

2025 Land Use & Housing Legislative Developments

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The 2025 legislative session continued the recent trend of producing several significant housing and land use measures signed into law. The following legislative update provides a brief summary of the reforms and their associated statutory changes. Unless otherwise noted, the new laws are effective January 1, 2026.

Enacted Laws

- **Senate Bill (SB) 79 Housing Development: Transit-Oriented Development.**

Effective July 1, 2026, SB 79 creates Government Code sections 65912.155 through 65912.162. These new statutes establish higher allowable residential densities within one-half mile of qualifying transit stops, such as train stations and major bus corridors. By directing new housing growth to areas within walking distance of transit stops, the bill also seeks to expand public transit ridership in the State. To accomplish its goals, SB 79 sets minimum housing unit densities and other restrictions on local development standards, such as residential floor area ratios and building height limits near qualifying transit stops, that local agencies may not reduce.

- **Assembly Bill (AB) 36 Housing Elements: Prohousing Designation.**

Existing law requires the Department of Housing and Community Development (HCD) to designate local jurisdictions as prohousing pursuant to emergency regulations adopted by HCD that will remain in effect until permanent regulations are promulgated. AB 36 amends Government Code section 65589.9 to require HCD to issue prohousing designations under *permanent* regulations.

AB 36 also creates a special procedure for “small rural jurisdictions,” defined as cities with fewer than 25,000 residents or counties with fewer than 200,000. In order to minimize the need for such jurisdictions to submit supplementary information to HCD, beginning with the 7th housing element cycle, upon request by a small rural jurisdiction with a compliant housing element, HCD must, to the extent feasible, review the small rural jurisdiction’s housing element materials to evaluate whether the jurisdiction qualifies for the prohousing designation. Once a small rural jurisdiction receives a prohousing designation, they will not have to renew the designation for at least four years.

Prohousing-designated jurisdictions are awarded additional points or preference in the scoring of applications for several state housing grant programs.

- **AB 507 Adaptive Reuse: Streamlining; Incentives.**

Effective July 1, 2026, AB 507 amends Government Code section 65585 and adds new Government Code sections 51299 through 51299.4 to streamline ministerial approval for “adaptive reuse” projects converting (retrofitting and repurposing) existing nonresidential buildings such as office, industrial, and commercial buildings and hotels into new residential housing or mixed uses where certain affordability and labor standards are met and site requirements are satisfied.

The bill authorizes a local agency to adopt an ordinance specifying the process and requirements for an adaptive reuse project, impose objective planning standards and design requirements on such projects, and exempts such an ordinance from California Environmental Quality Act (CEQA).

The bill also provides that adaptive reuse projects meeting the requirements of Government Code section 65658.5, subdivision (b), are exempt from CEQA, and shall not be subject to discretionary approval by the city or county, but are instead subject to the streamlined, ministerial review process described in Government Code section 65658.8.

- **AB 670 Planning and Zoning: Housing Element: Converted Affordable Housing Units.**

City and county planning agencies are familiar with the annual general plan implementation reporting requirements each April. AB 670 amends Government Code section 65400 and adds section 65400.3, addressing additional reporting information for the housing element portion of the annual report due to the Office of Land Use and Climate Innovation and HCD. Beginning with the report due on April 1, 2027, additional detailed information must be included regarding new housing units, demolished units, and replacement units. For the housing element portion of the report, newly added Government Code section 65400.3 authorizes planning agencies to include units in existing multifamily buildings that have been converted to affordable housing with applicable long-term affordability covenant and restrictions for at least 55 years, to meet the agency’s share of regional housing needs for low, very low, extremely low, and acutely low income households.

- **AB 893 Housing Development Projects: Objective Standards; Campus Development Zone.**

AB 893 amends Government Code sections 65912.101, 65912.104, 65912.114, 65912.121, 65912.122, 65912.123, and 65912.124, and adds section 65912.103.5, to expand streamlined, ministerial housing approvals of “campus development zones” under AB 2011 (2022). This legislation targets the student and faculty housing crisis by facilitating mixed-income and affordable housing within a half mile of a University of California, California State University, or California Community College campus. Such housing projects that meet various objective development standards, affordability requirements, and site criteria will be entitled to streamlined ministerial approval on property zoned for commercial uses.

- **AB 1061 Housing Developments: Urban Lot Splits; Historical Resources.**

AB 1061 amends Government Code sections 65852.21 and 66411.7 to facilitate increased housing density in single-family neighborhoods, particularly by addressing barriers posed by historic

preservation designations. This bill is in response to many local agencies designating large areas (including the entire city in some instances) as historic districts to prevent urban lot splits authorized by SB 9 (2021 HOME Act). This bill provides for streamlined review and approval of duplexes and urban lot splits in areas designated as historic districts, as long as the proposed project will not alter, demolish, or impact an existing historic structure.

- **SB 92 Housing Development: Density Bonuses.**

Current density bonus law applies to mixed-use housing projects and provides developers with incentives and concessions in exchange for the project meeting certain requirements. SB 92 amends Government Code section 65915 to refine the density bonus law to address a perceived loophole for mixed-use developments by limiting density bonus concessions or incentives for the non-residential component of mixed-use housing projects. Specifically, concessions or incentives can no longer be used to increase the commercial floor space included in a mixed-use housing project to more than 2.5 times the allowed commercial floor area ratio allowed by local zoning. This bill is intended to ensure the density bonus law prioritizes residential affordable housing over commercial or transient (hotel) uses. Government Code section 65915 is also amended to provide that local agencies are not required to approve or grant concessions, incentives, waive or reduce development standards for transient lodging within a housing development, except in limited circumstances.

Takeaways

Taken together, the enacted 2025 housing bill package continues the trend of legislation designed to increase housing opportunities by limiting local agency land use discretion and development standards in many instances. Local agencies should become familiar with the changes to ensure compliance. If you have any questions about the effects of these recently enacted bills, or need assistance with implementing these changes for your community or assistance with any land use, housing, and housing project permitting issues, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcast](#), follow us on [Facebook](#) and [LinkedIn](#), or download our [mobile app](#).

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