SENATE RULES COMMITTEE AB 2263

Office of Senate Floor Analyses

(916) 651-4171

THIRD READING

Bill No: AB 2263

Author: Kalra (D), et al.

Amended: 6/18/26 in Senate

Vote: 21

SENATE HOUSING COMMITTEE: 10-0, 6/16/26

AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Ochoa Bogh, Padilla

SENATE TRANSPORTATION COMMITTEE: 12-0, 6/30/26

AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Dahle, Grayson, Menjivar, Richardson, Seyarto, Valladares, Wiener

NO VOTE RECORDED: Gonzalez

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 63-5, 5/11/26 - See last page for vote

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

SOURCE: Santa Clara Valley Transportation Authority

DIGEST: This bill authorizes the Santa Clara Valley Transportation Authority (VTA) to construct employee housing projects on their land in addition to their existing authority for transit-oriented joint development (TOD) projects.

ANALYSIS:

Existing law:

VTA Authority.

1) Establishes the Santa Clara VTA. 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.

2) 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.

3) 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, as specified.

4) 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. 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.

Employee Rental Housing Act.

5) 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.

6) 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.

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 ¼ 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

Author's statement. "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."

Allowing employee housing on more public lands. Existing law, pursuant to the Employee Rental Housing Act, authorizes cities and counties to develop employee rental housing on their land. Recent legislation, including AB 2295 (Bloom, Chapter 652, Statutes of 2022) and AB 1021 (Wicks, Chapter 503, Statutes of 2025) gave flexibility to local educational agencies (LEAs) to develop employee housing on their land, and exempted 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.

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.

In a survey and fair housing analysis conducted by VTA of their 2,200 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.

Current VTA authority to develop 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 and to date, have 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 stations. The projects support a mix of income levels, and since 2016 required affordable units be included. A 2022 policy increased the affordable housing goals to a minimum of 25% at each residential project, and a portfolio-wide goal of 40%

Building off the examples in the education sector, this bill 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. This bill requires the employee housing projects to comply with all applicable land use and zoning regulations.

Additionally, this 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, this 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. This 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. Lastly, this bill requires VTA to ensure compliance with the affordability restrictions.

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

SUPPORT: (Verified 8/3/26)

Santa Clara Valley Transportation Authority (source)
San Jose Silicon Valley Chamber of Commerce

OPPOSITION: (Verified 8/3/26)

None received

ASSEMBLY FLOOR: 63-5, 5/11/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Ramos, Ransom, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NOES: DeMaio, Hadwick, Lackey, Sanchez, Tangipa
NO VOTE RECORDED: Arambula, Ellis, Gallagher, Johnson, Lowenthal, Macedo, Patterson, Quirk-Silva, Celeste Rodriguez, Michelle Rodriguez, Solache, Soria

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8/5/26 15:04:34

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