

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1997 (Lee) – As Amended April 16, 2026

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; and
 - 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) Reduces from 90 to 60 days the timeframe that a lead agency has to approve all housing development projects after the completion of the EIR, regardless of affordability level, unless the project meets the criteria in 1) to qualify for a shorter processing timeline.
- 3) Requires the director of the Department of Housing and Community Development (HCD), 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.
- 4) Requires the HCD Director to ensure that the working group includes an equal number of local government representatives, housing developers, and housing advocates.

5) Makes additional technical and conforming changes.

EXISTING LAW:

- 1) Establishes the Permit Streamlining Act (PSA), which 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; and
 - 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 Section 65950)

FISCAL EFFECT: Unknown.

COMMENTS:

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.”

California’s Housing Crisis: California’s housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.² One in three households in the state doesn’t earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state’s highest-cost regions.⁶

Housing Approvals Process: Planning for, and approving, new housing developments is primarily a local responsibility. Under the California Constitution, cities and counties have broad authority, known as the police power, to regulate land use in the interest of public health, safety, and welfare. Local governments enforce this authority through an entitlement process, which includes both discretionary and ministerial approvals. Gaining “entitlement” is essentially a local government’s confirmation that a housing project conforms to all applicable local zoning regulations and design standards.

For discretionary projects, environmental review under CEQA is often required as part of the entitlement process. CEQA was enacted in 1970 and signed into law by Governor Reagan in response to growing public concern about the environmental consequences of development. Over

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, *Point in Time Counts*.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

time, CEQA has become a central feature of land use planning in California, influencing how and where development proposals, including proposed housing developments, can proceed. Modeled after the National Environmental Policy Act (NEPA), CEQA requires public agencies to identify, disclose, and, where feasible, mitigate the significant environmental impacts of proposed projects. The level of environmental review varies depending on a project's potential impacts or its eligibility for exemption under CEQA. Projects may qualify for a statutory or categorical exemption, or, if not exempt, may require a Negative Declaration, Mitigated Negative Declaration (MND), or a full EIR. While categorical exemptions typically apply to project types that are unlikely to have significant environmental impacts, statutory exemptions may apply even if a project could result in significant impacts, based on policy decisions made by the Legislature.

Under the PSA, once the environmental review is complete, the lead agency has specified timeframes to approve or disapprove the project at the entitlement stage, generally within 60 days for projects approved with a Negative Declaration or Mitigated Negative Declaration, and within 90 days for projects requiring an EIR, unless the applicant consents to an extension.

Once a project receives entitlement, or approval, from the local planning department or review body, it must obtain postentitlement permits, such as building, demolition, and grading permits. Postentitlement permits are related to the physical construction of the development proposal before construction can begin. In 2022, AB 2234 (Rivas), Chapter 651, established postentitlement permitting review timelines that local governments must comply with. In 2025, AB 301 (Schiavo), Chapter 488, applied those same timelines for postentitlement reviews done by state agencies.

Navigating through the various stages of housing approval requires developers to invest time and resources early in the development process. Obtaining approval to build housing can be even more difficult for less-experienced developers seeking to enter new markets throughout the state, or for developers from other states who are unfamiliar with California's unique approvals process, including the CEQA process. To address this, the Legislature has enacted various laws to streamline, expedite, and standardize housing approvals, particularly for projects meeting objective standards. Despite the efforts to expedite local approvals for housing development proposals both at the entitlement and permitting stages, it still takes far too long to approve housing in California.

HCD identifies lengthy permit processing timelines and procedures as a governmental constraint to housing development. In HCD's San Francisco Housing Policy and Practice Review, the department found that procedural complexities associated with housing entitlement and permitting are "not only a barrier to entry to new development professionals pursuing [housing] projects," but they may also cause developers to exit housing markets with complex permitting ecosystems and pursue developments in neighboring jurisdictions with less complex procedural requirements instead."⁷ Bureaucratic hurdles and delays can result in project abandonment, further tightening the housing production pipeline.

Permit Streamlining Act: Recognizing the challenges posed by extended approval timelines, the Legislature adopted the PSA in 1977 to bring greater efficiency and predictability to the

⁷ HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: <https://www.hcd.ca.gov/policy-and-research/plans-and-reports>

development review process. The PSA applies to all local governments, including charter cities, and is intended to protect applicants from unjustified delays. The PSA establishes timelines and procedural requirements for public agencies to review and act on development permit applications, including housing projects.

The PSA applies broadly to development projects requiring public agency approval, and has historically governed discretionary approvals at the entitlement stage. Recent legislation, including AB 130 (Committee on Budget), Chapter 22, Statutes of 2025), expanded the application of PSA timelines to certain ministerial approvals for housing development projects.

Under the PSA, public agencies must specify the information required for a complete application and have 30 days to determine whether an application is complete; if they fail to act, the application is deemed complete by operation of law. The PSA mandates a clear review process:

- 1) Within 30 calendar days of receiving an application, a local agency must determine whether it is complete;
- 2) If incomplete, the agency must provide a detailed list of deficiencies; and
- 3) If complete, the application is formally accepted, and PSA timelines begin.

Once an application is accepted as complete, the PSA sets strict timelines for lead agencies to approve or disapprove a project. A lead agency is the public agency with principal responsibility for carrying out or approving a project. Most often, this is a city or county. The lead agency determines whether CEQA applies and prepares the relevant CEQA document. The applicable deadline depends on the type of environmental review. If the agency fails to act within the applicable timeframe, the project may be deemed approved by operation of law.

Triggering Event	Lead Agency Deadline for Approval
Certification of an EIR	180 days
Certification of an EIR for all-residential or primarily residential mixed-use projects	90 days
Certification of an EIR for certain affordable housing projects meeting specific criteria (49% affordability, public funding application, etc.)	60 days
Adoption of a Negative Declaration	60 days
Determination that project is CEQA-exempt	60 days
Ministerial housing development project (with complete application)	60 days
CEQA exemption under Pub. Res. Code § 21080.66 (specific streamlining provision)	30 days from later of specified triggers

This Bill: This bill reduces the time that a lead agency has to approve an application for housing entitlement associated with a housing development project from 90 days after completion of an EIR to 60 days after EIR completion, regardless of the affordability levels associated with the proposed housing development project. Under current law, housing developments meeting certain affordability criteria must be approved or disapproved within 60 days, and others have a 90 day timeframe.

This bill further 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.

This 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.

Arguments in Support: The AIDS Healthcare Foundation, the bill sponsor, writes in support: “AB 1997 seeks to build on innovative success as well as thoughtful recommendations from housing development experts to effect reforms statewide. The bill would shorten the timeframes for permit approval for housing developments once the entitlement process has been completed.

- The deadlines during this phase of permit approval under the Permit Streamlining Act would be shortened in many cases.
- In addition, a new deadline of 30 days would be instituted for housing projects that provide 90% of their units for very low and extremely low-income households.

Finally, getting great housing development minds together to ponder the challenges to creating necessary housing could generate further recommendations. The director of Housing and Community Development would be required to convene a working group of local government officials, housing developers and housing advocates to consider and recommend other ways to expedite housing development.”

Arguments in Opposition: None on file for current bill version.

Committee Amendments: The Committee may wish to consider the following amendment to correct a drafting error in the prior Committee’s amendments:

(2) ~~Sixty~~ ***Ninety*** days from the date of certification by the lead agency of the environmental impact report, if an environmental impact report is prepared pursuant to Section 21100 or 21151 of the Public Resources Code for a housing development, pursuant to subdivision (c).

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, expanded the application of PSA timelines to certain ministerial approvals for housing development projects.

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 301 (Schiavo), Chapter 488, Statutes of 2025, applied the same timelines for postentitlement reviews established in AB 2234 to reviews done by state agencies.

AB 2234 (Rivas), Chapter 651, Statutes of 2022, established postentitlement permitting review timelines that local governments must comply with.

Double-Referred: This bill was also referred to the Committee on Local Government, where it passed with a vote of 8-0 on April 15, 2026.

REGISTERED SUPPORT / OPPOSITION:**Support**

AIDS Healthcare Foundation (Sponsor)

Opposition

None on file for the current bill version

Analysis Prepared by: Dori Ganetsos / H. & C.D. / (916) 319-2085