

Challenges to State Funding Program Competitiveness

Green Means Go was developed to provide proactive corridor level catalyst funding to attract new development in infill areas. While the state offers a number of statewide competitive grant programs for housing and infill infrastructure, they are typically focused on individual projects already planned by a developer. In infill areas in the Sacramento region, and many other established communities in the state, challenges with existing infrastructure create an immediate barrier to potential development and therefore those individual housing projects never even materialize. There are currently no state funding programs to assist these communities where significant, corridor level change is needed to stimulate demand and create more certainty for future housing developers. Green Means Go attempts to flip the narrative and provide funding in areas where significant housing development is unlikely without major areawide investment, rather than provide last-in funding for specific individual projects that are likely to occur regardless. Additionally, providing state funding at the regional level allows a more strategic approach to addressing many of these underlying issues causing barriers to both housing and climate goals.

Affordable Housing Sustainable Communities Program (AHSC)

The primary challenge for SACOG in the AHSC program is in the scale of greenhouse gas (GHG) reductions per project. The [GHG Quantification Methodologies](#) used to score projects reward housing project density, surrounding neighborhood density, and the potential for increased transit ridership. As such, the ability to compete in these grant programs is tied to the underlying market demand and existing development pattern. The Sacramento region is in the unusual position of already having a rail system but not having the density or market demand of the other CA regions with rail systems, which are all in larger urban areas in Coastal California with substantial market driven demand.

The AHSC program has attempted to address some of these disparities by creating three different buckets of funding for different project area types. However, in reality, the requirements for each project area tend to further squeeze out the Sacramento region. Projects within ½ mile of rail must compete against each other for a single set aside (TOD), which means that projects near Sacramento light rail stations must compete against projects near BART, SF Muni, and LA Metro projects. As shown below, the average density of the awarded TOD projects in Round 4 of AHSC, was over 200 units/acre. This is not a density that the market supports in the vast majority of TOD sites in Sacramento, which is why the SACOG region has never been awarded a TOD AHSC grant. SACOG typically competes in the Integrated Connectivity Project (ICP) category but must do so in areas with less market demand than the core TOD areas. Additionally, successful projects typically can demonstrate significant new transit ridership. Projects in denser environments in Coastal CA can demonstrate higher potential increases in transit ridership for every dollar of transportation improvement invested, largely because the existing environments are already denser and the transit networks are already more robust. This all results in higher GHG scores for Coastal CA projects than Sacramento projects.

AHSC Funding

Average Dwelling Units/Acre

52

Recent multi-family projects in SACOG region

99

Awarded Integrated Connectivity Project (ICP) projects (Round 4)

221

Awarded Transit Oriented Development (TOD) projects (Round 4)



Infill Infrastructure Grant Program (IIG)

The IIG program funds many of the critical infrastructure improvements necessary to accommodate infill housing in the Sacramento region. However, the program is largely structured as a developer-led, last-in investment rather than a proactive corridor level catalyst. As designed, IIG requires an affordable housing developer wanting to pursue a high-risk project in an area that needs significant infrastructure improvements. Such developers require grants or subsidies to close financing gaps, and they need to show certainty to funders, including that adequate infrastructure is already in place. In the SACOG region, area-wide infrastructure investments are needed upfront to stimulate market demand and create more certainty for future market rate and affordable housing developers. The lack of an interested developer-applicant was identified as the primary barrier to many SACOG jurisdictions applying for the Spring 2020 IIG NOFA.