Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 489 (Arreguín) – As Amended April 21, 2025

SENATE VOTE: 39-0

SUBJECT: Local agency formation commissions: written policies and procedures: Permit Streamlining Act: housing development projects

SUMMARY: Adds ministerial housing projects to the Permit Streamlining Act (PSA) and requires local agency formation commissions (LAFCOs) to post their application packets for changes of organization on their websites. Specifically, **this bill**:

1) Applies the provisions of the PSA to ministerial housing development projects, as defined in the Housing Accountability Act (HAA), via cross reference to the Housing Crisis Act (HCA), reviewed by public agencies.

2) Requires a public agency to publish online, for each approval it issues in connection with a housing development project, the list and criteria the public agency will apply to determine completeness as required under existing law.

3) Requires a LAFCO's written policies and procedures to include any forms necessary for a complete application for a proposed change of organization or reorganization. These policies, procedures, and forms must be posted on the LAFCO's website.

EXISTING LAW:

1) Establishes the PSA which, among other provisions, establishes time limits within which state and local government agencies must either approve or disapprove entitlement applications. The PSA further provides that each public agency shall compile one or more lists specifying in detail the information that will be required from any applicant for a development project. (GOV 65920 - 65964.5)

2) Establishes the HCA which, among other provisions, defines a "housing development project" to have the same meaning as "housing development project" in the HAA as described in 3) below, and also includes both of the following:

    a) Projects that involve no discretionary approvals and projects that involve both discretionary and nondiscretionary approvals; and

    b) A proposal to construct a single dwelling unit. (GOV 65905.5)

3) Establishes the HAA which, among other provisions, defines a "housing development project" as follows:

    a) A project that only includes residential units; or,

    b) A mixed use project that meets any of the following conditions:

i) At least 2/3 of the new or converted square footage is designated for residential use;

ii) At least 50% of the new or converted square footage is designated for residential use if the project meets both of the following:

I) The project includes at least 500 units; and,

II) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified; or,

iii) At least 50% of the new or converted square footage is designated for residential use if the project meets all of the following:

I) The project includes at least 500 net new residential units;

II) The project involves the demolition or conversion of at least 100,000 square feet of nonresidential use;

III) The project demolishes at least 50% of the existing nonresidential uses on the site; and,

IV) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging, as specified.

iv) Transitional housing or supportive housing; and

v) Farmworker housing, as defined. (GOV 65589.5)

4) Establishes LAFCOs, which are delegated the ongoing responsibility to control the boundaries of cities, county services areas, and most special districts. (GOV 56300)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author "SB 489 would reduce costly delays in the permitting process and facilitate the approval and construction of much-needed housing in California. SB 489 would improve the Permit Streamlining Act (PSA) by requiring all public agencies to post online the information necessary for a housing development application to be deemed complete. While the PSA currently requires cities and counties to post this information online, the PSA does not comprehensively require the myriad of other public agencies from which housing development projects are required to secure regulatory approval, to post this important information online. SB 489 will help to advance the goals of the State in building more housing by requiring other agencies to post relevant requirements for housing project completion online and will strengthen the integrity and efficiency of California's housing approval process, ensuring that housing projects can be built on time and at predictable costs. This will benefit not only home buyers and renters, but businesses and workers who rely on housing development for job opportunities."

Housing Entitlement Process: The process of gaining approval to build new housing in California is often arduous, unpredictable, and expensive. Under the California Constitution,

cities and counties exercise broad "police power" authority to regulate land use in the interest of public health, safety, and welfare. Local governments implement this authority through an entitlement process, which encompasses both discretionary and ministerial approvals. Gaining "entitlement" is essentially a local government's confirmation that a housing project complies with applicable zoning regulations, design standards, and other local requirements.

The Department of Housing and Community Development (HCD) has identified lengthy approval timelines and procedural complexity as significant governmental constraints on housing production. In its *San Francisco Housing Policy and Practice Review*, HCD found that the city's complex entitlement and permitting procedures not only deter new housing developers, but may also prompt existing developers to exit the market altogether in favor of neighboring jurisdictions with simpler, more predictable processes. [1] A 2025 study found that California is the most expensive state for multifamily housing production—due in part to long approval timelines. The study also found a strong correlation between longer production timelines and higher costs, with California's average timeline to bring a project to completion exceeding that of Texas by more than 22 months. [2]

In response, the Legislature has enacted a series of laws to streamline, expedite, and standardize the housing approvals process. These include the PSA, the HAA, and the HCA, which collectively establish clear timelines and procedural requirements for public agencies reviewing housing development proposals. Among other provisions, these laws require public agencies to specify what materials must be submitted in an application and clarify the criteria by which applications will be reviewed. Once an application is deemed complete, a project is generally subject only to the ordinances, policies, and standards in effect at the time of submittal. Local agencies must then act on the application within specific timeframes, particularly following completion of any required review under the California Environmental Quality Act (CEQA).

The PSA applies timelines to the local planning approvals process. Under the PSA, local governments have 30 days to determine whether applications for development projects are complete and request additional information; failure to act results in an application being "deemed complete." The PSA also establishes certain approval timeframes under which development projects must be approved.

Historically, the PSA applied only to discretionary development review projects. However, AB 130, (Committee on Budget), Chapter 22, Statutes of 2025, changed the law so that the PSA now applies to ministerial reviews done by local agencies at the entitlement stage for housing development projects. This bill would further expand the PSA by adding all ministerial reviews involving housing development projects done by public agencies, not just local governments, to the definition of a development project under the PSA. The Committee may wish to consider aligning this bill with a provision in AB 130 that excluded postentitlement phase permits from the definition of a development project under the PSA in order to better align this bill with very recent legislation (effective July 1, 2025), and to preserve existing postentitlement timelines and review procedures.

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[1] HCD San Francisco Policy & Practice Review, Page 13. Published October 2023. Accessed from: https://www.hcd.ca.gov/policy-and-research/plans-and-reports
[2] https://www.rand.org/pubs/research_reports/RRA3743-1.html

Separately, the HCA currently requires public agencies to prepare a list of all information that must be submitted for a development application. This bill would expand that requirement by mandating that each public agency publish a separate list for each type of approval related to a housing development project, including the specific criteria used to determine application completeness. These lists must also be posted online. In doing so, the bill aims to improve transparency, reduce uncertainty, and provide developers with a clearer understanding of the requirements they must meet across the full spectrum of public approvals.

Local Agency Formation Commissions (LAFCOs): The California Constitution grants the Legislature the authority to create, dissolve, or modify the boundaries and services of local governments. Since 1963, the Legislature has delegated this responsibility to LAFCOs, established in each county to oversee boundary changes involving cities, county service areas, and most special districts. LAFCOs were created to promote orderly growth, discourage urban sprawl, and encourage the efficient delivery of municipal services. Courts often refer to LAFCOs as the Legislature's "watchdog" over boundary changes.

The responsibilities and authority of LAFCOs have evolved over time, most notably through the *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* (AB 2838, Hertzberg, Chapter 761, 2000), which reaffirmed the state's interest in coordinated, efficient local governance. LAFCOs are empowered to review and act on a range of jurisdictional changes, including annexations, detachments, incorporations, dissolutions, and city or district consolidations.

Each LAFCO is governed by a commission composed of local elected officials and members of the public. Most commissions have either five or seven members, including two county supervisors, two city council members from cities within the county, and one public member. In counties where special districts have opted into representation, two special district board members are also included. Larger counties such as Los Angeles and San Diego may have additional members. While commissioners are appointed from local agencies, LAFCOs operate as independent regulatory bodies and do not represent the interests of any one jurisdiction.

State law requires each LAFCO to adopt written policies and procedures, including the forms applicants must use. This bill would clarify that those written policies and procedures must include any forms necessary to submit a complete application for a proposed change of organization or reorganization. It would also require that the policies, procedures, and forms be posted on the LAFCO's website to promote transparency and accessibility.

Arguments in Support: The California Building Industry Association, the sponsor of the bill, writes in support, "SB 489 addresses barriers to the permitting process in two key ways. First, SB 489 would improve the Permit Streamlining Act (PSA) by requiring all public agencies to post online the information necessary for a housing development application to be deemed complete. Second, SB 489 would eliminate gaps in the PSA and clarify the relationship of the PSA's permitting rules and the separate rules governing postentitlement phase permits so that all required public agency permits required to approve and build a housing project are expressly covered by either the PSA or the postentitlement permit statutes, as appropriate.

By modernizing the PSA, SB 489 will reduce unnecessary delays, lower construction costs, and facilitate the development of critically needed housing. This will benefit not only home buyers and renters, but businesses and workers who rely on housing development for job opportunities.

California's housing shortage is already a key factor in high cost-of-living concerns and workforce shortages, particularly in high-demand regions where workers cannot afford to live near their jobs."

Arguments in Opposition: None on file.

Committee Amendments:

The Committee may wish to consider the following amendment to better align this bill with a provision of the recently enacted AB 130 (Committee on Budget), Chapter 22, Statutes of 2025:

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(e) "Development project" does not include a postentitlement phase permit, as that term is defined in Section 65913.3.

Related Legislation:

AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, made numerous changes to housing policy. Specific to this bill, AB 130 added ministerial projects reviewed by local agencies to the list of development projects covered under the PSA. It also removed the sunset date from the HCA.

SB 838 (Durazo) of this legislative session would remove mixed-use developments containing any hotel, motel, or similar use from the definition of a housing development project under the HAA. SB 838 is pending hearing in this committee.

SB 681 (Wahab) of this legislative session contained the same language pertaining to the PSA and the HCA that was ultimately incorporated into AB 130. SB 681 was held in this Committee at the request of the author and is now a two-year bill.

AB 301 (Schiavo) of this legislative session would place reviews of housing development proposals conducted by state agencies, as defined, on the same post-entitlement permitting timelines as are currently contained in GOV 65913.3.

AB 2234 (Rivas), Chapter 651, Statutes of 2022 established post-entitlement review timelines for local agencies reviewing housing development projects.

SB 330 (Skinner) Chapter 654, Statutes of 2019 established the HCA, including various entitlement review requirements for housing development projects.

Double-Referred: This bill was double-referred to the Assembly Committee on Local Government, where it and passed on a vote of 10-0 on June 18, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

California Building Industry Association (Sponsor)
21st Century Alliance
Building Industry Association of the Greater Valley

Building Owners and Managers Association
California Apartment Association
California Association of Realtors
California Business Properties Association
California Chamber of Commerce
California Housing Consortium
California YIMBY
Circulate San Diego
Elevate California
Fieldstead and Company
Home Builders Association of the Central Coast
Inner City Law Center
Institute for Responsive Government Action
Lieutenant Governor Eleni Kounalakis
NAIOP California
Orange County Business Council
Orange County Taxpayers Association
Southern California Leadership Council
SPUR

Opposition

None on file with the committee.

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