



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

February 28, 2024

The Honorable Mike McGuire
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Robert Rivas
Assembly Speaker
1021 O St, Suite 8330
Sacramento, CA 95814

The Honorable Scott Wiener
Chair, Senate Committee on Budget
and Fiscal Review
1020 N St, Suite 502
Sacramento, CA 95814

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

RE: Protect Funding for Transit, REAP 2.0 and Other Critical Housing Programs

Dear Senate President pro Tem McGuire, Speaker Rivas, Chair Wiener, and Chair Gabriel:

On behalf of the Metropolitan Transportation Commission and Association of Bay Area Governments – the regional transportation and housing planning, financing and coordinating agencies for the nine county San Francisco Bay Area – I write to express support for the Governor’s January budget proposal honoring last year’s transit funding package. We are grateful for the legislature’s leadership providing a multi-year funding framework in the fiscal year (FY) 2023-24 budget to give Bay Area transit agencies breathing room for the next couple of years so they can avoid making service cuts and focus instead on implementing policies to attract new riders and reinventing their long-term funding models.

However, we have significant concerns about the Newsom Administration’s suggested cuts to the Regional Early Action Planning program (REAP 2.0) and other core housing programs at a time when housing affordability and homelessness are the top concerns in our communities – and increasing the supply of affordable homes is a cornerstone of our greenhouse gas (GHG) reduction strategy. REAP 2.0 is the *only state program* that provides planning and development resources to regional agencies to implement our state mandated GHG targets. These resources are targeted to accelerate infill development, reduce vehicle miles traveled and affirmatively further fair housing.

We respectfully ask that you reject any claw back of prior year appropriations for REAP 2.0 and other housing programs. Along with REAP 2.0, we are particularly concerned about a suite of complementary programs that increase the state’s affordable housing supply, prevent displacement and homelessness and combat climate change:

- Multifamily Housing Program
- Infill Infrastructure Grant Program
- Foreclosure Intervention Housing Preservation Program

Cutting Regional Early Action Program 2.0 (REAP 2.0) Will Undercut the State's Climate and Housing Goals

The Governor's January budget proposed to cut by 50 percent the FY 2021-22 appropriation for REAP 2.0 grants, from \$600 million to \$300 million. Bay Area communities would lose \$51.4 million, despite being well underway in implementing transformative projects that accelerate progress toward California's housing, transportation and climate change goals.

Cutting the program's funding in half would have a near-term negative impact on high-priority programs underway in the Bay Area, including putting at risk the following initiatives that were approved by the Department of Housing and Community Development (HCD) in January 2024:

- Housing Preservation and Priority Sites pilot programs: \$51.1 million to provide housing preservation and pre-development funding to communities that have few resources for either strategy. These programs also serve as "proofs of concept" for a coordinated regional housing strategy that can inspire investment in more ambitious future programs, while incrementally building capacity and expertise. We anticipate a direct increase of up to 1,600 permanently affordable homes that will benefit approximately 14,500 households over the life of the deed restrictions.
- Regional technical assistance and local grants: \$16.9 million to support cities and counties in affirmatively furthering fair housing and meeting the higher standards of the 6th cycle housing element.
- Transit improvement pilots: \$26.3 million focused on high-priority transit improvements essential to bring back riders and improve the customer experience.
- Equity Priority Communities: \$8.5 million for transportation projects and programs directly identified by underserved communities as priorities.

We understand it is a tight budget year but combating climate change and increasing access to affordable housing are foundational to the state's quality of life and should be among your top priorities this budget year. Cutting REAP 2.0 will diminish the ability to achieve the ambitious greenhouse gas reduction targets set by the state, not to mention harm efforts to improve housing affordability and mobility options.

Multifamily Housing Program, Infill Infrastructure Grant Program and Foreclosure Intervention Housing Preservation Program

We also urge your rejection of the Governor's proposed cuts to these complementary housing programs which address different urgent needs throughout our region. These cuts threaten progress on increasing the Bay Area's housing supply at a time when our residents are grappling with widespread housing instability and an urgent need to solve homelessness.

The Honorable Mike McGuire, Robert Rivas, Scott Wiener and Jesse Gabriel

February 28, 2024

Page 3

Thank you for considering our perspective on the Governor's January budget proposals. We welcome the opportunity to engage with you and your staff to find solutions to maintaining funding for these programs. If we can be of assistance on this or any other issue, please contact Rebecca Long, Director of Legislation and Public Affairs, at rlong@bayareametro.gov or 510-504-7914, or our Sacramento representative, Scott Wetch, at scottwetch.cwa@gmail.com or 916-446-3413.

Sincerely,

A handwritten signature in black ink that reads "Andrew B. Fremier". The signature is fluid and cursive, with the first name being the most prominent.

Andrew B. Fremier
Executive Director

cc: Members of the Bay Area Caucus

JS: AF