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**Testimony of Molly Wasow Park  
Before the City Council Committee on Housing and Buildings  
On Heat and Hot Water Emergencies**

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Good morning Chairwoman Provenzano and members of the Committee. I am Molly Wasow Park, senior budget and policy analyst at the Independent Budget Office. Thank you for inviting us to testify on the city's response to heat and hot water violations.

The Department of Housing Preservation and Development's (HPD) code enforcement program—and the fines discussed here today—are important tools for ensuring that city residents have heat and hot water. But code enforcement is not designed to prevent heating emergencies. In contrast, the federal Home Energy Assistance Program (HEAP) is intended to help low-income households pay heating bills before the heat is shut off. However, the state's implementation of HEAP is oriented towards the needs of households who pay for their own heating bills, not the renters living in apartment buildings more typical of New York City who pay for heat through their monthly rent.

As a result, the program does little to prevent heat emergencies among New York's low-income population, resulting in unnecessary costs to the city for HPD emergency heat and hot water repairs. Furthermore, the city receives a disproportionately small share of the state's HEAP allocation.

Annually about 25 percent of the complaints received by HPD allege that the landlord is not providing heat and/or hot water. IBO estimates that HPD spent about \$7.5 million in 2004 on its heat and hot water inspection and repair program.

HEAP is a federal block grant that provides direct assistance to low-income households to pay utility bills. Within broad federal guidelines, states implement the grant program through a so-called "State Detailed Model Plan." In New York, HEAP is designed to serve statewide housing patterns and is not well adapted to the needs of New York City.

There are two primary problems with the HEAP program structure from the city's point of view. First, the bulk of the funding is distributed in small amounts to households not experiencing financial crises related to heating needs. Second, owners of multifamily buildings who are directly responsible for paying for fuel costs are, in most cases, ineligible for HEAP assistance. As a result of these program design flaws, New York City receives a disproportionately small share of total HEAP funds, and the program does little to prevent heat emergencies among New York's low-income population.

There are two primary categories of households that can receive benefits: “heaters,” who pay for heating costs directly, and “non-heaters,” who make rent payments that include heat. Heater households are eligible for grants up to \$400 per year while the maximum grant for a non-heater household is \$50 per year. Additional emergency benefits ranging from \$100 to \$485 are also available for applicants who are “the customer of record with a home energy vendor.”

In New York City, 82 percent of households that are income-eligible for HEAP (that is, they have incomes under 150 percent of the poverty level) live in multifamily buildings, and 91 percent of them are renters who, in most cases, pay heating costs in their rent. They are therefore only eligible for the smaller, “non-heater” grant, and cannot access any emergency HEAP aid.

Many of these “non-heater” households are public assistance recipients who receive HEAP benefits automatically. These households receive an extra \$50 in their welfare checks once during the year. Most of these recipients are paying for heat through their rent, however. While the annual \$50 of HEAP aid may be meaningful to these households, it is most likely not being used to address heating needs.

In contrast, owners of multifamily buildings who are directly responsible for paying for fuel costs are, in most cases, ineligible for HEAP assistance. Owners face higher operating costs in the winter, and may have legitimate difficulties meeting these costs, but they are generally not eligible for HEAP aid unless they meet income criteria. In these circumstances, there is no way for HEAP funds to be used to prevent the kinds of heat and hot water emergencies to which HPD responds.

Because most low-income New Yorkers are only eligible for the smaller “non-heater” grants, and most fuel bill payers are ineligible for any assistance, New York City receives a substantially smaller share of the total New York State HEAP grant than size of the city’s population would suggest. New York City accounts for 42 percent of the state’s population, while the city typically receives 12 percent to 14 percent of the state HEAP funding. IBO estimates that the average HEAP grant in New York City is \$71 per year.

It is possible that some of the more than 100,000 complaints that HPD receives and the approximately 2,300 heat and hot water emergency repairs that it makes each year could be avoided if HEAP were better structured to meet New York City’s needs. Under the current design of the program most of the households that are receiving HEAP are not facing heating emergencies. In contrast, the building owners who purchase fuel are typically ineligible for HEAP. This program design ensures that heat and hot water emergencies will continue to occur, and that the city will continue to pay to resolve these emergencies.

I would be happy to answer any questions.