

AMERICAN RESCUE PLAN ACT

MARCH 2021

The [American Rescue Plan Act](#) provides urgently needed COVID-19 relief resources for America's lowest-income renters and people experiencing homelessness. These resources are provided in addition to the [\\$25 billion](#) in emergency rental assistance approved by Congress in December 2020. If enacted, these investments will help prevent millions of low-income people [from losing their homes](#) during the pandemic and will provide cities and states with the resources they need to help people experiencing homelessness be [safely housed during and after the pandemic](#).

EMERGENCY RENTAL ASSISTANCE - \$27.4 BILLION

EMERGENCY RENTAL ASSISTANCE

Of the \$27.4 billion provided for rental assistance, \$21.55 billion will be funded through the Coronavirus Relief Fund (CRF) and administered by the U.S. Department of the Treasury. Of the amount provided, \$305 million is set aside for territories. There is a small state set-aside of \$152 million.

A total of \$2.5 billion will be distributed to high-need communities. These funds will be distributed based on the number of very low-income renter households paying more than 50 percent of income on rent or living in substandard or overcrowded conditions, rental market costs, and employment trends.

Allocations

The first 40% of funds must be paid to grantees within 60 days of enactment. When a grantee has obligated not less than 75% of funds already dispersed, the Treasury Secretary may provide additional disbursements of the grantee's allocation.

Eligibility

Under the bill, households are eligible for emergency rental assistance funds if one or more individuals: (1) has qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship during or due, directly or indirectly, to the pandemic; (2) can demonstrate a risk of experiencing homelessness or housing instability; and (3) has a household income below 80% AMI.

States and localities must prioritize households below 50% of AMI or those who are unemployed and have been unemployed for 90-days. States and localities can provide additional prioritization of funds.

Use of Funds

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 18 months. Not more than 10% of funds may be used to provide case management and other services intended to help keep households stably housed. Not more than 15% of funds paid to a state or local government can be used for administrative costs.

Deadlines

After March 31, 2022, the Treasury Secretary may recapture excess funds not obligated by a state or locality and reallocate and repay these dollars to eligible grantees who, at the time of such reallocation, have obligated at least 50 percent of the amount originally allocated and have met other criteria. Funds not obligated may be used to provide affordable housing to very low-income households, so long as the grantee has obligated at least 75% of its total allocation. Funds provided under this bill are available until September 30, 2025.

The bill also extends the deadline to spend the initial \$25 billion tranche of funding provided by Congress in December 2020 from December 31, 2021 to September 30, 2022.

HOUSING VOUCHERS

The bill provides \$5 billion for housing vouchers, with funds available through September 30, 2030.

Use of Funds

These funds must be used to provide and renew emergency vouchers, to cover administrative costs, and to make adjustments for public housing agencies that would otherwise be required to terminate rental assistance due to a significant increase in voucher per-unit costs due to extraordinary circumstances.

Eligibility

Under the bill, households are eligible for emergency vouchers if they (1) are or are at risk of experiencing homelessness, (2) are fleeing or attempting to flee domestic violence, dating violence, stalking, sexual assault, or human trafficking, or (3) are recently homeless and rental assistance will prevent the family's homelessness or having a high risk of housing instability.

Allocations

Public housing agencies will be notified of the number of vouchers allocated to them within 60 days. Vouchers will be distributed by a formula that includes capacity and ensures geographic diversity. The Secretary may revoke and redistribute any unleased vouchers after a reasonable time. Termination After September 30, 2023, a public housing agency may not reissue any vouchers when assistance for the family assisted ends. Waiver Authority The bill provides broad authority to the Secretary to waive or provide alternative requirements that are necessary to expedite or facilitate the use of funds.

TRIBAL AND RURAL ASSISTANCE

The bill provides \$100 million in rental assistance to assist rural households living in USDA-financed properties. Funds are available until September 30, 2022, and they may be used to cover back rent and ongoing rental assistance.

The bill provides \$750 million to tribal nations through the Native American Housing Block Grants, Native Hawaiian Housing Block Grants, and Indian Community Development Block Grants programs.

HOMELESSNESS ASSISTANCE - \$5 BILLION

The bill provides \$5 billion to provide rental assistance and supportive services, to develop affordable rental housing, to help acquire non-congregate shelter to be converted into permanent affordable housing or used as emergency shelter.

Eligibility

These funds must primarily benefit 1) individuals or households that are or are at risk of experiencing homelessness, (2) people who are fleeing or attempting to flee domestic violence, dating violence, stalking, sexual assault, or human trafficking, or (3) populations for whom supportive services would prevent the family's homelessness or having a high risk of housing instability, or (4) households with a veteran family member that meets one of these criteria.

Allocations

Funds will be allocated within 30 days of enactment using the HOME Investment Partnerships program formula. Deadlines and Other Requirements The bill waives statutory requirements, including a commitment deadline, matching requirements, and set-aside for Community Housing Development Organizations (CHDOs).

Administrative Costs

Up to 15% of the funds may be used to cover administrative costs. Operating Costs A grantee may receive up to an additional 5% of its allocation for operating costs for certain CHDOs and nonprofit organizations if the funds are used to build capacity.

Waiver Authority

The bill provides broad authority to the Secretary to waive or provide alternative requirements that are necessary to expedite or facilitate the use of funds.

HOMEOWNER ASSISTANCE - \$10 BILLION

The bill provides \$9.96 billion to help homeowners avoid foreclosure through the Homeowner Assistance Fund administered by the U.S. Department of the Treasury.

The bill provides \$39 million to assist rural homeowners through USDA's Section 502 and Section 504 direct loan programs.

HOUSING COUNSELING AND FAIR HOUSING - \$120 MILLION

The bill provides \$100 million for housing counseling through NeighborWorks America. Of the funds provided, not less than 40% must be provided to housing counseling organizations that (1) target minority and low-income homeowners, renters, and individuals experiencing homelessness or (2) provide services in neighborhoods with high concentrations of minority and low-income homeowners, renters, and individuals experiencing homelessness.

In total, \$20 million is provided to support fair housing activities.

UTILITY ASSISTANCE - \$5 BILLION

The American Rescue Act provides \$4.5 billion for utility assistance through the Low Income Home Energy Assistance Program (LIHEAP) and \$500 million for water assistance through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program.

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