

# Climate Finance Needs Assessment: Detroit Region

June 2025



# Introduction and Purpose

- This needs assessment evaluated the readiness of 5 metropolitan areas - including Detroit - to take advantage of funding and financing that is available for energy efficiency and clean energy investment
- Greenhouse Gas Reduction Fund (GGRF) financing - a federal source launched in 2024 - provided the initial impetus for this assessment, but its conclusions are broad and apply to other sources of financing as well
- Project goals included:
  - Identify areas of current strengths and policy alignment
  - Recommend particular areas of training needs and specific policy opportunities
  - Build relationships to advance energy efficiency and decarbonization projects
  - Identify a potential pipeline for short- and medium-term projects

# Key Conclusions and Recommendations

- Recommendations are detailed in a later section in these slides, and some of the most important conclusions and recommendations - though not an exhaustive list - include:
  - There is a need to **coordinate across market sectors** in the Detroit region, and the Michigan Climate Investment Accelerator provides a viable vehicle for that market coordination.
  - **Community developers**, including nonprofit developers in Detroit, need direct **support and technical assistance** to be able to understand decarbonization opportunities and access climate financing opportunities; without this, they will be left behind.
  - **Contractor training** is a high priority - expand to contractors who serve the multi-family and commercial markets, including **naturally occurring affordable housing**, and continue accelerator programs for contractors that serve the important **single-family market**.

# Partners

- Local partners on this project included:
  - **Elevate** is dedicated to equity through climate action. Elevate advances energy efficiency in buildings through innovative policies, program design, and implementation; administers solar, energy efficiency, and resilience programs; and leads energy and health retrofits, solar deployment, real estate education, and contractor and workforce development.
  - **Community Development Advocates of Detroit (CDAD)** has more than 200 dues-paying members. CDAD is a membership-centered, non-profit organization that advocates for public policies and resources to support community development efforts in Detroit neighborhoods.



## Partners, Continued

- This project was conducted in partnership with the **Relay Network**, a national network of energy efficiency implementers who promote knowledge sharing, facilitate collaborative partnerships, and encourage joint innovation. As an alliance of mission-based non-profit organizations, we leverage each other's expertise to extend our collective reach to the buildings, residents and communities that we serve. National partners who contributed to the Detroit needs assessment include **Institute for Market Transformation (IMT)** and **Building Energy Exchange (BE-Ex)**.



- Funding for this project was generously provided by **Invest in Our Future**.

# Needs Assessment Findings: Regional Priorities



ELEVATE

# Needs Assessment Components

This needs assessment included:

- Market research on demographics and housing
- Analysis of state and local policy context
- Surveys of key stakeholders
- In-depth interviews with key stakeholders
- Analysis of training resources
- Research into existing projects that already include building decarbonization

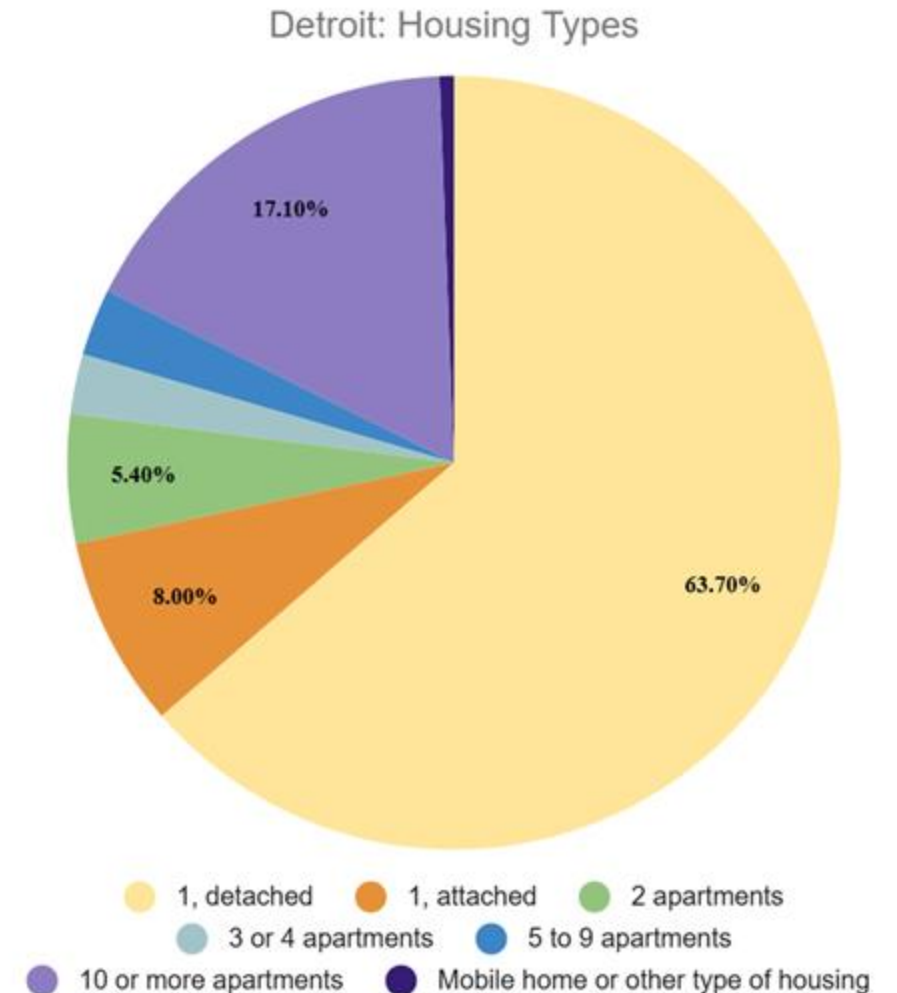
# Market Research Findings

- The metro area population growth is currently flat, and the City of Detroit has recently gained population after many years of population loss.
- Compared to the other states leading new development in the clean energy sector, Michigan ranked fourth in jobs, with the state's clean energy projects creating or securing more than 26,000 jobs, while receiving \$27.8 billion in investments.
- Major disparities persist between the City of Detroit and the region as a whole in terms of income, employment, race, and many other characteristics.
- Across the region, more than half of renters spend more than 30% of their income on rent and utilities, termed “overpayment”. More than 60% of the renters in the city overpay.



# Market Research Findings, Continued

- The region's housing stock is unusual for a large, historic city: detached single family housing makes up over 70% of housing in the region and over 60% in the city. Large apartment buildings are rare, with less than 10% of the region's housing units in buildings of 10+ units.
- Housing stock is fairly old; more than half of housing units were built between 1940 and 1979 in the region and the city. Older homes, built before 1939, are also common, though less prevalent than in other Midwestern cities.
- Most homes in the Detroit region, over 80%, are heated by natural gas, though all-electric buildings are more common in the city than the suburbs.



# State and Local Policy Context

- Robust commitment from State of Michigan:
  - MI Healthy Climate Plan: increase investments in repairing and improving buildings to reduce emissions and costs for working families and small businesses; goal of reducing carbon emissions in buildings by 40% by 2040.
  - Clean Energy & Jobs Act: 100% carbon-free clean energy by 2040, requiring 50% renewable energy by 2030 and 60% by 2035, and expanding access to energy efficiency programs.
  - Michigan Climate Investment Accelerator: Created by State of Michigan, and includes both **Climate Investment Hub** located at NewLab Detroit to support activating GGRF funds, as well as **Climate Investment Fund**, a State \$10 million commitment to support CDFI funders build climate financing programs.



# State and Local Policy Context, Continued

- Strong support from other state and local institutions:
  - Michigan Saves: nation's oldest nonprofit green bank, Michigan Saves had been set to receive \$97 million from the Greenhouse Gas Reduction Fund, spending \$35 million of that on a partnership with the Michigan State Housing Development Authority (MSHDA) to build and renovate rental housing with energy efficiency in mind.
  - Detroit Housing Revitalization and Development (HRD) goal of preserving 10,000 units of affordable housing, which could involve use of climate finance tools.



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



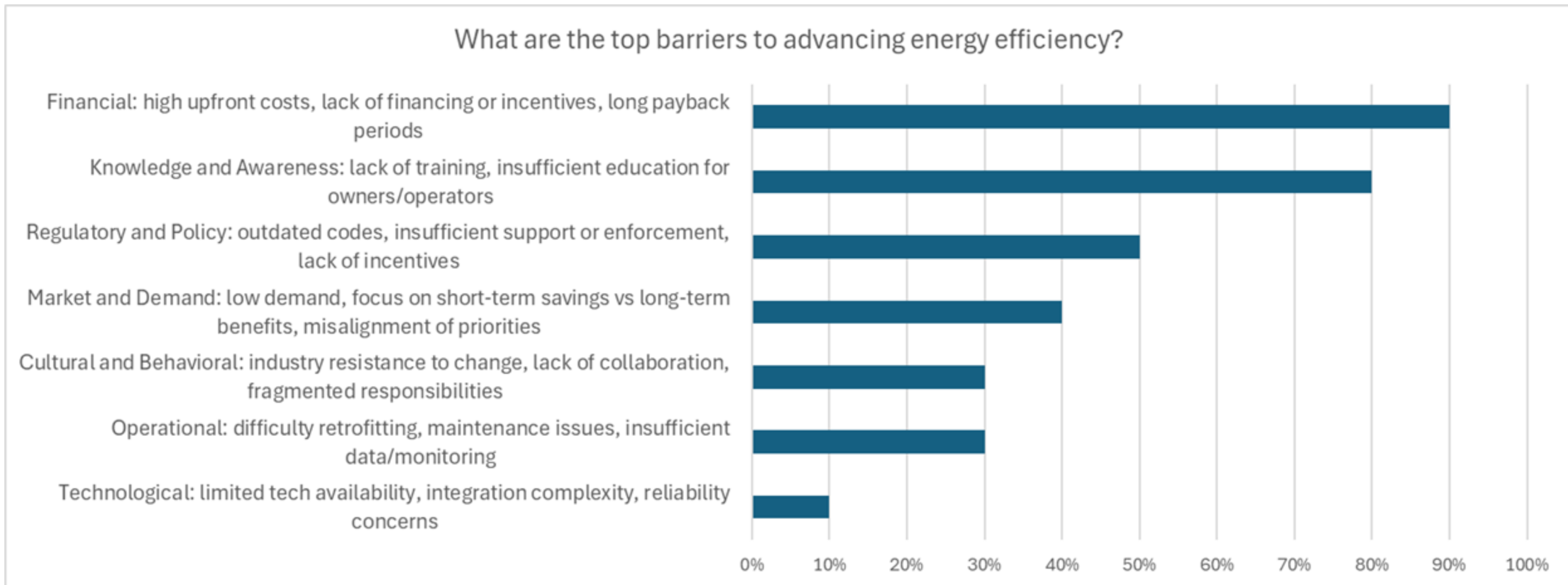
# Survey Results

Interview findings included:

- Survey results indicated developers in Detroit **lacked experience** with 1) net zero emissions design, 2) heat pump technology, and 3) renewable energy systems.
- Survey respondents identified **local government** as a key leader, while **building operators** were identified as a group that sometimes creates barriers to building decarbonization.
- Survey respondents identified **multi-family buildings** as the most important building type for building decarbonization, with **mixed-use properties** also a priority.

# Survey Results, Continued

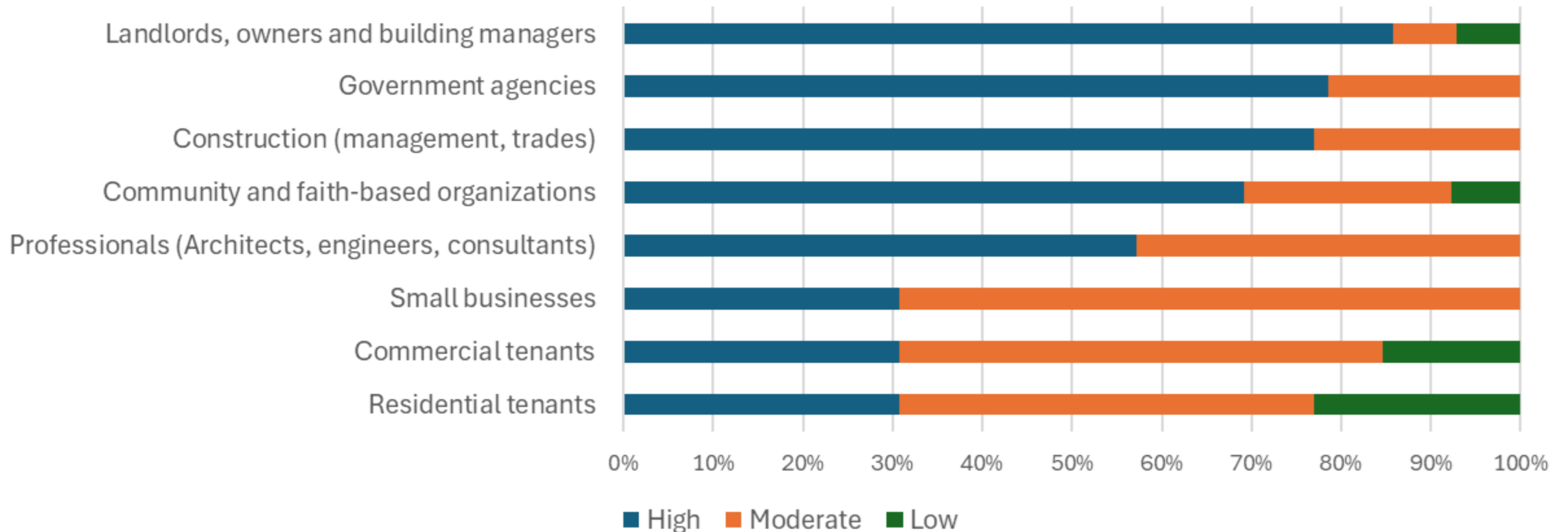
- The top barrier to building decarbonization was financial - high costs, limited funding, and long payback periods - followed by knowledge and awareness.



# Survey Results, Continued

- The most important audiences for training were landlords, property owners and building managers, followed by government agencies and contractors in the construction trades.

How important is it to provide training to these audiences?



# Stakeholder Interviews

- Detroit Housing and Revitalization Department – City Department
- Real Estate Association Developers – Minority Developer Association
- Thinking Financial – Financial Consultant
- Enterprise Community Partners – Affordable Housing Lender
- Detroit LISC – Affordable Housing Lender
- IFF – Nonprofit Lender
- Cinnaire – Affordable Housing Owner/Syndicator
- River Caddis Development – For-profit Developer
- Develop Detroit – Nonprofit Developer
- CSI Development and Support – Nonprofit Developer
- U-SNAP-BAC – Community Development Corporation
- Central Detroit Christian – Community Development Corporation

Key quote:

"To take advantage of the Greenhouse Gas Reduction Fund, Detroit based Community Development Organizations need design support, equipment details, and costs to understand how it affects our community."



# Stakeholder Interviews, Continued

Interview findings included:

- Large **established** real estate development firms were engaged with GGRF funders and had hired consultants **prepared** to apply for GGRF funding.
- In contrast, small **community development organizations** lacked knowledge on GGRF and decarbonization financing and were **not prepared** to apply for funding.
- All organizations requested **technical assistance** in identifying decarbonization design **best practices, case studies, and equipment** specifications.
- The state and the city are leaders in preparing for climate financing:
  - Detroit HRD leadership and staff are seeking to **maximize GGRF** to **preserve affordable housing** in Detroit.
  - The State of Michigan has established the Michigan Climate Investment Accelerator at NewLab in Detroit to **support developers and community organizations** to maximize GGRF.



# Training Resources

Strengths	Weaknesses
<ul style="list-style-type: none"><li>● Abundant city and state funding available</li></ul>	<ul style="list-style-type: none"><li>● Gap in trainings focused on building electrification</li></ul>
<ul style="list-style-type: none"><li>● Mainly utility/public sector funded training programs</li></ul>	<ul style="list-style-type: none"><li>● Primarily workforce trainings; insufficient trainings to drive demand from owners and developers</li></ul>

- Key Takeaways
  - Community development organizations are unprepared to apply for GGRF funding; lack knowledge on program purpose and high performance building design solutions
  - Lack of knowledge, awareness, training, and insufficient education on net zero emissions design, heat pump technology, and renewable energy for owners and operators

# Project Example: Pablo Elder Living Center

- Owned by Bridging Communities, a nonprofit affordable housing provider
- 80 units, multi-family senior development, 100% affordable
- With Elevate's assistance, pursued energy efficiency upgrades including high efficiency HVAC, LED lighting, and insulation, and added 150 kW solar array
- Reduced carbon emissions by 25%, and reduced utility bills by \$34,000 annually
- \$7 million capital stack, including Low Income Housing Tax Credits, permanent CDFI loan, and city funding and tax credits



# Recommendations



# Recommendations Outline

Recommendations are designed to support the overall climate finance ecosystem in the Detroit region:

- Project pipeline: advance projects already in the GGFR pipeline, finding other funding sources when needed, and move others through planning and predevelopment
- Policy solutions: build upon strong State support for climate finance to advance other policy changes
- Training and resource delivery: design and implement programs that respond to gaps in the knowledge base
- Market coordination: support State's efforts to develop Michigan Climate Investment Accelerator

# Project Pipeline

- Support projects that are already in the GGRF process:
- River Caddis Development
  - 5 affordable housing projects statewide, with approximately 500 units, designed to align with GGRF awardee standards
- Detroit Housing Commission / Ginosko Development
  - \$24 million green bank award designed to promote energy efficiency in the \$180 million rebuild of the dilapidated Villages at Parkside public housing project in Detroit



# Project Pipeline, Continued

- Advance projects in the planning stage:
  - MSHDA partnership with Michigan Saves: 7 LIHTC awardee projects will receive approximately \$4 million GGRF funds each
  - Develop Detroit/Central Detroit Christian: Grand Avenue 50 Unit all-electric rehabilitation project design complete and ready to apply.
  - Tekton Development Company: designing one project to be used as an example for the Real Estate Association Developers (READ) organization.
  - HRD Preservation Partnership: proposed redevelopment of 3 properties in Detroit.
  - Projects supported by Enterprise Community Partners through the CDO Fund, which could include TA around building decarbonization



# Project Pipeline, Continued

- Provide technical assistance and support to smaller developers
  - Improve smaller developers' understanding of energy efficiency improvements, ability to do project development, and access to financing sources
  - Continue focus on single-family homes through collaborations like Citywide Home Repair Task Force
  - Expand to multi-family, especially naturally occurring affordable housing
  - Explore creation of navigator program to guide small developers and property owners through decarbonization
- Use benchmarking as method for pipeline development
  - Provide follow-up services to building owners who received technical assistance from Detroit 2030 District, or other providers, to comply with benchmarking requirements





# Policy Solutions

- State of Michigan:
  - Department of Environment, Great Lakes, and Energy (EGLE)
    - Continue commitments like Michigan Climate Investment Accelerator
  - Michigan State Housing Development Agency
    - Leverage GGRF in combination with LIHTC funding through \$35 million Michigan Saves partnership
    - Secure and distribute more impact capital to affordable housing
    - Revise LIHTC Design Requirements to allow all-electric design without waiver
    - Increase tier-based points for green certifications or creating Zero Over Time pathway
- State legislature
  - Require utilities to enable and invest in community solar
  - Maintain high level of appropriation to Michigan Saves
- Michigan Public Service Commission
  - Adjust inflow/outflow billing credit under the distributed generation program to improve the payback for behind-the-meter solar
  - Ensure utilities' efficiency plans maximize savings for customers and encourage filing of electrification plans



# Policy Solutions, Continued

- City of Detroit:
  - Detroit Economic Growth Corporation
    - Develop financing programs for electrification projects and financing programs that leverage GGRF
  - Detroit Housing and Revitalization Department (HRD)
    - Prioritize energy assessments, including addition of Zero Over Time assessments, and incorporating renewable energy for affordable housing building support incentives
    - Continue providing developers with guidance, matchmaking, and coordination with other partners during the development process
  - Detroit Office of Sustainability (OoS)
    - Coordinate bulk purchasing of clean energy with businesses and other large energy users
    - Support community solar efforts
    - Apply benchmarking ordinance, and its collection of annual energy and water data, to buildings over 10,000 sq. ft.
    - Increase technical assistance for green button utility data collection from DTE
    - Pursue funding sources to support recommendations

# Training and Resource Delivery, Continued

Activity	Target Audience	Delivery Organization	Reason
Case Studies	Owners CDOs Government	MI Climate Investment Hub City of Detroit HRD	Detailed case studies can incorporate elements of decarbonization and include decarbonization design standards, equipment specifications, and financial information on costs/savings
Webinars & In-Person Trainings	Landlords / owners / managers CBOs Construction Firms Government	MI Climate Investment Hub, convening partners through Detroit CDO Fund Cohorts, Real Estate Association of Developers (READ), or MSHDA	Share information on benchmarking, case studies, and equipment specifications
Equipment Specifications	Owners	MI Climate Investment Hub City of Detroit HRD	Information on cold climate air source heat pumps, solar, and other equipment that would support owners in preparing specifications to request from construction contractors
Energy Code Compliance	Developers Owners Contractors	Michigan Green Building Collaborative	Michigan adopted the 2021 International Energy Conservation Code (IECC) and its enforcement begins in 2025
Contractor Training and Accelerators	Contractors	Walker Miller Elevate Detroit Future OPS Many other training organizations	Contractor training - including energy efficiency training, electrification training, certifications, and many others - is a critical part of the ecosystem

# Market Coordination

Unify around Michigan Climate Investment Accelerator as the market coordination lead for the state, including a deliberate focus in Detroit in partnership with Detroit 2030 District

- The Michigan Climate Investment Hub (Hub), located in **Newlab @Michigan Central in Detroit**, is a public-private partnership that will foster relationships among the State of Michigan, GGRF awardees, private investors, commercial lenders, community lenders, community organizations, philanthropic organizations, and local government.
- Close coordination with partners like Detroit 2030 District is recommended.
- Recruitment underway for Hub members at **EGLE-OCE@Michigan.gov**.



# Funding Sources for Developers



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- **MI Funding HUB:** (Michigan Municipal League and the Michigan Department of Labor and Economic Opportunity), lists all local, state, and federal funding in one place.  
<https://mifundinghub.org/>
- **Detroit Neighborhood Opportunity Fund:** <https://detroitmi.gov/departments/housing-and-revitalization-department/nonprofits-and-community-groups/neighborhood-opportunity-fund>
- **Detroit Housing for the Future Fund:** <https://dhff.org/>
- **Wayne County** grant and loans for community development:  
<https://www.waynecounty.com/departments/econdev/home-program.aspx>

# Funding Sources for Developers, Continued

- **Michigan Solar for Savings:** <https://www.michigan.gov/egle/about/organization/climate-and-energy/mi-healthy-climate-challenge/solar-for-savings>
- **Michigan's MI Neighborhood Fund:** <https://www.michigan.gov/mshda/neighborhoods/mi-neighborhood>
- **Michigan's Low Income Housing Tax Credit and New Market Tax Credit:** <https://www.michigan.gov/mshda/developers/lihtc/lihtc/low-income-housing-tax-credit-lihtc>
- **State of Michigan Home Energy Rebate (MiHERS) Program** <https://www.michigan.gov/egle/about/organization/materials-management/energy/rfps-loans/home-energy-rebate-programs>
- **Michigan Home Energy Incentives Calculator:** <https://www.michigan.gov/egle/regulatory-assistance/funding/multi/michigan-home-energy-incentives-calculator>
- **DTE Multifamily Energy Efficiency Program:** <https://www.dteenergy.com/us/en/business/energy-efficiency/getting-started/rebate-programs/The-DTE-Energy-Multifamily-Program.html>

# Contact Information

Shawna Forbes Henry

Director Michigan Programs

[Shawna.ForbesHenry@elevatenp.org](mailto:Shawna.ForbesHenry@elevatenp.org)



**ELEVATE**

Equity through climate action

Madhavi Reddy

Executive Director

[madhavireddy@cdad-online.org](mailto:madhavireddy@cdad-online.org)

