

Funding Made Available for Water and Wastewater Bill Payment Assistance in Federal Coronavirus Relief Programs

Factsheets



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SCHOOL OF GOVERNMENT
Environmental Finance Center

Since March 2020, the U.S. Federal government has passed coronavirus relief and stimulus bills that funded various programs. Some of the programs can assist residents or businesses in paying their water or wastewater bills in certain circumstances. The federal coronavirus relief funding thus provide an influx of funds that can provide financial relief to afflicted water and wastewater customers.

These factsheets summarize how the following federal coronavirus relief programs may or are being used at least partially to provide water/wastewater bill payment assistance:

- From the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed in March 2020:
 - The Coronavirus Relief Fund (CARES Act assistance for State, Local, and Tribal Governments)
 - Community Development Block Grant CARES Act (CDBG-CV)
 - Emergency Solutions Grant CARES Act (ESG-CV)
 - Small Business Paycheck Protection Program

- From the Consolidated Appropriations Act, 2021, signed in December 2020:
 - Low-Income Household Drinking Water and Wastewater Emergency Assistance Program
 - Emergency Rental Assistance Program

Programs funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed in March 2020

THE CORONAVIRUS RELIEF FUND (CARES ACT ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS)

Administered by: The U.S. Department of the Treasury ([program webpage](#))

Grantees: States, the District of Columbia, U.S. Territories, tribal governments, and to individual large local governments with more than 500,000 people.

Total funds: \$150 billion. Allocated to grantees based on formulas. See payments made to [states and local governments](#).

Use of the funds: Cover necessary governmental expenses incurred due to the coronavirus public health emergency that were not accounted for in governments' budgets (most recently approved as of March 27, 2020), and that are incurred between March 1, 2020 and December 31, 2021 (note: this was extended from a previous December 2020 deadline). Most, if not all, of these expenses will likely be incurred in other governmental departments rather than in the water utility.

Provides relief for water bills? Possibly, but not everywhere. Funds [may be used](#) to help households pay utility bills if it is deemed a necessary expenditure incurred due to the COVID-19 public health emergency, such as allowing an individual facing a pandemic-related financial hardship pay their utility fees and thereby continue to receive essential services. While this is permissible, it is up to the grantees to determine whether providing utility bill relief to pandemic-afflicted residents in order to avoid shutoffs of utility services is a necessary (and therefore eligible) expense. Not all grantees have deemed this to be so, and thus relief is not available for water bills in all locations. In reality, only a small portion of the Coronavirus Relief Fund is likely to be used nationally to provide relief for water bills.

Other relief to water utilities: This fund can cover non-budgeted costs incurred at water utilities related to the pandemic such as purchase of PPEs, or [upgrading critical infrastructure for safety and to allow residents](#) to maintain proper hygiene and defend themselves against the virus. Funds *cannot* be used to replace government revenue such as lost revenue from waiving late fees or decreased revenue from changes in consumption.

COMMUNITY DEVELOPMENT BLOCK GRANT CARES ACT (CDBG-CV)

Administered by: The U.S. Department of Housing and Urban Development ([program webpage](#)).

Grantees: Metropolitan cities and urban counties (entitlement communities), and states and territories (non-entitlement communities).

Total funds: \$5 billion. See payments made to [entitlement and non-entitlement communities](#) in all states and territories (Excel file).

Use of the funds: At least 70% for activities that benefit low- and moderate-income persons by addressing housing, employment, public service, or access to improved infrastructure. The remaining 30% is to eliminate slum or blighted conditions or to address urgent needs as assistance of last resort. It is unclear how much will be used for water bill payment assistance, but it will likely be a small fraction of the total funds for CDBG-CV nationwide.

Provides relief for water bills? Yes, in the form of emergency payments to support individuals and families affected by the pandemic. Because the pandemic has affected families' ability to work and to pay for basic needs, [HUD has authorized](#) use of CDBG funds to provide emergency payments to individuals or families impacted by the coronavirus for items such as food, clothing, housing (emergency rental assistance or mortgage assistance) and/or utilities for up to six consecutive months. [View HUD's factsheet](#) to public utilities explaining the use of CDBG-CV funds for emergency payments to public utilities.

Eligibility: Individuals or families that have been impacted by the coronavirus. Grantees are required to document their policies and procedures on how they will determine what and the amount that is eligible for assistance (i.e. deemed necessary and reasonable).

Available assistance to eligible individuals and families: Provides up to 6 months of emergency payment assistance.

Process: Grantees (states, metropolitan cities, urban counties, and insular areas) may administer the emergency payment assistance program or partner with organizations. The individual or family applies for assistance and documents their need and impact from the coronavirus. The grantee must verify and document that the costs incurred are eligible. Emergency payments must be made to the utility directly on behalf of the individual or family, and not paid to the individual or family. This will likely require communication between the program administrator and the water utility to determine the amount of the assistance to pay the family's or individual's water bills.

EMERGENCY SOLUTIONS GRANTS CARES ACT (ESG-CV)

Administered by: The U.S. Department of Housing and Urban Development ([program webpage](#)).

Grantees: Metropolitan cities and urban counties (entitlement communities), and states and territories (non-entitlement communities).

Total funds: \$3.96 billion. See payments made to [entitlement and non-entitlement communities](#) in all states and territories (Excel file).

Use of the funds: Prevent, prepare for and respond to the coronavirus among individuals and families who are homeless or receiving homeless assistance, and to support additional homeless assistance and homelessness prevention activities to mitigate the economic impacts created by the coronavirus. These include outreach, shelter activities, hotel costs for isolation/quarantine, rental assistance, utility assistance, moving costs, landlord incentives, and other costs.

Provides relief for water bills? Yes, in the form of utility payment assistance for the eligible population.

Eligibility: Individuals or families who are homeless or receiving homeless assistance and that have been impacted by the coronavirus.

SMALL BUSINESS PAYCHECK PROTECTION PROGRAM

Administered by: The Small Business Administration ([program webpage](#)) with support from the U.S. Department of the Treasury ([Treasury webpage on PPP](#)).

Grantees: Financial institutions that that lend to small businesses.

Total funds: Up to \$659 billion.

Use of the funds: Support small businesses with funds to pay up to 8 weeks of payroll costs and benefits, and pay mortgage interest, rent, and utility payments of the small businesses.

Provides relief for water bills? Yes.

Eligibility ([see details](#)): Small businesses and some non-profit organizations, Veteran organizations, and Tribal businesses described in the Small Business Act, as well as self-employed individuals and independent contractors.

Available assistance to small businesses: Small businesses can apply for a First Draw and a Second Draw of Paycheck Protection Program loans, and under certain conditions, apply for loan forgiveness. Up to 8 weeks of assistance. While this funding does not assist households with water bill payments, it can be used to assist small businesses (including independent contractors and self-employed individuals) pay their water bills as part of their small business loan. Furthermore, small, independent owners of water and wastewater systems (not governmental nor large investor-owned utilities) may receive direct financial assistance through a small business loan provided they meet the eligibility criteria.

Programs funded in the Consolidated Appropriations Act, 2021, signed in December 2020

LOW-INCOME HOUSEHOLD DRINKING WATER AND WASTEWATER EMERGENCY ASSISTANCE PROGRAM

Administered by: The U.S. Department of Health & Human Services (HHS) (no program webpage yet available, but see [H.R. 133-446 of the Consolidated Appropriations Act](#); go to page 446).

Grantees: States and tribal governments.

Total funds: \$638 million.

Use of funds: Assist low-income households that pay a high proportion of household income for drinking water and wastewater services by paying water and wastewater utilities to reduce arrearages and rates charged to the households.

Provides relief for water bills? Yes. This program is exclusively to assist with water and wastewater bills and arrears. This is the first program of its kind that is created and funded by the federal government to provide financial relief to low-income households specifically for water and wastewater bills.

Eligibility: To be determined. The Consolidated Appropriations Act does not specify the eligibility requirements beyond “low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services”. HHS has not yet announcement whether it will define eligibility criteria or allow the grantees to set their own criteria.

Available assistance to eligible low-income households: The amount, frequency, and conditions of assistance are yet to be determined.

Process: HHS will distribute the \$638 million to States and tribal governments based on their percentage of households with income equal to or less than 150 percent of the Federal poverty line, and their percentage of households that spend more than 30% of monthly income on housing. Allocations have not been announced at this time. The States and tribal governments may administer the assistance programs themselves or partner with local governments or other subrecipients to administer the programs. The Act encourages the use of existing programs to provide assistance to low-income households, but does not require those existing programs to be focused on water bill payment assistance programs. The Act requires that payments be made to the water and wastewater utilities directly on behalf of the eligible households to reduce their arrears and/or bills.

EMERGENCY RENTAL ASSISTANCE (ERA) PROGRAM

Administered by: The U.S. Department of the Treasury ([program webpage](#)).
Read [an overview from GFOA](#).

Grantees: States, the District of Columbia, U.S. Territories, tribal governments, and to individual large local governments with more than 200,000 people.

Total funds: \$25 billion. Allocated to grantees based on formulas. See payments made to [state and local governments](#).

Use of the funds: Assist renters (not homeowners or businesses) that are unable to pay rent and utilities due to the COVID-19 pandemic. More than 90% of awarded funds must be used for direct financial assistance to renters for 1) rent, including arrears, 2) utilities and home energy costs and arrears, and 3) other expenses related to housing incurred due directly or indirectly to the pandemic.

Provides relief for water bills? Yes. [The Treasury defined utilities](#) to include separately-stated electricity, gas, water and sewer, trash removal, and energy costs. Utilities covered by the rent will also be treated as rent through this program.

Eligibility ([see details](#)): Household that pays rent in a residential property with at least one person who has experienced financial hardship due to COVID-19, demonstrated a risk of housing instability, and has household income at or below [80% of the area median](#). Priority is given to households with more extenuating hardships, such as income below 50% of the area median or having been unemployed for more than 90 days.

Available assistance to eligible renters: Provides up to 12 months of assistance (with the possibility of another three months under some conditions). Priority is given to reducing arrears prior to providing assistance for future rent/utility payments, which would be limited to up to three months at a time. Can cover arrears that accrued as early as March 13, 2020. [See more details](#).

Process: Grantees (e.g. states, large local governments, tribes, etc.) may administer the programs or partner with organizations that already administer existing rental assistance programs. Renter (or landlord on behalf of the renter) must apply to verify income and attest the financial hardships are due to the pandemic. Program administrator will verify the information, document the assistance, and make payment on behalf of the renter directly to the utility and lessor (not to the renter). This will likely require communication between the program administrator and the water utility to determine the amount of the assistance to pay the renter's water bills and arrears.

Timeline: Funds generally need to be obligated by September 30, 2021. Unused funds will be recaptured by the Treasury and reallocated to grantees that had obligated at least 65% of their original allocation. These reallocated funds will be available until December 31, 2021, after which grantees may request a 90-day extension if necessary.

About the Environmental Finance Center

The Environmental Finance Center at the University of North Carolina at Chapel Hill is part of a network of university-based centers that work on environmental issues, including water resources, solid waste management, energy, and land conservation. The EFC at UNC partners with organizations across the United States to assist communities, provide training and policy analysis services, and disseminate tools and research on a variety of environmental finance and policy topics.

The Environmental Finance Center at the University of North Carolina, Chapel Hill is dedicated to enhancing the ability of governments to provide environmental programs and services in fair, effective, and financially sustainable ways.

Written by Shadi Eskaf. Last updated February 2021. Please contact the author with updates.



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