June 22, 2012

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

Re: Allocation of AB 32 Cap and Trade Revenue

Dear Chairman Nichols and California Air Resources Board Members:

We watched with interest the informative panel that you held on May 24, 2012, to seek public input on the allocation of AB 32 cap and trade revenue. The Board's work to allocate this revenue is important and we commend the Board for beginning a dialogue with the public about how best to use the allocation revenues. We write to offer some general guidance on revenue expenditures, and to explain why we believe that land use and transportation investments deserve a significant share of available revenues.

First and foremost, revenue should be invested in efforts that demonstrably reduce greenhouse gas (GHG) emissions. These GHG reductions should be quantifiable, with clear, accurate, transparent reporting procedures in place.

As many panelists emphasized, ARB should prioritize investments that not only reduce GHG emissions but that achieve the other goals of AB32 and SB 375. In particular, these investments should also:

- Prioritize investments and benefits to disadvantaged and environmental justice communities
- Promote the growth of clean jobs and sustainable communities
- Maximize health and environmental co-benefits

We believe that land use and transportation investments are some of the best strategies for achieving both GHG reductions and these essential co-benefits. Transportation is the largest contributor to California's GHG emissions. For that reason, SB 375 was passed as a key strategy to achieve the goals of AB 32, due to the important role of community design, transportation choices and preservation of natural lands in achieving our GHG reduction goals.

Three of California's major regions – San Diego (SANDAG), Sacramento (SACOG), and Southern California (SCAG) – have now passed Sustainable Communities Strategies which, if successfully implemented, will achieve or exceed the GHG targets established by the Air Resources Board. These Sustainable Communities Strategies will achieve many additional benefits beyond greenhouse gas reduction, including the creation of jobs and improvements to public health. The Southern California Association of Governments (SCAG) estimates that their SCS will create 4.2 million jobs if fully implemented.[i] The Bay Area estimates that their draft SCS will reduce premature deaths due to fine particulate matter by 73%.[ii]

To succeed, SCSes can and must direct investments and benefits to disadvantaged communities, and these funds can assist in making this link. Lower-income households are more likely to take transit when it is available to them[iii], yet a lack of transit funds makes it difficult to maintain and expand service. Creating a good fit between housing costs and wages can reduce VMT, yet a lack of affordable housing and redevelopment funds makes it difficult for jurisdictions to support housing rehabilitation and affordable housing preservation and construction near job centers.

The implementation of these SCSes is not guaranteed. According to a recent APA survey of California planning directors, the biggest barrier to successful implementation of SB 375 is the lack of funding for public transportation.[iv] As Jim Earp of the California Alliance for Jobs explained during the ARB hearing, infrastructure gaps are one of the biggest barriers to infill development. The California Transit Association estimates the gap in funding for California transit operations and maintenance at $22.2 billion over the next ten years.[v]

The cap and trade revenues should assist in successfully implementing these Sustainable Communities Strategies by focusing investment in two areas: to expand and improve transportation choices, and to build mixed-use, walkable communities. The allowances should invest in public transportation expansion, operations and maintenance, along with bicycle and pedestrian facilities, vanpooling, car sharing, and other low-carbon transportation strategies. Investments should be focused in already developed areas, especially along highly congested corridors, in low-income communities, and small walkable communities in rural areas.

To maximize ridership and GHG reductions, funds should also be allocated to local and regional agencies to plan and build mixed-use, walkable communities with access to transit. These plans should be consistent with the state's planning priorities and with adopted SCSes, and should include strategies to preserve and expand homes affordable to low-income families. Investments in civic infrastructure that will attract private investment and growth in the right places, and those that help disadvantaged communities share in the benefits and minimize displacement, should be given particular consideration. Funds could also be used to mitigate the potential GHG-inducing impacts of growth via the protection of natural landscapes and farmland identified in regional greenprints.

Thank you for the opportunity to provide this input. We look forward to continued dialogue with ARB as you develop and refine a strategy to maximize GHG reductions and long term co-benefits by investing in integrated transportation and land use strategies consistent with SB 375.

Sincerely,

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[i] Southern California Association of Governments (2012): 2012 Regional Transportation Plan Executive Summary.

[ii] Metropolitan Transportation Commission (May 2012): Preferred Land Use and Transportation Investment Strategy for the Bay Area.

[iii] California Air Pollution Control Officers Association. (August 2010). Quantifying Greenhouse Gas Mitigation Measures: a Resource for Local Government to Assess Emission Reductions from Greenhouse Gas Mitigation Measures, pages 155-176. Retrieved from: http://www.capcoa.org/wp-content/uploads/2010/11/CAPCOA-Quantification-Report-9-14-Final.pdf

[iv] Elisa Barbour and Elizabeth A. Deakin (2012): Smart Growth Planning for Climate Protection, Journal of the American Planning Association, 78:1, 70-86.

[v] California Transit Association, February 2011.