August 20, 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

Cc: Air Resources Board members
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Principles for Ensuring Disadvantaged Community Benefits under SB 535

Proposed by the SB 535 Coalition (APEN, Coalition for Clean Air, Greenlining Inst., Public Advocates)

These principles are intended to guide the SB 535 funds and ensure that investments result in meaningful and tangible benefits for disadvantaged communities.

A. **Establish a process, with indicators and metrics, for project development, selection and evaluation.** The indicators and metrics for assessing disadvantaged community benefits (DCBs) should evaluate specific investments (as opposed to broad investment program areas as a whole).
   1. Selection and evaluation indicators will serve as a template to aid project sponsors as they **develop** proposals that will maximize DCBs.
   2. Tailoring indicators to evaluate proposed investments will promote the **selection** of the best investments by distinguishing between "high scoring" and "low scoring" proposals in the same program area.
   3. Finally, the indicators will provide the metrics for **evaluating** the extent to which each investment actually realized the DCBs that it was intended to provide.

B. **Proposed investments must clearly demonstrate how they will address the needs of the most vulnerable residents of identified disadvantaged communities.**
   1. DCB indicators should be tailored to reflect the priority unmet needs residents of disadvantaged communities across California repeatedly identify and work to address in their communities. (Some common examples are listed on the next page.) Where possible, the indicators should be quantified, with metrics.
   2. To ensure that disadvantaged communities have the flexibility to identify and meet their most pressing needs, a separate criterion should be included for an investment that addresses an unmet need that has been identified as a high priority in an inclusive process led by disadvantaged community residents and groups.
   3. The links between project design and benefit provided must be clearly articulated. Strategies that will be utilized to maximize benefits should be identified.

C. **The DCBs of the proposed investment must significantly outweigh its adverse impacts on the disadvantaged community.**
   1. An adverse impact includes the degree to which the investment would impede one or more DCB indicators. Adverse impacts also include other potential harmful effects of investments, such as displacement.
   2. Total net benefits over harms should exceed some minimum threshold.

D. **Relationship of the <u>location</u> of an investment to its <u>benefits</u> to a disadvantaged community.**
   1. The location of a project or investment in a disadvantaged community does not necessarily provide a benefit to that community. Nor does it guarantee that its benefits to that community outweigh its harmful impacts. For instance, care must be taken to ensure that the benefits of otherwise beneficial investments are not reduced by locating them in proximity to harm. (E.g., bike and pedestrian improvements on a truck route.)
   2. The residents of disadvantaged communities should have the choice and opportunity to work in, travel to, and live in high-opportunity communities, and investments that would make that choice real should be part of a comprehensive investment strategy for benefiting disadvantaged communities. (E.g., affordable housing near high-opportunity suburban job centers.)

Categories of Some Common Disadvantaged Community Benefits

Public Health/ Co-pollution benefits	1. Reduce health harms (e.g., asthma) suffered disproportionately by low-income residents/communities due to **co-pollutants** 2. Reduce health harms (e.g., obesity) suffered disproportionately by low-income residents/communities due to the **built environment** (e.g., by providing active transportation opportunities, parks) 3. Increase community **safety**
Economic benefits: Increased family income and assets	1. Increase **family income** (e.g., targeted hiring for living wage jobs) 2. Increase **job readiness and career opportunities** (e.g., workforce development programs, on-the-job training) 3. **Revitalize local economies** (e.g., increased utilization of local businesses)
Economic benefits: Reduced family costs	1. **Rent savings** (e.g., affordable housing) 2. **Transportation** cost savings (e.g., free or reduced cost transit passes) 3. **Energy** cost savings (e.g., weatherization, solar, etc.)
Mobility and Access to Opportunity	1. **Improve transit service levels** on systems/routes that have high-ridership of low-income riders 2. **Bring jobs and housing closer together** (e.g., affordable housing in transit oriented development, and in healthy, high-opportunity neighborhoods)
Sustainable Community Infrastructure	Improvements that will benefit low-income residents without increasing the risk that they will be displaced.
Community-identified Priority Needs	An investment will **meet an unmet need that has been identified as a high priority** in an inclusive process led by disadvantaged community residents and groups.

A Framework for Determining which GGRF Investments
Provide Benefits to Disadvantaged Communities

Proposed by the SB 535 Coalition (APEN, Coalition for Clean Air, Greenlining Inst., Public Advocates)

***A Four-Part Test to Ensure Investments "Provide Benefits" to Disadvantaged Communities*:**

SB 535 (de León) promises that 25% of the money in the Greenhouse Gas Reduction Fund (GGRF) will be spent to <u>benefit disadvantaged communities</u> and that 10% will be spent on <u>projects within those communities</u>. The Air Resources Board (ARB) is developing implementation guidelines for the state agencies that will spend GGRF funds. To ensure that benefits provided are meaningful and fulfill the promise of SB 535, ARB's implementing guidelines should ensure that no project receives GGRF funding unless it can answer **YES** to all four of the following important questions:

- Disadvantaged communities have needs and priorities that may be distinct from those of the public at large. (*See* SB 535 Coalition Disadvantaged Community Principles)
- No project should count toward SB 535 unless it addresses one of these priority needs.

- Each benefit should meet a threshold of significance. A merely incidental or nominal benefit is insufficient.
- ARB guidelines should include suggested thresholds that implementing agencies will tailor to their investment areas.

- Where possible, GGRF investments should be expressly targeted to low-income residents or households.
- For those not specifically targeted, agencies should ensure that the overwhelming majority of beneficiaries will be low-income.

- Administering agencies should monitor the adverse impacts of projects recieving funding.
- Projects located in disadvantaged communities should not increase toxic exposures, lead to a net loss of affordable housing, or displace low-income residents or local businesses.

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