

Justice in Urban Climate Finance

Analyzing How Cities are Funding and Financing Just Urban Transitions

July 20, 2023

Urban climate finance refers to any funding, debt financing, and other hybrid mechanisms used by city governments to pay for climate policies and programs

Funding

- Municipal revenue from taxes, fees, and other charges.
- Grants from state and federal governments.
- Grants from philanthropy and the private sector.

Debt financing

- Municipal bonds (general obligation bonds, revenue bonds, green bonds, climate bonds, social impact bonds)
- Loans
- Green and climate banks

Public-private partnerships

Why cities? Why climate finance?

- **Cities** have been important sites of climate action for more than two decades.
- Implementing climate actions requires **significant investments** that inevitably entangle climate action with municipal finance.
- Whether and how cities are able pay for climate action for **social justice** in cities.
- New **federal efforts** attempt to fill in current gaps in climate finance and direct resources towards environmental justice communities.
- Urban climate finance remains a **vastly unexplored area of research** and we lack knowledge of how cities' climate actions are, or *should be*, financed to achieve **just urban transitions**.

This research was designed based findings from our previous work on urban climate finance

- Municipal financial decisions and budgetary practices are shaping **how, when,** and **for whom** cities are responding to climate change.
- Climate action and justice are already being integrated into, and potentially beginning to **transform**, municipal finance in the U.S.
 - Cities are integrating climate and/or justice criteria into budget allocation processes.
 - Cities are creating climate-specific funding tools with justice components.



- **How are cities paying for climate action?**
- **How are cities integrating climate action and climate justice into municipal budgets?**
- **How can we track and compare cities' expenditures in climate action?**

We will conduct a systematic content analysis of municipal budgets across cities of different sizes in the US

- **Methodology**
 - Systematic content analysis of municipal budgets.
 - NVivo 12 Pro
 - Iterative coding combining deductive and inductive coding.
- **Cases**
 - **Initial goal:** 10 large cities previously identified as explicitly incorporating justice into their climate action planning.
 - **New goal:** 30 – 50 cities of all sizes
- **Period of analysis**
 - Last five fiscal years (FY2019 to FY2023).

We began to design our coding protocol with 3 large cities engaged in climate action and climate justice work

- Portland, OR
- Dallas, TX
- San Diego, CA

FISCAL YEAR
2019

MAYOR KEVIN L. FAULCONER
Volume 1
Budget Overview and Schedules

- Executive Summary
- City Profile
- Budget Development Process
- Citywide Budget Overview
- General Fund Revenues
- General Fund Expenditures
- Fiscal Policies
- Performance Management
- Debt Obligations
- Financial Summary and Schedules
- Capital Improvements Program
- City Agencies
- Glossary
- Appendix

ADOPTED BUDGET

— CITY OF DALLAS —

ANNUAL BUDGET
Fiscal Year 2020-21

October 1, 2020 - September 30, 2021

As Approved on September 23, 2020 by

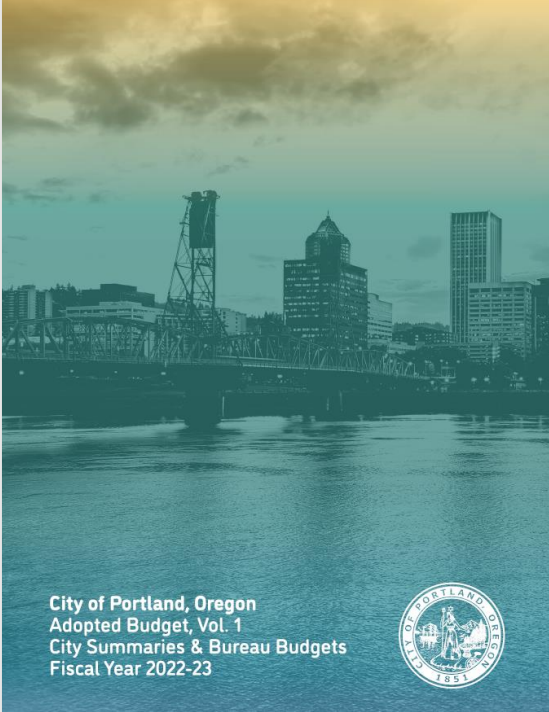
The Honorable Mayor
and
Members of the City Council

Adoption of the Fiscal Year 2020-21 Annual Budget				
Council Member	Record	Council Member	Record	Council Member
Mayor Eric Johnson	No	Carolyn King Arnold	Yes	Paula I.
MPT Adam Medrano	No	Jaime Resendez	Yes	Lee M.
DMPT B. Adam McGough	No	Omar Narvaez	Yes	Cara N.
Chad West	Yes	Adam Bazaldua	Yes	Jennifer
Casey Thomas, II	Yes	Tennell Atkins	Yes	David


	FY 2019-20
Adopted Property Tax Rate	\$0.776600
No New Revenue Tax Rate	\$0.747203
No-New-Revenue Maintenance and Operations Tax Rate	\$0.545106
Voter Approval Tax Rate	\$0.796214
Debt Rate	\$0.207500

The total amount of bonds and other debt obligations owed by the City of Dallas is \$2,073,620,416.

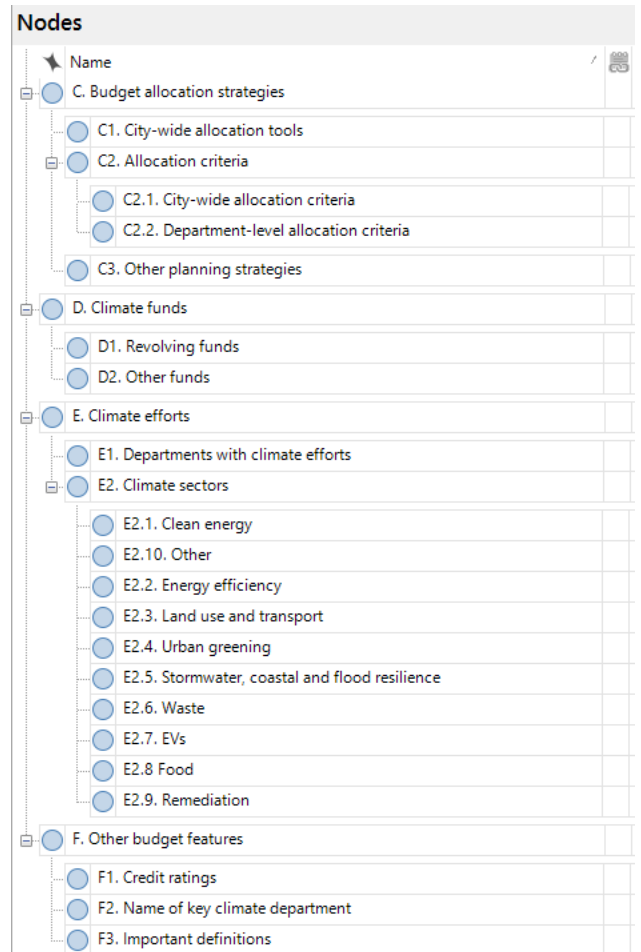
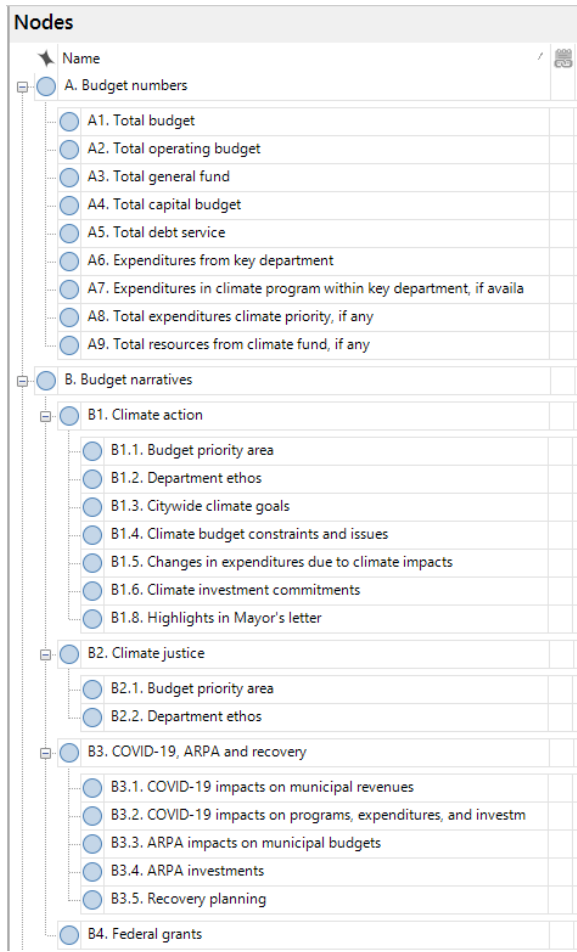
This budget will raise more revenue from property taxes than last year's budget by an amount of \$55,518,582, which is 5.10 percent more than last year's budget. The property tax revenue to be added to the tax roll this year is \$27,194,128.



City of Portland, Oregon
Adopted Budget, Vol. 1
City Summaries & Bureau Budgets
Fiscal Year 2022-23



Current coding protocol has 55 “nodes”



Identifying the specific sources and tools that cities use to pay for climate action may not be possible by analyzing municipal budgets

Some challenges:

- What counts as climate action?
- Some cities have earmarked revolving funds dedicated to climate action. In most cases, expenditures just come from cities' general fund. This may come from any taxes, fees, and other municipal revenues.
- Some cities may identify external grants used for climate action; others do not.
- Certain climate finance mechanisms such as public-private partnerships may not show up in municipal budgets.

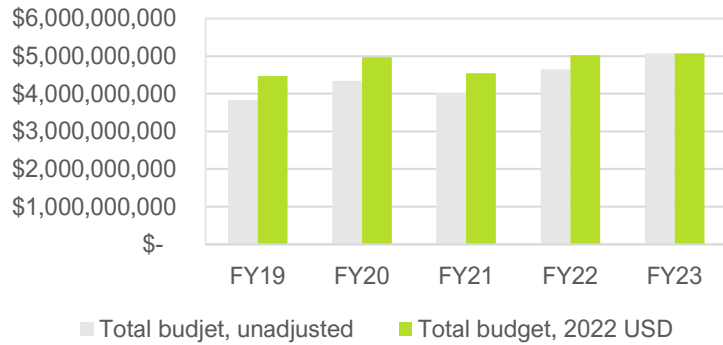
Some cities are using budget allocation tools and criteria related to climate and justice

- Portland has the “**Budget Equity Tool**”
- Dallas has the “**Budgeting for Equity Tool**”
- San Diego uses “**Priority Scores**” to select projects for their capital budget.
 - Sustainability and Conservation
 - The following factors shall be considered in scoring this prioritization factor:
 - a. Project benefits Communities of Concern identified by the Climate Equity Index.
 - b. Project advances the Climate Action Plan goal of net zero greenhouse gas emissions by 2035.
 - c. Project promotes climate resiliency by reducing heat island effect, increasing natural habitat, increasing trees and green spaces, improving water quality, or increasing independence for local energy or water resources. [...]

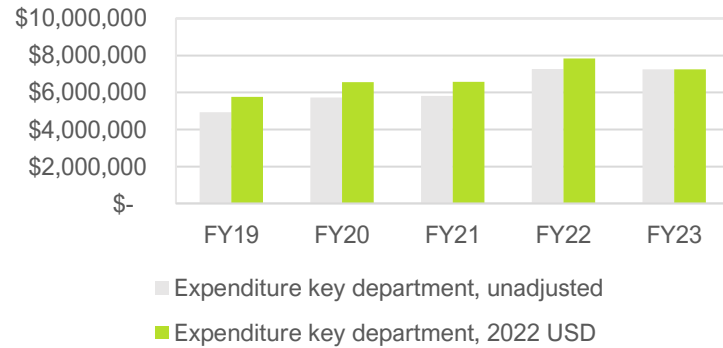
We identified potential proxies that may be used to compare cities' climate expenditures

- Reported expenditures in **key budget priorities**
 - San Diego reports expenditures allocated to “Implementing Climate Action Plan”
 - Dallas reports expenditures allocated to “Environment & Sustainability”
- Reported expenditures in **key department** dedicated to climate action
 - Portland has the Bureau of Planning and Sustainability
 - San Diego has the Department of Sustainability and Mobility
 - Dallas has the Office of Environmental Quality & Sustainability
- Reported expenditures in **climate program** within a key department
 - Portland reports expenditures from the Bureau of Planning and Sustainability that are dedicated to the “Climate, Energy & Sustainable Development Program”

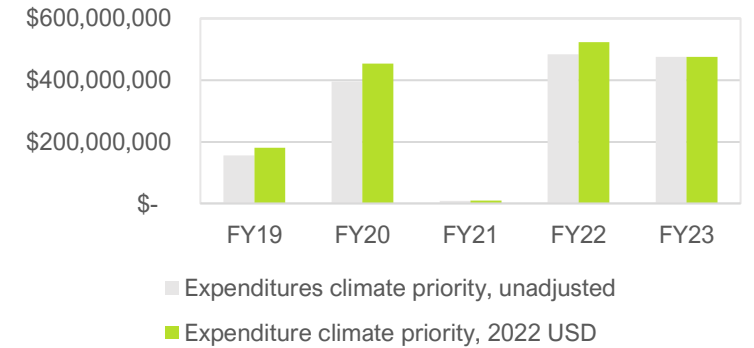
SAN DIEGO, TOTAL BUDGET



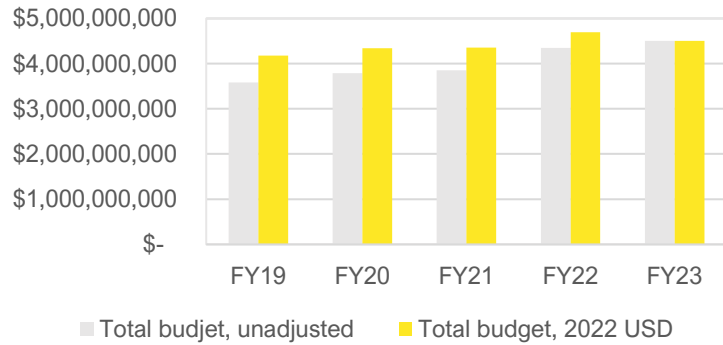
SAN DIEGO, KEY DEPARTMENT



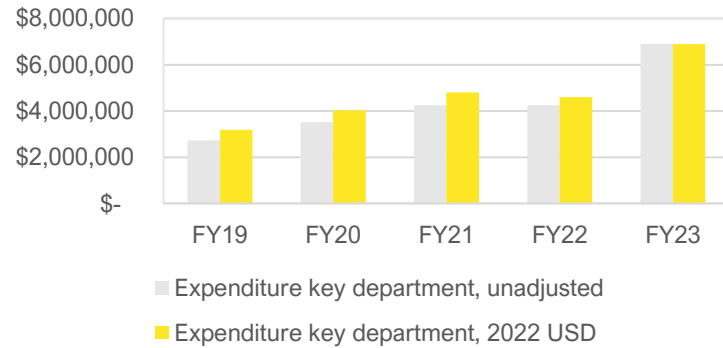
SAN DIEGO, CLIMATE PRIORITY



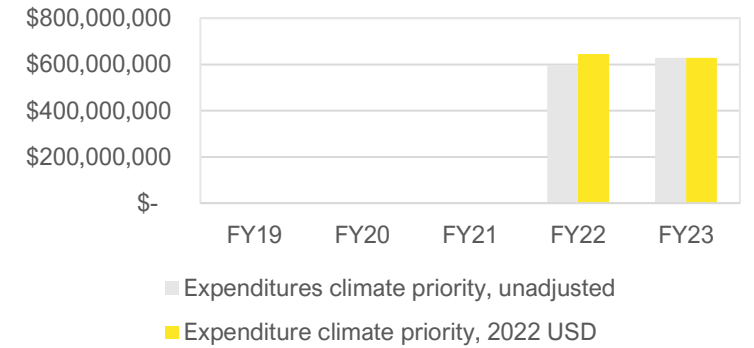
DALLAS, TOTAL BUDGET



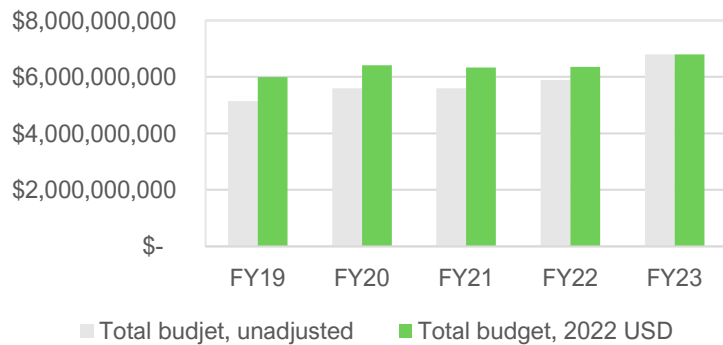
DALLAS, KEY DEPARTMENT



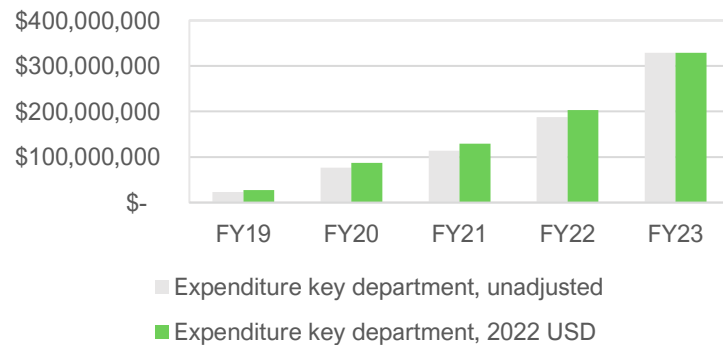
DALLAS, CLIMATE PRIORITY



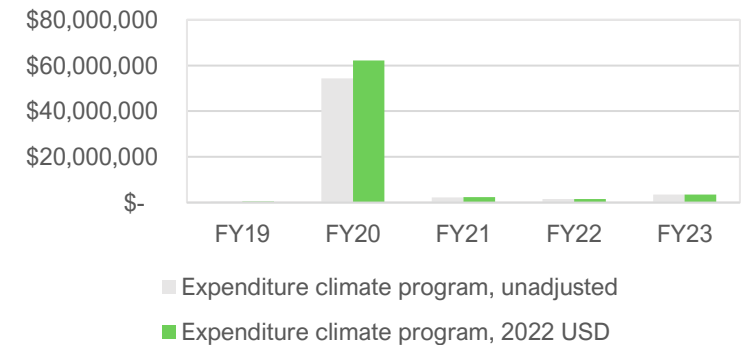
PORTLAND, TOTAL BUDGET



PORTLAND, KEY DEPARTMENT



PORTLAND, CLIMATE PROGRAM



Next steps

- Test coding methodology with other types of cities
- Finalize coding protocol
- Refine research questions to fit the types of data that can be collected from municipal budgets.

Expected outcomes

- Academic journal article (part of Ph.D. dissertation chapter)
- IGS final product (short video)
- Visualizing Energy



Questions?

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