



CA Governor Signs Bills Enacting Major CEQA Reforms to Accelerate Development and Boost Affordability

On June 30, 2025, Governor Gavin Newsom signed trailer bills Assembly Bill 130 (“AB 130”) and Senate Bill 131 (“SB 131”) as part of the state’s budget package. These bills establish significant reforms to the California Environmental Quality Act (“CEQA”) by exempting ten new categories of projects from CEQA review. The exempted project types include specific infill housing, childcare centers, health clinics, food banks, farmworker housing, broadband infrastructure, wildfire prevention initiatives, water infrastructure, public parks and trails, and advanced manufacturing facilities located in industrial zones. As trailer bills, these bill provisions became effective immediately upon enactment.

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AB 130

AB 130 expands the existing CEQA infill housing exemption to include a broader array of infill housing projects on sites of up to 20 acres (with Builder’s Remedy project sites capped at 5 acres) located in urbanized areas. Eligible infill sites must either have been previously developed for qualified urban uses or be surrounded by such uses. For the purposes of this exemption, “urban use” is defined to include “any current or previous residential or commercial development, public institution, or public park that is surrounded by other urban uses, parking lot or structure, transit or transportation passenger facility, or retail use, or any combination of those uses.”

To qualify for CEQA exemption under AB 130, a project must meet the following additional requirements:

- Consistency with the applicable general plan, zoning code, and local coastal program standards, including the local density and objective planning standards, subject to deviations permitted under the Density Bonus Law.
- Develop at a minimum density that is at least 50% of the jurisdiction’s “Mullin” density standards under SB 375, which range from 10 to 30 units per acre.
- Project location must meet all of the SB 35 siting criteria and not be located on environmentally sensitive lands such as hazardous waste sites, prime farmland, earthquake fault zones,

or floodways, or very high fire hazard severity zone.

- No demolition of a historic structure listed on a historic register prior to submission of a preliminary application.
- For applications submitted after January 1, 2025, no portion of the project may be used as a hotel, motel, or bed and breakfast.
- Projects located within 500 feet of a freeway must implement additional air quality mitigation measures, such as enhanced filtration systems and balconies oriented away from the freeway.
- Post-approval completion of a Phase I environmental site assessment with mitigation of any recognized environmental conditions prior to receipt of a certificate of occupancy.

AB 130 imposes prevailing-wage and skilled-and-trained workforce requirements for qualifying exempt projects over 85 feet in height, 100% affordable projects, and projects with more than 50 units in San Francisco, provided a prime contractor receives at least three bids meeting workforce standards. Additionally, AB 130 introduces tribal consultation procedures for projects using this new infill housing exemption.

Lead and responsible agencies must review and either approve or deny the project using this new infill housing exemption within 30 days after the conclusion of the tribal consultation process outlined in this bill.

AB 130 also establishes an alternative, fee-based mechanism to mitigate Vehicle Miles Traveled (“VMT”) impacts under CEQA. It authorizes developers to pay into a state-level Transit-Oriented Development Implementation Fund, administered by the Department of Housing and Community Development (“HCD”). The bill assigns the Governor’s Office of Land Use and Climate Innovation the task of developing the methodology and details to implement this Transit-Oriented Development Implementation Fund, including mapping of “eligible urban infill sites” by July 1, 2027.

Beyond CEQA, AB 130 contains several important housing provisions:

- It permanently extends the Housing Crisis Act of 2019, which was previously set to sunset in 2034.
- It creates a “shot clock” to approve or deny a ministerial application for a qualifying housing development project within 60 days after the application is complete, which parallels existing requirements mandating local governments to approve or deny a housing development project application within 60 days after making its CEQA determination. If no action is taken within the deadline, a project may be deemed approved.
- The California Coastal Commission, which had previously been

exempt from certain time limits to review projects, is now required to comply with the same decision-making timelines applicable to other responsible agencies.

- It prohibits appeals of specified residential projects to the Coastal Commission.
- The bill prohibits amending, adding, or repealing the residential building code standards, including green building requirements, applicable to residential units between October 1, 2025 to June 1, 2031, unless the changes to the codes meet certain exceptions and the express findings specified in the bill. The exceptions to code changes include changes related to public health and safety, emergency, fire safety, or conservation-related updates.

SB 131

SB 131 makes a number of technical amendments to CEQA and introduces new CEQA exemptions. Notably, it creates a CEQA exemption for most rezonings consistent with a jurisdiction's certified housing element (except for the projects located in "natural and protected lands" such as state parks, hazardous waste sites, prime farmland, earthquake fault zones, or floodways; or projects including "distribution centers" or "oil and gas infrastructure"). Additionally, it establishes nine new categorical CEQA exemptions, including:

- New agricultural employee housing projects and repair or maintenance of existing farmworker housing.
- Daycare centers, rural health clinics, and nonprofit food banks/pantries, except when located on natural and protected lands.
- Most "advanced manufacturing facilities", including semiconductor and nanotechnology plants, located on land already zoned for industrial use.
- Water system improvements serving disadvantaged communities that do not impact wetlands or sensitive habitats (through January 1, 2028) and sewer infrastructure for disadvantaged communities currently served by inadequate wastewater systems (through January 1, 2032).
- Wildfire risk reduction projects such as prescribed burns, fuel breaks, and defensible space (through January 1, 2030).
- Broadband infrastructure in local street and road rights-of-way.
- Public parks and non-motorized trails.
- Certain high-speed rail's support facilities, including maintenance yards and modifications to passenger stations.

"For housing projects that nearly qualify for a statutory or categorical

CEQA exemption but fall short due to a single unmet condition — such as the new infill housing exemption under AB 130 — SB 131 provides a streamlined review process. These “near-miss” projects are subject only to review of the specific environmental effect that disqualifies them, not the full CEQA checklist. For example, for an infill project to qualify under the Class 32 CEQA exemption, analysis is needed to demonstrate that the project would not result in significant impacts on biological resources, traffic, noise, air quality, and water quality. If the analysis for such a project demonstrates that it meets all the other Class 32 exemption criteria, except for significant traffic impacts, then the future environmental impact reports/ mitigated negative declaration for the project would be limited to analyzing solely the traffic impacts. Furthermore, environmental impact reports for such projects are not required to include alternative analyses or discussions of growth-inducing impacts.

However, this streamlined process is not available to:

- Housing projects located on “natural and protected lands”;
- Housing projects that include “distribution centers” or “oil and gas infrastructure”;
- Housing projects that are not “similar in kind” to those typically eligible for the exemption;
- Housing projects disqualified from the CEQA exemption qualification due to more than one unmet condition.

Finally, SB 131 limits the scope of the CEQA administrative record. For most projects — excluding those involving “distribution centers” or “oil and gas infrastructure” — lead agencies are not required to include internal electronic communications (e.g., emails) in the administrative record unless those communications were presented to the decision-making body, or were reviewed by the agency’s executive leadership or supervisory officials involved in project review.

Burke, Williams & Sorensen, LLP regularly advises clients on legal matters relating to CEQA, land use, and planning issues.

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