



Community Development Credit Unions Will Deliver GGRF's Equity and Climate Goals

Community Development Credit Unions (CDCUs), including U.S. Department of Treasury certified Community Development Financial Institutions (CDFIs), along with federally designated Minority Depository Institutions (MDIs) and low-income designated credit unions (LICUs), lead in affordable financing for green and clean energy projects. Hundreds of these lenders offer dedicated loan products that finance energy efficiency, electrification retrofits, and solar energy systems in single and multifamily homes and commercial properties, along with efficient appliance and electric vehicle purchases, and, increasingly, electric vehicle charging station installation.

CDCUs, as member-owned and member-governed financial institutions, create stronger more resilient communities and have been designing loan products that help deliver energy cost reduction benefits to the households and small businesses that need them most. They are now exploring financing community solar projects and investing in businesses that will equitably deliver the cost savings of solar to a broader cross-section of the American public, especially historically redlined and other under-resourced communities on the front lines of climate change. Recognizing the threat posed by climate change and the opportunity to create an equitable green transition, more community lenders are learning from these initial efforts and adjusting their lending programs to apply a climate lens to their products and services.

Over the past three years, Inclusiv and the University of New Hampshire's Center for Impact Finance at the Carsey School of Public Policy have trained close to 400 lenders from 200 community-based financial institutions in how to develop and bring to market green loan products. This program is just getting started—these 8-week courses are taught by industry leaders, provide rigorous curricula, and consistently have a waiting list. Inclusiv and UNH are thrilled to be able to expand the courses to train more lenders starting in September 2023.

In just three years, Inclusiv, with its partners, has built a strong and committed field of community lenders able to leverage public funds with private investment to scale clean energy lending in communities that have been historically disadvantaged by environmental, energy, and financial policy. The existing network of credit union green lenders already reaches 20.5 million Americans, leveraging more than \$364 billion in combined community assets.

About Inclusiv

At Inclusiv, we believe that true financial inclusion and equity is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities. We provide capital, make connections, build capacity, develop innovative products and services, and advocate for our member credit unions.

Founded in 1974, Inclusiv has a mission to help low- and moderate-income people and communities achieve financial independence through credit unions. As a certified CDFI intermediary and national network of more than 470 CDCUs, Inclusiv has been making loans to and investments in hundreds of member-owned, not-for-profit financial cooperatives for almost 50 years.

Inclusiv member CDCUs lend in all 50 states, Washington DC, Puerto Rico, and the U.S. Virgin Islands, and collectively serve over 18 million residents of low-income urban, rural, and reservation-based



communities across the US and hold over \$255 billion in community-controlled assets.

Inclusiv established our Center for Resiliency and Clean Energy in 2019. Since that time, we have supported CDCUs and other community lenders to launch and scale lending programs to reduce greenhouse gas emissions, improve health outcomes in polluted communities, reduce energy cost burden for households, and create jobs in a greening economy.

Community Development Credit Unions Will Ensure GGRF Delivers on Climate and Equity

CDCUs have a mission of serving low- and moderate-income people and communities, and specialize in serving populations with limited access to safe and affordable financial services. Every CDCU was founded to meet the financial services and credit needs of their community. Each CDCU can tell a story of helping their members achieve their vision of the American Dream, recover from setbacks, and build a better future for their families.

CDCUs are:

- Not-for-profit and tax-exempt (but not a charity)
- Cooperatively owned and governed — one member, one vote
- Regulated, fully insured (most by the Federal government) financial institutions

CDCUs specialize in providing:

- Fairly priced loans, including to members with imperfect, limited, or no credit history
- A safe place to save and build assets
- A place to conduct transactions at reasonable cost
- Financial education and counseling for its members
- Products, services, and support that can help members to free themselves from high-cost and predatory debt, gain control over their personal finances, and achieve economic well-being.

CDCUs are key to ensuring the GGRF lives up to its potential as a transformative investment in both climate and equity. They serve the communities most impacted by the current injustices in our energy system and by climate change. One of the striking injustices in our energy system is the prevalence of significant disparities in energy cost burden, based on income, race and ethnicity. Energy cost burden is the share of income people devote to paying energy bills, and households with low incomes as well as Black, Hispanic and Native American households are all disproportionately energy cost burdened when compared to middle and upper income or White peer households. In addition, low-wage workers typically have longer driving commutes and low-income households older and less efficient appliances than more affluent households. These disparities offer a significant opportunity for CDCUs to help their members both save money and reduce greenhouse gas emissions by making energy efficiency home improvements and purchasing electric vehicles.

Not only do CDCUs have the experience and commitment to low-income and under-resourced communities to meet their green lending and clean energy needs, but CDCUs are ideally located to meet these needs. CDFI Investment Areas, which CDCUs typically serve, closely overlap with regions that are disproportionately affected by high energy cost burden. For example, in Jackson, MS, all census tracts that have an energy cost burden of 3% or more are also CDFI Investment Areas. In West Virginia, 99% of census tracts with energy cost burdens of 5% or more are in CDFI Investment Areas.



Inclusiv member CDCUs are already on the ground every day as long-established community members, providing direct financial services in every corner of the country to the communities that most desperately need and can benefit from GGRF investments. Inclusiv member credit unions are ideally situated to reach individuals, households, and micro and small businesses with consumer and small business loans that are tailored for local needs and incorporate state and local resources to magnify GGRF's impact.

Inclusiv's Network Leads in Green Loans

By offering green loans – including solar, electric vehicle, efficient appliance, HVAC, and resiliency retrofits – CDCUs are supporting their members in reducing their energy bills, developing the local green economy, and building resilient communities. Over 300 credit unions offer dedicated green loan products, many of which have taken our Inclusiv-University of New Hampshire Solar Lending Training course. A small sample of 30 credit unions have reported a combined investment of almost \$1 billion in green projects over the last three years. Here are a few examples of how our lenders are building and scaling clean energy markets that are accessible, for the first time, to low- and moderate-income communities and communities of color around the country:

NATIONAL

Clean Energy Credit Union is a low-income designated credit union with a national footprint that finances solar photovoltaic systems, electric vehicles, insulation, weatherproofing, air-source heat pumps, geothermal heat pumps, electric bicycles, and more. In its first six years, Clean Energy CU has provided \$197 million in clean energy loans for 8,500 households, helping to offset nearly 700,000 tons of carbon dioxide equivalent.

They recently launched a program that provides discounted loan rates to LMI and BIPOC individuals across the country and partners with philanthropic organizations to provide grants that lower the cost of a solar system to households that do not qualify for the solar investment tax credit. They also provide education to households on how best to make financially sound investments in their homes that will also lower their utility bills and their greenhouse gas emissions. GGRF dollars would help Clean Energy CU help more low- and moderate-income communities and communities of color country afford clean energy. They would also be able to expand discounts to other groups, such as disabled individuals, veterans, and first responders.

ARIZONA

Tucson Old Pueblo Credit Union has been serving Arizona since 1935. They provided \$25 million in solar loans in just the past year. They are one of the largest solar lenders in Tucson and a CDFI, demonstrating you can build a scalable business financing clean energy projects for LMI households.

They use their green loan program to help make utility bills more affordable for these households. For example, they recently helped a borrower qualify for a local incentive to reduce his solar installation costs. Before installing solar, he could only afford to run his air conditioner for 2-3 hours a day, which is very difficult in the summer months in Arizona, where temperatures can rise to over 100 degrees Fahrenheit. However, with solar installed, he can now afford to run his air conditioner whenever he needs it, vastly improving his comfort level and quality of life. Tucson Old Pueblo plans to use GGRF dollars to expand their financing for low- and moderate-income households by providing affordable



small-dollar loans to purchase energy efficient appliances, battery replacement loans for used electric vehicles, and flexible, low-interest loans for solar installation.

WEST VIRGINIA

Element Federal Credit Union is a CDFI based in West Virginia that's addressing the crises of poverty, climate change, and high energy burden in the state. They have completed the Inclusiv-University of New Hampshire Solar Lending Training program and invested staff and resources into launching a new solar loan product in their region. However, many of their members have lower incomes and do not qualify for the solar investment tax credit, meaning they pay more for a solar system than wealthier households. Element could deploy the GGRF's below market rate National Clean Investment Fund dollars to provide more flexible, low-cost financing for low-income households. As they help build the local solar market, they will also create greater opportunities for dependable, local small businesses and will empower West Virginians by stimulating economic growth and building a more sustainable future for their state.

DEEP SOUTH

Since 1994, Hope Credit Union and its affiliates (HOPE) have generated or leveraged more than \$3.6 billion in financing, to improve conditions for 2 million people in economically and socially vulnerable communities across Hope's five state footprint of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee.

HOPE's members face the highest energy burdens in the country, and HOPE is actively working to reduce this high energy burden. For example, HOPE supported energy efficiency improvements to housing in a majority Black neighborhood in Moorhead, MS that had fallen into disrepair. Energy audits revealed that the upgrades by HOPE's partner Delta Design Build reduced energy leakage by 72% per home, saving homeowners more than \$171 in utility expenses per month.

The federal funding authorized by the Inflation Reduction Act – and the GGRF in particular – promises cost-savings, new jobs, and a sustainable future for households, businesses, and community-based organizations. HOPE is taking steps to make that promise a reality by seeking feedback from thousands of members, a majority of whom expressed interest in a HOPE loan to finance the purchase of an electric appliance, an electric vehicle, or other green home improvements, including solar panels. HOPE is investing in scalable financial products that align member needs and demand with the priority projects identified in the GGRF Implementation Framework and other funding opportunities, like the IRA's home improvement rebates and its direct pay provision.

PUERTO RICO

Inclusiv has almost 100 financial cooperative (cooperativa) members in Puerto Rico. One of these, Cooperativa Jesús Obrero, has spent the past several years leading in solar finance in Puerto Rico. They are a CDFI and serve 9,000 local residents on the island. They have financed 600 photovoltaic solar systems in 28 municipalities across the island, and the cooperativa's renewable energy financing makes up 10% of their total loan portfolio. These solar systems also build climate resiliency. Most recently, they helped residents re-gain access to electricity more quickly after the destruction caused by Hurricane Fiona in September 2022.

"Our Cooperativa, Jesús Obrero, is part of the critical infrastructure of our community in Puerto Rico. In



the event of a natural disaster, we are poised to step in and provide alternative power, access to water, and emergency financing to those who need it. The Greenhouse Gas Reduction Fund means we will be able to expand our support to LMI communities across Puerto Rico and accelerate life-saving solar projects throughout the island.” - Aurelio Arroyo, Executive President of Cooperativa Jesús Obrero in Puerto Rico

MINNESOTA

Affinity Plus Federal Credit Union is a low-income designated, member-owned cooperative, serving communities across Minnesota since 1930. Affinity Plus has led the green financing charge in Minnesota, becoming one of the first credit unions in the state to offer its members dedicated solar loan products. To date, Affinity Plus has funded over \$15 million in clean energy loans to 95 households, helping members save on energy costs, reduce their carbon footprint, and increase their home’s value. “Affinity Plus Federal Credit Union is here to serve and empower its members. For us, that means ensuring that all families in Minnesota have the financial resources and support needed to invest in solar, which can provide long-term, low-cost energy, and build equity in peoples’ homes. The Greenhouse Gas Reduction Fund provides us an opportunity to grow our solar offerings and ensure access to affordable green financing is available to all people in Minnesota.” - Corey Rupp, Chief Retail Officer, Affinity Plus Federal Credit Union in Minnesota

CONTACT US:

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