

- e) Transit-oriented development projects, including affordable housing and infrastructure at or near transit stations or connecting those developments to transit stations;
- f) Capital projects that implement local complete streets programs;
- g) Other projects or programs designed to reduce greenhouse gas emissions and other criteria air pollutants by reducing automobile trips and vehicle miles traveled within a community; and
- h) Acquisition of easements or other approaches or tools that protect agricultural lands that are under pressure of being converted to non-agricultural uses, particularly those adjacent to areas most at risk of urban or suburban sprawl or those of special environmental significance.

This bill:

- 1) Clarifies that projects eligible for AHSC funding include owner-occupied housing, in addition to rental housing.
- 2) Requires SGC to adopt guidelines or selection criteria that include both affordable housing rental units and owner-occupied affordable housing units.
- 3) Prohibits notices of funding availability released after July 1, 2022 under AHSC from excluding, either explicitly or in effect, projects that provide homeownership opportunities for low-income individuals.

COMMENTS:

- 1) *Author's statement.* Homeownership has consistently shown to contribute to the financial security and stability of communities by offering homeowners protection from rising housing costs and helping to increase savings and purchasing power. Unfortunately, homeownership levels are at their lowest rate since the 1940s, due to increased costs of land, construction, and insurance. This is particularly true for communities of color. Black and Latino households have 34% and 43% homeownership rates whereas overall state homeownership is at 54%.

One of the primary barriers to increasing affordable ownership supply is the lack of available state and local funding sources to support the state's affordable homeownership developers. State funding sources—like the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC)

program—have criteria that inequitably favors proposed rental projects over homeownership projects, even though in many cases the projects may be identical in density, proximity to transit, and populations served. AB 1095 seeks to correct this disparity and create parity for affordable homeownership projects by requiring that state and local housing programs treat proposed rental and homeownership applications equally in their application criteria and process.

- 2) *AHSC*. In 2014, Legislature created the AHSC program funded through cap-and-trade proceeds (Greenhouse Gas Reduction Fund). SB 862 (Senate Budget and Fiscal Review Committee) Chaptered 862, Statutes of 2014 continuously appropriated 35% of the cap-and-trade funds for investments in transit, affordable housing, and sustainable communities. Of this, 10% is designated for transit and inter-city rail capital programs administered by the Department of Transportation (Caltrans) and the California Transportation Commission (CTC); 5% is designated for low carbon transit operations through the State Transit Assistance formula; and 20% is designated for affordable housing and sustainable communities, with half of this funding going to affordable housing projects that demonstrate a reduction in GHGs.

The AHSC program is administered by the Strategic Growth Council (SGC) and the Department of Housing and Community Development (HCD). HCD is responsible for implementing the transportation, housing, and infrastructure components of AHSC. The AHSC program is designed to achieve GHG emissions reductions through fewer and shorter vehicle trips. The AHSC program funds integrated land use and transportation projects supporting low-carbon transportation options. Promoting mode shift to low-carbon transportation will require strategies that link residential areas, major employment centers and other key destinations to accessible reliable, affordable safe, comfortable transit, and active transportation options. The AHSC program provides grants and/or loans to projects that will achieve GHG reductions and benefit disadvantaged communities through increasing accessibility of affordable housing, employment centers, and key destinations through low-carbon transportation. The goal is reduce vehicle miles travelled through shortened or reduced vehicle trip length or mode shift transit, bicycling, or walking.

- 3) *Owner-occupied housing*. Although AHSC can be used to fund owner-occupied housing; only one owner-occupied development has received AHSC funding. Generally, owner-occupied housing does not compete as well as rental housing for funding because those units are typically not as dense as rental housing; density is one of the main measures the program uses to demonstrate GHG reduction. This bill would not require the SGC to make any changes to

the program that would undermine the goals of GHG reduction by locating affordable housing near transit, but rather clarifies that owner-occupied housing is an eligible use for AHSC funds.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Friday, June 11, 2021.)

SUPPORT:

Habitat for Humanity California (Sponsor)
California Association of Realtors
Housing Action Coalition

OPPOSITION:

None received.

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