

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

May 8, 2026

Agenda Item 3a – 26-0556

Fiscal Year 2026–27 State Budget Update

Subject:

Status update on state budget negotiations and overview of MTC-ABAG’s budget priorities.

Summary:

Governor Newsom is expected to release his May Revision to the state budget by May 14, 2026, as required by the California Constitution. The Governor releases the May Revise to reflect changes from the January Fiscal Year (FY) 2026-27 Budget based on the latest economic forecasts. The Legislative Analyst’s Office (LAO) projects an almost \$18 billion budget deficit in FY 2026-27, and a roughly \$35 billion annual structural deficit beginning in FY 2027-28, due to spending continuing to outpace revenue growth. The Governor projected \$3 billion deficit in January, which is lower than the LAO’s projections due to different underlying assumptions.

The State’s Cap-and-Invest program, which funds the Greenhouse Gas Reduction Fund (GGRF), is another important revenue source for MTC-ABAG transportation and housing priorities. The Governor’s January GGRF expenditure plan projects significant funding decreases in FY 2026-27 due to lower-than-anticipated auction revenues. This shortfall materially reduces available funding for key transit programs, including the Transit and Intercity Rail Capital Program (TIRCP), the Low Carbon Transit Operations Program (LCTOP), the SB 125 program which includes the Zero-Emission Transit Capital Program (ZETCP) as well as the Affordable Housing and Sustainable Communities (AHSC) Program.

The May Revise will be important to tell us what the most recent budget projections are and how much funding might be available for our budget priorities.

Implications for MTC-ABAG State Budget and Cap-and-Invest Priorities

Consistent with our 2026 MTC-ABAG Advocacy Program, our top budget priorities include:

Protecting Transit and Housing Funding in the Fiscal Year 2026-27 State Budget

- Fund the Transit Intercity Rail and Capital Program, Affordable Housing and Sustainable Communities program, and Low Carbon Transit Operations Program at the statutory funding targets identified in SB 840 (2025).

- Fulfill prior year SB 125 transit funding commitments. Nearly \$700 million statewide in FY 2026-27 and FY 2027-28 appropriations are outstanding, including approximately \$250 million for BART to Silicon Valley Phase II and BART Transbay Core Capacity.
- Should the Legislature proceed with funding the SB 840 \$125 million transit pass set-aside, direct the Bay Area's share to expand Clipper® BayPass access for the region's more than 400,000 community college students. (See Attachment A).

Advancing Housing Innovation at the Bay Area Housing Finance Authority (BAHFA)

- Secure \$15 million in one-time funding to sustain successful BAHFA programs that are improving housing affordability across the Bay Area, enable it to become self-sustaining by 2030 and position the agency for a potential 2028 housing ballot measure.

Staff are working closely with the Bay Area delegation to secure legislative support to advance these priorities. Senator Jesse Arreguín, Senator Scott Wiener, and Assemblymember Alex Lee led support letters in their respective houses advocating for critical statewide transit funding priorities, with a total of 19 members signing on (See Attachments B and C). On housing, Senate Housing Chair Jesse Arreguín, Assemblymember Buffy Wicks, and four other members signed a support letter for \$30 million in funding for Regional Housing Finance Authorities across the state, including \$15 million for the BAHFA to sustain operations and launch a regional lending program (See Attachments D and E).

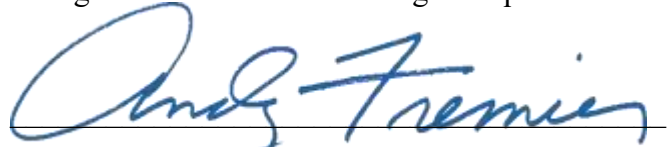
Staff will provide a verbal update at your meeting on any news about the Governor's May Revise to the FY 2026-27 State Budget.

Recommendation:

Information

Attachments:

- Attachment A: MTC-ABAG FY 2026-27 State Budget Priorities Letter
- Attachment B: Senate Transportation Funding Support Letter
- Attachment C: Assembly Transportation Funding Support Letter
- Attachment D: Senate Regional Housing Finance Authorities Budget Request Letter
- Attachment E: Statewide Regional Housing Finance Authorities Budget Request Letter



Andrew B. Fremier



March 10, 2026

The Honorable Monique Limón
President pro Tempore, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable John Laird
Chair, Senate Budget and Fiscal Review Committee
1021 O Street, Suite 8720
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

Re: FY 2026-27 State Budget Requests related to Transit, Housing and Implementing Sustainable Communities Strategies

Dear President pro Tempore Limón, Speaker Rivas, Chair Laird and Chair Gabriel:

On behalf of the Metropolitan Transportation Commission and the Association of Bay Area Governments (MTC-ABAG), I’m writing to share our budget priorities for the fiscal year (FY) 2026-27 State Budget. We are grateful for the Legislature’s early action approving a \$590 million loan to support Bay Area transit operations, which provided critical near-term stability for transit agencies and riders. As you finalize the full year budget, we respectfully request your support for the priorities outlined below.

1. Fully Fund Cap-and-Invest Transit and Housing Programs

As part of last year’s Cap-and-Invest reauthorization, SB 840 (Limón) converted Greenhouse Gas Reduction Fund (GGRF) continuous appropriations for certain transit and housing programs from percentage allocations to fixed statutory dollar commitments, including \$800 million for the Affordable Housing and Sustainable Communities Program (AHSC), \$400 million for the Transit and Intercity Rail Capital Program (TIRCP), and \$200 million for the Low Carbon Transit Operations Program (LCTOP). The FY 2026–27 budget represents the first year under the new Cap-and-Invest structure.

The Governor’s proposed Cap-and-Invest expenditure plan funds the above programs at approximately 30 percent below the authorized levels due to lower-than-anticipated auction revenues. Preserving these programs is critical to completing priority transit improvements across California as well as continuing progress toward California’s housing and climate goals.

We respectfully urge the Legislature to fund TIRCP, AHSC and LCTOP at the statutory funding targets identified in SB 840.

2. Fulfill the SB 125 Transit Funding Commitment

In 2023, the Legislature adopted a \$5.1 billion multi-year transit funding package (SB 125), which included GGRF support of approximately \$230 million in FY 2026–27 and \$460 million in FY 2027–28 statewide. However, the Governor’s January budget proposal does not include these amounts in the proposed multi-year GGRF expenditure plan.

In the Bay Area, MTC programmed the region’s \$1.1 billion SB 125 allocation to both sustain transit operations through summer 2026 and to fulfill prior-year state budget commitments to BART to Silicon Valley Phase II and BART Transbay Core Capacity (SB 125’s \$5.1 billion included \$4 billion in transit capital funds approved in the 2022 State Budget; MTC committed the Bay Area’s share to the two capital projects). With the operating support addressed in earlier years, the Bay Area is counting on an additional \$250 million in GGRF appropriations for these two capital projects, both of which are underway.

We respectfully request the Legislature uphold the SB 125 framework and provide the remaining appropriations consistent with the prior year budget commitments. This will position these critical modernization projects to retain (or, in the case of BART to Silicon Valley Phase II, *secure*) federal matching funds and deliver the anticipated capacity, reliability, and economic benefits to the region and the state. To the extent the GGRF is oversubscribed and General Fund revenues are higher than anticipated, the Legislature could consider meeting its SB 125 commitment with a one-time General Fund appropriation instead.

3. Advance Housing Innovation at the Bay Area Housing Finance Authority (BAHFA)

MTC-ABAG is seeking \$15 million in one-time state funding to sustain key BAHFA programs through 2030, which are helping to increase access to affordable housing for Bay Area residents. Matched by MTC-ABAG and philanthropy, \$15 million would:

- Enable the Doorway Housing Portal, used by more than 450,000 housing seekers, to offer more apartment and ADU listings.
- Launch the innovative Mixed-Income Financing Program to close funding gaps for eligible housing developments. The program will also serve as a revenue stream to cover costs of administering the lending program and other important BAHFA efforts.
- Position BAHFA to advance a regional revenue measure as early as 2028.

Appropriating the full \$15 million in FY 2026-27 will help sustain these important programs through 2030, after which BAFHA aims to be self-sustaining through recovering interest earned and fees from the Mixed-Income Financing program listed above. Further, an earmark could help secure philanthropic funds by signaling the high value the state places on BAHFA’s success.

4. New Funding for Regions to Implement Sustainable Communities Strategies (SCS)

MTC-ABAG are joining partners across the state to request the Legislature provide new flexible, formula-based funding to metro regions to support implementation of state-mandated Sustainable Communities Strategies (SCS) — Plan Bay Area 2050 in the Bay Area. Eligible uses should include planning and technical assistance for regions and local governments to develop and implement Regional Housing Needs Allocation (RHNA) Cycle 7 (similar to the first round of Regional Early Action Planning (REAP) grants) and the expanded implementation activities eligible under REAP 2, including capital and operating projects and programs that accelerate infill development, reduce vehicle miles traveled, increase housing supply, or otherwise carry out the strategies identified in each region’s SCS.

5. Expand Transit Access for Bay Area Community College Students

Clipper® BayPass is a universal, unlimited transit access pass administered by MTC for trips on the 22 Bay Area transit systems that accept Clipper. The program is free to cardholders and has proven immensely successful in two pilot phases with a 30-35% increase in transit ridership among participating students and increased student retention among students with the passes.

If the Legislature proceeds with the \$125 million transit pass set-aside under SB 840, MTC recommends the Bay Area’s share be directed to expand Clipper® BayPass access for the region’s more than 400,000 community college students. This will not only ensure the funds expand transit usage in the near term, it will also improve educational outcomes and help grow the next generation of Bay Area transit riders. Bay Area community colleges are interested in offering BayPass but cannot afford to join given their limited resources and constraints on student fee increases.

For more information, please contact Georgia Gann Dohrmann, Assistant Director, Legislation and External Affairs, at ggannndorhmann@bayareametro.gov or 202-257-8801 or Scott Wetch, our Sacramento advocate, at swetch@actuml.com or 916-806-6476.

Sincerely,



Andrew B. Fremier
Executive Director

California State Senate

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California State Senate

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BAY AREA PUBLIC TRANSIT
CHAIR
MENTAL HEALTH CAUCUS
CHAIR

March 16, 2026

The Honorable John Laird
Chair, Senate Budget Committee
1021 O St, Room 8720
Sacramento, CA 95814

The Honorable Laura Richardson
Chair, Senate Budget Subcommittee #5
1021 O Street, Suite 7340
Sacramento, CA 95814

The Honorable Eloise Gómez Reyes
Chair, Senate Budget Subcommittee #2
1021 O Street, Suite 7210
Sacramento, CA 95814

**RE: Statewide Budget Consideration – Appropriate Remaining SB 125 Program
Funding and Establish Funding Certainty for TIRCP and LCTOP**

Dear Senators Laird, Reyes, and Richardson:

We, the undersigned members of the California State Senate, write to affirm our continued support for the \$5.1 billion state investment approved for public transit in the Budget Act of 2023 and to urge the appropriation of the final installments of this critical funding, totaling \$690 million in Greenhouse Gas Reduction Fund revenues for the Zero-Emission Transit Capital Program (ZETCP), in the Budget Acts of 2026 and 2027. Additionally, we write to voice our support for establishing funding certainty for the Transit and Intercity Rail Capital Program and

Low Carbon Transit Operations Program, as established in SB 840 (Limón). This letter responds to your February 10 direction to Senators to submit statewide budget requests for consideration by March 6.

SB 125 Funding: In 2023, the Legislature approved and Governor Newsom signed AB 102 (Ting) and SB 125 (Skinner), which together created a \$5.1 billion multi-year transit funding package. This package – commonly referred to as the “SB 125 program” – redirected existing transit capital funds and added new General Fund dollars to the new formula-based Transit and Intercity Rail Capital Program (TIRCP) and the ZETCP. The goal of this funding package was to sustain and expand essential transit service, following the pandemic, while advancing major transit and rail projects to meet state’s long-term environmental goals. Its size and multi-year design reflected the state’s intent to give transit agencies stable funding to recover ridership, allow supply chains to stabilize, and give regions time to plan and secure long-term funding solutions.

To access this funding, regional transportation planning agencies and metropolitan planning organizations were required to work with the transit agencies in their respective regions to develop and submit detailed allocation plans to the California State Transportation Agency (CalSTA) that address the accountability criteria that we, as the Legislature, established. Among other things, these allocation plans were required to address how funding received through this package and available through other regional/local resources would be used to address expected operational shortfalls, mitigate service cuts and fare increases, avoid layoffs, grow ridership, and improve the cleanliness and safety of their systems and that justify expenditures on major capital projects. The development of these plans benefited from deep engagement with transit agencies, the public, and regional stakeholders and appropriately balanced the project and service needs of transit agencies to maximize the benefits of our state investment. To help demonstrate their commitment to secure long-term funding solutions, regional entities and transit agencies in the San Francisco Bay Area, Central Coast, and San Diego, have prepared to pursue self-help measures. In return, our regional entities and transit agencies asked only that the state follow through on its commitment to provide the planned appropriations to the SB 125 program through Budget Acts, beginning in 2023.

In 2024 and 2025, due to the state’s fiscal challenges, the Governor proposed to eliminate the state’s commitments to the SB 125 program. As the Legislature, we responded by rejecting the proposals and advancing the planned appropriations. To date \$4.41 billion of the \$5.1 billion funding package has been appropriated through the Budget Acts of 2023, 2024, and 2025. The remaining \$690 million in Greenhouse Gas Reduction Fund revenues for the SB 125 – ZETCP is scheduled for appropriation in the Budget Acts of 2026 and 2027. In our region, the remaining regional share is planned for investment in major capital projects that leverage significant federal funding. However, the Governor’s proposed budget omits the planned \$230 million appropriations for Fiscal Year 2026-27 and does not acknowledge the planned \$460 million appropriation for Fiscal Year 2027-28.

We recognize the state’s ongoing fiscal challenges, but we cannot support the Governor’s recurring proposal to balance the budget at the expense of transit agencies. SB 125 appropriations have been essential to maintaining transit service and supporting ridership

recovery, and future funding remains critical to the industry’s continued stabilization and long-term funding efforts. Failing to provide the remaining SB 125 – ZETCP funds would lead to service cuts and layoffs, jeopardize fragile ridership gains and federal funding for capital projects, undermine regional efforts to advance sustainable, long-term funding solutions.

Again, we urge the Budget Act of 2026 to appropriate the planned \$230 million in GGRF for the formula-based ZETCP in FY 2026-27 and reaffirm the state’s commitment to appropriate \$460 million in GGRF to the program in FY 2027-28.

TIRCP and LCTOP Funding Certainty: In 2025, the Legislature approved and Governor signed AB 1207 (Irwin) and SB 840 (Limón), which together, extended the Cap-and-Trade program through 2045; renamed it the Cap-and-Invest program; and re-established the Cap-and-Invest Expenditure Plan, maintaining continuous appropriations for the TIRCP and Low Carbon Transit Operations Program (LCTOP).

As we engaged in last year’s Cap-and-Trade discussions, we emphasized the importance of funding certainty to the TIRCP and LCTOP. As we supported these bills, we expressed concerns about the final agreement’s placement of these programs in Tier 3 of the new GGRF Expenditure Plan as the placement creates unnecessary uncertainty. Under the new plan, Tier 3 programs receive funding only after all Tier 1 and Tier 2 programs’ funding commitments are met. When GGRF revenues fall short due to a weak auction market, Tier 3 programs are subject to proportional funding reductions. We flagged then that, in a weak market, the TIRCP and LCTOP could receive far less than the \$400 million and \$200 million we committed to the programs. The Governor’s proposed budget validates these concerns by projecting reduced appropriations of \$283 million and \$141 million, respectively.

Again, we urge the Budget Act of 2026 to establish funding certainty for these programs.

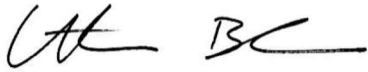
Sincerely,

JESSE ARREGUÍN
Senator, 7th District

SCOTT WIENER
Senator, 11th District

TIM GRAYSON
Senator, 9th District

BEN ALLEN
Senator, 24th District



CATHERINE BLAKESPEAR
Senator, 38th District



TOM UMBERG
Senator, 34th District



ROSILICIE OCHOA BOGH
Senator, 19th District



HENRY STERN
Senator, 27th District



SUSAN RUBIO
Senator, 22nd District



March 16, 2026

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O St, Room 8230
Sacramento, CA 95814

The Honorable Steve Bennett
Chair, Assembly Budget Subcommittee No. 4
1021 O Street, Suite 4710
Sacramento, CA 95814

RE: Statewide Budget Consideration – Appropriate Remaining SB 125 Program Funding and Establish Funding Certainty for TIRCP and LCTOP

Dear Assembly Members Gabriel and Bennett:

We, the undersigned members of the California State Assembly, write to affirm our continued support for the \$5.1 billion state investment approved for public transit in the Budget Act of 2023 and to urge the appropriation of the final installments of this critical funding, totaling \$690 million in Greenhouse Gas Reduction Fund revenues for the Zero-Emission Transit Capital Program (ZETCP), in the Budget Acts of 2026 and 2027. Additionally, we write to voice our support for establishing funding certainty for the Transit and Intercity Rail Capital Program and Low Carbon Transit Operations Program, as established in SB 840 (Limón). This letter responds to your direction to Assembly Members to submit statewide budget requests for consideration by March 6.

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To access this funding, regional transportation planning agencies and metropolitan planning organizations were required to work with the transit agencies in their respective regions to develop and submit detailed allocation plans to the California State Transportation Agency (CalSTA) that address the accountability criteria that we, as the Legislature, established. Among other things, these allocation plans were required to address how funding received through this package and available through other regional/local resources would be used to address expected operational shortfalls, mitigate service cuts and fare increases, avoid layoffs, grow ridership, and improve the cleanliness and safety of their systems and that justify expenditures on major capital projects. The development of these plans benefited from deep engagement with transit agencies, the public, and regional stakeholders and appropriately balanced the project and service needs of transit agencies to maximize the benefits of our state investment. To help demonstrate their commitment to secure long-term funding solutions, regional entities and transit agencies in the San Francisco Bay Area, Central Coast, and San Diego, have prepared to pursue self-help measures. In return, our regional entities and transit agencies asked only that the state follow through on its commitment to provide the planned appropriations to the SB 125 program through Budget Acts, beginning in 2023.

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We recognize the state's ongoing fiscal challenges, but we cannot support the Governor's recurring proposal to balance the budget at the expense of transit agencies. SB 125 appropriations have been essential to maintaining transit service and supporting ridership recovery, and future funding remains critical to the industry's continued stabilization and long-term funding efforts. Failing to provide the remaining SB 125 – ZETCP funds would lead to service cuts and layoffs, jeopardize fragile ridership gains and federal funding for capital projects, undermine regional efforts to advance sustainable, long-term funding solutions.

Again, we urge the Budget Act of 2026 to appropriate the planned \$230 million in GGRF for the formula-based ZETCP in FY 2026-27 and reaffirm the state's commitment to appropriate \$460 million in GGRF to the program in FY 2027-28.

TIRCP and LCTOP Funding Certainty: In 2025, the Legislature approved and Governor signed AB 1207 (Irwin) and SB 840 (Limón), which together, extended the Cap-and-Trade program through 2045; renamed it the Cap-and-Invest program; and re-established the

Cap-and-Invest Expenditure Plan, maintaining continuous appropriations for the TIRCP and Low Carbon Transit Operations Program (LCTOP).

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Again, we urge the Budget Act of 2026 to establish funding certainty for these programs.

Respectfully,



Alex Lee
Assemblymember, 24th District



Gail Pellerin
Assemblymember, 28th District



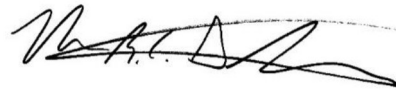
Mark Gonzalez
Assemblymember, 54th District



Rhodesia Ransom
Assemblymember, 13th District



Liz Ortega
Assemblymember, 20th District



Nick Schultz
Assemblymember, 44th District



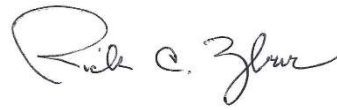
Dr. Darshana Patel
Assemblymember, 76th District



Jose Luis Solache, Jr.
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Buffy Wicks
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Rick Zbur
Assemblymember, 51st District

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March 6, 2026

The Honorable Monique Limón
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The Honorable John Laird
Chair, Senate Budget and Fiscal Review
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1021 O Street, Suite 8720
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The Honorable Melissa Hurtado
Chair, Budget Sub #4
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Re: FY 2026-27 Budget Request of \$32 million to support California's Three Regional Housing Finance Authorities

Dear President pro Tempore Limón, Chair Laird and Chair Hurtado:

With a new critical mass of Regional Housing Finance Authorities (RHFA) covering almost half of the state's population, we write to respectfully request a one-time budget allocation of \$32 million to support their innovative, regionally-driven approaches to meeting a wide range of housing needs.

California's three RHFA include the Bay Area Housing Finance Authority (BAHFA), established October 2020; Los Angeles County Affordable Housing Solutions Agency (LACAHS), established June 2022; and the San Diego Regional Housing Finance Agency (SD-RHFA), established June 2025. Combined, they serve 48% of Californians and bring substantial revenue raising power to the formidable task of advancing housing production, preservation, and renter protections.

Budget Request Breakdown	
Region	One-Time Amount
Bay Area (BAFHA)	\$15 million
LA County (LACAHS)	\$ 8 million

San Diego (SD-RHF)	\$ 9 million
Total	\$32 million

Below we share an overview of how each agency would deploy these funds to complement the state’s existing programs.

Bay Area Housing Finance Authority

BAHFA’s new strategic plan charts a path to self-sufficiency by 2030 via a revenue-generating loan program and fees. \$15 million in one-time state support - matched by MTC-ABAG and philanthropy - would sustain the agency’s most promising programs for the intervening four years. This includes:

1. Allowing the Doorway Housing Portal, used by more than 450,000 housing seekers, to offer more apartment and ADU listings;
2. Launching the innovative Mixed-Income Financing Program, which will generate revenue for the agency; and
3. Positioning BAHFA to advance a large regional revenue measure as early as 2028.

Appropriating the full \$15 million in this budget will help BAHFA attract the additional expertise needed to run the lending program and increase confidence in Doorway’s longevity among the property managers who are its key partners. It will also signal to philanthropy the high value the state places on BAHFA’s success.

Los Angeles County Affordable Housing Solutions Agency

Funded by a portion of the sales tax revenue generated by Measure A, passed on November 5, 2024, LACAHSAs is in its first year of funded operations. As these funds begin reaching communities for the first time, LACAHSAs has identified a critical need for technical assistance and regional coordination to ensure these investments are deployed effectively and equitably. This budget request would:

1. Coordinate housing investments to accelerate the development and preservation of affordable housing across the region;
2. Streamline administrative processes to improve operations and build the internal systems needed for regional success; and
3. Strengthen regional capacity to innovate in the delivery and preservation of affordable housing, and to administer accessible renter protection and homelessness prevention programs.

An appropriation of \$8 million in the FY 2026-27 budget will help LACAHSAs to fund three years of regional implementation supporting affordable housing production and preservation, renter protection, and homelessness prevention. These funds would be critical to helping scale this work equitably across LA County.

San Diego Regional Housing Finance Agency

San Diego's finance agency is unique in that it was formed by two education partners, the San Diego Unified School District and the San Diego Community College District, both entities that have already embarked on commitments to provide housing that can serve their workforces. San Diego Unified just approved the development of 2,500 workforce housing units on five school properties. San Diego Community College has an 800-bed development underway on the City College Campus in downtown San Diego. Together as the two partners in the San Diego RHFA, they have set a strategic framework with the following elements:

Mission: Build and preserve housing near jobs, schools, and transit so San Diegans can live in communities where they work and thrive.

Vision: A San Diego where every resident has a quality, affordable home close to current and future opportunities.

Nine million in one-time state support would enable the authority to attract qualified staff that can build out the pilot programs in support of these goals over the next four years:

1. **Production & Preservation:** Preserve and increase affordable homes near jobs, schools, and services
2. **Sustainability & Generational Impact:** Create sustainable housing solutions that protect today's residents and future generation
3. **Community & Systems Impact:** Align housing, education, and transportation investments to strengthen neighborhoods and reduce displacement.
4. Continue to uplift the model of housing being developed on educational partner land with a focus on sustaining the education workforce, students and the families whose children attend California public education institutions.
5. Position the authority to have the needed internal infrastructure as a housing development leader grounded in the education space and pursue long-term financial sustainability via several strategies under consideration, including advancing a regional revenue measure as early as 2028, continuing to diversify its philanthropic funding base, and working with the state to support capacity development and funding for the education sector.

Spanning the state, these three RHFAs sit in a unique position: They can operate programs at a scale large enough to achieve efficiencies and make a significant impact while also nimbly tailoring those programs to local needs. They are taking on roles as coordinating entities and problem solvers for regionally-significant issues, e.g. fighting the federal government's harmful Continuum of Care NOFA. And each of the RHFAs has either passed a large-scale regional revenue measure or is exploring credible options for 2028. Sustaining and growing these partners to help meet the state's ambitious housing goals is an effective and efficient use of limited state resources.

Thank you for considering our request.

Sincerely,



Jesse Arreguín
Senator, District 7



Akilah Weber Pierson
Senator, District 39



María Elena Durazo
Senator, District 26



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

April 15, 2026

The Honorable Monique Limón
President pro Tempore, California Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable John Laird
Chair, Senate Budget and Fiscal Review
Committee
1021 O Street, Suite 8720
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Melissa Hurtado
Chair, Senate Budget Subcommittee #4
1021 O Street, Suite 6510
Sacramento, CA 95814

The Honorable Sharon Quirk-Silva
Chair, Senate Budget Subcommittee #5
1021 O Street, Suite 4210
Sacramento, CA 95814

Re: FY 2026-27 Budget Request for Regional Housing Finance Agencies

Dear President pro Tempore Limón, Speaker Rivas, and Chairs Laird, Gabriel, Hurtado, and Quirk-Silva:

On behalf of California's three regional housing finance authorities (RHFAs), we write to respectfully request a one-time budget allocation of \$32 million to support our innovative, regionally-driven approaches to today's housing challenges. Our agencies collectively serve almost half of Californians and bring substantial revenue raising power to advance housing affordability and access. One-time state assistance will sustain our vital role in addressing a wide range of housing needs throughout California.

Authorized by state law, California’s three RHFAs formed in the last six years to support ambitious state and local housing goals:

- Bay Area Housing Finance Authority (BAHFA), established in 2020
- Los Angeles County Affordable Housing Solutions Agency (LACAHSAs), established in 2022
- San Diego Regional Housing Finance Authority (SD-RHFA), established in 2025

RHFAs sit in a unique position: We deliver results on state housing goals through the lens of local and regional needs. In a state as large as California, regional agencies serve as an effective bridge between the state and local governments. We are close to the ground, with boards of local elected and appointed leaders and staff who live in the communities they serve. This proximity allows us to identify local resource gaps and tailor programs to address them. At the same time, we can operate programs at an efficient scale that makes a significant impact. And each of our agencies has either passed a large-scale regional revenue measure or is exploring credible options for 2028.

For these reasons, sustaining and growing our agencies is an effective use of one-time state resources. Our request is narrowly tailored to focus on the amounts needed to execute our near-term plans:

Budget Request Breakdown	
Region	One-Time Amount
Bay Area	\$15 million
Los Angeles	\$8 million
San Diego	\$9 million
Total	\$32 million

Below we share an overview of our plans to deploy the funds to complement the state’s existing programs.

Bay Area Housing Finance Authority

BAHFA’s new strategic plan charts a path to self-sufficiency by 2030 via a revenue-generating loan program and fees. Fifteen million dollars in state support, matched by MTC-ABAG and philanthropy, would sustain the agency’s most promising programs for the intervening four years. This includes:

1. **Allowing the award-winning Doorway Housing Portal to offer more listings.** Used by upwards of 506,000 housing seekers to date, Doorway has placed over 3,200 households in affordable homes and filled 200 + waitlists for properties across the nine counties. State funding will allow Doorway to accommodate more apartment listings, add accessory

dwelling units, and provide additional features. By 2030, operating costs are projected to be covered by local contributions and small fees on property managers for special features.

2. **Launching a Revenue-Generating Mixed-Income Financing Program.** This flexible tool will deliver affordability swiftly for households across a mix of income levels and with limited public subsidy – and will generate revenue to support the agency’s financial independence. The state’s support will allow BAHFA to hire staff with the necessary financial expertise to run the program until it becomes self-sustaining.
3. **Positioning BAHFA to advance a large housing revenue ballot measure as early as 2028.** After shelving a \$20 billion regional housing bond in 2024 due to shifting voter sentiment, BAHFA is actively working with stakeholders to identify and prepare for the next opportunity to go to the ballot. These efforts impose significant upfront costs on the agency, including crafting a statutorily-required expenditure plan. State funds will also support technical assistance to local housing departments for their expenditure plans.

Appropriating the full \$15 million upfront in FY 2026-27 will help BAHFA attract and retain necessary staff expertise and will increase confidence in Doorway’s longevity among the property managers who are its key partners. State support at this pivotal moment will also signal to philanthropy the high value the state places on BAHFA’s success.

Los Angeles County Affordable Housing Solutions Agency

LACAHSAs has identified a critical need for technical assistance and regional coordination to ensure local investments are deployed effectively and equitably. LACAHSAs’s request for \$8 million would help align and leverage \$254 million in locally generated revenue, a nearly 32x return on investment to the state.

This budget request would:

1. Coordinate housing investments to accelerate the development and preservation of over 3,000 units of affordable housing across the region;
2. Streamline administrative processes to improve operations and build the internal systems needed for regional success; and
3. Strengthen regional capacity to innovate in the delivery and preservation of affordable housing, including social housing, and to administer accessible renter protection and homelessness prevention programs for 7,300 people.

San Diego Regional Housing Finance Authority

Uniquely, two education partners formed SD-RHFA: the San Diego Unified School District and the San Diego Community College District, both of whom had already embarked on commitments to provide housing for our workforces. (San Diego Unified just approved 2,500 workforce homes on five school properties, while the community college district has an 800-bed development underway on the City College Campus.) We adopted a strategic framework in June 2025:

Mission: Build and preserve housing near jobs, schools, and transit so San Diegans can live in communities where they work and thrive.

Vision: A San Diego where every resident has a quality, affordable home close to current and future opportunities.

We’re dedicated to advancing the model of housing development on educational partner land to sustain the education workforce, students and the families whose children attend California public education institutions. Nine million dollars in state support would enable us to attract qualified staff that can build out pilot programs in support of key goals over the next four years: preserve and increase affordable homes near jobs, schools, and services; create sustainable housing solutions that protect today’s residents and future generation, and align housing, education, and transportation investments to strengthen neighborhoods and reduce displacement.

The state’s assistance will position the agency with the necessary internal infrastructure to pursue long-term financial sustainability via several strategies under consideration, including advancing a regional revenue measure as early as 2028, continuing to diversify our philanthropic funding base, and working with the state to support capacity development and funding for the education sector.

While positioned differently in our respective regions, our agencies share a commitment to fulfilling the legislature’s vision for regional housing finance agencies - in particularly raising large-scale revenue. We respectfully request your one-time assistance to continue our work to house Californians.

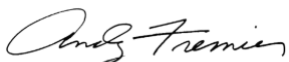
Sincerely,



Dr. Cody Petterson, Chair
San Diego Regional Housing Finance
Authority



Seyron Foo, Chief Intergovernmental Relations
Officer
LACAHS



Andrew B. Fremier, Executive Director
MTC-ABAG-BAHFA
Joint MTC ABAG Legislation Committee
May 8, 2026