

THIRD READING

Bill No: SB 1145
Author: Grayson (D)
Amended: 4/28/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 4/15/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 4/22/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: California Environmental Quality Act: surplus land disposal requirements: exemption

SOURCE: Author

DIGEST: This bill excludes from the Surplus Land Act (SLA) dispositions for military base reuse projects and streamlines environmental review for the Concord Community Reuse Project.

ANALYSIS:

Existing law:

- 1) Establishes procedures for the disposal of publicly-owned land that is surplus to the needs of local agencies, under the SLA. The SLA:
 - a) Requires local officials that want to dispose of public property to declare that the land is no longer needed for the agency’s use in a public meeting and declare the land either “surplus land” or “exempt surplus land.”
 - b) Provides that “agency’s use” includes land that is being used, or is planned to be used pursuant to a written plan adopted by the local agency or will be

disposed of to support agency work or operations, and excludes land for agency's use from the SLA.

- c) Requires local agencies to follow the procedures laid out in the SLA before surplus land can be sold, including, but not limited, to send a written notice of availability to various public agencies and nonprofit groups, referred to as "housing sponsors," notifying them that land is available.
 - d) Negotiates in good faith for 90 days with housing sponsors that respond.
 - e) Allows the local agency to dispose of the property on the private market if agreement is not reached with a housing sponsor.
 - f) Requires that, if a property sold as surplus is not sold to a housing sponsor, but housing is developed on it later, 15% of the units must be sold or rented at an affordable cost to lower income households.
 - g) Requires local agencies to notify the Department of Housing and Community Development (HCD) prior to agreeing to terms for the disposition of surplus land.
 - h) Imposes penalties of 30% of the disposition value of the land for a first violation and 50% of the disposition value for any subsequent violation for selling land in violation of the SLA.
 - i) Establishes an enforcement process, which provides, among other things, that a local agency cannot be liable for a penalty if it is not notified by HCD that it is in violation of the act.
 - j) Allows private enforcement of the SLA by affordable housing developers, housing organizations, individuals that would have been eligible to apply for residency in affordable housing, a beneficially interested person or entity, and HCD.
 - k) Designates certain types of land as "exempt surplus land" and provides that the entirety of the SLA does not apply to exempt surplus land.
 - l) Allows HCD to develop guidelines to implement the penalty provisions of the SLA and provides that those guidelines are not subject to the Administrative Procedures Act.
- 2) Requires under the California Environmental Quality Act (CEQA) a lead agency to determine whether a project is exempt from CEQA, or if it must do

an initial study to determine if a project will have significant effects on the environment. If a project has no effect on the environment or effects that can be mitigated, the lead agency prepares a negative declaration (ND) or mitigated ND (MND). If the project will have significant impacts, the lead agency prepares an environmental impact report (EIR) to evaluate and propose mitigation measures for any effects on the environment, including impacts or likely impacts to land, air, water, minerals, flora, fauna, ambient noise, and historic or aesthetic significance.

This bill:

1) Amends the SLA as follows:

- a) Provides that the SLA does not apply to the disposal of all or any portion of land that was or will be conveyed by the federal government to a local reuse authority in accordance with the federal laws, or their successors, governing military base closure and realignment, provided the following conditions are met:
 - i) Before disposition of the land by the local reuse authority, the local reuse authority enters into a disposition and development agreement, purchase and sale agreement, or similar agreement with the recipient providing that at least 25 percent of the aggregate residential units developed on the land conveyed will be restricted to lower income households, as specified.
 - ii) Before disposition of the land by the local agency reuse authority, the recipient of the land is subject to a project labor agreement, as defined.
- b) Requires, beginning on January 1, 2032, and every five years thereafter, the local agency to report to HCD and the relevant policy committees of the Legislature, whether the disposition and development agreement requires that at least 25 percent of the aggregate residential units developed on the land conveyed be restricted to lower income households and whether the recipient of the land is subject to a project labor agreement.
- c) Requires, if the local reuse authority is a city or county, the local agency shall include in its annual report to HCD under existing law the status of development of residential units on the former military base, including the total number of residential units that have been permitted and what percentage of those residential units are restricted for persons and families of low- or moderate-income or lower income households.

- d) Requires the local reuse authority to notify HCD and the relevant policy committees of the Legislature within 30 days of amending a disposition and development agreement, purchase and sale agreement, or similar agreement regarding the disposition of all or any portion of the land by the local reuse authority to modify the affordability requirements.
 - e) Requires any action challenging the applicability of this exclusion to be brought within 90 days of the local reuse authority's approval of a disposition and development agreement, purchase and sale agreement, or similar agreement regarding the disposition of all or any portion of the land by the local reuse authority, and not at the time of each subsequent conveyance or phased conveyance of the land.
- 2) Modifies CEQA compliance for the Concord Community Reuse Project as follows:
- a) Provides that the Final EIR for the Concord Community Reuse Project Plan and Addendum shall be conclusively presumed to satisfy the requirements of this division for any project within the plan area that is consistent with the Community Reuse Project area plan land use map and has the same land use types and locations for those land use types, as adopted in the CRP area plan reviewed in the Final EIR for the Concord Community Reuse Project Plan and Addendum.
 - b) Specifies that any additional land use types or location of land use types that are not the same as those adopted in the Concord Community Reuse Project area plan reviewed in the Final EIR for the Concord Community Reuse Project Plan and Addendum shall be a project subject to subsequent review under CEQA, provided that any required subsequent review shall tier off existing environmental review in the city's general plan and shall not be required to conduct redundant analysis to what was adopted in the Concord Community Reuse Project area plan reviewed in the Final EIR for the Concord Community Reuse Project Plan and Addendum.
- 3) Includes a severability clause and makes findings and declarations to support its purposes.

Background

Military base reuse. The end of the Cold War forced the Department of Defense to adjust to new geopolitical realities. Through several rounds of the Base Realignment and Closure process, federal officials closed or realigned nearly three

dozen military bases in California. Upon their closure, the Department of Defense along with local agencies designated local reuse authorities to guide the future use of the base. In one case, an entirely new state entity was created to guide the development of Ford Ord. In other cases, like the Mare Island Naval Shipyard in the City of Vallejo, the city took responsibility for repurposing the base. These former bases have become homes to higher education institutions like California State University, Monterey Bay, and others serve important affordable housing purposes, like the Bay Public Works Center on Alameda Island.

These reuse projects are often complex. They involve dispositions phased over several years or decades that transfer land from the federal government to the local reuse authority, and then often to a master developer. The sites often require cleanup of environmental hazards and significant investment in infrastructure to support future development.

Concord Community Reuse Project. Located in the City of Concord, the Concord Naval Weapons Station (CNWS) was established by the Navy in the 1940s during World War II. Comprising 5,028 acres, the Inland Area of the base was deactivated in 1997, and in 2006, the Department of Defense selected the City of Concord to act as the local reuse authority for CNWS in 2006. In 2007, the Navy declared the property surplus to begin the process of transfer to the City of Concord. Closure of CNWS spurred the City and community to contemplate the reuse of the property. In 2012, the City adopted the Concord Reuse Project Area Plan, with the vision of a transit-oriented, mixed use community, termed the Concord Community Reuse Project. The adopted Area Plan provides for over 12,000 housing units, 25% of which must be affordable for low-income households, and over 6 million square feet of commercial and employment-generating space of all types.

On March 19, 2024, the City of Concord approved a term sheet with master developer BCUS Acquisitions LLC (Brookfield) for development of the CNWS site. The term sheet sets forth the parameters for negotiating a disposition and development agreement (DDA) and a development agreement between the City and Brookfield governing the transfer of property to Brookfield and the land use approvals for the site. The term sheet requires a variety of public benefits, including:

- *Affordable housing.* The project sets a 25% affordable housing goal. Brookfield will provide infrastructure and building pads valued at an estimated \$146 million to accommodate 3,068 low-income units.

Additionally, Brookfield will contribute \$50 million directly toward affordable housing projects;

- *Community facilities.* Brookfield will donate land for a Veterans Hall (4 acres), homeless housing (4 acres), a Food Bank expansion (10 acres), and future schools (55 acres). Brookfield will also provide \$65 million for a Campus District Community Center/Library and up to \$10 million for fire stations;
- *Parks and open space.* Brookfield will donate 886 acres of developed parks and trails, contribute \$100 million for a Tournament Sports Park, and fund the phased restoration of the Mount Diablo Creek corridor.

The term sheet also provides for a Project Labor Agreement (PLA) with the Contra Costa Building and Construction Trades and the Nor Cal Carpenters Union and includes provisions prioritizing local hiring and business opportunities.

The author wants to address barriers to the successful completion of the Concord Community Reuse Project.

Comments

- 1) *Purpose of this bill.* According to the author, “SB 1145 provides specified streamlining procedures under the California Environmental Quality Act (CEQA) and the federal base closure and realignment disposition process for qualifying projects within the area of the Concord Reuse Project Area Plan (Area Plan), supporting implementation of a long-planned, transit-oriented reuse of a portion of the former Concord Naval Weapons Station (CNWS) with housing, job-creating facilities, open space, and environmental improvements.

“In 2005, the United States Navy identified approximately 4,972 acres of the former Inland Area of the CNWS as surplus to the needs of the federal government, in accordance with the Defense Base Closure and Realignment Act of 1990. The City of Concord (City) is the Local Reuse Authority (LRA) for the base closure process. The LRA has executed legally binding agreements approved by the U.S. Department of Housing and Urban Development to provide four sites totaling 16 acres for permanently supportive housing and 10 acres for local Food Bank expansion within the former CNWS.

“In 2010, after a multi-year process with substantial public input, the City certified an Environmental Impact Report (EIR) (State Clearinghouse # 2007052094) under CEQA and adopted the CNWS Reuse Plan. In 2012, the

City adopted an Addendum to the EIR and approved the Area Plan, incorporating the Reuse Plan's policies and goals into the City's General Plan and establishing a land use plan that would transform former naval weapons storage facilities into a mixed-use, transit-oriented, and sustainable community. The Navy completed National Environmental Policy Act (NEPA) environmental review of the disposal and reuse based on the Area Plan and issued a Record of Decision in 2017.

“The Area Plan provides for the development of more than 10,000 housing units and requires 25 percent of units to be affordable to lower income households. The Area Plan also provides for up to approximately 6.1 million square feet of commercial space, community facilities such as school sites, neighborhood parks, and sports facilities, as well as extensive open space.

“Although redevelopment of the CNWS has undergone nearly two decades of land use planning and substantial environmental review under both CEQA and NEPA, as well as the federal base closure and realignment disposition process, implementation of the Area Plan will require multiple future discretionary development approvals over many years. Without procedural streamlining, the risk of serial CEQA litigation and administrative record delays will create uncertainty that undermines the timely delivery of housing, jobs, infrastructure, and planned environmental and economic benefits to the City of Concord and the East Bay region.”

- 2) *Watchmen*. Until 2020, the SLA was largely toothless. AB 1486 (Ting, Chapter 664, Statutes of 2019) rewrote the SLA to include many of the provisions in the SLA today. The 2019 amendments to the SLA were intended to increase the supply of housing affordable to lower-income Californians by giving affordable housing developers the first right of refusal on surplus local properties and by imposing affordability requirements on surplus land that later had market-rate housing built on it. The amendments also established an oversight role for HCD and penalties to ensure that local agencies were following the law.

Two provisions of SB 1145 could limit the ability of HCD and others to ensure that the project adheres to the affordability requirements over the lifetime of the project:

- a) First, SB 1145 proposes to exclude from the SLA military base land that was transferred to a local agency through the BRAC process. Because HCD has no authority to review lands that are excluded from the SLA, the bill prevents HCD from requiring review of dispositions as they occur.

- b) Second, this bill provides that lawsuits challenging whether a disposition was excluded from the SLA to be filed within 90 days of the local agency approving a DDA. This means that it would be more difficult to challenge individual dispositions of land for military base reuse if they didn't follow the requirements of the law.

As a result, some affordable housing advocates are concerned that under SB 1145 there would be no opportunity to apply the SLA to military base reuse projects to achieve the affordable housing goals of that law.

- 3) *How much accountability is enough?* The City of Concord and others are concerned that in the case of the Concord Community Reuse Project, which provides for affordability commensurate with the requirements of the SLA along with other public benefits, the SLA jeopardizes the ability of the project to be completed, resulting in the loss of those benefits. Specifically, because the CNWS site will be transferred piecemeal from the Navy to the City, and then to the master developer, each transfer of property introduces the possibility that the SLA will require that property to be sold to an affordable housing developer, instead of to the intended master developer that is coordinating development of the larger site and investing in the costly infrastructure for the project. To attempt to balance the interests of oversight of the project to ensure it delivers affordable housing, but not impose requirements that could jeopardize the project (which would result in no affordable housing), SB 1145 requires annual reporting on housing progress at the site and reporting to the Legislature and HCD every five years regarding whether the project continues to include an affordability requirement and project labor agreement requirement. The bill also requires notification to HCD and the Legislature if the affordability requirements for the project are modified.

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

According to the Senate Appropriations Committee:

- The Department of Housing and Community Development (HCD) estimates costs could be in the hundreds of thousands of dollars. Specific workload would include updating the APR form and related technical assistance materials, providing technical assistance, developing one-time enhancements to the HCD Connect database and existing related reports, and responding to new report requests. Based on previous similar bills that required new information to be reported on the APR, HCD's one-time costs may be in the range of approximately \$100,000 to update APR forms and make necessary IT changes to account for the new data, and ongoing costs could be in the

range of \$200,000 for staff resources to manage the other workload. Staff notes that costs directly attributable to this bill would likely be lower in the near term since it is intended to apply to a base closure in the City of Concord, and could also be lower than these estimates to the extent that multiple APR-related bills are enacted. See Staff Comments. (General Fund)

- Unknown, likely minor local costs for a local reuse authority to include additional information in its APR about development of residential units on land conveyed to the local authority by the federal government. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates. (local funds)

SUPPORT: (Verified 5/15/26)

City of Concord

Contra Costa Building and Construction Trades Council

Contra Costa County

District Council of Iron Workers of the State of California and Vicinity

East Bay Leadership Council

North Coast States Carpenters Union

Smart, Sheet Metal Workers' Local Union No. 104

OPPOSITION: (Verified 5/15/26)

East Bay Housing Organizations

Nonprofit Housing Association of Northern California

Public Interest Law Project

San Diego Housing Federation

Western Electrical Contractors Association

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