Consumer Finance for Climate Action (CFCA)

Summary of Landscape Findings and Pathways Forward

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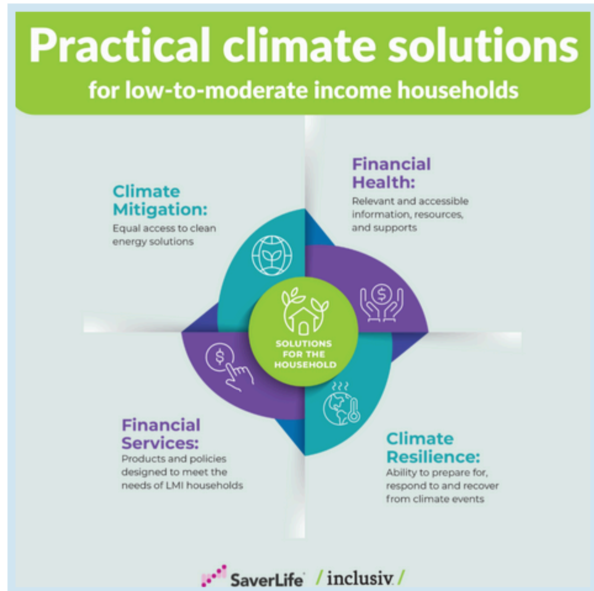
Full landscape analysis and summary prepared by Amy Brown for Inclusiv and SaverLife

Consumer Finance for Climate Action (CFCA) was launched by Inclusiv and Saverlife, with support from JPMorganChase, to identify practical solutions for low-income households at the intersection of financial health, climate mitigation and resilience. As part of this work, we conducted a landscape scan to gather perspectives from 38 cross-sector experts. This summary provides highlights from the analysis.



Climate Change and Household Finance

Climate change is a threat to the financial health of U.S. households, with low-income and Black, Indigenous, Latino, immigrant and other households of color especially at risk. These households are both more likely to both live in areas susceptible to climate change and have fewer financial resources to prepare for, withstand and recover from climate-related impacts, from extreme heat and poor air quality to storms, flooding and fires.

Low-income households in regions across the country increasingly experience financial burdens due to severe weather events as well as from the chronic effects of climate change, including:

- High energy cost burden (percent of income spent on cooling and heating).
- Lost earnings due to more regular business closures or reduced working hours.
- Disruptions to childcare, often leading to increased costs or lost work hours.
- Increased transportation costs and reduced availability.
- Challenges with healthcare access and increased healthcare expenses.
- Rising costs – and decreasing availability of – homeowners and renters insurance.

Priorities and Gaps to be Addressed

While the interviews raised up the need for financial products, information and marketing, the most pressing identified need was help navigating the complicated process of implementing climate solutions. Those interviewed described the complexity associated with every step of the process, from determining what action to take; to financing and making purchases; to hiring and managing contractors; to applying for rebates and disaster relief; to maintaining changes and realizing benefits. Other key gaps noted include:

- Existing clean energy financial products are not accessible to all low-income households, do not do enough to reduce costs to zero, and are less relevant for smaller-dollar needs.

- Take-up of existing products is often low due to a lack of trusted messengers, complicated eligibility or application requirements, and unaffordable up-front costs.
- Low-income households are challenged to know where to start, given the complexity of the problem and solutions, limited resources, competing financial priorities and climate-related trauma.

Assets and Opportunities

Despite the urgent challenges, those interviewed felt optimistic and cited many assets and opportunities that could be leveraged, including:

- Federal and state incentives, including Inflation Reduction Act (IRA) tax credits and rebates, Solar for All, utility-based programs and weatherization assistance.
- Expansion of green lending and other programs tailored for low-income households, including through the Greenhouse Gas Reduction Fund (GGRF).
- On-line resources, including risk assessment tools and energy-savings calculators.
- Increasing consumer demand for solutions to high energy costs and household energy independence.
- Ability to partner with local community-based organizations with established trust, from faith-based organizations to grassroots environmental justice groups.
- Increasing knowledge among local contractors, retailers and service providers about climate mitigation and resilience solutions, including rebates and subsidies.

Potential Pathways for Action

Pathway One: Maximize clean energy incentives and opportunities for low-income homeowners. Leverage existing incentives to their fullest, providing immediate cost savings while increasing home values and reducing long-term risks from extreme weather.

Pathway Two: Develop solutions for low-income renters. Address the needs of renters, for whom fewer options currently exist, by prioritizing simple and "portable" solutions that renters can effectively implement.

Pathway Three: Help households reduce and manage energy costs and reliability. Meet households where they are by addressing what emerged as the most pressing immediate common need: budgetary stress from increased utility bills.

Pathway Four: Fully integrate climate resilience and mitigation into staff roles and program operations. Re-envision financial health by building organization and staff capacity to integrate climate mitigation and resilience into their everyday work. Consider creating a "navigator" role to provide customized assistance throughout a household's journey.

In addition to these pathways, stakeholders across sectors should join forces to advance an agenda for policy and regulatory change, directly informed by the climate-related needs and experiences of low-income households.

Please reach out to Megan Bolado, Director of Financial Empowerment at Inclusiv for questions or interest in learning more:mbolado@inclusiv.org