



NO NET LOSS LAW

Government Code § 65863

INTRODUCTION

The No Net Loss Zoning Law requires jurisdictions to maintain adequate sites to accommodate their unmet share of the Regional Housing Needs Allocation (RHNA) at each income level at all times. Specifically, a jurisdiction may not reduce the residential density of any parcel identified in the housing element site inventory, or otherwise relied upon to meet its RHNA, unless it makes findings that the reduction is consistent with the general plan and that adequate sites remain to accommodate the remaining RHNA for each income level. If a reduction in density leaves a jurisdiction with insufficient adequate sites, it can still approve the reduction if it also identifies sufficient additional adequate sites to cover the shortfall.

Similarly, if a development project is approved at a lower density than the number of units assumed for that site in the housing element by income level, the jurisdiction must make specific findings that sufficient capacity remains in the inventory or additional adequate sites are identified within 180 days of that approval. HCD encourages jurisdictions to zone for housing above their RHNA requirements (130 to 150 percent) to avoid triggering the No Net Loss Zoning Law. See HCD's memorandum on Housing Element [No Net Loss Law](#) for more information.

The Housing Law Fact Sheets provide an overview of existing laws which the California Department of Housing and Community Development (HCD) has statutory authority to enforce. The fact sheet does not constitute legal advice but is intended to be a resource for local agencies and decision-makers within California, including members of City Councils, Boards of Supervisors, and Planning Commissions.

RECENT HCD TECHNICAL ASSISTANCE LETTERS

[City of Santa Clara](#),
August 9, 2024

Assist the City with its decision-making regarding a specific project, including its exemptions from minimum density provisions under No Net Loss.

LEGISLATIVE HIGHLIGHTS

Development that Includes Less Units by Income Category

[SB 166](#), Skinner (2017); amended Gov. Code, § 65863

Expanded the law to require that a jurisdiction must make findings to allow development on a housing element site with fewer units by income category than indicated in the adequate sites inventory. Jurisdictions must also maintain an adequate supply of multifamily sites to accommodate lower-income housing and are prohibited from denying a project on the basis that the project would require compliance with this obligation.