

## New Laws Foster Development of Workforce Housing on Local Educational Agency Property

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On October 10, 2025, Governor Newsom approved two laws intended to facilitate workforce housing development on land owned by local educational agencies (LEAs). Assembly Bill (AB) 1021 improves upon AB 2295, which streamlined the process for LEAs to develop workforce housing on their property.

Additionally, AB 1296 requires the Department of Housing and Community Development (HCD) to provide technical assistance to LEAs interested in developing housing on their property, thus providing support for predevelopment activities.

**AB 1021 Revises and Recasts AB 2295**

AB 2295, which became effective January 1, 2024, is intended to streamline the process for LEAs to develop workforce housing on their property when certain requirements are met. (See Lozano Smith's [2022 Client News Brief Number 53](#).)

AB 1021 is expressly intended to “revise and recast” provisions under AB 2295 that deem a housing development an allowable use on real property owned by LEAs. As with AB 2295, projects that meet the statutory requirements are deemed to be in compliance with local development standards, zoning codes or maps, and the general plan. AB 2295 and AB 1021 together are intended to ease the path to approval of workforce housing on LEA property by cities and counties.

Effective January 1, 2026, AB 1021 will revise the requirements under AB 2295 in several respects, further easing the path to development of workforce housing. These changes include, but are not limited to, the following:

- A 55-year recorded deed restriction must ensure either:
  - At least 30% of units are at lower income levels and at least 20% are at moderate income levels, or
  - At least 12% of the total units are set at very low income, 15% at lower income, and 20% moderate income.
- Priority for rental units is given first to the LEAs' employees and second to employees of all other LEAs—not just employees of LEAs who share borders with the LEA developing the housing project, as was the case under AB 2295.

- Project density and height limits are potentially increased, depending on the project location and local jurisdiction (e.g., city, county).
- While the project must comply with objective zoning, subdivision, and design standards of the local jurisdiction, in general, those standards may not preclude the proposed density of the project.
- The project need not be located in an “infill” area or “adjacent to residential uses,” as was the AB 2295 requirement, meaning that LEA property in *any* location can potentially qualify for use in AB 2295/AB 1021 projects. This includes property in rural or non-residential areas.

Qualified projects may be eligible for density bonuses, which is a means of providing additional incentives to developers who undertake such projects. Qualified projects are also entitled to streamlined processing and protections provided under the Housing Accountability Act (HAA). In general, the HAA limits the ability of local agencies to deny or place conditions on projects if they comply with objective standards.

AB 2295 did not expressly include any exemption under the California Environmental Quality Act (CEQA) for workforce housing projects. Now, AB 1021 will incorporate an existing CEQA exemption for affordable housing. In order to rely on the exemption, additional requirements regarding project location and project labor standards must be met, which may pose difficulties for some LEAs seeking to use this exemption. However, other CEQA exemptions for housing development projects may be available to streamline CEQA review, including a new exemption for urban area housing development. (See our [2025 Client News Brief Number 30](#).)

AB 1021 also clarifies that qualifying workforce housing projects are exempt from the Education Code requirement for school districts to convene a district advisory committee that advises on use of surplus property (often called a “7-11” committee).

### **AB 1296: HCD to Provide Technical Assistance to LEAs for Housing Projects**

Also effective January 1, 2026, AB 1296 will require HCD to provide technical assistance to LEAs to support predevelopment activities related to housing projects located on LEA properties. HCD will be required to either directly provide technical assistance to LEAs, or to provide assistance through contracts with qualified third-party entities, such as legal firms, financial advisors, housing development consultants, and nonprofit technical assistance providers. The technical assistance provided would include:

- Information and guidance on statutory requirements, surplus land procedures, and local land use regulations relevant to predevelopment activities.
- Available funding sources, including State and federal grants, tax credits, and loan programs, as well as application requirements and timelines.
- Insights on conducting project feasibility analysis and exploring partnership models.
- Clarification of State and local regulatory processes, including key steps and compliance considerations.
- Review of draft agreements with housing developers.

HCD's provision of technical assistance would be "advisory in nature," and legal advice or other assistance would not be construed as creating an attorney-client relationship with the LEA. Priority would be given to LEAs serving high-need student populations or located in areas experiencing high housing-cost burdens or educator staffing shortages.

Under AB 1296, HCD will also be required provide a form on its website by January 1, 2027. This form will allow LEAs to notify HCD of their interest in using LEA property for a housing project.

## **Takeaways**

While AB 2295 was set to expire on January 1, 2033, AB 1021 extends that timeline to January 1, 2036. Overall, AB 1021's revisions to AB 2295 should further ease the path to workforce housing on LEA property. In addition, the guidance and assistance to be provided by HCD pursuant to AB 1296, will, ostensibly, be a beneficial resource LEAs when developing workforce housing projects.

Lozano Smith has worked with multiple LEAs on workforce housing projects. If you have any questions about AB 2295/AB 1021, AB 1296, or LEA workforce housing projects in general, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcast](#), follow us on [Facebook](#) and [LinkedIn](#), or download our [mobile app](#).

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