

legislative mandates, including AB 2446. BSC partnered with the Division of the State Architect to form the California Carbon Reduction Collaborative and promulgate the nation's first mandatory embodied carbon reduction building standards for nonresidential construction. Accordingly, BSC has been coordinating with ARB on AB 2446 by attending ARB's workshops and offering ARB its technical expertise.

Should ARB pause or suspend implementation of the embodied carbon laws, it is not clear to the committee if the ongoing funding and positions at the three agencies will be redirected to other internal priorities and programs.

COMMENTS:

1) **Purpose.** According to the author:

AB 1704 balances housing affordability while maintaining the sustainability standards of California. With the ongoing housing crisis, California must act strategically when implementing policies that could increase housing costs. My district has a 23% poverty rate, and nearly 90% of the residents are renters. Most are already rent burdened, paying more than 30% of their income for rent. AB 1704 will help us avoid any unintended consequences of enforcing embodied carbon standards on our most vulnerable communities. California can't just say 'affordability,' we have to execute it on every front.

2) **Background.** AB 2446 requires ARB, by July 1, 2025, to develop a framework for measuring and then reducing the carbon intensity of the building materials used in the construction of new buildings. AB 2446 requires ARB to develop a comprehensive strategy for the state's building sector to achieve a 40% net reduction in GHGs of building materials no later than December 31, 2035, and requires ARB to take certain specified actions to facilitate the achievement of these goals. AB 43 authorizes ARB to create an embodied carbon trading system to implement provisions of AB 2446 and makes other revisions to the AB 2446 framework.

ARB held its first workshop to begin implementing AB 2446 and AB 43 in September of 2024, and held additional workshops in March, September, and October of 2025, to receive feedback from stakeholders. At these meetings, ARB staff presented information on the technical work being done to develop an embodied carbon reporting regulation pursuant to AB 2446 and AB 43, and to request feedback from interested parties who may have expertise in manufacturing, importing, or retailing of building materials, as well as those with expertise in planning, developing, designing, and constructing buildings.

As part of its implementation, ARB has contracted with the University of California, Berkeley College of Environmental Design and the Center for the Built Environment to assess the GHG emission reduction potential and associated costs of material efficiency, reuse, and substitution strategies that can be incorporated into future decarbonization policy for the built environment. The project began in June of 2025 and is scheduled to be completed in by the end of January 2027.

Among other organizations in support of the bill, California YIMBY notes that as California continues to face a severe housing deficit that has driven up costs for renters and homebuyers, “climate policies must be implemented in ways that do not unintentionally increase housing construction costs or delay urgently needed housing production,” and that by ensuring new regulatory requirements “align with market readiness, this bill helps prevent additional cost burdens that could otherwise make housing development more difficult or expensive.”

Writing in opposition, a coalition of environmental organizations argues that the cost parity provision in the bill is unnecessary since regulations to implement AB 2446 already must consider costs, feasibility, and economic benefits. They further argue, among other things, that a strict cost parity requirement “sets a high bar for emerging materials at an early stage of market development,” and that in other sectors, including solar and electric vehicles, “California has often prioritized early deployment and market formation, which in turn, helped drive down cost reductions and reach long-term affordability for these products.”

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