OFFICE OF THE GOVERNOR

SEP 18 2026

To the Members of the California State Assembly:

I am returning Assembly Bill 2166 without my signature.

This bill would establish the Multifamily Backstop Financing Program within the California Infrastructure and Economic Development Bank to provide state-backed credit support for surety bonds issued to eligible offsite housing factories serving multifamily projects.

I support innovative financing strategies that can lower housing construction costs, and I thank the author for advancing this important goal. However, this novel program is estimated to require hundreds of millions of dollars in initial capitalization, funding that was not included in the state budget. A proposal of this scale should instead be considered through the annual budget process, where its funding needs, risk protections, and administrative structure can be evaluated together.

In partnership with the Legislature this year, my administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we remain disciplined

GOVERNOR GAVIN NEWSOM • SACRAMENTO, CA 95814 • (916) 445-2841

when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom