



CREATING AFFORDABLE HOMES AND  
SUSTAINABLE COMMUNITIES:  
**How AHSC Addresses California's  
Most Pressing Challenges**



## CALIFORNIA HOUSING PARTNERSHIP

[www.chpc.net](http://www.chpc.net)

The State created the California Housing Partnership in 1988 as a private nonprofit organization with a public mission: to help preserve and expand California's supply of affordable homes and to provide leadership on affordable housing policy and resource issues. The California Housing Partnership is unique in combining on-the-ground technical assistance with applied research and policy leadership at the state and national level to increase the supply of affordable homes. Since 1988, the Partnership has helped more than a hundred California nonprofit and government housing agencies leverage more than \$18 billion in public and private financing that resulted in the creation or preservation of more than 75,000 homes affordable to low-income Californians. The Partnership has provided financial technical assistance to dozens of AHSC applicants since the program was formed in 2014. The Partnership was part of the initial advocacy for the creation of the program—co-authoring research initially with TransForm and the Center for Neighborhood Technology and later with Enterprise Community Partners while helping lead the Sustainable Communities for All, a cross-sector coalition that supports equitable approaches to State action on climate change.

## ENTERPRISE COMMUNITY PARTNERS

[www.enterprisecommunity.org/ahsc](http://www.enterprisecommunity.org/ahsc)

Enterprise is a national nonprofit that develops programs, advocates for policies, and delivers the capital to create and preserve affordable housing for low-income families. Over the last 37 years, Enterprise has invested \$43.7 billion and financed 585,000 homes for individuals and families. In California alone, Enterprise has worked with local organizations to invest \$2.6 billion, providing residents with high-quality affordable homes and strengthening community-based resources. Enterprise is one of the leading technical assistance providers for AHSC. After advocating for the creation of the program, Enterprise launched its AHSC practice in 2014 and has grown its practice to provide comprehensive technical assistance to AHSC applicant teams statewide. Enterprise provided technical assistance to 20 out of the 25 awarded applicants in Round 4 of AHSC funding.

*Photographed individuals in this report are beneficiaries of AHSC investments. They include residents from Anchor Place Apartments, Hayward Senior Apartments, and Sierra Village; residents engaged in the Light Tree Apartments planning process; and users of California Vanpool Expansion. Unless otherwise noted, Enterprise Community Partners received permission to take and use these photos.*



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# INTRODUCTION

The State of California created the Affordable Housing and Sustainable Communities program (AHSC) in 2014 in recognition of the critical role that housing and transportation play furthering the State's climate goals. Funded by the State's Cap-and-Trade auction proceeds, AHSC's central goal is to reduce greenhouse gas emissions. The program achieves this goal by providing catalytic funding to innovative new developments that integrate housing, transportation, and sustainable land use elements. AHSC developments provide affordable housing close to key community destinations—like jobs, grocery stores, schools, and transit—and create safer options for walking and biking. In this way, AHSC-funded developments reduce the number of vehicle miles, which in turn decreases harmful greenhouse gas (GHG) and air pollutant emissions.

Over the first four rounds of awards, AHSC funded **101 integrated housing and transportation developments** across the state, contributing more than **\$1.1 billion** to new affordable housing and transportation investments and leading to the following community benefits:

- 2.2 million metric tons of GHG emissions avoided
- 8,933 new affordable homes created
- \$730 in average monthly rent saved for each household living in an AHSC development
- 21,000 jobs supported during housing construction

AHSC targets the benefits of these investments to disadvantaged and low-income communities, including rural communities, many of which bear a disproportionate share of the negative impacts of climate change and environmental exposures statewide. By the end of 2019, affordable housing developers, transportation agencies, local governments, and community organizations across California will have submitted applications for the fifth round of AHSC funding resulting in awards of more than \$550 million through a highly competitive application process.



Sierra Village is a 43-unit development in Dinuba, located in rural Tulare County.

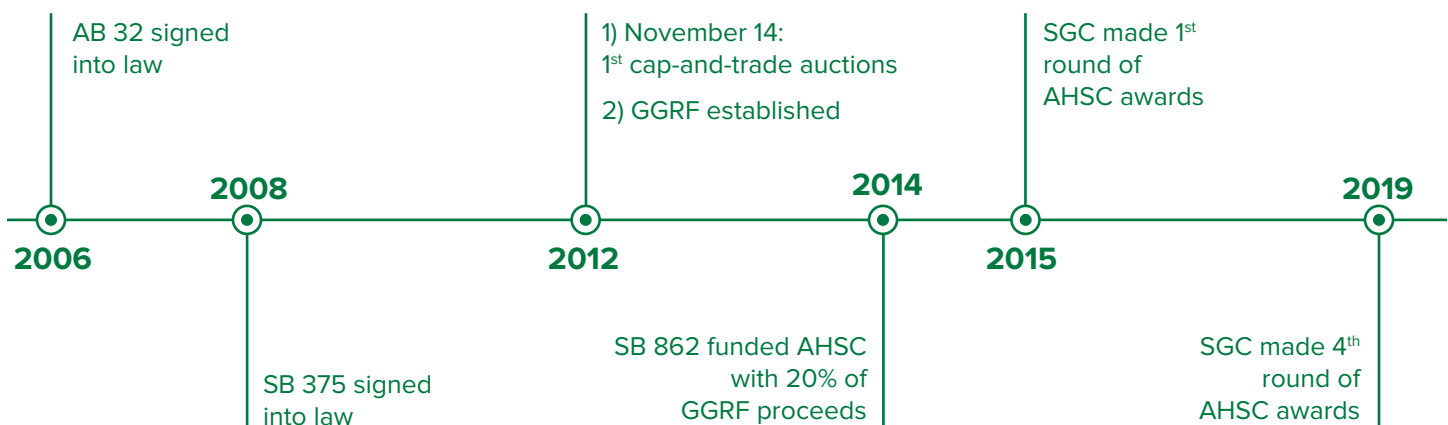
# BRIEF LEGISLATIVE HISTORY OF AHSC

The roots of today's successful AHSC program can be traced back to more than a decade ago when California took bold steps to address climate change.

In 2006, California solidified itself as a leader on climate change when it passed AB 32, the California Global Warming Solutions Act, which requires the State to reduce GHGs to 1990 levels by 2020 and to 80 percent below 1990 levels by 2050. To effectively pursue these ambitious targets, AB 32 directed the California Air Resources Board (CARB) to create a plan for achieving its GHG reduction goals ("Scoping Plan") and develop appropriate regulations and reporting systems.

To help implement AB 32, California passed SB 375 two years later, which required local governments to align their housing production targets with transportation systems to meet the State's climate and housing affordability goals.<sup>1</sup>

In 2012, California created the Greenhouse Gas Reduction Fund (GGRF) to receive and allocate Cap-and-Trade auction proceeds to new programs that would make the GHG-reducing goals of AB 32 and SB 375 tangible. These programs, like AHSC, are aimed at delivering major economic, environmental, and public health benefits for Californians, including meaningful benefits to the state's most disadvantaged communities.<sup>2</sup> Funded through the GGRF, administered by the California Strategic Growth Council (SGC), and implemented by the Department of Housing and Community Development (HCD), AHSC has become one of the State's largest and most meaningful programs for funding affordable housing and transportation infrastructure developments, improving the economic well-being and physical health for underserved Californian communities while also reducing GHGs.



For more detailed information about AHSC's legislative history—including information about California's Cap-and-Trade program—see Appendix A: Detailed Legislative History of AHSC.

# REPORT OVERVIEW

This annual report summarizes AHSC's impact both statewide and at the local level, and finds that the program is generating substantial environmental, health, housing, and socioeconomic benefits for California that will continue decades into the future.<sup>3</sup> The data reveals that as the program has matured over its first four funding rounds, AHSC-funded developments have in turn provided deeper benefits to their surrounding communities and increased their effectiveness in reducing greenhouse gas emissions.

The program is also catalyzing innovative, cross-sector collaboration at the local level, which will help deliver coordinated, holistic,

and multifaceted benefits to California's most vulnerable communities, including:

- Addressing California's housing affordability crisis
- Preventing displacement for residents and locally owned businesses
- Developing transportation infrastructure, connectivity to jobs, and healthy mobility options
- Reducing greenhouse gas emissions, improving air quality, and mitigating climate change
- Creating jobs and stimulating economic development

## What does AHSC fund?

**Affordable housing** for individuals and families with low incomes, including set-asides for seniors, people with disabilities, and people who have experienced homelessness

**New or expanded public transit infrastructure**, including new vehicles (buses, rail cars, vanpools, or shuttles), new dedicated bus lanes, and improvements to transit facilities

**New or improved walkways** that enhance mobility, access, and safety of pedestrians, including upgraded sidewalks, safe intersections, traffic calming measures, and better lighting

**New bicycle-related amenities**, such as new or improved bike lanes, signage, bicycle repair facilities, bike sharing infrastructure, and bike parking

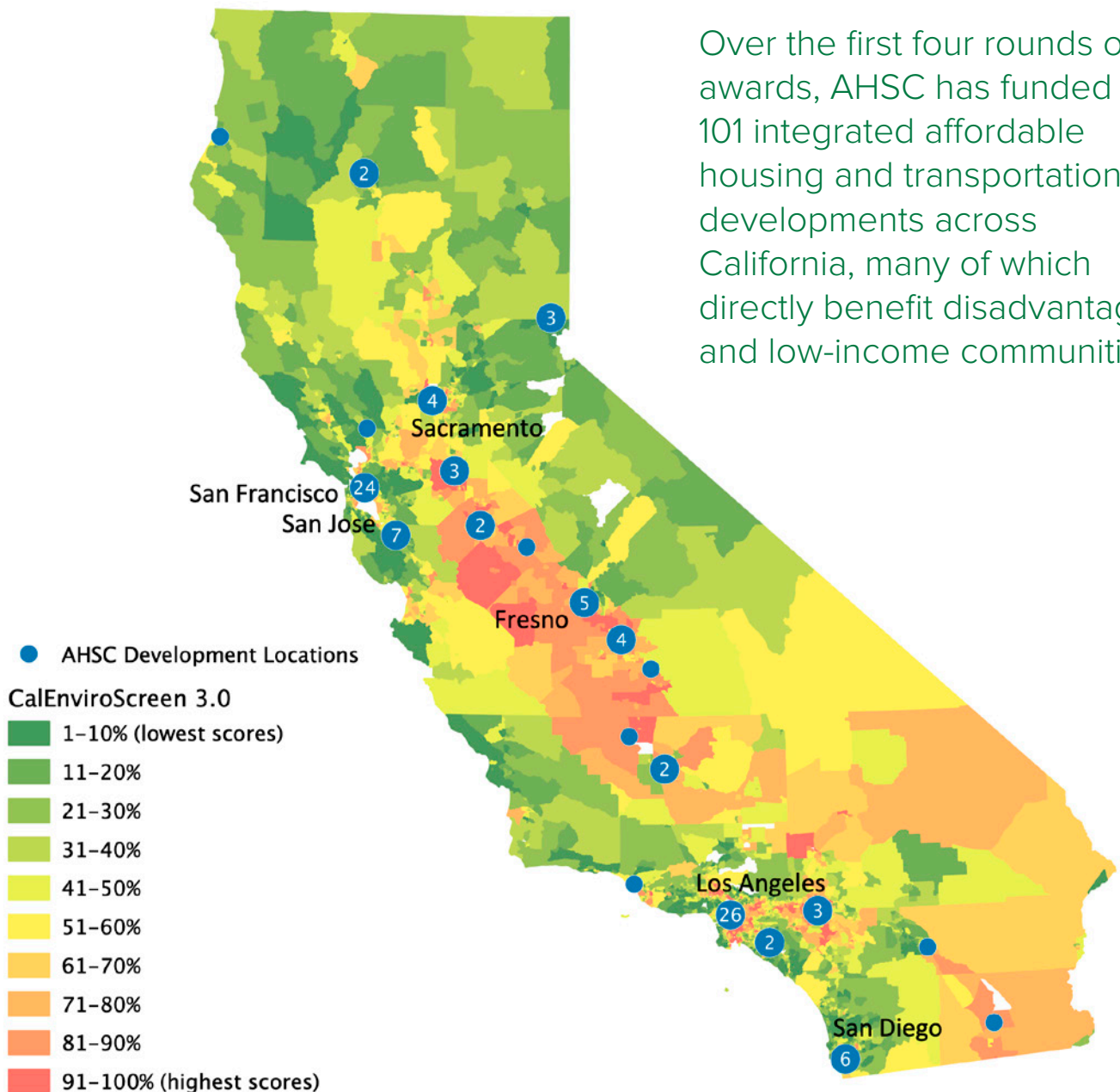
**New urban greening investments**, such as planting new street trees, bioswales, urban gardens, and native species landscaping

**Critical resident programs** to improve awareness, access, and safety of active transportation and public transit, including pedestrian and bicycle safety education programs, ride and car share programs, and transit passes



# AHSC'S INVESTMENTS ACROSS CALIFORNIA

Over the first four rounds of awards, AHSC has funded 101 integrated affordable housing and transportation developments across California, many of which directly benefit disadvantaged and low-income communities.



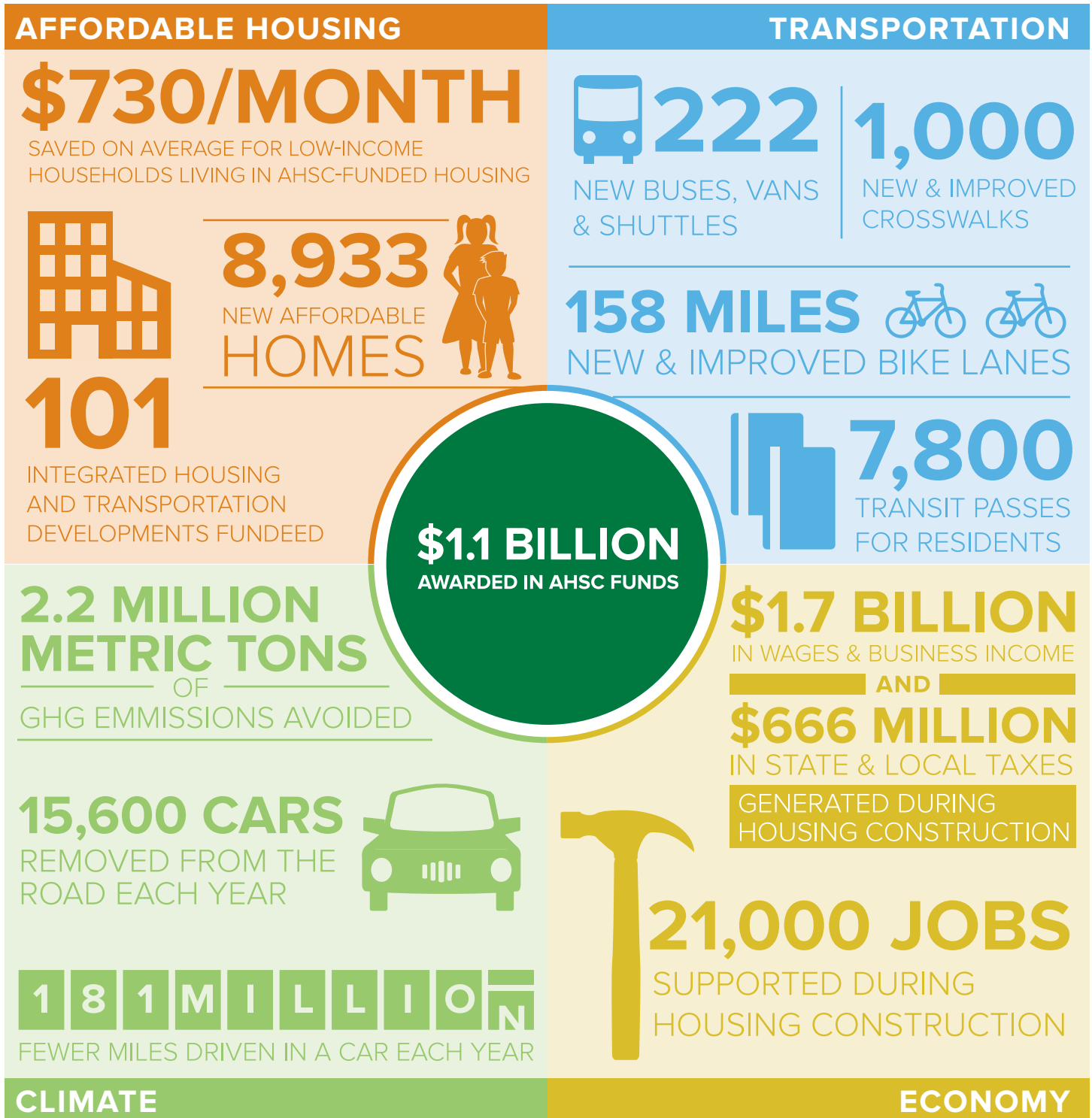
**Source:** California Housing Partnership mapping of AHSC-funded developments, Rounds 1-4. Development locations are overlaid on the CalEnviroScreen 3.0 map, which identifies California communities that are “disadvantaged” or disproportionately burdened by sources of pollution, as well as where people are especially vulnerable to pollution’s effects. CalEnviroScreen leverages environmental, health, and socioeconomic data.

**Note:** Each blue dot represents a single AHSC-funded development. When there is a high concentration of AHSC-funded developments in close proximity, the number of developments is enclosed in a blue circle.



# AHSC'S IMPACT TO DATE

The Affordable Housing and Sustainable Communities program integrates housing, transportation, climate, and workforce investments to provide substantial benefits to underserved Californians and their communities.





# HOW AHSC ADDRESSES CALIFORNIA'S MOST PRESSING CHALLENGES

The State created AHSC in 2014 from the recognition that housing development and growth patterns have a profound impact on the climate as well as upon the wellbeing of individuals and communities. Where jobs are located and homes are built—and what roads, sidewalks, bicycle lanes, and transit connect them—define our communities and the way we interact with them. While California has grown to be the fifth largest economy in the world, many of its residents struggle to find an affordable home with sufficient transportation options that provide access to the jobs and amenities they need.

*“The AHSC program helps address some of the top challenges in East Palo Alto—housing, congestion, and a changing climate. It makes it possible for us to provide quality housing and transit access to communities historically excluded from these opportunities. Our community and communities across the state need this kind of innovative, cross-sector funding that allows us to create more equitable and sustainable development patterns.”*

*—Lisa Gauthier,  
Mayor of East Palo Alto*

By requiring coordination of housing, transportation, and land use planning, AHSC simultaneously and holistically addresses three of California's most pressing challenges: housing affordability, transportation infrastructure, and climate change mitigation. To achieve these goals, AHSC fosters deep partnerships and coordination among affordable housing developers, transit agencies, local governments, and community organizations.



Rolland Curtis Gardens is a 140-unit development in the City of Los Angeles served by six bus lines, two light rail transportation hubs, and two bike corridors. The development was a major victory for advocates following a fifteen-year battle against displacement of its low-income residents.

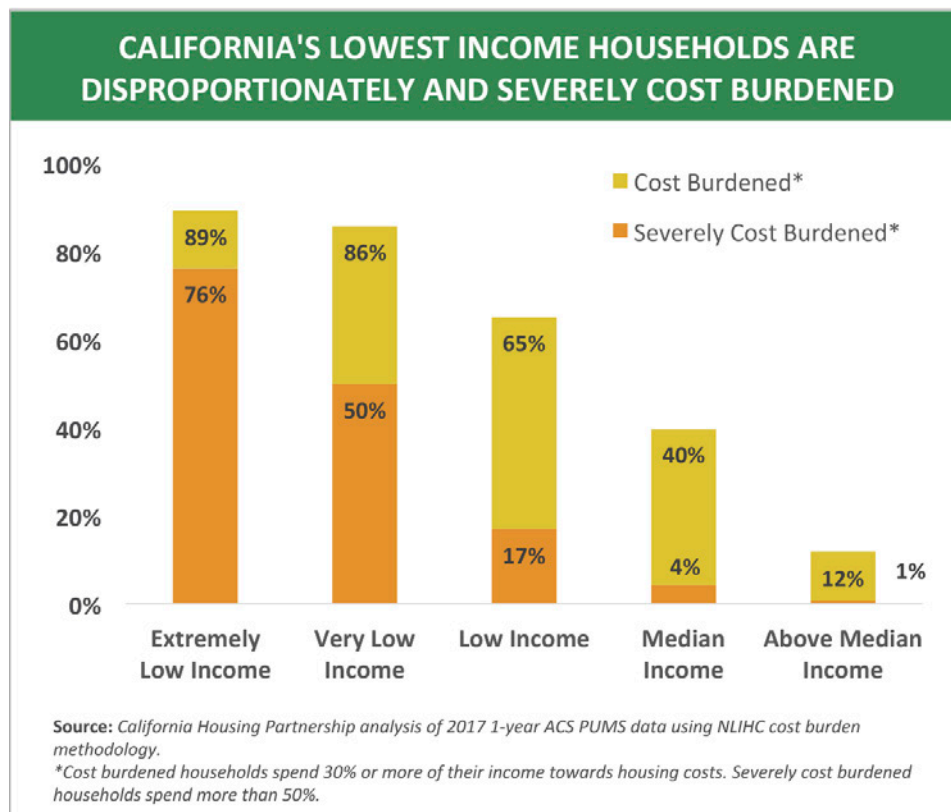
# ADDRESSING THE HOUSING AFFORDABILITY CRISIS

California is in the midst of a crippling housing crisis marked by a housing shortage decades in the making, rising unaffordability, and widespread instability.<sup>4</sup> Today, California needs more than 1.4 million new affordable rental homes to meet the needs of its lowest income renters, most of whom are forced to spend more than half of their income on rent (see bar chart below).<sup>5</sup>

Since its creation in 2014, AHSC has contributed to the production of 8,933 high-quality, transit-accessible affordable homes for low-income Californians, most of whom earn less than 50 percent of the area median income.<sup>6</sup> Thanks to the State's strong Cap-and-Trade program, the volume of AHSC funds has steadily increased to the point where AHSC has become one of the largest and most important affordable housing funding sources

in California. While AHSC cannot meet the needs of California's lowest income residents on its own, no other housing program today is as holistic in addressing California's pressing housing needs.

By alleviating the housing cost burdens residents would otherwise face in the private market, residents of AHSC-funded developments will save an average of \$730 per household, per month—or approximately \$4.6 billion in total household savings across all AHSC-funded developments over the program's 55-year affordability terms.<sup>7</sup> The financial benefits for residents living in AHSC-funded developments comes first in the form of relief from homelessness or housing instability, and then as more income to spend on essentials such as food, health care, child enrichment, and transportation.



AHSC is more critical than ever to address the housing affordability crisis in California. Jarrett, a resident at the rural AHSC development, Sierra Village, describes the benefits of living in AHSC-funded housing:

*“We’ve been able to do so much more because we don’t have to pay so much. It gives young families like us the chance to succeed. I’m a seasonal worker, and I go to school. Off season, I try to go to school full-time. Stephanie works and goes to school too. Around here, prices are really high. [At Sierra Village], it’s affordable so we can do the things we need to do.”*

*- Jarrett, Sierra Village Resident*



Jarrett and Stephanie outside their home at Sierra Village.

## AHSC AS AN ECONOMIC DEVELOPMENT TOOL

The housing developments funded by AHSC’s first four rounds will generate thousands of construction-period and permanent jobs, along with hundreds of millions of dollars of wages, business income, and local and State tax revenue. During construction alone, AHSC-funded developments will support more than 21,000 jobs, create more than \$1.7 billion in wages and business income, and generate more than \$666 million in revenue for State and local government. After construction, these developments will annually support approximately 6,000 jobs, create more than \$424 million in wages and business income, and generate more than \$120 million in annual revenue for State and local government.<sup>8</sup>

In addition, most AHSC-funded developments incorporate local workforce development and hiring practice strategies, establishing partnerships with job training programs and hiring locally.



# PROVIDING TRANSPORTATION INFRASTRUCTURE, CONNECTIVITY TO JOBS, AND HEALTHY MOBILITY OPTIONS

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Inhospitable and dangerous conditions often prevent people from choosing active transportation options such as biking and walking, or put them at risk when they do so; according to the NY Times, pedestrian fatalities in the United States have increased 41 percent since 2008.<sup>9</sup> In California, people with the lowest incomes spend more than a third of their incomes on transportation on average,<sup>10</sup> and more and better options for safe and affordable mobility are needed.

AHSC aims to increase transit ridership and improve connectivity and accessibility to jobs, housing, and services—with the goal of

encouraging residents to bike, walk, or use public transit instead of relying so heavily on cars. AHSC's substantial transportation investments are critical to building healthy and connected communities, making it easier and more affordable for residents of AHSC-funded developments and the surrounding community to get around their neighborhoods and access jobs, schools, and other amenities.

Since its first round of funding, AHSC has made a variety of investments in transportation facility and route improvements, including 158 miles of new and improved bike lanes, 1,017 new and improved crosswalks, lighting, signage, bus shelters, and bicycle parking and carrying structures on public transit.<sup>11</sup> AHSC has also funded 222 new buses, vans, and shuttles as well as associated capital improvements necessary for improved access to public transit, which are projected to decrease more than 61 million vehicle miles traveled per year—that's as much as driving around the Earth 2,450 times!<sup>12,13</sup> The program also requires that awardees provide transit passes to residents for at least three years, and many provide far more.<sup>14</sup>

AHSC's transportation investments also provide financial relief to low-income households. The latest round of AHSC awards alone will enable residents and community members to save more than \$550 million in travel costs by switching from driving a car to riding mass transit, biking, or walking.<sup>15</sup> These travel cost savings occur because AHSC developments create linkages that enable residents to better access existing transit, biking, and walking opportunities.



CalVans used funding from the first round of AHSC to replace and expand their van fleet by 80 vans for agricultural workers like Leobardo in Fresno and Tulare Counties.

Christy Wegener, the Director of Planning at SamTrans, which serves San Mateo County,

discussed the impact of AHSC investments in transportation:

*“We are such a unique county. We have such wealth, and there’s such a disparity of income, so this was an opportunity to bring quality transit to a community that really needs it. This brings transit passes into everyone’s hands, so that’s fantastic. And we’re using electric buses too, which is great to bring to this community that has disadvantages and has some of the highest asthma rates in all of San Mateo County.”*

- Christy Wegener, Director of Planning at SamTrans

## AHSC AS AN ANTI-DISPLACEMENT TOOL

Low-income households and locally-owned businesses face the threat of displacement from their neighborhoods as regions comply with SB 375 through new transit investment and related investment in infill infrastructure. In a 2017 study, the Urban Displacement Project found that transit-rich neighborhoods often experience destabilizing increases in housing costs and loss of low-income households.<sup>16</sup> Affordable housing is a proven anti-displacement strategy, which helps low-income families remain rooted in their communities and maintain access to regionally-serving transit just as new amenities and investments are coming into their neighborhoods. Duane Bay, Executive Director of East Palo Alto Community Alliance and Neighborhood Development Organization shared how anti-displacement was central to the Light Tree development funded in the fourth round of AHSC:

*“At Light Tree you actually see production, preservation, and protections – “The 3 P’s”— come together in one development. We have folks who have been living there for 30 years or more who want to age in place in quality housing. Now they can. But alongside preserving housing and protecting current Light Tree residents from displacement, we are doubling the total number of apartments so that other families aren’t displaced from East Palo Alto, or from the region altogether. That’s why anti-displacement was so central to Light Tree.”*

- Duane Bay, Executive Director at EPA CAN DO

AHSC was the first of the GGRF programs to include incentives for applicants who adopt project-level anti-displacement strategies or are in jurisdictions that have taken local government action on anti-displacement by allocating points in its competitive scoring system.<sup>17</sup> In the last two funding rounds, all awarded developments included anti-displacement strategies for residents and locally-owned businesses, such as just cause eviction and tenant anti-harassment policies, affirmative marketing plans for outreach to disadvantaged and low-income communities, and local workforce development and hiring strategies.

# REDUCING GREENHOUSE GAS EMISSIONS, IMPROVING AIR QUALITY, AND MITIGATING CLIMATE CHANGE

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Recent research from the California Air Resources Board found that California is not on track to meet the greenhouse gas reductions expected under SB 375 for 2020, with emissions from statewide passenger vehicle travel per capita increasing despite improvements in fuel efficiency.<sup>18</sup> Programs like AHSC—with a coordinated strategy for aligning land use planning, transportation, and housing with the State’s climate goals—are more important than ever.



The 120-unit Anchor Place development in Long Beach also provided residents like Ayana with a new bus stop and transit hub.

AHSC not only furthers the State’s goal to reduce GHGs, but also makes critical investments in California communities most burdened by multiple sources of pollution and community health challenges. AHSC-funded developments are projected to generate substantial GHG reductions—2.2 million metric tons of CO<sub>2</sub>—primarily by reducing the need for driving by residents of location-efficient affordable homes, and also through investments in new transit, biking, or walking infrastructure.<sup>19</sup> Weijia Song, who worked on an AHSC-funded development with Eden Housing shared:

*“Ultimately, it is a fantastic program because it makes us all sit down and think about the larger picture. It’s not just about affordable housing but about how affordable housing connects to transportation and connects to infrastructure development to create more sustainable and beneficial cities.”*

*- Weijia Song, Project Developer at Eden Housing*

The latest round of AHSC developments are better and more efficient at reducing GHGs. Between Rounds 3 and 4, the median estimated GHG emission reduction increased by 43 percent—from 13,607 to 19,470 metric tons of CO<sub>2</sub>—and each dollar of AHSC funds helped reduce 10 percent more GHGs than in Round 3 (see table on the next page). These improvements are largely due to Round 4’s



## Greenhouse Gas Emission Reductions (MT CO<sub>2</sub>e)

	ROUND 2	ROUND 3	ROUND 4*
Total GHG Reduction (All Developments)	<b>356,794</b>	<b>478,921</b>	<b>554,902</b>
Median GHG Reduction (per Development)	<b>13,421</b>	<b>13,607</b> (+1%)	<b>19,470</b> (+43%)
Median GHG Reduction / \$1,000 of AHSC Funding	<b>1.09</b>	<b>1.13</b> (+3%)	<b>1.24</b> (+10%)

**Source:** California Housing Partnership analysis of the SGC's public release data and verified by the CARB's Revised Calculator Tool for AHSC.

\*Between Rounds 3 and 4, the California Air Resources Board updated the quantitative methodology to include GHG emission reduction estimates from solar PV electricity generation. This additional source of GHG reductions represented 5 percent of total GHG emission reductions.

strong affordable housing components and awardees incorporating transportation infrastructure with more GHG reduction potential than in previous rounds.

Through a substantial reduction in local car trips—15,600 annually—AHSC not only reduces GHGs, but also improves local air quality and public health.<sup>20</sup> AHSC developments funded in the most recent round will remove an estimated 158,000 pounds of local air pollutant emissions—primarily in disadvantaged and low-income communities with high pollution burdens—over the course of their operating lives.<sup>21</sup>

In addition to these substantial greenhouse gas emission reductions and air quality improvements, AHSC-funded developments also employ climate resiliency strategies to ensure that all of California's communities are prepared for the impacts of climate change. The most common strategies for increasing community climate resiliency include planting trees to mitigate heat islands—1,177 trees will be planted by AHSC-funded developments in the latest round of awards—storm water management infrastructure to address flooding, and drought tolerant landscaping to adapt to drying climates.



Sierra Village's solar panel system offsets the power use to make it a grid neutral Zero Net Energy project that will also reduce utility bills for residents.

# CONCLUSION

Through just four funding rounds, AHSC has already made possible more than 8,900 affordable homes along with critical transit infrastructure and amenities such as buses, bike lanes, station area improvements, and transit passes. Access to these resources will help Californians with low incomes save money on rent and travel costs so that they can pay for food and other essentials and help them avoid displacement as new homes, amenities, and transit investments arrive in their neighborhoods.

AHSC is clearly fulfilling the ambitious policy goals set for it by the State, including addressing the affordable housing and transportation crises and the climate change mitigation objectives set by AB 32 and SB 375.

AHSC's success stems in part from the deep partnerships and coordination it has fostered among affordable housing developers, transit agencies, local governments, and community organizations and residents.

The state agencies administering AHSC should be largely credited with the program's success. In particular, the Strategic Growth Council (SGC) and the Department of Housing and Community Development (HCD) have demonstrated impressive responsiveness to the program's beneficiaries, applicants, and stakeholders. AHSC's success in delivering the outcomes described in this brief would not be possible without the detailed and thoughtful program design and implementation of the dedicated SGC and HCD staff.

AHSC is a critical investment in California's health and wellbeing and is meeting its goals to reduce GHGs while providing substantial environmental, health, housing, and other socioeconomic benefits for communities across California. As California steps forward to address its housing, transportation, and climate crises, holistic programs like AHSC are of critical importance for the State to achieve its ambitious and necessary goals.



## SIERRA VILLAGE

Dinuba, CA

### Project Type:

Rural Innovations Project Area (RIPA)

### State Legislative Districts:

Assembly District 26

Senate District 14

### AHSC Investment:

\$4.6 million

### Federal Funds Leveraged for Permanent Financing:

\$9 million

Sierra Village is in Dinuba, a small town in Tulare County, conveniently located walking distance from several K-12 schools, a large park, and other amenities. Developed by Self-Help Enterprises, Sierra Village is a family-friendly development with an on-site playground and on-site after school programming, Zumba classes, and a community center that residents can use for family events and parties.

### JARRETT & STEPHANIE

Parents, Working College Students, Born and Raised in Dinuba & Sierra Village Residents

*"I love living here. I'm just grateful to be here and have our little home. It's quiet. It's peaceful. It feels relieving to be here. We deserve a home, and we deserve somewhere to live. It's so important. We're pretty lucky. Our daughter loves the playground. We can go on a walk or we go to the dog park right down the street."*

— Stephanie





Sierra Village included significant improvements to sidewalks and crosswalks. These investments were especially important to parents and students at the school next door. The support of the school officials and families played a significant part in shaping the development and ensuring its success in Dinuba.

Sierra Village is an energy-efficient development and combines creative transportation options to match the rural setting. The development's solar panel system will offset the power used in the common area, residential loads, and community center, making Sierra Village a grid neutral Zero Net Energy project. This will result in reduced utility bills for residents and the property, while also reducing greenhouse gas emissions and air pollution. The development also includes two transportation partnership. A vanpool program in partnership with the California Vanpool Authority that will transport residents from Sierra Village and the surrounding area to and from work. Sierra Village is also a Miocar site — a 100% electric vehicle carsharing service providing rural Tulare and Kern County residents affordable access to vehicles that can be rented on an hourly or daily basis online or via a mobile app.

### KEY STATS:

- 43 affordable rental homes
- Bikeways, sidewalk improvements, crosswalks, funding for local vanpool program, and a connection to existing bus line
- Solar PV, grid neutral, and zero net energy design
- 3,122 metric tons of GHG emissions avoided

*“Resource and transit poor rural cities and towns are more acutely in need of AHSC funding to make projects feasible—and they are often in areas where the effects of greenhouse gases and air quality are most onerous.”*

*—Tom Collishaw, President & CEO of Self-Help Enterprises*

### LETICIA

Grandmother, Church Member & Sierra Village Resident

*“I wanted to find a better place for my grandchildren. The other place we rented, it wasn't very good. It had roaches all the time. At the end, I couldn't take it. Here, we love it. It's right by the school and the junior high, and the kids can all walk to and from school. They have after-school programs, and that is a blessing. And, the rent is reasonable. I can't ask for anything better.”*



## ANCHOR PLACE

Long Beach, CA

### Project Type:

Integrated Connectivity Project (ICP)

### State Legislative Districts:

Assembly District 70

Senate District 35

### AHSC Investment:

\$2.2 million

### Federal Funds Leveraged for Permanent Financing:

\$28 million

Anchor Place is part of a 27-acre redevelopment of a former Naval campus in Long Beach aimed at addressing homelessness through housing and integrated services. Anchor Place was developed by Century Villages at Cabrillo, in partnership with Long Beach Transit. Anchor Place and the Century Villages redevelopment represents a catalytic change for the community, repurposing underutilized land for holistic amenities and services to meet the specific needs of veterans and people who have experienced homelessness, while also providing transportation opportunities for the community.

### AYANA

Mother, US Army Veteran & Anchor Place Resident

*"This should be the model so that when someone says affordable housing this is [what they picture]. You have the apartment, you have rehab, you have US VETS, you have the computer lab, you have town hall meetings. What more could you ask for? You just walk right out front, and [the bus] drops you right at the VA Hospital."*



Anchor Place pairs deeply affordable housing with integrated healthcare facilities, access to transportation, and on-site programs and services, including US VETS, a computer lab, a community garden, art and music classes, support groups, and more.

*“Coming to Anchor Place has given me the stability that I need for housing, but also the support. This is exactly where I’m supposed to be. If I was out in the community, I would isolate. I would have more difficulty with my mental health recovery. I’m also in the intergenerational garden program. I was really engaged in that part of gardening that’s therapeutic.”*

*—Cindy, US Army Veteran, Dog Lover & Anchor Place Resident*



### KEY STATS:

- 119 units of affordable, permanent supportive homes; 75 reserved for veterans and 18 reserved for families who were experiencing homelessness
- New bus stop, bus driver rest stop, and improvements to street lighting and sidewalks to improve access and safety for pedestrians and bicyclists
- 28,369 metric tons of GHG emissions avoided

### ANTHONY

Father & Grandfather, Musician & Anchor Place Resident

*“Whatever issue I’m dealing with, I can go to staff. That made me feel accepted. So, I started applying myself to little stuff around here. I like music, so I got into the music program. I actually got picked up by a local entertainment group. Music does something for me. If I’m alone in my apartment, I tend to drift off into thoughts of stuff I’ve been through, and I get depressed. So, I come up out of that, do something to keep me busy.”*



## LIGHT TREE APARTMENTS

East Palo Alto, CA

### Project Type:

Integrated Connectivity Project (ICP)

### State Legislative Districts:

Assembly District 24

Senate District 13

### AHSC Investment:

\$20 million

### Estimated Federal Funds Leveraged for Permanent Financing:

\$35 million

Informed by a robust community engagement process, Light Tree Apartments developed by Eden Housing will provide 128 units of new affordable housing in East Palo Alto with set-asides for individuals with disabilities, people experiencing homelessness, and former foster youth. Light Tree was funded in 2019 and is not yet under development.

In partnership with the East Palo Alto Community Alliance and Neighborhood Development Organization, the City Council and SamTrans, Light Tree is paired with three new express buses and robust climate resilient infrastructure such as permeable pavement and Cool Roofs.

### CHRISTY WEGNER

Planning Director at SamTrans

*"Light Tree is a success story, and once the route starts operating, we should be checking back in and talking about the benefits of residents having transit passes and understand how they are using the service to make sure we are adjusting the service to meet the needs of the community on an ongoing basis. I was very pleased and proud to be part of the team. And it helped me as a new planning director of SamTrans feel connected with a community that we need to pay attention to and with the right folks who are building the right resources for the people who need them in our county."*



*“[AHSC] funding is a huge value to the city, as construction costs continue to go up it gets harder to build housing. The new bus route will benefit far more community members than a traditional project would have done, as will the other public improvement projects that we’ll be funding. Eden is also making Light Tree ADA-compliant since its serving populations with disabilities [and allowing] residents to age in place.”*

*—Patrick Heisinger, Interim Assistant City Manager/Community Development Director at City of East Palo Alto*

The AHSC-funded development is adjacent to the Light Tree Rehabilitation site, which preserves 57 units of affordable housing and provides shared access to existing community facilities for new residents. An in-depth community-focused plan will guide the temporary relocation of residents of the 37 units that will be demolished to make way for the new 128 AHSC-funded homes. By interviewing residents and allocating appropriate funds for temporary relocation, Eden Housing established a strong anti-displacement strategy to ensure that existing residents are given the first right of return and offered appropriate resources during the construction of their new homes.

### KEY STATS:

- 128 units of family-friendly affordable housing; 26 units restricted to extremely low-income residents and 14 units set aside for people who have experienced homelessness or transitional age youth
- 3,600 linear feet of ADA compliant sidewalk improvements, as well as new trees and sidewalk lighting to increase comfort and safety
- 8.6 miles of context-sensitive new bikeways
- 8 new bus shelters and three new all-electric express buses
- The affordable housing development will reduce demand on the electrical grid by maximizing solar PV production, offsetting an estimated 33% of energy use
- 35,461 metric tons of GHG emissions avoided

### WEIJIA SONG

Project Developer at Eden Housing

*“[AHSC] made Light Tree financially feasible. [We] spoke with a lot of stakeholders who felt the pressure of increasing housing prices and the need to stop displacement. The City of East Palo Alto has faced a lot of issues in recent years due to its proximity to key employment centers. It has faced pressure to house new people and existing residents. We were able to use AHSC to basically double the amount of affordable housing that we had on site, [and] I think that was a key driver for [community] support.”*



# DETAILED LEGISLATIVE HISTORY OF AHSC

## California's Leadership on Climate Change: AB 32 and SB 375

In 2006, California solidified itself as a leader on climate change by passing AB 32 (Nunez and Pavley), the California Global Warming Solutions Act, which requires the State to reduce GHGs to 1990 levels by 2020 and to 80 percent below 1990 levels by 2050.

To provide key support to achieve these goals and in recognizing that transportation-related GHGs accounted for 37 percent of California's total emissions, the Legislature passed SB 375 (Steinberg) in 2008. SB 375's primary aim is to reduce the amount people drive by requiring coordination between transportation, housing, and land use planning at a regional scale. SB 375 requires the Metropolitan Planning Agencies (MPOs) to develop a Sustainable Communities Strategy (SCS) or community development plans that must account for projected growth while also reducing greenhouse gas emissions. Furthermore, SB 375 seeks to align the Regional Housing Needs Assessment (RHNA) planning process with the SCS process.

## Basics of California's Cap-and-Trade Program

Combined, AB 32 and SB 375 acknowledge the need for sustainable growth and intentional land use planning for the State to meet its climate goals and allow the California Air Resources Board (CARB) to create a plan for achieving California's ambitious GHG reduction goals ("Scoping Plan") and leverage a suite of programs to meet these targets, including California's Cap-and-Trade program. The Cap-and-Trade program establishes a regulatory "cap" on GHG emissions by issuing a limited number of GHG emission permits—called allowances—each year. A portion of these allowances can be purchased from the State at quarterly auctions, thereby generating auction proceeds. These State auction proceeds are then deposited in the Greenhouse Gas Reduction Fund (GGRF), where they become available for appropriation by the Legislature to further the purposes of AB 32.

## Greenhouse Gas Reduction Fund and Disadvantaged Communities

Established in 2012, the GGRF receives and administers Cap-and-Trade auction proceeds to GHG-reducing programs promising to deliver major economic, environmental, and public health benefits for Californians. In 2012, the Legislature passed Senate Bill 535 (de Leon), which requires that 25 percent of the proceeds from the

GGRF go to developments and programs that provide benefits to disadvantaged communities (DAC).

In 2016, the Legislature then passed AB 1550 (Gomez), which modified SB 535 to require that 25 percent of proceeds from GGRF be spent on developments and programs located in disadvantaged communities and an additional 10 percent of developments and programs to benefit low-income households and communities.<sup>22</sup>

The determination of DAC status is based on the California Communities Environmental Health Screening Tool (CalEnviroScreen), a model administered by the California Environmental Protection Agency (CalEPA) that combines economic data with information on pollution, public health, geographic, and other environmental impacts to identify which communities are disproportionately burdened by and vulnerable to multiple sources of pollution.<sup>23</sup> Currently, 2,007 census tracts throughout California have been identified as DACs.

## Creation of AHSC and SB 862

Enacted by the Legislature in 2014, SB 862 established continuous appropriations of 20 percent of the available GGRF proceeds for the Affordable Housing and Sustainable Communities program (AHSC). AHSC contains a variety of land use and transit-oriented strategies to reduce GHG emissions. Among other things, the program provides grants and affordable housing loans for infill and transit-oriented development and infrastructure. Developments funded by AHSC demonstrate how they support reduction of GHGs by increasing accessibility of housing, employment centers, and key destinations via low-carbon transportation options (walking, biking, and transit), resulting in fewer vehicle miles traveled. A minimum of 50 percent of program funds must be invested in developments benefiting disadvantaged communities and a minimum of 50 percent of program funds must be utilized to provide housing opportunities for lower-income households.

*For more insight into the multi-sector coalition that designed AHSC and advocated for its funding, see [Building a Cross-Sector Coalition: Sustainable Communities for All and CA's Cap-and-Trade Program](#).<sup>24</sup>*



# WHAT IS THE LINK BETWEEN AFFORDABLE HOUSING AND GHG EMISSIONS?

A growing body of research has shown that locating affordable homes near transit, jobs, and community amenities is an effective GHG emission reduction strategy because (1) walkable, transit-proximate locations reduce driving, (2) low-income households drive less when they have access to transit, and (3) affordable housing helps low-income families remain in their communities and maintain access to regionally-serving transit, even as their neighborhoods receive new investments and change.

## **Walkable, Transit-proximate Locations Reduce Driving**

Research on transit-oriented development in California over the past two decades has found that even in a state famous for its freeways and car use, locating housing in close proximity to transit, jobs, and local amenities (schools, libraries, grocery stores, etc.) reduces driving.<sup>25</sup> Robert Cervero's 2007 research, for example, found that residents who had moved to areas of California with close proximity to transit from areas with poor transit access drove 42 percent fewer miles per day on average.<sup>26</sup> The Cervero study also showed added benefits for new residents living near transit, including reduced commute times, lower commute costs, and increased job access.

## **Low-Income Households Drive Less and Use Transit More, Especially in Transit-Accessible Neighborhoods**

While living in homes near transit increases public transit use among people of all incomes, low-income households living in transit-accessible neighborhoods take transit, walk, or bike at much higher rates than their higher-income counterparts also living in transit-accessible neighborhoods. Access to high quality transit also lowers transportation costs compared to driving, yielding the greatest proportional savings to low-income households and freeing up scarce financial resources for other essential needs. These results are consistent with national data that show higher transit ridership and lower car ownership and car use on average among low-income households.<sup>27</sup>

## **Affordable Housing is an Important Anti-Displacement Tool**

Additionally, affordable housing near transit can help prevent the displacement of low-income households that might follow new transit investment and related infill investments in a neighborhood. In a 2017 study, the Urban Displacement Project found that transit-rich neighborhoods often experience destabilizing increases in housing costs and loss of low-income households.<sup>28</sup> Affordable housing is a proven anti-displacement strategy, which helps low-income families remain rooted in their communities and maintain access to regionally-serving transit just as new amenities and investments are coming into their neighborhoods.

# METHODOLOGY AND SOURCES

<sup>1</sup> Recognizing that transportation-related GHGs accounted for 37 percent of California's total GHGs, the Legislature also passed SB 375 in 2008. The primary aim of this law is to reduce the amount of miles people drive and the associated GHGs by requiring coordination between transportation, housing, and land use planning at a regional scale.

<sup>2</sup> The Legislature established investment minimums for California Climate Investments to benefit disadvantaged communities with SB 535. AB 1550 later replaced and expanded those minimums to also include low-income communities and low-income households. For the AHSC program, at least 50 percent of funds must go to developments benefiting disadvantaged communities.

<sup>3</sup> For the 2018 annual research report on AHSC—published by the California Housing Partnership and Enterprise Community Partners—see <http://bit.ly/2ohjzKa>. For the 2017 report on AHSC—published by the California Housing Partnership, Enterprise Community Partners, and TransForm—see <https://goo.gl/Y3xgbG>.

<sup>4</sup> See, for example: California Department of Housing and Community Development, 2018. “California’s Housing Future: Challenges and Opportunities.” February. Website: [http://www.hcd.ca.gov/policy-research/plans-reports/docs/SHA\\_Final\\_Combined.pdf](http://www.hcd.ca.gov/policy-research/plans-reports/docs/SHA_Final_Combined.pdf)

<sup>5</sup> California Housing Partnership, 2019. “California’s Housing Emergency Update.” March. Website: <http://bit.ly/2oHfSxt>

<sup>6</sup> The number of affordable homes created with AHSC funding was calculated from the Strategic Growth Council’s public release data, located at <http://sgc.ca.gov/programs/AHSC/resources/>, and verified by awarded AHSC application materials in the FAAST system. AHSC defines an affordable home as a residential unit restricted by an enforceable covenant or agreement with a public agency to occupancy by low- or very low-income households earning no more than 60% of AMI. Manager’s units are excluded from this calculation.

<sup>7</sup> Household rent savings was calculated as the difference between the restricted rents in AHSC developments and the Small Area Fair Market Rents (SAFMR) for the zip code where the development is located, as provided by HUD at <https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html>. Household rent savings are not discounted.

<sup>8</sup> Estimates for job creation and economic impact are based on multipliers published by the National Association of Home Builders for calculating wages,

taxes, and jobs generated by the construction of multifamily homes in California. Post-construction jobs supported by new multifamily development in California span several industries, including retail, restaurants, government, health, transportation, education, and social services. All values are in 2016 dollars. Report: National Association of Home Builders, 2016. “The Economic Impact of Home Building in California: Income Jobs, and Taxes Generated.” July.

<sup>9</sup> Allison Arieff, 2019. “Cars Are Death Machines. Self-Driving Tech Won’t Change That.” NY Times. Website: <https://www.nytimes.com/interactive/2019/10/04/opinion/self-driving-cars-safety.html>

<sup>10</sup> See, for example: Transform. “Creating Healthy, Connected Communities.” Website: <http://www.transformca.org/priorities/>

<sup>11</sup> The numbers of miles of new and improved bike lanes and the number of crosswalks was calculated from the Strategic Growth Council’s public release data (<http://sgc.ca.gov/programs/AHSC/resources/>) and verified through application data.

<sup>12</sup> New transit vehicles was calculated from the Strategic Growth Council’s public release data (<http://sgc.ca.gov/programs/AHSC/resources/>) and verified through application data. Because data on new transit vehicles was not reported in the public release data for Round 1, these calculations only include Round 2, 3, and 4 awarded developments.

<sup>13</sup> Reduction in vehicle miles traveled attributable to new public transit services was calculated from the California Air Resources Board’s (CARB) Revised Calculator Tool for AHSC.

<sup>14</sup> The number of transit passes was calculated from awarded AHSC applications (often titled “Transit Subsidy”), located at <https://faast.waterboards.ca.gov/>. This variable includes both partially and fully funded transit passes.

<sup>15</sup> Travel cost savings refers to a change in the overall cost of travel for users of the transportation system who switch travel modes (e.g., switch from driving a car to riding mass transit, biking, or walking) as a result of the AHSC development. This may occur because a development creates new transit, biking, or walking infrastructure, or new housing or land use strategies that enable residents to make better use of existing transit, biking, and walking opportunities. This methodology was created by the CARB—and available here: <http://bit.ly/30l1Mt3>—and calculated in the Revised Calculator Tool

for AHSC, which uses the most up-to-date travel price data available at the time.

<sup>16</sup> Chapple, Karen and Anastasia Loukaitou-Sideris, 2017. "Developing a new methodology for analyzing potential displacement." May. Website: [https://www.arb.ca.gov/research/single-project.php?row\\_id=65188](https://www.arb.ca.gov/research/single-project.php?row_id=65188)

<sup>17</sup> Lupine, Ena, 2017. "Inclusionary Sustainability: Anti-Displacement Recommendations for California's Climate Investments." Website: [https://communitydevelopment.ucdavis.edu/sites/g/files/dgvnsk1186/files/inline-files/Masters%20Thesis\\_Lupine.pdf](https://communitydevelopment.ucdavis.edu/sites/g/files/dgvnsk1186/files/inline-files/Masters%20Thesis_Lupine.pdf)

<sup>18</sup> California Air Resources Board, 2018. "2018 Progress Report: California's Sustainable Communities and Climate Protection Act." November. Website: [https://ww2.arb.ca.gov/sites/default/files/2018-11/Final2018Report\\_SB150\\_112618\\_02\\_Report.pdf](https://ww2.arb.ca.gov/sites/default/files/2018-11/Final2018Report_SB150_112618_02_Report.pdf)

<sup>19</sup> CO<sub>2</sub> reduction for each round of AHSC awards was calculated from the Strategic Growth Council's public release data, located at <http://sgc.ca.gov/programs/AHSC/resources/>, and verified by the CARB's Revised Calculator Tool for AHSC. Please note that the quantitative methodologies used by the CARB to determine GHG reductions are updated annually as stronger data is released. Aggregate CO<sub>2</sub> reductions are not updated between each round but represent the quantification methodology employed by the CARB at the time. Past and current versions of the quantitative methodology are located at <http://sgc.ca.gov/programs/AHSC/resources/>

<sup>20</sup> Cars removed from the road was calculated from the Environmental Protection Agency's (EPA) GHG Equivalency calculator, which converts aggregate CO<sub>2</sub> reduction to cars removed from the road. The EPA GHG Equivalency calculator can be found at <https://www.epa.gov/energy/greenhouse-gas-equivalenciescalculator>. Reduction in vehicle miles traveled (VMT) was calculated from the CARB's Revised Calculator Tool for AHSC. Because VMT data is not available for Round 1, we used the EPA's GHG Equivalency calculator to determine VMT reduction.

<sup>21</sup> AHSC measures the toxic air pollutant emissions reduced by each awarded development's associated benefits, including transit, transportation infrastructure, affordable housing, and urban greening. Toxic air pollutant emission reductions (in pounds) measured by AHSC include nitrogen oxide (NOx), reactive organic gases (ROG), diesel particulate matter (diesel PM), and fine particulate matter less than 2.5 micrometers (PM<sub>2.5</sub>).

<sup>22</sup> AB 1550 built upon the provisions outlined in SB 535 by including a focus on investments in low-income communities and low-income households. AB 1550 defines low-income communities as those census tracts

with: (1) median household incomes at or below 80 percent of the statewide median income or (2) median household incomes at or below the threshold designated as low income by California Department of Housing and Community Development's (HCD) list of State income limits.

<sup>23</sup> CalEnviroScreen data can be found at <https://oehha.ca.gov/calenviroscreen/sb535>

<sup>24</sup> Choi, Laura, 2015. "Building a Cross-Sector Coalition: Sustainable Communities for All and CA's Cap-and-Trade Program." Website: <https://www.frbsf.org/community-development/publications/working-papers/2015/april/building-cross-sector-coalition-sustainable-communities-all-california-cap-trade-program/>

<sup>25</sup> See, for example, Reid Ewing and Robert Cervero, 2010. "Travel and the Built Environment A Meta-Analysis," *Journal of the American Planning Association* 76, No. 3: 10; John Holtzclaw, Robert Clear, Hank Dittmar, David Goldstein, and Peter Haas, 2002. "Location Efficiency: Neighborhood and Socio-Economic Characteristics Determine Auto Ownership and Use - Studies in Chicago, Los Angeles and San Francisco," *Transportation Planning and Technology* 25, No. 1.

<sup>26</sup> Robert Cervero, 2007. "Transit Oriented Development's Ridership Bonus: A Product of Self-Selection and Public Policies." *Environment and Planning* 39: 2074, 2075.

<sup>27</sup> See, for example: Center for Neighborhood Technology, 2015. "Income, Location Efficiency, and VMT: Affordable Housing as a Climate Strategy." <http://bit.ly/2LHUBg4>; California Housing Partnership and TransForm, 2013. "Building and Preserving Affordable Homes Near Transit: Affordable TOD as a Greenhouse Gas Reduction Strategy." <http://bit.ly/2V9YxJP>; John Pucher and John L. Renne, 2003. "Socioeconomics of Urban Travel: Evidence from the 2001 NHTS," *Transportation Quarterly*, 57, No. 3.

<sup>28</sup> Chapple, Karen and Anastasia Loukaitou-Sideris, 2017. "Developing a new methodology for analyzing potential displacement." May. Website: [https://www.arb.ca.gov/research/single-project.php?row\\_id=65188](https://www.arb.ca.gov/research/single-project.php?row_id=65188)

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