



**Michigan Saves** <sup>SM</sup>

[michigansaves.org](http://michigansaves.org)

**ABOUT THIS PROJECT**

All communities need to transition to cleaner energy products and services or the U.S. will not meet its climate resiliency goals. This means the up-take and access to solar, air-source heat pumps, energy retrofits, efficient appliances and vehicles must move from predominantly white and affluent communities into communities of color and places of lower wealth accumulation. Data shows homeowners in Detroit are marketed to less for these products and services and see loan applications denied at about twice the rate of other residents of Wayne County. This program-related investment loan will enable Michigan Saves to lend directly to underserved communities of color in Detroit and will demonstrate that the credit risk of doing so is similar to that of the rest of the state.

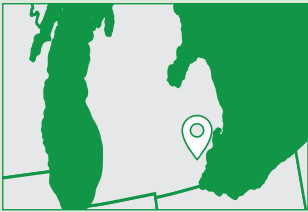


Photos: Courtesy of Michigan Saves

**WHY WAS THIS NEEDED?**

**Challenge:** The availability of fairly-price green energy products is lacking for consumers with low incomes and within communities of color in cities like Detroit. The number of loan requests and the approval rate by lenders in Detroit and other Michigan urban areas is significantly lower than in surrounding communities.

**Solution:** Michigan Saves will offer financing directly to homeowners, small businesses and nonprofits located in low- and moderate-income areas of Detroit. The organization hopes to demonstrate to lenders that the credit risk of these products, products that reduce monthly energy costs, is no higher in low- to moderate-income communities thereby opening greater access to these green financing products.

<p><b>IMPACTED LOCATION</b></p>  <p>Detroit/Michigan</p>	<p><b>YEAR APPROVED</b></p> <p>2021</p>	<p><b>KRESGE PROGRAM</b></p> <p>Environment, Detroit</p>	<p><b>TERM OF INVESTMENT</b></p> <p>2%, 10-years</p>
	<p><b>TYPE OF TRANSACTION</b></p> <p>PRI-Loan</p>	<p><b>AMOUNT OF INVESTMENT</b></p> <p>\$2.5 million</p>	<p><b>GRANT SUPPORT</b></p> <p>n/a</p>



## ABOUT THE BORROWER

Michigan Saves was founded in 2009, by a grant from the Michigan Public Service Commission, on the principle that clean energy improvements should be easily accessible and affordable to homeowners and business owners throughout Michigan. It's the nation's first nonprofit green bank and a founding member of the Coalition for Green Capital and the American Green Bank Consortium. When founded, there were no comparable clean energy financing products, and Michigan Saves' overarching goal was to ensure it filled this gap in the marketplace. It designs lending products and offers credit enhancements to lenders and utilities and has facilitated more than \$325 million of financing. It recruits, trains and monitors a network of contractors and provides technical assistance to lenders, contractors and potential customers.

## IMPACT MEASURE

Will make loans of up to \$100,000

## KEY PARTNERS:

DTE Energy, Wayne Metro Community Action Agency and EcoWorks

## Key Considerations



### Joe Evans

Portfolio Director  
Social Investment Practice

- » Working with the Environment Program, we want to increase the capacity of the nation's green banks, which are intermediaries that address gaps in climate and clean energy financing, including at the community level. Michigan Saves is the state's only green bank.
- » Through this lending program, Michigan Saves hopes to build the case that other lenders should address loan approval processes to be more equitable and less dependent on credit scores.
- » Enabling Michigan Saves to offer direct lending will better position it as a fully operational green bank, providing loans in addition to credit enhancement. This distinction may be important as the federal government seeks to support green banks through legislation that could lead to a rapid scaling of the balance sheets of Michigan Saves and other green banks.
- » An active direct lending program, and an identified approach to accessing underserved markets, is likely to enable it to make a stronger case for a share of those resources.