

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 1997 (Lee) – As Amended April 7, 2026

AS PROPOSED TO BE AMENDED

SUBJECT: Land use: housing development approvals: timelines and processes

SUMMARY: Requires a lead agency to approve or disapprove a housing development project where 90% of the units are affordable to very low or extremely low income households within 30 days of certifying an environmental impact report (EIR), and establishes a working group to make recommendations on the most effective ways to expedite the development of housing. Specifically, **this bill:**

- 1) Requires a lead agency for a development project to approve or disapprove the project within 30 days from the date of certification by the lead agency of the EIR for a housing development project where all of the following conditions are met:
 - a) At least 90% of the units in the development project are affordable to very low or extremely low-income households, as specified. Requires that rents for lower income units be set at an affordable cost, as specified, for a minimum of 30 years. Requires that owner-occupied units be available at an affordable housing cost, as specified.
 - b) Prior to the application being deemed complete for the development project, the lead agency received written notice from the project applicant that an application has been made or will be made for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency. The notice must also specify the financial assistance that has been or will be applied for, the deadline for application for that assistance, the requirement that one of the approvals of the development project by the lead agency is a prerequisite to the application for or approval of the application for financial assistance, and that the financial assistance is necessary for the project to be at an affordable rent for a minimum of 30 years for rental units and at an affordable cost for an owner occupant.
 - c) There is prior confirmation that the application has been made to the public agency or federal agency prior to certification of the EIR.
- 2) Requires the director of the Department of Housing and Community Development, in consultation with the Governor's Office of Land Use and Climate Innovation (LCI), to establish a working group for purposes of exploring, considering, and recommending guidance to local jurisdictions on the most effective ways to expedite the development of housing. Provides that the working group's recommendations may include, but are not limited to, amendments to state law to achieve the same objective.
- 3) Requires the director to ensure that the working group includes an equal number of local government representatives, housing developers, and housing advocates.

- 4) Provides that no reimbursement is required by the bill because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by the bill.
- 5) Makes additional technical and conforming changes.

EXISTING LAW:

- 1) Requires a lead agency for a development project to approve or disapprove a project within whichever of the following periods is applicable:
 - a) 180 days from the date of certification by the lead agency of the EIR.
 - b) 90 days from the date of certification by the lead agency of the EIR, if the development project is a housing development project.
 - c) 60 days from the date of certification by the lead agency of the EIR, if the development is a housing development project and meets all of the following:
 - i) At least 49% of the units are affordable to very low or low-income households, as specified. Rents for the lower income units shall be set at an affordable rent, as specified, for at least 30 years. Owner-occupied units shall be available at an affordable housing cost, as specified.
 - ii) Prior to the application being deemed complete for the development project, the lead agency received written notice from the project applicant that an application has been made or will be made for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency. The notice must also specify the financial assistance that has been or will be applied for, the deadline for application for that assistance, the requirement that one of the approvals of the development project by the lead agency is a prerequisite to the application for or approval of the application for financial assistance, and that the financial assistance is necessary for the project to be at an affordable rent for a minimum of 30 years for rental units and at an affordable cost for an owner occupant.
 - iii) There is prior confirmation that the application has been made to the public agency or federal agency prior to certification of the EIR.
 - d) 60 days from the date of adoption by the lead agency of a negative declaration.
 - e) 60 days from the date a lead agency determines that the project is exempt from CEQA.
 - f) Except for affordable and mixed income housing developments in a commercial corridor, 60 days from the date of receipt of a complete application if the project is subject to ministerial review by the public agency.
 - g) Within 30 days of specified timelines if a housing development project is exempt from CEQA. (Government Code § 65950)

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Summary.** This bill requires a lead agency to approve or disapprove a housing development project within 30 days of certifying an EIR if the housing development project meets certain conditions. One of the conditions requires that 90% of the units in the housing development project be at an affordable rent for a minimum of 30 years or be at an affordable cost to an owner occupant. These conditions also require the project applicant to provide notice to the lead agency that the project applicant has applied or will apply for an allocation or commitment of financing, tax credits, bond authority, or other financial assistance from a public agency or federal agency for the housing development project. The project applicant must confirm that the application for financial assistance from a public or federal agency has been made at least 30 days prior to the EIR being certified.

The bill also requires HCD, in consultation with LCI, to establish a working group consisting of equal membership of local governments, housing advocates, and housing developers to make recommendations on ways to expedite housing development. These recommendations may include, but are not limited to, changes to state law.

This bill is sponsored by the AIDS Healthcare Foundation.

- 2) **Author's Statement.** According to the author, "This bill will expedite home construction by reducing the approval time for housing applications. By reducing approval timeframes after environmental reviews have been completed, projects will move into construction faster. Finally, the bill creates a working group within the Governor's Office of Land Use and Climate Innovation to recommend ways to speed up housing developments for local jurisdictions.
- 3) **Police Powers.** Planning for and approving new development is mainly a local responsibility. The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public – including land use authority. Cities and counties enforce this land use authority through zoning regulations, as well as through an "entitlement process" for obtaining discretionary as well as ministerial approvals.

The scale of the proposed development, as well as the existing environmental setting determine the degree of local review that occurs. For larger developments, the local entitlement process commonly requires multiple discretionary decisions regarding the subdivision of land, environmental review pursuant to CEQA, and project review by the local agency's legislative body (city council or county board) or by a planning commission delegated by the legislative body.

- 4) **Permit Streamlining Act.** Permit Streamlining Act. The 1977 Permit Streamlining Act (PSA) requires public agencies to act fairly and promptly on applications for development permits, including housing. Public agencies must compile detailed lists of information that applicants for development projects must provide and explain the criteria they will use to review permit applications. Public agencies have 30 days to determine whether applications

for development projects are complete; failure to act results in an application being "deemed complete."

Once a complete application for a development has been submitted, the PSA requires public officials to act within a specific time period after completing any environmental review documents required under the California Environmental Quality Act (CEQA), ranging from 60 to 180 days depending on the project and the environmental review required. If the public agency fails to approve or disapprove the application in the applicable time period, the application is "deemed approved," and the applicant may file suit in state court to order the local government to issue the permit.

The PSA applies different requirements to "lead agencies and "responsible agencies. Lead agencies are the public agency with principal responsibility for carrying out or approving a project. Most often, particularly for housing projects, the lead agency is a city or county. The lead agency determines whether CEQA applies and prepares the relevant CEQA document. The timelines above apply to lead agencies.

A responsible agency is any other public agency with discretionary approval over part of the project, such as issuing a permit or license. Examples include water boards, air districts, utility providers, or agencies overseeing habitat or coastal resources. Once the lead agency has certified or adopted the CEQA document, responsible agencies must approve or disapprove qualifying projects within the longer of 180 days from the lead agency's approval, or 180 days from the date the responsible agency accepts the application as complete.

For housing development projects, a shorter PSA timeline applies:

- a) 90 days from the lead agency's approval.
- b) 90 days from receipt of a complete application.

Most recently, AB 1007 (Rubio), Chapter 502, Statutes of 2025, shortened the period of time a responsible agency has to approve or disapprove for residential or mixed-use residential projects.

- 5) **Housing and CEQA.** A project is exempt from CEQA if it is ministerial (i.e., it does not involve discretionary decisions), or if there is a specific statutory or categorical exemption that applies to the project. Statutory exemptions are created by the Legislature and apply even if a project has the potential to significantly affect the environment. In contrast, categorical exemptions, which are listed in the CEQA guidelines, generally do not apply if there are significant environmental impacts associated with the project, including if (1) there is a reasonable possibility of a significant effect on the environment due to unusual circumstances; (2) significant cumulative impacts from projects of the same type will result; or (3) the project will have impacts on a uniquely sensitive environment.

Affordable housing, as a subset of housing, could be eligible for any of these exemptions so long as the project meets the specific criteria for a given exemption. These exemptions come with their own eligibility criteria, including that projects meet certain urban density and size requirements, avoid impacts on sensitive habitat, wildlife, and the environment, and are not on sensitive sites.

- 6) **Previous Legislation.** AB 1007 (Rubio), Chapter 502, Statutes of 2025, expedites timelines for approval or disapproval by a public agency acting as the "responsible agency" for residential and mixed-use development projects.

AB 2180 (Ting) Chapter 566, Statutes of 2016, expedited timelines for approval or disapproval by a public agency for certain types of development projects.

- 7) **Arguments in Support.** The AIDS Healthcare Foundation, the sponsor of the bill, writes to the bill in print, "According to the California Department of Housing and Community Development, the state needs to build 2.5 million homes by 2030. However, by any measure, the state is substantially behind this goal. HCD reports, 'During the last 10 years, housing production average fewer than 80,000 new homes each year, and ongoing production continues to fall far below the projected need of 180,000 additional homes annually.'

"Despite dozens of laws enacted in recent years to spur housing development (a few too recent to measure their impact), housing construction continues to slow-walk its way toward achieving state and local development goals. In fact, the US Census Bureau reports that over the last four years, the number of permits pulled for housing development has dropped by more than 13% and the number of permits for multifamily housing (5 units or more) has dropped by 18%...

"AB 1997 seeks to build on innovative success as well as thoughtful recommendation from housing development experts to effect reforms statewide. The bill also incentivizes local jurisdiction to move housing development more rapidly from application to construction to occupancy."

- 8) **Arguments in Opposition.** The California Special Districts Association, the California Association of Sanitation Agencies, the Association of California Water Agencies, and the California Municipal Utilities Association write in opposition to the bill in print, "We have concerns involving the matter of a project development director and lead inspectors assigned by the city or county. The project development director is tasked with mediating and resolving conflicts. While we appreciate the intent to encourage expeditious and meaningful conflict resolution between the various entities, it may be read to assign authority to a select city employee(s) over a wide variety of independent agencies. This authority could pit agencies against their own necessary ordinances, standards, rules, expertise, and the statutes that govern and inform them.

"As this bill and many others are positioning to truncate existing processes and timelines for permit approvals, we encourage thoughtful consideration on the impact this may have on a large scale. The shortening of timelines can create issues with thorough examination of permit applications and often many of the delays in permitting are not caused by the entity issuing the permit, but with the completion of the work and final review. As the state seeks to address the housing crisis, being mindful of ensuring we are also protecting the infrastructure that serves those housing developments goes hand-in hand with those goals."

- 9) **Double-Referral.** This bill is double referred to the Housing and Community Development Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

AIDS Healthcare Foundation - SPONSOR

Opposition

Advocate Association of California Water Agencies

American Planning Association, California Chapter

Association of California Water Agencies

California Association of Sanitation Agencies

California Municipal Utilities Association

California Special Districts Association

California State Association of Counties (CSAC)

League of California Cities

Rural County Representatives of California (RCRC)

Urban Counties of California (UCC)

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