

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 3-23: ENVIRONMENTAL SUSTAINABILITY – MONTGOMERY COUNTY GREEN BANK

### SUMMARY

The Office of Legislative Oversight (OLO) finds the racial equity and social justice (RESJ) impact of Bill 3-23 is indeterminant. Black, Indigenous, and Other People of Color (BIPOC) constituents could benefit from increased investment in climate resiliency projects since they are disproportionately harmed by climate change. However, it is unclear from available information whether BIPOC constituents will be the primary beneficiaries of Green Bank investments.

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### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) 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, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> 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.<sup>2</sup>

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### PURPOSE OF BILL 3-23

The Environmental Protection Agency (EPA) defines climate resilience as the capacity of a system to continue functioning in the face of stresses imposed by climate change and to adapt to future climate impacts. Systems include communities, such as Montgomery County.<sup>3</sup> Actions that increase a community's climate resiliency include building infrastructure that is designed to withstand future climate conditions.

If enacted, Bill 3-23 would modify language in the County Code to allow the Montgomery County Green Bank to engage in activities and projects related to climate resilience. Proposed enabling language defines resiliency, sustainability, or climate adaptive projects as:

“[D]esigned to support property or community resilience, reliability, and environmental sustainability; property or community environmental health and environmental safety; property or community water conservation and on-site management; sustainable waste treatment; sustainable agricultural activities; and adaption of systems to manage changes to the climate, such as activities responding to extreme weather events.”<sup>4</sup>

The Green Bank is a publicly chartered 501(c)(3) nonprofit corporation focused on accelerating energy efficiency, renewable energy, and clean energy investment in the County. The Green Bank receives funding from the County, in addition to other public and private funders that finance their projects.<sup>5</sup>

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This Bill would not commit the Green Bank to engage in any specific resilience activities. The Bill also would not require the County to commit any resources to the Green Bank in support of resilience activities.<sup>6</sup>

Bill 3-23, Environmental Sustainability – Montgomery County Green Bank, was introduced by the Council on behalf of the County Executive on January 31, 2023.

In July 2022, OLO published a RESJIS for Bill 13-22, Buildings – Comprehensive Building Decarbonization.<sup>7</sup> Please refer to this RESJIS for more background on the climate gap and racial equity, including drivers of the climate gap and data on energy burden, housing, and environmental risk for BIPOC and low-income constituents.

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### THE CLIMATE GAP AND RACIAL EQUITY

Climate change has far-reaching consequences on public health, community assets, and the economy. The County's Climate Action Plan describes that, "[e]xtreme heat, severe storms, and drought are among the greatest climate threats to the County."<sup>8</sup> While climate change affects all constituents, structural racial inequities make BIPOC and low-income constituents most vulnerable to its harmful effects.<sup>9</sup>

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 and low-income communities will likely suffer more from extreme heat waves and increased air pollution; pay more for basic necessities; and have reduced or shifting job opportunities as a result of climate change. Drivers of the climate gap include racial inequities in health and health care, employment, housing, and transportation.<sup>10</sup>

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### ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 3-23 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

**For the first question,** OLO considered the demographics of the Green Bank's customers, since they would directly benefit from increased financing opportunities for climate resiliency projects. The Green Bank finances clean energy projects for residential homes and commercial properties.

After reviewing published materials on the Green Bank (i.e., Green Bank website, annual reports, Council worksession reports) OLO found no metrics on the race and ethnicity of residential customers. OLO was also unable to find comprehensive information on commercial customers (including breakdown of investments by entity types, locations, etc.) that could be used to approximate beneficiary demographics. Thus, it is unclear whether there could be disproportionalities by race and ethnicity among the Green Bank's customers.

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**For the second question**, OLO considered how this Bill could affect the climate gap. BIPOC constituents could benefit from increased investment in climate resiliency projects since they are disproportionately harmed by climate change. However, it is unclear from available information whether BIPOC constituents will be the primary beneficiaries of Green Bank investments. While the Green Bank has reported engaging in equity activities, their targeting appears to primarily be based on customer low- and moderate-income status, not race and ethnicity.<sup>11</sup> Of note, low- and moderate- income implies a household's income is less than 80 percent of the area median income, currently \$90,000 for a family of four.<sup>12</sup>

Taken together, OLO finds the RESJ impact of Bill 3-23 is indeterminant.

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## RECOMMENDED AMENDMENTS

The 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.<sup>13</sup> OLO finds the RESJ impact of Bill 3-23 is indeterminant; as such, OLO does not offer recommended amendments. However, if the Council seeks to improve the RESJ impact of the Bill, OLO offers one item for consideration:

- **Where feasible, request more detailed RESJ data collection and reporting for Green Bank investments.** OLO suggests the collection of race and ethnicity data for residential customers and commercial customers, where feasible. Reports could provide a breakdown of all Green Bank investments by race and ethnicity. For commercial customers where race and ethnicity data may be unavailable, reports could provide a breakdown of investments by entity type (e.g., affordable housing development, faith-based organization, small business, etc.) and location. More detailed reporting of RESJ data would give a baseline understanding of potential racial and ethnic disparities in Green Bank investments, which could be used to further identify opportunities for enhancing RESJ.

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## 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.

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## CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

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

<sup>2</sup> Ibid

<sup>3</sup> "Climate Adaptation and the EPA's Role," U.S. Environmental Protection Agency, September 19, 2022.

<https://www.epa.gov/climate-adaptation/climate-adaptation-and-epas-role>

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<sup>4</sup> Introduction Staff Report for Bill 3-23, Introduced January 31, 2023.

[https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230131/20230131\\_4A.pdf](https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2023/20230131/20230131_4A.pdf)

<sup>5</sup> “About Us,” Montgomery County Green Bank. <https://mcgreenbank.org/about-us/>

<sup>6</sup> Introduction Staff Report for Bill 3-23

<sup>7</sup> RESJIS for Bill 13-22, Office of Legislative Oversight, Montgomery County, Maryland, July 7, 2022.

<https://montgomerycountymd.gov/OLO/Resources/Files/resjis/2022/Bill13-22.pdf>

<sup>8</sup> “Montgomery County Climate Action Plan,” Department of Environmental Protection, Montgomery County, Maryland, June 2021.

<https://www.montgomerycountymd.gov/climate/Resources/Files/climate/climate-action-plan.pdf>

<sup>9</sup> Ibid

<sup>10</sup> Rachel Morello-Frosch, et al, “The Climate Gap: Inequalities in How Climate Change Hurts Americans & How to Close the Gap, Dornsife Center, University of Southern California, May 2009. <https://dornsife.usc.edu/pere/climategap/>

<sup>11</sup> Worksession Staff Report, FY23 Operating Budget – Montgomery County Green Bank Non Departmental Account, May 5, 2022.

[https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20220505/20220505\\_GOTE1.pdf](https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2022/20220505/20220505_GOTE1.pdf)

<sup>12</sup> FY 2022 Income Limits Documentation System, U.S. Department of Housing and Urban Development.

<https://www.huduser.gov/portal/datasets/il.html>

<sup>13</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council