

August 20, 2014, with updated list of signatories as of September 15, 2014

**VIA ELECTRONIC MAIL**

Mary Nichols, Chair  
California Air Resources Board

Dear Chair Nichols and Board Members:

We commend your staff for working to develop SB 535 guidelines. These guidelines will help ensure that implementing agencies determine which Greenhouse Gas Reduction Fund (GGRF) investments will truly provide benefits to disadvantaged communities. The SB 535 Coalition and our allies are dedicated to ensuring that environmental justice communities are an integral part of California's solutions to climate change. Investing GGRF funds to benefit disadvantaged communities is not only just, but a pragmatic strategy to maximize GHG emissions reductions.

Disadvantaged communities bear a disproportionate share of the burdens from greenhouse gas (GHG) and co-pollutant emissions. These underserved communities too often receive insufficient public resources to meet their needs, which include *reducing public health disparities, increasing household income, providing affordable housing, transit and energy options, and increasing access to opportunity*. ARB's SB 535 guidelines will be crucial to shifting the investment paradigm to meet the needs of disadvantaged communities, as the Legislature has directed.

We support the SB 535 Coalition's four-step framework (attached), because we believe it will help us achieve this outcome. Specifically, ARB's guidelines should require agencies to determine whether a proposed investment (a) addresses important needs of a disadvantaged community, (b) has a significant impact in meeting those needs, (c) targets its benefits primarily to socio-economically disadvantaged persons or households, and (d) avoids foreseeable harms.

As staff develops its interim Guidelines, we urge ARB to remember the following:

- (1) **Benefits should meet the needs of disadvantaged communities in a significant manner.** GGRF investments are critical for moving the needle toward improving socioeconomic and pollution indicators (such as those measured by the CalEnviroScreen). Some purported benefits are too remote or nominal to count towards SB 535's requirements. All credited disadvantaged community benefits should exceed a minimum threshold of significance to meet SB 535 requirements.
- (2) **A project's location in a disadvantaged community does not, by itself, ensure that the project will benefit that community.** A project's location can help determine who the primary beneficiaries are (e.g., weatherizing a low-income family's home, or providing a park in a low-income neighborhood). For some projects, however, location in a disadvantaged community should not be counted as a "benefit" to the community because the project does not benefit low-income residents, or demonstrates harms rather than benefits. One example could be a transit project that predominantly serves affluent riders but decreases the amount of affordable housing units in a disadvantaged

community). In addition, projects such as affordable housing and transit may provide great benefits to disadvantaged community residents despite being located in job-rich suburban areas with good schools and healthy environments, to which they provide low-income families access.

- (3) **Projects should avoid imposing burdens on disadvantaged communities.** ARB should identify key factors indicating adverse impacts for each project type, especially risk factors for displacement and the location of a project near harms such as toxic emissions sources. These factors should be weighed against benefit factors to inform an agency's decision whether the benefits provided are significant. For example, it is vital to avoid displacements to achieve SB 535's objectives. Low-income residents of neighborhoods near transit have the lowest VMT rates in the state, ride transit more than anyone else (even though most own or have access to cars), and tend to work, shop, play, and worship near where they live. Without safeguards in place, investment within disadvantaged communities can lead to displacement of current residents, relegating them to exurban areas far away from high-opportunity transit-connected neighborhoods, thereby increasing vehicle miles traveled and GHG emissions.
- (4) **Projects that authentically include disadvantaged communities in their planning, implementation, and evaluation process should be prioritized for funding.** SB 535 communities are typically underrepresented in the political process. Agencies should incentivize efforts to incorporate and be responsive to community voices.
- (5) **ARB's guidelines should ensure that disadvantaged communities benefit from at least 35 percent of GGRF funds.** SB 535 includes separate provisions for benefiting disadvantaged communities (at least 25 percent) and projects located within those communities (at least 10 percent). It also requires that funding guidelines developed for administering agencies "should maximize benefits for disadvantaged communities." Both to maximize benefits for disadvantaged communities, and to ensure that disadvantaged community residents receive more – not less – than their per capita share of GGRF spending, these two categories should be met individually and result in a total of at least 35 percent. Administering agencies should set targets for disadvantaged community benefits for the funding programs under their purview, to the extent that the budget does not already do so.

This is the first year of a new program. There will be intense public and political scrutiny of the projects that agencies claim as benefits to disadvantaged communities. It is necessary to have guidelines that prevent agencies from conducting a merely pro forma review, while clearly failing to provide meaningful benefits. Implementing agencies should give a higher score and rank to projects that demonstrate meaningful benefits to disadvantaged communities and residents when scoring all GGRF projects.

Respectfully,

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Enclosures: (1) Disadvantaged Community Benefit Principles  
(2) Determining Disadvantaged Community Benefits: Four-Step Framework

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