

Capacity Charge Affordability and Customer Assistance

Project Update

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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

Option	Preliminary Estimate of Benefits		Preliminary Estimate of Costs	
	Households Assisted	People Assisted	Delayed Revenue	Foregone Revenue
Payment Plan	100	220	\$100,000	---
Lien Deferral	1,800	3,000	\$1M	---
Low Income Housing	760	1,500	---	\$2.25M

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



King County

Questions?

Thank you!

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