COVID-19 Relief Legislation and the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Program

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Congress enacted three major bills to provide essential resources and protections to address the health and housing needs of America's lowest-income renters and people experiencing homelessness during the COVID-19 pandemic: the "Coronavirus Aid, Relief, and Economic Security (CARES) Act" in March 2020, the "Consolidated Appropriations Act" in December 2020, and the "American Rescue Plan" in March 2021. The legislation provides urgently needed COVID-19 relief resources to prevent millions of low-income people from losing their homes during the pandemic and provide cities and states with the resources they need to help people experiencing homelessness be safely housed during and after the pandemic.

"CARES ACT"

The "CARES Act" provided over $12 billion in funding for HUD programs, including: $4 billion for Emergency Solutions Grants-CARES (ESG-CV) for homelessness assistance, $5 billion in Community Development Block Grants-CARES (CDBG-CV), $1.25 billion for the Housing Choice Voucher program, $1 billion for project-based rental assistance, $685 million for public housing, $300 million for tribal nations, $65 million for Housing for Persons with AIDS, $50 million for Section 202 Housing for the Elderly, and $15 million for Section 811 Housing for Persons with Disabilities.

ESG-CV funds were provided to help prevent and respond to outbreaks among sheltered and unsheltered people experiencing homelessness. The funds could be used for eviction prevention assistance, including rapid rehousing, housing counseling, and rental deposit assistance to help mitigate the adverse impacts of the pandemic.

Of the $5 billion provided for CDBG-CV, $2 billion was allocated to states and units of local governments that received an allocation under the FY20 formula. Another $1 billion went directly to states and insular areas based on public health needs, the risk of transmission, the number of coronavirus cases, and economic and housing market disruptions. The remaining $2 billion were allocated to states and units of local government based on the prevalence and risk of COVID-19 and related economic and housing disruptions resulting from coronavirus. Some jurisdictions used CDBG-CV funds to provide emergency rental assistance.

Congress provided in the legislation a $150 billion Coronavirus Relief Fund (CRF) for state, tribal, and local governments to help broadly cover any "necessary expenditures incurred due to the public health emergency" created by COVID-19. Many cities and states used these funds to provide emergency rental assistance.

In addition to resources, the bill instituted a temporary moratorium on evictions for residents of federally subsidized apartments, including those supported by HUD or the U.S. Departments of Agriculture (USDA) or Treasury.

"CONSOLIDATED APPROPRIATIONS ACT OF 2021"

Congressional leaders reached a deal on an emergency COVID-19 relief bill in December 2020, the "Consolidated Appropriations Act of 2021," that included $25 billion in emergency rental assistance and an extension of the federal eviction moratorium issued by the Centers for Disease Control and Prevention (CDC) through January 31. President Biden further extended the federal eviction moratorium three additional times through March, June, and July.

The "Consolidated Appropriations Act"

established a $25 billion emergency rental assistance (ERA) program administered by the U.S. Department of the Treasury. At least 90% of the funds must be used to provide financial assistance, including back and forward rent and utility payments, and other housing expenses. Assistance can be provided for up to 15 months. Funds must be used for households with incomes below 80% of area median income (AMI), and states and localities must prioritize households below 50% of AMI or those who are unemployed and have been unemployed for 90-days.

The bill also extended the deadline from December 30, 2020 to December 31, 2021 for funds provided by Congress in the "CARES Act" through the Coronavirus Relief Fund (CRF).

"AMERICAN RESCUE PLAN ACT"

Congress enacted and President Biden signed into law the "American Rescue Plan Act" (ARP) in March 2021. The legislation includes nearly $50 billion in essential housing and homelessness assistance, including over $27 billion for rental assistance and $5 billion in new funding for states and cities to provide housing stability for tens of thousands of people experiencing homelessness.

The relief package includes:

- $27.4 billion for rental housing assistance, including $21.55 billion for emergency rental assistance (ERA), $750 million for tribal housing needs, $100 million for rural housing, and $5 billion in emergency housing vouchers.
- $5 billion to assist people experiencing homelessness with immediate and longer-term assistance through HUD's HOME Investment Partnerships Program (HOME-ARP).
- $9.96 billion for homeowner assistance.
- $120 million for housing counseling and fair housing.
- $5 billion in utility and water assistance.
- $1,400 individual stimulus checks.
- $350 billion in Coronavirus State and Local Fiscal Recovery Funds, which can be used for affordable housing.
- Other critical resources for states, communities, and people.

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (SLFRF) PROGRAM

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 a 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.

In December 2022, Congress amended the SLFRF program through the "Consolidated Appropriations Act of 2023," providing additional flexibility to use SLFRF to respond to natural disasters, build critical infrastructure, and support community development. Treasury issued a 2023 Interim Final Rule to implement these changes to the SLFRF program. Treasury also issued an Obligation Interim Final Rule in November 2023 to address questions about the definition of "obligation" and provide related guidance.

SLFRF HOUSING INVESTMENTS

Through March 2023, over 900 governments committed $17 billion for affordable housing investments, including providing direct financial assistance and expanding the supply of affordable housing. More than 4.5 million households received rent, mortgage, and utility assistance through SLFRF. Recipients also used SLFRF to maintain ERA programs and eviction prevention infrastructure developed during the COVID-19 pandemic. Over 340 state, local, and tribal governments committed roughly $6 billion to develop and preserve affordable housing. More than 260 governments committed over $3.8 billion to assist people experiencing homelessness access safe, stable housing, including through permanent supportive housing. For more information, see Treasury's Fact Sheet on SLFRF Housing Investments at: https://tinyurl.com/at4sfsz3.

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.

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 used 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 detailed the various SLFRF-funded housing programs, highlighted total funding allocated for housing, and described the target populations served with this historic infusion of federal funds.

NLIHC last updated the report and database in October 2022. For updated information, see Treasury's SLFRF dashboard: https://tinyurl.com/57k6p3sr

FOR MORE INFORMATION

The "Coronavirus Aid, Relief, and Economic Security (CARES) Act" (Pub. L. No. 116-136), https://bit.ly/36Hqwrx.

NLIHC's Analysis of the "CARES Act," https://bit.ly/2JODPxe.

The "Consolidated Appropriations Act of 2021" (Pub. L. No. 116-260), https://www.congress.gov/bill/116th-congress/house-bill/133.

NLIHC's Fact Sheet on the December 2020 COVID-19 Relief Package, https://bit.ly/30BCn6H.

The "American Rescue Plan Act of 2021" (Pub. L. No: 117-2), https://bit.ly/30BD8wz.

NLIHC's Fact Sheet on the "American Rescue Plan Act," https://bit.ly/2PMf08b.

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

Treasury's SLFRF dashboard: https://tinyurl.com/57k6p3sr.

Treasury's Fact Sheet on SLFRF Housing Investments: https://tinyurl.com/at4sfsz3

Treasury's Report, Treasury Recovery Programs: Supporting Housing Stability and Supply: https://tinyurl.com/5fafwhk5.

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