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MATT HANEY
CHAIR

AGENDA

Thursday, August 27, 2026
Upon Call of the Chair -- State Capitol, Room 437

PURSUANT TO ASSEMBLY RULE 77.2

HEARD IN FILE ORDER

1.	AB 306	Schultz	California Building Standards Commission: appeals: code interpretations.
2.	AB 750	Quirk-Silva	Department of Housing and Community Development .
3.	AB 956	Quirk-Silva	Accessory dwelling units and junior accessory dwelling units.
4.	AB 1128	Muratsuchi	Mobilehome parks: rent caps: City of Torrance.
5.	AB 2181	Zbur	Housing development: density bonuses: rent.

Date of Hearing: August 27, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 306 (Schultz) – As Amended July 2, 2026

SUBJECT: California Building Standards Commission: appeals: code interpretations

SUMMARY: Requires the California Building Standards Commission (CBSC) to hear and decide appeals regarding a local enforcement agency's implementation of the California Building Standards Code, and to issue code interpretations, as specified. Specifically, **this bill**:

1) Requires the CBSC to decide appeals resulting from the administration of state building standards and promulgate code interpretations.

2) Modifies the existing authority to appeal an issue to the CBSC of any person adversely affected by any regulation, rule, omission, interpretation, decision, or practice of any local agency, having authority to enforce a state building standard, by specifying that the decision to appeal to the CBSC need not be agreed to by the local agency.

3) Specifies an issue appealed pursuant to 2) may include a request for approval to use an alternate material, assembly of materials, equipment, method of construction, method of installation of equipment, or means of protection. Provides that approval of such a request shall be limited to the particular case covered by the request and shall not be construed as establishing any precedent for any future request.

4) Authorizes the CBSC to approve a request to use an alternate material, assembly of materials, equipment, method of construction, method of installation of equipment, or means of protection only if it meets both of the following conditions:

   a) It is not specifically, in name, design, or function, prohibited, restricted, or otherwise regulated in the California Building Standards Code; and

   b) It has not been specifically, in name, design, or function, rejected for inclusion in the California Building Standards Code.

5) Authorizes the CBSC to accept an appeal pursuant to 2) only if both of the following are true:

   a) The CBSC determines that the issues involved in the appeal have statewide significance; and

   b) The person seeking to appeal an issue has exhausted all local appeals procedures before appealing to the CBSC. Specifies exhaustion of local appeals procedures shall not be required as a prerequisite for an appeal requested jointly by the person adversely affected and the local agency having authority to enforce a state building standard.

6) Requires the CBSC to review an appeal with stakeholders, including, but not limited to, representatives of the building industry, local agencies having authority to enforce a state building standard, and labor organizations.

7) Authorizes any person to request a code interpretation from the CBSC relative to the intent of any regulation or provision adopted by the CBSC. Requires the CBSC, when the request relates to a specific project, occupancy, or building, to review the issue with the appropriate local enforcing agency before rendering the code interpretation.

8) Requires decisions on appeals and code interpretations issued by the CBSC to be posted in a searchable format on the CBSC''s internet website.

9) Requires a local enforcement agency that issues written rules and regulations intended to clarify the application of the California Building Standards Code to post them on the agency's website, as specified.

10) Makes findings and declarations that this bill addresses the statewide housing crisis as recognized by California courts, which have consistently held that state housing laws prevail over municipal affairs where necessary to facilitate housing production and overcome local barriers.

EXISTING LAW:

1) Pauses changes to building standards affecting residential units at the state and local level from October 1, 2025, to June 1, 2031, with limited exceptions. [Health and Safety Code (HSC) Section 18929.1(c), HSC 17958(b)]

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

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

   a) Public participation in the development of standards;

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

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

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

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

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

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

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

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

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

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

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

5) 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)

6) Authorizes any person adversely affected by any regulation, rules, omission, interpretation, decision, or practice of any state agency regarding the administration of any building standard to appeal the issue for resolution to the commission. [HSC 18945(a)]

7) Provides that if any local agency with authority to enforce a state building standard and any person adversely affected by any regulation, rule, omission, interpretation, decision, or practice of such agency both wish to appeal the issue for resolution to the CBSC, then both parties may appeal to the CBSC. The BSC may accept such appeal only if the CBSC determines that the issues involved in such appeal have statewide significance. [HSC 18945(b)]

FISCAL EFFECT: According to the Senate Appropriations Committee:

- The CBSC estimates ongoing costs of approximately $1.1 million annually beginning in 2028-29 for 4.0 PY of new staff, and additional unknown annual costs, at least in the tens of thousands annually, to periodically contract with subject matter experts and firms with specialized technical knowledge in particular areas of construction in order to make informed appeals and code interpretation decisions. CBSC may also incur unknown significant one-time costs to make IT improvements, to the extent an online portal for electronic filing of appeals is needed (DGS Service Revolving Fund). The CBSC also notes that its current office space cannot accommodate the addition of new permanent staff, and that it may have to incur additional one-time office relocation costs and increased annual office leasing costs. See Staff Comments.

- Unknown local costs, potentially significant in the aggregate, for local enforcement agencies to post on their respective websites any written rules and regulations that clarify the application of the Building Standards Code in a manner that clearly identifies those rules or regulations as a local interpretation or policy, as specified. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates. (General Fund)

COMMENTS:

Author's Statement**:** According to the author, "AB 306 addresses a practical yet underexamined barrier to housing delivery in California: the absence of a functional statewide process for resolving significant building code disputes. Today, identical code provisions can be interpreted differently across California's 540 jurisdictions, and innovative materials, methods, and housing types often must be approved on a jurisdiction-by-jurisdiction basis. That inconsistency creates delays, uncertainty, and unnecessary costs. This bill establishes a more workable state-level framework for appeals, code interpretations, and code equivalency determinations when issues have statewide significance. It also improves transparency by requiring that code interpretations and local amendments be posted on line, and linked where applicable to findings and express terms. AB 306 does not eliminate local authority or lower safety standards. Local agencies retain their authority to adopt more restrictive standards where authorized by law and supported by required findings, and local officials retain case-by-case authority over alternative methods and materials. This bill creates a clearer path to state level consistency, transparency, and accountability in code administration. If California is serious about housing production efficiency, adaptive reuse, and scaling construction innovation, we must also modernize the systems that determine how our building codes are interpreted and applied."

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

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

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

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

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

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

Local Amendments to State Codes: Local governments are provided wide latitude to make changes and modifications to the state baseline codes – so long as they exceed or are more protective than the state baseline, not a reduction – and for codes affecting residential buildings (excluding energy "reach codes" which follow a different process), neither the CBSC nor statute requires the local modifications to include any cost determinations or economic impact analysis. Local governments simply have to include a finding in their filing with the CBSC that the modifications are "reasonably necessary because of local climatic, geological, or topographical conditions" or environmental conditions for green building standards. CBSC does not currently have the authority to review these findings for validity, merits, or the justification of reasonableness, nor do the local amendments have to follow the APA or more rigorous state review criteria requiring state building standards to "not [be] unreasonable, arbitrary, unfair, or capricious, in whole or in part" or have a "cost to the public [that is] reasonable, based on the overall benefit to be derived from the building standards."

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

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

Appeals. As part of its statutory responsibilities, CBSC is required to hear appeals brought by persons adversely affected by a regulation, rule, omission, interpretation, decision, or practice of a state or local agency responsible for enforcing the state building standards. Although existing law directs the CBSC to hear these appeals, it does not expressly require the CBSC to approve or deny an appeal or otherwise issue a decision resolving the matter. Existing law also creates some ambiguity regarding when an appeal involving a local agency may be brought before the CBSC. The statute provides that when a local agency and a person adversely affected by the agency's decision concerning the application of state building standards both wish to appeal an issue to the CBSC for resolution, the parties may do so. This provision could be interpreted to require agreement by both the affected person and the local agency before an appeal may proceed. Under that interpretation, a person seeking review of a local agency's decision may be unable to obtain review unless the agency itself agrees to participate in the appeal, even though the appeal may seek to overturn the agency's original decision.

This bill clarifies that a person adversely impacted by a local agency's decision relative to the state building code may appeal that decision to the CBSC after exhausting local appeals. For any appeal that is jointly filed by a local agency and a person affected by the local agency's decision on the state building code, the appellants are not required to exhaust the local appeals process. This bill will additionally clarify that the CBSC is not only obliged to hear appeals, but that the CBSC must issue a decision on appeals that are heard.

Alternate materials and methods. The State Fire Marshal (SFM) is responsible for adopting regulations that promote fire and life safety for incorporation into the California Building Standards Code. The SFM also adopts regulations governing fire hazard severity zones. Under regulations adopted by the SFM, an applicant may seek approval from the local enforcement agency to use an alternative material, assembly of materials, equipment, method of construction, method of installation, or means of protection for requirements within the SFM's jurisdiction. If the local enforcement agency denies the proposed alternative, the regulations allow an applicant to submit a written appeal to the SFM requesting approval of the alternative. The regulations further provide that approval of an alternative by either the local enforcement agency or the SFM does not establish a precedent for future requests.

This bill seeks to replicate the SFM appeal process that is relative to aspects of the state building code within the SFM's jurisdiction to aspects of the state building code in the CBSC's general jurisdiction.

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

Arguments in Support: According to California YIMBY and SPUR, "The bill clarifies the California Building Standards Commission's authority to hear and decide appeals to promulgate code interpretations, and it allows any person to request an interpretation of the intent of a provision the Commission has adopted – so that applicants are not forced to re-litigate the same technical questions jurisdiction by jurisdiction. It creates an appeals pathway for local decisions that raise issues of statewide significance, including requests to use alternate materials, assemblies, equipment, or methods of construction, giving applicants recourse when local decisions diverge from state standards. And it requires that both Commission decision and Commission interpretations be posted in a searchable format online, and that local written rules and policies be posted on the local agency's website, clearly identified as a local interpretation and linked to the related local amendments and express findings."

According to the American Institute of Architects California, "Importantly, AB 306 builds upon processes already successfully utilized elsewhere in state government. The Office of the State Fire Marshal and the Division of the State Architect both maintain longstanding appeals and interpretation processes that provide clarity and consistency in the administration of building standards. AB 306 extends similar concepts to matters falling within the jurisdiction of the California Building Standards Commission. The bill has also been significantly amended in response to stakeholder concerns and now includes a number of important guardrails to preserve local authority."

Arguments in Opposition**:** According to the California Building Officials, "In our professional opinion, AB 306 will benefit a narrow group of for-profit interests that seek to fast-track approvals on their products and practices. In our experience, local familiarity and relationships between most construction and design professionals aid in expediting permit approvals. What works in a mountainous climate zone, as code officials understand, does not hold true for coastal urban environments. A "one size fits all" approach to code interpretations simply jeopardizes public safety. Building code enforcement requires professional judgement and local accountability. The existence of differing interpretations does not demonstrate system failure. It reflects the reality that building safety decisions are site-specific and operationally dependent to address specific safety concerns.

AB 306 also places considerable responsibility upon the California Building Standards Commission (BSC). We work daily with the BSC and are very familiar with their capabilities and capacities. It is important to note that the BSC – staff and appointed commission – are a highly administrative body as opposed to technical experts. Adding the necessary staff and overhead expenses to the BSC would result in significant cost to the Department of General Services and overall California state budget. As outlined in the Terner Center report on California's Building Code Appeals process in 2025, local officials rely heavily upon larger administrative decision-making bodies for appeals. This is part of the problem outlined by the report, which is only going to be exacerbated when elevated to a higher-level statewide decision-making body. Hearings will be few and far between, which will only add to the problem as opposed to offering a solution."

Related Legislation**:** *AB 130 (Committee on Budget), Chapter 22, Statutes of 2025*. Prohibits the CSBC and any other adopting agency, from October 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units, with limited exceptions. Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from October 1, 2025 until June 1, 2031, with limited exceptions. Requires CBSC to reject a modification or change to any building standard affecting a residential unit filed by the governing body of a city or county, from October 1, 2025, until June 1, 2031, with limited exceptions.

REGISTERED SUPPORT / OPPOSITION:

Support

American Institute of Architects California (Sponsor)
Abundant Housing LA
Bay Area Council
California Apartment Association

California Conference of Carpenters
California YIMBY
Construction Employers' Association
Council of Infill Builders
Eden Housing
House Sacramento
Housing Action Coalition
Housing California
Los Angeles County
Phillips Win Architecture
San Francisco Bay Area Planning and Urban Research Association
Studio One Eleven
USGBC California
Valley Industry and Commerce Association

Opposition

California Building Officials
County Building Officials Association of California
City of Oceanside

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

Date of Hearing: August 27, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 750 (Quirk-Silva) – As Amended August 20, 2026

SUBJECT: Department of Housing and Community Development

SUMMARY: Expands eligibility for the Portfolio Reinvestment Program (PRP) administered by the Department of Housing and Community Development (HCD) to include affordable housing developments at-risk of conversion that do not have HCD funding, as specified Specifically, **this bill**:

1) Provides that the following housing development projects are eligible for PRP funding:

   a) An HCD-funded project that has an affordability restriction that has expired or has a remaining term of less than 10 years or is otherwise at-risk for conversion to market rate.

   b) A "challenged development," defined as a housing development project that is at least 15 years old, has insufficient access to private or other public resources to complete substantial rehabilitation, as determined by HCD, and either:

      i. Serves very low-income or extremely low-income households, with an average maximum household income as restricted by an existing regulatory agreement of up to 45% of area median income (AMI); or,

      ii. Is financed under the federal U.S. Department of Agriculture (USDA) Rural Rental Assistance Program.

2) Requires HCD, prior to allocating program funds, to evaluate and analyze the preservation and rehabilitation needs of HCD-funded developments with expiring affordability restrictions to inform program allocation decisions.

3) Requires HCD to allocate 10% of funds of every round to to challenged developments that are not HCD funded based on relative need and the availability of resources. Allows HCD to allocate more 10% to challenged developments if there is demand and available funds.

4) Requires HCD to prioritize projects outlined in (1)(a).

5) Requires HCD to allow PRP-financed developments to layer program funds with other federal, state, and local resources.

6) Defines "at risk of conversion" to include, but not limited to, all of the following:

   a) Risk of default, foreclosure, sale, receivership, or other circumstances that could result in the loss of affordability;

   b) Physical obsolescence or significant physical or life safety deficiencies;

c) Significant vacancy resulting in sustained negative cash flow for three or more consecutive years; and

d) A demonstrated need for financial support to maintain the physical and financial integrity of the property and prevent the loss of affordability

EXISTING LAW:

1) Authorizes HCD to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of department-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 10 years, or are otherwise at risk for conversion.

2) Provides that if HCD makes a loan or grant to a project that has an existing HCD loan for a multifamily housing project, HCD may approve an extension of the existing loan, the reinstatement of a qualifying unpaid matured loan, the subordination of a loan made the department to new indebtedness, or an investment of tax credit equity for purposes of funding necessary rehabilitation and extending the affordability of the project without complying with the requirements of Chapter 3.9 (commencing with Section 50560).

3) Allows HCD to forgive some or all of the accrued interest on the existing department loan if necessary to facilitate the department's new rehabilitation loan.

4) Allows HCD to establish loan processing or transaction fees for loans or grants, as necessary, in an amount not to exceed the amount necessary to generate sufficient revenue to cover the cost of processing loan transactions. However, the department may waive fees to the extent necessary for project feasibility.

5) Allows HCD to charge a monitoring fee in lieu of the required 0.42% per annum loan payments.

6) Allows HCD to capitalize fees, at its discretion, as necessary to ensure the financial feasibility and long-term affordability of the project. (Health and Safety Code Section 50607)

FISCAL EFFECT: According to Senate Appropriations Committee,

1) HCD indicates that expanding the PRP to allow funding for challenged developments would increase the scope of application processing and the overall complexity of the program, requiring the addition of 5.0 PY of new staff at a cost of approximately $1.2 million annually. Staff notes that these costs would only be incurred to the extent additional funding is appropriated for the PRP in the future. (General Fund, potentially bond funds)

2) Unknown future cost pressures, likely in the millions to tens of millions annually, to provide additional program funding to accommodate the demand for challenged developments that would be eligible for funding under the program. Staff notes that the bill requires HCD to

allocate an unspecified "certain percentage of funds" for challenged developments based on the relative need and availability of resources. (General Fund, potentially bond funds)

COMMENTS:

Author's Statement: "The source of California's housing crisis lies in the scarcity of affordable housing, disproportionately affecting low-income families and households. To address this issue, California has developed 500,000 rental homes affordable to low-income families. However, after 15 years or more of occupancy, a considerable number of these developments are in need of significant rehabilitation. Developments with the lowest rents, designed to provide affordable units, are not in a position to leverage debt or tax credits and therefore lack financing options. Without rehabilitation, such challenged developments fall into disrepair, creating health and safety concerns for residents and, ultimately, jeopardizing the loss of precious affordable homes."

Portfolio Reinvestment Program: The California Housing Partnership estimates that over 32,700 of the existing government-subsidized affordable apartments in California are at risk of conversion to market rate in the next 10 years. Many older HCD-funded affordable multi-family rental housing developments are aging and need additional investments. The affordability restrictions on some properties have expired or are close to expiring, placing these units at risk of converting to market-rate. The Portfolio Reinvestment Program was established through the budget beginning in 2021-22 to provide loans and grants to HCD-funded developments that have expired affordability covenants or have remaining term of 10 years. This program has received $250 million in funding (2021-22 included $300 million, the 2022-23 included $50 million, and the 2023-24 budgeted included $100 million).

This bill would expand the types of developments that can qualify for loans or grants to include developments that do not have HCD loans but are defined as "challenged developments." A challenged development is defined as a development that is at least 15 years old, serves either extremely low income or very low income residents or has a USDA loan, and HCD determines that development cannot access private funds. HCD would be required to prioritize HCD-funded loans with affordability restrictions that have expired or that are at risk of expiring within 10 years. At least 10% of every round of funding for PRP would be made available to challenged developments. Because these developments have less rental income they are less able to compete for Low Income Housing Tax Credits or other debt.

The Legislature passed SB 417 (Limon and Rivas), Chapter 16, Statues of 2026, a $11.25 billion housing bond for the November 2026 ballot. The bond includes $750 million for PRP.

Arguments in Support: According to the California Housing Consortium, "AB 750 expands PRP to all challenged developments while maintaining a priority for those that have HCD loans and expiring regulatory agreements. The bill defines a challenged development as one with an average affordability of 45% of the area median income or less and insufficient access to private or other public resources to complete substantial rehabilitation. AB 750 will help maintain California's existing affordable housing stock.

Arguments in Opposition: *None on file.*

Related Legislation:

AB 1789 (Quirk-Silva) would have expand the types of housing projects that may be funded under the Department of Housing and Community Development's (HCD's) Portfolio Reinvestment Program (PRP) to include a "challenged development," as specified. This bill was held in Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Housing Consortium (Sponsor)
California Housing Partnership (Sponsor)
Eden Housing
Linc Housing
Resources for Community Development
Supportive Housing Alliance

Opposition

None on file.

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

Date of Hearing: August 27, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 956 (Quirk-Silva) – As Amended August 12, 2026

SUBJECT: Accessory dwelling units: ministerial approval: single-family dwellings

SUMMARY: Requires local agencies to ministerially approve two detached, new construction accessory dwelling units (ADUs) on a lot with an existing or proposed single-family dwelling, and clarifies that covenants, restrictions, or conditions (CC&Rs) in planned developments and any related governing documents prohibiting or restricting the construction of ADUs and junior ADUs (JADUs) on lots zoned to allow single-family developments are void and unenforceable. Specifically, **this bill**:

1) Requires a local agency to ministerially approve an application to develop up to two detached ADUs on a lot containing an existing or proposed single-family dwelling.

2) Provides that a local agency is not required to ministerially approve an application for a building permit to create a junior ADU (JADU) on the same lot where two detached, new construction, ADUs have been constructed pursuant to 1).

3) Clarifies that CC&Rs in planned developments and any related governing documents prohibiting or restricting the construction of ADUs and junior ADUs (JADUs) on lots zoned to allow single-family developments are void and unenforceable.

EXISTING LAW:

1) Defines an ADU as an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It must include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated on. (Government Code (GOV) 66313)

2) Defines a Junior ADU (JADU) as a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure. (GOV 66313)

3) Requires a local agency to ministerially approve an application to develop one attached or one detached ADU and up to one JADU on a lot with an existing or proposed single-family dwelling. (GOV 66323)

4) Establishes, within the Davis-Stirling Common Interest Development Act, rules and regulations governing the operation of common interest developments (CIDs) and the respective rights and duties of a homeowners' associations (HOA) and its members. Requires the governing documents of a CID, and any amendments to the governing documents, to be adopted through HOA elections in accordance with specified procedures. (Civil Code Section 4000-6150)

5) Deems void and unenforceable any CC&R contained in any deed, contract, security instrument, or other instrument affecting the transfer of, or any interest in, real property, and any provision of the CID governing documents, that effectively prohibits or restricts:

   a) Installation of a solar energy system;

   b) Installation or use of a video or television antenna;

   c) Installation of low-water using plants, artificial turf, and other synthetic surface that resembles grass;

   d) Installation or use of an EV charging station within the owner's unit or designated parking space;

   e) Display or affixation of one or more religious items on any entry door frame to a dwelling; or

   f) Construction or use of an ADU or JADU on a lot zoned for single-family residential use that meets the requirements of existing law regarding ADUs and JADUs.

FISCAL EFFECT: According to the Assembly Committee on Appropriations: "No state costs. Local costs of an unknown amount to local agencies to provide for the streamlined review and approval of additional ADUs on existing single family lots. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to offset increased costs associated with the provisions of this bill."

COMMENTS:

California's Housing Crisis: California's housing crisis is a half-century in the making.[1] After decades of underproduction, supply is far behind need and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.[2] One in three households in the state doesn't earn enough money to meet their basic needs.[3] In 2024, over 187,000 Californians experienced homelessness on a given night.[4]
To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.[5]

ADUs and Gentle Density as a Solution: Recently, there has been a national trend toward allowing more "gentle density," such as ADUs, duplexes, fourplexes, townhomes, and other

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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

moderately dense housing types that were common before zoning restrictions took hold. In 2016, SB 1069 (Wieckowski), Chapter 720, and AB 2299 (Bloom), Chapter 735, allowed ADUs by right on all residentially zoned parcels in California. SB 1211 (Skinner), Chapter 296, Statutes of 2024, continued this trend by increasing the number of allowable detached ADUs on multifamily properties from two to as many as eight, depending on the number of existing multifamily units on the site. Additional legislation has established statewide standards for ADU setbacks, height limits, square footage, and other land use regulations, regardless of local zoning. ADUs are now required to be reviewed within 60 days by local governments through a streamlined, ministerial process. By permitting attached ADUs, detached ADUs, and junior ADUs (JADUs) on all residential lots, these and other laws have facilitated the construction of "missing middle" housing in exclusionary single-family zones and across all residential neighborhoods in the state.

Taken together, these reforms have created a fast, predictable, uniform, and enforceable approval process for ADUs statewide. As a result, ADUs have gone from representing less than 1% of new housing construction before 2017 to approximately 20% today, with more than 23,000 ADUs legally completed in 2023. 6 Their numbers are expected to continue growing as the ADU construction and financing industry matures, helping meet an estimated market potential of 1.8 million units in California. 7 Because ADUs are not dependent on state funding allocations, they are poised to remain a significant and growing part of the state's new housing stock.

ADUs address California's severe housing deficit and offer benefits to both homeowners and future residents. For homeowners, ADUs can generate rental income to help offset mortgage costs or supplement retirement savings. They may also increase property value and support multigenerational living, allowing families to house aging parents, adult children, or caregivers while preserving privacy. JADUs, typically smaller and created from existing space in the main residence, offer a lower-cost way to add living space using existing infrastructure. For renters, ADUs and JADUs expand the housing supply in established neighborhoods, creating more rental opportunities in areas where housing is often scarce or expensive.

Because they are typically smaller than average homes and do not require land acquisition, ADUs are generally cheaper to build and rent than other market-rate units. A 2021 survey of permitted ADU owners by UC Berkeley found that median construction costs ranged from $100,000 to $177,500, significantly lower than for traditional new construction. 8 Costs vary by type, with detached ADUs being more expensive than garage conversions but still substantially more affordable than standard homes. That same UC Berkeley survey found that in coastal markets, over one-third of ADU owners rented their units at rates affordable to lower-income households. 9

This bill would authorize the development of one additional detached ADU on lots with an existing or proposed single-family home, allowing up to two detached ADUs per lot. This bill

[6] Per HCDs "APR Dashboard" https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard. Complete data for 2023 will be made available by June 30, 2024. This statistic relies on data pulled on May 28, 2024.
[7] Monkonnen et al, 2020, *One to Four: The Market Potential of Fourplexes in California's Single-Family Neighborhoods*, UCLA Working Paper Series: https://www.lewis.ucla.edu/research/market-potential-fourplexes/
[8] Chapple et al, Implementing the Backyard Revolution: Perspectives of California's ADU Owners, UC Berkeley Center for Community Innovation, April 2021: https://www.aducalifornia.org/wp-content/uploads/2021/04/Implementing-the-Backyard-Revolution.pdf
[9] IBID.

provides that if two detached ADUs are constructed, a local government is not also required to approve a building permit for the construction of a JADU on the site.

Clarifying ADU Law and the Davis-Stirling Act: Amendments taken in the Senate add provisions to this bill regarding ADUs and their intersection with the Davis-Stirling Act, which governs Common Interest Developments. This bill clarifies one item in ADU Law related to planned developments. AB 670 (Friedman), Chapter 178, Statutes of 2019, voids any CC&R in a planned development that prohibits or unreasonably restricts the construction of an ADU on a lot zoned *for* single family development. AB 670 applied to lots that are zoned "for" single family development, rather than lots zoned "to allow" for single family development. In practice, this ambiguity can be interpreted to authorize HOAs to prohibit ADUs on parcels that are zoned to allow for more than one unit (even if the zoning district also allows for single-family homes). This bill will specify that ADU Law applies to any lot in an HOA that allows single-family residential use.

Author's Statement: According to the Author, "AB 956 is a critical step toward addressing California's housing crisis by making it easier for families to build the housing they need. Too many families are trapped by outdated restrictions when they need space for aging parents, adult children, or essential rental income. This bill cuts through the red tape and ensures that more Californians can access flexible, affordable housing options. The future of our communities depends on solutions like this: expanding housing, keeping families together, and ensuring every Californian has a place to call home."

Arguments in Support: California YIMBY, the bill sponsor, writes in support: "AB 956 amends the current ADU law to require local agencies to approve up to two detached ADUs on lots with an existing or proposed single-family home. This will allow homeowners to increase the ADU potential of their property when the physical space is available, permitting more of this popular, and lower-cost housing type. However, the bill would expressly state that a local agency is not required to permit 2 detached accessory dwelling units and a junior accessory dwelling unit on the same lot."

Arguments in Opposition: Families & Homes San Jose writes in opposition: "The bill will especially change the market for smaller homes (e.g., 1,200 sf homes on 5,000 sf lots). Today these small homes are available as starter homes to first time homebuyers, but if AB-956 is adopted, then these will become the primary target for developers, who can convert a garage or other space internal to the existing house and add two detached ADUs in the rear (four total rental units). Of particular concern is that many of the homes targeted by AB-956 are in California Tax Credit Allocation Committee (CTCAC) designated low opportunity communities, which raises concerns that AB-956 violates California's commitment to affirmatively furthering fair housing (AFFH)."

Related Legislation:

AB 670 (Friedman), Chapter 178, Statutes of 2019: Voids any CC&R in a planned development that prohibits or unreasonably restricts the construction of an ADU on a lot zoned for single family development.

SB 1211 (Skinner), Chapter 296, Statues of 2024: Increased the number of allowable detached ADUs on multifamily properties from 2 to up to 8, depending on the existing number of multifamily units on the site.

SB 477 (Senate Committee on Housing), Chapter 7, Statutes of 2024: Reorganized ADU and JADU law.

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

AB 587 (Friedman), Chapter 657, Statutes of 2019: Allowed an ADU to be sold or conveyed separately from the primary residence to a qualified buyer under specified circumstances.

AB 68 (Ting), Chapter 655, Statutes of 2019, AB 881 (Bloom), Chapter 659, Statutes of 2019, and SB 13 (Wieckowski), Chapter 653, Statutes of 2019: Collectively, these bills made changes to ADU and JADU laws, including narrowing the criteria by which local jurisdictions can limit where ADUs are permitted, clarifying that ADUs must be ministerially approved if constructed in existing garages, eliminating for five years the potential for local agencies to place owner-occupancy requirements on the units, prohibiting an ordinance from imposing a minimum lot size for an ADU, and eliminating impact fees on ADUs that are 750 square feet or less and capping fees on ADUs that are 750 square feet or more to 25%.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Sponsor)
California Apartment Association
East Bay for Everyone
LeadingAge California
South Pasadena Residents for Responsible Growth
Southern California Obtainable Housing
Yolo YIMBY
Zillow Group

Opposition

California Cities for Local Control
California Fire Chiefs Association
City of Burbank
City of Carlsbad
City of Chino Hills
City of Concord
City of Cupertino
City of Hesperia
City of LA Habra
City of Lakewood CA
City of Milpitas
City of Murrieta
City of San Marcos
City of Soledad
City of Thousand Oaks
City of Torrance

City of Tulare
City of Yorba Linda
Equitable Land Use Alliance (ELUA)
Families and Homes San Jose
Fire Districts Association of California
League of California Cities
Neighbors for a Better San Diego
Rural County Representatives of California (RCRC)

Oppose Unless Amended
Marin County Council of Mayors and Council Members

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

Date of Hearing: August 27, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 1128 (Muratsuchi) – As Amended August 17, 2026

SUBJECT: Mobilehome parks: rent caps: City of Torrance

SUMMARY: Extends the maximum allowable gross rental rate increase, or rent cap, for a tenancy in a qualified mobilehome park to tenancies in mobilehome parks that are located in the City of Torrance, as specified. Specifically, **this bill**:

1) Provides that management of a mobilehome park shall not, over the course of any 12-month period, increase the gross rental rate for a tenancy in a mobilehome park that is located in the City of Torrance more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower, of the lowest gross rental rate charged for a tenancy at any time during the 12 months prior to the effective date.

2) Provides that 1) above applies to all rent increases occurring on or after January 5, 2026.

3) Specifies that 1) above shall become operative on January 1, 2027.

4) Specifies that, if the management of a mobilehome park that is located in the City of Torrance has increased the rent by more than the amount permissible in 1) above between January 5, 2026, and January 1, 2027, both of the following shall apply:

    a) The applicable rent on January 1, 2027, shall be the rent as of January 5, 2026, plus the maximum permissible increase under 1); and

    b) Management shall not be liable to a homeowner for any corresponding rent overpayment.

5) Authorizes management of a mobilehome park that is located in the City of Torrance who increased the rental rate for a tenancy on or after January 5, 2026, but prior to January 1, 2027, by an amount less than the rental rate increase permitted in 1) above to increase the rental rate twice within 12 months of January 5, 2026, but to no more than the maximum allowable rental rate increase.

6) Expands the definition of "qualified mobilehome park" to include a mobilehome park that is located in the City of Torrance.

7) Extends the sunset of the rent cap provisions for qualified mobilehome parks from January 1, 2030, to January 1, 2036.

8) Declares 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 significant and disproportionate increases in mobilehome space rents within the City of Torrance and the resulting adverse impacts on housing affordability for low-income residents and seniors in those jurisdictions.

9) Makes other conforming changes related to rent cap provisions in qualified mobilehome parks.

EXISTING LAW:

1) Establishes the Mobilehome Residency Law (MRL), which governs the requirements for permits, fees, rent control, and other provisions related to mobilehome park residents and mobilehome park management. [Civil Code (CIV) Section 798 *et seq.*]

2) Defines "management" to mean the owner of a mobilehome park or an agent or representative authorized to act on his behalf in connection with matters relating to a tenancy in the park. (CIV 798.2)

3) Defines "qualified mobilehome park" as a mobilehome park that is located within and governed by the jurisdictions of two or more incorporated cities. [CIV 798.30.5(h)(4)]

4) Defines "percentage change in the cost of living" as the percentage change in the applicable Consumer Price Index for All Urban Consumers for All Items, as defined, based on geography, and computed as specified based on the effective date of the rent increase. [CIV 798.30.5(h)(3)]

5) Prohibits management from increasing the gross rental rate for a tenancy in a qualified mobilehome park more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower, of the lowest gross rental rate charged for a tenancy at any time during the 12 months prior to the effective date of the increase. [CIV 798.30.5(a)(1)]Prohibits the gross rental rate for the tenancy from being increased in more than two increments over a 12-month period, as specified, if the same homeowner maintains a tenancy over any 12-month period. [CIV 798.30.5(a)(2)]

6) Authorizes management to establish the initial rental rate for a new tenancy in which no homeowner from the prior tenancy remains in lawful possession of the mobilehome space, subject to the local ordinances, rules, or regulations in the applicable agency or jurisdiction. Specifies that subsequent rent increases after the initial rent is established shall be subject to the maximum allowable rate of increases in 5) above [CIV 798.30.5(b)]

7) Requires management to provide notice of any increase in the rental rate to each homeowner at least 90 days before the date of the increase. [CIV 798.30.5(d)]

8) Specifies the maximum allowable rental rate increase shall not apply to a tenancy for any of the following:

   a) A mobilehome space restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income.

   b) A mobilehome space constructed and maintained in connection with any higher education institution within the state for use and occupancy by students in attendance at the institution.

c) A mobilehome space subject to any ordinance, rule, regulation, or initiative measure that restricts annual increases in the rental rate to an amount less than that provided in 5) above.

d) A mobilehome space within a resident-owned mobilehome park. [CIV 798.30.5(e)(1) – (4)]

9) Specifies that the maximum allowable rent increase in state law shall not affect the authority of a local government to adopt or maintain an ordinance, rule, regulation, or initiative measure that establishes a maximum amount that may be charged for rent but that the rent cap above shall apply if a local ordinance, rule, regulation or initiative measure allows for a rental rate increase greater than that provided in 5) above. [CIV 798.30.5(i)(1)]

10) Declares it not the intent to express any policy regarding the appropriate, allowable rental rate increase limitations when a local government or jurisdiction adopts an ordinance, rule, regulation, or initiative measure regulating rent increases. [CIV 798.30.5(i)(3)]

11) Sunsets the provisions limiting the maximum allowable rent increases in qualified mobilehome parks on January 1, 2030. [CIV 798.30.5(j)]

12) Exempts new construction from any ordinance, rule, regulation, or initiative measure adopted by any city, county, or city and county, that establishes a maximum amount that a landlord may charge a tenant for rent, for a period of 15 years from the date upon which the space is initially held out for rent. [CIV 798.45(a)]

a) Defines "new construction" as any newly constructed space initially held out for rent after January 1, 1990. [CIV 798.7(a)]

13) Exempts new mobilehome park construction from any ordinance, rule, regulation, or initiative measure adopted by any city, county, or city and county, that establishes a maximum amount that a landlord may charge a tenant for rent for a period of 15 years from the date upon which 50 percent of the spaces in the new mobilehome park are initially held out for rent measure from the date of issuance of a permit or certificate of occupancy for that space by the enforcement agency. [CIV 798.45(b)]

a) Defines "new mobilehome park construction" as all spaces contained in a newly constructed mobilehome park for which a permit to operate is first issued by the enforcement agency on or after January 1, 2023. [CIV 798.7(b)]

14) Prohibits a landlord, over the course of any 12-month period, from increasing the gross rental rate for a dwelling or a unit, including a park-owned mobilehome, more than 5% plus the percentage change in the cost of living, or 10%, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase. (CIV 1946.2, CIV 1947.12)

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

COMMENTS:

Author's statement: According to the author, "AB 1128 helps preserve one of California's last remaining sources of naturally affordable housing—mobile homes. Many mobile home residents are seniors, retirees, and low-income families living on fixed incomes who face unique challenges because they own their homes but rent the land underneath them. When space rents increase beyond affordability, residents often cannot simply relocate. Many mobile homes are not easily movable, and available spaces in other parks are limited. Excessive rent increases can therefore place residents at risk of displacement, loss of home equity, and homelessness.

AB 1128 builds upon the protections established by AB 978 (Quirk-Silva, Chapter 125, Statutes of 2021) by applying a statewide cap on annual space-rent increases of three percent plus inflation, up to a maximum of five percent, whichever is lower. This bill helps keep vulnerable seniors and low-income families housed and protects one of California's most important affordable housing resources."

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

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

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.

Rent caps: In 2019, California enacted the Tenant Protection Act (TPA) (Chiu), Chapter 597, Statutes of 2019, to protect tenants from exorbitant rent increases and require "just cause" notice before a landlord evicts a tenant. Generally, the TPA limits the amount that a residential landlord of a qualified housing unit may increase the rental rate each year and prohibits a landlord from terminating a tenancy without just cause if the tenant has occupied the rental for 12 months. Under the TPA, a landlord may increase the rent by 5% plus inflation, or a maximum cap of 10%, annually. Several types of rental housing are exempt from the TPA, including properties built in the last 15 years, single-family homes owned by natural persons, and owner-occupied homes, among others. Upon its final passage by the Legislature and enactment by the Governor, the TPA did not apply to mobilehomes. However, roughly 106 cities and counties in California currently have some local ordinance providing rent control for mobilehome parks, covering a significant amount of the state's mobilehomes.[1]

In 2021, AB 978 (Quirk-Silva), Chapter 125, applied portions of the TPA framework to mobilehomes. More specifically, AB 978 amended the TPA to extend the just cause eviction requirements and rent cap protections to tenants of mobilehomes owned by park management. The bill also established a rent cap for mobilehome owners renting space in a qualified mobilehome park. The new rent cap limited rent increases to no more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower. However, the new rent cap only applied in a mobilehome park that is located within, and governed by, the jurisdictions of two or more incorporated cities.

Mobilehome owners and park space rent caps: As noted previously, the TPA did not include park-owned mobilehomes nor park spaces rented by mobilehome owners in the rent cap protections. At that time, mobilehome owners worried that, prior to any prospective rent cap on park spaces taking effect, park owners would increase rental rates to levels that they may not be able to afford. Mobilehome owners feared that the significant costs needed to transport the mobilehome to a new mobilehome park, if they could even find one renting spaces at a price they could afford, could mean having to sell the mobilehome or losing the mobilehome entirely. Thus, mobilehomes were excluded from the TPA.

By extending TPA rent cap protections to renters of park-owned mobilehomes and establishing a new rent cap only for mobilehome owners renting space in parks governed by at least two jurisdictions, AB 978 left the rules of the regulatory environment for all other mobilehome owners renting park spaces up to the local jurisdictions to decide. This bill previously proposed to extend the AB 978 rent cap for park spaces to all other mobilehome parks, no matter the number of jurisdictions governing the park, though still subject to any locally-approved ordinance, rule, regulation, or initiative measure. However, this bill was recently amended to narrow the expansion of the AB 978 rent cap provisions to mobilehome parks in the City of Torrance. There are approximately 20 mobilehome parks in the City of Torrance.[2] However,

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[1] Mobilehome Park Owners Alliance, "California Mobilehome Parks" (accessed Aug. 24, 2026) https://mhphoa.com/ca/rso/
[2] Mobilehome Park Owners Alliance, "California Mobile Home Parks" (accessed Aug. 24, 2026) https://mhphoa.com/ca/torrance/

opponents claim that this bill will impact 11 mobilehome parks in Torrance and apply to 1,093 spaces.

Recent litigation**:** Following the enactment of AB 978, challenges to the law were filed in state and federal courts. Anaheim Mobile Estates, LLC., the owner of Anaheim Mobile Estates which straddles the cities of Anaheim and Stanton, filed a complaint in the Superior Court of Orange County seeking a judgement that CIV 798.30.5 is unconstitutional. The arguments raised in the case centered on the Takings Clause of the Fifth Amendment of the U.S. Constitution, mechanisms for a fair return adjustment, and other legal arguments. In 2023, the Orange County Superior Court issued a judgement in favor of Anaheim Mobile Estates rendering the AB 978 rent cap provisions invalid. The State of California appealed to the Fourth District Court of Appeal. In 2025, the Fourth District Court of Appeal ruled in favor of the State of California and reversed the lower court's judgement (*Anaheim Mobile Estates LLC v. State of California* (2025) 113 Cal. App. 5th 602.). Refer to the policy analysis prepared by the Senate Judiciary Committee for a full discussion of the constitutional questions arising from this case.

Peace Ranch, LLC., the owner of Rancho La Paz mobilehome park, filed a federal lawsuit challenging the constitutionality of AB 978's rent increase limitations for qualified mobilehome parks. The federal district court initially dismissed the case for lack of standing, but the Ninth Circuit Court of Appeals reversed the decision finding that Peace Ranch could pursue its challenge, but did not decide whether AB 978 was constitutional. After the case returned to the district court, the court ruled in favor of the state. Peace Ranch appealed that decision to the Ninth Circuit in August 2025, and no subsequent decision resolving that appeal has been identified.

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

Arguments in Support: According to the Mobile Home Resident Coalition, "Renters of apartments, condos, and traditional homes already have rent protection, but its 10 percent rate is too high for manufactured/mobile home community homeowners (MHCs) who also pay a mortgage, utilities, home insurance, property taxes, upkeep, maintenance, and perhaps pass-throughs by management. A recent statewide survey of MHCs shows homeowners pay, on average, 66 percent of their income on housing costs. The federal government warns that anything in excess of 30 percent puts manufactured housing homeowners at risk. It is not unusual for MHC homeowners to pay as high as 80-90 percent on housing costs. While other renters can move if their rent increases are too high, MHC homeowners cannot. Most manufactured homes are not mobile, and if they are, cost tens of thousands of dollars to move. MHC homeowners are vulnerable to high rent increases, causing them to walk away from their investment and equity."

Arguments in Opposition: According to the Western Manufactured Housing Communities Association and the California Association of Realtors, "We appreciate your willingness to remove the statewide application of AB 1128 in the Senate, but remained opposed to the measure since AB 1128 fails to align with the rent-increase cps for apartments as determined by AB 1482 (Chiu) which set an annual increase for rents at 5% plus an adjustment for inflation up to 10%. By extending the rental cap of 3% plus an adjustment for inflation up to 5% to all mobilehome parks, we believe mobilehome parks should not be treated more harshly than apartments. Further, there is no provision in the amended version of AB 1128 to grant mobilehome parks a right to due process if the formula fails to cover reasonable costs of operation and capital expense and improvement. Every property owner deserves the right to be heard when substantive property rights are at risk. A hearing must be provided for relief against inflexible mathematical calculations which lie at the heart of this proposal. Every rent control ordinance in the state of California has due process, but AB 1128 contains no such provision."

According to the Golden State Manufactured-home Owners League, "Unlike traditional renters, many mobilehome residents have mortgages, and all mobilehome residents are responsible for paying for home maintenance required by the state Mobilehome Park Maintenance Program, which oversees health and safety standards.

In addition to paying a base rent and a mortgage, many mobilehome leases also include annual pass-through provisions for insurance, capital improvements, government-related expenses, uninsured losses, "market catch-up" increases which take effect near the end of the lease term, and resale increases.

These all reflect dollar amounts and money that must be paid by mobilehome residents who are already on fixed and very low or modest incomes.

AB 1128, as amended, will increase rents. Even a one percentage point rental adjustment may not seem much, but living on small dollars makes us vulnerable to small margins.

And amending the bill to apply solely to the City of Torrance will unleash a torrent of commas … one comma at a time …. One more city at a time … one after another. You will erode the 1996 vote of Californians, and raise rents for more people than not. The Legislature can give us assurances, but many of them won't be here when we suffer the consequences.

As a result, we request the bill:

1) Reflect a .75% of CPI, but not more than 3% of the annual base rent, which are percentages and numbers established across local mobilehome ordinances;

2) Reflect vacancy control ensuring affordability for mobilehomes, which is also established across local mobilehome ordinances; and

3) Include an arbitration process at the expense of the park owners who seek to challenge a fair rate of return, and which has been established across local mobilehome ordinances."

Related Legislation: *AB 1543 (Quirk-Silva, 2025)*, extends the AB 978 rent cap provisions for tenancies in qualified mobilehome parks to all other mobilehome parks, as specified. *AB 1543 is pending consideration in this committee.*

AB 2778 (Muratsuchi, 2024), prohibited management from increasing the gross rental rate for a tenancy in a mobilehome park by more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower, of the lowest gross rental rate charged for the tenancy at any time during the 12 months prior to the effective date of the increase, with exceptions. *AB 2778 was never set for hearing*.

AB 1035 (Muratsuchi, 2023), prohibited management from increasing the gross rental rate for a tenancy in a mobilehome park by more than 3% plus the percentage change in the cost of living, or 5%, whichever is lower, of the lowest gross rental rate charged at any time during the 12 month prior to the effective date of the increase, with exceptions. *AB 1035 was never set for hearing.*

AB 978 (Quirk-Silva), Chapter 125, Statutes of 2021, limits mobilehome parks located in, and governed by, more than one incorporated city from increasing the space rent that mobilehome owners must pay by more than three percent plus inflation, up to a maximum cap of five percent, annually. Extends to tenants renting park-owned mobilehomes the same rent cap protections and just cause evictions requirements of the TPA.

AB 1482 (Chiu), Chapter 597, Statutes of 2019, establishes the TPA limiting rent-gouging in California by placing a maximum allowable annual rent increase at 5% plus inflation, or 10%, whichever is lower, and imposes just cause requirements in order to evict tenants that have occupied the unit for more than 12 months.

REGISTERED SUPPORT / OPPOSITION:

Support

Mobile Home Resident Coalition (Sponsor)

Opposition

California Association of Realtors
Golden State Manufactured-home Owners League
Western Manufactured Housing Communities Association

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

Date of Hearing: August 27, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 2181 (Zbur) – As Amended August 21, 2026

SUBJECT: Housing development: density bonuses: rent

SUMMARY: This bill provides that notwithstanding the requirements of Density Bonus Law (DBL), land improved with an operating hotel or motel shall not be valued, for purposes of establishing, adjusting, or resetting ground rent under an existing lease, based on density bonuses, concessions or incentives, or waivers pursuant to DBL, unless those density increases are entitled and vested as of the valuation date, including the issuance of all required discretionary land use approvals and permits. This bill further clarifies that it shall not be construed to alter the requirements for obtaining a density bonus pursuant to DBL.

EXISTING LAW:

1) 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)

2) Requires local governments to grant a density bonus ranging from 20% to 50% for rental developments that include a minimum percentage of units affordable to very low-, low-, or moderate-income households, with the bonus increasing on a sliding scale based on the level of affordability provided. For 100% affordable rental developments, the law provides a bonus of up to 80%, along with additional incentives such as increased height limits, reduced parking requirements, and modified development standards if the project is located within ½ mile of a major transit stop or in a low vehicle miles traveled (VMT) area. In certain cases, 100% affordable projects in qualifying areas may be allowed unlimited density. (GOV 65915)

FISCAL EFFECT: None.

COMMENTS:

Density Bonus Law: California's DBL, originally enacted in 1979, is a state policy tool aimed at addressing the financial challenges of building affordable housing. 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. 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.

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

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

In practice, DBL plays a critical role in the state's housing strategy, both by reducing development costs and by increasing the overall supply of housing at all income levels, particularly in communities that might otherwise see little affordable housing development. By leveraging regulatory flexibility instead of direct public funding, DBL offers a cost-effective mechanism to stimulate the production of both mixed-income and 100% affordable housing projects throughout California. According to Annual Progress Report (APR) data, published by HCD and analyzed by Circulate Planning & Policy, since 2021, DBL has been used to approve over 140,000 homes, including more than 69,000 deed-restricted affordable homes.[1]

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

Hotel and Motel Leases: Hotels and motels may be subject to ground lease arrangements with a landowner under a long-term agreement, that include options for construction or improvements to the property. According to the bill sponsors, ownership of the improvements reverts to the landowner at the end of the lease. Ground leases can last 50 to 99 years, with periodic rent reset adjustments, but the landowners and the hotel operators often renegotiate the terms and rents in the leases periodically (usually every five to seven years). During this time, the landowners and hotel operators may utilize appraisers to value the property, and those valuations inform the creation or increases in rents.

According to the bill sponsors, it unclear whether appraisers can consider the value of density bonuses and other benefits in their land valuations, even when the benefits are hypothetically available to the land owner. In other words, if the land is zoned to allow for multifamily developments and meets the threshold requirements for utilizing DBL, could the mere fact that the site is *eligible* for DBL benefits factor into a land valuation, even if the landowner has no plans to construct a housing project using DBL?

This issue arose with a hotel in Santa Monica; in that case, an appraisal accounted for potential density bonus benefits, which resulted in significantly higher lease reset rates for a hotel operator. The landowner, as part of their five-year rent reset in 2020, hired an appraiser to assess the fair market value of the land. The appraiser asserted that due to the potential for DBL to apply to the land, the fair market value of the land should be increased, which resulted in a 77% increase in the assessed rent from the prior five-year reset. The increased rental price continues to create ongoing risk to the viability of the hotel, putting 100 UNITE HERE Local 11 workers jobs at risk.

While it's not clear that this is happening elsewhere, replication of this practice could be problematic for hotel operators that are locked into long-term ground leases and put hotels at risk of shuttering.

Narrow Fix: This bill takes a targeted approach to specify that in instances in which a hotel or motel operator has a ground lease with a landowner, and the landowner is not actively seeking to construct a housing project utilizing the benefits conferred by DBL, an appraisal of the land for purposes of establishing or adjusting the rent may not take into account the potential benefits of DBL. The bill allows for DBL to be factored in, however, when a landowner has taken steps to develop a housing project; specifically, the landowner must have been issued the permits for the DBL project.

According to the author, this bill is intended to be a narrowly focused effort to ensure that appraisals of ground leases specifically for hotels and motels reflect realistic land values, rather than speculative potential and protect businesses with ground leases from artificially inflated lease reset values.

***Gutted*:** This bill was gut and amended in the Senate on June 11th from a bill pertaining the Public Utilities Commission.

Author's Statement: According to the Author, "California's hospitality industry is one of the state's largest employers, supporting good paying union jobs and contributing to our local communities. AB 2181 protects those jobs by addressing an unintended consequence of California's density bonus law, which was enacted to incentivize the development of more affordable housing. Current law creates uncertainty during ground lease appraisals by allowing property owners to utilize density bonuses that hypothetically may be available to a property to inflate the land value when ground lease rents are reset. This speculation can artificially inflate land valuations, dramatically inflate ground lease payments, and threaten the economic viability of existing hotels and dependent hospitality jobs. When operating costs increase because of speculative appraisals rather than real market conditions, hospitality workers whose livelihoods depend on these businesses are harmed. AB 2181 simply clarifies that hypothetical density bonuses cannot be used to value operating hotels for ground lease resets unless those development rights have actually been approved and vested. It preserves the intent of California's density bonus law, ensures fair and predictable property valuations, and helps protect California hotels and the thousands of hospitality jobs they support."

Arguments in Support: UNITE HERE International Union, one of the bill's co-sponsors, writes in support: "AB 2181 helps preserve the integrity of that important housing production tool by clarifying that hypothetical density bonuses that have not been entitled and vested cannot be used to establish, adjust, or reset ground lease values for operating hotels and motels.

Our union has led the way on commonsense legislative fixes, including SB 838 (Durazo) last year, to ensure housing reforms are used to build affordable housing. As advocates for livable communities for our members, we believe density bonus incentives should be tied to actual housing development opportunities, not speculative assumptions regarding what may someday be built on a property. When unvested density bonuses are used to inflate land valuations, the policy is no longer serving its intended purpose of encouraging affordable housing production. Instead, it is being leveraged in a manner wholly unrelated to the creation of new homes.

AB 2181 provides a sensible and narrowly tailored solution. The measure does not alter Density Bonus Law, limit the availability of density bonuses, or restrict a property owner's ability to pursue residential development. If a project secures the necessary approvals and vests its development rights, those entitlements may appropriately be reflected in the property's value. Until then, appraisals should be based on existing realities rather than speculative possibilities."

Arguments in Opposition: None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Unite Here International Union, Afl-cio
Unite Here Local 11 (Co-Sponsor)
California Federation of Labor Unions, Afl-cio
California Hotel & Lodging Association
California Travel Association

Opposition

None on file.

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