



Associated General Contractors (AGC)
The California Chapters



April 1, 2019

The Honorable Kevin McCarty
California State Assembly
State Capitol, Room 2136
Sacramento, CA 95814

**Re: AB 1568 (McCarty) - Housing Element: Production Report: Withholding of Transportation Funds
As Introduced on February 22, 2019 – NOTICE OF OPPOSITION**

Dear Assembly Member McCarty –

The signatories to this letter are writing to express our strong opposition to AB 1568, your measure that has been renewed this session that would seek to withhold and divert transportation funding from cities and counties under SB 1 – the Road Repair and Accountability Act of 2017 (Chapter No. 5, statutes of 2017) – if housing production within a jurisdiction does not meet the regional housing needs allocation (RHNA) at each income level.

Our greater transportation coalition of business and labor organizations united to advocate for the passage of SB 1 in 2017. We believe the basic concept of withholding and diverting road repair funds from local governments due to lack of progress by private housing developers in meeting housing goals violates the trust of the voters who have repeatedly and overwhelmingly dedicated transportation funds for local transportation improvements – including 81% of voters who passed Proposition 69 last summer.

More importantly, voters soundly rejected Proposition 6 this past November due to the impacts eliminating transportation funds would have on public safety and transportation improvements in their communities. Denying local transportation funding would jeopardize thousands of projects statewide and make our roads and bridges less safe and more congested. Ultimately, AB 1568 would put public safety at risk and break important promises to voters.

Moreover, California’s long-standing transportation approach to funding has been based on the “user pay” model, which has a core principle that all users pay, and all users benefit from the available new resource.

AB 1568 specifically seeks to use the recently established Road Maintenance and Rehabilitation Program (RMRP) as the source to penalize cities and counties. The RMRP was established to fund critical

maintenance, rehabilitation and safety projects on state highways and local streets and roads and was achieved after several years of intense legislative investigation into the major maintenance backlog and needs of the statewide multimodal transportation system. SB 1 set very specific statutory eligibility requirements for cities and counties to receive their apportionment of RMRP funds. These requirements were subject to significant scrutiny by the Legislature and all stakeholders and were included in the earliest version of SB 1, which was introduced in December 2016.

In our view, AB 1568 would threaten long-sought RMRP funding for local transportation improvements. While California is in great need to address housing affordability, withholding funding intended for much needed local transportation improvements is not the solution.

For these reasons, we respectfully, but strongly, oppose these efforts to use road repair funds as an enforcement tool by the state for housing development.

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