



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

TO: HOUSING AND HOMELESSNESS COMMITTEE DATE: JULY 27, 2026
FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
DEPARTMENT

SUBJECT: 2025/2026 CALIFORNIA HOUSING LEGISLATIVE UPDATE

ISSUE:

Receive and file a summary of the California Legislature's 2025/2026 Housing Bills with an update on the potential impacts for the City of Riverside and provide direction on policy implementation options.

RECOMMENDATIONS:

That the Housing and Homelessness Committee:

1. Receive and file the staff report on the California Legislature's 2025/2026 Housing Bills; and
2. Direct staff to present an update to City Council.

LEGISLATIVE HISTORY:

In 2025, Governor Gavin Newsom signed 39 housing bills to promote housing production across the state by streamlining the approval process, establishing more local accountability, encouraging greater affordability, and allowing for more density. Additionally, three (3) bills (SB 684, SB 1123, and AB 1033) were passed in prior sessions that are discussed herein.

BACKGROUND:

California continues to experience a crisis of housing availability and affordability resulting from a chronic shortage of new housing that has persisted for several decades. The housing shortage is a result of housing production not keeping up with demand for a variety of reasons, including, but not limited to, the following: high land costs, neighborhood opposition to new housing, environmental regulations, intra-state migration, growing income disparity, cost of construction, and local and state regulations.

The housing shortage impacts California's economy, contributes to the homelessness crisis, and results in longer commutes, which increases green-house gas emissions, air pollution, poor health outcomes, and reduces economic productivity. Accordingly, the State of California has identified the shortage of housing as a legislative priority. In September 2025, Governor Newsom signed 39 bills into law addressing the State's housing crisis. A summary of these bills is included as Attachment 1.

The bills generally fall into the following categories: California Environmental Quality Act (CEQA) (3 Bills); Enforcement and Litigation (3 Bills); Permitting Reform (6 Bills); Density (3 Bills); Streamlining (6 Bills); Planning and Housing Element (6 Bills); Constraints and Costs (2 Bills); Affordable Housing (2 Bills); ADUs, Duplexes, and Lot Splits (5 Bills); and Wildfire and Disaster Recovery (3 Bills).

DISCUSSION:

Attachment 1 summarizes the 39 bills signed into law during the 2025/2026 legislative session, with a brief description and hyperlink directly to the Bill language along with an assessment of its potential impact to the City (low, moderate and high). Of the 39 Bills, 15 will have relatively low impacts to the City of Riverside, and 17 will have moderate impacts to the City of Riverside, as they consist mainly of clarifications, expansions to existing legislation, establishing and/or refining of processes, etc. A short summary of the low- and moderate-impact bills is as follows:

LOW IMPACT BILLS	
SB 808	Expedites judicial review of housing development project denials.
SB 786	Reforms housing element law litigation.
AB 87	Makes state density bonus law benefits inapplicable to hotel portions of mixed-use projects.
SB 92	Imposes state density bonus law limits on commercial floor area increases for commercial portions of mixed-use projects.
AB 1021	Expands streamlining for educational agency projects.
AB 457	Expands streamlining for farmworker housing.
SB 838	Makes Housing Accountability Act (HAA) protections inapplicable to hotel portions of mixed-use projects.
AB 893	Extends AB 2011 (of 2022) to student campus development zones.
AB 357	Creates California Coastal Commission streamlining for student housing.
SB 340	Imposes additional processing protections for onsite emergency shelter services.
SB 507	Creates Regional Housing Needs Allocation (RHNA) credit for Tribal housing development.
AB 480	Amends the process for selling low-income housing tax credits (LIHTCs).
AB 462	Streamlines coastal development permit approvals for ADUs located in the coastal zone.
AB 226	Makes new liquidity available for California FAIR Plan Association.
SB 79	Overrides local zoning limitations to allow greater heights and densities for residential development near transit stops. The

	bill implements a tiered system with greater benefits for projects that are close to heavy rail transit or commuter rail with 72 or more trains per day, and lesser benefits for projects close to light rail, commuter rail with 48 to 71 trains per day or bus rapid transit (BRT) lines. Currently, this bill is not applicable to the City, as there are not enough rail stations in Riverside County to qualify. However, this bill could become high-impact in the future if subsequent legislation extends its applicability to counties with fewer than 15 rail stations.
MODERATE IMPACT BILLS	
AB 712	Enhances fines and penalties against local governments for violating housing reform laws.
AB 920	Requires cities or counties with a population of 150,000 or more persons to make a centralized online application portal available on its internet website to applicants for housing development projects for housing projects by January 1, 2030.
SB 489	Requires agencies and local agency formation commissions (LAFCOs) to publish lists of information required of housing projects online.
AB 1007	Shortens responsible agency shot-clock for housing approvals.
AB 253	Establishes a post-entitlement permit approval shot-clock and authorizes applicants to retain private plan checkers for small residential projects.
AB 301	Imposes shot-clock for state agency post-entitlement permits.
AB 1308	Imposes residential permit inspection timelines.
AB 507	Expands streamlining for adaptive reuse projects.
AB 610	Enhances requirements for housing element constraints analysis.
AB 1275	Improves alignment between RHNA and regional transportation plan/sustainable communities strategy (RTP/SCS) planning.
SB 262	Expands "prohousing" designation for "policies that keep people housed."
AB 670	Enhances reporting requirements for demolished units.
AB 1050	Expands the ability of developers to eliminate restrictive covenants that prohibit converting commercial property to residential use.
SB 358	Expands limits on vehicular traffic impact fees for housing projects that limit parking and are near transit and amenities.
AB 1529	Redefines "affordable rent" in affordable housing programs.
AB 818	Requires 10-day approvals for temporary structures.
SB 625	Streamlined redevelopment of structures destroyed in a disaster.

Of the remaining bills, seven have potential for high impacts and can be categorized as ADUs, Duplexes, and Lot Splits and CEQA.

ADUs, Duplexes, and Lot Splits

Four (4) bills under this category have the potential for high impacts on the City of Riverside. These include:

1. *SB 9 and SB 543 (McNerney)* – Accessory Dwelling Units and Junior Accessory Dwelling Units

- A. Under existing law, local agencies must submit a copy of their ADU ordinance to the California Department of Housing and Community Development (HCD) within 60 days of adoption.

This year's SB 9 and SB 543 add a penalty for failing to do so by rendering null and void any local ADU ordinance that is not submitted to HCD within 60 days of adoption. The bills further specify that a local ADU ordinance is null and void if HCD issues findings that the ordinance does not comply with state law and the local agency fails to respond to HCD within 30 days.

- B. SB 543 amends state law to specify that allowable square footage of an ADU or JADU refers to the square footage of "interior livable space."
- C. Development impact fees (such as park fees, public work fees, and Multiple Species Habitat Conservation Plan fees) may no longer be imposed on an ADU that has 750 or fewer square feet of interior livable space or on a JADU with 500 or fewer square feet of interior livable space. ADUs and JADUs smaller than 500 square feet are also exempt from school impact fees.
- D. SB 543 clarifies that combinations of detached and converted ADUs and JADUs are permitted within single lots. In practice, in combination with SB 9, the City may be obligated to allow up to 6 units per single-family lot – two SB 9 units, three ADUs, and one JADU.
- E. ADU applications must now be deemed complete within 15 business days of submittal, or a list of incomplete items must be provided to the applicant. Reviews of resubmittals must be conducted within 15 days. A written appeal process must be implemented for any incompleteness or denial, and a final written determination of the appeal must be provided within 60 business days.
- F. SB 543 also removes the ability of local jurisdictions to impose several development standards on all ADUs, including minimum square footage requirements, maximum square footage requirements that are less than 800 square feet or 1,000 square feet for ADUs that provide more than one bedroom, maximum lot coverage, minimum lot size, setbacks greater than 4 feet, and minimum parking requirements. SB 543 also provides additional height limit provisions based on certain lot characteristics.

2. *AB 1154 (Carillo)* – Junior Accessory Dwelling Units

AB 1154 limits the applicability of "owner-occupancy" conditions on JADUs. Previously, JADUs were required to be occupied by the owner of the parcel for three years; this bill eliminates this provision except in cases where the JADU shares bathroom facilities with the primary dwelling. Local agencies may still require minimum rental periods of 30 days for ADUs and JADUs.

3. *AB 1061(Quirk-Silva)* – Housing Developments: Urban Lot Splits: Historical Resources

Streamlines lot splits and duplexes in historic districts, as long as development does not alter or demolish an existing historic structure.

CEQA

Three (3) bills under this category have the potential for high impacts to the City of Riverside. These include AB 130 (Wicks) – Housing; SB 131 (Wiener) – Public Resources; and SB 158 (Committee on Budget and Fiscal Review) – Land Use.

AB 130 exempts qualifying “infill” housing projects from CEQA, with no wage standard requirements for projects up to 85 feet in height. It also imposes a new 30-day deadline for agencies to act to approve or disapprove qualifying projects. SB 158 clarifies the 30-day shot-clock approval for such projects.

SB 131 constrains CEQA review for housing projects that narrowly fail to qualify for a CEQA exemption. CEQA review for such projects is now limited to the environmental effects caused by the condition that precluded applicability of the CEQA exemption. For example, if a project would otherwise qualify for a CEQA exemption except for a potential environmental impact to air quality, then CEQA review for that project can be limited to evaluating air quality impacts only (rather than all 21 environmental impact topic areas required under full CEQA review).

Taken together, these bills have the potential for high impact to the City of Riverside, as many projects within the City are considered “infill” projects and thus may be eligible for these new CEQA exemptions or streamlining.

POLICY IMPLICATIONS AND DIRECTION

Three (3) bills approved in previous legislative sessions require additional policy direction. The legislature adopted SB 684 (Caballero) in 2023, which streamlined approvals for the construction of up to 10 homes on an existing parcel in multi-family zones. It also amended the Subdivision Map Act to make it easier to split a single parcel into up to 10 individual lots. SB 1123 (Caballero), enacted in 2024 and effective July 1, 2025, extended virtually the same provisions to existing vacant parcels in single-family zones. The City is currently implementing SB 1123 and has already processed several applications under this legislation. Ambiguities have arisen in the following areas where the legislation is unclear, for which Staff are seeking the direction of the Committee:

1. Current legislation explicitly gives Cities the authority to decide on combining ADUs and JADUs with SB 1123 projects. Staff seek policy direction regarding whether ADUs and/or JADUs should be allowed in combination with these projects.
2. In some cases, the approval of an SB 1123 subdivision results in leftover “remainder parcels.” This occurs when a proposed SB 1123 10-lot subdivision would “carve out” an existing single-family residence on its own separate remainder parcel, creating the 10-lot subdivision from the vacant portions of the original lot. These remainder parcels are often smaller than what Zoning requires in terms of lot depth, area, coverage, or similar standards and present development difficulties. Staff seek policy direction regarding whether to adopt special development standards and/or exceptions for such remainder lots.

AB 1033 (Ting) was approved by the Governor in 2023 and went into effect on January 1, 2024. This bill authorizes local agencies to adopt a local ordinance to allow the separate sale of the primary dwelling unit and accessory dwelling unit(s) as condominiums. Staff seek policy direction regarding whether to adopt a local ordinance allowing the separate sale of primary and accessory dwelling units as condominiums, per AB 1033.

Finally, staff seek guidance on how to update the City’s ADU ordinance to comply with changes in State Law. In previous years, the City has updated its ADU ordinance yearly in response to continual changes in State Law and regulatory interpretations promulgated in HCD’s ADU

Handbook, which has final interpretive authority over ADU law which local jurisdictions must follow. HCD updates the ADU Handbook approximately biennially, and the prior two revisions have resulted in significant changes to HCD's formal interpretation of the law with respect to the number of ADUs cities must allow, among other changes. For example, the 2024 edition of the Handbook interpreted the law to require cities to allow one detached ADU; one attached or converted ADU; and one JADU, for a total of three units in addition to an existing primary dwelling; the 2026 edition of the Handbook (Attachment 2) has updated this interpretation to require cities to permit *two* detached ADUs, plus a converted or attached ADU and a JADU, for a total of *four* units in addition to the primary dwelling.

The continual changes to legislation and expanding interpretations of existing law have resulted in numerous conflicts between the City's ordinance, State Law, and HCD regulatory guidance. Since ADUs were introduced, Staff have brought forth updates to the City's ADU ordinance every year as part of regular Omnibus Zoning updates; however, it has become routine for updates to the ADU ordinance to become obsolete shortly after adoption due to new laws or regulatory interpretations.

As a solution to perennially evolving ADU law creating conflicts with the City's adopted ADU ordinance, Staff recommend repealing the existing ADU ordinance and replacing it with a simple reference to State law and the HCD Handbook. At the direction of the Committee, Staff will prepare a Zoning Amendment to implement this change for Planning Commission and Council consideration.

FISCAL IMPACT:

There is no fiscal impact associated with Housing and Homelessness Committee receiving and filing this report and directing staff to present an update to City Council.

Prepared by:	Veronica Hernandez, Senior Planner
Approved by:	Miranda Evans, Community & Economic Development Director
Certified as to availability of funds:	Julie Nemes, Finance Director
Approved by:	Edward Enriquez, Interim City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Summary of 2026 Housing Bills
2. HCD ADU Handbook – January 2026
3. Presentation