

ASSEMBLY THIRD READING
AB 2074 (Haney)
As Amended April 9, 2026
2/3 vote

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.

Major Provisions

- 1) Defines for purposes of the bill:
 - a) "Downtown housing development" means a housing development project within a regional transit hub district.
 - b) "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.
 - c) "Major transit city" means a city with a population of at least 400,000 in the most recent decennial census that contains at least two transit-oriented development stops.
 - d) "Regional transit hub district" (district) means a district of a minimum size, as specified by 2), surrounding a transit stop designated by a city.
- 2) Requires major transit cities to designate at least one regional transit hub district by July 1, 2027, with minimum district sizes tied to city population.
- 3) Provides that a city that is not a major transit city may opt-in and designate a district.
- 4) Provides that designation of a district pursuant is not a "project" for the purposes of the California Environmental Quality Act (CEQA).
- 5) Requires districts to be a contiguous area of at least .25 square miles containing at least one transit-oriented development (TOD) stop.
- 6) Requires that a downtown housing development be an allowable use in a district and establishes minimum zoning standards, including:
 - a) No maximum height below 150 feet;
 - b) At least 25% of district area allowing heights of at least 450 feet;
 - c) No maximum floor area ratio (FAR) below 6;
 - d) At least 25% of district area allowing FARs of at least 12;
 - e) No maximum density below 200 dwelling units per acre; and

- f) At least 25% of district area with no maximum density limit.
- 7) Allows a city to set other objective zoning standards, subdivision standards, and design review standards related to a downtown housing development within a district that are consistent with this bill.
- 8) Applies the following to a downtown housing development:
- a) Labor standards pursuant to SB 423 (Wiener), Chapter 778, Statutes of 2023 (SB 423);
 - b) Ability to qualify for a density bonus, incentives or concessions, waivers or reductions of development standards, or parking ratios pursuant to Density Bonus Law (DBL) or a local density bonus, using the requirements of the bill as the base density;
 - c) Eligibility for streamlined ministerial approval pursuant to SB 423 without meeting the standards for a project under SB 423, except that the downtown housing development project is still restricted from using the ministerial process in SB 423 if the project is on an environmentally sensitive site;
 - d) Phase I environmental assessments and, if necessary, hazardous materials investigation and remediation requirements;
 - e) A minimum density of 60 dwelling units per acre;
 - f) The affordability requirements established in SB 79 for projects containing more than 10 units or the local inclusionary housing requirement, whichever has a higher percentage of affordable units or deeper level of affordability.
 - g) The antidisplacement standards established in SB 79;
 - h) Prohibition of the demolition of any individually landmarked property on a local, state, or federal historic register; and
 - i) Required consistency with the height, noise, and safety standards of an adopted airport land use compatibility plan or Department of Defense Air Installation Compatible Use Zone, as specified.
- 9) Establishes the Downtown Revitalization Loan Fund (Fund) within the State Treasury, administered by the California Housing Finance Agency (CalHFA), upon appropriation, to provide low-interest revolving loans for qualifying downtown housing developments of up to 30% of project costs.
- 10) Makes findings and declarations.

COMMENTS

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, this 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 overlay for downtown areas, increasing allowable development intensity in proximity to major transit.

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 this 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.

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."

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."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 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.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-1-1

YES: Haney, Patterson, Ward, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson

NO: Tangipa

ABS, ABST OR NV: Ta

ASM LOCAL GOVERNMENT: 8-1-1

YES: Carrillo, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

NO: Johnson

ABS, ABST OR NV: Ta

ASM NATURAL RESOURCES: 11-3-0

YES: Bryan, Connolly, Garcia, Haney, Hoover, Kalra, Muratsuchi, Pellerin, Schultz, Wicks, Zbur

NO: Ellis, Alanis, Macedo

ASM APPROPRIATIONS: 12-2-1

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Dixon, Tangipa

ABS, ABST OR NV: Ta

UPDATED

VERSION: April 9, 2026

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