

ASSEMBLY THIRD READING
AB 1704 (Mark González)
As Amended April 8, 2026
Majority vote

SUMMARY

Requires the Air Resources Board (ARB) to determine whether the cost of building materials with lower embedded carbon have reached cost parity with conventional building materials and to delay implementation of specified requirements to reduce the greenhouse gas (GHG) emissions of building materials and implementation of an embodied carbon trading system for building materials for at least five years, not to exceed 10 years, if parity is not achieved.

Major Provisions

- 1) Requires ARB to delay or suspend the implementation of the targets established by ARB pursuant to House and Safety Code (HSC) 38561.3 and HSC 38561.6 until ARB makes a determination that building materials with lower embodied carbon have reached cost parity with conventional building materials.
- 2) If ARB determines that building materials with lower embodied carbon have not reached cost parity with conventional building materials, authorizes ARB to delay or suspend, as applicable, implementation of HSC 38561.3 and 38561.6 for not less than five years, not to exceed 10 years.

COMMENTS

AB 2446 (Holden), Chapter 352, Statutes of 2022, requires ARB to develop a framework for measuring and reducing GHG emissions associated with new building construction. This bill requires the framework to include a comprehensive strategy to achieve a 40% net reduction in the carbon intensity of construction and materials used in new construction as soon as possible, but no later than December 31, 2035, and an interim target to achieve a 20% net reduction in carbon intensity by the end of 2030. AB 2446 requires ARB to evaluate the cost impact and feasibility of implementation of the strategy for the purpose of developing recommendations to address known cost impacts and feasibility issues and limits or excludes the incorporation of lower carbon materials to the extent that their use has a cost impact or is infeasible. The bill established parameters for feasibility, including consideration of material performance and availability, and cost impacts, which is defined as any cost increase of 5% or more.

AB 43 (Holden), Chapter 316, Statutes of 2023, requires ARB to develop a market-based embodied carbon trading system to facilitate compliance with the state's strategy to reduce the carbon intensity of building materials by 40% by 2035.

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. The meetings have covered information on building material reporting, project reporting, establishing methodologies to estimate a baseline, and provided an opportunity for stakeholder input and public comments.

As part of its implementation work, ARB has contracted with the UC 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 mid-2027.

This bill is intended to improve housing affordability by pausing the implementation of AB 2446 and AB 43 until ARB makes a determination that lower carbon intensity construction materials achieve cost parity with conventional building materials.

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.

Arguments in Support

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."

Arguments 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."

FISCAL COMMENTS

ARB, the California Energy Commission (CEC), and the Building Standards Commission (BSC) anticipate minor and absorbable costs as a result of this bill.

Budget trailer language in 2023 changed the deadlines in AB 2446 from July 1, 2025, to December 31, 2026 (for the development of the framework) and to 2028 (for the comprehensive strategy.) In addition, the 2023 Budget Act included:

- 1) \$5.7 million from the Cost of Implementation Account (COIA) in 2023-24 and 2024-25 (decreasing to \$4.5 million in 2025-26 and ongoing) for 15 permanent positions and contract services to develop and implement a framework to reduce embodied carbon emissions from building materials, as required by AB 2446. According to ARB, all 15 positions have been filled. ARB will likely rely on a subset of these existing staff to conduct the cost parity analysis required by this bill.

- 2) \$238,000 from COIA in 2023-24 and ongoing for one permanent position at the CEC to implement the requirements of AB 2446. CEC's Efficiency Division has been in ongoing consultation with and providing technical assistance to ARB on AB 2446 implementation, including by attending ARB's embodied carbon workshops as ARB develops the carbon intensity measurement framework targeted for adoption later this year.
- 3) \$596,000 in 2023-24 and \$535,000 in 2024-25 and 2025-26 from the Building Standards Administration Special Revolving Fund for two positions at the BSC to meet numerous 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 if the ongoing funding and positions at the three agencies will be redirected to other internal priorities and programs.

VOTES

ASM NATURAL RESOURCES: 11-0-3

YES: Bryan, Ellis, Alanis, Garcia, Haney, Hoover, Macedo, Boerner, Pellerin, Schultz, Wicks
ABS, ABST OR NV: Connolly, Kalra, Zbur

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Hoover, Arambula, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Solache, Ta, Tangipa
ABS, ABST OR NV: Calderon, Muratsuchi

UPDATED

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