

United In Sustainability (UIS) Network Call

Credit Unions Lead in Equitable Climate Financing

February 22, 2024

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Introduction



- National non-profit and a certified CDFI intermediary
- Launched the Center for Resiliency and Clean Energy in 2019
- Mission: To help low-and moderate income people and communities achieve financial independence through credit unions

What Does Credit Union Green Lending Look Like?

Credit unions already lead in loan products that could be adapted for green lending (consumer loans, home improvement loans, auto loans, etc.)

Examples:

- Rooftop solar
- Electric vehicles
- Efficient appliances (e.g. Energy Star)
- Efficient heating/cooling (e.g. heat pumps)
- And many more

Credit Unions Lead in Equitable Green Lending

338 credit unions offer / are building dedicated green loan products

- Serve **20.5 million** community members
- Manage over **\$364 billion** in combined community assets
- **84** of these credit unions are certified CDFIs

A small sample of just **30** of these credit unions reported **~\$1 billion in combined investments** into green projects over **the past 3 years!**



Role of Credit Unions

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Credit Unions Are Financial First Responders



*Flooding in California
The Guardian, 2023*



*Hurricane in Puerto Rico
The Wall Street Journal, 2017*



*Wildfires in Hawaii
The New York Times, 2024*

Credit Unions Serve Members with the Highest Energy Burden

- National average energy burden for low-income households is **3X higher** than for non-low-income households (DOE)
- Black households spend **43% more**, Hispanic households **20% more**, Native American households **45% more** on energy costs than white households (ACEEE)
- Higher energy burden is correlated with greater risk for respiratory diseases, increased stress and economic hardship, and difficulty in moving out of poverty

Energy Burden = % of gross household income spent on energy costs



Efficiency Vermont, 2019

Federal Funding Opportunities

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What is the Greenhouse Gas Reduction Fund (GGRF)?

The Inflation Reduction Act (IRA) has **\$374 Billion** in total environmental/clean energy investment (subsidies, tax credits, rebates, grants, technical assistance, etc.)

Part of IRA is the U.S. EPA's **\$27 Billion Greenhouse Gas Reduction Fund**, which includes three grant competitions:

- **\$14B National Clean Investment Fund (NICF)**
- **\$6B Clean Communities Investment Accelerator (CCIA)**
- **\$7B Solar for All**

Main Takeaway: Credit unions will play a central role in fund deployment, in each of the three GGRF grant competitions.

Credit Unions Will be Key to GGRF Implementation

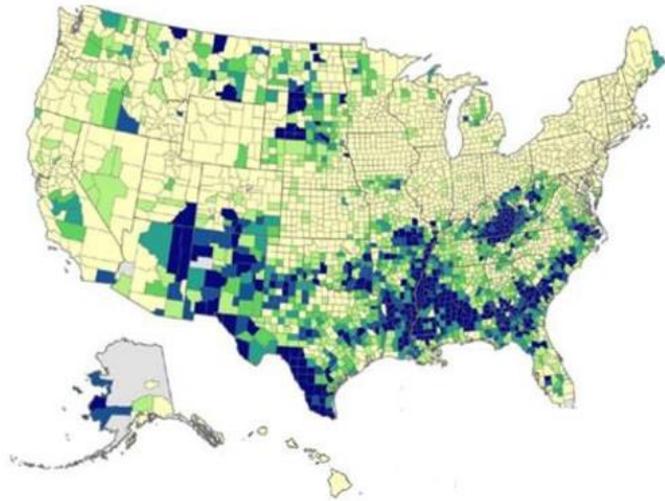
- Justice40 Initiative
- Successful track record of leveraging public investments
- Credit unions already invest in building the financial services market for people who have lower-incomes



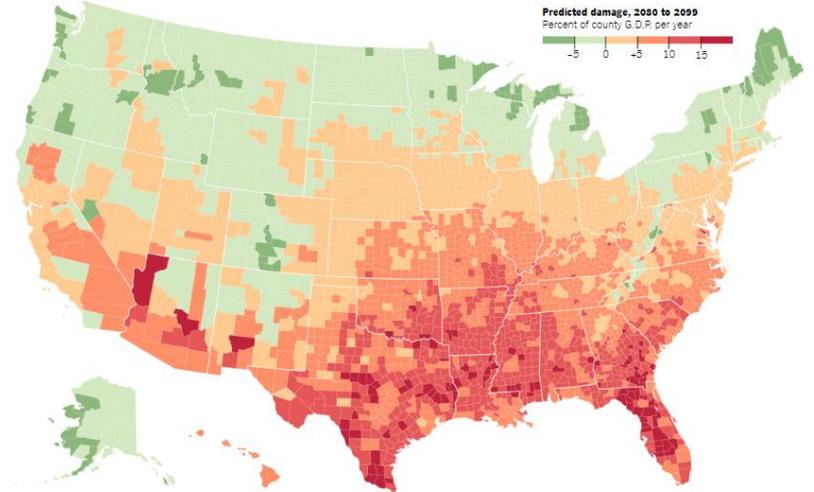
Case Study: Hope Credit Union

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Climate Damage Most Prevalent in High Poverty Areas



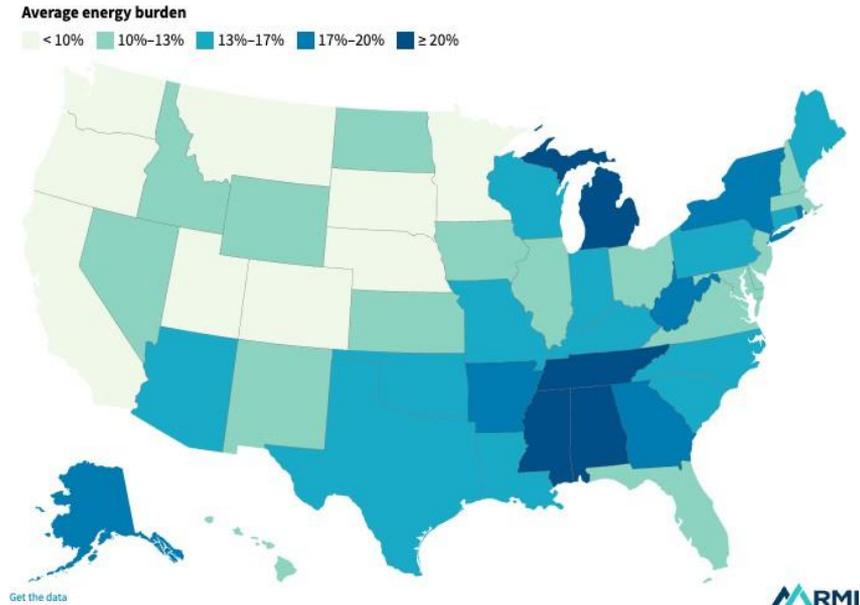
Decades in Poverty



Low-Income Communities Face High Energy Burden

- Deep South states have highest rates of energy burdened low-income households
- Energy burdens for low-income households are source of financial instability
- Approx. 34 million households reduced/forgo food or medicine to afford energy bills

Figure: Energy Burden Among Extremely Low-Income Households

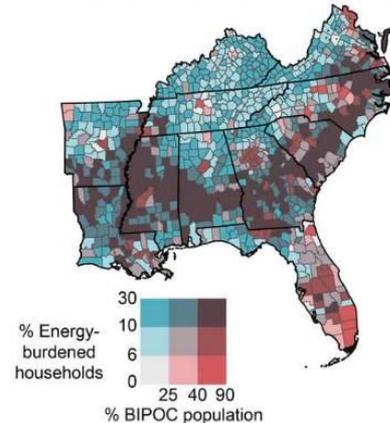


Communities of Color More Likely to Face Climate Burdens

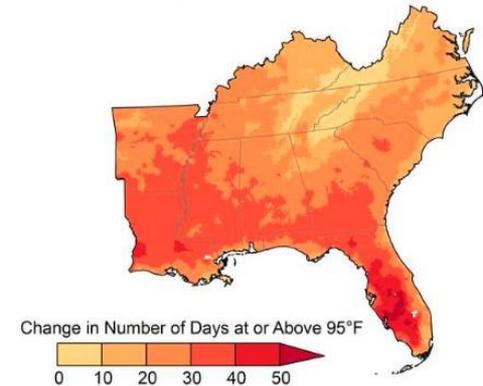
- Communities of color face higher risk of energy burdens in Deep South
- Extreme heat projections disproportionately concentrated in MS Delta and AL Black Belt
- Severe storm events e.g. tornadoes have outsized impact in rural, communities of color

Figure: Inequitable Heat Burden and Future Heat Exposure

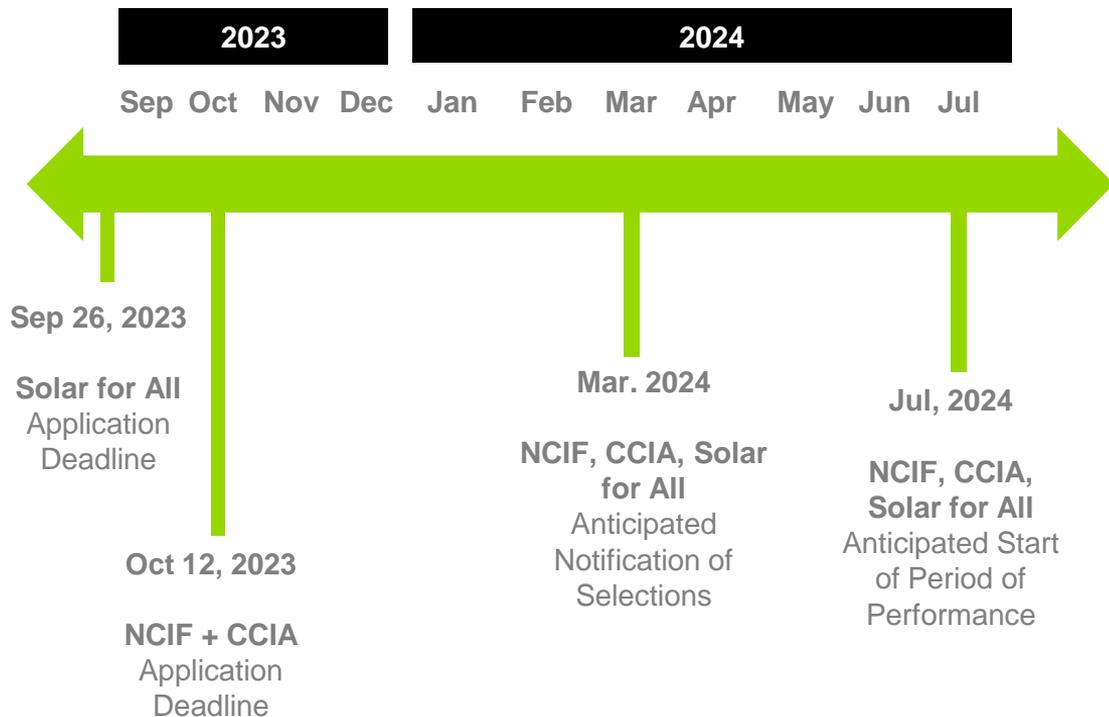
a) Energy-burdened households overlap with communities of color



b) Projected change in extreme heat days, 2050 compared to 1991–2020



GGRF Timeline



For most credit unions, access to GGGRF dollars will occur after the initial competition grant awardees have been selected, which is expected to happen in March 2024

How to Prepare for the GGRF Opportunity

- **Get Smart.** Dedicate time to reviewing the three GGRF Grant Competitions - understand how / when you will want to access GGRF funding.
- **Stay Informed.** Sign-up for EPA GGRF newsletters and webinars.
- **Start building internal capacity to launch / expand a green loan program.** Apply for **Inclusiv-UNH green lending training courses** (visit our website to learn more). 
- **Stay Connected to Inclusiv.** Inclusiv is here to help all credit unions navigate the GGRF and make sure they are prepared to apply to receive these federal grant dollars.

Solar Lending Professional Training - Virtual Series

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The **Solar Lending Professional Training - Virtual Series** is designed by Inclusiv and the University of New Hampshire for individuals with more than one year of lending experience who work at community-based lending institutions (credit unions, CDFIs, and community banks), and are interested in increasing their organizations' activity in individual consumer and/or community commercial-level solar financing. These trainings will cover the knowledge, skills and practices you need to engage in solar lending, including market

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Inclusiv Contact

Please don't hesitate to reach out anytime with GGRF questions / ideas!



Hannah Kramer

Director, Inclusiv's Center for Resiliency and Clean Energy

hkramer@inclusiv.org

[Solar Lending Course Alumni Office Hours](#)



39 Broadway, Suite 2140, New York, NY 10006

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Questions

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