THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
110 William Street, 14th Floor
New York, New York 10038
www.ibo.nyc.gov • iboenews@ibo.nyc.ny.us

Testimony of Sarah Parker, Senior Research and Strategy Officer
New York City Independent Budget Office
To the New York City Council Committee on Housing and Buildings
On Intro. 0994-2024 to Require Tenant-Occupied Dwellings Have Cooled and Dehumidified Air
Tuesday, November 12, 2024

Good morning Chair Sanchez, and members of the Committee on Housing and Buildings. I am Sarah Parker, a Senior Research and Strategy Officer at the New York City Independent Budget Office (IBO). Thank you for the opportunity to testify today.

I am here to discuss Intro. 994, which would require all tenant-occupied dwellings to have cooled and dehumidified air. Concerns about the City's more frequent and intense heat waves are real. Buildings, roads, and city infrastructure absorb and re-emit heat from the sun. This makes high temperatures even more dangerous in an urban area, particularly for its oldest and youngest residents. Attention to the needs of the City in relation to climate change is a topic well worth discussing. In its testimony today, IBO aims to provide context and considerations for policymakers in relation to Intro. 994. I will first focus on heat-related emergency room incidents in the City. Next, I will highlight how costs associated with air conditioning would impact renters, and touch upon how the Home Energy Assistance Program (HEAP) fits in with this bill. Finally, I will discuss the capacity of New York City's electrical grid in peak summer months.

Heat-Related Incidents in New York City

Using hospital administrative data, IBO looked at the number of heat-related illnesses in New York City in the calendar years 2020 through 2023. The annual number of heat-related cases in this period ranged between 365 in 2020 and 625 in 2022.[1] These numbers are certainly an undercount of heat-related medical issues, as it only captures individuals who sought medical care at a hospital, and not those who sought out treatment at clinical facilities or went untreated. The number of cases increased year-over-year except between 2022 and 2023 when the number of cases fell from 625 to 407. (Average temperatures in 2023 were slightly less hot than the year before, among other factors.) When analyzing the age distribution of heat-related cases, IBO found that older adults—those 65 and older—tend to make up a greater proportion of individuals admitted to the hospital for a heat-related illness. They are on average 24% of all cases but comprise 45% of inpatient cases, meaning they were admitted to the hospital.

Cost Considerations of Air Conditioning

Cost of Supplying the Appliances. A major consideration related to this bill is how it will affect renters in New York City. Intro. 994 calls for the property owner to install a window air conditioner in residential rental units without central air or an existing window unit. Per the 2023 Housing Vacancy Survey, around 11% or about 257,000 occupied rental households reported they did not have air conditioning. These units would be most immediately impacted by this bill. Citywide, there is variation by Community Districts, with some neighborhoods having notably lower shares of households with air conditioning than others.

Overall, a large share of occupied rental households reported already having air conditioning (89%, or almost 2.1 million rental units). Many of the existing air conditioner units in apartments are tenant-owned. As air conditioners break down and require replacement, under this bill, many tenants who paid for their current appliance would look to the property owner to provide a replacement. The number of window air conditioners that property owners would have to purchase under this bill would be expected to grow over time. While under this bill, the owner pays for the appliance directly, economic theory suggests that some or all of the cost to purchase and install the air conditioner would be passed on to the tenant in the form of rent increases.

Cost of Operating the Appliances. Apart from the cost of purchasing the appliance, there is also the cost to run an air conditioner. In most cases, tenants pay for their electricity. Cost is a major barrier to households using air conditioning. In the 2023 Housing Vacancy Survey, approximately 21%, or 493,000 rental units that have air conditioning reported that they did not use it due to cost. This suggests that the availability of air conditioning does not necessarily mean a resident uses it to cool their home.

- Running a small, energy-efficient window air conditioner for 12 hours a day yields an increased electric cost of roughly $130 a month. An inefficient, oversized window air conditioner run full-time could cost over $500 a month.
- In instances where rent includes electricity, property owners often charge an annual surcharge for air conditioners. This is applicable to rent stabilized units and public housing as well as market-rate units.[2]
- Intro. 994 does not require the air conditioners to be Energy Star-rated or appropriately sized for the space. Nor does it clarify if window units are to be uninstalled outside of the cooling season and who is responsible for storage. Units left installed year-round—unless specifically winterized—are a major source of air leakage during the heating months. Heat more easily escapes out around a window air conditioner during the heating season, requiring increased energy usage to heat the space to a comfortable temperature.

HEAP Program Extremely Limited for Cooling. As discussed above, the underpinning goal of Intro. 994 to reduce heat-related illness is directly tied to tenants' ability to afford utilities. Through the U.S. Department of Health and Human Services, New York State receives a block grant allocation to

fund the Low Income Home Energy Assistance Program, known as LIHEAP or HEAP. In New York State's current HEAP plan, the largest share of funds (51%) is used for heating assistance, while only 4% of funds is dedicated to cooling assistance. The remainder of the State's HEAP block grant is put towards heating crisis prevention (20%), weatherization (15%), and administrative costs (10%).

- The Cooling Program operates on a statewide first-come, first-served basis and once funding is exhausted, the program is closed. Since summer 2020, $15 million has been allocated statewide annually, although that increased to $23 million for summer 2023 and $22 million for summer 2024.
- Last year, the Cooling Program spent $8 million in New York City. It is notable that the number of benefits issued in New York City has more than doubled over the last four years—increasing from about 5,300 in summer 2020 up to more than 12,600 this past summer.
- The HEAP Cooling Program works differently than the Heating Program. The Heating Program provides direct payments to utilities on behalf of low-income households to offset heating utility costs in the winter months. In contrast, the Cooling Program supplies appliances—either a window air conditioner or a fan in cases where a window or the electrical wiring are not compatible with an air conditioner—but does not offset utility costs.[3]

HEAP Eligibility is determined by income, adjusted for household size per requirements set annually by New York State. Using 2023 U.S. Census Bureau data, IBO estimates that 1.3 million New York City households would be eligible for HEAP based on income thresholds and household size. However, the Cooling Program also requires a member of the household to have a medical vulnerability to extreme heat. Only a subset of income-eligible households will meet this further Cooling Program criteria, either by age or a documented medical condition.

The Cooling Program is generally depleted soon after the program launches each spring, so it is already insufficient to meet the program's demand.

- This past summer, the Cooling Program opened April 15th and closed July 19th and less than 12,400 of the more than 33,000 applications received statewide were approved (37%).
- Similarly, in summer 2022 and summer 2023, the program opened in early May and closed by July 8th and July 14th, respectively.
- It is therefore unlikely to provide a large source of funding to offset property owners' costs to implement Intro. 994. Additionally, HEAP funds will not help New Yorkers to pay electricity bills for cooling in summer months.

Capacity of New York City's Electrical Grid

Finally, the addition of air conditioners running during peak times in summer months brings up questions around the capacity of New York City's electrical grid. Demand typically peaks during the summer months during heatwaves—more cooling is needed and for longer periods of time. Demand for energy usage is expected to grow year over year.[4] Utility companies have asked city residents to limit their energy consumption during summer heatwaves to avoid outages as the electric grid struggles to meet demand.

It is relevant to also mention that increased demand on the electrical grid during summer months can lead to the activation of "peaker plants," power plants that come into service only when demand for energy spikes and cannot be met. These tend to be older plants that rely on fossil fuels and are mostly concentrated around high-density urban neighborhoods. The activation of peaker plants during times of extreme energy demand continues to be an environmental concern for New York City.

Thank you for the opportunity to testify and I am happy to answer any questions.

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[1] For this analysis, IBO used Statewide Planning and Research Cooperative System (SPARCS) data. IBO defines heat-related illnesses as any of the following diagnoses: heat syncope, heat cramp, heat exhaustion, heat fatigue, exposure to excessive natural heat, and exposure to sunlight.

[2] Current rent stabilization rules allow for property owners to charge $418.59 per year per air conditioner ($34.88 per month) to tenants if the owner pays the electrical utility. These rates are not factored into the base legal rent that annual rent increases are calculated from; rates may be annually adjusted upwards or downwards depending on the cost of electricity. Additionally, the cost of the appliance, if paid for by an owner, is considered an individual apartment improvement. A fractional amount of the purchase and installation cost can be permanently added to the base legal rent. IBO estimates this would range from about $40 to $60 annually. The New York City Public Housing Authority charges $120 annually ($10 per month) per air conditioner for units where the Authority pays the electrical utility.

[3] Eligible applicants may receive a window unit or portable air conditioner (if the unit's windows are shaped in a way that cannot support a window-installed unit) or a fan (if the window is not compatible with any appliance or the apartment's electricity capacity is limited) up to a cost of $800. Households with a wall sleeve can receive a compatible sleeve air conditioner up to a cost of $1,000. The benefit is not applied to the applicant's electricity bill nor is it provided as a cash benefit. The amount of HEAP dollars spent on a qualifying household is paid to a New York State-approved vendor based on actual cost of materials and labor.

[4] Under present conditions, the New York State Independent System Operator has forecasted a 1.8% baseline average annual energy usage growth rate between 2023 and 2053, with summer peak demand increasing by 0.9% and winter peak demand increasing by 3.7% annually. These forecasts take into consideration projected impacts of energy efficiency programs, building codes and appliance standards, distributed energy resources, electric vehicle usage, electrification of space heating, and other end uses. Energy demand for the New York City area over the next 30 years is forecasted to increase by 41%, from 49,230 gigawatt hours in 2023 to 69,420 gigawatt hours in 2053.