

Understanding the Inflation Reduction Act & Opportunities for Hive Fund Grantee Partners

April 2023



What is the Inflation Reduction Act?

A federal budget reconciliation bill signed into law on August 16, 2022

Spends:

- \$228B in appropriations (\$145B for climate and energy)
- \$324B in tax expenditures (\$270B for climate and energy)

Raises:

- Excise tax on crude oil and petroleum to raise \$11.7B in federal revenue & on coal to raise \$1.2B in federal revenue
- Min. corporate tax of 15% to raise revenue
- Modernize the IRS to raise revenue

Emission Reduction Estimates relative to 2005

[Energy Innovation: 37-41%](#)

[Rhodium: 32-42%](#)

[Princeton: 37-41%](#)

BAU without the bill: 24-35%

Where we need to be: at least 50%



What is Justice 40?

Justice 40 is part of an executive order adopted January 27, 2021 establishing the goal that “40 percent of the overall benefits of certain Federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution.” [Benefits](#) include things like decrease in pollution, increase in access to low-cost capital, and increase in energy democracy.

These investments include hundreds of federal government programs that can benefit disadvantaged communities across one or more of the following seven areas: climate change, clean energy and energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure.

IRA climate provisions are subject to Justice 40.



Priority IRA Funds to Focus On

EPA Climate Pollution Reduction Grants:

- \$5B in grants for states' and cities' climate action planning

EPA Environmental and Climate Justice Community Grants:

- \$3B to community-based organizations

Greenhouse Gas Reduction Fund:

- \$20B in grants and loans to NGOs, \$7B to governments

Cleaner energy in rural areas: \$12B through USDA (exploring)

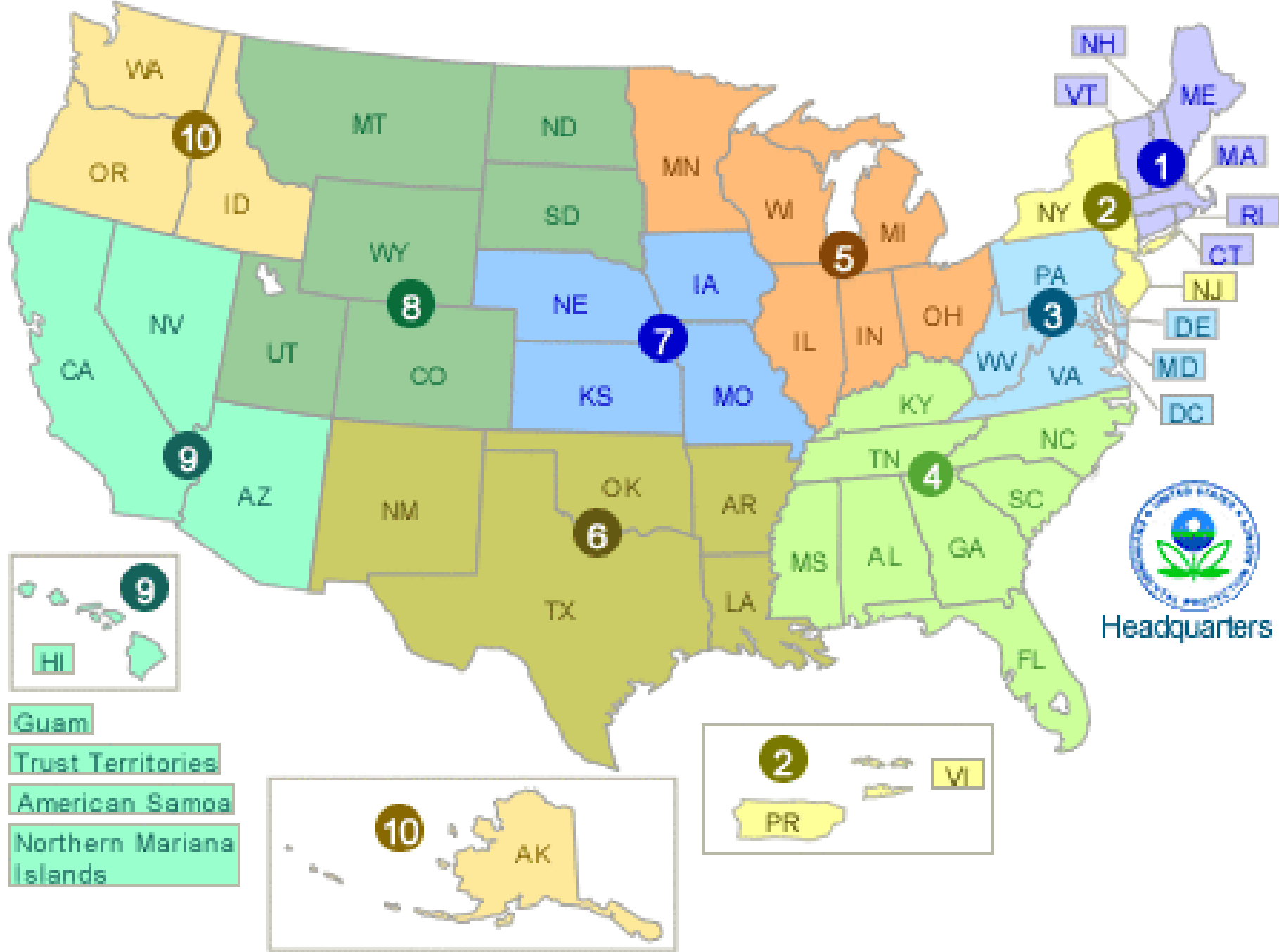
Community Benefits Plans required for DOE funding (exploring)



Key Opportunities for Grantee Partners



Hive Fund
grantee
partners are
mainly based
in EPA
Regions 4 & 6



- Guam
- Trust Territories
- American Samoa
- Northern Mariana Islands

Climate Pollution Reduction Grants: \$5B

The EPA will distribute \$5B to cities and states to create or update an existing climate action plan.

- All states in Regions 4 and 6 indicated that they will apply for \$3M each (except FL & KY).
- Cities have until April 28 to submit intent for up to \$1M each.

States are required to collaborate “with air pollution control districts and large and small municipalities statewide and **to conduct meaningful engagement with low income and disadvantaged communities.**”

Timeline:

- Priority Climate Action Plan due in early 2024
- Comprehensive Climate Action Plan due 2 years from the date of the award
- Status Report due at the close of the 4-year grant period

[More information](#)

Opportunity:

Organize in low income and disadvantaged communities to engage with state and city climate action planning

EPA Environmental and Climate Justice Block Grants: \$3B

Grants will be awarded for up to 3 years for activities that benefit disadvantaged communities.

Eligible activities

- Community-led air and other pollution monitoring, prevention, and remediation, and investments in low- and zero-emission and resilient technologies and related infrastructure and workforce development that help reduce GHG emissions and other air pollutants;
- Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events;
- Climate resiliency and adaptation;
- Reducing indoor toxics and indoor air pollution; or
- Facilitating engagement of disadvantaged communities in State and Federal advisory groups, workshops, rulemakings, and other public processes.

Eligible entities

- Partnership between (i) an Indian tribe, local government, or institution of higher education and (ii) a community-based nonprofit organization
- Community-based nonprofit organization or partnership of community-based nonprofit organizations

EPA Environmental Justice Block Grants: Opportunities

EJ Thriving Communities Grantmaking Program

EPA will select one re-granter per region to **disperse \$50M in grants to community-based organizations (CBOs) over 3 years.**

Applications for re-granters are due May 31.

Grants for the following activities will move in early 2024:

- Assessment activities – testing, sampling, monitoring, studies, etc.
 - Up to \$150,000 each, 1-year project period
- Planning activities – coalition building, coordination, outreach, etc.
 - Up to \$250,000 each, 1 to 2-year project period
- Project development projects
 - Up to \$350,000, 2-year project period

Grantmakers will also make noncompetitive small subawards for a fixed amount of \$75,000.

EPA Implementation Grants: \$2B

We are awaiting further information on this opportunity, but CBOs will likely be able to apply in summer 2023.

Eligible sub-grantees for EJ-TCGP

- Nonprofit organizations and grassroots nonprofit organizations
- Philanthropic and civic organizations with nonprofit status
- Tribal governments (both federally recognized and state-recognized) and intertribal consortia
- Native American Organizations
- Puerto Rico
- US Territories
- Freely Associated States

EPA Environmental Justice Block Grants: Resources

[Thriving Community Technical Assistance Centers](#) will provide technical assistance, training, and capacity-building support to communities (and their partners) with environmental justice concerns. Centers to start operating by the end of 2023.

Region 4

Deep South Center for Environmental Justice
Research Triangle Institute—a Raleigh-based research institution

Region 6

Deep South Center for Environmental Justice
New Mexico State University

Greenhouse Gas Reduction Fund: \$27B

Greenhouse Gas Reduction Funds will be distributed by September 2024 to intermediaries who can provide project financing (grants and loans) for eligible projects.

EPA [proposes to hold three competitions](#) in summer 2023 to distribute GGRF funds:

- **National Clean Investment Fund (\$14B):** 2-3 national nonprofits that will partner with private capital providers to deliver financing at scale to businesses, communities, community lenders, and others.
- **Clean Communities Investment Accelerator (\$6B):** 2-7 hub nonprofits to build the clean financing capacity of community development financial institutions (including Native CDFIs), credit unions, green banks, housing finance agencies, and minority depository institutions.
- **Solar for All (\$7B):** Up to 60 grants to States, Tribal governments, municipalities, and nonprofits to expand the number of low-income and disadvantaged communities that are primed for residential and community solar investment.

Open comment period:

The EPA is accepting comments on its [full GGRF framework](#) until May 12. Send feedback to ggrf@epa.gov

Greenhouse Gas Reduction Fund: Opportunities

Hive Fund has invested in building the infrastructure of financial institutions in the region that will be likely providers of technical assistance and equitable green loans and other financial products.

Potential lenders in Regions 4 & 6 include:

- Texas Clean Energy Fund
- Finance New Orleans
- NC Clean Energy Fund
- SC Clean Energy Fund
- SELF (Solar and Energy Loan Fund in Florida)

Groups and individuals will also likely be able to access loans via community development financial institutions (CDFIs), minority depository institutions (MDI), and credit unions across the South that are currently being trained to use green lending products.

These funds may be available in 2024, but timelines are shifting.

Hive Fund “Place-Plus” IRA Demonstration Zones (up to 10)

Multiyear grantmaking in iconic EJ/CJ communities to:

- Expand local organizing, advocacy, & power-building
- Boost coordination and partnerships across groups and with government
- Move shovel-worthy projects to shovel ready and full completion
- Develop and share new lending products, capital stacks, and economic frameworks that help equitable clean energy and just transition projects “pencil out” beyond pilot projects and scale
- Create and amplify stories of progress to intensify public and political support



Work is already underway in Houston, where groups met in February to share their visions and build a collaboration.

Questions?

Contact your program officer or email
info@hivefund.org

