

Capacity Charge Affordability Program Update

MWPAAC General Meeting
June 23, 2021



King County

Department of
Natural Resources and Parks
**Wastewater Treatment
Division**

Outline

- Background on Capacity Charge Affordability Program
- Program Benefit and Cost Assumptions in 2019
- Summary of 2019-2021 Account Data
- Additional Affordability Program Enhancements



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Background

In June 2019, the King County Council adopted Ordinance 18915 to enhance affordability options for the Capacity Charge program.

- **More flexible payment plans:** Allows delinquent account holders up to a full year to pay the balance due through small, monthly payments. Designed for customers who experience acute hardship and temporary inability to pay.
- **Payment deferral for low-income seniors and disabled individuals:** Customers enrolled in State and County property tax exemption program for seniors and disabled individuals may be eligible to wait until they sell their property to pay the capacity charge. King County places a property lien at the owner's request, collecting when the property is sold. Interest rate is reduced to 5 percent annually and late fees are waived.
- **Affordability for new low-income housing:** More types of eligible low-income housing qualify for a discounted capacity charge. Eligible units are assigned 0.32 residential customer equivalents, representing typically a 50 percent discount.



Structure Types	Qualifications
Single-family detached dwelling units	<ul style="list-style-type: none"> • Rent is restricted. • Occupancy is restricted to residents with incomes at or below 80 percent of area median. • Covenant or deed protecting affordability has 40-year minimum duration.
Owner occupied dwelling unit	<ul style="list-style-type: none"> • Unit is owned and occupied by a household that, at the time of initial ownership and occupancy, has a gross household income at or below 80 percent of area median. • Unit meets definition of principal residence (owner resides there at least 183 days per year, no sublease/rent). • Owner agrees transfer of ownership is restricted to persons with an income at or below 80 percent of area median, meet definition of principal residence, and sell at a price not exceeding 35 percent of gross monthly income for the household purchasing the home (including mortgage principal, interest, taxes, and insurance). • Covenant or deed protecting affordability has 40-year minimum duration
Multifamily structure	<ul style="list-style-type: none"> • Rent is restricted. • Occupancy is restricted in at least 51 percent of units, to residents with incomes at or below 80 percent of area median. • Covenant or deed protecting affordability has 40-year minimum duration
Shelter housing (distinct dwelling units)	<ul style="list-style-type: none"> • Structure is owned by government/nonprofit and operated as a shelter for people receiving support services from a county-recognized government assistance program for homelessness. • Shelter housing with distinct dwelling units will qualify as special purpose housing and be assigned 0.32 RCEs per unit.
Shelter housing (alternative configurations)	<ul style="list-style-type: none"> • Structure is owned by government/nonprofit and operated as a shelter for people receiving support services from a county-recognized government assistance program for homelessness. • Alternative configurations, such as dormitories or adult family homes, will be assigned rates based on plumbing fixtures and receive a 50 percent discount.



Program Benefit and Cost Assumptions in 2019

- **Flexible Payment Plans.** Approximately 100 households assisted annually and an estimate of \$100K in *delayed* revenue annually
- **Payment deferral for low-income seniors and disabled individuals.** Approximately 1,800 households assisted annually and an estimate of \$1M in *delayed* revenue annually
- **Affordability for new low-income housing.** Approximately 760 households assisted annually and an estimate of \$2.25M in *forgone* revenue annually



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Payment Plan Data

As of May 2021, WTD has **64 payment plans** totaling approximately **\$211K of delayed revenue**.

WTD received an increased number of payment plan requests in 2020, due to customers experiencing financial hardship because of the pandemic. In December 2019, WTD had 16 accounts on payment plans totaling approximately \$2K.

Property Type	# of Accounts
Non-residential	6
Residential	20
Multi-family	9
Micro-housing	9
Discount	20



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Payment Deferral for Low-Income Seniors and Disabled Individuals Data

As of May 2021, WTD has one delinquent account that requested a lien be placed on their property until the capacity charge is paid off.

- A lower interest fee is applied, and late fees are waived.
- Customers must sign an agreement and pay a recording fee.

of Accounts
1



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Discounted and Microhousing Account Data 2019 - 2021

Discounted Accounts

Connection Year	# of Accounts	Foregone Revenue Annually
2019	24	\$20,900
2020	6	\$3,500
2021	3	\$2,000

Microhousing Accounts

Connection Year	# of Accounts	Foregone Revenue Annually
2019	4	\$4,700
2020	0	0
2021	0	0



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Additional Affordability Program Enhancements

- In addition to Visa and MasterCard, Discover and American Express will also be accepted.
- Customers participating in the Capacity Charge Low-Income Housing Program will not be charged a service fee for their electronic capacity charge payments.

Current eligible customers

59



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Resources

1. [WTD Capacity Charge Affordability Study FAQ](#)
2. [WTD Capacity Charge Program](#)



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Questions?

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Previous Capacity Charge Affordability Options

- 50% discount for multifamily structures only (low-income, senior-citizen, special purpose)
 - Low-income units \leq 400 square feet
 - Agreements with enforcement agency were expected to be in perpetuity
- Multifamily microhousing designation: qualified units based on number of plumbing fixtures
- Short-term payment plans: typically no longer than 6 months
- No discount options for single detached dwelling units.

