
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 670 (Quirk-Silva) - Planning and zoning: housing element: converted affordable housing units

Version: June 23, 2025

Urgency: No

Hearing Date: July 14, 2025

Policy Vote: HOUSING 11 - 0

Mandate: No

Consultant: Mark McKenzie

Bill Summary: AB 670 would require local agencies to include additional information regarding the demolition and replacement of housing units, as specified, in their annual progress reports (APRs) submitted to the Department of Housing and Community Development (HCD), beginning with the report due on April 1, 2027. The bill would also authorize a local agency to count the number of unrestricted multifamily housing units that were converted to long-term, deed-restricted affordable housing units towards meeting the jurisdiction's share of the regional housing need, as reported in its APR, beginning with the report due on April 1, 2027.

Fiscal Impact:

- HCD estimates ongoing costs of approximately \$230,000 1.0 PY of staff and one-time costs of approximately \$100,000 for workload associated with this bill. One-time workload would be required to update the housing element APR form and to update IT systems, while ongoing staff time would be necessary to collect, validate, and store reported data on housing demolition and replacement activity, and to provide technical assistance to local agencies. Staff notes that costs directly attributable to this bill could be lower than HCD's estimates to the extent that multiple APR-related bills are enacted. See Staff Comments. (General Fund)
- Unknown local costs for cities and counties to include additional information in their APRs. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates. (local funds)

Background: Existing law requires cities and counties to prepare a general plan comprised of seven mandatory elements, including a housing element that includes an identification of existing and projected housing needs. The housing element must include an inventory of land suitable for residential development, which is used to identify sites that can be developed for housing within the planning period that is sufficient to meet the regional housing needs for all income levels. Housing elements must be updated every eight years in urban areas, and every five years in more rural areas.

Existing law requires each city and county to submit an APR to HCD and the Governor's Office of Land Use and Climate Innovation (LCI) by April 1 of each year that includes specified information relating to the status and progress of implementing the general plan, including steps taken to meet the jurisdiction's share of regional housing needs pursuant to its housing element. Among this information, cities and counties must

report zoning and rezoning information, specified information regarding density bonuses granted, the number of housing development applications received in the prior year and the number of proposed units included in those developments, the number of units approved and disapproved in the prior year, the number of housing units that were demolished in the prior year, and the net number of new housing units issued a completed entitlement, building permit, or certificate of occupancy in the housing element cycle, and the income category of each unit.

Proposed Law: AB 670 would require local agencies to include additional information regarding the demolition and replacement of housing units in their APRs, and authorize local agencies to count the number of existing multifamily housing units converted to long-term, deed-restricted affordable housing towards meeting their share of the regional housing need. Specifically, this bill would:

- Require a local agency to include the following information in its APR, beginning with the report due to HCD and LCI on April 1, 2027:
 - Whether each housing development application received in the prior year is subject to a replacement housing or relocation assistance obligation pursuant to local, state, or federal law.
 - The total number of replacement units by income level required by local, state, or federal law, and the number, by income level, of replacement housing units entitled, permitted, or issued a certificate of occupancy.
 - A report on the demolition of housing units for any purpose that includes the total number of housing units approved for demolition, the number of units demolished, and the following information for each approved or completed demolition:
 - The location of the approved or completed demolition, as specified.
 - The date the demolition was approved.
 - The total number of rental and ownership units demolished or approved for demolition.
 - The number of protected units, by income-level, demolished or approved for demolition.
 - A description of any relocation assistance provided to displaced occupants pursuant to local, state, or federal law, as specified.
 - A report on replacement housing units required pursuant to local, state, or federal law for approved development projects that are not housing development projects, which includes the following for each applicable project:
 - The approved or proposed relocation of the replacement units, using a unique site identifier, as specified.
 - The entity that is developing the replacement units.
 - The anticipated completion date for the replacement units.
- Authorize a local agency to include in the housing element portion of its APR, beginning with the report due on April 1, 2027, for up to 25% of its regional housing need allocation (RHNA) for low, very low, extremely low, or acutely low income households, the number of units in an existing multifamily building that were converted to affordable housing by imposition of long-term affordability covenants and restrictions. The report must clearly indicate that the units were not newly constructed, and include all relevant project- and unit-level information, as specified.

- Specify the eligibility criteria that must be satisfied in order to be reported as a converted unit that may be counted towards a local agency's RHNA allocation.
- Require the converted units to be reported separately by income level, as specified.

Related Legislation: AB 726 (Avila Farias), which is currently pending in the Senate Housing Committee, would authorize cities and counties to include the number of units of deed-restricted affordable housing that have been substantially rehabilitated in their APRs.

AB 1131 (Ta), which is currently pending in this Committee, would authorize cities and counties to include the number of units approved for congregate housing for the elderly for up to 15% of their RHNA for any income category in their APRs.

Staff Comments: HCD estimates that it would need 1.0 PY of new staff, at a cost of approximately \$230,000 annually, to collect, validate, and store detailed data on housing demolition and replacement activity reported by local agencies in their APRs, and to provide technical assistance to local governments. HCD also estimates one-time costs of approximately \$100,000 to make changes to the APR form and make IT changes to the HCD Connect database to accommodate new data elements. HCD notes that there are multiple bills pending in the Legislature that would revise the information that local agencies incorporate into their APRs, including this bill, as well as AB 726 (Avila Farias) and AB 1131 (Ta), all of which would create ongoing staff workload for HCD's Data and Innovation Unit for new data collection and coordination with local agencies, as well as one-time costs to make changes to the APR form and IT systems. HCD indicates that the staff position and one-time costs noted above should be sufficient to accommodate the workload associated with all of those bills. As such, staff notes that the costs directly attributable to this bill would likely only represent a portion of the one-time and ongoing costs reported by the department if all of the APR-related bills are enacted.

Although Legislative Counsel did not key this bill as a state mandate, it would impose new costs on cities and counties by requiring the inclusion of additional information in their APRs regarding units of new housing, units demolished, and replacement housing units, as specified, beginning with the report due by April 1, 2027. Staff notes, however, that any local costs mandated by this bill would not be subject to state reimbursement because local agencies have the authority to charge and adjust planning and permitting fees as necessary to cover administrative costs. Existing law authorizes planning and zoning fees to "include the costs reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations." Case law and previous decisions by the Commission on State Mandates support the position that local governments' planning costs are not reimbursable when the state imposes new planning mandates.

Recommended Amendments: Staff notes that AB 130 (Budget Committee), Chap. 22/2025, was recently enacted as a Housing budget trailer bill, and included a provision that amended Government Code 65400, which this bill would also amend. This bill should be amended to avoid chaptering out the changes enacted by AB 130.