

- 1) Requires HCD analysis and recommendations to consider the following factors:
  - a) The extent to which the regulation ensures renters live in safe, accessible, and habitable housing, ensures renters can make timely rental payments, and ensures compliance with state and local laws, including those governing habitability of structures, provision and maintenance of common area lighting and security, fire safety, and similar laws;
  - b) The extent to which repeal of the regulation would impact disaster and emergency preparedness and response;
  - c) The extent to which repeal of the regulation would impact the housing stability and employment status of current resident managers; and
  - d) The anticipated fiscal impacts of repealing the regulation on state and local governments, including increased costs associated with code enforcement, habitability compliance, or tenant protections.
- 2) Requires HCD to engage and solicit feedback from stakeholders regarding the continued efficacy of Section 42 of Title 25 of the California Code of Regulations. Stakeholders shall include, but not be limited to, all of the following:
  - a) Residents of rental housing;
  - b) Owners of rental housing;
  - c) Organizations representing the interests of renters;
  - d) Organizations representing the interests of owners or managers of rental housing; and

- e) Local governments.

**EXISTING LAW:**

- 1) Requires a manager, janitor, housekeeper, or other responsible person to reside upon the premises and have charge of every apartment house in which there are 16 or more apartments, and of every hotel in which there are 12 or more guest rooms, in the event that the owner of an apartment house or hotel does not reside upon said premises. Only one caretaker would be required for all structures under one ownership and on one contiguous parcel of land. If the owner does not reside upon the premises of any apartment house in which there are more than four, but less than 16 apartments, a notice stating the owner's name and address, or the name and address of the owner's agent in charge of the apartment house, shall be posted in a conspicuous place on the premises. (Cal. Code Regs. Tit. 25, § 42)
- 2) Directs the HCD to propose the adoption, amendment, or repeal of building standards, which includes regulations for maintenance and occupancy. These standards are adopted into the California Code of Regulations, Title 24, often incorporating model codes for health, safety, and general (Health and Safety Code Section 17921)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "In the 1960's, having a live-in manager was the only way to ensure someone was watching the building. Today, we have cameras in our pockets and smart devices monitoring our doors. AB 1771 takes California law out of the black-and-white era and into the 21<sup>st</sup> century, giving apartment property owners the freedom to use modern technology instead of being tied down to an antiquated mandate."

**Background:** The Uniform Housing Code (UHC) is a set of regulations designed to ensure safety, health, and general welfare in residential buildings by providing minimum requirements for occupancy, sanitation, and safety. HCD is required to adopt the UHC. The UHC requires that apartment houses of 16 units or more have a manager, janitor, housekeeper, or other responsible person to reside upon the premises. Apartment buildings with 16 or more units do not need to have a resident manager living on-site, but, in many instances, the owner may want to have an on-site manager, especially if the property is large and requires many daily functions. More commonly, however, a "responsible person" will suffice, which typically consists of an existing tenant that is charged with certain tasks such as being the contact for all residents should an emergency arise; having access to the utility room and building systems to permit servicing or to perform emergency shut-offs; holding the master key to address accidental lock-outs; and administering building repairs with vendors. A responsible person may simply act as the point-of-contact and not possess other significant management functions. Labor laws govern how managers and other responsible persons are to be compensated. While offsetting rent is oftentimes one manner of payment, both state and local law govern the amount and extent of rent offsets. State law limits the maximum monthly rent charged to an on-site manager.

This bill would require HCD to analyze Title 25 of the California Code of Regulations, which requires, in part, that apartments of 16 units or more have a manager, janitor, housekeeper, or

other responsible person to reside on the premises and make recommendations to the Legislature by January 1, 2029, whether to maintain, modify, or repeal the regulation. The analysis must consider all of the following:

- 1) The extent to which the regulation ensures renters live in safe, accessible, and habitable housing, ensures renters can make timely rental payments; and ensures compliance with state and local laws, including those governing habitability of structures, provision and maintenance of common area lighting and security, fire safety, and similar laws;
- 2) The extent to which repeal of the regulation would impact disaster and emergency preparedness and response;
- 3) The extent to which repeal of the regulation would impact the housing stability and employment status of current resident managers; and
- 4) The anticipated fiscal impacts of repealing the regulation on state and local governments, including increased costs associated with code enforcement, habitability compliance, or tenant protections.

In developing the recommendations, HCD must consult with stakeholders, including: residents of rental housing, owners of rental housing, organizations representing the interests of renters, organizations representing the interests of owners or managers of rental housing, and local governments. If HCD determines changes should be made to the policy requiring an onsite manager these could be considered as an update to the UHC.

*Arguments in Support:* None on file.

*Arguments in Opposition:* None on file.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file (as proposed to be amended)

##### **Opposition**

None on file (as proposed to be amended)

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1815 (Wicks) – As Amended March 19, 2026

**SUBJECT:** Factory-built housing: building standards

**SUMMARY:** Prohibits cities and counties from imposing or enforcing building standards that exceed state minimum building standards on a housing construction project that utilizes factory-built housing (FBH), as specified. Specifically, **this bill:**

- 1) Prohibits cities and counties from imposing or enforcing building standards that exceed state minimum building standards in the California Building Standards Code (CBSC) (Title 24 of the California Code of Regulations) on a housing construction project that utilizes FBH.
- 2) Specifies the prohibition in 1) is limited to projects when at least 15% of the project's hard costs are spent on FBH that bears the insignia of the California Department of Housing and Community Development (HCD).
- 3) Defines "hard costs" as the total cost of labor and materials required for the construction scope.
- 4) Declares that the provision of adequate housing, in light of the severe shortage of housing at all income levels in this state, is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution and the changes made by this bill applies to all cities, including charter cities.

**EXISTING LAW:**

- 1) Establishes the California FBH Law. (Health and Safety Code (HSC) 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 deconstruction of the part, including units designed for use as part of an institution for resident or patient care, that is either wholly manufactured or is 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, recreational vehicle, or a commercial modular, as specified. (HSC 19971)
- 3) Requires all FBH manufactured after the effective date of the FBH building standards adopted under the FBH Law that is sold or offered for sale to first users within California to bear insignia of approval issued by HCD. (HSC 19980)
- 4) Requires all FBH bearing an insignia of approval to be deemed to comply with the requirements of all ordinances or regulations enacted by any city, county, or district that may be applicable to the construction of housing. (HSC 19981(a))

- 5) Pauses changes to building standards affecting residential units at the state and local level until 2031, with limited exceptions. (HSC 18929.1)
- 6) Establishes the California Building Standards Commission (CBSC) within the Department of General Services, and requires the commission to approve and adopt building standards and to codify those standards in the California Building Standards Code. Requires CBSC to publish editions of the code in its entirety once every three years. In the intervening period the commission must publish supplements as necessary. (HSC 18942 and 18930)
- 7) Requires CBSC to receive proposed building standards from a state agency for consideration in an 18-month code adoption cycle. Requires CBSC to adopt regulations governing the procedures for 18-month code adoption cycle, which must include adequate provision of the following:
  - a. Public participation in the development of standards;
  - b. Notice in written form to the public of the compiled building standards with justifications;
  - c. Technical review of the proposed building standards and accompanying justification by advisory boards appointed by CBSC; and
  - d. Time for review of recommendations by the advisory boards prior to CBSC taking action. (HSC 18929.1)
- 8) Provides that only those building standards that are approved by the CBSC and are in effect at the local level at the time an application for a building permit is submitted shall apply to the plans and specifications for construction, with exceptions for permits for residential dwellings based on model home designs approved under specified standards. (HSC 18938.5)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

***Author's Statement:*** According to the author, "California urgently needs to embrace innovation to solve our housing crisis. Modern construction methods like factory-built housing (FBH) hold so much potential to produce housing more quickly, more affordably, and in a more environmentally friendly manner. But our regulatory framework is constraining the industry's growth and adoption. AB 1815 will create the standardization that factories need to scale across the state. Building all factory-built housing projects to the state's building standards code prevents fragmentation across California's 540 local jurisdictions. This will create a clear, consistent pathway for factories to successfully scale up production across the state, producing housing more quickly and more affordably at a time when we need it most."

***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 Turner Center for Housing Innovation (Turner Center) to conduct research, including interviews with people familiar with the industry. The Turner 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 Turner Center published a white paper, titled "Potential Pathways to Scale Innovative Construction Methods in California." The Turner 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 building code fragmentation as a significant challenge to producing FBH at scale. Some stakeholders suggested narrowing the scope of local review to reduce uncertainty without fully removing local authority. Others suggested the development of a single statewide building code for industrialized construction and preempting local building code. The white paper notes that additional research would be required before switching to a state preemption or performance-based building code for industrialized construction.

**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 Turner 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 Design Approval Agencies who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. HCD approves Quality Assurance Agencies 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.

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

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

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

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

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

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

***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 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 Directives and Mandates Leading to Standards Freeze:*** The Legislature and Governor have enacted multiple additional directives to research and propose new building standards in recent years, including for rainwater catchment, electric vehicle charging, water efficiency and reuse, adaptive reuse projects, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders or the adopting agencies themselves (rather than the Legislature), like solar panel mandates and fire sprinkler requirements. There are several legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos regarding the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable.

In response to concerns regarding the rapid pace of modifications to building standards, the deadly Los Angeles fires of January 2025, and a need to find methods to stem increases in housing construction costs, the Legislature and Governor enacted several significant changes to building standards in the 2025 housing budget trailer bill, AB 130 (Committee on Budget), Chapter 22. The most significant change is a freeze to any new building standards or changes to existing building standards affecting residential units at both the state and local level until 2031, with limited exceptions.

AB 130 (Committee on Budget) also curtailed the practice of incorporating significant new building standards into the codes via the intervening code cycle (instead only technical or emergency changes may be made in this manner), and allowed phased residential developments utilizing model home designs to continue using approved building permits until those designs substantially change or for a period of 10 years, rather than at each new code cycle.

***This bill:*** As noted previously, fragmentation in the building code was identified as a potential barrier to FBH production. This bill prohibits a city or county from imposing building standards that exceed the state minimum building standards if at least 15% of the hard costs (i.e., total cost of labor and materials) are spent on FBH with HCD insignia. 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. The author has stated the 15% threshold was selected to capture both volumetric modular methods and panelized methods of FBH.

***Arguments in Support:*** According to the California Housing Consortium (CHC) and the Housing Action Coalition (HAC), “CHC and HAC are proud to co-sponsor AB 1815, which prevents local jurisdictions from imposing or enforcing building standards that exceed the state

minimum building standards on factory-built housing projects. AB 1815 prohibits local jurisdictions from imposing or enforcing building standards that exceed the state minimum building standards in the California Building Standards Code on factory-built housing projects. By allowing all factory-built housing projects to be built to the state building code, AB 1815 creates the standardization needed for factories to successfully scale up production across California.”

According to the New California Coalition, “AB 1815 prohibits local jurisdictions from imposing or enforcing building standards that exceed the state minimum building standards in the California Building Standards Code on factory-built housing projects. By allowing all factory-built housing projects to be built to the state building code, AB 1815 creates the standardization needed for factories to successfully scale up production across California.”

According to the California Conference of Carpenters, “It has become clear that pre-manufactured housing can provide a significant portion of future home development for our state at a more affordable price than existing on-site housing construction. AB 1815 is one of several measures that will encourage use of this important innovation in home building.”

According to the Zillow Group, “The nation’s housing deficit, driven in large part by underbuilding following the Great Recession, continues to put upward pressure on housing costs. Zillow research shows that some of the most significant shortages are concentrated in high-cost coastal markets, including Los Angeles, San Francisco, San Diego, and San Jose. As a result, Californians are among those most impacted by the housing affordability crisis. AB 1815 will help address these challenges by creating the standardization needed for factory-built housing to successfully scale up production across the state.”

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

***Policy considerations:***

**Review of 15% threshold:** To determine whether a housing construction project reaches the 15% threshold to be exempt from local building standards that exceed the minimum state building standards, a developer would need to know the project’s hard costs early in the development process as the FBH needs to be manufactured in compliance with the applicable building standards to receive an HCD insignia of approval. As currently drafted, it is unclear whether the information related to the construction project’s hard costs spent on FBH would be included in the design plans for review and approval by the HCD-certified third-party agency. It is unclear who in the process would determine whether FBH meets the 15% standard.

**Utilization of FBH:** Housing construction projects with multiple buildings could potentially meet the 15% threshold with only one building utilizing FBH while allowing all other structures in the project to be site-built. As currently drafted, this bill could allow those site-built buildings of the project to be built to the minimum state building standards, even if those structures did not contain FBH components, so long as one building reaches the 15% threshold. *The committee may wish to amend the bill to ensure that the 15% threshold applies to the hard costs for each building in the project.*

***Committee amendments:*** The committee may wish to consider the following amendments:

- 1) (b) (1) A city, county, or city and county shall not impose or enforce building standards that exceed the state minimum building standards in the California Building Standards Code (Title 24 of the California Code of Regulations) on a housing construction project that utilizes factory-built housing, provided that at least 15 percent of the project's hard **costs for each building in the project** are spent on factory-built housing that bears the insignia of the Department of Housing and Community Development.
- 2) Correct a drafting error: SEC 2: Therefore, Section 1 of this act ~~adding~~ **amending** Section ~~19991.5 to~~ **19993 of** the Health and Safety Code applies to all cities, including charter cities.

***Related legislation:***

*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.*

*AB 2058 (Harabedian), of this legislative session eliminates the requirement that local enforcement agencies enforce and inspect the installation of FBH and instead requires a first user of FBH to select either the local enforcement agency or a quality assurance agency to enforce and inspect the installation. Establishes caps on fees by local enforcement agencies related to the installation and permitting of FBH. AB 2058 was approved by this committee and is pending consideration in the Assembly Committee on Local Government.*

*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 2185 (Quirk-Silva), of this legislative session requires various state departments to evaluate state-funded multi-family affordable housing programs to remove any barriers and create opportunities to fund FBH. AB 2185 is pending consideration in this committee.*

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Housing Consortium (Co-Sponsor)  
 Housing Action Coalition (Co-Sponsor)  
 New California Coalition (Co-Sponsor)  
 21st Century Alliance  
 Abundance Network  
 AIDS Healthcare Foundation  
 Autodesk  
 California Building Industry Association  
 California Conference of Carpenters  
 California Downtown Association  
 California YIMBY  
 Casita Coalition

Circulate Planning & Policy  
DignityMoves  
Elevate California  
LeadingAge California  
Non-profit Housing Association of Northern California  
Student Homes Coalition  
Zillow Group

**Opposition**

None on file

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1926 (Pacheco) – As Amended April 13, 2026

**SUBJECT:** Residential construction costs: regulation

**SUMMARY:** Requires the Department of Housing and Community Development (HCD), to approve in writing any new regulation, or the amendment or repeal of a regulation that could increase construction costs for single-family and multifamily residential housing before it can be valid or effective and submitted to the Secretary of State or the Office of Administrative Law. Specifically, **this bill:** Provides that a building standard that could increase the cost of residential construction cannot be considered valid and adopted by the California Building Standard Commission (CBSC) without HCD's written review and approval.

**EXISTING LAW:**

- 1) Establishes the CBSC within the Government Operations Agency and requires CBSC to receive proposed building standards from state agencies for consideration in an 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 18921.1)
- 2) 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)
- 3) Requires every agency subject to the Administrative Procedure Act (APA) to prepare and submit an initial statement of reasons for proposing the adoption, amendment, or repeal of a regulation, which must include certain information, including, for building standards, the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates. (Government Code Section 11346.2)
  - 4) Requires agencies promulgating regulations to analyze the potential impact of a proposed regulation on businesses or job creation in the state and potential financial impacts on state agencies. (GOV 11346.2)
  - 5) Requires state agencies adopting building standards that impact housing to include estimated benefits and costs of compliance, as well as underlying assumptions, in an initial statement of reasons. (GOV 11346.2)

**FISCAL EFFECT:** Unknown.

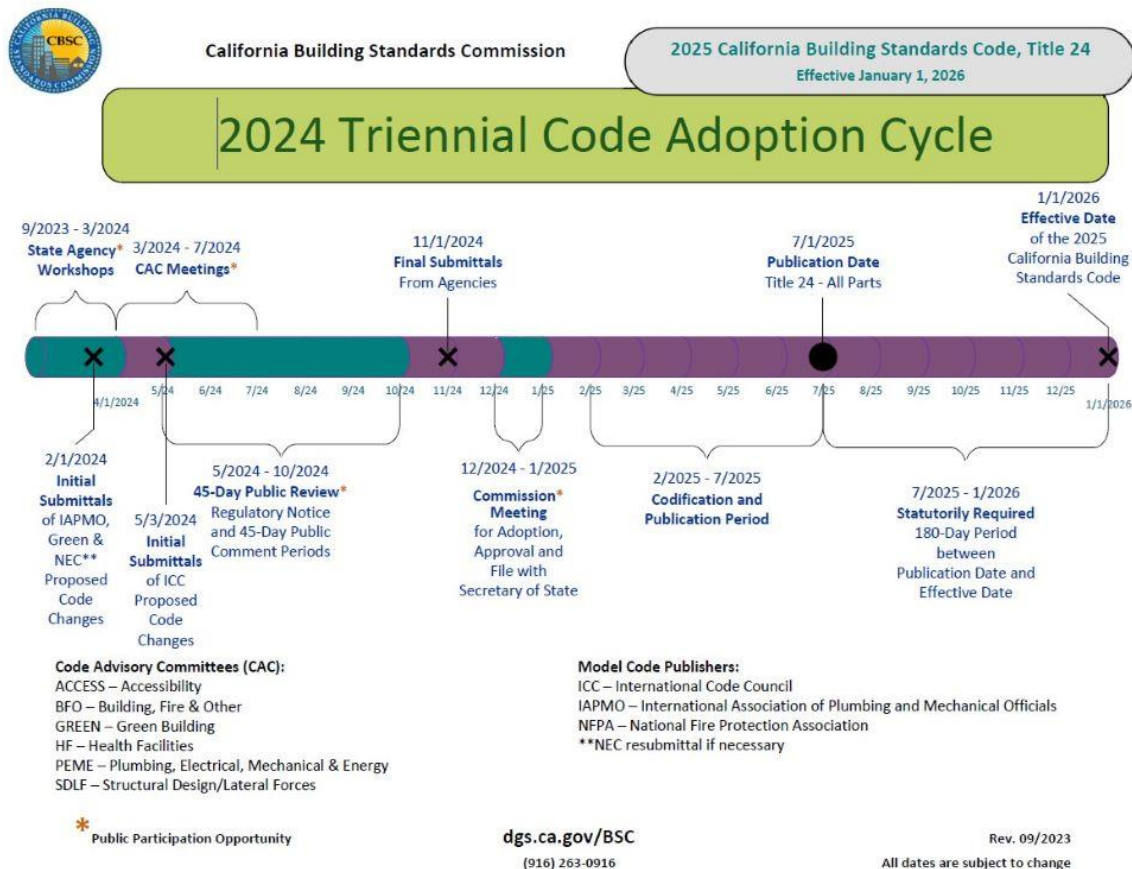
**COMMENTS:**

**Author's statement:** According to the author "From permit streamlining and reducing fees, lawmakers have taken significant steps to solve this problem. These actions reflect a bipartisan effort to remove obstacles for building housing across the state. However, despite these efforts, housing production and overall growth continue to fall short of what is needed. Persistent barriers, particularly the high cost of construction, remain a major deterrent to building more housing in California.

AB 1926 aims to address some of the cost pressures associated with residential construction by reviewing some of our building codes and standards. The bill tasks the California Department of Housing and Community Development (HCD) with identifying opportunities for cost-reduction while maintaining the integrity and intent of existing regulations. In addition, AB 1926 establishes an ongoing process for HCD to regularly evaluate building codes, ensuring they do not contribute unnecessarily to rising construction costs. AB 1926 ensures that California is actively identifying and addressing cost drivers within its control. In doing so, the bill supports the broader goal of making housing development more feasible and responsive to the state's ongoing housing crisis."

**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 Commission'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.



**Who Creates Residential Building Standards:** Two types of state agencies are involved with creating building standards: proposing and adopting agencies. State proposing agencies submit proposed building standards to CBSC for adoption. CBSC administers its rulemaking process by conducting public comment periods, hearings, and meetings, and adopting the building standards at a public meeting. HCD, the State Fire Marshall, and the Division of State Architect are the most common proposing agencies.

State adopting agencies have authority in state law to administer the rulemaking process, conduct their own hearings and public comment periods, and adopt building standards at a public meeting. The California Energy Commission, State Historical Building Safety Board, and State Lands Commission are adopting agencies. Both proposing and adopting agencies must submit a written analysis to CBSC when submitting building standards of various factors including if the cost to the public is reasonable, based on the overall benefit to be derived from the building standards. CBSC’s role is to verify compliance with state laws governing the rulemaking process.

This bill adds to the list of documentation that an agency must submit to CBSC when proposing building standards approval from HCD if the standard would increase the cost of residential construction. As discussed, CBSC's role in the process is to confirm that the proposing agency followed the rulemaking process when proposing the building standard. CBSC must consider any factual determinations of the adopting agency or state agency that proposes the building standards to be considered conclusive by the CBSC unless the CBSC specifically finds, and sets forth its reasoning in writing, that the factual determination is arbitrary and capricious or substantially unsupported by the evidence considered by the adopting agency or state agency that proposes the building standards.

***Building Standards Qualify as Regulations:*** The adoption of building standards is subject to the APA, which establishes the general process for the adoption of regulations. As part of the APA, an entity proposing new or amended regulations must prepare and submit a notice of the proposed action and an initial statement of reasons (ISOR) for proposing the change in regulation to the Office of Administrative Law (OAL). Among other things, the ISOR must include a statement of the specific purpose for each change, the problem the agency intends to address, and the rationale for why the change is reasonably necessary to carry out the purpose and address the problem for which it is proposed. The ISOR must also enumerate the benefits anticipated from the regulatory action, both monetary and non-monetary, and include evidence to support an initial determination that the change may have or will not have a significant, statewide adverse impact directly affecting business.

The notice of proposed action that accompanies the ISOR must include, among other things, a statement of whether or not the changes would have a significant effect on housing costs and, separately, a description of all cost impacts known to the agency that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. If the agency is unaware of cost impacts on private persons or businesses, it may state that instead.

AB 1612 (Lara), Chapter 471, Statutes of 2012 required the ISOR for any amendment to a model building code that impacts housing to include the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates. For changes in the model codes themselves, AB 1612 requires the ISOR to include the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates for that specific change only if an interested party has made a request to the agency to examine that specific section. State agencies developing building standards that relate to housing must publicly substantiate how the cost of the new standards are determined.

This bill would require HCD to approve in writing any new regulation, or the amendment or repeal of a regulation that could increase construction costs for single-family and multifamily residential developments, before it can be valid or effective and submitted to the Secretary of State or the OAL. Since this bill does not specify which agencies it would apply to, it could result in any entity submitting a new regulation or changing an existing regulation to have to submit it to HCD for review even if the regulation does not impact housing. This bill would only apply to those entities, excluding HCD, that traditionally propose building standards. This step would also come after those entities have completed all the rule making steps to propose a regulation including the public process.

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

*Arguments in Opposition:* None on file.

**Related Legislation:**

*AB 2044 (Petrie-Norris), of this Legislative session, would require the CBSC to deny a proposed building standard if it finds that the initial statement of reason is submitted without a completed statement of estimated cost compliance, including the related assumptions used to determine the estimate. This bill is set to be heard in Assembly Housing and Community Development Committee on April 22, 2026.*

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1997 (Lee) – As Amended April 16, 2026

**SUBJECT:** Land use: housing development approvals: timelines and processes

**SUMMARY:** Requires a lead agency to approve or disapprove a housing development project where 90% of the units are affordable to very low or extremely low income households within 30 days of certifying an environmental impact report (EIR), and establishes a working group to make recommendations on the most effective ways to expedite the development of housing.

Specifically, **this bill:**

- 1) Requires a lead agency for a development project to approve or disapprove the project within 30 days from the date of certification by the lead agency of the EIR for a housing development project where all of the following conditions are met:
  - a) At least 90% of the units in the development project are affordable to very low or extremely low-income households, as specified. Requires that rents for lower income units be set at an affordable cost, as specified, for a minimum of 30 years. Requires that owner-occupied units be available at an affordable housing cost, as specified;
  - b) Prior to the application being deemed complete for the development project, the lead agency received written notice from the project applicant that an application has been made or will be made for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency. The notice must also specify the financial assistance that has been or will be applied for, the deadline for application for that assistance, the requirement that one of the approvals of the development project by the lead agency is a prerequisite to the application for or approval of the application for financial assistance, and that the financial assistance is necessary for the project to be at an affordable rent for a minimum of 30 years for rental units and at an affordable cost for an owner occupant; and
  - c) There is prior confirmation that the application has been made to the public agency or federal agency prior to certification of the EIR.
- 2) Reduces from 90 to 60 days the timeframe that a lead agency has to approve all housing development projects after the completion of the EIR, regardless of affordability level, unless the project meets the criteria in 1) to qualify for a shorter processing timeline.
- 3) Requires the director of the Department of Housing and Community Development (HCD), in consultation with the Governor's Office of Land Use and Climate Innovation (LCI), to establish a working group for purposes of exploring, considering, and recommending guidance to local jurisdictions on the most effective ways to expedite the development of housing. Provides that the working group's recommendations may include, but are not limited to, amendments to state law to achieve the same objective.
- 4) Requires the HCD Director to ensure that the working group includes an equal number of local government representatives, housing developers, and housing advocates.

5) Makes additional technical and conforming changes.

**EXISTING LAW:**

- 1) Establishes the Permit Streamlining Act (PSA), which requires a lead agency for a development project to approve or disapprove a project within whichever of the following periods is applicable:
  - a) 180 days from the date of certification by the lead agency of the EIR.
  - b) 90 days from the date of certification by the lead agency of the EIR, if the development project is a housing development project.
  - c) 60 days from the date of certification by the lead agency of the EIR, if the development is a housing development project and meets all of the following:
    - i) At least 49% of the units are affordable to very low or low-income households, as specified. Rents for the lower income units shall be set at an affordable rent, as specified, for at least 30 years. Owner-occupied units shall be available at an affordable housing cost, as specified;
    - ii) Prior to the application being deemed complete for the development project, the lead agency received written notice from the project applicant that an application has been made or will be made for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency. The notice must also specify the financial assistance that has been or will be applied for, the deadline for application for that assistance, the requirement that one of the approvals of the development project by the lead agency is a prerequisite to the application for or approval of the application for financial assistance, and that the financial assistance is necessary for the project to be at an affordable rent for a minimum of 30 years for rental units and at an affordable cost for an owner occupant; and
    - iii) There is prior confirmation that the application has been made to the public agency or federal agency prior to certification of the EIR.
  - d) 60 days from the date of adoption by the lead agency of a negative declaration.
  - e) 60 days from the date a lead agency determines that the project is exempt from CEQA.
  - f) Except for affordable and mixed income housing developments in a commercial corridor, 60 days from the date of receipt of a complete application if the project is subject to ministerial review by the public agency.
  - g) Within 30 days of specified timelines if a housing development project is exempt from CEQA. (Government Code Section 65950)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “This bill will expedite home construction by reducing the approval time for housing applications. By reducing approval timeframes after environmental reviews have been completed, projects will move into construction faster. Finally, the bill creates a working group within the Governor’s Office of Land Use and Climate Innovation to recommend ways to speed up housing developments for local jurisdictions.”

**California’s Housing Crisis:** California’s housing crisis is a half-century in the making.<sup>1</sup> 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.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

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 6<sup>th</sup> 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.<sup>5</sup> 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 Turner 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.<sup>6</sup>

**Housing Approvals Process:** Planning for, and approving, new housing developments is primarily a local responsibility. Under the California Constitution, cities and counties have broad authority, known as the police power, to regulate land use in the interest of public health, safety, and welfare. Local governments enforce this authority through an entitlement process, which includes both discretionary and ministerial approvals. Gaining “entitlement” is essentially a local government’s confirmation that a housing project conforms to all applicable local zoning regulations and design standards.

For discretionary projects, environmental review under CEQA is often required as part of the entitlement process. CEQA was enacted in 1970 and signed into law by Governor Reagan in response to growing public concern about the environmental consequences of development. Over

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> 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>

<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

time, CEQA has become a central feature of land use planning in California, influencing how and where development proposals, including proposed housing developments, can proceed. Modeled after the National Environmental Policy Act (NEPA), CEQA requires public agencies to identify, disclose, and, where feasible, mitigate the significant environmental impacts of proposed projects. The level of environmental review varies depending on a project's potential impacts or its eligibility for exemption under CEQA. Projects may qualify for a statutory or categorical exemption, or, if not exempt, may require a Negative Declaration, Mitigated Negative Declaration (MND), or a full EIR. While categorical exemptions typically apply to project types that are unlikely to have significant environmental impacts, statutory exemptions may apply even if a project could result in significant impacts, based on policy decisions made by the Legislature.

Under the PSA, once the environmental review is complete, the lead agency has specified timeframes to approve or disapprove the project at the entitlement stage, generally within 60 days for projects approved with a Negative Declaration or Mitigated Negative Declaration, and within 90 days for projects requiring an EIR, unless the applicant consents to an extension.

Once a project receives entitlement, or approval, from the local planning department or review body, it must obtain postentitlement permits, such as building, demolition, and grading permits. Postentitlement permits are related to the physical construction of the development proposal before construction can begin. In 2022, AB 2234 (Rivas), Chapter 651, established postentitlement permitting review timelines that local governments must comply with. In 2025, AB 301 (Schiavo), Chapter 488, applied those same timelines for postentitlement reviews done by state agencies.

Navigating through the various stages of housing approval requires developers to invest time and resources early in the development process. Obtaining approval to build housing can be even more difficult for less-experienced developers seeking to enter new markets throughout the state, or for developers from other states who are unfamiliar with California's unique approvals process, including the CEQA process. To address this, the Legislature has enacted various laws to streamline, expedite, and standardize housing approvals, particularly for projects meeting objective standards. Despite the efforts to expedite local approvals for housing development proposals both at the entitlement and permitting stages, it still takes far too long to approve housing in California.

HCD identifies lengthy permit processing timelines and procedures as a governmental constraint to housing development. In HCD's San Francisco Housing Policy and Practice Review, the department found that procedural complexities associated with housing entitlement and permitting are "not only a barrier to entry to new development professionals pursuing [housing] projects," but they may also cause developers to exit housing markets with complex permitting ecosystems and pursue developments in neighboring jurisdictions with less complex procedural requirements instead."<sup>7</sup> Bureaucratic hurdles and delays can result in project abandonment, further tightening the housing production pipeline.

***Permit Streamlining Act:*** Recognizing the challenges posed by extended approval timelines, the Legislature adopted the PSA in 1977 to bring greater efficiency and predictability to the

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<sup>7</sup> HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>

development review process. The PSA applies to all local governments, including charter cities, and is intended to protect applicants from unjustified delays. The PSA establishes timelines and procedural requirements for public agencies to review and act on development permit applications, including housing projects.

The PSA applies broadly to development projects requiring public agency approval, and has historically governed discretionary approvals at the entitlement stage. Recent legislation, including AB 130 (Committee on Budget), Chapter 22, Statutes of 2025), expanded the application of PSA timelines to certain ministerial approvals for housing development projects.

Under the PSA, public agencies must specify the information required for a complete application and have 30 days to determine whether an application is complete; if they fail to act, the application is deemed complete by operation of law. The PSA mandates a clear review process:

- 1) Within 30 calendar days of receiving an application, a local agency must determine whether it is complete;
- 2) If incomplete, the agency must provide a detailed list of deficiencies; and
- 3) If complete, the application is formally accepted, and PSA timelines begin.

Once an application is accepted as complete, the PSA sets strict timelines for lead agencies to approve or disapprove a project. A lead agency is the public agency with principal responsibility for carrying out or approving a project. Most often, this is a city or county. The lead agency determines whether CEQA applies and prepares the relevant CEQA document. The applicable deadline depends on the type of environmental review. If the agency fails to act within the applicable timeframe, the project may be deemed approved by operation of law.

<b>Triggering Event</b>	<b>Lead Agency Deadline for Approval</b>
Certification of an EIR	180 days
Certification of an EIR for all-residential or primarily residential mixed-use projects	90 days
Certification of an EIR for certain affordable housing projects meeting specific criteria (49% affordability, public funding application, etc.)	60 days
Adoption of a Negative Declaration	60 days
Determination that project is CEQA-exempt	60 days
Ministerial housing development project (with complete application)	60 days
CEQA exemption under Pub. Res. Code § 21080.66 (specific streamlining provision)	30 days from later of specified triggers

***This Bill:*** This bill reduces the time that a lead agency has to approve an application for housing entitlement associated with a housing development project from 90 days after completion of an EIR to 60 days after EIR completion, regardless of the affordability levels associated with the proposed housing development project. Under current law, housing developments meeting certain affordability criteria must be approved or disapproved within 60 days, and others have a 90 day timeframe.

This bill further requires a lead agency to approve or disapprove a housing development project within 30 days of certifying an EIR if the housing development project meets certain conditions. One of the conditions requires that 90% of the units in the housing development project be at an affordable rent for a minimum of 30 years, or be at an affordable cost to an owner-occupant. These conditions also require the project applicant to provide notice to the lead agency that the project applicant has applied, or will apply, for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency for the housing development project. The project applicant must confirm that the application for financial assistance from a public or federal agency has been made at least 30 days prior to the EIR being certified.

This bill also requires HCD, in consultation with LCI, to establish a working group consisting of equal membership of local governments, housing advocates, and housing developers to make recommendations on ways to expedite housing development. These recommendations may include, but are not limited to, changes to state law.

***Arguments in Support:*** The AIDS Healthcare Foundation, the bill sponsor, writes in support: “AB 1997 seeks to build on innovative success as well as thoughtful recommendations from housing development experts to effect reforms statewide. The bill would shorten the timeframes for permit approval for housing developments once the entitlement process has been completed.

- The deadlines during this phase of permit approval under the Permit Streamlining Act would be shortened in many cases.
- In addition, a new deadline of 30 days would be instituted for housing projects that provide 90% of their units for very low and extremely low-income households.

Finally, getting great housing development minds together to ponder the challenges to creating necessary housing could generate further recommendations. The director of Housing and Community Development would be required to convene a working group of local government officials, housing developers and housing advocates to consider and recommend other ways to expedite housing development.”

***Arguments in Opposition:*** None on file for current bill version.

***Committee Amendments:*** The Committee may wish to consider the following amendment to correct a drafting error in the prior Committee’s amendments:

(2) ~~Sixty~~ ***Ninety*** days from the date of certification by the lead agency of the environmental impact report, if an environmental impact report is prepared pursuant to Section 21100 or 21151 of the Public Resources Code for a housing development, pursuant to subdivision (c).

***Related Legislation:***

*AB 130 (Committee on Budget), Chapter 22, Statutes of 2025*, expanded the application of PSA timelines to certain ministerial approvals for housing development projects.

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

*AB 301 (Schiavo), Chapter 488, Statutes of 2025*, applied the same timelines for postentitlement reviews established in AB 2234 to reviews done by state agencies.

*AB 2234 (Rivas), Chapter 651, Statutes of 2022*, established postentitlement permitting review timelines that local governments must comply with.

***Double-Referred:*** This bill was also referred to the Committee on Local Government, where it passed with a vote of 8-0 on April 15, 2026.

**REGISTERED SUPPORT / OPPOSITION:****Support**

AIDS Healthcare Foundation (Sponsor)

**Opposition**

None on file for the current bill version

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2044 (Petrie-Norris) – As Introduced February 17, 2026

**SUBJECT:** Building standards: approval or adoption: cost of compliance estimate

**SUMMARY:** Requires that the California Building Standards Commission (CBSC) deny a proposed building standard if it finds that the initial statement of reason (ISOR) is submitted without a completed statement of estimated cost compliance, including the related assumptions used to determine the estimate.

**EXISTING LAW:**

- 1) Establishes the CBSC within the Government Operations Agency and requires CBSC to receive proposed building standards from state agencies for consideration in 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 18921.1)
- 2) 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 with, 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(a))

- 3) Requires every agency subject to the Administrative Procedure Act (APA) to prepare and submit an initial statement of reasons for proposing the adoption, amendment, or repeal of a regulation, which must include certain information, including, for building standards, the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates. (Government Code (GOV) Section 11346.2)
- 4) Requires agencies promulgating regulations to analyze the potential impact of a proposed regulation on businesses or job creation in the state and potential financial impacts on state agencies. (GOV 11346.2)
- 5) Requires state agencies adopting building standards that impact housing to include estimated benefits and costs of compliance, as well as underlying assumptions, in an ISOR. (GOV 11346.2)

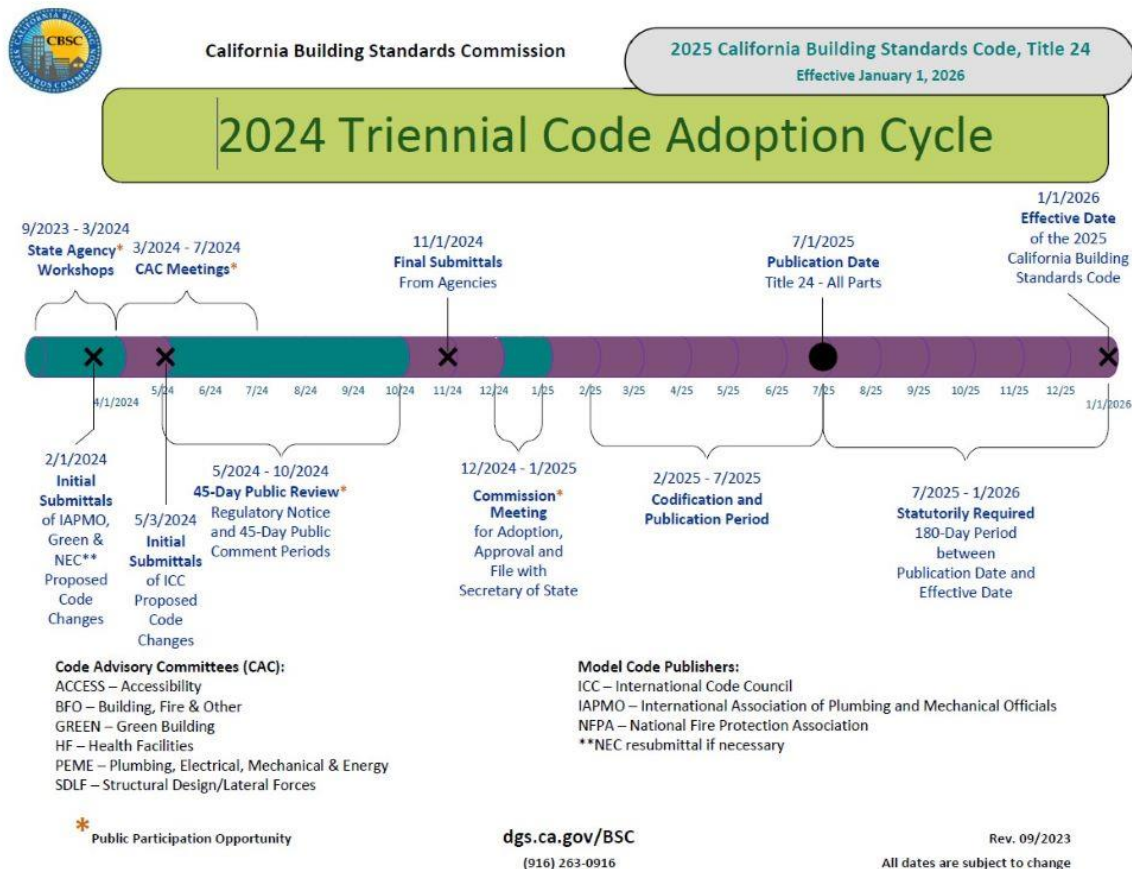
**FISCAL EFFECT:** Unknown.

**COMMENTS:**

***Author's Statement:*** According to the author, "Existing law requires state agencies to publish any cost estimates that come about from a proposed change to the building code. Unfortunately, many agencies provide inadequate information, denying the public the opportunity to determine if the benefits outweigh the costs. This bill is a straightforward transparency measure to ensure that agencies provide an honest accounting of the costs associated with a proposed building standard change."

***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 Commission'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 it 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.



**Who Creates Residential Building Standards:** Two types of state agencies are involved with creating building standards: proposing and adopting agencies. State proposing agencies submit proposed building standards to CBSC for adoption. CBSC administers its rulemaking process by conducting public comment periods, hearings, and meetings, and adopting the building standards at a public meeting. HCD, the State Fire Marshall and the Division of State Architect are the most common proposing agencies. State adopting agencies have authority in state law to administer the rulemaking process, conduct their own hearings and public comment periods, and adopt building standards at a public meeting. The agency must submit adopted building standards to CBSC for approval of the adoption process and publication in Title 24. CBSC’s role is to verify compliance with state laws governing the rulemaking process. The California Energy Commission, State Historical Building Safety Board, and State Lands Commission are adopting agencies.

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.

***Building Standards Qualify as Regulations:*** Because building standards qualify as regulations, their adoption is subject to the APA, which establishes the general process for the adoption of regulations. As part of the APA, an entity proposing new or amended regulations must prepare and submit to the Office of Administrative Law (OAL) a notice of the proposed action and an ISOR for proposing the change in regulation. Among other things, the ISOR must include a statement of the specific purpose for each change, the problem the agency intends to address, and the rationale for why the change is reasonably necessary to carry out the purpose and address the problem for which it is proposed. The ISOR must also enumerate the benefits anticipated from the regulatory action, both monetary and non-monetary, and include evidence to support an initial determination that the change may have or will not have a significant, statewide adverse impact directly affecting business. The notice of proposed action that accompanies the ISOR must include, among other things, a statement of whether or not the changes would have a significant effect on housing costs and, separately, a description of all cost impacts known to the agency that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. If the agency is unaware of cost impacts on private persons or businesses, it may state that instead.

AB 1612 (Lara), Chapter 471, Statutes of 2012, required the ISOR for any amendment to a model building code that impacts housing to include the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates. For changes in the model codes themselves, AB 1612 required the ISOR to include the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates for that specific change only if an interested party has made a request to the agency to examine that specific section. State agencies developing building standards that relate to housing must publicly substantiate how the cost of the new standards is determined.

Although existing law requires an agency to include the assumptions behind the cost analysis of a proposed standard, the analysis can be incomplete or not comprehensive. To give the analysis more weight, this bill will require CBSC to deny a proposed building standard if it finds that the ISOR is submitted without a completed statement of estimated cost compliance, including the related assumptions used to determine the estimate.

***Arguments in Support:*** According to the California Building Industry Association (CBIA), the bill sponsor, “AB 2044 enhances transparency and predictability in the building standards process by ensuring that cost estimates and the underlying assumptions accompany proposed standards before adoption. Clear cost information allows policymakers, builders, and communities to anticipate the economic effects of new requirements and avoid unintended increases in housing costs that further squeeze affordability. By promoting predictability in cost

impacts, AB 2044 supports the timely delivery of housing and helps keep homes within reach for working families across the state.”

*Arguments in Opposition: None* on file.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Business Properties Association (Sponsor)  
Bay Area Council  
Building Owners and Managers Association of California  
California Apartment Association  
California Association of Sheet Metal & Air Conditioning Contractors National Association  
California Building Industry Association  
California Chamber of Commerce  
California Construction and Industrial Materials Association  
California Council for Affordable Housing  
California Housing Consortium  
California Legislative Conference of Plumbing, Heating & Piping Industry  
California Manufacturers and Technology Association  
Construction Employers Association  
Construction Employers' Association  
Finishing Contractors Association of Southern California  
NAIOP California  
National Electrical Contractors Association  
Northern California Allied Trades  
Southern California Glass Management Association  
Spray Foam Coalition  
United Contractors  
Wall and Ceiling Alliance  
Western Line Constructors Chapter  
Western Painting and Coating Contractors Association  
Western Wall and Ceiling Contractors Association

**Opposition**

None on file

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2094 (Harabedian) – As Amended April 8, 2026

**SUBJECT:** Social Housing Strategy and Implementation Program

**SUMMARY:** Establishes the Social Housing Strategy and Implementation Program and requires the Department of Housing and Community Development (HCD) to establish a dedicated social housing coordinator to lead social housing strategy and implementation. Specifically, **this bill:**

- 1) Includes the following definitions:
  - a) “income levels” includes all of the acutely low income households, extremely low income households, persons and families of low or moderate income, and very low income households;
  - b) “Housing pilot project” means housing developed satisfies all of the following:
    - i) Is owned by a public entity;
    - ii) Provides housing for rent that is affordable to a mix of household income levels; and
    - iii) Preserves long-term affordability.
- 1) Requires HCD to establish a dedicated social housing coordinator to lead social housing strategy and implementation.
- 2) Requires the social housing coordinator to do all of the following:
  - a) Produce a statewide scaling plan that includes units, funding, and timelines for social housing development;
  - b) Inventory and prioritize surplus public land suitable for social housing development;
  - c) Identify barriers to social housing development beyond funding;
  - d) Outline financing options and potential funding sources for social housing development;
  - e) Include clear benchmarks and timelines for developing social housing; and
  - f) Compile its findings for social housing strategy and implementation, and post the findings on HCD’s internet website.
- 3) Requires HCD by January 1, 2028, to submit a report to the Legislature with actionable recommendations based on the Social Housing Strategy and Implementation Program findings.

**EXISTING LAW:**

- 1) Requires HCD no later than December 31, 2026, to complete a California Social Housing Study. Requires the study to consist of a comprehensive analysis of the opportunities, resources, obstacles, and recommendations for the creation of affordable and social housing at scale, to assist in meeting the need identified in the statewide projections for below market rate housing affordable to households with extremely low, very low, low, and moderate incomes in the sixth Regional Housing Needs Assessment cycle. (Health and Safety Code Section (HSC) 50613)
- 2) Requires the California Social Housing Study to analyze, among other issues, how public lands can be made available to achieve the goal of producing social housing. (HSC 50613)
- 3) Defines “social housing” to mean housing that meets all of the following requirements:
  - a) The housing units are owned and managed by a public agency, a local authority, a limited-equity housing cooperative, or a mission-driven nonprofit entity solely for the benefit of residents and households unable to afford market rent;
  - b) Each social housing development contains housing units that accommodate a mix of household income ranges, including extremely low, very low, low-, and moderate-income households unable to afford market rent;
  - c) Residents of the housing units enjoy full protection against termination without just cause or for any discriminatory, retaliatory, or other arbitrary reason, and will be afforded due process prior to being subject to eviction procedures;
  - d) The housing units are protected for the duration of their useful life, and the land associated with the housing units is protected permanently, from being sold or transferred to any private person, for-profit entity, or public-private partnership; and
  - e) Residents have the right to participate directly and meaningfully in decision-making affecting the operation and management of the housing units in which they reside.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

*Author’s statement:* According to the author, California’s housing affordability crisis continues to push working families, seniors, and young people out of stable housing as rents rise faster than incomes. Millions of Californians spend an unsustainable share of their earnings on rent, and existing policies have not produced enough permanently affordable homes to meet statewide need.

AB 2094 establishes a social housing pilot program that transforms surplus public land into permanently affordable, publicly owned housing. By leveraging publicly owned land and creating mixed-income housing with rents tied to residents’ incomes, the bill provides a sustainable model that expands housing access while maintaining long-term affordability.

AB 2094 promotes equitable development by prioritizing sites near transit, jobs, and essential services, while supporting high-quality construction and good-paying jobs. This bill offers a practical, scalable approach to increasing housing stability and advancing a more equitable housing future for California.

**Background on Social Housing:** There is no widely shared consensus on how to define social housing. However, all definitions of social housing distinguish it in various ways from privately-owned, for-profit housing provided through market mechanisms. The Assembly Select Committee on Social Housing held an informational hearing on October 20, 2021, and Rob Weiner from the California Coalition for Rural Housing shared the Organization for Economic Cooperation and Development (OECD) definition of social housing as “the stock of residential rental accommodations provided at sub-market prices and allocated according to specific rules rather than according to market mechanisms.”<sup>1</sup>

Under this definition, there are an estimated 480,000 subsidized housing units available for rent in California, or about 3.5% of the state’s housing stock. These deed-restricted affordable rental units are generally built using a mix of public and private financing and residency is restricted to low-income households that make no more than 80% of county area median income (AMI). Other versions of social housing specify permanent affordability requirements and ownership by the government or a non-profit entity. Most of California’s deed-restricted affordable housing is not publicly owned, and the length of affordability requirements varies, though permanent affordability is not required in most cases.

Another variation of social housing involves making accommodations available to all individuals regardless of their household income. In particular, Vienna, Austria, is often held up as an example of a large city with widespread mixed-income social housing—an estimated 40% of the city’s housing stock is social housing. In the Viennese model, higher-income households pay market rate rents, which then subsidize the below-market rents for lower-income households. This mechanism is referred to as “cross-subsidization” and it is the same logic that underlies California’s density bonus law, a policy that allows residential developers to receive added density and other concessions and incentives from a local government in exchange for building a certain percentage of affordable units.

**State Excess Sites:** High land costs are a major contributing factor to financing and building both market rate and affordable housing. The cost of building affordable housing can be greatly reduced when developers receive donated or low-cost land from the state or local governments. In recognition of the opportunity to leverage state properties that were no longer in use or needed, Governor Gavin Newsom signed Executive Order N-06-19 that ordered the California Department of General Services (DGS) and HCD to identify and prioritize excess state-owned property and aggressively pursue sustainable, innovative, cost-effective housing projects. On July 1, 2024, DGS and HCD released a new digitized inventory of state-owned land that is considered excess and suitable for reuse as affordable housing. HCD and DGS identified and screened over 44,000 State-owned parcels against new criteria to identify state properties with the greatest feasibility for residential development and affordable housing finance program competitiveness and placed selected parcels in the State Excess Sites - Affordable Housing Opportunities Map. Developers can search the map and submit a proposal to HCD to develop the site.

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<sup>1</sup> <https://www.assembly.ca.gov/media/assembly-select-committee-social-housing-20211020/video>

***SB 555 (Wahab) Chapter 402, Statutes of 2023:*** SB 555 created the Stable Affordable Housing Act of 2023 (Act) to study the development of social housing through a mix of acquisition and new production. HCD is required to submit a report to the Legislature by December 31, 2026 that includes a comprehensive analysis of the opportunities, resources, obstacles, and recommendations for the creation of affordable and social housing at scale, to assist in meeting the need identified in the statewide projections for below market rate housing affordable to households with extremely low, very low, low, and moderate incomes in the sixth Regional Housing Needs Assessment (RHNA) cycle. HCD is required to enlist residents unable to afford market rents, public agencies, and mission-driven nonprofit entities in the creation of the report. HCD's analysis must look at all of the following:

- Funding, public lands, and other resources and opportunities that are, or can be made, available to achieve the goals;
- The capacity and capacity building needs of public agencies and mission-driven nonprofit entities to achieve the goals;
- Constraints and obstacles to achieving the goals, including capital financing and long-term operations and maintenance needs;
- The range of models for creating social housing that are currently in practice, or that public agencies or mission-driven nonprofit entities plan to implement both inside and outside California, including the opportunities, needs, and potential for creating social housing at various income levels specific to each model;
- Tenant protections consistent with each model analyzed that provide long-term stability, including the most protective provisions feasible;
- The impacts on job creation and local economies that could be achieved by using locally based, union-represented workforces for the construction and maintenance of social housing;
- Federal funding, resources, and policy initiatives required to meet the housing needs projected by the sixth RHNA cycle;
- Any other subjects the department identifies through the course of preparing this study that would contribute to meeting the housing needs projected by the sixth RHNA cycle.

***This Bill:*** This bill would require HCD to have a dedicated social housing coordinator who would produce a statewide scaling plan that includes units, funding, and timelines for social housing development. This bill would require HCD to provide a report with actionable recommendations based on the Social Housing Strategy and Implementation Program findings. The Committee may wish to consider whether the creation of a permanent staff person at HCD to oversee a plan to bring social housing to scale may be premature, considering the SB 555 report is not due to the Legislature until the end of 2026.

### **Related Legislation:**

*SB 555 (Wahab) Chapter 402, Statutes of 2023* created the Stable Affordable Housing Act of 2023 (Act) for the purposes of studying the development of social housing through a mix of acquisition and new production.

*AB 2053 (Lee), Statutes of 2022* would have established the California Housing Authority (CHA) for the purposes of developing mixed-income social housing. This bill died on the Senate Inactive File.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Abundant House California  
Church State Council  
LeadingAge California

**Opposition**

Equitable Land Use Alliance  
Families and Homes San Jose

***Oppose Unless Amended***

California Special Districts Association

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2110 (Johnson) – As Amended April 16, 2026

**SUBJECT:** Local financing: workforce housing: tax increment financing district

**SUMMARY:** Authorizes a legislative body of a city, county, city and county, to designate one or more tax increment financing (TIF) districts for the purpose of constructing workforce housing. Specifically, **this bill:**

1) Defines the following terms:

- a) “Affected taxing entity” to mean any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district. An “affected taxing entity” may include a special district if the special district is providing any portion of the funding included in the financing plan. For purposes of this bill, “special district” means an agency of the state formed for the performance of governmental or proprietary functions within limited geographic boundaries, and shall not include a school district or community college district.
- b) “Debt” to mean any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.
- c) “Education personnel” has the same meaning as “teacher or school district employee,” as defined in existing law and includes:
  - i) A unified school district maintaining prekindergarten, transitional kindergarten, and grades 1 to 12, inclusive.
  - ii) An elementary school district maintaining prekindergarten, transitional kindergarten, and grades 1 to 8, inclusive.
  - iii) A high school district maintaining grades 9 to 12, inclusive, including, but not limited to, certificated and classified staff.
- d) “Financing plan” to mean a financing plan prepared and adopted pursuant to this bill.
- e) “Governing board” to mean the governing board of the district established pursuant to this bill.
- f) “Health care personnel” to mean nurses and administrative staff employed at clinics and hospitals.
- g) “Landowner” or “owner of land” to mean any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the

legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

- h) “Lower income household” has the same meaning as defined in existing law, as specified.
  - i) “Manufacturing personnel” to mean individuals employed in a business with the primary activity of converting or conditioning tangible personal property by changing the form, composition, quality, or character of that property either for ultimate sale at retail or for use in the manufacturing of a product that will be ultimately sold at retail.  
“Manufacturing” includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.
  - j) “Moderate income household” has the same meaning as in existing law, as specified.
  - k) “Public safety personnel” to mean firefighters, paramedics, and emergency medical technicians.
  - l) “TIF district” or “district” to mean a TIF district formed pursuant to this bill.
- 2) Authorizes a legislative body of a city, county, city and county, to designate one or more TIF districts pursuant to this bill. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:
- a) State that a TIF district is proposed to be established under the terms of this bill and describe the boundaries of the proposed district.
  - b) State the type of projects proposed to be financed by the district
  - c) State the need for the district and the goals the district proposes to achieve.
  - d) State that incremental property tax revenue from the city, county, city and county and some or all affected taxing entities within the district, if approved by resolution, may be used to finance these activities.
  - e) Fix a time and place for a public hearing on the proposal.
- 3) Requires the governing board of a TIF district to have specific membership, including at least two public members.
- 4) Requires the legislative body to ensure the governing board is established at the same time that it adopts a resolution of intention.
- 5) Prohibits members of the governing board from receiving compensation but they may receive reimbursement for actual and necessary expenses incurred in the performance of official duties under this bill.

- 6) Specifies that members of the governing board are subject to existing ethics training requirements; and that the legislative body is subject to the Ralph M. Brown Act's open meeting laws, the California Public Records Act, and the Political Reform Act of 1974.
- 7) Authorizes a TIF District to finance any of the following:
  - a) Construction of residential housing, where such housing meets all of the following conditions:
    - i) At least 80% of the units in the housing development are reserved for public safety, education, health care, or manufacturing personnel. The remaining 20% may be occupied by any other tenants.
    - ii) All units are deed-restricted so that at least 70% of the units serve lower income households and the remaining 30% of the units serve moderate income households.
    - iii) The project may be single-family or multifamily housing. The project may be mixed-use development, provided that at least 80% of the square footage of the project is dedicated to residential use.
    - iv) Any existing dwelling units that are proposed to be destroyed or removed in the course of construction are replaced, and persons or families in those units are relocated, consistent with existing law, as specified.
  - b) Rehabilitation, repair, and upgrades to residential housing that meets i) through iii), inclusive, in a), above.
  - c) Planning and design work related to a) and b), above.
- 8) Provides that a TIF district shall have the authority to acquire, receive, and transfer real property and to contract with developers for purposes of carrying out activities financed pursuant to this bill. However, the district shall not have the power of eminent domain.
- 9) Specifies that if any dwelling units are proposed to be removed or destroyed in the course of construction within the area of the district that is subject to a written agreement with the district or that is financed in whole or in part by the district, the financing plan shall contain provisions in accordance with EIFD law.
- 10) Requires the legislative body to direct the city, county, city and county official, as applicable, selected by the legislative body, to mail a copy of the resolution of intention to create the district to each owner of land within the district.
- 11) Provides for alternative mailing procedures for notices to landowners and requires specified information to be included in the notices.
- 12) Requires the legislative body to direct the city, county, city and county official, as applicable, selected by the legislative body, to mail or electronically submit a copy of the resolution to each affected taxing entity.
- 13) Specifies that, after adopting the resolution pursuant to this bill, the city, county, city and county, shall send a copy of the resolution to the district's governing board. The governing

board shall designate and direct the city, county, or city and county engineer or other appropriate official to prepare a financing plan.

- 14) Provides that, after receipt of a copy of the resolution of intention to establish a district, the designated official shall prepare a proposed financing plan. A plan shall be proposed for the district that shall include any project areas, if proposed, within the district. The financing plan shall be consistent with the general plan, and specific plan, if applicable, of all local jurisdictions within which the district is located and shall include all of the following:
- a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.
  - b) A description of the housing projects and other forms of development or financial assistance that are proposed in the area of the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those projects to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the development and financial assistance.
  - c) A financing section, which shall contain all of the following information:
    - i) A specification of the maximum portion of the incremental tax revenue of the city, county, city and county, and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.
    - ii) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.
    - iii) A plan for financing the projects to be assisted by the district, including a detailed description of any intention to incur debt.
    - iv) A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.
    - v) Either of the following:
      - (1) A date on which the district will cease to exist, by which time all tax allocation to the district will end.
      - (2) If the district is divided into project areas, a date on which the infrastructure financing plan will cease to be in effect and all tax allocations to the district will end and a date on which the district's authority to repay indebtedness with incremental tax revenues received under this chapter will end, not to exceed 45 years from the date the district or the applicable project area has actually received \$100,000 in annual incremental tax revenues under this chapter. After the time limits established under this provision, a district or project area shall not receive incremental tax revenues under this bill. If the district is divided into project

areas, a separate and unique time limit shall be applicable to each project area that does not exceed 45 years from the date the district has actually received \$100,000 in incremental tax revenues under this bill from that project area.

- vi) An analysis of the costs to the city, county, city and county of providing services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city, county, city and county as a result of expected development in the area of the district.
  - vii) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.
  - d) If any dwelling units within the territory of the district are proposed to be removed or destroyed in the course of public works construction within the area of the district or private development within the area of the district that is subject to a written agreement with the district or that is financed in whole or in part by the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of this bill.
  - e) The goals the district proposes to achieve for each project financed.
- 15) Requires the financing plan to be sent to each owner of land within the proposed district and to each affected taxing entity together with any report required by the California Environmental Quality Act that pertains to the proposed development project or projects and to be made available for public inspection. The report shall also be sent to the governing board, the planning commissions of affected cities, counties, and cities and counties, and the legislative bodies of all affected local government entities.
- 16) Provides that the designated official shall consult with each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revisions to the plan.
- 17) Requires the draft financing plan to be made available to the public and to each landowner within the area on a designated internet website and at a meeting held at least 30 days before the first public hearing. The purposes of the meeting shall be to allow the staff of the governing board to present the draft financing plan, answer questions about the financing plan, and consider comments about the financing plan.
- 18) Specifies that the governing board shall consider adoption of the financing plan at two public hearings that shall take place at least 30 days apart.
- 19) Requires, in addition to the notice given to landowners and affected taxing entities, the governing board to post notice of each meeting or public hearing required by this bill in an easily identifiable and accessible location on the district's internet website and shall mail a written notice of the meeting or public hearing to each landowner, each resident, and each taxing entity at least 10 days before the meeting or public hearing.

- 20) Specifies that, at the first public hearing, the governing board shall consider any written and oral comments and take action to modify or reject the financing plan.
- 21) Provides that, if the financing plan is not rejected at the first public hearing, then the governing board shall conduct a protest proceeding at the second public hearing to consider whether the landowners and residents within the financing plan area wish to present oral or written protests against the adoption of the financing plan.
- 22) Requires the notices required by this bill to do all of the following, as applicable:
- a) Describe specifically the boundaries of the proposed area.
  - b) Describe the purpose of the financing plan.
  - c) State the day, hour, and place when and where any and all persons having any comments on the proposed financing plan may appear to provide written or oral comments to the governing board.
  - d) Notice of the first public hearing shall include a summary of the financing plan and shall identify a location accessible to the public where the financing plan proposed to be presented at the first public hearing can be reviewed.
  - e) Notice of the second public hearing to consider any written or oral protests shall contain a copy of the financing plan, and shall inform the landowner and resident of their right to submit an oral or written protest before the close of the public hearing. The protest may state that the landowner or resident objects to the governing board taking action to implement the financing plan.
- 23) Specifies that, at the second public hearing, the governing board shall consider all written and oral protests received before the close of the public hearing along with the recommendations, if any, of affected taxing entities, and shall terminate the proceedings or adopt the financing plan subject to confirmation by the voters at an election called for that purpose. The governing board shall terminate the proceedings if there is a majority protest. A majority protest exists if protests have been filed representing over 50% of the combined number of landowners and residents in the area who are at least 18 years of age. An election shall be called if between 25% and 50% of the combined number of landowners and residents in the area who are at least 18 years of age file a protest.
- 24) Requires an election required pursuant to 25), above, to be held within 90 days of the public hearing and may be held by mail-in ballot. The governing board shall adopt, at a duly noticed public hearing, procedures for this election.
- 25) Specifies that, if a majority of the landowners and residents vote against the financing plan, then the governing board shall not take any further action to implement the proposed financing plan. The governing board shall not propose a new or revised financing plan to the affected landowners and residents for at least one year following the date of an election in which the financing plan was rejected.

- 26) Provides that, at the hour set in the required notices, the governing board shall consider all written and oral comments.
- 27) Specifies that, if less than 25% of the combined number of landowners and residents in the area who are at least 18 years of age file a protest, the governing board may adopt the financing plan at the conclusion of the second public hearing by resolution. The resolution adopting the financing plan shall be subject to referendum as prescribed by law.
- 28) Requires the governing board to consider and adopt an amendment or amendments to a financing plan in accordance with the provisions of this bill.
- 29) Specifies that a separate notice of the first public hearing shall also be published not less than once per week for four successive weeks before the first public hearing in a newspaper of general circulation published in the county or counties in which the area lies. The notice shall state that the district will be used to finance housing developments, briefly describe the development or developments, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district, and state the day, hour, and place when and where any persons having any objections to the proposed financing plan, or the regularity of any of the prior proceedings, may appear before the governing board and object to the adoption of the proposed plan by the legislative body.
- 30) Requires a separate notice of the second public hearing to also be published not less than 10 days before the second public hearing in a newspaper of general circulation in the county or counties in which the area lies. The notice shall include the same information as described in 31), above.
- 31) Specifies that the governing board shall review the financing plan at least annually and make any amendments that are necessary and appropriate, and shall require the preparation of an annual independent financial audit paid for from revenues of the district.
- 32) Provides that amendments to an approved financing plan, including proposals to finance additional housing developments or to add a participating taxing entity and its representatives as members of the governing board after the date of district formation, may be approved by a majority vote of the governing board at a public hearing held following the provision of a 30-day mailed notice describing the proposed changes to all property owners, residents, and affected taxing entities.
- 33) Requires amendments that propose any of the following to be adopted in accordance with all notices and hearing requirements for the affected landowners and residents within the proposed additional territory applicable to an initial proposed financing plan:
  - a) Addition of new territory to a district.
  - b) Increase of the limit of the total number of dollars in local taxes allocated to the plan, except where the increase is a result of an affected taxing entity agreeing to participate in the existing district and the plan is amended pursuant to 34), above.

- c) Approval of a development that was not proposed to be financed or assisted by the district in the approved plan.
- 34) Requires the governing board to adopt an annual report within seven months of the close of each fiscal year, after holding a public hearing. Written copies of the draft report shall be made available to the public 30 days before the public hearing. The legislative body shall cause the draft report to be posted in an easily identifiable and accessible location on the district's internet website and shall mail a written notice of the availability of the draft report on the internet website to each owner of land and each resident within the area covered by the financing plan and to each taxing entity that has adopted a resolution pursuant to this chapter.
- 35) Specifies that the annual report shall contain all of the following:
- a) A description of the projects undertaken in the fiscal year, including any rehabilitation of structures, and a comparison of the progress expected to be made on those projects compared to the actual progress.
  - b) A chart comparing the actual revenues and expenses, including administrative costs, of the district to the budgeted revenues and expenses.
  - c) The amount of tax increment revenues received.
  - d) An assessment of the status regarding completion of the district's projects.
- 36) Provides that, if the governing board fails to provide the annual report required by 37), above, the district shall not spend any funds received pursuant to a resolution adopted pursuant to this chapter until the governing board has provided the report.
- 37) Specifies that the governing board shall not adopt a resolution proposing formation of a district and providing for the division of taxes of any affected taxing entity unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity that is proposed to be subject to division of taxes and has been filed with the legislative body at or before the time of the hearing.
- 38) Provides that nothing in this bill shall be construed to prevent the governing board from amending its financing plan and adopting a resolution proposing formation of the financing district without allocation of the tax revenues of any affected taxing entity that has not approved the infrastructure financing plan by resolution of the governing body of the affected taxing entity.
- 39) Specifies that, at any time after the date of district formation, an affected taxing entity may choose to approve the plan and participate in the division of taxes used to finance the activities of a district, by adopting a resolution of the governing body.
- 40) Provides that, if, after the date of district formation, an affected taxing entity adopts a resolution approving the plan and to participate in the division of taxes used to finance a district, the division of taxes shall be based upon the last equalized assessment roll that is

used for the district pursuant to this bill.

- 41) Specifies that, at the conclusion of the required hearings, the governing board may adopt a resolution proposing adoption of the financing plan, as modified, and formation of the district in a manner consistent with this bill, or it may adopt a resolution abandoning the proceedings. If the proceedings are abandoned, then the district shall cease to exist by operation of this bill with no further action required of the governing board, and the governing board shall not enact a resolution of intention to establish a district that includes the same geographic area within one year of the date of the resolution abandoning the proceedings.
- 42) Provides that the financing plan shall take effect upon the adoption of the resolution. The financing plan shall specify if the district shall be funded solely through the district's share of tax increment, governmental or private loans, grants, bonds, assessments, fees, or some combination thereof. However, the district shall not issue bonds before the adoption of a resolution meeting the requirements to issue bonds to finance the financing plan.
- 43) Specifies that, except as otherwise provided in this bill, the provisions of law regulating elections of the local agency that calls an election, insofar as they may be applicable, shall govern all elections conducted pursuant to this bill.
- 44) Provides requirements for the election official conducting the election to follow for mail ballot elections.
- 45) Specifies alternative procedures that can be used when the designated official is required to mail certain documents.
- 46) Requires specified notices required by this bill to be provided in English and in all other languages spoken jointly by 20% or more of the population in the jurisdiction of the county of the proposed district that speaks English less than "very well" and jointly speaks a language other than English according to data from the most recent American Community Survey or data from an equally reliable source.
- 47) Specifies that any financing plan to contain a provision that taxes, if any levied upon taxable property in the area included within the TIF district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of a specified ordinance to create the district, shall be divided, as specified.
- 48) Requires all costs incurred by a county in connection with the division of taxes for a district to be paid by that district.
- 49) Authorizes the governing board to, by majority vote, initiate proceedings to issue bonds pursuant to this bill by adopting a resolution stating its intent to issue the bonds.
- 50) Requires the resolution in 51) above, to contain specified information.
- 51) Provides that the clerk of the governing board shall publish the adopted resolution once per day for at least seven successive days in a newspaper published in the jurisdiction of each city, county, or city and county within the jurisdiction of the district at least six days per

week, or at least once per week for two successive weeks in a newspaper published in the jurisdictions of each city, county, or city and county within the jurisdiction of the district less than six days per week. If there are no newspapers meeting these criteria, the resolution shall be posted in three public places within the jurisdictions of each city, county, or city and county within the jurisdiction of the district for two succeeding weeks.

- 52) Requires the governing board to submit the proposal to issue the bonds to the voters who reside within the district. The election shall be conducted in the same manner as the election to create the district and the two elections may be consolidated.
- 53) Specifies that the bonds may be issued if two-thirds of the voters voting on the proposition vote in favor of issuing the bonds.
- 54) Provides that, if the voters approve the issuance of the bonds as provided by subdivision (a), the governing board shall proceed with the issuance of the bonds by adopting a resolution that contains specified information.
- 55) Specifies that, if any proposition submitted to the voters pursuant to this bill is defeated by the voters, the governing board shall not submit, or cause to be submitted, a similar proposition to the voters for at least one year after the first election.
- 56) Authorizes the governing board to, by majority vote, provide for refunding of bonds issued pursuant to this bill. However, refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded. The governing board shall not extend the time to maturity of the bonds.
- 57) Provides that the governing board or any person executing the bonds shall not be personally liable on the bonds by reason of their issuance. The bonds and other obligations of a district issued pursuant to this bill are not a debt of the city, county, city and county or state or of any of its political subdivisions, other than the district, and none of those entities, other than the district, shall be liable on the bonds and the bonds or obligations shall be payable exclusively from funds or properties of the district. The bonds shall contain a statement to this effect on their face. The bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.
- 58) Specifies that, if any member of the governing board whose signature appears on bonds ceases to be a member of the governing board before delivery of the bonds, their signature is as effective as if they had remained in office. Bonds issued pursuant to this chapter are fully negotiable.
- 59) Requires the district's finances to be subject to audit by the Controller every five years, commencing with the date the district allocates a cumulative total of \$1,000,000 in tax increment revenues.
- 60) Contains other clarifying and technical provisions.
- 61) Provides that no reimbursement is required by this bill for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction,

or changes the definition of a crime. However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made.

**EXISTING LAW:**

- 1) Allows a legislative body of a city or county to designate one or more proposed enhanced infrastructure financing districts (EIFDs) pursuant to EIFD law, and requires the establishment of a district to be instituted by the adoption of a resolution of intention to establish the proposed district, and include the following:
  - a) State that an EIFD is proposed and describe the boundaries of the proposed district, as specified;
  - b) State the type of public facilities and development proposed to be financed or assisted by the EIFD in accordance with existing EIFD law;
  - c) State the need for the EIFD and the goals the district proposes to achieve;
  - d) State the incremental property tax revenue from the city or county and some or all affected taxing entities within the EIFD, if approved by resolution of the affected agencies, may be used to finance these activities; and,
  - e) Fix a time and place for a public hearing on the proposal.
- 2) Requires, after the resolution of intention to establish a district, the designated official to prepare a proposed infrastructure financing plan, which shall be consistent with the general plan of the city or county within which the district is located. Requires the plan to include a financing section, containing the following information:
  - a) A specification of the maximum portion of the incremental tax revenue of the city or county and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue, as specified;
  - b) A projection of the amount of tax revenues expected to be received by the district for each year during which the district will receive incremental tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year;
  - c) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt;
  - d) A limit on the total number of tax dollars that may be allocated in the district pursuant to the plan; and,
  - e) A date on which the district will cease to exist, by which time all tax allocation to the district will end. Requires the date to not be more than 45 years from the date on which the issuance of bonds is approved or the issuance of a loan is approved by the governing board of a local agency.

- 3) Requires the plan to be sent to each owner of land within the proposed district and to each affected taxing entity together with any report required by CEQA.
- 4) Allows the legislative body of the city or county forming the district to choose to dedicate any portion of its net available revenue to the district through the financing plan.
- 5) Allows an EIFD to finance only public capital facilities or other specified projects of communitywide significance that provide significant benefits to the EIFD or the surrounding community, including, but not limited to, all of the following:
  - a) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities;
  - b) Sewage treatment and water reclamation plants and interceptor pipes;
  - c) Facilities for the collection and treatment of water for urban uses;
  - d) Flood control levees and dams, retention basins, and drainage channels;
  - e) Child care facilities;
  - f) Libraries;
  - g) Parks, recreation facilities, and open space;
  - h) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles;
  - i) Brownfield restoration and other environmental mitigation;
  - j) The development of projects on a former military base, provided that the projects are consistent with the military base authority reuse plan and are approved by the military base reuse authority, if applicable;
  - k) The repayment of the transfer of funds to a military base reuse authority pursuant to existing law that occurred on or after the creation of the RHIA;
  - l) The acquisition, construction, or repair of industrial structures for private use;
  - m) Transit priority projects, as defined in existing law, that are located with a transit priority project area. For purposes of the bill, a transit priority project area may include a military base reuse plan that meets the definition of a transit priority project area and it may include a contaminated site within a transit priority project area; and,
  - n) Projects that implement a sustainable community's strategy, when the State Air Resources Board has accepted a metropolitan planning organization's determination that the sustainable community's strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.

**COMMENTS:**

**Author's statement:** According to the author, "California's housing crisis has become a structural barrier that threatens the functioning of our public and private services. Essential public safety and manufacturing workers are being systematically priced out of the neighborhoods they serve. Traditional affordable housing programs often overlook these working professionals, leaving those earning between 80% and 120% of the Area Median Income with few subsidies to bridge the gap between their purchasing power and the high cost of living.

AB 2110 provides local governments with a market-flexible, non-tax-increasing tool to directly address this stability gap. By authorizing a specialized form of tax increment financing, we empower our cities and counties to invest in their own essential human infrastructure without relying on state grants or imposing new tax burdens on residents. This measure is a strategic evolution in local finance that ensures the people who make California's economy and communities possible can actually afford to live in them."

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

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

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set aside 20% of funding generated in a project area to increase the supply of low and moderate income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment

Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

***Attempts to Replace RDAs:*** After the Supreme Court's 2011 Matosantos decision dissolved all RDAs, legislators enacted several measures creating new tax increment financing tools to pay for local economic development. The Legislature authorized the creation of EIFDs [SB 628 (Beall), Chapter 785, Statutes of 2014] quickly followed by CRIAs [AB 2 (Alejo), Chapter 319, Statutes of 2015]. Similar to EIFDs, CRIAs use tax increment financing to fund infrastructure projects. CRIAs may currently only be formed in economically depressed areas.

The Legislature has also authorized the formation of affordable housing authorities (AHAs), which may use tax increment financing exclusively for rehabilitating and constructing affordable housing and also do not require voter approval to issue bonds [AB 1598 (Mullin), Chapter 764, Statutes of 2017]. SB 961 (Allen), Chapter 559, Statutes of 2018, removed the vote requirement for a subset of EIFDs to issue bonds and required these EIFDs to instead solicit public input, and AB 116 (Ting), Chapter 656, Statutes of 2019, removed the voter requirement for any EIFD to issue bonds in favor of a formal protest process. SB 852 (Dodd), Chapter 266, Statutes of 2022, created climate resilience districts (CRDs), which can also utilize tax-increment financing. CRDs were also given the authority to issue general obligation bonds and impose special taxes. In response to recent fires in California, SB 782 (Perez), Chapter 552, Statutes of 2025, created a subcategory of climate resilience districts (CRDs) to finance disaster recovery efforts.

While these entities share fundamental similarities with RDAs in terms of using various forms of tax-increment financing, they differ in two significant aspects, 1) not having access to the school's share of property tax increment, and 2) not automatically including the tax increment of other taxing entities.

***EIFD Law:*** EIFDs are the most commonly used infrastructure financing tool created since the dissolution of RDAs, and many of this bill's provisions are substantially similar to provisions in EIFD Law. To create an EIFD, the legislative body of a city or county must adopt a resolution of intention to establish the EIFD. The resolution must state a time and place for a hearing on the proposal, the proposed district's boundaries, the types of facilities and development to be financed, the need for the district, the goals the district proposes to achieve, and that incremental property tax revenues may be used to finance the EIFD's activities.

An EIFD is governed by a public financing authority (PFA) with three members of each participating taxing entity's legislative body and a minimum of two public members. Member agencies can also appoint an alternate member from their legislative body. If at least three taxing entities participate in the district, they can agree to reduce the district's governing board to one member and one alternate member of each legislative body and a minimum of two public members.

The city or county must create the PFA at the same time it adopts the resolution of intention. The PFA then provides public notice and directs an official to prepare an infrastructure financing plan. This process requires the PFA to make the draft infrastructure financing plan available to the public and to each landowner within the area at least 30 days before noticing the first public

meeting.

**What can EIFDs Finance?** EIFDs can finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community with an estimated useful life of 15 years or more. EIFDs may also finance projects that include:

- a) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.
- b) Sewage treatment and water reclamation plants and interceptor pipes.
- c) Facilities for the collection and treatment of water for urban uses.
- d) Flood control levees and dams, retention basins, and drainage channels.
- e) Child care facilities.
- f) Libraries.
- g) Parks, recreational facilities, and open space.
- h) The acquisition, construction, or rehabilitation of housing for persons of very low, low, and moderate income for rent or purchase.
- i) Acquisition, construction, or repair of commercial structures by the small business occupant of such structures, if such acquisition, construction, or repair is for purposes of fostering economic recovery from the COVID-19 pandemic and of ensuring the long-term economic sustainability of small businesses, among others.

The EIFD must not use bond proceeds to finance maintenance of any kind, and must not finance costs for ongoing operations or providing services.

**Workforce Housing.** Existing law allows cities, counties and school districts to build and provide employee rental housing. Generally, for cities and counties, employees must be an employee of the local agency, the state or any political subdivision, special district, including a school district, or any other local government entity, or an employee of a public or private utility whom the legislative body has determined performs a function essential to the public health, safety or welfare. The city or county may issue bonds for the construction of the housing. Current law also requires not less than 20% of the total number of units of housing for rent to be for occupancy on a priority basis by lower income households at affordable rents.

In 2016, SB 1413 (Leno), Chapter 732, Statutes of 2016, established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school employees. School districts are authorized to establish and implement programs that address the housing needs of teachers, school district employees, nonprofit organization employees, and other local public employees or other members of the public, by leveraging funding sources including state, federal, local, public, private and resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities.

SB 1413 also created a state policy supporting the use of federal and state Low Income Housing Tax Credits to fund housing for teachers and school district employees on land owned by the school district and permitting school districts to restrict occupancy to teachers and school district employees. At least a majority of the rental housing must be affordable to people or families of low or moderate income. In 2020, the Legislature expanded the Teacher Housing Act to allow all local public employees, or other members of the public, to occupy housing developed by school districts under the Teacher Housing Act [AB 3308, (Gabriel), Chapter 199, Statutes of 2020. AB 2967 (Ting), Chapter 748, Statutes of 2024, expanded the Teacher Housing Act to cover specified nonprofit organization employees.

A key difference between this bill and the Teacher Housing Act, to utilize state funding to house a specific class of people, the Act requires the housing to be constructed on land provided by the employer. For example, in the case of school district employees, the school district is providing the land. Land costs are a significant cost in the construction of affordable housing. In addition, by siting housing on land owned by the school district for teachers, the development is not being constructed on a site the local jurisdictions have zoned for multi-family housing for the general public, and then limited to a specific class of people. The committee may wish to consider if this bill should be more narrowly tailored to properties owned by employers of the workforce that will directly benefit from the tax increment financing created by this bill - public safety, education, health care, or manufacturing personnel.

***This bill:*** This bill authorizes a city, county, city and county to designate one or more TIF districts to finance the construction of workforce housing. This bill requires the agency forming the TIF district to adopt a resolution describing the intent, boundaries, projects, and goals for the district, as well as whether it intends to use property tax increment to finance projects. This bill specifies the membership of the governing board of the district and requires the governing board to be subject to existing ethics training requirements, open meeting laws, the California Public Records Act, and the Political Reform Act of 1974.

This bill allows a TIF district to finance the construction of residential housing where at least 80% of the units are reserved for public safety, education, health care, or manufacturing personnel. The units must all be deed-restricted so that at least 70% of the units serve lower income households and the remaining 30% of the units serve moderate income households. The project may be single-family or multifamily housing and may be a mixed-use development where at least 80% of the square footage of the project is dedicated to residential use. This bill authorizes a TIF district to acquire, receive, and transfer real property but not through eminent domain.

This bill establishes the process for establishing a TIF district and the adoption of a financing plan, which requires the participation of the public through a protest process. This bill also provides for a process to amend the plan, requires the district to adopt an annual report, and requires that the district's finances be subject to an audit by the Controller every five years, commencing with the date the district allocates a total of \$1,000,000 in tax increment revenues.

This bill also prohibits the agency forming the TIF district from adopting a resolution providing for the division of taxes of any affected taxing unless a resolution approving the plan has been adopted by the governing body of each taxing entity proposed to be subject to the division of taxes. A district must follow the procedures for the division of taxes described in this bill.

Lastly, this bill requires the governing board of the district to submit any proposal to issue bonds to the voters who reside within the district and the bonds may be issued if two-thirds of the voters approve the issuance of bonds.

***Double referred:*** This bill is double referred. It was heard in the Assembly Committee on Local Government and passed on a vote of 10-0 on April 15, 2024.

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

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

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2128 (Haney) – As Amended April 7, 2026

**SUBJECT:** Housing authorities: term limits and work requirements

**SUMMARY:** Prohibits “covered housing providers” from establishing or implementing any rules, policies, or procedures that either impose term limits or “work requirements” as a condition of initial or continued eligibility for any “covered housing” unless required by federal law. Specifically, **this bill:**

- 1) Includes the following definitions:
  - a) Defines “covered housing” as a federal housing program administered by HUD, including, but not limited to, any of the following:
    - i. Project-based rental assistance;
    - ii. Public housing under Section 9 of the United States Housing Act of 1937 (U.S. Housing Act)
    - iii. Section 8 of the U.S. Housing Act, including special purpose vouchers, such as Mainstream Vouchers, Stability Vouchers, the Housing Choice Voucher Homeownership Program, Veteran’s Affairs Supportive Housing Vouchers, the Family Unification Program, the Foster Youth to Independence Program, or any other programs established by Section 8 in a federal register notice.
  - b) Defines “covered housing provider” as a public housing authority (PHA), private, owner, property manager, or other entity that administers or is subsidized to provide housing through a covered housing program.
  - c) Defines “work requirements” as any requirements to complete work activities, such as working, pursuing education, participating in a work or job training program, volunteering, or doing community service. Specifies work activities include, but are not limited to, work activities defined in federal law.
- 2) Prohibits, unless required by federal law, a covered housing provider from establishing or implementing any rules, policies, or procedures that impose either of the following as a condition of initial or continued eligibility for any covered housing or that impact the amount of the rent subsidy or assistance provided to covered housing tenants:
  - a) Term limits; and
  - b) Work requirements.
- 3) Authorizes a covered housing provider to establish or implement a voluntary employment or job training program, if participation does not impact the applicant’s or tenant’s initial or continued eligibility, for the rent subsidy or assistance or the amount of the rent subsidy or assistance, and the voluntary program has one or more of the following goals for participants:

- a) Increasing personal income;
  - b) Generating financial savings;
  - c) Home ownership;
  - d) Increasing financial well-being and creditworthiness;
  - e) Increasing educational attainment;
  - f) Acquiring job skills; and
  - g) Expanding employment options.
- 4) Exempts an authority participating in the Moving to Work demonstration that has work requirements or time limits that comply with regulations established by the United States Department of Housing and Urban Development (HUD) from the prohibition in 1).
  - 5) Specifies this bill does not limit or alter the operation of the Family Self-Sufficiency program or the Public Housing Community Service requirement under federal law.

**EXISTING LAW:***Under existing federal law:*

- 1) Establishes the U.S. Housing Act to create the framework for providing housing assistance to low-income households by authorizing programs such as public housing and rental subsidies and directs HUD to administer those programs in coordination with PHAs. (42 U.S.C. 1437 et seq.)
- 2) Establishes tenant-based rental assistance programs, including the Housing Choice Voucher Program, and project-based assistance programs to provide housing assistance to low-income households. (42 U.S.C. 1437(f))
- 3) Establishes the Public Housing Program and authorizes HUD to distribute funds to PHAs to support the development, maintenance, and modernization of publicly owned housing for low-income households. (42 U.S.C. 1437(g))

*Under existing state law:*

- 1) Establishes the Housing Authorities Law, which provides for the creation, governance, and general powers of housing authorities. (Health and Safety Code (HSC) 34200 et seq.)
- 2) Establishes in each county and city a public body known as the housing authority and requires the governing body of the city or county to declare, by resolution, that there is a need for an authority before the authority may exercise any powers granted by the Housing Authorities Law. (HSC 34240)
- 3) Authorizes any combination of two or more cities or counties to enter into an agreement to create an area housing authority and establishes processes for each governing body to appoint commissioners to the PHA. (HSC 34246)

- 4) Establishes processes for appointments of commissioners to the PHA by the elected members of the governing body. (HSC 34270 et seq.)
- 5) Authorizes a governing body of a city or county to declare itself to be the commissioners of the PHA and to establish a housing commission whose function is to review and make recommendations on all matters to come before the authority prior to authority action. (HSC 34292)
- 6) Authorizes PHAs to do all of the following:
  - a) Acquire, lease, and operate housing projects for persons of low income and housing developments for persons of low income, as specified;
  - b) Provide for the construction, reconstruction, and improvement of all or part of any housing project.
  - c) Provide financing for the acquisition, construction, rehabilitation, refinancing, or development of dwelling accommodations for persons of low income.
  - d) Develop, rehabilitate, or finance housing projects or participate in the development, rehabilitation, or financing of housing projects; or purchase, sell, lease, own, operate, or manage housing projects so assisted, as specified. (HSC 34312)

**FISCAL EFFECT:** None. This bill is keyed non-fiscal by the Legislative Counsel.

**COMMENTS:**

**Author's statement:** According to the author, "Housing assistance should be a pathway to stability. At a time when California is already facing a housing affordability crisis and rising homelessness, the federal government is proposing policies that would allow families to lose their homes simply because they can't meet rigid work requirements or arbitrary time limits. These changes don't reflect the reality of people's lives, and they risk pushing our most vulnerable residents further into instability.

AB 2128 draws a clear line by ensuring that access to housing in California remains based on need, not punitive mandates. This bill protects families, seniors, and people with disabilities from losing the housing they rely on, and it affirms a simple principle: we should be working to keep people housed, not creating new barriers that make it easier for them to fall into homelessness."

**Housing crisis in California:** California's housing shortage has developed over many decades. Long-term underproduction of housing has left the state with far fewer homes than needed, driving up both rents and home prices. As costs rise, many residents are forced to prioritize housing over essentials like food, medical care, child care, and transportation, which reduces overall quality of life. Roughly one in three households does not earn enough to cover basic needs, and in 2024 more than 187,000 people in California were experiencing homelessness on any given night.

Over the past decade, the state has built fewer than 100,000 homes annually, with fewer than 10,000 affordable units produced each year. Expanding housing supply across both market-rate

and deed-restricted affordable categories is widely viewed as necessary to ease cost pressures and improve access to housing across income levels.

The effects of the housing crisis are not evenly distributed. Research from the Turner Center for Housing Innovation at University of California, Berkeley indicate that lower-income households, single-earner families, Black and Latino Californians, younger and older residents, and those living in or seeking to move to high-cost regions experience the most severe impacts.

**Background:** Federal housing assistance programs in the U.S. began during the Great Depression, when widespread unemployment and housing instability led Congress to pass the U.S. Housing Act. That law created the modern public housing program and established a federal-local partnership in which the federal government would fund housing for low-income households, while locally created PHAs would own and manage the housing. In 1965, Congress created the Department of Housing and Urban Development (HUD) to consolidate federal housing programs and oversee their administration. Over time, federal policy shifted away from direct construction of public housing toward subsidizing private housing, most notably through the Section 8 program established by the Housing and Community Development Act of 1974. The Housing and Community Development Act of 1974 introduced tenant-based and project-based rental assistance.

Today, federal housing assistance operates through a decentralized system in which HUD sets national policy, provides funding, and enforces program requirements, while local and state entities administer the programs on the ground. PHAs remain the primary administrators of public housing and Housing Choice Vouchers, handling tenant eligibility, rent calculations, and property management. Additionally, state entities, like the California Department of Housing and Community Development, and other local governments administer certain HUD programs, including the HOME program and Community Development Block Grants. Private landlords also play a role by participating in voucher and project-based programs under federal contracts.

**Federal assistance programs:** There are several major program types administered by HUD. The Housing Choice Voucher program is the largest and most widely used, providing tenant-based assistance that allows low-income households to rent housing in the private market. Participants typically pay a portion of their income towards rent and the rental assistance covers the remainder up to certain program limits. Public housing, under Section 9 of the U.S. Housing Act, consists of housing developments owned and operated by PHAs with federal funding supporting their operation and maintenance. Project-based rental assistance provides subsidies tied to specific units through long-term contracts between HUD and property owners, helping to preserve affordability in designated developments. HUD also administers a range of special purpose voucher programs that target specific populations or needs. These include vouchers for non-elderly persons with disabilities (Mainstream Vouchers), veterans experiencing homelessness (HUD-VASH), and families involved in child welfare or experiencing homelessness through programs such as Family Unification Program vouchers. These special purpose vouchers are generally tenant-based but are reserved for defined groups and often paired with supportive services.

**PHAs in California:** In California, PHAs serve as the primary local administrators of federal housing assistance programs under the oversight of HUD. Their core functions include administering rental assistance, determining eligibility and rent contributions, managing waiting lists, overseeing compliance with federal requirements, and, in some cases, owning or preserving

affordable housing developments. While PHAs may operate public housing, the most widely used program in the state is the Housing Choice Voucher program, authorized under Section 8 of the U.S. Housing Act. The Housing Choice Voucher program provides tenant-based rental assistance that allows households to rent units in the private market. As of September 2025, 90 PHAs were responsible for administering Housing Choice Voucher programs in the state. According to the Center on Budget and Policy Priorities, over 1 million people in 560,000 California households use federal rental assistance to afford modest housing. However, four in ten low-income people in the state are experiencing homelessness or pay over half their income for rent. Most do not receive federal rental assistance due to limited funding.

**Proposed federal rule change:** In March 2026, HUD proposed a rule that would give PHAs and certain property owners the option to impose work requirements and time limits on federal housing assistance programs, including public housing and Section 8–related programs. The rule would apply primarily to non-elderly, non-disabled households, and it would allow local agencies to require “work-eligible” adults to participate in employment, job training, education, or similar activities for up to 40 hours per week as a condition of continuing to receive assistance. As currently drafted, the proposal does not mandate these policies nationwide. Instead, the rule would allow PHAs and private property owners participating in federal housing assistance programs to decide whether and how to implement the work requirements.

The proposed rule would also allow agencies and owners to set term limits on housing assistance, generally no shorter than two years, after which households could lose assistance and would need to reapply through standard waiting lists. The rule remains in the proposal stage and is open for public comment before any final action is taken.

**On the brink:** Federal rental assistance programs covered by the Administration’s proposed time limits currently aid roughly 9 million low-income people.<sup>1</sup> Under the existing rules, households may receive assistance for as long as they remain eligible, and many participants leave the programs within several years, although seniors and people with disabilities often rely on assistance for longer periods. The proposed rule would allow PHAs to impose a two-year limit on assistance for households that do not include a senior or a person with a disability. While the proposal does not clearly state when the limit would begin, estimates indicate that if it were implemented today, approximately 3.3 million people nationwide would lose assistance. In California, an estimated 306,800 people, including 137,800 children, could lose housing assistance under the federal rule, including 192,200 people living in working households (i.e., households with at least one member reporting wage income).<sup>2</sup>

**This bill:** This bill prohibits, unless required by federal law, PHAs in California from making term limits and work requirements conditions of initial or continued eligibility for any covered federal housing program. As noted previously, HUD has proposed allowing PHAs across the country to impose term limits as short as two years and work requirements of up to 40 hours per week. The impacts of such changes, if adopted by PHAs, can be most acute in jurisdictions with challenging rental markets. According to the California Housing Partnership’s *California’s Affordable Housing Needs Report 2026*, renters must earn three times the minimum wage to afford the average rent. Low-income households termed out of participation in housing

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<sup>1</sup> <https://www.cbpp.org/research/housing/federal-rental-assistance>

<sup>2</sup> <https://www.cbpp.org/research/housing/rental-assistance-time-limits-would-place-more-than-3-million-people-half-of-them#estimated-number-of-people-who-cbpp-anchor>

assistance programs would be at an even greater risk of experiencing homelessness. Research has shown families with children that received time-limited assistance were twice as likely to be homeless as those with ongoing assistance over a three-year period. In fact, the same study found that the outcomes of families receiving time-limited assistance resembled the outcomes of families that had received no assistance.<sup>3</sup>

Imposing work requirements can also create practical barriers to compliance with little evidence of their effectiveness. Caregiving responsibilities, health issues, and the availability of child care could further make it difficult for participants to consistently meet required hours. Additionally, PHAs would need to develop systems to track compliance and provide support services, which could create administrative challenges and increase the risk that eligible households lose assistance due to reporting or documentation issues rather than actual noncompliance.

Importantly, this bill does not prohibit participation in any voluntary employment or job training program. Under this bill, PHAs can still implement voluntary programs focused on increasing personal income, generating financial savings, and increasing educational attainment. This bill creates the flexibility for PHAs in California to partner with the tenants that they serve without imposing program requirements that have shown to increase low-income households' risks of experiencing homelessness.

***Arguments in Support:*** According to the National Housing Law Project, this bill's sponsor, "When finalized, the federal rule will permit PHAs and private owners to implement time limits and work requirements that would be administratively burdensome and have a harmful impact on families. PHAs and owners could impose a work requirement of up to 40 hours per week on families to receive housing assistance. This threshold would expose seasonal workers, on-call workers, and those whose employers deliberately limit hours to constant risk of losing their housing. In addition, this would create burdensome reporting requirements that would be difficult for families to navigate and strain the limited resources of PHAs and owners. At the same time, PHAs and owners could mandate that low-income families lose their housing assistance after as little as two years, regardless of whether or not they are working, able to pay market rent, still in need of assistance, or are being exited into homelessness. Time limits would create additional burdens on agencies administering rental assistance and owners of subsidized housing developments, who would be compelled to take on the task of cutting off stably housed families every two years." "By prohibiting harsh and counterproductive time limits and work requirements from being adopted in California, AB 2128 insulates PHAs and other housing providers from this pressure and protects families that rely on HUD programs to stay stably housed."

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

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

National Housing Law Project (Sponsor)  
California Rural Legal Assistance Foundation  
Centro Legal De LA Raza

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<sup>3</sup> <https://www.huduser.gov/portal/sites/default/files/pdf/Family-Options-Study-Full-Report.pdf>

Children's Advocacy Institute  
Disability Rights California  
Fair Housing Advocates of Northern California  
Housing and Economic Rights Advocates  
Housing California  
Justice in Aging  
Legal Aid Society of San Diego  
Legal Services of Northern California  
Movement Legal  
Project Sentinel  
Public Advocates  
Western Center on Law & Poverty

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2139 (Garcia) – As Amended April 16, 2026

**SUBJECT:** Surplus lands: exempt surplus land: City of Ontario

**SUMMARY:** Exempts the Ontario Sports Empire in the City of Ontario (City) from the Surplus Land Act (SLA). Specifically, **this bill:**

- 1) Creates a new, project-specific exemption to the SLA for certain land owned by the City that is part of a master-planned regional sports and entertainment district.
- 2) Limits the exemption to specified parcels (identified by assessor parcel numbers (APNs)) that:
  - a) Are subject to a master plan, specific plan, or sectional planning area document consistent with the general plan; and
  - b) Are used for integrated district purposes, including sports facilities, recreation, open space, visitor-serving commercial uses, and supporting infrastructure.
- 3) Requires the Ontario City Council to make findings at a public meeting that:
  - a) The land is part of an integrated, master-planned district;
  - b) The disposition is consistent with the adopted plan;
  - c) Application of the exemption is necessary to facilitate coordinated, phased development; and
  - d) The project advances public benefits such as recreation, economic development, and tourism.
- 4) Restricts the exemption by:
  - a) Capping the total land area at 199 acres;
  - b) Prohibiting land acquired through eminent domain from qualifying; and
  - c) Prohibiting logistics or industrial uses on the site.
- 5) Requires deed-restricted affordable housing if any residential development occurs, including:
  - a) At least 15% of units affordable to lower income households;
  - b) Long-term affordability requirements (55 years for rental, 45 years for ownership); and
  - c) Equity sharing requirements for ownership units.
- 6) Authorizes the City to use the exemption only if it meets one of the following conditions:

- a) It has not received an HCD notice of violation in the prior five years and has facilitated at least 4,000 housing units in that period, with at least 50% affordable to lower income households, and deposits 10% of the land value into a local housing fund; or
  - b) It deposits 30% of the greater of the sales price or fair market value (or lease value) into a local housing fund at the time of disposition.
- 7) Requires funds collected (including any penalties) to be deposited into a local housing-specific set-aside account and used within three years for housing affordable to extremely low-, very low-, or low-income households.
  - 8) Requires unspent funds after three years to revert to the state for deposit into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for affordable housing in the same jurisdiction, subject to legislative appropriation.
  - 9) Specifies that violations are deemed to impact the availability of affordable housing and are treated as second or subsequent violations under existing SLA penalty provisions.
  - 10) Requires the provisions of this bill to be recorded as a covenant or restriction running with the land and enforceable against future owners.

**EXISTING LAW:**

- 1) Establishes procedures for the disposal of publicly-owned land that is surplus to the needs of local agencies, under the SLA. (Government Code (GOV) Sections 54220 - 54262)
- 2) Requires local officials who want to dispose of public property to declare that the land is no longer needed for the agency's use in a public meeting and declare the land either "surplus land" or "exempt surplus land." (GOV 54221)
- 3) Provides that "agency's use" includes land that is being used, or is planned to be used pursuant to a written plan adopted by the local agency or will be disposed of to support agency work or operations, and excludes land for agency's use from the SLA. (GOV 54221)
- 4) Requires local agencies to follow the procedures laid out in the SLA before surplus land can be sold, including, but not limited to:
  - a) Send a written notice of availability to various public agencies and nonprofit groups, referred to as "housing sponsors," notifying them that land is available for the following purposes:
    - i) Low- and moderate-income housing;
    - ii) Park and recreation, and open space;
    - iii) School facilities; or
    - iv) Infill opportunity zones or transit village plans. (GOV 54222)
  - b) Negotiate in good faith for 90 days with housing sponsors that respond. (GOV 54223)

- 5) Allows the local agency to dispose of the property on the private market if a mutually satisfactory agreement is not reached with interested parties during the good faith negotiations. (GOV 54223)
- 6) Requires the disposing agency to record a covenant or restriction to the property, if a property is disposed pursuant to 5) after completing steps 2)-4), stating that if 10 or more units of housing are developed on the property later, 15% of the units must be sold or rented at an affordable cost to lower income households. (GOV 54233)
- 7) Gives the Department of Housing and Community Development (HCD) enforcement authority over the SLA, as follows:
  - a) Allows HCD to develop guidelines to implement the penalty provisions of the SLA and provides that those guidelines are not subject to the Administrative Procedures Act.
  - b) Requires local agencies to notify the Department of Housing and Community Development (HCD) before agreeing to terms for the disposition of surplus land.
  - c) Imposes penalties of 30% of the disposition value of the land for a first violation and 50% of the disposition value for any subsequent violation for selling land in violation of the SLA.
  - d) Establishes an enforcement process, which provides, among other things, that a local agency cannot be liable for a penalty if it is not notified by HCD that it is in violation of the act. (GOV 54220 – 54262)
- 8) Allows for public and private enforcement of the SLA by affordable housing developers, housing organizations, individuals that would have been eligible to apply for residency in affordable housing, a beneficially interested person or entity, and HCD. (GOV 54221)
- 9) Designates certain types of land as “exempt surplus land” and provides that the entirety of the SLA does not apply to exempt surplus land. (GOV 54221)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “California’s Surplus Land Act serves an important statewide purpose by prioritizing affordable housing and other public uses when local agencies dispose of land that is no longer needed for agency operations. However, the Act was not designed with every type of large-scale, integrated public project in mind. The Ontario Sports Empire is a unique multi-phase regional sports and entertainment complex intended to function as a unified destination for youth and amateur athletics, community recreation, tourism, hospitality, and economic development. Because the project depends on coordinated planning, phased development, long-term leases, and public-private partnerships across a single master-planned site, applying the Surplus Land Act’s parcel-by-parcel notice and negotiation process to each component could create uncertainty, delay implementation, and undermine the City of Ontario’s ability to deliver the project as intended.

This bill is needed to provide a narrow, project-specific exemption that recognizes the distinct nature of the Ontario Sports Empire while preserving the overall framework of the Surplus Land Act. The proposal is not a broad rollback of surplus land law, but a targeted solution for a defined regional project expected to generate substantial public benefits, including expanded recreational opportunities, youth sports access, job creation, tourism, and local economic activity in the Inland Empire. By allowing the City of Ontario to dispose of and lease land within the project area in a coordinated manner consistent with an adopted plan, this bill will help ensure the successful development of a major community and regional asset.”

***California’s Housing Crisis:*** California’s housing crisis is a half-century in the making.<sup>1</sup> 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.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

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 6<sup>th</sup> 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.<sup>5</sup> 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 Turner 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.<sup>6</sup>

***SLA:*** Local public agencies are major landlords in some communities, owning significant pieces of real estate. When properties become surplus to a local agency’s needs, public officials may want to dispose of the property. They can do so under the SLA to recoup their investment by selling or leasing that land for fifteen years or longer, assuming they follow the process specified in the SLA. The SLA spells out the steps local agencies must follow when they want to dispose of land. In 2023, AB 480 (Ting), Chapter 788, and SB 747 (Caballero), Chapter 786 made significant changes to the SLA. Together, these bills attempted to strike a balance between ensuring comprehensive coverage of dispositions while enacting statutory exemptions and other changes that would streamline the process for local governments.

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> 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>

<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

Generally, before local officials can dispose of property under the SLA, they must declare that the land is no longer needed for the agency's use in a public meeting and declare the land either "surplus land" or "exempt surplus land." Before agencies can broadly negotiate to dispose of surplus land on the private market, they must give a "first right of refusal" to other public agencies, nonprofit housing developers, schools, and parks and recreation departments. Public agencies and nonprofit housing developers interested in developing surplus property are referred to as "housing sponsors." Housing sponsors can notify HCD if they are generally interested in acquiring surplus land to develop affordable housing. HCD maintains a list of housing sponsors and Notice of Availability (NOAs) on its website.

When a local agency wants to dispose of surplus land, it must send a written NOA to let interested parties – including local public entities with jurisdiction where the surplus land is located and all interested housing sponsors – know that land is available for the following purposes:

- 1) Low- and moderate-income housing;
- 2) Park and recreation, and open space;
- 3) School facilities; or
- 4) Infill opportunity zones or transit village plans.

If any interested parties respond to the NOA within 60 days, the disposing agency must negotiate in good faith for 90 days with any interested parties who respond to the NOA to try to come to a mutually satisfactory sale or long-term lease agreement. If multiple entities respond to the NOA, the housing sponsor that proposes to provide the greatest number of units, and the highest level of affordable housing, gets priority. If the disposing agency and interested parties cannot agree to mutually satisfactory terms after negotiating in good faith, the agency that owns the surplus land can sell the land on the private market. Before disposing of the land through the private market, the disposing local agency must record a restriction or covenant against the property maintaining that housing is developed on the property in the future, 15% of the units must be sold or rented at an affordable cost to lower-income households.

The SLA says that nothing in its provisions:

- 1) Limits the power of any local agency to sell or lease surplus land at fair market value or less than fair market value;
- 2) Prevents a local agency from obtaining fair market value for the land;
- 3) Limits a local agency's authority or discretion to approve land use, zoning, or other entitlement decisions in connection with surplus land; or
- 4) Requires a local agency to dispose of land just because it is surplus.

HCD has enforcement authority over the SLA. Furthermore, the SLA may be enforced by affordable housing developers, housing organizations, individuals who would have been eligible to apply for residency in affordable housing, or a beneficially interested person or entity. Local agencies that improperly dispose of surplus land face penalties of 30% of the sale price or market

value for the first violation, and 50% for subsequent violations, with penalty revenues going to a local housing trust fund. Before finalizing land dispositions, agencies must notify HCD and provide HCD with documentation of their compliance with the SLA disposition process. HCD has 30 days to review the submitted materials and respond. If HCD finds violations and notifies the disposing local agency within 30 days, the agency has 60 days to address them. If the violations are not addressed, the disposing agency may incur penalties including referral to the Attorney General. However, penalties are void if HCD fails to notify the local agency of a violation within 30 days.

In summary, the SLA establishes the following clear guidance related to timing:

- 1) Sixty days for parties interested in purchasing or leasing the surplus property to respond to the NOA;
- 2) Ninety days (minimum) good faith negotiation period with interested parties; and
- 3) Thirty days for HCD to review the SLA disposition materials provided by the local public agency to verify compliance with the SLA.
  - a) If no violation is found, the local public agency can proceed with disposing of the property to either an interested party (if a mutually satisfactory sales price or term of lease is reached), or disposing of the property on the private market if not.
  - b) If a violation is found and communicated to the disposing local public agency by HCD in the 30-day timeframe, then the local public agency has 60 days to correct the violation, or face penalties if not corrected.

***SLA as a Tool for Affordable Housing Production:*** The SLA is a powerful tool for the production of affordable housing in California. The SLA requires an entity proposing to use surplus land for developing low- and moderate-income housing to deed restrict at least 25% of the units as affordable. In the event that multiple entities respond to an SLA NOA with an interest to purchase or lease the land, the local agency is required to give priority to housing projects that meet the aforementioned affordability requirements. The disposing entity must also prioritize the number of units proposed, and the affordability levels of those units, while reviewing responses to the NOA and proceeding with negotiations.

Since January 2021, surplus and exempt surplus land dispositions tracked by HCD have resulted in 37,129 housing units, including over 23,686 units of housing affordable to lower-income households, entering the development pipeline.<sup>7</sup>

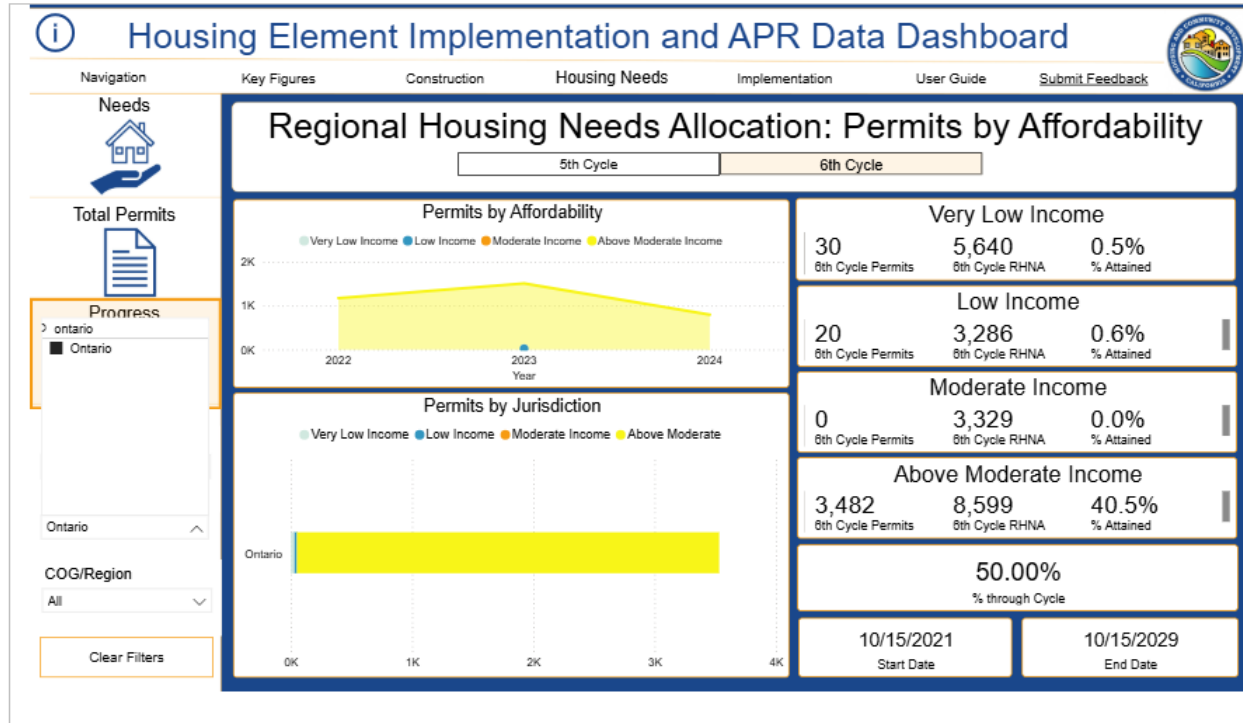
***Housing Production in Ontario:*** The City of Ontario's housing production trends reflect a significant imbalance across income levels, with particularly limited progress toward its lower-income RHNA obligations. As reflected in its Housing Element progress, the City has permitted thousands of above-moderate income units, achieving approximately 40% of its market-rate Regional Housing Needs Allocation (RHNA) target about halfway through its 6<sup>th</sup> RHNA Cycle, while production of deed-restricted affordable housing has been minimal. To date, the City has permitted only a handful of very low- and low-income units, representing less than 1% of its

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<sup>7</sup> <https://www.hcd.ca.gov/housing-open-data-tools/sla-dashboard>

RHNA targets in those categories, and no moderate-income units, despite substantial unmet need. This pattern is consistent with the City’s adopted Housing Element, which identified a lack of affordable housing projects in the development pipeline sufficient to meet its lower-income RHNA allocation of 8,926 units. The City recently released a draft amendment to its Housing Element on April 2 of this year, which proposes changes to its Affordable Housing Overlay standards. That draft has not yet been reviewed by the public or HCD, and it remains unclear whether additional sites or policy changes may be necessary to meet RHNA obligations.

8



**This Bill:** This bill would create a project-specific exemption from the SLA for certain City of Ontario–owned parcels that are part of a master-planned regional sports, recreation, and entertainment district. As proposed, this bill allows the City to treat specified parcels as “exempt surplus land” where those parcels are governed by an adopted planning framework and are used for integrated district purposes, including sports facilities, recreational amenities, visitor-serving commercial uses, and supporting infrastructure.

Amendments taken in the Committee on Local Government strengthened this bill’s requirements as it pertains to the SLA. This bill requires the Ontario City Council to make findings at a public meeting that the land is part of a coordinated, master-planned project, that the disposition is consistent with the adopted plan, that application of the exemption is necessary to carry out the phased development of the district, and that the project advances public benefits such as recreation, economic development, and tourism. The exemption is further limited by restricting its application to identified parcels totaling no more than 199 acres, prohibiting land acquired through eminent domain from qualifying, and disallowing logistics or industrial uses.

<sup>8</sup> <https://www.hcd.ca.gov/housing-open-data-tools/apr-dashboard>

This bill also includes provisions intended to preserve some level of housing benefit despite exempting the land from the SLA's affordable housing disposition requirements. If residential development occurs, at least 15% of units must be affordable to lower income households and subject to long-term affordability restrictions.

More significantly, this bill conditions the City's use of this exemption on compliance with one of two pathways: either demonstrating a strong recent track record of compliance with state housing laws and affordable housing production (specifically, no violations from HCD in the prior five years and the facilitation of at least 4,000 housing units, with at least 50% affordable to lower income households) combined with a 10% contribution of the land's value into a local housing fund; or, alternatively, providing a substantially higher upfront contribution equal to 30% of the greater of the land's sales price or fair market value (or, for leases, the discounted net present value of the lease). All funds collected pursuant to these provisions must be deposited into a local housing-specific set-aside account and expended within three years on housing affordable to extremely low-, very low-, and low-income households. If the funds are not expended within that timeframe, they revert to the state for deposit into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for use within the same jurisdiction, subject to legislative appropriation. This bill further establishes an HCD notification and review process prior to disposition and subjects violations to existing penalty provisions, including enhanced penalties for actions that undermine the availability of affordable housing.

***Policy Considerations:*** While this bill reflects an effort to accommodate the unique characteristics of a large, master-planned regional development, the Committee may wish to consider the broader implications of creating project-specific exemptions from the SLA, especially in jurisdictions falling far behind their lower-income RHNA targets. The SLA is intended to ensure that publicly owned land is prioritized for affordable housing, and exemptions, particularly those premised on claims of unique local circumstances, can create pressure for similar treatment from other jurisdictions and, over time, undermine the consistency and effectiveness of the statewide framework. In this case, this bill seeks to justify the proposed exemption based on the scale, configuration, and integrated nature of the proposed sports and entertainment district, as well as the need to facilitate coordinated, phased development and public-private partnerships.

Amendments taken in the prior committee to this bill attempt to balance this exemption by requiring either demonstrated housing production performance or significant financial contributions toward affordable housing, as well as a modest on-site inclusionary requirement if residential development occurs. However, these provisions substitute a monetary contribution for the opportunity to directly use publicly owned land for affordable housing development, which is a core objective of the SLA. The Committee may wish to consider whether these financial contributions, while substantial, are an adequate replacement for the potential long-term affordability and locational benefits that could be achieved through direct development on public land, particularly in areas that may have strong economic or amenity value.

Further, against the backdrop of minimal affordable housing permitting in the City, this bill would exempt up to 199 acres of City-owned land from the SLA, removing those sites from a key state framework designed to prioritize public land for affordable housing development. Given the City's current shortfall in lower-income housing production, this exemption could further limit opportunities to accommodate affordable housing by exempting publicly owned

sites. The Committee may wish to consider the precedent that this bill might set, potentially incentivizing additional bills requesting SLA exemptions moving forward.

***Arguments in Support:*** The City of Ontario writes in support of a prior version of this bill: “This bill is needed to provide a narrow, project-specific exemption that recognizes the distinct nature of the Ontario Sports Empire while preserving the overall framework of the Surplus Land Act. The proposal is not a broad rollback of surplus land law, but a targeted solution for a defined regional project expected to generate substantial public benefits, including expanded recreational opportunities, youth sports access, job creation, tourism, and local economic activity in the Inland Empire. By allowing the City of Ontario to dispose of and lease land within the project area in a coordinated manner consistent with an adopted plan, this bill will help ensure the successful development of a major community and regional asset. As such, we request support for AB 2139 as proposed to be amended.”

***Arguments in Opposition:*** The Public Interest Law Project, Non-Profit Housing Association of Northern California, East Bay Housing Organizations, Public Advocates, and San Diego Housing Federation write in opposition to a prior version of this bill: “This bill would create an exception allowing a master development of 199 acres owned by the City of Ontario – the Ontario Sports Empire-- without inclusion of any affordable housing. It is directly contrary to the purpose of the SLA and creates a dangerous precedent.

The City’s current housing element indicates that there were no affordable housing developments in the pipeline to accommodate any of the City’s 8,926 unit regional housing need for lower income housing. AB 2139 would remove 199 acres of land from even the possibility of helping satisfy the unmet RHNA obligations.”

***Related Legislation:***

*AB 2525 (Ward)* would create an SLA exemption in the City of San Diego in Mission Bay Park. AB 2525 is pending in this Committee.

*AB 2512 (Valencia)* provides that, if an exemption under the SLA is applied to the disposition of Angel Stadium by the City of Anaheim to the Los Angeles Angels, any disposition documents and promotional or marketing materials refer to the team as the Anaheim Angels, except under certain conditions. AB 2512 is pending in this Committee.

*AB 79 (Alvarez)* would have modified the affordability and density requirements of the Surplus Land Act (SLA) exemption that applies to land subject to a sectional planning document adopted prior to January 1, 2019. AB 79 was vetoed by the Governor.

*AB 480 (Ting), Chapter 788, Statutes of 2023*, made numerous changes to the SLA, including the disposal process, the authority of the Department of Housing and Community Development (HCD), and penalties for violations.

*AB 1734 (Jones-Sawyer), Chapter 769, Statutes of 2023*, creates, until January 1, 2034, a specific process under the SLA for the disposition of land in the City of Los Angeles for affordable housing and low barrier navigation centers.

*AB 457 (Joe Patterson)* created an SLA exemption for parcels that abut state highway right of way that a local agency identified in its circulation element or capital improvement plan for

future roadway development. AB 457 was substantially amended into a different subject matter.

*AB 837 (Alvarez) of 2023* creates an SLA exemption for land acquired by a local agency for the development of a university and innovation district. AB 837 is pending in the Senate Local Government Committee. However, a substantially similar policy adopted via a budget trailer bill was enacted into law in 2023.

*AB 983 (Cervantes) of 2023* would have categorized as exempt surplus land, properties that are designated in an adopted downtown revitalization plan, as specified. AB 983 was held in the Assembly Local Government Committee.

*AB 2319 (Bonta) Chapter 963, Statutes of 2022*, created an exemption from the Surplus Lands Act (SLA) for the Alameda Naval Air Station (Alameda Point).

*AB 1271 (Ting) of 2021* would have expanded the types of land exempt from the SLA, imposed new procedural requirements on local agencies disposing of surplus land, and made various technical changes to the SLA. AB 1271 was held in the Assembly Housing Committee.

*AB 1486 (Ting) Chapter 664, Statutes of 2019*, expanded the scope of local agencies subject to the SLA, revised the definitions of “surplus land” and “exempt surplus land,” revised the noticing requirements relative to local agencies, housing sponsors and HCD, and added penalties for local agencies that sell land in violation of the SLA.

*SB 747 (Caballero), Chapter 786, Statutes of 2023*, makes numerous changes to the Surplus Lands Act (SLA), including modifying SLA procedures, defining disposals of surplus land to include leases of longer than 15 years, altering the definition of exempt surplus land, and other changes.

*SB 719 (Min) of 2021* would have provided that land comprising the former Tustin Marine Corps Air Station is exempt surplus land for the purposes of the SLA if certain affordability standards for residential developments and other conditions are met.

***Double-Referred:*** This bill was also referred to the Committee on Local Government, where it passed with a vote of 10-0 on April 15, 2026.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

City of Ontario (Sponsor)  
California Association for Local Economic Development

### ***Support If Amended***

Western Electrical Contractors Association

### **Opposition**

East Bay Housing Organizations  
Non-profit Housing Association of Northern California  
Public Advocates

Public Interest Law Project  
San Diego Housing Federation

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2146 (Stefani) – As Amended April 13, 2026

**SUBJECT:** Supportive housing: prospective tenants: barriers to access

**SUMMARY:** Creates a process for housing developments that receive funding from the Low-Income Housing Tax Credit (LIHTC) program, Multifamily Housing Program (MHP), and No Place Like Home (NPLH) to fill vacancies outside of the local coordinated entry system (CES) if they request a referral and do not receive one within 180 days of making the request. Allows for a housing development serving people experiencing homelessness to accept self-certification that an individual is homeless, as specified. Specifically, **this bill:**

1) Includes the following definitions:

- a) “Alternative referral” means a referral from outside the coordinated entry system or equivalent referral system;
- b) “Coordinated entry system” means a centralized or coordinated assessment system developed pursuant to federal law and designed to coordinate homelessness program participant intake, assessment, and provision of referrals;
- c) “Equivalent referral system” means, in jurisdictions where a coordinated entry system is not operational, another similar referral system which prioritizes based on need and barriers to housing stability, as determined by the Department of Housing and Community Development (HCD);
- d) “Housing history” means a report of an applicant’s last known residential address or addresses, length of residency, and reason for departure, typically for a period of no less than two years preceding a housing application;
- e) “Referral waiting period” means the time period from the day when the housing credit applicant notifies the coordinated entry system or equivalent referral system of a vacant unit to 180 days from that notification; and
- f) “Self-certification of homelessness” means an affidavit, signed under penalty of perjury by an individual seeking assistance indicating their status as chronically homeless, homeless, or at risk of homelessness. Provides that if a tenant or prospective tenant is found to have falsified information regarding their self-certification of homelessness, it shall be considered a just cause for eviction. Provides that a housing sponsor shall be held harmless for purposes of compliance with their regulatory requirements.

2) Provides that if a tenant or prospective tenant is found to have falsified information regarding their self-certification of homelessness it is not a just cause for eviction.

- 3) Provides that a housing sponsor will be held harmless under their TCAC or HCD regulatory agreement if a tenant is found to have falsified information regarding self-certification of homelessness.
- 4) Establishes the California Direct Access to Supportive Housing (DASH) designation to facilitate quick and accountable access to supportive services.
- 5) Provides that a housing unit shall be designated as DASH if it meets all the following criteria:
  - a) The unit did not or does not receive any federal capital or operating subsidy that requires compliance with federal Department of Housing and Urban Development (HUD) standards;
  - b) The unit is restricted to occupancy by those at risk of homelessness or experiencing homelessness or chronic homelessness; and
  - c) The unit receives referrals through a coordinated entry system or an equivalent referral system for the first 180 days per vacancy.
- 6) Beginning July 1, 2027, requires a housing credit applicant to notify TCAC or HCD if a unit receiving an allocation of tax credits or funding from NPLH or MHP that meets the criteria for DASH designation.
- 7) Provides that a housing sponsor may notify TCAC or HCD when any of the following occur:
  - a) Any time before the unit becomes vacant;
  - b) When submitting notification of the unit's availability to a CES or an equivalent referral system; and
  - c) When submitting loan closing documents to the committee.
- 8) Provides that if TCAC or HCD disagrees with the housing sponsors' determination of DASH unit status, they must notify the applicant in writing within 60 days and allow the applicant 30 days to provide additional evidence to support their claim. Prohibits TCAC or HCD from penalizing an applicant as a result of any disagreement over a unit's DASH status.
- 9) Provides that if a unit's DASH designation is removed, a housing credit applicant must notify TCAC or HCD that the unit no longer meets the criteria.
- 10) Provides that beginning July 1, 2027, for a prospective tenant referred to a DASH unit through a CES or equivalent referral system, TCAC and HCD shall, to the extent not prohibited by federal law, apply the following expedited compliance documentation standards:
  - a) TCAC and HCD shall not require a housing credit applicant to obtain third-party documentation of a person's status as chronically homeless, homeless, or at risk of homelessness in order to establish tenant eligibility.

- b) TCAC and HCD shall accept self-certification of homelessness from the prospective tenant;
  - c) TCAC and HCD shall not require housing history for prospective tenants;
  - d) A housing credit applicant shall not request or require housing history or landlord or personal references for prospective tenants;
  - e) On or before June 30, 2027, the TCAC and HCD shall adopt regulations to implement this section.
- 11) Provides that a housing credit applicant who receives referrals through a CES or an equivalent referral system, to the extent not prohibited by federal law, may receive and process referrals of prospective tenants from sources outside of the coordinated entry system or equivalent referral system 180 days from the day the applicant notifies CES or ERS of a vacant unit, if all of the following conditions are met:
- a) A housing credit applicant shall not process outside referrals of prospective tenants if there are any pending CES or equivalent referral system referrals to the vacant unit, if the referral was made before 180 days passed;
  - b) After 180 days, the housing credit applicant shall notify the CES or equivalent referral system if they have received an alternative referral, and any alternate referrals the housing credit applicant has received shall be fulfilled on a first-come-first-served basis;
  - c) The tenant selected through an alternative referral shall meet all eligibility criteria for the unit;
  - d) The housing credit applicant shall maintain records, available to the department upon request, of any correspondence with a CES or equivalent referral system or a prospective tenant regarding an unsuccessful referral to the vacant unit, including records demonstrating why the referral was unsuccessful;
  - e) When a tenant that occupied a unit using an alternative referral vacates a unit, that unit shall return to its original status requiring a referral from a CES or equivalent entry system to be filled. Successive alternative referrals shall be allowed pursuant to this subdivision;
  - f) At the discretion of the coordinated entry system administrator, the CES may authorize alternative referrals earlier than the end of the referral waiting period if the referring entity has exhausted the potential applicant pool, in order to advance the goal of preventing vacant units; and
  - g) The housing credit applicant may accept referrals from the CES or equivalent referral system at any time.
- 12) Requires the California Housing and Homelessness Agency (CHHA) and the TCAC, by January 1, 2028, in consultation with sponsors of housing units designated as DASH, to

complete a comprehensive review of compliance, which shall identify all of the following information:

- a) Compliance requirements that create barriers to housing access for individuals at risk of homelessness or experiencing homelessness;
- b) Alternative methods of compliance to remove barriers and accelerate housing move-ins; and
- c) Opportunities to streamline documentation through alignment with existing standards for other programs, including, but not limited to, Medi-Cal or Transitional Rent.

13) Requires CHHA and TCAC, by April 1, 2028, to submit a report on the review.

14) Requires CHHA and TCAC to implement revised compliance requirements based on the completed review.

#### **EXISTING LAW:**

- 1) Authorized the Veterans and Affordable Housing Bond Act of 2018, which provided \$4 billion in funding, including \$1 billion for the CalVet program and \$3 billion for various affordable housing programs. (Health and Safety Code (HSC) Section 54000-54034 and Military and Veterans Code 998.600-998.614)
- 2) Establishes MHP at HCD to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers. (HSC Section 50675)
- 3) Defines the composition of a Continuum of Care (CoC) to mean the group organized to carry out the responsibilities of the McKinney-Vento Homeless Assistance Act composed of representatives of organizations, including nonprofit homeless providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons to the extent these groups are represented within the geographic area and are available to participate. (24 Code of Federal Regulations (CFR) § 578.3 CoC Definition)

**FISCAL EFFECT:** Unknown.

#### **COMMENTS:**

**Author's Statement:** According to the author, "Although California has been a leader in creating permanent supportive housing for people who need it most, too many individuals still face unnecessary documentation requirements that stall their access to these life-changing housing opportunities. AB 2146 addresses these barriers to access by removing the requirement that people "prove" they are homeless with hard-to-obtain documents like eviction records or hospital discharge paperwork. This bill also gives affordable housing providers more flexibility to fill units that have been sitting vacant for too long by expanding where they can get referrals.

Together these changes tackle the real-world barriers that housing administrators, nonprofit providers, and service agencies all agree are getting in the way of connecting people to available housing.”

***Coordinated Entry Systems:*** In 2012, HUD began requiring CoCs to use a CES, and in 2017 HUD mandated the use of CES for all CoCs as a condition of receiving federal funds. A CoC is a federally created entity that is responsible for administering federal funding to address homelessness, collecting data that is inputted into the Homelessness Management Information System, and managing the CES.

CES is a CoC-established system-wide process to quickly and equitably coordinate the access, assessment, prioritization, and referrals to housing and services for people experiencing or at imminent risk of homelessness. CES is an evidence-based strategy that focuses on housing and service coordination designed to link people experiencing homelessness to the most appropriate housing solution based on their needs. CES is also meant to remove racial bias in who is prioritized for housing and services, and prioritize people based on need. Significant racial disproportionality exists among those experiencing homelessness, with people who identify as Black/African American very overrepresented. CES prioritizes individuals for housing based on the length of time they have experienced homelessness.

Several state programs create housing for people experiencing or at risk of homelessness. The NPLH program was created in 2013 to house people experiencing homelessness with mental health challenges, funded by a 1% tax on millionaires in the state. The LIHTC and MHP both include set-asides that fund housing specifically for people experiencing homelessness. Each of these programs requires that a developer use CES to fill a vacancy when a tenant moves out. According to the sponsor of this bill, the Non-Profit Housing Association of Northern California (NPH), although CES is an important tool for creating equity and tracking data and outcomes, a small share of vacant supportive housing units take over six months to fill.

***Filling Vacancies:*** Research completed by the Harvard Kennedy School surveyed 151 CoC leaders across 44 states and conducted interviews with 26 representatives to discuss the pressing challenges and opportunities in managing Permanent Supportive Housing (PSH) systems. The results suggested that many jurisdictions have potentially persistent vacancies and prolonged referral processes in their PSH systems. These vacancies were attributed to challenges with CES including limitations in data systems, complex requirements for accessing PSH, and long, manually intensive placement processes. Many jurisdictions and PSH providers reported having units that sit empty for months at a time. A UC Berkeley Turner Center Study that evaluated PSH also found that the capacity of CES varies across the state, with some organizations underfunded and understaffed. The lack of resources for CES operation has led to slow referrals for some developments. Additional challenges occur when a development serves only a sub-population of people experiencing homelessness, like veterans and individuals with substance abuse and mental health disorders. Because CES is meant to be equitable and prioritize people for referral based on the length of time they have been homeless, the person referred may not fit into this subcategory of the available unit, leading to a longer vacancy.

NPH began hearing from its nonprofit housing provider members about such challenges as Coordinated Entry became more widely adopted in 2017, but challenges became particularly acute during the COVID-19 pandemic. Specifically, housing operators were struggling to achieve and maintain occupancy of CES-referred units. Furthermore, members observed that

applicants were sometimes matched with properties that were not equipped or funded to meet their needs, resulting in both operational and emotional costs to the building community. In response to these concerns, the NPH PSH Working Group (PSH WG) convened nonprofit housing practitioners from resident services and property management to develop practical and strategic recommendations to strengthen Coordinated Entry System implementation.

***DASH:*** Federal law encourages prompt referrals from CES by allowing for an affordable housing developer to obtain tenant referrals outside of CES for units that have not received a referral, or 30 days after a CES is notified. According to the sponsors “this current ‘release valve’ does not function well in practice. As long as each referral is provided within 30 days of request, CES systems can provide a series of poorly matched referrals that result in an extended vacancy. These vacancies are financially damaging to housing providers, and unacceptable given the incredible scarcity of permanent supportive homes.”

This bill would create a process for affordable housing developers to designate units in a development that do not receive any federal funding and could utilize another referral system if CES does not make a referral within 180 days (6 months) of a request. For units that receive funding from TCAC/the California Debt Limit Allocation Committee (CDLA) or HCD, a developer would apply to designate the unit as DASH. Once the unit is approved, the developer could fill a vacancy outside of CES if they request a tenant from CES and the referral is not made within 180 days.

Some advocates on behalf of people experiencing homelessness have raised concerns about filling units outside of CES. Prior to the adoption of CES, resources were allocated by individual providers on a first-come first-served basis. This disadvantaged individuals who were not capable of locating resources on their own and allowed developers to selectively serve people with fewer barriers to housing stability. Advocates are concerned that if developers are allowed to fill vacancies outside of CES, then this could happen again. It also could result in individuals receiving assistance that was more extensive than they need, while those with the highest need do not receive any assistance. These advocates recognize that there are issues with CES, however, do not think allowing for outside fills is the right solution.

***Proving You are Homeless:*** In California, under SB 1380 (Mitchell), Chapter 847, Statutes of 2016 homeless applicants cannot be denied supportive housing due to poor or inconsistent housing history. In fact, CES prioritizes applicants with such experiences. However, federal funding for CoCs requires applicants for housing to provide documentation related to their housing history, including third-party verification of homelessness, two years of rental history, and, in some cases, landlord or personal references. State law has mirrored this requirement in the MHP guidelines although there is no legal requirement to do so. When an applicant for housing rises to the top of the CES system and is in line for a referral, these requirements for documentation slow down the process of becoming housed.

For DASH designated units, those that do not receive federal funding, this bill would require TCAC/CDLA and HCD for affordable housing developments that receive tax credits, MHP, and NPLH to accept self-certification from a prospective tenant that they are homeless. Affordable housing developers would not be required to obtain third party documentation of a person’s status as homeless, any housing history, landlord or personal references.

**Arguments in Support:** According to the sponsors, Housing California and Non-Profit Housing Association of Northern CA, “AB 2146 would create a "Direct Access to Supportive Housing" (DASH) designation for non-federally funded affordable housing units, removing documentation requirements including housing history documentation, third-party verification of homelessness, and landlord referrals. These requirements are incredibly burdensome for homeless populations to fulfill, and removing them will reduce delays in accessing supportive housing. Current law encourages prompt referrals from a CES by allowing for an affordable housing developer to obtain tenant referrals beyond CES for units that have not received a referral for 30 days after a CES is notified of a vacancy. AB 2146 would allow for affordable housing developers to obtain tenant referrals beyond CES for units that have been vacant for over six months, creating a backstop for the most problematic vacancies without undermining the important role of CES in prioritizing the most vulnerable Californians for housing. CES is an important tool for creating equity and tracking data and outcomes. NPH and Housing California believe strongly in the purpose and goals of CES and seek to improve them incrementally through these policy changes supported by the experiences of our mission-driven membership that provides permanent supportive housing.”

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

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Housing California (Sponsor)  
Non-profit Housing Association of Northern California (Sponsor)  
Alta Housing  
Downtown Women's Center  
EAH Housing  
Eden Housing  
Episcopal Community Services of San Francisco  
Mental Health Association of San Mateo County  
MidPen Housing  
Opportunities for Change  
Resources for Community Development  
Satellite Affordable Housing Associates  
Self Help Enterprises  
The Kelsey

### **Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2166 (Carrillo) – As Amended March 19, 2026

**SUBJECT:** Multifamily housing development: offsite housing factories: backstop financing

**SUMMARY:** Establishes the Multifamily Backstop Financing Program at the California Housing Finance Agency (CalHFA) with the stated purpose 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. Specifically, **this bill:**

- 1) Includes the following definitions:
  - a) “Qualified applicant” means a surety company or surety insurer that issues construction bonds;
  - b) “Qualified factory” means an offsite housing factory, whether volumetric, panelized, or otherwise, in the state that delivers obligations for qualified multifamily projects;
  - c) “Qualified multifamily project” means a project located in the state that consists of multifamily residential uses only or a mix of multifamily residential and nonresidential uses, with at least two-thirds of the square footage of the development designated for residential use; and
  - d) “Tail risk” means a risk that occurs either when the frequency of low probability events is higher than expected under a normal probability distribution or when there are observed events of very significant size or magnitude.
- 2) Authorizes CalHFA to provide credit backstops to qualified applicants in accordance with the following:
  - a) A credit backstop shall be issued only to a surety company or a surety insurer that issues bonds if the backstop will be used by the applicant to issue payment bonds or performance bonds to qualified factories on qualified multifamily projects;
  - b) The credit backstop shall cover an unspecified percentage of the payment or performance bond value, at the discretion of the agency; and
  - c) The credit backstop shall not replace surety underwriting and shall only be used to reduce tail risk. The qualified applicant shall continue to decide the specific details of the payment or performance bond following industry standards.
- 3) Provides that it is the intent of the Legislature to include provisions relating to the prioritization and review of applications received.

**EXISTING LAW:**

- 1) Establishes the Home Purchase Assistance Fund at CalHFA. (Health and Safety Code (HSC) 51342)
- 2) Requires CalHFA to administer a home purchase program to assist low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes. Authorizes assistance in the form of any of the following:
  - a) An interest rate subsidy to reduce the interest rate;
  - b) A deferred-payment, low-interest, subordinate mortgage loan, including downpayment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income homebuyers; and
  - c) Buying down the cost of mortgage insurance. (HSC 51343)
- 3) Establishes the IBank within the Governor's Office of Business and Economic Development (GO-Biz) and authorizes it to undertake a variety of infrastructure related financial activities including, but not limited to, the administration of the Infrastructure State Revolving Loan Fund (ISRF), oversight of the Small Business Finance Center, and the issuance of tax-exempt and taxable revenue bonds.
- 4) Authorizes the IBank to provide financing for economic development facilities by:
  - a) Issuing taxable revenue bonds, as specified, to provide financing for economic development projects. Financed projects are required to be compatible with the public interest, which is defined as having the project be located in California, those seeking funds are capable of meeting obligations incurred under the agreement, and in the case of loans or bonds, the amount of the payments are adequate to pay the related expenses of the IBank;
  - b) Issuing taxable revenue bonds, as specified, to provide financing for the revolving loan funds and economic development projects of small business development corporations, local economic development corporations, community development corporations, and nonprofit organizations in which revolving loan funds and economic development projects shall be compatible with the public interest;
  - c) Issuing tax-exempt revenue bonds, as specified, to provide financing for economic development facilities as permissible under federal law and in accordance with applicable California law relating to the distribution of state allocations for private activity bonds. Financed projects are required to be compatible with the public interest, which is defined as having the project be located in California, those seeking funds being capable of meeting obligations incurred under the agreement, and in the case of loans or bonds, the amount of the payments are adequate to pay the related expenses of the IBank; and
  - d) Issuing tax-exempt revenue bonds, as specified, for economic development facilities of public sector and nonprofit organizations qualifying for exemption under federal law.
- 5) Defines an "economic development facility" to mean real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, goods movement, or service enterprise facilities,

community, educational, cultural, or social welfare facilities and any parts or combinations thereof, and all facilities or infrastructure necessary or desirable in connection therewith including provision for working capital.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

**Author's Statement:** According to the author, "We all know California is in the midst of a housing crisis. The cost of building homes is high, leading to a construction shortage, that ultimately passes on these costs to homeowners and renters. This is especially true with affordable housing, which struggles even more than market-rate housing to find developers willing to build. A large part of that is just the cost of the building itself, which is the largest percentage of the cost of a new development. One way to significantly reduce that cost is by using factory-built housing. These homes are constructed in a factory and then brought to the project site to be propped up or put together, allowing lower costs due to their mass production. Unfortunately, these factories struggle in California, as they are unable to receive insurance coverage, preventing developers, lenders, and general contractors from using this cheaper alternative. AB 2166 creates a state-backed credit backstop, to allow these factories to be insured, subsequently creating a more affordable option for housing development. To build more affordable housing, we have to make it more affordable to build, AB 2166 will do that."

**Factory-Built Housing:** 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. 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. 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.

HCD has maintained building code and plan approval authority over FBH since the California Factory-Built Housing Law was first enacted in the 1960s. HCD currently contracts with various Design Approval Agencies (DAAs) who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. Approved FBH must bear a California Insignia of Approval on each FBH system or component in the project. There are also Quality Assurance Agencies (QAAs) approved by HCD that inspect FBH during the production phase in the manufacturing facility or offsite. 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.<sup>1</sup>

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<sup>1</sup> For more information, see HCD's "Factory-Built Housing Handbook for Local Enforcement Agencies, Builders, and the General Public," <https://www.hcd.ca.gov/building-standards/manufactured-modular-factory-built/factory-built-housing/docs/hcdfbh314.pdf>

***Select Committee on Housing Construction Innovation:*** In late 2025, the Assembly Select Committee on Housing Innovation (Select Committee) was established to explore 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 Turner Center for Housing Innovation (Turner Center) to conduct research, including interviews with people familiar with the industry. The Turner 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, 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 Turner Center published a white paper, titled “Potential Pathways to Scale Innovative Construction Methods in California.” The Turner 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

This bill incorporates one of the Turner Center recommendations to reduce financial risk and liability to encourage industry growth.

***State Intervention:*** Stakeholders that participated in the Turner Center interviews argued that the FBH industry will not grow and reach the scale necessary to help address the state’s housing shortage without the state providing access to capital. Financial institutions and insurers view FBH as riskier than site-built construction. This risk results from the fact that FBH is fundamentally different than traditional construction and involves logistics not associated with site-built housing, like the need to sequence delivery of FBH. In addition, some FBH factories and project failures support the lending community’s concerns with the risk of backing a new and unproven industry. Stakeholders believe the state could provide several types of financial backing to the FBH industry that would help the industry grow.

First, the state could issue bonds to support factories to guarantee performance and agree to compensate developers, lenders, and subcontractors if a factory were to fail mid-project. State-backed bonds would help the industry to grow, especially in the early stages of growth. Second, the state could provide a loan guarantee program for FBH factories. The state would assume some of the risk from loans originated by the private lenders on specific projects. If the factory failed mid-project, the state would be on the hook for some portion of the loans. Stakeholders liken this proposal to federally backed loan guarantee programs. Finally, the state could create a revolving loan or credit facility that could support predevelopment costs, including deposits or financing gaps that private lenders are reluctant to cover.

A surety company ensures risks generally through bonds, which are issued for public works construction projects. If the contractor fails to fulfill the contractual terms, the owner can compel the surety to complete the project. This bill proposes that the state, through CalHFA, provide a “credit backstop” to a surety company or a surety insurer that issues payment bonds or performance bonds to support production of FBH to qualified factories on qualified multifamily projects. CalHFA would have the authority to determine how much of the total bond the surety insurer will back. This amount is unspecified in the bill.

According to this bill, the credit backstop provided by CalHFA will not replace surety underwriting and shall only be used to reduce tail risk. Tail risk is defined as the risk that occurs either when the frequency of low probability events is higher than expected under a normal probability distribution or when there are observed events of very significant size or magnitude. The surety company would decide the specific details of the payment or performance bond following industry standards.

**CalHFA:** CalHFA is the state’s affordable housing lender. In addition to a multi-family loans and grant programs, CalHFA runs several programs to support firsttime homebuyers, including a 30-year fixed interest mortgage and down payment assistance. The fixed interest first mortgage is an FHA-insured loan that is secured on a property. CalHFA does not lend money directly to consumers. CalHFA-approved lenders qualify consumers and make all mortgage loans. CalHFA purchases closed loans that meet CalHFA's requirements.

CalHFA’s Mixed-Income Housing Program (MIP) provides loans to multi-family affordable housing developments with a mix of incomes with the average income at 60% of the AMI. Historically, CalHFA also provided construction loans to affordable development. CalHFA’s Conduit Issuer Program is designed to facilitate access to tax-exempt and taxable bonds by developers financing multifamily rental housing. CalHFA is not liable for funding; the debt is secured solely by the revenue from the project.

CalHFA has a separate credit rating from the state. The agency’s credit rating was upgraded to AA+ by S&P Global Ratings in August 2025. A high credit rating allows CalHFA to issue debt at lower interest rates, which translates to more affordable financing for homebuyers and rental developers.

**Overview of the IBank:** The IBank was established in 1994 to promote "economic revitalization, enable future development, and encourage a healthy climate for jobs in California." Housed within GO-Biz, it is governed by a five-member board of directors comprised of the Director of GO-Biz (chair), the State Treasurer, the Director of the Department of Finance, the Transportation Agency, and a Governor’s appointee. With the exception of funds for programs to support and the Small Business Loan Guarantee Program administration, which must be

annually appropriated by the State Legislature, all IBank funds are continuously appropriated without regard to fiscal year. The IBank administers three programs: (1) the Infrastructure State Revolving Fund which provides direct low-cost financing to public agencies for a variety of public infrastructure projects; (2) the Conduit Bond Program which provides financing for manufacturing companies, public benefit nonprofit organizations, public agencies and other eligible entities; and (3) the Small Business Finance Center which helps small businesses access private financing through loan guarantees, direct loans, and performance bond guarantees. The Small Business Finance Center provides credit support to sureties issuing bonds to contractors.

***Arguments in Support:*** According to the California Housing Consortium, “Lenders, developers, and general contractors often need factories to be bonded to protect against factory failure. However, insurance providers, or sureties, are reluctant to issue bonds to scaling factories. Without bonding, developers and their lenders must take on additional risk of financial loss to work with factories or opt to move forward with conventional construction methods instead. To promote industry growth, reduce financial risk, and address liability gaps, AB 2166 creates a fund that covers a percentage of the surety bond, enabling surety companies to insure more modular housing factories. By creating a state bonding mechanism for modular housing factories, AB 2166 will support factory growth, help stabilize the industry, and lead to lower construction costs over time.”

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

***Committee Amendments:*** The Small Business Finance Center operates a surety and loan guarantee program, which is more in line with what this bill is trying to model for FBH. Therefore, the Committee may wish to consider if the functions created by this bill would be more appropriately housed at IBank to utilize that existing expertise.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Housing Consortium (Sponsor)  
 Abundance Network  
 Autodesk, INC.  
 California Conference of Carpenters  
 California Council for Affordable Housing  
 California YIMBY  
 Casita Coalition  
 CBIA  
 Circulate Planning & Policy  
 LeadingAge California  
 Non-profit Housing Association of Northern California  
 Student Homes Coalition

### **Opposition**

None on file

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2174 (Johnson) – As Introduced February 19, 2026

**SUBJECT:** Mobilehomes and manufactured housing: registration and titling documentation

**SUMMARY:** Requires the California Department of Housing and Community Development (HCD) to accept a signature executed electronically to release or satisfy a security interest held by a legal owner of manufactured home or mobilehome. Specifically, **this bill:**

- 1) Requires HCD, on or after January 1, 2028, to accept a signature executed electronically on a document submitted to release or satisfy a security interest held by a legal owner of a mobilehome or manufactured home.
- 2) Requires HCD to treat that signature as having the same force and effect as an original signature.
- 3) Prohibits HCD from requiring submission of an original wet signature to release or satisfy a legal owner's security interest.

**EXISTING LAW:**

- 1) Establishes the Manufactured Housing Act of 1980 (Health and Safety Code (HSC) 18000 *et seq.*)
- 2) Establishes the titling and registration requirements for all manufactured homes, mobilehomes, commercial coaches, truck campers, and floating homes. Authorizes HCD to adopt regulations to implement and interpret those titling and registration requirements (HSC 18075 *et seq.*)
- 3) Requires all manufactured homes, mobilehomes, commercial coaches, and floating homes sold or used within California to be subject to annual registration and payment of registration fees to HCD. (HSC 18075.5)
- 4) Requires a numbered report of sale, lease, or rental form issued by HCD to be submitted each time the following transactions occur by or through a dealer:
  - a) Whenever a manufactured home, mobilehome, or commercial coach previously registered is sold, leased with an option to buy, or otherwise transferred; and
  - b) Whenever a manufactured home, mobilehome, or commercial coach not previously registered in this state is sold, rented, leased, leased with an option to buy, or otherwise transferred. (HSC 18080.5(a))
- 5) Requires the transferor and the transferee of a title or interest to execute in the manner prescribed by HCD the certificate of title for the manufactured home or mobilehome and to notify HCD within 20 days. (HSC 18100.5(a)(1))

- 6) Establishes penalties for false statement, fraudulent transfers, or misuse of registration and title documents (HSC 18122 – 18124.5)
- 7) Establishes the Uniform Electronic Transactions Act (UETA) to allow the transaction of business, commerce, and contracts by electronic means, and establishes standards for conducting the electronic transactions. (Civil Code (CIV) 1633.1 *et seq.*)
- 8) Defines “electronic signature” as an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record. For purposes of this title, a “digital signature” as defined in subdivision (d) of Section 16.5 of the Government Code is a type of electronic signature.(CIV 1633.2(h))
- 9) Defines “digital signature” as an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature. Specifies a digital signature is a type of “electronic signature.” (Government Code (GOV) 16.5(d))
- 10) Specifies a digital signature has the same force and effect as the use of a manual signature if and only if it embodies all of the following attributes:
  - a) It is unique to the person using it;
  - b) It is capable of verification;
  - c) It is under the sole control of the person using it;
  - d) It is linked to data in such a manner that if the data are changed, the digital signature is invalidated; and
  - e) It conforms to regulations adopted by the Secretary of State (GOV 16.5(a)).
- 11) Specifies that the use of digital signatures shall be at the option of all parties. (GOV 16.5(b))

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s statement:** According to the author, “The continued reliance on wet signatures for documents related to lien releases and title updates for manufactured homes and mobilehomes is outdated and in need of modernization to bring these signature standards inline with 21st century technologies. AB 2174 updates existing law to allow the Housing and Community Development Department to accept electronic signatures, providing a more streamlined experience for Californians utilizing Department services.”

**Mobilehome parks 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.

**Registration and titling:** HCD maintains a statewide system to register and title mobilehomes and manufactured homes. This system applies to homes that are not converted to real property and serves as the official record of ownership and lien interests. HCD keeps a permanent title record for each home, which identifies the registered owner, any legal owner such as a lender, and key information about the unit.

When a mobilehome or manufactured home is first sold, brought into the state, or otherwise transferred, the new owner or dealer must apply to HCD for registration and title. Existing law requires submission of appropriate documents, fees, and, when a dealer is involved, a report of sale. The report of sale allows the transaction to be recorded while the full registration and titling process is completed. HCD reviews the application materials and, once complete, establishes or updates the permanent title record for the home.

After processing the application, HCD issues two primary documents. First, it issues a certificate of title, which reflects legal ownership and any secured interests recorded against the home. HCD also issues a registration card showing the registered owner and basic identifying information. Registration must be renewed annually with payment of fees, while the certificate of title remains in effect until there is a change in ownership or a lien is added or released.

Existing law also requires that ownership changes, lien recordings, and other title-related transactions be promptly reported to HCD using signed title documents and supporting paperwork. HCD then updates the permanent title record and issues revised documents as needed.

**Liens on title:** In HCD's titling system, a lien on title represents a security interest in a mobilehome or manufactured home. This typically arises when a buyer finances the purchase. The lender, such as a bank or finance company, is recorded on the title as the legal owner, while the buyer is listed as the registered owner. The legal owner holds a secured interest in the home until the loan is fully repaid, and that interest is reflected in HCD's permanent title record.

Parties must properly submit title documents to HCD showing the lender's interest to create the lien. This usually occurs at the time of sale or financing, when the certificate of title is issued or updated to include the legal owner. Once recorded, the lien gives the lender priority rights in the home, meaning the lender can enforce its interest if the borrower defaults. Because HCD maintains a centralized title system, recording the lien with the department is what establishes and protects the lender's interest against other claims.

A lien remains on the title until it is formally released. When the borrower pays off the loan, the legal owner must execute a lien release and submit it to HCD, typically by endorsing the certificate of title or providing an approved release document. HCD then updates the title record and issues a new certificate showing that the lien has been cleared. Without this step, the lien continues to appear on the title even if the debt has been paid.

Liens in the HCD system function similarly to vehicle liens. They ensure that lenders are protected during the life of a loan and that anyone reviewing the title can clearly see whether the home is subject to a debt. The system is designed to provide clear notice of ownership and financial interests, reduce disputes, and maintain an accurate public record of title status.

***Digital signature vs. electronic signature:*** The difference between a digital signature and an electronic signature is mainly about scope and security requirements. Under CIV 1633.2(h), an electronic signature is defined as any electronic sound, symbol, or process attached to a record and executed with the intent to sign. This comes from California's adoption of the UETA, which governs most private and commercial transactions. Under UETA, electronic signatures are legally valid and cannot be denied effect simply because they are electronic, as long as the parties agree to conduct the transaction electronically and the signature can be attributed to the signer.

A digital signature is a specific type of electronic signature with stricter technical requirements, as specified in GOV 16.5. That statute applies mainly to communications with public entities and requires that a digital signature be unique to the signer, capable of verification, under the signer's sole control, and linked to the document so that any changes invalidate the signature. These requirements typically involve encryption or public key infrastructure, making digital signatures more secure and tamper-evident than general electronic signatures.

A digital signature is a subset of an electronic signature. UETA provides the broad legal framework for electronic signatures in California, while GOV 16.5 imposes additional requirements when a public agency chooses to use the more secure digital signature method. Importantly, GOV 16.5 applies primarily to government use, while UETA applies broadly to private and commercial transactions. AB 2296 (Low), Chapter 144, Statutes of 2016, amended GOV 16.5 to clarify that public agencies may use either digital signatures or other forms of electronic signatures.

***HCD electronic signature policy:*** HCD has adopted an electronic signature policy that allows the use of electronic signatures in certain programs and transactions, consistent with California's UETA and GOV 16.5.<sup>1</sup> This policy is primarily applied in areas such as grants, contracts, and administrative documents, where HCD has determined that electronic signatures are reliable and appropriate. However, HCD has not uniformly extended this flexibility to its mobilehome and manufactured housing registration and titling system. In practice, HCD continues to require original signatures for key title documents, particularly those affecting ownership or security interests. As a result, lien releases generally must be executed with original 'wet' signatures on the certificate of title or approved forms, and electronic signatures are typically not accepted for that purpose. For example, the Lien Satisfied form (HCD RT 475.3), which is required when removing a legal owner from the HCD Certificate of Title and the original title has not been signed by the legal owner, requires original 'wet' signature(s) from legal owners on the form. HCD also specifies that photo copies cannot be accepted on HCD RT 475.3. This reflects HCD's emphasis on preventing fraud and ensuring the accuracy and integrity of its title records.

***This bill:*** Existing law requires that when a mobilehome or manufactured home is sold or otherwise transferred, the parties must complete and submit the proper title documents to HCD

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<sup>1</sup> *Division of Financial Assistance Electronic Policy*, memorandum for stakeholders and interested parties. HCD, September 2020. [https://www.hcd.ca.gov/grants-funding/get-funding/docs/esignaturememo\\_sept12020final.pdf](https://www.hcd.ca.gov/grants-funding/get-funding/docs/esignaturememo_sept12020final.pdf)

so the state can update its official ownership record. The transfer is not fully effective in the state's records until HCD receives the required forms, fees, and endorsements, including signatures from the seller and buyer and any lienholder if applicable. It also requires that these documents be submitted within a specified time period, and it allows HCD to record the new owner and issue an updated certificate of title once the submission is complete. This process ensures that ownership and any security interests are accurately tracked in the state's title system. Today, an original 'wet' signature from a legal owner is required to release or satisfy a security interest. This bill requires HCD to accept signatures executed electronically to release or satisfy a legal owner's security interest.

***Policy consideration:***

***Accurate title records:*** A lien release directly affects legal ownership and priority rights in the mobilehome. When a lender (i.e., the legal owner) releases its security interest, it is giving up a recorded property right. Because this change is significant and can affect buyers, lenders, and title status, HCD ensures that the release is authentic and authorized. Requiring original signatures helps reduce fraud and unauthorized releases. Mobilehome titles are particularly vulnerable because they function like vehicle titles but may involve high-value assets. A forged or improperly submitted lien release could wrongfully clear a title. *To balance the risk of forged or improperly submitted lien releases with the goal of modernizing submission of titling documents, the committee may wish to consider amending the bill to require HCD to accept a signature executed electronically consistent with the attributes set forth in GOV 16.5 (a).*

***Committee amendment:***

...

(f) **(1)** On and after January 1, 2028, the department shall accept a **verified** signature executed electronically on a document submitted to release or satisfy a security interest held by a legal owner pursuant to this section and shall treat that signature as having the same force and effect as an original signature. The department shall not require submission of an original wet signature to release or satisfy a legal owner's security interest pursuant to this section.

**(2) For purposes of this subdivision, a "verified signature executed electronically" means a digital signature that embodies all of the attributes set forth in subdivision (a) of Section 16.5 of the Government Code.**

***Arguments in support:*** According to the Western Manufactured Housing Communities Association, "Currently, HCD requires an original 'wet' signature from a legal owner to release or satisfy a security interest on a mobilehome or manufactured home title. Because these signatures must be physically executed and mailed, the current process can create unnecessary delays in updating title records and completing ownership transfers. In practice, these delays can slow real estate transactions, increase administrative burdens for lenders and escrow companies. The need to have title transfer documents contain a 'wet signature' delays the transfer of title for mobilehomes, and this needlessly delays a homeowner's ability to occupy a new home in a manufactured housing community."

According to the California Manufactured Housing Institute, "For manufactured housing communities, the ability to process documentation efficiently is an important part of facilitating home sales, ownership transfers, and financing transactions. Modernizing this process will help

ensure that homeowners, lenders, and industry professionals can complete transactions more efficiently.”

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Western Manufactured Housing Communities Association (Sponsor)  
California Manufactured Housing Institute

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2185 (Quirk-Silva) – As Amended March 19, 2026

**SUBJECT:** Housing: multifamily affordable housing programs

**SUMMARY:** Requires various state departments to evaluate state-funded multi-family affordable housing programs to remove any barriers and create opportunities to fund fabricated built housing (FBH). Specifically, **this bill:**

1) Includes the following definitions:

a) “Agency” includes all of the following: California Debt Limit Allocation Committee (CDLAC), California Housing and Homelessness Agency (CHHA), California Housing Finance Agency (CalHFA) and California Tax Credit Allocation Committee (TCAC).

2) “Multifamily affordable housing program” includes all of the following:

i) The Affordable Housing and Sustainable Communities Program;

ii) The Infill Incentive Grant Program of 2007;

iii) The Infill Infrastructure Grant Program of 2019;

iv) The Joe Serna, Jr. Farmworker Housing Grant Program;

v) The Low-Income Housing Tax Credit Program;

vi) The Multifamily Housing Program;

vii) The Multifamily Rental Housing Program;

viii) The Transit-Oriented Development Implementation Program; and

ix) The Veterans Housing and Homeless Prevention Act of 2014

2) Provides that no later than July 1, 2027, the agency, when administering a multifamily affordable housing program, shall do all of the following:

a) Review, analyze, and make any changes necessary to their guidelines and regulations to facilitate the production and use of factory-built housing;

b) Clarify that factory-built housing projects are an allowable use of funding under these programs; and

c) To the extent the agency directly funds the multifamily affordable housing program project, whether for construction financing, permanent financing, or both, make sufficient early deposits available for factory-built housing projects as an allowable use of funding under each of the programs listed in b) 1) to support the upfront payments needed to cover material costs and factory production.

- 3) Requires each agency to establish market-based underwriting guidelines as to the amount and timing of early deposits, including a requirement that any project receiving financial support be considered to have all of its construction and permanent financing committed at the time the deposits are funded by the agency.
- 4) Provides that each agency may require that either the factory, general contractor, or project sponsor provide a payment and performance bond, financial guarantee, letter of credit, or other security to protect the agency in the event that the project fails to close its financing and begin construction.

**EXISTING LAW:**

- 1) Creates the Multifamily Housing Program to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60% of the area median income (AMI). (Health and Safety Code (HSC) Section 50675)
- 1) Establishes the TCAC and the California Debt Limit Allocation Committee (CDLAC) under the State Treasurer's Office (STO). TCAC administers the federal and state low-income housing tax credit programs, which promote private investment in housing affordable to low-income Californians. CDLAC sets and allocates California's annual debt ceiling and administers the state's tax-exempt bond program to issue the debt. CDLAC's programs are used to finance affordable housing developments for low-income Californians, build solid waste disposal and waste recycling facilities, and finance industrial development projects. . (Government Code Section 8869.94 and (Revenue and Taxation Code Section 12206)
- 2) Establishes CalHFA, which provides first mortgage loans and down payment assistance to first-time homebuyers, as well as financing and programs for affordable rental housing. CalHFA is a self-supporting state agency; its bonds are repaid by revenues generated through mortgage loans. (HSC Section 50900)
- 1) Requires the SCG to develop and administer the AHSC Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives, including the following:
  - a) Reducing air pollution;
  - b) Improving conditions in disadvantaged communities;
  - c) Supporting or improving public health and other co-benefits;
  - d) Improving connectivity and accessibility to jobs, housing, and services;
  - e) Increasing options for mobility, including the implementation of the Active Transportation Program;
  - f) Increasing transit ridership;
  - g) Preserving and developing affordable rental and owner-occupied housing for lower income households; and

- h) Protecting agricultural lands to support infill development. (PRC 75210)
- 2) Continuously appropriates 20% of the Greenhouse Gas Reduction Fund (GGRF) to AHSC. (HSC 39719)
- 3) Requires a project to do all of the following to be eligible for AHSC funding:
- a) Demonstrate that it will achieve a reduction in greenhouse gas emissions;
  - b) Support implementation of an adopted or draft sustainable communities strategy or, if a sustainable communities strategy is not required for a region by law, a regional plan that includes policies and programs to reduce greenhouse gas emissions; and
  - c) Demonstrate consistency with the state planning priorities established pursuant to Section 65041.1 of the Government Code. (PRC 75211)
- 4) Requires projects receiving AHSC to include any of the following:
- a) Intermodal, affordable housing projects that support infill and compact development;
  - b) Transit capital projects and programs supporting transit ridership, including water-borne transit;
  - c) Active transportation capital projects that qualify under the Active Transportation Program, including pedestrian and bicycle facilities and supportive infrastructure, including connectivity to transit stations;
  - d) Non-infrastructure-related active transportation projects that qualify under the Active Transportation Program, including activities that encourage active transportation goals conducted in conjunction with infrastructure improvement projects;
  - e) Transit-oriented development projects, including affordable housing and infrastructure at or near transit stations or connecting those developments to transit stations;
  - f) Capital projects that implement local complete streets programs;
  - g) Other projects or programs designed to reduce greenhouse gas emissions and other criteria air pollutants by reducing automobile trips and vehicle miles traveled within a community; or
  - h) Acquisition of easements or other approaches or tools that protect agricultural lands that are under pressure of being converted to nonagricultural uses, particularly those adjacent to areas most at risk of urban or suburban sprawl or those of special environmental significance. (PRC 75212)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

*Author's Statement:* According to the author, "California cannot solve its housing crisis with yesterday's tools. Factory-built housing can lower costs and deliver homes faster, but our state

programs have not kept up. When funding structures delay projects instead of supporting them, we lose time, we lose units, and we lose opportunities for families who need housing now. AB 2185 updates our affordable housing programs in line with how homes are actually being built today. It removes barriers, supports innovation, and helps us build more affordable housing at the scale California needs.”

***Factory-Built Housing:*** 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. 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. 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.

HCD has maintained building code and plan approval authority over FBH since the California Factory-Built Housing Law was first enacted in the 1960s. HCD currently contracts with various Design Approval Agencies (DAAs) who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. Approved FBH must bear a California Insignia of Approval on each FBH system or component in the project. There are also Quality Assurance Agencies (QAAs) approved by HCD that inspect FBH during the production phase in the manufacturing facility or offsite. 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.<sup>1</sup>

***Select Committee on Housing Construction Innovation:*** In late 2025, the Assembly Select Committee on Housing Innovation (Select Committee) was established to explore 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 Turner Center for Housing Innovation (Turner Center) to conduct research, including interviews with people familiar with the industry. The Turner 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.

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<sup>1</sup> For more information, see HCD’s “Factory-Built Housing Handbook for Local Enforcement Agencies, Builders, and the General Public,” <https://www.hcd.ca.gov/building-standards/manufactured-modular-factory-built/factory-built-housing/docs/hcdfbh314.pdf>

The Turner Center published a white paper, titled “Potential Pathways to Scale Innovative Construction Methods in California.” The Turner 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

This bill incorporates one of the Turner Center recommendations to use state funding programs to help create more predictable demand for newly built FBH products.

***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 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 that 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. FBH housing is currently utilizing both the LIHTC and MHP, the state’s main housing programs. This bill would require CCHA and TCAC to review the guidelines and regulations of the programs they operate and make any changes to facilitate the production of FBH.

Historically, HCD has not provided construction loans to developers. In fact, AB 1053 (Gabriel), Chapter 264, Statutes of 2025 required HCD to adopt guidelines by July 1, 2026, to allow for construction financing for the Joe Serna Jr. Farmworker Housing Program, AHSC, and MHP. CalHFA has the authority to provide construction loans and has provided this type of financing in the past, but currently it does not. This bill would require CCHA and CalHFA to make “early deposits” available to FBH to support the upfront payments needed to cover material costs and factory production. This would be similar to a construction loan and could potentially create more risk should the factory providing the product face economic challenges due to a lack of consistent volume and high overhead. At the same time, encouraging, or at a minimum, reducing barriers to using state funding for FBH will create a greater demand, and state funding from the programs included in this bill may provide a stable source to fund the upfront costs of production of FBH units.

***This Bill:*** This bill would require the state’s housing agencies, CDLAC, TCAC, CalHFA and CHHA, by July 1, 2027, to review and analyze the guidelines and regulations for the affordable housing programs they administer to make any changes necessary to facilitate the production and use of FBH. These entities would be required to make changes to their programs to accommodate FBH. Unlike traditional stick-built housing, developers work with a factory to build FHB units that meet their site requirements, and that FBH is delivered to the site. This means developers need funding in the construction phase of the project. The state’s funding programs are not currently used for construction loans, they are used as permanent financing to take out construction loans that developers secure from private banks. There has been a push by affordable housing developers to shift state funding to the construction stage to reduce the cost of carrying higher interest loans during construction, but the state has yet to take this step with its existing programs. Concerns have been raised about the cost of underwriting and the risk associated with construction loans. This bill would require state housing agencies to establish market-based underwriting guidelines for FBH as to the amount and timing of early deposits, including a requirement that any project receiving financial support be considered to have all of its construction and permanent financing committed at the time the deposits are funded by the agency. Sequencing funding so that a developer has a grant from HCD or an award of LIHTC, has site control, and is ready to begin construction relatively quickly, will be key to reducing risk associated with this type of financing.

***Arguments in Support:*** According to the sponsor of this bill, the California Housing Consortium, “The UC Berkeley Turner Center for Housing Innovation recently released a report, which explores opportunities to adopt industrialized construction methods in California. It covers the potential advantages of factory-built housing and highlights the barriers that prevent the scaling of innovative construction methods in our state. To take advantage of the benefits of factory-built housing, the report recommends modifying existing state funding programs to better align them with the unique circumstances of factory-built housing. For example, the state’s housing agencies typically release funds for projects as on-site work is completed. However, this does not work for factory-built housing, since developers accrue costs earlier in the process. As a result, developers must cover factory deposits and early production costs through other forms of financing.”

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

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Housing Consortium (Sponsor)  
Abundance Network  
Autodesk, INC.  
California Conference of Carpenters  
California Council for Affordable Housing  
California YIMBY  
Casita Coalition  
CBIA  
Circulate Planning & Policy  
Housing California  
LeadingAge California

Non-profit Housing Association of Northern California  
Student Homes Coalition

**Opposition**

None on file

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2252 (Lee) – As Amended March 16, 2026

**SUBJECT:** Building standards: residential buildings

**SUMMARY:** Requires the California Department of Housing and Community Development (HCD) to research, develop, and propose building standards for single-exit, single stairway multiunit residential buildings of up to six stories in height. Allows cities and counties to make a change or modification, as specified, to local building standards that allows for single-exit, single stairway multiunit residential buildings of up to six stories in height, overriding the existing six-year moratorium on the proposal or adoption of new and existing affecting residential units.

.Specifically, **this bill:**

- 1) Requires HCD to research, develop, and propose building standards for single-exit, single stairway multiunit residential buildings of up to six stories in height for inclusion in the next triennial edition of the California Building Standards Code.
- 2) Requires HCD, in developing these standards, to consult with the State Fire Marshal, as specified.
- 3) Authorizes cities or counties to make changes or modifications to building standards applicable to residential units in the California Building Standards Code during the existing six-year moratorium that allow for single-exit, single stairway multiunit residential buildings of up to six stories in height.
- 4) Adds changes or modifications that allow for single-exit, single stairway multiunit residential buildings of up to six stories in height to the list of conditions exempt from the requirement that the California Building Standards Commission (CSBC) reject a modification or change to any building standard affecting a residential unit filed by a city or county during the existing six-year moratorium.
- 5) Adds changes or modifications that allow for single-exit, single stairway multiunit residential buildings of up to six stories in height to the list of conditions exempt from the prohibition on a city or county from establishing more restrictive building standards that are applicable to residential units during the existing six-year moratorium.

**EXISTING LAW:**

- 1) Pauses changes to building standards affecting residential units at the state and local level from October 1, 2025, to June 1, 2031, with limited exceptions. (Health and Safety Code (HSC) Section 18929.1(c), HSC 17958(b))
- 2) Specifies that building standards proposed and adopted by the CBSC in relation to standards researched pursuant to the State Fire Marshal's report on single-exit, single stair in buildings above three stories is exempt from the six year pause. HSC 18929.1(c)(3))

- 3) Required the State Fire Marshal to research standards for single-exit, single stairway apartment houses, with more than two dwelling units, in buildings above three stories and provide a report to the Legislature and the CBSC by January 1, 2026. (HSC 13108.5.2)
- 4) Establishes the CBSC within the Department of General Services and requires the commission to approve and adopt building standards and to codify those standards in the California Building Standards Code. Requires CBSC to publish editions of the code in its entirety once every three years. In the intervening period the commission must publish supplements as necessary. (HSC 18942 and 18930)
- 5) Requires CBSC to receive proposed building standards from a state agency for consideration in an 18-month code adoption cycle. Requires CBSC to adopt regulations governing the procedures for 18-month code adoption cycle, which must include adequate provision of the following:
  - a) Public participation in the development of standards;
  - b) Notice in written form to the public of the compiled building standards with justifications;
  - c) Technical review of the proposed building standards and accompanying justification by advisory boards appointed by CBSC; and
  - d) Time for review of recommendations by the advisory boards prior to CBSC taking action. (HSC 18929.1)
- 6) Requires proposed building standards that are submitted to CBSC for consideration to be accompanied by an analysis completed by the appropriate state agency that justifies approval based on the following criteria:
  - a) The building standard does not conflict with, overlap, or duplicate other building standards;
  - b) The proposed standard is within the parameters of the agency's jurisdiction;
  - c) The public interest requires the adoption of the building standard;
  - d) The standard is not unreasonable, arbitrary, unfair, or capricious;
  - e) The cost to the public is reasonable, based on the overall benefit to be derived from the building standard;
  - f) The standard is not unnecessarily ambiguous or vague; and
  - g) The applicable national specifications, published standards, and model codes have been appropriately incorporated into the standard. (HSC 18930)
- 7) Requires HCD to propose the adoption, amendment, or repeal of building standards to CBSC for residential buildings, including hotels, motels, lodging houses, apartment houses, dwellings, buildings, and structures. (HSC 17921)

- 8) Requires the Office of the State Fire Marshal to prepare and adopt building standards focused on fire and panic safety for residential occupancies, as specified. (HSC 13143.6)
- 9) Requires the building standards adopted and submitted by HCD for approval to be adopted by reference, inclusive of any additions or deletions made by HCD, and requires the standards to impose substantially the same requirements as are contained in the most recent editions of the following international or uniform industry codes as adopted by the organizations specified:
  - a) The Uniform Housing Code of the International Conference of Building Officials, except its definition of “substandard building;”
  - b) The International Building Code of the International Code Council;
  - c) The International Residential Code of the International Code Council;
  - d) The Uniform Plumbing Code of the International Association of Plumbing and Mechanical Officials;
  - e) The Uniform Mechanical Code of the International Association of Plumbing and Mechanical Officials;
  - f) The National Electric Code of the National Fire Protection Association; and
  - g) The International Existing Building Code of the International Code Council. (HSC 17922(a))
- 10) Authorizes cities and counties to make reasonably necessary changes or modifications to the provisions of the California Building Standards Code upon finding these changes are reasonably necessary due to local climatic, geological, or topographical conditions. (HSC 17958.5, HSC 17958.7)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

***According to the author:*** According to the author, “Stairway requirements can have a profound effect on what does and does not get built in our neighborhoods. Many countries worldwide have already legalized mid-rise apartments with one staircase that maintain robust, modern fire prevention measures. By unlocking previously undevelopable properties, AB 2252 will bring much-needed multifamily housing to our urban neighborhoods.”

***Single-exit, single stair:*** A single-exit, single-stair building is a multiunit residential building in which all upper floors are served by only one stairway rather than the two exits typically required under the International Building Code (IBC), which generally limits such designs to smaller buildings that meet strict safety conditions. Proponents argue that single-stair designs can lower construction costs, allow more efficient apartment layouts, support family-sized units on smaller lots, and help expand “missing middle” housing in urban areas while maintaining safety when properly regulated. Allowing four- to six-unit buildings with a single stairway could encourage new housing construction in areas that need it most, particularly in already-developed neighborhoods near transit and commercial corridors. One study of the Boston region found that

this type of code change could support the creation of about 130,000 additional homes by enabling development on vacant parcels within walking distance of public transportation.<sup>1</sup>

***Single stair in California:*** The California Building Standards Code comprises 12 parts that implement the design and construction regulations of buildings throughout the state. Title 24, Part 2 is the California Building Code (CBC), and Part 9 is the California Fire Code (CFC). Section 1006.3.4 of both the CBC and the CFC currently restricts apartment buildings to a maximum of three stories and four units when only one exit is provided. In order to permit single-exit apartment buildings that exceed three stories, amendments to both the CBC and CFC are necessary. However, existing law allows cities and counties to make reasonably necessary changes or modification to the provisions of the California Building Standards Code upon finding these changes are reasonably necessary due to local climatic, geological, or topographical conditions.

In September 2025, Culver City became the first local jurisdiction in California to allow for the construction of single exit, single stair buildings of up to six stories. According to the staff report accompanying the item ahead, the ordinance is modeled after the City of Seattle's single exit single stair ordinance and includes requirements such as maximum floor areas, maximum unit quantities, and other provisions.

***Other jurisdictions*** Several jurisdictions, including New York City, Seattle, Austin, and Honolulu, among others, have adopted regulations for single-exit, single stair buildings of four-, five-, or six-story apartment buildings. Seattle's requirements include no more than four apartments on any given floor in buildings up to six stories, structures built with at least one-hour fire-resistive construction, and a complete automatic sprinkler system throughout, among other provisions. New York City has over 4,000 single-stair apartment buildings exceeding IBC's three-story height limit, with most of those buildings being built after the city's multifamily sprinkler went into effect. The city of Honolulu allows single-exit in residential buildings up to five stories with no more than four units per floor and requires exterior or pressurized interior exit stairways, among other requirements. In Austin, residential buildings up to five stories with up to four units per floor may feature a single-exit, single stairway, though mandatory fire alarm and automatic smoke detections systems in common places are required. Other states, including Washington, Colorado, Montana, New Hampshire, and Texas, have enacted approved legislation allowing for single-exit, single stair above three stories, though the limitations of such construction vary from state to state.

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

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<sup>1</sup> Boston Indicators, Harvard Joint Center for Housing Studies, and Utile, *Legalizing Mid-Rise Single-Stair Housing in Massachusetts: A Report on the Impact of Allowing Mid-Rise Point Access Blocks on Housing Design and Development in Greater Boston and Beyond* (2024), <https://www.jchs.harvard.edu/research-areas/reports/legalizing-mid-rise-single-stair-housing-massachusetts>

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

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

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

HCD is responsible for the standards for residential buildings, hotels and motels. The California Building Code and California Residential Code govern general standards for multifamily and single-family residential construction. The Office of the State Fire Marshal is responsible for adopting building standards focused on fire and panic safety for residential occupancies. Within the codes, there are certain requirements that are mandatory for all newly constructed dwellings or buildings, and certain provisions that are optional or voluntary – meaning the requirements must be followed only if an entity chooses to construct certain items or systems.

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

***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 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 Directives and Mandates Leading to Standards Freeze:*** The Legislature and Governor have enacted multiple additional directives to research and propose new building standards in recent years, including for rainwater catchment, electric vehicle charging, water efficiency and reuse, adaptive reuse projects, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders or the adopting agencies themselves (rather than the Legislature), like solar panel mandates and fire sprinkler requirements. There are several legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos regarding the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable.

In response to concerns regarding the rapid pace of modifications to building standards, the deadly Los Angeles fires of January 2025, and a need to find methods to stem increases in housing construction costs, the Legislature and Governor enacted several significant changes to building standards in the 2025 housing budget trailer bill, AB 130 (Committee on Budget), Chapter 22. The most significant change is a freeze to any new building standards or changes to existing building standards affecting residential units at both the state and local level until 2031, with limited exceptions.

AB 130 (Committee on Budget) also curtailed the practice of incorporating significant new building standards into the codes via the intervening code cycle (instead only technical or emergency changes may be made in this manner), and allowed phased residential developments utilizing model home designs to continue using approved building permits until those designs substantially change or for a period of 10 years, rather than at each new code cycle.

***Legislative history:*** The author of this bill previously introduced similar legislation related to single-exit, single stairway building standards. AB 835 (Lee), Chapter 345, Statutes of 2023, as introduced, required the State Fire Marshal to research, develop, and propose to the CSBC for its consideration standards for single-exit, single stairway multiunit residential buildings above three stories. That bill also required the building standards proposed by the State Fire Marshal to meet, at a minimum, the fire safety and accessibility standards for buildings of the same size. During the legislative process, AB 835 was amended to, instead, require the State Fire Marshal to research standards for single-exit, single stairway apartment houses, with more than two dwelling units, in buildings above three stories. The bill also required the State Fire Marshal to provide a report to the Assembly Committee on Emergency Management, the Senate Committee on Governmental Organization, the Joint Legislative Committee on Emergency Management, and the CSBC by January 1, 2026. AB 835 also required the report to address fire and life safety or emergency activities in single-exit, single stairway apartment houses, with more than two dwelling units, in buildings above three stories.

As noted previously, AB 130 (Committee on Budget) established a temporary moratorium on any new building standards or changes to existing building standards affecting residential units at the state level until 2031, with limited exceptions. One of those exceptions includes building standards proposed for adoption in relation to building standards researched pursuant to the State Fire Marshal's report. The typical process of developing building standards for consideration

would still need to be followed and did not require standards researched by the State Fire Marshal to be proposed by the State Fire Marshal nor adopted by the CSBC.

***Single-Exit, Single Stairway Report to the Legislature:*** In March 2026, the State Fire Marshal released its report related to single-exit, single stairway apartment houses, with more than two dwelling units, in buildings above three stories. The State Fire Marshal convened a work group of stakeholders, including representatives from the California Fire Service, building officials, local governments, labor, building industry, and housing advocates to review research standards related to fire and life safety performance, as well as emergency responses operations. The report includes background on the historical development of today's safety standards, code comparisons across jurisdictions in the U.S. and around the world allowing single-exit stair in residential buildings, active and passive fire protection measures, technical egress analysis, operational limitations of fire departments, economic and cost implications, and a host of conditions for consideration if changes to the single-exit stair standard are to be considered.

*Active and passive fire protection measures:* The report identified several measures that may or may not be effective in reducing the risk to occupants in single-exit buildings. In combination, the active and passive measures identified in the report might provide reasonable equivalency to a two-exit residential building. Measures like sprinkler systems throughout the entirety of the structure, existing fire alarm systems requirements for R-2 occupancies, and certain smoke detection and smoke control systems may reduce risks in single-exit designs. However, the report notes that these measures do not fully substitute for the redundancy of two independent stairways.

*Fire departments' operational limitations:* The report also identifies differences between urban, suburban, and rural fire departments, including response times, staffing levels, and equipment availability, to be taken into consideration. Fire departments surveyed by the work group overwhelmingly opposed adopting single-exit stair designs in buildings exceeding three stories. Fire departments noted delays in both the evacuation of residents and the suppression efforts of firefighters were likely to occur if forced to use the same stairwell. Departments identified other aerial limitations such as aerial apparatus failing to reach, arriving late, or being delayed in large service areas or rural jurisdictions. Fire departments ultimately found single-exit stair designs to fundamentally change firefighting operational effectiveness.

*Economic and cost implications:* The report also completed an analysis of the cost implications of requiring a second stairway in small-footprint, mid-rise buildings.<sup>2</sup> Because stairways involve many construction trades and design constraints, their costs are difficult to isolate, so the analysis focuses only on the stairway itself and likely understates total costs. The analysis assumes a typical building size (e.g., 2,000 square feet per-story floor area) and adjusts data to 2024 U.S. dollars, using conservative assumptions that tend to lower estimated stairway costs relative to total building costs. Based on several data sources, the analysis finds that a stairway costs about \$230,000 and represents roughly 10% of total construction cost.

*Work group considerations:* The work group, after reaching a consensus, provided seven standards for the State Fire Marshal to consider, in addition to the requirements of the California

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<sup>2</sup> See page 22 of the report for more information about the conditions and limitations of the work group's cost analysis.

Building Code, if any modification to the single-exit standard in the California Building Code were to be considered. These standards are:

- 1) Single-exits should be permitted in R-2 occupancies that do not exceed a height of four stories and that are not classified as high-rise buildings (i.e., taller than 75 feet).
- 2) Buildings with stories served by single exits above the third story shall be protected throughout with a fire sprinkler system. Fire sprinkler protection shall be included within stairways constructed with combustible framing materials.
- 3) Stories served by the single exit in buildings exceeding three stories in height shall not include more than four dwelling units per story and the floor area per story shall not exceed 4,000 net habitable square feet.
- 4) Where direct access from dwelling units into the exit stairway is not proposed, dwelling unit entry doors accessing the stairway through an intermediate common corridor shall be located along the natural path of travel that is not greater than 20 feet from the entry door into the exit stairway.
- 5) Occupiable roofs shall not be permitted above the fourth story.
- 6) Electrical receptacles shall not be permitted within the exit stairway.
- 7) Professional development and training opportunities are necessary for the Fire Service to be better prepared for single-exit response scenarios.

Fire departments expressed near unanimous opposition to allowing single-exit stairway for R-2 occupancy buildings taller than three stories. The report concludes with the work group recommending further study through a State Fire Marshal Work Group if the State Fire Marshal is to consider standards for single-exit stairways serving buildings up to six stories or greater in height.

***Policy consideration:***

***Building standards moratorium:*** As noted previously, AB 130 established a temporary moratorium on any new building standards or changes to existing building standards affecting residential units at the state level until 2031, with limited exceptions. The exceptions include building standards proposed for adoption based on the State Fire Marshal's report. As currently drafted, this bill requires HCD to research, develop, and propose building standards for single-stairway residential buildings up to six stories in height. However, the report noted standards for consideration for buildings that do not exceed a height of four stories. The report's findings did not recommend single stairways over four stories. This bill also allows local governments to allow for single stairways in buildings up to six stories in height. The moratorium did not provide an exception at the local level. Presumably, the Legislature contemplated a statewide standard setting a floor for single-exit stairway at the time AB 130 was adopted.

***Arguments in Support:*** According to Abundant Housing Los Angeles and the Housing Action Coalition, this bill's sponsors, "California's requirement for two stairway exits in multifamily housing strongly influences what ultimately gets built, making small urban lots harder to develop, driving up costs, and limiting building design. Despite major advances in fire-

mitigation technologies, the U.S. continues to maintain some of the world's most restrictive stairway requirements. These standards are rooted in early 20<sup>th</sup> century codes written before the introduction of sprinklers, fire rated walls, and modern firefighting equipment. As a result, in recent years, a growing number of jurisdictions in the U.S. have eased stairwell requirements. Last year, seven states adopted single-stair reforms, including Texas and Montana, which now allowing single stairway in apartment buildings up to six stories. Additionally, majors cities such as Seattle and New York City already permit mid-rise single-stair buildings and have demonstrated long-standing safety records. Alongside this empirical evidence, researchers have found that none of the recorded fire fatalities in four to six story buildings in either city would have been prevented by a second stairway.”

According to Streets for All, “California has a housing shortage of over a million homes state-wide. Currently, the state building code requires buildings above three stories to have two staircases. This requirement makes it impossible to build the type of small, neighborhood scale buildings that are common in Europe and around the world. Small single-stair buildings up to six stories have a proven safety record and have long been allowed in New York City and Seattle. This bill would begin the process for legalizing these buildings state-wide. Safety standards would be written by experts, informed by research, and would require adoption before going into effect in the building code. The bill would also allow cities to put in place their own standards for single-stair buildings prior to state-wide adoption, increasing local flexibility and control.”

***Arguments in Opposition:*** According to the California Professional Firefighters (CPF), “A multiunit residential building over three stories that has only one stairway and one exit is not safe. Multiple egress points are a key safety consideration for these types of buildings for several reasons – ensuring all residents are close to a stairway, preventing crowding during an uncertain and unsafe situation, and ensuring that if one stairway or exit is blocked another remains available are just a few. The space saved in a building by reducing the number of stairways would not meaningfully address the housing shortage and is not enough to justify these lowered health and life safety standards. A building over three stories with only one stairway and only one exit would endanger the safety of the residents and the firefighters working to rescue them in an emergency. As you know, following the passage of AB 835 (Lee, 2023), a working group was established by the Office of the State Fire Marshal to examine the safety of single-exit, single-stairway multiunit residential buildings above three stories and makes recommendations to the Legislature.” “Moreover, the work group assessed fire department staffing and coverage of aerial ladder trucks across California and the distinctions are stark. As noted on page 20 of the report in larger jurisdictions, aerial ladder trucks may cover 250 square miles with higher response times than regular response standards. This demonstrates that California fire agencies are not equipped or designed for emergencies in buildings up to six stories with a single stairwell; something that cannot be mitigated through code development by the California Building Standards Commission. Given this and other factors, the report notes the following, ‘...highlights the near unanimous feedback from California fire departments who are opposed to permitting single-exit stairway construction within the California Building Code for Group R-2 occupancy buildings and greater than three stories.’ Further, the work group reports recommend more research of any changes to the building code for up to six stories.”

According to the California State Association of Electrical Workers, the California State Pipe Trades Council, and the Western States Council of Sheet Metal Workers, “The Office of the State Fire Marshal (OSFM) completed a comprehensive Single-Exit Stair Report to the Legislature, pursuant to AB 835 (Chapter 345, Statutes of 2023), which examined the fire and

life safety implications of this very proposal. Its findings should give this Legislature serious pause before proceeding with AB 2252. That report, produced by a broad stakeholder work group, found that California fire departments were nearly unanimous in opposing single-exit buildings above three stories. Firefighters, evacuating residents, and hose lines would all compete for the same stairwell — slowing both evacuation and fire suppression, with no redundant route if the stairway is compromised.”

***Related legislation:***

*AB 130 (Committee on Budget), Chapter 22, Statutes of 2025.* Prohibits the CSBC and any other adopting agency, from October 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units, with limited exceptions. Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from October 1, 2025 until June 1, 2031, with limited exceptions. 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 October 1, 2025, until June 1, 2031, with limited exceptions.

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

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Housing Action Coalition (Sponsor)  
Abundant Housing Los Angeles (Sponsor)  
Bay Area Council  
Circulate Planning & Policy  
Inner City Law Center  
Student Homes Coalition  
Streets for All

**Opposition**

California Fire Chiefs Association  
California Professional Firefighters  
California State Association of Electrical Workers  
California State Pipe Trades Council  
Fire Districts Association of California  
Western States Council Sheet Metal, Air, Rail and Transportation

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2264 (Lackey) – As Amended March 17, 2026

**SUBJECT:** District agricultural associations: real property: affordable housing

**SUMMARY:** Adds the construction and maintenance of affordable housing to the list of activities that district agriculture associations (DAAs) are allowed to engage in on DAA-owned property, with the approval of the Department of General Services (DGS). Specifically, **this bill:**

- 1) Adds the construction and maintenance of affordable housing to the list of activities that DAAs are allowed to engage in on DAA-owned property, with the approval of DGS.
- 2) Extends the maximum lease term that a DAA can enter into, with the approval of DGS, from a maximum of 55 years to a maximum of 99 years.
- 3) Prohibits agricultural employers, farm labor contractors, and their agents/subcontractors from using state funding for housing H-2A immigrants (temporary workers) in DAA affordable housing.

**EXISTING LAW:**

- 1) Allows the establishment of DAAs if 50 or more residents of a district form an association for the following purposes:
  - a) Holding fairs, expositions, and exhibitions for the purpose of exhibiting industries and industrial enterprises, resources, and products of every kind or nature in California with a view toward improving, exploiting, encouraging, and stimulating them; and
  - b) Constructing, maintaining, and operating recreational and cultural facilities of general public interest. (Food and Agricultural Code (FAC) 3951)
- 2) Authorizes a DAA to engage in various activities, including purchasing, acquiring, holding, selling, exchanging, or conveying any interest in real property with the approval of DGS. (FAC 4051)
- 3) Authorizes a DAA, with the approval of the DGS, to lease for the use of its real property, or any portion of that property, to any person or public body for whatever purpose approved by the board of directors of the DAA, including the construction and maintenance of housing affordable to persons and families of low or moderate income, as defined, and limits a lease to not more than 55 years. (FAC 4501)
- 4) Prohibits the Department of Housing and Community Development (HCD) from making grants or loans pursuant to the Joe Serna, Jr. Farmworker Housing Grant Program on or after January 1, 2020, for the purpose of funding predevelopment of developing or operating any housing that is rented, sold, or subleased to certain entities who employ at least one H-2A worker until the expiration of a regulatory agreement or affordability covenant, as applicable.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “affordable housing is essential to addressing California’s ongoing housing shortage and ensuring that low- and moderate- income individuals and families have access to stable places to live. Expanding opportunities to build affordable housing, particularly on underutilized public land, can help increase the housing supply and make better use of existing public resources. Supporting long-term development of affordable housing also helps communities meet growing housing demand while promoting stability and economic security for residents.”

**DAAs:** There are 54 statutory district agricultural associations (DAAs), of which 52 are currently active, and 41 operate on state-owned fairgrounds. Under the Food and Agricultural Code, DAAs may be established when 50 or more residents form an association for the purpose of holding fairs, expositions, and exhibitions that showcase California’s industries, resources, and products, as well as constructing, maintaining, and operating recreational and cultural facilities of general public interest. DAAs are state entities governed by locally appointed boards of directors and overseen by the Department of Food and Agriculture’s Division of Fairs and Expositions, with boards responsible for managing operations, entering into agreements, and overseeing the use of fairground property.

State law grants DAAs broad authority over real property, including the ability to purchase, acquire, hold, sell, exchange, or convey interests in property, subject to approval by the Department of General Services (DGS). DAAs are also authorized, with DGS approval, to lease fairground property, or portions of that property, to private parties or public entities for purposes approved by the board. These leases may include a range of commercial or public-serving uses, and are limited to a maximum term of 55 years.

These entities host a wide range of activities, including fairs, childcare programs, fundraising events, and other commercial uses, often serving as the primary large-scale event space in their communities. DAA operating budgets vary significantly, ranging from several hundred thousand dollars to over \$10 million, and while a small number are self-sustaining, most rely on a mix of event revenue, leasing activity, and state support to remain operational. Collectively, California’s fairs attract nearly 10 million attendees annually and, beyond their event functions, fairgrounds also serve an important public safety role, frequently operating as evacuation centers and providing temporary housing in response to natural disasters.

**California’s Housing Crisis:** California’s housing crisis is a half-century in the making.<sup>1</sup> 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.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> 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>

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 6<sup>th</sup> 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.<sup>5</sup> 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 Turner 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.<sup>6</sup> 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.

***Public Land for Affordable Housing:*** California already has proven models for using public land to build affordable housing. The Excess Sites Program, administered jointly by DGS and HCD, identifies underutilized state-owned properties and prioritizes them for affordable housing development. As of the end of the 2023 Fiscal Year, the last year with available data, the Excess Sites Program sparked 19 partnerships between the state, affordable housing developers, and local communities, amassing a pipeline of approximately 5,500 new homes. Complementing this effort, the Surplus Land Act (SLA) requires local agencies to prioritize affordable housing when disposing of publicly owned land by establishing certain processes that they must follow. Since January 1, 2021, over 37,100 units have been unlocked through the SLA, with over 23,686 deed-restricted affordable units.

Together, these policies create a powerful framework for unlocking public land for housing, with strong requirements for affordability and transparency. In both the excess sites program and the SLA, the state maintains a map of the excess sites and surplus land that is available for affordable housing development.

***School District Housing Development:*** A precedent example for this bill can be found in recent State and local efforts to facilitate housing on local educational agency (LEA) property, as a way to help LEAs recruit and retain employees. The Teacher Housing Act of 2016 (SB 1413, Leno, Chapter 732, Statutes of 2016), created a state policy to support housing for teachers and school district employees, and specified that projects can receive local or state funds or tax credits if developments are restricted to school district employees. AB 3308 (Gabriel), Chapter 199, Statutes of 2020 specified that LEAs building housing could restrict occupancy on projects developed on their own land to teachers and employees of the school district. To address land use barriers to building housing, AB 2295 (Bloom), Chapter 652, Statutes of 2022, authorized a housing development project as an allowable use on any real property owned by a LEA, regardless of the underlying local zoning designation.

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<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

***This Bill:*** This bill expands the authority of DAAs to use DAA-owned property for affordable housing by expressly adding the construction and maintenance of affordable housing to the list of authorized activities, subject to approval by the Department of General Services (DGS). This bill also extends the allowable lease term for DAA property from 55 years to up to 99 years, which may better align with affordable housing financing structures that rely on longer-term ground leases. In addition, this bill prohibits the use of state-supported DAA housing for H-2A temporary agricultural workers, limiting occupancy to other eligible populations.

By authorizing, but not requiring, DAAs to participate in affordable housing development, this bill provides a new pathway for utilizing publicly controlled land that is often centrally located within communities. However, this bill does not modify or clarify how underlying land use controls apply to these projects. While many DAA properties are state-owned and may not be subject to local zoning in the same manner as private development, some DAAs operate on land with more complex ownership or regulatory structures, raising questions about how local land use requirements, permitting processes, or other constraints would interact with this new authority.

Under existing law, DAAs are governed by appointed boards with authority to manage district affairs and enter into agreements, including leases that require approval from DGS. In practice, housing proposals on DAA land may be initiated by the district itself or in partnership with local jurisdictions, with the DAA board approving a project concept before submitting a lease agreement to DGS for review and execution. This bill's extension of allowable lease terms appears intended to address a key practical constraint, as affordable housing developments often rely on longer-term ground leases to support financing and long-term affordability.

At the same time, this bill does not address other factors that may influence whether housing is ultimately developed on fairgrounds, including site suitability, competing uses of fairground property, or local coordination. As a result, while this bill expands statutory authority and may remove a financing-related barrier, the extent to which it results in new housing production will likely depend on project-specific conditions and the willingness of DAAs and local partners to pursue development opportunities.

***Arguments in Support:*** The League of California Cities writes in support: "AB 2264 would provide cities with an additional opportunity to partner with state entities to increase the development and supply of affordable housing, particularly in areas where land availability is constrained. Extending lease terms to 99 years is especially beneficial, as it aligns financing requirements to support affordable housing development on public land. By opening more opportunities for affordable housing and enabling long-term development agreements, the bill supports local efforts to meet housing goals and Regional Housing Needs Allocation (RHNA) obligations."

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

***Committee Amendments:*** The Committee may wish to consider amendments to ensure the long-term affordability of affordable housing built on DAA land:

***(f) An affordable housing development on real property constructed or maintained pursuant to paragraph (10) or (12) of subdivision (a) shall have a recorded deed restriction that ensures, for a period of at least 55 years, that 100 percent of the units, exclusive of any managers' units, shall be dedicated to persons or families of low or moderate income, as***

**defined by Section 50093 of the Health and Safety Code, at an affordable rent, as defined in Section 50053 of the Health and Safety Code.**

***Double-Referred:*** This bill was also referred to the Committee on Agriculture, where it passed with a vote of 8-0 on March 25, 2026.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

City of Del Mar  
League of California Cities

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2320 (Ta) – As Introduced February 19, 2026

**SUBJECT:** Multifamily Housing Program: Homekey: adaptive reuse

**SUMMARY:** . Specifically, **this bill:**

- 1) Adds a definition of “adaptive reuse” to mean retrofitting and repurposing of existing buildings that create new residential rental units and expressly excludes any project that involves rehabilitation of any construction affecting existing residential units. Adaptive reuse may include retrofitting and repurposing existing hotels or motels if the hotel or motel is not currently a place of residence for the occupants, and/or sites that received a Project Homekey allocation.
- 2) Adds adaptive reuse to the list of eligible uses of Homekey.
- 3) Requires, for awards made before July 1, 2026, the following:
  - a) Construction completion for eligible uses of Homekey shall occur within 24 months of the date of the award for all new construction, gap financing, and adaptive reuse projects, and within 14 months for all other projects. Applicants may ask the Department of Housing and Community Development (HCD) for an extension of this timeframe on the grounds and according to the procedures set forth in the guidelines. The HCD director shall have reasonable discretion to approve or deny such an extension upon conducting a full and good faith review of the applicant’s extension request; and
  - b) Capital expenditure and completion of occupancy for eligible uses for Homekey shall occur within 24 months of the date of the award for all new construction, gap financing, and adaptive reuse projects, and within 15 months for all other projects. Applicants may ask HCD for an extension of this timeframe on the grounds and according to the procedures set forth in the guidelines. The HCD director shall have reasonable discretion to approve or deny such an extension upon conducting a full and good faith review of the applicant’s extension request.
- 4) Exempts adaptive reuse projects from per unit cost caps.

**EXISTING LAW:**

- 1) Establishes the Homekey program to serve individuals and families experiencing homelessness or who are at risk of homelessness, disbursed through the Multifamily Housing Program (MHP), as grants to eligible applicants for:
  - a) Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing;

- b) Master leasing of properties for noncongregant housing;
  - c) Conversion of units from nonresidential to residential;
  - d) New construction of dwelling units;
  - e) The purchase of affordability covenants and restrictions for units;
  - f) Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units; and
  - g) Capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section. (Health and Safety Code (HSC) Section 50675.1.3)
- 2) Requires, upon appropriation, by the Legislature, HCD to administer funding according to the timeline set forth below, subject to any modifications set forth by the guidelines:
- a) HCD may accept funding applications and issue awards on a continuous, over-the-counter basis until the funding has been exhausted or as otherwise required by law;
  - a) Each award shall be expended on the uses described in 1) above and in accordance with all relevant representations and descriptions in the application, within eight months of the date of the award; and
  - b) Applicants may ask HCD for an extension of this timeframe on the grounds and according to the procedures set forth in the guidelines. The HCD director shall have reasonable discretion to approve or deny such an extension upon conducting a full and good faith review of the applicant's extension request. (HSC 50675.1.3)
- 3) Defines "individuals and families who are homeless or who are at risk of homelessness" to mean persons and families that meet the qualifying definitions under Part 578.3 of Title 24 of the Code of Federal Regulations. (HSC 50675.1.3)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

*Author's Statement:* According to the author, "In 2024, voters approved \$2.145 billion in funding to expand housing and treatment options for vulnerable populations and tasked the state with ensuring these funds are used effectively. AB 2320 helps the state meet that goal. Since the passage of Proposition 1, Homekey+ grant funding has been underutilized. The state has had funding available to build permanent supportive housing for veterans and individuals with behavioral health challenges for more than a year, yet barriers to development have limited the program's use. AB 2320 does not reinvent the wheel. The 26-month completion timeline already exists for new construction projects. Applying this same timeline to adaptive reuse projects that require extensive demolition and reconstruction aligns with industry standards and better reflects the realities of these developments. AB 2320 is a commonsense clarification that will help ensure Homekey+ funding can be deployed more effectively to expand permanent supportive housing for those who need it most"

**Homekey+:** During the COVID-19 pandemic, the state used federal resources to create Project Roomkey to quickly house people experiencing homelessness temporarily in hotels and motels to avoid mass contamination of the virus and deaths. Project Roomkey later evolved into Homekey to fund the permanent acquisition of hotels and later new construction, master leasing, and other uses of the funds to create short-term and permanent housing to move people out of homelessness. In 2024, the voters approved Proposition 1 for the creation of housing for people experiencing homelessness with substance abuse and mental health challenges. Those funds have been available through Homekey+. According to information on HCD's website, \$767,900,183 of the \$2.145 billion available has been awarded. HCD issued a Notice of Funding Availability for the 2.1 billion for Homekey+ in March 2026. This includes funding for veterans housing, which was separately authorized by Prop 1.

Homekey+ can be used for a variety of uses and sets timelines for when construction must begin, and when it must be completed. For new construction and gap financing, groundbreaking must occur within six months of award, construction must be complete within 24 months, capital expenditure must be complete within 27 months and the units must be occupied by 27 months. All eligible uses, including acquisition and rehabilitation, must complete construction within 12 months, complete capital expenditure within 15 months, and be occupied within 15 months.

The sponsors wish to use Homekey+ for adaptive reuse projects, which would involve a full teardown of an existing structure, not just rehabilitation. The sponsors of this bill attempted to influence the recent update to the program NOFA to increase the amount of time for adaptive reuse but were unsuccessful. They contend that adaptive reuse projects typically involve extensive demolition, structural reconfiguration, and major electrical and mechanical upgrades; which align more closely with the new construction timeline, rather than the rehabilitation timeline. For example, nearly all unit conversions from nonresidential to multifamily residential require significant upgrades (e.g., electrical and transformer upsizing, merging rooms, adding kitchenettes, and constructing community buildings) that go far beyond typical rehabilitation and better align with new construction.

This bill is an effort to add a definition of adaptive reuse that is distinct from acquisition rehabilitation and give these types of projects more time – 24 months, similar to new construction – rather than 15 months for acquisition-rehab. This bill establishes statutory timelines for when different types of Homekey+ projects must be completed, rather than leaving the establishment of those timelines to the program guidelines, produced by HCD, which are more easily adjusted to meet the program's evolving demands. Although, it may make sense to give adaptive reuse the same amount of time as new construction to complete a project, that should be addressed in guidelines not in statute.

**Arguments in Support:** According to the Orange County Board of Supervisors, "Current Homekey+ guidelines distinguish between acquisition and rehabilitation and new construction, but do not adequately address adaptive reuse projects that require full teardowns and are more complex in scope. The current 14-month completion timeline for adaptive reuse projects makes it difficult to complete projects on time, disqualifies otherwise viable projects from participating in Homekey+ and creates obstacles to providing permanent supportive housing for people experiencing homelessness. AB 2320 aligns the timeline for adaptive reuse projects with the timeline for new construction, reflecting industry standards. Under the new timeline, adaptive reuse projects must be completed within 26 months, rather than 14 months. This measure also

establishes a clear definition of adaptive reuse to address ambiguities and distinguish the differences in project types.”

*Arguments in Opposition:* None on file.

*Committee amendments:* The committee may wish to consider the following amendments that direct HCD to consider applicants to HomeKey+ that utilize funds for adaptive reuse to be subject to the same timelines as new construction, as set forth by the department.

## **SECTION 1.**

Section 50675.1.3 of the Health and Safety Code is amended to read:

*(B) For each award made on or after July 1, 2026, the following shall apply:*

*The department shall consider allowing applicants that utilize funds for adaptive reuse to be subject to the same timelines as new construction, as set forth by the department.*

*For purposes of this section, the following definitions shall apply:*

*(1) "Adaptive reuse" means retrofitting and repurposing of an existing building to create new units.*

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Orange County Board of Supervisors (Sponsor)  
California State Association of Counties

### **Opposition**

None on file

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2329 (Fong) – As Amended April 13, 2026

**SUBJECT:** Surplus residential property: condition-adjusted fair market value: City of South Pasadena

**SUMMARY:** Makes changes to the Roberti Act to facilitate the sale of properties owned by Caltrans along the 710 freeway. Specifically, **this bill:**

- 1) Adds a definition of “condition-adjusted fair market value” to mean the fair market value of the property as of October 13, 2019, as determined by an independent appraiser, and as adjusted as provided in this subdivision
- 2) Requires an appraiser when establishing the condition-adjusted fair market rent of a property to reflect both of the following:
  - a) The existing “as is” condition of the property; and
  - b) The amount needed to make any repairs and capital improvements to make the property safe and habitable based on an independent inspection report.
- 3) Requires Caltrans when disposing of property along the 710 freeway at condition-adjusted market rate value, as specified.
- 4) Requests any dispute between Caltrans and a purchaser regarding the final sales price of surplus residential property offered at the condition-adjusted fair market value sales price shall be submitted to the Office of Administrative Law (OAL) within 60 days of the department’s written offer to the purchaser. Requires the OAL to make a determination on the condition-adjusted fair market value sales price within 90 days of receiving a request for review.
- 5) Requires Caltrans to provide to all persons or entities offered surplus residential property and to purchasers of surplus residential property all documents related to the surplus residential property included, but not be limited to, valuation and appraisal materials, property condition, repair, and inspection reports, tenant leases, complete rental history, rent ledgers, including late notices, solicitations sent to prospective purchasers, title reports, and any environmental reports, including reports on lead, asbestos, or geotechnical issues. Prohibits Caltrans from requiring the execution of a nondisclosure agreement relating to these documents.
- 6) Requires Caltrans to provide to a purchaser or potential purchaser of surplus residential property all appraisals, calculations, and documents related to the purchase price, including any adjustments or credits, purchase and sale agreement, escrow instructions, and a written explanation of how rent obligations or other balances, if owed, will be handled before the close of escrow. Prohibits Caltrans from requiring the execution of a nondisclosure agreement relating to these documents.

- 7) Requires any surplus residential property purchased at the condition-adjusted fair market value price pursuant to be assessed at its condition-adjusted fair market value price for property tax purposes.
- 8) Provides that after a property is offered for sale to existing and former tenants, the City of South Pasadena (City) may elect to take the following action:
  - a) Without taking ownership of the surplus residential property, the City may offer the residence to the present tenants, regardless of whether the tenant is in good standing with all rent obligations with the Caltrans, at the condition-adjusted fair market value price. If the tenant executes a purchase and sale agreement with the city and has secured financing, the parties shall proceed with a side-by-side escrow;
  - b) Provides that the transaction between the City and Caltrans shall be expressly contingent upon the closing of the escrow between the City and the purchaser of the surplus residential property;
  - c) Provides that any proceeds realized by the City from the sale shall be placed into an affordable housing trust fund and shall be used at the discretion of the city to increase, preserve, and improve the supply of affordable housing in the city. Uses of the funds may include, but are not limited to, construction of new housing units, rehabilitation or preservation of affordable housing units, assistance to first-time homebuyers, gap financing, or other financial assistance to third parties for the development of affordable housing. Funds may be used for the benefit of both rental and owner-occupied affordable housing; and
- 1) Defines “side-by-side escrow” to mean two escrow transactions, one of which is the escrow between the City and the Caltrans, and the other is the escrow between the City and a purchaser of the surplus residential property, as described in paragraph (1), that are opened concurrently and are contractually interdependent, such that closing of the escrow between the City and the Department of Transportation is contingent upon, and is intended to occur contemporaneously with, the closing of the escrow between the City and the purchaser of the surplus residential property.

**EXISTING LAW:** Establishes special provisions for the disposal of surplus property along the State Route (SR) 710 corridor in the Cities of Pasadena and South Pasadena including allowing the cities to purchase the property at Caltrans’ acquisition cost and requiring three affordable housing units be produced for every housing unit acquired by the cities. (Government Code Section 54239.4 and 54239.5)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “The struggle with the sale of State Route (SR) 710 homes has spanned decades, despite the Legislature’s clear intent to sell the homes back to former owners and current or former tenants, many of whom have lived on the properties for decades. Constituents have increasingly expressed frustrations with the process, including lack of communication regarding requirements, inability to obtain historical information about the

property, including appraisals, and inconsistent application of regulations. AB 2329 addresses the concerns by setting a date in time for determining a sale price and adjusting the price by the condition of the property and the cost for rehabilitation to make the property safe. The bill also requires Caltrans to provide documents related to the property to all offers and purchasers and sets a timeline to request the Office of Administrative Law to resolve disputes in the sale price. If a sale of surplus residential property at the fair market value is unsuccessful within the City of South Pasadena, the bill authorizes the City of South Pasadena to facilitate the sale and use the proceeds for affordable housing purposes. This bill will result in greater transparency with the process and expedite the sale of occupied surplus residential property along the SR 710 corridor.”

***History of SR 710:*** In the 1950’s, Caltrans planned for a freeway to connect the Port of Long Beach north to Interstate 5, Interstate 10 and the Interstate 210 freeway in Pasadena. In 1964, the southern part of SR 710 was built, starting at the Port of Long Beach and heading north. It ended 23 miles later, five miles short of the intended connection to Interstate 210, feeding into local traffic on Valley Boulevard in Alhambra, causing congestion on the neighboring freeways and streets. The gap, which was caused by challenges from the community, affects the surrounding cities of El Sereno, Alhambra, South Pasadena, Pasadena, and a portion of Los Angeles.

In 2018, the Los Angeles County Metropolitan Transportation Authority (Metro) and Caltrans identified alternatives to the freeway gap closure which did not require demolition of any homes. Subsequent legislation prohibits Caltrans from pursuing freeway gap closure. Consequently, many of these properties are no longer needed for the transportation project and are now surplus. Caltrans has begun disposing of properties pursuant to several laws enacted over the last few years.

***Changes for City of South Pasadena:*** Caltrans owns 710 properties in both the cities of Pasadena and South Pasadena. Existing law, known as the Roberti Act, establishes priorities and procedures for the disposition of surplus residential properties in the SR 710 corridor. Under the Roberti Act, the order of priority for offering the sale of properties is as follows:

- Former owners of the properties;
- Current tenants with low or moderate incomes who have occupied a property for two plus years;
- Current tenants whose income do not exceed 150% of the area median income and who have occupied a property for five plus years;
- Present tenants who have occupied a property for five plus years;
- Unoccupied property to the city in which property is located;
- Occupied property to the city in which property is located and then private housing related entity (HRE) - for use as housing for low and moderate income households;
- Current tenants in good standing with Caltrans on rent obligations;
- Former tenants in good standing at time property vacated; and
- Public auction.

According to the author, while decades have passed since the enactment of the Roberti Act, Caltrans has been slow in selling the properties. In the City only one property has been sold to a tenant at fair market value (FMV), one to a housing related entity (HRE) and five to the City. In the meantime, the properties are deteriorating, some with safety issues, and tenants are increasingly expressing frustration with their experience working with Caltrans to purchase the

homes, many of whom have lived on the properties for decades. Complaints include unclear requirements, poor or lack of communication, inconsistent application of regulations and changes to the sale price from when they started the process. The law does not specify a timeline or specific procedures for selling the properties. This bill sets out additional parameters necessary to carry out the intent of the Roberti Act, including the following:

- Changes properties sold at FMV to a new “condition-adjusted” FMV based on an appraisal of the FMV as of October 13, 2019, the day after the bill that officially ended the SR 710 freeway project (SB 7, Portantino, Chapter 835, Statutes of 2019) was signed, and adjusted based on current condition of the properties and the amount needed for repairs and improvements to make the properties safe;
- Requires Caltrans to provide specified documents to all individuals and entities offered surplus residential property, including valuation and appraisals, condition of property, rental history, title reports, and any environmental reports (e.g., lead, asbestos); and specified documents to purchasers, including appraisals, calculations and documents related to the purchase price;
- Requires any disputes between Caltrans and purchasers regarding sale price at the condition-adjusted FMV to be submitted to the OAL within 60 days of the written offer and requires the OAL to make a determination within 90 days upon a request for review by the tenant.
- Under current law, when an occupied property is not sold to a tenant or a negotiation fails, the property may be offered to the City where the property is located. AB 2329 establishes another option whereby the City may offer the property to the present tenant at the condition-adjusted FMV. Proceeds from the sales will be used by the City for affordable housing purposes.

***Arguments in Support:*** “According to the City of South Pasadena, “The Legislature established the Caltrans Affordable Sales Program to alleviate our housing crisis by helping tenants living in Caltrans surplus properties to acquire their homes. Affordable rent tenants who make up to 150% of area median income are eligible to purchase their homes at a reduced price provided the price is not lower than the price Caltrans paid to acquire the property. Tenants whose household income exceeds 150% of area median income may buy the properties at fair market value as determined by an appraiser. Many South Pasadena tenants have faced lengthy delays in the sale process and received confusing and inconsistent information about their path to homeownership. Some tenants have waited years to receive required appraisals and property disclosures and sales offers. Caltrans demanded that some tenants sign complicated Non-Disclosure Agreements before releasing required property disclosure information. Meanwhile, due to these delays, property prices have skyrocketed, putting a purchase out of reach of some tenants. AB 2329 enacts common sense changes to the program to ensure that tenants have a fair opportunity to purchase homes they have occupied for many years by protecting them from rising purchase prices due to delay in program administration.”

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

Related Legislation:

SB 7 (Portantino), Chapter 835, Statutes of 2019, was signed into law on October 12, 2019, to officially end the SR 710 freeway project.

SB 51 (Durazo), Chapter 130, Statutes of 2021, made changes to the Roberti Act to encourage the sale of homes owned by Department of Transportation (Caltrans) for low- and moderate-income housing in the City of Los Angeles and makes changes to the Surplus Land Act.

SB 381 (Portantino), Chapter 362, Statutes of 2021, makes changes to the Roberti Act to encourage the sale of homes owned by the California Department of Transportation (Caltrans) for low- and moderate-income housing in the State Route 710 corridor in South Pasadena.

SB 959 (Portantino), Chapter 668, Statutes of 2022, makes changes to the Roberti Act to encourage the sale of homes owned by the California Department of Transportation for low- and moderate-income housing in the State Route 710 corridor in the City of Pasadena.

AB 1038 (Fong), Chapter 347, Statutes of 2024, specifies the terms and conditions for acquiring surplus property from the California Department of Transportation (Caltrans) in the City of South Pasadena, and requires that the proceeds from the subsequent sale of those properties be used for affordable housing purposes.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

City of South Pasadena

##### **Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2415 (Hoover) – As Amended March 19, 2026

**SUBJECT:** Transit-oriented housing developments: alternative plans

**SUMMARY:** Revises SB 79 (Wiener), Chapter 512, Statutes of 2025, to add additional historic preservation protections. Specifically, **this bill**:

- 1) Allows a local government, through a transit-oriented development (TOD) local alternative plan, to reduce the site capacity in a TOD zone in total units or residential floor area by more than 50% if the following conditions are met:
  - a) The city has a population of less than 150,000;
  - b) A majority of the TOD station area is part of a local historic district that was designated before January 1, 2000; and
  - c) The city has more than one TOD zone.

**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) 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)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "As Californians continue to face a housing crisis, it is the role of the legislature to increase affordability and availability. However, these ambitions cannot come at the expense of our history, culture, and community. Policies, such as those found in SB 79 of 2025, help increase housing development near public transit. Unfortunately, not all

transit zones can accommodate such development without sacrificing the existing environment. This is the case for the Folsom Historic District. While many preservation efforts focus on landmark buildings or famous figures, Folsom understood the value of safeguarding an entire everyday small-town environment—the walkable grid, mixed uses, and incremental development patterns. Historic Folsom’s commercial core and residential neighborhoods are thriving—economically, culturally, and civically. AB 2415 helps preserve historic districts, like the one in Folsom, while still advancing the state’s housing goals.”

***California’s Housing Crisis:*** California’s housing crisis is a half-century in the making.<sup>1</sup> 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.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

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 6<sup>th</sup> 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.<sup>5</sup> 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 Turner 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.<sup>6</sup>

***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

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> 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>

<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

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 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 accessory dwelling units (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. The bill 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. Projects must include at least five units and comply with specified affordability, labor, and antidisplacement 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 cities with a population of at least 35,000 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 jurisdictions). The bill establishes a series of 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 implement 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 prior to the start of the seventh housing element cycle.

***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 may occur 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 maintain 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, allowing local governments to reduce development intensity or exempt sites designated as historic resources on a local register through implementing ordinances or alternative plans, subject to specified caps and capacity requirements. As a result, SB 79's framework primarily relies on local designation to determine where historic preservation protections apply, rather than uniformly recognizing historic resources designated at the state or national level. Furthermore, for

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 until shortly before the next housing element cycle. As a result, SB 79's historic preservation framework primarily 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 amends SB 79 by modifying the requirements applicable to local TOD alternative plans. Under existing law, a local TOD alternative plan may not reduce the residential development capacity of any individual TOD zone, measured in total units or residential floor area, by more than 50%. This bill creates a limited exception to that requirement by allowing a local government to reduce the residential capacity in up to one TOD zone by more than 50%, if specified conditions are met. Specifically, the exception applies only in cities with a population of less than 150,000, where a majority of the station area is located within a local historic district designated prior to January 1, 2000, and where the jurisdiction contains more than one TOD zone.

This targeted exception would allow certain jurisdictions with older, locally designated historic districts to further limit development intensity in transit-rich areas, beyond what is currently permitted under SB 79. The requirement that the historic district be designated prior to January 1, 2000 may help prevent jurisdictions from newly designating historic districts solely to avoid SB 79's upzoning requirements, and instead focuses the exemption on long-established historic areas. Proponents may argue that this flexibility is necessary to preserve historically significant neighborhoods and avoid conflicts between state upzoning requirements and long-standing local preservation goals.

**Arguments in Support:** The City of Folsom writes in support: “AB 2415 recognizes that historic districts serve unique public purposes that cannot be replicated once lost. By allowing the transfer of high-density housing obligations from our historic district to other transit-oriented development locations within the city through the development of an alternative plan, the bill provides a flexible, commonsense tool that supports both statewide housing objectives and the preservation of irreplaceable cultural resources.”

**Arguments in Opposition:** South Pasadena Residents for Responsible Growth writes in opposition: “This bill is written so that the city of Pasadena could exempt one of the most useful train stations from SB 79. The city of Pasadena has not been a good actor in trying to solve the housing crisis. When SB 9 was enacted they tried to claim a significant portion of the city was exempted because of their “Landmark Districts.” Rob Bonta put Pasadena on notice for violating state housing laws for this action.”

**Committee Amendments:** The Committee may wish to consider the following amendment to align the bill text with existing statutory language in SB 79:

**(i) The local jurisdiction is a city.**

(i) The city has a population of less than 150,000.

(ii) A majority of the station **transit-oriented development zone** is part of a local historic district that was designated before January 1, 2000.

~~(iii)~~ The city has more than one transit-oriented development zone.

**Related Legislation:**

*AB 2576 (Harabedian)*, of this legislative session, would allow local to adopt an ordinance exempting, through the first year of the 7<sup>th</sup> housing element cycle, the following projects from the provisions of SB 79: individually listed sites on a state or federal register that were designated prior to January 1, 2025; and contributing structures within a historic district that was designated prior to January 1, 2025.

*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**

City of Folsom  
Folsom Chamber of Commerce  
Folsom Historic District Association  
Folsom History  
Historic Folsom Residents Association  
The Heritage Preservation League of Folsom  
Individuals (393)

**Opposition**

South Pasadena Residents for Responsible Growth

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2439 (Blanca Rubio) – As Amended March 19, 2026

**SUBJECT:** Common Interest Developments: governing documents: assessments

**SUMMARY:** Amends the Davis-Stirling Act (Act) to prohibit homeowners associations (HOAs) from restricting members' use of public roads, require certified notice of changes to assessment payment recipients, and impose liability on HOAs for failing to follow statutory delinquent assessment lien procedures. Specifically, **this bill:**

- 1) Prohibits an HOA's governing documents from restricting a member's use of public roads, except as necessary to enforce public health and safety standards or requirements imposed by a local authority.
- 2) Requires HOAs to notify members by certified mail, return receipt requested, within 60 days of any change to the person authorized to receive HOA assessment payments.
- 3) Makes an HOA's board liable to a homeowner for specified costs, including reconveyance fees and related expenses, and imposes a \$1,000 civil penalty if the association fails to comply with required lien procedures.

**EXISTING LAW:**

- 1) Provides that regular and special assessments, along with late charges, interest, reasonable collection costs, and attorney's fees, constitute a debt of the homeowner in an HOA at the time they are levied. (Civil Code (CIV) Section 5650)
- 2) Authorizes HOAs to impose late charges and interest on delinquent assessments, subject to specified limits, including interest not to exceed 12% annually unless a lower rate is specified in the declaration. (CIV 5650)
- 3) Requires HOAs to apply homeowner debt payments first to delinquent assessments owed to the HOA, and only after those are paid in full, to fees, collection costs, attorney's fees, late charges, or interest. (CIV 5655)
- 4) Requires HOAs to provide a receipt to the homeowner upon request for payments made, and to include a mailing address for overnight payment of assessments in the HOA's annual policy statement. (CIV 5655)
- 5) Requires HOAs to follow specified notice procedures prior to recording a lien for delinquent assessments and to recommence the notice process, at the HOA's expense, if those procedures are not followed. (Civil Code 5690)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "Families living in HOAs deserve fairness, transparency, and clear communication from their HOA Board. Yet too often, residents face inconsistent rule enforcement and are left unaware of critical financial actions affecting their property.

This bill addresses these issues by prohibiting HOAs from regulating parking on public streets except for public safety, requiring clear and verifiable notice of changes to payment systems, and establishing penalties when HOAs fail to comply with lien notification laws."

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

**This Bill:** This bill makes the following changes to the Act:

- 1) **Use of Public Roads.** This bill expands the limits on what an HOA's governing documents may regulate by prohibiting restrictions on a homeowner's use of public roads serving the HOA, with a narrow exception for public health and safety requirements imposed by local authorities. For example, this provision could apply to common HOA rules governing activities such as on-street parking, including restrictions on overnight parking, or the parking of recreational vehicles on public streets.
- 2) **Assessment Mailing Address.** This bill also adds new notice requirements related to the collection of assessments. Assessments are regular or special fees paid by members of the

HOA to fund common area maintenance and other HOA obligations. This bill would require HOAs to inform members, via certified mail, of any change in the person authorized to receive the assessment payments for the HOA. While existing law already requires certain disclosures related to payment processing (such as providing a receipt upon the homeowner's request, and providing the address for overnight payments in the HOA's annual policy statement), this bill imposes a more formal and trackable notice requirement tied to changes in payment handling. In doing so, this bill may reduce confusion or disputes over where payments should be directed, especially in the instance when the address for payments changes after the annual policy statement is published. On the other hand, it may increase costs to the HOA as sending certified mail can cost approximately \$9 per unit, according to opponents of this provision.

- 3) **Lien Requirements.** Lastly, this bill strengthens enforcement of existing lien procedures by imposing direct liability on the HOA's board if it fails to comply with required pre-lien notice requirements. Under current law, an HOA that fails to follow these procedures must restart the notice process at its own expense, but this bill goes further by requiring reimbursement of specified homeowner costs and imposing a \$1,000 civil penalty. In doing so, this bill shifts the remedy for failing to follow these lien procedures from a procedural remedy to one that creates financial consequences for noncompliance.

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

**Arguments in Opposition:** The California Association of Community Managers writes in an oppose unless amended position: Homeowner associations are funded by homeowner assessments. All costs are paid for by homeowners. We agree that members should be notified whenever there is a change in where they send their assessments. However, requiring the notice be sent by certified mail, return receipt requested, will result in an unnecessary cost to homeowners. Certified mail costs, on average, \$9.00 per unit. In a large association, this could be a hit to association budgets in the thousands. The certified mail requirement may also be counterproductive, as homeowners routinely refuse to sign for certified mail. We request that the bill be amended to remove the requirement that the notice be sent by certified mail."

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

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file.

##### **Opposition**

California Association of Community Managers (oppose unless amended)

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2525 (Ward) – As Amended April 16, 2026

**SUBJECT:** Surplus lands: Mission Bay Park

**SUMMARY:** Exempts Mission Bay Park in the city of San Diego (City) from the Surplus Land Act (SLA). Specifically, **this bill:**

- 1) Exempts land within Mission Bay Park in the City from the SLA, if specified conditions are met.
- 2) Requires the exempted land to be identified in the Mission Bay Park Master Plan and meet all of the following requirements:
  - a) Contains existing commercial, retail, hotel, parking, or conference uses as of January 1, 2026;
  - b) Any expansion of an existing use does not encroach on open space, public recreation, or park uses; and
  - c) Is subject to a lease agreement.
- 3) Requires the City to declare the land as “exempt surplus land” at a regular public meeting and make findings that:
  - a) The land is not necessary for the agency’s use;
  - b) The disposition will not detrimentally impact public use; and
  - c) The lease area remains below the 25% cap established by the city charter.
- 4) Requires the City to notify the California Department of Housing and Community Development (HCD) at least 30 days prior to disposition, including findings and any recorded restrictions, which must include affordability requirements if 10 or more residential units are developed.
- 5) Establishes an HCD review process for the disposition, including:
  - a) HCD must respond within 30 days if the City is in violation;
  - b) The City has 60 days to cure any violation identified by HCD before enforcement action;
  - c) Provides for civil penalties if land is disposed of in violation of the bill and the SLA; and
  - d) Specifies that no penalty applies if HCD fails to notify the City within 30 days.

- 6) Authorizes the City to use the exemption only if it meets one of the following conditions:
  - a) It has not received an HCD notice of violation in the prior five years and has facilitated at least 4,000 housing units in that period, with at least 50% affordable to lower income households, and deposits 10% of the land value into a local housing fund; or
  - b) It deposits 30% of the greater of the sales price or fair market value (or lease value) into a local housing fund at the time of disposition.
- 7) Requires funds collected (including any penalties) to be deposited into a local housing-specific set-aside account and used within three years for housing affordable to extremely low-, very low-, or low-income households.
- 8) Requires unspent funds after three years to revert to the state for deposit into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for affordable housing in the same jurisdiction, subject to legislative appropriation.
- 9) Specifies that violations are deemed to impact the availability of affordable housing and are treated as second or subsequent violations under existing SLA penalty provisions.
- 10) Requires the provisions of this bill to be recorded as a covenant or restriction running with the land and enforceable against future owners.
- 11) Defines “fair market value” of a lease as the discounted net present value at the time the lease is executed.

**EXISTING LAW:**

- 1) Establishes procedures for the disposal of publicly-owned land that is surplus to the needs of local agencies, under the SLA. (Government Code (GOV) Sections 54220 - 54262)
- 2) Requires local officials who want to dispose of public property to declare that the land is no longer needed for the agency’s use in a public meeting and declare the land either “surplus land” or “exempt surplus land.” (GOV 54221)
- 3) Provides that “agency’s use” includes land that is being used, or is planned to be used pursuant to a written plan adopted by the local agency or will be disposed of to support agency work or operations, and excludes land for agency’s use from the SLA. (GOV 54221)
- 4) Requires local agencies to follow the procedures laid out in the SLA before surplus land can be sold, including, but not limited to:
  - a) Send a written notice of availability to various public agencies and nonprofit groups, referred to as “housing sponsors,” notifying them that land is available for the following purposes:
    - i) Low- and moderate-income housing;
    - ii) Park and recreation, and open space;
    - iii) School facilities; or

- iv) Infill opportunity zones or transit village plans. (GOV 54222)
- b) Negotiate in good faith for 90 days with housing sponsors that respond. (GOV 54223)
- 5) Allows the local agency to dispose of the property on the private market if a mutually satisfactory agreement is not reached with interested parties during the good faith negotiations. (GOV 54223)
- 6) Requires the disposing agency to record a covenant or restriction to the property, if a property is disposed pursuant to 5) after completing steps 2)-4), stating that if 10 or more units of housing are developed on the property later, 15% of the units must be sold or rented at an affordable cost to lower income households. (GOV 54233)
- 7) Gives the Department of Housing and Community Development (HCD) enforcement authority over the SLA, as follows:
  - a) Allows HCD to develop guidelines to implement the penalty provisions of the SLA and provides that those guidelines are not subject to the Administrative Procedures Act;
  - b) Requires local agencies to notify the Department of Housing and Community Development (HCD) before agreeing to terms for the disposition of surplus land;
  - c) Imposes penalties of 30% of the disposition value of the land for a first violation and 50% of the disposition value for any subsequent violation for selling land in violation of the SLA; and
  - d) Establishes an enforcement process, which provides, among other things, that a local agency cannot be liable for a penalty if it is not notified by HCD that it is in violation of the act. (GOV 54220 – 54262)
- 8) Allows for public and private enforcement of the SLA by affordable housing developers, housing organizations, individuals that would have been eligible to apply for residency in affordable housing, a beneficially interested person or entity, and HCD. (GOV 54221)
- 9) Designates certain types of land as “exempt surplus land” and provides that the entirety of the SLA does not apply to exempt surplus land. (GOV 54221)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “Mission Bay Park is one of California’s most extraordinary public recreational resources. Encompassing more than 4,200 acres, it is one of the largest aquatic parks in the United States and welcomes millions of residents and visitors each year to enjoy its beaches, waterways, trails, and open spaces. In 1944, the state conveyed much of the tidelands now comprising Mission Bay Park to the City of San Diego through the San Diego Tidelands Trust. The grant required the land to be used for public trust purposes, such as navigation, fisheries, recreation, and visitor-serving facilities. For more than sixty years, the park has been protected as dedicated parkland under the San Diego City Charter, ensuring that it remains open and accessible for recreation and public enjoyment. AB 2525 provides a narrow exemption from the Surplus Land Act for lands within Mission Bay Park so that the City of San

Diego can continue maintaining and modernizing park facilities consistent with this long-standing dedication. This bill ensures that Mission Bay Park can continue to be maintained, enhanced, and enjoyed by generations of Californians while preserving its status as one of the state’s premier public parks.”

**California’s Housing Crisis:** California’s housing crisis is a half-century in the making.<sup>1</sup> 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.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

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 6<sup>th</sup> 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.<sup>5</sup> 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 Turner 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.<sup>6</sup>

**SLA:** Local public agencies are major landlords in some communities, owning significant pieces of real estate. When properties become surplus to a local agency’s needs, public officials may want to dispose of the property. They can do so under the SLA to recoup their investment by selling or leasing that land for fifteen years or longer, assuming they follow the process specified in the SLA. The SLA spells out the steps local agencies must follow when they want to dispose of land. In 2023, AB 480 (Ting), Chapter 788, and SB 747 (Caballero), Chapter 786 made significant changes to the SLA. Together, these bills attempted to strike a balance between ensuring comprehensive coverage of dispositions while enacting statutory exemptions and other changes that would streamline the process for local governments.

Generally, before local officials can dispose of property under the SLA, they must declare that the land is no longer needed for the agency’s use in a public meeting and declare the land either “surplus land” or “exempt surplus land.” Before agencies can broadly negotiate to dispose of surplus land on the private market, they must give a “first right of refusal” to other public

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> 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>

<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

agencies, nonprofit housing developers, schools, and parks and recreation departments. Public agencies and nonprofit housing developers interested in developing surplus property are referred to as “housing sponsors.” Housing sponsors can notify the HCD if they are generally interested in acquiring surplus land to develop affordable housing. HCD maintains a list of housing sponsors and Notice of Availability (NOAs) on its website.

When a local agency wants to dispose of surplus land, it must send a written NOA to let interested parties, including local public entities with jurisdiction where the surplus land is located and all interested housing sponsors, know that land is available for the following purposes:

- 1) Low- and moderate-income housing;
- 2) Park and recreation, and open space;
- 3) School facilities; or
- 4) Infill opportunity zones or transit village plans.

If any interested parties respond to the NOA within 60 days, the disposing agency must negotiate in good faith for 90 days with any interested parties who respond to the NOA to try to come to a mutually satisfactory sale or long-term lease agreement. If multiple entities respond to the NOA, the housing sponsor that proposes to provide the greatest number of units, and the highest level of affordable housing, gets priority. If the disposing agency and interested parties cannot agree to mutually satisfactory terms after negotiating in good faith, the agency that owns the surplus land can sell the land on the private market. Before disposing of the land through the private market, the disposing local agency must record a restriction or covenant against the property maintaining that housing is developed on the property in the future, 15% of the units must be sold or rented at an affordable cost to lower-income households.

The SLA says that nothing in its provisions:

- 1) Limits the power of any local agency to sell or lease surplus land at fair market value or less than fair market value;
- 2) Prevents a local agency from obtaining fair market value for the land;
- 3) Limits a local agency’s authority or discretion to approve land use, zoning, or other entitlement decisions in connection with surplus land; or
- 4) Requires a local agency to dispose of land just because it is surplus.

HCD has enforcement authority over the SLA. Furthermore, the SLA may be enforced by affordable housing developers, housing organizations, individuals who would have been eligible to apply for residency in affordable housing, or a beneficially interested person or entity. Local agencies that improperly dispose of surplus land face penalties of 30% of the sale price or market value for the first violation, and 50% for subsequent violations, with penalty revenues going to a local housing trust fund. Before finalizing land dispositions, agencies must notify HCD and provide HCD with documentation of their compliance with the SLA disposition process. HCD has 30 days to review the submitted materials and respond. If HCD finds violations and notifies

the disposing local agency within 30 days, the agency has 60 days to address them. If the violations are not addressed, the disposing agency may incur penalties including referral to the Attorney General. However, penalties are void if HCD fails to notify the local agency of a violation within 30 days.

In summary, the SLA establishes the following clear guidance related to timing:

- 1) Sixty days for parties interested in purchasing or leasing the surplus property to respond to the NOA;
- 2) Ninety days (minimum) good faith negotiation period with interested parties; and
- 3) Thirty days for HCD to review the SLA disposition materials provided by the local public agency to verify compliance with the SLA.
  - a) If no violation is found, the local public agency can proceed with disposing of the property to either an interested party (if a mutually satisfactory sales price or term of lease is reached), or disposing of the property on the private market if not.
  - b) If a violation is found, and communicated to the disposing local public agency by HCD in the 30-day timeframe, then the local public agency has 60 days to correct the violation, or face penalties if not corrected.

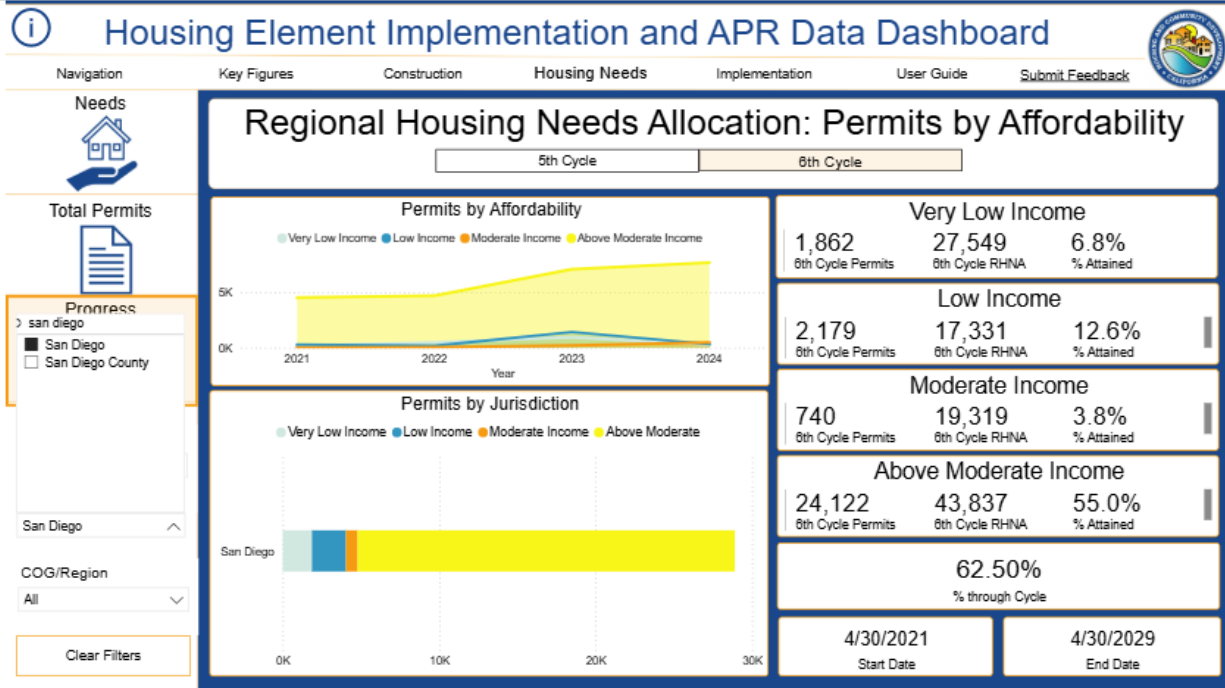
***SLA as a Tool for Affordable Housing Production:*** The SLA is a powerful tool for the production of affordable housing in California. The SLA requires an entity proposing to use surplus land for developing low- and moderate-income housing to deed restrict at least 25% of the units as affordable. In the event that multiple entities respond to an SLA NOA with an interest to purchase or lease the land, the local agency is required to give priority to housing projects that meet the aforementioned affordability requirements. The disposing entity must also prioritize the number of units proposed, and the affordability levels of those units, while reviewing responses to the NOA and proceeding with negotiations.

Since January 2021, surplus and exempt surplus land dispositions tracked by HCD have resulted in 37,129 housing units, including over 23,686 units of housing affordable to lower-income households, entering the development pipeline.<sup>7</sup>

***Housing Production in San Diego:*** The City of San Diego is regarded as a relatively strong performer on housing production, particularly for market-rate units. As reflected in its Housing Element progress, the City has permitted tens of thousands of above-moderate income units, achieving over 50% of its market-rate Regional Housing Needs Allocation (RHNA) targets, while lower-income permitting remains far behind target.

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<sup>7</sup> <https://www.hcd.ca.gov/housing-open-data-tools/sla-dashboard>



<sup>8</sup>This trend aligns with broader evidence that the City has meaningfully increased housing supply in recent years, with annual permitting approaching 10,000 units and a substantial increase in active rental listings. San Diego has been recognized by the state for its prohousing policies, receiving a Prohousing Designation in 2022 and actively pursuing renewal, reflecting its adoption of streamlined permitting, zoning reforms, and other policies intended to accelerate housing production.

This increase in market-rate production appears to be having measurable impacts on market-rate housing costs. Recent data show that rents in San Diego have declined year-over-year, by approximately 5.6% for one-bedroom units and 7.5% for two-bedroom units. driven in part by a roughly 15% increase in available rental listings.<sup>9</sup> This suggests that the City’s focus on increasing overall housing supply is helping to ease upward pressure on rents, even in one of the nation’s most expensive markets.

However, the City’s RHNA progress and broader production trends also highlight a persistent imbalance: while market-rate housing production is strong, the delivery of deed-restricted affordable housing, particularly for very low- and low-income households, continues to lag behind state targets. As a result, while San Diego may be a leader in the state in terms of facilitating overall housing growth, it continues to face challenges in ensuring that housing production adequately serves lower-income households.

**Mission Bay Park Background:** Mission Bay Park is a city-owned aquatic park that consists of 4,235 acres in roughly equal parts land and water, with 27 miles of shoreline, 19 of which are sandy beaches with locations designated as official swimming areas. The park also includes boat docks and launching facilities, sailboat and motorboat rentals, bike and walking paths, basketball

<sup>8</sup> <https://www.hcd.ca.gov/housing-open-data-tools/apr-dashboard>

<sup>9</sup> <https://www.kpbs.org/news/economy/2026/03/27/san-diego-rents-declined-more-than-19-of-nations-top-20-markets-following-surge-in-supply>

courts, and children's playgrounds. There are close to 14 miles of bike paths along Mission Bay. The park also includes various visitor-serving and entertainment uses like hotels, resorts, dining facilities, and Sea World.

In 1944, the state conveyed much of the tidelands in the bay to the City of San Diego through the San Diego Tidelands Trust. The grant required the land to be used for public trust purposes, such as navigation, fisheries, recreation, and visitor-serving facilities. The original land transfer from the State to the City of San Diego included strict limitations including a ban on permanent residential development and a limit on commercial development of leaseholds of no more than 25% of the land area.

In 1962, the area was officially designated as dedicated parkland under City Charter Section 55, which required that these lands remain devoted to park, recreation, and visitor-serving purposes in perpetuity. The limit on commercial development in the park was reaffirmed four decades later, when San Diego voters passed Proposition D (1987), adding Section 55.1 to the San Diego City Charter, restricting commercial development to 25% of the land area and 6.5% of the water area in Mission Bay Park.

***Efforts to Obtain an SLA Exemption:*** Proponents of this bill maintain that because housing is legally prohibited in Mission Bay Park under the City Charter, compliance with the SLA to establish or renew a long-term lease on parkland is not feasible. They maintain that the SLA cannot override San Diego's Charter protections, and converting lands in Mission Bay Park to private residential use would require amending San Diego City Charter Section 55, an action that must be approved by a two-thirds vote of San Diego's electorate and is neither feasible nor supported by City leadership or the community.

In the fall of 2025, the City of San Diego formally sought guidance from HCD regarding whether a portion of Mission Bay Park (the Marina Village site) could qualify for an exemption from the SLA, specifically under the "valid legal restriction" exemption. This exemption would have facilitated the development and any long-term lease needs of the Marina Village hotel and conference center property. HCD engaged in discussions with the City, reviewing potential exemption pathways, including both the valid legal restriction exemption and the trust land exemption. Ultimately, HCD concluded that neither SLA exemption applied.

HCD determined that the City's Charter provisions, Master Plan, and implementing ordinances restricting residential uses in Mission Bay Park do not qualify as "valid legal restrictions" under the SLA because they were imposed by the City itself, rather than by an external authority. HCD also rejected the argument that the voter approval requirement in the Charter removed the restriction from being "locally imposed," noting that the underlying land use designation was established by City ordinance. Additionally, HCD and the City explored whether the site could qualify for the SLA's trust land exemption, determined that it would not be appropriate for the property since it was not entirely located on tidelands subject to the public trust.

Rather than granting an exemption, HCD advised the City to proceed through the standard SLA process and identify the Charter, Master Plan, and ordinance requirements as encumbrances in the SLA Notice of Availability. HCD also suggested that the City consider disposition pathways consistent with the SLA's provisions for park, recreation, or open-space uses, which the statute explicitly prioritizes alongside affordable housing. In doing so, HCD emphasized that while local restrictions may limit feasible outcomes, they do not obviate the City's obligation to comply with the procedural requirements of the SLA.

***This Bill:*** As introduced, this bill proposed a broad exemption for all lands within Mission Bay Park, based on findings that a special statute is necessary due to the unique legal and economic constraints governing the park, including voter-approved requirements under the San Diego City Charter that limit the City's ability to dispose of or repurpose parkland. Amendments adopted in the Assembly Committee on Local Government substantially conditioned this exemption. Rather than providing a blanket exemption, this bill now establishes a more tailored framework under which the City may declare certain lands as "exempt surplus land," subject to specified eligibility criteria, public findings, and oversight by HCD, including advance notice and an opportunity for HCD to identify violations.

Most significantly, the amendments introduce a set of performance-based and financial requirements intended to offset the loss of affordable housing opportunities that could have otherwise been created through the SLA's surplus land disposition process. Under the amended bill, the City may only utilize the exemption if it satisfies one of two pathways: either demonstrating a strong recent track record of compliance with state housing laws and affordable housing production (specifically, no violations from HCD in the prior five years and the facilitation of at least 4,000 housing units, with at least 50% affordable to lower income households) combined with a 10% contribution of the land's value into a local housing fund; or, alternatively, providing a substantially higher upfront contribution equal to 30% of the greater of the land's sales price or fair market value (or, for leases, the discounted net present value of the lease). All funds collected pursuant to these provisions must be deposited into a local housing-specific set-aside account and expended within three years on housing affordable to extremely low-, very low-, and low-income households. If the funds are not expended within that timeframe, they revert to the state for deposit into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for use within the same jurisdiction, subject to legislative appropriation.

***Policy Considerations:*** While this bill reflects an effort to reconcile the City's charter constraints with state housing policy goals, the Committee may wish to consider the broader implications of granting project-specific or jurisdiction-specific exemptions from the SLA, especially in a jurisdiction falling short of its lower-income RHNA targets. The SLA is intended to ensure that publicly owned land is prioritized for affordable housing, and exemptions, particularly those based on claims of unique local circumstances, can undermine the consistency and effectiveness of this statewide framework. In this case, the amendments taken in the prior committee attempt to strike a balance by requiring substantial financial contributions toward affordable housing in lieu of providing affordable housing developers with the opportunity to directly access and develop these public lands. However, this approach substitutes monetary mitigation for the loss of potentially well-located, publicly owned sites for affordable housing development, which may raise questions about whether such tradeoffs fully advance the state's housing production and equity goals.

Additionally, while the City has made significant progress toward its overall and market-rate RHNA targets, it continues to lag in the production of housing affordable to very low- and low-income households. This disparity raises further policy considerations, as the exemption would remove public land from one of the primary state tools designed to facilitate affordable housing development at a time when the City is underperforming in those income categories. The Committee may wish to consider whether allowing an exemption under these circumstances is consistent with the intent of the SLA, particularly where alternative pathways, such as direct development of affordable housing on publicly owned land, could help address existing

shortfalls in lower-income housing production. The amendments taken in the Local Government Committee may help to address this consideration, as the City would provide a direct monetary contribution for affordable housing construction associated with the exemption under this bill. The Committee may wish to consider the precedent that this bill might set, potentially incentivizing additional bills requesting SLA exemptions moving forward.

***Arguments in Support:*** San Diego Mayor Todd Gloria, the bill sponsor, writes in support: “For decades, the City has utilized carefully structured leases within Mission Bay Park for visitor-serving uses such as lodging, recreation, and event facilities that complement the park’s recreational mission. These leases provide amenities that enhance public access and enjoyment of the park while supporting the region’s tourism economy. They also generate important lease revenues that are reinvested into the maintenance, environmental restoration, and improvement of Mission Bay Park, helping ensure that this extraordinary public resource remains vibrant, accessible, and well maintained for the millions of residents and visitors who enjoy it each year.

However, under current law, the Surplus Land Act (SLA) triggers a robust procedural process whenever a local government renews or enters a long-term lease on public property. While the SLA plays an important role in facilitating housing opportunities statewide, its requirements are not feasible on lands such as Mission Bay Park that are dedicated as parkland and where residential development is prohibited. Because Mission Bay Park is protected by the San Diego City Charter, any conversion of these lands to residential use would require approval by a two-thirds vote of San Diego’s electorate—an outcome that is neither feasible nor supported by the community.

AB 2525 provides a narrow, site-specific solution by exempting lands within Mission Bay Park from the Surplus Land Act, allowing the City to proceed with modernizing visitor-serving facilities consistent with the park’s long-standing recreational purpose while preserving all other applicable state laws, including the California Coastal Act.”

***Arguments in Opposition:*** The Public Interest Law Project, Non-Profit Housing Association of Northern California, East Bay Housing Organizations, Public Advocates, and San Diego Housing Federation write in opposition: “Should this bill be approved, it would establish a precedent where local agencies can propose that any land be exempt from the SLA without any commensurate public benefit. This would incentivize local agencies across the state to routinely seek exemptions which in the past has included such uses as protecting parking lots from being redeveloped or only allowing luxury residential development with no affordability component.

There are multiple pathways for the City to pursue its preferred disposition of the lands in Mission Bay Park without establishing a troubling precedent for the SLA. For instance, the City could declare the land surplus and identify local legal requirements of the land disposition consistent with the SLA statute and HCD guidelines in its Notice of Availability. A Notice of Availability allows the City to communicate its local priorities upfront, giving affordable housing sponsors the opportunity to respond before the land is committed to other uses. This approach, which has been followed by other jurisdictions throughout the state, would allow for the City to be compliant with the SLA while still meeting any local legal requirements. This approach would negate the need for a bill.

For these reasons the coalition is respectfully opposed to AB 2525 (Ward) unless amended to include a 25% minimum residential affordability provision in alignment with the SLA should there be any hotel or residential development, and penalties for noncompliance.”

***Related Legislation:***

*AB 2139 (Garcia)* would create an SLA exemption in the City of Ontario for the Ontario Sports Empire. AB 2139 is pending in this Committee.

*AB 2512 (Valencia)* provides that, if an exemption under the SLA is applied to the disposition of Angel Stadium by the City of Anaheim to the Los Angeles Angels, any disposition documents and promotional or marketing materials refer to the team as the Anaheim Angels, except under certain conditions. AB 2512 is pending in this Committee.

*AB 79 (Alvarez)* would have modified the affordability and density requirements of the Surplus Land Act (SLA) exemption that applies to land subject to a sectional planning document adopted prior to January 1, 2019. AB 79 was vetoed by the Governor.

*AB 480 (Ting), Chapter 788, Statutes of 2023*, made numerous changes to the SLA, including the disposal process, the authority of the Department of Housing and Community Development (HCD), and penalties for violations.

*AB 1734 (Jones-Sawyer), Chapter 769, Statutes of 2023*, creates, until January 1, 2034, a specific process under the SLA for the disposition of land in the City of Los Angeles for affordable housing and low barrier navigation centers.

*AB 457 (Joe Patterson)* created an SLA exemption for parcels that abut state highway right of way that a local agency identified in its circulation element or capital improvement plan for future roadway development. AB 457 was substantially amended into a different subject matter.

*AB 837 (Alvarez) of 2023* creates an SLA exemption for land acquired by a local agency for the development of a university and innovation district. AB 837 is pending in the Senate Local Government Committee. However, a substantially similar policy adopted via a budget trailer bill was enacted into law in 2023.

*AB 983 (Cervantes) of 2023* would have categorized as exempt surplus land, properties that are designated in an adopted downtown revitalization plan, as specified. AB 983 was held in the Assembly Local Government Committee.

*AB 2319 (Bonta) Chapter 963, Statutes of 2022*, created an exemption from the Surplus Lands Act (SLA) for the Alameda Naval Air Station (Alameda Point).

*AB 1271 (Ting) of 2021* would have expanded the types of land exempt from the SLA, imposed new procedural requirements on local agencies disposing of surplus land, and made various technical changes to the SLA. AB 1271 was held in Assembly Housing Committee.

*AB 1486 (Ting) Chapter 664, Statutes of 2019* expanded the scope of local agencies subject to the SLA, revised the definitions of “surplus land” and “exempt surplus land,” revised the noticing requirements relative to local agencies, housing sponsors and HCD, and added penalties for local agencies that sell land in violation of the SLA.

*SB 747 (Caballero), Chapter 786, Statutes of 2023*, makes numerous changes to the Surplus Lands Act (SLA), including modifying SLA procedures, defining disposals of surplus land to

include leases of longer than 15 years, altering the definition of exempt surplus land, and other changes.

*SB 719 (Min) of 2021* would have provided that land comprising the former Tustin Marine Corps Air Station is exempt surplus land for the purposes of the SLA if certain affordability standards for residential developments and other conditions are met.

**Double-Referred:** This bill was also referred to the Committee on Local Government, where it passed with a vote of 10-0 on April 15, 2026.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Mayor Todd Gloria, City of San Diego (Sponsor)  
Coastal Environmental Rights Foundation  
Mission Bay Lessees Association  
Mission Bay Park Committee - City of San Diego Boards and Commissions  
San Diego County Lodging Association  
Scouting America San Diego-imperial Council  
Individuals (1)

### **Opposition**

East Bay Housing Organizations  
Non-profit Housing Association of Northern California  
Public Advocates  
Public Interest Law Project  
San Diego Housing Federation  
(Individuals (2))

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2579 (Petrie-Norris) – As Amended March 16, 2026

**SUBJECT:** Common interest developments: discipline

**SUMMARY:** Allows the board of a homeowners' association (HOA) to fine a member in excess of the statutory \$100 fine cap if the member violates the HOA's governing documents in specified ways. Specifically, **this bill:**

1) Allows an HOA to fine a member more than \$100 for any of the following violations:

a) Any of the following fire or environmental hazards:

- i) The storage of any flammable or combustible material in a common area;
- ii) The obstruction of a fire lane;
- iii) The tampering or otherwise disabling of a fire alarm, smoke detector, fire extinguisher, or fire sprinkler;
- iv) Smoking in any location within the community;
- v) The use of open flames in any area in which the use of open flames is prohibited;
- vi) The improper discharge of chemicals or hazardous waste in the community;
- vii) The failure to abide by any fire hardening and setback requirements; and
- viii) The flying of drones over common areas or another person's lot or condominium.

b) Any of the following issues with respect to architectural improvements:

- i) The unauthorized construction of improvements or alterations, or the creation of unstable structures;
- ii) The exposure or installation of wiring or electrical components that is not in compliance with any applicable code requirements; and
- iii) The removal of any safety features, including the removal of railings or barriers from decks.

c) Any of the following issues with respect to animals:

- i) The keeping of a pet in the community that poses a danger to persons, other pets, or property;
- ii) The keeping of a pet in the community that is determined by a public animal control agency to be vicious or potentially dangerous;

- iii) The failure to keep any pet under control;
  - iv) The failure to pick up or properly dispose of pet waste in the common area or on another owner's lot; and
  - v) The keeping of prohibited animals within the community.
- d) Any of the following with respect to maintenance:
- i) The stockpiling or excessive storage of items visible from the common area or outside the lot or condominium that poses fire or health risks;
  - ii) The accumulation of trash or debris, which results in a sanitation risk and attracts rodents or other pests;
  - iii) The visible growth of mold or mildew on exterior walls or roofs, which could impact neighboring lots or condominiums; and
  - iv) The accumulation of standing water to remain or pool, which poses risks of reproduction among mosquitoes or other pests.
- e) Any of the following damages with respect to common areas:
- i) The cutting down, removal, or modification of trees, plants, or other landscaping or vegetation in a common area;
  - ii) The riding of bicycles, e-bikes, or other related motorized vehicles in a dangerous and unsafe manner, or otherwise in violation of the governing documents, in a common area;
  - iii) The dumping or otherwise discharging of water or other fluids onto a common area, resulting in obstructions in the community;
  - iv) The placement of personal items within a common area, including, but not limited to, on walkways, sidewalks, trails, or emergency exit paths;
  - v) The placement of toys, games, or sports equipment in a common area or on another owner's property when not in use, resulting in tripping hazards or the obstruction of traffic; and
  - vi) The obstruction of tree limbs or overgrown landscaping into the sidewalks and streets of a common area.
- f) Either of the following violent acts:
- i) Any physical acts or threats by residents or guests, including, but not limited to, harassment or stalking by residents, members, or association employees or vendors;  
or
  - ii) The discharging of a weapon.

- g) A violation of a short-term rental policy that is for a period of 30 days or less.
- 2) Deletes a provision that would only allow an HOA board to charge more than \$100 for violations that may result in an adverse health or safety impact on the common area or another HOA member's property.
- 3) Deletes a provision that would require the HOA board to make a written finding specifying the adverse health or safety impact in a board meeting open to the HOA members before imposing a fine of greater than \$100.
- 4) Provides that if an HOA member engages in habitual, repeated, or continuing violations, that member is not deemed to have cured a violation simply because the violation is not occurring at the time of the hearing.

**EXISTING LAW:**

- 1) Authorizes an HOA to impose monetary penalties on a member for violations of the governing documents, provided the board adopts and distributes a schedule of monetary penalties in the annual policy statement. (Civil Code (CIV) Section 5850)
- 2) Requires that monetary penalties be reasonable and consistent with the HOA's governing documents. (CIV 5850)
- 3) Caps monetary penalties at the lesser of \$100 per violation, or the amount specified in the HOA's penalty schedule, unless an exception applies. (CIV 5850)
- 4) Authorizes an HOA to impose a monetary penalty exceeding \$100 if the violation may result in an adverse health or safety impact on the common area or another member's property, and requires the board to make a written finding of that impact in an open meeting prior to imposing the penalty. (CIV 5850)
- 5) Prohibits an HOA from charging late fees or interest on monetary penalties. (CIV 5850)
- 6) Requires an HOA to provide members, upon request, with the current schedule of monetary penalties and any supplements. (CIV 5850)
- 7) Requires an HOA to provide written notice to a member at least 10 days prior to a meeting to consider discipline or impose a monetary charge, including the nature of the violation and the member's right to attend and be heard. (CIV 5855)
- 8) Requires an HOA to provide a member with an opportunity to cure a violation prior to the disciplinary hearing and prohibits discipline if the violation is cured or if the member commits to curing the violation within a reasonable timeframe. (CIV 5855)
- 9) Provides an HOA member with the right to request internal dispute resolution if the matter is not resolved following the hearing. (CIV 5855)
- 10) Requires the HOA to provide written notice of any disciplinary decision within 14 days and conditions the effectiveness of the discipline on compliance with procedural requirements. (CIV 5855)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "After the Legislature limited Homeowners Association fines to \$100 in 2025, there has been an uptick in violations that threaten the health and safety of residents without a meaningful deterrent. In many cases, the only way for an HOA to enforce rules is to hire an attorney and take the matter to court, which ultimately increases costs for all residents.

If one resident's actions threaten the health and safety of an entire community, an HOA needs the appropriate tools to mitigate that behavior so that the responsibility lies with the offender, not the entire community."

**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 (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 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.

**Fines:** In 2025, the Legislature enacted a policy capping the fines an HOA may impose for violations of governing documents at \$100 per violation, unless the violation may result in an adverse health or safety impact on the common area or another member's property, through the housing budget trailer bill (AB 130, Committee on Budget, Chapter 22, Statutes of 2025). Existing law requires that, prior to imposing a higher fine under this exception, the HOA board make a written finding specifying the adverse health or safety impact in an open board meeting. AB 130 also prohibits an HOA from charging late fees or interest on monetary penalties and requires that members be given an opportunity to cure violations prior to the imposition of

discipline, including access to internal dispute resolution procedures. These provisions were initially proposed in SB 681 (Wahab) of 2025 and later incorporated into AB 130.

The Legislature adopted these limitations in an effort to increase affordability and prevent excessive or punitive fines within common interest developments, while preserving an exception for more serious violations implicating health and safety. Prior to the enactment of AB 130, HOAs were generally permitted to impose monetary penalties in accordance with their governing documents and adopted enforcement schedules, without a statutory cap.

***This Bill:*** Since the enactment of AB 130, stakeholders have raised concerns that the \$100 cap, combined with the requirement to make case-by-case written findings of health and safety impacts, has limited HOAs' abilities to effectively enforce their governing documents, including in situations involving recurring or potentially hazardous conditions.

This bill modifies the existing exception to the \$100 cap by replacing the general "adverse health or safety impact" standard with a specified list of violations for which an HOA may impose a fine exceeding \$100. These include, among other things, violations related to fire risks or environmental hazards (such as storing flammable materials or obstructing fire lanes), unpermitted construction or unsafe alterations, dangerous or uncontrolled animals, maintenance conditions posing health or sanitation risks, damage to common areas, violent or threatening conduct, and violations of short-term rental restrictions. This bill also removes the requirement that the HOA board make a written finding in an open meeting prior to imposing a higher fine, and instead authorizes higher penalties where the violation falls within the enumerated categories.

Additionally, this bill provides that a member engaged in habitual, repeated, or continuing violations is not deemed to have cured a violation simply because the violation is not occurring at the time of the disciplinary hearing. As a result, the existing law requirement that discipline not be imposed if a violation is cured prior to the hearing would not apply in those circumstances.

***Policy Considerations:*** This bill raises questions about the appropriate balance between limiting excessive HOA fines and preserving the enforceability of governing documents. On the one hand, the \$100 cap established by AB 130 may, in some circumstances, reduce the effectiveness of HOA enforcement, particularly where violations are ongoing, economically beneficial to the violator (such as short-term rentals), or occur in higher-income communities where a \$100 penalty may not serve as a meaningful deterrent. In these cases, the inability to impose higher fines without making individualized findings of health or safety impacts at an open meeting may constrain HOAs' abilities to address persistent or harmful conduct.

On the other hand, by replacing the general health and safety exception with a detailed and expansive list of violations eligible for higher fines, this bill may significantly broaden the circumstances under which HOAs can impose penalties exceeding \$100. The enumerated categories include a wide range of common violations, such as maintenance issues, architectural modifications, and use of common areas, which may effectively allow higher fines in many routine enforcement situations. As a result, the Committee may wish to consider whether the bill maintains the original intent of AB 130 to limit excessive fines, or whether it shifts the balance back toward broader HOA enforcement authority in a way that could undermine affordability and consumer protections for homeowners.

**Committee Amendments:** In order to address the above policy considerations, the Committee may wish to consider the following amendments:

**CIV 5850 is amended to read:**

(d) (1) Notwithstanding subdivision (c), the board may impose a penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation that is greater than one hundred dollars (\$100) per violation, if the violation may result in any of the following: either of the following apply to the violation:

(A) The violation may result in an adverse health or safety impact on the common area or another association member's property.

(B) The violation is contained in the list developed and published by the Department of Real Estate pursuant to Section 5851.

(2) Before imposing a penalty on a violation pursuant to subparagraph (A) of paragraph (1), the board shall make a written finding specifying the adverse health or safety impact in a board meeting open to the members.

**CIV 5851 is added to the Civil Code, to read:**

(a) On or before January 1, 2028, the Department of Real Estate shall develop and publish a list of specified violations for which an association may impose a monetary penalty that is greater than one hundred dollars (\$100), notwithstanding any other provision of law.

(b) (1) The list shall be limited to violations that are clearly defined and address significant risks to health, safety, or the integrity of the common interest development.

(2) (A) In developing the list, the department shall identify categories of violations that pose heightened risks to health, safety, or the integrity of the common interest development, including, but not limited to, violations that do any of the following:

(i) Create a risk of fire or other life safety hazards.

(ii) Result in environmental hazards.

(iii) Involve unpermitted construction or alterations.

(iv) Relate to animal control and pose a risk to other residents.

(v) Constitute a failure to maintain property in a manner that creates health or safety risks.

(vi) Involve violence or threats of violence.

(vii) Cause damage to the common area or common facilities.

**(B) The department shall ensure that each category of violation included in the list is described using clear and objective standards sufficient to provide notice to members of the conduct subject to enhanced penalties.**

**(c) Before finalizing the list, the department shall conduct a stakeholder engagement process to solicit input from a broad range of interested parties. The department, at a minimum, shall convene a stakeholder group that includes all of the following members:**

**(1) Members of common interest developments representing diverse geographic regions of the state.**

**(2) Members of age-restricted communities.**

**(3) Members of associations on fixed incomes.**

**(4) Association board members.**

**(5) Association management professionals.**

**(d) The department shall release a draft list of violations for public comment and shall consider all timely submitted comments before finalizing the list of violations.**

**(e) The department shall publish the final list of violations on the department's internet website.**

***Related Legislation:***

*AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, established the \$100 cap on fines that an HOA can charge.*

*SB 681 (Wahab) of 2025 initially contained the \$100 cap on fines that an HOA can charge, which was eventually incorporated into the 2025 Housing Trailer Bill (AB 130).*

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

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Association of Community Managers  
California Building Industry Association  
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 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2581 (Soria) – As Amended April 13, 2026

**SUBJECT:** Housing: affordable housing tenants: home ownership

**SUMMARY:** Requires the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA), by January 1, 2028, to develop and implement strategies, including but not limited to advertising existing homeownership programs to tenants of deed-restricted affordable housing, to promote the movement of tenants of deed-restricted affordable housing into homeownership through existing homeownership programs implemented by the department or the agency. This bill applies these requirements to the Joe Serna Jr. Farmworker Housing Grant Program, CalHome Program, My Home, and the California Dream for All Program.

**EXISTING LAW:**

- 1) Establishes the Home Purchase Assistance Fund at CalHFA. (Health and Safety Code (HSC) 51342)
- 2) Requires CalHFA to administer a home purchase program to assist low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes. Authorizes assistance in the form of any of the following:
  - a) An interest rate subsidy to reduce the interest rate;
  - b) A deferred-payment, low-interest, subordinate mortgage loan, including downpayment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income homebuyers; and
  - c) Buying down the cost of mortgage insurance. (HSC 51343)
- 3) Establishes the California Dream for All Program at CalHFA to provide shared appreciation loans to qualified first-time, low- and moderate- income homebuyers. Establishes a revolving, shared appreciation first-time homebuyer program with the goal of eventually providing up to one billion dollars per year for first-time homebuyers. (HSC 51523)
- 4) Requires that prior to the disbursement of the remainder of funding for the California Dream for All Program appropriated in the 2022 Budget Act, and prior to the disbursement of any funding for the program that may be appropriated in the 2023 Budget Act, CalHFA shall review the program terms and parameters, and shall implement adjustments designed to achieve the following program improvements:
  - a) Defining first-generation homebuyers;
  - b) Targeting funds to aid first-generation homebuyers;
  - c) Supporting an equitable distribution of program funds in different regions of the state; and

- d) Prioritizing participation by homebuyers in the lower tiers of the income eligibility structure. (HSC 51529)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

**Author's Statement:** According to the author, "With California in the midst of a multi-decade housing crisis, homeownership has become increasingly out of reach for everyday Californians as the avenues to homeownership have become scarcer and more inaccessible. While in recent years California has improved its housing efforts by improving coordination between different programs and the agencies that run them, there has not yet been significant reforms to create a pipeline for tenants of affordable housing to achieve the dream of homeownership through existing programs.

AB 2581 addresses this troubling oversight by requiring the Department of Housing and Community Development and the California Housing Finance Agency to develop and implement strategies to promote the movement of tenants of affordable housing into homeownership. With the new Housing and Homelessness Agency being created this year, now is the time to chart a new pathway to homeownership for Californians. AB 2581 takes the first steps to make this happen."

**State Homeownership Programs:** The state supports homeownership through both the construction of ownership units and down payment assistance to facilitate the purchase of an existing home. CalHFA, the state's affordable housing lender, runs several programs to support first-time homebuyers, including a 30-year fixed interest mortgage and down payment assistance. The fixed-interest first mortgage is an Federal Housing Administration-insured loan that is secured on a property. CalHFA does not lend money directly to consumers. CalHFA-approved lenders qualify buyers and make all mortgage loans. CalHFA purchases closed loans that meet CalHFA's requirements.

CalHFA offers two down payment assistance programs. The MyHome program provides up to 3% in down payment assistance to low- and moderate-income households. Lenders identify borrowers who qualify for the program and refer them to CalHFA for assistance. The mortgage is held and serviced by a private lender, and the down payment assistance is recorded as a silent-second on the home. The second can be removed if the borrower refinances and repays the down payment, or it can be repaid when the home sells. Funds are returned back to the program to fund future borrowers. My Home is essentially an over-the-counter program, and the only requirements needed to qualify are meeting the income threshold and being able to qualify for a home mortgage.

The Dream for All Program operates in the same way as the MyHOME program except for a few key differences. The goal of the program is to create generational wealth for families who have not had a history of homeownership. Borrowers can receive 20% in down payment assistance up to \$150,000 and are required to share a portion of any equity increase in the home with the state when the home is sold. These funds are then recycled back into the program to provide for future down payments. Borrowers must also be a first homebuyer and a first-generation homebuyer. To qualify as a first-generation homebuyer, borrowers must not have a living parent or deceased parent that owns/owned a home or an interest in a home in the United States or be an individual who has at any time been placed in foster care or institutional care.

According to CalHFA's 2023-24 Annual Report, 6,037 homebuyers were helped through down-payment assistance with \$157 million in down payment assistance and closing costs and \$2.57 billion in first mortgage lending. Demographic data collected on homebuyers shows the following breakdown by race and ethnicity: 8% of borrowers were Asian, 5% of borrowers were African American, 47% Hispanic/Latino, 30% white, and 10% unknown.

HCD administers two programs that fund the construction of ownership units – CalHOME and the Joe Serna Farmworker Housing Program. The CalHOME program provides loans and grants to nonprofit corporations and local governments to support homeownership activities. Grants provide down payment assistance to qualified households and loans to fund the construction of ownership units. To qualify, households must be lower income (making 80% of the area median income (AMI) or less); however, grants may be made to households making up to 120% of the AMI in areas where the Governor has declared a state of emergency due to a disaster. Joe Serna, Jr. Farmworker Housing Grant Program at HCD finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.

***Affordable Rental Programs:*** The state subsidizes construction of affordable, multifamily rental housing for families who are 80% of the AMI or less through tax credits, bond funds, and General Fund dollars. Residents must income qualify and are only required to pay 30% of their income toward the rent. This is considered an affordable rent. Federal and state law allows a tenant to remain in housing if their income rises to 140% of AMI.

This bill directs HCD and CalHFA to develop and implement strategies that would attempt to match residents of state-subsidized multi-family rental housing with ownership units or down-payment assistance. This strategy could result in families transitioning from rental housing into ownership.

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

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

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

None on file.

##### **Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2692 (Irwin) – As Amended March 19, 2026

**SUBJECT:** Common interest developments: reinstatement of terminated declarations: County of Los Angeles

**SUMMARY:** Allows a homeowner’s association (HOA) in Los Angeles County, until January 1, 2028, to reinstate a declaration via majority vote of all members. Specifically, **this bill:**

- 1) Establishes, notwithstanding any other law, a process to reinstate a terminated declaration for an HOA that expired pursuant to its stated term.
- 2) Authorizes reinstatement of the declaration upon approval of the HOA membership, as follows:
  - a) Requires approval by the percentage of HOA members specified in the declaration for extending its term; or
  - b) If no percentage is specified, requires approval by a majority of all HOA members.
- 3) Requires the reinstatement vote to be conducted in accordance with the Davis-Stirling Act (Act), the HOA’s governing documents, and other applicable law, and requires a reasonably diligent effort to allow all eligible members to vote.
- 4) Provides that reinstatement is effective only upon completion of specified steps, including:
  - a) Approval by the required percentage of members in 2);
  - b) Certification of that approval in a written, executed, and acknowledged document by the appropriate association officer; and
  - c) Recordation of the reinstated declaration in the county recorder’s office.
- 5) Requires the HOA to provide individual notice to all HOA members that includes a copy of the reinstated declaration, and a statement that the reinstated declaration has been recorded, within a reasonable timeframe of recordation.
- 6) Limits the applicability of these provisions to Los Angeles County.
- 7) Sunsets the reinstatement authority on January 1, 2028.
- 8) Makes legislative findings that a special statute is necessary due to the need to support rebuilding and prevent displacement in HOAs that were destroyed as a result of the 2025 Palisades and Eaton Fires.

**EXISTING LAW:**

- 1) Establishes the Act to govern the creation and operation of common interest developments (CIDs), including HOAs. (Civil Code (CIV) Section 4000 et seq.)
- 2) Defines a “declaration” as the recorded document that creates a CID and sets forth the covenants, conditions, and restrictions (CC&Rs) applicable to the development. (CIV 4135)
- 3) Provides that a declaration may be amended pursuant to the procedures specified in the declaration or as otherwise provided in the Act. (CIV 4270–4275.)
- 4) Requires approval of the HOA membership for certain amendments to the declaration, generally based on the percentage specified in the governing documents. (CIV 4270, 4275.)
- 5) Authorizes a court petition to approve amendments to a declaration when the HOA cannot obtain the required level of member approval, if specified statutory conditions are met. (CIV 4275.)
- 6) Requires that a declaration and any amendment be recorded in the county recorder’s office in order to be effective and enforceable. (CIV 4270)
- 7) Establishes election and voting procedures for associations, including requirements related to member voting, notice, and balloting. (CIV 5100 et seq.)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author’s Statement:** According to the author, “AB 2692 provides a tailored legislative fix that will allow the members of the Via de la Paz HOA in Pacific Palisades to reinstate their expired CCRs. The bill specifies for reinstatement, approval is required by the percentage of members required to extend the term of their original declaration. If the declaration does not specify that percentage, the bill would require approval by a majority of all members. In the case of Via de la Paz, a 75% vote was required to extend the declaration.

AB 2692 is applicable to only the Los Angeles County and will be effective only one year until January 1, 2028. These limits are intended to ensure this bill’s provisions are only applicable to fire-affected HOAs in response to the 2025 wildfires. Additionally, reinstatement of the declaration requires the vote to be certified in writing and recorded with the county recorder’s office.

This bill is necessary to provide residents with certainty to move forward with their insurance claims and allow the board to take appropriate action, which they are currently not legally able to do.”

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

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

***CC&Rs:*** CC&Rs are essentially the constitution of any given HOA community. They establish the rules, restrictions, and rights that bind all owners, covering everything from architectural standards to pet policies to how the association itself is governed. Because CC&Rs are recorded against the property, they run with the land, binding future owners to the governing documents as well as the current owners. CC&Rs often require amendments to address the changing needs of any given community. However, amending an HOA's CC&Rs is intentionally difficult. Most declarations require approval from a supermajority of all members, often ranging from 50-75% of all HOA members, not just all voting members. In a large HOA development, this can mean thousands of individual owners must affirmatively cast ballots. This can present logistical challenges even under the best circumstances, as HOA voting rates tend to be low.

Under the Act, there is an existing process through which HOA members can seek to address this difficulty in obtaining a majority of votes of all HOA members: if an amendment to the HOA's CC&Rs falls short of the voting threshold required by the HOA documents, an HOA or member can petition a superior court to approve the amendment anyway, so long as the court finds the process was fair, the effort to reach members was diligent, and the amendment is reasonable. But even under the court petition process in existing law, at least 50% of members must have voted in favor of the proposed amendment.

***Palisades and Eaton Fires:*** On January 7, 2025, two devastating wildfires, the Palisades Fire and Eaton Fire, both ignited in Los Angeles County. The Palisades Fire began in the Santa Monica Mountains, rapidly spreading across over 23,000 acres and destroying over 6,800 structures, primarily in the Pacific Palisades community of the City of Los Angeles.<sup>1</sup> The Eaton Fire ignited in Eaton Canyon near Altadena, burning more than 14,000 acres, destroying over

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<sup>1</sup> <https://www.latimes.com/california/live/la-fire-updates-floods-mud-rain-closures-laguna-eaton-palisades>

9,400 structures.<sup>2</sup> Both fires were fully contained by January 31, 2025. Of the more than 16,000 homes and other structures destroyed, the vast majority were located in what is referred to as the wildland-urban interface, or WUI.<sup>3</sup> The WUI is where human development meets or mixes with the undeveloped natural environment or wildlands.<sup>4</sup>

***This Bill:*** The aforementioned wildfires in Los Angeles County have revealed a narrow but consequential gap in existing law governing CIDs, arising in the unusual circumstance where a development's CC&R's have expired pursuant to its own terms shortly before a disaster. Under the Act, declarations may be amended or extended by the HOA prior to expiration; however, existing law does not provide a mechanism to reinstate a declaration once it has terminated. In the rare case where a declaration expires without the HOA's knowledge, and a catastrophic event subsequently damages the property, the HOA may be left without a legally operative governance structure that is needed to coordinate rebuilding and disaster recovery.

The experience of a condominium association in Pacific Palisades illustrates this gap. There, a 107-unit development (Via de la Paz) lost a majority of its units in the 2025 wildfires, only to discover that its declaration had expired in January of 2024, approximately one year before the disaster. Of the 107 homeowners in the community, 101 voted to reinstate the governing documents, with four not voting, and two voting in opposition. A unanimous vote would be required to reinstate the CC&Rs without a legislative fix. Due to the inability of the CID to obtain unanimous consent, the community is unable to expend insurance funds or move forward with reconstruction. More broadly, the situation experienced in this condo community raises concerns about prolonged displacement of the residents and the potential long-term loss of housing in communities affected by disaster.

According to the author, compounding the crisis is the time-sensitive nature of recovery assistance. Some of the members of the CID were approved for a \$150,000, zero-interest, 30-year loan from Habitat for Humanity, as well as an additional \$300,000 from the Small Business Administration. Both programs require funds to be drawn down and construction to begin within strict post-disaster timelines, often within two years. If this recovery remains stalled in court or receivership or legally ambiguous territory, these families risk losing access to the funds designed to help them rebuild, turning temporary displacement into permanent loss.

This bill proposes a limited, targeted solution by establishing a statutory process to reinstate an expired declaration upon approval of the membership at the threshold required to extend the declaration, or, if unspecified, by a majority vote. This bill requires certification and recordation of the reinstated declaration and applies only in Los Angeles County, with a sunset date of January 1, 2028. While, ideally, CIDs would take proactive measures to prevent CC&Rs from expiring, in this instance, a retroactive measure may be necessary. In providing for this retroactive pathway, the bill seeks to restore governance to affected CIDs and allow communities to access funding, coordinate rebuilding, and determine their path forward following disaster-related losses.

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<sup>2</sup> IBID.

<sup>3</sup> <https://calmatters.org/environment/wildfires/2025/01/la-county-fires-wildland-urban-interface/>

<sup>4</sup> IBID.

**Arguments in Support:** The Via De La Paz Association writes in support: “Our 107-unit condominium community was devastated in the fire, with over half of the units destroyed and the remaining units heavily smoke-damaged. As we began the recovery process, we discovered that our governing documents—Covenants, Conditions, and Restrictions (CC&Rs) originally recorded in 1974—had expired on January 1, 2024. Under current law, including the Davis-Stirling Common Interest Development Act, because the CC&Rs had already expired, there is no mechanism to reinstate them. We have sought judicial relief, and the courts have confirmed that they cannot provide the remedy we need. Our only avenue of relief is through this legislation.”

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

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

**Sec. 2.**

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the need to prevent displacement and promote the rebuilding of common interest developments that were damaged or destroyed as a result of the 2025 Palisades and Eaton Fires in Los Angeles.

**Related Legislation:**

*AB 2035 (Dixon)* of this legislative session would allow a court to approve a change to the governing documents (CC&Rs) in a homeowners association (HOA), meeting specified criteria, if the change is approved by 37% of the owners, rather than 50%. AB 2035 passed this Committee with a 12-0 vote and is pending in the Assembly Committee on Judiciary.

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

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Via de la Paz HOA

**Opposition**

None on file.

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2741 (Muratsuchi) – As Amended March 19, 2026

**SUBJECT:** Housing element: inventory of land: substantial compliance

**SUMMARY:** Allows a local government to use a zoning classification, including an “affordable overlay zone” that allows for a “mix of uses” for owner-occupied and rental multifamily residential use with specified minimum densities to satisfy the requirement to rezone sites for lower income households in their housing element if they have not met their Regional Housing Needs Allocation (RHNA) in the previous housing element cycle. Specifically, **this bill:**

- 1) Allows a local government to use an affordable overlay zone that permits owner-occupied and rental multifamily residential use with specified minimum densities to satisfy the requirement to rezone sites for lower income households in their housing element.
- 2) Requires a rezoning program that includes an overlay zone to include a written explanation of the housing and affordability incentives of the zoning classification.
- 3) Provides the following for a zoning classification:
  - a) It may allow for a mix of uses if it allows for 100% residential use; and
  - b) It is required that if an applicant seeks to develop a mixed-used project that includes both residential and nonresidential uses on a single site, at least 50% of the total floor area on the site must be dedicated to residential uses.
- 4) Defines “allow for a mix of uses” to mean that the zoning permits any of the following:
  - a) Residential use;
  - b) Nonresidential use; and
  - c) A mix of residential and nonresidential uses include without limitation, vertical and horizontal mixed use projects.
- 5) Provides that “total floor area” shall combine the floor area for existing uses that are proposed to remain with the floor area for new proposed uses. For the purposes of calculating the total floor area for the project, “site” shall be defined as the parcel or assemblage of parcels upon which the project is proposed.
- 6) Deletes the existing provision that finds that a housing element or amendment is out of substantial compliance if HCD’s determination that a housing element is in compliance has been superseded by a subsequent contrary findings by the Department of Housing and Community Development (HCD) or by a court of competent jurisdiction.
- 7) Provides that if a court of finds that housing element is out of compliance, despite HCD’s findings of substantial compliance, the adopted housing element or amendment shall be considered in substantial compliance with this article until the earlier of the following:

- a) The date HCD finds the newly adopted housing element in compliance; or
- b) 270 days after a court order, writ or judgement is issued requiring a local agency to bring its housing element into compliance.

**EXISTING LAW:**

- 1) Requires all of the following for a rezone program necessary to accommodate a jurisdiction's lower income RHNA:
  - a) Requires sites to accommodate 100% of the need for housing for lower income households for which site capacity has not been identified in the inventory of sites on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20% of the units are affordable to lower income households during the planning period;
  - b) Requires sites in a rezone program to be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan and shall be at least 20 units per acre in suburban jurisdiction and metropolitan counties and have adequate infrastructure, as defined; and
  - c) Requires that at least 50% of the lower income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the lower income housing need on sites designated for mixed use if those sites allow 100% residential use and require that residential use occupy 50% of the total floor area of a mixed-use project. (Government Code (GOV) 65583.2).
- 2) Establishes that a local agency's housing element or housing element amendment is considered to be in "substantial compliance" with Housing Element Law if either of the following applies:
  - a) HCD has found the adopted housing element or amendment to be in substantial compliance, and that finding has not been superseded; or,
  - b) A court of competent jurisdiction has determined the housing element or amendment to be in substantial compliance, and that determination has not been overturned or superseded. (GOV 65585.03)
- 3) Provides, for purposes of the Housing Accountability Act (HAA), that a housing element or amendment is considered in substantial compliance only if it was in substantial compliance, based on a determination by HCD or a court, at the time a preliminary application was submitted, or, if no preliminary application was submitted, at the time a complete application was submitted. (GOV 65589.55)

**FISCAL EFFECT:** Unknown. This bill has been keyed non-fiscal by the Legislative Counsel.

**COMMENTS:**

***Author’s Statement:*** According to the author, “California cities are working in good faith to comply with state housing law by submitting housing elements to the California Department of Housing and Community Development for certification. However, recent court decisions have created uncertainty around the use of residential overlay zoning—an essential tool for identifying housing sites in built-out communities. Without legislative clarity, previously certified housing elements across the state are vulnerable to legal challenge and potential exposure to immediate “builder’s remedy” projects. This bill provides clarity by affirming the lawful use of overlays and allowing jurisdictions that relied on state guidance the opportunity to correct their housing elements if a court finds them noncompliant. Cities should not be penalized for acting in good faith to follow California law and take meaningful steps to increase housing production.”

***Adoption and Implementation of Housing Elements:*** All 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. In 2024, 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.

***New Commune DTLA LLC v. City of Redondo Beach:*** As part of the Housing Element, local governments must prepare a site inventory that includes specific actions that will be taken to zone sites to accommodate all the RHNA for lower income households. When the site inventory does not identify enough sites to accommodate each income level of the RHNA a local government must include a rezoning program to address this shortfall. A rezoning program to address unmet needs for lower income housing shall “permit owner-occupied and rental multifamily residential use by right for developments in which at least 20% of the units are affordable to lower income households during the planning period.” The sites must be zoned with “minimum density and development standards” of “at least 20 units per acre” in suburban jurisdictions. Further, at least 50% of the lower income housing is required to be “accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted.”

There is an exception to this rule for certain mixed-use sites, which allows a local government to “accommodate all of the lower income housing need on sites designated for mixed use if those sites allow 100% residential use and require that residential use occupy 50% of the total floor area of a mixed-use project.”

In the 6<sup>th</sup> RHNA cycle, HCD approved over 100 housing elements that relied on the use “overlay zones” that permitted residential uses, even where the underlying zoning did not require residential use at the density required for a rezoning program under Housing Element Law. For example, a site with 100% commercial base zoning and a residential overlay, where a commercial project could be approved without any residential component.

In a recent court case, *New Commune DTLA LLC v. City of Redondo Beach*, the court invalidated the City of Redondo Beach’s housing element because an “overlay zones cannot be used to satisfy the minimum density and residential use requirements...where the base zoning expressly permits development that does not include housing.” The court found that an overlay zone does not meet the standard required for rezoning programs intended to accommodate lower income housing.

As a result of this case, more 100 of cities’ housing elements may be found to be out of compliance with Housing Element Law and are vulnerable to legal challenge. The state has put in place significant consequences for local jurisdictions if a housing element is out of compliance. The most significant of these consequences, the Builder’s Remedy, makes housing an eligible use on sites that are not zoned residential with certain restrictions.

The cities that utilized overlay zones had HCD-approve housing elements and followed HCD’s guidance on how to complete their local housing elements in compliance with Housing Element

Law, but were found out of compliance by the court. HCD allowed overlay zones to be used to accommodate local governments' obligations to rezone sites to meet their sixth cycle RHNA.

To get back in compliance with Housing Element Law and avoid penalties, local governments must rezone sites where they used overlay zones and the underlying zones does not permit residential use at the densities required for a compliant rezoning program. According to some local governments, this could take over a year to complete, likely requiring the use of outside consultants, depending on the local approval process for the housing element, after which HCD must review the local housing element and determine compliance.

This outcome may raise significant policy concerns for local governments and the state's broader housing planning framework. Updating a housing element is a costly and resource-intensive process, often requiring extensive staff time, consultant support, environmental review, and multiple rounds of public engagement and state review. Jurisdictions that relied on overlay zoning approaches or certain mixed-use zoning strategies, all of which were reviewed and approved by HCD during the 6th cycle, may now be required to undertake substantial rezoning efforts on an accelerated timeline to avoid litigation that might bring them out of compliance with Housing Element Law. This creates potential fiscal and administrative strain, particularly for smaller jurisdictions, and may divert limited local capacity away from actual housing production toward corrective planning efforts.

Conversely, some stakeholders view the decision as a necessary corrective to prior practice, arguing that the use of overlay zones and certain mixed-use designations allowed jurisdictions to identify "paper sites" that did not realistically accommodate lower income housing. From this perspective, requiring underlying zoning to permit residential use at appropriate densities ensures that housing elements more accurately reflect true development capacity. These stakeholders may also support the increased exposure to the Builder's Remedy, viewing it as an enforcement mechanism that incentivizes compliance and facilitates housing production in jurisdictions that have historically underperformed.

***This Bill:*** This bill allows for the use of "affordable housing overlay zone" to meet the rezone requirements under Housing Element Law. The zoning classification would be required to permit but not zone for either a zoning mix of uses if it allows 100% residential use and requires that, if an applicant seeks to develop a mixed-use project that includes both residential and nonresidential uses on a single site, or at least 50% of the total floor area on the site shall be dedicated to residential uses. This change would bring those housing elements that are out of compliance into compliance without having to amend their housing element. The bill does not have an urgency, so this change would not take effect until January 1, 2027 if the bill is signed by the Governor.

This change would apply more broadly than to just the 6<sup>th</sup> Cycle of RHNA, which would lead to sites that don't have a realistic chance of being developed into housing because there are exiting uses and the underlying zoning is not residential to be included in a jurisdiction's sites inventory. The committee may wish to consider limiting the amendments to this section to the 6<sup>th</sup> RHNA cycle. In the 7<sup>th</sup> and all future housing element cycles local governments would have to identify sites for rezone and rezone them for the appropriate densities. By applying this provision to the 6<sup>th</sup> cycle, it protects those cities that relied on HCDs guidance, and allows them to avoid penalties like the Builders Remedy. It does not require the sites that were included in a housing element using overaly zones to do additional rezoning in this cycle in order for a jurisdiction to

maintain compliance with Housing Element Law. This could result in fewer sites that can accommodate the 6<sup>th</sup> cycle RHNA, because some of the sites in an overlay zone had existing businesses on them and would not be developed for housing during this planning cycle.

Several organizations representing local governments and city planners maintain that allowing for the use of zoning overlays in the housing element rezoning process beyond the 6<sup>th</sup> cycle may be necessary. The American Planning Association, Rural County Representatives of California, CSAC, League of Cities and Urban Counties of California, write, “Zoning overlays remain an important affordable housing tool for local governments and have been a state-endorsed method for cities and counties to create thousands of additional housing units at all income levels. These overlays help support walkable, infill development near transit, jobs, and services, while promoting higher-density affordable housing. Eliminating or unduly restricting these tools would make it significantly more difficult for local governments to achieve the Legislature’s priorities including transit-oriented development and balanced economic and residential growth....Additionally, we firmly believe that overlay zones should remain a tool local agencies can use to comply with RHNA obligations and balance the need for economic development and residential growth. We remain open to ongoing dialogue and conversations on these issues and strongly encourage the legislature to act with urgency, as more local governments may face lawsuits soon.”

This bill also creates a safe harbor of 270 days for local governments that have an HCD-approved housing element that a court finds out of compliance. The housing element would be in compliance until the date HCD finds the newly adopted housing element in compliance or 270 days after the judgment. This provision does not apply solely to the *New Commune DTLA LLC v. City of Redondo Beach*, but to any ruling in which HCD has approved a housing element that is found out of compliance by a court. This change would have broader consequences than just the immediate issue facing Redondo Beach and other cities and could lead to an outcome in which the court makes a ruling that the HCD and the Legislature do not align. It would also require that a city be sued in order for the safe harbor to apply, which would not help cities who have not been sued to deal with the current challenge of being out of compliance due to the *New Commune DTLA LLC v. City of Redondo Beach* ruling.

**Arguments in Support:** The City of Redondo Beach writes in support, “AB 2741 addresses two areas that have created uncertainty for local governments. First, the bill confirms that cities may satisfy required rezoning programs by applying a zoning classification, such as an affordable housing overlay zone, that permits owner-occupied and rental multifamily housing at required minimum densities and development standards. This clarification is particularly important for built-out communities like ours, where infill opportunities are limited and flexible zoning tools are essential to meeting Regional Housing Needs Allocation (RHNA) requirements. The flexibility of a housing overlay zone makes it more appealing and affordable to a property owner or developer to build housing on a portion of a property without fully eliminating existing uses that may be necessary for fiscal feasibility. The bill also provides clearer guidance on how HCD determines whether a housing element remains in substantial compliance with state law. Establishing more predictable standards helps cities address identified deficiencies while continuing to process housing applications, and it provides greater certainty for both local governments and housing developers. Finally, the bill alleviates the many cities that have used affordable housing overlay zones in their certified housing elements from having to modify and resubmit their housing element mid-term to protect from developer lawsuits whose intent is to

use Builder's Remedy if their lawsuit prevails. This would create fiscal and staff workload impacts to cities and HCD.”

***Arguments in Opposition:***

*California Rural Legal Assistance Foundation, Public Interest Law Project, Public Advocates, and Western Center on Law and Poverty write in opposition:*

“We agree that the court in New Commune correctly interpreted the law. Housing Element Law requires that if a jurisdiction does not have sufficient sites to meet its RHNA obligations, the housing element must include a rezone program that commits the jurisdiction to rezoning sufficient sites early in the housing element planning period. Government Code Section 65583.2(h)(2) establishes minimum density and other requirements for these sites... Sites that are subject to a zoning overlay that allows residential use but where the underlying zoning is industrial, commercial, or some other use and that can develop with no housing at all do not meet the minimum residential density standard of 16 or 20 units per acre... In addition to failing to meet the minimum density requirement, the court in New Commune found that Redondo Beach also did not meet the other requirements that it accommodate at least half of its lower-income RHNA allocation on sites zoned exclusively residential and that if more than half of its lower-income RHNA allocation was met through mixed-use sites that must allow uses other than residential, those sites must allow 100% residential uses and for projects with mixed uses, that residential uses must occupy half of the total floor area.

In addition to Redondo Beach, over 100 other jurisdictions similarly relied on HCD’s guidance related to rezone program sites requirements in adopting their 6th cycle housing elements. We sympathize to the position these jurisdictions are in and believe that they should have time to remedy the zoning deficiencies before facing any consequences, but we also believe that long-standing law related to sites requirements must remain intact. The strong zoning requirements in Housing Element Law are crucial to ensuring that communities have sufficient sites to support affordable housing development. An interpretive error affecting the current planning period is not a reason to weaken Housing Element Law for all future planning periods, no matter how many jurisdictions have been impacted, and doing so would also be unfair to the hundreds of other jurisdictions that did the hard work of rezoning sites that do meet legal requirements.

As such, we ask that you strike Sections 1 and 2 of the bill, which would weaken existing sites requirements, from the bill and focus on Section 3. Though we think the language of Section 3 needs refinement, we agree with the general approach of providing more time to remedy zoning deficiencies to ensure that every community has adequate sites to support affordable housing development. We are happy to work with your office and with local government partners and other stakeholders to refine that language as the bill moves forward.”

*California YIMBY also writes in opposition:*

“AB 2741 would grant jurisdictions whose housing elements are found out of compliance by a court a 270 day period during which key enforcement consequences are effectively suspended. This change would fatally undermine third party litigation as a mechanism for correcting inadequate housing elements, removing an essential tool for enforcing state housing law. Additionally, this bill would apply to a broad variety of cases beyond the Redondo Beach case,

including those in which a city is sued for failure to faithfully implement the commitments in their housing element. The Legislature should not create a precedent to shield cities that have failed to meet their obligations under state housing law from consequences.

AB 2741 would also allow cities to include unrealistic sites with little prospect of housing development in the inventory of sites to meet their housing needs. One reason that the housing element process failed for decades to meet California’s housing needs was the practice by some cities of using unrealistic or flat out undevelopable sites to “accommodate” their housing needs. The Legislature took action against this “paper zoning” in 2017 with AB 1397 (Low, 2017), which strengthened the standards sites must meet to be included in a city’s inventory

Those stronger standards were at the heart of the court ruling in *New Commune v. City of Redondo Beach* that this bill seeks to undo. In the aftermath of that ruling, we have seen property owners asking cities to withdraw their sites from the city’s sites because they do not wish to commit to possible residential development. This represents the court ruling, and law, working as the Legislature intended: sites where the owner is not interested in pursuing new housing are screened out, and the city has to instead identify sites where housing is a realistic prospect.

California YIMBY is open to reforming sites inventory standards in ways that give cities more flexibility, including the option to use overlays that allow for either residential or nonresidential use. However, AB 2741 lacks essential guardrails such as likelihood of development accounting to ensure that overlays are implemented in a responsible manner that furthers the state’s housing goals.”

***Policy Considerations:*** The Committee may wish to consider limiting this bill to solely to allowing local governments that relied about HCD guidance and have compliant housing elements to use overlay zones to maintain compliance for the 6<sup>th</sup> RHNA cycle. This limitation would mean that in the 7<sup>th</sup> RHNA cycle the court ruling in *New Commune* would apply, and local governments would be required to zone sites as part of a rezone program at the appropriate levels to accommodate the low income RHNA and could not use overlay zones.

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

## ***SECTION 1.***

***Section 65583.2 of the Government Code, as amended by Section 6.5 of Chapter 282 of the Statutes of 2024, is amended to read:***

**65583.2.**

...

(3) (A) For the purposes of this subdivision, “shall be zoned” includes applying a zoning classification, including, but not limited to, an ~~affordable housing overlay zone~~ **mixed-use zone, combining district, or similar zone** that permits owner-occupied and rental multifamily residential use with the minimum density and development standards described in paragraphs (1) and (2). A program that includes application of a zoning classification permitted pursuant to this paragraph shall include a written explanation of the housing and affordability incentives of the zoning classification.

(B) The zoning classification permitted pursuant to this subdivision may allow a mix of uses **if either of the following apply:**

**(i) at least 50 percent of the lower income housing need is accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted.**

**(ii) all of the lower income housing need is accommodated on sites that allow a mix of uses if those sites allow** ~~it allows~~ 100 percent residential use and requires that, if an applicant seeks to develop a mixed-use project that includes both residential and nonresidential uses on a single site, at least 50 percent of the total floor area **of the mixed-use project** shall be dedicated to residential uses.

...

(m) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

**(4) Changes made to this subdivision by the act adding this paragraph apply only to the sixth housing element revision cycle and are retroactive to January 1, 2019. SEC. 2. Section 65583.2 of the Government Code, as amended by Section 7.5 of Chapter 282 of the Statutes of 2024, is amended to read:**

## SEC. 2.

Section 65583.2 of the Government Code, as amended by Section 7.5 of Chapter 282 of the Statutes of 2024, is amended to read:

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(3) (A) For the purposes of this subdivision, “shall be zoned” includes applying a zoning classification, including, but not limited to, ~~an affordable housing overlay zone~~ **mixed-use zone, combining district, or similar zone** that permits owner-occupied and rental multifamily residential use with the minimum density and development standards described in paragraphs (1) and (2). A program that includes application of a zoning classification permitted pursuant to this paragraph shall include a written explanation of the housing and affordability incentives of the zoning classification.

(B) The zoning classification permitted pursuant to this subdivision may allow a mix of uses **if either of the following apply:**

**(i) At least 50 percent of the lower income housing need is accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted.**

**(i) All of the lower income housing need is accommodated on sites that allow a mix of uses if those sites allow** ~~it allows~~ 100 percent residential use and requires that, if an applicant seeks to develop a mixed-use project that includes both residential and nonresidential uses on a single site, at least 50 percent of the total floor area **of the mixed-use project** shall be dedicated to residential uses.

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**(4) Changes made to this subdivision by the act adding this paragraph apply only to the sixth housing element revision cycle and are retroactive to January 1, 2019. SEC. 2. Section 65583.2 of the Government Code, as amended by Section 7.5 of Chapter 282 of the Statutes of 2024, is amended to read:**

**~~SEC. 3.~~**

~~Section 65585.03 of the Government Code is amended to read:~~

**~~65585.03.~~**

~~(a) A housing element or amendment shall be considered to be in substantial compliance with this article when the local agency adopts the housing element or amendment for the current planning period in accordance with Section 65585 and either of the following apply:~~

~~(a) (1) The department finds that the adopted housing element or amendment is in substantial compliance with this article and the department's compliance findings have not been superseded by subsequent contrary findings by the department or by a decision of a court of competent jurisdiction. article.~~

~~(b) (2) A court of competent jurisdiction determines that the adopted housing element or amendment substantially complies with this article and the court's decision has not been overturned or superseded by a subsequent court decision or by statute. article.~~

~~(b) If a court of competent jurisdiction finds that, despite the department's findings of substantial compliance, the adopted housing element or amendment is not in substantial compliance with this article, the adopted housing element or amendment shall be considered in substantial compliance with this article until the earlier of the following:~~

~~(1) The date the department finds that a newly adopted housing element or amendment is in substantial compliance with this article.~~

~~(2) Two hundred seventy days after a court order, writ, or judgment is issued in accordance with Section 65754 requiring the local agency to bring its housing element into compliance.~~

**~~SEC. 4.~~**

~~Section 65589.55 of the Government Code is amended to read:~~

**~~65589.55.~~**

~~(a) For purposes of a local agency's approval, conditional approval, or disapproval of a housing development project pursuant to subdivision (d) of Section 65589.5, a housing element or amendment shall be considered in substantial compliance with this article only if the element or amendment was in substantial compliance, as determined by the department or a court of competent jurisdiction, when a preliminary application, including all of the information required~~

by subdivision (a) of Section 65941.1, was submitted or, if a preliminary application was not submitted, when a complete application pursuant to Section 65943 was submitted.

~~(b) This section does not constitute a change in, but is declaratory of, existing law. If a court of competent jurisdiction determines that, despite the department's findings of substantial compliance, the adopted housing element or amendment is not in substantial compliance with this article, the adopted housing element or amendment shall be considered in substantial compliance with this article until the earlier of the following:~~

~~(1) The date the department determines that a newly adopted housing element or amendment is in substantial compliance with this article.~~

~~(2) Two hundred seventy days after a court order, writ, or judgment, is issued in accordance with Section 65754 requiring the local agency to bring its housing element into compliance.~~

~~(c) For purposes of this section, a "determination by a court of competent jurisdiction" shall refer only to a determination of substantial compliance.~~

**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

City of Redondo Beach

### *Support If Amended*

American Planning Association California Chapter

California State Association of Counties

League of California Cities

Rural County Representatives of California

Urban Counties of California

### Opposition

California YIMBY

South Pasadena Residents for Responsible Growth

### *Oppose Unless Amended*

California Rural Legal Assistance Foundation.

Public Advocates

Public Interest Law Project

Western Center on Law & Poverty

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2748 (Quirk-Silva) – As Introduced February 20, 2026

**SUBJECT:** Building standards: affordable housing developments: electric vehicle charging

**SUMMARY:** Exempts new or existing affordable housing projects for which a permit application is submitted between January 1, 2025, and December 31, 2035, from specified electric vehicle (EV) charging receptacle installation requirements in the 2025 California Green Building Standards Code, including any subsequent editions, and instead requires the affordable housing project to comply with the EV charging receptacle installation requirements in the 2022 edition of the California Green Building Standards Code. Specifically, **this bill:**

- 1) Exempts a new or existing affordable housing development, as defined, for which a permit application is submitted between January 1, 2025, and December 31, 2035, from the requirements for installation of low power Level 2 or higher EV charging receptacles, as specified, in the 2025 California Green Building Standards Code.
- 2) Specifies the exemption in 1) includes any subsequent editions and any other state or local building standards requiring the equivalent.
- 3) Requires a new or existing affordable housing development for which a permit is submitted between January 1, 2025, and December 31, 2035, to comply with the applicable requirements for installation of low power Level 2 or higher EV charging receptacles in the 2022 edition of the California Green Building Standards Code.
- 4) Defines “affordable housing development” as a housing development project in which 100% of the units, excluding managers’ units, are restricted by deed, regulatory restriction contained in an agreement with a governmental agency, or other recorded document, as affordable housing for persons and families of low or moderate income, as specified, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of low or moderate income, as specified.
- 5) Includes a sunset date of January 1, 2037.
- 6) Makes findings and declarations that reducing cost in affordable housing development is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 1 of this bill applies to all cities, including charter cities.

**EXISTING LAW:**

- 1) Pauses changes to building standards affecting residential units at the state and local level from October 1, 2025, to June 1, 2031, with limited exceptions. (Health and Safety Code (HSC) Section 18929.1(c), HSC 18930(g), HSC 17958(b))
- 2) Establishes the California Building Standards Commission (CBSC) within the Department of General Services and requires the commission to approve and adopt building standards and

to codify those standards in the California Building Standards Code. Requires CBSC to publish editions of the code in its entirety once every three years. In the intervening period the commission must publish supplements as necessary. (HSC 18942 and 18930)

- 3) Requires CBSC to receive proposed building standards from a state agency for consideration in an 18-month code adoption cycle. Requires CBSC to adopt regulations governing the procedures for 18-month code adoption cycle, which must include adequate provision of the following:
  - a) Public participation in the development of standards;
  - b) Notice in written form to the public of the compiled building standards with justifications;
  - c) Technical review of the proposed building standards and accompanying justification by advisory boards appointed by CBSC; and
  - d) Time for review of recommendations by the advisory boards prior to CBSC taking action. (HSC 18929.1)
- 4) Requires proposed building standards that are submitted to CBSC for consideration to be accompanied by an analysis completed by the appropriate state agency that justifies approval based on the following criteria:
  - a) The building standard does not conflict with, overlap, or duplicate other building standards;
  - b) The proposed standard is within the parameters of the agency's jurisdiction;
  - c) The public interest requires the adoption of the building standard;
  - d) The standard is not unreasonable, arbitrary, unfair, or capricious;
  - e) The cost to the public is reasonable, based on the overall benefit to be derived from the building standard;
  - f) The standard is not unnecessarily ambiguous or vague; and
  - g) The applicable national specifications, published standards, and model codes have been appropriately incorporated into the standard. (HSC 18930)
- 5) Establishes building standards for EV charging infrastructure and charger installation in new residential and non-residential development. Pursuant to the CALGreen Code, requires future EV capacity when certain additions and alterations of existing parking facilities (Sections 4.106.4, 4.106.4.2 and 5.106.5.3, Title 24, Part 11, California Code of Regulations)

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's statement:** According to the author, "California's housing crisis requires us to make hard choices about what comes first. We are committed to our climate goals, but we cannot keep adding costs that stall affordable housing before it even breaks ground. For the families we serve, the question is not about charging infrastructure, it is about whether they can find a safe, stable place to call home."

AB 2748 keeps us focused on building now. It gives affordable housing the breathing room to move forward without abandoning our long-term climate goals. When we talk about equity, it starts with whether we build housing people can actually live in. This bill helps us do that, and it helps us do it now."

**Housing crisis in California:** California's housing shortage has developed over many decades. Long-term underbuilding has left the state with far fewer homes than needed, driving up both rents and home prices. As costs rise, many residents are forced to prioritize housing over essentials like food, medical care, child care, and transportation, which reduces overall quality of life. Roughly one in three households does not earn enough to cover basic needs, and in 2024 more than 187,000 people in California were experiencing homelessness on any given night.

Over the past decade, the state has built fewer than 100,000 homes annually, with fewer than 10,000 affordable units produced each year. Expanding housing supply across both market-rate and deed-restricted affordable categories is widely viewed as necessary to ease cost pressures and improve access to housing across income levels.

The effects of the housing crisis are not evenly distributed. Research and testimony from the Turner Center for Housing Innovation at University of California, Berkeley indicate that lower-income households, single-earner families, Black and Latino Californians, younger and older residents, and those living in or seeking to move to high-cost regions experience the most severe impacts.

**Climate mitigation efforts and EV charging need:** The California Global Warming Solutions Act of 2006 was passed as AB 32 (Núñez), Chapter 488, Statutes 2006 and established California's core climate framework by requiring the state to reduce greenhouse gas emissions to 1990 levels by 2020, and then an 80% reduction below 1990 levels by 2050. Later, SB 32 (Pavley), Chapter 249, Statutes of 2016, strengthened the framework by setting a new target of reducing emissions to 40% below 1990 levels by 2030. More recently, AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022, added a long-term goal requiring the state to achieve carbon neutrality by 2045 and maintain net negative emissions, extending the state's climate policy beyond fixed percentage reductions toward a net-zero emissions framework.

According to the California Air Resources Board, the transportation sector is the largest source of emissions in the state, accounting for roughly 40% of total greenhouse gas emissions in recent years. Within that sector, light-duty passenger vehicles, including cars, SUVs, and pickup trucks, are the largest source of transportation-related emissions.

To address this issue and help the state reach its emissions reductions targets, Governor Brown signed Executive Order B-16-2012, which established a goal of putting 1.5 million zero emissions vehicles (ZEV) on California's road by 2025. Governor Brown revised California's ZEV deployment target in January 2018, by signing Executive Order B-48-18. This order called

for deploying five million ZEVs in California by 2030. The order also increased ZEV infrastructure targets. Specifically, the order establishes a goal of installing 200 hydrogen fueling stations and 250,000 EV chargers, including 10,000 direct current fast chargers, by 2025. In 2020, Governor Newsom issued Executive Order N-79-20, directing the state to require that all new passenger cars and trucks sold in California be zero-emission by 2035. The state currently has over 1.9 million EVs on the roads and over 200,000 chargers to support them as of September 2025, according to the California Energy Commission. This is more than double the number of chargers statewide in 2022, and nearly five times as many as in 2019.

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

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

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

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

HCD is responsible for the standards for residential buildings, hotels and motels. The California Building Code and California Residential Code govern general standards for multifamily and single-family residential construction. The Office of the State Fire Marshal is responsible for adopting building standards focused on fire and panic safety for residential occupancies. Within the codes, there are certain requirements that are mandatory for all newly constructed dwellings or buildings, and certain provisions that are optional or voluntary – meaning the requirements must be followed only if an entity chooses to construct certain items or systems.

As a matter of practice, the Legislature typically offers guidelines or directs agencies to consider certain standards, rather than requires the adoption of specific standards, in order to provide

flexibility and allow for subject matter experts to determine appropriateness and weigh the many considerations that must be evaluated when recommending new or modified building standards.

***Numerous Directives and Mandates Leading to Standards Freeze:*** The Legislature and Governor have enacted multiple additional directives to research and propose new building standards in recent years, including for rainwater catchment, EV charging, water efficiency and reuse, adaptive reuse projects, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders or the adopting agencies themselves (rather than the Legislature), like solar panel mandates and fire sprinkler requirements. There are several legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos regarding the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable.

In response to concerns regarding the rapid pace of modifications to building standards, the deadly Los Angeles fires of January 2025, and a need to find methods to stem increases in housing construction costs, the Legislature and Governor enacted several significant changes to building standards in the 2025 housing budget trailer bill, AB 130 (Committee on Budget), Chapter 22. The most significant change is a freeze to any new building standards or changes to existing building standards affecting residential units at both the state and local level until 2031, with limited exceptions.

AB 130 (Committee on Budget) also curtailed the practice of incorporating significant new building standards into the codes via the intervening code cycle (instead only technical or emergency changes may be made in this manner), and allowed phased residential developments utilizing model home designs to continue using approved building permits until those designs substantially change or for a period of 10 years, rather than at each new code cycle

***California Green Building Standards (CALGreen):*** In 2010, the CBSC adopted CALGreen, which included both mandatory and voluntary building standards. The purpose of CALGreen is to improve public health, safety, and general welfare by enhancing the design and construction of buildings through the use of building concepts having a reduced negative impact or positive environmental impact and encouraging sustainable construction practices in five categories: planning and design; energy efficiency; water efficiency and conservation; material conservation and resource efficiency; and environmental quality. Cities and counties also have the administrative authority to exceed the CALGreen standards and adopt more protective standards which apply to their jurisdiction.

CALGreen is updated on a regular three-year cycle as part of California's broader building standards update process. The CBSC oversees the adoption of each new edition, while multiple state agencies develop and propose updates within their areas of authority. Each iteration of CALGreen continues to refine and expand requirements, including more stringent water efficiency measures, EV charging infrastructure readiness, and construction waste diversion thresholds, reflecting California's evolving environmental and climate policy goals.

In new residential construction, the regulations require that parking spaces include infrastructure to support EV charging, but the level of requirement varies by housing type. For single-family homes, at least one parking space must typically be EV capable, meaning it includes a dedicated circuit and panel capacity for a future charger. For multifamily housing, the requirements scale based on the number of units and parking spaces and include a mix of EV capable spaces (basic electrical capacity), EV ready spaces (with conduit and wiring installed), and a smaller percentage of spaces with installed charging equipment. These standards apply to apartments, condominiums, and mixed-use residential developments and are intended to reduce future retrofit costs as EV adoption increases.

For existing buildings, the requirements are more limited and do not impose broad retroactive EV requirements on all properties. Instead, EV infrastructure requirements are typically triggered only when a project involves new construction, additions, or certain alterations that affect parking facilities or electrical systems. Under CALGreen, when multifamily or nonresidential buildings undergo qualifying alterations, the code may require the installation of EV capable or EV ready infrastructure in a portion of parking spaces, depending on the scope of work and number of spaces. However, routine remodels that do not impact parking or electrical capacity generally do not trigger these requirements.

**2022 CALGreen vs. 2025 CALGreen:** As mentioned previously, CALGreen establishes EV charging infrastructure requirements for multifamily housing in Sections 4.106.4.2.2 and 4.106.4.3. Initially, the 2022 CALGreen edition, required for newly constructed multifamily buildings with 20 or more dwelling units, a tiered framework: 10% of parking spaces must be EV capable, 25% must be EV ready with low-power Level 2 receptacles, and 5% must include installed Level 2 EV supply equipment (EVSE), with at least one charger located in common-use parking where such parking is provided (2022 CALGreen, Section 4.106.4.2.2). For existing buildings, the 2022 code does not impose retroactive requirements but instead applies when parking facilities are added or altered, in which case 10% of those added or altered spaces must be made EV capable (2022 CALGreen, Section 4.106.4.3). During the intervening period, the July 2024 Supplement was adopted and made changes to the EV charging requirements effective July 1, 2024. Under the July 2024 Supplement, 40% of the total number of parking spaces must be EV ready equipped with low power Level 2 EV charging receptacles, as specified, and 10% of the total number of parking spaces must be equipped with Level 2 EV chargers.

Effective January 1, 2026, the 2025 CALGreen edition revises Section 4.106.4.2.2 to expand EV requirements for multifamily housing and restructures how those requirements are applied. Under the 2025 code, EV charging receptacle requirements are tied more directly to dwelling units and parking configuration, including assigned, unassigned, and mixed parking. The updated provisions require installation of low-power Level 2 charging receptacles in an amount determined by the number of dwelling units and available parking spaces, rather than relying solely on fixed percentages of total parking (2025 CALGreen, Section 4.106.4.2.2). Specifically, where dwelling units are provided with assigned parking spaces equal to or greater than the number of dwelling units, at least one low power Level 2 EV charging receptacle must be provided at an assigned parking space for each dwelling unit. In the case where the total number of dwelling units exceeds the number of assigned parking spaces, all assigned parking spaces must be provided with one low power Level 2 charging receptacle. Similarly, for unassigned parking, at least one low power Level 2 EV charging receptacle must be provided at an unassigned parking space for each dwelling unit. For parking facilities with a mix of assigned and unassigned parking spaces equal to or greater than the number of dwelling units, at least one

low power Level 2 EV charging receptacle must all be provided for each dwelling unit at either the assigned or unassigned parking space, but not both.

The 2025 code also increases the minimum number of installed EV chargers by requiring 25% of unassigned or common-use parking spaces, not already provided with lower power Level 2 EV charging receptacles, include Level 2 EV chargers. The 2025 code adds more detailed electrical provisions, including requirements related to branch circuits and the use of load management systems (2025 CALGreen, Section 4.106.4.2.2). The alterations provisions in Section 4.106.4.3 remain trigger-based in the 2025 edition, such that when existing parking facilities are altered or new parking spaces are added to existing parking facilities and the work requires a building permit, each parking space added or altered must have access to either a low power Level 2 EV charging receptacle or Level 2 EV charger. However, the regulation allows for an exception if the project builder or designer determines these addition or alteration requirements infeasible and the local enforcement agency concurs.

***This bill:*** This bill exempts new or existing 100% affordable housing developments from the 2025 CALGreen EV charging requirements, including any subsequent editions or any other state or local building standards requiring the equivalent, until December 31, 2035, and instead requires those developments to comply with the 2022 CALGreen EV charging requirements. This bill specifies that 100% of the units in the affordable housing development are for persons and families of lower or moderate income (i.e., incomes that do not exceed 120% of the area median income). Proponents provided the committee with initial cost estimates for complying with the EV charging requirements in 2025 CALGreen. EV ready infrastructure costs approximately \$2,000 per unit today, rising to \$2,500–\$3,000 per unit under the proposed code changes, while fully installed Level 2 chargers can cost \$5,000–\$15,000 per parking space, excluding major utility upgrades. For a 100-unit apartment complex, these requirements can translate into hundreds of thousands of dollars in added costs. According to the author, without a sustained funding source for affordable housing, any additional costs like those associated with the EV charging requirements can threaten the viability of a project.

***Arguments in support:*** According to the California Housing Consortium and the California Council for Affordable Housing, the co-sponsors of this bill, “California is in the midst of a housing crisis and the state is facing a shortage of more than one million homes affordable to low-income people. Over the past several years, our state leaders have acknowledged the high cost of building housing in California and have highlighted the need to take meaningful measures to control the cost of construction. Allowing this requirement to be implemented would be in conflict with the state’s interest in reducing development costs.” “Affordable housing operates under uniquely constrained financial conditions. Rents are capped by state and federal affordability requirements and cannot be increased to absorb new mandates. Affordable housing projects lack flexibility to offset rising costs. As a result, added requirements, including the expanded EV charger readiness requirement, often force developers to reduce project scope, eliminate units, or delay or abandon projects entirely. Every dollar added to development costs directly undermines the ability to maximize unit production and serve more low-income Californians.”

***Arguments in opposition:*** According to the National Charging Access Coalition and the California Electric Transportation Coalition, “As gas prices surge and the cost of EVs drop, low-income and disadvantaged communities are precisely those who most need and deserve access to the most affordable, reliable, and safe place to charge: at home. In California, the cost to charge

at a public charging station is often much more expensive than home charging. Having access to residential electricity rates is incredibly valuable. In recent weeks, California EV drivers who charge at home have widened their fuel cost savings advantage over gasoline car drivers to \$166/month (which adds up to nearly \$2000 per year).” “Therefore, if a new affordable housing project provides parking, it’s vital that one parking space for each of those housing units has a way to charge an EV. Without access to home charging, few, if any, of the residents will be able to take advantage of what are rapidly becoming the most affordable cars on the market – used EVs – and the least expensive way to fuel them – charging at home.” “Some skeptics may argue that most residents of affordable housing don’t drive an EV, so why do they need charging? The reality is, the number one barrier to owning an EV is not the purchase price – it’s the lack of at-home charging. Denying affordable housing residents access to home charging because they don’t (currently) drive EVs is a self-fulfilling prophecy, perpetuating barriers to full participation in the EV revolution.”

***Related Legislation:***

*AB 130 (Committee on Budget), Chapter 22, Statutes of 2025.* Prohibits the CSBC and any other adopting agency, from October 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units, with limited exceptions. Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from October 1, 2025 until June 1, 2031, with limited exceptions. 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 October 1, 2025, until June 1, 2031, with limited exceptions.

*SB 1482 (Allen, 2022).* Required HCD to research, develop, and propose mandatory building standards for EV charging infrastructure in parking spaces in multifamily dwellings. *SB 1482 was vetoed by the Governor. The Governor’s veto message reads:*

*To the Members of the California State Senate:*

*I am returning Senate Bill 1482 without my signature.*

*This bill requires the Department of Housing and Community Development to research, develop, and consider proposing for adoption mandatory building standards for the installation of electric charging infrastructure for parking spaces in new, multifamily dwellings.*

*I agree with the author's intent to increase access to EV charging technology for Californians living in multifamily housing, which is necessary to increase the number of zero emission vehicles on the road. However, I believe this issue is best addressed administratively in order to balance our charging objectives with our efforts to expand affordable housing.*

*The Department of Housing and Community Development is already working with numerous stakeholders and state agencies in a deliberative public process to aggressively expand mandatory EV charging requirements in new housing developments. This approach allows for other important considerations, such as the cost of affordable housing and feasibility of implementation.*

*For these reasons, I cannot sign this bill.*

*Sincerely,*

*Gavin Newsom*

*AB 1738 (Boerner Horvath), Chapter 687, Statutes of 2022.* Requires HCD to research and develop building standards for EV charging stations when retrofits are completed in existing residential structures and gives HCD the option of proposing those standards for adoption.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Council for Affordable Housing (Sponsor)  
California Housing Consortium (Sponsor)  
American Planning Association, California Chapter  
Bay Area Council  
California Coalition for Rural Housing  
California Council for Affordable Housing  
California Housing Partnership  
Habitat for Humanity California  
Housing California  
LeadingAge California  
MidPen Housing Corporation  
Non-profit Housing Association of Northern California  
People's Self-help Housing  
Resources for Community Development  
San Diego Housing Federation  
Self-help Enterprises  
The Two Hundred for Homeownership

**Opposition**

National Charging Access Coalition  
350 Bay Area Action  
Acterra: Action for a Healthy Planet  
Advanced Energy United  
American Resilience Project  
California Electric Transportation Coalition  
California Environmental Voters  
Carbon Free Palo Alto  
Center for Environmental Health  
Clean Earth 4 Kids  
Climate Action California  
Coalition for Clean Air  
Community Environmental Council  
Electric Vehicle Association  
Environmental Protection Information Center  
EV Plugbox  
GreenLatinos

Green Technical Education & Employment (Green Tech)  
Mothers Out Front Silicon Valley  
Natural Resources Defense Council  
Peninsula Interfaith Climate Action  
Plug In America  
Project Green Home  
Redwood Energy  
Sacramento Electric Vehicle Association  
San Francisco Bay Physicians for Social Responsibility  
Santa Cruz Climate Action Network  
Sierra Club California  
Union of Concerned Scientists  
Unitarian Universalist Church of Palo Alto Green Sanctuary Committee  
US Green Building Council  
Individuals (1)

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

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 417 (Cabaldon) – As Amended January 22, 2026

**SENATE VOTE:** 30-9

**SUBJECT:** The Affordable Housing Bond Act of 2026

**SUMMARY:** Authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion bond on the November 3, 2026, ballot to fund affordable multi-family housing and supportive housing. Specifically, **this bill:**

- 1) Authorizes \$10 billion in general obligation bonds at the November 3, 2026, statewide general election to fund the following programs:
  - a) \$5.25 billion to Multifamily Housing Program (MHP). At least 10% of units in a MHP development must be available for extremely low-income households;
  - b) \$1.75 billion to supportive housing administered through the MHP program. Requires HCD to offer capitalized operating subsidy reserves for supportive housing developments receiving funding;
  - c) \$800 million for the Portfolio Reinvestment Program, which provides funding to rehabilitate, fund short-term capitalized operating subsidy reserve, and extend the long-term affordability of HCD-funded rental multifamily housing projects that are at-risk of conversion to market-rate housing;
  - d) \$250 million for the Tribal Housing Grant Program;
  - e) \$500 million for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units (*i.e.*, unsubsidized housing that may naturally be affordable) and the attachment of long-term affordability restrictions to the units;
  - f) \$1 billion to the CalHOME Program and the My Home down payment assistance program administered by CalHFA;
  - g) \$250 million to the Joe Serna, Jr. Farmworker Housing (Serna) Program and a dedicated program for tribes to finance housing and housing related activities that will enable tribes to rebuild and reconstitute their communities; and
  - h) \$200 million for wildfire prevention, rental assistance, and affordable housing construction.
- 2) Authorizes the Legislature to amend any law related to programs which have been allocated funds by the bond to further improve the efficacy and effectiveness of those programs.
- 3) Authorizes the Legislature to reallocate funds authorized by the bond to effectively promote affordable housing in the state.

- 4) Authorizes HCD to disperse funds made available through the bond to housing developments during the construction period.
- 5) Includes the following definitions:
  - a) “Board” means HCD for programs administered by the department and CalHFA for programs administered by the agency;
  - b) “Committee” means the Housing Finance Committee; and
  - c) “Fund” means the Affordable Housing Bond Act of 2026.
- 6) Authorizes the Committee, upon a request by the board, to determine whether or not it is necessary and desirable to issue bonds, upon a request by the board, and if so, the bonds will be issued and sold.
- 7) Authorizes the board to request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account to support the bond.
- 8) Includes an urgency clause.

**EXISTING LAW:**

- 1) Authorized the Veterans and Affordable Housing Bond Act of 2018, which provided \$4 billion in funding, including \$1 billion for the Department of Veterans Affairs (CalVet) program and \$3 billion for various affordable housing programs.
- 2) Establishes the Multifamily Housing Program (MHP) at the California Department of Housing and Community Development (HCD) to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers.
- 3) Establishes the Portfolio Reinvestment Program to provide loans or grants to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of HCD-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 10 years, or are otherwise at-risk for conversion to market-rate housing.
- 4) Establishes the Energy Efficiency Low-Income Weatherization Program, which provides technical assistance and incentives for the installation of energy efficiency measures and solar photovoltaic systems in low-income multifamily dwellings serving priority populations.
- 5) Establishes the Joe Serna, Jr. Farmworker Housing Grant Program (Serna Program) at HCD to finance the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.
- 6) Establishes CalHOME at HCD to provide grants to local public agencies and non-profit developers to assist individuals and households through deferred-payment loans. The funds provide direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions.

- 7) Authorizes CalHFA to provide first time homebuyer assistance, including but not limited to a deferred-payment, low-interest, subordinate mortgage loan, including down payment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income households.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

**Author's Statement:** According to the author, "California has provided affordable housing developers with new tools to streamline permitting for affordable housing on hundreds of thousands of parcels throughout the state. Unlocking the promise of the state's landmark housing policies requires cash to move to construction. SB 417 proposes placing the \$10 billion Affordable Housing Bond Act of 2026 on the November ballot, allowing voters to decide whether to make a critical investment in expanding the state's affordable housing stock.

This bond would also enable California to leverage matching federal resources, including federal housing tax credits, maximizing the impact of state dollars. The Affordable Housing Bond Act of 2026 represents a necessary and effective step toward addressing the housing crisis Californians face every day."

**Affordable Housing Need:** According to the 2022 Statewide Housing Plan, to meet California's unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing per year.

Furthermore, the state's homelessness crisis is driven by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP's) Housing Need Dashboard, in the current market, over 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.

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 affordable 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.

**Affordable Housing Funding:** Developing housing that is affordable to very low- and low-income families requires some amount of public investment. Due to the high cost of land and construction materials and significant regulatory barriers, the private market does not build

housing that is affordable for lower income households. The state provides public subsidies to non-profit and for-profit developers to build affordable housing that is deed restricted for 55 years. It is important to note that a single affordable housing unit serves more than one individual over the course of its 55-year affordability term. Most affordable housing units will serve 17.5 people over the term. Historically, the state has funded affordable housing production through voter-approved bonds and low-income housing tax credits (LIHTC). Only in the last few years have the Legislature and the Governor allocated General Fund dollars to affordable housing.

Beginning in 2019, an unprecedented \$8 billion in General Fund has gone to a variety of affordable housing programs. According to the Legislative Analyst's Office, while the budget picture is fair for the upcoming year, the outlook suggests that the state faces double-digit operating deficits in the years to come. The last voter-approved bond, the Veterans and Affordable Housing Bond Act of 2018, authorized \$3 billion to fund state affordable housing programs and \$1 billion for the CalVet program, which provides mortgages to veterans. All of the funding from the bond, including \$1.5 billion for the state's flagship affordable multi-family rental housing program – MHP – has been fully allocated.

In addition to bond proceeds and the General Fund, the federal and state government both subsidize affordable housing through LIHTC. The federal government offers two forms of tax credits, a 9% and a 4% credit. The 9% credit equates to approximately \$109 million in annual subsidy. The 4% credits are unlimited but must be paired with private activity bonds (PABs), which are capped. Since 1986, the state has offered a state LIHTC that generally equates to about \$100 million each year. In 2019, AB 101 (Budget Committee, Chapter 159) was signed into law, providing an additional \$500 million in "enhanced" state LIHTCs in 2020 and future years, subject to appropriation. Twenty-five million of the \$500 million in enhanced LIHTC is available for farmworker housing developments. The enhanced LIHTC must be paired with 4% federal credits in an effort to capitalize on the unlimited nature of those credits and to leverage PABs. The Governor did not include any funding for affordable housing in his January budget, including zeroing out the \$500 million in enhanced state LIHTC that has been allocated since 2019.

In 2025, H.R.1 lowered the private activity bond (PAB) financing threshold from 50% to 25% of land and building costs. Due to this change, affordable housing developments financed with PABs issued after Dec. 31, 2025, qualify for 4% LIHTCs with much fewer bonds than before. As a result, the PABs and 4% LIHTC will be able to stretch much further than in the past. To fully leverage this change, the state will need additional gap financing to pair with these PABS and credits. Estimates suggest that the state may be able to double our affordable housing production, from 20,000 to 40,000 units, with the additional bond cap.

***Other Funding for Affordable Housing:*** In 2017, the Legislature passed SB 2 (Atkins), Chapter 364, which created a permanent funding source for affordable housing through a \$75 recording fee on real estate documents, excluding those recorded at the time of sale of a property. The fee generates between \$300 million and \$500 million each year. Seventy percent of the funds must go directly to counties to spend on housing priorities. The remaining 30% is split between the CalHFA Mixed Income Housing program, the Joe Serna, Jr. Farmworker Housing Program, and funds for state incentive programs.

The Affordable Housing and Sustainable Communities (AHSC) Program is one of the state's few affordable housing programs that receives ongoing funds. The program is funded by a

continuous appropriation of 20% of funds from the Greenhouse Gas Reduction Fund (GGRF), funded by proceeds of the cap-and-trade system. Because AHSC is a GHG reduction program, applicants who receive awards are responsible for monitoring and reporting their projects' emissions reductions using a quantification methodology certified by the California Air Resources Board. Since 2015, there have been ten rounds of AHSC funding, investing \$2.5 billion in affordable housing to produce 15,324 affordable housing units and reducing 4.4 million tons of CO<sub>2</sub>e. In 2025, the budget extended the GGRF through 2045, and the investments were adjusted so that AHSC was locked in at \$800 million a year, provided Cap and Invest proceeds are maintained.

***Supportive Housing:*** Supportive housing combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities. The state has funded supportive housing through MHP and the No Place Like Home Program (NPLH). NPLH authorized the state to issue \$2 billion in General Obligations bonds against revenues from the Mental Health Services Act – a 1% tax on millionaires in the state. Those funds supported the construction of over 7,000 supportive housing units, and the funds are now exhausted. The voters passed Proposition 1 in March of 2024 to strengthen California's behavioral health system by funding mental health treatment, substance use disorder services, and supportive housing for veterans and individuals facing homelessness. The Proposition 1 bond included \$1.98 billion for supportive, with \$1.065 billion designated for veterans and \$922 million for other people experiencing or at risk of homelessness with behavioral health challenges. SB 417 would provide \$1.75 billion to supportive housing for people at risk or experiencing homelessness. In addition, the bond would require that 10% of any units created through MHP go to people who are extremely low-income (at or below 30% of area median income), who may be at greater risk of homelessness.

***Other Programs:*** SB 417 would require a portion of the bond proceeds to go toward a program to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. SB 1187 (McGuire), Chapter 295, Statutes of 2024, created the Tribal Housing Grant Program (THGP) at HCD for the construction and rehabilitation of rental and for-sale housing. SB 417 also references funding for a program to be created by the Legislature that funds the acquisition and rehabilitation of unrestricted housing units and attachment of long-term affordability restrictions to the units. SB 490 (Caballero) of 2022 and SB 225 (Caballero) of 2024 would have created such a program, but both bills were held at various stages during the legislative process. In addition, SB 417 would set aside \$200 million for wildfire prevention, rental assistance, and affordable housing construction.

***Funding Infrastructure:*** Funding for infrastructure was significantly reduced with the loss of redevelopment over a decade ago. The Legislature has prioritized policies and funding for infrastructure for mixed income and affordable housing. The Infrastructure Grant (IIG) Program was created in 2007 to provide funding for infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. Under the program, developers and local governments can partner to apply for infrastructure funding, including the development or rehabilitation of parks or open space; water, sewer, or other utility service improvements; streets; roads; sidewalks; and environmental remediation. Originally, bond funding was provided for the program through the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) and the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). Since 2019-20, the budget included \$775 million General Fund for the IIG Program. The IIG program was changed in 2019 to include funding for small jurisdictions, ensuring that funds were allocated across the

state. The program includes a 10% set-aside in rural areas and allows a local government to apply for funding without a developer partner. The funds can be used in areas where developers are not building because the infrastructure is not adequate to support development.

In 2022, through the budget process, the state created an IIG Catalytic program with the goal of providing financial assistance for Capital Improvement Projects (CIPs or Projects) that are necessary to facilitate the development of Catalytic Qualifying Infill Areas. Sites and parcels that make up Catalytic Qualifying Infill Areas must have been either previously developed (within the last ten years) or largely surrounded by sites developed with Urban Uses. IIG does not directly fund the construction of housing units, but is estimated to have supported the creation of 10,628 homes between 2019-20 and 2022-23. SB 417 includes some funding for IIG as part of the \$5.25 billion allocated to MHP, but does not specify the amount that would go to IIG.

***Differences Between SB 417 and AB 736 (Wicks) (2026):*** This bill funds all of the same programs as AB 736, also a \$10 billion affordable housing bond, that is pending hearing in Senate Housing Committee, with a few differences. SB 417 has an additional \$25 million in MHP; includes IIG in the MHP funding for the bond but does not specify how much goes to the program, includes \$100 million less for the Joe Serna Jr. Farmworker Housing Program, and includes \$200 million for a new wildfire prevention, rental assistance, and affordable housing construction program

***Arguments in Support:*** A larger coalition of affordable housing organizations writes in support of this bill, “the Affordable Housing Bond Act of 2026 (SB 417, Cabaldon) comes at a crucial time for California. Historically, the state has used voter-approved General Obligation bonds to fund the construction and rehabilitation of affordable housing. However, the \$3 billion bond funds authorized by the Veterans and Affordable Housing Bond Act of 2018 was fully allocated by the end of 2024. Further, recent federal changes make it possible for California to nearly double affordable housing production, but only if the State invests \$4.1 billion annually to leverage \$6.7 billion in available federal funding. The average state investment in affordable housing leverages public and private dollars at a rate of 5 to 1. Without additional state resources, we cannot take full advantage of 4% federal Low-Income Housing Tax Credits, leaving billions of dollars of federal assistance on the table.”

***Arguments in Opposition:*** Habitat for Humanity is opposed to this bill unless it is amended to specify that 10% of the bond proceeds go to CalHOME. This bill currently designates \$1 billion to the CalHOME Program and the My Home down payment assistance program administered by CalHFA, but does not specify how much would be allocated to each program.

### **Related Legislation:**

*AB 736 (Wicks) of this legislative session* would place a \$10 billion bond on the November 2026 ballot. This bill is scheduled to be heard in Senate Housing Committee on April 21, 2026.

### **REGISTERED SUPPORT / OPPOSITION:**

#### **Support**

A Community of Friends

ACCE Action

Affordable Housing Management Association-northern CA Hawaii

AIDS Healthcare Foundation  
All Home  
Alliance for Housing and Healing  
Allied Framers  
Alta Housing  
Amazon.com  
American Federation of State, County and Municipal Employees, AFL-CIO  
Architects Fora  
Asian Americans Advancing Justice Southern California  
Associated General Contractors, California Chapters  
Bay Area Council  
Berkeley City Councilmember Igor Tregub  
Better Opportunities Builder  
Board of Supervisors for the City and County of San Francisco  
Brilliant Corners  
Brooks + Scarpa  
Buen Vecino  
Burbank Housing  
CAA Consultants  
Cabrillo Economic Development Corporation  
California Apartment Association  
California Coalition for Community Investment  
California Coalition for Rural Housing  
California Community Land Trust Network  
California Housing Consortium  
California Rural Legal Assistance Foundation  
Care CLT Champions for Progress.  
Chelro Care Institute  
Christian Church Homes  
City of Riverside  
City of Santa Ana Councilwoman Jessie Lopez  
City of Soledad  
City of Thousand Oaks  
Coachella Valley Housing Coalition  
Community Corp. of Santa Monica  
Corporation for Supportive Housing  
Council of Community Housing Organizations  
Council of Community Housing Organizations  
Courage California  
Destination: Home  
EAH Housing  
East Bay Housing Organizations  
East Bay YIMBY  
Eden Housing  
Eden I&R  
End Poverty in California  
Enterprise Community Loan Fund  
Enterprise Community Partners  
Episcopal Community Services of San Francisco

Eviction Defense Network  
Evolve California  
Fantastic Calculator  
Firm Foundation Community Housing  
FSY Architects  
Gubb & Barshay  
Homebase  
Hope Cooperative  
Hope Solutions  
Housing Action Coalition  
Housing Authority of City of Santa Paula  
Housing Authority of the City of San Buenaventura  
Housing Authority of the City of San Luis Obispo  
Housing California  
Human Good  
Larkin Street Youth Services  
League of Women Voters of California  
Legal Aid of Sonoma County  
Lifehouse, INC  
LifeSTEPS  
Lift to Rise  
Linc Housing  
LISC San Diego  
Long Beach Gray Panthers  
Los Angeles County Affordable Housing Solutions Agency  
Making Housing and Community Happen  
Many Mansions  
Merritt Community Capital Corporation  
Michelson Center for Public Policy  
MidPen Housing  
Mithun  
Mogavero Architects  
Monterey Bay Economic Partnership  
Monterey Peninsula YIMBY  
Mountain View YIMBY  
Multi-faith Action Coalition  
National Alliance to End Homelessness  
Our Future Los Angeles  
Pep Housing  
Pico California  
PolicyLink  
Public Interest Law Project  
Redwood Community Services  
Related California  
Renewal Enterprise District  
Sacred Heart Community Service  
Saida + Sullivan Design Partners  
San Francisco Community Land Trust  
San Francisco YIMBY

Santa Clara County Housing Authority  
Self Help Enterprises  
Self-help for the Elderly  
Serving Seniors  
Sierra Business Council  
Silicon Valley Community Foundation  
SOMOS Mayfair  
Southern California Association of Governments  
Stinson Beach Affordable Housing Committee  
Supportive Housing Alliance  
SV@Home  
Tech Equity  
Tenderloin Neighborhood Development Corporation  
TerraCorp  
The Lived Experience Advisory Board of Silicon Valley  
The Unity Council  
Transform  
Truckee Tahoe Workforce Housing Agency  
Two Valleys Community Land Trust  
United Domestic Workers/AFSCME Local 3930  
United Wholesale Mortgage  
University of California  
Urban Habitat  
Victor Valley Family Resource Center  
WPH Holdings  
WUNZ Apparel in Action  
YIMBY Los Angeles  
YIMBY Oceanside  
Young Community Developers

**Support If Amended**

Burbank-Glendale-Pasadena Regional Housing Trust  
C&C Development  
California State University, Office of the Chancellor  
Cesar Chavez Foundation  
City of Arcadia  
City of Berkeley  
City of Brea  
City of Duarte  
City of Glendora  
City of LA Habra  
City of Mill Valley  
City of Monterey Park  
City of Palo Alto  
City of Santa Barbara  
City of South Pasadena  
County of Orange  
Housing Trust Fund Ventura County

National Core  
Orange County Housing Finance Trust  
San Gabriel Valley Council of Governments  
San Gabriel Valley Economic Partnership  
San Gabriel Valley Regional Housing Trust

**Opposition**

*None on file.*

***Oppose Unless Amended***

Habitat for Humanity California

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