

Viewpoints

New Laws in Effect: CEQA Streamlining and Legislative Overhaul Target Delays in Housing, Climate, and Infrastructure Projects



In a major legislative development, Governor Gavin Newsom signed into law a comprehensive package of housing and infrastructure reforms as part of the 2025–2026 state budget. Enacted through Assembly Bill 130 and Senate Bill 131, the trailer bills advance a broad initiative to accelerate housing production, modernize infrastructure delivery, and reduce regulatory delays.

The California Environmental Quality Act (CEQA), enacted in 1970 with bi-partisan support, reflected the environmental concerns of its era: unchecked sprawl, polluted waterways, pesticide exposure, and the erosion of open space. Over the decades, CEQA became a foundational environmental regulatory framework, but it has also drawn criticism for delaying projects, increasing costs, and fueling litigation. Attempts to reform CEQA have largely failed—until now.



Political tides in Sacramento are coalescing around a new message: reducing regulatory barriers is now seen as essential to achieving progressive goals such as clean energy deployment, housing development, and forward-looking manufacturing. With growing urgency around climate action and federal incentives at stake, legislators have prioritized streamlining environmental review for targeted project types.

Effective June 30, 2025, the reforms exempt qualifying infill housing projects from CEQA. To qualify, at least two-thirds of a project's square footage must be devoted to residential use. Other mixed-use projects located on urban sites not more than 20 acres may also qualify. In addition, those qualifying projects that narrowly miss a CEQA exemption may still utilize that exemption under certain circumstances. For "near miss" projects, environmental review will be limited to the specific condition that disqualified the exemption, rather than a full-scope impact analysis.

New statutory CEQA exemptions were created for other projects, including:

- Certain day care centers, nonprofit food banks, and qualified health centers;
- Certain wildfire risk reduction projects, including defensible space clearance and fuel breaks; and
- Certain water and sewer systems funded by specified state programs.

Notably, the reforms also narrow the scope of administrative records local agencies are required to turn over to petitioners challenging projects in court. Now, judicial review of a local agency's environmental determination will not include internal agency emails that were not presented to the final decision making body or reviewed by a local agency executive or other administrative official. This revision applies *to all projects of any kind* except those involving distribution centers or oil and gas infrastructure.

These consequential reforms signal a significant policy shift. Local educational agencies should seek legal counsel to properly evaluate the potential impact of these reforms on their pending and future projects.

For further guidance on how this landmark legislation may impact your projects or jurisdiction, please contact the authors listed below or the F3 Law attorney with whom you normally consult.

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