



Climate Change Adaptation Funding Pathways in California: Resilience Financing Districts

Pathway: Create a Resilience Financing District (RFD) that consolidates and expands currently authorized local government powers needed for funding and financing climate change adaptation.

Climate risks addressed: Multiple risks

Timeline for implementation: 2-5 years

Estimated funding amounts: Depends on scale of district/number of parcels, level of parcel-based fee, could range from tens of thousands to hundreds of millions of dollars annually.

Social equity considerations: Creates a social equity fund for a mandatory allocation of RFD tax revenues and/or bond proceeds.

Implementation pathway: Build coalition and advocate for legislative change.

Background: Resources Legacy Fund (RLF) has worked with the OnClimate Team to develop four funding pathways that address pressing climate resilience needs in California. Our objective is to increase funding for climate adaptation and resilience in California in a fiscally responsible and socially equitable manner. We focus on funding current adaptation priorities with solutions that are reasonably feasible now or in the near-term, given current trends.

What a Resilience Financing District would do:

- Consolidate and expand all currently authorized local government powers needed for funding and financing climate change adaptation into a new special district
- RFDs would apply revenues to a climate resilience problem as defined by the implementing jurisdiction or joint powers authority



- RFDs would have the ability to fund both capital projects and operating expenses
- Can be formed by cities, counties, special districts, and joint powers authorities

RFDs would consolidate these existing powers:

- Levy taxes/assessments for both operational and capital funding
- Board of property owners or residents
- Enhanced infrastructure financing district

Prepared for:



Prepared by:



With:



RFDs could expand some existing powers:

- Engage in public-private partnerships (P3)
- Community engagement funding
- Mandatory allocation of funds for disadvantaged communities
- Adds Sales Tax Increment and TOT increment to existing EIFD powers

Why this is needed:

- Local revenue generation will play a critical role in climate adaptation, as a match for regional, state, and federal capital funds, for ongoing operations and maintenance, and to meet other local adaptation needs that cannot be funded out of existing resources
- Scalability needs to be flexible, responding to everything from neighborhood scale challenges to regional challenges
- The power to do P3 and insurance interventions is likely to be key for successful climate change adaptation

**Potential stakeholders:**

Communities of support for this funding pathway could be drawn from



- Cities and counties in WUI or SLR zones
- Regional government and local government in WUI or SLR zones
- Property and casualty insurance industry serving the WUI or SLR zones
- Segments of the real estate industry serving the WUI or SLR zones
- Utilities in WUI or SLR zones
- Major landowners in WUI or SLR zones

Social equity considerations:

- None of the assessment or taxing power authorized for the four types of existing special districts that RFDs are modelled on are socially equitable
- To account for inequitable revenue structures, we propose a “Disadvantaged Community/Low-Income Household Intervention Fund”, which would receive a share of EIFD revenues allocated by statutory mandate

**Next steps:**

Convene a stakeholder working group or task force to propose:



- A clear definition of climate change adaptation projects that would qualify for the use of eminent domain for private projects
- The level of mandated allocation for social equity funding, and the definition of eligible social equity purposes
- Allowable interventions in the homeowner’s insurance market, and the DOI approval process for such intervention

Case studies to test the feasibility of an RFD could include:

- North Richmond Living Levee Group
- Dumbarton Bridge West Approach and Adjacent Communities
- Highway 37
- Recovery of Town of Paradise

Contacts:

- Ben Alexander, Resources Legacy Fund, balexander@resourceslegacyfund.org
- Mark Northcross, NHA Advisors, mark@nhaadvisors.com

This funding pathway proposal is drawn from the report: “[Proposed Funding Pathways for Adaptation to Climate Change in California](#)”, produced for the Resources Legacy Fund by the OnClimate Team.

Photo credit: “**Pacifica Pond**” by **kqedquest** is licensed under **CC BY-NC 2.0**