

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 2231 (Ahrens) – As Amended March 23, 2026

**SUBJECT:** California Environmental Quality Act: hospital projects

**SUMMARY:** Establishes CEQA exemptions for hospital projects, as defined, in Emeryville and Santa Clara.

**EXISTING LAW:**

- 1) CEQA requires lead agencies with the principal responsibility for carrying out or approving a proposed project to prepare a negative declaration, mitigated negative declaration, or environmental impact report (EIR) for this action, unless the project is exempt from CEQA (CEQA includes various statutory exemptions, as well as categorical exemptions in the CEQA guidelines). (Public Resources Code (PRC) 21000 *et seq.*)
- 2) Authorizes judicial review of CEQA actions taken by public agencies, following the agency's decision to carry out or approve the project. Challenges alleging improper determination that a project may have a significant effect on the environment, or alleging an EIR does not comply with CEQA, must be filed in the superior court within 30 days of filing of the notice of approval. The courts are required to give CEQA actions preference over all other civil actions. Requires the court to regulate the briefing schedule so that, to the extent feasible, hearings commence within one year of the filing of the appeal. Requires the plaintiff to request a hearing within 90 days of filing the petition. Requires the court to establish a briefing schedule and a hearing date, requires briefing to be completed within 90 days of the plaintiff's request for hearing, and requires the hearing, to the extent feasible, to be held within 30 days thereafter. (PRC 21167 *et seq.*)

**THIS BILL:**

- 1) Provides that CEQA does not apply to hospital projects located in the City of Emeryville or the City of Santa Clara, provided the project applicant certifies both of the following:
  - a) The hospital project creates high-wage, highly skilled jobs that pay prevailing wages and living wages, employs a skilled and trained workforce, as defined, provides construction jobs and permanent jobs for Californians, and helps reduce unemployment, except for a contractor or subcontractor performing the work subject to a project labor agreement (PLA) requiring the payment of prevailing wages to all construction workers employed in the execution of the project and providing for enforcement of that obligation through arbitration.
  - b) All contractors and subcontractors for the hospital pay all construction workers at least the general prevailing rate of per diem wages, enforceable either by the Labor Commissioner or, if the work is subject to a PLA, through arbitration.

- 2) Establishes the following definitions:
- a) “Hospital project” means a project for the construction and operation of a hospital licensed under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code, including both of the following:
    - i) One or more organized outpatient clinics, as defined, that are located within one-quarter mile of a licensed hospital and the organized outpatient clinic is operated in association with the licensed hospital.
    - ii) Parking structures supporting the licensed hospital and organized outpatient clinic and emergency transportation infrastructure, including helipads.
  - b) “Jobs that pay prevailing wages” means that all construction workers employed in the execution of the project will receive at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations. If the project is certified for an exemption, the project applicant shall include this requirement in all contracts for the performance of the work.
  - c) “Project labor agreement” has the same meaning as set forth in Section 2500 of the Public Contract Code.
- 3) Makes related findings.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

- 1) **Background.** CEQA provides a process for evaluating the environmental effects of applicable projects undertaken or approved by public agencies. If a project is not exempt from CEQA, an initial study is prepared to determine whether the project may have a significant effect on the environment. If the initial study shows that there would not be a significant effect on the environment, the lead agency must prepare a negative declaration. If the initial study shows that the project may have a significant effect on the environment, the lead agency must prepare an EIR.

An EIR must accurately describe the proposed project, identify and analyze each significant environmental impact expected to result from the proposed project, identify mitigation measures to reduce those impacts to the extent feasible, and evaluate a range of reasonable alternatives to the proposed project. If mitigation measures are required or incorporated into a project, the agency must adopt a reporting or monitoring program to ensure compliance with those measures.

Generally, CEQA actions taken by public agencies can be challenged in superior court once the agency approves or determines to carry out the project. CEQA appeals are subject to unusually short statutes of limitations. Under current law, court challenges of CEQA decisions generally must be filed within 30-35 days, depending on the type of decision. The courts are required to give CEQA actions preference over all other civil actions. However, the schedules for briefing, hearing, and decision are less definite. The petitioner must request

a hearing within 90 days of filing the petition and, generally, briefing must be completed within 90 days of the request for hearing. There is no deadline specified for the court to render a decision.

2) **Author’s statement:**

AB 2231 is about protecting access to care, strengthening our health system, and acting with the urgency this moment demands. At a time when federal actions like H.R. 1 are reducing health care funding and increasing financial pressure on hospitals, California faces a narrowing window to build the facilities our communities will depend on for decades to come. If we do not act now, we risk losing critical capacity – particularly as older, seismically non-compliant hospitals approach closure.

This bill provides a targeted CEQA exemption for two essential hospital projects in Santa Clara and Emeryville. These are not speculative developments – they are modern, environmentally responsible, urban infill hospitals that will expand access to emergency, inpatient, and specialty care for growing regions across the Bay Area and beyond. While CEQA plays an important role in protecting our environment, it can delay projects that are fundamentally beneficial to public health and sustainability. AB 2231 strikes a careful balance by allowing these critical projects to move forward without unnecessary delay, while supporting thousands of good-paying jobs and ensuring Californians can access care within minutes of where they live and work

- 3) **Prior legislation.** SB 830 (Arreguin) establishes expedited administrative and judicial review procedures under CEQA for an “environmental leadership hospital campus project” in the City of Emeryville, requiring the courts to resolve lawsuits within 365 days, to the extent feasible. SB 830 passed this committee on July 14, 2025, and passed the Assembly, but was placed on Senate inactive file by the author.
- 4) **Suggested amendments.** Rather than a statutory exemption with no environmental standards, *the author and the committee may wish to consider* amending this bill to provide CEQA process streamlining for the hospital projects, including expediting the administrative process by using concurrent preparation of the administrative record and expediting the judicial review process for projects that are challenged in court, with a 270-day deadline for the courts to resolve a lawsuit, similar to the approach in SB 830, but for hospital projects in both Emeryville and Santa Clara.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Bay Area Council  
 California Asian Pacific Chamber of Commerce  
 California Chamber of Commerce  
 Civil Justice Association of California (CJAC)  
 Contra Costa County  
 Oakland Metropolitan Chamber of Commerce  
 Private Essential Access Community Hospitals  
 San Francisco Bay Area Planning and Urban Research Association (SPUR)

Silicon Valley Leadership Group  
Sutter Health

**Opposition**

Planning and Conservation League (unless amended)  
Western Electrical Contractors Association

**Analysis Prepared by:** Lawrence Lingbloom / NAT. RES. /