

April 28, 2022

Subject: FY2021-2022 Sustainable Agricultural Lands Conservation Program Fiscal Guidelines (Round 8)

Reporting Period: December 2021 – April 2022

Staff Lead: Saharnaz Mirzazad, Deputy Director of Community Investment & Planning, SGC
Shanna Atherton, Acquisitions Program Lead, DOC
David Dodds, Planning Program Lead, DOC

Recommended Action

Adopt the Final Fiscal Year 2021-2022 Sustainable Agricultural Lands Conservation Program Round 8 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 eighth round of the program, which has made awards on an annual basis.

Staff continue to refine the program in response to State priorities and stakeholder input. This year, program changes include: adding a capacity grant component to the program to increase stakeholders' capacity to develop and complete agricultural land conservation acquisition projects to meet the State's climate adaptation and resilience goals; adding investment targets to support the program's equity goals, expanding factors SALC considers when determining whether an acquisition project supports infill and compact development and is at risk of conversion to non-agricultural uses; revising the acquisition grant selection criteria to pursue a portfolio approach to multi-benefit agricultural land conservation; and increasing maximum planning grant awards from \$250,000 to \$500,000.

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

About the Sustainable Agricultural Lands Conservation Program

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 greenhouse gas (GHG) emissions by protecting agricultural lands 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.

The Council has awarded \$298.9 million through SALC's seven funding rounds, supporting:

- 142 easement projects and two fee acquisitions covering 142,660 acres of agricultural land;
- 27 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
- 23.1 million metric tons of carbon dioxide equivalent to be avoided.

Background on the SALC Guidelines Revision Process

In April 2021, SALC staff conducted two listening sessions focused on equity, during which participants identified ways the program perpetuates equity. Staff also conducted a general listening session. Following these listening sessions, SALC staff held two working group sessions to identify actions SALC and SGC can take to address the issues identified during the listening sessions. Finally, SALC contracted with two Indigenous contractors to review the Guidelines and identify ways the Guidelines can be improved to increase accessibility for tribes.

Staff incorporated feedback on these topics into the Draft Round 8 SALC Guidelines and released the Guidelines for public comment on February 23, 2022. The following month, staff held virtual public workshops on proposed changes on March 9 and March 10. Staff did not hold in-person workshops due to the COVID-19 pandemic. A total of 93 people participated in the workshops. The public comment period closed on March 25, 2022. Staff received seven comment letters containing 50 distinct comments, including 22 comments expressing general support for the changes incorporated into the Round 8 Guidelines. Staff reviewed and incorporated revisions to address the remaining comments where appropriate. Attachment B compiles these comments.

Recommendations

General Revisions

In addition to the changes described below, staff propose minor administrative revisions to improve clarity and eliminate redundancy.

Grant Extensions

In past rounds, the SALC Guidelines have allowed grant extensions of one year in cases where the grantee is making progress toward completing the grant but completion of the project has been delayed beyond the grant's expiration date. This extension is typically sufficient for grantees to complete project work. However, in some circumstances, particularly for conservation acquisitions, project closing may be delayed beyond that year by circumstances out of the grantee's control. These delays have become



more frequent over the last year. In these cases, if an additional extension is granted, the Guidelines governing those projects will need to be amended and the amendment brought to the Council for approval.

To reduce the administrative burden on the Council of amending Guidelines where future projects are delayed, staff propose eliminating the one-year limit on grant extensions and allowing extensions at the Executive Director's discretion, with an Executive Director report to the Council when extensions are granted.

Capacity Grants

The California Air Resources Board (CARB) encourages programs that utilize California Climate Investments dollars to provide program-specific technical assistance to potential applicants in order to assist them in developing projects and preparing and submitting applications. SALC relies on local and regional partners to conduct agricultural land conservation work; however, many partners lack the capacity to conserve land at the rate needed to meet the state's climate goals. To address this issue, the Round 8 Guidelines have been expanded to include up to \$3 million in funding for capacity grants.

Grants of up to \$100,000 will be available to applicants to build organizational and financial capacity to develop agricultural conservation acquisition projects. These grants are available to applicants for which this would be their first capacity grant with the Department of Conservation or who have 0 - 2 paid staff. Grants of up to \$250,000 will be available to applicants to expand existing organizational capacity to develop agricultural conservation acquisition projects and to increase the pace and scale of their agricultural land conservation efforts. These grants will be available to applicants who have 3 or more paid staff or have received a capacity grant from the Department previously, and who can demonstrate the organizational and fiscal capacity to complete the work outlined in their work plan. Grants will be awarded for an initial term of three years.

Tier 1 applicants will be able to request an increase in funding up to a total grant award of \$250,000 during their grant term if they can demonstrate the organizational and fiscal capacity to administer additional funds within their remaining grant term. Award increases shall be prorated based on the remaining grant term, shall be at the discretion of the Executive Director of SGC, and may only be made if funding is available.

Equity

Building on changes from Round 7, Round 8 Guidelines include the addition of a 20% investment target for acquisition projects that provide secure land tenure to beginning/Veteran farmers or residents of a priority population, or that provide other benefits to a priority population to facilitate equity goals.

The SALC program has not received an application from any California Native American Tribe. To encourage projects led by tribes, the Round 8 Guidelines include a 5% investment target for acquisition projects where a tribe or tribal non-profit is the applicant or co-applicant. The Round 8 Guidelines also clarify what tribes are eligible for which components of the program and how the program is applicable to tribes.

To encourage submission of acquisition projects that meet these investment targets, projects eligible for 100% funding have been expanded from those that provide a meaningful benefit to a priority population as defined using CARB's priority population benefits table. In addition to projects that provide a benefit to a priority population, projects that provide secure land tenure to beginning/Veteran farmers or

residents of a priority population, or where a tribe or tribal non-profit is the applicant or co-applicant are now eligible for 100% funding.

Acquisition Revisions

Acquisition Grant Eligibility Criteria

In response to guidance from the Strategic Growth Council at its January 2022 meeting, the Round 8 Guidelines expand the ways in which acquisition applicants can justify that their project site supports infill and compact development and is at risk of conversion to non-agricultural uses. To that end, staff have eliminated the use of the risk options from the program and developed a list of factors SALC may consider in their analysis, including land conversion trends, housing development and parcelization patterns, commute time to job centers, the property's developability, transportation infrastructure, and access to broadband.

Selection Criteria

SALC aims to conserve quality agricultural lands that support infill and compact development while providing additional benefits to the State. Historically, the program has done this by funding individual projects that provide multiple benefits. However, in funding projects that provide multiple benefits, projects that best met SALC's primary goals of protecting quality agricultural land and support were seen as less competitive. In addition, as additional priorities have been incorporated into the program, the SALC application process has become overly burdensome to applicants.

In response to guidance from the Strategic Growth Council to focus on program accessibility and to ensure that the primary program goals are met, the Round 8 Guidelines streamline the selection criteria to allow SALC staff to take a portfolio approach to meeting the program's many goals. Staff propose reducing the selection criteria from seven categories and 23 sub-categories to five categories: agricultural use, support for infill and risk of conversion, equity, other program goals, and other co-benefits. Staff also propose redistributing the points for each category to prioritize projects on quality agricultural lands that best support infill and compact development and are at risk of conversion to residential or rural residential development.

Likewise, staff propose revising the application to reduce the number of questions asked and allow applicants to take a narrative approach to addressing the program priorities. All of these proposed changes received strong support during the public comment period.

Associated Costs

SALC funds both acquisition costs for projects and direct costs associated with completing the acquisition, including staff time to develop easement documents, title and escrow costs, and appraisals. In Rounds 1-4, applicants were allowed to request associated costs up to the amount they anticipated spending on the project. Based on a review of average associated costs for projects and in order to support grantee capacity to conduct project work, in Round 5 SALC shifted to automatically granting applicants a maximum of \$50,000 in associated costs unless they request less in the application. Applicants who require additional associated costs may request funding for those costs above the \$50,000 with justification and at SGC's discretion. While staff costs appear to have remained steady over the past few years, legal fees and appraisal costs having been increasing, and it is unclear whether appraisal costs will decline in the coming years. Staff propose increasing the approved associated cost amount from \$50,000 to \$60,000 to account for inflation and potential increased costs to applicants

during their project's life. Associated costs will continue to be paid on a reimbursement basis with proof of costs incurred.

Planning Grant Revisions

Planning grants provide funds to develop plans that conserve agricultural lands by designing and implementing land use policies and accompanying strategies that reduce the threat of conversion to nonagricultural uses. Staff recommend only limited changes in this year's Guidelines; maintaining the stability of the Planning Grant program is key to continuing interest in the program. Staff recommend three changes to the planning grant section of the program guidelines:

- Restructuring the planning grant introduction and planning grant examples to be consistent with overall program goals and provide more actionable ideas for potential applicants. This includes an emphasis that these plans should result in local or regional land use plans.
- Increasing grant maximum grant award to \$500,000 to keep abreast with increasing planning staff costs; and
- The list of eligible partner applications is expanded to include "special districts with a mission related to agricultural preservation."

Next Steps

Upon Council approval of the Round 8 SALC Guidelines, the application solicitation for all program components will go live.

Below is an anticipated timeline for application deadlines and project awards:

- April 28, 2022: Solicitation released
- May 12, 2022: Acquisitions pre-proposal workshop
- June 15, 2022: Acquisition pre-proposals due (required)
- July 1, 2022: Planning pre-proposals due (optional)
- August 8, 2022: Capacity applications due
- September 9, 2022: Acquisition and Planning applications due
- December 2022: Round 8 SALC awards adopted by Council

Recommended Action

Adopt the Final Fiscal Year 2021-2022 Sustainable Agricultural Lands Conservation Program Round 8 Guidelines.

Attachments

Attachment A: FY2021-2022 Sustainable Agricultural Lands Conservation Program Guidelines (Round 8)

Attachment B: Public Comments Compilation