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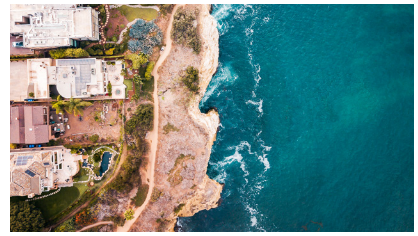
AB 130 EXPLAINED: WHAT CALIFORNIA'S 2025 CEQA REFORM MEANS FOR INFILL HOUSING

By William Halligan, Esq. / September 22, 2025

Assembly Bill 130 (AB 130), enacted in 2025 as a budget trailer bill focused on housing, introduces a new statutory CEQA exemption for qualifying "infill" housing projects in California. Many urban housing developments that meet specified criteria can now be approved without undergoing CEQA, substantially shortening approval timelines and removing barriers to building much-needed housing in existing urban areas—a key strategy to address the state's housing shortage. This section details the key provisions, eligibility criteria, and practical implications of this important reform.

Key Features of AB 130's Infill Housing CEQA Exemption:

- **Larger Project Sites Eligible**: Housing developments on sites up to 20 acres in size can be exempt from CEQA review (a substantial expansion from prior infill exemptions). Exceptions are "builder's remedy" projects proceeding under Housing Accountability Act violations are capped at 5-acre sites for this CEQA relief.
- **Urbanized Location**: The project site must be in an incorporated city or an urbanized area as defined by the U.S. Census. In other words, the exemption is reserved for infill projects in urban settings, not greenfield development on the urban fringe.
- **Infill Criteria**: The site should qualify as infill, meaning it's either previously developed or substantially surrounded by urban development. For example, at least 75% of the site's perimeter or the surrounding 1/4-mile area must be developed with urban uses (residential, commercial, institutional, etc.). This ensures the exemption applies only in established urban fabric, excluding projects in rural open space or sensitive natural areas (the law explicitly requires that all sites meet SB 35's eligibility rules – farmland, wetlands, and habitat conservation lands are off-limits).
- **Consistency with Local Plans**: The housing project must be consistent with the local general plan and zoning in effect for the site. If there's a discrepancy between the general plan and zoning designations, consistency with either one suffices for eligibility (and deviations allowed under the State Density Bonus Law do not disqualify a project). This condition means the exemption only covers projects that already fit within a jurisdiction's adopted planning framework.



- **Minimum Housing Density**: The project must meet a minimum density requirement, generally equating to 10 units per acre in suburban areas and 15 units per acre in urban areas.
- **Avoids Environmentally Sensitive Areas**: The project may not be located in sensitive areas of the Coastal Zone, prime farmland, wetlands, Very High Fire Hazard Severity Zones, hazardous waste sites, delineated earthquake fault zones (without additional seismic standards), special flood hazard areas (without meeting additional federal criteria), regulatory floodways, areas subject to a community conservation plan or conservation easement, or habitat for protected species (this language comes from SB 423, formerly SB 35).
- **Historic Preservation**: The project must not require the demolition of a historic structure that was registered on a national, state, or local register prior to the developer submitting a project application.
- **No Hotels**: No portion of the project may be designed and used as a hotel, motel, bed and breakfast, inn, or other transient lodging.
- **No Added Affordability Requirement**: Unlike some previous streamlining laws (such as AB 2011 or SB 35), AB 130 does not impose any Below Market Rate (BMR) affordable housing mandate as a condition of using the CEQA exemption. Developers are not required by this statute to include a certain percentage of affordable units (though they still must comply with any local inclusionary zoning obligations). This makes the exemption more accessible to a wide range of housing projects, not only those with subsidized units.
- **Labor Standards**: Most projects under 85 feet tall face no new labor or wage requirements to qualify. This is a notable difference from some other housing streamlining programs. However, if a project exceeds 85 feet in height, it must meet similar labor provisions to SB 35/SB 423—meaning construction workers must be paid prevailing wages, and if certain bidding conditions are met, a “skilled and trained” workforce must be used. Additionally, any 100% affordable housing development must pay prevailing wages regardless of height, and large projects in San Francisco (50 or more units) are subject to higher local labor standards. These labor conditions ensure larger or particularly impactful projects provide fair wages, while typical mid-rise infill projects can proceed without additional state-imposed labor hurdles.
- **Tribal Consultation & Approval Timeline**: To qualify for the exemption, the lead agency must engage in early consultation with any California Native American tribe traditionally affiliated with the area, similar to the process under AB 52 (tribal cultural resources) but with firm deadlines. The city or county must invite tribes to consult within 14 days of the application being deemed complete. If no tribe requests consultation within 60 days, consultation is deemed concluded. If a tribe does request it, the process must conclude within approximately 135 days. Once this consultation window closes (or sooner if tribes agree), the agency then has a strict 30-day deadline to act to approve or disapprove the project. This newly imposed timeline is a significant change—it forces a decision within 30 days after consultation, preventing projects from lingering in a CEQA holding pattern. Previously, under the Permit Streamlining Act, an agency’s shot-clock for action didn’t start until CEQA review was finished. Now, with CEQA essentially removed for these projects, and a statutory deadline in place, local governments are pushed to make prompt decisions on qualifying housing proposals.

- **Environmental Site Safety Measures**: The exemption doesn't mean carte blanche on environmental protection. Projects must perform a Phase I environmental site assessment for hazards and if any recognized contamination is found, a Phase II assessment and appropriate remediation are required as conditions of approval. Furthermore, if the housing will sit near a freeway (within 500 feet), the building must incorporate enhanced air filtration and ventilation systems to protect residents from traffic emissions and cannot include balconies facing the freeway. These provisions import mitigation measures typically addressed in CEQA directly into the project's conditions for the sake of public health and safety, even as the project skips formal CEQA documentation.

Additionally, AB 130 includes a freeze on the adoption of new state residential building standards through June 2031 (with exceptions for emergency, fire, or water conservation updates). This provides greater regulatory certainty for housing developers during the implementation window.

Strength and Practical Effect of the Exemption

AB 130's infill housing exemption is a statutory exemption, which gives it a firmer legal foundation than the often-used Class 32 categorical exemption for infill development. Statutory exemptions are established by the Legislature and, crucially, are not subject to the usual "exceptions" that can disqualify categorical exemptions (for instance, the "unusual circumstances" exception that CEQA opponents may invoke to initiate an EIR). Courts have consistently upheld agencies' use of statutory exemptions as long as the project meets all the criteria. In practice, this means if a city or county determines a project fits AB 130's parameters, that decision is more legally defensible against CEQA challenge than a categorical exemption determination would be.

For public agencies, AB 130's CEQA exemption for infill housing projects could be a game-changer in accelerating housing approvals. City and county planning departments can process qualifying development applications with ministerial or streamlined local review only, bypassing the EIR/negative declaration process. This will likely shave months or even years off the timeline for mid-size and larger urban housing projects. It also greatly reduces litigation risk—a CEQA lawsuit often stalls projects, but an exempt project is far less vulnerable on environmental procedural grounds. The new 30-day decision deadline adds further certainty and urgency. Once a qualifying project application is in and tribal consultation (if any) is wrapped up, an agency must act quickly, reducing the chance of delays.

From a policy perspective, AB 130 aligns with California's push to promote urban infill and transit-oriented development. By removing CEQA hurdles, the law incentivizes developers to focus on sites within city boundaries that already have zoning for housing. Mixed-income and affordable housing projects stand to benefit as well, since CEQA-related costs (which can particularly burden non-profit housing developers) are minimized. In short, cities and counties may find it easier to meet their

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state-mandated housing targets (RHNA goals), since projects that conform to adopted housing plans can move forward expeditiously. Agencies will need to carefully verify that each project truly meets all the criteria above – the lead agency remains responsible for determining exemption eligibility – but once confirmed, the path to approval is much more straightforward.

The reforms also establish a new CEQA Vehicle Miles Traveled (VMT) Mitigation Bank, which allows developers to satisfy transportation mitigation obligations by funding affordable housing and location-efficient infrastructure projects.

AB 130 provides a practical pathway for advancing infill housing in California's urban areas, helping public agencies and developers move projects forward with greater speed and certainty. By understanding and applying these new provisions, stakeholders can contribute to addressing the state's housing needs while maintaining important environmental and community safeguards. For more information on how AB 130 may affect your projects or to discuss strategies for leveraging this exemption, contact Harris & Associates. The firm's experienced team is ready to help you navigate these changes and support your community's housing and infrastructure goals.

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About the Author
An environmental practitioner and attorney with more than 30 years of experience in private- and public-sector planning, Bill has prepared hundreds of environmental documents for a diverse range of projects throughout California.

Throughout his career, Bill has leveraged his specialty in land use and environmental law to help agencies continually withstand legal challenges related to CEQA. He has prepared hundreds of environmental documents for a wide range of projects throughout California, including general plans, specific plans, government facilities, large-scale master planned communities, and mixed-use development.

Bill's varied background affords him an exceptional understanding of planning and zoning law, the California Environmental Quality Act (CEQA), and the National Environmental Policy Act (NEPA). His involvement during high-level discussions and negotiations with the California State Attorney General's office regarding analysis of greenhouse gas emissions led to the avoidance of a potentially damaging lawsuit.

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