

Low-Income Water Residential Affordability Program

The proposed low-income water residential affordability program aims to ensure that water remains affordable for Michigan residents. The proposed legislation would allow households enrolled in a qualifying affordability program to pay a bill no more than 2 percent of average household income in the service area if household income is at or under 135 percent of federal poverty level (FPL), and no more than 3 percent of average household income in the service area if household income is greater than 135 percent and at or under 200 percent of FPL. The program would cover the gap payment—the difference between the actual bill and the capped bill based on eligibility criteria.

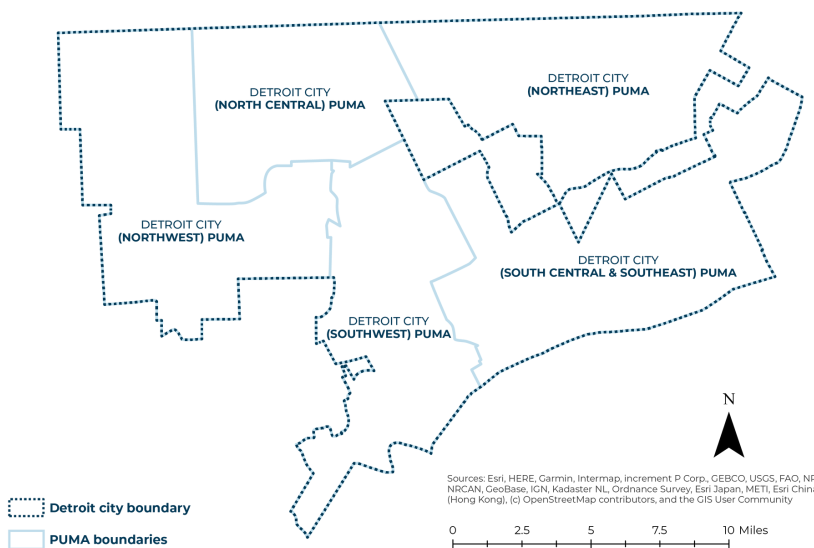
The proposed legislation would set a monthly funding factor of \$2 per retail water meter to fund the low-income water residential affordability program. Data from the Michigan Department of Environment, Great Lakes, and Energy indicates the state has 2,633,607 retail service connections. Charging each service connection \$2 would raise approximately \$63 million annually to help fund this program.

Program Access in Detroit

It is possible to calculate the program needs and cost for certain areas across the state, using regional datasets from the U.S. Census Bureau. Program estimates in Detroit are based on the following areas, as defined by the 2020 U.S. Census Bureau Public Use Microdata Areas (PUMAs):¹

- Detroit City (Northwest)
- Detroit City (North Central)
- Detroit City (Northeast)
- Detroit City (South Central and Southeast)
- Detroit City (Southwest)

Analysis Areas in Detroit



¹ Public Use Microdata Areas (PUMAs) are geographic areas that partition each state or equivalent entity into geographic areas containing no fewer than 100,000 people each. <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/pumas.html>

Number of Qualified Households and Program Costs For Qualified Households in Detroit

Water and sewer rate data merged with U.S. Census household data shows the number of households qualified for the program in the region and the amount of gap payment necessary. ²

Analysis Area	Qualified Households	Total Annual Gap Payments	Average Annual Water and Sewer Costs per Household	Average Annual Gap Payment Needed per Household
Northwest	14,859	\$6,623,524	\$730	\$446
North Central	13,416	\$6,520,383	\$782	\$486
Northeast	11,086	\$5,482,379	\$850	\$495
South Central and Southeast	5,699	\$2,136,416	\$616	\$375
Southwest	11,031	\$4,129,369	\$744	\$374
Detroit Total	56,091	\$24,892,071	\$757	\$444

Note: Calculations made using U.S. Census Bureau Public Use Microdata Sample estimates, water and sewer rate data collected from water utilities, and analyzed by Public Sector Consultants.³ Sums may not total due to rounding.

Program Benefits

There are an estimated **56,091** households in Detroit that would be eligible for the program, and on average could be eligible to receive **\$444** of support toward their water bills annually, for a total of **\$24.9 million** of support in Detroit. There are approximately **276,000** service connections in Detroit that would be subject to a monthly funding factor.

² A household is qualified if it meets the FPL criteria (less than or equal to 200 percent) and their annual household cost for water and sewer is greater than 2 or 3 percent of their annual household income, depending on the household FPL.

³ Source data: United States Census Bureau. 2022. ACS 1-Year Estimates Public Use Microdata Sample." *United States Census Bureau*. <https://data.census.gov/mdat/#/search?ds=ACSPUMSTY2022>. Utility community rate data collected and analyzed by PSC.