

# PROBLEMS WITH AUSTIN CUSTOMER ASSISTANCE PROGRAM

*Water and Wastewater Commission*

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June 2, 2021

## What Is CAP?

- Low-income discount program for Austin utilities.
- Begun in 1985 with much smaller participation; Austin Water joined 2009; program greatly expanded in 2013.
- About \$11 million/year for water bill discounts.
- Over \$500 annually for SF water-bill discount; 50% saving for a SF bill.
- About \$200 annually for new MF discount.
- About 14,000 CAP SF Water participants (6% of total); about 22,000 MF Water participants will be added this year.

# How Do Customers Participate in CAP?

- 5 out of 6 participants are automatically enrolled if someone in the home is on one of 7 social service programs (e.g., SSI, CHIP, Food Stamps).
- 1 out of 6 participants income qualify if their household makes no more than 200% of the poverty level.
- SPECIAL: Homes with over \$250,000 in improvement values or whose owner own more than one property must (supposedly) income qualify.

# What Are the Problems with CAP?

- Discounts still going to customers with high real-estate assets almost 7 years after problem is discovered.
- No income qualifications for customers without high real-estate assets (Auto-enrollment does not always work).
- Lack of transparency.

# Discounts to People With High Real-Estate Assets

- Austin Energy Informed in September 2014
- Front Page of *Statesman* December 1, 2014

## Austin American-Statesman

### Why Austin utility bill discounts aren't just going to the poor

By Lilly Rockwell, Dec 1, 2014

*As a luxury home builder, Majd Hinedi lives in pretty nice digs himself. His 6,315-square-foot West Lake Hills home is valued at \$1.2 million and sits in a cul-de-sac. According to online real estate database Zillow, it has five bedrooms, a pool and a guest house.*

*But unbeknownst to him, Hinedi has also scored an unusual perk that will help ease his housing costs.*

*He is getting a discounted rate on his water, wastewater and drainage fees by being part of Austin Energy's "Customer Assistance Program," which is designed to give reduced rates and fees to low-income customers.*

# Discounts to People With High Real-Estate Assets

- In 2014, over 1,100 customers were discovered with real-estate assets more than the average cost of homes.
- In Summer 2018, customers with high real-estate assets were asked to income qualify.
- In late 2020, 123 customers with high real-estate assets still receiving CAP.



11303 Musket Rim

7,100 SF mansion • Tennis Court • Swimming Pool • 4 Acres  
Gated Community • Owns 2<sup>nd</sup> Property for Total of \$2.1 Million





3000 Belmont Circle  
Old West Austin • Swimming Pool • 3,300 SF  
\$1.7 Million





2300 Doris

Own 5 Other Properties in Corpus Christi, Including Waterfront Home  
Total of Over \$2 Million





# No Income Qualifications for Customers w/o High Real-Estate Assets

*Just because a customer does not live in a mansion does not mean they are poor.*



2,500 SF • Swimming Pool • \$672,000



# Lack of Transparency



- Numerous examples of hiding information entirely or behind a paywall.

# Excuses Delay Change

1. Changing auto-enrollment procedures would be difficult and only result in a small number of removals.

Even small number could save more than \$100,000; most could be removed by computer.

2. Income Qualification is too complicated and would deter participation.

Sacramento is entirely based on income qualification; inexpensive, and has more than twice Austin's participation.

3. CAP has already been audited 3 times in the last 6 years.

No records from the Audit Department to prove this.



# What Are the Solutions to These CAP Problems?

- Prohibit participants with high real estate assets from participation for any reason. People with more than one property, swimming pools, and tennis courts can be easily identified from tax roles and blocked from participation.
- Require income verification for all participants.
- Stop the unwarranted constriction of information that will allow the public greater scrutiny.

## **Request to Water/Wastewater Commission**

- Pass a Resolution asking Council for a full audit of the Customer Assistance Program in the next fiscal year.

# Thanks for Your Interest

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