Metropolitan Washington
Council of Governments

BOARD OF DIRECTORS

Wednesday, June 8, 2022
12:00 P.M. - 2:00 P.M.
WebEx Virtual Meeting (provided to members only by email)
Video livestream available to public on COG website

AGENDA

12:00 P.M. **1. CALL TO ORDER**
Christian Dorsey, COG Board Chair

2. CHAIRMAN'S REPORT
Christian Dorsey, COG Board Chair

12:05 P.M. **3. EXECUTIVE DIRECTOR'S REPORT**
Chuck Bean, COG Executive Director

4. AMENDMENTS TO THE AGENDA
Christian Dorsey, COG Board Chair

12:15 P.M. **5. APPROVAL OF THE MINUTES FROM MAY 11, 2022**
Christian Dorsey, COG Board Chair

Recommended Action: Approve minutes.

6. ADOPTION OF CONSENT AGENDA ITEMS
Christian Dorsey, COG Board Chair

A. Resolution R24-2022 – Resolution authorizing COG to receive a grant, procure and enter into a contract to development of an electric vehicle readiness plan and electrical site assessment reports.
B. Resolution R25-2022 – Resolution authorizing COG to procure and enter into a contract to Anacostia watershed messaging & strategic planning communications consulting.
C. Resolution R26-2022 – Resolution authorizing COG to procure and enter into a contract to procure hardware and software for NCRNET ICI.
D. Resolution R27-2022 – Resolution authorizing COG to procure and enter into a contract to provide two weeks of advanced bomb squad training.
E. Resolution R28-2022 – Resolution authorizing COG to procure and enter into a contract to purchase Metrotech bomb suits.
F. Resolution R29-2022 – Resolution authorizing COG to receive a grant to support the community energy plan update for Loudoun County.

G. Resolution R30-2022 – Resolution authorizing COG to receive a grant to support Frederick County in developing local electric vehicle and climate action plans.

Recommended Action: Adopt Resolutions R24-2022 – R30-2022.

12:20 P.M. 7. HOUSING AFFORDABILITY PLANNING PROGRAM GRANTS
Chuck Bean, COG Executive Director
Hilary Chapman, COG Housing Program Manager
Catherine Buell, Amazon Housing Equity Fund Director

The board will be briefed and vote on the recommended inaugural recipients of COG's Housing Affordability Planning Program (HAPP) grants. The program, funded by a grant from the Amazon Housing Equity Fund, was established to award small, flexible grants to area local governments and non-profit developers engaged in the planning, approval, or development of housing near transit stations.

Recommended Action: Adopt Resolution R31-2022.

12:55 P.M. 8. APPLICATION OF EQUITY EMPHASIS AREAS IN MONTGOMERY COUNTY
Nancy Navarro, Montgomery County Councilmember

The board will be briefed on a Montgomery County resolution supporting COG's Equity Emphasis Areas (EEAs) as a regional planning concept and the process of using EEAs within a jurisdiction to inform decision-making.

Recommended Action: Receive briefing.

1:20 P.M. 9. APPLICATION OF EQUITY EMPHASIS AREAS IN A GRANTMAKING STRATEGY
Tonia Wellons, Greater Washington Community Foundation President & CEO

The board will be briefed on the Greater Washington Community Foundation's (GWCF) overall vision to close the region's racial wealth gap and how Equity Emphasis Areas have informed their planning.

Recommended Action: Receive briefing.

1:40 P.M 10. REGIONAL FOOD SECURITY AND RESILIENCE PLANNING UPDATE
Lindsay Smith, COG Regional Food Systems Planner
Mark Scott, District of Columbia Homeland Security and Emergency Management Agency Critical Infrastructure Specialist

The board will be briefed on the work of COG's FARM Policy Committee and efforts to strengthen food and water resilience planning and response in metropolitan Washington, including responding to supply chain issues and disruptive events.

Recommended Action: Receive briefing.

1:55 P.M. **11. OTHER BUSINESS**

2:00 P.M. **12. ADJOURN**

The next COG Board Meeting will be on Wednesday, September 14 from 12:00 – 2:00 P.M.

AGENDA ITEM #2

CHAIRMAN’S REPORT

COG Annual Leadership Retreat

REGION UNITED: ACCELERATING ACTION

Join us this summer on Maryland's Eastern Shore for our most direction-setting event of the year. Enjoy networking, breakout sessions, high-profile speakers, and more as we accelerate action on board priorities.

WHEN: July 29-30, 2022

WHERE: Hyatt Regency Chesapeake Bay, Cambridge, Maryland

REGISTER BY JUNE 24: mwcog.org/retreat

TOPICS:

Post-Pandemic Pivot

Overview of research on 'what's changed' and 'what's changing' with a focus on transportation, real estate, and retail; includes dialogue with Nina Albert, U.S. General Services Administration, for an outlook on federal office space and return to work in the DMV as well as opportunities to incorporate current and future federal facilities into regional planning around transit and housing.

Electric Vehicle (EV) Infrastructure Deployment Plan

Discussion on deployment opportunities, areas for growth, and the developing EV infrastructure network; includes dialogue with Adam Ortiz, U.S. Environmental Protection Agency on federal-regional collaboration on climate and equity. Plus, members can participate in electric vehicle test drives.

Public Safety Strategies

Update on violent crime trends within the region along with response and prevention strategies to mitigate future incidents.

QUESTIONS: Pat Warren, (202) 962-3214, pwarren@mwcog.org.

Metropolitan Washington
Council of Governments

AGENDA ITEM #3

EXECUTIVE DIRECTOR'S REPORT

Metropolitan Washington
Council of Governments

MEMORANDUM

TO: COG Board of Directors

FROM: Chuck Bean, COG Executive Director

SUBJECT: Executive Director's Report – June 2022

DATE: June 1, 2022

POLICY BOARD & COMMITTEE UPDATES

National Capital Region Transportation Planning Board (TPB) – At its May meeting, the TPB approved the 2022 update of the *Bicycle and Pedestrian Plan for the National Capital Region*, reviewed comments received on the *Visualize 2045* long-range transportation plan update, and received a briefing on the Congestion Mitigation and Air Quality (CMAQ) Improvement Program performance targets for 2022 to 2025. Prior to the TPB meeting, the board held a follow-up climate strategies work session to further discuss greenhouse gas reduction goals and strategies for the transportation sector based on results of a TPB member questionnaire and earlier April work session.

LOCAL ELECTED OFFICIALS WORK TO ADVANCE RACIAL EQUITY
Officials from across the region joined together on May 20 at COG to participate in a racial equity workshop led by the Government Alliance on Race and Equity (GARE) to further their knowledge and develop strategies for addressing racial inequities collaboratively.

Metropolitan Washington Air Quality Committee (MWAQC) – In May, MWAQC members received an ozone season update, as the 2022 ozone season kicked off in April, covering changes to the forecast regions which provide more localized information. MWAQC also received a briefing on air quality planning activities related to the 2015 ozone standard.

Climate, Energy, and Environment Policy Committee (CEEPC) – At its May meeting, CEEPC focused on electric vehicle (EV) infrastructure deployment. Members participated in a roundtable update to share local progress, learned about EV funding coming from the Bipartisan Infrastructure Bill, and discussed how the region can take advantage of that funding. The proposed project to prepare for the funding includes local EV ownership projections and an EV infrastructure charging analysis to identify where infrastructure is needed.

Chesapeake Bay and Water Resources Policy Committee (CBPC) – In May, CBPC members received updates on the Chesapeake Bay Program, environmental health issues and policies to address including microplastics in waterways, and upcoming messaging strategies for Chesapeake Bay Awareness Week June 4-12.

Human Services Policy Committee (HSPC) – In May, HSPC focused on expanding mental health services to Black, Indigenous, and People of Color (BIPOC) and learned about current efforts in Prince William County. Members also heard from community leaders about their efforts to address racial equity in mental and behavioral health care.

National Capital Region Emergency Preparedness Council (EPC) – In May, the EPC discussed shared challenges and approaches in workforce recruitment, training, and retainment and were briefed on a number of potential regional projects to address workforce challenges. Members also discussed an emphasis on individual cyber preparedness through a regional campaign, as well as the need for rapid communication between jurisdictions/organizations when cyberattacks occur.

OUTREACH & PROGRAM HIGHLIGHTS

2030 Framework – COG Executive Director Chuck Bean presented *Region United* to Charles County, the City of Frederick, and the Montgomery County Chamber of Commerce Infrastructure and Land Use Committee.

Climate and Energy - Under the leadership of the EPA Region III Director Adam Ortiz, the first EPA Mid-Atlantic Region Summit was held on May 25 and focused on equity and climate change. COG Climate, Energy, and Air Program Director Jeff King and Environmental Planner Maia Davis presented in sessions sharing COG's equity and climate resilience initiatives.

COG's DMV Climate Partners launched a subscription campaign for its e-newsletter which provides the latest climate news, events, funding alerts, job alerts, and resources for residents every week.

TPB APPROVES UPDATED BICYCLE AND PEDESTRIAN PLAN
The plan update draws from local bicycle and pedestrian and land-use plans, includes over 1,600 individual, locally prioritized projects, and highlights how bicycle and pedestrian planning priorities relate to the TPB's priority areas.

Learn more about the plan

Bike to Work Day 2022 – COG's Commuter Connections Program, in partnership with the Washington Area Bicyclist Association, hosted the 21st annual Bike to Work Day on May 20. This year's event boasted over 13,500 registrants and 96 pit stops around the region offering fun giveaways, free t-shirts, food, and beverages.

Go Recycle – Starting in June, COG will be running its annual Go Recycle campaign, a regional effort to help educate area residents about the benefits of recycling and how to do it properly. Visit, www.gorecycle.org for more information and resources.

MEDIA HIGHLIGHTS

COG Homelessness in Metropolitan Washington report – *DC region registers drop in homelessness*

WTOP – Quotes COG Housing Programs Manager Hilary Chapman.

2030 Framework presentation for City of Frederick – *Official: Washington region must focus growth around transit*

Frederick News-Post – Quotes COG Executive Director Chuck Bean.

AGENDA ITEM #4

AMENDMENTS TO THE AGENDA

AGENDA ITEM #5

APPROVAL OF THE MINUTES

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 North Capitol Street, NE
Washington, D.C. 20002

MINUTES
COG Board of Directors Meeting
May 11, 2022

BOARD MEMBERS AND ALTERNATES: See attached chart for attendance.

SPEAKERS:
Kate Stewart, COG Board Vice Chair
Julie Mussog, COG Chief Financial Officer
Elisabeth Young, Community Partnership for the Prevention of Homelessness Senior Analyst
Tom Barnett, Fairfax County Office to Prevent and End Homelessness Director
Liz Price, WMATA Vice President of Real Estate and Parking
Jon Schermann, COG Transportation Planner
Leah Boggs, COG Senior Environmental Planner
Jennifer Schitter, COG Principal Health Planner

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
COG Board Chair Christian Dorsey called the meeting to order at 12:00 P.M. and led the Pledge of Allegiance.

2. CHAIRMAN'S REPORT
A. Racial Equity Learning Series
B. 2022 Leadership Retreat
C. COG Outreach

3. EXECUTIVE DIRECTOR'S REPORT
COG Executive Director Chuck Bean called on COG Department of Homeland Security and Public Safety Director Scott Boggs to provide an update on the region's response to the trucker's convoy. Bean briefed the board on recent grants COG received through its Transportation Land-Use Connections program totaling $630,000 in funding. The grants are aligned with the *Region United: Metropolitan Planning Framework for 2030* to help provide transit access around the region. Bean also highlighted Episode 7 of COG's *Think Regionally* podcast featuring two of COG's long-time regional planners Paul DesJardin and Tim Canan.

4. AMENDMENTS TO AGENDA
There were no amendments to the agenda.

5. APPROVAL OF MINUTES
The minutes from the April 13, 2022 board meeting were approved.

6. ADOPTION OF CONSENT AGENDA ITEMS

A. Resolution R20-2022 – Resolution authorizing COG to procure and enter into a contract to replace end-of-life NCRnet core network routers and conduct advanced network traffic and intelligent cybersecurity monitoring.
B. Resolution R21-2022 – Resolution authorizing COG to procure and enter into a contract to purchase Metrorail response kits.
C. Resolution R22-2022 – Resolution authorizing COG to procure and enter into a contract to purchase new radiological/nuclear detection equipment for the region and provide maintenance on existing equipment.

ACTION: Approved Resolution R20-2022 – R22-2022.

7. 2022 FOSTER PARENT APPRECIATION
COG Board Chair Christian Dorsey introduced the 2022 Foster Parents of the Year, a group of 10 families from around the region and the board viewed a regional video highlighting the families and their fostering journey.

ACTION: Received briefing.

8. FISCAL YEAR 2022 THIRD QUARTER FINANCIAL REPORT
COG Board Vice Chair Kate Stewart and Chief Financial Officer Julie Mussog briefed the board on the FY 2022 third quarter (July 2021 - March 2022) financial statements.

ACTION: Received briefing.

9. FISCAL YEAR 2023 WORK PROGRAM AND BUDGET
COG Executive Director Chuck Bean and Chief Financial Officer Julie Mussog briefed the board on the FY 2023 Work Program and Budget recommended by the COG Budget and Finance Committee. The board adopted Resolution R23-2021 approving the work program and budget of $54.2 million for FY 2023.
ACTION: Received briefing and adopted Resolution R23-2022.

10. 2022 REGIONAL HOMELESS ENUMERATION
Fairfax County Office to Prevent and End Homelessness Director Tom Barnett and Community Partnership for the Prevention of Homelessness Senior Analyst Elisabeth Young briefed the board on the results of the 2022 Point in Time count completed by COG's Homeless Services Committee. The enumeration revealed the region's number of persons experiencing homelessness decreased by 704 persons from 2021, an eight percent decrease from the 2021 enumeration and the lowest number of persons counted experiencing homelessness since the region began coordinating in 2001. This is the fourth consecutive year in a row that the literally homeless total has been below 10,000 persons.
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ACTION: Received briefing.

11. WMATA'S JOINT DEVELOPMENT STRATEGIC PLAN
WMATA Vice President of Real Estate and Parking Liz Price briefed the board on WMATA's new 10-year Strategic Plan for Joint Development that outlines its strategy for accelerating development on Metro-owned property and how COG's Equity Emphasis Areas planning concept have informed the plan.

ACTION: Received briefing.

12. EQUITY EMPHASIS AREAS IN ACTION
Several COG planners including Jon Schermann, Leah Boggs, and Jennifer Schitter, briefed the board on how Equity Emphasis Areas can be used to advance various programs and projects, tie equity goals to specific geographic areas, quantify key needs in our communities, and develop metrics to assess progress.
ACTION: Received briefing.

13. OTHER BUSINESS
There was no other business.

14. ADJOURN
Upon motion duly made and seconded, the meeting was adjourned at 2:00 P.M.

May 11, 2022 Attendance

Jurisdiction	Member	Y/N	Alternate	Y/N
District of Columbia				
Executive	Hon. Muriel Bowser		Ms. Beverly Perry Mr. Wayne Turnage Ms. Lucinda Babers	Y
	Mr. Kevin Donahue		Eugene Kinlow	Y
Council	Hon. Phil Mendelson	Y		
	Hon. Charles Allen	Y		
Maryland				
Bowie	Hon. Tim Adams			
Charles County	Hon. Reuben Collins	Y	Thomasina Coates Gilbert Bowling	
City of Frederick	Hon. Michael O'Connor	Y		
Frederick County	Hon. Jan Gardner		Ms. Joy Schaefer	Y
College Park	Hon. Denise Mitchell	Y	Hon. Patrick Wojahn	
Gaithersburg	Hon. Robert Wu		Hon. Neil Harris	
Greenbelt	Hon. Emmett Jordan		Hon. Kristen Weaver	
Laurel	Hon. Craig Moe	Y	Hon. Keith Sydnor	
Montgomery County				
Executive	Hon. Marc Elrich	Y	Mr. Richard Madaleno Ms. Fariba Kassiri	P
Council	Hon. Tom Hucker		Mr. Gene Smith	
	Hon. Nancy Navarro			
Prince George's County				
Executive	Hon. Angela Alsobrooks		Ms. Tara Jackson	Y
Council	Hon. Calvin Hawkins			
`	Hon. Sydney Harrison			
Rockville	Hon. Bridget Donnell Newton	Y		
Takoma Park	*Hon. Kate Stewart*	Y	Hon. Peter Kovar	
Maryland General Assembly	Hon. Brian Feldman			
Virginia				
Alexandria	Hon. Justin Wilson		Hon. Kirk McPike	Y
Arlington County	*Hon. Christian Dorsey*	Y		
City of Fairfax	Hon. David Meyer		Hon. Janice Miller	
Fairfax County	Hon. Jeff McKay		Hon. James Walkinshaw	
	Hon. Penelope Gross	Y	Hon. Daniel Storck	
	Hon. Rodney Lusk	Y	Hon. Walter Alcorn	
Falls Church	Hon. David Snyder	Y	Hon. David Tarter	
Loudoun County	Hon. Juli Briskman	Y		
Loudoun County	Hon. Phyllis Randall			
Manassas	Hon. Mark Wolfe	Y		
Manassas Park	Hon. Darryl Moore	Y		
Prince William County	Hon. Ann Wheeler	Y		
	Hon. Andrea Bailey	Y		
Virginia General Assembly	Hon. George Barker			

Y = Present, voting
(P) = Present as Alternate in addition to Primary

AGENDA ITEM #6

ADOPTION OF CONSENT AGENDA ITEMS

ADOPTION OF CONSENT AGENDA ITEMS
June 2022

A. RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT, PROCURE AND ENTER INTO A CONTRACT TO DEVELOPMENT OF AN ELECTRIC VEHICLE READINESS PLAN AND ELECTRICAL SITE ASSESSMENT REPORTS

The board will be asked to adopt Resolution R24-2022 authorizing the Executive Director, or his designee, to receive and expend grant funds from the City of Rockville in the amount of $99,000. The resolution also authorizes the Executive Director, or his designee, to proceed with procurement for a contractor(s), and enter into a contract to develop an electric vehicle readiness plan and presentation and electrical site assessment reports for up to 20 sites to serve public or city fleet. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R24-2022.

B. RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO ANACOSTIA WATERSHED MESSAGING & STRATEGIC PLANNING COMMUNICATIONS CONSULTING

The board will be asked to adopt Resolution R25-2022 authorizing the Executive Director, or his designee, to expend COG funds from the Department of Environmental Program's Anacostia Restoration Program in the amount of $30,000. The resolution also authorizes the Executive Director, or his designee, to proceed with procurement for a contractor(s), and enter into a contract to continue the execution of the Anacostia community outreach and messaging plan. This plan will promote the value of the watershed, with a long-term goal of raising awareness and encouraging positive resident interactions in the watershed and changing resident behaviors. No COG matching funds are required. The RFP 22-016, Anacostia Watershed Messaging & Strategic Planning Communications Consulting is advertised, and contractor selection is pending.

RECOMMENDED ACTION: Adopt Resolution R25-2022.

C. RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PROCURE HARDWARE AND SOFTWARE FOR NCRNET ICI.

The board will be asked to adopt Resolution R26-2022 authorizing the Executive Director, or his designee, to receive and expend $163,742.78 for the procurement of security hardware and software for NCRnet ICI. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to procure NetScout platforms and probes and a Broadcom Proxy Server for NCRnet ICI. Funding for this effort will be provided through a subgrant from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R26-2022.

D. RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PROVIDE TWO WEEKS OF ADVANCED BOMB SQUAD TRAINING.

The board will be asked to adopt Resolution R27-2022 authorizing the Executive Director, or his designee, to receive and expend $315,000 for advanced bomb squad training. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to secure two weeks of advanced training for each bomb technician assigned to the National Capital Region's bomb squads. Funding for this effort will be provided through a subgrant from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R27-2022.

E. RESOLUTION AUTHORIZING COG TO PROCURE AND ENTER INTO A CONTRACT TO PURCHASE METROTECH BOMB SUITS.

The board will be asked to adopt Resolution R28-2022 authorizing the Executive Director, or his designee, to receive and expend $1,682,829 over four years for the replacement of end-of-life bomb suit ensembles. As the Secretariat for the Urban Area Security Initiative for the National Capital Region, COG has been requested by the District of Columbia Homeland Security and Emergency Management Agency to procure a contractor(s) and enter into a contract to replace 45 bomb suit ensembles reaching their end of life for the region's bomb squads. Funding for this effort will be provided through four subgrants over four years from the State Administrative Agent (SAA) for the National Capital Region. No COG matching funds are required.

RECOMMENDED ACTION: Adopt Resolution R28-2022.

F. RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT TO SUPPORT THE COMMUNITY ENERGY PLAN UPDATE FOR LOUDOUN COUNTY

The board will be asked to adopt Resolution R29-2022 authorizing the Executive Director, or his designee, to receive and expend grant funds from Loudoun County, Virginia, in the amount of $350,000. Funding will be used to facilitate an update to the county's Community Energy Plan. Funding for this effort will be provided through a grant from Loudoun County. COG will be required to provide a match of $18,000 which is available in the budget of the Department of Environmental Programs.

RECOMMENDED ACTION: Adopt Resolution R29-2022.

G. RESOLUTION AUTHORIZING COG TO RECEIVE A GRANT TO SUPPORT FREDERICK COUNTY, MARYLAND IN DEVELOPING LOCAL ELECTRIC VEHICLE AND CLIMATE ACTION PLANS.

The board will be asked to adopt Resolution R30-2022 authorizing the Executive Director, or his designee, to receive and expend grant funds from Frederick County in the amount of $300,000. Funding will be used to facilitate development of local climate and electric vehicle plans for the county. Funding for this effort will be provided through a grant from Frederick County. COG will be required to provide a match of $30,000 which is available in the budget of the Department of Environmental Programs.

RECOMMENDED ACTION: Adopt Resolution R30-2022.

AGENDA ITEM #7

HOUSING AFFORDABILITY PLANNING PROGRAM GRANTS

Metropolitan Washington
Council of Governments

MEMORANDUM

TO: COG Board of Directors

FROM: Paul DesJardin, Director, Community Planning and Services (DCPS)
Hilary Chapman, Housing Program Manager, DCPS

SUBJECT: Housing Affordability Planning Program (HAPP) Grant Award Recommendations

DATE: June 3, 2022

The Metropolitan Washington Council of Governments (COG) and its members are committed to working to increase the amount, affordability, and accessibility of the region's housing supply, particularly near transit. In 2019, the COG Board adopted housing targets calling for an additional 75,000 housing units beyond those which are already planned; at least 75 percent of all new housing should be in Activity Centers or near high-capacity transit; and at least 75 percent of new housing should be affordable to low- and middle- income households. These targets, when taken with other shared goals, are helping the region work toward creating more transit-oriented, equitable, and sustainable communities.

HAPP BACKGROUND AND SELECTION PROCESS

During the October 13, 2021 meeting, the COG Board of Directors adopted Resolution R48-2021 establishing the Housing Affordability Planning Program (HAPP). With financial support from the Amazon Housing Equity Fund, the purpose of HAPP is to award small, flexible grants of up to $75,000 to area local governments and non-profit developers (applying in coordination with a local jurisdiction) engaged in the planning, approval, or development of housing around transit stations. HAPP grants are intended to assist with a variety of housing (rental and ownership) pre-development, project implementation activities, or housing policy studies that have the potential to increase the amount of housing opportunities near transit that are accessible to those with lower incomes.

A broad range of organizations submitted 25 proposals requesting $1,656,300 in HAPP funding. The applications, and recommended grantees, represent COG member governments and traditional and non-traditional non-profit affordable housing developers in the District of Columbia, Maryland, and Virginia.

COG staff established and convened two meetings of a Selection Panel of local housing experts (shown below) who reviewed and scored the applications.

HAPP Selection Panel Member	Affiliation
Ayan Addou	Virginia Housing
Deborah Bilek	ULI Washington
Liz Price	WMATA
Clarence Snuggs	Baltimore Community Lending, Inc.
Michelle Winters	Winters Community Strategies, LLC

HAPP GRANT RECOMMENDATIONS

After careful deliberation, the Selection Panel recommended the 10 following projects listed below in the accompanying descriptions for a total of $656,300 in grant funding.

Eight of the 10 proposals will create new rental housing units with long-term affordability restrictions. One proposal will address the need for long-term affordable homeownership opportunities. One proposal will be a feasibility analysis for increased affordability along several WMATA rail stations. All proposals are located in a COG-designated Activity Center, near High-Capacity Transit Station Areas, and will serve residents in Equity Emphasis Areas.

The COG Board is scheduled to act on these recommendations for HAPP grant funding at the June 8, 2022 meeting.

Fort Totten Senior Affordable Housing Project - Studies and Planning $75,000

District of Columbia and Arlington Partnership for Affordable Housing (APAH)

"Recognizing the severe shortage of affordable rental housing in the Washington, DC metropolitan area, and particularly in the District of Columbia, the Fort Totten Senior Affordable Housing project will provide 93 independent living senior units designed for residents 62+ earning 30%-50% of Median Family Income. Ten units will be set aside as permanent supportive housing for seniors formerly experiencing homelessness. The new-construction, wood-frame, 4-story building will include 9,550 sq. ft. of retail/commercial space envisioned as occupied by a services provider, like a community health center. The building will include an underground parking garage with 49 parking spaces. With a mix of studio, one- and two-bedroom apartments designed to meet the needs of the target 62+ senior population and outstanding access to transit, jobs, and amenities, this project will enable vulnerable households to age in place. (Note: DC uses Family Median Income, (FMI) which is equivalent to Area Median Income.) HAPP funds will support third party reports and a financial feasibility analysis, pay permitting and design costs, as well as community outreach efforts. These funds will also be used to pursue Enterprise Green Communities building standards."

Residences at Forest Glen $75,000

Montgomery County and Montgomery Housing Partnership

"To expand affordable housing in a safe, transit-friendly community, MHP will redevelop Forest Glen Apartments, in Silver Spring, MD, transforming 72-unit 3 story garden apartment buildings into 5 story modern apartment buildings with 189 multifamily residential units. Built in 1947, and largely neglected by the previous owner, existing buildings are obsolete with significantly out of date systems. Through this redevelopment project, MHP will redevelop the property to increase the number of affordable housing units while modernizing structures and efficiencies to provide safe, high quality affordable housing in a desirable transit-oriented development. HAPP funds will be used to fill in the gap of hard-to-find predevelopment costs covering expenses such as design and construction documents, building permits, and land use entitlements."

Transit Center-Adjacent Affordable Housing Development and Economic Feasibility Analyses **$60,000**
City of Alexandria

"The proposed project will consider the development and financial feasibility of constructing new affordable housing at two study areas. The first study area is the WMATA-owned surface parking lot at the Van Dorn Metro Station. The second study area is WMATA-owned remainder land and the City-owned Community Shelter and Substance Abuse Services Center. The second study area is located within 0.4-miles of the Eisenhower Avenue Metro Station. The City would like to explore if those parcels could potentially be assembled in a financial deal to facilitate new affordable housing on the WMATA-owned remainder land and a co-location of new affordable housing and a new City-owned Community Shelter and Substance Abuse Services Center on the City-owned parcel. This project will enable staff to conduct internal studies to inform whether the sites are feasible for development/redevelopment both from a land use perspective and economic perspective and if public planning processes should be undertaken."

Purple Line Affordable Housing Pipeline Development Initiative **$75,000**
Prince George's County, Montgomery County, and Purple Line Corridor Coalition

"*Building a pipeline of projects to achieve PLCC's zero net loss goal for the 16-mile Purple Line corridor is a major undertaking, involving collaboration across sectors, intensive outreach and technical assistance to property owners, strengthening public policy, and strategic monitoring of affordable housing data to ensure large-scale progress against this time sensitive goal. COG funding will support the execution of skilled pipeline development and data tasks, as well as the central coordination needed for this partner-driven work."*

Headen Springs Development **$50,000**
Prince George's County and Sowing Empowerment and Economic Development (SEED)

"The Headen Spring Development site provides a unique opportunity to develop a mixed-use, affordable housing project within a quarter mile of the new Riverdale Park – Kenilworth Ave Station on the new Purple Line. Because of its size and complexity, the Project will be developed over several phases. One of the complications of a phased project is that upfront, at-risk capital is requested to study and plan the entire development, although predevelopment financing is only available for the early phases. COG's planning grant will help fill this gap and provide upfront planning funds for future phases of affordable housing."

Columbia Heights TOPA **$75,000**
District of Columbia and Jubilee Housing

"Support from COG will aid Jubilee Housing in our planning process, specifically with concept plan drawings and outreach to communities, as we begin redevelopment on 3 properties recently acquired through DC's Tenant Opportunity to Purchase Act (TOPA). The TOPA project will result in 165 net new units with affordability restrictions. Two-thirds of the units will be reserved for households earning 30% or below of DC's Median Family Income (MFI) and one-third will be reserved for households earning 60% or below of DC's MFI. Residents will have access to onsite and nearby supportive services as well."

Congress Heights Metro Residential **$75,000**
District of Columbia and NHT Communities

"NHT Communities (NHTC) is a non-profit affordable housing developer based in the District of Columbia. In 2015, NHTC started working with a group of residents at a property above the Congress Heights Metro Station in Ward 8 who sought to preserve and improve their affordable homes. After a long legal battle with the owners of the property, the residents were able to assign their development rights to NHTC, who acquired the property in December 2021. Our development plan calls for a nine-story building, with ground floor retail and 179 affordable apartments, ranging from 30-80% AMI, with the vast majority at the 50% AMI level. The former residents of the property will return to the new building upon completion. NHTC will use the funds to expand our community outreach during the development process seeking input on design elements, through an expanded set of design charettes with former residents and stakeholders."

Lincoln Legacy Affordable Housing Development **$71,300**
District of Columbia and Lincoln Congregational Temple United Church of Christ

"Lincoln Congregational Temple UCC, located in the Shaw neighborhood (1701 R Street, NW) of DC, proposes the rehabilitation and repurposing of its three-story underutilized historic church building into 19 units of affordable housing and 5,290 square feet of community facility space. The project will create new and affordable housing for families earning between 30% and 80% of MFI and rental space for nonprofit and community services uses. HAPP grant funds will be used for predevelopment activities including architectural and development consulting services, an engineering assessment, a Phase I Environmental report, and asbestos, lead and mold studies, all of which are needed to prepare the project for regulatory and funding approvals."

Committed Affordable Unit Preservation Analysis at Ballston Park Apartments **$25,000**
Arlington County

"Ballston Park Apartments is a 512-unit rental apartment complex in Arlington that has had 233 committed affordable units since the 1990's. The 30-year affordability period will be ending for these units and in order to possibly extend affordability into the future, the County is considering two scenarios: (1) rehabilitation and preservation of the existing units, or (2) partial redevelopment, where the number of committed affordable units is maintained, perhaps in a combination of new and rehabilitated units."

College Park Community Housing Trust Program **$75,000**
College Park City-University Partnership

"The City of College Park's neighborhoods are under increasing pressure from absentee investors who are competing with prospective homeowners and purchasing single-family houses to turn them into student rental properties. This has made affordability a problem for families seeking to buy a home in our neighborhood and has eroded neighborhood stability and balance. The College Park City-University Partnership is seeking to establish a Shared Equity Housing Trust to address the cost of housing and maintain long-term affordability in College Park. This initiative is part of the University Community Vision 2030 which explicitly calls for a focus on addressing two critical needs: preserving affordable housing and stabilizing our neighborhoods. College Park has two Metro stations, future Purple Line stops, and one of the region's largest employers, the University of Maryland. As the City redevelops and experiences significant growth, it is imperative to ensure that employees can live near work and it's crucial for the city, with incredible transit access, to have residents who can afford

to live in College Park and have access to employment and all of the richness of our entire metropolitan Washington region. HAPP funds will be used to start up and launch the Trust."

Housing Affordability Planning Program (HAPP)
Summary of Grant Award Recommendations
June 3, 2022

Project Name	Jurisdiction & Sponsor	Recommended Award
Fort Totten Senior Affordable Housing Project - Studies and Planning	District of Columbia / Arlington Partnership for Affordable Housing (APAH)	$75,000
Residences at Forest Glen	Montgomery County / Montgomery Housing Partnership	$75,000
Transit Center-Adjacent Affordable Housing Development and Economic Feasibility Analyses	City of Alexandria	$60,000
Purple Line Affordable Housing Pipeline Development Initiative	Prince George's County, Montgomery County, Purple Line Corridor Coalition	$75,000
Headen Springs Development	Prince George's County / Sowing Empowerment and Economic Development (SEED)	$50,000
Columbia Heights TOPA	District of Columbia / Jubilee Housing	$75,000
Congress Heights Metro Residential	District of Columbia / NHT Communities	$75,000
Lincoln Legacy Affordable Housing Development	District of Columbia / United Church of Christ	$71,300
Committed Affordable Unit Preservation Analysis at Ballston Park Apartments	Arlington County	$25,000
College Park Community Housing Trust Program	Prince George's County / College Park City-University Partnership	$75,000
TOTAL		**$656,300**

Resolution R31-2022
June 8, 2022

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
777 NORTH CAPITOL STREET, NE
WASHINGTON, DC 20002-4239

RESOLUTION APPROVING GRANT AWARD RECOMMENDATIONS FOR THE HOUSING AFFORDABILITY PLANNING PROGRAM (HAPP)

WHEREAS, the Metropolitan Washington Council of Governments (COG) and its members are committed to increasing the amount, affordability, and accessibility of the region's housing supply, particularly near transit; and

WHEREAS, these housing targets, when taken with other shared goals on transportation, equity, and climate, are helping the region create more transit-oriented communities and address long-standing inequities; and

WHEREAS, at its October 2021 meeting, the COG Board of Directors adopted Resolution R48-2021 endorsing the establishment of the Housing Affordability Planning Program (HAPP), supported by funding from the Amazon Housing Equity Fund; and

WHEREAS, the purpose of HAPP is to award small, flexible grants of up to $75,000 to area local governments and non-profit developers (applying in coordination with a local jurisdiction) engaged in the planning, approval, or development of housing around transit stations; and

WHEREAS, in January 2022 COG announced the application period for HAPP grant awards; and

WHEREAS, COG established a HAPP Grant Selection Panel to review the applications and recommend grant awards.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS THAT:

The Board commends the work of the HAPP Grant Selection Panel and COG staff and approves the panel's recommendation to fund the selected projects at the proposed funding levels.

AGENDA ITEM #8

APPLICATION OF EQUITY EMPHASIS AREAS IN MONTGOMERY COUNTY

Agenda Item #8 Materials:

- Montgomery County Resolution to Support EEAs

- Bill 31-21 - Expanding the County's Energy Efficient Buildings Property Tax credit to provide an additional 10% in tax credits in one of the County’s 49 EEAs.

- Bill 44-21 - Requiring the County's Green Bank to dedicate 20% of their county funding allocation in EEAs.

Montgomery County Council

Committee Directly to Council
Staff: Ludeen McCartney-Green, Legislative Attorney
Purpose: Final action – vote expected
Keywords:

AGENDA ITEM #5G
November 16, 2021
Action

SUBJECT

Resolution to Support Metropolitan Washington Council of Governments' Endorsing Equity Emphasis Areas as a Key Planning Concept and Tool to Inform Decision Making and Action.

Lead Sponsor: Councilmember Navarro
Co-Sponsors: Councilmembers Katz, Friedson, Rice, Albornoz, Hucker, Reimer, Jawando, and Glass

EXPECTED ATTENDEES

None; vote expected

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- None

DESCRIPTION/ISSUE

- Whether the Council will align and support the goals of the Metropolitan Washington Council of Government's (COG) resolution by endorsing Equity Emphasis Areas as a Key Concept and Tool to Inform Decision Making and Action.
- Equity Emphasis Areas (EEA) are locations with high concentrations of low-income individuals and/or racial and ethnic minorities.

SUMMARY OF KEY DISCUSSION POINTS

- COG recommends member jurisdictions to use EEAs in a wide range of their jurisdictional activities and services including housing, education, employment opportunities, environment, and livability, to cultivate a deeper understanding of the nature and magnitude of equity disparities across their jurisdiction and help inform important policy discussions that seek to address disparities.
- Website Link to Equity Emphasis Areas Map: https://www.mwcog.org/maps/map-listing/equity-emphasis-areas-eeas/

<u>This report contains:</u>

Proposed Resolution	© 1-3
COG's Equity Emphasis Area Memorandum	© 4-10
Evaluating Equity Emphasis Areas Presentation	© 11-16

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Resolution No.: ____________
Introduced: November 9, 2021
Adopted: ____________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Navarro
Co-sponsors: Councilmembers Katz, Friedson, Rice, Albornoz, Hucker, Reimer, Jawando, and Glass

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SUBJECT: Resolution to Support Metropolitan Washington Council of Governments' Endorsing Equity Emphasis Area as a Key Planning Concept and Tool to Inform Decision Making and Action

Background

1. The Metropolitan Washington Council of Governments (COG) comprises the region's 24 local governments and their governing officials, including Maryland (Montgomery County) and Virginia legislatures and U.S. Senate and House of Representatives where COG provides a forum for discussion and action on issues of regional concern; and

2. COG convened for an Annual Leadership Retreat in July 2021. The Board took an in-depth look at the Transportation Planning Board's Equity Emphasis Area (EEA) designations and engaged in discussions on how EEAs can be used to: 1) advance racial equity in local and regional planning; (2) project implementation; and (3) decision making across all sectors of COG's work.

3. The most recent analysis revealed that 351 of the 1,222 census tracts across the region meet the adopted low-income and racial or ethnic minority concentration thresholds and have been identified as Equity Emphasis Areas (EEAs).

4. These 351 EEAs constitute about 10 percent of the region's land area and house about 30 percent of the region's population, with 214 EEAs located within one-half mile of High-Capacity Transit Station Areas (HCTs) and 340 located within one mile of a Regional Activity Center (RAC).

5. The COG Board passed Resolution R26-2020 in July 2020, affirming that its work together will be anti-racist and will advance equity, and that equity will be woven into COG's Region Forward Vision to ensure a more prosperous, accessible, livable, sustainable, and equitable future for all area residents and throughout COG's analyses, operations, procurement, programs, and priorities.

6. Given COG's commitment to integrate equity considerations in all of its work activities, the EEA planning construct, along with the RACs and HCTs, is a way to enable equity considerations in land use and environment and transportation planning to advance the region's housing, transportation, and climate change goals.

7. In the same vein with purpose and consideration, the COG Board passed Resolution R47-2021 on October 13, 2021, Endorsing Equity Emphasis Areas as a Key Planning Concept and Tool to guide future growth and investment decisions related to infrastructure investment, planning program, education, health care, land use, housing, economic opportunities, and other areas of interest that will enhance and build on making regions and local communities more racially equitable.

8. COG recommends member jurisdictions to use EEAs in a wide range of their jurisdictional activities and services including housing, education, employment opportunities, environment, and livability, to cultivate a deeper understanding of the nature and magnitude of equity disparities across their jurisdiction and help inform important policy discussions that seek to address disparities.

9. The Montgomery County Council has demonstrated its commitment to promoting racial equity, social justice, and inclusions in all aspects of County government to narrow disparities in opportunities by race and ethnicity. This commitment is exemplified in the development and enactment of Racial Equity and Social Justice Act and the established Office of Racial Equity and Social Justice.

10. There are 49 of the 351 EEAs identified in Montgomery County with a total population of 259, 093 people.

11. The approved COG resolution for EEAs is helpful and impactful to provide a framework for local jurisdictions to address racial equity disparities, not only with addressing low-income or underserved community needs, but necessary to promote prosperity and development in Montgomery County and elsewhere.

Action

The County Council for Montgomery County, Maryland approves the following actions:

1. The Council will support Metropolitan Washington Council of Governments' Endorsing Equity Emphasis Area as a Key Planning Concept and Tool to Inform Decision Making and Action.

2. The Council will work to adopt the commitment and integration of equity considerations by prioritizing EEAs identified within the County in local planning, project implementation, and decision making as a means to support COG's shared vision for an accessible, livable, sustainable, and prosperous metropolitan region.

3. The Council will support prioritizing transportation investments that improve access to High-Capacity Transit stations as a means to enhanced mobility and accessibility options to the traditionally underserved population groups in the EEAs.

4. The Council will explicitly consider equity impacts in community planning, such as housing, health, job training, education, and environmental quality.

5. The Council and the County Executive and staff should work together to explore and implement strategies, as appropriate, to further incorporate the consideration of EEAs in planning areas including but not limited to transportation, land-use, housing, climate, and water resources and the County should elevate the conversation around these topics to provide regional thought leadership and demonstrate the connection between equity and greater prosperity for all.

This is a correct copy of Council action.

Selena Mindy Singleton, Esq. Clerk of the Council

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Montgomery County Council

Committee: Joint: Government Operations & Fiscal Policy/Transportation & Environment
Committee Review: Completed
Staff: Christine Wellons, Legislative Attorney
Purpose: Final action – vote expected
Keywords: #Energy Conservation, #Tax Credits

AGENDA ITEM 8C
October 5, 2021
Action

SUBJECT

Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments

Lead Sponsor: Council President at the request of the County Executive

EXPECTED ATTENDEES

Lindsay Shaw, Department of Environmental Protection
Mike Parent, Department of Finance

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The joint GO/T&E Committee recommended (6-0) the enactment of Expedited Bill 31-21 with amendments.
- A roll call vote is expected on whether to enact Expedited Bill 31-21 with amendments, as recommended by the joint GO/T&E Committee.

DESCRIPTION/ISSUE

Expedited Bill 31-20 would:

- define and clarify terms related to property tax credits for energy conservation devices and energy-efficient buildings;
- repeal a sunset clause affecting property tax credits for energy-efficient buildings;
- provide for certain application timelines related to property tax credits; and
- generally amend the law regarding property tax credits.

SUMMARY OF KEY DISCUSSION POINTS

- The GO/T&E Committee recommended (6-0) two amendments:
  - a clarification of the sunset provision; and
  - an amendment by Councilmember Navarro to enhance the racial equity and social justice impacts of the bill by expanding the amount of the tax credit for qualified buildings located in Equity Emphasis Areas.

This report contains:

Staff Report	Page 1
Expedited Bill 31-21	©1
County Executive Memorandum	©7

Legislative Request Report	©15
Fiscal Impact Statement	©16
Economic Impact Statement	©18
RESJ Impact Statement	©21
Department of Finance Spreadsheet	©25

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Item 8C
October 5, 2021
Action

M E M O R A N D U M

September 30, 2021

TO: County Council

FROM: Christine Wellons, Legislative Attorney

SUBJECT: Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments

PURPOSE: Action – roll call vote required

COMMITTEE RECOMMENDATION:
The GO/T&E Joint Committee voted (6-0) to recommend the enactment of Expedited Bill 31-21 with amendments.

Expected Attendees

Lindsay Shaw, Department of Environmental Protection
Mike Parent, Department of Finance

Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments, sponsored by Council President Tom Hucker at the request of the County Executive, was introduced on July 20, 2021. A public hearing on the bill was held on September 14, 2021.[1] A joint Government Operations & Fiscal Policy/Transportation & Environment worksession was held on September 20, 2021.

Expedited Bill 31-21 would:

- Define and clarify terms related to property tax credits for energy conservation devices and energy-efficient buildings.
- repeal a sunset clause affecting property tax credits for energy-efficient buildings;
- provide for certain application timelines related to property tax credits; and
- generally amend the law regarding property tax credits.

[1] #Energy Conservation, #Tax Credits

BACKGROUND

In June 2019, the County Executive delivered to the T&E and GO Committees a report on stakeholder *Recommendations on Montgomery County High-Performance Green Building Initiatives*. The stakeholder group recommended altering green building incentives in the County to focus more on energy reduction metrics as opposed to industry certifications alone.

The stakeholder workgroup recommended, and the T&E and GO Committees discussed, creating a two-tiered approach to green building tax incentives for new construction, and a separate two-tiered approach to green building tax incentives for existing buildings. For both types of buildings – new and existing – the tiers would focus, first, upon rewarding energy reduction at levels above and beyond Building Code requirements and, second, upon high-level industry certifications for green buildings.

Consistent with the recommendations of the stakeholder workgroup, the Council enacted Council Bill 10-20 (sponsored by Lead Sponsors Councilmembers Friedson and Riemer and Co-Sponsor then-Council President Katz). Bill 10-20 established: (1) a two-tiered property tax credit for new commercial and multifamily construction, based upon energy reduction metrics and industry certifications; and (2) a separate two-tiered property tax credit for existing commercial and multifamily buildings, based upon energy reduction metrics and industry certifications.

The Executive branch, in implementing Bill 10-20, has identified several technical and substantive changes in order to make the property tax credit more effective and efficient. The purpose of Expedited Bill 31-21 is to implement the Executive's requested amendments.

BILL SPECIFICS

Expedited Bill 31-21 would clarify eligibility requirements and application processes with respect to property tax credits for energy-efficient buildings. As explained above, the Council made significant amendments to the structure of energy-efficient property tax credits under enacted Bill 10-20. Bill 31-21 would further fine tune the restructuring.

First, the bill would define the term "energy conservation device" for purposes of tax credits for existing buildings, and would define the term "building code requirement" for purposes of the tax credits for new construction. The term "energy conservation device" would be defined as follows:

> *Energy conservation device* means any equipment, device, or material that reduces the demand for conventional fuels or increases the efficiency of these fuels, but is not a standard household appliance, including:
>
> (1) insulation in any wall, roof, floor, foundation, or heating and cooling distribution system;

(2) a storm window or door, multi-glazed window or door, heat-absorbing or heat-reflective glazed and coated window and door system, or additional glazing, reduction in glass area, and other window and door system modification that reduces energy consumption;

(3) an automated energy control system;

(4) a heating, ventilating, or air-conditioning and distribution system modification or replacement;

(5) caulking, weather-stripping, and air sealing;

(6) replacement or modification of a lighting fixture to reduce the energy use of the lighting system;

(7) an energy recovery system;

(8) a day lighting system;

(9) a measure that reduces the usage of water or increases the efficiency of water usage; or

(10) any other installation or modification of equipment, device, or other material intended to decrease energy consumption.

Under the current law, an applicant for a credit for an existing building must provide a description of the "energy conservation device" used in the building. However, the term "energy conservation device" is not defined under the current law.

The bill also would define the term "building code requirement", which is a term used under Section 52-103B for the credits available for new construction. "Building code requirement" would be defined as follows:

> *Building Code requirement* means any code, standard, zoning ordinance, or other requirement related to commercial and multi-family building construction and permitting processes that applies to a newly constructed energy-efficient building.

Under Section 52-103B, DPS uses software to determine the percentage of a new building's performance above Building Code requirement.

The Bill also would make some clarifications regarding the timelines of applications, and the sunset of prior tax credits for energy-efficient buildings.

SUMMARY OF PUBLIC TESTIMONY

Mr. Stan Edwards of DEP spoke for the County Executive in support of the bill. He stated that the bill would make minor but important clarifications necessary to implement the tax credits.

SUMMARY OF JOINT GO/T&E WORKSESSION

1. Updates by the Departments of Finance and Environmental Protection

The Committee received updates by the Departments of Finance and Environmental Protection regarding the implementation of the tax credits for energy-efficient buildings.

As shown in the enclosed spreadsheet (© 25) provided by the Department of Finance, credits under Section 52-103 (the LEED-based credits which are being phased out) will meet the statutory limit of $5 million for the levy year 2021.

The new property tax credit for newly constructed energy efficient buildings, under Section 52-103B, will apply to tax years beginning on January 1, 2022. According to the Departments of Environmental Protection and Finance, the new property tax credit for existing buildings, under Section 52-103A, will be implemented once the clarifications under Bill 31-21 have become law.

2. Amendment to clarify sunset provisions:

One goal of the bill is to clarify the current sunset of Section 52-103. Section 52-103 provides for the tax credit that is being phased out under Bill 10-20. After discussions with DEP staff, Council staff recommended that the sunset provision should be amended to read as follows:

[Sec. 2. Sunset Clause. Section 52-103 of the County Code must sunset, and must and have no further force and effect, on January 1, 2025.**]** **Sec. 2. Sunset Clause.** Section 52-103 of the County Code must sunset, and must and have no further force and effect, on January 1, 2033.

Extending the sunset from January 1, 2025 to January 1, 2033 should provide ample time to allow all applicants who are in the queue for the Section 52-103 credits (as of the application cut-off dates under Section 52-103) to receive the credits for 3 to 5 years (which are the durations for the credits contemplated under the section).

The Committee recommended (6-0) adoption of the amendment to the sunset provision described above.

3. Amendment re: Equity Emphasis Areas

To enhance the racial equity and social justice impacts of the bill, Councilmember Navarro proposed, and the Committee adopted (6-0) the following amendment in order to incentivize green building investments in Equity Emphasis Areas. Equity Emphasis Areas (EEAs) are 350 of the region's 1,222 total census tracts identified by the National Capital Region Transportation

Planning Board (TPB) as having high concentrations of low-income individuals, communities of color, or both. Map Detail | Metropolitan Washington Council of Governments (mwcog.org)

After line 43, add a new definition:

Equity Emphasis Area means an area identified as an equity emphasis area by National Capital Region Transportation Planning Board.

After line 52, add:

(1) An energy-efficient building may receive an Energy Reduction Tax Credit for achieving energy use reductions under this subsection and, if that credit is granted, may receive:

(A) an additional Building Sustainability Tax Credit under subsection (f); and

(B) an expanded credit under subsection (g) for buildings located in Equity Emphasis Areas.

After line 63, add a new subsection (g) as follows, and re-letter subsequent subsections:

(g) *Expanded credit for buildings in Equity Emphasis Areas.*

(1) The owner of an energy-efficient building located within an Equity Emphasis Area at the time of application may qualify for an expanded credit under this subsection.

(2) The owner must apply for a credit under this subsection simultaneously with an application for the Energy Reduction Tax Credit.

(3) The amount of the tax credit under this subsection must be added to the Energy Reduction Tax Credit for each year that the Energy Reduction Tax Credit is granted.

(4) The amount of the tax credit under this subsection must be equal to 10% of the annual property tax owed on the building.

After line 75, add a new definition as follows:

Equity Emphasis Area means an area identified as an equity emphasis area by National Capital Region Transportation Planning Board.

Amend lines 94-99 as follows.

(f) *New Building Energy Reduction Tax Credit.*

(1) A newly constructed energy-efficient building may receive **[**an**]** a New Building Energy Reduction Tax Credit for achieving energy use reductions as outlined in this subsection and, if that credit is granted, may receive:

(A) an additional New Building Sustainability Tax Credit as described in subsection (g); and

(B) an expanded credit under subsection (h) for buildings located in Equity Emphasis Areas.

After line 123, add a new subsection (h) as follows, and re-letter subsequent subsections:

(h) *Expanded credit for buildings in Equity Emphasis Areas.*

(1) The owner of a newly constructed energy-efficient building located within an Equity Emphasis Area at the time of application may qualify for an expanded credit under this subsection.

(2) The owner must apply for a credit under this subsection simultaneously with an application for the New Building Energy Reduction Tax Credit.

(3) The amount of the tax credit under this subsection must be added to the New Building Energy Reduction Tax Credit for each year that the New Building Energy Reduction Tax Credit is granted.

(4) The amount of the tax credit under this subsection must be equal to 10% of the annual property tax owed on the building.

Next Step: Roll call vote on whether to enact Expedited Bill 31-20 with amendments, as recommended by the joint T&E/GO Committee.

This packet contains:

	Circle #
Bill 31-21	1
County Executive Memorandum	7
Legislative Request Report	15
Fiscal Impact Statement	16

Economic Impact Statement 18
RESJ Impact Statement 21
Department of Finance Spreadsheet 25

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Expedited Bill No. 31-21
Concerning: Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments
Revised: 7/14/2021 Draft No. 1
Introduced: July 20, 2021
Expires: January 20, 2023
Enacted: ____________
Executive: ____________
Effective: ____________
Sunset Date: See Sec. 2
Ch. _____, Laws of Mont. Co. _________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

AN EXPEDITED ACT to:

(1) define and clarify terms related to property tax credits for energy conservation devices and energy-efficient buildings;
(2) repeal a sunset clause affecting property tax credits for energy-efficient buildings;
(3) provide for certain application timelines related to property tax credits; and
(4) generally amend the law regarding property tax credits.

By amending
Montgomery County Code
Chapter 52, Taxation
Sections 52-103A and 52-103B

By repealing
Chapter 28, Laws of Montgomery County 2020
Section 2

The County Council for Montgomery County, Maryland approves the following Act:

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

Sec. 1. Sections 52-103A and 52-103B are amended as follows:

52-103A. Property tax credit — energy conservation devices for existing energy-efficient buildings

(a) *Intent*. The intent of this Section is to:

* * *

(5) implement [a tax credit] tax credits under [Section] Sections 9-203 and 9-242(a) of the Tax-Property Article of the Maryland Code, as amended.

(b) *Definitions*. In this Section the following words have the meanings indicated:

* * *

Director means the Director of the Department of Finance or the Director's designee.

Energy conservation device means any equipment, device, or material that reduces the demand for conventional fuels or increases the efficiency of these fuels, but is not a standard household appliance, including:

(1) insulation in any wall, roof, floor, foundation, or heating and cooling distribution system;

(2) a storm window or door, multi-glazed window or door, heat-absorbing or heat-reflective glazed and coated window and door system, or additional glazing, reduction in glass area, and other window and door system modification that reduces energy consumption;

(3) an automated energy control system;

(4) a heating, ventilating, or air-conditioning and distribution system modification or replacement;

(5) caulking, weather-stripping, and air sealing;

(6) replacement or modification of a lighting fixture to reduce the energy use of the lighting system;

(7) an energy recovery system;

(8) a day lighting system;

(9) a measure that reduces the usage of water or increases the efficiency of water usage; or

(10) any other installation or modification of equipment, device, or other material intended to decrease energy consumption.

Energy-efficient building means a non-[ ]residential or multi-family residential building that: (1) has or will have at least 10,000 square feet of gross floor area; (2) has received a Certificate of Occupancy from the Department of Permitting Services; (3) has achieved at least a minimum 50 percent occupancy rate for at least 12 consecutive months; and (4) has demonstrated energy improvements consistent with the requirements of this Section.

*   *   *

(d) *Application*. An application by the owner of an energy-efficient building for a tax credit must be in the form prescribed by the Director and include:

(1) a description and installation date of the energy conservation device installed in the building;

*   *   *

(e) *Energy Reduction Tax Credit authorized under Section 9-203 of the Tax-Property Article of the Maryland Code*.

*   *   *

(3) Baseline and Improved ENERGY STAR Score 12-month time periods must not:

(A) overlap;

(B) include the energy conservation device installation period; or [and];

(C) be more than 6 calendar years apart.

* * *

(f) *Building Sustainability Tax Credit authorized under Section 9-242(a) of the Tax-Property Article of the Maryland Code.*

* * *

52-103B. Property tax credit — newly constructed energy-efficient buildings

* * *

(c) *Definitions*. In this Section the following words have the meanings indicated:

* * *

BREEAM means the Building Research Establishment Environmental Assessment Method rating system administered by BRE Global.

Building Code requirement means any code, standard, zoning ordinance, or other requirement related to commercial and multi-family building construction and permitting processes that applies to a newly constructed energy-efficient building.

* * *

(e) *Application*.

(1) An application by the owner of a newly constructed energy-efficient building for a tax credit must be in the form prescribed by the Director and must include:

(A) a certification from the Department of Permitting Services within the past year indicating the percentage performance above current Building Code requirements at time of application demonstrated by the newly constructed energy-efficient building for the New Building Energy Reduction Tax Credit; and

(B) if the New Building Sustainability Tax Credit is sought after receiving the New Building Energy Reduction Tax Credit, verified documentation by the newly constructed energy-efficient building demonstrating qualification for the New Building Sustainability Tax Credit within [the past year for the New Building Sustainability Tax Credit] two years after obtaining a use and occupancy permit.

* * *

(f) *New Building Energy Reduction Tax Credit.*

(1) A newly constructed energy-efficient building may receive [an] a New Building Energy Reduction Tax Credit for achieving energy use reductions as outlined in this subsection and, if that credit is granted, may receive an additional New Building Sustainability Tax Credit as described in subsection (g).

(2) To be eligible for the New Building Energy Reduction Tax Credit, a newly constructed energy-efficient building owned by the applicant must achieve a minimum 10 percent increase in energy performance above the current applicable [Building and Zoning Code] building code requirements at time of application using an energy modeling software approved by the Department of Permitting Services.

(3) For the New Building Energy Reduction Tax Credit, the percentage of the annual County property tax credit awarded for 4 years is calculated by rounding a newly constructed energy-efficient building's performance above **[**Building Code and Zoning Code**]** <u>building</u> <u>code</u> requirements to the nearest whole number and multiplying it by the multiplier below:

* * *

(g) *New Building Sustainability Tax Credit*. The owner of a newly constructed energy-efficient building seeking the New Building **[**Energy**]** <u>Sustainability</u> Tax Credit must apply for that tax credit **[**simultaneously with**]** <u>after</u> <u>receiving</u> the New Building Energy Reduction Tax Credit.

* * *

(2) To be approved for the New Building Sustainability Tax Credit, an energy-efficient building must **[**also**]** <u>first</u> be approved for the New Building Energy Reduction Tax Credit.

* * *

Sec. 2. Section 2 of Chapter 28 of the Laws of Montgomery County 2020 is repealed as follows:

[Sec. 2. Sunset Clause. Section 52-103 of the County Code must sunset, and must and have no further force and effect, on January 1, 2025.**]**

Sec. 3. Expedited Effective Date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date that it becomes law.

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

July 6, 2021

TO: Tom Hucker, President
County Council

FROM: Marc Elrich
County Executive

SUBJECT: Introduction of XX-21, Chapter 52—Taxation, Property Tax Credit, Energy Efficient Buildings—Amendments

It is my pleasure to transmit the attached emergency legislation to make minor clarifying amendments to the property tax credit for energy efficient buildings established through Energy-Efficient Buildings Property Tax Credit Law.

In September 2020, Council passed Bill 10-20, which phased out the existing Energy and Environmental Design property tax credit, established a new Energy-Efficient Buildings property tax credit for commercial and residential buildings to encourage energy efficiency improvements in existing buildings and incentivize newly constructed buildings to exceed the current building code requirements. As Executive staff began developing the forms and procedures to implement this program, minor logistical challenges were found that required legislative fixes. These changes are supported by the County's Climate Change Coordinator and the Departments of Finance and Environmental Protection (DEP).

The proposed amendments will clarify the sunset provisions of the Energy and Environmental Design property tax credit program and make minor implementation improvements to the new Energy-Efficient Buildings property tax credits for existing and newly constructed buildings. Specifically included are: new definitions for energy conservation devices and building code requirements, adjustments to the acceptable application time periods to better align with realistic construction timelines, and corrections to minor oversights in the original legislation.

The attached bill (XX-21, Chapter 52—Taxation, Property Tax Credit, Energy Efficient Buildings—Amendments) does not change the intent or design of the Energy-Efficient Buildings Property Tax Credit program. To the best of Executive staff's knowledge, the structure of this green building tax credit program remains the first of its kind in the nation.

If you have any questions, please contact Lindsey Shaw in the Department of Environmental Protection at 240-447-2917 or lindsey.shaw@montgomerycountymd.gov and Mike Parent in the Department of Finance's Treasury Division at 240-777-8931 or Michael.Parent@montgomerycountymd.gov.

Expedited Bill No. XX-21
Concerning: Taxation – Property Tax Credit
Revised: [date] Draft No. 1
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the request of the County Executive

AN EXPEDITED ACT to:

(1) correct the citation of the Tax-Property Article of the Maryland Code in Section 52-103;
(2) remove the sunset clause from 2020 L.M.C., ch. 28 to ensure the full amount of tax credits are paid in full as awarded under Section 52-103(c);
(3) improve implementation of energy-efficient building property tax credit program by defining energy conservation device and building code requirements;
(4) clarify the acceptable time periods for submitting applications and determining performance baselines; and
(5) generally revise County law regarding taxation.

By amending
Montgomery County Code
Chapter 52, Taxation
Sections 52-103A and 52-103B

2020 L.M.C., ch. 28

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 52-103A, 52-103B, and 2020 L.M.C., ch. 28 are amended as follows:

52-103A. Property tax credit — energy conservation devices for existing energy-efficient buildings.

(a) *Intent*. The intent of this Section is to:

* * *

(5) implement a tax credit under Section **[**9-242(a)**]** 9-203 of the Tax-Property Article of the Maryland Code, as amended.

(b) *Definitions*. In this Section the following words have the meanings indicated:

* * *

Director means the Director of the Department of Finance or the Director's designee.

Energy conservation device means any equipment, device, or material that reduces the demands for conventional fuels or increases the efficiency of these fuels, but is not a standard household appliance, including:

(1) insulation in any wall, roof, floor, foundation, or heating and cooling distribution system;

(2) a storm window or door, multi-glazed window or door, heat-absorbing or heat-reflective glazed and coated window and door system, or additional glazing, reduction in glass area, and other window and door system modification that reduces energy consumption;

(3) an automated energy control system;

(4) a heating, ventilating, or air-conditioning and distribution system modification or replacement;

(5) caulking, weather-stripping, and air sealing;

(6) replacement or modification of a lighting fixture to reduce the energy use of the lighting system;

(7) an energy recovery system;

(8) a day lighting system;

(9) the installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity;

(10) a measure that reduces the usage of water or increases the efficiency of water usage; or

(11) any other installation or modification of equipment, device, or other material intended to decrease energy consumption.

Energy-efficient building means a non-[ ]residential or multi-family residential building that: (1) has or will have at least 10,000 square feet of gross floor area; (2) has received a Certificate of Occupancy from the Department of Permitting Services; (3) has achieved at least a minimum 50 percent occupancy rate for at least 12 consecutive months; and (4) has demonstrated energy improvements consistent with the requirements of this Section.

* * *

(d) *Application*. An application by the owner of an energy-efficient building for a tax credit must be in the form prescribed by the Director and include:

(1) a description and installation date of the energy conservation device installed in the building;

* * *

(e) *Energy Reduction Tax Credit*.

* * *

(3) Baseline and Improved ENERGY STAR Score 12-month time periods must not overlap, must not include the energy conservation device installation period, and must not be more than 6 calendar years apart.

*   *   *

52-103B. Property tax credit — newly constructed energy-efficient buildings.

*   *   *

(c) *Definitions*. In this Section the following words have the meanings indicated:

*   *   *

BREEAM means the Building Research Establishment Environmental Assessment Method rating system administered by BRE Global.

Building Code requirements means any code, standard, zoning ordinance, or other requirements relating to commercial and multi-family building construction and permitting processes that apply to a newly constructed energy-efficient building.

*   *   *

(e) *Application*.

(1) An application by the owner of a newly constructed energy-efficient building for a tax credit must be in the form prescribed by the Director and must include:

(A) a certification from the Department of Permitting Services within the past year indicating the percentage performance above current Building Code requirements at time of application demonstrated by the newly constructed energy-efficient building for the New Building Energy Reduction Tax Credit; and

(B) if the New Building Sustainability Tax Credit is sought after receiving the New Building Energy Reduction Tax Credit, verified documentation by the newly constructed energy-efficient building demonstrating qualification within the past two [year] years after obtaining a use and occupancy permit [for the New Building Sustainability Tax Credit].

* * *

(f) *New Building Energy Reduction Tax Credit.*

(1) A newly constructed energy-efficient building may receive [an] a New Building Energy Reduction Tax Credit for achieving energy use reductions as outlined in this subsection and, if that credit is granted, may receive an additional New Building Sustainability Tax Credit as described in subsection (g).

(2) To be eligible for the New Building Energy Reduction Tax Credit, a newly constructed energy-efficient building owned by the applicant must achieve a minimum 10 percent increase in energy performance above the current applicable Building [and Zoning] Code requirements at time of application using an energy modeling software approved by the Department of Permitting Services.

(3) For the New Building Energy Reduction Tax Credit, the percentage of the annual County property tax credit awarded for 4 years is calculated by rounding a newly constructed energy-efficient building's performance above Building Code [and Zoning Code] requirements to the nearest whole number and multiplying it by the multiplier below:

* * *

(g) *New Building Sustainability Tax Credit*. The owner of a newly constructed energy-efficient building seeking the New Building [Energy] Sustainability Tax Credit must apply for that tax credit [simultaneously with] after receiving the New Building Energy Reduction Tax Credit.

* * *

(2) To be approved for the New Building Sustainability Tax Credit, an energy-efficient building must [also] first be approved for the New Building Energy Reduction Tax Credit.

* * *

Sec. 2. 2020 L.M.C., ch. 28, is amended as follows:

[Sec. 2. Sunset Clause. Section 52-103 of the County Code must sunset, and must and have no further force and effect, on January 1, 2025.**]**

Sec. 3. Effective Date: The Council declares that an emergency exists and that this legislation is necessary for the immediate protection of the public health and safety. This Act takes effect on the date on which it becomes law.

Approved:

____

Tom Hucker, President, County Council Date

Approved:

____

Marc Elrich, County Executive Date

This is a correct copy of Council action.

____

Selena Mendy Singleton, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Bill XX-21, Chapter 52—Taxation, Property Tax Credit, Energy-Efficient Buildings—Amendments

DESCRIPTION: The legislation proposes minor amendments to Chapter 52 ("Property Tax Credits") related to the Energy-Efficient Buildings credit program (Sec. 52-103, 52-103A, and 52-103B).

PROBLEM: In September 2020, Council passed Bill 10-20, which phased out the existing Energy and Environmental Design property tax credit, established a new Energy-Efficient Buildings property tax credit for commercial and residential buildings to encourage energy efficiency improvements in existing buildings and incentivize newly constructed buildings to exceed the current building code requirements. As Executive staff began developing the forms and procedures to implement this program, minor logistical challenges were found that required legislative fixes.

GOALS AND OBJECTIVES: The proposed amendments will clarify the sunset provisions of the Energy and Environmental Design property tax credit program for LEED buildings and make minor implementation improvements to the new Energy-Efficient Buildings property tax credits for existing and newly constructed buildings. Specifically included are: new definitions for energy conservation devices and building code requirements, adjustments to the acceptable application time periods to better align with realistic construction timelines, and corrections to minor oversights in the original legislation. These amendments do not change the intent or design of the tax credit program established the Energy-Efficient Buildings Property Tax Credit program.

COORDINATION: Department of Environmental Protection, Department of Finance

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: N/A

SOURCE OF INFORMATION: Lindsey Shaw, Manager of Energy and Sustainability Programs, Energy, Climate, and Compliance Division, DEP (240-777-7754)

Mike Parent, Financial Programs Administrator, Treasury Division, FIN (240-777-8931)

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: N/A

Fiscal Impact Statement
Bill XX-21, Chapter 52—Taxation, Property Tax Credit, Energy-Efficient Buildings—Amendments

1. **Legislative Summary.**

   Bill XX-21 proposes minor amendments to Chapter 52 ("Property Tax Credits") related to the Energy-Efficient Buildings credit program (Sec. 52-103, 52-103A, and 52-103B). In September 2020, Council passed Bill 10-20, which phased out the existing Energy and Environmental Design property tax credit, established a new Energy-Efficient Buildings property tax credit for commercial and residential buildings to encourage energy efficiency improvements in existing buildings and incentivize newly constructed buildings to exceed the current building code requirements. As Executive staff began developing the forms and procedures to implement this program, minor logistical challenges were found that required legislative fixes.

   The proposed amendments will clarify the sunset provisions of the Energy and Environmental Design property tax credit program and make minor implementation improvements to the new Energy-Efficient Buildings property tax credits for existing and newly constructed buildings. These amendments do not change the intent or design of the Energy-Efficient Buildings Property Tax Credit program.

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

   Bill XX-21 makes clarifying amendments to previous legislation and is not estimated to have any further impact on revenues or expenditures than originally identified when this Law was passed in September 2020.

3. **Revenue and expenditure estimates covering at least the next 6 fiscal years.**

   See the comment above in #2.

4. **An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

   Not applicable.

5. **An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

   Not applicable.

6. **Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

   Amendments to the Energy-Efficient Buildings Property Tax Credit Law do not authorize future spending.

7. **An estimate of the staff time needed to implement the bill.**

   There would be no anticipated need for additional staff to implement Bill XX-21. Staff that currently support the Energy-Efficient Buildings Property Tax Credit program would continue to do so.

8. **An explanation of how the addition of new staff responsibilities would affect other duties.**

   See comment above in #7.

9. **An estimate of costs when an additional appropriation is needed.**

   No additional appropriations would be required to implement amendments to the Energy-Efficient Buildings Property Tax Credit Law.

10. **A description of any variable that could affect revenue and cost estimates.**

    Bill XX-21 makes clarifying amendments to previous legislation and is not estimated to have any further impact on revenues or expenditures than originally identified when this Law was passed in September 2020.

11. **Ranges of revenue or expenditures that are uncertain or difficult to project.**

    Not applicable.

12. **If a bill is likely to have no fiscal impact, why that is the case.**

    Not applicable.

13. **Other fiscal impacts or comments.**

    None.

14. **The following contributed to and concurred with this analysis:**

    Lindsey Shaw, Department of Environmental Protection
    Mike Parent, Division of Treasury, Department of Finance
    Richard H. Harris, Office of Management and Budget

Jennifer R. Bryant

______________________________ 6-10-21

Jennifer Bryant, Director **Date**
Office of Management and Budget

Economic Impact Statement

Office of Legislative Oversight

Expedited Bill 31-21 Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Expedited Bill 31-21 would have an insignificant impact on economic conditions in the County. However, OLO notes that enacting the Bill would likely improve the implementation of the Energy and Environmental Design-Property Tax Credit program and add clarity for property owners and managers who take advantage of the program.

BACKGROUND

On December 5, 2017, the Council adopted a resolution calling on the County to reduce greenhouse gas emissions by 80% by 2027 and reach 100% elimination by 2035.[1] Consistent with the County's greenhouse emissions goals, the Council enacted the Energy-Efficient Buildings Property Tax Credit Law in September 2020. The law established a new program called the "Energy and Environmental Design-Property Tax Credit," which offers property tax credits for commercial and residential buildings to incentivize energy efficiency improvements in existing buildings and to exceed the current building code requirements in newly constructed buildings.[2]

If enacted, Expedited Bill 31-21 would make minor amendments to the Energy and Environmental Design-Property Tax Credit program. The amendments include:

- clarifying the program's sunset provisions for LEED buildings;
- specifying new definitions for energy conservation devices and building code requirements;
- adjusting the acceptable application time periods to better align with realistic construction timelines; and
- correcting minor oversights in the original legislation.[3]

[1] Montgomery County Council, Resolution 18-974, Emergency Climate Mobilization, Adopted December 5, 2017, https://www.montgomerycountymd.gov/green/Resources/Files/climate/Montgomery-County-Climate-Action-Resolution.pdf.
[2] For more details, see https://www3.montgomerycountymd.gov/311/Solutions.aspx?SolutionId=1-2FSHRH.
[3] Montgomery County Council, Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments, Introduced July 20, 2021. See Bill in Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2723_1_16613_Bill_31-21E_Introduction_20210720.pdf.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

In the economic impact statement for Bill 10-20, OLO concluded that establishing the Energy and Environmental Design-Property Tax Credit would benefit commercial and residential property owners who take advantage of the tax credit and have an overall net positive impact on economic conditions in the County.[4] Because the amendments in Expedited Bill 31-21 do not change the program's intent or design, OLO does not anticipate that enacting the Bill would result in significant impacts on economic conditions in the County.

However, based on the sources included in the Bill's Introduction Staff Report and consultation with the Department of Environmental Protection, OLO anticipates that enacting the amendments previously described would likely improve the implementation of the Energy and Environmental Design-Property Tax Credit program and add clarity for the property owners and managers who take advantage of the program. The claims made in subsequent sections are based on this assumption.

VARIABLES

The primary variable that would affect the economic impacts of enacting Expedited Bill 31-21 is the following:

- Implementation of the Energy and Environmental Design-Property Tax Credit program.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

As previously stated, OLO anticipates that enacting Expedited Bill 31-21 would improve the implementation of the Energy and Environmental Design-Property Tax Credit program and add clarity for the property owners and managers who take advantage of the program. If these outcomes occur, it is possible that property owners and managers may experience a minor reduction in operating costs associated with participating in the program. Other than this potential impact, OLO does not believe enacting Expedited Bill 31-21 would have significant impacts on the Council's other priority indicators.[5]

Residents

OLO anticipates enacting Expedited Bill 31-21 would have an insignificant impact on County residents in terms of several of the Council's priority indicators.

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[4] Office of Legislative Oversight, Economic Impact Statement: Bill 10-20, Property Tax Credit – Energy and Environmental Design – Eligibility Criteria and Amounts of Credit. See statement in the Action Staff Report for Bill 10-20, https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2649_1_10917_Bill_10-20_Action_20200929.pdf.

[5] Montgomery County Code, Sec. 2-81B, Economic Impact Statements, https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Code. Sec. 2-81B. Economic Impact Statements.

Montgomery County Council. Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments. Introduced July 20, 2021.

Montgomery County Council. Resolution 18-974, Emergency Climate Mobilization. Adopted December 5, 2017.

Office of Legislative Oversight. Economic Impact Statement: Bill 10-20, Property Tax Credit – Energy and Environmental Design – Eligibility Criteria and Amounts of Credit.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does <u>not</u> represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

Expedited Bill 31-21: Property Tax Credits- Energy Conservation Devices and Energy Efficient Buildings- Amendments

Summary

OLO anticipates that Expedited Bill 31-21 will help *reduce* current racial inequities and social injustices (RESJ) related to the climate gap in Montgomery County.

Purpose of RESJ Statement

The purpose of RESJ impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, power, and leadership of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

Purpose of Expedited Bill 31-21

The purpose of Expedited Bill 31-21 is to amend Bill 10-20 that created the Energy-Efficient Buildings Property Tax Credit. Bill 10-20 provides commercial and residential building owners tax credits for increasing the energy efficiency of current and future buildings.[3] The overarching goal of Bill 10-20 is to reduce greenhouse emissions generated by buildings that contribute to climate change. Expedited Bill 31-21 makes minor amendments to Bill 10-20 that would:

- Define and clarify terms related to property tax credits for energy conservation devices and energy-efficient buildings;
- Repeal a sunset clause affecting property tax credits for energy-efficient buildings;
- Provide for certain application timelines related to property tax credits; and
- Generally amend the law regarding property tax credits.[4]

The Climate Gap and Racial Equity

Climate change has far-reaching harmful consequences on public health, community assets, and the economy that will impact all residents. [5] Black, Indigenous, People of Color (BIPOC) residents, especially those who are low-income, are disproportionately harmed by climate change due to a lack of resources and the ability to adjust to the consequences of global warming.[6] The term "climate gap" refers to the unequal impact that climate change has on BIPOC and low-income communities. As noted by researchers at the University of Southern California, the climate gap means that BIPOC communities and the poor will suffer more during extreme heat waves with increased illness and deaths, will breathe even dirtier air due to global warming, will pay more for basic necessities, and may have fewer job opportunities with increased climate change.[7] Drivers of the climate include inequities in income, education, employment, and access to health services.

Data on inequities in energy burden, housing, and environmental risk help to explain the increased vulnerabely of BIPOC to climate change; the drivers of the climate gap help to explain the role of government in fostering the climate gap.

Data on Energy Burden. In Montgomery County, about 17 percent of households are energy-burdened (expending more than 6 percent of their income on energy bills) and 9 percent are living in energy poverty (expending more than 10 percent of their income on energy bills).[8] Inequities in poverty rates by race and ethnicity suggest that Black and Latinx households face greater energy burdens than White and Asian households locally. For example, as noted in the OLO Racial Equity Profile, 11 percent of Black and Latinx households experienced poverty in 2017 compared to 6 and 4 percent of White and Asian households respectively.[9]

Data on Housing. Nationally, 6 to 8 percent of Latinx and Black households resided in substandard housing compared to less than 3 percent of White households. The older-age of affordable housing in the County and local data on rent-burden suggests that Black and Latinx households in Montgomery County experience higher risks for substandard housing. For example, in 2019, 66 percent of Latinx renters and 60 percent of Black renters experienced rent-burden, expending more than 30 percent of their income on rent compared to 40 percent of White renters and 33 percent of Asian renters.[10] Conversely, 75 percent of White and Asian households resided in owner-occupied units in 2019 compared to 50 percent of Latinx and Native American households and 42 percent of Black households.[11]

Data on Environmental Risk. Nationally, BIPOC and low-income residents often reside in communities located near polluting and environmentally hazardous industries and uses.[12] This can include proximity to power stations, industrial plants, and infrastructure like major highways. This leads to far greater rates of serious health problems in communities of color, from cancer to lung conditions to heart attacks, as well as a higher prevalence and severity of asthma, lower birth weights, and greater incidence of high blood pressure.[13]

The County's Climate Action Plan shows that communities with high concentrations of BIPOC and low-income residents (greater than 25 percent for each) are located in areas of the County with higher levels of traffic and air pollution.[14] Of note, Black residents had the highest rates of emergency room visits for chronic lower respiratory diseases (including asthma) at more than 1,538 visits per 100,000. [15] In 2014-16, the rate of emergency room visits for chronic respiratory diseases for Latinx residents was 815 visits per 100,000 compared to 543 visits per 100,000 White residents.[16]

Drivers of the Climate Gap. The disproportionate impact of climate change on BIPOC results from government policies and practices that concentrated housing for BIPOC and low-income residents in close proximity to polluting facilities and infrastructure like major highways. More specifically, the climate gap results from a history of land and wage theft that enriched a subset of White households at the expense of BIPOC and low-income residents. Slavery, the Indian Removal and Homestead Acts, and occupational segregation have undermined the economic development of people of color.[17]

Further, housing segregation through redlining, racial covenants, and exclusionary zoning has contributed to the climate gap as have the policies and practices of the Federal Housing Administration, the Social Security Act, GI Bill, and of departments of transportation that have reinforced housing segregation and undermined wealth building and housing equity for BIPOC residents.[18] Housing segregation has also fostered the concentration of BIPOC residents into densely populated neighborhoods with fewer trees and larger amounts of impervious surfaces that make them exceptionally vulnerable to effects of excessive heat and flood events exacerbated by climate change.[19]

In short, government efforts to cultivate and protect White wealth by segregating BIPOC residents and excluding them from comparable wealth-building opportunities has resulted in the siting of BIPOC communities in or adjacent to environmentally hazardous areas. As such, government has played a significant role in developing the climate gap.

Anticipated RESJ Impacts

When estimating the potential impact on Expedited Bill 31-21 on racial equity and social justice, both the favorable and unfavorable impacts of this bill on racial and social inequities should be considered.

On the positive side, the decrease in green house emissions anticipated by increasing the energy efficiency of buildings through tax credits could generate favorable public health outcomes that could disproportionately benefit BIPOC and low-income communities. Since BIPOC and low-income communities are more vulnerable to the negative consequences of climate change, they may benefit disproportionately from countywide reductions in green house emissions. Further, if their landlords can take advantage of the tax credits, BIPOC and low-income renters may also benefit disproportionately from long-term reductions in their energy costs that reduce their energy burden. On the negative side, however, if use of the tax credit triggers increases in real estate development and rising rents that displace BIPOC and low-income residents, then the tax credit could exacerbate housing inequities by race, ethnicity and income.

Considering both the positive and negative impacts that energy efficiency tax credits may have on racial equity and social justice, OLO anticipates that the public health and reduced energy burden benefits resulting from energy efficiency tax credits will exceed the potential costs of displacing BIPOC and low-income residents and renters. As such, OLO anticipates a favorable net impact of Bill 31-21 on racial equity and social justice in the County.

Recommended Amendments

The County's Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[20] OLO finds that Expedited Bill 31-21 could narrow racial and ethnic inequities in the climate gap by incentivizing more energy-efficient buildings in Montgomery County. If the Council chooses to implement more significant reductions in the climate gap via legislation to further promote racial equity and social justice, the County's Climate Action Plan offers two relevant recommendations for enhancing equity that could be considered as a potential amendment to this bill:

- Ensure that income-limited or vulnerable groups receive priority or focused access to incentive programs; and
- Collaborate with utilities and the State of Maryland to ensure incentive programs include equity metrics, especially future cycles of EmPOWER Maryland.[21]

Similarly, the Climate Gap Report published by researchers at the University of Southern California recommend that efforts to reduce greenhouse gap emissions should target the BIPOC and low-income neighborhoods with the dirtiest air.[22] Toward this end, they recommend using mapping to identify vulnerable neighborhoods, measuring the success of mitigation strategies by whether they protect everyone, and designing research that identifies opportunities for targeting greenhouse gas reductions to reduce toxic air emissions in highly polluted neighborhoods.[23]

Caveats

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

Dr. Elaine Bonner-Tompkins, Senior Legislative Analyst drafted this racial equity and social justice impact statement with assistance from Dr. Theo Holt, Performance Management and Data Analyst.

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[1] Adopted from definition of racial equity described in the Racial Equity Policy Scorecard included in "Applying a Racial Equity Lens into Federal Nutrition Programs," authored by Marlysa Gamblin; see the Government Alliance for Race and Equity's "Advancing Racial Equity and Transforming Government" resource guide for understanding the historical role of government in maintaining racial inequities https://racialequityalliance.org/wp-content/uploads/2015/02/GARE-Resource_Guide.pdf

[2] Adopted from racial equity definition provided by Racial Equity Tools. https://www.racialequitytools.org/glossary

[3] Montgomery County Council Bill 10-20-Property Tax Credit-Energy and Environmental Design-Eligibility Criteria and Amounts of Credit, Effective December 30, 2020, Montgomery County, Maryland https://apps.montgomerycountymd.gov/ccllims/BillDetailsPage?RecordId=2649&fullTextSearch=10-20

[4] Ibid.

[5] Montgomery County Climate Action Plan: Building a Healthy, Equitable, Resilient Community, June 2021, Montgomery County, Maryland https://www.montgomerycountymd.gov/green/Resources/Files/climate/climate-action-plan-printer-friendly.pdf

[6] Ibid.

[7] Rachel Morello-Frosch, et al, The Climate Gap: Inequities in How Climate Change Hurts Americans and How to Close the Gap, Dornsife Center, University of Southern California, 2009

[8] Montgomery County Climate Action Plan

[9] Jupiter Independent Research Group, Racial Equity Profile Montgomery County, Office of Legislative Oversight, Report 2019-7, July 17, 2019 https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf

[10] American Community Survey, Gross Rent as a Percentage of Household Income, 2019 1-Year Estimates, United States Census Bureau. https://data.census.gov/cedsci/table?t=-00%20%20All%20available%20races%3AIncome%20and%20Poverty%3ARace%20and%20Ethnicity&g=0500000US24031&tid=ACSSPP1Y2019.S0201

[11] Calculations based on American Community Survey, 2019 1-Year Estimates, Table ID S2502.

[12] Rolf Pendall, A Building Block for Inclusive Housing for Community Level Diversity, Participation and Cohesion, Urban Institute, September 2017 cited in Zero Cities Project, Equity Assessment Tool https://www.usdn.org/uploads/cms/documents/equity_assessment_tool_-zero_cities_project_-_race_forward_2019.pdf

[13] American Public Health Association, Climate Change, Health, and Equity: A Guide for Local Health Departments, https://www.apha.org/-/media/Files/PDF/topics/climate/Guide_Section2.ashx

[14] Montgomery County Climate Action Plan

[15] Health in Montgomery County, 2008 – 2016: A surveillance report on population health, https://www.montgomerycountymd.gov/HHS/Resources/Files/Reports/PopHealthReportFINAL.pdf

[16] Ibid.

[17] Field Note, 2020-2, December 2020 – Turning the Floodlights on the Root Causes of Today's Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020, Regional and Community Outreach

[18] Kilolo Kijakazi, et al, The Color of Wealth in the Nation's Capital, November 2016 https://www.urban.org/research/publication/color-wealth-nations-capital

[19] Iverson, L.R. and E.A. Cook, Urban Forest Cover of the Chicago Region and Its Relation to Household Density and Income, Urban Ecosystems, 2000 cited in Zero Cities Project, Equity Assessment Tool

[20] Montgomery County Council, Bill 27-19, Administration – Human Rights - Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee - Established

[21] Montgomery County Climate Action Plan

[22] Rachel Morello-Frosch

[23] Ibid.

PROPERTY TAX CREDIT - ENERGY AND ENVIRONMENTAL DESIGN
LEVY YEAR 2021

SILVER RATING (Limit $1.5 M)							
Account #	Multi Family Res or Non-Res	Building Type (Other)	USGBC Rating	Mont Co Tax	Tax Credit %	Tax Credit Amount	Credit Year
TOTAL SILVER RATING						**$0.00**	

GOLD RATING (Limit $2.5 M)							
Account #	Multi Family Res or Non-Res	Building Type (Covered or Other)	USGBC Rating	Mont Co Tax	Tax Credit %	Tax Credit Amount	Duration
	Non-Residential	Other	LEED - EB	$191,705.34	25%	$47,926.34	3 of 3
	Non-Residential	Other	LEED - EB	$170,413.87	25%	$42,603.47	3 of 3
	Non-Residential	Other	LEED - EB	$189,434.12	25%	$47,358.53	3 of 3
	Muliti-family Residential	Covered	LEED - NC	$632,395.68	25%	$158,098.92	3 of 3
	Non-Residential	Other	LEED - EB	$194,565.91	25%	$48,641.48	3 of 3
	Non-Residential	Other	LEED - EB	$224,189.11	25%	$56,047.28	3 of 3
	Non-Residential	Other	LEED - EB	$146,038.66	25%	$36,509.67	3 of 3
	Non-Residential	Other	LEED - EB	$221,559.70	25%	$55,389.93	3 of 3
	Non-Residential	Other	LEED - EB	$104,070.18	25%	$26,017.55	3 of 3
	Non-Residential	Other	LEED - EB	$175,028.28	25%	$43,757.07	3 of 3
	Non-Residential	Other	LEED - EB	$228,938.56	25%	$57,234.64	3 of 3
	Non-Residential	Other	LEED - EB	$96,553.77	25%	$24,138.44	3 of 3
	Non-Residential	Other	LEED - EB	$116,271.55	25%	$29,067.89	3 of 3
	Non-Residential	Other	LEED - EB	$751,875.00	25%	$187,968.75	3 of 3
	Muliti-family Residential	Covered	LEED - NC	$689,341.59	25%	$172,335.40	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$22,432.94	25%	$5,608.24	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$30,772.08	25%	$7,693.02	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$30,768.07	25%	$7,692.02	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$33,547.32	25%	$8,386.83	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$39,307.70	25%	$9,826.93	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$39,307.70	25%	$9,826.93	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$36,224.67	25%	$9,056.17	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$36,224.67	25%	$9,056.17	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$36,224.67	25%	$9,056.17	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$32,089.02	25%	$8,022.26	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$39,613.11	25%	$9,903.28	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$35,342.80	25%	$8,835.70	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$35,342.80	25%	$8,835.70	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$35,342.80	25%	$8,835.70	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$230,041.66	25%	$57,510.42	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$102,167.43	25%	$25,541.86	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$102,167.43	25%	$25,541.86	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$102,167.43	25%	$25,541.86	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$102,167.43	25%	$25,541.86	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$98,784.68	25%	$24,696.17	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$111,671.81	25%	$27,917.95	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$104,422.40	25%	$26,105.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$104,422.40	25%	$26,105.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$104,422.40	25%	$26,105.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$104,422.40	25%	$26,105.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$106,838.41	25%	$26,709.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$106,838.41	25%	$26,709.60	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$101,845.32	25%	$25,461.33	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$101,845.32	25%	$25,461.33	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$101,845.32	25%	$25,461.33	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$88,934.43	25%	$22,233.61	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$86,148.84	25%	$21,537.21	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$76,451.65	25%	$19,112.91	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$76,853.99	25%	$19,213.50	3 of 5
	Muliti-family Residential	Covered	LEED - NC	$76,853.99	25%	$19,213.50	3 of 5
	Non-Residential	Other	LEED - EB	$1,127,233.03	25%	$281,808.26	2 of 3
	Muliti-family Residential	Covered	LEED - NC	$42,466.69	25%	$10,616.67	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$65,692.59	25%	$16,423.15	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$64,793.56	25%	$16,198.39	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$66,384.96	25%	$16,596.24	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$67,413.74	25%	$16,853.44	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$66,984.72	25%	$16,746.18	2 of 5
	Muliti-family Residential	Covered	LEED - NC	$65,461.15	25%	$16,365.29	2 of 5
TOTAL GOLD RATING						**$2,093,166.32**	

PLATINUM RATING							
Account #	Multi Family Res or Non-Res	Building Type (Covered or Other)	USGBC Rating	Mont Co Tax	Tax Credit %	Tax Credit Amount	Duration
	Non-Residential	Covered	LEED - CS	$22,038.63	75%	$16,528.97	2 of 5
	Non-Residential	Other	LEED - EB	$1,857,992.11	50%	$1,773,908.08	2 of 3
	Non-Residential	Other	LEED - EB	$2,269,921.92	50%	$1,116,396.64	1 of 3
TOTAL PLATINUM RATING						**$2,906,833.69**	

TOTAL ALL RATINGS	$5,000,000.00

ADDENDUM
Item 8C
October 5, 2021
Action

M E M O R A N D U M

October 4, 2021

TO: County Council

FROM: Christine Wellons, Legislative Attorney

SUBJECT: Expedited Bill 31-21, Property Tax Credits – Energy Conservation Devices and Energy Efficient Buildings – Amendments

PURPOSE: Action – roll call vote required

Addendum to Staff Memorandum Dated September 30, 2021:

The purpose of this addendum is to provide additional context for the amendment to Bill 31-21, proposed by the T&E/GO Committee, to focus incentives within geographic areas of the County identified as Equity Emphasis Areas (EEAs).

Background on EEAs and Policy Implications. As noted in the September 30 staff memorandum, EEAs are 350 of the region's 1,222 total census tracts identified by the National Capital Region Transportation Planning Board (TPB) as having underserved communities, including high concentrations of low-income communities and communities of color. Map Detail | Metropolitan Washington Council of Governments (mwcog.org). EEAs are a tool used to focus strategies on hardest hit geographic areas, and to increase equity in multiple policy areas, including transportation planning, housing, public health, and the environment. Equity Emphasis Areas: A tool to prioritize and invest in communities - News Highlight - News | Metropolitan Washington Council of Governments (mwcog.org)

Regarding climate change, the Metropolitan Washington Council of Governments (COG) has used EEAs to analyze climate impacts and risks in its 2030 Climate and Energy Action Plan. Metropolitan Washington 2030 Climate and Energy Action Plan | Metropolitan Washington Council of Governments (mwcog.org). Among COG's findings are:

- Overall "energy burden," or the percentage of household incomes that goes towards energy costs, is also a significant concern for underserved communities. Across the region, **underserved communities spend a larger portion of income on home energy cost than other residents**.

- [M]ean **energy burden across census tracts in Equity Emphasis Areas (EEAs) is 6.6 percent higher than all other census tracts in the region**…. Ensuring equitable energy access to underserved communities ensures energy burdens don't limit residents' ability to choose between paying energy bills or living essentials.

- EEAs are more heavily burdened by extreme heat. **The median number of extreme heat days a year in the region is 8.61 days, the median in EEAs is 8.75 days.** Potentially vulnerable populations may face barriers such as access to air conditioning, housing, and cooling centers.

- Underserved communities have been **disproportionately impacted by environmental exposures, including ambient air pollution and climate-change-related health impacts**.

(Emphasis added).

In response to this data regarding EEAs, COG encourages local government policies to address energy inequities, including:

- Resilient green infrastructure enhancements should be prioritized in vulnerable communities with limited access to parks and green spaces.

- Improving the energy efficiency reduces the financial burden associated with energy costs for both residents and local businesses. Accelerating retrofit work also has the potential to create high quality jobs in the region.

- Benchmarking programs leading to more energy efficient multifamily and commercial buildings reduce the financial burden associated with energy costs.

- On-site renewable systems can reduce the financial burden associated with energy costs. Incentives and cooperative campaigns can be designed to maximize participation rates among economically disadvantaged communities.

Amendment to Bill 31-21. The proposed amendment, which is described in Item #3 of the September 30 staff memorandum, would expand tax credits for energy-efficient commercial and multi-family buildings within EEAs, in order to focus incentives where they are most needed, and to increase equity and social justice in the County.

As shown by COG, EEAs disproportionately experience a high "energy burden," poor air quality, and extreme heat. An expanded tax credit to create energy efficiencies within EEAs would be a targeted strategy to reduce these demonstrable inequities and to help low-income areas with the greatest needs. Within the EEAs, the expanded credits would decrease the costs of energy for commercial and multifamily buildings and, thus, reduce the inequitable energy burden in low-income areas of the County. The expanded credits also would mitigate health disparities – caused in part by the relatively extreme heat of EEAs – by improving indoor air quality.

Montgomery County Council

Committee: Joint
Committee Review: Completed
Staff: Robert H. Drummer, Senior Legislative Attorney
Purpose: Final action – vote expected
Keywords: #GreenBank; #FuelEnergyTax

AGENDA ITEM #10B
February 1, 2022
Action

SUBJECT

Bill 44-21, Montgomery County Green Bank – Funding – Fuel Energy Tax Revenue

Lead Sponsor: Council President Hucker and Councilmember Friedson

Co-Sponsors: Council Vice-President Albornoz and Councilmembers Riemer, Navarro, Katz, Rice and Jawando

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Government Operations & Fiscal Policy and Transportation & Environment Committees unanimously recommended (6-0) approval of the bill with amendments placing certain restrictions on the Green Bank's use of the County funds.

DESCRIPTION/ISSUE

- How would dedicating a portion of the fuel-energy tax to the Green Bank affect other priorities?
- What, if any, restrictions should the County place on the use of the funding by the Green Bank?

SUMMARY OF KEY DISCUSSION POINTS

- What would the dedicated revenue buy the County?

<u>This report contains:</u>

Staff Report	Pages 1-5
Bill 44-21	©1
Legislative Request Report	©6
County Attorney Bill Review	©7
Fiscal Impact Statement	©9
Economic Impact Statement	©11
RESJ Impact Statement	©16
2020 MCGB Annual Report	©22
MCGB Summary Presentation	©26
MCGB FAQ	©38
Public Testimony	
County Executive Office (Adriana Hochberg)	©40

Takoma Park Mobilization Environment Committee (Diana Younts) ©42
Montgomery County Green Bank (Tom Deyo) ©44
Montgomery County Chamber of Commerce (Georgette Godwin) ©57
Montgomery County Green Bank (Marissa Ramirez) ©58
City First Enterprise (Oswaldo Acosta) ©60
Riemer Memorandum ©61
Phase-in Amendment ©64
Reporting Amendment ©65

F:\LAW\BILLS\2144 Green Bank - Fuel-energy tax - funding\Action Cover Sheet.Docx

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Agenda Item #10B
February 1, 2022
Action

M E M O R A N D U M

January 27, 2022

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney

SUBJECT: Bill 44-21, Montgomery County Green Bank – Funding – Fuel Tax Revenue

PURPOSE: Final Action – roll call vote expected

Committee recommendation (6-0): enact the Bill with amendments.

Bill 44-21, Montgomery County Green Bank – Funding – Fuel Tax Revenue, with Lead Sponsors Council President Hucker and Councilmember Friedson, and Co-Sponsors Council Vice-President Albornoz and Councilmembers Riemer, Navarro, Katz, Rice and Jawando, was introduced on November 16, 2021. A public hearing was held on December 7, 2021 at 1:30 p.m. and a joint Government Operations & Fiscal Policy and Transportation & Environment Committee worksession was held on December 9, 2022.[1]

Background

The Montgomery County Green Bank (MCGB) was established by Bill 18-15, enacted by the Council on June 30, 2015 and signed into law by the Executive on July 7, 2015. The Green Bank promotes the investment in clean energy technologies in the County by offering financing structures to lower the cost of financing these technologies for County residential and commercial properties. The fuel-energy tax is levied and imposed on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County. The Council budgeted $175,651,251 for energy tax revenue in FY22.

Bill 44-21 would mandate that the Council appropriate 10% of the fuel-energy tax revenue to the County Green Bank each year in the annual operating budget. The County Attorney's Office (OCA) found no legal issues with the Bill ©7. As OCA pointed out, even if this Bill is enacted, the Council can change the amount dedicated to the Green Bank for a specific year when adopting the operating budget. OMB estimated that the Bill would reduce revenue for the General Fund by $17.6 million each year (©9). This reduction in the General Fund would need to be made up by either reducing expenditures on other programs or increasing revenues.

[1]#GreenBank; #FuelEnergyTax

The Bill, as amended by the joint Committee would require the Green Bank to use 20% of the funds allocated by the County in equity emphasis areas and 15% of the funds for reducing the cost of energy projects undertaken by property owners. The Committee also amended the Bill to prohibit the use of the County funds to install new or retrofitted mechanical energy appliances that use fossil fuels.

Public Hearing

Adriana Hochberg, Acting DEP Director, testifying on behalf of the Executive, raised concern for the automatic allocation of 10% of the fuel-energy tax revenue for the Green Bank outside of the normal budget process (©40). Ms. Hochberg suggested that if the Council decides to allocate a certain percentage of tax revenue for climate change, that the funds should be allocated among the different County funded climate change activities. Ms. Hochberg also suggested that any funds allocated to the Green Bank be distributed through a contract with DEP that includes performance measures. Tom Deyo, Green Bank CEO supported the Bill as introduced and explained how the new funding could be used (©44). Green Bank Board Member Marissa Ramirez similarly supported the Bill as introduced (©58). Herb Simmens, representing The Climate Mobilization, and Mike Tidwell, representing Chesapeake Climate Action, each supported the Bill but requested an amendment to prohibit the use of the funds for fossil fuel systems. Michelle Moore also supported the Bill.

The Council also received written testimony from Georgette "Gigi" Godwin, representing the County Chamber of Commerce (©57), Diana Younts, Takoma Park Mobilization (©41), and Oswaldo Acosta, CityFirst (©60), supporting the Bill.

GO and T&E Worksession

Tom Deyo, Green Bank CEO and Steve Morel, Green Bank represented the Green Bank. Adriana Hochberg, Assistant CAO and Michael Coveyou, Finance Director, represented the Executive Branch. Senior Legislative Attorney Robert Drummer represented the Council staff. Tom Deyo made a presentation about the goals, methods, and current financing of the Green Bank for the Committee. The Committee discussed the need to finance the Green Bank to mitigate climate change and the reduction in budget flexibility that would result from the Bill.

Councilmember Friedson moved an amendment to require the Bank to use 20% of its County funds for projects in equity emphasis areas and 15% of the County funds for reducing the cost of energy projects undertaken by property owners. The Committee approved the amendment 6-0.

Councilmember Riemer moved an amendment to prevent the Bank from using County funds to install new or retrofitted mechanical energy appliances that use fossil fuels. The Committee approved this amendment 6-0, but asked Council staff to work with the Bank to agree on final language for the amendment.

The Committee recommended approval of the Bill 6-0 with these amendments.

Issues

1. What funds does the Green Bank have?

Tom Deyo, Green Bank CEO, provided several documents explaining the operation of the Green Bank. The 2020 Annual Report from the Green Bank is at ©22, a PowerPoint presentation prepared by the Green Bank is at ©26, and Frequently Asked Questions and Answers prepared by the Green Bank is at ©38. The MCGB explained the County funding it has received to date as follows:

> Under the contract between Montgomery County and the Green Bank, the Green Bank was provided one-time funding for its capital base. This funding from settlement funds from Pepco-Exelon and Altagas came over three years with the most significant amount in mid-2019. The funding provided several requirements for use. The total funding for capital provided to the Green Bank was $16.7 million with $15.2 million from the Pepco-Exelon settlement funds limited to the Pepco service territory of Montgomery County. See MCGB FAQ at ©38.

This County funding was provided with certain restrictions on its use. Approximately $2.6 million was set aside for low- and moderate-income households and multifamily properties, $1.7 million for nonprofits, $3.0 million for common ownership communities, and the remaining $9 million for general use. Bill 44-21, as introduced, would not include any restrictions on the use of the annual $17.6 million directed to the Green Bank from the fuel-energy tax. As described above the Committee amended the Bill to include certain restrictions on the use of the County funds.

The 2020 Annual Report shows total net assets of $18.12 million at ©22.[2] The Green Bank has also received $1.2 million in grant funds from private foundations in addition to the County funding.

2. How has the Green Bank used its funds?

The Green Bank was established to increase and accelerate investment in energy efficiency and renewable energy in the County. While the Green Bank may simply fund a project in full, the Bank has used its funds in 3 different ways to leverage its available funds. The goal of the Bank is to target at least a 4:1 leverage as a portfolio of its capital with private market capital. The Bank provides loan guarantees or "insurance" for certain projects that can induce a private lender to go forward with a project by reducing the risk of loss. The Bank also has participated with a private lender on a project to reduce the interest rate charged by purchasing a portion of the loan or becoming a joint lender. Finally, the Bank has also made direct loans for a project to get it moving and then attempts to sell the loan to a private lender after the project is complete. Interest on direct loans and fees for loss reserves are earned income that the Bank can reuse as capital.

According to the Bank, it has committed $5 million to projects with approximately $6 million in the pipeline for investment in future projects. The Bank believes there is at least $60 million more in demand for prospective projects if it had the funding. The Green Bank believes that demand for these projects will increase substantially if the Council enacts Bill 16-21, Environmental Sustainability – Building Energy Performance Standards.

3. How would Bill 44-21 affect other County programs in the operating budget?

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[2] The County also provided MCGB with $6.3 million to be held on behalf of the County for future County funded projects.

Charter §305 requires the Council to approve the County's operating and capital budgets on June 1 of each year for the next fiscal year. Bill 44-21 would require the Council to set aside 10% of the fuel-energy tax collected each year (estimated at $17.6 million) and appropriate it for the Green Bank. Each year the Executive sends the Council recommended operating and capital budgets after estimating total revenue from all taxes and fees and allocating it across various programs. The Council has the authority to add to, delete from, increase, or decrease any appropriation item in the budget. The Council conducts multiple public hearings to hear from residents and stakeholders and many worksessions with each department, office, and outside agency to arrive at an approved budget for the next year.

The Charter requires the Executive and the Council to do this important work each year because revenue and needs change frequently. For example, the COVID-19 global pandemic created many emergencies in FY21 and FY22 requiring additional appropriations that were unanticipated. The recession in 2009 and 2010 significantly reduced the County's estimated tax revenue and required the Council to make significant changes to the operating and capital budgets in those years.

Bill 44-21, although dedicating tax revenue for an important policy, reducing climate change through increasing energy efficiency and the use of renewable energy, runs counter to the principles embodied in Charter §305 requiring the Council to make budgetary decisions on an annual basis based on estimated revenues and current needs. Allocating $17.6 million for the Green Bank might be the best use of the money in some years and may not be the best use in other years. Bill 44-21 attempts to take that decision away from the Council each year. As the County Attorney's Office pointed out, the Council could still change the dedication to the Green Bank in the annual budget in any year, but the Bill would make it more difficult to do.

OLO, in its Racial Equity and Social Justice Impact Statement (©16) concluded that the impact on racial equity and social justice would depend upon what other County programs are reduced to pay for this automatic dedication of $17.6 million for the Green Bank. OLO also anticipated that the Bill could widen racial and social inequities because most of the benefits would accrue to White residents. However, OLO also believed that the additional funding could reduce health inequities by reducing greenhouse gas emissions. The Bill would require the Council to find equivalent cuts in other programs or raise taxes to cover the dedication. Bill 44-21, if enacted and implemented, would make this appropriation without considering what other programs could be reduced or what taxes could be raised to make up the difference.

4. Should action on Bill 44-21 be deferred until the Council enters its FY23 budget deliberations?

Bill 44-21, as introduced, would take effect at the beginning of FY23 on July 1, 2022. The Bill cannot take effect earlier because the Council has already adopted the FY22 budgets unless the Council approves a supplemental or special appropriation for FY22 to fund the Green Bank this year. Since the Bill would not take effect until July 1, 2022, the Council may want to defer action on this Bill until the FY23 budget deliberations when the competing programs that may be reduced or eliminated can be carefully analyzed. **Committee recommendation (6-0):** do not defer action until the FY23 budget deliberations begin.

5. Should the County place restrictions on the use of its funds by the Green Bank?

At Committee, Councilmember Friedson moved an amendment to require the Bank to use 20% of its County funds for projects in equity emphasis areas and 15% of the County funds for reducing the cost of energy projects undertaken by property owners. Both of these percentages would be minimum allocations of the County funds. The Committee approved the amendment 6-0.

Councilmember Riemer introduced an amendment at Committee to prevent the Bank from using County funds to install new or retrofitted mechanical energy appliances that use fossil fuels. The Committee approved this amendment 6-0, but asked Council staff to work with the Bank to agree on final language for the amendment. Council staff met with Tom Deyo of the Green Bank to discuss the language. Although Mr. Deyo agreed that the language on lines 24-28 codified the Committee's intent, he requested that this prohibition be delayed for 5 years because there are still significant projects to reduce energy consumption and greenhouse gases available to the Green Bank that would modernize mechanical energy appliances using fossil fuels.

Councilmember Riemer may introduce an amendment to delay the fossil fuel prohibition until July 1, 2023 and require DEP to submit a report estimating the cost of converting fossil fuel mechanical energy equipment to electric power. See Councilmember Riemer's memorandum explaining his amendment at ©61 and the Phase-in Amendment at ©64.

Council President Albornoz may introduce an amendment to enhance the annual report from the Green Bank already required in law to include the details about the use and balance of all funds provided by the County. See the Reporting Amendment at ©65.

This packet contains:

This packet contains:	Circle #
Bill 44-21	1
Legislative Request Report	6
County Attorney Bill Review	7
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Bill No. 44-21
Concerning: Montgomery County Green Bank – Funding – Fuel-energy tax revenue
Revised: 1-19-22 Draft No. 4
Introduced: November 16, 2021
Expires: May 16, 2023
Enacted: ______
Executive: ______
Effective: ______
Sunset Date: ______
Ch. _____, Laws of Mont. Co. ______

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President Hucker and Councilmember Friedson
Co-Sponsors: Councilmembers Riemer, Navarro, and Katz, Council Vice President Albornoz, Councilmembers Rice and Jawando

AN ACT to:

(1) require the Council to annually appropriate 10% of the fuel-energy tax revenue to the County Green Bank;
(2) establish a dedicated County funding source for the Green Bank; **[[**and**]]**
(3) <u>restrict the use of the funds by the Green Bank; and</u>
<u>(4)</u> generally amend the law governing the Green Bank and the use of the fuel-energy tax revenue.

By amending
Montgomery County Code
Chapter 18A, Environmental Sustainability
Section 18A-49

Chapter 52, Taxation
Section 52-14

Boldface	*Heading or defined term.*
<u>Underlining</u>	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
<u>Double underlining</u>	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 18A-49 and 52-14 are amended as follows:

18A-49. Work program; staff; support from County Government.

(a) The Board of Directors must adopt a work program each year to advance the policy objectives and perform the activities listed in Section 18A-44.

(b) The Green Bank's work program may include a plan for sponsorship of private investment, marketing, and advocacy initiatives.

(c) The Board must meet with the Executive and the Council at least semi-annually.

(d) The Department of Environmental Protection may, if the Board of Directors requests, provide incidental administrative support for the Green Bank, including contracts, grants, or services in kind, subject to appropriation.

(e) Funding sources for the Green Bank may include:

(1) federal**[**,**]** or State**[**, or County**]** funds provided to it;

(2) County funds, including a portion of the fuel-energy tax revenue received by the County;

(3) charitable gifts, grants, or contributions and loans from individuals, corporations, university endowments, and philanthropic foundations; and

[(3)**]** (4) earnings and interest derived from financing support activities for clean energy technologies backed by the Green Bank.

The Green Bank may also raise private funds and may accept services from any source consistent with its purpose.

(f) *Restrictions on County funding.* The Green Bank must not use the annual direct appropriations from the County to fund new mechanical energy equipment that uses fossil fuels or the equipment that upgrades the efficiency of existing mechanical energy equipment that uses fossil fuels. The Green Bank must use the annual direct appropriations from the County as follows:

(1) 20% of the funds must be used to support the Bank's activities in Equity Emphasis Areas in the County as defined by the Metropolitan Washington Council of Governments; and

(2) 15% of the funds must be used to reduce the cost of energy projects undertaken by property owners by a loan subsidy, interest rate buydown, technical assistance, pre-development, blended capital, or other similar tools.

52-14. Fuel-energy tax.

(a) (1) A tax is levied and imposed on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.

(2) The County Council must set the rates for various forms of fuel and energy by a resolution adopted under Section 52-17(c). The Council may, from time to time, revise, amend, increase, or decrease the rates, including setting different rates for fuel or energy delivered for different categories of final consumption, such as residential or agricultural use. Each rate must be based on a weight or other unit of measure regularly used in the conduct of business. The rate for each form of fuel or energy should impose an equal or substantially equal tax on the equivalent energy content of each form of fuel or energy for a particular category of use.

(3) The tax does not apply to the transmission or distribution of electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in interstate commerce through the County if the tax would exceed

the taxing power of the County under the United States Constitution. The tax does not apply to fuel or energy converted to another form of energy that will be subject to a tax under this Section. The tax must not be imposed at more than one point in the transmission, distribution, manufacture, production, or supply system. The rates of tax apply to the quantities measured at the point of delivery for final consumption in the County. For an electric company (as defined in state law), the rates of tax apply to the net consumption that is used to calculate each consumer bill.

(4) The tax does not apply to energy that is generated from a renewable source located:

(A) in the County and either used on the site where it is generated or subject to a net energy metering agreement (as defined in state law) with a public utility; or

(B) in the same electric service territory in Maryland as the subscriber using the energy and subject to a virtual net energy metering agreement (as defined in state law) with a public utility.

Renewable source means a "Tier 1 renewable source" as defined in Section 7-701(l) of the Public Utilities Article of the Maryland Code or any successor provision.

* * *

(i) Any violation of this Section is a class A violation. Each violation is a separate offense. Any conviction does not relieve any person from paying any tax due.

(j) The Council must appropriate 10% of the revenue received by the County from the fuel-energy tax each year to the nonprofit corporation designated as the Montgomery County Green Bank under Section 18A-46.

Sec. 2. Effective date.

The amendments in Section 1 take effect on July 1, 2022.

Approved:

Gabriel Albornoz, President, County Council Date

Approved:

Marc Elrich, County Executive Date

This is a correct copy of Council action.

Selena Mendy Singleton, Esq., Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Bill 44-21
Montgomery County Green Bank – Funding – Fuel Energy Tax Revenue

DESCRIPTION:	Bill 44-21 would mandate that the Council appropriate 10% of the fuel-energy tax revenue to the County Green Bank each year in the annual operating budget.
PROBLEM:	The County Green Bank does not have a dedicated source of revenue.
GOALS AND OBJECTIVES:	To mandate a dedicated source of revenue for the Green Bank.
COORDINATION:	Finance, DEP
FISCAL IMPACT:	Office of Management and Budget.
ECONOMIC IMPACT:	Office of Legislative Oversite
EVALUATION:	To be researched.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Robert H. Drummer, Senior Legislative Attorney (240) 777-7895
APPLICATION WITHIN MUNICIPALITIES:	Not applicable.
PENALTIES:	Not applicable.

F:\LAW\BILLS\2144 Green Bank - Fuel-energy tax - funding\LRR.Docx

OFFICE OF THE COUNTY ATTORNEY

Marc Elrich
County Executive

Marc P. Hansen
County Attorney

M E M O R A N D U M

TO: Adriana Hochberg
Acting Director, Department of Environmental Protection

VIA: Edward B. Lattner, Chief
Division of Government Operations

FROM: Taggart B. Hutchinson
Associate County Attorney

DATE: December 1, 2021

RE: Bill No. 44-21, Montgomery County Green Bank – Funding – Fuel-Energy tax revenue

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Summary:

Council Bill 44-21 would establish a dedicated County funding source for the Montgomery County Green Bank (the "Green Bank") by requiring the Council to appropriate and dedicate 10% of the County's fuel-energy Tax to the Green Bank.

Legal Implications:

The bill as drafted has no legal issues. If the bill is enacted, and the Council desires to amend the Green Bank's dedicated ratio of the annual fuel-energy tax revenue at a later date, a subsequent budget resolution would prevail over Council Bill 44-21. See *Haub v. Montgomery Cnty.*, 353 Md. 448 (1999) (Montgomery County budget treated as enacted legislation).

If you have any questions concerning this memorandum, please call me.

tbh

cc: Stan Edwards, Division of Energy, Climate, and Compliance
Lindsay Shaw, Manager, Department of Environmental Protection
Mike Coveyou, Director of Finance

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Marc Hansen, County Attorney
Bob Drummer, Senior Legislative Attorney
Ken Hartman, Director of the Strategic Partnerships

Fiscal Impact Statement
Bill 44-21, Montgomery County Green Bank - Funding - Fuel Energy Tax Revenue

1. **Legislative Summary.**

   Bill 44-21 would mandate the County Council to appropriate 10 percent of the Fuel Energy Tax revenue to the Montgomery County Green Bank (MCGB) each year in the annual operating budget.

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

   Bill 44-21 would not directly result in additional revenues. Funds provided to the MCGB would be used to support the development of energy efficiency, renewable energy, and other climate related projects—primarily on buildings in the County. These projects could ultimately result in increased property tax revenues due to higher valued properties, but it would be difficult to predict the timing and magnitude of this factor.

   Bill 44-21 diverts Fuel Energy Tax revenue that is currently used to support general government operations to the MCGB, creating a funding "gap" that would not exist in the absence of the Bill. According to the introductory packet for the Bill, the budgeted FY22 Fuel Energy Tax revenue was $175.6 million, meaning the estimated funding gap in the General Fund would be $17.6 million in FY23 assuming the same level of Fuel Energy Tax revenues. By diverting $17.6 million in Energy Tax revenue to the MCGB, General Fund supported budgets would need to be decreased by an equal amount (assuming no other changes to other General Fund revenues).

   As a point of reference, from FY18-FY21 the Fuel Energy tax averaged approximately $190 million annually, whereby, the 10 percent would be close to $19 million.

3. **Revenue and expenditure estimates covering at least the next 6 fiscal years.**

Fiscal Year	2023	2024	2025	2026	2027	2028	6-Year Total
Revenue	$0	$0	$0	$0	$0	$0	$0
Expenditures	$17,600,000	$17,600,000	$17,600,000	$17,600,000	$17,600,000	$17,600,000	$105,600,000

**This chart shows the MCGB additional spending due to $17.6 million tax revenue diverted from the General Fund.*

4. **An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

   This legislation does not affect retiree pensions or group insurance costs.

5. **An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

   This legislation would not result in any IT-related expenditures.

6. **Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

   Not applicable.

7. **An estimate of the staff time needed to implement the bill.**

   This legislation would provide funding to the Montgomery County Green Bank and would not require any Montgomery County staff time to implement.

8. **An explanation of how the addition of new staff responsibilities would affect other duties.**

   Not applicable.

9. **An estimate of costs when an additional appropriation is needed.**

   As drafted, Bill 44-21 would require the full amount of the allocation of funding to the MCGB to occur as part of the annual operating budget approval process.

10. **A description of any variable that could affect revenue and cost estimates.**

    Revenue collected as a result of the Fuel Energy Tax, and therefore, the amount that would be appropriated to the MCGB, depends on two variables. First, the County Council sets the Fuel Energy Tax rates by fuel type and energy source, unless the rates do not change, in which case, the most recently adopted rate resolution remains in effect. Second, the tax collected is based on the amount of fuel (e.g., therms of natural gas, gallons of heating oil) or energy (kWh of electricity) consumed.

11. **Ranges of revenue or expenditures that are uncertain or difficult to project.**

    The amount of fuel or energy consumed varies from year to year, and is affected by weather, fuel prices, level of economic activity, and other factors which are difficult to predict.

12. **If a bill is likely to have no fiscal impact, why that is the case.**

    Not applicable.

13. **Other fiscal impacts or comments.**

    Not applicable.

14. **The following contributed to and concurred with this analysis:**

    Stan Edwards, Department of Environmental Protection
    Derrick Harrigan, Office of Management and Budget

Jennifer R. Bryant

12/1/21

Jennifer R. Bryant, Director
Office of Management and Budget

Date

Economic Impact Statement

Office of Legislative Oversight

Bill 44-21 Montgomery County Green Bank – Funding – Fuel Energy Tax Revenue

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 44-21 would have a significant, positive impact on economic conditions in the County. This conclusion is based primarily on OLO's expectation that increasing funding for the Montgomery County Green Bank would induce substantial private sector investment in clean energy improvements for commercial and multifamily properties that otherwise would not occur in the absence of enacting the Bill.

BACKGROUND

Green Bank

In its 2017 Climate Action Resolution, the Council committed to reducing greenhouse gas emissions (GGEs) by 80% by 2027 and 100% by 2035.[1] Buildings in the County are a primary source of GGHs, with heating, cooling, and lighting buildings accounting for 41% of GGEs.[2] The County's Climate Action Plan set a target of electrifying or using carbon-free energy sources for all new and existing buildings by 2035.[3]

Consistent with this target, the Montgomery County Green Bank (hereinafter "Green Bank") aims to increase investment in energy efficiency and renewable energy technologies for County residential and commercial properties. To achieve this aim, the Green Bank seeks to attract private capital through de-risking strategies, outreach, and technical assistance, thereby helping to lower the cost of financing these technologies and grow the nascent clean energy market in the County.

Bill Description

Currently, the Green Bank does not have a dedicated source of revenue, which arguably limits its ability to attract private investment in clean energy technologies for County buildings. If enacted, Bill 44-21 would provide a dedicated source of revenue by mandating the Council to appropriate 10% of the revenue from the County's fuel-energy tax[4] to the Green Bank each year in the annual operating budget.[5] Doing so would dedicate millions of dollars of public funds for the Green

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[1] Montgomery County Council, Resolution No. 18-974, Emergency Climate Mobilization, Adopted on December 5, 2017.
[2] Montgomerycountymd.gov, About Montgomery County's Green Buildings, Office of Energy and Sustainability.
[3] Montgomery County Climate Action Plan, June 2017.
[4] "The fuel-energy tax is levied and imposed on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County." See Sec 52.14 of the Montgomery County Code.
[5] Montgomery County Council, Bill 44-21, Montgomery County Green Bank – Funding – Fuel Energy Tax Revenue, Introduced on November 16, 2021.

Bank on an annual basis. To illustrate, the Council budgeted $175,651,251 for energy tax revenue in FY22—10% of which is $17, 565,125.

Primary Economic Stakeholders

The economic impacts of enacting Bill 44-21 would occur largely through the Green Bank's goal of leveraging additional public funds to create >$1 of private sector investment for each $1 of public funds invested. The primary economic stakeholders in the County would be:

- **commercial and residential properties** in the County that receive private sector investment as a result of the Green Bank's projects and programs;
- **banks, Community Development Financial Institutions, and other lending institutions based in the County** that provide these investments; and
- **clean energy service providers and other contractors** based in the County that perform services related to clean energy improvements in affected buildings.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

To assess whether and to what extent enacting Bill 44-21 would affect economic conditions in the County, OLO performs a qualitative assessment of the Green Bank's ability to use additional public funds to attract private capital in clean energy improvements for buildings. The qualitative assessment is based on Green Bank reports and documents as well as interviews with:

- personnel from the Green Bank and Department of Environmental Protection; and
- representatives of private organizations that have partnered with the Green Bank on projects, namely representatives from a local bank, energy efficiency contractor, and Community Development Financial Institution (CDFI).

Due to data and time limitations, OLO focuses the analysis in subsequent sections on the extent to which enacting Bill 44-21 would induce private sector investment in clean energy technology that otherwise would not occur.

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 44-21 are the following:

- total annual funds allocated to the Green Bank from the fuel energy tax;
- percentage of allocated funds used to leverage private sector investment;
- average mobilization ratio;

- percentage of local lenders, energy service providers, etc. involved in these investments; and
- percentage of investments used to import clean energy technology.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Bill 44-21 would have positive impacts on private organizations in the County in terms of several of the Council's priority indicators.

OLO expects the Bill to increase private sector capital investment that otherwise would not occur in the County. To date, the Green Bank has used $12 million in capital to leverage $28 million in private investment.[6] According to sources with whom OLO consulted, the Green Bank has used its capital to have a meaningful *investment effect*—that is, inducing private investment in clean energy improvements in County buildings that otherwise would have not occurred.[7] The investment effect has involved the Green Bank:

- attracting private investment to clean energy improvements that otherwise would not have flowed to the County; and
- re-directing investment towards clean energy improvements that otherwise would have flowed to other areas within the County.

However, data limitations prevent OLO from estimating the extent to which the $28 million in private investment would not have occurred without Green Bank support and the percentage of investment attracted to the County versus internally re-directed.

Factors that would influence the magnitude of Bill 44-21's investment effect would include:

- total annual funding
- percentage of funds used as capital to leverage with private capital
- mobilization ratio (overall private investment/Green Bank investment)

To illustrate the potential magnitude of the investment effect, OLO uses the $17.6 million in FY22 energy tax revenue that would be allocated to the Green Bank if the Bill were enacted. According to Green Bank personnel, 70% of energy tax

[6] OLO correspondence with Green Bank leadership.
[7] As opposed to using its capital to support investments that would have occurred in the absence of Green Bank support.

revenues allocated to the Green Bank would be used as capital to leverage with private capital. For FY22, this would amount to approximately $1.2 million.

The Green Bank's overall mobilization ratio to date is $2.3 in private sector investment for each $1 of Green Bank investment. According to Green Bank leadership, its target ratio in the future is $3 to $1. As shown in **Table 1**, leveraging $1.2 million in Green Bank investment would result in approximately $2.9 million in private sector investment at the current ratio and $3.7 million at the target ratio.

Table 1. Estimated Leveraged Private Sector Investment for FY22

Green Bank Investment	Mobilization Ratio	Private Sector Investment
$1.2 million	Current: $2.3 to $1	$2.9 million
	Target: $3 to $1	$3.7 million

As previously stated, OLO limited the scope of this analysis to the likelihood and magnitude of Bill 44-21's investment effect due to data and time limitations. However, OLO notes here the potential for the Bill to affect private organizations in terms of the following priority indicators. First, County-based clean energy service providers that perform services related to clean energy improvements in affected buildings likely would experience business income gains. Second, by increasing Green Bank and private sector investment, commercial and residential property owners in the County would benefit from greater borrowing opportunities, perhaps with lower financing costs. Third, adopting clean energy technologies likely would reduce energy costs for buildings, thereby potentially reducing operating expenses. These investments also have the potential to increase the property values of affected commercial and residential values.[8] Finally, given the magnitude of the induced private sector investment, the Bill has the potential to improve the County's competitiveness in the clean energy market and have positive economic development impacts.

Residents

By increasing private sector investment in clean energy technology, Bill 44-21 has the potential to have secondary impacts on residents in terms of several of the Council's priority indicators. For instance, if greater investment in clean technology improvements affects operating expenses of residential buildings, tenants may experience lower utility costs. However, as previously stated, data and time limitations prevent OLO from investigating these and other potential impacts on residents in this analysis.

[8] See Li Zhang, Jing Wu, Hongyu Liu, "Turning green into gold: A review on the economics of green buildings," *Journal of Cleaner Production*, Vol. 172, 2018, pp. 2234-2245.

DISCUSSION ITEMS

Not applicable

WORKS CITED

Montgomery County Climate Action Plan. June 2017.

Montgomery County Code. Sec. 2-81B, Economic Impact Statements.

Montgomery County Code. Sec 52.14, Fuel-energy tax.

Montgomery County Council. Bill 44-21, Montgomery County Green Bank – Funding – Fuel Energy Tax Revenue. Introduced on November 16, 2021.

Montgomery County Council. Resolution No. 18-974. Emergency Climate Mobilization. Adopted on December 5, 2017.

Montgomerycountymd.gov. About Montgomery County's Green Buildings. Office of Energy and Sustainability.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 44-21: MONTGOMERY COUNTY GREEN BANK —FUNDING— FUEL ENERGY TAX REVENUE

SUMMARY

The Office of Legislative Oversight (OLO) cannot discern the full racial equity and social justice (RESJ) impact of Bill 44-21 without additional information on County programs and services that would have to be cut to provide dedicated funding to the County's Green Bank. Based on available data, OLO anticipates that Bill 44-21 could widen racial and social inequities in the County as its economic development benefits mostly accrue to White residents but could also potentially reduce health inequities if reductions in greenhouse gas emissions target communities of color.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

PURPOSE OF BILL 44-21

Greenhouse gas (GHG) emissions resulting from burning of fossil fuels is a significant driver of climate change. In Montgomery County, GHG emissions from commercial and residential buildings accounted for half of all GHG in 2018.[3] The County's Green Bank provides government-subsidized loans and other services for property owners to reduce their GHG emissions by increasing their energy efficiency. According to the Green Bank, its purpose is to "increase and accelerate investment in energy efficiency and renewable energy in the County."[4]

The goal of Bill 44-21 is to reduce GHG in the County's building sector by creating a dedicated revenue source for the Green Bank. Toward this end, Bill 44-21 would divert 10 percent of the County's Fuel Energy Tax revenue from the General Fund to the Green Bank.[5] With Fuel Energy Tax revenue of $175.6 million budgeted for FY22, the annual allocation to the Green Bank would be $17.6 million if Bill 44-21 were enacted, essentially doubling its 2020 assets.[6] Bill 44-21 was introduced to the Council on November 16, 2021 and was amended on December 9th to require that at least 20 percent of Green Bank funds be used in Equity Focus Areas – parts of the County characterized by high concentrations of racially and linguistically diverse residents and low-income residents.[7]

ECONOMIC OPPORTUNITY, THE CLIMATE GAP, AND RACIAL EQUITY

Understanding the impact of Bill 44-21 on racial equity and social justice requires understanding the historical context that shapes economic opportunities and the climate gap – the disproportionate and unequal impact that global warming has on people of color and low-income communities. To describe this context, this section describes the drivers of racial inequities in economic opportunity and climate change impact and available data on disparities by race and ethnicity.

Inequities in Economic Opportunity. Historically inequitable policies have fostered racial and ethnic inequities in economic development among business owners and employees. As noted by the Federal Reserve Bank of Boston:[8]

> *"(T)he practices and policies that laid the groundwork for and built the U.S. were explicitly designed to ensure an absolute accumulation of intergenerational wealth and concentrated power for white people, particularly men. A legacy of land theft, slavery, racial segregation, disenfranchisement, and other exclusive policies against Black and Indigenous people and people of color produced a racialized economy that decimated these communities and intentionally barred survivors and descendants from building wealth, socioeconomic well-being and resilience."*

Historic and current inequities in economic opportunity result in sizable disparities in business ownership by race and ethnicity. Nationally, Black and Latinx residents represent about 28 percent of the population, but only eight percent of the nation's business owners with employees.[9] Locally, Black and Latinx firms each accounted for 15 percent of firms in 2012 and Asian firms accounted for 14 percent of firms, yet Asian firms accounted for only four percent of business revenue, Black firms accounted for 1.7% of business revenue, and Latinx firms accounted for 1.5% of business revenue.[10]

Economic inequities also foster racial and ethnic disparities in employment and income. Nearly two-thirds (64 and 62 percent) of White and Asian residents in Montgomery County were employed in management, business, science and arts occupations in 2017 while less than half of Black residents (45 percent) and only a quarter of Latinx residents were employed in such positions.[11] This contributes to disparities in incomes by race and ethnicity where the median household income for White families in Montgomery County was $141,000 and Asian families was $121,000 compared to $76,000 for Latinx households and $73,000 for Black households in 2019.[12]

Economic inequities also foster disparities in poverty rates where three percent of White residents and six percent of Asian residents lived in poverty in 2019 compared to 12 percent of Black residents and 13 percent of Latinx residents.[13]

Inequities in Climate Change. The same historical policies and practices that foster gaps in economic opportunity have fostered gaps in housing opportunities, energy burden, and health outcomes by race and ethnicity through housing segregation that have placed BIPOC communities at greater environmental risk. More specifically:

- Redlining, racial covenants, exclusionary zoning, the Federal Housing Administration, the Social Security Act, GI Bill, and Departments of Transportation policies and practices have fostered **housing segregation** by race and ethnicity that have undermined wealth building and housing equity for Black, Indigenous, and other people of color (BIPOC) residents.[14] Housing segregation has also fostered the concentration of BIPOC residents into: (a) densely populated neighborhoods with fewer trees and larger amounts of impervious surfaces that make them more vulnerable to effects of excessive heat and flood events exacerbated by climate change; and (b) close proximity to polluting facilities and infrastructure like major highways that increase their exposure to pollution and environmental toxins.[15]

- Inequities in housing, income, employment and health has fostered **"the climate gap**" - the unequal impact that climate change has on BIPOC and low-income communities due to their higher risk of experiencing the consequences of climate change combined with a lack of resources to adjust to the consequences of climate change.[16] The heightened risk for experiencing the negative consequences of climate change and the diminished ability to adjust to climate change means that BIPOC and low-income communities will suffer more during heat waves with increased illness and deaths, will breathe even dirtier air due to global warming, will pay more for basic necessities, and may have fewer job opportunities with increased climate change.[17]

Examples of racial and ethnic disparities in housing, energy burden, and health that contribute to and result from the climate gap follows.

- **Inequities in Housing and Energy.** Nationally, six to eight percent of Latinx and Black households reside in substandard housing compared to less than three percent of White households. The older-age of affordable housing in Montgomery County and local data on rent-burden suggests that Black and Latinx households in Montgomery County experience higher risks for substandard housing. For example, in 2019, 66 percent of Latinx renters and 60 percent of Black renters experienced rent-burden, expending more than 30 percent of their income on rent compared to 40 percent of White renters and 33 percent of Asian renters.[18] Further, about 17 percent of households are energy-burdened (expending more than six percent of their income on energy bills) and nine percent are living in energy poverty (expending more than 10 percent of their income on energy bills).[19] Conversely, 75 percent of White and Asian households resided in owner-occupied units in 2019 compared to 50 percent of Latinx and Native American households and 42 percent of Black households.[20]

- **Inequities in Health.** The locating of BIPOC and low-income communities near polluting and environmentally hazardous industries fosters health inequities and disparities that manifest as higher rates of cancer, lung conditions, heart attacks, asthma, low birth weights, and high blood pressure.[21] The County's Climate Action Plan, for example, shows that communities with high concentrations of BIPOC and low-income residents (greater than 25 percent for each) are located in areas of the County with higher levels of traffic and air pollution.[22] Local data also show that Black residents had the highest rates of emergency room visits for chronic lower respiratory diseases (including asthma) at more than 1,538 visits per 100,000 followed by Latinx residents at 815 visits per 100,000 compared to 543 visits per 100,000 White residents. [23]

ANTICIPATED RESJ IMPACTS

Considering the anticipated racial equity and social justice impact of Bill 44-21 requires considering the impact of the bill on four sets of stakeholders: property owners, business owners and employees, renters, and residents at large. OLO's analysis of which groups benefit and which groups experience the burdens of Bill 44-21 follows.

- **Residential and Commercial Property Owners – Primary Beneficiaries.** The Green Bank primarily serves property owners as its suite of services are aimed at providing subsidized financing for commercial and residential property owners to increase the energy efficiency of buildings. Data on homeownership suggests that property owners in Montgomery County are disproportionately White and in turn will disproportionately benefit from the services the Green Bank offers with a dedicated revenue stream. These benefits include access to subsidized loans that improve their building's efficiency and potentially their long-term wealth. Of note, Bill 44-21's amendment to allocate at least 20 percent of Green Bank resources to Equity Focus Areas helps to ensure that BIPOC communities also benefit from the bill, but it does not guarantee a proportional or equitable benefit as Equity Focus Areas represent 26 percent of households in the County.[24] Moreover, White residents maybe over-represented as property owners in these areas and in turn derive most of the benefit of Green Fund services in Equity Focus Areas.

- **Clean Energy Business Owners and Employees – Primary Beneficiaries.** Contracting opportunities for business owners to retrofit existing buildings with cleaner energy systems will increase under Bill 44-21. Data on business ownership and revenue suggests the businesses benefiting from increased Green Bank investments in Montgomery County are also disproportionately White. However, additional data is needed to discern the demographics of workers most likely to benefit from additional Green Bank subsidized efforts.

- **Residential and Commercial Renters – Secondary Beneficiaries**. Increased energy efficiency for building owners that make energy investments with the Green Bank could reduce energy use and costs among residential and commercial renters. Data on residential renters suggests that BIPOC residents could benefit disproportionately from reduced energy costs as they are more likely to be renters in the County. They are also more likely to experience housing burden and may be more likely to experience energy burden. However, it remains unclear whether residential property owners will reduce renter's energy costs if they actualize greater energy efficiency as they may instead transfer the cost of the energy efficiency upgrade to their renters. Conversely, data on business owners suggests that commercial renters could be disproportionately White and would benefit the most from reduced commercial rents associated with reduced energy costs.

- **Residents at Large – Secondary Beneficiaries.** If Bill 44-21 works as intended and spurs building owners to invest in cleaner energies, all residents will benefit from reductions in GHG emissions. Further, BIPOC residents may disproportionately benefit from reductions in GHG emissions since they are most vulnerable to the negative consequences of climate change. However, BIPOC residents may be disproportionately burdened by the $17.6 million decline in General Fund revenue used to support the Green Bank with this bill. Additional data regarding which programs and services would be cut in the County's Operating Budget to offset the resources diverted to the Green Bank are necessary to consider the burden of Bill 44-21 on stakeholders and BIPOC residents in particular to fully understand the racial equity and social justice impact of this bill.

Overall, OLO finds that Bill 44-21 primarily delivers economic benefits to property and business owners that are disproportionately White while offering secondary benefits to renters and other residents that are disproportionately BIPOC. OLO also finds the burdens of the bill could be borne disproportionately among BIPOC residents and may offset the gains in reduced energy costs and GHG emissions they may disproportionately experience. To discern the full RESJ impact of Bill 44-21 additional information on County programs and services that would have to be cut to provide dedicated funding for the Green Bank is required. In the absence of this data, OLO finds Bill 44-21 could moderately widen racial and social inequities since the main beneficiaries of the bill are White residents.

RECOMMENDED AMENDMENTS

The County's Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[25] OLO finds that Bill 44-21 could widen racial and ethnic inequities in the County as its economic development benefits mostly accrue to White residents. Additionally, OLO cannot determine whether the benefits of GHG reductions experienced by all residents and BIPOC residents in particular with increased Green Bank investments exceed the costs of reducing County programs and services to pay for the Green Bank's increased budget.

While available data suggests Bill 44-21 could undermine racial equity and social justice in the County, more information on what specific programs and services would be reduced to fund Bill 44-21 is necessary to fully understand this bill's RESJ implications. Should the Council seek to improve the racial equity and social justice impact of Bill 44-21, the following recommended amendments and practices could be considered.

- **Target Green Bank investments to neighborhoods with the worst air and GHG emissions.**[26] Towards this end, researchers recommend using mapping to identify vulnerable neighborhoods, measuring the success of mitigation strategies by whether they protect everyone, and designing research that identifies opportunities for targeting greenhouse gas reductions to reduce toxic air emissions in highly polluted neighborhoods.[27]

- **Increase set aside for Equity Emphasis Areas from 20 percent to 30 percent at minimum.** Equity Emphasis Areas account for 26 percent of the County's population so a 20 percent set aside is not proportionate if the needs of Equity Emphasis Areas were proportionate to other areas of the County. Moreover, available data suggests that the need for GHG reduction investments is higher in Equity Emphasis Areas. To ensure that energy efficiency resources match need, the Equity Emphasis Area set aside could be increased to 30 percent or more.

- **Require the Green Bank to encourage property owners to partner with Minority Business Enterprises to deliver energy efficiency services and products.** The economic development benefits of Bill 44-21 are significant and to the extent possible, should be used to reduce racial inequities in business ownership rather than widen them. Encouraging property owners to seek out minority-owned businesses to deliver services and partnering with minority vendors and business associations toward this end could foster equitable economic development that benefits a broader set of business interests in the County by race and ethnicity.

- **Dedicate a share of Green Bank resources to clean energy workforce development programs for County residents and BIPOC residents in particular**. Clean energy jobs can provide a pathway to economic success and living wage occupations for County residents and BIPOC residents in particular who often experience higher rates of unemployment and underemployment, especially among Black youth. Clean energy workforce development programs for local residents can assist clean energy small businesses seeking to employ a capable workforce and create a pipeline for staffing future clean energy opportunities that align with the County's Climate Action Plan.

- **Ensure cuts to the Operating Budget to pay for Green Bank revenue do not foster racial and social inequities.** Ideally, the County should not foster racial and social inequities in other County programs and services by shifting General Fund revenues from one worthy set of policy priorities to another. To ensure this does not occur, the Council could consider waiting to enact or implement Bill 44-21 until an analysis is undertaken to identify which County programs and services could be reduced or shifted to create a dedicated funding stream for the Green Bank. The Council may also want to undertake an analysis with the Executive Branch to identify recommended cuts that continue services deemed essential to holding racial equity and social justice in the County harmless. To maintain the County's current level of racial and social equity while advancing the Green Bank's efforts to encourage additional investments in energy efficiency, alternate revenue sources to support the Green Bank could also be considered.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Dr. Elaine Bonner-Tompkins, Senior Legislative Analyst, drafted this RESJ impact statement.

[1] Definition of racial equity and social justice adopted from "Applying a Racial Equity Lends into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools https://www.racialequitytools.org/glossary

[2] Ibid
[3] Montgomery County Climate Action Plan, June 2021
[4] See Green Bank presentation attachment in Robert Drummer memorandum to Government Operations and Fiscal Policy and Transportation and Environment Committees, Bill 44-21, Montgomery County Green Bank – funding – Fuel Tax Revenue, December 6, 2021.
[5] Montgomery County Council, Bill 44-21, Montgomery County Green Bank – Funding- Fuel Energy Tax Revenue, November 16, 2021
[6] See Office of Management and Budget Fiscal Impact Statement and 2020 Annual Report for Green Bank attachment in Robert Drummer memo.
[7] Montgomery Planning, The Equity Focus Area Analysis
[8] Field Note, 2020-2, December 2020 – Turning the Floodlights on the Root Causes of Today's Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020, Regional and Community Outreach
[9] Joseph Parilla and Darin Redus, How a new Minority Business Accelerator grant program can close the racial entrepreneurship gap. Brookings, December 9, 2020
[10] Jupiter Independent Research Group, Racial Equity Profile Montgomery County, OLO Report 2019-7, Office of Legislative Oversight, July 15, 2019
[11] American Community Survey, 1 Year Estimates, 2019, Table S0201
[12] Ibid
[13] National Equity Atlas, 2021
[14] Kilolo Kijakazi, et al, The Color of Wealth in the Nation's Capital, November 2016 https://www.urban.org/research/publication/color-wealth-nations-capital
[15] Iverson, L.R. and E.A. Cook, Urban Forest Cover of the Chicago Region and Its Relation to Household Density and Income, Urban Ecosystems, 2000 cited in Zero Cities Project, Equity Assessment Tool and Rolf Pendall, A Building Block for Inclusive Housing for Community Level Diversity, Participation and Cohesion, Urban Institute, September 2017 cited in Zero Cities Project, Equity Assessment Tool https://www.usdn.org/uploads/cms/documents/equity_assessment_tool_-zero_cities_project_-_race_forward_2019.pdf
[16] Rachel Morello-Frosch, et al, The Climate Gap: Inequities in How Climate Change Hurts Americans and How to Close the Gap, Dornsife Center, University of Southern California, 2009
[17] Ibid
[18] American Community Survey, Gross Rent as a Percentage of Household Income, 2019 1-Year Estimates, United States Census Bureau. https://data.census.gov/cedsci/table?t=-00%20%20All%20available%20races%3AIncome%20and%20Poverty%3ARace%20and%20Ethnicity&g=0500000US24031&tid=ACSSPP1Y2019.S0201
[19] Montgomery County Climate Action Plan, June 2021
[20] Calculations based on American Community Survey, 2019 1-Year Estimates, Table ID S2502.
[21] Rolf Pendall and American Public Health Association, Climate Change, Health, and Equity: A Guide for Local Health Departments, https://www.apha.org/-/media/Files/PDF/topics/climate/Guide_Section2.ashx
[22] Montgomery County Climate Action Plan
[23] Health in Montgomery County, 2008 – 2016: A surveillance report on population health, https://www.montgomerycountymd.gov/HHS/Resources/Files/Reports/PopHealthReportFINAL.pdf
[24] Montgomery Planning, The Equity Focus Area Analysis
[25] Montgomery County Council, Bill 27-19, Administration – Human Rights - Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee - Established
[26] Recommendation consistent with Montgomery County Climate Action Plan goal to "prioritize people and community that are the most vulnerable and most sensitive to the impact of climate change."
[27] Rachel Morello-Frosch, et al.

2020 Annual Report

Montgomery County
GreenBank
Your partner for clean energy ™

From the Chair—Bonnie Norman

Growing a Clean Energy Market for a Healthier Future

This has been an unprecedented year. The pandemic has brought disruptive challenges to our health, well-being, and economy. We have witnessed heartbreaking racial injustice and loss. We have felt the intensifying and inequitable effects of climate change. And we responded.

With a sharpened focus on equity and inclusion, the Montgomery County Green Bank advanced its efforts this year to make the health and savings benefits of clean energy improvements available to all County businesses, nonprofits, and residents through affordable financing offerings and technical assistance. Here are some highlights:

RESPONDING TO COVID-19: We reached out to the market to understand what was needed to support indoor air quality, health, and reopening. Just weeks following the March shutdown, we launched the Small Business Energy Savings Support program to deliver financing for small business recovery and resilience in the County through our contractor network.

LEVERAGING OUR FUNDS SEVEN TIMES: We established private capital investment agreements with partner lenders to multiply the positive impact of our limited public-purpose funds seven times. Together, we offer more affordable and accessible financing for renewable energy and energy efficiency projects that save money, improve property value, and make homes and work places healthier, more comfortable, and more sustainable.

SERVING OUR COMMUNITY BETTER: We grew our partnerships and staff, diversified our product offerings, accelerated our projects funded and pending, shared our programs for regional adoption, and contributed to the County's Climate Action Plan development—*to help all in our County thrive.*

The Green Bank ends 2020 with significant momentum in investments and impact, strong alignment on energy and equity, and a proven platform to support County leadership on climate adaptation, green job creation, economic recovery, and quality of life. We thank all who have collaborated on our progress.

MISSION STATEMENT

The Montgomery County Green Bank is a publicly-chartered nonprofit dedicated to accelerating affordable energy efficiency and clean energy investment in Montgomery County, MD. We partner with the private sector to build a more diverse, equitable, and inclusively prosperous, resilient, sustainable, and healthy community. Our work supports Montgomery County's goal to reduce its greenhouse gas emissions.

$2.5M of projects funded

7 Properties
547 Households served

638 tons of GHG emissions avoided annually

$15M in financing capacity for residential and commercial properties through long-term agreements with lending partners

7:1 leverage of funds

3 programs to help lower income families

From the CEO—Tom Deyo

Serving Our Community

Over the last year, the Green Bank met an important milestone: to have made available a broad range of financing offerings in the market so businesses and residents throughout the County can access the benefits of clean energy.

SOLUTIONS FOR ALL — The Green Bank now offers a suite of programs and products to more equitably support renewable energy and energy efficiency for homeowners, commercial businesses, renters, nonprofits, multifamily, and common ownership communities.

BOLD NEW PARTNERSHIPS — The Green Bank expanded its network of contractors, lenders, and collaborative partners in the year, supporting a diverse workforce, and leveraging local, regional, and national capital to deliver more benefits to County residents and businesses.

INNOVATIVE OFFERINGS — The Green Bank addressed COVID-19 with new solutions for small businesses and homeowners. We made solar more affordable for renters, businesses, nonprofits, and homeowners, and are creating a one-stop shop for commercial clean energy financing by stepping up to assume administration of the County's CPACE program.

GREATER IMPACT — The Green Bank supported over $2.5 million in seven clean energy projects, including delivering clean energy benefits to over 500 households in their homes and communities.

As we close the year, the Green Bank has built strong offerings to help the County rebound from the COVID-19 pandemic and implement its new Climate Action Plan.

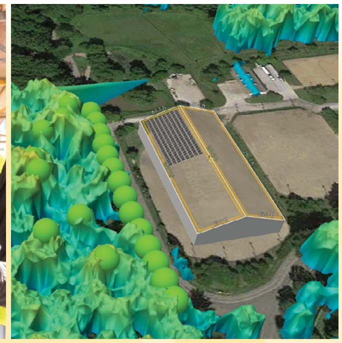
THE GREEN BANK'S ☆ TOP HIGHLIGHTS OF 2020

We are especially proud of our work this year to enhance clean energy access to low- and moderate-income households, to provide numerous offerings for renewable energy for businesses and residents, and to address resiliency and cost-saving needs of small businesses.

- ★ **IMPACTING OVER 500 HOUSEHOLDS** across three affordably-priced residential communities with energy efficiency improvements in their homes and communities resulting in energy savings, indoor air quality benefits, and cost savings improvements.
- ★ **TECHNICAL ASSISTANCE TO EIGHT AFFORDABLE MULTIFAMILY PROPERTIES** (rental and condominiums) to deliver energy use assessments and improvement strategies.
- ★ **SUPPORTING SOLAR PV ACCESS FOR LOW- AND MODERATE-INCOME FAMILIES** through engagment with new community solar projects with dedicated subscriptions for these families. A 286-kW community solar project at Paddington Square with 30% LMI subscribers is scheduled for early 2021.
- ★ **LAUNCHING A $600,000 SMALL BUSINESS ENERGY SAVINGS LOAN PROGRAM** in response to COVID-19 to support health and energy saving benefits properties that may be needed to re-open and to create operating savings.
- ★ **BRINGING A NEW, LOW FIXED-RATE, NO FEE RESIDENTIAL SOLAR LOAN PROGRAM TO COUNTY HOMEOWNERS** and coordinating the offering of this program with the County's Solar Coop program.
- ★ **CRAFTING A COMMERCIAL SOLAR POWER PURCHASE AGREEMENT PROGRAM** to offer nonprofits and for-profit businesses a chance for a reasonable, no out-of-pocket cost strategy for placing solar PV on their properties.
- ★ **DELIVERING NUMEROUS WEBINARS, PRESENTATIONS, AND COMMUNICATIONS** to educate and instruct enterprises, residences and other stakeholders on how to access affordable energy efficiency and renewable energy.

Creating Clean Energy Opportunities for All of Montgomery County




CLEAN ENERGY ADVANTAGE

Renewable Energy and Energy Efficiency for Homeowners

- Loan Program offered by lender partners
- 100% financing
- Up to 12-year terms for Energy Efficiency and 20-year for Renewables
- Fixed rate loans
- No lien on property

COMMERCIAL LOAN FOR ENERGY EFFICIENCY AND RENEWABLES

Renewable Energy and Energy Efficiency for Nonprofits, Businesses, Multifamily, Condominiums and Industrial

- Loan Program offered by lender partners
- 100% financing
- Up to 12-year loans
- Fixed rate for 7 years with one-time adjustment
- No lien on property

SMALL BUSINESS ENERGY SAVINGS SUPPORT

Renewable Energy and Energy Efficiency for Small and Medium Businesses (500 or fewer employees)

- Loan Program offered by lender partner
- 100% financing
- Up to 5-year loans
- Fixed rate for term
- Flexible payment for first 3 months
- No lien on property

COMMERCIAL SOLAR PPA

Renewable Energy for Nonprofits, Businesses, Multifamily, Condominiums and Industrial

- Power Purchase Agreements (PPA) offered by financial partner
- No out-of-pocket costs for property owner
- 20- to 25-year PPA
- Lower price per kWh compared to utility rates
- Flexibile terms allowing for steady kWh rate for tenure of PPA

COMMUNITY SOLAR

Renewable Energy for Homeowners and Renters

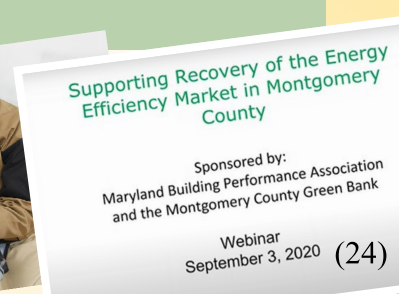
- Affordable solar power subscriptions offered by solar developers
- Subscribers pay a price per kWh at or below the kWh price from utility
- Lower-income households offered deeper discounts on kWh price
- Project In the works: Paddington Square Community Solar — early 2021 delivery

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (CPACE)

Renewable Energy and Energy Efficiency for Nonprofits, Businesses, Multifamily, Condominiums and Industrial

- Loan Program offered by lender partners
- 100% financing
- Up to 20-year terms
- Fixed rate loans or solar PPAs
- Surcharge lien placed on property
- Green Bank – Program Administrator





Building for the Future

Foundation of Partnerships

FINANCIAL

- Sandy Spring Bank
- Latino Economic Development Center
- Clean Energy Federal Credit Union
- City First Enterprises
- Skyview Ventures
- The Town Creek Foundation
- The JPB Foundation

CONTRACTORS

- **18** commercial energy performance contractors
- **9** commercial and residential solar PV installers
- **3** geothermal installers
- **6** residential home performance contractors
- **5** residential HVAC contractors

Financial Strength

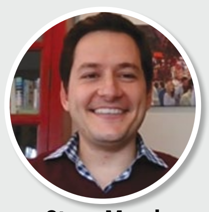
Financials (in 000s)

	FY20
Assets	**$24,422**
Liabilities	
Accounts Payable	$15
Funds Held On Behalf of County for Energy Projects	$6,285
Total Liabilities	$6,300
Net Assets	
Without Donor Restrictions	$9,995
With Donor Restrictions	$8,126
Total Net Assets	$18,121
Total Liabilities and Net Assets	$24,422

Team Work

Growing Our Organization

Tom Deyo
Chief Executive Officer



Steve Morel
Chief Investment Officer

Jean Moyer
Business Operations Manager

Cindy McCabe
Solar Program Manager

Josh Myers
Administrative Specialist

If you would like to support the Montgomery County Green Bank, please visit our website and click on the Donate button.

Montgomery County GreenBank
Your partner for clean energy ™

155 Gibbs Street, Suite 516 • Rockville, MD 20850
240-453-9000 • www.mcgreenbank.org

American Green Bank Consortium
PROUD MEMBER

Montgomery County GreenBank

Your partner for clean energy ™

- Nonprofit mission-driven organization chartered by Montgomery County
- Independent, 501(c)3 non-profit corporation governed by a Board of Directors
- 11- member Board includes Directors of Department of Finance and Environmental Protection

What is the purpose of the Green Bank?

- Historically, commercial lending institutions have not made significant investments in energy efficiency and clean energy due to perceived risk associated with such investments.
- The purpose of the Green Bank is to increase and accelerate investment in energy efficiency and renewable energy in the County by working with private capital partners to attract their capital into the market by de-risking the clean energy market.
- Outcomes include energy savings, reduced greenhouse gas emissions, clean energy jobs, improved properties.

How does this increased investment happen?

- The Green Bank is capitalized with public funds to use as a resource to mitigate risk to commercial lenders of investments in energy efficiency and clean energy projects, thus encouraging their increased commercial investment in the market.
- This risk-reduction is done through a variety of mechanisms all designed to create >$1 of private sector investment for each $1 of public money invested.
- It is this *leverage* that enables the Green Bank to promote more investment in energy efficiency and clean energy than could be achieved through direct spending by the County.

How Does the Green Bank Use Its Capital?

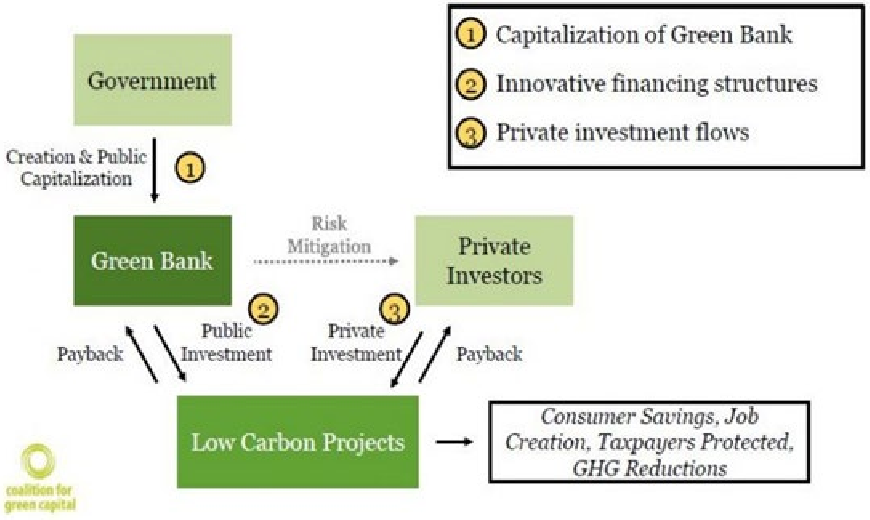
- **Establishes a Strong Balance Sheet for Financial Partner Confidence – Investments are Assets on Financial Statements**
  - ✓ Assure ability to meet agreements
  - ✓ Establishes reserves for structures
- **Used to Leverage in Private Capital by De-Risking strategies:**
  - ✓ To Create Tailored Financing Products via Agreements
  - ✓ To Offer Flexible Terms on Transactions
  - ✓ To Invest on Our Balance Sheet for Green Bank Re-Lending
- **Generate Revenues to Support Expenses**
  - ✓ Earned Income from Transactions, Products
- **Multiply Leverage by Recycling Repayments**
  - ✓ Use repayment from transactions to re-use in new transactions

How Does the Green Bank Make This Work.

- ✓ ***Equity investments create the assets on its Balance Sheet to establish confidence in the financial markets of a strong financial partner to enter agreements, transactions, and investments.***

- ✓ ***The Green Bank then finds the gaps*** in the existing market of private capital not offering clean energy financing

- ✓ ***The Green Bank Creates Partnerships with private financial capital providers*** to:
  - ✓ *LEVERAGE* Green Bank capital
  - ✓ By defining Green Bank roles in products and transactions
  - ✓ That de-risk the structure to attract this private capital into the market.
  - ❑ *Target at least 4:1 leverage as a portfolio of our capital with private market capital*



Green Bank Strategies for Project Leverage

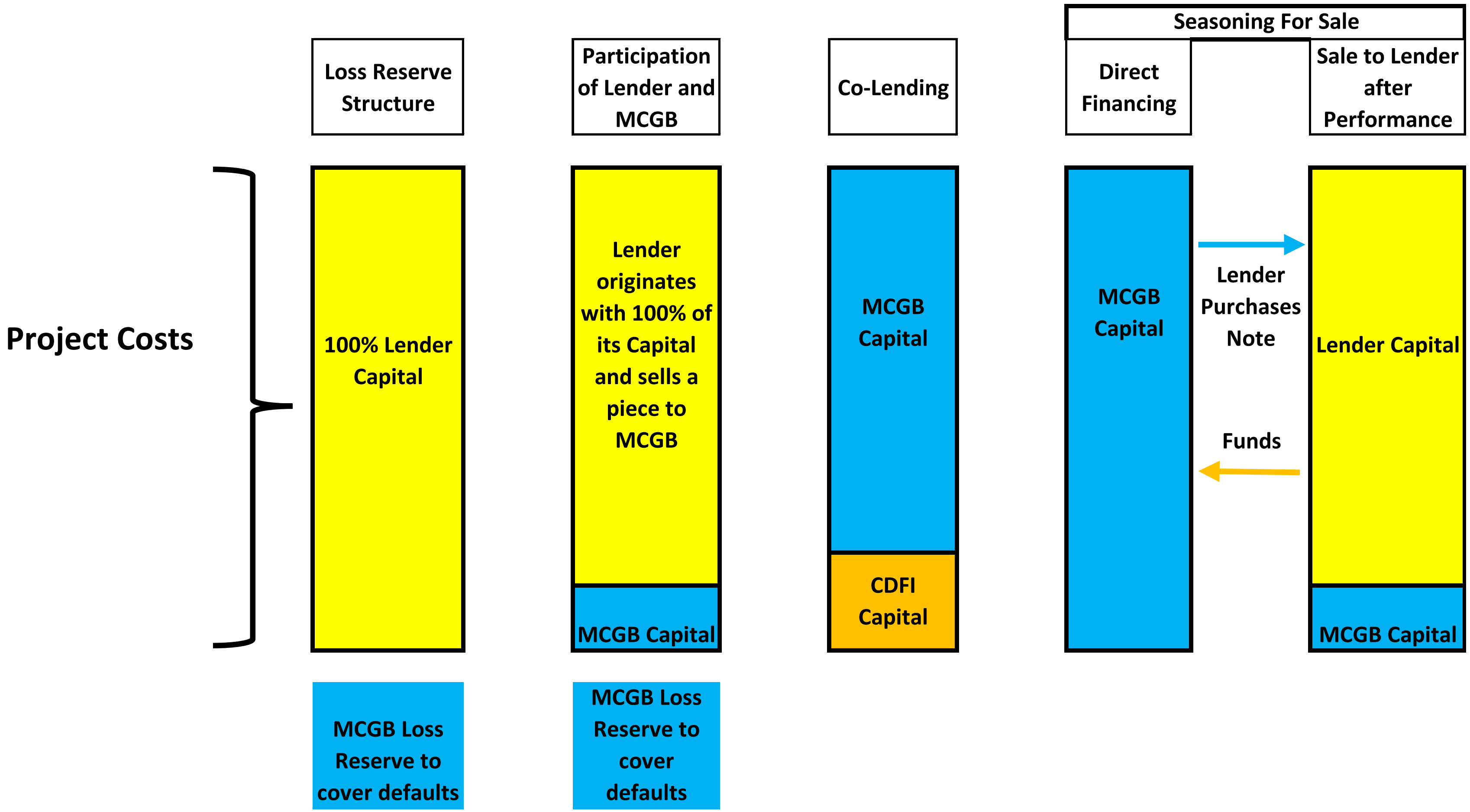
- **Loss Reserves:** Agreements with private lenders that provides "insurance" in the event that a project were to default. This approach provides the lender with more security in entering the market and offering benefits to County customers.

- **Participations:** The Green Bank provides some of its capital to purchase a portion of a loan originated by a lender to address lender concerns for assuming risk for the entire loan amount.

- **Co-Lending:** The Green Bank will be a joint lender with a financial partner and assume greater risk in the transaction to provide more flexible terms to the customer. This approach fills gaps in the lending market where the market is not efficiently serving the market.

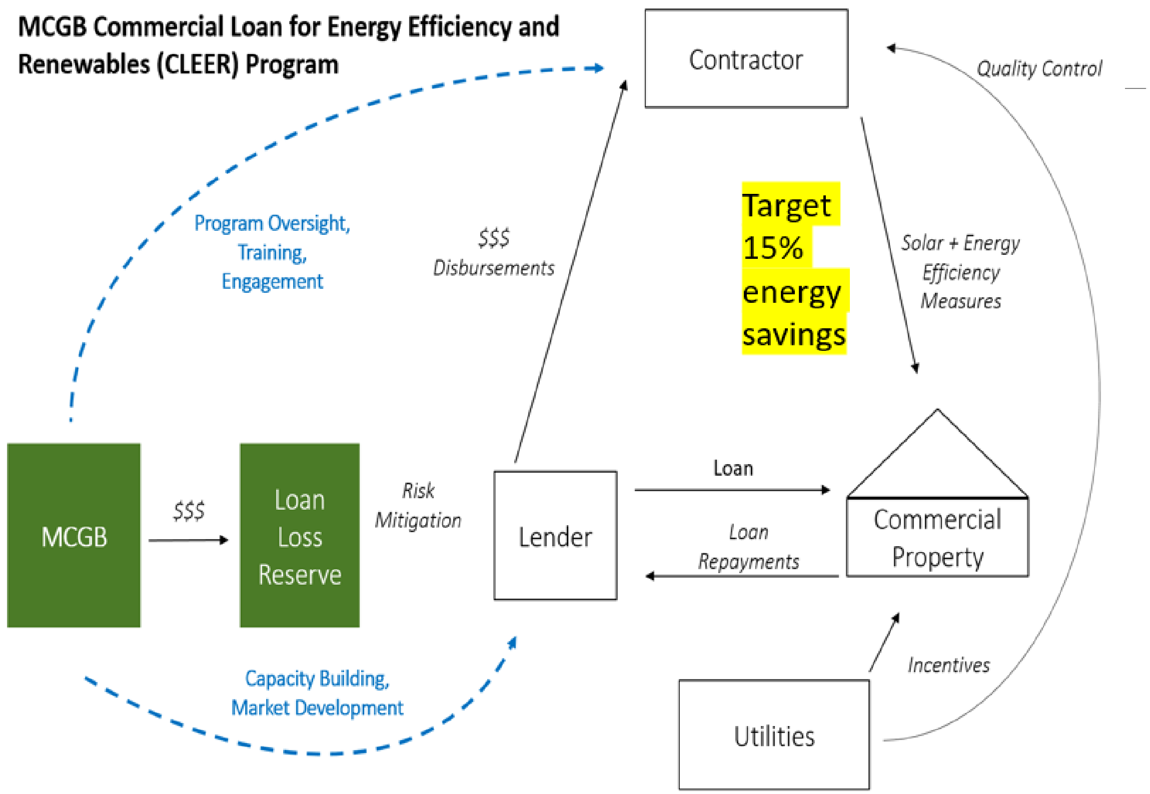
- **Direct Debt / Recycling:** The Green Bank will provide the funds for a transaction to address market reluctance and the project needs to show a level of performance to be attractive for the private market. The Green Bank undertakes the transaction and looks to sell the loan to the private capital market after the performance of the project has been demonstrated.

Green Bank Strategies for Project Leverage



Example: Green Bank Loss Reserve Structure

- MCGB stands behind lender for losses up to a limit as a percent of total originations.
- MCGB authorizes contractors for program
- Lenders make loans on specific energy efficiency and renewable scopes of work
- Lenders approve borrowers on credit; but savings support payments
- MCGB pays lender a percent of loss if loan defaults



Product Suite Created with Private Capital to Fill Gaps and De-Risk Market

Product	MCGB Financial Structure	Partners	Leverage	Gap / De-Risk
Homeowners				
Clean Energy Advantage – Energy Efficiency & Renewable	Loss Reserve	**Credit Union**	10:1	Affordable, Transparent Financing
Commercial, Nonprofit, Multifamily				
C-PACE (Program Administrator)		**Private Capital**	4:1	Long-term capital; low-cost Property Tax Surcharge
Commercial Loan for Energy Efficiency & Renewables (CLEER)	Loss Reserve / Participation Option	**Community Banks**	20:1	Not C-PACE acceptable
Small Business Energy Savings Support	Co-Lending	**CDFI**	1.2:1	Highly Flexible for re-opening needs
Commercial Solar PPA	Direct Debt in Solar PV SPE	**Private Capital**	1.4:1	Small arrays; no out-of-pocket costs; long-term steady operating costs
Tailored Structured Finance	Co-Lending / Participation / Subordination in Deals	**CDFI**	1.5:1	Bridge loans; higher risk gaps
Low-Moderate Income Owners and Renters				
Community Solar for Low- and Moderate Income	Direct Debt in Solar PV SPE	**Private Capital**	8:1	LMI subscriber risk on turnover

Green Bank Funding To Date

Private Grant funds: $1.2 million has been provided by foundations as grant funds in support of Green Bank activities.

County Funds: The County provided initial capitalization of the Green Bank between April 2017 and May 2019 through the granting of funding received by the County from two utility merger settlement funds – Pepco-Exelon and Altagas. This funding provided the Green Bank with the capital to use in its leveraged investment activities in developing products and financial structures for clean energy measures undertaken by residents and businesses in the County. A portion of the Pepco-Exelon funding was also available to support Green Bank expenses.

- $17.3 million of Pepco-Exelon Settlement Funds
  - $2.6 million (about 20% of this funding) is dedicated to efforts supporting low- and moderate-income families and multifamily housing.
  - $1.7 million dedicated to supporting only nonprofits
  - $1.5 million of Pepco-Exelon dedicated to supporting only affordable common ownership communities.
  - $2.115 million allowed for administrative expenses
- $1.5 million of Altagas Settlement Funds dedicated to supporting only affordable common ownership communities

Additional Support to Market

Green Bank Is Helping to Grow The Clean Energy Marketplace

The Green Bank focused attention on growing the marketplace for clean energy efforts through services that create market awareness and develop new market participants.

Education / Engagement – Informing on what and how to do energy effieincy and renewable energy improvements

- ✓ 58 presentations in FY21 to community groups, condos, stakeholders
- ✓ 43 already in FY22

Technical Assistance Pilot – Studies Funded to Define Need and Improvements

- ✓Condos: 7 provided reports, plans and financing options; 2 more in process
- ✓New C&I pilot: 2 commercial property audits underway
- ✓Affordable housing properties: 2 completed

Clean Energy Business Generator – Connecting Owners to Experts

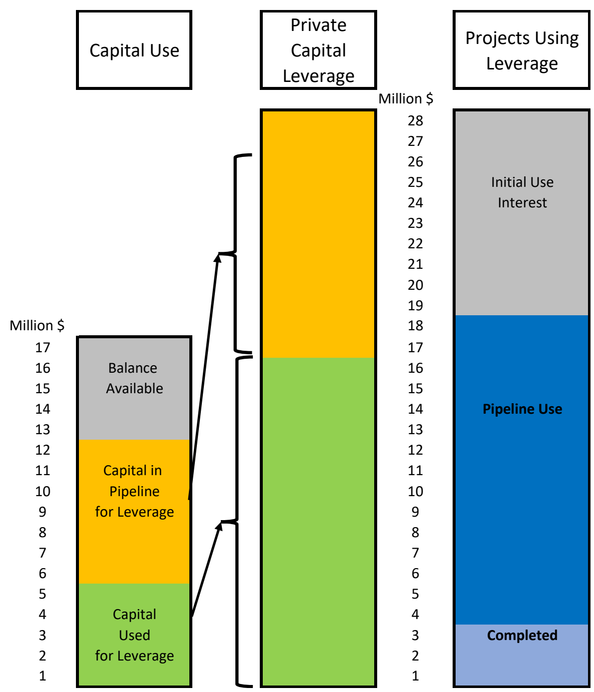
- ✓ Referring solar and C&I inquiries to contractors to build business
- ✓ Building trust and interest in market

Additional Leverage with Fuel Energy Tax Funds

- **BEPS: Address substantially increased demand to undertake clean energy improvements**
  - ✓ <u>Several hundred property potentially needing to respond to BEPS which will require hundreds of millions of dollars in energy savings improvements</u>
  - ✓ Funding Green Bank can:
    - Attract more private capital to enter market to meet project financing needs
    - Offer more flexible financing terms to owners in co-lending and direct loans
- **Attract other debt capital to balance sheet to blend with Green Bank funds to re-lend to the market at favorable terms**
  - **<u>$20 Billion potential in Federal Funds Through Build Back Better</u>**
    - ✓ Strong balance sheet attractive
    - ✓ Bring low-cost funds to County that can be re-lent and repaid to US
- **<u>Climate Action Plan:</u>**
  - **<u>Support many activities in plan looking for Green Bank support</u>**
- **<u>Support Growing the Market Activities</u>**
  - ✓ Educate, instruct, define approach to respond
  - ✓ Funding strategy to achieve

Funding: Under the contract between Montgomery County and the Green Bank, the Green Bank was provided one-time funding for its capital base. This funding from settlement funds from Pepco-Exelon and Altagas came over three years with the most significant amount in mid-2019. The funding provided several requirements for use. The total funding for capital provided to the Green Bank was $16.7 million with $15.2 million from the Pepco-Exelon settlement funds limited to the Pepco service territory of Montgomery County. Of the total funding, about $2.6 million is set aside for low- and moderate-income households and multifamily properties, $1.7 million for nonprofits, $3.0 million for common ownership communities, and the balance of about $9 million for general use.

Capital Use: The Green Bank is leveraging its capital to create a suite of products and transaction structures in financial agreements with partners. The presence of a strong balance sheet from the funding received provides the confidence in the Green Bank as a credible partner that can meet its obligations under such agreements. The Green Bank has committed $5.2 million of the funds in current agreements and transaction structures and has defined uses on additional agreements and transaction structures in its pipeline for another $7 million. This amount of capital is creating (or leveraging) $28 million in private capital lending and investment capacity for the Green Bank. The Green Banks has used about $3 million of this capacity, has another $15 million in demand with projects in various stages of underwriting that substantially uses this capacity, and has a deeper pipeline of project interest exceeding $20 million.



With this level of overall demand, the Green Bank will have used much of its initial capital and filled much of its leveraged capacity, in particular with respect to use of the $9 million in general use funds.

Use of Capital in Products: In creating the suite of products, the Green Bank worked with the financial and energy contractor communities to identify the funding gaps and to create the initial financial agreements to leverage this funding. Over the past three years, the Green Bank developed this suite of financing programs and products using various financial de-risking structures as loan loss reserves, participations, and co-lending for the benefit of the benefit of residents (including low/moderate income families), commercial/multifamily/ nonprofit property owners, and renewable energy developers.

Product	MCGB Financial Structure	Partners	Leverage	Gap / De-Risk
Homeowners				
Clean Energy Advantage – Energy Efficiency & Renewable	Loss Reserve	**Credit Union**	10:1	Affordable, Transparent Financing
Commercial, Nonprofit, Multifamily				
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Low-Moderate Income Owners and Renters				
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Creating the Demand / Growing the Market: The Green Bank has worked to educate County residents and businesses on its products and drive clean energy demand. In the past year, the Green Bank has held over 100 different presentations to community groups, condominium association, faith-based organizations, and other stakeholders to inform on the benefits of energy efficiency and solar PV, how to proceed with their project, and how Green Bank financing can support their needs , making these investments more accessible and affordable. The Green Bank has also hired two people dedicated to working with the residential and solar markets and the commercial market. The efforts of the Green Bank is generating increasing interest and demand for the Green Bank products.

Future Need: With projected increasing demand given rising fossil fuel prices, needs of the Climate Action Plan, and anticipated enhancements that could come with any approved building energy standards, the Green Bank will regularly need more capital to continue to make the health, savings, jobs creation, property value, and climate benefits that clean energy and energy efficiency improvement investments convey, available to all County businesses and residents.

Leverage (making limited public money go further with private capital investment) relies on a strong and dependable Green Bank balance sheet, achieved through a reliable annual funding mechanism, as successfully demonstrated for more than a decade by the Connecticut Green Bank. Such leverage from a strong balance sheet can include accessing low-cost funds lent to the Green Bank from sources such as the proposed National Climate Bank at the national level, or other private sources. [1]

[1] Under the contract Montgomery County established with the Green Bank a "Public Building Green Performance Revolving Fund" in the amount of $6,285,374. These funds are held by Green Bank (and recorded on its balance sheet) for the purpose of implementing clean energy and energy efficiency improvements in Montgomery County Government public facilities or infrastructure in Pepco's service territory. Green Bank is not responsible for when this revolving fund is used or for identifying projects to which the revolving funds are applied.

Testimony on Behalf of County Executive Marc Elrich
Bill 44-21, Montgomery County Green Bank - Funding - Fuel - Energy Tax Revenue

Adriana Hochberg, Acting Director
Department of Environmental Protection

December 7, 2021

Good afternoon. My name is Adriana Hochberg. I am the Acting Director of the Department of Environmental Protection (DEP) and the County's Climate Change Officer. Thank you for the opportunity to testify on behalf of the County Executive on Bill 44-21, which would mandate that the County Council appropriate 10% of Fuel Energy Tax revenue to the Montgomery County Green Bank (MCGB) each year in the annual operating budget.

The Elrich Administration has been hard at work to address climate change in order to meet the County's goals of eliminating greenhouse gas emissions by 2035 and achieving 80% reductions by 2027. The Climate Action Plan was released in June and it provides a roadmap of actions to reduce greenhouse gas emissions and adapt to a changing climate. Implementation of the Climate Action Plan is underway, with 75 out of 86 Plan actions being actively worked on in Fiscal Year 2022. The annual climate work plan and quarterly work plan progress report provide members of the community with a view into the County's multi-faceted climate efforts. In addition to developing and implementing climate programs and projects, there are a number of climate legislative and regulatory policies that the Executive has already transmitted to Council. These include the International Green Construction Code recently passed by Council, the Building Energy Performance Standards, and expansion of the Commercial Property Assessed Clean Energy (C-PACE) program, which is administered by the Green Bank.

The County Executive is a strong supporter of the Green Bank and recognizes the important role it will play in helping the County meet our aggressive climate goals. Implementing climate action at the scale that is necessary to make a meaningful dent on greenhouse emissions will require substantial financial resources from both the public and private sectors. The ability of the Green Bank to leverage public funds by attracting capital from commercial lenders for energy efficiency and renewable energy projects makes supporting the Green Bank a wise investment. Such support will be particularly important as policies such as Building Energy Performance Standards are implemented, particularly given the role the Green Bank can play in helping building owners understand their options for improving the energy performance of their buildings and determining the most advantageous way to achieve this, both technically and financially.

The County Executive would like to raise several important issues regarding Bill 44-21. The Executive believes that there are some aspects of the bill that need to be amended:

- As the Council is aware, Energy Tax revenue supports general government operations. Mandating that a certain percentage of Energy Tax revenue go to the Green Bank (or for any other specific use) will create a funding "gap" that would not occur in the absence of the bill. The bill as currently written does not identify how this funding gap would be replaced. This gap will have to be addressed by cuts in other government programs and services, or by an increase in revenues.

HANS RIEMER
COUNCILMEMBER AT-LARGE

100 Maryland Ave
Rockville, MD 20850

CHAIR
Planning, Housing, and Economic Development Committee (PHED)

MEMBER
Transportation and Environment Committee (T&E)

MONTGOMERY COUNTY COUNCIL

ROCKVILLE, MARYLAND

MEMORANDUM

To: Councilmembers
From: Councilmember Hans Riemer
Date: January 27, 2022
Re: Energy equipment retrofit amendment to Bill 44-21

On Tuesday, February 1, the Council is poised to take up Bill 44-21, which annually dedicates 10% of County energy tax receipts (approximately $18 million/year) to the Montgomery County Green Bank. I am grateful to the legislation's authors, Councilmembers Friedson and Hucker, for bringing this important climate initiative forward.

As a strong supporter of the strategy to "electrify everything" to fight climate change, I worked with Chesapeake Climate Action Network to introduce an amendment to Bill 44-21 that would prohibit the Green Bank from using the new energy tax revenues for projects that install new or retrofit existing fossil fuel-based energy equipment. On December 9, 2021, the joint GO/T&E Committee unanimously supported the amendment.

The "electrify everything" strategy is absolutely critical to getting us on the path to zero emissions, and it is quite simple: 1) cleaning up the electricity grid and 2) putting everything on the clean grid.

This amendment helps put Montgomery County at the forefront of the electrification strategy by putting our public monies behind the cleanest technologies, instead of supporting fossil-fuel based energy systems that are designed to last another 10-20 years, which is well past the County's goal of zero emissions by 2035. Fortunately, the electricity-based equipment tends to be more efficient than their natural gas counterparts and are quickly becoming cost competitive. Further, this amendment is consistent with the Maryland Commission on Climate

Change's recently call for all electric building codes and substantial investments in electric retrofitting.

However, I have since learned that a measure of flexibility and additional analysis is warranted. While the market for electric systems is maturing and costs are coming down much as we have seen for solar panels, there are still legitimate challenges for some older commercial and multi-unit residential buildings to convert to electric even though they could capture energy efficiency and cost benefits through a more efficient gas system. While the amendment only applies to the new energy tax revenue and not the existing resources of the Green Bank, I am sensitive to those concerns.

Through productive conversations with the Green Bank, environmental advocates, and other stakeholders over the past month, I have developed what I believe to be a consensus approach to this challenge. I am proposing a one-year transition period and a report from DEP on the costs of fossil-fuel and electric energy systems. I have attached the revised amendment.

The transition period will provide some time for the electric market to further mature and allow the Green Bank some additional flexibility with the first appropriation. The transition period also nicely coincides with the County's tentative timeline for developing (and approving) Building Energy Performance Standards (BEPS). DEP's analysis of the costs will provide the next Council with the information to properly assess this provision of the legislation.

I firmly believe that public money should be at the tip of the spear, accelerating the energy transition we know we need. In a more nuanced and practical way, the revised amendment does just that.

Riemer Phase-in Amendment

Amend lines 24-29 as follows:

(f) *Restrictions on County funding*. [[The]] After July 1, 2023, the Green Bank must not use the annual direct appropriations from the County to fund new mechanical energy equipment that uses fossil fuels or the equipment that upgrades the efficiency of existing mechanical energy equipment that uses fossil fuels. The Green Bank must use the annual direct appropriations from the County as follows:

Amend lines 82-83 as follows:

Sec. 2. Effective date; report.

The amendments in Section 1 take effect on July 1, 2022. The Director of the Department of Environmental Protection must submit a report to the Council and the Executive on or before May 1, 2023 estimating the cost of converting fossil fuel mechanical energy equipment to electric power.

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Montgomery County Councilmember Hans Riemer
100 Maryland Ave. Rockville, MD 20850 | Councilmember.Riemer@montgomerycountymd.gov | 240.777.7964

Phase-in Amendment

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Reporting Amendment

Add the following after line 36 of the Bill:

18A-50. Report

The Board of Directors must report annually by December 31 on the activities and finances of the Green Bank to the Executive and Council. The report must include details about the use and fund balance of County funds.

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AGENDA ITEM #9

APPLICATION OF EQUITY EMPHASIS AREAS IN A GRANTMAKING STRATEGY

Together, WE PROSPER

A 10-Year Framework to Pursue Economic Justice in the Greater Washington Region

GREATER WASHINGTON COMMUNITY FOUNDATION

Letter from our PRESIDENT & CEO

For five decades, the Greater Washington Community Foundation has ignited the power of philanthropy, catalyzed community impact, and responded to critical community needs. As the region's largest local funder, we have invested more than $1.4 billion to build racially equitable, just, and thriving communities where everyone prospers. Now, our strategic focus — rooted in economic justice — is to close our region's racial wealth gap so that people of all races, places, and identities reach their full potential.

In 2021, the Greater Washington Community Foundation staff and Trustees — led by Sean Morris and Artis Hampshire-Cowan — along with our local Advisory Boards and fundholders, embarked on a learning journey to chart a path forward for our collective future. After benchmarking ourselves against other community foundations around the country, asking fundholders, professional advisors, and community partners about their aspirations for us and our region, we landed on seven core goals for our 10-year strategic framework.

Community Leadership
To Lead in the Community and invest in strategies that close the racial wealth gap and increase economic mobility.

Asset Growth & Sustainability
Double the assets of the foundation in order to respond to the scope of our challenges and opportunities, at scale.

Board Leadership & Governance
The Board of Trustees will offer exceptional governance and leadership to support the success of the plan.

Regional Presence
The Community Foundation is fully aligned as a united organization serving the entire region, yet recognizing the unique needs and nuances of jurisdictions and neighborhoods.

Racial Equity & Inclusion
The Community Foundation commits to leading with racial equity and inclusion in every aspect of our work.

Operational Excellence
We will work to maximize operational efficiency and offer excellent customer service.

Strategic Communications
We will powerfully communicate our work and the opportunity to create a more just and equitable Greater Washington region.

The Community Foundation sits at the intersection of racialized wealth and racialized poverty. From that vantage point, we recognize that our region's biggest challenges stem from economic injustice, the root cause of persistent inequities which have been exacerbated by the pandemic and economic crisis. Our new strategic vision to close our community's racial wealth gap imagines a region that has moved beyond simply surviving and recovering to become a welcoming and inclusive place where we all prosper, together.

Our strategic vision is an expression of our love for people and community. We invite you to join us on this journey of personal and community transformation.

Sincerely,

Tonia Wellons

Tonia Wellons, *President & CEO*

Together, WE PROSPER

The Greater Washington Community Foundation's mission and work has always been centered on creating a just, equitable, and thriving community. But recent events have added an urgency to our mission.

In the face of the ongoing COVID-19 pandemic, persistent structural racism, and stark economic injustice, Greater Washington is facing a set of multifaceted and complex challenges. And the time is past due to address them in ways that are both intentional and aspirational.

In 2021, The Community Foundation developed a bold 10-year strategic vision that will leverage our resources and expertise to lead our community in addressing the most catalytic opportunity of our lifetimes: **closing our community's racial wealth gap.**

It's a big goal — one that requires us to align our business with our vision and advance racial equity and inclusion in all aspects of our work. It will also require us to partner with the community in new and meaningful ways. As we do so, we will direct our attention and investments on communities that have been over-policed and underinvested in, as well as neighborhoods that are rich in cultural, community assets, and grassroots leadership.

We cannot do this alone. To achieve this vision, we must forge powerful partnerships with community leaders and institutions, philanthropy, the private sector, and government — partnerships that are shaped by community voices, strengthened with evidence-informed strategies, and supported by long-term commitments and investments.

Together, we can achieve this mission. Together, our entire region will prosper.

What We BELIEVE

- **BIPOC households in the Greater Washington region** – and across the U.S. – face systemic barriers that lead to disproportionately low educational outcomes, health conditions, and generational wealth.
- **Together, we have the power to take action** to eliminate the historic, racialized disparities in our community and set a national example of how tackling this issue can improve an entire community.
- **The time is now!** COVID-19 has further widened and amplified racial inequities. It requires bold, immediate action to reverse the damage caused by the pandemic and centuries of systemic inequities in our community.

Who We ARE

- **We envision a region where people of all races, places, and identities reach their full potential.**

Where We STAND

- **Dedicated to Principles of Integrity, Respect, Dignity, Kindness, and Empathy:** We take seriously our responsibility to be the best stewards of our community's charitable resources and to uphold the trust our community has placed in us.
- **Passionate in Our Mission; Courageous in Our Work:** We believe in the power of community and the potential for creating deeper, more lasting impact together. We are ready to be bold to achieve our goal of closing the racial wealth gap.
- **Community-Centered Advocates:** We exist for the benefit of the communities in which we live and serve. We are committed to actively listening to our community partners to ensure their experience guides our work.
- **Committed to Justice:** We strive for a racially equitable, just, and thriving region. To advance these justice principles, we apply a racial equity lens to our mission, strategy, and practices.
- **Trusted Partners:** Our collaborations with donors and partners power our efforts. We are informed by decades of partnering with and serving our community and our efforts are grounded in research and community engagement.

...when everyone can prosper as a result of economic stability and deliberate and thoughtful investment.

...where everyone can thrive through greater access to quality education, healthcare, and housing.

...where everyone can heal because barriers have been removed and they are able to fully express their talent and creativity in ways that benefit themselves, their families and neighborhoods, and our entire community.

Why the RACIAL WEATH GAP?

If we change the prospects for how Black and Brown people generate, sustain, and share wealth, we change every other disparity affecting Black and Brown people — and all of us.

Greater Washington is home to nine of the 20 wealthiest counties in the United States — but families in our community are not equally sharing in this wealth. By almost every measure — education, income, housing, health, and wealth — BIPOC communities are significantly lagging behind their White neighbors.

- In DC, White households have **81 times more** net worth than Black households.
- In Fairfax County, if racial income gaps were closed, its gross domestic product would increase by **$26.2 billion** a year.
- Prince George's County has the **lowest median household income in the region**, despite being one of the wealthiest Black jurisdictions in the country.
- In Montgomery County, the homeownership rate for White people is almost **60%** compared to **12%** for Latinx people, **14%** for Asian people, and **18%** for Black people.
- **11.4%** of Black and **10.5%** of Latinx residents live below the poverty line in DC – compared with **4.3%** of White residents.
- Given how race and wealth intersect in all BIPOC communities (LGBTQ+, gender, ability), **if Black people are wealthier**, then everyone is better off – and wealthier in every way.

Greater Washington isn't unique in facing this challenge. Yet, what sets us apart is the stark inequities that have led to some of the nation's wealthiest zip codes being just a short drive from some of its poorest. As home to the nation's capital — and all the prestige, influence, wealth, and power it provides — we can and must do better. And that is what we intend to do by making closing the racial wealth gap our priority. We believe that by changing the prospects for how our Black and Brown neighbors generate, sustain, and share wealth, we will ultimately improve the quality of life for everyone who lives, works, and raises a family in this region.

“WHILE *philanthropy* IS COMMENDABLE, IT SHOULD NOT ALLOW THE PHILANTHROPIST TO OVERLOOK THE ECONOMIC INJUSTICE WHICH MAKES *philanthropy* NECESSARY.”

~ DR. MARTIN LUTHER KING JR.

What is THE WORK?

PILLAR 1: LEADING WITH RACIAL EQUITY AND INCLUSION

Decades of working in the Greater Washington region have shown that many of us are substantially less likely to achieve prosperity simply because we live in neighborhoods that do not provide us with the conditions needed to succeed.

This isn't by coincidence. Research commissioned by The Community Foundation and conducted by Brookings finds those who live in such neighborhoods are disproportionately Black and experience negative racial disparities in life expectancy, income, unemployment, incarceration rates, and poverty. In other words, race matters.

These disparities are all closely linked. But we can begin to eliminate them — and create a healthier and more prosperous community for all of us — if we work to address the root causes behind them and invest deliberately in strategies to address them. That's why The Community Foundation is making a bold commitment:

We will lead with racial equity and inclusion in every aspect of our work.

In other words, we will center all our work — including our grantmaking, our investments, our partnerships, our operations, and our leadership — around an equity frame that requires us to use data as we work with a spirit of shared humanity and in bold possibility.

PILLAR 2: ALIGNING OUR BUSINESS WITH OUR VISION

In order to achieve our vision for a more just and equitable Greater Washington region, we are reimagining how The Community Foundation invests in, partners with, and supports our community.

We are committed to nearly doubling The Community Foundation's assets over the next ten years so that we can respond to the challenges and opportunities in front of us, at scale. We will do this by leveraging our unique value and expertise to mobilize resources for this community and connect philanthropy to impact.

Our bold and aspirational vision for this community demands that we establish a legacy for lasting change. That means building an endowment for our Community Foundation that generates robust discretionary funds to support and sustain our operations and our targeted investments to serve the community today while preparing for the needs of tomorrow.

To do so, we plan to offer a broader range of products to existing and new fundholders, including funds that are specific to fields of interest and geography. Donors will also have new tools to align their philanthropy with our vision of closing this community's racial wealth gap and to make deeper investments in organizations led by people of color.

We are also working with our Outsourced Chief Investment Officer to exercise competent and socially responsible stewardship in how our financial resources are managed and deployed. We have committed to retaining a diverse pool of investment managers working to achieve our investment objectives and to eliminating investments which work against our philanthropic goal for a just and equitable Greater Washington region.

What is
THE WORK?

PILLAR 3: CLOSING THE RACIAL WEALTH GAP

Our community needs strong leadership to do the difficult but essential work of identifying the most promising ways to make progress toward closing the gap, and then mobilizing the resources and support to make it happen.

At The Community Foundation, we have framed our community leadership approach around the following goals:

- **Pursue Economic Justice** by investing in strategies to increase economic mobility and close the racial wealth gap.
- **Address Critical Community Needs**, including responding to crises, to stabilize and improve the quality of life for our neighbors and communities.
- **Strengthen Neighborhoods and Community Institutions** by using data to direct resources toward neighborhoods with the greatest needs and the BIPOC-led community organizations that serve them.

Levers for Change
We will leverage our leadership, relationships, voice and resources — developed through decades of ongoing work on initiatives like Putting Race on the Table, and sharpened through our concentrated work around COVID-19 emergency response — to focus on creating change at the neighborhood level.

- **Research:** Commission and disseminate cutting-edge research that grows our understanding of the racial wealth gap and racially equitable, reparative strategies to close it.
- **Community Engagement:** Center the lived experiences, leadership, and aspirations of our Black and Brown neighbors who have been most negatively impacted by the racial wealth gap.
- **Policy Advocacy:** Disrupt policies and systems that perpetuate the racial wealth gap, and advocate for and advance economic interventions that will produce more racially equitable and reparative outcomes.
- **Neighborhood Investment:** Organize and deploy innovative capital strategies for racially equitable and reparative grantmaking to close the racial wealth gap at the level of neighborhoods.

HISTORICALLY MARGINALIZED COMMUNITIES

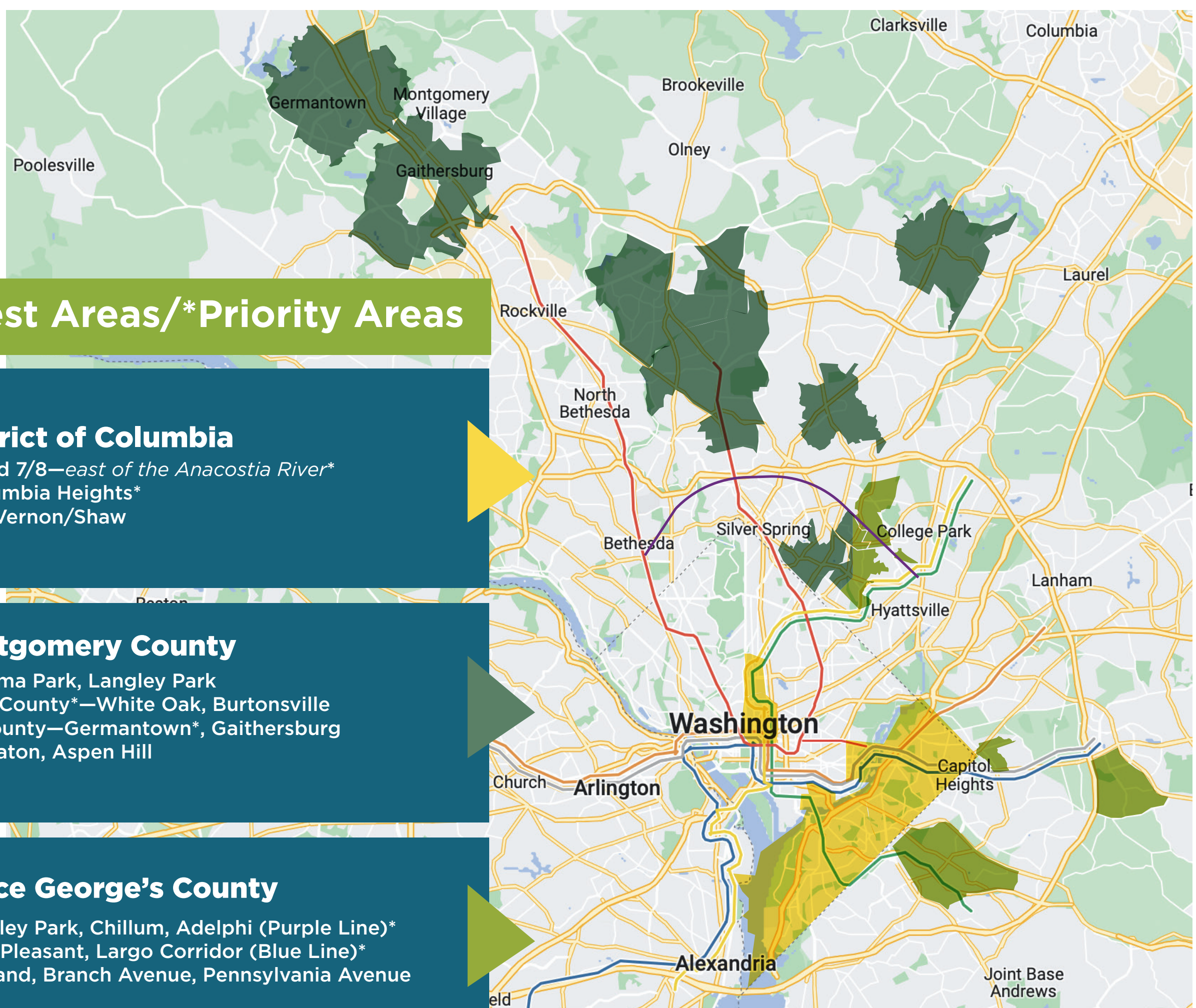
Who are the historically marginalized people and communities in our region? There are nuances based on geography but based on the data: Black people in our region are faring worse on almost every measure of well-being. We also recognize that other communities of color — especially Hispanic and Asian American and Pacific Islanders are also experiencing significant hardship. And admittedly, we need to do more to understand Indigenous communities in our region. You may hear us reference the commonly used term, BIPOC, which stands for Black, Indigenous, and People of Color and is inclusive of all marginalized groups. However, we recognize there is no one size fits all language when talking about race and we respect racial and ethnic differences. With that in mind, you will also hear us reference Black and Brown people when talking about the most marginalized in our community based on the data.

A Focus on NEIGHBORHOODS

Using data compiled by the Brookings Institution's Race, Prosperity, and Inclusion Initiative and the Metropolitan Washington Council of Governments, we have identified places in our region where Black and Brown people are experiencing the deepest disparities in homeownership and income.

As we begin the work of closing the racial wealth gap in the region, these places will serve as the primary areas where we will focus our grantmaking and broader community leadership capacity over the next decade. While all of these places will serve as focus areas for our place-based work over the next ten years, we have also identified priority areas. These places stand as the primary points of entry during the start-up phase of our efforts to close the racial wealth gap in the context of neighborhoods.

Our renewed commitment to racial equity and economic justice demands that we approach our work in this way—fiercely focused on the people and places in our region where they are struggling the most. We believe that our ability to listen, to be led by Black and Brown leadership on the ground, to support and activate cross-racial networks, to build public-private partnerships, and marshal sustainable investments in these neighborhoods will create greater prosperity for the people who live in these places, and it will have a positive impact on the entire region.



Interest Areas/*Priority Areas

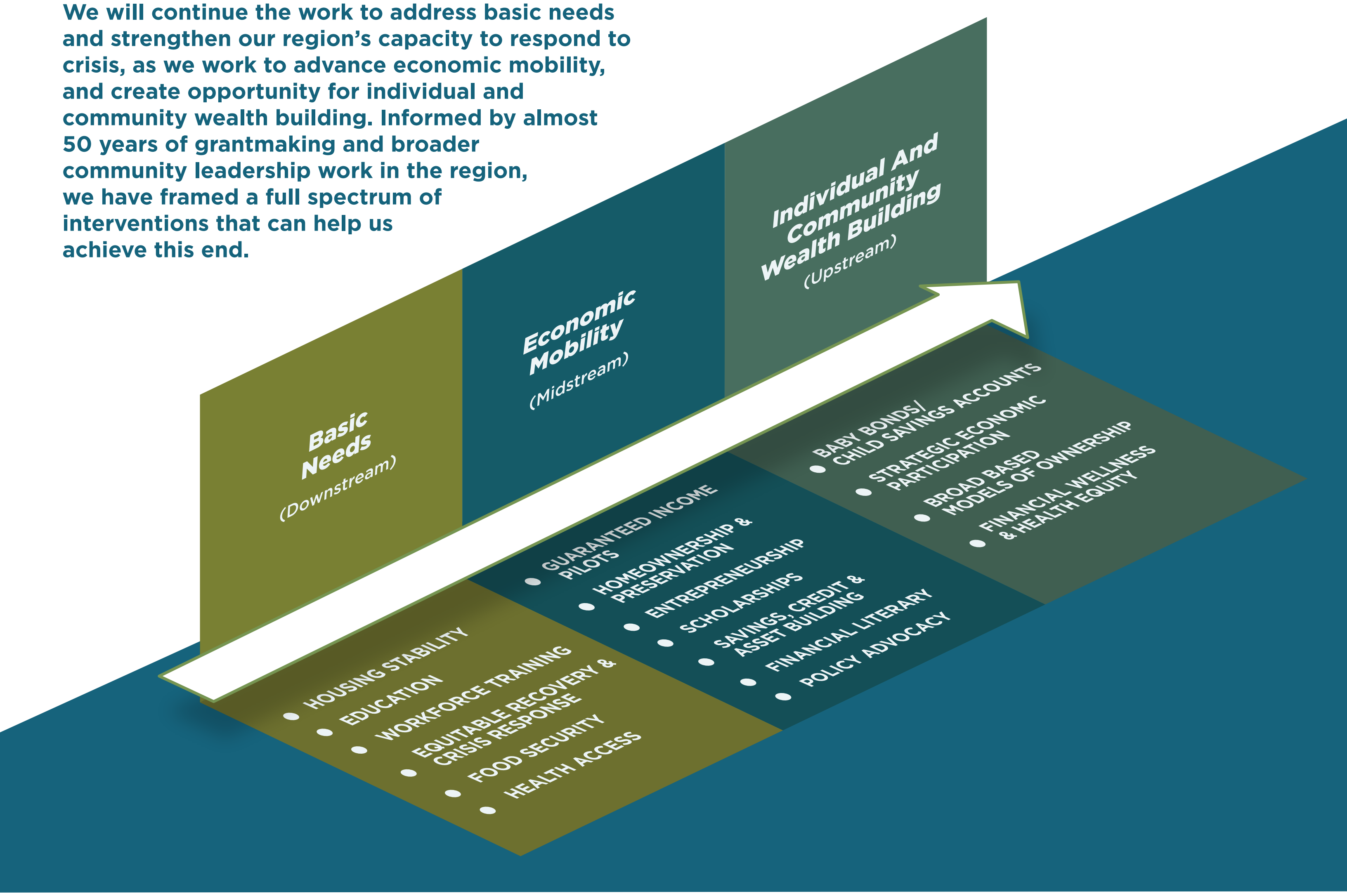
District of Columbia
- Ward 7/8—*east of the Anacostia River**
- Columbia Heights*
- Mt. Vernon/Shaw

Montgomery County
- Takoma Park, Langley Park
- East County*—White Oak, Burtonsville
- Upcounty—Germantown*, Gaithersburg
- Wheaton, Aspen Hill

Prince George's County
- Langley Park, Chillum, Adelphi (Purple Line)*
- Seat Pleasant, Largo Corridor (Blue Line)*
- Suitland, Branch Avenue, Pennsylvania Avenue

Interventions for Closing THE RACIAL WEALTH GAP

We will continue the work to address basic needs and strengthen our region's capacity to respond to crisis, as we work to advance economic mobility, and create opportunity for individual and community wealth building. Informed by almost 50 years of grantmaking and broader community leadership work in the region, we have framed a full spectrum of interventions that can help us achieve this end.



Our vision for closing the racial wealth gap will require that we—as a region—come together to expand our imagination, align our collective will, act more boldly, and direct our resources toward structural solutions with the greatest potential. In other words, we are inviting leaders from across our region to move with us beyond conventional thinking and to test and scale game changing ideas such as:

- **Guaranteed Income Pilots:** An approach that directs unconditional cash payments to individuals. There are no rules on how to spend the money, and there are no work requirements. It is meant to supplement, not replace, the existing social safety net. Following the successful deployment of direct cash assistance during the COVID-19 pandemic, The Community Foundation, and several local and national funders, and municipal governments have been testing and advancing guaranteed income pilots across the country — with a particular focus on Black and Brown people and frontline workers. The research, learning, organizing, and impact that is emerging from these pilots is setting a new course for how we can invest in racially equitable ways to achieve economic justice.

- **Children's Savings Accounts (aka "Baby Bonds"):** An approach and policy intervention providing children with publicly funded trust accounts that can be redeemed for future investments in education, savings, homeownership, or business ownership. We see this approach as a 'gateway' intervention in the lives of Black and Brown school-aged children who reside in our priority neighborhoods.

- **Strategic Economic Participation:** An approach that creates opportunity to connect Black and Brown people in our priority neighborhoods to the anchor institutions driving our local and national economy and new developments happening in the region. Our capacity to do so unlocks new contracting, revenue generating opportunities, and wealth building prospects among Black and Brown businesses and enterprises that are critical to our shared prosperity.

- **Broad Based Models of Ownership:** If we are going to be effective in our work to close the racial wealth gap, we will have to design and activate new ways for Black and Brown people to influence, control and benefit from the enterprises that produce wealth in our region. Models of individual and community wealth building, entrepreneurship, worker and employee ownership, community land trusts, and other shared equity practices have to be at the root of our work to close the racial wealth gap in the region.

GREATER WASHINGTON COMMUNITY FOUNDATION

1325 G Street NW | Suite 480 | Washington, DC 20005 | 202-955-5890 | www.thecommunityfoundation.org

AGENDA ITEM #10

REGIONAL FOOD SECURITY AND RESILIENCE PLANNING UPDATE

FOOD SECURITY AND SUPPLY CHAIN RESILIENCE PLANNING

Lindsay Smith
COG Regional Food Systems Planner

Mark Scott
DC Homeland Security and Emergency Management Agency Critical Infrastructure Specialist

COG Board of Directors
June 8, 2022

Agenda Item #10

Metropolitan Washington
Council of Governments

Food Insecurity and Federal Nutrition Programs Update

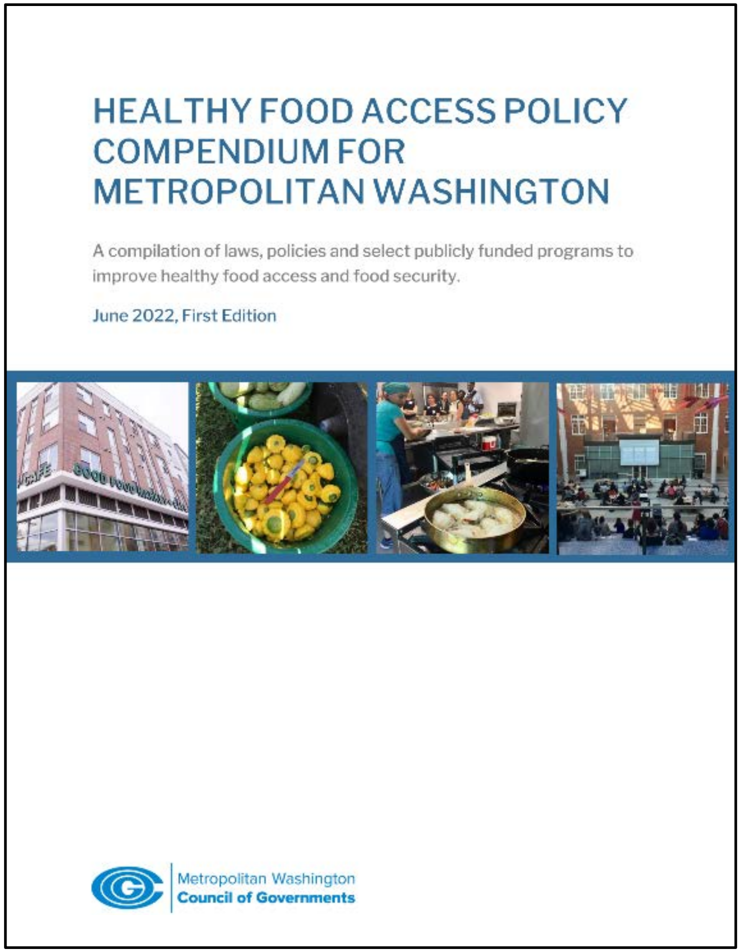
Federal Nutrition Assistance

- SNAP enrollment and Emergency Allotments (EA)
  - Federal PHE extension likely to October which enables qualifying states to continue requesting and distributing EAs.
- School meal changes are coming
  - When ready, critical to amplify local messaging on summer meals for children, P-EBT, wrap around support.

Anecdotal information indicates that demand for emergency food assistance remains high, inflation creating additional strains.

Next FARM Policy Committee Meeting

- Friday, June 10 at 11 A.M.
  - RSVP requested by June 6 at noon for in-person attendance.
- Agenda
  - Release of *Healthy Food Access Policy Compendium for Metropolitan Washington*
  - MD and VA Legislative and Budget Updates
  - Briefing on the White House Summit on Hunger, Nutrition and Health
  - FY23 Work Program Review



HEALTHY FOOD ACCESS POLICY COMPENDIUM FOR METROPOLITAN WASHINGTON

A compilation of laws, policies and select publicly funded programs to improve healthy food access and food security.

June 2022, First Edition

Metropolitan Washington Council of Governments

Food and Water Resilience Planning: Key Questions

- How do people get food and water on “blue sky” days?
- How has the pandemic changed that?
- What could happen to disrupt food and water flows?
- What are the likely food and water needs during and after a catastrophic event?
- How well prepared are we today to meet those needs?
- What should be doing now to better prepare for a disruption of the food and water supply?

Project Basics and Status

- Funded by FEMA Regional Catastrophic Preparedness Grant
  - Managed by DC HSEMA, in collaboration with COG
- **Goal:** Improve regional capability to meet food and water needs during and after a disaster
- Guided by a Technical Advisory Committee comprised of regional food and water partners
- Current project goes through September with continuing stakeholder engagement planned.
  - On-going work with region's emergency management community
  - Additional funding secured to begin implementation

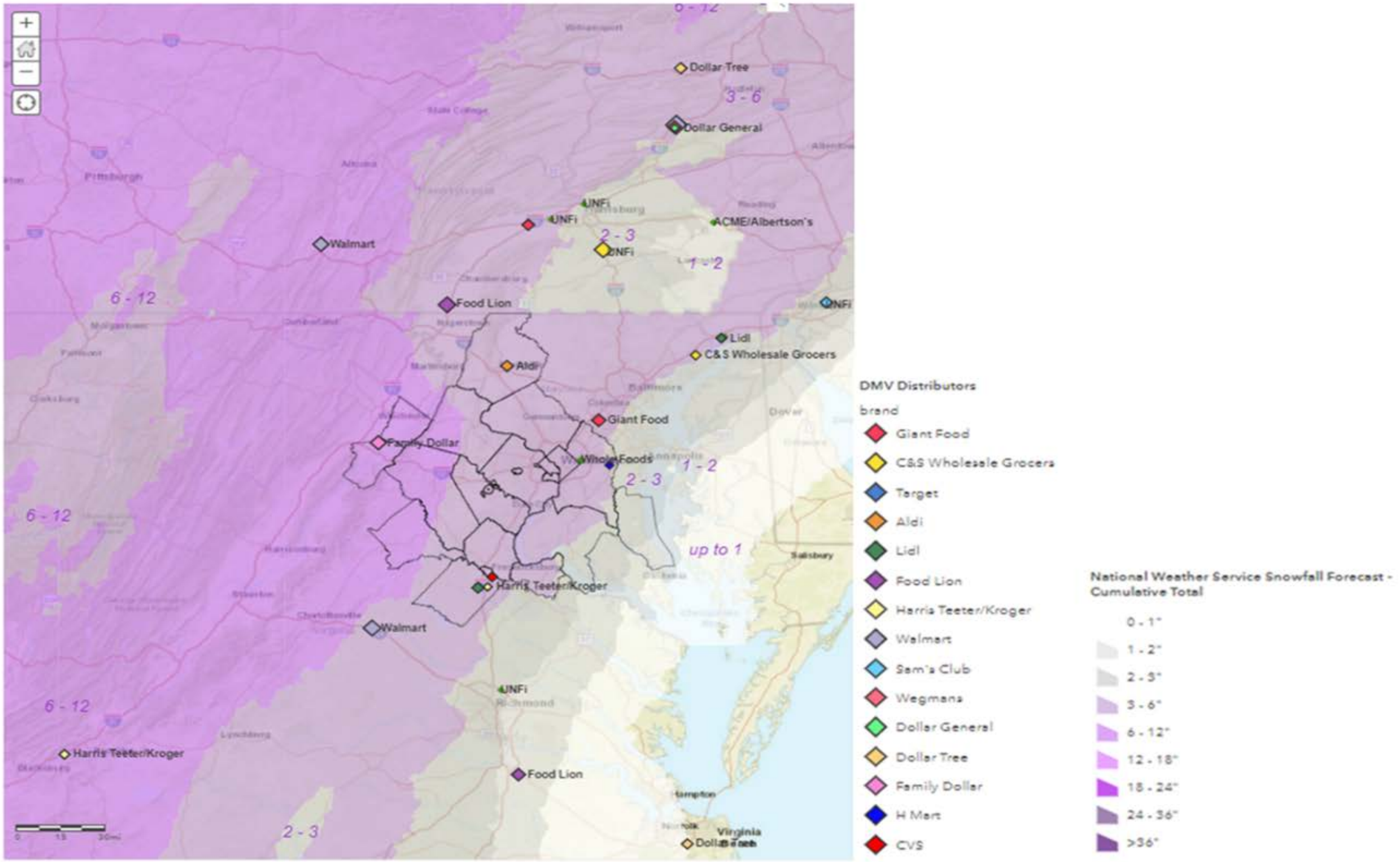
What We Are Learning

- The commercial food supply chain was mostly resilient in the face of the pandemic
    - The Omicron variant posed renewed challenges, especially to labor, across supply chains
- Post-pandemic, distribution centers and flow sources will likely remain heavily dependent on grocery flows originating in Eastern Pennsylvania (see slide 10)
- Understanding how food flows into the region will help us better anticipate potential choke points in the system

Learning (continued)

- Understanding how demand changes during a catastrophic event can help improve operational and resource allocation decisions, including as it relates to vulnerable populations
- Relationships are essential to enable successful response and recovery
- Regional information sharing is important and needs to be strengthened
- Strategic investments that help shorten the distance between supply and demand can improve resilience of the system

Example of Data Application



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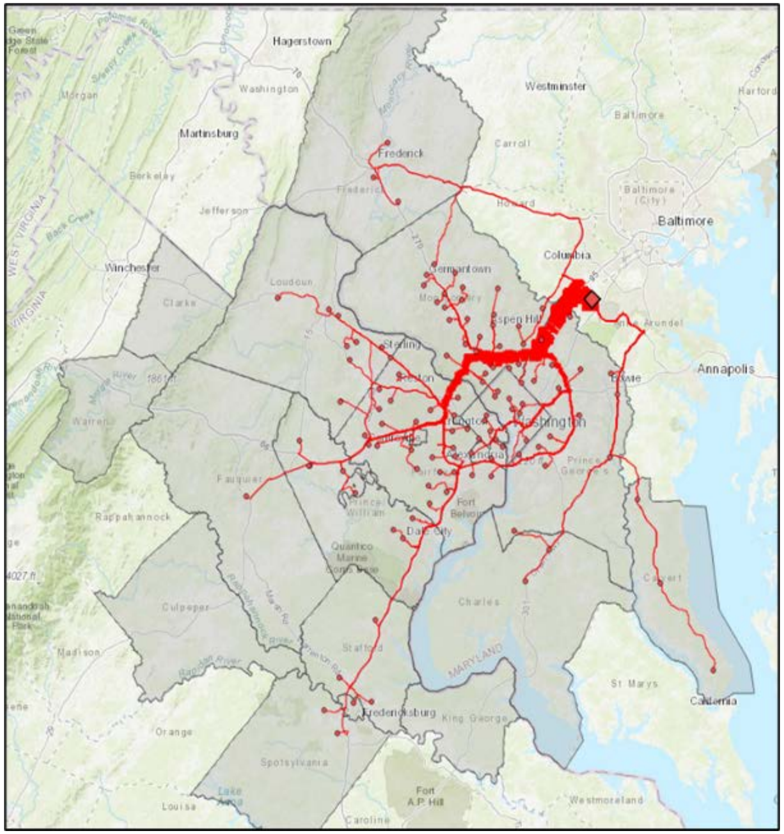
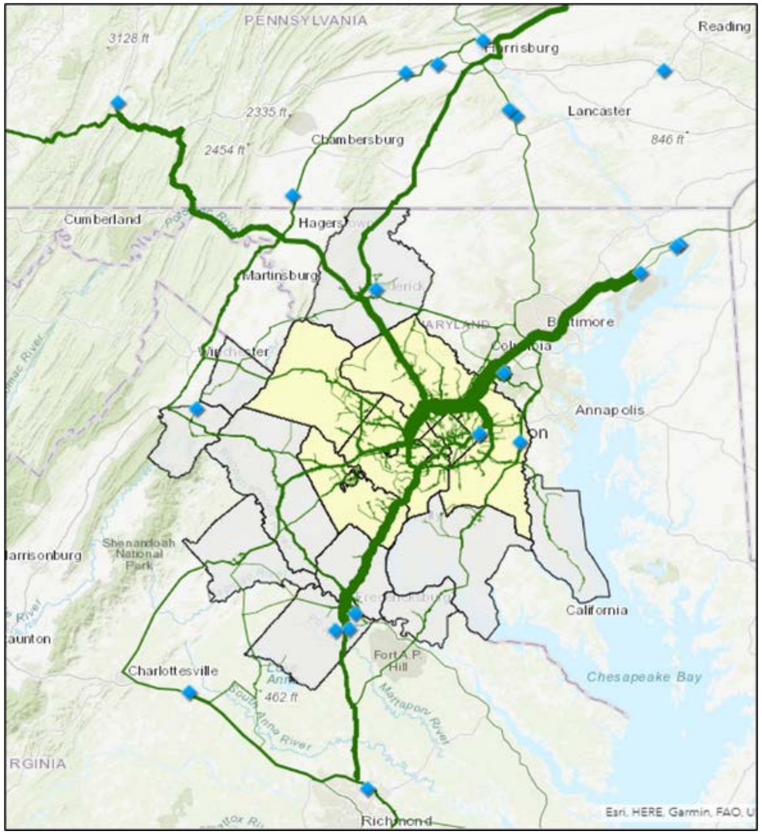
Learning (continued)



Routing from distribution center to retail locations for a top grocery brand



Grocery routing for all brands by total market share served

Metropolitan Washington
Council of Governments

AGENDA ITEM #11

OTHER BUSINESS

AGENDA ITEM #12

ADJORN