SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1732 (Alvarez) - California Environmental Quality Act: exemption: affordable housing projects: public university or public college housing projects

Version: August 3, 2026
Urgency: No
Hearing Date: August 10, 2026

Policy Vote: E.Q. 7 - 0, HOUSING 9 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would add public university or college housing projects to an existing California Environmental Quality Act (CEQA) exemption and extend its sunset by 4 years.

Fiscal Impact:
- Unknown costs, possibly in the low hundreds of thousands of dollars per project (General Fund or other fund), for public postsecondary institutions to meet the requirements of this bill. Project costs could include needing to meet prevailing wage requirements and, for projects of fifty or more residential units, apprenticeship and healthcare expenditure standards; completing a phase I environmental assessment and, if a recognized environmental condition is found, a preliminary endangerment assessment; and verifying that the project site meets specified location and adjacency criteria. To the extent that the labor standards exceed the institution's existing public works obligations, per-project construction costs could be higher, potentially in amounts that exceed the administrative costs of the exemption. These costs would be incurred only where an institution elects to use the exemption and would likely be offset by cost savings due to being exempt from CEQA.
- Minor costs for lead agencies to confirm that qualifying projects satisfy the specified site and environmental criteria and to file notices of exemption with the Governor's Office of Land Use and Climate Innovation and the county clerk.

Background: CEQA is an environmental planning law designed to make government agencies and the public aware of the environmental impacts of a proposed project, ensure the public can take part in the review process, and identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project's environmental review, and it is the only state environmental law that allows civil suits. Unless a project has a specific exemption, it must undergo environmental analysis, beginning with an initial study that determines what level of further review is needed. If a project has no significant effects on the environment, or if those effects can be fully mitigated, the project can move forward with a negative declaration or mitigated negative declaration. If the initial study finds potential significant effects, a full environmental impact report (EIR) is conducted, analyzing the significant direct and indirect environmental impacts of the project and proposing mitigation measures.

CEQA exemptions. A project is exempt from CEQA if it is ministerial, or if a specific statutory or categorical exemption applies. Statutory exemptions are created by the Legislature and apply even if a project has the potential to significantly affect the environment. Categorical exemptions, listed in the CEQA guidelines, generally do not apply if there are significant environmental impacts associated with the project.

Existing exemptions for infill and student housing. Numerous exemptions already exist for infill housing, primary among them the broad infill housing exemption in AB 130 (2025), covering housing development projects up to 20 acres in infill areas not located on sensitive sites. Existing law also includes a specific exemption for student housing: SB 886 (Wiener, 2022) exempted certain UC, CSU, and CCC faculty, staff, and student housing projects through January 1, 2030, subject to very high environmental and labor criteria — consistency with the university's long range development plan, LEED platinum eligibility, no additional greenhouse gas emissions, specified labor standards, and avoidance of sensitive sites — and SB 312 (Wiener, 2024) relaxed several of those conditions.

The AB 1449 exemption this bill would extend. AB 1449 (Alvarez, 2023) exempts from CEQA, until January 1, 2033, specified actions related to qualifying affordable housing projects — the issuance of entitlements, land disposition actions, rezonings or plan amendments required to facilitate the project, and the provision of financial assistance. Qualifying projects must dedicate all residential units to lower income households or meet specified alternative affordability requirements, meet the labor standards established in AB 2011 (Wicks, 2022), and be located on infill parcels meeting location criteria: within an urbanized area or urban cluster, within one-half mile walking distance of a major transit stop or high-quality transit corridor, in a very low vehicle miles traveled area, or proximal to specified amenities, with urban uses adjoining at least 75% of the site perimeter or three sides of a four-sided site. Projects must also satisfy site and environmental conditions, including hazardous substance assessment and avoidance of sensitive sites. A search of CEQAnet, the statewide database of CEQA documents, shows the AB 1449 exemption has been used 10 times since it became law in 2023, with almost all of those uses occurring in 2026.

Need for student housing. A recent report from the Public Policy Institute of California shows that students spend more on housing than tuition while attending public university. While public colleges have made significant efforts to house students on campus in recent years, the vast majority of California's college students still rely on a limited number of increasingly unaffordable and inaccessible off-campus housing units available through the private market. According to a 2023 survey from the California Student Aid Commission, a majority of California college students experience rent burdens and housing insecurity due to high housing costs, and nearly 24% of CCC, 11% of CSU, and 8% of UC students fall into homelessness in a given year.

Proposed Law: This bill would:

1. Add public university and college housing projects to an existing CEQA exemption for affordable housing projects, without requiring affordability-based deed restrictions for these projects.

2. Define "public university or public college housing project" as one or more housing facilities to be occupied by students, faculty, or staff of one or more campuses of the University of California (UC), California State University (CSU), or California Community Colleges (CCC), including dining, academic, student

support service spaces, and other necessary and usual attendant and related facilities and equipment.

3. Require a public university or public college housing project to be eligible for the exemption only if it meets all of the following:

    a. The labor standards established in AB 2011 (Wicks, 2022), including, for a project with 50 or more residential units, additional labor standards.

    b. Location on a legal parcel or parcels in a city whose boundaries include some portion of an urbanized area or urban cluster, or wholly within an urbanized area or urban cluster in an unincorporated area; within one-half mile walking distance of a high-quality transit corridor or a major transit stop; in a very low vehicle travel area; or proximal to six or more specified amenities.

    c. Parcels developed with urban uses adjoin at least 75% of the perimeter of the project site or at least three sides of a four-sided project site.

4. Add a shuttle or bus stop operated by a public university or public college to the amenities that qualify a site as proximal within one-half mile.

Related Legislation:

AB 130 (Committee on Budget, 2025) creates a CEQA exemption for a housing development project — a project where at least two-thirds of the square footage is residential — that is up to 20 acres, in an infill area, and not located on a sensitive site.

SB 312 (Wiener, 2024) relaxes several conditions attached to the CEQA exemption for public university housing projects established by SB 886 (Wiener, 2022).

AB 1449 (Alvarez, 2023) exempts from CEQA, until 2033, the planning, funding, and development of affordable housing projects, as defined, that meet specified location and labor requirements established in AB 2011 (Wicks, 2022).

SB 886 (Wiener, 2022) provided a CEQA exemption until January 1, 2030, for certain UC, CSU, and CCC faculty, staff, and student housing projects if they meet certain environmental standards.

AB 2011 (Wicks, 2022) required specified housing development projects to be a use by right on specified sites zoned for retail, office, or parking, as specified.

Staff Comments:

What a CEQA exemption forgoes. A CEQA exemption removes the case-by-case environmental review process and what that process provides, including the identification of a project's specific impacts, the obligation to adopt feasible mitigation, the analysis of alternatives, and the public comment process. In its place, this bill would rely on eligibility criteria adopted in advance, including infill location requirements, exclusions for sensitive sites, hazardous substance assessment and remediation, and specified setbacks, while other environmental laws continue to apply independently. Because the criteria screen for categories of sensitivity rather than examining each project, effects the categories do not anticipate would not be identified or mitigated through CEQA. The fiscal implications would run in both directions: public universities and colleges acting as lead agencies would avoid the costs and delay of preparing environmental documents for qualifying projects, while any impacts that review would have identified and mitigated are unknown and would depend upon the specific projects.

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