
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 967 (Blakespear) - Planning and zoning: housing element: interim housing units: acutely low income households

Version: March 26, 2026
Urgency: No
Hearing Date: April 27, 2026

Policy Vote: HOUSING 7 - 0
Mandate: No
Consultant: Mark McKenzie

Bill Summary: SB 967 would authorize cities and counties that have met or exceeded their need for emergency shelter capacity to include information on their annual progress reports (APRs) regarding the number of interim housing units that have been approved, and require the Department of Housing and Community Development (HCD) to allow approved interim housing units to account for up to 50% of a city's or county's share of the regional housing need for acutely low-income (ALI) households, as specified.

Fiscal Impact:

- One-time HCD costs of approximately \$400,000 in contract expenses to develop a new methodology to calculate interim and transitional housing needs for each region and adjust regional housing need determinations (RHND) accordingly. (General Fund)
- Ongoing HCD costs, likely in the high hundreds of thousands of dollars, for 3.0-4.0 PY of new staff in the Housing Element Division to address new and more complex workload of incorporating interim housing into a process designed to assess and plan for long-term permanent housing. The scope of this workload would vary based on the level of technical assistance required to support local jurisdictions in implementing these changes and integrating interim housing into existing planning and reporting processes, including HCD's internal processes. (General Fund)

Background: Existing law requires cities and counties to prepare a general plan comprised of seven mandatory elements, including a housing element that identifies existing and projected housing needs. The housing element must include an inventory of adequate sites zoned for housing at all income levels and to accommodate a jurisdiction's share of the regional housing needs that is sufficient to account for population growth and to overcome existing housing deficiencies over the planning period. The regional housing needs assessment (RHNA) process is composed of three main stages: (1) development of regional housing need estimates by HCD and the Department of Finance; (2) allocation of housing within each region by councils of government (COGs), or by HCD in an area not within a COG; and (3) incorporation of RHNA allocations into city and county housing elements. If the city or county does not have enough sites within its existing inventory of residentially zoned land to accommodate its share of the regional housing needs, it must adopt a program to rezone land within the first three years of the planning period. Beginning with the 7th cycle housing element planning period, cities and counties must include planning for housing for acutely low-income (ALI, 0-15% of area median income) and extremely low-

income (ELI, 0-30% of area median income) households, in addition to other income levels (very low, low, moderate, and above moderate). Housing elements must be updated every eight years in urban areas, and every five years in more rural areas.

The housing element must also include an analysis of any special needs housing, including, among other things, families and persons in need of emergency shelter. It must also identify zones that allow residential, including mixed uses, where emergency shelters and other interim interventions are allowed as a permitted use without a conditional use or other discretionary permit that are suitable for residential uses, as specified. Shelters and interim interventions may be subject to development and management standards that are objective and encourage and facilitate the development of, or conversion to, emergency shelters.

Existing law requires each city and county to submit an APR to HCD and the Governor's Office of Land Use and Climate Innovation (LCI) by April 1 of each year that includes specified information relating to the status and progress of implementing the general plan, including steps taken to meet the jurisdiction's share of regional housing needs pursuant to its housing element. Among this information, cities and counties must report zoning and rezoning information, the number of housing development applications received in the prior year and the number of proposed units included in those developments, the number of units approved and disapproved in the prior year, the number of housing units that were demolished in the prior year, and the net number of new housing units issued a completed entitlement, building permit, or certificate of occupancy in the housing element cycle, and the income category of each unit.

Existing law requires HCD to publish advisory guidance by December 31, 2026 pertaining to the special housing needs for ALI and ELI households and programs to assist in the development of adequate housing to meet the needs of ALI households, as specified. HCD must also issue guidance to be used by COGs to develop a proposed methodology for allocating the regional housing need for ALI and ELI households, as specified.

Proposed Law: SB 1322 would authorize cities and counties that have met or exceeded their need for emergency shelter capacity to include information on their APRs regarding the number of interim housing units that have been approved, and require HCD to allow approved interim housing units to account for up to 50% of a city or county share of the regional housing need for ALI households. Specifically, this bill would:

- Define "interim housing" as a noncongregate and relocatable low barrier navigation center (LBNC), as specified.
- Authorize a city or county that provides committed support for interim housing to report the number of interim housing units receiving support and that are approved in its APR.
- Require a city and county to also include in its APR any interim housing units that are relocated out of the jurisdiction, or that are no longer available for occupancy.
- Require HCDE to allow approved interim housing units to account for up to 50% of the city's or county's share of the regional housing need for ALI households for the planning cycle during which the units are approved. Interim units that are reported as relocated must be removed from the number of units approved to meet the local entity's share of regional housing need for ALI households.

- Specify that the bill would only apply to a city or county that met or exceeded its need for emergency shelter capacity.
- Require HCD to include compliance with the provisions of this bill in specified advisory guidance that must be published by December 31, 2026, including specifying how interim housing that does not meet U.S. Census Bureau guidelines definition of a “housing unit” may be reported in local government APRs.

Related Legislation: SB 866 (Blakespear), which is currently pending in this Committee, would expand the data that certain cities and counties must include in the housing element regarding unhoused populations, as specified.

AB 3093 (Ward), Chap. 282/2024, required, among other things, cities and counties to include in the housing element, beginning with the 7th cycle, planning for housing for ALI and ELI households, in addition to other income levels. The bill also required HCD to publish advisory guidance by December 31, 2026 pertaining to the special housing needs for ALI and ELI households and programs to assist in the development of adequate housing to meet the needs of ALI households, as specified, and to issue guidance for COGs to develop a proposed methodology for allocating the regional housing need for ALI and ELI households.

Staff Comments: According to the Senate Housing Committee’s analysis of this bill: “Evidence shows that the solution to homelessness is providing more habitable, stable, and permanent housing at all income levels, and in particular, more housing affordable to the lowest income earners. While increasing the supply of affordable housing is the priority solution to the homelessness crisis, there can be a spectrum of housing interventions that different levels of governments could offer, depending on the specific needs of the individual or family experiencing homelessness. These interventions range from short-term and interim interventions (such as emergency shelters, tiny home communities, and LBNCs), to long-term, permanent housing interventions (such as housing choice vouchers, rental subsidies, landlord incentives, and permanent housing), to homelessness prevention altogether (such as rapid rehousing and diversion programs). These interventions all play a role in the homelessness response system.” This bill is intended to incentivize local governments to address unsheltered homelessness by meeting local interim housing needs by allowing cities and counties to claim credit for permitted interim housing.

Staff notes that the RHND process has historically been designed to assess and plan for long-term permanent housing needs. HCD indicates that this bill would introduce a fundamentally new process that diverges from the longstanding focus of housing element law, requiring the department to incorporate a short-term, transitional housing type into a framework built around planning for permanent housing development at all income levels.

Staff notes that this bill requires HCD to include in a specified report advice on compliance with this bill, including specifying how interim housing that does not meet U.S. Census Bureau guidelines definition of a “housing unit” may be reported in local government APRs. It is unclear how HCD would comply with this requirement, considering the specified report is due prior to the enactment date of this bill.