

The Cost of Water Is Rising. Philadelphia Has an Unprecedented Plan to Make It More Affordable.

BY: [J.B. Wogan](#) | July 5, 2017

This week, Philadelphia is launching a first-of-its-kind program to address a common problem: Late and unpaid water bills can leave low-income people without the ability to shower or cook food in their homes.

In Philadelphia, more than 40 percent of the city's water utility customers are delinquent in paying their water bills, amounting to about \$242 million in uncollected revenue, according to the Philadelphia Water Department.

The city's solution? Charge residents based on how much money they make.

"It's never our goal to shut off water," says Michelle Bethel, the city's deputy revenue commissioner. "By having an affordable bill, it will allow all of our customers [to] pay."

The utility will charge lower water rates for households with incomes at or below 150 percent of the federal poverty line (which is roughly \$3,075 a month for a family of four). Participating households will pay between 2 percent and 4 percent of their monthly income, which could mean bills as low as \$12 a month. Last year, the average Philadelphia resident paid about [\\$71 a month](#) in combined water, sewer and stormwater charges. The city estimates that as many as 60,000 households are eligible for the income-based program.

Since 2010, the cost of monthly water service in Philadelphia [has increased](#) 30 percent, according to Circle of Blue, a nonprofit news and scientific research group. The rising cost of water bills "is really not something that gets the attention it deserves but absolutely is in its own right a driver of poverty," says Rebecca Vallas, a policy researcher at the Center for American Progress, a liberal think tank.

In 2014, officials from the United Nations criticized Detroit for punishing impoverished and unemployed residents by shutting off water at nearly 4,000 delinquent residences and businesses. A year later, BuzzFeed highlighted several other large U.S. cities that [use shutoffs](#) as a final enforcement measure to prompt payment.

Last year, the National League of Cities [completed](#) a demonstration project with five cities where they offered assistance, such as financial counseling or more lenient payment plans, to some delinquent customers. But the cities stopped short of forgiving debt or charging less to low-income customers.

Beyond the adjusted water rates, Philadelphia will offer a few other benefits to attract applicants. The city is suspending past-due amounts for customers who enter the program and keep up with their new, lower bills. If participating households stay current on water bills for two years, they can get previous financial penalties waived.

The program is the result of legislation that the Philadelphia City Council approved in 2015. Councilwoman Maria Quiñones-Sánchez, who authored the bill establishing it, says she became interested in the affordability of water rates while looking for ways to stem foreclosures and address the rising cost of living in her district.

Although the Philadelphia program is novel in that it ties water rates to income, many gas and electric utilities -- including Philadelphia's gas utility -- use the same approach, says Rob Ballenger, an attorney for the nonprofit Community Legal Services of Philadelphia.

When gas and electric utilities charge affordable rates, customers tend to keep current with their bills, according to Roger Colton, a law and economics consultant who testified before the Philadelphia City Council in 2015. Using data collected from income-based utility programs in New Jersey, Pennsylvania and Colorado, Colton predicted that Philadelphia's water department would see a net gain in revenue as a result of lowering the rates and increasing compliance.

Not everyone is optimistic that smaller bills will translate to fewer tardy payments.

Oren Cass, a poverty researcher with the right-leaning Manhattan Institute, says low-income households miss water payments because they have prioritized other, more important expenses, such as rent, instead. He

suspects the lower rates won't change their decision-making.

The core issue, he argues, is that the customers don't have enough money, and unpaid water bills are a symptom of that larger problem. If the root problem is insufficient income, he says, "is helping people out with the water bills the way to address it? My strong suspicion is no."

**This story has been updated.*

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