

## **Assessing Disadvantaged Community Benefits: A Framework for Determining which GGRF-Funded Projects will Count toward SB 535**

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

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Revenues in the **Greenhouse Gas Reduction Fund** (GGRF) must be allocated (a) only to projects that reduce GHGs and provide maximum feasible co-benefits, as required by **AB 1532** (Pérez), while (b) ensuring that the mandates of **SB 535** (de León) are met. SB 535 requires that “a minimum of 25 percent” of GGRF moneys go “to projects that **provide benefits** to” disadvantaged communities and “a minimum of 10 percent ... to projects **located within**” those communities. Once proposed projects are evaluated on whether they count toward SB 535, they should also be scored and ranked according to criteria (including disadvantaged community benefits, other co-benefits, and community participation in project development) to determine which projects rank highest for funding. A flowchart on page 2 illustrates how the SB 535 determination should fit into an overall GGRF investment process.

**A Four-Step Process.** To count as providing a benefit under SB 535, a project must (a) fill an important need of low-income people (b) in a way that provides a significant benefit and (c) targets its benefits primarily to low-income people while (d) avoiding substantial burdens on a disadvantaged community. ARB should establish a systematic approach for evaluating investment options to ensure that disadvantaged communities receive meaningful benefits that significantly outweigh any burdens, as follows:

- The investment will provide one or more of the kind of benefits that meets an important need:** Low-income residents of disadvantaged communities have needs and priorities that are distinct from those of the public at large. This step ensures that no project counts toward SB 535 if it does not address one of those priority needs.
  - Projects that “provide benefits” to a disadvantaged community (which may, but need not be, located within a disadvantaged area) must address a need commonly identified by low-income residents and households by reducing health disparities; lowering household costs of housing, transportation or energy; increasing family income, job readiness or career opportunities; or improving mobility and access to opportunity.
  - Projects “located within” a disadvantaged community must address either (a) a need highlighted in CalEnviroScreen as a particular priority within the disadvantaged community (e.g., areas where unemployment is especially high should be targeted for jobs) or (b) a need identified as a high priority by the community through an inclusive public process.
- One or more of the benefits meets a threshold of significance:** A merely incidental or nominal benefit is not enough. ARB should develop metrics and thresholds, which administering agencies will tailor to their investment areas, ensuring that benefits provided are significant. For instance, how much rent savings will accrue to low-income households? How many premature deaths will be avoided within the project area? How many jobs will be provided?
- The primary beneficiaries are low-income residents or households.** Some GGRF investments will be expressly targeted to low-income residents or households (defined by CalEnviroScreen as no more than 200% of the federal poverty limit). For those that are not specifically targeted, project sponsors must demonstrate that the overwhelming majority of beneficiaries will be low-income. For example, 70% of the residents living within an appropriate radius of the project are low-income, 65% of the expected users of a service or facility will be low-income, or low income residents will be eligible for a significant number of jobs created by the project.
- The project must avoid substantial burdens.** No project should expose the community to toxics or lead to a net loss of affordable housing or to displacement of low-income residents or local businesses. Administering agencies should monitor the adverse impacts of projects receiving funding.

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## OVERALL PROCESS FLOWCHART

