



Hon. Leirion Gaylor Baird, Chair
Lincoln, NE
Ms. Lisa Wong, Vice-Chair
South Hadley, MA
Hon. Ras Baraka Newark, NJ
Hon. Jim Brainard Carmel, IN
Mr. Gary Brown Detroit, MI
Hon. Deborah Cherry Genesee County,
MI
Hon. Melissa Cribbins Coos County, OR
Hon. Jose C. Aponte Dalmau Carolina,
PR
Hon. Megan Dunn Snohomish County,
WA
Hon. Mark Fox Mandan, Hidatsa and
Arikara Nation
Mr. Brian Fulton Jackson County, MS
Hon. Katherine Gilmore Richardson
Philadelphia, PA
Hon. Nick Gradisar Pueblo, CO
Hon. Evan Hansen Morgantown, WV
Mr. Chad Harsha Cherokee Nation
Mr. Zane Hedgecock Raleigh, NC
Hon. Deana Holiday Ingraham East
Point, GA
Hon. Ella Jones Ferguson, Missouri
Hon. Kelly King Maui County, HI
Hon. Christine Lowery Cibola County,
NM
Hon. Rachel May Syracuse, NY
Hon. Melissa McKinlay Palm Beach
County, FL
Hon. Julian McTizic Bolivar, TN
Hon. Alex Morse Provincetown, MA
Hon. Douglas Nicholls Yuma, AZ
Hon. Ron Nirenberg San Antonio, TX
Hon. Neil O'Leary Waterbury, CT
Hon. Satya Rhodes-Conway Madison,
WI
Hon. Deborah Robertson Rialto, CA
Mr. Michael T. Scuse State of Delaware
Ms. Valinda Shirley Navajo Nation
Hon. Sylvester Turner Houston, TX
Hon. Lucy Vinis Eugene, OR
Mr. Jeff Witte State of New Mexico
Mr. Rodney Bartlett* Peterborough, NH
Mr. Tom Carroll* Silverton, OH
Hon. Vincent DeSantis* Gloversville, NY
Hon. Kwasi Fraser* Purcellville, VA
Mr. Dave Glatt* State of North Dakota
Hon. Daniel Guzman* Oneida Nation,
WI
Hon. Ann Mallek* Albemarle County,
VA
Hon. Hattie Portis-Jones* Fairburn, GA
Hon. Christina Sablan* Mariana Islands
Hon. Jeremy Stutsman* Goshen, IN

*Indicates member of Small
Communities Advisory Subcommittee
only

Paige Lieberman
Designated Federal Officer, EPA

December 20, 2022

Michael S. Regan, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Regan:

The Local Government Advisory Committee (LGAC) appreciates the opportunity and is eager to provide input on how EPA will develop and implement its programs under the Inflation Reduction Act (IRA). The IRA funding provides an unprecedented opportunity to mitigate greenhouse gasses through a variety of government programs. The LGAC challenges the EPA to develop innovative, unprecedented ways of allocating this money so that communities receive the resources they need.

The challenge of tackling the climate crisis is complex and achieving success will require input from all levels of government, as well as the nonprofit and private sector, and community voices. While it is a global crisis, many of the solutions will be local. No one knows the needs, challenges, and opportunities of a community to catalyze action better than local governments. For that reason, **the LGAC recommends that EPA include program guidance that requires recipients to partner with local governments when identifying, designing, and implementing projects in their communities.**

The LGAC provides recommendations and input on EPA's charge questions below and is available to advise on any additional questions as the program is developed. Recommendations on this charge include:

- Local and tribal governments should receive priority for the \$7 billion funding stream under [Sec. 134 (a) (1)]. When awarding other entities, EPA should require that local governments are included in the decision-making process of allocating funding to direct and indirect recipients, and consider allocating a minimum percentage of funding as a pass through to local governments
- EPA should prioritize "eligible entity" applicants that have: (1) clear client/borrower networks in low-income and disadvantaged communities; (2) an established lending and/or grant-making infrastructure, including prudent lending/grant-making standards and existing products that

can be modified to include GHG reduction projects; (3) a specific and credible commitment to modify existing products to drive GHG reductions; (4) existing reporting frameworks that can be used to track performance; and (5) demonstrated organizational accountability mechanisms to the communities they serve.

- EPA should explore innovative funding structures, including phased allocations and allowing a portion of the funding to be distributed as grants throughout the life of the project, to ensure that the programs that generate projects are supported at the same scale as the lending programs funded by the GHGRF.
- EPA should develop ways to standardize access to IRA funding across the federal family, including things like similar applications, similar reporting requirements, and the ability to layer funding so that a comprehensive project can tap into all the federal authorities and funding streams implicated.
- EPA should prioritize projects that are additive, provide co-benefits, and benefit low- and middle-income residents. Additionally, EPA should prioritize projects that decarbonize the existing building sector through energy-efficiency retrofits; support deep efficiency and/or net zero emissions in new construction, community solar projects (which may be rooftop or ground mounted) that serve low to moderate income households; vehicle electrification projects that promote equitable access to both electric vehicles and the needed charging infrastructure; natural climate solutions that cool cities, sequester carbon, and reduce emissions; and projects that help municipalities reduce consumption of gas, diesel, electricity, water, and other resources.
- In terms of internal capacity building, EPA should invest early in hiring staff to manage and coordinate program activities, utilize part of this funding to ensure Interagency coordination, and set aside \$250 million from the General Assistance allocation for Technical Assistance and Capacity Building.
- Regarding external capacity building, EPA should utilize a range of networks to share information about the new programs and offer needed technical assistance, including through state municipal leagues, the National League of Cities, the National Association of Counties, and more.
- EPA should develop strong accountability metrics for both direct and indirect recipients of funding and, in the case of the GHGRF, strong consumer protections for borrowers.
- EPA should take a flexible, locally responsive, and data driven approach when defining “low-income” and “disadvantaged” communities that enables consideration of a variety of data sources and measures.

The LGAC looks forward to working with EPA more as the IRA programs are implemented.

Sincerely,

A handwritten signature in black ink, reading "Leirion Gaylor Baird". The signature is written in a cursive style with a large initial "L".

Leirion Gaylor Baird, LGAC Chair

A handwritten signature in black ink, reading "SRConway". The signature is written in a cursive style with a large initial "S".

Satya Rhodes-Conway, LGAC Air & Climate
Workgroup Chair

Inflation Reduction Act Charge Questions #1 : In your experience as elected and appointed officials of local, state, tribal, and territorial governments, how can a public-private partnership effectively benefit a community? What challenges should EPA be aware of as it develops programs?

Recommendations

Public-private partnerships can be an effective way to use private funding to address public issues and create innovation. However, the LGAC is concerned about how the Greenhouse Gas Reduction Fund (GHGRF) will reach its intended beneficiaries. Given our experience, the capacity of municipalities – especially disadvantaged communities targeted by the law –to effectively develop and engage in public-private partnerships varies greatly. The money runs the risk of flowing to larger cities and existing partnerships with established capacity. There is also limited capacity in the nonprofit sector to participate in these partnerships, both from the financing and project perspective. One way to address this is to create incentive structures and a common language, to ultimately build trust among all involved. For example, in 2009 Massachusetts developed a Public-Private Partnership Oversight Commission, whose role is to inform government and business stakeholders on how their cooperation can provide the public with much-needed affordable transportation. This includes the development, facilitation, and promotion of the use of innovative financing, design-build, and other public-private partnership tools. **The LGAC recommends supporting these types of commissions – or ensuring that capacity building of this sort be provided to ensure benefits reach communities.**

Past experience with federal funding allocations offers additional lessons. The purpose of the Volkswagen settlement in 2016 was to fund mitigation actions that replace diesel emission sources with cleaner technology intended to reduce greenhouse gas emissions. While this funding led to many successful programs, in many instances it was used to purchase vehicles that were used infrequently, providing little to no emissions reduction benefit. A more effective approach would have been to fund the transition of high-mileage municipal fleet vehicles to low or no carbon emissions models. To avoid a similar recurrence, the **LGAC recommends that funding guidelines require recipients articulate clear, measurable targets and outcomes for GHG emission reductions and benefits to communities, as well as explain how they integrate local needs into their project.**

Eligible Recipients

Another concern of the LGAC is that the “eligible recipients” defined in the law allow non-government entities to apply for both the \$7 billion portion of the GHGRF [Sec. 134 (a) (1)] and the remaining \$20 billion portions [Sec. 134 (a) (2-3)]. To support the involvement of local governments, the **LGAC recommends that local and tribal governments receive priority for the \$7 billion funding stream.**

When funding is allocated to “eligible recipients,” the **LGAC recommends that EPA route funding through existing mission-driven institutions and platforms, which have demonstrated track records of successfully deploying capital in low-income and disadvantaged communities either directly or through their networks.** This could include Community Development Financial Institutions (CDFIs), established Green Banks, Housing Finance Agencies (HFAs), Public Housing Authorities (PHAs), as well as associations of community-based lenders like Credit Unions and Minority Depository Institutions (MDIs). Another recipient should be state- or utility-funded nonprofit organizations focused on providing energy efficiency and renewable energy services, and which could partner with a state to apply for GHGRF funding. These Public-Benefit Programs are already operational in many states and require investor-owned utilities to collect a surcharge from ratepayers that is used to fund programs such as energy efficiency, renewable energy, or low-income energy assistance. Successful models include the New Jersey Clean Energy Program, Wisconsin Focus on Energy, and the Energy Trust of Oregon.

Specifically, the **LGAC recommends that EPA prioritize “eligible entity” applicants that have: (1) clear client/borrower networks in low-income and disadvantaged communities; (2) an established lending and/or grant-making infrastructure, including prudent lending/grant-making standards and existing products that can be modified to include GHG reduction projects; (3) a specific and credible commitment to modify existing products to drive GHG reductions; (4) existing reporting frameworks that can be used to track performance; and (5) demonstrated organizational accountability mechanisms to the communities they serve.** With access to GHGRF capital and technical assistance, lenders can adjust and complement existing loan products – such as predevelopment, rehab, equipment, construction, and refinance loans – to finance GHG-reducing projects.

Green Banks

Public discussions on the GHGRF have pointed to green banks as the expected funding recipient. The LGAC is concerned about this for many reasons, including the ability to equitably allocate the funding and reach disadvantaged communities. There are currently green banks in 22 states, which excludes much of the country from the expected beneficiaries. While green banks could be established in more locations, the timing of setting one up in a new place and the statutory deadlines of allocating this funding do not align well. The LGAC challenges the EPA to think innovatively about providing opportunities for communities not currently served by a green bank to benefit from this once-in-a-generation funding. One option is to **use a phased approach that both conforms to statutory requirements, but also allows state and local governments the necessary time to plan how to effectively use this funding.** In the first phase, financial and technical assistance could be provided to help communities unfamiliar with the type of funding in the GHGRF – particularly the disadvantaged communities targeted by the IRA – to establish the robust partnerships needed between local governments, the private sector, and community-based organizations.

Another challenge with awarding funding to green banks is that they often cannot lend funds at scale without the support of program and project implementers. Typically, this leads to local organizations developing projects and administering programs. As cities, states, and tribes prepare to utilize this funding, there will be a significant need for technical assistance and capacity building. Yet this need does not necessarily wane once the project is in place; there is an ongoing need for program administration actions like marketing, contract management, and project coordination. **The LGAC recommends allowing a portion of the funding to be distributed as grants throughout the life of the project, to ensure that the programs that generate projects are supported at the same scale as the lending programs funded by the GHGRF.**

Inflation Reduction Act Charge Question #2: How can EPA develop and implement its program to help state, municipal, and tribal greenhouse gas programs achieve maximum GHG reductions for citizens, government operations, and entities operating within their jurisdictions?

Recommendations

How to Provide Funding

There are two sides to this question – the “how” and the “what” of implementing programs. For the former, the most impactful way to support state, municipal, and tribal greenhouse gas programs is to include them in the process of allocating funds. As noted above, local governments are uniquely qualified to identify projects in their communities that will meet the goals of the IRA. For that reason, **the LGAC recommends that EPA requires any states receiving funding to include local governments in the decision-making process of allocating funding to direct and indirect recipients.** Additionally, while

the LGAC understands that EPA is bound by statutory language, any discretion to **allocate a minimum percentage of funding as a pass through to local governments** would also go a long way to support local governments. Legislation like the American Rescue Plan and programs like Housing and Urban Development's Community Development Block Grants allow local governments to be direct beneficiaries of much-needed funding. Direct allocations to local governments eliminate a barrier to the efficient and effective achievement of the goals of the IRA.

Another barrier for local governments reducing GHG emissions – indeed for achieving any cross-cutting goal – is the complexity involved in working with multiple federal agencies. **The LGAC recommends that EPA develop ways to standardize access to IRA funding across the federal family, including things like similar applications, similar reporting requirements, and the ability to layer funding so that a comprehensive project can tap into all the federal authorities and funding streams implicated.** For example, if a local government wants to improve energy efficiency in multi-family housing, it is a much lower transaction cost to offer electrification, heat pumps, solar panels and more at the same time, rather than coming to landlords and property owners over and over, with different conditions and additional need to disrupt the living situations of residents. The LGAC sees great value in EPA aiding local governments and other applicants with identifying and layering multiple sources of federal funding to cover different aspects of a single project.

Similarly, by simplifying its own application process, EPA will allow applicants to focus on the development and planning of impactful projects, rather than the administrative tasks of completing a grant application. The LGAC provided recommendations in [July 2022](#) regarding the streamlining of applying for federal assistance. An additional idea is to adopt a national version of something like the [Massachusetts Community Compact Best Practices Program](#). In this program, municipalities select from a list of identified best practices that outline ways to reach an overarching goal, such as reducing greenhouse gas emissions, protecting public water sources, and increasing recycling rates. This approach allows municipalities to think conceptually about their goals and apply in a matter of minutes for a pre-approved program.

What Types of Projects to Fund

The LGAC recommends several overarching goals for the funding. First, it **should be additive**, meaning that projects would not otherwise be required under federal, state, or local laws, regulations, or court orders. This will help to support innovative projects and unmet needs. Second, it should **prioritize projects that provide co-benefits** by addressing multiple equity, climate resilience, affordable housing, urban redevelopment, brownfields, or other sustainability priorities. Climate is an underlying issue of so many community-level challenges, and there is great value in using this funding to address additional needs. Third, the funding should **prioritize projects that benefit low- and middle-income residents**, particularly those projects that are community-led and benefit individual community members. Fourth, the EPA **should ensure ongoing geographic balance of recycled funds** through regulatory and reporting frameworks.

For many cities that have completed GHG inventories and developed climate action or sustainability plans, the building sector and construction are among the top sources of emissions. Yet, there is a significant need for additional, affordable housing in most parts of the country. The federal government can play a role in creating a path to increase housing stock without causing significant emissions gains. **The LGAC recommends prioritizing decarbonizing the existing building sector and including a pathway for building new housing that is net-zero GHG emissions and affordable.**

For new and existing buildings, EPA should prioritize support for net zero buildings and energy efficiency retrofits, such as weatherization and building envelope improvements (e.g., advanced framing, windows, increased insulation, duct/air sealing, etc), building electrification, on-site renewable energy and energy storage, and microgrid solutions. These types of projects are especially important for public buildings, affordable housing, small commercial spaces, and nonprofits, places of worship, and community centers that may serve as resilience hubs. In these instances, the EPA should be thoughtful about **supporting energy efficiency and electrification broadly in existing buildings and focus support for deep efficiency and/or net zero emissions in new construction**, rather than excluding projects that aren't "zero emission technology." Most communities have older housing stock that requires repairs and efficiency improvements before they can support renewable energy. Additionally, electric heat pumps play an important role in decarbonizing buildings but are not "zero emission technologies" by themselves. However, prioritization should be given to projects that pursue electrification, rather than simply improving the efficiency of fossil-fueled technology, as well as projects that lead to replicable technological gains. Consideration also should be given to the need for safety and redundancy, particularly where significant upgrades may be occurring in low-income communities that lack the reserves to maintain, repair, and defend these new assets.

Additionally, consideration should be given to providing funding to establish or improve emergency heat and cooling centers that are energy efficient and resilient, and to provide efficient, low-carbon heating and cooling technology to households impacted by climate change. This funding would support people in need today and build relationships with areas repeatedly hit with extreme weather.

Another part of the housing emissions solution is solar energy. While the IRA explicitly calls out rooftop solar projects, **the LGAC recommends that EPA prioritize community solar projects (which may be rooftop or ground mounted) that serve low to moderate income households when funding such programs.** To best support disadvantaged communities, funded projects must enable community ownership and the ability for community owners to control long-term pricing. There are many ways to accomplish this, including through a cooperative or partnering with local government. One example to consider is San Antonio. When the city first started offering incentives for rooftop solar panels, incentives were claimed predominantly by single-family households who had the financial means to procure solar panels without support. Once funding shifted to the community solar model, the city was able to reach more disadvantaged communities and individuals who rent their housing, rather than own.

In terms of transportation projects, **the LGAC recommends that EPA prioritize vehicle electrification projects that promote equitable access to both electric vehicles and the needed charging infrastructure.** The LGAC also encourages EPA to use available data to ensure that projects benefitting disadvantaged communities are being prioritized. For example, diesel fuel is used in many rural communities, while concentrated pollution covers predominantly communities of color. Using evaluations from DERA and EJSCREEN could aid in identifying where funding will reach its intended recipients. Charging infrastructure projects must also utilize universal technology that can be used by vehicles of all types, to increase their long-term sustainability.

The LGAC also recommends that EPA also prioritize natural climate solutions for cooling cities, sequestering carbon, and reducing emissions. For example, projects that expand urban tree canopy can significantly reduce the urban heat island effect, which reduces the need for cooling in buildings, reduces strain on the electric grid, and cuts emissions. These strategies are especially important in a warming climate where heat waves are becoming more frequent and severe and disproportionately impact disadvantaged communities.

Finally, **providing funding for municipalities to reduce consumption of gas, diesel, electricity, water, and other resources would be one of the most impactful ways to support local governments.**

Prioritizing funding for projects like municipal fleet electrification, improving energy efficiency and electrifying municipal building operations, and developing energy storage would reduce future operating expenses of any municipality and appeal to the most liberal or conservative elected official.

Inflation Reduction Act Charge Question #3: What kinds of technical and/or financial assistance should EPA provide to ensure that low-income and disadvantaged communities are able to access IRA funding, particularly the Greenhouse Gas Reduction Fund and Climate Pollution Reduction Grants?

Recommendations

Internal Capacity Building

EPA has been allocated \$30M over ten years for the purposes of administering the GHGRF activities.

Ensuring internal EPA capacity for technical assistance and coordination is critical, as well as the need for EPA to engage with other IRA implementing Agencies. **The LGAC recommends that EPA invest early in hiring staff to manage and coordinate program activities, targeting full program staff by July 2023.**

This should include at least one national liaison for local governments and one for community-based organizations, preferably an additional position within each EPA Regional Office as well.

The LGAC also recommends that EPA utilize part of this funding (coupled with administrative appropriation from other sections of IRA) to ensure Interagency coordination. First, the LGAC recommends that EPA seek support from the White House to mandate cross agency cooperation related to energy and climate funding from the IIJA and IRA. Second, the LGAC recommends that EPA create an Interagency Task Force with U.S. Department of Transportation, the U.S. Department of Energy, Housing and Urban Development and the Department of Commerce. This purpose of this Office would be to provide coordination across agencies in the implementation of IIJA and IRA, with a targeted emphasis to work “at all levels of government” and provide coordination assistance with States, municipalities, and Tribes. This will increase the efficiency and effectiveness of both acts, while supporting deep transformations that go beyond treating “symptoms” and instead address root causes of the challenges we face.

The LGAC recommends setting aside \$250,000 million from the General Assistance allocation for Technical Assistance and Capacity Building. EPA could consider utilizing existing technical assistance centers to provide such support, including but not limited to Environmental Finance Centers, Thriving Communities Technical Assistance Centers, Brownfields Technical Assistance Centers, and other similar federal support, to immediately deploy support services to local governments and community groups to coordinate existing financial assistance networks or to create new ones in each of the recognized states, territories, and districts.

External Capacity Building

By targeting green banks and complex financial approaches as the main recipient of grants, EPA will need to provide significant technical assistance to reach low-income and disadvantaged communities. One consideration is how the needed technical assistance will reach these communities. If green banks receive the funding, do smaller communities and organizations know about the funding? If so, do they have the capacity to interact with a green bank, or the necessary legal mechanisms to receive funding?

The LGAC recommends utilizing a range of networks to share information about the new programs

and offer needed technical assistance, including through state municipal leagues, the National League of Cities, the National Association of Counties, and more. The [LGAC's July 2022 recommendations](#) for providing effective technical assistance to local governments are applicable to IRA programs as well, and provide more details. We encourage their integration into these programs. Again, including local governments in this outreach could be an efficient way to spread the word to those who would be viable beneficiaries.

Another challenge is how to structure the program so that low-income and disadvantaged communities are in the strongest possible position to participate, knowing that the timeline for distributing this funding is short, and the ability to build meaningful capacity on that timeline is limited. **The LGAC recommends exploring innovative funding structures** such as offering multiple rounds of funding (i.e., round one for planning and capacity building, and round two for implementation), and having tiered access, so that disadvantaged communities and local governments could have access to funding before other eligible entities or receive additional points in scoring of applications. Another idea is to prioritize applications that offer wraparound services (i.e., financial, legal services) to the organizations they end up supporting. Oftentimes local nonprofits that carry out projects receive operational and strategic support from entities working at larger scales and supporting those entities could be a way to leverage sustainable capacity building in communities.

The LGAC also wants to ensure that the EPA is aware of how the market works with these types of programs, specifically the unintended impacts. Often when federal funding specifies a need to support disadvantaged communities, large organizations and consultants aggressively target these communities, which don't always have the time and legal capacity to protect their own interests. While this doesn't always lead to problems, there are a notable number of examples across the country where disadvantaged communities get mistreated and end up with costly projects that don't support their needs. The LGAC is happy to have more conversations with EPA about this reality. To address this, **the LGAC recommends that the EPA develop strong accountability metrics for both direct and indirect recipients of funding and, in the case of the GHGRF, strong consumer protections for borrowers.** For example, in designing the GHGRF program, the EPA should develop strong equity criteria that ensures any entity to directly receive funding through Sec. 134 (a) (2-3) have verified experience work with and lending to BIPOC, disadvantaged, and low-income communities as well as familiarity with the types of projects the fund seeks to prioritize, such as community solar with local ownership.

Defining Communities

Finally, the EPA has asked for guidance on defining "low-income" and "disadvantaged" communities for the purpose of the GHGRF and existing definitions or resources for prioritizing these communities. Recent grant solicitations by EPA, such as the Enhanced Air Quality Monitoring for Communities competitive grant, enabled communities to use data from a variety of sources - including EPA's EJScreen; CDC's Social Vulnerability Index (SVI); state and local environmental, health, and sociodemographic data; and third-party reports) to give a more complete picture of the disadvantaged communities and populations projects would benefit. This is especially important when a disadvantaged community is not spatially aggregated in ways that are conducive to certain mapping approaches, such as people with health conditions, disabilities, and when communities have been intentionally broken apart both physically and jurisdictionally by unjust policies and practices. **The LGAC recommends that EPA take a flexible, locally responsive, and data driven approach when defining "low-income" and "disadvantaged" communities that enables consideration of a variety of data sources and measures.**