

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

September 12, 2025

Agenda Item 3a

2025 Legislative Update

Subject:

Overview of significant bills of interest to MTC-ABAG, including budget trailer bills related to housing and a \$750 million loan for Bay Area transit.

Background:

This year, policymakers have taken up a number of major issues, from redistricting to energy affordability to cap-and-trade reauthorization. They are also advancing significant transportation, housing and open meeting legislation. The 2025 legislative year will end with the Legislature's adjournment on September 12 (barring Governor Newsom calling a special session this fall); the Governor will have until October 12 to sign or veto bills. Any bills remaining in the legislature can be considered when session resumes in January 2026.

MTC-ABAG this year engaged in state budget negotiations and Cap and Trade reauthorization, cosponsored two bills, took positions on nine others and provided technical assistance on seven more. As of the writing of this memo, the 18 bills are at various stages in the legislative process. A status report on those 18 bills is attached, with key measures and budget appropriations highlighted below.

Transportation

- Senate Bill (SB) 63 (Wiener/Arreguin) authorizes placement on the November 2026 ballot a 14-year sales tax to sustain and improve public transportation at a rate of one-half cent in Alameda, Contra Costa, San Mateo, and Santa Clara counties and a rate of one-cent in the City and County of San Francisco. As of writing of this memo, this measure is on the Assembly Floor. (See Agenda Item 3b for a more detailed update).

- MTC-supported Assembly Bill (AB) 697 (Wilson) passed the Assembly on concurrence on September 4, 2025, and is on its way to the Governor. This measure authorizes near-term improvements on the State Route 37 corridor to proceed under a streamlined process that allows the Department of Fish and Wildlife to issue incidental take permits for four fully protected species, so long as any species impacts are fully mitigated. The bill ensures time-sensitive mobility, flood protection and habitat restoration improvements can advance while maintaining strong environmental safeguards.
- In what had seemed like a big budget win for transit supporters, Governor Newsom and the legislature rejected Newsom's proposal to claw back \$1.1 billion in transit funding committed in previous years. However, at the time this memo was finalized, there was concern that some of these funds could still be at risk given the lack of an agreement on reauthorization of the state's Cap and Trade program (see Agenda Item 3c), since the funding is dependent on future Cap and Trade revenues. Additionally, while the budget included a provision for a \$750 million emergency loan to address near-term fiscal challenges facing Bay Area transit agencies, with conditions to be negotiated later, as of writing of this memo, the Governor and Legislature had not reached agreement on the loan conditions.

Housing Production, Preservation and Protection

- MTC-ABAG's co-sponsored AB 670 (Quirk-Silva) to provide housing element credit to jurisdictions that preserve naturally occurring affordable housing is advancing easily through the legislature. As of the writing of this memo, it is on the Senate Floor.
- The final 2025-26 state budget included \$620 million for priority affordable housing production programs supported by MTC-ABAG: \$500 million for the state Low Income Housing Tax Credit and \$120 million for the Multifamily Housing Program. In addition, lawmakers pledged \$500 million in next year's budget for the Homeless Housing, Assistance and Prevention Program.
- In a major victory for market-rate housing developers, budget trailer bills AB 130 and SB 131 provided an environmental review exemption for infill housing that meets specified criteria and a limited review for other proposed housing developments, among other provisions.

- The \$10 billion state housing bond championed by Bay Area Assemblymember Buffy Wicks and Senator Christopher Cabaldon is stalled in the Senate, with supporters mounting a public campaign to convince Senate President pro Tem Mike McGuire to allow AB 736 to proceed this year.

Cap and Trade Reauthorization

- Legislative leadership and Governor Newsom are in negotiations to extend the program through 2045. See Agenda Item 3c for additional information.

Brown Act

- SB 707 (Durazo/Arreguin) would update the Brown Act to improve teleconferencing options for members of advisory bodies, among other provisions. MTC-ABAG co-sponsored Senator Arreguin's SB 239, focused on advisory bodies. Senator Arreguin coordinated with Senate Local Government Committee Chair Durazo to fold his bill into SB 707. As of the writing of this memo, it is on the Assembly Floor.

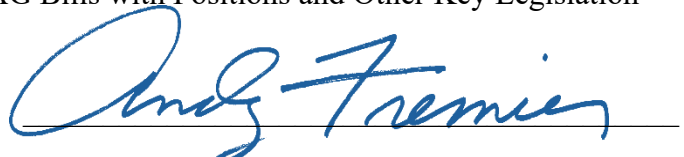
Staff will provide a verbal update on the latest actions at your September committee meeting and a full review of outcomes related to the 2025 MTC-ABAG Joint Advocacy Program in October.

Recommendations:

Information

Attachments:

- Attachment A: Status of MTC-ABAG Bills with Positions and Other Key Legislation



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