

April 29, 2021

Subject: Sustainable Agricultural Lands Conservation Program Fiscal Year 2020-2021 Round 7 Guidelines

Reporting Period: December 2020 – April 2021

Staff Lead: Virginia Jameson, Program Manager, Department of Conservation

Recommended Action

Adopt the Final Sustainable Agricultural Lands Conservation Program Fiscal Year 2020-2021 Round 7 Guidelines.

Summary

The Sustainable Agricultural Lands Conservation Program (SALC) provides grants for agricultural conservation acquisitions and the development of local government plans to protect agricultural lands from conversion to more greenhouse-gas-intensive uses. This will be the seventh round of the program, which has made awards on an annual basis.

Staff continue to refine the program on an annual basis in response to State priorities and stakeholder input. This year, for conservation acquisition grants, program changes include: incorporating implementation of Executive Order N-82-20 and equity as program goals; revising the application process to make eligibility determinations at the pre-proposal stage; adding optional funding for carbon farm plans; and changing the points possible for the program's selection criteria. For planning grants, staff recommends adding a second tier of funding at \$500,000 to support partnerships that conduct extensive public outreach, work on an infill housing-related plan, or both.

Staff released the Draft Round 7 SALC Guidelines for public comment on February 19, 2021. The following month, staff held virtual public workshops on proposed changes on March 3 and March 9 but did not hold in-person workshops due to the COVID-19 pandemic. A total of 75 people participated in the workshops, and eight individuals and organizations submitted comments at the workshops. The public comment period closed at noon on March 23, 2021. Staff also received 12 comment letters containing 101 distinct comments, which staff reviewed and incorporated into the draft final guidelines; Attachment 2 compiles these comments. After receiving the letters, staff met with commentors to hear additional feedback.



With Council adoption, program staff will proceed with a project solicitation. Staff will recommend project awards in a separate Council action later this year.

Background

The California Strategic Growth Council (SGC) administers the Affordable Housing and Sustainable Communities program (AHSC), established by the Legislature in 2014, “to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development...” (Pub. Resource Code § 75210).

In July 2014, the Council approved the Department of Housing and Community Development to help implement the housing, transportation, and infrastructure components of AHSC, and the Department of Conservation (DOC) and the California Natural Resources Agency to help implement the agricultural lands protection component of AHSC, named the Sustainable Agricultural Lands Conservation Program, or SALC.

SALC facilitates the reduction of GHG emissions by protecting croplands and rangelands at risk of conversion to urban and rural residential development. The program has thus far accomplished this by investing in two project types: agricultural conservation acquisitions and local government planning grants. Acquisition projects extinguish development rights, thereby avoiding increases in GHG emissions by reducing opportunities for expansive, vehicle-dependent forms of development; planning grants support the implementation of Sustainable Communities Strategies or other local plans that reduce greenhouse gas emissions. The quantification methodology estimates avoided GHG emissions per project based on vehicle miles traveled avoided when properties are protected from development, as well as emissions avoided from forgone construction and building energy from heating.

Recommended Revisions to the Round 7 Program Guidelines

General Revisions

Revisions to Program Goals

Previously, SALC program goals were to:

- 1) Protect agricultural lands to support infill and compact development, and

- 2) Further the purposes of [AB 32](#) by avoiding increases in the greenhouse gas emissions associated with the conversion of agricultural land to nonagricultural uses.

To better reflect current climate laws and goals, the Round 7 Guidelines include the following updated program goals:

- 1) Protect agricultural lands to support infill and compact development,
- 2) Contribute to carbon neutrality and build climate resilience through support for sustainable land management, and
- 3) Support Executive Order N-82-20 by:
 - a. Safeguarding the State's economic sustainability and food security;
 - b. Protecting biodiversity;
 - c. Enabling enduring conservation measures on working lands, in partnership with land managers and natural resource user groups;
 - d. Building climate resilience, reducing risk from extreme climate events, and contributing to the State's effort to combat climate change; and
 - e. Advancing equity and opportunity for all regions of California.

Staff propose several additional changes to the guidelines to better align them with the updated goals, to clarify how projects should meet these goals, and to better clarify the roles and responsibilities between SGC and the DOC.

General Revisions

Equity

Equity is a new sub-section of the Guidelines, outlined on pages 8-11. This subsection describes the policy and strategy behind efforts to incorporate equity into the SALC program. As in past years, staff propose to continue to award points to projects that provide benefits to priority populations following the SALC program's Priority Population Benefits Checklist.

California Native American Tribes

The SALC program has not received an application from any California Native American Tribe. One reason is that SALC requires eligible project plans to "support the implementation adopted or draft Sustainable Communities Strategy or, if a Sustainable Communities Strategy is not required for a region by law, a regional plan that includes policies and programs to reduce greenhouse gas emissions" (California Public Resources Code §75211(b)). The program

defines “regional plans” as those related to transportation planning and the reduction of vehicle miles traveled.

These definitions left out California Native American Tribes, which may not have these plans in place. The guidelines refine the definition of “regional plans” to expand the type of plans the program would accept from California Native American Tribes to include “plans demonstrating a commitment to reduce greenhouse gas emissions, such as an adopted air quality plan, international agreement to which the tribe is signatory, or an agreement with other tribal authorities demonstrating a commitment to reduce greenhouse gas emissions.”

These changes apply to eligibility for SALC Planning Grants and Acquisition projects.

Acquisition Revisions

Application Review Process

SALC’s multi-step application review process includes looking at a project’s eligibility, readiness, and selection criteria. In past years, the SALC Interagency Committee has assisted staff in determining whether projects met the program’s eligibility criteria of encouraging infill development toward the end of the application process. This meant that projects unlikely to satisfy that criterion went through the pre-proposal and application phases of the program, which are time-intensive for applicants and staff. Staff propose updating this process to convene the Interagency Committee at the pre-proposal stage in order to evaluate the alignment of projects with the program’s goal to encourage infill development. Projects that meet the infill criteria and the other eligibility criteria will move forward with full applications.

Selection Criteria

Only projects that are eligible and funding-ready are scored against the selection criteria. The selection criteria are quantitative metrics to evaluate the extent to which projects meet program priorities and look at a variety of factors to assess a project’s agricultural use and other benefits. Only projects that are eligible and funding-ready are scored against the selection criteria.

SALC’s selection criteria prioritize funding for projects that best meet AHSC’s mandate to protect agricultural lands that support infill and compact development (Public Resources Code § 75210), are most at risk of urban or suburban sprawl or of special environmental significance (Public Resources Code § 75212(h)), and further Executive Order N 82-20 and the GGRF goals

of selecting projects for multiple benefits (Funding Guidelines for Agencies that Administer California Climate Investments p.12 (2018)). The California Farmland Conservancy Program, GGRF funding guidelines, and other conservation programs also inform these criteria.

Staff propose restructuring the selection criteria to match the program's updated goals and priorities, adjust the points to reflect those priorities, reduce the total points to 100, and make criteria specific changes, including:

- a. Clarifying that projects in the wildland-urban interface must provide wildfire resilience benefits to nearby communities;
- b. Revising the greenhouse gas emissions reduction metric away from awarding points based on greenhouse gas emissions avoided *per acre* to awarding points for *total* greenhouse gas emissions avoided *by the project*;
- c. Adding points for projects that commit to developing a carbon farm plan as part of the acquisition;
- d. Adding points for projects where the landowner or conservation buyer:
 - Is a beginning farmer, a farmer who is a U.S. Military Veteran, a resident of a disadvantaged or low-income community, or member of a low-income household; or
 - Provides secure land tenure to one of the above; or
 - That support a farm incubator or other new farmer training program onsite.
- e. Incorporating evaluation of soil quality into the analysis of the acquisition's ability to support long term, sustainable agricultural use;
- f. Clarifying that projects that promote regional food systems resilience will receive additional points; and
- g. Revising the environmental co-benefits criterion to focus on protecting biodiversity.

For Round 7, staff recommend awarding up to 100 points across 19 criteria in order to competitively balance program priorities such as support for infill development, greenhouse gases avoided, equity, and agricultural use against environmental, economic, public health, and other benefits that arise from conserving agricultural lands.

Management Plans

Staff propose to continue to provide up to an additional \$10,000 to those approved projects that choose to include a sustainable management plan as part of the project. Alternately, applicants

may request \$10,000 to prepare a carbon farm plan as part of their project. The updated Guidelines require that such plans be:

- Incorporated by reference into the deed;
- Approved by DOC prior to close of escrow for easement acquisitions;
- Approved within one year of close of escrow by DOC for fee acquisitions;
- Reviewed for consistency with currently implemented practices at least every ten years; and
- Updated when a change occurs that has the potential to impact the conservation values or conservation purpose of the acquisition.

Conservation management plans must describe management practices to protect the conservation values identified on the property, including practices to protect biodiversity and facilitate climate adaptation, greenhouse gas emissions reductions, and carbon sequestration.

Carbon farm plans must include a complete assessment of the property's carbon sequestration potential and describe practices that will be implemented to sequester carbon and avoid greenhouse gas emissions on the property.

Staff recommend that these plans remain optional this year.

Building Envelopes

Staff propose to clarify the program's policies on building envelopes:

- For existing buildings, landowners must identify in the pre-proposal at least one building envelope to contain these structures.
- If no single-family residences, secondary dwelling units, or farm worker housing exist on the property at the time the pre-proposal is submitted, applicants shall:
 - Identify in the pre-proposal the size, number, and location of one or more building envelopes to contain these structures, or
 - Identify in the pre-proposal the size and number of proposed future building envelopes to contain these structures and agree to deed language establishing a process to identify the location of the future building envelope(s), including approval of the selected location by the Council.

Planning Grant Revisions

The planning grant portion of the program continues to receive strong interest in part as a result of the technical assistance provided by program staff, third party contractors, and the University of California Agriculture and Natural Resources. Since, maintaining the stability of the Planning Grant program is key to continuing interest in the program, staff recommend only limited changes in the Round 7 Guidelines. These changes focus on expand eligibility in order to strengthen partnerships and add a second, higher funding tier.

Stakeholder feedback indicated that a second, higher funding tier would increase the impact of Planning Grants, help awardees address the housing goals under AHSC, and enable more extensive community outreach, especially in disadvantaged communities. Stakeholders also indicated that giving more types of entities the ability to apply to the program as a lead applicant would be helpful, since local government agencies sometimes lack the resources to lead a project application.

In response, staff propose adding a second tier of funding of \$500,000 and making additional types of entities eligible to apply if they partner with a local government planning agency. Those new applicant types include resource conservation districts, academic institutions, land trusts, and other agricultural nonprofit organizations.

In the past, SALC awarded planning grants of up to \$250,000 to local government planning agencies such as cities, counties, local area formation commissions, councils of government, metropolitan planning organizations, regional transportation planning agencies, and groundwater sustainability agencies. Awardees could contract out some work to partners like resource conservation districts, land trusts, and others, but those organizations were not able to apply themselves. Because the SALC program has a goal of making sure that plans are likely to be implemented, staff propose that any applicant beyond those not previously eligible still be required to partner with a local government planning agency as listed above and memorialize that partnership in a Memorandum of Understanding. At a minimum, the MOU will demonstrate support for the project and SALC's purposes, detail the partners' roles in the project, and indicate that the partners will consider adopting the plan resulting from the project.

Projects eligible for the new funding tier of up to \$500,000 – must include two or more partners, as well as an infill housing development planning element with community engagement, or another planning project that also includes extensive community outreach and engagement.

Awardees may not re-budget to other tasks any unspent funds budgeted for infill housing development planning or outreach and engagement. This safeguard will ensure that applicants deliver on these goals and do not inflate budgets for other tasks. As in SALC's sixth round, planning grant applicants for both tiers must provide at least 10 percent match .

In prior guidelines up to 5 percent of the available SALC funding could be used for planning grants. Staff propose increasing this to up to 10 percent of the available funding to maintain funding capacity for planning grants.

Match funding may come from the lead agency or any of the partners. The lead agency/grantee will act as fiscal agent for the project and be responsible for coordinating reimbursement from SALC.

These changes are in addition to the general eligibility change affecting California Native American Tribes.

SALC Program Achievements to Date

The Council has awarded \$232.9 million through SALC's six funding rounds, supporting:

- 123 easement projects and two fee acquisitions covering 117,922 acres of agricultural land;
- 24 planning grants;
- Technical assistance for three local governments in FY19/20;
- A technical assistance agreement with University of California Agricultural and Natural Resources (UCANR) to hire academic coordinators to work in Fresno and Riverside Counties; and
- 19.5 million metric tons of carbon dioxide equivalent to be avoided.

Recommended Action

Adopt the Final Sustainable Agricultural Lands Conservation Program Fiscal Year 2020-2021 Round 7 Guidelines.

Should the Council agree with staff's recommendation, the following motion language is suggested:

"I move that the Council approve the Final Sustainable Agricultural Lands Conservation Program Fiscal Year 2020-2021 Round 7 Guidelines."

Attachments

Attachment 1: Sustainable Agricultural Lands Conservation Program Fiscal Year
2020-2021 Round 7 Guidelines

Attachment 2: Public Comments Compilation

