Date: December 8, 2014

To: State Legislative Committee Members

From: Patrick H. West, City Manager /

Subject: **Cap and Trade Program: Affordable Housing and Sustainable Communities Grant Program Comment Letter and Update on Disadvantaged Communities**

Introduction

Attached for your information, is the City's comment letter on the State's proposed Affordable Housing and Sustainable Communities (AHSC) Grant Program. The AHSC Grant Program will provide $130 million to cities and counties in FY 15 for the purposes of reducing greenhouse gas emissions. This memo also includes an update on the California Environmental Protection Agency's (CalEPA) move to define "disadvantaged communities" as the top 25 percent of census tracts with the highest CalEnviroScreen 2.0 Scores. The definition of "disadvantaged communities" is important, as SB 535 directs at least 25 percent of all Cap and Trade revenues to projects that benefit "disadvantaged communities", and at least 10 percent of Cap and Trade revenues must be invested directly into "disadvantaged communities".

Background

In 2006, California passed AB 32 and SB 375 to establish the nation's first Cap and Trade Program to reduce greenhouse gas emissions in California to 1990 levels by 2020. SB 375 required each regional metropolitan planning agency to establish a Sustainable Community Strategy (SCS) to meet this goal. The Gateway Council of Governments (Gateway COG) of which Long Beach is a member, elected to develop an SCS that is specific to the Gateway region. Long Beach was involved in this effort and in 2013, the Gateway COG's SCS was adopted as part of the Southern California Regional Council of Governments (SCAG) SCS, as required by SB 375. In 2012, the Legislature passed SB 535 (DeLeon), which requires the State to invest at least 25 percent of Cap and Trade program revenues into projects that benefit disadvantaged communities, and a minimum of 10 percent of program revenues directly into disadvantaged communities.

FY 15 is the first year in which Cap and Trade Program revenues will be invested into local communities. The State's FY 15 budget stipulates that through the Cap and Trade Program, $832 million will be invested in energy efficiency, public transit, affordable housing and other greenhouse gas cutting programs within the year. As a result of SB 535, at least $200 million will benefit disadvantaged communities.

Local Government Funding

Various State grants will become available to help California reduce greenhouse gas emissions. The State's Strategic Growth Council is responsible for administrating the AHSC Grant Program, which is the primary grant program for cities and counties. In FY 15, there will be $130 million available through the AHSC Grant Program. The draft AHSC guidelines state that the purpose of the AHSC grant is to fund projects that will create more compact, infill development patterns, and encourage active transportation and mass transit usage, including projects that: reduce air pollution, improve conditions in disadvantaged communities, support or improve public health and other co-benefits, improve connectivity and accessibility to jobs, housing, and services, increase options for

mobility, and preserve and develop affordable housing for lower income households. The City fully supports the State's goal of reducing greenhouse gas emissions, and believes this objective can be met through Transit Oriented Development (TOD) projects and Integrated Connectivity Projects (ICP). However, the City has concerns, which are expressed in the attached comment letter, with the weight that affordable housing projects are given through project eligibility requirements and the grant scoring system. While affordable housing must be considered in this discussion, transportation projects must also be highly valued, as it is *changes in the way industries and people connect and move* throughout California that will reduce greenhouse gas emissions. Long Beach prefers the City's definition of TOD projects, as it is used in our adopted Mobility Element. In the Mobility Element, TOD projects are defined to be those that support higher-intensity uses along transit-supported corridors in urban areas and near transit stations. This could include the addition, rehabilitation or modification of affordable housing, but more importantly, this definition allows local governments to make effective local land use decisions that will best suit specific needs of localized areas to reduce greenhouse gas emissions.

Disadvantaged Communities
Long Beach agrees that Cap and Trade Program funding must be invested into benefiting communities that are most affected by greenhouse gas emissions. However, the City has significant concerns with the way the CalEPA calculated the CalEnviroScreen 2.0 Scores, which are used to identify disadvantaged communities for the purposes investing Cap and Trade revenues. This methodology fails to classify the majority of census tracts in Long Beach as "disadvantaged communities". In coordination with the Public Health Alliance, Long Beach articulated these concerns to the CalEPA in September 2014 and again to the Strategic Growth Council as part of our comments to the AHSC Grant Program. Nevertheless, it appears the CalEPA will not be changing their methodology at this time. They have however, issued a statement to say that the top 25 percent of census tracts identified by the CalEnviroScreen 2.0 will be classified as "disadvantaged communities". For your information, attached are two maps showing census tracts that fall under the CalEPA's "disadvantaged communities" classification.

Next Steps
The State's Strategic Growth Council will issue grant guidelines for the Affordable Housing and Sustainable Communities Grant Program in the near future. Long Beach plans to apply for this funding. The City will also be seeking cap and trade grants from other State agencies as they become available, and continue to work with the CalEPA on including a greater number of Long Beach census tracts in the CalEPA's classification of "disadvantaged communities".

If you have questions or comments, please contact Diana Tang, Manager of Government Affairs at (562) 570-6506.

cc: Mayor and Members of the City Council
       Charles Parkin, City Attorney
       Tom Modica, Assistant City Manager
       Amy Bodek, Director of Development Services
       Ara Maloyan, Director of Public Works
       Kelly Colopy, Director of Health and Human Services
       Diana Tang, Manager of Government Affairs
       Jyl Marden, Assistant to the City Manager
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MAYOR ROBERT GARCIA
CITY OF LONG BEACH

October 31, 2014

Chairman Ken Alex
Strategic Growth Council
1400 Tenth Street
Sacramento, CA 95814

Secretary Matt Rodriguez
California Environmental Protection Agency
P.O. Box 2815
Sacramento, CA 95812

Chairman Mary Nichols
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Re: City of Long Beach Comments on the Strategic Growth Council's draft guidelines for the Affordable Housing and Sustainable Communities (AHSC) grant program

Dear Chairman Alex, Secretary Rodriguez and Chairwoman Nichols:

On behalf of the City of Long Beach, I appreciate the opportunity to comment on the Strategic Growth Council's draft guidelines for the Affordable Housing and Sustainable Communities (AHSC) grant program. For years now, Long Beach has been committed to promoting cleaner air quality, implementing transit oriented development, strategically placing affordable housing for easy access to transit and alternative forms of transportation, and constructing complete streets (including 143 miles of bikeways) to reduce single occupancy vehicles on the roadways.

The City recognizes the benefits of AB 32, SB 375, SB 732 and SB 525. We followed these bills closely throughout their development and have been pivoting local land use and projects to meet these goals. Long Beach fully supports the State's goal of reducing greenhouse gas emissions in disadvantaged communities.

Consistent with SB 375, the Gateway Cities Council of Governments (Gateway COG), of which Long beach is member, completed our subregional Sustainable Communities Strategy (SCS), which was adopted as a part of the greater Southern California Association of Governments (SCAG) Sustainable Communities Strategy in 2011. The SCS proposes and the City believes, we can reduce greenhouse gas emissions through strategic affordable housing policies that value mixed-used developments along major arterial streets, which are served by mass transit and in-fill developments. The City also embraces the SCS recommendation to use roadway, transit, transportation demand management and other integrated connectivity transportation projects to reduce greenhouse gas emissions.

As the SCS and Strategic Growth Council's AHSC Program suggest, Long Beach believes a combination of transit-oriented developments (TOD) and integrated connectivity projects (ICP) can reduce greenhouse gas emissions. However, as a built-out urban city, Long Beach has significant concerns with the emphasis that the Strategic Growth Council's draft AHSC Program guidelines place on affordable housing as a component of transit-oriented development and the overall strategy for reducing greenhouse gas emissions. While affordable housing must be considered in this discussion,
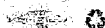
transportation projects must also be highly valued, as it is the changes in the way *industries and people* connect and move throughout California that will reduce greenhouse gas emissions. Therefore, it seems that the emphasis of the AHSC Program should be on mode shift by increasing access to low carbon transportation or transit from a wide range of land uses, whether it be to and from business improvement districts, suburban neighborhoods, urban neighborhoods, industrial areas or corporate business parks. These are all places that are key to economic development and a part of daily living. Long Beach also urges the State to fund congestion mitigation projects such as Intelligent Transportation Systems, as these help improve the flow of transportation and reduce greenhouse gas emissions.

Further, if the purpose of the affordable housing component of the AHSC Program is to encourage affordable housing near transit so that residents will use transit instead of a personal vehicle, then the scoring system and income targeting that has been proposed seem counterintuitive, as the target population is unlikely to own a vehicle and is already using transit. Long Beach urges the Strategic Growth Council to amend its scoring system to allow for a greater distribution of points for units restricted between 40 to 80 percent Area Median Income (AMI). Additionally, the City urges the State to allow points for units restricted up to 120 percent (moderate-income). This would allow the AHSC Program to reach a wider range of transportation users, and thus have a greater impact on reducing vehicle miles traveled and greenhouse gas emissions.

The City also has significant concerns with the methodology that is used in CalEPA's CalEnviroScreen 2.0. These comments were submitted to CalEPA in September 2014. Long Beach is concerned that only 56.5 percent of the top 15 percent of the State's most impoverished census tracts are also the top 15 percent of the overall CalEnviroScreen 2.0 Scores. In the CalEnviroScreen 2.0 Population Characteristics maps, only 61.8 percent of the State's census tracts with the top 15 percent Population Characteristic Scores are also the top 15 percent of the overall CalEnviroScreen 2.0 Score.

In addition to the concerns that are substantiated by the Public Health Alliance's analysis, Long Beach analyzed our own data. We urge the Strategic Growth Council to consider the following situation: Long Beach zip code 90813 is densely populated, includes the I-710 freeway, which is heavily used as a goods movement corridor, and borders an inland portion of Pacific Coast Highway, which is heavily traveled. The poverty rate in the 90813 zip code is 43.85 percent. CalEnviroScreen 2.0 places only two census tracts in this zip code in its highest percentile range (96-100 percent). The remaining census tracts in this zip code fall into the CalEnviroScreen 2.0's 86 to 75 percentile range. It is clear that the CalEnviroScreen 2.0 methodology does not accurately capture communities that are disproportionately impacted by greenhouse gas emissions. Long Beach will be requesting changes to the maps.

Please see attached for the City's technical comments to the Strategic Growth Council's draft AHSC Program guidelines. Long Beach looks forward to working with the State to reduce greenhouse gas emissions. We appreciate the opportunity to submit comments. If you have any questions, please contact Diana Tang, Manager of Government Affairs, at 562-570-6506 or Diana.Tang@longbeach.gov.

Sincerely,

Mayor Robert Garcia
City of Long Beach

PATRICK H. WEST
CITY MANAGER

October 31, 2014

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Strategic Growth Council   California Environmental Protection Agency
1400 Tenth Street   P.O. Box 2815
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Re: City of Long Beach Comments on the Strategic Growth Council's draft guidelines for the Affordable Housing and Sustainable Communities (AHSC) grant program

Dear Chairman Alex, Secretary Rodriguez and Chairwoman Nichols:

On behalf of the City of Long Beach, I appreciate the opportunity to comment on the Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) Program draft grant guidelines. For years, the City has been committed to promoting cleaner air quality for a better Long Beach.

- Since the adoption of the landmark San Pedro Bay Ports Clean Air Action Plan in 2006 and its subsequent update in 2010, significant achievements have been made by the Port of Long Beach to reduce air quality impacts from port operations. Over the eight-year period between 2005 and 2013, port-related diesel particulate matter (DPM) emissions were reduced by 82 percent and nitrogen oxide (NOx) emissions declined 54 percent. These emission reductions exceed the Port's goals to reduce DPM emissions by 72 percent and NOx by 22 percent by 2014. Compared to 2005 levels, port-related SOx emissions have been reduced by 90 percent, putting the Port well on track to meet the goal to reduce sulfur oxide emissions by 93 percent by 2014.

- In 2011, the Gateway Council of Governments, of which the City of Long Beach is a member, adopted the Southern California Association of Government's subregional Sustainable Communities Strategy (SCS), per SB 375, to provide transportation and land use guidance for reducing greenhouse gas emissions to 1990 levels by 2020.

- In October 2013, the Long Beach City Council approved the City's Mobility Element. The Mobility Element is a robust component of the City's updated General Plan. It offers guidance for improving the quality of our natural environment, neighborhoods and districts, and outlines a framework placing affordable housing in Transit Oriented Development (TOD) areas for easy access to transit and alternative forms of transportation. As a City that is striving to be "American's Most Bike Friendly City", Long Beach has added 143 miles of bikeways to reduce single occupancy vehicles on the roadways, and is piloting traffic signal synchronization projects such as the one by the City's Douglas Park business park to reduce vehicle congestion and improve the flow of transportation in Long Beach.

Long Beach fully supports the State's goal of reducing greenhouse gas emissions through Transit Oriented Development (TOD) projects and Integrated Connectivity Projects (ICP) in disadvantaged communities. We have been pivoting local land use and projects to be consistent with this effort over the past several years, as evidenced by successes described above. Since the enactment of AB 32 and SB 375, the City has been eagerly awaiting grant funding from the State's Cap and Trade Program to assist with implementing our Sustainable Communities Strategy (SCS), and would like to thank the Strategic Growth Council (SGC) for the opportunity to review the draft AHSC Program guidelines. We respectfully offer the following comments:

Section 100. Purpose and Scope
The draft AHSC guidelines state that the purpose of this grant Program is to reduce greenhouse gas emissions through projects that create more compact, infill development patterns, and encourage active transportation and mass transit usage, including projects that: reduce air pollution, improve conditions in disadvantaged communities, support or improve public health and other co-benefits, improve connectivity and accessibility to jobs, housing, and services, increase options for mobility, including the implementation of the Active Transportation Program, and preserve and develop affordable housing for lower income households. **Long Beach supports this purpose.**

Section 101. Program Description and Overview
The Program Description and Overview states that the SGC's intent to invest in programs and projects that integrate and leverage *existing* housing, transportation and land use programs and resources to reduce greenhouse gas (GHG) emissions. **Long Beach supports this intent, and looks forward to working with the SCG and CARB to ensure that disadvantaged communities in the City receive appropriate funding.**

Evidence suggests that social factors are significant drivers of health and wellbeing. The U.S. Burden of Disease Collaborators in their report *The State of US Health, 1990-2010: Burden of Diseases, Injuries and Risk Factors* identifies the social determinants of health to include income, unemployment, education, and rent burden. In identifying where disadvantaged communities in California exist, **Long Beach urges the CalEPA, CARB and SCG to employ a methodology that appropriately values the social determinants of health in concert with pollution burden.** Currently, the CalEnviroScreen 2.0 methodology does not do this.

Section 102. Eligible Projects
The AHSC Program states that it will provide grants and/or loans to projects that will achieve GHG reductions through "increasing accessibility of affordable housing, employment centers and key destinations via low-carbon transportation options (walking, biking and transit), resulting in fewer vehicle miles traveled (VMT). Two project prototypes have been identified to implement this strategy: (a) Transit Oriented Development Project Areas (TOD) or (b) Integrated Connectivity Projects (ICP)."

Long Beach supports the idea of Transit Oriented Development (TOD) Projects that are designed to achieve mode shift within a Metropolitan Area. However, the City believes that Transit Oriented Development with the goal of reducing greenhouse gas emissions should not be synonymous *only* with affordable housing development, as it appears would be the case in the AHSC grant. The grant guidelines specifically state that eligible TOD projects must include an affordable housing development AND at least one infrastructure-related Capital Use.

By limiting TOD projects to affordable housing in areas that have Qualifying High Quality Transit and Key Destinations including residential/mixed-uses, within a neighborhood, district or

corridor, the AHSC grant does not adequately capture the potential for greenhouse gas reductions through changes to transportation infrastructure along transit oriented corridors. We must also stress that while downtown Long Beach is a densely populated urban environment with ample transit, north Long Beach and the eastern end of the City are suburban and have fewer transit options. The City urges the SGC to provide a more accessible avenue for funding projects in suburban neighborhoods, as these communities are an essential part of the greenhouse gas discussion and generate single vehicle occupancy trips, which must be reduced to help meet the State's climate change goals.

In funding low-income rental housing developments, the AHSC program proposes to provide loans for permanent financing with the same terms as the current State assisted Multi-Family Housing Program (MHP). The program scoring on page 48 of the draft guidelines provides no points for projects with units restricted above 50 percent of Area Median Income (AMI), meaning that there are no points for low-income units. Some points are provided very low-income units in the 50 percent AMI category, but greater points are awarded for units restricted at 40 percent AMI, and even greater points are awarded for units restricted 35 percent AMI. Still greater points are awarded for units restricted at 20 percent AMI. The scoring system favors projects assisting the low end of very low-income to the low end of extremely low-income households. **If the purpose of the affordable housing component of the AHSC grant is to encourage affordable housing near transit so that residents will use transit instead of a personal vehicle, then this scoring system and income targeting seem counterintuitive because the target population is unlikely to own a vehicle and is already riding transit. Long Beach urges the SGC to amend this scoring system to allow for a greater distribution of points for units restricted between 40 and 80 percent AMI.** Further, by awarding points for units restricted up to 120 percent (moderate-income housing), the AHSC grant could reach a wider range of transportation users, and thus have a greater impact on reducing vehicle trips and greenhouse gas emissions.

Moreover, the City suggests a different definition for Transit Oriented Development. **Long Beach's adopted Mobility Element considers TOD projects to be those that support higher-intensity uses along transit-supported corridors, in urban areas and near transit stations.** This could include the addition, rehabilitation or modification of affordable housing, but more importantly, **this definition allows local governments to make effective local land use decisions that will best suit specific needs of localized areas to reduce greenhouse gas emissions.**

In terms of reducing greenhouse gas emissions through mobile sources, the City believes that transportation focused grants for ICP projects will have the greatest impact. While it is important to ensure that affordable housing is available along transit-oriented corridors, transportation remains one of the greatest human needs that inadvertently results in greenhouse gas emissions. Therefore, **Long Beach strongly urges the State to place greater value on ICP projects that connect people to destinations using alternative low-carbon forms of transportation, rather than limit the diversity of ICP projects by requiring at least one Transit Station and two eligible uses in each ICP project, as described in Section 103.**

Section 103. Eligible Uses of Funds and Eligible Costs
All Californians need to move from one place to another, whether it be for business, work, or life. Long Beach is encouraged to see that funding will be available for capital improvements that enhance public transit and/or pedestrian or bicycle access. However, instead of limiting these projects to spaces within one-half mile of a Transit Station, the **City strongly urges the State to fund Intelligent Transportation Systems (ITS) projects along corridors with major**

transit stops, and to follow Federal Highway Administration (FHWA) guidelines for establishing parameters for bike and pedestrian integrated connectivity projects. FHWA guidelines allow for bicycle projects within three miles of a transit stop, and pedestrian improvements within one-half mile of a transit stop. Please see attached for the federal guidelines.

In order to achieve mode shift and a reduction in vehicle miles traveled, transportation by transit must become more accessible, dependable and efficient than travel by personal vehicle. **The Southern California Association of Governments (SCAG), the metropolitan planning organization of which Long Beach is a member, actively recognizes ITS in its SCS. Long Beach urges the SGC to fund the development of ITS along major transit corridors.** ITS projects set the stage for light-rail, bus rapid transit (BRT) and other transportation improvements that will help transit (bus and on street rail) run faster and safer, reducing headways and increasing on time performance. ITS projects are critical to making transit more competitive with auto travel times. Currently, many people continue to use personal vehicles as their primary mode of transportation because it is still faster to reach the final destination by car, than it is by transit. Mode shift from personal vehicles to transit will begin to occur at a faster pace once transit becomes quicker, more reliable and more efficient than travel by car. In this way, ITS projects will help provide significant reductions to VMT.

In terms of affordable housing, the draft grant guidelines propose a stringent and limiting definition of housing projects that would be eligible for funding under the AHSC Program. In addition to limiting where the housing can be placed, the guidelines require that housing development projects be a minimum of 100 units. This threshold will be very difficult to meet in an urban, built-out city such as Long Beach. In its place, Long Beach suggests **defining affordable housing as the sites identified in a locally adopted Housing Element that has been approved by the State Department of Housing and Community Development Department.** It is also important to recognize that moderate income housing, which is not currently captured as an eligible use based on these draft guidelines, has an essential role in reducing greenhouse gas emissions. Many moderate-income suburban neighborhoods, where households have two or more vehicles, are not located near transit areas. The number of vehicle miles traveled by the moderate-income population is likely greater than the City's population of low or extremely low-income households, as this population is less likely to own one or more vehicles. **If a goal of the AHSC Program is to reduce vehicle miles traveled and provide affordable housing, it makes sense to allow funds to be used for moderate-income housing developments.**

Specific to Table 5 on page 16 of the draft guidelines, the City urges the SGC to include Green Buffer or Carbon Sequestration between conflicting land uses as a line item for consideration. This helps to ensure that projects that consider safety, and air quality co-benefits are appropriately valued.

Section 104. Assistance Terms and Limits
The draft AHSC grant guidelines state that TOD project awards will range from $1 - $15 million. This range suggests only large capital projects that serve primarily the low end of very low-income to the low end of extremely low-income households will be funded. **While large extremely low-income affordable housing developments certainly have a role in reducing greenhouse gas emissions, Long Beach strongly believes that promoting affordable housing for the upper end of low-income and moderate-income households should also be a goal of the AHSC Program.**

Additionally, smaller corridor transportation projects such as complete streets, bicycle boulevards and signal synchronization along major thoroughfares should also qualify as Transit Oriented Developments. Long Beach's adopted Mobility Element considers TOD projects to be those that support higher-intensity uses along transit-supported corridors, in urban areas and near transit stations. The City urges the State to consider amending its definition of TOD for the purposes of the AHSC grant program to allow support for transportation to and from business, employment centers and other types of development outside of affordable housing, to quality as TOD projects.

For Integrated Connectivity Projects (ICP), Long Beach strongly urges the State to provide greater access to and flexibility in funding for transportation and transit-related and/or green infrastructure grants. By setting the award range for ICP projects at $500,000 - $8 million, and limiting the amount of funding for transportation and green infrastructure projects to 50 percent of the total Capital Use Project budget, the AHSC grant appears to prioritize housing ICP projects over quality transportation connectivity projects.

Long Beach finds that it is problematic that the draft AHSC guidelines prohibit more than one project award in a single Project Area. While the draft guidelines define "Project Area" to mean "the area encompassing transit, housing and Key Destinations used as the boundary within which GHG reductions are produced," the City is concerned that this will limit the number of grant awards that are provided to large cities such as Long Beach. **Large cities must be able to submit multiple grant applications and have each highly scored application funded by the SCG.** This is the only way the SCG can ensure that dollars are appropriately allocated throughout areas of need.

Section 105. Eligible Applicants and Application Process
As a general comment, Long Beach requests that the length and depth of information required for each application be proportional to the amount of funding available. Ideally, smaller ICP application requirements will be less cumbersome than applications for large TOD projects. The City supports the idea of submitting concept proposals to SGC staff for review prior to submitting a full application, provided that the turnaround time for feedback allows enough time to develop a quality full application. **We also believe that it would be helpful for the SGC to specify the number of concept proposals that a jurisdiction can submit to the SGC for consideration. This will help ensure a fair review of the concept proposals, and appropriate development of each proposal.**

Section 106. Application Threshold Requirements
The draft guidelines state that in order to be eligible for funding, an application must meet 13 requirements, including a requirement that the project will achieve a reduction in greenhouse gas emissions through fewer vehicle miles traveled (VMT). While the City supports reducing VMT, much of the City's population still depends on vehicles for transportation, and this need must be recognized by the AHSC Program. There are other means of curbing greenhouse gases, these include the use of Intelligent Transportation Systems (ITS), complete streets and greater access to efficient and reliable transit options. **The City urges the SGC to change the requirements in Section 106 to require that projects meet some, but not all the criteria that are currently listed.**

With respect to affordable housing, specifically homeownership Housing Developments, the draft grant guidelines state that homeownership Housing Developments must meet the requirements of the existing BEGIN Program. The BEGIN Program provides second mortgage assistance up to a maximum of 20 percent of the purchase price of a unit. The challenge with

the BEGIN program is that a 20 percent loan, based on the purchase price of the home, is far short of what is needed to make a unit affordable to a moderate-income homebuyer; it is even further short of what is needed to assist a low-income homebuyer. This is based on the City's direct knowledge of affordable housing finance and the subsidies the City has had to provide potential homeowners in conjunction with BEGIN. This formula does not account for areas where housing prices exceed statewide average. **Given that there are no other local sources of funds to assist low- and moderate-income homebuyers due to the passage of SB 341, it seems unlikely that affordable homeownership units will be produced. The subsidy will need to be greater than what is currently offered through the BEGIN Program.** Further, the scoring system that is described later in the draft guidelines favors lower income households (low as opposed to moderate), and has a 55-year affordability period requirement, which is unusual and not consistent with the BEGIN Program's 30-year requirement.

As has been mentioned with respect to disadvantaged community threshold requirements, Long Beach has significant concerns. The CalEPA's CalEnviroScreen 2.0 overall scores does not accurately capture Long Beach communities that are negatively affected by greenhouse gas emissions. Particularly concerning is the Pollution Characteristics map. This map currently shows that the area west of the Los Angeles River is significantly more polluted than the area east of the Los Angeles River; and ultimately, the CalEnviroScreen 2.0 overall scores show the population on the western side of the Los Angeles River is more "disadvantaged" than the population on the eastern side of the Los Angeles River. In reality, both areas are similar in population and equally impacted by air pollution resulting from goods movement along the I-710 freeway.

At this time, the City is including the **Public Health Alliance's comment letter, dated September 15, 2014, to CARB and the CalEPA regarding deficiencies in the CalEnviroScreen methodology as a part of our comment letter on the AHSC grant guidelines.** Long Beach is a member of the Public Health Alliance, and supports the quantitative analysis that is presented. This analysis was produced with technical assistance from the State Department of Public Health.

- *Poverty Map:* The analysis analyzed what proportion of the most improvised census tracts in the State (those in the upper 15 percent) are *also* identified as the top 15 percent of the over CalEnviroScreen 2.0 scores. It finds that only 56.5 percent of these impoverished census tracts are also in the top 15 percent of the overall CalEnviroScreen 2.0 Scores.
- *Population Characteristics Map:* The analysis analyzed what proportion of the census tracts with the highest 15 percent of overall characteristics scores are *also* identified as being in the top 15 percent of overall CalEnviroScreen 2.0 scores. The analysis finds that only 61.8 percent of the census tracts with highest (top 15 percent) Population Characteristic Scores are also in the top 15 percent in terms of their overall CalEnviroScreen Score.

Long Beach's specific concerns are further discussed later in this comment letter, under Appendix B: Disadvantaged Communities.

Section 107. Application Selection Criteria
All Californians need to move from one place to another, whether it is for business, work, or life. We urge the SGC to reconsider the application selection criteria to place a greater value on transportation projects that will reduce greenhouse gas emissions, promote climate resilience, health and public safety, economic and environmental co-benefits. The application of affordable

housing in these instances is important, but not the only way to achieve greenhouse gas emission reductions.

With respect to Housing Developments, **Long Beach requests that the scoring system and income targeting be modified to allow for a greater distribution of points for units restricted between 40 and 80 percent AMI.** Further, by awarding points for units restricted up to 120 percent (moderate-income), the AHSC grant would reach a wider range of transportation uses, thus have a greater impact on reducing vehicle trips and greenhouse gases.

The City appreciates that Transit Oriented Development (TOD) and Integrated Connectivity Projects (ICP) applications will compete separately.

Section 108. Criteria Applicability based on Eligible Use Type and Scoring
Long Beach supports the inclusion of Transportation and Transit-Related Capital uses as a primary capital uses. However, we believe that *programs* that help reduce pollutants should also be considered primary functions of an AHSC grant funded project.

Additionally, the City is requesting clarity in the way applications will be scored. The proposed scoring tables indicate that points for "Housing Development" and "Housing Related Infrastructure" will be factored into every TOD and ICP application score. However, Sections 102 and 103 of the draft AHSC program guidelines indicate, and Long Beach supports, that not every ICP project is required to include a housing component. Therefore, the draft scoring system appears to favor ICP projects with housing components over transportation focused ICP projects. This is concerning, as has been mentioned earlier in this letter, though affordable housing has a role in reducing greenhouse gas emissions, it is the changes in the way *industries and people* connect and move throughout California that will reduce greenhouse gas emissions – and for these changes to occur, transportation-only projects must be highly valued in the AHSC Program scoring system.

Appendix A. Definitions
The City appreciates that these draft grant guidelines recognize Long Beach in the definition of "Large City Downtown".

We also support the proposed definition of a "Transit Stop". Since this definition is so crucial to determining the eligibility of a project, Long Beach appreciates the draft guidelines consider transit stops to be "a high speed rail, commuter rail or light-rail station, ferry terminal, Bus Hub, Bus Transfer Station, bus stop or a shuttle service or vanpool stop", and included in the definition are "planned transit stations... whose construction is programmed into a Regional or State Transportation Improvement Program to be completed prior to the scheduled completion but in no case more than five years from the application due date."

Appendix B. Disadvantaged Communities
The AHSC Program is expected to provide 50 percent of available funding to disadvantaged communities. Because funding will be directed to these communities, Long Beach is again, stressing the importance of using a methodology that appropriately values the social determinants of health, in concert with pollution burden to identify where "disadvantaged communities" exist for the purposes of reducing greenhouse gas emissions. **The letter from the Public Health Alliance, of which Long Beach is a member, is attached as part of the City's comments on the AHSC Program.** This letter was also submitted to CalEPA in September 2014. It states the City's concerns, which are substantiated by technical analyses that were done with assistance for the State's Department of Public Health.
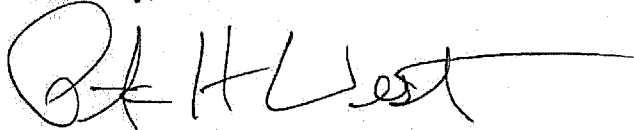
Long Beach also analyzed our own data. We urge the Strategic Growth Council to consider the following situation: Long Beach zip code 90813 is densely populated, includes the I-710 freeway, which is heavily used as a goods movement corridor, and borders an inland portion of Pacific Coast Highway, which is heavily traveled. The poverty rate in the 90813 zip code is 43.85 percent. CalEnviroScreen 2.0 places only two census tracts in this zip code in its highest percentile range (96-100 percent). The remaining census tracts in this zip code fall into the CalEnviroScreen 2.0's 86 to 75 percentile range. It is clear that the CalEnviroScreen 2.0 methodology does not accurately capture communities that are disproportionately impacted by greenhouse gas emissions. Long Beach will be requesting changes to the maps.

Appendix C. Co-Benefits
The City is encouraged that one of the particular strengths of the AHSC program is its potential to deliver significant greenhouse gas reductions, while realizing important health and equity co-benefits through TOD and ICP projects. Long Beach particularly supports programs that reduce asthma, increase community safety, and reduce heat-related illnesses.

In closing, the City of Long Beach looks forward to applying for Cap and Trade Program funds through the Strategic Growth Council's Affordable Housing and Sustainable Communities grant program. Should you have any questions, please feel free to contact Diana Tang, Manager of Government Affairs at 562-570-6506 or diana.tang@longbeach.gov. Thank you for the opportunity to comment on the draft guidelines.

Sincerely,

Patrick H. West
CITY MANAGER

Attachments:
- Public Health Alliance Comment Letter regarding Disadvantaged Communities, submitted to CalEPA and CARB, September 15, 2014
- City of Long Beach Mobility Element, adopted October 2013
- Gateway Cities Sustainable Communities Strategy, adopted June 21, 2011
- U.S. Department of Transportation Federal Transit Administration, *Final Policy Statement on the Eligibility of Pedestrian and Bicycle Improvements Under Federal Transit Law*, Adopted August 19, 2011

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City of Long Beach
Department of Health
and Human Services

Los Angeles County
Department of Public Health

City of Pasadena
Department of Public Health

County of Riverside
Department of Public Health

Santa Barbara County
Public Health Department

San Bernardino County
Department of Public Health

San Diego County
Public Health Services

Ventura County
Public Health

BARHII

Bay Area Regional Health
Inequities Initiative

Alameda County
Public Health Department

City of Berkeley
Public Health Department

Contra Costa
County Health Services

Marin County
Health and Human Services

Napa County
Public Health Department

City and County of San Francisco
Department of Public Health

San Mateo County
Public Health, Policy and Planning

Santa Clara County
Public Health Department

Solano County
Public Health Department

Sonoma County
Department of Health Services

September 15, 2014

Secretary Matt Rodriguez
California Environmental Protection Agency
P.O. Box 2815
Sacramento, CA 95812-2815

Chairman Mary Nichols
Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Secretary Rodriguez and Chairman Nichols:

This letter is being sent on behalf of two regional alliances of Public Health Department representatives from across the State of California, actively advancing chronic disease prevention and health equity through a health in all policies approach. We welcome the opportunity to comment on the recent documents released by the CalEPA/ARB regarding the identification of disadvantaged communities for the purpose of prioritizing investment of the Greenhouse Gas Reduction Funds per SB 535. We understand that the implementation of this legislation is progressing under rapid timelines and appreciate the Air Resources Board's commitment to nonetheless provide thoughtful deliberation to address public feedback.

As public health professionals engaged in efforts to reduce the stark disparities in health that exist across California, an important focus of our work is identifying and improving conditions in health disadvantaged communities. Evidence suggests that social factors, which include income, unemployment, education and rent burden, are the most significant drivers of health and wellbeing[1]. We are concerned that neither Method 1 (overall CalEnviroScreen (CES) score) nor the other alternate methods presented in the recently released methodology report, "Approaches to Identifying Disadvantaged Communities", adequately identify populations that are highly disadvantaged based on these social factors, collectively referred to as the social determinants of health.

The importance of employing a methodology that adequately identifies and weights disadvantage based on the social determinants of health is further elevated given the importance community stakeholders place on income, unemployment, education and rent burden in defining the common needs of disadvantaged communities. In Table 3 "Common Needs of Disadvantaged Communities (As Identified by Community Advocates)" of the August 22, 2014

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1. US Burden of Disease Collaborators. The state of US health, 1990-2010: burden of diseases, injuries, and risk factors. *JAMA*. 2013 Aug 14; 310(6):591-608.

document "Investments to Benefit Disadvantaged Communities," the bulk of the needs given are economic—improved jobs to increase family income, better workforce preparation, reduced housing and energy costs and improved transportation access. The needs that are not economic are couched in economic terms—health harms like asthma and obesity are "suffered disproportionately by low-income residents/ communities."

Stakeholders understand what the scientific evidence clearly demonstrates; that social determinants are the largest contributor to health and quality of life. The Public Health Alliance of Southern California, with technical assistance from the California Department of Public Health (CDPH), has conducted an analysis to determine whether communities identified as disadvantaged based on a high (top 15%) overall CES score are also the most disadvantaged (top 15%) in terms of poverty. Our analysis suggests that only 56.5% of these most impoverished (top 15%) census tracts would be identified as disadvantaged based on their top 15% overall CES Score (please see analysis (a) Poverty in the attachment below, "Poverty, Population Characteristics and CES 2.0"). Further, only 52.5% of census tracts identified as disadvantaged based on the overall CES score fell into the top 15% of census tracts based on poverty level. Both of these results suggest deficiencies in how the tool is being used to identify socioeconomic vulnerability and, hence, public health disadvantage.

A second analysis (see Attachment below, analysis (b) "Population Characteristics") also suggests a relatively poor statistical correlation between pollution-burden and population characteristics, as currently measured, among census tracts in CES 2.0. Only 61.8% of the census tracts with a top 15% population characteristic score are also in the top 15% in terms of their overall CalEnviroScreen Score. This poor statistical correlation can be seen visually in Figure 2 of "Approaches to Identifying Disadvantaged Communities" report where the scatterplot diagram for method 1, overall CalEnviroScreen Score does not show a linear clustering (i.e., pollution burden scores tracking equally with population characteristic scores) but rather a diffuse cloud, with many communities that score high on one criteria but not on another.

The fundamental approach utilized in CalEnviroScreen (CES), to incorporate both pollution burden and social determinant criteria into a single score through multiplication, creates a number of methodological concerns. First, the multipliers don't always reflect identified biologic or risk interactions between pollution and population characteristic factors. Additionally, the assignment of weights such that an equal 10 point scale is given to both the pollution burden and population characteristics means that the primary (social) determinants of health are undervalued based on their proportional contribution to health outcomes, and that pollution burden is disproportionately over-weighted. Finally, the population characteristic score includes health outcomes strongly associated with environmental exposures while omitting critical chronic disease health outcomes that contribute to the majority of healthcare expenditures[2].

This analysis is not meant to suggest that pollution burden should be discarded as a measure of disadvantage. Instead, it suggests that pollution burden and population characteristic data are independent and should be weighted according to their share of attributable mortality and morbidity in the United States[1].

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[2]Galea S, Tracy M, Hoggatt KJ, DiMaggio C, Karpati A. Estimated deaths attributable to social factors in the United States. *Am J Public Health*. 2011;101:1456-1465.
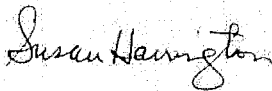
Our two Alliances are currently developing an evidence-based method for identifying health disadvantaged communities. This is a deliberate process undergoing scientific review, and as such is not expected to be completed prior to ARB's September decision point. Given that, we understand that our index will not be considered as a qualifying option in this first year's criteria. However, we want to ensure that in future years, an evidence-based health disadvantage metric is included into the methodology for defining disadvantaged communities.

In the development of future year's disadvantaged community identification methodology and allocation protocols, we would suggest the formation of a working group that includes representatives from public health and low-income communities to provide input on the implementation of SB 535, ranging from continued refinement in the identification of disadvantaged communities, to SB 535 guidance document updates, and the evaluation of the effectiveness of awarded projects in addressing disadvantage. This will provide critical input needed to both effectively achieve greenhouse gas targets and maximize benefits to disadvantaged communities.
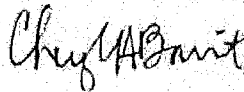
For the purposes of this year's allocation only, we ask CalEPA/ ARB to consider the use of a one-time temporary measure that weights the current CES indicators based on the relative magnitudes of their demonstrated impacts on health and well-being as reflected in the research literature.

Thank you for your consideration of our comments. There is a tremendous opportunity to effectively address climate change and to create transformative change in disadvantaged communities across California. We welcome the opportunity to partner with CalEPA/ARB now and in the future to ensure that we meet or exceed greenhouse gas targets while optimizing the greatest evidence-based co-benefits for disadvantaged communities.
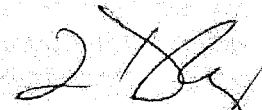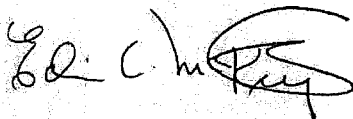
Sincerely,

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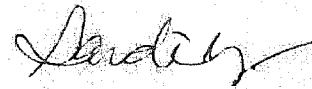
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Poverty, Population
Characteristics and CES 2.0

Analysis Summary

Summary

The Public Health Alliance of Southern California conducted several analyses to understand the degree to which high overall CalEnviroScreen (CES) 2.0 scores co-occur with high poverty and high overall population characteristics scores, as presented in the CES 2.0 tool among California census tracts. Two analyses were conducted:

(a) **Poverty:** Analyzed what proportion of the most impoverished census tracts in the state (those in the upper 15%) are *also* identified as being in the top 15% of overall CES 2.0 scores.[1] Our analysis suggests that only 56.5% of these most impoverished census tracts are also in the top 15% of overall CES 2.0 scores.

(b) **Population Characteristics:** Analyzed what proportion of census tracts with the highest 15% of overall population characteristics scores are *also* identified as being in the top 15% of overall CES 2.0 scores. Our analysis indicates that 61.8% of the census tracts with the highest (top 15%) Population Characteristics Scores are also in the top 15% in terms of their overall CES Score.

Methods

CalEnviroScreen 2.0 data were downloaded from the CalEPA website (http://oehha.ca.gov/ej/CalEnviroScreen_v2%200.xlsx, Accessed 4/21/2014). Census tracts were cross tabulated for agreement between high CES 2.0 Score (yes/no) status (in the highest 15th percentile) and (a) high poverty (yes/no) status (in the highest 15th percentile) or (b) high population characteristics summary score (yes/no) status (in the highest 15th percentile). The population characteristics summary score factored young and old demographics, poverty, unemployment, low educational attainment, linguistic isolation, asthma emergency room visits and prevalence of low birth weight.

CES 2.0 Score	Percentile (a) Poverty and (b) Population Characteristics Score	
	Top 15%	Bottom 85%
Top 15%	a	b
Bottom 85%	c	d

This analysis was implemented using SAS (Version 9.3) statistical package. Technical assistance in this analysis was provided by the California Department of Public Health.

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[1] As described in Office of Environmental Health Hazard Assessment. *Approaches to Identifying Disadvantaged Communities.* Oakland, CA: California Environmental Protection Agency. August 2014.
http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/workshops/calepaapproaches-to-identify-disadvantaged-communities-aug2014.pdf

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(a) Poverty Analysis

CalEnviroScreen (CES) 2.0 Upper 15% Classification by Poverty Upper 15% Classification California Census Tracts					
CES 2.0		**Poverty**		**Total**	
		TOP 15%	**BOTTOM 85%**		
TOP 15%	Count	628	568	1196	
	% in CES2.0 Group	52.5%	47.5%		
	% in Poverty Group	56.5%	8.3%		
BOTTOM 85%	Count	483	6254	6737	
	% in CES2.0 Group	7.2%	92.8%		
	% in Poverty Group	43.5%	91.7%		
Total		1111	6822	7933	

Agreement statistics of Poverty (reference) and CES 2.0 (screening)		
Agreement statistic	**Percent**	**Interpretation for CES 2.0**
Sensitivity (%)	56.5%	Proportion of CTs in upper 15% for poverty who are ALSO in upper 15% for CES 2.0
Positive predictive value (%)	52.5%	Proportion of CTs in upper 15% for CES 2.0 who are ALSO upper 15% for poverty

Results: Our analysis suggests that only 56.5% of these most impoverished census tracts are also in the top 15% as defined by CES 2.0, overall CalEnviroScreen Score (see *Sensitivity (%)* in table above). 52.6% of the census tracts in the upper 15% for CES 2.0 are also in the upper 15% for poverty.

(b) Population Characteristics Analysis:

Population Characteristics

Sensitive Populations Indicators
- Children and Elderly
- Low Birth-Weight Births
- Asthma Emergency Departmental Visits

Socioeconomic Factors Indicators
- Educational Attainment
- Linguistic Isolation
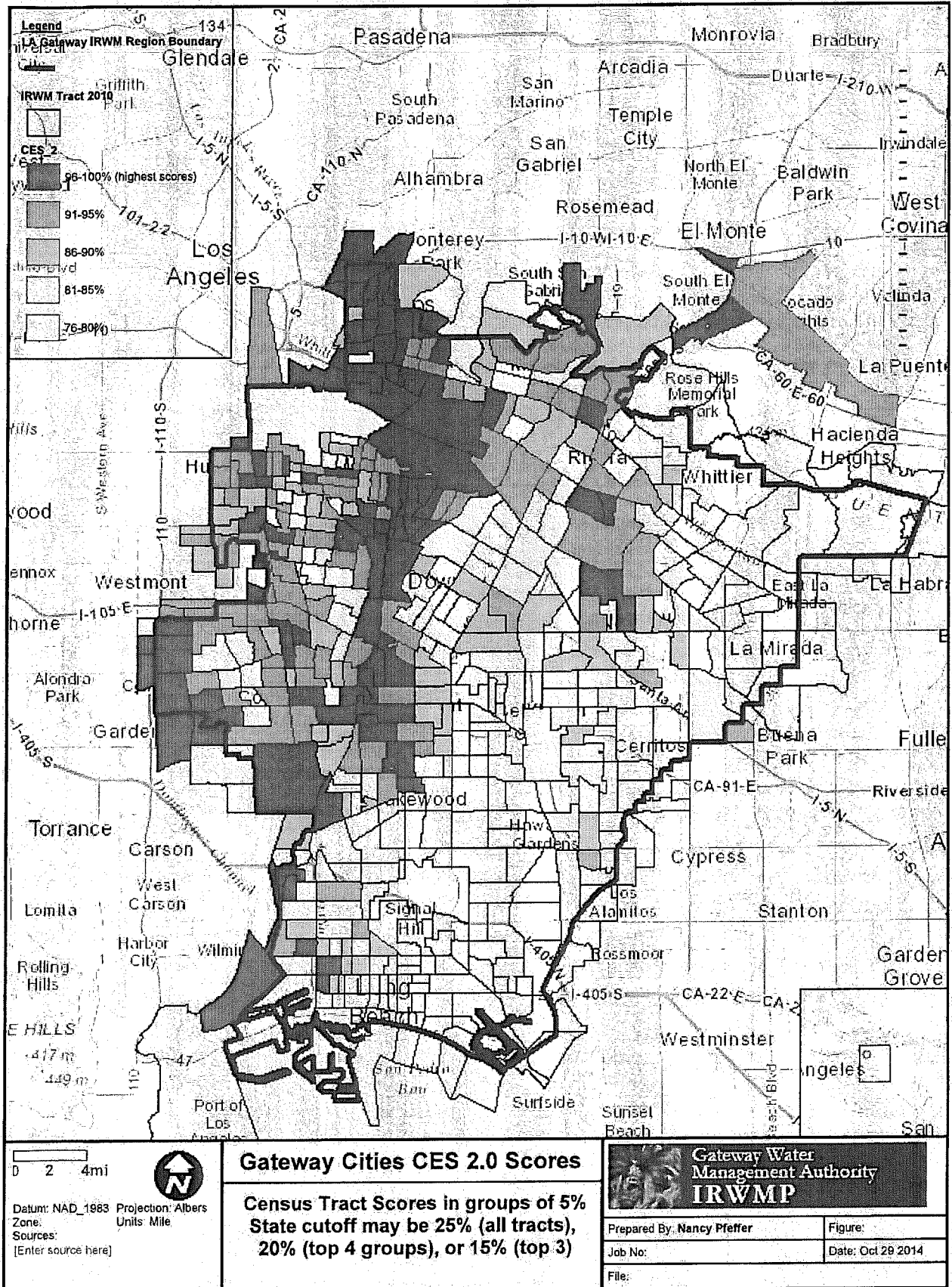- Poverty
- Unemployment

The Public Health Alliance with technical assistance from California Department of Public Health has conducted an analysis of the correlation between CES 2.0 Score and the overall "Population Characteristics" score. In addition to the "Socioeconomic Factor Indicators," the population characteristic score includes "Sensitive Population Indicators" including Children and Elderly, Low Birth-Weight births, and Asthma Emergency Department visits as indicated in the graphic at left from the CES 2.0 report.

In a document released in August 2014 titled "Approaches to Identifying Disadvantaged Communities," proposed 'Method 3' would identify communities based on the Population Characteristics score alone. This analysis studies how this method of identifying disadvantage would correlate to 'Method 1' proposed in the document, overall CES 2.0 score.
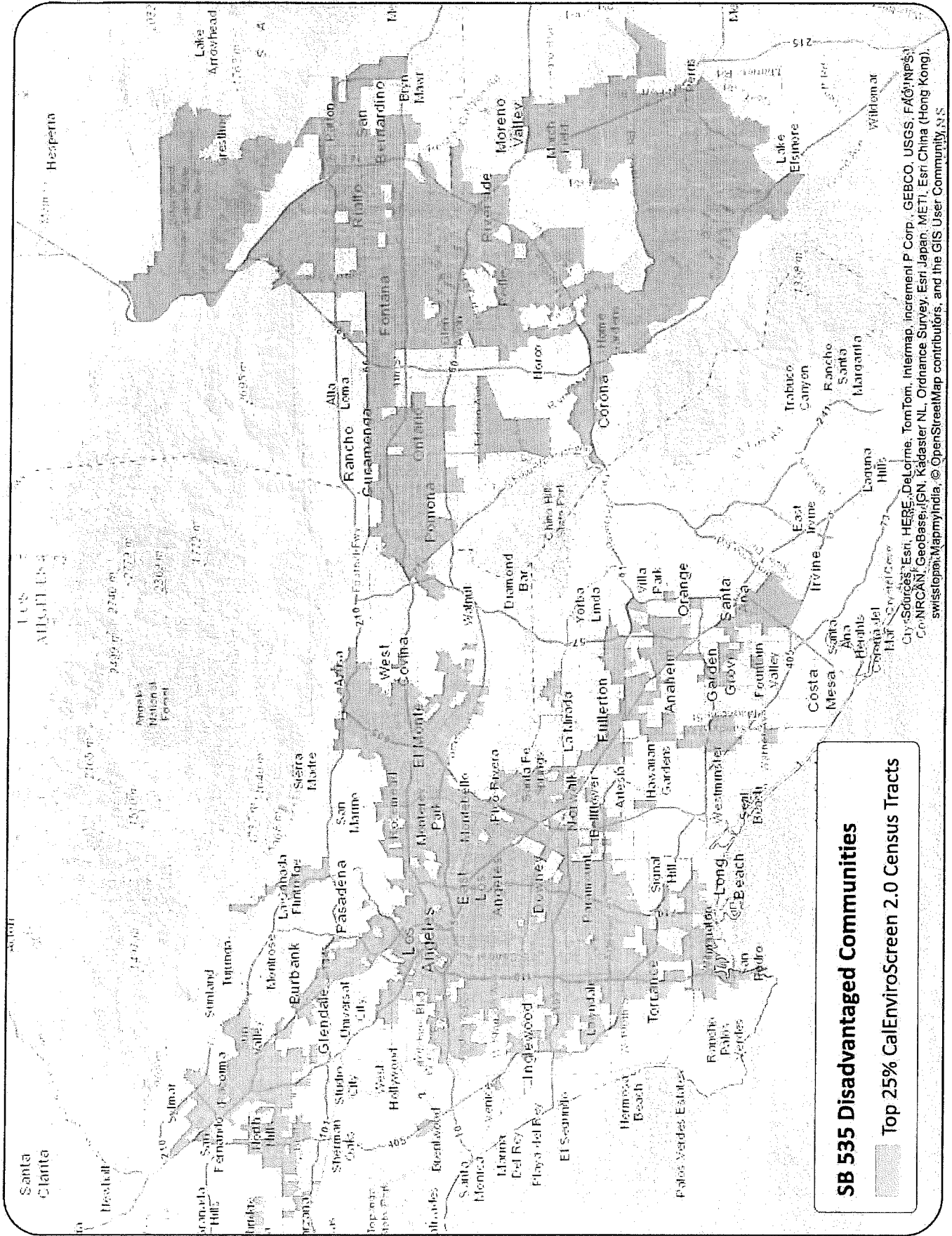
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CalEnviroScreen (CES) 2.0 Upper 15% Classification by Population Characteristics Upper 15% Classification				
Census Tracts				
CES 2.0		**Population Characteristics**		**Total**
		TOP 15%	BOTTOM 85%	
TOP 15%	Count	690	506	1196
	% in CES2.0 Group	57.7%	42.3%	
	% in Poverty Group	61.8%	7.4%	
BOTTOM 85%	Count	427	6,350	6777
	% in CES2.0 Group	6.3%	93.6%	
	% in Poverty Group	38.2%	92.6%	
Total		1117	6856	7973

Agreement statistics of Population Characteristics (reference) and CES 2.0 (screening)		
Agreement statistic	**Percent**	**Interpretation for CES 2.0**
Sensitivity (%)	61.8%	Proportion of CTs in upper 15% for Population Characteristics who are ALSO in upper 15% for CES 2.0
Positive predictive value (%)	57.7%	Proportion of CTs in upper 15% for CES 2.0 who are ALSO upper 15% for Population Characteristics

Technical Assistance Provided by CDPH.

Results: Our analysis finds that less than 62% of the census tracts identified by methodology 3 as being the most vulnerable due to population characteristics are *also* in the top 15% of CES 2.0 scores. Putting thisanother way, Method 1 (overall CES score) only positively identifies the most population-characteristic-disadvantaged census tracts 57.7% of the time. This indicates a relatively poor statistical correlation between pollution-burden and population characteristics, as currently measured in CES 2.0

Legend
LA Gateway IRWM Region Boundary

IRWM Tract 2010

CES_2

96-100% (highest scores)

91-95%

86-90%

81-85%

76-80%

Gateway Cities CES 2.0 Scores

Census Tract Scores in groups of 5% State cutoff may be 25% (all tracts), 20% (top 4 groups), or 15% (top 3)

0   2   4mi

Datum: NAD_1983 Projection: Albers
Zone: Units: Mile
Sources:
[Enter source here]

Gateway Water
Management Authority
IRWMP

Prepared By: Nancy Pfeffer | Figure:

Job No: | Date: Oct 29 2014

File:

Los Angeles Area

SB 535 Disadvantaged Communities

Top 25% CalEnviroScreen 2.0 Census Tracts