JANUARY 2024 ISSUE BRIEF

How NYSERDA's Empower+ Program Shortchanges Low-Income Residents

INTRODUCTION

Helping low-and moderate-income families afford home energy upgrades is a key environmental justice imperative, particularly for Black and Brown communities struggling with the legacy of environmental racism and redlining. These households face high energy burdens and issues with poor air quality, both in and outdoors. New York State Energy Research & Development Authority's (NYSERDA) Empower+ is one of the most important programs to make home energy upgrades more affordable to these New Yorkers. It does so by providing resources to homeowners of 1–4 family buildings to insulate and weatherize their homes. For households meeting the low-income criteria, Empower+ provides 100% coverage for these upgrades. However, during our years working with low-income homeowners through our EnergyFit program, Pratt Center has found a number of barriers created by the design and implementation of Empower+ and its predecessor programs, making the program far less impactful and equitable than it could be. This brief will highlight two of those barriers that NYSERDA can easily address:

- NYSERDA uses State Median Income rather than Area Median Income to determine eligibility for their low-income incentive.
- In a recently discontinued geo-eligibility pilot, rather than using the Disadvantaged Communities Map to identify need, NYSERDA used their own, much less impactful map.

These two program design decisions cause NYSERDA to exclude large numbers of low-income and disadvantaged communities both in New York City and in many counties across the State. This examination can provide climate justice advocates with information needed to push NYSERDA to commit to more impactful program design and long-term accountability toward equitable decarbonization.

SMALL HOME CLEAN ENERGY RETROFITS AND WHY THEY MATTER

In New York City, small residential buildings are responsible for 17% of all building carbon emissions, while housing hundreds of thousands of low- and moderate-income New Yorkers. Home retrofits consist of interventions such as improving insulation, replacing fossil fuel powered appliances with electric versions, adding solar panels and other related upgrades that reduce a home's reliance on dirty fossil fuels. Small buildings are a crucial component of the State and City's climate goals.

Home energy upgrades like those described above also have benefits that extend beyond helping to mitigate climate change. They create healthier and more comfortable living spaces and have the potential to reduce energy costs. However, the upfront costs of these upgrades can be steep. Housing cost-burdened families rarely have the money saved to pay for things like insulation, heat pump water heaters, or induction stoves, which can run into the tens of thousands of dollars. Helping low- and moderate-income families afford home energy upgrades is a vital piece of the fight against climate change. It should not be the case that decisions made by a handful of NYSERDA staff—that impact millions—end up excluding many from the clean energy transition.

PRATT CENTER FOR COMMUNITY DEVELOPMENT

EMPOWER+: A CRITICAL PROGRAM FOR AFFORDABLE ENERGY UPGRADES

NYSERDA's Empower+ program is split into two incentive levels: a moderate-income incentive provides 50% off home energy upgrades (up to $5,000); while a low-income incentive provides the same upgrades for free (up to $10,000). But, as this paper will discuss, inequitable planning excludes hundreds of thousands of low-income NYC families from benefiting from the low-income incentive. As a result the program is not actually reaching low-income households in New York City. Analysis of NYSERDA data shows that since 2010, only 7% of NYSERDA's small residential retrofits have occurred in NYC, despite the city housing almost half of the state's population and having over 863,000 1-4 family buildings.[1]

93%
of small residential retrofits funded by NYSERDA have occurred outside of New York City.
(Since 2010)

There are two ways of qualifying for the low-income incentive, both of which unfairly exclude NYC's low-income communities. The most common way to qualify is by income verification, which requires that households prove they are making less than 60% of the State Median Income (SMI). The use of SMI, rather than Area Median Income (AMI), means that the same income thresholds apply to households in all regions of the state. This produces inequitable gaps in available services for low-income families in higher-income areas in New York State, most prominently New York City.[2]

At the end of 2023, NYSERDA ran a short-lived geo-eligibility pilot, in which families living in certain low-income census tracts were automatically qualified for Empower+ without verifying their income. However, the pilot's extremely limited scope made it nearly impossible for contractors to utilize. An improved geo-eligibility program could be a powerful tool for ramping up retrofits.

1. INCOME ELIGIBILITY: STATE VS. AREA MEDIAN INCOME

THE PROBLEM

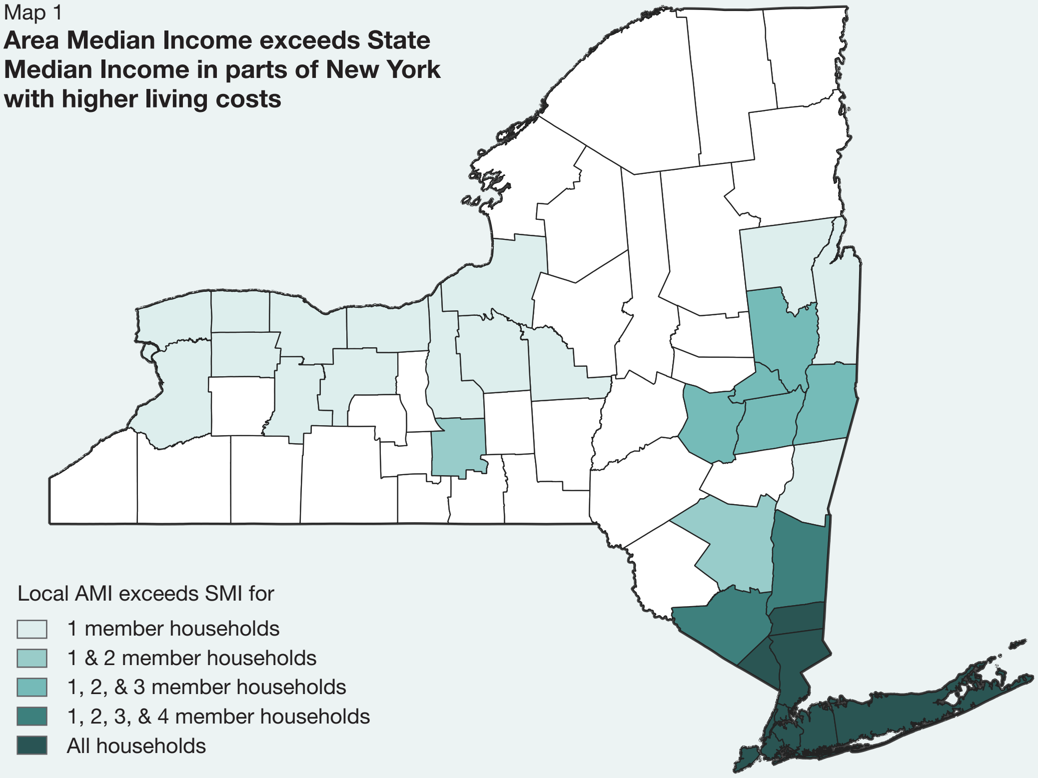
NYSERDA defines Empower+ income eligibility as follows: Low-income households are those, "with incomes at or below 60% of state median income (SMI)." Moderate income households are above 60% of SMI, and "less than or equal to 80% of the greater of state median income and area median income (AMI) for the household's geographic area."

Basing eligibility for the Empower+ low-income incentive on State Median Income rather than Area Median Income significantly reduces the number of New York communities that should be receiving low-income clean energy services from NYSERDA. Map 1 (on pg. 3) provides a stark visualization of how drastically that policy choice erases NYC and other downstate low-income communities.

The distinction between AMI and SMI is key to this inequity. AMI is calculated for every metropolitan area and region in the country, and therefore varies significantly across regions, including within New York State. SMI, on the other hand, is consistent across the entire state. By using SMI, every county in New York State is assigned the same exact definition of what it means to be low-income, despite significant differences in the cost of living and housing. For example, in Albany where NYSERDA is headquartered, the cost of living is 33% lower than in New York City.[3] Energy burden is also generally higher in high-cost locations. However, the income eligibility rules for Empower+ assume that being low-income is essentially the same no matter where in the state a person resides.

For a family of two in NYC, 60% State Median Income is $47,640 while 60% Area Median Income is $67,800— a difference of over
$20,000.

Map 1
Area Median Income exceeds State Median Income in parts of New York with higher living costs



Data Source: U.S. Department of Housing & Urban Development, 2023, and NYSERDA.

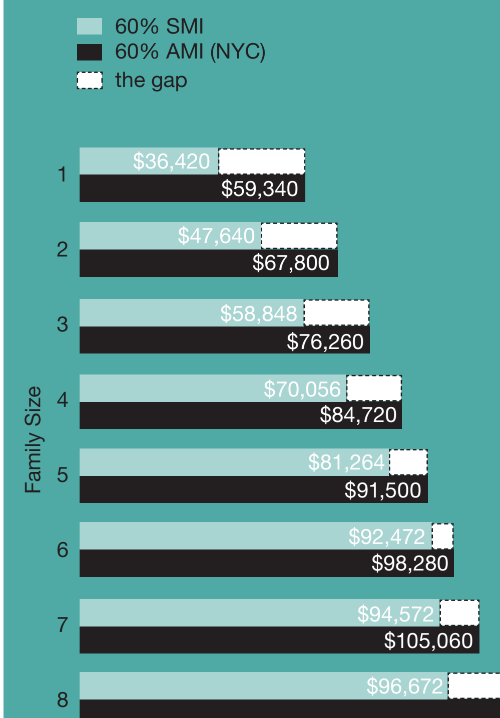
Figure 1 shows the gap between these two definitions of “low-income.” The difference between New York City’s AMI and New York’s SMI ranges from around $5,800 for a family of 6 to almost $23,000 for single person households. For a family of two in NYC (the average household size in NYC is 2.4), 60% SMI is $47,640, while 60% AMI is $67,800—a difference of over $20,000.

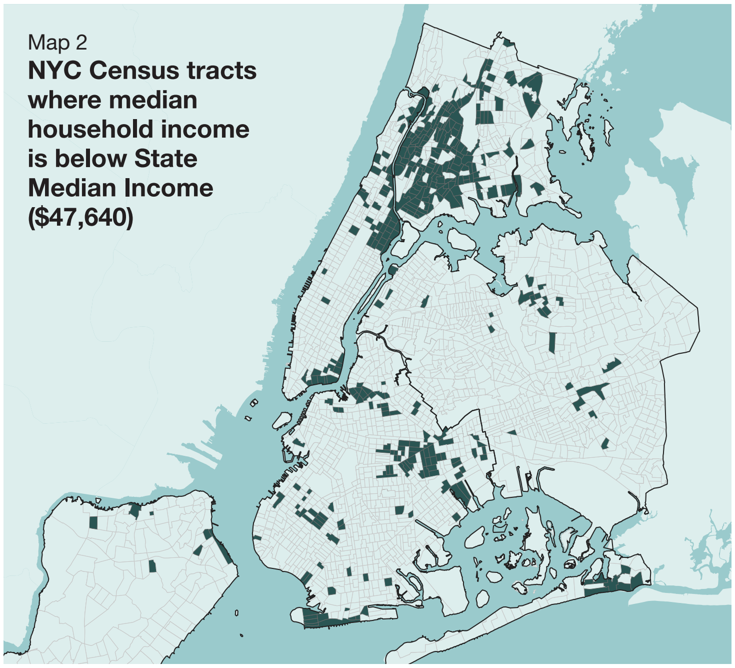
It is not just New York City where this gap between AMI and SMI unfairly impacts low-income households. Pratt Center conducted a statewide analysis and found that there are 34 counties in New York where households with 1–4 members have an AMI that is higher than SMI. It is important to note that every large city in the state with large Black and Brown populations are located in areas negatively impacted by this program design choice.[4]

NYSERDA IS MISALIGNED WITH FEDERAL, STATE AND NYC POLICY

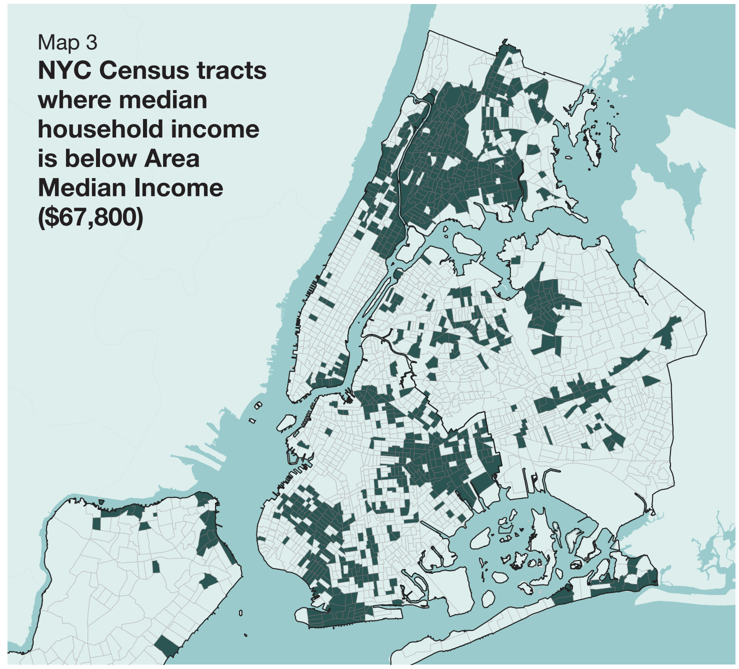
Pratt Center has asked NYSERDA why it uses SMI rather than AMI and received limited explanation. One reason they provided is that the federally funded Home Energy Assistance Program (HEAP) and Weatherization Assistance Program (WAP) use SMI and by

Figure 1
60% State Median Income vs. 60% Area Median Income in NYC





Map 2
NYC Census tracts where median household income is below State Median Income ($47,640)



Map 3
NYC Census tracts where median household income is below Area Median Income ($67,800)

choosing to do the same for a state ratepayer funded program, they are minimizing market confusion. While there might be some bureaucratic logic to harmonizing eligibility criteria across different programs to reduce back-end administrative barriers, this should not come at the expense of equity, particularly in a State that has recently passed explicit equity commitments such as the Climate Leadership and Community Protection Act (CLCPA).

In fact most other housing programs use AMI rather than SMI. AMI is widely used in affordable housing programs in New York—both by the State's Homes & Community Renewal (HCR) agency and the City's Department of Housing Preservation and Development (HPD)—based on the cost of living differential and its very real impacts on low-income households. Even the Empower+ moderate-income incentive uses AMI in addition to SMI. (See Table 1 for New York programs that currently utilize AMI).

Table 1
New York State programs that use Area Median Income to determine eligibility

Agency	Program
NYS HCR	Low Income Housing Tax Credit
NYS HCR	AHC
NYS HCR	HFA
NYS HTFC	HOMES Program
NYS HCR	MF Development Programs
NYS HCR	Climate Friendly Homes Fund
NYC HPD	All Housing Services
NYSERDA	Empower+ moderate income services
NYSERDA	AMEEP

Another reason NYSERDA has given is that the Public Service Commission (PSC) mandates they use SMI rather than AMI. We have not been able to find evidence of this mandate. It is also unclear, if it is indeed a mandate, why it wouldn't also apply to the moderate-income incentive. If NYSERDA is as committed to equity as they claim, one would expect NYSERDA to advocate for changing the income limit definitions through one of the recent filings submitted to the Public Service Commission that focus on working with LMI households. But they have not.

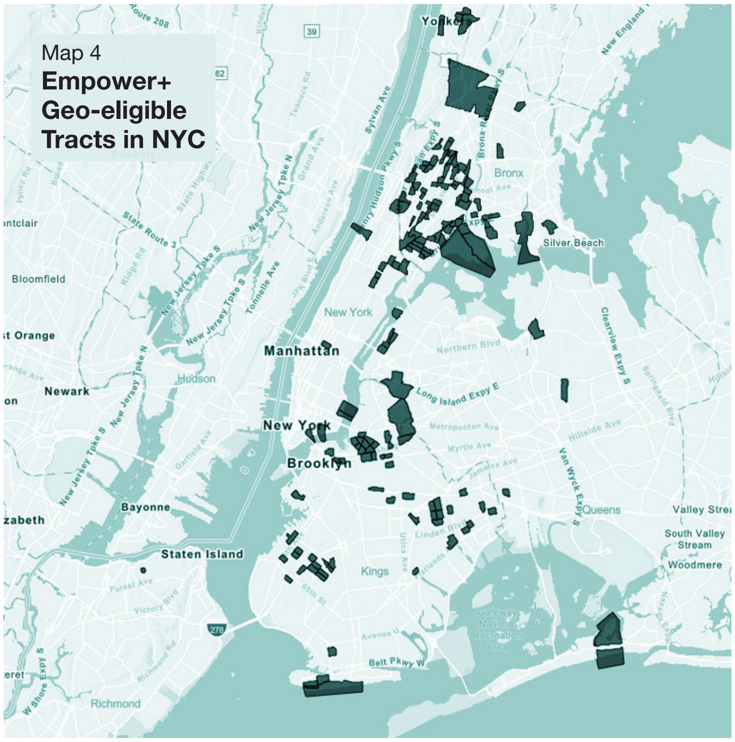
This misalignment in income limit requirements is not just inequitable but also seems to be arbitrary. In its filings and public comments, NYSERDA regularly presents the Inflation Reduction Act (IRA) as a big win for homeowners that will help them braid together multiple state and federal funding sources. However, for IRA purposes, the Federal government defines low-income households as being "at or below 80% of Area median income." This means that a large portion of the low-income households that are eligible by IRA standards, will be considered moderate-income by NYSERDA and therefore eligible for less money through Empower+.

Maps 2 and 3 show NYC census tracts with median 2022 household incomes at or below 60% of the State Median Income ($47,640 for a 2-person household) and 60% of the NYC Area Median Income ($67,800 for the same size household). These maps show just how dramatically access to the Empower+ low-income incentive would expand if AMI was used in NYC rather than SMI.

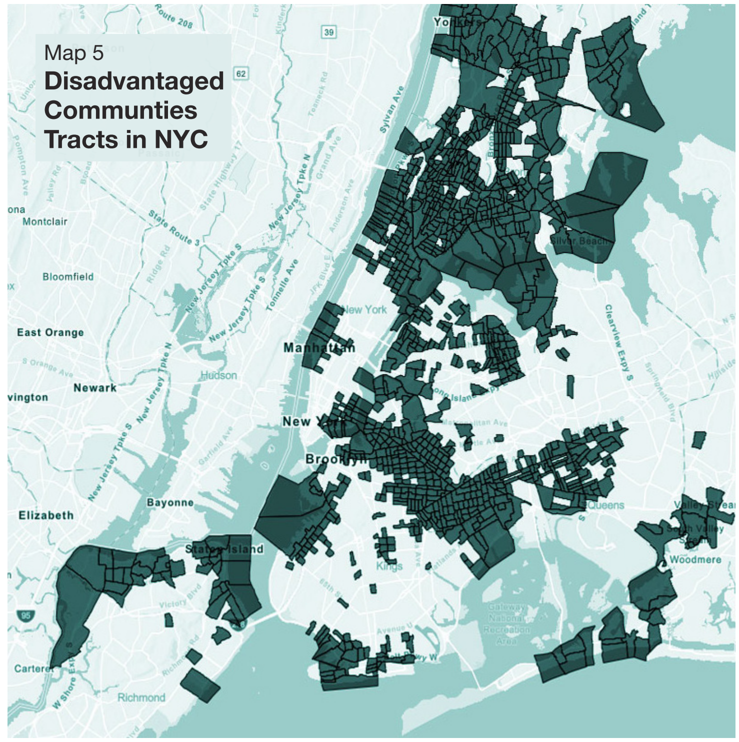
PRATT CENTER'S RECOMMENDATIONS

NYSERDA should immediately change the income threshold for the Empower+ low-income incentive from 60% of State Median Income to the greater of 60% SMI or 60% AMI. NYSERDA should petition the Public Service Commission to change the threshold if it is legally mandated as is claimed.

NYSERDA should change how they define low-income to match the Federal government's IRA definition at 80% AMI.



Map 4
Empower+ Geo-eligible Tracts in NYC



Map 5
Disadvantaged Communties Tracts in NYC

2. GEO-ELIGIBILITY: DISREGARDING THE DISADVANTAGED COMMUNITY DESIGNATION

THE PROBLEM

A second example of how NYSERDA shortchanges low-income residents is the design and abrupt discontinuation of the Empower+ geo-eligibility pilot, which waived income verification requirements for households in designated census tracts.[5] This effort to simplify an overly burdensome application process was a welcome step and could have ensured higher uptake, if implemented effectively.

However, days before the release of this paper, NYSERDA canceled the pilot, offering only a vague explanation that “certain funding sources that support EmPower+ do not allow for geo-eligibility as an option for income verification.”[6] But why not specify the funding sources, and how much of the program’s funds these sources represent? What about the funding sources that don’t have these restrictions? We are left to assume that NYSERDA is uninterested in finding workarounds that would allow the pilot to continue, or even expand to reach more New Yorkers.

As Map 4 shows, the pilot was based on a novel and narrow set of criteria and ignored New York State’s Disadvantaged Communities (DAC) designation (See Map 5), which was introduced last year by the Climate Justice Working Group (CJWG).[7] This group of well-respected experts established 45 indicators—ranging from proximity to environmental burdens and climate change risk to socioeconomic characteristics and health vulnerabilities—which were used to designate 1,736 census tracts across New York State as DACs. The purpose of the designation is to ensure communities burdened with overlapping environmental, economic and racial inequities benefit from the State’s clean energy investments.

The DAC census tracts would have been a logical starting point for developing geographic-based screening criteria for Empower+, but NYSERDA staff decided to ignore the experts’ map. Imagine the impact of a geo-eligibility program based on the DAC map. New York State would be far closer to meeting Governor Hochul’s goal of two million climate-friendly homes by 2030.

PRATT CENTER’S RECOMMENDATION

NYSERDA should reinstate its Empower+ geo-eligibility pilot using all unrestricted funding sources, and base eligibility for the low-income incentive on the Disadvantaged Communities map. This would dramatically expand the population benefiting from this program, and quickly ramp up retrofits at a pivotal moment when the clock for slashing our emissions is rapidly ticking down.

CONCLUSION

The data is clear. Empower+ is currently designed in a manner that excludes many Black and Brown and low-income households, especially those in NYC.

NYSERDA should shift to using the greater of Area Median Income or State Median Income, while aligning the low-income program with the Federal Inflation Reduction Act income definitions.

Regardless of the intention behind program design critera, without changes by NYSERDA, hundreds of thousands of low-income and disadvantaged families are being left out of the clean energy transition. This is not just inequitable but it also reinforces many of the environmental justice challenges these communities face. This is especially egregious considering that New York City's low income families struggle with some of the highest housing costs and energy burdens in the country, and Empower+ offers upgrades that are specifically designed to help reduce if not eliminate these burdens.

By adopting the straightforward and pragmatic recommendations outlined in this paper, NYSERDA can better serve the low-income customers who are the most in need of support and accelerate the State's just transition.

ENDNOTES

1. New York State Open Data. NYSERDA. New York Residential Existing Homes Program (One-to-Four Units).
   Energy Efficiency Projects with Income-based Incentives by Customer Type: Beginning 2010
   Energy Efficiency Projects for Households with Income up to 60% State Median Income: Beginning January 2018
2. Pratt Center's data analysis does not assess differences in access across upstate communities, but as our argument shows, it would be expected that similar problems exist throughout the state.
3. Salary.com. "Cost of Living Comparison between New York, NY vs Albany, NY." Accessed December 2023.
4. U.S. Department of Housing & Urban Development, 2023. Adjusted Home Income Limits; NYSERDA's Empower+ webpage, Accessed November 2023.
5. The geo-eligibility pilot was limited to single family homes in the State, which completely ruled out 2–4 unit buildings, of which there are tens of thousands in New York City alone, a large percentage of which are owned by lower income Black and Brown households. New York's LMI communities, particularly small residential households in 2-4 unit buildings, have been consistently left behind by poor NYSERDA program design, and the Empower+ geo-eligibility threshold represented a continuation of this disappointing legacy.
6. New York State Energy Research and Development Authority, "EmPower+ Geo-eligibility Ending," press release, January 26, 2024.
7. New York State Climate Act. "Climate Justice Working Group." as accessed November 12, 2023.

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PRATT CENTER FOR COMMUNITY DEVELOPMENT

Pratt Center for Community Development partners with community organizations across New York City to provide research, facilitation, participatory planning, and policy advocacy to advance bold solutions to racial, social and economic inequities.

For more information about Pratt Center's energy equity research or programs, contact:

REBEKAH MORRIS-GONZALEZ
Senior Program Manager
718 637-8652
RMorris@prattcenter.net

prattcenter.net