

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2074 (Haney) – As Amended April 9, 2026

SUBJECT: Regional transit hub districts: downtown housing developments

SUMMARY: Requires major transit cities to designate high-density downtown transit hub districts where qualifying housing developments are allowed by right, subject to specified labor and affordability standards, and establishes a state revolving loan fund to support their construction. Specifically, **this bill:**

- 1) Defines for purposes of the bill:
 - a) “Downtown housing development” means a housing development project within a regional transit hub district.
 - b) “Fund” means the Downtown Revitalization Loan Fund established pursuant to 9).
 - c) “Housing development project” means the same as a housing development project is defined in the Housing Accountability Act (HAA), generally a multiunit project that is at least two-thirds residential.
 - d) “Major transit city” means a city with a population of at least 400,000 in the most recent decennial census that contains at least two transit-oriented development stops.
 - e) “Regional transit hub district” (district) means a district of a minimum size, as specified by 2), surrounding a transit stop designated by a city.
 - f) “Transit-oriented development stop” (TOD stop) has the same meaning as defined in SB 79 (Wiener), Chapter 512, Statutes of 2025 (SB 79).
- 2) Requires each major transit city to comply with the applicable of the following:
 - a) A major transit city with a population of at least 400,000 and less than 1,000,000 in the most recent decennial census shall designate at least one district with a total area of at least 0.5 square miles.
 - b) A major transit city with a population of at least 1,000,000 and less than 2,000,000 in the most recent decennial census shall designate at least one district with a total area of at least 1 square mile.
 - c) A major transit city with a population of at least 2,000,000 in the most recent decennial census shall designate at least one district with a total area of at least 1.5 square miles.
- 3) Provides that a city that is not a major transit city may designate a district.
- 4) Provides that designation of a district pursuant to this bill shall not be considered a “project” for the purposes of the California Environmental Quality Act (CEQA).

- 5) Requires districts to be a contiguous area of at least .25 square miles containing at least one TOD stop.
- 6) Requires that a downtown housing development be an allowable use in a district. Provides that a downtown housing development in a district is subject to all of the following:
 - a) Prohibits a city from setting a maximum height limit lower than 150 feet.
 - b) Requires at least 25% of the total area of all districts within a city to allow a maximum height of 450 feet.
 - c) Prohibits a city from setting a maximum floor area ratio lower than 6.
 - d) Requires at least 25% of the total area of all districts within a city to allow a maximum floor area ratio of at least 12.
 - e) Prohibits a city from setting a maximum density of less than 200 dwelling units per acre.
 - f) Prohibits at least 25% of the total area of all districts in a city from having a maximum density limit.
- 7) Allows a city to set other objective zoning standards, objective subdivision standards, and object design review standards related to a downtown housing development within a district that are consistent the requirement of 6).
- 8) Applies the following to a downtown housing development:
 - a) Labor Standards pursuant to SB 423 (Wiener), Chapter 778, Statutes of 2023 (SB 423).
 - b) Ability to qualify for a density bonus, incentives or concessions, waivers or reductions of development standards, or parking ratios pursuant to Density Bonus Law (DBL) or a local density bonus, using the requirements of the bill as the base density.
 - c) Provides eligibility for streamlined ministerial approval pursuant to SB 423 without meeting the standards for a project under SB 423, except that the downtown housing development project is still restricted from using the ministerial process in SB 423 if the project is on an environmentally sensitive site, see 3) in *Existing Law*.
 - d) Requires the local government to, as a condition of approval, require the development proponent to complete a phase I environmental assessment.
 - i) Provides that if a recognized environmental condition is found, the development proponent shall complete a preliminary endangerment assessment, as specified, prepared by an environmental assessor to determine the existence of any release of hazardous substances on the site and to determine the potential for exposure of future occupants to significant health hazards from any nearby property or activity.
 - ii) Provides that if a release of a hazardous substance is found to exist on the site, the release shall be removed or any effects of the release shall be mitigated to levels required by current federal and state statutory and regulatory standards before the local government issues a certificate of occupancy.

- iii) Provides that if a potential exposure to significant hazards from surrounding properties or activities is found to exist, the effects of the potential exposure shall be mitigated to levels required by current federal and state statutory and regulatory standards before the local government issues a certificate of occupancy.
 - e) Requires a minimum density of 60 dwelling units per acre.
 - f) Meets the affordability requirements established in SB 79 for projects containing more than 10 units or the local inclusionary housing requirement, whichever has a higher percentage of affordable units or deeper level of affordability.
 - g) Requires the development proposed pursuant to the bill to comply with any applicable local demolition and anti-displacement standards established through a local ordinance.
 - h) Prohibits the downtown housing development from being located on either of the following:
 - i) A site with more than two units of housing subject to any form of rent or price control, was occupied by tenants within the past seven years, and the development would require the demolition of those housing units.
 - ii) A site that was previously used for more than two units of housing that was subject to rent or price control and the units were demolished within 7 years before the development proponent submitted an application.
 - i) Prohibits the demolition of any individually landmarked property on a local, state, or federal historic register.
 - j) Requires consistency with the height, noise, and safety standards of an adopted airport land use compatibility plan or Department of Defense Air Installation Compatible Use Zone, as specified.
- 9) Establishes the Fund within the State Treasury:
- a) Provides that moneys deposited and maintained in the Fund are continuously appropriated without regard to fiscal year to the California Housing Finance Agency (CalHFA).
 - b) Provides that moneys in the Fund may be loaned to an applicant to develop a downtown housing development, subject to all of the following conditions:
 - i) The loan shall be a simple-interest loan at an interest rate that is the same or less than the rate of interest earned on moneys in the Pooled Money Investment Account, determined as of the date of disbursement of the loan.
 - ii) The amount loaned shall not exceed 30% of the project cost.
 - iii) The applicant shall repay the loan, including interest, after completion of the development, as specified in the terms of the loan.

- c) Provides that moneys received from repayments of loans shall be deposited into the Fund and shall be available to make new loans.
 - d) Allows CalHFA to adopt necessary rules and regulations to create and administer the Fund, including, but not limited to, rules or regulations governing the issuance or timing of loans from the Fund.
 - e) Allows CalHFA to adopt those regulations as emergency regulations under the Administrative Procedures Act.
- 10) Finds and declares that this bill serves a public purpose of helping to address the statewide housing crisis and loans issued pursuant to this subdivision do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.
- 11) Finds and declares that the statewide housing crisis is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities.
- 12) Provides that no reimbursement is required because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this bill.
- 13) Provides that if the Commissions on State Mandates determines that this bill contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs pursuant to current law governing state mandated local costs.

EXISTING LAW:

- 1) Establishes, pursuant to SB 79 (Wiener), Chapter 512, Statutes of 2025, a streamlined, ministerial approvals process for housing development projects within a specified distance of TOD stops. [Government Code (GOV) § 65912.157]
- 2) Establishes, pursuant to SB 423, a streamlined, ministerial approval process for certain infill multifamily affordable housing projects that are compliant with local zoning and objective standards and that are proposed in local jurisdictions that have not met their regional housing needs allocation. (GOV § 65913.4)
- 3) Requires a project pursuant to SB 423 to not be located in any of the following to use the streamlined ministerial approval process:
 - a) Coastal zone.
 - b) Prime farmland or farmland of statewide importance.
 - c) Wetlands.
 - d) Very high fire hazard severity zone.
 - e) Hazardous waste site.
 - f) Delineated earthquake fault zone.

- g) Special flood hazard area.
- h) Regulatory flood way.
- i) Lands identified for conservation.
- j) Habitat for protected species.
- k) Lands under conservation easement. (GOV § 65913.4)

FISCAL EFFECT: This bill is keyed fiscal and contains a state mandated local program.

COMMENTS:

- 1) **Bill Summary.** This bill establishes a statewide framework to facilitate high-density housing development in downtown, transit-rich areas by requiring certain large cities with a population of at least 400,000 in the 2020 U.S. Census with at least two qualifying TOD stops to designate “regional transit hub districts” of a specified minimum size based on population. Under the bill, Los Angeles (population over 2,000,000) must designate at least 1.5 square miles; San Diego and San Jose (population between 1,000,000 and 2,000,000) must designate at least 1 square mile; and San Francisco, Sacramento, Long Beach, and Oakland (population between 400,000 and 1,000,000) must each designate at least 0.5 square miles in districts, based on 2020 Census populations. Other cities may opt in and elect to designate a regional transit hub district in order for downtown developments to be eligible for project financing through the Downtown Revitalization Loan Fund (Fund).

Within these districts, the bill establishes minimum zoning standards that local governments must allow, including a base maximum height of at least 150 feet, with at least 25% of the district permitting heights of at least 450 feet; a minimum floor area ratio (FAR) of 6, with at least 25% of the district allowing a FAR of at least 12; a minimum density of 60 dwelling units per acre, and a density cap of no less than 200 dwelling units per acre, with at least 25% of the district allowing unlimited density. This bill prohibits cities from imposing lower caps and requires that housing be an allowable use throughout these areas, while still permitting local governments to adopt other zoning standards that do not conflict with these minimum thresholds. In effect, this bill establishes a statewide zoning floor for downtown areas, increasing allowable development intensity in proximity to major transit.

In addition, this bill creates the Downtown Revitalization Loan Fund, administered by CalHFA, to provide low-interest, revolving loans covering up to 30% of project costs for eligible developments. Loans are issued at or below the state’s pooled investment rate and must be repaid upon project completion, with repayments recycled to support future projects. The Fund is considered a continuous appropriation, because CalHFA can continue to issue additional loans upon repayment without future appropriation from the Legislature.

This bill is sponsored by California YIMBY and the State Building and Construction Trades Council of California.

- 2) **Author’s Statement.** According to the author, “California’s downtowns are at a crossroads. In the wake of the pandemic, many of our city centers are struggling with high vacancy rates, declining foot traffic, and reduced economic activity. At the same time, we continue to face a

severe housing shortage, especially in the very places where housing makes the most sense: near jobs, transit, and existing infrastructure. AB 2074 responds to both of these challenges by creating a clear, statewide framework to support high-density housing in our downtown cores while ensuring that the jobs created are high-quality, family-supporting jobs.

“This bill establishes regional transit hub districts in major cities and sets baseline zoning standards that allow for meaningful mixed-use and residential high-rise development, while providing a streamlined approval pathway for projects that meet affordability and strong labor standards. It also creates a revolving loan fund through CalHFA to help address one of the most significant barriers to building housing today: access to early-stage financing. By pairing housing production with robust labor protections and financial tools, AB 2074 is designed to unlock housing, support good-paying jobs, and bring new life to our downtowns.”

- 3) **Police Powers and Land Use Authority.** Planning for and approving new development is mainly a local responsibility. The California Constitution allows cities and counties to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” It is from this fundamental power, commonly called the police power, that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public – including land use authority. Cities and counties enforce this land use authority through zoning regulations, as well as through an “entitlement process” for obtaining discretionary as well as ministerial approvals.

The scale of the proposed development, as well as the existing environmental setting determine the degree of local review that occurs. For larger developments, the local entitlement process commonly requires multiple discretionary decisions regarding the subdivision of land, environmental review pursuant to CEQA, and project review by the local agency’s legislative body (city council or county board) or by a planning commission delegated by the legislative body.

- 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, Statues 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) **SB 79: A Roadmap for Transit Oriented Development Legislation.** This bill uses the existing legislative framework established by SB 79 (Wiener). SB 79 requires a housing development project within a specified radius of existing or currently proposed major TOD stops, as defined, to be an allowable use on a site zoned for residential, mixed, or commercial development, if the housing development meets certain requirements. This bill also allows a transit agency to adopt TOD zoning standards for district-owned land located in a TOD zone.

Similar to SB 79, this bill establishes TOD zoning standards that are typically higher than what a local agency has zoned the area in its general plan. Recent guidance from HCD, *SB 79 Advisory Clarification on Definition for Metropolitan Planning Organizations*, attempts to provide additionally clarity to various terms in SB 79, including “TOD stop” which is used by this bill.

- 6) **Related Legislation.** 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

- 7) **Previous Legislation.** AB 1445 (Haney), Chapter 642, Statutes of 2024, authorized any city or county to establish one downtown revitalization and economic recovery financing district.

AB 2488 (Ting), Chapter 274, Statutes of 2024, allowed the City and County of San Francisco to establish one downtown revitalization and economic recovery financing district. AB 2488 also allowed that district to finance commercial-to-residential conversion projects the district determines are of communitywide significance and provide significant benefits to the district or San Francisco.

AB 2011 (Wicks), Chapter 647, Statutes of 2021, created the Affordable Housing and High Road Jobs Act of 2022, creating a streamlined, ministerial local review and approvals process for certain affordable and mixed-use housing developments in commercial zoning districts and commercial corridors.

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

SB 423 (Wiener), Chapter 778, Statutes of 2023, amended SB 35 (Wiener), which created a streamlined, ministerial local approvals process for housing development proposals in jurisdictions that have failed to produce sufficient housing to meet their RHNA.

SB 6 (Caballero), Chapter 659, Statutes of 2022, established the Middle Class Housing Act of 2022, allowing residential uses on commercially zoned property without requiring a rezoning.

- 8) **Arguments in Support.** California YIMBY, one of the bill’s co-sponsors, writes in support: “AB 2074 requires California’s seven largest transit-rich cities—those with populations over 400,000, including Los Angeles, San Diego, San Jose, San Francisco, Sacramento, Oakland, and Long Beach—to designate regional transit hub districts. Within these districts, the bill establishes new development standards, including a baseline height limit of 150 feet and a requirement that at least 25 percent of each district allow buildings of 450 feet or more. Residential projects that meet the bill’s labor standards would qualify for streamlined, ministerial approval.

“By requiring cities to designate transit-rich districts and allow substantial residential capacity, AB 2074 will unlock new housing opportunities in the places where homes are most sustainable, accessible, and economically productive—near jobs, transit, and existing infrastructure. This approach helps ensure that California’s growth is directed to areas best suited to support vibrant, transit-oriented communities while reducing barriers that too often delay or prevent housing construction.”

- 9) **Arguments in Opposition.** The California Housing Consortium writes in opposition, “While the intent of the bill is to revitalize downtown areas, we have concerns with the unintended consequences of the legislation. At a time when the state’s general fund has a growing structural deficit, creating a loan fund that is limited to a specific project type in specific locations raises serious issues. As currently written, the bill would subsidize market-rate luxury housing unaffordable to most Californians. Limited public dollars should subsidize homes that are affordable to low-income people, not developments with mostly market-rate housing. Furthermore, given the project requirements, there are only a few jurisdictions that would benefit from these funds, inadvertently exacerbating regional economic disparities.”
- 10) **Triple-Referral.** This bill is triple referred to the Committee on Housing and Community Development, where it passed on a 10-1 vote on April 8th, and the Committee on Natural Resources.
- 11) **State Mandate.** The bill is keyed a state mandated, which means that the state could be required to reimburse local agencies and school districts for implementing the bill’s provisions if the Commission on State Mandates determines that the bill contains costs mandated by the state.

REGISTERED SUPPORT / OPPOSITION:

Support

California YIMBY [CO-SPONSOR]

State Building & Construction Trades Council of California [CO-SPONSOR]

Circulate Planning & Policy

Climate Action Campaign
Zillow Group

Opposition

California Housing Consortium
Equitable Land Use Alliance (ELUA)
Families and Homes San Jose (Unless Amended)
Mission Street Neighbors

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