

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2074 (Haney) – As Amended March 19, 2026

SUBJECT: Regional transit hub districts: downtown housing developments

SUMMARY: Requires major transit cities to designate high-density downtown transit hub districts where qualifying housing developments are allowed by right, subject to specified labor and affordability standards, and establishes a state revolving loan fund to support their construction. Specifically, **this bill:**

- 1) Defines the following terms:
 - a) “Downtown housing development” means a housing development project within a regional transit hub district;
 - b) “Fund” means the Downtown Revitalization Loan Fund;
 - c) “Housing development project” means the same as a housing development project is defined in the Housing Accountability Act (HAA), generally a multiunit project that is at least two-thirds residential;
 - d) “Major transit city” means a city with a population of at least 400,000 in the 2020 U.S. Census with at least two transit-oriented development stops;
 - e) “Regional transit hub district” (district) means a district of a certain minimum size surrounding a transit stop designated by a city; and
 - f) “Transit-oriented development stop,” (TOD stop) has the same meaning as defined in SB 79 (Wiener), Chapter 512, Statutes of 2025.
- 2) Requires each major transit city to designate at least one district of a certain size based on its population in the 2020 U.S. Census, as follows:
 - a) For cities with at least 400,000 but less than 1,000,000 people, one district with a total area of at least 0.5 square miles;
 - b) For cities with a population of at least 1,000,000 people but less than 2,000,000, one district with a total area of at least 1 square miles; and
 - c) For cities with a population of at least 2,000,000, at least one district with a total area of at least 1.5 square miles.
- 3) Allows jurisdictions that do not meet the definition of a “major transit city” to designate a district, as provided in 2).
- 4) Provides that the designation of a district, as required by 2), is not a project under the California Environmental Quality Act (CEQA).

- 5) Requires each district to meet the following requirements:
 - a) It must be a contiguous area;
 - b) It must have a land area of at least 0.25 square miles; and
 - c) It must contain at least one TOD stop.
- 6) Makes a downtown housing development meeting the following requirements an allowable use within a district:
 - a) Height limits:
 - i) The city shall not set a maximum height limit lower than 150'; and
 - ii) At least 25% of the total area of the district shall allow a maximum height limit of at least 450'.
 - b) Floor Area Ratio (FAR):
 - i) The city shall not set a maximum FAR lower than 6; and
 - ii) At least 25% of the total area of the district shall allow a maximum FAR of at least 12.
 - c) Density:
 - i) The city shall not set a maximum density less than 200 dwelling units per acre; and
 - ii) At least 25% of the total area of the district shall allow for unlimited density.
 - d) Allows a city to set other zoning standards that are consistent with the requirements described in 6)a) through 6)c).
- 7) Applies all of the following to a downtown housing development:
 - a) The existing labor standards in SB 423 (Wiener), Chapter 778, Statutes of 2023;
 - b) The ability to qualify for density bonus, incentives or concessions, waivers or reductions of development standards or parking ratios under state Density Bonus Law (DBL) or a local density bonus program, with the requirements in (6) serving as the base zoning;
 - c) The streamlined ministerial approval process in SB 423, without the downtown housing development having to comply with the same qualification requirements established in SB 423;
 - d) A phase I environmental assessment, imposed as a condition of approval, with associated mitigation measures;
 - e) A minimum density of at least 60 dwelling units per acre;

- f) Affordable housing requirements established in SB 79 for projects containing more than 10 units, generally ranging from 7-13% deed-restricted affordability depending on income level, or the affordability required by a local inclusionary ordinance;
 - g) Antidisplacement requirements established in SB 79, preventing downtown housing developments from being located on sites containing more than two units that would require the demolition of housing subject to any form of rent or price control that has been occupied by tenants over the past seven years, or that was demolished within seven years before the development proponent submits the application; and
 - h) A prohibition on the demolition of any individually landmarked property on a local, state, or federal historic register.
- 8) Establishes the Fund in the State Treasury;
- a) Provides that moneys deposited and maintained in the Fund are continuously appropriated without regard to fiscal year to the California Housing Finance Agency (CalHFA);
 - b) Provides that moneys in the Fund may be loaned to an applicant to develop a downtown housing development, subject to all of the following conditions:
 - i) The loan shall be a simple-interest loan at an interest rate that is the same or less than the rate of interest earned on moneys in the Pooled Money Investment Account, determined as of the date of disbursement of the loan;
 - ii) The amount loaned shall not exceed 30% of the project cost; and
 - iii) The applicant shall repay the loan, including interest, after completion of the development, as specified in the terms of the loan.
 - c) Provides that moneys received from repayments of loans shall be deposited into the Fund and shall be available to make new loans;
 - d) Allows CalHFA to adopt necessary rules and regulations to create and administer the Fund, and allows CalHFA to adopt those regulations as emergency regulations under the Administrative Procedures Act.
- 9) Provides that this bill does not override the height, noise, or safety standards of an adopted airport land use compatibility plan or Department of Defense Air Installation Compatible Use Zones.
- 10) Makes findings and declarations.

EXISTING LAW:

- 1) Establishes, pursuant to SB 79 (Wiener), Chapter 512, Statutes of 2025, a streamlined, ministerial approvals process for housing development projects within a specified distance of TOD stops. (Government Code (GOV) 65912.157)

- 2) Establishes, pursuant to SB 423 (Wiener), Chapter 778, Statutes of 2023, a streamlined, ministerial approval process for certain infill multifamily affordable housing projects that are compliant with local zoning and objective standards and that are proposed in local jurisdictions that have not met their regional housing needs allocation. (GOV 65913.4)
- 3) Establishes, pursuant to AB 2011 (Wicks), Chapter 647, Statutes of 2022, a streamlined, ministerial approval process, not subject to CEQA, for certain infill multifamily affordable housing projects that are located on land that is zoned for retail, office, or parking. (GOV 65912.100-65912.140)
- 4) Establishes, pursuant to SB 6 (Caballero), Chapter 659, Statutes of 2022, the Middle Class Housing Act of 2022, allowing residential uses on commercially zoned property without requiring a rezoning. (GOV 65852.24)
- 5) Establishes, pursuant to AB 507 (Haney), Chapter 493, Statutes of 2025 a streamlined, ministerial approvals process for office-to-housing development projects.
- 6) Establishes DBL, which requires local governments to grant increased density and other development incentives or concessions, waivers or reductions of development standards, to housing projects that include specified levels of affordable housing. (GOV 65915)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California's downtowns are at a crossroads. In the wake of the pandemic, many of our city centers are struggling with high vacancy rates, declining foot traffic, and reduced economic activity. At the same time, we continue to face a severe housing shortage, especially in the very places where housing makes the most sense: near jobs, transit, and existing infrastructure. AB 2074 responds to both of these challenges by creating a clear, statewide framework to support high-density housing in our downtown cores while ensuring that the jobs created are high-quality, family-supporting jobs."

This bill establishes regional transit hub districts in major cities and sets baseline zoning standards that allow for meaningful mixed-use and residential high-rise development, while providing a streamlined approval pathway for projects that meet affordability and strong labor standards. It also creates a revolving loan fund through CalHFA to help address one of the most significant barriers to building housing today: access to early-stage financing. By pairing housing production with robust labor protections and financial tools, AB 2074 is designed to unlock housing, support good-paying jobs, and bring new life to our downtowns."

California's Housing Crisis: California's housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

of life in the state.² One in three households in the state doesn't earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state's housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.⁶

Downtown Recovery: Downtowns across California continue to face significant economic and fiscal challenges in the aftermath of the COVID-19 pandemic. Remote and hybrid work have fundamentally reduced daily office occupancy, leading to lower foot traffic, diminished retail activity, and rising commercial vacancies. These shifts have weakened local tax bases, strained small businesses, and left many central business districts with underutilized infrastructure and declining vibrancy. While some recovery has occurred, it has been uneven and slow across the state, particularly in major urban cores that historically relied on office workers to sustain surrounding commercial activity.

These conditions have prompted growing interest in strategies to support downtown revitalization, including facilitating the conversion of underutilized commercial space to housing, activating ground-floor uses, and investing in public realm improvements. Policymakers are increasingly evaluating whether existing land use, financing, and regulatory frameworks are well-suited to support this transition, or whether targeted interventions are needed to help downtowns adapt to changing economic conditions. For example, in recognition of these challenges, the Assembly has convened the Select Committee on Downtown Recovery to examine the scope of these impacts and identify potential policy responses.

Transit-Oriented Development (TOD): TOD refers to compact, pedestrian-oriented development located within walking distance of high-quality public transit. A growing body of academic research points to a range of public benefits associated with TOD, particularly from increasing dense housing options near transit, including reduced greenhouse gas (GHG) emissions, lower vehicle miles traveled, and greater economic and social inclusion.

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, Point in Time Counts.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

However, much of California's urban form reflects a century of auto-centric development, characterized by low-density suburban neighborhoods, wide streets, and land use patterns designed around vehicular access. Despite significant investments in transit infrastructure, ridership remains low across much of the state, and driving continues to dominate travel behavior. This is particularly true outside of dense urban cores, due in part to the lack of housing near high-frequency transit stops and the challenges of first- and last-mile connectivity.

According to a 2024 analysis by the Othering & Belonging Institute at UC Berkeley, a staggering 95.8% of all residential land in California is zoned exclusively for single-family housing, severely constraining opportunities for infill development near transit. Even when lower-density unincorporated areas are excluded, over 82% of residentially zoned land in the state prohibits multifamily housing. In response, the state has increasingly sought to align land use with transit investments by requiring additional housing capacity in transit-rich areas and limiting local ability to downzone or otherwise constrain development in those locations, including through SB 79 (Wiener), Chapter 512, Statutes of 2025. The state has also taken steps to incrementally open single-family zones specifically to additional housing, including through State ADU Law and SB 9 (Atkins), Chapter 161, Statutes of 2021. However, much of California's residential land remains off-limits for denser development, even in locations with strong access to jobs, transit, and other opportunities.

One way to address these constraints and discourage sprawling development patterns is to increase allowable density in infill locations near existing transit stops and job centers, as was the case in SB 79. Doing so can place more homes, and therefore more people, within walking distance of frequent transit. While proximity alone does not always shift travel behavior, particularly where parking remains abundant or bundled with housing, pairing land use reforms with complementary policies can meaningfully influence outcomes. For example, AB 2097 (Friedman), Chapter 459, Statutes of 2022 eliminated minimum parking requirements near transit, and a 2020 UCLA study by Manville & Pinski found that residents in buildings without bundled parking are substantially more likely to commute without a car. Together, these types of reforms suggest that increasing housing near transit, while reducing incentives to drive, can lead to measurable increases in transit ridership and reductions in car dependency.

Cost of Building Housing: It is expensive to build housing in California. The UC Berkeley Turner Center finds that challenging macroeconomic conditions, including inflation and high interest rates, affect the availability and cost of capital, resulting in rising costs for labor and materials.⁷ Furthermore, workforce and supply shortages have exacerbated the already high price of construction in California, and economic uncertainty has made equity partners and lenders apprehensive about financing new housing development proposals.⁸ These conditions are particularly acute during the early stages of development, when projects rely on higher-risk, higher-cost forms of capital, such as predevelopment and construction financing, which are often the most difficult to secure.

A 2025 study found that California is the most expensive state for multifamily housing production, in part due to the long timeline it takes to go from an application to an approved

⁷ David Garcia, Ian Carlton, Lacy Patterson, and Jacob Strawn, *Making It Pencil: The Math Behind Housing Development (2023 Update)*, Turner Center for Housing Innovation, December 2023, <https://turnercenter.berkeley.edu/research-and-policy/making-it-pencil-2023/>

⁸ IBID.

project.⁹ This report found that longer production timelines are strongly associated with higher costs, and the time to bring a project to completion in California is more than 22 months longer than the average time required in Texas.¹⁰ These cost and timing challenges can make it difficult to build housing at all in the current environment, and are especially pronounced for high-rise and other complex urban developments, which carry higher construction costs, longer timelines, and greater exposure to financing risk. More broadly, when development projects are perceived as too costly or risky, capital may be redirected to lower-risk investments or to other states with more predictable timelines and lower development costs, further constraining housing production in California.

A separate analysis by the California Housing Partnership compares the cost of market rate development prototypes developed by the Turner Center with the median cost of developing affordable rental homes. In the four regions analyzed, the study found that the cost of developing one unit of affordable housing ranged from approximately \$480,000 to \$713,000, while the cost of developing one unit of market rate housing in the state ranged from approximately \$508,000 to \$637,000.¹¹ The increased cost for the affordable units can be attributed, in part, to the difficulty associated with assembling a capital stack for affordable housing development, the complex regulations that these affordable units must comply with, and the added cost of labor requirements tied to certain funding sources used by affordable housing developers.

This Bill: This bill establishes a statewide framework to facilitate high-density housing development in downtown, transit-rich areas by requiring certain large cities with a population of at least 400,000 in the 2020 U.S. Census with at least two qualifying TOD stops to designate “regional transit hub districts” of a specified minimum size based on population. Under the bill, Los Angeles (population over 2,000,000) must designate at least 1.5 square miles; San Diego and San Jose (population between 1,000,000 and 2,000,000) must designate at least 1 square mile; and San Francisco, Sacramento, Long Beach, and Oakland (population between 400,000 and 1,000,000) must each designate at least 0.5 square miles in districts, based on 2020 Census populations. Other cities may opt in and elect to designate a regional transit hub district in order for downtown developments to be eligible for project financing through the Fund, as further explained below.

Within these districts, the bill establishes minimum zoning standards that local governments must allow, including a base maximum height of at least 150 feet, with at least 25% of the district permitting heights of at least 450 feet; a minimum floor area ratio (FAR) of 6, with at least 25% of the district allowing an FAR of at least 12; a minimum density of 60 dwelling units per acre, and a density cap of no less than 200 dwelling units per acre, with at least 25% of the district allowing unlimited density. This bill prohibits cities from imposing lower caps and requires that housing be an allowable use throughout these areas, while still permitting local governments to adopt other zoning standards that do not conflict with these minimum thresholds. In effect, this bill establishes a statewide zoning floor for downtown areas, increasing allowable development intensity in proximity to major transit.

⁹ https://www.rand.org/pubs/research_reports/RRA3743-1.html

¹⁰ https://www.rand.org/pubs/research_reports/RRA3743-1.html

¹¹ Mark Stivers, *Affordable Housing Compares Favorably to Market-Rate Housing From a Cost Perspective*, California Housing Partnership, January 2024: <https://chpc.net/affordable-housing-compares-favorably-to-market-rate-housing-from-a-cost-perspective/#:~:text=It%20turns%20out%20that%20costs,market%20rate%20developments%20do%20not.>

Within these designated districts, qualifying “downtown housing developments” are subject to additional requirements and benefits. Projects must meet the same labor requirements currently included in SB 423 (Wiener), the same affordability requirements included in SB 79 (Wiener), and satisfy site eligibility and anti-displacement provisions. These qualifying downtown housing developments are eligible for ministerial, streamlined approval and are exempt from discretionary review processes, while still requiring environmental site assessments and remediation where necessary. Projects may also layer on additional incentives through the DBL, with the bill’s zoning standards serving as the applicable base zoning for calculating concessions, incentives, waivers, and reductions of development standards.

In addition, this bill creates the Downtown Revitalization Loan Fund, administered by CalHFA, to provide low-interest, revolving loans covering up to 30% of project costs for eligible developments. Loans are issued at or below the state’s pooled investment rate and must be repaid upon project completion, with repayments recycled to support future projects. The Fund is considered a continuous appropriation, because CalHFA can continue to issue additional loans upon repayment without future appropriation from the Legislature.

By pairing significant upzoning and ministerial approval with a dedicated financing source, this bill seeks to incentivize large-scale housing production in transit-accessible downtown areas and support broader efforts to revitalize urban cores.

Arguments in Support: California YIMBY, one of the bill’s co-sponsors, writes in support: “AB 2074 requires California’s seven largest transit-rich cities—those with populations over 400,000, including Los Angeles, San Diego, San Jose, San Francisco, Sacramento, Oakland, and Long Beach—to designate regional transit hub districts. Within these districts, the bill establishes new development standards, including a baseline height limit of 150 feet and a requirement that at least 25 percent of each district allow buildings of 450 feet or more. Residential projects that meet the bill’s labor standards would qualify for streamlined, ministerial approval.

By requiring cities to designate transit-rich districts and allow substantial residential capacity, AB 2074 will unlock new housing opportunities in the places where homes are most sustainable, accessible, and economically productive—near jobs, transit, and existing infrastructure. This approach helps ensure that California’s growth is directed to areas best suited to support vibrant, transit-oriented communities while reducing barriers that too often delay or prevent housing construction.”

Arguments in Opposition: The California Housing Consortium writes in opposition: “While the intent of the bill is to revitalize downtown areas, we have concerns with the unintended consequences of the legislation. At a time when the state’s general fund has a growing structural deficit, creating a loan fund that is limited to a specific project type in specific locations raises serious issues. As currently written, the bill would subsidize market-rate luxury housing unaffordable to most Californians. Limited public dollars should subsidize homes that are affordable to low-income people, not developments with mostly market-rate housing. Furthermore, given the project requirements, there are only a few jurisdictions that would benefit from these funds, inadvertently exacerbating regional economic disparities. For these reasons, we hold an “oppose” position on AB 2074.

Revitalizing downtowns is a laudable goal, and we would welcome the opportunity to partner with you to craft a policy that will increase the supply of housing that is affordable to Californians.”

Committee Amendments: The Committee may wish to consider the following amendments:

- 1) Moving all of the content in 65913.13(d)(1), and 65913.13(g), which contain requirements related to the whole transit hub district, to 65913.13(c) of the bill so that all district-wide standards are in the same subdivision.
- 2) Clarifying that the base density, for purposes of calculating any density bonus on downtown housing developments, is calculated using all of the land use controls in 65913.13.
- 3) Add language providing that instead of allowing the city to apply “zoning standards” to downtown housing developments, it may apply “other objective zoning standards, objective subdivision standards, and objective design review standards.”
- 4) Require all downtown housing development projects under this bill to meet the site requirements in GOV 65913.4(a)(6).
- 5) Require downtown housing developments under this bill to comply with any applicable local demolition and antidisplacement standards established through a local ordinance.

Related Legislation

SB 79 (Wiener), Chapter 512, Statutes of 2025. Established a streamlined, ministerial approval process for TOD housing development projects.

AB 507 (Haney), Chapter 493, Statutes of 2025. Established a streamlined, ministerial approval process for adaptive reuse housing development projects.

AB 1490 (Lee), Chapter 764, Statutes of 2023. Established a streamlined, ministerial approval process for “extremely affordable adaptive reuse projects.”

SB 423 (Wiener), Chapter 778, Statutes of 2023. Amended SB 35 (Wiener), which created a streamlined, ministerial local approvals process for housing development proposals in jurisdictions that have failed to produce sufficient housing to meet their RHNA.

SB 6 (Caballero), Chapter 659, Statutes of 2022. Established the Middle Class Housing Act of 2022, allowing residential uses on commercially zoned property without requiring a rezoning.

AB 2011 (Wicks), Chapter 647, Statutes of 2021: Created the Affordable Housing and High Road Jobs Act of 2022, creating a streamlined, ministerial local review and approvals process for certain affordable and mixed-use housing developments in commercial zoning districts and commercial corridors. A current bill, AB 2243 (Wicks) would amend AB 2011 to facilitate the conversion of office buildings to residential uses, among other provisions.

Triple-Referred: This bill was also referred to the Committees on Local Government and Natural Resources, where it will be heard should it pass out of this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY (Sponsor)
State Building & Construction Trades Council of California (Co-Sponsor)
Circulate Planning & Policy

Opposition

California Housing Consortium
Equitable Land Use Alliance

Oppose Unless Amended

Families and Homes San Jose

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