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## SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

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**Bill No:** SB 1085

**Author:** Durazo

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**Fiscal:** Yes

**Consultant:** Favorini-Csorba

### ***WATER SUPPLY PLANNING: HOUSING DEVELOPMENTS***

*Requires a project that meets the qualifications under existing law to undergo a water supply assessment, regardless of whether the California Environmental Quality Act applies.*

#### **Background**

***Water supply planning for new development.*** An urban water supplier with more than 3,000 customers must adopt an urban water management plan (UWMP). An important component of a UWMP is an assessment of water service reliability during normal, dry, and multiple-dry years. Part of that analysis requires information about the availability of groundwater supplies.

Cities and counties must consider information provided by water suppliers when they act on proposals for large-scale residential, commercial, hotel, industrial, or mixed-use projects (SB 901, Costa, 1995). Every large-scale development project—proposing 500 or more new connections or an equivalent size for other uses—must have a water supply assessment (WSA) (SB 610, Costa, 2001), prepared according to the following process:

- First, a city or county, at the time that it determines that a development is subject to the California Environmental Quality Act (CEQA), must identify any water system that may supply water for the project;
- If the proposed project was included in the UWMP of one of the identified systems, the water system prepares the WSA for the project; and
- If the projected demand was not accounted for, or the city or county was not able to identify a water system to serve the project, the city or county prepares the assessment, in consultation with the local agency formation commission and other relevant water systems.

A WSA must identify any existing water supply entitlements, water rights, or water service contracts relevant to the identified water supply for the proposed project, and describe the quantities of water received in prior years by the public water system or the city or county through its water rights or other sources.

If a water supply for a proposed project includes groundwater, the WSA must include additional information, including a description of any groundwater basins that will supply the project, the court or SWRCB order if the basin is adjudicated, and an analysis of the sufficiency of the groundwater from the basin or basins. Following the enactment of the Sustainable Groundwater Management Act (SGMA) in 2014, which comprehensively reformed California's groundwater laws, the Legislature updated the requirements for projects that rely on groundwater to integrate SGMA and the WSA statutes.

If, as a result of its WSA, the water system, or city or county if it is preparing the WSA, concludes that its water supplies are, or will be, insufficient, it must provide plans for acquiring additional water supplies, and set forth the measures that are being undertaken to acquire and develop those water supplies.

The WSA must be completed within 90 days of the request by the city or county, but the water system may request a 30 day extension. Once completed, the WSA must be incorporated into the analysis of the project under the California Environmental Quality Act (CEQA).

Greater certainty about water supplies for a proposed development is required later in the process of approving a development. Specifically, the Subdivision Map Act requires cities and counties to demonstrate that a sufficient water supply is available as a condition in their approval of a tentative map for a subdivision with more than 500 dwelling units (SB 221, Kuehl, 2001). Proof of sufficient water must be based on a written verification from the applicable public water system. In order to be sufficient, the water supply must be able to meet the demands of existing and future planned uses in addition to the subdivision's demand over the next 20 years.

Collectively referred to as the "show-me-the-water" laws, SB 221 and SB 610 sought to link land use planning and water supply considerations by encouraging communication between cities and counties that approve development projects and water agencies that must serve those projects.

**Recent legislation on CEQA.** Responding to California's housing affordability crisis, in recent years the Legislature has enacted scores of measures to boost housing development in the state, including measures to reduce barriers to approving new housing. Several of these laws allow large projects to be built without undergoing CEQA review, including:

- SB 35 (Wiener, 2017), which established a process for streamlined, ministerial review of housing projects on infill sites if they meet specified affordability, labor, environmental, and other conditions;
- AB 2011 (Wicks, 2021), which requires ministerial approval of housing projects on commercial lots if they meet certain affordability, labor, environmental and other conditions; and
- AB 130 (Committee on Budget, 2025), which exempts infill housing projects on lots of up to 20 acres in size from CEQA. This exemption is significantly broader than other infill exemptions because it applies to larger sites (up to twenty acres) and includes fewer conditions in order to qualify.

Additionally, SB 131 (Committee on Budget and Fiscal Review, 2025) enacted numerous CEQA exemptions, including an exemption for advanced manufacturing projects that meet specified conditions.

Because current law only requires a WSA when a project is subject to CEQA, these projects can be permitted without analysis of the sufficiency of their water supply. The East Bay Municipal Utility District (EBMUD) wants the Legislature to require WSAs for projects that meet the size requirements in existing law, regardless of whether they are subject to CEQA.

Commented [IV1]: Reducing?

### **Proposed Law**

Senate Bill 1085 requires a project that meets the qualifications under existing law to undergo a WSA, regardless of whether CEQA applies. Specifically, SB 1085 requires a city or county to comply with the requirements of the WSA law upon receiving either of the following:

- A preliminary application for a project, as defined in existing WSA law, that meets the conditions for a CEQA exemption under AB 130; or
- A completed development application if not an AB 130 project.

The city or county has 15 days from receipt, instead of upon making a CEQA determination as in current law, to request a water system to determine whether the water system's UWMP accounted for the projected demand. For an SB 35, AB 2011, or AB 130 project, the bill also:

- Shortens the timeframe, to 45 days, for the water system to complete the WSA and submit to a city or county; and
- Provides that the governing body of the agency preparing the WSA is not required to approve it at a public meeting.

SB 1085 makes other technical and conforming changes.

### **Comments**

1. Purpose of the bill. According to the author, "SB 1085 restores an important, long-standing safeguard on water availability for large new developments that was inadvertently circumvented through recent legislation. For more than two decades, state law has required water supply assessments (WSAs) for certain large development projects to strengthen the link between land use planning and water supply planning. These assessments ensure that local governments have a clear, forward-looking understanding of whether sufficient water supplies exist to serve new development alongside existing and planned uses over a 20-year horizon."

"Because WSAs have been a consistent part of California's planning framework, communities have largely been able to rely on the expectation that growth would be supported by real, available water supplies. That was not always the case. Prior to these requirements, reliance on "paper water" contributed to serious consequences in some regions, particularly in the Central Valley, where communities experienced water shortages so severe that residents had to rely on bottled water for basic needs."

"In recent years, the Legislature has appropriately focused on removing barriers to housing development, including through CEQA streamlining and exemptions. However, because WSAs are currently triggered by CEQA, these changes have had the unintended effect of removing this key planning tool for projects that still meet large development thresholds. Without a WSA, cities and counties may lack critical information about water demand and long-term supply reliability."

"At a time when climate change is increasing pressure on California's water systems, SB 1085 ensures that this proven planning tool remains in place to support informed decision-making and sustainable growth."

2. Throwback or rolling back? The Legislature has taken consequential action to streamline housing projects with the passage of SB 35, AB 2011, and AB 130. Because projects benefitting from these laws are exempt from CEQA, they don't undergo a WSA. SB 1085 reimposes the WSA requirement on these projects and others that are exempt from CEQA. Opponents of the measure are concerned that this bill could roll back some of the gains in housing legislation by reimposing steps on housing projects that recent legislative efforts removed. They are concerned that SB 1085 may grant jurisdictions or residents that don't like a project that the Legislature recently streamlined an opportunity to stall the project.

On the other hand, it is unclear whether WSAs have been an obstacle to housing development for several reasons. First, few, if any, reports of projects being stalled due to WSA compliance have emerged in the quarter-century since the show-me-the-water laws were signed. Second, supporters note that WSAs enable early consultation on water supplies, which benefits developers as well as the public by ensuring that projects have robust supplies, allowing water agencies to begin design for infrastructure earlier, and ensuring that existing uses won't be affected by new development. Moreover, although a WSA is an additional step, a city or county can still approve a project even if the WSA doesn't find that there is sufficient water—it must simply include that determination in its findings for the project. Finally, SB 1085 also aligns the timeline for completion of a WSA for an SB 35, AB 130, or AB 2011 project with the timeline for the city or county to approve it, and, consistent with the ministerial approval requirements of SB 35 and AB 2011, removes governing body approval of the WSA for those projects.

Nonetheless, additional steps could be taken to further address uncertainty regarding the effects of SB 1085 on housing approvals. The Committee may wish to consider amending SB 1085 to specify that nothing in the bill's provisions:

- Subjects a project required to be permitted ministerially by state law, including, but not limited to, SB 35 and AB 2011, to discretionary review by a city or county; or
- Subjects a project that is exempt from CEQA pursuant to a statutory or categorical exemption to review under CEQA.

3. Call my lawyer. Courts have generally found that the WSA is an advisory, informational document, and not a final agency action, and as such, can only be challenged as part of a CEQA decision on a project.<sup>12</sup> According to the 2<sup>nd</sup> District Court of Appeals, “The principal purposes of exhaustion requirements include avoidance of premature interruption of administrative processes; allowing an agency to develop the necessary factual background of the case; letting the agency apply its expertise and exercise its statutory discretion; and administrative efficiency and judicial economy.”<sup>3</sup> Opponents of SB 1085 are concerned that the bill could introduce new means of subjecting projects to lawsuits, which can introduce delays that jeopardize financing or increase costs. Because current law requires the WSA to be incorporated into the CEQA determination for a project, courts have never had to address the question of whether a WSA that was produced for a project exempt from CEQA could be litigated. It is unknown whether a court would find that a WSA prepared outside of the context of CEQA can be challenged separately from a city or county's final action on a development project. To ensure that WSAs don't slow down project approval through unnecessary litigation early in the project approval process, the

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<sup>1</sup> *City of Vallejo v. City of American Canyon* (2026)

<sup>2</sup> *California Water Impact Network (C-WIN) v. Newhall County Water Dist.* (2008)

<sup>3</sup> *Ibid.*

Committee may wish to consider amending SB 1085 to provide that WSAs are informational documents and not a final agency action.

4. **Missed connections.** SB 1085 seeks to close a loophole in state law resulting from recent housing legislation that allows projects that would otherwise qualify to escape the requirement for a WSA. However, the state's show-me-the-water statutes only apply to developments with 500 or more connections, or projects with equivalent water uses. This threshold means relatively few projects undergo a WSA: since 2018, there have been fewer than two hundred housing projects entitled that contain 500 or more units, out of a total of 157,752 entitled projects (0.1%), according to calculations based on data from annual progress reports provided to HCD. (Because of their size, these projects account for a larger share of overall units: about 17.6% of units entitled during that time.) As a result, current statute may miss numerous smaller developments that may be nonetheless vulnerable to water supply issues. A 2010 review of the efficacy of the show-me-the-water laws indicate other areas for improvement. That review notes that, "California's water supply-adequacy laws distinguish themselves from those of other states in the arid southwest, where state engineers directly review water adequacy in a significant number of cases."<sup>4</sup> SB 1085 does not propose wider changes to the WSA statutes—it simply restores the requirement for projects that are exempt from CEQA. As a result, the bill may not comprehensively address water supply issues for new developments.

5. **Technical.** SB 1085 requires a city or county to begin the WSA process upon an application being deemed complete, but under the PSA, they determine completeness or the application is deemed complete. Committee staff recommends a technical amendment to correct this mismatch.

6. **Mandate.** The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 1085 adds to the duties of local officials, Legislative Counsel says the bill imposes a new state mandate. SB 1085 disclaims the state's responsibility for providing reimbursement by citing local governments' authority to charge for the costs of implementing the bill's provisions.

7. **Incoming!** The Senate Rules Committee has ordered a double referral of SB 1085: first to the Committee on Natural Resources and Water, which approved the bill at its April 14<sup>th</sup> hearing on a vote of 6-0, and second to the Committee on Local Government.

#### **Support and Opposition** (4/17/2026)

**Support:** Association of California Water Agencies (ACWA)  
 California Coastkeeper Alliance  
 California Environmental Voters  
 California Farm Bureau  
 California Municipal Utilities Association (CMUA)  
 California Special Districts Association  
 California State Association of Counties (CSAC)  
 California Water Association  
 City of Sacramento  
 City of Sacramento Department of Utilities

<sup>4</sup> Ellen Hanak, *Show Me the Water Plan: Urban Water Management Plans and California's Water Supply Adequacy Laws*, 4 Golden Gate U. Envtl. L.J. (2010).

Clean Earth 4 Kids  
Clean Water Action  
Clean Water Action California  
Cleaneearth4kids.org  
Communitiy Water Center  
Community Alliance With Family Farmers  
Community Water Center  
Contra Costa Water District  
Defenders of Wildlife  
East Bay Municipal Utility District  
Friends of the River  
Irvine Ranch Water District  
Las Virgenes Municipal Water District  
Leadership Counsel for Justice & Accountability  
Leadership Counsel for Justice and Accountability  
Mono Lake Committee  
Olivenhain Municipal Water District  
Planning and Conservation League  
Rancho California Water District  
Regional Water Authority  
San Francisco Baykeeper  
San Joaquin Valley Water Collaborative Action Program  
Sierra Club California  
State Building & Construction Trades Council of California  
Trout Unlimited  
Unite Here International Union, Afl-cio  
Valley Water  
Western Municipal Water District  
Wholly H2o

Opposition: California Building Industry Association

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