

# Puget Sound Septic Financing Programs

## Regional Septic Loan Program

**Problem Statement:** Properly functioning septic systems effectively treat wastewater and safeguard health and water quality. Septic systems are often the most expensive appliance on a property. Repairing or replacing a system is stressful and costly. Many people can't afford such work while others can't even qualify for a loan. People need access to simple, affordable financing to fix or replace broken systems. County-based septic loan programs currently exist around Puget Sound. The piecemeal programs lack economies of scale, have limited geographic coverage, and are lightly capitalized and marketed. A unified, self-sustaining low-interest loan program operated across the Puget Sound basin will help promote care and investment in septic systems and better safeguard public health and water quality. Such a program will also require thoughtful design to facilitate and balance loan access, ease of use, and accountability.

### Background

Puget Sound is served by a vast sewage infrastructure that includes more than a half million on-site sewage (septic) systems. In keeping with national trends, the region's centralized wastewater treatment plants (WWTP) and sewer collection systems have received most of the attention and public financing, yielding significant returns.

Regulatory oversight and investment in the region's decentralized sewage infrastructure have steadily advanced as people realized that on-site sewage systems need similar attention to ensure good performance and avoid costly problems. People have also come to understand that on-site sewage systems are a permanent part of the region's infrastructure and are the treatment option of choice in many areas where municipal sewers are impractical or unaffordable.

Septic systems were once "out of sight, out of mind," costing little to install and even less to maintain or ignore. Things have changed. System owners are now under greater scrutiny and stricter regulatory requirements to take care of their systems. (For example, state law requires owners to evaluate their systems at least every three years depending on the system type.) Many of today's on-site sewage systems are expensive and high tech. Proper use and care are now standard expectations of the region's septic management programs and similar awareness is gradually taking root with system owners.

Unlike WWTP customers who are part of a public sewer utility, septic system owners bear the responsibility and cost of independently operating and maintaining their systems and repairing or replacing the systems when they break down. Routine maintenance can cost hundreds of dollars, component repairs can cost thousands, and major repairs or full system replacements can cost tens of thousands.

Recognizing the need to help people do the right thing and the public benefit associated with this work, Puget Sound counties started establishing low-interest septic loan programs more than 20 years ago. Today they cover parts of 11 Puget Sound counties and a few other counties outside the region. The counties have used creative partnerships, multiple funding sources, and various program structures to capitalize and sustain these loan programs. The programs have fixed hundreds of systems across the region and helped protect our prized waters and public health.

As with other elements of the local septic management programs, the local septic loan programs are all uniquely designed. They have limited capital, geographic coverage, and economies of scale. This piecemeal approach has many limits and disadvantages in serving the region's population.

The Puget Sound counties have collectively asked for help exploring alternative approaches to establish an accessible, unified, self-sustaining, low-interest loan program in the Puget Sound region. Such a program would allow counties to reduce financial risks and defer lending functions to another entity to efficiently administer septic loans on a regional scale.