

## Policy Brief: Innovative Funding and Financing Tools and Strategies for Shared Mobility

### Summary

The California Air Resources Board (CARB) provides funding for shared mobility programs for low-income and disadvantaged communities throughout California to advance the state's adoption of zero-emission technology and provide access to clean mobility options to underserved communities. Grant sources, however, are insufficient to provide these clean mobility services with long-term financial sustainability. Alternative funding and financing tools and strategies employed elsewhere in the transportation and other sectors may offer promising solutions for greater longevity. However, there is no one-size-fits-all approach and programs will likely need to employ a combination of strategies depending on the program structure and context.

### Issue Background

CARB leads the state of California's efforts to reduce air pollution and greenhouse gas emissions in response to the global climate crisis. As part of its mission, CARB provides funding to shared mobility programs that offer mobility options to disadvantaged and low-income communities throughout the state, helping to advance California's ambitious climate initiatives while addressing critical barriers to access for low-income users.

CARB's clean mobility programs, which include the Sustainable Transportation Equity Project, Clean Mobility Options Voucher Pilot Program and other grants, fund shared mobility services that include carshare, carpool and vanpool, micromobility (bikeshare and scooters), and microtransit (on-demand transit).

Clean mobility projects serving low-income and disadvantaged communities are often designed to be affordable to users and therefore are less commercial/profitable.

Revenues generated by user fees may not cover capital and operating costs. In addition, these programs are often perceived as risky by private investors; therefore, financing options available to private companies may be unavailable or unaffordable.

State funding sources are not sufficient to provide communities with the means to implement complex, long-term projects. CARB anticipates challenges sustaining the projects beyond the pilot period, exacerbating inequities.

### Key Findings

Funding and financing tools and strategies employed elsewhere in the transportation and other sectors may offer solutions for shared mobility programs and the agencies and governments that seek to invest in sustainable clean mobility options.

#### *Types of Funding and Financing Strategies*

This study reviewed more than 30 different tools and strategies that roughly comprise four major categories:

- **Public Policy Initiatives** have the potential to provide new non-grant funding sources.
- **Operating Models** can be used to create more equitable governance frameworks and can also help realize cost savings and reduce risks.
- **Financing** strategies can be used to reduce risks for private investment and lower the cost of borrowing.
- **Utilities** can support the installation of electric vehicle infrastructure.

#### *When to Apply Funding vs. Financing Strategies*

Shared mobility services need to employ a combination of strategies to achieve long-term sustainability. There is no one-size-fits-

all solution. The first step for project administrators is to identify the key problem and the factors driving the problem.

- Is the program commercially viable? In other words, do revenues generated cover capital and operating costs?
- If not, is there potential to be commercially viable in the future? Are there opportunities for future revenue increases or cost savings?

If shared mobility services cannot presently cover operating or capital costs and are unlikely to be able to do so in the future, the most promising strategies to address a funding shortage are public policy initiatives designed to generate more sustainable non-grant funding streams, such as tax policies, developer-targeted initiatives, and vehicle miles traveled-based mitigation fees. These strategies typically require coordination with other government or agency partners.

Financing strategies alone will not solve funding shortages. They are best suited to programs that can demonstrate some degree of commerciality or use other sustained funding sources. Financing tools and strategies work in three ways:

- Leverage public funding sources to cover project risks that are otherwise unattractive to private investment (e.g., first loss reserves).
- Reduce the cost of borrowing by deploying concessional financing strategies, making financing options more affordable and accessible to shared mobility projects.
- Delay funding needs with traditional financing strategies to access money up front or when needed and pay back over a longer period.

## Policy Recommendations

### *Recommendations for Current Shared Mobility Programs*

The following recommendations may help shared mobility services leverage innovative funding and financing mechanisms and achieve long-term financial sustainability:

- **Identify specific funding vs. financing challenges with respect to the business model.** This helps clarify which combination of strategies are best suited to address the problem.
- **Consider sustainable funding sources early in program design.** Many of the funding strategies have significant timescales to deploy.
- **Enlist support from local and regional governments, agencies, employers, and others.** These entities may also benefit from increased community mobility options.

### *Recommendations for CARB*

The following recommendations provide areas of future research and action to build on this study:

1. Review CARB's goals and objectives and assess how well mobility services achieve desired GHG reduction and equity outcomes.
2. Partner with agencies/governments that share similar goals and proactively identify projects that support those goals.
3. Allocate funding by project type and prioritize projects that demonstrate plans for long-term success.
4. Support access to sustainable modes in disadvantaged communities broadly (zero-emission buses, microtransit) to enhance the overall transit network.

For more information, refer to the White Paper: [Sustainable Financing Tools and Strategies for Equitable, Community-Based Mobility and Transportation Solutions](#).