

EPA Climate Pollution Reduction Grant: Space-Efficient, Affordable and Workforce Housing

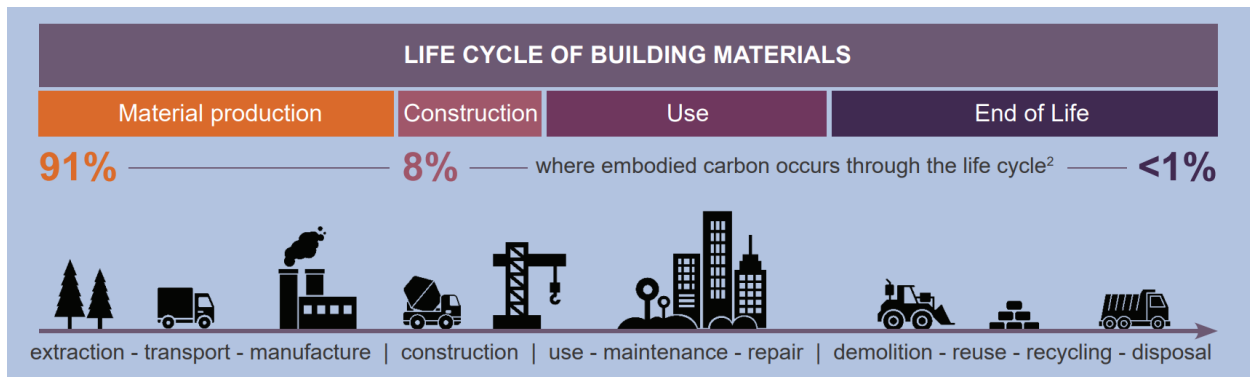
Background of EPA grant

The [Climate Pollution Reduction Grant \(CPRG\) Program](#) is one of many federal funding opportunities created through the [Inflation Reduction Act](#) and administered by the U.S. [Environmental Protection Agency](#). This grant program has a two-step process—planning then implementation. The State of Oregon has developed a Priority Climate Action Plan (PCAP), due to EPA March 1, 2024, to highlight meaningful opportunities to reduce climate pollution. The State of Oregon is also seeking Climate Pollution Reduction Grants (CPRG) to support the implementation of strategies outlined in the PCAP. The CPRG application is due to EPA by April 1, 2024.

Oregon's PCAP focuses on strategies to reduce emissions from transportation, residential and commercial buildings, as well as waste and materials. Space-efficient housing is one of the twelve strategies proposed within Oregon's CPRG application.

What is the strategy and why was it selected

Building materials account for 8 percent of [Oregon's consumption-based greenhouse gas emissions](#). These emissions are associated with the extraction, manufacturing, transport, construction, and disposal of these materials, and are often referred to as "embodied carbon".



House size is among the most important determinants of the environmental impact of housing. A [DEQ report](#) found the operational and embodied carbon impacts of extra-small homes (1149 square feet in the study) are reduced 20 to 40 percent compared to medium sized homes. Smaller, space-efficient homes can include Accessory Dwelling Units (ADUs), duplexes, triplexes, quadplexes, cottage cluster, townhouses, and multifamily.

If awarded, CPRG funds would incentivize construction of space-efficient affordable or workforce housing. The projects funded through this program will serve as demonstration projects. Outcomes from the demonstration projects will inform future projects and help guide state and local policy that could continue to support space-efficient housing.

Implementation

To implement this measure, DEQ would serve as a pass-through entity, distributing funds to local governments for implementation. The local governments would run a competitive grant process to distribute the funds to support space-efficient housing development in their communities. DEQ has established a per unit fixed incentive of up to \$20,000. In addition, DEQ anticipates up to 5 percent of grant funding will be utilized to support administration of the award by local governments.

Projects would need to meet the following requirements to be eligible for funding:

- Build space-efficient housing, defined as an average of 800 square feet per unit, with some variation based on number of bedrooms
- At least 25 percent of new housing units must be < 80% AMI, all others must < 120% AMI
- Maintain affordability of units for a minimum of 5-years
- Reduce total embodied carbon of new materials used by 10 percent
- Davis-Bacon Act prevailing wage
- Complete construction of units within the implementation period (see estimated timeline below)

Estimated 5-year timeline (firm deadlines underlined):

- March 14, 2024 – letter of support from local governments due to DEQ to be included in CPRG application
- April 1, 2024 – DEQ submits Climate Pollution Reduction Grant application to EPA
- July 2024 – Anticipated EPA issues notification of funding selection
- October 2024 – Anticipated award and beginning of implementation period (if awarded)
- October 2024 – June 2025 – local governments run competitive grant process
- June - October 2025 – local governments award grants and execute contracts
- October 2025 - April 2029 – implementation
- May - October 2029 – Close out, end of CPRG implementation period

Roles and responsibilities of DEQ

- Pass-through entity distributing funds to local governments
- Oversight of implementation of strategy across all jurisdictions, ensuring compliance with Federal requirements, including reporting to EPA
- Development of key requirements, review of RFP materials and eligibility of received proposals
- Technical assistance to local project teams relating to embodied carbon of materials
- Reallocation of funds if any jurisdiction is unable to fully utilize funds within implementation period (as determined in coordination with local jurisdictions)

Roles and responsibilities of local governments

- Project compliance and reporting oversight in alignment with federal and state requirements
- Administration of competitive grant process, in collaboration with DEQ as needed
- Regular communication and reporting with DEQ regarding status of implementation