Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 1014 (Grayson) – As Amended June 3, 2026

SENATE VOTE: 30-9

SUBJECT: Development projects: preliminary estimate of required improvements: onsite and offsite improvements

SUMMARY: Allows development proponents to request and receive additional information regarding offsite and onsite improvements associated with a housing development project at the preliminary application phase, and when processing post-entitlement phase permits. Specifically, **this bill**:

1) Requires a city, county, or city and county to provide a preliminary estimate of required improvements to an applicant within 30 business days of the request if the applicant submits a preliminary application or an application for a housing development project. The preliminary estimate of required improvements must include:

   a) A good faith estimate of the list of the types of onsite or offsite improvements that may be required in connection with the housing development project; and

   b) For any improvements that will be constructed or installed by the city, county, or city and county, a good faith estimate of the cost of those improvements if constructed or installed at the time the estimate is provided.

2) Provides that the good faith estimate required in 1) shall not be required to include either of the following:

   a) Onsite or offsite improvements required by a public agency or utility other than the city, county, or city and county; or

   b) Onsite or offsite improvements imposed on a housing development project to comply with the California Environmental Quality Act (CEQA).

3) Allows an applicant of a housing development project, who has requested a preliminary estimate from a city, county, or city and county, to also request from a public utility, special district, or a public agency other than a city, county, or city and county a list of the types of any onsite or offsite improvement that may be required in connection to the housing development within 30 days of the request for a preliminary estimate. Requires a public utility, special district, or a public agency other than a city, county, or city and county to provide this information within 30 business days.

4) Provides that nothing within the bill creates or affects any right or obligations with respect to onsite or offsite improvements, except for the estimates required by 1) and 3).

5) Provides that the estimates in 1) and 3) shall be for informational purposes only and shall not be legally binding or otherwise affect the scope, extent, or cost of any onsite or offsite improvements that are required or imposed pursuant to other provisions of existing law.

6) Requires the city, county, or city and county, within 30 business days of deeming an application for a postentitlement phase permit complete, to provide the applicant with an itemized list of all onsite and offsite improvements that will be required prior to issuance of, or otherwise in connection with, that permit.

7) Prohibits a city, county, or city and county from requiring construction or installation of any onsite or offsite improvement prior to issuance of, or otherwise in connection with, a postentitlement phase permit, unless that improvement was included in the itemized list of onsite and offsite improvements.

8) Allows a city, county, or city and county to require the construction or installation of onsite or offsite improvements not included on the itemized list of onsite and offsite improvements, if any of the following circumstances occur:

   a) The city, county, or city and county finds, based upon substantial evidence, that the onsite or offsite improvement is necessary to mitigate or avoid a specific, adverse impact upon the public health or safety;

   b) The developer changes or requests to change the construction or other work permitted by the postentitlement phase permit from the description provided in the application, and the requested onsite or offsite improvement is reasonably related to the expanded scope of the construction or other work permitted; and

   c) The postentitlement phase permit is a discretionary building permit or other permit, as specified, in which case the city, county, or city and county may require construction or installation of onsite or offsite improvements in order to mitigate potentially significant environmental effects, as required pursuant to the CEQA.

9) Provides that nothing in this bill shall be construed to relieve a city, county, or city and county of its obligation to comply with the provisions in the Housing Accountability Act (HAA), related to vesting, before subjecting a housing development project to an improvement that was not in effect when a preliminary application, as specified, was submitted.

EXISTING LAW:

1) Defines "housing development project" as a use consisting of any of the following:

   a) Residential units only;

   b) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use, excluding any hotel or other short-term uses; and

   c) Transitional housing or supportive housing. (Government Code (GOV) 65940.1)

2) Establishes a process for a project applicant to file a preliminary application for a housing development project, and establishes that a housing development project that has submitted a preliminary application must be subject only to the ordinances, policies, and standards

adopted and in effect when the preliminary application was deemed to be complete. (GOV 65941.1)

3) Authorizes an applicant who submits a preliminary application to include a request for a preliminary fee and exaction estimate, which the city or county must provide within 30 business days of the submission of the preliminary application. Provides that the fee and exaction estimate is for informational purposes and shall not be legally binding or otherwise affect the scope, amount, or time of payment of any fee or exaction that is otherwise determined by other provisions of law. (GOV 65941.1)

4) Provides that for development fees imposed by a local agency that is not a city or county, including fees levied by a school district or a special district, the applicant must request the fee schedule from the local agency and that local agency must provide the fee schedule without delay. (GOV 65941.1)

5) Requires, upon approval of a housing development project, a city or county to provide the applicant with an itemized list and a good faith estimate of the total sum amount of all fees and exactions that will apply to the project within 30 business days. (GOV 65943.1)

6) Requires local agencies to list all information required for an application under the Permit Streamlining Act. (GOV 65940)

7) Establishes the Mitigation Fee Act (GOV 66000-66025) that requires a local agency to do all of the following when establishing, increasing, or imposing a fee on a development project:

   a) Identify the purpose of the fee;

   b) Identify the use to which the fee is to be put;

   c) Determine how there is a nexus between the fee's use and the type of development project on which the fee is imposed; and

   d) Determine how there is a nexus between the need for a public facility and the type of development project on which the fee is imposed.

8) Requires a city, county, or special district that has an internet website to make information available on its internet website, including the current schedule of fees, exactions, and affordability requirements imposed by that city, county, or special district, applicable to a proposed housing development project. (GOV 65940.1)

9) Requires a city or county to request from a development proponent, upon certificate of occupancy or final inspection, whichever occurs last, the total amount of fees and exactions associated with the project, and post that information on its internet website. (GOV 65940.1)

10) Defines "postentitlement phase permit" as follows:

   a) All nondiscretionary permits required by a local agency after the entitlement process to begin construction of a development that is intended to be at least two-thirds residential, excluding specified planning permits, entitlements, and other permits. These permits include, but are not limited to, all of the following:

i) Building permits, and all inter-departmental review required for the issuance of a building permit;

ii) Minor or standard off-site improvements;

iii) Demolition;

iv) Minor or standard excavation and grading. (GOV 65913.3)

11) Requires a local agency or a state agency to compile one or more lists of information that will be required from any applicant for a postentitlement phase permit and specifies a process for approving those permits. (GOV 65913.3)

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

Author's Statement: According to the author, "California has a massive and growing housing production and affordability crisis. Driving this affordability issue is the exponential rising costs of building new housing. Development fees and other construction requirements can make up a significant portion of building costs and are much higher in California compared to the rest of the nation. Despite the significant reforms intended to improve fee transparency, builders continue to struggle to anticipate certain development costs, such as those for on-site and off-site improvements. Builders may find out about on-site and off-site improvements late in the process, adding unforeseen development costs and making projects less likely to pencil out. SB 1014 will help provide greater certainty for housing developments by requiring local jurisdictions, within 30 days of submission of a preliminary application, provide a good-faith estimate and list of any on-site or off-site improvements. Additionally, the bill would also prevent a local jurisdiction from requiring any additional on-site or offsite improvements that are not disclosed within 30 days of submitting a building permit application. This bill will help enhance transparency and will provide greater certainty in the housing development process."

Cost of Building Housing: It is expensive to build housing in California. The UC Berkeley Terner Center finds that challenging macroeconomic conditions, including inflation and high interest rates, affect the availability and cost of capital, resulting in rising costs for labor and materials.[1] Furthermore, workforce and supply shortages have exacerbated the already high price of construction in California, and economic uncertainty has made equity partners and lenders apprehensive about financing new housing development proposals.[2] These conditions are particularly acute during the early stages of development, when projects rely on higher-risk, higher-cost forms of capital, such as predevelopment and construction financing, which are often the most difficult to secure.

A 2025 study found that California is the most expensive state for multifamily housing production, in part due to the long timeline it takes to go from an application to an approved

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[1] David Garcia, Ian Carlton, Lacy Patterson, and Jacob Strawn, *Making It Pencil: The Math Behind Housing Development (2023 Update)*, Terner Center for Housing Innovation, December 2023, https://ternercenter.berkeley.edu/research-and-policy/making-it-pencil-2023/
[2] IBID.

project.[3] This report found that longer production timelines are strongly associated with higher costs, and the time to bring a project to completion in California is more than 22 months longer than the average time required in Texas.[4] These cost and timing challenges can make it difficult to build housing at all in the current environment, and are especially pronounced for high-rise and other complex urban developments, which carry higher construction costs, longer timelines, and greater exposure to financing risk. More broadly, when development projects are perceived as too costly or risky, capital may be redirected to lower-risk investments or to other states with more predictable timelines and lower development costs, further constraining housing production in California.

A separate analysis by the California Housing Partnership compares the cost of market rate development prototypes developed by the Terner Center with the median cost of developing affordable rental homes. In the four regions analyzed, the study found that the cost of developing one unit of affordable housing ranged from approximately $480,000 to $713,000, while the cost of developing one unit of market rate housing in the state ranged from approximately $508,000 to $637,000.[5] The increased cost for the affordable units can be attributed, in part, to the difficulty associated with assembling a capital stack for affordable housing development, the complex regulations that these affordable units must comply with, and the added cost of labor requirements tied to certain funding sources used by affordable housing developers.

Development Fees: Development fees serve many purposes and can be broadly divided into two categories: service fees and impact fees. Service fees cover staff hours and overhead, and are used to fund the local agency's role in the development process such as paying for plan reviews, permit approvals, inspections, and any other services related to a project moving through various local departments. Impact fees refer generally to fees that offset the public costs of new infrastructure incurred by the larger community. In the wake of the passage of Proposition 13 in 1978 and the loss of significant property tax revenue, local governments have also turned to development fees as a means to pay for new infrastructure. A recent study conducted by the Terner Center found that on average, impact fees added $19,806 per unit to affordable housing developments.

The Mitigation Fee Act governs the imposition, collection, and use of impact fees collected by local governments when reviewing and approving development proposals. When imposing a fee as a condition of approving a development project, the Mitigation Fee Act also requires local officials to determine a reasonable relationship between the fee's amount and the cost of the public facility. In its 1987 *Nollan* decision, the U.S. Supreme Court said there must be an "essential nexus" between a project's impacts and the conditions for approval. In the 1994 *Dolan* decision, the U.S. Supreme Court said that conditions on development must have a "rough proportionality" to a project's impacts.

There are other fees that may be levied on housing development projects that fall outside of the Mitigation Fee Act. These may include fees for the public good, such as fees that provide for

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[3] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[4] https://www.rand.org/pubs/research_reports/RRA3743-1.html
[5] Mark Stivers, *Affordable Housing Compares Favorably to Market-Rate Housing From a Cost Perspective*, California Housing Partnership, January 2024: https://chpc.net/affordable-housing-compares-favorably-to-market-rate-housing-from-a-cost-perspective/#:~:text=It%20turns%20out%20that%20costs,market%2Drate%20developments%20do%20not.

public art or affordable housing; environmental mitigation fees; park fees; utility fees and connection charges; school fees; and regional development fees. Furthermore, housing development projects are often required to complete onsite and offsite improvements for things like infrastructural investments associated with the development proposal. These can include increasing the capacity of underground utilities, building roads, walkways, installing street trees, street lights, and a host of other infrastructural investments.

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 can influence project design, add mitigation requirements, or delay approval if significant environmental impacts are identified. 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.

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 infill housing developments and projects meeting objective standards. Some of these laws include:

- *The Housing Crisis Act of 2019 (HCA):* To address concerns that cities and counties were taking actions that could undermine housing development, the Legislature enacted SB 330 (Skinner), Chapter 654, Statutes of 2019. Among other provisions, the HCA prohibits a local agency from applying new rules or standards to a project after a "preliminary application" containing specified information is submitted and a complete full application follows within 180 days. In doing so, the HCA provides a "vesting" process, which locks in the ordinances, policies, and standards in effect at the time of submission. This means that any changes to local zoning, development standards, fees, or exactions that occur after the complete preliminary application is submitted will not apply to that project, unless the fees, charges, or monetary exactions result from an automatic annual adjustment based on an independently published cost index referenced in the establishing ordinance.

- *The Permit Streamlining Act (PSA).* The PSA requires public agencies (both state and local agencies) to act fairly and promptly on applications for development proposals, including housing developments, including a 30-day timeframe for public agencies to determine whether applications for development projects are complete or request additional information; failure to act results in an application being "deemed complete."

- *AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022,* required local agencies to process postentitlement phase permits within 30 days for small housing development projects and 60 days for large housing development projects.

Fee Transparency: AB 1820 (Schiavo), Chapter 358, Statutes of 2024 authorized development applicants that submit a preliminary application for a housing development project to include a request for a preliminary fee and exaction estimate from the city or county, and required the city or county to provide the estimate within 30 days. AB 1820 further required a city or county to provide the development proponent with an itemized list and good faith estimate of the total sum of all fees and exactions that will apply to the housing development project within 30 days. AB 1820 defined "fee" as a fee or charge pursuant to the Mitigation Fee Act, and "exaction" as a construction excise tax, a public art fee, a dedication of parkland, or a special tax levied on the new housing units pursuant to the Mello-Roos Community Facilities Act.

This Bill: This bill builds upon the fee transparency framework established by AB 1820 by creating a process for applicants to obtain early information regarding required onsite and offsite improvements associated with a housing development project. An applicant that submits a preliminary application, or otherwise submits sufficient information for a complete housing development application, may request a preliminary estimate of required improvements, which a city or county must provide within 30 business days. The estimate must include a good-faith estimate of the types of onsite and offsite improvements that may be required and, for improvements to be constructed or installed by the city or county, a good-faith estimate of their cost. This bill also authorizes applicants to request similar information from other public agencies, utilities, and special districts. This bill specifies that these preliminary estimates are provided for informational purposes only and are not legally binding.

For postentitlement phase permits, this bill requires a city or county to provide an applicant, within 30 business days of determining that an application is complete, an itemized list of all onsite and offsite improvements required in connection with that permit. This bill generally prohibits a city or county from subsequently requiring improvements that were not included on that list. However, additional improvements may be required if the city or county finds, based on substantial evidence, that the improvement is necessary to avoid a specific adverse impact on public health or safety; if the developer expands the scope of work and the improvement is reasonably related to that change; or, for discretionary postentitlement permits subject to CEQA, if additional improvements are required to mitigate potentially significant environmental impacts.

Arguments in Support: A coalition of organizations comprising the Home Builders Alliance write in support: "SB 1014 represents an important step forward for good governance. Clear, consistent, and transparent rules are essential to ensuring that housing policies adopted by the California State Legislature can be implemented fairly and efficiently by local governments, and relied upon by project applicants and communities alike. Too often, housing developments face new or expanded onsite and offsite improvement requirements late in the permitting process, after significant time and resources have already been invested. These last-minute conditions, such as unanticipated infrastructure upgrades, utility improvements, or public work requirements, introduce substantial and unpredictable costs and in many cases render otherwise compliant housing projects infeasible.

SB 1014 helps address this challenge by ensuring that improvement requirements are disclosed completely, early, and clearly, providing both local agencies and applicants with a shared understanding of expectations. By improving predictability, the bill supports responsible planning while preserving local authority to require appropriate improvements, so long as those requirements are communicated in a timely and transparent manner."

Arguments in Opposition: The City of Thousand Oaks writes in opposition: "Unfortunately, preliminary applications and even formal applications do not provide adequate information for cities to provide the best estimate. The plan materials' information often lacks the engineering detail required to make an accurate assessment of infrastructure needs. Without full grading plans or detailed utility maps (which usually come later in the process), a city might not know that a project will require improvements without a subsequent study to determine. Improvements such as a sewer lift station, specific drainage basin or other infrastructure cannot be determined with the timeframe proposed within this legislation.

If the city misses the required improvement during that 30-day window because the initial plans were vague, they may be legally barred from requiring it later—even if that improvement is essential for public safety or environmental health.

The requirement to provide a list of all improvements and a "good-faith estimate" within 30 business days is an extremely tight turnaround for municipal staff. Many cities do not have enough engineers or plan checkers on staff to conduct a comprehensive infrastructure analysis within 30 days. This may force cities to divert staff away from other critical public works projects. Identifying "off-site" improvements often requires input from multiple departments (Water, Public Works, Transportation), other outside agencies (i.e. electricity company, telephone company, water and sewer provider, gas company, etc.), and additional consultant-prepared studies. Coordinating a binding list across these silos in 30 days is a massive logistical challenge."

Related Legislation:

AB 1820 (Schiavo), Chapter 358, Statutes of 2024, authorized development applicants that submit a preliminary application to include a request for a preliminary fee and exaction estimate from the city or county, and required the city or county to provide the estimate within 30 days.

AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, established parameters and timeframes for a local agency's review of non-discretionary post-entitlement phase permits.

Double-referred: This bill is double referred. It was heard in the Assembly Committee on Local Government and passed on a vote of 7-2 on June 17, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Sponsor)
San Francisco Bay Area Planning & Urban Research Association (Sponsor)
21st Century Alliance
Abundant Housing LA
Abundant Housing Los Angeles

Business for Good San Diego
California Apartment Association
California Council for Affordable Housing
Casita Coalition
Circulate Planning & Policy
DignityMoves
East Bay YIMBY
Eden Housing
Everybody's Long Beach
Fieldstead and Company, INC.
Grow the Richmond
Habitat for Humanity California
Holos Communities
Housing Action Coalition
Housing California
LeadingAge California
Monterey Peninsula YIMBY
Mountain View YIMBY
Napa-solano for Everyone
New Way Homes
North Bay Leadership Council
Northern Neighbors
Northern Neighbors SF
Peninsula for Everyone
Resources for Community Development
San Diego Housing Federation
San Diego Regional Chamber of Commerce
San Francisco YIMBY
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
SLOCO YIMBY
South Bay YIMBY
Southern California Association of Non-profit Housing
The Two Hundred
The Two Hundred for Homeownership
Ventura County YIMBY
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY Monterey Peninsula
YIMBY SLO
Zillow Group

Opposition

City of Carlsbad
City of Rancho Cucamonga
City of Thousand Oaks

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