

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2074 (Haney) – As Amended April 9, 2026

Policy Committee:	Housing and Community Development	Vote:	10 - 1
	Local Government		8 - 1
	Natural Resources		11 - 3

Urgency: No                      State Mandated Local Program: Yes                      Reimbursable: Yes

**SUMMARY:**

This bill requires each major transit city to designate a downtown regional transit hub district where qualifying high-rise housing developments are allowed by right, subject to specified labor and affordability standards. The bill establishes a state revolving loan fund to support construction of these developments.

Specifically, this bill:

- 1) Defines “major transit city” as a city with a population of at least 400,000 in the most recent decennial census that contains at least two transit-oriented development (TOD) stops.
- 2) Requires each major transit city to designate a regional transit hub district as follows:
  - a) A major transit city with a population of at least 400,000 and less than one million (San Francisco, Sacramento, Long Beach, and Oakland) must designate at least one district with a total area of at least 0.5 square miles.
  - b) A major transit city with a population of at least one million and less than two million (San Diego and San Jose) must designate at least one district with a total area of at least 1 square mile.
  - c) A major transit city with a population of at least two million (Los Angeles) must designate at least one district with a total area of at least 1.5 square miles.
- 3) Allows a city that is not a major transit city to designate a regional transit hub district.
- 4) Provides that designation of a regional transit hub district pursuant to this bill is not considered a “project” for purposes of the California Environmental Quality Act (CEQA).
- 5) Requires a regional transit hub district to be a contiguous area of at least .25 square miles containing at least one TOD stop.
- 6) Requires a downtown housing development to be an allowable use in a regional transit hub district, and prescribes requirements for downtown housing developments, including, among other items, a baseline height limit of 150 feet and a requirement that at least 25% of each district allow buildings of 450 feet or more.

- 7) Requires a downtown housing development meet specified labor standards and requires a development project that meets the bill's labor standards to qualify for streamlined, ministerial approval, as specified.
- 8) Establishes the Downtown Revitalization Loan Fund in the State Treasury and continuously appropriates money in the fund to the California Housing Finance Agency (CalHFA) to provide low-interest, revolving loans covering up to 30% of project costs for eligible downtown housing developments. Loans must be issued at or below the state's pooled investment rate and must be repaid upon project completion, with repayments recycled to support future projects.

#### FISCAL EFFECT:

- 1) Ongoing General Fund (GF) cost pressures, likely in the hundreds of millions of dollars annually to provide loans to applicants to develop downtown housing developments. This bill establishes a fund in the State Treasury for this purpose and requires money appropriated to the fund to be continuously appropriated to CalHFA. The Governor's 2026-27 budget proposal does not provide money for this purpose.
- 2) CalHFA estimates ongoing GF costs of at least \$740,000 for a minimum of four staff to administer and monitor the program. CalHFA notes this is not a service CalHFA currently provides, and more staff may be required. CalHFA normally takes a 5% administration fee on appropriated funds for programs they administer, which this bill does not provide for.
- 3) Local costs of an unknown, but potentially substantial amount statewide to the seven impacted cities required to designate regional transit hub districts and establish a streamlined ministerial approval process for downtown housing developments within these districts. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

#### COMMENTS:

- 1) **Purpose.** 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. [This bill] 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.

- 2) **Background.** SB 79 (Wiener), Chapter 512, Statutes of 2025, established a streamlined, ministerial approval process for transit-oriented development (TOD) housing development

projects. This bill uses the framework established by SB 79 and establishes a statewide framework to facilitate high-density housing development in downtown, transit-rich areas.

Within these districts, qualifying “downtown housing developments” must meet the same labor requirements currently included in SB 423 (Wiener), Chapter 778, Statutes of 2023, the same affordability requirements included in SB 79, and are eligible for ministerial, streamlined approval, while still requiring environmental site assessments and remediation where necessary.

- 3) **Support and Opposition.** This bill is cosponsored by California YIMBY and the State Building and Construction Trades Council of California and is supported by a variety of downtown-related interests. California YIMBY asserts “[this bill] will unlock new housing opportunities in the places where homes are most sustainable, accessible, and economically productive—near jobs, transit, and existing infrastructure,”

The bill is opposed by the California Housing Consortium who asserts, “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.”

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