CONCURRENCE IN SENATE AMENDMENTS
AB 2263 (Kalra)
As Amended June 18, 2026
Majority vote

SUMMARY

Authorizes the Santa Clara Valley Transportation Authority (VTA) to construct employee housing projects in addition to their existing authority for transit-oriented joint development (TOD) projects.

Senate Amendments

1) Defines "employee housing project" as a project that provides a preference for VTA employees and qualifies as a housing development project, as defined in paragraph (2) of subdivision (h) of Section 65589.5 of the Government Code, for VTA employees and members of the public that is undertaken in connection with an existing, planned, or proposed transit facility and is located one-quarter mile or less from the external boundaries of that facility.

2) States that an employee housing project constructed by the VTA pursuant to this section is subject to the duty of public agencies to affirmatively further fair housing pursuant to Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2 of the Government Code, the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), the Unruh Civil Rights Act (Section 51 of the Civil Code), and the federal Fair Housing Act (42 U.S.C. Sec. 3601 et seq.).

3) States that employee housing projects undertaken by this section shall be restricted to VTA employees, except that the VTA may allow members of the public to occupy housing created through this section, subject to applicable laws and regulations.

4) States that VTA shall retain the right to prioritize VTA employees over members of the public to occupy housing.

5) Defines "lower income households" to have the same meaning as in Section 50079.5 of the Health and Safety Code.

6) 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.

7) States that VTA may 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 employee housing units shall be affordable to lower income households or moderate-income households. These units shall be subject to a recorded affordability restriction for at least 55 years.

8) States that VTA may construct for-sale housing that promotes housing opportunities for VTA employees. If the VTA constructs for-sale housing pursuant to this paragraph, the employee

housing units shall be affordable to lower or moderate-income households. These units shall be subject to a recorded affordability restriction for at least 45 years.

9) Requires VTA to ensure compliance with the recorded affordability restrictions on employee housing units described above.

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

11) Requires VTA to submit a report by December 31 of each year, consistent with Section 9795 of the Government Code, to the Legislature, including the Assembly and Senate Transportation Committees, the Assembly Housing and Community Development Committee, the Assembly and Senate Local Government Committees, and the Senate Housing Committee, on the use of this section to develop employee housing. The report shall include, but shall not be limited to, both of the following:

    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

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:

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 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.

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."

Arguments in Opposition
None on file.

FISCAL COMMENTS

Unknown.

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

ASSEMBLY FLOOR: 63-5-12
YES: 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
NO: DeMaio, Hadwick, Lackey, Sanchez, Tangipa
ABS, ABST OR NV: Arambula, Ellis, Gallagher, Johnson, Lowenthal, Macedo, Patterson, Quirk-Silva, Celeste Rodriguez, Michelle Rodriguez, Solache, Soria

SENATE FLOOR: 40-0-0
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

UPDATED

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