



APA CALIFORNIA LEGISLATIVE UPDATE

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Major Legislative Deadlines Near

The Legislature continues to focus on affordability issues broadly — including housing, infrastructure, utilities, transportation, and overall cost-of-living impacts facing Californians — alongside climate resilience and ongoing economic uncertainty. During the month of May the Appropriations Committees met to consider hundreds of bills placed on the “Suspense File,” where legislation with state costs above a specified threshold is considered in a single hearing. It is common for several bills on Suspense to be held due to fiscal impacts — and occasionally policy concerns — effectively stopping those measures from moving forward. The deadline to pass bills out of their house of origin has also passed and, as is typical, most high-priority planning-related bills are continuing to moving through the process.

Housing Overlay “Fix” in Flux

Last month, we highlighted several bills, including [AB 2741 \(Muratsuchi\)](#), which at the time was still a work in progress and intended to address the California Second Appellate District’s ruling in *New Commune DTLA LLC v. City of Redondo Beach*. That ruling determined the City of Redondo Beach’s Housing Element was not in compliance with state housing law because the jurisdiction’s reliance on residential zoning overlays did not satisfy its RHNA obligations.

AB 2741 was intended to provide a safe harbor for jurisdictions whose Housing Elements relied on residential zoning overlays that had otherwise been approved by HCD, in the event a court later decertified the Housing Element. However, the bill failed to advance out of policy committee. At this time, it remains unclear whether this issue will be addressed legislatively this year and conversations are ongoing.

Governor’s May-Revise Released

May was also an important month as it is the time when the Governor releases the “May-Revise”, which is an update to the prior budget proposal released in January. Governor Newsom released the [May Revision](#) to his proposed 2026-2027 State Budget on May 14, which totals \$349.4 billion - the largest state spending plan in California’s history. While the state’s revenue is billions more than anticipated, there are projections of shortfalls in the years after Newsom leaves office. Given that, the Governor proposes further budget cuts and expanding the state’s reserves in anticipation of a looming long-term deficit in future years.



Budget negotiations are now intensifying, and budget subcommittees are holding hearings to review the updated proposal. A few items of interest to planners include:

Housing and Homelessness

- No new housing funding is proposed at this time, though the administration has indicated housing funding will remain part of ongoing budget negotiations.
- Prohibitions on local governments, when serving as a lead or co-applicant, from imposing development impact fees on projects receiving state funding.
- A seventh round of HHAP funding totaling \$500 million, contingent upon enhanced accountability and performance requirements.

Office of Land Use and Climate Innovation (LCI)

- Authorization for LCI to assess a fee on documents submitted to the State Clearinghouse to support program-related costs.

The final budget must be passed by June 15, while budget trailer bills must be approved by the end of session on August 31. In the meantime, the Legislature and Governor will continue negotiating the details of the May Revision and related budget proposals.

Stay Connected on Legislation

If you're interested in receiving updates on legislative and regulatory issues from the Chapter's Policy and Legislation Team, please join [here](#). Have questions on policy and legislative related issues, including bills and regulations? APA California members are welcome to reach out to the VP for Policy and Legislation at policy@apacalifornia.org.

APA California's Work in the Legislature

APA California has a robust legislative program at the Chapter level that engages with the California Legislature. The Policy and Legislation team includes an elected VP for Policy and Legislation, two appointed Legislative Technical Advisors, and a Lobbyist retained by the Chapter. The team engages directly with APA California Section Legislative Representatives from each of the 8 Sections within the Chapter to discuss feedback on legislation and other relevant issues regularly throughout the year. To view the Policy and Legislation team, visit the [Board of Directors](#) page.

APA California actively engages in many bills throughout the year. In fact, we work closely with legislative and committee staff on amendments and clarifications to bills before taking a position. As an organization, APA California is often asked to provide feedback on planning related bills and provide technical expertise, giving a voice to planners and an opportunity to help shape



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legislation. This is a valuable role that the Chapter works hard to maintain. More broadly, we will continue to discuss the work planners are doing at the local level to implement and keep up with all the planning related bills that pass year over year and how that relates to the cumulative impact of bills on the table this year. We also continue seek opportunities to suggest tangible ways, absent fiscal resources at the state level, that the Legislature can help to make implementation more successful and support the planning community.