
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 650 (Papan) - Planning and zoning: housing element: regional housing needs allocation

Version: April 24, 2025

Urgency: No

Hearing Date: July 14, 2025

Policy Vote: HOUSING 11 - 0

Mandate: Yes

Consultant: Mark McKenzie

Bill Summary: AB 650 would require the Department of Housing and Community Development (HCD), if it finds a local agency's draft or adopted housing element is not in substantial compliance, to identify and explain specific deficiencies and to provide the specific analysis or text to the local agency that would bring the housing element into compliance, as specified. The bill would also extend various timelines in the process for determining and allocating regional housing needs, as specified.

Fiscal Impact:

- HCD estimates ongoing costs of approximately \$11.1 million annually for 52.0 PY of new staff as a result of the bill shifting core responsibilities for identifying and correcting deficiencies in local agencies' housing elements from cities and counties to HCD. Additional staff would be needed to research local conditions such as site availability, zoning ordinances, and demographic trends, to draft housing element content tailored to each jurisdiction, to conduct stakeholder outreach with developers, experts, and community members, and lead public engagement in order to provide the required feedback to local governments. (General Fund)
- HCD indicates that any costs associated with earlier consultation with regional councils of government (COGs) and determining each region's existing and projected housing deed would be minor and absorbable (General Fund). Staff notes that, in the most recent housing element cycle, HCD moved up the consultation timeline with the state's largest COGs by an additional year, consistent with the requirements of this bill.
- By imposing new duties on regional COGs and revising the process for local agencies to remedy deficiencies in their housing elements, the bill creates a state-mandated local program. Any additional costs to COGs would be minor, and staff notes that COGs are not eligible for reimbursement from the state for costs associated with new mandates or higher levels of service. Local agencies would likely experience overall cost savings by requiring HCD to identify housing element deficiencies and to provide specific text or analysis to bring a local agency's housing element into compliance. Any costs incurred by local agencies related to the housing element revisions would not be state-reimbursable because cities and counties have general authority to charge and adjust planning and permitting fees to offset any increased costs associated with this bill. (local funds)

Background: Existing law requires cities and counties to prepare a general plan comprised of seven mandatory elements, including a housing element that identifies

existing and projected housing needs. The housing element must include an inventory of adequate sites zoned for housing at all income levels (very low, low, moderate, and above moderate income) and to accommodate a jurisdiction's share of the regional housing needs that is sufficient to account for population growth and to overcome existing housing deficiencies over the planning period. The regional housing needs assessment (RHNA) process is composed of three main stages: (1) development of regional housing need estimates by HCD and the Department of Finance; (2) allocation of housing within each region by councils of government (COGs), or by HCD in an area not within a COG; and (3) incorporation of RHNA allocations into city and county housing elements. Existing law requires cities and counties with larger populations in urban areas to update their housing elements every eight years, but local agencies in rural areas with smaller populations must complete updates every five years.

For each housing element cycle, the Department of Finance (DOF) provides HCD with a population projection for each region, while each region must also develop projections in conjunction with the development of its regional transportation plan (RTP). Current law requires HCD to meet and consult with each COG 26 months before the housing element due date for jurisdictions within each region, and to share data assumptions and the projected methodology that will be used to produce the RHND. After the consultation, HCD can modify its underlying data and methodology, and make a written determination of the data to be used to produce the final RHND. The COG must then use the RHND to create an allocation methodology (RHNA) that distributes the regional housing need equitably among the cities and counties within the region. Local agencies must incorporate the RHNA into their housing elements.

At least 90 days prior to adopting a revision of its housing element, or at least 60 days prior to adopting a subsequent amendment, a local planning agency must submit the revision or amendment to HCD for review. HCD must review the draft and report its written findings within 90 days of receiving a draft or within 60 days of receiving a subsequent draft amendment. The written findings must include a determination of whether the draft housing element or amendment substantially complies with housing element law. If HCD finds a housing element is not in substantial compliance, the local agency must either change the draft housing element or amendment to bring it into compliance, or adopt the draft element or amendment without changes and include written findings that explain the reasons the local agency believes the element or amendment is in substantial compliance, as specified. Existing law authorizes HCD to notify the Attorney General if it finds a local agency's housing element is not in substantial compliance with housing element law to compel compliance.

Proposed Law: AB 650 would require HCD to identify and explain specific deficiencies in a local agency's draft or adopted housing element that is not substantially compliant with the law, and to provide specific analysis and text to a local agency that would correct any deficiencies. Specifically, this bill would:

- Require HCD to do both of the following in a written communication to a local planning agency if it finds that a draft housing element or draft amendment does not substantially comply with housing element law:
 - Identify and explain the specific deficiencies in the draft element or amendment, including a reference to each provision of housing element law that the draft element or amendment does not comply with.

- Provide the specific analysis or text that HCD expects the planning agency to include in the draft element or amendment to remedy any identified deficiencies.
- Impose similar requirements on HCD when reviewing an adopted housing element or amendment, if a local agency's adopted element or amendment is not in substantial compliance, as specified.

AB 650 would also revise certain timelines in the process for determining and allocating regional housing needs. Specifically, this bill would:

- Extend the time by which HCD, in consultation with each COG, must determine each region's existing and projected housing need from two years to three years, except as specified.
- Require HCD, for cities and counties without a COG, to determine each region's existing and projected housing need at least 30 months (rather than two years) before the scheduled housing element revision, except as specified.
- Extend the time by which HCD must meet and consult with each COG regarding the assumptions and methodology HCD will use to determine the region's regional housing need by one year (from 26 to 38 months prior to the scheduled housing element revision deadline), except as specified.
- Add six months to the following timelines:
 - The time by which two or more cities and a county, or counties, may form a subregional entity to allocate the subregion's RHNA among its members.
 - The time by which a COG must determine the share of RHNA assigned to each delegate subregion, as specified.
 - The time by which each COG or delegate subregion must develop a proposed methodology in consultation with HCD for distributing the RHNA to local governments within the region or subregion, except as specified.
 - The time by which each COG and delegate subregion must distribute a draft RHNA to each local government within the region or subregion and to HCD, based on the adopted methodology, and to publish the draft RHNA on its website, except as specified.

This bill would also specify a deadline of December 31, 2026 for an existing requirement for HCD to develop a standardized reporting format for programs and actions taken to affirmatively further fair housing via the housing element.

Related Legislation: AB 1275 (Elhawary), which is currently pending in this Committee, includes provisions that would, for future housing element cycles, extend the timeframe for HCD to determine the existing and projected housing needs in each region from 2 years to 3 years, and the timeframe for HCD to meet and consult with COGs from 26 months prior to the housing element due date to 38 months prior to that date, as specified.

SB 233 (Seyarto), which is currently pending in the Assembly Local Government Committee, would extend the timeframe for HCD to meet and consult with COGs from 26 months prior to the housing element due date to 38 months prior to that date, beginning with the seventh housing element cycle, as specified. For COGs that have a seventh housing element due in 2028 or earlier, this requirement would be delayed until the eighth housing element cycle.

Staff Comments: HCD indicates that this bill would significantly shift responsibility for preparing compliant housing elements from local jurisdictions to the department, and estimates that new obligations imposed by the bill would require an additional 52.0 PY of staff at a cost of approximately \$11.1 million annually. It is unclear if these resource needs are based on an assumption that HCD would conduct core housing element responsibilities for all local agencies, or some subset of cities and counties local agencies that submit noncompliant housing elements and amendments. It is clear, however, that the bill would impose substantial workload on HCD to provide local agencies with written notification of specific statutory provisions that a local agency's draft or adopted housing element does not comply with, and to provide specific text and analysis that, if adopted, would correct any deficiencies. The bill is intended to facilitate local agencies' timely compliance with housing element law, which would support the production of more housing.

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