

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 677 (Wiener) – As Amended June 8, 2026

SENATE VOTE: 24-10

SUBJECT: Land use: housing development approvals: tax-exempt private activity bonds: subdivisions: tentative and final maps: appeals

SUMMARY: Makes a local agency's failure to take certain actions for housing development projects that include the issuance of tax-exempt private activity bonds (PABs) a disapproval of a housing development project under the violation of the Housing Accountability Act (HAA), and prohibits the appeal of subdivisions for housing development projects pursuant to the Subdivision Map Act (SMA) or a local subdivision ordinance, as specified. Specifically, **this bill:**

- 1) Makes a local agency's failure to take any of the following actions related to a housing development project that includes the issuance of tax-exempt PABs, as required by federal Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) regulations, a disapproval of the housing development project under the HAA:
 - a) Holding a public hearing;
 - b) Providing the approval of the applicable elected representative of the governmental unit; or
 - c) Taking any other action required by TEFRA regulations to facilitate the issuance of the PABs for the project.
- 2) Provides that the provisions of 1) shall not require a local agency to take any action that would result in it incurring any financial liability, debt, or obligation.
- 3) Prohibits an interested person from filing an appeal pursuant to the SMA's tentative or final map provisions, or pursuant to a local subdivision ordinance, if all of the following conditions are met:
 - a) The decision of the advisory agency, appeal board, or designated official relates to a map that is part of a housing development project;
 - b) The project is located entirely within either of the following:
 - i) An incorporated city, the boundaries of which include some portion of an urbanized area according to the 2012 U.S. Census Bureau data; or
 - ii) An urbanized area or urban cluster in a county with a population greater than 250,000 based on 2012 U.S. Census Bureau data.
 - c) The project is infill housing, meaning it meets any of the following criteria:

- i) It has previously been developed with an urban use;
 - ii) At least 75% of the perimeter of the site adjoins parcels developed with urban uses;
 - iii) At least 75% of the area within a one-quarter mile radius of the site is developed with urban uses; or
 - iv) For sites with four sides, at least three out of four sides are developed with urban uses and at least 2/3 of the perimeter of the site adjoins parcels developed with urban uses.
- d) The site is not located on any of the following:
- i) An area of the coastal zone where actions taken by a local government on coastal development permits are subject to appeal;
 - ii) An area of the coastal zone that is not subject to a certified local coastal program or certified land use plan;
 - iii) An area of the coastal zone that is vulnerable to five feet of sea level rise;
 - iv) A parcel in the coastal zone that is located on, or within a 100-foot radius of, a wetland, or on prime agricultural land;
 - v) Prime farmland or farmland of statewide importance, or land zoned or designated for agricultural protection or preservation by local ballot measure;
 - vi) Wetlands;
 - vii) A very high fire hazard severity zone or state responsibility area, unless the applicable fire hazard mitigation standards apply;
 - viii) A delineated earthquake fault zone, unless the development complies with applicable seismic protection building code standards;
 - ix) A regulatory floodway, unless the development has received a no-rise certification; or
 - x) Lands under conservation easement; and
- e) Any parcels proposed to be created by the map will be served by a public water system and a municipal sewer system;
- 4) Provides that 3) shall not apply to any of the following:
- a) An applicant, subdivider, tenant in the case of residential conversion projects, or advisory agency otherwise authorized to file an appeal under applicable law; and
 - b) A public agency or a public official acting within the course and scope of their employment.

EXISTING LAW:

FISCAL EFFECT: Unknown.

COMMENTS:

Author’s Statement: According to the author, “To address our housing crisis, we must build more housing, faster. California has taken great strides to zone for more homes and cut red tape for housing development. While state law prohibits appeals for certain entitlement and postentitlement permit approvals, such projects can still have their parcel maps appealed. Moreover, local governments can delay or hold up public tax-exempt financing for affordable housing projects. These delays can result in projects missing financing deadlines and losing out on tax-exempt financing opportunities, killing projects. SB 677 cracks down on frivolous parcel map appeals and delays in approval of tax-exempt financing, ensuring that the state continues accelerating housing production.”

California’s Housing Crisis: California’s housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.² One in three households in the state doesn’t earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state’s highest-cost regions.⁶ As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds \$800,000, effectively locking out many working families from the ownership market.

TEFRA Hearings and PABs: Federal law requires tax-exempt PABs to receive public approval before they may be issued. Commonly referred to as TEFRA approval, this process generally requires a public hearing following reasonable public notice and approval by an applicable

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, Point in Time Counts.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

elected representative. For affordable multifamily housing developments, tax-exempt PABs are a commonly used financing tool and are frequently paired with federal 4% low-income housing tax credits (LIHTC).

Because tax-exempt PABs cannot be issued until the applicable federal requirements, including receiving public agency approval through a TEFRA hearing, have been satisfied, the timing of TEFRA hearings and approvals can affect a project's financing schedule. Affordable housing developments that rely on tax-exempt bonds and associated tax credits are often subject to application deadlines and funding timelines established by state and federal financing programs. Delays in obtaining required approvals may affect a project's ability to proceed within those timelines.

In 2024, the Department of Housing and Community Development's (HCD's) Housing Accountability Unit (HAU) sent a "Letter of Support and Technical Assistance" to the City of Concord after its City Council failed to approve a TEFRA resolution for a 183-unit affordable housing development that had already received its local land use entitlements. In the letter, HCD argued that denying the TEFRA approval could jeopardize the project's tax-exempt bond financing and potentially conflict with the City's housing element commitments and obligations to affirmatively further fair housing. HCD further noted that the TEFRA approval would not make the City responsible for the debts, liabilities, or obligations associated with the bond issuance.

Housing Accountability Act: In 1982, in response to the housing crisis, which was viewed as threatening the economic, environmental, and social quality of life in California, the Legislature enacted the HAA. The purpose of the HAA is to help ensure that a city does not reject or make infeasible housing development projects that contribute to meeting the housing need determined pursuant to Housing Element Law without a thorough analysis of the economic, social, and environmental effects of the action and without complying with the HAA. The HAA restricts a city's ability to disapprove, or require density reductions in, certain types of residential development proposals, including mixed-use projects. The HAA does not preclude a locality from imposing developer fees necessary to provide public services or from requiring a housing development project to comply with objective standards, conditions, and policies appropriate to the locality's share of the regional housing needs assessment.

If a locality denies approval or imposes conditions that have a substantial adverse effect on the viability or affordability of a housing development for very low-, low, or moderate-income households, and the denial or imposition of conditions is subject to a court challenge, the burden is on the local government to show that its decision is consistent with specified written findings. HCD has enforcement authority over the HAA, and HAA violations may be referred to the Attorney General.

Subdivision Map Act Approvals: The SMA governs the division of land into smaller parcels for sale, lease, or financing. Cities and counties implement the SMA through local subdivision ordinances and use the SMA to regulate the design of subdivisions and require public improvements and dedications, including streets, drainage facilities, utility easements, and other infrastructure. Subdivision approvals must be consistent with the local general plan and applicable subdivision standards.

Most subdivisions creating five or more parcels require approval of a tentative map followed by a final map. A tentative map is a discretionary approval that establishes the design of the

subdivision and allows a local agency to evaluate the project's consistency with applicable planning and subdivision requirements and impose conditions of approval. Once the subdivider satisfies those conditions and complies with applicable requirements, the local agency must approve the final map, which is ministerial. Smaller subdivisions creating four or fewer parcels typically use a parcel map process, although local agencies may require a tentative and final map for those projects as well.

Housing developments that include individually owned units, such as condominiums, townhomes, or subdivisions of detached single-family homes, require a subdivision map so that the individual units or lots may be sold separately. Rental housing developments typically do not require a subdivision map because the project remains under single ownership. However, affordable housing and multifamily rental developments may still seek subdivision approvals for financing, ownership, tax credit, operational, or asset management purposes. As a result, rental projects that are otherwise entitled and ready to proceed may remain subject to the SMA process.

This Bill: This bill would make the failure of a local agency to do any of the following actions required by TEFRA regulations for projects that include tax-exempt PABs a disapproval of a housing development project under the HAA:

- Holding a required public hearing;
- Providing the approval of the applicable elected representative of the governmental unit; and
- Taking any other action required by TEFRA regulations to facilitate the issuance of tax-exempt PABs for the housing development project.

This bill specifies that these provisions do not require a local agency to take any action that would result in the agency incurring financial liability, debt, or obligation.

In adding the above list to the definition of “disapprove the housing development project” under the HAA, it would mean that a local agency’s failure to complete required TEFRA actions could trigger the HAA’s existing enforcement mechanisms. HCD may investigate complaints alleging a violation of the HAA and, if it finds that a local agency has violated the HAA, may notify the jurisdiction and attempt to secure compliance. If the violation is not resolved, HCD may refer the matter to the Attorney General, who may bring an action to enforce the HAA. Separately, housing applicants, eligible residents, and housing organizations may bring suit to enforce the HAA. Courts may order a local agency to take action on or approve a project, retain jurisdiction to ensure compliance, award attorney’s fees to prevailing plaintiffs, and impose fines against local agencies that act in bad faith. As a result, this bill would subject local agency compliance with specified federal tax-exempt bond approval procedures to the same enforcement framework that currently applies to other violations of the HAA.

Related to the SMA, this bill would prohibit most third-party appeals to the local legislative body of tentative map, final map, parcel map, and related subdivision decisions for qualifying infill housing projects. Specifically, this bill would bar appeals by interested persons when the map is part of a housing development project located in an urbanized area, meets specified infill criteria, is served by public water and sewer systems, and is not located on specified environmentally sensitive, agricultural, coastal, flood-prone, fire hazard, seismic hazard, or conservation lands. This bill would preserve appeal rights for applicants, subdividers, tenants in residential

conversion projects, advisory agencies otherwise authorized to appeal under existing law, and public agencies or public officials acting within the course and scope of their employment. As a result, qualifying infill housing subdivision maps would generally be insulated from administrative appeals by private third parties.

Policy Considerations: The Committee may wish to consider the following policy considerations:

- 1) **TEFRA Hearings v. Other Required Actions for Affordable Housing Funding.** This bill would add the failure of a local agency to take specific actions required by federal TEFRA regulations for tax-exempt PAB approvals to the definition of a denial under the HAA. While this would address a barrier that some affordable housing developers currently face when assembling their capital stack, it could imply that other types of actions taken by a local government related to an affordable housing project approval or funding are not HAA violations. Some affordable housing advocates are concerned that defining that one specific thing as a denial may have the unintended implication of weakening the argument that other actions related to withholding approval for affordable housing funding are also HAA violations, generally making it harder to argue that these kinds of funding-related actions are a form of denying a project. When statute enumerates a specific thing as prohibited, the implication may be that anything not enumerated in statute is not prohibited.
- 2) **SMA Appeal Urban Area Definition.** This bill prohibits appeals of tentative maps, final maps, and maps in accordance with local subdivision ordinances for infill housing development projects in “urbanized areas” and “urban clusters,” as designated by the U.S. Census Bureau in 2012. The U.S. Census Bureau has since abandoned those definitions and replaced them with an “urban area” definition.⁷ The Committee may wish to consider an amendment to remove the words “urbanized area,” “urban cluster,” and reference to the 2012 Census data, and replace them with the current “urban area” definition.
- 3) **SMA Appeal Environmental Exemptions.** This bill prohibits appeals of tentative maps, final maps, and maps in accordance with local subdivision ordinances for infill housing development projects in urbanized areas, with certain exceptions. One of those exceptions is for sites with certain environmental criteria, including sites on prime farmland, wetlands, very high fire hazard severity zones (unless fire mitigation measures are in place), within an earthquake fault zone (unless the development complies with certain seismic building standards), regulatory floodways as determined by FEMA (unless the site has received a no-rise certification), and conservation easements. The list of environmental criteria was drawn from Government Code Section 65913.4, as amended by SB 423 (Wiener), Chapter 778, Statutes of 2023. However, the underlying policy rationale behind limiting appeals of subdivision decisions is inherently different than the policy rationale behind the SB 423 environmental exclusion criteria used in land use streamlining bills. As such, the Committee may wish to consider removing the cross-references to the SB 423 statute and spelling out the environmental areas where this bill cannot be used instead.

Gutted. This bill was gutted and amended into a new policy in June of 2026.

⁷ <https://www.census.gov/newsroom/blogs/random-samplings/2022/12/redefining-urban-areas-following-2020-census.html>

Committee Amendments: The Committee may wish to consider the following amendments to Section 3 of the bill (GOV 66452.8):

- 1) Changing “urbanized area” and “urban cluster” according to the 2012 U.S. Census definition to the current U.S. Census definition of “urban area.
- 2) Deleting the cross reference to 65913.4(a)(6) in 66452.8(a)(4) and instead spelling out the areas where these SMA appeal provisions cannot be used.

Arguments in Support: The Housing Action Coalition, California YIMBY, California Council for Affordable Housing, and Mission Housing Development Corporation write in support: “While the state has enacted a range of streamlined approval processes and timelines to approve, finance, and build housing, significant loopholes remain. Project opponents can file frivolous parcel map appeals – even against projects that are otherwise fully streamlined – causing costly and unpredictable delays. Separately, local governments can withhold TEFRA approvals required under federal law for tax-exempt private activity bond financing, causing critical affordable housing financing to fall through entirely.

These delays fall hardest on affordable housing developers. Affordable projects are often structured around multiple, time-sensitive funding streams – including tax-exempt bonds, Low Income Housing Tax Credits, and competitive grants. Even a short delay caused by a frivolous map appeal can force a project to miss critical financing deadlines, lose grant funds, or wait for an entirely new funding cycle. Failure to obtain TEFRA approvals can cause bond financing to collapse altogether, threatening projects that serve the lowest-income Californians.

SB 677 addresses both of these barriers. The bill prohibits tentative map, final map, and parcel map appeals for maps related to housing development projects in specified urban infill areas, closing the loophole that allows project opponents to weaponize the map appeal process against otherwise-qualifying housing. The bill further provides that a local agency’s failure to provide approvals required by federal law – including TEFRA approvals – constitutes a housing disapproval under the Housing Accountability Act, creating meaningful accountability for local inaction.”

Arguments in Opposition: The Equitable Land Use Alliance writes in opposition: “The current SB-677 bill expands the definition of “disapproval” with regard to a tax-exempt private activity bond and assumes that local agencies are purposefully trying to stall the process of issuing bonds used by developers for building affordable units. Instead, legitimate reasons are being ignored (ie: delay in Federal funding or local zoning challenges). As this bill modifies the Housing and Accountability Act (HAA), we are concerned that legitimate delays could inadvertently trigger unnecessary lawsuits.

In addition SB 677 creates an exception to the Subdivision Map Act, limiting third-party appeals, or in essence appeals by the public to challenge property division maps. This removes legitimate democratic rights especially when a development project is too large as to threaten fire evacuation routes in Extremely High Fire Hazard Severity Zones as per CalFire. Many local jurisdictions already feel threatened to approve projects and reject their own fire evacuation plans such as the issue with the South Harmony Grove project which threatens to essentially double the population in a small northern San Diego community that currently has a one route egress. The public should retain their ability to challenge a decision made by the local jurisdiction to allow fairness to protect their homes in such cases.”

Related Legislation:

AB 1114 (Haney), Chapter 753, Statutes of 2023, prohibited appeals of postentitlement phase permits, a practice that effectively only occurred in the City and County of San Francisco.

SB 423 (Wiener), Chapter 778, Statutes of 2023, refined a streamlined, ministerial housing approvals process in jurisdictions falling short of their housing targets, with exclusions for proposed developments on sites meeting certain environmental criteria.

Double-Referred: This bill was also referred to the Assembly Local Government Committee, where it will be heard should it pass out of this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Council for Affordable Housing (Sponsor)
California YIMBY (Sponsor)
Housing Action Coalition (Sponsor)
Mission Housing Development Corporation (Sponsor)
Council of Infill Builders
Cypress Equity Investments
East Bay YIMBY
Grow the Richmond
MidPen Housing Corporation
Monterey Peninsula YIMBY
Mountain View YIMBY
Napa-solano for Everyone
Northern Neighbors Sf
Peninsula for Everyone
San Francisco YIMBY
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
South Bay YIMBY
Ventura County YIMBY
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY SLO

Opposition

Equitable Land Use Alliance
Save Lafayette
Wake Up California

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