



May 12, 2023

The Honorable Michael Regan, Administrator
Mr. Jahi Wise, Sr. Advisor to the Administrator and Acting Director for GGRF
Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20004

Re: Greenhouse Gas Reduction Fund Implementation Framework

Dear Administrator Regan and Mr. Wise:

On behalf of Main Street America (MSA), thank you for your leadership in developing the new Greenhouse Gas Reduction Fund (GGRF). As a national non-profit serving more than 1200 local community revitalization organizations in 41 states, we believe the GGRF offers an essential pathway for communities to achieve carbon reductions while also delivering new housing, supporting economic development, and enhancing quality of life. We strongly support the EPA's goals to ensure that a minimum of 40% of GGRF funds are delivered to disadvantaged and low-income communities. We appreciate the opportunity to submit comments on the EPA's recently released implementation framework for the GGRF.

In December 2022, Main Street America submitted comments urging the Agency to identify energy-efficiency adaptive reuse and location-efficient development as eligible project types for GGRF funding. We have attached this letter for your reference. Based on information released in the Implementation Framework, we are uncertain whether the EPA will allow funding of these projects. Below, we offer several recommendations concerning this issue, as well provide other recommendations related to general GGRF program design.

Adaptive Reuse and Location-Efficient Projects

We applaud the EPA's prioritization of existing building decarbonization through the GGRF. However, we urge that the EPA: 1) create a list of "safe harbor" qualified projects that includes adaptive reuse and location-efficient projects which integrate building decarbonization strategies; 2) provide flexibility to community lenders participating in the Clean Communities Investment Accelerator program to fund any qualified project; and 3) clarify standards for retrofits of existing buildings.

- 1. Create a list of "safe harbor" projects and include adaptive reuse and location-efficient projects as eligible activities.**

EPA identifies decarbonization retrofits of existing buildings as a priority project category for the National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator program (CCIA). Example projects referenced in the Implementation Framework pertain only to those activities that would reduce the operating emissions of existing buildings; **this language does not include reference to activities required to rehabilitate vacant or partially-vacant buildings to put them back into productive use.** For example, reconfiguring vacant upper floors of an existing building to create affordable housing would require selective demolition, the installation of new plumbing and electrical systems, and various other building modifications.

EPA also identifies Transportation Pollution Reduction as a priority project category under the NCIF and CCIA programs. These projects are defined as those that support zero-emission modes of transportation; **EPA does not appear to include in this category the funding of projects that would reduce reliance on vehicles and create more transit-accessible and walkable communities.**

The carbon and climate justice case for permitting the funding of adaptive reuse and location-efficient projects through the GGRF is compelling. When paired with energy efficiency and electrification upgrades, reusing existing buildings can save [50-75% of the carbon expended in a new construction project](#). Additionally, development in compact, connected, walkable, and mixed-use neighborhoods has a double bottom-line benefit to the environment: it reduces the carbon-intensive infrastructure needed to serve buildings and it helps reduce Vehicle Miles Traveled (VMT), a key driver of greenhouse gas emissions. [According to the EPA's analysis](#), eliminating short trips (those of one mile or less) by fossil-fuel modes of transportation by 50% would reduce about 2 million metric tons of CO2 emissions per year in the United States.

Many disadvantaged and low-income communities are burdened by large numbers of vacant or partially vacant buildings and are unable to obtain financing to put these structures back into productive use. This impedes housing production, the growth of new and existing small businesses, and the overall quality of life in our nation's disinvested places. Location-efficient projects can also be difficult to finance, but offer a substantial benefit to low-income and disadvantaged communities, reducing transportation cost burdens and enabling the creation of healthier, more walkable places.

Recommendation

We request that the EPA develop a list of "safe harbor" uses of funds for the NCIF and CCIA programs, and include adaptive reuse and location-efficient projects as qualified projects. A safe harbor list is necessary to lessen compliance risk from award recipients who may be concerned about whether a project ultimately qualifies. For project types that aren't included in this list, we recommend that EPA provide applicants with as much data as possible so they can define their methodology for operationalizing these requirements in their application and subsequent reporting to the Department.

Our suggested language establishing adaptive reuse and location-efficient projects as “safe harbor” activities is as follows:

- Adaptive Reuse of Vacant and Partially Vacant Existing Buildings Paired with Decarbonization Retrofits. Projects, technologies, or activities that rehabilitate vacant or partially vacant buildings, and which integrate retrofits that substantially reduce or eliminate greenhouse gas emissions and air pollution from that project, technology, or activity. Examples include the creation of upper-floor housing units (including affordable housing) in partially or wholly vacant mixed-use buildings and the repurposing of industrial buildings into commercial, residential, or mixed-use.

Location-Efficient Projects Paired with Decarbonization Retrofits. Projects, technologies, or activities that will be constructed in location-efficient places are defined as those that are compact, connected, walkable, mixed-use, and connected to public infrastructure such as water and sewer lines, roads, and emergency services, and which integrate retrofits that substantially reduce or eliminate greenhouse gas emissions and air pollution from that project, technology, or activity.

2. Provide Flexibility to Community Lenders through the CCIA program

The EPA establishes priority project categories for the Clean Communities Investment Accelerator program and notes that the Agency expects to require Community Lenders to fund one or more of these priority projects. While the NCIF program provides lenders with the ability to fund priority projects *or* other qualified projects, the CCIA program does not offer this same flexibility.

We believe community lenders should be provided with the option to fund any qualified project they believe will be most aligned with local community needs, particularly given the CCIA program’s emphasis on supporting low-income and disadvantaged communities. These Lenders will be in the position to work directly with community members to determine which projects are feasible and supported by the community.

Recommendation:

We request that the EPA allow community lenders participating in the CCIA program to fund any qualified project, not just those listed as priority projects.

3. Clarify Standards for Existing Building Decarbonization

EPA establishes as a priority project under both the NCIF and CCIA “projects, technologies or activities that retrofit an existing building to reduce or eliminate greenhouse gas emissions and

air pollution, with that project, technology, or activity consistent with the targets and strategies of *net-zero emissions buildings as specified in Executive Order 14057* (Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability) Implementing Instructions.

Recommendation:

We recommend that EPA clarify in the funding notice that projects which reduce but are not able to completely eliminate greenhouse gas emissions are also eligible for GGRF funds. We believe buildings that are retrofitted with GGRF resources should qualify under the Priority Project definition as long as they result in significant decarbonization reductions.

General Program Comments

Rural Impact

We see an extraordinary need to decarbonize the built environment within our rural network, especially in low-income and disadvantaged rural communities. Unfortunately, coverage of rural areas by CDFIs, credit unions, and other community lenders likely to deploy GGRF dollars is inconsistent. **We are concerned that absent an intentional effort by EPA to ensure GGRF resources reach rural America, many places will simply be excluded from this vital federal funding flow.**

Recommendation:

We encourage the EPA to require that a minimum of 20% of GGRF funds will be used to serve rural areas. [This request aligns with recent US Census statistics that 20% of the US population lives in rural areas.](#)

Clean Communities Investment Accelerator

The EPA expresses an intent to provide Community Lenders with a maximum of \$5 million in capitalization funding through the CCIA program.

Recommendation:

We agree with the National Resources Defense Council and other national organizations that EPA should remove the \$5 million fixed dollar cap on Capitalization Funding (and resulting TA Subawards) to Community Lenders and replace it with a formula-based cap which is sized to a Community Lender's balance sheet. We concur that the \$5 million cap on Capitalization Funding is quite small for many Community Lenders and will not incent widespread change nor sustained adoption of GGRF Qualified and Eligible Projects.

Technical Assistance (TA)

We agree with the National Resource Defense Council that the GGRF Implementation Framework appears to lack a comprehensive and funded technical assistance and pipeline

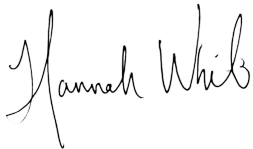
development strategy. Therefore, we urge the EPA to increase funding of these crucial activities, and we fully support the NRDC's four recommendations regarding TA.

These recommendations include:

- Fund centralized and shared TA and market support functions in the NCIF and CCIA programs.
- Do not limit predevelopment resources flowing into qualified projects and allow lenders the flexibility to determine predevelopment expense eligibility.
- Increase TA investment for community lenders receiving a TA subaward under the CCIA program.
- Within the NOFOs, include a detailed list and description of applicable and complementary federally funded TA programs, along with relevant pathways to match applicants with appropriate programs, to increase the likelihood that eligible recipients and community lenders tap into existing TA opportunities.

Thank you again for the opportunity to comment. Any questions regarding this submission can be directed to Patrice Frey, Senior Advisor, at pfrey@savingplaces.org or 202-701-4963.

Sincerely,

A handwritten signature in cursive script that reads "Hannah White".

Hannah White
Acting President & CEO

