Title
Advantaging Communities: Co-Benefits and Community Engagement in the Greenhouse Gas Reduction Fund

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Publication Date
2015-09-01

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SEPTEMBER 2015

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Liberty Hill
Change. Not Charity.

Center for Labor Research and Education at the University of California, Los Angeles
UCLA LABOR CENTER

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ACKNOWLEDGMENTS

Although my name is the only one on the front of this report, there are an immense number of individuals and organizations to thank, without whose contribution this work would not have been possible. Foremost, I cannot express enough gratitude for the privilege of working under the direction of the kindhearted dynamo that is Michele Prichard at Liberty Hill, who has given me the opportunity to engage with so many inspirational people committed to the health and well-being of California's most impacted environmental justice communities.

I also wish to express my profound thanks to Kent Wong and Chris Tilly and the financial support of the UCLA Labor Center, the UCLA Institute for Research on Labor and Employment and the Liberty Hill Foundation; and the academic support of Dr. Jacqueline Leavitt at UCLA Luskin Department of Urban Planning.

A special thanks to Mari Rose Taruc, Colleen Callahan, Amy Vanderwarker; Manisha Vase, Jessica Goodheart and Marybelle Nzegwu for their insightful critiques and suggestions that contributed greatly to the content of this report.

To say there were contributors to this research would be a vast understatement. This last year has been an incredible participatory adventure through the byzantine pathways of the GGRF, the climate change policy arena, and an inspiring immersion in the statewide, and particularly Greater Los Angeles EJ community. I have received the support of many people over the past year. I owe much to the support of Bill Magavern, Daniela Simunovic, Fabi Lao, Sandra McNeill, Dean Toji, Peter Massey, Ann Sewill, Lisa Payne, Eric Bruins, Stella Ursua, Naomi Iwasaki, Elsa Tung, Alvaro Sanchez, Holly Harper, Madeline Wander, Holly Benson, Jonathan Parfrey, Shayla Myers, Michael Kadish, John Melvin, Matt Botill, Monique Spear Davis, Jason Wimbley, Allison Joe and the invaluable work of Pacoima Beautiful, Communities for a Better Environment, Communities for a Safe Environment, Union de Vecinos, Strategic Concepts in Organizing and Policy Education, East Yard Communities for Environmental Justice, TRUST South LA and so many more amazing grassroots community-based organizations in the LA area.

ABSTRACT

California has long been a leader in climate change policy. Considering the gridlocked nature of the United States Congress and the increasing degradation of the environment through excess carbon emissions, the need for leadership today is especially critical. California's focus on combating climate change and promoting equitable development through a legislative agenda takes advantage of the significant investment opportunities provided by California's Cap-and-Trade auctions. As a result, California remains a trend-setter of environmental policies for other states and even other countries around the world.

California's ability to provide replicable models for the rest of the world depends upon the development of successful policies and programs in the initial funding cycles of the Greenhouse Gas Reduction Fund (GGRF). Informing this groundbreaking approach through "best practices" of equitable green development, technical expertise and authentic community engagement is a crucial step to ensure lasting and meaningful revitalization for environmental justice communities.

Advantaging Communities focuses on environmental justice policy recommendations for GGRF investments in "disadvantaged communities" (DACs) that maintain a primary focus on Greenhouse Gas (GHG) reductions, while maximizing environmental, public health and economic co-benefits, and engaging in authentic community partnerships. This report promotes targeted objectives for DACs, including quality of life improvements, greater resilience for vulnerable populations, and community-determined investments. Co-benefit maximization is sought through cross-cutting investment strategies, stronger baseline requirements and incentives for individual programs; high road labor practices; proactive anti-displacement measures and specific methods of community engagement.

This document provides a community perspective for State agencies administering the GGRF and individual programs funded by Cap-and-Trade auction revenues. It also serves as a guide for community advocates to navigate the complex landscape of the GGRF, and where it most needs to address issues of social, environmental and economic equity.

ABBREVIATIONS

AB	Assembly Bill
AHSC	Affordable Housing and Sustainable Communities
APEN	Asian-Pacific Environmental Network
ARB	California Air Resources Board
AT	Active Transportation
CALEPA	California Environmental Protection Agency
CAL FIRE	Department of Forestry and Fire Protection
CALSTA	California State Transportation Agency
CALTRANS	California Department of Transportation
CAUSE	Central Coast Alliance United for a Sustainable Economy
CBA	Community Benefits Agreement
CBE	Communities for a Better Environment
CBO	Community-Based Organization
CCA	Coalition for Clean Air
CCAEJ	Center for Community Action and Environmental Justice
CDFA	California Department of Food and Agriculture
CEC	California Energy Commission
CES	CalEnviroScreen
CRPE	Center on Race, Poverty & the Environment
CSD	Department of Community Services and Development
DAC	Disadvantaged Community
DFW	Department of Fish and Wildlife
DGS	Department of General Services
DOF	Department of Finance
DOL	Department of Labor
DWR	Department of Water Resources
EHC	Environmental Health Coalition
EJ	Environmental Justice
EJAC	Environmental Justice Action Committee
EYCEJ	East Yard Communities for Environmental Justice
FY	Fiscal Year
GHG	Greenhouse Gas
GGRF	Greenhouse Gas Reduction Fund
HSR	High Speed Rail
HSRA	High Speed Rail Authority
ICP	Inter Connectivity Projects
LCTOP	Low-Carbon Transit Operations Program
LIHEAP	Low-Income Home Energy Assistance Program
LIWP	Low-Income Weatherization Program
MWBE	Minority and Women Owned Business Enterprise
NGO	Non-Governmental Organization
OEHHA	Office of Environmental Health Hazard Assessment
PLA	Project Labor Agreements
PM	Particulate Matter
PODER	People Organizing to Demand Environmental and Economic Rights
SAD	Special Assessment District
SB	Senate Bill
SCOPE	Strategic Concepts in Organizing and Policy Education
SME	Small to Medium-Sized Enterprise
SGC	Strategic Growth Council
TIRCP	Transit and Intercity Rail Capital Program
TOD	Transit-Oriented Development
UPCT	Utility Pre-Craft Training

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Executive Summary

CALIFORNIA CLIMATE CHANGE LEGISLATION is responsible for an estimated tens of billions of investment dollars to be raised through Cap-and-Trade auctions and placed in a Greenhouse Gas Reduction Fund for carbon-reduction development statewide. Agencies designated to disburse these funds have just begun to implement their programs and distribute the first $832 million during the 2014/15 fiscal year (FY), with $2.2 to 2.7 billion already collected and awaiting allocation for FY 2015/16.

At a minimum, 25% of all GGRF proceeds will be spent for the benefit of California's most polluted and socioeconomically impacted communities. This represents an exceptional opportunity for environmental justice (EJ) issues to be addressed if these monies are invested in the interests of vulnerable, low-income households. Administering agencies overseeing investments in these communities are just now finalizing their guidelines.

Advantaging Communities offers an analysis of the current policy landscape during this critical time and includes recommendations to promote the most equitable outcomes for "disadvantaged community" (DAC) investments. Central to this analysis are the challenges of improving a **place** without displacing the **people** most susceptible to cost of living increases. Investments benefiting DACs must therefore not only successfully reduce greenhouse gas (GHG) emissions, but also empower vulnerable populations and strengthen their resilience to increased property values and the greater living expenses that accompany neighborhood revitalization.

ADVANTAGING COMMUNITIES
* Focus of Recommendations *

To best guarantee Greenhouse Gas Reduction Fund investments create significant and lasting benefits to disadvantaged people and overburdened places, this report makes the following recommendations:

- **Maximize economic, environmental and public health benefits (in addition to GHG reduction) through investments that further improve the lives of low-income populations with an emphasis on the generation of quality employment opportunities**
- **Increase community resilience by incentivizing anti-displacement methods and leveraging local inclusionary housing ordinances**
- **Ensure authentic community engagement by prioritizing investments made in collaboration with grassroots community-based organizations (CBOs) or others involved in a participatory development process**

Carbon Reduction, Co-Benefits and Protection of Vulnerable Populations

Recent California legislation has set up an unprecedented pipeline of investment opportunity in EJ communities. Cap-and-Trade auction proceeds, through the establishment of a The Greenhouse Gas Reduction Fund (GGRF), invest billions of dollars in strategies to lower the State's carbon footprint from fees paid by high-polluting private sector companies. One of the signature pieces of legislation, Senate Bill 535 (de León, 2012), mandates minimum set-asides of 25% of the available moneys in the GGRF to projects benefiting DACs, with at least 10% spent within DACs, which are defined as the census tract level.

All GGRF programs must primarily address greenhouse gas (GHG) reduction; maximize economic, environmental and public health co-benefits; and protect against further harm to vulnerable populations. Programs that receive SB 535 funding must particularly focus on co-benefit creation and ensure that DAC residents are the primary beneficiaries.

Advantaging Communities provides a set of policy recommendations to provide guidance for how SB 535 funding is invested in DACs and to secure the best possible outcome for California's most vulnerable communities. ***Additionally, the report provides an analysis of the cumulative burden faced by DACs and finds that while the ratio of SB 535 funding to census tracts is equivalent (25% of the GGRF is guaranteed to the top 25% most overburdened census tracts), funding is less than proportional to the environmental and socioeconomic burdens faced by those census tracts, which contain 44% of the overall state burden.***

Administrative Analysis

Advantaging Communities is primarily concerned with existing guidelines produced by the Air Resources Board (ARB) and other state agencies that provide administrative oversight of the GGRF, and the guidelines produced by state agencies for the specific programs they administer.

There are two primary documents that provide guidance for all GGRF programs:

Three-Year Investment Plan: The initial Three-Year Investment Plan covers fiscal years 2012/13 through 2015/16. It is compiled by the California Department of Finance (DOF) in conjunction with ARB and other state agencies, and establishes the scope of strategies targeting the goal of reduced GHG emissions and creation of co-benefits within five investment categories: Energy, low-carbon freight and transportation, natural resource conservation, sustainable infrastructure projects, and waste management.

Funding Guidelines: The *Funding Guidelines for Agencies that Administer Greenhouse Gas Reduction Fund Programs,* is a document set to be finalized in September 2015 and contains three volumes: General Guidance (Vol. 1); Investments to Benefit Disadvantaged Communities (Vol. 2); and Reporting Requirements (Vol. 3). This report primarily analyzes Volume 2, which provides oversight for agencies administering DAC investments qualifying for SB 535 funding.

This report also looks at documents produced by agencies that detail the structure, eligibility requirements and prioritization of the specific programs they administer. Not all GGRF programs are included in this analysis. The report focuses primarily on the 4 (out of 11) FY2014/15 programs that disburse 95% of all targeted SB 535 funding.

- **Affordable Housing and Sustainable Communities (AHSC):** Large-scale Transit-Oriented Development (TOD) providing housing and transportation to support infill and compact development.
- **Low-Income Weatherization Program (LIWP):** Weatherization, solar panel installation and the repair and/or replacement of some household appliances for single and multi-family residences.
- **Low Carbon Transportation:** Multiple programs implementing low-carbon freight and passenger transportation strategies.
- **Urban and Community Forestry:** Grants for tree planting, jurisdiction-wide tree management, biomass landfill diversion, blighted land reclamation and green infrastructure projects.

Evaluation and Recommendations

Advantaging Communities provides policy recommendations to prioritize co-benefits in DACs to the maximum extent feasible while maintaining a primary focus on GHG reduction, and argues that they benefit the most vulnerable households and businesses for as long as possible. Furthermore, the co-benefits that are targeted should be significant issues identified by community members. Recommendations also include policies promoting community resiliency against the forces of displacement and policies advancing authentic community engagement as characterized by participatory, shared decision-making processes.

In addition to policy recommendations, the report features numerous examples of co-benefit methods and strategies as well as a significant number of detailed community stabilization practices including measures to increase economic resilience against displacement and methods of community engagement applicable to individual GGRF programs.

CO-BENEFITS

Co-benefits within the GGRF are the secondary economic, environmental and public health benefits mandated to occur in tandem with GHG reductions. Directing co-benefits to disadvantaged communities is a particular focus of legislators and GGRF administrators.

- Mandate a minimum of 25 out of 100 points for co-benefits, community engagement and anti-displacement methods for SB 535 funds
- Expand the use of specific cross-cutting strategies in programs addressing the water/energy nexus (e.g. cool roofs); and Industrial Ecology programs that reduce particulate matter with GHGs through closed-loop waste cycles and combined heat and power production

LABOR

Quality employment in DACs is clearly one of the most promising co-benefits associated with GGRF programs. Not only do they improve the economic outlook for low-income households, but there is also an accompanying resiliency to stable employment that is potentially the most important factor influencing resistance to the forces of displacement.

- Maintain labor standards and leverage local high-road labor ordinances that include including living wages, prevailing wage standards, expected skillset development and priority public contracting with Minority and Women Business Enterprises (MWBEs)
- Implement a First-Source hiring program to maximize local hiring in all GGRF programs for low-income and hard-to-employ populations
- Establish a methodology to thoroughly track employment, including jobs created, corresponding wages, certificates earned, training pipelines and career ladders

- Subsidize a registered apprenticeship program to compensate all currently unpaid trainees providing services within GGRF programs and ensure a high standard of training programs

DISPLACEMENT

Marginalized areas with high concentrations of low-income households or small local businesses are particularly susceptible to the economic forces that accompany a sudden influx of investment. Because of this vulnerability, it is important to not only protect people against the direct displacement of any specific project, but also to consider the economic displacement associated with gentrification that might follow as subsequent investors identify a potential "up-and-coming" neighborhood.

- Leverage anti-displacement measures by prioritizing investments in local jurisdictions with existing inclusionary housing ordinances
- Prevent the direct displacement of developments receiving GGRF investment dollars by requiring projects to provide one-for-one unit replacements and relocation fees
- Require large scale projects receiving SB 535 funds to provide a resiliency analysis and incorporate mitigation measures, similar to the requirements of an Environmental Impact Report

COMMUNITY ENGAGEMENT

Authentic community engagement involves the employment of participatory practices characterized by mutual learning. Communities are informed by organizational or public agency representatives about programs, technical issues and opportunities and those representatives are educated by a community's awareness of the issues based on local experience and expertise.

Prioritizing partnerships with communities at every stage of the decision-making process including policy development, identification of core community issues, selecting remediation strategies, proposal formulation and selection, project implementation and the tracking and reporting of data should be facilitated through partnerships between public agencies or other applicants and grassroots organizations well-versed in EJ issues.

- Support creation of a DAC "Integrated Projects" program not limited to strategies already existing in GGRF programs, but flexible enough to include any GHG-reduction/co-benefit strategy that addresses a significant concern in a particular DAC
- Establish a Technical Assistance Program for DACs to advise about opportunities in the GGRF, and support the preparation of applications, especially for a flexible DAC "Integrated Projects" program
- Identify and incentivize community engagement methods applicable to GGRF programs

Conclusion

The report concludes that without embedded objectives to engage, stabilize and empower economically vulnerable populations, improvements to historically disinvested areas will inevitably increase property values and displace those who have been geographically isolated, environmentally harmed and economically marginalized. Innovative socioeconomic resiliency measures must be employed and policies implemented to incentivize them. Public engagement at state and local processes for GGRF programs, from planning to implementation stages, are crucial for ensuring benefits are realized and that DAC residents reap the benefits of investments for years to come.

Cross-cutting strategies can play a significant role creating additional economic, environmental and public health co-benefits while maintaining a primary focus of reducing the carbon footprint of California. If this is to happen, however, programs and proposals cannot be dissected part by part to see if each individual element in-and-of-itself prioritizes GHG reductions over all other benefits. Instead, they should be evaluated in a holistic manner to ensure the goal of every program: Significantly contribute to the reduction of GHG emissions to meet the goals established by the State, maximize co-benefits through methods that reasonably serve to further reduce GHG emissions, and protect and improve the lives of vulnerable populations.

* ADVANTAGING COMMUNITIES Policy Recommendations *

* Mandate agencies to provide a minimum of 25 out of 100 points for co-benefits, community engagement and anti-displacement measures in the ranking criteria for competitive SB 535 funds

GHG reduction is the most heavily weighted ranking criteria of many programs, as it should be. However, points awarded for co-benefits, including anti-displacement measures and community engagement, are minimal. Additionally, if these secondary requirements do not directly reduce GHG reductions, they may contribute to a less competitive submission if GHG scoring is based on ratios of GHG reduction to requested funding. Offering sufficient scoring potential for co-benefits would allow for robust measures to be included in proposals and incentivize significant co-benefit, anti-displacement and community engagement features. Ensuring all applicants for SB 535 funds may receive a minimum of 25 out of 100 points for co-benefits also allows for GHG reductions to still be the primary consideration.

* Approve more strategies targeting co-benefits (cool roofs, industrial ecology, and more ways to address the water/energy nexus)
* Implement a First-Source hiring program for disadvantaged workers
* Implement labor reporting requirements
* Subsidize a registered apprenticeship program
* Leverage high road labor ordinances and inclusionary housing policies currently existing in local jurisdictions

* Require large scale projects to provide a resiliency analysis and incorporate mitigation measures
* Require one-for-one unit replacements and relocation fees
* Support creation of a flexible DAC "Integrated Projects" program
* Include application support in a DAC technical assistance program
* Identify and incentivize community engagement methods applicable to GGRF programs

Introduction

RECENT CALIFORNIA LEGISLATION has set up an unprecedented pipeline of investment opportunity in environmental justice (EJ) communities. Cap-and-Trade auction proceeds, through the establishment of a Greenhouse Gas Reduction Fund (GGRF), now invests billions of dollars in strategies to lower the State's carbon footprint from fees paid by high-polluting private sector companies. These expenditures, branded as California Carbon Investments, contain minimum set-asides of 25% of the GGRF to programs benefiting "disadvantaged communities" (DACs) and 10% to investments *within* DACs.

Now entering its third year, the GGRF has received rapidly increasing Cap-and-Trade appropriations from $71.9 million in FY2013/14, to $832 million in FY2014/15[1] to an estimated $2.2-$2.7 *billion* in FY2015/16[2] (see Proposed GGRF Programs table on page 12). Yet as of July 1, 2015 (the first day of the third fiscal year), guidelines for GGRF expenditures and investments to DACs are still not finalized, and despite almost a billion dollars already allocated, some agencies are still evaluating proposals and have only just begun awarding grants.

The California Air Resources Board (ARB), the primary agency responsible for GGRF oversight, and other agencies including the Strategic Growth Council (SGC), CAL FIRE and the Department of Community Services and Development (CSD), have been challenged to simultaneously implement interim guidelines for the individual programs and the GGRF as a whole. For some previously undeveloped programs, such as the Affordable Housing and Sustainable Communities (AHSC) grants, this has often resembled building a plane and flying it at the same time. These efforts are also confounded by the absence of data or indicators for the effectiveness of programs.

CALIFORNIA CAP-AND-TRADE

The first Cap-and-Trade auction was held on November 14, 2012, for 2013 compliance obligations. Required participants began with electricity generators and large industrial facilities emitting 25,000 metric tons or more of GHG emissions; transportation and heating fuels distributors were added in 2015.

The ***cap*** refers to a limit on GHG emissions for the State that is lowered each year. Companies are issued permits setting their annual carbon limit and may not exceed that allowance without additional costs. Companies able to reduce their GHGs below their allowance may then ***trade*** their permits with companies needing to go over their cap. Ostensibly, this incentivizes the adoption of cleaner technologies and an overall reduction in GHG emissions, but some dispute Cap-and-Trade as an effective carbon-reduction strategy.[3]

Climate Investments Legislative Landscape

Assembly Bill 32 (Núñez and Pavley, 2006) - The California Global Warming Solutions Act of 2006. Requires California to reduce its GHG emissions to 1990 levels by 2020 and directs ARB to lead the implementation of the law with support from the Climate Action Team. AB 32 requires ARB, among other things, to prepare a Scoping Plan to identify the most feasible and cost-effective strategies, one of which established the Cap-and-Trade auctions.	**Scoping Plan**
Senate Bill 1018 (Budget and Fiscal Review Committee, 2012) - Established the Greenhouse Gas Reduction Fund (GGRF) and requires all investment strategies funded by Cap-and-Trade auction proceeds to set primary goals to achieve a reduction of GHG emissions. Requires agencies to prepare a detailed record of how expenditures will be used; how expenditures address the goals of AB 32, reduce GHGs and consider co-benefits; and how program results will be reported.	**Greenhouse Gas Reduction Fund**
Assembly Bill 1532 (Pérez, 2012) - Requires the California Department of Finance to establish and update a triennial plan for the investment of Cap-and-Trade proceeds (the Three-Year Investment Plan), and sets priorities for investments including the direction of investments to disadvantaged communities; fostering job creation; and maximizing economic, environmental and public health co-benefits. The legislation delineates five investment categories: Energy, low-carbon freight and transportation, natural resource conservation, sustainable infrastructure projects (including housing), and waste management.	**Three-Year Investment Plan**
Senate Bill 535 (de León, 2012) - Directs CalEPA to identify disadvantaged communities (DACs) and mandates minimum set-asides of 25% of the available moneys in the GGRF to projects benefiting DACs, with at least 10% spent within DACs.	**Disadvantaged Community Set-Asides**
Senate Bill 862 (Senate Budget and Fiscal Review Committee, 2014) Requires ARB to develop guidelines on investments for DACs, GGRF expenditures and the monitoring and quantification methodology for carbon reduction. Established programs and administering agencies and set continuous GGRF appropriations of 25% to High Speed Rail, 20% to Affordable Housing and Sustainable Communities, 10% to the Transit and Intercity Rail Capital Program and 5% to the Low Carbon and Transit Operations Program.	**Funding Guidelines**

Community advocates and concerned coalitions have struggled under pressing timelines to critique administrative guidance and provide public comment to ensure that program agencies protect vulnerable populations, authentically engage communities, maximize GHG reductions and provide additional economic environmental and public health benefits—otherwise known as co-benefits. Moreover, many EJ, environmental and community-based organizations (CBOs) lack the capacity to identify programs potentially applicable to their communities and to create competitive proposals in the timeframe provided.

Advantaging Communities is a policy brief recommending best practices for state agencies administering GGRF programs to maximize co-benefits, prioritize inclusivity and stabilize communities. It is also meant to help community advocates navigate the complex terrain of the GGRF, and where it most needs to address issues of social, environmental and economic equity.

While this report offers a critique of the emerging agency guidelines for GGRF programs, it also recognizes the Herculean tasks assigned to the state agencies charged with rolling out this program. They are breaking new ground in sustainable development at a previously unimaginable scale and for communities they didn't previously serve. ARB, SGC, CSD and CAL FIRE should be commended for their ongoing efforts to improve their guidelines, their responsiveness to the input of CBOs and coalitions, and their overall efforts to engage the public.

The Greenhouse Gas Reduction Fund and Benefits to Disadvantaged Communities

Over the last decade, California has embarked upon an ambitious campaign to reverse climate change through reductions in the State's carbon footprint. This began with the legislative passage of the California Global Warming Solutions Act of 2006 (AB 32, Nuñez and Pavley) which mandates a return to 1990 greenhouse gas (GHG) emissions levels by the year 2020.

The legislation designated ARB as the agency responsible for carrying out AB 32 and developing the *Climate Change Scoping Plan* to identify key strategies for achieving the GHG reduction goals of the legislation. The implementation of Cap-and-Trade auctions was one of the Scoping Plan's recommendations to meet the GHG-reduction targets of AB 32. After ARB's Cap-and-Trade regulation was approved in the California FY2011/12 Budget Bill, new legislation (SB 1018 – Budget and Fiscal Review Committee, 2012) established the Greenhouse Gas Reduction Fund and required allocation of all Cap-and-Trade auction proceeds into the fund for the implementation of carbon reduction strategies.

Built into AB 32 was the Environmental Justice Advisory Committee (EJAC) that was charged with advising the State to integrate the most climate-impacted communities into the State's climate programs. After EJAC's advice to reject Cap-and-Trade was dismissed, many EJ advocates turned to legislation to find other ways for climate programs to benefit their communities. From legislative advocacy to regulatory implementation, community-based groups, especially through the SB535 Coalition (led by the SB 535 Quad: Asian Pacific Environmental Network (APEN), Coalition for Clean Air, Greenlining Institute and Public Advocates) have been integral in ensuring that California's primary greenhouse gas reduction program delivers benefits to communities experiencing high pollution levels and poverty.

Two pieces of legislation, also adopted in 2012, ensured these carbon-reduction strategies would address equity issues in environmentally and socioeconomically burdened communities—termed "disadvantaged communities" (DACs):

- AB 1532 (Pérez): Requires the GGRF to implement GHG reduction strategies; provide co-benefits; and direct investments to disadvantaged households and communities; and
- SB 535 (de Léon): Mandates that a minimum of 25% of the GGRF be invested in DAC benefits and that 10% be spent within DACs. It also directs the California Environmental Protection Agency (CalEPA) to determines how DACs are identified.

Administering the Greenhouse Gas Reduction Fund

The California Department of Finance, with ARB and in consultation other State agencies, established the scope of strategies for carbon-reduction investments in May of 2013 with the adoption of a three-year *Cap-and-Trade Auction Proceeds Investment Plan for FY2013/14 through FY2015/16* (henceforth the "Three-Year Investment Plan"). The purpose of this plan was to identify priority programs based on established State guidelines to achieve long-range climate change goals.[4]

Energy, low-carbon freight and transportation, natural resource conservation, sustainable infrastructure projects (including housing), and waste management were identified as priority climate investment strategies to best achieve GHG reductions.[5] Valuable co-benefits named in the Investment Plan included improved public health, air quality, resource conservation, reduced energy costs, economic and workforce development and infrastructure upgrades. The GGRF is currently entering the final year of the plan, however, during the finalization of this report, the topics for discussion were released for the second investment plan, covering FY2016/17 though FY2018/19, too late for inclusion in this analysis.

Additionally, ARB began work on program funding and expenditure guidelines with two separate interim documents, one guiding expenditure records and fiscal procedures for all agencies administering GGRF monies and another for agencies administering investments targeted for DACs. These two documents have been combined in a *Funding Guidelines for Agencies that Administer GGRF Programs* (henceforth the Funding Guidelines) that contains three volumes: General Guidance (Vol. 1); Investments to Benefit Disadvantaged Communities (Vol. 2);

CalEnviroScreen Ranking Factors

Environmental	Socioeconomic
EXPOSURE	**PUBLIC HEALTH**
Ozone Concentrations	Children and Elderly
PM2.5 Concentrations	Low Birth-Weight Births
Diesel PM Emissions	Asthma Emergency Visits
Drinking Water Quality	
Pesticide Use	
Toxic Releases	
Traffic Density	
HAZARDS	**SOCIAL WELFARE**
Cleanup Sites	Educational Attainment
Groundwater Threats	Linguistic Isolation
Hazardous Waste	Poverty
Impaired Water Bodies	Unemployment
Solid Waste Sites	

GGRF Program Funding

HSR 25%	AUTOMATIC ALLOCATIONS	High-Speed Rail
AHSC 20%		Affordable Housing and Sustainable Communities
TIRCP 10%		Transit and Intercity Rail Capital Program
LCTOP 5%		Low Carbon Transit Operations Program
ALL OTHER PROGRAMS 40%	DISCRETIONARY FUNDING	Low Carbon Transportation Low-Income Weatherization Program Energy Efficiency for Public Buildings Agricultural Energy & Operational Efficiency Forest Health/Urban and Community Forestry Waste Diversion Wetlands & Watershed Restoration

and Reporting Requirements (Vol. 3). This document, currently in draft form, is set to be finalized at the September 2015 ARB Board Meeting.

SB 535 assigned responsibility for establishing a methodology to identify DACs to CalEPA. In October of 2014, after a period of public comment, CalEPA released the Designation of Disadvantaged Communities Pursuant to Senate Bill 535 (de León) that selected the California Communities Environmental Health Screening Tool, or CalEnviroScreen (CES), as the methodology for identifying DACs. CES was developed by the Office of Environmental Health Hazard Assessment (OEHHA) over many years by teams of scientists and academics. The current version of the screening tool (CES 2.0) ranks communities by nineteen factors—twelve environmental and seven socioeconomic—to determine the most adversely affected communities both in terms of toxic exposures and social vulnerability.[6]

Although there is significant support for the CES methodology, criticisms of it include a prioritization of the urban over the rural, an imbalance between Northern and Southern California and incomplete data in some geographic areas that omits them from consideration as DACs. CES2.0, is however, considered a work in progress with another update expected in 2016.

Programs and Funding Allocations

The State Legislature adopted recommendations in the Three-Year Investment Plan in SB 862, the FY2013/14 Budget Bill, establishing several funding streams and designating administering state agencies. Some program descriptions were vague, but others were described in detail, four of which were mandated automatic allocations equal to 60% of the GGRF each year—High Speed Rail, Affordable Housing and Sustainable Communities, the Transit and Intercity Rail Capital Program and the Low Carbon Transit Operations Program. All other programs are funded at the discretion of the governor and State Legislature each year throughout the following budget process:

January 10: Governor's Proposed Budget
Mid-January: Legislative Analyst's Report
February – April: Senate & Assembly Budget Subcommittee Hearings
Early May: Governor's Revised Budget
Mid-Late May: Senate & Assembly Full Budget Committee Hearings
Early June: Senate & Assembly Vote
Mid-June: Joint Budget Conference Committee Hearing
Late June: Senate & Assembly Vote
July 1: Budget Finalized (Governor Line-Item Vetoes/Signs)

A significant number of additional GGRF programs have been proposed for FY2015/16. It was anticipated that these programs and their allocations would be finalized by the State Budget deadline at the end of June each year; however, the Governor and both houses of the State Legislature agreed to postpone the discussions about all discretionary funded programs until the Legislature re-convenes in August, 2015, effectively putting all new program development on hold. This left some key potential developments in funding strategies unresolved.

The four continuously appropriated funds will be able to move forward due to their mandated allocations. This is not the case for seven FY2014/15 programs that receive discretionary funding. Virtually all of these programs received identical recommendations for increased funding from the State Assembly, Senate and Governor's office while the budget negotiation timeline was nearing an end. However, as of July 1, 2015, while these increased allocations remain likely, agencies receiving discretionary funding are not able move forward with their plans for the upcoming fiscal year until the legislature finalizes the budget.

GREENHOUSE GAS REDUCTION FUND PROGRAMS (FY2014/15)

TRANSPORTATION AND SUSTAINABLE COMMUNITIES

High Speed Rail (HSR)
Agency: High Speed Rail Authority – $250M

The Greenhouse Gas Reduction Fund allocates money for the statewide planning of the California High Speed Rail network and right-of-way acquisition and construction of the initial operating segment in the Central Valley (with other segments funded in the future).

Affordable Housing and Sustainable Communities
Agency: Strategic Growth Council – $130M
50% to DACs

The competitive AHSC program funds large-scale projects that implement land use practices, housing and transportation to support infill and compact development. Projects fall under two categories: Transit Oriented Development (TOD) and Integrated Connectivity Projects (ICP). ICP is a term introduced by SGC referring to TOD in areas that are either non-metropolitan or lacking a high quality transit service.

Transit and Intercity Rail Capital Program
Agency: California Department of Transportation – $25M
25% to DACs

TIRCP is a competitive program that funds capital improvements and operational investments including acquisition of rail cars and intercity and commuter rail projects that expand or enhance rail transit and connectivity and improve service or increase ridership; integrated ticketing and scheduling systems to increase coordination between independent rail system as well as rail and other modes of transit; and investments in bus rapid transit and other bus transit projects.

Low Carbon Transit Operations Program
Agency: California State Transportation Agency – $25M
25% to DACs

LCTOP is a non-competitive program distributed to transportation agencies based on a population formula relative to the State. It provides operating and capital assistance for rail and bus systems; technological development and infrastructure installation for increased usage of alternative fuels; active transportation projects; and consumer incentives, such as vouchers, reduced fares or transit passes.

Low Carbon Transportation
Agency: Air Resources Board – $230M
50% to DACs

LCT contains a number of rebates and competitive programs focused on low-carbon freight and passenger transportation including:

Light Duty Vehicle Projects
- Clean Vehicle Rebate Project
- Car-Sharing and Financing Assistance in Disadvantaged Communities

Heavy Duty Vehicle Projects
- Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program
- Zero-Emission Truck and Bus Pilots in DACs such as zero-emission transit and school buses and freight/delivery trucks
- Advanced Freight Technology projects (Zero-Emission Drayage Trucks, Multi Source Facility projects and other sustainable strategies in freight hubs (rail yards, ports, distribution centers, and airports).

CLEAN ENERGY AND ENERGY EFFICIENCY

Low-Income Weatherization Program
Agency: Community Services and Development – $75M
100% to DACs

Non-competitive weatherization and solar retrofits of single/multi-family residences at 60% State Area Median Income or lower. Services include installation of solar panels; weatherization; and energy and resource efficiency measures.

Energy Efficiency for Public Buildings[7]
Agency: Department of General Services – $20M

Energy efficiency and energy generation projects awarded on a first-come first-served basis including lighting systems, equipment controls, energy management systems and building insulation and heating, ventilation, and air conditioning equipment in public buildings.

Agricultural Energy and Operational Efficiency
Agency: California Department of Food and Agriculture – $25M

Competitive programs include the State Water Efficiency and Enhancement Program focused on improving water irrigation and distribution systems; an alternative and renewable fuels program, and harnessing greenhouse gases as a renewable bioenergy source at dairy digesters.

GGRF PROGRAMS (FY2014/15)

NATURAL RESOURCES AND WASTE DIVERSION

Forest Heath and Urban and Community Forestry
Agency: CAL FIRE – $42M

43% to DACs

Forest Health received $24 million for large woodland areas. Urban and Community Forestry received $18 million, 100% for DAC benefit.

Urban and Community Forestry is divided into 5 competitive subgrants:

- Green Trees for the Golden State (tree planting)
- Urban Forest Management (mapping/analysis)
- Urban Wood and Biomass (landfill diversion)
- Woods in the Neighborhood (blighted land reclamation) and
- Green Innovations (green infrastructure projects)

Waste Diversion
Agency: CalRecycle – $25M

10% to DACs

Competitive grants and loans for composting/anaerobic digestion infrastructure and recycling facilities that divert materials from landfills and produce beneficial products. Includes the Organics Grant and Loan Programs and the Recycled Fiber, Plastic, and Glass Grant Program.

Wetlands and Watershed Restoration
Agency: Department of Fish and Wildlife – $25M

A competitive grant program that provides carbon sequestration benefits, including restoration of wetlands, coastal watersheds and mountain meadows.

The table to the right shows the FY2015/16 programs and allocations proposed by the Governor's Office and both chambers of the State Legislature. Little is known about those solely suggested by the Senate and Assembly, as many of them were only line-items inserted into the budget proposals in the days before the State Legislature's recess. For this reason, these programs are not covered in this report.

The one exception is the Disproportionately Affected Communities program proposed by the Senate, which would provide $500 million for cross-cutting investments in DACs. A similar program is included in the draft document for discussion of the new Three-Year Investment Plan as an "Integrated Project" program for DACs. More is written about this in the Community Engagement section on page 40.

PROPOSED GGRF PROGRAMS (FY2015/16)[8]

Continuously Appropriated Funds		**$1,200**	($ in millions)
High Speed Rail		$500	
Affordable Housing/Sustainable Communities		$400	
Transit and Intercity Rail Capital Program		$200	
Low Carbon Transit Operations Program		$100	
Discretionary Expenditures	Governor $1,037	Senate $1,532	Assembly $1,217
Transit and Intercity Rail Capital Program	$65	$65	$65
Low-Carbon Transportation	$350	$350	$350
Forest Health and Urban Forestry	$92	$92	$92
Wetlands and Watershed Restoration	$65	$65	$65
Waste Diversion	$60	$10	$75
Low-Income Weatherization Program	$140	$140	$140
Energy Efficiency for Public Buildings	$40	$40	$40
Agricultural Operations and Efficiency	$25	$50	$30
Active Transportation/Transit Passes			$50
Improved Agricultural Soil Management	$20		$20
River Revitalization/Greenway Development			$10
Agricultural Water and Energy Efficiency	$40	$150	$40
Urban Water-Energy Efficiency	$20		$20
Water and Energy Technology R&D	$30		$30
Rebates for Water Efficient Appliances	$30	$30	$30
Energy Efficiency/Renewable Energy UC/CSU	$60	$60	$60
Biomass Power Generation			$50
Biodiesel Refining and Biomethane			$20
Property Assessed Clean Energy Financing			$10
Community Outreach to Assist DACs			$8
Climate Change Research and Outreach			$6
Mosquito Vector Control Activities			$4
Climate Adaptation Activities			$3
Disproportionately Affected Communities		$500	
Green Bank/Energy Efficiency Financing		$25	
TOTAL EXPENDITURES	**$2,237**	**$2,732**	**$2,417**

Focus of Study

RESEARCH HIGHLIGHTS

Emphasizing Co-Benefits: Reducing GHG emissions is not the sole mandatory investment strategy for the GGRF. Other legislative priorities require the inclusion of economic, environmental and public health benefits, such as diesel emissions reduction; cost-savings on utility bills; or a decrease in the incidences of low-birth weight.

High Road Labor Opportunities: Establishing a higher labor standard for disadvantaged workers that includes a living wage, prevailing wage laws, ensuring compliance with labor laws and a quality work environment and other practices to protect the dignity and rights of workers.

Anti-Displacement Safeguards: Incentivizing measures to increase the resilience against the direct displacement of vulnerable residents and businesses by projects funded by the GGRF as well as potential subsequent economic displacement in the surrounding areas.

Authentic Community Engagement: Prioritizing decision-making partnerships with communities during policy development, determination of core issues and remediation strategies, the formulation of investment proposals, and involvement in the selection process that awards funds.

GHG REDUCTION STRATEGIES are the primary requirement for all GGRF programs, yet other legal mandates require the fulfillment of much-needed equity goals. ***Advantaging Communities*** focuses on the secondary requirements of co-benefits and protection against further harm to vulnerable populations. This report also emphasizes the need for authentic community engagement in the development of programs and proposals that seek to remediate the economic disenfranchisement, environmental degradation and adverse public health conditions that disadvantaged communities (DACs) have historically experienced.[9]

This research highlights areas of concern within the policies that inform investments in DACs that fail to: 1) maximize co-benefits; 2) prioritize high road labor opportunities; 3) adequately incentivize anti-displacement measures for the most vulnerable households; and 4) ensure funding prioritization for proposals emphasizing authentic community engagement. It also provides examples of methods to remedy each of these concerns and recommends policies to establish more thorough guidelines to implement those strategies.

To address these issues, this report is concerned with two types of administrative actions, with a particular focus on the latter:

Policies determining investment strategies and the development of programs. The Three-Year Investment Plan, compiled by the California Department of Finance in conjunction with ARB and other state agencies, identifies the strategies likely to be most effective targeting GHG and the creation of co-benefits.[10]

This has served as a blueprint for the strategies of most grant programs, which are meant to provide opportunities for carbon-reduction not currently existing in California climate change programs. This report looks for gaps that still exist in what GGRF strategies address and recommends programs to fill those gaps, such as cool roofs and eco-industrial manufacturing programs.

Policies determining scoring criteria and prioritization of proposal evaluations. This also occurs at both the macro and micro administrative levels. Individual programs each set ranking criteria for GHG reductions, inclusion of co-benefits and (for those administering SB 535 targeted programs) broader DAC benefits and protective measures such as proactive approaches to anti-displacement and community outreach methods. These policies of program-administering agencies are heavily influenced by ARB's Funding Guidelines. This document, currently approved in its interim form, is set to be finalized in September 2015. It provides directions for agencies targeting investments to DACs and funding guidelines for all agencies administering GGRF programs, including expected data reporting methods.

In addition to the guidelines provided by ARB and individual program agencies that are reviewed in this report, other sources of information are also considered, including:

- Legislation defining the structure and process of the GGRF pipeline to DACs
- Administrative oversight of the GGRF provided by CalEPA, ARB and other agencies
- The practices of state agencies administering programs and their interactions with the public and program applicants
- Analysis and recommendations provided by the non-governmental organization (NGO) community including the SB 535 Coalition, the UCLA Luskin Center for Innovation, the Coalition for Clean Air (CCA) and many allied organizations of the Liberty Hill Foundation in the Los Angeles area

Due to the breadth and complexity of all GGRF programs, a deeper analysis of individual program guidelines and policies is not feasible in this report. Instead, a first-pass analysis of relevant programs was undertaken to uncover the most significant instances where agencies could strengthen their provisions to protect the interests of DACs.

There were several factors taken into consideration to determine the most relevant programs. First, SB 535 requirements do not apply to each individual program, but to the GGRF as a whole. Subsequently, some programs do not significantly benefit disadvantaged communities, while others wholly focus on them. Additionally, all programs are not relevant to investments in urban areas. Programs such as those focusing on agriculture, wetlands restoration and large woodland areas are, therefore, outside the scope of this report. Also, many programs have the potential to impact DACs (positively or negatively) such as High Speed Rail, Waste Diversion and Energy Efficiency for Public Buildings, but are not expected to be a significant source of SB 535 targeted funding.

Finally, while many programs have specified SB 535 targets, 95% of DAC investments for FY2014/15 were concentrated in four programs. Two of these programs, the LIWP and Urban and Community Forestry designated 100% of their allocations for the benefit of DACs, and two others, the AHSC and Low Carbon Transportation programs targeted 50% for DAC benefits. A thorough discussion of individual co-benefits investment strategies also cannot be provided in this report. Examples of this type of analysis would

SB 535 Funding Targets by Program

Program (Agency) ($ in millions)	Total FY2014/15 Funding	Funds Allocated for DACs	% of Total DAC Investment
Low Carbon Transportation (ARB)	$200	$100	36%
Low-Income Weatherization (CSD)	$75	$75	28%
Sustainable Communities (SGC)	$130	$65	24%
Urban Forestry (CAL FIRE)	$18	$18	7%
PRIMARY DAC GRANTS INVESTMENT	**$423**	**$258**	**95%**
Low Carbon Transit Operations (Caltrans)	$25	$6	2%
Transit and Intercity Rail Capital (CalSTA)	$25	$6	2%
Waste Diversion (CalRecycle)	$35	$3	1%
Sustainable Forests (CAL FIRE)	$24		
Energy Efficiency Agriculture (CDFA)	$15		
Wetlands Restoration (DFW)	$25		
Energy Efficiency for Public Buildings (DGS)	$20		
High Speed Rail (HSRA)	$250		
TOTAL	**$832**	**$273**	**100%**

include the ability of active transportation to reduce vehicle miles traveled, incorporate green infrastructure and improve public health; how to tie carbon reduction strategies to air quality improvements through the reduction of airborne pollutants such as diesel emissions not typically associated with the production of greenhouse gases; or exploring the water/energy nexus that both reduce California's carbon footprint and alleviate the emergency-level drought conditions of the State.

Policy recommendations focus on the incentivizing of programs and proposals that emphasize GHG reduction while also providing significant economic, environmental and public health co-benefits to disadvantaged communities. With the adoption of stronger cross-cutting incentives and eligibility criteria, community- and issue-based organizations will likely identify strategies and create proposals that can provide a path forward to best practices.

Guideline Evaluations and Recommendations

PROGRAMS RECEIVING ALLOCATIONS through the Greenhouse Gas Reduction Fund (GGRF), recently branded by the Air Resources Board as "California Climate Investments", have established an unprecedented funding opportunity for sustainable development. This opportunity extends not merely to economic and environmental concerns, but also to the often underemphasized third pillar of sustainability—equity—the neglect of which is directly responsible for the rise of the EJ movement.[11]

Many concerned organizations, in turn, have called for the development of a "Green Economy" that emphasizes increased employment and energy cost-savings for low-income communities, while implementing strategies in renewable energy, improved public health, resource conservation and environmental clean-up.

There are a number of current efforts addressing the need for equitable development in the form of pilot "Green Zones" including:

- California Environmental Justice Alliance's (CEJA) Green Zone Initiative, with several urban and rural pilot programs across California.[12]
- A proposed *Clean Up Green Up* ordinance in the City of Los Angeles supported by the Liberty Hill Foundation.[13]
- East Yard Communities for Environmental Justice's (EYCEJ) Green Zone campaign in the City of Commerce.[14]
- The Environmental Health Coalition's (EHC) Community-Directed Land Use programs in National City and Barrio Logan, City Heights and Sherman/Logan Heights in the City of San Diego.[15]
- The 2014 UCLA Luskin Urban Planning Community Scholars Program report, *Envisioning a Greener LA: Environmental and Economic Sustainability for Boyle Heights, Pacoima & Wilmington,* which proposes 19 projects capable of effectively reducing GHG emissions as well as creating significant and lasting public health and economic benefits for EJ communities.[16]
- The Greenlining Institute is currently advocating for a statewide funding initiative that would supply matching grants for the planning and implementation of neighborhood-scale sustainability plans, such as the examples given here.[17]

Each of these initiatives focuses on pilot projects that strive to create replicable examples of best practices in socially and environmentally responsible development. Furthermore, they emphasize inclusive practices where the benefits for low-income communities are driven by strategies determined in a bottom-up process through partnerships with the communities themselves. These types of participatory processes rely not only on the technical expertise of climate scientists and urban planners, but depend equally upon the local knowledge of community leaders and the networking capacity and expertise of grassroots CBOs. These practices are an important step towards local empowerment and may serve as exemplary models to inform the GGRF programs of how to effectively implement sustainable development that addresses issues identified by communities as primary concerns.

Before turning to the co-benefit, anti-displacement and community engagement issues that are the focus of this report, ***Advantaging Communities*** first examines the existing policies that determine how DACs are identified and prioritized for funding. This has significant bearing on whether there is adequate funding for programs that may serve as models for the transformation of DACs and other areas suffering from EJ issues.

Adequate Investments for Disadvantaged Communities

The GGRF has the potential to move pilot Green Zones from theoretical models to statewide—and even worldwide—realities. But in order to do so, investments must be sufficiently concentrated in overburdened areas to begin a transformative effect and not merely add a drop in the bucket of overwhelming community needs. It is essential that agencies administering the GGRF define which communities are most in need of investment and allocate enough funding to create a significant and lasting change.

In September 2014, after a period of public comment, CalEPA chose CalEnviroScreen (CES) as the methodology for identifying DACs. CES 2.0 identifies communities at the census tract level utilizing twelve environmental and seven socioeconomic factors. A cut-point was established at the 75th percentile, so that the top 25% negatively impacted communities were those defined as DACs. This has implications not only for which geographic areas are eligible to receive SB 535 targeted funding, but also how much funding will be allocated compared to their less burdened counterparts. CalEPA, by defining DACs as census tracts scoring in the top 25% of CES rankings, merely ensures that the 25% most adversely impacted census tracts receive 25% of funds (as per SB 535). This protects DACs from receiving disproportionately fewer dollars than other relatively healthy areas, but falls short of the concentrated investments advocates hope to see.

Cumulative Burdens

CalEPA's cut-point establishes, at a minimum, a direct proportion of SB 535 funding in terms of a ratio of dollars to census tracts. The cumulative environmental and socioeconomic burden of the top 25% census tracts must be greater than 25% of the total State burden because they are the most adversely impacted areas. The cumulative burden of all DACs may be established by adding up each census tract's score above the 75th percentile.

Comparing the cumulative burden of DACs to the three lower quartiles of less adversely affected areas (Figure 1) shows that DACs have a burden almost 60% greater than the next highest scoring quartile and nearly five times greater than the lowest quartile. This amounts to 44% of the total environmental and socioeconomic burden of the State. This significantly disproportionate ratio of the cumulative burden faced by DACs (44%) to the funding allocated to address that burden (25%) is illustrated in Figure 2.

Further research is necessary to determine how DACs may receive more appropriate funding based on the significance of their cumulative burden. Potential solutions could be either adopting new legislation increasing mandatory DAC allocations to 45% of the GGRF or redefining DACs as census tracts somewhere between those above the 90th percentile which contain 21% of the cumulative burden and those above the 85th percentile, containing 30%. These higher cut-points, however, are not politically expedient as they would create a large concentration of investments in only a few areas across the State, with many regions, such as the Bay Area, having only a handful of census tracts eligible for SB 535 funding. Other potential

FIGURE 1 - CalEnviroSreen 2.0 Cumulative Burdens by Quartile

Quartile Range	Cumulative Score
76-100 (DACs)	94,151
50-75	59,571
25-50	38,024
00-25	20.372

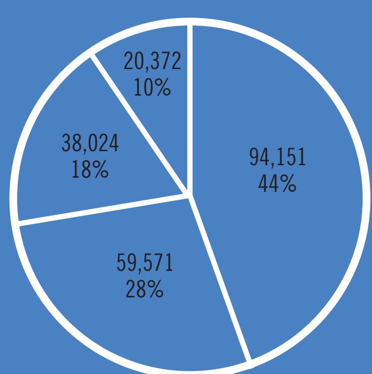
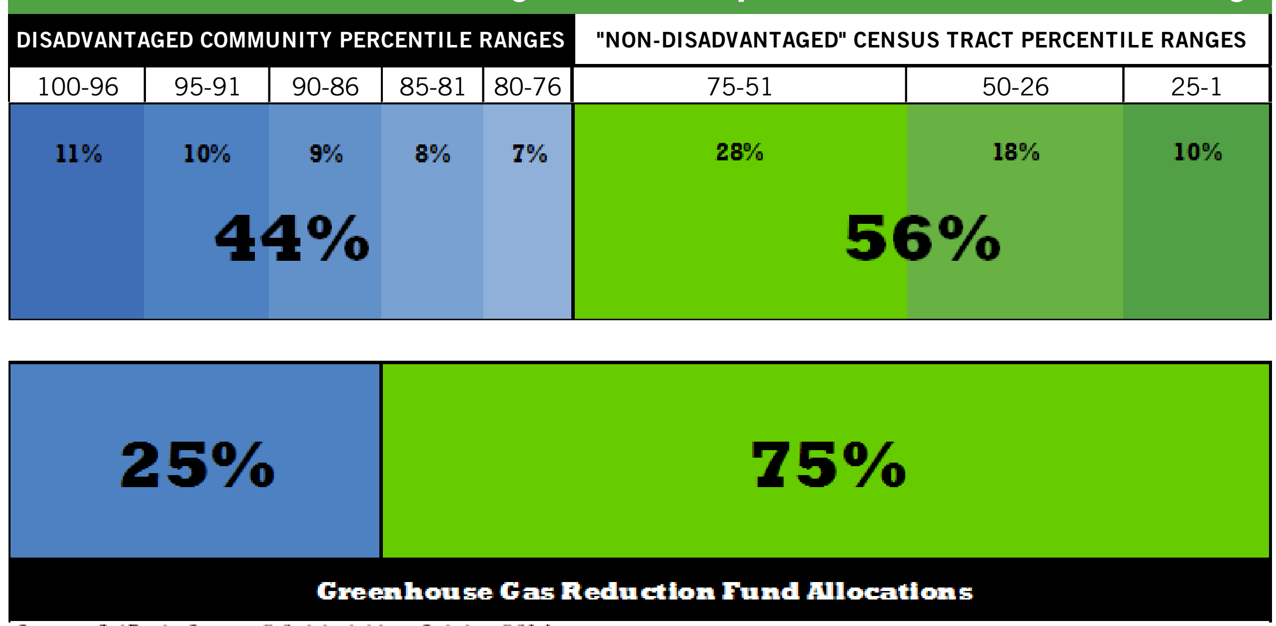


FIGURE 2 - Ratio of Disadvantaged Community Cumulative Burdens to Funding



Source: CalEnviroScreen 2.0 data tables, October 2014.

*Cumulative burdens for each percentile range are derived from the sum of the CES scores of each census tract within that range divided by the sum of all CES census tracts scores statewide.

solutions could involve regional allocations of GGRF funding based on cumulative burdens with more autonomy within each region to determine how SB 535 funding is spent, or allowing investments to be spent in census tracts within a certain radius of more impacted areas, provided they address factors shared by higher scoring census tracts.

Co-Benefits, Anti-Displacement and Community Engagement

AB 32, AB 1532 and SB 535 all clearly require investments to benefit disadvantaged communities. But what constitutes a benefit and what constitutes a community? SB 535 defines communities both demographically as vulnerable populations and indicates communities geographically when it mandates funding to be spent *within* DACs. Additionally, the socioeconomic and environmental factors utilized by CalEnviroScreen also address people and place, respectively.

This would indicate that a disadvantaged community benefit must not only improve a particular place, but also provide an advantage to the people who live within that place. This may seem fairly obvious, and one could argue that any improvement to the place where people live benefits the people who live there; however, improvements to neighborhoods have other consequences, such as an increase in property values and greater speculation in the real estate market. This can jeopardize the affordability of the area for economically vulnerable people and necessitate relocation to less desirable areas.

In order to counter these forces of displacement, GGRF programs have to consider not only displacement that occurs during the development of particular projects, but also the effects of potential displacement that could occur in the area surrounding the new development over time. Most low-income communities are not resilient enough to remain in an area with an increasing costs of living, and are forced to relocate as a result of this economic displacement.

Two ways that disadvantaged communities may become more resilient are through greater economic advantages and stronger social networks. Greater economic advantages may be achieved in many ways, including access to good paying jobs, the provision of permanently affordable housing, decreased living expenses and local business development—all of which allow a community to survive economic fluctuations that could otherwise price them out of their neighborhood. Stronger social networks may also offer resistance to the forces of displacement through the greater political power of organized residents and a greater investment and sense of ownership in their neighborhood.

The most direct way to ensure benefits to disadvantaged communities is to not only provide a better living environment, but also to ensure significant co-benefits, implement proactive anti-displacement measures and promote community engagement with the development occurring in their area.

These concerns are also echoed in AB 1532 which directs GGRF investments to, "provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions" as well as to "direct investment to the most disadvantaged communities and households in the State."

Additionally, legislation requires that all programs must provide opportunities for the most vulnerable populations in the State in a manner inclusive of those communities and their institutions, as in the following AB 32 mandate:

> "[Agencies must] *direct public and private investment toward the most disadvantaged communities in Cali-*

fornia and provide an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions."

These legislative concerns form the basis of the three general recommendations of this paper:

- Economic, environmental and public health co-benefits are maximized in GGRF programs investing in DACs;
- the most vulnerable populations are protected against displacement and remain the primary beneficiaries of investments; and
- communities must be authentically engaged not only in the implementation phase of projects, but throughout policy development, including the determination of core issues and remediation strategies, the formulation of investment proposals, and involvement in the selection process that awards funds.

The following sections provide analysis of the guidelines and practices of state agencies that currently determine how SB 535 funds are invested in DACs. These sections cover the following four topics:

CO-BENEFITS

LABOR

DISPLACEMENT

COMMUNITY ENGAGEMENT

At the end of each section is a specific set of recommendations provided for each concern. However, one overarching recommendation spans all categories and deserves mentioning here as a primary policy consideration: That all programs administering competitive grants qualifying for SB 535 funds provide a minimum of 25 out of 100 points in their ranking criteria for co-benefits, community engagement and anti-displacement.

ADVANTAGING COMMUNITIES
* Primary Recommendation *

*** Mandate agencies to set a minimum of 25 out of 100 points for co-benefits, anti-displacement measures and community engagement for competitive SB 535 funds**

GHG reduction is the most heavily weighted ranking criteria of many programs, as it should be. However, points awarded for co-benefits, including anti-displacement measures and community engagement, are minimal. Additionally, if these secondary requirements do not directly reduce GHG reductions, they may contribute to a less competitive submission if GHG scoring is based on ratios of GHG reduction to requested funding. Offering sufficient scoring potential for co-benefits would allow for robust measures to be included in proposals and incentivize significant co-benefit, anti-displacement and community engagement features. Ensuring all applicants for SB 535 funds may receive a minimum of 25 out of 100 points for co-benefits also allows for GHG reductions to still be the primary consideration.

CO-BENEFITS

Co-benefits within the Greenhouse Gas Reduction Fund are the secondary economic, environmental and public health benefits that can potentially occur in tandem with the reduction of GHG emissions. Although co-benefits are ultimately subordinate to carbon reduction, they are not optional. California legislation clearly mandates maximizing co-benefits in all climate investment strategies, with a particular focus on directing those benefits to disadvantaged communities.

The list of potential co-benefits for DACs is long: Job creation, small business support, increased property values for low-income homeowners, decreases in the cost of living including the provision of affordable housing units and the lowering of utility bills, education and skill development, safer neighborhoods, reduced airborne toxins not associated with climate change, reduced urban heat island effects, drought alleviation, soil remediation, improvement of blighted parcels, greater recreational opportunities that promote a healthy lifestyle, and reduced rates of asthma, obesity, heat-related illnesses and a host of other health conditions are just some examples of possible secondary benefits for California's most vulnerable populations.

Advantaging Communities provides policy recommendations to more effectively prioritize these benefits in DACs to the maximum extent feasible while maintaining a primary focus on GHG reduction. It also is concerned with ensuring that these benefits are not only maximized, but that they remain an asset to the most vulnerable households and businesses for as long as possible and that the benefits themselves address significant issues identified by community members. Recommendations also include policies promoting community resiliency against the forces of displacement and policies advancing authentic community engagement characterized by participatory, shared decision-making processes.

ECONOMIC CO-BENEFITS

Create quality jobs and increase family income (e.g., targeted hires, living wages, using project labor and community benefit agreements)

Increase job readiness and career opportunities (workforce development programs, on-the-job training, industry-recognized certifications)

Revitalize local economies (e.g., increased use of local businesses) and support California-based small businesses

Reduce housing costs

Reduce transportation costs and improve access to public transportation

Reduce energy costs

Improve transit service levels and reliability on systems/routes that have high use by low-income riders

Bring jobs and housing closer together

Preserve community stability and maintain housing affordability by prioritizing projects in jurisdictions with anti-displacement policies

ENVIRONMENTAL CO-BENEFITS

Reduce exposure to local environmental contaminants, such as toxic air, drinking water contaminants, and criteria air pollutants

Prioritize zero-emission vehicle projects for areas with high diesel air pollution

PUBLIC HEALTH CO-BENEFITS

Reduce health harms (e.g., asthma) suffered disproportionately by low-income residents / communities due to air pollutants

Reduce health harms (e.g., obesity) suffered disproportionately by low-income residents / communities due to the built environment

Increase community safety

Reduce heat-related illnesses and increase thermal comfort

Increase access to parks, greenways, open space, recreation, and other community assets[18]

Maximizing Co-Benefits

Reducing GHG emissions is not the sole mandatory requirement for investment strategies financed by the GGRF. Other legislative priorities are set forth in AB 32, SB 535 and AB 1532 that require the inclusion of economic, environmental and public health benefits while reducing GHGs. These co-benefits include, but are not limited to, economic and workforce development, reduced energy bills, improved air quality, drought relief, infrastructure upgrades, and decreased rates of asthma, obesity and heat related illness.

The nineteen factors that CES uses to determine DACs provide a good starting point to understand how investments can be targeted toward the greatest need in the programs and proposals that receive SB 535 targeted funding.

CalEnviroScreen Factors by Co-Benefit Category

Economic	Economic
Education level	Cleanup Sites
Linguistic isolation	Groundwater threats
Poverty	Hazardous waste
Unemployment	Impaired water bodies
	Solid waste
Public Health	Ozone concentrations
Children and elderly	PM2.5 concentrations
Low birth weight	Diesel PM emissions
Asthma emergencies	Drinking water quality
	Pesticide use
	Toxic releases
	Traffic density

Co-benefits, while requiring prioritization where feasible, may not supersede the mandate to lower GHGs in support of AB 32's carbon reduction goals. There are two ways co-benefits may be maximized while maintaining the primary focus on GHG reductions:

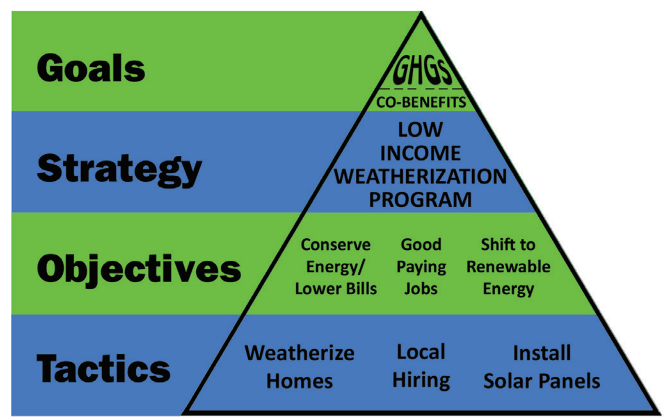
- Establishing **cross-cutting strategies/programs** that serve both the reduction of GHGs and the attainment of co-benefits as their ultimate goals
- Including **requirements or incentives** for co-benefit objectives within GGRF programs that support GHG reduction goals

Cross-Cutting Strategies

Co-benefits may be achieved by cross-cutting strategies/programs that serve both the reduction of GHGs and provide optimal outcomes for other economic, environmental and public health improvements. This is particularly applicable to those programs focused on satisfying the intentions of SB 535 by providing benefits directly to DACs. Without co-benefit maximization within DACs, the poorest communities that SB 535 intends to protect are left particularly vulnerable to the forces of displacement.

LIWP, administered by CSD, is one example of these types of cross-cutting investment strategies. LIWP not only reduces GHGs by increasing energy efficiency and renewable energy, but additionally provides economic and public health co-benefits to low-income homeowners by lowering their energy bills, decreasing exposure to indoor air pollutants caused by improperly functioning heating sources and adding value to their homes with solar photovoltaic panels and other residential retrofits. These co-benefits are an integral part of the goals of LIWP when homes are weatherized, appliances are upgraded and solar panels are installed.

Strategies and Tactics for Co-Benefits in LIWP



How GGRF programs are constructed to achieve both the primary goal of GHG reductions and secondary co-benefits is determined by legislative processes that are largely informed by the Three-Year Investment Plan.[19] The plan is prepared by the DOF, ARB and other state agencies with direction from the Governor's Office and State Legislature. ARB then conducts public engagement hearings and receives comments and the final draft is then prepared and submitted by the DOF to the Governor's Office.

The plan is responsible for recommending priorities for future investments that optimally reduce GHGs, produce co-benefits and provide benefits for DACs. One primary way the plan determines priorities is by analyzing gaps in current strategies and recommending how to close those gaps. The Three-Year Investment Plan considered programs already in existence, such as those strategies recommended in the *Climate Change Scoping Plan* that was assembled in 2008, as per the terms of AB 32.

Some investment strategies are overlooked, such as cool roofs/green roofs that may significantly reduce the cooling needs of buildings[20] and green business initiatives, which may include localized energy production at manufacturing sites, closed-loop waste reduction systems and eco-industrial park development. Other strategies, although identified in the Investment Plan, remain underutilized, such as those addressing the water/energy nexus. However, new programs tentatively scheduled for FY2015/16 propose strategies to improve municipal water supply systems, water efficient appliance rebates and other methods to address drought alleviation while lowering GHGs through reduced energy usage.

Existing Cross-Cutting Co-Benefit Strategies

DOF/ARB/CLIMATE ACTION TEAM: THREE-YEAR INVESTMENT PLAN

The Three-Year Investment Plan establishes the scope of strategies for carbon-reduction goals within five investment categories: energy, low-carbon freight and transportation, natural resource conservation, sustainable infrastructure projects, and waste management. Co-benefits identified include improved public health, air quality, drought relief, reduced energy costs, economic and workforce development and infrastructure upgrades.

ARB: LOW CARBON TRANSPORTATION PROGRAM

ARB not only provides oversight of the GGRF, but also administers its own program. The Low Carbon Transportation program includes sub-programs that provide economic co-benefits for DACs through rebates for alternative fuel purchases and car sharing programs, as well as public health and environmental co-benefits through the adoption of zero-emissions freight technologies. These programs include conversions of heavy-duty vehicles and other advanced freight technologies that reduce or eliminate the need for freight trucks including On-Dock Rail, Short Sea Shipping and Virtual Container Yards.[21]

Adoption of these upgraded technologies not only reduces GHGs, but also diesel particulate matter (PM) which is a known carcinogen (but is not considered a GHG), providing a significant public health benefit to communities living near freight hubs.

SGC: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC)

The AHSC program provides public transit upgrades and affordable housing to ensure that low-income communities benefit from increased access to transit and employment. Active transportation features, such as pedestrian and bike amenities, (though an underfunded aspect of the program) provide public health benefits as well as potential increased ridership by promoting local connectivity and reducing vehicle trips to transit stations.

CAL FIRE: URBAN AND COMMUNITY FORESTRY GRANTS

CAL FIRE's program structure is divided into five separate sub-grants. Three grants focus primarily on GHG reduction, even while there are urban heat island and other quality of life benefits to shaded neighborhoods:

- Green Trees for the Golden State – Tree planting
- Urban Forest Management For GHG Reduction – Jurisdiction-wide tree management
- Urban Wood and Biomass Utilization – Diverting green waste from landfills to energy production

Two other grants, however, focus more on co-benefits than GHGs, and require applicants to demonstrate how GHGs will be reduced:

- Woods in the Neighborhood – Reclamation of blighted urban lands
- Green Innovations – Forward-thinking green infrastructure development

Green infrastructure features, such as permeable landscapes, swales, green roofs, and other storm water management and flood control measures, all have a minimal effect on GHG reductions and are more applicable for achieving other environmental co-benefits such as drought-alleviation. This compartmentalization of the latter two Urban Forestry sub-grants might lead to a limited ability to accomplish their goals.

Requirements and Incentives

Co-benefits may also be realized through tactics employed in the support of strategies, as shown in the Strategies and Tactics pyramid on page 23 where local hiring is used to create good paying jobs for low-income populations in the communities served by LIWP. The program could be run without local hiring, but in the interests of maximizing co-benefits to DACs (and reducing vehicle-miles traveled with a local workforce), it becomes an important element of LIWP.

Agencies prioritize co-benefits in their programs either with eligibility requirements or through ranking criteria that award points for co-benefit objectives targeted in proposals. These agencies are directed by ARB's Funding Guidelines which contain three volumes: General Guidance (Vol. 1); Investments to Benefit Disadvantaged Communities (Vol. 2); and Reporting Requirements (Vol. 3).

Existing Co-Benefit Requirements and Incentives

ARB: FUNDING GUIDELINES

Volume 2, on DAC investments, is the only section with requirements or incentives of co-benefits. Many co-benefits commonly associated with DACs are listed, and examples of program specific co-benefits are detailed in Appendix 2.A, Criteria for Evaluating Benefits by Project Type. However, in spite of recommending that agencies "use scoring criteria that favors projects which provide multiple benefits,"[22] to disadvantaged communities, requiring multiple co-benefits is not established by ARB. The guidelines clearly state that"a project need only meet one criterion to qualify as eligible to considered as located within or providing benefits to one or more disadvantaged communities."[23]

SGC: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC)

SGC uses a 100-point scale to determine which proposals are awarded funding. Co-benefits may receive a maximum of 6.5 points, based on 2.16 points per co-benefit up to a maximum of three. Compare this to the 55 out of 100 points SGC awards to a ratio of GHG reductions per funding dollar. With this skewed ranking scheme, anything spent on co-benefits to achieve 6.5 points that does not produce GHG reductions will take away from the 55 points thereby disincentivizing any significant allocation to co-benefits.

CAL FIRE: URBAN AND COMMUNITY FORESTRY

Even without considering co-benefits, prioritizing GHG reductions based solely on a numerical value can lead to ill-informed policies. Consider, for example, an urban forestry proposal that seeks to better a DAC characterized by almost no trees or green space of any kind, a high population density and a severely overbuilt environment. This type of community lacks the open space required to affect GHG reductions at a level necessary to compete with another census tract defined as a DAC which encompasses a park where many more trees could be planted. Using a dollars-to-GHG reduction ratio would prioritize investments in the second community even though the need for trees would be far greater in the community lacking open space. If co-benefits were adequately prioritized in these types of project submissions, trees could be planted in the overdeveloped areas where they are needed most.

CO-BENEFITS
* Policy Recommendations *

* Require multiple co-benefit objectives be met to qualify for SB 535 funding

Currently the Funding Guidelines emphasize the need for multiple co-benefits, but only require one for a proposal to qualify for SB 535 funds.

* List specific methods and strategies in the Three-Year Investment Plan that target co-benefits

Listing methods and strategies that address co-benefit objectives and goals would establish clearer guidelines for agencies currently reticent to prioritize co-benefits. Naming these would help legitimate their uses and allow for a greater variety of unfunded (or underfunded) cross-cutting investment strategies, such as:

Active Transportation (AT) - Infrastructure featuring bicycle and pedestrian amenities, encouraging healthier lifestyles, increasing the convenience of car-free travel and providing first-and-last mile connectivity to public transit. AT is currently eligible for funding in several programs including the Rail Capital and Operations programs and AHSC. But according to advocates, GGRF programs represent a lost opportunity to fund AT programs, because while it is an eligible element of those programs it receives very little of the actual awards.[24]

Cool Roofs/Green Roofs - Cool roofs are made of reflective material that reflects sunlight away from buildings. These could be implemented at reduced costs if incorporated into rooftop solar programs and installed with crews already on the roof. There is also evidence which suggests the possible increased efficiency of solar panels when coupled with cool roof technology.[25] Green roofs reduce energy usage in the summer as well as provide insulation which helps control heat loss during winter, lowering heating costs.[26] They also absorb rainwater which can reduce urban runoff per building by as much as 75%.[27] Additionally, beyond their role in creating more energy efficient buildings, both cool roofs and green roofs can also reduce urban heat island effects and instances of heat related illness.[28]

Water/Energy Nexus - There are many links between water and energy systems. Water produces power through hydroelectricity and extraction of oil. Energy provides water by powering the water delivery, desalinization and the treatment of wastewater. Green infrastructure alleviates drought conditions by preventing run-off, recharging groundwater and reducing the transportation of water. Green infrastructure could be significantly featured in urban forestry and active transportation projects with minimal extra cost to provide these benefits.

Industrial Ecology - Providing opportunities for small and medium manufacturing enterprises in close proximity to DACs to green their operations could feature the development of Eco-Industrial Parks, localized energy production (solar, combined heat and power) and closed-loop industrial waste cycles. Benefits include reduce airborne pollutants, making local businesses more energy efficient, lowering costs through the shared infrastructure of business parks, reducing waste disposal fees and strengthening the community by resolving land use conflicts and making industrial operations better neighbors to residents.

LABOR

LABOR IS A KEY CO-BENEFIT for disadvantaged communities in the Greenhouse Gas Reduction Fund and has always been an important co-benefit of urban development. Building construction, rail and road transport expansion and other public improvements including energy, water and sewage infrastructure have all led to significant increases in quality employment, either temporarily during construction or permanently in commercial or industrial sectors. Community and labor advocates have sought to secure benefits for low-income populations linking proposed developments with targeted hiring including Project Labor Agreements (PLAs) and more recently Community Benefits Agreements (CBAs).

Sustainable development in the "green economy" creates significant opportunities for quality employment in DACs. These jobs also commonly exist in emerging green industries such as energy renewables, waste management, advanced manufacturing and green infrastructure which take advantage of potential career ladders and continued employment in fields with an increasing demand for skilled workers. Further, local green jobs for projects in DACs means that the people who have been hit hardest by the impacts of the fossil fuel-based economy and climate change will reap the benefits of GGRF investments by realizing environmental and health improvements where they live, and by providing sufficient income to pull families out of poverty.

JOINT LABOR/MANAGEMENT APPRENTICESHIPS

Apprenticeships registered with the U.S. Department of Labor (DOL) that provide an "earn-while-you-learn" model for skilled occupations in many fields. The DOL sets standards in training, certifications and curricula with many apprenticeship programs nationwide. As of this writing, the California Department of Industrial Relations lists 452 registered apprenticeship programs across the State.[28]

FIRST SOURCE HIRING PROGRAMS

First source hiring prioritizes the employment of specific people—such as those under a certain income level living near job sites—before opening job eligibility to the general public.

PROJECT LABOR AGREEMENTS/COMMUNITY WORKFORCE AGREEMENTS

PLAs are collective bargaining agreements between labor organizations and the principal interests of a given project or development (whether public or private) that establish wages, benefits and labor conditions prior to hiring. CWAs are provisions for targeted local hiring that may be included in PLAs.

COMMUNITY BENEFITS AGREEMENTS

Agreements where community-based coalitions pledge to not oppose a proposed development in exchange for local benefit guarantees from developers. Benefits may include employment standards and local hiring provisions, prioritized contracting with local businesses and/or Minority and Women-Owned Business Enterprises (MWBEs), affordable housing, green building design, dedication of land for public use and funding for local programs and services.

JOBS COVENANTS/CLAWBACK PROVISIONS

Accountability measures to ensure stated employment goals are achieved. Funding or subsidies may be granted in stages pending a project achieving hiring goals or may be charged back in the event of promise of employment not being kept.

Promoting Quality Jobs in the GGRF

The potential for better paying jobs in DACs is clearly one of the most promising co-benefits associated with GGRF programs. Not only do quality jobs improve the economic outlook for low-income households, but there is also an accompanying resiliency to stable employment that is potentially the most important factor influencing resistance to the forces of displacement.

Despite the importance of targeted hiring programs in DACs, there are currently no labor standards established by any agency. This creates reliance upon the judgments of individual contractors in a decentralized decision-making environment. Additionally, no tracking methodologies are in place to account for the successes or shortfalls of targeted hiring programs. Even where job reporting is occurring, without standardized processes in place, the data collected can be lacking the information necessary for effective program evaluation.

The Los Angeles Equity Alliance, convened by the South L.A. community-based organization Strategic Concepts in Organizing and Policy Education (SCOPE), is providing ARB a set of recommendations (see next page) for high-road labor development within the GGRF. Elements include establishing a wage floor, ensuring compliance with labor laws and a thorough tracking methodology to analyze not only the quality and quantity of jobs created in GGRF programs, but also the development of training pipelines and career ladders to help evaluate trends in climate sector industries, job quality, and training models that reduce barriers to employment for disadvantaged communities.

Existing Labor Guidelines

ARB: FUNDING GUIDELINES

Local hiring is listed as a common need of DACs and one of many possible elements in the criteria tables for SB 535 eligibility in Appendix 2.A of the Funding Guidelines; however, ARB does not mandate or incentivize any specific labor standards or targeted hiring programs for DACs.

CALTRANS: TRANSIT AND INTERCITY RAIL CAPITAL PROGRAM

Similar to ARB, Caltrans allows for targeted hiring to account for one possible eligibility criterion out of several choices to make a specific project eligible for SB 535 funding: Either 25% of project work hours performed by residents of a disadvantaged community or 10% of project work hours performed by residents of a disadvantaged community participating in job training programs which lead to industry-recognized credentials or certifications. However there are many other possible program elements that could make a program eligible for a qualified DAC benefit without any labor component.

CSD: LOW-INCOME WEATHERIZATION PROGRAM (LIWP)

The weatherization services featured in LIWP are provided by agencies already under contract through CSD's federally funded LIHEAP program. This program provides similar services as LIWP but does not incorporate targeted hiring. It is unclear how many organizations have experience with local hiring programs. Although CSD is working with local service providers to recommend specific practices for workforce development, set hiring goals and track and report jobs, these policies and practices have not yet been identified.

GRID Alternatives has a statewide contract with CSD for income-eligible single family residential solar installations in LIWP. GRID utilizes donated equipment and a volunteer workforce, which is mostly residents of DACs seeking the skills necessary for employment in the solar industry. Other volunteers include students and those participating more for charitable reasons.

Volunteers make no time commitments, although GRID maintains formal partnerships with numerous job training organizations, such as Homeboy Industries and East LA Skills Center. GRID has confirmed 213 solar industry hires out of 1,007 volunteers in the Greater Los Angeles area since 2012. These figures are based on the self-reporting of volunteers without any official tracking efforts by GRID, so the estimate is likely low.

GRID's costs are similar to the private sector due to the increased time needed for on-the-job training. Paid trainees contracted for a specific program would be more efficient than come-as-you-please volunteers, but even so, outside financing would likely be necessary to offer paid internships without increasing costs.[30]

SCOPE-LA: ARB Comment Letter on Labor Guidelines
(dated August 11, 2015)

....[W]e believe that the Air Resources Board's recommendations would be strengthened by providing more prescriptive guidance related to job growth and workforce development. Adding additional workforce-related recommendations and requirements can help ensure that programs maximize economic benefits, foster job creation, and direct investment toward the most disadvantaged communities in the state. In order to meet these goals, SCOPE recommends the following:

Ensure Investments Create Good Quality Jobs: Direct administering agencies to work with the State Labor and Workforce Development Agency to establish wage floors and identify other best practices, including local/targeted hire labor agreements, for all programs and projects receiving funds from the GGRF. While some industry wage mandates already exist, the administering agencies, with guidance from the state Labor Agency, should determine and require wage floors.

Maximizing economic co-benefits requires a strong entry-level wage floor as well as ladders up the wage scale as skills are acquired. Wage mandates have been shown to improve productivity and job quality, whereas volunteer work and relying on minimum wages does not provide family-sustaining income. The lack of good quality job standards and best practices significantly limits the ability of disadvantaged communities to benefit from potential job opportunities in the climate industry.

Develop Partnerships to Facilitate Outreach & Training: Dedicate guidance, capacity and/or funds to facilitate collaborations between agencies and local community-based organizations (CBOs), local Workforce Investment Boards, community colleges, and other training entities to strengthen outreach and training in disadvantaged communities. Many local CBOs and training entities already have deep relationships with residents and small businesses in disadvantaged communities, and provide proven job readiness and training certifications. With stronger collaboration among agencies and CBOs and training institutions there is potential to:

(1) leverage resources;
(2) avoid duplication of services;
(3) reach more disadvantaged workers and residents;
(4) establish training and job placement standards across providers; and
(5) open up opportunities for CBOS and small businesses owned by people of color, women and other diverse communities to apply for additional grants and funding.

The Department of Community Services and Development's Low-Income Weatherization Program is a prime example of a program that can benefit from collaborative outreach and job training efforts.

Measure Goals through Job Tracking & Reporting: Implement the use of a cost-effective job tracking and labor compliance system that collects performance, worker demographics, and job quality data across all agencies that receive GGRF allocations. In order to ensure agencies meet statutory economic development goals, the ARB should track and evaluate the quantity and quality of all jobs created along with the geographic and demographic distribution of jobs. These indicators should be used to inform best practices and to prioritize future investments. This data will also help policymakers ensure disadvantaged communities have adequate access to job opportunities created through the GGRF.

Maximize Benefits for Disadvantaged Communities: Use the GGRF allocations to fund proven training models targeted for disadvantaged communities, such as the "earn while you learn" model. Programs that provide on-the-job training, embedded in a broader occupational training program, lead to industry-recognized credentials or certifications, and have a high job placement rate should be explicitly prioritized for funding. Training investments will not only lead to a higher skilled workforce and more effective greenhouse gas reduction, but also will help low-skilled, incumbent, and disadvantaged workers access jobs in the climate industry.

LABOR

✻ Policy Recommendations ✻

✻ Implement a First-Source hiring program

Maximize local hiring to the extent feasible in all GGRF programs with a First Source hiring prioritization of low-income and hard-to-employ populations in DACs where projects are awarded funding. This has the dual benefit of creating economic co-benefits for disadvantaged workers and reducing GHG emissions by hiring workers who live near their place of employment.

✻ Leverage existing high-road labor ordinances

Local governments provide an indispensable role in assuring high road labor development within their jurisdictions. Programs could guarantee better hiring standards by prioritizing investments in DACs with local ordinances that promote high road labor practices such as living wages or wages exceeding the federal minimum wage, prevailing wage standards and priority public contracting with Minority and Women Business Enterprises (MWBE). This is especially important in GGRF programs when it is a public agency receiving funding.

✻ Reporting requirements

Reporting of employment data should be mandated, including a thorough tracking methodology to analyze not only the quality and quantity of jobs created in GGRF programs, but also the development of training pipelines and career ladders to help evaluate climate sector growth industries, job quality, and training models that reduce barriers to employment for disadvantaged communities. Due to the decentralized nature of current hiring practices, tracking the number of jobs and pathways from training programs to permanent employment are essential to determine the success of hiring programs and where they need to improve.

✻ Subsidize a registered apprenticeship program

Joint labor/management apprenticeship programs are an alternative to the unpaid/volunteer training models. These programs have been successful with many green economic development efforts, especially in construction trades. They offer standardized apprenticeships with job certifications and train a broad skillset preparing people for well-paid employment opportunities (e.g. becoming a certified insulation contractor, as opposed to basic weatherization skills like installing door thresholds and caulking).[31]

Programs such as GRID Alternatives have a successful development model based on the charitable donations of equipment and the philanthropic donation of skills and work time by volunteers. Currently they accept volunteers on a no-screening, no-commitment basis. However, with financing from the GGRF, GRID Alternatives could modify their program for LIWP solar installations and create a paid internship program with First-Source hiring in DACs.

The Utility Pre-Craft Trainee Program (UPCT) jointly administered by IBEW Local 18 and the Los Angeles Department of Water and Power is an example of a successful joint labor/management apprenticeship program that prioritizes disadvantaged worker hiring and selects a class of 25 people twice per year. Since 2011, 174 UPCTs have been placed in a permanent position, with 93% of those still working. UPCTs are all members of IBEW Local 18 and receive $16 per hour plus medical and retirement benefits when they start the program.[32]

DISPLACEMENT

MARGINALIZED AREAS with high concentrations of low-income households or small local businesses are particularly susceptible to the economic forces that accompany a sudden influx of investment. Because of this vulnerability, it is important to not only protect people against the direct displacement of any specific project, but also consider the economic displacement associated with gentrification that might follow as subsequent investors identify a potential “up-and-coming” neighborhood.

- **DIRECT DISPLACEMENT** occurs with the removal of affordable units or the disruption of businesses for the redevelopment of any particular parcel(s) or right-of-way
- **ECONOMIC DISPLACEMENT** occurs in the area surrounding a particular development through an increase in land values that takes place because of neighborhood improvements and new perceptions of the area

Protecting vulnerable low-income households against the direct displacement of development requires both relocation fees and one-for-one unit replacements at the same affordability and size as the demolished units. Local business owners also require support including replacement of lost revenues due to business interruption and other small-to-medium enterprise (SME) assistance programs.

After a development is completed, if it improves the overall environment, it will likely stimulate the secondary forces of economic displacement whether or not it causes the direct displacement of residents or local businesses. Environmental improvements lead to increased property values that primarily benefit landowners; however, most areas identified as DACs are characterized by a high level of absentee land ownership and low-income renter-occupants who are the most vulnerable to higher costs of living and, as a result, often can no longer afford to live in the area.

The potential for TOD investments to cause “ecological gentrification” is particularly worrisome. Increased demand for the neighborhood attracts wealthier residents who are less likely to use public transit,[33] and forces the relocation of low-income households—public transit’s most frequent riders—to less desirable areas that are usually transit-poor and on the urban fringe, resulting in increased vehicle miles traveled and a greater reliance on private transportation.[34]

The resilience of local residents and businesses against displacement is directly related to their economic power and the strength of their social networks. Building this resilience requires a diverse array of well-thought out methods that increase income and/or lower the cost of living; develop locally-owned and cooperative businesses; promote economic autonomy, education and public health; and utilize community-determined land use strategies that foster public safety, healthy living choices and social interaction. Community stability and community engagement, featured in the next section, are thus important co-benefits in and of themselves, and are indispensable factors for providing lasting and significant benefits to DACs.

LOCAL INCLUSIONARY HOUSING POLICIES

REPLACING AFFORDABLE UNITS
One-for-one replacement of all units occupied by lower-income households, including the first right of return for displaced households; rents affordable to very low-income households; location within the same neighborhood; timely replacement of lost units; and comparable unit size.

TENANT RIGHTS LAWS
Relocation assistance, rent stabilization, Section 8 voucher protections and deterrents for harassment and unwarranted evictions.

AFFORDABLE HOUSING OVERLAY ZONES
Zoning plans that relax the rules of a geographic area to incentivize affordable housing development. May include density bonuses, reduced parking minimums, greater height allowances, or permits for additional accessory units on single family lots. May also be used for greater control of affordable housing through increased requirements for open space and lot sizes.

JOBS-HOUSING LINKAGE FEES
Fees paid by non-residential developers to increase the affordable housing units needed by new workers.

VALUE CAPTURE
Captures a portion of land value increases resulting from new development. Policies include Special Assessment Districts (SADs) where property owners pay an additional assessment in relationship to the benefit they receive; or developer impact fees to finance the additional infrastructure necessary for their development. Value capture may also be used as part of a community land trust or land banking strategy, where land is purchased pre-investment and the original value is maintained to preserve below market-rate housing.

COMMUNITY CONTROLLED NGOs

LAND: COMMUNITY LAND TRUSTS
An especially strong anti displacement measure. A CLT is land typically acquired and held by a nonprofit organization under the control of board members comprised of low-income residents, workers and business owners. Land purchased by the trust may be removed from the volatility of the real estate market with limited equity potential, thereby ensuring permanent affordability for residential or commercial tenants.

FINANCING: COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS
Local banks that may specialize in microlending for business startups and energy retrofits. These lending institutions may also be run by community stakeholders whose local knowledge may allow them to determine risks of smaller loans more effectively than large banks, meeting needs that would otherwise go unmet.

ECONOMIC RESILIENCE

BUSINESS INTERRUPTION PROGRAMS

Programs to support local businesses to plan street closures, appropriate signage, and provide increased promotion and reimbursement of lost revenues due to business interruption.

SMALL TO MEDIUM ENTERPRISE (SME) BUSINESS ASSISTANCE PROGRAMS

Any of a number of programs to build local business resilience. May include energy and water savings programs offering technical and financial support for SME manufacturing companies wanting to adopt greener business practices that both reduce the burden on the environment and provide cost-savings for the company. Other services for existing businesses may include lease negotiation assistance, market analysis, space and tenant improvements, financial planning and analysis, developing or refining business plans.

BUSINESS STARTUPS

Programs offering financial planning, inventory and cash flow; business plan and marketing strategy development; assistance with business licenses and incorporation for new locally-owned business ventures.

STREET VENDORS

Incorporating land use methods to integrate public space with local street vendors' business operations.

COOPERATIVES

Programs engaging or establishing worker cooperatives, local business merchant circles, producer cooperatives, or other collectively owned enterprises to help root economic development to a specific place.

SOCIAL RESILIENCE

COMMUNITY DETERMINED LAND USE

Development that focuses on increased use of public space designed for use by individuals, families or groups and promoting interaction and a variety of activities. Characteristics can include street furniture, shaded areas, culturally representative and community-directed artwork, prioritizing local movement over through-traffic, and incorporation of facilities providing benefits to the community such as day care and community centers.

HEALTH AND EDUCATION

Increased green space, community gardens, pedestrian and bike amenities, outdoor fitness equipment, and inclusion of educational programs in forestry, cooking, gardening, healthy living habits and other topics.

THE BIGGER PROBLEM OF AFFORDABLE HOUSING

There is an obvious need for agencies awarding SB 535 targeted investments to not only look closely at how low-income residents and local businesses are directly affected by the projects they are funding, but to anticipate the potential effects of secondary economic displacement and implement methods to strengthen communities against those forces wherever possible. This is true in spite of the fact that anti-displacement remedies, if they are to be successful, require a far greater investment of resources than the GGRF can ever hope to provide.

It is far beyond the scope and capacity of the GGRF to provide the necessary affordable housing units near transit for DACs. AHSC is appropriated 20% of all GGRF proceeds each year, with half of that earmarked for affordable housing and transit-oriented development in DACs. However, even if the entire GGRF (estimated $2.73 billion for FY2015-16) was appropriated for affordable housing, it would not cover a quarter of the almost $13 billion necessary to maintain the current affordable housing stock in the City of Los Angeles,[35] let alone cover the costs of additional units needed for the 40% of the population that is considered "cost-burdened" (rent over 30% of household income).[36]

This is an urgent public policy matter for local and State decision-makers,. The affordable housing units built with the AHSC program can be part of a solution to address this need, but GGRF programs alone cannot contribute a sufficient number of units to prevent the economic displacement of vulnerable households. In order to maximize the potential contribution to increased housing security, GGRF programs need to leverage existing inclusionary housing policies within individual jurisdictions.[37] GGRF programs can ensure a greater impact on the stabilization of DACs if they are prioritized in areas where local ordinances already support low-income housing needs.

Anti-Displacement in the Greenhouse Gas Reduction Fund

Understanding how the complex and varied anti-displacement methods may best be incorporated into GGRF programs is an essential element of ensuring that the intentions of SB 535 are truly met. It is important for programs and projects to help establish criteria to incentivize methods with the objectives of increasing economic and social resilience in DACs.

The policy recommendations in this and the next section on community engagement, are integral parts of the resilience of communities with less economic power. Both sections should be considered together to more fully address the socioeconomic resiliency issues of populations susceptible to involuntary displacement.

Programs involving extensive infrastructure upgrades through transit and housing development (AHSC, LCTOP, TIRCP, HSR) are the GGRF programs that have the greatest potential to displace residential and commercial tenants, whether by construction that is responsible for the removal of existing units, or by business interruptions or closures related to street impediments and disrupted traffic patterns caused by transit infrastructure development.[38]

Comparatively, programs such as urban forestry, waste diversion and zero-emission conversions of diesel trucks are unlikely to physically displace any residential or commercial units. However, all of these programs may stimulate the secondary effects of economic displacement because of an increase in property values as a result of a greater desirability as a place to live. This benefits landowners, but not renters, who end up struggling to afford the rising cost of living in the area.

Existing Anti-Displacement Guidelines

The forces of economic displacement must be countered if the most vulnerable populations are to be the primary beneficiaries of environmental improvements to their neighborhoods. It is hard to imagine any scenario where a successful investment strategy transforms a toxic environment to an area that offers transit connectivity, increased green space and active transportation amenities that does not displace low-income residents without forethought, proactive planning measures and the empowerment of the community. GGRF programs must incentivize programs that offer innovative solutions to these problems, such as those listed on pages 33-34, if low-income households are to reap the long-term benefits of neighborhood improvements. However, at the present time, there are few existing guidelines attempting to incentivize anti-displacement policies.

ARB: FUNDING GUIDELINES

An important and symbolic victory for advocates was won with ARB's recent decision to include guidance for anti-displacement prioritization. After receiving a comment letter on the processes of the *Funding Guidelines Draft for Public Comment* issued on June 16, 2015, ARB issued a supplement to the draft less than a month later which cited anti-displacement as an important tool for maximizing co-benefits and providing benefits to DACs, recommending agencies prioritize projects in jurisdictions with anti-displacement policies.[39]

Although no guidance for agencies to require or incentivize this prioritization is established, it provides an important starting point to leverage the importance of community stabilization measures and their need to be more seriously considered.

SGC: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES

The Strategic Growth Council awards a maximum of one point (out of one hundred) for anti-displacement strategies (0.25 point for one strategy, 0.5 for two to three; and one point for more than three). They also provide examples, but limit them to residents and businesses that are directly displaced by the actual development. The bulk of the points (55) are awarded based on how high a ratio of dollars requested to GHG reduction the proposed project would achieve.[40] This effectively disincentivizes any anti-displacement strategy, considering significant expenses of many mitigation measures, such as the cost of affordable housing and the lack of local funding for inclusionary development policies.

While certainly not all programs or project submissions will be able to incorporate many anti-displacement methods, it is imperative that proposals are awarded that meet SB 535 legislative requirements that investments benefit people (and not only neighborhoods) and that no further harm to vulnerable populations results from the implementation of GGRF programs.

ANTI-DISPLACEMENT
* Policy Recommendations *

*** Leverage anti-displacement measures by prioritizing investments in local jurisdictions with existing inclusionary housing ordinances.**
In order to maximize the potential contribution to increased housing security, GGRF programs need to leverage existing inclusionary housing policies within individual jurisdictions to have a greater impact on the stabilization of DACs.

*** Require projects to provide one-for-one unit replacements and relocation fees**
Any project causing the direct displacement of low-income residents should supply an equal number of units at the same size and level of affordability as the units being replaced. Relocation benefits should cover moving expenses and related costs equal to mandates for federally funded projects.[41] Support should also be provided to find adequate housing promptly and close by, and increases in rent should be paid to relocated tenants if no comparable housing is available at the same cost. Upon completion of new units, relocated tenants should also have the first right of return.

*** Require large scale projects receiving SB 535 funds to provide a resiliency analysis and incorporate mitigation measures**
Require all transit, housing and other projects creating significant impacts on businesses, residents or the physical environment to either establish participatory processes featuring shared decision-making with community leaders knowledgeable of EJ issues, or provide a resiliency analysis that includes neighborhood demographics, projected property values, residential and commercial market analyses, and a thorough community assessment. Similar to an environmental impact report, a resiliency analysis should either show no realistic likelihood of direct or economic displacement, or provide significant mitigation measures such as those provided in this section and the following section on community engagement.

COMMUNITY ENGAGEMENT

Authentic community engagement involves the employment of participatory practices characterized by mutual learning. Communities are informed by organizational or public agency representatives about programs, technical issues and opportunities and those representatives are in turn educated by a community's awareness of the issues as they affect a local population based on their own research, experience and expertise.

Prioritizing partnerships with communities at every stage of the decision-making process including policy development, determining core issues and remediation strategies, proposal formulation and selection, project implementation and the tracking and reporting of data may seem a tall order for most public agencies. It is, however, an ideal which can be made far more feasible through partnerships between public agencies or other applicants and grassroots organizations well-versed in EJ issues.

This report refers to grassroots organizations as groups that are committed to partnerships with communities and pursue development or advocacy in a manner determined by the communities for which they advocate. What these organizations have in common is a belief that no external entity or authority can truly serve the needs of a marginalized community without direction from those intimate with the local landscape and direct experience of the hardships of living and working there.

There is a vast network of grassroots EJ advocacy efforts across the state. Statewide coalitions including the California Environmental Justice Alliance (CEJA) and the Asian Pacific Environmental Network (APEN)— which also works locally in the East Bay—have grown out of the work of many experienced and accomplished grassroots EJ organizations, including the Center for Community Action and Environmental Justice (CCAEJ) in the Inland Valley areas of San Bernardino and Riverside Counties; Center on Race, Poverty and the Environment (CRPE) in the San Joaquin Valley; Central Coast Alliance United for a Sustainable Economy (CAUSE) in the Central Coast counties; Communities for a Better Environment (CBE) and Communities for a Safe Environment (CFASE) in Wilmington (CBE is also in the East Bay); East Yard Communities for Environmental Justice (EYCEJ) in the City of Commerce; Pacoima Beautiful; People Organizing to Demand Environmental and Economic Rights (PODER) in San Francisco; Strategic Concepts in Organizing and Policy Education (SCOPE) and TRUST South LA, both in South Los Angeles.

Community Assessments

A participatory inventory of community attributes including population characteristics; environmental and economic concerns; local attitudes; services offered; identification of local businesses, nonprofits, faith-based organizations, social groups, potential leaders, public agencies and other institutions to aid in the determination of community needs and capacity.

Crowdsourcing

A data collection methodology where a large group of people may contribute information. Highly suitable for online participation. Community members may interact with or comment on a project that has at least an initial design but has not yet been finalized.

Design Charrettes

Informal participatory gatherings between community members and a small group of professionals usually used for collaborative visioning of the built environment. Charrettes can be useful to build consensus between a variety of stakeholders and provide a framework for realistic projects that are informed by the needs and determined by the perspectives of the community.

Educational Programs

A useful tool to build awareness of programs, either during development or implementation. Most helpful when done in a co-learning environment where local knowledge is provided to those who are offering technical information to the community.

Ground Truthing

A participatory mapmaking process that utilizes local knowledge of the landscape and may combine hand-drawn maps with GIS digital mapping technology. Community members may conduct field surveys of proposed project areas in their neighborhood and mark and/or note existing physical and environmental conditions, public activities and other elements that enriches the information beyond an aerial view or street map.

Roundtable Discussions

An interactive public meeting occurring in a conversational manner with a back-and-forth of ideas and an equal voice for each participant. Differs from public meetings that take the form of an agency presentation to the public followed by comments from those in attendance, often without any response from the public agency holding the meeting.

Technical Assistance Programs

Providing a centralized portal to receive community inquiries and direct individuals or organizations to agencies and specific staff who can provide more detailed support applicable to the specific request.

Promoting Community Engagement in the GGRF

Many community engagement methods require implementation during the planning stages of programs. At the present time, whether planning activities should be permissible in GGRF investments is a contentious issue. As a result most people (advocates included) see establishing funding for any planning activity as an uphill battle. However, it is important to note that the High Speed Rail project, which received $250 million dollars from the GGRF in FY2014/15, has $59 million designated for planning and design,[42] and AB 1532 specifies funding for research and development to aid GHG reduction strategies as a permissible investment strategy for the GGRF.

Authentic community engagement, in the ideal, is characterized by a relationship between a public, private or nonprofit entity where decision making power is shared throughout program development from conceptualization to implementation and the tracking of outcomes. This may not be possible in the development of every program, but understanding how to prioritize projects that come closer to this ideal is an important incentive to ensure proposals vying for SB 535 targeted funds incorporate the most inclusive practices possible.

Program agencies have made a considerable effort to hold public meetings during the development of their guidelines and have been exceptionally responsive to the input of CBOs and coalitions. A greater challenge occurs with the prioritization of community engagement in the ranking and selection of competitive grants, or with grants automatically allocated to public agencies.

CAL FIRE's Urban Forestry grants and the AHSC program are the only widely applicable programs where CBOs may directly apply, and AHSC's complexity is beyond the capacity of most CBOs. This shortage of opportunities for direct community involvement with the creation and submission of program proposals, increases community reliance on the public agency and larger organizational willingness to form partnerships with local stakeholders and grassroots organizations.

However, substantive measures to sufficiently emphasize participatory processes have not been implemented in the administration of GGRF programs. As a result, few communities have been involved in projects approved for their neighborhoods. These are issues that deserve far greater attention than they have received thus far. Complicating matters, solutions can vary greatly depending on the method of program distribution, as in the following examples:

- Applicants to competitive programs such as the Urban Forestry grants and CalRecycle's waste disposal programs, which implement projects at specific locations affecting the surrounding communities, likely have the most direct ability to engage communities during proposal formulation and project implementation;
- Programs such as AHSC and TIRCP requiring a more intense development process regarding many issues and over longer periods of time. Coordination is needed between many different entities, such as transit agencies, housing developers, local and regional jurisdictions, CBOs and communities;
- High Speed Rail, the Transit and Intercity Rail Capital Program and the Low Carbon Transit Operations Program, rely upon entities whose decision-making is typically more opaque to the public to engage communities (e.g. transit agencies, ports, public-private partnerships);
- LIWP, administered by CSD, engages the public at the statewide level. Contractors, whether those contracted statewide for solar installations or the local providers of weatherization services, are responsible for any community engagement during the implementation of the program.

One significant shortcoming of the GGRF is the lack of an accessible program where communities can create proposals and address their needs more holistically. CAL FIRE grants are for the planting of trees, some green infrastructure and blighted land purchases (although the latter was not funded in FY2014/15). The AHSC program incorporates several aspects of green development including housing with greater access to employment, public transit, bicycle and pedestrian amenities and urban greening, but the housing and transit elements along with the need to negotiate joint liability with local jurisdictions are beyond the capacity of most CBOs.

A flexible program for sustainable development within DACs would not only allow for more projects to be adopted tailor-made for their communities, but would also allow for un/underutilized investment strategies not employed by the current GGRF programs to be included provided they primarily address GHG reductions and maximize co-benefits in their objectives and goals. These potential projects could include cool roofs, green roofs, strategies addressing the water/energy nexus and other investment possibilities listed in the Co-Benefits Recommendations in this report on page 26.

The draft document for the new Three-Year Investment Plan (FY2016/17 to FY2018/19) proposes an "Integrated Projects" program in DACs that could provide cross-cutting strategies across sectors such as energy renewables, urban forestry, low carbon freight, active transportation, transit, waste disposal and more, tailor-made to the needs of individual communities (see sidebar).[43] This idea may be related to the Local Climate Action/Disproportionately Affected Communities Program proposed by the State Senate as a new program eligible for FY2015/16 funding (see Proposed GGRF Programs on page 12) that would distribute $500 million to counties based on how disproportionately they are comprised of DACs.[44] ARB staff indicates that ultimately local governments would be responsible for allocating the funds for DACs within their jurisdictions.[45]

Advocacy efforts for authentic community engagement throughout the decision-making processes of the GGRF are nothing new. Perhaps the most intensive effort thus far occurred as part of an SB 535 workshop conducted in March of 2014 at the UCLA Luskin Center for Innovation in partnership with many organizations. The workshop detailed reasons why inclusionary practices were paramount to effective program development and proposal evaluation specific to many of the individual GGRF programs.[46]

INTEGRATED PROJECTS IN DACS TO SUPPORT LOCAL CLIMATE ACTION (PROPOSED PROGRAM)[49]

"To help support local transformation through climate action in disadvantaged communities, concentrated investment could be made through 'integrated projects'— projects that support energy and transportation solutions, smart growth, urban forestry, and more—all in a single community. Investing in multiple project types to cut greenhouse gases in one geographic area would allow the State to emphasize the synergistic effects that exist between many of the strategies.

This approach could be particularly advantageous in the 2,000 census tracts identified as disadvantaged communities where significant capital and jobs are needed to improve areas that have traditionally lacked investment. Local governments with jurisdiction in these disadvantaged communities are uniquely positioned to select from a menu of greenhouse gas reducing projects to meet local needs and support community-wide transformation. These local governments could be appropriate applicants and project managers for "'integrated projects.'"

CALIFORNIA LEGISLATURE: TECHNICAL ASSISTANCE BILLS

There is proposed legislation in both the State Assembly and Senate that recognizes the need to provide technical assistance for DACs. AB 156 (Perea), proposes that ARB be required to establish a comprehensive technical assistance program for DACs with moneys allocated in the Three-Year Investment Plan. Funding would not count against GGRF proceeds targeted to benefit DACs under the terms of SB 535. The scope of technical assistance would include helping interested parties identify state agencies with appropriate programs; aiding with the development of competitive submissions for programs; coordinating existing local programs focused on GHG reductions with new programs receiving money from the GGRF; and conducting community outreach and awareness campaigns to DAC residents regarding consumer programs, such as rebates.

SB 398 (Levya) would establish the Green Assistance Program (GAP) to be administered by the Secretary of CalEPA. This program would provide assistance to small businesses/nonprofits, and disadvantaged communities. The initial scope of technical assistance proposed by SB 398 was similarly constructed to that which is proposed in AB 156 including assisting with basic information on available programs and deadlines; referrals to designated contact people in public agencies administering the programs; and assistance during the application preparation and submission process. The last point however was struck from the bill,[450] pursuant to concerns about impartiality of agencies providing support, and the significant amount of resources necessary to have centralized support requiring expert knowledge of each program, especially considering the stipulation that CalEPA use only existing resources to fund the program.[51]

Additionally, principles were discussed to help guide administering agencies evaluate future submissions with claims to community engagement, such as culturally-appropriate community decision making and the need for strategies specific to individual communities.[47] However, the workshop stopped short of recommending specific methods that represent best practices in community engagement.

Existing Community Engagement Guidelines

Community engagement is mentioned as a priority in nearly every guideline document produced in relationship to administering GGRF programs. But community engagement as a box to merely check off means very little. There is a great difference between providing information to the public through a public meeting as compared to a process that creates partnerships that share planning and decision-making responsibilities with local stakeholders.[48]

The timing of community engagement is equally important. Delegating authority to a community during program implementation does little to ensure that the goals and methods are supported by the community. A far different outcome is likely if this authority is granted during program conceptualization.

ARB: FUNDING GUIDELINES

ARB requires agencies to conduct public outreach during the development of their programs citing it as an important tool for maximizing co-benefits. Yet there are no recommendations for programs to prioritize submissions that employ effective community engagement. The criteria tables that establish eligibility for SB 535 funding do not include community engagement.

SGC: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC)

The Strategic Growth Council awards a maximum 2 points (out of 100) for community engagement, based on the frequency and accessibility of public meetings and how well applicants identified key stakeholders, and considered the feedback they received. However, the bulk of the points (55) awarded to proposals are based on how high the ratio of dollars requested to GHG reduction the proposed project would achieve.[52] Therefore, community engagement strategies are limited to an extent that diminishes their value to virtual insignificance.

CAL FIRE: URBAN AND COMMUNITY FORESTRY

Although there is no ranking system made public by CAL FIRE, according to Urban Forestry program administrator John Melvin, they look closely at the amount of community engagement processes in place when evaluating any proposal.[53] Several programs require all projects to have an active participation commitment from either local residents, local business, local nonprofits or local government to be eligible, and all grants either require or recommend educational programs on stewardship of natural resources and tree care.

ARB: LOW CARBON TRANSPORTATION

Although ARB, in its role as the administering agency of the Low Carbon Transportation grants, has done an excellent job of engaging communities during the development of its individual grant programs, it is also important for there to be safeguards ensuring community engagement is employed within the proposals themselves. This is particularly important with grants such as the Zero-Emissions Drayage Truck and Advanced Freight Technology programs that restrict applicants to public agencies.

For example, it is important to ensure that communities living near ports that suffer from elevated levels of air pollution are not only involved in the development of the programs, but also that public agencies submitting proposals are forming partnerships with well-informed CBOs advocating on behalf of communities. Organizations such as Communities for a Better Environment and Coalition for a Safe Environment can help to ensure that equity issues are addressed and solutions proposed that reflect the best interests of the DACs targeted for investment.

ARB: TECHNICAL ASSISTANCE FOR DACS (IN DEVELOPMENT)[54]

Currently, the Air Resources Board has received a $500,000 allocation (separate from the GGRF) to implement a technical assistance program for DACs, The development of this program precedes two bills proposing technical assistance for DACs in the California Legislature (see sidebar) and its allocation has no relation to the two bills and is therefore not reliant upon their passage to proceed.

The program creates a new DAC Liaison position at ARB, responsible for both providing support to DACs and overseeing contract(s) with technical assistance provider(s) that would also provide technical assistance to DACs. NGOs, including colleges or universities, might be examples of eligible contractors.

The purpose of the program would be to provide a centralized portal for information about what types of GGRF programs are available and to assist with program-specific requirements and eligibility criteria. The DAC Liaison or contracted service provider may refer inquiries to a specific staff member at agency administering the grant in question. The support would be provided for key grants that targeted a significant amount of funding to DAC investments satisfying SB 535. This would likely result in program support for a limited number of grants, including AHSC, LIWP, Urban Forestry and TIRCP.

The assistance would not encompass technical specifics related to GHG or co-benefit calculations or support developing competitive proposals for specific grants. ARB staff have expressed concerns about supporting applicants' submissions, citing the amount of training and resources it would require. They also cite legal concerns of a State agency providing support for competitive proposals and thus advantaging some applicants over others.

The roll-out of this technical assistance program is early 2016 at the soonest. Hiring of the ARB staffed DAC Liaison position will likely occur in the coming months, but the cumbersome contracting process required by the State would not likely allow for contracts to be approved before January, 2016. A more accelerated process might occur if extra funding for technical assistance to DACs occurred through the passage of AB 156. SB 398 passage would have no bearing on the timeline. It charges CalEPA, not ARB with the administration of its proposed program and additionally offers no extra funding to get the program up and running.

COMMUNITY ENGAGEMENT
* Policy Recommendations *

* Support creation of a flexible DAC "Integrated Projects" program

Create and implement the DAC "Integrated Projects" program currently mentioned in the new draft of the Three-Year Investment Plan and in the Senate's proposed budget. Strategies and methods employed should not be limited to those already existing in GGRF programs, but be flexible enough to include any GHG-reduction/co-benefit strategy that addresses a significant concern in a particular DAC. Proposals should provide funding for cross-cutting investment strategies that grassroots organizations may apply for directly from the administering agency.

* Create a DAC Technical Assistance Program offering support in the application process

Ensure robust funding for the development and operation of ARB's DAC Technical Assistance program. The program should advise about opportunities in the GGRF, and support the preparation of applications, especially for the flexible DAC "Integrated Projects" program. This should not be viewed as a conflict of interest favoring some applicants over others, as all DAC projects will have access to this technical assistance.

* Identify and incentivize community engagement methods applicable to GGRF programs

Some examples of community engagement methods and their potential applications are:

Community Assessments: Widely applicable. May determine the financial capacities and purchasing habits of households for consumer incentives; identify priority properties for weatherization and solar retrofits, or establish a baseline of housing needs; and surveys to provide transportation preferences and skills inventories.

Crowdsourcing: Public transit or AT projects where designs are posted online and community members comment on what they perceive as benefits or potential problems.

Educational Programs: Widely applicable. Tree planting and care, cost-saving energy habits, bicycle safety or campaigns to build awareness of rebates or other programs.

Design Charrettes and **Ground Truthing:** Projects involving transit infrastructure, pedestrian and bike amenities and their connectivity to transit, vehicle charging stations, affordable housing development and transit-oriented design and tree planting strategies.

Roundtable Discussions: Local/regional agencies applying for transit or port grants may formulate proposals in partnership with communities through roundtable exchanges.

Conclusion

CO-BENEFITS ARE INTEGRAL to GHG reductions. GHG emissions must be reduced *and* disadvantaged communities and households must benefit economically, environmentally and with positive impacts on public health. Without embedded objectives to engage, stabilize and empower economically vulnerable populations, improvements to historically disinvested areas will inevitably increase property values and displace those who have been geographically isolated, environmentally harmed and economically marginalized. Innovative socioeconomic resiliency measures must be employed and policies implemented to incentivize them. Public engagement at both the state and local levels, and throughout the planning and implementation stages, is crucial for ensuring the benefits of GGRF programs are realized and that DAC residents reap the benefits of investments for years to come.

It is essential that GGRF investments target both people and place, and look for innovative ways to strengthen the ties between them. The strength of the linkage between populations and the neighborhoods in which they live is predominantly proportional to their sense of ownership, their autonomy of activity and their ability to determine how public space is utilized. SB 535 targeted investments in DACs and for the entire GGRF should prioritize programs and proposed projects that create partnerships with communities. Wherever possible, experienced grassroots organizations can and should play a central role in determining how to best invest in their communities and ensure that objectives reflect significant concerns of the community and produce substantial and lasting benefits.

As of this report's completion, many program agencies are still reticent to prioritize anything other than GHG reductions, with several (SGC, CAL FIRE, CSD) citing legal concerns and the restrictions set by ARB as reasons for not placing greater emphasis on co-benefits. ARB, however, has devoted more resources to staff and has expressed a willingness at public workshops to explore ways that co-benefits may be better emphasized in GGRF programs. The final updates to the Funding Guidelines, scheduled for September of 2015, and the contents of the new Three-Year Investment Plan that will be deliberated and finalized between August of 2015 and January of 2016 will largely determine the extent to which co-benefits may be emphasized without superseding the primary focus of the reduction of GHG emissions.

Cross-cutting strategies can play a significant role in creating additional economic, environmental and public health co-benefits while maintaining a primary focus of reducing the carbon footprint of California. If this is to happen, however, programs and proposals cannot be dissected part by part to see if each individual element in-and-of-itself prioritizes GHG reductions over all other benefits. No program would survive under such a microscope. Instead, programs and proposals should be evaluated in a more holistic manner to ensure the goal of every program: Significantly contribute to the reduction of GHG emissions to meet the goals established by the State, maximize co-benefits through methods that reasonably serve to further reduce GHG emissions and protect and improve the lives of vulnerable populations.

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