

GGRF Awardee Best Practices for Equity and Governance Pledge

We call on all applicants to the Greenhouse Gas Reduction Fund competitions to publicly commit to robust governance structures and processes that center equity and environmental justice and provide meaningful accountability to local communities and the public, and specifically, the practices described below.

Our objective is to ensure that environmental justice and community-based organizations, representing and made up of frontline communities, are able to have decision-making power in how and where these funds are deployed so that impacted communities are directly benefited.

1. **Prioritize direct benefits to low-income and disadvantaged communities**

- a. Ensure that the **communities, households, and small businesses with the greatest need receive and benefit the most from GGRF-supported assistance.**
- b. Projects must **demonstrate benefits** to the local community beyond being sited within the community.
 - i. **Define and maximize benefits through meaningful engagement of local communities.** During the project application process, the awardee or sub-recipient lender shall assess potential benefits based on information related to project impacts. (See Section 2 below for more on community engagement.)
 - ii. Examples of direct benefits include: reductions in energy and housing burden, increases in energy efficiency, resilience, and community-owned renewables, jobs created and wealth-building opportunities from local hire and procurement, extended housing affordability, and reduced toxic air pollution from replacing natural gas with electric appliances in affordable housing or community facilities.
- c. **Minimize administrative burden on project applicants seeking GGRF financing and funding** to ensure accessibility to entities serving or rooted in low-income and disadvantaged communities.
 - i. Provide significant technical assistance and administrative support to project applicants.
 - ii. Where appropriate, awardees should assume the burden of meeting necessary administrative requirements from the EPA to lessen the burden on smaller sub-recipient lenders.
- d. **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and community-based organizations** that have proven track

records working with or representing local low-income and disadvantaged communities.

- i. Prioritize business partnerships with MWDBEs and cooperatives with high-road, economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.
- e. **Provide capacity building support and technical assistance to community based organizations** so that in the long term, communities can sustain and expand successful practices in the future.¹
- f. Prioritize **long-term cost-effectiveness** accounting for holistic benefits (such as those listed in 1.b.ii above) from the perspective of communities over short term returns on investment
- g. **Develop and adhere to a business plan and model that clearly demonstrates how awarded funds will flow into projects that benefit low-income and disadvantaged communities.**
 - i. Awardees shall make appropriate consideration and meaningful investment in technical assistance and capacity building at the community, project, and sub-recipient lender level.
 - ii. Providing benefits to low-income and disadvantaged communities, households, and small businesses shall be incorporated into each awardee's mission, by-laws, and other instruments of governance.

2. **Require community engagement**

- a. All community engagement must be **culturally competent**, ensure **language access**, and be based on **transparent information**.
- b. Awardees shall reserve a share of awarded funds to **provide meaningful resources for community members to participate** in community engagement (e.g., stipends for individuals and grants for community-based organizations).
- c. All online platforms for community engagement and information-sharing should **center access and equity in the user experience**.²
- d. ***Institutional***: Awardees must **incorporate community engagement as part of their overall governance structure and business plan**, including application to the practices of sub-recipient lenders.

¹ <https://sgc.ca.gov/programs/cace/resources/guidelines/core-principles.html>

² **Pueblo Planning**, a social justice participatory planning and design firm, created a toolkit identifying questions to consider when using various engagement platforms to ensure accessibility and inclusivity, including:

- Is the platform compatible with assistive technologies used by disabled persons?
- Does the platform allow for computer or phone viewing?
- How are you informing people, especially most impacted, that the tool exists and how it can be used? This could look like webinars, newsletters, social media, etc.
- Are there ways for users to provide feedback on engagement with the platform after it has been created?

- e. *Project level*: Apply the following **specific community engagement requirements to projects (“qualifying projects”)** that exceed an appropriate level of scale and potential economic, environmental, or social impact to the community. Determining the appropriate threshold must be informed by community engagement and take into consideration concerns including cumulative pollution burdens. For example, utility-scale projects, retooling an oil refinery, or establishing a county-wide solar and storage program would likely require robust community engagement, while retrofitting a single-family home would not.
- i. Qualifying projects shall be subject to a **community-led [community benefit plan](#)**.
 1. **Require binding community benefit agreements** (CBAs) that ensure accountability to the community, between project developers and impacted community members, labor leaders, and local government officials to ensure that projects are responsive to the community’s needs and community members do not suffer negative impacts from project implementation. CBAs should also include terms enforceable by the community, compliance monitoring provisions, i.e. a stakeholder advisory committee or a project monitor, and sanctions for noncompliance, i.e. penalties or fines.
 - ii. In the case of developers of potential qualifying projects, community engagement must be facilitated by **third-party professionals, preferably from community-based organizations**, with expertise in equity, environmental justice, shared identities, and the ability to communicate in native languages to ensure accessibility and greater trust for all community members.
 - iii. Qualifying projects shall provide **multiple opportunities** for community engagement throughout the process, starting at the planning stage and through implementation, monitoring, and evaluation.
 - iv. Qualifying project applicants shall **develop a [community engagement plan](#) or align with existing community-identified priorities from previous community engagement and planning** that aligns with the community engagement principles identified above.
 1. Identify community members they are already working with, who they plan to invite or engage, and how and when they plan on engaging with them (i.e. roundtables, town halls, etc.)
 2. Ensure communities are resourced to meaningfully engage and develop the community engagement plan.

3. **Accountability to local and impacted communities, especially low-income and disadvantaged communities**
 - a. **Representation at the awardee's governing board and leadership levels:** both the governing board and leadership should include members that have a demonstrated understanding and track record of financing, funding, and delivering projects that provide benefits to low-income and disadvantaged communities and households. (See 1.b above for discussion of benefits.)
 - b. Additional specific **structures, processes, decision-making bodies, and criteria should similarly reflect representation and accountability to low-income and disadvantaged communities, and be developed through community engagement where applicable.**
 - i. Through community engagement, develop **accountability criteria** based on CDFI Fund's [accountability criteria](#)
 - ii. Awardees should consider creating a **paid position for a representative from low-income or disadvantaged communities**, or other accountability structure to participate in the awardee's decision-making, including deciding:
 - *Where projects will be located:* Which communities will projects be sited in? Are they the communities with the greatest need?
 - *Who receives financial assistance and indirect investments:* Impacted communities should have a voice in who is receiving financial assistance and indirect investments. They should be represented in the committees and boards that make such decisions.
 - *Prioritization:* The awardee's priorities must be aligned with the priorities of impacted communities.
 - iii. Conduct **iterative targeted outreach** to low-income and disadvantaged communities to receive input and feedback on its structures, processes, and criteria.
4. **Operate with transparency**
 - a. Data collection and reporting should be **accessible and aligned with broader equity policy goals**
 - i. Benefits metrics and methodologies should be compatible with J40 (e.g. DOE's [J40 general guidance](#))³
 - ii. Recommended [metrics](#) (including % of total funds/projects used to reduce cost of energy projects; average interest rates of loans by recipient race, income, FICO score, etc.; total energy savings and energy savings from specific programs/projects)

³ The scope of this recommendation is limited to DOE's general guidance, and does not extend to DOE's application of J40 to specific programs.

- iii. Publish accessible and transparent information on **project selection and anticipated impacts** of those projects on low-income and disadvantaged communities.
- b. Provide **timely updates on project selection**: Ensure that updates are regularly given on the status of project decisions, when decisions are expected to be made, and opportunities for community members to participate before a final decision.

5. Apply robust safeguards

- a. No worsening **pollution burdens**
 - i. Projects that include combustion, such as biomethane or certain hydrogen projects, should be categorically excluded.
 - ii. The awardee should not provide assistance to projects that worsen pollution burdens on low-income or disadvantaged communities, including water pollution or chemical exposures.
- b. No worsening **economic burdens**
 - i. For projects that are likely to cause economic impacts beyond a single residence, require an analysis of how the project will provide economic (e.g. reduced costs) and non-economic benefits for the impacted community.
 - With projects that would shift costs for low-income communities, the awardee should only approve projects that show either reduced or neutral costs for low-income communities.
- c. No **exacerbating disparities**
 - i. Ensure a fair and equitable distribution of investments across low-income and disadvantaged communities, without worsening existing differences, e.g., racial disparities in solar deployment or home ownership.
- d. Projects that are likely to affect tenants and housing conditions must apply **robust tenant protections and anti-displacement measures**, including the consideration and use of affordability covenants, eviction protections, legal assistance, and/or temporary relocation assistance where applicable. GGRF funds should not be a tool that leads landlords to increase rents or permanently displace existing tenants who have low incomes.