

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2296 (Papan) – As Amended March 19, 2026

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

SUMMARY: Extends a number of timelines in the process of regional housing needs determinations (RHND), 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) Declares the intent of Legislature to enact legislation that would assign housing element revision deadlines based on smaller regional groupings and local jurisdiction size, as recommended by the California State Auditor in Report 2024-109 California Department of Housing and Community Development: Increased Support Is Critical for Local Jurisdictions to Complete Timely Housing Plans (January 15, 2026).
- 2) 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 RHNA among its members, from 28 months prior to the scheduled housing element update to 34 months prior.
- 3) Revises the time by which a Council of Government (COG) must determine the share of RHNA assigned to each delegate subregion in 2) above from 25 months prior to the scheduled revision to 31 months prior.
- 4) 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 to at least two and one-half years prior. For the seventh housing element cycle, this change applies to housing elements adopted after 2027.
- 5) 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 4) above and to publish the draft RHNA on its website, from at least one and one-half years before the scheduled housing element revision to at least two years prior. For the seventh housing element cycle, this change applies to housing elements adopted after 2027.
- 6) 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:
 - i. 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; and

- ii. Provide the specific analysis or text that HCD expects the planning agency to include in the draft to remedy the deficiencies identified pursuant to 6) i) above.
- 7) Requires a local government's legislative body to consider HCD's findings and the specific analysis or text required by HCD pursuant to 6) above prior to the adoption of its draft element or draft amendment.
- 8) Requires HCD to review any change made to a housing element as a result of 6) and report its findings to the planning agency within 30 days of receipt of any change, instead of 60 days as currently required.
- 9) 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:
 - i. Include the specific analysis or text from HCD specified in 7) above in the draft element or draft amendment to substantially comply; or
 - ii. 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 the law, despite the specific analysis or text required by HCD.
- 10) Requires a local government's legislative body to consider HCD's findings and the specific analysis or text required by HCD pursuant to 7) above prior to the adoption of its draft element or draft amendment.
- 11) Provides that any amendment to Housing Element Law or to any other law that changes in any way the provisions of Housing Element Law does not apply to the period beginning 34 months before the scheduled housing element adoption deadline for a region.

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 three 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)
- 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)

- 4) 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)
- 5) Requires each COG or delegate subregion to distribute a draft RHNA based on the methodology under 4) 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)
- 6) 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. (GOV 65583)
- 7) 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)
- 8) 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)
- 9) Requires HCD, in its written findings under 8) above, to determine whether the draft element or amendment substantially complies with Housing Element Law. (GOV 65585)

- 10) Requires the legislative body of a local government to consider the findings made by HCD under 8) 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)
- 11) 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)
- 12) 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)
- 13) 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)
- 14) Prohibits, under the Housing Accountability Act (HAA), a local government from disapproving or conditioning approval in a manner that renders infeasible certain housing development projects, including a "builder's remedy project," which is defined to mean:
 - a) A housing development project that provides housing for very low, low-, or moderate-income households;
 - b) On or after the date an application for the project or emergency shelter was deemed complete, the jurisdiction did not have a housing element that was in substantial compliance with the law; and
 - c) The project meets specified density, location, and affordability requirements. (GOV 65589.5)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "AB 2296 will improve the housing element review process by addressing the delays and challenges local governments face in dealing with HCD. This bill makes three key improvements: first, it starts the Regional Housing Needs Allocation (RHNA) process six months earlier, giving municipalities more time to 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; finally, the bill will stagger housing element deadlines within Councils of Government to ease the workload on HCD staff, freeing up their time for one-on-one, tailored feedback to municipalities. 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.”

California’s Housing Crisis: California is in the midst of a severe housing crisis. Over two-thirds of low-income renters are paying more than 30% of their income toward housing, a “rent burden” that means they have to sacrifice other essentials such as food, transportation, and health care. In 2024, over 187,000 Californians experienced homelessness on a given night, with a sharp increase in the number of people who became homeless for the first time. The crisis is driven in large part by the lack of affordable rental housing for lower income people. According to the California Housing Partnership’s (CHP) Housing Need Dashboard, in the current market, nearly 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state’s extremely low-income households and over half of the state’s very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month. CHP estimates that the state needs an additional 1.3 million housing units affordable to very low-income Californians to eliminate the shortfall. By contrast, production in the past decade has been under 100,000 housing units per year – including less than 20,000 units of affordable housing per year.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for new housing for decades. In the last eight years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

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 planning cycle. The state is currently in the sixth housing element cycle. The seventh RHNA cycle will begin for some COGS in 2027. 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:

- Anticipated household growth associated with projected population increases;

- Household size data and trends in household size;
- The percentage of households that are overcrowded, as defined, and the overcrowding rate for a comparable housing market, as defined;
- The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- 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;
- Other characteristics of the composition of the projected population;
- The relationship between jobs and housing, including any imbalance between jobs and housing;
- The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market, as defined; and
- 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 bulleted 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:

- 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
- 5) Affirmatively further fair housing.

This bill would push back several RHND and RHNA deadlines for the seventh housing element cycle and beyond by six months, as follows:

- 1) Each COG must develop its proposed RHNA methodology at least 2.5 years prior to the scheduled housing element revision, rather than two years under existing law; and
- 2) Each COG must distribute its draft RHNA allocation plan at least two years prior to the scheduled housing element revision, rather than 1.5 years under existing law.

This bill also contains some differences or exceptions to these extended timelines to provide feasible timelines for jurisdictions with due dates earlier in the upcoming seventh housing element cycle. Generally, the additional six months provided by this bill would mean that COGs would have to distribute their draft RHNA plan at least two years before the housing element due date. With the 195-day RHNA methodology appeal timeline in existing law, this change would result in local governments receiving their final RHNA numbers about 1.5 years prior to the housing element due date, providing them an extra six months to prepare housing elements and submit them to HCD for review and approval.

Local governments are allowed to form a subregional entity underneath the COG that receives a direct allocation of the RHND from the COG and has the ability to establish its own RHNA methodology and allocation plan. Two or more local governments are allowed to form a subregion to allocate the RHNA. The formation of the regional entity must occur 28 months prior to the housing element revision. This bill would extend the timeline that cities and counties have to form a subregional entity to allocate the subregions RHNA from 28 months to 34 months. In addition, COGs must determine the share of RHNA assigned to each delegate subregion 25 months prior to a housing element revision, this bill would change that requirement to 31 months prior.

Adoption and Implementation of Housing Elements: All of the state's 540 cities and counties are required to appropriately 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.

It is critical that local jurisdictions adopt legally compliant housing elements on time in order to meet statewide housing goals and create the environment locally 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 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 that it not engage in exclusionary and harmful practices.

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 had found the element in compliance.

This bill would require HCD’s findings of noncompliance for either a draft or adopted housing element to identify and explain the specific deficiencies, by reference to each subdivision of housing element law, that the draft does not comply with, and would require HCD to provide the specific analysis or text that would address the deficiencies if the local government were to include them in a revised element or amendment. This requirement would add considerable work to the already labor-intensive housing element review process. Last year, SB 650 (Papan) proposed this change, and HCD estimated it would cost \$11 million annually and 52 new positions to do this additional work.

Auditor’s Report: The Legislature directed the State Auditor to audit HCD to evaluate its oversight of cities and counties’ submissions of housing elements and HCD’s procedures for reviewing housing elements. HCD interprets and enforces the Housing Element Law and determines whether local jurisdictions’ housing elements substantially comply with it. HCD then issues findings letters to local jurisdictions to notify them of its compliance determination, but the law does not require these letters to provide prescriptive instruction for achieving compliance.

The audit found that, generally, HCD’s feedback was viewed as valuable feedback to local jurisdictions; however, jurisdictions that are struggling to develop compliant housing elements also require individualized assistance. The auditor looked at 10 local jurisdictions and found that HCD’s review met the statutory deadlines, but individualized assistance from HCD was important to help the jurisdictions understand and address the department’s findings.

The auditor recommended staggering the submission dates for housing elements in order to reduce the spike in HCD's workload that occurs when many local jurisdictions submit their revised housing elements at the same time. The auditor recommended assigning housing element due dates based on smaller regional groupings and local jurisdiction size. This would allow local jurisdictions within larger COGs to have different due dates, such as separating ABAG and SCAG deadlines by three years.

This bill includes intent language to Legislature to enact legislation that would assign housing element revision deadlines based on smaller regional groupings and local jurisdiction size. The author has proposed an adjustment to housing element timelines to better-manage HCD's workload and prevent a sudden influx of housing elements requiring review on tight statutory timelines.

Transition Period: In addition to recommending the housing element submission be staggered to ease HCD's workload, the auditor recommended that any new laws that change the process for housing elements have a delayed implementation. To ensure that local jurisdictions and HCD have time to adjust to any new or updated housing element laws without disrupting current planning cycles, the Legislature should consider including a transition period, such as a delay in the effective date of a law passed during a planning cycle. This bill prohibits any amendment to Housing Element Law, or any other law that changes housing element from applying to a housing element update 34 months before the housing element scheduled to be submitted. This provision would have broad implications. It would tie the hands of future Legislators and could be easily undone if there was a desire to change the law. It would also prevent the Legislature from making necessary changes to the law to ensure housing elements are effective.

In a court case, *New Commune DTLA LLC v. City of Redondo Beach*, a court invalidated Redondo Beach's housing elements because it relied upon affordable housing overlay zones, which allowed for housing in the overlay but not in the underlying zoning designation. The court case has implications for 100s of cities that used overlay zones in their housing element. Some affected cities are sponsoring a bill to allow cities to use overlay zones and not have their housing element found out of compliance. A noncompliant housing element triggers consequences, including the Builder's Remedy, which allows housing on sites that are not zoned residential with certain parameters, as well as other penalties. Although the committee has historically been careful not to make significant changes to Housing Element Law when cities are in the midst of developing their housing element, it is not prudent to enact a blanket prohibition of changes to Housing Element Law during the time leading up to adopting of a housing element.

Arguments in Support: According to the sponsor of this bill, the League of California Cities, 'During the 6th RHNA cycle, local governments experienced various challenges in obtaining certification from HCD. Some of the challenges include multiple housing element drafts before certification within a short timeline for completing these complex documents, a nearly 126% increase in the duration to complete the housing element compared to the 5th RHNA Cycle¹, a lack of clarity regarding what the state expects from local governments when reviewing additional housing element drafts, and an ever-changing legal environment mid-cycle that local jurisdictions must account for and incorporate into their housing elements. AB 2296 would address these issues by allowing local governments to begin updating their housing elements six months early and by staggering housing element statutory deadlines to help manage HCD's workload capacity.

Arguments in Opposition: Several organizations including, CA Yimby, CBIA, SPUR and Greenbelt Alliance, are opposed to this bill because it would prohibit new state housing laws from applying to city housing elements for a three year period leading up to the deadline to submit a housing element. They write, “Without this amendment AB 2296 would undermine the carefully crafted connection between the housing element process and enforcement measures within the HAA. Enforcement of state housing element law is key to addressing our housing affordability and availability crises and, therefore, we must strongly oppose AB 2296 unless amended because it would take us backwards in this effort.”

Committee amendments:

- 1) Delete the following language to prohibit any amendment to Housing Element Law or any other law that changes Housing Element Law from applying 34 months before a local government must update their housing element.

~~*(f) Any amendment to this article, or to any other law that changes in any way the provisions and requirements of this article, shall not apply to the period that begins 34 months before the scheduled housing element update required by this section*~~

Related Legislation:

AB 650 (Papan) (2025) was substantially similar to this bill and would have extend a number of timelines in the process of regional housing needs determinations (RHND), 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. AB 650 was vetoed by the Governor. The veto message is below:

To the Members of the California State Assembly:

I am returning Assembly Bill 650 without my signature.

This bill would require the Department of Housing and Community Development (HCD), if it finds that a draft housing element is deficient, to provide the specific analysis and the draft text that should be included in the jurisdiction's housing element.

I share the author's interest in improving the housing element process. In partnership with the Legislature, we have enacted numerous reforms to strengthen this process by demanding more rigorous site inventories, enforceable rezoning, and stronger accountability mechanisms to uphold state law.

Although intended to build on these recent efforts, I am concerned that this bill would inappropriately shift responsibility for preparing housing elements from local jurisdictions to HCD. While HCD provides technical assistance when requested and in response to inadequate housing elements, that support is no substitute to the local government's fundamental responsibility to plan for its share of housing needs. Further, shifting these duties to the state would add at least \$11 million in new annual costs.

Housing element law has advanced considerably through recent legislation, much of which is now being implemented in the current planning cycle. As these changes take hold, it is critical to preserve the fundamental structure of local planning responsibility under state oversight. However, I look forward to continuing to work with the Legislature on additional opportunities to further improve this process.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

AB 1275 (Elhawary), Chapter 593, Statutes of 2025, 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 as under 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 currently pending a hearing before this committee.

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.

Double-referred: This bill was also referred to the Assembly Committee on Local Government where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

League of California Cities (Sponsor)

Opposition

California YIMBY

CBIA

Greenbelt Alliance

South Pasadena Residents for Responsible Growth

SPUR

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