

Date of Hearing: June 18, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, 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 Crisis Act (HCA).
- 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.
- 4) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this bill.

EXISTING LAW:

- 1) Establishes the PSA which, among other things, establishes time limits within which state and local government agencies must either approve or disapprove permits to entitle a development. [Government (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.
 - 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 two-thirds 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.
 - 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: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

- 1) **Bill Summary.** This bill adds ministerial housing projects to the PSA. Under this bill, a public agency is required to publish each approval it issues in connection with a housing development project, including the criteria which the agency will apply to determine the completeness of an application, on its website.

This bill also requires local agency formation commissions to post their application packets for changes of organization on their websites.

This bill is sponsored by the California Building Industry Association.

- 2) **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."
- 3) **Planning for Housing.** Planning for and entitling new housing is mainly a local responsibility. The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public – including land use authority. Cities and counties enforce this land use authority through zoning regulations, such as the allowable density and height for a project, parking requirements, and setbacks. Cities and counties also enforce this land use authority through their control of the entitlement process, which is the process by which the city or county grants permission for a proposed housing development to be built.

Existing state laws, including the PSA, the HAA, and the HCA, establish parameters for the entitlement process. These parameters are designed to ensure that public agencies act fairly and promptly on applications for housing development proposals. These laws require public agencies to compile lists of information that applicants must provide, and explain the criteria they will use to review permit applications. Once a developer has submitted a complete application for development, these laws require that the project be subject only to the ordinances, policies, and standards adopted and in effect at the time of the application, and require local officials to act within a specific time period after completing any environmental review documents required under the California Environmental Quality Act.

- 4) **The Permit Streamlining Act.** The PSA requires public agencies to act fairly and promptly on applications for development proposals. Under the PSA, public agencies 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 applies to the discretionary approval phase of a development review process; this is the phase where the agency, in its discretion, decides whether it approves of the concept outlined in the development proposal.

Currently, the PSA defines a "development project" as "any project undertaken for the purpose of development" and "includes a project involving the issuance of a permit for construction or reconstruction" (GOV § 65928). However, existing law also states that a "development project" does not include any permits to operate or ministerial projects proposed to be carried out or approved by public agencies (GOV § 65928).

- 5) **Local Agency Formation Commissions.** The Legislature has the authority to create, dissolve, or otherwise modify the boundaries and services of local governments. Beginning in 1963, the Legislature delegated the ongoing responsibility to control the boundaries of cities, county service areas, and most special districts to LAFCOs in each county. Subsequent legislation has modified the responsibilities and authority of LAFCOs, including a major revision of the LAFCO statutes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). The Cortese-Knox-Hertzberg Act emphasizes the state’s policy to encourage orderly growth and development, as well as efficient and effective delivery of governmental services by the local agencies that can best provide them. The courts often refer to LAFCOs as the Legislature’s watchdog over boundary changes.

Each LAFCO is governed by a commission comprising local elected officials and one or two members of the public. With a few exceptions, every commission has either five or seven members, as follows: two members of the county board of supervisors, two members of city councils from cities within the county, and one member of the public, as well as two members of special district boards in the majority of counties because special districts in those counties have elected to be represented on LAFCOs. State law prescribes greater numbers of local officials to sit on the LAFCOs in Los Angeles, San Diego, and Kern counties, and counties with no cities—Alpine, Mariposa, and Trinity—have three members of the board of supervisors and two public members.

- 6) **Changes of Organization.** Local governments can only exercise their powers and provide services where LAFCO allows them to: within their boundaries (which are set by LAFCO), within their spheres of influence but outside their boundaries (with authorization by LAFCO), and outside their spheres to address a major threat to public health if the extension is consistent with LAFCO’s policies. Additionally, until January 1, 2026, the LAFCOs in Napa County and San Bernardino County can allow the extension of services outside a local agency’s sphere of influence to support existing or planned uses under specified conditions.

A local government that wants to expand its territory must ask LAFCO to annex new territory into the local government’s boundaries—known as a “change of organization.” LAFCOs’ boundary decisions must be consistent with spheres of influence that LAFCOs adopt to show the future boundaries and service areas of the cities and special districts. Before LAFCOs can adopt their spheres of influence, they must conduct a “municipal service review” (MSR) to inform their decisions. When conducting an MSR, a LAFCO must comprehensively review all of the agencies that provide services within an area designated by the LAFCO.

Most changes of organization begin when a city or special district applies to LAFCO, or when registered voters or landowners file petitions with a LAFCO. Developers that want to access city services for new development outside the boundaries of the city must file an application and receive approval from with the LAFCO in the county. However, the Cortese-Knox-Hertzberg Act specifically prohibits LAFCOs from imposing any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

A LAFCO must have written policies and procedures that include forms to be used for various submittals to the LAFCO.

- 7) **Related Legislation.** AB 87 (Boerner) prohibits an incentive or concession granted under Density Bonus Law (DBL) from being applied to the hotel, motel, bed and breakfast inn, or other visitor-serving portion of a mixed-use development project. This bill is currently in the Senate Housing Committee.

SB 92 (Blakespear) would require housing development projects utilizing DBL to comply with a two-thirds housing requirement. This bill is currently in the Assembly Housing and Community Development Committee.

SB 838 (Durazo) would revise the definition of housing development project in the HAA to exclude projects that include any hotel or motel space in the commercial portion of a project. This bill is currently in the Assembly Housing and Community Development Committee.

- 8) **Arguments in Support.** The California Building Industry Association, sponsor of the bill, writes, “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.”

- 9) **Arguments in Opposition.** None on file.

- 10) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee.

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 Yimby
 Circulate San Diego
 Fieldstead and Company, INC.
 Home Builders Association of the Central Coast

Institute for Responsive Government Action
Naiop California
Orange County Taxpayers Association
Southern California Leadership Council
Spur

Opposition

None on file

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