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LOW-INCOME ENERGY BURDEN

FITCHBURG, WI

Energy affordability is a challenge for everyone in this era of supply disruptions, inflationary pressures, and extreme weather events. This is a special problem for low-income households who may spend 7% or more of their income on energy bills. Such high "energy burden" impacts housing affordability, as well as the health and well-being of families. And it is a climate justice issue as well since without programs and policies designed to assist lower-income renters and home-owners, their energy burden is likely to increase dramatically in the coming years as climate change accelerates. A just transition to a fossil-fuel free future must include the most economically vulnerable.

DEFINITIONS

Energy Burden:

The percentage of gross household income spent on energy costs

Greater than **6%** is a high energy burden.

Greater than **10%** is a severe energy burden.

AMI = Area Median Income

Midpoint of household income in a region

Low Income:

Households with less than 80% AMI (<80% AMI)

Extremely Low Income:

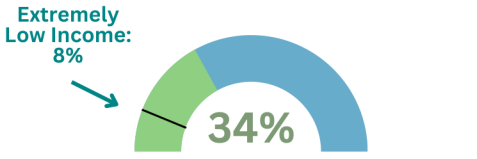
Households with less than 30% AMI (<30% AMI)

LEAD TOOL
LOW-INCOME ENERGY AFFORDABILITY DATA
U.S. DEPARTMENT OF ENERGY

Information in this report comes from the U.S. Department of Energy's LEAD Tool. It draws data from the U.S. Census Bureau's **2020** American Community Survey to **estimate** energy costs for households at different income levels across the country.

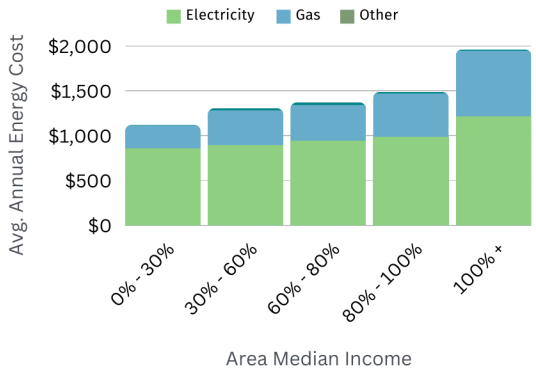
KEY FINDINGS

- Overall, the average energy burden for households in Fitchburg is **1%.** The average energy burden across Wisconsin is 2%.
- In Fitchburg, the average energy burden for low-income households (<80% AMI) is **4%** - twice that of the overall average energy burden.
- Extremely low-income households (<30% AMI) have an average energy burden of **7%**.
- Thus the most economically vulnerable residents experienced a high energy burden - even before the post-pandemic rise in energy costs.

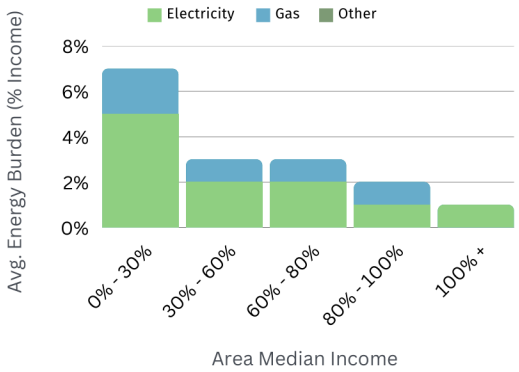


of Fitchburg's 13,625 households are low income (less than 80% AMI)

Average Annual Energy Costs by Income Level



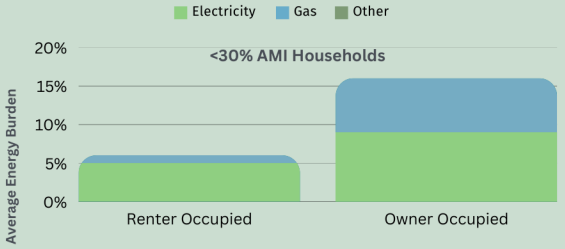
Average Energy Burden by Income Level



CHARACTERISTICS OF HOUSING WITH HIGH ENERGY BURDEN

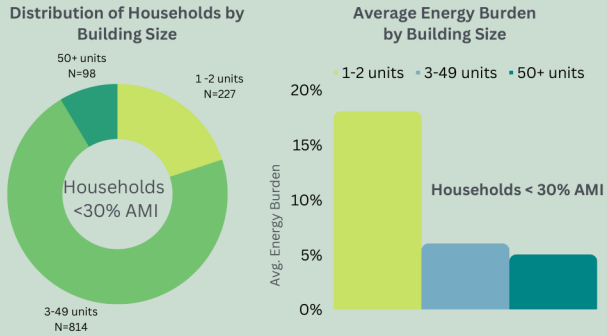
Owning vs. Renting

Among extremely low-income households (<30% AMI), owner-occupied housing units had a significantly higher energy burden (16%) than renter-occupied units (6%). There are only about 175 extremely low-income homeowners in Fitchburg, the vast majority of whom live in single-family detached or attached houses (which tend to be less efficient to heat and cool than multi-family buildings).



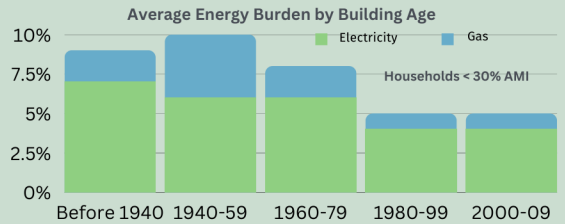
Type and Size of Building

About 20% of extremely low-income households in Fitchburg (<30% AMI) live in single-family or two-unit dwellings. On average, these households experience a severe energy burden of 18%. In comparison, the 71% of extremely low-income households that live in buildings with 3-49 units have an energy burden of 6%. And the remaining 9% of households that live in buildings with 50+ units have a more affordable energy burden of 5%.



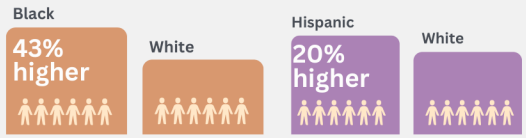
Building Age

About half of extremely low-income households (~500 families) live in buildings constructed before 1980 and experience a higher energy burden of 8-10% compared to the more affordable energy costs for households in newer buildings. Lack of insulation, less efficient heating systems and appliances, and building deterioration may all contribute to these discrepancies.



RACIAL AND ETHNIC DISPARITIES

Although the LEAD does not provide in-depth information about the racial and ethnic dimensions of high energy burden in Fitchburg, the data do indicate that people of color, especially African-Americans and Hispanics/Latinos, are disproportionately represented among households with high average energy burden (44% BIPOC vs. 28% in overall population). This aligns with the findings of a recent study of major urban centers across the U.S., which found that Black and Hispanic households experience significantly higher energy burdens on average than their White (non-Hispanic) counterparts.



ADrehobl, A., L. Ross, and R. Ayala. 2020. How High Are Household Energy Burdens? Washington, DC: American Council for an Energy-Efficient Economy.

LOCAL SOLUTIONS TO HIGH ENERGY BURDEN

RECOMMENDATIONS FOR LOCAL GOVERNMENT AND POLICYMAKERS

Center energy burden reduction in city policies

- Conduct further research on energy burden in Fitchburg and share the results with the public.
- Make energy burden reduction an integral part of affordable housing and community health programs.
- Set specific energy burden reduction targets for the city and develop evidence-based plans to achieve these goals. See St. Paul's climate plan for an example.
- Increase energy efficiency requirements for city-subsidized affordable housing developments.

Reach out to energy-burdened communities

- Include these communities in energy and climate planning processes.
- Make information available in multiple languages and formats.

Help city residents reduce their energy costs

- Promote existing energy bill payment assistance and energy efficiency programs currently available through local utilities, non-profits, and state and federal sources.
- Publicize the new funding available through the Inflation Reduction Act (IRA) - see the DOE's Energy Savings Hub and RewiringAmerica.org for resources.
- Collaborate with local stakeholders to develop a "navigator program" to support city residents through the challenging process of implementing energy efficiency projects.

Pursue federal and state funding to develop new programs

- Utilize new funding opportunities available through the IRA and the Bipartisan Infrastructure Law (see the Wisconsin Office of Energy Innovation webpage for current grant opportunities).
- Examples of innovative programs in other Midwestern cities:
  - The Efficiency Navigator pilot projects in Madison and Middleton enable landlords with low-income tenants to make deep energy retrofits (with partners Elevate and Sustain Dane).
  - Milwaukee's Energy Efficiency Program provides low-interest loans and a bonus incentive to finance energy efficiency improvements.
  - Minneapolis's rental energy transparency ordinance requires landlords to disclose energy costs to prospective tenants.

RECOMMENDATIONS FOR PROPERTY OWNERS

- The Inflation Reduction Act (IRA) tax credits for energy efficiency, electrification, and renewable energy projects are now available. Details at www.energy.gov/save and rewiringamerica.org
- Low and middle-income homeowners and landlords:
  - The IRA rebate programs will provide discounts of 50%-100% for heat pumps, electrical upgrades, and other energy efficiency purchases beginning in 2024.
  - Apply now for home weatherization assistance through Project Home and Focus on Energy, and energy bill assistance from your utility, the Keep Wisconsin Warm Fund, and the programs listed at www.energyandhousing.wi.gov.

RECOMMENDATIONS FOR LOW AND MIDDLE-INCOME RENTERS

- The Inflation Reduction Act (IRA) rebate program will offer discounts of 50%-100% for purchases of personal window heat pumps, induction cook-tops, and other appliances (coming later in 2023). See the IRA Savings Calculator at RewiringAmerica.org and www.energy.gov/save for details.
- Talk to your landlord or property manager about their plans for using IRA incentives to improve energy efficiency, add renewable energy, and carry out other building upgrades that will lower your energy bills.
- Apply now for energy bill payment assistance from your utility company, the Keep Wisconsin Warm Fund and the government programs listed at www.energyandhousing.wi.gov.

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