

SENATE THIRD READING
SB 1344 (Cabaldon)
As Amended August 18, 2026
Majority vote

SUMMARY

Increases the amount of a bond that must be obtained by a potentially vexatious litigant in California Environmental Quality Act cases involving affordable housing developments from \$500,000 to \$1,000,000 and authorizes priority care developments to avail themselves of the bond provisions when a project is challenged under the Act.

Major Provisions

- 1) Provides that if a low- or moderate-income housing development or a priority care development is challenged pursuant to the California Environmental Quality Act a defendant may apply to the court, by noticed motion, for an order requiring the plaintiff to furnish an undertaking as security for costs and any damages or economic hardships that may be incurred by the defendant by the conclusion of the action or proceeding as the result of a delay in carrying out the development project if the defendant can prove the action was brought in bad faith, vexatiously, for the purpose of delay, or to thwart the project.
- 2) Increases the amount of a bond that a plaintiff may be required to furnish if a judge approves a motion pursuant to 1) from \$500,000 to \$1,000,000.
- 3) Clarifies that for the purpose of 1) "plaintiff" includes "petitioner," "cross-petitioner," and "cross-plaintiff," and "defendant" includes "respondent," "cross-respondent," "cross-defendant," and "real party in interest."
- 4) Clarifies which types of development projects for which a special motion to strike the whole or any part of a pleading is appealable to the Court of Appeal.
- 5) Provides that in all civil actions brought by any petitioner to challenge the approval or permitting of a priority care development project, including actions brought pursuant to the California Environmental Quality Act, a respondent may bring a special motion to strike the whole or any part of a pleading, which is to be denied if the court determines that the petitioner has established that there is a probability that the petitioner will prevail on the claim.
- 6) Requires a court determining whether to grant a special motion to strike filed pursuant to 5) to make the determination based on the pleadings, and supporting and opposing affidavits stating the facts upon which the liability or defense is based, as specified.
- 7) Defines a "priority care development" as a project funded by specified funds intended to support to Community Care Expansion, the Behavioral Health Services Act, and Behavior Health Infrastructure Bond Act funded projects, including Homekey+.
- 8) *Adopts provisions to avoid a chaptering conflict with SB 916.*

COMMENTS

The California Environmental Quality Act (CEQA), and the threat of litigation to enforce the Act, are frequently held up as some of the largest driving factors of California's persistent homelessness crisis. Although the actual rate of CEQA litigation is relatively small when compared to the totality of development across the state, in 2024, the Legislature recognized that a small handful of vexatious litigants generated a large portion of the actual cases filed under CEQA. Accordingly, the Legislature modernized the financial assurances statutes that protect affordable housing projects by adopting SB 393 (Glazer) Chapter 285, Statutes of 2024. SB 393 shifted the burden of proving that a vexatious plaintiff could not afford to put up a litigation bond from the defendant to the plaintiff. This bill adds "priority care development" projects to the list of projects eligible for the imposition of a CEQA litigation bond on a plaintiff and increases the maximum amount of the bond to \$1,000,000. The bill also permits a special motion to strike to be filed for CEQA challenges to priority care development projects.

The CEQA process and potential court challenges. At its core, CEQA seeks to ensure that public agencies do not approve projects without considering the negative impacts a project may inflict on the environment. Although CEQA is too often, and incorrectly, viewed as a tool to skew outcomes in a manner that favors environmentalists and deters development, in reality, "CEQA operates, not by dictating proenvironmental outcomes, but rather by mandating that 'decision makers and the public' study the likely environmental effects of contemplated government actions and thus make fully informed decisions regarding those actions." (*Citizens Coalition Los Angeles v. City of Los Angeles* (2018) 26 Cal.App.5th 561, 577.) Thus, the primary objective of the environmental review required by CEQA is to steer agency decision makers into *approving* projects in a manner that utilizes feasible alternatives and mitigation measures to lessen the project's impact on the environment. The consideration of the impacts of a project is to be analyzed in the agency's environmental impact report. The failure to properly consider a project's impacts is what typically results in litigation.

The process of finalizing an environmental impact report requires several steps. First the local lead agency must determine if a project qualifies for one of the many exemptions to CEQA provided in statute and the Office of Planning and Research's regulations, more commonly known as the CEQA Guidelines. If no exemption exists, the lead agency must then begin to initially study the project in order to determine the scope of the project and associated environmental review. At this point if the agency believes no environmental impacts exist they may opt to file a negative declaration stating as much and proceed to approve the project. Once the scope of the project and review is properly determined, the environmental review is conducted and a draft environmental impact report is submitted for public comment. A lead agency must respond to all written comments on the environmental impact report received during the public comment period, and revise the environmental impact report as necessary. The responses to comments should explain why the comments are rejected or if the comment resulted in the adoption of a mitigation measure. Once the public review is completed the agency can certify the final environmental impact report.

Once a final environmental impact report is certified, and a project is subsequently approved, any litigation over the environmental review of the project can begin. Courts require an environmental impact report to make a good faith effort at fully disclosing the impacts of the project, provide a detailed set of information about project impacts and serve as the foundation for agency review. The court must review the environmental impact report in two ways. First a

court must determine if the environmental impact report was prepared in a procedurally sufficient manner, as described above, and contains the proper content as required by law. Secondly, the court must determine the substantive aspect of its review and determine whether the conclusions and decisions made by the lead agency are based on substantial evidence in the record. (*Vineyard Area Citizens v. City of Rancho Cordova* (2007) 40 Cal.4th 412.)

Existing laws seek to deter vexatious litigants from clogging the justice system with frivolous lawsuits. Despite anecdotal complaints that California's laws generate significant numbers of "frivolous lawsuits," in practice California maintains a relatively strong set of laws to deter plaintiffs from repeatedly pursuing frivolous litigation. Under existing law, a party is deemed a "vexatious litigant" if they have lost, or failed to make significant progress in, litigating five claims or attempts to relitigate a final judgment against the same defendant over a seven-year period. Once a party is deemed to be a vexatious litigant, they are required to post a security bond at the commencement of litigation to cover all costs and damages incurred by the person who is sued by a vexatious litigant to ensure that if the litigant fails (again) to prove their case, the defendant will not be harmed. Additionally, should the vexatious litigant fail to adhere to specific orders issued by the court, including orders dictating how the litigant may file cases, the litigant can face significant court sanctions.

However, in the CEQA context, simply recovering legal costs and damages may be insufficient, especially if the litigation causes an affordable housing project to be abandoned completely. Accordingly, existing Code of Civil Procedure Section 529.2 permits a judge to impose a security on a plaintiff, at the request of a defendant, if the defendant can show the action is meritless and brought in bad faith, vexatiously, for the purpose of delay, or to thwart a low- or moderate-income housing development project. Existing law also prohibits the imposition of a financial security if doing so would be financially harmful to the plaintiff. By limiting these provisions to low and moderate-income projects, the existing law also targets those projects most desperately in need of construction, and most likely to be attacked by affluent neighbors.

This process, as it relates to the showing of financial hardship, requires the plaintiff to demonstrate that they will suffer undue economic hardship by posting the bond. This new process reflects the revisions adopted by SB 393 to put more onus on those challenging affordable housing developments to ensure that their claims were meritorious and not simply delay tactics.

This bill adds priority care developments to the CEQA vexatious litigant process and permits special motions to strike for challenges to these developments. The bill seeks to advance three primary objectives to protect priority care development projects, which the bill generally defines as projects funded by the Community Care Expansion program, the Behavioral Health Services Act, and Behavior Health Infrastructure Bond Act funded projects, including Homekey+. First, the bill authorizes defendants in legal challenges to these projects to avail themselves of the above-discussed CEQA bonding statute for vexatious litigants. Secondly, recognizing the growing cost of construction in California, the bill increases the maximum bond amount that may be imposed on a plaintiff from \$500,000 to \$1,000,000. Finally, the bill adopts an anti-SLAPP-like special motion to strike process for challenges to priority care developments and clarifies that appeals of these special motions to strike may immediately proceed to the Court of Appeal.

According to the Author

As of the most recent point-in-time count in 2025, approximately 187,000 Californians were experiencing homelessness on any given night. Local governments across the state are doing the right thing, approving permits for emergency shelters, interim housing, and supportive housing for people experiencing homelessness, as well as residential facilities for unhoused individuals seeking treatment for behavioral health issues or substance use disorder. Those efforts are regularly met with frivolous lawsuits from groups whose only goal is delay.

The Legislature has already passed laws to protect affordable housing projects from these kinds of lawsuits, allowing courts to quickly dispose of meritless challenges and requiring plaintiffs to post financial security when their lawsuit lacks merit and is brought in bad faith or to delay or thwart construction. SB 1344 applies that policy to housing projects that are funded through the Community Care Expansion program, the Behavioral Health Services Act, and the Behavioral Health Infrastructure Bond Act, including Homekey+. This bill extends both tools to these priority care developments and doubles the liability cap on the bond requirement, which has not been updated since 1981, from \$500,000 to \$1,000,000, indexed to inflation going forward.

SB 1344 would help protect local governments that are doing their part to address homelessness, ensure these important projects are not unnecessarily delayed or blocked through abuse of the judicial system, and protect the public's investment in infrastructure to bring every Californian inside.

Arguments in Support

This bill is sponsored by Attorney General Rob Bonta and is supported by several pro-development and pro-housing organizations. In support of the bill the Attorney General writes:

California supports local efforts to address homelessness through funding programs and by supporting local planning efforts. Unfortunately, local governments that are following the law and attempting to do the right thing by approving permits for shelters, care facilities, and supportive housing are regularly met with meritless lawsuits from NIMBY groups endeavoring to block projects.

The California State Legislature has created two procedural tools to protect local governments from meritless challenges to affordable housing projects – the motion to strike under SB 439 (Skinner) [Chapter 779, Statutes of] 2023) and the bond requirement strengthened by SB 393 (Glazer, 2024).

Unfortunately, these provisions do not protect local governments from meritless lawsuits challenging the approval of other projects that are essential to tackling California's intertwined housing and homelessness crisis, and delay can interfere with public funding windows and jeopardize projects.

SB 1344 would expand these procedural tools to also apply to projects funded by the Community Care Expansion Program (CCE), the Behavioral Health Services Act, and the Behavioral Health Infrastructure Bond Act, including Homekey+. These programs fund interim housing for people experiencing homelessness or at risk of homelessness, adult and senior care facilities that serve elderly adults and people with disabilities who are experiencing or at risk of homelessness, and other residential care facilities, including more than \$1 billion in housing investments for veterans who have behavioral health challenges.

Arguments in Opposition

None on file

FISCAL COMMENTS

None

VOTES**SENATE FLOOR: 30-7-3**

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Grove, Hurtado, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Choi, Jones, Niello

ASM JUDICIARY: 9-2-1

YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur

NO: Macedo, Sanchez

ABS, ABST OR NV: Dixon

ASSEMBLY FLOOR: 57-9-13

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Pacheco, Papan, Patel, Pellerin, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO: Davies, DeMaio, Dixon, Ellis, Hadwick, Johnson, Macedo, Patterson, Sanchez

ABS, ABST OR NV: Bains, Boerner, Castillo, Chen, Flora, Jeff Gonzalez, Hoover, Lackey, Muratsuchi, Ortega, Petrie-Norris, Ta, Tangipa

UPDATED

VERSION: August 18, 2026

CONSULTANT: Nicholas Liedtke / JUD. / (916) 319-2334

FN: 0003718