September 14, 2018
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via electronic submission

RE: Draft Cap-and-Trade Auction Proceeds Third Investment Plan: Fiscal Years 2019-20 through 2021-22

Dear California Air Resources Board:

The California Climate Equity Coalition (CCEC) Steering Committee is pleased to submit these comments on the Draft Cap-and-Trade Auction Proceeds Third Investment Plan: Fiscal Years 2019-20 through 2021-22.

The CCEC Steering Committee consists of the Asian Pacific Environmental Network, Coalition for Clean Air, the Greenlining Institute, Public Advocates, and SCOPE. The Steering Committee leads a network of organizations across the state working to maximize the benefits of climate investments to underserved Californians and communities, under SB 535 (De León, 2012) and AB 1550 (Gomez, 2016). Through our legislative and regulatory advocacy, we work to promote equitable policies and programs that serve the needs of communities disproportionately impacted by poverty and pollution.

Our comments focus on affirming themes that we are pleased to see featured in the draft Investment Plan. We also focus on areas that need improvement or that we see missing from the draft Plan.

Areas to Affirm:

1. Prioritize community transformations.
2. Capacity building and technical assistance.
3. Balance GHG reduction cost-effectiveness against other priorities.

Areas to Improve:

1. Prioritize workforce and economic development.
2. Prioritize avoiding harms & anti-displacement.
3. Prioritize equitable and interdisciplinary approaches to mobility, sustainability, and climate.
4. Prioritize climate adaptation and resilience

AREAS TO AFFIRM

1. Prioritize Community Transformations

a. Community Leadership

We commend the Investment Plan for listing "prioritize community transformations" as first in the recommendations to support transformational change for 2030 and beyond. We concur that investments, especially investments located within disadvantaged communities (DACs) and low-income communities, must be focused on community priorities and community transformation. Authentic and sustainable community transformations can only be achieved through the direct participation and leadership of community residents and stakeholders. We affirm that impacted communities must have the ability to self-determine, plan and govern the transformational investments taking place in their own communities.

b. Transformative Investments & Cross-Program Collaboration

We appreciate the focus on transformative investments, and particularly Transformative Climate Communities (TCC) and the Community Air Protection Program (CAPP), as vehicles for community-centered projects that prioritize deep community engagement and multiple coordinated strategies to address community needs.

Where programs are unable to individually implement the community-wide approaches of TCC and the CAPP, we agree with the suggestion contained within the Investment Plan that administering agencies should collaborate with each other to implement complementary projects to transform local communities. Investments should be used not only to spark individual projects, but to also facilitate community self-determination and the transformation of California communities.

We know that a key barrier in community self-determination is the complexity of the grant applications themselves. For community residents, community-based organizations and local governments, it can be extremely challenging to think about community-wide transformations when the processes, applications and timelines for applying for different investment opportunities differ so widely.

This is one of the reasons why the Greenlining Institute, a member of the CCEC Steering Committee, co-sponsored SB 1072 (Leyva, 2018), a capacity building and technical assistance bill that was signed into law this week. The original version of SB 1072 required that agencies work together to not only identify, elevate, and standardize the best capacity building and technical assistance approaches; they were also required to streamline and coordinate their activities to reduce barriers to accessing their programs. While these features of SB 1072 were negotiated down, we hope that the original intent of SB 1072 are actualized and that SB 1072 helps to usher in this needed change.

Finally, we strongly recommend that investments for community transformation, particularly for underserved communities, include *both* climate mitigation and adaptation strategies. Programs must aim to not only reduce greenhouse gas (GHG) emissions but also help vulnerable communities enhance their resilience so that communities live in healthy environments *and* are provided with the capacity, resources and information needed to adapt to a changing climate. (Please see section 4 under "Areas to Improve" for our recommendations on climate adaptation and resilience.)

2. Capacity Building & Technical Assistance

As recognized within the Investment Plan itself, many of our most underresourced communities lack the capacity and resources necessary to pursue investments to achieve community transformation. We commend the Investment Plan for the acknowledgement that "equal access" doesn't amount to "equity," and for identifying providing increased capacity building and technical assistance through the Cap-and-Trade auction proceeds as a key priority for future investment.

We know that lack of capacity and technical expertise can prevent communities from fully participating in California's transition to a clean energy future. In 2017, the Strategic Growth Council (SGC) contracted UC Davis to assess the effectiveness of technical assistance for the Affordable Housing & Sustainable Communities program. They found that applicants who received comprehensive technical assistance overwhelmingly outcompeted those who did not, that projects serving disadvantaged communities were less likely to make it to the full application stage without technical assistance, and that comprehensive technical assistance was not equally distributed across regions.[1]

Though targeted funding is available through SB 535 and AB 1550, many of our most severely under-resourced communities still struggle to access the resources needed to achieve real transformative impact. Low-income communities are the very same communities with the least capacity and technical know-how to compete for climate investment funding. These communities

[1] Niemeier, Deb. UC Davis Report to the Strategic Growth Council: Evaluation of the Technical Assistance Pilot for the Affordable Housing and Sustainable Communities (AHSC) Grant Program (UC Davis, 2017), 4.

urgently want to take advantage of available funds and policies to advance climate equity, but the lack of resources and technical experience make participation difficult. Big hopes and aspirations are not enough to compete with communities with established networks of technical assistance providers and plenty of staff capacity.

For these reasons, we are pleased to see that the draft Investment Plan recognizes the value and need for additional capacity building and technical assistance all programs funded by cap-and-trade.

This is also why the Greenlining Institute, one of the signatories of this letter, has co-sponsored SB 1072. SB 1072 focuses on the need for local capacity building, state-level technical assistance, and greater coordination and alignment amongst state agencies implementing investments. In particular, SB 1072 identifies the creation of regional climate collaboratives to be the local hubs that will assist under-resourced communities to access climate change adaptation and mitigation grant opportunities.

However, the regional climate collaboratives currently lack a funding source, and SB 1072 can support in catalyzing local capacity building only if it receives the necessary funds to be implemented. This year, we will be working to secure a funding source for SB 1072, and are hopeful that SB 1072 can play a critical role in advancing the recommendations and themes related to capacity building and technical assistance described in the Investment Plan. We look forward to working with ARB staff to fully incorporate SB 1072 into the capacity building and technical assistance infrastructure funded through cap-and-trade.

3. **Balance GHG Reduction Cost-Effectiveness Against Other Priorities**

We appreciate the more balanced approach outlined in the draft Investment Plan regarding reducing GHGs and achieving other important co-benefits. We also particularly agree with the consideration that commiting to investing in DACs and low-income communities may require higher costs per GHG emission reduction given the barriers these communities already face.

Taking a more balanced but comprehensive approach to measuring all overall benefits of project funded through Cap-and-Trade proceeds will ensure that we maximize their potential without failing to achieve a core mission, GHG reductions. We have always held that achieving other important benefits such as accessible and quality jobs, positive health outcomes, robust community engagement and robust local economic opportunities, do not compete with the goal of reducing GHGs. Additionally, air quality improvements must work hand in hand with GHG reduction efforts. Of the 303 entities covered by cap and trade in 2015, 148 meet the preliminary

Best Available Retrofit Control Technology requirements under AB 617. These facilities contribute to the persistent nonattainment status experienced in many air districts, as well as the environmental burdens experienced by disadvantaged communities. We are pleased to see that the draft Investment Plan finally recognizes this balanced approach.

AREAS TO IMPROVE

The following recommendations enhance sections of the draft Investment Plan with specific language or themes that we saw missing:

1. Prioritize Workforce & Economic Development

We appreciate the inclusion of jobs as key to achieving "long-lasting community benefits." We offer the following recommendations to strengthen the criteria and requirements around workforce and economic development.

a. Workforce and Economic Development

It is imperative that workforce and economic development be a heightened priority for future investments. As you are aware, under AB 398 (2017), the California Workforce Development Board (CWDB) will be submitting a report on the need for increased education, job training and workforce development resources to help industry, workers and communities transition to a clean energy economy. This report is due to the legislature no later than January 1, 2019.

We recommend that the Air Resources Board (ARB) work with the CWDB to develop a comprehensive workforce and economic development strategy associated with the Investment Plan. ARB should work with CWDB to predict and anticipate jobs that may be created as a result of future investments. Once potential job growth has been determined, ARB, the CWDB and the legislature should identify how to fund pathways to quality, high road job opportunities. Implementing agencies should also be encouraged to help create opportunities to support job training and creation. We offer TCC, which requires the creation of a "Workforce and Economic Development Plan," as a model for how to prioritize jobs and jobs training through California Climate Investments.

Just as facilitating community transformations requires a strategic, comprehensive and intentional approach, so too is a strategic, comprehensive and intentional approach needed to create accessible and good quality jobs for all Californians.

b. Reporting

We understand that the Investment Plan won't be including specific requirements related to reporting, but it is important to note that the State is still not collecting the information necessary to measure how well investments are performing when it comes to workforce and economic development. Data collection on workforce and economic development has long been a key missing piece of the investments funded through the Cap-and-Trade auction proceeds.

Any metrics developed should reflect employment opportunities to prepare California's workforce, especially individuals living within the project area or individuals with employment barriers, to transition to a low-carbon economy. As ARB develops a methodology for jobs, we offer the following minimum levels of job and workforce reporting requirements that should be included:

- <u>Job Quality and Access</u> -- number of individuals employed, hours per week, hourly wages, employer-provided benefits, worker demographics (income, race/ethnicity, location)
- <u>Work Hours Performed</u> -- by residents of disadvantaged community census tracts
- <u>Number of Dollars and Percentage of Contracts</u> -- that went to local businesses, specifically, minority, women, LGBTQ, and disabled veteran owned businesses.
- <u>Number of Disadvantaged Community Residents</u> -- enrolled in workforce development, pre-apprenticeship or apprenticeship programs.
- <u>Workforce Development and Education Data</u>-- number and types of certifications or credentials awarded, number of job placements for trainees/interns, number of trainees enrolled in pre-apprenticeship or state-certified apprenticeship programs, existing workforce and training partnerships with training providers, workforce agencies or community-based organizations.

2. Prioritize Avoiding Harms & Anti-Displacement

Under the section on achieving "Long-lasting Community Benefits," we recommend adding a section on avoiding harms and anti-displacement. A crucial piece of achieving long-term community benefits is ensuring that residents, particularly residents of DACs and low-income communities who are most vulnerable to harms like pollution and displacement, are a) not substantially burdened by investments, and b) are able to benefit from investments in the communities that they call home.

Given the Investment Plan's focus on transformational community change, it is imperative that every effort is made to protect the residents, businesses and anchor institutions of communities undergoing transformation. We recommend that all future investments should require strategies to avoid harms and displacement, particularly in DACs and low-income communities. Equally important, at the reporting stage, there must be documentation regarding how applicants have avoided burdens and displacement.

3. **Prioritize and Advance Equitable and Interdisciplinary Approaches to Mobility, Sustainability, and Climate.**

The state of California--and many of its cities and regions--are implementing strategies, investments, and programs advancing various sustainable development and transportation goals that have a symbiotic relationship with climate, environment, and social equity. Yet the Investment Plan falls short in exporting the innovative, community-driven vision of a program like TCC to other parts of the Plan.

Specifically, the Investment Plan misses the opportunity to highlight and coordinate Climate Investment efforts with sustainability and transportation efforts such as the following:

- SB 350, Low-Income Barriers Study: Overcoming Barriers to Zero-Emission and Near Zero-Emission Transportation and Mobility Options (ARB)
- Low Carbon Transportation, Light-Duty Vehicle Equity Investments (ARB)
- SB 375, Sustainable Communities Strategies (ARB)

This growing body of work responds directly to a number of trends impacting California. Transportation emissions are on the rise—Californians are driving more than ever due to land-use decisions encouraging solo-driving and sprawl, and goods movement is on the rise.[2] Economic inequality continues to grow due to displacement, lack of affordable housing, stagnant wages, and other forces. Emerging mobility technologies and services—like Uber, Lyft, Chariot, and autonomous vehicles—are undermining our transportation systems, threatening to make them less equitable. All the while, California's local, regional, and state transportation plans and investments are not meeting the needs of low-income communities of color, resulting in racial disparities in the distribution of transportation burdens (e.g. smog) and benefits (e.g. short, reliable commutes).

At the same time, there is a growing desire among California stakeholders to democratize power and investments through community-driven solutions that prioritize the needs of the most vulnerable, as reflected in the TCC program. To ensure that the Investment Plan addresses these

[2] Vox, California has a climate problem, and its name is cars at https://www.vox.com/energy-and-environment/2017/8/22/16177820/california-transportation; Scientific America, Americans Are Driving More Than Ever at https://www.scientificamerican.com/article/americans-are-driving-more-than-ever1/

complex, interconnected problems, we recommend the Plan prioritize and advance interdisciplinary, community-driven solutions--especially with respect to transportation. To achieve this vision, we recommend the Investment Plan promote the following three-step mobility equity framework, to the the maximum extent possible:[3]

1. Identify the priority population's transportation needs (as recommended in the SB 350 Low-Income Barriers Study and in other California strategies and programs);
2. Conduct a mobility equity analysis that evaluates equity factors like affordability, accessibility and impacts on air pollution (see Mobility Equity Framework report for recommended equity indicators to perform equity analysis);[4]
3. Give priority populations decision-making power through processes such as Participatory Budgeting.

This framework centers social equity and community power of vulnerable populations and uses principles of transportation equity, environmental equity, and economic equity to guide outcomes. Committing to this framework will ensure the Investment Plan maximizes community-driven social equity outcomes.

4. Prioritize Climate Adaptation and Resilience

As discussed above in the section entitled, Prioritize Community Transformations, we strongly recommend that investments for community transformation in underserved communities include climate mitigation *and* adaptation strategies. Underserved communities, which are often low-income communities of color, are impacted first and worst by climate change due to generations of economic disinvestment, unjust land use practices, and inequitable transportation planning. These systems and conditions have made vulnerable communities far less equipped to handle the most serious impacts of climate change. For instance, as climate change drives up the cost of electricity, water, and food, low-income and communities of color often lack economic flexibility to absorb these rising costs.

Strategies in the current Investment Plan prioritize climate mitigation rather than climate adaptation, and where the Plan does discuss adaptation, it focuses largely on building resilience of natural resources (i.e. wetlands restoration), not people and communities. Therefore, to ensure California prepares the most burdened and least resourced communities for climate impacts, we recommend the following:

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[3] The Greenlining Institute, Mobility Equity Framework: How to Make Transportation Work for People at http://greenlining.org/publications/2018/mobility-equity-framework/
[4] See, http://greenlining.org/wp-content/uploads/2018/03/Mobility-Equity-Framework-Final.pdf

a. Identify strategies that meet the goals of climate mitigation and climate adaptation

Strategies in the Investment Plan currently prioritize climate mitigation rather than climate adaptation and resilience. While climate mitigation strategies will help reduce pollution burdens in low-income communities of color, they *will not* ensure communities have the information and resources needed to prepare for, adapt to and thrive after climate disasters. Therefore, we recommend the Investment Plan explicitly articulate whether and how investments in GHG emissions reductions can also promote climate adaptation and resiliency in disadvantaged and low-income communities and, where feasible, prioritize investments that have such adaptation/resiliency co-benefits.

We further recommend the Plan assess impacts resulting from climate adaptation strategies such as unanticipated "maladaptive" consequences of actions, including displacement, that could inadvertently exacerbate inequities in disadvantaged and low-income communities. These risks should be avoided, and mechanisms such as adaptive management strategies should be in place to help address unintended negative impacts and to allow for flexible changes in the future.

b. Identify strategies that build community resilience for the most vulnerable communities

The Investment Plan includes climate adaptation strategies to build resilience of natural resources but fails to include strategies to build resilience of the most vulnerable communities, which are often low-income communities of color. We strongly recommend the Plan identify comprehensive and transformative investments strategies that will reduce climate vulnerabilities in disadvantaged and low-income communities and enhance their resilience. The Urban Forestry program is an example of a CCI program that targets benefits in these communities. The program reduces GHG emissions *and* provides multiple environmental, public health, economic and quality of life benefits to the most impacted communities. Benefits include: carbon sequestration to improve air quality, reduced urban heat island effect, reduced heat related illnesses (cardiovascular disease, heat stroke) and stress, increased property values resulting from greening, green job training and job opportunities for communities with barriers to employment, and increased community cohesion.

We recommend the Investment Plan be more intentional and explicit in identifying strategies that can, similar to the Urban Forestry program, provide multiple cross-sector benefits to disadvantaged and low-income communities.

c. **Identify applicable climate adaptation laws and policies impacting disadvantaged and low-income communities, and describe how they will influence the appropriation or disbursement of funds consistent with the investment plan and relevant program guidelines**

The Investment Plan lacks clear guidance on how CCI will reliably lead to projects that achieve lasting GHG emissions with significant adaptation and resilience co-benefits in disadvantaged and low-income communities. To address this gap, we recommend:

The final Investment Plan should include a description of applicable climate adaptation and resiliency laws and policies that apply to California Climate Investments and impact disadvantaged and low-income communities. The Plan should distill them into clearly stated objectives for future investment across the board. Explicit language to this end should be incorporated into Sections III (Opportunities to Support Transformational Change for 2030 and Beyond); IV (GGRF Funding Priorities); IV.B.6 (Climate Adaptation and Resiliency); and VI.C (Assessing Progress). Relevant laws and policies include:

- AB 398 (E. Garcia) identifies climate adaptation and resiliency as a priority for CCI.
- AB 1482 (Gordon) provides guidance to agencies working to address climate vulnerabilities identified in Safeguarding California, and directs State agencies to "maximize, where applicable and feasible," several objectives including:
    - Promote actions to "address the impacts of climate change on disadvantaged communities."
    - Build "resilient communities by developing urban greening projects that reduce air pollution and heat reflection in urban areas and create livable, sustainable communities in urban cores to promote infill development and reduce greenhouse gas emissions."
    - Promote "actions to ensure healthy soils and sustainable agriculture; inform reliable transportation planning; improve emergency management response across sectors; ensure sufficient, reliable, and safe energy; improve capacity to reduce and respond to public health threats … and protect cultural resources from the impacts of climate change."
- Executive Order B -35-15 provides that agencies' planning and investment decisions across the board must take climate change into account and:
    - Give priority to actions that both build climate preparedness and reduce greenhouse gas emissions.
    - Employ full life-cycle cost accounting to evaluate and compare infrastructure investments and alternatives.
    - Incorporate flexible and adaptive approaches that promote preparedness.
    - Protect the state's most vulnerable populations.

- Prioritize natural infrastructure solutions.

In addition, the Plan should:

- Identify or propose a set of clear objectives or criteria for evaluating current or future CCI programs/projects for alignment with the State's climate change adaptation laws and policies (the current draft only briefly mentions the availability of project-level adaptation co-benefits metrics developed by ARB (see p.33)).
- Describe who will be responsible for incorporating climate change adaptation and resiliency into CCI grantmaking, project delivery, and direct expenditure by agencies.

CONCLUSION

We appreciate the opportunity to comment and make recommendations to the Draft Cap-and-Trade Auction Proceeds Third Investment Plan, and look forward to continue working with ARB to create transformational investments and transition to a clean energy economy, particularly in DACs and low-income communities.

Sincerely,

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