

Community Finance Brief

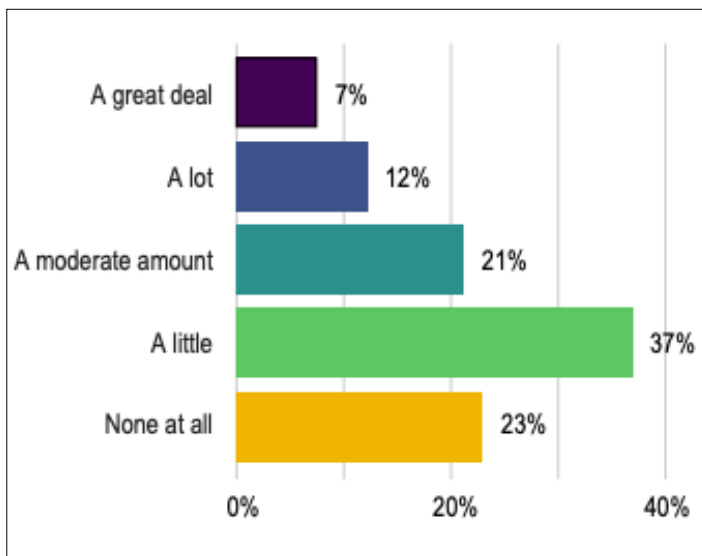
Concerns for a Green Future: Mayors and I.R.A. Polling



MATT POSNER | COURT STREET GROUP LLC

As many sit at a crossroads waiting on details from the Environmental Protection Agency about its \$27 billion Greenhouse Gas Reduction Fund (GGRF), recent polling underscores challenges about broader climate policy initiatives. While GGRF is the focus for many in the green lending space, there are hundreds of billions of dollars in other Inflation Reduction Act (IRA) measures that are making their way into fruition through grant notification, rule making and a myriad of other processes. A survey of Mayors released last week offers a glimpse into local government views: **a mere 7%** of mayors polled said the IRA has had a great deal of impact on their community and **45%** of mayors found the process “difficult.” This is a monumental piece of legislation that is pushing most local governments into untrodden territory. Those invested in its success should take this polling seriously.

From the Menino Survey of Mayors in 2023: *“Last year’s [IRA] included incentives for things like electric cars, solar panels and heat pumps. Thus far, how much impact has the legislation had in your community?”*:



Quick Takes

A total of 280 clean energy projects were announced in 44 states from August 2022 through August 2023, which represented \$282 billion of investment
 - [GSAM](#)

The national average of adults who think global warming is happening sat at 72% in 2023 with West Virginia being lowest state at 59% and New York and Maryland sitting atop at 78%.
 - [Yale Program on Climate Communication](#)

In 2020, large-scale solar and wind power generated about 11% of the electricity in the U.S.
 - [U.S. Energy Information Agency](#)

Most U.S. adults support expanding solar panel farms (84%) and 65% say the environmental effect of wind turbine farms is better than most other sources.
 - [Pew Research](#)

The timing of the release of the poll and accompanying report by the Boston University Initiative on Cities is critical. Enough time has elapsed to underscore validity in the critique but there is still much time to take their suggested solutions seriously. A bill of this magnitude was always going to take time but consider as well that it is directing investments into new technologies and reconsidering long-held regulations, use of land and broader approaches to key components of the economy and community life.

WHAT DO MAYORS REALLY THINK?

The report examines the challenges faced in implementing the IRA at the local level. The IRA is a significant federal investment in clean energy initiatives, but translating these resources into concrete projects requires cooperation from local governments. In sum:

- Low awareness: many residents and local officials lack knowledge about the IRA's provisions, hindering its impact. Public education is crucial for encouraging adoption of clean energy technologies.
- Limited capacity: smaller communities often struggle to navigate the complex application process for IRA grants due to limited staffing.
- Permitting challenges: onerous permitting processes and potential community opposition to new infrastructure projects create hurdles for clean energy development.
- Fragmented regulations: the patchwork of local building codes and environmental regulations across different jurisdictions makes it difficult for clean energy companies to operate. Mayors are reluctant to cede local control over these regulations.

Some of the more insightful recommendations in the report:

- Highlighting the non-climate benefits of clean energy technologies, such as cost savings and comfort, could be more effective in encouraging adoption.
- Streamlining the application process and providing technical assistance would improve access to IRA grants for smaller cities.
- Addressing concerns and fostering community engagement around clean energy projects is essential for overcoming opposition.
- Standardizing building codes and environmental regulations at the state level could ease burdens on clean energy companies. However, mayors are concerned about losing local control.

“Eighty-nine percent of mayors wanted strong local control over environmental regulations, with local governments either exceeding state standards or setting their own,” write

Katherine Levine

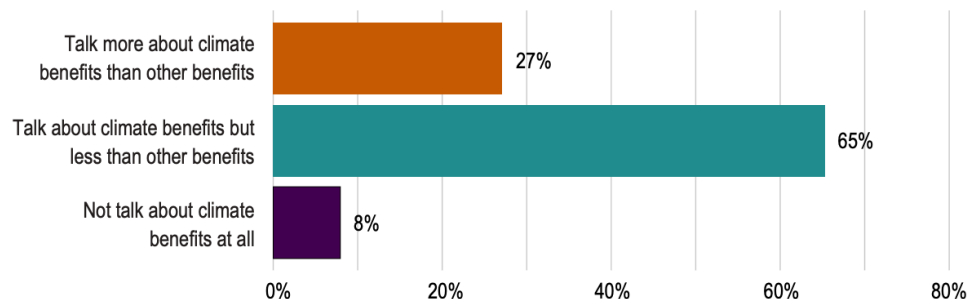
Einstein, Associate

Director of the BU Initiative on Cities. “Many mayors see local control as essential because the federal or state level is unequipped to understand the challenges that individual local governments face.”

Overall, the report suggests that successful implementation of the IRA requires a multi-pronged approach that addresses knowledge gaps, capacity limitations, permitting challenges, and the need for regulatory streamlining while considering local concerns.

Figure 3. Messaging to Encourage Adoption of Climate-Friendly Technologies

When encouraging adoption of new electrification technologies like heat pumps and battery powered lawn tools, governments and companies can use a variety of different messages. Some focus more on climate benefits, while others might emphasize basic product benefits like cost, comfort, or usability. If the goal were to get the largest number of your residents to consider such technologies, would it be more effective to:



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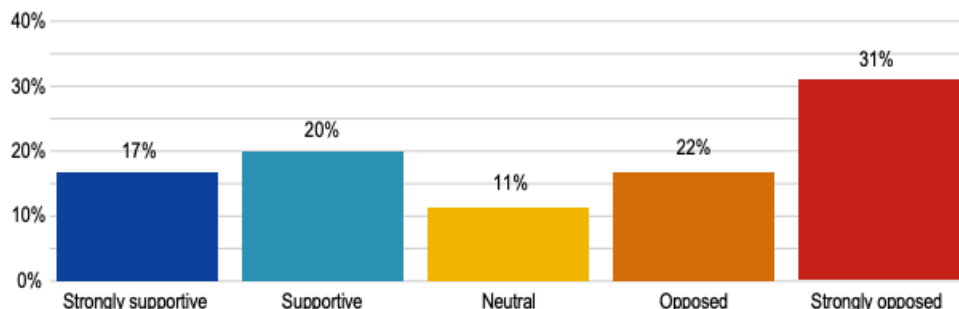
The report offers new polling data that highlights the challenges for smaller communities in so far as how they can leverage the various programs that make up the IRA. The headline of a “once-in-a-generation” opportunity is enough to generate FOMO for many local leaders but federal grant programs are notoriously difficult to navigate and with IRA items, these are brand new programs that in most cases have ‘green’ and/or equity-focused targets. For some, this language that permeates most of the legislation is not familiar. It is politically challenging for some (see figure, **above**) but all else being equal, the smaller a community, the more difficult it will be to maximize dollars incoming.

For some perspective, look at the [criticism levied](#) at the Federal Emergency Management Agency’s Building Resilient Infrastructure and Communities (BRIC) program where well-documented studies show that beneficiaries have historically been those with more resources and existing infrastructure to make applying for grants easier. With only anecdotal items to point to, we expect that in the early stages of IRA allocation, states with conduit financing agencies, state bond banks or green banks in place will be able to participate in what IRA has to offer with greater ease than those without such organizations. [CSG has covered this for the Government Finance Review magazine in more detail here.](#)

These critiques should offer fair warning for the various IRA programs and policy makers should encourage the adoption of state-level entities that can act as a ‘federal concierge’ service to support local governments in engaging with Biden administration programs. One unique item with the GGRF has been the focus on Community Development Finance Institutions (CDFIs). As locally-focused, mission-driven entities, CDFIs should help bridge some of the gaps that mayors exposed in the polling.

Figure 5. Implementing OR and MT Housing Permitting Policy in Your State

Oregon and Montana recently passed state legislation that required cities over a certain size (10,000 in Oregon and 5,000 in Montana) to eliminate single-family zoning and allow the development of duplexes by right. How supportive would you be of a similar policy in your state?



Having a sustainability officer in place appeared to be associated with smoother local grant application process as well. Several mayors noted that their sustainability officers were handling all grant activities related to the

IRA. Importantly, cities that have sustainability officers are also mostly higher capacity places, meaning that the overall staff capacity may also explain their relative ease in navigating the IRA’s complex provision

From the report: Mayors regularly commented on the perceived complexity of the IRA’s application process. One mayor described the process as having “a lot of red tape and regulatory requirements. It is very hard for local government to access resources.” They noted they have “sophisticated staff capable of getting grants and competing for funding. Despite this, it has been hard to access the funds because of the large number of unnecessary and burdensome requirements.”

Having a person or office focused on this issue is not plausible for most communities across the nation. While the report laments this problem, we would point to innovative programs out of the Milken Institute’s 10,000 Communities and Lincoln Institute for Land Policy’s Accelerating Community Investment programs. In each case, these non-profits are supporting local governments either directly engage with federal programs come to life in this Administration or helping communities think creatively about private and philanthropic funding alongside existing public means.

LOCAL VERSUS FEDERAL CONTROL

Land-use, building codes and environmental regulations are touched on with a more individualistic approach than CSG traditionally offers. While our focus on state-preemption and local communities reviews bond covenants and local politics, this report reinforces that IRA will challenge long held issues that exist in the U.S. federalist system.

Heading down a path of comparing certain state policies that changed housing policies along with the streamlining of local land-use practices (see chart, **above**) emphasizes the historical friction of these issues that could become more polarizing as result of IRA. How this

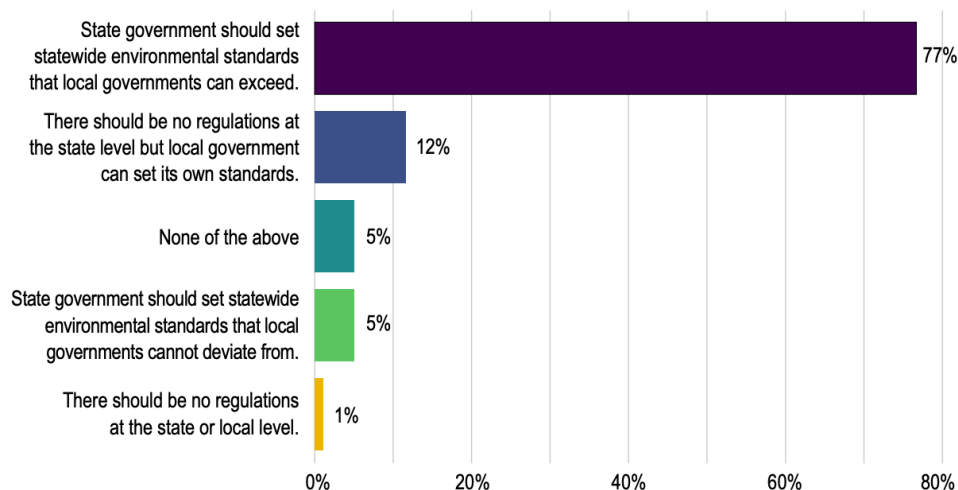
plays out regionally will be something to monitor as available land differs on each size of the Mississippi.

Other issues at-hand for mayors in this country that parlay well to the broader scope of IRA are public sentiment and executive office approaches to low-rise multifamily housing, ground solar arrays and transmissions lines, among other issues. When forced to reconcile these issues on the same playing field, the greatest opposition came from wind and transmission lines while the most controversial issues with sentiment on each side was multifamily housing.

While the details of how this plays out region-by-region will differ, it highlights that many of the programs promoted by IRA and their successes will be determined at the local level. If one were to parse the tea leaves, it looks like solar energy (that sees a lot of attention in the legislation already) faces less of an uphill battle compared to wind turbines or that of new transmission lines (that will be needed where distributed energy systems are being introduced).

Figure 7. Preferred Position on Control Over Environmental Standards

In some places, local governments control environmental standards, such as limiting construction around wetlands or in other sensitive habitats. In other places, state government controls environmental restrictions. Which of the following comes closest to your preferred position on control over environmental standards?



In this line of thinking, the other area touched on is land-use and environmental regulations. Interestingly enough, when the issue is framed as federal versus state control, mayors seem much more comfortable taking direction from state

government. In fact, 77% of respondents said state government should set statewide environmental standards that local governments can exceed and a similarly high number was reported here it comes to building codes (see figure, **above**).

This local viewpoint will become extremely important headed into the implementation phase of IRA, which we see starting in earnest this Fall. While land-use and environmental rules are nothing new educational funding is included in the legislation and perhaps should be leveraged with more urgency.