In this post I will assess the labor provisions of the California Chamber of Commerce's ballot initiative to drastically overhaul CEQA, which will be on the ballot in November. The quick summary is that those provisions turn out to generally codify current practice or law – and importantly, may not be locked-in against subsequent state legislative changes (in contrast to most of the initiative provisions). This may explain why some of the most important unions have come out against the initiative.

A key issue in the politics of reforming CEQA in California has been labor opposition to changes to the law – in particular opposition by the building trades unions. That is because those unions have had success in leveraging CEQA (or at least threats of CEQA) to push developers to use union labor (or at least to pay "prevailing wages," which generally means labor-level rates) on development projects.

That dynamic has meant that for many of the most important housing streamlining bills the state legislature has passed over the past several years, covered projects are required to use union labor or pay prevailing wages. That has been true even of housing bills that do not explicitly cover CEQA – because those bills generally have required local governments to approve housing projects ministerially, and thus to avoid any coverage by CEQA, labor has nonetheless objected to them. Because those bills would still reduce the scope of projects covered by CEQA, labor pushed for prevailing wages or union labor requirements, mostly successfully.

It is thus no surprise that the initiative generally requires essential projects to comply with union labor and prevailing wage requirements. Specifically, all essential projects except housing projects must comply with Section 21183.5, which requires union labor and/or prevailing wages for projects that received streamlined judicial review for CEQA lawsuits. Essential housing projects, in contrast, must meet a more limited set of requirements. Projects over 85 feet in eight (generally over eight stories) must meet the requirements of Government Code Section 65913.4, which imposes union labor requirements. All other housing projects must meet the requirements of Section 21080.66, which is the urban infill CEQA exemption passed by the legislature this summer. Notably, this provision only imposes union or prevailing wage requirements for projects of 50 units or more in San Francisco – otherwise, the primary provisions that apply are enforcement mechanisms for existing labor law by joint labor-management committees established under federal law.

One would think that this would have been enough to get the building trades unions

to support the initiative, and indeed that is what I expected. Surprisingly, the answer appears to be that these provisions are not enough – the unions are helping to bankroll the opposition.

Why aren't these provisions enough for the unions?

The labor provisions are cross-references to other laws – the union and prevailing wage requirements are not written into the initiative itself. Which means it is possible (though by no means certain!) that the legislature could change the cross-referenced provisions and alter the union and prevailing wage requirements without amending the initiative itself. And that is important because the initiative requires a 2/3 vote by the state legislature for any amendment to the initiative, proposed new Section 21034, but that requirement does not apply to other provisions outside of the initiative. (The one possible exception is the cross-reference to Section 21080.66, which sets the union and prevailing wage requirements for housing projects less than eight stories. That cross-reference specifically describes "Section 21080.66, as added by Section 59 of Chapter 22 of the Statutes of 2025 (Assembly Bill 130)." By mentioning the specific bill that produced the language, it may lock-in the cross reference for that particular language, such that it would not be affected by subsequent amendments by the legislature. It is perhaps no accident that this lock-in applies to the weakest union protections under the initiative. In particular, framing the cross-reference this way may mean that the labor provisions cannot be made more stringent.)

The initiative does allow the legislature to set stricter standards for covered housing projects for union labor and prevailing wage. The initiative has a provision that treats labor provisions from conflicting laws different from any other conflicts with other laws. In general, the initiative makes clear it overrides any other conflicting law. But proposed new Section 21015(d)(3)(B) requires the proponent of an essential housing project who chooses to rely in part on "another voluntary streamlined environmental review processing law codified outside of this [initiative] that also requires the use of either prevailing wages or a project labor agreement" to use the union labor and prevailing wage requirements of that other law. This would ensure that the legislature could impose stricter union labor and prevailing wage requirements on housing projects than under the initiative (which as noted above, are quite weak).

It seems that these provisions did not constitute an iron-clad enough deal for the unions. As it stands, many of the projects covered by the initiative already

effectively pay union wage rates – for instance, many of the large projects that are covered by the initiative, like freeways, mass transit, schools, and large water infrastructure like dams, are run by public entities that already must meet these requirements. For the unions to benefit, the provisions must expand to include private projects, like housing projects – and from their perspective, current CEQA already gives them a lot of leverage for the projects they care about. The initiative does not really give them much more than that in terms of requirements (other than the requirements for projects over eight stories, which are a small fraction of overall housing projects in the state). Thus, the main benefit to the unions from the initiative would be locking-in their gains with a 2/3 vote requirement for any changes – but as noted above, that vote requirement may not apply for much of the union and prevailing wage requirements.

And that lock-in might matter to unions. The politics in Sacramento may be changing. At one of the gubernatorial debates this spring, a number of candidates called for revisiting the union and prevailing wage requirements for housing streamlining. The most important exception? Becerra, who is the Democrat in the top two and the likely next governor, emphasized the need for union labor protections in any housing streamlining bill. That might presage any position Becerra takes on this initiative.