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AB 306 Provisions Signed by Governor Newsom via State Budget Process

Local California Jurisdictions Have Certainty on Local Amendments to Residential Codes

SACRAMENTO – Local California jurisdictions have certainty when it comes to local amendments relative to residential housing and construction post-September 30, 2025. Last night, <u>California Governor Gavin Newsom</u> signed the \$321 billion-dollar <u>state budget</u> for the 2025-26 which included a series of "trailer bills" necessary for the enactment of the overall state budget. Included in one of these trailer bills – <u>AB 130</u> – were the provisions (AB 130; Sections 29, 30, and 31) that will prohibit local cities and counties from modifying residential building standards except under very specific circumstances. The triennial adoption cycle will move forward under normal circumstances protecting the forthcoming adoption of the 2025 editions of the California codes.

Now signed into law, AB 130 states that from October 1, 2025 to June 1, 2031 amendments at the local level may not be made with the exception of:

- Local residential standards filed and effective by September 30, 2025
- Local residential standards related to home hardening (wildfire mitigation)
- Times of declared emergency

These provisions only apply to residential construction and do not impact non-residential local standards.

<u>AB 306</u> had a long journey since its late-January introduction as a wildfire recovery measure. Originally freezing residential codes altogether for six-years, following five sets of amendments, AB 306 became slightly more palatable when the triennial code adoption cycle was taken off the table. Further amendments brought the 18-month intervening code adoption cycle back with large-scale limitations on permissible amendments at the state level. Despite a multi-faceted approach to opposition led by code official organizations and the environmental advocacy community, preserving the ability of local governments to make further amendments was unsuccessful.

The original versions of AB 306 were supported by the state homebuilding community to bring more certainty to the residential construction industry. Specifically:

• A temporary pause on additional changes to state building standards affecting residential construction for six years, with limited exceptions, would support this statewide approach by bringing more certainty to the home construction industry, including both affordable and market-rate developers, and helping stem further construction cost increases.



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• AB 306 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, shall apply to all future residential dwellings based on that approved model home design, unless the model home design substantially changes at a later date or 10 years have passed since the building permit for the model home design was approved, whichever comes first.

Those provisions were protected on behalf of the homebuilders within AB 130, despite other provisions that the industry, overall, did not support. Some within the construction industries feel that provisions included in AB 130, including the establishment of a Vehicle-Miles Traveled (VMT) mitigation bank will increase the cost of construction undermining the AB 306 provisions altogether.

So what happened? As introduced, AB 306 provided a more politically reasonable means of rolling back residential energy standards to lower the overall cost of housing construction for a specified period. The environmental advocacy community and progressive leadership within the state legislature had large-scale concerns with these efforts, which led to multiple rounds of amendments to the bill and a stall once AB 306 reached the Senate. Given a rough political journey ahead, AB 306 author <u>Assemblymember Nick Schultz</u> (D-Burbank) and the politically powerful co-author <u>Assembly Speaker Robert Rivas</u> (D-Salinas) were able to take the final version of the bill (as amended June 23, 2025) and insert its provisions in entirety within a fast-moving budget trailer bill AB 130.

AB 130 was a densely written 212-page bill that contained multiple provisions that, in theory, were deemed necessary to enact the state budget. Once the state legislature and Governor Newsom had come to consensus on the \$321 billion-dollar spending package for 2025-26, AB 130 was signed alongside the state's operating budget. Newsom could have opted to line-item veto specific provisions from AB 130 but chose not to do so. As AB 130 made it to the Governor's desk for signing, it was still unclear where Newsom sat on the matter of limiting residential construction standards.

Was this process savory? Not exactly. But it is completely permissible under state law and relatively common when it comes to political maneuvering on sensitive policy measures.

CALBO members now have certainty as to what to expect come October 1, 2025 where local amendments to residential standards are concerned. We have heard of many jurisdictions currently working on reach code proposals, in addition to other local amendments, which will need to be fully-implemented no later than September 30, 2025 to be permissible under AB 130.

Again, the 2025 code adoption cycle will go untouched and move forward as expected. Local jurisdictions should move forward with their new code adoptions once the 2025 editions of the California codes become available and published. This includes the newly approved <u>International Wildland-Urban Interface (IWUIC) code</u> that was approved by the California Building Standards Commission in February.

With sincere gratitude, CALBO thanks the model code organizations – spearheaded by the <u>International Code Council</u> – who led the opposition to AB 306 standing alongside their members. We thank many organizations within the environmental community, including <u>Climate Action California</u> and the <u>California Solar & Storage Association</u>, organizations that we do not often have the opportunity to work alongside. Despite our best efforts, we prepare for what is contained within AB 130 with certainty.

CALBO expects that the <u>California Building Standards</u> Commission will be offering additional and clarifying guidance in the near future relative to AB 130 implementation and enforcement.





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