



# Financing Water Infrastructure through the State Revolving Fund Program

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# Overview of the Massachusetts SRF Loan Program

- **The Massachusetts Clean Water Trust (Trust) and MassDEP jointly administer the Clean Water (CW) and Drinking Water (DW) State Revolving Funds (SRFs)** to finance water infrastructure projects to assist communities in complying with the Clean Water and Safe Drinking Water Acts.
- Funding for the SRFs is provided by **annual grants** from the U.S. Environmental Protection Agency (EPA), state matching funds and repayment of loans.
- To date, the SRFs have financed approximately **\$8.1 billion** in loans for nearly **300** communities, serving **97%** of the Commonwealth's population. Nearly **\$288 million** have been provided in loan forgiveness to disadvantaged communities.
- **Drinking Water SRF (DWSRF) Projects include:**  
*Drinking Water Treatment Improvements, Transmission and Distribution, Source Protection, Storage Improvements and Planning*
- **Clean Water SRF (CWSRF) Projects include:**  
*Wastewater Treatment Improvements, Combined Sewer Overflow Correction, Stormwater Management, Infiltration/Inflow Remediation, Sewer System Rehabilitation, Non-Point Source, Nutrient Enrichment Mitigation and Planning*

# Advantages of Borrowing Through the MA SRFs

## Fixed Low-Interest Rates

- Rates are established by law and offer a stable planning tool for communities.
- Loans with a 20-year term will have an interest rate of 2%
- Loans with a term over 20 years will generally have an interest rate of 2.4%
- Certain projects qualify for reduced or 0% interest

## Interim Loans (Construction Loans)

- The Trust offers interim loans with no fees or interest. These loans allow for one-stop financing through the Trust.

## Flexible Repayment Terms

- Loans can be financed for up to 30 years with a useful life certificate.

## Disadvantaged Communities Additional Subsidy (Loan Forgiveness)

- The Trust uses a percentage of its annual grant and state funding as **additional subsidy** each year. This subsidy comes in the form of loan forgiveness to disadvantaged communities.
- Eligibility is determined by **an annual affordability calculation** – which ranks communities into affordability tiers. The amount of loan forgiveness is **based** on a community's affordability tier.

Disadvantaged Community Tiers	Tiers by Adjusted Per Capita Income (APCI) Range	CW Loan Forgiveness %	DW Loan Forgiveness %
Tier 1	APCI <b>more than 80%</b> but <b>less than 100%</b> of the State APCI	<b>3.3%</b>	<b>6.6%</b>
Tier 2	APCI <b>more than 60%</b> but <b>less than 80%</b> of the State APCI	<b>6.6%</b>	<b>13.2%</b>
Tier 3	APCI <b>less than 60%</b> of the State APCI.	<b>9.9%</b>	<b>19.8%</b>

# Other Subsidy Programs Offered

- **Asset Management Planning Grants:** The grant program provides a **60%** grant to assist communities with completing or updating asset management plans for wastewater, drinking water, stormwater utilities, or any combination of the three to ensure the operational integrity of the water utility.
- **Housing Choice Loan Program:** Communities that have achieved the “Housing Choice” designation under the Housing Choice Initiative will be eligible for an interest rate reduction up to **.50%** from the standard below market rate of **2%** offered by the Trust.
- **0% Interest PFAS Mitigation Loans:** Per- and polyfluoroalkyl substances (PFAS) are a family of chemicals that are classified as emerging contaminants and are known to cause health issues when found in drinking water. Projects that have the purpose of reducing PFAS below the Maximum Contaminant Level (MCL) of 20 parts per trillion or, if feasible, to levels approaching the MassDEP Minimum Reporting Level of 2 parts per trillion (ng/l), are eligible for **0%** interest loans.
- **0% Nutrient Enrichment Reduction Loans:** This loan program is for CWSRF loans that are primarily intended to **remediate** or prevent nutrient enrichment of a surface water body or water supply which can cause environmental degradation of the surrounding water bodies.

# Supplemental BIL Funding

## Highlights for SRFs

- President Biden signed into law the **\$1.2 trillion** Infrastructure Investment and Jobs Act of 2021 (H.R. 3694) *aka* Bipartisan Infrastructure Law (**BIL**).
- Provides supplemental funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) – This funding is in addition to the annual SRF capitalization grants.
- Funding available over five years (2022 – 2026)
- Expands SRF program capacity for loans and loan forgiveness for disadvantaged communities, in addition to the standard principal forgiveness offerings, while adhering to existing SRF project eligibilities.

# BIL Supplemental Funding

## Drinking Water SRF:

- Supplemental DWSRF Grant - these funds are available for all eligible projects.
  - ✓ 49% of the grant must be given away as loan forgiveness to disadvantaged communities.
- Lead Service Line Replacement Grant- These funds will go towards identifying, planning and removing lead service lines.
  - ✓ 49% of the grant must be given away as loan forgiveness to disadvantaged communities.
- Emerging Contaminants Grant- these funds focus specifically on emerging contaminants, such as PFAS.
  - ✓ 100% of the grant must be given away as loan forgiveness to eligible projects, such as PFAS remediation, and at least 25% to disadvantaged communities.

# BIL Supplemental Funding

## Clean Water SRF:

- Supplemental CWSRF Grant - these funds are available for all eligible projects, including PFAS
  - ✓ 49% of the grant must be given away as loan forgiveness to disadvantaged communities.
- Emerging Contaminants Grant- these funds focus specifically on emerging contaminants, such as PFAS.
  - ✓ 100% of the grant must be given away as loan forgiveness to eligible projects, such as PFAS remediation.

# BIL Investments in Massachusetts

Year	CW Supplemental	CW PFAS	CW State Match	DW Supplemental	DW PFAS	DW Lead	DW State Match	Total
2022	\$60,428,000	\$3,175,000	\$6,042,800	\$41,750,000	\$17,531,000	\$65,783,000	\$4,175,000	\$198,884,800
2023	\$70,534,621	\$7,195,500	\$7,053,462	\$48,233,293	\$17,495,733	\$65,610,000	\$4,823,329	\$ 220,945,940
2024	\$76,973,068	\$7,195,500	\$15,394,614	\$52,636,060	\$17,495,733	\$65,610,000	\$10,527,212	\$245,832,187
2025	\$83,379,482	\$7,195,500	\$16,675,896	\$57,016,922	\$17,495,733	\$65,610,000	\$11,403,384	\$258,776,919
2026	\$83,379,482	\$7,195,500	\$16,675,896	\$57,016,922	\$17,495,733	\$65,610,000	\$11,403,384	\$258,776,919
Total	\$375,191,654	\$31,980,000	\$61,892,369	\$256,565,198	\$87,478,667	\$328,050,000	\$42,323,510	\$1,183,481,397

\*Numbers based on preliminary figures from EPA.



# State Revolving Fund Loan Process

The SRF financing process can take up to two years, depending on the community and project, from the initial project proposal to funding being disbursed. MassDEP staff will provide assistance to the community from application submission to project completion.



# SRF Program Resources

SRF program information:

<https://www.mass.gov/state-revolving-fund-srf-loan-program>

Resources for borrowers:

<https://www.mass.gov/resources-for-borrowers>

To apply:

<https://www.mass.gov/lists/state-revolving-fund-applications-forms>