



SANDAG



Metropolitan Transportation Commission
San Diego Association of Governments
Southern California Association of Governments
Sacramento Area Council of Governments

August 7, 2025

The Honorable Mike McGuire, President pro Tempore
California State 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

RE: Dedicated Cap and Trade Funds for Sustainable Communities Strategy Implementation Program

Dear President pro Tem McGuire and Speaker Rivas:

On behalf of California's four largest Metropolitan Planning Organizations (MPOs), we are writing to request ongoing funding from the Greenhouse Gas Reduction Fund (GGRF) for MPOs to accelerate implementation of our Sustainable Communities Strategies (SCS), the regional plans the state has required metro regions across the state to develop since 2008 to reduce greenhouse gas (GHG) emissions from passenger travel. While each of our climate goals are aligned, we face unique implementation challenges – whether in advancing infill housing, delivering essential infrastructure, expanding sustainable mobility options, or addressing other critical needs. A new flexible, formula-based program that allocates funds directly to MPOs – modeled on the successful REAP program – would allow each region to efficiently invest funds in the most effective projects and programs, leverage the historic CEQA reforms you delivered in the budget, and support other statewide goals related to affordability, equity, and the economy.

As the Legislature considers the future of Cap-and-Trade reauthorization, now is the time to strengthen California's climate investment framework by funding regional implementation—particularly to support infill development that is essential to achieving our shared climate and housing goals.



REAP is a Proven Success Story

We urge you to model a new SCS Implementation Program after the successful Regional Early Action Planning (REAP) programs the Legislature funded across multiple budget cycles. These programs aimed to accelerate housing production and reduce GHG emissions by providing flexible funds that MPOs and councils of government quickly invested in local technical assistance and projects and programs that advanced the state's (and regions') housing, transportation, land use, and equity goals.

As the sole dedicated funding source from the state to advance SCS implementation, REAP efficiently addresses multiple needs and objectives at once. For instance, REAP:

- Funds both planning and capital-ready projects and programs, enabling regions to direct the funds where they will be put to best use to accelerate SCS implementation
- Provides the only source of dedicated funding for regional and local agencies to implement projects and programs consistent with the state's climate and housing goals
- Prioritizes equitable development and displacement avoidance
- Leverages the multi-sector coalitions that MPOs are a part of, including coalitions that include local governments, transit agencies, and community partners, all key players when planning and building sustainable communities

Critically, REAP serves as “first money in” – early-stage catalytic funding that enables MPOs to scope, plan, prepare, and fund regionally coordinated, implementation-ready projects and programs. This support enables local partners to secure additional funding and advance to the next phase of implementation, including construction. REAP-funded projects and programs include:

- Backbone underground infrastructure, such as water, sewer, and utilities essential to unlocking infill housing sites
- Zoning reforms and streamlined permitting
- Community-driven housing and transportation improvements

Infill Development is Key Component of SCS Implementation

With 17 years of experience implementing SB 375, the verdict is clear: infill development is one of the most effective and proven strategies for reducing transportation-related GHG emissions by cutting vehicle miles traveled. This creates significant opportunities for our regions through the



revitalization of underutilized areas, making more efficient use of existing infrastructure and public services. These opportunities include the promotion of equity benefits for historically underserved communities by lowering household transportation costs and expanding access to jobs, schools and services.

California needs an ongoing funding source to support the critical planning and implementation costs associated with accelerating infill development at the regional scale. While the Legislature's support of REAP has allowed MPOs to work with local jurisdictions and partners to advance zoning reforms to facilitate greater infill development and fund various other projects and programs on a one-time basis, to fully realize the potential benefits from our sustainable communities strategies requires significant ongoing, flexible funding such as that provided by the GGRF.

MPOs Are the Right Entities to Deliver

As the agencies charged under SB 375 with developing and implementing SCS plans that align housing, transportation, and land use strategies with California's climate policy, MPOs are uniquely positioned to:

- Coordinate across local jurisdictions – our boards are governed by local elected officials, and we work with cities and counties to align local plans with regional and state goals.
- Engage the key regional partners who are critical to building successful infill development, including transit agencies, community-based organizations, labor and the business community.
- Adapt to regional context—California's regions face different challenges and opportunities. A flexible, MPO-led program ensures funding decisions reflect local market conditions, political realities, and community priorities while staying aligned with statewide goals.

A Strategic Investment for the Next Phase of Cap-and-Trade

This request is intended to complement the requests being advanced by coalitions representing housing, environmental justice, and labor/construction communities, including sustaining and expanding the Affordable Housing and Sustainable Communities Program (AHSC), Transit and Intercity Rail Capital Program (TIRCP), and Low Carbon Transit Operations Program (LCTOP) and investing in state-supported rail and transit, wildfire resilience, and TOD-supporting infrastructure. Specifically, we propose an additional continuous appropriation for an SCS Implementation Program—something no other GGRF program directly supports at scale even though our agencies are responsible for developing regional blueprints that are essential to the state achieving its



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climate goals. This funding would bridge the gap between state programs and local action, ensuring that California's climate and housing goals are met on the ground.

A list of project examples from REAP investments in the regions is attached for your reference.

Thank you for your leadership and we look forward to working with you on further details to ensure the next chapter of Cap-and-Trade includes an SCS Implementation Program modeled on the successful REAP Programs. Please contact Bless Sheppard, State Government Affairs Lead for SACOG at bsheppard@sacog.org if you have any questions.

Sincerely,

Andrew B. Fremier
Executive Director
Metropolitan Transportation Commission

Kome Ajise
Executive Director
Southern California Association of
Governments

Mario Orso
Chief Executive Officer
San Diego Association of Governments

James Corless
Executive Director
Sacramento Area Council of Governments

CC: Senator Monique Limon
Assemblymember Jesse Gabriel, Chair, Assembly Budget Committee
Senator Scott Wiener, Chair, Senate Budget and Fiscal Review Committee
Members, Assembly Budget Subcommittee No. 4
Members, Senate Budget Subcommittee No. 2
Members, Joint Legislative Committee on Climate Change Policies
Members, Cap and Trade Working Group

Attachment



Attachment

Examples of REAP in the Regions

Bay Area Region

Local technical assistance: MTC/ABAG's award-winning Regional Housing Technical Assistance Program (American Planning Association 2023 Award of Excellence) provides one-of-a-kind support to hundreds of local elected officials and planning staff in complying with rapidly evolving state laws related to Housing Elements. Most recently, the agency pivoted its resources to summarize the housing budget trailer bills and present webinars on how to implement them.

Project funding: MTC/ABAG's Priority Sites loan program is advancing the construction of more than 1,600 new affordable homes on large, underutilized sites near transit. Examples include the Chinatown Senior Transit Oriented Development (TOD) in Oakland (97 new homes for seniors) and the South San Francisco Public Utility Commission Site (800 homes, including 158 affordable to low-income households). This lending program is one component of a multi-faceted agency strategy to focus growth on 211 sites across the nine counties near essential services, frequent transit, and green space.

Awards: \$28,000,000

Sacramento Region

Capital Project: City of Sacramento: River District Sump 111:

The project would increase pumping capacity in the River District and install a trash capture device that is required to allow higher-density projects without individual site drainage management. The majority of the 2,000 residential units planned for the area will be for lower-income households. The state is building offices for up to 5,000 employees across the street from the pump station, creating a unique opportunity for state workers to enjoy a zero-commute lifestyle.

Award: \$6,564,000

Capital Project: City of Rancho Cordova: Mills Crossing

The Mills Crossing transit-oriented development is a mixed-use, mixed-income community hub including over 100 multifamily and townhouse units, 2+ acres of public parks and plazas, and approximately 100,000 square feet of community arts, culture, and wellness facilities. Funding will



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advance civil and utility engineering technical studies as well as non-transportation capital infrastructure

Award: \$4,688,000

Southern California Region

Los Angeles County Metropolitan Transportation Authority (LA Metro), Environmental Remediation Housing Acceleration Fund

The project will develop a revolving fund for assessing surplus available transit lands and completing remediation to ready sites for affordable and mixed-income development. The fund will support LA Metro towards their goal of achieving 10,000 new housing units by 2031, of which 5,000 will be affordable.

Award: \$5,000,000

San Bernardino Council of Governments, San Bernardino Regional Housing Trust

The project will establish the San Bernardino Regional Housing Trust, a joint powers authority serving the San Bernardino area, and will create an initial loan program that provides gap funding for affordable housing projects. The anticipated outcomes from the project include formation of the trust and loans for two affordable housing projects.

Award: \$5,000,000

San Diego Region

Tribal Partnership: San Diego County is home to more tribal nations than any other county in the United States. SANDAG partnered with the Southern California Tribal Chairmen's Association (SCTCA) to develop a Tribal Housing Grant Program to address the unique housing needs of tribes. Eight tribes applied and were awarded \$4.4 million in grant funding. Projects include: housing supportive infrastructure planning and implementation, reservation-wide housing needs assessments, and housing design and construction.

Awards: \$4,400,000



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Regional Housing Trust Fund: SANDAG, in collaboration with the San Diego Foundation, awarded \$14 million in grants and low interest loans to support [10 affordable housing projects](#). This investment will help bring over 900 much-needed affordable units to the region, serving low- to middle-income veterans, seniors, refugees/immigrants, individuals, families and single women in need. All these projects are strategically located close to transit and include amenities/features tailored to their residents. The units will enter the market between December 2026 and June 2030, with most becoming available as soon as 2027. Highlights include: 126 energy efficient and sustainable units at SDSU Mission Valley; Refugee & Immigrant Cultural Hub (RICH), a partnership with 16 community-based organizations and over 1,000 refugee and immigrant youth, elders, and families, which features 150 affordable housing units; and 60 units of affordable housing on underused public land, in a high resource neighborhood, including 30 units reserved for formerly homeless veterans.

Awards: \$14,000,000