

**Subject:** FY 2019-2020 Transformative Climate Communities Program  
Guidelines: Round 3 Final Adoption

**Reporting Period:** September-October 2019

**Staff Lead:** Julia Nagle, Interim TCC Program Manager

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### **Recommended Action:**

Adopt the Fiscal Year 2019-2020 Final Draft Transformative Climate Communities Program Round 3 Guidelines (Attachment 1). Upon the California Strategic Growth Council's adoption of the Guidelines, staff will solicit transformative plans eligible under these Guidelines via a Notice of Funding Availability and competitive awards process for the third round of the TCC Program.

### **Summary:**

This report provides background on the Transformative Climate Communities Program (TCC) and summarizes the proposed changes to the 2019-2020 Guidelines.

TCC Program Staff released the 2019-2020 Draft Guidelines for review by the public on August 12, 2019. The California Strategic Growth Council (SGC) received 17 written public comments on the Draft Guidelines by the September 6, 2019 deadline. TCC Program Staff also released proposed changes to Appendix B on October 1, 2019 and requested public comments on the changes by October 7, 2019. SGC received two (2) written public comments by the deadline. Copies of all of the comment letters are provided in Attachment 2.

### **Background:**

On September 14, 2016, Governor Brown signed AB 2722 (Burke), which created the Transformative Climate Communities Program, a grant program administered by SGC to support broad-based greenhouse gas emission reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities. TCC Implementation Grants support an integrated set of projects within a defined project area of approximately five square miles. These projects are developed under an umbrella of three strategies. All of the strategies and fundable projects for the program are included in the Guidelines Appendix B.

TCC also provides Planning Grants to support planning activities to advance community-led goals and projects.

Sixty million dollars (\$60 million) is available for the TCC Program for Fiscal Year 2019-2020, funded through cap-and-trade auction proceeds, for two Implementation Grants of \$28.4 million each. Six hundred thousand dollars (\$600,000) is available for TCC planning grants for Fiscal Year 2019-2020, also funded through the TCC annual appropriation of cap-and-trade auction proceeds.

## Recommended Round 3 Guidelines Updates:

The FY 2019-2020 Final Draft TCC Program Guidelines (Attachment 1) include updates from the FY 2018-2019 TCC Guidelines in the following areas:

### 1) Project Area Requirements:

Rounds 1 and 2 of TCC limited eligibility to the top five percent (5%) of disadvantaged communities in California, as determined by CalEnviroScreen. Round 3 proposed expanding eligibility to the top ten percent (10%) of disadvantaged communities. Specifically, the Guidelines include the following requirements:

- a. At least fifty-one percent (51%) of the geographic area of the proposed Project Area must overlap with the Census Tracts within the top ten percent (10%) of disadvantaged communities, per CalEnviroScreen 3.0.
- b. Applicants must define a contiguous Project Area that is no larger than approximately five square miles and is within the boundary of a single incorporated city. Unincorporated area eligibility is extended to Round 1 and 2 Planning Grant recipients that included unincorporated areas within their Planning Areas.

### 2) Funding for Transformative Elements:

The Guidelines include increased funding allocations for the transformative elements of proposals.

- a. Applicants must allocate five percent (5%) of their budget for data collection and indicator tracking. Applicants were previously required to allocate only three percent (3%) of their budget to indicator tracking. Three percent (3%) will be used to hire a pre-qualified TCC evaluation team, and two percent (2%) will cover lead awardee and partner staff costs to gather data and report to the TCC Evaluation Team on indicators required by the California Air Resources Board and required by the TCC Program.
- b. Applicants may allocate up to eight percent (8%) of their grant funds for community engagement activities; up to three percent (3%) of the funds can be used for displacement avoidance activities. In Round 2, applicants were able to allocate between 5-8% of their grant dollars to community engagement; they were not allowed to allocate any grant funds to displacement avoidance activities.

### 3) Leverage Funding: As in previous rounds, applicants must secure at least fifty percent (50%) leverage funding match. The Round 3 Guidelines provide additional direction on how that leverage funding needs to be documented and allocated to projects. These changes are intended to streamline tracking and reduce uncertainty around leverage projects.

- a. Eighty percent (80%) of the leverage match must be integrated into the budgets of TCC grant-funded projects or transformative plans. Applicants may secure the remaining twenty percent (20%) of the leverage requirement through stand-alone leverage projects that are investments made specific to

the TCC proposal and are considered to be new investments in the Project Area.

- b. Applicants may include additional leverage projects. TCC Program Staff will work with awardees during the post-award consultation process to finalize the specific leverage funds and projects that will count toward the fifty percent (50%) requirement for the grant.
- c. Stand-alone leverage projects must integrate clearly into the overall TCC proposal, align with the TCC Proposal timeline, and fall within the TCC Project Area.
- d. Stand-alone leverage projects must be committed at the time of application and implemented during the project timeline. Leverage partners must sign a legally binding commitment to complete the leverage work that is specified in the grant application during the TCC project implementation period.
- e. Applicants can describe existing stand-alone investments that make the Project Area ready for transformation in the application narrative, and that will be scored under the “Vision for Transformation” criteria. These do not have to be included as leverage projects.

#### 4) Program Thresholds:

- a. The list of program thresholds has been consolidated to improve clarity for reviewers.
- b. The scoring system is based on 200 points versus 100 points in previous funding rounds to allow for additional point specificity when it comes to scoring the proposed projects.
- c. The weight of each section has been updated to reflect feedback from Round 2 reviewers.
- d. Pro-housing criteria has been added to provide an incentive for jurisdictions that facilitate housing production.

**5) Technical Assistance and Support:** As in previous rounds, all prospective applicants must participate in the technical assistance services offered by SGC. Applicants must undergo a program threshold review with the technical assistance providers during the first month of the application period. This review will help Applicants determine whether they are likely to meet readiness and threshold requirements for a TCC Implementation Grant. Through this review, applicants will be able to assess whether a planning grant application would be a better pathway.

**6) Appendix B: TCC-Funded Projects, Eligibility, and Requirements by Strategy:** Appendix B provides applicants additional detail on projects eligible for funding under each TCC strategy and requirements specific to each strategy. These Guidelines include several updates to Appendix B to clarify the application process. Specifically, the Appendix includes requirements for California Environmental Quality Act (CEQA) documentation, which have been clarified based on feedback from the Round 1 and 2 grantees.

Appendix B also includes updates on fundable strategies. This includes the following:

- a. The addition of Affordable Housing Land Acquisition as a fundable strategy.
- b. The removal of the Land Conservation is being removed as a strategy, replaced with the addition of urban agriculture and community gardens as a fundable project within the Health and Well-Being strategy.
- c. The removal of the Financial Incentives category in the “Decarbonized Energy and Energy Efficiency Strategy (now the “Solar Installation and Energy Efficiency Strategy”). This change responds to feedback from Round 1 and 2 grantees and the fact that SGC is not equipped to administer this type of activity.

## 7) New Appendices:

The Guidelines include a number of new appendices intended to provide applicants additional guidance and support in completing a TCC application. These include the following:

- a. **Appendix C – Transformative Elements** (clarifies the amount of funding projects may spend on transformative elements of the program, and includes some eligible and ineligible costs)
- b. **Appendix D – Pro-Housing Policies**
- c. **Appendix E – Post-Award Consultation Process** (describes the process that all awardees must complete upon receiving their award)
- d. **Appendix F – Publicity Guidelines**
- e. **Appendix G – Past Program Awards**
- f. **Appendix H – Sample Grant Agreement**

## Summary of Changes to the Planning Grants

1. **Planning Grants:** The planning grant term is extended from one (1) to two (2) years.

<b>TCC TIMELINE</b>		
<b>2019-2020 Transformative Climate Communities Program Timeline</b>		
August 12, 2019	2019-20 Draft TCC Guidelines released for public comment	
September 6, 2019	Public comments on the 2019-20 Draft Guidelines due to SGC	
October 1, 2019	Proposed changes to Appendix B posted for public comment	
October 7, 2019	Comment letters on changes to Appendix B due to SGC	
<b>APPLICATION PROCESS</b>		
	<b>Implementation Grants</b>	<b>Planning Grants</b>
Early November 2019	NOFA and Application Materials to be Released	
End of February 2020	Deadline for Submission of Proposals	
March – April 2020	Review of Application Materials	
April 2020	Announcement of Award Recipients	

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### **Attachments:**

Attachment 1 – FY 2019-2020 Final Draft Transformative Climate Communities Program Guidelines

Attachment 2 – Sample Grant Agreement for Round 3 Awards