

A Strategy for Climate Justice: Preserving Naturally Occurring Affordable Housing (NOAH) with the Greenhouse Gas Reduction Fund (GGRF)

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In 2022, the Inflation Reduction Act (IRA) empowered the EPA to establish and execute the Greenhouse Gas Reduction Fund (GGRF). This initiative represented a \$27 billion commitment aimed at addressing the climate crisis through financing and private capital to support projects that reduce greenhouse gas emissions and air pollution in communities nationwide.

The fund's commitment extended to addressing climate justice by integrating solutions that also tackle socio-economic disparities. After a history of redlining and housing discrimination, Black and Latino communities bear the brunt of pollution and effects of climate change – and it is appropriate for climate and housing to be addressed together. Specific allocations from the GGRF can support various affordable housing initiatives, including those focused on naturally occurring affordable housing (NOAH).

LIIF's Strategies

NOAH refers to housing units that are affordable, without subsidy, to low- and moderate-income (LMI) households due to market conditions. Preserving NOAH is crucial for improving access and equity in housing, as these properties are at a high risk of being lost due to rising rents and speculation in gentrifying neighborhoods. Given the broad goals and large investment of the GGRF, LIIF offers the following strategies for housing advocates to ensure optimal impact for housing preservation.

1. **Financial Incentives for Retrofits.** Energy-efficient retrofits in NOAH properties could be incentivized through funding, leading to lower emissions and reduced operating costs, making housing more affordable in the long term. LIIF is currently working with NAHT and SAHF to develop a preservation quality standard, as NOAH properties are often older buildings with fewer amenities.
2. **Supporting Community Land Trusts.** Allocating GGRF funds to community land trusts and nonprofit housing organizations can help secure and manage NOAH properties, keeping them affordable and well maintained. [LIIF's response to the GGRF's Request for Information](#) recommended the EPA include community development financial institutions (CDFIs) as eligible recipients of funding. CDFIs often administer land trusts and are uniquely able to offer their expertise to deploy these resources, particularly to community partners and small organizations that are deeply rooted in the community but may lack the capacity to meet onerous program requirements.
3. **Developing Mixed-Income Housing.** GGRF can support the development of mixed-income housing projects that include NOAH units. In markets where property values are increasing, NOAH tends to diminish as prices and rents rise. Developers with a mission-driven focus are crucial in these neighborhoods to ensure the

long-term affordability of NOAH. These developers require tools and effective strategies to succeed in strengthening markets including a mixed-income approach, utilizing rent subsidies to support low-income households and maintain consistent cash flow.

4. **Solar for All.** The GGRF's \$7 billion Solar for All program offers competitive grants to cover the cost of solar projects to LMI households. The utilization of solar energy would help these households lower their energy bills, thereby reducing operating costs for property owners and making it easier to maintain affordable rental rates. Solar installations also boost property value through increased energy efficiency, savings which can be passed on to renters, preserving affordability. Using renewable energy sources also aligns with broader sustainability goals, making NOAH properties more resilient to energy cost fluctuations and ensuring long-term affordability. Properties with solar installations can further qualify for additional funding and incentives, supporting their financial viability and allowing reinvestment in maintenance and improvements.
5. **Addressing Equity Concerns.** NOAH properties that are most at risk are often in communities of color in rapidly gentrifying neighborhoods. [The Environmental Protection Agency \(EPA\) also notes that low-income and minority communities face greater environmental and health risks](#), making climate-justice integration essential. Ensuring that GGRF allocations reach the most vulnerable communities and effectively address social disparities is fundamental to the fund's success in promoting climate justice.

Research shows that communities of color are disproportionately affected by rising housing costs and displacement. A study by the National Low Income Housing Coalition found that Black and Latino households are more likely to be severely cost burdened, spending over 50% of their income on housing. [A 2019 National Community Investment Coalition report](#) highlights that gentrification significantly impacts neighborhoods with higher percentages of Black and Latino residents, leading to displacement.

Aligning GGRF investments with the needs of at-risk communities ensures climate action also advances racial equity. This focus is fundamental to promoting climate justice and preserving affordable housing in the neighborhoods that need it most.

Conclusion

GGRF-supported NOAH initiatives can foster sustainable and equitable communities. The GGRF is the single-largest climate investment in the IRA, a generational investment from the federal government. As housing advocates, it is crucial to understand how to utilize this investment towards the preservation of affordable housing. Safeguarding these housing options through climate justice initiatives, we can address the challenges of climate change and housing affordability. By preserving homes with climate-focused solutions, we build resilient foundations for future generations.

