


[Home](#)
[Bill Information](#)
[California Law](#)
[Publications](#)
[Other Resources](#)
[My Subscriptions](#)
[My Favorites](#)

## AB-2231 California Environmental Quality Act: hospital projects. (2025-2026)

SHARE THIS:



Date Published: 04/22/2026 09:00 PM

AMENDED IN ASSEMBLY APRIL 22, 2026

AMENDED IN ASSEMBLY MARCH 23, 2026

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### ASSEMBLY BILL

### NO. 2231

Introduced by Assembly Member Ahrens

February 19, 2026

An act to add Section ~~21080.52~~ [21168.6.5](#) to the Public Resources Code, relating to environmental quality.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2231, as amended, Ahrens. California Environmental Quality Act: hospital projects.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report (*EIR*) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. *CEQA establishes administrative procedures for the review and certification of the EIR for a project and judicial review procedures for any action or proceeding brought to challenge the lead agency's decision to certify the EIR or to grant project approvals.*

~~This bill would exempt from CEQA hospital projects, as defined, located in the City of Emeryville or City of Santa Clara. The bill would, before a lead agency determines that a hospital project is exempt from CEQA, require a project applicant to certify to the lead agency that the project complies with certain labor requirements. Because the bill would require a lead agency to determine the applicability of the exemption, this bill would impose a state-mandated local program.~~

*This bill would establish streamlined procedures for the administrative and judicial review of the environmental review and approvals granted for an environmental leadership hospital campus project, defined by the bill as a construction project of a hospital campus in the City of Emeryville or of the City of Santa Clara, under certain*

*conditions. The bill would require the city council of the City of Emeryville or of Santa Clara, as the lead agency for the hospital campus project, to certify the project for the streamlined judicial review, as specified, if it finds the project will meet those conditions. The bill would require the project applicant of the environmental leadership hospital campus project to take certain actions in order for those specified procedures to apply to the project. The bill would require the Judicial Council, on or before July 1, 2027, to adopt rules of court establishing procedures requiring actions or proceedings seeking judicial review of the certification of an environmental impact report for an environmental leadership hospital campus project or the granting of any project approval, including any appeals to the court of appeal or the Supreme Court, to be resolved, to the extent feasible, within 270 calendar days of the filing of the certified record of proceedings with the court. The bill would require the lead agency to concurrently prepare the record of proceedings with the environmental review, as provided.*

*Because the bill would impose additional duties on a local agency, this bill would impose a state-mandated local program.*

This bill would make legislative findings and declarations as to the necessity of a special statute for the Cities of Emeryville and Santa Clara.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** (a) The Legislature finds and declares all of the following:

(1) On July 4, 2025, the President of the United States signed into law Public Law 119-21 (H.R. 1), which makes sweeping changes to federal health care financing, including substantial reductions in federal Medicaid funding and other health coverage supports.

(2) H.R. 1 is projected to result in significant coverage losses and increased rates of uninsured individuals, thereby increasing uncompensated care and financial strain on hospital systems nationwide, including in the State of California.

(3) California hospitals, particularly safety net, rural, nonprofit, and community hospitals, operate on narrow financial margins and rely heavily on Medi-Cal reimbursement and supplemental payment mechanisms that will be materially reduced or constrained under H.R. 1.

(4) The financial impacts of H.R. 1 are expected to take effect in stages over the next several fiscal years, creating a limited window during which hospital systems retain sufficient financial capacity to plan, finance, and construct new hospital facilities and critical health infrastructure.

~~(5) Delays in hospital construction caused by lengthy and uncertain environmental review processes under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) (CEQA) increase project costs, undermine financing feasibility, and, in the context of impending federal funding reductions, may render essential hospital projects financially infeasible or force their abandonment altogether.~~

~~(6)~~

(5) The failure to complete *certain essential* hospital construction projects before the full implementation of H.R. 1 funding reductions will exacerbate existing capacity constraints, limit access to emergency, inpatient, and specialty care, and impair California's ability to meet the health care needs of a growing and aging population.

~~(7)~~

(6) Timely construction of *certain essential* hospitals and related health care facilities is essential to maintain emergency preparedness, disaster response capability, and public health resilience, particularly in light of increasing climate-related emergencies and public health crises.

~~(8) CEQA litigation risk and prolonged review timelines disproportionately affect hospital projects, even where those projects are designed to replace outdated facilities, expand critical care capacity, or improve seismic safety, energy efficiency, and patient outcomes.~~

~~(9)~~

~~(7) Providing a targeted and time-limited CEQA exemption streamlining of the administrative and judicial review process for the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) (CEQA) for certain essential hospital construction projects is necessary to accelerate the delivery of essential health care infrastructure before the financial ramifications of H.R. 1 significantly constrain hospital investment and capital availability.~~

~~(10)~~

~~(8) It is in the interest of the State of California to ensure that hospitals are constructed, modernized, and operational before the full onset of federal funding reductions in order to preserve access to care, protect public health, and stabilize the state's health care delivery system.~~

~~(b) It is the intent of the Legislature to establish an exemption from CEQA streamlining for qualifying hospital construction to address the urgent threat proposed by H.R. 1 to California's hospital systems and to ensure timely development of critical health care infrastructure for the People of California.~~

~~SEC. 2. Section 21080.52 is added to the Public Resources Code, to read:~~

~~21080.52.(a) For purposes of this section, the following definitions apply:~~

~~(1)(A) "Hospital project" means a project for the construction and operation of a hospital licensed under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.~~

~~(B) "Hospital project" also includes both of the following:~~

~~(i) One or more organized outpatient clinics, as defined in Section 51115 of Title 22 of the California Code of Regulations, that are located within one-quarter mile of a licensed hospital and the organized outpatient clinic is operated in association with the licensed hospital.~~

~~(ii) Parking structures supporting the licensed hospital and organized outpatient clinic and emergency transportation infrastructure, including helipads.~~

~~(2) "Jobs that pay prevailing wages" means that all construction workers employed in the execution of the project will receive at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code. If the project is certified for an exemption, the project applicant shall include this requirement in all contracts for the performance of the work.~~

~~(3) "Project labor agreement" has the same meaning as set forth in Section 2500 of the Public Contract Code.~~

~~(b) Subject to subdivision (c), this division does not apply to hospital projects located in the City of Emeryville or the City of Santa Clara.~~

~~(c) Before a lead agency determines that a hospital project is exempt from this division under the section, the project applicant shall certify both of the following:~~

~~(1)(A) The hospital project creates high-wage, highly skilled jobs that pay prevailing wages and living wages, employs a skilled and trained workforce, as defined in subdivision (d) of Section 2601 of the Public Contract Code, provides construction jobs and permanent jobs for Californians, and helps reduce unemployment.~~

~~(B) Subparagraph (A) does not apply to a contractor or subcontractor performing the work on the project that is subject to a project labor agreement requiring the payment of prevailing wages to all construction workers employed in the execution of the project and providing for enforcement of that obligation through an arbitration procedure.~~

~~(2)(A) All contractors and subcontractors for the hospital pay to all construction workers employed in the execution of the project at least the general prevailing rate of per diem wages.~~

~~(B) Except as provided in subparagraph (C), the obligation of the contractors and subcontractors to pay prevailing wages pursuant to subparagraph (A) may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project; or by an underpaid worker through an administrative complaint or civil action. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.~~

~~(C) Subparagraph (B) does not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the project and provides for enforcement of that obligation through an arbitration procedure.~~

**SEC. 2.** *Section 21168.6.5 is added to the Public Resources Code, immediately following Section 21168.6.2, to read:*

**21168.6.5.** *(a) For purposes of this section, the following terms have the following meanings:*

*(1) "City" means the City of Emeryville or the City of Santa Clara.*

*(2) "Environmental leadership hospital campus project" or "project" means a project for the construction of a hospital campus that is located within the city on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.*

*(b) The city council of the city, as the lead agency for the project, shall certify an environmental leadership hospital campus project for streamlining pursuant to this section if it finds that all of the following conditions will be met:*

*(1) The project will result in an investment of at least one billion dollars (\$1,000,000,000) in California upon completion of the construction.*

*(2) The project will not result in any net additional greenhouse gas emissions. A project is deemed to meet the requirements of this paragraph if the project applicant demonstrates to the lead agency that it has made a binding commitment to mitigate impacts resulting from the greenhouse gas emissions, if any, in accordance with Section 21183.6. At least 50 percent of any greenhouse gas emissions reductions necessary to achieve the requirement of this paragraph shall be from onsite and local reduction measures.*

*(3) (A) The project applicant will enter into a legally binding and enforceable community benefits agreement with the lead agency that may include, but is not limited to, any of the following mitigation measures:*

*(i) All new buildings within the project will use electricity for the buildings' energy needs.*

*(ii) The energy demand of the project will be met by carbon-free energy resources.*

*(iii) The project will provide an amount of zero-emission vehicle charging stations that meets or exceeds the amount required by law and will provide charging for zero-emission vehicles free of charge.*

*(iv) Improvements to public transportation operations and service, such as the purchase of zero-emission buses or technology investments.*

*(B) Notwithstanding any other provisions of this division, the measures identified to meet the requirement in subparagraph (A) will be additional to any other mitigation measures required pursuant to this division, and will be undertaken in, and directly benefit, the affected community.*

(4) *The project will achieve a reduction in vehicle miles traveled per capita of at least 15 percent compared to existing development consistent with the Office of Land Use and Climate Innovation's Technical Advisory on Evaluating Transportation Impacts in CEQA.*

(5) *The project will obtain certification as Leadership in Energy and Environmental Design (LEED) gold standard or better from the United States Green Building Council for all new construction that is eligible for LEED certification.*

(6) (A) *The project applicant will, before the completion of the project, certify to the lead agency that the project applicant has completed a health impact review by the Attorney General and will comply with any resulting conditions issued by the Attorney General as if the project applicant were seeking approval of a transaction under Article 2 (commencing with Section 5914) of Chapter 9 of Part 2 of Division 2 of Title 1 of the Corporations Code and Section 999.5 of Title 11 of the California Code of Regulations.*

*(B) The Attorney General shall review the project to determine the need for the issuance of enforceable conditions under the standards and requirements set forth in Article 2 (commencing with Section 5914) of Chapter 9 of Part 2 of Division 2 of Title 1 of the Corporations Code and Section 999.5 of Title 11 of the California Code of Regulations. The project applicant shall be responsible for the reasonable fees and costs associated with the Attorney General's health impact review and, if conditions are issued by the Attorney General, for any subsequent compliance investigations and any independent monitor appointed by the Attorney General to oversee compliance with the conditions.*

(7) *The project will generate at least 500 jobs during construction.*

(8) (A) (i) *The project creates high-wage, highly skilled jobs that pay prevailing wages and living wages, employs a skilled and trained workforce, as defined in subdivision (d) of Section 2601 of the Public Contract Code, provides construction jobs and permanent jobs for Californians, and helps reduce unemployment. For purposes of this subdivision, "jobs that pay prevailing wages" means that all construction workers employed in the execution of the project will receive at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code. If the project is certified for streamlining, the project applicant shall include this requirement in all contracts for the performance of the work.*

*(ii) Clause (i) does not apply to a contractor or subcontractor performing the work on the project that is subject to a project labor agreement requiring the payment of prevailing wages to all construction workers employed in the execution of the project and providing for enforcement of that obligation through an arbitration procedure. For purposes of this clause, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.*

*(B) (i) If the project is certified pursuant to this subdivision, contractors and subcontractors shall pay to all construction workers employed in the execution of the project at least the general prevailing rate of per diem wages.*

*(ii) Except as provided in clause (iii), the obligation of the contractors and subcontractors to pay prevailing wages pursuant to subparagraph (A) may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project, or by an underpaid worker through an administrative complaint or civil action. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.*

*(iii) Clause (ii) does not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the project and provides for enforcement of that obligation through an arbitration procedure. For purposes of this subparagraph, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.*

(9) *The project applicant demonstrates compliance with the requirements of Chapters 12.8 (commencing with Section 42649) and 12.9 (commencing with Section 42649.8) of Part 3 of Division 30, as applicable.*

(10) *The project applicant agrees that all mitigation measures required pursuant to this division and any other environmental measures required by this section to certify the project under this section shall be conditions of*

*approval of the project, and those conditions will be fully enforceable by the lead agency or another agency designated by the lead agency. In the case of environmental mitigation measures and any other environmental measures required by this section, the project applicant agrees, as an ongoing obligation, that those measures will be monitored and enforced by the lead agency for the life of the obligation. The project applicant shall submit to the lead agency an annual status report on the implementation of the environmental mitigation measures and any other environmental measures required by this section.*

*(11) The project applicant agrees to pay the costs of the trial court and the court of appeal in hearing and deciding any case subject to this section, including payment of the costs for the appointment of a special master if deemed appropriate by the court, in a form and manner provided in the rules of court adopted by the Judicial Council pursuant to subdivision (c).*

*(12) The project applicant agrees to pay the costs of preparing the record of proceedings for the project concurrent with review and consideration of the project pursuant to this division, in a form and manner specified by the lead agency for the project.*

*(c) On or before July 1, 2027, the Judicial Council shall adopt rules of court that apply to any action or proceeding brought to attack, review, set aside, void, or annul the certification of an environmental impact report for an environmental leadership hospital campus project or the granting of any project approval that requires the action or proceeding, including any potential appeals to the court of appeal or the Supreme Court, to be resolved, to the extent feasible, within 270 calendar days of the filing of the certified record of proceedings with the court.*

*(d) (1) The draft and final environmental impact report for an environmental leadership hospital campus project shall include a notice in not less than 12-point type stating the following:*

*THIS ENVIRONMENTAL IMPACT REPORT IS SUBJECT TO SECTION 21168.6.5 OF THE PUBLIC RESOURCES CODE, WHICH PROVIDES, AMONG OTHER THINGS, THAT THE LEAD AGENCY NEED NOT CONSIDER CERTAIN COMMENTS FILED AFTER THE CLOSE OF THE PUBLIC COMMENT PERIOD, IF ANY, FOR THE DRAFT ENVIRONMENTAL IMPACT REPORT. ANY JUDICIAL ACTION CHALLENGING THE CERTIFICATION OR ADOPTION OF THE ENVIRONMENTAL IMPACT REPORT OR THE APPROVAL OF THE PROJECT DESCRIBED IN SECTION 21168.6.5 OF THE PUBLIC RESOURCES CODE IS SUBJECT TO THE PROCEDURES SET FORTH IN THAT SECTION. A COPY OF SECTION 21168.6.5 OF THE PUBLIC RESOURCES CODE IS INCLUDED IN THE APPENDIX TO THIS ENVIRONMENTAL IMPACT REPORT.*

*(2) The draft environmental impact report and final environmental impact report shall contain, as an appendix, the full text of this section.*

*(3) The lead agency need not consider written comments on the draft environmental impact report submitted after the close of the public comment period, unless those comments address any of the following:*

*(A) New issues raised in the response to comments by the lead agency.*

*(B) New information released by the lead agency subsequent to the release of the draft environmental impact report, such as new information set forth or embodied in a staff report, proposed permit, proposed resolution, ordinance, or similar documents.*

*(C) Changes made to the project after the close of the public comment period.*

*(D) Proposed conditions for approval, mitigation measures, or proposed findings required by Section 21081 or a proposed reporting or monitoring program required by paragraph (1) of subdivision (a) of Section 21081.6, if the lead agency releases those documents subsequent to the release of the draft environmental impact report.*

*(E) New information that was not reasonably known and could not have been reasonably known during the public comment period.*

*(4) The lead agency shall file the notice required by subdivision (a) of Section 21152 within five working days after the last initial project approval.*

*(e) Notwithstanding any other law, the preparation and certification of the record of proceedings for an environmental leadership hospital campus project certified pursuant to this section shall be performed in the*

*following manner:*

- (1) The lead agency for the project shall prepare the record of proceedings concurrently with the administrative process.*
- (2) Commencing with the date of the release of the draft environmental impact report, all documents and other materials placed in the record of proceedings shall be posted on, and be downloadable from, an internet website maintained by the lead agency.*
- (3) The lead agency shall make available to the public in a readily accessible electronic format the draft environmental impact report and all other documents submitted to, or relied on by, the lead agency for purposes of preparing the draft environmental impact report.*
- (4) Any document prepared by the lead agency or submitted by the applicant after the date of the release of the draft environmental impact report that is a part of the record of the proceedings shall be made available to the public in a readily accessible electronic format within 30 days after the document is released or received by the lead agency.*
- (5) The lead agency shall encourage written comments on the project to be submitted in a readily accessible electronic format, and shall make any comment available to the public in a readily accessible electronic format within 30 days of its receipt.*
- (6) Within 30 days after the receipt of any comment that is not in an electronic format, the lead agency shall convert that comment into a readily accessible electronic format and make it available to the public in that format.*
- (7) Notwithstanding paragraphs (2) to (6), inclusive, documents submitted to or relied on by the lead agency that were not prepared specifically for the project and are copyright protected are not required to be made readily accessible in an electronic format. For those copyright-protected documents, the lead agency shall make an index of these documents available in an electronic format no later than the date of the release of the draft environmental impact report, or within 30 days if the document is received or relied on by the lead agency after the release of the draft environmental impact report. The index must specify the libraries or lead agency offices in which hardcopies of the copyrighted materials are available for public review.*
- (8) The lead agency shall certify the final record of proceedings within five days of its approval of the project.*
- (9) Any dispute arising from the record of proceedings shall be resolved by the superior court. Unless the superior court directs otherwise, a party disputing the content of the record shall file a motion to augment the record at the time it files its initial brief.*
- (10) The contents of the record of proceedings shall be as set forth in subdivision (e) of Section 21167.6.*

**SEC. 3.** The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because the hospital construction projects in the Cities of Emeryville and Santa Clara are uniquely time sensitive due to the combined impacts of federal funding reductions under Public Law 119-21, growing regional health care demand, site scarcity, and the need to expand or replace critical hospital capacity as seismic compliance deadlines approach. These eligible projects are located on urban infill sites within previously developed areas served by existing public infrastructure, including transportation, utilities, and public services. Accordingly, a targeted, geographically limited, and time-bound exemption from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for specified hospital construction projects in the Cities of Emeryville and Santa Clara is necessary to accelerate the delivery of essential health care infrastructure, preserve access to care, and prevent irreversible harm to the regional health care system.

**SEC. 4.** No reimbursement is required by this act 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 act, within the meaning of Section 17556 of the Government Code.