

October 31, 2014

Mr. Mike McCoy
Executive Director
California Strategic Growth Council
1400 10th Street, Suite 100
Sacramento, CA 95812

Re: Comments on Draft Guidelines for the Affordable Housing & Sustainable Communities (AHSC) Program

Dear Mr. McCoy:

On behalf of the California Transit Association (Association), representing California's public transit systems, thank you for the opportunity to provide comment regarding the Strategic Growth Council's (Council) ***Draft Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program***. The Association is excited about the prospects that the Cap and Trade program provides for improving and expanding transit service throughout California and the benefits these service enhancements will bring in conjunction with improved land-use and development. The Association looks forward to working with the Council as you continue your efforts to develop and implement the guidelines for the AHSC Program.

In July 2014, the Association's Executive Committee established the Subcommittee on Cap and Trade (Subcommittee), created to participate in, and respond to, the development of guidelines by state agencies as required by SB 862. The Association's Subcommittee consists of representatives from 14 transit agencies throughout the state, including: San Francisco Municipal Transportation Agency; Southern California Regional Rail Authority (Metrolink); Solano Transportation Authority; San Mateo County Transit District; Santa Cruz Metropolitan Transit District; Monterey-Salinas Transit; Santa Clara Valley Transportation Authority; Bay Area Rapid Transit; Orange County Transportation Authority; Sacramento Regional Transit District; Capitol Corridor Joint Powers Board (Capitol Corridor); Los Angeles County Metropolitan Transportation Authority; Antelope Valley Transit Authority; and San Diego Metropolitan Transit System.

As you are aware, transit agencies throughout the state are eligible for funding in a number of programs established by SB 862 (Committee on Budget and Fiscal Review), including, but not limited to, the Transit and Intercity Rail Program (TIRCP), the Low-Carbon Transit Operations Program (LCTOP), and the AHSC Program. Specifically, with regard to the AHSC Program, "transit capital projects and programs supporting transit ridership" are listed as eligible projects, in addition to active transportation and complete streets projects. While "intermodal, affordable housing" and "transit oriented development" projects are also an eligible use of AHSC Program

funds, there is nothing in SB 862 that requires transportation and housing projects to be mutually inclusive.

Since the draft guidelines were released on September 23, the Association's Subcommittee has met several times to discuss the impact the guidelines would have on transit agencies, both urban and rural, as they relate to funding good greenhouse gas (GHG) reducing transportation projects. **While the Association strongly believes the draft guidelines for the AHSC Program warrant a complete overhaul, we recommend the following suggestions specifically related to the draft guidelines released by the Council on September 23:**

- 1) ***The draft guidelines are too cumbersome.*** The draft guidelines venture to create programs for two types of projects – transit-oriented development and integrated connectivity – and then prescribe unclear qualifying factors, arbitrary limitations on funding, and complex scoring criteria for each project-type. The draft guidelines are difficult to navigate and we believe the Council can instead fund the types of transit oriented development and connectivity projects it is looking for by using a simplified set of guidelines and scoring criteria, similar to those used for the Active Transportation Program.
- 2) ***Allow flexibility when considering affordable housing projects.*** As described in the draft guidelines, all projects funded from the program in a metropolitan area with existing “high-quality transit” must have an affordable housing element as part of the proposed project. The Association strongly believes that housing near transit increases ridership and reduces vehicle miles traveled. As a result, the guidelines should allow stand-alone transportation projects near existing or planned high-density developments (regardless of whether the housing is affordable or market-rate), and should not make providing funding for a housing element a qualifying factor (it may be appropriate to score projects higher if they do have this component). This will result in good GHG-reducing transportation projects not coming forward because they do not contain an affordable housing proposal.
- 3) ***Establish one program.*** As mentioned above, the draft guidelines would establish two types of projects. The Association believes this is unnecessary. Removing the affordable housing requirement would essentially make the two project-types the same. Combining the programs and simplifying the draft guidelines would provide the Council with increased flexibility to award funding to those projects that are going to provide the state with the greatest GHG benefit. One of the goals of establishing two project-types was to have a program for metropolitan areas and a program for non-metropolitan areas in order to ensure some sort of funding equality. This can still be achieved through a set aside for non-metropolitan areas. If two project programs are deemed necessary to ensure statutorily established minimums are met, then we feel one program should fund affordable housing projects near transit and the other should fund everything else allowed for under SB 862.
- 4) ***Use existing statutory definitions and streamline terminology.*** Throughout the draft guidelines, approximately 90 terms are referenced and subsequently defined in Appendix A. Some terms the draft guidelines attempt to define already have definitions

in statute. For example, “major transit stop” is defined in Public Resources Code Section 21064.3 and this definition is used in the development of a Sustainable Communities Strategy, yet the draft guidelines attempt to recast this definition. Furthermore, Public Resources Code Section 21155 defines a “transit priority project” which was created in SB 375 (Steinberg) and should be used to determine whether non-transportation capital projects qualify for funding under the AHSC Program. Additionally, the Federal Transit Administration is beginning to take an interest in transit-oriented development, as evidenced by the recent availability of planning grants for these purposes. The Council should strive for consistency with federal regulation so as not to preclude the use of federal funds. Finally, the draft guidelines use/define several terms related to transit service/stations that need to be streamlined as the varying use of these terms adds to the unclear nature of the document (major transit stop, transit station, qualifying transit station, destination transit station, etc.).

- 5) ***Include intercity rail and regular bus service as a mode of transit.*** The guidelines fail to include intercity rail and regular bus service as a mode of transit that may service a transit station. The guidelines should be revised to include these modes as they are both heavily used forms of transit. In disadvantaged communities, regular bus service is often the only form of transit available.
- 6) ***Increase funding caps and reduce matching requirement.*** The Association does not support the \$15 million/\$8 million project caps nor the \$15 million locality and developer limits as funding in the AHSC Program is expected to grow in future years as it receives 20 percent of all Cap and Trade funds moving forward. The current caps may encourage only small-scale, neighborhood area developments which may not produce a significant amount of GHG reductions. Higher funding amounts would encourage larger infrastructure projects to come forward which will better help meet the goals of AB 32. Additionally, the 50 percent match requirement is too high for smaller localities around the state and may force less-impactful projects to come forward from these areas. By comparison, the Active Transportation Program has an 11.5 percent match requirement, which is waived for projects primarily benefiting a disadvantaged community.
- 7) ***Clarification is needed regarding eligible applicants.*** The guidelines currently require a public agency that has “jurisdiction” over the “project area” to be a required applicant. The definition of “project area” is very broad and may not have one jurisdictional entity. It is also unclear what is meant to have jurisdiction, and whether it requires actual right of way control or land ownership. This could foreclose the ability for transit and transportation agencies to submit an application for funding as a lead applicant. The guidelines should be clarified to allow a public agency with authority to plan and implement projects within the project area to be a required applicant, including transit and transportation agencies.
- 8) ***Delay adoption for 60 days.*** One of the recurring themes throughout the Association’s comments is the challenge our agencies are having interpreting the draft guidelines. The Council, at its October 6 meeting, also expressed a desire for clearer guidelines for the AHSC Program. The Association requests that the Council re-submit a revised version of the draft guidelines in December, reflective of stakeholder input, and make the revised document available to the public for comment for an additional 30 days. This would

require the Council to delay adoption of the draft guidelines until its February meeting, which we believe would still provide enough time to award projects in Fiscal Year 2014-15. This is especially true if the guidelines are much more concise and contain a simplified scoring criteria.

We have enjoyed the Council's willingness to engage with us as you work to develop guidelines for the AHSC Program. Again, we look forward to continuing our relationship as the process continues. Please do not hesitate to contact me with any comments or questions at 916-446-4656.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Robinson', with a long horizontal flourish extending to the right.

Matt Robinson
Legislative Advocate

Cc: Allison Joe, Deputy Director, Strategic Growth Council
Kate White, Deputy Secretary, California State Transportation Agency