



April 15, 2026

The Honorable Matt Haney
Chair, California State Assembly Committee on Housing and Community
Development
1020 N Street, Room 156
Sacramento, CA 95814

**RE: Assembly Bill 2741 (Muratsuchi) Housing element: inventory of land:
substantial compliance.**
Notice of SUPPORT If Amended (As of 3/19/26)

Dear Chair Haney,

On behalf of the League of California Cities (Cal Cities), the California State Association of Counties (CSAC), the American Planning Association California Chapter (APA), the Rural County Representatives of California (RCRC), and the Urban Counties of California (UCC), we are pleased to support if amended **AB 2741 (Muratsuchi)**. This measure would provide local governments time to correct housing element violations after a court rules that a previously certified housing element is no longer compliant with state law. Additionally, AB 2741 would allow local governments to utilize affordable housing overlay zones for mixed-use development within their housing elements, provided specific requirements are met. While we are supportive of these initial efforts, we firmly believe that a longer conversation is needed regarding the use of overlays and an extended timeline for local agencies to comply with new legal requirements before fines and other accountability measures are imposed.

In October 2025, California's Second Appellate District ruled in *New Commune DTLA LLC v City of Redondo Beach* that the City of Redondo Beach's housing element was not compliant with state law because the jurisdiction's use of residential zoning overlays could not satisfy the city's Regional Housing Needs Allocation (RHNA) obligations. Notably, these overlays were approved and guided by the California Department of Housing and Community Development (HCD), which had previously certified the city's housing element. As a result, the jurisdiction's housing element was invalidated despite state approval, exposing

the city to fines and other accountability measures, through no fault or ill will of the local government.

Throughout the 6th RHNA cycle, HCD allowed hundreds of local governments to use residential overlay zones to meet their RHNA obligations and certified their housing elements. Following the Redondo Beach decision, these jurisdictions now face elevated litigation risk and potential noncompliance with state housing law. AB 2741 would provide temporary protection for previously certified housing elements after a court ruling invalidates an approved element, allowing local agencies time to correct violations before penalties are imposed. Additionally, the bill would allow the continued use of affordable housing overlays, subject to clear standards such as minimum density requirements, development standards, housing and affordability incentives, and specific mixed-use criteria.

Zoning overlays remain an important affordable housing tool for local governments and have been a state-endorsed method for cities and counties to create thousands of additional housing units at all income levels. These overlays help support walkable, infill development near transit, jobs, and services, while promoting higher-density affordable housing. Eliminating or unduly restricting these tools would make it significantly more difficult for local governments to achieve the Legislature's priorities including transit-oriented development and balanced economic and residential growth.

Although our organizations believe the temporary protection is a positive first step, we strongly believe the compliance timeline should be extended and applied retroactively, ensuring local governments have time to navigate local processes and respond to evolving legal interpretations. Additionally, we firmly believe that overlay zones should remain a tool local agencies can use to comply with RHNA obligations and balance the need for economic development and residential growth. We remain open to ongoing dialogue and conversations on these issues and strongly encourage the legislature to act with urgency, as more local governments may face lawsuits soon.

For these reasons, Cal Cities, RCRC, CSAC, APA, and UCC are pleased to support your bill if amended. If you have additional questions, please contact Brady Guertin with Cal Cities at bguertin@calcities.org, Tracy Rhine with RCRC at trhine@rcrcnet.org, Mark Neuburger with CSAC at mneuburger@counties.org, Lauren De Valencia at Lauren@stefangeorge.com, or Chris Lee with UCC at clee@politicogroup.com.

Sincerely,

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