



OFFICE OF THE GOVERNOR


SEP 14 2016

To the Members of the California State Assembly:

I am signing Assembly Bill 2722, which creates the Transformative Climate Communities program. This program, along with other measures acted on today, further ensures that our climate policies are benefiting all Californians, especially the most disadvantaged.

Given the limited funding available for this program, the State must focus its initial investment on the communities most impacted by poverty and pollution where a substantial state investment can promote significant change.

Sincerely,


Edmund G. Brown Jr.



Notice of Proposed Rulemaking

Allocation of Transformative Climate Community Program Funds

NOTICE IS HEREBY GIVEN pursuant to Government Code section 11346.6 that the California Strategic Growth Council (Council) proposes to adopt regulations allocating funding of Transformative Climate Community Program (Program) funds pursuant to Public Resources Code sections 75240 *et seq.*

PROPOSED ACTION

Assembly Bill 2722 (Burke, 2016) created the Program to be administered by the Council. Public Resources Code Section 75242 requires the Council to develop guidelines and selection criteria for plan development and implementation of the Program. This proposed action is the first of several to develop the guidelines. Specifically, this action specifies a portion of total program funds for applications from specific geographic locations. These program details will be added to Division 6.5, Title 14 of the California Code of Regulations.

More information about the proposed regulatory action can be found in the Initial Statement of Reasons.

PUBLIC HEARING, WRITTEN COMMENT PERIOD and AGENCY CONTACT

The Council will hold a public hearing in accordance with the requirements set forth in Government Code section 11346.8. The hearing details are as followings:

Date: November 7, 2016
Time: 9:00 a.m.
Location: Fresno City Council Chambers
City Hall, 2nd Floor
2600 Fresno Street
Fresno, CA 93721

The hearing will be closed when all persons present have had an opportunity to comment on the proposed action. Time limits may be placed on oral comments to ensure that all persons wishing to comment have the opportunity within the available time for the hearing. The Council requests but does not require that persons who make oral comments at the hearing also submit a written copy of their testimony at the hearing.



Initial Statement of Reasons

Strategic Growth Council Transformative Climate Communities Program Allocation

September 23, 2016

Background

Assembly Bill (AB) 2722 (Burke) establishes the Transformative Climate Community Program (Program), to be administered by the Strategic Growth Council (Council), to “fund the development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to *disadvantaged communities*, as described in Section 39711 of the Health and Safety Code.” (Pub. Resources Code § 75240 (emphasis added).)

“Disadvantaged communities” are specifically targeted for investment of proceeds from the State’s cap-and-trade program. In 2012, the Legislature passed Senate Bill (SB) 535 (De León) directing that, in addition to reducing greenhouse gas emissions, a quarter of the proceeds from the Greenhouse Gas Reduction Fund must go to projects that provide a benefit to disadvantaged communities.

SB 535 required the California Environmental Protection Agency (CalEPA) to identify disadvantaged communities based on geographic, socioeconomic, public health and environmental hazard criteria. CalEPA developed the California Communities Environmental Health Screening Tool (CalEnviroScreen), a science-based tool for evaluating multiple pollutants and population stressors throughout the state.

(<http://oehha.ca.gov/calenviroscreen/report/calenviroscreen-version-20>.) CalEnviroScreen uses environmental, health and socioeconomic information from state and federal government sources to produce scores for census tracts in California. An area with a higher score is one that experiences a higher burden from pollution and population vulnerability than an area with a lower score.

In awarding grants for the Program, AB 2722 further establishes that the Council “*may give priority to plans and projects that cover areas that have a high proportion of census tracts identified as disadvantaged communities and that focus on communities that are most disadvantaged.*” (Pub. Resources Code § 75241(b)(2) (emphasis added).)

The cities of Los Angeles and Fresno experience substantially higher pollution burdens than other parts of the state.¹ Los Angeles has 85 census tracts in the top 5 percent of CalEnviroScreen – census tracts ranking above the 95th percentile –

¹ The Council made this determination using CalEnviroScreen. The tool provided a ranking of all census tracts in the state according to indicators reflecting pollution burden and population vulnerability. Using the census tracts within the top 5% of the most disadvantaged communities, which are designated through the tool’s mapping feature, populated census blocks, downloaded from the 2010 US census website, were then added and overlaid on city boundaries, obtained from city websites. Top scoring CalEnviroScreen tracts were identified as being within a city if their population weighted center fell within city boundaries. Populated blocks were summed within these identified tracts to get the populations of the disadvantaged census tracts within city



and Fresno has 40 census tracts. The next highest city has 17 census tracts with residents in the top 5 percent. Additionally, Los Angeles and Fresno have the largest populations of residents experiencing the highest pollution burdens, with approximately 328,331 and 188,307 residents in the top 5 percent, respectively.

Fresno in particular is exceptionally disadvantaged. Of the state's major population centers, the city has the largest per capita population of top 5 percent disadvantaged community residents in the state, at nearly 40% of the population.

Consideration of Neighborhood-level Transformation

The development and implementation of neighborhood-level, transformative climate community plans in the state's most disadvantaged communities requires significant public investment. AB 2722 identifies making "comprehensive public investments" such that "private resources can be more effectively catalyzed" to support transformation. Thus allocating a few large investments, rather than numerous and comparatively small investments, is needed for community transformation.

In order to accelerate greenhouse gas reduction and meet the state's climate goals, such transformation includes changing the way Californians think about transportation, housing, energy, water, natural resources and waste while simultaneously addressing growing equity issues, resource conservation, economic sustainability and climate resiliency.

Strategies to promote infill development, coordinated transportation and other infrastructure in existing urban boundaries can lead to such changes by delivering a broad range of benefits in addition to helping achieve regional greenhouse gas reduction goals set by SB 375.² These benefits include increased economic vitality; cleaner air and improved public health outcomes; decreased consumption of energy, water, and other natural resources; reduced conversion of farmland and natural habitat areas, which can provide carbon sequestration; and the opportunity for more efficient infrastructure investment and delivery of municipal services.

Infill development is particularly challenging in the state's most disadvantaged communities. Market demand, physical conditions, existing infrastructure, and community conditions are often problematic in these parts of the state, where funding and financing options are commonly inadequate.³ This in turn hinders local and regional agencies' ability to implement infill development plans.

In Fresno, for instance, infill development requires significant complementary investment to be economically feasible and to compete with suburban growth that has traditionally absorbed the majority of housing demand.⁴ Such suburban growth works against more efficient land use and achievement of SB 375 goals. Without these complementary investments to make communities attractive, it is difficult for traditional developers and lenders to begin investing in infill projects. The most disadvantaged communities in Los Angeles share many of these characteristics.

boundaries. That data provided a list of communities with the highest proportion of census tracts in the top 5% and the highest total population within top 5% census tracts.

² *Moving California Forward*, 2015, Energy Innovation, Calthorpe Analytics

³ *California Finance Infill Options Analysis*, 2014, Economic & Planning Systems, Inc.

⁴ *Ibid.*



A targeted, catalytic public investment can provide needed financial support and market stimulation. Such investment can also attract private resources to spur a re-orientation of markets toward low-carbon, healthy, and economically inclusive development.

Consideration of Transformative Climate Community Investment in Fresno, Los Angeles and a Third Location

Fresno exemplifies the challenges of long-term environmental and socioeconomic disparity. Since the mid-twentieth century, suburban sprawl has consumed more than 100 square miles in the city, including some of the state's most valuable and productive agricultural land. This has led to an economically-distressed urban core and historic neighborhoods that contain some of the highest concentrations of poverty in the nation.⁵ Continuation of these trends would further contribute to the city's extreme fiscal distress.⁶

In the more recent past, a combination of local leadership and sustained commitment to helping achieve the state's climate goals has set the city on a different course. Fresno's new General Plan and Zoning Ordinance, adopted in 2014 and 2016, respectively, direct approximately half of new growth to infill areas, along with large-scale transportation investments. These include the state's first High-Speed Rail station, Bus Rapid Transit, and a \$19 million redevelopment of the central artery of Downtown Fresno, all currently under construction. Additionally, the city has begun implementing ratepayer-funded water infrastructure including facilities for recycled water treatment and distribution and groundwater recharge. These major land use and infrastructure changes are expected to reduce greenhouse gases by over 20⁷ percent over business-as-usual projections by 2030, and recharge an estimated 14,000 acre feet of groundwater in one year alone,⁸ while preserving prime agricultural land. Meanwhile, the city has roughly halved both unemployment⁹ and homelessness¹⁰ since the Great Recession.

Due to Fresno's continued depressed market values and extensive additional deferred infrastructure needs, however, infill development continues to require significant complementary investment to reach financial feasibility. The most

⁵ *U.S. Concentrated Poverty in the Wake of the Great Recession*, 2016, Brookings Institution <https://www.brookings.edu/research/u-s-concentrated-poverty-in-the-wake-of-the-great-recession/>

⁶ *Fresno General Plan and Development Code Update: Fiscal Impact Analysis of Concept Alternatives*. 2012, City of Fresno. <https://www.fresno.gov/NR/rdonlyres/A59BF398-1094-4743-9C54-EE18D319C1AA/0/EIRFiscalAnalysisReportMarch192012.pdf>

⁷ *Fresno General Plan Rapid Fire Scenarios: Scenarios and Co-Benefits Analysis for GP Alternatives*, 2012, Calthorpe Associates. <http://www.fresno.gov/NR/rdonlyres/F3A16833-C4BE-4859-A8A6-1E3C80980F27/0/RapidFireReportMarch192012.pdf>

⁸ *Consideration of Recommendations for Water Rate Increase*, Presentation by Recharge Fresno, 2015. http://www.rechargefresno.com/wp-content/uploads/2015/07/StaffPresentation_02-26-2015.pdf

⁹ Bureau of Labor Statistics: <http://beta.bls.gov/dataViewer/view/timeseries/LAUMT062342000000004>.

¹⁰ *Feds call Fresno, Madera 'a shining example' in homelessness battle; local agencies say it's not that simple*, 2015, The Fresno Bee. <http://www.fresnobee.com/news/local/article46944300.html>



disadvantaged communities in Los Angeles share many of these characteristics. A coordinated, multi-year investment can provide the essential infrastructure to catalyze sustained market demand for efficient and equitable infill development.

Fresno's concentrated per capita poverty and depressed real estate market means that a higher level of state investment provides a greater chance of success. There may be greater funding options in Los Angeles, and there may be different opportunities in other locations. In addition, because this is a new program, the Council does not have complete data identifying all factors for determining the approach with the highest potential for success. This approach provides different levels of funding, which will provide meaningful differences in approach.

Proposed Regulation

The Council proposes to add the following section to Title 14, Division 6.5, of the California Code of Regulations:

Transformative Climate Community Program funds shall be allocated in the cities of Los Angeles and Fresno, and a third location. A minimum of half of the funds shall be allocated in the City of Fresno. A minimum of one fourth of the funds shall be allocated in the City of Los Angeles.

Note: Authority cited: Section 75243, Public Resources Code. Reference: Sections 75240-75243, Public Resources Code.

Specific Purpose of the Regulation

This proposed regulation implements the Program created in Public Resources Code Section 75240. While the Legislature allocated \$140,000,000 for the Program, in Assembly Bill 1613, it left to the Council's discretion the precise manner to allocate those funds. The proposed regulation, therefore, does two things. First, it would specify that Program funds shall be allocated in the City of Los Angeles, the City of Fresno and a third location. Second, it specifies that a minimum of fifty percent of the Program funds shall be allocated within the City of Fresno and a minimum of twenty five percent within the City of Los Angeles. Note: The third geographic location to receive priority will be determined in a separate, future, rulemaking. Additionally, all Program grants, including those within the cities of Fresno and Los Angeles and a third location, will be awarded pursuant to a competitive process. The Council will determine selection criteria for that process in a separate, future, rulemaking.

The problem the Council intends to address with this regulation is to ensure that California makes appropriate investments that reduce greenhouse gases and also demonstrate co-benefits for the economy, workforce, and the health of California's most vulnerable communities.

The proposed regulation is reasonably necessary to address the problem described above because limited funding is available for this program. As a result, the State must focus its initial investments on the communities that are most impacted by poverty and pollution where a substantial state investment can promote significant change. Therefore, the proposed regulation would focus investments in three geographic locations.



Public Resources Code Section 75241(b)(1) states: “the council may give priority to plans and projects that cover areas that have a high proportion of census tracts identified as disadvantaged communities and that focus on communities that are most disadvantaged.”

According to data in the California Communities Environmental Health Screening Tool (CalEnviroscreen), of the major population centers in California, the City of Fresno has the highest proportion of census tracts that are in the top 5%. Specifically, 43% of its census tracts (40 of 103 census tracts) are in the top 5%. Therefore, allocating a portion of Program funds within the City of Fresno is consistent with the statute’s priority for “areas that have a high proportion of census tracts identified as disadvantaged communities.”

CalEnviroscreen data also indicate that the largest total population of people living within top 5% census tracts is found in the City of Los Angeles. Allocating a portion of Program funds within the City of Los Angeles is, therefore, consistent with the statute’s priority for focusing on “communities that are most disadvantaged.”

A third allocation may be appropriate based on a different view of the data and statutory priorities, and so the Council proposes to identify the third geographic area in a future rulemaking.

The Council proposes different allocations between the locations that it has identified. A larger allocation is appropriate within the City of Fresno. Among other reasons, concentrated per capita poverty and a depressed real estate market means that a higher level of state investment provides a greater chance of achieving a transformative effect. (See, e.g., Kieser, Walter. California Finance Infill Options Analysis. Economic & Planning Systems, Inc.: October, 2014.) A smaller allocation is proposed to be available within the City of Los Angeles because, in part, the real estate market there does not face the same degree of challenge as in Fresno. Different opportunities may be available in other locations. The proposed regulation’s approach provides different levels of funding in different types of communities. By doing so, the Council expects to develop information to improve the Program over time.

The Council anticipates that the proposed regulation will achieve the legislative intent described in Assembly Bill 2722. As explained in more detail above, the Council intends for the Program to enable transformative change in disadvantaged communities. The Public Resources Code authorizes the Council to prioritize severely disadvantaged communities, and the cities of Fresno and Los Angeles have the largest populations living in the most severely disadvantaged communities as described in Section 39711 of the Health and Safety Code.

Additionally, this action proposes that Program funds be allocated in a few large investments, rather than numerous and comparatively small awards. This type of targeted investment is more likely to attract catalytic private resources.

Necessity

The Legislature directed the Council to develop guidelines and selection criteria for plan development and implementation of the program. (Pub. Resources Code § 75243(a).) In so doing, the Legislature authorized the Council to “give priority to plans and projects that cover areas that have a high proportion of census tracts identified as disadvantaged communities and that focus on communities that are most disadvantaged.” (*Id.* at § 75241(b)(2).) In order to implement that direction, the Council must specify which communities are eligible for funding through the Program. The proposed regulation is, therefore, necessary to carry out this legislative directive.



Description of Alternatives Considered

Two alternatives were considered: one to award funds to neighborhoods judged on a competitive basis, and another to have a more even allocation of funds to Fresno, Los Angeles, and a third community to be determined. The first alternative was rejected as it would not allow for the scale of investments that are likely needed to catalyze transformation. The second was rejected as it would reduce the potential catalytic effects of large investments in Fresno.

Economic Impact Assessment, Including Impacts on Business

The proposed regulation allocates Program funds to Fresno, Los Angeles, and a location to be determined, but the economic impacts cannot be calculated with any precision until subsequent regulations on program requirements are adopted. However, the additional spending in these areas will at a minimum benefit the businesses that implement the programs, as well as workers hired to fill the additional demand. In addition, residents should benefit from the additional investments. As the stated intention of the program is to catalyze transformative growth in disadvantaged communities and improve environmental outcomes in the areas, benefits would also accrue to individuals from meeting these program goals.

This allocation allows Program funds be allocated in a few large coordinated investments, rather than numerous and comparatively small awards. This type of targeted investment is more likely to attract catalytic private resources. By leveraging public investments in inadequate infrastructure, the funds are intended to allow neighborhoods to become communities where businesses have access to workers, workers have access to jobs, and residents have access to safe, environmentally sound places to live.

Government Code section 11346.3(b)(1) requires an assessment of whether and to what extent the proposed regulation will affect the following: (A) the creation or elimination of jobs within the state; (B) the creation of new businesses or the elimination of existing businesses within the state; (C) the expansion of businesses currently doing business within the state; and (D) the benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment. Each of these factors is addressed below.

The creation or elimination of jobs within the state.

Funds made available within identified communities as a result of the Program may lead to the creation of jobs. The precise impacts, however, are indeterminate until selection criteria and program proposal requirements are adopted in subsequent regulations.

The creation of new businesses or the elimination of existing businesses within the state.

Funds made available within identified communities as a result of the Program may lead to the creation of new businesses within the state. The precise impacts, however, are indeterminate until selection criteria and program proposal requirements are adopted in subsequent regulations.

The expansion of businesses currently doing business within the state.



Funds made available within identified communities as a result of the Program may lead to the expansion of businesses currently doing business within the state. The precise impacts, however, are indeterminate until selection criteria and program proposal requirements are adopted in subsequent regulations.

The benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment.

Funds made available within identified communities as a result of the Program are expected to lead to the following benefits, among others: increased economic vitality; cleaner air and improved public health outcomes; decreased consumption of water, energy, and other natural resources; reduced conversion of farmland and other natural habitat areas; and more efficient infrastructure and delivery of municipal services.

Additional information regarding the assessment above is available in the Standard Form 399 and elsewhere in this Initial Statement of Reasons.

References

American Lung Association in California. *Land Use, Climate Change & Public Health Issue Brief: Improving public health and combating climate change through sustainable land use and transportation planning*. Spring 2010.

http://www.lung.org/local-content/california/documents/sb-375_issue-brief_final.pdf

Appleton, Rory. "Feds call Fresno, Madera 'a shining example' in homelessness battle; local agencies say it's not that simple." *Fresno Bee*, November 28, 2015.

Bartholomy, et al. *The Role of Land Use in Meeting California's Energy and Climate Change Goals*, California Energy Commission. June 2007.

<http://www.energy.ca.gov/2007publications/CEC-600-2007-008/CEC-600-2007-008-SD.PDF>

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Faust, John et al. *California Communities Environmental Health Screening Tool, Version 2.0*. California Environmental Protection Agency, Office of Environmental Health Hazard Assessment: October, 2014.



CALIFORNIA STRATEGIC GROWTH COUNCIL

Kieser, Walter. *California Finance Infill Options Analysis*. Economic & Planning Systems, Inc.: October, 2014

Kneebone, Elizabeth and Holmes, Natalie. *U.S. Concentrated Poverty in the Wake of the Great Recession*. Brookings Institution: March, 2016

U.S. Environmental Protection Agency. *Our Built and Natural Environments: A Technical Review of the Interactions Among Land Use, Transportation, and Environmental Quality, Second Edition*. June 2013.

<https://www.epa.gov/sites/production/files/2014-03/documents/our-built-and-natural-environments.pdf>

October 11, 2016

Subject: Transformative Climate Communities Program

Reporting Period: August - October, 2016

Staff Lead: Randall Winston

Recommended Action:

For information only – no action required.

Background:

On September 14, 2016, Governor Brown signed AB 2722 (Burke), which created the Transformative Climate Communities Program (Program), a grant program administered by the Strategic Growth Council for broad-based greenhouse gas emission reduction projects that provide local economic, environmental and health benefits to disadvantaged communities. \$140 million is available for the Program for fiscal year 2016-2017, funded through cap and trade auction proceeds.

Notice of Proposed Rulemaking:

On September 23, 2016, the Strategic Growth Council proposed to adopt the following regulations for the Program:

Transformative Climate Community Program funds shall be allocated in the cities of Los Angeles and Fresno, and a third location. A minimum of half of the funds shall be allocated in the City of Fresno. A minimum of one fourth of the funds shall be allocated in the City of Los Angeles.

The proposed rulemaking is the first of several actions to develop the Program. Specifically, this action specifies a portion of total program funds for applications from specific geographic locations. In a future rulemaking, the Council will develop guidelines and selection criteria for the Program.

The Notice of Proposed Rulemaking and Initial Statement of Reasons are included as attachments. Additionally, a signing message from Governor Brown for AB 2722 is attached.



CALIFORNIA STRATEGIC GROWTH COUNCIL

Interested members of the public may present comments orally or in writing at the hearing and may provide comments by postal mail or by electronic submittal before the close of the public comment period. The public comment period for this regulatory action will begin on September 23, 2016. To be considered by the Council, written comments not physically submitted at the hearing, must be submitted by November 7, 2016 and received no later than 5:00 pm. The Council will consider only comments submitted and received by that time. Following the conclusion of the written comment period, the Council may adopt the proposal as set forth without further notice. Comments submitted electronically are preferred.

Submit comments to:

tccpubliccomments@sgc.ca.gov

or to:

Kim Danko
1400 Tenth Street
Sacramento, CA 95814

Please note that under the California Public Records Act (Government Code, §6250 et seq.), written and oral comments, attachments, and associated contact information (e.g., address, phone, email, etc.) become part of the public record and can be released to the public upon request.

Pursuant to Government Code section 11346.9(a)(3), the Council shall in a final statement of reasons respond to comments submitted during the comment period containing objections and/or recommendations specifically directed at the Council's proposed action or to the procedures followed by the Council in proposing or adopting the proposed action

AUTHORITY AND REFERENCE

Authority: Public Resources Code section 75243.

Reference: Public Resources Code sections 75240-75243.

INFORMATIVE DIGEST/ POLICY STATEMENT OVERVIEW

The purpose of the Program is to fund plans that include multiple, coordinated greenhouse gas emissions reduction projects within disadvantaged communities. (Pub. Resources Code § 75240.) The Council is authorized to develop guidelines and selection criteria to govern implementation of the



Program and the award of Program funds. (*Id.* § 75242.) The statute specifically authorizes the Council to prioritize awards in areas that have a high proportion of census tracts identified as disadvantaged communities and that focus on communities that are most disadvantaged. (*Id.* § 75242(b)(2).)

The Council will develop the Program guidelines and selection criteria in phases. The first phase, which is the subject of this action, proposes to allocate a portion of total program funds for applications from specific geographic locations. Future phases of the guidelines development will specify selection criteria and competitive process for individual applications as well as procedures for Program implementation.

Specifically, this proposed action does two things. First, it would specify that Program funds shall be allocated in the City of Los Angeles, the City of Fresno and a third location. Second, it specifies that a minimum of fifty percent of the Program funds shall be allocated within the City of Fresno and a minimum of twenty five percent within the City of Los Angeles.

Summary of Existing Laws and Regulations Related Directly to the Proposed Rulemaking

Senate Bill 732 (Steinberg, 2008) created the Council. The Council is a cabinet level committee that coordinates the activities of state agencies to:

- Improve air and water quality
- Protect natural resources and agriculture lands
- Increase the availability of affordable housing
- Promote public health
- Improve transportation
- Encourage greater infill and compact development
- Revitalize community and urban centers
- Assist state and local entities in the planning of sustainable communities and meeting AB 32 goals

The Council administers several programs using revenues raised from Cap and Trade allowance auctions, also known as the Greenhouse Gas Reduction Fund (GGRF). For example, the Council's Affordable Housing and Sustainable Communities (AHSC) Program provides grants and affordable housing loans for compact transit-oriented development and related infrastructure and programs that reduce greenhouse gas emissions.

Senate Bill 535 (de León, 2012) requires that certain portions of GGRF provide benefits to disadvantaged communities, and at least some projects be located within disadvantaged communities.

Assembly Bill 2722 (Burke, 2016) created the Program to fund plans that include multiple, coordinated greenhouse gas emissions reduction projects within disadvantaged communities. (Pub. Resources Code § 75240.)



Summary of the Effect of the Proposed Rulemaking

The effect of the proposed rulemaking will be to specify how and where certain Program funds are to be allocated.

Policy Objectives and Specific Benefits Anticipated by the Proposed Regulation Including Non-monetary Benefits

Consistent with the legislative intent described in Assembly Bill 2722, this proposed action will advance several policy objectives. As explained in more detail in the Initial Statement of Reasons, the Council intends for the Program to enable transformative change in disadvantaged communities. The Public Resources Code authorizes the Council to prioritize severely disadvantaged communities, and the cities of Fresno and Los Angeles have the largest populations living in the most severely disadvantaged communities as described in Section 39711 of the Health and Safety Code.

Additionally, this action proposes that Program funds be allocated in a few large investments, rather than numerous and comparatively small awards. This type of targeted investment is more likely to attract catalytic private resources.

By leveraging public investments in inadequate infrastructure, the funds are intended to allow neighborhoods to become communities where businesses have access to workers, workers have access to jobs, and residents have access to safe, environmentally sound places to live.

The Proposed Regulation is Not Inconsistent with or Incompatible with Existing State Regulations

The Council evaluated the regulations for inconsistency or incompatibility with existing state regulations and has found that these are the only regulations dealing with the Transformative Climate Communities Program. Therefore, the proposed regulation is not inconsistent or incompatible with existing state regulations.

FORMS INCORPORATED BY REFERENCE

There are no forms incorporated by reference in the proposed regulations.

DISCLOSURES REGARDING THE PROPOSED ACTION

FISCAL IMPACT DETERMINATION REGARDING THE PROPOSED ACTION



Pursuant to Government Code sections 11346.5(a)(5) and (a)(6), the Chair has made an initial determination that the proposed regulatory action would not create costs to State agencies. The proposed regulatory actions would not create costs or savings in federal funding to the State, costs or mandates to any local agency or school district, whether or not reimbursable by the State pursuant to Government Code, Title 2, Division 4, Part 7 (commencing with section 17500) or other nondiscretionary costs of savings to State or local agencies.

The regulation does not impose a mandate on any private individual, business or local government because participation in the Program is optional and voluntary. However, regulatory actions taken in subsequent phases that lay out guidelines for applying for and approving program proposals will likely have costs to these entities if they choose to participate.

The determinations of the Chair concerning the costs or savings necessarily incurred by public agencies and private persons and businesses in reasonable compliance with the proposed regulatory action are presented below:

- Cost to any Local Agency or School District Requiring Reimbursement Pursuant to Government Code section 17500 et seq.: None
- Cost or Savings for State Agencies: None
- Other Non-Discretionary Costs or Savings on Local Agencies: None
- Costs or Savings in Federal Funding to the State: None

There is No Significant Effect on Housing Costs

The Chair has also made the initial determination that the proposed regulatory action will not have a significant effect on housing costs because the proposed regulation only specifies where program funds may be allocated, it does not add new requirements under the law. There may be effects on housing costs from regulatory actions in subsequent phases, including if programs are implemented that affect development or transportation in targeted communities.

There is No Significant Adverse Economic Impact Directly Affecting Business, Including Ability to Compete and Declaration of Initial Determination of No Impact

The Chair has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, or on representative private persons. Regulatory actions in subsequent phases could have positive economic impacts on businesses and individuals, and indeed these are the aim of the program. An initial determination has been made that there is no impact because the proposed regulation only specifies where program funds may be allocated, and further regulatory action is needed before programs may be proposed or chosen.



There is No Effect on Small Business

Regulatory actions in subsequent phases could have positive economic impacts on small businesses. An initial determination has been made that there is no impact of this phase, however, because the proposed regulation only specifies where program funds may be allocated, and further regulatory action is needed before programs may be proposed or chosen.

STATEMENT OF RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

The Chair has made an initial determination that the proposed regulatory action would not affect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California. A detailed assessment of the economic impacts of the proposed regulatory action can be found in the Economic and Fiscal Impact Analysis, which is a section in the Initial Statement of Reasons, ISOR.

While Program funds are expected to result in economic benefits, this proposed action does not affect the total amount of funds available. Rather, it merely allocates where those funds may be awarded. They therefore have no benefit, either positive or negative.

COST IMPACTS TO REPRESENTATIVE PERSONS OR BUSINESSES, INCLUDING SMALL BUSINESSES

The Council is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

The Chair has also made an initial determination that, pursuant to California Code of Regulations, Title 1, section 4, the proposed regulatory action would not affect small businesses because the proposed action only specifies where program funds may be allocated, it does not add new requirements under the law.

ALTERNATIVES CONSIDERED

In accordance with subsection 11346.5(a)(13) of the Government Code, the Council must determine that no reasonable alternative considered by the Council or that has otherwise been identified and brought to the attention of the Council would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons that the proposed action, and/or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.



CALIFORNIA STRATEGIC GROWTH COUNCIL

Two alternatives were considered: one to award funds to neighborhoods judged on a competitive basis, and another to have a more even allocation of funds to Fresno, Los Angeles, and a third community to be determined. The first alternative was rejected as it would not allow for the scale of investments that are likely needed to catalyze transformation. The second was rejected as it would reduce the potential catalytic effects of large investments in Fresno.

CONTACT PERSONS

Inquiries concerning the proposed action may be directed to:

tccpubliccomments@sgc.ca.gov

or to:

Kim Danko
1400 Tenth Street
Sacramento, CA 95814

Please direct requests for copies of the proposed text (“the express terms”) of the regulations, the initial statement of reasons, or other information upon which the proposed rulemaking is based to Kim Danko at the above address. A backup person to contact for access to documents is Mackenzie Weiser at mackenzie.wieser@sgc.ca.gov, (916) 327-4737.

AVAILABILITY OF RULEMAKING PACKAGE AND INTERNET ACCESS

The Council will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of this date this notice is published in the Notice Register, the rulemaking file consists of this notice, the express terms of the proposed text of the regulations, the initial statement of reasons, and supporting information. Copies may be obtained by contacting either Kim Danko or Mackenzie Wieser at their address and/or phone numbers and email addresses listed above.

If there are substantial and related changes to the proposed regulation, the full text of the regulation, if changed after the forty-five day initial public comment period, will be available for at least 15 days prior to the date on which the Council adopts, amends, or repeals the proposed regulation.



Final Statement of Reasons

Upon its completion, the Final Statement of Reasons (FSOR) will be available and copies may be requested from the agency contact persons in this notice, or may be accessed on the Council's website www.sgc.ca.gov.

Internet Availability

This notice, the ISOR and all subsequent regulatory documents, including the FSOR, when completed, will be available on the Council's website www.sgc.ca.gov.

NON-DUPLICATION OF FEDERAL LAW AND RELATIONSHIP TO FEDERAL LAW

The proposed regulations do not duplicate federal law, nor are they mandated by federal law or regulations.

OTHER STATUTORY REQUIREMENTS

In accordance with Government Code section 11346.5(a)(4), there are no other requirements identified in this notice that are that are specific to the Council or any specific regulation or class of regulations.

REASONABLE ACCOMODATIONS

The hearing location is accessible to persons with disabilities. If any member of the public wishes to comment and requires other reasonable accommodations, please contact Kim Danko at the Strategic Growth Council as listed above at least five days prior to the scheduled workshop.