
SENATE COMMITTEE ON HOUSING
Senator Aisha Wahab, Chair
2025 - 2026 Regular

Bill No:	SB 457	Hearing Date:	1/6/2026
Author:	Becker		
Version:	1/5/2026	Amended	
Urgency:	No	Fiscal:	No
Consultant:	Hank Brady		

SUBJECT: Housing element compliance: committed assistance: in-kind services.

DIGEST: This bill specifies types of “in-kind services” that qualify as “committed assistance” for the purposes of determining the number of housing units a jurisdiction may count toward their adequate sites obligation under Housing Element Law.

ANALYSIS:

Existing law:

- 1) Provides that the fair share of housing for each city and county is determined through the Regional Housing Needs Determination (RHND) and the subsequent Regional Housing Needs Allocation (RHNNA) plan for the region. The law establishes the RHND/RHNNA process as follows: (a) Department of Finance (DOF) and the Department of Housing and Community Development (HCD) develop regional housing needs estimates; (b) COGs allocate housing within each region based on these determinations, and where a COG does not exist, HCD conducts the allocations; and (c) cities and counties incorporate these allocations into their housing elements.
- 2) Requires each city and county to prepare and adopt a General Plan, including a housing element, to guide the future growth of a community. The housing element must include an inventory of land suitable and available for residential development. Where a jurisdiction’s inventory of land suitable for development accommodates the jurisdiction’s share of RHNNA, the jurisdiction must identify actions that will be taken to make adequate sites available during the planning period to accommodate the jurisdiction’s share of RHNNA that is not accommodated on sites in the inventory.

- 3) Authorized HCD to allow jurisdictions to meet up to 25 percent of their requirement to identify adequate sites to accommodate their share of RHNA in their housing element by implementing a “committed assistance program” that rehabilitates or preserves affordable units or converts existing property into affordable housing. Specifically, a committed assistance program must
 - a) Identify the specific sources of funding for committed assistance.
 - b) Indicate the number of affordable units that will be provided and the amount of dedicated funds necessary to develop affordable housing units.
 - c) Demonstrate that the units meet one of the following:
 - i) The units will be substantially rehabilitated with committed assistance from the jurisdiction to prevent imminent loss of housing stock. Jurisdictions must apply long-term affordability covenants to rehabilitated units and meet other conditions.
 - ii) The units are located on foreclosed property or in a multifamily housing complex of three or more units that is acquired with committed assistance from the jurisdiction and converted from nonaffordable housing to affordable housing subject to a long-term affordability covenant.
 - iii) The units will be preserved at affordable housing costs for lower income households through committed assistance from the jurisdiction by acquisition of the unit, or the purchase of affordability covenants for the unit.
 - iv) The unit is as a part of a long-term COVID-19 recovery response through which units in a motel, hotel, or hostel are converted with committed assistance from the city or county from nonresidential to residential for people experiencing homelessness by the acquisition of the unit or purchase of affordability covenants and restrictions for the unit.
 - v) The units are spaces in a mobile home park that are acquired with committed assistance from the jurisdiction that are subject to an agreement to maintain affordability.
- 4) Specifies that “committed assistance” means that the city or county enters into a legally enforceable agreement during the period from the beginning of the projection period until the end of the third year of the planning period that obligates sufficient available funds or other in-kind services to provide the assistance necessary to make the identified units affordable and that requires that the units be made available for occupancy within two years of the execution of the agreement. “Committed assistance” does not include tenant-based rental assistance.

This bill:

- 1) Defines “in-kind services” as a nonmonetary committed assistance provided by a city or county that materially reduces the development costs, or materially facilitates the acquisition, rehabilitation or preservation of units. Specifies that the following activities are a form of in-kind services:
 - a) Reducing, waiving, or subsidizing development and impact fees.
 - b) Provision of predevelopment loans that bear interest at or below the rates authorized in Section 50532 of the Health and Safety Code, with repayment terms that do not exceed those authorized under that section.
 - c) The donation, dedication, or long-term lease of a specific parcel of land, or an existing structure, below-market value, as documented by a qualified, independent appraisal.
 - d) Any additional in-kind services identified in written guidance issued by the Department of Housing and Community Development.
- 2) Makes other technical and nonsubstantive changes to housing element law.

Background

Housing elements. Every city and county in California is required to develop a general plan that outlines the community’s vision of future development through a series of policy statements and goals. A community’s general plan lays the foundation for all future land use decisions, as these decisions must be consistent with the plan. General plans are comprised of several elements that address various land use topics. State law mandates seven elements: land use, circulation (e.g., traffic), housing conservation, open-space, noise, and safety.

Each community’s general plan must include a housing element, which outlines a long-term plan for meeting the community’s existing and projected housing needs. The housing element demonstrates how the community plans to accommodate its “fair share” of its region’s housing needs. Following a staggered schedule, cities and counties located within the territory of a metropolitan planning organization (MPO) must revise their housing elements every eight years, and cities and counties in rural non-MPO regions must revise their housing elements every five years. These five- and eight-year periods are known as the housing element planning period.

In general, a jurisdiction’s housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet its

share of the RHNA, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.

RHND & RHNA process. Before each housing element revision, each community is assigned its fair share of the region's housing need for defined household income levels. Currently local agencies must plan for four separate income categories (very low-, low-, moderate-, and above-moderate income households), beginning in the seventh housing element cycle household income levels will include planning requirements for acutely low- and extremely low- income households. This planning occurs through a two-step process. First, HCD determines the aggregate housing need for the region during the planning period the housing element will cover (RHND); then the COG allocates the regional housing need to each city and county within the region (RHNA).

Sites Identification. In adopting a housing element, jurisdictions are required to prepare an inventory of land suitable and available for residential development. Where the inventory of sites does not include adequate sites to accommodate the housing needs for all household income levels, the jurisdictions housing element must include a program to make sites available during the planning period with appropriate zoning and development standards to accommodate the jurisdictions share of regional housing need that could not be accommodated on the land identified in the inventory. This includes a program to rezone sites within specific timeframes during the housing element period (typically three years for jurisdictions with a timely and compliant housing element).

Adequate Sites Program Alternative. Jurisdictions may satisfy up to 25 percent of their obligation to identify land for development in the housing element by implementing a program to make affordable housing units available through preservation or rehabilitation of existing affordable housing units, as well as conversion of existing property into affordable housing through committed assistance. A jurisdiction may reduce its obligation to identify adequate sites on a one-for-one basis for each unit that is maintained or created through this program of committed assistance.

Comments

- 1) Author's statement. "SB 457 Current law allows for a city to provide up to 25% of their low-income RHNA through the preservation of affordable housing. In order to qualify for receiving credit they must demonstrate that they have entered into a legally enforceable agreement with committed financial assistance or in-kind services substantial enough to make the units

available for occupancy within 2 years of the agreement taking effect. Smaller city governments have sought to pursue in-kind services - such as staff time, fee deferral, waivers or other similar mechanisms where the jurisdiction participates in the conversion, or preservation of the property - to qualify units for meeting HCD requirements. However, HCD does not have any published specific guidance on what constitutes valid “in-kind services” resulting in additional administrative ambiguity. Additionally, community land trusts desire certainty that the assistance they’re offered will facilitate long-term affordability for their communities. This bill will provide statutory clarity around what kinds of activities qualify as “in-kind services” while preserving the ability of HCD to publish guidance as they see fit so that smaller jurisdictions and mission-driven nonprofits can pursue diverse avenues of preserving affordable housing.”

- 2) *RHNA & the Adequate Sites Program Alternative.* The housing element cycle is designed to advance the state’s housing priorities and ensure that sufficient land is zoned for housing development in every jurisdiction. After each jurisdiction receives its fair share allocation through the RHNA process, it must revise its housing elements to accommodate the assigned housing needs. Historically, HCD emphasized new housing construction and did not RHNA credit for rehabilitated units. Jurisdictions argued that the exclusive focus on new construction discouraged development and preservation of affordable housing. In 1997 the Assembly Housing and Community Development Committee led a working group on housing element reform and developed a consensus agreement to allow jurisdictions to count efforts to preserve and rehabilitate affordable housing to count toward a portion of their RHNA obligation, provided that jurisdictions using this alternative demonstrate a level of committed assistance to each unit, and that the preserved and rehabilitated units meet specified criteria. This agreement was codified with the adoption of AB 438 (Torlakson, Chapter 796, Statutes of 1998). The adequate sites program alternative was recently expanded by AB 83 (Committee on Budget, chapter 15, Statutes of 2020) to allow jurisdictions to count affordable units created through project home-key, as well as through HCD grants designed to preserve naturally affordable units in mobile home parks.

The adequate sites program alternative allows jurisdictions to reduce their obligation to zone for new residential construction by making verifiable commitments to maintain existing affordable housing units or convert existing property into affordable housing. HCD maintains an *Adequate Sites Program Alternative Checklist* that jurisdictions can use in preparing their housing

element.¹ Jurisdictions that use the adequate sites program alternative must report on the status of their program implementation to HCD.

- 3) *Committed Assistance.* The adequate sites program alternative requires that local agencies implement verifiable measures of committed assistance for each identified unit. The law strictly defines committed assistance to mean that “the city or county enters into a legally enforceable agreement during the period from the beginning of the projection period until the end of the third year of the planning period that obligates sufficient available funds or *other in-kind services* to provide the assistance necessary to make the identified units affordable and that requires that the units be made available for occupancy within two years of the execution of the agreement. “Committed assistance” does not include tenant-based rental assistance.” (Emphasis added).
- 4) *In-kind services.* This bill seeks to further refine the definition “committed assistance” by defining a list of activities that constitute “in-kind services.” The term “in-kind services” is not currently defined for the purposes of the adequate sites program alternative. The proposed definition in the bill identifies three categories of activities that constitute in-kind services and authorizes HCD to identify other activities that constitute in-kind services. In-kind services are nonmonetary contributions. This bill would define actions to reduce, or waive, or subsidize, development and impact fees as a type of in-kind service. Development and impact fees are typically only assessed on new construction and are thus unlikely to be applicable to efforts to maintain existing affordable housing units or to convert existing property into affordable housing. Additionally, while waiving fees may constitute a form of committed assistance, it is decidedly a type of monetary contribution, and it should not be incorrectly categorized as an “in-kind service.”
- 5) *Committee amendments.* To address the item raised in comment 4), the author has agreed to amend the bill to remove “reducing, waiving, or subsidizing development and impact fees” from the definition of “in-kind services.”
- 6) *Opposition.* Several housing equity advocates and housing development groups opposed a previous version of this bill.

¹ California Department of Housing and Community Development, *Adequate Sites Program Alternative Checklist: Government Code Section 65583.1(c)*, revised August 7, 2020, State of California Business, Consumer Services and Housing Agency, accessed December 15, 2025, https://www.hcd.ca.gov/community-development/building-blocks/site-inventory-analysis/adequate-sites-alternatives/docs/adequate_site_alt_checklist.pdf.

Related/Prior Legislation:

AB 83 (Committee on Budget, Chapter 15, Statutes of 2020) — among other provisions, revised the requirements for a unit to qualify for inclusion in a committed assistance program, including extending the long-term affordability covenants from 40 to 55 years. Additionally, this bill authorized units in a motel, hotel or hostel that are converted from nonresidential to residential units, and spaces in a mobilehome park that are acquired with committed assistance by a jurisdiction, to count toward the adequate sites alternative if specified conditions are met.

AB 438 (Torlakson, Chapter 796, Statutes of 1998) — Allowed jurisdictions to fulfill up to 25% of their affordable housing needs by providing either substantially rehabilitated units, market-rate units that have been converted to affordable units, or federally assisted multi-family units whose affordability has been extended by at least 40 years.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Tuesday December 30th)

SUPPORT:

California Community Land Trust Network
Mountain View Community Land Trust Network

OPPOSITION:

None received (on current version).

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