

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 4/23/2025

**Staff Report No.** 25-267

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**TO:** AC Transit Board of Directors  
**FROM:** Kathleen Kelly, Interim General Manager/Chief Executive Officer  
**SUBJECT:** 2025 Affordable Housing Sustainable Communities Grants

### ACTION ITEM

**AGENDA PLANNING REQUEST:** ☐

**RECOMMENDED ACTION(S):**

Consider authorizing the Interim General Manager to enter into an agreement with Resources for Community Development (RCD), a housing developer, to include AC Transit buses in their grant application under the State of California's Affordable Housing Sustainable Communities (AHSC) Grant Program; and further authorize the Interim General Manager to execute the required subrecipient agreement upon award.

Staff Contact:  
Ramakrishna Pochiraju, Executive Director of Planning & Engineering

**STRATEGIC IMPORTANCE:**

Goal - Convenient and Reliable Service  
Initiative - Zero Emission Programs

This grant would support bus service improvements through the purchase of hydrogen fuel-cell zero-emission buses (ZEBs) for potential service changes identified as part of the District's new network plan. Other elements of the grant would also support efficient operations through the installation of transit signal priority (TSP) equipment, transit shelters, and bus/pedestrian bulbs.

**BUDGETARY/FISCAL IMPACT:**

If granted, the AHSC funds would provide approximately \$3.6 million towards the purchase of zero emission buses within five years of award. Installation of complimentary transit amenities and transit priority infrastructure included in the grant application would be completed by RCD and the City of Hayward. The total value of transit amenities and transit priority infrastructure would be about \$2.2 million. Exact project scope is subject to change depending on the developer's decision on whether to proceed, and on the funds made available by the State for the project. There are no matching funds required, but the District would be required to cover any cost increases associated with bus purchases not included in the original grant applications. Regardless of whether the District joins an application, all housing developments in the AHSC program are required to purchase transit passes for their residents.

**BACKGROUND/RATIONALE:**

The AHSC Program is a California State Cap & Trade-funded grant program created to reduce greenhouse gas emissions (GHGs) by creating more compact, infill development patterns, integrating affordable housing with sustainable transportation, and encouraging public transit and active transportation usage. Staff recommends that the District focus its applications on bus purchases to support preliminary service changes that have been considered as part of the new network plan to be implemented in August 2025.

The District has previously partnered with housing developers and cities to apply for funding in five prior rounds of the AHSC grant program. The developers received funding for the construction of housing developments while the District received funding for the purchase of hybrid or zero-emission buses and the construction of elements of Tempo BRT.

Round 9 of the AHSC program is currently open for applications which are due on May 28, 2025.

Bus purchases and transit infrastructure are included as eligible expenses as in past years. Providing transit passes to residents is a mandatory feature of the program. Using grant funds to pay for service expansion is authorized but has proven to be less competitive for calculating greenhouse gas emission reductions than purchasing a bus that is used to support the service improvements.

As in the previous round, staff is recommending an agreement that treats the District as a “non-applicant” with a commitment letter as the binding document. The commitment letter from the Interim General Manager needs to be included in the application.

#### Proposed Project

The housing development is located at 21502 Foothill Boulevard in Hayward and would provide 89 units of affordable housing, 82 new units and 7 rehabilitated bungalows. The development is being built by Resources for Community Development. The transit development would consist of the following elements:

- Purchase of two fuel-cell electric buses to support added service in the project vicinity as part of Realign, to be procured, owned and operated by AC Transit. The lines serve Disadvantaged Communities as defined by SB 535 and are consistent with the District’s Clean Corridors Plan.
- Install eight bus shelters at locations to be determined and to be constructed, owned and maintained by the City of Hayward or RCD
- Add Transit Signal Priority (TSP) on portions of Mission Boulevard, A Street, and Foothill Boulevard, to be installed and maintained by the City of Hayward
- Install queue jump lanes at locations to be jointly determined by the City and District, to be installed by the City of Hayward

The District participated in a prior AHSC grant application for this project in round 8 but was not successful. The District and City of Hayward are jointly identifying transit priority elements that could further boost bus ridership and reduce greenhouse gases.

#### Other Round 9 AHSC Projects

There are three other housing developments seeking AHSC funds in the AC Transit service area, but they do not require a greenhouse gas-reducing project from the District and do not require a formal partnership

arrangement. Housing developments are proposed on BART-owned parking at North Berkeley (118 units) and El Cerrito Plaza (70 units). These project developers are partnering with BART but will be required by the AHSC's criteria to make minor bus improvements like providing shelters, bus bulbs or small-scale TSP installations. A third project is proposed in Downtown Oakland. The City of Oakland is the partner for the project and is proposing to extend the bus-only lanes on Broadway north to Grand Avenue and south 2<sup>nd</sup> Street.

**ADVANTAGES/DISADVANTAGES:**

The advantage of supporting applications for these funds is that the District could receive money for bus purchases, and for customer enhancements such as shelters, TSP, bus/pedestrian bulbs. These applications demonstrate the goal of tying dense, affordable housing with sustainable transportation. The disadvantage would be committing to a level of service in uncertain financial conditions and assuming costs for the bus purchases beyond the award. Staff views these risks as low because the joint application for a project along a major transit corridor in the city of Hayward and project funds can be expended up to five years after award, giving the District ample time to budget for any cost escalation, accordingly.

**ALTERNATIVES ANALYSIS:**

The District could choose not to participate in Round 9 of the AHSC program. However, not supporting applications for these funds could potentially lower the amount of funds available to the District for bus purchases. Because AHSC is treated as the "last dollar in" funding source, the District's non-participation could reduce the likelihood of the affordable housing developments being built. For these reasons, staff does not recommend this alternative and will continue coordination with the affordable housing developer on the grant application.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

SR 20-470, Affordable Housing Sustainable Communities Program Round 6, SR 24-128 AHSC Round 8

**ATTACHMENTS:**

None

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**Approved/Reviewed by:**

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