Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program

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The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program, established through the "American Rescue Plan Act of 2021" and administered by the U.S. Department of the Treasury, provides state, local, territorial, and tribal governments resources to respond to the COVID-19 pandemic and its economic impacts and to build stronger, more equitable foundations for the future. States and localities across the country are successfully using the $350 billion made available through the program to keep families housed, tackle the growing homelessness crisis, and develop affordable housing to address the root causes of housing instability and homelessness.

OVERVIEW OF THE SLFRF PROGRAM

The SLFRF program provides flexibility for governments to meet local needs within four distinct eligible use categories: 1) replacing lost public sector revenue; 2) addressing public health and economic impacts of the pandemic; 3) providing premium pay for essential workers; and 4) investing in water, sewer, and broadband infrastructure.

Congress allocated SLFRF to tens of thousands of eligible state, local, territorial, and tribal governments, including $195.3 billion to states and the District of Columbia, $65.1 billion to counties, $45.6 billion to metropolitan cities, $20 billion to tribal governments, $4.5 billion to U.S. territories, and $19.5 billion to non-entitlement units of local government.

Under the SLFRF program, funds must be used for costs incurred on or after March 3, 2021. Funds must be obligated by December 31, 2024, and expended by December 31, 2026.

ELIGIBLE AFFORDABLE HOUSING ACTIVITIES

Treasury released an interim final rule governing the implementation of the SLFRF program that allowed funds to be used to develop affordable housing for "populations, households, or geographic areas disproportionately impacted by the pandemic." To support states and localities in leveraging these funds for affordable housing, NLIHC weighed in on Treasury's interim final rule through a public comment submitted in June 2021 and a follow-up letter sent in September 2021. NLIHC urged Treasury to issue clear guidance on how communities can use SLFRF to meet the housing needs of people with the lowest incomes.

Treasury published in January 2022 a final rule on the SLFRF program, which addressed many of NLIHC's concerns and recommendations outlined in our public comment and follow-up letter. The final rule expanded the set of eligible uses for SLFRF and the households and communities eligible for SLFRF programs and services. The final rule also provided further clarity on eligible affordable housing projects.

Treasury and the U.S. Department of Housing and Urban Development partnered to create the Affordable Housing How-To Guide to support recipients in implementing their funds for affordable housing. The guide provides a summary of relevant SLFRF guidance and information on ways recipients can combine different sources of federal funds.

Treasury's final rule outlines a non-exhaustive list of eligible households and uses. Treasury's final rule presumes certain populations and households are "impacted" and "disproportionately impacted" by the pandemic and are therefore eligible for services that respond to the impacts they have experienced. While most affordable housing and homelessness services outlined in the final rule are available in all impacted communities, states and localities can target additional resources to the lowest-income households considered to be disproportionately impacted by the pandemic.

The final rule recognizes that the pandemic caused broad-based impacts that affected many communities, households, small businesses, and nonprofit organizations. Treasury presumes the following households and communities are "impacted" by the pandemic:

- Low- or moderate-income households and communities (those with incomes below 300% of the Federal Poverty Guidelines; FPG or 65% of the area median income; AMI).
- Households that experienced unemployment or increased food or housing insecurity.
- Households that qualify for the national Housing Trust Fund (HTF) and Home Investment Partnerships Program (HOME).
- Households that qualify for the Children's Health Insurance Program, Childcare Subsidies through the CCDF Program, or Medicaid.

"Impacted" households and communities are eligible for the following housing-related services through SLFRF:

- Rent, mortgage, and utility assistance.
- Housing stability services, such as housing counseling, legal aid, and eviction diversion programs.
- Services for people experiencing homelessness, including rapid rehousing and non-congregate shelter.
- Development, rehabilitation, and preservation of affordable homes for low-income households.
- Permanent supportive housing.

Treasury's final rule acknowledges that the pandemic caused disproportionate impacts in certain communities, including in low-income and underserved communities. Treasury presumes the following households and communities are "disproportionately impacted" by the pandemic:

- Low-income households and communities (those with incomes below 185% of FPG or 40% of AMI).
- Households residing in Qualified Census Tracts.
- Households that qualify for certain federal programs, including Section 8 Vouchers and the Low-Income Home Energy Assistance Program (LIHEAP).
- Households receiving services provided by tribal governments.
- Households residing in the U.S. territories or receiving services from territorial governments.

"Disproportionately impacted" households and communities are eligible for the following additional housing-related services through SLFRF:

- Housing vouchers.
- Relocation assistance.
- Improvements to vacant and abandoned properties to address the negative impacts of the pandemic on disproportionately impacted households or communities, including for the purpose of conversion to affordable housing.

NLIHC'S TRACKING OF SLFRF HOUSING INVESTMENTS

In March 2022, NLIHC began to systematically track SLFRF investments allocated for housing in the 50 states, the District of Columbia, and Puerto Rico, as well as in 60 localities, including the 10 cities or counties receiving the most Local Fiscal Recovery Fund dollars and the largest city or county in every state receiving funds (to account for geographic diversity). These 112 jurisdictions account for 64% of all SLFRF dollars awarded nationally.

NLIHC tracked data on SLFRF allocated and appropriated for housing based on publicly available information from (1) 2021 Fiscal Recovery Plan Reports, (2) state and local legislation and executive actions, and (3) news articles. In October 2022, NLIHC updated the SLFRF database for the 50 states, District of Columbia, and Puerto Rico based on 2022 Recovery Plan Performance Reports that recipients from states, territories, and metropolitan cities and counties with a population that exceeds 250,000 residents were required to submit to Treasury in the summer of 2022.

As of April 2022, 54 of the 112 jurisdictions (48%) in our sample had allocated more than $13.5 billion for housing activities. Based on our updated tracking in October 2022, 53% of the jurisdictions tracked in our sample – including 67% of all states and over 44% of the selected cities and counties – had allocated approximately $16.1 billion of SLFRF for housing investments.

States and localities have allocated these funds towards various housing activities, with the most funds going towards affordable housing development. As of October 2022, the jursidictions in our sample had allocated approximately $6.3 billion for affordable housing acquisition, development, rehabilitation, and preservation. States and localities had allocated approximately $4.3 billion for short-term assistance to households such as rental and utility assistance, legal aid, and housing stability services. As of October 2022, approximately $3.6 billion had been allocated for homelessness prevention and services, including for street outreach, rapid rehousing, permanent supportive housing, and other activities to address homelessness. The jurisdictions in our sample also allocated approximately $1.5 billion for energy efficiency and weatherization, home repairs, lead paint remediation, and other housing-related programs. Finally, states and localities allocated over $101 million to improve housing administration and internal capacity, strengthen data or technology infrastructure, and ensure systematic data collection and impact evaluation.

NLIHC released a report, *State and Local Fiscal Recovery Funds: Initial Trends in Housing Investments,* in June 2022. The report documents how states and localities in our sample are using SLFRF to invest in affordable housing and homelessness prevention and services. It highlights project examples under each of the major program categories we identified: housing development, homelessness services, short-term aid to households, and other housing-related uses. Additionally, the report provides recommendations for how advocates and elected officials can leverage the SLFRF program to meet urgent housing needs in their communities.

NLIHC created a webpage that makes available to the public data from NLIHC's SLFRF database and includes an interactive map identifying housing investments. A searchable table details the various SLFRF-funded housing programs, highlights total funding allocated for housing, and describes the target populations served with this historic infusion of federal funds.

NLIHC updated our report and database in October 2022 based on our additional tracking of the 50 states, District of Columbia, and Puerto Rico.

FOR MORE INFORMATION

Treasury's SLFRF program webpage: https://bit.ly/3TsI0x1.

Treasury & HUD "Affordable Housing How-To Guide:" https://bit.ly/3hIf8nn.

NLIHC SLFRF program webpage: https://bit.ly/3aQgQj4.

NLIHC SLFRF Dashboard: https://bit.ly/SLFRF-database.

NLIHC SLFRF Report: https://bit.ly/3tpC0eg.