

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 650 (Papan) – As Amended April 24, 2025

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

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

- 1) Revises the time by which HCD, in consultation with each council of governments (COG), shall determine each region's existing and projected housing need as required by Housing Element Law from two years prior to the scheduled housing element revision in existing law, to three years prior to the scheduled revision.
- 2) Provides an exception to 1), above, in the following circumstances:
 - a) For regions with a scheduled housing element revision due date in the 2027 calendar year, HCD shall determine the region's housing need at least two years before the scheduled revision.
 - b) For regions with a scheduled housing element revision due date in the 2028 calendar year or the first six months of the 2029 calendar year, HCD shall determine the region's housing need at least 32 months before the scheduled revision.
- 3) Specifies that, for cities and counties without a COG, HCD shall determine each region's existing and projected housing need at least 30 months before the scheduled revision required pursuant to Housing Element Law.
- 4) Provides an exception to 3), above, for cities and counties with a scheduled housing element revision due date in the 2027 calendar year or the first six months of the 2028 calendar year, by requiring HCD to determine their existing and projected housing need at least two years before the scheduled revision.
- 5) Revises the required timeline for HCD to meet and consult with each COG regarding the assumptions and methodology to be used by HCD to determine the region's housing needs, from at least 26 months prior to the scheduled housing element revision in existing law, to 38 months prior to the due date.
- 6) Provides an exception to 5), above, for the seventh housing element cycle, by requiring HCD to meet and consult with the COG at least two months prior to developing the existing and projected housing need pursuant to the timelines in 1) and 2), above.
- 7) Revises the time by which two or more cities and a county, or counties, may form a subregional entity for the purpose of allocating the subregion's existing and projected need

for housing among its members, from 28 months prior to the scheduled housing element update to 34 months prior to the scheduled housing element update.

- 8) Revises the time by which a COG shall determine the share of regional housing need assigned to each delegate subregion specified in 7), above, from 25 months prior to the scheduled revision to 31 months prior to the scheduled revision.
- 9) Revises the time by which each COG or delegate subregion shall develop, in consultation with HCD, a proposed methodology for distributing the RHNA to local governments within the region or subregion, from at least two years prior to the scheduled housing element revision in existing law, to at least two and one-half years prior to the scheduled revision.
- 10) Provides an exemption to 9), above, for COGs with a housing element revision due date during the 2027 calendar year.
- 11) Revises the time by which each COG and delegate subregion shall distribute a draft RHNA to each local government in the region or subregion and to HCD based on the methodology described in 5) above and to publish the draft RHNA on its website, from at least one and one-half years before the scheduled housing element revision in existing law, to at least two years prior to the scheduled revision.
- 12) Provides an exemption to 11), above, for the seventh housing element cycle for COGs with a housing element revision due date during the 2027 calendar year.
- 13) Requires HCD, if it finds that a draft housing element or draft amendment does not substantially comply with Housing Element Law, to do both of the following in a written communication to the planning agency:
 - a) Identify and explain the specific deficiencies in the draft element or draft amendment, including a reference to each subdivision of specified portions of Housing Element Law that the draft does not comply with.
 - b) Provide the specific analysis or text that HCD expects the planning agency to include in the draft to remedy the deficiencies identified pursuant to a), above.
- 14) Requires a local government's legislative body to consider HCD's findings and the specific analysis or text required by HCD pursuant to 13), above, prior to the adoption of its draft element or draft amendment.
- 15) Requires the local government's legislative body, if HCD finds that the draft element or draft amendment does not substantially comply with Housing Element Law, to do one of the following:
 - a) Include the specific analysis or text from HCD specified in 13), above, in the draft element or draft amendment to substantially comply with Housing Element Law.
 - b) Adopt the draft element or draft amendment without the specific analysis or text required by HCD and include written findings in its resolution of adoption that explain the reasons the legislative body believes that the draft substantially complies with Housing Element Law, despite the specific analysis or text required by HCD.

- 16) Requires HCD, when reviewing adopted housing elements or amendments and any findings under 15) b) above, if it finds the adopted element or amendment is not in substantial compliance with Housing Element Law, to identify each subdivision of specified portions of Housing Element Law that the housing element does not substantially comply with and provide the specific analysis or text to the planning agency that, if adopted, would bring the housing element or amendment into substantial compliance.
- 17) Adds a deadline of December 31, 2026, to an existing law requirement for HCD to develop a standardized reporting format for programs and actions taken to affirmatively further fair housing via the housing element, as specified.
- 18) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this bill, as specified.

EXISTING LAW:

- 1) Provides that each community's fair share of housing be determined through the Regional Housing Needs Determination (RHND)/RHNA process. Sets out the process as follows: (a) Department of Finance (DOF) and HCD develop regional housing needs determination estimates or RHNDs; (b) COGs allocate housing via RHNA within each region based on these determinations, and where a COG does not exist, HCD conducts the allocations; and (c) cities and counties incorporate these allocations into their housing elements. (Government Code (GOV) 65584 and 65584.01)
- 2) Requires HCD, in consultation with each COG, to determine each region's existing and projected housing need at least two years prior to the scheduled revision of the housing element, as provided, and requires the COG or HCD to adopt a final RHNA that allocates a share of the regional housing need to each city or county at least one year prior to the housing element due date for the region. (GOV 65584(b))
- 3) Requires HCD to meet and consult with each COG regarding the assumptions and methodology to be used in determining the region's housing needs at least 26 months prior to the housing element due date for the region. (GOV 65584.01(b)(1))
- 4) Allows two or more cities and a county, or counties, to form a subregional entity for the purpose of allocating the subregion's existing and projected need for housing among its members 28 months prior to the scheduled housing element update. (GOV 65584.03)
- 5) Requires a COG to determine the share of regional housing need assigned to each delegate subregion specified in 4), above, 25 months prior to the scheduled housing element revision. (GOV 65584.03)
- 6) Requires each COG or delegate subregion to develop, in consultation with HCD, a proposed methodology for distributing the RHNA to local governments within the region or subregion at least two years prior to the housing element due date for the region. (GOV 65584.04(a))
- 7) Requires each COG or delegate subregion to distribute a draft RHNA based on the methodology under 3) above to each local government in the region and to HCD, and to

publish the draft RHNA on its website, at least one and one-half years prior to the housing element due date for the region. (GOV 65584.05(a))

- 8) Requires each city and county to adopt a housing element, which must contain specified information, programs, and objectives, including:
 - a) An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs, including a quantification of the locality's existing and projected housing needs for all income levels; an inventory of land suitable and available for residential development; an analysis of potential and actual governmental and nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels; and a demonstration of local efforts to remove constraints that hinder the locality from meeting its share of the regional housing need, among other things;
 - b) A statement of the community's goals, quantified objectives, and policies relative to affirmatively furthering fair housing and to the maintenance, preservation, improvement, and development of housing; and
 - c) A program that sets forth a schedule of actions during the planning period, and timelines for implementation, that the local government is undertaking to implement the policies and achieve the goals and objectives of the housing element, including actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the local government's share of the regional housing need for each income level that could not be accommodated on sites identified in the sites inventory without rezoning, among other things. (Government Code (GOV) Section 65583(a)-(c))
- 9) Requires a local government to submit a draft housing element revision or amendment to HCD at least 90 days prior to adoption of a revision of its housing element, as specified, or at least 60 days prior to the adoption of a subsequent amendment to the housing element. (GOV 65585(b)(1)(A))
- 10) Requires HCD to review the draft and report its written findings to the planning agency within 90 days of its receipt of the first draft submittal for each housing element revision or within 60 days of its receipt of a subsequent draft. Prohibits HCD from reviewing the first draft submitted for each housing element revision until the local government has made the draft available for public comment for at least 30 days and, if comments were received, as taken at least 10 business days to consider and incorporate public comments, as provided. (GOV 65585(b)(1)(C))
- 11) Requires HCD, in its written findings under 10) above, to determine whether the draft element or amendment substantially complies with housing element law. (GOV 65585(d))
- 12) Requires the legislative body of a local government to consider the findings made by HCD under 10) above prior to the adoption of its draft element or amendment. Allows the legislative body to act without the findings if HCD's findings are not available within specified time limits. (GOV 65585(e))

- 13) Requires the legislative body of a local government, if HCD finds the draft element or amendment does not substantially comply with housing element law, to take one of the following actions:
- a) Change the draft element or amendment to substantially comply with housing element law, as provided; or
 - b) Adopt the draft element or amendment without changes, and include written findings in its adoption resolution that explain the reasons the legislative body believes the draft element or amendment substantially complies with housing element law despite the findings of HCD. (GOV 65585(f))
- 14) Requires HCD to review adopted housing elements or amendments and any findings described under 11) b) above within 60 days and make a finding as to whether the adopted element or amendment is in substantial compliance with housing element law, and report its findings to the planning agency. (GOV 65585(h))
- 15) Requires HCD to develop a standardized reporting format for programs and actions taken in a housing element to affirmatively further fair housing, which must enable the reporting of specified components of assessing fair housing and include specified fields. (GOV 65583(c)(10)(D))

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Author's Statement.** According to the author, "AB 650 will improve the housing element review process by addressing the delays and challenges local governments face in dealing with HCD. This bill makes two key improvements: first, it starts the Regional Housing Needs Allocation (RHNA) process six months earlier, giving municipalities more time work on their housing elements and allowing them to engage with HCD sooner; second, it mandates clear and actionable feedback from HCD to ensure local governments have the guidance they need to comply. These changes will help local governments develop compliant housing elements on time, supporting the production of much-needed housing and ensuring clarity in the process."
- 2) **Background.** The RHNA process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next planning cycle. The state is currently in the sixth housing element cycle. The RHND is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income (0-50% of AMI), low-income (50-80% of AMI), moderate income (80-120% of AMI), and above moderate income (120% or more of AMI). Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI).

The cycle begins with HCD and DOF projecting new RHND numbers every five or eight years, depending on the region. DOF produces population projections and the COG also develops projections during its Regional Transportation Plan update. Then, 26 months before the housing element due date for the region, HCD must meet and consult with the COG and

share the data assumptions and methodology that they will use to produce the RHND. The COG provides HCD with its own regional data on several criteria, including:

- a) Anticipated household growth associated with projected population increases;
- b) Household size data and trends in household size;
- c) The percentage of households that are overcrowded, as defined, and the overcrowding rate for a comparable housing market, as defined;
- d) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- e) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs, as specified;
- f) Other characteristics of the composition of the projected population;
- g) The relationship between jobs and housing, including any imbalance between jobs and housing;
- h) The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market, as defined; and
- i) The loss of units during a declared state of emergency during the planning period immediately preceding the relevant housing element cycle that have yet to be rebuilt or replaced at the time of the data request.

HCD can take this information and use it to modify its own methodology, if it agrees with the data the COG produced, or can reject it if there are other factors or data that HCD feels are better or more accurate. Then, after a consultation with the COG, HCD makes written determinations on the data it is using for each of the factors noted above, and provides that information in writing to the COG. HCD uses that data to produce the final RHND, which must be distributed at least two years prior to the region's expected housing element due date. The COG must then take the RHND and create an allocation methodology that distributes the housing need equitably amongst all the local governments in its region.

The RHNA methodology is statutorily obligated to further all of the following objectives:

- a) Increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the regional in an equitable manner, which must result in each jurisdiction receiving an allocation of units for low- and very low-income households;
- b) Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;

- c) Promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction;
 - d) Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category; and
 - e) Affirmatively further fair housing.
- 3) **Adoption and Implementation of Housing Elements.** Counties and cities must plan for new housing through the housing element of each community's General Plan, which outlines a long-term plan for meeting the community's existing and projected housing needs. Cities and counties are required to update their housing elements every eight years in most of the high population parts of the state, and five years in areas with smaller populations. Localities must adopt a legally valid housing element by their statutory deadline for adoption. Failure to do so can result in certain escalating penalties, including an accelerated deadline for completing rezoning, exposure to the "builder's remedy," public or private lawsuits, financial penalties, potential loss of permitting authority, or even court receivership.

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

Local governments have a statutory deadline to submit a housing element based on region. Ninety days before the deadline to adopt a housing element, localities must submit a draft to HCD. HCD is required to review the draft element within 90 days of receipt and provide written findings as to whether the draft amendment substantially complies with housing element law. If HCD finds that the draft element does not substantially comply with the law, the local agency may either make changes to the draft element to substantially comply with the law or adopt the element and make findings as to why it complies with the law despite the findings of the department.

Following adoption of a housing element, a local agency submits it to HCD. When a local government adopts its housing element without making the changes HCD provides, the process is called "self-certification." Despite the fact that the process allows a local agency to adopt a housing element without making the changes required by HCD to be in substantial compliance, a local agency is not considered compliant until receiving ultimate approval from HCD. Last year, AB 1886 (Alvarez), Chapter 267, further clarified that a housing element is in compliance when both a local agency has adopted a housing element and HCD has found the element in compliance.

- 4) **Bill Summary.** This bill extends a number of timelines in the RHND/RHNA and housing element process. These timelines are generally extended by six months, with an extension of one year for the time by which HCD must determine each region's housing need at the beginning of the process. This bill also contains some differences or exceptions to these extended timelines to provide feasible timelines for the seventh housing element cycle.

This bill also requires HCD to provide specific analysis or text to local governments to remedy deficiencies in their draft housing elements, and adds a deadline of December 31, 2026, to an existing law requirement for HCD to develop a standardized reporting format for programs and actions taken to affirmatively further fair housing via the housing element.

This bill is sponsored by the League of California Cities.

- 5) **Related Legislation.** AB 1275 (Elhawary) requires HCD to determine each region with a COG's existing and projected housing need three years prior to each region's scheduled housing element revision, rather than two years in existing law, and makes changes to how the transportation and job projections in a region's sustainable communities strategy (SCS) must be incorporated into each COG's RHNA methodology and final RHNA plan. AB 1275 is pending in this Committee.
- 6) **Previous Legislation.** AB 1886 (Alvarez), Chapter 267, Statutes of 2024, clarified that a housing element or amendment is not considered substantially compliant with housing element law until the local agency has adopted a housing element that HCD has determined is in substantial compliance with housing element law, as specified.
- 7) **Arguments in Support.** The League of California Cities, sponsor of this measure, writes, "Since 1969, California's local governments have planned and selected sites for housing at all income levels through the housing element portion of a local government's general plan. Every five to eight years, local governments are required to adopt a blueprint outlining where developers can or cannot build residential developments within their respective communities and obtain certification from HCD. Local governments plan for their fair share of housing development as determined through the Regional Housing Needs Allocation (RHNA) process. As part of this complex process, local governments submit in their housing elements a variety of essential data, actions, and programs to promote fair, equitable, and affordable housing in their community. Currently, local jurisdictions are planning and zoning for nearly 2.5 million additional homes statewide.

"During the 6th RHNA cycle, local governments experienced various challenges in obtaining certification from HCD. Some of the challenges include a short timeline for completing these complex documents and responding to HCD's feedback, a lack of clarity regarding what the state expects from local governments when reviewing additional housing element drafts, and the introduction of new requirements late in the housing element review process.

"AB 650 would address these issues by allowing local governments to begin updating their housing element six months early. The bill would also require HCD to provide specific text and analysis that must be included in the housing element to remedy deficiencies, ensuring that local governments are not penalized when HCD identifies additional deficiencies not previously identified in prior review letters. AB 650 would provide greater clarity and

certainty to the housing element process and help ensure that all jurisdictions adopt a certified housing element on time.”

- 8) **Arguments in Opposition.** South Pasadena Residents for Responsible Growth, opposed to a prior version of this bill, states, “The Housing Element process has been a failure. Multiple cities have done things like claim their city halls, golf courses, and malls will all stop functioning and be turned into affordable housing.

“Here in South Pasadena we have a grocery store that underwent a multimillion dollar renovation completed in August of 2022, but somehow HCD allowed us to claim 220 low income units would be built on the site in this planning period. Our general plan said it went site by site and determined that 1,230 units would be built in downtown in 20 years, but our Housing Element claims that 1,600 would be built in the next 5 years.

“Needless to say, if your Housing Element got rejected, it is because the city didn’t make a significant effort to actually produce housing. The cities that got builders remedy projects were the most NIMBY cities in California.

“This bill gives these cities a get our jail card for the next RHNA cycle. Literally the only thing that forced some cities to try and fix their housing elements was the threat of the builders remedy. Removing that threat means these NIMBY cities can delay adopting policies that produce housing for years.

“Even right now, 3.5 years into the RHNA cycle, South Pasadena STILL hasn’t adopted all of the zoning we were required to do. Please oppose AB 650 from the League of California Cities that will allow their NIMBY cities to delay complying with housing laws.”

- 9) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on a 11-0 vote on April 24, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

League of California Cities [SPONSOR]

City of Artesia

City of Bell Gardens

City of Belmont

City of Beverly Hills

City of Buena Park

City of Calimesa

City of Chino Hills

City of Citrus Heights

City of Concord

City of Corona

City of Cotati

City of Cypress

City of Dinuba

City of Eastvale

City of Fullerton
City of Garden Grove
City of Glendora
City of Hawaiian Gardens
City of Hermosa Beach
City of Indian Wells
City of Kerman
City of La Habra
City of La Quinta
City of Laguna Beach
City of Lakewood
City of Lakewood CA
City of Lodi
City of Lomita
City of Long Beach
City of Los Alamitos
City of Madera
City of Manhattan Beach
City of Martinez
City of Merced
City of Mission Viejo
City of Oakley
City of Orinda
City of Palm Desert
City of Palm Springs
City of Placentia
City of Redding
City of Redlands
City of Rohnert Park
City of Rolling Hills Estates
City of Salinas
City of San Mateo
City of Scotts Valley
City of Soledad
City of Stanton
City of Temecula
City of Thousand Oaks
City of Tulare
City of Tustin
City of Walnut Creek
City of Whittier
City of Woodland
Liz Morris, Councilmember, City of Delano

Oppose

South Pasadena Residents for Responsible Growth (prior version)

Oppose Unless Amended

California Association of Realtors (prior version)

California Building Industry Association (CBIA) (prior version)

Greenbelt Alliance (prior version)

SPUR (prior version)

The Two Hundred (prior version)

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