



## Board Report

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 AD HOC SUSTAINABILITY COMMITTEE  
MAY 20, 2015
**SUBJECT: ORAL REPORT ON CAP AND TRADE UPDATE**

Receive Oral Report on implementation of programs under the State of California's Greenhouse Gas Reduction Fund (Cap-and-Trade).

**DISCUSSION**

At the January 2015 meeting of the Ad Hoc Sustainability Committee, staff presented an overview of Cap-and-Trade programs with a focus on the Affordable Housing and Sustainability Communities Program. This report provides an update on recent activities.

**Background**

The California Cap-and-Trade program involves quarterly auctions of emission credits for greenhouse gas emitters regulated under Assembly Bill 32 (AB 32). Auction proceeds, known as the Greenhouse Gas Reduction Fund, are then reinvested in various projects to further reduce emissions. FY 14-15 will be the first year in which the State of California makes investments from the Greenhouse Gas Reduction Fund, after first-year auction proceeds (FY 13-14) were loaned to the General Fund. Total funding available for the current year is \$870 million, divided into 11 programs administered by various State agencies.

The State, through the budget and legislation, has established several overlapping policies and priorities for Cap-and-Trade in addition to GHG emission reductions. These include:

- Providing funding support for high speed rail;
- Benefiting disadvantage communities;
- Funding affordable housing, particularly near transit; and
- Implementing regional Sustainable Communities Strategies (SCS).

**Affordable Housing and Sustainability Communities Program**

The Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council (SGC) funds transit oriented affordable housing along with complimentary transportation improvements. This program is most closely aligned with the purview of the Ad Hoc Sustainability Committee in that it is explicitly intended to implement regional Sustainable Communities Strategies.

SGC received 147 concept applications (due February 20, 2015) statewide. SGC then narrowed the field of applicants to 54 which were invited to submit a full application (due April 15). Of the 54 invited applicants, 11 were in Los Angeles County.

Metro was active in conducting outreach to encourage applications and seek partners. This included the development of partnership criteria previously shared with the committee, presentations to sub-regional Councils of Governments planning groups, and a webinar conducted for non-profit housing developers. Metro provided support letters for five projects, of which 2 have moved on to the full application stage (McCormack Baron MacArthur Park Phase B, and Abode Communities Rolland Curtis Gardens).

Metro staff has further participated along with housing providers, transportation agencies, and others in the region on discussions intended to identify suggested program improvements for future cycles, including improving the competitive position of Southern California. Staff will provide future updates to the committee as these discussions develop.

#### Other Programs

Metro has participated in other programs under Cap-and-Trade notably the Low Carbon Transit Operations Program which Metro receives by formula and for which a list of eligible projects was submitted to the State in April 2015 (more information here - [http://media.metro.net/board/Items/2015/03\\_march/20150318p&pitem15.pdf](http://media.metro.net/board/Items/2015/03_march/20150318p&pitem15.pdf)) . Also, as previously reported to the Board, Metro submitted applications for three projects under the Transit and Intercity Rail Capital Program, including:

- Willowbrook/Rosa Parks Station and Blue Line Light Rail Operational Improvements Project;
- Raymer to Bernson Double Track Project;
- Heavy Rail Vehicle purchase for the Purple Line Extensions, Fleet Upgrade, and Capacity Expansion Project.

Staff will update the Committee at its next meeting on the results of current applications, as well as any considerations for future cycles.

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