Date of Hearing: April 9, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Juan Carrillo, Chair
AB 670 (Quirk-Silva) – As Amended March 28, 2025

SUBJECT: Planning and zoning: housing element: converted affordable housing units

SUMMARY: Makes changes to the information that local governments must report in their Annual Progress Report (APR) each year regarding demolished and replacement units, and allows local governments to report the number of units in an existing multifamily building that were converted to affordable housing, as specified, for up to 25% of a jurisdiction's regional housing need allocation (RHNA) for lower income units. Specifically, **this bill**:

1) Updates an outdated reference to the Office of Land Use and Climate Innovation (LCI).

2) Requires a planning agency to include in their annual report to the Department of Housing and Community Development (HCD) and LCI:

    a) Information that identifies whether a housing development application is subject to a replacement housing requirement or relocation assistance obligation pursuant to local, state, or federal law, as specified.

    b) The total number of replacement housing units by income level required by local, state, or federal, as specified, for each entitlement, building permit, or certificate of occupancy.

    c) The number of replacement housing units entitled, permitted, or issued a certificate of occupancy, as specified.

    d) A report on the demolition of housing units for any purpose, which shall include, but not be limited to, all of the following:

        i) The total number of housing units approved for demolition during the year.

        ii) The total number of housing units demolished during the year.

        iii) For each approved or completed demolition, all of the following:

            I) The location of the approved or completed demolition, using a unique site identifier that shall include the assessor's parcel number, and may also include the street address or other identifiers.

            II) The date the demolition was approved.

            III) The total number of rental and ownership units demolished or approved for demolition.

            IV) The number, by income-level, of protected units, as defined, demolished or approved for demolition.

            V) A description of any approved uses on the site.

VI) A description of any relocation assistance provided as required pursuant to local, state, or federal law, including, but not limited to, the relocation assistance required to be provided to each displaced occupant of any demolished protected unit, as defined.

e) A report on replacement housing units required pursuant to local, state, or federal law, as specified, for approved development projects that are not housing development projects, which shall include, for each applicable development project, all of the following:

i) The approved or proposed location of the replacement units, using a unique site identifier that shall include the assessor's parcel number, and may also include the street address, or other identifiers.

ii) The entity that is developing the replacement units.

iii) The replacement units' anticipated completion date.

3) Allows a planning agency to include in the housing element portion of the annual report the number of units in an existing multifamily building that were converted to affordable housing by imposition of long-term affordability covenants and restrictions that require the unit to be available and affordable to persons or families of low-income, very low income (VLI), extremely low income (ELI), or acutely low income (ALI), as specified, for at least 55 years. These units may account for up to 25% of a jurisdiction's RHNA for low-income, VLI, ELI, or ALI households. Requires the report to clearly indicate that the units were not newly constructed units and shall provide all relevant project and unit-level information, as specified.

4) Allows, for purposes of this bill, a unit to be report as a converted unit under 3) above if all of the following apply to the unit:

a) The unit was not subject to any affordability covenants or restriction prior to the conversion.

b) The unit is subject to a long-term recorded regulatory agreement with a public entity that requires the unit to be affordable to, and occupied by, persons of low-income, VLI, ELI, or ALI for a term of at least 55 years.

c) The unit is subject to a requirement that a household or member of a household that resides in the property at the time of conversion shall not be evicted, nor shall their tenancy be terminated, on the basis of their income or other eligibility requirements for deed-restricted units in the property, as specified.

d) Any occupants temporarily displaced by rehabilitation or improvements related to the conversion have been provided temporary replacement housing during the period of their temporary displacement.

e) The unit is in decent, safe, and sanitary condition after conversion, including, but not limited to, any necessary initial rehabilitation.

f) The unit is subject to a governmental monitoring program to ensure continued affordability and occupancy by qualifying households throughout the term of the affordability restriction.

5) Requires that units reported pursuant to 3) and 4) above be separated into the following categories:

a) ALI

b) ELI

c) VLI

d) Low-income units.

EXISTING LAW:

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

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

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

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

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

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

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

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

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

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

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

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

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

m) A list of all historic designations listed on the National Register of Historic Places, the California Register of Historic Resources, or a local register of historic places by the city or county in the past year, and the status of any housing development projects proposed for the new historic designations. [Government Code (GOV) § 65400 (a)(2)(A)-(N)]

2) Requires HCD to post APR reports on its website within a reasonable time of receiving the reports. [GOV § 65400(c)]

3) Provides that each community's fair share of housing be determined through the RHNA process. (GOV § 65584.04)

4) Requires sites identified in a housing element to accommodate a jurisdiction's share of RHNA, if those sites currently have residential units or have had residential units within the past five years that are or were subject to a recorded covenant, ordinance, or law that requires affordable rents or are or were subject to rent control, to be subject to a replacement policy that requires the replacement of all those units affordable to the same or lower income level as a condition of any development on the site, as specified. [GOV 65583.2 § (g)(3)]

5) Specifies replacement policies that apply to a density bonus project if that project is proposed on any property on which rental units are located or, if the units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that requires affordable rents, subject to rent control, or occupied by lower or very low-income households, as provided. (GOV § 65915)

6) Prohibits a city or county subject to the Housing Crisis Act (HCA) of 2019 from approving a housing development project that will require the demolition of one or more residential dwelling units unless the project will create at least as many residential dwelling units as will be demolished. Further prohibits an affected city or county from approving a development project that will require the demolition of occupied or vacant protected units, or that is located on a site where protected units were demolished in the previous five years, unless all of the following requirements are satisfied:

a) The project will replace all existing protected units and protected units demolished on or after January 1, 2020, as provided;

b) If the project is a housing development project, it will include at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the project site within the last five years;

c) Any existing occupants will be allowed to occupy their units until six months before the start of construction activities, and notice is provided to existing occupants, as specified;

d) The developer agrees to provide both relocation benefits and a right of first refusal to the existing occupants of any protected units that are lower income households, as provided. (GOV§ 66300.6)

7) Defines "protected units" for purposes of 6) above as any of the following:

a) Residential dwelling units that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower income or VLI within the past five years;

b) Residential dwelling units that are or were subject to any form of rent or price control through a public entity's valid exercise of its police power within the past five years;

c) Residential dwelling units that are or were rented by lower income or VLI households within the past five years; and

d) Residential dwelling units that were withdrawn from rent or lease in accordance with the Ellis Act within the past 10 years. [GOV§ 66300.5(h)]

8) Establishes a streamlined, ministerial approval process for certain affordable and mixed-income housing developments pursuant to SB 35 (Wiener), Chapter 366, Statutes of 2017, if the developments are located in a jurisdiction where housing production is less than the jurisdiction's RHNA for lower income households. (GOV § 65913.4)

FISCAL EFFECT: This bill has been keyed fiscal.

COMMENTS:

1) **Bill Summary**. This bill requires local government to report specified information about demolished and replacement units in their APR. This bill also allows local governments to report the number of units in an existing multifamily residential building that were converted to deed restricted affordable housing units, as specified, for up to 25% of the jurisdiction's RHNA. It also allows units to be reported as converted units under specified conditions.

This is bill is sponsored by the Public Interest Law Project, Association of Bay Area Governments, Metropolitan Transportation Commission, and Enterprise Community Partners.

2) **Author's Statement**. According to the author, "Preserving affordable housing is not just about protecting buildings. It is also about protecting people, families, and communities. While we continue building new housing, we cannot afford to lose the affordable homes we already have. AB 670 ensures that when we invest in keeping housing affordable, we recognize its value in the fight against displacement and homelessness. Building a more affordable California is not just about what we create, it is about what we refuse to lose."

3) **General Plan.** A general plan serves as a local government's blueprint for long-term growth and development, outlining policies and goals to shape the community's future. Required by state law, every city and county in California must adopt a general plan that addresses key planning topics, known as elements. At a minimum, these include land use, circulation, housing, conservation, open space, noise, and safety. The general plan provides a foundation for zoning regulations, infrastructure investments, and public services, ensuring that development aligns with both local priorities and state requirements.

   According to state law, "The general plan shall consist of a statement of development policies and shall include a diagram or diagrams and text setting forth objectives, principles, standards, and plan proposals" (GOV § 65302). As communities evolve, general plans are periodically updated to reflect changing demographics, economic conditions, and environmental factors, making them a critical tool for sustainable and equitable development.

   While state law mandates that general plans cover specific topics, cities and counties have broad discretion in their structure, content, and level of detail. General plans range from 200 to over 2,000 pages and vary significantly based on local conditions and priorities. This flexibility reflects the Legislature's recognition that "the diversity of the state's communities and their residents requires planning agencies and legislative bodies to implement general plan law in ways that accommodate local conditions and circumstances, while meeting its minimum requirements" (GOV § 65300.7).

4) **Adoption and Implementation of Housing Elements.** One important tool in addressing the state's housing crisis is to ensure that all of the state's cities and counties appropriately plan for new housing. Such planning is required through the housing element of each community's General Plan, which outlines a long-term plan for meeting the community's existing and projected housing needs. Cities and counties are required to update their housing elements every eight years in most of the high population parts of the state, and five years in areas with smaller populations. Localities must adopt a legally valid housing element by their statutory deadline for adoption. Failure to do so can result in certain escalating penalties, including exposure to the "builder's remedy" as well as public or private lawsuits, financial penalties, potential loss of permitting authority, or even court receivership. Localities that do not adopt a compliant housing element within 120 days from their statutory deadline also must complete any rezones within one year of their deadline, rather than the three years afforded to on-time adopters.

   Among other things, the housing element must demonstrate how the community plans to accommodate its share of its RHNA which is a figure determined by HCD through a demographic analysis of housing needs and population projections. HCD establishes its determination of each COG's regional housing targets across the state for the next five- or eight-year planning cycle. Each COG (or in some areas, HCD acting directly as COG) then sub-allocates the RHNA to each local government within the COG's jurisdiction, and in turn each jurisdiction uses its housing element to show how it will accommodate that number of new housing units, split out by income level and with a focus on certain special needs housing types and on affirmatively furthering fair housing.

   It is critical that local jurisdictions adopt legally compliant housing elements on time in order to meet statewide housing goals and create the environment for the successful construction of desperately needed housing at all income levels. Unless communities plan for production and

preservation of affordable housing, new housing will be slow or extremely difficult to build.

Adequate zoning, removal of regulatory barriers, protection of existing stock and targeting of resources are essential to obtaining a sufficient permanent supply of housing affordable to all economic segments of the community. Although not requiring the community to develop the housing, housing element law requires the community to plan for housing. Recognizing that local governments may lack adequate resources to house all those in need, the law nevertheless mandates that the community do all that it can and not engage in exclusionary zoning practices.

5) **Planning for Housing and Tracking Outcomes.** Each year, the local government's planning agency must submit an APR to HCD and LCI that documents the jurisdiction's progress towards meeting its general plan goals, including the implementation of its housing element and progress towards meetings its RHNA. Current law requires all local jurisdictions to include the following information from the current housing element cycle in its APR:

   a) The number of housing development applications received, and whether those applications are subject to ministerial or discretionary approval;

   b) The number of units included in all development applications;

   c) The number of units approved and disapproved;

   d) For each income category, the number of net new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy;

   e) A unique site identifier (such as assessor’s parcel number) for each entitlement, building permit, or certificate of occupancy; and

   f) The overall progress in meeting its share of regional housing needs.

   APRs are an important tool for both local governments and the state, as both parties can rely on them to track progress in implementing the housing policy in their housing element, as well as to track outcomes. They also help highlight implementation challenges that may require technical assistance or other support from HCD. Additionally, APRs are important for informing statewide housing policy. The APRs provide the data that, aggregated across all of the state's cities and counties, convey the amount, type, location, and affordability of housing produced in California.

6) **No Net Loss Zoning Law.** Current law, known as “No Net Loss” Zoning law also prohibits a local government from reducing or permitting the reduction of the residential density or allowing development at a lower residential density for any parcel, unless the local government makes written findings supported by substantial evidence that both:

   a) The reduction is consistent with the adopted general plan, including the housing element; and,

   b) The remaining sites identified in the housing element are adequate to accommodate the local government's share of the regional housing need.

A local government can also reduce the density on a parcel if it identifies sufficient additional, adequate, and available sites with an equal or greater residential density in the local government so that there is no net loss of residential unit capacity.

If the local government has a housing element in compliance with state law, "lower residential density" means the density set out in required identification of available sites. If a local government has not adopted a housing element for the current planning period or the adopted housing element is not in substantial compliance with state law, "lower residential density" means the following:

a) For residentially zoned sites, a density that is lower than 80% of the maximum allowable residential density for that parcel; or,

b) For sites on which non-residential uses are permitted, a use that would result in the development of fewer than 80% of the number of residential units that would be allowed under the maximum residential density for the site.

7) **Protection, Production, and Preservation.** The Legislature has enacted a variety of statutes to facilitate and encourage the production of housing, particularly affordable housing and housing to support individuals with disabilities or other needs. Among them is the Housing Accountability Act (HAA), enacted in 1982 and amended in 1990, in response to concerns over a growing rejection of housing development by local governments due to not-in-my-backyard (NIMBY) sentiments among local residents SB 2011 (Greene) Chapter 1439, Statutes of 1990. The HAA, also known as the "Anti-NIMBY" legislation, restricts a local agency's ability to disapprove, or require density reductions in, housing projects that devote at least two-thirds of their floor area to residential units.

To build on the HAA and other recent housing legislation intended to streamline development, the Legislature enacted SB 330 (Skinner), Chapter 654, Statutes of 2019, the HCA of 2019 Among several main components, the HCA included anti-displacement protections and prohibited downzoning unless the local agency concurrently upzoned an equal amount elsewhere. SB 8 (Skinner), Chapter 161, Statutes of 2021, extended the sunset on the HCA by five years, to January 1, 2030, and provided that until January 1, 2034, the HCA's provisions apply to a housing development project that submits a preliminary application before January 1, 2030.

Under the HCA an affected city or county must not approve a housing development project that requires the demolition of one or more residential units unless the project creates at least as many residential units as it will demolish. Furthermore, a city or county must not approve a housing development project that requires the demolition of occupied or vacant protected units unless all the following apply:

a) The project will replace all existing or demolished protected units, and any protected units replaced must be considered in determining whether the projects meets inclusionary requirements.

b) The project will include at least as many residential units as the greatest number of residential units that existed on the site within the last five years.

c) Any existing occupants will be allowed to occupy their units until six months before the start of construction with proper notice, and any existing occupants required to leave must be allowed to return at their prior rental rate if the demolition does not proceed and the property returns to the rental market.

d) The developer agrees to provide existing lower-income occupants of protected units relocation benefits and a right of first refusal for a comparable unit in the new housing development at an affordable cost, except as otherwise provided.

These provisions applied to cities that HCD determines to be in an urbanized area or urban cluster as designated by the U.S. Census, but does not include any city with a population of 5,000 or less, and is not located within an urbanized area. They also applied to counties that meet U.S. designations for urbanized areas.

8) **Show Me the Money!** In 2002, the Legislature changed state law to allow development fees to include "costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations" (AB 2936 (Aroner), Chapter 963, Statutes of 2002). It is important to note that as more is added into preparing the general plan, the housing element, or the APR, a local government may need to increase staff and acquire additional resources. By allowing a local government to add data to its APR, a local government is empowered to weigh the demands of their budget and consider pathways to meet policy goals in ways that consider the local governments' current and projected workload and staffing levels. In contrast, imposing additional requirements to the planning process, including the APR, may prompt a local government to consider raising development fees to increase staffing and resources in order to comply with state law.

9) **Related Legislation**. AB 726 (Ávila Farías) allows local governments to include in their APR the number of units of existing deed-restricted affordable housing that have been substantially rehabilitated with at least $60,000 per unit in funds from the local government, as specified.

AB 1131 (Ta) authorizes a planning agency to include in the APR the number of units approved for congregate care for the elderly at or below 100% of the area median income, as defined. This bill is in the Assembly Housing and Community Development Committee.

SB 681 (Wahab) requires a city or county that has a local density bonus ordinance to submit as part of their annual report a copy of the text of that ordinance. This bill is in the Senate Housing Committee.

SB 733 (Wahab) requires a local agency to identify in its APR the number of low barrier navigation centers permitted as a use by right. This bill is in the Senate Appropriations Committee.

10) **Previous Legislation**. AB 2653 (Santiago), Chapter 657, Statutes of 2022, authorized HCD to reject the housing element portion of a planning agency's APR if the report is not in substantial compliance with the law.

AB 2094 (Rivas), Chapter 649, Statutes of 2022, required cities to include progress towards

meeting their share of regional housing needs for extremely low-income households in their APR submitted to the HCD.

AB 787 (Gabriel), Chapter 350, Statutes of 2021, authorized cities and counties to receive credit towards their RHNA for the conversion of above moderate-income units to moderate-income units.

SB 8 (Skinner), Chapter 161, Statutes of 2021, extends the sunset on the HCA of 2019 by five years, to January 1, 2030, and makes other changes.

SB 330 (Skinner), Chapter 654, Statutes of 2019, establishes the Housing Crisis Act of 2019, which, until January 1, 2025, places restrictions on certain types of development standards, amends the Housing Accountability Act (HAA), and makes changes to local approval processes and the Permit Streamlining Act.

SB 166 (Skinner), Chapter 367, Statutes of 2017, required a local jurisdiction to accommodate its remaining unmet need at all times throughout the housing element planning period.

AB 2936 (Aroner), Chapter 963, Statutes of 2002, authorized local agency zoning and permit fees to include costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations.

AB 2292 (Dutra), Chapter 706,Statutes of 2002, prohibited a city or county from reducing, requiring, or permitting the reduction of residential density on any parcel below the density that was used to determine compliance with the housing element of the its general plan, with specified exceptions.

11) **Arguments in Support**. The Association of Bay Area Governments, the Metropolitan Transportation Commission, Enterprise Community Partners, and the Public Interest Law Project writes in support of the bill, "While current law requires reporting of demolitions on APRs, it lacks specificity on what should be reported, making it difficult to know how many housing units are being lost to demolition each year. In addition, there is no current requirement to report on whether a development application triggers a replacement housing or relocation assistance obligation, making it difficult to know whether cities, counties, and developers are complying with these critical requirements. The law also does not currently clearly require reporting of housing demolished to make way for non-residential uses, such as for new commercial or industrial developments, projects that may also trigger replacement housing and relocation assistance obligations.

"The bill will require local governments to report all demolished units on their APRs, regardless of the reason for the demolition. The APR will also include reporting on whether development project applications triggered a replacement housing or relocation assistance obligation and, if so, how replacement housing and relocation assistance requirements were met. This will generate valuable data about housing units being lost to new development and will help ensure that local governments and developers are complying with legal requirements to replace lost units as a condition of developing a new project and mitigate the impacts of displacement on individuals and families whose homes are demolished to make way for new development."

12) **Arguments in Opposition**. The California Association of Realtors have an "oppose unless amended" position and write, "C.A.R. opposes the imposition of deed-restrictions placed in perpetuity, as they will ultimately inhibit and threaten the creation of naturally occurring affordable housing opportunities for our state's first time and first-generation homeowners. Furthermore, ONLY 15% of California's working families can afford to purchase a median-priced home. Since 2010, the median price of single families' homes more than doubled and has almost tripled. In 2010, the median-priced home was $305,010, and in 2020 it was $659,380. Today, our median single-family home in California costs $874,290, primarily as the result of our state's persistent lack of entry level market rate housing, which continues to be removed from the homeownership market in favor of for-profit and non-profit investors that seek a higher return on investment.

    "Making matters worse, over the last 10 years, the state production of owner-occupied units has been cut in half despite various legislative efforts to ease building restrictions, as the Turner Center has reported in recent years that California is a majority renter state at 56%. In part, this dramatic shift is due to the conversion of ownership opportunities to for-profit and non-profit corporate ownership, making it clear that we need to ensure homes that have the potential for owner occupancy are not converted to deed restricted rental housing."

13) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on a 10-0 vote on March 26, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of Bay Area Governments (Co-sponsor)
Enterprise Community Partners, INC. (Co-sponsor)
Metropolitan Transportation Commission (Co-sponsor)
Public Interest Law Project (Co-sponsor)
Bay Area Community Land Trust
Beverly-Vermont Community Land Trust
California Community Land Trust Network
California Housing Partnership
California Rural Legal Assistance Foundation
Care Community Land Trust
Chinatown Community Development Center
El Sereno Community Land Trust
Epacando
Hope Housing Community Land Trust
Housing California
Inland Equity Community Land Trusts
League of California Cities
Legal Aid of Marin
Lisc Bay Area
Lynwood; City of
Mission Economic Development Agency
Mt Tam Community Land Trust
Oakland Community Land Trust

Public Counsel
Sacramento Housing Alliance
San Francisco Community Land Trust
San Gabriel Valley Community Land Trust
Sv@home
Tenants Together
Trust South LA
Two Valleys Community Land Trust
United Way of Greater Los Angeles
Urban Habitat
West Hollywood, City of

Opposition

California Association of Realtors (unless amended)

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