Prioritize and Plan | Comparing Financing Tools

The following table presents key characteristics, benefits, and drawbacks of financing tools commonly used.[1] Many more details can be found in Ready-To-Fund Resilience: Technical Input Paper. This guidebook applies to a variety of types of resilience projects, from "traditional" gray infrastructure to green infrastructure and social infrastructure.

It supports practitioners and government champions to

1. More effectively operate within the resilience funding and finance system.
2. Better prepare themselves to receive funding and finance for climate resilience-building.
3. Create equity through resilience funding and finance.

Institution	Funding/ Financing Tool	When to Involve	Key Benefits	Key Drawbacks
Non-profit/Educational				
Academic and Research	Grants	Evaluation of costs and benefits; recommendations for new technologies; post-completion monitoring and evaluation	Can access research grants that fund data collection and analysis; independent oversight	Limited in funding capacity
Community Development Corporation	Grants, donations, loans	Community-oriented developments and services including affordable housing; job training programs	Continual involvement in community	Limited in funding capacity
Community Development Financial Institutions	Grants, donations, loans	Predevelopment; bridge financing; workforce development	Can offer smaller and less burdensome loans to communities that cannot access larger funding opportunities	Limited in funding capacity
Community Land Trusts	Grants, donations	Community-oriented developments including affordable housing and recreational space	Continual involvement in community and long-term affordability mission	Limited in involvement; may be limited in funding capacity; resource-intensive to establish

[1] AECOM (2018), "Paying for Climate Adaptation in California: A primer for practitioners" as in *Ready-to-Fund Resilience Toolkit.*

Institution	Funding/ Financing Tool	When to Involve	Key Benefits	Key Drawbacks
Think Tanks	Grants, donations	Community engagement in planning and oversight processes; performance evaluations; support revenue generation efforts (e.g., ballot initiatives)	Can access private donations and membership fees; can provide space for community engagement and debate independent oversight	Limited in funding capacity
Public Sector				
Federal	Bonds, grants, taxes	Can fund major infrastructure projects with long timeframes	Can levy taxes; Oriented towards provision of public goods. Access to low-cost financing	Constitutional limitations on taxing power; changing administrations can affect funding priorities
State	Bonds, grants, general and special taxes, fees	Can fund major infrastructure projects with long timeframes	Can levy taxes; Oriented towards provision of public goods. Access to low-cost financing	Changing administrations can affect funding priorities
TIF District	Tax-increment financing (future property value increases)	Projects located in areas with increased development potential	TIF formation may not require voter approval	Issuance of TIF bond requires 55% voter approval in district; Requires redirecting future property tax revenue; dependent on anticipated increases in value
Publicly-owned Utilities	User fees, bonds	Utility infrastructure; vulnerable shoreline assets	Access to tax-free bonds; rates can be raised for water, sewer, and stormwater unless a majority protest; gas and electric rates are set by district's elected governing board in a public forum	High administrative capacity required to form a POU if not already established
Special Districts	Public-private partnerships; bonds, special taxes, assessments, service fees	Assessments, service fees, user fees, taxes; additional or enhanced public services	A government entity with authority to issue bonds and levy special taxes; can establish a Community Facility District	Require continual overhead funding; subject to the same voter approval laws as Counties and Cities; Cannot levy general taxes.
Private Involvement				
Public Private Partnerships	User fees, taxes, risk management	Involve as early as possible; risk can be effectively transferred;	Can sometimes offer cheaper cost service delivery; access to private	Complex to structure; high transaction costs; equity concerns;

Institution	Funding/ Financing Tool	When to Involve	Key Benefits	Key Drawbacks
		outcomes can be quantified	capital/avoidance of public debt	cost savings to ratepayers not guaranteed
Investor-owned Utilities	User fees	Utility infrastructure, vulnerable shoreline assets	High discretion over rate setting; can establish tiered rate structures/lifeline rates; high engineering capacity; long-range capital planning horizons	Rates subject to CPUC approval
Insurance	Insurance subcharges; insurance pooling	Early: via risk officer, when assessing risk (using insurance data as feasible); via finance innovation team when investigating parametric options	Risk transfer	Local government's insurance company point of contact may not yet be familiar with climate risk. Local governments traditionally have relied on rainy day funds, not risk transfer, and may not have innovative insurance relationships
Institutional Investors	Grants, loans, bonds	Involve as early as possible to ensure alignment with eligibility criteria	Enhanced market efficiency; additional capital source	Most evaluate potential investments on market return, not social or environmental good. Even social impact investors require returns on investment that may be beyond the capacity of a public service