California State Assembly

HOUSING AND COMMUNITY DEVELOPMENT

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MATT HANEY
CHAIR

AGENDA

Wednesday, June 24, 2026
9 a.m. -- State Capitol, Room 447

HEARD IN FILE ORDER

1.	SB 222	Wiener	Residential heat pump water heater or heat pump HVAC systems.
2.	SB 677	Wiener	Land use: housing development approvals: tax-exempt private activity bonds: subdivisions: tentative and final maps: appeals.
4.	SB 802	Ashby	Housing finance and development: Sacramento Regional Housing and Homelessness Joint Powers Authority Act.
5.	SB 908	Wiener	Residential windows: retrofitting: residential window replacement projects: California Building Code compliance.
6.	SB 1003	Grayson	Prohousing enhanced infrastructure financing districts.
7.	SB 1007	Menjivar	Common interest developments: annual reports: assessments: discipline.
8.	SB 1014	Grayson	Development projects: preliminary estimate of required improvements: onsite and offsite improvements.
10.	SB 1092	Allen	Mobilehome parks: resident organizations: option to purchase.
11.	SB 1093	Allen	Mobilehome parks: disaster assistance.
12.	SB 1116	Caballero	Planning and zoning: housing development projects: subdivisions.
13.	SB 1238	Wahab	Common interest developments: management.
14.	SB 1383	Arreguín	Housing development: density bonus: incentives or concessions: labor standards.
15.	SCR 131	Blakespear	Housing: unsheltered homelessness.

CONSENT

3.	SB 799	Allen	Joint powers authorities: South Bay Regional Housing Trust.
9.	SB 1072	Housing	Housing omnibus.

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 222 (Wiener) – As Amended June 15, 2026

SENATE VOTE: 29-8

SUBJECT: Residential heat pump water heater or heat pump HVAC systems

SUMMARY: Establishes requirements for cities and counties related to the installation of residential heat pump water heater or heat pump heating, ventilation, and air-conditioning (HVAC) system (residential heat pump systems). Makes void and unenforceable any covenants, conditions, or restrictions (CC&Rs) of a common interest development (CID) and any provision of the governing documents of a homeowners' association (HOA) that prohibits or restricts the installation or use of residential heat pump systems within the CID. Specifically, **this bill**:

1) Includes the following definitions:

    a) "Residential heat pump water heater or heat pump HVAC system" means a single heat pump water heater or heat pump HVAC system that serves one residential dwelling unit.

    b) "Swapout" means a residential heat pump water heater or residential heat pump HVAC system installation where a new heat pump water or HVAC air handler or outdoor coil is being installed in the same location on a property as the prior water heater or air handler and condenser that it is replacing. "Swapout" does not include either of the following:

        i. An installation that requires modification, replacement, or installation of more than 25 linear feet of ductwork.

        ii. An installation that replaces a package unit with a split system or a split system with a package unit.

Provisions related to CIDs and HOAs:

2) Makes void and unenforceable any provision of the governing documents, architectural guidelines, or policies of a CID if the provision prevents the replacement of a fuel-gas burning appliance with an electric appliance.

3) Makes void and unenforceable any covenant, restriction, or condition contained in any deed, contract, security instrument, other instrument affecting the transfer or sale of, or any interest in, real property, and any provision of a governing document, of a CID that effectively prohibits or restricts the installation or use of a residential heat pump water heater or heat pump HVAC system.

    a) Provides that an HOA shall not prohibit or restrict a member from installing, upgrading, replacing, or using a residential heat pump system in the member's separate interest. Prohibits an HOA from doing any of the following:

i. Charge a fee to any member in connection with the installation, upgrade, replacement, or use of a residential heat pump system;

ii. Require a member to use a specific residential heat pump system contractor or product;

iii. Claim to receive any rebate, credit, or commission in connection with a member's installation, upgrade, replacement, or use of a residential heat pump system; and

iv. Require a member to remove a residential heat pump system or prevent the replacement or upgrade of an existing residential heat pump system.

b) Specifies a) above shall not apply if the HOA establishes either of the following:

i. The installation, upgrade, replacement, or use of the residential heat pump system would violate federal, state, or local law; or

ii. A permit from a designated permitting authority is required for the installation, upgrade, replacement, or use of the residential heat pump system, and that permit is not granted.

c) Provides that nothing in 2) and 3) above shall be construed to limit or restrict the ability of an HOA to require a member whose installation, upgrade, replacement, or use of a residential heat pump system affects the common area or an exclusive use common area to be responsible for the repair of any damage to the common area or an exclusive use common area, or to another member's separate interest, that is caused by the installation, operation, maintenance, or removal of that residential heat pump system.

Provisions related to inspections:

4) Beginning July 1, 2027, requires a city, county, or city and county (cities and counties) to offer asynchronous inspections for installations of residential heat pump water heaters and heat pump HVAC systems that do not require a licensed contractor and building inspector to be simultaneously present during the inspection of an installation of a residential heat pump water heater or heat pump HVAC system.

5) Authorizes a building inspector to contact the licensed contractor who performed the installation by telephone call or real-time video conferencing during their inspection.

6) Provides that a building inspector may require the licensed contractor who performed the installation to schedule an additional inspection in which the building inspector and the licensed contractor who performed the installation must be simultaneously present during the additional inspection if, during the asynchronous inspection, the building inspector determines that there is an issue with an installation and that the licensed contractor who performed the installation must be present to perform tests or cure the installation.

a) Specifies that, if a building inspector determines during an asynchronous inspection that a contractor must be onsite in order to allow the building inspector into a place

that needs to be inspected, the building inspector may require the licensed contractor who performed the installation to schedule an additional inspection in which the building inspector and the licensed contractor who performed the installation are both required to be simultaneously present during the additional inspection, if deemed necessary by the building inspector.

7) Provides that nothing in this section shall be construed to require a city or county to discontinue offering inspection options for the installation of residential heat pump water heater or heat pump HVAC system where a building inspector and licensed contractor, who performed the installation, are simultaneously present.

Provisions related to permitting:

8) Specifies cities and counties may require up to one nondiscretionary permit per installation of a residential heat pump system in which the city or county administratively approves an application to install the residential heat pump system.

9) Provides that a city or county is not prohibited from issuing separate permits for a panel replacement or structural work conducted as part of the residential heat pump installation.

10) Provides that, notwithstanding 8) above, a city or county may require more than one nondiscretionary permit requested by a licensed contractor per installation if the building official makes written findings based upon substantial evidence that the proposed installation would have a specific, adverse impact on public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

Provisions related to standards:

11) Limits the planning or zoning or workforce labor standards that a city or county may apply, in addition to any state-level requirements, on the installation of a residential heat pump system to the following:

    a) Additional standards for setbacks for installations not to exceed 3 feet in side yards and backyards or 10 feet in front yards;

        i. If the city or county requires the submission of site plans for applications for permits for installations of residential heat pump systems, the city or county shall require only site plan information directly relevant to the installation or to determining setback compliance. Site plans shall not be required for applications for permits for a swapout.

    b) Additional standards that conform to local laws, including reach codes, designed to encourage the adoption of zero-emission equipment or improvement of building efficiency.

    c) Additional planning or zoning standards related to the installation of a residential heat pump system if the city or county adopts an ordinance that includes substantial evidence that the standard is designed to mitigate the specific, adverse impact on the public health or safety at the lowest cost possible.

d) Additional standards that regulate noise in a residential setting for inverter-based heat pump technologies, not to be less than 15 decibels higher than any statutory maximum regulating decibel limits for non-inverter-based technologies.

e) Any additional workforce labor standards. Specifies "workforce labor standards" includes, but are not limited to, the payment of prevailing wages and the employment of apprentices from apprenticeship programs approved by the Division of Apprenticeship Standards.

12) Prohibits a city or county from requiring a permit or inspection for plug-in ready window air conditioner or window heat pump HVAC systems, provided that all of the following requirements are met:

a) The appliance has a voltage rating of 120 volts or less;

b) The appliance is a self-contained unit;

c) The installation of the appliance does not require the installation of a dedicated circuit for the appliance;

d) The installation of the appliance does not require an upgrade to the electrical panel to accommodate the additional load of the appliance; and

e) The installation of the appliance does not require the installation of drainage or structural modifications.

Provisions related to automated, online permit processing:

13) Requires a city or county to implement an online automated permitting process that issues permits in real time to a licensed contractor for the installation of a residential heat pump system, on or before July 1, 2028, that meets all of the following:

a) The installation of the residential heat pump system does not require installation of a new electrical panel or structural work;

b) The installation is a swapout; and

c) The licensed contractor certifies under penalty of perjury that they have performed a load calculation to properly size the new residential heat pump HVAC equipment as specified.

14) Provides that the methods that a city or county may use to comply with the requirements in 13) above may include, but are not limited to, an automated platform that can issue permits in real time or using an online form-based system that can instantly issue permits upon completion of the online form.

15) Provides that, if the city or county requires a CF1R form at the time of the permit application, the city or county shall not otherwise require information duplicative to and supplied on the CF1R form provided by the applicant, except for the applicant's name and the residential address of the project.

16) Provides that all liabilities and immunities applicable to cities, counties, and city and counties shall apply to any permits issued through an online, automated permitting platform and any inspections conducted in connection with those permits.

Provisions related to public posting and electronic submissions:

17) Requires a city or county to publish and make publicly available a list of the requirements adopted pursuant to 11) and 12) above, any required permitting documentation, and a list of all relevant fees or fee amounts that may be imposed by the city or county on a residential heat pump system, including, but not limited to, permit fees and inspection fees, on their internet website.

18) Requires a city or county to allow an applicant to submit a permit application and associated documentation electronically, and allow the applicant to submit an electronic signature on all forms, applications, and other documentation instead of a wet signature by an applicant.

Provisions related to permit fees:

19) Prohibits a city or county from charging a permit fee for a residential heat pump system that exceeds the reasonable cost of providing the service for which the fee is charged, subject to the following limitations:

    a) The permit fee for a residential heat pump water heater system shall not exceed $150.

    b) The permit fee for a residential heat pump HVAC system shall not exceed $200.

20) Provides that the limitations in 19) above shall not be construed to apply to technology fees charged by third-party vendors for services adopted by jurisdictions to process compliance checks and issue permits.

21) Authorizes a city or county to charge a permit fee for the installation of a residential heat pump system that exceeds the fee limits in 19) above if the city or county, as part of a written finding and an adopted resolution or ordinance, provides substantial evidence of the reasonable cost to issue the permit.

22) Provides that a permit fee authorized in 21) shall be subject to all of the following requirements:

    a) The fee shall correspond to the typical reasonable cost demonstrated by the city or county for the equipment type;

    b) The fee shall be set at a regular fixed amount per appliance type; and

    c) The fee shall be listed publicly.

23) Prohibits a city or county from applying additional charges above the publicly listed fee.

Small population exemption

24) Exempts cities with a population of fewer than 5,000 persons and counties with a population of fewer than 150,000 persons, including each city within that county, from the online

automated permit issuance provisions in 13) above, the public posting and electronic submission provisions in 17) and 18) above, and the permit fee cap provisions in 19) above.

Provision related to the California Energy Commission (CEC):

25) Requires a city or county to self-certify to the CEC its compliance with any applicable provisions in 4) through 23) above if a city or county applies to receive any funding from the CEC.

EXISTING LAW:

1) Establishes the Davis-Stirling Common Interest Development Act which governs the creation and operation of CIDs, including HOAs. (Civil Code 4000 *et seq.*)

2) Declares it is the established policy of the state that all dwelling units be able to attain and maintain a safe maximum indoor temperature, as specified, and provided that it does not expand any obligation of the state to provide a safe maximum indoor temperature or require the expenditure of additional state resources to develop infrastructure beyond the obligations that exist under existing program requirements. (Health and Safety Code 17914)

3) Establishes the CEC's authority to adopt cost-effective building and appliance standards to promote the conservation of energy and water. (Public Resources Code 25402)

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's statement*:** According to the author, "Californians need relief from sky-high energy costs and the extreme temperature changes driven by climate change, and heat pumps are an essential solution to both problems. Unfortunately the permitting process for heat pumps is deeply broken, making homeowners suffer long waits, high fees, and needless hoops just to install a heat pump. SB 222, The Heat Pump Access Act, will create a standardized permitting process across the state that is faster, simpler, and cheaper for homeowners and contractors. Making these dual-use, zero-pollution air filtration and HVAC systems more accessible will help Californians build climate resilience and speed the recovery of communities impacted from climate disasters, such as Los Angeles. Updating the permitting process is also an essential step to help the state meet its goals of installing 6 million heat pumps by 2030, and achieving carbon neutrality by 2045."

***Climate action in California*:** Climate change continues to pose significant risks to California, including more extreme heat events, larger wildfires, prolonged droughts, flooding, and other climate-related impacts. Over the last twenty years, California has taken significant steps to mitigate the impacts of severe climate events. 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 an additional 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 of 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.

***Building decarbonization*:** According to the CEC, residential and commercial buildings produce 25% of the state's greenhouse gas emissions.[1] Direct emissions from the combustion of fossil fuels in buildings, primarily for space and water heating, account for 10% of all emissions of greenhouse gases in California. As a significant source of greenhouse gas emissions, residential and commercial buildings serve vital roles in allowing the state to meet its emissions reduction and carbon neutrality targets. The Legislature approved and former Governor Brown enacted AB 3232 (Friedman), Chapter 373, Statutes of 2018, which required the CEC to prepare the California Building Decarbonization Assessment. This assessment evaluated the potential to reduce greenhouse gas emissions by the state's residential and commercial building stock by at least 40% below 1990 levels by 2030 and identified strategies to achieve those reductions. In partnership with the California Public Utilities Commission and the California Air Resources Board (CARB), the assessment included among other provisions, the cost-effectiveness of strategies to reduce greenhouse gas emissions from space heating and water heating in both new and existing residential and commercial buildings. The assessment was published in August 2021, and identified seven strategies to decarbonize a building, including fostering energy efficiency through incentive programs, appliance standards, building standards, research, and financing. The assessment identified widespread electrification of space conditioning and water heating as a key strategy for reducing greenhouse gas emissions in residential and commercial buildings.

In a July 2022 letter to CARB, Governor Newsom identified several goals and actions to cut emissions in every sector to achieve both the 2030 climate goals and 2045 carbon neutrality target. Among other actions, Governor Newsom established a goal of 3 million climate-ready and climate-friendly homes by 2030 and 7 million homes by 2035, including the deployment of 6 million heat pumps statewide by 2030. According to the California Heat Pump Partnership, a public-private collective of state officials, heat pump manufacturers, retailers, distributors, utilities, and other stakeholders, an estimated 2.3 million heat pumps have been deployed throughout California as of January 2026.[2]

***CEC's Title 24 Building Code Authority*:** Existing law establishes the CEC's authority to adopt cost-effective building and appliance standards to promote the conservation of energy and water. Title 20 of the California Code of Regulations includes the CEC's appliance standards and Title 24 includes the CEC's Building Energy Efficiency Standards. California's 2025 Building Energy Efficiency Standards, or Energy Code, was updated for newly constructed, renovated buildings, and certain other existing buildings to encourage heat pump installations.

***Residential heat pump systems*:** Heat pumps systems that are used to heat water and regulate the temperature in residential spaces utilize the same technology. Unlike gas appliances that generate heat directly, heat pump equipment uses electricity to move heat from one place to another. Heat pumps can transfer heat from inside a home to the outside during the warmer months and can transfer heat into the home during the cooler months. Heat pumps are considered one of the most energy-efficient methods for heating and cooling a home and can play a critical role in achieving

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[1] https://www.energy.ca.gov/sites/default/files/2021-08/AB3232_Building_Decarbonization_Assessment_Factsheet_ADA.pdf
[2] https://heatpumppartnership.org/

multiple priorities of the state. The deployment of heat pump systems can both significantly reduce greenhouse gas emissions and offer a pathway to safer indoor temperatures as the state experiences more dangerous heat events.

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

***Davis-Stirling Common Interest Development Act*:** The Act went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The Act 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 protection. 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 play as critical role in shaping the living environment and governance of millions of residents across the state.

***This bill*:** This bill establishes several requirements of, and places a number of limitations on, local governments and CIDs to increase the number of residential heat pump systems installations statewide. Certain provisions of this bill are modeled after other permit streamlining legislation, including residential solar system installations and electric vehicle charging station installations. Other provisions are modeled after certain local jurisdictions' existing permitting programs for similar installation projects.

Asynchronous inspections: This bill requires a city or county to adopt and offer asynchronous inspections for installations of residential heat pump systems that do not require a licensed contractor and building inspector to be simultaneously present during the inspection of an installation. The building inspector may contact the licensed contractor by phone call or real-time video conferencing during their inspection. This bill allows the building inspector to require the licensed contractor to schedule an additional inspection in which both the building inspector and the contractor are simultaneously present during the additional inspection if the building inspector determines that there is an issue during the asynchronous inspection.

Permitting standards and procedures: This bill provides that, beginning January 1, 2028, a city or county may require up to one nondiscretionary permit installation of a residential heat pump system per installation in which the city or county administratively approves an application to

install the residential heat pump system. A city or county may still require separate permits for a panel replacement or structural work conducted as part of the residential heat pump system installation. A city or county may also require more than one nondiscretionary permit requested by a licensed contractor per installation if the building official makes written findings that the proposed installation would have a specific, adverse impact on public health or safety and there is no feasible method to satisfactorily mitigate or avoid the adverse impact.

According to the author, heat pump installers say that a number of barriers at the local level are slowing installations of heat pump equipment, including local architectural requirements and wide variations in requirements across local jurisdictions. In an effort to standardize the requirements that may be applied across the state, this bill limits a city or county's application of planning or zoning or workforce labor standards on the installation of a residential heat pump system, that are in addition to any state-level requirements, to the following:

- Additional standards for setbacks for installations not to exceed 3 feet in side yards and backyards or 10 feet in front yards;

- Additional standards that conform to local laws, including reach codes, designed to encourage the adoption of zero-emission equipment or improvement of building efficiency;

- Additional planning or zoning standards relating to the installation of a residential heat pump system if the city or county adopts an ordinance that includes substantial evidence that the standard is designed to mitigate the specific, adverse impact of the public health or safety at the lowest cost possible;

- Additional standards to regulate noise in a residential setting for inverter-based heat pump technologies, not to be less than 15 decibels higher than any statutory maximum regulating decibel limits for non-inverter-based technologies; and,

- Any additional workforce labor standards (e.g., payment of prevailing wage, employment of apprentices from apprenticeship programs, etc.).

Online, automated permit issuance: Some local governments currently offer instant online permitting of certain installations of water heaters or HVAC systems, including the Cities of Belmont, Irvine, Lancaster, Modesto, Oakland, San Francisco, San Jose, Santa Clarita, and Vacaville. These jurisdictions use software platforms developed by private-third parties. This bill would similarly require cities and counties exceeding specified population thresholds to implement an online, automated permitting process that issues permits in real time to a licensed contractor for the installation of a residential heat pump system that meets specified criteria. One criterion requires the installation to be a swapout. This bill defines "swapout" to mean a residential heat pump system installation here a new heat pump water heater or HVAC air handler and outdoor coil is being installed in the same location on a property as the prior water heater or air handler and condenser that it is replacing, with some exceptions. Recent amendments specify all liabilities and immunities applicable to a city or county shall apply to any permits issued through an online, automated permitting platform and any inspections conducted in connection with those permits. Some of these immunities includes Government Code sections 818.4, 818.6, and 821.2, which specify when a public entity or public employee may not be held liable for actions related to permit issuance and inspection.

Permit fee caps: Like the fee caps for residential solar system permits, this bill provides that a permit fee for a residential heat pump water heater system shall not exceed $150 and that a permit fee for a residential heat pump HVAC system shall not exceed $200. A city or county may charge a permit fee that exceeds the established limits if, by resolution or ordinance, it provides substantial evidence of the reasonable cost to issue the permit.

Public posting: This bill requires cities and counties of specified population sizes to publish and make publicly available a list of the required planning or zoning or workforce standards, any required permitting documentation, and a list of all relevant fees and fee amounts that may be imposed by the city or county on a residential heat pump system installation on their internet website.

Exemptions: This bill exempts cities with a population of fewer than 5,000 persons and a county with a population of fewer than 150,000 persons, including each city within that county, from the online automated permit issuance provisions, the permit fee cap provisions, and the public posting provisions detailed above. This bill also specifies that these requirements and limitations related to residential heat pump systems do not apply to new residential construction.

CEC funding: This bill requires a city or county to self-certify to the CEC its compliance with any applicable provisions above if a city or county applies to receive any funding from the CEC.

***Arguments in support*:** According to the Building Decarbonization Coalition, SPUR, and the Bay Area Air District, the co-sponsors of this bill, "California has set some of the nation's most ambitious targets to reduce carbon emissions, including a goal to install 6 million heat pumps statewide. This leaves 5 years to deploy over 4 million heat pumps – which will require quadrupling the current rate of installation. A heat pump installed in California today will cut emissions from space heating by 93% over the lifetime of the equipment compared to a gas furnace. In order to meet our climate and clean air targets, the state must make it easy, fast, and affordable for customers to install heat pump appliances. In the spirit of meeting these goals, California has dedicated hundreds of millions of dollars to incentive programs, such as TECH Clean California, and the Equitable Building Decarbonization program, to reduce the up-front cost of electric appliances. These programs require applicants to secure an installation permit in order to be eligible for a rebate or direct install. Unfortunately, the process for securing building permits in California is notoriously complex. Installation standards can vary significantly by jurisdiction, creating a patchwork of confusing and opaque requirements that are difficult for contractors and consumers to comply with. California has taken steps to standardize and clarify the permitting process for many industries, including housing (SB 35, Wiener), rooftop solar (SB 379, Wiener; AB 1132, Friedman), and electric vehicle charging (AB 1236, Chiu; AB 970, McCarty). However, beyond state building code, no such clarity exists for permitting heat pump water heaters and heat pump HVAC systems" "Long timelines for permit approval can also drive up soft costs and push customers towards unpermitted work. While jurisdictions are able to turn around heat pump permits and installations within 48 hours (such as through the City of Palo Alto's emergency water heater replacement program), contractors have cited waiting for months to receive permits in other municipalities due to extensive plan review and multiple inspections. After the permit is approved, installers also cited long time windows for scheduling inspections, often leading to significant lost labor hours." "The Heat Pump Access Act will take a comprehensive approach to standardizing the permitting process for heat pump installations statewide, reducing time constraints and lowering costs for contractors and consumers alike."

The Green Building Initiative writes in a support position: "With Californians facing increasing energy costs, worsening climate-driven temperature extremes, and greater focus on the efficiency and sustainability of our homes and infrastructure, heat pumps offer a critical solution. Unfortunately, however, current permitting processes result in significant delays, high fees, and unnecessary barriers for homeowners and other asset classes alike. SB 222 is an important step towards streamlining and standardizing permitting processes statewide, that while focused in this bill on heat pumps, will inevitably serve as a model for greater efficiencies that expedite installations, provides a simpler approach, and is more cost effective on all fronts."

***Arguments in opposition*:** The League of California Cities writes in an opposed position: "Local permitting is not a barrier to electrification; rather, it is the mechanism through which cities ensure installations are safe, code-compliant, and appropriate for local conditions. Establishing a state-dictated permitting framework for HVAC systems sets a troubling precedent for future preemption of local building, zoning, and land-use authority." "Asynchronous inspections fundamentally alter established inspection workflows and labor practices and increase municipal liability exposure. In-person inspections – where inspectors and contractors are present simultaneously allow for immediate clarification, real-time problem-solving, and verification of compliance with approved plans and applicable codes, reducing the risk of errors, rework, or future disputes." "This bill establishes caps of $150 for heat pump water heaters and $200 for HVAC systems, regardless of the actual costs incurred by local agencies to conduct plan review, inspections, compliance verification, and enforcement. Over time, particularly over a 20-to-30-year horizon, these static caps will increasingly fail to cover local costs, effectively forcing cities to subsidize state-mandated activities with scarce general fund resources."

The Community Associations Institute's California Legislative Action Committee writes in an opposed unless amended position: "SB 222 creates a conflict with AB 1684 (Ward) passed by this committee earlier this session. While AB 1684 only speaks to cooling systems that conflict needs to be addressed. We recommend SB 222 be amended to delete HVAC systems and only focus on heat pump water heaters. If that change is made, we then request language like AB 1684 to be added to SB 222 requiring, among other things, owners to use licensed contractors, obtain necessary permits and provide for responsibility of any damage that might occur to the common area or exclusive use common area during installation. Finally, successive owners need to be made aware of the installation and held responsible for ongoing maintenance that might be needed."

***Related legislation*:**

AB 1684 (Ward, 2026), makes any provisions of an HOA's governing documents, architectural guidelines, or policies, as well as any deed restrictions for properties in an HOA, null and void if they prevent a homeowner from installing, upgrading, replacing, or using a cooling system, including a heat pump, that complies with all applicable state and local buildings codes in their home. *AB 1684 is pending in the Senate Housing Committee*.

SB 282 (Wiener, 2025), which was substantially similar to this bill, would, for the installation of residential heat pump HVAC systems and heat pump water heaters, require the CEC to develop standardized permitting checklists, establish limits and requirements for local agency permitting, and cap permit fees, among other provisions. *SB 282 was held on the Senate Appropriations Committee's suspense file*.

SB 655 (Stern), Chapter 522, Statutes of 2025, declared it is the established policy of the state that all dwelling units be able to attain and maintain a safe maximum indoor temperature, as specified, and provided that it does not expand any obligation of the state to provide a safe maximum indoor temperature or require the expenditure of additional state resources to develop infrastructure beyond the obligations that exist under existing program requirements.

SB 1095 (Becker, 2024), would make specified changes to the Manufactured Housing Act, State Housing Law, and the Davis-Sterling Common Interest Development Act to facilitate the installation of electric water heaters, space heating systems, and appliances in manufactured homes, mobileomes, and homes within a CID, as specified. *SB 1095 was held on the Senate Appropriations Committee's suspense file.*

AB 1132 (Friedman), Chapter 357, Statutes of 2023, extended the sunset date of the AB 1414 (Friedman, 2017) solar permit fee caps from January 1, 2025, to January 1, 2034.

SB 379 (Wiener), Chapter 356, Statutes of 2022, required counties and cities to implement an online, automated permitting platform for residential solar energy systems, and provided a procedure for counties and cities to report compliance and related information to the CEC.

AB 209 (Committee on Budget), Chapter 251, Statutes of 2022, required HCD to submit policy recommendations to the Legislature by January 1, 2025 to help ensure that residential dwelling units can maintain safe indoor temperature, as specified.

AB 1414 (Friedman), Chapter 849, Statutes of 2017, extended the sunset on the SB 1222 (Leno) solar permit fee caps to January 1, 2025, reduced the fee cap for residential solar to $450, and expanded the cap to include solar thermal systems, among other provisions.

AB 634 (Eggman), Chapter 818, Statutes of 2017, prohibited HOAs from requiring approval of the membership of the CID for installation of a solar energy system in specified locations, and clarified provisions that allow the imposition of reasonable restrictions on solar energy systems.

AB 1236 (Chiu), Chapter 598, Statutes of 2015, required cities and counties, including charter cities, to create an expedited permitting and inspection process for electric vehicle charging stations.

AB 2188 (Muratsuchi), Chapter 521, Statutes of 2014, required every city or county to adopt an ordinance that creates an expedited permitting process for small, residential rooftop solar energy systems, among other provisions.

SB 1222 (Leno) Chapter 614, Statutes of 2012, capped the permit fee for a residential solar system at $500 (plus $15 per kilowatt (kW) for each kW above 15kW) and for a commercial solar system at $1,000 (plus $7 kW for each kW between 51kW and 250 kW, and $5 per kW for each kW above 250 kW). SB 1222 disconnected the cap when local governments made a written finding and adopted a resolution or ordinance showing substantial evidence of the need to charge more than what the cap allows to issue the permit. SB 1222 contained a sunset date of January 1, 2018.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Air Quality Management District (Sponsor)
Building Decarbonization Coalition Action Fund (Sponsor)
San Francisco Bay Area Planning and Urban Research Association (Sponsor)
350 Humboldt County
350 Sacramento
ACT Now Bay Area
ActiveSGV
Air-conditioning Heating and Refrigeration Institute
Applied Building Science
Association for Energy Affordability
Ava Community Energy
Bauhaus Productions Consulting
California Environmental Voters
California Interfaith Power & Light
Carbon Free Palo Alto
Carbon Free Silicon Valley
Catholic Charities of Stockton
Center for Biological Diversity
Ceres
Citizens Climate Lobby Long Beach
City of San Jose
ClimaBridge
Climate Action California
Climate Future California
Climate Health Now Action Fund
Climate Reality Project, Orange County Chapter
Climate Resolve
Community Action to Fight Asthma
Daikin U.S. Corporation
Dayenu: A Jewish Call to Climate Action
Earthjustice
Efficiency First California
Electrify My Home
Evergreen Action
Friends Committee on Legislation of California
Gradient
Green Building Initiative
League of Women Voters of California
Lutheran Office of Public Policy - California
Mothers Out Front Silicon Valley
Natural Resources Defense Council
Otto Lee, County of Santa Clara Supervisor, Third District
QuitCarbon
Redwood Energy
Regional Asthma Management and Prevention

Resource Renewal Institute
Rewiring America
Rising Sun Center for Opportunity
San Diego Building Electrification Coalition
San Francisco Climate Emergency Coalition
San Jose Clean Energy
Sierra Business Council
Solano County Democratic Central Committee
StopWaste
The Climate Center
The Climate Reality Project Orange County Chapter
The Climate Reality Project, California State Coalition
The Climate Reality Project, Los Angeles Chapter
The Climate Reality Project, Sacramento Chapter
The Climate Reality Project, San Diego Chapter
The Climate Reality Project, San Fernando Valley CA Chapter
The Climate Reality Project: Silicon Valley
US Green Building Council California

Opposition

California State Association of Counties
City of Camarillo
City of Thousand Oaks
League of California Cities
Rural County Representatives of California
Individuals (6)

Oppose Unless Amended
Community Associations Institute - California Legislative Action Committee

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 677 (Wiener) – As Amended June 8, 2026

SENATE VOTE: 24-10

SUBJECT: Land use: housing development approvals: tax-exempt private activity bonds: subdivisions: tentative and final maps: appeals

SUMMARY: Makes a local agency's failure to take certain actions for housing development projects that include the issuance of tax-exempt private activity bonds (PABs) a disapproval of a housing development project under the violation of the Housing Accountability Act (HAA), and prohibits the appeal of subdivisions for housing development projects pursuant to the Subdivision Map Act (SMA) or a local subdivision ordinance, as specified. Specifically, **this bill**:

1) Makes a local agency's failure to take any of the following actions related to a housing development project that includes the issuance of tax-exempt PABs, as required by federal Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) regulations, a disapproval of the housing development project under the HAA:

    a) Holding a public hearing;

    b) Providing the approval of the applicable elected representative of the governmental unit; or

    c) Taking any other action required by TEFRA regulations to facilitate the issuance of the PABs for the project.

2) Provides that the provisions of 1) shall not require a local agency to take any action that would result in it incurring any financial liability, debt, or obligation.

3) Prohibits an interested person from filing an appeal pursuant to the SMA's tentative or final map provisions, or pursuant to a local subdivision ordinance, if all of the following conditions are met:

    a) The decision of the advisory agency, appeal board, or designated official relates to a map that is part of a housing development project;

    b) The project is located entirely within either of the following:

        i) An incorporated city, the boundaries of which include some portion of an urbanized area according to the 2012 U.S. Census Bureau data; or

        ii) An urbanized area or urban cluster in a county with a population greater than 250,000 based on 2012 U.S. Census Bureau data.

    c) The project is infill housing, meaning it meets any of the following criteria:

i) It has previously been developed with an urban use;

ii) At least 75% of the perimeter of the site adjoins parcels developed with urban uses;

iii) At least 75% of the area within a one-quarter mile radius of the site is developed with urban uses; or

iv) For sites with four sides, at least three out of four sides are developed with urban uses and at least 2/3 of the perimeter of the site adjoins parcels developed with urban uses.

d) The site is not located on any of the following:

i) An area of the coastal zone where actions taken by a local government on coastal development permits are subject to appeal;

ii) An area of the coastal zone that is not subject to a certified local coastal program or certified land use plan;

iii) An area of the coastal zone that is vulnerable to five feet of sea level rise;

iv) A parcel in the coastal zone that is located on, or within a 100-foot radius of, a wetland, or on prime agricultural land;

v) Prime farmland or farmland of statewide importance, or land zoned or designated for agricultural protection or preservation by local ballot measure;

vi) Wetlands;

vii) A very high fire hazard severity zone or state responsibility area, unless the applicable fire hazard mitigation standards apply;

viii) A delineated earthquake fault zone, unless the development complies with applicable seismic protection building code standards;

ix) A regulatory floodway, unless the development has received a no-rise certification; or

x) Lands under conservation easement; and

e) Any parcels proposed to be created by the map will be served by a public water system and a municipal sewer system;

4) Provides that 3) shall not apply to any of the following:

a) An applicant, subdivider, tenant in the case of residential conversion projects, or advisory agency otherwise authorized to file an appeal under applicable law; and

b) A public agency or a public official acting within the course and scope of their employment.

EXISTING LAW:

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "To address our housing crisis, we must build more housing, faster. California has taken great strides to zone for more homes and cut red tape for housing development. While state law prohibits appeals for certain entitlement and postentitlement permit approvals, such projects can still have their parcel maps appealed. Moreover, local governments can delay or hold up public tax-exempt financing for affordable housing projects. These delays can result in projects missing financing deadlines and losing out on tax-exempt financing opportunities, killing projects. SB 677 cracks down on frivolous parcel map appeals and delays in approval of tax-exempt financing, ensuring that the state continues accelerating housing production."

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

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

The state's housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Terner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.[6] As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds $800,000, effectively locking out many working families from the ownership market.

TEFRA Hearings and PABs: Federal law requires tax-exempt PABs to receive public approval before they may be issued. Commonly referred to as TEFRA approval, this process generally requires a public hearing following reasonable public notice and approval by an applicable

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

elected representative. For affordable multifamily housing developments, tax-exempt PABs are a commonly used financing tool and are frequently paired with federal 4% low-income housing tax credits (LIHTC).

Because tax-exempt PABs cannot be issued until the applicable federal requirements, including receiving public agency approval through a TEFRA hearing, have been satisfied, the timing of TEFRA hearings and approvals can affect a project's financing schedule. Affordable housing developments that rely on tax-exempt bonds and associated tax credits are often subject to application deadlines and funding timelines established by state and federal financing programs. Delays in obtaining required approvals may affect a project's ability to proceed within those timelines.

In 2024, the Department of Housing and Community Development's (HCD's) Housing Accountability Unit (HAU) sent a "Letter of Support and Technical Assistance" to the City of Concord after its City Council failed to approve a TEFRA resolution for a 183-unit affordable housing development that had already received its local land use entitlements. In the letter, HCD argued that denying the TEFRA approval could jeopardize the project's tax-exempt bond financing and potentially conflict with the City's housing element commitments and obligations to affirmatively further fair housing. HCD further noted that the TEFRA approval would not make the City responsible for the debts, liabilities, or obligations associated with the bond issuance.

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

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

Subdivision Map Act Approvals: The SMA governs the division of land into smaller parcels for sale, lease, or financing. Cities and counties implement the SMA through local subdivision ordinances and use the SMA to regulate the design of subdivisions and require public improvements and dedications, including streets, drainage facilities, utility easements, and other infrastructure. Subdivision approvals must be consistent with the local general plan and applicable subdivision standards.

Most subdivisions creating five or more parcels require approval of a tentative map followed by a final map. A tentative map is a discretionary approval that establishes the design of the

subdivision and allows a local agency to evaluate the project's consistency with applicable planning and subdivision requirements and impose conditions of approval. Once the subdivider satisfies those conditions and complies with applicable requirements, the local agency must approve the final map, which is ministerial. Smaller subdivisions creating four or fewer parcels typically use a parcel map process, although local agencies may require a tentative and final map for those projects as well.

Housing developments that include individually owned units, such as condominiums, townhomes, or subdivisions of detached single-family homes, require a subdivision map so that the individual units or lots may be sold separately. Rental housing developments typically do not require a subdivision map because the project remains under single ownership. However, affordable housing and multifamily rental developments may still seek subdivision approvals for financing, ownership, tax credit, operational, or asset management purposes. As a result, rental projects that are otherwise entitled and ready to proceed may remain subject to the SMA process.

This Bill: This bill would make the failure of a local agency to do any of the following actions required by TEFRA regulations for projects that include tax-exempt PABs a disapproval of a housing development project under the HAA:

- Holding a required public hearing;
- Providing the approval of the applicable elected representative of the governmental unit; and
- Taking any other action required by TEFRA regulations to facilitate the issuance of tax-exempt PABs for the housing development project.

This bill specifies that these provisions do not require a local agency to take any action that would result in the agency incurring financial liability, debt, or obligation.

In adding the above list to the definition of "disapprove the housing development project" under the HAA, it would mean that a local agency's failure to complete required TEFRA actions could trigger the HAA's existing enforcement mechanisms. HCD may investigate complaints alleging a violation of the HAA and, if it finds that a local agency has violated the HAA, may notify the jurisdiction and attempt to secure compliance. If the violation is not resolved, HCD may refer the matter to the Attorney General, who may bring an action to enforce the HAA. Separately, housing applicants, eligible residents, and housing organizations may bring suit to enforce the HAA. Courts may order a local agency to take action on or approve a project, retain jurisdiction to ensure compliance, award attorney's fees to prevailing plaintiffs, and impose fines against local agencies that act in bad faith. As a result, this bill would subject local agency compliance with specified federal tax-exempt bond approval procedures to the same enforcement framework that currently applies to other violations of the HAA.

Related to the SMA, this bill would prohibit most third-party appeals to the local legislative body of tentative map, final map, parcel map, and related subdivision decisions for qualifying infill housing projects. Specifically, this bill would bar appeals by interested persons when the map is part of a housing development project located in an urbanized area, meets specified infill criteria, is served by public water and sewer systems, and is not located on specified environmentally sensitive, agricultural, coastal, flood-prone, fire hazard, seismic hazard, or conservation lands. This bill would preserve appeal rights for applicants, subdividers, tenants in residential

conversion projects, advisory agencies otherwise authorized to appeal under existing law, and public agencies or public officials acting within the course and scope of their employment. As a result, qualifying infill housing subdivision maps would generally be insulated from administrative appeals by private third parties.

Policy Considerations: The Committee may wish to consider the following policy considerations:

1) TEFRA Hearings v. Other Required Actions for Affordable Housing Funding. This bill would add the failure of a local agency to take specific actions required by federal TEFRA regulations for tax-exempt PAB approvals to the definition of a denial under the HAA. While this would address a barrier that some affordable housing developers currently face when assembling their capital stack, it could imply that other types of actions taken by a local government related to an affordable housing project approval or funding are not HAA violations. Some affordable housing advocates are concerned that defining that one specific thing as a denial may have the unintended implication of weakening the argument that other actions related to withholding approval for affordable housing funding are also HAA violations, generally making it harder to argue that these kinds of funding-related actions are a form of denying a project. When statute enumerates a specific thing as prohibited, the implication may be that anything not enumerated in statute is not prohibited.

2) SMA Appeal Urban Area Definition. This bill prohibits appeals of tentative maps, final maps, and maps in accordance with local subdivision ordinances for infill housing development projects in "urbanized areas" and "urban clusters," as designated by the U.S. Census Bureau in 2012. The U.S. Census Bureau has since abandoned those definitions and replaced them with an "urban area" definition.[7] The Committee may wish to consider an amendment to remove the words "urbanized area," "urban cluster," and reference to the 2012 Census data, and replace them with the current "urban area" definition.

3) SMA Appeal Environmental Exemptions. This bill prohibits appeals of tentative maps, final maps, and maps in accordance with local subdivision ordinances for infill housing development projects in urbanized areas, with certain exceptions. One of those exceptions is for sites with certain environmental criteria, including sites on prime farmland, wetlands, very high fire hazard severity zones (unless fire mitigation measures are in place), within an earthquake fault zone (unless the development complies with certain seismic building standards), regulatory floodways as determined by FEMA (unless the site has received a no-rise certification), and conservation easements. The list of environmental criteria was drawn from Government Code Section 65913.4, as amended by SB 423 (Wiener), Chapter 778, Statutes of 2023. However, the underlying policy rationale behind limiting appeals of subdivision decisions is inherently different than the policy rationale behind the SB 423 environmental exclusion criteria used in land use streamlining bills. As such, the Committee may wish to consider removing the cross-references to the SB 423 statute and spelling out the environmental areas where this bill cannot be used instead.

Gutted. This bill was gutted and amended into a new policy in June of 2026.

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[7] https://www.census.gov/newsroom/blogs/random-samplings/2022/12/redefining-urban-areas-following-2020-census.html

Committee Amendments: The Committee may wish to consider the following amendments to Section 3 of the bill (GOV 66452.8):

1) Changing "urbanized area" and "urban cluster" according to the 2012 U.S. Census definition to the current U.S. Census definition of "urban area.

2) Deleting the cross reference to 65913.4(a)(6) in 66452.8(a)(4) and instead spelling out the areas where these SMA appeal provisions cannot be used.

Arguments in Support: The Housing Action Coalition, California YIMBY, California Council for Affordable Housing, and Mission Housing Development Corporation write in support: "While the state has enacted a range of streamlined approval processes and timelines to approve, finance, and build housing, significant loopholes remain. Project opponents can file frivolous parcel map appeals – even against projects that are otherwise fully streamlined – causing costly and unpredictable delays. Separately, local governments can withhold TEFRA approvals required under federal law for tax-exempt private activity bond financing, causing critical affordable housing financing to fall through entirely.

These delays fall hardest on affordable housing developers. Affordable projects are often structured around multiple, time-sensitive funding streams – including tax-exempt bonds, Low Income Housing Tax Credits, and competitive grants. Even a short delay caused by a frivolous map appeal can force a project to miss critical financing deadlines, lose grant funds, or wait for an entirely new funding cycle. Failure to obtain TEFRA approvals can cause bond financing to collapse altogether, threatening projects that serve the lowest-income Californians.

SB 677 addresses both of these barriers. The bill prohibits tentative map, final map, and parcel map appeals for maps related to housing development projects in specified urban infill areas, closing the loophole that allows project opponents to weaponize the map appeal process against otherwise-qualifying housing. The bill further provides that a local agency's failure to provide approvals required by federal law – including TEFRA approvals – constitutes a housing disapproval under the Housing Accountability Act, creating meaningful accountability for local inaction."

Arguments in Opposition: The Equitable Land Use Alliance writes in opposition: "The current SB-677 bill expands the definition of "disapproval" with regard to a tax-exempt private activity bond and assumes that local agencies are purposefully trying to stall the process of issuing bonds used by developers for building affordable units. Instead, legitimate reasons are being ignored (ie: delay in Federal funding or local zoning challenges). As this bill modifies the Housing and Accountability Act (HAA), we are concerned that legitimate delays could inadvertently trigger unnecessary lawsuits.

In addition SB 677 creates an exception to the Subdivision Map Act, limiting third-party appeals, or in essence appeals by the public to challenge property division maps. This removes legitimate democratic rights especially when a development project is too large as to threaten fire evacuation routes in Extremely High Fire Hazard Severity Zones as per CalFire. Many local jurisdictions already feel threatened to approve projects and reject their own fire evacuation plans such as the issue with the South Harmony Grove project which threatens to essentially double the population in a small northern San Diego community that currently has a one route egress. The public should retain their ability to challenge a decision made by the local jurisdiction to allow fairness to protect their homes in such cases."

Related Legislation:

AB 1114 (Haney), Chapter 753, Statutes of 2023, prohibited appeals of postentitlement phase permits, a practice that effectively only occurred in the City and County of San Francisco.

SB 423 (Wiener), Chapter 778, Statutes of 2023, refined a streamlined, ministerial housing approvals process in jurisdictions falling short of their housing targets, with exclusions for proposed developments on sites meeting certain environmental criteria.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Council for Affordable Housing (Sponsor)
California YIMBY (Sponsor)
Housing Action Coalition (Sponsor)
Mission Housing Development Corporation (Sponsor)
Council of Infill Builders
Cypress Equity Investments
East Bay YIMBY
Grow the Richmond
MidPen Housing Corporation
Monterey Peninsula YIMBY
Mountain View YIMBY
Napa-solano for Everyone
Northern Neighbors Sf
Peninsula for Everyone
San Francisco YIMBY
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
South Bay YIMBY
Ventura County YIMBY
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY SLO

Opposition

Equitable Land Use Alliance
Save Lafayette
Wake Up California

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 799 (Allen) – As Amended June 8, 2026

SENATE VOTE: 39-0

SUBJECT: Joint powers authorities: South Bay Regional Housing Trust

SUMMARY: Allows the South Bay Regional Housing Trust (SBRHT) to fund housing to assist persons and families of moderate income, allows the board of directors to appoint alternates, and makes additional changes. Specifically, **this bill**:

1) Allows SBRHT to fund the planning and construction of housing of all types and tenures for persons and families of moderate income, as defined in specified existing law, using any private resources available to the SBRHT.

2) Allows SBRHT to fund the preservation of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income including, but not limited to, permanent supportive housing.

3) Authorizes the SBRHT board of directors to appoint and designate alternate members to the board of directors. An alternate member may include any of the following:

    a) An elected or appointed member of the governing body of the party to the joint powers agreement (JPA);

    b) An appointed member of an advisory body of the party to the JPA;

    c) A staff member of the party to the JPA; and

    d) A member of the public who is an expert in homelessness or housing policy.

4) Requires all directors and alternates to be subject to the board's adopted conflict of interest code.

5) Provides that each alternate that is currently not an elected official shall not participate as a voting member in more than 75% of all meetings in a calendar year.

6) Provides flexibility regarding when the SBRHT board of directors elects the chairperson and vice chairperson by adding the option to elect them at the first meeting of the calendar year or fiscal year.

7) Requires the JPA to establish the process for appointing a qualified individual to fill a vacancy, instead of requiring the South Bay Cities Council of Governments (SBCCOG) to make such appointments.

8) Makes clarifying and technical changes.

9) 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 following unique circumstances in the South Bay Cities region of the County of Los Angeles:

   a) California has an affordable housing crisis, which is especially acute in the South Bay Cities region of the County of Los Angeles due to the high cost of housing in that area, even in formerly affordable communities; and

   b) The establishment of the SBRHT to receive available public and private funds could help finance affordable housing projects for homeless, low-income, and moderate-income populations.

EXISTING LAW: Authorizes the County of Los Angeles and any or all of the cities within the jurisdiction of the South Bay Cities Council of Governments (SBCCOG) to enter into a JPA to create and operate a joint powers agency to fund housing to assist the homeless population and persons and families of extremely low, very low, and low income within the South Bay Cities region. (Government Code Section 6539.9)

FISCAL EFFECT: None.

COMMENTS:

Author's Statement: *"*According to the author, "California has an affordable housing crisis, which is especially acute in the South Bay Cities region of the County of Los Angeles due to the high cost of housing in that area, even in formerly affordable communities. SB 1444 (Allen, 2022) authorized the establishment of the South Bay Regional Housing Trust (SBRHT), a joint powers authority, to fund the planning and construction of affordable housing, receive public and private financing and funds, and authorize and issue bonds. As SBRHT is currently in the process of being established, certain needed revisions to the original authorizing statute were identified that would help the trust operate more effectively. SB 799 makes these changes to support SBRHT in its mission to address housing and homelessness in our district."

Joint Powers Authority (JPA): The Joint Exercise of Powers Act allows two or more public agencies to use their powers in common if they sign a joint powers agreement. Sometimes an agreement creates a new, separate public entity called a joint powers agency or joint powers authority. Entities that can exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other joint powers authorities.

Public agencies can also use the JPA law and the related Marks-Roos Local Bond Pooling Act to form bond pools to finance public works, working capital, insurance needs, and other public benefit projects. JPAs can issue one large Marks-Roos Act bond and then loan the capital to local agencies, thus creating a "bond pool." Bond pooling saves money on interest rates and finance charges. It also lets smaller local agencies enter the bond market. Because JPAs are entities separate from their members and so are not bound by the same limitations on debt issuance, voters need not approve bonds JPAs issue.

Housing Trusts: The Legislature recently created three new JPAs for the purpose of funding the development of housing for homeless and low-income individuals and families.

AB 448 (Daly) Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust (OCHFT) as a JPA among the County of Orange and cities located in the county. To date, 23 of the 34 cities in the county are members of the JPA. According to the OCHFT, its members share the goal of creating 2,700 permanent supportive housing and affordable housing units by June 30, 2025. As of January 2022, OCHFT completed or began construction of 1,676 units, with another 961 awaiting sufficient funding. OCHFT funded these units by leveraging matching grant funds from the state's Local Housing Trust Fund (LHTF) program to issue deferred payment loans to developers.

SB 751 (Rubio) Chapter 670, Statutes of 2019, authorized the creation of the San Gabriel Valley Regional Housing Trust (SGVRHT) as a JPA among some of the cities throughout the San Gabriel Valley. According to the SGVRHT, the Trust received $1 million in matching grant funds from the LHTF Program for the construction of 71 affordable housing units across two projects in the cities of Claremont and Pomona scheduled for completion in 2022. Additionally, SGVRHT funded a non-congregate emergency shelter pilot program.

AB 687 (Seyarto) Chapter 120, Statutes of 2021, authorized the creation of the Western Riverside County Housing Finance Trust (WRCHFT). So far, the potential WRCHFT member agencies have not signed on to an agreement to create the agency.

SB 20 (Rubio), Chapter 147, Statutes of 2023, allowed local agencies to create regional housing trusts by forming JPAs for the purposes of funding the planning and construction of housing for the homeless and low-income persons.

SBRHT: SB 1444 (Allen), Chapter 672, Statutes of 2022, authorized the County of Los Angeles and any or all of the cities within the jurisdiction of the SBCCOG to enter into a JPA to create and operate a joint powers agency to fund housing to assist the homeless population and persons and families of extremely low, very low, and low income within the South Bay Cities region. Among other provisions, SB 1444:

a) Provided the following regarding the SBRHT board of directors:

   i) Required the SBCCOG to appoint the board of directors and determine the appropriate number of directors.

   ii) Required the board of directors to include mayors, councilmembers, or County of Los Angeles supervisors that represent either a city that is a party to the JPA or a County of Los Angeles Board of Supervisors district that is located wholly or partially within the territory of the SBCCOG, if the county is a party to the JPA.

   iii) Required two members of the board of directors to be experts in homeless or housing policy.

   iv) Required the board of directors to elect a chairperson and vice chairperson from among its members at the first meeting held in each calendar year.

   v) Required members of the board of directors to serve without compensation.

vi) Authorized the SBRHT to reimburse directors for pre-approved actual expenses.

vii) Required the governing Board of the SBCCOG to appoint a qualified individual to fill a vacancy on the board of directors within 60 days of the vacancy.

b) Allowed the SBRHT to do any of the following:

i) Fund the planning and construction of housing of all types and tenures for the homeless populations and persons and families of extremely low, very low, and low income including, but not limited to, permanent supportive housing.

ii) Receive public and private financing and funds.

iii) Authorize and issue bonds, certificates of participation, or any other debt instrument repayable from funds and financing received and pledged by the South Bay RHT.

c) Required the SBRHT to incorporate into its JPA annual financial reporting and auditing requirements that maximize transparency and public information related to the receipt and use of funds by the agency. States that the annual financial report shall show how the funds have furthered the purposes of the SBRHT.

This Bill: This bill would make changes to the board composition of the SBRHT. In addition, this bill would give SBRHT authority to fund moderate income housing with private resources. Generally, state and federal affordable housing subsidy is restricted to households that are at or below 80% of AMI. This bill would give SBRHT authority to fund moderate income housing, which can be used for households earning up to 150% of AMI.

Arguments in Support: The South Bay Cities Council of Governments writes in support, "One of the modifications in SB 799 would allow for member cities to consider appointment of non-elected officials to serve as their alternate member to the SBRHT Board of Directors. Affordable housing financing is a complicated subject that will require a significant time commitment as well as some level of experience or expertise to make informed decisions. The appointment of the alternate would remain the city's decision and still be accountable to that city, but this proposed revision allows the city the discretion which is especially important with council term limits and in smaller cities where councilmembers have other full-time jobs. The SBRHT would similarly benefit from having this type of experience, expertise and continuity on its Board."

Arguments in Opposition: None on file.

Related Legislation:

SB 20 (Rubio), Chapter 147, Statutes of 2023, allowed local agencies to create trusts by forming JPAs for the purposes of funding the planning and construction of housing for the homeless and low-income persons.

SB 1444 (Allen), Chapter 672, Statutes of 2022, authorized the County of Los Angeles and specified cities within the county to form the SBRHT.

SB 1177 (Portantino), Chapter 173, Statutes of 2022, authorized the creation of the Burbank-Glendale-Pasadena Regional Housing Trust.

AB 687 (Seyarto) Chapter 120, Statutes of 2021, authorized the creation of the Western Riverside County Housing Finance Trust.

SB 751 (Rubio) Chapter 670, Statutes of 2019, authorized cities within the San Gabriel Valley Council of Governments to enter into a JPA to fund housing.

AB 448 (Daly) Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust as a JPA in the County of Orange.

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 June 17, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

South Bay Cities Council of Governments (Sponsor)
City of Lomita
City of Rancho Palos Verdes
City of Redondo Beach
City of Rolling Hills Estates
City of Torrance

Opposition

None on file.

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 802 (Ashby) – As Amended June 15, 2026

SENATE VOTE: 36-0

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

SUMMARY: Requires the County of Sacramento, the City of Sacramento, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights, and the City of Folsom to participate in and work together to establish the Sacramento Regional Housing and Homelessness (SHRA) Joint Powers Authority (JPA) designed to make a meaningful difference for people experiencing housing insecurity and homelessness across the County of Sacramento.

1) Makes various legislative findings.

2) Requires the County of Sacramento, the City of Sacramento, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights, and the City of Folsom to do all of the following:

    a) Bring elected officials from across the region together through the JPA that provides program and policy guidance and establishes shared goals to improve the efficacy of the region's homeless response system and affordable housing resources;

    b) Bring the oversight and functions of the Sacramento City and County Continuum of Care (CoC) under the jurisdiction of the JPA, while maintaining the federally required composition and integrity of the CoC; and

    c) Work collaboratively with the SHRA to develop goals and action plans that address homelessness, affordable housing, and advance a true housing continuum regionally.

3) Requires the JPA to do all of the following:

    a) Set system performance goals and, at a minimum, regularly review state and federal performance metrics to address housing and homelessness;

    b) Collaborate to update the regionally coordinated homelessness action plan as necessary and oversee implementation of the plan;

    c) Coordinate on delivery of prevention, outreach, shelter, and housing programs, with local jurisdictions retaining oversight, accountability, and control over land use decisions and programs administered by the local jurisdictions;

d) Explore better integration with other systems working in homelessness and housing, including county-administered behavioral health, child and adult welfare, and social safety net services;

e) Align regional funding for housing and homelessness, with local jurisdictions retaining final control and approval over local, state, and federal funds eligible to be administered by local jurisdictions;

f) Comply with the requirements set forth in the Ralph M. Brown Act;

g) Be designated as the federally recognized CoC;

h) Provide direction to the CoC lead agency;

i) Provide oversight over CoC functions, including all of the following:

   i. The Homeless Management Information System (HMIS);

   ii. The Coordinated Access System (CES); and

   iii. The Point-in-Time Count.

j) Develop a committee structure to ensure community voice continues to be incorporated;

k) Include the County of Sacramento, the City of Sacramento, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights, and the City of Folsom in the JPA;

l) Be developed as a formal, robust JPA;

m) Have a board that consists solely of the elected officials representing the County of Sacramento, the City of Sacramento, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights, and the City of Folsom;

n) Target both housing and homelessness;

o) Incorporate meaningful resources to provide services;

p) Have a governance structure that includes the lead entities, respectively, from both the CoC and SHRA; and

q) Hold monthly public meetings and incorporate public participation.

4) Provides that a local jurisdiction that is a member of the JPA retains oversight and accountability over funding decisions, projects, and programs administered by the local jurisdiction, including contracting for prevention, outreach, sheltering, and housing.

EXISTING LAW:

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

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

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

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

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

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

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

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

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

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

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "For over a decade, multiple Sacramento County Grand Jury reports, including in 2019 and again in 2023, have warned that the absence of a

regional authority and coherent organizational structure makes it virtually impossible to use valuable resources effectively. The 2023 report described Sacramento's homelessness response as "disjointed, lacking accountability, and often reactive rather than proactive," highlighting how eight separate government-funded entities operate with siloed data, conflicting goals, and inconsistent planning.

SB 802 responds to this long-standing call for change by establishing the Sacramento Area Housing and Homelessness Agency, a new Joint Powers Authority. This single, coordinated agency will ensure shared decision-making, strengthen accountability, and better leverage local, state, and federal resources to address homelessness and housing insecurity across Sacramento County. All cities in the county will have the opportunity to participate and weigh in through representation on the agency's governing board. Importantly, the agency will also include people with lived experience of homelessness, along with technical experts, on its Advisory Committee, ensuring that the voices of those directly impacted help guide local solutions.

By creating a regional structure with clear governance, broad city participation, community representation, and oversight, SB 802 delivers the accountability, collaboration, and leadership we need to address homelessness and housing more effectively and efficiently."

Continuum of Care (CoC): The Department of Housing and Urban Development (HUD) developed the concept of the CoC in 1995 through its annual competition for homeless assistance grants. The CoC is envisioned as a local network that plans and coordinates funding for services and housing to assist homeless individuals and families. Each community is required to designate a CoC to receive federal funds. The CoC is designed to: promote a community wide commitment to the goal of ending homelessness, provide funding for efforts to rapidly rehouse homeless individuals and families, promote access to and effective use of mainstream programs, and optimize self-sufficiency among individuals and families experiencing homelessness.

Federal regulations require the creation of a CoC governing board, but do not dictate the board membership except that it must be representative of the community and have at least one person with lived experience of homelessness. The makeup of the membership and the board are key to the CoC's competitiveness for federal funding. Federal funding is tied to how the CoC board and membership are structured, meaning decisions regarding board makeup will impact the competitiveness of the community for funding. The Sacramento City and County CoC (Sacramento CoC) has a 30-member board which includes representation from local government, homeless services providers, people with lived experience, and the broader community of businesses, advocates, and faith-based groups.

A CoC is responsible for designating a lead entity to manage the HMIS. HMIS is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. One of the main functions of the HMIS is to connect community agencies with one another, allowing direct service staff to know more about what is happening with their clients and where else they are obtaining services. A CoC is also required to identify a collaborative applicant to apply for a grant for CoC planning funds. In Sacramento, the collaborative applicant is Sacramento Steps Forward (SSF).

Sacramento Steps Forward (SSF): SSF is a non-profit organization that acts as the collaborative applicant for Sacramento's CoC and serves as the lead agency for Sacramento's CoC, convening a board of nonprofit providers, advocates, partners with lived expertise, City and County, and

public and private sector partners, and acts as the HMIS Lead. As the local HMIS Lead, SSF manages the database for Sacramento and Yolo Counties, granting access to the system, maintaining data quality, and providing regular reports to HUD. The use of HMIS is mandated by Congress for any CoCs who receive federal funding to address homelessness in their communities. Access to HMIS is strictly monitored, requiring background checks and security measures to protect the confidential client data stored in the system.

This bill would require the creation of a JPA made up of the City and County of Sacramento, the City of Elk Grove, the City of Rancho Cordova, the City of Citrus Heights, and the City of Folsom and designate the JPA as the federally recognized CoC. The JPA would also provide direction to the CoC lead agency and provide oversight to the CoC regarding HMIS, CES, and the point-in-time count. While this bill designated the JPA as the CoC, federal regulation requires the CoC to designate the collaborative applicant, the entity authorized to apply for CoC planning funding. To comply with federal regulations, the existing CoC board would need to vote to change the collaborative applicant from SSF to the new JPA.

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

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

The state has provided funds through the Homeless Housing, Assistance and Prevention (HHAP) grant program over the last seven years to help big cities, counties, and CoCs respond to homelessness, with a focus on unsheltered homelessness, but this funding is inadequate to resolve the problem. HHAP has evolved over the last few years to push applicants to develop a coordinated strategy to address homelessness. HHAP requires applicants – CoCs, big cities and

counties – to develop a Regional Plan to address homelessness. SSF developed the plan, and though all of the cities within Sacramento County participated, none of the cities not receiving funding from HHAP brought the plan before their City Councils to be ratified.

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

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

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

In beginning of June 2026, the County of Sacramento and the Cities of Sacramento, Elk Grove, Folsom, Citrus Heights, Rancho Cordova, and Galt signed a letter of intent to signal their shared commitment to building a more coordinated, effective regional approach to housing and homelessness. The Letter of Intent states that the participating jurisdictions will come together to build a new regional partnership model designed to make a meaningful difference for people experiencing homelessness. It will: "1) bring elected officials from across the region together through a public, Brown Act compliant governing body that provides program and policy guidance and establishes shared goals to improve the efficacy of the region's homeless response system and affordable housing resources, and 2) bring the oversight and functions of the Sacramento City and County Continuum of Care (CoC) under the new governing body."

The Letter of Intent does not state that the mechanism for coordination will be a JPA. It does include a description of the activities and goals of the new government body, including that describing the functions of the CoC without stating the new entity will be the CoC. The functions of the new entity include:

- Be the final decision-making body on federal and state CoC funding;
- Provide direction to the CoC lead agency;
- Provide oversight over CoC functions including the HMIS, CES, and Point-in-Time Count;
- Develop a committee structure to ensure community voice continues to be incorporated.

The letter states that each jurisdiction has identified members of its governing board or council to take part in this first phase of planning. The CoC Board is expected to appoint its members at the June Board meeting.

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

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

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

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

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

- AB 2593 (McCarty) of 2024 would have authorized a local agency within the County of Sacramento to enter into a joint powers agreement with any other local agency to operate

a joint powers authority to assist people experiencing homelessness. AB 2593 died on the Senate inactive file. AB 1086 (McCarty) of 2023 was similar to AB 2593. AB 1086 was referred to the Assembly Local Government Committee but was never heard.

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

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

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

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

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

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

In 2024, in an effort to create a roadmap for other communities to create regional housing entities without having to come to the Legislature, SB 440 (Skinner), Chapter 767 empowered communities to address their own affordable and missing middle housing shortages by allowing regions to create finance agencies that can fund the construction and preservation of affordable housing. SB 440 allowed two or more local governments to establish an Authority for purposes of raising, administering, and allocating funding and providing technical assistance at a regional level for affordable housing development. The Authority is granted specific powers, and the bill established a governance structure and imposed reporting and auditing requirements. It also spelled out the specific types of funding streams that may be collected, and that they may be used for affordable housing development and preservation, and infrastructure necessary for those developments. While SB 440 was modeled on BAHFA and LACAHSA, that bill granted new Authorities additional powers not bestowed on those existing entities. These Authorities, in addition to their ability to manage existing buildings, could hold and acquire existing buildings for purposes of attaching affordability requirements. For any property acquired, these Authorities, unlike BAHFA and LACAHSA, will have the power to set the land use and development parameters for such property, including setting the request for proposal criteria and selection process for a development partner. Lastly, these Authorities are focused on the preservation and construction of housing. BAHFA and LACAHSA also authorized funds to be used for renter protections and renter supports.

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

Arguments in Support: A coalition writes in support***,*** *"*Over the past two decades, multiple oversight reviews have documented Sacramento's repeated failures to establish a Joint Powers Authority. In 2019, the Sacramento County Grand Jury Final Report warned of the dysfunction caused by the absence of a coherent organizational structure. Despite this clear warning, the 2023 Grand Jury report found little systemic progress, describing Sacramento's efforts as "disjointed and lacking accountability." That report again emphasized the lack of a regional authority as a key barrier, with duplicative efforts, siloed data systems, and inconsistent strategic planning across jurisdictions. It is worth noting that the City and County had previously signed a binding agreement to work together on a coordinated regional response to homelessness, a legally binding agreement that remains unfulfilled. Sacramento does not need another roundtable or press release - it deserves a system that delivers results. SB 802 provides that structure: a regional entity with the authority and accountability to align funding, data, and decision-making around a shared, outcome-driven plan to end homelessness."

Arguments in Opposition: Sacramento County is opposed to the state requiring the creation of a JPA, though they are in the process of working with the City of Sacramento and other cities in the county to create a regional entity that will coordinate on homelessness. The County of Sacramento writes, "Although the June 15 amendments make changes to the bill to remove some of the funding concerns, they do not alter our fundamental concern that the governance of homelessness response efforts in Sacramento County should be determined locally, not established in state law. We are operating in a highly dynamic environment regarding homelessness policy, funding, and governance at the federal, state, and local levels. At the same

time, Sacramento County, our city partners, the Continuum of Care, and other stakeholders have made significant progress toward developing a regional coordination model that we believe will help move the needle on addressing this critical issue while reflecting local needs and priorities."

Related Legislation:

AB 2593 (McCarty) (2024) would have authorized a local agency within the County of Sacramento to enter into a JPA with any other local agency too operate a joint powers authority (JPA) to assist the homeless. This bill died on the Senate inactive file.

SB 679 (Kamlager), Chapter 661, Statutes of 2022: Established the Los Angeles County Affordable Housing Solutions Agency (LACAHSA), and authorized LACAHSA to utilize specified local financing tools for the purpose of funding renter protections and the preservation and production of housing units affordable to households earning up to 80% of the area median income.

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

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Black Chamber of Commerce
California YIMBY
City of Sacramento
DignityMoves
DignityMoves
Downtown Railyard Ventures
Downtown Sacramento Partnership
Fieldstead and Company
Inner Circle
Inside Circle
Karina Talamantes, Vice Mayor, City of Sacramento
LA Alliance for Human Rights
LDK Ventures
Life Skills Training and Educational Programs
Midtown Association
Sacramento Advocates for Rail and Transit
Sacramento Regional Business Leaders Council
Sandringham Neighborhood Association
Sierra Curtis Neighborhood Association
Steinberg Institute
Steve Cohn**,** Councilmember, City of Sacramento

Turton Commercial Real Estate
Wellspace Health
Youth Forward
Individuals (5)

Opposition

California Association of Realtors
California State Association of Counties
City of Folsom
City of Galt
Folsom Chamber of Commerce
Mayor Kevin McCarty, City of Sacramento
Rosario Rodriquez, Chair, Sacramento County Board of Supervisor
Sacramento Area Congregations Together
Sacramento Association of Realtors
Sacramento County Sheriff Jim Cooper
Sacramento Housing Alliance
Sacramento County Board of Supervisors
Urban Counties of California (UCC)
Individuals (5)

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 908 (Wiener) – As Amended June 15, 2026

SENATE VOTE: 32-7

SUBJECT: Residential windows: retrofitting: residential window replacement projects: California Building Code compliance

SUMMARY: Prohibits cities or counties from imposing conditions on residential window replacement projects, with exceptions. Prohibits the City and County of San Francisco from imposing conditions on windows in a new housing development project. Specifically, **this bill**:

1) Includes the following definitions:

   a) "Residential window replacement project" means a project that meets all of the following requirements:

      i. The project proposes only to replace existing windows in a single-family or multifamily residential structure with windows of the same size and in the same location;

      ii. The project does not involve any physical alterations to the existing structure beyond those necessary to install those windows.

      iii. The proposed window installation complies with all applicable provisions of the California Building Standards Code, including, but not limited to the California Residential Code, California Building Code, California Fire Code, California Wildland-Urban Interface Code, and the California Energy Code.

   b) "California Energy Code-compliant windows" means windows that meet or exceed the mandatory requirements for fenestration products and exterior doors, as specified in the California Energy Code or subsequent code section adopted by the California Building Standards Commission (CBSC) in the most recent triennial building code cycle.

2) Provides that no governing document of a homeowners' association (HOA) shall limit or prohibit the owner of a separate interest within a common interest development (CID) from completing a residential window replacement project or impose any requirements on California Energy Code-compliant windows in a housing development project.

3) Requires a city, county, or city and county to administratively approve an application for a residential window replacement project.

4) Provides that a city, county, or city and county shall not require discretionary review or a hearing for a residential window replacement project.

5) Provides that a city, county, or city and county shall not deny an application for a residential window replacement project unless it makes written findings, based upon substantial evidence in the record, that the residential window replacement project would have a

specific, adverse impact upon public health or safety and there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

6) Specifies that any conditions imposed on a residential window replacement project shall be limited to objective conditions that are necessary to mitigate a specific, adverse impact upon public health or safety identified pursuant to 5) above.

7) Prohibits San Francisco from imposing any conditions on a window proposed in a housing development project other than objective conditions that are necessary to mitigate a specific adverse impact upon public health or safety, provided that the window complies with all applicable provisions of the California Building Standards Code.

8) Requires San Francisco to make written findings, based upon substantial evidence in the record, that the proposed window would have a specific, adverse impact upon public health or safety.

9) Specifies that 3) through 6) above do not apply to either of the following:

   a) A residential structure that is individually listed as a historical resource in the State Historic Resources Inventory, provided that the structure was designated prior to the date an application for a residential window replacement project is submitted; and

   b) A residential structure that is individually listed on a local register of historical resources or as a contributor to a multicomponent resource, provided that the structure was designated prior to the date an application for a residential window replacement project is submitted, with the exception that this shall not apply to a structure designated as historical based primarily on its age.

10) Makes a finding and declaration that retrofitting windows in existing residential buildings with windows that meet current California Energy Code standards is critical to reducing energy consumption and achieving the state's climate goals, which is a matter of statewide concern and is not a municipal affair.

EXISTING LAW:

1) Establishes the Davis-Stirling Common Interest Development Act and provides for the rules and regulations governing the operation of a residential CID and the respective rights and duties of the homeowner association and its members. [Civil Code (CIV) Section 4000 *et seq*.]

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

3) Establishes the California Energy Commission's authority to adopt cost-effective building and appliance standards to promote the conservation of energy and water. (Public Resources Code 25402)

4) 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)

5) 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. (HSC 18929.1(c), HSC 17958(b))

6) Establishes the State Historical Resources Commission (SHRC), a nine-member state review board, appointed by the Governor, with responsibilities for the identification, registration, and preservation of California's cultural heritage. [Public Resources Code (PRC) 5020, PRC 5020.2]

7) Defines a "historic district" as a definable unified geographic entity that possesses a significant concentration, linkage, or continuity of sites, buildings, structures, or objects united historically or aesthetically by plan or physical development. (PRC 5020.1(h))

8) Defines "historic resource" to include, but not limited to, any object, building, structure, site, area, place, record, or manuscript which is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military or cultural annals of California. (PRC 5020.1(j))

9) Defines "local register of historical resources" to mean a list of properties officially designated or recognized as historically significant by a local government pursuant to a local ordinance or resolution.

10) Defines the "State Historic Resources Inventory" to mean the compilation of all identified, evaluated, and determined historical resources maintained by the State Office of Historic Preservation and specifically those resources evaluated in historical resource surveys conducted in accordance with criteria established by the State Office of Historic Preservation, formally determined eligible for, or listed in, the National Register of Historic Places, or designated as historical landmarks or points of historical interest.

11) Requires the Commission to evaluate and recommend historical resource designations by reviewing applications for the National Register, California Register, and state historical landmarks, while maintaining comprehensive records and criteria for preservation. (PRC 5020.4)

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's Statement*:** According to the author, "Energy costs are too high, and people should be able to weatherize their windows to lower their monthly energy bills. When cities or HOAs block people from replacing their windows due to aesthetic concerns, it means higher bills for people and worsening climate change. Unfortunately, various cities and HOAs are currently doing just that – blocking people from weatherizing their windows. SB 908 ensures people can install energy-efficient windows, while exempting truly historic homes."

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

Building standards proposed by state agencies go through a 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.

Local Amendments to State Codes: Local governments are provided wide latitude to make changes and modifications to the state baseline codes – so long as they exceed or are more protective than the state baseline, not a reduction – and for codes affecting residential buildings (excluding energy "reach codes" which follow a different process), neither the CBSC nor statute requires the local modifications to include any cost determinations or economic impact analysis. Local governments simply have to include a finding in their filing with the CBSC that the modifications are "reasonably necessary because of local climatic, geological, or topographical conditions" (HSC 17958.7) or environmental conditions for green building standards. CBSC does not currently have the authority to review these findings for validity, merits, or the justification of reasonableness, nor do the local amendments have to follow the Administrative Procedure Act 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*:** 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.

***Energy Efficiency in Windows*:** The California Energy Commission develops and updates the Building Energy Efficiency Standards contained within the California Building Standards Code, which establish minimum energy performance requirements for windows used in newly constructed homes and certain alterations to existing buildings. To demonstrate compliance, windows must meet prescribed criteria which measure a window's ability to reduce heat transfer and limit solar heat entering a home. Manufacturers certify the performance of compliant products, and builders and homeowners must use approved windows as part of the permitting and energy compliance process. By improving the efficiency, these standards help reduce energy

consumption, lower utility costs, and provide more consistent indoor comfort throughout the year.

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

***Davis-Stirling Common Interest Development Act*:** The Act went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The Act 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 protection. 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 play as critical role in shaping the living environment and governance of millions of residents across the state.

***Historic Preservation 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. Generally, nominations for state-level listing of historic properties or districts must be submitted to the Office of Historic Preservation and reviewed and approved by the nine-member State Historic Resources Commission. Properties listed on the National Register of Historic Places or designated as California Historical Landmarks are automatically added to the State Historic Resources Inventory (SHRI). The SHRI includes the California Historical Landmarks, California Historical Points of Interest, and the California Register, which serves as the state's official register of historical resources in California to be used by state and local agencies, private groups, and citizens to identify the state's historical resources and to indicate what properties are to be protected, to the extent prudent and feasible, from substantial adverse change.

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.

***This Bill*:** Despite the benefits of California Energy Code-compliant windows reducing energy costs, lowering greenhouse gas emissions, and improving indoor comfort, homeowners in HOAs and in jurisdictions with more stringent design review requirements have reported lengthy and burdensome approval processes for replacing existing windows. These requirements may leave homeowners with the choice of retaining less efficient windows or purchasing substantially more expensive replacements to satisfy aesthetic standards. This bill seeks to streamline the process for homeowners to upgrade existing windows by limiting the extent to which HOAs and local governments may restrict the installation of California Energy Code-compliant windows. Specifically, this bill limits any conditions imposed on a residential window replacement project to objective conditions that are necessary to mitigate an adverse health and safety impact. The replacement project would still need to be compliant with the California Energy Code and other codes within the California Building Standards Code, and the replacement project could not involve physically altering the existing structure beyond those alterations necessary to install the window of the same size and in the same location as the previous window.

This bill exempts residential structures that are listed as historic resources in the SHRI. This bill also exempts residential structures individually listed on a local register of historical resources or as a contributor to a multicomponent resource, provided that the structure was designated prior to the date an application for a residential window replacement project is submitted. This bill specifies that a residential structure designated as historical based primarily on its age would not qualify for the local register exemption.

This bill also prohibits San Francisco from similarly imposing any objective conditions other than those that are necessary to mitigate a specific adverse impact upon public healthy or safety, on a window proposed in a housing development project, provided that the window complies with the California Building Standards Code. San Francisco must make written findings, based

upon substantial evidence in the record that the proposed window would have a specific, adverse impact upon public health or safety to impose such the objective condition.

***Policy Considerations*:** Several of California's major housing production statutes, including the Housing Accountability Act and other streamlined approval pathways, reflect a legislative preference to limit local discretion over housing approvals while preserving the ability of local governments to adopt and enforce objective development and design standards. By requiring that standards be objective, uniformly applied, and generally in effect before an application is submitted, these laws provide the building community with greater certainty regarding the requirements necessary to secure project approval and reduce the risk of subjective or shifting approval criteria. Limiting the imposition of objective conditions solely to those necessary to mitigate specific adverse impacts to public health or safety would represent a shift from allowing local agencies to require compliance with applicable objective standards, including objective design standards, regardless of whether they are directly tied to the mitigation of a health and safety impact.

Separately, condominium developments within HOAs are unique in that individual owners possess separate interests within a single building. Because the appearance and physical integrity of a condominium building depend on a cohesive architectural design, HOAs often seek to maintain consistency in exterior materials, windows, balconies, and other visible features. Preserving a uniform design in a condominium building may be worthy of continued consideration should this bill advance from this Committee.

***Arguments in Support*:** According to the California Apartment Association, "Improving certainty and creating flexibility for window improvements supports compliance with evolving state energy standards. Under this bill, property owners would have the ability to maintain and upgrade their buildings without facing subjective barriers from HOAs or local governments. These barriers delay and deter capital improvements."

According to California YIMBY and the Housing Action Coalition, "Under current law, homeowners often must navigate extensive permitting requirements and HOA restrictions before replacing their windows. In many historic neighborhoods, even like-for-like window replacements require permits, planning review, and in some cases, expensive replica windows that do little to improve energy performance. SB 908 prohibits local governments from applying discretionary permitting to window replacements that comply with California's highly climate friendly Energy Code. By streamlining approval for energy-efficient window replacements, SB 908 helps lower energy bills, reduce emissions, and make it easier for Californians to maintain their homes, even in our most historic communities. By streamlining approval processes and utilizing energy efficient windows, this bill helps to further California's clean energy goals and ensures that all homeowners can save on their utility bills."

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

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Apartment Association
California YIMBY
Housing Action Coalition

Opposition

None on file.

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1003 (Grayson) – As Amended May 14, 2026

SENATE VOTE: 32-7

SUBJECT: Prohousing enhanced infrastructure financing districts

SUMMARY: Creates a subset of enhanced infrastructure financing districts called Prohousing Enhanced Infrastructure Financing Districts (PEIFDs). Specifically, **this bill**:

1) Defines "lower income households", "persons and families of low or moderate income", "prohousing jurisdiction", and "very low income households" pursuant to existing law.

2) Defines "PEIFD" to mean an enhanced infrastructure financing district (EIFD) that meets the requirements established in this bill.

3) Authorizes a prohousing jurisdiction to establish a PEIFD by doing all of the following:

   a) Adopting a resolution, as specified;

   b) Finding by resolution that it is in compliance with existing law related to affirmatively furthering fair housing; and

   c) Adopting an infrastructure financing plan (IFP) that requires both of the following:

      i) A review to ensure compliance with the requirements outlined in 3) every 10 years; and

      ii) Either of the following:

         (1) At least 20% of any new housing units constructed or rehabilitated in the PEIFD will be affordable to persons and families of low or moderate income and at least 6% of new units will be affordable to very low income households.

         (2) At least 30% of the total project area will be affordable to lower income households within 20 years of establishment of the PEIFD.

4) Specifies that all of the following apply to a PEIFD:

   a) The PEIFD shall require, by recorded covenants or restrictions, that affordable units financed pursuant to this bill remain available at the applicable required affordable housing costs for the longest feasible time, but not less than 55 years for rental units and 45 years for owner-occupied units.

   b) EIFD Law except that a PEIFD shall not finance highways or interchanges.

5) Provides that the public financing authority of the PEIFD shall include both of the following in the annual report required by EIFD Law:

a) The compliance review described in 3), above, in the years when that review is conducted; and

b) The progress in complying with affordable housing obligations.

6) Prohibits a city or county from terminating a PEIFD if the district has not complied with its affordable housing obligations.

7) Specifies that a city or county that has established a PEIFD that has its prohousing designation revoked shall make a diligent effort to remedy that status within 120 days of revocation.

8) Provides that a prohousing jurisdiction shall receive enhanced points or preference beyond the baseline provided for other prohousing designated jurisdictions for both of the following:

a) If the jurisdiction has established a PEIFD; and

b) An eligible project located within a PEIFD.

9) Provides that funding awarded to a jurisdiction that has established a PEIFD, or to an eligible project located within one of those districts, may be used for infrastructure components that directly support, strengthen, or accelerate implementation of the district, including house-enabling infrastructure, but only to the extent consistent with the requirements of the program pursuant to which funding was awarded.

10) Adds to the list of "prohousing local policies" the establishment of a PEIFD.

11) Contains findings and declarations to support its purposes.

EXISTING LAW:

1) Authorizes local governments to create EIFDs and to use tax increment financing to finance public capital facilities or other specified projects. (Government Code (GOV) 53398.51.1)

2) Requires EIFD membership to consist of one of the following:

a) If an EIFD has only one participating taxing entity, membership shall consist of three members of the legislative body of the participating entity and two members of the public chosen by the legislative body; and

3) If an EIFD has two or more participating affected taxing entities, membership shall consist of a majority of members from the legislative bodies of the participating entities, and a minimum of two members of the public chosen by the legislative bodies of the participating entities. (GOV 53398.51.1)

4) Establishes procedures for the adoption of an EIFD plan, as follows:

a) Requires a legislative body to adopt a resolution of intention to establish a proposed district prior to establishing an EIFD. This resolution must include, among other things, a statement that an EIFD is proposed to be established, and a description of the district's

boundaries, which may reference a map;

b) Authorizes the EIFD to purchase, construct, or improve of real property or maintain public facilities, as specified, among other powers;

c) Requires a designated official to prepare a proposed EIFD plan, which shall contain, among other things, a financing section, as specified;

d) Requires the EIFD plan and any required CEQA reports to be sent to each property owner within the proposed EIFD and to each taxing entity, as specified; and

e) Requires the public financing authority to review the EIFD plan at least annually and authorizes the authority to make amendments as needed. (GOV 53398.59)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "While many state programs exist to support affordable housing construction, there are fewer programs available that help to provide funding for infill infrastructure. SB 1003 establishes Pro-Housing Enhanced Infrastructure Districts which would support local jurisdictions to build infrastructure for infill housing. This bill will help create an incentive structure that will provide additional benefits to local jurisdictions who create pro-housing enhanced infrastructure districts, or PEIFD. Under this program, local jurisdictions will be able to create Pro-Housing Enhanced Infrastructure Financing Districts (PEIFDs). If a local jurisdiction creates a PEIFD, they will receive additional points towards programs that can help provide support for housing related infrastructure. By creating PEIFDs, this ensures greater accountability for development projects, while reducing costs upfront. Ultimately SB 1003 will help unlock housing, leverage local investment, and generate lasting returns."

Redevelopment: Prior to the passage of Proposition 13, which both limited the maximum amount of any ad valorem tax on real property at 1% of full cash value, and imposed voter approval requirements for local taxes, local governments used property taxes to pay for needed infrastructure. After Proposition 13, local governments began to rely upon redevelopment funding for infrastructure. 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.

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.

Redevelopment Dissolution: 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 in its Matosantos decision. As a result, all RDAs were required to dissolve as of February 1, 2012.

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 issues 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. 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 IFP. This process requires the PFA to make the draft IFP available to the public and to each landowner within the area at least 30 days before noticing the first public meeting.

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.

Prohousing Local Policies: In 2019, AB 101 (Committee on Budget), Chapter 159, Statutes of 2019 required HCD to designate cities and counties as prohousing if their local policies facilitate the planning, approval, or construction of housing. "Prohousing" jurisdictions receive a competitive advantage in applying for certain state programs, including but not limited to the

Affordable Housing and Sustainable Communities Program, the Transformative Climate Communities Program, and the Infill Incentive Grant Program.

Additionally, local governments with a prohousing designation are eligible to apply for funds from the Prohousing Incentive Program, which is designed to reward local governments with a prohousing designation with additional planning or implementation funding to accelerate affordable housing production and preservation. Eligible uses include: construction and rehabilitation of affordable housing, homeownership, matching funds for housing trust funds, services for permanent supportive housing units, and housing for people experiencing homelessness.

Although AB 101 provided examples of prohousing local policies, HCD has discretion over the final policies. HCD initially adopted emergency regulations on June 25, 2021, and later adopted permanent regulations, which were approved on January 2, 2024. HCD began accepting applications under these regulations on March 2, 2024.

This Bill: This bill allows a prohousing jurisdiction to establish a PEIFD if certain requirements are met, including adopting a resolution and adopting an IFP, as specified. The IFP must require that at least 20% of any new housing in the proposed PEIFD will be affordable to families or persons of low or moderate income and at least 6% of new units will be affordable to very low income households. This bill also requires that the prohousing jurisdiction that establishes, and projects located within, a PEIFD receive enhanced points or preference beyond the baseline provided to other prohousing jurisdictions.

Arguments in Support: According to the California Apartment Association, "SB 1003 would allow local governments that have proven to be part of the solution of the housing crisis to raise capital to build affordable housing and associated infrastructure through PEIFDs. Only local governments with a prohousing designation would be eligible to create a PEIFD. The prohousing enhanced infrastructure financing district must 55-year deed-restriction for affordable housing rental units as well a 45-year deed restriction on owner-occupied units thereby ensuring that communities have a mix of low-income homeowners and tenants. This will protect the community's investment in the future for decades to come."

Arguments in Opposition: None on file.

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 June 17, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

American Society of Civil Engineers-region 9
California Apartment Association
Housing Action Coalition

Opposition

None on file

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1007 (Menjivar) – As Amended June 15, 2026

SENATE VOTE: 24-13

SUBJECT: Common interest developments: annual reports: assessments: discipline

SUMMARY: Adds new information to the existing annual budget reporting requirements of a homeowners' association (HOA). Caps an HOA's allowable increase of regular assessments without a vote of the membership to 8% greater than the preceding fiscal year. Establishes new disclosure obligations of an HOA prior to imposing a monetary penalty against a member of the HOA. Specifically, **this bill**:

1) Requires an HOA to include in its annual budget reporting both of the following:

    a) A comparison breakdown of the anticipated expenses of the previous fiscal year versus actual expenditures of the current fiscal year, organized in major categories to be determined at the discretion of the HOA, including, but not limited to, reserve contributions, a third-party management company, utilities, landscaping, maintenance, and insurance; and

    b) A statement of the compensation of a management company, if applicable.

2) Specifies that including the information in 1) above, in the pro forma operating budget of the annual budget report shall satisfy the HOA's obligation to report such information.

3) Requires the comparison breakdown and statement in 1) above to be included in the summary of the annual budget delivered to all members.

4) Prohibits an HOA from imposing annual increases in regular assessments if the HOA has not complied with 1) above.

5) Caps the allowable increase in regular assessments imposed by an HOA at 8% greater than the regular assessment for the HOA's preceding fiscal year without approval of a majority of a quorum of members.

6) Requires an HOA to make any physical evidence used to determine a violation of the governing documents, including, but not limited to, photographs or video or audio recordings, available to the member at least five business days before the hearing or deadline for the member's response if an HOA seeks to impose a monetary penalty against a member for a violation of the governing documents.

7) Requires an HOA, if any digital materials are used in determining a violation of the governing documents, to make any digital metadata associated with the digital material available to the member together with the digital material.

8) Defines "metadata" to mean data bearing the record of, and not the content of, a digital photograph, including, but not limited to, the time, date, and location of the image.

EXISTING LAW:

1) Establishes the Davis-Stirling Common Interest Development (CID) Act which governs the creation and operation of CIDs, including HOAs. (Civil Code (CIV) 4000 *et seq.*)

2) Requires an HOA to distribute an annual budget report 30 to 90 days before the end of its fiscal year and to include specified information, including a pro forma operating budget, a summary of the HOA's reserves, and a summary of the HOA's property, general liability, earthquake, flood, and fidelity insurance policies. (CIV 5300)

3) Requires an HOA to distribute an annual policy statement that provides the members with information about HOA policies and to include specified information, including the statement of assessment collection policies and a statement describing the discipline policy. (CIV 5310)

4) Requires an HOA, when a report is prepared pursuant to 2) or 3) above, to deliver to all members by individual delivery either the full report or a summary of the report that includes a general description of the content and instructions regarding how to request the full report. (CIV 5320)

5) Requires an HOA of a condominium project with buildings containing three or more multifamily units to cause, at least once every nine years, a reasonably competent and diligent visual inspection to be conducted by a licensed structural or civil engineer or architect of a random and statistically significant sample of exterior elevated elements (EEEs) for which the HOA has maintenance or repair responsibility. (CIV 5551(b))

6) Requires the inspector in 5) to issue a written report (the nine-year EEE inspection report) containing the following:

    a) The identification of the building components comprising the load-bearing components and associated waterproofing system;

    b) The current physical condition of the load-bearing components and associated waterproofing system, including whether the condition presents an immediate threat to the health and safety of the residents;

    c) The expected future performance and remaining useful life of the load-bearing components and associated waterproofing system;

    d) Recommendations for any necessary repair or replacement of the load-bearing components and associated waterproofing system; and

    e) Specified information on the first page of the report, including the date of the inspection, total number of units in the condominium project, total number of EEEs in the project, the total number of inspected EEEs identified as posing an immediate threat to the safety of the occupants and the number of units impacted, among other provisions. (CIV 5551(e))

7) Defines, for purposes of the nine-year EEE inspection in 5), the following terms:

a) "Exterior elevated elements" means the load-bearing components together with their associated waterproofing system.

b) "Loading-bearing components" means those components that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products.

c) "Associated waterproofing system" includes flashings, membranes, coatings, and sealants that protect the load-bearing components of the EEEs from exposure to water.

d) "Statistically significant sample" means a sufficient number of units inspected to provide 95% confidence that the results from the sample are reflective of the whole, within a margin of error of no greater than plus or minus 5%.

e) "Visual inspection" means inspection through the least intrusive method necessary to inspect load-bearing components, including visual observation only or visual observation in conjunction with, for example, the use of moisture meters, borescopes, or infrared technology. (CIV 5551(a))

8) Prohibits an HOA from imposing annual increases in regular assessments for any fiscal year unless the HOA has complied with specified requirements related to the annual budget report in 2) above, or has obtained the approval of a majority of a quorum of members, as specified. (CIV 5605(a))

9) Prohibits an HOA from imposing a regular assessment that is more than 20% greater than the regular assessment for the HOA's preceding fiscal year or impose special assessments which in the aggregate exceed 5% of the budgeted gross expenses of the HOA for that fiscal year without approval of a majority of a quorum of members, as specified. (CIV 5605(b))

10) Prohibits an HOA from imposing a regular assessment against an owner of a deed-restricted affordable housing unit that is more than 5% plus the percentage change in the cost of living, not to exceed 10% greater than the preceding regular assessment, for an HOA that records its original declaration on or after January 1, 2025. (CIV 5605(c))

FISCAL EFFECT: Unknown.

COMMENTS:

***Author's statement*:** According to the author, "During a time when Californians are gripped by dual threats, an unprecedented housing shortage and a crippling affordability crisis, many find their homeownership dreams destabilized by the volatile and sometimes arbitrary escalation of homeowners association fees. Nearly 14 million Californians live in HOAs. Protecting homeowners' financial stability requires more HOA oversight, including rules for transparency, financial accountability, and due process, keeping these monthly costs reasonable and predictable for homeowners who are on a tight budget."

***CIDs*:** There are over 50,000 CIDs in the state, ranging in size from three to 27,000 units, with the average CID having 286 residents. CIDs make up roughly 4.7 million housing units, and 36%

of Californians (over 14 million Californians) live in a CID. These rates are even higher for homeowners, with approximately 65% of homeowners living in a CID. CIDs include condominiums, community apartment projects, housing cooperatives, and planned unit developments. They are characterized by a separate ownership of dwelling space coupled with an undivided interest in a common property, restricted by covenants and conditions that limit the use of common area, and the separate ownership interests and the management of common property and enforcement of restrictions by an HOA. CIDs are governed by the Davis-Stirling Common Interest Development Act (the Act) as well as the governing documents of the association, including bylaws, declaration, and operating rules.

***Davis-Stirling Common Interest Development Act*:** The Act went into effect in 1986 and is the primary body of law governing CIDs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The Act 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 protection. 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 play as critical role in shaping the living environment and governance of millions of residents across the state.

***Annual reports*:** Under the Act, HOAs must distribute an annual budget report to the association's members 30 to 90 days before the end of the HOA's fiscal year. The budget report must include, unless the governing documents impose more stringent standards, 12 specified elements related to the HOA's fiscal condition. These elements include, among other provisions: a pro forma operating budget showing the estimated revenues and expenses on an accrual basis, a summary of the HOA's reserves, a summary of the reserve funding plan, a statement as to the mechanism by which the HOA will fund reserves to repair or replace major components (e.g., assessments, borrowing, etc.), and a summary of the HOA's various insurance policies and related policy limits and deductible amounts. An HOA must make its annual budget report available to all members in one of two forms – either the full report or a summary. If the HOA provides a summary of the report, the summary must include a general description of the content of the report and instructions regarding how to request a complete copy of the report. A member can always request to receive all reports in full, at no cost to the member, rather than a summary of the report.

***HOA Assessments*:** Under existing law, HOAs are required to levy regular and special assessments sufficient to perform their obligations under the governing documents and the Act. HOAs are prohibited from imposing or collecting an assessment that exceeds the amount necessary to defray the costs for which it is levied. Regular assessments are established in an HOA's annual budget and are paid by members of an HOA usually on a monthly or quarterly basis. Special assessments are generally a one-time or limited-duration charge imposed to pay for expenses not covered by regular assessments or the budget.

There are limitations on the rates at which regular and special assessments may be levied without a vote of the membership. An HOA may increase regular assessments for any fiscal year up to, and including, 20% greater than the regular assessments for the HOA's preceding fiscal year without the approval of a majority of a quorum of members. Existing law allows an HOA to levy a special assessment up to 5% of the current fiscal year's budgeted gross expenses without the approval of a majority of a quorum of members. There are no limitations on the number of special assessments that an HOA may impose. However, the 5% cap is an aggregate of the number of special assessments. For example, an HOA may impose one special assessment of 5% of the budgeted gross expenses or five special assessments of 1% without approval of the membership. With approval from a majority of a quorum of members, an HOA can impose regular or special assessments that exceed either cap.

The Act also provides HOAs with the authority to impose emergency special assessments. Emergency special assessments are for situations in which an extraordinary expense is required by an order of a court; necessary to operate, repair, or maintain the CID or any part for which the HOA is responsible where a threat to personal health or safety or another hazardous condition or circumstance on the property is discovered; or necessary to repair or maintain the CID or any part of it for which the HOA is responsible that could not have been reasonably foreseen by the HOA board in preparing and distributing the annual budget report.

***Reserve Studies*:** HOAs are required to periodically review their long-term repair and replacement obligations through reserve studies. At least once every three years, the HOA board must conduct a reasonably competent and diligent visual inspection of the accessible areas of major components for which the association is responsible, where the replacement value of those components is at least one-half of the association's gross budget, excluding reserves, and must review that study annually and make appropriate adjustments to its reserve analysis. The reserve study must identify major components with less than 30 years of remaining useful life, estimate their remaining life and repair or replacement costs, calculate the annual contribution needed to fund those obligations, and include a reserve funding plan. In this sense, existing law requires HOAs to periodically identify foreseeable capital needs and map out a strategy to pay for them. Although the Act specifies the planning activities an HOA must take, there is no requirement to allocate any portion of the HOA's annual budget to the reserve fund. Generally, any contributions to a reserve fund would come from the collection of regular assessments.

***Disciplinary Policies*:** The Act requires the board of an HOA to distribute an annual policy statement to the members with information about the HOA's policies within 30 to 90 days before the end of each fiscal year. The annual policy statement must include, a statement describing the HOA's discipline policy, if any, including any schedule of penalties for violations of the governing documents. AB 130, Chapter 22, Statutes of 2025, capped monetary penalties that an HOA board may impose for a violation of the governing documents at $100, with exceptions for violations that may have an adverse health or safety impact on a common area or another member's property.

When an HOA board is to meet to consider or impose discipline upon a member, or impose a monetary charge as a means of reimbursing the HOA for costs incurred by the HOA in repair of damage to the common area and facilities caused by a member or a guest of a member, an HOA board must notify the member in writing at least 10 days prior to the meeting. The notification must include the date, time, and place of the meeting, the nature of the alleged violation, and a statement that the member has a right to attend and may address the HOA board at the meeting.

AB 130 provided members with the opportunity to cure the violation prior to the meeting. If a member cures the violation prior to the meeting, an HOA board is prohibited from imposing discipline. If curing the violation would take longer than the time between the notice provided and the meeting, the HOA board would be prohibited from imposing discipline if a member provides financial commitment to cure the violation.

***Deferred Maintenance and Inspection Mandates*:** In 2015, an exterior balcony at the Library Gardens apartment complex in Berkeley, located near the University of California, Berkeley, collapsed, resulting in the deaths of six young adults and injuries to seven others. Subsequent investigations determined that the balcony's wooden support framing had deteriorated because of extensive dry rot that had not been addressed through proper maintenance.

Following the incident, the California State Contractors State License Board revoked the license of the general contractor that built the apartment complex. The board found that the company, Segue Construction, Inc., had allegedly disregarded approved construction plans and specifications and failed to comply with accepted standards for quality construction practices.

In response to the tragedy, the Legislature approved SB 465 (Hill), Chapter 372, Statutes of 2016. Among other provisions aimed at increasing contractor oversight, the measure directed the California Building Standards Commissions (CSBC) to convene a working group to examine failures involving EEEs, such as balconies. The legislation required the CBSC to report its findings to the Legislature and identify potential statutory, regulatory, or building code changes. In 2017, the CSBC adopted emergency regulations intended to expedite implementation of enhanced construction standards.

California later approved SB 721 (Hill), Chapter 445, Statutes of 2018, which established periodic inspection requirements for EEEs in specified multifamily residential buildings. Under the law, building owners must arrange inspections of balconies and related load-bearing components and waterproofing systems at least once every six years by qualified licensed professionals. These inspections are intended to verify that the structures remain safe, functional, and free of hazardous conditions. The law also requires identified deficiencies to be repaired within prescribed timeframes and authorizes penalties for owners who fail to complete required repairs.

SB 721 did not apply to CIDs. To address that gap, the Legislature approved SB 326 (Hill), Chapter 207, Statutes of 2019, which imposed comparable inspection requirements on CIDs. Under SB 326, HOAs must arrange inspections at least every nine years for balconies and other EEEs for which the HOA is responsible for maintenance or repair. Inspectors must prepare written reports, and the findings must be incorporated into the HOA's reserve study process.

Both SB 721 and SB 326 originally required initial inspections to be completed by January 1, 2025. However, AB 2579 (Quirk-Silva), Chapter 835, Statutes of 2024, generally extended the deadline for multifamily residential buildings subject to SB 721 to January 1, 2026. AB 2579 did not extend the corresponding deadline applicable to CIDs under SB 326.

***Access to Homeownership Opportunities*:** Government-sponsored enterprises (GSEs), including Fannie Mae and Freddie Mac, play an important role in expanding homeownership opportunities in CIDs by purchasing and guaranteeing mortgages originated by private lenders. By providing liquidity to the mortgage market, the GSEs help make conventional mortgage financing more widely available for homebuyers. To manage risk, the GSEs establish project eligibility

requirements for condominiums and other CIDs that consider factors such as reserve funding, special assessments, deferred maintenance, insurance coverage, and the overall financial condition of the HOA. As a result, the availability of conventional mortgage financing in many CIDs depends in part on whether the CID satisfies applicable GSE eligibility standards.

Following the 2021 Champlain Towers South condominium collapse in Seaside, Florida, Fannie Mae and Freddie Mac increased their scrutiny of condominium and CID projects with significant deferred maintenance, structural deficiencies, or critical repair needs. The GSEs do not automatically deem a project ineligible simply because repairs are required. However, projects with unresolved structural safety concerns, substantial deferred maintenance, or critical repairs affecting the safety, structural integrity, or habitability of the property may be ineligible for purchase by the GSEs until those issues are adequately resolved. According to media reports, these new requirements have resulted in the creation of a "blacklist" by the GSEs of CID properties in which all units within the development are ineligible for GSE-backed mortgages.[1]

***This Bill*:** This bill makes three changes to the Act that, according to the author, aim to increase transparency and preserve affordability for homeowners living in HOAs.

Annual Budgets: As noted previously, the Act requires an HOA to provide the members with an annual budget report 30 to 90 days before the end of the fiscal year. The report must contain 12 components, including a pro forma operating budget, information about the reserve fund, and a summary of various insurance policies. This bill adds two more requirements to the report. This bill requires the annual budget report to include a comparison breakdown of the anticipated expenses of the previous fiscal year versus actual expenditures of the previous fiscal year, which are to be organized into major categories. These categories must include expenses related to reserve contributions, a third-party management companies, utilities, maintenance, and insurance. This bill adds a statement of the compensation of a management company, if applicable, to the annual report. To address concerns raised by opponents of this bill that this information is already included in other disclosures, the author amended this bill to specify that, if an HOA includes both of these proposed elements in the pro forma operating budget of the annual report, then an HOA has complied with these disclosure requirements. This bill also specifies that, if the annual budget report is delivered to members in the form of a summary, the HOA must also include the comparison breakdown and the statement of the compensation of a management company.

Regular Assessments: This bill reduces from 20% to 8% the maximum allowable annual increase in regular assessments without a vote of the membership. The author has provided the committee with media reports of HOA members across California facing increases regular and special assessments. Last year, members of an HOA in Modesto faced a sudden special assessment to repair various EEEs, despite a 2025 budget disclosure filed in September 2024 indicating no special assessment was anticipated.[2] In Orange County, another outlet reports continued increases in regular assessments in addition to the special assessment contemplated for

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[1] Jean Eaglesham and Nicole Friedman, "A secret mortgage blacklist is leaving homeowners stuck with unsellable condos," The Wall Street Journal (March 2025), https://www.wsj.com/finance/regulation/condo-sales-home-insurance-crisis-a921362b

[2] Nina Burns, "Modesto HOA increases monthly dues at Walnut Orchards as residents launch recall effort of board," CBS News (Aug. 15, 2025), https://www.cbsnews.com/sacramento/news/modesto-walnut-orchard-hoa-increases-monthly-dues/.

maintenance and repairs.[3] This bill attempts to minimize the increases homeowners will be required to pay and aims to give members of an HOA greater control over whether, and to what degree, increases in regular assessments may be imposed without a vote of the membership.

Disciplinary Policies: This bill increases transparency and procedural protections for HOA members facing disciplinary fines. This bill requires an HOA to provide a member with access to any physical evidence the HOA board relied upon in determining that the member violated the HOA's governing documents at least five business days before the hearing or deadline for the member to submit a response. If the evidence is in a digital format (e.g., photos, video, audio recordings, etc.), the HOA must provide certain data associated with the evidence. Various outlets have covered the growing tensions between some HOA boards and the members within those associations.[4] Despite the recent cap placed on monetary penalties in AB 130 last year, these fines can still have an impact on the living conditions of residents around the state. Requiring an HOA board to disclose the information and evidence supporting a proposed monetary penalty affords residents a reasonable opportunity to understand and respond to the allegations against them.

***Policy Considerations*:** California continues to face a significant housing affordability crisis, with high housing costs limiting opportunities for homeownership and increasing financial burdens on households throughout the state. As a growing share of state's housing stock is developed within CIDs, HOA assessments can represent a substantial component of a homeowner's monthly housing expenses. Consequently, the state has an interest in balancing the goal of maintaining affordable HOA costs for residents with ensuring that HOAs have sufficient resources to safely maintain their communities and meet long-term obligations.

- *Housing Stability and Foreclosure Risk*: HOA assessments are mandatory obligations that may be secured by a lien against an owner's separate interest, and delinquent assessments may ultimately result in collection actions or foreclosure. Limiting the magnitude of annual increases in regular assessments may help reduce the likelihood that homeowners, particularly those on fixed incomes or with limited financial resources, experience sudden increases in housing costs that they are unable to absorb, thereby promoting housing stability and reducing the risk of assessment-related delinquencies and foreclosures.

- *Homeowner Participations in Assessment Decisions*. Reducing the maximum allowable increase in regular assessments without a vote of the membership may encourage HOA boards to seek member approval for larger increases more frequently. Providing homeowners with an opportunity to vote on proposed assessment increases affords residents a greater voice in determining the housing costs they will bear and may promote transparency, accountability, and member engagement in HOA budgeting decisions.

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[3] David González, "New HOA fees at Yorba Linda community may force residents out of their homes," ABC 7 (Feb. 11, 2023), https://abc7.com/post/yorba-linda-villages-condominium-association-hoa-fees-orange-county-homes-california/12797554/

[4] Hilda Gutierrez et al., " 'This has to stop:' residents blast San Jose HOA over excessive fines, seek board recall," NBC Bay Area (Feb. 12, 2025), https://www.nbcbayarea.com/investigation/residents-blast-san-jose-hoa-excessive-fines/3791486/.

- *Potential Shift Towards Special Assessments*: Conversely, a lower cap on increases in regular assessments may create an unintended incentive for HOAs to rely more heavily on special assessments to address reserve shortfalls, insurance increases, or other unforeseen expenses. Unlike regular assessments, which are typically adopted through the annual budget process and paid on a recurring basis, special assessments may result in unexpected and substantial costs to HOA members, may be payable in a lump sum or over a shorter period established by the HOA board, and generally become due according to the schedule imposed when the assessment is levied. To the extent the purpose of reducing the cap on regular assessments is to protect homeowners from significant increases in housing costs, a potential for greater reliance on special assessments may undermine that objective by replacing gradual increases with less predictable and potentially more burdensome payment obligations.

- *Increases in Insurance Premiums*: CIDs throughout California have experienced substantial increases in property insurance costs in recent years, particularly in areas exposed to wildfire and other disaster risks. Because insurance is a necessary operating expenses, HOAs may have limited ability to absorb these increases without higher regular assessments.

- *Deferred Maintenance and EEEs.* HOAs are responsible for maintaining, repairing, and replacing common area components, including EEEs, and are required to inspect their conditions following the tragic Berkeley balcony collapse. Deferring necessary repairs can increase life safety risks and lead to more costly future repairs.

- *Reserve Funding Obligations for EEEs.* Existing law requires HOAs to incorporate findings from EEE inspections into their reserve studies to assist with long-term capital planning. However, planning alone does not address identified deficiencies, and HOAs must maintain adequately funded reserves to timely perform necessary repairs and replacements while remaining mindful of affordability concerns for homeowners.

- *Mortgage Financing and Deferred Maintenance*. Recent reporting indicates that loans backed by GSEs, including Fannie Mae and Freddie Mac, may be unavailable for units located in developments with significant deferred maintenance, unresolved structural issues, or inadequate funding for required repairs. Reduced access to convention mortgage financing may limit opportunities for prospective purchasers. Lowering the assessment amount HOA's can charge may undermine the overall financial health of the CID.

- *Planned Developments*. Planned developments often rely on projected assessment levels and reserve funding assumptions reviewed during the Department of Real Estate public report process. Constraints on an HOA's ability to adjust assessments to address legitimate operating, insurance, reserve, or maintenance obligations could affect the pace of development and the completion of the common area amenities.

- *Affordable Housing Assessment Limitations*. The state recently reduced the cap on regular assessment increases for deed-restricted affordable housing units in developments recorded on or after January 1, 2025, to 5% plus the percentage change in the cost of living, not to exceed 10% greater than the preceding year. To the extent that the affordable housing units are levied a regular assessment at that allowable cap of 10%, this

bill would provide a greater benefit to other residents within the HOA with an 8% cap. In addition, the combined effect may further constrain an HOA's ability to address long-term maintenance and capital needs.

***Arguments in Support*:** According to the Consumer Federation of California, "Homeowner associations (HOAs) collect millions of dollars annually from the homeowners living in them, because the services they provided are self-financed. Homeowner dollars might pay for road maintenance, private security, landscaping, snow removal, trash pickup, water services, mosquito abatement, parks, environmental management. A new law effective in 2019 now makes homeowners – not utility companies – responsible for the 'maintenance and repair' of all gas, water, electrical, and sewer delivery lines coming into the subdivision. In short, associations finance through assessments many of the services formerly finance with property taxes, though homeowners are required to pay those too in addition to assessments. The services listed above are ones formerly provided by California cities and counties, but that local governments can no longer afford or cannot fully fund, for example road maintenance. However, unlike property taxes which have a 2% annual increase, state law lets associations increase regular assessments an arbitrary 20% a year – without meaningful justification. Needless to say, such increases can be a shock to a homeowner's wallet, since the salary or retirement income of few people increases annually by 20%. Sometimes assessments outstrip a homeowner's mortgage payment and lead to foreclosure. The cost of housing – rental, ownership, and mobile home parks – has become alarmingly unaffordable for Californians. In response, the Legislature has started reining in rents and ownership costs by indexing them to rational measures like the Consumer Price Index (CPI) as the Foundation for Community Association Research recommends."

According to the California Low-Income Consumer Coalition, "Common interest developments (aka 'homeowner association') are the fastest growing form of housing in the state. In 1970 California had 10,000 associations; now it has 55,000 associations where 14 million Californians – about 30% of the population – live. Alameda County, for example, has 2334 HOAs; Los Angeles County has 16,574 HOAs. These figures increase every year. Membership is mandatory and holds tremendous power over homeowners, especially their pocketbook. SB 1007 increase transparency and preserves affordability for homeowners living in HOAs by: ensuring that homeowners have a clear understanding of what their HOA fees fund, capping HOA fees (regular assessments) that the Board can assess without a vote to 8%, which currently is arbitrarily set at 20%, and guaranteeing that homeowners who are facing fines for alleged violations can view the evidence the HOA Board has against them."

***Arguments in Opposition*:** According to the Community Associations Institute's California Legislative Action Committee, the California Building Industry Association, and the California Association of Community Managers, "Associations are nonprofit organizations that exist solely to maintain common property and provides services for residents. Unlike businesses or local governments, associations cannot generate profits or create revenue streams. They are only permitted to collect the funds necessary to meet anticipated operating expenses and reserve obligations. SB 1007 limits assessment increases but does nothing to address the unprecedented rise in costs associations are legally required to absorb. Since 2020, associations have faced: an insurance crisis, with many communities experiencing premium increases of 300% to 500% due to wildfire risk and the shrinking insurance market. Many associations have been forced onto the California FAIR Plan, which recently approved additional rate increases of 29% to 36% effective October 1, 2026; rising utility costs, with electricity rates increasing dramatically and significantly impacting common-area operations; new state mandates, including structural

balcony inspections, election requirements, and other compliance obligations that increase operating costs; escalating labor and vendor expenses, which continue to outpace inflation and increase the cost of maintaining communities." "The bill's alternative of obtaining homeowner approval to exceed the cap is not a practical solution. Association elections are costly, achieving quorum is difficult, and homeowners often reject necessary increases despite the long-term consequences. This dynamic was tragically illustrated in the years leading up to the Champlain Towers South collapse in Florida, where critical repairs were repeatedly delayed amid resistance to increased assessments." "It is for these reasons, we oppose SB 1007 unless amended to delete Section 3 and request a No vote before your committee."

***Amendments*:** The author has proposed amendments for this Committee's consideration. Due to timing, the following amendments will be taken in the Assembly Judiciary Committee if approved by this Committee:

- Raise the cap in Section 3 of this bill to 8% plus the percentage change in the cost of living, not to exceed 13% greater than the preceding regular assessment.

- Specify the "percentage change in the cost of living" means the percentage change from April 1 of the prior year to April 1 of the current year in the regional Consumer Price Index for the region where the residential real property is located, as published in the United States Bureau of Labor Statistics. If a regional index is not available, the California Consumer Price Index for All Urban Consumers for all items, as determined by the Departments of Industrial Relations, shall apply.

***Related Legislation*:**

AB 2050 (Caloza, 2026), 1) requires an HOA's reserve study to identify the minimum reserve contribution level to prevent the projected reserve account balance from falling below zero over the following 30 years; 2) requires an HOA, if the reserve study projects the reserve fund will fall below zero at any point over a 30 year period, to transfer a minimum of 15% of its gross annual budget to its reserve account each year until its reserve account balance is no longer projected to fall below zero; and 3) requires an HOA to impose a special assessment of 5% of the annual budget without a vote of the membership if the 15% allocation is insufficient to fund the minimum reserve contribution level. *AB 2050 is pending in the Senate Judiciary Committee*.

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, enacted statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to housing and homelessness, and capped HOA monetary fines at $100 and required that HOAs provide members an opportunity to cure the violation before a fine may be imposed.

AB 2579 (Quirk-Silva) Chapter 835, Statutes of 2024, extends the deadline by one year, to January 1, 2026, for performing inspections of EEEs in all buildings containing three or more multifamily dwelling units.

AB 572 (Haney), Chapter 745, Statutes of 2023, prohibited an HOA that records its original declaration on or after January 1, 2025, from imposing an increase in regular assessments on an owner of a deed-restricted affordable housing unit that is more than 5% plus the percentage change in the cost of living, not to exceed 10%, more than the assessment from the prior year.

AB 1410 (Rodriguez), Chapter 858, Statutes of 2022, among other provisions, limited an HOA from taking disciplinary action against a member during a state of emergency and prohibited an HOA from retaliating against a member for exercising their rights. AB 1410 originally included provisions substantially similar to SB 1007's provisions regarding the evidence used by the HOA to demonstrate a member has committed a violation of the HOA rules, but those provisions were removed from the bill before its enactment.

SB 326 (Hill) Chapter 207, Statutes of 2019, establishes minimum inspection requirements for EEEs within HOAs.

SB 721 (Hill) Chapter 445, Statutes of 2018, established minimum inspection requirements for the EEEs, including balconies and decks, of buildings with three or more multifamily dwelling units, as specified.

AB 690 (Quirk-Silva), Chapter 127, Statutes of 2017, required the annual budget report that the HOA board must provide members include specified information relating to charges for requesting copies of certain documents from the HOA.

AB 279 (Frazee), Chapter 596, Statutes of 1987, raised the cap in the original Act for annual increases in assessments without member approval from 10% to 20%, and eliminated the exceptions to the cap.

Sterling, Chapter. 874, Statutes of 1985, established the Act, and included a 10% cap on annual increases in HOA dues that do not require approval by the members, subject to exceptions.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Consumer Federation of California (Sponsor)
California Low-income Consumer Coalition
Individuals (2)

Opposition

California Building Industry Association
Desert Resort Management
Golden Rain Foundation Board of Directors
Housing Action Coalition
Oaknoll Homeowners Association
Peninsula Place Homeowners Association
Torrance Windemere Hoa
Villa Caballeros Homeowners Association
Individual (20)

Oppose Unless Amended
California Association of Community Managers
Community Associations Institute - California Legislative Action Committee

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1014 (Grayson) – As Amended June 3, 2026

SENATE VOTE: 30-9

SUBJECT: Development projects: preliminary estimate of required improvements: onsite and offsite improvements

SUMMARY: Allows development proponents to request and receive additional information regarding offsite and onsite improvements associated with a housing development project at the preliminary application phase, and when processing post-entitlement phase permits. Specifically, **this bill**:

1) Requires a city, county, or city and county to provide a preliminary estimate of required improvements to an applicant within 30 business days of the request if the applicant submits a preliminary application or an application for a housing development project. The preliminary estimate of required improvements must include:

    a) A good faith estimate of the list of the types of onsite or offsite improvements that may be required in connection with the housing development project; and

    b) For any improvements that will be constructed or installed by the city, county, or city and county, a good faith estimate of the cost of those improvements if constructed or installed at the time the estimate is provided.

2) Provides that the good faith estimate required in 1) shall not be required to include either of the following:

    a) Onsite or offsite improvements required by a public agency or utility other than the city, county, or city and county; or

    b) Onsite or offsite improvements imposed on a housing development project to comply with the California Environmental Quality Act (CEQA).

3) Allows an applicant of a housing development project, who has requested a preliminary estimate from a city, county, or city and county, to also request from a public utility, special district, or a public agency other than a city, county, or city and county a list of the types of any onsite or offsite improvement that may be required in connection to the housing development within 30 days of the request for a preliminary estimate. Requires a public utility, special district, or a public agency other than a city, county, or city and county to provide this information within 30 business days.

4) Provides that nothing within the bill creates or affects any right or obligations with respect to onsite or offsite improvements, except for the estimates required by 1) and 3).

5) Provides that the estimates in 1) and 3) shall be for informational purposes only and shall not be legally binding or otherwise affect the scope, extent, or cost of any onsite or offsite improvements that are required or imposed pursuant to other provisions of existing law.

6) Requires the city, county, or city and county, within 30 business days of deeming an application for a postentitlement phase permit complete, to provide the applicant with an itemized list of all onsite and offsite improvements that will be required prior to issuance of, or otherwise in connection with, that permit.

7) Prohibits a city, county, or city and county from requiring construction or installation of any onsite or offsite improvement prior to issuance of, or otherwise in connection with, a postentitlement phase permit, unless that improvement was included in the itemized list of onsite and offsite improvements.

8) Allows a city, county, or city and county to require the construction or installation of onsite or offsite improvements not included on the itemized list of onsite and offsite improvements, if any of the following circumstances occur:

    a) The city, county, or city and county finds, based upon substantial evidence, that the onsite or offsite improvement is necessary to mitigate or avoid a specific, adverse impact upon the public health or safety;

    b) The developer changes or requests to change the construction or other work permitted by the postentitlement phase permit from the description provided in the application, and the requested onsite or offsite improvement is reasonably related to the expanded scope of the construction or other work permitted; and

    c) The postentitlement phase permit is a discretionary building permit or other permit, as specified, in which case the city, county, or city and county may require construction or installation of onsite or offsite improvements in order to mitigate potentially significant environmental effects, as required pursuant to the CEQA.

9) Provides that nothing in this bill shall be construed to relieve a city, county, or city and county of its obligation to comply with the provisions in the Housing Accountability Act (HAA), related to vesting, before subjecting a housing development project to an improvement that was not in effect when a preliminary application, as specified, was submitted.

EXISTING LAW:

1) Defines “housing development project” as a use consisting of any of the following:

    a) Residential units only;

    b) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use, excluding any hotel or other short-term uses; and

    c) Transitional housing or supportive housing. (Government Code (GOV) 65940.1)

2) Establishes a process for a project applicant to file a preliminary application for a housing development project, and establishes that a housing development project that has submitted a preliminary application must be subject only to the ordinances, policies, and standards

adopted and in effect when the preliminary application was deemed to be complete. (GOV 65941.1)

3) Authorizes an applicant who submits a preliminary application to include a request for a preliminary fee and exaction estimate, which the city or county must provide within 30 business days of the submission of the preliminary application. Provides that the fee and exaction estimate is for informational purposes and shall not be legally binding or otherwise affect the scope, amount, or time of payment of any fee or exaction that is otherwise determined by other provisions of law. (GOV 65941.1)

4) Provides that for development fees imposed by a local agency that is not a city or county, including fees levied by a school district or a special district, the applicant must request the fee schedule from the local agency and that local agency must provide the fee schedule without delay. (GOV 65941.1)

5) Requires, upon approval of a housing development project, a city or county to provide the applicant with an itemized list and a good faith estimate of the total sum amount of all fees and exactions that will apply to the project within 30 business days. (GOV 65943.1)

6) Requires local agencies to list all information required for an application under the Permit Streamlining Act. (GOV 65940)

7) Establishes the Mitigation Fee Act (GOV 66000-66025) that requires a local agency to do all of the following when establishing, increasing, or imposing a fee on a development project:

    a) Identify the purpose of the fee;

    b) Identify the use to which the fee is to be put;

    c) Determine how there is a nexus between the fee's use and the type of development project on which the fee is imposed; and

    d) Determine how there is a nexus between the need for a public facility and the type of development project on which the fee is imposed.

8) Requires a city, county, or special district that has an internet website to make information available on its internet website, including the current schedule of fees, exactions, and affordability requirements imposed by that city, county, or special district, applicable to a proposed housing development project. (GOV 65940.1)

9) Requires a city or county to request from a development proponent, upon certificate of occupancy or final inspection, whichever occurs last, the total amount of fees and exactions associated with the project, and post that information on its internet website. (GOV 65940.1)

10) Defines "postentitlement phase permit" as follows:

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

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

ii) Minor or standard off-site improvements;

iii) Demolition;

iv) Minor or standard excavation and grading. (GOV 65913.3)

11) Requires a local agency or a state agency to compile one or more lists of information that will be required from any applicant for a postentitlement phase permit and specifies a process for approving those permits. (GOV 65913.3)

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

Author's Statement: According to the author, "California has a massive and growing housing production and affordability crisis. Driving this affordability issue is the exponential rising costs of building new housing. Development fees and other construction requirements can make up a significant portion of building costs and are much higher in California compared to the rest of the nation. Despite the significant reforms intended to improve fee transparency, builders continue to struggle to anticipate certain development costs, such as those for on-site and off-site improvements. Builders may find out about on-site and off-site improvements late in the process, adding unforeseen development costs and making projects less likely to pencil out. SB 1014 will help provide greater certainty for housing developments by requiring local jurisdictions, within 30 days of submission of a preliminary application, provide a good-faith estimate and list of any on-site or off-site improvements. Additionally, the bill would also prevent a local jurisdiction from requiring any additional on-site or offsite improvements that are not disclosed within 30 days of submitting a building permit application. This bill will help enhance transparency and will provide greater certainty in the housing development process."

Cost of Building Housing: It is expensive to build housing in California. The UC Berkeley Terner Center finds that challenging macroeconomic conditions, including inflation and high interest rates, affect the availability and cost of capital, resulting in rising costs for labor and materials.[1] Furthermore, workforce and supply shortages have exacerbated the already high price of construction in California, and economic uncertainty has made equity partners and lenders apprehensive about financing new housing development proposals.[2] These conditions are particularly acute during the early stages of development, when projects rely on higher-risk, higher-cost forms of capital, such as predevelopment and construction financing, which are often the most difficult to secure.

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

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

project.[3] 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.[4] These cost and timing challenges can make it difficult to build housing at all in the current environment, and are especially pronounced for high-rise and other complex urban developments, which carry higher construction costs, longer timelines, and greater exposure to financing risk. More broadly, when development projects are perceived as too costly or risky, capital may be redirected to lower-risk investments or to other states with more predictable timelines and lower development costs, further constraining housing production in California.

A separate analysis by the California Housing Partnership compares the cost of market rate development prototypes developed by the Terner Center with the median cost of developing affordable rental homes. In the four regions analyzed, the study found that the cost of developing one unit of affordable housing ranged from approximately $480,000 to $713,000, while the cost of developing one unit of market rate housing in the state ranged from approximately $508,000 to $637,000.[5] The increased cost for the affordable units can be attributed, in part, to the difficulty associated with assembling a capital stack for affordable housing development, the complex regulations that these affordable units must comply with, and the added cost of labor requirements tied to certain funding sources used by affordable housing developers.

Development Fees: Development fees serve many purposes and can be broadly divided into two categories: service fees and impact fees. Service fees cover staff hours and overhead, and are used to fund the local agency's role in the development process such as paying for plan reviews, permit approvals, inspections, and any other services related to a project moving through various local departments. Impact fees refer generally to fees that offset the public costs of new infrastructure incurred by the larger community. In the wake of the passage of Proposition 13 in 1978 and the loss of significant property tax revenue, local governments have also turned to development fees as a means to pay for new infrastructure. A recent study conducted by the Terner Center found that on average, impact fees added $19,806 per unit to affordable housing developments.

The Mitigation Fee Act governs the imposition, collection, and use of impact fees collected by local governments when reviewing and approving development proposals. When imposing a fee as a condition of approving a development project, the Mitigation Fee Act also requires local officials to determine a reasonable relationship between the fee's amount and the cost of the public facility. In its 1987 *Nollan* decision, the U.S. Supreme Court said there must be an "essential nexus" between a project's impacts and the conditions for approval. In the 1994 *Dolan* decision, the U.S. Supreme Court said that conditions on development must have a "rough proportionality" to a project's impacts.

There are other fees that may be levied on housing development projects that fall outside of the Mitigation Fee Act. These may include fees for the public good, such as fees that provide for

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

public art or affordable housing; environmental mitigation fees; park fees; utility fees and connection charges; school fees; and regional development fees. Furthermore, housing development projects are often required to complete onsite and offsite improvements for things like infrastructural investments associated with the development proposal. These can include increasing the capacity of underground utilities, building roads, walkways, installing street trees, street lights, and a host of other infrastructural investments.

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 can influence project design, add mitigation requirements, or delay approval if significant environmental impacts are identified. 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.

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 infill housing developments and projects meeting objective standards. Some of these laws include:

- *The Housing Crisis Act of 2019 (HCA):* To address concerns that cities and counties were taking actions that could undermine housing development, the Legislature enacted SB 330 (Skinner), Chapter 654, Statutes of 2019. Among other provisions, the HCA prohibits a local agency from applying new rules or standards to a project after a "preliminary application" containing specified information is submitted and a complete full application follows within 180 days. In doing so, the HCA provides a "vesting" process, which locks in the ordinances, policies, and standards in effect at the time of submission. This means that any changes to local zoning, development standards, fees, or exactions that occur after the complete preliminary application is submitted will not apply to that project, unless the fees, charges, or monetary exactions result from an automatic annual adjustment based on an independently published cost index referenced in the establishing ordinance.

- *The Permit Streamlining Act (PSA).* The PSA requires public agencies (both state and local agencies) to act fairly and promptly on applications for development proposals, including housing developments, including a 30-day timeframe for public agencies to determine whether applications for development projects are complete or request additional information; failure to act results in an application being "deemed complete."

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

Fee Transparency: AB 1820 (Schiavo), Chapter 358, Statutes of 2024 authorized development applicants that submit a preliminary application for a housing development project to include a request for a preliminary fee and exaction estimate from the city or county, and required the city or county to provide the estimate within 30 days. AB 1820 further required a city or county to provide the development proponent with an itemized list and good faith estimate of the total sum of all fees and exactions that will apply to the housing development project within 30 days. AB 1820 defined "fee" as a fee or charge pursuant to the Mitigation Fee Act, and "exaction" as a construction excise tax, a public art fee, a dedication of parkland, or a special tax levied on the new housing units pursuant to the Mello-Roos Community Facilities Act.

This Bill: This bill builds upon the fee transparency framework established by AB 1820 by creating a process for applicants to obtain early information regarding required onsite and offsite improvements associated with a housing development project. An applicant that submits a preliminary application, or otherwise submits sufficient information for a complete housing development application, may request a preliminary estimate of required improvements, which a city or county must provide within 30 business days. The estimate must include a good-faith estimate of the types of onsite and offsite improvements that may be required and, for improvements to be constructed or installed by the city or county, a good-faith estimate of their cost. This bill also authorizes applicants to request similar information from other public agencies, utilities, and special districts. This bill specifies that these preliminary estimates are provided for informational purposes only and are not legally binding.

For postentitlement phase permits, this bill requires a city or county to provide an applicant, within 30 business days of determining that an application is complete, an itemized list of all onsite and offsite improvements required in connection with that permit. This bill generally prohibits a city or county from subsequently requiring improvements that were not included on that list. However, additional improvements may be required if the city or county finds, based on substantial evidence, that the improvement is necessary to avoid a specific adverse impact on public health or safety; if the developer expands the scope of work and the improvement is reasonably related to that change; or, for discretionary postentitlement permits subject to CEQA, if additional improvements are required to mitigate potentially significant environmental impacts.

Arguments in Support: A coalition of organizations comprising the Home Builders Alliance write in support: "SB 1014 represents an important step forward for good governance. Clear, consistent, and transparent rules are essential to ensuring that housing policies adopted by the California State Legislature can be implemented fairly and efficiently by local governments, and relied upon by project applicants and communities alike. Too often, housing developments face new or expanded onsite and offsite improvement requirements late in the permitting process, after significant time and resources have already been invested. These last-minute conditions, such as unanticipated infrastructure upgrades, utility improvements, or public work requirements, introduce substantial and unpredictable costs and in many cases render otherwise compliant housing projects infeasible.

SB 1014 helps address this challenge by ensuring that improvement requirements are disclosed completely, early, and clearly, providing both local agencies and applicants with a shared understanding of expectations. By improving predictability, the bill supports responsible planning while preserving local authority to require appropriate improvements, so long as those requirements are communicated in a timely and transparent manner."

Arguments in Opposition: The City of Thousand Oaks writes in opposition: "Unfortunately, preliminary applications and even formal applications do not provide adequate information for cities to provide the best estimate. The plan materials' information often lacks the engineering detail required to make an accurate assessment of infrastructure needs. Without full grading plans or detailed utility maps (which usually come later in the process), a city might not know that a project will require improvements without a subsequent study to determine. Improvements such as a sewer lift station, specific drainage basin or other infrastructure cannot be determined with the timeframe proposed within this legislation.

If the city misses the required improvement during that 30-day window because the initial plans were vague, they may be legally barred from requiring it later—even if that improvement is essential for public safety or environmental health.

The requirement to provide a list of all improvements and a "good-faith estimate" within 30 business days is an extremely tight turnaround for municipal staff. Many cities do not have enough engineers or plan checkers on staff to conduct a comprehensive infrastructure analysis within 30 days. This may force cities to divert staff away from other critical public works projects. Identifying "off-site" improvements often requires input from multiple departments (Water, Public Works, Transportation), other outside agencies (i.e. electricity company, telephone company, water and sewer provider, gas company, etc.), and additional consultant-prepared studies. Coordinating a binding list across these silos in 30 days is a massive logistical challenge."

Related Legislation:

AB 1820 (Schiavo), Chapter 358, Statutes of 2024, authorized development applicants that submit a preliminary application to include a request for a preliminary fee and exaction estimate from the city or county, and required the city or county to provide the estimate within 30 days.

AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, established parameters and timeframes for a local agency's review of non-discretionary post-entitlement phase permits.

Double-referred: This bill is double referred. It was heard in the Assembly Committee on Local Government and passed on a vote of 7-2 on June 17, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Sponsor)
San Francisco Bay Area Planning & Urban Research Association (Sponsor)
21st Century Alliance
Abundant Housing LA
Abundant Housing Los Angeles

Business for Good San Diego
California Apartment Association
California Council for Affordable Housing
Casita Coalition
Circulate Planning & Policy
DignityMoves
East Bay YIMBY
Eden Housing
Everybody's Long Beach
Fieldstead and Company, INC.
Grow the Richmond
Habitat for Humanity California
Holos Communities
Housing Action Coalition
Housing California
LeadingAge California
Monterey Peninsula YIMBY
Mountain View YIMBY
Napa-solano for Everyone
New Way Homes
North Bay Leadership Council
Northern Neighbors
Northern Neighbors SF
Peninsula for Everyone
Resources for Community Development
San Diego Housing Federation
San Diego Regional Chamber of Commerce
San Francisco YIMBY
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
SLOCO YIMBY
South Bay YIMBY
Southern California Association of Non-profit Housing
The Two Hundred
The Two Hundred for Homeownership
Ventura County YIMBY
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY Monterey Peninsula
YIMBY SLO
Zillow Group

Opposition

City of Carlsbad
City of Rancho Cucamonga
City of Thousand Oaks

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1072 (Committee on Housing) – As Amended June 3, 2026

SENATE VOTE: 35-0

SUBJECT: Housing omnibus

SUMMARY: Makes technical, non-substantive changes to sections of state law relating to housing. Specifically, **this bill**:

Includes the following provisions, with the proponent of each provision noted at the end in brackets:

1) *Regional Housing Needs Allocation (RHNA) [SEC 1].* AB 2430 (Wiggins, Chapter 358, Statutes of 2000), extended authority originally established by AB 3452 (V. Brown, Chapter, 1018, Statutes of 1996), which allowed Napa County to transfer up to 15% of its low-income housing allocation in prior housing element cycles to incorporated cities within the county, allowing the county to zone for fewer units of low-income housing. The authority extended by this statute effectively ended in 2007, while the statutory provisions in this code section are no longer applicable, they remain codified. This proposal would remove this defunct section (Section 65584.6 of the Government Code) from Housing Element Law. [Senate Housing Committee]

2) *Housing Element Cycles [SEC 2].* This proposed change would convert all 5-year Housing Element (HE) cycle regions to an 8-year HE cycle. The shorter five-year cycle creates a burden on smaller jurisdictions to complete the HE more frequently. Additionally, the disjointed cycle causes changes in statute and process to flow unevenly. The proposal would convert all these jurisdictions to an eight-year cycle for the 8th and subsequent RHNA cycles. While the current five-year regions would normally have their 8th cycle HE due date in 2029, this proposal would delay the 8th cycle until 2032. [Department of Housing and Community Development (HCD)]

3) *Housing Accountability Act [SEC. 3]*. SB 330 (Skinner, Chapter 654, Statutes of 2019) amended the Housing Accountability Act (HAA) and inadvertently created a broken cross-reference in Government Code (GOV) 65589.5. Specifically, GOV 65589.5(m)(1), originally added by SB 167 (Skinner, Chapter 368, Statutes of 2017), references GOV 65589.5(h)(5)(B), a provision that no longer exists because SB 330 reorganized the statute and moved those provisions to paragraph (6) of subdivision (h). As a result, the statute currently points to a nonexistent paragraph. Subdivision (m) establishes the procedures and timelines for judicial actions brought to enforce the HAA, including actions challenging a local agency's unlawful disapproval or delay of a housing development project. This proposal corrects that drafting error by updating the cross-reference to point to subparagraphs (B) to (D), inclusive, of paragraph (6) of subdivision (h), which relate to a local agency's failure to comply with statutory housing approval timelines. The amendment is intended to restore clarity and ensure the enforcement provisions of the HAA operate as intended. This amendment also reorganizes paragraph (1) of subdivision (m) for clarity. [Assembly Housing Committee]

4) *Preservation Notice Law (PNL) [SEC 4 & 5].* Proposed changes to PNL provide clarity to requirements that have been vague within the law. [HCD]

5) *Affordable Housing and High Roads Jobs Act (AB 2011) [SEC 6 & 7].* AB 2011 sets forth various criteria for a housing development project to qualify for streamlined ministerial review. Some of the criteria pertain to the property on which the project will be developed, while others pertain to the project itself. The statute inadvertently references the property when the subsequent subparagraphs refer to requirements for the development project. A technical change would correct this mis-reference by changing "property" to "development project." Another provision corrects an incorrect cross reference. [Student Homes Coalition]

6) *Housing Crisis Act [SEC 8].* SB 940 (Beall, Chapter 201, Statutes of 2019) temporarily provided the City of San Jose with flexibility in complying with the no net loss requirements of the Housing Crisis Act (HCA). The additional flexibility for the city expired in January of 2023. The HCA originally included a sunset date of 2025, and the expired flexibility provided to San Jose would have naturally been removed from the code at that point. The HCA was extended in 2021 and made permanent in 2025, however the now expired authority for San Jose remains embedded in statute. This proposal would remove the now defunct language from the HCA. [Senate Housing Committee]

7) *Low Income Housing Tax Credit (LIHTC) [SEC 9, 15, 16, & 17].* Proposed changes would make conforming changes included in H.R.1 to: (1) reflect the 25% test (as opposed to 50% test) in its reference to IRC Section 42, (2) make clearer the amount of credit a project can take each year, (3) fix a mistaken cross reference, and (4) clarify that special needs projects receiving both federal boosted credits (130% of eligible basis) and state credits are not located in a DDA or QCT but rather designated as a DDA or QCT, as specified. Other changes would clarify that a farmworker includes individuals that were agricultural employees prior to retirement or disability, consistent with HCD's definition of farmworker in their funding programs. This will better align HCD programs with the state tax credit program. [California Tax Credit Allocation Committee and California Debt Limit Allocation Committee]

8) *California Tax Credit Allocation Committee (TCAC) Annual Reporting [SEC 10].* Currently, Health and Safety Code requires TCAC to submit an annual report to the legislature specifying particular information. Current TCAC regulations require recipients of tax credits to include specified numbers of housing units accessible to people with mobility and hearing/vision disabilities, to comply with federal and state law. However, information on these units is not currently provided in the annual report. This amendment would require inclusion of data on those units in the report. This will provide useful information to stakeholders, including people with disabilities who need accessible housing, about implementation of the requirements and compliance with federal and state law. [Disability Rights California]

9) *Department of Housing and Community Development (HCD) Annual Reporting [SEC 11].* Proposed changes would remove the duplicative National Housing Trust Fund requirements in statute that govern HCD's annual reporting. This change would reduce reporting burden without changing the reporting that would need to be done due to existing federal requirements, thus creating efficiencies, freeing up personnel resources, and saving money. [HCD]

10) *Federal Housing Trust Fund [SEC 12].* The Senate Transportation and Housing Committee was split in 2018 into two separate committees: the Senate Transportation Committee and the Senate Housing Committee. HSC Section 50676, related to federal housing trust funds that are allocated to HCD, contains an outdated reference to the Senate Transportation and Housing Committee. This proposal would refer instead to the Senate Housing Committee. [Senate Housing Committee]

11) *Community Development Block Grant Program [SEC 13 & 14].* Proposed changes would remove any references to Small Cities for the Community Development Block Grant (CDBG) program to clean-up outdated verbiage that no longer aligns with federal law. [HCD]

EXISTING LAW:

1) Authorizes, under the tax on the gross premiums of insurers, the Personal Income tax Law, and the Corporate Tax Law, a state LIHTC that is calculated in partial conformity with the federal LIHTC and may only be claimed over a period of four years. (Revenue and Taxation Code Sections 12206, 17058, and 23610.5.)

FISCAL EFFECT: Unknown.

COMMENTS:

***Omnibus Bills*:** The Senate Housing Committee introduced this bill as an omnibus measure. Omnibus bills allow the Legislature to combine a number of minor, non-controversial, and technical changes to statutes in one bill. This allows for greater efficiency in the legislative process since it would otherwise be necessary to introduce each proposal as a standalone bill.

Conformity. State law does not automatically conform to changes in federal tax law, except for specific retirement provisions. Instead, the Legislature must affirmatively conform to federal changes, which it can do in two different ways. First, the Legislature can pass an individual tax bill that conforms to a specific federal provision, such as the Regulated Investment Company Modernization Act (AB 1423, Perea, 2011). Second, the Legislature can enact one omnibus bill to provide that state law conforms to federal law as of a specified date. Currently, state law generally conforms to federal tax law as of January 1, 2025 (SB 711, McNerney, 2025).

LIHTC. Housed in the office of the State Treasurer, TCAC, comprised of the State Treasurer, the State Controller, the Director of Finance, and three non-voting members, allocates state and federal LIHTCs.

Housing developers design projects and apply to TCAC for credits. If TCAC grants credits, it enters into a regulatory agreement with the housing developer which sets forth income and rent restrictions. TCAC then reserves the credit for that application, at which point the housing developer often forms partnership agreements with investors who provide project capital in exchange for the credits at a discount. The developer then returns to TCAC for a final credit allocation. Investors claim the credit until exhausted, then can walk away from the partnership, and deduct the amount paid to the partnership in exchange for the tax credits as a capital loss.

TCAC awards 9% federal credits, up to a dollar threshold set in federal law, using a competitive process. TCAC awarded $115.5 million in 9% federal LIHTCs to 58 proposed housing projects,

totaling 2,953 lower-income units in 2025. Also in 2025, TCAC allocated $639 million in annual federal 4% LIHTCs to 195 proposed housing projects, leading to 25,476 lower-income units. While federal law caps TCAC's authority to allocate federal 9% credits, TCAC can allocate unlimited 4% credits – so long as they are awarded in conjunction with tax-exempt private activity mortgage revenue bonds.

Current state law allows credits against the Personal Income Tax, Corporation Tax, and Gross Premiums Tax to subsidize investors who provide project capital to affordable rental housing projects. State LIHTCs are calculated in partial conformity with federal LIHTCs, and complement federal credits in the hope of providing the capital necessary to pay for the construction of affordable housing. TCAC can allocate state LIHTCs to projects where they allocate federal LIHTCs. The key differences between state and federal LIHTCs are that investors claim the state credit over four taxable years instead of ten, projects must be located in California, and rents must be maintained at specified levels for 30 years instead of 15. The amount of state LIHTC annually allocated by TCAC is limited to $70 million, adjusted for inflation, which was expanded by AB 101 (Committee on Budget, 2019) and subsequent actions taken to approve the annual Budget Act.

Federal LIHTC changes. In December 2020, Congress enacted the Consolidated Appropriations Act (PL 116-260), which, among other changes, set a minimum credit of 4% per year for the low-income housing credit, effective for allocations commencing in 2021; before then, the percentage was variable based on a determination by the Secretary of the Treasury. Congress had made a similar change to the 9% credit in 2008, which was made permanent in 2015.

In June 2025, Congress enacted H.R. 1 (Public Law 119-21, One Big Beautiful Bill Act, or "OBBBA"). In Section 70422, Congress increased states' LIHTC ceiling, and modified a special rule that allows LIHTCs to be allocated to a project 25% funded with tax exempt bonds; the previous threshold had been 25%.

Tax credit sections in the Gross Premiums, Personal Income, and Corporation Taxes have not been updated to reflect the changes made by the CAA and H.R. 1. TCAC wants to conform state law to federal changes and correct an errant reference.

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

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1092 (Allen) – As Amended June 15, 2026

SENATE VOTE: 29-7

SUBJECT: Mobilehome parks: resident organizations: option to purchase

SUMMARY: Requires management of a mobilehome park to provide notice to residents and other specified entities of management's intent to sell, lease, or transfer a mobilehome park and establishes a right-to-purchase a mobilehome park for a resident organization associated with the park, as specified. Specifically, **this bill**:

1) Provides that a "triggering event" for purposes of notice requirements of a management's intent to sell, lease or transfer a mobilehome park include any time mobilehome park management does any of the following:

    a) Signs a contract with a real estate broker or brokerage firm to list the park for sale or to sell or transfer the park;

    b) Signs a letter of intent, option to sell or buy, or other conditional written agreement with a potential buyer for the sale or transfer of the park, which includes the estimated price, terms, and conditions of the proposed sale or transfer, even if such price, terms, or conditions are subject to change;

    c) Signs a contract with a potential buyer's real estate broker or brokerage firm related to the potential sale or transfer of the park;

    d) Accepts an earnest money promissory note or deposit from a potential buyer for the sale or transfer of the park;

    e) Responds to a potential buyer's due diligence request for the park;

    f) Provides a signed property disclosure form for the park to a potential buyer;

    g) Lists the park for sale;

    h) Receives an offer for the sale or transfer the park that management intends to accept;

    i) Conditionally accepts an offer for the sale or transfer of the park; and

    j) Takes any other action demonstrating an intent to sell the park.

2) Requires, no later than 14 days following a triggering event demonstrating management's intent to sell, management of a mobilehome park to give notice to the following entities:

    a) To each resident household in the park by first-class certified mail with return receipt requested and by email, if provided by the resident.

b) The mayor of the city in which the mobilehome park is located, or, if located in an unincorporated area, the chair of the board of supervisors, by first-class certified mail with return receipt requested and by email, if available, with tracking.

c) The appropriate local public housing authority, if any, by first-class certified mail with return receipt requested and by email, if available, with tracking.

d) The Department of Housing and Community Development by first-class certified mail with return receipt requested and by email, if available, with tracking.

e) The officers of a resident organization associated with the mobilehome park.

3) Requires the notice in 2) to include:

a) A statement expressing the owner's intent to sell the mobilehome park; and

b) A statement detailing the triggering event that required this notice.

4) Provides that if the triggering event is the receipt of an offer for the sale or transfer the park that management intends to accept or the conditional acceptance of an offer for the sale or transfer of the park, the notice required in 2) shall also include:

a) A statement from management that it has received an offer for the sale, lease, or transfer of the mobilehome park that it intends to accept.

b) A statement of the homeowners' rights under this bill.

c) A statement of the price, terms, and conditions of any offer management has conditionally accepted or plans to accept concerning the park, or a copy of that offer or purchase contract. Provides that in the case of a proposed sale of more than one park, or a park and one or more other nonrelated properties, in a single transaction, the notice shall state both the aggregate price and the price of the park in which the homeowners receiving the notice reside.

5) Provides that no later than 120 days after a notice from management complying with 4) above is sent, a resident organization or its assignee may deliver a good faith, written purchase agreement or offer to management of the park, along with a statement that more than 50% of the homeowners in the park support the purchase offer.

6) Specifies that a homeowner may indicate support for submitting a purchase offer by signing a petition or any other document that so states.

7) Provides that if a purchase offer from a resident organization or its assignee is not received by management during the 120-day period in 5) above, management has no further duties under this bill for the proposed sale, lease, or transfer of the park.

8) Requires management, if it receives a written purchase offer as specified in 5) above, to consider the purchase offer and negotiate with the resident organization, in good faith, to determine whether a mutual agreement can be reached that results in the resident organization purchasing the park.

9) Requires management to make the same information available to a resident organization that it has or would have been provided to another prospective purchaser.

10) Requires management to provide a good faith reason in writing to the resident organization with three days of the date of rejection if the management rejects the resident organization's proposed purchase offer.

11) Establishes the right of a resident organization to purchase the park at the price, terms, and conditions stated in its proposed purchase agreement if a resident organization or its assignee or agent delivers a proposed purchase agreement in writing to management in compliance with 5) above and its proposed purchase agreement matches the price and substantially the same terms and conditions as the offer management has conditionally accepted or plans to accept.

12) Provides that if the proposed purchase agreement complies with 11) above, the right to purchase established in 11) shall apply rather than 8), 9), and 10) above.

13) Prohibits management from unreasonably refusing to enter into or unreasonably delaying the execution or closing on a purchase agreement with a resident organization which has proposed a bona fide purchase agreement to meet the price and substantially equivalent terms and conditions of an offer for which notice is required to be given pursuant to 4) above.

14) Prohibits management from rejecting a proposed purchase agreement solely on the basis of its inclusion of a financing contingency, the type of financing or payment method, or the time period for closing.

15) Specifies that, if a resident organization and management enter into a purchase agreement for the park, a resident organization shall have 120 days from the date of the agreement to arrange all necessary financing, and a commercially reasonable time to close on the sale.

16) Provides that if a resident organization fails to arrange all necessary financing during the 120-day period in 15) above, or a longer period as the parties may agree to, or fails to close on the sale in compliance with the purchase agreement executed by the parties, management has no further duties under this bill with respect to the proposed sale, lease, or transfer of the park.

17) Requires HCD to establish a process for certifying qualified entities that can be designated by a resident organization to operate a mobilehome park and its communal facilities for its remaining life.

18) Provides that an entity shall be one of the following to be eligible for designation as a qualified entity:

    a) A local nonprofit organization or public agency.

    b) A regional nonprofit organization or public agency.

    c) A national nonprofit organization or public agency.

19) Requires the certification process in 17) to be based on an entity's demonstrated relevant experience in California, as well as its current capacity.

20) Requires HCD to maintain and update the list of qualified entities annually.

21) Requires HCD to make the list of qualified entities created pursuant to 17) above available to management upon receipt of a notice from management pursuant to 2) above.

22) Specifies that after management receives the list of qualified entities from HCD pursuant to 21) above, management shall send a written copy of the notice it distributed pursuant to 2) above to any qualified entity that requests it.

23) Provides that a resident organization that has rights under this bill may, at its election, assign those rights to the municipality in which the resident organization is located, a housing authority located in the municipality, a state agency, or a qualified entity for the purpose of continuing the use of the property as a park.

24) Provides that, upon assignment in 23), the assignee shall be entitled to exercise the rights that this bill grants to the assignor resident organization.

25) Specifies that a resident organization may rescind any rights it assigned at any time.

26) Specifies that 24) shall not apply if a resident organization represents less than 50% of the homeowners in the park.

27) Makes the following exempt from the notice requirements and right-to-purchase provisions of this bill:

    a) A lease of a lot within the park to a person who will live in manufactured home on that lot.

    b) A conveyance of an interest in the park that is incidental to the financing of the park.

    c) A sale or transfer pursuant to eminent domain.

    d) An initial offer for sale, lease, or transfer from a resident organization that represents at least 50% of the homeowners of the mobilehome park.

28) Provides that to qualify for an exemption in 27), a transaction shall not be made in bad faith, shall be made for a legitimate business purpose or a legitimate familial purpose, and shall not be made for the primary purpose of avoiding the opportunity-to-purchase provisions, as specified.

29) Authorizes a resident organization to bring a civil action against management who sells, leases, or transfers a park and fails to comply with the provisions of this bill.

30) Requires management that violates the provisions of this bill to be subject to a civil penalty in the amount of $100,000, or 20% of the total sales price, whichever is greater.

31) Specifies that actions for relief pursuant to this bill may be brought in the name of the people of California by the Attorney General, or by the district attorney, county counsel, or city attorney of the location in which the violation occurred.

32) Authorizes any court of competent jurisdiction to grant relief that it finds necessary to enforce the provisions of this bill, including the issuance of an injunction.

33) Provides that lack of knowledge of the provisions of this bill shall not be deemed to be a defense to an action under 30) or 31).

34) Requires the provisions of this bill to be liberally interpreted to achieve this bill's purpose of preserving affordable housing and expanding the opportunities for owners of mobilehomes and manufactured homes to purchase the community in which their homes are located.

35) Repeals existing notice requirements related to an owner of a mobilehome park entering into a written listing agreement with a licensed real estate broker for the sale of the park, or offering to sell the park.

36) Defines a "resident organization" to mean a group of homeowners who have formed a nonprofit organization pursuant to Revenue and Taxation Code Section 23701(v), a cooperative cooperation, or other entity or organization.

EXISTING LAW:

1) Establishes the Mobilehome Residency Law (MRL) to regulate the relationship between mobilehome park management and park residents, and establishes various rights, responsibilities and limits of both groups. (Civil (CIV) Code 798 *et seq.*)

2) Specifies that a mobilehome park may only evict a resident for: failing to comply with a local or state law or regulation on mobilehomes within a reasonable time after the mobilehome owner receives notice of noncompliance; conduct of the resident that amounts to a substantial annoyance of other mobilehome owners or residents; conviction for certain crimes; failure to comply with a reasonable rule of the park; or for nonpayment of rent, utilities, or other reasonable incidental services charged by the park. (CIV 798.56)

3) Requires, not less than 30 days or more than one year before entering into a listing agreement with a licensed real estate broker for the sale of the park or offering to sell the park to any party, a mobilehome park owner to provide written notice of their intent to sell the mobilehome park to the president, secretary, and treasurer of any resident organization formed by the mobilehome owners in the mobilehome park, as specified. Specifies that an offer to sell the park is not construed as an offer unless it is initiated by the park owner or their agent. Specifies that an owner of a mobilehome park is not required to provide this notice unless the resident organization first furnishes the park owner or the park manager with a written notice of the name and contact information for the president, secretary, and treasurer of the resident organization, notifies the park owner or manager that the park residents are interested in purchasing the park, and furnishes the park owner or manager with notice of any change in the name or address of the officers of the resident organization within five days of any change. Exempts certain transfers or sales, as specified. (Civ. Code § 798.80.)

4) Specifies that nothing in the provisions described in (3) affects the validity of title to real property transferred in violation of those provisions, but that such a violation shall subject the seller to civil action by mobilehome residents of the park or the resident organization. (Civ. Code § 798.80(c).)

5) Requires, prior to the conversion of a mobilehome park to another use, closure, or cessation, the person or entity proposing the change to report on the impact of the conversion, closure, or cessation. [Government (GOV) Code 65863.7(a)(1)(A)]

6) Requires this report to include a replacement and relocation plan that adequately mitigates the impact of the closure, change of us, or cessation upon the ability of the displaced residents to find adequate housing in a mobilehome park. (GOV 65863.7(a)(1)(A))

7) Specifies that, if a displaced resident cannot obtain adequate housing in another mobilehome park, the person or entity proposing the change must pay the displaced resident the in-place market value of their mobilehome, as specified. (GOV 65863.7(a)(2))

8) Requires, before the approval, a local legislative body to review the impact report and any additional relevant documentation and make a finding as to whether the approval, taking into consideration both the impact report and the housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households in the jurisdiction. (GOV 65863.7(e))

9) Establishes the Preservation Notice Law (PNL), which requires an owner of an assisted housing development to provide notice of the proposed termination of a subsidy contract, the expiration of rental restrictions, or prepayment to each affected tenant, as well as affected public entities, at least 12 months and at least six months prior to the anticipated date of the termination, expiration, or prepayment, as specified. (GOV 65863.10)

FISCAL EFFECT: According to the Senate Appropriations Committee, as amended April 23, 2026, "Estimated cost to the Department of Housing and Community Development (HCD) of up to $200,000 annually for technical expertise; up to $120,000 one time for information technology upgrades (General Fund)."

COMMENTS:

***Author's statement*:** According to the author, "California has a housing affordability crisis. Mobilehomes are the largest source of unsubsidized affordable housing in the country and provide important homeownership opportunities for many Californians. Mobilehome owners tend to be older and less wealthy than the average renter. The California Department of Housing and Community Development acknowledges that preserving this housing option is critical to meeting the state's housing needs. Across the country, private equity firms are buying mobilehome parks, significantly hiking rents and fees, and minimizing maintenance care. The financing and legal supports residents rely on to navigate or challenge these threats to affordability take considerable time to coordinate. SB 1092 creates a real pathway for residents to offer competitive bids to preserve their communities and stay in their homes."

Mobilehomes in California: More than one million people live in California's approximately 4,500 mobilehome parks. Mobilehomes are not truly mobile, in that it is often cost prohibitive to relocate them. The cost to move a mobilehome ranges from thousands to tens of thousands of dollars depending on the size of the home and the distance traveled. A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on, and must pay rent and fees for the land and any community spaces.

The MRL extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. A limited number of provisions also apply to residents who rent, as opposed to own, their mobilehome. The MRL has two parts: Articles 1 through 8 apply to most mobilehome parks and Article 9 applies to resident-owned parks or parks which are established as a subdivision, cooperative or condominium. The provisions cover many issues, including, but not limited to: 1) the rental and lease contract terms and specific conditions of receipt and delivery of written leases, park rules and regulations, and other mandatory notices; 2) mandatory notice and amendment procedures for mobilehome park rules and regulations; 3) mandatory notice of fees and charges, and increases or changes in them; and 4) specified conditions governing mobilehome park evictions. A dispute that arises pursuant to the application of the MRL generally must be resolved in a civil court of competent jurisdiction.

***Preserving Mobilehome Parks*:** Existing law outlines a process for mobilehome park owners to apply for approval from local authorities to close a park or convert the property to another use. Despite this requirement, hundreds of mobilehome and recreational vehicle parks in California were closed or converted to another use between 1998 and 2019. To address concerns about losing mobilehomes – an important form of affordable housing – AB 2782 (Stone, Chapter 35, Statutes of 2020) aimed to strengthen the process for approval of mobilehome park conversion. First, park owners must pay in-place market value for the mobilehome of a park resident who is unable to successfully relocate to another park. Prior to approving a proposed change in use for a mobilehome park, a local jurisdiction must now make a finding as to whether the change in use will result in a reduction in affordable housing within the jurisdiction. Finally, AB 2782 extended, from 15 to 60 days, the advance notice of the public hearing regarding a park closure that park owners must give their residents as a precondition for terminating tenancy.

Last year, SB 610 (Perez), Chapter 547, Statutes of 2025, added additional responsibilities of park management if a proposed change of use or closure is related to damage or destruction by a disaster. SB 610 required a technical service inspection report from HCD that identifies the conditions within the park to be included within the impact report.

Additionally, under existing law, when a mobilehome park owner plans to sell a park, the owner must provide advance notice to any resident organization established by park residents at least 30 days, but no more than one year, before entering into a listing agreement or offering the park for sale to another party. This notice requirement applies only if the resident organization has previously informed park management of its leadership and expressed an interest in purchasing the park. The purpose of the notice is to give residents an opportunity to organize and potentially acquire the park themselves, thereby helping preserve an important source of affordable housing. These protections recognize that mobilehome owners typically own their homes but lease the land beneath them, placing them in a unique housing arrangement that warrants additional safeguards.

***Preserving Assisted Housing Developments*:** Since the 1960s, developers have constructed at least 425,000 units of affordable rental housing in California with the assistance of federal, state, and local subsidies Owners are required to maintain rents at affordable levels for typically 30 to 55 years, depending on the type of subsidy a development received. Once affordability obligations expire, owners may preserve the affordability of the units by renewing assistance or by refinancing with new public subsidies, or they may convert the development to market rate. Preserving affordable housing is a key strategy for protecting the state's limited affordable housing stock and preventing displacement of lower income tenants.

California's Preservation Notice Law (PNL) requires owners of affordable housing looking to convert to market rate to give notice of the opportunity to submit a purchase offer at full market value, one year in advance, to potential buyers interested in preserving affordability. PNL also requires owners to notify tenants, as well as the state and local governments, of the impending affordability expirations. Recent legislation, AB 2926 (Kalra), Chapter 281, Statutes of 2024, strengthened PNL by deleting the option for an owner to hold on to a property that is subject to affordability expiration, and potentially convert it to market rate in five years. Instead, an owner must either sell the property to a qualified preservation buyer at fair market value, or re-restrict the development as affordable housing for at least another 30 years. HCD is obligated to monitor compliance with the law, and the PNL allows affected tenants and local governments the right to enforce the law via legal remedies. SB 1092 similarly requires HCD to establish a process for certifying qualified entities that can be designated by a resident organization to operate a mobilehome park and its communal facilities for its remaining useful life.

***This Bill*:** This bill seeks to strengthen the existing notice obligations of a park owner intending to sell or transfer a park and establishes a right-to-purchase the park for a resident organization of the park. As noted previously, existing law requires the owner of a mobilehome park to provide notice of intention to sell the park no less than 30 days, but no more than one year, before entering into a written listing agreement with a real estate broker. The notice must be delivered to specified officers of any resident organization formed by homeowners in the park. The existing notice requirement is only triggered if a resident organization has notified park management of its leadership and its interest in purchasing the park. Despite this existing requirement in statute, the author has provided the committee with materials demonstrating the intent of one park owner in the author's district to quietly sell the mobilehome park.[1] Following the destruction of the Palisades Bowl mobilehome park as a result of the Palisades fire in early 2025, residents of the park discovered the park was listed on a real estate company's website as an opportunity to convert the lots into single family homes.[2] This bill broadens the list of events that would trigger notification of an intent to sell or transfer a park. These 10 triggering events range from any time management signs a contract with a real estate broker to list the park for sale to any time management responds to a potential buyer's due diligence request for the park, and to any time management receives an offer for the sale or transfer of the park that management intends to accept.

This bill establishes a 120-day shot clock for a resident organization, or its assignee, to deliver a good faith, written purchase agreement offer to management of the park after management has provided notice of receipt of an offer for the sale or transfer of the park that management intends to accept. An owner is not required to negotiate with the resident organization under existing law. This bill requires an owner to consider the purchase offer and negotiate with the resident organization, in good faith, to determine whether a mutual agreement can be reached that results in the resident organization purchasing the park. An owner would not be required to accept the offer after good faith negotiations with the resident organization, though the owner would be required to provide a good faith reason for the rejection in writing within three days of the

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[1] David Wagner, "Their mobile homes burned down in the Palisades fire. Now the property is quietly up for sale," LAist (Mar. 5, 2026), https://laist.com/news/housing-homelessness/pacific-palisades-bowl-mobile-estates-home-park-fire-sale-residents-displaced.

[2] Haggerty, Noah, "Owners of fire-destroyed Palisades mobile home park seek to displace residents for development deal," Los Angeles Times (March 5, 2026), https://www.latimes.com/environment/story/2026-03-05/fire-destroyed-mobile-home-park-seeks-development-deal-displacing-residents.

rejection. Only in the instance when the resident organization delivers a proposed purchase agreement that matches the price and substantially the same terms and conditions as the non-resident organization offer that management conditionally accepts or plans to accept would this bill establish a right-to-purchase the park for residents. Management would be prohibited from refusing to enter into or unreasonably delaying the execution or closing on a purchase agreement with a resident organization which has proposed a bona fide purchase agreement to meet the price and substantially equivalent terms and conditions of an offer from a non-resident organization. This bill would then establish, if a resident organization and management enter into a purchase agreement for the park, another 120 days from the date of the agreement for the resident organization to arrange all necessary financing, and a commercially reasonable time to close on the sale. Unless the resident organization and management agree to a longer period, management would have no further responsibilities under this bill if a resident organization failed to arrange the necessary financing during that 120-day window.

This bill intends to balance residents' opportunity to preserve their community through resident ownership with the right of park owners to receive the same economic value they would otherwise obtain from a willing third-party buyer.

***Covered events*:** The notice requirements in this bill are triggered by specified events demonstrating park management's intent to sell or transfer a mobilehome park. One of the triggering events is the receipt of an offer for the sale or transfer that management intends to accept or the conditional acceptance of an offer for the sale or transfer of the park. In that instance, management would be required to provide additional information (e.g., a statement of the price, terms, and conditions of an offer) in the notice to residents and other specified recipients. One of those additional requirements is a statement from management that it has received an offer for the sale, lease, or transfer of the mobilehome park that it intends to accept. As currently drafted, it is unclear whether an offer to lease the park that management intends to accept would be a triggering event. Previous versions of this bill made clear offers to lease would trigger notice requirements of park management. *The Committee may wish to clarify, consistent with the author's intent, that offers to lease a park that management intends to accept would constitute a triggering event.*

***Arguments in Support*:** According to the California Coalition for Rural Housing, ROC USA, and Neighborhood Partnership Housing Services, the sponsors of this bill, and other coalition organizations, "California's 4,500 manufactured home communities are some of the last souces of affordable homeownership opportunities in the state. However, they are under threat. Investors are aggressively targeting parks with the aim of raising rents and redeveloping the land. The result is the displacement of lower-income families and the loss of naturally occurring affordable housing. Between 2016 and 2025, 102 parks closed, representing the loss of an estimated 4,553 manufactured housing lots, or about 500 lots each year." "SB 1092 would give park residents a fair opportunity to purchase their communities by ensuring that homeowners receive advance notice of sale and a chance to match third party offers. The law would not require park owners to sell to park residents, but rather give residents the right to participate in a transparent sale process. Without legislative action, the current trend of corporate consolidation of the manufactured housing market will continue, and we can expect to see more park closures and more families priced out by rising lot rents. By giving manufactured homeowners the opportunity to compete for their communities, SB 1092 will help prevent displacement and homelessness while making sure that manufactured housing provides badly needed affordable homeownership opportunities."

***Arguments in Opposition*:** According to the Western Manufactured Housing Communities Association (WMA), "As drafted, the bill would allow a nonprofit organization to delay the sale of a privately owned manufactured housing community and diminish its market value by injecting lengthy delays into current and future transactions. Because the right to dispose of property is a fundamental constitutional right, legislation that burdens that right without just compensation raises serious concerns." "The bill also restricts a seller's ability to evaluate essential deal terms. It provides that management may not reject a proposed purchase agreement solely because of a financing contingency, the type of financing or payment method, or the proposed closing timeline. Yet those are among the most important considerations in any property sale. WMA is also concerned that SB 1092 appears to impose no meaningful consequence if a resident organization expresses interest in purchasing a park but later fails to secure financing or close. In a typical right-of-first- refusal arrangement, a buyer provides a nonrefundable deposit that is forfeited if the buyer cannot perform. Under SB 1092, it is unclear what recourse a park owner would have if a resident organization cannot complete the transaction or simply walks away."

According to the California Mobilehome Parkowners Alliance, "SB 1092 established a layered notice and purchase framework that applies to the sale of mobilehome parks. Under the bill, parkowners are required to engage in a prolonged process with a resident organization or its designee prior to completing a sale, including extended timelines, and a right for residents or a 'qualified entity' – as determined by the Department of Housing and Community Development (HCD) to match the terms of a third-party offer and supersede it." "Given the nature and size of these transactions, prospective purchasers often must invest significantly to do their 'due diligence' in understanding the investment they are considering and the value of the park. These costs are not recoverable. Any versions of a right of first refusal requires a prospective buyer to risk losing these funds. It is likely that the net impact of this policy is to benefit large institutional investors that can view this loss, which could easily range into six figures, as the cost of doing business."

***Related Legislation*:**

SB 1093 (Allen, 2026), requires management of a mobilehome that was damaged or destroyed by a disaster to provide regular status updates to residents of the park; prohibits park management from denying residents access to the park after seven days have passed since evacuation orders have been lifted or downgraded; requires park management to conducted specified evaluations and testing when pursuing cessation, closure, or change of use of the park due to disaster; and requires a mobilehome park pursuing a closure or change of use of the park related to a disaster to pay a displaced resident the in-place market value of their leasehold interest. *SB 1093 is pending consideration in this Committee*.

SB 749 (Allen, 2025), would have enacted new notice and purchase offer requirements that mobilehome park management must comply with when a park is closing, ceasing operations, or converting to another use. *SB 749 was held on the Assembly Appropriations Committee's Suspense File*.

SB 610 (Perez), Chapter 547, Statutes of 2025, imposed new requirements on a mobilehome park owner or a landlord of a residential property if a property is damaged or destroyed by a declared emergency or disaster, including applying existing requirements governing the closure, cessation, or conversion of a mobilehome park to another use to situations where the closure or

change of use is a result of damage or destruction of the mobilehome park by a disaster, including provisions requiring the entity proposing the change to file impact reports with specified entities and residents, create replacement and relocation plans for displaced residents, and restricting the local government's ability to approve a change of use unless certain requirements are met.

AB 2926 (Kalra), Chapter 281, Statutes of 2024, made several changes to the PNL, including requiring an owner of an assisted housing development to accept a bona fide offer from a qualified entity to purchase and to execute a purchase agreement, or to record a new regulatory agreement with a term of at least 30 years that meets specified requirements, and deleting the option for an owner to decline to sell the property.

SB 274 (Dodd) Chapter 504, Statutes of 2019, created an opportunity for mobilehome residents to return when a mobilehome park is destroyed by natural disaster and subsequently gets rebuilt; provided a required structure for a park's determination of whether it must accept a prospective mobilehome buyer; and provided mobilehome residents the opportunity to designate at least three "companions" in each calendar year with whom to share the mobilehome.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Coalition for Rural Housing (Co-Sponsor)
Neighborhood Partnership Housing Services, INC. (Co-Sponsor)
ROC USA (Co-Sponsor)
All Home
California Center for Cooperative Development
California Coalition for Community Investment
California Community Land Trust Network
California Housing Partnership
California Rural Legal Assistance Foundation
Center for Community Action & Environmental Justice
Center for Community Action and Environmental Justice
Central Coast Alliance United for a Sustainable Economy
Consejo De Federaciones Mexicanas
East Bay Housing Organizations
Friends Committee on Legislation of California
Golden State Manufactured-home Owners League
Health in Partnership
Housing California
Leadership Counsel for Justice and Accountability
Legal Aid of Sonoma County
Lift to Rise
MHAction
Mobile Home Resident Coalition
National Consumer Law Center

National Housing Law Project
Pacific Palisades Community Council
Palisades Bowl Community Group
Public Interest Law Project
Public Law Center
Rise Economy
Starting Over INC.
Starting Over Strong
Tenants Together
Tenants United Anaheim
Thai Community Development Center
Urban Habitat
Western Center on Law and Poverty

Opposition

California Association of Realtors
California Mobilehome Parkowners Alliance
Western Manufactured Housing Communities Association

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1093 (Allen) – As Amended April 27, 2026

SENATE VOTE: 29-9

SUBJECT: Mobilehome parks: disaster assistance

SUMMARY: Requires management of a mobilehome park that was damaged or destroyed by a disaster to provide regular updates to residents of the park with specified information about the mobilehome park. Prohibits management of a mobilehome park from denying residents access to the park after seven days have passed since evacuation orders have been lifted or downgraded. Requires management of a mobilehome park to conduct specified evaluations and testing when pursuing cessation, closure, or change of use of the park due to disaster. Requires management of a mobilehome park pursuing a closure or change of use of the park related to a disaster to pay a displaced resident the leasehold interest value of the displaced resident's mobilehome. Declares the intent of the Legislature to ensure that residents be made whole for the full economic value of their leasehold interest, as if the disaster had not occurred, and that valuation methodologies should not result in the unjust enrichment of park owners or third parties through the extinguishment or devaluation of lawful tenancy rights. Specifically, **this bill**:

1) Prohibits management from restricting a resident of the park from accessing their mobilehome or mobilehome site to collect belongings or inspect the damage to their mobilehome on any date later than seven days after evacuation orders are lifted or downgraded to resident-access only, whichever comes first.

2) Allows the management to impose restrictions on access to common areas of the park that do not limit a resident's access to their mobilehome or mobilehome site.

3) Requires management to provide written status updates to the residents of the park until the park reopens or receives final approval of a change of use, cessation of use, or closure pursuant to applicable law every week for the first four weeks after a park is damaged or destroyed by a disaster and monthly thereafter.

4) Requires status updates to include, but are not limited to, all of the following:

    a) Whether the residents can access their property pursuant to 1) above, and, if known, when and how the residents may gain access to their property post-disaster;

    b) How residents can update their contact information and how residents can contact the park management;

    c) What actions have been taken and are planned to be taken toward debris removal, environmental remediation, or other park cleanup efforts, including expected timelines for initiation and completion;

d) What actions have been taken and are planned to be taken toward evaluating the feasibility of rebuilding and reopening the park, including expected timelines for initiation and completion; and

e) Any non-confidential updates from federal, state, or local governments regarding the cleanup process and available resources or support for rebuilding and recovery.

5) Requires management to send the status updates to the last known postal address of each resident of the park, or to an alternate postal address provided by a resident.

6) Specifies that, if a resident has provided management with an electronic mail address and provided affirmative written consent to receive notices from management by electronic mail, management may send the status updates by electronic mail.

7) Provides that, if management does not have a postal address or electronic mail address for the resident, management shall make reasonable efforts to contact the resident and obtain their current postal address or electronic mail address.

8) Provides that, if management is unable to obtain a postal address or electronic mail address for a resident, management is not required to provide status updates to the resident pursuant to 2) above, until the resident provides management with a postal address or electronic mail address.

9) Prohibits management from distributing a waiver of liability to the residents of the park in order for residents to access their mobilehome or mobilehome site pursuant to 1) above, unless that waiver was approved by the Department of Housing and Community Development (HCD).

10) Requires management to do all of the following prior to initiating, or while actively pursuing if initiated before January 1, 2027, and a final approval has not been received from the legislative body or advisory agency, a change of use, cessation of use, or closure of the park:

a) Evaluate the costs for rebuilding and reopening the park, including, but not limited to, the infrastructure and financing. Specifies that this evaluation shall not be inclusive of individual costs to homeowners or their insurers for the replacement of units unless those units are owned by management.

b) Identify all potential resources or funding sources, as provided in a list created by HCD, available to help rebuild and reopen the mobilehome park, including potential funding limits for each.

c) Complete soil sampling in accordance with post-disaster debris removal, test for metals and combustion-related contaminants, including lead, arsenic, antimony, mercury, polycyclic aromatic hydrocarbons, and other constituents of concern, using analytical methods and health-based screening criteria recognized by the Department of Toxic Substances Control and the Office of Environmental Health Hazard Assessment, asbestos surveys, abatement, and clearance testing performed in accordance with state law and applicable local air district requirements and groundwater testing in accordance with the State Water Resources Control Board or an applicable California Regional Water Quality Control Board.

d) Identify the feasibility of relocating the park within one mile.

e) Identify the economic cost to the neighborhood, city, and county as a result of the loss of mobilehome ownership units.

11) Requires management to submit documentation demonstrating completion of evaluations, investigations, and testing required in 9) above to HCD, to the local jurisdiction in which the mobilehome park is situated, and to the residents of the mobilehome park.

12) Requires HCD to maintain a list of local, state, and federal mobilehome-related programs and opportunities that could support rehabilitation or rebuilding of a mobilehome park affected by a disaster declaration and requires the list to be made available to any person or entity upon request.

13) Specifies that if management fails to comply with the requirements of 10) above, management shall not receive approval from a local agency for change of use, closure, or cessation of use of a park.

14) Provides that if management fails to comply with the requirements of 10) above, HCD and the local jurisdiction in which the park is situated shall not issue any discretionary or ministerial permit, entitlement, map, or other approval authorizing a change of use, redevelopment, grading, demolition, construction, or motion to nullify or later a conditional use permit to that management until HCD and the local jurisdiction in which the park is situated have received documentation demonstrating completion of the evaluations, investigations, and testing required in 9) above.

15) Provides that the provisions in 1) through 13) above do not preempt any local ordinance from providing additional protections or imposing additional obligations upon park management.

16) Provides that a resident organization or any resident of a mobilehome park that was damaged or destroyed by a disaster may bring a civil action against management that fails to comply with the applicable requirements above.

17) Provides that actions for relief pursuant to the provisions above may be brought in the name of the people of the State of California by the Attorney General, or by the district attorney, county counsel, or city attorney of the location in which the violation occurred.

18) Specifies that any court of competent jurisdiction may grant relief that it finds necessary to enforce this article, including the issuance of an injunction.

19) Provides that any violator of the provisions above shall be subject to a civil penalty not to exceed $2,500, for each violation.

20) Provides that each day that management is not in compliance with 1) above shall constitute a single violation.

21) Specifies that each resident of the park that does not receive a notice as required pursuant to 2) or 10) above shall constitute a single violation.

22) Provides that lack of knowledge by management of the provisions above shall not be deemed to be a defense to an action under this section.

Change of use, cessation of use, or closure

23) Makes the person or entity, when the proposed closure, cessation, or change of use is related to damage or destruction by a disaster, proposing the change of use responsible only for the leasehold interest value of the displaced resident's mobilehome.

24) Makes the following findings and declarations:

    a) Residents of mobilehome parks possess a unique and protectable leasehold interest in their space, including the right to occupy such space under existing terms and conditions. Following a disaster, the loss of a physical structure should not extinguish the underlying leasehold interest value attributable to the continued lawful use of the space; and

    b) It is the intent of the Legislature in enacting 23) above to ensure that residents be made whole for the full economic value of their leasehold interest, as if the disaster had not occurred, and that valuation methodologies should not result in the unjust enrichment of park owners or third parties through the extinguishment or devaluation of lawful tenancy rights.

25) Requires a legislative body, or its delegated advisory agency, as part of its review of an impact report prior to approving any change of use, to also review relevant documentation demonstrating management's compliance with 10) above.

EXISTING LAW:

1) Establishes the Mobilehome Residency Law (MRL) to regulate the relationship between mobilehome park management and park residents, and establishes various rights, responsibilities and limits of both groups. (Civil (CIV) Code 798 *et seq.*)

2) Specifies that a mobilehome park may only evict a resident for: failing to comply with a local or state law or regulation on mobilehomes within a reasonable time after the mobilehome owner receives notice of noncompliance; conduct of the resident that amounts to a substantial annoyance of other mobilehome owners or residents; conviction for certain crimes; failure to comply with a reasonable rule of the park; or for nonpayment of rent, utilities, or other reasonable incidental services charged by the park. (CIV 798.56)

3) Specifies that, if a mobilehome park is destroyed as a result of a disaster, and management elects to rebuild the park at the same location, park management must offer a renewed tenancy in the rebuilt mobilehome park to all previous mobilehome owners on substantially the same terms as the previous mobilehome owner's previous rental agreement as of the time of the disaster. Specifies that management may adjust the terms of the previous rental agreement to reflect costs and expenses to rebuild the park that it incurred from the time of the disaster to until park management received a final certificate of occupancy for all spaces in the park, including costs associated with demolition, reconstruction, environmental remediation, and taxes and interest expenses. (CIV 798.62(a)(1))

4) Requires park management to provide a previous mobilehome owner, upon request, a statement listing the costs and expenses incurred in rebuilding the park and how the costs and expenses relate to the adjustment of the terms in the rental agreement. (CIV 798.62(a)(2))

5) Requires the park management to send each previous mobilehome owner the offer at least 240 days before the park is reopened to the last postal address for the previous mobilehome owner, or to the mobilehome owner's email address or by telephone, if the park management has such contact information for the mobilehome owner. (CIV 798.62(a)(4))

6) Provides that a previous mobilehome owner may accept the offer by submitting a rental application and a required deposit, within 60 days from the date the mobilehome owner receives the offer, and signs a rental agreement. (CIV 798.62(a)(5))

7) Specifies that park management must process applications for a renewed tenancy on a first-come-first-served basis. (CIV 798.62(a)(6))

8) Requires, when a mobilehome tenancy is terminated due to damage or destruction from a disaster, that mobilehome park management return to the mobilehome owner within 21 days any advance rent paid for any period after the termination, and specifies that the mobilehome park must return any advance payment of rent for a period in which the homeowner is unable to occupy their mobilehome due to a mandatory evacuation order. Specifies that a mobilehome owner's obligation to pay rent is discharged for any period in which they are unable to occupy their mobilehome due to a mandatory evacuation order. (CIV 798.64)

9) Provides a prevailing party in any action for a violation of the MRL reasonable attorney's fees and costs. (CIV 798.85)

10) Provides a prevailing mobilehome owner or former mobilehome owner a statutory penalty of up to $2,000 per each willful violation by park management, as specified. (CIV 798.86)

11) Requires, prior to the conversion of a mobilehome park to another use, closure, or cessation, the person or entity proposing the change to report on the impact of the conversion, closure, or cessation. [Government (GOV) Code 65863.7(a)(1)(A)]

12) Requires this report to include a replacement and relocation plan that adequately mitigates the impact of the closure, change of us, or cessation upon the ability of the displaced residents to find adequate housing in a mobilehome park. [GOV 65863.7(a)(1)(A)]

13) Specifies that, if a displaced resident cannot obtain adequate housing in another mobilehome park, the person or entity proposing the change must pay the displaced resident the in-place market value of their mobilehome, as specified. (GOV 65863.7(a)(2))

14) Specifies that 13) above shall not apply when the proposed closure, cessation, or change of use is related damage or destruction by a disaster. (GOV 65863.7(a)(2)(D))

15) Requires, before the approval, a local legislative body to review the impact report and any additional relevant documentation and make a finding as to whether the approval, taking into consideration both the impact report and the housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households in the jurisdiction. (GOV 65863.7(e))

FISCAL EFFECT: According to the Senate Appropriations Committee, "Estimated cost to the Department of Housing and Community Development (HCD) of up to $300,000 in Fiscal Year 2027-28; up to $200,000 annually ongoing (General Fund).

HCD's costs would be for a consultant one time to assist with Information Technology Branch system updates such as modifying its Codes and Standards Automated System (CASAS), Online Services, and procedural language extensions to the structured query language, along with reports. HCD would need to expand the existing Online Services and CASAS system to accept and process waivers of liability, deny permits, and receive documentation to approve permits. These system amendments require mapping, testing, and ongoing system maintenance."

COMMENTS:

***Author's statement*:** According to the author, "The January 2025 Los Angeles Wildfires tore through Los Angeles County, destroying thousands of homes and exposing the urgent need for stronger state action to protect vulnerable communities. The fire in the Palisades leveled two mobilehome parks that provided one of the area's only sources of affordable housing. Hundreds of retirees and long-time residents lost stable, middle-class footholds in a region already facing a severely unaffordable housing market. After disasters, mobilehome owners exist in a uniquely uncertain position. Since residents own their homes but lease the land underneath them, whether and when they're able to rebuild will also depend on whether park owners choose to replace infrastructure damaged in the fire. SB 1093 provides greater certainty and support for mobilehome residents affected by disasters by requiring transparency and communication from mobilehome park owners regarding recovery efforts, clarifying existing reimbursement requirements if a park owner pursues closure or change of use after a disaster, establishing minimum environmental testing requirements before pursuing closure or change of use, and ensuring reasonable access to property to salvage any personal effects that may have survived the disaster."

***Eaton and Palisades fires*:** Climate change continues to pose significant risks to California, including more extreme heat events, larger wildfires, prolonged droughts, flooding, and other climate-related impacts. In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the most destructive wildfires in state history. The Palisades fire, which started on January 7th, burned a total of 23,448 acres and damaged or destroyed almost 8,000 structures in the Pacific Palisades and Topanga State Park area of west Los Angeles.[1] The Eaton fire also started on January 7th. It consumed 14,021 acres and damaged or destroyed more than 10,000 structures, including significant portions of the city of Altadena.[2] An estimated 9,592 single family homes and condominiums, 678 apartment units, 2,210 duplex and bungalow courts, and 373 mobilehomes were either heavily damaged or destroyed.

Mobilehomes in California: More than one million people live in California's approximately 4,500 mobilehome parks. Mobilehomes are not truly mobile, in that it is often cost prohibitive to relocate them. The cost to move a mobilehome ranges from thousands to tens of thousands of dollars depending on the size of the home and the distance traveled. A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on, and must pay rent and fees for the land and any community spaces.

The MRL extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. A limited number of provisions also apply to residents who rent, as opposed to own, their mobilehome. The MRL has two parts: Articles 1 through 8 apply to most

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[1] *CalFire: Palisades fire*. https://www.fire.ca.gov/incidents/2025/1/7/palisades-fire
[2] *CalFire: Eaton fire*. https://www.fire.ca.gov/incidents/2025/1/7/eaton-fire

mobilehome parks and Article 9 applies to resident-owned parks or parks which are established as a subdivision, cooperative or condominium. The provisions cover many issues, including, but not limited to: 1) the rental and lease contract terms and specific conditions of receipt and delivery of written leases, park rules and regulations, and other mandatory notices; 2) mandatory notice and amendment procedures for mobilehome park rules and regulations; 3) mandatory notice of fees and charges, and increases or changes in them; and 4) specified conditions governing mobilehome park evictions. A dispute that arises pursuant to the application of the MRL generally must be resolved in a civil court of competent jurisdiction.

***Palisades Bowl Mobile Estates and Tahitian Terrace*:** Two mobilehome parks, the Palisades Bowl Mobile Estates and Tahitian Terrace, were completely destroyed by the Palisades fire. The Palisades Bowl and Tahitian Terrace mobilehome parks were some of the few sources of affordable housing in the affluent Pacific Palisades, and housed hundreds of retirees and middle-class residents whose lots were subject to rent control restrictions. After the fire, residents were not allowed to return to the park for weeks to inspect their mobilehomes and collect any surviving valuables, unless they signed a waiver that reportedly waived their right to sue the mobilehome park or park manager for anything, in perpetuity. In addition, residents of Palisades Bowl had difficulty contacting and obtaining any information from the park owner, regarding plans for cleanup or rebuilding.[3]

This bill seeks to address the issues faced by residents of Palisades Bowl Mobile Estates and Tahitian Terrace and potential future mobilehome park residents who are victims of fires, by requiring park management to provide status updates at specified intervals after a park is damaged or destroyed by a disaster. For the first four weeks post-disaster, management must provide status updates every week and then on a monthly basis thereafter to the residents of the park. These status updates must include information about when and how residents may gain access to their property, what actions have been taken and are planned to be taken toward debris removal and other remediation efforts, and what actions have been taken or are planned to be taken toward evaluating the feasibility of rebuilding and reopening the park.

Closure, Cessation, or Change of Use for Destroyed Parks: When a mobilehome park is closed or proposed to be converted to a different use, existing law requires the owner proposing the change in use to file a report on the impact of the conversion or closure, which must include a replacement and relocation plan to mitigate the impact of the conversion or closure on the ability of displaced residents to find adequate housing in a mobilehome park. The law requires the entity proposing the change or closure to provide a copy of the report to the resident of each mobilehome affected. It also requires the local legislative body or advisory agency to review the report before any change of use or closure can take place and make findings related to whether the conversion or closure will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the jurisdiction. In addition, if a displaced resident is unable to obtain adequate housing in another mobilehome park, the law requires the person or entity proposing the change of use to pay the in-place market value of their mobilehome to the resident and lays out rules governing the appraisal process for determining the market value.

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[3] ABC 7, "Frustrated Pacific Palisades residents finally allowed to return home after security delays," (Jan. 28, 2025), https://abc7.com/post/frustrated-mobile-home-park-residents-finally-return-security-delays-following-deadly-fire/15845057/.

Last year, SB 610 (Perez), Chapter 547, Statutes of 2025added additional responsibilities of park management if a proposed change of use or closure is related to damage or destruction by a disaster. SB 610 required a technical service inspection report from HCD that identifies the conditions within the park to be included within the impact report. Initially, SB 610 proposed to require park management proposing the change of use or closure to pay displaced residents the in-place market value of their mobilehomes if a proposed closure or change of use is related to damage or destruction by a disaster. It is unclear to the committee how the obligation for management to pay the in-place market value of a mobilehome in a closing park that has been damaged or destroyed in a disaster would function in practice, as the in-place market value of a destroyed mobilehome would seem to be zero, and homeowners with insurance would likely be receiving a payout in the event of a total or partial loss. For those without insurance, the requirement to pay would make the park owner as the "insurer of last resort." The committee ultimately amended SB 610 to clarify that the provision obligating park management to pay the in-place market value of a mobilehome does not apply in situations where the closure or change of use is a result of a disaster. This bill requires, when the proposed closure or change of use is related to damage or destruction by a disaster, the person or entity proposing the change of use to pay the displaced resident that cannot obtain adequate housing in another mobilehome park the leasehold interest value of the displaced resident's mobilehome.

***Policy Consideration*:** This bill proposes to change the process of approving a change of use or closure of a mobilehome park damaged or destroyed by a disaster established by SB 610. This bill requires, before the approval of a change of use related to damage or destruction by a disaster, the legislative body review documentation demonstrating a park owner's compliance with the evaluation, identification, and testing requirements established by this bill. This bill also proposes to require of a park owner proposing to change the use of a park to provide the leasehold interest value of the displaced resident's mobilehome for any displaced resident that cannot obtain adequate housing in another mobilehome park. While displaced mobilehome residents undoubtedly have experienced significant financial and personal losses following a disaster, compensating them for the value of the leasehold interests may be difficult to administer and raises policy concerns. Leasehold interest value can be challenging to determine because there is no uniform valuation methodology, which may lead to inconsistent appraisals, disputes, and litigation. In rent-controlled parks, much of the leasehold value may be attributable to government-imposed rent restrictions rather than investments made by the park owner, raising concerns about requiring owners to compensate residents for a benefit created by public policy. This bill does not include a framework specifying how the leasehold interest value would be determined. Importantly, this bill would still require park owners to evaluate the costs for rebuilding and reopening the park prior to proposing to change its use. This evaluation would be a required element, among other testing obligations imposed by this bill, of review by the legislative body before approving the change of use.

***Committee Amendments*:** The committee may wish to consider the following amendment to address the policy considerations outlined above:

SEC. 3. Section 65863.7 of the Government Code is amended to read:

65863.7. (a) (1) (A) Prior to the conversion of a mobilehome park to another use, except pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410)), or prior to closure of a mobilehome park or cessation of use of the land as a mobilehome park, the person or entity proposing the change in use shall file a report on the impact of the conversion, closure, or

cessation of use of the mobilehome park. The report shall include a replacement and relocation plan that adequately mitigates the impact upon the ability of the displaced residents of the mobilehome park to be converted or closed to find adequate housing in a mobilehome park.

(B) (i) If the proposed closure, cessation, or change of use is related to damage or destruction by a disaster, as **described in subdivision (k), the** ~~*defined in Section 798.64 of the Civil Code, the*~~ impact report described in subparagraph (A) shall also include a technical service inspection report from the Department of Housing and Community Development that identifies the observed conditions within the park. Technical service has the same meaning as in Section 1002 of Title 25 of the California Code of Regulations.

(ii) For purposes of this subparagraph, management, as defined in Section 798.2 of the Civil Code, is the person or entity proposing the change in use for purposes of preparing the impact report required by this section and is required to take steps to mitigate the adverse impact of the change as may be required in subdivision (e).

(2) (A) If a displaced resident cannot obtain adequate housing in another mobilehome park, the person or entity proposing the change of use shall pay to the displaced resident the in-place market value of the displaced resident's mobilehome.

(B) For the purposes of this paragraph, except as specified in subparagraph (B) of paragraph (1) of subdivision (e), in-place market value shall be determined by a state-certified appraiser with experience establishing the value of mobilehomes. The appraisal shall be based upon the current in-place location of the mobilehome and shall assume the continuation of the mobilehome park.

(C) The person or entity proposing the change of use shall pay for an appraisal specified in subparagraph (B) and shall include the appraisal in the report specified in paragraph (1).

(D) **This** ~~*(i)*~~ **paragraph shall not apply when** ~~*When*~~ the proposed closure, cessation, or change of use is related to damage or destruction by a disaster, as defined in Section 798.64 of the Civil **Code.** ~~*Code, the person or entity proposing the change of use shall be responsible only for the leasehold interest value of the displaced resident's mobilehome.*~~

~~*(ii) The Legislature finds and declares all of the following:*~~

~~*(I) Residents of mobilehome parks possess a unique and protectable leasehold interest in their space, including the right to occupy such space under existing terms and conditions. Following a disaster, the loss of a physical structure should not extinguish the underlying leasehold interest value attributable to the continued lawful use of the space.*~~

~~*(II) It is the intent of the Legislature in enacting this paragraph to ensure that residents be made whole for the full economic value of their leasehold interest, as if the disaster had not occurred, and that valuation methodologies should not result in the unjust enrichment of park owners or third parties through the extinguishment or devaluation of lawful tenancy rights.*~~

(b) The person proposing the change in use shall provide a copy of the report to a resident of each mobilehome in the mobilehome park at least 60 days prior to the hearing, if any, on the impact report by the advisory agency, or if there is no advisory agency, by the legislative body.

(c) When the impact report is filed prior to the closure or cessation of use, the person or entity proposing the change shall provide a copy of the report to a resident of each mobilehome in the mobilehome park at the same time as the notice of the change is provided to the residents pursuant to paragraph (2) of subdivision (g) of Section 798.56 of the Civil Code.

(d) When the impact report is filed prior to the closure or cessation of use, the person or entity filing the report or park resident may request, and shall have a right to, a hearing before the legislative body on the sufficiency of the report.

(e) (1) Before the approval of any change of use, the legislative body, or its delegated advisory agency, shall do all of the following:

(A) Review the report and any additional relevant documentation. *If the proposed closure, cessation, or change of use is related to damage or destruction by a disaster, as defined in Section 798.64 of the Civil Code, additional relevant documentation shall include documentation demonstrating management's compliance with the requirements of subdivision (d) of Section 798.65 of the Civil Code.*

(B) Make a finding as to whether or not approval of the park closure and the park's conversion into its intended new use, taking into consideration both the impact report as a whole and the overall housing availability within the local jurisdiction, will result in or materially contribute to a shortage of housing opportunities and choices for low- and moderate-income households within the local jurisdiction.

(2) The legislative body, or its delegated advisory agency, may require, as a condition of the change, the person or entity proposing the change in use to take steps to mitigate any adverse impact of the conversion, closure, or cessation of use on the ability of displaced mobilehome park residents to find adequate housing in a mobilehome park.

(f) If the closure or cessation of use of a mobilehome park results from the entry of an order for relief in bankruptcy, the provisions of this section shall not be applicable.

(g) The legislative body may establish reasonable fees pursuant to Section 66016 to cover any costs incurred by the local agency in implementing this section and Section 65863.8. Those fees shall be paid by the person or entity proposing the change in use.

(h) This section is applicable to charter cities.

(i) This section is applicable when the closure, cessation, or change of use is the result of a decision by a local governmental entity or planning agency not to renew a conditional use permit or zoning variance under which the mobilehome park has operated, or as a result of any other zoning or planning decision, action, or inaction. In this case, the local governmental agency is the person proposing the change in use for the purposes of preparing the impact report required by this section and is required to take steps to mitigate the adverse impact of the change as may be required in subdivision (e).

(j) This section is applicable when the closure, cessation, or change of use is the result of a decision by an enforcement agency, as defined in Section 18207 of the Health and Safety Code, to suspend the permit to operate the mobilehome park. In this case, the mobilehome park owner

is the person proposing the change in use for purposes of preparing the impact report required by this section and is required to take steps to mitigate the adverse impact of the change as may be required in subdivision (e).

(k) This section, except paragraph (2) of subdivision (a), is applicable when the closure, cessation, or change of use is the result of damage or destruction of the mobilehome park by a disaster as defined in Section 798.64 of the Civil Code.

(l) ~~(k)~~ This section establishes a minimum standard for local regulation of the conversion of a mobilehome park to another use, the closure of a mobilehome park, and the cessation of use of the land as a mobilehome park and shall not prevent a local agency from enacting more stringent measures.

***Arguments in Support*:** According to ROC USA, "Mobile and manufactured homeowners are put in a uniquely precarious position when a natural disaster, such as a wildfire, strikes. Despite owning their unit, these homeowners typically lease the land that it's placed on, rendering them as a tenant. The landlord-tenant relationship they maintain with the park owner plays a significant role in what happens when a natural disaster occurs. The recent fires in California have highlighted deficiencies in current law. Take the example of the Palisades Bowl, which was devastated by the Palisades Fire. When the wildfire brokeout in January 2025, the mobilehomes within the community were decimated, leaving little behind except debris. Community members reported that, for over a year, the park management failed to clear the fire debris from the site – making it one of the last properties (out of more than 10,000 fire-affected lots) in Los Angeles to be cleared, and only after the local government stepped in. Under current law, there is a glaring lack of clarity regarding the rights of residents when park owners decide not to rebuild. This ambiguity can leave individuals and families in indefinite uncertainty. SB 1093 addresses these significant gaps by establishing clear, transparent communication timelines between park owners and residents."

According to the Palisades Bowl Community Group, "The experience of Palisades Bowl – a 174-space mobilehome park in Pacific Palisades – illustrates exactly why this legislation is needed. The fire destroyed home structures, but not the spaces, the infrastructure, or the lease agreements residents hold. Nothing in California law terminates a mobilehome tenancy because a home is damaged by fire. Yet the park owner has unilaterally declared our leases terminated – a position written nowhere in the Mobilehome Residency Law. The owner failed to clear fire debris for over a year, making the site one of the last of more than 10,000 fire-affected lots in Los Angeles to be cleared – and only after the city declared it a public nuisance. The only meaningful action the owner has taken is listing the property for sale as a 'blank slate' for new development, while refusing to communicate with displaced residents, file a change-of-use application, assess infrastructure, or cooperate with local, state, and federal agencies that have offered recovery assistance."

***Arguments in Opposition*:** According to the Western Manufactured Housing Communities Association and the California Association of Realtors, "Our principal concern is the bill's requirement that, following disaster-related destruction, any person or entity proposing a closure, cessation or change of use must compensate displaced residents for the in-place leasehold value of their homes if adequate housing cannot be located in another mobilehome park. As a practical matter, that mandate would create substantial disaster-triggered liability for owners who have already sustained catastrophic losses. It would materially impair the feasibility of rebuilding,

repurposing, or replacing lost housing and, in many circumstances, could render recovery financially ineasible. In rent-controlled communities, where owners already operate under below-market rent constraints, the bill would further diminish the ability to reserve capital for recovery and reconstruction. The broader policy implications are significant. Following the 2017 Tubbs Fire in Santa Rosa, the owner of Journey's End mobilehome park – where approximately 160 mobilehomes were destroyed or damaged – worked with the City of Santa Rosa and an affordable housing provider to advance development of 162 apartments for low-income seniors. Notwithstanding that collaboration, the project required six years to move forward. SB 1093 would make comparable recovery efforts substantially more difficult by layering extraordinary compensation obligations onto the already considerable costs associated with post-disaster recovery and redevelopment."

***Related Legislation*:** *SB 1092 (Allen, 2026)*, requires management of a mobilehome park to provide notice to residents and other specified entities of management's intent to sell, lease , or transfer a mobilehome park and establishes a right-to-purchase a mobilehome park for a resident organization associated with the park, as specified. *SB 1092 is pending consideration in this Committee.*

SB 749 (Allen, 2025), would have enacted new notice and purchase offer requirements that mobilehome park management must comply with when a park is closing, ceasing operations, or converting to another use. *SB 749 was held on the Assembly Appropriations Committee's Suspense File*.

SB 610 (Perez), Chapter 547, Statutes of 2025, imposed new requirements on a mobilehome park owner or a landlord of a residential property if a property is damaged or destroyed by a declared emergency or disaster, including applying existing requirements governing the closure, cessation, or conversion of a mobilehome park to another use to situations where the closure or change of use is a result of damage or destruction of the mobilehome park by a disaster, including provisions requiring the entity proposing the change to file impact reports with specified entities and residents, create replacement and relocation plans for displaced residents, and restricting the local government's ability to approve a change of use unless certain requirements are met.

AB 2926 (Kalra), Chapter 281, Statutes of 2024, made several changes to the PNL, including requiring an owner of an assisted housing development to accept a bona fide offer from a qualified entity to purchase and to execute a purchase agreement, or to record a new regulatory agreement with a term of at least 30 years that meets specified requirements, and deleting the option for an owner to decline to sell the property.

SB 274 (Dodd) Chapter 504, Statutes of 2019, created an opportunity for mobilehome residents to return when a mobilehome park is destroyed by natural disaster and subsequently gets rebuilt; provided a required structure for a park's determination of whether it must accept a prospective mobilehome buyer; and provided mobilehome residents the opportunity to designate at least three "companions" in each calendar year with whom to share the mobilehome.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Rural Legal Assistance Foundation
Lindsey Horvath, Supervisor, Los Angeles County
Neighborhood Partnership Housing Services
Pacific Palisades Community Council
Pacific Palisades Long Term Recovery Group
Pacific Palisades Residents Association
Palisades Bowl Community Group
ROC USA
Team Palisades
Traci Park, Councilmember, District 11, City of Los Angeles

Opposition

California Association of Realtors
California Mobilehome Parkowners Alliance
Western Manufactured Housing Communities Association

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1116 (Caballero) – As Amended June 11, 2026

SENATE VOTE: 37-0

SUBJECT: Planning and zoning: housing development projects: subdivisions

SUMMARY: Makes a series of changes regarding the scope of zoning and subdivision provisions of the Starter Home Revitalization Act (SHRA), established by SB 684 (Caballero) Chapter 783, Statutes of 2023, and later revised by SB 1123 (Caballero), Chapter 294, Statutes of 2024, and voids specified types of covenants that would prohibit SHRA projects. Specifically, **this bill**:

1) Voids any covenants and restrictions that either prohibit or physically preclude the development of a project using the SHRA.

2) Allows covenants or restrictions to impose objective standards that do not physically preclude development, are uniformly applied, and do not conflict with the SHRA.

3) Excludes common interest developments from the limitations on covenants and restrictions in 1) and 2).

4) Provides that a local agency shall not impose objective zoning, subdivision, or design standards on SHRA development applications if they would:

    a) Physically preclude the development of units with a floor area at least as large as the average unit size (1,750 square feet) permitted under the SHRA; or

    b) Prohibit a SHRA development from including additional units or floor area where permitted by any objective zoning standards, objective subdivision standards, and objective design standards that uniformly apply to development within the underlying zone;

    c) Restrict the number of floors allowed in a SRHA development (outside of a height limit that applies exclusively to the physical height of the building based on the underlying zoning designation, which is permitted);

    d) Impose a front setback from the original lot line greater than 10 feet or internal setbacks between the newly created parcels, except as required in the California Building Standards Code.

5) Removes floor area ratio (FAR) limitations that a local government can impose on SHRA development.

6) Declares that the zoning provisions of the SHRA shall be interpreted liberally in favor of producing the maximum number of total housing units.

7) Replaces the requirement that lots zoned for single-family residential development are either vacant or only contain structures that are abandoned and uninhabitable with a requirement that the structures must be abandoned *or* substantially lack any of the following characteristics:

   a) Effective waterproofing and weather protection of roof and exterior walls, including unbroken windows and doors;

   b) Plumbing or gas facilities that conformed to applicable law in effect at the time of installation, maintained in good working order;

   c) A water supply approved under applicable law that is under the control of the tenant, capable of producing hot and cold running water, or a system that is under the control of the landlord, that produces hot and cold running water, furnished to appropriate fixtures, and connected to a sewage disposal system approved under applicable law;

   d) Heating facilities that conformed with applicable law at the time of installation, maintained in good working order;

   e) Electrical lighting, with wiring and electrical equipment that conformed with applicable law at the time of installation, maintained in good working order; or

   f) Floors, stairways, and railings maintained in good repair.

8) Removes the requirement that lots zoned for multifamily residential must be smaller than five acres.

9) Replaces the requirement that a lot is substantially surrounded by qualified urban uses with a requirement that the lots must meet any of the following criteria, established in AB 130 (Committee on Budget), Chapter 22, Statutes of 2025:

   a) Have been previously developed with an urban use;

   b) At least 75% of the perimeter of the lot adjoins parcels with developed urban uses;

   c) At least 75% of the area within one-quarter mile radius of the site is developed with urban uses; or

   d) For sites with four sides, at least three of four sides are developed with urban uses and at least two-thirds of the perimeter of the site adjoins parcels that are developed with urban uses.

10) Allows the minimum lot size established for multifamily parcels and single-family parcels created through an SHRA subdivision to be met with averaging, specifically:

   a) Allows parcels created by subdividing existing multifamily residential parcels to be as small as 480 square feet provided that the average size of the new parcels created by the subdivision averages at least 600 square feet; and

b) Allows parcels created by subdividing existing single-family residential parcels to be as small as 960 square feet provided that the average size of the new parcels created by the subdivision averages at least 1,200 square feet.

11) Requires, where averaging is used pursuant to 11), that none of the newly created parcels are more than half the size of the original lot, except in the case of remainder parcels. Provides that any remainder parcel designated as a part of an SHRA subdivision shall not count toward the residential density calculation with respect to lot size averages.

12) Replaces the existing density requirements that apply to a site proposed for a SHRA development with requirements that the site meet the following:

a) The base zoning for the site, independent of any remainder parcel, does not allow for more than 15 units, as specified; or

b) For a site where the local zoning does not specify a maximum number of units, the zoning for the parcel, independent of any remainder parcel, does not allow for more than 26,250 square feet of residential floor area.

13) For a site identified to accommodate a portion of the jurisdiction's share of the regional housing need for low- or very low-income households, any housing development on the site must create a proportional amount of low- or very low income units as projected in the housing element for the site.

14) Requires a local agency to approve or deny an application for a final map for SHRA subdivision within 60 days from the date the local agency receives a completed application. Provides that an application shall be deemed approved if the local agency fails to act within 60 days. Requires a local agency that denies an application to return a full set of written comments identifying the deficiencies in the application and a description of how the application can be remedied to the applicant within 60 days of receiving a completed application.

15) Adds SHRA applications, approvals, permits, and construction statistics to the list of Annual Progress Report (APR) reporting requirements for local governments, beginning with the report due by April 1, 2028.

16) Requires a local agency to submit any SHRA implementing ordinances to HCD for review and approval, with specified approval timeframes and procedures.

17) Provides that if a local agency fails to comply with the requirements of 16), then any SHRA local implementing ordinance shall be null and void.

EXISTING LAW:

1) Requires a local government to ministerially approve, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project that meets, among others, the following requirements:

a) The proposed subdivision will result in 10 or fewer parcels and the housing development project on the lot proposed to be subdivided will contain 10 or fewer units;

b) The proposed development is located on a lot that meets all of the following requirements:

   i) The lot is zoned for multifamily residential development or the lot is vacant, as defined, and zoned for single-family residential development; and

   ii) The lot is no larger than five acres and substantially surrounded by qualified urban uses, as defined;

c) The parcels created will be no smaller than the following, unless the local government allows a smaller minimum parcel size:

   i) 600 square feet for parcels created by subdividing multifamily parcels; or

   ii) 1,200 feet for parcels created by subdividing vacant single-family parcels;

d) The housing units on the lot proposed to be subdivided are one of the following:

   i) Constructed on fee simple ownership lots;

   ii) Part of a common interest development (CID);

   iii) Part of a housing cooperative, as specified; or

   iv) Owned by a community land trust; and

e) The average total area of floorspace of the proposed units does not exceed 1,750 net habitable square feet. (Government Code (GOV) Sections 65852.28 and 66499.41)

2) Provides that a housing development project on a proposed site to be subdivided does not have to comply with any minimum requirement on the size, width, depth, frontage, or dimensions of an individual parcel created by the development beyond the minimum parcel size. (GOV 66499.41)

3) Requires a local agency to approve or deny an application for a parcel map or a tentative map, or a development application, for a housing development project submitted to a local agency within 60 days from the date the local agency receives a completed application, as specified. (GOV 65852.28 and 66499.41)

4) Allows a local agency to deny an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) on parcels created pursuant to the SHRA. (GOV 66499.41)

FISCAL EFFECT: According to the Senate Committee on Appropriations:

- HCD anticipates costs of up to $980,000 annually and 4.0 PY of staff to implement this bill, including establishing a new workflow to review SHRA ordinances, notifying local agencies if ordinances are non-compliant, and notifying the Attorney General if an ordinance is in violation of state law. HCD would also have workload associated with updating the APR form and related technical assistance materials, providing technical assistance directly to local governments and other stakeholders, and developing one-time IT enhancements to the

HCD Connect database and existing related reports. (General Fund)

- Unknown state-mandated local costs to make changes to planning processes and procedures related to the changes to SHRA statutes and to include additional information regarding SHRA projects in annual progress reports (APRs). These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates. (local funds)

COMMENTS:

Author's Statement: According to the author, "California continues to face a severe housing shortage, particularly for entry-level homeownership opportunities. While recent reforms have helped accelerate rental housing production, pathways to homeownership, especially smaller and more affordable homes, remain limited for many Californians. The Starter Home Revitalization Act, enacted through SB 684 (Caballero, 2023), created a streamlined pathway to allow small-lot subdivisions and the construction of missing-middle housing to expand access to homeownership. SB 1116 incorporates lessons learned during SB 684's early implementation. Local interpretations and regulatory barriers have, in some cases, limited the ability of SB 684 to fully deliver the small-scale, ownership-oriented housing it was designed to produce. SB 1116 clarifies key provisions of the law, strengthens oversight, and ensures that local standards cannot undermine the housing production authorized by the statute. By improving implementation of the Starter Home Revitalization Act, this bill helps unlock more small-scale homeownership opportunities and supports California's broader effort to address its housing shortage."

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

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

The state's housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Terner Center to this Committee showed that the impacts of the housing crisis are

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[1] California Department of Housing and Community Development, *A Home for Every Californian*: 2022 Statewide Housing Plan. March 2022, https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136
[2] IBID.
[3] IBID.
[4] U.S. Department of Housing and Urban Development, Point in Time Counts. https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html
[5] https://www.hcd.ca.gov/policy-research/housing-challenges.shtml

significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.[6] 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.

Missing Middle Housing as a Solution: California's housing shortage is not solely a shortage of overall housing supply; it is also a shortage of housing diversity. For decades, much of the state's residential land has been limited to detached single-family homes on large lots, constraining opportunities to build the types of housing that historically served moderate-income households, first-time homebuyers, seniors, and smaller families. These "missing middle" housing types, including duplexes, fourplexes, cottage courts, townhomes, and ADUs, typically provide more homes at lower price points than traditional single-family development while remaining compatible with existing neighborhoods. In particular, missing middle housing can offer a pathway to homeownership at a significantly lower cost than detached homes because they require less land, use infrastructure more efficiently, and are generally smaller in size. Recent research from the UC Berkeley Center for Law, Energy & the Environment found that attached housing types, such as townhomes, often represent the lowest-cost homeownership option when considering not only purchase price, but also ongoing transportation and infrastructure costs.

In recent years, the Legislature has enacted a series of measures intended to facilitate missing middle housing production and expand homeownership opportunities. State ADU laws have established a streamlined, ministerial approval process for ADUs and JADUs on residential lots statewide, contributing to a dramatic increase in small-scale infill housing production. SB 9 (Atkins), Chapter 162, Statutes of 2021, authorized duplexes and urban lot splits in single-family zones, while SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, created a ministerial pathway for small-lot subdivisions that support ownership-oriented housing products. More broadly, the state has increasingly relied on objective standards, ministerial approvals, and targeted upzoning to facilitate housing production and reduce barriers to development. These efforts reflect a growing recognition that addressing California's housing crisis will require not only more housing overall, but a greater variety of housing types capable of serving households across a range of incomes, life stages, and homeownership aspirations.

Starter Home Revitalization Act: To further facilitate missing middle housing, the SHRA established ministerial approval processes for small lot subdivisions and associated housing development on lots zoned for multi-family use. SB 684 requires cities and counties to ministerially approve the subdivision of a lot into up to 10 parcels, and to ministerially approve housing projects with 10 or fewer total units across those parcels.

To be eligible, the project must meet a list of conditions, including:

- The lot is no larger than 5 acres and located on an infill site in a city or in an urban area in a county with a population greater than 600,000;

- The resulting parcels are at least 600 square feet in size;

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[6] UC Berkeley Terner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

- The units are no larger than 1,750 square feet in size, on average;

- The development is not located in an environmentally sensitive area and does not require the demolition or alteration of specified types of housing, including affordable housing and housing occupied by tenants within the past five years;

- The development complies with all other objective requirements imposed by the local agency that do not conflict with the law, including subdivision map act requirements and local inclusionary housing requirements; and

- The project is connected to a public water system and municipal sewer system.

Local governments can impose objective requirements on small lot subdivisions, but cannot impose standards that:

- Physically preclude a project being built to densities that allow housing presumed to be affordable to lower-income households;

- Require a setback between units;

- Require more parking or greater setbacks than certain limits;

- Limit the FAR for these projects to less than specified amounts; and

- Apply requirements to these projects on the basis that they are permitted under state law.

SB 1123 (Caballero) expanded the SHRA to single-family lots, provided that the lot proposed to be subdivided is no larger than 1.5 acres and does not contain any structures, unless those structures are vacant and abandoned.

Most recently, AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, further expanded the sites on which the SHRA could be used by allowing developers to carve off a "remainder parcel" that retains existing land uses or structures, does not contain any new residential units, and is not exclusively dedicated to serving the housing development project. AB 130 excluded the remainder parcel from counting towards the 10-parcel limit in the SHRA.

As developers gain more experience with the SHRA, they have identified barriers to further use of the law to build housing units.

Assembly Outcomes Review: In early 2026, Assembly Speaker Rivas announced that the Assembly would undertake an "Outcomes Review" oversight initiative to evaluate how recently enacted laws are working in practice. While bill signings are an important milestone, the Assembly is equally focused on what happens after a measure becomes law. Specifically, whether the bills the Legislature passes deliver on their promises and meet the expectations set for them. The Outcomes Review process brings lawmakers together to hold hearings, gather feedback on real-world implementation, and assess whether policies are achieving their intended results. The goal of this process is to strengthen accountability, identify needed legislative and implementation improvements, and report findings publicly later in the year. In the spirit of the Outcomes Review, it is important to continuously evaluate the efficacy of bills after they are signed, and assess what is, and what is not, working to address the housing crisis. The SHRA

was not included in the formal assembly Outcomes Review project, but this legislation is aligned with the spirit of addressing the shortcomings of legislation in response to real-world experiences.

This Bill: This bill would make numerous changes to the SHRA to address barriers identified by practitioners, the author's office, and the bill sponsors. Among other things, this bill expands the universe of eligible SHRA sites by removing the existing five-acre cap on multifamily parcels, replacing the "substantially surrounded by qualified urban uses" standard with the broader urban infill site criteria established by AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, and modifying the eligibility requirements for single-family parcels by delineating criteria that would render a single-family home untenable and thereby eligible for the SHRA. This bill also provides additional flexibility for lot design by allowing parcel size averaging, authorizing smaller individual lots where average parcel size requirements are met, and revising the minimum density provisions governing SHRA projects such that the SHRA can be used on sites that would allow for up to 15 units based on density limits or residential square footage restrictions. In addition, this bill requires projects located on sites identified in a housing element to accommodate lower-income RHNA to provide a proportional amount of deed-restricted affordable housing consistent with the assumptions used in the housing element.

This bill also seeks to address local implementation issues that, according to proponents, have limited the practical use of the SHRA. This bill voids certain private covenants and restrictions that prohibit or physically preclude SHRA projects, while preserving objective standards that do not conflict with state law. This bill also narrows the ability of local governments to apply otherwise objective zoning, subdivision, and design standards in a manner that reduces the development capacity authorized by the SHRA. Among other things, this bill prohibits standards that would prevent a project from achieving the average unit size permitted under the SHRA, limit additional units or floor area otherwise allowed by the underlying zoning, restrict the number of floors independent of an applicable height limit, require front setbacks greater than 10 feet, or require internal setbacks between newly created parcels except as required by the Building Standards Code. This bill additionally removes the existing FAR limitations that may be applied to SHRA projects and requires the statute to be interpreted liberally in favor of maximizing housing production.

This bill establishes additional approval timelines and remedies for final subdivision maps, requires local governments to report SHRA applications, approvals, permits, and completed units to HCD through the APR, and requires locally adopted SHRA implementing ordinances to be submitted to HCD for review. If a jurisdiction fails to submit an implementing ordinance or respond to HCD findings regarding noncompliance, the ordinance becomes void, and the jurisdiction must instead apply the standards established directly in state law.

Arguments in Support: Members of the HOME Coalition write in support: "The SHRA was first enacted in 2023 by SB 684 (Caballero) to allow ministerial approval of small-lot subdivisions (up to 10 units) in qualifying urban areas. However, implementation has revealed barriers that need to be addressed to ensure the SHRA is a strong tool to promote the streamlined construction of missing-middle housing. Ambiguity in eligibility standards and inconsistent local implementation have further limited the law's impact.

The bill tightens limits on local design constraints, protects allowable density and floor area ratios (FAR), clarifies height standards, creates flexibility for minimum parcel sizes, strengthens Department of Housing and Community Development (HCD) oversight, and enhances annual housing reporting requirements to better track progress toward Regional Housing Needs Allocation (RHNA) goals. These changes will ensure the law is implemented more effectively."

Arguments in Opposition: The Neighbors for a Better San Diego write in opposition: "Cities are still implementing SB-1123 – It's premature to be making drastic changes.

Before California's cities have fully adopted the Starter Home Revitalization Act (SHRA, SB-1123) and developers have figured out how to best use the regulations, SB-1116 proposes numerous changes to the current regulations that significantly change the allowed scale and eligibility of SHRA developments.

Proposed changes violate the principles of "missing middle" housing.

The success of the SHRA depends on the urban planning principles of "missing middle" housing, as defined by Daniel Parolek/Opticos, which refers to building types that increase housing densities within the forms of existing zoning. This includes conforming to building heights, footprints, setbacks (especially front yard and street side yard setbacks), angle planes, lot coverage, floor area ratios, and other objective standards that apply to the zones in which the new structures will be built.

Adherence to the principles of missing middle planning is critical to ensuring that new housing fits into the fabric of existing neighborhoods.

The current SHRA regulations are mostly consistent with existing zoning. Unfortunately, SB-1116 disregards missing middle principles and pushes heights, setbacks, and floor area ratios beyond reasonable values."

Related Legislation:

SB 1090 (Perez) of this legislative session would temporarily exempt two zip codes from the requirements of the SHRA. SB 1090 is pending hearing in this Committee.

AB 1751 (Quirk-Silva) of this legislative session would provide an alternative streamlined ministerial approval pathway for townhome development projects. AB 1751 is in the policy committee process in the Senate.

SB 1123 (Caballero), Chapter 294, Statutes of 2024 expanded the SHRA to single-family lots, provided that the lot proposed to be subdivided is no larger than 1.5 acres and does not contain any structures, unless those structures are vacant and abandoned.

SB 684 (Caballero), Chapter 783, Statutes of 2023 created the SHRA, which established a ministerial approval process for small lot subdivisions and associated housing development on lots zoned for multi-family use.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Abundant Housing L.A. (Sponsor)
California YIMBY (Sponsor)
Casita Coalition (Sponsor)
UnidosUS (Sponsor)
Abundant Housing LA
California Apartment Association
Chamber of Progress
Circulate Planning & Policy
East Bay Leadership Council
East Bay YIMBY
Elevate California
Everybody's Long Beach
Fieldstead and Company
Grow the Richmond
Housing Trust Silicon Valley
Inner City Law Center
LISC San Diego
Monterey Bay Economic Partnership
Mountain View YIMBY
Napa-solano for Everyone
Neighborhood Partnership Housing Services, INC.
New Way Homes
North Bay Leadership Council
Northern Neighbors
Peninsula for Everyone
PowerCA Action
San Francisco YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
SLOCo YIMBY
South Bay YIMBY
Southern California Black Chamber of Commerce
Southern California Obtainable Housing
SPUR
Student Homes Coalition
The Two Hundred for Homeownership
Valley Industry and Commerce Association
Ventura County YIMBY
Visionary Home Builders
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY Monterey Peninsula

Opposition

California Cities for Local Control
Equitable Land Use Alliance
Neighbors for a Better San Diego
Save Lafayette
Wake Up California
Individuals (2)

Oppose Unless Amended
Families and Homes San Jose
United Neighbors

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1238 (Wahab) – As Amended April 23, 2026

SENATE VOTE: 36-2

SUBJECT: Common interest developments: management

SUMMARY: Establishes that a duty of care for any person or entity that facilitates activities under the Davis-Stirling Common Interest Development Act (the Act) is owed to the homeowners' association (HOA) and its members. Requires disclosure of specified information related to exterior elevated elements (EEEs) to a prospective purchaser of a separate interest in the common interest development (CID). Makes other changes to the Act related to financial and capital planning documents. Specifically, **this bill**:

1) Amends the definition of "agent" to include any person or company that facilitates activities related to specified financial reporting and management provisions of the Act.

2) Specifies that "management services," for the purposes of the provisions relating to CID managers means acts performed by an agent, as defined in Civil Code (CIV) 2295.

3) Amends the definition of "CID manager" (CID manager) to specify that the management services provided by an individual are those services defined in 2) above.

4) Requires an owner of a separate interest to provide the following information to a prospective purchaser of the separate interest, if requested by the prospective purchaser:

    a) The location on the first page of the nine-year exterior elevated elements (EEEs) inspection report where the following information may be found:

        i. The number of EEEs, and the number of units identified as impacted by the EEEs inspected and posing an immediate threat to the safety of the occupants;

        ii. The number of EEEs recommended to be included in the next reasonably competent and diligent visual inspection of major components or recommended for reinspection within the next three years; and

        iii. The number of EEEs recommended for reinspection in the next nine-year EEE inspection.

    b) Any balcony identified in the nine-year EEE inspection report as needing repairs that exceed $10,000.

5) Requires an owner of a separate interest to provide to a prospective purchaser of the separate interest the following information indicating whether:

    a) The covenants, codes, and restrictions require a unit owner, with the exclusive right to use the exterior element, to individually maintain EEEs;

b) The HOA reserve study includes a minimum annual budgeted replacement reserve allocation of 10% for repairs of the exterior structures; and

c) The HOA reserve study has been updated to include identified repairs contained within the balcony inspection report.

6) Expands the definition of "association records" to include three-year reserve studies.

7) Requires any person or entity that facilitates specified managerial duties under the Act, or other activities under the Act that are authorized by the HOA, owes a duty of care that is prudent and provides the highest good faith effort to the HOA and its members.

8) Prohibits an HOA from expending funds designated as reserve funds for other litigation or legal services, except for litigation involving the repair, restoration, replacement, or maintenance of major components for which the HOA is responsible.

9) Adds associated waterproofing systems, EEEs, and load-bearing components identified in the nine-year EEE inspection report to the list of major components included in the three-year reserve study report.

10) Adds the following repair urgency categories to the first page of the nine-year EEE inspection report for the total number of inspected EEEs identified in the report and the number of units impacted:

a) EEEs recommended to be included in the next reasonably competent and diligent visual inspection conducted pursuant to the three-year reserve study or recommended for reinspection within the next three years;

b) EEEs recommended for reinspection in the next nine-year EEE inspection report; and

c) EEEs demonstrating no need for repair at the time of inspection.

11) Requires an HOA's reserve funding plan to include repairs identified in the nine-year EEE inspection report.

12) Requires the summary of the HOA's reserves to include repairs identified in the nine-year EEE inspection report.

EXISTING LAW:

1) Establishes the Act which governs the creation and operations of CIDs and the respective rights an dduties of a CID's HOA and its members. (CIV 4000 *et seq.*)

2) Prohibits an HOA from expending funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that are the responsibility of the HOA. (CIV 5510(b))

3) Provides that an HOA shall cause to be conducted, at least once every three years, a reasonably competent and diligent visual inspection of the accessible areas of the major components that the HOA is obligated to repair, replace, restore, or maintain as part of a

study of the reserve account requirements (three-year reserve study) of the CID, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the HOA. (CIV 5550(a)

4) Requires the HOA to review the three-year reserve study, or cause it to be reviewed, annually and to consider and implement necessary adjustments to the HOA's analysis of the reserve account requirements as a result of that review. (CIV 5550(a))

5) Requires the three-year reserve study to include the following:

    a) Identification of the major components that the HOA is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years;

    b) Identification of the probable remaining useful life of the components identified in a) as of the date of the study;

    c) An estimate of the cost of repair, replacement, restoration, or maintenance of the components in a);

    d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components in a) during and at the end of their useful life, after subtracting total reserve funds as of the date of the date; and

    e) A reserve funding plan that indicates how the HOA plans to fund the contribution identified in d) to meet the HOA's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less. (CIV 5550(b))

6) Defines "major components" for purposes of the three-year reserve study to include gas, water, and electrical service to the extent that the HOA is responsible for repair or replacement of those lines. (CIV 5550(c))

7) Requires an HOA of a condominium project with buildings containing three or more multifamily units to cause, at least once every nine years, a reasonably competent and diligent visual inspection to be conducted by a licensed structural or civil engineer or architect of a random and statistically significant sample of EEEs for which the HOA has maintenance or repair responsibility. (CIV 5551(b))

8) Requires the inspector in 7) to issue a written report (the nine-year EEE inspection report) containing the following:

    a) The identification of the building components comprising the load-bearing components and associated waterproofing system;

    b) The current physical condition of the load-bearing components and associated waterproofing system, including whether the condition presents an immediate threat to the health and safety of the residents;

    c) The expected future performance and remaining useful life of the load-bearing components and associated waterproofing system;

d) Recommendations for any necessary repair or replacement of the load-bearing components and associated waterproofing system; and

e) Specified information on the first page of the report, including the date of the inspection, total number of units in the condominium project, total number of EEEs in the project, the total number of inspected EEEs identified as posing an immediate threat to the safety of the occupants and the number of units impacted, among other provisions. (CIV 5551(e))

9) Defines, for purposes of the nine-year EEE inspection in 7), the following terms:

a) "Exterior elevated elements" means the load-bearing components together with their associated waterproofing system.

b) "Loading-bearing components" means those components that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products.

c) "Associated waterproofing system" includes flashings, membranes, coatings, and sealants that protect the load-bearing components of the EEEs from exposure to water.

d) "Statistically significant sample" means a sufficient number of units inspected to provide 95% confidence that the results from the sample are reflective of the whole, within a margin of error of no greater than plus or minus 5%.

e) "Visual inspection" means inspection through the least intrusive method necessary to inspect load-bearing components, including visual observation only or visual observation in conjunction with, for example, the use of moisture meters, borescopes, or infrared technology. (CIV 5551(a))

10) Requires an owner of a separate interest within a CID to provide specified information to a prospective purchaser of the separate interest before the execution of a real property sales contract, including a copy of all governing documents, a copy of most recent annual reports, a copy of the nine-year EEE inspection report, and other information. (CIV 4525(a))

FISCAL EFFECT: According to the Senate Appropriations Committee, "The Department of Real Estate (DRE) estimates minor one-time costs, likely in the tens of thousands of dollars, to conduct stakeholder and consumer education and to conduct training for Subdivisions Division staff. DRE would also incur one-time contract costs of approximately $50,000 to update Subdivision forms, the Operating Costs Manual, and Reserve Study Guidelines related to HOA budgets. (Real Estate Fund)"

COMMENTS:

***Author's statement*:** According to the author, "SB 1238 will protect homeowners who reside in communities with a homeowner's association (HOA) by requiring additional disclosures to the

homeowner and ensuring HOAs act in the homeowners' best interest by requiring a duty of care be provided by HOA managers to the HOA board and the HOA members. Under current law HOA managers have no licensing requirements or duties to the homeowner. This bill will establish a minimum standard by requiring HOA managers to provide a duty of care to the homeowner while also prohibiting HOAs from using HOA reserve funds to sue homeowners seeking to hold boards and managers accountable for property maintenance required under CA law."

***CIDs*:** There are over 50,000 CIDs in the state, ranging 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 HOA, including bylaws, declaration, and operating rules.

***Davis-Stirling Common Interest Development Act (the 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 Act 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 protection. 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.

***HOA managers*:** Under the Act, an HOA may contract with an HOA manager or management company to assist with the administration of the HOA. HOA managers commonly provide services like collecting assessments, maintain association records, preparing budgets and financial reports, coordinating maintenance and repairs, administering contracts, and supporting compliance with applicable laws and governing documents. While an HOA manager may oversee day-to-day operations, the board of an HOA retains ultimate responsibility for governing the HOA and making decisions on behalf of the membership.

California does not require HOA managers to hold a state license in order to provide management services. However, existing law regulates the use of the title "certified common interest development manager." Individuals who use that title must satisfy education, examination, and continuing education requirements established under the Business and Professions Code. HOAs often hire HOA managers because volunteer board members may lack

the time, expertise, or resources needed to manage the HOA's financial, administrative, operational, and maintenance responsibilities.

***EEE deterioration and inspection mandates*:** In 2015, an exterior balcony at the Library Gardens apartment complex in Berkeley, located near the University of California, Berkeley, collapsed, resulting in the deaths of six young adults and injuries to seven others. Subsequent investigations determined that the balcony's wooden support framing had deteriorated because of extensive dry rot that had not been addressed through proper maintenance.

Following the incident, the California State Contractors State License Board revoked the license of the general contractor that built the apartment complex. The board found that the company, Segue Construction, Inc., had allegedly disregarded approved construction plans and specifications and failed to comply with accepted standards for quality construction practices.

In response to the tragedy, the Legislature approved SB 465 (Hill), Chapter 372, Statutes of 2016. Among other provisions aimed at increasing contractor oversight, the measure directed the California Building Standards Commissions (CSBC) to convene a working group to examine failures involving EEEs, such as balconies. The legislation required the CBSC to report its findings to the Legislature and identify potential statutory, regulatory, or building code changes. In 2017, the CSBC adopted emergency regulations intended to expedite implementation of enhanced construction standards.

California later approved SB 721 (Hill), Chapter 445, Statutes of 2018, which established periodic inspection requirements for EEEs in specified multifamily residential buildings. Under the law, building owners must arrange inspections of balconies and related load-bearing components and waterproofing systems at least once every six years by qualified licensed professionals. These inspections are intended to verify that the structures remain safe, functional, and free of hazardous conditions. The law also requires identified deficiencies to be repaired within prescribed timeframes and authorizes penalties for owners who fail to complete required repairs.

SB 721 did not apply to CIDs. To address that gap, the Legislature approved SB 326 (Hill), Chapter 207, Statutes of 2019, which imposed comparable inspection requirements on CIDs. Under SB 326, HOAs must arrange inspections at least every nine years for balconies and other EEEs for which the HOA is responsible for maintenance or repair. Inspectors must prepare written reports, and the findings must be incorporated into the HOA's reserve study process.

Both SB 721 and SB 326 originally required initial inspections to be completed by January 1, 2025. However, AB 2579 (Quirk-Silva), Chapter 835, Statutes of 2024, generally extended the deadline for multifamily residential buildings subject to SB 721 to January 1, 2026. AB 2579 did not extend the corresponding deadline applicable to CIDs under SB 326.

***Access to homeownership opportunities*:** Government-sponsored enterprises (GSEs), including Fannie Mae and Freddie Mac, play an important role in expanding homeownership opportunities in CIDs by purchasing and guaranteeing mortgages originated by private lenders. By providing liquidity to the mortgage market, the GSEs help make conventional mortgage financing more widely available for homebuyers. To manage risk, the GSEs establish project eligibility requirements for condominiums and other CIDs that consider factors such as reserve funding, special assessments, deferred maintenance, insurance coverage, and the overall financial

condition of the HOA. As a result, the availability of conventional mortgage financing in many CIDs depends in part on whether the CID satisfies applicable GSE eligibility standards.

Following the 2021 Champlain Towers South condominium collapse in Seaside, Florida, Fannie Mae and Freddie Mac increased their scrutiny of condominium and CID projects with significant deferred maintenance, structural deficiencies, or critical repair needs. The GSEs do not automatically deem a project ineligible simply because repairs are required. However, projects with unresolved structural safety concerns, substantial deferred maintenance, or critical repairs affecting the safety, structural integrity, or habitability of the property may be ineligible for purchase by the GSEs until those issues are adequately resolved. According to media reports, these new requirements have resulted in the creation of a "blacklist" by the GSEs of CID properties in which all units within the development are ineligible for GSE-backed mortgages.[1]

***Disclosure requirements and transfers of separate interests*:** Existing law requires owners of separate interests within a CID to disclose specified information to a prospective purchaser of the separate interest as soon as practicable before the transfer of title or the execution of a real property sales contract. This disclosure includes 11 different elements, such as copies of the governing documents and most recent annual fiscal reports, a statement of the HOA's current regular and special assessments and fees, a description of any prohibition on renting or leasing of any separate interests, if applicable, among other provisions. Last year, the state enacted SB 410 (Grayson), Chapter 516, Statutes of 2025, which added the nine-year EEE inspection report to the list of disclosure requirements prior to the sale of any separate interest. The sponsors of SB 410 argued real estate transactions in CIDs had stalled because some HOAs had not provided inspection reports or conducted required inspections. According to the sponsors, SB 410 clarified that these reports must be disclosed in order to help buyers meet loan requirements while simultaneously providing greater transparency about the condition of the exterior of structures within the CID. The sponsors of SB 410 are also sponsoring this bill.

***This bill*:** This bill makes a number of changes to the Act and related sections of law within the Business and Professions Code and elsewhere in the Civil Code.

Disclosures and nine-year EEE inspection reports: This bill adds additional required elements to the nine-year EEE inspection report. Last year, SB 410 required the nine-year EEE inspection report to include, on the first page of the report, all of the following: a) the date of the inspection; b) the total number of units in the condominium project; c) the total number of units in the condominium project with EEEs; d) the total number of EEEs in the condominium project; and e) the total number of EEEs inspected in the report. SB 410 also required the report to include the total number of inspected EEEs identified as posing an immediate threat to the safety of the occupants and the number of units impacted. This bill now proposes additional categories of information for inclusion on the first page of the nine-year EEE inspection report. These new categories include, in addition to those posing an immediate threat to the safety of occupants, EEEs recommended to be included in the next three-year reserve study of the CID's major components, EEEs recommended for reinspection in the next nine-year EEE inspection, and EEEs demonstrating no need for repair at the time of the inspection.

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[1] Jean Eaglesham and Nicole Friedman, "A secret mortgage blacklist is leaving homeowners stuck with unsellable condos," The Wall Street Journal (March 2025), https://www.wsj.com/finance/regulation/condo-sales-home-insurance-crisis-a921362b

Like the nine-year EEE inspection report, this bill also adds new information to be included in the mandated disclosure prior to transfers of separate interests. This bill requires all of the new categories outlined above in the nine-year EEE inspection report to be provided to a prospective purchaser, if separately requested by the purchaser. In other words, this bill both proposes to add new requirements to the first page of the nine-year EEE inspection report and requires an owner to provide the same information if separately requested by a prospective purchaser, despite the prospective purchaser already receiving the nine-year EEE inspection report (and presumably the first page of the report) per SB 410.

This bill does add new disclosure requirements previously discussed, including any balcony identified as needing repairs that exceed $10,000. Other information that this bill proposes to require to be disclosed, such as whether the HOA's three-year reserve study includes a minimum annual budgeted replacement reserve allocation of 10% of the repairs of the exterior structures, can assist prospective purchasers navigating the complex lending requirements imposed by GSEs.

Use of reserve funds: This bill specifies that reserve funds may not be used for any litigation expenses or legal services other than those permitted related to the major components. According to one of the sponsors of this bill, most standard contracts between HOA managers and HOAs require that the HOA manager be held harmless in the event they get sued and further indemnify all the HOA manager's employees. This bill's sponsor further cites sections within the Act that require reserves to be used only to maintain, repair and replace the common areas. Existing law prohibits an HOA from expending funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the HOA is obligated to repair, restore, replace, or maintain. Existing law already limits the use of reserve funds to obligations to repair, restore, replace, or maintain major components and any related litigation; adding a prohibition on using these funds for any other litigation or legal services is unnecessary.

Reserve fund planning and major components: Under existing law, HOAs are required to periodically assess their long-term repair and replacement obligations through reserve studies. At least once every three years, the HOA board must conduct a reasonably competent and diligent visual inspection of the accessible areas of major components for which the HOA is responsible, where the replacement value of those components is at least one-half of the association's gross budget, excluding reserves, and must review that study annually and make appropriate adjustments to its reserve analysis. The reserve study must identify major components with less than 30 years of remaining useful life, estimate their remaining life and repair or replacement costs, calculate the annual contribution needed to fund those obligations, and include a reserve funding plan. For purposes of the three-year reserve study, major components include gas, water, and electric service to the extent the HOA is responsible for repair or replacement of those lines. This bill adds EEEs, associated waterproofing systems, and load-bearing components to the list of major components and specifies that the reserve funding plan must include repairs identified in the nine-year EEE inspection report. In effect, EEEs would be inspected every nine years as part of the nine-year EEE inspection report and every three years as part of the three-year reserve study.

Duty of care: An HOA itself has a fiduciary relationship with its members. Members of an HOA's board of directors also owe a fiduciary duty to the HOA and its members, including a duty of loyalty and a duty of care. These duties ensure that an HOA board acts in the best

interests of the HOA and its members, and helps members of the HOA hold board members accountable if they fail to properly operate the HOA or have a conflict of interest. An HOA management company or manager, hired to conduct the HOA's day-to-day operations, may, in some circumstances, have a fiduciary relationship with the HOA board under the contract it signs with the HOA. However, the management company does not have a fiduciary relationship with the members of the HOA. Initially, this bill proposed requiring HOA managers or HOA management companies provide a fiduciary duty to the HOA board and the members of the HOA. The duty of care provisions were amended to instead specify any person or entity that facilitates activities under Davis-Stirling Act that are authorized by an HOA board owes a duty of care that is prudent and provides the highest good faith effort. This bill still extends this duty of care to members of the HOA, not just the HOA.

***Policy consideration*:** This bill aims to align the capital planning for EEEs with an HOA's reserve fund planning for other major components under the responsibility of the HOA for repair and replacement. Although existing law already requires the nine-year EEE inspection report to be incorporated into the reserve study, this bill correctly acknowledges the benefit of planning for long-term capital improvements. Proper planning minimizes potential life safety risks to current residents and future occupants. Adequate planning also maintains access to home financing opportunities that might otherwise be the only avenue to homeownership for many Californians, particularly as greater numbers of new developments in the state are within CIDs. However, planning alone will not address any of the deficiencies identified in either inspection. Sufficiently funding reserves in a manner that remains affordable to homeowners within the HOA is essential.

***Arguments in Support*:** The California Association of Realtors, the sponsor of this bill, writes in support: "As the Department of Real Estate reports, nearly all new housing constructions now includes an HOA, yet current law provides virtually no state-level oversight of HOA managers or management companies. This lack of accountability has created long-term risks for homeowners, including opaque financial practices, limited access to essential documents, and costly barriers to enforcing their rights under the Davis-Stirling Act. SB 1238 addresses these gaps by establishing clear standards of conduct and improving access to information necessary for homeowners to understand the financial health of their association – information that is especially critical during a real estate transaction or homeowners' refinance."

***Arguments in Opposition*:** The Community Associations Institute's California Legislative Action Committee writes in an opposed unless amended position: "The bill was recently amended to add language regarding a manager's 'duty of care' to the association and members of the association. While we agree the manager owes a duty of care to the association because of the contractual relationship between the two, we cannot support extending in statute that duty to the members of the association. The manager is the association's agent. Its contractual duty is owed to the corporation not the members. The association already owes a duty to the members. If the manager fails to comply with Davis-Stirling Act, that failure is imputed to the association. There is no need to impose a duty on the manager. It will only create litigation expenses which will be passed on to the owners, increasing the cost of ownership. It is for these reasons, we request an amendment to limit that language to the association."

***Amendments*:** Due to timing, the following amendments will be taken in the Assembly Judiciary Committee should this bill pass out of this Committee.

1) The author has requested that the committee consider adding a copy of the master insurance policy for an HOA to the list of required disclosures prior to the sale of a separate interest.

2) Recast section 8 of this bill to clarify EEEs identified in the nine-year EEE inspection report are considered 'major components' for purposes of the three-year reserve study.

SEC. 4.

Section 4525 of the Civil Code is amended to read:

4525.
(a) The owner of a separate interest shall **be able to obtain the following documents and shall** provide the following documents to a prospective purchaser of the separate interest, as soon as practicable before the transfer of title or the execution of a real property sales contract, as defined in Section 2985:

(1) A copy of all governing documents. If the association is not incorporated, this shall include a statement in writing from an authorized representative of the association that the association is not incorporated.

(2) If there is a restriction in the governing documents limiting the occupancy, residency, or use of a separate interest on the basis of age in a manner different from that provided in Section 51.3, a statement that the restriction is only enforceable to the extent permitted by Section 51.3 and a statement specifying the applicable provisions of Section 51.3.

(3) A copy of the most recent documents distributed pursuant to Article 7 (commencing with Section 5300) of Chapter 6. ~~–~~**and shall include a copy of the master insurance policy for the association that covers the association's property, general liability, earthquake, flood, and fidelity coverage upon request of the property owner or prospective purchaser.**

(4) A true statement in writing obtained from an authorized representative of the association as to the amount of the association's current regular and special assessments and fees, any assessments levied upon the owner's interest in the common interest development that are unpaid on the date of the statement, and any monetary fines or penalties levied upon the owner's interest and unpaid on the date of the statement. The statement obtained from an authorized representative shall also include true information on late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the owner's interest in a common interest development pursuant to Article 2 (commencing with Section 5650) of Chapter 8.

(5) A copy or a summary of any notice previously sent to the owner pursuant to Section 5855 that sets forth any alleged violation of the governing documents that remains unresolved at the time of the request. The notice shall not be deemed a waiver of the association's right to enforce the governing documents against the owner or the prospective purchaser of the separate interest with respect to any violation. This paragraph shall not be construed to require an association to inspect an owner's separate interest.

(6) A copy of the initial list of defects provided to each member pursuant to Section 6000, unless the association and the builder subsequently enter into a settlement agreement or otherwise resolve the matter and the association complies with Section 6100. Disclosure of the initial list of

defects pursuant to this paragraph does not waive any privilege attached to the document. The initial list of defects shall also include a statement that a final determination as to whether the list of defects is accurate and complete has not been made.

(7) A copy of the latest information provided for in Section 6100.

(8) Any change in the association's current regular and special assessments and fees which have been approved by the board, but have not become due and payable as of the date disclosure is provided pursuant to this subdivision.

(9) If there is a provision in the governing documents that prohibits the rental or leasing of any of the separate interests in the common interest development to a renter, lessee, or tenant, a statement describing the prohibition.

(10) If requested by the prospective purchaser, a copy of the minutes of board meetings, excluding meetings held in executive session, conducted over the previous 12 months, that were approved by the board.

(11) *(A)* A copy of the report issued pursuant to the most recent inspection conducted pursuant to Section 5551.

(B) The following information, if separately requested by the purchaser:

(i) The location on the first page of the report where the following information may be found:

(I) The number of exterior elevated elements, and the number of units identified pursuant to clause (i) of subparagraph (F) of paragraph (5) of subdivision (e) of Section 5551.

(II) The number of exterior elevated elements identified pursuant to clause (ii) of subparagraph (F) of paragraph (5) of subdivision (e) of Section 5551.

(III) The number of exterior elevated elements identified pursuant to clause (iii) of subparagraph (F) of paragraph (5) of subdivision (e) of Section 5551.

(ii) Any balcony identified in the report as needing repairs that exceed ten thousand dollars ($10,000).

(C) (i) The following information indicating whether:

(I) The covenants, codes, and restrictions require a unit owner, with the exclusive right to use the exterior element, to individually maintain exterior elevated elements.

(II) The association reserve study includes a minimum annual budgeted replacement reserve allocation of 10 percent for repairs of the exterior structures.

(III) The association reserve study has been updated to include identified repairs contained within the balcony inspection report.

(ii) The requirements of clause (i) of this subparagraph may be satisfied by identifying where this information is addressed in the documents disclosed pursuant to paragraphs (1) and (3) of subdivision (a).

(b) This section does not apply to an owner that is subject to Section 11018.6 of the Business and Professions Code.

SEC. 8.
Section 5550 of the Civil Code is amended to read:

5550.

(a) **At least once every three** ~~*In addition to the inspection mandated pursuant to Section 5551 every nine*~~ years, the board shall cause to be conducted a reasonably competent and diligent visual inspection ~~*once every three years*~~ of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the common interest development, if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the association, excluding the association's reserve account for that period. The board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that **review.** ~~*review to ensure the maintenance of components under the association's control.*~~

(b) The study required by this section shall at a minimum include:

(1) Identification of the major components that the association is obligated to repair, replace, restore, or **maintain** ~~*maintain, including those identified pursuant to Section 5551,*~~ that, as of the date of the study, have a remaining useful life of less than 30 years.

(2) Identification of the probable remaining useful life of the components identified in paragraph (1) as of the date of the study.

(3) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (1).

(4) Cost of repair, replacement, restoration, or maintenance of the components identified in the report required in Section 5551.

~~(4)~~ **(5)** An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (1) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

~~(5)~~ **(6)** A reserve funding plan that indicates how the association plans to fund the contribution identified in paragraph ~~(4)~~ **(5)** to meet the association's obligation for the repair and replacement of all major components with an expected remaining life of 30 years or less, not including those components that the board has determined will not be replaced or repaired.

(c) For purposes of this section, "major components" includes**, but is not limited to,** *associated waterproofing systems, exterior elevated elements and load-bearing components defined and inspected pursuant to Section 5551, and* gas, water, and electrical service to the extent that the association is responsible for repair or replacement of those lines pursuant to Section 4775.

Related legislation**:** *SB 1007 (Menjivar, 2026),* would reduce the maximum allowable increase in regular assessments without a vote of the membership from 20% greater than the preceding fiscal year to 8%. *SB 1007 is pending consideration in this Committee.*

AB 2050 (Caloza, 2026), 1) requires an HOA's reserve study to identify the minimum reserve contribution level to prevent the projected reserve account balance from falling below zero over the following 30 years; 2) requires an HOA, if the reserve study projects the reserve fund will fall below zero at any point over a 30 year period, to transfer a minimum of 15% of its gross annual budget to its reserve account each year until its reserve account balance is no longer projected to fall below zero; and 3) requires an HOA to impose a special assessment of 5% of the annual budget without a vote of the membership if the 15% allocation is insufficient to fund the minimum reserve contribution level. *AB 2050 is pending in the Senate Judiciary Committee*.

SB 410 (Grayson) Chapter 516, Statutes of 2025, requires the owner of a housing unit to provide a copy of the report issued from the most recent inspection of EEEs in a CID to a prospective purchaser of the housing unit, requires inspection reports to contain specified information, and requires HOAs to preserve inspection reports as HOA records.

AB 2579 (Quirk-Silva) Chapter 835, Statutes of 2024, extends the deadline by one year, to January 1, 2026, for performing inspections of EEEs in all buildings containing three or more multifamily dwelling units.

AB 2114 (Irwin) Chapter 100, Statutes of 2024, adds licensed civil engineers to the types of inspectors eligible to perform visual inspections of EEEs for which an HOA has maintenance or repair responsibility.

SB 326 (Hill) Chapter 207, Statutes of 2019, establishes minimum inspection requirements for EEEs within HOAs.

SB 721 (Hill) Chapter 445, Statutes of 2018, established minimum inspection requirements for the EEEs, including balconies and decks, of buildings with three or more multifamily dwelling units, as specified.

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Realtors (Sponsor)

Opposition

Community Associations Institute – California Legislative Action Committee (unless amended)

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1383 (Arreguín) – As Amended March 23, 2026

SENATE VOTE: 29-9

SUBJECT: Housing development: density bonus: incentives or concessions: labor standards

SUMMARY: Prohibits a concession or incentive under Density Bonus Law (DBL) from being used to modify labor standards.

EXISTING LAW:

1) Establishes DBL, which requires a local government to do all of the following:

    a) Adopt procedures and timelines for processing a DBL application;

    b) Provide a list of all documents and information required to submit with the DBL application for it to be deemed complete; and

    c) Provide an applicant with information related to the amount of density bonus for which the applicant is eligible, and whether the applicant has provided adequate information for the local government to make a determination as to the granting of any requested incentives, concessions, waivers, or reductions in development standards, at the time of application completeness. (Government Code (GOV) 65915)

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

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

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

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

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

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

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

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

3) Requires local governments to grant a density bonus ranging from 20% to 50% for rental developments that include a minimum percentage of units affordable to very low-, low-, or moderate-income households, with the bonus increasing on a sliding scale based on the level of affordability provided. For 100% affordable rental developments, the law provides a bonus of up to 80%, along with additional incentives such as increased height limits, reduced parking requirements, and modified development standards if the project is located within ½ mile of a major transit stop or in a low vehicle miles traveled (VMT) area. In certain cases, 100% affordable projects in qualifying areas may be allowed unlimited density. (GOV 65915)

4) Requires a local government to grant an additional density bonus on top of the bonus in 2) if the applicant agrees to include additional rental or for-sale units affordable to very low income households or moderate income households. (GOV 65915)

5) Requires applicants to receive concessions and incentives depending on the percentage of affordable housing included in the proposed development. "Concessions and incentives" means the following:

    a) A reduction in site development standards, or a modification of zoning code requirements, or architectural design requirements, that exceed the minimum building standards, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required, resulting in identifiable and actual cost reductions, to provide for affordable housing costs, as specified;

    b) Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located; and

    c) Other regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs, as specified. (GOV 65915)

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

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

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

COMMENTS:

Author's Statement: According to the author, "SB 1383 addresses a critical gap in California's Density Bonus Law that has allowed its intended purpose to be misapplied. While the law was designed to incentivize affordable housing production, a recent case where labor standards were

waived using the state's density bonus law has set a bad precedent and has broad impacts for worker safety. Labor standards are essential to ensuring Californians have a good paying job that can provide a roof over their head and put food on the table for their families, while at the same time ensuring construction quality for much-needed housing in California.

By allowing labor standards to be waived, this could threaten worker safety, undermine training pipelines, and create unfair competition by allowing bad actors to undercut responsible contractors. SB 1383 ensures that increasing housing supply does not come at the expense of worker protections, a good paying job, or construction quality."

Density Bonus Law: California's DBL, originally enacted in 1979, is a key state policy tool aimed at addressing the financial challenges of building affordable housing, particularly in high-cost markets. Given the state's elevated land and construction costs, the private market struggles to deliver housing that is affordable to low- and moderate-income households without public subsidy. An analysis by the California Housing Partnership compares the cost of market rate developments with the median cost of developing affordable rental homes. In the four regions analyzed, the study found that the cost of developing one unit of affordable housing ranged from approximately $480,000 to $713,000, while the cost of developing one unit of market rate housing in the state ranged from approximately $508,000 to $637,000.[1] The increased cost for the deed-restricted affordable units can be attributed, in part, to the difficulty associated with assembling a capital stack for affordable housing development, the complex regulations that these affordable units must comply with, and the added cost of labor requirements tied to certain public funding sources used by affordable housing developers.

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

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

Under DBL, when a mixed-income housing development includes a minimum percentage of affordable units, such as 5% very low-income or 10% lower-income, it becomes eligible for a

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

density bonus for additional market-rate units starting at 20%, with the potential to increase up to 50%, depending on the proportion of affordable units provided. Fully affordable projects can qualify for up to an 80% density bonus, or unlimited density if located within ½ mile of a major transit stop, or in a very low vehicle travel area.

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

In practice, DBL plays a critical role in the state's housing strategy, both by reducing development costs and by increasing the overall supply of housing at all income levels, particularly in communities that might otherwise see little affordable housing development. By leveraging regulatory flexibility instead of direct public funding, DBL offers a cost-effective mechanism to stimulate the production of both mixed-income and 100% affordable housing projects throughout California.

All jurisdictions are required to report projects approved pursuant to DBL in their Annual Progress Reports (APRs) submitted to the Department of Housing and Community Development (HCD). While APR data provides the most comprehensive statewide data available, it is well-documented that these reports contain data quality limitations, including inconsistent reporting practices and project classification errors. Analysis of APR data conducted by the bill sponsor and shared with this Committee points to the efficacy of DBL. In the past five years, DBL has been used to entitle over 140,000 mixed-income units, providing, should these entitled units advance to construction, thousands of deed-restricted affordable homes at no cost to the state.

Local Labor Standards. In 2023, the City of Berkeley adopted the "Helping Achieve Responsible Development with Healthcare and Apprenticeship Training Standards" (HARD HATS) ordinance, intended to improve the recruitment, training, and retention of skilled construction workers. Specifically, the ordinance requires contractors working on certain housing and commercial developments to participate in apprenticeship programs and provide health care coverage to workers. The City also required contractors to pay prevailing wages to construction workers on projects in the City's Southside neighborhood. The ordinance took effect on January 1, 2024, and was the first ordinance of its kind in California.

Subsequently, multiple developers of housing projects in Berkeley have requested to use a concession under DBL to exempt their projects from the City's labor requirements. In requesting concessions to reduce labor standards, project developers in Berkeley cited the cost of those standards as a barrier to making the project pencil out. There is some debate surrounding the cost impacts of labor standards in development projects. Both affordable housing and market rate advocates have testified to this committee regarding the cost impacts of labor standards

associated with state streamlining laws on housing development projects, citing labor standards as a barrier to making projects "pencil out" in certain regions. One study compared costs for developing permanent supportive housing in Los Angeles with and without using funding from Measure HHH, a local bond measure approved by voters in 2016.[2] Projects over 65 units that receive funding from Measure HHH must include a project labor agreement (PLA), which is a collective bargaining agreement between a project developer and a union. The study found that costs for HHH projects over 65 units were 21% higher than permanent supportive housing projects that did not receive funding from HHH. Another study found no effect or even reduced costs and faster completion times for projects with PLAs because union labor was more productive and PLAs reduced the delays and costs associated with skilled labor shortages.[3][4]

Ultimately, the City of Berkeley's Planning Commission approved those concessions, and the City Council declined to overturn the approval, largely due to expressed concerns that DBL did not allow them to deny such a concession.

This bill would amend DBL to explicitly prohibit a concession or incentive from being used to modify labor standards.

Arguments in Support: The State Building and Construction Trades Council of California and the Western States Council of Sheet Metal Workers, the bill co-sponsors, write in support: "In Berkeley, developers successfully used the Density Bonus Law to seek waivers from critical local labor standards, including prevailing wage requirements, apprenticeship utilization standards, and employer-provided health care protections. These standards are not minor regulatory details—they are fundamental safeguards that ensure construction workers receive fair wages, proper training, and access to health care while working on demanding and often hazardous construction projects.

The concessions contemplated under the Density Bonus Law were intended to address development regulations such as zoning standards, parking requirements, or design elements that might otherwise hinder housing production. We do not believe the State of California ever intended these concessions to be used to eliminate basic labor protections that safeguard the health, safety, and livelihoods of the workers who build our communities. Allowing labor standards to be waived undermines the very workforce responsible for constructing the housing California urgently needs. Prevailing wage laws ensure workers are paid fairly and help maintain a stable middle-class workforce. Apprenticeship standards guarantee the development of the next generation of skilled tradespeople through state-approved training programs. Health care protections ensure that workers and their families are not forced to bear the financial burden of injuries or illnesses resulting from physically demanding construction work."

Arguments in Opposition: YIMBY Action, including a coalition of local YIMBY Action chapters, write in opposition: "Though SB 1383 purports to support labor standards, its intent and practical effect would be to obstruct necessary housing production. The Density Bonus Law

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[2] Jason Ward, *RAND.* "Revisiting the Effects of the Proposition HHH Project Labor Agreement Using Cost Data from Completed Projects." (2024)
[3] Michael McFadden, Sai Santosh, and Ronit Shetty, *Independent Project Analysis.* **"**Quantifying the Value of Union Labor in Construction Projects." (2022)
[4] Larissa Petrucci, Matthew Hinkel, and Grace Dunn, *Cornell School of Industrial and Labor Relations*. "Timely Construction: The Effect of Project Labor Agreements on Time to Completion for Public Works Construction in Sacramento County, California."

incentivizes construction of affordable units by relaxing certain building standards to offset project costs. SB 1383undermines that framework by allowing local jurisdictions to impose labor requirements that would make otherwise affordable projects financially infeasible. Allowing the adoption of unworkable labor standards would pit construction and housing advocates against one another without meaningfully helping either party's goals.

California's severe housing shortage is causing skyrocketing homelessness and poverty, crippling our economy, and exacerbating our global climate crisis. These impacts fall disproportionately on California's low-income workers and families and disproportionately affect communities of color. SB 1383 would only make our housing shortage worse and do nothing to ensure a welcoming California where everyone can thrive. For these reasons, we express our opposition to SB 1383."

Related Legislation:

AB 2433 (Alvarez), of this legislative session, would, among other provisions, grant qualifying housing developments with two additional incentives or concessions for homeownership projects. AB 2433 is currently in the Senate policy committee process.

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

REGISTERED SUPPORT / OPPOSITION:

Support

State Building & Construction Trades Council of California (Co-Sponsor)
Western States Council Sheet Metal, Air, Rail and Transportation (Co-Sponsor)
Bluegreen Alliance
California Federation of Labor Unions, AFL-CIO
California Safety and Legislative Board, Smart – Transportation Division (smart – Td)
California State Association of Electrical Workers
California State Pipe Trades Council
City of Berkeley Commission on Labor
Construction Trades Workforce Initiative (CTWI)
District 16 International Union of Painters and Allied Trades
Rising Sun Center for Opportunity

Opposition

East Bay YIMBY
Grow the Richmond
Mountain View YIMBY
Napa-Solano for Everyone
Northern Neighbors SF
Peninsula for Everyone
San Francisco YIMBY
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY

Santa Rosa YIMBY
South Bay YIMBY
Ventura County YIMBY
YES! In Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY Monterey Peninsula
YIMBY SLO

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

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SCR 131 (Blakespear) – As Amended April 6, 2026

SENATE VOTE: 34-0

SUBJECT: Housing: unsheltered homelessness

SUMMARY: This resolution urges the Governor, relevant state agencies, and all local governments to adopt an urgent and coordinated approach to both end and prevent unsheltered homelessness statewide through the full activation of interim and permanent strategies, as well as interventions to prevent individuals and families from falling into unsheltered homelessness, and fund all interventions and reforms that prioritize housing unsheltered Californians.

EXISTING LAW:

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

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

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

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

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

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

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

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

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

FISCAL EFFECT: None.

COMMENTS:

Author's Statement: According to the author, "It is the duty of the State of California to protect the health and welfare of all its residents, including those experiencing homelessness. More than 123,000 Californians sleep unsheltered each night on sidewalks, in public parks, under freeway overpasses, and in riverbeds with no access to privacy, safety, or sanitation. The longer a person remains unsheltered, the more difficult it becomes for them to stabilize and enter permanent housing, and the more likely they are to suffer preventable illness, trauma, or death.
The Interagency Council on Homelessness set a goal to increase the share of unsheltered individuals entering shelter or housing from 42% to 70% by 2027, with the aim of ensuring all unsheltered people access housing pathways. This goal cannot be reached without scaling up state investments for flexible funding, such as the Homeless Housing, Assistance, and Prevention program, to pair with other state, federal, and local funding that serves people experiencing unsheltered homelessness. State, regional, and local governments must coordinate limited resources to fund long-term and interim solutions to ensure that our streets are no longer the landing place for people experiencing housing insecurity."

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

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

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

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

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

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

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

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

Shelters: Shelters are a stopgap measure and cannot fully resolve homelessness. According to a recent investigative report by CalMatters, local governments have spent nearly $1 billion on shelters since 2018. The number of beds doubled since 2018 from 27,000 to 61,000. Between 2018 and 2024, annual shelter death rates tripled – a total of 2,007 people died in that time period, which is nearly twice as many deaths as in California jails during the same period. Shelters are often unsafe and unsanitary places to stay. Many shelters have barriers to entry and prevent people from bringing their possessions, partners, and pets. According to HDIS data collected on shelter exits, fewer than one in four people, about 22%, are able to find housing when they leave a shelter.

Shelters are a costly and ineffective permanent solution to homelessness. The City of New York, the City of Portland and Multnomah County, and the state of Massachusetts have adopted a right to shelter. A right to shelter is a legal mandate that requires local governments to provide emergency shelter to anyone experiencing homelessness. This approach to homelessness has had decidedly mixed results. In the City of New York, the unsheltered population is 4,294 out of 91,897 homeless people. Although many people are housed in New York, they are still homeless because they are living in temporary shelters or transitional housing. Some people have been living in shelters for years with no solution for permanent housing. This approach is also expensive and requires that resources for affordable housing go toward maintaining emergency shelters and not toward building supportive housing or for affordable housing. New York City spends $1.7 billion a year to maintain its shelter system, which is $30,000 per individual per year.

Arguments in Support: According to Leading Age, "SCR 131 appropriately underscores the importance of coordinated efforts to address unsheltered homelessness and the need for expanded housing opportunities. By elevating housing as a core part of the response, the resolution supports approaches grounded in stability, dignity, and long-term well-being for vulnerable populations, including older

adults. These goals closely align with the mission of nonprofit affordable senior housing providers working every day to help older Californians remain safely housed in their communities."

Arguments in Opposition: None on file.

Committee Amendments: The author requested the Committee take the amendments below:

Amendment 1:

On page 2, between lines 37 and 38, insert:

WHEREAS, Achieving this goal will require scaling interventions that demonstrate measurable outcomes, including interim housing, rapid rehousing, permanent housing, and coordinated entry systems that prioritize individuals based on need; and

Amendment 2:

On page 3, between lines 6 and 7, insert:

WHERAS, Public funding must be focused on data-driven solutions, ensuring resources are directed toward programs that demonstrably reduce unsheltered homelessness and

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Council
LeadingAge California

Opposition

None on file.

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