

Metropolitan Transportation Commission Programming and Allocations Committee

December 11, 2013

Item Number 3a.i.

Resolution No. 4130

Subject: Approval of the Cap and Trade Funding Framework and Project Selection Guideline Development Process

Background: Plan Bay Area included a \$3.1 billion reserve from future Cap and Trade funding. Staff released a proposal in November that identified specific categories of expenditures for these funds that aligns with the focused land use strategy outlined in Plan Bay Area. The proposal also includes principles that, among others, require all investment categories to include funding that benefits disadvantaged communities as defined by MTC's Communities of Concern analysis that was included in Plan Bay Area.

Based on feedback from Commissioners and stakeholders, staff has revised the proposed framework to reduce the amount of detail for each program category, with the exception of the Transit Core Capacity Challenge Grants Program, and to define the process of stakeholder outreach for development of the Cap and Trade Project Selection Guidelines. Further, staff has increased the proposed amount for the Transit Core Capacity Challenge Program by \$100 million to fund additional BART rail cars for service to Silicon Valley. The Climate Initiative category was decreased commensurately. Staff has provided additional detail on the revision to and benefits of the Transit Core Capacity Challenge Grant Program as part of agenda item 3a.ii.

Staff recommends that the Commission approve the Cap and Trade Funding Framework that establishes a set of investment categories and initial funding amounts. Agreement on this framework will strengthen the region's influence in the development of the Cap and Trade legislation in Sacramento. Furthermore, the framework will serve as the starting point for significant stakeholder outreach on the development of the Project Selection Guidelines. The Commission may elect to make modifications to the Funding Framework based on the final enacted legislation and results of stakeholder input on project selection guidelines.

Attachment A proposes principles and a set of investment categories for Cap and Trade Funding with the following focus areas:

Funding Category	Amount (\$ millions)
1. Transit Core Capacity Challenge Grants Program	900
2. Transit Operating and Efficiency Program	450
3. One Bay Area Grants	1,050
4. Climate Initiatives	300
<i>Safe Routes to School</i>	75
5. Goods Movement	450
TOTAL	\$3,150

Attachment B proposes a comprehensive process for developing the Project Selection Guidelines and assumes a timeline of roughly 6-12 months before staff would bring the guidelines to the Commission for approval. The Guideline adoption would precede any program or project selection, with the exception of the Transit Core Capacity Challenge Grant Program.

Since the November Committee meeting, staff has held the following public meetings to seek input:

- MTC Policy Advisory Council, November 13, 2013
- Partnership Technical Advisory Committee, November 18, 2013
- Regional Advisory Working Group, December 2, 2013

We also have met with several stakeholder groups at their request. The comments received are included as Attachment 1 and generally focused on criteria that will be developed in the guidelines. Several letters are included as Attachment 2.

Staff recommends approval of the Cap and Trade Funding Framework (Attachment A to Resolution No. 4130) and Guideline Development Process (Attachment B to Resolution No. 4130).

As a reminder, the Legislature has not yet finalized the funding structure and eligible uses for Cap and Trade Revenues. AB 574 (Lowenthal) seeks to reserve revenue from transportation fuels for transportation-related expenditures, with some portion being subvented to Metropolitan Planning Organizations, including MTC. The eligible projects included in AB574 are broadly defined and generally align well with those identified in the proposed Cap and Trade Funding Framework.

Issues:

Key issues identified through the Cap and Trade funding outreach include:

Categories Only: Staff's recommendation for the Cap and Trade Investment Categories includes funding amounts for each category. Input has been provided to MTC recommending that with the exception of the Transit Core Capacity Challenge Grant Program, the Cap and Trade Funding Framework should only identify investment categories at this time, not specific funding amounts. An alternative approach to address this concern would be to identify the specific funding amounts at a later date through the Cap and Trade Development Process, outlined in Attachment B.

Affordable Housing: Staff's recommended framework includes Transit Oriented Affordable Housing as an eligible use for future One Bay Area Grant Funding. Input has been provided to MTC that this approach is inadequate given the level of need for affordable housing and that a separate category for Transit Oriented Affordable Housing should be

included as part of the Cap and Trade Funding Framework at a funding amount of \$600 million.

Communities of Concern Definition: The proposed funding framework encompasses the investment principle that all investment categories should include funding that benefits disadvantaged communities defined as MTC's Communities of Concern. This principle is consistent with language adopted by MTC and ABAG on July 18, 2013 as part of Plan Bay Area. The Communities of Concern were refined through an extensive engagement process including the Regional Equity Working Group as part of the development of Plan Bay Area. Input has been provided that the Communities of Concern are defined too broadly and should be pared back to include only low-income and minority residents, removing other populations (e.g. seniors, single-parent households, and disabled individuals) relative to evaluating the distribution of benefits from Cap and Trade Funding.

Jobs co-benefits: Input has been received recommending that project criteria and guidelines be developed for projects funded with Cap and Trade funds. Recommended issues for criteria development include prevailing wages, living wages, health coverage for permanent jobs, utilization of state certified apprentices.

Funding Priorities: Comments have been received suggesting that consideration should be given as to whether or not funding should be distributed across categories over the life of the plan or whether it would be advantageous and cost effective to strategically prioritize certain categories.

We welcome Committee questions and discussion of these issues as you deliberate on how to move forward with the Cap and Trade Funding Framework before you.

Recommendation: Refer Resolution No. 4130 to the Commission for approval.

Attachments: Resolution No. 4130
Attachment 1: Comments Received
Attachment 2: Correspondence

Date: December 18, 2013
W.I.: 1515
Referred by: PAC

ABSTRACT

Resolution No. 4130

This resolution establishes the Cap and Trade Funding Framework and Process Development Guidelines.

This resolution includes the following attachments:

A –Cap and Trade Funding Framework

B – Guideline Development Process

Further discussion of these actions is contained in the Programming and Allocations Summary Sheets dated November 13, 2013 and December 11, 2013.

Date: December 18, 2013
W.I.: 1515
Referred by: PAC

RE: Cap and Trade Funding Framework and Process Development Guidelines

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4130

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 et seq.; and

WHEREAS, Plan Bay Area (“Plan”), the region’s integrated long-range transportation and land use plan adopted by MTC, provides the planning foundation for transportation improvements and regional growth throughout the San Francisco Bay Area through 2040; and

WHEREAS, the Plan includes a \$3.1 billion reserve from future Cap and Trade funding; and

WHEREAS, the Plan identifies the expected uses of Cap and Trade funding as including but not limited to transit operating and capital rehabilitation/replacement, local streets and roads rehabilitation, goods movement, and transit-oriented affordable housing, consistent with the Plan's focused land use strategy; and

WHEREAS, the Plan states that Cap and Trade revenues will be allocated to specific programs through a transparent and inclusive regional public process; and

WHEREAS, the Plan calls for the process to ensure that at least 25 percent of the Cap and Trade revenues will be spent to benefit disadvantaged communities in the Bay Area; and

WHEREAS, the Plan directs a significant portion of the revenue generated from Cap and Trade funding be dedicated to unmet transit needs as a robust and efficient public transit network is critical for the Plan's compact land use strategy focused around existing and planned transit nodes; now therefore be it

RESOLVED, that the Cap and Trade Funding Framework is a comprehensive strategy for reducing greenhouse gas emissions as outlined in Attachment A, attached hereto and incorporated herein as though set forth at length; and, be it further

RESOLVED, that Attachment B sets forth the Project Selection Process Development Guidelines for all funding categories with the exception of the Transit Core Capacity Challenge Grant Program; and be it further

RESOLVED, that the Transit Core Capacity Challenge Grant Program is detailed in Resolution No. 4123; and be it further

RESOLVED, that the funding framework established in Attachment A is subject to state statute and regulations governing the availability and use of the Cap and Trade Funding.

METROPOLITAN TRANSPORTATION COMMISSION

Amy Rein-Worth, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on December 18, 2013

Attachment A

Bay Area Cap and Trade Funding Framework

Cap and Trade Reserve Investment Principles

1. Cap and Trade Funds must have a strong nexus to Greenhouse Gas (GHG) reduction
2. Distribution of the estimated \$3.1 billion in available funds will serve to strategically advance the implementation of Plan Bay Area and related regional policies
3. Investment Categories and related Policy Initiatives will be structured to provide co-benefits and opportunities to leverage investments across categories and from multiple sources (public and private).
4. All Investment Categories should include funding that benefits disadvantaged communities. The communities are defined as MTC's Communities of Concern.

Cap and Trade Reserve Funding Categories

1. Transit Core Capacity Challenge Grants Program

Plan Bay Area identifies a remaining need of \$17 billion over nearly three decades to achieve an optimal state of repair for the region's public transit network. The plan's in-fill and transit-oriented growth strategy relies on a well-maintained transit system to meet greenhouse gas emissions reduction targets and other plan performance objectives.

Proposal:

- Invest \$900 million over the life of Plan Bay Area
- The proposed Transit Core Capacity Challenge Grant Program:
 - a) accelerates fleet replacement and other state of good repair projects from Plan Bay Area, including "greening" the fleet and other strategic capital enhancements
 - b) focuses on BART, SFMTA, and AC Transit – transit operators that carry 80% of region's passengers, account for approximately 75% of the plan's estimated transit capital shortfall, and serve PDAs that are expected to accommodate the lion's share of the region's housing and employment growth
 - c) achieves roughly \$7 billion in total state of good repair investment by leveraging other regional discretionary funds and requiring a minimum 30% local match from the three operators
 - d) requires that participating operators meet the Transit Sustainability Project's performance objectives outlined in MTC Resolution No. 4060

2. Transit Operating and Efficiency Program

Plan Bay Area fully funds existing transit service levels at nearly \$115 billion over the three decade period, with an assumption that the largest transit operators achieve near-term performance improvements. However, the plan also identifies the importance of a more robust and expanded public transit network, anchored by expanded local service, as a key ingredient for success of Plan Bay Area's growth strategy. In particular, the plan falls short of the funding necessary to meet the performance target of growth in the non-auto mode share to 26 percent of all trips.

Proposal:

- Invest \$450 million over the life of Plan Bay Area

3. One Bay Area Grants

Plan Bay Area invests over \$14 billion in transportation improvements concentrated near high quality transit and higher density housing – through the One Bay Area grant program – focusing on complete streets, bicycle and pedestrian facilities, and streetscape improvements. The Plan identifies a remaining need of \$20 billion over the next three decades to achieve a PCI score of 75, the Plan's adopted performance target for pavement; of this, roughly 45% is for non-pavement infrastructure, critical for complete streets that would serve alternative modes and transit-oriented development that is a key part of Plan Bay Area's growth strategy. Further, the provision of housing for low and moderate income households in areas that provide access to jobs was identified in Plan Bay Area as critical to sustaining the region's economic growth and attaining the Plan's GHG and Housing Targets.

Proposal:

- Invest \$1,050 million to augment the One Bay Area Grant Program

4. Climate Initiatives

The Climate Initiatives Program is a multi-agency program focused on investments in technology advancements and incentives for travel options that help the Bay Area meet the GHG emission reduction targets related to SB375.

Proposal:

- Invest \$300 million for the Climate Initiatives Program over the life of Plan Bay Area, including \$75 million funding to support the county Safe Routes to School programs

5. Goods Movement

Goods movement investments fall into two categories: (1) projects focused on improving the efficiency of the movement of goods within and through the region, and (2) mitigation projects that reduce the associated environmental impacts on local communities. MTC is currently working with Caltrans and selected Congestion Management Agencies to update the regional goods movement program and to inform the California Freight Mobility Plan.

Proposal:

- Invest \$450 million for goods movement projects over the life of Plan Bay Area

Funding Category	Amount (\$ millions)
1. Transit Core Capacity Challenge Grants Program	900
2. Transit Operating and Efficiency Program	450
3. One Bay Area Grants	1,050
4. Climate Initiatives	300
<i>Safe Routes to School</i>	75
5. Goods Movement	450
TOTAL	\$3,150

Date: December 18, 2013
W.I.: 1515
Referred by: PAC

Attachment B
Resolution No. 4130
Page 1 of 2

Attachment B

Cap and Trade Guideline Development Process

Following adoption of the Cap and Trade Funding Framework, staff will convene stakeholders to develop the project selection process and criteria for individual categories, summarized below:

- Transit Operating and Efficiency Program
- One Bay Area Grants
- Climate Initiatives
- Goods Movement

The Transit Core Capacity Challenge Grant Program would follow the process and project selection included in MTC Resolution No. 4123.

Stakeholder Involvement: Staff will convene the Regional Advisory Working Group (RAWG) as the discussion forum for the development of the project selection process and criteria. Members of the Partnership Board and Policy Advisory Council (or their working groups) will be invited to participate in the RAWG, but will also receive updates on the progress of the RAWG Cap and Trade guideline development discussions. In addition, certain subject matter experts or stakeholders may be added to the standing working groups to provide information for specific categories of funding.

Development of Program Guidelines: The development of the project selection process and criteria is proposed to take place over a 6-12 month period and generally follow the process below:

- Review studies/efforts completed to-date
- Conduct an initial evaluation to establish focus area within the Funding Category
- Develop the draft guidelines
- Release the draft guidelines for stakeholder review
- Commission approval of Program Guidelines and adjustment to Framework, if necessary

More detail on each step in the proposed process is provided in the table on the next page. Staff proposes to initiate discussions between summer 2014 and early 2015, depending on the enactment of state legislation and completion of studies that may inform guidelines.

Process Steps	Work Plan and Timeframe																				
Review Studies and Efforts Completed To-Date	<p>Staff will summarize and review with stakeholders recent efforts completed for each of the Cap and Trade categories. Possible studies by category include:</p> <table border="0"> <thead> <tr> <th data-bbox="621 310 953 380"><i>Transit Operating and Efficiency</i></th> <th data-bbox="984 310 1163 380"><i>OneBayArea Grants</i></th> <th data-bbox="1325 310 1461 380"><i>Climate Initiatives</i></th> <th data-bbox="1665 310 1808 380"><i>Goods Movement</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="621 380 953 449">1) Transit Sustainability Project</td> <td data-bbox="984 380 1163 449">1) Plan Bay Area</td> <td data-bbox="1325 380 1461 449">1) Plan Bay Area</td> <td data-bbox="1665 380 1808 449">1) Plan Bay Area</td> </tr> <tr> <td data-bbox="621 449 953 519">2) Short Range Transit Plans or similar plans</td> <td data-bbox="984 449 1163 519">2) Cycle 1 Evaluation</td> <td data-bbox="1325 449 1461 519">2) Innovative Grants Evaluation</td> <td data-bbox="1665 449 1808 519">2) Regional Goods Movement Plan and update</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1325 519 1461 589">3) Air District Plans and programs</td> <td data-bbox="1665 519 1808 589">3) California Freight Mobility Plan</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1325 589 1461 659">4) CARB programs</td> <td></td> </tr> </tbody> </table>	<i>Transit Operating and Efficiency</i>	<i>OneBayArea Grants</i>	<i>Climate Initiatives</i>	<i>Goods Movement</i>	1) Transit Sustainability Project	1) Plan Bay Area	1) Plan Bay Area	1) Plan Bay Area	2) Short Range Transit Plans or similar plans	2) Cycle 1 Evaluation	2) Innovative Grants Evaluation	2) Regional Goods Movement Plan and update			3) Air District Plans and programs	3) California Freight Mobility Plan			4) CARB programs	
<i>Transit Operating and Efficiency</i>	<i>OneBayArea Grants</i>	<i>Climate Initiatives</i>	<i>Goods Movement</i>																		
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		3) Air District Plans and programs	3) California Freight Mobility Plan																		
		4) CARB programs																			
Conduct an Initial Evaluation to Establish Focus Area within the Funding Category	<p>Evaluate Project and Program Categories, based on the review of efforts to-date, broadly for the following:</p> <ol style="list-style-type: none"> 1) GHG emission reduction; 2) How well the projects or programs serve disadvantaged communities; 3) Other performance factors; and 4) Consistency with approved Cap and Trade statute, when available <p>This evaluation will inform the program focus areas and the criteria for competitive project selections.</p>																				
Develop the Guidelines	<p>This step should follow enactment of the legislation governing Cap and Trade funding to ensure consistency. The guidelines should consider the information gathered in the process steps above and include the following:</p> <ol style="list-style-type: none"> 1) Eligible project types 2) Individual project review and scoring 3) Funding amount and timing 4) Consistency with other initiatives 5) Potential leverage opportunities/local match requirements 6) Other requirements specified for funding eligibility (state requirements) 																				
Release the Draft Guidelines for Stakeholder Review	<p>Stakeholders would have an opportunity to review the draft guidelines and provide additional comments. Staff would review comments and finalize the guidelines accordingly.</p>																				
Commission Approval of Program Guidelines	<p>The Commission would consider adoption of the guidelines for specific program categories in early to late 2015. As necessary, the Commission would also consider any adjustments to the Cap and Trade Funding Framework to address stakeholder discussions or final legislative direction. The timing of these approvals will depend on the enactment of legislation governing Cap and Trade and the length of the guideline development process.</p>																				

Attachment 1: Comments Received on Cap and Trade Revenue Framework

The comments listed below were received at the following meetings:

- MTC Policy Advisory Council, November 13, 2013
- Partnership Technical Advisory Committee, November 18, 2013
- Regional Advisory Working Group, December 2, 2013

MTC Policy Advisory Council

- Several members stated they support the proposed 25% set-aside for disadvantaged communities across funding categories.
- Some members were cautious about tying these funds to the PDA Investment and Growth Strategies until we know how they are performing.
- Several members felt the terms “workforce” housing and “affordable” housing should not be used interchangeably. The focus should be on affordable housing; MTC should use the term affordable housing, clearly define the term and not leave the definition up to local entities.
- It is important to see operator results on the third Transit Sustainability Project (TSP) performance metric (% change in operating cost per passenger miles) before making a final determination on this proposal.
- Some members were interested in seeing the percentage of transit-dependent ridership for each operator – this may be a more important metric for determining need than total percent of ridership for the region.
- One advisor expressed concern about the impact of increased growth on communities of concern outside the area of the three major transit agencies.
- MTC should lay out a best practices model for improving performance. Allowing operators to close routes to save money is not a sustainable model. If an operator “cuts costs,” what does that mean to the community?
- A long-term solution to the problem of transit operations costs should be created, instead of a quick bailout.
- MTC should ensure that all funds allocated to operators for fleet replacement are actually used in that way. Operators should not use these funds as part of their ongoing operations budget and should not be allowed to move these funds to cover other expenses.
- While the proposals allow for flexibility, there should not be so much flexibility that CMAs are able to put all the funds into pavement vs. funding affordable housing.
- With this, or any proposal, don’t lose sight of those counties who have been paying into their transportation system for many years via tax measures.

Partnership Technical Advisory Committee

- Other than the Big 3 operators, will other agencies be fully funded with cost savings, etc.?

- Is the current OBAG 70% PDA expenditure requirements maintained in the Cap & Trade Framework?
- Since Cap and Trade comes from a fee that's charged based on the generation, I assume it has to be spent in a way that is roughly proportional to mitigating the impact that the fee is based upon
- STA and BART supported the approach
- In the schedule, what is going back to the PAC? More responses to questions? Is there a reason that this isn't going to the other groups for further input?
- Ensure consistency in eligible categories for OBAG
- "The addition of housing" wording unclear, and overly broad
- Requested that Cap & Trade framework be presented to the LSRWG in December.
- On New Starts Program, where does the BART Train Control project fit in to that from a capital prospective?
- Supporting Affordable Housing do you see it like a TOA program (loan program) or will it include direct subsidies for housing?
- How do you imagine if at the state level we get significantly more or less, which category will be prioritized, if at all? How will the program change?
- In terms of process, will the RAWG be the final opportunity for CMAs to provide feedback before proposed adoption?
- Comment letter from a number of housing advocacy groups; are they supportive of the process?

Regional Advisory Working Group

- PCAs as well as PDAs should be eligible under the OBAG portion in Cap & Trade
- Using one-time funds from Cap & Trade for transit operating is risky; capital investments are a better use of this funding.
- PDAs don't always line up with Communities of Concern; the 25 percent set aside for such communities is worth more of a discussion.
- Supports inclusion of goods movement.
- Appreciates provision of affordable housing in the proposal.
- Questions the rationale of the CMAs getting funding for OBAG affordable housing when many other local agencies have more direct experience.
- Appreciates focus on disadvantaged communities.
- Supports funding for OBAG, as it rewards jurisdictions who are doing the most to address the region's housing shortage and to reduce greenhouse gases.
- Need to carefully watch how OBAG grants perform, make enhancements or adjustments as needed.

- There are areas that are not communities of concern but need help with Station Area Planning in order to take better advantage of a nearby rail station and reduce the number of vehicles added to the freeway every day
- Concern that focus on communities of concern leaves out too many areas that could be doing significant things to reduce greenhouse gas emissions and ignores other “communities of opportunity” where affordable housing could go in order to spread out affordable housing throughout more areas in the Bay Area.
- The term “workforce housing” needs to be more clearly defined.
- Questions the rationale of focusing only on the three largest operators; what is the potential to fund electrification of Caltrain?
- Proposal doesn’t seem to make any sense given that the percentage of people riding transit has steadily declined while vehicle-miles traveled has increased. It’s important to address transit capital needs, but the figures provided for AC Transit, San Francisco Muni and BART seem too high; more details are needed to ensure that the most cost-effective options are used.
- A plan for spending additional funding is needed if the provided cost information turns out to be over inflated.
- Consider advocating for an extraction tax on oil and gas as a funding source for transit.
- The general approach seems sound and moves the region in the right direction
- The need for BART capital is great; trains and platforms are quite crowded during peak commute times.

J:\COMMITTEE\PAC\2013 PAC Meetings\12_Dec'13_PAC\3ai_Attachment 1_Comments Received.docx

Attachment 2 – Agenda Item 3ai
Correspondence Regarding Cap and Trade Funding
Framework

From: Mari Rose Taruc
Date: December 4, 2013 at 5:07:17 PM PST
To: Miriam Chion, Ken Kirkey
Cc: Richard Marcantonio

Subject: Comment on MTC Cap and Trade Revenue Staff Proposal - APEN

Hello Miriam and Ken.

On behalf of the Asian Pacific Environmental Network (APEN), we support the comments of Public Advocates (attached) regarding the MTC staff proposal on a framework for dividing up regional Cap and Trade revenue.

Thank you, --Mari Rose

Mari Rose Taruc, State Organizing Director
Asian Pacific Environmental Network (APEN)




Advocating Walkable Communities for Everyone

California WALKS
1904 Franklin Street, Suite 709
Oakland, CA 94612
Tel. (510) 292-4435
Fax (510) 292-4436
www.californiawalks.org
info@californiawalks.org

VIA E-MAIL

December 4, 2013

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
101-Eighth St.
Oakland, CA 94607

Re: Comments on Proposed Cap and Trade Funding Framework

Dear Mr. Kirkey and Ms. Bockelman:

As a member of the 6 Wins for Social Equity Network, we appreciate and thank you for taking the time to meet with our partners about the implementation of Supervisor Gioia's Cap and Trade amendment to Plan Bay Area. California WALKS continues to have very strong concerns and reservations about the lack of an up-front public participation process for guiding the allocation of these funds. Cal WALKS endorses Comments from Public Advocates and Working Partnerships USA already submitted and offers the following comments on the staff proposal coming before the MTC Programming and Allocations Committee meeting on December 11:

Lack of Transparent & Inclusive Process

While Supervisor Gioia's amendment requiring a "transparent and inclusive process" only explicitly refers to "revenues...allocated to specific programs,"¹ any decision-making which removes specific programs from eligibility for allocation requires a transparent and inclusive process prior to that decision-making. It is our position that engaging the public in establishing the specific investment category eligibilities is not only critical but necessary to ensure a "transparent and inclusive process" for the subsequent allocation decision.

In other words, while there may be merit to staff's proposal, preordaining the investment categories eligible and by implication excluding all others, without meaningful public participation, as here, effectively shortcuts and undermines a required transparent and inclusive process for allocation decisions. Moreover, this undermining of a transparent and inclusive process requirement is compounded by staff's proposal to make specific unequal allocations among the limited, pre-determined categories, again, without any public input at the front-end.

¹ See "Summary of Major Revisions to Draft Plan Bay Area," amendment 48, available at http://www.mtc.ca.gov/planning/plan_bay_area

Cal WALKS believes that the staff proposal is premature in light of the lack of meaningful public participation. Going forward, the staff report at the December 11 meeting should set out a clear, explicit timeline and plan for public participation in the overall process, as well as for development of criteria for disadvantaged community benefits.

Transit Operations and Local Hire Essential to Walkable Communities Necessary for PBA and SCS Success. Similarly, Cal WALKS endorses this week's Public Advocates' Comments, including Increased Transit Operations Funding and WPUSA's Comments, including a local hire, quality job economic opportunity requirement applicable to all RTP transportation revenues.

Preclude One Bay Area Grant (OBAG) Program Categories without Demonstrated Clear Nexus to Reducing Greenhouse Gas Emissions as a Prerequisite

Projects funded with cap and trade revenues require a clear nexus to reductions in greenhouse gas emissions which should at least offsetting the emissions produced with that purchased emitter allowance. The staff proposal does not clearly restrict uses to such levels of GHG emissions reduction². For that reason, Cal WALKS has serious doubts about the validity of the staff proposed diversion of roughly \$1 billion to the OBAG program, without limiting use of cap and trade revenues to the OBAG categories demonstrating the requisite GHG emissions reduction nexus.

Lack of OBAG Pavement Nexus to GHG Emission Reductions

Particularly, Cal WALKS strongly opposes allowing all "Local Streets and Roads Preservation" needs as eligible uses for cap and trade funds. The staff proposal admits that within this project category, only "45% is for non-pavement infrastructure, critical for complete streets that would serve alternative modes and transit-oriented development." In other words, on average 55% of each Local Streets and Roads Preservation Cap & Trade dollar can be expended with no or minimal achievement of GHG emission reductions.

The "Local Streets and Roads Preservation" OBAG category should be precluded from receiving unrestricted cap and trade funds. (The 2014 RTP One Bay Area proposes serious underfunding of local street and road maintenance & operation needs. By limiting the defined need solely to lane pavement, yet crediting both pavement and non-pavement local and regional revenues solely against the pavement-only need, no disclosure is made that the 45% non-pavement local road operating expense has been left totally unfunded in the RTP.³

² http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf. pp 60-62

³ All committed and projected PBA Local Streets and Roads revenues are directed to satisfying pavement needs (approx.. \$25 Billion) with none directed to non-pavement needs (exceed \$20 billion) . Compare Local Streets Section of Plan Bay Area with Plan Bay Area Draft Performance Assessment Report @ 13-16, 65-67.

CMAAs should be required to restrict use of cap & trade funds to RTP categories that have a clear, demonstrated connection to GHG emission reductions sufficient to equal or exceed the emitter emission allowance procured with the revenue.

Investments in active transportation projects, in particular, yield significant GHG reductions,⁴ bringing the region closer to achieving Plan Bay Area Performance Targets 4 and 5.

Cal WALKS is extremely supportive staff's proposal to include of transit-oriented affordable housing as an eligible OBAG category. As noted by our partner, Public Advocates, "GHG emissions associated with TOD development simply do not materialize if high-propensity transit riders – namely, low-income households – cannot afford to live nearby." We fully support the June proposal to earmark \$600 million of the projected \$3.1 billion in cap and trade funds for affordable housing, as well as Public Advocates' and EBHO comments on how to allocate or otherwise restrict these funds within the OBAG program.

Public Release Needed of Evaluation of the Climate Initiatives Program

While we strongly support the continued funding of the Climate Initiatives Program, we have concerns of the lack of publicly available evaluations of previously-funded program projects. As a program that aims to fund innovative pilot projects that can cost-effectively reduce GHG emissions, it is critical for the public to be informed of what has and inevitably what has not worked. It is critical that Climate Initiatives invest in types of projects which meaningfully reduce GHG emissions, are cost-effective, AND can be brought to scale. Without evaluation data, the public and MTC Commissioners cannot make informed decisions about this program's future. The original Climate Initiatives Program set aside \$4 million for evaluating funded projects—we urge MTC to release project evaluations, as well as the overall Program evaluation, in order to ensure meaningful and informed public input. This data is critical to decisions on Cap & Trade allocations and on future program expansion.

Regional Safe Routes to Schools Program

One Climate Initiative Program with demonstrated GHG emissions reductions is the Regional Safe Routes to Schools Program. Cal WALKS strongly supports the staff proposal to set aside \$75 million over the life of Plan Bay Area to support Regional Safe Routes to School.

We look forward working with MTC staff to ensure a "transparent and inclusive" process going forward, and we thank you for the opportunity to comment on this phase of the process.

Sincerely,



Wendy Alfsen, Executive Director

⁴ Maizlish N, Woodcock J, Co S, Ostro B, Fanai A, Fairley D. "Health cobenefits and transportation-related reductions in greenhouse gas emissions in the San Francisco Bay area." American Journal of Public Health, 2013 Apr; 103(4):703-9.

cc: 6 Wins for Social Equity Network



EBHO

EAST BAY HOUSING ORGANIZATIONS

December 3, 2013

Ken Kirkey, Planning Director
Metropolitan Transportation Commission
VIA EMAIL

Dear Mr. Kirkey:

East Bay Housing Organizations welcomes the opportunity to submit initial comments on the proposed Cap and Trade Funding Framework. East Bay Housing Organizations (EBHO) is the leading affordable housing advocacy coalition working throughout Alameda and Contra Costa Counties and an active member of the 6 Wins Network. Our mission is to preserve, protect and expand affordable housing opportunities for the lowest income communities through education, advocacy, organizing and coalition building. Our membership includes more than 300 organizations and community leaders advocating for affordable housing development and favorable housing policies at the local and regional level.

EBHO strongly supports using cap and trade funds to assist in the development of affordable housing, particularly within PDAs, as this is an essential component of Plan Bay Area. We support the comments of Public Advocates on the process and definitions for uses of these crucial funds, and we thank MTC staff for meeting with organizations belonging to the 6 Wins Network to discuss an appropriate public process. We would like to reemphasize the importance of conducting an inclusive and transparent process to develop criteria related to disadvantaged community benefits, GHG reduction and other co-benefits to identify and select programs and projects in each of the five categories.

Specifically regarding affordable housing, we agree with the original staff proposal that 20% of cap and trade funds should be dedicated to affordable TOD housing. In a June staff report on Plan Bay Area, MTC and ABAG proposed that \$600 million of the projected \$3.1 billion in Cap and Trade funds received by our MPO be dedicated to affordable TOD housing. This proposal makes good sense, as the GHG emissions associated with TOD development simply do not materialize if high-propensity transit riders – namely, low-income households – cannot afford to live nearby.^[2]

We are therefore very concerned that such funding is now proposed only as an eligible use of One Bay area Grant funds, but without any requirement that CMAs actually allocate funds to affordable TOD housing. We urge MTC to *require* that OBAG funds be used for affordable housing. One of the shortcomings of Plan Bay Area is that while it includes billions of dollars of funding for transportation activities, there is *no* funding for affordable housing. Yet without the development of affordable housing close to transit, Plan Bay Area will not meet its targets.



EBHO

EAST BAY HOUSING ORGANIZATIONS

We were initially concerned at the use of the term "workforce housing" instead of "affordable housing." We appreciate the clarification at the Regional Advisory Working Group meeting on December 2nd that the intent is to target funds for affordable housing. Nonetheless, it is important that "affordable" be defined explicitly as affordable to lower income households. We support targeting housing funds to households with incomes at or below 60 percent of area median income (AMI), as this group has the greatest housing needs and will not be served by market-rate housing. These households are also the most likely to use public transit, and therefore there is a clear linkage to greenhouse gas emission reductions. If most TOD projects are only market rate, transit utilization rates will likely be lower and the expected GHG emission reductions may not materialize.

We are also concerned with the idea that "benefit to disadvantaged communities" is being interpreted narrowly as "investment in communities of concern." We urge MTC to focus on benefit to disadvantaged *populations*, including assisting such households to live outside of existing communities of concern. One of the goals of Plan Bay Area is to provide low income households with a broader range of housing choices that include access to "communities of opportunity" that are better served by quality education, access to job centers and proximity to transit. Indeed, failure to provide this broader access would violate Fair Housing goals. Moreover, the Regional Housing Needs Allocation (RHNA), which is a component of Plan Bay Area, explicitly contained a weighting factor that assigned a higher proportion of a jurisdiction's housing need to the very low and low income categories in communities that have a lower percentage of lower income households than the regional average. It would work against the goals of the RHNA to limit cap and trade housing funds solely or primarily to "communities of concern." In this context, providing funding for affordable TOD housing in more affluent "communities of opportunity" is in fact explicitly benefiting disadvantaged populations, who historically have faced many barriers to living in those areas.

We thank you for your attention to these concerns, and we look forward to working with MTC further on these issues.

Sincerely,

Gloria Bruce
Deputy Director/Interim Executive Director
East Bay Housing Organizations (EBHO)



Walnut Creek Office
1601 N. Main St., Suite 105
Walnut Creek, CA 94596
(925) 932-7776

December 4, 2013

BY EMAIL

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 04607

RE: Cap and Trade Revenues

Thank you for this opportunity to comment on the Draft Cap and Trade Funding Framework for consideration at the December 11 MTC Programming and Allocations Committee meeting.

MTC's recently adopted Plan Bay Area provides a landmark vision for future transportation and land use decisions that can make the Bay Area an even better place to live. As you develop a framework for the investment of any funds MTC may receive through a state Cap and Trade program, we encourage you to consider the following items to help make the vision of Plan Bay Area come to fruition.

FOCUSING ON EMISSIONS

All investments of Cap and Trade funds should be focused to support the reduction of greenhouse gas emissions. The C&T funding framework should therefore focus on implementing those elements of Plan Bay Area with strong potential for reducing emissions or avoiding future emissions. The framework should acknowledge that this will require the development and application of additional criteria within the Plan's various programs to ensure that all C&T resources achieve this intended effect.

MAKING THE REGION GREAT FOR EVERYONE

We applaud the staff recommendation that at least 25% of each proposed C&T investment category should benefit disadvantaged communities. We encourage the development of clear protocols and commitments for ensuring 100% of C&T funds benefit the region's disadvantaged communities. This will

require a robust community-driven public engagement process conducted in partnership with the non-profit community and others to identify how these funds can be invested to best address the needs of disadvantaged communities across the region. The draft framework should be revised to clearly articulate the process for developing criteria that ensure *all* investments benefit disadvantaged communities.

REWARDING SMART LAND USE DECISIONS

We are pleased to see the inclusion of the OBAG program in the draft funding framework. This innovative program promises to significantly advance the coordination of land use and transportation decisionmaking across the region to achieve the Plan Bay Area vision. It's essential to build the OBAG program so that local jurisdictions are rewarded for making smart decisions about growth and development, and receive a greater percentage of funding for their leadership.

The C&T Funding Framework should clearly articulate how the OBAG program allocation criteria will be revisited and enhanced in future 4-year cycles. Such refinements of the program will require MTC's staff expertise and coordinating capacity and therefore should not be left to the Congestion Management Agencies (CMAs) with their more limited resources.

In addition, the framework should specify that C&T funds dedicated to the OBAG program will only be invested in projects that have emission reduction benefits, excluding the road repair projects allowed under the current program.

PRIORITIZING HOMES

The creation of new affordable homes is essential to the success of Plan Bay Area and to the plan's expected greenhouse gas emissions reductions. The C&T funding framework should be revised to include a significant dedication of revenue specifically to support the production of new affordable homes across the region. Such an investment could have tremendous leverage potential. For example, a dedicated investment in the Bay Area's Transit Oriented Affordable Housing (TOAH) program would provide a critical infusion of resources that could bring the TOAH program to the scale needed to attract additional investors and unlock transit-oriented development potential around the region.

SUPPORTING TRANSIT

The draft C&T funding framework acknowledges the tremendous funding challenges facing transit systems across the region. We look forward to working with MTC as it develops methodology and criteria for determining the expected performance of the contemplated transit investments, particularly in their ability

to reduce greenhouse gas emissions and benefit disadvantaged communities. This information should be used to refine the framework and determine the appropriate funding allocations.

HARNESSING THE POWER OF CONSERVATION

Plan Bay Area makes an important conceptual advancement -- recognizing that investments in open space conservation can be some of the most effective ways to guide growth so that our transportation systems is more efficient, more cost-effective, and generates fewer greenhouse gas emissions. The plan calls for making that shift immediately with the launch of a conservation investments program through the OBAG-PCA program.

For that strategy to bear fruit and deliver the anticipated emission reductions, funds from C&T revenue and many other sources will be needed. The framework should be revised to dedicate significant funds to the types of conservation actions identified in Plan Bay Area. These investments need to be specified as dedicated resources, rather than eligible uses, to provide the certainty that will allow the funds to be leveraged effectively.

CONCLUSION

Implementing the Plan Bay Area vision can improve the region's quality of life, strengthen our local economies, improve transportation and health outcomes, improve opportunities for disadvantaged communities, diminish development pressure on our natural lands, and reduce our greenhouse gas emissions. We encourage MTC to refine the Cap and Trade funding framework to ensure that the program is best positioned to achieve these mutually reinforcing goals.

Sincerely,

Matt Vander Sluis
Interim Program Director and Regional Director, East Bay
Greenbelt Alliance
925-932-7776
mvandersluis@greenbelt.org

Via Email From: Melissa Morris

Date: 12/4/2013 10:02 PM

Dear Mr. Kirkey and Ms. Chion,

I am writing on behalf of the Law Foundation of Silicon Valley regarding MTC's proposed Cap and Trade Funding Framework. The Law Foundation is a free legal services organization that represents low-income residents of Santa Clara and San Mateo Counties in a variety of legal contexts. Nearly all of our clients--whether youth aging out of the foster care system, people with disabilities facing discrimination in housing, or mobile home residents threatened with the closure of their mobile home parks--struggle with Silicon Valley's severe shortage of affordable housing. The allocation of cap and trade funds creates a unique opportunity to ensure that, as money is spent to improve our region's transit, it truly benefits "disadvantaged communities." To do so, funding for affordable housing must be made a priority.

While we will likely have additional comments on the framework as the process continues, we want to echo the comments of Public Advocates, East Bay Housing Organizations, and others, regarding the importance of designating \$600 million in cap and trade funds for transit-oriented affordable housing development. Affordable housing should not only be an eligible use for OBAG funds--it should be a required use. We also agree that funds should be targeted toward households at or below 60 percent of the area median income. Doing so will not only help to meet our communities' most serious housing needs, it will also help to ensure that those populations who have the highest rates of transit ridership have easy access to transit systems.

We also believe that a more nuanced definition of "disadvantaged communities" is appropriate for the allocation of funds--for affordable housing funds in particular. While investment in neighborhoods that have historically experienced disinvestment and disproportionate environmental burdens is an essential use of cap and trade funds, funds should also be used to ensure that members of disadvantaged populations, including lower-income households and people of color, have access to areas of high opportunity. Funds should be used to increase housing options for lower-income households in geographic areas that are near transit, jobs, schools, and other amenities. As such, investment in more affluent geographic areas may be appropriate where doing so will make it possible for disadvantaged populations to live in those areas.

Thank you very much for your consideration of these concerns, and we look forward to working with MTC and ABAG on these issues in the future.

Sincerely,

Melissa A. Morris
Senior Attorney, Public Interest Law Firm
Law Foundation of Silicon Valley



December 4, 2013

BY EMAIL

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 04607

Re: Comments on Cap and Trade Funding Framework

In preparation for the MTC Programming and Allocations Committee meeting on December 11, our organizations, representing the natural and working lands conservation community, would like to provide the following comments on the staff report presented at the Committee's November 13 meeting. We believe MTC should take some key steps to improve its Cap and Trade Funding Framework to adequately invest these funds in a manner that fulfills the climate change goals of AB 32 and Plan Bay Area.

With appropriate incentives and tools, Plan Bay Area can optimize greenhouse gas (GHG) reductions not only from transportation but also from natural and working lands. Efforts to reduce transportation related emissions and vehicle miles travelled (VMT) can reduce development pressure in open space areas, thereby reducing biological carbon dioxide emissions associated with land conversion and maintaining ongoing carbon sequestration benefits. Likewise, the conservation of open space and working landscapes can also help reduce GHG emissions associated with transportation and VMT by complementing efforts to concentrate

development and build transit-oriented development that is affordable. A 2012 study¹ by U.C. Davis researchers found that in Yolo County, urban development generates 70 times more GHGs than irrigated cropland, due in part to VMT. Furthermore, urban forestry can sequester additional carbon and reduce energy demand and related emissions while enhancing livability.

The integration of these natural resource protection efforts with land use plans and practices is critical to optimize GHG reductions and related public benefits. Such integration will not only leverage additional GHG reductions, but will also help protect water and air quality and habitat – critical benefits that are threatened by climate change. Plan Bay Area acknowledges the need to foster these benefits with its assumption that Urban Growth Boundaries/Urban Limit Lines will be maintained, limiting growth to the existing urban footprint and through investment in conservation through the One Bay Area Grant Program’s inclusion of Priority Conservation Areas (PCAs).

We strongly recommend building upon the approved policies embraced in Plan Bay Area and the investments identified by the State Investment Plan for Auction Proceeds² by dedicating a portion of any auction proceeds MTC receives to investment in conservation and enhancement of open space, working lands (farms, ranches and forestlands), and urban forestry to encourage development in the urbanized zones to avoid VMT, and reduce and sequester GHG emissions. It also includes meaningful financial incentives to protect and maintain our vital natural resources.

AB 32 auction proceeds should be directed to conservation through two of the funding categories outlined in the November 13 Committee memo: 1) the OBAG Program, building on the existing \$10 million OBAG Pilot PCA program, and 2) the Climate Initiatives Program. In addition to their GHG reduction potential, the Bay Area’s natural and working lands provide free or low-cost healthy recreation opportunities to all and are part of the Bay Area’s cultural heritage and economic engine. Continued investment in the Bay Area’s natural and working lands, including those in the PCAs will reduce GHG emissions while directly benefitting urban and rural Bay Area residents alike.

The State’s proposed investment plan for auction revenues recommends a role for natural resources and working lands investment as a GHG mitigation and sequestration tool. Legislation signed into law last year - AB 1532 (Perez) - endorses the role of conservation in the statewide investment plan by authorizing use of auction fees, “. . . . to reduce greenhouse gas emissions associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture.”ⁱ Thus, investment in conservation is well within the state’s policy direction and goals for meeting our climate goals.

¹ <http://www.energy.ca.gov/2012publications/CEC-500-2012-032/CEC-500-2012-032.pdf>

² http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf

Inclusive and Transparent Process

As a number of organizations have discussed with staff, we would like to reemphasize the importance of conducting an inclusive and transparent process to develop criteria to ensure that investments of cap and trade auction proceeds will result in GHG reductions that are supported by sound science, consistent accounting methods, and a level of transparency that ensures benefits outweigh any adverse impacts. In addition, and consistent with MTC and ABAG's existing commitment to direct cap and trade proceeds to disadvantaged communities in the Bay Area, the selection criteria should maximize the reduction of GHGs while helping disadvantaged communities that have been and will be most impacted by climate change. This process discussed at the November 21 meeting should be made explicit in the staff report.

Thank you for considering these comments as you develop the Cap and Trade Funding Framework. We look forward to continued collaboration.

Sincerely,

Samuel P. Schuchat
Executive Officer
California State Coastal Conservancy

Jeremy Madsen
Executive Director
Greenbelt Alliance

Andrea Mackenzie
General Manager
Santa Clara County Open Space Authority

Jennifer Fox
Executive Director
Bay Area Open Space Council

Liz O'Donoghue
Director, Infrastructure and Land Use
The Nature Conservancy

Robert E. Doyle
General Manager
East Bay Regional Park District

Marc Landgraf
Director of External Affairs
Peninsula Open Space Trust

Jamison Watts
Executive Director
Marin Agricultural Land Trust

Stephen E. Abbors
General Manager
Midpeninsula Regional Open Space District

Ed Thompson, Jr.
California Director
American Farmland Trust

Ralph Benson
Executive Director
Sonoma Land Trust



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Cynthia Parker

BRIDGE Housing

Dan Sawisiak

Resources for
Community Development

Dan Wu

Charities Housing

December 3, 2013

The Honorable Amy Rein Worth, Chair
Metropolitan Transportation Commission

The Honorable Mark Luce, President
Association of Bay Area Governments Executive Board

E-mail Correspondence

Re: Comments on the Draft Cap and Trade Funding Framework

Dear Chair Worth, President Luce, Commissioners and Members:

On behalf of the Non-Profit Housing Association of Northern California (NPH) and our over 700 members, I write to convey our appreciation of staff's inclusion of affordable housing as an eligible use for Cap and Trade funding under the One Bay Area Grant (OBAG) program. However, merely including affordable housing as an eligible use for OBAG and leaving this up to the discretion of the Congestion Management Agencies is not sufficient and provides no assurance whatsoever that any of the funds will be used for this purpose. This is very surprising and disturbing given the prominent role that affordable housing plays in Plan Bay Area and its key role in reducing commutes and the corresponding greenhouse gas emissions. Affordable housing policy is transportation policy.

Therefore, we respectfully request that MTC and ABAG designate at least 20% of the Cap and Trade funds for MTC's Transit-Oriented Affordable Housing (TOAH) Fund or otherwise restrict the funds to the production of the affordable housing called for in Plan Bay Area. This percentage equals the amount proposed by staff (\$600 million of the projected \$3.1 billion) in one of the final iterations of Plan Bay Area prior to adoption.

The key to reducing vehicle miles traveled (VMT) and the attendant greenhouse gas emissions (GHG) is to place affordable housing near quality transit station areas and corridors and job centers. Failure to follow through and fund this priority will doom Plan Bay Area to failure.

ABAG projects that over the next eight years alone 75,620 new units of housing affordable to Low- and Very Low-Income households will be needed. By definition, these are units that the market alone will not provide.

In addition, Plan Bay Area projects that by 2040 our region will grow by 660,000 new households and that 56% of these households will be low- and very low-income. If adequate affordable units are not built to house those residents, commute times and VMT will increase and traffic congestion in the Bay Area will grow even worse.

Directing Cap and Trade funds towards affordable housing production is a critical strategy for implementation of Plan Bay Area because low-income households have a greater propensity to use transit and lower rates of vehicle ownership. Evidence shows that



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Ben Golvin

Equity Community Builders

Andrea Papanastassiou

Eden Housing

Cynthia Parker

BRIDGE Housing

Dan Sawisiak

Resources for
Community Development

Dan Wu

Charities Housing

preserving and building affordable homes near transit is linked to significant VMT and GHG reductions.ⁱ

Terminology. The term “workforce housing” in the draft funding framework is prone to confusion and can include households with incomes at 150% of Area Median Income (AMI) or greater - a demographic that is often served by market rate housing development. We strongly recommend that the Cap and Trade Funding Framework reference “affordable housing” and include specificity on targeted levels of affordability (e.g., extremely low-, very-low, and low-income) as does Plan Bay Area and the Regional Housing Needs Allocation. There is a tremendously short supply of affordable housing for our working households with incomes at 60% of AMI and below.

Thank you for soliciting our feedback on the proposed Cap and Trade Funding Framework. We are committed to working with commissioners, board members and staff to ensure that the adopted framework and investment plan for the Cap and Trade funds received by our region deliver the maximum greenhouse gas emissions reductions as required by law.

Sincerely,

Dianne J. Spaulding
Executive Director
The Non-Profit Housing Association of Northern California

cc:
MTC Commissioners
ABAG Executive Board
Steve Hemminger, Executive Director, MTC
Ken Kirkey, Planning Director, MTC
Ezra Rapport, Executive Director, ABAG
Miriam Chion, Planning and Research Director, ABAG

ⁱ California Housing Partnership Corporation, “Building and Preserving Affordable Homes Near Transit: Affordable TOD as a Greenhouse Gas Reduction and Equity Strategy”, January 2013, available at http://www.chpc.net/dnld/FullReport_CHPCAaffordableTOD013113.pdf.

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Attorney & Law Fellow

Rebecca Durlin Smith
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April Dawn Hamilton
Office Assistant

Princess Masilungan
Legal Administrative Coordinator

Jesse White
Communication & Development
Coordinator

December 2, 2013

BY EMAIL

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission

Re: Proposed Framework for AB 32 Revenue Allocation

Dear Mr. Kirkey and Ms. Bockelman:

Thank you for the opportunity to meet about the implementation of Sup. Gioia's Cap and Trade amendment to Plan Bay Area. That meeting with you and Mr. Heminger came only after the issuance of the staff proposal for the November 13 committee meeting, but it did give us the chance to discuss the process issues we raised with fifty other organizations in our November 1 letter, and our concerns about the lack of an up-front process for the development of a range of options.

We write now to offer some comments on the option that staff has proposed.

1. Proposed funding categories: While we applaud your decision to include a 25 percent disadvantaged community set-aside in each funding category, we believe that the proposed framework is too vague to allow meaningful comment on whether the categories are the right ones. On that point, we believe the question will depend on the details. The staff proposal states that "Each program, as it is developed, will require evaluation for its benefits to greenhouse gas emission reductions and disadvantaged communities." Reducing GHG emissions, providing tangible benefits to disadvantaged communities and ensuring economic co-benefits such as access to quality construction and operating jobs, are integral to the objectives set out by the Legislature in AB 32, SB 535 and AB 1532. Until the process has progressed to the point of addressing these benefits and co-benefits we do not believe it will be possible to say with any degree of confidence whether the proposed framework is consistent with those objectives.

2. The process going forward: In our meeting with you and Mr. Heminger on November 21, we were encouraged to learn more about the plan staff has in mind for addressing those benefits and co-

benefits in the process ahead. Specifically, we now understand that staff will develop criteria related to disadvantaged community benefits, GHG reduction and other co-benefits, and that potential investments will then be scored against those criteria so that the projects ultimately selected for funding under the various categories are those that score highest. This process should be made explicit in the staff report for the December 11 committee meeting. That will help allay concerns that the 25 percent commitment in Plan Bay Area is not being taken seriously enough, and could also demonstrate that no concrete decisions will be made that do not align well with legislative objectives, including GHG reduction and disadvantaged community benefits.

3. Definition of “disadvantaged communities”: Staff proposes that, for purposes of implementing Plan Bay Area’s commitment to spend at least 25 percent of the region’s funds to benefit disadvantaged communities, we use a more comprehensive standard of disadvantage than the CalEnviroScreen tool developed by CalEPA that is being used under SB 535. We agree, with one proviso: as set forth under heading 2 of our November 1 letter, the needs of the communities identified by CalEPA as being severely overburdened by toxic air emissions must also be addressed. The staff proposal does not identify any specific funding programs to address those needs, and should accordingly be amended.

4. Use of the “Communities of Concern” definition: While we agree with the use of a separate definition for purposes of implementing the Gioia amendment, we have two concerns about the use of “Communities of Concern,” as defined in Plan Bay Area and its equity analysis. First, disadvantaged *populations* must be taken into account even if they do not live within a discrete *geographical* area. For instance, the potential low-income residents of a suburban affordable housing development may currently live in more affluent communities; similarly, the riders who benefit from improved transit service may be overwhelmingly low-income and minority without necessarily living in a neighborhood that meets CoC thresholds. The use of geographic thresholds is important where burdens, such as toxic emissions, are geographically concentrated. However, a focus on populations that meet the thresholds but are not defined geographically is equally important where that is not the case (e.g., the eligible residents of an affordable housing development, the riders of a transit line, or workers eligible for job training programs).¹

In addition to the need to apply the CoC definition to populations as well as to geographic neighborhoods, MTC's revised definition of Communities of Concern in Plan Bay Area dilutes the impact of low-income and minority status with a range of "disadvantage factors" that should not be used in defining disadvantaged communities geographically. In the past, MTC defined CoC's simply as communities in which 30 percent or more met an income threshold and/or 70 percent or more were minorities. That older definition should be used for defining disadvantaged communities and populations. As you know, a UC Davis analysis demonstrated that the diluted definition failed to adequately characterize the impacts of the RTP on any

¹ See Karner, A. and Niemeier, D., “CIVIL RIGHTS GUIDANCE AND EQUITY ANALYSIS METHODS FOR REGIONAL TRANSPORTATION PLANS: A CRITICAL REVIEW OF LITERATURE AND PRACTICE,” *Journal of Transport Geography* 33 (2013) 126–134.

individual disadvantaged population. This was because the included populations (e.g., seniors, single-parent households, and disabled populations) have vastly different travel behaviors and needs that must be assessed separately. Paring back the CoC definition to include only low-income and people of color would be more likely to provide reasonable results reflective of the travel behavior of these groups.

5. Transit categories: The staff rationale for moving on an extremely short timeframe with the implementation process relies heavily on the need to implement the amendment proposed by Supervisors Campos and Weiner relating to the needs of existing transit systems “promptly after adoption of the plan.” You have accordingly proceeded to develop a transit capital replacement program in tandem with the Cap and Trade framework. But the urgent language of the Campos-Weiner amendment applies equally to capital replacement needs and to “expand[ing] the funding available to support future increases in transit service.” This requires an equally-prompt focus on transit operating revenues. In fact, the GHG reductions associated with transit service come primarily from the expenditures that shift more riders to transit: operating more service and reducing fares. Capital replacement is important as an adjunct to an operating emphasis.

In this regard, the staff proposal has put the cart before the horse, both in the level of detailed thought it has given to the capital replacement needs of mainly two operators (BART and MUNI), and in the disproportionate share of Cap and Trade funds it proposes to allocate to capital vs. operating needs -- \$800 million for capital but only \$400 million for operating. Transit operations should receive more funding than capital needs, not less, both because more transit service (which requires more operating funds) reduces GHG emissions, and because, as the staff memo acknowledges, Plan Bay Area fails to achieve its target of increasing transit ridership due to inadequate operating funding. In addition, the staff proposal for transit operations includes both “Operating investments and capital investment that create operating efficiencies,” without defining the parameters of those capital investments. The proposal should be amended to provide for a portion of funds that may be used solely to operate increased service and/or to reduce fares, consistent with the overarching requirement to reduce GHGs by increasing transit ridership.

In short, staff should promptly begin implementing the operating portion of the Campos-Weiner amendment by convening a stakeholder meeting to discuss the process for developing alternative approaches; should not commit Cap and Trade or other future revenue sources to capital needs until a balanced assessment of operating needs has been incorporated into the discussion; and should allocate a larger share of Cap and Trade revenues to operating needs than to capital replacement needs.

6. Affordable housing: In a June staff report on Plan Bay Area, MTC and ABAG proposed that \$600 million of the projected \$3.1 billion in Cap and Trade funds received by our MPO be dedicated to affordable TOD housing. This proposal makes good sense, as the GHG emissions associated with TOD development simply do not materialize if high-propensity transit

riders – namely, low-income households – cannot afford to live nearby.² The staff proposal makes affordable housing an eligible use of OBAG funds, at the discretion of the nine Congestion Management Agencies (CMAs) to which the administration of OBAG has been delegated. The staff proposal, at the same time, would make local street and road repaving an eligible use, despite the lack of the required nexus to GHG reduction.

In short, \$600 million should be earmarked for affordable housing, and either allocated to the existing TOAH fund, or otherwise restricted to affordable housing financing on a use-it-or-lose-it basis. In addition, these earmarked affordable housing funds should be targeted to households at or below 60 percent of area median income (AMI), ensuring that they are affordable to these high-propensity riders.

7. Freight and goods movement: We urge staff to develop criteria that ensure that funds allocated to this program meet measurable targets for reducing pollution from the freight sector, addressing the needs of environmentally-overburdened communities identified by the CalEnviroScreen first. While we applaud the decision to accelerate retrofits and replacements of trucks and locomotives, projects that offer measureable and sustainable local pollution reductions even as capacity grows must be prioritized.

8. Jobs co-benefits: The staff proposal ignores jobs-related co-benefits. SB 1532 requires that Cap and Trade proceeds be expended to “[m]aximize economic, environmental, and public health benefits to the state” and “[f]oster job creation by promoting in-state greenhouse gas emissions reduction projects carried out by California workers and businesses.” And Sup. Gioia’s Plan Bay Area amendment requires MTC and ABAG to “identify job creation and career pathway strategies including local best practices on apprenticeship programs, and local hire and standard wage guidelines,” and will utilize these strategies “in the implementation of the current Plan Bay Area.” In the next phase of the process, in which policies and criteria for assessing proposed projects based on their disadvantaged community benefits and co-benefits, specific criteria and guidelines must be developed to address the issues identified in our November 1 letter (including hiring of disadvantaged or underrepresented Bay Area residents; collaboration with local Workforce Investment Boards and community-based workforce programs; where appropriate, utilization of state-certified apprentices on building and construction projects, and paid interns in other industries where feasible; prevailing wages on construction jobs; and living wages with health coverage on permanent jobs).

² See CHPC Working Paper, “Building and Preserving Affordable Homes Near Transit: Affordable TOD as a Greenhouse Gas Reduction and Equity Strategy,” Jan. 2013, available at http://www.chpc.net/dnld/FullReport_CHPCAffordableTOD013113.pdf.

Ken Kirkey and Alix Bockelman
December 2, 2013

Page 5 of 5

Thank you for the opportunity to comment on this phase of the process. We look forward to participating in the next phase from the earliest stages of developing the criteria and policies that will later be used to score candidate investments.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Marcantonio", followed by a period.

Richard A. Marcantonio
Managing Attorney

Marybelle Nzegwu
Staff Attorney



December 4, 2013
BY EMAIL

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
Re: Proposed Framework for AB 32 Revenue Allocation

Dear Mr. Kirkey and Ms. Bockelman:

I write on behalf of the Rose Foundation for Communities and the Environment and its *New Voices Are Rising* Project. We appreciate this opportunity to comment on the Draft Cap and Trade Funding Framework.

I write to express the Rose Foundation's support for the comments submitted by Public Advocates, East Bay Housing Organizations, California Walks, Working Partnership USA, and San Mateo County Union Community Alliance. We share the concerns that they have so thoughtfully articulated, support their recommendations, and underscore their call for a public, transparent process with meaningful community participation to develop a plan for allocating cap and trade revenues that become available to the Bay Area.

The Rose Foundation's *New Voices Are Rising* project works with high school students from low-income communities and communities of color in Oakland, Richmond, and nearby cities. Our students are particularly concerned that funding be made available for transit operations to ensure that they, and their schoolmates, have access to affordable, reliable transit. Many of our students live in communities where displacement pressures are very real and worsening over time; they also are very concerned that funds be available to support affordable housing near transit and jobs throughout the Bay Area.

In addition, our students live in communities that are severely burdened by toxic pollution. In many cases, their communities are likely to receive fewer co-benefits from greenhouse gas reductions than will other communities because industries and facilities located within their communities are purchasing emission allowances from facilities located elsewhere, through the very auctions generating cap and trade funds. We therefore urge that priority be given to projects that reduce community exposure to toxic pollution in communities affected by purchases of cap and trade allowances.

Thank you for your attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Jill Ratner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jill Ratner, Program Director, Rose Foundation for Communities and the Environment

Via Email

From: Peter Cohen

Date: 12/5/2013 9:29 AM

Ken and Miriam

We have been following the process of coming up with a framework for allocating the region's anticipated Cap and Trade revenue. Two particular comment letters recently submitted to you--by East Bay Housing Organizations and by Public Advocates--articulate well the critical importance of a dedicated share toward affordable housing. During the Plan Bay Area adoption process, MTC and ABAG staff had at one point proposed a \$600million share for affordable housing, and we were very disappointed to see that softened in the final document. Restoring that clarity of funding commitment through this Cap and Trade Funding Framework is paramount to making true progress toward Plan Bay Area's climate and equity goals. For the record CCHO supports the comments of East Bay Housing Organizations and Public Advocates in their letters.

Thank you,
Peter Cohen

Peter Cohen

SF Council of Community Housing Organizations



December 4, 2013

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 04607

RE: Comments on Staff Proposed Cap and Trade Funding Framework

Dear Directors Kirkey and Bockelman:

In preparation for the upcoming Programming and Allocations Committee (PAC) meeting on December 11, TransForm offers the following comments to the proposed funding framework for the anticipated \$3.1 billion in Cap and Trade funds.

Transportation Capital and Operations

We thank MTC for starting off with a strong commitment to maintenance of our existing transit systems through dedicating a significant amount to the Core Capacity Challenge Grant program. We believe strategic up-front investments like these keep us on track to regional state of good repair, and strengthen operators' ability to effectively provide more service.

We urge that staff initiate a more comprehensive strategy to implement the transit operations portion of the Campos-Wiener amendment approved as part of the adoption of Plan Bay Area. We request that the funding framework you send to PAC's December 11 meeting specify that funds marked for the Transit Operating and Efficiency Program (intended to improve service and provide operating efficiencies) must result in expanded and better service.

Inclusive and Transparent Process

We thank MTC staff for meeting with signatories of the 6 Wins Letter on November 21 to discuss the framework and an appropriate public process to set up the criteria for the selection of Cap and Trade projects. As evidenced by the 50 organizations signing onto the letter, many stakeholders are invested and eager to participate in the process of Plan Bay Area implementation and good regional planning. While we appreciate that the proposed funding framework was aligned with key Cap and Trade related amendments, Plan Bay Area specified there be an inclusive and transparent regional public process to determine how to allocate the anticipated funds.

From that meeting, we expect this process will include the ability to work with MTC to develop criteria to assess the degree to which Cap and Trade investments create benefits for disadvantaged communities, GHG reduction, and other co-benefits; as well as identify and prioritize projects to be

funded in each of the categories. We look forward to working with you on this and ask that the funding structure you send to PAC's December 11 meeting also specify details of the public process as discussed in our meeting.

Affordable Housing and Jobs

Lastly, we urge that staff strengthen the language around affordable housing in the One Bay Area Grant program. Affordable housing is currently included as one eligible use of OBAG funds. We request that staff amend the language to specify that a significant portion of these Cap and Trade funds be directed to increasing the supply of affordable housing near transit. These funds should be subject to clear labor standards for quality jobs and economic opportunity, as specified in the December 2 comment letter submitted by Working Partnerships USA and San Mateo County Union Community Alliance.

We also encourage staff to consider working with the Low Income Investment Fund to determine the maximum amount of cap-and-trade funds that can be added to the Transit Oriented Affordable Housing fund.

We look forward to helping MTC ensure that Cap and Trade funds maximize the reduction of GHGs while helping disadvantaged communities that have been (and will be) most impacted by climate change.

Sincerely,

A handwritten signature in black ink, appearing to read "Clarrissa", with a horizontal line extending to the right.

Clarrissa Cabansagan
Community Planner
TransForm

December 2, 2013

BY EMAIL

Ken Kirkey, Planning Director
Alix Bockelman, Director of Programming and Allocations
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 04607

Re: Comments on Cap and Trade Funding Framework

In preparation for the MTC Programming and Allocations Committee meeting on December 11, Working Partnerships USA and SMCUCA¹ would like to provide the following comments on the staff report presented at the Committee's November 13 meeting. We believe that MTC must take some key steps to improve Cap and Trade Funding Framework and adequately invest this new source of revenue.

1. Inclusive and Transparent Process

First, we thank MTC staff for meeting with our and other organizations belonging to the 6 Wins Network on November 21 to discuss an appropriate public process to set up the criteria for the selection of Cap and Trade projects. We would like to reemphasize the importance of conducting an inclusive and transparent process to develop criteria related to disadvantaged community benefits, GHG reduction and other co-benefits such as economic opportunity to identify and select programs and projects in each of the five categories. This process discussed at the November 21 meeting should be made explicit in the staff report. As we already stated in the 6 Wins letter of November 1 and the meeting with MTC staff, the selection criteria should maximize the reduction of GHGs while helping disadvantaged communities that have been (and will be) most impacted by climate change.

2. Economic Opportunity Co-Benefits

Second, we urge that both basic job *standards* and economic opportunity *criteria* and *metrics* be applied across all investment categories proposed for the \$3.1 billion in Cap and Trade revenues that MTC expects to receive in the next few decades, with the goal of maximizing the number of quality jobs created by these

¹ *Working Partnerships USA* is a nonprofit public policy institute that builds partnerships with community, labor and faith groups to improve the lives of working families in Silicon Valley.

San Mateo County Union Community Alliance (SMCUCA) is a non-profit dedicated to enhancing the quality of life for all workers and their families in San Mateo County, through programs designed to maximize the capacity of labor and community organizations to support quality job creation, ensure community health and increase social justice.

public expenditures while creating meaningful career pathways for those who are currently excluded from economic opportunities. These policies would not only comply with the mandate of state law that cap-and-trade funds achieve economic co-benefits, but would also advance Plan Bay Area's commitment that MTC and ABAG will "identify job creation and career pathway strategies including local best practices on apprenticeship programs, and local hire and standard wage guidelines," and will utilize these strategies "in the implementation of the current Plan Bay Area."²

Therefore, we urge MTC to include basic labor standards as requirements across all cap-and-trade investment categories. These basic standards include prevailing wage and hiring of state-registered apprentices on all construction projects which receive public funding; a minimum of area standard wage or living wage on non-construction jobs supported by public funding; and collaboration with the local Workforce Investment Boards (WIBs) to identify opportunities to promote training and hiring local / disadvantaged workers into jobs generated by cap-and-trade investments.

We further urge that economic opportunity criteria be applied as part of the project selection process to evaluate and maximize projected jobs co-benefits. A new fifth Investment Principle would provide the framework for the implementation of Plan Bay Area. "5. Proposed projects that create or plan for construction jobs will commit to paying area standard wages and benefits and utilizing apprentices in state-certified apprenticeship programs." In Funding Categories where funds will be administered by local jurisdictions, distribution should be predicated upon the demonstration that the jobs created when projects are realized will benefit local residents through pre-apprenticeship, apprenticeship and/or local hire agreements agreed upon by local Building and Construction Trades Councils.

Finally, MTC should establish appropriate economic opportunity metrics upon which each program or project must report; this data collection and analysis in the initial years will provide the necessary feedback to evaluate and improve the economic opportunity criteria for subsequent years.

We suggest that MTC consider modeling its standards, criteria and metrics after the "Proposed Jobs and Workforce Development Program Elements for Carbon Reduction Investments in California" developed by the Green Collar Jobs Council of the California Workforce Investment Board.³ These elements have been designed with the contributions of industry, labor, workforce and environmental stakeholders across the state. Adopting this framework would help MTC to align its

² Plan Bay Area, Chapter 6, Page 122.

³ A draft of this document is available at http://www.cwib.ca.gov/res/docs/special_committees/gcjc/meeting_materials/2013/091713-REV%20091613%20GCJC%20Discussion%20Item2.pdf. For more information contact GCJC Chair Carol Zabin.

economic program elements with those of other greenhouse gas reduction programs across the state.

3. **Affordable Housing**

Finally, we believe that merely including affordable housing as an eligible use for OBAG is not sufficient. Plan Bay Area projects that by 2040 our region will grow by 660,000 new households and that 56% of these households will be low- and very low-income. If adequate affordable units are not built to house those residents, the Bay Area is likely to see an increasing share of low-to-moderate workers commuting into the region from lower-cost areas. However, as you are aware, local governments in California have recently lost several critical tools which were formerly available to help generate affordable housing, leading to an urgent need to identify new funding streams which can be leveraged to build affordable units.

We therefore recommend that MTC designate 20% of Cap and Trade funds for affordable housing. This equals the amount originally proposed by MTC and ABAG (\$600 million of the projected \$3.1 billion) in one of the last iterations of Plan Bay Area. These funds should be subject to clear standards for job quality and economic opportunity, including (1) prevailing wages on all construction which receives public funding, (2) required collaboration with local WIBs and state-registered construction apprenticeship programs, and (3) incentives for hiring qualified disadvantaged community residents. This affordable housing framework will further the goals of Plan Bay Area and will help ensure that the jobs created through affordable housing construction are accessible to Bay Area workers, thereby reducing the likelihood of additional greenhouse gas emissions and air quality impacts generated by out-of-area workers commuting multiple hours daily.

We urge you to consider our recommendations, and we look forward to working with MTC staff and commissioners as this process unfolds.

Sincerely,

Derecka Mehrens
Executive Director
Working Partnerships USA

Belén Seara
Director of Community Relations
SMCUCA

November 1, 2013

Amy Worth, Chair, and Members
Metropolitan Transportation Commission
Mark Luce, President, and Members
Association of Bay Area Governments

**Re: Principles for Implementing Plan Bay Area's Amendment on
Regional Cap and Trade Revenue Allocation**

Dear MTC Chair Worth, ABAG President Luce and Members:

As you prepare to launch the Bay Area's process for setting priorities for Cap and Trade revenue, we write to provide background on the close connection of AB 32 revenues with the needs of disadvantaged communities, and to offer a social and economic justice framework for a Cap and Trade process that will benefit our entire region. Dozens of organizations from around the Bay, including 6 Wins members and allies, stand eager to participate in the process by which the region will determine how best to spend this important new source of funds.

We applaud MTC and ABAG for adopting the amendment proposed by Supervisor John Gioia to ensure transparency and equity in the allocation of Cap and Trade funds in the Bay Area. Plan Bay Area commits MTC and ABAG to conducting "a transparent and inclusive regional public process" for the allocation of AB 32 Cap and Trade revenues in the region and guarantees that "at least 25 percent of these revenues will be spent to benefit disadvantaged communities in the Bay Area."¹ These regional commitments are in line with AB 32's goal of "direct[ing] public and private investment toward the most disadvantaged communities in California and providing opportunities for "community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions. "Plan Bay Area also builds on SB 535's requirement that at least 25 percent of Cap and Trade revenues be targeted to "projects that provide benefits to [disadvantaged] communities," with at least 10 percent to projects "located within" these communities.²

Cap and Trade revenues provide our region with an important opportunity to allocate funds to a variety of projects that reduce GHG emissions and improve public transit, land use patterns, public health and quality of life.

To meet the objectives of both state law and regional policy - and to achieve a better Bay Area for *all* our residents - Cap and Trade spending in the Bay Area should be governed by the following principles:

1. **Ensure Full Transparency and Accountability in Decision Making.** It is critical that MTC and ABAG stay true to Plan Bay Area's commitment to "a transparent and inclusive" regional public process for prioritizing Cap and Trade expenditures. A timeline for decision

¹ See "Summary of Major Revisions to Draft Plan Bay Area," amendment 48, available at http://www.mtc.ca.gov/planning/plan_bay_area/.

² Health & Saf. Code §§ 38501 (h), 38565, 39713.

making and public participation should be developed promptly in consultation with membership groups and their community members from around the region. Key decision points should be identified, and opportunities for local and regional input should be provided for. Any MTC and ABAG consultations with Congestion Management Agencies, and the outcomes of those meetings, should be made public. Finally, all agencies responsible for carrying out projects funded with Cap and Trade dollars should be held accountable to ensure that promised benefits are delivered, measured and reported.

2. Prioritize the Needs of Communities Suffering the Greatest Toxic Exposures. A significant portion of our region's Cap and Trade revenues should be dedicated to reduce emissions and cumulative health risks *in* the communities suffering the greatest exposure to air and other toxic contaminants. The needs of disadvantaged communities should be the first ones addressed in the Cap and Trade revenue expenditures since they are the most heavily and disproportionately burdened by the health impacts of GHGs and co-pollutants, and potentially at risk of further localized burdens as a result of the Cap and Trade system itself. In 2000, diesel PM alone contributed to 2,900 premature deaths compared to 2,000 deaths by homicide.³ Co-pollutants emitted with GHGs, such as PM 2.5, are responsible for more annual deaths in California than caused by car accidents, murders and AIDS combined.⁴ Investing in these communities maximizes the environmental and economic co-benefits, as required by AB 32, by reducing the most hazardous emissions with the greatest human health impact first.

These heavily-burdened communities should play a central role in determining the regional and localized priorities that guide expenditure of this first tier of funds. Expenditures to address these needs should be subject to strict requirements. The funds should be: (a) spent in accordance with a clear plan to address priority community needs (such as a Community Risk Reduction Plan or an updated Community Based Transportation Plan); (b) maximize jobs and other co-benefits for community residents, and (c) ensure that residents are not displaced by the rising land values that are likely to accompany the clean-up of their communities.

3. Ensure that *all* Cap and Trade Revenue Benefits Low-Income Families Across the Region. The remainder of Cap and Trade revenues should be allocated region-wide with a focus on ensuring benefits to low-income communities and residents throughout the Bay Area by focusing on community-stabilizing investments such as improved local transit service, reduced fares, and affordable housing. The Investment Plan for Cap and Trade revenues that CARB and the Department of Finance adopted last spring⁵ includes funding transit operations and affordable TOD housing as important and appropriate expenditures to implement SB 375. Your analysis of the Equity, Environment and Jobs (EEJ) alternative showed that these investments deliver benefits to *all* Bay Area residents. Building on the OBAG program, these investments should also require local jurisdictions to put in place effective anti-displacement and affordable housing measures as a condition of receiving funds, to ensure that people of all

³ Air Resources Board, "Facts about Reducing Pollution from California's Trash Trucks," available at <http://www.arb.ca.gov/msprog/swcv/consumerfactsheet3.pdf>.

⁴ Environmental Working Group, "Particle Civics," available at <http://static.ewg.org/reports/2002/ParticleCivics.pdf>.

⁵ Available at http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf.

income levels are able to benefit from neighborhood improvements from public investments.

4. Leverage All Funding to Create Quality Jobs and Economic Opportunity for Those Who Need it Most. Finally, each dollar of Cap and Trade money spent for any use should carry appropriate policies to ensure that it creates quality jobs and economic opportunities. These policies include: hiring of disadvantaged or underrepresented Bay Area residents; collaboration with local Workforce Investment Boards and community-based workforce programs; where appropriate, utilization of state-certified apprentices on building and construction projects, and paid interns in other industries where feasible; prevailing wages on construction jobs; and living wages with health coverage on permanent jobs.

These policies would not only comply with the mandate of state law that the funds achieve economic co-benefits, but would also advance Plan Bay Area's commitment that MTC and ABAG will "identify job creation and career pathway strategies including local best practices on apprenticeship programs, and local hire and standard wage guidelines," and will utilize these strategies "in the implementation of the current Plan Bay Area."⁶ These economic standards should apply as broadly as possible, whether the dollars are spent on direct hiring or are distributed to contractors or subcontractors, to consultants, on marketing and outreach, as incentive payments or through other avenues.

Thank you for this opportunity to offer a principled framework for the upcoming discussion of Cap and Trade priorities.

Sincerely,

Miya Yoshitani, Associate Director
Asian Pacific Environmental Network

Carl Anthony and Paloma Pavel
Breakthrough Communities

Michael Rawson, Director
California Affordable Housing Law Project

Wendy Alfsen, Executive Director
California WALKS

Dawn Phillips, Co-Director of Program
Causa Justa :: Just Cause

Tim Frank, Director
Center for Sustainable Neighborhoods

⁶ See "Summary of Major Revisions to Draft Plan Bay Area," amendment 69, available at http://www.mtc.ca.gov/planning/plan_bay_area/.

Bill Magavern, Policy Director
Coalition for Clean Air

Steering Committee
Ditching Dirty Diesel Collaborative

Nikki Fortunato Bas, Executive Director
East Bay Alliance for a Sustainable Economy (EBASE)

Gloria Bruce, Deputy Director
East Bay Housing Organizations

John Claassen, Chair, Leadership Council
Genesis

Vien Truong, Director, Environmental Equity
Greenlining Institute

John Young, Executive Director
Marin Grassroots

Myesha Williams, Co-Director
New Voices Are Rising Project

Dianne J. Spaulding, Executive Director
The Non-Profit Housing Association of Northern California

Judith Bell, President
PolicyLink

Richard Marcantonio, Managing Attorney
Public Advocates Inc.

Azibuike Akaba, Environmental Policy Analyst
Regional Asthma Management and Prevention

Jill Ratner, President
Rose Foundation for Communities & the Environment

Bill Nack, Business Manager
San Mateo County Building Trades Council

Belén Seara, Director of Community Relations
San Mateo County Union Community Alliance

Neil Struthers, Chief Executive Officer
Santa Clara & San Benito Counties Building & Construction Trades Council

Peter Cohen, Co-Director
SF Council of Community Housing Organizations

Bob Planthold, Chair
SF Bay Walks

Ben Field, Executive Officer
South Bay AFL-CIO Labor Council

Denise Solis, Vice President for Northern California
United Service Workers West, SEIU

Bob Allen, Acting Executive Director
Urban Habitat

Nancy Holland, Founder
Walk & Roll Berkeley

Margaret Gordon, Co-Director
West Oakland Environmental Indicators Project

Derecka Mehrens, Executive Director
Working Partnerships USA

Cc: Steve Heminger, MTC
Ezra Rapport, ABAG
Sup. John Gioia, CARB and BAAQMD