



June 22, 2012

Mary Nichols

Chair, California Air Resources Board

1001 I Street

Sacramento, CA 95814

**RE: Expenditure plan for cap and trade auction revenues**

Dear Chair Nichols and members of the board:

We appreciate the opportunity to share our recommendation for effective and equitable expenditure of the revenues to be generated by the ARB’s Cap-and-Trade Program. Our organizations share a strong commitment to promoting greenhouse gas reduction solutions that address multiple policy goals. The auction revenues provide a valuable opportunity to achieve this.

We recommend that your expenditure plan allocate at least 30% of revenues toward increasing housing and transportation choices within the SB 375 framework. Specifically, targeted funding for the following will build on the Sustainable Communities Strategies developed by SCAG, SACOG, and SANDAG:

1. Capital and operations of expanded and improved transit and vanpool, bicycle and pedestrian facilities in developed areas, especially in highly-congested areas and those heavily-exposed to GHG emissions
2. Energy-efficient transit-oriented development affordable to core transit riders and households with the highest propensity to “shed” their cars and take transit when available

These investments will advance the important environmental, economic, and equity goals detailed below. They also will assist the board in meeting AB 32’s mandate to “[D]irect public and private investment toward the most disadvantaged communities in California and provide an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.[[1]](#footnote-1)”

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In addition, we recommend investment in energy efficiency retrofits in multifamily rental homes serving low income Californians.  Such investments can immediately reduce energy consumption, thereby reducing greenhouse gas (GHG) emissions as well as providing benefits to the disadvantaged households most harmed by GHG emissions.

SB 375 requires regions to integrate their transportation and land use planning to reduce the distances Californians must drive between frequent destinations. Put another way, SB 375 is partially built on the premise that siting housing affordable to all Californians near improved transit and major job centers is a key tool for GHG reduction.

The SCSs adopted by the major MPOs over the past two years bear this out, prominently featuring expanded transit systems and compact infill and transit-oriented residential development. The Southern California Association of Governments, for example, achieves a per-capita 24% VMT reduction assuming more than 80% of residential growth will be within ½ mile of transit.

Research by the California Air Pollution Control Officers demonstrates the air quality benefits of SB 375’s approach. An urban multifamily development with easy access to frequent transit and affordable to lower income households could achieve a 65% reduction in VMT and GHG emissions compared to the statewide average. [[2]](#footnote-2) The key to reaching this reduction level is integration of the housing and transit investments, e.g. building apartments along a major bus route where headways are concurrently lowered to 15 minutes. Adding energy-efficiency, limited parking, and free or low-cost bus passes for residents would generate even greater air quality benefits[[3]](#footnote-3).

Integrated transit and housing investments focused on lower income Californians can also avoid the displacement – and higher GHG emissions - that occur when transit-line planning doesn’t include a range of housing options. “[S]tudies consistently find evidence of growing affluence in neighborhoods that receive improved transit service, including….rising median incomes, higher automobile ownership, and reduced transit mode share.[[4]](#footnote-4)” Our proposal will prevent displacement of lower income core transit riders and avoid the attendant negative impact on a region’s ability to reach its GHG reduction targets.

Lastly, an SB 375 investment plan will assist the state’s economic recovery, providing well-paying jobs in the construction and related sectors. Every $1 billion invested in public transit

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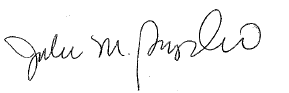
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creates and supports an average of 36,000 jobs[[5]](#footnote-5). Every 100 apartments built creates 230 construction-phase jobs[[6]](#footnote-6) and 52 permanent jobs[[7]](#footnote-7).

Public investment to realize these economic, environmental, and equity benefits and implement SB 375 is scarce. Since 2002, California public transit has suffered $4 billion in cuts. With the demise of redevelopment and exhaustion of state bond funds, the state and local governments are providing $1.6 billion less for housing than last year. At the same time, the foreclosure crisis is pushing more families into the rental market, driving up rents around the state.

SB 375’s vision requires sustained public investment in transportation and housing options that are affordable to all Californians, in particular those with the fewest resources. Investing cap and trade revenues consistent with the regional SCSs and strategically to attract private investment will improve the state’s air quality, create significant economic activity, and reduce transportation and housing costs for Californians of modest means. We urge your adoption of this approach.

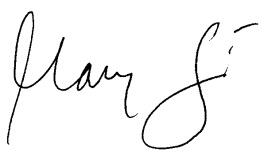
Sincerely,

Julie M. Snyder Denny Zane

Policy Director Executive Director

*Housing California*  *MoveLA*

Mary Luevano Ross Nakasone

Policy and Legislative Affairs Director Sustainable Housing Policy Coordinator

*Global Green USA California Housing Partnership*

Graham Brownstein

State Policy Director

*Transform*

cc: Assembly Speaker John Pérez

Senate President pro Tempore Darrell Steinberg

Senator Mark DeSaulnier, Chair, Senate Transportation and Housing Committee

Senator Joe Simitian, Chair, Senate Environmental Quality Committee

Assemblymember Norma Torres, Chair, Assembly Housing and Community

Development Committee

Assemblymember Bonnie Lowenthal, Chair, Assembly Transportation Committee

Assemblymember Wes Chesbro, Chair, Assembly Natural Resources Committee

Assemblymember Rich Gordon, Chair, Budget Subcommittee #3

Linn Warren, Director, Department of Housing and Community Development

Claudia Cappio, Executive Director, California Housing Finance Agency

Brian Kelly, Acting Secretary, Business, Transportation and Housing Agency

Ken Alex, Director, Office of Planning and Research

Camille Wagner, Deputy Legislative Secretary, Office of Governor Jerry Brown Jr.

Cliff Rechtschaffen, Special Advisor, Office of Governor Jerry Brown Jr.

1. California Health and Safety Code Section 38565 [↑](#footnote-ref-1)
2. *Quantifying Greenhouse Gas Mitigation Measures: a Resource for Local Government to Assess Emission Reductions from Greenhouse Gas Mitigation Measures*, pages 155-176, August 2010 [↑](#footnote-ref-2)
3. Ibid, pages 207-17 and 230-33 [↑](#footnote-ref-3)
4. *Alternative scenarios, affordable housing, and vehicle-miles traveled in the Bay Area,”* Memoradum from Karner and Niemeier, UC Davis, May 24, 2012 [↑](#footnote-ref-4)
5. American Public Transportation Association, www.apta.com [↑](#footnote-ref-5)
6. *Analysis of the Fiscal and Economic Effects of New Housing Construction in California*, Blue Sky Consulting Group and the Center for Housing Policy, June 2010 [↑](#footnote-ref-6)
7. *The Local Impact of Homebuilding in a Typical Metropolitan Area*, National Association of Homebuilders, October 2005 [↑](#footnote-ref-7)