

July 2021

The State of Water Affordability

The Mayors Innovation Project & The Water Center

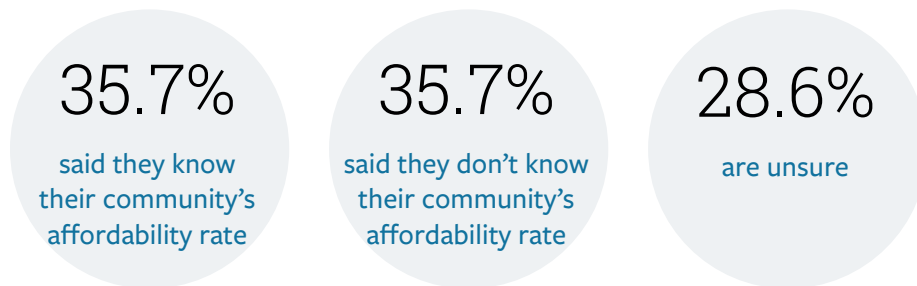


FRAMING THE ISSUE

Cities across the country are struggling to maintain and update infrastructure while keeping water affordable, particularly for their most vulnerable households. Through our Water Affordability Academies, co-hosted by the Water Center at Penn and the Mayors Innovation Project, we have gained valuable insight into what utilities are facing and how we can support them. In addition to the Academies, we offer ongoing direct assistance to participating utilities, and we crafted a post-Academy survey, prompting cities to share their communities' state of affordability.*

What Do Our Utilities Have to Say?

EVALUATING THE COMMUNITY BURDEN



Additionally, 14.3% know the local household burden within their rate base. To adequately address affordability challenges, understanding how affordable water is (or is not) for their community is imperative.

Cities are in desperate need of replicable solutions that will work within their regulatory environment. The catch here is that in order to prove that a program or approach is successful, utilities have to be willing to try them, then share data and best practices.

SOLUTIONS

What are the most common customer assistance solutions for confronting affordability challenges? Of the options listed, bill discounts were most widely used. However, ~28% have not yet utilized any solution. To learn more about what options are available to your utility, read [Setting the Agenda: A Mayor's Guide to Affordability](#).

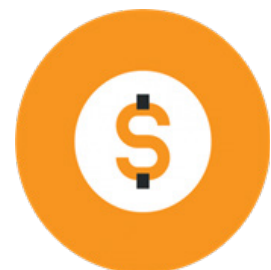
JOINING FORCES

Experts have long encouraged cities to coordinate with other assistance programs (like SNAP, TANF, etc) to make the process of administering the program more efficient. Is this happening? For those that responded, each assistance program was prevalent in over half of the communities. Over half (57%) said that they are collaborating with them already.

GREATEST THREATS

The greatest obstacles in keeping water affordable were said to be:

1. Lack of federal funding
2. Local, county or state regulations
3. Aging infrastructure & operational inefficiencies



The most consensus was around aging infrastructure, as utilities grapple with how to pay for the improvement and maintenance of water infrastructure while keeping rates affordable.

Main Takeaways

MAYORS ARE KEY

Successful programs across the country have been consistently built on a productive relationship between utility leaders and their mayors. Yet of the cities that we worked with, the extent to which mayors are engaged varies. This is an opportunity for us to continue engaging local leaders in this important work.

COLLABORATION IS VITAL

We have been very encouraged by the positive outcomes so far as a result of our water affordability program, but we also acknowledge the continuing needs. We will continue to create peer-to-peer networks and facilitate opportunities for all utilities to learn from innovators.

“[It has been] very useful in seeing how other water utilities are dealing with very similar problems. [I learned] of several programs being used to help customers in poverty.”

– Academy participant, Detroit Water & Sewerage

WAS THE WATER AFFORDABILITY ACADEMY EFFECTIVE?

We asked participants post-Academy about their confidence in addressing affordability challenges and implementing plans. 90% of our respondents said that they are somewhat or very confident in addressing affordability and implementing plans. We have consistently received similar feedback from utilities, which is very encouraging.

Water is a human right, but delivering clean water to households and taking wastewater from households comes at a cost. Therefore, it is imperative to continue pushing to make water affordable for all.

***How do we define affordability?** According to the EPA, water is affordable if it costs less than 2.5% of small community median household income (MHI), or a combined annual water and wastewater bill to be less than 4.5%. However, an AWWA report recommended combining the household affordability burden of water services on single family households and the prevalence of poverty in the community.



This brief is part of a series of publications MIP has released that was originally researched and compiled as a technical assistance memo to a participating member city. This memo was written in 2021 in response to a specific research question submitted by that member city. To make this publicly available, we've removed references to the original request and any location-specific recommendations. MIP members are invited to please reach out to us at knspear@mayorsinnovation.org to request their own policy memo on this or other topics.

About Mayors Innovation Project

The Mayors Innovation Project is a learning network among American mayors committed to “high road” policy and governance: shared prosperity, environmental sustainability, and efficient democratic government. We are a project of High Road Strategy Center.



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