

Water Affordability in Michigan: A Statewide Assessment

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WATER SERVICE AFFORDABILITY IN MICHIGAN: A STATEWIDE ASSESSMENT

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Scope

Michigan Statewide

Water = drinking + sewer + stormwater

Purpose

Illustrate the challenges faced by residents, water utilities and state government in confronting water affordability and access to safe water in their communities.

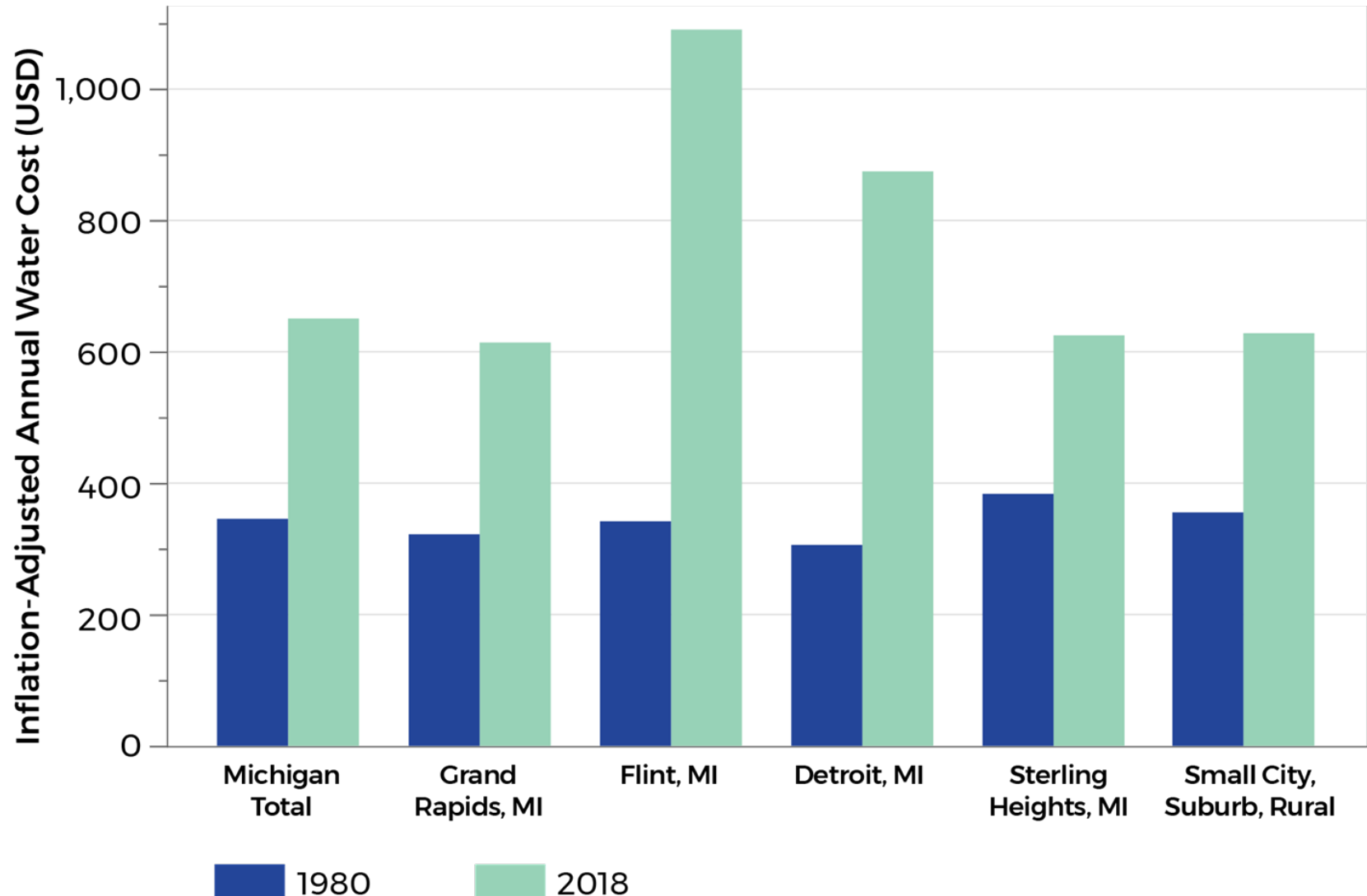
Affordability issues exist statewide:

- *in individual households (urban, suburban and rural) and*
- *at the community level (substantial, unmet investment needs)*



Key Household Economic Metrics

Inflation adjusted Water Costs have increased statewide



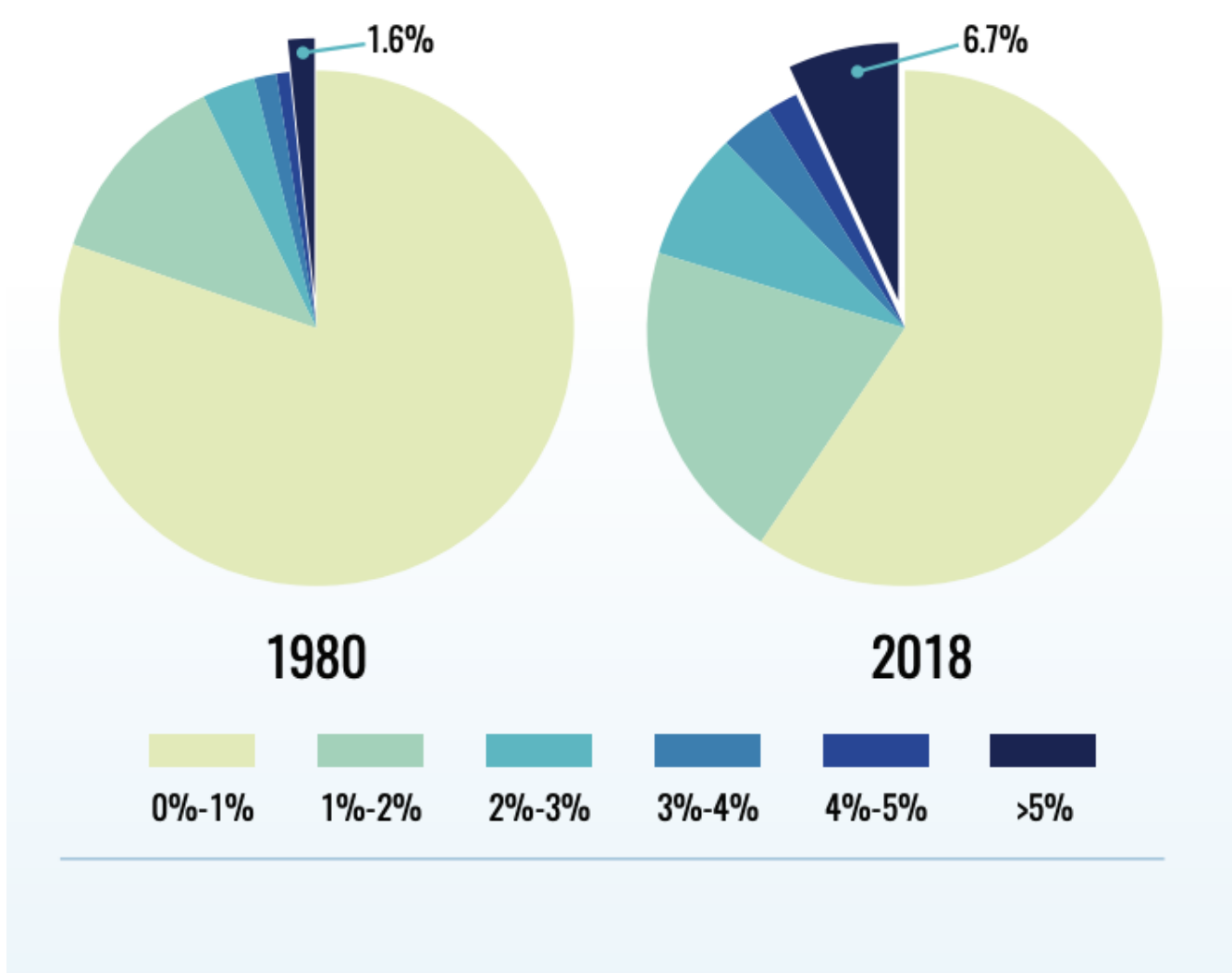
Key Household Economic Metrics

For households at the 20th percentile of income, water expenses have increased the greatest amount

Essential Expenses	1986	2018	Percentage Change
Water Services	\$ 95	\$ 421	443%
Health Care	971	3,727	384%
Shelter	2,942	6,690	328%
Transportation	1,781	5,090	286%
Telephone Services	335	843	252%
Electricity	465	1,132	243%
Food	2,053	4,214	205%

Key Household Economic Metrics

Percentage of households paying more than 5% of income on water has increased over time



Key Household Economic Metrics

The estimated annual statewide affordability gap was \$78-146 million (2018 data)

Threshold	Percentage of Households	Annual Cost of Subsidizing to threshold
UN 5% Benchmark	6.59%	\$78.3 M
Income-Based Water Assistance Program	10.28%	\$95.5 M
Affordability Ratio (AR) 10% Benchmark	10.75	\$145.99M

AR = water service cost / disposable income

“Affordability Benchmarks and Costs,”
(summary doc <https://myumi.ch/miH2O>)

New Data: 2022 Households in Need

Threshold	Percentage of Households	Number of Households Statewide	Annual Gap
Proposed LIWRAP	12.03%	291,380	\$186.9 M

*Threshold 2% if below 135 FPL and 3% if below 200 FPL