RHODE ISLAND GOVERNMENT REGISTER

PUBLIC NOTICE OF PROPOSED RULEMAKING

AGENCY: Rhode Island Infrastructure Bank

DIVISION: N/A

RULE IDENTIFIER: N/A ERLID #8261

REGULATION TITLE: RI Clean Water State Revolving Fund – Affordability Criteria

RULEMAKING ACTION: Direct Final

Direct Final: If no formal objection is received on or before **June 1, 2018** the Rhode Island Infrastructure Bank will file the repeal without opportunity for public comment.

TYPE OF FILING: Repeal

TIMETABLE FOR ACTION ON THE PROPOSED RULE: Date of public notice is **May 2,** 2018 and public comment will end on Friday, **June 1, 2018.**

SUMMARY OF PROPOSED RULE: These rules are being repealed and will be addressed through a Guidance Document to be issued by the Bank

COMMENTS INVITED:

All interested parties are invited to submit written or oral comments concerning the proposed regulations by **Friday, June 1, 2018** to the addresses listed below.

ADDRESSES FOR PUBLIC COMMENT SUBMISSIONS:

Mailing Address: 235 Promenade Street, Suite 119, Providence, RI 02908

Email Address: jdiehl@riib.org

WHERE COMMENTS MAY BE INSPECTED:

Mailing Address: Rhode Island Infrastructure Bank, 235 Promenade Street, Suite 119, Providence 02908

PUBLIC HEARING INFORMATION:

If a public hearing is requested, the place of the public hearing is accessible to individuals who are handicapped. If communication assistance (readers/interpreters/captioners) is needed, or any other accommodation to ensure equal participation, please call **(401) 453-4430** or RI Relay 711 at least three (3) business days prior to the meeting so arrangements can be made to provide such assistance at no cost to the person requesting.

ALTERNATIVE PUBLIC HEARING TEXT:

In accordance with R.I. Gen. Laws § 42-35-2.8, an oral hearing will be granted if requested by twenty-five (25) persons, by an agency or by an association having at least twenty-five (25) members. A request for an oral hearing must be made within ten (10) days of this notice.

FOR FUTHER INFORMATION CONTACT:

Jeffrey Diehl, Executive Director, Rhode Island Infrastructure Bank, 235 Promenade Street, Suite 119, Providence, RI 02908 or jdiehl@riib.org

SUPPLEMENTARY INFORMATION:

Regulatory Analysis Summary and Supporting Documentation:

N/A

Authority for This Rulemaking: R.I. Gen. Laws Chapter 46-12.2 as amended

Regulatory Findings:

In the development of the proposed repeal consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

The Proposed Amendment:

Rhode Island Infrastructure Bank proposes to repeal ERLID #7956 as follows:

Affordability Criteria

for the

Rhode Island

Clean Water State Revolving Fund Program

Affordability Criteria Rating

APPLICANT: _____ PROJECT: _____

			Point Values	Actual Rating	Item #
I.		**INCOME AND UNEMPLOYMENT**			
	A-1	Median Household Income greater than the state average	0		A-1
	A-2	Median Household Income less than or equal to the state average but greater than 80% of the state average	1		A-2
	A-3	Median Household Income less than or equal to 80% of the state average	2		A-3
	B-1	Unemployment Rate less than the state average	0		B-1
	B-2	Unemployment Rate less than 1% higher than the state average but greater than the state average	1		B-2
	B-3	Unemployment Rate less than 2% higher than the state average but greater than or equal to 1% higher than the state average	2		B-3
	B-4	Unemployment Rate greater than or equal to 2% higher than the state average	3		B-4
		Section I - Total Points		_____	
II.		**POPULATION PROJECTIONS***			
	C-1	Service Area to experience population growth	0		C-1
	C-2	Service Area to experience a decline in population no greater than 5%	1		C-2
	C-3	Service Area to experience decline in population greater than 5% but less than or equal to 10%	2		C-3
	C-4	Service Area to experience decline in population greater than 10% but less than 20%	3		C-4
	C-5	Service Area to experience decline in population greater than 20%	4		C-5
		*Base population projections on most recent 30 year population projection data			
		Section II - Total Points		_____	
III.		**OTHER DATA**			
	D-1	Annual User Rate less than 1.5% MHI	0		D-1
	D-2	Annual User Rate greater than or equal to 1.5% MHI but less than 2% MHI	1		D-2
	D-3	Annual User Rate greater than or equal to 2% MHI	2		D-3

~~**Section III- Total Points** _____~~

~~**Total Points:** _____~~

~~≥ 9 Points: Eligible for Principal Forgiveness~~

~~Summary and Explanation~~

~~of the~~

~~Affordability Criteria~~

~~for the~~

~~Rhode Island~~

~~Clean Water State Revolving Fund~~

~~Program~~

Table of Contents

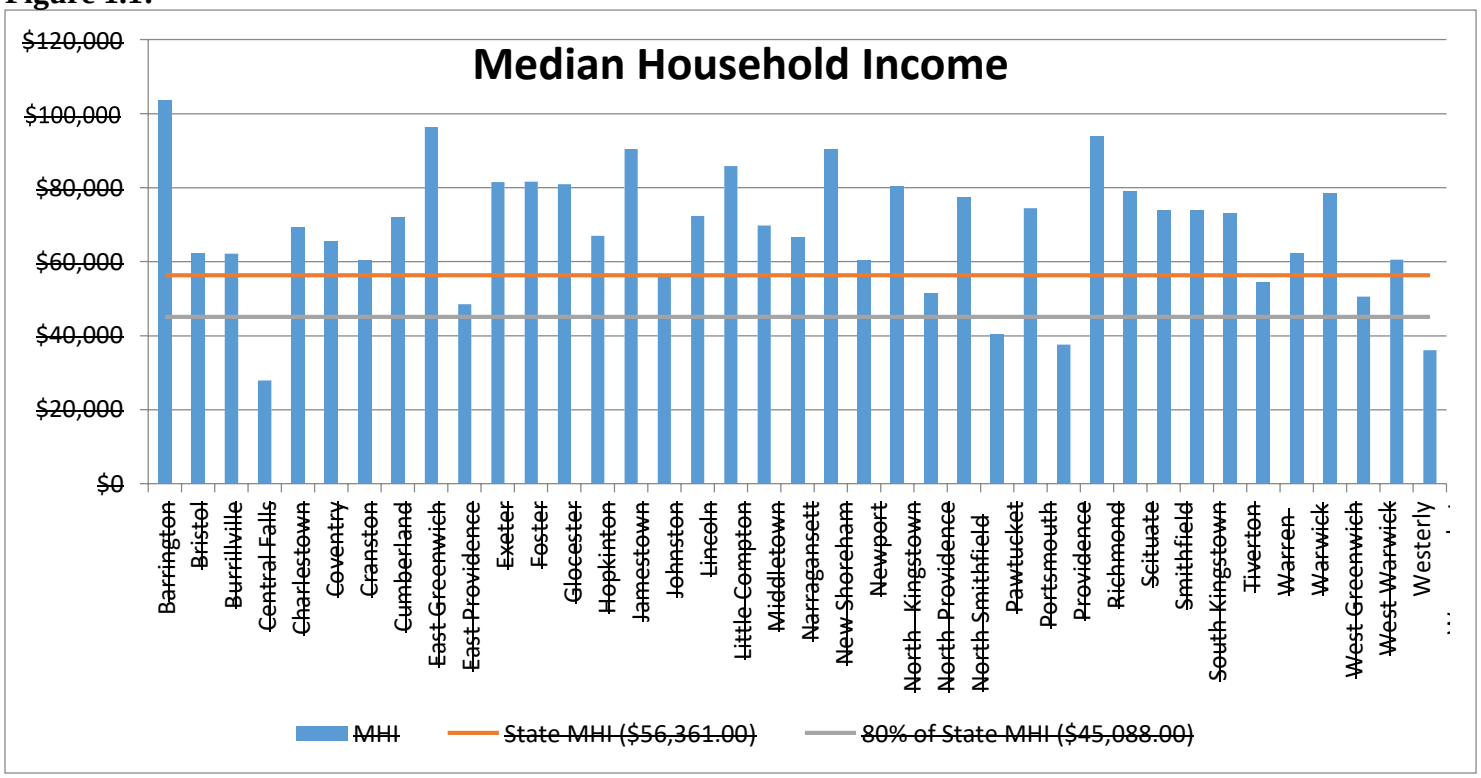
~~Introduction:~~

~~This document provides data in order to establish affordability criteria as outlined by the 2014 amendment to the Clean Water Act, section 603(i)(2), attached in Appendix I. Following the outline, this document will discuss Income and Unemployment Data in Section 1, Population Data in Section 2, and other data related to economically distressed communities (as described in in Section 301 of the Public Works and Economic Development Act) in Section 3. The purpose of the Affordability Criteria is to help the Rhode Island Clean Water State Revolving Fund Program determine which municipalities would experience financial hardship when trying to fund a [qualifying] project without receiving assistance beyond the standard Clean Water SRF subsidy. To help identify these municipalities graphs have been included in the sections below to compare factors such as median household income (MHI), unemployment, user rates, and population trends for municipalities, counties and service areas to the state averages. The common thresholds at which municipalities are considered economically disadvantaged or distressed by most states and in the Public Works and Economic Development Act is below the state average, and in some cases, below 80% of the state average. Municipalities that are regularly below the 80% of the state average threshold will be highlighted throughout this document.~~

1. Income and Unemployment Data:

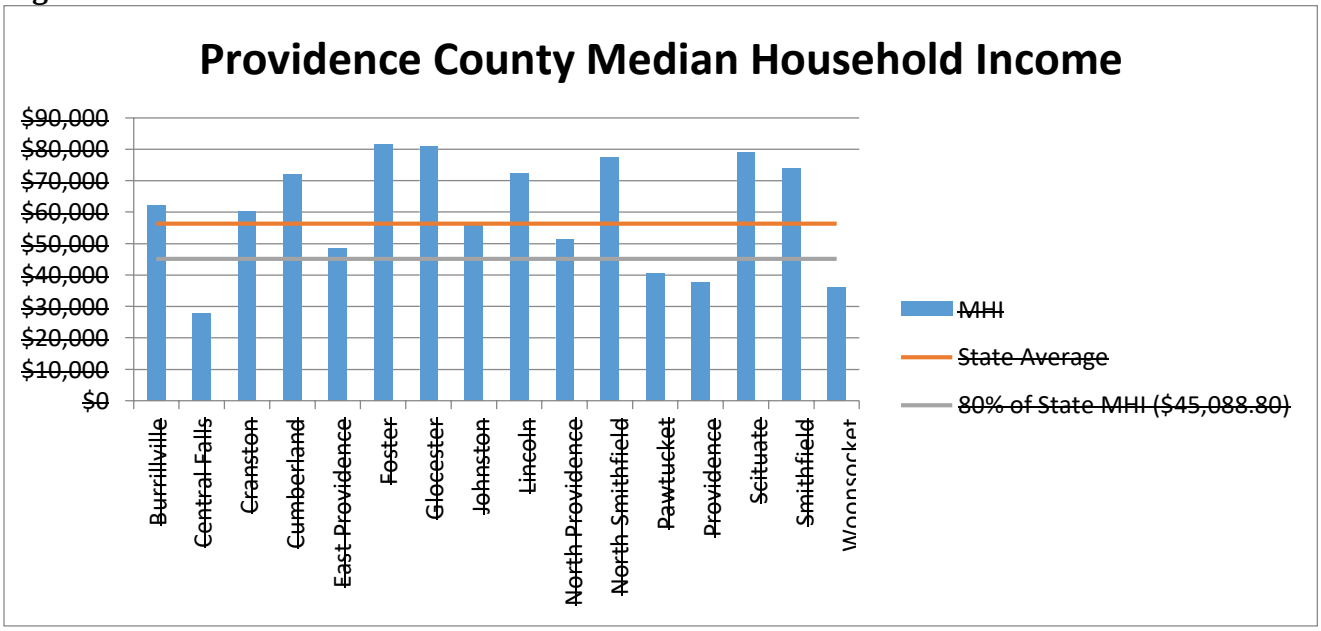
In Rhode Island the MHI is $56,361.00. There are 8 communities that have an MHI that is less than or equal to this value: Central Falls, East Providence, Johnston, North Providence, Pawtucket, Providence, Warren, West Warwick and Woonsocket. Of these 8 communities, Central Falls, Providence, Pawtucket and Woonsocket all have MHI's that are less than or equal to $45,088.00 (80% of the State's MHI). This value is significant because it is a threshold value that is commonly used as criteria to determine a community's economic standing (i.e. distressed/disadvantaged), more of which is discussed in Section 3. Figure 1.1 below shows the Median Household Income for all municipalities in Rhode Island as compared to the State Average, and the 80% Value.

Figure 1.1:



Providence County's data is shown separately in Figure 1.2 below because 6 out of the 8 communities with MHI's below the State Average, including all 4 that fall under the 80% income level are located in Providence County.

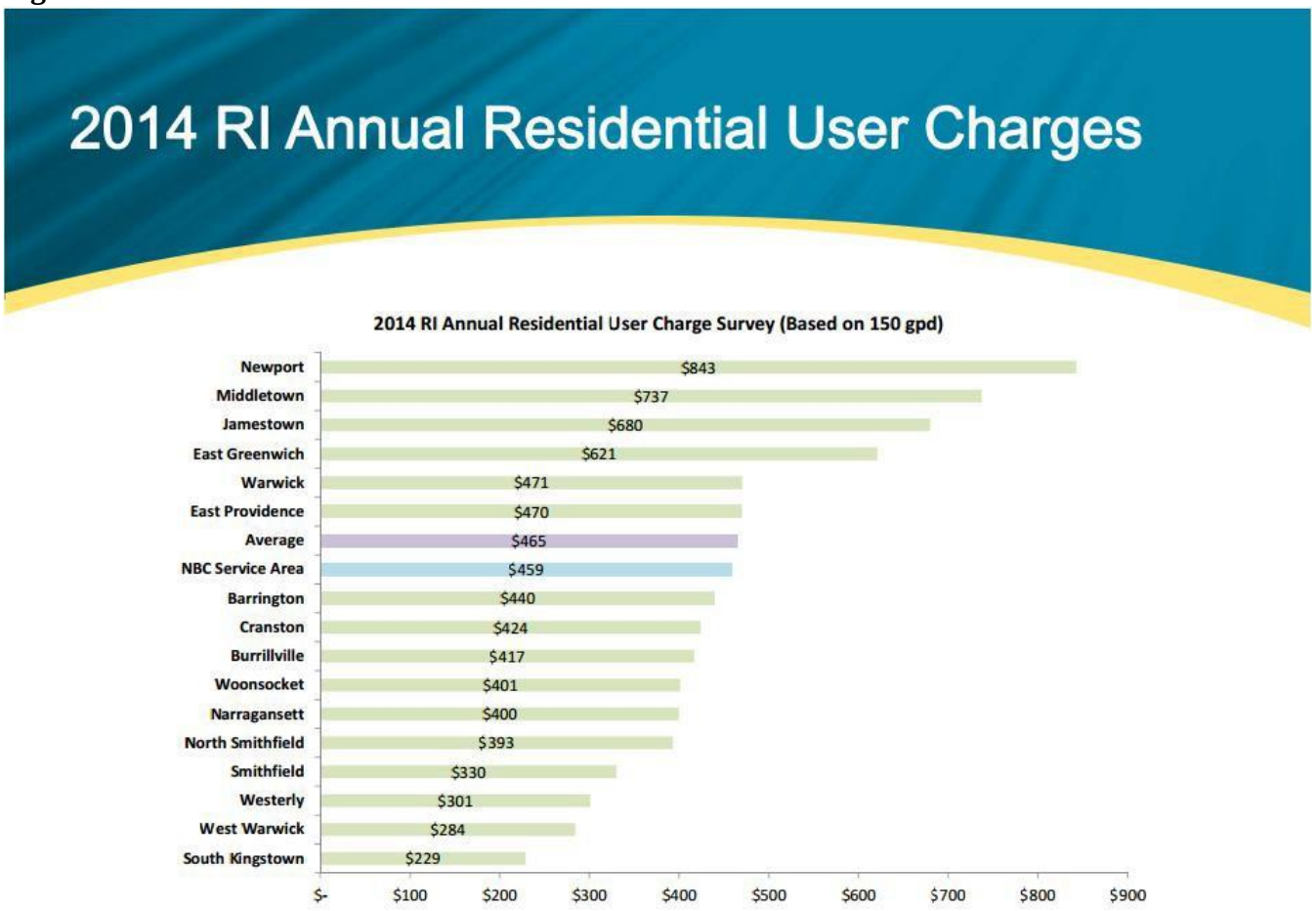
Figure 1.2:



The following graph, Figure 2.1, which was produced by the Narragansett Bay Commission, shows the 2014 Annual Residential User Charges for most of the WWTF's throughout Rhode Island, as well as the State Average User Rate. The data from this graph is used in Figure 2.2 to compare the Annual User Rates for each community to the Median Household Income.

The EPA's unofficial standard for user rates is for the rate to be kept at or below 2% of the areas MHI to be considered affordable. The following graphs compare MHI to user rates in order to show which areas are approaching or already above the 2% value. Figure 2.2 compares user rates to the MHI of the municipality, while Figure 2.2a compares user rates to the service area. There is a difference here because of service areas such as Fields Point and Bucklin Point, which are inclusive of many municipalities which have widely varied MHI's. A weighted average MHI and user rate was calculated based on population served. The main difference between Figures 2.2 and 2.2.a is that the four communities that are disadvantaged are no longer individually present, but instead get grouped into the two NBC service areas, and Woonsocket's service area includes North Smithfield. These three regions still have MHI's lower than the 80% mark, but the user rates are now all below 1.20%, so the rates appear more affordable.

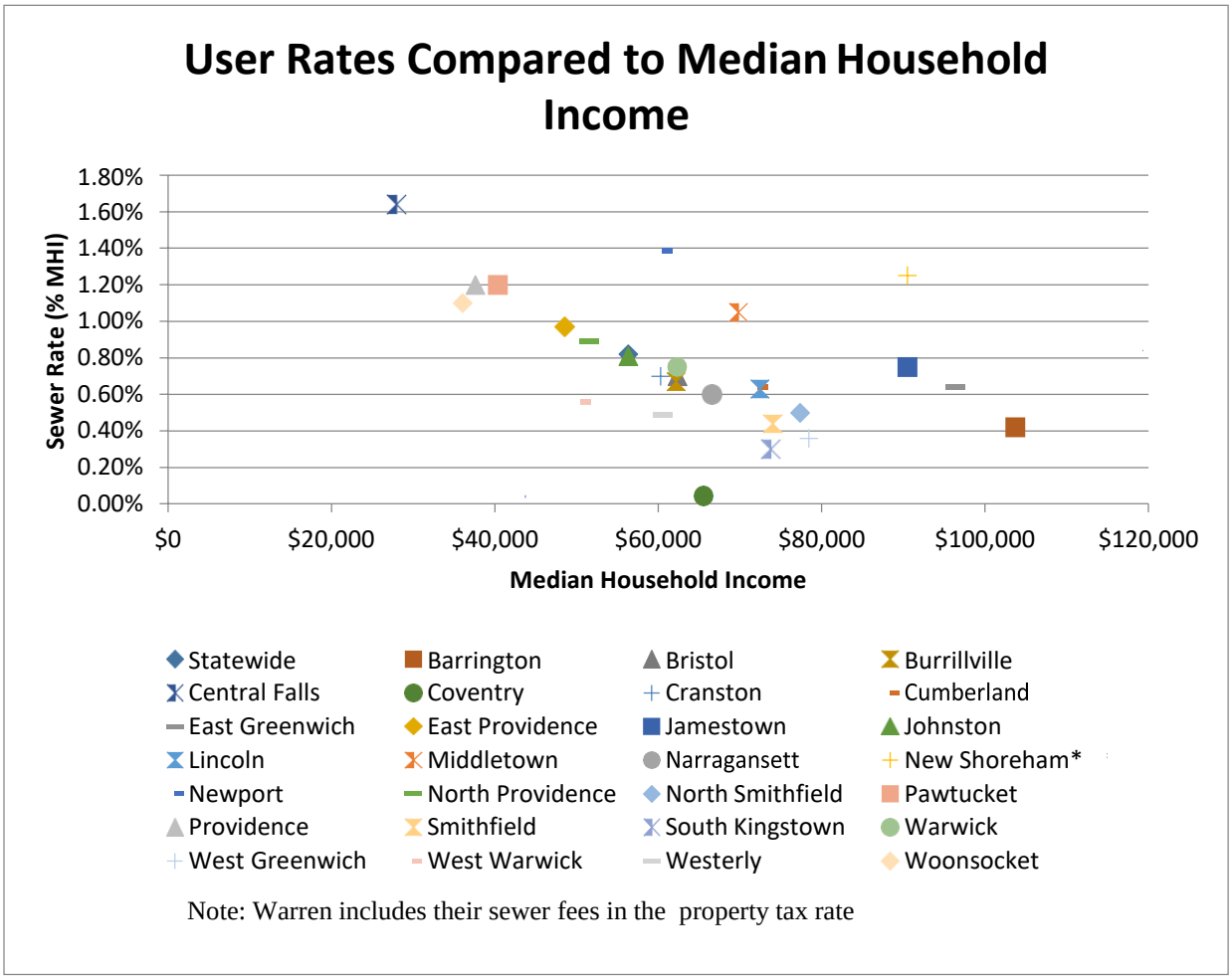
~~Figure 2.1:~~



Source: NBC CSO Control Facilities Phase III Reevaluation Alternative Plans Workshop, 27 April 2015

~~The blue vertical line in Figure 2.2 and 2.2.a shows the value $45,088.8, which is 80% of the State Median Household Income. The data points to the left of the line (Central Falls, Providence, Pawtucket and Woonsocket/ NBC Fields Point, Bucklin Point and Woonsocket) have an MHI that is less than the this value and also pay a rate that is greater than 1% of their MHI annually. Other towns that pay more than 1% are Newport, Middletown and New Shoreham, but their MHI's are all higher than the State's Average MHI. The orange horizontal line in Figure 2.2 and 2.2.a shows the value 0.82%, which is the state average user rate as a percentage of MHI according to the Narragansett Bay Commission.~~

~~Figure 2.2:~~



Note: Warren includes their sewer fees in the property tax rate

~~Figure 2.2.a~~

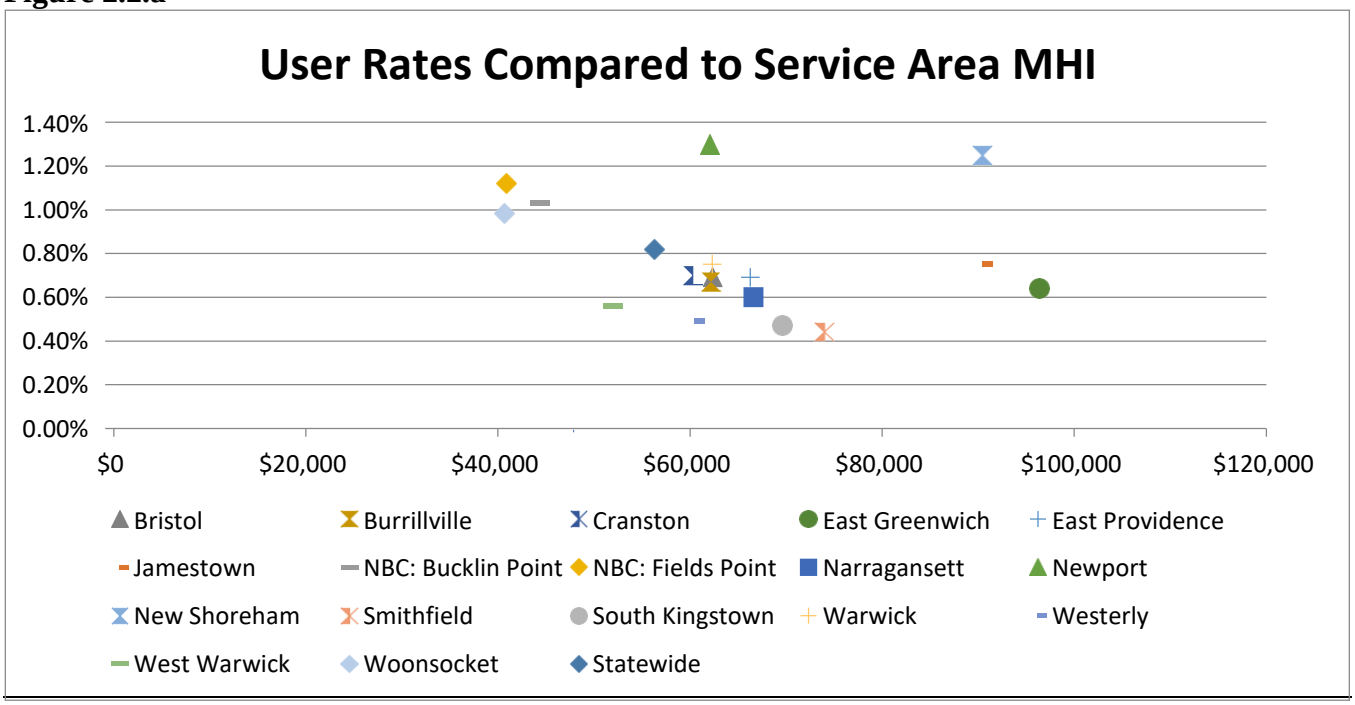


Table 1.1:

Town	MHI	2014 Annual User Rates	User Rate as % MHI (User Rate/MHI *100)
Statewide	$56,361	$465	0.82%
Barrington	$103,696	$440	0.42%
Bristol	$62,358	$433	0.7%
Burrillville	$62,188	$417	0.67%
Central Falls	$27,993	$459	1.64%
Coventry	$65,565	$284	0.043%
Cranston	$60,283	$424	0.7%
Cumberland	$72,160	$459	0.64%
East Greenwich	$96,438	$621	0.64%
East Providence	$48,521	$470	0.97%
Jamestown	$90,484	$680	0.75%
Johnston	$56,343	$459	0.81%
Lincoln	$72,434	$459	0.63%
Middletown	$69,784	$737	1.05%
Narragansett	$66,600	$400	0.6%
New Shoreham	$90,491	$1,131	1.25%
Newport	$60,533	$843	1.39%
North Providence	$51,470	$459	0.89%
North Smithfield	$77,378	$393	0.5%
Pawtucket	$40,379	$459	1.2%
Providence	$37,632	$459	1.2%
Smithfield	$74,000	$330	4.4%

South Kingstown	$73,780	$229	0.3%
Warwick	$62,295	$471	0.75%
West Greenwich	$78,438	$284	0.36%
West Warwick	$50,590	$284	0.56%
Westerly	$60,532	$301	0.49%
Woonsocket	$36,058	$401	1.1%

The following table shows the same data, but it groups the users by service area rather than by municipality. For service areas that encompass more than one city/town a weighted average for MHI and user rate was calculated based on population served (i.e. a town with a higher population served has more weight).

Note: East Providence serves Barrington, NBC: Bucklin Point serves Central Falls, Cumberland, East Providence Lincoln, Pawtucket and Smithfield, NBC: Fields Point serves Johnston, North Providence and Providence, Newport serves Middletown, South Kingstown serves Narragansett, West Warwick serves Coventry, Cranston, East Greenwich, Warwick and West Greenwich, and Woonsocket serves North Smithfield. For these service areas a weighted average has been calculated based on data from http://www.dem.ri.gov/programs/benviron/water/permits/wtf/potwops.htm .

Table 1.2:

Service Area	Towns Served By Service Area	Contribution (%)	MHI	Weighted MHI	2014 Annual User Rate	Weighted Annual User Rate	Weighted User Rate as % MHI
Bristol	Bristol	100%	$62,358		$430		0.69%
Burrillville	Burrillville	100%	$62,188		$417		0.67%
Cranston	Cranston	100%	$60,283		$424		0.70%
East Greenwich	East Greenwich	100%	$96,438		$621		0.64%
East Providence	East Providence	68.11%	$48,521		$470		0.69%
	Barrington	31.89%	$103,696		$440		
Jamestown	Jamestown	100%	$90,484		$680		0.75%
	Central Falls	15.96%	$27,993	$44,369	$459	$459	1.03%

~~NBC: Bucklin Point~~	~~Cumberland~~	~~9.13%~~	~~$72,160~~		~~$459~~		
	~~East Providence~~	~~7.32%~~	~~$48,521~~		~~$459~~		
	~~Lincoln~~	~~7.73%~~	~~$72,434~~		~~$459~~		
	~~Pawtucket~~	~~59.73%~~	~~$40,379~~		~~$459~~		
	~~Smithfield~~	~~0.13%~~	~~$74,000~~		~~$459~~		
~~NBC: Fields Point~~	~~Johnston~~	~~7.03%~~	~~$56,343~~	~~$40,888~~	~~$459~~	~~$459~~	~~1.12%~~
	~~North Providence~~	~~14.2%~~	~~$51,470~~		~~$459~~		
	~~Providence~~	~~78.77%~~	~~$37,632~~		~~$459~~		
~~Narragansett~~	~~Narragansett~~	~~100%~~	~~$66,600~~		~~$400~~		~~0.60%~~
~~Newport~~	~~Middletown~~		~~$62,064~~		~~$806~~		~~1.30%~~
	~~Newport~~						
	~~U.S. Navy Base~~						
~~New Shoreham~~	~~New Shoreham~~	~~100%~~	~~$90,491~~		~~$1,131~~		~~1.25%~~
~~Smithfield~~	~~Smithfield~~	~~100%~~	~~$74,000~~		~~$330~~		~~0.44%~~
~~South Kingstown~~	~~Narragansett~~	~~44.23%~~	~~$66,600~~	~~$69,677~~	~~$400~~	~~$252~~	~~0.47%~~
	~~South Kingstown~~	~~33.33%~~	~~$73,780~~		~~$229~~		
	~~URI~~	~~22.44%~~	~~n/a~~		~~n/a~~		
~~Warwick~~	~~Warwick~~	~~100%~~	~~$62,295~~		~~$301~~		~~0.75%~~
~~Westerly~~	~~Westerly~~	~~100%~~	~~$60,532~~		~~$305~~		~~0.49%~~
~~West Warwick~~	~~Coventry~~	~~3.79%~~	~~$65,565~~	~~$51,937~~	~~$284~~	~~$290~~	~~0.56%~~
	~~Cranston~~	~~0.63%~~	~~$60,283~~		~~$424~~		
	~~East Greenwich~~	~~0.06%~~	~~$96,438~~		~~$621~~		
	~~Warwick~~	~~2.94%~~	~~$62,295~~		~~$471~~		
	~~West Greenwich~~	~~0.09%~~	~~$78,438~~		~~$284~~		
	~~West Warwick~~	~~92.49%~~	~~$50,590~~		~~$284~~		

Woonsocket	North Smithfield	10.12%	$77,378	$44,037	$393	$406	0.92%
	Woonsocket	80.15%	$36,058		$401		
	Blackstone, MA	3.89%	$71,875		$550.42		
	Millville, MA	5.84%	$77,250		$435		
Statewide			$56,343		$465		0.82%

Section 603(i)(2) lists unemployment as a factor that must be considered in the Affordability Criteria. Unemployment data for Rhode Island will be discussed below and will focus on comparisons between regional (County and WWTF Service Area) unemployment to statewide unemployment.

Figure 3.1

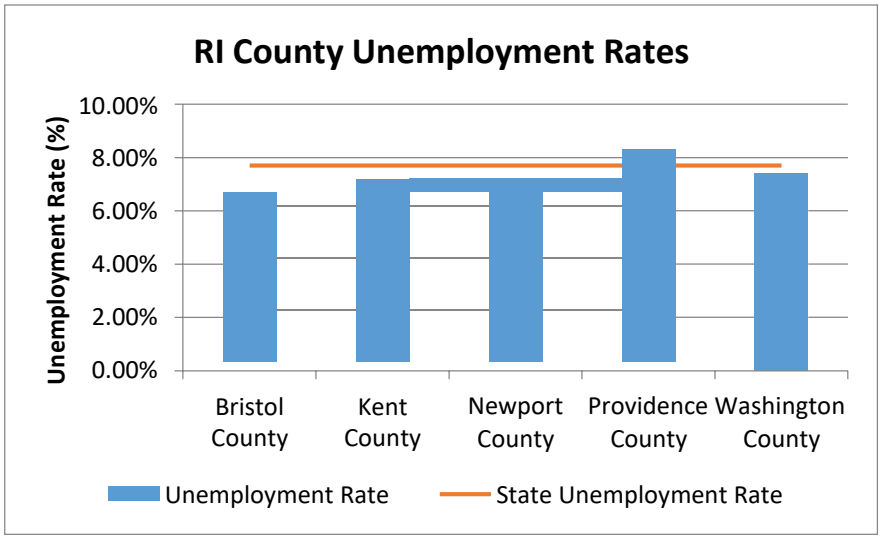


Figure 3.1 shows unemployment rates for the five counties in Rhode Island compared to the state average. This graph is inclusive of all municipalities in Rhode Island, so unsewered communities are represented. Generally the rural and unsewered communities in Rhode Island have a higher than average MHI and a lower unemployment. It can be seen that Providence County has the highest unemployment rate, while all other counties have unemployment rates below the State Average.

Figure 3.2

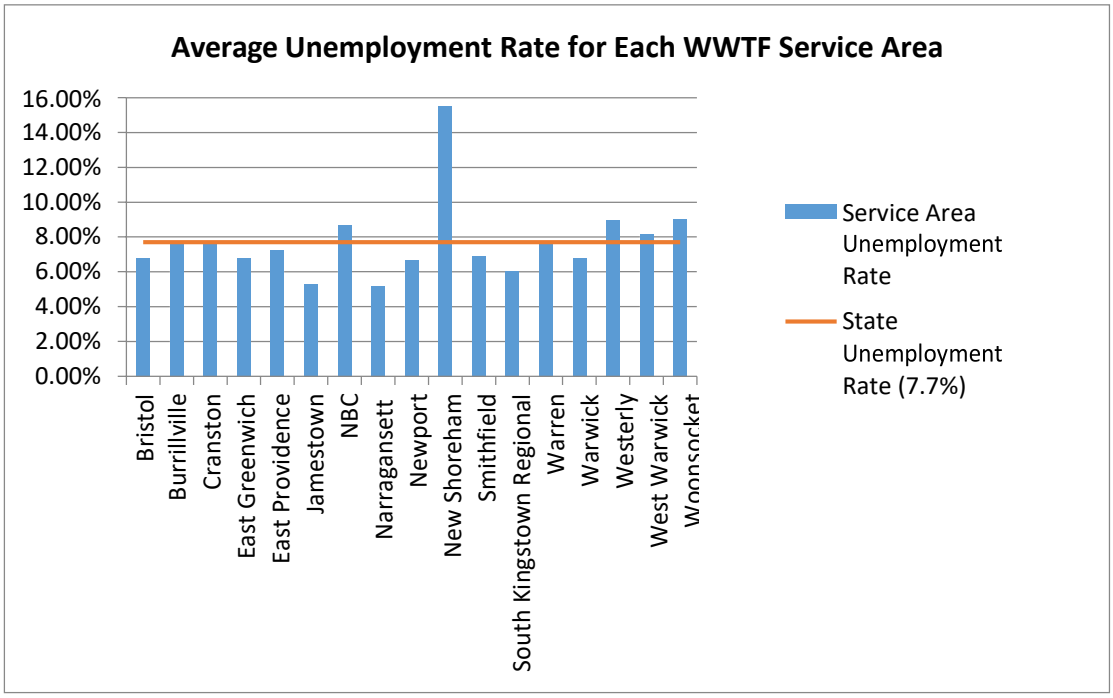
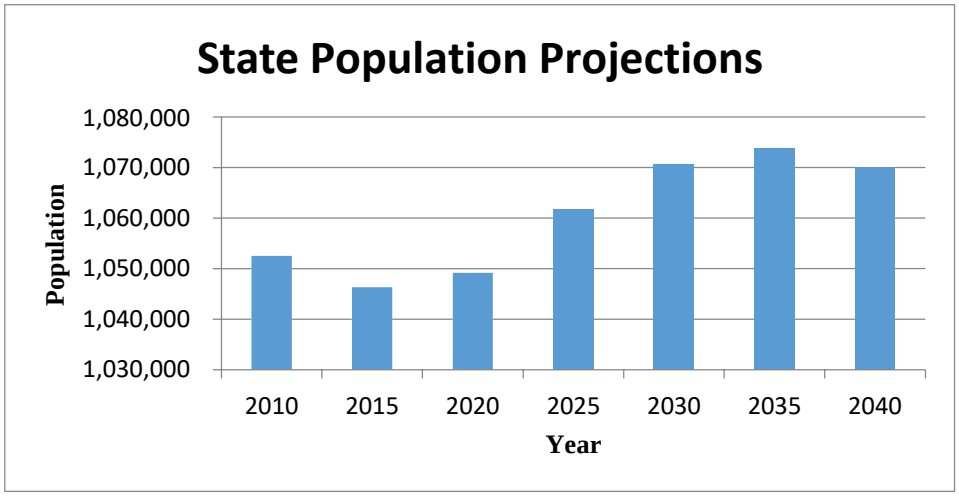


Figure 3.2 shows the (weighted) average unemployment rate for each wastewater treatment service area, as compared to the state unemployment rate of 7.7%. Discounting New Shoreham as an outlier because the available data was not seasonally adjusted, the service areas with the highest unemployment rates are the Narragansett Bay Commission Facilities (8.7%), Westerly (9%), West Warwick (8.2%) and Woonsocket (9.02%). It should be noted for towns served by two wastewater treatment facilities (e.g. East Providence, Narragansett) it is assumed that there is even distribution and the unemployment rate for each service area is the same as the community's overall unemployment rate. (The Narragansett Bay Commission treatment plants data have been combined in the graphs below to match the data provided in the 2014 Annual User Rates graph above.)

2. Population Trends:

Population data will be evaluated below based on statewide, county, and service area trends that are expected to occur in Rhode Island from 2010-2040. Because of the way the data is made available population numbers are inclusive of households on septic systems. There is not a way to separate the data, so, as with unemployment, it is being assumed that population will change evenly among sewered and unsewered areas. The population projections for the State based on data from the Rhode Island Statewide Planning Program shows that the population will continue to slowly decline until 2020, after which the projections show growth slowly occurring until 2035, when there will be a decline again.

Figure 4.1



When broken down to individual counties over the 2010-2040 time period, a steady decline in population can be seen in Newport, an increase can be seen in Washington County, and Bristol County remains relatively unchanged but with a minor decline. Both Kent County and Providence County mimic the trend of the overall state projection.

Figure 4.2:

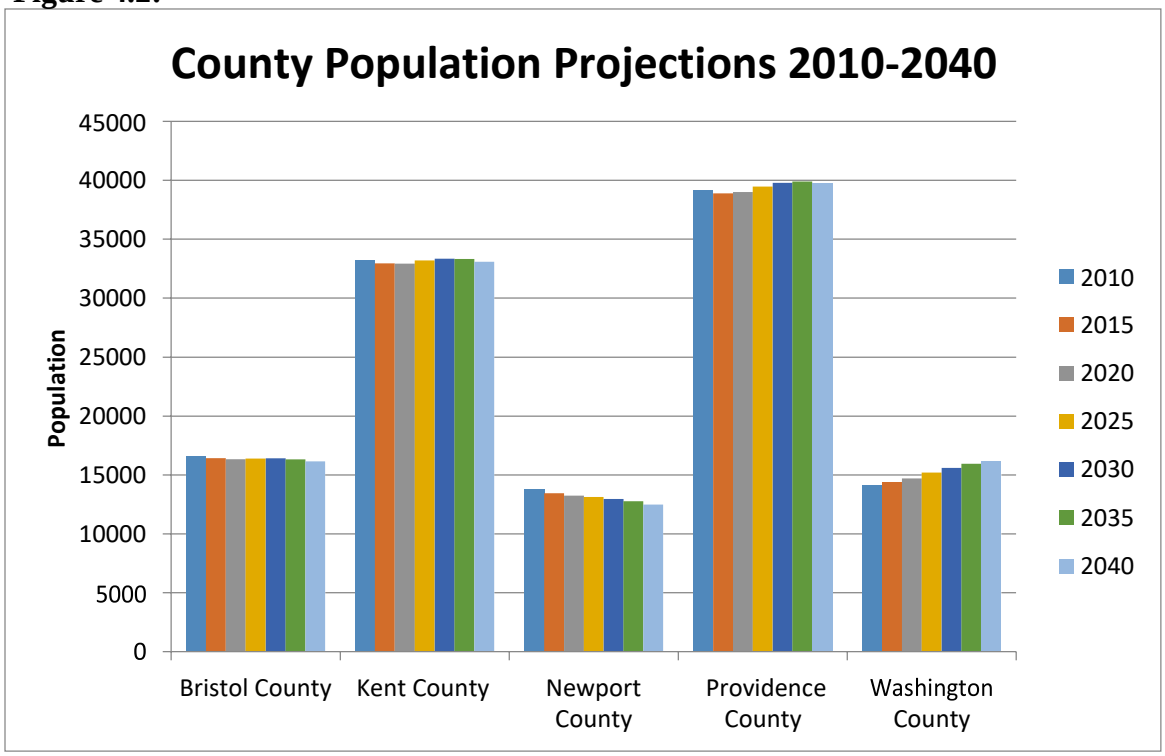
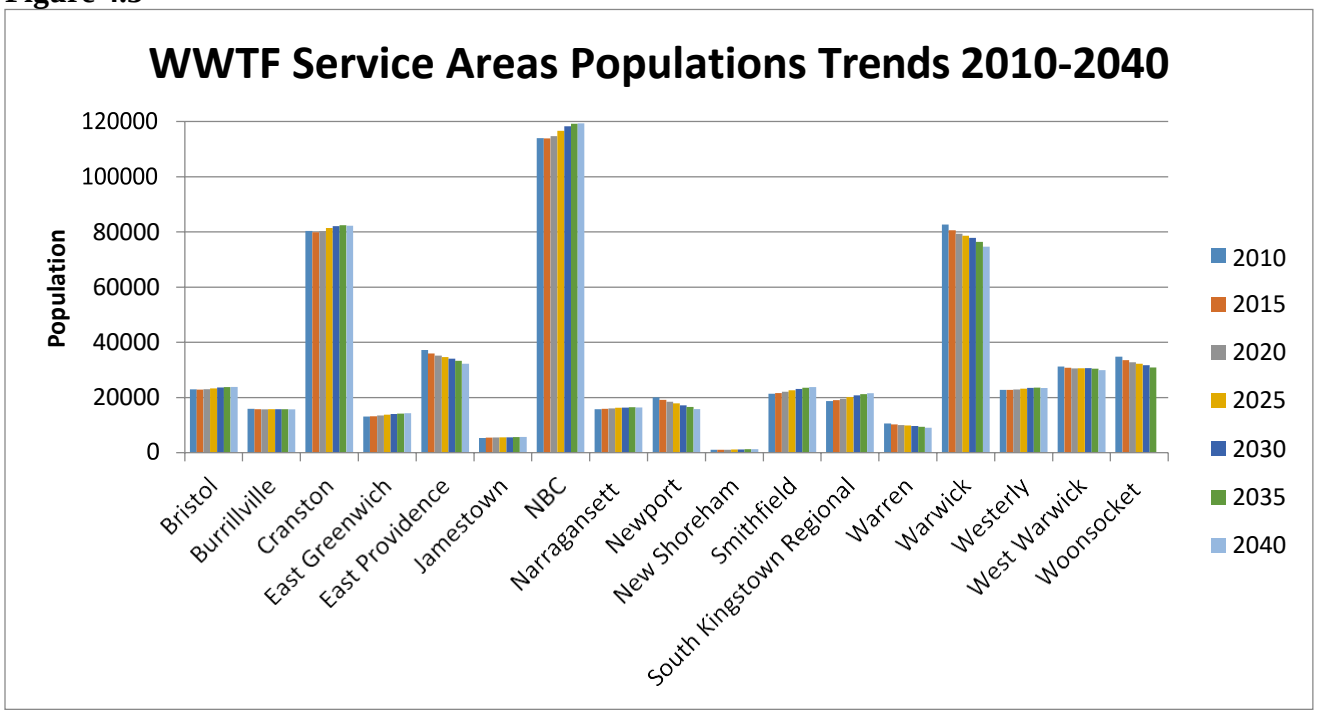


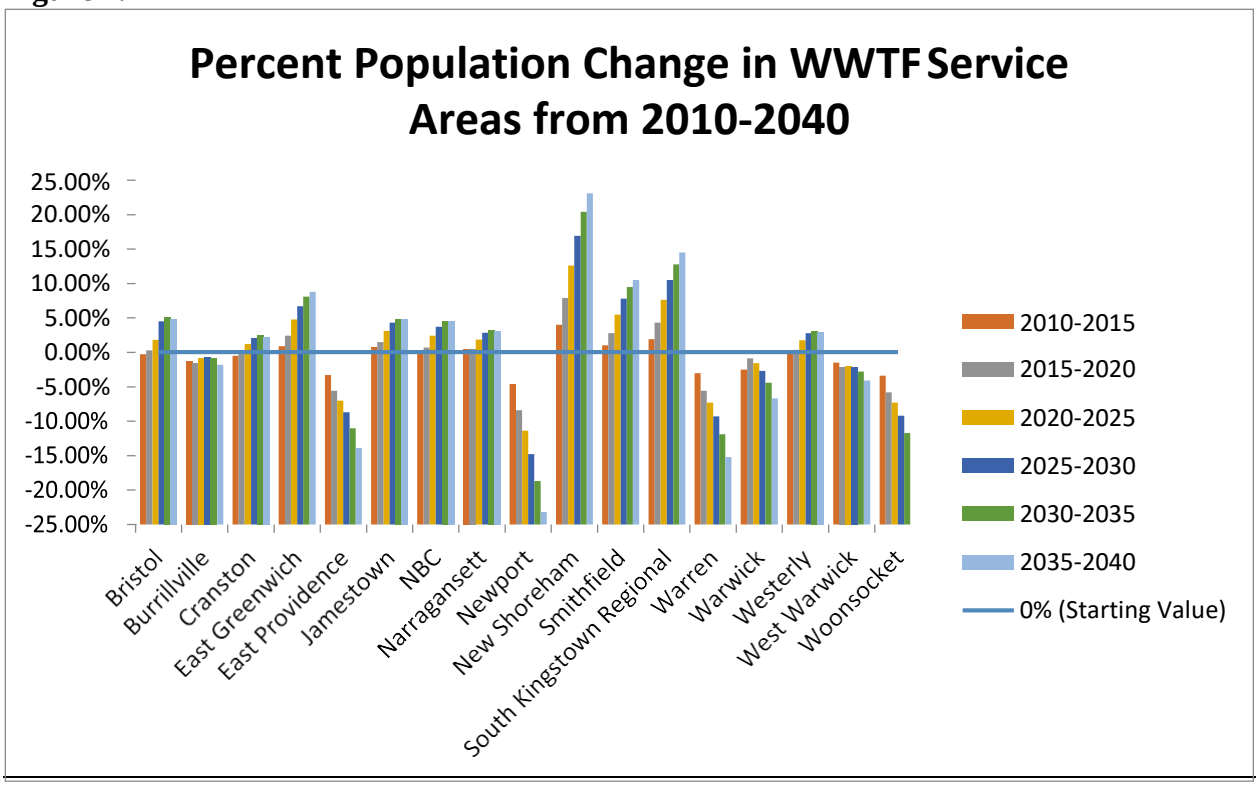
Figure 4.3 shows the Population Trends from 2010-2040 for each WWTF Service Area. As expected, the NBC Service Area shows population increase from 2015-2040, mainly because of how much larger Providence's population is compared to the rest of the communities served, and because Providence is expected to grow. East Providence, Newport, Warwick and Woonsocket's service areas show population decline, while the Bristol, East Greenwich, Narragansett, Smithfield and South Kingstown Regional service areas have population increases. Burrillville, Jamestown and New Shoreham show no change in population from 2010-2040. However, it can be seen in Figure 4.4 that New Shoreham's population will increase by about 23%, the reason this is not visible in figure 4.3 is because the data points for New Shoreham are significantly lower that all other areas. The changes can be seen in Figure 4.4 because the population changes are measured relative to a base population value of 0% (or no change from the initial population in 2010). It should be noted that for towns that are served by 2 wastewater treatment plants, only the percent of the population that the town contributes to the treatment plant was considered (e.g. East Providence contributes 68% of the total users to the East Providence WWTF, and 7.41% of the total users to Bucklin Point facility, so projections were calculated accordingly).

Figure 4.3



~~Figure 4.4 represents population changes in the WWTF Service Areas from 2010-2040 as a percentage (loss or gain). The blue line shows 0%, which is the starting value, and shows that no loss/gain has occurred. Service areas that rise above the blue line experience growth, while ones that fall below the blue line experience loss. The data being shown here is the same as what is used above, so it is still inclusive of households on septic systems. This representation also doesn't consider growth or loss in commercial and industrial users.~~

~~Figure 4.4~~



3. Thresholds:

As outlined in 603(i)(2) Affordability Criteria is to be based on income and unemployment data, population trends, and other data determined relevant, such as the location of economically distressed areas (broad criteria for which is given in Section 301 of the Public Works and Economic Development Act). The towns that meet these criteria in Rhode Island are Central Falls, Pawtucket, Providence and Woonsocket. All of these towns have a MHI that is less than 80% of the national MHI, have unemployment rates higher than 6.5% (one point higher than the national average), and have per capita incomes less than 80% of the national per capita income. At a state level these cities fall under the same categories, having a MHI of less than 80% of the states average, and having an unemployment rate of higher than 8.7%. The data for this is shown in the tables below.

Table 2: State Averages Compared to Economically Distressed Areas

Category	State Average	Threshold*	Central Falls	Pawtucket	Providence	Woonsocket
Unemployment	7.7%	8.7%	9.6%	9.0%	9.0%	9.7%
Per Capita Income	$30,469.00	$24,375.20	$14,074.00	$21,637.00	$21,676.00	$21,088.00
MHI	$56,361.00	$45,088.80	$27,993.00	$40,379.00	$37,632.00	$36,058.00
User Rate	$465	2% MHI	$459	$459	$459	$401
Max User Rate (2% MHI)	$1,127.22	$901.76	$559.86	$807.58	$752.64	$721.16
*Threshold for Per Capita Income and MHI is based on 80% of the state average, and for Unemployment is 1% higher than the state average.						

Table 3: National Averages Compared to Economically Distressed Areas:

Category	National Average	Threshold	Central Falls	Pawtucket	Providence	Woonsocket
Unemployment	5.5%	6.5%	9.6%	9.0%	9.0%	9.7%
Per Capita Income	$28,155.00	$22,524.00	$14,074.00	$21,637.00	$21,676.00	$21,088.00
MHI	$53,046.00	$42,436.00	$27,993.00	$40,379.00	$37,632.00	$36,058.00
User Rate	N/A	2% MHI	$459	$459	$459	$401
Max User Rate (2% MHI)	$1,060.92	$848.72	$559.86	$807.58	$752.64	$721.16

*Threshold for Per Capita Income and MHI is based on 80% of the national average, and for Unemployment is 1% higher than the national average (as outlined in Section 301 of the Public Works and Economic Development Act).

Appendix I

(2) AFFORDABILITY CRITERIA.—

(A) ESTABLISHMENT.—

(i) IN GENERAL.—Not later than September 30, 2015, and after providing notice and an opportunity for public comment, a State shall establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible for assistance under subsection (c)(1) if additional subsidization is not provided.

(ii) CONTENTS.—The criteria under clause (i) shall be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or 16 activity is to be carried out in an economically distressed area, as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161).

(B) EXISTING CRITERIA.—If a State has previously established, after providing notice and an opportunity for public comment, affordability criteria that meet the requirements of subparagraph (A)—

(i) the State may use the criteria for the purposes of this subsection; and

(ii) those criteria shall be treated as affordability criteria established under this paragraph.

(C) INFORMATION TO ASSIST STATES.—The Administrator may publish information to assist States in establishing affordability criteria under subparagraph (A).

The FWPCA section 603(i)(2)(A) requires that criteria be based on:

- income;
- unemployment data;
- population trends; and
- other data determined relevant by the State.

Income, unemployment data, and population trends must be reflected in State affordability criteria; however, the statute does not prescribe the weight that must be given to each type of criteria. States have the flexibility to determine which of the required criteria are most relevant to their CWSRF programs and may structure their program's criteria accordingly. If CWSRFs have existing affordability criteria that meet the requirements established in section 603(i)(2)(A), they may continue to use those criteria. Existing criteria must also have undergone the appropriate public notice and comment process within their respective States.

~~Rhode Island's Affordability Criteria Compared to Other States:~~

State	Income	Unemployment	Population	User Rate as % MHI	How Awards are Determined
Rhode Island	**MHI < 80% State Average**	**MHI ≥ 1 point higher than State Average**	**Population is Declining**	**< 2% MHI**	**Points awarded based on criteria, PPL**
New York	*MHI Less than State Average -MHI up to 150% of State Average (may be eligible for reduced interest financing) -MHI above State Average requires application -MHI above 150% of State Average: not eligible	N/A	*Population less than 300,00	-Must compare Target Service Charge to Projected First Year Sewer Rates: TSC=[(MHI/10,000)^2*24]+[(MHI/10,000)*2]+70 PSC is calculated per EDU at a 50% subsidy rate and must be reduced by at least 5% to ensure meaningful reduction to user rates	*If project costs less than $25 Million, and service area meets two starred factors they are available for Hardship Financing without needing to apply -Financial Hardship Application used to determine if other communities are eligible (they are eligible when the Target Service Charge is lower than the rate that users would be paying when given a 50% subsidy)
Maryland	MHI <70% State Average	Unemployment rate in the upper 25th percentile (high unemployment in County)	Located in a Maryland county with declining population	Sewer Rate per Year per EDU <1% Community MHI	Additional factor: located in and benefits an MDE approved Environmental Benefit District -Document indicates that only one out of the 5 factors described needs to be met
Pennsylvania	No threshold, just low MHI leads to a lower Target Percentage	N/A, utilize "Early Warning System of Economic Distress" instead (the more distressed an area is the lower the	% Population over age 64 (the higher the % the less they're expected to pay) Rate of population change (Significant decline= lower Target Percentage)	Between 1-2% MHI determined by "Target Percentage" (All factors described go towards determining the target percentage which is then used to determine target	Factors described are the criteria, goal is to make the services affordable to the community, no point system

		target percentage is)	% of Population below the poverty line(the more people living in poverty the lower the target percentage)	user rate with the formula: target percentage * MHI = target user rate)	
Ohio	NA	NA	Points distributed based on service areas population: the lower the population the more points awarded	1999 MHI ≤ $36,250: benchmark is 1.2% MHI 1999 MHI > $36,250 benchmark is 1.6% MHI	Points are awarded for environmental impact, population, and user rate as a % MHI are considered

Conclusion:

This data can be used to establish the factors and thresholds that are best for determining affordability throughout Rhode Island.

Section 1: Income and Unemployment: Comparing statewide data to community data instead of comparing national data to Rhode Island communities better tailors the threshold at which affordability is determined throughout the State. Because of Rhode Island's small size compared to the United States (about 1/300th in terms of population) using national values does not take into consideration what is happening in Rhode Island. Therefore, to develop an accurate representation of what is happening in Rhode Island it is better to compare State averages to community averages and service area averages. For this reason, data comparing national unemployment and MHI does not need to be considered in the affordability criteria, but the same principles can be applied to identify the communities with low MHI and high unemployment. By applying the national thresholds of 80% MHI and 1% higher unemployment rate to statewide data, communities that would be considered "economically distressed" are more accurately identified throughout Rhode Island.

Section 2: Population Projections: Again due to Rhode Island's size it is most beneficial to evaluate population trends that are occurring in individual cities and towns instead of by county or state in order to best identify the which areas will experience the most growth or loss. Figure 4.4 shows the percent changes that communities are expected to experience from 2010-2040, from which the thresholds for population loss has been determined. (Note: population loss is significant because it means there will be fewer users paying a sewer bill and likely contribute to increased rates, whereas population gains will not likely cause increased user rates.) Relative to the United States, Rhode Island is going to have flat or small population growth, with populations declining in only a few communities. Thresholds of loss between 0-10%, 10-20% and >20% will be used to identify which communities are going to be impacted most. Population projections will be based on the current data that is available for projections out 30 years.

Section 3: The tables in this section show State and National Averages compared to economically distressed areas in Rhode Island by evaluating MHI, Per Capita Income and Unemployment Rate as factors being used to determine economic distress. It is important to note that Per Capita income is not going to be considered in the Affordability Criteria Rating because

~~MHI is being evaluated and gives nearly the same results (i.e. the same towns with low MHI tend to have low Per Capita income so evaluating both is somewhat redundant). Nationally the current unemployment rate is much lower than the current unemployment rate in Rhode Island, yet Rhode Island's MHI and Per Capita income is higher than the national average, so just using the State values makes the data more consistent. The tables only show the four communities that meet both the unemployment and MHI standards, there are two more communities that have unemployment rates greater than or equal to 8.7%, and there are no other communities with MHI's less than 80% of the state average. This section is significant because it proves that applying the same thresholds to national and state averages gives similar results, yet it is better to utilize just the state data because the range is smaller and more accurately identifies the communities that are "distressed" in Rhode Island.~~

~~In order to make the analysis of these factors relevant to Rhode Island the national thresholds discussed above have been applied to compare statewide, community and service area data. The thresholds are outlined below in the Affordability Criteria Rating sheet and points are assigned to determine where the community or service area ranks.~~

~~Affordability Criteria Rating~~

~~APPLICANT:~~ _____ ~~PROJECT:~~ _____

			Point Values	Actual Rating	Item #
I.		**INCOME AND UNEMPLOYMENT**			
	A-1	Median Household Income greater than the state average	0		A-1
	A-2	Median Household Income less than or equal to the state average but greater than 80% of the state average	1		A-2
	A-3	Median Household Income less than or equal to 80% of the state average	2		A-3
	B-1	Unemployment Rate less than the state average	0		B-1
	B-2	Unemployment Rate less than 1% higher than the state average but greater than the state average	1		B-2
	B-3	Unemployment Rate less than 2% higher than the state average but greater than or equal to 1% higher than the state average	2		B-3
	B-4	Unemployment Rate greater than or equal to 2% higher than the state average	3		B-4
		Section I - Total Points		_____	
II.		**POPULATION PROJECTIONS***			
	C-1	Service Area to experience population growth	0		C-1
	C-2	Service Area to experience a decline in population no greater than 5%	1		C-2
	C-3	Service Area to experience decline in population greater than 5% but less than or equal to 10%	2		C-3
	C-4	Service Area to experience decline in population greater than 10% but less than 20%	3		C-4
	C-5	Service Area to experience decline in population greater than 20%	4		C-5
		*Base population projections on most recent 30 year population projection data			
		Section II - Total Points		_____	
III.		**OTHER DATA**			
	D-1	Annual User Rate less than 1.5% MHI	0		D-1
	D-2	Annual User Rate greater than or equal to 1.5% MHI but less than 2% MHI	1		D-2
	D-3	Annual User Rate greater than or equal to 2% MHI	2		D-3
		Section III- Total Points		_____	

Total Points: _____

≥ 9 Points: Eligible for Principal Forgiveness