

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1229 (Allen) – As Amended April 9, 2026

Policy Committee: Natural Resources

Vote: 9 - 4

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill establishes limitations on an existing Coastal Act exemption for rebuilding after a disaster.

Specifically, this bill prohibits the use of the coastal development permit (CDP) exemption for the replacement of a structure destroyed by a disaster where the structure conforms to existing zoning, is for the same use, sited in the same location, and is no more than 10% larger, as provided, if the property owner is not the property owner of record immediately preceding the disaster, and if the replacement structure would do any of the following:

- 1) Encroach upon a lateral or vertical public access easement or deed restriction.
- 2) Encroach upon an open space easement or deed restriction that has been recorded or offered for dedication.
- 3) Be located within an environmentally sensitive area or within a required buffer area adjacent to an environmentally sensitive area.
- 4) Be sited within a bluff setback established by a certified local coastal program (LCP) or by the California Coastal Commission (Commission).
- 5) Be incompatible with the public trust, as applicable, or occupy, fill, or encroach upon state tide and submerged lands.
- 6) Block, impede, or restrict public access to or along the coast in a manner not present prior to the disaster.

FISCAL EFFECT:

- 1) The Commission anticipates its implementation costs to be minor and absorbable.
- 2) By creating additional duties for a local government in reviewing CDPs and exemption requests, this bill imposes a state-mandated local program. However, these local costs are likely not reimbursable by the state because local agencies have general authority to charge and adjust planning and permitting fees to cover planning mandates. Accordingly, most local governments in the state with certified LCPs charge fees to recover the cost of processing CDP applications, including staff review, environmental review, public notices, hearings, and permit issuance. Some jurisdictions charge a fee for a request for a determination that a

project is exempt from CDP requirements (or otherwise not considered “development” requiring a CDP) while others process certain exemption requests without charge or include them within other planning review fees.

COMMENTS:

1) **Purpose.** According to the author:

The Coastal Act currently allows homes destroyed by disaster to be rebuilt without a new [CDP] if the new structure is similar to the original. This exemption was intended to help homeowners quickly restore their residence after catastrophic events by accelerating the rebuilding process. Unfortunately, in practice, the exemption may be exploited by investors or developers interested in buying up properties at below-market value, with plans to redevelop them in ways that may limit public coastal access – all without review.

SB 1229 closes this loophole by ensuring speculative purchasers rebuilding after disaster cannot bypass the Coastal Act’s core resource protection and public access policies, while still prioritizing streamlined recovery for disaster victims as well as the preservation of our coastal environments and communities.

2) **Background.** The Commission administers the Coastal Act and regulates proposed development along the coast and in nearby areas in the coastal zone. The Coastal Act requires local governments to develop LCPs consistent with policies of the Coastal Act. LCPs are land use planning documents that lay out a framework for development and coastal resource protection within a city or county’s coastal zone area. Generally, any development activity in the coastal zone requires a CDP from the CCC or local government with a certified LCP.

The Coastal Act exempts rebuilding after a disaster from CDP requirements and allows redevelopment up to 10% beyond the footprint of the previously existing building (for a total of 110% of the original structure). Separately, in a series of executive orders during and after the 2025 Palisades and Eaton Fires, Governor Newsom suspended the Coastal Act, the California Environmental Quality Act, sections of the California Building Standards Code, and sections of the California Energy Code for disaster rebuilds and repairs. These executive order suspensions remain in effect.

After a disaster, property owners may face multiple challenges when deciding whether to rebuild or sell their lot given delays in insurance payouts, underinsurance, and increases in labor and building materials costs. In the City of Malibu, the Palisades Fire destroyed 700 homes of which 300 were beachfront properties. As of early January 2026, Malibu had issued only 22 permits to rebuild properties destroyed by the Palisades Fire. Some Malibu property owners opted to sell instead of rebuild, and some properties to the west of the Pacific Coast Highway have already been sold. According to Redfin, 44% of the burned lots in Malibu have been purchased by developers. For example, developers from New Zealand have purchased 16 burned beachfront lots at a cost of nearly \$100 million and plan to build 16 luxury prefabricated homes to ship to California for installation.

Writing in support of the bill, Surfrider Foundation argues the CDP exemption, which was designed to help homeowners recover quickly after catastrophic losses “can be exploited by outside investors who acquire damaged coastal properties, often below market value, and rebuild in ways that prioritize profit over community and environmental values.” The organization writes:

SB 1229 addresses this gap directly. By limiting the permit exemption for new property owners whose rebuilds would encroach on public access easements, impede coastal access in ways that did not previously exist, impact environmentally sensitive habitat areas, extend into bluff setbacks, or occupy state tidelands or the public trust, the bill ensures that the Coastal Act’s fundamental protections cannot be circumvented through disaster-opportunism.

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