



National
Consumer Law
Center

Fact Sheet on Recent Federal COVID-19 Relief Funding to Help Consumers with Water and Sewer Bills

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This fact sheet provides a summary of federal COVID-19 relief programs that can help consumers with overdue water and sewer (wastewater) bills. It is a guide for advocates, utilities, and state and local officials who are seeking to help customers with past due and unaffordable water bills.

The nation continues to grapple with the ravages of the COVID-19 pandemic and economic crisis, with [over 550,000 deaths due to COVID-19](#), a record number of households experiencing loss of jobs or wages, and [low-wage workers and people of color disproportionately harmed](#). [Millions of households](#) are falling behind on their bills for key necessities, including rent and utilities (electric, gas, [water](#), and telecommunications/broadband).

The good news is that the recent COVID-19 relief packages contain assistance for struggling low income consumers to cover past due water and wastewater bills (also referred to as arrearages) and current water and wastewater bills. Most of the assistance is provided through new, emergency programs, although some is provided through pre-existing programs.

The programs described below can be found in the March 27, 2020 [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), the December 27, 2020 [Consolidated Appropriations Act of 2021 \(CAA\)](#) and the March 11, 2021 [American Rescue Plan Act of 2021 \(ARPA\)](#).

Where available, we provide links to federal program webpages and funding allocations to state, territorial, Tribal, and local grantees.* We also note where federal agencies have not yet provided critical details, such as how the program funds will be allocated and how programs will be structured.

Emergency Relief to Help Low Income Consumers with Water and Wastewater Bills

Low Income Household Water Assistance Program (LIHWAP)

The CAA provides **\$638 million** to states, territories, and Tribes for an [emergency Low Income Household Water Assistance Program](#) to help consumers to pay water and sewer arrearages and current bills. The ARPA provides an additional **\$500 million** for the program (see [ARPA § 2912](#)). At the federal level, this program is administered by the Department of Health and Human Services (HHS) Administration for Children and Families (ACF), which is the same federal agency that administers a similar, permanent program for energy bill assistance, known as the [Low Income Home Energy Assistance Program \(LIHEAP\)](#). HHS directed each state to designate a lead agency for the program by March 8, 2021; although a list of designated state agencies is not yet publicly available, many or most states are likely to designate the [same agency that administers the state's LIHEAP program](#).

* As used below, "state" refers to states, territories, and Tribes, unless otherwise specifically indicated.

Additional [LIHWAP program details](#), including state funding allocations, should be announced soon, although Congress did not set any deadline for HHS to release the funds. Since there is no pre-existing federal low income water and sewer assistance program – and no pre-existing statewide programs – states will need to start up a new program quickly. HHS is expected to allow states to use a certain amount of funds for start-up and administrative costs and to encourage, if not require, states to use program delivery mechanisms similar to the LIHEAP program.

Emergency Rental (and Utility) Assistance (ERA)

The CAA provided **\$25 billion** to states, territories, Tribes, and local governments for the [Emergency Rental Assistance Program](#) (ERA). At the federal level, the program is administered by the Treasury Department. The ARPA provides another **\$21.6 billion** for the program (see [ARPA § 3201](#)). In addition to helping pay rent, state and local governments may elect to use ERA funds to help low income tenants pay their utility arrears. [Utilities](#) are defined to include electricity, gas, water and sewer, trash removal, and energy costs, such as fuel oil. In addition, broadband can be covered as an “other expense” under this program, depending on the state or locality.

Tenants, advocates, and utilities should check to see if the state or local agencies administering ERA assistance allow funds to be used not only for rent payments, but for utility arrearages or payments on current utility bills. **This relief could be substantial, as these funds may cover up to 12 months of a tenant’s utility arrearages and provide assistance with current water and/or sewer bills. These are limited funds so tenants should act quickly to apply for assistance.**

In order to [demonstrate eligibility for ERA](#):

- The tenant must be obligated to pay rent;
- One or more members of the household must have experienced financial hardship due to COVID (for example, qualified for unemployment or experienced a severe loss of income or increase in expenses due to the COVID-19 pandemic);
- One or more members of the household must be at risk of homelessness or housing instability (a past due utility bill or rent notice is sufficient);
- The household income must be at or below 80% of area median income.

Tenants should be prepared to provide a water and/or sewer bill. For tenants who pay for water and sewer service in their rent, those costs will be treated as rental costs under the ERA.

The Treasury Department has already sent ERA funds to the states, territories, Tribes, and local governments pursuant to the CAA, which generally must be used by September 2022. The Treasury Department has not yet announced the details of when and how the additional ARPA funds will be allocated to states and localities; ARPA requires the Treasury Department to release at least 40% of each state and local government’s allocation by May 10, 2021, but gives the Treasury Department discretion to release the remaining funds over time, between now and September 2027.

FEMA’s Emergency Food and Shelter Program

The ARPA includes **\$400 million** for the Federal Emergency Management Agency’s (FEMA’s) existing [Emergency Food and Shelter Program](#) (see [ARPA § 4007](#)). The Emergency Food and Shelter Program funds [local agencies](#) in the states to provide an array of emergency assistance, including a month of utility assistance to tenants at risk of eviction or homeowners at risk of foreclosure.

Homeowner Assistance Fund (HAF)

The ARPA includes **\$10 billion** to help prevent foreclosures through a new Homeowner Assistance Fund. This money will be distributed by the Treasury Department to the states, territories, and Tribes and then to homeowners through state housing finance agencies (see [ARPA § 3206](#)). Assistance for utility bills (including electric, gas, home energy, and water) is included in the program.

The Treasury Department has not released any details about the HAF, beyond a basic summary included in [this press release](#) about passage of the ARPA. Homeowners cannot seek assistance until the Treasury Department releases the funds and the states announce eligibility criteria and application procedures. The law directs the Treasury Department to begin releasing funds no later than April 26, 2021, but allows the Treasury Department to release the funds incrementally between then and September 2025.

Emergency Relief to State and Local Governments that Can Be Used to Fund or Supplement Low Income Water/Wastewater Assistance Programs

Coronavirus State and Local Fiscal Recovery Funds

The ARPA includes **\$350 billion** for state, territorial, Tribal, and local governments to address the fiscal challenges stemming from the COVID-19 pandemic (see [ARPA §9901](#)). These funds are fairly flexible and are available to cover costs incurred by December 31, 2024. Relevant eligible uses of these funds include backfilling lost government revenue (e.g., decreased collections from customers of municipal utilities) and providing assistance to households experiencing adverse economic impacts of the COVID-19 emergency. The funds may also be used for “necessary investments in water [or] sewer...infrastructure”; funds used for that purpose could help offset rate increases that local governments would otherwise rely on to pay for water or wastewater infrastructure projects. [This fact sheet](#) on how state and local governments used CARES Act funds for water and wastewater bill payment assistance may also be instructive when considering potential uses of the ARPA State and Local Fiscal Recovery Funds.

The House Committee on Oversight Reform has a breakdown of estimated amounts each state and local jurisdiction will receive under this program linked at the end of [this press release](#). Congress directed the Treasury Department, to the extent practicable, to release at least 50% of each state’s or territory’s allocation within 60 days of a state’s or territory’s formal request for the funds, and to release 50% of the local government funds by May 10, 2021. Funds for Tribes must be released by May 10, 2021. An initial round of funds for the District of Columbia must be released by March 26, 2021.

Some State and Local Governments Also Have CARES Act Money Left

There was no money specifically for water assistance in the CARES Act, but some of the state and local governments used their discretion to apply CARES Act funds to utility customer bill payment assistance, including water and wastewater bills. The [fact sheet](#) noted above has a useful primer on relevant CARES Act funds. The CARES Act funds must be used by December 31, 2021.

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