



CHALLENGE #3:

Growing Green Lending Program Guide



A digital version of this guide is available at Michigan.gov/MHCChallenge.

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What is the MI Healthy Climate Challenge?



A statewide investment to turn climate ambition into action.

The **MI Healthy Climate Challenge** grant program will invest in bold, action-driven ideas that mobilize Michiganders to solve some of Michigan's biggest climate challenges. Grounded in the MI Healthy Climate Plan, recent clean energy legislation, and unprecedented climate funding, the program will accelerate Michigan's climate leadership while delivering tangible benefits to communities across the state.

The State of Michigan is seeking innovative, catalytic proposals that deploy clean energy and climate solutions and empower communities to take meaningful action.

Grants will support pre-development work, strategic partnerships, matching funds, and pilot projects that help overcome barriers to rapid deployment and unlock additional public and private investment.

To reach the Governor's goals set out in the [MI Healthy Climate Plan](#), Michigan must rapidly scale renewable energy, electrification, and energy efficiency technologies. Through an approximately \$44 million grant competition, the MI Healthy Climate Challenge will fund initiatives that reduce greenhouse gas emissions, create jobs, lower energy costs, and unlock more public and private investments to position Michigan as a national leader in the clean energy transition.



Lieutenant Governor Garlin Gilchrist II announcing the launch of the MI Healthy Climate Challenge at the 2025 MI Healthy Climate Conference.

Program Overview

The **MI Healthy Climate Challenge** grant program is releasing a series of targeted "Challenges" designed to address key barriers to deploying clean energy projects across Michigan.

Each Challenge focuses on a specific obstacle to climate action, unlocking opportunities to secure public and private funding and drive transformative, on-the-ground impact. Together, these efforts will help ensure Michigan remains a leader in the clean energy transition.

All funded proposals will advance Michigan's goal of achieving 100% carbon neutrality by 2050, including 52 percent reductions in greenhouse gas emissions from 2005 by 2030, as set forth in the MI Healthy Climate Plan. Proposals should align with the Plan's key priorities, which guide Michigan's decarbonization goals and aim to deliver meaningful benefits to communities.

MI Healthy Climate Plan Priority Areas:

- Committing to Environmental Justice and a Just Transition
- Cleaning the Electric Grid
- Electrifying Vehicles and Expanding Public Transit
- Repairing and Decarbonizing Homes and Businesses
- Driving Clean Innovation in Industry
- Protecting Michigan's Land and Water

Objectives

The MI Healthy Climate Challenge grant program supports projects that help achieve one or more of the following objectives across each pillar of the MI Healthy Climate Plan.

1. Accelerate Deployment of Climate Solutions:

Facilitate the rapid implementation of innovative clean energy and climate, driving Michigan towards its goal of 100% carbon neutrality by 2050 and a 52% emissions reduction from 2005 by 2030.

2. Deploy Climate Funding and Access Additional Climate Funding:

Enable Michigan entities to maximize public and private funding opportunities by equipping them with the tools and strategies needed to unlock these resources.

3. Build a Robust Project Pipeline and Aggregation Framework:

Create a sustainable pipeline of scalable projects by facilitating aggregation and early-stage development activities.

4. Foster Strong Partnerships and Collaborative Networks:

Build and strengthen partnerships across sectors to ensure broad engagement and coordinated efforts towards Michigan's decarbonization goals.

5. Enable Investments in Michigan Communities:

Support projects that deliver significant benefits to Michigan's low-income communities, ensuring these areas are central to Michigan's climate and clean energy initiatives.

6. Raise Awareness and Inspire Action:

Highlight efforts toward achieving the goals of the MI Healthy Climate Plan by sharing success stories to inspire others to implement their own initiatives and take advantage of available resources.

Challenge #3: Growing Green Lending

Making every bank a green bank.



Grants to support clean energy financing in Michigan communities.

The **MI Healthy Climate Challenge #3: Growing Green Lending** is the third grant program of the MI Healthy Climate Challenge. It is designed to expand clean energy financing across Michigan by empowering community lenders to offer more accessible and affordable green lending products.

How Challenge #3 Supports Green Lending

Challenge #3 provides grants to help community lenders strengthen their capacity to finance clean energy projects. Supported activities may include:

- Development of new or expanded green lending products
- Community engagement, outreach, and education
- Lender training and technical assistance
- Borrower support and early-stage project development
- Contractor–lender coordination
- Strategies that reduce barriers to deploying clean energy financing

The Challenge encourages collaborative approaches that strengthen the clean energy financing ecosystem, foster innovative partnerships, attract additional investment, and reduce barriers to scaling clean energy financing strategies.

Who can Apply

Grants are open to Michigan-based financial institutions, nonprofits, community organizations, technical assistance providers, and other partners working directly with community lenders to expand green lending capacity across the state.

Challenge #3 Program Objectives

The **program objectives** below outline the key outcomes this grant seeks to achieve through funded projects. While applicants are not expected to address every objective, they should clearly explain how their proposed project supports one or more of these overarching goals.

1. **Enhance Access to Green Capital:**

Strengthen the clean energy financing ecosystem by enabling community lending institutions to increase access to financing for clean energy projects in Michigan's communities.

2. **Foster Innovative Partnerships and Strategies:**

Encourage the development of new strategies and partnerships to strengthen community lending institutions' ability to finance clean energy projects. This may involve creating innovative models for collaboration between financial institutions, clean energy developers, local governments, and community organizations.

3. **Strengthen Michigan's Clean Energy Project Pipeline:**

Support community lending institutions in expanding a robust pipeline of viable clean energy projects by investing in early-stage project development activities—including scoping, underwriting preparation, customer acquisition, and community engagement. This includes enhancing communications, marketing, and education efforts that raise public awareness, build borrower readiness, and stimulate demand for clean energy financing.

4. **Leverage Additional Capital to Accelerate Investment:**

Maximize the ability of community lending institutions to attract and deploy complementary funding from mission-driven lenders, philanthropic investors, private capital providers, and other external financing sources.

5. **Support the Clean Energy Transition for Underserved Communities:**

Prioritize projects that empower low-income and disadvantaged communities in Michigan to access the financing and resources needed to transition to a sustainable, clean energy future.

Eligible Uses of Funds

Funds from this Challenge may be used for activities that **build green lending capacity**, rather than for the financing or contributing to the financing of direct installation of individual clean energy projects.

Eligible uses focus on **technical assistance, education, coordination, and tools** that help lenders and communities prepare for, structure, deploy, or expand clean energy financing.

Across all eligible activities, funds must **enable community lenders to finance projects based in Michigan** by strengthening capacity, partnerships, or deal flow.

Example Projects

To help applicants understand the types of activities this Challenge is designed to support, several example project models are provided below. These examples are **illustrative only**; proposals do not need to match them exactly.

However, all examples reflect the program's core objective: **building green lending capacity in Michigan**. Applicants are encouraged to adapt, expand, or combine these models to meet community needs, leverage organizational strengths, and maximize impact. Other eligible activities that align with program goals will be evaluated on an equal basis.

- **Community Engagement and Borrower Readiness Model**

A project that focuses on raising community awareness about clean energy financing options. Activities may include outreach, basic education, stakeholder engagement to assess borrower sentiment, and helping households or small businesses prepare to apply for loans. The goal is to strengthen demand and improve borrower readiness.

- **Lender Training and Capacity Building Program**

A project that provides training or tools to help community lenders understand and launch green lending products. This may include guidance and/or education on underwriting, incentives, or risk management. The goal is to increase lenders' ability to offer clean energy financing. Legal support may be included as it relates to product development.

- **Clean Energy Project Pipeline Development Initiative**

A project that identifies potential clean energy upgrades and organizes them into a clear pipeline for financing. It may include initial assessments, project scoping, or financial readiness checks. The goal is to create more financeable projects for community lenders.

- **Partnership-Based Technical Assistance Hub**

A project that brings together community organizations, technical experts, and lenders to support clean energy financing. Partners share resources, coordinate outreach, and assist borrowers with early project steps. The goal is to streamline the path from project interest to loan readiness.

- **Contractor–Lender Connection Framework**

A project that builds a structured relationship between contractors and community lenders. Contractors learn how to identify loan-eligible projects and refer customers. The goal is to improve coordination and increase the number of customers reaching lenders.

- **Affordable Housing Clean Energy Support Model**

A project that helps affordable housing organizations understand financing options for enhanced building performance, electrification, and energy efficiency. Activities may include technical assistance, financial planning templates, or coordination with lenders. The goal is to enable more energy upgrades in low-income housing (by incorporating green lending into their capital stack).

- **Lender Mentorship or Peer-Learning Pilot**

A project that pairs less experienced lenders with more experienced institutions or networks. Participants share knowledge, work through example projects, and develop basic lending structures. The goal is to accelerate lender readiness for green financing.

These examples are not exhaustive. Across all activities, funds must be used to enable, develop, or expand green lending for community lenders financing projects based in Michigan through improved capacity, stronger partnerships, education and outreach, or increased deal flow.

Eligible Applicants

Challenge #3 is open to a wide range of organizations, **not limited to financial institutions**. The program supports organizations that enable, develop, or facilitate green lending for Michigan-based financial institutions.

Notes:

- Applicants located outside Michigan, or applicants that are **not financial institutions** (e.g., nonprofits, community-based organizations, municipal or public entities, or for-profit organizations), **must include a Michigan-based financial institution as a partner**. Applications must clearly show how the partner will actively participate in and benefit from the project.
- Any products or capacity being developed must be for loans made here in the state.
- A **Michigan-based financial institution** is defined as a bank, credit union, community development financial institution (CDFI), or other lending entity with lending services in Michigan.

Eligible Applicant Examples

Applicants may include:

- **Financial institutions:** CDFIs, credit unions, banks, loan funds, or other mission-aligned lenders that can provide financing or partner on clean energy projects.
- **Nonprofit organizations:** Organizations that develop tools, provide technical support, or manage financing programs to help lenders support clean energy projects.
- **Community-based organizations:** Groups that build local demand for clean energy, help borrowers prepare for financing, or improve access to green lending opportunities.
- **Regional, statewide, or national nonprofits:** Organizations that coordinate efforts, create shared tools, or support programs that increase clean energy lending across Michigan.
- **Technical assistance providers or nonprofit intermediaries:** Groups that help lenders, project developers, or aggregators improve capacity, strengthen underwriting readiness, or expand green lending programs.
- **Municipal governments or other public entities:** Local or state government agencies that work with nonprofits or lenders to create programs, pooled funding strategies, or community-wide clean energy financing initiatives.
- **Affordable housing developers or housing-focused nonprofits:** Organizations that collaborate with lenders or intermediaries to finance energy improvements in low-income housing.
- **Collaborative partnerships:** Teams of lenders, developers, technical assistance providers, or community organizations working together to expand green lending capacity and reach more projects.

Grant Sizes

A total of **\$500,000** is available through this one-time funding opportunity. Individual grant awards are expected to range from \$50,000 to \$250,000 with approximately 2 to 10 grants anticipated.

Funding requests should align with the scale, complexity, and replicability of the proposed project. This program is intended to support work that enables or accelerates green lending for Michigan-based community financial institutions.

Applicants are encouraged to demonstrate how they will leverage additional funding sources, such as philanthropic grants, private financing, or in-kind support.

The State of Michigan may choose not to allocate all available funds and reserves the right to revise or reopen the application process at a later date.

Timeline

This is a **competitive, one-time funding opportunity**. Applicants must submit all required application materials to be considered for funding.

Key Dates

- **Applications Open:** Monday, February 2, 2026
- **Applications Due:** Sunday, March 22, 2026, 11:59 PM EST

Application Process

Applicants must submit a **full online application** by **Sunday, March 22, 2026**. Required fields will be marked with an asterisk (*), and submission instructions are included within the application.

To be considered, applicants must:

- Submit all required materials and respond to all required prompts.
- Use the templates provided in the appendices.
- Follow all application instructions.

Grant Processes

This program is administered by the Office of Climate and Energy.

Applications will be evaluated based on eligibility and viability of the proposed project.

Projects will be scored based on a scoring committee with support from subject matter experts as necessary. Projects will be selected based on total scores as well as priority need areas.

Project information, including applications, may be shared with other relevant State offices and departments, as well as the MI Climate Investment Hub, for purposes including scoring, grant agreement finalization, and program coordination and implementation support, with appropriate safeguards in place to avoid and manage any actual or perceived conflicts of interest.

The goal of application scoring is to strategically choose projects that collectively address a variety of barriers to best advance the goals of the grant and Michigan's climate goals.

The scoring rubric will be available at Michigan.Gov/MHCChallenge.

Application Information

Information Required for Application Submission

- Application (the official application will open on Monday, February 2, 2026, and must be submitted following the instructions included on the application)
- Project Budget Template (see instructions below)
- Project Timeline Template (see instructions below)
- Most recent copy of the A-133 or outside audit OR the most recent financial statements (balance sheet and income statement). Applicants that receive cumulative federal funding of over \$750,000, or that receive a single state award over \$500,000 are required to provide an A-133 single audit, if applicable.

Project Budget Form

Applicants must submit a **fully completed and itemized budget** using the Project Budget Template. To ensure your budget can be adequately reviewed and scored, please follow these requirements:

- **Itemization:** Break down all costs by category (e.g., personnel, materials, travel, subcontractors, indirect costs). Each category should list individual line items with quantities, unit costs, and total amounts.
- **Budget Narrative:** Provide a brief narrative for each line item, explaining why the expense is necessary for the project, how the amount was calculated, and any assumptions or special circumstances are explained. For example, specify the role and number of hours for personnel, or the purpose of equipment purchases.
- **Completeness:** Ensure that your budget includes all expected project expenses and include matching funds, in-kind contributions, or other funding sources. Incomplete budgets may impact scoring.
- **Instructions:** Detailed guidance on completing each section of the budget is available in the 'Instructions' tab of the Project Budget Template. Applicants are strongly encouraged to review this carefully.

Budgets that are vague, incomplete, or lack justification may receive lower scores. Clear, detailed, and well-justified budgets help reviewers understand the resources needed for your project.

Project Timeline Form

Applicants must submit a **detailed project timeline** using the provided Project Timeline Template. To ensure your timeline is clear, complete, and reviewable, please follow these requirements:

- **Tasks and Milestones:** List all major tasks and milestones required to complete the project. Each task should have a clear description of what will be done and the expected deliverable or outcome.
- **Time Allocation:** Specify start and end dates for each task or milestone. Include durations and any dependencies between tasks (i.e., tasks that cannot start until others are completed).
- **Responsibility:** Indicate who is responsible for each task (individual or team).
- **Completeness:** Ensure the timeline covers the **entire project period** from start to finish. Missing or vague timelines may affect scoring.
- **Instructions:** Detailed guidance on completing each section of the Project Timeline Template is available in the template instructions. Review carefully before submitting.

If applicable, applicants are encouraged to indicate any external factors or resources that may influence project timing.

Timelines that are unclear, incomplete, or lack responsible parties may receive lower scores. A clear, realistic, and detailed timeline helps reviewers assess project feasibility.

Payment and Reimbursement Terms

Terms for payment and reimbursement will be tailored to the needs of each awardee and specified in the individual grant agreement. Some grants may include advance funding to address cash flow needs, while others will operate on a reimbursement basis.

Total Grant Award

Grant awards will be based on reasonably estimated costs and supporting documentation submitted by the applicant at the start of the project.

Matching Funds

Matching funds are not required for this opportunity. However, applicants are encouraged to document any leveraged funds, as projects demonstrating higher leverage ratios may receive more favorable reviews.

Indirect Costs

In general, indirect costs may not exceed 10% of the total grant, including fees retained by fiscal sponsors or property owners (for remediation/redevelopment projects). Requests for rates exceeding 10% will be considered on a case-by-case basis and will be evaluated based on the explanation and justification for the higher rate in the application budget narrative.

Applicants must use the Project Budget Template. Further instructions can be found in the 'Instructions' tab of the Project Budget Template.

Pre-Award Costs

EGLE/OCE is not responsible for any costs incurred prior to the issuance of a signed grant agreement.

Required Documentation for Reimbursement

Selected applicants must provide the following to receive reimbursement:

- Receipt, invoice, or payroll summary for the incurred cost
- Proof of payment (e.g., bank statement, ACH confirmation, or a scanned copy of a cashed check)

Note: All voluntary match contributions, whether cash, in-kind, or third party—must meet the same documentation requirements.

Additional Budget Information

In the event of a partially funded proposal, selected applicants will be required to submit a revised proposal before entering into a grant agreement. The proportion of direct costs to indirect costs will remain the same as in their original request.

- Selected applicants assume the responsibility for ensuring the grant project is performed within the established timeline.
- If the entire State of Michigan share of the grant award is expended, the entire in-kind and/or voluntary match funds must be spent and supported by source documentation. If the entire State of Michigan share of the grant award is not spent, the in-kind and/or voluntarily contributed funds may be reduced proportionately by the percentage of the grant award not spent.
- Should selected applicants cease business operations or dissolve the program established under the grant agreement, existing capital must be returned to the State of Michigan.
- If an indirect cost is included in the proposed budget, it must be certified using the Certificate of Indirect Costs. The certificate must be signed on behalf of the organization by an individual at a level no lower than vice president or chief financial officer of the organization that submits the proposal.

Attachments

- Application Form (required)
- Project Budget Template (required)
- Project Timeline Template (required)
- DTMB Schedule of Travel Rates FY26
- Certificate of Indirect Costs