

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2676 (Gallagher) – As Introduced February 20, 2026

SUBJECT: Housing Crisis Act of 2019

SUMMARY: Amends the Housing Crisis Act of 2019 (HCA) to expand prohibitions on local actions that constrain housing development in affected cities and counties, including limiting the use of voter initiatives and referenda to impose moratoria or similar restrictions and extending those protections to areas within an affected city’s sphere of influence (SOI). Specifically, **this bill:**

- 1) Defines the following terms:
 - a) “Moratorium or similar restriction or limitation of housing development” to include, but not be limited to, the electorate of an affected city or county exercising its referendum power in a manner that would extend an existing moratorium or similar restriction or limitation on housing development; and
 - b) “Sphere of influence” (SOI) to mean, by reference, a plan for the probable physical boundaries and service area of a local agency, as determined by a Local Agency Formation Commission (LAFCO).
- 2) Relocates the definition of “reducing the intensity of land use” to the general definitions section applicable to the entire article.
- 3) Expands existing prohibitions by providing that an affected city or county shall not enact or impose a development policy, standard, or condition that would violate the HCA.
- 4) Expands the prohibition on imposing a moratorium or similar restriction or limitation on housing development to apply within the sphere of influence of an affected city.
- 5) Prohibits an affected city or county from enforcing an initiative or referendum imposing a moratorium or similar restriction or limitation on housing development unless the measure is submitted to, and approved by, the Department of Housing and Community Development (HCD).
- 6) Requires HCD to approve such an initiative or referendum only if it determines that the measure would not restrict or limit housing development, including mixed-use development; provides that an ordinance denied approval by HCD is deemed void.
- 7) Applies a three-year statute of limitations, pursuant to California Code of Civil Procedures Section 338(a), to actions or special proceedings brought to enforce these provisions, notwithstanding any other law.
- 8) Makes other nonsubstantive and conforming changes.

EXISTING LAW:

- 1) Establishes the HCA, which, among other provisions, prohibits an affected city or county from enacting a development policy, standard, or condition that would reduce the intensity of land use or otherwise reduce residential development capacity. (Government Code (GOV) 66300).
- 2) Prohibits an affected city or county from imposing a moratorium or similar restriction or limitation on housing development, as specified. (GOV 66300)
- 3) Defines “affected city” and “affected county” to include the electorate exercising its initiative or referendum power. (GOV 66300)
- 4) Defines “reducing the intensity of land use” to include actions that reduce allowable residential density, floor area ratio, or height, or impose development standards that would preclude the development of the number of units otherwise permitted. (GOV 66300)

FISCAL EFFECT: Unknown.

COMMENTS:

Author’s Statement: According to the author, “The housing crisis in our state has been ongoing for decades. AB 2676 is a step towards tightening up the Housing Crisis Act and encouraging vital housing development in our communities.”

California’s Housing Crisis: California’s housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.² One in three households in the state doesn’t earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, *Point in Time Counts*.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.⁶

Housing Crisis Act of 2019: The Housing Crisis Act (HCA), enacted by SB 330 (Skinner), Chapter 654, Statutes of 2019, establishes a statewide constraint on local land use authority intended to preserve existing housing development capacity. In affected jurisdictions, the HCA requires that local governments maintain at least the level of residential development capacity that existed as of January 1, 2018, effectively creating a statewide “capacity floor.” Rather than creating new approval pathways, the statute functions as a backstop, limiting local actions that would reduce housing supply.

To implement this framework, the HCA broadly applies to “development standards, policies, or conditions,” including general plans, zoning, and subdivision regulations, and directs that its provisions be interpreted to favor housing production. Its core operative provisions prohibit jurisdictions from downzoning or otherwise reducing the “intensity of land use,” a term defined expansively to include both direct changes (e.g., reductions in allowable density, height, or floor area ratio) and indirect regulatory actions (e.g., increased setbacks, open space requirements, or minimum lot sizes) that would individually or cumulatively reduce residential development capacity.

The statute also restricts other mechanisms that could limit housing production, including development moratoria (absent narrow health and safety findings), caps on housing units or approvals, and population limits. In addition, design standards adopted after January 1, 2020 must be objective, limiting the use of discretionary review to potentially constrain development. Any local action that violates these provisions is deemed void, and the statute is intended to prevail over conflicting laws where necessary to support housing production.

The HCA allows limited flexibility through a “no net loss” framework, under which jurisdictions may reduce capacity on individual sites only if they concurrently offset that reduction elsewhere. Overall, the statute reflects a shift away from local discretion to reduce residential capacity and toward a state-imposed baseline intended to stabilize and preserve zoning capacity over time.

Sphere of Influence: In California land use, an SOI is a planning boundary established by a LAFCO that designates the probable future service area and jurisdictional boundary of a city or special district. It is not a regulatory zoning boundary and does not, by itself, change land use designations or authorize development. Instead, it functions as a long-range planning tool to guide where urban development and public services (e.g., water, sewer, fire protection) are expected to expand over time.

LAFCOs are required to adopt and periodically update SOIs for each city and special district in their county, based on statutory factors such as present and planned land uses, population projections, infrastructure capacity, and the need for orderly development. In practice, an SOI signals where annexations are generally appropriate. Territory outside a city's SOI is typically not eligible for annexation absent an SOI amendment, and LAFCOs are expected to discourage

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

urban sprawl and promote orderly, efficient development by regulating boundary changes and SOIs for cities and special districts.

Importantly, an SOI does not confer development rights or override local land use authority. Counties retain land use control over unincorporated areas, even if those areas fall within a city's SOI. However, being inside an SOI can shape expectations for future urbanization, infrastructure planning, and housing growth, and it often aligns with long-term general plan and housing element strategies.

Local Referendums: In California, local referenda remain a constitutionally protected tool that allows voters to overturn certain legislative land use approvals, such as rezoning actions or specific plan amendments. In the housing context, referenda are typically used to challenge project approvals that require discretionary legislative actions, particularly for larger or more controversial developments. Unlike broader growth control measures, a referendum operates on a project-specific basis by suspending and potentially invalidating an approval after it has been granted.

This use of referenda exists in tension with recent state housing laws but is not directly addressed in the same way as other local constraints on development. For example, the HCA clearly prohibits jurisdictions from adopting policies that reduce residential development capacity, including downzoning, moratoria, and population caps. However, the statute does not explicitly address project-specific referenda that overturn individual approvals, creating a more nuanced legal question when a referendum has the practical effect of preventing housing development.

Recent litigation provides some guidance on how courts may approach this issue. In *NRFP Project Owner LLC v. City of Oceanside* (2021), a trial court held that a voter-approved referendum overturning a rezoning for a housing development violated the HCA, reasoning that the referendum functioned as a “policy, standard, or condition” that imposed a prohibited “moratorium or similar restriction or limitation on housing development.” The court further concluded that state housing law preemption may apply to voter actions as well as to local legislative bodies. However, this decision is not a binding appellate precedent and was based on a referendum that directly reversed a rezoning, leaving open questions about how the HCA applies to other types of project-specific referenda.

As a result, while referenda may ultimately be subject to challenge where they conflict with state housing laws, they can still introduce delay, litigation risk, and uncertainty for projects that rely on legislative approvals. In practice, the potential for a referendum may influence project design, timing, or feasibility, even where the underlying legal authority of the referendum is unsettled.

This Bill: This bill expands the provisions of the HCA to further limit local actions that constrain housing development and apply it to voter-approved measures. This bill defines “moratorium or similar restriction or limitation on housing development” to include, but not be limited to, the electorate exercising its referendum power in a manner that extends an existing moratorium or similar restriction, and defines “sphere of influence” by reference to a plan adopted by a LAFCO. It also relocates the definition of “reducing the intensity of land use” to the HCA’s general definitions section, and provides that an affected city or county may not enact *or impose* a development policy, standard, or condition that would violate the HCA. This bill further expands the prohibition on imposing a moratorium or similar restriction on housing development to apply within the sphere of influence of an affected city, not just within its jurisdictional boundaries.

Importantly, this bill addresses the use of local voter measures by providing that an affected city or county shall not enforce an initiative or referendum imposing a moratorium or similar restriction or limitation on housing development unless the measure is submitted to, and approved by, the HCD. HCD may approve such a measure only if it determines that the initiative or referendum would not restrict or limit housing development, including mixed-use development, and a measure denied approval is deemed void. Finally, the bill applies a three-year statute of limitations, pursuant to California Code of Civil Procedure Section 338(a), to actions or special proceedings brought to enforce the provisions of the HCA.

Arguments in Support: Believe in Chico LLC and Gullon-Brouhard Commercial Real Estate write in support: “As California continues to confront a severe and persistent housing shortage, the effectiveness of existing statutory tools depends not only on their intent, but on their clarity and enforceability in practice. While Government Code section 66300 prohibits local policies that impose a “moratorium or similar restriction or limitation on housing development,” recent experience has demonstrated that ambiguity in this language has allowed for inconsistent interpretations that undermine the statute’s purpose.

In particular, there has been increasing reliance on referendum processes to delay or obstruct housing developments that would otherwise proceed under existing law. As recognized in NRF Project Owner LLC v. City of Oceanside, such actions can operate as functional moratoria, directly conflicting with the Housing Crisis Act’s prohibition on measures that constrain housing supply. AB 2676 appropriately codifies this principle, ensuring that the statute is applied consistently and that procedural mechanisms are not used to circumvent state housing law.

Equally important, AB 2676 addresses uncertainty surrounding the statute of limitations applicable to private enforcement actions. Inconsistent interpretations in this area have treated unnecessary procedural disputes, delaying resolution on the merits and increasing the cost and complexity of enforcement. By clarifying these timelines, AB 2676 will help ensure that the Housing Crisis Act can be implemented efficiently and predictably, consistent with legislative intent.”

Arguments in Opposition: The Equitable Land Use Alliance writes in opposition: “Laws prohibit local agencies from “reducing the intensity of land use” through changes to zoning ordinances, including reductions in building height limits, increases in setback requirements, minimum frontage requirements, increased open space, and any other action that would reduce a site's residential capacity. ELUA objects to this bill's expansion of that state mandate. There may be cases where fire departments are unable to maximally serve such projects due to heights, or where different setbacks are necessary for safety. There is an exception for safety, but the laws explicitly require that exception to be "construed narrowly," and local jurisdictions, in fear of HCD/builder's remedy, are likely to err on the side of approval as opposed to preserving safety and health.

ELUA opposes the further erosion of local control, because the state does not understand the nuances of every local parcel.

In addition, the bill makes it less likely that responsible local jurisdictions will implement higher density zoning through their normal processes. “

Committee Amendments: The Committee may wish to consider the following amendment:

- 1) Add language giving HCD authority to void initiatives or referendums upon finding them inconsistent with the HCA, bringing this portion of the bill into conformity with the author's intent.

66300(b)(1)(B)(ii) The affected county or affected city, as applicable, shall not enforce an initiative, referendum, or zoning ordinance imposing a moratorium or other similar restriction on or limitation of housing development until it has submitted the initiative, referendum, or ordinance to, and received approval from, the department. The department shall approve an initiative, referendum, or zoning ordinance submitted to it pursuant to this subparagraph only if it determines that the initiative, referendum, or zoning ordinance satisfies the requirements of this subparagraph. If the department denies approval of an initiative, referendum, or zoning ordinance imposing a moratorium or similar restriction or limitation on housing development as inconsistent with this subparagraph, that **initiative, referendum or** ordinance shall be deemed void.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, made permanent the provisions of the HCA.

SB 8 (Skinner) Chapter 161, Statutes of 2021, extended and clarified the HCA, primarily by extending its sunset from 2025 to 2030 and expanding its protections (including vesting and applicability) to a broader range of housing development projects

SB 330 (Skinner) Chapter 654, Statutes of 2020, SB 330 established the Housing Crisis Act of 2019, which, among other things, would prohibit an affected city or county, with respect to land where housing is an allowable use, from enacting a development policy, standard, or condition that would impose a moratorium or similar restriction or limitation on housing development.

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

Believe in Chico LLC
Guillen-Brouhard Commercial Real Estate

Opposition

Equitable Land Use Alliance

Oppose Unless Amended

Families and Homes San Jose

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