2026 Legislative Update

Housing Acceleration Program - Technical Assistance

Note: *This presentation is for informational purposes only.*

October 22, 2026

Agenda

Welcome & Overview

Legislation

- SB 79 Related Bills
- Streamlined Approval
- Density Bonus Law (DBL)
- ADUs & JADUs
- Housing Accountability Act & Streamlined Ministerial Approval Process (SMAP)
- Housing Elements & Annual Progress Reports
- Improvements & Impact Fees
- Funding
- Factory-Built Housing
- RHNA Process & Sustainable Communities Strategies
- Environmental Justice Elements

Failed Legislation

Q&A

Conclusion

Legislative Milestones



Feb 20
Last day for bills to be introduced.



May 29
Last day for each house to pass bills introduced in that house.



Aug 31
Last day for bills to pass both houses.



Sept 30
Last day for the governor to sign/veto.

Key Bills

- **AB 2433** (Density Bonus Law)
- **AB 1751** (Missing Middle Townhome Homeownership Act)
- **AB 956** (ADUs)
- **SB 457** (Housing Elements/ Realistic Capacity Formulas)
- **AB 1457** (EJ Elements)
- **SB 417** (Affordable Housing Bond)

SB 79 Related Bills

Updates to SB 79

- Permanent exemptions apply to:
  - Sites that are governed under the Mobilehome Residency Law, the Recreational Vehicle Park Occupancy Law, the Mobilehome Parks Act, or the Special Occupancy Parks Act from SB 79.
  - Urgency statute, effective immediately upon Governor's signature on July 16, 2026. **(SB 722, Wahab and Wiener)**

- Temporary exclusions apply to:
  - Sites within a historic district listed in the State Historic Resources Inventory and parcels individually listed in the State Historic Resources Inventory, if the historic resource was designated before January 1, 2025.
  - Sites on a local register can still be temporarily excluded through an ordinance. **(AB 2576, Harabedian)**

SB 1361 – Restrictions on Actions to Avoid SB 79 (Durazo)

- Prohibits local governments with existing or planned TOD stops from taking actions to avoid SB 79, including:
  - requesting that a transit agency reduce service,
  - remove a transit stop,
  - remove a dedicated transit lane, or conditioning or withholding approval of, or withdrawing support for funding of a transit project based on the additional height or density SB 79 allows.

Streamlined Approval

AB 2074 – Downtown Housing Developments (Haney)

- Requires cities with a population of at least 400,000 and at least two SB 79 transit-oriented development stops to designate at least one regional transit hub district by July 1, 2027.
- Districts must allow “downtown housing development” under specified height, FAR, and density standards. Qualifying projects with at least 60 units per acre, affordable housing, and required labor and site standards are eligible for streamlined ministerial approval.

AB 1751 - Missing Middle Townhome Ownership Act (Quirk-Silva and Wicks)

- Creates a ministerial approval and streamlined subdivision pathway for for-sale townhome projects of up to 150 units on multifamily or underutilized single-family sites.
- “Townhome development projects” must meet size and density requirements.
- Parcels as small as 600 square feet.
- Average unit size of no more than 1,750 square feet.
- Must achieve at least 75 percent of the applicable Housing Element default density [Gov. Code §65583.2(c)(3)].
- Townhomes are defined as a single-family dwelling up to 3 stories that shares a wall with another single-family dwelling on one or two sides, or is separated by no more than the minimum fire separation requirements.
- Projects with 11 or more units must provide at least 10 percent of units as lower-income housing for 45 years, unless a stronger local inclusionary requirement applies.

AB 1751 - Missing Middle Townhome Ownership Act (Quirk-Silva and Wicks)

- Sites must be zoned to allow multifamily or be underutilized and zoned exclusively for single-family;
- Not located on a site eligible for SB 79 (Gov. Code § 65912.157),
- Not located on a mobilehome or recreational vehicle park
- Not located on a site with a historic resource or contributing structure in a historic district;
- Must be within an urban area, or if outside of an urban area, must be an infill site.
- Must conduct tribal consultation pursuant to Public Resources Code § 21080.66.
- An ordinance to implement this law is exempt from CEQA.

AB 2011 and SB 9 Cleanup

Mixed-Income AB 2011 Projects Along Commercial Corridors

- Objective standards prohibited from restricting mixed-use development as part of projects that are eligible as Mixed-Income Housing Developments Along Commercial Corridors pursuant to Gov. Code § 65912.123. **(AB 2118, Hoover)**

SB 9

- Concurrent processing of applications for SB 9 two-unit projects and urban lot split maps. **(AB 2601, Lee)**
  - Local agencies may still condition permits or occupancy on map approval and recordation. An SB 9 parcel map may include a condominium plan if requested by the subdivider.

SB 684/1123 Cleanup

SB 1116 (Caballero)

- Newly created parcels on multifamily-zoned sites may be as small as 480 or 960 square feet under specified conditions.
- Multifamily-zoned sites are no longer limited to parcels smaller than five acres.
- Local height limits must be based on physical height rather than the number of stories.
- Specified front and interior setback requirements may no longer be imposed.
- These changes apply to applications submitted on or after January 1, 2027; related APR reporting begins April 1, 2028.
- Concurrent processing of housing development or permit applications subdivision maps. **(AB 2601, Lee)**

Density Bonus Law (DBL)

Density Bonus Law: Key Changes from AB 2433

- **Eligibility determination:** Confirm DBL eligibility, bonus amount, and—if requested—the parking ratio once an application is complete.
- **Nondiscretionary approval:** Bonuses, incentives, concessions, and waivers do not require rezoning, a General Plan amendment, or CEQA review.
- **FAR-based bonus:** Allows the density bonus to be calculated as an increase in maximum FAR when supported by a base-density study.
- **For-sale incentives:** Adds two incentives for qualifying for-sale projects.

Density Bonus Law: Other Key Changes

- Allows qualifying nonprofits to purchase affordable for-sale units and resell them to income-eligible households as an alternative to the 180-day sales period. **(AB 939, Schultz)**
- Establishes a new density bonus tier for student housing serving lower- and moderate-income students and revises rent calculations for lower-income student units. **(AB 2480, Ávila Farías)**
- Limits the use of incentives or concessions to modify qualifying local labor standards for buildings taller than 85 feet. **(SB 1383, Arreguín)**

ADUs and JADUs

Overview of Key Changes

- Local agencies must ministerially approve up to two detached, new-construction ADUs of 800 square feet each, but are not required to also approve a JADU on the same lot. **(AB 956, Quirk-Silva)**
- For qualifying ADUs larger than 750 square feet, impact fees apply only to the portion exceeding 750 square feet. **(SB 1117, Cervantes)**

Housing Accountability Act & Streamlined Ministerial Approval Process (SMAP)

Overview of Key Changes

- Modifies Gov. Code Section 65913.4 (SB 35/SB 423) to specify that must be evaluated against the objective standards in effect when the original application was submitted. Subsequent modifications must use the same assumptions and methodology applied to the original application or a prior modification. **(AB 2390, Schiavo)**
- Gov. Code Section 65913.4 (SB 35/SB 423) approval timelines must be extended for litigation involving any modification request, rather than only the first modification. **(AB 2390, Schiavo)**
- The deadline to file a petition under the Housing Accountability Act (Gov. Code Section 65589.5) is extended. **(SB 1072, Committee on Housing)**
- Postentitlement building permit reviews are limited to two rounds, and appeals must be decided within 30 business days for projects of 25 or fewer units and 45 business days for larger projects (Gov. Code Section 65913.3). **(AB 1621, Wilson)**
- Violations of postentitlement permit requirements are enforceable under the Housing Accountability Act (Gov. Code Section 65589.5). **(AB 1621, Wilson)**

SB 1072 – Housing Omnibus Bill (Committee on Housing)

- Makes several housing law updates. Also removes expired provisions and updates statutory references and reporting requirements.
- Extends the Housing Accountability Act (Gov. Code § 65589.5) petition deadline.
- Updates notice requirements for at-risk assisted housing developments.
- Revises farmworker housing tax credit definitions, conforming state low-income housing tax credit law to recent federal changes.
- Makes technical updates to federal Housing Trust Fund and CDBG provisions.

Housing Elements & Annual Progress Reports

SB 457 - Housing Elements/ Realistic Capacity Formulas (Becker)

- **Realistic Capacity Formulas**
  - **Optional formulas:** HCD required to develop or approve optional formulas for estimating the realistic development capacity of Housing Element sites and accessory dwelling units by July 1, 2028.
  - **Limited judicial review:** Use of an approved formula may only be challenged for misapplication or faulty data.
- **Adequate Sites Alternative**
  - Defines qualifying “in-kind services” that may count as committed local assistance for affordable housing to include low-interest predevelopment loans, below-market land or buildings, and other services identified by HCD.

Other Changes to Housing Elements & APRs

- Definition of "target population" in housing element law (Gov. Code § 65582) now includes victims of domestic violence, sexual assault, and human trafficking. **(AB 1573, Bryan)**
- Non-substantive organizational updates to the annual report requirements and consolidates reporting related to surplus land, SB 9 units/urban lot splits, and other housing production data into Gov. Code § 65400. Took effect immediately, on June 30, 2026, as an urgency statute. **(SB 1426, Committee on Housing)**

Improvements & Impact Fees

SB 1014 - Required Onsite and Offsite Improvement Estimates (Grayson)

- Applicants may request a list and good-faith cost estimate of required onsite and offsite improvements, which must be provided within 30 business days.
- Also requires the local agency to provide an itemized list of all required onsite and offsite improvements, within 30 business days of deeming a postretirement phase permit application complete.

SB 1036 - Development Impact Fee Existing Use Credit (Grayson)

- Projects that demolish or change an existing use must receive credit for the demand generated by that use, so impact fees apply only to the new project's incremental demand.
- The same crediting approach applies when calculating changes in water and sewer capacity charges.

Funding

AB 179 – Housing Budget Trailer Bill

- **HHAP extended:** $900M, with new local match requirements (35-70%) and Prohousing requirements for cities over 300,000 and their counties
- **One-Stop Shop:** New Housing Development and Finance Committee (HDFC) consolidates state multifamily programs
- **AHSC split:** Housing funds move to HDFC; infrastructure funds stay with Strategic Growth Council (SGC)
- **Disaster rebuilding:** New CalHFA Disaster Rebuilding Assistance Program
- **Impact fees:** For funding notices after July 1, 2027, fee waivers count in scoring; unwaived fees reduce awards when the city or county is lead applicant
- **Effective immediately** as a budget-related bill

Other Key Funding

- **State housing bond:** An $11.25 billion bond for affordable housing and veterans' home loans will appear on the November 3, 2026, statewide ballot. **(SB 417, Limón and Rivas)**
- **Infrastructure financing:** Local agencies face new limits on blocking special taxes or bonded debt for infrastructure districts serving housing projects with lower- or moderate-income units. **(AB 2397, Ta)**
- **Housing preservation:** A new state program supports the acquisition and rehabilitation of market-rate housing for conversion to long-term affordable housing, subject to appropriations. **(SB 1091, Caballero)**

Factory-Built Housing

Factory-Built Housing

- **Statewide building standards:** Factory-built housing is generally subject only to statewide building standards, while local zoning, setbacks, site development, and design requirements continue to apply. **(AB 1815, Wicks and Quirk-Silva)**
- **Housing-finance programs:** State housing finance agencies must review and update their multifamily program guidelines by July 1, 2027, to facilitate the production and use of factory-built housing. **(AB 2185, Quirk-Silva and Wicks)**

RHNA Process & Sustainable Communities Strategies

AB 2296 - RHNA and Housing Element Schedule Changes (Papan)

- Moves key RHNA milestones to be six months earlier, including
  - Subregional formation: Deadline moves from 28 to 34 months before the Housing Element deadline.
  - RHNA methodology: Proposed methodology must be developed at least 30 months before the Housing Element deadline, rather than 24 months.
  - Draft RHNA allocations: Must be issued at least 24 months before the Housing Element deadline, rather than 18 months.
- Housing Element deadline based on estimated adoption of RTP (not actual adoption)
- Jurisdictions currently on five-year cycles transition to an eight-year cycle with their 8th Cycle Housing Elements due June 30, 2032.

SB 1087 - Sustainable Communities Strategy Updates (Cabaldon)

- **Eight-year cycle:** Sustainable Communities Strategies will follow an eight-year comprehensive update cycle beginning with the first or second RTP adopted on or after January 1, 2028.
- **Four-year progress report:** MPOs must report on implementation progress midway through each cycle.
- **Emissions targets:** New greenhouse gas reduction targets apply for 2035 and 2045.
- **Transportation funding:** State funding is more closely tied to implementation of a CARB-approved Sustainable Communities Strategy or Alternative Planning Strategy.

Environmental Justice Elements

AB 1457 – Environmental Justice Elements (Bryan)

- **New deadline:** Every jurisdiction with a disadvantaged community must adopt an EJ element or policies by **June 30, 2031**
- **New community engagement mandates for EJ elements adopted or updated after June 30, 2027:**
  - At least two public workshops (in-person and online options) at accessible times and places
  - Two other methods (e.g., working with CBOs, advisory committee, surveys, interviews)
  - At least two notification methods in the three most common languages
  - Website with drafts and final EJ Element and meeting info (translated in three languages)
- **Review timelines**:
  - Initial draft at least 90 days before adoption
  - At least 45 days for public comment
  - Revised draft at least 15 days before adoption
- **Summary of public input:** Sent to City Council or Board before adoption (and in the element)

Failed Legislation

Vetoed

AB 1567
(Ta)

Would have allowed up to 15% of RHNA credits to come from elderly congregate/residential care facilities starting in the 7th cycle.

AB 1997
(Lee and Wicks)

Would have required local agencies to approve or disapprove certain housing projects within 30 days after EIR certification, if the project is at least 90% affordable (very low/extremely low income) and has applied for time-sensitive public funding.

Nearly Passed

AB 1903
(Wicks/Wilson)

Construction defect litigation reform.

AB 2415
(Hoover)

SB 79 historic district exemption

AB 2005
(Ahrens)

SB 9 owner-occupancy.

Housing Elements, RHNA, and Fair Housing (AFFH)

Failed Legislation

- **AB 2741 (Muratsuchi):** Would have validated overlay zones for 6th Cycle lower-income rezoning and given HCD-certified elements a grace period after a court invalidation, in response to New Commune v. Redondo Beach. Failed in Assembly Local Government.
- **AB 2002 (Solache):** REAP grants for 7th-cycle planning. Died on the Senate Appropriations suspense file.
- AB 1623 (Davies): would have allowed counting student housing toward lower-income RHNA. Never heard in committee.
- AB 2295 (Johnson): would have counted jointly funded projects toward both jurisdictions' RHNA

Annual Progress Report (APR) Reporting

Failed Legislation

- AB 2351 (Bonta): shelter bed counts. Died on the Assembly Appropriations suspense file.
- AB 2400 (Wallis): suite-style student housing. Never heard in committee.
- SB 1122 (Arreguín): ADU ordinance code section and adoption date. Died on the Senate Appropriations suspense file.

Streamlined Approval (HAA, HCA)

Failed Legislation

- AB 748 (Harabedian): preapproved plan programs for single-family and multifamily residential, with ministerial approval in 30 days. Died on the Senate Appropriations suspense file.
- AB 1710 (Carrillo/Wicks): expansion of HAA vesting and use of its "reasonable person" standard in the Permit Streamlining Act. Died on the Senate Appropriations suspense file.
- AB 2676 (Gallagher): expansion of the Housing Crisis Act's moratorium limits and new statute of limitations. Died in Senate committee.

Building Codes and Building Design

Failed Legislation

- AB 1070 (Ward): working group on building 3–10 unit projects under the residential code. Died on the Senate Appropriations suspense file.
- AB 2252 (Lee/Wicks): single-stair buildings up to 6 stories. Heard in Assembly committee for testimony only, with no vote.
- AB 1771 (Alvarez): HCD study of the on-site manager requirement for buildings with 16+ units. Died on the Assembly Appropriations suspense file.

Other Topics

Failed Legislation

ADUs

- AB 2127 (Johnson): ADUs on lots served by septic systems. The author pulled it from Senate Housing.

Homelessness and social housing

- AB 1708 (Alvarez): HHAP Round 8 and regional homelessness plans. Died on the Assembly Appropriations suspense file.
- AB 2094 (Harabedian/Lee): HCD social housing coordinator. Died on the Assembly Appropriations suspense file.

Financing, adaptive reuse and CEQA

- AB 1003 (Hoover): Prohousing Infrastructure Financing Districts
- AB 2079 (Elhawary): Expansion of the adaptive reuse incentive program. Never heard in committee.
- AB 2552 (Ávila Farías): Payments into the TOD Implementation Fund as CEQA mitigation for VMT. Stalled in Assembly Appropriations.

Special uses and community facilities

- AB 2702 (Flora): Residential care facilities on land owned by religious institutions. The author pulled it.
- AB 1914 (Schiavo/Lee): Local childcare plans. Died on the Senate Appropriations suspense file.

Other Topics

Failed Legislation

Safety Elements SB 1182 (Allen): safety elements must address insurance availability in fire zones. Died on the Senate Appropriations suspense file.

Short-Term Rentals in the Coastal zone

- SB 1318 (Allen): Coastal Commission approval of short-term rental limits. Died on the Senate Appropriations suspense file.

Q&A

Connect with SANDAG's HAP TA Team

Project website: sandag.org/housing

Contact SANDAG
Email: Housing@SANDAG.org