



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
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REGULAR MEETING

COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT COMMITTEE

Thursday, April 4, 2019
10:30 AM - 12PM

SCAG MAIN OFFICE
900 Wilshire Blvd., Ste. 1700
Policy B Meeting Room
Los Angeles, CA 90017
(213) 236-1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at REY@scag.ca.gov. Agendas & Minutes for the Community, Economic and Human Development Committee are also available at: www.scag.ca.gov/committees

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Community, Economic and Human Development Committee
Members – April 2019

1. **Hon. Peggy Huang**
CEHD Chair, TCA Representative
 2. **Hon. James Mulvihill**
CEHD Vice Chair, San Bernardino, RC District 7
 3. **Hon. Al Austin**
Long Beach, GCCOG
 4. **Hon. David Avila**
Yucaipa, SBCTA
 5. **Hon. Megan Beaman-Jacinto**
Coachella, RC District 66
 6. **Hon. Maria Bernal**
South Gate, GCCOG
 7. **Hon. Stacy Berry**
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 8. **Hon. Wendy Bucknum**
Mission Viejo, RC District 13
 9. **Hon. Juan Carrillo**
Palmdale, North LA County
 10. **Hon. Steve DeRuse**
La Mirada, RC District 31
 11. **Hon. Rose Espinoza**
La Habra, OCCOG
 12. **Hon. Margaret Finlay**
Duarte, RC District 35
 13. **Hon. Vartan Gharpetian**
Glendale, President's Appointment
 14. **Hon. Julie Hackbarth-McIntyre**
Barstow, SBCTA
 15. **Hon. Ray Hamada**
Bellflower, GCCOG
 16. **Hon. Bill Hodge**
Calexico, ICTC
-



COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT COMMITTEE AGENDA

- 17. Hon. Tim Holmgren**
Fillmore, RC District 47
 - 18. Hon. Cecilia Hupp**
Brea, OCCOG
 - 19. Hon, Cecilia Iglesias**
Santa Ana, RC District 16
 - 20. Hon. Bill Jahn**
Big Bear Lake, RC District 11
 - 21. Hon. Bob Joe**
So.Pasadena, AVCJPA
 - 22. Hon. Kathleen Kelly**
Palm Desert, RC District 2
 - 23. Hon. Jed Leano**
Claremont, SGVCOG
 - 24. Hon. Marisela Magana**
Perris, RC District 69
 - 25. Hon. Jorge Marquez**
Covina, RC District 33
 - 26. Hon. Anni Marshall**
Avalon, GCCOG
 - 27. Hon. Lauren Meister**
West Hollywood, WSCCOG
 - 28. Hon. Bill Miranda**
Santa Clarita, SFVCOG
 - 29. Hon. John Mirisch**
Beverly Hills, President's Appointment
 - 30. Hon. Steve Nagel**
Fountain Valley, RC District 15
 - 31. Hon. Trevor O'Neil**
Anaheim, RC District 19
 - 32. Hon. Ed Paget**
Needles, SBCTA
 - 33. Hon. Michael Posey**
Huntington Beach, OCCOG
-



COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT COMMITTEE AGENDA

- 34. Hon. Jim Predmore**
ICTC
 - 35. Hon. Jan Pye**
Desert Hot Springs, CVAG
 - 36. Hon. Rita Ramirez**
Victorville, RC District 65
 - 37. Hon. Rex Richardson**
Long Beach, RC District 29
 - 38. Hon. Paul Rodriguez**
Chino, President's Appointment
 - 39. Hon. Sonny Santalnes**
Bellflower, RC District 24
 - 40. Hon. Lyn Semeta**
Huntington Beach, RC District 64
 - 41. Hon. David Shapiro**
Calabasas, RC District 44
 - 42. Hon. Christina Shea**
Irvine, RC District 14
 - 43. Hon. Becky Shevlin**
Monrovia, SGVCOG
 - 44. Hon. Tri Ta**
Westminster, RC District 20
 - 45. Hon. Joseph Tessari**
Eastvale, WRCOG
 - 46. Hon. Mark Waronek**
Lomita, SBCCOG
 - 47. Hon. Frank Zerunyan**
Rolling Hills Estates, SBCCOG
-

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COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT COMMITTEE AGENDA

Southern California Association of Governments
 900 Wilshire Boulevard, Suite 1700 – Policy B Meeting Room
 Los Angeles, California 90017
Thursday, April 4, 2019
10:30 AM

The Community, Economic and Human Development Committee may consider and act upon any of the items on the agenda regardless of whether they are listed as Information or Action items.

CALL TO ORDER AND PLEDGE OF ALLEGIANCE
(The Honorable Peggy Huang, Chair)

PUBLIC COMMENT PERIOD

Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers and may limit the total time for all public comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

ACTION/DISCUSSION ITEM h° 8- V\ u@ -

- 1. Election of Chair and Vice Chair

CONSENT CALENDAR

Approval Items

- 2. Minutes of the March 7, 2019 Meeting 7

Receive and File

- 3. 2019 SCAG Regional Active Transportation Program 13
- 4. May is National Bike Month 40

INFORMATION ITEMS

- 5. Connect SoCal: How Will We Connect? 42 30 Mins.
(Kome Ajise, Director of Planning, SCAG)
- 6. Sustainable Communities Strategy Framework Update 44 15 Mins.
(Sarah Dominguez, SCAG Staff)
- 7. RHNA Methodology Survey Packet 57 10 Mins.
(Ma'Ayn Johnson, SCAG Staff)
- 8. Update on Local Economic Development Tools & SCAG's 74 20 Mins.
 Recommendations for Improvements
 (Larry Kosmont, Chairman and CEO, Kosmont Companies)



COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT COMMITTEE AGENDA

CHAIR'S REPORT

(The Honorable Peggy Huang, Chair)

STAFF REPORT

(Ma'Ayn Johnson, SCAG Staff)

FUTURE AGENDA ITEMS

ANNOUNCEMENTS

ADJOURNMENT



Southern California Association of Governments
900 Wilshire Blvd., Suite 1700, Los Angeles, CA 90017

COMMUNITY, ECONOMIC AND HUMAN DEVELOPMENT (CEHD) COMMITTEE
MINUTES OF THE MEETING
THURSDAY, March 7, 2019

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE CEHD COMMITTEE. A DIGITAL RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG’S OFFICE.

The CEHD Committee met at SCAG, 900 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017. The meeting was called to order by Chair Peggy Huang. A quorum was present.

Members Present:

Hon. Peggy Huang, Chair

Hon. James Mulvihill, Vice Chair

Hon. David Avila

Hon. Stacy Berry

Hon. Steve De Ruse

Hon. Rose Espinoza

Hon. Margaret E. Finlay

Hon. Vartan Gharpetian

Hon. Bill Hodge

Hon. Tim Holmgren

Hon. Cecilia Hupp

Hon. Cecilia Iglesias

Hon. Megan Beaman Jacinto

Hon. Bill Jahn

Hon. Robert “Bob” Joe

Hon. Kathleen Kelly

Hon. Jed Leano

Hon. Marisela Magana

Hon. Jorge Marquez

Hon. Anni Marshall

Hon. Lauren Meister

Hon. Bill Miranda

Hon. John Mirisch

Hon. Steve Nagel

Hon. Trevor O’Neil

Yorba Linda

San Bernardino

Yucaipa

Cypress

La Mirada

La Habra

Duarte

Glendale

Calexico

Fillmore

Brea

Santa Ana

Big Bear Lake

South Pasadena

Palm Desert

Claremont

Perris

Covina

Avalon

West Hollywood

Santa Clarita

Beverly Hills

Fountain Valley

Anaheim

TCA

District 7

SBCTA

OCCOG

GCCOG

OCCOG

District 35

Member at Large

ICTC

District 47

OCCOG

District 16

District 66

District 11

AVCJPA

District 2

SGVCOG

District 69

District 33

GCCOG

WSCCOG

SFVCOG

Member at Large

District 15

District 19

Hon. Michael Posey	<i>Huntington Beach</i>	OCCOG
Hon. Jim Predmore	<i>Holtville</i>	ICTC
Hon. Rita Ramirez	<i>Victorville</i>	District 65
Hon. Rex Richardson	<i>Long Beach</i>	District 29
Hon. Paul Rodriguez	<i>Chino</i>	Member-at-Large
Hon. Sonny R. Santa Ines	<i>Bellflower</i>	District 24
Hon. Lyn Semeta	<i>Huntington Beach</i>	District 64
Hon. David Shapiro	<i>Calabasas</i>	LVMCOG
Hon. Mark Waronek	<i>Lomita</i>	SBCCOG

Members Not Present

Hon. Al Austin, II	<i>Long Beach</i>	GCCOG
Hon. Wendy Bucknum	<i>Mission Viejo</i>	OCCOG
Hon. Juan Carrillo	<i>Palmdale</i>	North L.A. County
Hon. Julie Hackbarth-McIntyre	<i>Barstow</i>	SANBAG
Hon. Edward Paget	<i>Needles</i>	SANBAG
Hon. Jan Pye	<i>Desert Hot Springs</i>	CVAG
Hon. Becky Shevlin	<i>Monrovia</i>	SGVCOG
Hon. Joseph Tessari	<i>Westminster</i>	WRCOG
Hon. Tri Ta	<i>Westminster</i>	District 20
Hon. Donald P. Wagner	<i>Irvine</i>	District 14
Hon. Frank Zerunyan	<i>Rolling Hills Estates</i>	SBCCOG

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Chair Peggy Huang, called the meeting to order at 10:41 a.m. and asked Councilmember Nagel (Fountain Valley) to lead the Pledge of Allegiance.

PUBLIC COMMENT PERIOD

There were no public comments.

REVIEW AND PRIORITIZE AGENDA ITEM/S

To continue the discussion from today’s Joint Policy Committee meeting, Chair Huang requested to move item No. 5, Emerging Issues, to the beginning of the agenda before Action Items were heard.

INFORMATION ITEMS

1. Emerging Regional Issues: Where Will We Grow?

Sarah Jepson, SCAG Staff, introduced and provided context for continued discussions on emerging regional issues along with the development of SCAG’s Connect SoCal. She introduced Jay Eastman, Principal Planner from the City of Riverside, who provided more insight and historical background on how local governments can seize opportunities to grow sustainably and with community support. Mr. Eastman focused his report on the politics, density challenges and how development projects are incentivized and neighborhoods are zoned in the City of Riverside.

Mr. Eastman responded on the comments and questions expressed by the Councilmembers including questions regarding how and if the City of Riverside meets and maintain their RHNA numbers, inclusionary housing, zoning practices, available parking spaces and structures, state mandates, and where future housing developments should be.

The Committee thanked Mr. Eastman for his presentation.

ACTION/DISCUSSION ITEM

2. SCAG Sustainable Communities Program

Marco Anderson, SCAG Staff provided a brief overview of the 2018 Sustainable Communities Program (SCP) and Award Recommendations. He commented that the goal of the SCP is to support and implement the policies and initiatives of the 2016 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). He asked the Committee to Recommend that the Regional Council approve the 2018 Sustainable Communities Program (SCP) Award Recommendations and authorize staff to initiate the projects.

A MOTION was made (Jahn) to recommend that the Regional Council approve the 2018 Sustainable Communities Program (SCP) Award Recommendations and authorize staff to initiate the projects. Motion was SECONDED (Nagel) and passed by the following votes:

FOR: Avila, Beaman Jacinto, Berry, Espinoza, Finlay, Hodge, Holmgren, Huang, Hupp, Iglesias Jahn, Joe, Kelly, Leano Magana, Marquez, Marshall, Meister, Miranda, Mirisch, Mulvihill, Nagel, O’Neil, Posey, Predmore, Ramirez, Richardson, Rodriguez, Santa Ines, Shapiro, (30).

AGAINST: De Ruse, Gharpetian, (2).

ABSTAIN: Semeta (1).

3. RHNA Subregional Delegation Guidelines

Joann Africa, Chief Counsel, provided background information on the RHNA Subregional Delegation Guidelines process, and provided a brief explanation of the Delegated subregion’s scope of responsibilities. She asked the Committee to recommend approval by the Regional Council of the RHNA Subregional Delegation Guidelines.

Additionally, the complete report, included in the agenda fully explains the guidelines and benefits, including financial assistance for accepting the RHNA Subregional Delegation.

A MOTION was made (Posey) to recommend approval by the Regional Council of the RHNA Subregional Delegation Guidelines. Motion was SECONDED (Marquez) and passed by the following votes:

FOR: Avila, Beaman Jacinto, Berry, De Ruse, Espinoza, Finlay, Gharpetian, Hodge, Holmgren, Huang, Hupp, Iglesias Jahn, Joe, Kelly, Magana, Marquez, Marshall, Meister, Miranda, Mirisch, Mulvihill, Nagel, O’Neil, Posey, Predmore, Ramirez, Richardson, Rodriguez, Santa Ines, Semeta, Shapiro, (32).

AGAINST: (0).

ABSTAIN: Leano (1).

CONSENT CALENDAR

Approval Item

4. Minutes of the CEHD Committee Meeting – February 7, 2019

Receive & File

5. Sustainable Communities Strategy Framework Update

A MOTION was made (Finlay) to approve the Consent Calendar. Motion was SECONDED (Posey) and passed by the following votes:

FOR: Avila, Beaman Jacinto, Berry, De Ruse, Espinoza, Finlay, Gharpetian, Hodge, Holmgren, Huang, Hupp, Iglesias Jahn, Joe, Kelly, Magana, Marshall, Meister, Miranda, Mirisch, Mulvihill, Nagel, O'Neil, Posey, Predmore, Ramirez, Richardson, Rodriguez, Santa Ines, Shapiro, (30).

AGAINST: (0).

ABSTAIN: Leano, Marquez, Semeta (3).

(Noting, Posey abstained with respect to Item No. 3 only).

INFORMATION ITEMS

6. Update on SCAG's Growth Forecast of Population, Households And Employment for Connect SoCal

John Cho, SCAG Staff, provided an update on the assessment of the local input growth forecast for Connect SoCal. The presentation included regional totals of local input employment, population, household figures and key findings from input data. He noted that more county level projection detail will be presented at the next Technical Working Group (TWG) meeting which will focus on SCAG's region for future growth and its projections.

7. Report on SCAG's Bottom-Up Local Input and Envisioning Process For Connect SoCal and RHNA

Kimberly Clark, SCAG Staff, discussed how the envisioning process relates to both Connect SoCal and the Regional Housing Needs Assessment (RHNA). She explained how SCAG engaged with local jurisdictions, subregions and other stakeholders to collaboratively solicit input on existing conditions and future growth. Ms. Clark concluded her presentation with providing the Committee with next steps. She thanked those who participated in the Subregional engagements and contributed to the envisioning and planning process. She noted that next month's Committee meeting will include topics on financial development tools to aid in tax increments.

The Committee thanked Ms. Clark and SCAG staff for their efforts.

CHAIR'S REPORT

Chair Huang provided highlights of the RHNA Subcommittee which was held on Monday, March 4. She reported that a few of the topics discussed included the subregional delegation guidelines and also the RHNA regional determination and the methodology planning factor survey. She noted that she would like the RHNA

Subcommittee to further explore topics that encourage economic growth in areas where there is abundant affordable housing.

Chair Huang noted that the next RHNA Subcommittee meeting will be held on Monday, April 1st and encouraged everyone to participate in the process. She asked the Committee to send any comments, questions or suggestions in advance to: housing@scag.ca.gov.

Chair Huang asked Joann Africa, Chief Counsel, to provide an update and give information on the upcoming Chair and Vice Chair elections. Ms. Africa noted that the CEHD Committee members will be electing its Chair and Vice Chair for the 2019-2020 year at that upcoming CEHD meeting on April 4, 2019, and that formal details and nomination guidelines will be sent to them shortly by Tess Rey-Chaput, SCAG's Clerk of the Board.

FUTURE AGENDA ITEM

ANNOUNCEMENTS

Chair Huang welcomed the newest CEHD Committee members.

Chair Huang announced details of the upcoming SCAG Regional Conference and General Assembly which is set to take place at the J.W. Marriott Desert Springs Resort and Spa on May 1-3, 2019. She encouraged all to register and to invite their fellow city councilmembers to attend.

ADJOURNMENT

There being no further business, Chair Huang adjourned the CEHD Committee meeting at 11:51 a.m.

Respectfully submitted by:

Carmen Summers
Community, Economic and Human Development Committee Clerk

[MINUTES ARE UNOFFICIAL UNTIL APPROVED BY THE CEHD COMMITTEE]

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CEHD Members

2019

MEMBERS	CITY	Representing	JAN (dark)	2019												Total Mt Attend To Date
				FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC		
Austin, Al	Long Beach	GCCOG														0
Avila, David	Yucaipa	SBCTA		1	1											2
Berry, Stacy	Cypress	District 18		1	1											2
Bucknum, Wendy	Mission Viejo	District 13		1	1											2
Carrillo, Juan	Palmdale	North LA County														0
DeRuse, Steve	La Mirada	District 31		1	1											2
Espinoza, Rose	La Habra	OCCOG		1	1											2
Finlay, Margaret	Duarte	District 35		1	1											2
Gharpetian, Vartan	Glendale	President's Appointment		1	1											2
Hackbarth-McIntyre, Julie	Barstow	SBCTA														0
Hodge, Bill	Calexico	ICTC		1	1											2
Holmgren, Tim	Fillmore	District 47		1	1											2
Huang, Peggy, Chair	Yorba Linda	TCA		1	1											2
Hupp, Cecilia	Brea	OCCOG		1	1											2
Iglesias, Cecilia	Santa Ana	District 16		1	1											2
Beaman Jacinto, Megan	Coachella	District 66			1											1
Jahn, Bill	Big Bear Lake	District 11		1	1											2
Joe, Robert	So. Pasadena	AVCJPA		1	1											2
Kelly, Kathleen	Palm Desert	District 2			1											1
Leano, Jed	Claremont	SGVCOG			1											1
Magana, Marisela	Perris	District 69		1	1											2
Marquez, Jorge	Covina	District 33			1											1
Marshall, Ann	Avalon	GCCOG		1	1											2
Meister, Lauren	West Hollywood	WSCCOG		1	1											2
Miranda, Bill	Santa Clarita	SFVCOG		1	1											2
Mirisch, John	Beverly Hills	President's Appointment		1	1											2
Mulvihill, James, V-Chair	San Bernardino	District 7		1	1											2
Nagel, Steve	Fountain Valley	District 15		1	1											2
O'Neil, Trevor	Anaheim	District 19		1	1											2
Paget, Ed	Needles	SBCTA		1												1
Posey, Michael	Huntington Beach	OCCOG			1											1
Predmore, Jim		ICTC		1	1											2
Pye, Jan	Desert Hot Springs	CVAG														0
Ramirez, Rita	Victorville	District 65			1											1
Richardson, Rex	Long Beach	District 29			1											1
Rodriguez, Paul	Chino	President's Appointment		1	1											2
Santa Ines, Sonny	Bellflower	District 24			1											1
Semeta, Lyn	Huntington Beach	District 64			1											1
Shapiro, David	Calabasas	LVMCOG		1	1											2
Shevlin, Becky	Monrovia	SGVCOG		1												1
Ta, Tri	Westminster	District 20		1												1
Tessari, Joseph	Eastvale	WRCOG														0
Wagner, Donald	Irvine	District 14														0
Waronek, Mark	Lomita	SBCCOG		1	1											2
Zerunyan, Frank	Rolling Hills Estates	SBCCOG		1												1

Attachment: Minutes of the Meeting (Minutes of the March 7, 2019 Meeting)



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Executive/Administration Committee (EAC)
Community
Economic & Human Development Committee (CEHD)
Energy & Environment Committee (EEC)
Transportation Committee (TC)
Regional Council (RC)

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

From: Rye Baerg, Senior Regional Planner, Active Transportation &
Special Programs, (213) 236-1866, baerg@scag.ca.gov

Subject: 2019 SCAG Regional Active Transportation Program

RECOMMENDED ACTION FOR EAC AND TC:

Recommend that the Regional Council adopt Resolution No. 19-610-1 directing SCAG to implement the 2019 SCAG Regional Active Transportation Program and Updated Regional Guidelines.

RECOMMENDED ACTION FOR RC:

Adopt Resolution No. 19-610-1 directing SCAG to implement the 2019 SCAG Regional Active Transportation Program and Updated Regional Guidelines

RECOMMENDED ACTION FOR EEC AND CEHD:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy. 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

Staff is seeking approval of the 2019 SCAG Regional Active Transportation Program (Regional Program) project list and updated Regional Guidelines. The Regional Program consists of 26 projects totaling \$92.6 million that support walking and bicycling. Staff recommends approval of the Regional Program and updated Regional Guidelines. Upon approval staff will submit the Regional Program to the California Transportation Commission (CTC) for adoption at their June 26, 2019 meeting.

BACKGROUND:

On May 16, 2018, the California Transportation Commission adopted the 2019 Active Transportation Program (ATP) Statewide Guidelines and announced the 2019 ATP call for projects. The 2019 ATP funding estimate includes approximately \$445 million and will cover fiscal years 2019/2020 through 2022/23. Project applications were received for the statewide call for projects

on July 31, 2018 and the CTC made their initial announcement of statewide recommendations on December 31, 2018.

Approximately sixty percent (60%) of the total funding awards have been recommended by the CTC through the Statewide Program and Small Urban/Rural Program components and were adopted on January 30, 2019. The remaining forty percent (40%) of the total funding awards will be recommended by regional MPOs. SCAG's share of the MPO component, referred to as the Regional Program, is approximately \$92.6 million, roughly fifty percent (50%) of the MPO component.

PROJECT SELECTION PROCESS:

In July 9, 2018, SCAG's Executive Administration Committee approved the Regional ATP Guidelines. Similar to previous cycles, the Regional Program Guidelines established a selection process for two categories of projects: (1) Implementation Projects and (2) Planning & Capacity Building Projects.

- Implementation Projects: No less than 95% of the funding (\$87.9 million) has been recommended to proposals in this category. The selection process for Implementation Projects is the same as in previous cycles and is predominately managed by the county transportation commissions. Eligible applicants must apply for these funds by submitting an application through the statewide ATP call for projects. Base scores are established through the statewide ATP review process. The Regional Guidelines allow county transportation commissions to prioritize projects by adding up to twenty (20) points, on a 120 point scale, to supplement the state-provided base scores. As in previous cycles, the Board of each county transportation commission was required to approve the methodology for assigning the additional points, as well as, to approve the final project scores. Total funding available in each county is based on population-based funding targets.
- Planning & Capacity Building Projects: No more than five percent (5%) of the funding (\$4.6 million) has been recommended to proposals in this category. As in previous cycles, the project selection process relied on the statewide ATP application, scoring and ranking process. In addition, SCAG provided the option for project sponsors to apply through the Sustainable Communities Program (SCP). Each county transportation commission took an active role in scoring and ranking the projects submitted in their respective county through the SCP. Due to the tremendous need and with the influx of Senate Bill 1 Formula Funding, the Regional Council approved, in March as part of the SCP, an additional \$2.3 million for active transportation projects to supplement the ATP funding. The SCAG funded projects are not reflected in the program list, but were used in the calculations of geographic equity.

The recommended Regional Program of 23 projects has been assembled by combining recommendations from the Implementation and the Planning & Capability Building categories. Surplus funding from counties that were not able to utilize their entire share and a small portion of unutilized SCP ATP funds was provided to the highest scoring, unfunded project.

The recommended program has been approved by the CEOs of the six county transportation commissions and meets the statewide requirements for geographic equity as can be seen in the

table below. The recommended program allocates 93% of available funds to disadvantaged communities (DACs) exceeding the statewide minimum requirement of 25%.

ATP Funding by County (\$1,000s)					
	Implementation	SCP*	Total ATP	Percentage of Funding	Percentage of Population
Imperial	\$642	\$321	\$963	1%	1%
Los Angeles	\$47,731	\$2,197	\$49,928	54%	54%
Orange	\$14,770	\$545	\$15,315	17%	17%
Riverside	\$10,937	\$585	\$11,522	12%	12%
San Bernardino	\$9,920	\$500	\$10,420	11%	11%
Ventura	\$3,973	\$451	\$4,424	5%	5%
Total	\$87,973	\$4,599	\$92,572	100%	100%

*This column represents projects selected through the SCP that are funded with ATP funding. SCAG is funding additional projects through the SCP using SB1 funding and other resources.

AMENDED REGIONAL GUIDELINES:

Staff is also requesting approval of the updated Regional Guidelines to address four minor changes. The updated Regional Guidelines have been approved by the CEOs of the six county transportation commissions, per CTC requirements. The updates include:

- **Funding Estimate:** SCAG is updating the funding estimate included in the Regional Guidelines to reflect the updated amount that was released by the CTC on December 31, 2018.
- **Sustainable Communities Program:** The previous version of the Regional Guidelines referenced the Sustainable Planning Grants program which has been renamed the Sustainable Communities Program. The title of the program has been updated throughout the document.
- **Implementation Project Category:** Requirements in this category were modified to allow the Ventura County Transportation Commission to fund a planning project with their countywide allocation for Implementation projects.
- **Contingency Lists:** Language was updated to clarify two sections with conflicting recommendations about which scores to use for contingency projects.

NEXT STEPS:

Following Regional Council approval, the Regional Program and Regional Guidelines will be submitted to the CTC for adoption no later than their June 26, 2019 meeting.

FISCAL IMPACT:



The project sponsors identified in the SCAG 2019 ATP Regional Programming Recommendations will be required to secure allocation from the CTC. SCAG will serve as the project sponsor and receive \$2,599,000 in ATP funds to administer a series of demonstration projects and Go Human activities that were submitted through the SCP. Once allocated, the SCAG administered ATP funds will be programmed in the FY20 OWP in task 225-3564.14.

ATTACHMENT(S):

1. Resolution 19-610-1 2019 SCAG Regional Active Transportation Program
2. 2019 SCAG Regional Guidelines_FINAL-AMENDED_4-4-19
3. 2019 SCAG Regional Active Transportation Program and Contingency List



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

RESOLUTION NO. 19-610-1

**A RESOLUTION OF THE SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS (SCAG) APPROVING
THE RECOMMENDED PROJECT LIST FOR THE 2019 SCAG REGIONAL ACTIVE
TRANSPORTATION PROGRAM**

REGIONAL COUNCIL OFFICERS

President
Alan D. Wapner, San Bernardino
County Transportation Authority

First Vice President
Bill Jahn, Big Bear Lake

Second Vice President
Randon Lane, Murrieta

Immediate Past President
Margaret E. Finlay, Duarte

COMMITTEE CHAIRS

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Peggy Huang, Transportation
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Transportation
Curt Hagman, San Bernardino
County

WHEREAS, the Southern California Association of Governments (“SCAG”) is the Metropolitan Planning Organization, for the six county region consisting of Los Angeles, Orange, San Bernardino, Riverside, Ventura, and Imperial counties pursuant to 23 U.S.C. § 134 et seq. and 49 U.S.C. §5303 et seq.;

WHEREAS, the Active Transportation Program was created by Senate Bill 99 (Chapter 359, Statutes of 2013) to encourage increased use of active modes of transportation, such as biking and walking;

WHEREAS, Streets and Highways Code Section 2382(k) allows the California Transportation Commission to adopt separate guidelines for the metropolitan planning organizations charged with awarding funds to projects pursuant to Streets and Highways Code Section 2381(a)(1) relative to project selection;

WHEREAS, the SCAG adopted Regional Program Guidelines in with input from the six Southern California county transportation commissions on July 5, 2018 to govern award of projects funded through the SCAG Regional Program;

WHEREAS, the SCAG is amending the Regional Program Guidelines with input from the six Southern California county transportation commissions to maximize planning funding and address minor inconsistencies in the guidelines;

WHEREAS, the Active Transportation Program Guidelines (Resolution G-18-19) require metropolitan planning organizations to submit their Regional Program of projects and contingency list to the Commission by April 30, 2019;

WHEREAS, SCAG in collaboration with the six Southern California county transportation commissions has implemented a project selection process that meets the requirements of the Active Transportation Program Guidelines (Resolution G-18-19) and Regional Program Guidelines, and has reached consensus on the 2019 SCAG Regional Active Transportation Program and Contingency List.

Attachment: Resolution 19-610-1 2019 SCAG Regional Active Transportation Program [Revision 2] (2019 SCAG Regional Active Transportation

NOW, THEREFORE, BE IT RESOLVED that the Regional Council of the Southern California Association of Governments does hereby adopt the 2019 SCAG Regional Active Transportation Program and Updated Regional Program Guidelines.

BE IT FURTHER RESOLVED THAT:

1. The Regional Council directs staff to submit the amended Regional Program Guidelines and the Regional Program Project and Contingency List for the 2019 SCAG Regional Active Transportation Program to the California Transportation Commission.
2. The Regional Council defers approval of any further minor revision and administrative amendments to the 2019 SCAG Regional Active Transportation Program to SCAG's Executive Director.

PASSED, APPROVED AND ADOPTED by the Regional Council of the Southern California Association of Governments at its April 4, 2019 meeting.

Alan D. Wapner
President, SCAG
San Bernardino County Transportation Authority

Attested by:

Darin Chidsey
Executive Director

Approved as to Form:

Joann Africa
Chief Counsel

2019 Active Transportation Program Regional Guidelines

Final Draft

July 2018

Southern California Association of Governments
Imperial County Transportation Commission
Los Angeles County Metropolitan Authority
Orange County Transportation Authority
Riverside County Transportation Commission
San Bernardino County Transportation Authority
Ventura County Transportation Commission

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
209 ACTIVE TRANSPORTATION PROGRAM REGIONAL GUIDELINES

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Introduction

Purpose

The intent of this document is to successfully implement the Metropolitan Planning Organization (MPO) component of the California Active Transportation Program (ATP). The following 2019 ATP Regional Guidelines (Regional Guidelines) outline the roles, responsibilities and processes for selecting projects to receive funding from the SCAG region's dedicated share of the 2019 ATP. The Regional Guidelines also outline the requirements for programming, allocation, project delivery, project reporting, project administration and program evaluation related to the 2019 Regional Active Transportation Program (Regional Program). The Regional Guidelines may be revisited and modified for future rounds of funding in order to remain consistent with the 2019 ATP Statewide Guidelines (Statewide Guidelines), and to consider innovative concepts and best practices to improve the Regional Program's efficiency and effectiveness.

Background

- The goals of the ATP are to:
 - Increase the proportion of trips accomplished by biking and walking;
 - Increase the safety and mobility of non-motorized users;
 - Advance the active transportation efforts of regional agencies to achieve greenhouse gas reductions goals as established pursuant to SB 375;
 - Enhance public health, including reduction of childhood obesity through the use of programs including, but not limited to, projects eligible for Safe Routes to School Program funding;
 - Ensure that disadvantaged communities (DAC) fully share in the benefits of the program; and
 - Provide a broad spectrum of projects to benefit many types of active transportation users.
- The DRAFT 2019 Statewide Guidelines, to be adopted by the California Transportation Commission (CTC) on May 16, 2018, describe the policy, standards, criteria and procedures for the development, adoption and management of the ATP Statewide Program.
- Per the DRAFT 2019 Statewide Guidelines, 40% of the funds for the ATP must be distributed by MPOs in urban areas with populations greater than 200,000, with funds distributed to each MPO based on total MPO population.
- The funds distributed by the MPOs must be programmed and allocated to projects selected through a competitive process in accordance with the ATP Statewide Guidelines.
- A MPO choosing to use the same project selection criteria and weighting, minimum project size, match requirement, and definition of DAC as used by the CTC for the statewide competition may defer its project selection to the CTC.
- MPOs may also issue a separate, supplemental call for projects. If a call for projects is initiated, it will require development and approval of guidelines and applications. In administering a competitive selection process, a MPO must use a multidisciplinary advisory group to assist in evaluating project applications.
- 25% of the regional funds must benefit DAC.

- The Statewide Guidelines allow for a large MPO to make up to 2% of its 2019 ATP funding available for active transportation plans in DACs.
- The Statewide Guidelines establish four eligible project types:
 - Infrastructure Projects: Capital improvements that will further the goals of this program. This typically includes the environmental, design, right-of-way, and construction phases of a capital (facilities) project. A new infrastructure project will not be programmed without a complete project study report (PSR) or PSR equivalent. The application will be considered a PSR equivalent if it defines and justifies the project scope, cost and schedule. Though the PSR or equivalent may focus on the project components proposed for programming, it must provide at least a preliminary estimate of costs for all components. PSR guidelines are posted on the CTC website: <http://www.catc.ca.gov/programs/ATP.htm>. *A capital improvement that is required as a condition for private development approval or permits is not eligible for funding from the Active Transportation Program.*
 - Plans: The development of a community wide bicycle, pedestrian, safe routes to school, or active transportation plan in a DAC.
 - Non-infrastructure Projects: Education, encouragement, and enforcement activities that further the goals of this program. The CTC intends to focus funding for non-infrastructure on start-up projects. A project is considered to be a start-up when no program currently exists. Start-up projects must demonstrate how the program is sustainable after ATP funding is exhausted. ATP funds cannot fund ongoing program operations. Non-infrastructure projects are not limited to those benefiting school students. Program expansions or new components of existing programs are eligible for ATP funds as long as the applicant can demonstrate that the existing program will be continued with non-ATP funds.
 - Infrastructure projects with non-infrastructure components.
- Per Statewide Guidelines, and based on SB 99, the following requirements apply specifically to SCAG:
 - SCAG must consult with the county transportation commissions, the CTC, and Caltrans in the development of the competitive project selection criteria. The criteria should include consideration of geographic equity consistent with program objectives;
 - SCAG must place priority on projects that are consistent with plans adopted by local and regional governments within the county where the project is located; and
 - SCAG must obtain concurrence from the county transportation commissions.
- The SCAG Regional Program will be developed through coordination of the ATP Subcommittee. The ATP Subcommittee is a subcommittee of the SCAG Sustainability Committee. The ATP Subcommittee is comprised of SCAG staff and representatives from each of the six (6) county transportation commissions. The Subcommittee drafts the Regional Program Guidelines, the Regional Program and administers tasks associated with project delivery. The County Transportation Commissions approve the Regional Program as it pertains to each respective county. SCAG's Regional Council approves the Regional Program Guidelines and Regional Program. The California Transportation Commission approves the Regional Program Guidelines and Regional Program.

Fund Estimates for 2019 Regional ATP

The 2019 ATP total funding estimate is \$437.5m. Per the 2019 ATP Statewide Guidelines, the MPO share is 40% of the total budget and the SCAG share is 50% of the MPO amount.

The SCAG region’s share of the 2019 ATP is approximately \$87.5M, which includes funding in Fiscal Years 2019/20, 2020/21, 2021/22, and 2022/23 to be programmed as follows:

Year (Fiscal)	Funds (\$1000s)
FY 19/20	20,310
FY 20/21	20,310
FY 21/22	25,976
FY 22/23	25,976
Total	92,572

Eligibility

SCAG intends to apply the eligibility requirements as adopted in the 2019 Statewide Guidelines to the Regional Program. These requirements include an option for SCAG to provide a Regional Definition of Disadvantaged Communities. As part the 2016 Regional Transportation Plan (RTP)/ Sustainable Communities Strategy (SCS), SCAG established “environmental justice areas” and “communities of concern” as disadvantaged communities through a robust public outreach process that included the input of community stakeholders. SCAG has submitted these regional definitions of disadvantaged communities to the Commission for approval to complement existing definitions established through SB 535 and the ATP.

Regional Disadvantaged Communities Definitions

Per the Statewide Guidelines, MPOs have the option to use different criteria for determining which projects benefit disadvantaged communities. This additional criteria includes Environmental Justice Areas and Communities of Concern. This criteria can be used in addition to the existing SB 535 criteria.

- Environmental Justice Areas: Environmental Justice Areas are reflected in Transportation Analysis Zones that show a higher share of minority population or households in poverty than is seen in the great region as a whole.
- Communities of Concern: Communities of Concern are Census Designated Places or city of Los Angeles Community Planning Ares that fall in the upper third for their concentration of minority population households in poverty. This designation is significant in severity due to the degree of poverty.

Project Selection Process

SCAG intends to award funding to projects in two program categories. These categories include: Implementation projects, and Planning & Capacity Building projects.

Implementation Projects Category

Implementation projects include infrastructure, non-Infrastructure, infrastructure projects with non-infrastructure components, and plans as defined by the Statewide Guidelines and included in the Background (above). No less than 95% of the total regional funds shall be dedicated to funding Implementation projects in the 2019 Regional ATP. Implementation funds shall be allocated to projects in each county using population-based funding targets.

Implementation Projects Category: Funding Targets

County	Pop %	Funding Amount
Imperial	1%	\$841
Los Angeles	54%	\$47,503
Orange	17%	\$14,770
Riverside	12%	\$10,937
San Bernardino	11%	\$9,920
Ventura	5%	\$3,973
Total	100%	\$87,943

In this category, and consistent with previous ATP cycles, SCAG will select Implementation projects utilizing the CTC statewide applications, scoring and ranking process and decline its option to issue a supplemental call for proposals for these projects. Therefore, an evaluation committee will not be required at the county or regional level within the SCAG region to separately score Implementation projects. SCAG will only fund Implementation projects submitted through the statewide application process.

The selection process shall occur as follows:

- Prior to scoring by the CTC, SCAG shall coordinate with each county to ensure that all Implementation project applications submitted through the statewide call for proposals have been submitted to the county and SCAG.
- The county transportation commissions shall review the Implementation project applications and determine which projects are “consistent with plans adopted by local and regional governments within the county” per the requirements of SB 99. When projects are determined to be consistent, the county shall authorize up to twenty (20) points to consistent projects.

- If a county transportation commission assigns additional points (up to 20, as noted above) to a project for which they are the lead applicant, an explanation shall be provided to SCAG of how the scoring process resulted in an unbiased evaluation of the project.
- The Board of each respective county transportation commission shall approve the scoring methodology/guidelines and point assignments, and submit the scores to SCAG for inclusion in the preliminary ranking of regional projects by December 31, 2018.
- SCAG shall establish a preliminary regional Implementation projects list based on the county's submissions that programs no less than 95% of the total regional funds and rely on population-based funding targets to achieve geographic equity.
- The county may also recommend funding for projects to be included on the Regional Program contingency list. Projects included on the contingency list shall be included in the program reflecting the project score as detailed in the Fund Balance and Contingency List section below.

Planning & Capacity Building Projects Category

Planning & Capacity Building projects may include the development of non-infrastructure projects and plans, as defined by the Statewide Guidelines and included in the Background section of the Regional Guidelines (above). The Regional Guidelines call for no more than 5% (\$4.4M) of the total regional funds be allocated in this category with a maximum of 2% (\$1.7 M) being dedicated to Planning projects.

As in previous cycles, the pool of projects considered for funding in this category shall include projects that are submitted through the CTC's Statewide ATP Call for Projects using the state's planning application, as well as, planning and non-infrastructure projects submitted through the supplemental call for Planning & Capacity Building projects issued by SCAG. The supplemental call for projects is integrated with SCAG's Sustainable Communities Program (SCP) program and aims to better align planning and capacity building resources with regional planning priorities and opportunities. The SCP call for projects provides a more seamless, consolidated process for local jurisdictions and eligible applicants to secure resources from the ATP, as well as other regional funds programmed by SCAG.

Planning Applications Submitted Through the Statewide Call for Projects

- SCAG is required to consider funding proposals that are submitted, but unsuccessful in securing funds, through the statewide call for proposals.
- Within the Planning & Capacity Building projects category, SCAG will consider funding all unsuccessful planning and non-infrastructure applications submitted at the statewide level.
- The planning and non-infrastructure applications will not be re-scored by SCAG. The initial score provided by the CTC shall be used in ranking the project against projects submitted through the supplemental call for projects.
- Planning project awards will be capped at \$250,000. If the funding request exceeds \$250,000, the project applicant will be required to provide matching funds to fully fund the project.
- Non-infrastructure projects awards will be capped at \$500k. If the funding request exceeds the \$500k cap, the project applicant will be required to provide matching funds to fully fund the project or the project balance could be awarded through the Implementation Projects Category.

Alternatively, the county transportation commission may fully fund the project as part of the Implementation Projects Category, if the project merits award through the process outlined above.

Supplemental (Sustainable Communities Program) Call for Projects

- SCAG will develop SCP Guidelines, consistent with the parameters established by the Regional Guidelines, as described below.
- The SCP Guidelines will include the same match requirement and definition of DAC as used by the CTC in the statewide planning selection process.
- All Planning projects funded by ATP shall satisfy the CTC's requirements for the use of planning funds, including DAC requirements.
- To increase the reach and impact of the Regional Program, SCAG will cap funding requests to \$500,000 for all non-infrastructure applications and \$250,000 for planning funds.
- The Scoring Criteria and associated points available for all project and application types will be as follows:
 - Mobility Benefit—Potential to increase walking/biking (0-35 points)
 - Safety Benefit—Potential to reduce the number and risk of pedestrian and bicycle fatalities and injury (0-25 points)
 - Public Health (0-10 points)
 - Disadvantaged Communities (0-10 points)
 - Public Participation (0-10 points)
 - Cost Effectiveness (0-5 points)
 - Leverage (0-5 points)
- In consultation with the counties and a multi-disciplinary working group, SCAG will develop applications for planning and non-infrastructure project types. Each application will be closely aligned with and aim to focus resources on the implementation of regional active transportation programs and strategies.

To establish a preliminary Planning & Capacity Building project list, applications from the supplemental call for projects and statewide call for projects will be ranked by county and prioritized by score. Funds will then be recommended to projects in consideration of the following principles:

- The total funding recommended in this category will not exceed 5% of the total Regional Program. Planning projects funding shall not exceed 2% of the total Regional Program.
- Geographic equity, informed by population-based funding targets, shall be pursued and assessed programmatically across all funding sources programmed through the Active Transportation component of the SCP.

Recommended Regional Program

SCAG shall create a draft Regional Program that incorporates the preliminary project lists from the Implementation and Planning & Capacity Building project categories.

SCAG will analyze the draft Regional Program to ensure it meets the DAC requirements by allocating at least 25% to projects benefiting DAC (as defined by the Statewide Guidelines).

If the total is less than 25%, SCAG will modify the preliminary regional project list to ensure the 25% mark is achieved, as follows:

- The lowest scoring project in the region may be replaced with the highest scoring DAC within the same County. If the county has no other eligible DAC projects, the lowest scoring project shall be replaced with the highest scoring DAC project(s) from the region.
- This process will be repeated until the 25% target is met.
- This process may lead to an outcome where a county receives less than its population-based share of the funding, but is necessary to ensure the DAC requirements for the Regional Program are met.

For ease of administration, SCAG may, with the project sponsor's permission, consolidate one or more of the projects on the Planning & Capacity project list into a Regional Planning & Capacity Building project to be administered by SCAG on behalf of the sponsoring agencies. If sponsoring agencies choose to be part of the consolidated project, a five percent (5%) fee for service will be included as a task in the project. In order to provide the data contained in the Caltrans applications, SCAG will transfer the relative data fields to Caltrans for incorporation into ATP data set.

The final recommended Regional Program will be reviewed by the county transportation commission staff, Caltrans and CTC staff to make any final adjustments and achieve consensus prior to submitting the Regional Program recommendations to the Chief Executive Officers (CEO) of the county transportation commissions and Boards, SCAG's Regional Council and CTC for approval.

With consensus from the County Transportation Commission CEOs or their designees, SCAG's Executive Director may make technical changes to the program as needed to ensure the timely delivery of the regionally-selected projects.

Programming

Fund Assignments

SCAG is required to recommend the funding assignments for all projects proposed for funding in the Regional Program. The programming years for the 2019 ATP are State Fiscal Years 2019/20 to 2022/23. Per the Statewide Guidelines, the ATP must be developed consistent with the fund estimate and the amount programmed by fiscal year must not exceed the amount identified in the fund estimate. SCAG will aim to program in a constrained manner. SCAG is also required to recommend the funding source for each project, such that the program as a whole aligns with the fund estimate for each programming year. In meeting these requirements, SCAG will adhere to the following process and guiding principles:

- Funding assignments will be made by SCAG and the county transportation commissions through a collaborative decision-making process.
- Funding in fiscal years 2019/20 and 2020/21 will be state funding only. Funding in fiscal years 2021/22 and 2022/23 will include both state and federal funding.

- Funding assignments will be made to best align the funding source with the project type, size, and sponsors' capacity for obligating federal funds; therefore, federal and state funds will not be equally distributed in each county.
- State funds will be programmed to address the following regional objectives, listed in order of priority:
 - Satisfy match requirements for federally funded projects. Projects that provide some but not all of the 11.47% match may need assistance in satisfying the match. State funding is eligible to bridge the gap in any match funding deficit. State funding shall not exceed 11.47% of total project funding;
 - Reduce administrative burden for Planning and Non-infrastructure projects and projects requesting less than \$1M; and
 - Expedite delivery of pre-construction phases of projects to ensure timely delivery of projects funded for multiple phases.

Partial Awards

- County transportation commissions will be responsible for recommending partial awards for Implementation projects.
- SCAG and the county transportation commissions will only consider partial awards if the project sponsor meets one of the following requirements:
 - The applicant provides funds through additional sources to fully fund the project;
 - The applicant demonstrates the means by which it intends to fund the construction of a useable segment, consistent with the Regional Transportation Plan (RTP).
 - The applicant downsizes the project scope in a manner such that the "new" project would receive the same scores or ranking as the originally proposed project. The ATP Subcommittee will determine the eligibility of a downsized project scope based on the representative county transportation commission's request. The request shall include:
 - An explanation of the proposed scope change;
 - The reason for the proposed scope change;
 - The impact which the proposed scope change would have on the overall cost of the project;
 - An estimate of the impact the proposed scope change would have on the potential of the project to increase walking and bicycling as compared to the benefits identified in the project application (increase or decrease in benefit);
 - An estimate of the impact the proposed scope change would have on the potential of the project to increase the safety of pedestrians and bicyclists as compared to the benefits identified in the project application (increase or decrease in benefit); and
 - An explanation of the methodology used to develop the aforementioned estimates.

- For projects that fall into the Large Infrastructure category as defined in Statewide Guidelines, the applicant must demonstrate the means by which it intends to fund the construction of a useable segment, consistent with the RTP.
 - Uncommitted funds may only be from ATP or the Local Partnership Program (formulaic or competitive). The applicant must indicate its plan for securing a funding commitment; explain the risk of not securing that commitment, and its plan for securing an alternate source of funding should the commitment not be obtained. If a project with uncommitted funds is programmed, all funding commitments for that phase must be secured prior to July 1 of the fiscal year in which the project is programmed or the project will be removed from the program.
- If funding is made available (i.e. due to an ineligible project determination), the available funding will be prioritized for a threshold project receiving a partial award within the county where the funding was awarded initially. If the available funding exceeds the amount needed for fully funding the partial award, the surplus shall be made to the highest scoring project on the contingency list within the county where the funding was initially awarded. The surplus may also be made available for a partial award in another county, pending approval of the ATP Subcommittee.

Fund Balance & Contingency List

Any funds that are not assigned by SCAG to projects in the Regional Program will be returned to the state and incorporated into the fund estimate for subsequent ATP cycles. To maximize funds available in the region, the following steps will be pursued:

- The initial recommended Regional Program to the CTC will identify projects that program 100% of the region's share of ATP funds. If a balance exists after each county has exhausted to the greatest extent possible its funding target and SCAG has exhausted to the greatest extent possible the Planning & Capacity Building funds, SCAG in consultation with the counties, will recommend the fund balance be awarded to fully or partially fund the highest scoring and/or shovel ready "contingency" project(s) (see below) across all counties.
- If the final project on a county's list exceeds the county's ATP funding target, the county may work with the project sponsor to explore the feasibility of a partial award, as noted above. If a partial award is determined to be insufficient and infeasible, the county may recommend fully or partially funding to the subsequent highest scoring projects on the county's list.
- The recommended Regional Program will include a contingency list of Implementation and Planning and Capacity Building projects that will be in place until the next cycle of ATP funding. Implementation projects will be ranked in priority order based on the county transportation commission's evaluation scoring. Planning & Capacity Building projects will be ranked in priority order based on the project's statewide evaluation score. Projects may be included in both rankings depending on project type. SCAG intends to fund projects on the contingency list should there be any project failures or savings in the Regional Program. When a

contingency project is advanced for funding due to project failure from the Implementation list of projects, SCAG – in consultation with the counties – will strive to replace the failed project with a project from the same county from the Implementation list. When a contingency project is advanced for funding due to project failure from the Planning and Capacity Building list of projects, SCAG – in consultation with the counties – will strive to replace the failed project with a project from the same county from the Planning and Capacity Building list. In recommending replacement projects, SCAG and the county transportation commission may consider both project ranking and project readiness. If contingency projects are not amended into the program, they will remain unfunded and project sponsors may resubmit them for future ATP cycles.

- SCAG and/or the county transportation commissions are encouraged to pursue one or more of the following project management strategies:
 - Review the initial work schedule to determine timeline feasibility and propose revisions where necessary.

Program Amendments

The Regional Guidelines allow SCAG to amend the Regional Program to remove and advance projects. An annual report will be provided to the Regional Council on program amendments. Amendments to the Regional Program may occur under the following conditions and in the following manner:

- If project design, right-of-way or construction are programmed before the implementing agency completes the environmental process, and following completion of the environmental process updated information indicates that a project is expected to accomplish fewer benefits or is less cost effective as compared with the initial project application, then future funding for the project may be deleted from the program. It is the responsibility of the county transportation commission to recommend to SCAG that the project be deleted from the program if warranted. The county transportation commission that recommends project deletion may, in a reasonable timeframe, recommend replacing the deleted project with a project on the Contingency List.
- If the project is a Planning & Capacity Building Project and funds have not been allocated by May 1st of the year the funds are programmed, or the project sponsor has requested that the project be removed from the Regional Program, then SCAG may recommend deletion of the project and fund a project on the contingency list, considering project ranking, readiness and the county from which the deleted project originated.
- If a county transportation commission recommends deletion of a project and has not identified a replacement project for the contingency list in a reasonable timeframe, then SCAG will collaborate with the counties to identify a suitable replacement project from the region-wide contingency list and amend the project into the Regional Program.
- In order to ensure the timely use of all program funds, the CTC will, in the last quarter of the fiscal year, allocate funds to projects programmed in a future fiscal year on a first-come, first-served basis. SCAG will recommend approval of an advancement request if the project is:

- A Planning project and SCAG deems the project ready for allocation (see Allocation, below); or
- An Implementation project, and the county transportation commission recommends advancement of the project.

FTIP Amendments

All projects funded by the 2019 Regional Program must be amended into the Federal Transportation Improvement Program (FTIP).

- The county transportation commissions will be responsible for programming all Implementation projects into the FTIP.
 - Projects that are regionally significant and Transportation Control Measures (TCM) must be individually listed in the FTIP by the county transportation commission.
 - Projects that are not regionally significant or TCMs may be entered as a group listing by project function, using the applicable classifications under 23 CFR 771.117(c) and (d) and/or 40 CFR part 93 (See www.dot.ca.gov/hq/transprog/federal/fedfiles/res_publications/grouped_pjt_listings.pdf)
- SCAG shall be responsible for programming Planning and Non-Infrastructure projects into the FTIP.
- The county transportation commissions and SCAG shall aim to program all 2019 ATP projects, regardless of programming year, in the 2019 FTIP amendment cycle.

Allocation

The Regional Guidelines require allocation requests for a project in the Regional Program to include a recommendation from SCAG. SCAG shall defer this responsibility to the county transportation commissions for all Implementation projects and provide a concurrence letter to the county which notes that the project allocation request is consistent with the project as programmed in the FTIP or is being processed into the FTIP through an amendment or modification that is underway.

The CTC will consider approval of a Letter of No Prejudice (LONP) to advance a project programmed in the ATP. Approval of the LONP will allow the agency to begin work and incur eligible expenses prior to allocation. The Amended LONP Guidelines were adopted in October 2017 and are on the CTC's website, <http://www.catc.ca.gov/programs/atp/>.

Project Delivery

Per the Statewide Guidelines, ATP allocations must be requested in the fiscal year of project programming and are valid for award for six (6) months from the date of allocation, unless the CTC approves an extension. The Commission may extend the deadline only once for each allocation phase and only if it finds that unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The CTC and Caltrans require that the extension will not exceed the period of delay directly attributed to the extraordinary circumstance and cannot exceed twelve months.

If extraordinary issues exist that require a longer extension, the implementer may request up to 20 months for allocation only. Refer to the ATP Statewide Guidelines for complete project delivery requirements.

Extension requests for a project in the SCAG Regional Program must include a recommendation by SCAG. Extension requests will be approved by SCAG under the following conditions:

- If the project is an Implementation project, the county transportation commission has recommended that the project be extended.
- If the project is a Planning project, SCAG staff has reviewed the project status and determined that:
 - The project sponsor has made a good faith effort to meet programming deadlines and that there is a high likelihood that a project extension will result in project allocation; and/or
 - The justification for the extension indicates a reason that was unforeseen by the project sponsor and beyond the control of the project sponsor.

Caltrans will track the delivery of ATP projects and submit to the CTC a semiannual report showing the delivery of each project phase. SCAG will analyze these reports to identify project delivery issues in the SCAG region and work with the county transportation commissions and the project sponsor to resolve any issues.

Project Scope Change

In the event that a project requires a scope change, the project sponsor shall submit a request for scope change to SCAG and the responsible County Transportation Commission for review and approval. The request for scope change shall include:

- An explanation of the proposed scope change;
- The reason for the proposed scope change. If the request incorporates a change that alters original designs, the project sponsor shall provide the steps taken to retain the initial design and the extenuating circumstances that necessitate the design change. Extenuating circumstances are defined as those which make the project undeliverable due to costs and/or safety issues;
- The impact the proposed scope change would have on the overall cost of the project;
- An estimate of the impact the proposed scope change would have on the potential of the project to increase walking and bicycling as compared to the benefits identified in the project application (increase or decrease in benefit);
- An estimate of the impact the proposed scope change would have on the potential of the project to increase the safety of pedestrians and bicyclists as compared to the benefits identified in the project application (increase or decrease in benefit); and
- An explanation of the methodology used to develop the aforementioned estimates.

Project Reporting

As a condition of the project allocation, the CTC will require the implementing agency to submit semi-annual reports (unless the agency is subject to the Baseline Agreement requirement outlined in the 2019

ATP Statewide Guidelines) on the activities and progress made toward implementation of the project and a final delivery report. An agency implementing a project selected in the SCAG Regional Program must also submit copies of its semi-annual reports and s final delivery report to the county and SCAG. The purpose of the reports is to ensure that the project is executed in a timely fashion and is within the scope and budget identified when the decision was made to fund the project. Project reporting forms can be found at <http://www.dot.ca.gov/hq/LocalPrograms/lam/forms/lapgforms.htm>.

Schedule

Action	Date
CTC adopts ATP Guidelines	May 16, 2018
Call for projects	May 16, 2018
RC Approves ATP Regional Program Guidelines	July 5, 2018
Project applications to Caltrans (postmark date)	July 31, 2018
Commission approves or rejects MPO Guidelines	August 15, 2018
County 20 point score submitted to SCAG	December 31, 2018
Staff recommendation for statewide and small urban and rural portions of the program	December 31, 2018
Commission adopts statewide and small urban and rural portions of the program	January 2019
Counties submit recommended project lists to SCAG	February 1, 2019
Project PPRs Due to SCAG	February 1, 2019
SCAG Draft Regional Program	February 15, 2018
Deadline for MPO DRAFT project programming recommendations to the Commission	February 15, 2019
CEOs Approval	March 15, 2019
RC Adopts SCAG Regional Program Approval	April 4, 2019
Deadline for MPO FINAL project programming recommendations to the Commission	April 30, 2019
Commission adopts MPO selected projects	June 2019

**2019 Active Transportation Program Recommendations - SCAG Regional Program
(\$1000s)**

MPO	Application ID	County	Project Title	Total Project Cost	ATP Request	19-20	20-21	21-22	22-23	PA&E	PS&E	ROW	CON	CON NI	Project Type	DAC	SRTS	Final Score	Final Regional Score	State Funding
SCAG	11-Imperial County-2	Imperial	Heffernan Avenue from 14th Street to 10th Street	\$727	\$642	87	44	511		8	79	44	511		Infrastructure - S	X	X	71	91	\$642
SCAG	7-Huntington Park-1	Los Angeles	Huntington Park Bicycle and Pedestrian Safety and Connectivity Project	\$4,650	\$4,117	58		288	3,771	58	288		3,771		Infrastructure - M	X		89	99	\$4,117
SCAG	7-LA Bureau of Street Services (Engineering Division)-8	Los Angeles	Broadway-Manchester Active Transportation Equity Project	\$46,600	\$24,821	4,000		1,200	19,621	4,000	1,200		19,621		Infrastructure - L	X	X	89	99	\$0
SCAG	7-Los Angeles Department of Public Works (Bureau of Engineering)-7	Los Angeles	LA River Greenway, West San Fernando Valley Gap Closure	\$51,822	\$18,793	900		17,893			400	500	17,893		Infrastructure - L	X		89	99	\$18,793
SCAG	12-Costa Mesa-1	Orange	Merrimac Way Multipurpose Street, Sidewalk and Bicycle Facility Project	\$1,300	\$1,105	1,105							1,105		Infrastructure - S	X	X	87	107	\$1,105
SCAG	12-Santa Ana-10	Orange	McFadden Avenue Protected Bike Lane and Bicycle Boulevard Project	\$6,999	\$6,999	1,124	5,875			102	1,022		5,875		Infrastructure - M	X		81	101	\$0
SCAG	12-Santa Ana-14	Orange	Standard Avenue Protected Bike Lane and Protected Intersection Project	\$6,666	\$6,666	1,222	5,444			122	1,100		5,444		Infrastructure - M	X		80.5	99.5	\$0
SCAG	8-City of Palm Desert-1	Riverside	San Pablo Avenue Improvements from Fred Waring to Magnesia Falls	\$4,503	\$3,222	3,222							3,222		Infrastructure - M	X	X	86	106	\$3,222
SCAG	8-Riverside County Department of Public Health (Injury Prevention Services)-2	Riverside	Riverside County SRTS, Corona	\$580	\$325		325							325	Non-Infrastructure	X	X	86	86	\$325
SCAG	8-Riverside County Transportation Department-2	Riverside	El Toro Road-Dexter Avenue SRTS Sidewalk Project	\$2,311	\$2,311	\$50	\$410		1,851	50	330	80	1,763	88	Infrastructure + NI - M	X	X	77	87	\$2,311
SCAG	8-Lake Elsinore-3	Riverside	Murrieta Creek Multi-Use Trail - Palomar Trail to Lake Trail	\$5,079	\$5,079	\$365	\$350	460	3,904	365	350	460	3,904		Infrastructure - M			76	86	\$5,079
SCAG	8-Fontana-2	San Bernardino	Fontana SRTS Gap Closure	\$1,477	\$1,477	223	1,254			12	124	87	1,254		Infrastructure - S	X	X	88	108	\$1,477
SCAG	8-Rialto-3	San Bernardino	Terra Vista Drive Neighborhood SRTS Infrastructure Implementation	\$663	\$663	20	60	583		20	60		583		Infrastructure - S	X	X	87	107	\$663
SCAG	8-Twenty-nine Palms-1	San Bernardino	Twentynine Palms SRTS Infrastructure Implementation Grant	\$1,467	\$1,467	153	51	1,263		153	51		1,263		Infrastructure - S	X	X	87	107	\$0
SCAG	8-Rialto-1	San Bernardino	Safe Routes for Active Play, Work, and Live Rialto!	\$549	\$549	549							549	Non-Infrastructure	X	X	86	106	\$549	
SCAG	8-Ontario-1	San Bernardino	Pedestrian Improvements around Haynes, Vista Grande and Oaks Schools	\$6,998	\$5,764	841	4,923					841	4,767	156	Infrastructure + NI - M	X	X	84	104	\$5,764
SCAG	7-Ventura-1	Ventura	Active Transportation Mobility Plan	\$950	\$950	950							950	Plan	X	X	68	88	\$950	
SCAG	7-Oxnard-2	Ventura	Oxnard Boulevard Bikeway Gap Closure	\$860	\$860	98	762				98		762		Infrastructure - S	X	X	63	83	\$860
SCAG	7-Ventura County-1	Ventura	Potrero Road Bike Lane Improvements - Phase 2	\$1,515	\$1,265	1,265							1,265		Infrastructure - S			68	78	\$1,265
SCAG	7-Thousand Oaks-1	Ventura	Los Feliz Sidewalk Phase 2	\$1,495	\$898		898						898		Infrastructure - S	X	X	56	76	\$898
SCAG	7-LA County Department of Public Works-3	Los Angeles	East LA Active Transportation Education and Encouragement Program	\$747	\$500	\$500							\$500	Non-Infrastructure	X		84	89	\$500	
SCAG	12-Orange County Transportation Authority-2	Orange	Safe Travels Education Program (STEP) Campaign	\$500	\$500	\$500							\$500	Non-Infrastructure	X	X	74	94	\$500	
SCAG	8-Riverside County Department of Public Health (Injury Prevention Services)-3	Riverside	Riverside County SRTS Program, Desert Hot Springs	\$610	\$500		\$500						\$500	Non-Infrastructure	X	X	87	87	\$500	
SCAG	8-San Bernardino Association of Government-2	San Bernardino	San Bernardino County SRTS Program	\$1,053	\$500	\$500							\$500	Non-Infrastructure	X	X	83	103	\$500	
SCAG	SCAG	Various	SCAG 2019 Local Demonstration Initiative	\$2,599	\$2,599	\$2,599							\$2,599	Non-Infrastructure	X		N/A	N/A	\$2,599	
				\$152,720	\$92,572	\$20,331	\$20,896	\$22,198	\$29,147	\$4,890	\$5,102	\$2,012	\$73,901	\$6,667						\$52,619

CON: Construction Phase	RW: Right-of-Way Phase
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PS&E: Plans, Specifications & Estimate Phase	

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MPO	Application ID	County	Project Title	Total Project Cost	ATP Request	19-20	20-21	21-22	22-23	PA&E	PS&E	ROW	CON	CON NI	Project Type	DAC	SRTS	Final Score	MPO Score
Imperial County																			
SCAG	11-City of Calipatria-1	Imperial	City of Calipatria Non-Motorized Community Safety Project	\$4,563	\$4,517	300	5	4,212			300	5	4,183	29	Infrastructure + NI - M	X	X	75	85
SCAG	11-Imperial County-1	Imperial	West Side of Heber Avenue from 10th Street to Fawcett	\$1,045	\$923	105	40	778		13	92	40	778		Infrastructure - S	X	X	53	63
SCAG	11-Calexico-1	Imperial	Calexico New River Parkway Project	\$2,589	\$2,489	360	2,129				40	320	2,129		Infrastructure - M	X		40	50
SCAG	11-Imperial County-4	Imperial	Orchard Road Bike Lane from I-8 to Holtville City Limits	\$1,944	\$1,719	131		1,588		8	123		1,588		Infrastructure - M	X		37	47
Los Angeles County																			
SCAG	7-LA Bureau of Street Services-3	Los Angeles	Rock The Boulevard: Transforming Eagle Rock with Walkable Bikeable Streets	\$16,352	\$13,080	1,600		200	11,280	1,600	200		11,280		Infrastructure - L	X		88	98
SCAG	7-LA Department of Transportation-12	Los Angeles	Berendo Middle and Neighborhood Elementary Schools Safety Improvements Project	\$21,000	\$16,800	1,224	1,623	856	13,097	1,224	1,623	856	13,097		Infrastructure - L	X	X	88	98
SCAG	7-Long Beach-3	Los Angeles	Pine Avenue Bicycle Boulevard	\$3,493	\$3,143	106	75		2,962	106	75		2,962		Infrastructure - M	X		88	98
SCAG	7-LA Department of Transportation-16	Los Angeles	Lockwood Avenue Elementary School Neighborhood Safety Improvements Project	\$6,500	\$5,200	660	220	271	4,049	660	220	271	4,049		Infrastructure - M	X	X	87	97
SCAG	7-Los Angeles-2	Los Angeles	Blue Line FLM ATP: 103rd/WATTS, Willowbrook/Rosa Parks Station	\$31,259	\$25,007	2,550	1,373	3,036	18,048	2,550	1,373	3,036	18,048		Infrastructure - L	X		87	97
SCAG	7-LA County Department of Public Works-9	Los Angeles	Blue Line First/Last Mile Improvements: Firestone and Florence Stations	\$6,121	\$4,866	605		259	4,002	605	259		4,002		Infrastructure - M	X		87	97
SCAG	7-Paramount-1	Los Angeles	West Santa Ana Branch Bikeway Phase 3	\$4,800	\$4,300	496			3,804		496		3,804		Infrastructure - M	X		86	96
SCAG	7-LA Department of Transportation-19	Los Angeles	Vision Zero/SRTS Safety Education & Active Transportation Encouragement Program	\$3,881	\$3,770	3,770								3,770	Non-Infrastructure	X	X	85	95
SCAG	7-LA County Department of Public Works-8	Los Angeles	Slauson, Willowbrook/Rosa Parks, Del Amo Blue Line Station Area Improvements	\$11,778	\$9,361	963	413	1,419	6,566	963	413	1,419	6,566		Infrastructure - L	X		85	95
SCAG	7-Culver City-1	Los Angeles	Downtown to Expo Class 4 Bikeway	\$10,242	\$8,152		8,152						8,152		Infrastructure - L	X		87	94
SCAG	7-Long Beach-1	Los Angeles	11th Street Bicycle Boulevard	\$5,575	\$4,997	160	62		4,775	160	62		4,775		Infrastructure - M	X		83	93
SCAG	7-LA Department of Transportation-15	Los Angeles	Grant Elementary School Neighborhood Safety Improvements Project	\$3,250	\$2,600	338	113	74	2,075	338	113	74	2,075		Infrastructure - M	X	X	80	90
SCAG	7-Long Beach-6	Los Angeles	Blue Line First/Last Mile ATP: Anaheim and Wardlow Stations	\$12,511	\$12,511	440	1,760		10,311	440	1,760		10,311		Infrastructure - L	X		80	90
SCAG	7-LA County Metropolitan Transportation Authority-2	Los Angeles	Metro Orange Line Elevated Bikeway Project at Van Nuys/ Sepulveda	\$20,074	\$5,000	5,000							5,000		Infrastructure - L	X		79	89
SCAG	7-LA County Department of Public Works-5	Los Angeles	San Gabriel River Bicycle Trail at Whittier Boulevard Tunnel	\$4,000	\$4,000	200	525		3,275	200	525		3,275		Infrastructure - M	X		83	88
SCAG	7-South Gate-1	Los Angeles	South Gate Regional Bikeway Connectivity Project	\$6,940	\$5,552				5,552				5,552		Infrastructure - M	X		78	88
SCAG	7-LA County Department of Public Works-1	Los Angeles	San Gabriel Valley Four Corners Bike Path Gap Closures	\$18,830	\$15,030			15,030					15,030		Infrastructure - L	X		82	87
SCAG	7-Avalon-1	Los Angeles	Tremont Five Corners School Safety Roundabouts (aka Comprehensive Pedestrian Project)	\$4,043	\$1,731	1,731							1,731		Infrastructure - M	X	X	86	86
SCAG	7-South El Monte-1	Los Angeles	South El Monte SRTS Pedestrian Safety Project	\$1,268	\$1,268	135	1,133			15	120		1,133		Infrastructure - S	X	X	81	86
SCAG	7-Carson-1	Los Angeles	City of Carson Active Transportation Project	\$1,089	\$995	995							925	70	Infrastructure + NI - S	X		76	86
SCAG	7-LA County Department of Public Works-12	Los Angeles	Lake Los Angeles Pedestrian Plan Implementation (Phase 1)	\$6,800	\$5,406		1,234	4,172			584	650	4,172		Infrastructure - M	X		82	85
SCAG	7-Pico Rivera-1	Los Angeles	Rivera Elementary & Rivera Middle Schools SRTS Bicycle/Pedestrian Access Improvements	\$2,675	\$2,383				2,383				2,383		Infrastructure - M	X	X	80	85
SCAG	7-LA County Department of Public Works-2	Los Angeles	Whittier Narrows Rio Hondo Bike Path Connectivity Improvements	\$2,234	\$2,234	115		330	1,789	115	280	50	1,789		Infrastructure - M	X		80	85
SCAG	7-Los Angeles-5	Los Angeles	Expo Bike Path Northvale Gap Closure	\$34,752	\$29,231	17,987		11,244				17,987	11,244		Infrastructure - L	X		77	84
SCAG	7-Burbank-1	Los Angeles	Los Angeles River Bridge	\$2,222	\$1,833	102	246		1,485	102	151	95	1,485		Infrastructure - M	X		74	84
SCAG	7-LA Department of Transportation-9	Los Angeles	Los Angeles Safe Routes to Parks	\$1,500	\$1,500	1,500								1,500	Plan	X		82	82
SCAG	7-La Puente-1	Los Angeles	Valley Boulevard Pedestrian Improvements	\$3,721	\$2,234		2,234						2,234		Infrastructure - M	X		79	82
SCAG	7-Pomona-1	Los Angeles	San Jose Creek Bike Path	\$9,409	\$9,409	718	718		7,973	718	718	7,973			Infrastructure - L	X		78	81
SCAG	7-LA Department of Public Works (Bureau of Engineering)-4	Los Angeles	Envision Eastern: El Sereno Pedestrian Safety Project	\$16,388	\$12,652	1,176	634	440	10,402	1,176	634	440	10,402		Infrastructure - L	X		70	80
SCAG	7-LA County Department of Public Works-11	Los Angeles	Eaton Wash Bike Path - Huntington Drive to Longden Avenue	\$3,569	\$3,549	500		401	2,648	500	50	351	2,648		Infrastructure - M	X		77	79
SCAG	7-LA County Department of Public Works-13	Los Angeles	San Gabriel River Bike Path Extension, Azusa	\$1,499	\$1,499	100		189	1,210	100	154	35	1,210		Infrastructure - S	X		76	78
SCAG	7-Palmdale-1	Los Angeles	Palmdale Avenue S Safe Crossings to School Project	\$956	\$841	88	753			44	44		753		Infrastructure - S	X	X	73	78
SCAG	7-Commerce-1	Los Angeles	City of Commerce Veterans Park Neighborhood Sidewalk Walkability Connectivity Project	\$3,621	\$1,619	149		1,470					1,470		Infrastructure - M	X		73	78
SCAG	7-LA Bureau of Street Services (Engineering Division)-2	Los Angeles	Watts Central Avenue Streetscape, Phase 2	\$3,369	\$3,369	63		533	2,773	63	533		2,773		Infrastructure - M	X		68	78
SCAG	7-Monrovia-1	Los Angeles	Monrovia Active Community Link	\$13,125	\$12,125			12,125					12,125		Infrastructure - L	X		66	76
SCAG	7-Los Angeles-1	Los Angeles	Blue Line First/Last Mile: Washington, Vernon, & Slauson Station Areas	\$32,176	\$25,741	2,635	1,419	3,036	18,651	2,635	1,419	3,036	18,651		Infrastructure - L	X		66	76
SCAG	7-LA County Department of Public Works-4	Los Angeles	Acton SRTS Project	\$1,080	\$783	84	31	140	528	84	31	140	528		Infrastructure - S		X	75	75
SCAG	7-Long Beach-4	Los Angeles	Walnut Avenue Bicycle Boulevard	\$4,515	\$4,063	162	195		3,706	162	195		3,706		Infrastructure - M	X		70	75
SCAG	7-LA County Department of Public Works-10	Los Angeles	Dominguez Channel Greenway Extension	\$4,013	\$3,390	338	177	2,875		338	177		2,875		Infrastructure - M	X		65	75
SCAG	7-LA County Department of Public Health-2	Los Angeles	East Los Angeles Safe Routes for Seniors	\$445	\$399	399								399	Non-Infrastructure	X		65	75
SCAG	7-La Canada Flintridge-1	Los Angeles	Foothill Boulevard Link Bikeway and Pedestrian Greenbelt Project	\$3,807	\$1,006	1,006							1,006		Infrastructure - M			74	74
SCAG	7-LA Department of Transportation-17	Los Angeles	SRTS Plans: Next 50 School Campuses with Most Need	\$2,350	\$2,350	2,350								2,350	Plan	X	X	72	72
SCAG	7-Commerce-2	Los Angeles	City of Commerce Rosewood Neighborhood Active Transportation Connectivity Project	\$2,323	\$1,700	1,700							1,700		Infrastructure - M	X	X	62	72

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SCAG	8-Coachella Valley AOG-1	Riverside	Coachella Valley Arts and Music Line	\$31,629	\$24,989			24,989					24,989		Infrastructure - L	X	X	78	92
SCAG	8-Lake Elsinore-4	Riverside	Machado Street Sidewalk and Bike Lane Safety Improvements	\$1,441	\$1,441	210	120	1,111		10	200	120	1,111		Infrastructure - S	X		75	86
SCAG	8-Jurupa Valley-1	Riverside	Jurupa Valley Mira Loma Area SRTS Sidewalk Gap Closure	\$2,583	\$2,324	324		2,000			1	323	2,000		Infrastructure - M	X	X	75	85
SCAG	8-City of Hemet-1	Riverside	Enrich, Grow and Move Hemet: Caltrans Active Transportation Grant	\$6,937	\$5,514	653		4,861			222	431	4,861		Infrastructure - M	X		75	85
SCAG	8-Perris-1	Riverside	Operation CAPE - Cyclist and Pedestrian Education Program	\$594	\$559	559							559		Non-Infrastructure	X		84.5	84.5
SCAG	8-Jurupa Valley-2	Riverside	Jurupa Valley Granite Hill Area SRTS Sidewalk Gap Closure	\$3,577	\$3,211	411			2,800	1	410		2,800		Infrastructure - M	X	X	74	84
SCAG	8-Indio-1	Riverside	Clinton & Miles SRTS Corridor Improvement Project	\$5,837	\$5,837	175	525	5,137			175	525	5,137		Infrastructure - M	X	X	72	82
SCAG	8-Riverside County Transportation Department-4	Riverside	Theda Street SRTS Sidewalk Project	\$1,726	\$1,726	30	495		1,201	30	210	285	1,111	90	Infrastructure + NI - M	X	X	70	80
SCAG	8-Wildomar-1	Riverside	Bundy Canyon Active Transportation Corridor	\$5,072	\$4,007	4,007							4,007		Infrastructure - M			59	79
SCAG	8-Riverside County Department of Public Health (Injury Prevention Services)-1	Riverside	Riverside County SRTS Program, Moreno Valley	\$640	\$640		640							640	Non-Infrastructure	X	X	76	76
SCAG	8-Riverside-2	Riverside	City of Riverside HAWK and Traffic Signals	\$1,461	\$1,242	1,242							1,242		Infrastructure - S	X		53	73
SCAG	8-Riverside County Transportation Department-6	Riverside	Dillon Road Bike Lane Improvement Project	\$3,387	\$3,387	100	430		2,857	100	350	80	2,832	25	Infrastructure + NI - M	X		57.5	67.5
SCAG	8-Riverside County Transportation Department-5	Riverside	Lakeview Avenue SRTS Sidewalk Project	\$1,498	\$1,498	25	250		1,223	25	200	50	1,148	75	Infrastructure + NI - S	X	X	56	66
SCAG	8-Riverside County Transportation Department-3	Riverside	El Nido Avenue SRTS Sidewalk Project	\$1,641	\$1,641	30	322		1,289	30	250	72	1,289		Infrastructure - M	X	X	55	65
SCAG	8-Riverside County Transportation Department-1	Riverside	Hemet Area SRTS Sidewalk Project	\$1,907	\$1,907	25	565		1,317	25	225	340	1,157	160	Infrastructure + NI - M	X	X	53	63
SCAG	8-Riverside-1	Riverside	Ramona Neighborhood and Magnolia Center Neighborhood Pedestrian Improvements	\$2,392	\$1,894			1,894					1,894		Infrastructure - M	X		48	62
SCAG	8-Lake Elsinore-2	Riverside	East Lakeshore Drive Safety Improvements between Main and Diamond Drive	\$3,979	\$3,979	85	270	415	3,209	85	270	415	3,209		Infrastructure - M	X		50	60
SCAG	8-Palm Springs-1	Riverside	Safe Sidewalk Gap Closures at Community Hot Spots	\$3,178	\$2,861	2,861							2,861		Infrastructure - M	X		34	54
SCAG	8-Lake Elsinore-1	Riverside	Lakeshore Drive Sidewalk and Bike Lane Safety Improvements	\$6,479	\$6,479	160	350	445	5,524	160	350	445	5,524		Infrastructure - M	X		43	53
SCAG	8-Murrieta-1	Riverside	Whitewood Road and Alta Murrieta Drive Sidewalk Program	\$955	\$850	110	740			20	90		740		Infrastructure - S		X	17	27
SCAG	8-Beaumont-18	Riverside	Rehabilitation of Cherry Avenue Channel Walkway	\$785	\$785	100	685			10	90		685		Infrastructure - S		X	-1	9
San Bernardino County																			
SCAG	8-Highland-1	San Bernardino	Highland/San Bernardino Bi-City Bikeway/Walkway Connectors	\$11,044	\$7,740	123	893		6,724	123	613	280	6,724		Infrastructure - L	X	X	84	84
SCAG	8-Adelanto-3	San Bernardino	Adelanto Active Transportation Plan	\$198	\$198										Plan	X		83	83
SCAG	8-Redlands-1	San Bernardino	Orange Blossom Trail IV	\$1,850	\$1,850	85	127	650	988	85	127	650	988		Infrastructure - M	X		81	81
SCAG	8-Rialto-2	San Bernardino	Pepper Avenue SRTS Infrastructure Implementation Grant	\$6,192	\$5,775	601	201	4,973			601	201	4,973		Infrastructure - M	X	X	80.5	80.5
SCAG	8-Fontana-1	San Bernardino	San Seavine Class 1 Multi-Use Trail	\$27,420	\$27,420	2,250	3,670	21,500		2,250	2,500	1,170	21,500		Infrastructure + NI - L	X		79	79
SCAG	8-Chino Hills-1	San Bernardino	Los Serranos SRTS Project	\$2,292	\$1,823	66	1,742	15			66		1,742	15	Infrastructure + NI - M	X	X	74	74
SCAG	8-San Bernardino County-1	San Bernardino	Muscoy Area SRTS Pedestrian Improvements	\$2,000	\$1,800	99	468		1,233	99	171	297	1,233		Infrastructure - M	X	X	73	73
SCAG	8-San Bernardino-1	San Bernardino	Marshall Elementary SRTS Project, San Bernardino	\$2,100	\$1,890	45	1,845			45	270		1,575		Infrastructure - M	X	X	73	73
SCAG	8-Victorville-1	San Bernardino	Safe Routes Through Victorville (SRTV) Bike Network	\$2,987	\$2,967	114	228	2,625			114	228	2,625		Infrastructure - M	X		69	69
SCAG	8-Apple Valley-1	San Bernardino	Apple Valley SRTS	\$1,488	\$1,488	1,488							1,488		Infrastructure - S	X	X	69	69
SCAG	8-Grand Terrace-1	San Bernardino	West Barton Road and Mt. Vernon Avenue Active Transportation Improvements	\$2,380	\$2,380	200	2,180			100	100		2,180		Infrastructure - M	X		61	61
SCAG	8-Rancho Cucamonga-1	San Bernardino	6th Street/Rochester Avenue Cycle Track, Rancho Cucamonga	\$6,963	\$5,501	468	5,033			43	425		4,889	144	Infrastructure + NI - M	X		59	59
SCAG	8-Grand Terrace-2	San Bernardino	Gage Canal Multi-Use Trail	\$2,910	\$2,910	250	2,660			150	100		2,660		Infrastructure - M	X		57	57
SCAG	8-Rancho Cucamonga-2	San Bernardino	Healthy RC SRTS Infrastructure Improvement Plan	\$350	\$335	335							335	Plan	X	X	54	54	
Ventura County																			
SCAG	7-Ventura County Public Works Agency-5	Ventura	Pedestrian Improvements and Traffic Calming for SR25-Phase 1	\$6,950	\$6,254		250	1,069	4,935	224	845		4,935	250	Infrastructure + NI - M	X	X	81	91
SCAG	7-Thousand Oaks-2	Ventura	Gainsborough Road sidewalk, bikelanes and curb ramp project	\$647	\$588		588						588		Infrastructure - S		X	50	70
SCAG	7-Ventura County-4	Ventura	Ventura Avenue Pedestrian and Bike Lane Improvements	\$870	\$870	180	690				180		690		Infrastructure - S			59	69
SCAG	7-Oxnard-1	Ventura	Hemlock Street & Driskill Street SRTS, Oxnard	\$1,551	\$1,551	275	1,276					275	1,276		Infrastructure - M	X	X	58	68
SCAG	7-Ventura County-3	Ventura	Rose Avenue Bike Lane Improvements	\$743	\$743	110	633					110	633		Infrastructure - S	X		55	65
SCAG	7-Ventura County-2	Ventura	Rice Road Bike Lane Improvements	\$1,294	\$1,063	1,063							1,063		Infrastructure - S			44	54
SCAG	7-Camarillo-1	Ventura	Springville Multi-Use Path Improvements, Camarillo	\$6,290	\$5,970	306	1,790	3,874			306	375	1,415	3,874	Infrastructure - M	X	X	32	52

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Plan: Active Transportation Plan	L: Large
PS&E: Plans, Specifications & Estimate Phase	

MPO	Application ID	County	Project Title	Total Project Cost	ATP Request	19-20	20-21	21-22	22-23	PA&ED	PS&E	ROW	CON	CON NI	Project Type	DAC	SRTS	Final Score
SCAG	7-LA Department of Transportation-19	Los Angeles	Vision Zero/SRTS Safety Education & Active Transportation Encouragement Program	\$3,881	\$3,770	3,770								3,770	Non-Infrastructure	X	X	85
SCAG	7-LA Department of Transportation-9	Los Angeles	Los Angeles Safe Routes to Parks	\$1,500	\$1,500	1,500								1,500	Plan	X		82
SCAG	7-LA County Department of Public Health-2	Los Angeles	East Los Angeles Safe Routes for Seniors	\$445	\$399	399								399	Non-Infrastructure	X		65
SCAG	7-LA Department of Transportation-17	Los Angeles	SRTS Plans: Next 50 School Campuses with Most Need	\$2,350	\$2,350	2,350								2,350	Plan	X	X	72
SCAG	7-South Pasadena-1	Los Angeles	City of South Pasadena Citywide Active Transportation Plan	\$250	\$230	230								230	Plan	X	X	55
SCAG	12-Westminster-1	Orange	Westminster Citywide SRTS Master Plan	\$232	\$232	232								232	Plan	X	X	72
SCAG	8-Perris-1	Riverside	Operation CAPE - Cyclist and Pedestrian Education Program	\$594	\$559	559								559	Non-Infrastructure	X		84.5
SCAG	8-Riverside County Department of Public Health (Injury Prevention Services)-1	Riverside	Riverside County SRTS Program, Moreno Valley	\$640	\$640		640							640	Non-Infrastructure	X	X	76
SCAG	8-Rancho Cucamonga-2	San Bernardino	Healthy RC SRTS Infrastructure Improvement Plan	\$350	\$335	335								335	Plan	X	X	54

CON: Construction Phase	RW: Right-of-Way Phase
DAC: Benefit to Disadvantaged Communities	SRTS: Safe Routes to School
NI: Non-Infrastructure	S: Small
PA&ED: Environmental Phase	M: Medium
Plan: Active Transportation Plan	L: Large
PS&E: Plans, Specifications & Estimate Phase	

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Community
Economic & Human Development Committee (CEHD)
Energy & Environment Committee (EEC)
Transportation Committee (TC)
From: Lindsey Hansen, Community Engagement Specialist, Active
Transportation & Special Programs, (213) 236-1921,
hansen@scag.ca.gov
Subject: May is National Bike Month

**INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 4: Provide innovative information and value-added services to enhance member agencies' planning and operations and promote regional collaboration.

EXECUTIVE SUMMARY:

May is National Bike Month, when organizations throughout the country celebrate the benefits of biking, encourage people to bike more and bring attention to the need for improved safety for people biking. SCAG will kick-off National Bike Month at its Safety Leadership Symposium on Wednesday, May 1, and will provide support and resources to local agencies planning campaigns or events throughout the month of May.

BACKGROUND:

May is recognized every year as National Bike Month. During May, organizations throughout the country plan activities and campaigns to celebrate the benefits of biking, encourage people to bike more and bring attention to the need for improved safety to support people as they bike. Historically, SCAG has celebrated National Bike Month through its *Go Human* program, supporting local jurisdictions at events or by providing co-branded materials.

SCAG launched *Go Human* in 2015 to reduce collisions involving people walking and biking, and to encourage people to walk and bike more frequently. The campaign has a multi-faceted approach to achieving its goals, including a regional advertising campaign, pop-up safety demonstration event resources and a partnership strategy through which SCAG shared co-branded materials.

This year, SCAG's *Go Human* program will celebrate National Bike Month by continuing to provide support to local jurisdictions as they plan celebrations, educational events or campaigns.

Additionally, SCAG will kick-off National Bike Month at its Safety Leadership Symposium on Wednesday, May 1. Elected officials are invited to join us to explore regional traffic safety issues at

a special pre-conference, Safety Leadership Symposium on Wednesday, May 1, from 11 a.m. – 5 p.m. Expert panelists will highlight policy and implementation tools available to local governments to improve safety.

Traffic safety is a serious issue in Southern California, and people who bike or walk are particularly vulnerable. Pedestrians and bicyclists only make up about 12% of all daily trips, but account for about 27% of traffic fatalities in the SCAG region. Many of these injuries and deaths can be prevented through local education or enforcement strategies, or by designing safer streets.

Registration for the Safety Leadership Symposium is free for elected officials in the SCAG region. If you are interested in attending the symposium, want to request *Go Human* materials or other support for National Bike Month, or if you have questions, please contact Lindsey Hansen, Community Engagement Specialist, at hansen@scag.ca.gov or (213) 236-1921.

Funding for the Safety Leadership Symposium and other *Go Human* activities is provided in part by a grant from the California Office of Traffic Safety, through the National Highway Traffic Safety Administration.

FISCAL IMPACT:

Staff time and resources to support *Go Human* activities are provided by an Office of Traffic Safety grant and programmed in project 225-3564.13 of the Overall Work Program (OWP).



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Community, Economic and Human Development Committee (CEHD)
From: Lindsey Hansen, Community Engagement Specialist, Active Transportation & Special Programs, (213) 236-1921, hansen@scag.ca.gov
Subject: Connect SoCal: How Will We Connect?

**INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

For Information Only – No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:

The rapid growth of carsharing and ridesharing is increasing mobility options across Southern California. However, new mobility services also place new demands on public infrastructure and right of way. Austin Heyworth, Uber, will discuss some of the growing pains communities have experienced with the introduction of ride-hailing and shared-mobility services and share opportunities for communities to partner with the private sector to facilitate the successful introduction of shared mobility services.

BACKGROUND:

As SCAG develops Connect SoCal, the 2020-2045 Regional Transportation Plan and Sustainable Communities Strategy, Joint Policy Committee meetings will highlight emerging regional issues. As part of today’s meeting, to conclude the series, SCAG will address the key issue of transportation, with panelists discussing how the region will connect in the future.

To build on the Joint Policy Committee conversation, the committee will receive a presentation from Austin Heyworth, Director of Public Affairs at Uber. Uber shares a common goal with many local jurisdictions in the SCAG region: To reduce personal car use and subsequent congestion, pollution and collisions. Heyworth will discuss the challenges and opportunities related to the rapid deployment of shared mobility services in Southern California.

Uber is a transportation network company (TNC) that provides prearranged transportation services for compensation using an online-enabled application or platform to connect drivers using their personal vehicles with passengers. Like other TNCs, Uber is expanding its suite of offerings to encourage multi-modal transportation choices. In 2018, Uber users were given the option of booking a JUMP electric bicycle through their Uber app, and Uber is partnering with transit agencies in multiple locations to provide first-mile/last-mile solutions.

Shared mobility is considered one of the “three revolutions” in urban transportation. Research conducted by University of California, Davis and the Institutes of Transportation Development Policy concludes, ride-sharing in combination with the revolutions in electrification and automation, could cut the cost of vehicles, infrastructure and transportation system operation by more than 40 percent. All three revolutions will be considered in the development of Connect SoCal.

FISCAL IMPACT:

Staff work associated with this agenda item is funded in the Overall Work Program under Project: 010.0170.01.



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Energy & Environment Committee (EEC)
Transportation Committee (TC)
Community, Economic and Human Development Committee (CEHD)

From: Jason Greenspan, Manager of Sustainability, Sustainability,
213-236-1859, greenspan@scag.ca.gov

Subject: Sustainable Communities Strategy Framework Update

**INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION FOR EEC AND CEHD:

For Information Only- No Action Required

RECOMMENDED ACTION FOR TC:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:

In preparation of the 2020 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), Connect SoCal, SCAG will be developing an SCS that sets forth a forecasted regional development pattern which, when integrated with the transportation network, measures, and policies, will reduce per capita greenhouse gas emissions as compared to a 2005 baseline. An SCS Framework outlining development of this document was approved by the Regional Council in October 2018. This item is an update on the progress of SCS development and next steps.

BACKGROUND:

Sustainable Communities Strategy (SCS) development includes a number of steps outlined in the SCS Framework¹ including processing local input data, developing key strategy areas, creating alternative scenarios, modeling, and stakeholder outreach. This process will help SCAG articulate a future vision for the region. Turning this vision into a reality will depend on the actions taken by many local partners to be supported by SCAG through the strategies and policies articulated in the SCS.

To date, SCAG has completed the following tasks:

- Draft goals and guiding policies (for Connect SoCal)²
- Initial stakeholder outreach through working groups and select one-on-one interviews
- Scenario development principles (land use only)

¹ See Attachment 1: Sustainable Communities Strategy Framework and Development Process.

² <http://www.scag.ca.gov/committees/CommitteeDocLibrary/rc090618fullagn.pdf> (Packet pg.345)

The following key tasks will be completed in the next several months:

- Land use and transportation strategy integrated policy development
- Complete scenario development and initial modeling
- Additional stakeholder outreach

SCAG's SCS will continue to rely upon local land use agencies for application of land use policies and growth decisions and will depend on local transportation agencies to implement their planned projects. Ultimately, the opportunity for the SCS is to define areas where the region can collectively partner to achieve shared goals and advocate for critical resources. The SCS can also articulate policy and priority areas to shape SCAG's future implementation programs.

SUMMARY OF PROGRESS TO DATE

Initial Stakeholder Outreach

In May 2018, SCAG launched the Sustainable Communities Working Group as a forum to discuss sustainability policies and strategies with local stakeholders. This group consists of staff from member jurisdictions, transit agencies, planning consultants, and non-profit advocacy groups and has met four times since May 2018. Feedback from this group was used to inform initial scenario development principles and is the foundation for refining land use strategies and policies for inclusion in the plan. Some takeaways from this group include: identification of common barriers to sustainable development such as funding and 'NIMBYism'; the need for more focus on job-housing fit solutions; the need for coordination and support on emerging transportation technologies; support for sustainable development solutions for existing suburban communities; and the challenge of providing sufficient affordable housing.

As part of developing the scenario land use methodology, SCAG outreach consultants also contacted a select group of planning directors throughout the region and Council of Government (COG) directors to solicit feedback and reflection on broad scenario concepts and SCS development. This feedback highlighted the broad diversity of challenges and potential effective solutions that vary across the region based on a place's existing conditions and also provided useful direction to SCAG staff in refining scenario development methodology.

Scenario Development Principles (Land Use)

SCAG uses scenario planning to develop, evaluate, and consider distinct pathways the region could take to meet Connect SoCal's goals. Three scenarios will be prepared in addition to the Trend, and Local Input "Base Case" scenarios as outlined in the Sustainable Communities Strategy Framework and Development Process. The criteria and methodology developed for scenarios based on available and verifiable data sources. The designs, priority growth areas, and constraints were based on stakeholder feedback and may be modified or changed for the final recommended preferred scenario based on additional feedback and review of scenario performance. The transportation strategies and investments that will be paired with each scenario are based on project lists submitted from County Transportation Commissions. This pairing will be completed by May 2019.

Key Scenario Development Rules

1. All entitled land use projects are included
2. Local land use plans are referred to for use designation and capacity.
3. Jurisdictional growth control totals are maintained, except in one less constrained scenario in which the growth can vary up to 5-10% to allow for increased growth in targeted growth priority areas.

Growth Constraints (i.e. where growth is not applied)

- Military land
- Existing open space (i.e. parks within jurisdictions, land designated as “Open Space”)
- Conserved land
- Areas projected to have 2 ft. sea level rise by 2100
- Unincorporated Counties: Agriculture
 - Prime Farmland
 - Farmland of Statewide Importance
 - Unique Farmland
 - Farmland of Local Importance
- No housing in 500 ft. buffer of high capacity roadways³, except where the growth overlaps a defined Transit Priority Area

Moreover, growth will be avoided in the following areas, except when it conflicts with accommodating a jurisdiction’s forecasted growth total.

- Wildland Urban Interface
- Agriculture - Grazing Land
- Incorporated Cities: Agriculture
 - Prime farmland
 - Farmland of statewide importance
 - Unique farmland
 - Farmland of local importance
- Moderate flood hazard areas between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood
- CalFire Very High Severity fire risk (state and local)
- Natural lands and habitat corridors (Connectivity, Habitat Quality, Habitat Type layers)

Growth Priority Areas

Transit Priority Areas (TPAs): An area within one-half mile of a major transit stop that is existing or planned (existing rail transit station, a ferry terminal served by bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods). (Based on CA Public Resources Code Section 21099 (a)(7) and CA Public Resources Code Section 21064.3)

High Quality Transit Areas (HQTAs): Areas within one-half mile of a high-quality transit corridor which is a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours. (Based on CA Public Resources Code Section 21155(b))

³ High capacity roadways= 100,000 average daily traffic

Livable Corridors: This arterial network is a subset of the high quality transit areas based on level of transit service and land use planning efforts with a few additional arterials identified through corridor planning studies funded through the Sustainability Planning Grant program (currently the Sustainable Communities Program).

Neighborhood Mobility Areas (NMAs): Areas with high intersection density (generally 50 intersections per square mile or more), low to moderate traffic speeds, and robust residential retail connections which can support the use of Neighborhood Electric Vehicles or active transportation for short trips.

Job Centers: Areas with significantly higher employment density than surrounding areas. Over 60 subareas throughout the region are identified as having peak job density. These are identified at fine, medium, and coarse scales (1/2, 1, and 2 km) to capture locally significant job centers within the region.

UPCOMING TASKS

Land Use and Transportation Strategy and Policy Development

While there are many technical steps left in SCS and scenario development, opportunities remain for elected officials and stakeholders to influence the final shape and policies promoted in the plan. While the scenarios help to illustrate potential futures, the strategies and policies in the plan help to specify how the region can achieve that preferred future. This will be especially important given the pending updated California Air Resources Board SCS Evaluation Guideline's increased emphasis on articulating a path towards implementation.

Scenario Development and Initial Modeling

SCAG is currently refining the land use growth allocation for the scenarios mentioned above. Once these scenarios are paired with transportation strategies it will be possible to run the Scenario Planning Model to determine the comparative performance of each scenario on several indicators including land consumption, energy and water use, household cost, and greenhouse gas emissions (GHG).

Stakeholder Outreach

SCAG has several planned outreach activities to help shape the scenarios and draft strategies and policies that will be presented to the wider public during May 2019 workshops.

Community Based Organizations: SCAG will be partnering with community based organizations to solicit participation and feedback on the draft scenarios and SCS strategies from traditionally underrepresented stakeholders.

Planning Directors Task Force: SCAG will convene local planning directors to obtain guidance and feedback on SCAG's proposed strategies and policies. This feedback will supplement the

local input data already collected by SCAG to leverage the expertise of these planning directors on appropriate solutions for regional sustainability.

Public Outreach- Intercept and Online Surveys: SCAG will launch a public facing outreach tool, Neighborland, to facilitate robust dialogue on scenario and strategy development. The survey will be available online, distributed to existing contact lists, and used for and in-person intercept survey to ensure a broad array of feedback from the public.

NEXT STEPS:

Staff will be working on the tasks identified above to complete scenario development for analysis and release at the General Assembly in May 2019, followed by public workshops held throughout the region. With feedback from the public workshops and the above mentioned stakeholder outreach, SCAG will prepare a final preferred scenario to incorporate into Connect SoCal to be reviewed by the CEHD Committee and thereafter, the Regional Council.

FISCAL IMPACT:

Work associated with this item is included in the current FY 2018-2019 Overall Work Program (290.4826.01, SCS Scenario Development and Outreach; and 290.4841.01, RTP/SCS Land Use Policy & Program Development)

ATTACHMENT(S):

1. Sustainable Communities Strategy Framework and Development Process
2. Draft Connect SoCal Sustainable Communities Implementation Strategies

Sustainable Communities Strategy Framework and Development Process

Developing the region's Sustainable Communities Strategy (SCS) as an integral part of *Connect SoCal*, SCAG's 2020 Regional Transportation Plan/ Sustainable Communities Strategy (RTP/SCS), involves significant public outreach, technical exercises, procedural steps, and coordination amongst multiple agencies. The following overview highlights key steps and inputs of SCS development.

Local Input Process

Developing and completing the SCS for *Connect SoCal* represents a 2-1/2 year long commitment that commenced in October 2017 when SCAG staff initiated the local input process. Local input provides the foundation for the SCS by highlighting recent growth policies and by confirming existing and proposed land use data. This year-long process involved meeting directly with all local jurisdictions to establish a regional profile of base year land use; population, household and employment growth; resource areas; sustainability practices; and local transit-supportive plans and policies.

Stakeholder Outreach

SCAG will use a multifaceted outreach process to inform the SCS and seek feedback on potential strategies. The **SCS Outreach and Engagement Strategy**, to be developed in Fall 2018, will outline what will be explored through stakeholder engagement, and detail how the outreach will inform the SCS scenarios and overall *Connect SoCal* development process. The key outreach activities related to SCS development include the following¹:

- [SCAG Regional Planning Working Groups](#) (Ongoing)
- Pre-Scenario Public Surveys (September 2018 – December 2018)
- Planning Directors Task Force (Fall 2018 – Spring 2019)
- Community Based Organization Partnerships (Fall 2018 – Fall 2019)
- Public Workshops (May 2019)

Key Strategy Areas

Strategies are the investments and policy solutions (proposed or adopted) intended to address regional challenges or achieve regional aspirations. Known challenges facing the region include traffic congestion, housing affordability, poor air quality, a changing climate, and disruptive technologies. Regional aspirations are given structure by *Connect SoCal* goals and are continually refined through the planning

¹ Note: This list is not inclusive of all outreach activities related to *Connect SoCal* development.

process. Collectively, the strategies included in the SCS* should demonstrate how the region can reduce per-capita GHG emissions to meet the 2020 and 2035 reduction targets. To develop effective strategies, SCAG examines existing conditions, trends, recent research, and planned regional investments and policies.

The potential strategies to be considered for inclusion in the SCS fall into multiple types as shown in the example from the California Air Resources Board in Figure 1 below.

FIGURE 1: CA Air Resources Board- SCS Strategy Examples

Strategy Type	Examples
Land Use	Infill development, increased multi-family and/or small lot development, increased densities for residential and commercial development, transit-oriented development, etc.
Transportation	Increased transit operations and efficiency, bike and pedestrian infrastructure, bikeshare systems, complete streets policies, etc.
Transportation Demand Management (TDM)	Carpool/vanpooling, rideshare and ridematching programs, carshare, high-occupancy vehicle (HOV) lanes, parking supply management, transportation incentive programs, etc.
Transportation Systems Management (TSM)	Traffic signal optimization, transit signal priority, ramp metering, incident management, intelligent transportation systems, integrated corridor management, etc.
Pricing Strategies	High-occupancy toll (HOT) lanes, local/regional congestion pricing, variable parking pricing, etc.
Vehicle Technology/Enhanced Mobility	ZEV/PHEV charging infrastructure, vehicle-to-vehicle technology, vehicle-to-infrastructure technology, neighborhood electric vehicles, autonomous vehicles, etc.

Source: ARB (2018) [Target Update: Appendix A](#)

The strategies that were included in the 2016 RTP/SCS are outlined below and include both strategies that lead to measurable GHG emission reductions and strategies that serve other plan goals (such as “Ensure travel safety and reliability for all people and goods in the region”).

2016 RTP/SCS Strategies²

Land use strategies

- Reflect our Changing Population and Demands
 - Increase in small lot single family and multifamily housing
 - Infill development near bus corridors and other transit infrastructure
- Focus New Housing and Employment Growth Around Transit
- Plan for Mixed Use Growth Around Livable Corridors
- Provide More Options for Short Trips
 - Support Neighborhood Electric Vehicle (NEV) use
 - Development of complete communities through a mix of land uses in strategic growth areas
- Support Local Sustainability Planning
- Protect Natural and Farm Lands
 - Redirecting growth away from high value habitat areas to existing urbanized areas

Transportation strategies

- Preserve our Existing System (“Fix-it-First”)
- Manage Congestion
 - Transportation Demand Management (ex. ridesharing, teleworking)
 - Transportation Systems Management (ex. advance ramp metering)
- Promote Safety and Security
- Transit
 - Implement new Bus Rapid Transit (BRT) and limited-stop bus service
 - Increase bicycle carrying capacity on transit and rail vehicles
 - Expand and improve real-time passenger information systems
- Passenger Rail
 - Improve the Los Angeles- San Diego- San Luis Obispo Rail Corridor
 - Improve the existing Metrolink system
 - Implement Phase One of the California High-Speed Train
- Active Transportation
 - Develop regional bikeway corridors and greenway corridors
 - Improve biking and walking access to transit (transit integration)
 - Provide education and encouragement for current and potential active transportation users.
- Highways and Arterials
 - Focus on addressing non-recurring congestion with new technology.
 - Support Complete Streets opportunities where feasible and practical
- Regional Express Lane Network

² See [Chapter 5](#) of the 2016 RTP/SCS for a full description of these strategies.

- Expand and extend regional express lane network

2016 RTP/SCS Strategies (continued)

- Goods Movement
 - Regional Clean Freight Corridor System
 - Truck bottleneck relief

Connect SoCal will expand from the 2016 RTP/SCS to incorporate, refine, and build from the strategies included in that plan. As mentioned above, through the planning process, SCAG will examine emerging conditions such as potential climate change impacts and trends such as the building of accessory dwelling units that can lead to new strategy development. A few of the strategies that will be further explored for their GHG reduction potential during development of the 2020 RTP/SCS, *Connect SoCal*, include the following:

Additional Connect SoCal Strategies

- Jobs-Housing Fit and Balance
- Parking Management
- Automated Vehicles and other Mobility Technologies
- Pricing
- Transit and shared mobility innovations including microtransit, transportation network companies (TNC) partnerships, and fare subsidies
- Safe Routes To School
- Goods Movement
 - Last mile delivery strategies

Scenario Development

SCAG uses scenario planning to develop, evaluate, and consider distinct pathways the region could take to meet *Connect SoCal's* goals. Each scenario is made up of a unique combination of strategies. As stated in the [Bottom-Up Local Input and Envisioning Process](#) Principle #3 (adopted October 2017):

SCAG will develop multiple scenarios that explore a range of land use and transportation strategies. These scenarios will illustrate the impact of distinctive policy and investment choices, and will be compared to the “base case” in order for the Regional Council and Policy Committees to evaluate the merits of regional decisions for the Plan.

Additional objectives for the draft scenarios include:

- be distinct from each other
- be thematic or easily communicated as concepts.

- be sensitive to the modeling capabilities of SCAG’s technical tools such as the Scenario Planning Model (SPM) and the Activity Based Model (ABM)

Generally, scenario development proceeds through several steps to answer the following key questions³:

- **Where are we now?** (Local input process and evaluation of regional trends)
- **Where do we want to go?** (Goals and Guiding Policies, regional envisioning process)
- **What could the future look like?** (“Base case” and alternative scenarios)
- **What impacts do scenarios have?** (Modeling and performance evaluation)

On the heels of the local input process (“Where are we now?”), SCAG seeks direction through additional stakeholder outreach and establishment of goals, guiding policies and performance measures which will underpin the **Scenario Development Principles** to be completed by the end of 2018. These principles will highlight broad directions and guidance for the scenario designs (“Where do we want to go?”) and will highlight emergent trends and preferred strategies for addressing issues. Given that the input from the outreach process may garner divergent opinions and information and highlight opposing priority areas, it will likely be necessary to distill the input into multiple distinct scenarios. Tentatively, the draft scenarios will align with the outline show in Figure 2.

FIGURE 2: Draft Scenario Designs Outline

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Theme	Trend	Local Input “Base Case”	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>

In order to establish comparable scenarios, there will need to be common assumptions for all scenarios for those variables that cannot be influenced by regional investments or strategies, for example:

- Auto Operating Costs
- Regional Household, Population, and Jobs growth
- Technology: Horizon year for Automated Vehicle (AV) penetration
- Plan Base Year: 2016
- Plan Horizon Year: 2045

Once the scenarios have been developed, they will be shared with the general public through a series of workshops, as detailed below.

Public Workshops

At least 16 workshops will be conducted throughout the region in the Spring/Summer of 2019 to provide stakeholders a clear understanding of issues and

³ Adapted from [Federal Highway Administration Scenario Planning Guidebook](#)

policy choices, and to collect and process valuable feedback on scenarios developed. In order to provide the public with information and necessary tools for evaluation, each workshop will include urban simulation computer modeling to create visual representations of the SCS and/or Alternative Planning Strategy if applicable.⁴ These workshops will be held in each County in the region and at times and in locations that are accessible to the local population, as outlined in SCAG's Public Participation Plan.

Modeling Tools

After scenarios have been designed, they are evaluated using SCAG's two internally developed modeling tools, the Scenario Planning Model and the Activity Based Model. The modeling process produces quantitative measurement of key variables that help to assess the differences between scenario alternatives.

For strategies that cannot be reflected through either model, but for which there is data or research to demonstrate GHG reduction impacts, SCAG develops off-model methodologies to quantify related impacts.

Further detail about these tools and SCAG's off-model methodologies will be documented in **SCAG's Technical Methodology** which will be prepared for submission to the ARB in Spring 2019, in advance of SCAG's public workshops.

Preferred Scenario Recommendation

In Summer 2019, after the draft scenarios have been designed and evaluated, it will be necessary to develop a final preferred scenario to be recommended for adoption by SCAG's Regional Council as part of *Connect SoCal*. This preferred scenario can either be one of the initial scenario designs or a hybrid of multiple scenarios. The Draft Preferred Scenario will consist of a land use forecast, revenue forecast, transportation projects and programs, as well as transportation and land use policies.

Draft Sustainable Communities Strategy

Once the Draft Preferred Scenario is established, SCAG staff will draft the SCS for inclusion in *Connect SoCal*. The SCS will set forth a forecasted development pattern for the region, which, when integrated with the transportation network and other transportation measures and policies in the regional transportation plan, will reduce the GHG emissions from automobiles and light trucks to achieve the 19% per-capita GHG reduction from 2005 emission levels by 2035.

⁴ An Alternative Planning Strategy (APS) is not part of the RTP and is developed if the SCS does not achieve the GHG emission reduction target. The APS would describe the additional strategies that would be necessary to reach the GHG emission reduction target.

Draft Connect SoCal Sustainable Communities Implementation Strategies

1. Focus growth near destinations and mobility options

- a. Emphasize land use patterns that facilitate multimodal access to work and non-work destinations.
- b. Focus on jobs-housing fit to reduce commute times and distances.
- c. Plan for growth near transit investments and support implementation of first/last mile strategies.
- d. Promote the redevelopment of underperforming retail developments and other outmoded nonresidential uses.
- e. Prioritize infill and redevelopment of underutilized land to accommodate new growth and increase amenities and connectivity in existing neighborhoods.
- f. Encourage design and transportation options that reduce the number of and reliance upon solo car trips (this could include mixed uses or locating and orienting close to existing destinations).
- g. Identify ways to “right size” parking requirements and promote alternative parking strategies (e.g. shared parking, smart parking).

2. Promote diverse housing choices

- a. Preserve and rehabilitate current affordable housing and prevent displacement.
- b. Identify opportunities for new workforce and affordable housing development.
- c. Creative incentives and reduce regulatory barriers for building context-sensitive accessory dwelling units to increase housing supply.
- d. Provide support to local jurisdictions to streamline and lessen barriers to housing development that supports reduction of per-capita greenhouse gas emissions.

3. Leverage technology innovations

- a. Promote low emission technologies such as neighborhood electric vehicles, shared ride hailing, car sharing, bike sharing, and scooters by providing supportive and safe infrastructure such as dedicated lanes, charging, and parking/drop-off space.
- b. Improve access to services through technology- such as telework and telemedicine as well as commuter incentives such as a mobility wallet.
- c. Identify ways to incorporate micro-power grids in communities, e.g. solar energy, hydrogen fuel cell power storage and power generation.

4. Support implementation of sustainability policies

- a. Pursue funding opportunities to support local sustainable development implementation projects that reduce greenhouse gas emissions.
- b. Support statewide legislation that reduces barriers to new construction and that incentivizes development near transit corridors and stations.
- c. Support cities in the establishment of EIFDs, CRIAS, or other tax increment or value capture tools to finance sustainable infrastructure and development projects.
- d. Work with local jurisdictions and communities to identify opportunities and assess barriers for implementing sustainability strategies.

- e. Enhance partnerships with other planning organizations to promote resources and best practices in the SCAG region.
 - f. Continue to support long range planning efforts by local jurisdictions.
 - g. Provide educational opportunities to local decisions makers and staff on new tools, best practices and policies related to implementing the sustainable communities strategy.
- 5. Promote a green region**
- a. Support development of local climate adaptation and hazard mitigation plans as well as project implementation that improves community resiliency to climate change and natural hazards.
 - b. Support local policies for renewable energy production, reduction of urban heat islands and carbon sequestration.
 - c. Integrate local food production into the regional landscape.
 - d. Promote more resource efficient development focused on conservation, recycling and reclamation.
 - e. Preserve, enhance and restore regional wildlife connectivity.
 - f. Reduce consumption of resource areas, including agricultural land.
 - g. Identify ways to improve access to public park space.

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Community
Economic & Human Development Committee (CEHD)
Energy & Environment Committee (EEC)
Transportation Committee (TC)
Community, Economic and Human Development Committee (CEHD)
From: MaAyn Johnson, Senior Regional Planner, Compliance & Performance Monitoring, (213) 236-1975, johnson@scag.ca.gov
Subject: RHNA Methodology Survey Packet

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

RECOMMENDED ACTION FOR CEHD:

For Information Only – No Action Required

RECOMMENDED ACTION FOR EEC and TC:

Receive and file.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

EXECUTIVE SUMMARY:

As part of the development of the proposed RHNA methodology, on March 19, 2019 SCAG distributed a survey packet to local jurisdictions with three surveys: (1) Local planning factor survey; (2) affirmatively furthering fair housing (AFFH) survey; and (3) replacement need survey. State law requires that SCAG survey its jurisdictions on local planning factors prior to the development of its proposed RHNA methodology along with information on fair housing analyses to affirmatively further fair housing. The due date for jurisdictions to return the survey packet to SCAG is April 30, 2019.

BACKGROUND:

Government Code Section 65584.04(b) requires that SCAG survey its jurisdictions on local planning factors no more than six months prior to the development of its proposed RHNA methodology. Formerly known as “AB 2158 factors” due to the eponymous 2004 State legislation, these factors cover a range of planning opportunities and constraints that will allow the development of a methodology and are listed in Government Code Section 65584.04(e). SCAG is required to review each of these factors in its proposed RHNA methodology. The RHNA Subcommittee reviewed the survey packet at its February 4 and March 4, 2019 meetings and approved survey distribution at its March 4, 2019 meeting.

Subsequent to receiving their draft RHNA allocation, jurisdictions may file an appeal to their own draft allocation or the allocation of another jurisdiction within the region. Per Government Code Section 65584.05(b)(1), an appeal may be filed based on the claim that SCAG did not adequately consider the information submitted under the proposed methodology planning factor survey. For an appeal to be based on the planning factors listed in subsection (e) of Government Code 65584.04, a jurisdiction is required to have submitted a local planning factor survey with input on the corresponding local planning factors.

There are fourteen (14) specific planning factors listed in Government Code Section 65584.04(e) that are required to be included in the proposed methodology survey. The full language of each factor is listed in the appendix for the attached draft survey and generally described as follows:

- (1) Existing and projected jobs and housing relationship, particularly the number of low-wage jobs and number of housing units affordable to low wage workers;
- (2) Lack of capacity for sewer or water service due to laws, regulations or actions made outside of the jurisdiction's control;
- (3) Availability of land suitable for urban development or for conversion to residential use – cannot be limited by existing zoning ordinances and local land use restrictions of a locality;
- (4) Lands protected from development under Federal or State programs or locally approved ballot measures, including to protect open space, farmland, and environmental habitats and resources;
- (5) County policies to preserve prime agricultural land subject to local approved ballot measure;
- (6) Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation;
- (7) Agreements between a county and cities to direct growth to incorporated areas of the county;
- (8) Loss of low income units through mortgage prepayments, contract expirations or termination of use restrictions;
- (9) Percentage of existing households that pay more than 30% and more than 50% of their income in rent;
- (10) The rate of overcrowding;
- (11) The housing needs of farmworkers;
- (12) Housing needs generated by the presence of a university campus within the jurisdiction;
- (13) Loss of units during a declared state of emergency that have yet to be rebuilt or replaced at the time of the survey; and
- (14) The region's greenhouse gas emission targets provided by the California Air Resources Board.

SCAG may also elect to adopt other factors to include in the survey provided that the additional factors either (1) further one of the objectives of State housing law or (2) does not undermine the objectives, is applied equally to all household income levels, and that it is necessary to address significant health and safety conditions. No additional factors were added to the survey by the

RHNA Subcommittee. However, jurisdictions that would like to provide responses outside of the fourteen (14) factors may add them in the “Other Factors” field.

While jurisdictions can provide input on local planning conditions as part of the survey, there are several criteria that ***cannot*** be used to determine or reduce a jurisdiction’s RHNA allocation, per Government Code Section 65584.05 (g):

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

Between October 2017 and October 2018, SCAG included these factors as part of the local input survey and surveyed a binary yes/no as to whether these factors impacted jurisdictions. For convenience, survey answers received by SCAG are pre-populated for each jurisdiction that submitted them. However, jurisdictions are encouraged to review these answers and provide any additional edits, as needed. Moreover, several factors added by recent legislation, including jobs-housing balance/fit, households that overpay in rent, rate of overcrowding, loss of units from a state of emergency, and regional greenhouse gas emission targets, have been added since the conclusion of the local input process.

Because a number of local planning factors are not confined solely within a jurisdiction’s boundaries, SCAG will distribute the survey to subregions to seek input on how these factors may impact multiple jurisdictions or subregions. The subregional survey on local planning factors uses the same template as the jurisdictional survey.

While SCAG will review all survey submissions, the intent of the survey is not to reduce the RHNA need for jurisdictions but rather to review housing data and trends and to develop an accurate RHNA methodology. Once the proposed methodology is adopted, it will be applied to the regional housing need determination as provided by the California Department of Housing and Community Development (HCD) to determine each jurisdiction’s draft RHNA allocation. Jurisdictions may refer to the local planning factors as a basis for an appeal to a draft RHNA allocation if they decide to file an appeal.

Affirmatively Furthering Fair Housing (AFFH)

In addition to local planning factors, the survey must now also review and compile fair housing issues, strategies, and actions of jurisdictions in respect to affirmatively furthering fair housing. Per Assembly 1771 (Bloom), SCAG is required to survey this information, as available, that are included in “an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing completed by any city or county or the department....and in housing elements” within the SCAG region.

AB 1771, codified under Government Code Section 65584(d)(5), added “affirmatively furthering fair housing” as a fifth objective to the four original RHNA objectives along with a general definition of

AFFH, which closely mirrors the definition outlined by the U.S Department of Housing and Urban Development (HUD):

(e) For purposes of this section, “affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Jurisdictions are required by HUD to conduct an Assessment of Fair Housing as an assessment tool as part of their requirement to receive certain HUD grants. However, in early 2018 HUD suspended this obligation for most jurisdictions until after 2020 due to the need for additional time and technical assistance to adjust to recent requirement updates. Because of this and the indication that not all jurisdictions are HUD grant recipients with familiarity with these requirements, it is expected that survey submission for affirmatively furthering fair housing will be limited. However, jurisdictions may also use information in their housing element to answer the AFFH survey.

After collecting survey responses, SCAG is required to report the results of the survey online and describe common themes and effective strategies employed by jurisdictions, including “common themes and trends related to avoiding the displacement of lower-income households.” The report must also identify significant barriers to address affirmatively furthering fair housing at the regional level and may recommend strategies or actions to overcome those barriers. The survey and the report may also be used for *Connect SoCal* (2020 Regional Transportation Plan/Sustainable Communities Strategy). Due to the new RHNA requirements of stronger integration with social equity issues, SCAG staff is planning to update the Environmental Justice Working Group (EJWG) after the survey distribution and again after the survey results have been collected.

Replacement Need Survey

In addition to local planning factors and AFFH, SCAG plans to also survey jurisdictions on replacement need. Demolition data, which are units that are destroyed due to complete rebuilding or natural disasters and reported by each jurisdiction to the State, is one of the data points used during the regional determination process with HCD. In prior RHNA cycles, units that were replaced after demolition were “credited” at the regional determination level and in the local RHNA allocation. While there is no guarantee that the consultation process with HCD, which will begin in Spring 2019 and must conclude by August 2019, will include units that have been replaced, SCAG is surveying its jurisdictions on replaced units in the event that this data can be considered during that process.

Timeline



All information submitted in the surveys will be reviewed by the RHNA Subcommittee during the development of the proposed RHNA methodology. SCAG staff distributed the survey to all planning directors on March 19, 2019. **Surveys will be due to SCAG by April 30, 2019.** SCAG staff will update the RHNA Subcommittee, Community, Economic & Human Development (CEHD) Committee, Technical Working Group (TWG), and the EJWG on the survey results, as needed.

Attached to this staff report is a sample survey packet (cover letter, RHNA timeline, planning factor survey, AFFH survey, and replacement need survey) that was distributed. Survey packets for all SCAG jurisdictions can be downloaded by county using the following links. For optimal accessibility, it is recommended to use Microsoft Internet Explorer.

Imperial County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/Ete7wE0405tEhDMEpyGPCTIBLed2tv3T8JrrB9tM63ZdEw?e=gi2jea

Los Angeles County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/EghT-OsGaoJOhdJyp_r2TqYBHM2Eo8JHSJwL66pkTqOmJQ?e=Dv5PvN

Orange County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/EIH8CAGNBelMIZupiqbxpe0B3rvivrUXJ1g5wPG9F6aU3g?e=Fx91kE

Riverside County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/Eg9AWthpXwJDkrdYNTgQ1RABICPrb4qIKdlchUipmujJiw?e=9EAJdl

San Bernardino County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/EhSFPneqQVFIqm6zwy-nMJEBN8-yCeRoCPsJXyEuO-kDnw?e=hxhZvl

Ventura County: https://scag-my.sharepoint.com/:f/g/personal/johnson_scag_ca_gov/EjlvAK1XyUVMuWwSP_PqZckB5X8PSafbylutoSd6yZct2g?e=YQArxG

FISCAL IMPACT:

Work associated with this item is included in the current FY 18-19 General Fund Budget (800.0160.03: RHNA).

ATTACHMENT(S):

1. Letter Brawley
2. RHNA2020_Timeline
3. Local Planning Factor Survey_Brawley
4. AFFH Survey
5. Housing Demolition Data Survey



March 19, 2019

Gordon Gaste
Development Services Director
City of Brawley
383 W. Main St.
Brawley, CA 92227-2491

Subject: Regional Housing Needs Assessment (RHNA) Methodology Survey Packet

Dear Planning Director,

As you may be aware, SCAG is in the process of developing the 6th cycle RHNA allocation, which will cover your housing element's planning period October 2021 through October 2029. The planned adoption date for the 6th RHNA Allocation Plan is October 2020. In the meantime, SCAG is beginning to develop a proposed RHNA methodology, which will be used to determine each jurisdiction's draft RHNA allocation. As part of the methodology, SCAG is surveying its local jurisdictions on local opportunities and constraints that might affect the methodology.

Attached to this letter are three surveys we are requesting that your jurisdiction take time to review and answer: (1) Planning factor survey; (2) Affirmatively Furthering Fair Housing (AFFH) survey and; (3) Replacement need survey. SCAG will use the information collected through these surveys as part of the development of the proposed RHNA methodology.

State housing law requires that SCAG survey all of its jurisdictions on local planning factors, as listed in Government Code Section 65584.04 (e), as part of the development of the proposed methodology. These questions were asked in a binary yes/no format as part of the local input process that concluded in October 2019. For your convenience, the attached survey has pre-populated your jurisdiction's response. If you have answered the local input survey, we request that you provide more detail about the planning factors in the attached survey.

New for the 6th RHNA cycle, SCAG must also review and compile fair housing issues, strategies, and actions of jurisdictions with respect to AFFH. This information can be collected from available Assessment of Fair Housing analyses or your local jurisdiction's housing element or General Plan. For the third survey, the replacement need survey is not a requirement of RHNA, but will provide SCAG information on housing units that have been replaced on sites of demolition throughout the region.

Please submit your surveys to SCAG no later than Tuesday, April 30 to housing@scag.ca.gov. If you have any questions about the survey or the RHNA process, please contact Ma'Ayn Johnson, Housing & Land Use Planner, at johnson@scag.ca.gov. We look forward to your involvement in developing a successful 6th cycle RHNA.

Respectfully,

KOME AJISE
Director of Planning
SCAG

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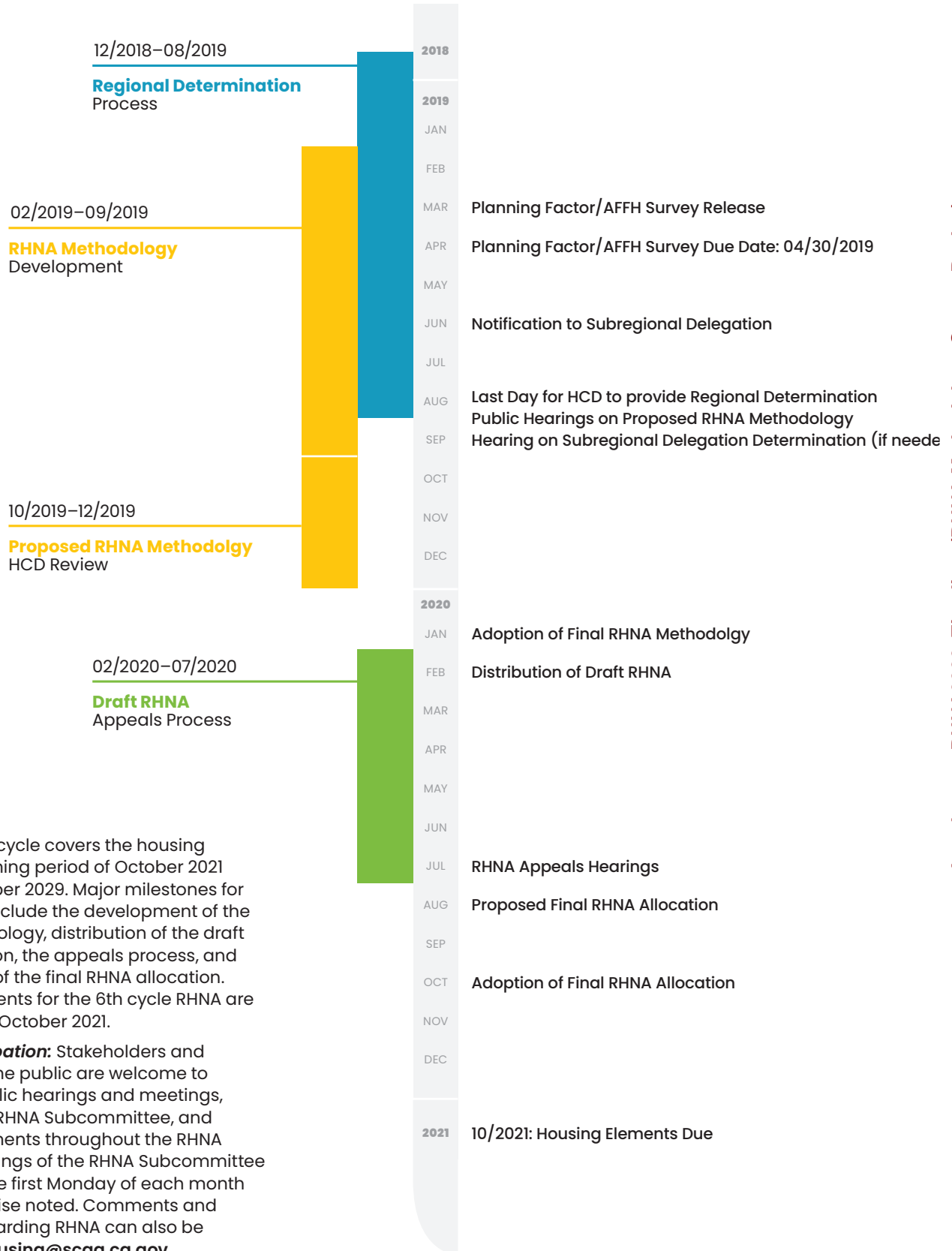
Energy & Environment
Linda Parks, Ventura County

Transportation
Curt Hagman, San Bernardino
County

Attachment: Letter Brawley (RHNA Methodology Survey Packet)

DEVELOPMENT TIMELINE

6TH CYCLE RHNA *(subject to change)*



Attachment: RHNA2020_Timeline (RHNA Methodology Survey Packet)

The 6th RHNA cycle covers the housing element planning period of October 2021 through October 2029. Major milestones for jurisdictions include the development of the RHNA methodology, distribution of the draft RHNA allocation, the appeals process, and the adoption of the final RHNA allocation. Housing elements for the 6th cycle RHNA are due to HCD in October 2021.

Public Participation: Stakeholders and members of the public are welcome to attend all public hearings and meetings, including the RHNA Subcommittee, and provide comments throughout the RHNA process. Meetings of the RHNA Subcommittee are held on the first Monday of each month unless otherwise noted. Comments and questions regarding RHNA can also be emailed to housing@scag.ca.gov.

Regional Housing Needs Assessment (RHNA) Local Planning Factor Survey

The RHNA process requires that SCAG survey its jurisdictions on local planning factors (formerly known as “AB 2158 factors”) prior to the development of a proposed RHNA methodology, per Government Code 65584.04 (b). Information collected from this survey will be included as part of the proposed RHNA methodology.

Between October 2017 and October 2018, SCAG included these factors as part of the local input survey and surveyed a binary yes/no as to whether these factors impacted jurisdictions. If your jurisdiction answered this part of the survey, your reply has been pre-populated in the table. Please review each factor and provide any information that may be relevant to the RHNA methodology. You may attach additional information to the survey. Please keep in mind that recent housing-related legislation has updated some of the factors listed, which were not included in the prior survey.

Per Government Code Section 65584.04 (g), there are several criteria that **cannot** be used to determine or reduce a jurisdiction’s RHNA allocation:

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

The planning factors in the table below are abbreviated. For the full language used, please refer to Government Code Section 65584.04 (e) or the attached reference list.

Please review and submit the survey by 5 p.m. April 30, 2019 to housing@scag.ca.gov.

RHNA Methodology Local Planning Factor Survey

Jurisdiction	
County	

Planning Factor	Impact on Jurisdiction
Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing	
Lack of capacity for sewer or water service due to decisions made outside of the jurisdiction’s control	
Availability of land suitable for urban development	

Lands protected from development under Federal or State programs	
County policies to preserve agricultural land	
Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation	
Agreements between a county and cities to direct growth to incorporated areas of the county	

<p>Loss of low income units through contract expirations</p>	
<p>[NEW] Percentage of households that pay more than 30% and more than 50% of their income on rent</p>	
<p>[NEW] Rate of overcrowding</p>	
<p>Farmworker housing needs</p>	

<p>Housing needs generated by the presence of a university campus within the jurisdiction</p>	
<p>[NEW] Loss of units during a declared state of emergency that have yet to rebuilt at the time of this survey</p>	
<p>[NEW] The region's greenhouse gas emission targets provided by the California Air Resources Board</p>	
<p>Other factors</p>	

Affirmatively Furthering Fair Housing (AFFH) Survey

Jurisdiction	
County	
Survey Respondent Name	
Survey Respondent Title	

SCAG is surveying cities and counties on information related to affirmatively further fair housing* as part of its development of the Regional Housing Needs Assessment (RHNA) proposed methodology. Information related to AFFH may be obtained from local analysis for housing choice, housing elements, and other sources. Using your jurisdiction’s Analysis of Impediments to Fair Housing Choice, Assessment of Fair Housing, and/or local housing element, please answer the questions below about local issues, strategies and actions regarding AFFH and submit your answers no later than April 30, 2019 to housing@scag.ca.gov.

Data Sources

1a. Does your jurisdiction have an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing due to U.S. Department of Housing and Urban Development (HUD) requirements?

Yes	
No	

2. When did your jurisdiction last update the General Plan?

Year	
------	--

3a. Does your General Plan have an environmental justice/social equity chapter or integrate environmental justice/social equity, per SB 1000?

Yes	
No	
In process	

3b. If you answered yes or in process to question 3a, how does your General Plan integrate or plan to integrate environmental justice?

A) An environmental justice chapter	
B) Throughout the General Plan in each chapter	
C) Both	

* Per Government Code 65584(e), affirmatively furthering fair housing is defined as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”

Fair Housing Issues

4. Describe demographic trends and patterns in your jurisdiction over the past ten years. Do any groups experience disproportionate housing needs?

--

5. To what extent do the following factors impact your jurisdiction by contributing to segregated housing patterns or racially or ethnically-concentrated areas of poverty?

Land use and zoning laws, such as minimum lot sizes, limits on multi-unit properties, height limits, or minimum parking requirements	
Occupancy restrictions	
Residential real estate steerings	
Patterns of community opposition	
Economic pressures, such as increased rents or land and development costs	
Major private investments	
Municipal or State services and amenities	
Foreclosure patterns	
Other	

6. To what extent do the following acts as determinants for fair housing and compliance issues in your jurisdiction?

Unresolved violations of fair housing or civil rights laws	
Patterns of community opposition	
Support or opposition from public officials	
Discrimination in the housing market	
Lack of fair housing education	
Lack of resources for fair housing agencies and organizations	

Fair Housing Strategies and Actions

7. What are your public outreach strategies to reach disadvantaged communities?

Partnership with advocacy/non-profit organizations	
Partnership with schools	
Partnership with health institutions	
Variety of venues to hold community meetings	
Door-to-door interaction	
Increased mobile phone app engagement	
Other	

8. What steps has your jurisdiction undertaken to overcome historical patterns of segregation or remove barriers to equal housing opportunity?

--

9. What steps has your jurisdiction undertaken to avoid, minimize, or mitigate the displacement of low income households?

--

Housing Unit Demolition Data Survey Form

Please complete and return the survey by April 30, 2019 to housing@scag.ca.gov.

City: Brawley
County: Imperial

Report Year	Demolished Housing Units Lost									Newly Constructed or Permitted Housing Units (on site of demolition)									Not Developed Nor Permitted for Housing Uses A			
	Single Unit Structure			Multi-unit Structure			Total units lost	Affordable units out of total units	Single Unit Structure			Multi-unit Structure			Total units gained	Affordable units out of total units	Not Developed		Land Use Chang			
	Detatched	Attached	Mobile Homes	Total	2,3, or 4-plex	5 or more			Total	Detatched	Attached	Mobile Homes	Total	2, 3, or 4-plex			5 or more	Total	Parcels	Units	Parcels	Uni
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
2009	-4	0	0	-4	0	0	0	-4					0			0	0					
2010	-12	0	0	-12	-2	0	-2	-14					0			0	0					
2011	-4	0	0	-4	0	0	0	-4					0			0	0					
2012	-11	0	0	-11	-2	0	-2	-13					0			0	0					
2013	-3	-3	0	-6	0	0	0	-6					0			0	0					
2014	-14	0	0	-14	0	0	0	-14					0			0	0					
2015	-9	0	0	-9	0	0	0	-9					0			0	0					
2016	-6	0	0	-6	0	0	0	-6					0			0	0					
2017	-8	0	0	-8	0	0	0	-8					0			0	0					
2018	-9	0	-45	-54	-1	0	-1	-55					0			0	0					

Directions

Column A-I	Confirm that the number of demolished units for each category is correct.
Column J	Enter the number of affordable housing units that were among the demolished housing units.
Column K-R	Enter the number of newly constructed or permitted housing units on the site of demolition.
Column S	Enter the number of affordable housing units among the newly constructed or permitted housing units on the site of demolition.
Column T-U	For sites that remained vacant after the demolition where zoning is designated for housing uses, enter the number of parcels and potential housing unit capacity on these sites
Column V-W	For sites that have been converted to non-housing units after the demolition or sites that have remained vacant after the demolition where zoning is designated for non-housing uses, enter the number of parcels and the potential loss of housing unit capacity from the changes.

Attachment: Housing Demolition Data Survey (RHNA Methodology Survey Packet)

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
April 4, 2019

To: Community
Economic & Human Development Committee (CEHD)
Community, Economic and Human Development Committee
(CEHD)
From: Kimberly Clark, Regional Planner Specialist, Research &
Analysis, (213) 236-1844, Clark@scag.ca.gov
Subject: Update on Local Economic Development Tools

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

[Handwritten signature]

RECOMMENDED ACTION:

For Information Only – No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians. 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy. 4: Provide innovative information and value-added services to enhance member agencies’ planning and operations and promote regional collaboration.

EXECUTIVE SUMMARY:

When grappling with the idea of "how can we connect" our region's future transportation system with growth in our communities, local jurisdictions often struggle due to a lack of implementation resources and funding. Opportunity Zones and Tax Increment Financing (TIF) tools provide a means for local jurisdictions to catalyze development, job creation, and foster sustainable infrastructure - such as transit, light rail, TOD, affordable housing, active transportation, sewer and water facilities expansion, etc. - in targeted neighborhoods. This item will provide an update on recent legislation and new tools to promote sustainability and housing districts and Opportunity Zones.

BACKGROUND:

Statewide financial policy continues to emphasize climate action, sustainability and housing production. While there is much work to do for cities and counties to achieve these statewide mandates (as evidenced, for example, by recent Regional Housing Needs Assessment (RHNA) progress reports), the sustainability and housing "toolkit" at jurisdictions’ disposal continues to grow and improve. Tax increment financing has been expanded beyond Enhanced Infrastructure Financing Districts (EIFD) and Community Revitalization and Investment Authorities (CRIA) to include Affordable Housing Authorities (AHA). EIFDs, in particular, have been augmented with the capacity to utilize incremental sales tax in certain situations via the Neighborhood Infill Finance and Transit Improvement Act (NIFTI and NIFTI-2) as well as the ability to fund infrastructure maintenance via Senate Bill 1145. Apart from tax increment financing mechanisms, the housing streamlining toolkit has been expanded to include Workforce Housing Opportunity Zones (WHOZ) and Housing & Sustainability Districts (HSD).

Additional legislation is currently in progress to further expand and enhance the housing and sustainability toolkit, including Senate Bill 128, Senate Bill 5 and Assembly Bill 11. We are observing some initial successes with post-redevelopment tax increment financing in communities such as the Cities of La Verne and Redondo Beach in Los Angeles County and the City of Placentia in Orange County (a SCAG Pilot Project), where the subject communities are capturing value from anticipated private sector residential, commercial and mixed use development to fund critical public improvements such as transit-supportive infrastructure, open space improvements, and other community amenities with public benefit. To increase the viability and effectiveness of tax increment financing in support of sustainable growth and infrastructure, SCAG has developed a White Paper that draws from on-the-ground experience in working with local jurisdictions to establish tax increment financing districts. SCAG's Pilot Program in this area aims to support implementation of the 2016 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS), stimulate economic development and job creation through housing and land development, and provide jurisdictions financial mechanisms to support local transit and housing supportive infrastructure. SCAG's White Paper will be published and distributed to the Community, Economic, and Human Development (CEHD) Committee this summer. A draft final version of SCAG's White Paper is included as Attachment 2, titled "Linking Economic Development with Housing Supply using Tax Increment Financing Tools in Southern California: A Review of Recent Challenges and Promising Opportunities".

In parallel to housing and sustainability districts is the federal Opportunity Zone designed to provide tax incentive program to private sector and attract capital investment in "opportunity zones"-in general the census tracts identified by Department of Finance (DOF) with high poverty and unemployment rates. The state is prioritizing the Opportunity Zone program as part of its economic development toolkit, and the Governor has explicitly expressed his desire to layer additional programs on Opportunity Zones and EIFDs to increase the production of affordable and market-rate housing. Proposed state legislation is expected to further accelerate Opportunity Zone investment in California with CEQA streamlining for Opportunity Zone projects and potentially equivalent state income tax treatment to align with federal tax incentives. Cities with Opportunity Zones are beginning to focus on facilitating and directing investment to accomplish local economic development and housing objectives.

By creating an "Opportunity Zone Prospectus", marketing opportunity sites on a national online marketplace such as OppSites (<http://oppsites.com>), and layering planning and entitlement streamlining and complimentary funding sources, cities can effectively compete for Opportunity Zone investment on the national level. To assist local jurisdictions and other stakeholders in this effort, the State of California recently launched the California Opportunity Zone Portal (<https://opzones.ca.gov/>), which provides a toolkit with additional information for investors, community stakeholders, and partner agencies.

FISCAL IMPACT:

Work associated with this item is included in the current Fiscal Year Overall Work Program under 150-4096.07, Tax Increment Financing for Sustainable Growth.

ATTACHMENT(S):

1. PowerPoint Presentation - Kosmont
2. Linking Econ Dev with Housing Supply Using Tax Increment Financing Tools in So Cal A Review of Recent Challenges and Promising Opportunities

ECONOMIC DEVELOPMENT 2019: PROGRESS UPDATE ON SUSTAINABILITY AND HOUSING DISTRICTS & OPPORTUNITY ZONES



APRIL 4, 2019

PRESENTED BY:

LARRY J. KOSMONT, CRE®
CHAIRMAN & CEO
LKOSMONT@KOSMONT.COM

JOSEPH DIEGUEZ
SENIOR VICE PRESIDENT
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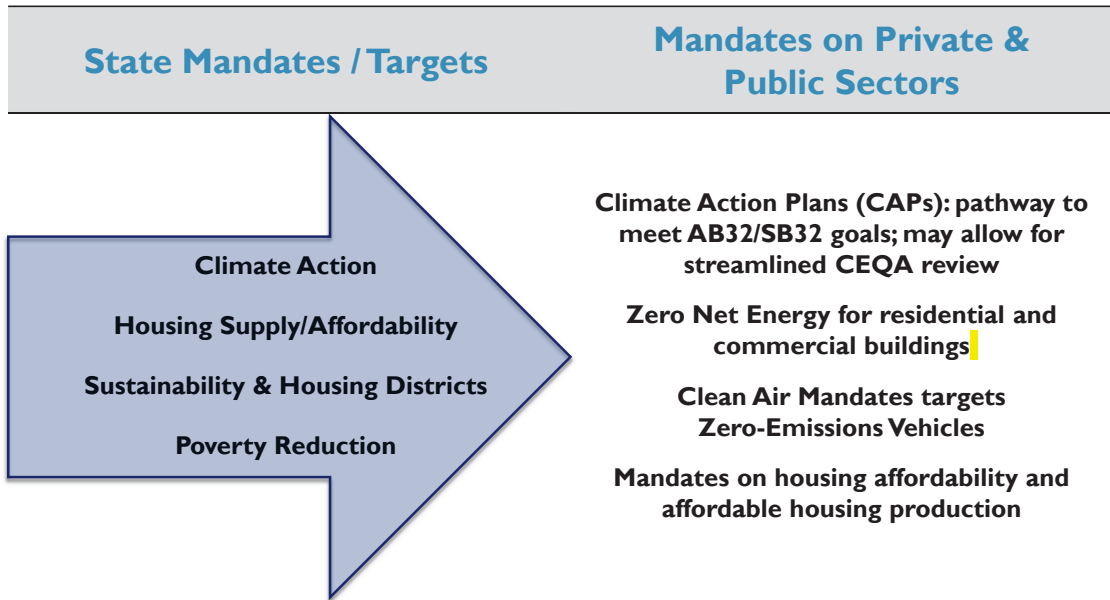
PRESENTATION OUTLINE



- **Statewide Momentum for Sustainability & Housing**
- Sustainability and Housing Districts: Overview and Progress Update
 - La Verne
 - Redondo Beach
 - Placentia
- Opportunity Zones: California Outlook & Approach for Local Jurisdictions



STATE MANDATES TO ACHIEVE A **GREENER** ECONOMY



CA IS PURSUING SUSTAINABILITY... A PATHWAY TO “**GREEN**”

The Economist Livability Index:
stability, health care, culture and environment,
education, infrastructure



What does sustainability look like?

- Meet State Climate Action goals
- Healthy (and happy!) population
- Attract “green” investments
- Ability to provide services
- Stable and diverse tax base
- Fiscally responsible governance
- Updated infrastructure
- Zero Net Energy (ZNE) Buildings
- Managing resources for future generations



SUSTAINABILITY = CLIMATE ACTION, LAND USE, & MOBILITY

CA Legislative Mandates	
AB 32 / SB 32	Reduce GHG below 1990 levels by 2020; and 40% below by 2030
SB 375	Integrated RTP / SCS
SB 535 / AB 1550	Disadvantaged and Low Income Communities cap and trade investments
AB 1358	Complete streets incorporated into General Plan updates
SB 97	Qualified Climate Action Plans, EIR streamlining

Climate action planning at multiple levels

- CA State guidelines
- SCAG RTP/SCS
- Regional COGs, LA Regional Collaborative
- LA County Sustainability Plan
- City CAP

CAPs will influence Land Use & Mobility

- Reduce VMT
- Transit / Neighborhood Oriented Development
- Underutilized commercial properties
- Parking Strategies
- Mobility options and first/last mile
- Blended Use and Housing

How do you implement?



THE NEW ECONOMIC DEVELOPMENT PARADIGM - BUILDING A SUSTAINABLE COMMUNITY

State Priority: Economic Development helps cities meet climate action targets

- Attract businesses and new development that fulfill your City's Climate Action Plan strategies - clean tech, telecommuting, blended use
- Neighborhood Oriented Development (NOD); urban and suburban clusters near transit
- Require business to invest in sustainability (higher density, fewer trips, Title 24, electric vehicles)

City Priority: Economic Development attracts private investment for jobs and taxes

- Zoning policies may focus on placemaking, housing, and blended use
- Address retail changes AND sustainability at the same time
- Retail being replaced by "Creating a Place"
- Retail meets industrial = REDUSTRIAL

Human Priority: Housing is where jobs sleep at night

- New legislation provides tools, streamlining, and funding for affordable/workforce housing
- Use of Tax Increment can provide funding and accelerate compliance

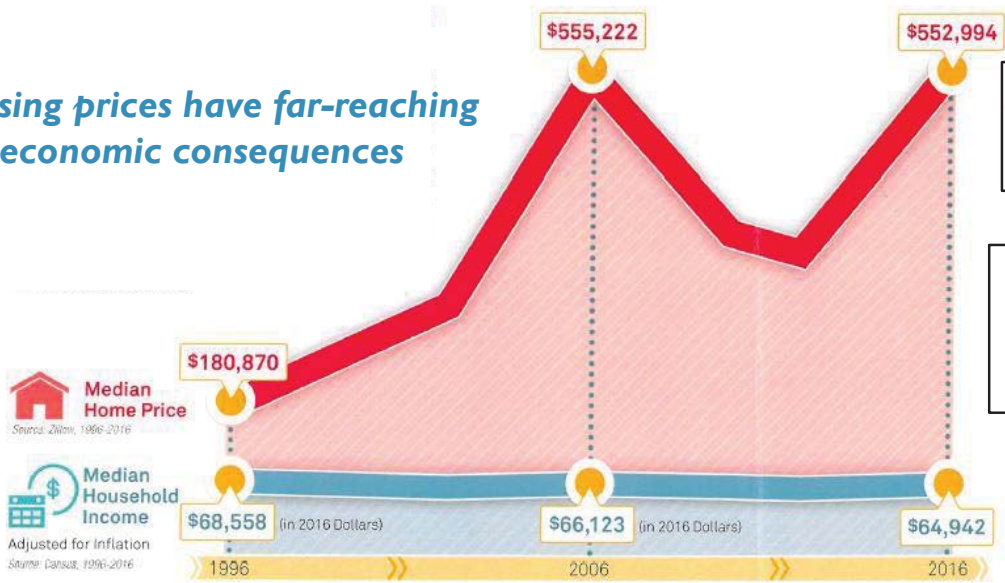


APPROACH to Economic Development is to address climate action, jobs and taxes, and housing



WAGES UP...BUT HOUSING AFFORDABILITY IS LAGGING

Housing prices have far-reaching economic consequences



71% of CA residents cannot afford a median-priced home

Incomes not keeping pace with home prices! – pricing out working families/Millennials

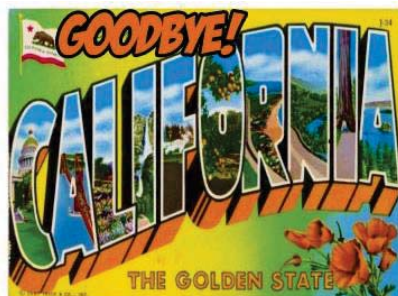
Sources: Southern California Association of Governments; <https://www.car.org/marketdata/data/haitraditional/>



HOUSING COST & TAXES = OUT-MIGRATION

Between 2007 and 2016:

- ~5 million people came to CA – primarily from NY, IL, NJ, and MI
- ~6 million people left CA – going to TX, AZ, NV, and OR
- CA residents see opportunity in lower-cost states with home values between \$200-300K, (average house price in CA > \$500K)
- Californians also fleeing to states that offer life with low or no corporate or personal income taxes
 - Texas is one of the fastest growing states in the nation (867,000 new residents from 2010 to 2016)**



Statewide Gentrification?

- CA is seeing a net gain in high earners (Income of over \$110K and the highly educated (graduate degrees))
- Families with children and those earning less are moving away
- CA is becoming wealthier, more economically stratified, and less affordable – tough on middle-class residents
- Job growth has increased statewide and in Los Angeles County
 - CA will add ~636,500 jobs through 2019
 - L.A. County will add ~82,100 jobs through 2019
 - Much of this job growth is in low-paying fields such as social assistance and food services

Top 5 Occupations (L.A. County)	Avg. Wage
Retail Salespersons	\$24,086
General Office Clerks	\$31,117
Cashiers	\$22,131
Laborers/Freight Handlers	\$26,021
Food Preparation/Serving	\$22,672

Sources: <https://www.curbed.com/2018/2/27/17058006/california-housing-crisis-rent-migration-Texas>; California Legislative Analyst's Office, Feb. 21, 2018; <https://qz.com/1189388/conservative-californians-are-moving-to-texas-for-the-home-prices-and-politics/>; Los Angeles County Economic Development Corporation (LAEDC) Economic Forecast: California and Los Angeles 2018-2019



STATE FALLING SHORT OF RHNA HOUSING TARGETS

FIFTH CYCLE RHNA ANNUAL PROGRESS REPORT SUMMARY

6/1/2018 annual progress report (APR). Permits from 1/1/2014 to 12/31/2017; RHNA cycle is from 1/1/2014 to 10/1/2021

	Very Low Income (VLI)	Low Income (LI)	Moderate Income	Above Moderate	Total Percent Complete
Imperial County	5.3%	12.7%	58.0%	5.8%	15.0%
Los Angeles County	13.2%	12.9%	4.6%	107.6%	52.0%
Orange County	19.0%	14.2%	222.1%	185.0%	123.9%
Riverside County	3.5%	1.5%	19.0%	33.1%	18.1%
San Bernardino County	3.7%	9.1%	37.6%	46.1%	27.8%
Ventura County	13.1%	26.2%	32.5%	46.4%	33.6%
SCAG Region	9.8%	10.0%	38.0%	83.2%	45.4%
California*	7.8%	10.8%	28.3%	64.6%	35.4%

Bold = "On track." APR is 51.6% through SCAG's 5th cycle RHNA.



Sources: Southern California Association of Governments, California State Department of Housing and Community Development (HCD)

PRESENTATION OUTLINE



- Statewide Momentum for Sustainability & Housing
- **Sustainability and Housing Districts: Overview and Progress Update**
 - La Verne
 - Redondo Beach
 - Placentia
- Opportunity Zones: California Outlook & Approach for Local Jurisdictions



ALL ABOUT TAX INCREMENT FINANCING (TIF)

TIF in California

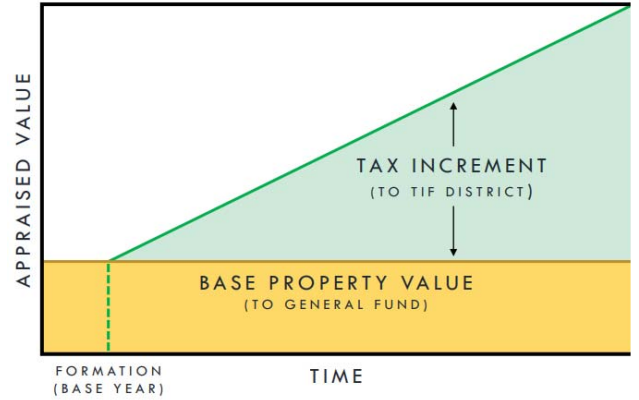
- Proposition 13 approved by California voters in 1952 creating Tax Increment Financing (TIF)
- Infrastructure investments that use increased property tax revenues from new development

State has approved new “sustainability and housing districts” that can utilize TIF

- Sustainability: Enhanced Infrastructure Financing District (EIFD), Community Revitalization Investment Authority (CRIA)
- Housing: Affordable Housing Authorities (AHA), Neighborhood Infill Finance and Transit Improvements Act (NIFTI & NIFTI-2)
- Address major infrastructure, sustainability, and housing needs
- Enable tax increment financing
- Encourage joint ventures with cities, counties, special districts, and private developers



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PRIMARY REASONS FOR A CITY OR COUNTY TO INITIATE A TIF DISTRICT

1. **Commitment attracts private investment:** Sends signal to the private sector; otherwise, if future property tax is left in general fund, will be lost to the reality of politics and annual budget demands
2. **Return on Investment:** Private sector reinvestment induced by 45 year commitment will **accelerate growth of tax increment exceeding the typical growth of property tax** and resulting in **positive net fiscal revenue impacts, job creation, housing production, essential infrastructure improvements**
3. **Other public money – Taxing Entities:** Setting up EIFD creates **invite for County and other local taxing entities to join**, further leveraging city’s investment of tax increment
4. **Other public money – State/Federal:** Eligibility for federal and state grant and loan monies is improved when request is attached to an EIFD
5. **EIFD is an economic development tool:** State’s priority is to a green economy via sustainability and housing districts. District flexibility, effectiveness, revenue sources have improved with each legislative session (since 2014)
6. EIFDs can fund **contamination / cleanup activities**
7. **Newest statute – SB 1145 – EIFDs that fund projects with tax increment can use T.I. for maintenance**

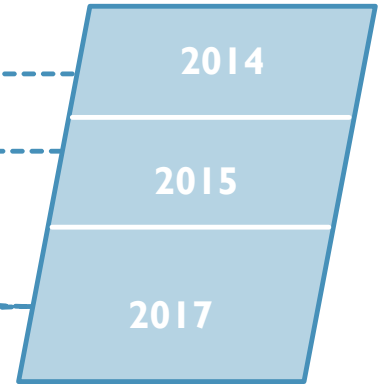


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CA LEGISLATURE HAS NEW INVESTMENT INCENTIVES: SUSTAINABILITY & HOUSING “TIF” DISTRICTS

Governor Brown taketh RDAs... and giveth Sustainability & Housing Districts

- **Enhanced Infrastructure Financing Districts (EIFDs)**
 - Infrastructure and public/private transactions
- **Community Revitalization and Investment Authorities (CRIAs)**
 - Similar to EIFDs w/eligibility standards & focus on affordable housing
- **New approved Housing Districts include:**
 - Affordable Housing Authorities (AHA)
 - Neighborhood Infill Finance and Transit Improvements Act (NIFTI & NIFTI-2)
 - Workforce Housing Opportunity Zones (WHOZ) – **CEQA Streamlining**
 - Housing Sustainability Districts (HSD) – **CEQA Streamlining**
- **EIFDs, CRIAs, AHAs and NIFTIs use tax increment financing (TIF Districts)**
- **All Districts eligible for state funding for climate action/transportation**



CONTINUED LEGISLATION IMPROVES SUSTAINABILITY AND HOUSING TOOLS

<u>Date</u>	<u>Legislation</u>
9/29/2014	SB 628 signed by Governor, authorizing EIFDs
9/22/2015	AB 313 signed by Governor, revising EIFD legislation AB 2 signed by Governor, introducing CRIAs
9/23/2016	AB 2492 signed by Governor, amending CRIA
9/29/2017	Governor signs housing bill package: SB 540 (WHOZ), AB 73 (HSD), SB 35, 12+ other bills
10/7/2017	AB 1568 signed by Governor, introducing NIFTI as part of EIFDs
10/13/2017	AB 1598 signed by Governor, introducing Affordable Housing Authorities (AHAs)
9/19/18	SB 1145 signed by Governor, enables EIFD spending for maintenance SB 961 signed by Governor, NIFTI 2 additionally available under EIFD
9/28/18	AB 2035 signed by Governor, clarifies AHA provisions, expands to include homeless / transitional housing
2019	More to come...(SB 128, SB 5, AB 11, others)



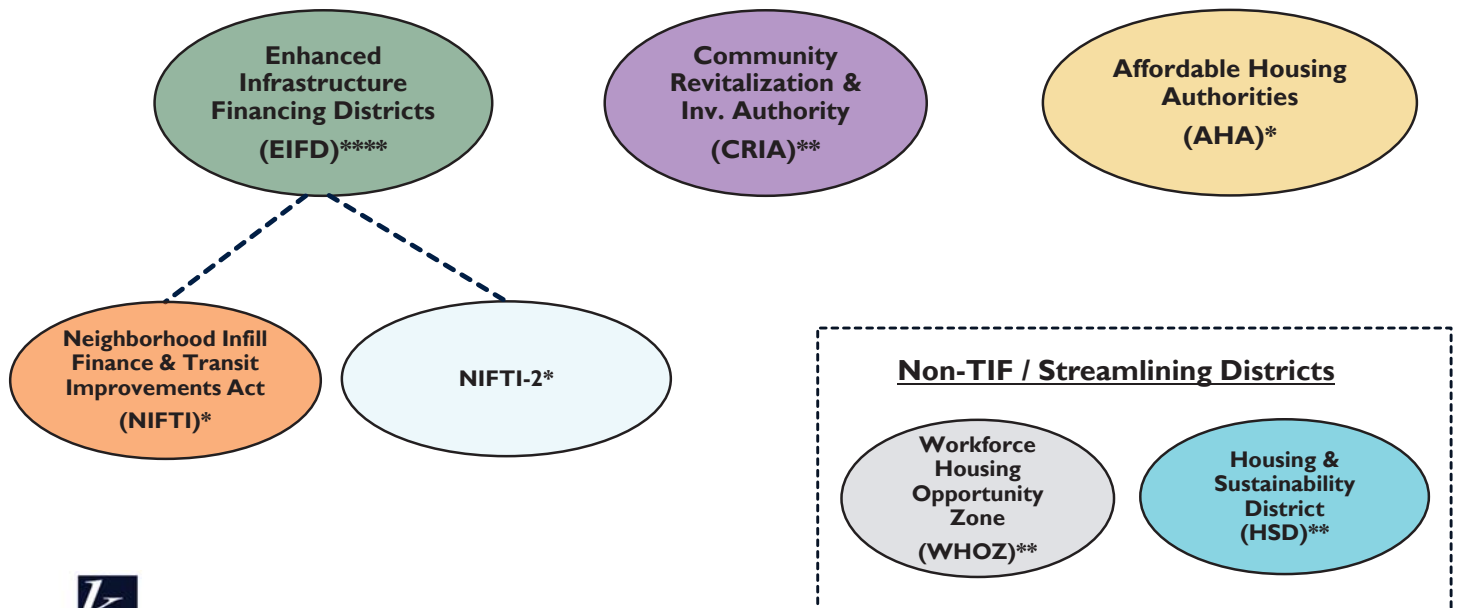
15 HOUSING STATUTES APPROVED OCTOBER 2017

- **GROUP 1: CEQA & PROCEDURAL STREAMLINING DISTRICTS**
 - SB 540, AB 73 and SB 35
- **GROUP 2: DISTRICTS AND FINANCING AUTHORITIES**
 - AB 1568 (NIFTI) and AB 1598 (AHA)
- **GROUP 3: COMPLIANCE - HOUSING ELEMENT AND PROCEDURES**
 - AB 72, SB 166, AB 879, AB 1397, AB 1505 and AB 1521
- **GROUP 4: COMPLIANCE - HOUSING ACCOUNTABILITY ACT**
 - SB 167, AB 678 and AB 1515
- **GROUP 5: HOUSING FUNDING STATUTES**
 - SB 2, SB 3 and AB 571

❖ GROUPS Refer to “Kosmont Legislation Matrix in Sustainability & Housing Manual”



ACTIVE SUSTAINABILITY & HOUSING “TIF” DISTRICTS FOR PUBLIC/PRIVATE PROJECTS



ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFDs)****

- EIFDs approved / amended by SB628 (2014), AB313 (2015), AB1568 (2017), SB1145 (2018), SB961 (2018)
- Growth in property tax from participating agencies used to fund local / regional projects
- Statutory Authority: Part 1 of Division 2 of Title 5 of the Government Code
- Term: 45 years from first bond issuance
- Governance: **Public Financing Authority** led by city or county implements **Infrastructure Financing Plan**
- Eligibility: City, County, Special District; **school districts exempt**
- Approvals: No public vote to create district; 55% landowner or registered voter election for bonds
- Eligible Projects: Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic, rehabilitation
- No blight test needed
- District boundaries do not need to be contiguous
- Now authorized (SB 1145) for **maintenance** of projects funded by EIFD



NEIGHBORHOOD INFILL FINANCE AND TRANSIT IMPROVEMENTS (NIFTI) ACT / AB 1568 and NIFTI-2 / SB 961* *(can be formed within EIFDs)*

- Establishes NIFTI Act, authorizes a city/county to finance infrastructure and affordable housing in qualified urban areas **using sales & use tax revenues in addition to property tax increment revenues within EIFDs**
- Authorizes a city/county to adopt an ordinance that establishes the process by which sales and use and transactions and use taxes will be allocated to an EIFD
- At least 20% of total funding received by an EIFD pursuant to the NIFTI Act is required to be used for the acquisition, construction, or rehabilitation of housing for low income households
- Housing financed pursuant to the NIFTI Act must be made affordable to low or moderate income households for at least 55 years for rental units and 45 years for owner-occupied units
- **NIFTI-2 (SB 961)** similar, but limited to areas within ½ mile of major transit stop, housing set-aside increased to 40% of total funds, eliminates 55% voter approval (also directs State Office of Planning & Research to study effectiveness of current TIF tools)



COMMUNITY REVITALIZATION AND INVESTMENT AUTHORITIES (CRIA)**

- Restores redevelopment authorities to disadvantaged communities
 - Carries out provisions of Community Redevelopment Law
- Term: 30 years to issue debt; 45 years to repay
- Governance: EITHER Public Finance Authority (PFA) or Joint Powers Authority (JPA), which are separate from the city, county that created it. 5+ member board, including at least 2 public members.
- Eligibility/Minimum Requirements: City or County that meets disadvantaged community definitions (median income, unemployment, crime, deterioration)
- Approvals: No voter approval for formation or bond issuance; subject to majority protest
- Eligible Projects: economic revitalization; **25% affordable housing set aside.**
- Eminent domain powers for first 12 years



AFFORDABLE HOUSING AUTHORITIES (AHA) – AB 1598*

- Authorizes a city/county/special district (except school district) to **create an AHA with funding from a low and moderate-income housing fund that is sourced by property tax increment revenues, bonds backed by property tax revenues, and/or local sales and use tax revenues**
- **AHA is a public financing authority (PFA)** that provides low and moderate-income housing and workforce housing for the jurisdiction that establishes it
- **AHA must adopt an affordable housing investment plan** that includes the estimated amount to be deposited into the fund, the estimated number of housing units that will be assisted by the AHA for very low, low, and moderate-income households, and a fiscal analysis that outlines the projected revenue and expenses of the AHA **over a five-year period**
- Requires an AHA to **prepare a plan for the relocation of any families and persons displaced from housing facilities** in the area affected by the affordable housing investment plan
- AHAs dissolve as legal entities in non-renewable terms of **45 years**



NON-TIF HOUSING STREAMLINING DISTRICTS WHOZ & HSD (SB 540 & AB 73)**

- Residential and mixed-use focus
- Advanced planning, zoning and CEQA streamlining
- Limited discretion to deny/condition projects that conform
- Affordability requirements
- Potential incentives from State
- Prevailing wage requirement
- Effective 1/1/18



SUSTAINABILITY & HOUSING DISTRICTS: WHAT CAN THEY FUND?



Industrial Structures



Aff./Workforce Housing/Blended Use



Transit Priority/RTP/SCS Projects



Wastewater/Groundwater



Light / High Speed Rail



Civic Infrastructure



Parks & Open Space



Childcare Facilities



Brownfield Remediation



DISTRICTS NOW USE DIVERSE FUNDING SOURCES

Can use multiple funding sources with tax increment

- Federal and state sources:
 - *Proposition 1 bond funds*
 - *Cap-and-Trade proceeds*
 - *HCD grant / loan programs*
 - *Federal DOT / EPA / EDA funding programs*
- Other Potential Funding Sources:
 - *Property tax revenue including RPTTF*
 - *Vehicle license fee (VLF) prop. tax backfill increment*
 - *Development agreement / impact fees*
 - *City / county / special district loans*
 - *Benefit assessments (e.g. contribution from CFD)*
 - *Private investment*
 - *Sales Tax with NIFTI/NIFTI-2 via EIFD and AHA*



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LEGISLATION IN PROGRESS

- ✓ **SB 5** (Beall, McGuire) – Local-State Sustainable Investment Incentive Program (potential state contribution via ERAF)
- ✓ **SB 128** (Beall) – would eliminate 55% EIFD bond issuance vote
- ✓ **AB 11** (Chiu et. al.) – Affordable Housing and Infrastructure Agency (new district)

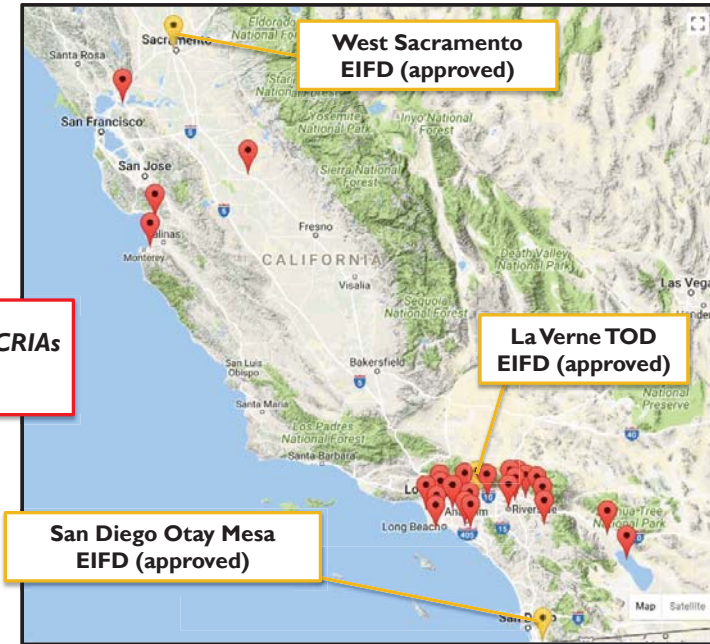


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SUSTAINABILITY & HOUSING DISTRICTS: WHERE ARE THEY BEING DONE?

Three Districts
Approved (EIFDs)
15-20 Districts in progress

Red markers are EIFDs/CRIs
under evaluation



1. Atwater
2. Carson
3. Duarte
4. Grand Terrace
5. High Desert Corridor (7 jurisdictions)
6. Huntington Park
7. I-5 Corridor (5 jurisdictions)
8. Imperial County
9. Inglewood
10. La Verne
11. Los Angeles (San Pedro & Vermont Corridor)
12. L.A. County (W. Carson Uninc.)
13. Ontario
14. Pittsburg
15. Placentia
16. Redondo Beach
17. Rialto
18. Richmond
19. Riverside
20. Riverside County (Salton Sea Uninc.)
21. Sacramento County
22. San Luis Obispo
23. San Jose
24. Santa Ana
25. Santa Fe Springs
26. Seaside
27. South Gate
28. West Santa Ana Branch Transit Corridor (1 jurisdictions)

Note: Partial list



CASE STUDIES

1. La Verne
2. Redondo Beach
3. Placentia



CASE STUDY: CITY OF LA VERNE - L.A. COUNTY'S FIRST EIFD!

EIFD Status

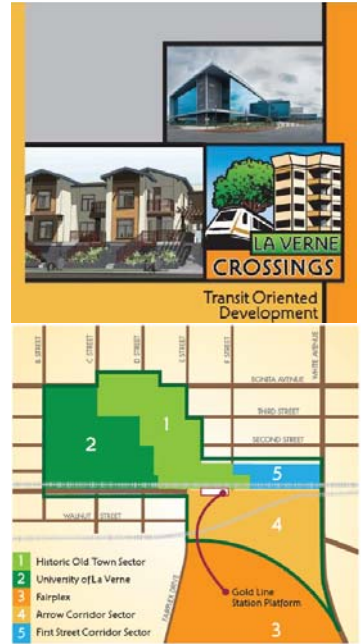
- **Fully adopted on October 30th, 2017:** City of La Verne is lead public agency
- **LA County evaluating participation in subsequent fiscal year (via amendment)**
- La Verne's EIFD Goals:
 - **TOD & Sustainability District**
 - *Induce private development around future gold line station*
 - *Access Statewide sustainable funding sources such as Greenhouse Gas Reduction Fund (GGRF), Measure M and Housing Funds*

The EIFD District

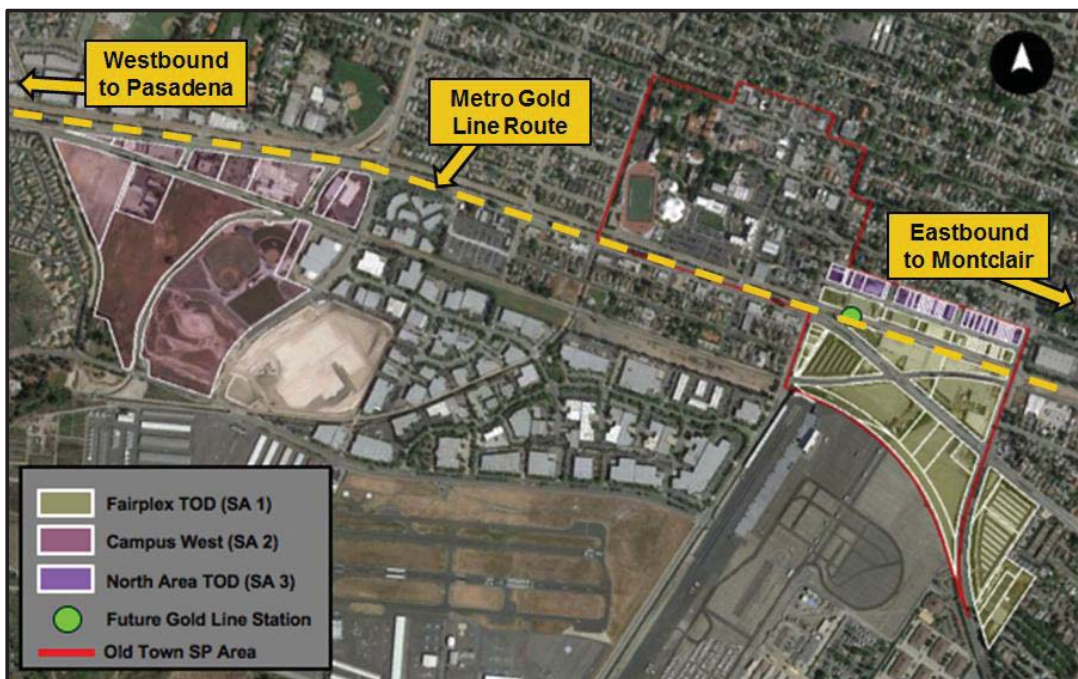
- Proximate to University of La Verne, LA County Fairplex properties & future Gold Line Transit Station
- ~110 acres primarily adjacent to La Verne's Old Town Specific Plan Area

EIFD to fund Public Improvements and Private Projects:

- Development of mixed-use housing, potential hotel, retail and event space
- Station area improvements, circulation infrastructure next to Foothill station
- Sustainability improvements to commercial and industrial structures



LA VERNE TOD EIFD MAP



LA VERNE EIFD TAX INCREMENT PROJECTIONS

Assumptions:

- Kosmont used initial 5, 10 and 20 year development projections and infrastructure needs to estimate tax increment revenues

City of La Verne Preliminary Assessed Value Projections				
Development Type	Units		Projected AV/Unit/SF	Projected Total Assessed Value
Hotel	150	Keys	\$100,000	\$15,000,000
Retail	110,000	SF	\$250	\$27,500,000
Business Park	60,000	SF	\$100	\$6,000,000
Apartments	920	Units	\$175,000	\$161,000,000
Condominiums	915	Units	\$300,000	\$274,500,000
Total Projected AV New Development				\$484,000,000

Key Initial Findings:

- Project Area current assessed value ~\$63 million**
- At year 10, EIFD will generate over \$700,000 in annual TI revenue based on addition of 725 residential units & 300,000 SF comm.; 10 yr. projected AV of ~\$351M
- With estimated development projections, assessed value of new development could increase to ~\$484 million at buildout (Year 20)



Existing - \$63 million current AV



Specific Plan Potential Development

- 2.1mm sf retail, business park, hotel, housing
- Est. AV (Year 10): \$351 million
- Annual TI (Year 10): \$700,000/year



CASE STUDY: CITY OF REDONDO BEACH – AES SITE

Existing Conditions:

- 50.1 acre site (“AES Site”) adjacent to waterfront; significant contamination from prior uses
- AES Redondo Beach power plant not authorized to operate beyond December 31, 2020 – AES actively marketing site and in discussions with potential buyer
- City of Redondo Beach interested in redevelopment of AES Site:
 - Public Investment- regional coastal park, including wetlands restoration and recreational facilities
 - Private investment – resort hotels, retail, restaurant(s), waterfront parking, site clean-up

Opportunity:

- Private investment drives increase in assessed value, which can be captured by District through property tax revenues
- Infrastructure improvements, utility relocation and clean-up are eligible for District expenditures
- Estimated 386 jobs (280 construction) – 30% local hire, 10% targeted workers
- County EIFD application approved by City Council April 17, 2018**
- Prop 68 passed in 2017 4.1B bond funds: can fund plant conversion to open space**



AES power plant not authorized to operate beyond 12/31/2020



EIFD PLANNING AREA



Critical Infrastructure (\$30-50mm):

- Parkland acquisition
- Utility improvements
- Streets / circulation / coastal access
- Parking for local businesses



HYPOTHETICAL FUTURE DEVELOPMENT

- Kosmont ran a baseline property tax analysis to determine District revenue based on potential future development
- Development & assessed value ("AV") assumptions:

Redondo Beach EIFD Area Development Assumptions			
Development Type	SF / Units / Keys	Assessed Value (AV) Per SF / Unit / Keys	Estimated AV at Buildout
Coastal Park	N/A	N/A	Exempt
Hotel	300 Keys	\$465,000 – 580,000/Key	\$139.5 – 174.0 MM
Restaurant	30,000 SF	\$720 - 900/SF	\$21.6 – 27.0 MM
Retail	20,000 SF	\$720 - 900/SF	\$14.4 – 18.0 MM
Estimated Total			\$175.5 – 219.0 MM

Note: AV at buildout values in 2018 dollars

- AV was then used to calculate potential property tax revenue to the City and County based on property tax formulas



EIFD INFRASTRUCTURE – POTENTIAL PROJECTS (~\$30-50 million)



Wetlands restoration and regional park



Remove utility visual blight



Recreational and cultural amenities

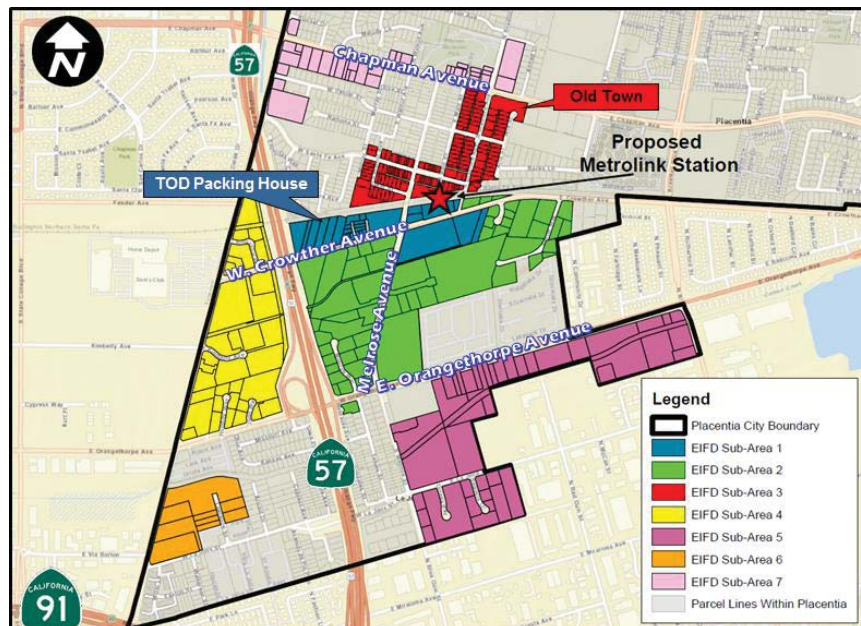


Improve bike/ped connections and beach access

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CASE STUDY: CITY OF PLACENTIA OLD TOWN & PACKINGHOUSE SCAG PILOT PROJECT & FIRST POTENTIAL CITY/COUNTY DISTRICT



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PLACENTIA EIFD OVERVIEW

- Key areas / projects: Old Town Placentia Revitalization Plan, Metrolink Station, TOD Packing House
- ~300+ acres (approx. 7.1% of City total 4,243 acres)
- ~\$365M in existing assessed value (approx. 5.9% of City total \$6.1B)
- ~\$460M in new development value
- Regional benefit: First Metrolink station in Orange County in ~10 years, reduce traffic on 91 Freeway (2nd most congested freeway in the nation)
- Economic benefits: \$22M in net fiscal impact to City, \$15M in net fiscal impact to County, 1,600+ housing units, 3,900+ construction jobs, 1,150+ permanent jobs, \$800+ million in economic output from construction, \$164+ million in annual ongoing economic output, convenient transit to local universities, GHG/VMT reduction
- Infrastructure needs: Old Town Streetscape Master Plan, Metrolink station transit-supportive infrastructure (e.g. bicycle / pedestrian connectivity, sidewalks, surveillance, landscaping, signage, lighting, underground utilities, beautification, public safety access), parking / roadway / circulation, open space, water / sewer capacity improvements, cost estimates ~\$7-8 million
- Public agency partners: City of Placentia, County of Orange, SCAG



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PLACENTIA EIFD: BEFORE



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PLACENTIA EIFD: AFTER



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PRESENTATION OUTLINE



- Statewide Momentum for Sustainability & Housing
- Sustainability and Housing Districts: Overview and Progress Update
 - La Verne
 - Redondo Beach
 - Placentia
- **Opportunity Zones: California Outlook & Approach for Local Jurisdictions**



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“We also want to pair EIFDs with the Opportunity Zones. This is the Big Idea.”

— Gov. Newsom

January 10th, 2019

2019-2020 State Budget Release



Gov. Newsom to Streamline EIFDs and OZs

- **Pair EIFDs with OZs** leverage earlier OZ investment with longer term tax increment (Budget, SB 128)
- **Conform CA Income Tax** with fed. income tax sched. for **low/mod. housing** & **Greentech** (Budget)
- **CEQA Streamlining** for certain OZ projects to mitigate timing challenges (SB 25)



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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OPPORTUNITY ZONES...

WHAT ARE THEY & WHAT ARE THE COMMUNITY BENEFITS?

OZ Basics

- **Incentivizes** individuals to realize capital gains and invest in certain low-income areas through tax deferrals and reductions.
- **Timing** is critical to maximize investments
- **Competition** will be high for OZ investment

OZ Community Benefits

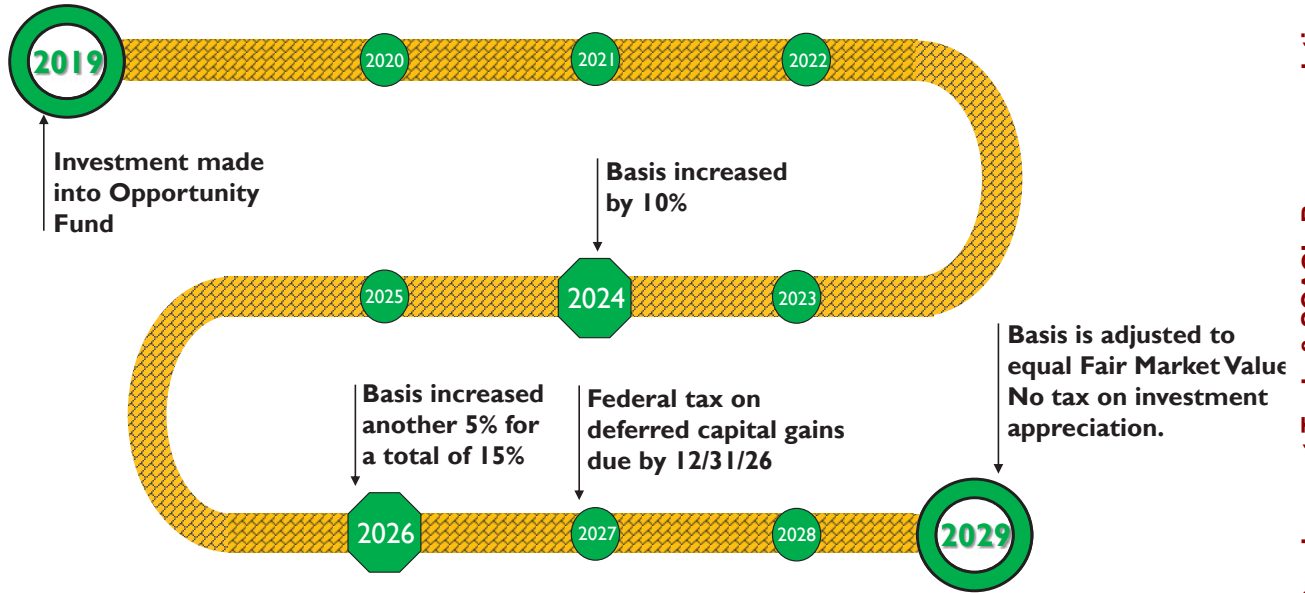
1. Opportunity Zones can be used as part of an economic development strategy, **creating jobs, stimulating economic activity, and jump-starting projects** within a community.
2. Opportunity Zones can stimulate housing development, **paving the way for cities to meet legislative housing mandates.**
3. Opportunity Zones can be used to augment other tax incentives and tax deferral strategies, **enhancing the economic viability of a proposed project** (EIFDs, TIF, NMTC, Fed Tax Credits).



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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OPPORTUNITY ZONES... WHAT ARE THE INVESTOR BENEFITS?



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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OZ OPPORTUNITY AND CHALLENGES IN CA

**879 low-income Census tracts approved as California OZs:
>10% of the national market**

California is typically a preferred investor market:

- Climate
- Labor Force
- Diversification
- Port Activity
- Quality of Life

California has some OZ challenges:

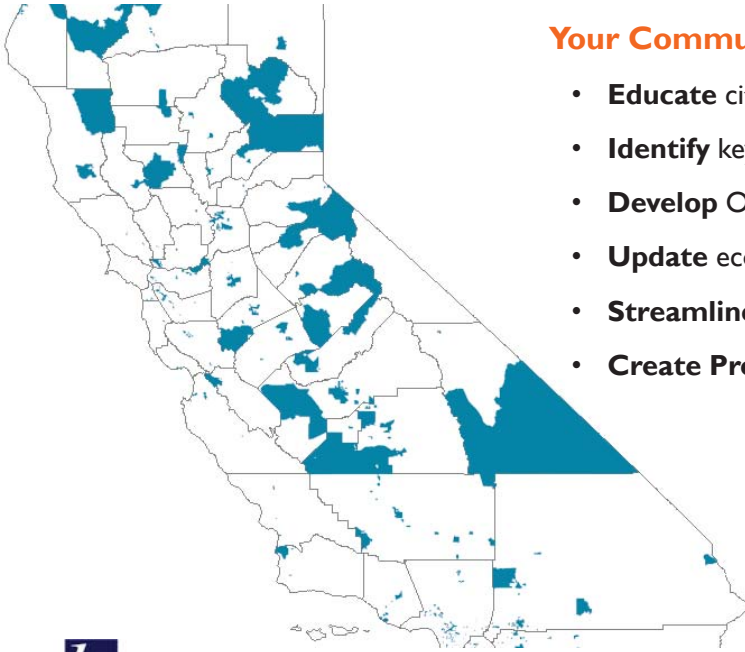
- OZ Competition from 49 States
- Slow/Costly Entitlement Process & Local Government Approvals
- CEQA Timing and Litigation Exposure



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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Opportunity Zones in 57 California Counties



Your Community's OZ Game Will Go Better If You Prepare:

- **Educate** city council, staff, and the community on Opportunity Zones
- **Identify** key projects, property owners, and stakeholders in OZ areas
- **Develop** OZ investment strategy: OZ Businesses, OZ Properties, or both
- **Update** economic development plans and zoning to align with targets
- **Streamline** local project approval processes and align with CEQA
- **Create Prospectus** to market target projects to OZ investors



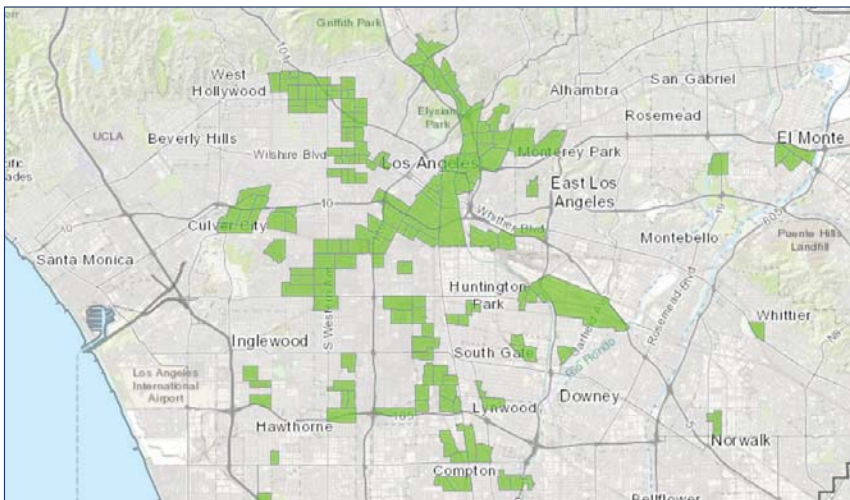
KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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Attachment: PowerPoint Presentation - Kosmont (Update on Local Economic Development Tools & SCAG's Recommendations for

OPPORTUNITY ZONES

Los Angeles and surrounding area (274 tracts)



Sample of Cities included:

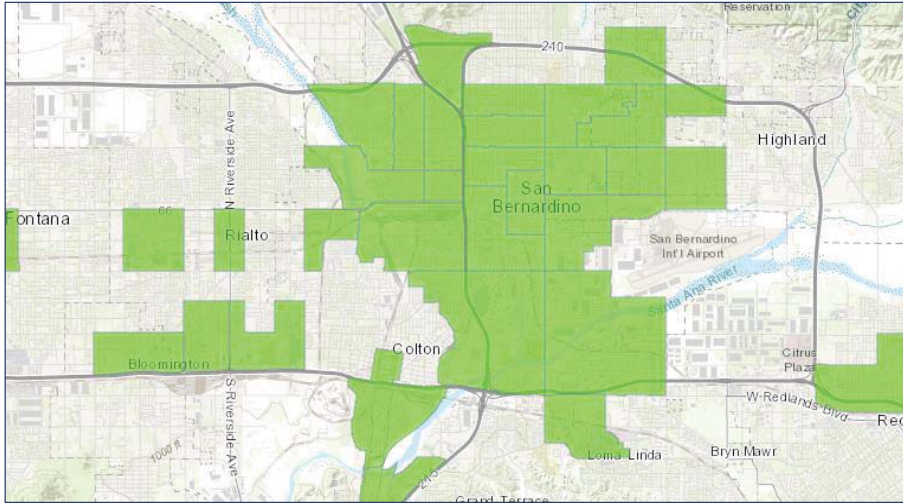
- Cudahy
- Culver City
- Commerce
- Compton
- El Monte
- Inglewood
- Los Angeles
- Long Beach
- Huntington Park



Source: California Department of Finance, Demographic Research Unit:
<https://cafinance.maps.arcgis.com/apps/webappviewer/index.html?id=d068b90cb97f4b429f3b180593036b7e>

OPPORTUNITY ZONES

San Bernardino County area (57 tracts)



Sample of Cities included:

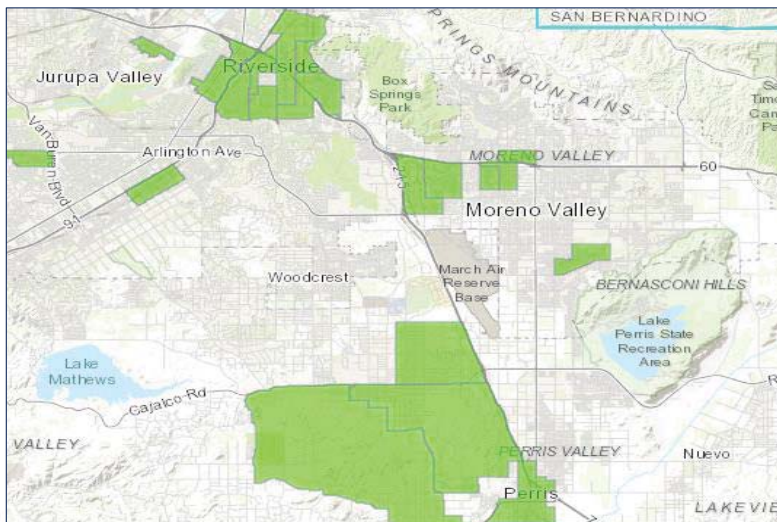
- Colton
- Fontana
- Ontario
- Redlands
- Rialto
- San Bernardino



Source: California Department of Finance, Demographic Research Unit:
<https://cafinance.maps.arcgis.com/apps/webappviewer/index.html?id=d068b90cb97f4b429f3b180593036b7e>

OPPORTUNITY ZONES

Riverside County area (49 tracts)



Sample of Cities included:

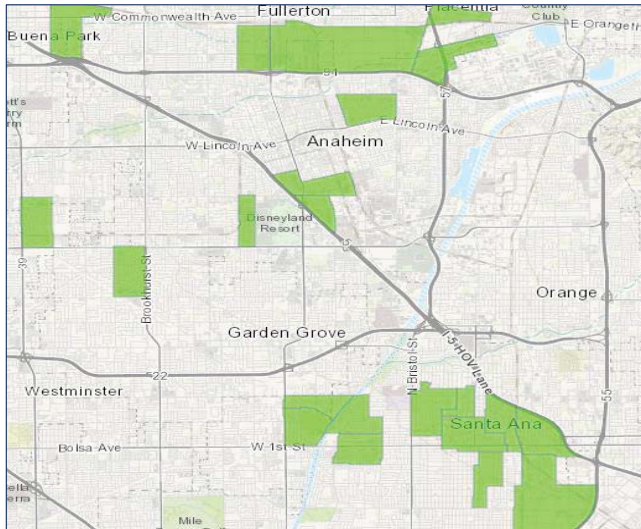
- Corona
- Hemet
- Moreno Valley
- Perris
- Riverside
- San Jacinto



Source: California Department of Finance, Demographic Research Unit:
<https://cafinance.maps.arcgis.com/apps/webappviewer/index.html?id=d068b90cb97f4b429f3b180593036b7e>

OPPORTUNITY ZONES

Orange County area (27 tracts)



Sample of Cities included:

- Anaheim
- Fullerton
- Huntington Beach
- San Clemente
- Santa Ana
- Stanton



Source: California Department of Finance, Demographic Research Unit:
<https://cafinance.maps.arcgis.com/apps/webappviewer/index.html?id=d068b90cb97f4b429f3b180593036b7e>

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CITIES: USE OZ PROSPECTUS TO ATTRACT INVESTORS

OZ Prospectus: emphasize strategy, stability, and structural advantages of your city to highlight market opportunities for OZ Funds.

Prospectus Components

- **Top-level Storytelling** highlights growth and vision for city's future
- **City/Regional Momentum** analysis of recent development, demographic/econ. indicators, & anticipated growth
- **Economic Development Planning & Zoning Updates** show comprehensive preparation & commitment
- **Streamlined Local Processes** ease timing concerns and improve competitiveness
- **Other Funding Sources** can be paired to enhance economic viability of projects (e.g. EIFD, TIF, NMTC, etc.)
- **Target Areas** describe key locations of growth in city
- **Target Projects/Sites** provide prime opportunities for OZ investment

With over 8,000 approved Opportunity Zones across the country, competition for Opportunity Fund investment is high



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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STATEWIDE TOOLS & RESOURCES FOR OZs & EIFDs

"Opportunity Zones have the potential to be the largest infusion of private capital into disadvantaged communities in decades."

*– Lenny Mendonca
recently appointed Director of the Office of Business and Economic Development*

GO-Biz

- State resource for economic development efforts

OppSites – Official State of California OZ Marketplace

- Assist cities with OZ project cataloging, marketing, and matchmaking



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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WHATS NEXT FOR OZ DEVELOPMENT

Expansion of California Digital Platform

- **OppSites** will make OZ matchmaking easier for cities and investors

Federal OZ Regulations

- Regs and guidance last released in October 2018
- Updated regs expected on February 14th to address key issues:
 - affiliated parties test, business profits/location, original use, investment transfers

California Proposed Legislation to Accelerate OZ Investment

- **SB 25:** CEQA streamlining for OZ projects (prevailing wage required)
- **SB 128:** EIFD vote requirement for debt will be eliminated
- **Income Tax Changes:** state conformance with federal OZ tax benefits



KOSMONT COMPANIES PROPRIETARY DO NOT DUPLICATE

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THANK YOU – ANY QUESTIONS?



APRIL 4, 2019

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Attachment 2:

Linking Economic Development with Housing Supply using Tax Increment Financing Tools in Southern California: A Review of Recent Challenges and Promising Opportunities

DRAFT FINAL

A Southern California Association of Governments White Paper
Department of Research and Analysis

Kimberly Clark
Kevin Kane
Frank Wen
John Cho
Anna Kobara

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Acknowledgements

SCAG would like to thank practitioners and experts who provided feedback on this paper: Joseph Dieguez, Larry Kosmont, Steve Levy, Joan Ling, Nick Marantz, Mark Pisano, and Wallace Walrod.

Executive Summary

- SB 961, passed in September 2018, directs the Governor’s Office of Planning and Research (OPR) to conduct a study before January 2, 2021 on the effectiveness of tax increment financing for increasing housing production. This paper represents SCAG’s initial analysis of the same based on lessons learned from conducting twenty post-redevelopment tax increment financing feasibility studies throughout southern California.
- Overall, California struggles to meet its affordable and market rate housing needs in part due to the limited availability of funding and tools to help localities affirmatively promote building. The recent establishment of Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs), Affordable Housing Authorities (AHAs), Workforce Housing Opportunity Zones (WHOZ), Housing Sustainability Districts (HSD), and Neighborhood Infill Finance and Transit Improvements Districts (NIFTIs/NIFTI-2s) provides new tools for local jurisdictions and public agencies to collaborate on achieving the state’s sustainability and housing goals by streamlining review of projects and combining funding streams, including tax increment financing (TIF).
- Of these available mechanisms, only three EIFDs have been established, and no CRIAs or other districts have been formed to date. Substantial hurdles exist at the local level including insufficient city tax increment, limited staff resources, difficulty in securing county and special district participation, and organizational challenges in large cities. The structure of EIFDs and CRIAs, in particular, often necessitate intergovernmental cooperation; however, counties and special districts need added incentives to participate financially.
- Based on lessons learned in early district creation efforts, **minor improvements to tax increment financing legislation are needed** to address challenges. SB 1145, which allowed for operations and maintenance to be funded through EIFD revenues, is a step in the right direction.
- **Metropolitan Planning Organizations (MPOs) and regional Councils of Governments (COGs) are well-positioned to support TIF and other geographically-targeted policies** through technical assistance and direct support to jurisdictions due to their role in administering housing element law and state sustainability planning law, as well as their intimate knowledge of localities’ available sites and zoning nuances.
- Supporting long-term housing supply, which is frequently tied to the physical and financial capacity of a jurisdiction’s ability to grow, could be a future goal of MPOs and regional COGs by better linking housing and sustainability mandates.
- Other geographically-targeted development programs such as federal Opportunity Zones (OZs) and recent changes to state economic development policy could also be employed in increasing housing supply. OZs could make investment very attractive in California, but realizing their full potential would require procedural streamlining and a matching state capital gains deferral.
- Since California’s tax increment financing mechanisms support infrastructure that implements the State’s housing and climate goals, **a State-funded pilot program designed to catalyze “first movers”** in district establishment may alleviate stresses associated with district formation and encourage more localities to also support State priorities.
- Site-specific impediments to housing development could be minimized through CEQA streamlining or through State financial support for jurisdictions facing legal challenges against bona fide housing developments.

Introduction

California is in the midst of a long-term structural housing shortage and affordability crisis. As of 2018, California ranks 49th of 50 states in the number of housing units per resident. With many strong indications, high demand for housing and short supply drives up rental and home purchase prices throughout the state. Indeed, seven of the 10 most expensive housing markets in the United States are in California. High housing prices contribute to sprawl, add time to regular commutes, make food and healthcare less attainable by constraining household resources, and exacerbate the growing homelessness crisis¹.

An underlying challenge is that middle-income job growth has been severely deficient despite an otherwise strong recovery from the Great Recession. Shockingly, inflation-adjusted median incomes in Southern California were lower in 2017 than in 1989. Compared with rapid increases in housing costs, it is no wonder why the region leads the nation in cost-burdened households with 44.9 percent of households paying over 30 percent of gross income towards housing costs² (Figure 1).

Figure 1: Ten Largest Combined Statistical Area (CSA) by Cost-Burdened Households (Renters and Owners)

Region	Cost burdened share
Los Angeles-Long Beach, CA CSA	44.9%
Miami-Fort Lauderdale-Port St. Lucie, FL CSA	43.2%
New York-Newark, NY-NJ-CT-PA CSA	42.1%
San Jose-San Francisco-Oakland, CA CSA	38.1%
Boston-Worcester-Providence, MA-RI-NH-CT CSA	34.9%
Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA	34.7%
Chicago-Naperville, IL-IN-WI CSA	34.6%
Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA	31.8%
Houston-The Woodlands, TX CSA	30.4%
Dallas-Fort Worth, TX-OK CSA	30.4%

Cost burdenedness defined as percentage of owner and renter households spending more than 30 percent of gross income on housing.

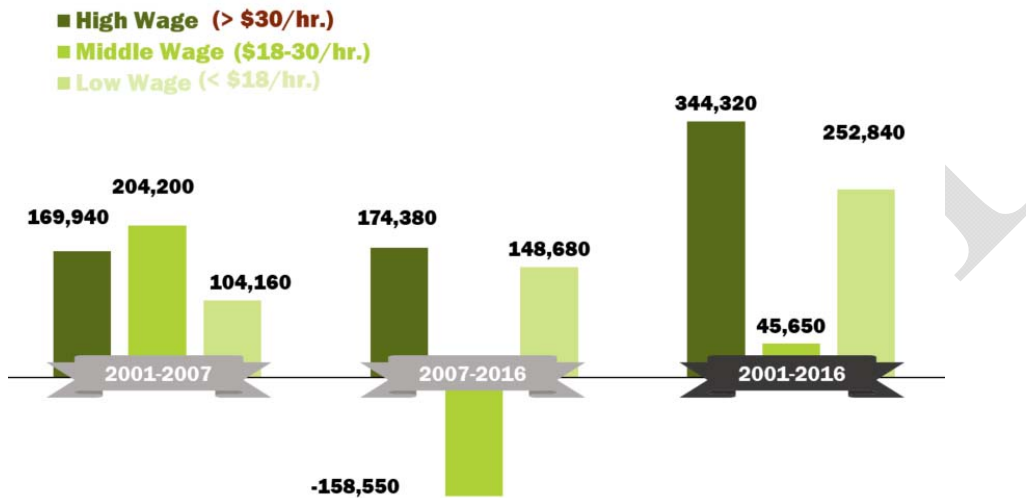
Source: American Community Survey 2017 5-Year Estimates

¹ Woetzel, Jonathan. et al. 2016. *A Tool Kit to Close California's Housing Gap: 3.5 Million Homes by 2025*. McKinsey & Company

² American Community Survey 2017 5-year estimates, comparing the Los Angeles-Long Beach Combined Statistical Area to other US regions.

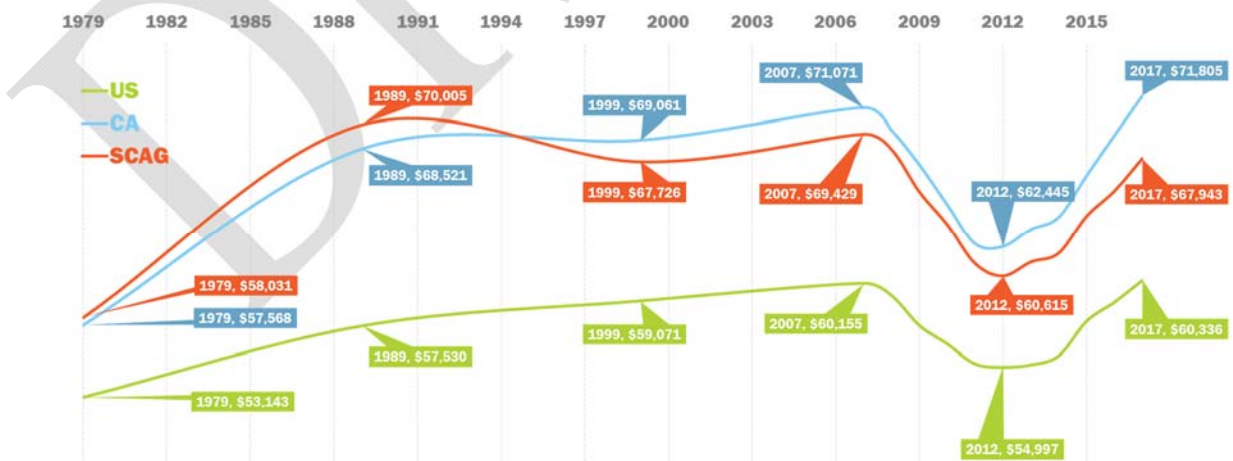
In looking towards the future and examining recent trends in job growth, the problem of undersupply in market-rate housing and below market-rate housing will likely continue. Growth in low wage jobs (those earning less than \$18 per hour) from 2001 to 2016 comprised an inordinately high share of total job growth in the SCAG region (39 percent). Middle wage jobs (those earning \$18 to \$30 per hour) also saw a substantial decrease in numerical growth during the Great Recession and years following, comprising only seven percent of growth from 2001 to 2016 (Figure 2). Overall purchasing power for housing also declined substantially for middle income and low income groups during the Great Recession. Median household income only recovered to the pre-recession, 2007 levels in 2017 (Figure 3).

Figure 2: Growth in High, Middle, and Low Wage Jobs from 2001 to 2016 in the SCAG Region



Source: California Economic Development Database (EDD, ES202) wage and job files. Hourly wages are in constant 2013 dollars. Data provided the Center for the Continuing Study of the California Economy (CCSCE).

Figure 3: Inflation Adjusted Median Household Income from 1979 to 2017



Sources: US Decennial Census, American Community Survey, and Consumer Price Index accessed through Social Explorer using constant 2017 dollars

Since the 1960s, the State of California's main tool for promoting housing production has been through the unfunded housing element process and Regional Housing Needs Assessment (RHNA), which mandates that each region's council of government (COG) allocate state-determined housing totals to local jurisdictions.³

Many of these regional COGs are also Metropolitan Planning Organizations (MPOs), especially in the most populous areas of the state. Empirically, the housing element law process has been shown to be ineffective at alleviating the state's affordable housing deficit by increasing the State's total supply of housing. This is partially due to the relative ease of tying up proposed development through litigation and various regulatory requirements, in addition to the fact that the process does not actually construct housing—it is only a planning mechanism.⁴ Figure 4 reports the low share of housing needs met, specially for affordable units.

Figure 4: Fourth and Fifth Cycle Regional Housing Needs Assessment (RHNA) Progress Reports

FIFTH CYCLE RHNA ANNUAL PROGRESS REPORT SUMMARY

6/1/2018 annual progress report (APR). Permits from 1/1/2014 to 12/31/2017; RHNA cycle is from 1/1/2014 to 10/1/2021

	Very Low Income (VLI)	Low Income (LI)	Moderate Income	Above Moderate	Total Percent Complete
Imperial County	5.3%	12.7%	58.0%	5.8%	15.0%
Los Angeles County	13.2%	12.9%	4.6%	107.6%	52.0%
Orange County	19.0%	14.2%	222.1%	185.0%	123.9%
Riverside County	3.5%	1.5%	19.0%	33.1%	18.1%
San Bernardino County	3.7%	9.1%	37.6%	46.1%	27.8%
Ventura County	13.1%	26.2%	32.5%	46.4%	33.6%
<i>SCAG Region</i>	<i>9.8%</i>	<i>10.0%</i>	<i>38.0%</i>	<i>83.2%</i>	<i>45.4%</i>
<i>California*</i>	<i>7.8%</i>	<i>10.8%</i>	<i>28.3%</i>	<i>64.6%</i>	<i>35.4%</i>

Bold = "On track." APR is 51.6% through SCAG's 5th cycle RHNA.

FOURTH CYCLE RHNA FINAL SUMMARY

1/1/2005 - 6/30/2014

	Affordable	Market-rate	Total % Complete
Imperial County	15.4%	53.1%	31.2%
Los Angeles County	21.0%	86.9%	51.8%
Orange County	13.9%	115.6%	70.3%
Riverside County	9.1%	98.8%	59.6%
San Bernardino County	9.5%	83.6%	50.6%
Ventura County	19.7%	48.1%	78.8%
<i>SCAG Region</i>	<i>15.2%</i>	<i>91.3%</i>	<i>54.9%</i>

Source: California State Department of Housing and Community Development (HCD)

³ <http://www.hcd.ca.gov/community-development/housing-element/index.shtml>.

⁴ Lewis, Paul. 2003. *California's Housing Element Law: The Issue of Local Noncompliance*. PPIC.

There are many contributors to the overall housing shortfall, such as zoning, costs, and fees that prevent projects from being feasible; time delays; environmental litigation; community resistance to medium and high density projects; and lack of sufficient local funding mechanisms. The cumulative impacts of the housing shortage on individuals' everyday lives sum to an estimated annual economic loss of \$140 billion in lost output⁵. This is in spite of the fact that every dollar spent on new housing construction, including infill development, generates more than an additional dollar (\$1.10) in total economic activity, and each job created through residential construction supports 1.4 additional jobs⁶.

Meanwhile, the 2012 dissolution of Redevelopment Authorities (RDAs) has severely constrained the ability of towns, cities, and counties to pursue both economic development goals and promote affordable housing since RDAs mandated an affordable housing set-aside. In 2014, and with modifications the following year, the state restored a more limited form of tax increment financing by establishing Enhanced Infrastructure Finance Districts (EIFDs) and Community Revitalization and Investment Authorities (CRIAs). Since they are the longest standing tax increment financing tools, this paper focuses primarily on the viability of EIFDs and CRIAs. However, in 2017 and 2018, a bevy of state legislation was both proposed and adopted in order to further link housing and economic development goals (see Figure 5). The purpose of these programs is to foster new institutional arrangements that provide financial frameworks to accomplish shared objectives. **If implemented across the SCAG Region, TIF revenue for EIFDs could sum to more than \$32 Billion over their 45-year district lifespan (Figure 6).** With some of the new districts requiring an affordable housing set-aside, the potential for affordable housing funding generation could exceed RDA's previous potential if jurisdictions are able to move forward in establishing them (Figure 7). However, while legislation supporting procedural streamlining, financing authority creation, and housing element reform have the potential to alleviate some of these stresses, the number and complexity of new programs also presents a challenge for resource-strapped local jurisdictions.

Lewis (2003, p. xi) notes that "creating a component of the state fiscal system that rewards local governments for the addition of housing units, particularly affordable units, may result in less conflict and more cooperation." In particular, **seeing housing development and economic development as one and the same can help enlist localities in achieving the state's larger sustainability and housing goals and provide synergistic benefits through "unusual alliances" of stakeholders.** MPOs and regional COGs can have an important role, as they are examples of the kind of collaborative governance envisioned by these new tools, in addition to their ability to convene and match entities with shared goals.

This paper will examine the effectiveness of tax increment financing for increasing housing production by first describing the past and present tools in California and providing recent case studies that highlight key challenges and opportunities. We then discuss several avenues of potential solutions through (1) existing housing element law, (2) other geographically-targeted programs, (3) technical assistance and "unusual alliances," and (4) **providing state financial support for modified tax increment financing tools.**

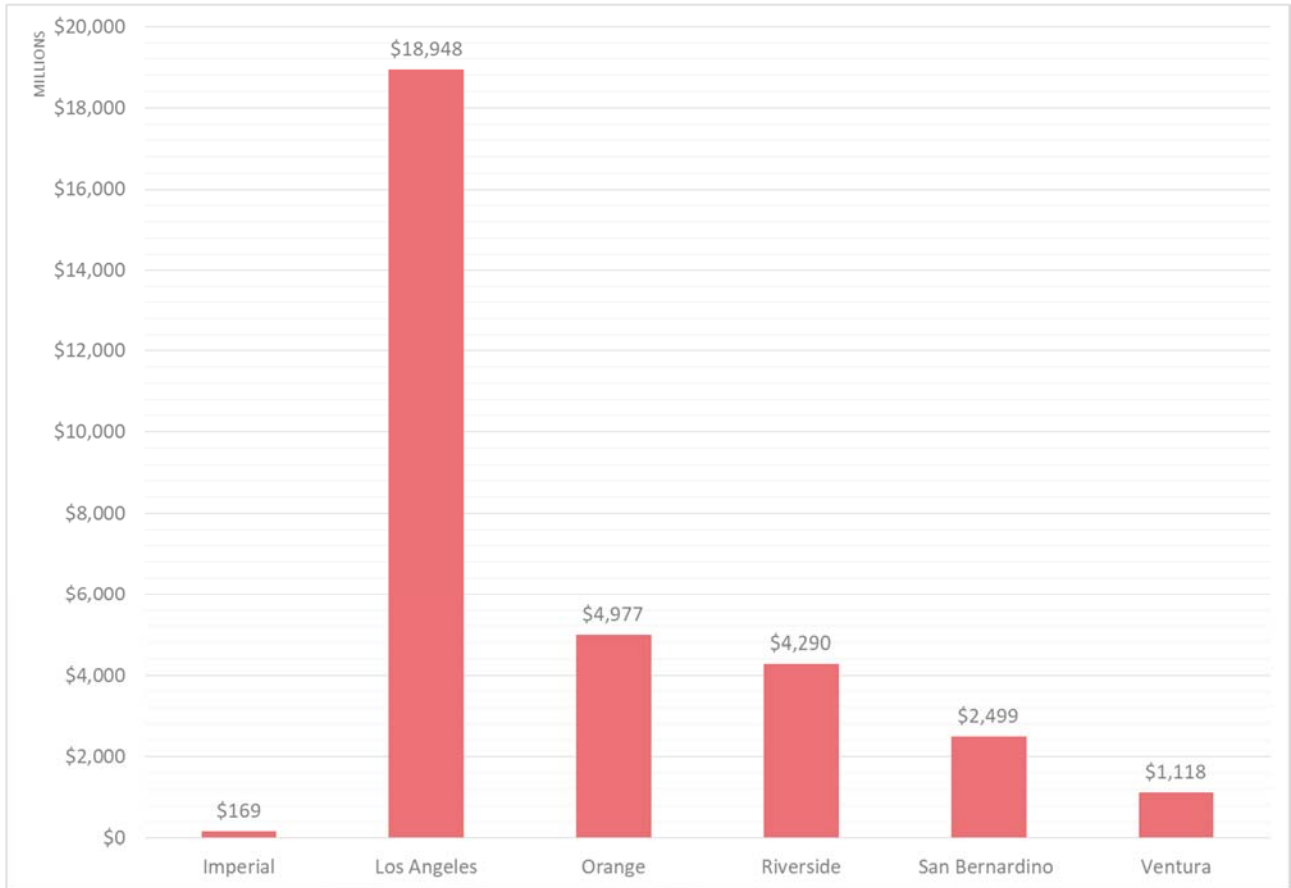
⁵ See, e.g., McKinsey, 2016

⁶ <https://bialav.org/wp-content/uploads/2015/10/2014-Economic-Benefits-of-Housing-Sept-2014-Update.pdf>

Figure 5: Summary of Sustainability and Housing Districts by Type

Tool	Established	Brief description of capabilities
Redevelopment Authority (RDA)	1952-2012 (dissolved)	N/A
Enhanced Infrastructure Finance District (EIFD)	2014, rev. 2016 (SB 628, AB 313)	Through a public financing authority, a city, county, or special district can designate a district for investment in infrastructure and related projects. Several funding sources including incremental tax revenues can be used, and maintenance costs can now be included (SB 1145)
Community Revitalization and Investment Authority (CRIA)	2014, rev. 2016 (SB 628, AB 313)	City or county can create a district in a designated disadvantaged area where incremental tax revenues can be used for certain projects; focuses on housing and allows for eminent domain
Affordable Housing Authority (AHA)	2017 (AB 1598)	Public financing entity which can use property or sales tax increment to issue bonds for affordable/workforce housing in a specified district
Workforce Housing Opportunity Zone (WHZO)	2017 (SB 540)	City/county prepares a specific plan & EIR which support a WHOZ district, allowing for streamlined review of qualified housing projects built w/prevailing wage.
Housing Sustainability District (HSD)	2017 (AB 73)	City county can prepare an ordinance & EIR which support an HSD, allowing for streamlined review of qualified housing projects built w/prevailing wage
Neighborhood Infill Finance and Transit Improvements Act (NIFTI)	2017 (AB 1568)	City establishes its entire land area as a NIFTI; city/county can use sales & use tax revenue for infrastructure & affordable housing within EIFDs
Second Neighborhood Infill Finance and Transit Improvements Act (NIFTI-2)	2018 (SB 961)	Authorizes bonds to be issued for the purposes of the Second Neighborhood Infill Finance and Transit Improvements Act without voter approval; directs the State Office of Planning and Research to complete a study on the effectiveness of tax increment financing tools for increasing housing production.

Figure 6: Conservative Estimate of Potential Enhanced Infrastructure Financing District (EIFD) Tax Increment Financing Revenue by County in the SCAG Region over 45-Year Lifespan (in millions of dollars)



Note: EIFD TIF revenue was calculated using total assessed property value in each city from 2016. Property tax revenue was calculated using total assessed property value and an average county property tax rate. The total assessed property value increases by 1% annually as a conservative estimate and Prop 13. Total tax increment revenue is based on a 45-year lifespan of the district.

Source: SCAG

Figure 7: Conservative Estimate of Potential Affordable Housing Funding Set-Aside by County in the SCAG Region by District over Lifespan

County	CRIA	NIFTI	NIFTI #2	AHA	RDA
Imperial	\$19,160,000	\$64,940,000	\$129,880,000	\$308,450,000	\$127,610,000
Los Angeles	\$1,505,040,000	\$5,129,710,000	\$10,259,410,000	\$24,366,110,000	\$13,930,800,000
Orange	\$165,650,000	\$1,493,940,000	\$2,987,870,000	\$7,096,200,000	\$1,477,600,000
Riverside	\$333,110,000	\$1,365,900,000	\$2,731,810,000	\$6,488,050,000	\$2,824,530,000
San Bernardino	\$255,740,000	\$997,510,000	\$1,995,020,000	\$4,738,170,000	\$2,012,540,000
Ventura	\$34,120,000	\$366,130,000	\$732,260,000	\$1,739,110,000	\$1,302,190,000
SCAG	\$2,312,820,000	\$9,418,130,000	\$18,836,250,000	\$44,736,090,000	\$21,675,270,000

CRIA

CRIA TIF revenue was calculated using the total assessed property value from the eligible land within each City from 2016. Property tax revenue was calculated using total assessed property value and an average county property tax rate. The total assessed property value increases by 1% annually as a conservative estimate and Prop 13. Total tax increment revenue is based on a 45-year lifespan of the district.

NIFTI/NIFTI-2/AHA

NIFTI/AHA TIF revenue was calculated using the potential sales and use tax revenue for the lifetime of the TIF district using a risk-adjusted average annual growth rate for each city. Total NIFTI/NIFTI-2/AHA TIF revenue includes both property tax increment and sales and use tax increment revenues. These tools are also allowed to use transaction and use tax revenues but such taxes have not been included in this study. Affordable housing set-aside amounts differ for each of these tools:

- NIFTI AH Set-Aside – 20%
- NIFTI-2 AH Set-Aside – 40%
- AHA AH Set-Aside – 95%

RDA

RDA TIF revenue was calculated assuming the most recent RDA calculation in which the agency takes a reduced amount of TIF revenue based on the following passthrough formula:

- First ten years: 25% gross tax increment after 20% affordable housing set-aside
- After Year 10: 21% gross tax increment after year 10 and 20% affordable housing set-aside
- After Year 30: 14% gross tax increment after year 30 and 20% affordable housing set-aside

The calculation assumes that the district can take 100% of property tax increment (not just city/county share). The reduction via passthrough is calculated using the 100% property tax increment revenue. The calculation also assumes a 45-Year district lifespan to compare with other tools. (Original RDAs only 40 year lifespan).

Source: SCAG

Tax Increment Financing (TIF) – Past and Present

Since 1952, California municipalities were given the authority to establish tax increment financing (TIF) entities that could redevelop areas deemed as blighted. As opposed to general obligation bonds, which often result in an increase in property taxes for residents, funding from tax increment came from bonding against the likely future growth in property tax revenue within a given project area claimed by a tax increment financing entity - most commonly a Redevelopment Authority (RDA). Since their inception, RDAs presented funding challenges for state and local entities as the distribution of future property tax revenue to an RDA resulted in other agencies' loss of funds – particularly school districts and special districts. This conflict became especially acute after the passage of Proposition 13 in 1978 capped general purpose property tax at one percent of total assessed property value and limited growth in assessed property value at two percent annually. This limit on local tax revenue increased the incentive for agencies to use RDA districts to capture an otherwise scarce tax base.

Starting in the 1970s, RDAs were required to set aside twenty percent of an agency's annual tax increment revenues for affordable housing. Although use of funds for construction of affordable housing was inconsistent and meager in many areas, RDAs created 63,600 new affordable housing units statewide from 2001 to 2008⁷. The 2012 dissolution of RDAs severely restricted the ability of jurisdictions to pursue both economic development goals and promote affordable housing, as the resulting estimated loss of new affordable units ranges from 4,500 to 6,500 annually in California⁸.

In 2014, and with modifications the following year, the State legislature created Enhanced Infrastructure Financing Districts (EIFDs) and Community Revitalization and Investment Authorities (CRIAs). Both tools offer flexible institutional arrangements, which allow multiple jurisdictions to solve common investment problems and allow a more limited form of tax increment financing in order to avoid some of the historic issues with RDAs. EIFDs and CRIAs can only draw tax increment from agencies that voluntarily participate in the administration of the district, and school and community college districts are specifically precluded from involvement. EIFDs and CRIAs can also produce various types of projects, with legislation prescribing sustainable infrastructure, mixed use housing, and transit supportive developments. SB 1145, passed in September 2018, expanded this to include infrastructure maintenance expenses, assuaging concerns that additional support would be needed to support a district from jurisdictions' general fund revenues. CRIAs are limited to serving disadvantaged communities, areas with high unemployment or high crime rates, neighborhoods with deteriorated infrastructure, and areas with a significantly lower median household income than is seen in the greater respective county and state as a whole. While CRIAs are a more conventional form of TIF, they do entail the powers of eminent domain for the first 12 years and require a 25 percent affordable housing set aside. Unfortunately, establishment of these new districts has been slow across the state – with only three EIFDs and zero CRIAs created to date.

TIF districts can pull from a number of funding resources, including property tax, property tax in-lieu of motor vehicle license fees (MVLFF), Proposition 1 bond funds, cap-and-trade proceeds, development agreements/impact fees, user fees, hotel bed taxes, benefit assessments, state and federal grant funds, and private investment. Of these sources, property taxes and property tax in-lieu of MVLFF present the most viable funding sources for TIF district establishment. One major challenge for local

⁷ Blount, Casey and Ip, Wendy and Nakano, Ikuo and Ng, Elaine, Redevelopment Agencies in California: History, Benefits, Excesses, and Closure (January 2014). Available at SSRN: <https://ssrn.com/abstract=2445536> or <http://dx.doi.org/10.2139/ssrn.2445536>

⁸ *ibid*

jurisdictions, however, is **that many towns and cities do not have a high enough tax capture rate on their own to justify district creation.** Even when pulling from many different taxing resources, jurisdictions are reticent to take the risk of funding a tax increment financing district on their own. They must partner with other agencies, such as a jurisdictions' respective county agency, to make a tax increment financing district financially viable.

A jurisdiction's property tax capture rate, for instance, is the share of the property tax bill that goes directly to that city or town. Property tax increment was a primary source of funding for RDAs, and the same holds true for EIFDs that have been established to date. **Experts generally recommend that the simplest way to establish an EIFD or CRIA is to ensure that a district receive at least \$0.15 of every dollar of the property tax collected on the assessed value in a given project area.** Jurisdictions with a property tax capture rate above this level are well-positioned to pursue an EIFD or CRIA independently, such as the City of La Verne (discussed further as a Case Study in this paper). Jurisdictions receiving less than this amount need to pull from other sources, such as property tax in-lieu of MVLF, or can form partnerships with outside agencies that can also contribute tax increment within a project area.

In the SCAG region, 64 percent of cities (122 of 191) receive less than \$0.15 of every dollar of assessed property tax. For these lesser-funded jurisdictions to launch an EIFD or CRIA, cooperative agreements with other taxing agencies ought to be established. These can be between a jurisdiction and a county and/or between a jurisdiction and a special district, but school districts and community college districts are excluded. Given the previous issues of RDAs where agencies within a redevelopment area were not able to opt-out of contributing tax increment, collaborative partnerships to support tax increment financing have been rare. This issue is compounded for newer jurisdictions that were incorporated after the passage of Proposition 13 in 1978. Not only do newer jurisdictions tend to have lower property tax capture rates, they are also in a weaker position to negotiate sharing property tax capture of counties and special districts that levy tax on the same assessed property value.

The fundamental premise of TIF is often referred to as "but for"—that future property value increases would not have happened if the district had not been created. This constitutes both the investment in infrastructure or other tangible improvements, in addition to public contributions such as land assembly and the coordination of development, etc. The concern of overlapping taxing jurisdictions such as counties and school districts is that if value increase happens irrespective of TIF district activity, those agencies will have missed out on the additional tax revenue. Demonstrating an estimated return on investment (ROI) will be essential for bringing partnering agencies together in the formation of a TIF district, potentially via technical assistance tools like Envision Tomorrow, which is a scenario planning package that allows users to analyze how planning decisions will impact a jurisdictions' future fiscal resiliency (among other metrics).

Issuing bonds in order to pay for initial infrastructure investments is one method for ensuring that value growth is tied to district activity—especially when property tax increases perform as expected from catalytic developments and investments. However, while EIFD establishment requires no public vote, a public vote is usually required to issue debt. While other funding sources may be available for initial investment, this adds an additional hurdle in demonstrating "but for" and furthers the difficulty in soliciting county participation.

EIFD Case Study: City of La Verne

During the 5th cycle of the Regional Housing Needs Assessment (2014-2021), the City of La Verne's housing needs were set at 562 new units, 21 of which have been permitted as of June 2018.

On October 30, 2017, the City of La Verne's Enhanced Infrastructure Financing District (EIFD) was activated by its Public Financing Authority (PFA), the entity authorized by statute to direct this new sustainability district. The process for establishment took approximately 18 months. La Verne evaluated the merits of an EIFD in connection with the future Metro Gold Line light rail station (E Street and Arrow Highway) and surrounding transit oriented development (TOD) allowed by the Old Town La Verne Specific Plan previously adopted by City Council. City of La Verne is one of 17 cities in Los Angeles County that benefits from a property tax capture rate of over \$0.15 on every dollar of tax assessed (La Verne's rate is \$0.18), making an EIFD or CRIA financially viable with only the primary agency contributing tax increment. In the interest of time and establishment of an assessed value baseline, the City decided to move forward with the EIFD without County of Los Angeles (County) participation initially. If the County joins and decides to contribute a portion of its property tax increment, TOD improvements could be funded sooner.

The La Verne EIFD is comprised of 82 parcels with 38 unique land owners, covering approximately 110 acres in three non-contiguous subareas. Private development projects include 1,700 new residential units, retail, a business park, and hotel transit-oriented development valued at nearly \$500 million in 2017 dollars. Fourteen specific infrastructure projects are estimated to cost \$33 million, including enhancement of connectivity (parking, pedestrians, bikes, rideshare), beautification, and expansion of utilities to catalyze development and accommodate future household growth.

Spurred by the request to participate in this new EIFD, the County adopted guidelines for evaluation of its participation in EIFDs in August 2017. Their adopted criteria for supporting TIF districts states that jurisdictions should show at least a \$0.15 property tax capture rate to solicit County participation, which limits participation to the 17 cities that collect this much. If this criteria were applied throughout the greater SCAG region, 122 of 191 cities and towns (64 percent) would be precluded from entering a cooperative agreement to establish a TIF district with their respective county⁹.

This would have a negative impact for jurisdictions wanting to establish a Community Revitalization Investment Authority (CRIA) due to their specific goal of serving disadvantaged communities. Applying the County's criteria to jurisdictions who meet these requirements would preclude 80 percent of eligible jurisdictions from participating in Los Angeles County, and nearly 70 percent jurisdictions in the greater SCAG region. This hurdle would be particularly meaningful to overcome particularly in Los Angeles County, which, due to having more experience in EIFDs and CRIs as far, could serve as a model for other counties in the region.

EIFD Case Study: City of Los Angeles

During the 5th cycle of the Regional Housing Needs Assessment (2014-2021), the City of Los Angeles's housing needs were set at 82,002 new units, 59,839 of which have been permitted as of June 2018.

The City of Los Angeles benefits from a relatively high property tax capture rate (\$0.25 per \$1.00) and is well-positioned to establish an EIFD or CRIA on its own or with county collaboration. Several pilot studies are currently underway in various areas throughout the City, including studies that are being supported by SCAG, Los Angeles County Metropolitan Transit Authority (Metro) and Caltrans.

⁹ <http://www.ci.la-verne.ca.us/index.php/documents/agendas-and-minutes/city-council-agenda-and-packets/657-pfa-packet-oct-30-2017/file>

While larger cities tend to have higher tax capture rates because they tend to provide more services, they face some additional hurdles in terms of project prioritization and district administration.

State law requires that an EIFD or CRIA's Public Financing Authority (PFA) be managed by a board of at least five members, including a minimum of two public members (i.e. non-public office holding members). Therefore, at least three members must be elected officials from an agency contributing tax increment. Without county or special district participation, this would necessitate City Council members *from other council districts* to sit on the EIFD/CRIA district's governing body. Los Angeles' council districts have populations of roughly a quarter million each—meaning that a board member would have to be drawn from afar, leading to less local or neighborhood influence.

While smaller cities like La Verne may only have one or a handful of areas that are best suited for these districts based on development potential or infrastructure need, large cities like Los Angeles are likely to have several in different areas with different constituencies. The benefits of each district must be evaluated against the potential risks to a jurisdiction's general fund revenue. Simply due to size, proposals for EIFDs are likely to come from City Council Members or local stakeholder groups rather than the City itself, though ultimate establishment authority would rest with the City Council. While some draft guidelines have been circulated regarding which division at the City is in charge of generating or reviewing EIFD proposals and the potential city-wide costs and benefits, balancing competing interests from different parts of the city is both politically sensitive and resource-intensive.

The fundamentals exist for successful tax increment financing in large cities, mostly owing to high tax capture rates and infrastructure need. Pilot studies being supported by SCAG, Metro, and Caltrans indicate that other agencies with an interest in transportation infrastructure and housing provision, for example, also benefit. **In addition, the recent passage of SB 1145 allows for maintenance and operations expenses to be paid for using incremental revenues, which should assuage some of the concern over the impact on a city's general fund.** Granting some State authority to other stakeholders, possibly in the form of PFA membership, or any financial support for the State to solve the large city-specific logistical hurdles, may help catalyze more development.

EIFD Case Study: City of San Bernardino:

During the 5th cycle of the Regional Housing Needs Assessment (2014-2021), the City of San Bernardino's housing need summed to 4,384 new units, 177 of which have been permitted as of June 2018.

The City of San Bernardino filed for bankruptcy on August 1, 2012 due to a fiscal crises caused by nearly \$300 million in unfunded liabilities and a \$45 million budget shortage. In the years leading up to bankruptcy, the City's financial situation became increasingly precarious as local tax revenue fell - most notably a decline property taxes, vehicle license fees, and tax increment returns from their RDA. Prior to the bankruptcy, property tax comprised about 30 percent of the City's total revenue. With the real estate impacts of the Great Recession falling heaviest in San Bernardino and Riverside counties, property tax revenue during 2008-2011 was nearly 40 percent lower than it had been during the 2001-2007 housing boom years. To finalize the bankruptcy, the City initiated a new parcel tax for property owners to cover the fulfillment of their pension obligations negotiated with CalPERS¹⁰. This has resulted in substantial cuts to city services – including police – and has contributed to increases in crime, poverty, and unemployment compared to cities of a similar size¹¹. With the majority of the City designated as a

¹⁰ <https://calpensions.com/2016/05/02/why-bankrupt-san-bernardino-didnt-cut-pensions/>

¹¹ <http://roseinstitute.org/san-bernardino-two-years-bankruptcy/>

disadvantaged community under the State’s definition, the City could form a CRIA to attract private investment and supply affordable housing. However, with the revenue adjustments following the bankruptcy, the City no longer meets the \$0.15 threshold in property tax capture to establish a TIF independently. Any use of property tax increment would likely require support from an outside agency, and potentially an additional agreement between the debtor agency and its debt holders. Without an incentive to foster such a collaborative arrangement, the likelihood that the City can utilize EIFDs or CRIAs to support the housing needs of its underserved residents is reduced.

EIFD Case Study: City of Placentia:

During the 5th cycle of the Regional Housing Needs Assessment (2014-2021), the City of Placentia’s housing need summed to 492 new units, 143 of which have been permitted as of June 2018.

The City of Placentia is positioning itself to be home to one of the next Enhanced Infrastructure Financing Districts (EIFDs) in California, clearing the way for transit, streetscape, and other improvements to support the upcoming Metrolink Station. SCAG, with advisors from Kosmont Companies, has been working with the City of Placentia and other communities to bring EIFDs – and their tax-increment financing – to the six-county region. Placentia’s EIFD will help finance much-needed transit and housing supportive infrastructure improvements directly to the north and south of the upcoming Metrolink Station along State Route 91, one of the busiest and most congested transportation corridors in Southern California. The Placentia City Council approved a resolution supporting the establishment of the EIFD on February 19, 2019. The Orange County Board of Supervisors will evaluate a similar resolution this spring. **If successful, it would be one of four EIFDs in California, and the first EIFD to involve both a city and county partnership statewide.**

With the City of Placentia capturing less than \$0.15 on every dollar of property tax within the proposed EIFD boundary (\$0.136, specifically) and the proposed district representing nearly 6 percent of the City’s assessed value, having the County of Orange as a partner would make the EIFD much more fiscally feasible. Given the region-wide significance of the upcoming Metrolink Station, a city-county partnership in this EIFD also creates a mechanism to evaluate local projects in a county-wide context. With planned infrastructure costs and financing summing to \$11.7 million to be repaid over the proposed 20 year lifespan of the district, the City of Placentia EIFD is estimated to have a solid return on investment for both the City and County – with approximately \$15 million in net fiscal impact to the County. Infrastructure improvements facilitated by the district will also support an additional 1,600 housing units, 3,900 construction jobs, 1,150 permanent jobs, \$800 million in economic output from construction activities, and \$164 million in annual ongoing economic output.

Potential Solutions: What to do?

Overall, EIFDs and CRIAs are well-intentioned state legislation-enabled entities that have real potential to catalyze needed infrastructure and housing development. In addition to La Verne in the SCAG region, West Sacramento and Otay Mesa have established EIFDs. The West Sacramento EIFD intends to fund a wide range of infrastructure projects across the city including bridge construction and downtown streetcar extensions.¹² The Otay Mesa EIFD in the City of San Diego is contiguous with a legacy community plan area and is expected to facilitate the development of 13,624 residential units, 510 acres of industrial development, 53 acres of retail development, and 37 acres of office development.¹³ However, EIFDs and CRIAs’ potential to transform a much longer list of communities has run up against

¹² <https://www.cityofwestsacramento.org/government/departments/administrative-services/finance/eifd-formation>

¹³ <https://www.sandiego.gov/city-clerk/officialdocs/legisdocs/omeifd>

some challenges. In particular, their reach is limited by insufficient city tax capture rates, challenges in incentivizing county and special district participation, and logistical and organizational challenges in establishing districts in large cities.

While economic development is always a goal of state, regional, and local governments, the unique and extreme nature of the current state housing shortage and affordability crisis has taken center stage. Seeing EIFDs and CRIAs as a way to address the housing crisis serves both purposes.

Potential Solutions 1: Housing Element Law

The longstanding Regional Housing Needs Assessment (RHNA) process involves two steps: HCD's determination of a region's housing needs, and the MPO or regional COG's allocation of that total across its jurisdictions. Cities include the allocated housing in their once-per-eight-year housing element update by zoning for those units; however, no further provisions are made for housing construction, resulting in low permitting rates relative to RHNA allocations.

While the housing element process is not linked to any funding mechanism, the California Department of Housing and Community Development (HCD) makes a variety of housing-related funding available through competitive award.¹⁴ Per HCD's statistics, the 2015-2016 award cycle resulted in the construction of 2,742 new affordable housing units—orders of magnitude below a wide variety of state housing need estimates which are usually in the millions.¹⁵ **In addition, one of the challenges of using state funds to build affordable housing – especially in TOD areas – is that too high a share of the funds are used to fund the infrastructure that supports housing rather than actual units – a challenge that EIFDs and CRIAs can address even if they don't fund housing directly.**

Due to their role in determining local allocations of the regional housing need assessment, MPOs and regional COGs may be well positioned to administer **(1) financial incentives and (2) technical assistance** for local jurisdictions to implement affordable housing. If funding could be provided for this purpose by the State, MPOs could more actively promote housing development in locations and manners that meet their Sustainable Communities Strategy greenhouse gas reduction targets – thereby moving forward California's overall housing and sustainability goals.

Due to its role as both a regional COG and transportation commission, ABAG/MTC's RHNA allocation methodology is able to more explicitly take transit-orientation and jobs-housing balance into account. Implementation is supported by substantial amounts of housing funding for local jurisdictions; ABAG/MTC have also proposed local policy enhancements to the RHNA process that emphasize site feasibility analysis, reducing locally imposed added costs in excess of State Building Code, and other incentives to increase construction of affordable and middle-income serving units. The agency's "80k by 2020" program intends to disburse \$30 million of grants in order to promote the construction of 80,000 housing units between 2015 and 2020 – which would make a substantial dent in their 2015-2023 5th cycle RHNA determination of 188,000 units. As of December 2017 – 36 percent of the way through the 5th cycle RHNA period – construction progress towards fulfilling the RHNA allocation was roughly 42 percent for all units and 13 percent for affordable units. While further research would be needed to

¹⁴ <http://www.hcd.ca.gov/grants-funding/nofas.shtml#current>

¹⁵ See, e.g., McKinsey 2016

<https://www.mckinsey.com/~/media/mckinsey/featured%20insights/Urbanization/Closing%20Californias%20housing%20gap/Closing-Californias-housing-gap-Full-report.ashx> or HCD 2018 http://www.hcd.ca.gov/policy-research/plans-reports/docs/SHA_Final_Combined.pdf

determine the extent to which funding from ABAG/MTC contributed to additional construction, the agency's relatively high rate of housing construction relative to RHNA suggests that the stronger linkage between RHNA, the SCS, and housing finance may be effective. Support of housing by SCAG region County Transportation Commissions (CTCs) is generally more limited. LA Metro has a "Joint Development Program" which provides steeply discounted ground leases for affordable housing development on land owned by Metro.¹⁶

All MPOs and regional COGs will encounter additional challenges for the 6th cycle of RHNA. The 2017 and 2018 state housing packages allow for several measures of existing housing need (i.e. the "backlog") to be included in regional determinations, rather than calculated need based on projected growth over the next several years. As it stands, the RHNA process determines housing need and is largely decoupled from actual development potential, especially in the SCAG region since fewer programs can be undertaken due to the agency's more limited role than ABAG/MTC. Nonetheless, development potential can be considered as (1) market development potential/available infill development; (2) the potential ability to secure development finance through TIF; or (3) the extent and viability of procedural streamlining available, e.g. SB 35.

Further, MPOs and regional COGs may be well-positioned to provide technical assistance in evaluating development potential, including providing a very long-range listing of vacant and near-demolition development sites based on zoning capacity, local general plans, feedback from jurisdictions, and other concerns. Because EIFDs and CRIAs benefit largely from new projects and property sales, a prevalence of sites that are apt for infill or refill development may indicate that an area is viable for EIFD, CRIA, or other TIF district formation. With site selection for future growth being an important aspect of local housing element updates, there is an opportunity for MPOs and regional COGs to play a role in better aligning RHNA implementation with TIF district formation, specifically with the objective to increase the construction of very low and low income housing units. While there remains some uncertainty as to whether this approach may be considered for future RHNA cycles, precedent exists from other MPOs and regional COGs to take additional factors – including funding and development capacity – into account when allocating housing requirements.

Potential Solutions 2: Other Geographically-Targeted Economic Development Policies

As discussed previously, due to their ability to connect state and regional policy with local concerns (including, e.g., the site and zoning component of housing development), COGs are well-positioned to lead efforts for **geographically-targeted** policy. SB 635, passed in September 2018, addresses some of this by directing the Governor's Office of Business and Economic Development to provide information to localities about federally-available programs such as Opportunity Zones (OZs) and Promise Zones. These programs are somewhat limited in scope, but other state programs exist, both of which COGs are well-positioned to translate into local action.

Federal Opportunity Zones

Federal opportunity zones present an intriguing, if limited, technique for catalyzing local investment. A relatively minor provision in the 2017 Tax Cuts and Jobs Act allowed states to designate "opportunity zones" in which investors could defer federal capital gains tax if they invested in tangible property within 30 months. Gov. Brown designated 879 such zones, 422 of which are in the SCAG

¹⁶ https://www.metro.net/projects/joint_dev_pgm/affordable-housing/

region. The provision sunsets in 2026, deferral benefits decrease at the end of 2018, and investment must be made by 2021 to realize benefits as currently written.¹⁷

OZs appear to be effective strategies for attracting capital, and evidence can be found that investment groups are starting to create “qualified opportunity funds” – the vehicle through which capital subject to taxation can be carried into real property investment in OZs.¹⁸ However, many questions remain on the investor side and the property development side. For many investors, a capital gains deferral until 2026 may be too short for their purposes, especially with no guarantee that federal OZ law will be renewed. Before year-end 2018 it is expected that the IRS will issue further guidance to investors regarding a range of questions about eligibility and various contingencies.

A unique challenge exists for investing in California OZs since the state’s environmental review process often extends development timelines beyond the 30-month window provided for in the federal legislation. If an opportunity fund is unable to acquire and substantially improve property in this period, they may not be able to realize any gain deferral. Since guidance is still being awaited from the IRS, to date there have been virtually no examples of site selection, property acquisition, and development activity from opportunity funds.

There are several steps that could be taken to streamline the OZ process in order to catalyze investment. Legislative steps could include both streamlining of the California Environmental Quality Act (CEQA) and a matching deferral of California state capital gains tax. In 2018, AB 3030 had been proposed (but was since retracted) in order to allow a city to “self-certify” a project for CEQA if it’s in an opportunity zone and meets additional requirements including a 2/3 residential and a 50 percent affordable housing threshold – goals which must be balanced against the ability to attract opportunity fund capital. Similar future legislation would be extremely helpful since California real estate – so long as fears of missing the 30 month window could be assuaged – has more often than not been a sure investment.

Another state action that could promote OZ investment would be a reduction in California state capital gains tax liability through opportunity zone investment. The state’s top marginal rate is 13.3 percent, which could nearly double the tax benefits of the federal legislation for capital subject to gains tax here, and could produce further financial incentive for private sector sponsored affordable housing. Since other states’ top marginal rates are far lower, this is particularly attractive. The state of New York has, for example, passed legislation to match the federal tax provisions for capital invested in its 514 designated OZs.¹⁹

Meanwhile, cities with opportunity zone tracts can help make investment more attractive for opportunity funds by preparing property for potential investment. An inventory of parcels and owners, including a review of existing and general plan-compliant potential zoning designations in OZs could streamline a fund’s search for sites and potential uses. Also helpful would be ensuring property use standards for previously unconsidered development types (e.g. OZ funding makes multifamily housing

¹⁷ https://www.bisnow.com/national/news/commercial-real-estate/here-are-the-questions-and-answers-to-your-questions-about-the-opportunity-zones-program-88516?utm_source=Saturday_Morning_Emails&utm_medium=email&utm_campaign=sat-19-may-2018-000000-0400_los-angeles-saturday-morning-digest&dcid=city_national_bank

¹⁸ See, e.g. https://fundrise.com/opportunity-fund?utm_source=google&utm_medium=cpc&utm_content=text-%2Bopportunity%20%2Bzone-b-ozoneinvesting&utm_campaign=search-marketbuilding_opportunity_fundphrase-usa-20180705&gclid=EAIAIqObChMll6zlv6D_3AIVysDlCh2PeAr4EAAYASAAEgJjOvD_BwE

¹⁹ <https://esd.ny.gov/opportunity-zones>

feasible in an area which had not been considered to have that much development potential) and any kind of procedural streamlining at the city level, particularly for affordable housing. In its role as regional data center, SCAG is well-positioned to do preliminary site analysis within opportunity zones. Overall, whether through state or local action, the more that OZs can be made attractive to investors, the more additional goals – such as affordable housing – can be commanded.

AB 93 and Reformulation of Local Enterprise Zones (EZs)

AB 93, which was signed into law July 2013, dissolved Enterprise Zones (EZs) and implemented the Governor’s new economic proposal. Provisions of the bill instituted two new tax programs in census tracts with the highest civilian unemployment and poverty rates (top 25th percentile): (1) a Sales and Use Tax exemption for manufacturing, biotechnology equipment and similar purchases, and (2) a hiring credit under the Personal Income Tax and Corporation Tax for employment. The bill also resulted in the phasing out and ending of certain tax provisions related to EZs. The tax incentive provisions under AB 93 make certain businesses in areas with severe economic disadvantage more viable by reducing sales taxes for manufacturing and biotechnology equipment industries, while employment incentives also allow businesses to grow faster by reducing the cost of staffing through hiring credits.

These provisions have the potential to spur private investment in areas that have the highest concentrations of civilian unemployment and poverty; when combined with the development resources of a TIF district, economic improvements are more likely to result in targeted benefits for underserved residents in the nearer term. To take full advantage of this synergy, the Sales and Use Tax exemptions under AB 93 could be expanded for the purchase of construction materials for affordable housing units – thereby supporting development and increasing assessed value in disadvantaged areas apt for TIF adoption while increasing affordable housing supply. The aphorism that “housing is where jobs sleep at night” provides a basis for including housing construction and employment incentives that facilitate better jobs-housing balance and foster higher economic productivity for local residents.

Potential Solutions 3: Technical Assistance and “Unusual Alliances”

While SB 635 and SB 961 both involve some measure of state analysis of the effectiveness of geographically-targeted economic development, COGs and other stakeholders have an important role as well. COGs are better versed in the site and zoning characteristics of localities (largely through their RTP/SCS role) and are well-positioned to provide more local technical assistance in navigating the federal *and* state housing and economic development incentive landscape. COGs are also well-positioned to integrate housing and ED into sustainability planning – a clear goal of recent state policy. Finally, COGs have extensive experience in the type of collaborative governance that the public finance agreements necessitated in EIFD strive to create. But economic development and housing are likely to find many other champions who are not cities or counties.

A first step might be to build on the technical assistance and mapping support provided by the COG. Since 2016, SCAG has provided technical assistance to jurisdictions seeking to establish EIFDs or CRIAs (<http://scag.maps.arcgis.com/apps/MapSeries/index.html?appid=ca8e18588d2e47c59c79f23a4d927d8b>). Using parcel-level tax information and jurisdictional tax rates, SCAG’s web-based mapping tool allows cities to gauge if they have the tax base needed to make either type of TIF district feasible. In addition, socioeconomic data are presented to allow jurisdictions to see whether target areas meet the disadvantaged community definitions required by CRIAs. Extensive technical assistance services have also been provided by SCAG to jurisdictions interested in conducting a tax increment financing pilot assessment study.

An expansion of this role would provide support for additional geographically-targeted economic development tools into the fold. These could include other kinds of TIF mechanisms beyond EIFDs and CRIAs, AB 93 state tax incentive programs, and federal programs. In addition, SCAG has made strides to develop a region-wide database of parcels that are candidates for infill or refill development. An initial effort was completed using simple formulas to determine whether parcels fit a specific criteria for infill or refill development based on each parcel's total assessed and improvement value. This database was then provided to local jurisdictions for review; additional refinement and ongoing feedback from local jurisdictions would be beneficial for the dataset to be a usable in practice. This would entail another round of detailed review by each jurisdiction to specifically confirm or revise parcels that are viable for both housing and additional economic investment. As such, each jurisdiction could have unique criteria for determining a parcel's viability for infill or refill development, which could then be documented and tracked by SCAG. Through robust jurisdictional participation, a database of parcels that are suitable for infill or refill development would be established by SCAG, and would be a robust resource for identifying areas apt for TIF district formation. These data, combined with screening for program eligibility, could act as a "roadmap for housing development" by identifying both potential sites and financing opportunities. **As discussed earlier, it may eventually be possible for an MPO or regional COG to integrate these financing tools and information resources into fulfilling its formal role of allocating regional housing needs and developing Sustainable Communities Strategies.**

Possible Solutions 4: State Financial Support for an Improved TIF

A perpetual critique of EIFD – particularly by overlapping jurisdictions who may hesitate to contribute their tax increment – is that the state has a limited stake in their success. Yet if funded properly, these districts are poised to enable the state to achieve statutory greenhouse gas emission and climate action goals, as well as housing construction targets. As Lewis (2004) notes, the fiscal case for cities to pursue affordable housing and, arguably, any housing, is weak due to the minimal increase in assessment base and property tax capture that can be expected. Since jurisdictions often receive no property tax revenue from affordable housing developments, incentives to alleviate their shortfall are even weaker. Further, jurisdictions are reticent to allocate future tax increment in pursuit of statewide sustainability and housing objectives under current circumstances, suggesting that a state financial incentive is appropriate to spur local implementation.

A pilot state funding mechanism coupled with some improvements to TIF enabling legislation during the 2019 legislative session might incentivize "first movers" on EIFDs and provide proof of concept and working examples to other jurisdictions who are considering districts but are hesitant or still lack expertise. While only three EIFDs have been established to date, RDA district adoption was also slow following the program's enactment in 1952. A recent study of historic RDA adoption rates across Bay Area cities found that the strongest consistent predictor of district adoption was whether other cities in the same county had created sizeable districts – this predicted adoption better than location, income, growth rates, or tax rates.²⁰ Thus, state support for "first movers" can also demonstrate the value of these new, flexible, collaborative funding arrangements to others. For example, a state fund could match the value of the increment provided by the city, county, or a special district, or provide a guarantee that a participating agency's general fund will not be unduly depleted by joining. To further promote affordable housing, the match could prioritize tax increment financing districts that prescribe an affordable housing component within the early stages of investment.

²⁰ Marantz and Kane, Under Review. Multi-level governance and economic policy diffusion: The case of Tax Increment Financing in California. *State and Local Government Review*.

Another avenue would be for the state to provide a guarantee of financial support for legal challenges against bona fide housing developments. Cities often find themselves unable to pursue denser, transit-oriented, or housing-oriented development in key areas due to the threat of lawsuits under CEQA since the law's broad treatment of "environmental impact" often is a deterrent to denser development. While only a small fraction of threatened challenges go to trial, they can delay projects, reduce their scope, or eliminate them altogether. Past experience suggests a state guarantee would rarely need to be tapped into. It could also be structured to prioritize developments with certain affordable housing minimums and would be akin to considering CEQA challenges as simply an added development cost.

While there are myriad potential funding sources, we suggest three given the State's commitment to sustainability and housing:

California Climate Investments (CCI): Due to the sustainability mandates of SB 375, COGs have a responsibility to plan future development to meet both sustainability and housing targets on a three-year investment cycle. In the last three years, CCI allocated over \$5 billion from cap-and-trade revenues to transportation, energy, and natural resource protection projects that further climate goals.²¹ EIFDs in particular are designed to promote the same kind of sustainable infrastructure. Since localities have unique knowledge of which developments are most effective for their communities, directing some CCI funding to a tax increment financing pilot program may be an effective way to realize synergistic benefits.

Revolving Loan Funds: California's Infrastructure State Revolving Fund through the state's "iBank" program issues bonds to provide below-market rate loans to cities, agencies, and nonprofits for *non-housing* infrastructure and economic development projects. Loan funds present a well-worn set of public administrative challenges themselves, however, compared to grant funding. New York State administers a revolving loan fund for low-income housing development by providing loans to nonprofit developers specifically – a model which might be investigated further should iBank or another program be expanded to cover housing.²² In addition, California has experience with successful (though smaller) revolving loan programs for brownfield remediation and charter school startup funds.²³

Educational Revenue Augmentation Funds (ERAF): Since 1992, the state has mandated that jurisdictions direct local property tax revenues to an education-specific fund. A state-sponsored mechanism to re-direct ERAF funds to localities who either meet affordable or market-rate housing targets could bolster a jurisdiction's fiscal case for promoting housing construction. More generally, unencumbering local property tax revenues, provided adequate school funding could be guaranteed, would allow for **more own-source financing of housing and development**. Currently proposed legislation gets to this aspect specifically; SB 5 (Beall) calls for the establishment of a Local-State Sustainable Investment Incentive Program that would allow for reductions in annual ERAF contributions for eligible projects, including the construction of workforce and affordable housing, certain transit oriented developments, and projects promoting strong neighborhoods. Cities, counties, cities and counties, joint powers agencies, EIFDs, AHAs, CRIAs, or transit village development districts would then benefit in the amount of property tax equal to the associated ERAF reduction established by the Sustainable Investment Incentive Committee. SB 5 allows for a maximum of \$200 million per year from July 1, 2020, to June 30, 2025, and \$250 million per year from July 1, 2025, to June 30, 2029.

²¹ <https://ww2.arb.ca.gov/our-work/programs/california-climate-investments/about>

²² <http://www.nyshcr.org/Programs/HousingDevelopmentFund/>

²³ See https://www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm, <https://www.epa.gov/brownfields/types-brownfields-grant-funding> and <https://www.treasurer.ca.gov/csfa/csrlf/index.asp>

Conclusions

Housing production in California has not kept up with demand, and a shortage in housing inventory, specifically affordable housing, has resulted in negative economic impacts that contribute to urban sprawl, add time to regular commutes, make healthy food and healthcare less accessible, exacerbate the growing homelessness crisis, and limit Californians' overall financial security. The dissolution of RDAs and slow adoption of new economic development tools exacerbate this challenge. Meanwhile, the pattern of job growth in Southern California shows increasing pressure on the middle class while incomes have become increasingly polarized—increasing the challenge of ensuring housing equity amidst rising housing costs.

However, the recent establishment of new public financing structures provide some hope. In addition to the ability to directly fund housing, these tools can fund the supportive infrastructure that frees up other funding sources for building actual units, while providing financial incentives for localities to pursuing the State's sustainability and housing goals and a lower voter approval threshold than general obligation bonds for issuing debt. Early case studies suggest that intergovernmental cooperation is key for districts to be successful—in particular, county participation is key for financial success. Since tax increment financing tools are specifically designed to promote the same kind of sustainable infrastructure and affordable housing the state prioritizes, a small amount of **financial support would help localities achieve State goals**. Other stakeholders such as **MPOs and regional COGs are well-positioned to offer technical and procedural support because of their local expertise** in housing needs allocation, sustainability planning, site and zoning issues, and could also be suited to administering financial and technical support across a region. The type of collaborative governance practiced by MPOs and regional COGs for several decades is the same ethos required for the success of these districts. A promising role for MPOs and regional COGs is a closer linkage of these three roles in order to ensure stable, long-term regional housing supply. SCAG's current technical assistance programs, which combine preliminary data on potential infill and refill parcels with EIFD/CRIA screening tools and pilot programs, have already begun this process. With MPOs and regional COGs having an important role both in administration of the RHNA, development of the Sustainable Communities Strategy, and ongoing data-driven technical assistance to local jurisdictions, integration of these efforts towards the goal of constructing affordable housing could produce promising results.

Some minor, targeted legislative reforms would help localities overcome administrative and fiscal challenges in taking advantage of these new opportunities. SB 1145's loosening of expenditure restrictions was a step in the right direction, but a state pilot program that provides a financial guarantee to a limited set of first-movers, or against CEQA challenges, might be a very effective means to demonstrate the value of EIFD/CRIA to more jurisdictions. Other tools such as federal Opportunity Zones and AB 93-supported businesses exemptions provide some further opportunity for geographically-targeted economic development, but would also require minor state legislative changes for maximum effectiveness.