



Sacramento Area
Council of
Governments



NEW WAY HOMES



CALIFORNIA
COMMUNITY
ECONOMIC
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May 26, 2022

The Honorable Wendy Carrillo
Chair, Assembly Budget Subcommittee #4
1021 O Street, Suite 5730
Sacramento, CA 95814

The Honorable Sydney Kamlager
Chair, Senate Budget Subcommittee #4
1021 O Street, Suite 6510
Sacramento, CA 95814

Re: Infill Infrastructure Grant Program: Regional Equity Redesign

Dear Chairs Carrillo and Kamlager,

California has an affordable housing crisis and appropriately ambitious climate goals. While many state planning documents recognize the relationships between the two, actual state programs tend to treat housing and climate as two separate problems. California should be more strategic in its approach to both, and look for opportunities to leverage other state, regional, and local programs to house families and reduce Vehicle Miles Traveled (VMT).

Our organizations are concerned that state programs meant to increase infill development are not keeping pace with regional and state housing goals. In addition, programs that emphasize housing production could do more to incentivize building in areas that also further state greenhouse gas emission targets. The Infill Infrastructure Grant program (IIG) could be expanded to include a new eligibility area to connect regional Sustainable Communities Strategies to reduce VMT. This could be an important leverage point to help us build more housing while also encouraging development that helps reduce VMTs.

Expanding the IIG to help underwrite the state's innovative regional Sustainable Communities Strategies ("SCS"- required under SB 375) is one way to connect these state programs. While the IIG program has funded a number of commendable individual projects, the selection process could do much more to directly connect with regional SCS's to reduce VMT. The result would be a much more focused program that moves the state forward in multiple ways. For example, state goals would benefit if the program more strategically focused on key low VMT areas and corridors identified in the SCS that draw stronger links between livable communities and economic opportunity.

We recommend that the state invest \$5 billion (over a period of three to five years) in a retooled IIG program based on the following concepts:

- HCD retains the authority to set regionally appropriate minimum thresholds for the program and award projects.
- Funding will be apportioned by geographical regions to provide proportional support to sustainable investments in all regions of the state.
- Funding acts as patient money. These are areas where the infrastructure needs to be installed before the housing. The most transformational projects may not be the most shovel ready. Time should be given for construction to be completed and strong consideration of projects not tied to specific housing developments.

- Allow regions to identify the areas where infrastructure investment for low VMT housing is most important to the implementation of their Sustainable Communities Strategy.
- Projects within these areas receive a preference in the HCD selection process.
- In order to make a nomination, the MPO for the region must have an ARB-approved Sustainable Communities Strategy or Alternative Planning Strategy and the areas applying for funding must be designated for housing in the approved plan.
- Like the original IIG program, local governments would apply for funding based on criteria including the number of housing units that are designated for the area, the number of housing units that could be produced upon infrastructure upgrades, the need for water or sewer, or other services, to begin and complete the capital project once funded.
- The local government where the infrastructure is located must have implemented policies to promote housing at that location such as reduced fees, streamlined permitting, or other identifiable actions.

Although the housing crisis and climate issues permeate throughout the state, each region of the state is affected differently. A statewide program should include a means to determine the best projects within each region. Factors around climate, housing affordability, travel, access to transit, and economic opportunity are different between major areas like Southern California, the Bay Area, San Joaquin Valley, and the Central Coast.

We are encouraged that the Governor's budget included a \$500 million augmentation to the existing Infill Infrastructure Grant program. We can build on that and make modifications to more strongly link SCSs to areas in need of funds to help serve changing communities across our state more effectively.

For questions and more information, please contact Ed Manning, SACOG's legislative advocate at KP Public Affairs, at emanning@ka-pow.com.

Sincerely,

California YIMBY
Defenders of Wildlife
The Greenbelt Alliance
Housing Action Coalition
The Nature Conservancy
New Way Homes
Sacramento Area Council of Governments
SPUR
Council of Infill Builders
California Walks
California Community Builders
The Central Valley Urban Institute
LISC San Diego
California Community Economic Development Association
SALEF
Planning and Conservation League
Silicon Valley Leadership Group

Environmental Council of Sacramento
Generation Housing
Wildlands Network
San Diego Urban League
Sierra Business Council
Mountain Housing Council of Tahoe-Truckee

CC: The Honorable Nancy Skinner
The Honorable Phil Ting
Members, Senate Budget Committee
Members, Assembly Budget Committee