

ASSEMBLY THIRD READING

AB 2263 (Kalra)

As Amended May 04, 2026

Majority vote

SUMMARY

Authorizes the Santa Clara Valley Transportation Authority (VTA) acquire land for and construct employee housing projects and expands its existing authority to acquire land for transit-oriented joint development project.

Major Provisions

- 1) Defines "employee housing project" as a housing development project, as defined in paragraph (2) of subdivision (h) of Section 65589.5 of the Government Code, for VTA employees that is undertaken in connection with existing, planned, or proposed transit facility and is located one-half mile or less from the external boundaries of that facility.
- 2) Defines "transit-oriented joint development project" as a commercial, residential, or mixed-use development that is undertaken in connection with existing, planned, or proposed transit facility and is located one-half mile or less from the external boundaries of that facility.
- 3) 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; and,
 - b) Employee housing projects.
- 4) States that any transit-oriented development project or employee housing project created under this section shall comply with applicable land use and zoning regulations of the city, county, or city and county in which the project is located.
- 5) States that for the purposes of a transit-oriented joint development project or employee housing project, the VTA may acquire, plan, undertake, construct, improve, develop, maintain, operate, or dispose of any real or personal property.
- 6) Authorizes VTA to construct rental housing for employees pursuant to Chapter 6.3 (commencing with section 54700.1) of Part 1 of Division 2 of Title 5 of the Government Code and shall, for that purpose, be considered a local agency. If the VTA constructs rental housing pursuant to this paragraph, the units shall be affordable to lower or moderate-income households for a minimum of 55 years. This requirement shall be recorded as a deed restriction.
- 7) Authorizes VTA to construct for-sale housing that promotes housing opportunities for VTA employees. If the VTA constructs for-sale housing pursuant to this paragraph, the units shall be affordable too lower or moderate-income households for a minimum of 45 years. This requirement shall be recorded as a deed restriction.
- 8) 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.

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 Turner Center to the Assembly Housing and Community Development Committee 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:

- 1) Expanded eligibility to additional educational entities, including county offices of education and community college districts;
- 2) Established that qualifying workforce housing projects are a permitted use of district property, reducing local zoning barriers; and
- 3) 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. 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." This bill clarifies the authority for VTA to build housing, specifically with preference for employees.

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.

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% 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."

Arguments in Opposition

None on file.

FISCAL COMMENTS

None

VOTES

ASM TRANSPORTATION: 14-0-2

YES: Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Macedo, Papan, Ransom, Rogers, Sharp-Collins

ABS, ABST OR NV: Ávila Farías, Lackey

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Caloza, Ward, Wilson

UPDATED

VERSION: May 04, 2026

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FN: 0002466