



## Board of Trustees

**Mayor Frank Scott, Jr.**

Little Rock, AR  
President

**Mayor Shawyn Patterson-Howard**

Mount Vernon, NY  
1st Vice President

**Mayor Steven Reed**

Montgomery, AL  
2nd Vice President

**Mayor Byron W. Brown**

Buffalo, NY  
Treasurer

**Mayor Sharon Weston Broome**

Baton Rouge, LA  
Secretary

**Mayor Sylvester Turner**

Houston, TX  
Immediate Past President

**Mayor Eric Adams**

New York City, NY

**Mayor Joseph Barnes, Sr**

Urbancrest, OH

**Mayor Muriel Bowser**

Washington, DC

**Mayor LaToya Cantrell**

New Orleans, LA

**Mayor Tishaura Jones**

St. Louis, MO

**Mayor Lori Lightfoot**

Chicago, IL

**Mayor Quinton Lucas**

Kansas City, MO

**Mayor Wayne Messam**

Miramar, FL

**Mayor Brandon Scott**

Baltimore, MD

**Mayor Victoria Woodards**

Tacoma, WA

**Mayor Randall L. Woodfin**

Birmingham, AL

TO.

**Honorable Michael S. Regan**

**1200 Pennsylvania Avenue N.W.**

**Washington, DC 20460**

**January 6, 2023**

Dear Administrator Michael Regan,

Thank you for your dedication and commitment to environmental justice and equity for everyone in the United States. The African American Mayors Association writes you on behalf of the Community Builders of Color Coalition (The Coalition), formed to urge the U.S. Environmental Protection Agency (EPA) to ensure that minority communities can benefit equitably from the Greenhouse Gas Reduction Fund (GHGRF) as authorized by the Inflation Reduction Act (IRA). We urge your support to ensure that at least 40% of direct awards under the Greenhouse Gas Reduction Fund (GHGR Fund or Fund) are placed with frontline eligible entities that are embedded in and have a history of serving low-income and disadvantaged communities. The GHGR Fund, as passed in the Inflation Reduction Act, provides \$27 billion, of which \$15 billion is specifically targeted for low-income and disadvantaged communities to provide green sustainable development of zero emissions and greenhouse gas reduction projects. Eligible entities who can receive direct awards include non-bank non-profit community-based lenders, who are required to provide grants, loans, technical assistance, and other services in furtherance of the statute's objectives.

The Community Builders of Color Coalition (Coalition) is a group of 10 leading community and asset-building organizations committed to advancing economic development in communities that have been historically underserved by the traditional financial system. With a reach into all 50 states and decades of experience, the Coalition advocates for equity in all aspects of the GHGRF implementation.

In developing the structure and operation of the GHG Fund, the EPA should apply principles of equity and a just energy transition throughout all aspects of the program, including how grants are awarded to applicants. It is not enough that a program aims to place capital inside low-income and disadvantaged communities if the intent is to grow economic and climate investments in these targeted areas. The program must also focus on the organizations that receive funds for investment and identify whether those organizations are sufficiently tied to the targeted communities they propose to serve. Doing so will maximize program success today while also preparing and developing capital structures within those communities well into the future. Furthermore, this approach helps to avoid some of the unintended consequences experienced in similar programs that target economic development in low-income and disadvantaged communities, such as the



AAMA  
80 M. Street, SE, Suite 1  
Washington, D.C. 20003



ourmayors.org  
aama@ourmayors.org



202. 670.2018



## Board of Trustees

**Mayor Frank Scott, Jr.**

Little Rock, AR  
President

**Mayor Shawyn Patterson-Howard**

Mount Vernon, NY  
1st Vice President

**Mayor Steven Reed**

Montgomery, AL  
2nd Vice President

**Mayor Byron W. Brown**

Buffalo, NY  
Treasurer

**Mayor Sharon Weston Broome**

Baton Rouge, LA  
Secretary

**Mayor Sylvester Turner**

Houston, TX  
Immediate Past President

**Mayor Eric Adams**

New York City, NY

**Mayor Joseph Barnes, Sr**

Urbancrest, OH

**Mayor Muriel Bowser**

Washington, DC

**Mayor LaToya Cantrell**

New Orleans, LA

**Mayor Tishaura Jones**

St. Louis, MO

**Mayor Lori Lightfoot**

Chicago, IL

**Mayor Quinton Lucas**

Kansas City, MO

**Mayor Wayne Messam**

Miramar, FL

**Mayor Brandon Scott**

Baltimore, MD

**Mayor Victoria Woodards**

Tacoma, WA

**Mayor Randall L. Woodfin**

Birmingham, AL

New Markets Tax Credit (NMTC) Program, for example.

According to the Hope Policy Institute (HPI), African American and minority-led CDEs often receive smaller allocations under the NMTC program compared to white-led organizations – and majority-minority areas experience lower levels of deployed investments. When analyzing the dollar amount of allocations received by minority-led NMTC participants, covering a period from 2012- 2019, allocation amounts ranged from a low of 5 percent of total allocations in 2014 to a peak allocation of 16 percent in 2017. In real terms, when isolating for the 2017 high point, minority-led participants received \$576 million in allocations as compared to \$3 billion received by White-led participants. Moreover, from 2003 to 2017, only 35 percent of all NMTC investments were deployed in counties where the population is majority people of color.

Generally, emerging and minority-led non-depository community financial service providers are embedded in the low-income communities they serve – and with representative leadership and front-line staff from those communities, they are best positioned to understand the needs and priorities on the ground. They understand where and why resource gaps exist and how best to close those gaps by aligning investment decisions to meet those needs. For example, minority-led CDFIs have proven adept at deploying large amounts of capital under aggressive time constraints responsibly and efficiently and demonstrated their ability to deliver billions in PPP loans to meet the high demands of minority business owners impacted by the pandemic.

The African American Mayors Association join the Coalition to strongly recommend that the EPA use an equity lens in implementing the GHGR Fund and prioritize those applicants that demonstrate a commitment to the pursuit of projects that both reduce CO2 emissions and advance environmental justice goals. This necessarily includes incorporating justice 40 principles when identifying direct awardees– and targeting at least 40% of Fund capital to relevant community financial services organizations.

As Congress continues to work towards building a stronger and more equitable nation, we must support the expansion of access to capital for minority communities as a vehicle for equity, including the community-based financial services providers servicing the targeted demographic.

Thank you for your service and commitment to ensuring the mission to expand economic opportunity for underserved people and communities by improving access to resources in ways that lead to genuine economic and social empowerment.

CC: Acting Director Jahi Wise

CEO, AAMA



AAMA  
80 M. Street, SE, Suite 1  
Washington, D.C. 20003



ourmayors.org  
aama@ourmayors.org



202. 670.2018