



September 21, 2015

Chairwoman Mary Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Comments on Cap-and-Trade Auction Proceed Funding Guidelines for Agencies that Administer California Climate Investments PROPOSED, Released September 4, 2015

Dear Chairwoman Nichols, Board Members, and Staff:

On behalf of the undersigned organizations, we would like to thank the California Air Resources Board (CARB) for its leadership in developing the proposed Funding Guidelines for investments from the Greenhouse Gas Reduction Fund (GGRF). Additionally, we thank you for your incorporation of many of our suggestions on the Funding Guidelines made in the past several months.

As organizations committed to improving health and increasing access to opportunity among California's most vulnerable communities, we appreciate this opportunity to review the proposed Funding Guidelines and to voice our comments regarding this propose draft. We urge the CARB to incorporate and address the following recommendations in the Guidelines to ensure that GGRF investments advance projects and efforts that truly support the intended outcomes of relevant state mandates and advance the health of all California residents.

1. Transparency

In our comment letter on the Supplemental Text for the Funding Guidelines, submitted August 14, 2015, we recommended that the "minimum items" list of basic information about applicants or proposals include the resulting co-benefits from the project, should those be targeted to disadvantaged communities (DACs), non-DACs, and/or lower income residents. This recommendation goes mostly unaddressed in the revisions of the Guidelines.¹ Therefore, we reiterate our concern for communities affected by a GGRF project investment and whether those communities are reaping the co-benefits of the project, if any.

In the same letter, we recommended that after projects are selected and funds are encumbered, agencies should immediately update the public regarding these decisions. The proposed Guidelines advise agencies

¹ Funding Guidelines for Agencies that Administer California Climate Investments, California Environmental Protection Agency Air Resources Board, September 4, 2015. See page 2-16. "Applicant should describe the co-benefits that will result from the project;" but this is only relevant to DACs.

to post such a list within 90 days.² We recommend stronger language regarding the transparency of post-funding decisions, such that the public has nearly immediate knowledge of such decisions.

Also, we again emphasize that each application – regardless of its success – and the scoring of each application must be made publically available as soon as possible following funding determinations and project selections, as opposed to the optional additional information that may be posted by agencies.³

2. Maximizing Benefits to Disadvantaged Communities

As discussed in our comment letter regarding the supplemental text, all projects should be evaluated on the extent to which they provide benefits to disadvantaged communities and lower income residents, not solely those projects competing for qualification as ones located within or providing benefits to disadvantaged communities.

3. Outreach and Community Priorities

We appreciate the CARB’s effort to better address community needs, such as “requiring project applicants to: assess the factors in CalEnviroScreen that caused an area to be defined as a disadvantaged community; host a community meeting to get input; or refer to the list of common needs in Volume 2, Table 2-2.”⁴ The requirement of administering agencies to coordinate with the CARB in conducting outreach to disadvantaged communities and improve the availability of assistance is encouraging.⁵

However, all GGRF project proposals must demonstrate how the local agency, non-profit, or private entity engaged and responded to community priorities. 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 guidelines.⁶

Additionally, as we have discussed in prior comment letters, we appreciate the CARB’s effort to provide outreach to disadvantaged communities. However, the provision of technical assistance must be strengthened, particularly for disadvantaged communities with insufficient resources to access funds. Technical assistance in such areas as grant writing and maximizing benefits to disadvantaged communities and lower income residents is necessary, especially in communities and regions with limited planning and development resources.

Table 2-2, Illustrative Examples of Common Needs of Disadvantaged Communities (as Identified by Community Advocates), now includes greater “access to parks, greenways, open space, recreation, and other community assets;”⁷ which is a priority in many DACs.

Our previous comments on Figure 2-2: Examples of Strategies for Maximizing Benefits have not been addressed. What follows is a brief summary of those comments. The minimum set-aside established by SB 535 should be increased. All GGRF funded projects must be addressed on the extent to which they

² *Id.* at 1-32.

³ *Id.* at 1-32.

⁴ *Id.* at 1-36.

⁵ *Id.* at 2-11.

⁶ Local opposition to affordable housing development in communities where there is a demonstrated need for such housing has often impeded the 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 need populations.

⁷ Funding Guidelines at 2-14.

provide co-benefits to disadvantaged communities. All GGRF funded projects must avoid burdens to disadvantaged communities. The incentives to benefit disadvantaged communities must be extended to all projects, not just those qualifying under SB 535. All applicants must demonstrate how the stated co-benefits will be actualized. We appreciate the language in the Guidelines that includes local nonprofits and government agencies in the outreach efforts to community residents.

We also appreciate the new inclusion of economic, public health, and environmental co-benefits to the list of guiding principles.⁸ We would like to see these included in scoring criteria and the selection of projects. 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.

4. “Benefiting” Disadvantaged Communities and SB 535

We continue to advise the CARB and GGRF administering agencies to create guidelines that promote and ensure projects and programs that meaningfully and assuredly benefit DACs. Some projects receive SB 535 credit simply due to proximity to a DAC because they are located in the same census tract as a DAC, within a half-mile of a DAC census tract, or within a ZIP code that contains a DAC census tract. However, it does not necessarily follow that these projects benefit the relevant community and so must not be used as a proxy for SB 535 credit.

In fact, some of these projects, such as waste diversion projects and dairy digesters, may even directly or indirectly create additional burdens and environmental harms for DACs. In last year’s funding cycle, the Waste Diversion and Utilization fund under the GGRF funded an anaerobic co-digester project located within a DAC. The project contains a food rescue component, but there is no mention of the scope or reach of that component nor the impact of the project in general on the community in which it is located. The project threatens to compound air quality and odor concerns in the community. In fact, residents of the community opposed the project, citing that the project’s proponents failed to meaningfully analyze air and water quality impacts. The community at issue currently ranks among the top 10% of impacted census tracts according to CalEnviroScreen.⁹

Locating zero-emissions vehicles in DACs does not necessarily provide a benefit to those communities. Such a project could negatively impact a neighborhood by increasing traffic and diminishing the neighborhood aesthetic and character without providing any real benefit.

Additionally, major transit projects can negatively impact local communities through increased traffic and emissions as well as through displacement. For example, in Fresno County, the High Speed Rail Authority has begun to displace homes, businesses, and industrial facilities for construction. They propose to relocate the industrial businesses to neighborhoods already disproportionately burdened, and that rank among the top 5% of impacted census tracts, according to CalEnviroScreen.

We remain concerned that the Funding Guidelines consider that several project types constitute a benefit to DACs, by definition, if they are located within a half-mile of a DAC. Walking a half mile to a transit stop or station is not feasible if community residents face multiple barriers to reach that destination. We recommend that the CARB eliminate the half-mile proximity criterion and instead require project applicants

⁸ *Id.* at 1-22.

⁹ CalEnviroScreen information and data is available at <http://oehha.maps.arcgis.com/apps/MapJournal/index.html?appid=4b03ebe3789a445b90cb166dbbabf821&webweb=279ecb0d5c7d470496d116a6ab6586c0> and <http://www.oehha.ca.gov/ej/pdf/CES20Finalreport2014.pdf>.

to demonstrate how proposed projects directly benefit residents of disadvantaged areas without their having to overcome proximity burdens. The same is true for the ZIP code proximity criterion.

We will continue to assess GGRF investments, especially those receiving credit per SB 535, on their benefit to or negative impact on disadvantaged communities.

5. Employment and Career Development Through GGRF Investments

Also inclusive of our previous comments, Table 2-2 states that the creation of quality jobs and increase in family income may be done by “using project labor agreements with targeted hire commitments, community benefit agreements, community workforce agreements, partnerships with community-based workforce development and job training entities, state-certified community conservation corps, etc.”¹⁰

We appreciate the recognition that a common need of disadvantaged communities is to “[c]reate quality jobs and increase family income (e.g., ... using project labor agreements with targeted hire commitments, community benefit agreements, community workforce agreements, partnerships with community-based workforce development and job training entities, state-certified community conservation corps, etc.).”¹¹ However, “targeted hire” must be defined to mean an adopted policy aimed at increasing employment of disadvantaged individuals, who are underserved or who have faced historical or other barriers to employment, including: 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; and low-income individuals residing within close proximity to the project site.

Additionally, training and hiring in disadvantaged communities is outlined as just one example of an economic benefit in the Guidelines. We recommend that all GGRF projects that involve training and/or hiring should be scored based in part on if they recruit, hire, and train disadvantaged community residents and individuals with barriers to employment regardless of whether the project seeks SB 535 credit. Requiring this priority across all GGRF projects that involve hiring will ensure that the GGRF not only accelerates emission reductions across the State, but also supports a future of shared prosperity as outlined in SB 535, SB 862, and AB 1532.

6. Housing and Transit Opportunities

The GGRF has much potential to provide needed resources to address housing and transit needs within and beyond DACs. Guidelines should require administering agencies to target GGRF moneys to support housing and transit opportunities for lower income residents throughout the State, not only those in DACs. 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-DACs. Through this strategy that invests in quality affordable housing in both DACs and in communities where such opportunities may be limited, the CARB will support a comprehensive strategy to address California’s affordable housing needs and opportunities.

7. Anti-Displacement

We commend the CARB for including a requirement that projects located within or providing benefits to disadvantaged communities “be designed to avoid substantial burdens, such as displacement of

¹⁰ Funding Guidelines at 2-14.

¹¹ *Id.*

disadvantaged community residents and businesses or increased exposure to toxics or other health risks.”¹² We believe this language needs to be stronger through the mandatory inclusion of anti-displacement policies in each administering agency’s guidelines. 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 lose access to jobs and other critical services. These outcomes and others stand counter to the intended goals of SB 535 and AB 32, therefore anti-displacement criteria must be included in the guidelines and application materials.

Additionally, the prioritization of projects in jurisdictions with anti-displacement policies¹³ in place is insufficient. CARB’s guidance must reflect the need to ensure anti-displacement protections where necessary, while not creating an obstacle for jurisdictions and communities that do not confront displacement pressures; and therefore have yet to develop anti-displacement policies and strategies.

8. Eligible Uses of GGRF Monies

As we noted in our comment letter regarding the draft Funding Guidelines in June, 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.”¹⁴ We commend the CARB’s notification that GGRF dollars may be used for research, planning, job training, and program development if they are “included as a component of a larger project that results in quantifiable GHG reductions and furthers the purpose of AB32.”¹⁵

Likewise, 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].”¹⁶ 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 recommend the 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.

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Questions or concerns regarding this comment letter may be directed to Kaylon Hammond, Policy Coordinator at Leadership Counsel for Justice and Accountability, at (559) 369-2790 or khammond@leadershipcounsel.org.

Sincerely,

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¹² *Id.* at 2-16.

¹³ *Id.*

¹⁴ Health and Safety Code section 39712(c)(4) (AB 1532).

¹⁵ Funding Guidelines at 1-22.

¹⁶ Health and Safety Code section 39712(c)(7).

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