

- 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.
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.
- 3) Requires each jurisdiction to submit an APR to its legislative body, HCD, and the Governor's Office of Land use and Climate Innovation (GO-LUCI) by April 1 of each year that includes specified information, including progress in meeting its share of the regional housing need, a list of sites rezoned to accommodate allocation for each income level that could not be accommodated on sites identified in the housing element's sites inventory, and the number of net new units of housing that have been issued a completed entitlement, building permit, or certificate of occupancy and the income category that each unit satisfied.

This bill allows a city or county, beginning with the 7th housing element cycle, to include the number of units approved for congregate housing for the elderly and residential care facility for the elderly for up to 15% of the jurisdiction's RHNA for any income category.

Background

Housing Elements and RHNA. Each community's general plan must include a housing element, which outlines a long-term plan for meeting the community's existing and projected housing needs. The housing element demonstrates how the community plans to accommodate its "fair share" of its region's housing needs. Following a staggered schedule, cities and counties located within the territory of a metropolitan planning organization (MPO) must revise their housing elements every eight years, and cities and counties in rural non-MPO regions must revise their housing elements every five years. These five- and eight-year periods are known as the housing element planning period.

Before each revision, each community is assigned its fair share of the region's housing need for four separate income categories (very low-, low-, moderate-, and above-moderate income households) through a two-step process known as RHNA. In the first step, HCD determines the aggregate housing need for the region during the planning period the housing element will cover. In the second step, the COG for the region allocates the regional housing need to each city and county within the region. The COG must come up with a regional housing needs plan, to further

specific objectives such as affirmatively furthering fair housing, ensuring an equitable mix of housing throughout the region, and balancing jobs and housing.

In general, a housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet its share of the RHNA, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development. Among other things, the element specifically must include an analysis of existing subsidized housing developments that are eligible to convert to market-rate rental housing upon the expiration of affordability restrictions, and identify all public resources.

As part of the process to identify adequate sites, a city or county first prepares an inventory of existing sites zoned for housing. When the inventory of existing sites is insufficient to accommodate the need for one or more income categories, the housing element must contain a program to rezone sites within the first three years of the planning period.

Each jurisdiction must submit an APR to HCD by April 1st of each year that documents its progress toward meeting its RHNA allocation and the plans outlined in its housing element.

Comments

- 1) *Author's Statement.* "Cities and counties are unable to count assisted living facilities towards their RHNA numbers; however, AB 1567 would encourage cities and counties to produce more assisted living as defined by Section 50062.5 of the Health and Safety Code, freeing up more homes to be available on the market for purchase by families. This is first and foremost a definition bill that authorizes the HCD to have a definition for assisted living for meeting RHNA goals for senior housing."
- 2) *HCD's recent RHNA report.* In 2024, HCD published *California's Housing Future 2040: The Next Regional Housing Needs Allocation (RHNA)* pursuant to a statutory directive to develop recommendations to improve the RHNA process and methodology that promotes and streamlines housing development and substantially addresses California's housing shortage following a stakeholder engagement process. In this report, HCD noted some stakeholder concerns about the complexities of classifying "group quarters" for RHNA purposes. In response, they recommend streamlining which groups are counted — something which this bill intends to address, by way of defining elderly congregate facilities.

- 3) *Permanent v. non-permanent units.* Under current housing element law, RHNA only takes into account permanent units. However, non-permanent housing units, such as assisted living facilities and student dormitories may or may not be included depending on the type of housing unit offered. According to *California's Housing Future 2040: The Next Regional Housing Needs Allocation (RHNA)*, HCD recommends that the Department of Finance use a clear rule for categorizing developments that may include both group quarters and housing units. This bill attempts to address that recommendation by allowing congregate housing for the elderly and residential care facilities for the elderly to count for up to 15% of a jurisdiction's RHNA.
- 4) *Census definition of "housing units" vs. "group quarters."* The U.S. Census Bureau defines "housing units" as "a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants do not live and eat with other persons in the structure and which have direct access from the outside of the building or through a common hall."¹ Conversely, living quarters not considered housing units include, "dormitories, bunkhouses, and barracks; quarters in predominantly transient hotels, motels, and the like, except those occupied by persons who consider the hotel their usual place of residence; quarters in institutions, general hospitals, and military installations except those occupied by staff members or resident employees who have separate living arrangements."
- 5) *Likelihood of senior migration.* Proponents of this bill assert that these changes will spur greater construction of assisted living facilities, and in turn, inspire greater movement of seniors out of traditional homes and into these units. In response, those same units would be freed up for other homebuyers who are currently struggling with our state's limited housing supply. This theory assumes that senior homeowners will actually make the choice to vacate their current homes for these units. To the contrary, recent data from the Public Policy Institute of California suggest limits to this model: "Despite a 51% increase in older adults in institutional settings, only 3% of the total older population is expected to live in such facilities. The vast majority are expected to remain in their own homes."²

¹ *Definitions and Explanations.* (U.S. Census Bureau, n.d.). <https://www.census.gov/housing/hvs/definitions.pdf>

² Hans Johnson, Eric McGhee, Paulette Cha, Shannon McConville, and Mary Severance. *Policy Brief: California's Aging Population.* (Public Policy Institute of California, January 2025). <https://www.ppic.org/publication/policy-brief-californias-aging-population/>

- 6) *Governor’s Master Plan for Aging*. In Governor Newsom’s *Master Plan for Aging*³, under the first goal of “Housing for All Ages and Stages,” is an initiative to “[p]romote promising practices and encourage replication of innovative public-private housing solutions, including rental subsidies and shared housing models...” This bill is intended to address the objective of promoting a broader spectrum of housing models.
- 7) *Balancing the ledger*. The basis for the RHND is demographic projections developed by DOF and COGs. The projections provide the number of future households expected to be living in the region. People who live in both institutional and non-institutional group quarters are not included in the population of people forecast to live in households and are therefore not planned for during the RHNA process. Including people who live in group quarters in the RHND could provide opportunities for additional housing opportunities for populations occupying this type of housing. Because the current Census definition of a “housing unit” excludes group quarters, and there is inconsistency in categorizing certain types of housing developments that may blur the line between a housing unit and a group quarter or may have a mixture of both, the RHNA process and APRs do not currently capture all of these developments even though there is a pressing need for more housing options for seniors and people with disabilities.

HCD explains the issue on page 33 of their 2024 report, *California’s Housing Future 2040: The Next RHNA*:

The RHNA process has traditionally been used to plan for the needs of individuals that live in housing units rather than group quarters. Accordingly, when HCD determines the regional housing need, the Department subtracts the group quarters population from the total population so as to only count the population living in households. Similarly, HCD only gives credit to newly constructed housing units, rather than group quarters, on the APRs that track a jurisdiction’s progress towards meeting its RHNA.

HCD continues on page 34:

Stakeholders encouraged HCD to reconsider the process used to determine what populations are included in the RHND and what types of units are counted towards meeting the RHNA in order to improve consistency and to accurately account for need. For

³ *California’s Master Plan for Aging, 2025-26 Initiatives*. (California Department of Aging, 2025). [MPA Initiatives Report 2025](#)

example, DOF staff noted that some housing developments are not straightforward to categorize (such as senior living communities that include both independent senior housing units and skilled nursing care), and that developing a consistent process for deciding what populations are counted in the RHND could help streamline the determination.

Policy makers can think of the existing planning obligations of Housing Element Law as two sides of an equation. The RHND process considers existing housing stock and demographic projections to determine the housing need for each region. Based on these projections, the regional housing need is then allocated to jurisdictions within the region to determine the RHNA for each jurisdiction. This number — the determination and allocation — can be thought of as the housing “debit” for the eight-year planning period. This debit represents the one half of the equation and constitutes the amount of housing a local agency must plan and zone for. The second half of the equation is represented by local agencies reporting the actual number of housing units developed during the planning cycle. This can be thought of as the housing “credit.” At the beginning of each planning cycle, local agencies have a debit they need to demonstrate that they have adequately planned for (*i.e.*, demonstrate that they have zoning that allows for development of a number of housing units that meets or exceeds its planning obligation, and that the jurisdiction is implementing programs designed to create conditions on the ground so that its housing debit can be achieved during the planning cycle). The number of units developed are credited toward the jurisdictions housing planning obligation debit. Under Housing Element Law, a jurisdiction where the number of housing units “credited” to the jurisdiction during the planning period meets or exceeds the number of units “debited” to the jurisdiction at the beginning of the planning period should theoretically have a stable and healthy housing supply.

As noted above, group quarters such as congregate housing for the elderly are typically not factored into determining regional housing need (RHND) and therefore do not factor into a jurisdictions planning obligation (RHNA), or the total housing debit the jurisdiction must plan for. Correspondingly, jurisdictions do not receive credit toward their housing debit when these types of units are developed. As drafted, this bill will only address one side of the Housing Element Law planning obligation equation. This bill allows certain types of elder care facilities to be “credited” toward a jurisdictions housing planning obligation, without ensuring that those units are included in the development of the original planning obligation (the debit).

8) *Committee amendments.* This bill is substantially similar to AB 1131 (Ta, 2025), amendments to AB 1131 taken in Assembly Housing and Community Development Committee were intended to ensure that jurisdictions only get credit for these elder care units if need for those units was considered in determining the regional housing need. The Assembly Housing and Community Development amendments accomplished this by delaying the effective date of the bill to the 7th cycle. This bill similarly delays the effective date of the bill to the 7th cycle. However, unlike last year when AB 1131 was before this committee several jurisdictions are already in the planning stages of the 7th cycle. Additional clarity is needed to address the planning side of the equation.

To maintain consistency with the policy previously approved by this Committee in AB 1131 (Ta, 2025), *the Committee may wish to clarify that jurisdictions are able to receive credit toward their regional housing need allocation for units approved for congregate housing for the elderly and residential care facilities for the elderly if these units were considered in the RHND.*

Related/Prior Legislation

AB 1131 (Ta, 2025) — would have authorized for the 7th and each subsequent revision of the housing element, the planning agency for each county and city to include in its APR the number of units approved for congregate housing for the elderly, for up to 15% of a jurisdiction's RHNA for any income category. *AB 1131 was held in the Senate Appropriations Committee.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 10th, 2026.)

SUPPORT:

City of Camarillo
California Assisted Living Association
City of San Marcos
League of California Cities

OPPOSITION:

None received.

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