

SENATE BILL SB-20

Introduced by Senator Catherine Blakespear (D-38)

An act relating to Workforce Housing Transit Initiative.

LEGISLATIVE COUNSEL'S DIGEST

SB-20, Catherine Blakespear (D-38). Workforce Housing Transit Initiative.

Under the Personal Income Tax Law and the Corporation Tax Law, various tax credits are allowed against the taxes imposed by those laws. The Planning and Zoning Law requires local jurisdictions to adopt housing elements to meet their share of regional housing needs. State law also supports low carbon transit and transit oriented development to reduce vehicle miles traveled and greenhouse gas emissions.

This bill establishes the Workforce Housing Transit Tax Credit, allowing employers operating in California a tax credit equal to 30 percent of qualified expenditures made to construct, master lease, or directly subsidize transit-oriented workforce housing for employees earning between 60 percent and 120 percent of Area Median Income

Vote: Majority. **Appropriations/fiscal:** yes. **Local program:** no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. LEGISLATIVE FINDINGS AND DECLARATIONS

The Legislature finds and declares all of the following: (a) California faces twin humanitarian and economic challenges: a severe shortage of housing near employment centers and escalating traffic congestion that degrades air quality and climate resiliency.

(b) Middle-income workers, such as school employees, municipal workers, healthcare staff, and service workers, are increasingly priced out of the communities they serve, particularly along Southern California's coastal transportation corridors, including Senate District 38.

(c) Integrating workforce housing directly with major transit nodes, such as the 351-mile LOSSAN passenger rail corridor, alleviates highway congestion, boosts transit ridership, and supports regional climate and housing goals.

(d) Expanding employer participation through targeted state tax incentives leverages private sector capital to expand housing options without relying solely on limited public housing bonds or local municipal budgets.

SEC. 2. Section 17053.95 is added to the Revenue and Taxation Code:

(a) For taxable years beginning on or after January 1, 2027, there shall be allowed as a credit against the "net tax" an amount equal to 30 percent of qualified workforce transit housing expenditures paid or incurred by a qualified employer during the taxable year. There shall also be a guaranteed 10-year

statutory availability window (for taxable years beginning on or after January 1, 2027, and before January 1, 2037)

(b) Employers offering subsidized monthly transit passes receive a 4% credit boost (raising the tax credit from 30% to 34%) and qualify for priority application review.

(C) For purposes of this section:

(1) "Qualified Employer" means any individual, corporate entity, or non-profit organization operating a trade or business in California.

(2) "Qualified Workforce Transit Housing Expenditure" means capital contributions, direct rental subsidies, or debt financing provided by an employer for the development, acquisition, or master-leasing of residential housing units, provided that:

(A) The housing development is located within one-half mile of an operational passenger rail station or high quality transit corridor.

(B) The units are restricted for occupancy by employees earning between 60 percent and 120 percent of the Area Median Income for the county in which the housing is located.

(C) The employer provides tenants with complimentary or subsidized monthly public transit passes.

SEC. 3. Section 50518 is added to the Health and Safety Code, to read:

(a) The Department of Housing and Community Development shall establish application guidelines and eligibility criteria to certify employers for the Workforce Housing Transit Tax Credit established pursuant to Section 17053.95 of the Revenue and Taxation Code.

(b) The Department of Housing and Community Development must approve or deny an employer's certification application within 60 calendar days of receipt. If the Department of Housing and Community Development does not act within 60 days, the application is deemed certified. Applications electing the transit pass bonus receive priority review within 30 calendar days

(b) In certifying projects, the department shall prioritize employer investments located within major regional transit corridors, including the LOSSAN Rail Corridor; that demonstrate direct reductions in vehicle miles traveled.

(c) On or before January 1, 2029, the department shall submit a report to the Legislature detailing total units funded, total employer tax credits claimed, and transit ridership impacts attributable to the program.