

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2263 (Kalra) – As Amended April 15, 2026

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

**SUMMARY:** Authorizes the Santa Clara Transportation Authority (VTA) to acquire land for and construct employee housing and expands its existing authority to acquire land for transit-oriented joint development project. Specifically, **this bill:**

- 1) Defines the following terms:
  - a) “Employee housing” means:
    - i) Rental housing for VTA employees, consistent with the laws authorizing a city, county, or city and county (local agency) to provide housing for their employees.
    - ii) Any other for-sale housing project that promotes housing opportunities for VTA employees.
  - b) “Transit-oriented joint development project” means a commercial, residential, or mixed-use development that is undertaken in connection with existing, planned, or proposed transit facilities and is located within a one-half mile (instead of one-quarter of a mile, as in existing law) or less from the external boundaries of that facility.
- 2) Allows 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 boundaries of the VTA necessary for, incidental to, or convenient for employee housing that meets the following:
  - a) Meets the definition of “transit-oriented joint development project”.
  - b) Complies with applicable land use and zoning regulations of the local government in which the project is located.
- 3) Provides 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 the VTA to construct rental housing for employees pursuant to existing law authorizing local governments to provide housing for their employees, and shall, for that purpose, be considered a local agency.
- 5) Authorizes the VTA to construct for-sale housing that promotes housing opportunities for VTA employees.
- 6) Provides, without any limitation by any other provisions requiring approval of indebtedness, that the VTA may accept contributions, or grants or loans from any federal, state, or local

public agency for the acquisition, construction, maintenance, or operation of transit-oriented joint development projects and employee housing, in addition to transportation facilities provided in existing law. Allows the VTA to enter into contracts with, cooperate with, and accept cooperation from any federal, state, or local public agency in the acquisition, construction, maintenance, or operation, or related financing, of any transit-oriented joint development project and employee housing.

- 7) Makes technical and conforming changes.

**EXISTING LAW:**

- 1) 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. [Public Utilities Code (PUC) § 100130]
- 2) 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 specified definitions and requirements. (PUC § 100130.5)
- 3) 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  $\frac{1}{4}$  mile or less from the external boundaries of that facility. (PUC § 100130.5)
- 4) Defines, for purposes of employee rental housing provided by a local agency, “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]
- 5) Defines, for purposes of employee rental housing provided by a local agency, “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 § 54700.6)
- 6) Requires, for purposes of employee rental housing provided by a local agency, rental and lease revenues derived from rental housing for employees to be the sole revenues of the local agency pledged for the repayment of bonds issued. Allows a local agency to appropriate funds from whatever source derived to the repayment of bonds issued. (GOV § 54701.3)

**FISCAL EFFECT:** None.

**COMMENTS:**

- 1) **Bill Summary.** This bill authorizes the VTA to acquire land for and construct rental and for-sale units of employee housing for VTA employees. For purposes of this bill, employee housing must meet the definition of a “transit-oriented joint development project” and comply with all applicable land use and zoning regulations. The bill also expands VTA’s existing authority to acquire land for transit-oriented joint development project by changing the definition of "transit-oriented joint development project" to mean a commercial, residential, or mixed-use development that is undertaken in connection with existing, planned, or proposed transit facilities and is located within a one-half mile, instead of one-quarter of a mile, or less from the external boundaries of that facility.

The bill also authorizes the VTA to construct for-sale housing that promotes housing opportunities for VTA employees. The bill provides that the VTA may accept contributions, grants, or loans from any federal, state, or local public agency for the acquisition, construction maintenance, or operate of transit-oriented joint development project and employee housing, in addition to transportation facilities provided in existing law. To that effect, the bill also allows the VTA to enter contracts and cooperate with any federal, state, or local public agency in the acquisition, construction, maintenance, operation, or related financing, of any transit-oriented joint development project and employee housing.

This bill is sponsored by VTA.

- 2) **Author’s Statement.** 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 employees who manage and operate the county's bus, light rail, paratransit, and other transportation services they offer. However, over time, 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 general public. AB 2263 builds on existing statutes for cities, counties, and school districts to build employee housing. This will give VTA the explicit authority to build and provide employee for-sale or rental housing. This will give workers an opportunity to live in the city where they work, significantly reducing their commutes and overall driver fatigue for transit workers, which can help improve the overall safety for everyday drivers and pedestrians.”
- 3) **Background.** 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.
- 4) **Transit Oriented Development.** Research has shown that encouraging denser housing near transit serves not only as a means of increasing ridership of public transportation to reduce greenhouse gases (GHGs), but also as a solution to our state’s housing crisis. As part of

California's overall strategy to combat climate change, the Legislature began the process of encouraging more transit-oriented development with the passage of SB 375 (Steinberg, Chapter 728, Statutes of 2008). SB 375 is aimed at reducing the amount that people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning. The Affordable Housing and Sustainable Communities Program (AHSC), administered by the Strategic Growth Council, furthers the purposes of AB 32 (Chapter 488, Statutes 2006) and SB 375 (Chapter 728, Statutes, 2008) by investing in projects that reduce GHG emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development.

Funding for AHSC is provided by the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds. The Legislature subsequently allocated 20% of the ongoing Cap and Trade Program funds to AHSC. AHSC provides grants and/or loans to projects that achieve GHG reductions and benefit disadvantaged communities, low-income communities, and low-income households through increasing accessibility of affordable housing connected to high quality transit. High quality transit includes bus rapid transit with a headway frequency of every 20 minutes or less and service seven days a week.

Additionally, HCD administers the Transit Oriented Development Program. Its primary objectives are to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips. The program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations, including bus rapid transit.

- 5) **VTA's Transit Oriented Communities Policy.** VTA adopted their Transit-Oriented Communities (TOC) Policy (Document Number 400.009) on January 11, 2024 which states that one of the goals of the TOC policy is to "leverage TOD projects as catalysts to create equitable and complete Transit-Oriented Communities around transit stations that include housing affordable to all income levels, and balance employment, housing, institutional uses, and other services".

According to VTA's *2024 Affordable Housing Report: VTA Transit-Oriented Development*, VTA estimates it will produce 1,100 affordable housing units by 2029. In VTA's *Strategic Capital Investment Plan FY 2022-2041* published on June 2, 2022, there are currently 26 sites that total slightly more than 200 acres that mostly consist of "underused light rail station parking lots or undeveloped land." As of April 22, 2026, the VTA website identifies 9 active TOD projects that, when completed, will "produce 1,400 housing units, including over 600 affordable housing units and over 100 supportive housing units for individuals and households experiencing homelessness."

- 6) **Workforce Housing.** Existing law allows cities, counties and school districts to build and provide employee rental housing. Generally, for cities and counties, employees must be an employee of the local agency, the state or any political subdivision, 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. The city or county may issue bonds for the construction of housing. Current law also requires not less than 20% of the total number of units of housing for rent to be for occupancy on a priority basis by lower income households at affordable rents.

In 2016, SB 1413 (Leno), Chapter 732, Statutes of 2016, established the Teacher Housing Act of 2016 to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school employees. School districts are authorized to establish and implement programs that address the housing needs of teachers, school district employees, nonprofit organization employees, and other local public employees or other members of the public, by leveraging funding sources including state, federal, local, public, private and resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities.

SB 1413 also created a state policy supporting the use of federal and state Low Income Housing Tax Credits to fund housing for teachers and school district employees on land owned by the school district and permitting school districts to restrict occupancy to teachers and school district employees. At least a majority of the rental housing must be affordable to people or families of low or moderate income. In 2020, the Legislature expanded the Teacher Housing Act to allow all local public employees, or other members of the public, to occupy housing developed by school districts under the Teacher Housing Act [AB 3308, (Gabriel), Chapter 199, Statutes of 2020]. In 2024, AB 2967 (Ting), Chapter 748, expanded the Teacher Housing Act to cover specified nonprofit organization employees.

- 7) **AB 2295 (Bloom) of 2022.** Responding to calls from school districts to help provide housing for their employees, AB 2295 deemed a housing development project an “allowable use” on any real property that a local educational agency (LEA) owned as of January 1, 2023. The bill deemed such a project consistent with local development standards, zoning codes or maps, and the general plan, if the project satisfies all of the following:
- a) It consists of at least 10 housing units.
  - b) The majority of the units are offered at an affordable rent to lower income or moderate-income households, with at least 30 percent of the units affordable to lower income households, for at least 55 years.
  - c) Housing units are offered first to the LEA’s employees, then to employees of directly adjacent LEAs, next to local public employees within the jurisdiction of the LEA, and finally to members of the public, as specified.
  - d) The residential density for the project meets the greater of the following:
    - i) The residential density allowed on the parcel by the city or county, as applicable.
    - ii) The applicable density deemed appropriate to accommodate housing for lower income households in that jurisdiction, as specified in Housing Element Law.
  - e) The height limit for the project is the height limit allowed on the parcel by the city or county, or 35 feet, whichever is greater.
  - f) The project is adjacent to a property that permits residential uses.
  - g) The project is located on an infill site, as defined.

- h) The project is located on property that is entirely contained within any applicable urban limit line or urban growth boundary.
- i) The project complies with all infrastructure-related requirements, including impact fees that are existing or pending at the time the application is submitted that are imposed by a city or county or a special district that provides service to the parcel.
- j) The project meets other local objective zoning standards, objective subdivision standards, and objective design review standards that do not preclude the housing development from achieving the residential density or the height limit permitted by the bill. If a local agency has not adopted objective standards applicable to residential development on the parcel, the project is subject to local zoning, parking, design, and other ordinances, local code requirements, and procedures applicable to the processing and permitting of a housing development on the nearest parcel in a multifamily zone that meets or exceeds the density and height provided in the bill.

AB 2295 required the LEA to maintain ownership of a housing development that meets the requirements of the bill for the length of the 55-year affordability requirement, and allowed any land used for the development of a project under the bill to be jointly used or jointly occupied by the LEA and any other party. Any land used for housing under the bill was exempt from the requirements of the Surplus Land Act and specified provisions of law that govern disposal of school properties.

The bill contained a delayed effective date of January 1, 2024, and required, on or before January 31, 2023, the Department of Housing and Community Development to provide written notice to the planning agency of each county and city that the bill was to become effective on January 1, 2024.

AB 2295 contained a sunset date of January 1, 2033.

- 8) **AB 1021 (Wicks) of 2025.** AB 1021 (Wicks), Chapter 503, Statutes of 2025, made various changes to AB 2295 (Bloom) including expanding the types of sites eligible for development, increased density, and provided an exemption from the California Environmental Quality Act (CEQA). AB 1021 removed the requirement that housing developments be on infill sites and doubled the allowable density. Under AB 1021, the development must at least provide 30 units to 60 units per acre in urban areas, 20 units to 40 units per acre in suburban areas, and 10 units to 20 units per acre in rural areas. AB 1021 also added housing developments that meet the requirements of school employee housing to an existing CEQA exemption for affordable housing.
- 9) **Policy Considerations.** The Committee may wish to consider the following:
  - a) **Definitions.** This bill expands VTA's existing authority to acquire and convey land for transit-oriented joint development. The bill does so by allowing VTA to acquire or convey land for projects that are within half a mile, instead of a quarter mile under existing law, from an existing, planned, or proposed stop. This bill also expands this authority to also include land for rental and for-sale employee housing that meets the definition of "transit-oriented joint development" and that complies with applicable land use and zoning regulations of the city or county in which the project is located. Other than meeting those specified standards, "employee housing" is undefined.

While the bill cross references existing law granting cities and counties the authority to provide rental employee housing, the cross section does not define "employee housing". Existing law, instead, defines "housing" and, separately, "employee". Specifically, existing law defines "housing" as "any dwelling or residential structure, including, but not limited to, single-family detached dwellings, multi-family dwellings or modular housing or mobile homes." These definitions do not include units that are for-sale. It is also unclear whether existing law would allow VTA to develop employee housing as part of a mixed-use development. The Committee may wish to consider defining an "employee housing project" to provide additional clarity.

- b) **Affordability.** This bill allows VTA to acquire land for and construct rental and for-sale employee housing. However, the bill does not specify if these units will be affordable or for how long. The Committee may wish to consider if it is prudent to require affordability as part of a proposed VTA employee housing project.
  - c) **Use of Public Dollars.** Existing law authorizes VTA to accept contributions, grants, or loans from any federal, state, or local public agency for the purpose of financing the acquisition, construction, maintenance, or operation of transit or transportation facilities. This bill applies this existing authority to transit oriented joint development projects and employee housing. As stated above, transit oriented joint development projects include commercial, residential, or mixed-use developments. The expansion of existing authority, as proposed by this bill, could allow for public dollars to be used for a project that contains 100% commercial uses. The Committee may wish to consider if the expansion of this authority, as proposed by this bill, is prudent.
- 10) **Committee Amendments.** To address the policy considerations above, the committee may wish to consider the following amendments:
- a) Remove Section 2 of the bill.
  - b) Define "employee housing project" as a "housing development project, as defined in paragraph (2) of subdivision (h) of Government Code Section 65589.5, for VTA employees that is undertaken in connection with existing, planned, or proposed transit facilities and is located ½ mile or less from the external boundaries of that facility."
  - c) Replace "employee housing" with "employee housing project" throughout the bill.
  - d) Require rental housing units for VTA employees to be affordable to lower or moderate-income households for a minimum of 55 years and record that requirement as a deed restriction.
  - e) Require for-sale housing units for VTA employees to be affordable to lower or moderate-income households for a minimum of 45 years and record that requirement as a deed restriction.
  - f) Allow VTA to accept contributions, grants, or loans from any public agency for employee housing projects, in addition to transportation facilities and transit facilities.

11) **Related Legislation.** AB 2110 (Johnson) authorizes a legislative body of a city, county, city and county, to designate one or more tax increment financing (TIF) districts for the purpose of constructing workforce housing. This bill is pending in the Appropriations Committee.

AB 2415 (Hoover) provides that a transit-oriented development alternative plan may reduce the capacity in up to one transit-oriented development zone in total units or residential floor area by more than 50% if certain requirements are met. AB 2415 is pending in the Housing and Community Development Committee.

AB 2576 (Harabedian) delays the deadlines in SB 79 by one year, increases the population threshold that would trigger certain requirements to apply to cities from 35,000 to 40,000, and excludes sites with a historic resource to 10% of the eligible area of a TOD zone. AB 2576 is pending in the Housing and Community Development Committee

12) **Previous Legislation.** SB 79 (Wiener), Chapter 512, Statutes of 2025, established a streamlined, ministerial approval process for TOD housing development projects.

13) **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.”

14) **Arguments in Opposition.** None on file.

15) **Double-Referral.** This bill is double-referred to the Assembly Transportation Committee, where it passed on a 14-0 vote on April 20, 2026.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

AFSCME Local 101  
City of San Jose  
SEIU 521

##### **Opposition**

None on file.

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