



Presentation to Houston City Council, Transportation, Technology and Infrastructure Committee

Federal Funding Opportunities for the City of Houston

January 12, 2023

Susan Lent, Partner, Akin Gump Strauss Hauer & Feld LLP

Agenda

- Infrastructure Investment and Jobs Act
- Community Project Funding
- Water Resources Development Act
- Inflation Reduction Act

Infrastructure Investment and Jobs Act

- On November 15, 2021, President Biden signed into law the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA, also known as the Bipartisan Infrastructure Law).
- On December 2nd, Susan Lent and the City Government Relations team briefed the TTI City Council Committee on the IIJA and funding opportunities.
- Since then, we have held biweekly meetings with the City Public Works Department and other city departments to discuss grant opportunities, coordinated drafting and submission of grant applications, scheduled meetings with relevant federal agency officials and staff to discuss grant applications and secured support from members of Congress and local elected officials for City grant applications.

Infrastructure Investment and Jobs Act

Telephone Road: Main Street Revitalization Project

- City received a \$20.96 million FY 2022 RAISE grant from DOT.
- Project will fund reconstruction that utilizes existing right-of-way to incorporate rebuilt sidewalks, optimized bus stops with bike lane compatible treatments, optimized signalized intersections, improved street crossings, protected bidirectional bike lanes, and intersection/merge lane safety treatments. Improvements will give local residents greater access to retail, restaurants, schools, and greenspace.

Infrastructure Investment and Jobs Act

Low-No Emission Grant

- METRO received a \$21,586,913 Low-No Emission Grant from the Federal Transit Administration.
- Battery electric buses and chargers will support METRO riders on routes serving areas of persistent poverty and historically disadvantaged communities.

Infrastructure Investment and Jobs Act

City submitted applications for the following additional grants:

- DOT Bridge Investment Program (BIP) for project to realign Waugh Drive Bridge to reconfigure a critical link in the transportation network into a complete street. (City did not receive this grant).
- DOT Safe Streets and Roads for All (SS4A) application for funding of the construction of new designs along Bissonnet Street from Hillcroft Avenue to South Dairy Ashford Road, transforming one of the most dangerous corridors on the Houston High Injury Network into a safe street for all. (Announcements expected in Q1 2023).
- DOT Railroad Crossing Elimination grant for West Belt Phase 1 to fund the construction of two railroad underpasses at Commerce Street/Navigation Boulevard and York Street in the East End neighborhood of Houston (Announcements expected in Q1 2023).
- DOT Reconnecting Communities: Gulfton and Beyond planning grant to study design connections across the high-speed roadways encircling Houston's most dense, diverse, and transit-dependent neighborhood to Hillcroft Transit Center, Wisdom High School, and Bray's Bayou (announcements expected in Q1 2023).

Infrastructure Investment and Jobs Act

There will be new funding opportunities in fiscal years 2023 through 2026 with many programs funded annually in each of these years.

- City submitted letters of intent for the EPA Recycling Education and Outreach and Solid Waste Infrastructure for Recycling Grant programs in December 2022. EPA will issue NOFOs for these programs in Q1 2023.
- DOT will combine fiscal year 2022 and 2023 funding for community-based electric vehicle infrastructure and PROTECT (resilience) grants.
- DOE will distribute Energy Efficiency Block Grants in Q1 2023. Funds will go directly to Houston and have broad eligibility.
- Broadband and cybersecurity funds will flow to state and City will pursue funding opportunities through state.
- Staff to monitor and identify new funding opportunities.

Community Projects

President Biden signed into law an omnibus appropriations bill that will fund the federal government in fiscal year 2023. The law includes the following community projects requested by the City of Houston:

- \$7.5 million for the Lake Houston Dam Spillway Improvement Project (Crenshaw).
- Over \$2 million for the Houston Public Library Digital Literacy program (Fletcher).
- \$1 million for the Houston Police Department Mobile Community Storefront Program (Fletcher).
- \$750,000 for the Magnolia Park Manchester Services Hub (Garcia).
- \$1.55 million for Sunnyside Park Capital Improvements (Green).
- \$1 million for the Houston Health Department Vision Health Program (Jackson-Lee).
- \$4 million for Park and Community Redevelopment with some of the funding available for the Houston Parks and Recreation Department (Jackson-Lee).

Community Projects

Looking Ahead to fiscal year 2024

- Democratic-controlled Senate is expected to continue practice of including community projects in appropriations bills. Senators Cornyn and Cruz have not requested community projects.
- Republican-controlled House voted down an amendment by a conservative Republican member to ban community projects. Rep. Kay Granger (R-TX), the incoming chair of the House Appropriations Committee, will decide whether to include community projects in the House bills.
- We will closely monitor and be prepared to request community projects for City projects from the City's House members.

Water Resources Development Act – Coastal Spine

- The Water Resources Development Act (WRDA) was included in the omnibus appropriations bill that President Biden signed into law in December.
- WRDA authorizes U.S. Army Corps of Engineers activities for flood control, navigation, and ecosystem restoration.
- Included in the law is an authorization for the Coastal Spine project to construct a barrier to protect the Houston-Galveston region from hurricanes and storm surge.
- The next step is to secure funding for construction of the Coastal Spine.

Inflation Reduction Act

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (IRA).

The IRA (1) makes funds available for grants and loans to government entities and the private sector for clean energy, greenhouse gas reduction and pollution remediation; and (2) provides a broad range of tax incentives, including a “direct pay” option for tax exempt and certain governmental entities to receive a payment from the Internal Revenue Service (IRS) in lieu of generating tax credits for investments in clean energy investments.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
EPA	Clean Heavy Duty Vehicles	\$1 billion	Local governments and contractors	Competitive grants and rebates to replace class six or seven heavy-duty vehicles with zero-emission vehicles and purchase zero emission infrastructure. At least 40% must be spent in communities that do not meet national air quality standards.
EPA	Greenhouse Gas Reduction Fund	\$27 billion	States and local governments and certain non-profit lending institutions (so called “green banks”).	Competitive grants to spur financing and the leveraging of private capital for clean energy and climate projects that reduce greenhouse gas emissions. At least \$15 billion must help low-income and disadvantaged communities deploy or benefit from projects that reduce greenhouse gas emissions and other air pollution.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
EPA	Diesel Emissions Reductions	\$60 million	State, regional and local agencies and port authorities with jurisdiction over transportation or air quality, certain nonprofits and private individuals or entities that own diesel vehicles or fleets operated pursuant to a contract, license, or lease with a governmental entity.	Competitive grants for projects to identify and reduce diesel emissions resulting from goods movement facilities and vehicles servicing goods movement facilities in low-income and disadvantaged communities.
EPA	Climate Pollution Reduction Grants	\$5 billion (\$250 million for planning grants and \$4.75 billion for implementation grants)	States, local governments, tribes and air pollution control agencies.	Competitive grants for planning and implementation of greenhouse gas reduction activities.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
EPA	Environmental and Climate Justice Block Grants	\$3 billion	Community-based nonprofits; partnerships of community-based nonprofit organizations and partnerships between community-based nonprofit organizations and tribes, local governments and universities.	Grants for community-led air and other pollution monitoring, prevention, and remediation, and investment in low- and zero-emission and resilient technologies and related infrastructure and workforce development that help reduce greenhouse gas 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; and facilitating engagement of disadvantaged communities in state and federal advisory groups, workshops, rulemakings, and other public processes

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
EPA	Funding to Address Air Pollution at Schools	\$50 million	State and local governments and non-profits.	Grants and technical assistance to address environmental issues affecting air quality at schools, develop school air and environmental quality plans that include standards for school building design, construction and renovation, to identify air pollution hazards in schools and to provide technical assistance addressing air quality in schools in low-income and disadvantaged communities.
EPA	Clean Air Act Grants	\$25 million	Air pollution control agencies as defined in the Clean Air Act, including state and local governments.	Grants for the prevention and control of air pollution.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
EPA	Fenceline Air Monitoring Grants	\$117.5 million	State and local agencies and other public or private nonprofit institutions or organizations.	Grants to monitor at or near fenceline air toxics especially in low-income areas.
EPA	Multipollutant Monitoring	\$50 million	State and local air agencies.	Grants establish new multipollutant monitoring stations and upgrade existing air quality monitoring.
EPA	Air Quality Sensors in Low-Income and Disadvantaged Areas	\$3 million	State and local agencies and other public or private nonprofit institutions or organizations.	Grants to purchase, install and operate air quality sensors in low-income and disadvantaged communities.
EPA	Grants to Reduce Air Pollution at Ports	\$3 billion	Port authorities, public entities that have jurisdiction over ports, air pollution control agencies and private entities that apply for grants in partnership with an eligible public entity.	Grants to purchase or install zero-emission port equipment or technology for use at a port, for planning or permitting of such a project and to develop climate action plans.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
DOT	Neighborhood Access and Equity Grants	\$3.2 billion. There is a 20% cost share requirement.	States, units of local government, political subdivisions, MPOs, special purpose districts or public authority with a transportation function are among the eligible applicants.	Competitive grants for context-sensitive projects that improve walkability and safety and provide affordable transportation access; mitigate or remediate negative impacts on the human or natural environment in disadvantaged communities from a surface transportation facility; and planning and capacity building activities in disadvantaged or underserved communities.
DOT	Sustainable Aviation Fuel	\$244.5 million There is a 25% cost share requirement.	State and local governments, airport sponsors and air carriers are among the eligible entities.	Grants to enable exploration and identification of supply chains, infrastructure, and distribution needs by key proponents; and for infrastructure projects to facilitate and scale fuel production, transportation, blending, storage, and use of sustainable aviation fuel.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
DOT	Sustainable Aviation Technologies	\$46.5 million. There is a 25% cost share requirement.	State and local governments, airport sponsors, air carriers, and persons or entities engaged in the development, demonstration, or application of low-emission aviation technologies are among the eligible applicants.	Grants for (1) designing, prototyping, and testing of discrete low emission aviation technologies; and (2) enhancing aircraft and engine technology testing and demonstration capabilities to accelerate development and demonstration of a broad range of low-emission aircraft technologies
DOE	Advanced Industrial Facilities Deployment Program	\$5.8 billion. There is a 50% cost share requirement.	Owners and operators of domestic industrial or manufacturing facilities engaged in energy-intensive industrial processes.	Grants to carry out projects to purchase and install or implement advanced industrial technologies; retrofits, upgrades and operational improvements at eligible facilities to install or implement advanced industrial technologies; and engineering studies and other work to prepare for the activities described above.

Inflation Reduction Act - Grants

Agency	Program Name	Funding	Eligible Applicant	Program Description
DOE	Assistance for Latest and Zero Building Energy Code Adoption	\$1 billion	States and local government with authority to adopt building codes.	Grants to assist state and local governments that have authority to adopt and implement building codes to (1) adopt codes for residential buildings that meet or exceed the 2021 International Energy Conservation Code; and/or (2) adopt a building energy code for commercial buildings that meet or exceed the ANSI/ASHRAE/IES Standard 90.1–2019.
HUD	Green and Resilient Retrofit Program - Grants and Loans	\$837.5 million with up to \$4 billion in loan authority.	Owners and sponsors of HUD-assisted properties.	Grants and loans to improve energy or water efficiency; enhance indoor air quality or sustainability; implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies; or make the properties more resilient to climate impacts.

Inflation Reduction Act – Tax Credits

- The IRA provides tax credits to accelerate investment in clean energy.
- Tax credits include the following:
 - Clean energy production and investment tax credits.
 - Advanced energy projects and manufacturing production credits.
 - Clean vehicle consumer credits.
 - Commercial clean vehicle credits.
 - Alternative fuel vehicle refueling property credits (in low income communities).
 - Clean Hydrogen production credits.
 - Carbon Capture and Sequestration Tax Credit
 - Nuclear Power Production Tax Credit
 - Clean Electricity Production Tax Credit
 - Clean Fuel Production Credit

Inflation Reduction Act – Tax Credits

- Tax-exempt entities as well as states and political subdivisions thereof are eligible for a direct payment from the IRS in lieu of a tax credit.
- The tax exempt entity will submit documentation to the IRS and receive a payment that is equivalent to the tax credit.
 - To claim the full direct pay amount, projects must meet prevailing wage and apprenticeship requirements. In the future, projects may also be required to meet domestic content requirements.
 - Projects can be fully financed with tax-exempt bonds. In that case the direct payment would be reduced by 15 percent.
- There is no prohibition on using direct pay and federal or state grant money for the same project, although there may be interactions between the two that need to be considered.
- Treasury will issue guidance this year on how it will administer direct pay.

Inflation Reduction Act – Tax Credits

The following tax credits under the IRA qualify for direct pay:

Production Tax Credits	Investment Tax Credits
Renewable Electricity Production Tax Credit	Energy Investment Tax Credit
Carbon Capture and Sequestration Tax Credit	Advanced Energy Project Credit
Nuclear Power Production Tax Credit	Clean Electricity Investment Tax Credit
Clean Hydrogen Production Tax Credit	Commercial Clean Vehicle Credit
Advanced Manufacturing Production Tax Credit	Alternative Fuel Refueling Property Credit
Clean Electricity Production Tax Credit	
Clean Fuel Production Credit	

Questions

