

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

July 12, 2024

Agenda Item 3a

Final Fiscal Year 2024-25 State Budget

Subject:

Update on transit and housing funding in the adopted fiscal year (FY) 2024-25 State Budget.

Background:

The final budget negotiated by Governor Newsom and legislative leaders – Assembly Bill 106 - was signed on June 27, 2024. The \$280 billion spending plan closes a budget shortfall of over \$45 billion and is forecast to remain balanced through FY 2025-26. Notable provisions include an almost 8 percent across the board cut of most departments' General Fund budgets and the elimination of many vacant positions. Key transportation and housing provisions are summarized below.

Transportation

- Maintained the multi-year \$5.1 billion funding agreement in last year's budget for public transit, but deferred some appropriations to future years and shifted \$839 million from the General Fund to the Greenhouse Gas Reduction Fund. Our analysis indicates these changes should not have any direct service impacts on Bay Area operators.
- Rejected the Governor's proposed cut to the Active Transportation Program and provided \$600 million over six years instead.
- Rejected the proposed \$148 million cut to the competitive Transit and Intercity Rail Capital Program (TIRCP).
- Reduced grade separations funding by \$350 million, affecting projects awarded funding in Cycle 6 of the TIRCP and the Port and Freight Infrastructure Program. A pending budget trailer bill (Senate Bill 173) requires Caltrans and CalSTA to prioritize those awarded projects for other available state funding. It requires the Secretary of Transportation to report to the Legislature on any funding identified for awarded projects by April 30, 2025.

Housing

- Restored \$260 million in one-time funding to the REAP 2.0 Program (reducing the Governor's proposed \$300 million cut to just \$40 million). This was a huge win for metropolitan planning organizations across the state and, more importantly, the housing and mobility strategies that the investments will fund. **As a result, we anticipate that MTC's \$102 million grant will be reduced by just \$6 million.**
- Added \$500 million for the Low Income Housing Tax Credit program and \$1 billion for the Homeless Housing, Assistance, and Planning program.
- Cut \$1.1 billion from other housing programs, including \$235 million from the Infill Infrastructure Grant Program, \$484 million from the new Foreclosure Intervention and Housing Preservation Program, and \$153 million from CalHome.

Recommendation:

Information

Attachments:

None


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