
THIRD READING

Bill No: AB 2074
Author: Haney (D), et al.
Amended: 8/21/26 in Senate
Vote: 21

SENATE HOUSING COMMITTEE: 6-0, 6/30/26
AYES: Arreguín, Cabaldon, Cortese, Durazo, Grayson, Padilla
NO VOTE RECORDED: Seyarto, Caballero, Gonzalez, Ochoa Bogh

SENATE LOCAL GOVERNMENT COMMITTEE: 6-0, 7/1/26
AYES: Durazo, Arreguín, Ashby, Cervantes, Laird, Seyarto
NO VOTE RECORDED: Choi

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 64-6, 5/28/26 - See last page for vote

SUBJECT: Regional transit hub districts: downtown housing developments

SOURCE: California Yimby
State Building & Construction Trades Council of California

DIGEST: This bill 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 requires the California Housing Finance Agency (CalHFA) to conduct a housing construction loan and financing study by March 1, 2028, as specified.

Senate Floor amendments of 8/21/26 make several changes to the establishment of the downtown transit hub districts, require HCD to notify a local government if they are in violation of this bill, permit HCD to notify the attorney general if a local government is in violation of this bill, and require the study to be completed by March 1, 2028.

ANALYSIS:

Existing law, pursuant to SB 79 (Wiener, Chapter 512, Statutes of 2025):

1) Establishes the following definitions:

- a) “Adjacent” means within 200 feet of any pedestrian access point to a transit oriented development (TOD) stop. A parcel that meets any of the eligibility criteria under this bill and is adjacent to a Tier 1 TOD Stop or Tier 2 TOD Stop, as defined below, shall be eligible for an adjacency intensifier to increase the height limit by an additional 20 feet, the maximum density standard by an additional 40 dwelling units per acre, and the floor area ratio (FAR) by 1 prior to the application of Density Bonus Law.
- b) “Residential FAR” means the ratio of net habitable square footage dedicated to residential use to the area of the lot. A local government may not impose any other local development standard or combination of standards that would physically preclude the residential FAR established.
- c) “Tier 1 TOD stop” means a transit-oriented development stop with an urban transit county, served by heavy rail transit or very high frequency commuter rail.
- d) “Tier 2 TOD stop” excludes a Tier 1 TOD stop, and means a transit-oriented development stop with an urban transit county served by light rail transit, by high-frequency commuter rail, or by bus service, as specified. “Urban transit county” means a county with more than 15 passenger rail stations.
- e) “TOD stop” means a major transit stop or a stop on a route for which a preferred alternative has been selected or which are identified in a regional transportation improvement program, served by heavy rail transit, very high frequency commuter rail, high frequency commuter rail, light rail transit, or specified bus service within an urban county. When a new transit route is planned that was not identified in the applicable regional transportation plan on or before January 1, 2026, these stops shall not be eligible as a TOD stop unless they would be eligible as Tier 1 TOD stops. If a county becomes an urban transit county subsequent to July 1, 2026, then bus service in that county shall remain ineligible for designation of a transit-oriented development stop.
- f) “Urban transit county” means a county with more than 15 passenger rail stations.

- 2) Provides that a housing development within a specified distance of a transit stop in a residential, mixed-use, or commercial zone shall be entitled to specified development standards pursuant to the table below. TOD housing development projects shall also meet the following requirements:
- a) The average total area of floor space for the proposed units in the transit-oriented housing development project shall not exceed 1,750 net habitable square feet, and
 - b) The housing development project shall include at least five dwelling units and meet the greater of the following:
 - i) A minimum density of at least 30 dwelling units per acre; or
 - ii) The minimum density required under the local zoning, if applicable.

TOD Stop Type	Dist. from Stop (TOD Zone)	Development Standards for Project
Tier 1: Major transit stop, heavy rail transit, or very high frequency commuter rail in urban transit county	¼ mile from stop	• Max Height: 75 ft or 95 ft if adjacent to stop • Max Density: 30 - 120 units per acre (u/a) plus any density bonus or 160 u/a if adjacent to stop • FAR: 3.5 or 4.5 if adjacent to stop • Specified Concessions
	¼ - ½ mile from stop in city with population at least 35,000	• Max Height: 65 ft • Max Density: 30 - 100 u/a plus any density bonus • FAR: 3 • Specified Concessions
Tier 2: Not Tier 1 major transit stops served by light rail transit, high-frequency commuter rail, or bus rapid transit	¼ mile from stop	• Max Height: 65 ft or 85 ft if adjacent to stop • Max Density: 30 - 100 u/a plus any density bonus or 140 u/a if adjacent to stop • FAR: 3 or 4 if adjacent to stop
	¼ - ½ mile from stop in a city with a population	• Max Height: 55 ft • Max Density: 30 - 80 u/a plus any density bonus • FAR: 2.5 • Specified Concessions

in an urban transit county	at least 35,000	
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- 3) Provides that for projects with more than 10 units, the project shall comply with one of the following requirements:
 - a) Any of the following:
 - i) At least 7% are dedicated to extremely low-income (ELI) households.
 - ii) At least 10% of the total units are dedicated to very low-income (VLI) households.
 - iii) At least 13% of the total units are dedicated to low-income households.
 - b) If a local inclusionary housing requirement mandates a higher percentage or deeper level of affordability, then the local inclusionary housing standard shall apply.
 - c) All units dedicated to ELI, VLI, or low-income households shall have an affordable cost or rent, as defined, and ensure the continued affordability of those units for 45 years for ownership or 55 years for rental units.
- 4) Prohibits a transit housing development from being located on either of the following:
 - a) A site containing more than two units where the development would require the demolition of housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power that has been occupied by tenants within the last seven years.
 - b) A site that was previously used for more than two units of housing that was demolished within seven years before the development proponent submits an application under this section any of the units were subject to any form of rent or price control.
- 5) Requires a TOD project to meet specified labor standards, including the provision of prevailing wages if the project is not entirely a public work, as specified, and projects over 85 feet shall employ a skilled and trained workforce, as specified.

- 6) Requires Metropolitan Planning Organizations (MPOs) to create a map of TOD stops and zones established by SB 79 (Wiener, Chapter 512, Statutes of 2025)(SB 79).
- 7) Delays implementation of SB 79 development standards until July 1, 2026, unless a local government adopts an ordinance or local TOD alternative plan deemed compliant by the Department of Housing and Community Development (HCD) before July 1, 2026. Delays implementation to unincorporated areas of a county until the 7th regional housing needs allocation cycle.

Existing state law:

- 1) Authorizes California Housing Finance Agency (CalHFA) to make loans to housing sponsors for housing developments and to qualified mortgage lenders, among others. Provides that the primary purpose of CalHFA is to meet the housing needs of persons and families of low- or moderate-income.

This bill:

- 1) Defines for purposes of this bill:
 - a) “Downtown housing development” means a housing development project within a regional transit hub district that meets the following conditions:
 - i) Labor Standards pursuant to SB 423 (Wiener, Chapter 778, Statutes of 2023) (SB 423).
 - ii) Requires a minimum density of 60 dwelling units per acre and an average total area of floor space for the proposed units in the project does not exceed 1,750 net habitable square feet.
 - iii) Meets 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 (see (3) in Existing Law).
 - iv) Requires the development proposed pursuant to the bill to comply with the anti-demolition standards established in SB 79 (see (4) in Existing Law).
 - v) Prohibits the demolition of any individually landmarked property on a local, state, or federal historic register.

- vi) Requires 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.
 - 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 surrounding a transit stop designated by a city.
 - e) “Transit-oriented development stop” (TOD stop) has the same meaning as defined in SB 79.
- 2) Requires each major transit city to comply with the applicable of the following:
- a) A major transit city with a population of at least 400,000 and less than 1 million in the most recent decennial census shall 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 1 million and less than 2 million in the most recent decennial census shall 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 2 million in the most recent decennial census shall designate at least one district with a total area of at least 1.5 square miles.
- 3) Provides that if a major transit city does not comply with (2), then the equivalent area in a uniform radius around the city’s highest ridership TOD stop shall be deemed a regional transit hub district.
- 4) Authorizes a major transit city to designate multiple hug districts so long as they cumulatively meet the requirements of (2).
- 5) Provides that a city that is not a major transit city may designate a district.
- 6) Provides that designation of a district pursuant to this bill shall not be considered a “project” for the purposes of the California Environmental Quality Act (CEQA).

- 7) Requires districts to be a contiguous area of land at least .25 square miles containing at least one TOD stop.
- 8) Requires that a downtown housing development be an allowable use in a district. Provides that a downtown housing development in a district is subject to all of the following:
 - a) Prohibits a city from setting a maximum height limit lower than 150 feet.
 - b) Requires at least 25% of the total area of all districts within a city to allow a maximum height of 450 feet.
 - c) Prohibits a city from setting a maximum floor area ratio lower than six.
 - d) Requires at least 25% of the total area of all districts within a city to allow a maximum floor area ratio of at least 12.
 - e) Prohibits a city from setting a maximum density of less than 200 dwelling units per acre.
 - f) Prohibits at least 25% of the total area of all districts in a city from having a maximum density limit.
- 9) Allows a city to set other objective zoning standards, objective subdivision standards, and object design review standards related to a downtown housing development within a district that are consistent the requirements specified in of 6).
- 10) Applies the following to a downtown housing development:
 - a) Ability to quality for a density bonus, incentives or concessions, waivers or reductions of development standards, or parking ratios pursuant to DBL or a local density bonus, using the requirements of the bill as the base density.
 - b) Provides 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.
 - c) Requires the local government to, as a condition of approval, require the development proponent to complete a phase I environmental assessment, as specified.

- 11) Requires the California Housing Finance Agency, but March 1, 2028, to conduct and submit to the relevant policy committees, a housing construction loan and financing study, including feedback from interested stakeholders, that includes, but is not limited to, all of the following:
 - a) An analysis of existing construction loan programs and housing construction loan programs implemented in California and an assessment and case study analysis of current gaps in housing construction loan availability for a state housing construction loan program, including, but not limited to gaps that impeded the production of the types of housing sought to be developed.
 - b) Recommendations for how a state construction loan program could function and facilitate multifamily rental and for-sale housing developments, as specified.
 - c) An analysis of state resources needed to establish construction loans serving different housing projects described in subparagraph (C).
 - d) Recommendations to mitigate increased lending risk and maximize leverage of state funds.

Background

SB 79 Development Standards. Beginning July 1, 2026, SB 79 makes housing an allowable use on sites zoned residential, mixed-use, or commercial within one-half mile of an existing or currently proposed qualifying TOD stop in an “urban transit county” for jurisdictions with a population of at least 35,000 residents, and within one-quarter mile of the qualifying TOD stop for jurisdictions with a population of less than 35,000. For unincorporated areas of a county, implementation is delayed until the 7th housing element cycle begins. SB 79 projects must include at least five units, achieve the greater of 30 dwelling units per acre (du/acre) or meet the local minimum density requirements, and maintain an average unit size not exceeding 1,750 square feet. SB 79 projects over 10 units must include specified levels of affordable housing, comply with anti-displacement provisions of the Housing Crisis Act, and comply with specified labor standards.

Comments

- 1) *Author’s statement.* “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.”

- 2) *High-rise housing projects near transit.* This bill uses the existing legislative framework established by SB 79 (Wiener) by establishing TOD zoning standards that are typically higher than what a local agency has zoned the area for in its general plan near TOD stops. Specifically, this bill requires the following cities, based on population, to establish the following sized districts with at least one TOD stop:

- a) Los Angeles (population over 2 million) - at least 1.5 square miles;
- b) San Diego and San Jose (population between 1 million and 2 million) - at least 1 square mile; and,
- c) San Francisco, Sacramento, Long Beach, and Oakland (population between 400,000 and 1 million) - at least 0.5 square miles in districts.

Within the districts, housing shall be an allowable use, and the following development standards would apply to downtown housing developments:

- a) A city cannot impose a maximum height lower than 150 feet. At least 25% of the district or districts shall allow up to 450 feet;
- b) A city cannot set a maximum FAR lower than 6. At least 25% of the district or districts shall allow a maximum FAR of at least 12.
- c) A city cannot set a maximum density of less than 200 units per acre (u/a). At least 25% of the total area of district or districts shall have no maximum density requirements. The housing project shall be at least 60 u/a.

Additionally, these high-rise housing projects are eligible for streamlined ministerial approval and to utilize the benefits of DBL. Housing projects shall meet the same affordability, labor standards, and anti-demolition and anti-displacement provisions as SB 79 (Wiener). The intent is for each major transit city to designate at least district subject to the requirements above; they may establish more than one, so long as cumulatively the districts meet the overall size requirements. This bill also authorizes non-major transit cities to designate districts.

- 3) *Report on new innovative housing construction methods.* Given the interest in identifying new and creative ways to finance housing projects, this bill requires CalHFA to issue a report that would evaluate and analyze: construction loan programs implemented elsewhere and how those models could be replicated in California; how a program could serve a range of income levels, project sizes (including smaller multifamily developments as well as high-rise buildings), and in various regions in the state, (including but not limited to the downtown areas contemplated by this bill); and recommendations to mitigate increased lending risk and maximize leverage of state funds. The report must be informed by feedback from interested stakeholders and include considerations for the Legislature to consider for adopting a state construction loan program and submit those recommendations to the Legislature by March 1, 2028.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- CalHFA estimates one-time costs of up to \$250,000 to conduct the required study, including contracted data analysis and staff time for coordination with stakeholders, data collection, and preparation of the final report. (General Fund)
- The Department of Housing and Community Development (HCD) estimates ongoing costs of approximately \$236,000 annually for 1.0 PY of staff to update guidelines related to streamlined and ministerial provisions, and respond to an expected significant increase in technical assistance inquiries from housing advocates, local agencies and developers related to compliance with the bill, designation of districts, and processing of applications. (General Fund)
- The Department of Industrial Relations (DIR) estimates Labor Commissioner's Office costs of approximately \$1.1 million in the first year and \$1 million annually ongoing for oversight and enforcement activities related to prevailing wage and apprenticeship standards on projects constructed pursuant to the provisions of this bill. There would also be penalty revenue gains, potentially

in the hundreds of thousands of dollars annually, to partially offset these costs. Actual costs and penalty revenues would depend upon the number of qualifying projects constructed under this bill and the number of complaints and referrals to the Division of Labor Standards and Enforcement that require enforcement actions, investigations, and appeals. (State Public Works Enforcement Fund)

- Unknown local mandated costs. The bill would impose new costs on seven major transit cities to establish regional transit hub districts and to revise planning requirements and considerations for specified housing development projects within those districts. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates. (local funds)

SUPPORT: (Verified 8/20/26)

California Yimby (co-source)

State Building & Construction Trades Council of California (co-source)

Big City Mayors

Bike Coalition San Diego County

Business for Good San Diego

CA Black Chamber of Commerce

California Big City Mayors Coalition

California Black Chamber of Commerce

California Downtown Association

Central City Association of Los Angeles

City of Anaheim

City of Bakersfield

City of Fresno

City of Irvine

City of Long Beach

City of Los Angeles

City of Oakland

City of Riverside

City of Sacramento

City of San Diego

City of San Francisco

City of San Jose

City of Stockton

Climate Action Campaign

Coalition for Clean Air

Downtown Los Angeles Residents Association
Downtown San Diego Partnership
Dtla Residents Association
Greenbelt Alliance
Mayor Matt Mahan, City of San Jose
Sacramento Councilmember Caity Maple
Yimby Democrats of San Diego County
Zillow Group

OPPOSITION: (Verified 8/20/26)

None received.

ASSEMBLY FLOOR: 64-6, 5/28/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Dixon, Macedo, Sanchez, Tangipa, Wallis

NO VOTE RECORDED: Castillo, Flora, Gallagher, Hadwick, Johnson, Lackey, Quirk-Silva, Celeste Rodriguez, Schiavo, Ta

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
8/24/26 11:38:14

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