



April 10, 2023

Michael Regan, Administrator
US Environmental Protection Agency
Office of the Administrator, Mail Code 1101A
1200 Pennsylvania Avenue, NW
Washington, DC 20460

**Re: Request For Information on the Environmental and Climate Justice Block Grant Program
Docket ID No. EPA-HQ-OEJECR-2023-0023**

Dear Administrator Regan and EPA Staff,

Americans for Financial Reform Education Fund (AFREF) appreciates the opportunity to comment in response to the Environmental Protection Agency’s (the “EPA”) Request For Information (“RFI”) on the Environmental and Climate Justice Block Grant Program (the “ECJ Program”) design. We write to urge you to prioritize the needs of the communities that are most negatively impacted by climate change and environmental injustice—and most in need of climate investment—as you develop the ECJ Program as authorized by the Inflation Reduction Act of 2022 (IRA).

The harms of the climate crisis are not borne equally by all communities. According to a recent EPA report,¹ climate change disproportionately harms racial and ethnic minority groups, which the EPA defines as groups or individuals identifying as Black or African American; American Indian or Alaska Native; Asian; Native Hawaiian or other Pacific Islander; and/or Hispanic or Latino. In addition to increased exposure to physical and health risks, communities of color lack access to financial resources to either move or rebuild their communities. As climate-related disasters grow in severity and frequency,² low- and moderate-income households of color will remain trapped in this vicious cycle without significant investment to enhance climate resilience.

While ninety percent of counties in the US experienced a federal climate disaster in the past decade,³ the disparities between white, wealthy communities and low-income communities of color are worsening.⁴ Banks and insurers are well aware of the increased financial risk climate-vulnerable communities face and are reducing their liability by drawing lines of risk around regions that are susceptible to climate-related disasters like wildfires and floods. Insurers subsequently increase their rates or completely stop insuring

¹ “Social Vulnerability Report,” US EPA, March 24, 2021, <https://www.epa.gov/cira/social-vulnerability-report>

² “The Devastating Effects of Climate Change on US Housing Security,” The Aspen Institute, April 9, 2021, <https://www.aspeninstitute.org/blog-posts/the-devastating-effects-of-climate-change-on-us-housing-security/>.

³ “Atlas of Disaster – Rebuild by Design,” accessed March 29, 2023, <https://rebuildbydesign.org/atlas-of-disaster/>.

⁴ Josie Garthwaite, “Climate Change Has Worsened Global Economic Inequality,” Stanford Earth, accessed March 31, 2023, <https://earth.stanford.edu/news/climate-change-has-worsened-global-economic-inequality>.

these high-climate risk areas, a practice known as “bluelining,”⁵ and banks then proceed to ration credit, with low-income borrowers most affected.⁶

Black communities, in particular, are more vulnerable to climate-related impacts as a result of systemically racist housing and environmental policies.⁷ Among these practices is “redlining” where access to capital was restricted from neighborhoods deemed “hazardous” to property values due to a high percentage of Black residents.⁸ Bluelining through seemingly risk-based climate analysis often recreates the boundaries of formerly redlined neighborhoods.⁹ Consequently, it is becoming increasingly difficult for them to affordably insure their homes against impending climate disasters. Black communities also face significant barriers in obtaining financial assistance from the government to aid in their recovery.¹⁰ Supervision of private banks, insurance companies, and other financial institutions to guard against fair lending violations and disparate impacts are necessary to mitigate these issues, as are much higher levels of public and private climate investment so these communities can enhance climate resilience, participate in the clean energy transition, and protect their themselves from continued toxic pollution.

New EPA programs authorized by the IRA, like the Greenhouse Gas Reduction Fund, seek to mobilize private finance to offer these communities access to affordable loans. Still, the need for grants remains for many types of projects and for technical assistance. The ECJ Program can fill critical gaps if properly targeted towards low-income and disadvantaged communities with careful design of eligible projects, recipients, and oversight. To be successful, the ECJ Program must be designed to minimize barriers to applicants who remain the most vulnerable to climate disasters. Below we address some of the questions posed in the RFI.

ECJ PROGRAM DESIGN

What should EPA consider in the design of the ECJ Program to ensure that the grants benefit disadvantaged communities?

To ensure that the grants benefit disadvantaged communities, the EPA must first aim to reach a diverse group of applicants that is representative of all demographics, including but not limited to, race, ethnicity, gender, sexual orientation, ability, religion, age, language, and income. The EPA has published valuable

⁵Lindsey Jacobson, “Banks Consider Climate Risk for Home Loans, a Process Called ‘underwaterwriting’ or ‘Blue-Lining,’” CNBC, September 20, 2021,

<https://www.cnbc.com/2021/09/20/blue-lining-and-underwaterwriting-banks-consider-climate-change-risk.html>.

⁶ See e.g., Avtar, Ruchi, et al. “Understanding the Linkages between Climate Change and Inequality in the United States.” Federal Reserve Bank of New York. November 2021. https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr991.pdf;

Parinitha Sastry, “Who Bears Flood Risk? Evidence from Mortgage Markets in Florida” (MIT Sloan School of Management, November 18, 2021), https://psastry89.github.io/website/psastry_JMP.pdf; Ellen Marelllo, “The Adverse Effect of ‘Mandatory’ Flood Insurance on Access to Credit,” Liberty Street Economics, May 23, 2022,

<https://libertystreeteconomics.newyorkfed.org/2022/05/the-adverse-effect-of-mandatory-flood-insurance-on-access-to-credit/>.

⁷ Ibid.

⁸ Badger, Emily. “How Redlining’s Racist Effects Lasted for Decades.” *New York Times*. August 2017.

<https://www.nytimes.com/2017/08/24/upshot/how-redlinings-racist-effects-lasting-for-decades.html>

⁹ Lily Katz, “Formerly Redlined Areas Have 25% More Home Value At High Flood Risk,” Redfin Real Estate News, March 15, 2021, <https://www.redfin.com/news/redlining-flood-risk/>.

¹⁰ Urban Institute, “Improving Disaster Recovery of Low-Income Families.”

<https://www.urban.org/debates/improving-disaster-recovery-low-income-families>

policies with the stated goal of achieving “excellent” and “effective” public engagement.^{11,12,13} These policies primarily focus on recruiting the public for involvement in rulemaking and requests for information, but they are equally applicable to the EPA’s ECJ program outreach and would promote equitable outcomes. Establishing adequate policies and procedures around outreach, information sharing, and monitoring are critical elements of program design. In order to further increase the benefits of the ECJ program to disadvantaged communities, the EPA should mandate that grant recipients provide regular updates on community engagement and consultation. Pennsylvania State University, in collaboration with the University of New England (Australia), created a useful guide¹⁴ the EPA can use to evaluate its outreach efforts and the efforts of grantees.

Are there best practices in program design that EPA should consider in designing the ECJ Program to reduce burdens on applicants, grantees, and/or sub-recipients?

As the EPA designs the ECJ Program, it must recognize that low-income communities and communities of color face unique obstacles when submitting grant applications. For example, the U.S. Department of Health and Human Services has identified several barriers some applicants face.¹⁵ While this report was specific to American Indian/Alaska Native/Native American applicants, these barriers also impact other applicants from disadvantaged communities. These include barriers to:

- Obtaining information about grant opportunities
 - Disadvantaged communities may have limited resources, such as access to technology or even access to a reliable internet connection, which are often necessary to learn about grant opportunities and prepare a competitive grant application.
- Guidance regarding specific grant opportunities for which they are eligible and competitive
 - Disadvantaged communities may be uncertain about their eligibility and have difficulty assessing the likelihood of success and applying within the short timeframe of the grant application process.
- Preparing grant applications
 - Organizations within the targeted communities may lack staff who are experienced in drafting grant applications and have difficulty reaching EPA staff when they have questions about the process.
- Unrepresentative grant review processes
 - Application reviewers may not represent target communities and therefore have a limited understanding of the unique challenges applicants face.

The EPA can address these barriers by doing the following:

¹¹ U.S. Environmental Protection Agency, *How to Provide Information and Conduct Outreach*. EPA233-F-03-008, Washington D.C. <https://archive.epa.gov/publicinvolvement/web/pdf/outreach.pdf>

¹² “Public Participation Guide: Internet Resources on Public Participation,” US EPA, March 10, 2014, <https://www.epa.gov/international-cooperation/public-participation-guide-internet-resources-public-participation>.

¹³ U.S. Environmental Protection Agency, *Factsheet on the EPA’s Office of Environmental Justice*. Washington D.C. <https://www.epa.gov/environmentaljustice/factsheet-epas-office-environmental-justice>

¹⁴ Pennsylvania State University and University of New England (Australia), *Community Engagement for Collective Action: A Handbook for Practitioners*

<https://aese.psu.edu/research/centers/cecd/engagement-toolbox/about/community-engagement-for-collective-action>

¹⁵ “Barriers to American Indian/Alaska Native/Native American Access to DHHS Programs,” ASPE, accessed March 3, 2023, <https://aspe.hhs.gov/reports/barriers-american-indianalaska-native-native-american-access-dhhs-programs-0>.

- Run a training webinar series to provide in-depth overviews and step-by-step tutorials to help prospective applicants draft competitive applications. The EPA should maintain its practice of posting closed-captioned recordings of the webinars for later viewing and as a training resource, in addition to providing in-language interpretation;¹⁶
- Set up multiple ways to submit applications, including hard copy applications;
- Clearly outline eligibility criteria;
- Provide applicants with adequate time to put together their applications;
- Establish a phone and/or email hotline for applicants;
- Ensure reviewers are representative of the disadvantaged communities outlined by the statute and have a thorough understanding of the unique challenges applicants face;
- Review applications with the understanding that applicants may be applying for the first time and lack staff who are experienced in drafting grant applications;
- Relay information through existing trusted community organizations and networks, including community-based nonprofits and mission-driven financial institutions.

ELIGIBLE PROJECTS

What types of projects should EPA focus on and prioritize under the five eligible funding categories listed below?

In the categories of ‘reducing greenhouse gas emissions and other air pollutants’ and of “climate resiliency and adaptation,” the EPA should aim to counteract the harmful effects of bluelining—by which climate-vulnerable¹⁷ communities often lose access to critical services like insurance and mortgage products—and prioritize projects that lessen climate vulnerability and environmental burdens in low-income communities and communities of color. These projects can include development of climate-resilient affordable housing, schools, and businesses; clean electricity projects and microgrids; nature-based protective infrastructure (“green infrastructure”); building decarbonization, which includes holistic home weatherization and health interventions; electric public transit and electric vehicle charging infrastructure; and investments in weatherization and climate resilience for local businesses. Unfortunately, low-income communities and communities of color are not only disproportionately affected by climate-related disasters like flooding, but they are historically given lower priority for mitigation projects.¹⁸

¹⁶ “EPA Tools and Resources Training Webinar Series,” US EPA, February 16, 2021, <https://www.epa.gov/research-states/epa-tools-and-resources-training-webinar-series>.

¹⁷ The following definition for “climate vulnerable” would be appropriate. This definition was modified from existing definitions from the California Governor’s Office of Planning and Research and the EPA’s Office of Atmospheric Programs: “Individuals and communities which experience heightened risk and increased sensitivity to climate change and have less capacity and fewer resources to cope with, adapt to, or recover from climate impacts. These disproportionate effects are caused by physical (built and environmental), social, political, and/ or economic factor(s), which are exacerbated by climate impacts. “Defining Vulnerable Communities in the Context of Climate Adaptation.” California Governor’s Office of Planning and Research. July 2018. https://opr.ca.gov/docs/20200720-Vulnerable_Communities.pdf; “Climate Change and Social Vulnerability in the United States,” EPA’s Office of Atmospheric Programs. September 2021.; “Defining Vulnerable Communities in the Context of Climate Adaptation.” *California Governor’s Office of Planning and Research*. July 2018. https://www.epa.gov/system/files/documents/2021-09/climate-vulnerability_september-2021_508.pdf

¹⁸ “EPA-Public Involvement-Basic Information-Outreach,” accessed March 20, 2023, <https://www.scientificamerican.com/article/when-storms-hit-cities-poor-areas-suffer-most/>

What types of jobs and career pathways should EPA prioritize to support environmental justice and climate priorities?

In a previous letter¹⁹ submitted in response to EPA's RFI on the Greenhouse Gas Reduction Fund, AFREF emphasized the importance of ensuring equity in the development of job and career pathways. The following general principles also apply to the ECJ Program.

- *Prioritize partnerships across programs:* Partnerships across programs, agencies, and training providers have proven to improve employment outcomes for populations with higher barriers to employment than a single pipeline program itself.
- *Utilize Project Labor Agreements (“PLAs”) and Community Workforce Agreements (“CWAs”):* The EPA should encourage engaging with PLAs and CWAs that promote quality jobs and family-sustaining wages to ensure equity in implementation.²⁰ The EPA should also consider incorporating training programs within PLAs to streamline resources.
- *Orient toward broad occupational training:* Orienting toward earn-as-you-learn apprenticeship training for broad occupational skills provides a range of career opportunities as opposed to training for specific tasks related to clean energy.
- *Prepare students for union apprenticeships:* Projects should promote training geared toward success in union apprenticeships that put them on a pathway to a career with family-sustaining wages and benefits instead of providing project-by-project jobs without job security.
- *Establish formal agreements with paid apprenticeship programs:* When agreements are created between paid apprenticeship programs and employers, the students benefit from the removal of certain entry cost barriers.
- *Provide additional support to address multiple challenges:* Funding needs to be available to support additional challenges that workers with high barriers to employment face such as transportation, homelessness, racism, child care, hunger, former incarceration, etc.

It is important to note that job opportunities should be tailored to different communities' specific needs and priorities and involve input from local stakeholders and workforce development organizations.

Further, the EPA should consider the differences and nuances between commercial labor, which is often unionized, specialized, highly regulated, and paid a higher wage, and residential labor, which is often lower wage and less safe for workers.²¹ Workforce development opportunities should take these considerations into account and ensure that low-income and disadvantaged community participants are not being funneled into riskier work with less upward mobility.

¹⁹ “Letters to Regulators: EPA Must Maximize Benefits For Low-Income and Disadvantaged Communities With Greenhouse Gas Reduction Fund,” Americans for Financial Reform, December 6, 2022, <https://ourfinancialsecurity.org/2022/12/letters-to-epa-maximize-benefits-reaching-low-income-and-disadvantaged-communities-in-implementation-of-the-greenhouse-gas-reduction-fund/>.

²⁰ “High-Road Workforce Guide for City Climate Action.” Inclusive Economics. April 2021. https://www.usdn.org/uploads/cms/documents/workforce-guide_4.12.21_form.pdf

²¹ Clark, Steve. “Residential Construction Presents Many Hazards.” Laborers’ Health and Safety Fund of North America. May 2008. <https://www.lhsfna.org/residential-construction-presents-many-hazards/>

ELIGIBLE PARTICIPANTS

What criteria or requirements are important to ensure that projects are community-driven and result in benefits flowing to the community while avoiding consequences such as community displacement and/or gentrification?

In order to foster effective community planning, it is critical to work closely with individuals in communities who the ECJ Program will impact. Input must be obtained from groups that are representative of all the demographics of the community members, including, but not limited to, race, ethnicity, gender, sexual orientation, ability, religion, age, language, and income. Projects should prioritize equity and inclusion by considering the needs and perspectives of all underrepresented or historically marginalized community members.²² We recommend the following requirements to ensure projects are community driven.

Capacity-Building and Technical Assistance

Projects should prioritize building the capacity of community organizations and leaders to participate in the planning and implementation process, as well as sustain the benefits of the project over the long term.²³

Community Engagement

Projects should prioritize meaningful community engagement throughout the planning, implementation, and evaluation process. This includes involving community members in decision-making, seeking community feedback, and addressing community concerns.²⁴

Transparency and Accountability

Projects should prioritize transparency and accountability by making project information and decision-making processes accessible to the community, including hosting regular calls that provide updates to community members and offering space for feedback, and by establishing mechanisms for monitoring and evaluating project outcomes.²⁵

Anti-Displacement Provisions

Projects related to housing should include explicit anti-displacement policies. Housing improvement projects like energy efficiency upgrades can increase properties' overall value, leading to higher property taxes and rent costs. This is particularly harmful to low-income households who may be unable to afford the rent or tax increases, forcing them to move out of their homes and communities. Just Solutions Collective provides a list²⁶ of anti-displacement policies the EPA should attach to any grants that go

²² Purdam, Kingsley, and Richard Crisp. "Measuring the impact of community engagement on policy making in the UK: a local case study." *Journal of Civil Society* 5, no. 2 (2009): 169-186. <https://doi.org/10.1080/17448680903162710>

²³ Oino, Peter Gutwa, Geoffrey Towett, K. K. Kirui, and Cyrillah Luvega. "The dilemma in sustainability of community-based projects in Kenya." (2015). <https://repository.maseno.ac.ke/handle/123456789/2746>

²⁴ Purdam, Kingsley, and Richard Crisp. "Measuring the impact of community engagement on policy making in the UK: a local case study." *Journal of Civil Society* 5, no. 2 (2009): 169-186. <https://doi.org/10.1080/17448680903162710>

²⁵ Wong, Christina WY, Chee Yew Wong, Sakun Boon-Itt, and Ailie KY Tang. "Strategies for building environmental transparency and accountability." *Sustainability* 13, no. 16 (2021): 9116. <https://doi.org/10.3390/su13169116>

²⁶ "Advance Anti-Gentrification and Anti-Displacement," Just Solutions Collective, accessed April 5, 2023, <https://www.justsolutionscollective.org/solutions/advance-anti-gentrification-and-anti-displacement>.

toward housing improvement projects, such as the right to return for current tenants and moratoriums on luxury apartments. Additionally, the EPA can take steps to avoid evictions by requiring grantees to pay for property tax increases related to the ECJ Program project grants and by requiring rent stabilization provisions. Finally, the EPA should ensure eligibility of manufactured housing and mobile homes, and prohibit private-equity-owned homes and complexes from ECJ project eligibility. According to a ProPublica analysis²⁷ of National Multifamily Housing Council data, private equity is now the dominant form of financial backing among the 35 largest owners of multifamily buildings. Tenant advocates point to abusive practices these owners use to extract greater profits from their properties, including rent or fee increases and neglecting maintenance. In some cases, these private equity landlords may even evict current tenants and replace them with those who can afford to pay higher rents.²⁸

REPORTING AND OVERSIGHT

What metrics should EPA use to track relevant program progress and outcomes, including, but not limited to, how the grants benefit disadvantaged communities?

The EPA should use a range of metrics to track relevant program progress and outcomes, including criteria that specifically focus on how grants benefit disadvantaged communities. We recommend that the EPA use the following metrics:

- *Community Involvement* - The number of community-based organizations involved in the development and implementation of grant-funded projects, as well as the level of new community engagement and input throughout the process.²⁹
- *Environmental Justice Impacts* - The extent to which grant-funded projects result in measurable improvements in community health outcomes, such as reduced exposure to air or water pollution, as well as improvements in environmental quality.³⁰
- *Equity and Justice* - The extent to which grant-funded projects reduce disparities and promote equity and justice within and between communities, including measures of access to resources, power, and decision-making.³¹
- *Sustainability* - The extent to which grant-funded projects strengthen the capacity of community-based organizations and community members to participate in environmental decision-making and to implement sustainable, equitable solutions.³²

²⁷ Heather Vogell, "When Private Equity Becomes Your Landlord," ProPublica, February 7, 2022, <https://www.propublica.org/article/when-private-equity-becomes-your-landlord>.

²⁸ Ibid.

²⁹ Khodyakov, Dmitry, Susan Stockdale, Andrea Jones, Joseph Mango, Felicia Jones, and Elizabeth Lizaola. "On measuring community participation in research." *Health Education & Behavior* 40, no. 3 (2013): 346-354. <https://doi.org/10.1177/1090198112459050>

³⁰ Jill A. Engel-Cox et al., "Conceptual Model of Comprehensive Research Metrics for Improved Human Health and Environment," *Environmental Health Perspectives* 116, no. 5 (May 2008): 583-92, <https://doi.org/10.1289/ehp.10925>.

³¹ Heckert, Megan, and Christina D. Rosan. "Developing a green infrastructure equity index to promote equity planning." *Urban Forestry & Urban Greening* 19 (2016): 263-270. <https://doi.org/10.1016/j.ufug.2015.12.011>

³² Costanza, Robert, Lew Daly, Lorenzo Fioramonti, Enrico Giovannini, Ida Kubiszewski, Lars Fogh Mortensen, Kate E. Pickett, Kristin Vala Ragnarsdottir, Roberto De Vogli, and Richard Wilkinson. "Modelling and measuring sustainable wellbeing in connection with the UN Sustainable Development Goals." *Ecological Economics* 130 (2016): 350-355. <https://doi.org/10.1016/j.ecolecon.2016.07.009>

How can EPA design the ECJ Program to reduce the reporting burdens on grantees and sub-awardees while ensuring proper oversight of the grants?

The EPA should design the ECJ Program Program to reduce the reporting burdens on grantees and sub-awardees by:

- *streamlining reporting requirements*, such as combining reporting requirements for similar grants or using standardized reporting templates;³³
- *implementing a risk-based approach* to oversight, where grantees and sub-awardees with a history of good performance are subject to less frequent and less detailed oversight;³⁴
- *using performance-based measures* that focus on the outcomes and impacts of grant-funded projects rather than on compliance with specific activities or outputs. Use performance-based measures that are more qualitative and offer an in-depth evaluation of specific functional areas, such as the quality of planning or the effectiveness of climate change interventions;³⁵
- *providing clear communication and guidance* to grantees and sub-awardees about reporting requirements, including clear instructions on what needs to be reported, how often, and in what format.³⁶

We thank the EPA for issuing this request for information and urge you to incorporate our input during the design of the ECJ Program. More importantly, we ask that the EPA prioritize the responses of environmental justice organizations, as well as organizations run by, and predominantly serving Black communities and other communities of color most vulnerable to climate change. The EPA should prioritize feedback from potential grantees, especially regarding questions directly related to the application process. By incorporating our recommendations and the suggestions of the aforementioned groups, the EPA can ensure that the ECJ Program maximizes benefits for economically disadvantaged communities. For further discussion, please contact Alma Musvosvi at alma@ourfinancialsecurity.org.

Sincerely,

Americans for Financial Reform Education Fund

Americans for Financial Reform Education Fund is a nonprofit organization that fights to eliminate inequity and systemic racism in the financial system in service of a just and sustainable economy. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole. AFREF works in coalitions alongside environmental justice, civil rights, consumer, labor, business, investor, faith-based, and civic and community groups.

³³ de Leon, Erwin, and Sarah L. Pettijohn. "Maryland: A working model of nonprofit and government collaboration." Washington, DC: Urban Institute (2013).

<https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:64f1214a-7344-35e1-8799-96fc057ed2db>

³⁴ Scott, George A. "Low-Income and Minority Serving Institutions: Sustained Attention Needed to Improve Education's Oversight of Grant Programs. Testimony before the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness, Committee on Education and Labor, House of Representatives. GAO-10-659T." US Government Accountability Office (2010). <https://www.gao.gov/assets/a124783.html>

³⁵ "Performance Based Climate Resilience Grants," UN Capital Development Fund (UNCDF), accessed March 20, 2023, <https://www.uncdf.org/local/performance-based-grants-for-climate-resilience>.

³⁶ Pandemic Response Accountability Committee, *Lessons Learned in Oversight of Pandemic Relief Funds*, <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:b94d4d05-cb8b-343e-96fc-85a0cea08e1b>