

California Legislature Amends Multiple Housing Laws in Budget Trailer Bill

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On June 30, 2025, Governor Newsom signed Assembly Bill (AB) 130, one of the “budget trailer bills” implementing the State’s 2025-26 budget, into law. AB 130, effective immediately, amends several housing laws and once again redefines the obligations of local agencies with respect to the approval of housing projects.

Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs)

AB 130 amends Civil Code section 714.3 to prohibit fees and other financial requirements from being included in any covenant, restriction, or condition contained in an instrument for the transfer or sale of an ADU or JADU on a lot zoned for single-family residential use. AB 130 also amends Government Code section 66323 to remove the ability of local agencies who had adopted an ADU ordinance by July 1, 2018, to impose objective standards on State-exempt ADUs.

Affordable Housing on Faith and Higher Education Lands Act of 2023

The Affordable Housing on Faith and Higher Education Lands Act of 2023 requires some housing development projects to be approved ministerially—notwithstanding any inconsistent provisions of a local government’s general plan, specific plan, zoning ordinance, or regulation—if the development is located on land owned by an independent institution of higher education or a religious institution. AB 130 amends this law to expand the types of housing projects that can be developed on religious institution and higher education land without discretionary approval.

Planning and Zoning Law: Housing Element

Cities and counties are required to include in their general plans, a “Housing Element” which is an outline of the local strategies to address housing needs in their communities. AB 130 amends Government Code sections 65584.01 and 65584.04 affecting local agencies’ obligations regarding their Housing Element. First, the AB 130 changes the data assumptions that the local council of governments is required to provide to the California Housing and Community Development (HCD) to determine the existing and projected need for housing in each region. Now, in addition to other data, the council of governments must submit the following new data assumptions: (1) the percentage of households that are overcrowded within the region and throughout the nation;

and (2) the percentage of households that are cost burdened within the region and throughout the nation. Second, if HCD determines that the draft regional housing needs allocation methodology is not consistent with the objectives listed in subdivision (d) of Government Code section 65584, the council of governments must both: (1) revise the methodology in consultation with HCD within 45 days, and (2) receive HCD's acceptance of the revised methodology and adopt a final regional, or subregional, housing needs allocation.

Permit Streamlining Act

The Permit Streamlining Act requires public agencies to compile one or more lists that specify information that will be required from applicants for a development project. AB 130 redefines the term "development project" as used in the Permit Streamlining Act. Now, housing development projects that require an entitlement from a local agency—regardless of whether the process for permitting that entitlement is discretionary or ministerial—are explicitly included in the definition of development project. In addition, post-entitlement phase permits, such as building permits, are explicitly excluded from the definition of development project.

The bill also adds new specified timelines for the lead agency for a development project to approve or disapprove the project if the project is subject to ministerial review or if the project is exempt from the California Environmental Quality Act (CEQA) pursuant to a new housing development project exemption established in Public Resources Code section 21080.66. More specifically, the local agency must approve or disapprove development projects subject to ministerial review sixty (60) days from the date of receipt of a complete application and thirty (30) days from the date of receipt of the complete application if it is a CEQA exempt housing development project.

AB 130 also removes the condition that in order for a permit application to be deemed approved due to the responsible agency's failure to act to approve or disapprove a development project within the time limits prescribed, the responsible agency must have provided prior public notice of the development project.

Moreover, the California Coastal Commission is now required to comply with the time periods prescribed in Government Code section 65952 for the approval or disapproval of development projects, just like other public agencies.

California Building Standards Law

The California Building Standards Commission (Commission) is required to approve and adopt building standards and to codify the standards in the California Building Standards Code (Building Code). Cities and counties may make changes in the standards codified in the Building Code. However, AB 130 temporarily prohibits cities and counties from making changes to the standards related to residential units from October 1, 2025, to June 1, 2031, unless one of the delineated conditions are met. AB 130 requires the Commission to reject a modification to a building standard affecting a residential unit unless one of the delineated conditions is met. That said, the bill allows the Commission to rely on a statement from the local agency that one of the conditions is met. Further, although cities and counties may, generally, establish more restrictive building standards, AB 130 temporarily prohibits these entities from establishing more restrictive building standards that are applicable to residential units, unless one of the conditions is met.

In addition, State agencies must adopt or propose adoption of any building standard by submitting it to the Commission for approval and adoption. AB 130 temporarily prohibits the Commission or any other adopting agency from considering, approving, or adopting any proposed building standards affecting residential units, unless one of the conditions is met.

AB 130 further requires that the State and local building standards in effect at the time an application for a building permit is submitted for a residential dwelling based on a model home design approved under those standards, apply to all future residential dwellings based on that approved model home design in the same jurisdiction, unless one of the conditions apply.

California Environmental Quality Act

As briefly mentioned above, AB 130 added section 21080.66 to the Public Resources Code, creating a new CEQA exemption for “housing development projects” that meet certain, delineated criteria. To learn more about AB 130’s changes to CEQA, please refer to our [2025 Client News Brief Number 30](#).

Surplus Land Act

Finally, AB 130 removed two exemptions from the Surplus Land Act which school districts frequently relied on when disposing of their real property. To learn more about the effects of AB 130 on the process for disposing of surplus real property, please refer to our [2025 Client News Brief Number 29](#).

Takeaways

AB 130 is an expansive bill that has impacted multiple housing laws and the obligations of local agencies with respect to those laws. Local agencies should familiarize themselves with the changes to ensure compliance. If you have any questions about the effects of AB 130 on housing laws, or to discuss any issues related to land use and permitting, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcast](#), follow us on [Facebook](#) and [LinkedIn](#), or download our [mobile app](#).

As the information contained herein is necessarily general, its application to a particular set of facts and circumstances may vary. For this reason, this News Brief does not constitute legal advice. We recommend that you consult with your counsel prior to acting on the information contained herein.