Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 457 (Becker) – As Amended June 11, 2026

Policy Committee:	Housing and Community Development	Vote:	10 - 1
	Local Government		8 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the Department of Housing and Community Development (HCD) to develop or approve statistical formulas a city or county may use to determine the realistic capacity of housing element inventory sites based on the probability of development.

Specifically, among its major provisions, this bill:

1) Allows specified required housing element analyses to rely on a formula promulgated or approved by HCD (HCD formula).

2) Specifies, if a jurisdiction uses an HCD formula, the jurisdiction has satisfied the related requirements under Housing Element Law, unless it misapplies the formula or relies on faulty data to use the formula.

3) Requires HCD, by January 1, 2028, to either promulgate its own formulas and associated user interfaces or other tools, or approve third-party formulas or tools, for the purposes of determining housing capacity as part of the housing element process.

4) Requires the HCD formulas, associated user interfaces, and tools in item 3, above, to allow a city or county to determine the following:

    a) The realistic capacity of the housing element sites inventory under the regulatory status quo, including a presumptive probability of housing development for each site.

    b) The additional realistic capacity provided through rezoning or removing a governmental constraint, including the presumptive probability of housing development for each site.

    c) The realistic capacity for accessory dwelling units (ADUs).

5) Requires an HCD formula to be based on historical data on the development and redevelopment of a site, statistically related site characteristics, and other specified data, if available, and allows the formula to be limited to specific cities or counties if data availability or other reasonable considerations preclude making the formula universal.

6) Specifies a local agency is not required to use an HCD formula, associated user interface, or tool developed pursuant to this bill.

7) Authorizes HCD to hire economists and data scientists to promulgate the formulas and associated user interfaces or other tools.

8) Excludes the use of an HCD formula, associated user interface, or tool by a city or county from judicial review, except a court may review whether a city or county misapplied the formula or relied on substantially inaccurate, misclassified, or otherwise faulty data.

9) Defines "in kind services" that qualify as committed assistance for the purposes of determining the number of preserved or rehabilitated housing units a jurisdiction may count toward its adequate sites obligation under Housing Element Law to include, but not be limited to, (a) providing low interest predevelopment loans, (b) donating, dedicating, or providing a long-term lease of land, or an existing structure at below-market value, and (c) any additional in-kind services identified in written guidance issued by HCD.

FISCAL EFFECT:

HCD estimates General Fund costs of $1.58 million in fiscal years 2027-28 and 2028-29 for six additional positions, including two data scientists, one economist, two housing element specialists and one application/user interface developer, necessary to meet the requirements of this bill. These positions include staff resources not currently available at HCD, as well as additional support for housing element review tasks, promulgating regulations, providing technical assistance to jurisdictions, and reviewing sites inventories prepared with the new formulas.

In addition, HCD estimates one-time contract costs of $2 million for additional technical support and access to proprietary formulas and tools.

COMMENTS:

1) **Purpose.** According to the author:

> Producing the housing we need in California requires a partnership among the State, local governments and the private, non-profit and for-profit housing developers. [This bill] directs [HCD] to develop or approve statistical formulas which may be used for assessing the realistic capacity of housing element inventory sites by January 1, 2028, in time for the 7th Cycle Housing Element development process. This will resolve ambiguity as to what constitutes "realistic" capacity for both HCD and local jurisdictions when determining whether an analysis is compliant. The current parcel-by-parcel review process has grown burdensome for both local governments and HCD, generating conflict and litigation without improving the quality of site assessments.

This bill is sponsored by the San Francisco Bay Area Planning and Urban Research Association (SPUR) and is supported by the Bay Area Council and others.

2) **Background.** ***Housing Elements***. Existing law requires every city and county to plan for housing needs through the housing element of their general plans, which outlines a long-term strategy for meeting existing and projected housing needs. Each local jurisdiction must adopt

a legally compliant housing element, and receive approval of the housing element from HCD, by the jurisdiction's statutory deadline.

Among other things, a housing element must demonstrate how a jurisdiction plans to accommodate its share of the region's housing needs by identifying an inventory of sites with sufficient capacity to accommodate its share of regional housing needs. If the jurisdiction does not have adequate sites zoned, it must adopt a rezoning program to make additional sites available for housing development.

Probability of Development. In 2020, a group of University of California (UC) researchers published a brief in which the authors asserted that traditional housing element site inventories often overstate likely housing production because they assume vacant and underutilized sites will be developed with housing in the housing element cycle, regardless of market conditions, existing uses, or redevelopment feasibility, even though many jurisdictions historically have not seen those sites develop as anticipated.

The UC authors suggested an alternative approach in which local governments use data and recent development trends to estimate the "probability of development" for sites with housing potential and calibrate site inventories accordingly, particularly in higher-opportunity and higher-demand neighborhoods where redevelopment is more likely to occur.

The UC authors acknowledged that implementing such an approach would create technical and administrative challenges, including the need for more sophisticated local land use data and analytical capacity. They further suggested that HCD would likely need to provide technical assistance, standardized methodologies, or redevelopment probability estimates to support local governments in carrying out the analysis.

This bill requires HCD to develop this alternative approach by January 1, 2028, and allows HCD to contract with outside experts for assistance. The bill does not require a city or county to use HCD's approved formula, but jurisdictions that properly apply the formula will be deemed compliant with the corresponding site inventory requirements.

In-kind Services. Under existing law, a local jurisdiction may provide up to 25% of its share of lower-income regional housing needs through the preservation of affordable housing. To qualify for this credit, the local jurisdiction must demonstrate it has a legally enforceable agreement with committed financial assistance or in-kind services substantial enough to make the units available for occupancy within two years of the agreement taking effect. Neither existing law nor HCD guidance defines "in-kind services." This bill provides a definition.

3) **Opposition.** The bill is opposed by the California Council for Affordable Housing, California Building Industry Association, and California Apartment Association. The author's staff and sponsor indicate they have reached an agreement with the opposition on amendments that address remaining concerns.

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