



March 8, 2013

Ms. Mary Nichols  
Chairman, California Air Resources Board  
1001 I Street  
Sacramento CA 95814

RE: Investment Plan for Cap-and-Trade Auction Proceeds

Dear Chairman Nichols:

More than 50 organizations representing various sectors and constituencies support the attached Sustainable Communities for All proposal, ranging from housing and transit advocates to bicycle and pedestrian coalitions to conservation organizations. We share a commitment to focusing Cap-and-Trade expenditures on Californians who have the fewest resources to cope with the impacts of climate change.

Our broad-based coalition proposes investing Cap-and-Trade auction proceeds in transformational housing and transportation choices that will put California firmly on the path to equitably achieving the goals of SB 375, allow everyone to drive less, reduce energy and household costs, and improve public health and sustainable economic development. Investments to improve and expand public transportation, increase biking and walking, and build transit-oriented homes affordable to low-income, high-propensity transit users will enable California to exceed its emissions goals and reinvest in our communities for maximum benefit.

SB 375 requires regions to integrate their transportation and land use plans to provide Californians expansive and efficient alternatives to driving and to reduce the distances between frequent destinations. Put another way, SB 375 is partially built on the premise that siting homes affordable to all Californians near improved transit and major job centers is a key tool for greenhouse gas (GHG) reduction.

The Sustainable Communities Strategies adopted thus far prominently feature expanded transit systems and transit-oriented residential development. For example, the Southern California Association of Governments achieves a per-capita 24% VMT reduction by assuming more than 80% of residential growth will be within ½ mile of transit.

To assist the regions in realizing the environmental promise of these SCSs, we urge you to allocate Cap-and-Trade auction proceeds through a competitive grant process to create equitable transit, housing, and active transportation opportunities. Projects and programs reflecting best practices and new innovations should be the focus.

### **Our proposal**

Eligible uses:

1. Expand or improve public transit service, with significant funding for operations to quickly expand service and increase ridership.
2. Support unmet transit capital maintenance needs.
3. Develop and rehabilitate transit-oriented residential development that is affordable to low-income households and provides trip reduction strategies such as transit passes and car share.
4. Expand bicycle and pedestrian networks, facilities and programs that promote additional use and safety and provide access to transit, schools, colleges, shopping and other destinations.

5. Expand vanpool, car share and carpool promotion programs.
6. Implement transportation demand management strategies and incentives that reduce both vehicle travel and ownership, such as discounted transit passes in transit priority zones.
7. Invest in energy efficiency improvement in existing multifamily rental homes affordable to low-income households.
8. Modify and/or maintain roadways in a way that creates complete streets and/or provides dedicated transit lanes.

Threshold criteria for all applications:

1. The proposed project or program must be consistent with the Sustainable Communities Strategy.
2. Transportation projects must decrease co-pollutants as well as GHGs. To ensure both goals are met, projects should decrease overall vehicle travel.
3. The jurisdiction(s) in which a project or program is located must have a current, HCD-approved housing element and have policies that encourage mixed-income communities and protect against displacement along transit lines.
4. Those earmarked to comply with SB 535 must specifically address the high priority needs of one or more disadvantaged communities, achieve measurable benefits for them, and deliver benefits that significantly outweigh any burdens that will fall on those communities.

Those eligible projects and programs that meet the threshold criteria should be ranked against each other based on their success in addressing other high priority state policy goals, such as:

1. Avoids or mitigates the disproportionate impacts of climate change on disadvantaged communities and households.
2. Improves transit access, accessibility, and frequency for populations that use transit at high rates, including seniors, students, low-income residents, and people with disabilities.
3. Provides or supports workforce development and long-term job and economic growth for low-income and disadvantaged communities and households.
4. Improves public health by decreasing air pollution, improving the safety of housing or transportation systems, or increasing use of active transportation.
5. Preserves farms, forests and habitat, especially in rural areas.
6. For proposed residential developments, promotes:
  - Deep affordability.
  - Inclusion of service-enriched homes for people with special needs.
  - Green development components such as free transit passes, renewable energy, etc.
7. Reduces racial and/or economic segregation.

#### Meeting Californians' fundamental needs

Cap-and-Trade auction proceeds are a critical state resource for expanding housing and transportation choices, since substantial reductions in other state funding threaten the ability of communities to achieve AB 32 and SB 375 goals.

One third of Californians' total trips are on foot or bike, yet only about two percent of state transportation funds are spent on bike and pedestrian infrastructure. Over the past two years, federal spending on active transportation was cut by 33%.

Similarly, there is a gap of 555,792 homes affordable and available to low-income households in California. Along with 40% cuts to key federal housing programs, and drying up of state housing bonds, dissolution of redevelopment agencies eliminated \$1.2 billion a year for development of homes affordable to California households earning eighty percent or less of the median income. At the same time, the foreclosure crisis is pushing more families into the rental market, driving up rents around the state.

State and federal revenues for transportation funding have been stagnant or in decline for years. Over the last ten years, California transit agencies lost over \$4 billion, resulting in service cuts, fare increases, aging infrastructure, and delayed projects.

These cuts severely restrict the public and private sectors' ability to produce the enhanced transportation and housing options demanded by our growing population and essential to achieving state environmental goals.

Funding for transformational housing, transit, and active transportation projects will create and sustain well-paying jobs at a time of high unemployment and generate myriad other local, regional and statewide economic benefits. Every \$1 billion invested in public transit creates and supports 36,000 jobs and generates nearly \$500 million in tax revenues. Similarly, every \$1 billion invested in apartments leverages \$3.6 billion in private and federal investment and creates 34,500 construction and permanent jobs.

#### Meeting the Sinclair Nexus

The legal defensibility of the Cap-and-Trade investment plan is key to its success. There is a growing body of research linking GHG reductions to affordable homes near transit, public and active transit, and energy efficiency improvements in multifamily homes. Attached in APPENDIX A are data from some of the recent studies.

#### Recommended near-term expenditures

In the face of solid scientific evidence and significant needs, we recommend efficiently and effectively deploying Cap-and-Trade auction proceeds in the near term through the following existing state programs:

1. Transit-Oriented Development Housing Program
2. Active Transportation Program
3. State Transit Assistance Program
4. Weatherization Assistance Program, Energy Savings Assistance Program and Multifamily Affordable Solar Homes Program.

Detailed program descriptions are attached as APPENDIX B, including our recommended changes to improve the programs and ensure they meet the Sinclair nexus.

With limited funds available in 2013-14, you could concentrate funding in components of these programs that can achieve measurable, visible results quickly. For example:

- An \$18.7 million investment in the Transit-Oriented Development Housing Program would finance two developments, providing 214 rental homes affordable to very low-income families and seniors.<sup>1</sup> Households that move from a conventional home to one located near transit reduce their vehicle miles travelled by an estimated 9.8 miles per day, resulting in a decrease of 8.98 pounds of carbon per day per resident.<sup>2</sup>

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<sup>1</sup> Based on two developments funded under the 2009 Round of HCD's TOD Program. For a full report on the use of HCD's TOD program, visit: [http://www.housingca.org/site/PageServer?pagename=policyissues\\_landuse](http://www.housingca.org/site/PageServer?pagename=policyissues_landuse)

<sup>2</sup> Cervero, "Transit Oriented Development's Ridership Bonus," 2075

- A \$20 million investment in energy efficiency improvements in multifamily developments affordable to low-income residents would upgrade over 6,000 homes, resulting in an annual decrease of 7,683 MTCO<sub>2</sub>E annually. These investments leverage private funds that nearly double the impact. Additionally, multifamily developments have higher energy savings per transaction compared to single family homes, due to the large number of units served and the inherently more efficient nature of denser multifamily development.<sup>3</sup>
- A \$19 million investment in transit passes for low-income youth over a 3-year pilot program would serve approximately 45,000 children.<sup>4</sup> This results in reduced auto trips and cost savings at home, while encouraging a cultural shift toward public transit use. By taking existing public transportation instead of driving a car, a single person prevents 4,800 pounds of CO<sub>2</sub> from entering the atmosphere each year.<sup>5</sup> (Note: Budget trailer language would be needed to expressly allow this use in the State Transit Assistance Program.)

### Recommended long-term expenditures

Longer term, we recommend creation of an SB 375 implementation program that reflects the uses and criteria outlined above. You could modify existing programs for this purpose or develop a wholly new one. We support administration by one or more state and local agencies possessing demonstrated expertise in funding these proposed uses, as long as the entities use transparent, competitive award processes with clearly-defined criteria. These entities could include Metropolitan Planning Organizations, county transportation agencies, the Strategic Growth Council, the CA Department of Housing and Community Development, and others. To meet the standards of AB 32's Community Benefits Amendment, a wide range of entities should be eligible to apply to the administering agencies for funds.

Regardless of which agency administers the program, the expenditure process should be inclusive, transparent, and based on meaningful public engagement. In particular, for those funds earmarked to comply with SB 535, it is critical that disadvantaged communities play a substantive role in shaping the expenditures.

### Conclusion

Cap-and-Trade auction proceeds can deliver on the promise of SB 375, building public support for robust Sustainable Communities Strategies that invest in the future health and prosperity of all Californians. We look forward to working with you on an innovative approach that changes the ways Californians live and commute to achieve maximum long-term greenhouse gas reduction benefits and serve the economic, public health, and environmental interests of California's most vulnerable residents and communities.

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<sup>3</sup> "Improving California's Multifamily Buildings: Opportunities and Recommendations for Green Retrofit & Rehab Programs Findings from the Multifamily Subcommittee of the California Home Energy Retrofit Coordinating Committee." Available at: [http://www.multifamilygreen.org/wp-content/uploads/2011/02/MF-HERCC\\_Multifamily-Program-Design\\_Final\\_04112022.pdf](http://www.multifamilygreen.org/wp-content/uploads/2011/02/MF-HERCC_Multifamily-Program-Design_Final_04112022.pdf)

<sup>4</sup> Based on the SF MUNI Free Youth Pass Program.

<sup>5</sup> American Public Transportation Association. "Public Transportation Reduces Greenhouse Gases and Conserves Energy". Available at: [http://www.apta.com/resources/reportsandpublications/Documents/greenhouse\\_brochure.pdf](http://www.apta.com/resources/reportsandpublications/Documents/greenhouse_brochure.pdf)  
American Public Transportation Association. Public Transportation Reduces Greenhouse Gases and Conserves Energy

Thank you for all your work in service of our state and for the opportunity to provide this input.

Sincerely,



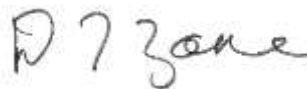
Julie Snyder  
Housing California



Guillermo Mayer  
Public Advocates Inc.



Stuart Cohen  
TransForm



Denny Zane  
Move LA



Megan Kirkeby  
California Housing Partnership Corporation



Mary Luevano  
Global Green

Enclosures: 2

cc: Martha Guzman-Aceves, Office of the Governor  
Cliff Rechtschaffen, Office of the Governor  
Karen Finn, Department of Finance  
Mike McCoy, Strategic Growth Council  
James N. Goldstene, Air Resources Board, CalEPA  
Ashley Conrad-Saydah, Office of the Secretary, CalEPA  
Brian Kelly, Business, Transportation and Housing Agency  
Claudia Cappio, California Housing Finance Agency  
Camille Wagner, Office of the Governor  
Brian Putler, Office of the Governor  
Cynthia Marvin, Air Resources Board, CalEPA  
Miriam Ingenito, Office of the Secretary, CalEPA  
Matt Rodriguez, CalEPA  
Arsenio Mataka, Cal/EPA  
Members of the Air Resources Board

## **APPENDIX A – Greenhouse Gas Reduction Benefits of Transportation Choices and Affordable Homes**

### **Transit-Oriented Development**

Because transportation needs are driven in large part by where people want - and can afford - to live, housing affordability affects the sector's emissions. A new report<sup>6</sup> by the California Housing Partnership Corporation summarizes the research linking GHG reductions and TOD affordable to low-income households:

- People with low-incomes are more likely to be transit riders, with households that earn less than \$20,000 per year using transit more than 4 times as much as higher income groups.
- Living within a half mile of transit increases commuting by walking, biking, and transit for all income groups, but the rates are highest for those earning less than \$25,000 per year.
- A commonly cited estimate of the VMT and GHG emissions reductions provided by affordable homes is 4 percent reduction per unit. This estimate is only derived from income levels, and not from access to transit or from transit passes or other VMT reduction strategies, so may not fully account for the benefits of Affordable TOD.
- Also important to consider is that proximity to transit is linked to increasing property values and rents, typically 10-20 percent above similar rental buildings further from transit. New transit stations tend to attract new residents with higher incomes and higher car ownership. If housing around transit becomes too costly for low-income people, and they are displaced, some of the transit ridership and GHG reduction benefits of TOD will be lost.

***Investment in the sustainable development and preservation of affordable homes near transit will help the state meet its greenhouse gas reduction goals while also benefiting households that stand to lose the most if they are unable to live near transit options.***

### **Public Transportation**

By taking existing public transportation instead of driving a car, a single person prevents 4,800 pounds of CO<sub>2</sub> from entering the atmosphere each year<sup>7</sup>. If a two-car household eliminated one car and used public transit instead, it could potentially see a 30% reduction in its GHG emissions. Households in neighborhoods with robust transit service in the four largest metro areas save an average of \$3,800 and reduce their CO<sub>2</sub> emissions by 34 percent annually<sup>8</sup>. The demographics of California reflect an urgent need to invest in public transportation. In addition to low-income households, seniors and youth increasingly rely on public transportation due to the limitations of age, health, economics, and lifestyle choice. Transit passes and/or subsidies have the potential to significantly increase transit ridership and produce significant near-term GHG benefits. Funding for operations can improve the quality, efficiency, and frequency of transit service while investments in capital maintenance, system preservation, and expansion can improve overall system capacity and access.

***Expanded or improved public transit systems, with significant funding for operations, will enable expanded service, affordable fares for all, and growing ridership.***

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<sup>6</sup> Megan Kirkeby and James Pappas. "Building and Preserving Affordable Homes Near Transit: Affordable TOD as a Greenhouse Gas Reduction and Equity Strategy" California Housing Partnership Corporation  
[http://www.chpc.net/dnld/FullReport\\_CHPCAaffordableTOD013113.pdf](http://www.chpc.net/dnld/FullReport_CHPCAaffordableTOD013113.pdf)

<sup>7</sup> American Public Transportation Association. "Public Transportation Reduces Greenhouse Gases and Conserves Energy". Available at: [http://www.apta.com/resources/reportsandpublications/Documents/greenhouse\\_brochure.pdf](http://www.apta.com/resources/reportsandpublications/Documents/greenhouse_brochure.pdf)

American Public Transportation Association. Public Transportation Reduces Greenhouse Gases and Conserves Energy

<sup>8</sup> Transform. "Windfall for all". Available at: <http://transformca.org/windfall-for-all>

## **APPENDIX A – Greenhouse Gas Reduction Benefits of transportation choices and affordable homes**

### **Energy Efficiency Improvements in Multifamily Homes**

Homes that low-income households live in have been shown to use 28% more energy *per square foot* compared to residents of market rate buildings due to their age and condition<sup>9</sup>. Investments in energy efficiency improvements for existing low-income multifamily rental housing will result in reductions in water and energy usage that translate into significant GHG reductions. There are more than 2.4 million existing multifamily homes in California. If 14 percent of those homes were upgraded to improve energy performance by 25 percent, it would reduce annual energy consumption by 533,971 megawatt-hours (MWh) of electricity and 37 million therms of natural gas. Avoided greenhouse gas emissions would be 430,245 MTCO<sub>2</sub>E annually.<sup>10</sup>

***Energy efficiency and sustainable energy investments in low-income multifamily properties provide an opportunity to reduce greenhouse gas emissions, improve public health, and lower operating costs to residents and building owners, helping to preserve affordable rents and provide financial relief.***

### **Active Transit**

A recent study of the Bay Area estimated that significant investments in active transportation could achieve a 14% reduction in GHG.<sup>11</sup> Approximately 50 percent of all trips in California are under three (3) miles.<sup>12</sup> , and 60 percent of trips under one mile are currently taken by automobile<sup>13</sup>. These trips can easily be accomplished by walking or biking. Additionally approximately 62.4% of California children live within two (2) miles of school, yet 51% are driven in a private vehicle. Safe Routes to School Programs have proven to increase the number of children walking and bicycling to school.

***Investments in active transit infrastructure can shift short trips to bicycling and walking, improving air quality and public health.***

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<sup>9</sup> "Income, Energy Efficiency and Emissions: The Critical Relationship," Energy Programs Consortium (Feb. 26, 2008), pg. iii.

Available at: [http://www.energyprograms.org/wp-content/uploads/2011/10/02\\_2008\\_080226.pdf](http://www.energyprograms.org/wp-content/uploads/2011/10/02_2008_080226.pdf)

<sup>10</sup> "Improving California's Multifamily Buildings: Opportunities and Recommendations for Green Retrofit & Rehab Programs Findings from the Multifamily Subcommittee of the California Home Energy Retrofit Coordinating Committee."

Available at: [http://www.multifamilygreen.org/wp-content/uploads/2011/02/MF-HERCC\\_Multifamily-Program-Design\\_Final\\_04112022.pdf](http://www.multifamilygreen.org/wp-content/uploads/2011/02/MF-HERCC_Multifamily-Program-Design_Final_04112022.pdf)

<sup>11</sup> Neil Maizlish, PhD. "Health Co-Benefits and Transportation Related Reductions in Greenhouse Gas Emissions in the Bay Area." California Department of Public Health, November 2011. Available at:

[http://www.cdph.ca.gov/programs/CCDPHP/Documents/ITHIM\\_Technical\\_Report11-21-11.pdf](http://www.cdph.ca.gov/programs/CCDPHP/Documents/ITHIM_Technical_Report11-21-11.pdf)

<sup>12</sup> 2009 NHTS Caltrans. Available at: [http://saferoutescalifornia.wordpress.com/2012/05/31/trip\\_distance\\_ca2009/](http://saferoutescalifornia.wordpress.com/2012/05/31/trip_distance_ca2009/)

<sup>13</sup> McGuckin, Nancy (2012) Walking and Biking in California: Analysis of the CA-NHTS. Institute of Transportation Studies, University of California, Davis, Research Report UCD-ITS-RR-12-13.

## APPENDIX B – Recommended existing programs to fund in the near term

### Housing

#### Department of Housing and Community Development's Transit-Oriented Development (TOD) Housing Program

Program Description: Under the program, low-interest loans are available as gap financing for rental housing developments that include affordable homes and as mortgage assistance for homeownership developments. In addition, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of specified housing developments or to facilitate connections between these developments and the transit station.

Program Successes: TOD is a forward thinking program, providing essential funding to support development projects that will create a range of housing choices. The program supports SB 375 by supporting construction of a mix of housing choices near quality transportation options and amenities. Over two funding rounds in 2007 and 2008, \$271 million were awarded for 27 developments, producing a total of 6,158 homes. HCD received 119 applications totaling \$1.1 billion.

Previously Funded by: Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006

Current status of funds: Fully expended.

Recommended Program Modifications: Housing California produced evaluations of the first<sup>14</sup> and second<sup>15</sup> funding rounds after awards were made, taking into consideration feedback from an expert advisory committee. The formal recommendations for future iterations of the program include:

- Funds should only finance homes that are affordable to very low or low-income households;
- Density should be used as a scoring criterion, rather than project size;
- Additional points should be given to developments that achieve additional GHG reductions or energy conservation through onsite renewable energy, energy efficiency, discounted or free transit passes, car sharing, or other similar features.

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<sup>14</sup> Sharon Sprowls. "Evaluation of First Round Awards Under California's Transit-Oriented Development (TOD) Housing and Infill Infrastructure Grant (IIG) Programs" Housing California. Available at:  
[http://www.housingca.org/site/PageServer?pagename=policyissues\\_landuse](http://www.housingca.org/site/PageServer?pagename=policyissues_landuse)

<sup>15</sup> Sharon Sprowls, Nathan Cataline and Judson Brown. "Evaluation of California's Transit-Oriented Development (TOD) Housing and Infill Infrastructure Grant (IIG) Programs" Housing California. Available at:  
[http://www.housingca.org/site/PageServer?pagename=policyissues\\_landuse](http://www.housingca.org/site/PageServer?pagename=policyissues_landuse)



## **APPENDIX B – Recommended existing programs to fund in the near term**

### ***Energy Efficiency and Sustainable Energy***

#### **1. Weatherization Assistance Program (WAP)**

Program Description: WAP was created in 1976 to help low-income renters and homeowners reduce energy consumption and costs by making their homes more energy efficient. WAP helps low-income renters and homeowners reduce energy consumption and costs by making their homes more energy efficient through the installation of energy conservation measures.

Program Successes: The program has traditionally had trouble reaching the multifamily sector, but with the expansion of the program under ARRA, WAP made efforts to correct this including using pre-qualified properties identified on lists, created by HUD and DOE, of income eligible HUD assisted multifamily properties. This allowed for “Expedited Enrollment,” which advanced the process greatly by reducing preventing the need for door-to-door income qualification. The program also integrated a whole building, audit-based approach. Although ARRA WAP funds were available for a relatively short period of time, they have given California an opportunity to assess and further develop the State’s approach to weatherizing low-income multifamily homes and to advance future multifamily weatherization work in the State.

Administered by: The California Department of Community Services and Development (CSD) under the United States Department of Energy (DOE)

Previously Funded by: The passage of the American Recovery and Reinvestment Act (ARRA) on February 17, 2009 significantly increased CSD’s WAP budget from \$6,265,676 in Program Year 2008 to \$185,811,061 for 2009-2012 with a mandate that CSD use these funds to complete projects by September 31, 2012 and return the residual amount to the federal government.

Current status of funds: Under ARRA, WAP received \$5 billion nationwide. The proposed Federal budget will drastically scale down the program to \$139 million nationwide for 2013.

Recommended Program Modifications: WAP took a huge step forward by introducing expedited enrollment and a whole building audit-based approach to retrofitting properties. However, the program could still be further streamlined and improved to meet the needs of multifamily homes including:

- improved intake and eligibility verification processes
- communication protocols for Energy Service Providers (ESP) and property owners
- systems to reduce the administrative burden of measure assessments
- and improved coordination between CSD, utilities, property owners, and other stakeholders.

Additional recommendations for improvements to WAP have been captured in the CHPC report, “Barriers to Weatherizing California: An examination of the Weatherization Assistance Program’s Challenges to Serving Low-income Multifamily Rental Housing.”<sup>16</sup>

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<sup>16</sup> “Barriers to Weatherizing California: An Examination of the Weatherization Assistance Program’s Challenges to Service Low-income Multifamily Rental Housing” California Housing Partnership Corporation, October 2012. Available at: [http://chpc.net/dnld/121031\\_WAPBarriersReportFINALLogos.pdf](http://chpc.net/dnld/121031_WAPBarriersReportFINALLogos.pdf)

## **APPENDIX B – Recommended existing programs to fund in the near term**

### **2. The Energy Savings Assistance Program (ESAP)**

Program Description: The CPUC's Energy Savings Assistance Program provides no-cost weatherization services to low-income households. Services provided include attic insulation, energy efficient refrigerators, energy efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs, which reduce air infiltration.

Program Successes: Investments in energy efficiency also reduce localized air pollution from power plants; reduce reliance on capital intensive and environmentally disruptive electric transmission lines; create jobs carried out by California workers, businesses, and community based organizations; generate beneficial economic multiplier effects to local economies; and increase energy and climate engagement.

Administered by: The California Public Utilities Commission and the Investor Owned Utilities

Funded by: Investor Owned Utility ratepayer funds

Current status of funds: The ESAP has not been defunded, but supplementing ESAP with additional funding from allowance revenues will enable ESAP to achieve greater energy savings and produce long-term, sustainable bill relief to low-income customers. Additional funding can be used to expand the menu of energy efficiency measures available to all participating customers and to explore pilots that will reach customer segments that are currently underserved by ESAP including low-income multifamily housing.

Recommended Program Modifications: ESAP has also traditionally had difficulty serving the needs of multifamily homes. The CPUC has recently commissioned a study on reaching the multifamily sector with ESAP. It is our hope that this study will encourage positive changes in the program such as "Expedited Enrollment", a whole building audit-based approach, providing owners choice in contractor selection, and advancing the concept of a "Single Point of Contact" to make ESAP easier to access and integrate with other energy and water efficiency programs.

## **APPENDIX B – Recommended existing programs to fund in the near term**

### **3. Multifamily Affordable Solar Homes Program (MASH)**

Program Description: Established in 2008, the MASH Program provides solar incentives on qualifying multifamily dwellings affordable to low-income households.

The goals of the MASH program are to:

- Stimulate the adoption of solar power in the affordable homes sector;
- Improve energy utilization and overall quality of affordable homes through the application of solar and energy efficiency technologies; and
- Decrease electricity use and costs without increasing monthly household expenses for occupants of multifamily affordable homes.

Program Successes: California's MASH programs is a proven, successful low-income solar model that brings the many benefits of solar energy to our most disadvantaged communities, including household energy savings, job training and employment opportunities, local economic development, and environmental improvement. The program has been consistently oversubscribed and is on track to exceed its goals. This program has led to 193 completed solar projects with 10 megawatts (MW) of solar capacity, 144 projects in the pipeline with 13 MW of solar capacity, and 28 projects under review with 4.6 MW of solar capacity.

Previously Funded by: California Solar Initiative

Current status of funds: Nearly fully expended

Recommended Program Modifications: none

## **APPENDIX B – Recommended existing programs to fund in the near term**

### ***Public Transit***

#### **The State Transit Assistance Program**

Program Description: STA provides funding to local transit agencies and regional transportation planning agencies to fund a portion of the operations and capital costs associated with local mass transportation programs.

Program Successes: Using public transportation is one of the most significant steps individuals can take to reduce household GHG emissions, as private vehicle use is the largest contributor to a household's carbon footprint. STA is one of the few sources of state funding available to operate mass transit in California. While transit ridership has reached record levels in recent years and demand continues to rise, transit agencies have struggled to maintain service levels due to insufficient funds to pay for operating expenses. The recession's impact on local revenues, combined with diversions of STA funds by the State between 2000 and 2009, forced nearly every transit agency to implement deep service cuts or raise fares.

Funded by: Public Transportation Account (Pub. Util. Code § 99310 *et seq.*)

Current status of funds: Allocated annually by formula (\$415.1 million in FY 2012-13).

Recommended Program Modifications: To meet GHG reduction objectives, changes to the STA program are needed. A portion of Greenhouse Gas Reduction Fund revenues should be deposited in the Public Transportation Account and distributed to transit agencies through existing STA revenue-based formulas for the purpose of increasing service levels and transit ridership. For the 2013-14 and 2014-15 fiscal years, transportation planning agencies and county transportation commissions would be allowed to fund demonstration projects by allocating GGRF revenues through a competitive grant process. Use of GGRF revenues would be restricted to:

- implementing fare reduction programs that incentivize greater transit utilization, including transit passes for low-income residents, students, seniors and people with disabilities.
- operating greater levels of transit service (e.g., service frequency, hours of operation, operating additional route miles);
- addressing capital maintenance and replacement needs directly associated with increased service levels;

Transit operators should be required to annually report:

- how the GGRF revenues were spent;
- changes in ridership and service levels (using metrics by which agencies report to the National Transit Database) attributable to such expenditures; and
- the specific service improvements and/or fare reduction programs that benefited disadvantaged communities.

## **APPENDIX B – Recommended existing programs to fund in the near term**

### ***Active Transit***

#### **Proposed Active Transportation Program**

Program Description: The Active Transportation Program is currently a budget trailer bill, designed to create a single pot for revenues used for “active transportation” programs and projects – e.g., bicycle and pedestrian infrastructure, Safe Routes to Schools programs, and recreational trails. The current bill language also includes the Environmental Enhancement and Mitigation Program.

Program Successes: Since the passage of SB 375 the demand for biking and walking infrastructure and programs to achieve emissions goals has exploded. The success of bicycle and pedestrian investments in decreasing congestion, improving safety, and promoting physical activity has led MPOs and other planning agencies to significantly increase planned expenditures for active transportation as part of their Sustainable Communities Strategies; however, existing federal and state funding streams are not sufficient to ensure that these expenditures actually occur. For the four largest MPOs alone planned investments equal \$6.4 billion over ten years or around \$636 million annually. Active transportation investments have been shown to have the potential to reduce Bay Area GHG emissions by 14 percent and similar potential exists for reductions throughout the state.

Previously Funded by: SAFETEA-LU, MAP-21, and state funds

Current status of funds: Federal funding for active transit suffered a 33 percent cut last year and state revenues are flat. Total funding for all the programs consolidated into the Active Transportation Program would still amount to only \$134 million, a \$13 million cut over last fiscal year. This is an almost insignificant amount of money and an amount below previous years’ federal funding for eligible programs and projects.

Recommended Program Modifications: Though the concept of a single pot for bicycle/pedestrian projects and programs is laudable, the particular bill language needs additional amendments to ensure that Cap-and-Trade revenues deposited into the program would be invested in core bicycle and pedestrian projects and programs that reduce greenhouse gases. Additionally, the location of the EEMP funds seems inappropriate for the ATP, as it does not relate to “active transportation”. With stronger language connecting it directly to GHG reduction and equity, and with the EEMP removed, the ATP can become an appropriate place for greenhouse gas auction revenues.