

Affordability Criteria

RI Infrastructure Bank has established an Affordability Criteria for Rhode Island's municipalities and wastewater and drinking water systems to identify disadvantaged communities and assess affordability needs in the DWSRF and CWSRF. Entities with an Affordability Index less than the statewide average may qualify for additional subsidization such as principal forgiveness. Indexed entities are grouped into tiers, with tiers further below the statewide average qualifying for increased levels of subsidization.

The Affordability Index is calculated using the following formula:

$$\text{Affordability Index} = \text{Median Household Income} * \text{Employment Rate} * \text{Population Ratio}$$

- **Median Household Income**¹ is a widely accepted metric of resident's ability to afford the cost of infrastructure projects. A community with higher median household income suggests higher ability to afford the cost of infrastructure.
- **Employment Rate**² represents the resident employment size divided by the size of the total labor force in the community. Higher employment rates suggest that a community has more residents able to afford the cost of infrastructure than a community with lower rates.
- **Population Ratio**³ is the ratio of the current US Census Bureau decennial census population to the previous decennial census population expressed as a percentage. A percentage greater than 100% indicates communities with a growing population, and a percentage less than 100% indicates a shrinking population. A growing population indicates an increasing ratepayer base to absorb infrastructure costs.

Large wastewater and drinking water systems serving over 10,000 users shall be tiered based on the tier of the municipality they serve. Large systems serving multiple municipalities shall be tiered based on an index set to be a weighted average of each municipality served. Weighting shall be based on retail population served or flow data and come from publicly available sources or entity-provided data.

Small wastewater and drinking water systems serving 10,000 users or less shall be tiered based on median household income from an income survey as available or census tract data. If a system serves multiple census tracts, the census tract with the lowest income shall be used.

Once every two years, prior to the release of the Intended Use Plan for the fiscal year, RI Infrastructure Bank shall use current data, funding availability and expected loan volume to update the calculation, tiers and thresholds; RI Infrastructure Bank may also establish additional eligibility provisions at its discretion. All RI municipalities shall be indexed along with selected drinking water and wastewater entities. Additional entities can be indexed on an as-needed basis.

RI Infrastructure Bank shall establish a priority financial application date and a priority loan closing date. Additional subsidization is contingent upon funding availability and readiness to proceed.

¹ Median Household Income data from the Rhode Island Department of Labor and Training (RI DLT) site or other accepted source. RI DLT does not collect median household income and uses data from US Census Bureau, American Tables S1901 Median Household Income in the Past 12 Months (Inflation-Adjusted Dollars).

² Employment data from the RI DLT, Labor Market information or other accepted source.

³ Population data is from RI DLT or other accepted source. RI DLT does not collect population data and uses data from US Census Bureau decennial census.