

Date of Hearing: April 17, 2013

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 1051 (Bocanegra) – As Amended: April 8, 2013

SUBJECT: Housing.

SUMMARY: Creates the Sustainable Communities for All Program to fund, via cap-and-trade auction revenues, the equitable implementation of SB 375 (Steinberg), Chapter 728, Statutes of 2008. Specifically, this bill:

- 1) Establishes the Sustainable Communities for All Program, to begin operations on January 1, 2015, with the goal of equitably implementing SB 375 by providing transportation and housing choices that allow lower-income Californians to drive less and reduce household costs.
- 2) Requires the program to fund all of the following through competitive grants and loans:
 - a) Expanded or improved public transit service, including operations to quickly expand service and increase ridership;
 - b) Transit capital maintenance;
 - c) Development and rehabilitation of transit-oriented residential development that is affordable to low-income households and provides trip reduction strategies including transit passes and car share;
 - d) Expanded bicycle and pedestrian networks, facilities, and programs that promote additional use and safety, and that provide access to transit, schools, colleges, shopping, and other destinations;
 - e) Expanded vanpool, car share, and carpool promotion programs;
 - f) Transportation demand management strategies and incentives that reduce both vehicle travel and ownership, including discounted transit passes in transit priority zones;
 - g) Energy efficiency improvements in existing multifamily rental homes affordable to lower income households; and
 - h) Open-space protection, local parks, and urban forestry.
- 3) Makes implementation of the new program, including development of standards and guidelines by the State Air Resources Board and provision of financial assistance to eligible recipients, contingent upon appropriation of funds by the Legislature.

- 4) States the Legislature's intent to appropriate moneys for the Sustainable Communities for All program in a manner consistent with the requirements of AB 1532 (John A. Pérez), Chapter 807, Statutes of 2012.
- 5) States the intent of the Legislature to achieve the goals of the Sustainable Communities for All program in the short term by funding existing programs in the 2013–14 budget year.
- 6) Appropriates an unspecified amount from the Greenhouse Gas Reduction Fund to be allocated in the 2013-2014 budget year as follows:
 - a) An unspecified amount to the Department of Housing and Community Development (HCD) to be expended to provide loans under the Transit-Oriented Development Housing Program for the development and construction of housing within close proximity to transit stations, with the following conditions:
 - i) The funds can only finance housing units that will be available at an affordable rent to persons of very low- or low-income for at least 55 years, although the units may be located in a mixed-income development;
 - ii) HCD must use project density as a scoring criteria; and
 - iii) HCD must give priority to developments that achieve additional greenhouse gas emissions reductions or energy conservation through onsite renewable energy, energy efficiency, discount transit passes, car sharing, or other similar features.
 - b) An unspecified amount to the projects and programs that are eligible to receive funds through the State Transit Assistance program and that show greenhouse gas reductions;
 - c) An unspecified amount to the projects and programs that are eligible to receive funds through the Bicycle Transportation Account and that show greenhouse gas reductions;
 - d) An unspecified amount to the projects and programs that are eligible to receive funds through the Safe Routes to Schools program and that show greenhouse gas reductions;
 - e) An unspecified amount to the projects and programs that are eligible to receive funds through the federal Transportation Alternative Program and that show greenhouse gas reductions;
 - f) An unspecified amount to the Energy Savings Assistance Program and the Weatherization Assistance Program; and
 - g) An unspecified amount to the California Natural Resources Agency for allocation to its departments and state conservancies for the purposes of funding the following projects that show greenhouse gas reductions: urban forestry, local parks, and the protection of open space, including wildlife habitats and working lands.

EXISTING LAW

- 1) Requires the Air Resources Board (ARB), pursuant to the California Global Warming Solutions Act of 2006 [AB 32 (Nuñez and Pavley), Chapter 488, Statutes of 2006], to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020 and adopt regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions.
- 2) Authorizes ARB to permit the use of market-based compliance mechanisms to comply with GHG reduction regulations, under limited circumstances once specified conditions are met.
- 3) Establishes the GHG Reduction Fund and requires all moneys, except for fines and penalties, collected by ARB from the auction or sale of allowances pursuant to a market-based compliance mechanism (i.e., the cap-and-trade program adopted by ARB under AB 32) to be deposited in the Fund and available for appropriation by the Legislature.
- 4) Establishes the GHG Reduction Fund Investment Plan and Communities Revitalization Act (AB 1532) to set procedures for the investment of regulatory fee revenues derived from the auction of GHG allowances pursuant to the cap-and-trade program. AB 1532 authorizes a range of GHG reduction investments, including funding to reduce GHG emissions through investments in programs implemented by local and regional agencies, local and regional collaboratives, and nonprofit organizations coordinating with local governments.
- 5) Requires, under the provisions of SB 535 (DeLeon), Chapter 830, Statutes of 2012, the investment plan that is developed and submitted to the Legislature pursuant to AB 1532 to allocate a minimum of 25% of the available moneys in the GHG Reduction Fund to projects that provide benefits to disadvantaged communities and a minimum of 10% of the available moneys in the fund to projects located within identified disadvantaged communities.
- 6) Requires, under the provisions of SB 375, the ARB, by September 30, 2010, to provide each region that has a metropolitan planning organization (MPO) with a greenhouse gas emission reduction target for the automobile and light truck sector for 2020 and 2035, respectively. In turn, each MPO is required to include in its regional transportation plan a sustainable communities strategy designed to achieve the targets for greenhouse gas emission reductions.

FISCAL EFFECT: Unknown

COMMENTS:

Background: According to ARB, the state needs a total reduction of 80 million metric tons (MMT), or 16 percent compared to business as usual, to reduce statewide GHG emissions to 1990 levels by 2020. ARB intends to achieve approximately 78 percent of the reductions through identified "regulatory" measures. ARB proposes to achieve the balance of reductions necessary to meet the 2020 limit (approximately 18 MMT) through a cap-and-trade program. The first two quarterly auctions of allowances in the cap-and-trade program were held in November 2012 and February 2013. The next auction (the last of this fiscal year) is scheduled for May 16, 2013.

The 2012-13 Budget Act [AB 1464 (Blumenfield), Chapter 21, Statutes of 2012] authorized the Department of Finance (DOF) to allocate at least \$500 million from cap-and-trade revenue, and make commensurate reductions to General Fund expenditure authority, to support the regulatory purposes of AB 32. AB 1532 established a long-term spending strategy for moneys in the Fund,

including procedures for deposit and expenditure of cap-and-trade auction revenues pursuant to an investment plan.

Pursuant to AB 1532, DOF and ARB are developing a three-year investment plan for the auction proceeds. The investment plan will identify the state's GHG emission reduction goals and priority programs for investment of proceeds to support achievement of those goals. The Governor's proposed 2013-14 Budget includes a brief discussion of Administration priorities for investment, emphasizing investments in the transportation and energy sectors from which large reductions in GHG emissions are possible. In addition, areas to be examined during the planning process include sustainable agriculture practices (including the development of bioenergy), forest management and urban forestry, and the diversion of organic waste to bioenergy and composting.

In February 2013, ARB released an investment plan "concept paper" and held public workshops to solicit public input. The release of a draft investment plan is pending, and will be followed by an ARB public hearing (tentatively scheduled for April 25-26, 2013). DOF will submit the final plan to the Legislature in May 2013. Funding will be appropriated to state agencies by the Legislature and Governor through the annual Budget Act, consistent with the plan.

SB 375 required the ARB, by September 30, 2010, to provide each region that has a metropolitan planning organization (MPO) with a greenhouse gas emission reduction target for the automobile and light truck sector for 2020 and 2035, respectively. Each MPO, in turn, is required to include within its regional transportation plan (RTP) a sustainable communities strategy (SCS) designed to achieve the ARB targets for greenhouse gas emission reduction in the region.

Purpose of the bill: According to the proponents of AB 1051, California's transportation sector is responsible for the most GHG emissions of any sector, 38%. Because transportation needs are driven in large part by where people want—and can afford—to live, housing affordability affects the sector's emissions. They view cap-and-trade revenue as a critical resource, since substantial reductions in transportation and housing funding threaten the ability of communities to achieve AB 32 and SB 375 goals. Therefore, they are proposing to allocate a significant percentage of the cap-and-trade revenues to improve clean transportation choices and build homes affordable to lower-income households near transit. They note that in AB 32, AB 1532, and SB 535, policymakers put a priority on avoiding and mitigating the disproportionate impacts of climate change and cap and trade on disadvantaged communities and households. They argue that funding and policies that avoid displacement of existing residents where transit investments are made are paramount to achieving both environmental and social equity goals.

AB 1051 creates the Sustainable Communities for All Program to fund, using cap-and-trade auction revenues, a broad range of activities related to implementing SB 375, including:

- Expanded public transit service.
- Transit capital maintenance.
- Development and rehabilitation of transit-oriented residential development that is affordable to low-income households and provides trip reduction strategies including transit passes and car share.

- Expanded bicycle and pedestrian networks, facilities, and programs.
- Expanded vanpool, car share, and carpool promotion programs.
- Transportation demand management strategies and incentives that reduce vehicle travel and vehicle ownership, including discounted transit passes in transit priority zones.
- Energy efficiency improvements in existing multifamily rental homes affordable to lower income households.
- Open-space protection, local parks, and urban forestry.

In order to provide time for ARB to develop guidelines, the bill does not make the new program operational on January 1, 2015. In order to achieve similar goals in the short term, the bill makes a variety of appropriations in the 2013-2014 budget year. The programs proposed for funding in 2013-2-14, all in unspecified amounts, include the Transit-Oriented Development Housing Program, the Energy Savings Assistance Program, the Weatherization Assistance Program, the State Transit Assistance Program, the Bicycle and Transportation Account, the Safe Routes to School Program, and the Transportation Alternatives Program. Projects and programs would have to show GHG reductions in order to receive funding from these appropriations.

Staff comments: This bill is one of several bills introduced this year in the Assembly that proposes a spending framework for funds from the cap-and-trade auction revenues to support the development of sustainable communities. Other measures include AB 416 (Gordon), which has passed out of both the Natural Resources Committee and the Local Government Committee and is pending in the Appropriations Committee, and AB 574 (Lowenthal), which is pending in the Transportation Committee. Of those bills, AB 1051 is the only one that highlights the importance of investing in affordable housing near transit in order to reduce GHGs.

Double referral: AB 1051 was also referred to the Committee on Transportation, where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Bike San Diego
California Bicycle Coalition
California Housing Partnership Corporation
California ReLeaf
Century Housing
City Heights Community Development Corporation
Construction Employers Association
Domus Development
First Community Housing
Fixing Angelenos Stuck in Traffic
Fresno Metro Ministries

Housing California
Kennedy Commission (Orange County)
Los Angeles Alliance for a New Economy
Los Angeles County Bicycle Coalition
Move LA
Mercy Housing
Mid-City CAN
Move San Diego
The Nature Conservancy
Non-Profit Housing Association of Northern California
Prevention Institute
Public Advocates
Sacramento Housing Alliance/Coalition on Regional Equity
Safe Routes to School National Partnership
San Diego Housing Federation
Southern California Association of Non-Profit Housing
TransForm
The Transit Coalition
Trust for Public Land
Walk Sacramento
Walk San Diego

Opposition

CalTax

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