SENATE THIRD READING
SB 677 (Wiener)
As Amended July 7, 2026
Majority vote

SUMMARY

Prohibits an interested person from appealing a parcel map for a housing development project on an urban infill site, and authorizes the State Treasurer to enter the state into a Joint Powers Authority (JPA) for federal tax-related purposes, including to provide federally required bond issuance approvals for affordable housing projects that have been awarded tax-exempt private activity bonds (PABs).

Major Provisions

1) Authorizes the State Treasurer, on behalf of the state, to execute an agreement including the state as a member of a JPA without obtaining approval from the Department of General Services (DGS).

2) Authorizes the State Treasurer, on behalf of the state, to provide any approval, consent, or other action, including approvals required by federal tax law, related to the issuance of bonds to finance qualified residential rental projects or other affordable multifamily rental housing, including, but not limited to, tax exempt PABs and tax exempt obligations, as well as tax exempt multifamily housing revenue bonds issued by a city, county, or city and county pursuant to existing law.

3) Specifies, for the purposes of item 2, above, "city," "county," and "city and county" are deemed to include the state when the state is a member of a JPA, and the State Treasurer, on behalf of the state, may provide the applicable approval, consent, or other action with respect to the issuance of bonds. Any approval, consent, or other action by the State Treasurer constitutes the approval or other action of the city, county, or city and county.

4) Prohibits an interested person from filing an appeal pursuant to specified provisions of the Subdivision Map Act (SMA) regarding parcel, tentative, or final map provisions, if the map relates to a housing development project that is located entirely in an urban area and meets specified infill criteria, is serviced by public water and sewer systems, and is not located on sensitive land, including prime farmland, wetlands, very high fire hazard severity zones, lands under conservation easements, or land in certain areas of the coastal zone.

5) Provides the prohibition in item 4, above, does not apply to an applicant, subdivider, tenant in the case of residential conversion projects, or advisory agency otherwise authorized to file an appeal under applicable law, as well as a public agency or a public official acting within the course and scope of their employment.

COMMENTS

JPAs. Existing law, the Joint Exercise of Powers Act, authorizes two or more public agencies, by agreement, to form a JPA to exercise any power common to the contracting parties. Existing law authorizes, among other entities, the federal government, the state, a county, city, or special district, a federally recognized Indian tribe, or any JPA to enter into a JPA. Existing law requires DGS approval of certain JPAs that include the state as a member.

Existing law authorizes a JPA to issue revenue bonds to pay the costs and expenses of acquiring, constructing, or conducting a program for low-income housing projects owned or operated by a city, county or housing authority. Existing law designates the State Treasurer and the Secretary of State as elected representatives for federal tax purposes of a JPA created to approve or certify the issuance of bonds or other indebtedness issued by or on behalf of the JPA to the extent approval is required by federal tax law.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). TEFRA requires tax-exempt PABs to receive public approval before they may be issued. "TEFRA approval" generally requires a public hearing following reasonable public notice and approval by an applicable 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 applicable federal requirements, including public agency approval through a TEFRA hearing, have been satisfied, delays in obtaining required TEFRA approvals may affect a project's financing schedule and a project's ability to proceed within required federal and state timelines.

To prevent affordable housing project delays due to delayed TEFRA approvals, this bill authorizes the State Treasurer to enter the state into a JPA for federal tax purposes, including providing federally required TEFRA approvals for affordable housing projects that have been awarded tax-exempt PABs.

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 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 lands under conservation easement. 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.

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.″

Arguments in Support

The California Home Building Alliance writes in support: ″While current housing law establishes various streamlined approval processes and timelines to approve, finance, and build housing, various loopholes remain that allow project opponents to file frivolous map appeals – even for projects that are otherwise streamlined – and empower local governments to withhold critical approvals for tax-exempt private activity bond issuances.

Delays from map appeals risk project financing timelines for market rate and affordable housing alike. Delays can be particularly onerous on grant-funded projects or projects with expiring tax-exempt financing. Even a relatively short map appeal delay can force a project to wait until future grant cycles. Also, failure to provide federally required bond approvals can make critical financing for affordable housing projects fall through.

SB 677 addresses these issues by prohibiting tentative map, final map, and parcel map appeals for maps related to housing development projects in specified urban infill areas.

California is enduring an acute housing shortage. SB 677 helps streamline processes for building and financing housing at all income levels to help address this shortage and affordability crisis.″

Arguments in Opposition

The California Native Plant Society, Endangered Habitats League, California Habitat Conservation Planning Coalition, Green Foothills, Planning and Conservation League, and Center for Biological Diversity write in an oppose unless amended position: ″While SB 677 is intended to streamline housing approvals by eliminating certain third-party administrative appeals of subdivision map decisions, the bill may unintentionally increase public costs rather than reduce them. Administrative appeals provide an inexpensive local process for correcting factual and legal errors before subdivision approvals become final. Eliminating that opportunity for projects affecting sensitive habitat is likely to shift disputes into court, where the costs to local governments, project applicants, and the judicial system are substantially greater.

Accordingly, we respectfully request that SB 677 be amended to exclude from the appeal exemption projects located on:

1) Lands identified for conservation in an adopted Natural Community Conservation Plan pursuant to the Natural Community Conservation Planning Act (Fish & G. Code, § 2800 et seq.), a Habitat Conservation Plan pursuant to the federal Endangered Species Act, or another adopted natural resource protection plan.

2) Habitat supporting candidate, sensitive, special-status, threatened, endangered, or fully protected species protected under state or federal law, including the California Endangered Species Act and the Native Plant Protection Act.″

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

1) Ongoing General Fund costs to the State Treasurer′s Office are likely minor and absorbable.

2) Local costs of an unknown, but likely minor amount to cities and counites to revise parcel map appeals criteria. These costs are not reimbursable by the state because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates.

VOTES

SENATE FLOOR: 24-10-6
YES: Arreguín, Ashby, Becker, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Blakespear, Choi, Grove, Jones, Niello, Seyarto, Smallwood-Cuevas, Strickland, Valladares
ABS, ABST OR NV: Allen, Archuleta, Dahle, Gonzalez, Menjivar, Stern

ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1
YES: Haney, Ávila Farías, Caloza, Garcia, Kalra, Lee, Ward, Ta, Tangipa, Wicks, Wilson
ABS, ABST OR NV: Patterson

ASM LOCAL GOVERNMENT: 9-0-1
YES: Carrillo, Ta, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson
ABS, ABST OR NV: Johnson

ASM APPROPRIATIONS: 14-1-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa
NO: Dixon

UPDATED

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