



January 3, 2023

Deanne Criswell  
Administrator, Federal Emergency Management Agency  
500 C Street SW  
Washington, DC 20472  
Via [FEMA-IGA@fema.dhs.gov](mailto:FEMA-IGA@fema.dhs.gov)

Re: Creating Stronger Incentives for Nature-Based Solutions Within the Building Resilient Infrastructure and Communities (BRIC) Program

Dear Administrator Criswell:

Thank you for leading FEMA’s commitment to promoting nature-based solutions—a commitment that NRDC shares. Nature-based solutions (“NBS”) projects protect, restore, and enhance natural systems such as wetlands, floodplains, and riparian corridors. Not only do these projects improve communities’ resilience to flooding and other hazards, but—when carried out at a watershed or landscape scale—they are powerhouses at addressing the interrelated crises of climate change and biodiversity loss. Nature-based approaches are flexible, adaptable, and deliver a wide range of social and economic benefits. We stand ready to assist FEMA in using all the Agency’s available tools to support NBS projects.

The Building Resilient Infrastructure and Communities (BRIC) program is one of FEMA’s most powerful mechanisms for accelerating nationwide implementation of nature-based projects to meet the Biden Administration’s 30x30 goals, building communities’ capacity to carry out those projects, and ensuring that resources for nature-based solutions are distributed equitably. FEMA has repeatedly listed nature-based projects as one of the BRIC program’s top priorities in its annual notices of funding opportunity (NOFOs). Yet in FY21 fewer than 40 percent of projects funded through the BRIC national competition included any nature-based elements at all—a far lower percentage than in FY20, when over 80 percent of projects included NBS components.

While FEMA has encouraged applicants to submit more innovative mitigation projects that include NBS components, the pool of proposals is still fairly shallow.<sup>1</sup> FEMA must explore meaningful program design changes to assure applicants that nature-based solutions will be competitive for FEMA grant support.

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<sup>1</sup> FEMA, Notice of Funding Opportunity for Fiscal Year 2022 Building Resilient Infrastructure and Communities Program, p. 5 (Aug. 2022), [https://www.fema.gov/sites/default/files/documents/fema\\_fy22-bric-nofo-fact-sheet\\_08122022.pdf](https://www.fema.gov/sites/default/files/documents/fema_fy22-bric-nofo-fact-sheet_08122022.pdf). See also NRDC, “Building Resilience, BRIC by BRIC: Fall 2022 Update” (Sept. 2022), <https://www.nrdc.org/experts/anna-weber/building-resilience-bric-bric-fall-2022-update>.

Doing so could boost the quantity and quality of projects that feature nature-based solutions and also aid in attaining the Administration's conservation targets.

As we approach the two-year anniversary of the executive order establishing the 30x30 initiative, NRDC offers the following recommendations for strengthening BRIC's policies on nature-based projects. We would appreciate the opportunity to discuss them with you at your convenience.

1. Create a mandatory minimum 20 percent set-aside within BRIC for nature-based projects.

Setting aside a dedicated pot of NBS funding within BRIC would demonstrate FEMA's enduring commitment to supporting natural hazard mitigation approaches and increase the number of nature-based project applications. A minimum 20 percent set-aside would ensure that resources are always available for these critical projects and avoid the need for NBS-focused applications to compete against the general pool of applicants.

Set-asides have a proven track record of incentivizing beneficial projects in other federal funding programs. For example, the Clean Water State Revolving Fund (CWSRF), the nation's largest source of funding for wastewater and stormwater infrastructure, includes a 10 percent set-aside for green infrastructure, water efficiency, energy efficiency, and other environmentally innovative projects. This is known as the Green Project Reserve (GPR).<sup>2</sup> Prior to the adoption of the GPR in 2009, most states had little or no history of funding green projects through the CWSRF. The establishment of the GPR led many states to do so for the first time, and over the past decade, the GPR has provided resources for hundreds of green projects across the country.

FEMA can use the Green Project Reserve as a model or example in establishing a NBS set-aside within BRIC, and we would be happy to share lessons learned from that program. Importantly, the new funding coming into BRIC from last year's bipartisan infrastructure law (the Infrastructure Implementation and Jobs Act of 2021) provides the perfect opportunity for set-asides now that the overall amount of money available for resilience projects has significantly expanded.

2. Reduce benefit-cost analysis hurdles for NBS projects.

Because of the inherent difficulty of quantifying ecosystem benefits, nature-based projects tend to face challenges competing against traditional infrastructure projects in a benefit-cost analysis (BCA). Moreover, unlike traditional infrastructure, the value of NBS projects typically increases rather than decreases over time, so applying the standard discount rate misrepresents the longevity of their benefits and unfairly disadvantages their ability to satisfy cost-effectiveness requirements.

FEMA took an important step toward addressing the latter obstacle with its October 6, 2022, policy memo allowing certain types of projects to utilize a lower BCA discount rate than the standard 7 percent. Two specified project types—those addressing climate change impacts and those providing hard-to-quantify benefits—encompass nature-based solutions. As a result, this new policy will appropriately result in more NBS applications meeting the required benefit-cost ratio for BRIC projects. FEMA should continue to publicize this policy change and provide communities with examples of the kinds of projects that would be eligible.

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<sup>2</sup> The Green Project Reserve has traditionally been enacted via annual appropriations bills. See Consolidated Appropriations Act 2021, p. 329, <https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf>.

Building on this positive change, FEMA should also broaden the kinds of ecological and social benefits considered in BCA beyond what's allowed under the current ecosystem services benefits policy. For example, applicants should be allowed to count benefits that accrue outside the immediate project area, which are typical of nature-based solutions. FEMA should also complete studies of NBS project benefits—generally and/or regionally—that project applicants can refer to without having to complete their own analysis. Such “pre-calculated benefits” have been extremely helpful for other project types and would make it easier for communities with less technical and financial capacity to apply for NBS project funding.

### 3. Support capacity-building activities for local governments.

Policy changes prioritizing project applications that include nature-based solutions can only make a difference in funded project outcomes if applicants have the capability to develop and submit those applications in the first place. Stakeholders have reported that localities need more technical and administrative capacity to understand the efficacy and funding eligibility of NBS approaches and to design, plan, and implement NBS projects. This capacity gap is an equity issue: disadvantaged communities that lack the ability to seek resources for nature-based projects will enjoy fewer of those projects' benefits than well-resourced communities. Indeed, this pattern has been evident in BRIC awards thus far, with the NBS projects selected for funding largely coming from applicants that can afford to hire consultants to prepare applications.

Currently, capacity-building activities can only be funded under BRIC's state/territory allocation and tribal set-aside, they are subject to low dollar caps, and they must compete against funds for project implementation within each state or territory. This approach to capacity-building does not meet the needs of communities. In order to build the pipeline of NBS projects while meeting the goals of the Biden Administration's Justice40 Initiative, FEMA should make high-priority capacity-building activities eligible for the BRIC national competition, create a dedicated set-aside for these activities, and incentivize them via revised scoring and/or cost-share policies. Further, FEMA should continue to expand its own direct technical assistance efforts, building on the efforts announced in the FY22 NOFO.

### 4. Revise the BRIC technical scoring criteria to better prioritize NBS projects.

FEMA currently uses an “all or nothing” approach to scoring a project's inclusion of nature-based solutions: all applications that incorporate NBS receive the same 10 points regardless of the scale or scope of the project's nature-based components. Under this system, applicants only have to describe how they incorporated one or more qualifying (nature-based) activities. This low bar means there is no incentive to do more than the minimum necessary to earn those 10 points. Far from encouraging or incentivizing the use of nature-based solutions to create ambitious and scalable projects, the current scoring rewards inclusion of minor nature-based elements as a component of a much larger project.

To create a stronger incentive structure, FEMA should adopt a tiered point system for NBS so that projects incorporating nature-based components more extensively will receive more points, increasing their chances of receiving funding. Other points categories in the BRIC technical criteria are already tiered (the building codes and disadvantaged communities categories), so creating a tiered points category for NBS would be consistent with FEMA's overall scoring methodology.

Additionally, FEMA should award more points to nature-based projects overall, in recognition of their many wide-ranging benefits. The current technical criteria provide only 10 points to NBS, out of a possible 115 points. This is not commensurate with the true value of nature-based projects and is too low to give such projects a meaningful advantage in the scoring process.

5. Improve data availability and transparency around BRIC-funded NBS projects.

The data FEMA releases about selected projects does not provide information about how much BRIC funding is supporting nature-based solutions. Because of the “all or nothing” approach to nature-based solutions described above in point #2, members of the public cannot determine whether a project tagged “NBS” in FEMA’s online BRIC database includes a small nature-based component or is fully nature-based, or the proportion of the project funding that is directed to nature-based elements. Ascertaining the true extent of each project’s NBS components is made more difficult by the limited narrative descriptions available on the website.

The FY22 NOFO recognizes the interest in tracking this information, but not only is it impossible for outside parties to do so, FEMA staff have indicated that they are not currently able to do it either. For accountability purposes, FEMA should provide sufficient staff capacity to allow the agency to compile and publicly share details on the nature-based elements of each BRIC-funded project, including the proportion of the overall project cost that supports nature-based solutions.

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Thank you for considering these recommendations. We look forward to discussing them with you.

Sincerely,



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NRDC

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