



FROM: Lynn Von Koch-Liebert
Executive Director
Strategic Growth Council

DATE: 2/10/2023

SUBJECT: GREENHOUSE GAS REDUCTION FUND:
Strategic Growth Council
EXPENDITURE RECORD FOR FISCAL YEAR 2021-2022
Sustainable Agricultural Lands Conservation Program

This Attestation Memorandum documents that the Strategic Growth Council completed the attached Expenditure Record on February 9th, 2023, for the Sustainable Agricultural Lands Conservation Program. The Expenditure Record was prepared according to the GGRF requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: www.arb.ca.gov/caclimateinvestments. Questions on this Attestation Memorandum or Expenditure Record may be directed to Matt Read at matt.read@sgc.ca.gov, (916) 213-7375.

Attachment: Greenhouse Gas Reduction Fund: Expenditure Record
Fiscal Year: 2021-22 Strategic Growth Council
Sustainable Agricultural Lands Conservation Program

A handwritten signature in black ink that reads "Lynn M. von Koch-Liebert".

Lynn Von Koch-Liebert
Executive Director

Greenhouse Gas Reduction Fund: Expenditure Record

Strategic Growth Council
Sustainable Agricultural Lands Conservation (SALC) Program

Authorizing legislation: Created by SB 862 (Chapter 36, Statutes of 2014), the broader Affordable Housing and Sustainable Communities Program is comprised of two specific components: the Affordable Housing and Sustainable Communities (AHSC) Program, and the Sustainable Agricultural Lands Conservation (SALC) Program. The Strategic Growth Council's (SGC or Council) SALC Program focuses on protecting agricultural lands at risk of conversion to more greenhouse gas (GHG) intensive land uses. The suite of funded projects will result in local government policies protecting agricultural land and the permanent protection of agricultural lands through extinguishing development rights, thereby avoiding increases in GHG emissions by limiting opportunities for expansive, vehicle-dependent forms of development.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding:

- Strategic Growth Council, with implementation by the Department of Conservation (DOC) and the California Natural Resources Agency (CNRA).

Amount of proposed expenditure and appropriation reference:

- Per Health and Safety Code 39719(b)(1)(c), 20 percent of the annual auction proceeds from the Greenhouse Gas Reduction Fund (GGRF) is continuously appropriated to the Governor's Office of Planning and Research (OPR) to the SGC for the broader Affordable Housing and Sustainable Communities Program.
- The 20 percent appropriation supports local assistance programs as detailed in SB 862, which created the broader Affordable Housing and Sustainable Communities Program. The Council approved two programmatic areas for these local assistance funds: the AHSC Program and the SALC Program, and designated the Department of Housing and Community Development (HCD) and DOC, respectively, to implement these programs in coordination with the SGC.
- This Expenditure Record specifically addresses funds for the SALC Program. An Expenditure Record for the AHSC Program established separately. Each year, the SALC Program awards an amount not to exceed 10 percent of the funds available from the auction proceeds continuously appropriated to SGC's AHSC Program from the GGRF that fiscal year (20 percent of the total auction proceeds). For FY 21-22, the SALC Program was awarded \$84,716,600 from the FY 2021-22 auctions, as continuously appropriated to SGC's AHSC Program from the GGRF.

Estimated amount of expenditures for administering agency administrative costs

- State agency administrative estimates are \$1,000,000 for DOC and \$150,000 for CNRA, totaling \$1,150,000.

If applicable, identify laws or regulations that govern how funds will be used

- SB 862 established the SALC program and provides direction on how the funds will be allocated to recipients, including requirements for project eligibility and program implementation. All GGRF funds will be allocated and managed in accordance with this law.
- AB 1532 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), and SB 862 (Committee on Budget and Fiscal Review, Chapter 36, Statutes of 2014) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.

Continuation of existing Expenditure Record

- This is an update to an existing Expenditure Record. The Expenditure Record elements being updated include the following: Type of projects that will be eligible for funding.

Project Type(s)

- Agricultural Conservation Easement Grants
- Planning Grants
- Capacity Building and Project Development Grants

Describe the projects and/or measures that will be eligible for funding

Three project types are eligible in the SALC Program beginning in FY2021-22

- Agricultural conservation easement grants to record permanent conservation easements on cultivated and non-cultivated land (including rangeland and pasture) at risk of conversion.
- Sustainable Agricultural Lands Conservation Planning grants, which allow six specific approaches and outcomes discussed in the Program Guidelines to protect important agricultural land resources under threat of conversion. This component of the program incentivizes local governments to develop local and regional land use policies and implement activities that more fully integrate agricultural land conservation into their land-use planning.
- Capacity Building and Project Development grants, which support the development of agricultural conservation easement and fee acquisition projects and cover associated costs to help close acquisition projects where the cost of the acquisition is covered by an alternate source of funding to help stakeholders develop and complete projects at the pace and scale required to meet the State's goal of conserving thirty percent of California's land by 2030.

Intended recipients

- Eligible applicants for agricultural conservation easement grants include cities, counties, non-profit organizations, resource conservation districts, regional park or open-space districts, regional park or open-space authorities, and federally recognized California Native American tribe or a nonfederally recognized California Native American tribe that is on the contact list maintained by the Native American Heritage Commission
- Eligible applicants for planning grants are counties, cities, local area formation commissions (LAFCOs), councils of government, municipal planning organizations, regional transportation planning agencies, groundwater sustainability agencies, special districts with land use or transportation planning authority, and federally recognized California Native American tribe or a nonfederally recognized California Native American tribe that is on the contact list maintained by the Native American Heritage Commission
- Eligible applicants for capacity and project development grants are cities, counties, non-profit organizations, resource conservation districts, regional park or open-space districts, regional park or open-space authorities, and federally recognized California Native American tribe or a non-federally recognized California Native American tribe that is on the contact list maintained by the Native American Heritage Commission.

Program structure and process for selecting projects for funding

- The process for selecting projects for funding will be through a competitive process, based on the merits of the applications submitted. The threshold requirements and application selection criteria focus on the extent to which proposed projects meet the SALC Program objectives of reducing GHG emissions, protecting agricultural land at risk of conversion to nonagricultural uses, and other co-benefits as defined in the fiscal year 2021-22 SALC Program Guidelines, approved by the Council, and posted to the SGC website at: www.sgc.ca.gov.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Investment Plan (Health and Safety Code Section 39718.) The “Cap-and-Trade Auction Proceeds Third Investment Plan: FY19-20 through 21-22” (Third Investment Plan) states that resource conservation, land conservation, and sustainable agriculture are high priorities for investment in the State because they help sequester carbon in the soil and prevent conversion of agricultural lands to more GHG-intensive uses (page 23).
- The Third Investment Plan also prioritizes strategic planning to support infill housing, an outcome of the SALC planning grants program and prioritizes partnerships for local and regional program implementation, an outcome of the SALC capacity and project development grants.
- In addition, Appendix B of the Third Investment Plan describes and recommends the types of projects that will be funded by expenditures under the broader Affordable Housing and Sustainable Communities Program, which includes agricultural land preservation. Therefore, the expenditures covered by this record are consistent with the Third Investment Plan and align with the priorities expressed in the Plan.
- Furthermore, the Second Update to the Climate Change Scoping Plan (2017) includes as a strategy supporting resilient agricultural and rural economies and natural and working lands, including through conservation (ES13). The plan also emphasizes “an increased focus on integrated land use planning to support livable, transit-connected communities and conservation of agricultural and other lands.” The SALC Program incentivizes agricultural land protection to address these strategies.

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- There are three SALC Program project types in FY 2021-22: agricultural conservation easements, capacity and project development grants, and agricultural land conservation planning grants. Both easement projects and certain types of planning projects (the establishment of an agricultural land mitigation program, an agricultural conservation easement purchasing program, or an agricultural greenbelt and implementation agreement) will result in the extinguishment of development rights, thereby avoiding increases in GHG emissions by limiting opportunities for expansive, vehicle-dependent forms of development. Another planning grant type provides for a community engagement process to identify priority areas for agricultural land conservation. Finally, two additional remaining eligible planning grant types (the adoption of an urban limit line or growth boundary, or an increased zoning minimum for designated agricultural areas) are intended to result in ordinances that effectively eliminate growth in that project's geographic area, thus avoiding increases in GHG emissions associated with vehicle travel. Capacity grants will result in the development of additional, funding-ready agricultural conservation acquisition projects. The SALC quantification methodology estimates the avoided GHG emissions based on avoided vehicle miles traveled.

Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained

- The reductions are achieved at the time the agricultural land is protected, via easement or other mechanism.
- The SALC Program's avoided GHG emissions are quantified over a project life of 30 years, although the majority of SALC projects result in the extinguishment of development rights in perpetuity.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

Sustainable land use policies and practices that value the conservation of agricultural lands provide numerous co-benefits, beyond avoided increases in GHG emissions. Examples of these benefits include, but are not limited to:

- Economic benefits (e.g., retention of local jobs and agricultural revenue; food production for local, national, and/or international markets; retention of entrepreneurial opportunities; reduction in spending on municipal services for dispersed development).
- Improved air quality resulting from reduced vehicle miles traveled.
- Environmental conservation values (e.g., open space, viewshed, habitat, biodiversity, riparian corridor, groundwater recharge, carbon sequestration potential via management practices).
- Public health (access to affordable, nutritious foods)
- Increases in local food production, promoting food security and resilience, reductions in food waste, and a greater understanding of agriculture's importance amongst both urban and rural Californians.

How the project will support other objectives of AB 32 and related statutes

- The SALC Program projects support AB 32 objectives to reduce GHG emissions and are complementary to the projects funded by the SGC Affordable Housing and Sustainable Communities Program. These programs fund land-use, housing, transportation and land preservation projects to support infill and compact development.
- The AHSC Program, including the SALC component, helps maximize additional environmental and economic co-benefits for California, compliments the State efforts to improve air quality, supports public and private investment towards the most disadvantaged communities in California, and contributes to climate adaptation and resiliency.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- SB 862 establishes the target of expending 50 percent of the overall Affordable Housing and Sustainable Communities Program (both AHSC and SALC) allocated to the SGC for projects that are located in and benefiting disadvantaged communities.

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a

- AB 1550 priority populations include residents of: (1) census tracts identified as disadvantaged by CalEPA, (2) census tracts identified as low-income, and (3) households identified as low-income. SGC has not established a target percentage of FY2018-19 funds for projects that provide benefits to AB 1550 populations. However, investments that are eligible to be counted toward AB 1550 investment minimums for projects within and benefitting disadvantaged communities would also count toward meeting the SB 862 set-aside described above.
- The funding allocated by the Council to the SALC Program for investments in agricultural land protection that are located within and provide benefits to priority populations is included in reaching the overall AHSC targets.
- SALC has set a funding target of 20% of available funding for acquisition grants to fund projects that:
 - provide secure land tenure to a beginning or Veteran farmer or rancher, a farmer or rancher who is a member of a Federally recognized or non-federally recognized California Native American tribe on the contact list maintained by the Native American Heritage Commission, or to a farmer or rancher that is a resident of a priority population, or
 - provide meaningful benefits to a priority population, as defined by CARB.
- SALC has set a funding target of 5% of available funding for acquisition grants where a farmer or rancher is a member of a Federally recognized or non-federally recognized California Native American tribe on the contact list maintained by the Native American Heritage Commission or a tribal non-profit with 501(c)3 status is either the applicant or a co-applicant on the project.

Describe the benefits to priority populations per CARB guidance

- Project preserves a site where at least a majority (>50%) of the land is located within an AB 1550 priority population and that allows public access;
- Project significantly reduces flood risk to households within one or more priority populations;
- Project maintains water quality and health of watershed serving priority populations through avoiding the conversion and development of forest lands that would have resulted in impacts to nearby water bodies located in the same or a directly adjacent priority population community as the project;
- Project increases food access to priority populations through regular farmer's markets, donations to food banks or distribution centers serving residents of these communities or low-income households;
- Project provides educational opportunities through partnerships with schools or non-profit organizations located in AB 1550 communities and site access to residents of these communities;
- Project provides land tenure for no less than 10 years to residents of AB 1550 communities;

low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

- Project provides direct capacity building opportunities for priority populations through outreach, workshops, seminars, community leadership training, etc., to increase their capacity to obtain, improve, and retain the skills and knowledge needed to participate in and benefit from statewide public or other grant moneys for climate change mitigation or adaptation projects.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- The SALC program considers a project as benefitting a priority population when it meets the criteria identified in CARB's 2018 Funding Guidelines to provide a direct, meaningful, and assured benefit to a priority population, and meaningfully addresses an important community need.
- Under the SALC Program, applications for any project that provide meaningful benefits to priority populations will be accompanied by a checklist documenting the common needs of and benefits to priority populations. In order to determine community needs, applicants are asked to consider the factors in CalEnviroScreen that caused an area to be identified as a priority population, host community meetings to solicit local input, receive documents that indicate community support such as letters of support from the community, or refer to the list of common needs from Table 2.A-8 of CARB's Funding Guidelines and identify a need being meaningfully addressed by the project. The most current version of CalEnviroScreen will be used to confirm that projects are located within and provide benefits to a disadvantaged community or priority population. Community needs meaningfully addressed may include public health benefits, economic needs, or environmental needs.

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The administering agency will consult directly with communities and tribes through various means including workshops and public comments on program guidelines to identify potential burdens. The agency will make programmatic adjustments to eligibility criteria, and ultimately funding decisions, as necessary to avoid potential substantial burdens to disadvantaged and low-income communities.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- DOC will require funding recipients to maintain records and provide quarterly status reports if they fall more than one month behind on any given task, in accordance with the workplan attached to the grant agreement. In addition, DOC will conduct periodic reviews of selected projects.
- If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to remedies for non-performance, as identified in the program guidelines.
- Progress will be reported pursuant to CARB's Funding Guidelines for planning projects, capacity projects, and agricultural conservation acquisition projects.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- DOC will quantify GHG reductions using a quantification methodology developed by CARB, "Greenhouse Gas Quantification Methodology for Agricultural Land Conservation," available at: <http://www.arb.ca.gov/cci-quantification>.
- The quantification methodology uses a CARB-developed tool to estimate the avoided vehicle miles traveled associated with a project.

Type of information that will be collected to document results, consistent with CARB guidance

DOC will collect any necessary data to document GHG emission reductions in accordance with ARB's Funding Guidelines, quantification methodology and other guidance. This may include but is not limited to information on:

- Project geographic area;
- Number of development rights extinguished;
- Avoided GHG emissions over the project life;
- Avoided increases in vehicle miles traveled;
- Acres of agricultural land preserved;
- Acres of wildlife habitat preserved (if applicable);
- Other project benefits or results; and
- Project accomplishments, including benefits to disadvantaged communities.

How the administering agency will report on program status

- The agency will provide regular updates on expenditures, project status, project location, and benefits in reports prepared according to CARB's 2018 Funding Guidelines. At a minimum, the reports will include expenditure amounts, current

estimates of GHG emission reductions, and information on other applicable co-benefits.