STAFF REPORT

MEETING DATE:	**December 8, 2015**
SUBJECT:	**Correspondence**
AGENDA ITEM:	**5-5**
STAFF CONTACT:	**Janie Coffman, Executive Assistant**

Attached is correspondence determined to be of interest to the board of directors:

- October 29, 2015, letter from SRTA to California Strategic Growth Council regarding the Draft 2015/16 AHSC program guidelines & options for MPO engagement and input

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Daniel S. Little, AICP, Executive Director

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Daniel S. Little, Executive Director

October 29, 2015

Mr. Randall Winston, Executive Director
California Strategic Growth Council

Subject: Comments on Draft 2015/16 AHSC Program Guidelines & Options for MPO Engagement and Input

Mr. ~~Winston~~ Randall:

Thank you for the Strategic Growth Council's (SGC) continuing and genuine efforts to engage and involve regional agencies as partners in the Affordable Housing & Sustainable Communities (AHSC) Program. In particular, we appreciate the time taken to visit Redding and discuss preparations for the upcoming grant cycle. Working together, we are confident that the program will effectively reduce greenhouse gas emissions while creating more livable, healthy, and prosperous communities.

This letter is to provide feedback on the Draft 2015/16 AHSC Program Guidelines as well as 'Table 2: Possible Options for MPO Engagement and Input' provided in your September 17, 2015, memorandum.

Comments Regarding Draft 2015/16 AHSC Program Guidelines:
We commend the SGC for seeking to broaden the geographic distribution of funds. And while we like the sound of the Rural Innovation Project Area (RIPA), we find that the 'innovation' part could be bolstered beyond minimum net density requirements. What we hope to achieve in the Shasta region – and hope to see throughout California's small- and medium-sized metropolitan areas – are game-changer projects that leap-frog beyond the status quo and serve as catalysts for the next generation of development.

With this in mind, we offer the following set of suggestions intended to be implemented together as a package:

- Expand the definition of rural in the RIPA to be consistent with federal standards distinguishing small and medium MPOs (<200,000 population) from major metropolitan areas (>200,000 population), as is used in the Active Transportation Program (ATP) and other programs;
- Since the number of areas eligible to complete under RIPA will increase under this expanded definition, the RIPA funding target should be increased from 10% to at least 30%; and
- Add a new innovation category and criteria points for the 'game-changer value' and 'catalyst potential' of the project.

By 'game-changer value', we mean big-ticket projects that transform a community, versus those that are incremental in nature and likely to occur with or without AHSC Program funds. To gauge this value, it should be possible to measure a proposed project's relative density, floor-area ratio, mobility-enhancing amenities, and green design features *in comparison to what is currently found in the larger community or region in which the project resides*. And by 'catalyst potential', we mean the presence of vacant and underutilized parcels in the surrounding area, alignment with local and regional transportation investments, and a markedly higher growth rate for the project area in the adopted Regional Transportation Plan/Sustainable Communities Strategy. SRTA would be happy to work with the SGC and other MPOs to flesh out the specific evaluation criteria and methodology.

During the FY 2014/15 AHSC Program grant cycle, only two rural projects were selected for funding. Additional funds should be directed to small- and medium-sized MPOs regions; however, these need not be token projects for the sake of regional funding parity. Changes to the RIPA as described above, combined with suggestions for enhanced MPO engagement described below, will enable small- and medium-sized MPOs to play a more substantial and meaningful role in achieving statewide goals for the reduction of greenhouse gas emission.

Comments Regarding Options for MPO Engagement and Input:
The following comments correspond to the four categories described in the SGC's September 17, 2015, memorandum:

- Regional/Local Capacity Building – The type and quality of projects needed to meet AHSC program goals can take years to prepare for capital grants. Identifying candidate projects and shaping the scope of transportation and land use components are within the wheelhouse of regional agencies to accomplish. We are presently developing a pipeline of competitive projects for future grant cycles and will continue to play this role moving forward.

  SRTA and local developers are hampered, however, by a lack of knowledge and experience in assembling gap financing (i.e. the various financing tools and incentives such as tax credit financing, bonds, impact fee deferment, housing funds, and so forth) required for a large development project to pencil-out financially – even with AHSC Program funds. Capacity building in the form of technical training for the region's development and real estate financing professionals would help bridge the gap between a great idea and a grant-ready project. SRTA would be happy to coordinate with the local builders' exchange, lenders, and other partners if the SGC is able to coordinate with Housing and Community Development (HCD) and/or other experts to organize a technical assistance workshop in Shasta County.

- Outreach and Information Sharing – While the SGC's extensive outreach efforts have elevated AHSC program awareness, we have found that qualified and motivated applicants are intimidated by the complex program guidelines once they dig into them. Regional agencies are adept in translating complex programs and policies into familiar terms and extracting germane details for decision makers, regional partners, and the general public. Even so, given the wide range and combination of eligible activities, we believe that project-specific consultation with the SGC during the initial scoping of grant applications is essential.

SRTA recently organized a technical assistance teleconference between the SGC and a private sector developer, project design consultants, and the local jurisdiction. Project-specific feedback provided by the SGC is being used to package the project for the next round of AHSC Program grants. As future candidate projects come forth and are fleshed out, SRTA will continue to engage the SGC in this fashion to further along the most promising projects.

- Application Development and Assistance – SRTA staff are skilled at conceptualizing and composing meaningful grant applications. Whether leading or supporting a project proposal, SRTA takes great care to align projects with regional plans and programs to ensure successful implementation and long-term return on investment. SRTA often finds itself in the role of matchmaker, marshaling various organizations, resources, and other components to form a well-rounded proposal and full complement of vested partners.

  Your visit to preview the region's upcoming proposal helped sharpen the project scope and galvanize the public-private partnership. In the future, as other high-profile projects progress toward grant readiness, we will invite the SGC and applicable SGC partners to engage with the community in a similar manner.

- Application Review and Recommendations – In a smaller MPO region such as Shasta, project proposals are most likely to have been developed in close consultation and communication with SRTA. Furthermore, the number of proposals submitted from our region in any given cycle is likely to be small (i.e. 1 to 3 proposals). As such, reviewing and ranking proposals from the region may not be necessary.

  Of greater concern to SRTA is the fair and equitable evaluation of proposals between regions. More specifically, we are concerned that funds targeted for small- and medium-sized MPO regions are shrinking under the proposed RIPA. Revisions to the Draft 2015/16 AHSC Program Guidelines recommended at the beginning of this letter would help alleviate these concerns.

Again, thank you for involving MPOs in the implementation AHSC Program. We look forward to ongoing discussion and coordination.

Sincerely,

FOR Daniel S. Little, AICP, Executive Director
Shasta Regional Transportation Agency (MPO)

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