



August 4, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

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

The Honorable Robert Rivas
Speaker of the Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

RE: Honor SB 840 Commitments to AHSC, TIRCP, LCTOP, AB 617, and SAFER for FY 2026/27

Governor Newsom, pro Tem Limón, and Speaker Rivas:

Thank you for your work to serve California's residents and build thriving communities. The undersigned organizations write to you in response to the California Air Resources Board's adoption of amendments to the Cap-and-Invest Program and the state's enactment of a budget deal. Together, these actions have left minimal Greenhouse Gas Reduction Fund (GGRF) funding to honor the state's ongoing funding commitments to the Tier 3 programs established by SB 840 (Limon) [Chapter 121, Statutes of 2025] for fiscal year 2026-27 and beyond. These programs support affordable housing, public transportation, cleaner air, safe drinking water, and climate resilience in communities across

California. These cuts will make California even less affordable at a time when affordability is voters’ number one concern, and reverse progress toward the state’s climate goals.

The decline in GGRF revenues and commitments made this year have left less than one-fifth of the promised funding for Tier 3 programs. It is critical that the state honor its commitments to these programs, including the Affordable Housing and Sustainable Communities Program (AHSC), Transit and Intercity Rail Capital Program (TIRCP), Low Carbon Transit Operations Program (LCTOP), AB 617 Community Air Protection Program, and Safe & Affordable Drinking Water Program (SAFER).

Specifically, we urge you to use general fund (after Proposition 98 outlays) this year to maintain the ongoing annual appropriation of \$800 million for the AHSC, \$400 million for the TIRCP, \$200 million for the LCTOP, \$250 million for AB 617 and \$130 million for SAFER.

In addition, we urge you to honor the state’s outstanding GGRF funding commitment to public transportation made in SB 125 (Committee on Budget and Fiscal Review) [Chapter 54, Statutes of 2023].

In 2025, our organizations, representing affordable housing, local government, transportation/ transit, environmental, disability rights, business, and labor interests from across the state, supported the efforts of the Newsom Administration and Legislature to extend the Cap-and-Trade program beyond 2030. We supported the proposed early action on the extension, as we understood the importance of the program to meeting California’s long-term climate and air quality goals and believed state officials’ public statements that such action was immediately necessary to stabilize the market and continue the state’s investment from the GGRF in key climate programs. As the effort gained traction in the companion measures of AB 1207 (Irwin) [Chapter 117, Statutes of 2025] and SB 840 (Limon), we supported the legislation and defended the bills against attacks from stakeholders, including the industry sectors subject to the program. We were deeply grateful to see that the enacted legislation extended the program through 2045, renamed the program to the “Cap-and-Invest” program, and maintained continuous appropriations from the GGRF for the AHSC, TIRCP, LCTOP, and SAFER, while also committing – for the first time – ongoing funding for air quality initiatives in AB 617 communities.

These Tier 3 programs support the buildout of affordable transit-oriented housing and major transit projects, deployment of zero-emission vehicles, transit service, fare free and discounted transit passes, and community air quality initiatives. This funding has been a centerpiece of the state’s climate strategy since 2015, and its maintenance was essential to the reauthorization of the Cap-and-Invest program. This funding also directly addresses the affordability crisis faced by Californians by expanding access to affordable housing and transit options; supporting good paying, life-sustaining jobs; and creating travel time savings that buys Californians more time with family and friends.

Our enthusiasm for the reauthorization and maintenance of these continuous appropriations was, unfortunately, short-lived. Less than one year later, CARB’s action and the budget deal negotiated by the Legislature and the Governor left only a small fraction of the money promised for these programs, reducing funding by 82 percent:

Tier 3 Program	SB 840 Allocation	2026-2027 Cap & Invest Estimated Expenditures
Affordable Housing*	\$840 million	\$105 million*
Sustainable Communities and Agricultural Land Conservation*		\$45 million*
TIRCP	\$400 million	\$75 million
LCTOP	\$200 million	\$38 million
AB 617	\$250 million	\$47 million
Safe & Affordable Drinking Water Program	\$130 million	\$24 million
*Previously jointly administered		

These cuts put California at risk of major backsliding on our progress toward our affordability and climate goals. Over the last decade, CARB reports that implemented projects funded by Tier 3 programs have delivered the following GHG emission reductions and benefits:

- AHSC
 - 6.6 million MTCO₂e GHG emissions reduced
 - \$4.85 billion invested, with \$4.0 billion benefitting priority populations
 - 22,877 units of affordable housing funded
- TIRCP
 - 23.4 million MTCO₂e GHG emissions reduced
 - \$2.74 billion invested, with \$1.58 billion benefitting priority populations
 - 263 transit projects implemented
- LCTOP
 - 7.4 million MTCO₂e GHG emissions reduced
 - \$1.23 billion invested, with \$1.14 billion benefitting priority populations
 - 1,123 projects and services implemented
- AB 617
 - 282,500 MTCO₂e GHG emissions reduced
 - \$527 million invested, with \$442.68 million benefitting priority populations
 - 9,004 projects implemented
- SAFER
 - \$1.8 billion invested, with 100% benefitting priority populations
 - Investments in 320 water systems serving 3.3 million people

Given the GHG reductions from these programs outlined above, reducing this funding will jeopardize the state's ability to meet its own stated 2030 GHG reduction targets. **We, therefore, urge you to work with our organizations to develop and implement a plan to use additional general fund money to honor the state's ongoing funding commitments to the AHSC, TIRCP, LCTOP, AB 617, and SAFER.**

Beyond this budget year, CARB's action will have devastating effects, further reducing GGRF by billions of dollars every year and potentially zeroing out the hard-fought funding that was deliberately committed to the AHSC, TIRCP, LCTOP, AB 617 programs and SAFER. **Because of this, we also urge the Legislature and Administration to work with us to find a permanent solution for GGRF in future fiscal years so that Tier III programs receive the full funding committed in SB 840 to make California more affordable and accessible for all.**

We look forward to engaging with you in the weeks ahead to protect this critical funding.

Sincerely,

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