

CONCURRENCE IN SENATE AMENDMENTS

CSA1 Bill Id:AB 670 Author:(Quirk-Silva)

As Amended Ver:September 5, 2025

Majority vote

SUMMARY

Makes changes to the information that local governments must report in their Annual Progress Report (APR) each year regarding demolished and replacement units, and allows local governments to report the number of units in an existing multifamily building that were converted to affordable housing, as specified, for up to 25% of a jurisdiction's regional housing need allocation (RHNA) for lower income units.

Senate Amendments

- 1) Phase in the bill's requirements beginning with APRs due by April 1, 2027.
- 2) Include chaptering language.

COMMENTS

Annual Progress Reports: Current law requires all local jurisdictions to provide housing information annually to the Department of Housing and Community Development (HCD) via the APR, including the following information from the current housing element cycle:

- 1) The number of housing development applications received, and whether those applications are subject to ministerial or discretionary approval;
- 2) The number of units included in all development applications;
- 3) The number of units approved and disapproved;
- 4) For each income category, the number of net (inclusive of demolished) new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy;
- 5) A unique site identifier (such as APN) for each entitlement, building permit, or certificate of occupancy; and
- 6) The overall progress in meeting its share of RHNA.

It is important to note that APR submission has become a lengthy and involved process for city and county planning staff to undertake each year, and changing components can also prompt HCD to need to reconfigure its existing APR data collection and visualization tools to account for different categories of information. Adding new components to APRs should be considered carefully in light of the additional workload that will be placed on local planning staff or consultants as well as HCD.

This bill adds more specific reporting requirements for demolitions, and the author and sponsors point out that the current reporting on demolitions lacks specificity and better reporting would provide a clearer picture of how many housing units are lost to demolition each year. This bill

also requires reporting of whether development applications trigger replacement housing or relocation assistance obligations, which are not currently required to be reported. The author and sponsors argue this makes it difficult to know whether local governments and developers are complying with various "No Net Loss" provisions of law that require replacement housing and relocation assistance to be provided to displaced residents, and particularly lower income residents, like those in the HCA of 2019, Density Bonus Law, and housing element law.

This bill would also create a pathway for local governments to receive APR and RHNA credit for the conversion and long-term preservation of existing unsubsidized housing, sometimes referred to as naturally occurring affordable housing (NOAH). According to the California Housing Partnership's *Unsubsidized Affordable Homes At-Risk* report from April 2024, "Since mid-2020, an estimated 163,094 homes located in 6,691 multifamily properties which were formerly identified as unsubsidized affordable housing are no longer affordable to low-income households" (pg. 2). These are apartments where at least half of the units previously had rents affordable to households at 80% of AMI, and rents have since increased beyond that threshold. The report further estimates an additional 222,190 homes are at high or very high risk of losing their affordability, the vast majority of which are located in Southern California and the Bay Area. If more of these units can be acquired and preserved, this offers an ideal opportunity to create new deed-restricted homes immediately, as these buildings already exist. In contrast, lengthy financing and construction timelines often delay new affordable housing construction projects and cause them to take many years to be completed.

This bill attempts to incentivize local governments to support efforts to convert and preserve these NOAH units with long-term affordability protections. In order to be eligible to receive this credit, the units would have to meet the following criteria:

- 7) Be in an existing multifamily building not subject to any affordability covenants or restrictions prior to the conversion;
- 8) Be converted to affordable housing by the imposition of long-term affordability covenants and restrictions enforceable by a public entity that require the units to be available at an affordable rent or cost for at least 55 years;
- 9) Ensure that a household residing in the property at the time of conversion is not evicted on the basis of income or other eligibility requirements under the new deed restrictions;
- 10) Ensure any occupants temporarily displaced by rehabilitation or improvements related to the conversion have been provided temporary replacement housing, as necessary;
- 11) Be in decent, safe, and sanitary condition after conversion, including any rehab work; and
- 12) Be subject to a governmental monitoring program to ensure the continued affordability and occupancy by lower income households.

If the units meet all of these criteria, the jurisdiction would have the ability to report them in the APR and receive "credit" for up to 25% of their RHNA for LI, VLI, or for the upcoming 7th housing element cycle, ELI or ALI units. This would be a significant incentive for local governments to identify and support preservation opportunities, as progress toward meeting lower income RHNA is the primary factor determining whether or not the streamlined, ministerial approval process for certain affordable projects established by SB 35 (Wiener,

Chapter 366, Statutes of 2017) and updated in SB 423 (Wiener, Chapter 778, Statutes of 2023) applies to a jurisdiction.

To give local governments and HCD sufficient time to incorporate these new requirements and the new preservation option, the bill includes a one-year delay such that the new requirements will become operational beginning with APRs due by April 1, 2027.

According to the Author

"Preserving affordable housing is not just about protecting buildings. It is also about protecting people, families, and communities. While we continue building new housing, we cannot afford to lose the affordable homes we already have. AB 670 ensures that when we invest in keeping housing affordable, we recognize its value in the fight against displacement and homelessness. Building a more affordable California is not just about what we create, it is about what we refuse to lose."

Arguments in Support

According to Enterprise Community Partners, the Public Interest Law Project, the Association of Bay Area Governments, and the Metropolitan Transportation Commission, the bill's cosponsors, "AB 670 will allow local governments to also report projects that preserve NOAH for the long term by converting existing unsubsidized affordable housing to deed-restricted affordable housing. Jurisdictions will be able to claim credit for up to 25% of their RHNA share in the relevant income category for these types of conversions. To qualify, the preserved units must meet certain requirements to ensure long-term affordability and no displacement of existing tenants. This would help incentivize local governments to support these types of projects, as well as promote a better understanding of where and how these projects are happening. [...] The bill will [also] require local governments to report all demolished units on their APRs, regardless of the reason for the demolition. The APR will also include reporting on whether development project applications triggered a replacement housing or relocation assistance obligation and, if so, how replacement housing and relocation assistance requirements were met. This will generate valuable data about housing units being lost to new development and will help ensure that local governments and developers are complying with legal requirements to replace lost units as a condition of developing a new project and mitigate the impacts of displacement on individuals and families whose homes are demolished to make way for new development."

Arguments in Opposition

According to the California Association of Realtors, "[CAR] will oppose AB 670 (Quirk Silva) until it is amended to ensure that the program: 1) does not permit the conversion of entry level market rate homeownership housing units (i.e., single family homes with ADUs, jr. ADUs, duplexes, triplexes and fourplexes) are not converted into deed restricted corporate ownership; and, 2) is consistent with the state's existing deed restricted affordability restrictions, which are consistently defined throughout California statute and regulation to impose occupancy requirements of 55 years for rental housing units."

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) HCD estimates ongoing costs of approximately \$230,000 for 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 make

necessary IT systems upgrades, 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 staffing and IT costs directly attributable to this bill could be lower than HCD's estimates to the extent that multiple APR-related bills are enacted. (General Fund)

- 2) 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)

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-0-1

YES: Haney, Patterson, Ávila Farías, Caloza, Kalra, Lee, Quirk-Silva, Ta, Wicks, Wilson

ABS, ABST OR NV: Gallagher

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM APPROPRIATIONS: 12-0-3

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta

ABS, ABST OR NV: Sanchez, Dixon, Tangipa

ASSEMBLY FLOOR: 74-0-5

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Chen, Ellis, Macedo, Sanchez, Tangipa

UPDATED

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