

Improving Income Qualification for Energy Efficiency Programs

RECOMMENDED APPROACHES FOR SUBSIDIZED AFFORDABLE HOUSING

Energy efficiency programs are an important resource for subsidized affordable housing owners, managers, and residents. These programs enable properties operating on tight budgets to install efficiency upgrades that lower bills and improve health and comfort for low-income residents and communities. However, all too often affordable housing properties are unable to participate in these valuable programs due to unnecessarily exclusive income eligibility requirements and/or the sometimes burdensome administrative obligations associated with providing documentation.

This fact sheet offers guidance on how to design and administer income-eligibility criteria for low-income utility efficiency programs in ways that reduce barriers for the affordable housing owners and their residents who need these resources the most. The first section lays out principles for designing and administering effective income eligibility criteria. The second section provides sample income qualification criteria and verification methods that ensure program resources effectively serve low-income communities without placing undue burdens on property owners. Offering a range of criteria that allows properties to qualify through one of a number of pathways further reduces barriers to participation and encourages greater program uptake.

PRINCIPLES

1. Establish low-income eligibility criteria consistent with established city, state, and federal programs that support or serve affordable housing and the metrics those programs use to verify eligibility.

The ability for housing providers to quickly and easily evaluate whether or not their properties qualify for a program is a critical element to reduce barriers to participation.

These programs include but are not limited to the Low-Income Housing Tax Credit program, HUD-subsidized housing, and housing supported by state housing finance agencies. Appropriate programs will vary from state to state, but utilities can work with their local housing finance agency or local affordable housing advocate groups to determine the full list of appropriate programs for their territory.

The Federal Poverty Level is commonly required by utility efficiency programs; however, the metric used by almost all affordable housing programs is **Area Median Income**. Affordable housing providers typically know their population's status relative to Area Median Income, but must engage in a detailed analysis to establish households' eligibility relative to the Federal Poverty Level. Avoiding use of the Federal Poverty Level is particularly important in high-income areas where subsidized households may exceed metrics linked to the federal poverty threshold. Federal Poverty Level thresholds may disqualify the household(s) and/or the whole building from the utility program.

2. Minimize the paperwork, time, and hassle required to document compliance with eligibility criteria.

In addition to having criteria that are consistent with housing programs and easily understood by housing providers, the ability to easily document compliance with the criteria without unduly burdening residents is another critical factor.

While the paperwork, time, and hassle for owners and managers is an important consideration, of even greater concern is that the process not be burdensome to residents. Whenever possible, use **documentation of participation in established city, state, and federal programs** that support or serve affordable housing to verify eligibility for properties to participate in efficiency programs. The affordable housing

programs require robust documentation that properties serve or will serve low-income populations. Therefore, evidence that a property is participating in one of these programs should be sufficient to make it eligible for low-income utility programs. If additional documentation is necessary, it should be aligned with the types of data that affordable housing providers already collect for their properties.

Programs should **rely on owner data** and not require verification of household income by the households themselves. Requiring separate, door-to-door verification or individual applications is a burden on residents and creates a greater barrier to entry, since staff conducting income qualification may not reach enough households to meet a program’s requirement. Additionally, programs should **avoid requesting personal information** from residents as it may raise privacy concerns.

3. Provide a way for entire properties to participate in programs even if they serve a mixed-income population.

Affordable housing owners and managers have an interest in maintaining consistency across their units for both marketing and maintenance purposes. Allowing only a subset of units to participate in an efficiency improvement program will deter participation. **Allow eligibility for all of the property** as long as a threshold percentage of units are affordable.

SAMPLE INCOME QUALIFICATION CRITERIA AND VERIFICATION

RECOMMENDED CRITERIA	DOCUMENTATION METHOD(S)	PROGRAM EXAMPLES
Participation in a subsidized affordable housing program: Automatic qualification for any property that can provide evidence of participation in a federal, state, or local affordable housing program, for example: LIHTC, HUD, USDA, State HFA, local tax abatement for low-income properties, etc.	Evidence of participation can take the form of agreements between the owner and a government agency, property deeds in the case of deed-restricted properties, or any other official documentation between the property and a relevant program administrator.	<ul style="list-style-type: none"> • Georgia Power’s Energy Assessment & Solutions and Affordable Multifamily Home Energy Improvement Programs • Ameren Missouri’s CommunitySavers Program • Consumers Energy’s Consumers Multifamily Program • Maryland Department of Housing and Community Development’s Multifamily Energy Efficiency & Housing Affordability Program
Percentage of households with incomes at or below 80% of Area Median Income: Submission of tenant income information showing that a certain threshold (e.g., 50%) of units are rented to households at or below 80% of Area Median Income. The Federal Poverty Level is not a recommended metric for establishing income eligibility for affordable housing properties.	<p>Properties participating in an affordable housing program may be required to meet this requirement per their subsidy agreement. For cases where the housing agreement clearly includes this requirement, the efficiency program should accept the housing program agreement as documentation of eligibility.</p> <p>For properties where this requirement is not specified in housing subsidy agreements, programs should request that owners complete a spreadsheet providing the household income and number of people in the households for each of their units. To protect resident privacy, the income levels need not be identified by unit. A snapshot of the property overall is sufficient to establish whether the required percentage of households meet the criteria.</p>	<ul style="list-style-type: none"> • Ameren Illinois’s Multifamily Properties Program • New York Energy Research Development Authority’s Multifamily Performance Program

BOTTOM LINE

Adopt income qualification rules that align with housing subsidy programs to serve more low-income households with energy-saving solutions.