

SENATE THIRD READING
SB 328 (Grayson)
As Amended August 21, 2026
Majority vote

SUMMARY

Creates a new category of exempt surplus land under the Surplus Land Act (SLA) for the Concord Naval Weapons Station (CNWS) and limits review under the California Environmental Quality Act (CEQA) for projects within the CNWS, as specified.

Major Provisions

- 1) Deletes the contents of the bill.
- 2) Creates a new category of surplus land under the SLA for land that is a former military base that was conveyed by the federal government to a local agency or local reuse authority, and that is all or any portion of the Concord Naval Weapons Station, provided that all of the following requirements are met:
 - a) Before the disposition of the land, the local agency or local reuse authority has entered in to a disposition and development agreement (DDA) that stipulates that at least 25% of the aggregate residential units permitted to be developed will be restricted to lower income households, as defined, with an affordable housing cost or affordable rent, as defined, for a minimum of 55 years for rental housing and 45 years for owner-occupied housing.
 - b) At least 30 days prior to disposing of the land, the local agency or local reuse authority to provide the Department of Housing Community Development (HCD) with a written notification of its findings that the land is exempt surplus land, pursuant to the bill, a copy of the disposition and development agreement to be executed.
 - c) Before the disposition of the land, the recipient has negotiated a project labor agreement consistent with the term sheet for the DDA approved by the local agency or local reuse authority on May 26, 2026, and any succeeding ordinance, resolution, or policy regardless of the length of the agreement between the local agency and the recipient.
- 3) Provides that land subject to this bill shall be deemed to be disposed at the time the local agency or local reuse authority approves the DDA and not at the time of each subsequent conveyance or phased conveyance of the land undertaken pursuant to that agreement.
- 4) Requires that an action challenging the disposition of land pursuant to the bill be brought within 180 days after the local agency or local reuse authority notifies HCD of the local agency's or local reuse authority's approval of the disposition and development agreement.
- 5) Provides that the disposition of land pursuant to this bill not be subject to challenge upon any subsequent conveyance, phased conveyance, lease, financing transaction, or implementing action undertake pursuant to the DDA, except to enforce the affordability requirements 2) a) above.

- a) Provides that affordability requirements of 2) a) apply to the project as a whole. An individual phase shall not be required to independently satisfy those requirements, provided that the project remains subject to, and ultimately satisfies, those requirements.
- 6) Provides that any subsequent amendments to the SLA do not apply to the provisions of this bill if the local agency or the local reuse authority has complied with all of the requirements in 2).
- 7) Provides that a violation of 2), including, but not limited to, the affordability requirements, is subject to the penalties in the SLA, as specified. Those penalties are in addition to any remedy a court may order for violation of 2) of the disposition and development agreement.
- 8) Requires the local reuse authority to notify HCD and the relevant policy committees of the Legislature within 30 days of amending, in a manner that would modify the affordability requirements of 2) a), the DDA, the purchase and sale agreement, or similar agreement regarding the disposition of all or any portion of the land by the local reuse authority that formed the basis the application of the bill to a disposition of land by a local reuse authority.
- 9) Defines, for purposes of CEQA, the following terms:
 - a) "Addendum" means the Final Environmental Impact Report Addendum and Initial Study of Environmental Significance for the Concord Reuse Project Area Plan approved by the city in January 2012.
 - b) "City" means the City of Concord.
 - c) "CNWS" means the Concord Naval Weapons Station.
 - d) "Concord Community Reuse Project" means the Concord Community Reuse Project, approved by the city on February 23, 2010, that established the planning process for civilian use of the former CNWS.
 - e) "CRP area plan" means the area plan for the Concord Reuse Project adopted and incorporated into the City's 2030 general plan in 2012, that covers the inland portion of the CNWS, the North Concord/Martinez Bay Area Rapid Transit Station, and the Diablo Creek Golf Course.
 - f) "CRP FEIR" means the Final Environmental Impact Report for the Concord Community Reuse Project Plan (SCH No 2007052094) certified by the City in February 2010.
 - g) "Plan area" means the approximately 5,000-acre inland portion of the CNWS included within the boundaries of the CRP area plan.
- 10) Requires the 2010 CRP FEIR to be conclusively presumed to satisfy the requirements of CEQA for any project within the plan area with land use types and locations consistent with the CRP area plan land use map adopted in 2010, making these "consistent" projects exempt from any new CEQA review.
- 11) Limits CEQA review of projects that are not consistent with the land use types and locations in the CRP area plan land use map, adopted in 2010, to consideration of major changes to the

project compared to the 2010 EIR, and excludes consideration of changed circumstances and new information otherwise required by CEQA.

- 12) Provides for expedited judicial review of any challenges to the application of these provisions, requiring the courts to resolve lawsuits within 270 days, to the extent feasible.
- 13) Includes, for purposes of CEQA, a severability clause.
- 14) Finds and declares that special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances concerning the City of Concord.
- 15) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code
- 16) Contains an urgency clause.

COMMENTS

Surplus Land Act. Public agencies are major landlords in some communities, owning significant pieces of real estate. When properties become surplus to an agency's needs, public officials want to dispose, which means to sell or lease for fifteen years or longer, the land to recoup their investments. The SLA spells out the steps local agencies must follow when they want to dispose of land. It requires local governments to give a "first right of refusal" to other public agencies, nonprofit housing developers, schools, and parks and recreation departments. After notifying these groups that the land is available, the disposing agency must negotiate in good faith with these interested parties to try to come to agreement for 90 days before the local agency can dispose of the surplus land.

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 (BRAC) 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.

The recent SLA changes included an exemption for the disposition of properties associated with the former Alameda Naval Air Station and the Fleet Industrial Supply Center, which was

formally closed in 1998. To qualify for the exemption, a disposition must meet the following conditions:

- 1) At least 25% of the residential units developed shall be restricted to lower income households, as specified.
- 2) Before disposition of the surplus land, the agency adopts written findings that the land is exempt surplus land.
- 3) Before disposition of the surplus land, the recipient has negotiated a project labor agreement, as specified, and any succeeding ordinance, resolution, or policy, regardless of the length of the agreement between the local agency and the recipient.
- 4) The local agency includes in their Annual Progress Report to HCD 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 lower income households.
- 5) Other criteria related to the size of the disposition are met.

Violations of this exemption are specifically subject to the penalties in the SLA and, as an exemption, must go through the process of HCD review for exemptions.

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:

- 1) *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;
- 2) *Community facilities.* Brookfield will donate land for a Veterans Hall (four acres), homeless housing (four acres), a Food Bank expansion (ten 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;

- 3) *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.

According to the Author

"SB 328 seeks to provide 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.

"The Navy intends to convey through an Economic Development Conveyance approximately 2,350 acres of the former CNWS to the City as the designated LRA for disposition to developers for redevelopment for the purpose of short- and long-term job generation.

"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.

"Below is a listing of the community benefits associated with the Reuse Project at the former Concord Naval Weapons Station.

- 1) Project Labor Agreement (PLA) with the Contra Costa Building and Construction Trades, the Nor Cal Carpenters Union and local hiring priority, training programs, and opportunities for local businesses
- 2) 25% of housing designated as Affordable

- 3) 886 acres of dedicated Parks, Recreations and Trails space
- 4) 16 acres of housing for the unhoused
- 5) 10 acres for future Food Bank expansion
- 6) Four acres for a Veterans Hall
- 7) Provision of an interim Delta-DeAnza trail connection
- 8) Restoration of the Mount Diablo Creek Corridor and trail creation over all phases
- 9) 55 acres for school sites
- 10) \$2.2 Billion in contributions and/or construction of public infrastructure including:
- 11) \$43 Million - Recycled Water System
- 12) \$208 Million - Habitat & Wetland Mitigation, Mt. Diablo Creek Restoration, Parks, and Open Space
- 13) \$146 - Million allocable improvements for 3,000+ units of Affordable Housing
- 14) \$41 Million – offsite environmental mitigation
- 15) \$119 Million - New School Construction
- 16) \$100 Million - Tournament Sports Park/City-Wide Park
- 17) \$65 Million - Library and civic center
- 18) \$10 Million - Fire Stations

"SB 328 will facilitate the development of this much needed housing and community in the East Bay."

Arguments in Support

None on file.

Arguments in Opposition

The Western Electrical Contractors Association (WECA) writes in opposition, "[WECA] respectfully opposes SB 328 because of the project labor agreement mandate in GC Section 54221 (T)(i)(III)...

"GC Section 54221 (T)(i)(III) requires the recipient, before disposition, to negotiate a PLA consistent with the term sheet approved by the local agency or reuse authority on May 26, 2026, as well as 'any succeeding ordinance, resolution, or policy,' regardless of the duration of the agreement between the local agency and recipient. This is not merely a requirement to pay prevailing wages, comply with apprenticeship standards, or provide safe, family-supporting

careers. Instead, it gives preferential treatment to one labor-relations model and makes that model a condition of receiving the bill's land-use and environmental-review benefits.

"PLAs commonly require contractors to obtain workers through union hiring halls, follow union work rules, limit the use of their existing skilled employees, and contribute to union benefit plans even when those employees participate in employer-sponsored plans. Employees may never vest in the union plans receiving those contributions. These requirements place merit-shop contractors at a substantial competitive disadvantage and discourage many qualified firms from bidding...

"The provision is also unnecessarily open-ended. By incorporating any future ordinance, resolution, or policy "regardless of the length" of the agreement, SB 328 could subject the recipient and future phases of development to labor conditions that do not exist—and therefore cannot be evaluated—when the land is disposed. That uncertainty will complicate financing, contracting, and long-term development planning.

"Merit-shop contractors are not anti-worker. WECA and its members invest extensively in state approved apprenticeship, continuing education, workplace safety, and high-quality careers. Our objection is to a government mandate that determines eligibility according to labor affiliation instead of allowing all responsible contractors to compete based on safety, qualifications, performance, and value."

FISCAL COMMENTS

Unknown.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Limón, Reyes

ASM ENVIRONMENTAL SAFETY AND TOXIC MATERIALS: 7-0-0

YES: Connolly, Ellis, Bauer-Kahan, Castillo, Lee, McKinnor, Papan

ASM REVENUE AND TAXATION: 7-0-0

YES: Gipson, Ta, Bains, Carrillo, DeMaio, McKinnor, Quirk-Silva

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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