



January 16, 2015

Mr. Ken Alex
Strategic Growth Council
1400–10th Street
Sacramento, CA 95814

Re: SGC Affordable Housing & Sustainable Communities (AHSC) Program Draft Guidelines

Dear Chairman Alex and members of the Strategic Growth Council:

I am writing on behalf of the Council of Infill Builders, a statewide organization of developers and other real estate professionals committed to improving California through infill development. We commend you and your staff for the work you have done to finalize the draft guidelines for the Affordable Housing and Sustainable Communities (AHSC) grant program.

We recognize the importance of finalizing these guidelines promptly so that California can begin the process of awarding eligible projects funds under this program. Please accept these comments at this final stage in that spirit: to the extent that you are able to adjust the guidelines before they are finalized, as well as incorporate revisions for future funding rounds as learning experiences dictate, we hope these comments are constructive.

As a general matter, we find the guidelines to be carefully written, with obvious incorporation of stakeholder feedback. But perhaps as a result, we find them in certain instances to be overly detailed and prescriptive. We hope that in future versions, the Strategic Growth Council is able to simplify the guidelines significantly, reducing the page count and criteria in favor of simple, clearly defined categories and place types. Project developers should not have to parse dense language to determine if their projects are eligible for funding. As an example, project eligibility based on geography and place types could be made more clear, such as by including or referencing maps of metropolitan areas in the state that qualify along with high-quality transit station areas, or at least lists of qualifying metropolitan areas and cities.

As an additional criterion to consider, we suggest including a provision that projects in a local jurisdiction are only eligible to receive funds under this program if the jurisdiction has not rezoned land from “Prime or Statewide Importance or Unique Farmland” to non-farmland zoning (i.e. “Urban”) within the past five years. This criterion could therefore serve as an incentive for local governments not to convert open space or agricultural land to subdivisions.

In addition, a number of our board members are developing transit-oriented infill projects in the San Joaquin Valley. In that economically challenged part of the state, however, the density numbers currently required to be eligible for grant funds may not match the economic reality in many parts of the region. Many smaller cities in the San Joaquin Valley are struggling to attract sustainable community

project developers, as they can offer little assistance compared to the advantages of employment centers, transit and high land values already in place in coastal urbanized areas. We therefore recommend lower density targets in the short term for economically challenged regions of the Valley in order to jumpstart investment in “pioneer” or “catalytic” projects that will lead to significant greenhouse gas reductions within these areas.

We suggest a minimum density requirement of 20 units/acre for Urban residential, 15 units/acre for suburban residential, and 10 units/acre for rural residential, applying only to projects in the counties of Kern, Kings, Fresno, Merced, Stanislaus, Madera, and Tulare. In making this recommendation, we are assuming that the “Urban” designation in Figure 4 of the guidelines would include the cities of Stockton, Modesto, Fresno, and Bakersfield, all of which are scaled in size sufficiently to achieve 20 units/acre projects. These relaxed thresholds for the Valley cities could be limited to a period of 5 years, after which SGC should consider raising them if sufficient progress has been made with greenhouse gas reductions from sustainable community development.

As strongly as we support the Guidelines overall, our on-the-ground experience indicates that without such relaxed standards in this important, economically challenged region of California, cap-and-trade auction revenue funds will go almost exclusively to the economically advantaged regions of California, despite the greenhouse gas benefits to be achieved at a relatively low cost in more disadvantaged regions. We trust this is not the intent of the guidelines and that the state seeks to be fair to all regions when taking into consideration their existing challenges to greenhouse gas reductions from healthy land use change.

Overall, the members of the Council of Infill Builders are pleased with the direction the state is taking to disburse these needed funds for eligible infill and transit-oriented projects. We greatly appreciate the Strategic Growth Council’s efforts to implement this program and look forward to continuing dialogue to improve them going forward.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Curt Johansen", with a long horizontal flourish extending to the right.

Curt Johansen
Chairman, Council of Infill Builders