Data-Driven Decisions on Affordability

CIFA Workshop – Fall 2022

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Previous Methodology

CWSRF Affordability Criteria

- Process established by the Iowa DNR disadvantaged community rules (Code of Iowa, Chapter 455B.199B)
  - Income, population, unemployment, project cost

DWSRF Disadvantaged Community Determination

- 51% of residents Low-Moderate Income (LMI)
  - LMI defined as up to 80% of median household income compared to county/state (whichever is higher)

Updated Affordability Framework

BIL implementation provided an opportunity to review and revise the disadvantaged community and affordability criteria used to allocate loan forgiveness.

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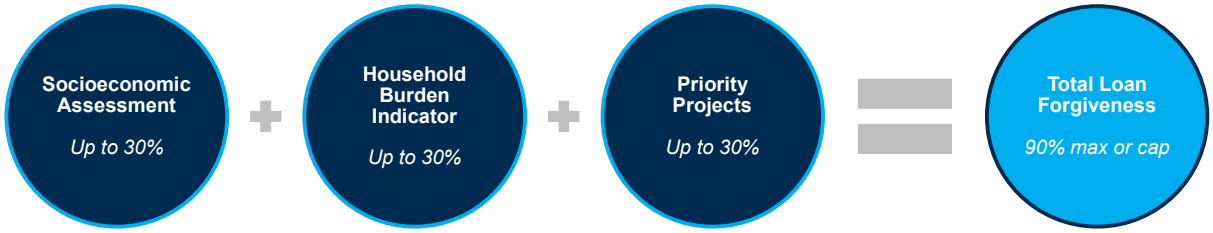
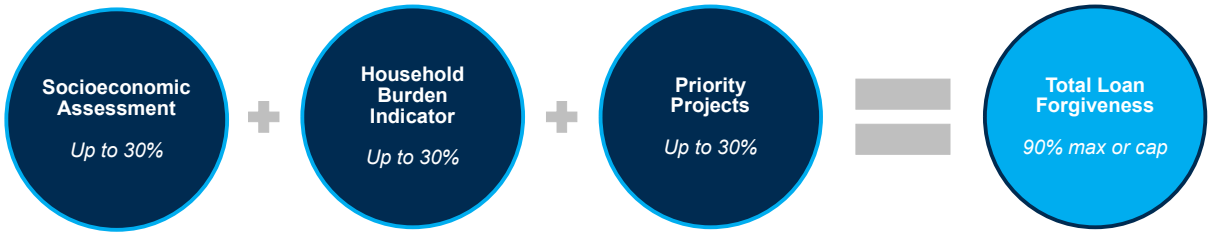


Updated Affordability Framework



The **Socioeconomic Assessment (SA)** is a tool used to evaluate the "disadvantaged" status of an applicant.

- 15 datapoints from public sources
- A score of at least 11 out of 30 points will be eligible for consideration of SRF loan forgiveness

Socioeconomic Assessment

Income and Poverty

- Median Household Income (MHI)
- Percent Below Poverty Level
- Percent Receiving Public Assistance or SNAP
- Percent Receiving Supplemental Security Income

Employment

- Unemployment Rate of the Primary County (12-month average)
- Percent Not in Labor Force

Demographics and Financial

- Percent over Age 65
- Population Trend Between 2010 and 2020 Census
- Percent with High School Diploma or Less
- Percent of Vacant Homes (excl. Seasonal and Vacation)
- Percent Minority
- Percent of Cost Burdened Housing (>= 30% of Income)
- Social Vulnerability Index of the Primary County
- Assessed Valuation/Capita
- Debt/Capita

Data Sources: U.S. Census, 2019 ACS, HUD, CDC, Iowa Workforce Development, Iowa Dept. of Mgmt.

Example

Socioeconomic Assessment

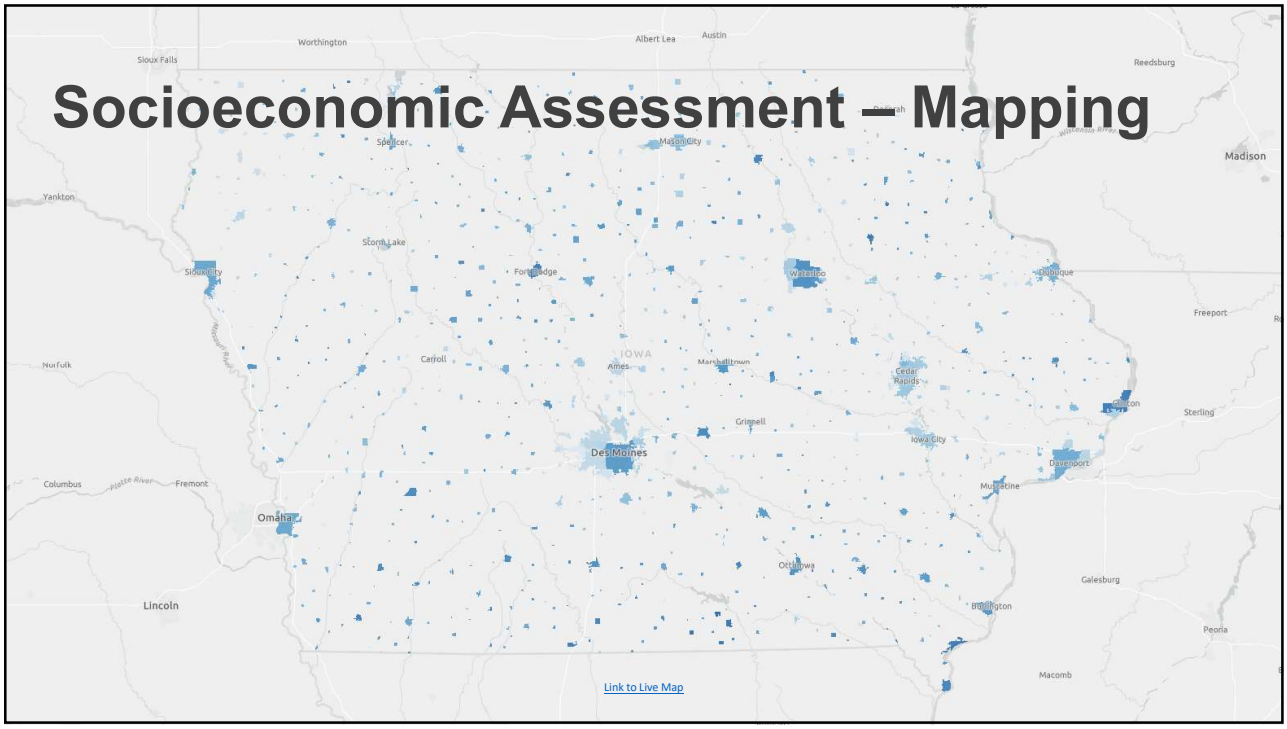
Socioeconomic Assessment – Example

	Percent of Population Served:	*100.00%*					*100.00%*	
	Enter or Select Communities:	Smallville					Total Service Area *(Wtd. Avg.)*	Points
1	Median Household Income (MHI)	*$54,234*					$54,234	1
2	Percent Below Poverty Level	*15.9%*					15.9%	2
3	Percent Receiving Public Assistance or SNAP	*13.0%*					13.0%	1
4	Percent Receiving Supplemental Security Income	*4.2%*					4.2%	1
5	Unemployment Rate (Primary County 12 mo avg)	*3.5%*					3.5%	2
6	Percent Not in Labor Force	*34.3%*					34.3%	1
7	Percent over Age 65	*18.0%*					18.0%	1
8	Population Trend (2010-2020)	*3.5%*					3.5%	0
9	Percent with High School Diploma or Less	*7.7%*					7.7%	1
10	Percent of Vacant Homes (excl. Seasonal and Vacation)	*8.8%*					8.8%	1
11	Percent Housing Cost Burdened (>= 30% of Income)	*25.6%*					25.6%	2
12	Percent Minority	*12.3%*					12.3%	2
13	Social Vulnerability Index (Primary County)	*61.22*					61.22	1
14	Assessed Valuation/Capita	*$80,988*					$80,988	0
15	Outstanding Debt/Capita	*$4,072*					$4,072	0
							TOTAL	16

Socioeconomic Assessment – Example

	Point Range	Principal Forgiveness
Low	0-10	0%
Moderate-Low	11-15	15%
Moderate	16-20	20%
Moderate-High	21-25	25%
High	26-30	30%

Socioeconomic Assessment – Mapping



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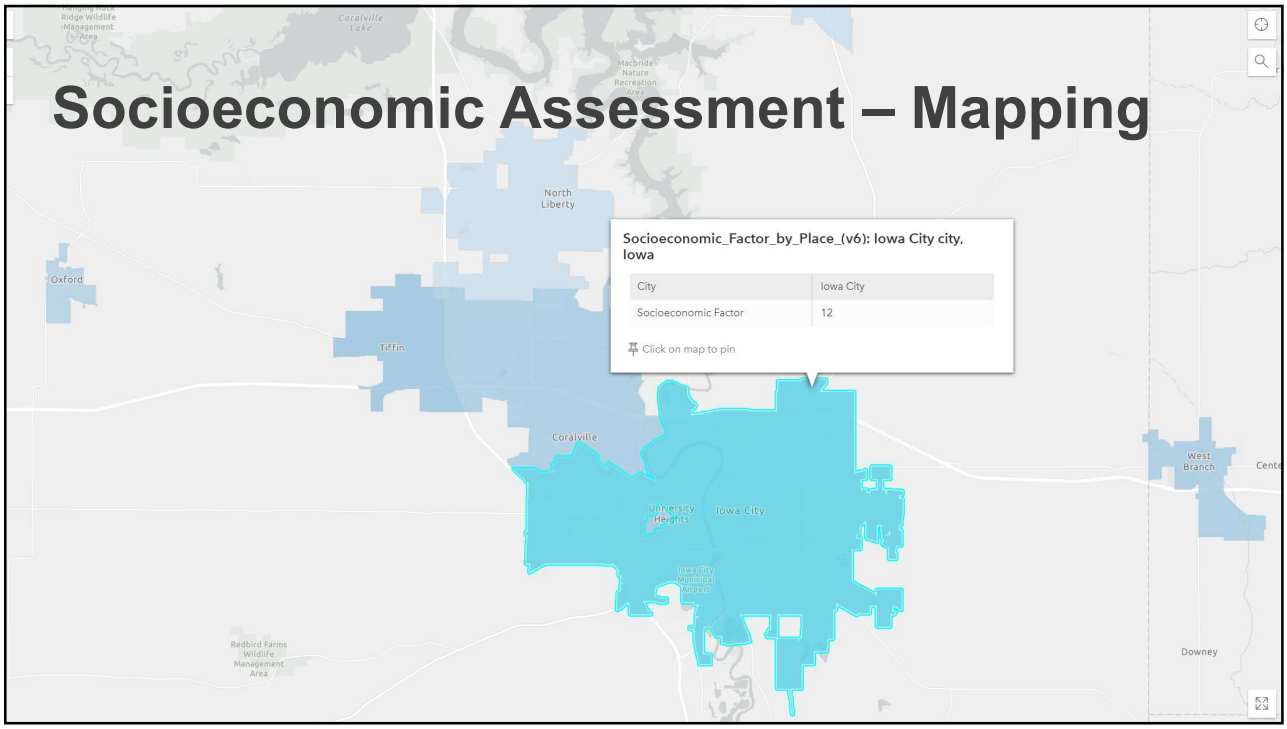


Updated Affordability Framework

Socioeconomic Assessment
Up to 30%

+

Household Burden Indicator
Up to 30%

+

Priority Projects
Up to 30%

=

Total Loan Forgiveness
90% max or cap

The **Household Burden Indicator (HB)** is comprised of two factors and is used to evaluate affordability once a project's costs are known.

- Total Water Costs as a Percent of Lowest Quintile Income (LQI)
- Percent of Households Below 200% of Poverty Level

Example

Household Burden Indicator

Household Burden Indicator – Example

1. Total Water Costs as % of LQI

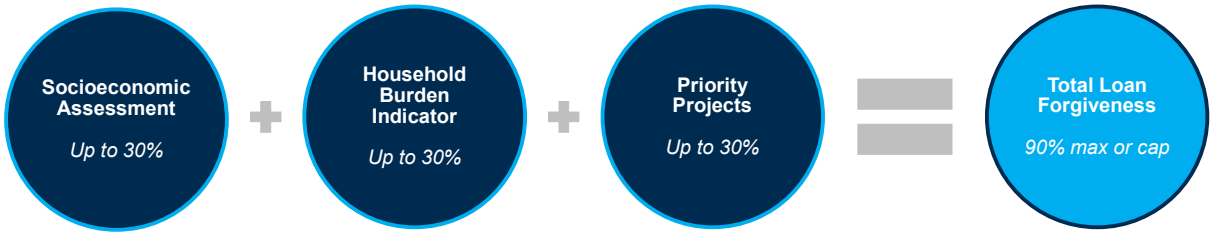
Assuming 5,000 gal/month	
Monthly Water/Sewer Bill	$152
Annual Water/Sewer Bill	$1,824
Lowest Quintile Income (LQI)	$25,214
Total Water Costs as Percent of LQI	**7.2%**

2. Percent of Households Below 200% of Poverty Level = **31%**

Water Costs as % of LQI	Percent of Households Below 200% of Poverty Level: <= 20%	21-35%	> 35%
> 10%	Moderate-High	Moderate-High	High
7% to 10%	Moderate-Low	Moderate	Moderate-High
< 7%	Low	Moderate-Low	Moderate-High

	Principal Forgiveness
Low	0%
Moderate-Low	5%
Moderate	10%
Moderate-High	15%
High	20%

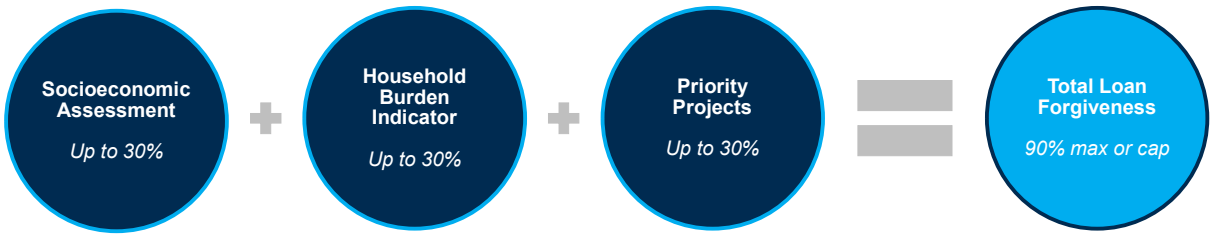
Updated Affordability Framework



Priority projects are determined in cooperation with Iowa DNR engineers and represent projects the program wants to incentivize.

- Examples: Advanced wastewater treatment, consolidation/regionalization, Maximum Contaminant Level violations, etc.

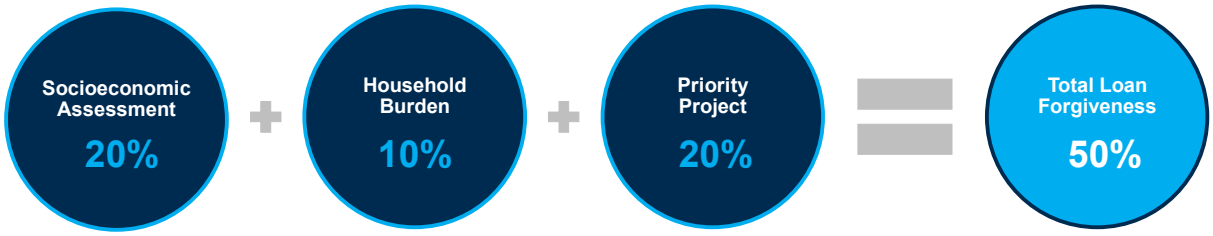
Updated Affordability Framework



With consideration for a project's readiness to proceed, loan forgiveness will be prioritized for those with higher socioeconomic scores.

- Drinking Water: Loan forgiveness equals the lesser of **up to 90% of loan amount or $2 million**
- Clean Water: Loan forgiveness equals the lesser of **up to 90% of loan amount or $1 million**

Total Loan Forgiveness – Example



Loan Forgiveness – Hypothetical Example	
Socioeconomic Assessment	20%
Household Burden Indicator	10%
Priority Project	20%
Total Eligible Loan Forgiveness	**50%**

Questions / Discussion

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