How Can Energy Efficiency Programs Leverage $20 Billion from the EPA Greenhouse Gas Reduction Fund?

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ABSTRACT

The U.S. Environmental Protection Agency recently selected successful applicants through two Greenhouse Gas Reduction Fund (GGRF) programs, the National Clean Investment Fund (NCIF) and the Clean Communities Investment Accelerator (CCIA). This paper summarizes the applicant proposals and discusses potential ways in which utilities can leverage them to further energy efficiency program objectives. The information in this paper is based on publicly available proposal narratives, rather than finalized awards, which are still under negotiation with EPA as of this writing.

Introduction

The Inflation Reduction Act (IRA) of 2022 created a $27 billion Greenhouse Gas Reduction Fund (GGRF) to provide financing support for clean energy projects. From that amount, approximately $20 billion is allocated into two separate funds: $14 billion for the National Clean Investment Fund (NCIF) and $6 billion for the Clean Communities Investment Accelerator (CCIA). Both of these financing vehicles can support stand-alone energy efficiency projects, as well as beneficial electrification.[1] The focus of this paper is on ways in which ratepayer-funded energy efficiency programs can leverage these new resources to further their programmatic goals. This paper provides a condensed overview of the proposals of successful NCIF and CCIA applicants, so that utility staff can quickly understand how these proposals may dovetail with utility program objectives.

National Clean Investment Fund (NCIF)

GGRF supports "qualified projects," which must reduce greenhouse gas emissions and other air pollutants, mobilize private capital, and support proven and commercially available technologies.[2] GGRF also lays out three "priority" areas for project investments: distributed generation and storage, energy efficiency and electrification, and transportation.[3] Under NCIF,

[1] The other $7 billion is dedicated to the Solar For All fund, which allows up to 20% of funds ($1.4 billion) to go toward "enabling upgrades," such as roof repairs and energy efficiency measures. These repairs must be provided in conjuntion with financial support for a solar project. Under Solar For All, assistance may be provided in the form of rebates and other forms of cash assistance, although funds may also be used to support financing.
[2] More specific information on qualified projects is available in the NCIF Notice of Funding Availability, which is no longer posted publicly on EPA's website but can likely be obtained from EPA, or can be obtained from the author.
[3] The energy efficiency category is labeled "Net Zero Buildings," but does not in practice require projects that achieve net-zero emissions. Targeted measure installations are permissible, provided they are part of a plan and make substantial progress toward a net-zero goal for the buildings in which they are installed.

projects do not need to fall under these priority categories in order to receive financial assistance. Table 1 provides an overview of NCIF awards.

NCIF awardees are national in scope and can invest directly into qualified projects across all market segments, including single-family homes, as well as properties in the multifamily, small business/commercial, nonprofit, and public sectors. Investments of financial assistance can take various forms, including loans and credit enhancements (e.g., loan loss reserve funds). NCIF awardees may also invest indirectly into community lenders and similar financial institutions, which will in turn invest in qualified projects.

NCIF applicants were required to design their proposals so that a minimum of 40 percent of all awards would support investments in low-income and disadvantaged communities (LIDACs).[4] As shown in Table 1, all successful awardees proposed higher-than-minimum percentages for investment in LIDACs.

It has not yet been determined whether for-profit utilities that offer direct financing to customers may be eligible to receive second-tier NCIF funds to capitalize their programs. Municipal utilities and coops likely would qualify if they operate direct lending programs. Regardless of whether utility lending programs qualify directly for NCIF funding or must work with lending partners, their efforts must fit within the parameters outlined by EPA and NCIF awardees. In practice, lender partnerships are likely to be the more prominent model, given the general thrust of the overall GGRF program, which emphasizes working with more traditional community and mission-driven financial institutions.

Clean Communities Investment Accelerator (CCIA)

The CCIA program is designed to distribute funding from the five initial awardees down to individual community lenders, such as community development financial institutions (CDFIs) and credit unions. Table 2 provides an overview of CCIA awards. Under the CCIA definition of "community lender," for-profit utilities would not qualify to receive funding, even if they operate energy efficiency lending programs. Municipal utilities and coops likely meet the technical definition of community lender if they operate direct lending programs, although the focus of the CCIA program and the successful awardee applications is on more traditional community lenders.

Each community lender under CCIA is eligible to receive up to $10 million in capitalization, as well as up to $1 million in additional funding for technical assistance, market development, and internal capacity building. Given the maximum size of each disbursement per community lender, over 500 lenders are expected to receive funding from the CCIA program nationwide. The technical assistance awards are intended to significantly expand the capacity and proactiveness of community lenders in the clean energy sector.

One hundred percent of CCIA investments must be directed toward low-income and disadvantaged communities. All investments must also go toward one of the three EPA priority areas, which are the same as those under NCIF, but are mandatory under CCIA.

[4] GGRF defines low-income and disadvantaged communities as encompassing the following four categories: (a) communities identified as disadvantaged by the Council on Environmental Quality's Climate and Economic Justice Screening Tool (CEJST); (b) a limited number of additional communities identified as disadvantaged by EPA's Environmental Justice Screening and Mapping Tool (EJScreen); (c) geographically dispersed low-income households at or below the greater of 80% AMI or 200% of the federal poverty level; and (d) properties providing affordable housing. Further information is available in the NCIF and CCIA Notices of Funding Availability (NOFOs).

Table 1. National Clean Investment Fund (NCIF) awards summary

Awardee	Application Team	Award Amount	Energy Efficiency %	LIDAC %	Building Sector Emphasis	Investment Strategies
Climate United Fund	Calvert Impact Self-Help Ventures Fund Community Preservation Corporation (CPC)	$6.97 billion	67% of proposed investments	60% of proposed investments	Multifamily (57% of pipeline) Single Family (24% of pipeline) Commercial (19% of pipeline)	Capitalizing standardized financial products across lender network (66% of proposed investments) Other indirect investments to lenders (10% of proposed investments) Direct investments into projects (24% of proposed investments)
Coalition for Green Capital	Coalition for Green Capital (CGC) as lead applicant represents a national coalition of green banks and similar institutions	$5 billion	26% of proposed investments	50% of proposed investments	Commercial (74% of proposed investments) Affordable Multifamily (17% of proposed investments) Consumer (9% of proposed investments)	75% of investments into state and local-level projects through direct investments and indirect capitalization 25% of investments in national and regional financial structures, including: • Warehousing and recapitalization vehicles • Credit enhancement/lender insurance • Other direct investments
Power Forward Communities	Enterprise Community Partners Local Initiatives Support Corporation (LISC) Rewiring America Habitat for Humanity United Way	$2 billion	77% of proposed investments	75% of proposed investments	Multifamily (54.4% of proposed investments) Single Family (35.6% of proposed investments) Community Facilities (3.9% of proposed investments) Loans to Small Business Contractors (6.9% of proposed investments)	50% direct lending / 50% indirect capitalization through community lenders Multifamily: • Direct lending • Indirect capitalization: CDFIs, green banks, credit unions • Subordinate capital: national banks • Housing agencies (capitalization and direct lending to portfolios) • Subordinate capital (banks) Single Family (subordinate capital): • Local lenders (including CDFIs and credit unions) • National mission-driven lenders

Table 2. Clean Communities Investment Accelerator (CCIA) award summary

Awardee Name	Award Amount	Channel Description	Building Sector Emphasis
Opportunity Finance Network	$2.29 billion	National membership organization of community development financial institutions (CDFIs)	Energy efficiency investments primarily proposed for multifamily (40%) and single-family (35%) residential buildings. Member-originated loans in 2022 (by dollar amount): • 23% affordable housing • 13% individual housing and consumer loans • 8% commercial real estate Remainder: 52% small business/nonprofit operating loans; 4% intermediary lender loans
Iclusiv	$1.87 billion	National membership organization of community development credit unions (CDCUs) and cooperatives	Consumer/Single Family. Application proposes 86% of investments in residential. Network experience is largely in single-family. In 2022, over 95% of member-originated loans were for consumer loans, home mortgages, and home equity loans.
Justice Climate Fund	$940 million	LIDACs and BIPOC communities Led by African American Alliance of CDFI CEOs and the Community Builders of Color Coalition	Emphasis on residential projects.
Appalachian Community Capital	$500 million	Green Bank for Rural America (GBRA), serving: Appalachia (13 states) Coal and power plant closure areas (18 states) Underserved rural areas across all 10 EPA regions	All sectors (projected investments): • 42% residential EE • 21% commercial EE • 37% other (DERs, storage, transportation)
Native CDFI Network	$400 million	CDFIs serving Native communities nationwide	Emphasis on single-family housing, with additional lending across all sectors.

Key Themes Across NCIF and CCIA Awards

EPA has made each of the awardees' application narratives publicly available on the EPA website. It is important to caveat that at the time of this writing, the information in this paper is based primarily on those narratives. A significant difference between the narratives and the awards is the amount of funding that each awardee applied for versus the amount they received, which in many cases was significantly lower than requested. Presumably, awardee strategies will shift as successful applicants negotiate final agreements with EPA, particularly in light of the actual amount of funding each received.

Nevertheless, the application narratives provide an important window into the expected priorities and strategies of each awardee, and it is important that utility programs begin to familiarize themselves with these opportunities sooner rather than later. Utility program staff should keep track of EPA and awardee developments as agreements are finalized and implemented.

In taking a bird's eye view across all NCIF and CCIA awards, several themes emerge that represent opportunities for utility programs to further common programmatic objectives. Table 3 provides a summary of certain opportunities that are prevalent across a range of application narratives. Focusing on these themes may help utility program staff begin to conceptualize ways in which GGRF resources from the NCIF and CCIA awards can best complement utility program objectives.

Table 3. Key themes across NCIF and CCIA awards

Theme	Description
Low Income Community Immersion	GGRF awardees and community lenders are deeply immersed in low-income communities both nationwide and at the local level. CDFIs and community development credit unions devote much of their efforts toward ensuring access to capital for low-income communities and have done so as an industry for decades. These institutions can potentially help utilities better understand and connect with low-income customers.
Affordable Rates and Terms	GGRF funding, as a federal source of capital, can be lent well below market rates and can be offered for longer term lengths that help to match annual energy savings. Underwriting criteria can also be flexible, and CDFIs and credit unions are well versed in prudent underwriting for credit-challenged borrowers.
Expansion of Multifamily Programs	Multifamily programs have historically been somewhat underresourced in utility energy efficiency programs. CDFIs, by contrast, have prioritized affordable multifamily lending for decades and can provide opportunities to expand programs in this area.
Facilitation of Whole-Building Projects	Whole-building energy efficiency programs often face particular challenges with high upfront costs. Affordable and flexible capital can help overcome that barrier, and many GGRF lenders are experienced in whole-building projects. Affordable housing lenders, for example, regularly provide financing for whole-building acquisition and rehabilitation, providing a promising opportunity to integrate energy-related upgrades.
Support for Electrification	Although the field is evolving, utility programs face challenges in supporting electrification measures that may not easily pass traditional cost-effectiveness tests. Affordable third-party financing can support electrification without facing the same programmatic constraints.

Market Development and Capacity Building

A key aspect of both the NCIF and CCIA awards is the ability to use a portion of the funding for non-financing activities that support project development both individually and at scale. The ways in which these non-financing allocations are structured differ between the two programs, as explained below. In both cases, however, the funding devoted to these activities may represent an important opportunity to complement the efforts of utility energy efficiency programs to expand the market. Historically, utility program reliance on financial institutions for market building activities has been limited. With the expansion of internal capacity and the allowance for external market development, the clean energy market may see a notable shift in the proactive role of financial institutions in lead generation for clean energy projects.

Market Development Under NCIF

As defined under NCIF, "Market-building activities include activities to generate market-wide demand for qualified projects, including (but not limited to) marketing, customer education and engagement, community outreach, contractor engagement, workforce development, and other non-financial market building activities." Market-building under NCIF also encompasses financial activities, such as financial product standardization. Under NCIF, there is no specific limit on the share of awarded funding that may be devoted to market development and capacity building.[5] Awardees were evaluated, however, partly on the basis of maximizing direct financial assistance to lenders and projects.

Climate United proposed a 2.2% budget allocation toward market building, based on its application.[6] While this proposed share may appear low on a percentage basis, it nonetheless would equate to approximately $153 million of their ultimate $6.97 billion award. Coalition for Green Capital allocated 1.2% of its proposed budget to market-building activities, which equates to $58 million of their ultimate $5 billion award. Power Forward proposed to allocate a much higher percentage of its award to market building, at 12%, which would equal $240 million of their ultimate $2 billion award. Altogether, if the percentages from the proposals remained the same with regard to the final awards, they would collectively equate to approximately $450 million in market-building funds. The final amounts devoted to these activities may emerge after negotiation and finalization with EPA, but the dollar amounts are likely to represent important new resources for clean energy market-building activities.

Market Development and Capacity Building Under CCIA

CCIA heavily emphasizes the role of community lenders in building up their own clean energy lending capacity. Each community lender who receives capitalization or other financial assistance from a CCIA awardee, which is capped at $10 million per lender, is also eligible for an additional $1 million to put toward capacity building.[7] These funds are intended to be directed toward activities such as "procuring training, market analysis, and technical support; hiring staff; developing new financial products; supporting predevelopment activities, such as site and building assessments (e.g., energy audits), financial and technological feasibility studies (e.g., solar resource studies), design and engineering support, and permitting support."[8]

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[5] EPA. "Frequent Questions About the National Clean Investment Fund." https://www.epa.gov/greenhouse-gas-reduction-fund/frequent-questions-about-national-clean-investment-fund
[6] The NCIF NOFO also allows for project-specific "predevelopment" activities, such as energy audits, design and engineering support, and permitting support. Climate United's proposed predevelopment and market-building expenditures are grouped together, and its narrative predevelopment plan takes a more market-wide approach.
[7] These additional funds are labeled in the CCIA NOFO as "technical assistance subawards."
[8] The CCIA NOFO also emphasizes that these activities are examples of internal capacity building, and that lenders are not limited to this list.

Given that over 500 community lenders and similar financial institutions are expected to receive financial assistance through CCIA, this potentially represents as much as $500 million in internal capacity building for clean energy lending. If successful, this capacity building has the potential to significantly expand the landscape of community lenders proactively pursuing clean energy financing projects, specifically in low-income and disadvantaged communities. Fortunately, these community lenders overall have a strong track record of providing financing prudently in these communities, with a commitment to affordability and consumer protection. At the same time, projects in these communities typically benefit from layering in as much grant and incentive funding as possible before adding a financing component. Utilities are well positioned to partner with these community lenders to help maximize the affordability of CCIA projects.

In addition to these funds for internal capacity building, CCIA also prompts direct awardees to provide both individual assistance to the community lenders they fund, as well as financial market-building activities. Targeted support may include activities such as training, marketing support, technical support, and financial structuring expertise. Financial market-building activities may include activities such as the development of project performance criteria, underwriting guidance, documentation, and product features. Many utility programs have years of experience developing project performance criteria, as well as updating these standards to reflect the newest technologies and approaches. In partnering with CCIA awardees to integrate financial assistance, utilities may be able to offer project criteria and technical expertise that can support these market-building activities.

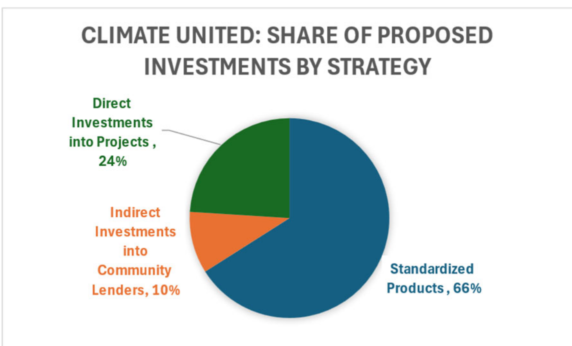
NCIF Awards: Awardee Details

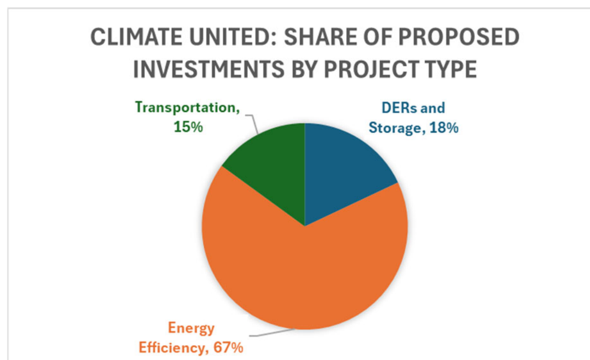
The remainder of this paper seeks to provide more detailed information about the specific approaches of each NCIF and CCIA awardee, so that utility programs can begin ramping up their knowledge of this important and substantial program. As noted above, these descriptions are based on awardee application narratives, which EPA has made publicly available online. In many cases, awardees received significantly less funding than they applied for, although all awards are still considerable. The ultimate award amounts may impact the awardees' focus areas, strategies, and investments. Each awardee will need to work with EPA to finalize the details of their respective awards and program plans. Nonetheless, these summaries will hopefully provide a brief and accessible overview of the overall vision of each awardee.

The descriptions in this section highlight key information from the proposals of the three successful NCIF awardees. The subsequent section highlights information from the proposals of the five successful CCIA awardees. To the extent that these summaries discuss the share of proposed investments in a given technology or market sector, that information is provided in terms of percentages rather than dollar amounts, to account for the difference between proposed and awarded funding levels. Naturally, these percentages may shift, rather than be used simply to scale down to the size of actual awards. For purposes of this paper, however, no assumptions have been made regarding such potential shifting, and the percentages are provided for informational purposes based on the applications alone.

Climate United Fund ($6.97 billion)

Climate United is made up of a coalition of the nonprofit investment firm Calvert Impact, along with two national CDFIs, Self Help and the Community Preservation Corporation. The coalition has pledged to invest at least 60 percent of its NCIF award into low-income and disadvantaged communities. Over half of the coalition's proposed investments are in affordable multifamily housing, reflecting both the disproportionate share of low-income household that reside in multifamily buildings, as well as the background and expertise of the CDFIs helping to lead the coalition. The Climate United Coalition plan emphasizes financial product standardization, with 66% of its investments directed toward specific products with terms laid out in its application narrative. The coalition plans to capitalize local lenders to originate these products locally and then to aggregate them for secondary market sales that can provide a timely source of recapitalization. The figures in its NCIF application indicate a 67% share of its proposed investments going toward energy efficiency. Climate United also provides a breakdown of its transaction pipeline by market sector within the energy efficiency category.





Figures 1 and 2: Climate United proposed investments by strategy and project type

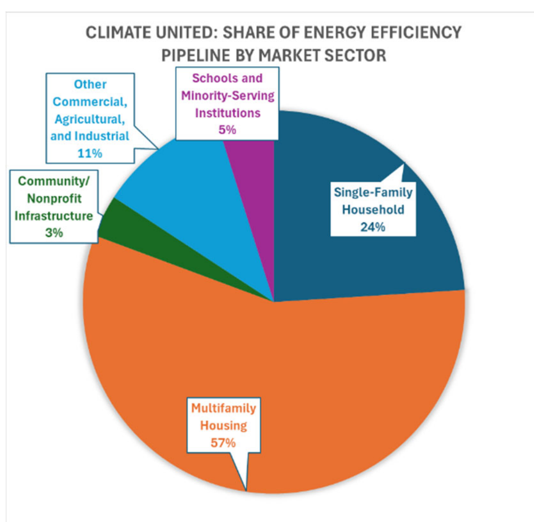


Figure 3: Climate United's energy efficiency pipeline by market sector

“Clean Air” Product

Climate United’s “Clean Air” product is intended to support highly efficient, all-electric whole-home or whole-building retrofits, as well as net-zero new construction, with product terms as laid out below.

Table 4: Climate United “Clean Air” product terms

	Consumer	Multifamily	Commercial
Geographies	LIDAC Only	All geographies (new construction limited to LIDAC)	All geographies
Interest Rate**	Up to 2.36% below market	0.25% - 3%	2.5% - 3.5% below market
Combined LTV	97%	95% or higher	100%
Max Term (yrs)	30	30 – 40	15
Amortization	30	30 – 40	25
Lien Position	1st	Fully Subordinate	1st

“Save a Ton” Product

Climate United’s “Save a Ton” product is designed to support projects that save at least one ton in greenhouse gas emissions per unit or achieve a 20 percent reduction in energy usage. In order to maximize savings per dollar of investment, the coalition will focus initially on deploying this product in colder climates and areas with a relatively carbon-intensive grid.

Table 5: Climate United “Save a Ton” product terms

	Consumer		Multifamily	Commercial	
Sub-segment	1st Mortgage	Unsecured	Subordinate 2nd Mortgage	1st Mortgage	Subordinate
Geographies	LIDAC only	All	All	All	All
Interest Rate*	Up to 1.86% below market	2.5% fixed to 2.5% below market	0.25% - 3% fixed	2% - 3% below market	3% fixed to 2% below market
Combined LTV	97%	N/A	95% or higher	100%	100%
Max Term (yrs)	30	15	30 – 40	15	15
Amort (yrs)	30	15	30 – 40	25	15
Lien Position	1st	Unsecured	Subordinate	1st	Subordinate

“Simply Save” Product

The “Simply Save” product will support immediate investments in energy-saving and electrification upgrades that meet required technical specifications, including weatherization measures and ENERGY STAR approved equipment. Product terms are shown below.

Table 6: Climate United “Simply Save” product terms

	Consumer	Commercial
Geographies	All geographies	All geographies
Interest Rate	LIDAC: 3% fixed Non-LIDAC: 2% below market	2 – 3% below market depending on LIDAC
Combined LTV	100%; $500 minimum loan	100%; $5,000 minimum loan
Max Term (yrs)	15	10
Lien Position	Unsecured	UCC on equipment

In addition to the products above that support energy efficiency projects, Climate United will also offer a “Sun Savings” product for solar PV installations, as well as an “Electrify” product for EVs. Based on its application narrative, the share of Climate United’s investments in each of these standardized products, as a percentage of its overall standardized product investment, is shown below.

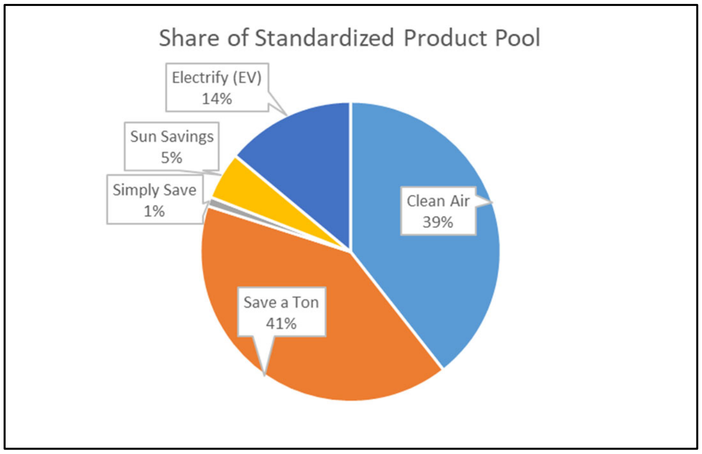


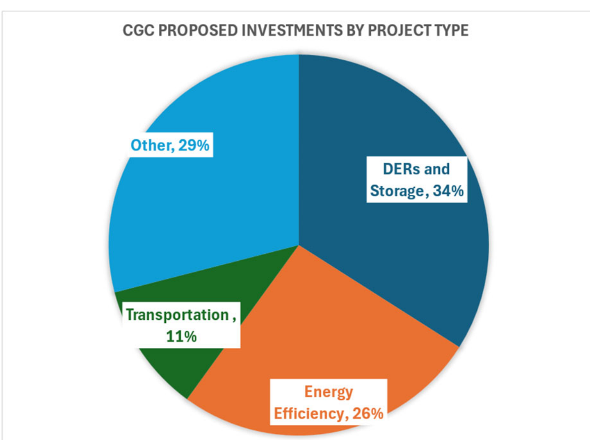
Figure 4: Climate United's proposed standardized product investments

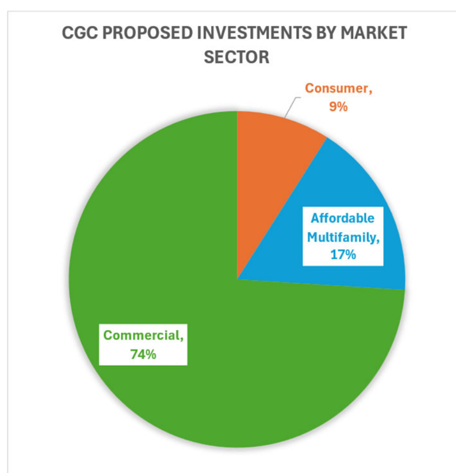
Coalition for Green Capital ($5 billion)

The Coalition for Green Capital (CGC) is a nonprofit advocating for the development and expansion of green banks. It leads the American Green Bank consortium, a membership organization consisting of green banks, other capital providers, and clean energy organizations across the United States.

Financial Assistance Type by Project Type and Market Sector

Based on CGC's application narrative, about one quarter of its financial assistance will be directed toward energy efficiency, with a combined 60% overall in efficiency, distributed generation, and storage. Much of its investment is expected to go toward the commercial and small business sector (74% of financial assistance). CGC has committed to investing 50% of its financial assistance in LIDACs.





Figures 5 and 6: Coalition for Green Capital's proposed investments by project type and market sector

Financial Assistance to Coalition Members and Other Financial Institutions

Based on its application narrative, CGC expects to provide 41% of its financial assistance to coalition members, with an established track record of financing clean energy projects, and 59% of its financial assistance to other financial institutions, to grow the nationwide network of lenders actively supporting these projects.

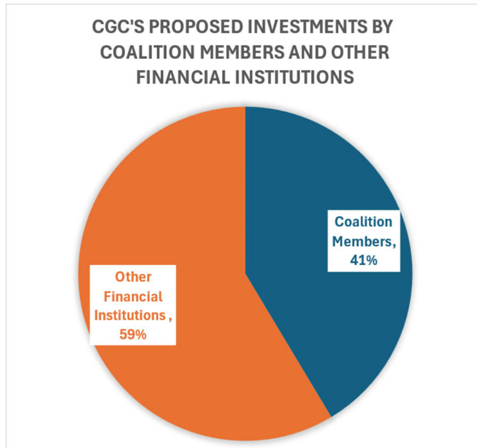


Figure 6: CGC's proposed investments by coalition members and other financial institutions

Financial Assistance Type by Building Sector and Technology

In terms of product types, CGC places an emphasis on the senior and junior loans (84% of financial assistance), as shown in the tables below.

Table 7: Coalition for Green Capital's proposed financial assistance type by market sector

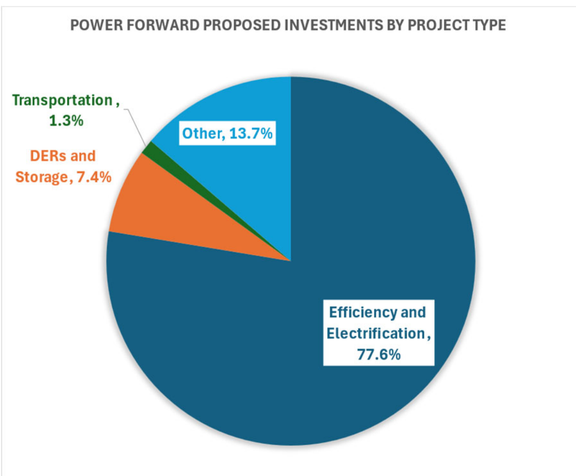
Type of Financial Assistance	Consumer	Small Business/ Nonprofits	Affordable Housing Developers	Commercial	Total
Equity	0%	1%	0%	2%	3%
Loan Loss Reserves and Credit Enhancements	5%	2%	0%	6%	13%
Junior Loans	0%	7%	9%	13%	29%
Senior Loans	5%	4%	9%	38%	55%
Total	9%	14%	17%	60%	100%

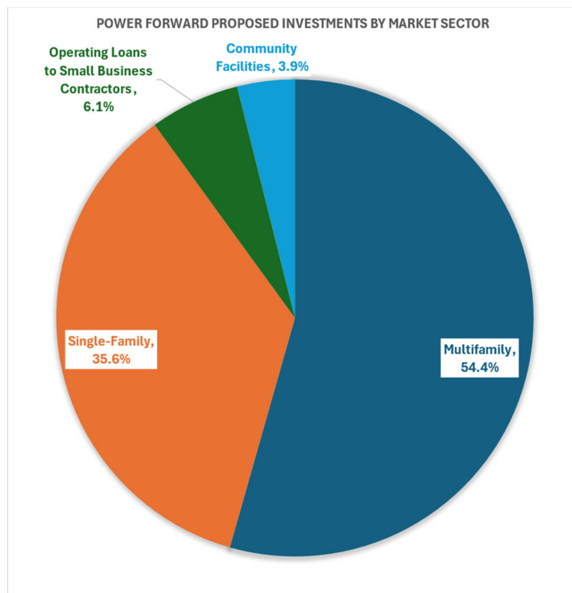
Table 8: Coalition for Green Capital's proposed financial assistance type by technology

Type of Financial Assistance	Distributed Generation and Storage	Net-Zero Buildings	Zero-Emissions Transportation	Other	Total
Equity	1%	1%	0%	1%	3%
Loan Loss Reserves and Credit Enhancements	4%	3%	1%	4%	13%
Junior Loans	10%	7%	3%	8%	29%
Senior Loans	19%	14%	6%	16%	55%
Total	34%	26%	11%	29%	100%

Power Forward Communities ($2 billion)

The Power Forward Communities coalition of five nonprofit organizations includes two national leading CDFIs, Enterprise Community Partners and the Local Initiatives Support Corporation (LISC), as well as affordable single-family housing provider Habitat for Humanity, electrification advocate Rewiring America, and community partner United Way. Based on its application proposal, Power Forward expects to invest 75% of its financial assistance into low-income and disadvantaged communities, while directing over 77% of its investments toward energy efficiency and electrification. Similar to Climate United, Power Forward plans to invest just over half of its financial assistance in multifamily housing, again reflecting both the significant share of low-income households residing in multifamily buildings, as well as the experience and expertise of the coalition's CDFI partners. The remainder of its financial assistance is directed primarily toward affordable single-family homes.





Figures 7 and 8: Power Forward's proposed investments by project type and market sector

Table 9: Power Forward's proposed multifamily financial products and terms

Product Type	Description	Terms
Energy Efficiency Rehab Permanent Loans	Supports targeted retrofits	Residual receipt loan Junior mortgage 10 to 20-year term Interest rate 1 – 3% Up to 15% forgivable
Net-Zero Rehab Permanent Loans	Supports whole-building retrofits	Residual receipt loan Junior mortgage 10 to 20-year term Interest rate 1 – 3% Up to 25% forgivable

Construction Loans	Supports new construction of net-zero affordable multifamily housing. Covers any construction components that are reasonable any necessary for the overall project.	Senior or junior mortgage Up to 90% LTV Interest-only loan (takeout at maturity) Up to 3-year term Interest rate 3 – 5%
Construction-to-Permanent Loans	Takeout source for new construction loans	Junior mortgage Up to 70% LTV 16 to 20-year term Amortized over 30 years Interest rate 1 – 3% Up to 25% forgivable
Incentive Bridge Loans	Bridge period between project payments and receipt of incentives and/or tax credits (including direct pay)	Secured with assignment of bridged payment, if available, or UCC filing on equipment Interest-only loan, option to defer interest payments until loan maturity or repayment Interest rate 3 – 5%

Table 10: Power Forward's proposed single-family financial products and terms

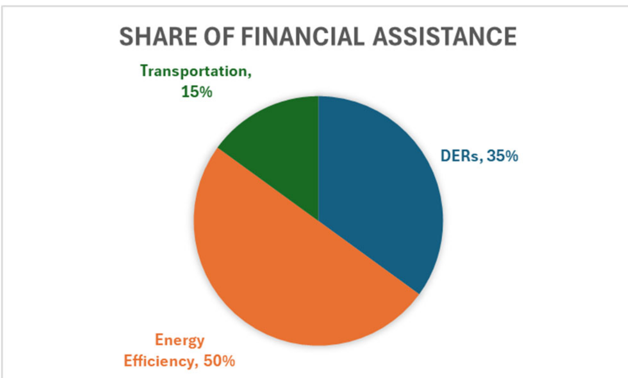
Product Type	Description	Terms
Home Decarbonization Loan	Electrification + solar	Up to 25-year term 0% for first year UCC-1 filing
Home Electrification Loan	Electrification	Up to 15-year term 0% for first year UCC-1 filings
Mortgage Add-On Decarbonization/ Electrification Loans	Additional source of capital available at time of mortgage origination to support electrification	Same general terms as home decarbonization and home electrification loans
Single-Family Rental Loans	Decarbonization for single-family renters	Up to $30,000 NCIF funds, plus up to $30,000 from other capital sources Up to 25-year term
Habitat Net-Zero New Construction Loans	New construction of net-zero single-family homes, repaid by Habitat for Humanity affiliate	Secured or unsecured Interest-only Interest rate 0 – 1%, interest-Up to 2-year term (takeout at sale) Up to 50% forgivable
Habitat Net-Zero Rehab Loans	Acquisition and/or rehabilitation of existing buildings for sale to single-family homeowners	Secured or unsecured Up to 50% of acquisition/ rehab cost Interest-only Interest rate 0 – 1% One-year term (takeout at sale)
Sustainable Home Repair Loans	Energy efficiency and electrification loans offered by local CDFI partners in specific geographic markets	Secured or unsecured 30-year term and amortization Interest rate 0 – 1% Credit score 560+, DTI ≤ 45%

Clean Communities Investment Accelerator (CCIA)

Overall, CCIA applicants were less directive with regard to their proposed investment strategies, as their role will be to distribute the bulk of the funding they receive to distributed networks of community lenders. Applications focused heavily on the process and due diligence that would be used in selecting community lenders to receive pass-through funding. Applicants varied in terms of the level of specificity they provided regarding their expected investments by project type and market sector. Specific information is provided below for each awardee, corresponding with the degree of detail provided in each application regarding expected end uses of funding received. In all cases, as required, 100% of investments are directed to LIDACs.

Opportunity Finance Network ($2.29 billion)

Opportunity Finance Network (OFN) is a nationwide network of CDFIs made up primarily of non-depository mission-driven investors. The network proposed to invest 50% of its award in lender activities supporting energy efficiency, with multifamily (40%) and single family (35%) residential buildings making up the bulk of proposed investments.



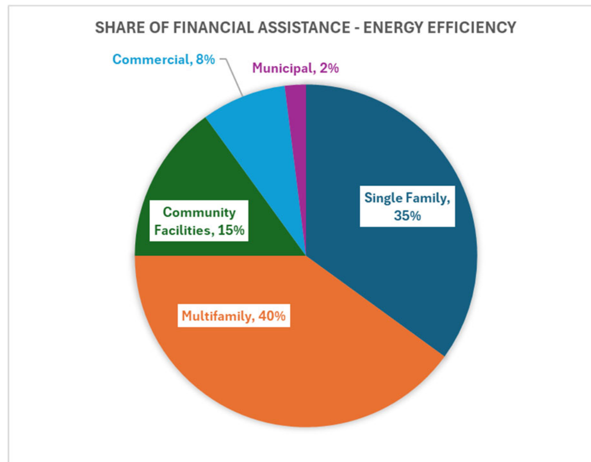
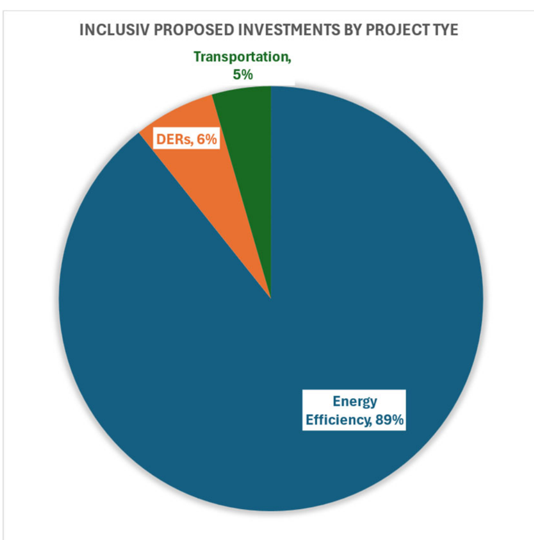
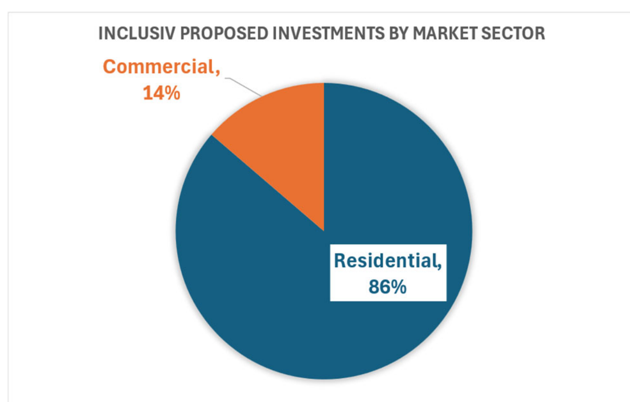


Figure 9 and 10: OFN proposed investments by project type and market sector

Inclusiv ($1.87 billion)





Figures 12 and 13: Inclusiv's proposed investments by technology type and market sector

Inclusiv represents a nationwide network of CDFIs that are also community development credit unions. In 2022, its members originated over $100 billion in community investments, with approximately 60% of investments in consumer loans, 30% in home mortgages and home equity loans, and the remainder in small business lending.[9] Inclusiv's proposal would direct a full 89% of its investments toward community lender activities supporting energy efficiency, with the bulk of those investments going toward residential buildings. Given Inclusiv members' deep immersion in the single-family market, it would be reasonable to expect the network's residential investments to steer toward that market sector.

Justice Climate Fund ($940 million)

Justice Climate Fund is a network of CDFIs, credit unions, and minority depository institutions (MDIs), with a focus on BIPOC communities. Justice Climate Fund was founded by the Community Builders of Color Coalition and brings an 18-member consortium to its program plan. These members have a wide range of experience across technologies and market sectors, providing flexibility for the team's investments. Justice Climate Fund's proposal emphasizes residential investments in particular, although dollar amounts may reflect different market shares, given the larger typical size of commercial projects.

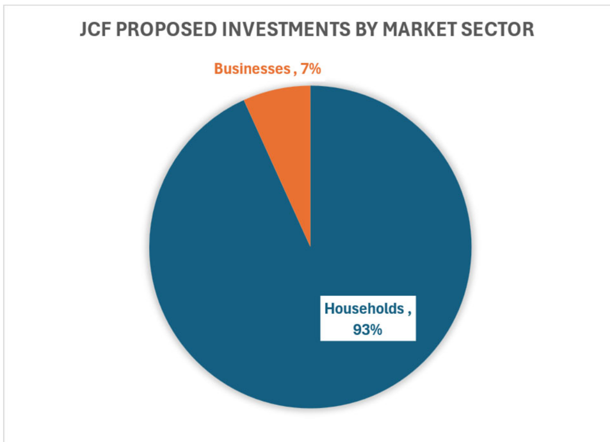


Figure 14: Justice Climate Fund's proposed share of projects by market sector

Appalachian Community Capital / Green Bank for Rural America ($500 million)

Appalachian Community Capital has historically focused on lending in rural areas of the Appalachian region, but it has now launched the Green Bank for Rural America, devoted to investing in rural communities nationwide. The coalition provided relatively specific expectations regarding the types of community lender activities it expected to support, as shown in the chart below.

[9] Approximately half of Inclusiv members' consumer loans go toward vehicle purchases. Inclusive. 2023. "Community Development Credit Unions: Financial Inclusion in Action." https://inclusiv.org/wp-content/uploads/2023/11/2023-Financial-Inclusion-in-Action.pdf

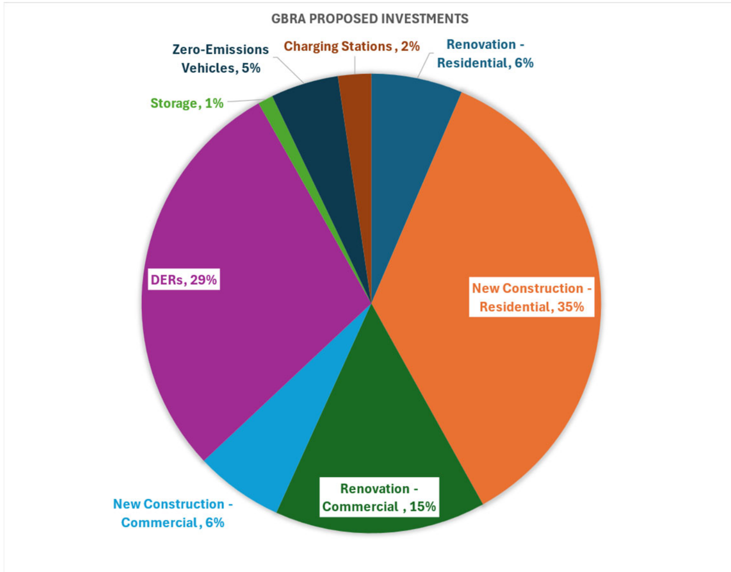


Figure 15: Appalachian Community Capital's proposed investments by project type

Native CDFI Network ($400 million)

The Native CDFI Network (NCN) has a nationwide footprint of member CDFIs serving Native American communities. NCN's proposal does not direct specific funding shares to particular technologies or market sectors, focusing instead on the depth of overall experience of native CDFIs in serving their communities' needs. Qualitatively, much of the narrative focuses on single-family housing, but the program plan remains open to a range of opportunities that may benefit native communities nationwide.

Conclusion

To partner successfully with NCIF and CCIA awardees, utility programs should be ready to provide assistance in exchange for access to low-cost capital and community outreach. Utility programs have much to offer that may be useful to lenders in both programs. Many community lenders have limited experience in the clean energy space, and utility programs can to provide training and technical assistance to help lenders expand and strengthen their activities in this market. Utility incentives can also work in conjunction with financing to lower the cost of projects, particularly for low-income and disadvantaged communities. During implementation, utility programs can also offer resources such as technology standards, contractor training and recruitment, and project scoping and approvals. Working collaboratively, utilities and financial institutions have an opportunity to maximize the benefits of these historic new programs.

References

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