

## **NYSERDA LOW- TO MODERATE-INCOME MARKET CHARACTERIZATION STUDY**

### ***SPECIAL TOPIC REPORT – INCOME STATUS FOR LMI HOUSEHOLDS***

#### **1.0 Introduction**

The purposes of this Special Topic Report are to furnish information on the different types of income guidelines that Federal and State governments use to determine whether a household is income eligible for assistance programs, document the NYSERDA definition for LMI households, and to explain why different income status variables are used in the various study reports.

#### **2.0 HHS Poverty Guidelines**

The U.S. Department of Health and Human Services (HHS) defines poverty guidelines that states and agencies then use to determine income eligibility for certain Federal programs. HHS establishes one set of income standards for the 48 contiguous states and the District of Columbia (Alaska and Hawaii have higher values).

##### ***2.1 Households with Income at or Below the Poverty Guideline***

The poverty guidelines vary by household size. For a one-person household, the [2016 HHS Poverty Guideline](#) is \$11,880. For each additional person in the household, HHS adds between \$4,140 and \$4,160. For example:

- Household with one person the poverty guideline is \$11,880
- Household with four people the poverty guideline is \$24,300
- Household with eight people the poverty guideline is \$40,890

Using data for the period from 2012-2014, we estimate that an average of 998,783 households in New York State had incomes at or below the HHS Poverty Guidelines, about 13.5% of the population or 1 in 7 households.

##### ***2.2 Households that are Income Eligible for WAP***

The Weatherization Assistance Program (WAP) uses 200 percent of the HHS Poverty Guidelines as its maximum income threshold, or twice the HHS Poverty Guideline. A one-person household with income of \$23,760 (two times the HHS Poverty Guideline) or a four-person household with income of \$48,600 can receive WAP program benefits. About 2.2 million NYS households are income-eligible for WAP using the 200% of poverty threshold - about 30% of all households. [Note: The WAP program allows grantees to use the higher of the WAP income guideline and the

LIHEAP income guideline. For NYS, the LIHEAP income threshold is 60 percent of state median income which is higher than the 200 of poverty guideline. Since NYS WAP has adopted the higher threshold, about 2.4 million households are income eligible for WAP in NYS.]

### **3.0 Median Income Guidelines**

Since incomes and the cost of living varies considerably across the country and even within states, both the Low Income Home Energy Assistance Program (LIHEAP) and housing programs use income guidelines based on median income.

#### ***3.1 Households Income Eligible for LIHEAP***

The NYS income guideline for LIHEAP is 60% of state median income, or 150% of the HHS Poverty Guidelines, whichever is greater based on household size. For a one-person household, the guideline for 2016 is \$26,931 (about 227% of the poverty guideline), and for a four-person household, the guideline for 2016 is \$51,790 (about 213% of the poverty guideline). About 2.4 million NYS households are income-eligible for HEAP - about 33% of all households.

#### ***3.2 Households Income Eligible for Housing Programs***

Another important NYS income guideline is 80% of area median income. This guideline takes into consideration the differences in income and the cost of living in different parts of New York State; the guideline for Western NYS is different from the guideline for Long Island. The NYS Department of Housing and Community Renewal assigns a guideline for each county in NYS.

At the state level, 80% of state median income for a one-person household in 2016 is \$35,907 (about 302% of the poverty guideline), and for a four-person household, the guideline for 2016 is \$69,053 (about 284% of the poverty guideline). About 3.1 million NYS households are income-eligible for housing programs using the 80% of state median income guideline- about 43% of all households.

However, the threshold varies considerably across the state. The table on the next page shows the average area median income threshold for the different regions in the state compared to the statewide median income threshold. For example, the counties in Western NYS have an area 80% median income that is about \$36,902 for a one-person household and \$52,618 for a four-person household. That is about 3% more than the statewide threshold for 80% of median income for a one-person household, but about 24% less than the statewide threshold for 80% of median income for a four-person household.

### ***3.3 NYSEDA Definition of LMI Households***

NYSEDA defines LMI households as those with incomes at or below the higher of 80% of area median income (AMI) and 80% of state median income (SMI). The table on the next page shows for each NYS Economic Development Region the LMI household income threshold. In total, the American Community Survey shows that 3,511,156 households are included in the LMI market

NYSEDA defines low-income households as having incomes at or below 60% of the SMI, or households that are income eligible for LIHEAP or WAP – about 2.36 million of the LMI households. Moderate-income households are those that are in the LMI population, but are not low-income – about 1.15 million LMI households.

**Table 3.1 - Comparison of Area Median Income Estimates with State Median Income Estimates**

NYS Region	80% of Area Median Income (AMI) <sup>1</sup>							
	1 person households	2 person households	3 person households	4 person households	5 person households	6 person households	7 person households	8 person households
Capital District AMI	\$44,058	\$50,299	\$56,645	\$62,926	\$67,989	\$73,052	\$78,053	\$83,111
Central New York AMI	\$38,404	\$43,867	\$49,338	\$54,796	\$59,231	\$63,587	\$68,014	\$72,378
Finger Lakes AMI	\$37,973	\$43,434	\$48,830	\$54,220	\$58,583	\$62,941	\$67,294	\$71,586
Long Island AMI	\$59,520	\$68,000	\$76,480	\$84,960	\$91,760	\$98,560	\$105,360	\$112,160
Mid-Hudson AMI	\$53,647	\$61,303	\$68,972	\$76,585	\$82,756	\$88,877	\$95,012	\$101,103
Mohawk Valley AMI	\$34,426	\$39,343	\$44,259	\$49,111	\$53,064	\$57,000	\$60,930	\$64,856
New York City AMI	\$50,800	\$58,000	\$65,280	\$72,480	\$78,320	\$84,080	\$89,920	\$95,680
North Country AMI	\$34,426	\$39,341	\$44,258	\$49,116	\$53,084	\$57,017	\$60,950	\$64,861
Southern Tier AMI	\$35,551	\$40,626	\$45,700	\$50,718	\$54,833	\$58,893	\$62,940	\$66,990
Western New York AMI	\$36,902	\$42,146	\$47,389	\$52,618	\$56,851	\$61,069	\$65,288	\$69,506
State Median Income (80%) <sup>2</sup>	\$35,907	\$46,956	\$58,004	\$69,053	\$80,101	\$91,150	\$93,221	\$95,293

<sup>1</sup> Area Median Income estimates for NYS Regions are population-weighted and were developed using county median income estimates published by NYSHCR for 2016 (available at: <http://www.nyshcr.org/Topics/Home/AHCIIncomeLimits.pdf>) and county population estimates from the American Community Survey.

<sup>2</sup> State Median Income estimates are those published by HHS for use by the LIHEAP program in federal fiscal year 2016 (available at: <https://www.gpo.gov/fdsys/pkg/FR-2015-06-10/pdf/2015-14187.pdf>)

## 4.0 Income Status for LMI Households

This study uses three different types of income information to characterize LMI households: annual income, poverty level, and program eligibility.

- Annual Income - Reported annual income furnishes the most direct information on a household's financial capacity. It is easy to see that a household with income of \$15,000 would have less financial capacity than a household with income of \$25,000.
- Poverty Level - At the same time, a one-person household that has income of \$15,000 may be more able to meet basic needs than would a four-person household with income of \$25,000. For that reason, HHS defines the household poverty level using both income and household size. In 2017, a one-person household with income of \$15,000 is estimated to have income that is 124% of the poverty guideline; a four-person household with income of \$25,000 is estimated to have an income that is 102% of the poverty guideline.
- LMI Income Group - For purposes of this study, the LMI Study Team defined LMI Income Group to furnish information about the public assistance resources that are available to a household. Very low-income households that have income at or below 130% of the poverty guideline are eligible for certain public assistance programs like the Supplemental Nutrition Assistance Program (SNAP). Low income households that have income greater than 130% of poverty but at or below 60% of SMI are eligible for LIHEAP, but not for SNAP. Moderate-Income Households (i.e., LMI households with incomes above 60% of SMI) are not eligible for SNAP or for LIHEAP, but are eligible for certain housing programs.

Because different parties would be interested in different ways of defining LMI households, this study makes all three of those income variables available. However, the subgroup analysis usually focuses on the LMI Income Group.

### 4.1 Distribution of LMI Households by Annual Income

Table 4.1 shows the number and percent of LMI households by income level. The LMI Market includes households with annual income less than \$10,000 (16% of LMI households) as well as households with annual income of \$50,000 or more (14% of LMI households). The median income for LMI households is \$22,938 and the average income for LMI households is \$28,827.

**Table 4.1 - LMI Households by Income Level**

Annual Income	Number of Households	Percent of Households	Average Income
Less than \$10,000	568,478	16%	\$5,109
\$10,000 - <\$20,000	733,626	21%	\$14,812
\$20,000 - <\$30,000	663,904	19%	\$24,700
\$30,000 - <\$40,000	604,051	17%	\$34,505
\$40,000 - <\$50,000	443,727	13%	\$44,320
\$50,000 or More	497,370	14%	\$61,397
<b>All LMI Households</b>	<b>3,511,156</b>	<b>100%</b>	<b>\$28,827</b>

Source: ACS (2013-2015)

**4.2 Distribution of LMI Households by Poverty Level**

Table 4.2 shows the number and percent of LMI households by poverty group. About 1 million NYS households have income below the HHS poverty line. The households with income below 200% of the HHS poverty guideline are eligible to participate in WAP; about 2.2 million (62% of LMI households).

**Table 4.2 - LMI Households by Poverty Group**

Poverty Group	Number of Households	Percent of Households	Average Income
Less than 100%	999,660	28%	\$9,757
100% - <150%	628,198	18%	\$22,457
150% - <200%	566,022	16%	\$31,403
200% or More	1,317,276	38%	\$45,229
<b>All LMI Households</b>	<b>3,511,156</b>	<b>100%</b>	<b>\$28,827</b>

Source: ACS (2013-2015)

**4.3 Distribution of LMI Households by LMI Income Group**

Table 4.3 shows the number and percent of LMI households by LMI income group. Very low income households make up about 40 percent of the LMI population. Many of those households are eligible for other types of public assistance as well. The low-income households represent about 28 percent of the LMI population. As is highlighted in the Special Topic Report, those households sometimes have the financial capacity to make investments in their homes. Moderate-income households represent about one-third of the population of LMI households. Average income for the very low-income households is \$12,800, about one-fourth of the average income for moderate-income households.

**Table 2.44.3 - LMI Households by Program Eligibility Group**

Program Eligibility Group	Number of Households	Percent of Households	Average Income
<b>Very Low-Income Households</b>	1,388,051	40%	\$12,801
<b>Low-Income Households</b>	969,865	28%	\$29,739
<b>Moderate-Income Households</b>	1,153,239	33%	\$47,348
<b>All LMI Households</b>	3,511,156	100%	\$28,827

Source: ACS (2013-2015)