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Advisory Subcommittee

Paige Lieberman

Designated Federal Officer, EPA

November 9, 2023

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 to weigh in on the development of the Greenhouse Gas Reduction Fund (GGRF). As implementation moves forward, the impacts of projects funded – both positive and negative – will be felt most directly by our constituents at the local level of government. We offer our perspective on how to ensure the program meets its intended goals and supports communities across the country.

The LGAC offers specific recommendations on how EPA allocates funding. We encourage EPA prioritize GGRF grants to non-profit financial institutions that:

- Employ subject matter experts to navigate the web of federal funding and compliance reporting to support its projects; and
- Support workforce development programs.

The LGAC also recommends that EPA have a say in the projects ultimately funded by the GGRF recipients, prioritizing land use and built environment projects that:

- Move the needle forward on sustainability practices within a given market;
- Develop pathways to achieving net zero emissions;
- Support community sustainability goals that may not otherwise be funded;
- Have high upfront capitalization costs or don't provide a typical market-oriented return on investment, but result in significant public health and climate benefits;
- Demonstrate community engagement; or
- Support the funding of related infrastructure (e.g. drinking water and wastewater).

These recommendations focus on the value of supporting land-use policies and efficiencies in the built environment. Specifically, the LGAC recommends that EPA highlight urban planning policies, zoning changes, and permitting processes that make it easier to adopt climate-smart land use and development patterns.

Data is a potential barrier noted by members of the LGAC. To address any issues and help build capacity of local governments, we recommend creating a free dashboard that measures the GHG emission reduction potential of certain land use policies. Setting parameters for collecting and validating data

related to GHG emissions is a worthwhile endeavor, as more local governments engage in data collection.

One concern raised by LGAC regarding the GGRF program is that the public and private sector will compete against one another for funding. This paradigm creates an inherently inequitable competition. LGAC encourages EPA to prioritize this funding for local governments wherever possible. Where the private or nonprofit sector is awarded, the LGAC recommends that EPA encourage recipients to work with local governments early and often to ensure that projects comply with all applicable local regulatory requirements and efforts are coordinated efficiently and effectively to maximize benefits to the community.

Under the theme of supporting implementation, the LGAC recommends that EPA host a launch event for each GGRF recipient with relevant stakeholders. Those events would convene all relevant federal, state, and local government partners, as well as community organizations, developers, and other appropriate entities with shared missions. The audience for these events would be potential sub/secondary recipients, and the goal of the events would be to ensure that funding is accessible and to drive collaborative, innovative approaches amongst stakeholders.

Finally, EPA should use its convening power to organize a summit with federal agencies focused on identifying underlying policy barriers to climate-forward development, available resources to address those barriers, and gaps that need to be filled. More specifically, the LGAC recommends that EPA work with the U.S. Department of Housing and Urban Development to address the perceived dichotomy of sustainability and affordability and to ensure effective leveraging of existing programs for public/private partnerships.

The Committee looks forward to an iterative conversation with the EPA on this topic as the IRA investment is implemented.

Sincerely,



Mayor Leirion Gaylor Baird
LGAC Chair



Mayor Satya Rhodes-Conway
LGAC Climate Workgroup Chair

Introduction

The objectives of the Greenhouse Gas Reduction Fund (GGRF) are clear: reduce greenhouse gas emissions, mobilize financing and private capital to stimulate deployment of projects that advance those goals, and deliver the benefits of this reduction to American communities – particularly low-income and disadvantaged communities. There is a myriad of ways that could be accomplished. As leaders of local governments across the nation, we see an untapped opportunity that can not only accomplish all the stated program objectives, but also revitalize our communities.

Across the nation, communities are contending with a shortage of affordable housing. As local governments respond to this need, they are also striving to lower their GHG emissions and mitigate climate risks. To many, these seem like opposing goals, but the LGAC sees a path forward that synergizes the two.

EPA's mission to protect human health and the environment has historically been limited to regulating water, air, and waste; however, in the face of climate change and with resources provided by the Inflation Reduction Act (IRA), we ask EPA to use the GGRF to encourage certain outcomes in urban policy, where appropriate. The GGRF can support the construction of sustainable, affordable housing and the development of interconnected communities that ultimately lower GHG emissions by encouraging certain land-use policies and efficiencies in the built environment

Compact development strategies such as in-fill development and adaptive reuse, combined with the preservation of green spaces and creation of walkable communities, can reduce vehicle miles traveled by 20 to 40 percent compared to conventional development, as shown in an EPA-funded [study by the Urban Land Institute](#). According to an April 2022, *Harvard Law Review* article, "[State Preemption of Local Zoning Laws as Intersectional Climate Policy](#),":

"In areas with single-family housing and large yards, there are higher total vehicle miles traveled (VMT), a key determinant of GHG emissions from transportation. Dispersed housing also requires the construction of more municipal infrastructure, like streets and sewers, and encourages the construction of larger houses with correspondingly larger energy demands. Furthermore, sprawling housing patterns reduce the benefits of constructing low-carbon public transport. Today, due in part to widespread sprawl, transportation accounts for 29% of America's emissions, more than any other sector. One literature review finds that smart city design can reduce VMT by between 3% and 25%. A different analysis finds that, compared to denser development, urban sprawl is associated with 20% to 60% more VMT.¹

The Brookings Institution recently expanded on the research behind these trends:

Households living near multiple activity centers consistently travel shorter distances, often cutting annual miles traveled by more than half. Since transportation is the number two household expense and one of the largest sources of household GHG emissions, these findings translate into real benefits for people and the planet. For the average driver, living closer to multiple activity centers can save around \$920 to \$1,200 in annual transportation expenses and reduce their carbon footprint by 2,455 to 3,020 pounds of carbon dioxide. These findings underscore just how powerful proximity can be—and just how little U.S. metro areas are designed to leverage the opportunities proximity creates.²

While short-term projects like electrifying sanitation trucks that will be used for ten years are valuable and necessary in the transformation to a clean energy economy, there are projects that can have an even more enduring impact. For example, in the 1870s, the City of Newark invested significant capital and utilized smart design to build reservoirs and an aqueduct system that uses gravity to feed the municipal water systems; this system is still efficiently serving the city today.

The challenge is that a series of barriers is keeping this change from occurring organically. On their own, local governments typically lack the resources and tools to make this transformation happen, and we look to the GGRF to serve as a catalyst. We know the power that an investment from the federal government can have at the community level. It can be negative, as seen in the 1930s with redlining and disinvestment in certain communities, but it can also be positive.

Drawing from a series of conversations with developers, researchers, and environmental advocates, as well as our own experience as local elected and appointed government officials, we identified a series of barriers that are impeding the pursuit of sustainable, and economically thriving communities, as well as tangible solutions that EPA can pursue.

The LGAC recommends that EPA take a series of actions under the categories of supporting implementation and using its convening power to support cross-sector and cross-Agency projects designed to reduce greenhouse gas (GHG) emissions. First, the Committee offers specific recommendations on funding requirements for the GGRF.

GGRF Funding

The Greenhouse Gas Reduction Fund (GGRF) has the power to ensure the transition to a clean economy envisioned in the IRA is fair and equitable by investing in a way that empowers communities and the people who live in them.

As the Agency reviews applications and develops cooperative agreements with GGRF recipients, the LGAC recommends that **EPA encourage GGRF grants to non-profit financial institutions that:**

- **Employ subject matter experts** that can act in a role similar to an ombudsman, to assist in navigating the web of federal funding availability, stacking capital funds, and ensuring reporting compliance, and offer these services for any project it supports. Developers and other public and nonprofit organizations are interested in projects that support the goals of the IRA, but they may not apply due to the burdens associated with grant management requirements.
- **Support workforce development programs**, either directly or indirectly by allocating some of its funding to a partner organization. Support for such programs have the potential for two gains. First, they can develop a regional workforce of construction and utility practitioners who understand green technology and sustainable building techniques which can be used now, and in the future, to further lower emissions reductions. Second, by allowing this as an expense, GGRF recipients can invest in communities by providing career pathways that will ultimately lift the broader local economy.

The GGRF will provide grants to a handful of non-profit financial institutions that will ultimately be responsible for funding a range of community projects. These secondary recipients are critical to achieving the greenhouse gas reduction goals and co-benefits envisioned by Congress, and EPA should exercise oversight of the programs implemented by these secondary recipients. To accomplish that, the LGAC recommends that EPA include language in the agreements negotiated with the nonprofit financial institutions funded by GGRF that **encourages their prioritization of land use and built environment projects, specifically ones that:**

- **Move the needle forward on sustainability practices** within a given market, recognizing the regional differences (i.e., in some locations installing solar panels or building a triplex is a success, in other locations building a 15-story building on a geothermal microgrid is a success)
- **Develop pathways to achieving net zero emissions where possible**, including energy usage, embodied carbon in building materials, and efficiency in water delivery and wastewater collection, understanding that communities will be on different trajectories and need different interventions to lower emissions locally
- **Support community sustainability goals that may not otherwise be funded**, based on location or a lack of nearby comparable projects
- **Have high upfront capitalization costs or do not provide a typical market-oriented return on investment**, but result in significant public health and climate benefits
- **Demonstrate community engagement**, including stipends to pay community members for their time spent providing input, and evidence that project priorities are supported by, and will benefit, the community
- **Support the funding of related infrastructure** (e.g. drinking water and wastewater) that is necessary to realize any development in a way that promotes innovation and GHG emission reductions

As with most recommendations from the LGAC, we encourage the support and engagement of local governments whenever possible. When local governments compete against the private sector for funding, there is inherent inequity. However, local governments are long-term owners and operators of spaces, so funding them also adds a public good to the balance sheet. To counter the inequity, **the LGAC encourages EPA to prioritize funding for local governments wherever possible.** One example is to offer forgivable loans or grants.

Where the private or nonprofit sector is awarded, **the LGAC recommends that EPA encourage recipients to work with local governments early and often to encourage effective coordination and ensure that local regulatory requirements are met.**

Supporting Implementation

Once funding is awarded, there will be significant work remaining for EPA to ensure successful implementation. It will take a coalition of developers, investors, community organizations, technical sustainability experts, local governments, and elected officials to ensure successful land use and built environment projects are implemented under IRA, particularly for GGRF-funded projects.

Supporting Developers

When discussing IRA with external partners the LGAC heard several perceived barriers to accessing federal funding, including:

- Arduous reporting requirements that will necessitate additional staff
- Severe restrictions on how the money can be used, which will leave critical elements of a project unfunded
- Unrealistic timelines for expending funds, which may not align with the infrastructure or real estate development process, especially if funds are stacked
- Limited funding to cover various municipal costs related to development
- Concern that the ultimate needs of communities will not be met

To counter these concerns, the LGAC recommends that **EPA host a launch event for each GGRF recipient that convenes all the relevant federal, state, and local stakeholders, as well as developers and community organizations, and explains the value of working with recipients on dynamic projects.** The audience for these events would be potential sub/secondary recipients, and the goal of the events would be to drive collaboration and innovation. Relying on webinars and publicly posted funding opportunities will not be sufficient. **The LGAC recommends that these events should also highlight available technical assistance,** to quell concerns about workload.

As noted above, the LGAC recommends that recipients of the GGRF funding be required to employ subject matter experts or an ombudsman that can offer this assistance. **Regardless of who offers the technical assistance, EPA should be involved to ensure nationwide consistency and that the full range of relevant topics are covered.** While the stated mission of the new TCTACs seems to address this need, the LGAC understands that the work of expected GGRF projects is highly technical, and that TCTAC staff may not have enough expertise to connect various elements of GHG emission reduction efforts.

Separately, **the LGAC recommends that EPA allow developers to use GGRF funding to cover a range of municipal costs,** such as the incremental costs of infill development (as opposed to green field development), including, but not limited to the upfront costs for related sewer development, area infrastructure plans, and capital development.

Supporting Local Governments

Across the country, community push-back on dense development often stems from a perceived lack of amenities or positive impacts for existing residents. EPA can help by making low and no-carbon transportation, green space, and other amenities that provide environmental benefits to existing residents an eligible expense for IRA funding and by providing tools and resources for overcoming this barrier. EPA can also support local governments by **highlighting urban planning policies, zoning changes, and permitting processes that make it easier to adopt climate-smart land use and development patterns.**

Another challenge is a lack of support from local building owners and the business community for energy and water use efficiency measures and retrofits. Their voices and actions are critical to the success of scaling up and normalizing building energy efficiency and decarbonization work. **The LGAC recommends that EPA work to build a network of national and local leaders in this arena and supporting them to tell their stories.**

Tools for Measuring GHG Emission Reduction

Notably, any project funded by the GGRF must quantify its GHG emissions reductions. While there are many tools available for measuring GHG emission reductions in various sectors, there are notable limitations, which naturally limit the scope of projects. One limitation is access to affordable and easy-to-use greenhouse gas emissions data that can be tailored to a specific location and proposed project. Consultants have much of the needed data, but it's expensive, especially for disadvantaged communities, which EPA is directed to target with the GGRF. Other tools, including the U.S. Department of Energy's State and Local Planning Energy platform (SLOPE), lack the granular detail needed for local governments or a developer to apply when considering a specific project, instead offering state or county level data. In other instances, data are specific to a certain application, such as transportation-related emissions.

The ultimate goal would be a tool where anyone interested can input certain project information and generate a spatially explicit, easy-to-use dashboard that measures per unit GHG emissions for baseline emissions and a range of future scenarios. The State of Washington is trying to do this for its jurisdictions, and many organizations would be supportive of a broader tool. **The LGAC recommends that EPA support the development of such a tool, through interagency MOUs and interested stakeholders – to provide this kind of analysis at no cost.** The LGAC would be happy to discuss this in more detail as EPA explores the feasibility.

At the same time, many municipalities are developing this data for their own use and would be willing to share it further. EPA, along with its federal partners, could play a role in **setting parameters for collecting and validating data related to GHG emissions**, so that everyone is working within the same framework, and towards the same goal.

When it comes to measuring greenhouse gas emissions reductions achieved through land use policies, tools are especially limited. Yet the research is clear that land use drives emissions, as noted above. What is more, the data shows that communities identified by initiatives like Justice 40 are more likely to live proximate to activity centers, so they can and should be a target for getting the most sustainable benefits from development.

While developing a robust tool for calculating the greenhouse gas emissions reductions from climate-smart land use and urban planning may be a longer-term project, in the immediate term, **the LGAC recommends that EPA develop a free, easy-to-use tool that measures the GHG emission reduction potential of certain land use policies.** Specific functions of the tool should include:

- Estimate how much density a community should target to maximize GHG emission reductions from transportation and buildings
- Estimate cost savings (including avoided costs) for a municipality that makes proactive – rather than reactive – land use, development and transportation policies
- Estimate GHG emission reductions of different land use policies, including zoning, design requirements, and rules regarding occupancy and parking
- Explicitly identifying avoided costs through taking action

Additional Tools Needed

Beyond measurement tools, **the LGAC recommends that EPA curate a repository of tools needed to support GHG emission reduction work and broadly distribute it to partners.** Specific tools should include:

- Templates for local reform of zoning ordinances and land use policies that support climate-friendly development patterns
- Guidance for communities decommissioning fossil fuel infrastructure and looking for new uses that utilize existing electric grid or water system connectivity
- Case studies and best practices (e.g. Atlantic Station in Atlanta, City of Fresno, Minneapolis), and toolkits that support replication
- Pro forma for developers to use in making the economic case for climate-smart development

All relevant tools should be **explicitly highlighted in any Notice of Funding Opportunity so that eligible entities are starting from a similar playing field**, as the U.S. Department of Transportation has done with its recent CFI application and a tool for calculating the GHG emission reductions from installing different types of EV chargers.

Using EPA's Convening Power

To ensure the intent of the IRA is achieved, the EPA must think about greenhouse gas emissions holistically. What EPA lacks in statutory authority, it can make up for through strategic partnerships.

Working within the Federal Family

Within the federal family, EPA should pursue a range of actions to ensure the GGRF is used in ways that help reduce GHG emissions across all sectors, including joint rulemaking where appropriate. First, the LGAC recommends that **EPA work with the U.S. Department of Housing and Urban Development to conduct outreach and engagement to address the perceived dichotomy of sustainability and affordability and effective leveraging of existing programs for public/private partnerships.** Time and again, the U.S. government has proven to be an economic catalyst, and it can do that for sustainability by **requiring all federal housing funding and financing to meet certain standards such as the most up to date International Energy Conservation Code, , BREEAM (Building Research Establishment Environmental Assessment Method), LEED (Leadership in Energy and Environmental Design), Water Sense/Water Smart, or other equivalent standard including a pathway to net zero emissions.** Aside from the environmental benefits, an economic benefit of this action will be lower utility costs and increased purchasing power for residents of federally funded housing. The EPA should also work across the federal family align how other federal funding/financing can support highly efficient buildings of all types.

Efficiencies can also be made with federal coordination to leverage programs related to land use, including the various benefits of infill and transit-oriented development over greenfield development. Related, there is a need for federal leadership in the realm of housing ownership models for multifamily housing. Developers noted the lack of alignment in federal programs as a barrier, and the need for a smoother pathway for those wishing to bring these types of projects to market.

The LGAC understands this is a complex issue that won't be solved quickly but **calls on EPA to begin work to organize a summit focused on identifying underlying policy barriers to climate-forward development, available resources to address them, and gaps that need to be filled.** Invitees would include any federal agency with equities, as well as housing developers, investors and advocates (Habitat for Humanity, National Association of Homebuilders, Local Initiatives Support Corporation), environmental and urban policy organizations (Natural Resource Defense Council, the Brookings Institute, Urban Land Institute, Smart Growth Network, American Planning Association and Enterprise Community Partners), and local government organizations (U.S. Conference of Mayors, National League of Cities, National Association of Counties).

Working with States

While the recommendations offered above can be helpful in many parts of the country, it is important for EPA to understand that this guidance could be a nonstarter in some regions. Some state legislatures prevent local governments from implementing stricter legislation than the state's current standard, including building codes and zoning. While the LGAC understands the role that these laws play, it also sees the value in providing additional autonomy for local jurisdictions to support the fight against climate change. **Given their strong relationship with state partners like the Environmental Council of the States (ECOS), the National Governors Association, and the US Climate Alliance, the LGAC recommends that EPA facilitate regular discussions with these partners regarding paths to overcoming the barriers noted above.** This should include working with regional governing bodies such as Metropolitan Planning Organizations who are required to deploy federal funds to states, including EPA's Climate Pollution Reduction Grants. The LGAC would be happy to join these discussions as appropriate.