

# EPA Water Affordability Needs Assessment: Five Key Takeaways

Under the Infrastructure Investment and Jobs Act of 2021 (IIJA), Congress directed the U.S. Environmental Protection Agency (EPA) to analyze and report on water affordability challenges facing households and utilities across the United States. The EPA's Water Affordability Needs Assessment, published December 2024, leverages decades of research and original data analysis.

## Here are five key takeaways.

- 1. Water affordability challenges impact millions of U.S. households.**  
The report found that as many as 19.2 million households – roughly one in seven – throughout the U.S. lack affordable access to water services. The estimate for the total annual cost of unaffordable water service is as high as \$8.8 billion. (p. 2, 30)  
  
**EPA Conclusion:** “Without affordable access to safe drinking water and wastewater services, households may struggle to meet basic needs for daily activities like drinking water, cooking, cleaning, bathing, and flushing toilets. Households with long-term water burden can face financial hardships, which can lead to water shutoffs, disconnections, or even loss of home.” (p. 4)
- 2. While utility costs are increasing, federal funding is limited, leading to higher customer bills.**  
Noting that utilities face significant challenges including aging water infrastructure, adapting to climate change, and the need for over \$1.2 trillion in investments over the next 20 years, the EPA concludes that “the costs associated with these actions can pose an increased burden on U.S. households through their water bills.” (p. 4, 5, 7, 12)
- 3. Deferring necessary rate increases is not a solution and can lead to failing infrastructure, unsafe water, and unreliable service.**  
While utilities are reluctant to raise rates due to customer affordability concerns, failure to raise adequate revenue for operations and investment puts “utilities on an unsustainable financial path – leading to failing infrastructure, non-compliance and impaired reliability.” Deferring rate increases leads to future rate shock for customers and higher overall capital costs. (p. 5, 10)
- 4. System consolidation could help lower cost burdens.**  
The drinking water sector in the U.S. is extremely fragmented, with over 50,000 water systems. More than half of these systems serve fewer than 500 customers. Studies show that “affordability improves significantly as utility size increases,” showing the benefits to customers of system consolidation. (p. 28)
- 5. We need a permanent federal water assistance program.**  
One of NAWC's top legislative priorities is to establish a permanent low-income program, such as the Low Income Household Water Assistance Program (LIHWAP). LIHWAP is first federal program to exclusively assist low-income families with their water and wastewater bills and has successfully aided over a half a million households. The EPA concludes that “a federal water assistance program could help households struggling with unaffordable water, and...can mitigate rate increases for households, so low-income households feel less of this financial impact.” (p. 10)