Inequities Facing Low Wealth Communities

Legacy of Poverty and Racism

- Land use/housing
- Health
- Economic opportunity
- Energy burden
- Changing faces
Legacy of land use + housing discrimination

Increased likelihood that African-American borrowers received a higher-rate subprime loan with a prepayment penalty* versus similarly-situated white borrowers

<table>
<thead>
<tr>
<th>PURCHASE</th>
<th>FIXED RATE</th>
<th>ADJUSTABLE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+31%</td>
<td>+15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REFINANCE</th>
<th>FIXED RATE</th>
<th>ADJUSTABLE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+34%</td>
<td>+6%</td>
</tr>
</tbody>
</table>

* During 2004, approximately two-thirds of all home loans in the subprime market had prepayment penalties.

Increased likelihood that Latino borrowers received a higher-rate subprime purchase loan versus similarly-situated white borrowers

<table>
<thead>
<tr>
<th>WITH PREPAYMENT PENALTY</th>
<th>FIXED RATE</th>
<th>ADJUSTABLE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+45%</td>
<td>+37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WITHOUT PREPAYMENT PENALTY</th>
<th>FIXED RATE</th>
<th>ADJUSTABLE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+142%</td>
<td>+29%</td>
</tr>
</tbody>
</table>

Rates of home mortgage denial in 2012 by GSEs

...while unemployment for African Americans is 2X the national average

Disparate Health Effects

- 68% of African Americans live within 30 miles of a coal-fired power plant.
- Prolonged exposure to toxins from these facilities are tied to birth defects, heart disease, asthma attacks, lung disease, learning difficulties.
- An African American child is 3X as likely to be admitted to the hospital and 2X more likely to die from an asthma attack than a white American child.
- Though African Americans are less likely to smoke, they are more likely to die of lung disease than white Americans are.

Source: NAACP Just Energy Policies
Impacts to Health When Energy Burden is High

• Living in homes that are not properly heated or cooled increases cases of asthma, respiratory problems, heart disease, arthritis, and rheumatism

• Chronic stress related to daily survival choices (pay electric bill or pay for groceries or medicine, for example) contributes to other health conditions

• Living in underheated homes puts adolescents at double the risk of respiratory problems and five times the risk of mental health problems

Source: Lifting the High Energy Burden in America’s Cities
Disparate Economic Effects of Energy Generation

• While African Americans spent $41 billion on energy in 2009, they only held 1.1% of energy jobs and only gained .01% of the revenue from the energy sector profits

• Property values in near proximity to power plants are 15% lower than surrounding areas

• The median family income of the top 15 coal-producing states was $44,922 in 2006 ($3,529 below the U.S. median)

Burden without Benefit

• Low-income households account for about one-third of the population in the United States. These households have housing, equipment, and appliances that are older and less efficient than those in the average US household. Renters also lack control over heating and cooling systems and appliances they generally pay to operate.

• Utility’s costs for EE programs and services, covering arrearages, bill payment accommodations, and shutoffs are distributed to all ratepayers, including those with lower income.

• In the SE, only 11% (median) of utilities’ investments in their residential portfolio goes towards low-income services.

Structural inequity legacy – wealth gap

Change in average family wealth, 2007-2010

- White non-Hispanic
- Black non-Hispanic
- Hispanic

10%
0%
-10%
-20%
-30%
-40%
-50%
WEALTH
HOME EQUITY
RETIREMENT

-11%
-31%
-49%
-44%
-28%
-35%
9%

Median net worth by race, 1984-2009

- White families
- African-American families

GAP: $236,500
GAP: $265,000

1984
2009

$5,781
$90,851
$28,500
$265,000

Notes: Data are weighed using Survey of Consumer Finances weights. Source: Urban Institute calculations of the 2007 and 2010 Survey of Consumer Finances

Source: Institute on Assets and Social Policy

THE HUFFINGTON POST
What this means in Atlanta

Metro Atlanta
Ranked #1 for Lack of Income Mobility for Poor Children

Source: http://www.aecf.org/resources/changing-the-odds
Energy burden as equity indicator

What is threshold for “high burden” or unaffordable?

• **6% of gross household income**
  Based on the idea that a household can afford to spend about 30% of income on
  shelter costs and that about 20% of shelter costs are used for energy bills (Fisher
  Sheehan & Colton 2015)

• **11% of a household’s annual gross income**
  Applied Public Policy Research Institute for Study and Evaluation (APPRISE) uses a
  model that identifies a severe shelter burden as 50% or more of income, and energy
  costs as about 22% of shelter costs, resulting in 11% of income as an indicator of high
  energy burden (APPRISE 2007).

• **No higher than median % of household income**
  Nevada program indicates that low-income home energy burden should be no higher
  than that of a median income household (Nevada 2013). Others suggest that high
  energy burden should be defined as twice the median (Liddell et al. 2012; Moor
  2012).

Source: *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*
SE Cities Rank High for Energy Burden

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
# Energy Burden by City

**Table 4. Energy burdens for demographic groups in the 10 cities with the highest energy burdens**

<table>
<thead>
<tr>
<th>All households</th>
<th>Low-income households*</th>
<th>Low-income multifamily households</th>
<th>African-American households</th>
<th>Latino households</th>
<th>Renting households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Memphis (6.2%)</td>
<td>Memphis (13.2%)</td>
<td>Memphs (10.9%)</td>
<td>Memphis (9.7%)</td>
<td>Memphis (8.3%)</td>
</tr>
<tr>
<td>2</td>
<td>Birmingham (5.3%)</td>
<td>Birmingham (10.9%)</td>
<td>Birmingham (6.7%)</td>
<td>Pittsburgh (6.3%)</td>
<td>Providence (7.3%)</td>
</tr>
<tr>
<td>3</td>
<td>New Orleans (5.3%)</td>
<td>Atlanta (10.2%)</td>
<td>Atlanta (8.3%)</td>
<td>New Orleans (8.1%)</td>
<td>Philadelphia (7.3%)</td>
</tr>
<tr>
<td>4</td>
<td>Atlanta (5.0%)</td>
<td>New Orleans (9.8%)</td>
<td>Providence (7.1%)</td>
<td>Kansas City (7.9%)</td>
<td>Kansas City (6.6%)</td>
</tr>
<tr>
<td>5</td>
<td>Providence (4.7%)</td>
<td>Providence (9.5%)</td>
<td>Pittsburgh (7.1%)</td>
<td>Birmingham (7.7%)</td>
<td>Atlanta (6.6%)</td>
</tr>
<tr>
<td>6</td>
<td>Pittsburgh (4.5%)</td>
<td>Pittsburgh (9.4%)</td>
<td>New Orleans (6.9%)</td>
<td>Milwaukee (7.4%)</td>
<td>Birmingham (6.6%)</td>
</tr>
<tr>
<td>7</td>
<td>Kansas City (4.5%)</td>
<td>Dallas (8.8%)</td>
<td>Columbus (6.5%)</td>
<td>St. Louis (7.4%)</td>
<td>Phoenix (6.0%)</td>
</tr>
<tr>
<td>8</td>
<td>Fort Worth (4.4%)</td>
<td>Philadelphia (8.8%)</td>
<td>Dallas (6.5%)</td>
<td>Cleveland (7.0%)</td>
<td>Dallas (6.0%)</td>
</tr>
<tr>
<td>9</td>
<td>Cincinnati (4.3%)</td>
<td>Kansas City (8.5%)</td>
<td>Indianapolis (6.5%)</td>
<td>Cincinnati (6.9%)</td>
<td>Fort Worth (5.7%)</td>
</tr>
<tr>
<td>10</td>
<td>Dallas (4.3%)</td>
<td>Cleveland (8.5%)</td>
<td>Kansas City (6.3%)</td>
<td>Atlanta (6.6%)</td>
<td>Detroit (5.7%)</td>
</tr>
</tbody>
</table>

* Low-income includes both single- and multifamily households.

Source: *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*
Energy Burden by Quartile

Diving deeper than medians to understand what $\frac{1}{4}$ of each group experiences as burden

<table>
<thead>
<tr>
<th>All households</th>
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<th>African-American households</th>
<th>Latino households</th>
<th>Renting households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Memphis (12.8%)</td>
<td>Memphis (25.5%)</td>
<td>Memphis (21.8%)</td>
<td>Memphis (19.4%)</td>
<td>Memphis (15.9%)</td>
<td>Memphis (18.5%)</td>
</tr>
<tr>
<td>2 Birmingham (10.8%)</td>
<td>New Orleans (18.9%)</td>
<td>Birmingham (16.2%)</td>
<td>New Orleans (16.4%)</td>
<td>Philadelphia (15.7%)</td>
<td>Birmingham (15.1%)</td>
</tr>
<tr>
<td>3 New Orleans (10.0%)</td>
<td>Birmingham (18.8%)</td>
<td>Atlanta (15.7%)</td>
<td>Kansas City (16.2%)</td>
<td>Pittsburgh (12.4%)</td>
<td>Atlanta (13.3%)</td>
</tr>
<tr>
<td>4 Atlanta (9.7%)</td>
<td>Atlanta (18.2%)</td>
<td>Pittsburgh (15.7%)</td>
<td>Pittsburgh (16.1%)</td>
<td>Kansas City (12.0%)</td>
<td>St. Louis (12.9%)</td>
</tr>
<tr>
<td>5 Providence (8.7%)</td>
<td>Philadelphia (16.7%)</td>
<td>Chicago (14.6%)</td>
<td>Cincinnati (15.6%)</td>
<td>Providence (11.7%)</td>
<td>New Orleans (12.6%)</td>
</tr>
<tr>
<td>6 Pittsburgh (8.6%)</td>
<td>Providence (16.7%)</td>
<td>Cincinnati (13.0%)</td>
<td>Milwaukee (15.5%)</td>
<td>Atlanta (11.5%)</td>
<td>Cincinnati (12.1%)</td>
</tr>
<tr>
<td>7 Cincinnati (8.5%)</td>
<td>Pittsburgh (15.7%)</td>
<td>St. Louis (12.9%)</td>
<td>Birmingham (15.4%)</td>
<td>Hartford (11.1%)</td>
<td>Cleveland (11.9%)</td>
</tr>
<tr>
<td>8 Kansas City (8.4%)</td>
<td>Cincinnati (15.5%)</td>
<td>Cleveland (12.3%)</td>
<td>Chicago (15.3%)</td>
<td>Phoenix (10.7%)</td>
<td>Pittsburgh (11.9%)</td>
</tr>
<tr>
<td>9 Philadelphia (8.3%)</td>
<td>Detroit (15.3%)</td>
<td>Hartford (11.8%)</td>
<td>Detroit (14.8%)</td>
<td>Birmingham (10.4%)</td>
<td>Providence (11.7%)</td>
</tr>
<tr>
<td>10 Dallas (8.2%)</td>
<td>St. Louis (14.8%)</td>
<td>Fort Worth (11.4%)</td>
<td>St. Louis (14.4%)</td>
<td>Detroit (10.2%)</td>
<td>Kansas City (11.7%)</td>
</tr>
</tbody>
</table>

* Low-income includes both single- and multifamily households.

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
Lower-income families bear larger energy burdens

Energy Costs as % of Annual Household Income

Source: [Source: http://www.americaspower.org/sites/default/files/Energy_Cost_Impacts_2012_FINAL.pdf]
Energy burden for median household across Southeast cities

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
## Energy burden across other variables

**TABLE ES1. Median income, utility bill, energy burden, and unit size for households based on income type, building type, building ownership, and household race for groups across all metro areas**

<table>
<thead>
<tr>
<th>Household type</th>
<th>Median annual income</th>
<th>Median size of unit (square feet)</th>
<th>Median annual utility spending</th>
<th>Median annual utility costs per square foot</th>
<th>Median energy burden¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income (≤80% AMI)</td>
<td>$24,998</td>
<td>1,200</td>
<td>$1,692</td>
<td>$1.41</td>
<td>7.2%</td>
</tr>
<tr>
<td>Non-low-income</td>
<td>$90,000</td>
<td>1,800</td>
<td>$2,112</td>
<td>$1.17</td>
<td>2.3%</td>
</tr>
<tr>
<td>Low-income multifamily (≤80% AMI)</td>
<td>$21,996</td>
<td>800</td>
<td>$1,032</td>
<td>$1.29</td>
<td>5.0%</td>
</tr>
<tr>
<td>Non-low-income multifamily</td>
<td>$71,982</td>
<td>950</td>
<td>$1,104</td>
<td>$1.16</td>
<td>1.5%</td>
</tr>
<tr>
<td>Renters</td>
<td>$34,972</td>
<td>1,000</td>
<td>$1,404</td>
<td>$1.40</td>
<td>4.0%</td>
</tr>
<tr>
<td>Owners</td>
<td>$68,000</td>
<td>1,850</td>
<td>$2,172</td>
<td>$1.17</td>
<td>3.3%</td>
</tr>
<tr>
<td>White</td>
<td>$58,000</td>
<td>1,600</td>
<td>$1,956</td>
<td>$1.22</td>
<td>3.3%</td>
</tr>
<tr>
<td>African-American</td>
<td>$34,494</td>
<td>1,290</td>
<td>$1,920</td>
<td>$1.49</td>
<td>5.4%</td>
</tr>
<tr>
<td>Latino</td>
<td>$39,994</td>
<td>1,200</td>
<td>$1,704</td>
<td>$1.42</td>
<td>4.1%</td>
</tr>
<tr>
<td>All households</td>
<td>N/A</td>
<td>1,573</td>
<td>$1,932</td>
<td>$1.23</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

¹ Energy burden is the percentage of household income that is spent on energy bills. To calculate median energy burden, we calculated energy burden for all households and then took the median. This value differs from the median energy burden that is calculated using median annual utility spending and income.

² Low-income includes both single- and multifamily households.³ Area median income (AMI) is the median dollar amount that divides the population into two equal parts.

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
Median energy burdens of note

• On average, African American and white households were found to pay similar utility bills, but African American households experienced a median energy burden 64% greater than white households (5.4% and 3.3%, respectively).

• Latino households paid lower utility bills, on average, than African-American and white households did, yet they experienced a median energy burden 24% greater than white households (4.1% and 3.3%, respectively).

• Renters were also disproportionately impacted. The median renter experienced an energy burden greater than that of the median owner (4.0% and 3.3%, respectively).

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
Low rates ≠ low costs

• In 2014, three of the five states with the highest average monthly utility bills for households—Alabama, South Carolina, and Mississippi—were states with average (not high) electricity prices and a wide range of gas prices.

• In 2014, New Orleans and Memphis were among the five cities with the lowest average electricity prices (both $0.10/kWh) and average gas prices ($10.9 and $10.1/1,000 ft3). Even with these low prices, these two cities are in the top three for highest average energy burden for all households, at 5.27% and 6.18%, respectively.

• From 2004 to 2014, average US residential electricity prices increased from 9 cents/kWh to 12.5 cents/kWh, an increase of 39% (EIA 2016a). In contrast, average adjusted income grew from $29,900 in 2004 to $30,180 in 2014, an increase of 0.9% (Census Bureau 2014). If energy prices continue to increase more rapidly than income, energy burden will continue to grow for vulnerable households.

Source: *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*
Ripple effects of high energy burdens

High energy burden can cause very real mental and physical health problems for household members due to thermal discomfort, inadequate lighting, unsafe housing conditions, and constant financial and social stress.

• In northern Kentucky, St. Paul, and Philadelphia, utility shutoffs were found to be one of the primary factors that led to homelessness

• Paying utility bills was the most common reason why individuals took out a payday loan

Source: Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities
The Changing Face of our Nation

The racial divide has become a generational divide

- BY 2019, majority of children under 18 will be children of color
- By 2030, the majority of workers under 25 will be workers of color
- Minorities—including Hispanics, blacks, Asians and those of mixed race accounted for 50.4% of births July 2011- July 2012
- Only 20% of today’s seniors are people of color but 46% of today’s youth are people of color

Source: PolicyLink National Equity Atlas