

**STATEMENT OF MR. DAMON BURNS, CHIEF EXECUTIVE OFFICER, FINANCE
AUTHORITY OF NEW ORLEANS**

NEW ORLEANS, LOUISIANA

ON

**“CREATING A CLIMATE RESILIENT AMERICA: SMART FINANCE FOR STRONG
COMMUNITIES”**

U.S. HOUSE OF REPRESENTATIVES SELECT COMMITTEE ON THE CLIMATE CRISIS

DECEMBER 11TH, 2019

Chairwoman Castor, Ranking Member Graves and Committee Members, my name is Damon Burns and I am from New Orleans, Louisiana. I am the Chief Executive Officer of The Finance Authority of New Orleans; a green housing and development finance agency that has invested over \$650 million into New Orleans since 1978. My organization serves all New Orleanians under the leadership of our Honorable Mayor LaToya Cantrell. Our long-term vision is to create a climate resilient New Orleans that provides all communities with a decent quality of life. It is an honor and privilege to be here with you today and discuss “Creating a Climate Resilient America: Smart Finance for Strong Communities”.

Now the youthful age of 301, New Orleans, Louisiana is older than United States itself. New Orleans has always played an important role in the development of America. Be it international trade, mortgage backed securities, jazz, gumbo, infrastructure or bounce music: New Orleans has given this world some of its best innovations. Prior to being known as New Orleans, the land on which it sits was occupied by an advanced civilization of mound builders that mastered the art of living along the Mississippi River. The spirit of these ancient "New Orleanians" lives on because we must now re-master the art of living with water and other climate risks.

In New Orleans, our first-hand experience suggests that climate change is not an opinion: it is the Law of the Universe and we must heed Mother Nature’s warnings. New Orleans and surrounding communities face climate challenges unlike any city in the United States. In our view, climate resiliency is a necessity as opposed to a political stance or market ideology. It is the price to pay for being a water dependent civilization. With sea levels potentially rising over 10 feet within the next 100 years and aging infrastructure, New Orleans must be proactive about ensuring a sustainable future for generations.

The Finance Authority of New Orleans is a living example of the potential social and economic damage that climate events can inflict upon communities. Prior to Hurricane

Katrina in 2005, FANO invested more than \$650 million into New Orleans over the course of 25 years benefiting more than 7,000 families. However, FANO's balance sheet assets declined by over \$350 million or 95% In the aftermath of Hurricane Katrina due to inadequate levees and infrastructure leading to families being displaced. The Great Recession immediately followed Hurricane Katrina and placed more stress on our financial condition and ability to invest in New Orleans. Such a significant loss of community wealth is damaging in an impoverished city like New Orleans. For many members of our community, FANO is their only access to capital for homeownership.

In 2015, the City of New Orleans established a Climate Resilience Plan, which includes (1) embracing environmental change, (2) physically transforming New Orleans to increase resiliency against climate events, and (3) creating new job opportunities for distressed communities. In response, The Finance Authority of New Orleans has updated its business model to execute the "green" financing component of the City's Climate Resilience Plan. Beginning in 2020, FANO will provide capital to homeowners, businesses, and government agencies to stimulate the development of green homes, green infrastructure, stormwater systems, renewable energy, and other investments that advance the City's Climate Resilience Plan. These projects must utilize commercially viable techniques and technologies, such as permeable pavement, rain barrels, solar panels, and clean energy transportation. FANO is also prioritizing support for minority owned businesses and early stage technology companies developing solutions to help cities mitigate the effects of climate change. Our goal is to invest \$500 million into the New Orleans economy over the next 5 years. Large corporations are being engaged to play a role as well. We need all hands-on deck if we are going to protect New Orleans from the next Hurricane Katrina.

New Orleans' story represents Earth's constantly evolving climate reality and underscores the lack of investment America has made into critical infrastructure to protect our cities. Members of the United States Congress must take decisive action to ensure a climate protected future. As of today, America is not prepared for this new climate reality. Provided below are suggested actions from the perspective of local governments for making America more climate resilient:

Educate America About the Realities of Climate Change

- **Encourage cities to adopt common Climate Resiliency plans.** Solutions for climate resiliency will vary per community. Nonetheless, cities should be encouraged to develop plans that can translate to other communities. Doing so will aid communication between cities and help markets develop around the economic activity that will stem from cities investing in climate resilience.
- **Inform the public that climate change is a reality and must be taken seriously.** The Federal Government has the responsibility to ensure public safety. Climate change is a public safety issue above all. Education campaigns targeting households and businesses should be launched in collaboration with cities and state governments.

Physically Transform America by Investing in Climate Resilience

- **Incentive municipal bond investors to buy “green bonds”.** There has been interest in municipal green bonds, but issuance in 2018 was only \$4.9 billion or about 1.5% of total municipal bond issuance for 2018. There is currently minimal financial incentive for investors to buy green bonds. Green bonds must be placed into a special category to encourage investors to make the transition so that we can physically transform America. Some are investing in green bonds because of internal investment policy mandates but greater stimulation is needed to make the municipal bond market fully adopt green bonds.
- **Reestablish the renewable energy tax investment credit program and create tax credits for green infrastructure.** Cities are maxed out on municipal debt. The municipal bond market currently funds approximately 90% of all capital projects. Cities do not have the ability to sell equity to investors as corporations do, which limits their market-based sources of funds to invest in climate resiliency. There is simply not enough capital to fund the trillions of dollars of infrastructure investment America needs to upgrade itself. Robust tax credit programs for renewable energy and green infrastructure projects would stimulate more public private partnerships and job creation.
- **Create a market for affordable climate resiliency insurance.** Government insurance is a critical component of capital markets. Many households and businesses are unable to access capital markets without government insurance products. Insurance for climate resiliency is no different. Insurance products tailored for climate resiliency need to be created to bring efficiency and access to the marketplace.

Create Opportunity for Underinvested Communities

- **Use climate resiliency as an opportunity to rebuild damaged communities.** Many American communities are broken from a history of disinvestment and racial injustice. America has the opportunity to recreate its cities in a fair and equitable manner. The Federal Government should create incentives for minority and women owned businesses to play a key role in the physical transformation of America. So called “Black” communities around the country are at an even higher risk of failure due to the digital technology transition we are currently experiencing. Many of the jobs these families depend on for an additional paycheck will be obsolete in the coming years resulting in more poverty. Investing in minority businesses and communities is critical to the long-term success of America. Failing to do so will prevent America from reaching its full potential.

Climate change is an issue this entire country should rally around regardless of race or political affiliation. America has the capacity to lead Earth in a new direction. Ignoring the power of Mother Nature does nothing but put us all at risk of displacement. The climate of Earth will constantly evolve, and we must evolve with it. America has a chance to recreate itself by investing in climate resilience. America also has the opportunity to

rebuild communities that it damaged through enslavement, racial segregation and private prisons. If America is to stand the test of time, it must rebuild in a fair and equitable way. No community should be left behind, and no community should be given an unfair advantage over the other if we are to reach the apex of our potential.

Thank you for the opportunity to communicate the climate resiliency needs of New Orleans and other cities facing similar issues. I urge you to take actions that place all of America's people in a position to live a decent quality of life. If we do not take care of the Earth, the Earth will not take care of us.