Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION
Lori D. Wilson, Chair
AB 2263 (Kalra) – As Amended March 19, 2026

SUBJECT: Santa Clara Valley Transportation Authority: employee housing: transit-oriented joint development projects

SUMMARY: Authorizes the Santa Clara Valley Transportation Authority (VTA) to construct transit-oriented joint development projects or develop employee housing. Specifically, **this bill**:

1) Specifies that VTA may take by gift, or take or convey by grant, purchase, devise, or lease, and hold and enjoy, real and personal property of every kind within or without boundaries of the VTA necessary for incidental, or convenient for both of the following:

    a) Transit-oriented joint development projects that meet the definition and requirements as specified; and,
    b) Employee housing that meets specified definitions and requirements.

2) Changes the definition of a transit-oriented joint development project from ¼ mile or less from the external boundary of a transit facility to ½ mile or less from the external boundary of a transit facility.

3) States that for the purposes of a transit-oriented joint development project or employee housing, the VTA may acquire, plan, undertake, construct, improve, develop, maintain, operate, or dispose of any real or personal property.

4) Authorizes VTA to construct rental housing for employees.

5) Authorizes VTA to construct for-sale housing that promotes housing opportunities for VTA employees.

6) Authorizes VTA to accept, without limitation by any other provisions of this part requiring approval of indebtedness, contributions, grants, or loans from any public agency or the United States or any department, instrumentality, or agency thereof, for the purpose of financing the acquisition, construction, maintenance, or operation of transit-oriented joint development projects or employee housing.

7) Defines "employee housing" as rental housing for VTA employees, consistent with Chapter 6.3 (commencing with Section 54700.1) of Part 1 of Division 2 of Title 5 of the Government Code, or any other for-sale housing project that promotes housing opportunities for VTA employees.

EXISTING LAW:

1) Establishes the Santa Clara Valley Transportation Authority. (Public Utilities Code (PUC) 100002)

2) Authorizes VTA to contract with any department or agency of the United States of America, with any public agency or with any person upon terms and conditions the board finds is for the best interest of the VTA. (PUC 100121)

3) Authorizes the VTA to take by grant, purchase, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real and personal property of every kind within or without the boundaries of the VTA necessary to the full or convenient exercise of its powers. The board may lease, mortgage, sell, or otherwise dispose of any real or personal property within or without the boundaries of the VTA necessary to the full or convenient exercise of its powers. (PUC 100130)

4) Authorizes the VTA to take by gift, or take or convey by grant, purchase, devise, or lease, and hold and enjoy, real and personal property of every kind within or without the boundaries of the VTA necessary for, incidental to, or convenient for, transit-oriented joint development projects that meet the definition and requirement set forth in subdivision (b).

5) Defines a transit-oriented joint development project as a commercial, residential, or mixed-use development that is undertaken in connection with existing, planned, or proposed transit facilities and is located $^1/_4$ mile or less from the external boundaries of that facility.

6) States that any transit-oriented joint development project shall comply with the land use and zoning regulations of the city, county, or city and county in which the project is located.

7) States that notwithstanding Sections 53090 and 53091 of the Government Code or any other provision of law, transit-oriented joint development project are subject to the land use and zoning regulations of the city, county, or city and county jurisdiction in which the transit-oriented joint development is located, in accordance with the Planning and Zoning Law (Title 7 (commencing with Section 65000) of the Government Code), relating to zoning.

8) For purposes of employee rental housing, defines "employee" as an employee of the local agency, the state or any political subdivision thereof, special district, including a school district, or any other local government entity, or an employee of a public or private utility whom the legislative body has determined performs a function essential to the public health, safety or welfare. (Government Code (GOV) 54700.5)

9) For purposes of employee rental housing, defines "housing" as any dwelling or residential structure, including, but not limited to, single-family detached dwellings, multi-family dwellings or modular housing or mobilehomes. "Housing" also means a park or other site or facility suitable for modular housing or mobilehomes, and such park or other site or facility may include pads or other foundations, utility connections, and other appropriate on-site improvements. (GOV 54700.6f)

FISCAL EFFECT: Unknown

COMMENTS: *California housing crisis.* California's housing crisis is a half-century in the making. After decades of underproduction, supply is far behind need 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, childcare, and transportation, directly impacting the quality of life in the state. One in three households in the state does not earn enough money to meet their basic needs. In 2024, over 187,000 Californians experienced homelessness on a given night.

To meet this housing need, the California Department of Housing and Community Development (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. 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.

The state's housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Terner Center to the Assembly Housing and Community Development Committee WHEN? 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.

Workforce housing. California faces a growing mismatch between housing costs and the wages of essential workers, including educators and other public employees. This gap has contributed to workforce shortages, long commutes, and reduced service quality. Recent legislation, including AB 2295 (Bloom), Chapter 652, Statutes of 2022 and AB 1021 (Wicks), Chapter 503, Statutes of 2025, seek to address these challenges by enabling public agencies to develop workforce housing on publicly owned land, streamlining local approval processes, and prioritizing affordability for targeted employees. These laws reflect a broader policy shift toward treating housing as a critical component of workforce and economic stability. Among other provisions, recent laws have:

- Expanded eligibility to additional educational entities, including county offices of education and community college districts;
- Established that qualifying workforce housing projects are a permitted use of district property, reducing local zoning barriers; and
- Provided for streamlined, ministerial approval processes when objective standards are met.

The intent of these changes was to reduce time, cost, and uncertainty associated with developing workforce housing.

Santa Clara Valley Transit Authority. VTA is an independent special district that provides transportation options throughout the county including to the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga and Sunnyvale. VTA is Santa Clara County's authority for transit development and operations (light rail, bus and paratransit), congestion management, transportation-related funding, highway design and construction, real estate and transit-oriented development, and bicycle and pedestrian planning.

VTA has approximately 2,200 employees, the majority of whom are blue collar workers. In a survey of VTA workers, one in four VTA employees commute more than one hour each way, and nearly 10% commute more than two hours each way. Additionally, VTA conducted a fair housing analysis in 2025 supported by a survey of employees to determine whether there was interest in an employee housing program. More than 700 employees took the survey, with over

90% of respondents expressing that they are or may be interested in a future employee housing program.

Current VTA authority to develop housing. VTA has the authority to develop housing units with a preference for their employees. Additionally, VTA has a statutorily authorized transit-oriented development (TOD) program, which partners with housing developers to build projects on VTA-owned land. Using this authority, VTA estimates it will produce more than 1,400 housing units, including over 600 affordable housing units and over 100 supportive housing units for individuals and households experiencing homelessness. VTA currently has 28 sites throughout Santa Clara County that have been designated for Transit-Oriented Development around light rail, Caltrain, and Bay Area Rapid Transit stations. VTA's website states that, "VTA's Transit Oriented Development Program works with municipal and private partners to encourage the development of housing, retail, and employment centers in places that will help increase transit ridership and contribute to a vibrant community."

According to the VTA website, it has numerous transit-oriented development projects underway using a variety of partnerships. For example, the Berryessa/North San Jose Transit-Oriented Development site is a 3.3-acre property owned by VTA adjacent to the Berryessa BART Station, located on Mabury Road and Berryessa Station Way. The site is part of the City of San José's Berryessa BART Urban Village Plan. Phase 1 of the development is a 100% affordable housing project on one acre of the site with mixed-use, market-rate housing and office development in future phases.

Similarly, VTA has leveraged its current authority to partner with a developer, UrbanCo-Tamien LLC to develop 6.96 acres of property located near the Tamien VTA Light Rail and Caltrain stations. The project will include 265 units of affordable housing, and 210 units of market rate house. Construction is complete for Phase 1, which includes 135 affordable units and 3,000 square feet for a future day-care center. Phase 2 is slated to begin in the fall of 2026 and phase 3, the market rate apartment portion, will occur at a later date.

Committee comments. It appears VTA has over 1,400 housing units planned. It is unclear if the new authority and definitions being proposed in this bill is necessary to develop this housing and offer it to their employees, or if they can develop some or all of that housing using existing authority.

Double referral. This bill is double referred to the Assembly Local Government Committee and will be heard in that committee as it relates to their jurisdiction.

According to the author. "Santa Clara County is one of the most expensive counties to live in the nation, and while it is home to our booming tech industry, working-class people who support and operate our public transportation system are faced with the high cost of living in one of the most expensive housing markets. Santa Clara Valley Transportation Authority (VTA) employs approximately 2,300 people who manage and operate the county's public transportation. However, the cost of housing has increased, resulting in VTA workers being priced out of the housing market and leading them to move outside of the city or county. Many VTA workers commute more than one to two hours each way in addition to their eight-hour shift, which can add up to more than 12 hours per day behind the wheel. This creates a level of risk for workers and the public. AB 2263 builds on existing statutes for cities and counties to build employee housing. This will allow workers to live in the city where they work, significantly reduce their commutes, and overall reduce driver fatigue for transit workers, which can help the overall safety of everyday drivers and pedestrians."

Arguments in support. According to, SEIU 521, "Santa Clara County is one of the most expensive housing markets in the nation. The median house sale price in 2025 was more than four times the national median and the median rent in 2025 was nearly double the national median. As a result, VTA employees have been pushed to housing markets farther outside of the county where they work. One in four VTA employees commutes more than one hour each way, and nearly 10 percent commute more than two hours each way."

"VTA has a robust Transit-Oriented Development (TOD) program and VTA anticipates having more than 7,500 housing units in its portfolio when the program is fully built out. Using this existing program and adding new authority to provide a requisite number of these units for VTA employees could serve to help keep and attract employees. As a public agency, VTA must already abide by state and federal fair housing laws to demonstrate that an employee housing program would not unintentionally disadvantage a protected class."

Previous and related legislation. AB 1021 (Wicks), Chapter 503, Statutes of 2025, made numerous changes to the provisions that make housing developments an allowable use on land owned by a local educational agency (LEA) and exempts these housing developments from the California Environmental Quality Act (CEQA).

AB 2295 (Bloom), Chapter 652, Statutes of 2022, authorized a housing development project to be an allowable use on any real property owned by a local educational agency.

SB 35 (Wiener) Chapter 366, Statutes of 2017 creates a streamlined, ministerial approval process for infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) numbers.

REGISTERED SUPPORT / OPPOSITION:

Support

AFSME Local 1101
City of San Jose
SEIU 521

Opposition

None on file

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