

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2676 (Gallagher) – As Amended April 9, 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. Specifically, **this bill:**

- 1) Defines, for purposes of the HCA, the following terms:
 - a) “Moratorium or similar restriction or limitation on housing development” includes, but is not limited to, the electorate of an affected county or city exercising its referendum power in a manner that has the effect of extending an existing moratorium or similar restriction or limitation on housing development.
 - b) “Sphere of influence” means 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 subdivision that defines terms for the HCA.
- 3) Expands existing prohibitions by providing that an affected city or county shall not impose, in addition to “enact” in existing law, 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) Specifies that an affected city or affected county is prohibited from imposing or enforcing design standards established on or after January 1, 2020 that are not object standards on a housing development project.
- 8) 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.

- 9) Provides that it is the intent of the Legislation that the amendments made by this bill operate retroactively to any pending action or proceeding.
- 10) Finds and declares that the provision of adequate housing, in light of the severe shortage of housing at all income levels in this state, is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities.
- 11) Proves 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.
- 12) Makes other technical 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: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Background.** The California Constitution allows cities and counties to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public—including land use authority.

Cities and counties use their police power to enact zoning ordinances that shape development, such as setting maximum heights and densities for housing units, minimum numbers of required parking spaces, setbacks to preserve privacy, lot coverage ratios to increase open space, and others. These ordinances can also include conditions on development to address aesthetics, community impacts, or other particular site-specific considerations. Zoning ordinances and other development decisions must be consistent with the city or county’s general plan.

- 2) **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.

- 3) **Local Government Boundaries.** The Legislature has the authority to create, dissolve, or otherwise modify the boundaries and services of local governments. Beginning in 1963, the Legislature delegated the ongoing responsibility to control the boundaries of cities, county service areas, and most special districts to LAFCOs in each county. The responsibilities and authority of LAFCOs have been modified in subsequent legislation, including a major revision of the LAFCO statutes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). The courts often refer to LAFCOs as the Legislature’s watchdog over boundary changes.

Local governments can only exercise their powers and provide services where LAFCO allows them to. LAFCOs’ boundary decisions must be consistent with spheres of influence (SOIs) that LAFCOs adopt to show the future boundaries and service areas of the cities and special districts. Before LAFCOs can adopt their SOIs, they must prepare MSRs which analyze population growth, public facilities, and service demands. LAFCOs may also conduct special studies of local governments.

- 4) **Sphere of Influence.** 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 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.

- 5) **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 *NRF 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.

- 6) **Valley’s Edge Specific Plan, August 2021.** Adopted in 2011, and updated in 2017, the City of Chico 2030 General Plan (GP 2030) provides a comprehensive and long-range framework for Chico, California. The Valley’s Edge Specific Plan (VESP) is the blueprint for the planning area within the 1,448 acres identified in the Chico General Plan as the Doe Mill/Honey Run Special Planning Area (SPA). The VESP implements the Chico General Plan by establishing a comprehensive framework for coherent, context sensitive growth and conservation in alignment with the characteristics of the site, the guiding principles, goals, and actions expressed in GP 2030.

According to the VESP, the Valley’s Edge project will provide:

- a) Nearly 700 acres of land dedicated to parks, recreation, preservation, and education.
- b) Approximately 1,400 dwelling units ranging from single-family detached, single-family attached, apartments and 55+ Senior Neighborhoods that will create capacity for approximately 1,400 dwelling units across 670 acres.
- c) Roughly 60 acres of commercial land uses that includes professional and medical office uses, small retail shops and services, and food and beverage.

The Valley’s Edge Specific Plan area is identified in both the Butte County General Plan and the City of Chico General Plan as an area designated to accommodate residential and commercial growth. Existing use is vacant land leased out on a seasonal basis for winter cattle grazing.

On January 3, 2023, the Chico City Council approved Resolution No. 08-23, a resolution to approve an amendment to the General Plan to align the land use designations for the “SPA-5 Do Mill/Honey Run” special planning area with the VESP.

On February 13, 2023, the Chico City Clerk’s Office received referendum petition on Resolution No. 08-23, the general plan amendment to align Chico’s general plan with the VESP, with 6,444 valid signatures. The City Council of the City of Chico called for a special municipal election to be held on March 5, 2024 for the purpose submitting the Valley’s Edge Referendum (Measure O) to the voters of Chico. Measure O needed a simple majority to approve the Valley’s Edge General Plan Amendment. However, almost 63% of voters (15,823 people) voted to reject the Valley’s Edge General Plan Amendments and the measure failed.

- 7) **Author’s Statement and Bill Summary.** 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.”

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. This bill also 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.

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.

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, 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.

This bill is author sponsored.

- 8) **Previous Legislation.** AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, made permanent the provisions of the HCA.

SB 838 (Durazo), Chapter 789, Statutes of 2025, revised the definition of “housing development” in the HAA to exclude projects that include any hotel or motel space in the commercial portion of a project.

SB 8 (Skinner), Chapter 161, Statutes of 2021, extended the sunset of the HCA of 2019 until January 1, 2030; provided that, until January 1, 2034, the HCA’s provisions apply to housing development projects that have submitted a preliminary application before January 1, 2030; extended the vesting provisions of the HCA for an additional year for affordable housing; revised some of the HCA’s demolition protections; and made other changes.

SB 330 (Skinner), Chapter 654, Statutes of 2019, established the Housing Crisis Act of 2019 which placed restrictions on certain types of development standards until January 1, 2025, amends the HAA and makes changes to local approval processes and the Permit Streamlining Act.

- 9) **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.”

- 10) **Arguments in Opposition.** The Equitable Land Use Alliance (ELUA) has an “opposed unless amended” position and writes, “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.”

- 11) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on 11-0 vote on April 8, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

Believe in Chico LLC
California Apartment Association
California YIMBY
Guillen-Brouhard Commercial Real Estate
North State Building Industry Association
San Francisco Bay Area Planning and Urban Research Association (SPUR)

Opposition

Equitable Land Use Alliance (ELUA)
Families and Homes San Jose (Unless Amended)

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