

Disadvantaged Communities Definition: Kansas Public Water Supply Loan Fund, FY 2024

The affordability criteria used to define Disadvantaged Communities for the Kansas Public Water Supply Loan Fund will have 3 tiers.

For the first tier, affordability will be measured by the population of the community. The affordability of water infrastructure costs can be significantly limited by the population supporting the water system, especially for systems with populations of 150 or less. These small systems do not have the economy of scale to affordably pay debt service and may not be able to afford any long-term debt commitment that would require repayment during a population decline. Furthermore, these small systems have a disadvantage in obtaining debt financing due to lack of detailed financial information and controls that are often evaluated in a creditworthiness assessment that can be used to determine the interest rate of the loan.

The second tier for affordability criteria is measured regarding poverty levels. The U.S. Census Bureau's American Community Survey provides estimates of the percentage of population that is below the poverty level for many different levels of geographic data. The KPWSLF will determine affordability of a City or water district by comparing its percentage of population below the poverty threshold to the state-wide percentage of population below the poverty threshold.

The third tier for affordability criteria will also be measured regarding poverty levels but on a more neighborhood level by using U.S. Census Bureau tracts. The KPWSLF will determine affordability by comparing a specific census tract's percentage of population below the poverty threshold to the state-wide percentage of population below the poverty threshold.

A Disadvantaged Community is defined as:

(1) a public water supply system that serves a population of 150 or less. Population for cities will be determined by the most current data certified by the Kansas Division of Budget and population for rural water districts will be determined by multiplying the number of residential meters by 2.5. Residential meter counts for water districts are confirmed by KDHE sanitary survey reports. Municipalities that qualify under this tier will receive up to \$500,000 of loan forgiveness for projects under the Base Program Project Priority List and the Lead Service Line Replacement Project Priority List.

OR

(2) a municipal public water supply system that has a percentage of population that is below the poverty level which is equal to or greater than the state-wide percentage of population that is below the poverty level (11.5% of the statewide population is below the poverty level for the 2024 IUP). Values will be determined using the 2021 U.S. Census Bureau's American Community Survey 5-year estimates. A water district's poverty percentages will be determined on a prorated basis according to meters per county subdivision in their service area. Municipalities that qualify under this tier will receive 30% loan forgiveness up to a maximum amount of \$1M for projects on the Base Program Project Priority List. If a project is large and KDHE decides to fund it over multiple loan agreements, the maximum principal forgiveness amount will be still be \$1M and the project will not be eligible for additional principal forgiveness in future loans. Disadvantaged Communities will receive 49% of the loan amount for projects on the Lead Service Line Replacement Project Priority List as funds allow.

OR

(3) a project area confined and benefiting specific census tracts that have a percentage of population that is below the poverty level which is equal to or greater than the state-wide percentage of population below the poverty level (11.5% of the statewide population is below the poverty level for the 2024 IUP). The project area must be known when a pre-application is submitted in order to determine eligibility. Projects that qualify under this tier will receive 30% loan forgiveness up to a maximum amount of \$1M for projects on the Base Program Project Priority List. These municipalities will receive 49% of the loan amount for projects on the Lead Service Line Replacement Project Priority List as funds allow.