ICARP

INTEGRATED CLIMATE ADAPTATION & RESILIENCY PROGRAM

Technical Advisory Council
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Item 6: Climate Resilience Districts

Introduction

Local jurisdictions in California are struggling to identify long-term and stable revenue sources needed to implement risk reduction and resilience measures. Climate Resilience Districts (CRD), established by California's Senate Bill 852 (Dodd, 2022), are intended to help local jurisdictions access funding and financing needed to make their communities more resilient.

SB 852 allows one or more local governments to form a special district that will "address climate change mitigation, adaptation, or resilience" within its defined project area. This project area can cover a single neighborhood or an entire region. The ability to create districts that cross city or county boundaries could support regional resilience efforts. At their best, CRDs can help communities move from one-off resilience projects toward a more coordinated implementation model, organized around the geography of climate risk rather than the boundaries of any single jurisdiction.

Resilience Districts enable cities, counties, and special districts to fund projects that reduce local climate risks and support the operations, maintenance, and administrative functions needed to sustain those investments over time. CRDs are considerably more flexible than other special district types authorized by state law, with more eligible activities. They also have the authority to hire staff. This flexibility allows CRDs to play an expansive role in building local and regional resilience.

CRDs can use a wide variety of revenue-raising tools:

- **Tax increment financing (TIF).** CRDs are authorized to use tax increment financing by capturing a portion of future growth in property tax revenue within the district. SB 852 stipulates that no more than 5% of TIF revenue can be spent on administration, with the rest going directly to project development.
- **Bonds and loans.** These include general obligation, revenue, and other traditional municipal bonds, backed by local revenues.
- **Special assessments.** These assessments apply to every property owner in a particular project area and are scaled based on the expected benefit each property owner will receive from the project once it is completed.

- **Special taxes.** CRDs can levy special taxes to generate dedicated revenue for eligible resilience projects, subject to applicable constitutional and voter approval requirements.
- **Property-related fees and service charges.** CRDs may levy property-related fees or other service charges to help pay for resilience-related services or improvements.
- **Grants.** CRDs may directly solicit gifts from both public and private institutions by applying for grants, seeking donations, and charging fees in exchange for services.

The ability to draw on a broad range of funding and financing tools could allow CRDs to sequence and layer different funding and financing tools over the course of the district's lifecycle to allow for sustained implementation.

Key Challenges to Scaling

Despite the many advantages of the CRD model, notably the flexibility and access to multiple funding and financing tools, there are challenges:

- **Upfront capacity.** Significant administrative and planning work is required to establish a district, and many funding streams are only accessible after formation. This requires local jurisdiction on staff CRDs in the early stages of existence, but many lack capacity and expertise necessary to conduct this work.
- **Some funding tools rely on economic growth.** TIF relies on assumptions of future economic growth. A TIF-funded project can only pay for itself if it significantly enhances the project area's property values beyond the existing baseline.
- **Public support for revenue-generating tools.** Many of the revenue-generating tools available to CRDs still require voter-approved measures, necessitating clear communication of community benefits and transparent governance.
- **Challenges of cooperation.** CRDs provide an opportunity for collaborating on cross-jurisdictional climate initiatives and leveraging funds from multiple participating jurisdictions. Coordinating across participating entities can pose a challenge.

Case Studies & Adoption Status

While Resilience Districts are a promising tool to fund local resilience efforts, they have not been widely adopted:

- **Sonoma County (RCPA).** The Sonoma County Regional Climate Protection Authority (RCPA) was designated in SB 852 as California's first CRD in 2022. In 2023, RCPA evaluated potential revenue sources and conducted polling to assess the viability of a parcel tax or sales tax to support climate initiatives. Polling results indicated insufficient voter support for new taxes, so RCPA chose not to pursue a 2024 ballot measure. RCPA uses its CRD as a regional governance structure, however, securing long-term revenue remains a challenge.

- **Marin Wildfire Prevention Authority (MWPA).** While not a CRD, the MWPA provides multiple lessons learned about governance of regional resilience efforts and sustained funding. A joint powers authority among 17 member agencies, MWPA coordinates fire prevention activities using funds from a parcel tax approved by voters in 2020.
- **Resilience District Incubator.** Earlier this year, CA FWD, in partnership with Resilient Cities Catalyst, launched the Resilience District Incubator, a structured learning pathway that helps pilot communities understand the resilience district model and assess whether it may be viable or useful in their local context. By offering tailored technical support, cross-sector expert input, and peer learning, the incubator is helping communities explore whether a resilience district could help them better organize, finance, and deliver long-term resilience investments.

Background Materials

- SB 852 (Dodd) - Official Legislation: California State Legislature
- Climate Resilience Districts: A Powerful Tool Waiting for California - California Forward
- Sonoma County RCPA Overview: Climate Resilience Districts Page
- Marin Wildfire Prevention Authority
- CA FWD Climate Resilience Incubator: Resilience District Incubator - California Forward