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Strategic Growth Council
1400 10th Street
Sacramento, California 95814

Re: League of California Cities Comments on the Draft Guidelines for the Strategic Growth Council Affordable Housing and Sustainable Communities (AHSC) Program

Dear Members of the Strategic Growth Council:

The League of California Cities would like to participate in the public review of the draft guidelines for the AHSC Program. California's 482 cities are home to approximately 30 million of the State's 38 million population. Our cities are expected to receive the majority of the projected 10 million increase in the State's population over the next decade. As such, the League supports investments in our communities that balance the needs of a growing population and the needs of our environment. The Affordable Housing and Sustainable Communities (AHSC) Program provides an opportunity for targeted and meaningful investment.

While there is much to support in the proposed guidelines, the League does have several comments and concerns with the draft that should be addressed prior to the adoption of the guidelines. We hope to continue to work with the Strategic Growth Council (SGC), Air Resources Board, and Legislators to ensure that the money reaches those intended to benefit from the funds, the money is allocated in an efficient manner, and grant application criteria is based upon the goals of the program.

Overarching Comments and Suggestions

- **Contents of Draft Guidelines.** The proposed guidelines are extraordinarily complex. The League acknowledges that many of the proposed sections are mandated by state law. **Suggestion:** However, the League has identified some sections that are either not a requirement under SB 862 or sections that include scoring for activities that occur anyway. The League suggests that these sections be given a second look to make sure that it is necessary to keep them, including: "Feasibility and Readiness," "Connectivity and Improved Access" and "Community Orientation."
- **Missing Components.** While the League appreciates the work of the SGC to provide a draft within the tight timelines of the proposed program, this draft is missing several important components. These include: the actual proposed scores for each criteria, the role the MPOs will have in the Program, and the methodology for calculating GHG emissions reductions. **Suggestion:** Provide an additional opportunity to comment on the draft after these components have been added.
- **MPO Coordination.** The Draft Guidelines indicate that coordination with MPOs is still an outstanding issue. While the League appreciates that this issue is still pending, we understand that there have been negotiations on this topic with the MPOs since the original distribution of the Draft Guidelines. **Suggestion:** The SGC should allow adequate time for feedback on any

proposal in this area. The League supports efforts to comply with SB 862 by establishing coordination with the MPOs, but will be concerned if coordination results in a more difficult or drawn-out application process.

- **Local Government Coordination.** While the law calls for coordination with MPOs, the vast majority of applications for this funding will come from local governments. It is important to cities to be included in this partnership and hope that in the future consultation with local governments will be included. **Suggestion:** The League also encourages the SGC and its partnering agencies and departments to coordinate with cities during the award process, as the cities themselves are best able to determine how projects will transform their communities.
- **Disadvantaged Communities.** The Guidelines don't seem to acknowledge that at least 50% of program expenditures must go to projects benefitting disadvantaged communities. There doesn't seem to be anything in the Draft Guidelines that encourages a disadvantaged community to apply or recognizes that a disadvantaged community may need technical assistance. **Suggestion:** The SGC may want to consider points for applications meeting the criteria for a disadvantaged community. Additionally, the League would like to work with the Legislature to identify disadvantaged communities using CalEnviroScreen so that communities in the 10% using specific criteria in the tool, rather than an overall score, in the top 10% are eligible.
- **Scoring Criteria/Points.** The League appreciates the time and effort the SGC has put forward to release this draft and the scoring criteria. However, while the scoring criteria are included, the point values are not. In order for most stakeholders to be able to provide accurate feedback, this information is vital. **Suggestion:** We hope that there will be additional time to provide feedback once the scoring criteria are included.
- **Technical Support.** The complexity of the draft guidelines and reporting requirements may discourage some jurisdictions from applying for this grant. The League is concerned that this may be particularly true for disadvantaged communities. **Suggestion:** The League encourages the Strategic Growth Council to provide, or identify sources of, technical support for the application and implementation of the grants funded by AHSC.

Specific Comments and Suggestions

- **Section 102, Eligible Projects.** The League supports the inclusion of two project types: Transit Oriented Development (TOD) Project Areas and the Integrated Connectivity Projects (ICPs). Programs similar to the TOD Project Area have already proven successful. ICPs provide a new opportunity to meet the program goals. The League expects these projects to be especially important in areas that are not eligible for, or have pre-existing infill development.
- **Section 103(a)(1)(D)(i), Eligible Uses of Funds and Eligible Costs.** Allowable capital uses for a housing development must consist of new construction, substantial rehabilitation of residential dwelling units, the conversion of one or more nonresidential structures to residential dwelling units, or preservation of at-risk affordable housing with a total of not less than 100 such units in a Metropolitan Area, or 50 such units in a Non-Metropolitan Area. Based upon feedback from cities, 100 and 50 units in one building seem unlikely. **Suggestion:** We think this language should be clarified so that 100 or 50 units of affordable housing in a Metropolitan Area or 50 units in the Non-Metropolitan Area are eligible.

- **Section 103(a)(1)(D)(ii), Eligible Uses of Funds and Eligible Costs.** The League supports the requirement that a Housing Development must be located within one-half mile from a Qualifying Transit Station. However, the language and requirements are slightly different from similar requirements in Section 107(g). **Suggestion:** The League encourages the SGC to resist efforts to decrease that distance. In addition, there is an opportunity to streamline and simplify the Draft Guideline if the definition in this section is the same as the definition used in Section 107(g).
- **Section 104, Assistance Terms and Limits.** The maximum Program award within a geographic boundary of a locality is limited to \$15 million per NOFA funding cycle. **Suggestion:** Given that 50% of the total funding needs to go toward projects benefitting disadvantaged communities, the League would like to suggest that funding for projects in disadvantaged communities not be counted towards the maximum amount in a geographic boundary.
- **Section 105(b)(10), Eligible Applicants and Application Process.** “The Department may elect to not evaluate compliance with some or all threshold requirements for applications that are not within a fundable range, as indicated by a preliminary point scoring” can be interpreted in several ways. It has been interpreted to say that the Department may not complete the scoring process in its entirety if an application does not meet the threshold requirements. It has also been interpreted to say that the Department may disregard compliance with all threshold requirements at their discretion. **Suggestion:** The League requests that the meaning of this provision be further clarified.
- **Section 106, Application Threshold Requirements.** The guidelines provide that the proposed project must be consistent with a plan or strategy contained in a regional Sustainable Communities Strategy (SCS), as confirmed by the MPO, or other similar sustainable planning document in non-MPO regions. **Suggestion:** The League suggests that the applicant be asked to explain how the project is consistent with an SCS and then allow this determination to be confirmed by the MPO.
- **Section 107, Application Selection Criteria, Scoring Philosophy and Process.** The draft describes the goals of the program. “Funds will be allocated through a competitive process, based upon the merits of the proposal to support sustainable development that expands and improves transit and provides opportunities to reduce or maintain SOV usage by supporting connectivity between, housing, jobs and key destinations to bring about reduction of greenhouse gas emissions.” **Suggestion:** This is a worthwhile but complicated goal. In order to meet all the requirements of this program, the League believes that scoring criteria should be eliminated if it is not a requirement under the statute.
- **Section 107, Application Selection Criteria, Scoring Philosophy and Process.** The applicant is required to calculate total GHG emission reductions. However, the process and ability for applicants to do so in a way that can be meaningfully compared by the grantor is unclear. **Suggestion:** The SGC should work with partnering agencies to provide clarification on the methodology as soon as possible, and certainly before the application period opens. The process should be tested and jurisdictions should be provided an opportunity to “test-run” the calculation, in addition to having an opportunity to provide formal comments once the calculation is available.
- **Section 107(d), Program readiness, capacity, need, and leverage.** While the League acknowledges the need for leveraging funds when possible, this section could adversely affect

communities that aspire to meet the goals of this Program, but do not have the resources to do so. **Suggestion:** The League encourages the SGC to allow for consideration of circumstances of individual jurisdictions, and proposes that points should not be awarded for the leveraging of project funds, the amount of private investment, and Program Operator staff.

- **Section 107(e)(4), Leverage of Prior Planning Efforts.** The elimination of redevelopment has called into question the relevance of “redevelopment plans.” **Suggestion:** The SGC should be clear about the purpose of awarding points for a redevelopment plan.
- **Section 107(g), Proximity to Transit Supportive Land Uses.** The League supports the requirement that a Housing Development must be located within one-half mile from a Qualifying Transit Station. However, the language and requirements are slightly different from similar requirements in Section 103(a)(1)(D)(ii). **Suggestion:** The League encourages the SGC to resist efforts to decrease that distance. In addition, there is an opportunity to streamline and simplify the Draft Guideline if the definition in this section is the same as the definition used in 103(a)(1)(D)(ii).
- **Appendix A. Definitions (mm).** Unlike other definitions, “Large City Downtown” specifies what cities are included by name instead of by population. **Suggestion:** The definition should be revised to include population or population by square mile to allow for future shifts in California’s population centers.

The League appreciates the opportunity to comment on these Draft Guidelines, and looks forward to working with the Strategic Growth Council and its partnering agencies and departments as the grant program develops. Should there be any questions or concerns, Jennifer Whiting can be reached at the (916) 658-8249 and Kirstin Kolpitcke can be reached at (916) 658-8250.

Sincerely,



Jennifer Whiting
Legislative Representative



Kirstin Kolpitcke
Legislative Representative