



We help build homes and communities across rural America.

May 12, 2023

Submitted to [ggrf@epa.gov](mailto:ggrf@epa.gov)

Jahi Wise  
Acting Director, Greenhouse Gas Reduction Fund  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Re: Greenhouse Gas Reduction Fund Implementation Framework

Dear Acting Director Wise:

The Housing Assistance Council (HAC) appreciates this opportunity to comment on the Implementation Framework for the Greenhouse Gas Reduction Fund (GGRF) by the Environmental Protection Agency (EPA). HAC is a national nonprofit organization that helps build homes and communities across rural America. Since 1971, HAC has provided below-market financing for affordable housing and community development, technical assistance and training, research and information, and policy formulation to enable solutions for rural communities across the country. In our work, HAC places a special focus on high-needs rural regions – including the Mississippi Delta and the Black Belt, rural Appalachia, Indian Country, the border colonias, and farmworker communities. These places desperately need resources to help achieve the GGRF's goals: reducing their emissions of greenhouse gases and other pollutants, realizing the benefits of emissions reductions efforts, and mobilizing financing and private capital to stimulate greenhouse gas reducing projects. HAC's expertise enables us to comment on the importance of the GGRF and how the program can best meet the needs of rural America, particularly persistent poverty areas.

In our response to EPA's December 2022 request for input on the GGRF, HAC encouraged EPA to make use of Community Development Financial Institutions (CDFIs), to take the special needs of rural Americans into account, to recognize the importance of affordable housing in reducing greenhouse gas emissions and other air pollution, and to incorporate equity into all aspects of the program.<sup>1</sup> We are pleased to see that EPA has adopted many of these recommendations in the implementation framework, but we believe additional changes are needed. We ask that EPA:

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<sup>1</sup> David Lipsetz, Housing Assistance Council, letter to Michael S. Regan, Environmental Protection Agency, December 5, 2022, <https://ruralhome.org/wp-content/uploads/2022/12/GGRFCommentHACFinal.pdf>.

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HAC is an equal opportunity provider, employer, and lender.

- Address the unique needs of rural and persistent poverty communities.
- Ensure that nonprofit CDFIs and their nonprofit housing development partners are explicitly eligible for GGRF resources.
- Increase clarity and reduce administrative burden on recipients.
- Exempt housing from Build America, Buy America requirements.

## Address the unique needs of rural and persistent poverty communities.

### ***Require an appropriate portion of GGRF funds go to rural places.***

To ensure rural needs are addressed, HAC repeats its December recommendation that EPA create a rural set aside or a priority for GGRF competitions run by EPA or by awardees receiving funds from EPA that will serve rural areas, with an even higher priority for those that will address needs in persistent poverty areas.

HAC recommends that EPA use HAC's census tract-based definition of rural<sup>2</sup> or the very similar definition adopted by the Federal Housing Finance Agency for the Duty to Serve program,<sup>3</sup> rather than the Office of Management and Budget's definition of counties outside metropolitan areas (often called nonmetropolitan areas)<sup>4</sup> or the Census Bureau's definition of rural places as those with under 5,000 residents.<sup>5</sup> A census tract-based rural determination will be easy to apply to the census tract-based definition of low-income and disadvantaged communities EPA intends to use, and it is far more precise than a definition based on counties or on a low population threshold.

After identifying rural places, EPA can then require an appropriate share of funds to go to those places. This could be rural residents' proportionate share of the national population, their proportionate share of the national low-income population, or their proportionate share of residents of low-income and disadvantaged communities. In the short time period available to develop these comments, HAC has not been able to analyze the low-income and disadvantaged communities definition, so we do not know how widely these calculations differ and we do not have a recommendation about which one would best serve EPA's goals.

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<sup>2</sup> "Defining Rural – Geographic Terms and Concepts," Rural Data Portal, accessed May 8, 2023, <https://www.ruraldataportal.org/geoterms.aspx>.

<sup>3</sup> "Duty to Serve Eligibility Data," Federal Housing Finance Agency, last updated April 13, 2023, <https://www.fhfa.gov/DataTools/Downloads/Pages/Duty-to-Serve-Eligibility-Data.aspx>.

<sup>4</sup> "Metropolitan and Micropolitan," U.S. Census Bureau, last updated March 8, 2023, <https://www.census.gov/programs-surveys/metro-micro.html>.

<sup>5</sup> "Urban and Rural," U.S. Census Bureau, last updated April 19, 2023, <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html>.



EPA should also establish requirements for geographic diversity among awardees, so that distribution of GGRF funds does not inadvertently omit areas of the country.

***Allow flexibility in calculation of leverage and use of funds.***

The GGRF framework does not indicate whether EPA is considering the contextual approach to assessing leverage recommended by HAC and others in December. To reach rural communities, EPA should assess the leverage strategy of rural-serving applicants contextually, taking into account both the degree of difficulty faced by such applicants in attracting private capital and the applicants' leveraging of other public sector capital.

HAC also repeats its December recommendation that EPA make funding available for Community Development Financial Institutions (CDFIs) and other community lenders in the form of grants or long-term interest-free loans so that they can make grants or very low-interest loans to their partners, particularly those with limited capacity. In addition to allowing grants, EPA should also explicitly list other financing options like unsecured loans, soft loans, interest rate buy-downs, and recoverable grants as permitted financial products.

## **Ensure that nonprofit CDFIs and their nonprofit housing development partners are explicitly eligible.**

HAC appreciates EPA's inclusion of CDFIs as recipients of GGRF funds. To be clear about their eligibility, HAC suggests that EPA explicitly include certified nonprofit CDFIs as eligible recipients at all levels of all three funding competitions. That would include stating explicitly in the GGRF funding notice that nonprofit affordable housing organizations are eligible for National Clean Investment Fund subawards. The EPA Subaward Policy provides the Department discretion on defining other eligible entity types besides those specified in the current implementation framework.

To obtain the greatest benefit from the ultimate recipients of GGRF funds, they should be allowed to use GGRF resources flexibly for all affordable housing financing purposes such as predevelopment, acquisition, construction, permanent lending, and bridge financing. EPA should allow recipients to use funding to support one or more phases of the development process.



## **Increase clarity and reduce administrative burden on recipients.**

### ***Use presumptions to identify some eligible properties and projects.***

The implementation framework states that EPA will use the Climate and Economic Justice Screening Tool (CEJST) and EJ Screen's Supplemental Indexes to define low-income and disadvantaged communities, and will also "incorporate geographically dispersed low-income households, and properties providing affordable housing to low-income residents, located outside of geographies identified by CEJST." As HAC noted in our December comments, housing with income-based use restrictions imposed by federal or state affordable housing programs such as the Low-Income Housing Tax Credit or the U.S. Department of Agriculture's Section 515 or Section 538 program could be automatically eligible for GGRF financing.

EPA's definition of Qualified Project could usefully be supplemented by a list of safe harbor projects that meet these criteria, such as new or rehabilitated affordable rental housing projects that meet green building performance standards. A similar list could be developed for Priority Projects.

### ***Permit addition of partners and projects.***

While EPA plans to require applicants to identify their partners and projects in their applications, it should also provide flexibility to identify partners and projects during the award period. EPA should certainly want to verify at the time of application that the applicant does have relationships in place with certain partners and a track record of investments that can support the funding request, but grantees must also be able to make additions as needed.

### ***Allow use of GGRF funds for administrative costs and eliminate duplicative reporting requirements.***

Recipients should be allowed to use at least 15 percent of their awards for direct administrative costs associated with managing the award. Among other benefits, this would provide sufficient resources for collecting and reporting back compliance information for direct and indirect investments.

Compliance reporting can also be improved by relying on other appropriate reporting that is required of recipients for certifications or in connection with other funding they receive. For example, for certified CDFIs EPA can leverage the CDFI Fund's compliance reporting infrastructure for collecting loan level and institutional reporting.



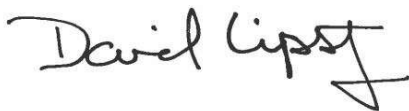
## Exempt housing from Build America, Buy America requirements.

The Build America, Buy America Act (BABA)<sup>6</sup> and related guidance for federal agencies from the Office of Management and Budget (OMB)<sup>7</sup> allow EPA to exempt GGRF-funded affordable housing projects from BABA's domestic content procurement requirements for infrastructure. The statute explicitly includes "buildings and real property" that exist for the benefit of the general public. Homes, on the other hand, are quintessentially private spaces. OMB recognized this, noting that federally assisted housing is not covered by BABA: a project "consisting solely of the purchase, construction, or improvement of a private home for personal use, for example, would not constitute an infrastructure project." Private homes can be either owner-occupied or rented. A house or apartment rented with federal aid, whether it is owned by a government entity or a private landlord, is still the private residence of its occupants and does not serve the general public. Thus the use of GGRF resources in affordable housing development projects – both for-sale and rental – should not trigger BABA requirements.

At the very least, EPA should exempt owner-occupied housing from BABA requirements. It should also develop a list of Qualified Projects that are excluded from BABA and should affirmatively state that BABA does not apply to GGRF-funded technical assistance activities.

Thank you for your consideration of these comments. Please do not hesitate to contact me if you need additional information.

Sincerely,



David Lipsetz  
President & CEO

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<sup>6</sup> Build America, Buy America Act, P.L. 117-58, Division G, Title IX, November 15, 2021, <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf>.

<sup>7</sup> Shalanda D. Young, Office of Management and Budget, "Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure," M-22-11, April 18, 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-11.pdf>.

