



June 29, 2015

California Air Resources Board
1001 I St.
Sacramento, CA 95814

RE: Recommendations to Strengthen Equity Provisions of Greenhouse Gas Reduction Fund Guidelines

Dear Chairwoman Nichols, Board Members, and Staff,

On behalf of the undersigned organizations, we thank the California Air Resource Board (CARB) for your leadership in developing the draft Funding Guidelines for investments from the Greenhouse Gas Reduction Fund. Additionally, we thank you for the opportunity to review the discussion draft and to voice our concerns and suggestions regarding development and implementation of the draft Guidelines at this stage.

As organizations committed to improving health and increasing access to opportunity among California's most vulnerable communities, we thank you for considering our input on several key areas of the Funding Guidelines draft. Although the Funding Guidelines present an important step forward in

elevating the importance of strategic and equitable investment, more must be done to maximize environmental, public health, and economic benefits to disadvantaged communities across the State as outlined in Senate Bill 535 and Assembly Bills 1532 and 32 . As such, we strongly urge the CARB to incorporate and address the following recommendations in its Guidelines to ensure that Greenhouse Gas Reduction Fund (GGRF) investments advance projects and efforts that truly support the intended outcomes of relevant state mandates.

Ensure a Meaningful and Robust Public Process

Short Timeline for Review Undermines CARB's Articulated Commitment to Public Engagement

Meaningful public participation in prioritization and allocation of GGRF investments is a fundamental component of maximizing benefits to disadvantaged communities. As organizations that work closely with residents and community partners to ensure equal access to decision making processes, we are disappointed by CARB's unnecessarily rushed effort to adopt final guidelines. Earlier this year we were assured by CARB staff that this process would allow plenty of time for meaningful public input via ample review periods and community workshops similar to last year's process. However, the short time frame for public review of these Draft Guidelines undermines the very nature of public participation and contradicts the intent of SB 535. In fact, it undermines the very guidance that CARB is providing to administering agencies of ensuring early and ongoing engagement of disadvantaged communities in each agency's own guideline development and implementing activities. Accordingly, we respectfully request that CARB extend the timeline for adoption of guidelines until its August board meeting to allow for meaningful public input and to allow staff to both respond to concerns and to host workshops in key regions of our state.

Require Community Resident Participation in the Planning and Design of GGRF Projects and Ensure Investments Awarded Reflect Community Identified Priorities and Needs

The overall success of GGRF projects that benefit disadvantaged communities is largely dependent on the extent that projects meet the needs of community residents as identified by the actual residents that the project is intended to serve. Meaningful participation of community residents in the planning and design of projects is essential for the success of these projects. Project applicants should be explicit on the deliberate steps they take to achieve a meaningful level of participation. While we appreciate that the Guidelines touch upon engagement to DACs on page 11 in Chapter V -- especially with regard to providing outreach and notification of funding opportunities to DACs -- this language needs to be strengthened to focus on the requirement of significant public participation in the development of GGRF project proposals. Additionally, while model benefits to disadvantaged communities identified in the draft guidelines is useful to illustrate what type of benefits project applicants should seek, these exemplars must not serve as a substitute for community identified priorities and demonstrated community needs and opportunities

In its guidance to administering agencies, CARB should require all agencies to prioritize projects that have strong public participation and planning processes by assigning greater weight to public participation in their scoring criteria. All GGRF project proposals must demonstrate how the local

agency, non-profit or private entity engaged and responded to community priorities. For example, all agencies should require their applicants to identify the community-based public participation process and outreach that culminated in the project proposal, and how this process allowed for community identified needs to emerge and be meaningfully reflected in the project, including a clear articulation of the deliberate steps that were taken to ensure the process was culturally and linguistically appropriate and accessible to the residents of the project area. They must also identify how the local agency plans to engage community stakeholders in its implementation activities. Only through these means can projects realize meaningful, direct and assured benefits as reiterated throughout the draft guidelines. We would like to take this opportunity, however, to note that local opposition to affordable housing development in communities where there is a demonstrated need for such housing has often impeded much needed development. Affordable housing projects and programs funded through the GGRF must not be blocked or delayed due to generalized local opposition to the development of housing affordable to lower income and special needs populations.

The Guidelines must articulate CARB's commitment to robust public participation from project design through implementation and provide the tools and authorities necessary to accomplish these goals. We endorse CARB's recommendation of technical assistance to reach vulnerable communities and recommend that CARB further articulate the need to create technical assistance resources for outreach and to assist in project development and implementation.

Expand Eligible Uses of GGRF Dollars

In the General Guidance section, guiding principles state that "investments may only support planning activities for achieving GHG reductions if the planning component is directly tied to a project that results in quantifiable GHG reductions, furthers the purposes of AB 32, and results in a product that will achieve GHG reductions when implemented." We believe this principle directly undermines the ability of disadvantaged communities to ultimately develop projects that reduce GHG. Disadvantaged communities do not count on necessary resources to develop projects with demonstrated quantifiable GHG reductions until they engage in a planning process to identify those projects. Further, Health and Safety Code section 39712(c)(4) (AB 1532) states that funding may be allocated to projects that "reduce greenhouse gas emissions through strategic planning and development of sustainable infrastructure projects, including, but not limited to, transportation and housing." Accordingly, CARB should require administering agencies to allow expenditure of GGRF funds for planning activities and infrastructure projects when such activities will lead to further investments and projects that reduce GHG through, for example, increased infill development and improved transportation opportunities.

Our work in low income small cities and rural communities illustrates the need for additional research to better qualify and quantify GHG emission reductions for certain types of programs and projects, including, but not limited to affordable housing projects and transit programs. We believe that an effective means of developing and distributing this much-needed research and data can come from investing in pilot projects that can demonstrate GHG reduction through their implementation and thus elevate best practices. Health and Safety Code section 39712(c)(7) states that GGRF funds may be allocated to "research, development, and deployment of innovation technologies, measures, and practices related to programs and projects funded [from the GGRF]." We suggest that CARB require

appropriate administering agencies to invest in projects that can demonstrate GHG reductions through implementation and study of projects, programs and strategies that currently lack adequate data with respect to their GHG emission reduction potentials.

All Projects Should Be Evaluated on their Potential Benefits to Disadvantaged Communities

In order to maximize GGRF project benefits to disadvantaged communities as outlined in SB 535, AB 32 and SB 862, administering agencies should evaluate all GGRF project proposals on the extent to which a project furthers co-benefits generally and specifically for our state's most vulnerable people. Evaluation criteria for project co-benefits for DACs must apply not only to those projects credited towards achieving the SB 535 targets for investments in disadvantaged communities, but *all* project proposals.

Further, evaluation criteria for co-benefits for DACs should be based on how clearly the project provides a direct co-benefit to DAC(s), and how co-benefits are expected to be achieved. CARB should also direct agencies to place a greater prioritization on this area of their scoring criteria and to provide a separate scoring component for each co-benefit category such as environmental, health, and economic co-benefits. For example, we recommend a scoring section on providing health co-benefits to DACs, a scoring section on providing economic co-benefits to DACs, etc., rather than combining all co-benefits under one scoring section in an "and/or" approach. This will ensure adequate weight is assigned to each co-benefit in the scoring of projects and maximize co-benefits to DACs in the GGRF.

Maximize GGRF Co-Benefits to Disadvantaged Residents and Communities

At \$2 billion dollars and growing, the GGRF presents an enormous opportunity to ensure significant benefits and opportunities to both disadvantaged communities and residents throughout the state.

Ensure employment and career development opportunities through GGRF investments

All GGRF investments that involve training and/or hiring create valuable training and job opportunities and benefits for those that need them the most and build stronger local, regional and state economies. This includes disadvantaged urban and rural areas where access to education, career pathways and quality and diverse jobs are limited for low-income residents. Consistent with the economic goals of our statewide climate laws and US DOT's recent local hire provision¹ CARB should strengthen its guidance directed to agencies on maximizing economic co-benefits for DACs. All GGRF projects that involve training and/or hiring should be scored based in part on if they *recruit, hire, and train local, low-income, re-entry, and/or disconnected youth and adults, and other disadvantaged workers regardless of whether the project is seeking SB 535 credit.*

We recommend including the following language in the GGRF Funding Guidelines:

Priority should be placed on all GGRF projects that contain any of the following:

¹ US DOT Geographic-Based Hiring Preferences in Administering Federal Awards
http://www.dot.gov/sites/dot.gov/files/docs/2105-AE38%20LOCAL%20HIRING_0.pdf

- (a) Project labor agreements with targeted hire commitments;*
- (b) Community workforce agreements that connect low-income local residents to jobs or training opportunities;*
- (c) Partnerships with training entities that have a proven track record of placing disadvantaged workers in career-track jobs.*

Targeted hire means an adopted policy aimed at increasing employment of disadvantaged individuals, who are underserved or have faced historical or other barriers to employment. This includes:

- *Long-term unemployed or underemployed workers, low-income individuals, formerly incarcerated individuals, farmworkers, workers on public assistance, workers with a history of homelessness, and at-risk youth.*
- *Individuals residing in areas that have high poverty rates, high unemployment rates, or other markers of economic distress.*
- *Underrepresented groups of people such as women and veterans.*
- *Low-income individuals residing within close proximity to the project site.*

Increase Housing and Transit Opportunities for Lower Income Resident and DACs

GGRF funds also provide much needed resources to address housing and transit needs within and beyond Disadvantaged Communities as defined by SB 535. Guidelines should require administering agencies to target GGRF moneys to support housing and transit opportunities for lower income residents throughout the state. For example, Affordable Housing and Sustainable Communities funds that are not invested in or for the benefit of DACs must be restricted to providing affordable housing opportunities in non-DAC communities. Through this dual strategy of investing in quality housing in disadvantaged communities and investing in affordable housing opportunities where such opportunities may be limited, CARB will support a comprehensive strategy to address California's multi-dimensional affordable housing needs and opportunities.

GGRF Investments Must Not Directly or Indirectly Harm Disadvantaged Communities

Deliberate steps must be taken to ensure that GGRF investments do not inadvertently harm vulnerable, low-income residents of existing communities that are targeted for increased investment.

Ensure Anti-Displacement Protections When Appropriate and Necessary to Prevent Displacement

Displacement continues to present a threat to lower income residents living in many neighborhoods targeted for GGRF investments. CARB must go beyond merely suggesting that administering agencies consider incorporating anti displacement policies in their respective guidelines but rather require agencies to include them. We understand that displacement is a concern in several communities but not in others. Accordingly, such guidelines must reflect the need to ensure anti-displacement protections where necessary, but not create an obstacle for jurisdictions and communities that do not confront displacement pressures and therefore have not yet developed anti-displacement policies and strategies.

Low-income residents who are displaced from their homes and communities will not have the opportunity to enjoy improved access to transportation, affordable housing, energy efficient buildings, etc., and will continue to be pushed away from jobs and other critical services. Ultimately, these outcomes will have detrimental impacts on low-income families who are then forced to spend larger percentages of their income on transportation costs and will inevitably exacerbate the effects of climate change on our most impacted communities, rather than alleviate them. These outcomes and others stand counter to the intended goals of SB 535 and AB 32, and we strongly recommend that criteria be included in the guidelines and application materials that protect communities from harm.

Unhealthy Land Uses in Residential Communities

Placement of certain project types - e.g. waste diversion projects - can potentially negatively impact communities - be they disadvantaged communities or not. For example, they can create odor and diminish air quality, increase traffic and negatively impact the quality and character of neighborhoods. CARB must direct agencies implementing these and other potentially harmful projects to create and implement methodologies to ensure that such projects do no harm.

Major transit projects can negatively impact local communities through increased traffic and emissions as well as through displacement. Displacement, in these circumstances can both displace families and industrial and other unhealthy land uses that relocate to residential neighborhoods. For example, in Fresno County High Speed Rail Authority has begun to displace homes, business and industrial facilities in preparation for initial stages of construction. It is currently proposed to relocate displaced industrial businesses to neighborhoods already disproportionately burdened by multiple sources of pollution that rank among the top 5% of impacted census tracts according to CalEnviroScreen. This is unacceptable and in fact further threatens the quality of life of the very communities we are trying to protect and that this program prioritizes.

CARB must Improve Criteria for Assessing Benefit to DAC

Several of the criteria included in Appendix A to volume two are simply inadequate or inappropriate to demonstrate a direct, assured and meaningful benefit to DACs. There are several examples of this deficiency and accordingly we request that CARB work with stakeholders to review and rewrite this critical component of the guidelines. We offer some examples below as an illustration of our concerns with respect to some key criteria, not as an exhaustive list.

Locating zero emissions vehicles in disadvantaged communities does not necessarily provide a benefit to those disadvantaged communities

CARB identifies the domiciling of zero emissions vehicles, as well as use of zero emissions vehicles, in disadvantaged communities as a benefit to such communities. We question whether or not this in fact represents a benefit to these communities. We are concerned that in many circumstances, such a project could negatively impact a neighborhood by increasing traffic and diminishing the neighborhood aesthetic and character without providing any real benefit.

Increased Job opportunities alone are not sufficient to demonstrate a benefit to disadvantaged communities

As noted above, all projects should further employment and career opportunities for disadvantaged communities and residents and scoring criteria should reflect that mandate. Job creation, on its own, should not qualify projects as benefiting disadvantaged communities in most program areas. For example, the AHSC program must not consider that a housing program satisfies a benefit to a DAC if it does not provide housing to the benefit of the DAC or DAC residents. Job creation in a DAC must be an additional co-benefit to other identified benefits of a project - e.g. improved housing, transit, air quality and park space.

Half Mile Proximity and Zip Codes as a Proxies for Benefit to Disadvantaged Communities Is Inadequate

We remain deeply concerned that the Draft Guidelines consider that several project types constitute a benefit to disadvantaged communities, by definition, if they are located within a ½ mile of a disadvantaged community. As we noted in previous correspondence to CARB on interim funding guidelines, proximity as a proxy for a benefit are inadequate and misplaced. Improvements made to transit stops, transit stations or AHSC projects located ½ mile away from disadvantaged communities do not translate to and result in direct benefits to residents of vulnerable neighborhoods. Walking a ½ mile to a transit stop or station, for instance, is not feasible if residents face multiple barriers to reach that destination. These include walking long distances with heavy items such as groceries, being accompanied by children or elders, passing through unsafe areas, lack of pedestrian safety (sidewalks, lighting, paved roads, crosswalks), walking alongside high speed traffic, and the presence of physical barriers such as freeways, railways, fences, etc. We recommend that CARB eliminate ½ mile proximity requirements and instead require project applicants to demonstrate how proposed projects directly benefit residents of disadvantaged areas without having to overcome proximity burdens.

Additionally, projects located within zip codes that include disadvantaged communities do not necessarily benefit the DAC at all. All criteria that assume a benefit to a DAC for projects located within a zip code that includes a DAC must be eliminated.

Waste Diversion and Utilization Program Area Must Redraft Criteria Demonstrating Benefits to Disadvantaged Communities

In last year's funding cycle, an anaerobic co-digester in Tulare County received \$2.9 million from the Waste Diversion and Utilization fund. The project is located within a disadvantaged community. The project contains a food rescue component but there is no discussion of the scope or reach of that component nor the impact of the project in general on the community in which it resides. The project threatens to compound air quality and odor concerns in the community. In fact, residents opposed the project, citing in their opposition that project proponents failed to meaningfully analyze air and water quality impacts. Community residents were not aware that project proponents were seeking funds for the project while residents were voicing their opposition to it based on potential environmental

concerns. The community at issue - Matheny Tract - currently ranks among the top 10% of impacted census tracts according to CalEnviroScreen.

Facilitate Technical Assistance to Disadvantaged Communities

Disadvantaged communities are most in need of additional resources to both develop and implement GGRF projects. Agencies and organizations representing disadvantaged communities lack the technical and financial capacity to put forward project proposals that reduce GHG emissions and maximize co-benefits. The first cycle of AHSC funding demonstrates a dire need for technical assistance to disadvantaged communities to apply for housing and transportation related investments. Technical assistance, along with revised application procedures and guidelines that we will work with along with administering agencies, is also needed to strike geographic balance to ensure that all of our regions enjoy equal access to much needed funding. Our experience in working directly with small cities and counties in the San Joaquin Valley and the East Coachella Valley demonstrates a need for ongoing outreach and assistance in developing projects, preparing applications and implementing activities once funding has been awarded. We have heard from local decision makers and staff that they do not have the capacity to develop and implement project ideas without additional support and guidance. Additionally, we believe that technical assistance will ensure that funds reach and improve the quality of life for the intended recipients of the investments.

Accordingly, the Guidelines must promote and ensure support within agencies and from third party providers to conduct outreach and help develop and implement project proposals.

Ensure Transparency in GGRF Investments

In Volume 1, Section II.B, the Guidelines read, "The goal [of the guidelines] is to align investments with the environmental, economic, public health and other public policy goals of the GGRF, while providing consistent and transparent implementation of all GGRF programs" (Page 6). Several agencies have failed to make applications for GGRF investments available for public review or otherwise provide information regarding applications, in particular those applications that were not successful. CARB should require administering agencies to post all applications received and the related scoring evaluations for each application received. This will ensure transparency in all GGRF programs and will allow the public and administering agencies to regularly evaluate the effectiveness of the programs and make adjustments to ensure equitable distribution of funds. By requiring agencies to publicly post all program related materials a transparent and accountable process will be created from beginning to end; one in which public input is valued and respected.

* * * * *

The incorporation of the above recommendations into the Funding Guidelines will help to support the success of GGRF investment projects, and will ensure that benefits credited toward disadvantaged communities are not only targeted, but maximized in our communities with the greatest need. Significant environmental, public health, and economic outcomes as outlined in SB 535 and AB 32 can be

achieved if the GGRF process is accountable, transparent, and, most importantly, inclusive. Once again we thank you for your leadership and commitment to this work, and respectfully ask for your support of these important recommendations as you finalize the Funding Guidelines. Questions or concerns regarding this letter can be addressed to Veronica Garibay at (559) 369-2787 or vgaribay@leadershipcounsel.org.

Sincerely,

Phoebe Seaton and Veronica Garibay, Co-Directors
Leadership Counsel for Justice and Accountability

Judith Bell, President
PolicyLink

Kevin Hamilton, Deputy Chief of Programs
Clinica Sierra Vista
Central California Asthma Collaborative
Medical Advocates for Healthy Air

Caroline Farrell, Executive Director
Center on Race, Poverty and the Environment

Katie Moreno, Executive Director
Friends of Calwa

Andy Levine, Executive Director
Faith in Community

Penny Newman, Executive Director
Center for Community Action and Environmental Justice

Luis Olmedo, Executive Director
Comite Civico del Valle

Cesar Campos, Coordinator
Central California Environmental Justice

Suguet Lopez, Executive Director
Lideres Campesinas

Karen Borja, Associate Director
Inland Congregations United for Change

Dolores Weller, Executive Director

Central Valley Air Quality Coalition

Sergio Carranza, Executive Director
Pueblo Unido CDC

Jeanie Ward-Waller, Policy Director
California Bicycle Coalition

Katelyn Roedner Sutter, Environmental Justice Program Director
Catholic Charities, Diocese of Stockton

Wendy Alfsen, Executive Director
California Walks

Gail Wadsworth, Co-Executive Director
California Institute for Rural Studies

Chanell Fletcher, Senior California Policy Manager
Safe Routes to School National Partnership

Omar Carrillo, Senior Policy Analyst
Community Water Center