

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND (SLFRF) PROGRAM

JANUARY 2022

The [American Rescue Plan](#) Act provides \$350 billion to help states, counties, cities, and tribal governments respond to the COVID-19 public health emergency, address its economic fallout, and lay the foundation for an equitable recovery. The [Coronavirus State and Local Fiscal Recovery Funds](#) (SLFRF) program provides flexibility for each government to meet local needs, including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. State and local governments can use these funds to help meet communities' affordable housing needs, including providing emergency rental assistance, addressing the housing and health needs of people experiencing homelessness, and building and preserving affordable housing among other housing-related investments. See [NLIHC's fact sheet](#) to learn about state and local governments using SLFRF funds to address housing insecurity and homelessness.

STATE AND LOCAL FISCAL RECOVERY FUND (SLFRF) PROGRAM

Allocations

Treasury will distribute SLFRF to eligible state, territorial, metropolitan city, county, and tribal governments. Congress allocated \$195 billion to states and the District of Columbia (a minimum of \$500 million for each state), \$65.1 billion to counties and \$45.6 billion to metropolitan cities (a minimum of \$1.25 billion per state is provided by the statute inclusive of the amounts allocated to local governments within the state), \$20 billion for tribal governments, \$4.5 billion to U.S. territories, and \$19.5 billion to non-entitlement units of local governments.

Eligible local governments that are classified as non-entitlement units (generally, local governments with populations of less than 50,000) should expect to receive the funding through their state government. Treasury has posted detailed allocation information on this [webpage](#). Eligible state, territorial, city, county, and tribal governments may request their allocation of the SLFRF through the U.S. Department of the Treasury's [Submission Portal](#).

Payments to State and Local Governments

Local governments will receive funds in two tranches, with 50% provided in May 2021 and the remaining delivered approximately one year later. Treasury will [split](#) the total amount of state funding into two equal payments for all state governments, except for states where the unemployment rate is 2 or more percentage points above its pre-pandemic level. U.S. territorial governments will receive a single payment. Tribal governments will receive two payments, with the first available in May and the second payment, based on employment data, delivered in June 2021. As of January 2022, Treasury has distributed [more than \\$245 billion](#) to state, local, and tribal governments as part of the SLFRF program.

Use of Funds

SLFRF funds may be used to replace lost public sector revenue, respond to the negative public health and economic impacts of COVID-19, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure.

Treasury released on January 6, 2022, a [final rule](#) on the SLFRF program and an [overview of the final rule](#). The final rule takes effect on April 1, 2022, but recipients can choose to take advantage of its flexibilities and simplifications now. Recipients may consult the [Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule](#) and Final Rule for more information on compliance with the Interim Final Rule and the Final Rule.

The final rule outlines a variety of eligible affordable housing and homelessness uses to respond to the public health and economic impacts of the pandemic. To simplify administration of the program, the final rule presumes that certain populations were “impacted” and “disproportionately impacted” by COVID-19. The final rule outlines a non-exhaustive list of eligible uses recognized as responsive to the impact or disproportionate impacts of the pandemic.

IMPACTED HOUSEHOLDS AND COMMUNITIES

- Eligibility
 - Low- or moderate-income households or communities: Income at or below 300% of the Federal Poverty Guidelines (FPG), or income at or below 65% of the area median income (AMI). See [Treasury's tool](#) for determining low- and moderate-income households.
 - Households that experienced unemployment, food, or housing insecurity
 - Households that qualify for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund (CCDF) Program, or Medicaid
 - When providing affordable housing programs: households that qualify for the national Housing Trust Fund (HTF) and Home Investments Partnerships Program (HOME)
- Eligible Activities
 - **Emergency housing assistance**, including:
 - » Rent, mortgage, and utility assistance
 - » Housing stability services to help households maintain or obtain housing, such as housing counseling, legal aid, and eviction diversion programs
 - » Individual-level assistance for people experiencing homelessness (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., leases of hotels, motels, or other facilities to expand shelter)
 - **Programs or services to support long-term housing security**, including:
 - » Affordable housing development, rehabilitation, and preservation: Affordable housing projects must be responsive and proportional to the harm identified. Treasury presumes that any projects that would be eligible for funding under the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (HOME) are eligible uses of SLFRF funds. These programs, however, use different income limits than the definition adopted by Treasury. The rehabilitation and repair of public housing is also eligible.
 - » Permanent supportive housing: The development of affordable housing - including operating subsidies - and wraparound services are eligible uses of SLFRF.
 - » Affordable housing loans: Grants to support affordable housing developments, including developments supported by LIHTC, are an eligible use of funds. For more details, see “Treatment of Loans” section in the final rule.

DISPROPORTIONATELY IMPACTED HOUSEHOLDS AND COMMUNITIES

- Eligibility
 - Low-income households and communities: Income at or below 185% of the FPG, or income at or below 40% of AMI
 - Households residing in Qualified Census Tracts (QCTs)
 - Households that qualify for certain federal benefits, including Section 8 Vouchers, LIHEAP, TANF, SNAP, NSLP, SBP, Medicare Part D Low-Income Subsidies, WIC, and Pell Grants
 - Households receiving services provided by tribal governments
 - Households residing in the U.S. territories or receiving services from these governments
- Eligible Activities
 - **Housing vouchers and relocation assistance:** Recipients can use SLFRF funds to provide a variety of rental assistance approaches, including housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents.
 - **Improvements to vacant and abandoned properties,** including rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties and the conversion of vacant or abandoned properties to affordable housing.

The final rule outlines a framework for recipients to identify other disproportionately impacted communities and activities not listed in the final rule.

NLIHC previously weighed in on Treasury's [Interim Final Rule](#) governing the implementation of SLFRF program through a [comment](#) submitted on June 17 and a [letter](#) on September 17. NLIHC urged Treasury to issue clear guidance on how communities can use SLFRF funds to meet the housing needs of the lowest-income renters most severely impacted by the affordable housing crisis and the COVID-19 pandemic.

SUBRECIPIENTS

Recipients may award funds to different types of organizations to carry out eligible uses and serve beneficiaries on behalf of the government, including developing affordable housing. When a recipient provides funds to an organization to carry out eligible uses of funds and serve beneficiaries, the organization becomes a subrecipient. In this case, a nonprofit need not have experienced a negative economic impact to serve as a subrecipient. Nonprofits of all types may be subrecipients.

ADMINISTRATIVE EXPENSES

Funds can be used for direct and indirect administrative expenses involved in administering the program. Administrative expenses are a separate eligible use category from "expenses to improve efficacy of public health or economic relief programs."

REPORTING

See Treasury's [Recipient Compliance and Reporting Guidance](#) page for information on reporting requirements.

DEADLINES

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. The December 31, 2024 deadline by which eligible costs must be incurred (i.e. obligated) is established by the ARPA statute.

Additional Resources

Treasury's Coronavirus State and Local Fiscal Recovery Funds webpage: <https://bit.ly/3eT9Rp7>

Treasury's FAQ on Coronavirus State and Local Fiscal Recovery Funds: <https://bit.ly/3uYeOSY>

Treasury's Fact Sheet on Coronavirus State and Local Fiscal Recovery Funds: <https://bit.ly/3uUueYl>

Treasury's Quick Reference Guide: <https://bit.ly/3wpQ8U3>

Treasury's Interim Final Rule: <https://bit.ly/3byMGy7>

NLIHC's comment to Treasury: <https://bit.ly/3q7jB2R>

**For more information, contact NLIHC Vice
President Sarah Saadian at ssaadian@nlihc.org**



DISASTER HOUSING RECOVERY COALITION, C/O NATIONAL LOW INCOME HOUSING COALITION
1000 Vermont Avenue, NW | Suite 500 | Washington, DC 20005 | 202-662-1530 | www.nlihc.org