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June 23, 2020

SGC Chairperson Kate Gordon  
California Strategic Growth Council  
1400 Tenth Street  
Sacramento, CA 95814

**Subject: Geographic Fairness in AHSC Grant Scoring**

Dear Ms. Gordon,

On behalf of Circulate San Diego, whose mission is to create excellent mobility choices and vibrant, healthy neighborhoods, I am writing regarding the staff recommendation for the San Diego region to receive zero funding from the California Strategic Growth Council's (SGC) Affordable Housing and Sustainable Communities (AHSC) grant for Round 5.

The SGC board should reconsider staff recommendations, and to allocate discretionary points to ensure that the San Diego region receives a fair amount of funding for at least one project this round. Going forward, the SGC board should also direct staff to revisit scoring criteria to ensure fair funding for projects throughout California.

The SGC has a strong interest and opportunity to use AHSC funding to encourage local governments to make policy changes to address California's climate and housing crises. The possibility of AHSC funding helped spur the San Diego region to rise to the occasion for this AHSC round, and numerous San Diego agencies committed an unprecedented amount of public resources and political will to create competitive proposals. If the SGC does not validate those commitments with any funding for San Diego applications, the State risks losing its leverage to encourage local governments to make the changes California needs to address climate and housing crises.

Historically, San Diego has not received a population-proportionate amount of funding from AHSC. In the first four rounds of the program's existence, the program distributed over \$1 billion in funding.<sup>1</sup> San Diego has received \$78 million, 7.3 percent of the total funding in the first four rounds, yet the region represents 8.5 percent of California's total population.<sup>2</sup> For Round 4 San Diego received only five percent of the total AHSC funds<sup>3</sup>, and in Round 5 of the program, San Diego submitted five applications but none were recommended for the AHSC grant.<sup>4</sup> It is critical that the San Diego receives its fair share of AHSC funding.

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<sup>1</sup> Circulate San Diego, Fair Share, (January 27, 2020), available at <http://www.circulatesd.org/fairshare>.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> California Strategic Growth Council, Round 5 Affordable Housing and Sustainable Communities Program: FY 2018-2019 Recommended Awards, (June 15, 2020), available at [https://www.sgc.ca.gov/meetings/council/2020/docs/20200625-Item6c\\_AHSC\\_Staff\\_Report.pdf](https://www.sgc.ca.gov/meetings/council/2020/docs/20200625-Item6c_AHSC_Staff_Report.pdf).

San Diego's housing and affordability crises requires increasing the region's affordable housing development, but the region cannot do so without the necessary funding. Data shows that San Diego's population growth has outpaced housing development by more than double.<sup>5</sup> Projections by the Housing Commission show that "the City will need between 150,000-220,000 new units by 2028 to meet local demand."<sup>6</sup> San Diego desperately needs AHSC funding to meet the growing housing demand and provide low income housing opportunities for the community.

In January 2020, Circulate San Diego published a report outlining the ways in which the region can address the disproportionate lack of funding received by AHSC. Upon analysis of various cities that received substantial funding through AHSC, Circulate found that to increase San Diego's share of AHSC, San Diego would have to create new interagency AHSC focused leadership, create a pipeline of AHSC eligible projects, and increase funding allocated to affordable housing in order to compete with cities that have larger local funding streams.<sup>7</sup>

Although San Diego began to implement Circulate's recommended actions before submitting their Round 5 applications, the scoring system used by AHSC inherently favors cities with larger, better funded transit systems. Without the large transit infrastructure and funding like that of Los Angeles and the Bay Area, San Diego simply cannot compete with other large regions for AHSC grant funding.

Transit improvements that significantly increase frequency and service, possible in regions with local transit funding streams and strong preexisting transit networks, show higher GHG reduction scoring compared to smaller and more localized transportation improvements like station improvements or pedestrian improvements.<sup>8</sup> To promote geographic fairness within AHSC, the scoring system must be updated to reflect the different potential for impact, and to maintain an incentive for regions to commit to the transit and active transportation improvements that are within their power to create.<sup>9</sup> Without this change, San Diego will continue to miss out on its fair share of desperately needed affordable housing funding due to insurmountable scoring requirements. Moreover, if scoring rules make funding for regions like San Diego virtually impossible, the SGC will lose its opportunity to entice local governments to change their priorities.

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<sup>5</sup> Councilmember Jennifer Campbell and Councilmember Chris Cate, "Amendment to San Diego Municipal Code 132.0505 Coastal Height Limit" Memorandum, City of San Diego, February 27, 2020, <https://onbase.sandiego.gov/OnBaseAgendaOnline/Documents/ViewDocument/Sub-item%20A%20-%20Consideration%20of%20ballot%20measure%20proposal%20by%20CM%20Campbel%20and%20CM.pdf?meetingId=4004&documentType=Agenda&itemId=189473&publishId=377871&isSection=false>.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Circulate San Diego, Fair Share, (January 27, 2020), available at <http://www.circulatesd.org/Fairshare>.

<sup>9</sup> California Strategic Growth Council, Affordable Housing and Sustainable Communities Program Round 5 FY 2018-2019 Program Guidelines, (October 31, 2019), available at [https://sgc.ca.gov/programs/ahsc/docs/20191209-FINAL\\_AHSC\\_Round\\_5\\_FY18-19\\_Guidelines\\_Amended\\_12.9.19.pdf](https://sgc.ca.gov/programs/ahsc/docs/20191209-FINAL_AHSC_Round_5_FY18-19_Guidelines_Amended_12.9.19.pdf).

Please reconsider the allocation of discretionary points from staff recommendations, to ensure that some funding for this round is awarded to the San Diego region. Please also reconsider the AHSC scoring system going forward to promote geographic fairness in affordable housing funding distribution, so San Diego can address its growing housing crisis and so that the SGC can continue to use funding to entice change.

Sincerely,



Maya Rosas  
Director of Policy