Capacity Charge Affordability and Customer Assistance

Project Update

Alison Saperstein, King County Wastewater Treatment Division
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King County Capacity Charge Basics

- Monthly charge for fifteen years for all new connections
- Account holders may opt to pay lump sum, with a discount
- Single family home = 1 Residential Customer
- Multifamily = 0.8 or 0.64 Residential Customer Equivalent (RCE)
King County Capacity Charge Basics

- Senior, special purpose, low-income housing = 0.32 RCE
- Low income housing = unit in multifamily, 400 sq ft or smaller, w/ income restriction, enforceable affordability covenant
- In recent years, 70-100 units qualified as low income housing
Research Questions

- What is the effect of the capacity charge on housing affordability?
- What program improvements and policy changes could mitigate affordability challenges?
Information and Engagement

- WTD billing information
- US Census data
- MWPAAC Rates and Finance subcommittee
- Local sewer agency staff member roundtable
- Nonprofit affordable housing developers
- Local housing agencies
- For-profit real estate developers
Policy Objectives

- Assist low-income customers most in need
- Support customers with temporary hardship
- Support availability of affordable housing
Recommendations

1. Connect customers with community support services

2. Improve payment plans for customers with temporary hardship

3. Deferred payment through property liens for qualified low-income homeowners

4. Expand customer class of low-income housing that qualifies for reduced charge
## Benefits and Financial Impacts

### Preliminary Estimate of Benefits

<table>
<thead>
<tr>
<th>Option</th>
<th>Households Assisted</th>
<th>People Assisted</th>
<th>Delayed Revenue</th>
<th>Foregone Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Plan</td>
<td>100</td>
<td>220</td>
<td>$100,000</td>
<td>---</td>
</tr>
<tr>
<td>Lien Deferral</td>
<td>1,800</td>
<td>3,000</td>
<td>$1M</td>
<td>---</td>
</tr>
<tr>
<td>Low Income Housing</td>
<td>760</td>
<td>1,500</td>
<td>---</td>
<td>$2.25M</td>
</tr>
</tbody>
</table>

Reflects a 50% reduction in the capacity charge for qualifying low income housing.
Funding Strategies

- **Sewer Rate:**
  - $0.25 per RCE
  - $3.00 per year for single family home

- **Capacity Charge:**
  - $1.10 per RCE
  - $13.20 per year for single family home

Preliminary rate impact estimate representing use of only the indicated revenue source
Project Timeline

- Concurrent with 2020 Rate Legislation
- Feb/March: MWPAAC Recommendation
- March: Legislative package development
- April: Executive review and transmittal of ordinance to Council
- June: Council consideration and action
- 2019-20: Implementation
Questions?

Thank you!

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