
SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

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RESIDENTIAL HEAT PUMP SYSTEMS: WATER HEATERS AND HVAC: INSTALLATIONS

Establishes limitations and requirements for local agency permitting of residential heat pump heating, ventilation, and air conditioning (HVAC) systems and heat pump water heaters.

Background

Residential and commercial buildings are responsible for 25% of California’s greenhouse gas (GHG) emissions when accounting for electricity demand, fossil fuels consumed onsite, and refrigerants, according to California Air Resources Board (CARB). Of the 25%, 10% of emissions are attributable to fossil fuel combustion, including natural gas, with residential buildings accounting for slightly more of those emissions than commercial buildings.

There are several strategies that can be employed to reduce GHG emissions from the building sector, which include improved energy efficiency of buildings and appliances, reducing carbon emissions from fossil fuel sources, ensuring cleaner sources of energy to operate buildings and associated appliances, addressing methane leaks, and others. According to a 2021 California Public Utilities Commission (CPUC) report, most gas used by the residential sector is for space and water heating.

Heat pump technology offers fossil fuel-free alternative to traditional gas water heaters and HVAC systems. Heat pumps operate like a refrigerator or standard air-conditioner unit by moving heat contained in the air from one place to another by compressing fluid to heat it up, then pumping it away. Heat pump HVAC units operate in two directions, so that heat can be transferred away when cooling is desired or brought inside when heating is needed. Heat pump water heaters operate similarly to transfer heat from the air around the unit into the tank where water is heated.

In 2022, Governor Gavin Newsom established a goal of installing six million heat pumps in California by 2030. As of December 2024, the state had an estimated 1.9 million heat pumps installed, according to a 2025 report by the California Heat Pump Partnership. That report noted, “at the current rate of heat pump adoption, the state is projected to reach only 4 million heat pumps by 2030, falling 2 million units short of the state’s 6 million heat pump target.”

Heat pump permitting. Although exact procedures vary by jurisdiction, the procedure for approving a permit to install a heat pump water heater or heat pump HVAC system is similar to the procedure for approving a permit for other types of HVAC systems or water heaters. Typically, the installer submits information regarding the mechanical equipment that will be installed and an electrical diagram to the city or county building department. If the plan is

approved, the installer or customer pays a permit fee, receives a permit, and starts the installation project.

Some local governments currently offer instant online permitting of certain installations water heaters or HVAC systems, including, among others, the Cities of Belmont, Irvine, Lancaster, Modesto, Oakland, San Francisco, San Jose, Santa Clarita, and Vacaville. These jurisdictions use software platforms developed by private third-parties.

Reports by the California Heat Pump Partnership and the San Francisco Bay Area Planning and Urban Research Association (SPUR) cite permitting as one obstacle to installing heat pump water heaters or HVAC systems. These reports name permitting issues that include differing approval processes, timelines, and costs for approval of permits for heat pump water heater and HVAC systems across California. For example, according to SPUR, “more than half of California’s jurisdictions took an average of 5.9 days to issue heat pump water heater permits statewide, though nearly half of jurisdictions issued most permits within a day. Post-installation inspections can be a time suck because in some cities contractors may end up waiting on-site for the inspector to arrive within a four-hour window.”

These reports note that heat pump water heaters and HVAC systems face unique permitting obstacles relative to gas-fueled appliances because they are often partially paid for by rebates or other funding programs that require a permit, whereas gas appliances that do not benefit from these programs may be installed illegally without permits.

Permit streamlining for solar energy systems. In recent years, the Legislature has enacted numerous laws to remove permitting barriers to electrification efforts, including a series of bills to ease the permitting process of solar energy systems, such as solar photovoltaic (PV) systems, that collect, store, and distribute solar energy for heating, cooling, and electricity generation.

In 2014, the Legislature required local governments to streamline their permitting processes for certain solar systems (AB 2188, Muratsuchi). AB 2188 requires every city and county, including charter cities, to adopt an ordinance that creates an expedited, streamlined permitting process for small residential rooftop solar energy systems, defined as systems that:

- Are no larger than 10 kW for PV systems or 30 kWth for thermal systems;
- Meet all building and safety codes as well as local building height requirements, and;
- Are installed on a single family or duplex family dwelling.

AB 2188 requires each city and county to develop a checklist of all requirements that allow rooftop solar energy systems to be eligible for expedited review, and requires them to approve all complete applications that meet the requirements of the checklist. A city or county must publish its application checklist and document requirements on a publicly accessible Internet Web site if the local agency maintains one, and to allow for the electronic signature on all forms, applications and other documents unless the city or county determines that it is unable to accept electronic signatures. Cities and counties must accept permit applications and all associated documents via email, the internet, or fax.

AB 2188 also limits local governments to administrative—nondiscretionary—review of solar energy system permits. Local governments cannot review permits based on standards other than health or safety, so they cannot require design review. Under AB 2188, only one inspection may

be required for small residential rooftop solar energy systems that qualify for expedited review. Local officials must permit the system unless they find a specific, adverse impact on the public health or safety that cannot be mitigated.

State law also requires cities and counties to make all documentation and forms associated with the permitting of advanced energy storage, such as battery systems, available online (AB 546, Chiu, 2017). The city or county must also allow for electronic submittal and signatures of a permit application, much as is required for solar energy system permitting.

Additionally, state law caps the fees that cities and counties may charge to permit solar energy systems at \$450 plus \$15 per each kilowatt (kW) above 15 kW for residential systems and \$1,000 plus \$5-7 per each kW over 50 kW for commercial systems. These fee caps were most recently extended through January 1, 2034 by AB 1132 (Friedman, 2023).

Finally, in 2022, the Legislature required cities and counties to implement an online, automated permitting platform that verifies code compliance and issues permits in real time to a licensed contractor for specified solar energy systems (SB 379, Wiener, 2022). SB 379 exempted cities with populations of fewer than 5,000 and counties with a population of fewer than 150,000. As of September 30, 2024, all other cities and counties were required to comply with SB 379.

The Bay Area Air Quality Management District, the Building Decarbonization Coalition, and SPUR want the Legislature to streamline permitting processes for heat pump water heaters and HVAC systems similar to the way state law streamlines permits for solar energy systems.

Proposed Law

Senate Bill 222 establishes limitations and requirements for local agency permitting and inspection of residential heat pump HVAC systems and heat pump water heaters.

Inspection processes. Beginning July 1, 2027, SB 222 requires all cities and counties to adopt and offer asynchronous inspections for installations of heat pump water heater or HVAC systems that do not require a licensed contractor and a building inspector to be simultaneously present for an inspection. The bill allows a building inspector to contact the installer by phone call or video conferencing during their inspection, and to require the installer to be present with the inspector for an additional inspection if there is an issue with the installation identified during the first inspection. However, the bill provides that it doesn't require a city or county to discontinue offering inspection options for the installation of a heat pump water heater or HVAC system wherein a building inspector and installer are simultaneously present.

Permitting standards and procedures. SB 222 limits a city or county to applying only the following planning or zoning standards on the installation of a residential heat pump water heater or HVAC system that go beyond state-level requirements:

- Side or rear setbacks of up to three feet, or front setbacks of up to 10 feet. A city or county cannot require a site plan for a system installed in the same location that perform the same purpose, and for other installations may only require site plan information directly relevant to the installation or setbacks;
- Standards that encourage the adoption of zero-emission equipment or improvement of building efficiency, such as reach codes;

- Standards to regulate noise in a residential setting for inverter-based heat pump technologies, not to be less than 15 decibels higher than any statutory maximum regulating decibel limits for noninverter-based technologies;
- Additional standards on any installation that receives public subsidies or other public funding, including labor standards; and
- Additional planning or zoning standards if the city, county, or city and county adopts an ordinance that includes substantial evidence that the standard is designed to mitigate the specific, adverse impact on the public health or safety at the lowest cost possible.

A city or county cannot require any permit or inspection for a window air-conditioner or window heat pump unit if it meets specified requirements.

Beginning January 1, 2028, SB 222 limits a city or county to issuing one nondiscretionary permit for an installation of a residential heat pump water heater or HVAC system. The city or county must approve the installation administratively. However, a city or county may require separate permits for panel replacements or structural work conducted as part of the installation.

Automated permit processing. On or before July 1, 2028, SB 222 requires cities or counties to implement an online, instant permitting process that issues permits in real time for residential heat pump water heaters or heat pump HVAC systems that meet both of the following criteria:

- The installation is for a residential heat pump water heater or heat pump HVAC system that does not require installation of a new electrical panel, or demolition or structural work; and
- The installation is for a residential heat pump water heater or heat pump HVAC system swapout where the new heat pump water heater or heat pump HVAC system is installed in the same location as the prior water heater or HVAC system.

A city or county may comply with this requirement by using an automated platform that can issue permits in real time or using an online form-based system that can instantly issue permits upon completion of the online form.

A city or county must publish online any additional standards that it adopts consistent with the bill, any required permitting documentation, and a list of all relevant fees that may be imposed by the city or county on a heat pump water heater or HVAC system installation. If a city, county, or city and county requires a specified energy efficiency compliance form (known as a CFIR form) at the time of the permit application, the city, county, or city and county cannot separately require duplicative information.

A city or county must also allow an applicant to submit a permit application electronically, with an electronic signature instead of a wet signature.

The bill requires a city or county to self-certify that it is in compliance with the above permit processing requirements when applying for any funding from the California Energy Commission (CEC). However, it exempts cities with a population of fewer than 5,000 or counties with a population of 150,000 or less, including the cities in those counties, from these requirements.

Fee limitations. SB 222 limits the permit fees that a local agency can charge to \$150 for a heat pump water heater or \$200 for a heat pump HVAC system. These fee limits do not apply to the

same cities and counties that are exempt from the automated permitting requirements of the bill, and the fees limitations do not apply to technology fees charged by third-party vendors for services adopted by jurisdictions to process compliance checks and issue permits.

A city or county can exceed these permit fees if they adopt a resolution or ordinance that provides substantial evidence of the reasonable cost to issue the permit.

The bill also requires permit fees to:

- Correspond to the typical reasonable cost demonstrated by the city, county, or city and county for the equipment type;
- Be set at a regular fixed amount per appliance type; and
- Be listed publicly and not include additional charges above the publicly listed fee.

Covenants and restrictions. SB 222 also declares void and unenforceable:

- Any provision of governing documents of a homeowner's association that prevents the replacement of a fuel-gas-burning appliance with an electric appliance; and
- Any deed restriction or condition that effectively prohibits or restricts the installation or use of a heat pump HVAC system or water heater.

SB 222 defines certain terms and includes findings and declarations to support its purposes.

Comments

1. Purpose of the bill. According to the author, "Californians need relief from sky-high energy costs and the extreme temperature changes driven by climate change, and heat pumps are an essential solution to both problems. Unfortunately, the permitting process for heat pumps is deeply broken, making homeowners suffer long waits, high fees, and needless hoops just to install a heat pump.

"SB 222, the Heat Pump Access Act, will create a standardized permitting process across the state that is faster, simpler, and cheaper for homeowners and contractors. Making these dual-use, zero-pollution air filtration and HVAC systems more accessible will help Californians build climate resilience and speed the recovery of communities impacted from climate disasters, such as Los Angeles. Updating the permitting process is also an essential step to help the state meet its goals of installing 6 million heat pumps by 2030, and achieving carbon neutrality by 2045."

2. What's the problem? California has established goals for heat pump adoption in the state, but barriers exist. A 2024 study by the University of California, Davis, Western Cooling Efficiency Center, listed many barriers to heat pump adoption, primarily the higher initial cost of heat pump HVAC systems relative to gas furnaces, the complexity of installation in older homes, lack of awareness of what heat pumps are, and perceptions about unreliability or noise. SB 222 combines numerous permit streamlining efforts into a single bill, including requirements to adopt automated permitting, fee caps, and limitations on what local governments can consider in permitting. Taken together, these changes significantly constrain local governments' ability to tailor their permitting programs to local conditions and may create significant cost pressures. Given that other major barriers to heat pump installation exist, the Committee may wish to

consider whether the benefits of SB 222 outweigh its effects on the ability of local governments to respond to their communities' needs.

3. Looking out for the public. Building officials are public employees of cities or counties who review building permits to ensure that structures are built in compliance with the building code. Their overriding goal and motivation in doing so is to ensure the safety of the people that occupy homes and other structures. SB 222 requires most cities and counties in the state to adopt an automated permitting system for some installations of heat pump water heaters and HVAC systems, without review by building officials. Removing the building official's review through an automated permit process developed may result in improper permit approvals, with potential public safety consequences. Prior streamlining legislation in the energy space has allowed a building official to require other permits if they identify a specific, adverse impact to public health or safety from a project, including for electric vehicle charging stations and solar energy systems. SB 222 does not contain a similar provision. To provide an opportunity to address public health or safety impacts from unusual installations, the Committee may wish to consider amending SB 222 to allow a building official to require additional permits if they identify public health or safety issues, consistent with other legislation.

4. Not my fault. California law generally provides public entities, including cities and counties, with broad immunity that insulates them from civil liability for "torts"—acts, or failures to act, that result in harm to another. The Government Claims Act provides that "a public entity is not liable for an injury, whether such injury arises out of an act or omission of the public entity or a public employee or any other person" unless otherwise provided by statute. However, exceptions abound and litigating these disputes can be costly. The law requiring local agencies to automate permitting of solar energy systems, SB 379, included provisions explicitly limiting local government liability, since those permitting decisions must be made by software programs, not local officials. SB 222 also requires automated permitting, but does not include liability protection. To avoid penalizing local governments for the consequences of permits that were issued by a third party, the Committee may wish to consider amending SB 222 to include liability protections as are contained in SB 379.

5. Let's be clear. The Committee may wish to consider the following amendments to clarify SB 222's provisions:

- SB 222 refers to swapouts of water heaters and HVAC systems, but doesn't explicitly define the term, leaving room for differing interpretations across the state. For example, some installers might consider a swapout to include replacing a "split" HVAC system that includes an indoor and outdoor component with a package unit that is located entirely outside. Similarly, it is unclear if replacing a unit with a larger capacity heat pump HVAC system would qualify as a swapout. To avoid confusion for local agencies and installers as the bill is implemented, the Committee may wish to consider amending SB 222 to define the term swapout to mean an installation in the same location as a prior water heater or HVAC system, exclude installations that would change a split system to a package unit or vice versa, and require the system to be properly sized for the building it is installed in.
- SB 222 allows a city or county to apply additional standards to installations that require demolition, but demolition is only one kind of structural change that can make an installation more complicated. The Committee may wish to consider amending SB 222 to replace references to "demolition" with "structural work."

- SB 222 requires automated processing of swapouts but also requires a city or county to accept a permit application electronically. The electronic submission is intended to apply to all permits for residential heat pump water heaters and HVAC systems, but as currently written, the bill is unclear. The Committee may wish to consider amending SB 222 to clearly separate the permit processing requirements that apply to all residential heat pump water heaters and HVAC systems from those that apply only to swapouts.
- SB 222 requires a city or county to certify compliance with the permit processing requirements when it applies for funding from the CEC. However, it does not require certification of compliance with the fee caps or requirement to issue only a single nondiscretionary permit. To ensure that local governments comply with all of the requirements in the bill, the Committee may wish to consider amending SB 222 to require certification of any applicable provisions of the bill when applying for funding from the CEC.

6. Charter city. The California Constitution allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws. Because the Constitution doesn’t define “municipal affairs,” the courts determine whether a topic is a municipal affair or whether it’s an issue of statewide concern. SB 222 says that it applies to all cities, including charter cities. To support this assertion, the bill includes a legislative finding and declaration that the oversight of permitting for residential heat pump water heater and HVAC systems is a matter of statewide concern.

7. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 222 imposes new duties on local officials with respect to permitting heat pump water heaters and HVAC systems, Legislative Counsel says it imposes a new state mandate. The measure states that if the Commission on State Mandates determines that the bill imposes a reimbursable mandate, then reimbursement must be made pursuant to existing statutory provisions.

8. Gut and amend. As introduced, SB 222 contained provisions relating to climate disasters. On January 5, 2026, the author amended SB 222 to delete its contents and insert the current provisions relating to residential heat pump systems.

9. Related legislation. SB 222 is substantially similar to SB 282 (Wiener), which the Committee approved at its April 23, 2025, hearing on a vote of 5-0, with certain differences. Specifically, SB 222:

- Delays the bill’s requirements to use an automated permitting system by an additional year (to July 1, 2028) relative to SB 282, delays the requirement to offer asynchronous inspections until July 1, 2027, and delays the requirement to issue only a single non-discretionary permit to January 1, 2028;
- Does not allow a building official to require additional permits if they make findings that the proposed installation would have a specific, adverse impact on public health or safety, and instead authorizes separate permits for a panel replacement or demolition work;
- Adds limitations that prohibit a local government from requiring site plans for swapouts or noise regulations for inverter-based heat pump technologies, and prohibits a city or county from requiring information that is duplicative of information supplied on a CF1R form;

- Does not include a requirement that the CEC promulgate checklists that local governments must use when permitting heat pump water heaters or HVAC systems;
- Requires instant permitting, rather than automated permitting that issues permits within the same day, and specifies options that local governments can use to meet the requirements of the bill;
- Increases the permit fee caps to \$150 for a heat pump water heater and \$250 for a heat pump HVAC system, and clarifies that the fee caps do not apply to technology fees charged by third-party vendors of systems to permit installations; and
- Requires a local government to self-certify that it is in compliance with the bill when applying for any funding from the CEC.

10. Incoming! The Senate Rules Committee has ordered a double referral of SB 222: first to the Committee on Housing, which approved SB 222 at its January 6th hearing on a vote of 10-0, and second to the Committee on Local Government.

Support and Opposition (1/9/2026)

Support: Bay Area Air Quality Management District (Co-Sponsor)

Building Decarbonization Coalition (Co-Sponsor)

San Francisco Bay Area Planning & Urban Research Association (SPUR) (Co-Sponsor)

350 Humboldt

350 Sacramento

A. O. Smith Corporation

Activesgv

California Center for Sustainable Energy

California Climate Action

California Environmental Voters

Carbon Free Palo Alto

Carbon Free Silicon Valley

Citizens Climate Lobby Long Beach

Climabridge

Climate Action California

Climate Health Now Action Fund

Climate Resolve

Earthjustice

Efficiency First California

Evergreen Action

Green Building Initiative

Mothers Out Front Silicon Valley

National Resources Defense Council

Natural Resources Defense Council (NRDC)

Quitcarbon

Redwood Energy

Regional Asthma Management and Prevention (RAMP)

Resource Renewal Institute

Rewiring America

San Diego Building Electrification Coalition

San Francisco Climate Emergency Coalition

Stopwaste

The Climate Center
U.s. Green Building Council, California

Opposition: California Building Officials
California State Association of Counties (CSAC)
Community Associations Institute - California Legislative Action Committee
League of California Cities
Rural County Representatives of California (RCRC)

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