GOVERNOR'S VETO
AB 1997 (Lee)
As Enrolled August 27, 2026
2/3 vote

## SUMMARY

Expedites the timeline for approval or disapproval of certain affordable housing development projects.

*Senate Amendments*
Make technical and conforming changes.

**Governor's Veto Message**
"This bill would require a public agency serving as the lead agency or a development project to approve or disapprove a housing development within 30 days after certifying an environmental impact report (EIR). This expedited process applies if at least 90% of the project's units are affordable to very low- or extremely low-income households and the development is seeking public financing. If the lead agency fails to act within this 30-day period, the project may be deemed approved.

"I strongly support accelerating affordable housing production. My administration and the Legislature have enacted comprehensive reforms providing qualifying housing projects with ministerial approval, CEQA exemptions and judicial streamlining, and accelerated entitlement and permitting timelines. However, this bill creates further statutory ambiguity by failing to clarify how its deadline applies to subsequent project approvals that rely on a program, master, or staged EIR. Although the broader EIR may already be certified, a subsequent project may still require additional project-specific environmental review. The bill does not clearly establish whether the regulatory clock begins upon certification of the broader EIR or after that additional project-specific review is complete. Shortening the deadline without resolving this question would create additional uncertainty for public agencies responsible for implementing the law.

"This risk is difficult to justify given the measure's limited reach. The bill applies exclusively to a narrow subset of projects — those with at least 90% of units affordable to very low- or extremely low-income households and requiring a full approve or deny the project from 60 to 30 days. Deeply affordable housing developments typically depend on multiple sources of public funding, often with their own requirements and deadlines; they need a high degree of regulatory certainty to assemble and retain financing. Moreover, most already use existing regulatory pathway that streamline or entirely bypass this review altogether. Therefore, this narrow potential benefit does not outweigh the risk that projects could be inadvertently denied or deemed approved based on unclear requirements and compressed timelines.

"Effective housing policy should provide clear, workable rules that move projects forward — not jam public agencies into making consequential decisions under uncertain statutory requirements. Unfortunately, this bill does not meet that standard.

## COMMENTS

1) *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 California Environmental Quality Act (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.

2) *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 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.

3) *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 (a) there is a reasonable possibility of a significant effect on the environment due to unusual circumstances; (b) significant cumulative impacts from projects of the same type will result; or (c) 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.

**According to the Author**
"AB 1997 reduces from 60 days down to 30 days the period of time a lead agency has to approve or deny an affordable housing project's environmental impact report (EIR) after the lead agency certifies the EIR. This faster timeline only applies to projects that are 90% affordable to very-low or extremely-low income households, and requires the project applicant to have provided written notice to the agency specifics about the project's financing. This narrow and very focused streamlining will move 90% affordable housing projects faster."

**Arguments in Support**
The AIDS Healthcare Foundation, the sponsor of the bill, writes in support, "In a report released in February 2025, RAND states 'the biggest things driving up California apartment costs? Time.' The time to produce a unit from start to finish is over four years. By comparison to multifamily housing development in Texas, 'It takes twice as long to gain project approvals and the construction timeline is 1.5 times longer. That means land costs must be carried for longer, equipment and labor are on jobsites longer, and that loans are taken out for a longer term, and so on.

"RAND's report recommends that local jurisdictions approve a housing development in 30 days, deeming a project approved if the jurisdiction does not act in 30 days, and synchronize inspections rather than conducting them sequentially…

"AB 1997 seeks to build on these thoughtful findings and recommendations from housing development experts to effect reforms statewide. The Permit Streamlining Act establishes deadlines for granting permits for housing developments once the environmental approval process has been completed. Under this bill, 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."

**Arguments in Opposition**
The City of La Verne writes in opposition, "The City of La Verne supports efforts to increase the production of affordable housing, particularly for very low- and extremely low-income households. However, AB 1997 would impose an unreasonably compressed approval timeline immediately after completion of the environmental review process, regardless of project complexity, outstanding technical issues, public input, or the need for local decision-makers to

carefully consider conditions of approval, mitigation measures, infrastructure impacts, and community-specific concerns.

"… Certification of an EIR does not mean a project is automatically ready for approval. Local agencies must still evaluate the full record, consider appropriate findings, ensure mitigation measures are enforceable, and determine whether the project can be approved in a manner that protects public health, safety, and welfare.

"AB 1997 would undermine this necessary local review by forcing cities to act within 30 days or risk procedural conflict, even when additional time may be needed to address unresolved concerns. For smaller cities such as La Verne, this mandate is particularly problematic. City staff often manage complex development applications while also administering essential municipal services with limited planning, legal, engineering, and public works resources. Compressing the post-EIR decision-making process places additional strain on local governments and increases the risk of rushed decisions, incomplete analysis, and avoidable litigation."

## FISCAL COMMENTS

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, the bill has negligible state costs.

## VOTES

**ASM LOCAL GOVERNMENT: 8-0-2**
**YES:** Carrillo, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson
**ABS, ABST OR NV:** Ta, Johnson

**ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-1-0**
**YES:** Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Wicks, Wilson
**NO:** Tangipa

**ASM APPROPRIATIONS: 11-1-3**
**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
**NO:** Tangipa
**ABS, ABST OR NV:** Hoover, Dixon, Ta

**ASSEMBLY FLOOR: 71-3-6**
**YES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
**NO:** Irwin, Sanchez, Tangipa
**ABS, ABST OR NV:** Boerner, Dixon, Johnson, Lackey, Muratsuchi, Celeste Rodriguez

**SENATE FLOOR: 35-3-2**
**YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
**NO:** Alvarado-Gil, Jones, Seyarto
**ABS, ABST OR NV:** Grove, Niello

**ASSEMBLY FLOOR: 71-4-4**
**YES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
**NO:** Castillo, Johnson, Sanchez, Tangipa
**ABS, ABST OR NV:** Dixon, Irwin, Lackey, McKinnor

## UPDATED

VERSION: August 27, 2026

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