

Date of Hearing: April 28, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 314 (Arambula) – As Amended April 10, 2025

SUBJECT: Affordable Housing and Sustainable Communities Program: project eligibility

SUMMARY: Makes transit and active transportation capital projects and transit-oriented development projects near planned high-speed rail (HSR) stations eligible for funding under the Affordable Housing and Sustainable Communities Program and deems these projects to reduce greenhouse gas (GHG) emissions due to proximity to the HSR service, irrespective of when the station is operational.

EXISTING LAW:

- 1) Requires the Strategic Growth Council to administer the Affordable Housing and Sustainable Communities (AHSC) program to reduce GHG emissions through projects that implement land use, housing, transportation, and agricultural land preservation. (Public Resources Code (PRC) 75210)
- 2) Identifies the following projects as eligible for AHSC funding. (PRC 75212)
 - a) Intermodal, affordable housing projects that support infill and compact development;
 - b) Transit capital projects and programs supporting transit ridership;
 - c) Active transportation capital projects that qualify under the Active Transportation Program (ATP), including pedestrian and bicycle facilities and supportive infrastructure, including connectivity to transit stations;
 - d) Noninfrastructure-related active transportation projects that qualify ATP, including activities that encourage active transportation goals conducted in conjunction with infrastructure improvement projects;
 - e) Transit-oriented development projects, including affordable housing and infrastructure at or near transit stations or connecting those developments to transit stations;
 - f) Capital projects that implement local complete streets programs;
 - g) Other projects or programs designed to reduce GHG emissions and other criteria air pollutants by reducing automobile trips and vehicle miles traveled within a community;
 - h) Acquisition of easements or other approaches or tools that protect agricultural lands that are under pressure of being converted to nonagricultural uses, particularly those adjacent to areas most at risk of urban or suburban sprawl or those of special environmental significance; and,
 - i) Planning to support implementation of a sustainable communities strategy, including implementation of local plans supporting greenhouse gas emissions reduction efforts and promoting infill and compact development.

FISCAL EFFECT: Unknown

COMMENTS: The Strategic Growth Council (SGC) administers the AHSC program. The AHSC Program furthers the purposes of AB 32 (Nunez), Chapter 488, Statutes of 2006, SB 375 (Steinberg), Chapter 728, Statutes of 2008, and SB 32 (Pavley), Chapter 249, Statutes of 2016 by investing in projects that facilitate GHG reduction by supporting more compact, infill

development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. AHSC projects integrate low-carbon transportation projects and affordable housing, with an emphasis on providing benefits to Disadvantaged and Low-Income Communities. The project types AHSC funds include transit oriented development (TOD)—35% of awarded projects, integrated connectivity projects (ICP)—35% of awarded projects, and rural innovation projects (RIPA)—10% of awarded projects. Remaining funds are designated to an eligible project area type that meets the goals, including geography, tribal entity, and DACs. 50% of available funding is reserved for affordable housing developments and housing related infrastructure. The other 50% of available funds are for projects benefitting disadvantaged communities.

Author's statement: “AB 314 will drive communities near existing and planned high speed rail stations to become more modern, economically diverse, and accessible. Transit-oriented development is a key strategy that allows us to address California’s longstanding issues with housing shortages and traffic congestion in urban centers. This bill will ensure we take full advantage of state dollars invested in high speed rail by allowing for more development in station communities.”

The AHSC program awards funds based on the merits of the application to support a sustainable housing development that expands and improves transit, walking, and biking infrastructure, providing opportunities to reduce vehicle miles traveled (VMT) by supporting connectivity between housing and destinations to reduce GHG emissions. The scoring criteria to award funding is divided into three broad categories, including estimated GHG reductions (30 points), quantitative policy (50 points), and narrative-based policy (20 points), totaling 100 points. The highest scoring applications that meet all the requirements are recommended to the SGC for funding. To meet GHG scoring requirements, all applications are required to use the AHSC Benefits Calculator tool to estimate GHG reductions.

SB 1420 (Kopp), Chapter 796, Statutes of 1996 established the California High-Speed Rail Authority (CHSRA) to plan and construct a high-speed rail system that would link the state’s major population centers. In November 2008, voters approved Proposition 1A, which authorized the state to sell \$10 billion in general obligation bonds to partially fund the system, as well as related projects. Proposition 1A also specified certain criteria and conditions that the system must ultimately achieve. For example, the measure requires that the system be designed to be capable of specified travel times along certain routes, such as nonstop travel from San Francisco to Los Angeles within two hours and forty minutes. The project also receives 25% of the annual Greenhouse Gas Reduction Funds from the state Cap and Trade program and has received billions in federal funding.

The HSR project faces significant challenges in terms of funding and project delivery. The HSR Inspector General recently identified a funding shortfall of \$6.5 billion to complete the Merced to Bakersfield segment, including potential cap and trade revenues through 2030. In addition, the federal government may withdraw billions in funding it has already appropriated. Generally, the state’s contracts for the project are costing 2 to 3.5 times more than their initial award value and taking 2.5 to 3.5 times longer to complete.

The full high-speed rail system planned between San Francisco and Los Angeles includes up to 24 stations, though it remains highly uncertain whether most of them will ever be built. The stations most likely to move forward are those on the Merced to Bakersfield segment, with planned stops in downtown Merced, Madera, downtown Fresno, Kings/Tulare, and Bakersfield. However, construction on these stations has yet to begin.

Committee comments. This bill makes transit capital projects, active transportation capital projects, and TOD projects near planned high-speed rail stations more competitive under AHSC program's scoring guidelines by deeming the projects to reduce GHG emissions. Absent this provision, these projects are less competitive because no portions of the high-speed rail project have completed construction, so building affordable housing developments near a planned station may not reduce VMT and in fact, it may increase VMT prior to high-speed rail being operational. Deeming the types of projects identified in this bill to reduce GHG emissions could potentially affect the types of projects awarded funding under the AHSC program and result in projects that do reduce GHGs from receiving funding.

The committee may wish to amend the bill with the following:

- (j) (1) Transit capital projects, ~~active transportation capital projects~~, and transit-oriented development projects aimed at building infrastructure, increasing pedestrian access, or similar purposes near planned high-speed rail stations *that meet both of the following criteria:*
 - (A) *The planned high-speed rail station has received full funding for construction from the authority.*
 - (B) *Construction of the planned high-speed rail station has started and at least 10% of the funding received for construction from the authority has been spent.*
- (2) *Transit capital projects and transit-oriented development projects described in paragraph (1) shall be deemed as receiving credit for reducing greenhouse gas emission due to proximity to high-speed rail service, irrespective of when the high-speed rail station is operational.*

In support, the Downtown Fresno Partnership writes, "As the State is building the first stretch of its High-Speed Rail system, in Downtown Fresno we are working with urgency to be prepared for the new train and station. High-Speed Rail stands to benefit our Downtown significantly; conversely, we also recognize that as a destination, the quality of the amenities in Downtown Fresno will have a major impact on train ridership. This includes the quality of the experience accessing the station from its immediate surroundings.

Our community has learned from experience that it can take years to assemble funding and develop urban housing projects as well as ancillary infrastructure. Because of these timelines and because it is in the State's interest to ensure that these amenities are online when High-Speed Rail service starts, State policy should begin incentivizing these investments as soon as future stations are identified and planned, regardless of when rail service is expected to begin."

Previous legislation. AB 1095 (Cooley), Chapter 355, Statutes of 2021 clarifies that funding from the AHSC can be used for owner-occupied housing, in addition to rental housing.

SB 862 (Budget), Chapter 36, Statutes of 2014 established the SGC as the administrator of the AHSC program, which funds building projects that implement land-use, housing, transportation, and agricultural land preservation practices that reduce GHG emissions.

SB 732 (Steinberg), Chapter 729, Statutes of 2008 established the Strategic Growth Council (SGC) to coordinate activities of state agencies that improve environmental quality and provide affordable housing to communities in need within California.

REGISTERED SUPPORT / OPPOSITION:**Support**

Central Valley Community Foundation
Downtown Fresno Partnership

Opposition

None on file

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