GOVERNOR′S VETO
AB 1567 (Ta)
As Enrolled September 4, 2026
2/3 vote

SUMMARY

Authorizes a local planning agency to include the number of units approved for congregate housing for the elderly in its Annual Progress Report (APR). Authorizes, 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 or residential care facilities for the elderly, for up to 15% of a jurisdiction′s regional housing need allocation (RHNA) for any income category.

Governor′s Veto Message
This bill would allow cities and counties, under specified conditions, to count units approved in congregate housing and residential care facilities for the elderly toward up to 15% of their regional housing needs allocation in any income category.

California needs more housing and supportive living options for older adults. My administration has supported senior housing, including through recent legislation providing development incentives tied to clear affordability standards. However, this bill would allow these facilities to count toward any income category without demonstrating that they serve households at that income level. As a result, local governments could receive credit toward their lower income housing obligations for facilities unaffordable to lower-income residents, thereby overstating their progress in meeting those needs.

The bill also does not establish how beds and units should be counted or how duplicative credit would be prevented. These unresolved questions could allow local governments to use such facilities as a substitute for housing they would otherwise be required to plan for and approve, without demonstrating that the facilities serve the same housing needs.

The Department of Housing and Community Development has identified the treatment of senior housing and group quarters as an issue requiring a consistent statewide approach. Any reform should align the population included in the regional housing need with the housing credited toward meeting it and establish clear standards for affordability, classification, and counting. This bill does not provide that framework.

COMMENTS

RHNA and Housing Elements: 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 eight-year planning cycle. The state is currently in the sixth housing element cycle, and the seventh cycle will begin for some COGs in 2027. The RHND is assigned at the Councils of government (COG) level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via four 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, Department of Housing and Community Development (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 listed above, and provides that information in writing to the COG. HCD uses that data to produce the final RHND. 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:

1) 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;

2) Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;

3) 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;

4) 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

1) Affirmatively further fair housing.

Annual Progress Reports: Current law requires all local jurisdictions to provide housing information annually to HCD via the APR, including the following information from the current housing element cycle:

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

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

3) The number of units approved and disapproved;

4) For each income category, the number of net (inclusive of demolished) 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; A unique site identifier (such as APN) for each entitlement, building permit, or certificate of occupancy; and

5) The overall progress in meeting its share of RHNA.

It is important to note that APR submission has become a lengthy and involved process for city and county planning staff to undertake each year, and changing components can also prompt the need for HCD to reconfigure its existing APR data collection and visualization tools to account for different categories of information. Adding new components to APRs should be considered carefully in light of the additional workload that will be placed on local planning staff or consultants, as well as HCD.

This bill would create a pathway for local governments to receive APR and RHNA credit for new housing developments providing congregate housing for the elderly or residential care facilities for the elderly, as defined. Congregate care facilities are independent living or assisted living developments in which older adults and people with disabilities are able to live in settings that are designed to maximize the ability for residents to function independently but also receive direct services in group settings like communal meals, transportation services, and other support services, such as in-home assistance or lighter touch forms of nursing care. 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 further, beginning 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 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 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.″

According to the Author
According to the author, ″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 HSC, 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.

Arguments in Support
According to the League of California Cities, ″According to January 2023 data from the California Department of Social Services, there are over 7,100 residential care facilities serving nearly 210,000 residents in California. Local governments play a key role in siting and zoning for these facilities. Yet, local jurisdictions do not receive credit in their RHNA for these efforts, despite these facilities increasing housing availability across the state. AB 1567 would allow local governments to include these efforts in their RHNA progress while also gathering more data for the state about the availability of these important living facilities. Senior residential living facilities are a vital mechanism for older residents to age comfortably while receiving the necessary services to maintain a higher quality of life.″

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) HCD indicates ongoing workload to collect, validate, and store reported data on congregate housing units, and provide technical assistance to local agencies, as well as one-time costs to update the housing element APR form and to update IT systems. HCD notes there are multiple bills moving through the Legislature that impact the APR. If several of these bills passed and were signed, HCD would need additional workload resources to absorb new workload created by all the APR-related bills, including this one. HCD estimates the total General Fund costs to be in the hundreds of thousands of dollars, including additional staff time and one-time costs.However, if this bill is the only APR-related bill, or one of only a couple, that takes effect, costs for this bill would include the one-time costs noted above

(approximately $100,000) and a portion of staffing costs, resulting in General Fund costs for this bill in the range of $150,000 to $250,000.

2) Local costs to each city and county that opts to report the number of units of congregate housing for the elderly or RCFEs in its annual progress report (APR) to HCD. These costs are not reimbursable by the state.The Legislative Analyst′s Office recently warned of General Fund structural deficits of around $35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0
YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

ASM LOCAL GOVERNMENT: 10-0-0
YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 71-0-9
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Ellis, Flora, Fong, Gabriel, Gallagher, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Arambula, Chen, Elhawary, Garcia, Jackson, Lackey, Lee, Ramos, Celeste Rodriguez

SENATE FLOOR: 40-0-0
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 77-0-2
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Jackson, Lee

UPDATED

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