



Cap & Trade Auction Revenue Proposal:

Funding for transportation choices and homes affordable to core transit riders

BACKGROUND

To help reach the greenhouse gas emission reduction goals of AB 32, the California Air Resources Board is implementing a Cap and Trade program. California's transportation sector is responsible for the most emissions of any sector, 38%, making it an important focus. Because transportation needs are driven in large part by where people want - and can afford - to live, housing affordability affects the sector's emissions.

Cap and Trade revenue is 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, we propose allocating a significant percentage of the revenue to improve clean transportation choices and build homes affordable to lower-income households near transit.

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. Funding and policies that avoid displacement of existing residents where transit investments are made are paramount to achieving both environmental and social equity goals.

We believe Cap and Trade funds should move California towards the long-range goal of Executive Order S-3-05: 80% reductions of GHG by 2050. By implementing SB 375 equitably and re-investing in existing communities, the state can advance this goal while maximizing co-benefits of improved public health, social equity, green jobs and protection of habitat and agricultural land.

OUR PROPOSAL: Achieve the vision of SB 375 equitably by providing transportation and housing choices that allow all Californians to drive less and reduce household costs, especially for low- income households.

Proposed 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 lower- income households.
8. Modify and/or maintain roadways in a way that creates complete streets and/or provides dedicated transit lanes.

Eligibility and Preference Criteria for Projects and Programs

All projects and programs applying for funding must meet the following eligibility criteria:

1. 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.

Eligible projects and programs should be ranked against each other using criteria 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.

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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.

Administering agencies and the process for developing expenditure plans

We support administration by regional and state entities with 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. A wide range of entities should be eligible to apply to the administering agencies for funds.

The expenditure process for these funds 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.

For additional information or to sign on to the proposal, please contact:

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