

## SENATE THIRD READING

SB 233 (Seyarto)

As Amended June 19, 2025

Majority vote

**SUMMARY**

Revises deadlines for the Department of Housing and Community Development (HCD) to meet and consult with each council of governments (COG) in the regional housing needs determination (RHND) process.

**Major Provisions**

- 1) Revises the deadline for HCD to meet and consult with each COG from at least 26 months prior to the scheduled housing element revision due date for the region, to the following:
  - a) For the seventh revision of the housing element, the applicable of the following:
    - i) At least 26 months prior to the scheduled revision for the Humboldt County Association of Governments, the Lake Area Planning Council, the Mendocino Council of Governments, and the County of Nevada;
    - ii) At least 34 months prior to the scheduled revision for the San Luis Obispo Council of Governments and the Sacramento Area Council of Governments; and
    - iii) For all other COGs other than those in i) and ii) above, at least 38 months prior to the scheduled revision.
  - b) For the eighth and subsequent revisions of the housing element, at least 38 months prior to the scheduled revision of the housing element for the region.

**COMMENTS**

*RHNA and Housing Elements:* The regional housing needs assessment (RHNA) process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next planning cycle. The state is currently in the sixth housing element cycle. The RHND is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income (0-50% of area median income (AMI)), low-income (50-80% of AMI), moderate income (80-120% of AMI), and above moderate income (120% or more of AMI). Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI).

The cycle begins with HCD and the Department of Finance (DOF) projecting new RHND numbers every five or eight years, depending on the region. DOF produces population projections and the COG also develops projections during its Regional Transportation Plan update. Then, 26 months before the housing element due date for the region, HCD must meet and consult with the COG and share the data assumptions and methodology that they will use to produce the RHND. The COG provides HCD with its own regional data on several criteria, including:

- 1) Anticipated household growth associated with projected population increases;
- 2) Household size data and trends in household size;
- 3) The percentage of households that are overcrowded, as defined, and the overcrowding rate for a comparable housing market, as defined;
- 4) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- 5) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs, as specified;
- 6) Other characteristics of the composition of the projected population;
- 7) The relationship between jobs and housing, including any imbalance between jobs and housing;
- 8) The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market, as defined; and
- 9) The loss of units during a declared state of emergency during the planning period immediately preceding the relevant housing element cycle that have yet to be rebuilt or replaced at the time of the data request.

HCD can take this information and use it to modify its own methodology, if it agrees with the data the COG produced, or can reject it if there are other factors or data that HCD feels are better or more accurate. Then, after a consultation with the COG, HCD makes written determinations on the data it is using for each of the factors bulleted above, and provides that information in writing to the COG. HCD uses that data to produce the final RHND, which must be distributed at least two years prior to the region's expected housing element due date. The COG must then take the RHND and create an allocation methodology that distributes the housing need equitably amongst all the local governments in its region. The RHNA methodology is statutorily obligated to further all of the following objectives:

- 1) Increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the regional in an equitable manner, which must result in each jurisdiction receiving an allocation of units for low- and very low-income households;
- 2) Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;
- 3) Promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction;
- 4) Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category; and
- 5) Affirmatively further fair housing.

This bill would generally require HCD to complete its consultation with each COG before producing the region's RHND figures at least 38 months prior to the housing element due date, or one year earlier than required in current law. For the Humboldt County Association of Governments, the Lake Area Planning Council, the Mendocino Council of Governments, and Nevada County, the existing 26-month deadline prior to the housing element due date would remain the same, as their HCD consultations are due to be completed this year before the effective date of this bill.

**According to the Author**

"California is currently in the midst of a crippling housing affordability crisis. According to the Legislative Analyst's Office, in December 2024 monthly payments for a mid-tier home and bottom-tier home had increased by 84% and 88% respectively since January 2020. That is more than 5 times the rate of inflation. Consequently, polling done in September 2024 showed 56% of Californians have considered leaving the state due to high cost of living. Clearly, this affordability crisis demands the Legislature's immediate attention and urgent action. Over the last several years, California has aggressively expanded housing production goals as well as various mandates on local governments to achieve them. However, these local jurisdictions have seen little added support in complying with the state's new housing aspirations. SB 233 recognizes the myriad of recent changes to housing element requirements and seeks to help local governments better plan to meet our state's housing goals by requiring the state to conduct regional need consultation 12 months earlier than current practice."

**Arguments in Support**

According to the Southern California Association of Governments (SCAG), "Under current law, HCD is required to provide a regional determination to a COG at least 26 months before a housing element due date. As such, SB 233 would provide an additional 12 months for COGs to begin working on the Regional Housing Needs Allocation (RHNA) process. This bill would apply to all jurisdictions statewide for their 7th cycle RHNA with the exception of those who have already begun their 7th cycle, including the Humboldt County Association of Governments, the Lake Area Planning Council, the Mendocino Council of Governments, the San Luis Obispo Council of Governments, and the San Diego Association of Governments. It will then apply to all jurisdictions for the 8th and all subsequent cycles. SB 233 would ensure that there is more time available to coordinate with the concurrent Sustainable Communities Strategy, prepare the RHNA methodology, increase local engagement, and allow for additional time for the appeals process."

**Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

According to the Assembly Committee on Appropriations:

HCD anticipates minor and absorbable costs to meet and consult one year earlier with each COG during the RHND process.

**VOTES****SENATE FLOOR: 35-0-5**

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**ABS, ABST OR NV:** Niello, Ochoa Bogh, Reyes, Seyarto, Smallwood-Cuevas

**ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1**

**YES:** Haney, Patterson, Ávila Farías, Caloza, Garcia, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

**ABS, ABST OR NV:** Kalra

**ASM LOCAL GOVERNMENT: 10-0-0**

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

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Jeff Gonzalez, Solache, Ta, Tangipa

**UPDATED**

VERSION: June 19, 2025

CONSULTANT: Nicole Restmeyer / H. & C.D. / (916) 319-2085

FN: 0001203