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 Program Design

Dear Administrator Regan and Mr. Wise:

On behalf of the undersigned organizations, thank you for providing the recently released Implementation Framework for Greenhouse Gas Reduction Fund (GGRF). We are enthusiastic about the program's goals of reducing carbon and other air pollutants, lowering energy costs, and producing high-quality jobs. We share EPA's commitment to ensuring these funds are deployed to communities that shoulder the most significant burdens of disinvestment and pollution, and we appreciate the opportunity to provide comments on the GGRF Implementation Plan.

In December 2022, a subset of the signatories below submitted a letter urging that the EPA permit funding of adaptive reuse and location-efficient projects through the GGRF. We have attached this letter for your reference. **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.

Adaptive reuse and location-efficient projects are essential to reducing carbon impacts in the built environment. Yet these projects often struggle to obtain needed financing, particularly in disinvested communities. GGRF funding can play a vital role in incenting private investment in these projects, creating economic opportunity, affordable housing in location-smart areas, and improving the overall quality of life in low-income and disadvantaged places.

Thank you again for the opportunity to comment.

Sincerely,

America Walks

American Council for an Energy-Efficient Economy

American Institute of Architects (AIA)

Architecture 2030

Association for Preservation Technology International

Invest Appalachia

Local Initiatives Support Corporation (LISC)

Low Income Investment Fund (LIIF)

Main Street America

National Housing & Rehabilitation Association

National Preservation Partners Network

National Trust for Historic Preservation

National Trust Community Investment Corporation

Rural Community Assistance Corporation

Smart Growth America

U.S. Green Building Council