

Cities are leaders in climate policy and planning, and many cities have developed local climate action plans (CAPs) that envision strategies to reduce emissions and increase resilience in a changing climate. Hundreds of local governments in California have adopted such plans, ranging from dense Bay Area cities to rural Central Valley counties. However, [few of these cities](#) have built detailed strategies to advance equity goals—and even fewer have figured out how they will fund their ambitious climate investments. A new CLEE analysis for San Francisco lays out a framework for equitable CAP revenue generation and implementation.

San Francisco's [CAP](#) envisions a sustainable and equitable climate future. The CAP, released in 2021, details emissions reduction strategies across six categories: energy supply, building decarbonization, transportation and land use, housing, green infrastructure, and waste reduction. Within these categories, the CAP puts forth 31 strategies and 159 actions to achieve net-zero emissions citywide by 2040 while rooting decisions in racial and social equity, economic opportunity, public health, and community resilience.

These actions range from investing in active transportation infrastructure and increasing affordable housing near transit to decarbonizing buildings and supporting green construction apprenticeship programs. Some actions are ambitious but easy to envision (like restoring wetland habitats and improving urban forests) while others are less tangible (for example, advocating for state and federal regulations to limit refrigerants with high global warming potential). If implemented, the full suite of actions described in the CAP will solidify San Francisco as an innovative and ambitious climate leader and will reduce citywide emissions substantially.

But proposing ambitious actions is only the first step; the City's vision cannot be realized without sustained revenue streams to pay for implementation. Over the coming decades, San Francisco will need to secure tens of billions of dollars to deploy the emissions reduction plan set forth in the CAP. While one-time and short-term funding sources—such as federal and state grants like those codified by the Inflation Reduction Act, Infrastructure Investment and Jobs Act, and the California State Budget—will provide crucial resources, the City simultaneously must generate diverse and sustained revenue to ensure delivery of its climate vision through 2040 and beyond.

CLEE's [new report](#) analyzes funding and financing strategies to generate sufficient revenue for San Francisco's CAP implementation. The San Francisco Department of the Environment engaged CLEE to assess potential revenue-raising mechanisms

and recommend priority actions. CLEE engaged nearly 100 community stakeholders, climate finance and policy experts, and City staff to understand priorities and best-fit strategies. Drawing from interviews and two small group workshops, the report recommends a group of immediate- and medium-term revenue generation mechanisms, alongside a number of priorities for implementing the CAP (such as city staffing and coordination) and ensuring equity (including oversight councils and impact assessments). The City can mix and match the recommendations as it sees fit.

Example recommendations include:

- Proposing and passing general obligation bonds for building decarbonization, housing, and transportation, contingent upon an increase in the City's existing general obligation bond limits. For example, the funds from a building decarbonization bond could be invested in a set of programs to fund retrofit grants for lower-income residents and multifamily buildings and support financing for moderate- and upper-income residents.
- Instituting downtown vehicle congestion pricing, as cities like [London](#) and [Stockholm](#) have done, with exemptions or discounts for low-income residents.
- Engaging residents of high-need communities in participatory processes to identify high-priority targets for initial investments for a committed portion of the revenue generated.

As the climate crisis intensifies, cities around the globe face a similar challenge: drastically reduce emissions on a rapid timeline while allocating limited budgets and staff resources. And city leaders must achieve this delicate balance while addressing a plethora of other urgent social challenges and redressing historical inequitable outcomes that have exacerbated climate change. Some cities, like [Malmö](#) in Sweden, have woven sustainability goals into City budget processes, thus reducing the barriers between vision and action. Creative funding, equity, and governance solutions are the key to unlocking San Francisco's zero-emission future in just 18 years.

*Louise Bedsworth, Ted Lamm, and Ross Zelen contributed to this post. See CLEE's report [here](#).*