Date of Hearing: July 7, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Lorena Gonzalez, Chair
SB 83 (Allen) – As Amended June 29, 2021

Policy Committee: Natural Resources Vote: 9 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill, contingent upon an appropriation by the Legislature, requires the Ocean Protection Council (OPC), in consultation with the State Coastal Conservancy (SCC), to develop the Sea Level Rise Revolving Loan Program (Loan Program) to provide low-interest loans for the purchase of vulnerable coastal property.

Specifically, this bill:

1) Requires the Loan Program to provide low-interest loans to local jurisdictions for purchase of vulnerable coastal property in their jurisdictions.

2) Requires, before January 1, 2023, OPC, in consultation with the Office of Planning and Research (OPR), the Strategic Growth Council (SGC), the California Coastal Commission (Commission), the State Lands Commission (SLC), and the Bay Area Conservation and Development Commission (BCDC) to adopt specified criteria and guidelines for the Loan Program and post the criteria and guidelines on its website.

3) Authorizes a local jurisdiction to apply for, and be awarded, a low-interest loan through the Loan Program only if it develops and submits a vulnerable coastal plan and meets all other requirements imposed by the SCC.

4) Requires the SCC to review and then approve or return the plan with an explanation of why the plan fails to meet the criteria.

5) Requires a local jurisdiction to use any awarded loan to purchase the vulnerable coastal property through a fair and transparent purchase process. Prohibits the local jurisdiction from using eminent domain to acquire vulnerable coastal properties.

6) Establishes the Sea Level Rise Revolving Loan Fund (SLRRLF), to be administered by the SCC, for purposes of providing low-interest loans to eligible local jurisdictions pursuant to the provisions of this bill.

FISCAL EFFECT:

1) Unknown ongoing cost pressure, likely in the tens of millions of dollars, to provide funding for the loans established under this program (GF, bond or special fund).

2) Ongoing cost pressure of approximately $900,000 annually (SLRRLF) for the State Coastal Conservancy (SCC) to administer and oversee the program established by this bill.

3) One-time cost pressure of $60,000 to $80,000 and ongoing cost pressure of $20,000 annually (SLRRLF) for the California Coastal Commission to provide input and coordinate with SCC on criteria and guidelines.

   While SCC is also required to coordinate with other agencies, the Coastal Commission would likely be the most substantive participant given its existing regulatory authority and extensive work with local governments on sea level rise.

4) The Ocean Protection Council (OPC) estimates any cost pressure from this bill would be absorbable within existing programs.

5) If funded, to the extent this bill results in an increase or acceleration of adaptation activities, this bill could result in savings due to lowering the risk of loss or damage to state resources and from avoiding some future disaster response spending.

COMMENTS:

1) **Background.** The potential changes in sea levels and coastal storms will impact both human and natural resources along the coast. These events will increase the risk of flooding and inundation of buildings, infrastructure, wetlands and groundwater basins. A 2015 economic assessment by the Risky Business Project estimated if current global GHG emission trends continue, between $8 billion and $10 billion of existing property in California is likely to be underwater by 2050, with an additional $6 billion to $10 billion at risk during high tide.

   A recent study by researchers from the U.S. Geological Survey (USGS) estimates, by the year 2100, roughly six feet of sea level rise and recurring annual storms could impact over 480,000 California residents (based on 2010 census data) and $119 billion in property value (in 2010 dollars). When adding the potential impacts of a 100-year storm, these estimates increase to 600,000 people and over $150 billion of property value.

   Rising seas will also erode coastal cliffs, dunes, and beaches—affecting shorefront infrastructure, houses, businesses, and recreation. The state's *Safeguarding California Plan* cites that for every foot of sea level rise, 50 to 100 feet of beach width could be lost. Moreover, a recent scientific study by USGS researchers predicted that under scenarios of three to six feet of sea level rise—and absent actions to mitigate such impacts—up to two-thirds of Southern California beaches may become completely eroded by the year 2100.

   A few states have begun home buyout programs in certain coastal areas after experiencing severe or repeated flooding or extensive storm damage. After Hurricane/Superstorm Sandy, New Jersey established the "Blue Acres Program" in 2012 to dedicate state funds and leverage federal dollars to purchase at-risk homes. As of September 2019, this program spent $375 million to purchase and demolish almost 1,000 properties. Damage from Hurricane Sandy also resulted in New York purchasing 300 homes for $120 million on Staten Island.

   In North Carolina, a regional storm water service agency purchased 460 properties at a cost of $67 million. Storm water fees financed this program almost entirely. Once frontline properties are purchased, residents are able to relocate to areas at lower risk of flooding or storm damage. The frontline areas can then be restored and managed to promote resiliency and mitigate the impacts of future floods and storms.

In August 2020, FEMA announced a new program designed to pay for large-scale relocation nationwide budgeted initially for $500 million. The US Department of Housing and Urban Development started a similar $16 billion program. The potential costs of (repeated) disaster recovery outweigh the upfront costs of buyouts to facilitate moves to less-risky areas.

2) **Purpose.** According to the author:

> SB 83 creates a revolving loan fund within the State Coastal Conservancy to provide low-interest loans to local governments. The loans would be used to buy properties that will be threatened in the next one or two decades, allowing the owners to sell while the property still has value. The local government can then rent out the property, repay the loan, and potentially earn additional revenue. Once the property is at risk of flooding from the rising sea, the property can be demolished without taxpayers bearing the cost.

3) **Related Legislation.** SB 1 (Atkins) establishes the California Sea Level Rise Mitigation and Adaptation Act of 2021 and declares the purpose of the act is to establish new planning, assessment, funding and mitigation tools for California to address and respond to sea level rise. SB 1 requires the California Coastal Commission to take into account the effects of sea level rise in coastal resources planning and management policies and activities in order to identify, assess, and, to the extent feasible, mitigate the adverse effects of sea level rise. SB 1 is pending in this committee.

Analysis Prepared by: Jennifer Galehouse / APPR. / (916) 319-2081