



Sustainable Investment Markets: Evolution and Impact

How Investors Can Advance Sustainable Urban
Development Through Innovative Financing Models
and Climate Narratives in a Polarized Environment

Authors: Austin Ariss, Mariama Bah, Renata
Gladkikh, Nanda Jasuma, Smita Samanta

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Contents

Foreword	05
/ Executive Summary	07
Introduction	08
- Strategic Capital Deployment Amid Policy Volatility	08
Background	10
- Methodology and Interview Approach	10
- Key Market Observations	10
- Interview Approach	11
Emerging Solutions	12
/ Chapter 1: SDG 11 Implementation Analysis	13
SDG 11 and Urban Sustainability	14
Methodology	15
Investor and Practitioner Approaches to SDG 11	16
Emerging Themes	17
- Blended Finance Structures	17
- ESG and Impact Investing Trends in Urban Development	17
- Innovative Public Financing Mechanisms	17
Deconstructing the Investment Landscape for SDG 11	18
Case Study 1: NYC MTA's Zero-Emission Bus Plan	19
- Case Study 1: NYC MTA's Zero-Emission Bus Plan	19
- At a glance	19
- Investment Overview	19
- Capital Allocation and Phasing	20
• Strategic Implementation Details	21
• Funding Strategy and Financial Structure	23
• Strategic Use of Climate Bonds	23
• Financial Returns and Cost Savings	24
• Public-Private Partnership Potential	24
• Broader Economic Impact	24
Case Study 2: Affordable Housing Investments	25
- At a glance	25
- Investment Overview	25
• Housing Crisis by the Numbers	25
- Capital Structure and Investment Models	28
• Preservation Funds	28
• Community Investment Notes	28
• Public-Private Partnerships (PPPs)	28
• Revolving Loan Funds	28
- Financial and Economic Returns	29
• Financial-Return Profiles	29
• Economic-Return Drivers	29

Contents

Strategic Comparative Analysis	31
- Risk and Mitigation Framework	31
- Risk-Adjusted Return Dynamics	32
- Risk Exposure Analysis	33
- Portfolio Resilience Characteristics	33
- Investor Suitability Analysis	34
- Strategic Portfolio Implications	35
- Avenues for Future Research and Strategic Innovation	35
Challenges and Gaps in SDG 11 Investing	36
Recommendations and Next Steps	37
- Standardize Blended Finance Structures	37
- Improve Impact Measurement and Reporting	37
- Build Investment Aggregation Platforms	37
- Engage with Policy Makers	37
- Integrate Climate Resilience Planning	37
Conclusion	38

/ Chapter 2: Climate Narrative Transformation

Introduction	40
- Strategic Capital Deployment Amid Policy Volatility	40
- Public Perception and Market Impact	41
- Global Insights for Domestic Progress	42
- Research Approach	42
Global Models for Climate Action	43
- The UK: Coal Phase Out and Energy Sector Transition	43
• Context	43
• Policy & Frameworks	43
• Stakeholder Engagement	44
• Strategic Insights for US Application	44
- Australia: Valuing Nature as an Asset Class	45
• Context	45
• Policy & Frameworks	46
• Implementation & Results	47
• Strategic Insights for US Application	47
- Japan: Nuclear Energy and Public Trust in a Post-Crisis World	48
• Context	48
• Policy & Frameworks	49
• Public Opinion & Communication Strategy	50
• Strategic Insights for US Application	51

Contents

From Global to Local: Strategies to Mitigate Polarization in the US	52
- Common Patterns for Depolarized Climate Progress	52
- Universal Principles for US Climate Progress	53
• Pursue Progress Despite Polarization	53
• Adapt Communication to the Audience	53
• Capitalize on Crisis Moments	53
- Recommended Actions	54
• Advance Natural Capital Accounting as a Bipartisan Business Solution	54
• Support Material Risk Assessment Initiatives	54
• Advance Politically Viable Clean Energy Policies	55
Conclusion	56
Next Steps	57
Building Resilient Pathways for Sustainable Investment	58
- Action Agenda for US SIF Members	58
• Build Standardized Implementation Tools	58
• Emphasize Economic and Resilience Benefits	58
• Prepare for Strategic Opportunities	58
Acknowledgement	59
About US SIF	61
Endnotes	62

Foreword

We know that in a world facing increasingly complex social and environmental challenges, capital must do more than seek financial returns—it must also drive meaningful, measurable impact. And yet in the face of strong political headwinds and rocky markets, that task feels harder than ever. Nonetheless, sustainable investment can no longer wait for perfect policy alignment. In today's climate, policy volatility has become the norm—not the exception—forcing investors to rethink how and where they deploy capital for impact. New thinking, innovation and collaboration will be key and yet, the capital is ready.

This collaborative, special report explores some of the key findings from US SIF's 2024/2025 Trends Report to articulate a clear path forward. Through in-depth interviews with US SIF members, case studies and international comparisons, the authors offer a deeper dive for investors navigating today's uncertain terrain. We decided to embark on the first-ever collaboration between US SIF and the NYU SPS Center for Global Affairs to explore these questions. The work that follows is our attempt to spur that effort. The goal is not to wait for the political winds to shift, but to build resilient pathways—standardizing solutions, aligning metrics, and reframing climate action as economic utility.

For US SIF members and mission-driven investors, this isn't just strategy—it's necessity. At its core, sustainable investment is about intentionality and accountability—investing with a clear purpose and measuring what matters. Whether addressing climate change, promoting social equity, or strengthening communities, the approaches and insights captured here reflect a growing recognition that long-term value creation requires a broader lens.

We hope this report inspires investors, policymakers, entrepreneurs, and changemakers to think boldly and act collaboratively. The future of finance and endurance capital is being written today, and sustainable investing has a central role in that story.



Maria Lettini

CEO, US SIF



Chloe Demrovsky

Executive in Residence, NYU SPS
Center for Global Affairs

Executive Summary



Executive Summary

At a Glance

- / **Policy volatility has become structural**, not episodic, as evidenced by the 2025 \$7B offshore wind rollback creating an operating environment without a reliable policy floor for sustainable investment.
- / **Despite 58% of investment professionals prioritizing SDG 11**, implementation lags due to a fundamental mismatch: capital is ready but execution is constrained by fragmented regulation, stakeholder complexity, and inconsistent incentives.
- / **Our research reveals that successful urban sustainability investments pair mechanism with message.** Blended finance structures resolve technical barriers to scale, while economic reframing creates the political space required for implementation.
- / **Case analyses demonstrate the dual approach delivers results:** the NYC MTA's staged decarbonization was achieved through climate bonds and strategic communication; affordable housing preservation funds yielded 14–24% IRR by aligning community and investor interests.
- / **International experience confirms economic reframing decreases polarization:** Australia's natural capital approach positioned environmental protection as asset management; Japan's energy security framing enabled nuclear revival despite post-Fukushima concerns.

The difference between stalled climate finance and transformative sustainable investment lies in this integrated approach. For US SIF members navigating an uncertain policy landscape, this report offers a strategic toolkit focused on three actionable pathways: standardizing blended finance templates, aligning impact metrics, and repositioning climate initiatives as economic utility to create resilient investment pathways rather than waiting for ideal policy conditions.

Strategic Capital Deployment Amid Policy Volatility

Sustainable urban development stands at a critical crossroads. As US SIF's 2024 Trends Report reveals, 58% of surveyed investment professionals currently prioritize SDG 11 (Sustainable Cities and Communities), with this focus projected to intensify over the next 1-3 years as investors recognize both the urgency and opportunity in addressing urban sustainability challenges.¹ Yet this growing interest confronts an increasingly volatile and politically polarized policy landscape that threatens capital-intensive projects without warning. In early 2025, federal policy shifts abruptly suspended over \$7 billion in planned offshore wind development, demonstrating how regulatory uncertainty can directly impact investor confidence and project timelines. Recent political transitions have further deepened divisions around climate policy, compounding the unpredictability and elevating the stakes for US SIF members reconsidering capital allocation in the absence of reliable policy signals.

Our research which draws on in-depth interviews with US SIF members spanning microfinance institutions, Community Development Financial Institutions (CDFIs), gender-lens investors, and impact-oriented wealth managers, as well as policy experts and shareholder advocates, reveals a critical insight: sustainable investment requires both financial innovation and strategic communication to succeed. As one CDFI executive noted: "We lend where traditional banks will not, but we keep rates stable to preserve long-run affordability."²

Meanwhile, a shareholder advocacy director noted: "It is hard to divorce policy from the divisive political environment that we have," highlighting how political polarization directly impacts investment decisions at every stage. Across the board, members are pursuing resilient capital strategies to achieve both returns and impact despite unpredictable policy signals.³

The challenge is substantial. Metropolitan regions face disproportionate climate vulnerability while simultaneously representing significant private capital gaps in both sustainable transportation and affordable housing. Both sectors represent anchor opportunities for sustainable investment, combining large-scale capital needs with high-impact outcomes in decarbonization and social equity. The NYC Metropolitan Transportation Authority's \$23.7 billion Zero-Emission Bus Plan exemplifies the scale of investment required, with billions needed for fleet electrification, charging infrastructure, and depot modernization. Similarly, the affordable housing sector confronts a deficit of approximately seven million units for extremely low-income households nationwide, requiring innovative financing approaches to bridge affordability gaps.

Equally challenging is the growing polarization around climate action itself. Our interviews with policy experts revealed that effective communication has become as critical as financial innovation in advancing sustainable investments. This strategic communication approach is particularly vital given that Americans are evenly divided on whether climate policies help (34%) or hurt (34%) the economy, according to recent Pew Research. Without effectively addressing this perception gap, even the most well-designed financial mechanisms may struggle to achieve implementation at scale.

US SIF members have identified two complementary pathways with particular promise. First, innovative financial engineering through blended finance models that strategically combine public funding, private investment, and philanthropic capital. Second, strategic policy narrative reframing that creates political space for implementation. Interviewees consistently emphasized that these approaches work most effectively when aligned financial innovation provides the mechanical solution, while strategic communication creates the implementation environment.

Project-level risk transfer mechanisms can technically resolve urban infrastructure challenges but achieve scale only when investors perceive policy continuity. Effective economic narratives focused on independence, efficiency, and community resilience simultaneously create political space for financial instruments previously limited to specialized portfolios.

Drawing on detailed case studies from domestic and international markets, this report addresses three central questions raised by US SIF members:

1. How can institutional investors deploy capital toward SDG 11 targets while generating appropriate risk-adjusted returns?
2. What financial structures and narrative strategies have proven most effective in implementing sustainable urban investments despite polarized environments?
3. What practical actions can US SIF members take to advance urban sustainability regardless of federal policy fluctuations?

The following sections translate these insights into actionable allocation strategies for different investor types. By examining both the mechanics of financial innovation and the strategic communication approaches that enable implementation, this research provides a comprehensive framework for advancing sustainable urban development in today's fragmented and politically charged environment.



Methodology and Interview Approach

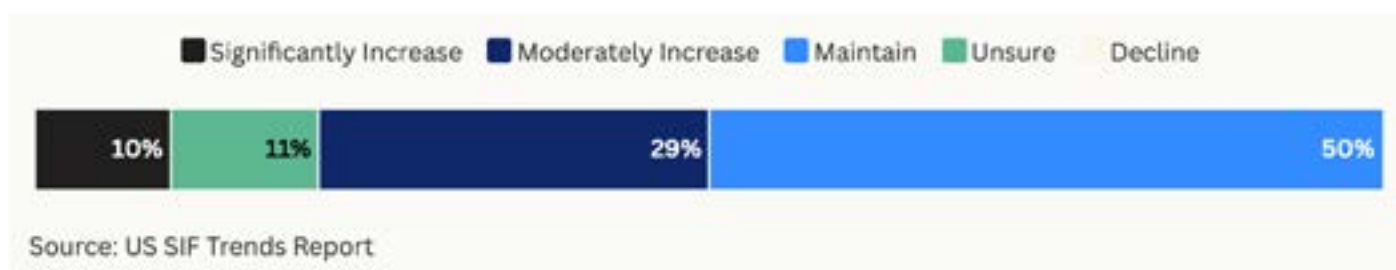
This research draws on structured interviews with US SIF members representing diverse positions across the investment landscape, including CDFI, impact investing firms, gender-lens research organizations, wealth management practices, policy experts and shareholder advocates. Interviews explored members' experiences implementing sustainable urban investments and the strategic communication approaches needed to create political space amid polarization. This dual focus allowed us to examine how financial structures and narrative strategies work together to advance climate and sustainability goals.

Key Market Observations

US SIF members consistently identified several market dynamics shaping their approach to SDG 11 investments. Based on US SIF's 2024/2025 Trends Report, 73% of survey respondents expect the sustainable investment market to grow over the next one to two years, yet only 39% anticipate their own organizations increasing sustainable investing activity [Figure 1]. This discrepancy suggests institutional hesitation despite recognized market potential.

Figure 1: Growth of Sustainable Investing – Organizational Perspective.

Source: US Sustainable Investing Trends 2024/2025 Report: 15th Anniversary Edition



This may reflect internal barriers such as political scrutiny, unclear client mandates, or limited ESG infrastructure. As a result, proactive firms that do expand may gain a competitive edge in capturing early opportunities and shaping emerging market standards.

Members emphasized that their commitment to sustainable urban investments remains unwavering despite policy uncertainty, with many viewing sustainability not as an ideological position but as fundamental to sound investment practice. As one policy expert noted, "You have to coach your language so that the people relate to it," highlighting the importance of framing sustainability as an economic and practical opportunity rather than a purely environmental or moral imperative.



Interview Approach

Our interviews revealed three recurring implementation barriers that transcend specific investment types:

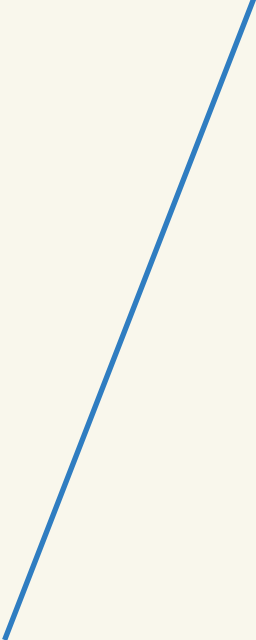
- / **1. Measurement Complexity:** US SIF members highlighted the difficulty of measuring long-term impact, with one noting it's "quite hard to measure the long-term economic impact, as the population is tremendous."⁴ While some organizations apply frameworks like IMP or track metrics such as affordable housing units created, others rely more on qualitative assessments and community alignment.
- / **2. Stakeholder Coordination:** Stakeholder coordination emerged as a common challenge, with projects requiring alignment across "government, developers, and community organizations"⁵ to ensure success. Several interviews emphasized the need to safeguard long-term outcomes and "what level of affordability of the project" is being maintained.⁶ These concerns reflect a broader shift toward prioritizing community impact over simply "maximizing return."
- / **3. Policy Discontinuity:** Our research found that political volatility creates execution risk that cannot be fully mitigated through financial engineering alone. Interviewees consistently sought investment approaches that could withstand political cycles, viewing sustainability fundamentals as transcending partisan divides. This challenge directly connects the financial structures examined in SDG 11 case studies with the narrative approaches explored in climate narratives. Policy reversals can undermine even well-structured sustainable investments, making it essential to develop both innovative financial mechanisms and effective communication strategies that can overcome political resistance.

Emerging Solutions

Our research identified three strategic responses that cut across both financial and communication approaches. First, blended finance structures are emerging as a key enabler of scale. Interviewees described how layered capital stacks that combine funding sources with distinct risk and return profiles are increasingly used to advance projects in transit and housing while preserving affordability and sustainability targets. The MTA case study offers a clear example of this model deployed at institutional scale. Second, many stakeholders emphasized the importance of economic reframing. Rather than relying on environmental appeals, successful efforts are translating sustainability goals into tangible economic value. This theme is echoed in international approaches that have helped depolarize climate investment, most notably in the examples from the United Kingdom, Australia, and Japan. Thirdly, strategic stakeholder engagement plays a pivotal role in implementation.

Successful climate initiatives actively engage potential opponents, particularly workers and communities dependent on legacy industries. The UK's coal phaseout demonstrates how deliberate workforce transition planning can convert opposition into acceptance, while Japan's nuclear revival shows how local community engagement builds trust even in contentious environments. Finally, our findings point to growing momentum toward standardization. According to the US SIF Trends Report, while 51% of survey respondents prefer custom criteria, 42% already align with the Sustainable Development Goals. This signals both the appetite for and progress toward shared measurement frameworks across infrastructure and policy domains.⁷


The following case studies examine how these solutions manifest in specific investment contexts. The SDG 11 case studies demonstrate blended finance approaches at scale, while international examples illustrate effective economic narratives that create implementation space. Throughout both sections, we highlight how investors can apply these insights to advance sustainable investments even in challenging political environments.



Chapter 1:

SDG 11

Implementation Analysis



/ SDG 11 and Urban Sustainability

Sustainable Development Goal 11 (SDG 11) aims to make cities and human settlements inclusive, safe, resilient, and sustainable by 2030. As the global urban population continues to grow, more than half of the world's people now live in cities, and that number is expected to reach 70% by 2050.⁸ The World Bank identifies four key dimensions of sustainable cities: environmental sustainability, resilience to social and economic shocks, inclusivity, and economic competitiveness.⁹ Currently, 1.1 billion urban residents live in slums, with projections showing this could increase by 2 billion in the next three decades. Investors are therefore concentrating on the two sub-targets with the largest, most investable gaps: affordable housing (11.1) and low-carbon transport (11.2).

This section asks how institutional capital can accelerate progress on those targets while protecting return, managing risk and delivering measurable impact. We draw on interviews with members of the US Sustainable Investment Forum, supporting data and two case studies to resolve four questions essential to investors:

- / 1. Which investment structures and vehicles are already delivering results in urban sustainability?**
- / 2. How do risk-adjusted returns in zero-emission transit compare with affordable-housing opportunities?**
- / 3. Where do regulation, market fragmentation and data gaps still impede capital flows, and which emerging tools are gaining traction?**
- / 4. How can blended-finance and public-private partnerships unlock larger, scalable pools of capital?**

Findings are illustrated through two case studies: innovative affordable-housing finance structure and the New York's Metropolitan Transportation Authority zero-emission bus programme. Together they map where capital is moving, which models scale and how investors can navigate barriers in the fast-growing market for sustainable cities.

For investors looking to capture opportunities in the growing sustainable cities market, this report offers actionable insights on where capital is flowing, which models are scaling, and how to overcome common barriers to successful investment in the urban sustainability space.

/ Methodology

We grounded the SDG 11 analysis in two complementary evidence streams. First, we ran four semi-structured interviews with US SIF members spanning the mainstream-to-mission spectrum:

- / A representative from a microfinance institution working globally with low-income entrepreneurs
- / A senior executive from a community development financial institution (CDFI) focused on underserved communities
- / A representative research firm focused on public sector gender lens investing
- / A wealth management firm representative with experience in impact investing

Second, we triangulated their insights against secondary material which includes market datasets, policy white papers, and academic literature to frame quantitative context and regulatory signals.

Across the interviews we coded recurring decision levers including risk assessment, Return of Investment (ROI), policy alignment, and impact measurement and mapped them against the investment strategies most often cited (blended-finance structures and community investment notes). The result is a thematic synthesis that captures diverse practitioner perspectives while keeping the lens squarely on actionable, investor-grade insights for financing SDG 11.



Investor and Practitioner Approaches to SDG 11

Investors employ a spectrum of structures that juggle return targets, risk controls, policy alignment, and social-impact metrics. Their choices pivot on four urban priorities: resilience, affordable housing, sustainable infrastructure, and inclusive growth. The table below distills the recurring strategies and the factors that most influence capital allocation.

Table 1: Investor and Practitioner Approaches

Source: Interviews with US SIF members

Investment Approach	Key Players	Decision-Making Factors	Example
Impact Investing	ESG funds Institutional investors	Financial Return Social Returns of Investment Social impact metrics Policy alignment	Green bonds Social impact funds
Green Lens Investing	Gender-focused funds	Women in leadership Workforce policies Financial inclusion	Gender bonds CDFI investments
Blended Finance	Public-Private Partnerships (PPP) Development banks	Risk mitigation Leveraging capital from different sectors	CDFI investments
Community Development Finance (CDFIs)	Calvert Impact Local CDFIs	Credit risk Access to affordable housing funding	Community Investment Notes
Municipal & Green Bonds	Cities Institutional investors Pension funds	Credit ratings Long-term returns Sustainability impact	MTA green bonds

Emerging Themes

From the interviews, we see that Investors and practitioners are converging on a small set of levers that reconcile return targets with policy and impact requirements across urban resilience, affordable housing, and low-carbon transport.

Blended Finance Structures

Across interviews, blended capital stacks and public-private partnerships (P3s) are the default solution for financing large-ticket urban projects.¹⁰ CDFIbridge mission-driven capital and commercial investors by absorbing first-loss risk and structuring patient loans. The approach moves projects from grant-dependent to bankable without sacrificing social objectives.

ESG and Impact Investing Trends in Urban Development

Institutional investors and private firms are increasingly integrating ESG criteria into their investment frameworks, ensuring that projects align with sustainability goals while still generating financial returns. Green bonds and sustainability-linked loans have become particularly popular instruments for funding urban sustainability projects.¹¹ Green bond issuance in emerging markets grew by 34% year-over-year, reaching \$135 billion in 2023, and the broader category of Global Green, Social, Sustainability, and Sustainability-Linked (GSSS) bonds issuance surpassed \$1 trillion in the same year, reflecting the increasing demand for such investment vehicles.¹² Interviewees emphasise that investors want hard metrics on carbon reduction and social equity¹³ yet remain cautious about SDG 11 assets given regulatory uncertainty and long project tenors.¹⁴

Innovative Public Financing Mechanisms

Furthermore, both municipal bonds and public market investments play a crucial role in ESG and impact investing by providing capital for sustainable transportation and affordable housing projects, allowing investors to support urban development initiatives while balancing financial returns with measurable social and environmental impact.¹⁵ For example, the San Francisco Municipal Transportation Agency is exploring real estate development on properties it owns to generate revenue and address financial challenges, potentially leading to the construction of thousands of housing units.¹⁶ Similarly, cities like Johannesburg have issued green bonds, and the U.S. has used instruments like Qualified Energy Conservation Bonds (QECCB) and Clean Renewable Energy Bonds to fund environmentally focused projects.¹⁷ These examples highlight how innovative public financing mechanisms can align investor interests with policy objectives, making them powerful tools for driving inclusive and sustainable urban transformation.

/ Deconstructing the Investment Landscape for SDG 11

This analysis examines two high-potential investment pathways that advance SDG 11 targets: the NYC Metropolitan Transportation Authority's Zero-Emission Bus Plan and innovative affordable housing finance models. Both sectors demonstrate how institutional capital can generate competitive returns while addressing urban sustainability challenges and creating positive social impact.

Our comparative framework reveals that while these investments share structural similarities such as high upfront capital requirements offset by long-term operational efficiencies, they present distinct risk-return profiles and funding structures that appeal to different investor segments. Transit electrification offers more predictable but politically-sensitive returns through climate bonds and dedicated revenue streams, while affordable housing provides a broader spectrum of return potential (4-24% IRR) depending on financing structure and market dynamics.

Key findings indicate that purely market-driven approaches are insufficient for simultaneously achieving sustainability and equity goals in urban development. The most successful initiatives leverage innovative PPP that optimize risk allocation while monetizing externality benefits that markets historically undervalue. For institutional investors, these sectors offer complementary portfolio diversification opportunities with countercyclical properties and embedded climate resilience value.

This strategic analysis provides actionable insights for capital deployment across the urban sustainability spectrum, highlighting both sector-specific considerations and cross-cutting investment strategies that can scale SDG 11 implementation while delivering appropriate risk-adjusted returns.

11 SUSTAINABLE CITIES AND COMMUNITIES



Case Study 1: NYC MTA's Zero-Emission Bus Plan

At a glance

- Market Gap:** 40% of NYC's 5,800 bus fleet requires replacement within five years, creating urgent demand for clean transit infrastructure.
- SDG Alignment:** Directly supports SDG 11.2 by advancing safe, accessible, and sustainable transport systems.
- Investment Returns:** Municipal bond yields range from 3.57%–3.65%, with added value from long-term savings on maintenance (25–30% reduction) and fuel cost elimination.
- Impact Metrics:** Avoids 500,000 metric tons of GHG emissions annually, supports 15,000+ jobs, enhances grid resilience, and improves energy efficiency through integrated charging and solar systems.
- Key Innovation:** Offers a diversified zero-emission fleet strategy, supported by climate bonds, PPPs, and modular infrastructure.

Investment Overview

The New York City Metropolitan Transportation Authority (MTA) has committed to fully electrifying its 5,800-bus fleet by 2040 through a multi-phase Zero-Emission Bus Plan. This initiative advances SDG 11.2's goal of safe, accessible, and sustainable transport systems and represents one of the largest transit decarbonization efforts in the United States.¹⁸ The \$23.7 billion investment spans four implementation stages, with Stage 2 (2025–2029) currently underway.¹⁹ As of 2025, the MTA has committed to electrifying 18% of its fleet, with over 40% of buses up for retirement in the next five years.²⁰

While electric buses promise long-term sustainability benefits, the upfront costs are significant and rising. Inflation, supply chain disruptions, and limited market competition have driven up prices, with a standard battery-electric bus now costing \$1.4 million, up from \$1.03 million in 2021. Articulated battery-electric buses have seen a similar increase, reaching \$1.83 million from \$1.38 million in 2019.²¹

Beyond fleet procurement, the transition entails significant upgrades to charging infrastructure, depot modernization, and electrical grid capacity. Stage 2 marks a strategic inflection point, as all new bus acquisitions during this period will be zero-emission, including both battery-electric and hydrogen fuel cell models. In its current Stage 2 2025–2029 Capital Plan of expanding zero-emission fleet, the MTA has committed 18% of its buses to be electric, with over 40% of the bus fleet up for replacement in the next five years.²² Achieving full electrification will require substantial capital investment, long-term infrastructure upgrades, and strategic coordination with key stakeholders. Beyond vehicle procurement, the transition demands large-scale modifications to depots, the expansion of charging infrastructure, and an increased power supply to support fleet operations.²³

/ Capital Allocation and Phasing

To achieve its goal of reducing operational emissions by 85% by 2050, the NYC MTA has allocated significant funding toward three key sustainability initiatives: fleet electrification, infrastructure upgrades, and depot modernization.

The investment has been broken down into four stages, with the MTA currently in Stage 2 (2025–2029). The table below outlines the financial commitments, expected returns, and broader economic impacts of these initiatives.

Table 2: Projected Capital Expenditures in 2025–2029

Source: Data derived from the MTA Zero-Emission Transition Plan 2024

Invested Area	Total Investment	Key Financial Benefits	Additional Benefits
Zero-Emission Bus Procurement	\$23.7 Billion	Reduced fuel and maintenance costs over fleet lifetime	Eliminates 500,000 metric tons of GHG annually
Fleet Vehicles	\$11.9 Billion	Extended operational lifespan & lower long-term costs	Reduced mechanical failures and service disruptions
Charging Infrastructure & Depot Modernization	\$11.7 Billion	Lower energy price volatility vs. diesel, demand charge savings	Increased energy efficiency, solar power integration

Charging infrastructure upgrades focus on high-capacity depot-based systems, including automated pantograph-down dispensers, centralized 1–3 MW chargers supporting 10–20 dispensers each, and dedicated parking-charging positions for each in-service vehicle.²⁴ The MTA’s 28 bus depots will serve as primary energy distribution points, with limited use of on-street charging under consideration in later stages.

Figure 1: Projected capital investments for MTA bus electrification across four stages

Source: MTA Capital Plan 2025-2029



/ Strategic Implementation Details

Fleet Transformation Strategy

The \$11.9 billion fleet procurement investment (nearly 50% of total capital allocation) represents a strategic pivot point in the MTA's sustainability roadmap. Stage 2 (2025-2029) will add 1,000 zero-emission vehicles including both battery-electric and hydrogen fuel cell technologies, marking the transition to 100% zero-emission purchases.²⁵ This diversified technology approach mitigates implementation risk while maintaining alignment with long-term sustainability targets.

Infrastructure Integration











The complementary \$11.7 billion infrastructure investment demonstrates the systems-level approach required for successful transition.²⁶ Key strategic elements include:

- / Operational efficiency through automated charging systems (pantograph-down dispensers)
- / Dedicated charging model with assigned positions for each in-service vehicle
- / Scalable power architecture featuring centralized 1-3 MW chargers supporting 10-20 dispensers
- / Prioritization of in-depot charging across 28 facilities to consolidate energy distribution
- / Strategic optionality maintained for on-street charging in later implementation phases

This comprehensive approach to infrastructure development enhances the investment thesis by addressing operational inefficiencies, reducing labor costs, and creating a resilient energy distribution network that optimizes power allocation based on fleet demand patterns.

Figure 2: MTA Zero-Emissions Transition Plan Conceptual Rollout

Source: MTA 2023 Adopted Budget.

	Stage 1	Stage 2	Stage 3	Stage 4
FLEET 5,900 Total buses	+560  9%	+1,000  26%	+1,955  60%	+2,385  100%
FACILITIES 5,900 Total depots	..with any zero emissions buses			
	13  46%	15  54%	23  82%	28  100%
POWER 5,900 Supply needed	..added at depot +64 MW		+83 MW	
	..additions complete at  23% of depots		 68% of depots	
	+58 MW		+57 MW	
	 39% of depots		 100% of depots	

/ Funding Strategy and Financial Structure

The MTA's decarbonization strategy employs a blended finance model incorporating federal grants, state and local funds, congestion pricing revenue, and climate-aligned debt instruments:

Table 3: Funding Strategy and Financial Structure of MTA

Data derived from the MTA 2023 Adopted Budget

Funding Source	Estimated Share	Details
Federal Grants	~35%	FTA Formula, Low/No Emission, and Bus Facilities Grants
State and Local Funding	~30%	NY Budgetary Allocations, NYPA EV Make Ready Program
Green/Climate Bonds	~25%	\$10B programmatic bond issuance aligned with Climate Bonds Initiative (CBI)
Congestion Pricing Revenue	~10%	\$100.6M raised as of Jan 2025; supports long-term capital plan

The 2025-2029 Capital Plan faces significant headwinds after rejection by the Capital Program Review Board, with J.P. Morgan estimated actual needs at \$115 billion versus the proposed \$68 billion.²⁷ This funding gap creates execution risk, as 40% of the fleet requires replacement within five years. Without sufficient capital, the MTA may revert to conventional diesel/CNG bus purchases, potentially delaying the zero-emission transition timeline.²⁸

Strategic Use of Climate Bonds

Green bonds remain a core pillar of MTA financing. Since 2016, the agency has issued climate bonds aligned with the CBI's Low-Carbon Transport Criteria. The CBI's approval of up to \$40 billion for future projects using a programmatic certification framework²⁹ enables efficient pooled financing while delivering three strategic advantages:

- / Enhanced credibility with ESG and impact investors seeking science-based investments
- / Reduced greenwashing risk through third-party verification standards
- / Strategic positioning within an emerging climate governance framework shaping investor expectations

Financial Returns and Cost Savings

While upfront capital costs remain high, with standard electric buses now averaging \$1.4 million and reflecting a 36% increase since 2021, the transition is expected to yield significant long-term savings and operational efficiencies through multiple efficiency channels:

- / Maintenance Cost Reduction: 25–30% lower lifecycle maintenance costs due to fewer mechanical components and reduced wear-and-tear³⁰
- / Fuel Cost Elimination: Complete removal of diesel expenditure exposure³¹
- / Energy Optimization: Integrated solar and battery systems enable peak-shaving strategies that minimize demand charges³²
- / Resilience Premium: Battery systems provide critical backup power during grid disruptions, a growing value proposition as climate-related disruptions increase in frequency³³
- / Energy Price Volatility Hedge: Reduced exposure to fossil fuel price fluctuations³⁴

These operational efficiencies enhance the risk-adjusted returns of the investment beyond the nominal 3.57-3.65% municipal bond yields, particularly when evaluated against long-term climate risk scenarios.³⁵

Public-Private Partnership Potential

The scale of infrastructure investment required presents opportunities for PPP that could accelerate deployment while optimizing capital allocation. The Los Angeles Metro and transit agencies in California, Maryland, and Rhode Island have successfully leveraged P3 models for zero-emission bus programs, demonstrating how private capital can:

- / Reduce upfront capital requirements while maintaining public ownership
- / Transfer certain technological and implementation risks to specialized partners
- / Create standardized ESG metrics that enhance transparency and investor confidence
- / Address high-voltage infrastructure, utility coordination, and microgrid development challenges

Broader Economic Impact

The four-stage plan is projected to create 15,000 direct jobs in bus manufacturing, infrastructure construction, and maintenance. Broader implementation across New York State is expected to generate an average of 72,000 jobs annually, contributing \$106 billion in economic output over the investment horizon.³⁶ Of the total capital allocation, \$7.5 billion is designated for Minority/Women-Owned Business Enterprise (MWBE) and Service-Disabled Veteran-Owned Business (SDVOB) contractors, reinforcing inclusive economic development.³⁷



/ Case Study 2: Affordable Housing Investments

At a glance

- / **Market Gap:** 7 million affordable units needed for extremely low-income US renters
- / **SDG Alignment:** Directly supports SDG 11.1 (affordable housing access)
- / **Investment Returns:** 4–24% depending on the investment models
- / **Impact Metrics:** Reduces housing-cost burden, improves energy efficiency 10 – 20 %, and supports job creation
- / **Key Innovation:** Diverse investment channels offer flexible entry points tailored to investor goals and risk profiles

/ Investment Overview

Housing Crisis by the Numbers

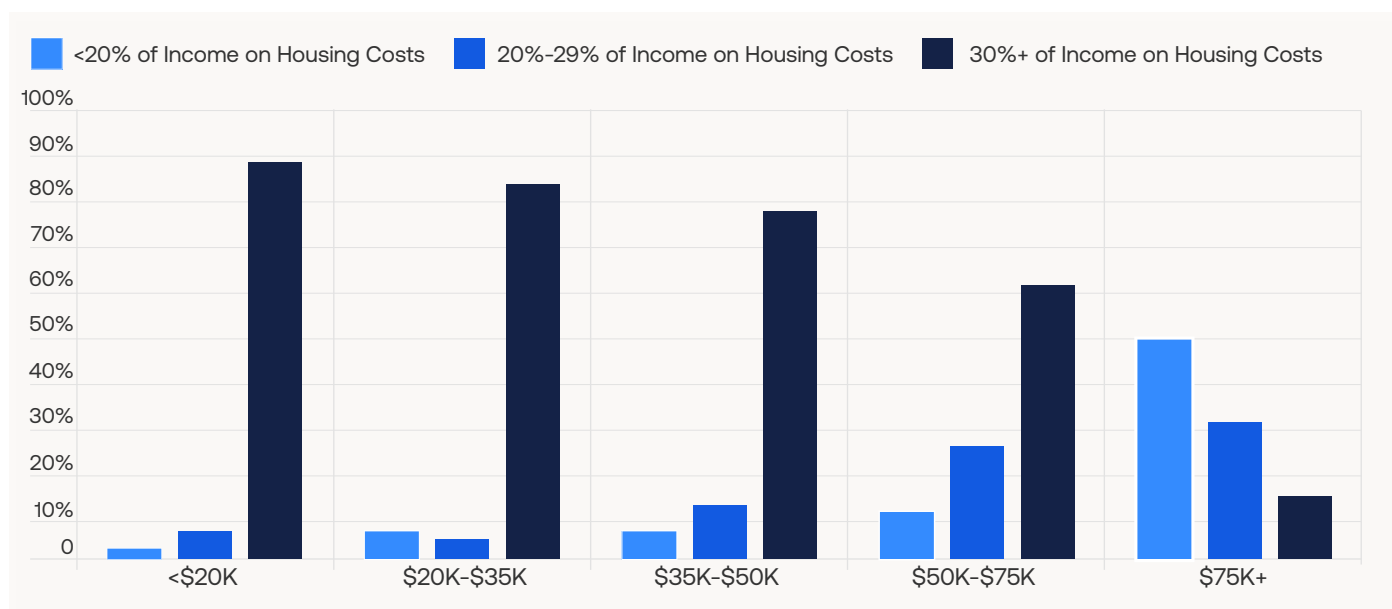
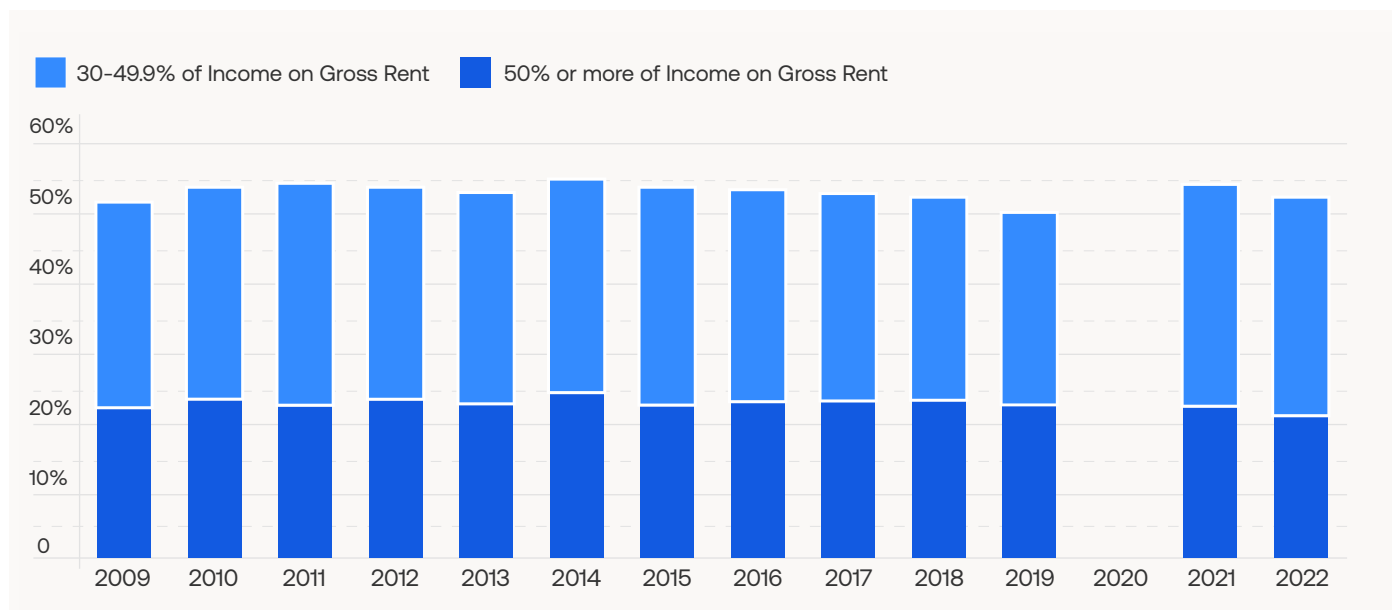
- / 1.6 billion people worldwide live in inadequate housing
- / Nearly 50 % of US renters are cost-burdened (spend > 30 % of income on rent)
- / In NYC, 52 % of households were severely rent-burdened in 2022
- / Construction-material prices rose 19 % between 2020 and 2022

The global affordable-housing crisis presents both a profound development challenge and a structurally underserved investment opportunity. Roughly 1.6 billion people live in inadequate housing worldwide.³⁸ In the United States, nearly half of all renters are cost-burdened, allocating more than 30% of income to rent. These conditions crowd out spending on essentials like food, healthcare, transportation and severely constrain upward mobility.³⁹ In 2021, the median US renter earning \$30,000 annually had just \$380 – \$680 remaining each month after housing costs, the lowest residual income in two decades.⁴⁰

The charts below show the proportion of household income spent on housing costs, indicating the lowest income households who make less than \$20,000 per year, 88.9% are rent-burdened, spending at least 30% of their income on housing, while only 2.7% spend less than 20%.⁴¹ This was also followed by 7,000–9,000 monthly non-payment eviction filings in 2022, increased to 10,000 –11,000 filings in 2023–2024, showing ongoing housing insecurity for NYC residents.⁴²

Figure 4: Household Income vs Housing Costs

Source: New York City Rent Guidelines Board



This disparity is clearly illustrated in the income-housing cost distribution charts, which highlight how the lowest-income households face the steepest proportional rent burdens.

Fundamentally this crisis reflects structural market failure. The United States faces a shortfall of approximately 7 million affordable units for extremely low-income renters.⁴³ The gap is driven by a mismatch between housing construction and population growth, the deterioration or loss of aging affordable stock, and developer preference for high-margin assets. Cost pressures intensify the issue. For example,

construction-material prices rose nearly 19% between 2020 and 2022 while prolonged permitting and environmental-review processes introduce additional delays and costs.⁴⁴ These dynamics create a reinforcing cycle: limited supply pushes rents upward, elevated costs challenge new development, and complex regulatory barriers further constrain inventory, deepening the structural imbalance. Limited supply creates upward pressure on rents while developers face prohibitive costs. Regulatory friction compounds these problems by further constraining new inventory.

The crisis is linked to Sustainable Development Goal 11 (inclusive, safe, resilient and sustainable cities). Target 11.1 calls for universal access to safe and affordable housing by 2030.⁴⁵ According to the UN-Habitat monitoring framework, progress toward this goal is measured through indicators such as the share of urban populations living in slums, informal settlements, or inadequate housing.⁴⁶ These metrics underscore how the housing crisis undermines the foundation of inclusive urban development, intensifying inequality and driving environmentally unsustainable growth patterns.

Achieving SDG 11 requires a collaborative, transformative approach. Sustainable investment is key to improving affordability while addressing the economic, social, and environmental aspects of urban development. The Global Impact Investing Network defines this category as capital that generates both financial return and measurable social impact.⁴⁷ Within housing, sustainable-investment models like implement climate-resilient design can reduce operating costs by 10 – 20% and improves long-term financial viability.⁴⁸ These upgrades lower utility burdens for tenants and strengthen asset performance. Blended finance unlocks private participation at scale. By combining public subsidies, concessional capital and commercial investment, blended structures can mobilize up to eight times the initial public input.⁴⁹ As one CDFI executive notes, “Blended-finance models have proven particularly effective for affordable-housing projects that incorporate green design elements, as they leverage both social-impact capital and environmentally focused investment.”⁵⁰

Affordable housing therefore emerges as a multidimensional investment category backed by strong demand fundamentals, favorable policy tailwinds and explicit ESG-SDG alignment. Long-term occupancy stability, counter-cyclical performance and measurable social return position the asset class as a viable strategy for impact-oriented investors. The sections below examine capital structures, investment models and risk-adjusted performance.



Capital Structure and Investment Models

Preservation Funds

A wealth management firm representative interviewed mentioned that they manage preservation funds to acquire and rehabilitate existing affordable housing stock, incorporate energy-efficiency upgrades, and renew affordability covenants.⁵¹ Similarly, a CDFI executive interviewed has deployed over \$867 million across affordable housing projects, creating and preserving more than 15,000 units nationwide, highlighting the scale of institutional capital already at work in this space.⁵² This is further substantiated by Jonathan Rose Companies' Affordable Housing Preservation Funds which have committed approximately \$967 million in capital while delivering impressive returns: a net IRR of 16.4%, a net equity multiple of 1.6x, and an average annual cash yield of 6.2%.⁵³

Community Investment Notes

This investment model includes microfinance lending through intermediaries like CDFIs or impact investment funds. This model offers 4–6% return for their equity investment product, while their debt offering provides a fixed 4% return, paid quarterly.⁵⁴ The strategy involves pooling capital and deploying it through mission-aligned lenders, ensuring a transparent flow of funds to underserved housing markets.

Public-Private Partnerships (PPPs)

In PPP models, the Low-Income Housing Tax Credit (LIHTC) serves as a cornerstone financing tool, often covering 30–70% of project costs depending on the credit type. LIHTC works by offering tax²⁵ credits to private investors in exchange for equity in affordable housing developments, with credits claimed over a 10-year period and affordability restrictions maintained for at least 30 years.⁵⁵ As part of a broader blended finance model, LIHTC is often layered with other capital sources like tax-exempt bonds, soft loans, philanthropic capital, and private debt to de-risk investments and attract additional financing. Since its launch, the Housing Credit program has facilitated the creation of approximately three million affordable housing units, supporting the annual development of 100,000 homes and generating an estimated 96,000 jobs in construction and property management.⁵⁶

Revolving Loan Funds

Endowment or philanthropic capital can take the form of below-market revolving loans, where repayments are recycled to fund new projects. For example, Harvard University's \$20 million Revolving Affordable Housing Fund offers loans priced at 4.5%, yielding an expected return of around 1.8%. Over two decades, the fund has helped create or preserve more than 7,000 affordable housing units.⁵⁷

/ Financial and Economic Returns

Financial-Return Profiles

Table 4: Financial Return Profiles

Source: Derived from interviews and secondary resources

Investment Type	Return Range	Typical Horizon	Volatility
LIHTC Equity	4–6%	≈ 15 years	Low
Preservation Funds	14–24%	5 – 10 years	Moderate
Community Investment Notes	4–6%	3 – 10 years	Very Low
Revolving Loan Funds	1.8%	20 years	Very Low

Economic-Return Drivers

Affordable housing generates economy-wide benefits beyond direct investor yield, supporting labor productivity, fiscal stability, and long-term GDP growth. The mechanisms below illustrate causal linkages and quantified outcomes.

Green-certified developments consistently reduce operating costs by 10%–20%, lowering utility burdens for tenants while preserving cash flow and extending asset durability.⁵⁸ The Urban Land Institute reports that retrofits in multifamily affordable housing can generate \$100–\$250 in annual energy savings per unit, compounding across the long lifespan of these assets.⁵⁹

The Via Verde development in the South Bronx exemplifies this model. With a total investment of \$98.8 million, the LEED Gold mixed-income project achieved a 30% energy efficiency gain relative to baseline standards by integrating green roofs, solar panels, and high-performance materials.⁶⁰

Housing stability also strengthens labor-force participation by reducing financial stress, health volatility, and commute friction. The New York State Association for Affordable Housing and HR&A Advisors found that the affordable housing industry in New York State creates approximately 31,800 jobs during construction and sustains 5,650 permanent jobs annually. An average 100-unit affordable housing project in the state generates about 175 jobs during construction and sustains 20 permanent jobs, contributing significantly to local employment opportunities.⁶¹



To address the affordability gap which is defined as the gap between achievable rents and what very-low-income households can pay, financial tools such as LIHTC equity and blended-finance PPPs play a critical role. According to the Harvard Joint Center for Housing Studies, the national average affordability gap for very low-income households (those earning below 50% of Area Median Income) is approximately \$500-700 per unit monthly. In high-cost markets like San Francisco or New York, this gap can exceed \$1,500 per unit monthly.⁶²

Duration of affordability is both a key impact metric and a structural risk mitigant. As one CDFI executive notes, “Anti-displacement is a key consideration. Would residents be able to return after development is completed? What level of affordability does the project maintain?”⁶³ This focus on long-term community outcomes reflects the evolving expectations around sustainable housing impact. New York City’s Mandatory Inclusionary Housing (MIH) program, for example, requires permanent affordability for designated units. While these assets typically deliver returns that are 250–350 basis points below comparable market-rate projects, they have demonstrated superior occupancy stability through economic downturns, reflecting persistent demand at the lowest income bands.⁶⁴

Strategic Comparative Analysis

The preceding case studies illuminate two distinct approaches to SDG 11 investment that offer complementary risk-return profiles and impact pathways. This comparative framework provides investors with a structured approach to evaluating these opportunities within their portfolio context.

Risk and Mitigation Framework

Transit electrification and affordable housing investments share certain structural challenges but diverge in their risk exposures and mitigation approaches. Transit investments concentrate political risk due to centralized funding and regulatory dependencies, but benefit from lower market correlation and clearer environmental performance metrics. The MTA faces a \$47B funding gap between required capital and proposed budget, with the state's Capital Program Review Board (CPRB)'s rejection of its 2025-2029 Capital Plan creating execution uncertainty. Rising equipment costs up to 36% since 2021 further strain implementation, while the urgency of replacing 40% of the fleet within five years leaves limited flexibility for deferral.

The MTA has developed several risk mitigation strategies, including a four-stage implementation approach that enables learning and adaptation, a climate-aligned debt framework providing stable financing pathways insulated from annual budget volatility, and a dual technology approach (battery-electric and hydrogen fuel cell) that creates technological optionality. These measures help position the \$23.7B electrification initiative as viable despite significant headwinds.

Affordable housing investments face a different risk profile, characterized by more fragmented regulatory exposure and exit complexity, especially for impact-aligned investors, yet offer greater flexibility through diversified funding sources and jurisdictional spread. Housing developments contend with construction cost volatility (19% increase from 2020-2022), complex capital stack timing misalignments, and the challenge of maintaining long-term affordability while delivering investor returns.

Housing sector risk mitigation strategies include geographic diversification across jurisdictions to reduce policy dependence, pre-structured exit mechanisms that align investor timelines with affordability goals, and standardized impact reporting frameworks that quantify social and environmental outcomes. The integration of green building features creates additional operational resilience while reducing vulnerability to energy price volatility.

/ Risk-Adjusted Return Dynamics

Table 5: Risk-Adjusted Return Dynamics

Source: Derived from secondary research

	Transit Electrification (MTA)	Affordable Housing
Return Profile	Lower yield (2-5%), bond-like	Variable (4-24%), equity-like
Investment Horizon	20-30 years	10-30 years
Return Predictability	High, but policy-sensitive	Moderate, multiple revenue streams
Liquidity	Moderate (secondary bond market)	Limited (typically held to maturity)
Scalability	High (large capital deployments)	Moderate (project-by-project)
Risk-Adjusted Return	Moderate-Low (beta)	Moderate-High (alpha potential)
Volatility	Low (fixed-income characteristics)	Medium (varies by financing structure)

This return profile contrast reveals the complementary nature of these investment pathways for portfolio construction. Transit investments offer bond-like stability with stronger predictability but lower yield potential, while housing investments provide equity-like upside with higher execution complexity. The MTA's climate bonds typically yield 2-5%, reflecting their public infrastructure nature, while affordable housing returns range from 4% in debt instruments to over 20% in certain equity structures with optimized tax credit utilization.

/ Risk Exposure Analysis

These investments present contrasting risk exposures that appeal to different investor mandates:

Table 6: Risk Exposure Analysis

Source: Derived from secondary research

	Transit Electrification (MTA)	Affordable Housing
Higher Exposure To	<ul style="list-style-type: none"> / Political/regulatory risk (appropriations, congestion pricing) / Technology transition risk (evolving EV and charging standards) / Implementation scale risk (coordination across 28 depots) / Credit market risk (municipal bond market dependency) 	<ul style="list-style-type: none"> / Development execution risk (construction, approvals, timing) / Market correlation (though less than market-rate housing) / Exit timing complexity (investor vs. affordability timeline) / Operating cost inflation (though mitigated by green features)
Lower Exposure To	<ul style="list-style-type: none"> / Market cycle risk (transportation demand relatively stable) / Development execution risk (no land acquisition/entitlement) / Post-deployment inflation risk (locked-in technology costs) / Occupancy/revenue risk (transit demand relatively inelastic) 	<ul style="list-style-type: none"> / Technology risk (proven construction methodologies) / Political consensus risk (broader support across jurisdictions) / Single funding source dependency (diversified capital stacks) / Revenue volatility (stable tenant demand for affordable units)

/ Portfolio Resilience Characteristics

Both investment types demonstrate complementary countercyclical and climate resilience properties that enhance portfolio stability. Transit bonds typically maintain value during economic downturns as investors seek safety, while affordable housing demand increases during economic stress, maintaining high occupancy and stable cash flows. From a climate perspective, transit electrification's battery storage systems offer grid disruption protection and emergency power capabilities, while affordable housing's green building features reduce energy price volatility exposure. These dual resilience characteristics provide partial hedging against both market and climate risks, with different but complementary mechanisms across the two sectors.

/ Investor Suitability Analysis

Different investor types have varying alignments with these investment pathways based on their mandates, return requirements, and impact priorities:

Table 7: Investor Suitability Analysis

Source: Derived from secondary research

Investor Type	Sustainable Transit (MTA)	Affordable Housing
Public pension funds	High alignment (bond portfolios)	Medium alignment (tax credit investments)
Impact-first investors	Medium alignment (green bonds)	High alignment (CDFIs, community notes)
ESG institutional investors	High alignment (climate bonds)	Medium alignment (sustainable REITs)
Community foundations	Low alignment (scale challenges)	High alignment (local housing initiatives)
Sovereign wealth funds	High alignment (infrastructure portfolios)	Medium alignment (joint ventures)
Family offices	Medium alignment (municipal bonds)	High alignment (direct project investments)
Insurance companies	High alignment (liability matching)	Medium alignment (credit-enhanced structures)

The investor alignment matrix reveals distinct suitability patterns based on investor mandates and capabilities. Public pension funds and institutional ESG investors typically favor transit bonds due to their scale, liquidity, and standardized environmental metrics. Impact-first investors and community foundations gravitate toward affordable housing for its more direct social impact and community development potential. For sophisticated investors with multi asset mandates, a strategic combination of both sectors can optimize both financial and impact objectives.

Strategic Portfolio Implications

1. Complementary Allocation Strategy: The differentiated risk-return profiles suggest potential portfolio diversification benefits through allocation to both sectors. Transit investments provide more stable, bond-like returns with clear environmental metrics, while housing investments offer higher return potential with stronger social impact dimensions.

2. Blended Finance Optimization: Both sectors demonstrate that layering public and private capital can achieve market-rate returns while maximizing impact. Investors can leverage public sector risk mitigation tools (credit enhancements, subordinate positions, tax incentives) to enhance risk-adjusted returns.

3. Impact Measurement Alignment: Transit investments provide straightforward climate metrics (e.g., emissions avoided) for ESG reporting, while affordable housing delivers more complex but potentially more transformative social outcomes alongside environmental benefits.

4. Stage-Based Investment Strategy: Investors can participate at different points in the development cycle, with early-stage investments typically offering higher return potential but increased execution risk:

- Pre-development financing (highest risk/return)
- Construction/implementation capital (moderate risk/return)
- Permanent/operational financing (lowest risk/return)

5. Portfolio Construction Recommendations:

- Conservative Impact Portfolio: 70% transit bonds / 30% senior affordable housing debt
- Balanced Impact Portfolio: 50% transit bonds / 30% affordable housing debt / 20% affordable housing equity
- Growth Impact Portfolio: 30% transit bonds / 40% affordable housing equity / 30% pre-development financing

Avenues for Future Research and Strategic Innovation

Both transit electrification and affordable housing offer strong investment models, but scaling capital toward SDG 11 goals requires further research and strategic development. In transit, key areas include understanding the barriers to PPP in agencies like the MTA, identifying needed regulatory reforms to support innovative financing, developing mechanisms to transfer revenue risk between public and private actors, and creating standardized ROI metrics for electrification. In housing, priorities include extending affordability periods without reducing returns, building secondary markets for impact assets, standardizing impact measurement, and closing affordability gaps in high-cost areas. Cross-sector opportunities lie in advancing climate resilience finance, developing ESG metrics for urban infrastructure, creating models to price social and environmental externalities, and streamlining blended finance structures to lower transaction costs.

/ Challenges and Gaps in SDG 11 Investing

Despite strong market interest, five key structural barriers prevent efficient capital deployment into sustainable urban development. Addressing these interconnected barriers requires a coordinated approach combining innovative financing structures, policy reform, and cross-sector collaboration to align incentives and efficiently allocate risk.

/ Funding and Liquidity Constraints

- Significant Funding Gap: Urban SDG projects face an estimated \$350 billion global shortfall, creating a persistent mismatch between viable projects and available capital.⁶⁵
- Limited Secondary Markets: Long-term commitments and lack of standardization restrict liquidity options for institutional investors requiring flexibility.⁶⁶

/ Policy and Regulatory Challenges

- Regulatory Uncertainty: Approval processes and changing land-use regulations create unpredictable timelines and costs.⁶⁷
- Political Volatility: Urban projects depend heavily on government priorities at local, state, and federal levels, exposing investors to policy reversal risk.⁶⁸

/ Market Structure Inefficiencies

- Project Fragmentation: Most urban sustainability initiatives remain bespoke and subscale, limiting securitization opportunities.

/ Stakeholder Coordination Challenges

- Multi-Party Alignment: Projects typically require collaboration across diverse stakeholders (public agencies, private entities, community organizations).⁶⁹
- Decision Timelines: Misaligned incentives between stakeholders create substantial delays and increase transaction costs.

/ Data and Measurement Gaps

- Impact Verification Challenges: Only 28% of cities globally have adequate systems to track impact and financial performance.⁷⁰
- Inconsistent Metrics: Urban systems involve complex indicators that lack standardization across markets.⁷¹

/ Emerging Climate Considerations

- Resilience Requirements: Investors increasingly demand robust climate adaptation planning, adding complexity and cost to project development.
- Physical Climate Risks: Growing uncertainty about long-term asset performance due to climate change impacts.

/ Recommendations and Next Steps

Based on our analysis of investor approaches to SDG 11 and the case studies examined, we recommend the following actionable steps for investors seeking to advance sustainable cities investments:

/ Standardize Blended Finance Structures

Create replicable PPP templates with clear risk allocation and standardized term sheets to streamline execution. Common documentation can lower transaction costs and accelerate capital deployment.

/ Improve Impact Measurement and Reporting

Adopt consistent, cost-effective metrics that capture both environmental (e.g., emissions avoided) and social (e.g., affordability preserved) outcomes. Align reporting with IRIS+ and SDG frameworks to meet investor requirements and reduce verification friction.

/ Build Investment Aggregation Platforms

Develop pooled vehicles to bundle smaller sustainability projects, reaching institutional scale thresholds. Sector-specific funds and co-investment consortia can unlock larger urban infrastructure opportunities while diversifying risk.

/ Engage with Policy Makers

Proactively support long-term regulatory clarity, tax incentives, and credit enhancement programs to improve investability. Deepen collaboration with local governments to surface bankable urban sustainability projects.

/ Integrate Climate Resilience Planning

Embed climate risk and adaptation analysis into due diligence, prioritizing assets with dual mitigation-adaptation features such as flood protection or energy efficiency. Resilience should be treated as both a risk lens and a value driver.

By implementing these recommendations, investors can better navigate the barriers identified in our analysis while capitalizing on the growing opportunities in sustainable cities investments.

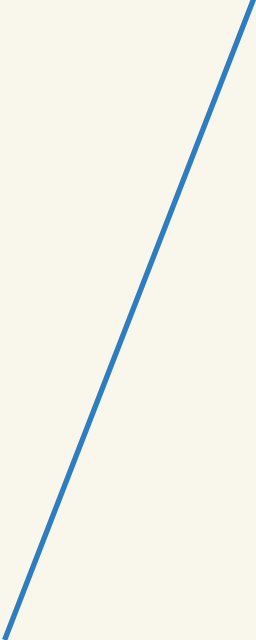
Conclusion

Transit electrification and affordable housing represent complementary pathways for advancing SDG 11 goals while generating appropriate risk-adjusted returns. Transit investments deliver bond-like stability (2-5%) with strong environmental metrics but higher political risk, while affordable housing offers variable returns (4-24%) with more complex social impact dimensions.

The most successful implementations leverage four key elements: strategic PPP that optimizes risk allocation, clearly defined impact metrics, diversified funding structures, and green technology integration that enhances long-term operational economics. For institutional investors, these sectors provide distinct portfolio functions while advancing sustainable urban development, with allocation strategy determined by specific return requirements, risk tolerance, and impact priorities.


While these financial mechanisms provide the technical foundation for sustainable urban investment, their implementation at scale faces significant political barriers. The following section examines how strategic narrative approaches can create the necessary implementation space for these financial innovations, even in polarized environments.





Chapter 2:

Climate Narrative Transformation



/ Strategic Capital Deployment Amid Policy Volatility

The United States has entered a period of heightened uncertainty for climate policy. With the Trump Administration's return to the White House, policy priorities have shifted dramatically, beginning with the formal withdrawal from the Paris Climate Agreement on the administration's first day⁷². This marks the second such withdrawal,⁷³ reflecting not merely a continuation of historical political differences on climate issues, but an intensification of climate policy polarization. Cooperation on climate, both international and domestic, is being set aside to prioritize, as the executive order withdrawing from the Paris Agreement puts it, "America First".⁷⁴

While the politicization of climate policy is a familiar feature of American politics, the current level of division marks a significant and significant departure from the past. Conflicting concerns about jobs, energy costs, taxation, and lifestyle have long complicated efforts to pass meaningful legislation. These challenges contributed to the failure of earlier proposals, such as the American Clean Energy and Security Act of 2009, which had ambitious goals of establishing a cap-and-trade system, setting renewable energy targets, and reducing greenhouse gas emissions,⁷⁵ ultimately failing to gain senate approval. Recent administrative actions including halting wind farm development on public lands and federal waters,⁷⁶ removing climate information from government websites,⁷⁷ and emphasizing domestic energy production over international climate cooperation signal a significant policy reversal rather than the typical oscillations between administrations.

/ Public Perception and Market Impact

This polarization extends beyond policy into public perception. According to a 2024 Pew Research survey, American adults are evenly divided on whether climate policies benefit the economy:

34%

**believe climate policies
help the economy**

34%

**believe climate policies
hurt the economy**

32%

**The remaining third are
uncertain or see mixed effects**

The divide is largely partisan; 56% of Republicans and Republican-leaning adults believe these policies hurt the economy, compared to just 16% who say they help. In contrast, 52% of Democrats and Democratic-leaning adults say climate policies help the economy, while only 13% say they hurt it.⁸⁰

Meanwhile, a University of Chicago survey indicates that belief in “human-driven” climate change had declined since 2017, the year President Trump first took office,⁸¹ suggesting that scientific consensus has become increasingly entangled with political identity.

The implications extend beyond ideology to tangible market effects. Businesses and investors who made strategic decisions based on previous policy frameworks now face regulatory uncertainty. Clean energy projects, carbon reduction initiatives, and sustainability-focused business models all face heightened policy risk, creating hesitation among stakeholders who might otherwise drive climate innovation regardless of political alignment.

/ Global Insights for Domestic Progress

Despite these challenges, international experience suggests ways forward. Three nations have navigated similar polarization challenges with notable success:

- / 1. The United Kingdom has successfully transitioned away from coal while addressing worker displacement and community impacts**
- / 2. Australia has pioneered natural capital approaches that position environmental preservation as an economic asset management strategy**
- / 3. Japan has cautiously revived nuclear energy after the Fukushima disaster by reframing the debate around energy security and economic competitiveness**

While each nation's context differs from the United States, their experiences offer transferable insights on depolarizing climate action through economic framing, stakeholder engagement, and strategic communication.

/ Research Approach

This report addresses three central questions:

- / 1. How have markets outside the US successfully implemented climate action frameworks, and what factors contributed to their success?**
- / 2. How do communication strategies regarding climate action differ across markets?**
- / 3. How can the US apply lessons from other markets to implement successful climate policies amid polarization?**

Our methodology integrates in-depth policy analysis across diverse energy systems and climate frameworks with structured interviews conducted with US SIF member experts in policy and shareholder advocacy. These findings are distilled into cross-market insights and translated into actionable recommendations tailored for the U.S. context. By examining global case studies through the lens of U.S. market dynamics, this research provides investors with practical tools to advance climate action and navigate policy volatility.

Global Models for Climate Action

The UK: Coal Phase Out and Energy Sector Transition

From the birthplace of the industrial revolution to the first G7 nation to eliminate coal power, the UK's transformation offers a blueprint for managing energy transitions with minimal polarization.

Context

The United Kingdom (UK), birthplace of the Industrial Revolution, completed a historic energy transition in 2024 by closing its final coal-fired power plant, Ratcliffe-on-Soar. This makes the UK the first country in the Group of Seven (G7) to do so, but the 14th of 38 Organisation for Economic Co-operation and Development (OECD) nations to do so.⁸²

In just over a decade, coal's share in UK electricity generation plummeted from 40% to 1%, with renewables (52%) and nuclear (17%) now dominating the energy mix. Fossil fuels, now coal-free, account for just 30% of generation, the same share held by renewables and nuclear combined in 2012.⁸³ As noted by the World Resources Institute, the UK's coal phaseout timeline aligns with the decarbonization speed required worldwide to limit warming to 1.5°C.⁸⁴ This dramatic shift resulted from a strategic mix of market liberalization, bipartisan policies, public pressure, and long-term planning, proving even industrial pioneers can successfully transition from their dirtiest energy sources.

Policy & Frameworks

The UK implemented a strategic progression of policies that systematically undermined coal's economic viability:

- / **2005:** EU Emissions Trading System introduced carbon pricing for power generators and industry⁸⁵
- / **2008:** Bipartisan Climate Change Act established legally binding emissions targets (later upgraded to net-zero)⁸⁶
- / **2013:** Two decisive measures directly targeted coal:⁸⁷
 - Emissions performance standard (450g CO₂/kWh) that unabated coal plants cannot meet
 - Carbon price floor making existing plants economically vulnerable

This policy foundation, combined with falling renewable costs and targeted government support, rendered coal-fired plants economically unviable. By 2021, market forces enabled the UK to accelerate its coal phaseout deadline by a full year. The UK government attributed coal's declining competitiveness to falling renewable energy costs, noting that "the rise in the use of renewables thanks to competition, free enterprise and government incentives to kick start new technologies has...helped to drive down the cost of green energy, with coal power now more expensive."⁸⁸

A 2020-2021 government consultation identified four key policy rationales for the accelerated timeline: (1) reinforcing UK climate leadership, (2) cutting power sector emissions, (3) attracting low-carbon investment through revenue certainty, and (4) ensuring the security of the electricity supply.⁸⁹ Notably, an accompanying impact assessment determined that the movement of the deadline was "...unlikely to have significant impact on the UK coal mining sector" as the sector had long been in decline due to shrinking domestic demand and global market pressures.⁹⁰

Following the September 2024 closure of its final coal plant, the UK now aims to decarbonize its power sector by 2030, limiting unabated fossil fuels to less than 5% of generation.⁹¹ To achieve this, the Labour government has pledged to double onshore wind, triple solar power, and quadruple offshore wind by 2030.⁹² This transition will require significant battery storage, grid expansion, and streamlined connection processes.⁹³

Stakeholder Engagement

The UK's successful transition relied on strategic engagement with key stakeholders:

- 1. Public Advocacy:** Public opposition played a crucial role in the UK's coal phaseout, with occupation protests like those at Kingsnorth Power Plant and Ratcliffe Power Plant in 2000s,⁹⁴ along with campaigns by groups like Greenpeace, Spring Into Action, and Coal Action Network accelerating closures.⁹⁵
- 2. Industry Collaboration:** Unlike other markets where fossil fuel companies aggressively resist change, UK energy firms adapted early, recognizing the economic signals and investing in alternatives. As analysts note, the government's 2015 phaseout announcement merely formalized an economic reality: coal had already become unviable due to prior policy shifts and market forces.⁹⁶
- 3. Worker Support:** Critical to preventing polarization was the UK's approach to affected workers and communities. At Ratcliffe's 2024 closure, this included:
 - Union involvement in decommissioning plans
 - Retraining programs and new role placement
 - On-site job centers
 - Voluntary severance packages⁹⁷

As one union member noted, this collaborative approach transformed “great sadness” into “a feeling of relief,”⁹⁸ demonstrating how intentional workforce transition can convert potential opposition into acceptance.

Strategic Insights for US Application

The UK experience offers three transferable lessons for depolarizing climate action:

- / Worker-Centered Transitions Build Stakeholder Buy-In** – Climate progress cannot ignore social realities; it must address them directly. The UK model of consulting workers and supporting their transition offers a blueprint applicable even in markets with weaker union presence. Direct worker engagement through retraining, job creation, and economic support transforms potential opposition into active stakeholder buy-in.
- / Market-Aligned Policies Accelerate Industry Adaptation** – The UK's energy industry adapted because policies aligned with market signals rather than forcing abrupt changes. US climate advocates should pursue voluntary coal plant retirement timelines paired with clean energy investment incentives, creating economic gains for fossil fuel communities while reducing emissions. The UK's pragmatic approach to hard-to-abate industrial processes demonstrates how climate action can align with industrial and regional economic interests.
- / Economic Framing Depolarizes Energy Transitions** – By framing coal's decline as economic inevitability rather than environmental imperative, the UK avoided partisan battles. US climate communication should emphasize energy independence, consumer savings, and economic modernization rather than emissions reduction. Programs providing nationwide economic support can encourage bipartisan climate action. This pragmatic reframing creates policy durability where ideological appeals typically fail.

The UK case demonstrates that successful climate action centers economic and community needs rather than purely environmental goals.

/ Australia: Valuing Nature as an Asset Class

Beyond protecting iconic species and landscapes, Australia is pioneering an economic revolution that positions natural resources as measurable assets on the national balance sheet.

Context

Australia's iconic natural symbols, from ancient Boab trees to golden wattle flowers, mask a deeper crisis. The nation holds extraordinary natural wealth: 10% of Earth's biodiversity and the second highest number of unique species. Yet Australia suffers the OECD's worst species decline, including the world's highest mammal extinction rate.⁹⁹ Since colonization, half of Australia's land has been transformed by agriculture, mining and urbanization, degrading the ecosystems sustaining its economy, where half of GDP and 75% of exports depend directly on nature.¹⁰⁰

The consequences—threatened water security, failing soils, and collapsing food systems—demand urgent action. But a new recognition is dawning; protecting nature isn't just conservation, but economic necessity. Across farms, boardrooms and policy circles, Australians are pioneering solutions that align prosperity with ecological renewal, proving environmental stewardship can be the foundation of future wealth.



Policy & Frameworks

To align economic success with environmental renewal, Australian investors, businesses, and government have adopted an economic philosophy known as natural capital. While the concept traces back to British economist E.F. Schumacher in 1973,¹⁰¹ Australia has emerged as a global leader in its practical application. With comprehensive adoption at both federal and state levels, Australia offers a more robust case study than nations with limited implementation.

Core Components of Australia's Natural Capital Approach:

- / **Conceptual Framework:** Positions nature as an asset class on par with traditional categories like financial, infrastructure, human, and social capital
- / **Operational Definition:** The Australian Department of Climate Change, Energy, the Environment and Water (DCCEEW) defines natural capital as "...natural resources including the vegetation, soils, water, oceans and biodiversity and the services that they provide to... businesses, people and the economy".¹⁰²
- / **Practical Implementation:** Uses natural capital accounting (environmental-economic accounting) and assessment to measure and value the condition of natural assets and ecosystem services.¹⁰³

Unlike regulatory frameworks that rely on penalties, Australia's approach is incentive-based, identifying four profitable market opportunities for land managers:

- 1. Ecosystem Services Benefits:** Preserving natural assets provides free services that boost productivity, lower input costs, and protect market access¹⁰⁴
- 2. Carbon & Biodiversity Credits:** Programs like the Carbon+Biodiversity pilot compensate land managers for environmental planting projects¹⁰⁵
- 3. Premium Market Access:** Sustainably produced goods can command higher prices in select markets¹⁰⁶
- 4. Sustainable Investment Attraction:** Investors increasingly assess nature-related risks under frameworks like the UN Task Force on Nature-related Financial Disclosures (TNFD)¹⁰⁷

These market-based incentives are supported through government initiatives including the Clean Energy Finance Corporation, the Australian Agricultural Sustainability Framework, and the National Strategy for Environmental Economic Accounting. Australia's approach is further aligned with global frameworks such as the UN's System of Environmental-Economic Accounting (SEEA).

Implementation & Results

Australia's natural capital approach has achieved notable successes while highlighting implementation challenges:

Measurable Progress:

- / The Australian State of the Environment report for 2021 incorporates natural capital accounting influenced by SEEA¹⁰⁸
- / The value of Australia's natural assets increased 108% from 2005-06 to 2015-16, rising from \$2,983.1b AUD (\$1,857.1b USD) to \$6,138.1b AUD (\$3,860.1b USD)
- / Environmental assets now represent the largest share of Australia's capital base as reported on the national balance sheet¹⁰⁹

Implementation Challenges:

Many land managers remain unaware of the value and benefits of natural capital, creating a persistent awareness gap. Even when data exists, businesses often struggle to access consistent, usable information. And for those with access, analytical barriers frequently prevent them from turning data into actionable insights for strategic decision-making.

Government Response:

To address these barriers, the Australian government has invested \$4.7m AUD (\$2.95m USD) to pioneer standardized methods and tools for quantifying and embedding natural capital in financial markets.¹¹⁰ Additionally, The Australian Department of Agriculture, Water and the Environment (DAWE) is working with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) to build evidence linking better natural capital management to increased productivity and reduced risk.¹¹¹

Strategic Insights for US Application

Australia's natural capital initiatives offer valuable insights for depolarizing US climate policy:

- / **Incentives Outperform Penalties:** Approaches that align environmental health with business profitability reduce resistance and drive voluntary adoption compared to punitive measures
- / **Market Logic Supports Conservation:** Quantifying ecosystem services as financial assets creates economic rationale for preservation, as replacing these services through artificial means often costs more and delivers less
- / **Communication and Data Infrastructure Are Critical:** Policy success depends on clear communication to ensure stakeholder buy-in and robust data systems to track progress
- / **Recognize Limitations:** While natural capital has advanced sustainable practices and biodiversity preservation, it cannot address all climate challenges alone, even at local scales
- / **Design Complementary Policies:** Natural capital approaches work best as part of a broader toolkit, where each measure addresses specific, feasible goals within a comprehensive strategy
- / **Set Realistic Expectations:** Transparent communication about policy limitations manages expectations, maintains credibility, and preempts criticism through realistic goal-setting

Australia's experience demonstrates that reframing environmental protection as economic asset management can create common ground between traditional adversaries and advance climate action through market mechanisms rather than regulatory mandates.

/ Japan: Nuclear Energy and Public Trust in a Post-Crisis World

Despite experiencing one of history's worst nuclear accidents, Japan is cautiously reviving its nuclear program, offering lessons in how even the most polarized energy debates can shift when reframed around practical concerns.

Context

The Fukushima disaster of 2011 remains a defining moment in Japan's energy policy. More than a decade later, its consequences are still being felt. In Fukushima Prefecture, 337 square kilometers remain off-limits and 26,808 people remain unable to return home.¹¹² Yet, despite these lasting scars, Japan is gradually returning to nuclear power.

By the end of 2024, Japan had restarted 14 reactors, with 11 more awaiting approval and 10 others considered for restart. Two additional reactors were under construction, signaling a cautious but deliberate reversal of the post-Fukushima nuclear phaseout.¹¹³ Prior to Fukushima, nuclear energy generated roughly one-third of Japan's electricity, dropping to zero in 2015 as reactors were taken offline. Nuclear power has slowly crept up to 7% of Japan's energy mix today, but the government is pushing for expansion.¹¹⁴

This renewed push reflects shifting political calculations and energy realities. New policies aim to reconcile nuclear power with both safety and decarbonization goals, though not without contention. The path forward remains fraught with technical challenges, economic trade-offs, and the persistent weight of public memory, questions that will shape Japan's energy future in the decades to come.



Policy & Frameworks

Japan's return to nuclear energy has unfolded through a series of strategic policy shifts:

GX Basic Policy (February 2023):

- / Prime Minister Fumio Kishida's cabinet established a new direction for nuclear energy
- / Unambiguously stated that "...nuclear power and other power sources that contribute to national energy security and are highly effective for decarbonization will be used to their maximum potential..."¹¹⁵
- / Introduced concrete regulatory changes expanding nuclear energy's role:
 - Extended permitted operational lifespan by exempting downtime from court cases or regulatory reviews beyond the previous 60-year limit¹¹⁶
 - Departed from previous policies by promoting "next-generation advanced reactors" on decommissioned plant sites¹¹⁷

7th Strategic Energy Plan (February 2025):

- / Further reinforced nuclear commitment, stating "with the expected increase in electricity demand... it is necessary to maximize the use of... nuclear power"¹¹⁸
- / Set concrete targets:
 - Approximately 20% of electricity from nuclear by fiscal year 2040¹¹⁹
 - 40-50% from renewables
 - 30-40% from fossil fuels
- / Explicitly conditioned nuclear expansion on "ensuring safety and public trust"¹²⁰

These policy developments reflect a significant shift in Japan's approach to nuclear energy, prioritizing both decarbonization and energy security while acknowledging the need to address public concerns about safety.

Public Opinion & Communication Strategy

Japan's shifting attitude toward nuclear energy stems from global energy developments. In its outline of the 7th Strategic Energy Plan, the Japanese government identifies four key drivers behind this policy shift.¹²¹ First is the surge in energy prices following Russia's invasion of Ukraine and growing instability in the Middle East. Second is the anticipated rise in electricity demand, fueled by increasing electrification, the expansion of data centers, and the growth of semiconductor manufacturing. Third is the government's commitment to achieving carbon neutrality through a diverse and pragmatic mix of energy sources. Fourth is the strategic goal of strengthening industrial policy by ensuring a stable energy supply and leveraging decarbonization to drive economic growth.

Economic pressures have significantly shifted Japanese public opinion on nuclear energy. Throughout the Abe and Suga administrations and into Kishida's early tenure, Asahi Shimbun, a major Japanese newspaper, polls showed only 28-32% support for reactor restarts, with consistent majority opposition restarts.¹²² However, the combined shocks of the COVID-19 pandemic and the Ukraine war dramatically altered this calculus. As Japan's yen plummeted and inflation hit decades-high levels, exacerbated by the nation's heavy dependence on imported fossil fuels, nuclear energy gained new appeal. By February 2022, Asahi Shimbun recorded a historic shift; for the first time since Fukushima, opponents of reactor restarts no longer constituted a majority. This trend accelerated, with the 2023 survey showing 51% support for nuclear restarts against just 42% opposition, marking a complete reversal from previous years.¹²³

Strategic Communication Approaches:

- / Safety messaging prioritized in all nuclear policy discussions
- / Focus on community engagement, particularly in areas hosting nuclear facilities
- / Emphasis on "next-generation advanced reactors" with superior safety features
- / Siting new development exclusively at locations with existing nuclear infrastructure
- / Explicit commitment to "gaining local understanding" as prerequisite for development¹²⁴

Nuclear energy remains a sensitive issue given Japan's historical experiences, including the atomic bombings of Hiroshima and Nagasaki (1945) and the Fukushima disaster (2011), one of only two Level 7 accidents on the International Nuclear and Radiological Event Scale.¹²⁵ Despite this complex backdrop, economic and geopolitical pressures have shifted the conversation from ideological opposition toward pragmatic acceptance, though public trust remains central to the policy's long-term viability.

Strategic Insights for US Application

Japan's nuclear revival offers several transferable lessons for depolarizing contentious climate policies in the US:

Leverage Crisis Moments as Catalysts for Change

- / Prime Minister Kishida strategically used his “three golden years” (period without electoral pressure) to advance nuclear policy¹²⁶
- / Energy crises triggered by COVID-19 and the Ukraine war catalyzed public acceptance
- / The US could similarly use extreme weather events or supply chain disruptions to reframe clean energy as economic stability rather than ideological choice

Prioritize Strategic Public Communication

- / Japan built support through targeted community engagement, focusing first on areas already familiar with nuclear infrastructure
- / Next-generation reactors were positioned as safety upgrades rather than expansion
- / For the US, this suggests value in “bridge” solutions like retrofitting existing plants, paired with local support measures including job guarantees and sustained tax revenues
- / Incremental implementation proves more durable than abrupt overhauls

Link Climate Solutions to Economic Competitiveness

- / Japan's dual emphasis on decarbonization and energy security created broader support
- / Nuclear expansion was tied to strategic industries like semiconductors and data centers
- / The US could replicate this by connecting clean energy targets with industrial revival in key states
- / This approach transforms climate action from a polarizing issue to shared economic interest

Japan demonstrates that even the most contentious energy policies can gain acceptance when framed as practical solutions to immediate problems rather than ideological imperatives. By emphasizing economic security, industrial competitiveness, and community benefits while actively addressing safety concerns, Japan has begun to transform one of its most polarized debates into a pragmatic policy discussion – a model with clear relevance for the United States.

/ From Global to Local: Strategies to Mitigate Polarization in the US

/ Common Patterns for Depolarized Climate Progress

The fight against climate change is often framed as a binary battle: economic growth versus climate action, ideology versus pragmatism, urgency versus feasibility. Yet three industrialized democracies – Australia, the UK, and Japan – have demonstrated that depolarization and climate action are possible when climate policy is detangled from moral absolutism and anchored in tangible, immediate benefits for businesses, workers, and communities.

The UK's coal phaseout, Australia's natural capital revolution, and Japan's post-Fukushima nuclear revival each followed a similar playbook:

1. Economic Reframing: They positioned climate action as economic value creation rather than sacrifice

2. Market-Driven Implementation: They structured policies to make decarbonization inevitable through market forces rather than relying solely on government mandates

3. Stakeholder Trust-Building: They prioritized engagement with skeptical constituencies including workers, rural communities, and industry leaders

Critically, none of these nations achieved climate action by waiting for perfect political conditions. Instead, they worked within constraints, advancing politically feasible policies that steadily shifted the economic and social landscape toward decarbonization, sometimes incrementally.

/ Universal Principles for US Climate Progress

These international experiences reveal three universal principles for US advocates:

Pursue Progress Despite Polarization

The work never stops, even during politically challenging periods. Progress must be pursued through policies that balance ambition with adaptability. A modest policy that passes is more impactful than an ideal one that stalls. Opportunities for advancement exist even when comprehensive climate legislation seems impossible.

Adapt Communication to the Audience

The same decarbonization goal can be achieved through multiple rhetorical pathways:

- / UK's approach emphasized cost savings and inevitable market transitions**
- / Australia's framework positioned environmental protection as asset management**
- / Japan linked nuclear energy to economic competitiveness and energy security**

A shift in rhetoric can effect the same change despite no other policy differences.

Capitalize on Crisis Moments

Countries used moments of disruption whether from energy shocks, economic pressures, or environmental disasters to advance policies once considered unfeasible. These moments create openings for change when stakeholders are more receptive to new approaches. Preparation before these moments arrive enables swift action when opportunities emerge.

/ Recommended Actions

To translate these lessons into action, climate-conscious advocates and businesses in the US should focus on three high-impact opportunities:

Advance Natural Capital Accounting as a Bipartisan Business Solution

The foundation for this approach already exists:

- / Since December 2022, the US and Australia have issued joint statements on natural capital cooperation¹²⁷**
- / A trilateral partnership with Canada was established in December 2023¹²⁸**
- / The Partnership on Cooperation on Natural Capital Accounting has held two Senior Officials Dialogues (September 2023 and November 2024)¹²⁹**
- / A third meeting is planned for 2025¹³⁰**

US climate advocates should push for continued US participation in this partnership despite potential political headwinds. The Joint Statements¹³¹ explicitly allow hosting duties to be conducted virtually or in-person, minimizing political barriers to engagement. These low-stakes discussions focused on non-binding statements represent a politically viable opportunity to advance the natural capital approach in the US.

Natural capital offers clear business value through stronger risk management, more accurate resource valuation, and sharper investment decisions, while protecting essential ecosystem services.



Advance Politically Viable Clean Energy Policies

Two specific opportunities stand out. The Department of Energy under Secretary Chris Wright, a former fossil fuel CEO, has prioritized nuclear energy. Wright's first secretarial order on February 5, 2025, declared that "America must lead the commercialization of affordable and abundant nuclear energy."¹³⁶ Major corporations including Amazon, Google, and Meta have since pledged to triple nuclear capacity,¹³⁷ with several securing nuclear power purchase agreements to meet rising AI electricity demands.¹³⁸ This convergence between Republican leadership and corporate interests creates a unique opening for bipartisan energy policy.

In parallel, the Co-Location Energy Act, introduced in March 2025 by Utah Republican John Curtis and Colorado Democrat John Hickenlooper, permits wind and solar projects on existing federal energy leases. The bill provides a streamlined framework for development on already-disturbed federal lands and requires leaseholder consent, respecting business autonomy.¹³⁹ It creates a win-win by enabling clean energy development without imposing new regulatory mandates and represents a pragmatic, consent-based approach that bridges ideological divides.



Conclusion



Despite deepening political polarization in the United States, climate progress remains possible when advocates and policymakers adapt their strategies to align with today's realities. The experiences of the UK, Australia, and Japan demonstrate that decarbonization does not require ideological consensus, but rather pragmatic policymaking, inclusive communication, and carefully timed action.

The central insight is this: successful climate action is not always about passing the perfect law or securing widespread agreement on climate science. It is about lowering resistance by meeting stakeholders where they are – economically, culturally, and politically.

By reframing climate policies as economic opportunities, building public trust through transparency and local engagement, and leveraging moments of disruption to advance feasible reforms, the climate-conscious in the US can continue to move the needle. The road ahead will require flexibility, persistence, and strategic framing, but the global playbook shows that, even in divided societies, progress is still within reach.

Next Steps

/ Building Resilient Pathways for Sustainable Investment

Our comprehensive analysis of sustainable investment markets reveals a sector at a critical inflection point. Despite heightened policy volatility and polarization, our research identifies significant opportunities for US SIF members to advance sustainable urban development and climate action through innovative financial structures and strategic communication approaches.

The most effective sustainable investments pair mechanism with message. Financial engineering provides the technical foundation for capital deployment, while strategic economic reframing creates the political space necessary for implementation. This integrated approach is evident across our case studies, from the NYC MTA's climate bond program to Australia's natural capital framework, demonstrating that even the most contentious sustainability initiatives can gain traction when properly structured and communicated.

/ Recommendations for Investors

To capitalize on these opportunities, we recommend a focused three-part agenda:

Build Standardized Implementation Tools

- / Create a repository of blended finance templates for affordable housing and transit projects
- / Develop common metrics and risk assessment methodologies for climate-resilient urban investments
- / Establish a clearinghouse for successful stakeholder engagement practices

Emphasize Economic and Resilience Benefits

- / Reframe climate initiatives around economic competitiveness, job creation, and community resilience
- / Build sector-specific messaging toolkits that transcend political divides
- / Showcase the quantifiable co-benefits of sustainable urban development across diverse communities

Prepare for Strategic Opportunities

- / Identify “shovel-ready” projects that can be rapidly implemented during policy windows
- / Form non-traditional coalitions with labor, manufacturing, and local business interests
- / Cultivate relationships with implementation partners across political boundaries

The difference between transactional climate finance and transformative sustainable investment lies in this integrated approach. As demonstrated by successful initiatives in the UK, Australia, and Japan, climate progress doesn't require perfect political conditions. It requires practical solutions delivered through strategic pathways that align with stakeholder interests.

The opportunity for investors lies not in waiting for ideal circumstances, but in building resilient investment approaches that can withstand political cycles while delivering both competitive returns and measurable impact. As the global experience shows, even the most polarized climate debates can shift when reframed around tangible benefits that transcend ideological divides.

/ Acknowledgements

About the NYU SPS Center for Global Affairs



Chloe Demrovsky
NYU CGA Exec. in Residence

Professor Chloe Demrovsky serves as the Inaugural Executive in Residence at the NYU SPS Center for Global Affairs (CGA), where she leads the Global Economy concentration. She is also the President and Founder of Edgewood Insights and former President and CEO of DRI International. With extensive experience in risk, resilience, and emergency management, she has advised global businesses, nonprofits, and government bodies. As a mentor to the student authors of this report, she leverages her professional background to guide their work.

The NYU School of Professional Studies Center for Global Affairs (SPS CGA) is a leading academic hub dedicated to addressing pressing global challenges. The CGA's flagship program, the M.S. in Global Affairs, offers 8 degree concentrations, including energy policy, global economics, and peacebuilding. The program equips students with the knowledge and skills needed to tackle complex international issues, offering a combination of rigorous coursework, specialized electives, and real-world experiences. The CGA fosters collaboration and prepares graduates for impactful careers in global organizations, business, and policy-making.

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**Austin Ariss**

M.S. in Global Affairs candidate at NYU CGA

Concentrating his studies on energy and environmental policy. He holds a B.S. in Geography focused on urban planning.

Austin's professional experience spans energy, sustainability, GIS, and consulting, with a passion for using statistics to draw meaningful conclusions.

**Nanda Jasuma**

M.S. in Global Affairs candidate at NYU CGA

Concentrating her studies on the global economy. Nanda's professional experience spans sustainable supply chains, sustainable investment, and nonprofit strategy.

**Mariama Bah**

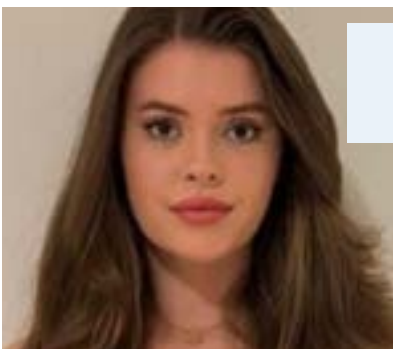
M.S. in Global Affairs candidate at NYU CGA

Concentrating her studies on the Global Economy. She holds a B.A in Political Science. Mariama's academic experience centers on international economic policy, applied data analysis, and development research, with a focus on the intersection of economic development, energy security, and global financial trends.

**Smita Samanta**

M.S. in Global Affairs candidate at NYU CGA

She focuses her studies on emerging technologies. Her professional experience spans venture capital and strategic consulting, working closely with startups at the intersection of innovation, impact, and technology. Smita is particularly interested in how frontier technologies like AI and blockchain can drive scalable, systems-level change in energy, finance, and development.

**Renata Gladkikh**

M.S. in Global Affairs candidate at NYU CGA

She is in her second year student in the Global Economy Concentration. She is the head of SAGE (Student Association for Global Economy), where she has planned several networking events, including a professor panel and alumni event, and is Professor Demrovsky's graduate assistant this semester. She is interested in the intersection of finance, energy, energy transition, and social impact.

About US SIF

/ US Sustainable Investment Forum

The US SIF works to ensure that the US capital markets play an active role in driving investments toward more sustainable and equitable outcomes. US SIF and its members are the leading voices of sustainable investment. We aim to create a level playing field in capital markets, which includes increased transparency and disclosure across the industry.

US SIF's 200+ members represent trillions in assets under management. Our member base includes investors across the industry-including asset owners, financial advisors, asset managers, institutional investors, community investment institutions and data & service providers.

We employ five key strategies to advance sustainable investing:



/ Research

We produce cutting edge research, including our US Sustainable Investing Trends, as well as fact sheets and guides on sustainable investing.



/ Education

We offer education and training through online and in-person courses for financial professionals and retail investors. We also host webinars on various topics in collaboration with practitioners and thought leaders.



/ Public Policy

Our policy program works to advance a regulatory agenda that maintains and enhances the sustainable and impact investment field.



/ Media Engagement

We engage with the media to enhance public awareness of sustainable investing practices and to give our investors a public voice. We are active participants in key investor events.



/ Networking

We provide opportunities for the sustainable and impact investing community to convene at our annual national conference and at local events.

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