



Expanding Fiscal Year 2026 Affordability Programs

New York City Water Board

May 11, 2026

The Water Board and DEP are expanding affordability programs with \$25 million from NYS

- Water and sewer bills pay for the City's water system, but they can be a financial strain for some households.
- For over 10 years, the Board has offered programs to help customers afford their water and sewer bills.
- A **new partnership** with the New York State Environmental Facilities Corporation has provided \$25 million to support and expand these programs over several years, at a rate of approximately \$5 million per year for five years.
- This funding will grow two key programs: the Homeowner Water Assistance Program (HWAP) and the Multi-Family Water Assistance Program (MWAP).
- Since the state funding becomes available in Fiscal Year 2026, the expansion of HWAP and MWAP will take effect **this June**.
- Beginning in Fiscal Year 2027, this funding will support assistance to affordable housing customers organized as a qualified Housing Development Fund Corporation (HDFC).

The expanded benefits will become available to DEP accountholders participating in the HWAP and MWAP beginning in June 2026



HWAP

Support for
lower-income
homeowners

Delivering a larger credit to eligible recipients

- Program value (FY26): **\$12.5M**
- Credit: **Increasing up to \$196 bill credit** to eligible owner-occupied homes in FY26 (and FY27) vs historic \$145 credit
- Eligibility: **100% of eligible accounts receive the benefit**
- Reach: **As many as 68,000 accounts** receive credits annually



MWAP

Support for
affordable
multifamily
buildings

Including more applicants in the program

- Program value (FY26): **\$18.75M**
- Credit: **\$250 per-unit** bill credits to affordable multifamily buildings; represents **18–26% savings** on annual bill
- Eligibility: HPD/HDC affordability agreement or HPD-designated affordable housing. Expected **AMI cutoff is 35-40%** for FY26
- Reach: **Increasing up to 75,000 units** to receive annual credits in FY26 (and FY27) vs historic 48,000 units



Water and Wastewater Rate Outlook for the Fiscal Year Beginning July 1, 2026

New York City Water Board

May 11, 2026

Agenda

- **Agency Updates**
- Financial update
- Rate Proposal
- Affordability programs
- Public hearings and contact information for public testimony and concluding remarks

DEP welcomed Lisa F. Garcia as Commissioner in February



- Environmental lawyer who has advocated for **environmental and climate justice** for over 20 years, representing both grassroots organizations and public agencies at all levels of government.
- Former **EPA Regional Administrator** overseeing environmental policy for New York, New Jersey, Puerto Rico, the US Virgin Islands, and tribal nations.
- Former Chief Advocate for Environmental Justice and Indian Nations at **New York State Department of Environmental Conservation**.
- Led the Climate Solutions Lab at GRIST Magazine and worked at the environmental law nonprofit Earthjustice.

CITY-WIDE: Announced \$108 million investment to improve sewer performance citywide and enhance stormwater resiliency

- DEP will upgrade and replace more than **6,700 catch basins** over the next decade to strengthen the city's street drainage network against more frequent and intense rainfall
- This investment builds upon the DEP's **\$20 million** purchase of 40 new catch basin cleaning trucks, supporting neighborhood readiness to manage flooding during storms
- Modernized catch basin design will improve drainage and include bike-friendly features



THE BRONX: DEP nears completion of the Hunts Point digester facilities this year

- **\$320M investment** in the Bronx's wastewater treatment infrastructure
- “Giant stomachs” digest organic material called sludge collected during the wastewater treatment process
- Will improve efficiency of sludge processing, increase capacity for future food waste processing, and improve quality of life and air quality for surrounding neighborhoods
- 10-story tall tanks and support buildings are complete; pumps and associated mechanical and electrical systems are installed



BROOKLYN: Kicked off design for \$50M flood protection project in Prospect Park

- Launched **Brooklyn's first-ever Bluebelt** to reduce stormwater flooding and protect the park and surrounding communities against extreme weather due to climate change
- DEP is working with NYC Parks and Prospect Park Alliance to enhance many original landscape design features, along with adding new ones to adapt for climate change
- Design phase initiated, with construction expected in 2029 for completion in 2032



BROOKLYN & QUEENS: Launched \$4.5 million, 3-year pilot to train New Yorkers for green jobs and expand the City's green infrastructure workforce

- Program managed by The Doe Fund with support from Gowanus Canal Conservancy and Public Works Partners
- Program to prepare participants – including individuals with histories of incarceration, homelessness, or substance use – for careers in stormwater management
- An 18-member crew will maintain more than **1,000 rain gardens** in East New York and South Ozone Park that reduce street flooding and improve water quality of the Jamaica Bay



BROOKLYN & QUEENS: Partnered with other agencies to invest \$146 million to alleviate chronic flooding in the Jewel Streets neighborhood

- The neighborhood lacks comprehensive stormwater and sanitary sewer infrastructure and floods often
- DEP is developing a **comprehensive drainage system** to address flooding, including building new sanitary sewers, new storm sewers, and a Bluebelt to store and convey stormwater
- 2+ years of community engagement and interagency coordination to develop a solution



STATEN ISLAND: Completed \$84 million drainage project in Staten Island's New Dorp Beach neighborhood

- Installed more than **1.6 miles of storm sewers** and **101 new catch basins** in neighborhood previously without a storm sewer system
- Adjusted street elevations to align with the new storm sewer system and provide proper drainage
- Reconstructed more than 880 private property driveways to meet the new street levels



Before



After

WATERSHED: Preparing for the 2027 renewal of the Filtration Avoidance Determination (FAD)

- Drinking water delivered from the Catskill and Delaware watersheds is so pure that the City avoids the steep costs of filtration; the FAD governs this management approach
- In 2025, DEP executed an intergovernmental agreement with watershed communities, securing continued funding for key programs and **committing over \$225 million to land protection** through farm and forestry initiatives
- DEP convened an independent Scientific Advisory Panel to evaluate and validate risks related to the FAD
- April's publication summarizes the panel's findings, reaffirming that filtration avoidance remains a viable and responsible strategy for New York City
- DEP will continue working with state partners over the next year to advance the next 10-year renewal of the FAD

Agenda

- Agency Updates
- **Financial update**
- Rate Proposal
- Affordability programs
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Water and sewer rates are influenced by several key factors

Operations and maintenance spending

- Expected cost of operating the utility company
- Includes both personnel and other current expenditures

Capital improvement plan

- Capital commitments during the forecast period
- Anticipated rate of cash expenditures

Debt service costs

- Cost of making contractual payments on debt service
- Cost of issuing debt and the structure of the debt both play a role
- The use of liquidity for debt structuring and cash capital construction

The Water Authority and Water Board budgets

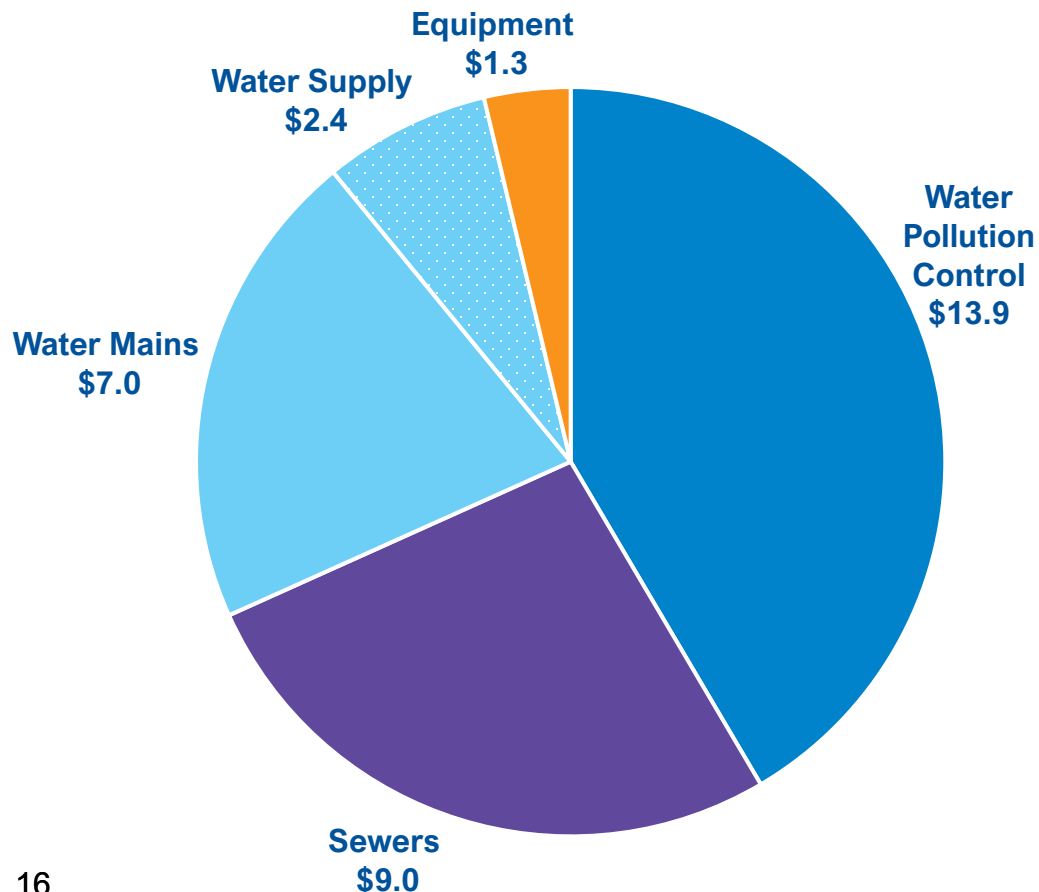
- Water Authority staff expenses, contracts, and EFC fees
- Water Board contract budget including AWR fees

Rental payment

- City decision to request a rental payment
- Forecasted debt service is the basis for the rental calculation

Water rates fund 98% of our infrastructure investments; ensure high quality drinking water, wastewater management, and flood protection for NYC

DEP's \$33.5B Capital Improvement Plan FY26-FY35 (\$ billion)



Investment Highlights

Impact

Water Supply

- \$1B+ upgrade to upstate reservoirs
- \$639M Kensico-Eastview tunnel
- \$521M City Water Tunnel 3

Strengthens resilience and redundancy across the City's drinking water system

Water Pollution Control

- \$3.3B Newtown Creek Combined Sewer Overflow Storage Tunnel
- \$620M Gowanus Combined Sewer Overflow Retention Facility

Protects waterways, safeguards public health, and ensures regulatory compliance

Sewers and Stormwater

- \$2B for bluebelts and green infrastructure
- \$2B for SE Queens sewer build out

Shields the City's hardest-hit neighborhoods from stormwater and flooding risks

- **28% of the CIP funds capital work mandated by regulators**
- **The expanding capital plan is accompanied by a continued focus on cost effective spending**

Low pandemic-era interest rates are no longer available, with the cost of longer-term debt seeing sustained increases

Market interest rate of 30-year U.S. Treasury bonds



- Through the NYC Municipal Water Finance Authority, DEP borrows most of the funding for capital projects by selling bonds in the debt capital markets
- The cost of debt capital remains higher than the rates prevailing during the pandemic and recovery
- Although FY 2026 has seen lower short-term rates than during FY 2025, long-term benchmark Treasury rates have increased this year compared to FY 2025 (4.8% vs. 4.6%)

Customer payments fund \$2.1B in O&M expenses, as DEP utilizes careful cost management to adjust to inflation and regulatory requirements

Category	What We're Proposing to Fund	Why It Matters	FY27 DEP O&M increased costs (estimated)
Safe Drinking Water	<ul style="list-style-type: none"> Chemical cost increases Enhanced treatment to meet federal lead rules Maintaining NYC's unfiltered water supply Delaware Aqueduct repair costs 	Ensures New Yorkers continue to receive some of the cleanest, safest drinking water in the world.	\$50 million
Wastewater & Treatment	<ul style="list-style-type: none"> Chemical cost increases Rising costs for wastewater byproduct disposal Newly required water quality analyses Operations for low-carbon energy systems 	Protects waterways, supports public health, and keeps DEP in compliance with environmental laws.	\$60 million
Stormwater & Flood Management	<ul style="list-style-type: none"> Planning drainage and flood mitigation projects Development-friendly activities to speed new construction 	Reduces neighborhood flooding and helps unlock new housing in areas with infrastructure constraints.	\$4 million
Technology & Cybersecurity	<ul style="list-style-type: none"> Strengthening cybersecurity and operational technology Modernizing billing systems 	Protects customer data, improves service, keeps critical systems secure, and supports system revenues	\$10 million

Preliminary financial outlook: Projected \$4.95 billion annual budget for capital program, O&M, and other system costs

\$ in millions	Fiscal Year 2026 Outlook	Fiscal Year 2027 Preliminary Forecast
Operations and Maintenance Expenses	\$2,056	\$2,116
Capital Debt Net Payments	1,933	2,127
Cash Resources Used for Capital Construction or Debt Management	225	225
Water Board and Water Authority Expenses	160	170
Rental payment to the City	283	312
Total Projected Expenses	\$4,657	\$4,950

Despite higher costs, strong revenue collections allow DEP to offset cost increases and contribute to rate relief

- Increased operations, maintenance, and construction costs are balanced by **strong revenue collections**.
- DEP continues to use every tool in the toolbox – service terminations, legal referrals and more – to drive **compassionate and fair collections** and ensure that each customer pays their fair share.
- Collections are strong, and have helped **lower the FY27 rate from the original forecast of 7%**
 - FY25: reauthorization of the lien sale for the first time in five years contributed to DEP's highest one-time collections on record of **\$4.7 billion, or \$417 million above FY25 fiscal year plan**
 - FY26 to date annual revenue collections are **\$4.1 billion, or \$166 million above plan** (as of 5/7).
 - Ongoing forecast includes **~\$100M in new, reoccurring revenue** from improved collections

Every dollar collected over plan is invested back into the system to provide rate relief to customers and support operations.

We continue to focus on delivering quality and compassionate customer service, to keep money in the pockets of New Yorkers

Direct Customer Savings

- Proactive Leak Alerts helped customers save 1.7 billion gallons and over \$29M last year
- Increasing the amount of relief and promotion of Leak Forgiveness and Meter Bill Cap programs to save money for customers who experience unplanned spikes in water usage.

Cutting Red Tape

- Allowing plumbers to return meter permits electronically
- Developing new procedures to reduce the number of warning notices and plumbing violations issued to customers
- Automatic renewal of cooling tower discounts for customers who are current on their DOB & DOH registrations.

Revenue Integrity

- Key Accounts Group brought in over \$10M in revenue by matching complex customers with more experienced staff members
- Replaced 270,000 Automatic Meter Reading devices to continue to equip customers with daily meter readings, with a major project underway to replace another 400,000 by mid 2027

Agenda

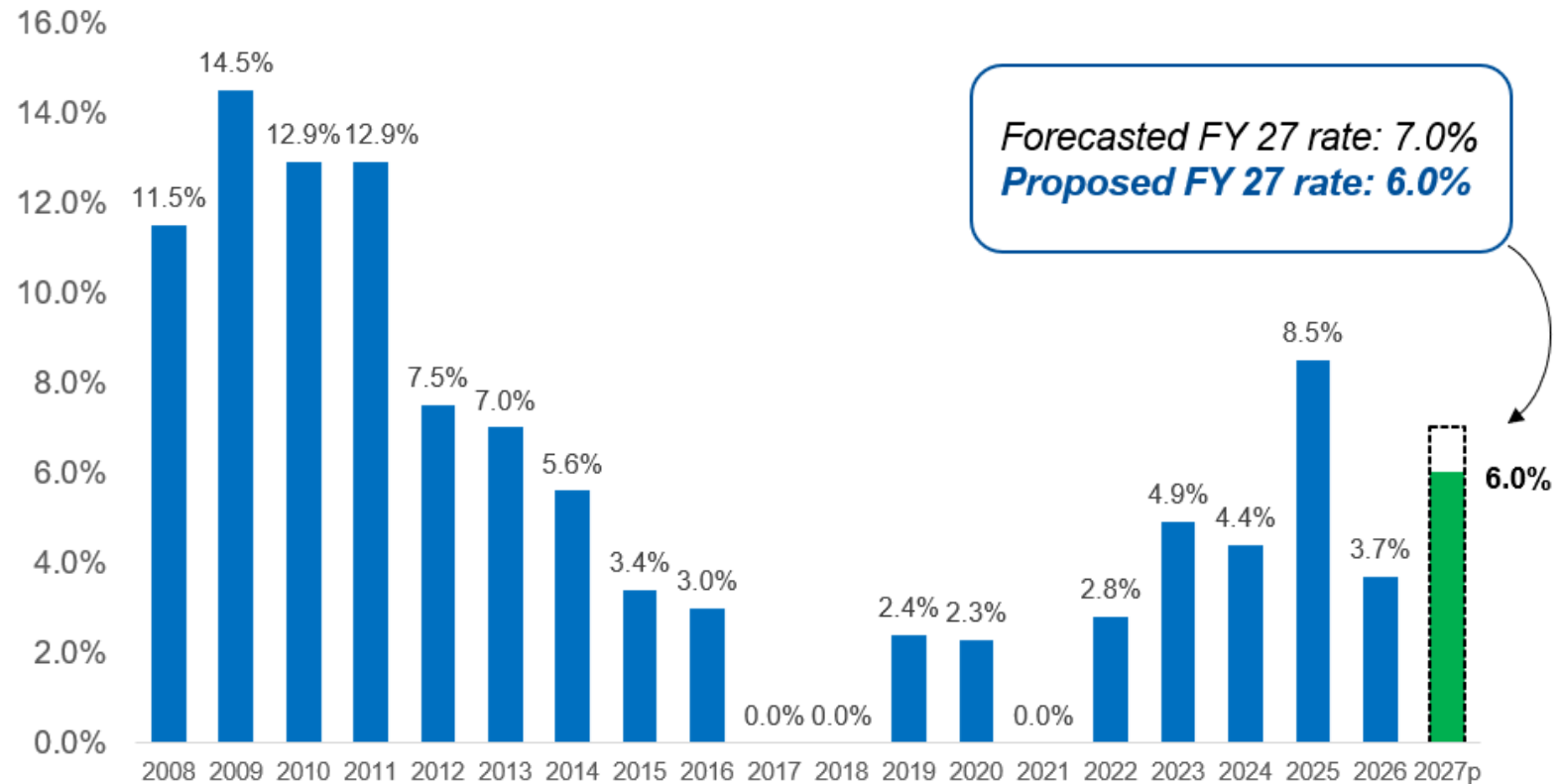
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Balancing increased costs with strong financials allows DEP to recommend a 6.0% NYC rate increase for FY27, reduced from the original forecast of 7.0%

The proposed rate increase:

- ✓ Benefits from strong revenue collections
- ✓ Funds inflationary increases to operational costs, robust infrastructure investment and the rental payment
- ✓ Ensures system will continue to produce the revenues necessary to support strong bond ratings, which in turn helps keep borrowing costs down and rates lower for customers.
- ✓ Adjusts average single family customer's bill by \$6 per month

Historical NYC Water and Wastewater Rate Increases

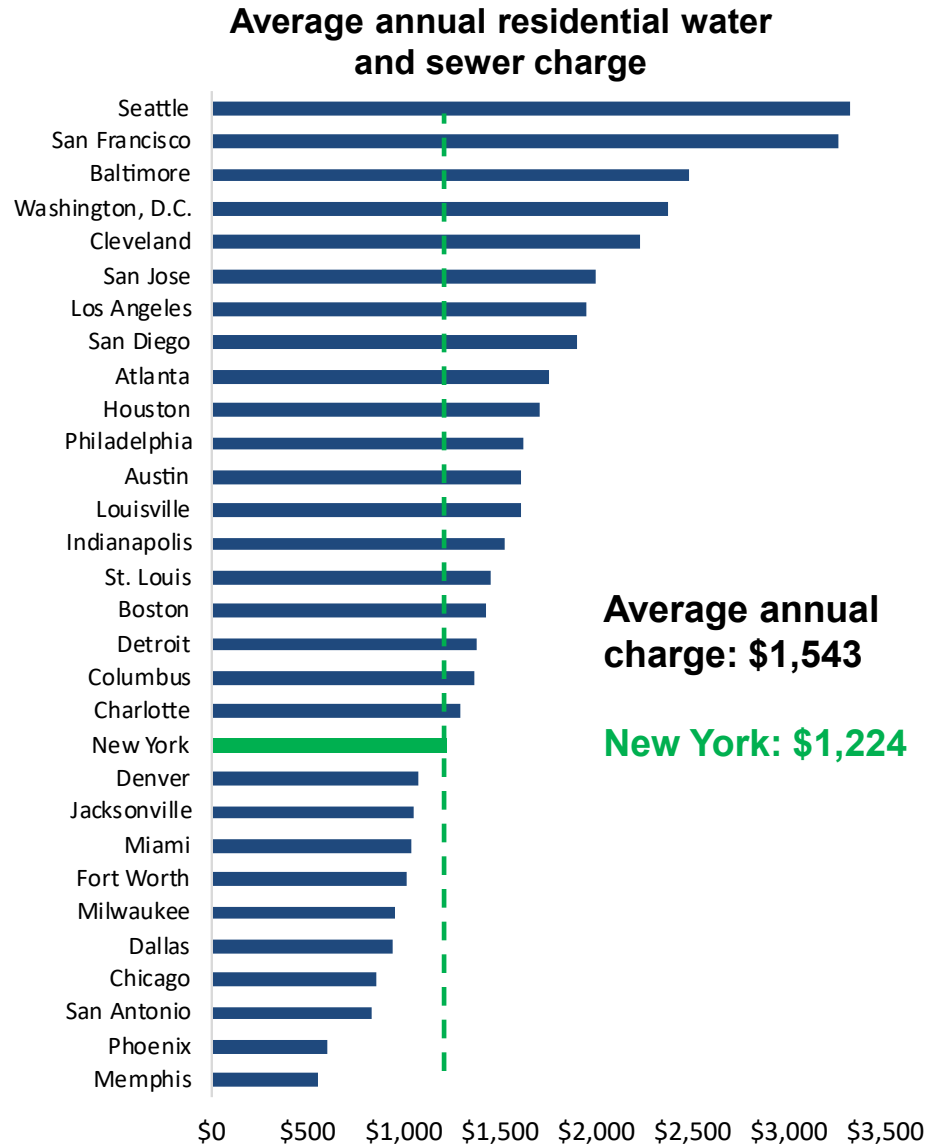


FY27 proposed rate would increase the average customer's bill by a modest \$6 per month

	Current FY 2026 rates	Proposed FY 2027	Annual difference	Monthly difference
Single-family property (70k gallons / year)	\$1,224	\$1,297	\$73	\$6
Multi-family metered per residential unit (52k gallons / year)	\$909	\$964	\$55	\$5
Annual multi-family conservation program rate, per unit	\$1,333	\$1,413	\$80	\$7

Minimum Charge Freeze: 0% increase to water rate charged to low usage properties, remaining at \$0.49 per day (unchanged since 2014)

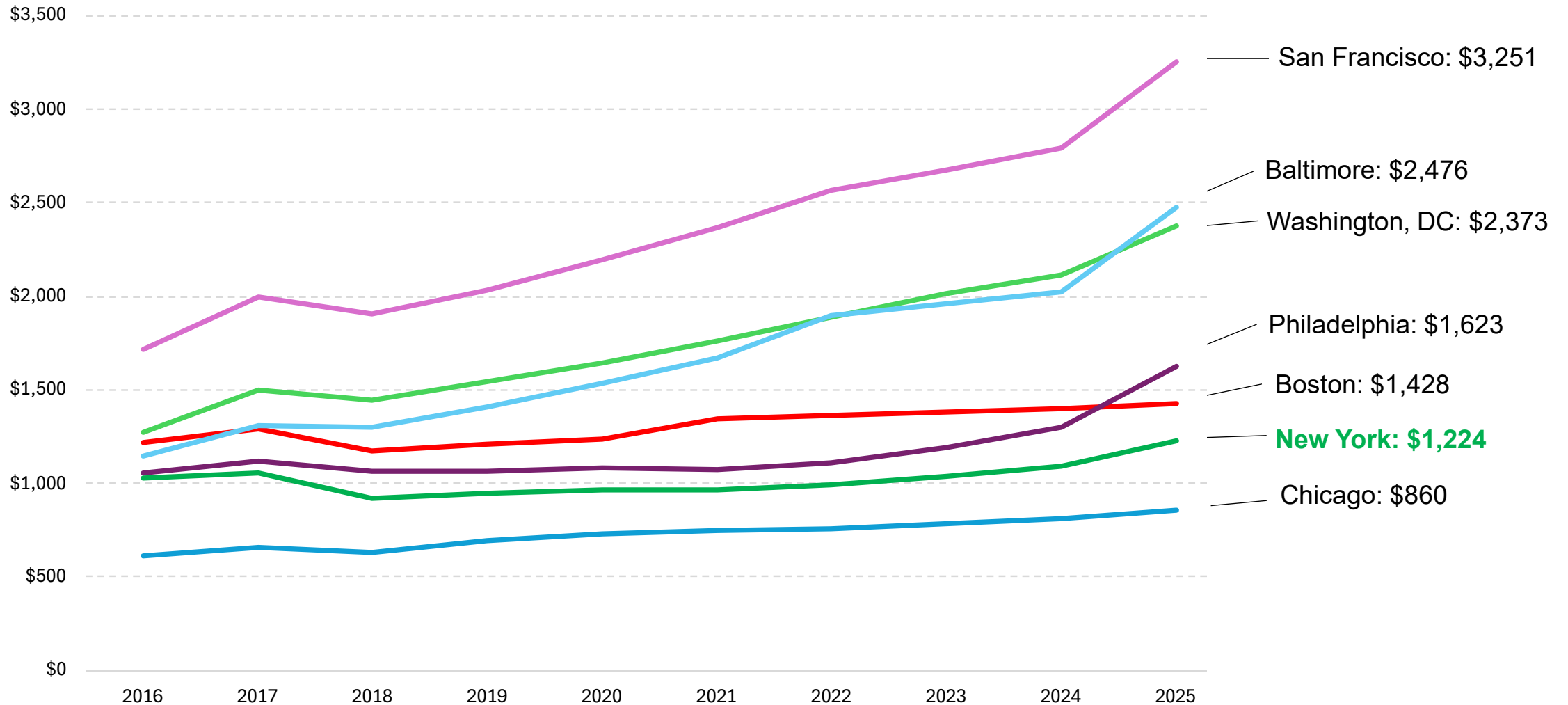
New York City has worked hard to keep water costs reasonable for ratepayers; the City's residential charges are low compared to utility industry norms



For more than the last decade, NYC's water and sewer rates have been **15-20% lower** than other large US cities

	New York City	30 Large City Average	NYC vs. Average
2019	\$945	\$1,119	-15.5%
2020	\$967	\$1,173	-17.6%
2021	\$967	\$1,216	-20.5%
2022	\$994	\$1,262	-21.2%
2023	\$1,041	\$1,309	-20.5%
2024	\$1,088	\$1,372	-20.7%
2025	\$1,181	\$1,451	-18.6%
2026	\$1,224	\$1,543	-20.7%

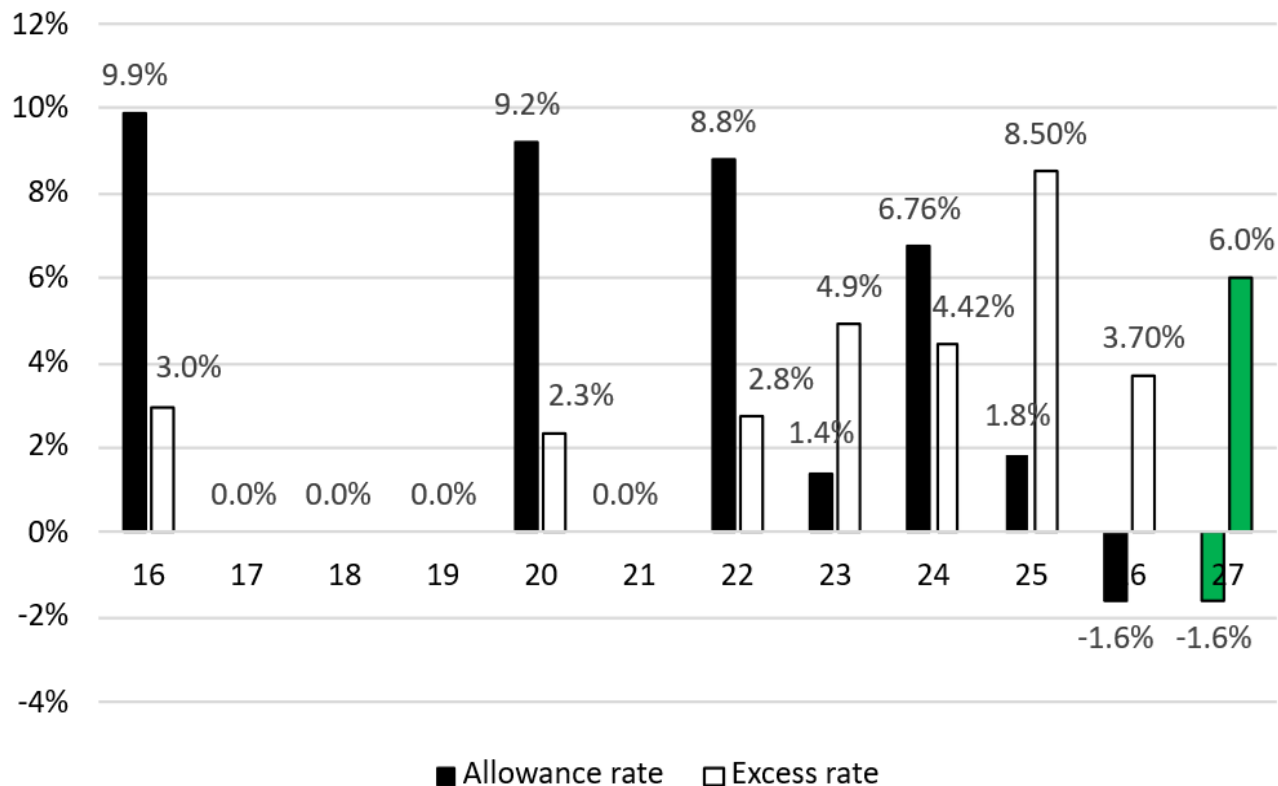
New York has lower average annual water rate increases compared to most peer cities



Note: 2016-2017 data reflect 80k gallons per year; subsequent years reflect 70k gallons per year, rates in effect as of February 2026

Reduced costs and consumption allow DEP to recommend a rate decrease for non-NYC wholesale customers in Fiscal Year 2027

- In addition to supplying water to the City’s residents, DEP supplies water to the water utilities that serve another one million residents who live north of the City, mainly in Westchester County
- Proposed allowance quantity **rate decrease of -1.59%** for wholesale customers north of NYC
- Recommended rate increase of 6.0% for water above the allowance quantity, aligned with the rate increase in-City



- The wholesale rates reflect the price of water supply costs for delivery to customers north of the City only, and not in-City water distribution or wastewater costs.
- The rate-setting methodology follows a format previously agreed to by the Board, the customers, and NYS DEC, and results are subject to DEC administrative review.
- FY2026 and FY2027 wholesale rates include a true-up for estimated forecasts from earlier years, in addition to higher projected levels of water consumption.





We continue to monitor several economic uncertainties that present an added challenge to management of the system

- **Higher levels of cost uncertainty**, driven by greater price volatility in the costs of petroleum and gasoline
- Shifting **federal tariff policies** and court rulings may disrupt pricing and availability of globally sourced goods
- **Interest rates** remain higher compared to the last several years, raising the cost of borrowing and reducing opportunities to favorably refinance old debt
- **Stock and bond market price volatility**, including a nearly 10% correction in stock prices during the first and second quarter and a nearly 0.5% increase in short-term Treasury rates during the first months of 2026
- Deterioration in national, regional and local **economic conditions** may affect water use, customer payments, costs of commodities, parts, construction, etc.

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In FY2027, DEP's affordability programs touch nearly one-third of New York City's 3.38 million households

	<u>Program</u>	<u>Approx. Households Served</u>
	Leak Forgiveness Program	4,300
		+
	Homeowner Water Assistance Program (HWAP)	68,000
		+
	Multi-family Water Assistance Program (MWAP)*	75,000
		+
	Multi-family Conservation Program (MCP)	800,000
		<hr/>
		947,300 households served across programs

*Some MWAP recipients may also participate in MCP program

The expanded affordability benefits adopted in June will continue into FY2027, thanks to Water Board and New York State funding



HWAP

Support for lower-income homeowners

Delivering a larger credit to eligible recipients

- **Program value (FY26): \$12.5M**
- **Credit: Increasing up to \$196 bill credit** to eligible owner-occupied homes in FY26 (and FY27) vs historic \$145 credit;
4.5% effective FY27 rate increase for these customers
- **Eligibility: 100% of eligible accounts receive the benefit**
- **Reach: As many as 68,000 accounts** receive credits annually



MWAP

Support for affordable multifamily buildings

Including more applicants in the program

- **Program value (FY26): \$18.75M**
- **Credit: \$250 per-unit** bill credits to affordable multifamily buildings; represents **18–26% savings** on annual bill
- **Eligibility:** HPD/HDC affordability agreement or HPD-designated affordable housing. Expected **AMI cutoff is 35-40%** for FY26
- **Reach: Increasing up to 75,000 units** to receive annual credits in FY26 (and FY27) vs historic 48,000 units

We will start two new assistance programs targeting affordable housing and lower-income customers, and continue the popular MCP program

Continue Multi-family Rate Certainty

Multi-family Conservation Program (MCP)

- 4+ unit apartments including affordable housing providers
- 24,000 accounts representing 800,000 apartment units
- Customers would receive a guaranteed per apartment rate of \$1,413 per residential unit, in exchange for prepaying their entire bill at the start of the fiscal year

New Assistance for Affordable Housing

\$1M in assistance to help HDFC customers come back into good standing

- Help to stabilize the finances of HDFC customers who have fallen behind on their bills
- Funded by the New York State Environmental Facilities Corporation

New Low-Interest Payment Agreements

Reduced interest payment agreements to low-income customers prequalified by DOF

- 2.5% interest payment agreements for all lower-income customers that qualify for DOF's PT-AID assistance programs

Help seniors stay in their homes through low-interest debt deferral

- Seniors pre-qualified by DOF now eligible for the Water Debt Assistance Program

We are also further revising the Leak Forgiveness and Meter Bill Cap programs to reduce the financial burden of unexpectedly high bills

More Leak Forgiveness

- More customers will be eligible for **leak forgiveness and associated financial relief**
- **Expanded forgiveness relief** for customers that experience a leak during a period of estimated bills
- New **minimum benefit** for eligible customers

Proactive Bill Relief

- DEP will **proactively cap exceptionally high residential bills** outside of the customer's control
- We will increase outreach to customers who may be eligible for existing programs

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Rate Setting Calendar

Event	Date	Location
DEP rate proposal to Water Board at public meeting	Monday, May 11 (8:30am)	255 Greenwich, 8th floor, Manhattan
Wholesale water rate public hearing	Monday, June 1 (11:00am)	DEP Offices, 465 Columbus Ave, 2nd floor, Valhalla, NY
Queens public hearing	Monday, June 1 (6:00pm)	JFK Jr. School, 57-12 94th Street, Elmhurst, Queens
Manhattan public hearing	Tuesday, June 2 (11:00am)	NYC OMB, 255 Greenwich, 8th floor, Manhattan
Brooklyn public hearing	Tuesday, June 2 (6:00pm)	Saint Francis College, 179 Livingston Street, Brooklyn
Staten Island public hearing	Wednesday, June 3 (6:00pm)	Bernikow JCC, 1466 Manor Road, Staten Island
Bronx public hearing	Thursday, June 4 (6:00pm)	Mercy University, 1200 Waters Place, Bronx
Water Board public meeting to vote on budget and final rate	Wednesday, June 10 (8:30am)	NYC OMB, 255 Greenwich, 8th floor, Manhattan

Summary

- Upon approval, in-City rate increase of 6.0% beginning July 1, 2026
- Wholesale allowance rate decrease of -1.59%
- Public hearings will take place throughout the boroughs following the traditional in-person hearing format between June 1 and 4, followed by a **Board meeting and vote on June 10**
- Westchester County hearing on wholesale water rates scheduled for June 1
- Testimony, comments, or questions regarding the proposed rate, the hearings, and any prepared testimony, as well as requests to register to speak at the hearings, should be directed to:

Preferred contact methods:

nycwaterboard@dep.nyc.gov
718-595-3591 (weekdays between 9:00am - 5:00pm)

If by mail:

59-17 Junction Boulevard
8th Floor
Flushing, NY 11373

Appendix

Setting rates to cover system costs is vital to water system fiscal health: it directly supports credit ratings, keeping borrowing costs and rates lower for all

NYC WFA's water and sewer bonds are highly rated

New York Bond Credit Ratings

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
NYC Water & Sewer Bonds			
2nd Resolution debt	Aa1	AA+	AA+
NYC General Obligation Bonds			
	Aa2	AA	AA

- The New York City Water Finance Authority (NYC WFA) provides the water/wastewater system's capital financing by issuing water and sewer bonds
- All three major credit rating agencies assign **high ratings to NYC WFA's bonds**
- NYC WFA credit ratings are indicative of **sufficiency of rates** to fully fund operating and capital needs
- High credit ratings mean lower borrowing costs, which allow the system to **keep rates lower for customers** over time