



proposed transit facilities and is located 1/4 mile or less from the external boundaries of that facility. States that any TOD project shall comply with the land use and zoning regulations of the city, county, or city and county in which the project is located.

*Employee Rental Housing Act*

- 5) Defines “employee” to mean 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.
- 6) Defines “housing” to mean any dwelling or residential structure, including, but not limited to, single-family detached dwellings, multi-family dwellings or modular housing or mobile homes. “Housing” also means a park or other site or facility suitable for modular housing or mobile homes, and that such park or other site or facility may include pads or other foundations, utility connections, and other appropriate on-site improvements.
- 7) Defines “local agency” as a city, a city and county or a county.
- 8) Authorizes a local agency to construct or cause to be constructed rental housing for employees and issue bonds for the purposes of constructing rental housing for employees and funding or refunding previously issued bonds.

*Fair Housing laws*

- 9) Enacts the Unruh Civil Rights Act, which specifically outlaws discrimination in California based on sex, race, color, religion, ancestry, national origin, age, disability, medical condition, genetic information, marital status, or sexual orientation.
- 10) Enacts the Fair Employment and Housing Act, which prohibits the existence of a restrictive covenant that makes housing opportunities unavailable based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income or ancestry.

**This bill:**

- 1) Defines "employee housing project" to mean a project that provides a preference for VTA employees and qualifies as a housing development project

with five or more units for VTA employees and members of the public that is undertaken in connection with existing, planned, or proposed transit facility and is located  $\frac{1}{4}$  mile or less from the external boundaries of that facility.

- 2) Defines “lower income households” to have the same meaning as in Section 50079.5 of the Health and Safety Code.
- 3) Defines “moderate-income households” to have the same meaning as “persons and families of low or moderate income” in Section 50093 of the Health and Safety Code.
- 4) Stipulates that an employee housing project constructed by VTA pursuant to the bill is subject to the duty of public agencies to affirmatively further fair housing, as defined.
- 5) Requires employee housing projects undertaken pursuant to the bill to be restricted to VTA employees, except that VTA may also allow members of the public to occupy housing created, subject to applicable laws and regulations.
- 6) Stipulates that VTA retains the right to prioritize VTA employees over members of the public to occupy housing.
- 7) 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) TOD projects; and,
  - b) Employee housing projects.
- 8) States that any TOD 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.
- 9) States that for the purposes of a TOD project or employee housing project, VTA may acquire, plan, undertake, construct, improve, develop, lease, maintain, operate, or dispose of any real or personal property.
- 10) Authorizes VTA to construct rental housing for VTA employees pursuant to the Employee Rental Housing Act, and shall, for that purpose, be considered a local agency. Requires if VTA constructs rental housing pursuant the bill, the

employee housing units be affordable to lower income households or moderate-income households. Requires these units to be subject to a recorded affordability restriction for at least 55 years.

- 11) Authorizes VTA to construct for-sale housing that promotes housing opportunities for VTA employees. Requires if VTA constructs for-sale housing pursuant to the bill, the employee housing units be affordable to lower or moderate-income households. Requires the units to be subject to a recorded affordability restriction for at least 45 years.
- 12) Requires VTA to ensure compliance with the recorded affordability restrictions on employee housing units, as defined.
- 13) Requires VTA, on or before December 31 of each year, to submit a report to the Legislature, as defined, on the use of the authority in the bill to develop employee housing. Requires the report to include, but not be limited to:
  - a) Development plans for any new employee housing projects, including but not limited, to the number of units, affordability level, size of units, name of the developer, and density of the project.
  - b) Status of pending employee housing projects, including, but not limited to, the number of units, affordability level, size of units, name of the developer and density of the project.

#### COMMENTS:

- 1) *Purpose of the bill.* 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.”

- 2) *Who is VTA?* The Santa Clara County Transit District was created through state legislation in 1969, SB 49 (Alquist and Bradley, Chapter 180, Statutes of 1969), to provide public transit service for the communities of Santa Clara County. In 1994, VTA also became the congestion management agency in Santa Clara County. On January 1, 2000, AB 1650 (Committee on Transportation, Chapter 724, Statutes of 1999), changed VTA’s name.

VTA is an independent special district that provides bus, light rail, and paratransit services, as well as participates as a funding partner in regional rail service including Caltrain, Capital Corridor, and the Altamont Corridor Express (ACE). As the county’s congestion management agency, VTA is responsible for countywide transportation planning and for managing the county’s blueprint to reduce congestion and improve air quality. Specifically, this includes congestion management, design and construction of specific highway, transit, pedestrian, and bicycle improvement projects, as well as promotion of transit-oriented development (TOD).

VTA provides these services throughout the county, including 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.

- 3) *Many employees can’t afford to live near where they work.* Santa Clara County is one of the most expensive housing markets in the nation. The median house sale price in 2025 was over \$1.6 million, more than four times the national median of \$364,000. Additionally, the median rent in 2025 was \$3,400, or nearly double the national median of \$1,900. According to VTA, while VTA provides competitive, middle-class wages, often employees still cannot afford to live near their jobs. As a result, some VTA employees have been priced out of the area, leading them to live further outside of the county with lengthy commutes.

In fact, in a 2025 survey and fair housing analysis conducted by VTA of their 2,300 workers, one in four commute more than one hour each way, and nearly 10% commute more than two hours each way. 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.

Additionally, employees living near where they work contributes to the success of California’s climate goals. Specifically, emissions from the transportation sector, the state’s largest source of greenhouse gasses (GHGs), are still on the

rise despite statewide GHG emission reduction efforts and increasingly ambitious targets. According to the California Air Resources Board (CARB)'s GHG emission inventory, the transportation sector emissions have grown to roughly over 40% of California's total emissions.

CARB's 2022 Scoping Plan scenario for achieving 85% GHG emission reductions by 2045 calls for a 25% reduction in vehicle miles travelled (VMT) by 2030 and a 30% reduction in VMT by 2045. Reducing daily commutes and mode shift – getting people out of their cars and onto public transit and active transportation – is a critical component.

- 4) *How do we make it happen?* 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.

Additionally, 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. It authorized school districts 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, as required by fair housing laws.

Recent legislation, including AB 2295 (Bloom, Chapter 652, Statutes of 2022) and AB 1021 (Wicks, Chapter 503, Statutes of 2025), also gave flexibility to local educational agencies (LEAs) to develop employee housing on their land, and allowed certain employee housing projects with a specified percentage of affordable housing to be exempt from the California Environmental Quality Act (CEQA). In order to ensure compliance with federal and state fair housing laws, these bills provide that the LEAs may first offer units to LEA employees, but must also make the units available to the members of the public.

- 5) *VTA has a long history with TOD housing.* VTA has a statutorily authorized TOD program, which has been in place for several decades. Under this authority, VTA partnered with housing developers to build projects on VTA-

owned land and developed two projects in 1998 and 1999. VTA recently reactivated the program. Specifically, 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”.

To date, VTA has developed 579 units, 379 of which are affordable. VTA currently has 28 sites throughout Santa Clara County that have been designated for TOD around light rail, Caltrain, and Bay Area Rapid Transit (BART) stations. The projects support a mix of income levels, and since 2016, required affordable units be included. VTA increased the affordable housing goals to a minimum of 25% at each residential project, and a portfolio-wide goal of 40%. 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.”

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.

- 6) *AB 2263 would allow VTA to develop housing for their employees.* Building off the examples in the education sector, AB 2263 expands VTA's current TOD authority to allow VTA to acquire land for and construct rental and for-sale units of employee housing for VTA employees. The bill requires the employee housing projects to comply with all applicable land use and zoning regulations.

Additionally, the bill specifies that employee housing projects built using this authority will be restricted to VTA employees, except that VTA may allow members of the public to occupy the housing as well, subject to current laws and regulations. However, VTA retains the right to prioritize VTA employees over members of the public to occupy the housing.

Regarding rental housing, the bill requires the units to be affordable to lower or moderate-income households, as defined in housing law, and the units are required to have an affordability restriction for at least 55 years. The bill also

authorizes the building of for-sale housing as well to promote housing ownership opportunities for VTA employees. Specifically, any for-sale housing units built are also required to be affordable to lower or moderate-income households for a minimum of 45 years. AB 2263 requires VTA to ensure compliance with the affordability restrictions.

Writing in support of the bill, SEIU Local 521 states, “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.

“AB 2263 uses a proven model of local governments providing employee housing in a novel way to maximize TOD and provide VTA employees more opportunities to live in the community they work so hard to serve.”

- 7) *Legislature will be able to see the results.* Given the novelty of this legislation, AB 2263 also requires VTA to submit an annual report to the Legislature about how the bill is being implemented. This report could inform best practices for future public agencies seeking similar authority. Specifically, the bill requires the report to include plans for employee housing projects, including the number of units, affordability level, size of units, developer, and density of the project; and the status of pending employee housing projects including the number of units, affordability level, size of units, developer and density of the project.
- 8) *Double referral.* This bill was double referred to the Senate Housing Committee, where it approved on June 16, 2026, by a vote of 10-0.

#### **RELATED/PREVIOUS 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 LEA and exempts these housing developments from 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.

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

**POSITIONS: (Communicated to the committee before noon on Wednesday,  
June 24, 2026.)**

**SUPPORT:**

Santa Clara Valley Transportation Authority (sponsor)  
AFSCME Local 1101  
City of San Jose  
Mayor Matt Mahan, City of San Jose  
San Jose Chamber of Commerce  
San Jose Silicon Valley Chamber of Commerce  
SEIU 521

**OPPOSITION:**

None received

**-- END --**