
THIRD READING

Bill No: AB 2231
Author: Ahrens (D)
Amended: 4/22/26 in Assembly
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 6/24/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE JUDICIARY COMMITTEE: 13-0, 6/30/26
AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern,
Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 70-1, 5/11/26 - See last page for vote

SUBJECT: California Environmental Quality Act: hospital projects

SOURCE: Author

DIGEST: This bill establishes expedited administrative and judicial review procedures under the California Environmental Quality Act (CEQA) for "environmental leadership hospital campus projects" in the cities of Emeryville and Santa Clara, requiring the courts to resolve lawsuits within 270 days, to the extent feasible.

ANALYSIS:

Existing law:

- 1) Establishes CEQA, which requires lead agencies with the principal responsibility for carrying out or approving a project to prepare a negative declaration (ND), mitigated negative declaration (MND), or environmental impact report (EIR) for the project, unless the project is exempt from CEQA. (Public Resources Code (PRC) §21000 et seq.). If a project may have a

significant effect on the environment, the lead agency must prepare a draft EIR. (CEQA Guidelines §15064(a)(1), (f)(1))

- 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*).
- 3) Established the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 (AB 900, Buchanan, Chapter 354, Statutes of 2011), which established accelerated CEQA administrative and judicial review procedures for an "environmental leadership" project. The Act was later extended and modified in 2021 to include infrastructure projects for clean energy, transportation, and water (SB 7, Atkins, Chapter 19, Statutes of 2021). (PRC §21178 *et seq*.)

This bill:

- 1) Requires the city council of the City of Emeryville or the City of Santa Clara, as the lead agency for the project in question, to certify an environmental leadership hospital campus project (as defined) for streamlining pursuant to this bill if the city council finds that numerous specified environmental, labor, and other conditions will be met, including that:
 - a) The project applicant agrees to pay the costs of the trial court and the court of appeal in hearing and deciding any case subject to this bill, including payment of the costs for the appointment of a special master if deemed appropriate by the court, as specified;
 - b) The project applicant agrees to pay the costs of preparing the record of proceedings for the project concurrent with review and consideration of the project, as specified;

- c) The project is on an infill site, as defined;
 - d) The project will result in an investment of at least one billion dollars (\$1,000,000,000) in California upon completion of the construction and generate at least 500 construction jobs;
 - e) The project creates high-wage, highly skilled jobs that pay prevailing wages and living wages, employs a skilled and trained workforce;
 - f) The project will not result in any net additional greenhouse gas emissions, and at least 50% of reductions shall be local;
 - g) The project has a community benefits agreement that may include additional mitigation measures such as being fully electric, using carbon free energy sources, providing zero-emission vehicle charging stations, or improving public transportation;
 - h) The project will be low vehicle miles traveled (VMT) (have a per capita VMT at least 15% lower than comparable development);
 - i) The project will obtain certification as Leadership in Energy and Environmental Design (LEED) gold standard or better; and
 - j) The project applicant will complete a health impact review by the Attorney General and will comply with any resulting conditions issued by the Attorney General as if the project applicant were seeking approval of a transaction under Article 2 (commencing with Section 5914) of Chapter 9 of Part 2 of Division 2 of Title 1 of the Corporations Code and Section 999.5 of Title 11 of the California Code of Regulations. The Attorney General shall review the project to determine the need for the issuance of enforceable conditions under the standards and requirements set forth in Article 2 (commencing with Section 5914) of Chapter 9 of Part 2 of Division 2 of Title 1 of the Corporations Code and Section 999.5 of Title 11 of the California Code of Regulations. The project applicant shall be responsible for the reasonable fees and costs associated with the Attorney General's health impact review and, if conditions are issued by the Attorney General, for any subsequent compliance investigations and any independent monitor appointed by the Attorney General to oversee compliance with the conditions.
- 2) Specifies that the project applicant must agree to meet all the mitigation requirements, and will submit an annual report on the implementation of the environmental mitigation measures required by the section to the lead agency

which will be responsible for enforcing and monitoring those mitigation measures.

3) 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 outpatient clinics and associated parking structures;
- 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; and
- c) “Project labor agreement” has the same meaning as set forth in Section 2500 of the Public Contract Code.

Background

- 1) *A, B, C’s of CEQA*. CEQA is an environmental planning law designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) 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. Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. 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 (ND) or mitigated negative declaration (MND). If the initial study finds the project has potential significant effects on the environment, then a full EIR is conducted. An EIR provides a thorough environmental review of a proposed project, analyzing the significant direct and indirect environmental impacts of a proposed project. The EIR also includes proposed mitigation measures for any significant effects that it identifies and considers alternatives to the proposed project.

- 2) *Provisions to expedite CEQA.* Under CEQA, state and local agencies must complete and adopt a ND in 180 days, and certify an EIR within a year. If there is a compelling circumstance to extend this timeline, agencies may take longer, but only if the project applicant consents. After the environmental review is completed, the case may be subject to litigation. Judicial Council asserts that it takes over six months just for a CEQA case to get a hearing, let alone reach a decision.

To help speed CEQA cases through the court system, current law provides several measures to prioritize CEQA cases and speed up judicial review, including:

- a. The Superior Court and the Court of Appeal must give CEQA lawsuits preference over all other civil actions;
 - b. If feasible, the Court of Appeal must hear a CEQA appeal within one year of filing;
 - c. Discovery is generally not allowed, as CEQA cases are generally restricted to review of the record; and
 - d. Counties with a population of over 200,000 must designate one or more judges to develop expertise on CEQA and hear CEQA cases.
- 3) *CEQA Administrative and Judicial Streamlining.* The Legislature has developed streamlining measures to speed CEQA lawsuits against specified projects through the courts. In current law, CEQA streamlining entails both judicial and administrative streamlining. Judicial streamlining requires that a CEQA lawsuit be heard in 270 days, including all appeals, as feasible. Administrative streamlining requires projects to prepare the administrative record, the comprehensive document at the heart of a CEQA case, at the same time as the environmental review documents are prepared. Preparing these documents concurrently, instead of sequentially, saves time if there is a lawsuit. These streamlining measures shorten what is potentially the lengthiest portion of the CEQA process—litigation—while retaining the full environmental review and public engagement offered under CEQA.

In 2011, the Legislature passed the first CEQA streamlining certification program with the Jobs and Economic Improvement Through Environmental Leadership Act (Leadership Act), which created CEQA streamlining for residential, retail, commercial, sports, and recreational use projects that were certified as Environmental Leadership Development Projects (ELDP) by the

Governor (AB 900, Buchanan, Chapter 354, Statutes of 2011). The ELDP program was further extended and modified in 2021 with (SB 7, Atkins, Chapter 19, Statutes of 2021) and in 2023, The Legislature expanded these same streamlining provisions for certain energy, transportation, and water infrastructure projects (SB 149, Caballero, Chapter 60, Statutes of 2023).

- 4) *Environmental Leadership Development Programs*. While only a small number of projects are challenged under CEQA (e.g. 1.05% of projects that went through CEQA in 2022-2023 were challenged¹), very environmentally impactful and controversial projects are more likely to face a lawsuit. The Legislature has developed streamlining measures to speed CEQA lawsuits against specified, often large-scale and high-profile, projects through the courts.

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The specific criteria that projects must meet to be eligible for CEQA streamlining varies by project and process, but all are intended to ensure that

¹ CEQA for the Future Protecting Land, People, & Climate. Smith-Heimer and Hitchcock, Dec 2025.

projects meet high environmental and labor standards. In current law, environmental criteria for streamlining includes requirements such as achieving Leadership in Energy and Environmental Design (LEED) Gold certification and being greenhouse gas neutral. SB 149 (Caballero, Chapter 60, Statutes of 2023) also includes a specific equity provision which requires that projects both minimize significant environmental impacts in disadvantaged communities and take mitigation measures that directly benefit the affected community. In offering CEQA streamlining for projects that meet these high standards, California has been able to promote projects that align with the State's environmental, climate, and labor goals.

- 5) *Hospitals facing financial constraints.* H.R. 1, the *One Big Beautiful Bill Act* (OBBBA), enacted in 2025, represents one of the largest federal reductions in healthcare spending in U.S. history, primarily through Medicaid and Affordable Care Act (ACA) reforms. Independent analyses project that the legislation will substantially increase the number of uninsured Americans, reduce federal Medicaid expenditures, and alter state financing mechanisms that hospitals rely upon. These changes are expected to have significant implications for hospital finances, service delivery, workforce stability, and access to care, particularly among safety-net and rural hospitals. According to the California Hospital Association, California hospitals could lose between \$66 billion and \$128 billion in Medicaid and Medicare revenue over the next decade as a result of the legislation and related federal funding changes.

Comments

- 1) *Purpose of Bill.* According to the author, "AB 2231 is a judicial streamlining bill that helps ensure critical hospital projects can move forward without unnecessary delays and costly litigation. At a time when California faces growing health care demands and uncertainty in federal funding, we cannot afford to slow the construction of essential medical facilities in Santa Clara and Emeryville, which will help expand access to emergency, inpatient, and specialty care for communities across the Bay Area."
- 2) *What makes an environmental leader?* This bill provides expedited judicial review for an "environmental leadership hospital campus project" (a term created in this bill) in the City of Emeryville. What makes a project an environmental leader that should receive prioritized expedited judicial review, bumping it to the front of the line of cases to be heard in the event of a lawsuit? This bill adds some environmental criteria, including that the project does not result in net additional GHG emissions, and will be relatively low-VMT. It also

offers some environmental guardrails by specifying that the project applicant will enter into a legally binding and enforceable community benefits agreement with the lead agency that may include specified measures in addition to any other mitigation measures required pursuant to CEQA. This is an important addition, since environmental projects can still have environmental impacts, and thus it is still important to provide additional tools for communities to advocate for measures to mitigate the impacts of projects on their communities, even when the projects are deemed environmental leaders. This bill also adds a process for accomplishing this goal by requiring that the applicant submit an annual report to the lead agency report on the mitigation measures they are taking to meet the eligibility criteria to be a leadership project.

- 3) *Expedited Judicial Review tradeoffs.* Expedited judicial review entails tradeoffs, including potentially burdening the courts and affecting access to justice for other litigants. As described above, the Legislature has continually expanded projects that qualify for expedited judicial review under CEQA. Additionally, the Legislature has begun applying expedited judicial review to other areas of the law as well. For example, SB 808 (Caballero, Chapter 527, Statutes of 2025) established an expedited writ of mandate procedure for judicial review of a local agency decision denying approval of a housing development project, as defined.² This Committee will be considering three CEQA expedited judicial review bills this legislative session. (*see Pending Legislation Section.*)

Under existing law, certain parties are entitled to calendar preference, including a party that is at least 70 years old and in ill health, a party in a personal injury or wrongful death matter who is under the age of 14, or a party that is unlikely to survive beyond another six months. (Code Civ. Proc. § 36). Additionally, certain actions receive calendar preference, including appeals in probate proceedings, contested election cases, and actions for libel or slander by a person who holds any elective public office or a candidate for any such office alleged to have occurred during the course of an election campaign. (Code Civ. Proc. § 44.) Additionally, existing law already provides that the superior court and appeals courts are to give CEQA lawsuits preference over all other civil actions. (Gov. Code § 21167.1(a).) These expedited CEQA judicial review bills taken as one-offs may not seem to cause a major concern for the courts and are intended to expedite beneficial development. However, when taken as a whole, these bills entail potential tradeoffs with respect to not only the sufficiency of environmental review, but increasing pressure on court dockets and access to

² Dept. of Finance, Delta Conveyance Project, (updated 5/14/25), available at <https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1263> (as of June 24, 2025).

justice for other litigants. These concerns have only been magnified by the judicial backlog arising from the COVID-19 pandemic.³

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the assembly appropriations committee, this bill has “Potential cost pressure (Trial Court Trust Fund, General Fund) of an unknown amount to the courts to process and hear challenges to environmental reviews for environmental leadership hospital campus projects on an expedited timeline. Expedited cases generally create costs and staffing pressures on the courts, as each review typically requires a judicial officer, research attorneys, and staff. However, under existing rules of court (that Judicial Council may amend to reference the specific projects in this bill), these reviews would be subject to a \$180,000 filing fee. With this filing fee, Judicial Council does not anticipate increased costs as a result of this bill.”

SUPPORT: (Verified 8/3/2026)

Bay Area Council
California Chamber of Commerce
Civil Justice Association of California
Contra Costa County
Sutter Health

OPPOSITION: (Verified 8/3/2026)

Judicial Council of California

ASSEMBLY FLOOR: 70-1, 5/11/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

³ Joint Informational Hearing of Ass. and Sen. Comm. on Judiciary: *COVID and the Courts: Assessing the Impact on Access to Justice, Identifying Best Practices, and Plotting the Path Forward* (Feb. 23, 2021) Background Paper, https://sjud.senate.ca.gov/sites/sjud.senate.ca.gov/files/background_paper_-_ajud_and_sjud_feb_23_2021_joint_informational_hearing_-_covid_and_the_courts.pdf.

NO VOTE RECORDED: Arambula, Gallagher, Lowenthal, Muratsuchi, Quirk-Silva, Celeste Rodriguez, Michelle Rodriguez, Solache, Soria

Prepared by: Brynn Cook / E.Q. / (916) 651-4108

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