

*Date: February 24, 2022*

**Subject:** Transformative Climate Communities: Round 4 Program Guidelines (FY 21-22)

**Reporting Period:** June 2021 – February 2022

**Staff Lead:** Sophie Young, Transformative Climate Communities Program Manager

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## **Recommended Action**

Approve the Fiscal Year 2021-2022 Final Transformative Climate Communities (TCC) Round 4 Program Guidelines.

## **Summary**

The TCC Program seeks Council approval of the final TCC Round 4 Program Guidelines (Guidelines). TCC program staff developed the Guidelines through a public consultation and research process over the last two years, which included a Council policy discussion on the proposed TCC Disadvantaged Unincorporated Communities Investment Framework in June 2021. The Guidelines also includes several improvements to eligibility and program elements, based on lessons learned during implementation and stakeholder feedback over the last two years.

The TCC Program released the Draft FY 21-22 TCC Guidelines and Mapping Tool for public review in November 2021. The California Strategic Growth Council (SGC) received nine (9) written public comments. Upon Council adoption of the Guidelines, the TCC Program will issue a Notice of Funding Availability and initiate a competitive awards process for TCC Round 4.

## **Background**

### ***About the TCC Program***

The Transformative Climate Communities Program (TCC), established by AB 2722 (Burke, 2016), invests in community-led climate resilience projects in the state's most disadvantaged communities. The program objectives are to reduce greenhouse gas emissions, improve public health and the environment, and support economic opportunity and shared prosperity.

TCC Implementation Grants support an integrated set of projects within a neighborhood project area of approximately five square miles. TCC Planning Grants support planning activities to advance community-led goals and projects. To date, TCC has awarded over \$230 million in more than 26 communities since 2017, through eight (8) Implementation and eighteen (18) Planning Grants.

### ***Background on the TCC Round 4 Guidelines Process***

The FY 21-22 Budget Act allocated \$115 million to the TCC Program from the General Fund's Climate Budget. Previous funding rounds came from the Greenhouse Gas Reduction Fund.

A total of one hundred and six million, two hundred thousand dollars (\$106,200,000) will be available for the TCC Program's Funding Round 4 (FY 21-22). One hundred and five million dollars (\$105,000,000) will be available for three (3) Implementation Grants of \$35 million each. One million, two hundred thousand dollars (\$1,200,000) will be available for four (4) Planning Grants of \$300,000 each.

### **Guidelines Development**

TCC Program Staff released drafts of the TCC Round 4 Program Guidelines and TCC Round 4 Mapping Tool in November 2021 for a 30-day public comment period. TCC program staff developed the draft guidelines and mapping tool through a two-step policy research and consultation process.

The main policy question for the Round 4 Guidelines was to develop an investment framework for disadvantaged unincorporated communities (DUCs) that continued to advance the TCC Program's statutory mandate and objectives. Senate Bill 351 (Hurtado, 2019) required SGC to expand the TCC Program to unincorporated areas. In response, TCC program staff initiated a year-long research and consultation process beginning in August 2020. TCC program staff convened a statewide working group and conducted comprehensive literature reviews and consultations. The TCC DUC Working Group identified key barriers, proposed investment frameworks under the TCC Program, and vetted the TCC Mapping Tool methodology for DUC eligibility. The SGC Councilmembers discussed the proposed DUC Investment Framework for the TCC Program at the June 2021 Council Meeting (see Attachment 2).

TCC program staff began policy research and consultation on additional topics (outlined in the Summary of Changes below) in August 2021, based on lessons learned through implementation and stakeholder feedback since the TCC Round 3 Program Guidelines were published in October 2019.

### **Summary of Changes**

The TCC Round 4 Program Guidelines includes key changes to the following areas since TCC Round 3:

#### ***1) Expanded Project Area Eligibility***

Project Area eligibility has been expanded to census tracts within the top 25% of disadvantaged communities, per CalEnviroScreen 4.0 and 3.0. Eligibility is also expanded to unincorporated areas designated as disadvantaged and to all federally recognized tribal boundaries in California.

#### ***2) Expanded Applicant Eligibility***

All California Native American Tribes, including both federally recognized and non-recognized tribes, are eligible as Lead and Co-Applicants.

### 3) Expanded Eligible Costs

- **Indirect Costs:** Increases the indirect cost cap from 10% to 12% of the total TCC award to better reflect implementation costs.
- **Direct Costs:** Includes a new eligible budget allocation of up to 10% for water and wastewater infrastructure connections to support applicants that need to meet the threshold requirements for basic environmental infrastructure.
- **Community Engagement Costs:** Certain transportation, food, and childcare costs have been added as eligible community engagement costs in Round 4 where the cost provides a project and public benefit.

### 4) New Fundable Projects

Adds three new project types eligible for TCC funding:

- **Indoor Air Quality**
- **Community Microgrids**
- **Brownfield Redevelopment**

### 5) Strengthened Transformative Elements & Resources

Round 4 added resource materials to support Applicants with developing each Transformative Element (Community Engagement, Displacement Avoidance, Workforce Development, Climate Adaptation and Resilience, Data Collection and Indicator Tracking, Leverage Funding). Round 4 also updated the program requirements for the following:

- **Collaborative Stakeholder Structure:** Strengthened the requirements for including Project Area residents and stakeholders in the governance body overseeing TCC Project implementation.
- **Displacement Avoidance Plan:** TCC applicants are required to select policies and programs for each residential and business Displacement Avoidance Plan. Round 4 will now require applicants to additionally select at least one short-term and one long-term policy or program for each residential and business Displacement Avoidance Plan presented.
- **Workforce Development and Economic Opportunities Plan:** The Workforce Development and Economic Opportunities Plan requires applicants to demonstrate ways in which job training and placement programs support high-quality career pathways in greenhouse gas reducing industries. Round 4 strengthens this requirement by asking applicants to demonstrate a regional analysis of future workforce transitions as well as directly connecting training to job upskilling areas. Updates also include supporting workers in a future net zero economy and resources for “high road” partnership development.
- **Climate Adaptation and Resilience:** Strengthened the requirements for ensuring funded infrastructure investments will be resilient to future climate change impacts.



## 6) Updated Policy Priorities

- **Prohousing:** updated in alignment with the California Department for Housing and Community Development (HCD) updates to the Prohousing Designation Program. TCC will reward full incentive points for jurisdictions that are designated as pro-housing and partial incentive points for jurisdictions that have pro-housing policies under the HCD Pro-Housing Designation Program and listed in Appendix D. Added technical assistance resources to support the requirement.
- **Access to Basic Infrastructure, Regional Services, and Job Centers:** added new policy priority to ensure the TCC investment will provide long-term benefits, based on consultation with the TCC DUC Working Group. Concurrently added technical assistance resources and new 10% budget allocation for basic infrastructure to support the policy priority.
- **Air Pollution Prevention and Mitigation:** added new policy priority to ensure the TCC investment works to rectify environmental justice issues, based on consultation with California state interagency reviewers and stakeholders.

## 7) Technical Assistance

Updates to Application Technical Assistance include extending application assistance to a multi-year contract to provide additional support and capacity building to potential applicants in between application rounds over the next 3 rounds of funding. Previous application technical assistance contracts focused on direct application assistance for Implementation Grants only during the application phase.

To support expanded eligibility to communities that may need additional resources to apply for TCC, the TCC Program included an additional set-aside in the technical assistance contract to provide targeted support to applicants from Disadvantaged Unincorporated Communities (DUCs) or Tribal communities for both Implementation and Planning Grants.

## Summary of Public Comments

The TCC Program received nine (9) comments from a combination of non-profit organizations, government entities, private consultants, and private citizens. All comments expressed general support of the proposed revisions to the TCC Round 4 DRAFT Program Guidelines, particularly in the following areas: increased access for California Native American Tribes and Disadvantaged Unincorporated Communities, expansion of Project Area eligibility to the top 25% of CalEnviroScreen, inclusion of basic infrastructure access as an eligible cost, and increased flexibility of eligible costs for community engagement.

## Next Steps

Upon Council approval of the TCC Round 4 Program Guidelines, the TCC Program will issue the Notice of Funding Availability (NOFA) and initiate a competitive awards process in March 2022. All Implementation Grant Applicants are required to work with third-party technical assistance providers during the application period. Application Technical Assistance for Planning Grants



will be available to Disadvantaged Unincorporated Communities (DUCs) and California Native American Tribes. Below is the anticipated timeline for the Round 4 funding cycle.

- March 8, 2022: NOFA Release
- March 11, 2022: Application Workshop
- March 25, 2022: Requests for Application Technical Assistance due – required for Implementation Grants
- April 22, 2022: Application Pre-proposals due – Implementation Grants only
- July 1, 2022: Final Applications due
- October 2022: Round 4 TCC Awards adopted by Council

## **Council Recommendation**

Approve the Fiscal Year 2021-2022 Final Transformative Climate Communities (TCC) Round 4 Program Guidelines.

## **Attachments**

Attachment A: Transformative Climate Communities (TCC): Final Round 4 Program Guidelines

Attachment B: [SGC Staff Report: TCC DUC Investment Framework, June 2021, Agenda Item 8](#)

