

Working with Communities

Equitable Outreach and Engagement Strategies

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MichiganSaves.org



Michigan Saves®

The Nation's First Nonprofit Green Bank



Transforming Michigan's Energy Landscape

Michigan Saves is the nation's first nonprofit green bank dedicated to accessible, equitable, and just investments in energy efficiency and clean energy improvements

Our Impact

From September 2010 through December 2022, Michigan Saves has supported:

450

million dollars

Financed in energy improvements

3.1

million metric tons

Reduced carbon emissions

9,175

full-time jobs

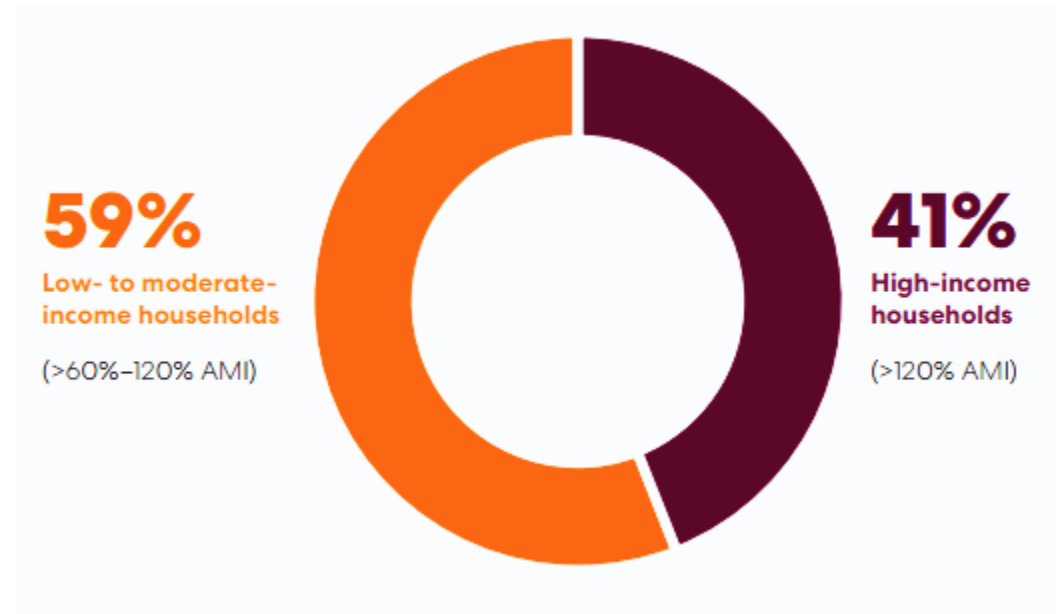
Supported through Michigan Saves



Engagement Context

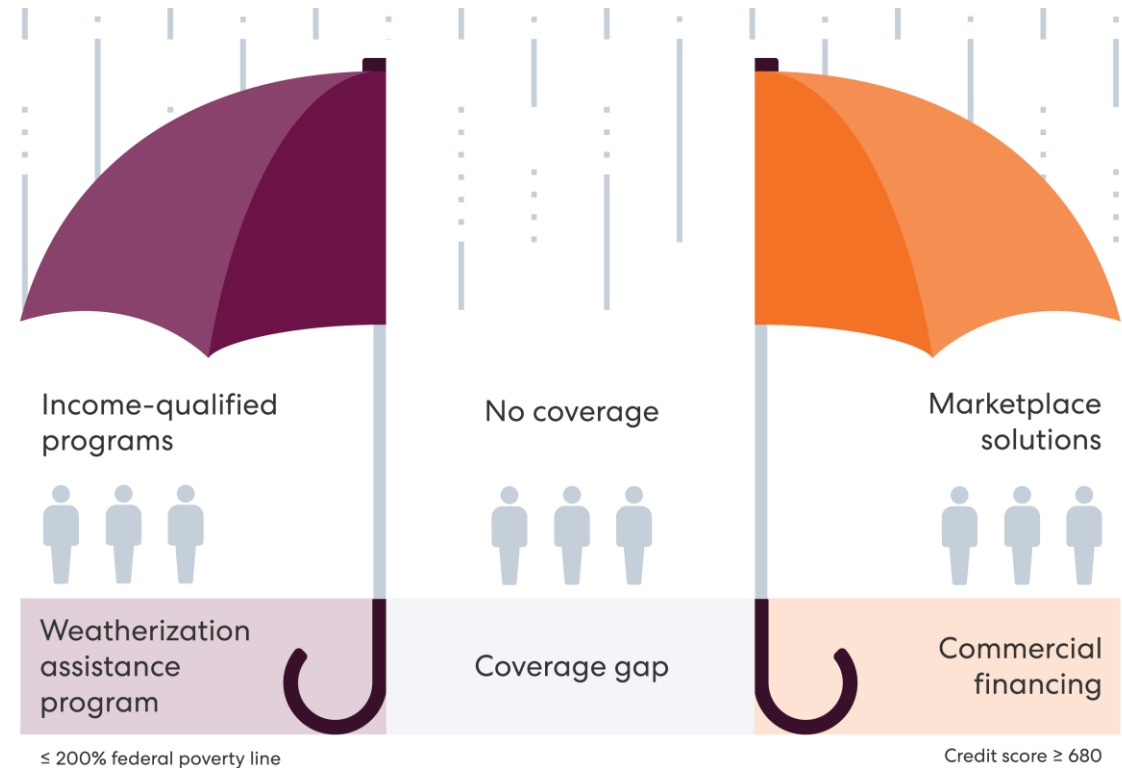
Unsecured Loans: Accessible in Low- to Moderate-income Communities

- More than half of Michigan Saves residential financing flows toward households with the highest energy burdens



Market Gaps

- Michigan Saves is working to ensure equitable access to energy efficiency and renewable energy improvement for all residents—no exceptions



Lending Challenges

- Inequity in lending

	Wayne Co. (excluding Detroit)	Detroit	Total
Total loan applications	4,029	1,458	5,487
Number of denied applications	922	737	1,659
Credit scores less than 600	277	323	600
Income less than \$40,000	288	359	647
Average loan application amount	\$9,295	\$8,599	\$8,947
Median loan application amount	\$7,500	\$6,854	\$7,177
Denials as a % of total loan applications	23%	51%	30%

Michigan Saves loan application data 2010 through 2021

Lending Challenges (cont.)

- Credit scores are supposed to be unbiased, but they embed existing racial inequities in the credit system
 - One in 19 white Americans have a credit score of 620 or lower compared to one in five Black Americans

<https://www.bostonglobe.com/2022/04/24/opinion/giving-credit-where-its-due/>

“Intentional racism that happened decades ago gets baked into the system and that kind of structural racism requires no animus, no intent”

-Chi Chi Wu, staff attorney at the National Consumer Law Center

“Credit scores reflect social economic disparities”

-Sally Taylor, vice president and general manager at FICO

<https://www.cnbc.com/2022/10/11/how-structural-racism-plays-a-role-in-lowering-credit-scores.html>

Detroit Loan Fund

- Purpose
 - Reduce lending inequities in Detroit by driving low-cost capital to home and business owners
 - Create a loan product that does not rely on credit scoring or risk-based pricing
 - Loan approval based on the customer's ability to pay
- Program details
 - Received a \$2.5 million program-related investment from the Kresge Foundation
 - Unsecured loan with interest rate fixed at 7 percent; loan term to 10 years
- Goals and objectives
 - Lend \$1.5 million to homeowners for energy efficiency and \$1.0 million to community organizations and small businesses for solar, battery storage, and electrification



Engagement Approach

Outreach and Engagement Approach

- Understand the community that you are trying to reach and the problem that you are trying to solve
 - Have self-awareness and understand your position relative to the community
 - Understand the market and the demand for the product
- View the engagement approach through the lens of diversity, equity, and inclusion
- Set clear and attainable goals and objectives for outreach and engagement
- Identify the level of engagement necessary to meet the goals and objectives
 - What is the scale? Statewide / citywide / neighborhood / home or business owner
- Identify resources and engage partners for implementation



Detroit Loan Fund Engagement Strategy

- Levels of engagement
 - Citywide, community, contractors
- Implementation resources and partners
 - Professional network
 - Authorized contractor network
 - Authorized lender network
 - Program collateral, social media
- Diversity, equity, and inclusion considerations
 - Are there business opportunities for minority contractors?
 - Are clean energy improvements wanted by small businesses and community organizations?
 - Are Michigan Saves program requirements and processes equitable and inclusive?

Detroit Loan Fund (cont.)

- Outreach and engagement strategy
 - Direct outreach and engagement to city departments and community organizations
 - Participate in Detroit Housing and Revitalization Department meetings
 - Attend community organization or neighborhood meetings
 - Join the radio show of local community organizer
 - Implementation through our network of authorized installation contractors
 - Contractors are with the customer at the time of decision
 - Renewed emphasis on recruiting contractors of color and Detroit-based contractors
 - No automatic denials! Every application is reviewed
 - Prevents homeowner embarrassment



Detroit Loan Fund (cont.)

- Results
 - In seven months, deployed \$960,000 to Detroit homeowners for energy efficiency improvements
 - The program provides an option for homeowners that would otherwise be denied

Status	Quantity	Value
Completed and funded	109	\$959,639
Approved and scheduled	1	\$8,504
Application under review	10	\$91,681
Denied or withdrawn	79	\$564,492
Total	199	\$1,624,316

- However, there has been limited interest from community organizations and businesses for a commercial loan that supports solar, battery storage, and electrification
 - Nonprofits and community organizations are more inclined to wait for grants then to take on debt

Lessons Learned

- Contractor driven approach works very well for residential customers
- Outreach to city leaders and community organizations is important to raise awareness, but may not directly drive demand
- Some Michigan Saves policies are barriers to participation for contractors
- Very strong demand from homeowners for this type of loan product
- Outreach and engagement cannot solve weak demand for commercial loans



What's Next?

- Evaluation of repayments and defaults
- Evaluation of engagement, outreach, and market demand
- Launching facilitated listening sessions in four disadvantaged communities in Michigan
 - We want to learn from residents and business and understand their needs



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