CAPITOL OFFICE
1021 O STREET
SUITE 6520
SACRAMENTO, CA 95814
(916) 651-4013

DISTRICT OFFICE
3525 ALAMEDA DE LAS PULGAS
MENLO PARK, CA 94025
(650) 233-2724

SENATOR.BECKER@SENATE.CA.GOV
SD13.SENATE.CA.GOV

California State Senate

SENATOR
JOSH BECKER
THIRTEENTH SENATE DISTRICT

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May 19, 2026

The Honorable Senator John Laird
Chair, Senate Budget Committee
California State Senate
1021 O Street, Suite 8620
Sacramento, CA 95814

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

Dear Chairs Laird and Gabriel,

On behalf of the California Legislative Bay Area Caucus members, we write to highlight our top regional budget priorities for inclusion in the Fiscal Year 2026–27 state budget. Each request reflects a shared commitment to meeting California's critical goals for housing affordability, climate resilience, local government financing, workforce safety, economic development, and regional infrastructure investment.

Bay Area Housing Finance Authority (BAHFA)

The Bay Area Caucus offers strong support for Senator Arreguin's and Assemblymember Wick's request for $15 million in one-time funding to support BAHFA's new strategic plan that charts a path to self-sufficiency by 2030 via a revenue-generating loan program and fees. This funding - matched by MTC-ABAG and philanthropy - would sustain the agency's most promising programs for the intervening four years. This includes:

1. Allowing the Doorway Housing Portal, used by more than 450,000 housing seekers, to offer more apartment and ADU listings;
2. Launching the innovative Mixed-Income Financing Program, which will generate revenue for the agency; and
3. Positioning BAHFA to advance a large regional revenue measure as early as 2028.

Appropriating the full $15 million in this budget will help BAHFA attract the additional expertise needed to run the lending program and increase confidence in Doorway's

longevity among the property managers who are its key partners. It will also signal to philanthropy the high value the state places on BAHFA's success.

Proposition 4 Coastal Resiliency

We respectfully request an increase in two of the FY 26/27 budget allocations from Proposition 4 for the State Coastal Conservancy. Specifically, we are requesting that the allocation for Coastal Resilience be increased from $30.8 million to $60 million, and the allocation for the San Francisco Bay Restoration Authority Act & San Francisco Bay Area Conservancy Program be set at $15 million. As the State works to ensure that our communities are resilient to the impacts of climate change, coastal and flood resilience must remain a priority.

This request represents the consistent acknowledgement that the Bay Area is ground zero for sea level rise, putting coastal communities at significant risk, and would be consistent with last year's recognition of the need for much needed Prop 4 funding.

The Legislative Analyst's Office notes that the state could experience up to seven feet of sea level rise by 2100. According to a joint report from the Metropolitan Transportation Commission and Bay Conservation and Development Commission, the Bay Area is expected to experience two-thirds of the impacts of that in the coming decades. That means tens of thousands of households, hundreds of thousands of jobs, and billions of dollars' worth of public infrastructure are at risk of flooding across the Bay Area alone.

Coastal Conservancy has a proven track record of allocating funding effectively and efficiently to impactful projects across the state. By increasing the amount of Proposition 4 funding available to the agency this year, the State will accelerate our readiness and reduce future disaster response costs by ensuring that communities are more resilient to changing climate conditions.

Vehicle License Fee Shortfall

We also respectfully request that the in-lieu Vehicle License Fee (VLF) shortfall amount of $156,989,744 for San Mateo County and its cities be included in this year's State budget. This amount covers a $119,238,751 shortfall for FY 24-25 and an unpaid balance of $37,750,993 from FY 23-24. Our local governments rely on these funds to deliver critical services to their residents, for which costs are rising.

The State's in-lieu VLF payment obligation was established by the VLF "Swap," which was an integral part of the 2004 Budget compromise. Under the terms of that compromise, the State permanently reduced the annual VLF rate, which significantly decreased counties and cities' revenues and, for two fiscal years, shifted an additional $1.3 billion in property taxes away from counties, cities, and special districts to pay the state's school funding obligations and address the state's budget deficit. In exchange, the State guaranteed counties and cities an "in-lieu" VLF payments for the lost

revenues. See Rev. & Tax Code 97.70(b)(1) expressly providing that counties and cities "shall" receive their in-lieu VLF amount.

Historically, the state has made counties and cities whole by reimbursing in-lieu VLF shortfalls through a special appropriation in the State budget. This appropriation ensures that San Mateo County and its cities are treated like all other counties and cities in the state, by receiving their full in-lieu VLF payment as required by law. However, the Governor's January proposed Budget did not include an appropriation to cover San Mateo County's fiscal year 2024-25 in-lieu VLF shortfall.

VLF funds 18% of County services, including public safety, health and social services, and parks. Unlike every other California county, San Mateo County does not receive the State's VLF obligation, and without it the County would face major cuts to non-mandated services. With federal funding reductions looming and no viable local revenue source to offset the loss, State action is critical to avoid service disruptions, protect vulnerable residents, and sustain progress in behavioral health and housing services.

East Bay Regional Wildfire Taskforce

The Bay Area Caucus offers strong support for Senator Grayson's $15 million one-time allocation request in the FY 26-27 budget to support the East Bay Regional Wildfire Taskforce and its coordinated wildfire resilience efforts across the East Bay region. The Taskforce was formed to reduce wildfire risk, strengthen regional preparedness, and improve coordination between local governments, fire districts, and state agencies. Participating entities include the cities of Berkeley, Oakland, Lafayette, Moraga, Orinda, and San Ramon, as well as regional fire protection districts and state agencies.

The East Bay is among the most wildfire-prone regions in California. Recent analyses identified Moraga and Orinda among the Bay Area communities most vulnerable to an urban firestorm, while many East Bay ZIP codes continue to experience high rates of insurance nonrenewals due to wildfire risk. The region's wildland-urban interface also borders critical statewide infrastructure, including transportation corridors, water systems, and energy transmission lines.

This one-time appropriation, $12 million to Contra Costa County and $3 million to Alameda County for administration, would support:

1. Improvements to evacuation routes and evacuation modeling;
2. Enhanced early incident detection and regional response coordination;
3. Defensible space management and fuel reduction projects;
4. Multilingual public education and wildfire prevention outreach; and
5. Development of scalable regional coordination strategies for other high-risk areas statewide.

Investing in prevention and regional coordination now will reduce long-term disaster recovery costs, strengthen statewide climate resilience, and protect communities, infrastructure, and local economies across the Bay Area and California.

CalHFA Construction Credit Enhancement Fund

The Bay Area Caucus strongly supports Senator Cortese and Assemblymember Kalra's proposal in SB 750 (Cortese) for a one-time $50 million appropriation to establish a construction credit enhancement fund at CalHFA. The program would lower borrowing costs, attract private capital, and accelerate approved housing developments into construction. Because the reserve account would only cover 10% of outstanding loan balances, a $50 million reserve could leverage up to $500 million for affordable housing projects, maximizing the state's return on investment.

California continues to face a severe housing crisis. Projects currently in development could provide homes for more than 559,000 low- to moderate-income households but rising interest rates and limited private financing are delaying construction statewide. Credit enhancement programs have already proven effective in other sectors, including health facility financing. Applying this model to housing would stabilize construction financing costs, extend existing housing bond resources, and accelerate critically needed affordable housing production. Historically, federally guaranteed housing projects have had low default rates, limiting the state's financial exposure.

This investment would create a self-sustaining financing mechanism to support long-term housing production while addressing California's urgent affordability and economic challenges.

Oakland Roots & Soul FIFA World Cup Base Camp

The Bay Area Caucus strongly supports Assemblymember Bonta's state funding request ($1.6 million in FY 26-27) for the Oakland Roots & Soul FIFA Team Base Camp Training Site for the 2026 FIFA Men's World Cup. The Oakland Roots & Soul facility was selected by the Australian National Soccer Team as one of only three official team base camps in California for the tournament. This opportunity presents significant economic and tourism benefits for the East Bay and the State of California.

Hosting a Team Base Camp is projected to generate between $25 million and $35 million in economic output, support up to 210 local jobs, generate as many as 30,000 hotel nights, and attract between 60,000 and 80,000 visitors to the East Bay during the tournament period. Local restaurants, small businesses, hotels, and cultural institutions throughout the region are expected to benefit from tourism and international visibility.

Even with support commitments from the City of Alameda, City of Oakland, and Alameda County, the project still faces a substantial funding gap. Supporting this request would help maximize the economic benefits of the World Cup for the Bay Area while showcasing California on a global stage.

Cal/OSHA Enforcement and Workplace Safety Pilot Program

The Bay Area Caucus strongly supports Assemblymember Ortega's request to redirect $10 million of unused funding from the Occupational Safety and Health Fund and if needed, the Labor and Workforce Development Fund, to support a pilot program empowering public prosecutors in Alameda and Santa Clara Counties to investigate and prosecute severe workplace injury and fatality cases.

Due to chronic staffing shortages, Cal/OSHA's Bureau of Investigations has struggled to meet its statutory obligations to investigate workplace fatalities and major injury incidents. A recent state audit found that Cal/OSHA significantly underspent its appropriations while fund balances grew to approximately $201 million, and that only 1.7% of serious cases between 2019 and 2022 were referred to criminal prosecution.

This pilot program would allow participating District Attorneys' offices to hire investigators and prosecutors dedicated to workplace fatality and permanent disability cases, strengthening enforcement of California's worker protection laws. The proposal builds on prior successful state investments supporting local enforcement partnerships related to labor protections and wage theft enforcement.

Strengthening workplace safety enforcement will help ensure that California's labor protections are meaningfully implemented, improve accountability for serious violations, and better protect workers across some of the state's largest employment centers.

Conclusion

These proposals represent core priorities of the Bay Area Caucus — and urgent opportunities for the State of California to invest in housing stability, economic strength, environmental resilience, worker protections, and globally significant economic development opportunities that benefit both the Bay Area and California as a whole.

We appreciate your leadership on these issues and respectfully urge your support to advance these budget requests in the final budget package.

Thank you for your consideration of this request.

Sincerely,

JOSH BECKER
Senator, 13th Senate District
Chair, Bay Area Caucus

Buffy Wicks
Assemblymember, 14th Assembly District
Vice Chair, Bay Area Caucus