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Effective Immediately: California Adopts Consequential Reforms to CEQA and Other Laws to Speed Housing Production

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On June 30, 2025, Governor Gavin Newsom signed into law two budget trailer bills, which prove to be the most consequential reforms to the California Environmental Quality Act ("CEQA") in the law's 55-year history. Governor Newsom last week forced the Legislature to finally approve CEQA reform legislation by conditioning the 2025-26 State Budget on the Legislature's subsequent approval of Senate Bill 131 (Wiener) and Assembly Bill 130 (Wicks). These two bills dramatically change the State's landmark environmental law for urban infill housing development projects, and streamline development of housing and certain "leadership" projects with a focus on spurring investment in California.

Often used to stop housing development, NIMBY ("not in my backyard") neighbors, competitors, environmentalists, unions, or any anti-development individual exploited CEQA to kill or slow a project, or to extract concessions from the developer (*see also* [UC Berkeley Student Enrollment Crisis Inspires Legislative Push to Change CEQA Requirements](#)). Under SB 131 and AB 130, CEQA can no longer be used as a tool to stop urban infill housing development projects. The new bills are intended to allow housing development (and development of specified types of projects) by eliminating costly environmental reviews and the potential for litigation, both of which have added years and millions of dollars in costs to housing development. These laws become effective immediately.

SB 131 statutorily exempts from CEQA certain specified:

- Rezoning actions that implement "the schedule of actions contained in an approved housing element," except for a rezoning that would occur within the boundaries of any "natural and protected lands," as that new term is defined. (Gov. Code, § 21080.085(a))
- Community water systems funded by specified state programs. (Pub. Res. Code, § 21080.48)
- Wildfire risk reduction programs. (Pub. Res. Code, § 21080.49)
- Broadband deployment within a right of way. (Pub. Res. Code, § 21080.51)
- Daycare centers in residential areas. (Pub. Res. Code, § 21080.69(a)(1).)
- Advanced manufacturing facilities (as defined in Public Resources Code section 26003) if located on a site exclusively zoned for industrial uses. (Pub. Res. Code, § 21080.69(a)(4))
- Transportation infrastructure, such as rail stations serving high-speed rail. (Pub. Res. Code, § 21080.70)



AB 130 includes special provisions for streamlining housing project entitlements, statutory exemptions from CEQA, and limitations on local Building Code amendments and Coastal Act requirements. Highlights include:

- ***Makes Permanent SB 330 (2019)***

SB 330 has been a critical tool for locking in the ordinances, policies, and standards applicable to a housing project and streamlining the project's approvals. The Legislature previously extended SB 330 to 2030, but the amendments in AB 130 make these protections permanent. (Gov. Code, § 65589.5)

- ***Statutory Exemption for Most Infill Housing Projects***

AB 130 expressly excludes from CEQA's purview "any aspect of a [qualifying] housing development project" (defined to include mixed-use projects where at least 2/3 of the square footage is designated for residential uses per Government Code section 65589.5(h)(2)) "including any permits, approvals, or public improvements" which would otherwise be required for the project. (Pub. Res. Code, § 21080.66(a).) To qualify for this statutory exemption, the housing project must:

- Be located on a site of 20 acres or less in size, unless the applicant is seeking to apply the Builder's Remedy, where the site cannot exceed five acres in size;
- Be located within an incorporated municipality or within an "urban area" as defined by the U.S. Census Bureau;
- Meet specified infill criteria, e.g. at least 75% of the perimeter of the site adjoins parcels developed with urban uses or at least 75% of the area within a ¼ mile radius is developed with urban uses;
- Be consistent with the applicable general plan and zoning ordinance and local coastal program. If the general plan and zoning ordinance are inconsistent with each other, the project is deemed consistent with both if it is consistent with either one;
- Provides a minimum density of at least ½ the density specified in Section 65583.2(c)(3)(B) of the Government Code based on the site's location in a city, county, metropolitan or suburban jurisdiction subject to specified densities.
- Be located on a site that meets specified environmental criteria in Section 65913.4(a)(6) of the Government Code;
- Not cause the demolition of a historic structure on a national, state, or local historic register before the date a preliminary application was submitted for the project. (Pub. Res. Code, § 21080.66(a)(2).)
- Formally notify the local Native American tribes and invite consultation within 14 days of application being deemed complete. Each tribe has 60 days to notify the government of request for consultation. (Pub. Res. Code, § 21080.66(b)(1)(A).)

A key component of these CEQA reforms is that they do not require any prevailing wage or labor requirements for most eligible projects thereby avoiding substantial costs in the project. AB 130 does require a prevailing wage for 100% affordable projects, which usually already meet these labor requirements in order to qualify for tax credits. (Pub. Res. Code, § 21080.66(d).)

- ***Limits Local Building Code Amendments***

Communities in California are generally allowed to adopt local modifications to the State Building Code that exceed the state's minimum requirements. Often, this has resulted in costly local building standards that far exceed what the state otherwise requires (e.g. clean energy standards, "Reach" Codes, all-electric requirements, etc.).



From October 1, 2025 to June 1, 2031, a city or county cannot establish more restrictive building standards, including green building standards, applicable to residential units, unless:

- (1) the modifications are substantially equivalent to changes previously filed by the city or county and were in effect as of September 30, 2025;
- (2) the California Building Standards Commission deems the changes necessary to protect health and safety;
- (3) the changes relate to home hardening;
- (4) the standards relate to home hardening and are proposed for adoption by a fire protection district; or
- (5) the changes are necessary to implement a local code amendment to align with a general plan approved on or before June 10, 2025.

AB 130 would broadly ban any new all electric ordinances until June 2031. (Health & Safety Code, § 18941.5)

- ***Modified Vehicle Miles Traveled Mitigation Requirements***

Beginning in 2020, the state required transportation impacts under CEQA to be evaluated under the vehicle miles traveled ("VMT") metric, replacing the previous level of service metric. Following this change, however, CEQA considers many projects—especially in suburban or rural areas—to result in significant transportation impacts. AB 130 modifies how a project can mitigate its significant transportation impacts.

A lead agency may allow an applicant to mitigate its project's transportation impacts by "helping to fund or otherwise facilitating vehicle miles traveled-efficient affordable housing or related infrastructure projects" or contributing to the state's Transit-Oriented Development Implementation Fund. (Pub. Res. Code, § 21080.44(b)(1)(A).) The local agency may use other mitigation strategies, including requiring adoption of a transportation demand management program, installation of transit improvements, transportation infrastructure, road diets, or using local or regional mitigation banks. (Pub. Res. Code, § 21080.44(b)(1)(B).)

- ***Coastal Act Exemption***

Finally, AB 130 limits what housing projects located in the Coastal Zone may be appealed to the Coastal Commission. (Pub. Res. Code, § 30603(a)(3).) This includes residential projects approved on parcels that do not allow for residential uses under the applicable zoning ordinance or map. (Pub. Res. Code, § 30603(a)(4).)

For decades, housing advocates, developers, homebuilders and many communities, have long considered CEQA reform a necessity to cutting the time and cost for delivering housing to fight the State's severe housing crisis. In 2016, then-Governor Jerry Brown attempted to pass similar CEQA reforms through the Legislature, with his proposal [not even receiving a single vote](#). The adoption of SB 131 and AB 130 mark a sea change in how the state chooses to respond to the ongoing housing crisis.

If you have any questions about these new laws, please reach out to Braeden Mansouri or Alicia Guerra.



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