



April 30, 2026 (Updated on May 8, 2026)

Lauren Sanchez, Chair
 California Air Resources Board
 1001 I Street
 Sacramento, CA 95814

RE: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms – Significant Concerns

Chair Sanchez:

We, the undersigned organizations, write to you today to voice our **significant concerns** with the *Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Proposed Amendments)*, released by the California Air Resources Board (CARB) on April 14, 2026. The Proposed Amendments are expected to be considered by CARB at its May 28-29, 2026, monthly meeting.

In 2025, our organizations, representing affordable housing, local government, transportation / transit, environmental, environmental justice, 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 Greenhouse Gas Reduction Fund (GGRF) in key climate programs. As the effort gained traction in AB 1207 (Irwin) 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 pleased to see that the enacted legislation, consistent with our objectives, extended the program through 2045, renamed the program the "Cap-and-Invest" program, and maintained continuous appropriations from the GGRF for the Affordable Housing and Sustainable Communities Strategies Program (AHSC), Transit and Intercity Rail Capital Program (TIRCP), and Low Carbon Transit Operations Program (LCTOP) while also committing – for the first time – ongoing funding for air quality initiatives in AB 617 communities.

Today, however, we are gravely concerned with the program's proposed direction, as identified by CARB in the Proposed Amendments. Specifically, we are concerned with, and object to, the Proposed Amendments' proposal to increase allowances, including to the state's electricity and gas utility companies, by nearly \$2 billion annually to support, among other things, an enhanced Climate Credit. This proposal, while well-intentioned, would reduce the GGRF revenue by a commensurate amount annually, which we believe will, in the upcoming fiscal years, zero out hard-fought annual funding for the AHSC, TIRCP, LCTOP, and AB 617 communities. This funding, which has been a centerpiece of the state's climate strategy since 2015, supports 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. Over the last decade, as identified by CARB, implemented projects funded by these programs have delivered the following GHG emission reductions and benefits.

- AHSC:
 - 6,632,693 MTCO₂e GHG emissions reduced
 - \$4.85 billion invested, with \$4.0 billion benefitting priority populations
 - 22,877 units of affordable housing funded

- TIRCP:
 - 23,369,888 MTCO₂e GHG emissions reduced
 - \$2.74 billion invested, with \$1.58 billion benefitting priority populations
 - 263 transit projects implemented

- LCTOP:
 - 7,446,600 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
 - \$527 million invested, with \$442.68 million benefitting priority populations
 - 9,004 projects implemented

We estimate that the constituencies we represent and/or serve will lose up to \$1.65 billion in GGRF annually – funding they have relied on for over a decade, without any plan from the state to backfill these losses. Given the GHG reductions from these programs outlined above, reducing their funding will jeopardize the state’s ability to meet its 2030 GHG reduction targets.

As we understand it, CARB advanced this proposal in the Proposed Amendments in response to calls from some legislators and stakeholders to further address the affordability crisis faced by Californians. In objecting to the proposal, we want to be clear: we agree that the Proposed Amendments should, as called for by AB 1207, address affordability; we believe the Proposed Amendments must apply an understanding of affordability that extends beyond utility bills. To the constituencies we represent and/or serve, addressing affordability requires continued state investment that supports good paying, life-sustaining jobs and means access to affordable housing and transit options, travel timing savings that buy Californians more time with family and friends, and personal health unburdened by the harms of air pollution – not just lower utility bills. Unfortunately, the Proposed Amendments fail on these fronts and regress on the state’s efforts to deliver more affordable housing units, more accessible and affordable public transit, and better air quality for our vulnerable communities by gutting key climate programs in favor of slightly lower utility bills. **We call on the state to revisit the proposal and maintain robust funding in the GGRF for the AHSC, TIRCP, LCTOP, and AB 617 communities.**

We know that CARB is balancing numerous objectives with the Proposed Amendments and is working to enact a final regulation that furthers the state’s climate and air quality goals while also confronting the challenges faced by regulated industries and everyday Californians. We ask that, as CARB advances the Proposed Amendments, that you consider the importance of the GGRF-funded programs and their role in addressing affordability and incorporate this more expansive understanding into the final regulation.

As we continue to review the Proposed Amendments, we look forward to engaging with you on the provisions noted in this letter and potentially others impacting GGRF-funded programs.

Sincerely,

Michael Pimentel
Executive Director
California Transit Association

Chione Flegal
Executive Director
Housing California

Scott Epstein
Director of Policy and Research
Abundant Housing LA

Wesley Reutimann
Deputy Director
Active SGV

Holly Benson
President and CEO
Adobe Communities

Vivian Wan, MSW
Chief Executive Officer
Adobe Housing Development

Shane Gusman
Legislative Advocate
Amalgamated Transit Union

Tyler Munzing
Executive Director
American Council of Civil Engineers – California

Heng Lam Foong and Kyle Tsukahira
Co-Director
Asian Pacific Islander Forward Movement

Matthew Cremins
Director
CA-NV Conference of Operating Engineers

Victoria J. Brady
Chief Executive Officer
Cabrillo Economic Development Corporation

Michael Quigley
Executive Director
California Alliance for Jobs

Jacklyn Cuddy
Executive Director
California Association for Coordinated Transportation

Silvia Solis Shaw
Executive Director
California Cities Transportation Initiative

Nate Schaffran
Executive Director
California Coalition for Community Investment

Alicia Sebastian
Executive Director
California Coalition for Rural Housing

Bob Zdenek
Interim Executive Director
California Community Economic Development Association

Maddie Ribble
Co-Director for Policy
California Community Land Trust Network

Ray Pearl
Executive Director
California Housing Consortium

Andrew Dawson
Senior Manager of Policy Advocacy
California Housing Partnership

James A. Thuerwachter
Legislative Advocate
California State Council of Laborers

Nolan Gray
Senior Director of Legislation and Research
California YIMBY

Gabriella Ruiz
Policy Manager
Chinatown Community Development Center

Colin Parent
CEO and General Counsel
Circulate Planning and Policy

Lesly Beatty

Director

Climate Plan

Elissa Dennis

Executive Director

Community Economics, Inc.

Sean Spear

President & CEO

Community HousingWorks

Tara Barauskas, LEED AP

Executive Director

Community Corporation of Santa Monica

Seana O'Shaughnessy

President / CEO

Community Housing Improvement Program

Laura Hall

President & CEO

EAH Housing

Jeff Levin

Senior Director of Policy

East Bay Housing Organizations

Heather Hood

VP and Market Lead, Northern California

Enterprise Community Partners

Jimar Wilson

VP and Market Leader, Southern California

Enterprise Community Partners

Victoria Senna

Chief Executive Officer

Hollywood Community Housing Corporation

Cristian Ahumada

Executive Director and CEO

Holos Communities

Alexander Russell, M.B.A.

Chief Executive Officer

Homes & Hope

Robert Estrada

National President

Inlandboatmen's Union of the Pacific Marine Division ILWU

Mahdi Manji

Director of Public Policy

Inner City Law Center

Cesar Covarrubius

Executive Director

Kennedy Commission

Ian Gabriel

Director of Collective Impact

Lift to Rise

Takao Suzuki

Executive Director

Little Tokyo Service Center

Kenny Rodgers

Deputy Market Director, Coachella Valley

Low-Income Investment Fund

Captain Sly Hunter

Regional Representative

Masters, Mates & Pilots

AFL-CIO

Ariel Beliak

President & CEO

Merritt Community Capital Corporation

Renner Johnston

President / Partner

Mogavero Architects

Eli Lipmen

Executive Director

Move California

Eli Lipmen

Executive Director

Move LA

Craig Adelman

CEO

Mutual Housing California

Alex Visotzky
Senior Policy Fellow, California
National Alliance to End Homelessness

J.T. Harechmak
Policy Director
Non-Profit Housing Association of Northern California

Kenneth Triguero
CEO & President
People's Self-Help Housing

Matthew Baker
Policy Director
Planning & Conservation League

Laurel Paget-Seekins
Senior Transportation Policy Advocate
Public Advocates

Jon Switalski
Executive Director
Rebuild SoCal Partnership

Courtney Pal
Policy Manager
Resources for Community Development

Ari Neumann
Chief Impact & Policy Officer
Rural Community Assistance Corporation

Julio Lamas
Executive Director
Sacramento Housing Alliance

Jonathan Matz
California Senior Policy Manager
Safe Routes to School Partnership

Dante Golden
Senior Director of Policy
San Diego Housing Federation

Adina Levin
Executive Director
Seamless Bay Area

Tom Collishaw
President & CEO
Self-Help Enterprises

Louie Costa
Safety and Legislative Director
SMART – Transportation Division

Jackson Loop
Policy Director
Southern California Association of Non-Profit Housing

Laura Tolkoff
Transportation Policy Director
SPUR

Marc T. Vukceovich
Director of State Policy
Streets for All

Shane Gusman
Legislative Director
Teamsters

Carter Lavin
Co-Founder
Transbay Coalition

Zack Deutsch-Gross
Executive Director
Transform

Erika Lee and Allisson Riley
Co-Executive Directors
Venice Community Housing

Ian Evans
Executive Director
Yolo County Housing and New Hope Community Development Corporation

cc: Members and Staff, California State Legislature
Members, California Air Resources Board
Jamie Callahan, Deputy Chief of Staff, Office of Governor Gavin Newsom
Trey Reffett, Deputy Cabinet Secretary, Office of Governor Gavin Newsom
Sarah Swig, Deputy Cabinet Secretary and Senior Advisor, Office of Governor Gavin Newsom
Steve Cliff, Executive Officer, California Air Resources Board
Rajinder Sahota, Deputy Executive Officer, California Air Resources Board
Toks Omishakin, Secretary, California State Transportation Agency
Erin Curtis, Executive Director, Strategic Growth Council