

Fact Sheet: State and Local Fiscal Recovery Funds & Affordable Housing Opportunities

August 8, 2022

What are “State and Local Fiscal Recovery Funds?”

“State and Local Fiscal Recovery Funds,” or SLFRF, is a funding program included in the 2021 COVID-19 relief package, the American Rescue Plan (ARP). In the bill, Congress appropriated \$350 billion to be divided among the states and territories to support COVID-19 response and recovery actions. The program is administered by the Treasury Department, which has released multiple rounds of guidance for states to outline permissible uses for the funding.

How Can SLFRF Money Be Used to Increase Affordable Housing?

In guidance released in early 2022, the Treasury Department made clear that programs targeted at increasing the supply of affordable housing *are* responsive to the COVID-19 pandemic, and thus are an eligible use for the SLFRF.

- Specifically, the funds can be used to provide housing services, including developing affordable housing to increase supply to communities that were disproportionately impacted by the pandemic; addressing housing insecurity; lack of affordable housing; and homeownership.
- The eligible services include production, rehabilitation, and preservation of affordable rental housing and, in some cases, affordable homeownership units, as well as down-payment assistance and homeownership assistance that would be eligible under the Community Development Block Grant (CDBG) program.
- Affordable housing and development projects that increase the supply of long-term affordable housing for low-income residents can qualify for SLFRF money if they are eligible under either the National Housing Trust Fund or the Home Investment Partnership Program (HOME).

In July 2022 the Treasury updated its SLFRF guidance with more flexibility to further promote increasing the affordable housing supply. The guidance clarifies that affordable housing loans that qualify for additional assistance under the Low-Income Housing Tax Credit (LIHTC) are eligible for SLFRF money, and by adding to the presumptive eligible uses several federal programs that support long-term housing loans, including:

- The Public Housing Capital Fund;
- The Multifamily Preservation & Revitalization Program;
- Affordable housing projects that would be eligible under the Indian Housing Block Grant;



Fact Sheet: State and Local Fiscal Recovery Funds & Affordable Housing Opportunities

August 8, 2022

- Financing the development, repair, or operation of any affordable rental housing unit that provides long-term affordability of 20 years or more to households at or below 65% of the local area median income.

To help state and local governments navigate using the SLFRF funds to increase affordable housing, the Treasury Department and HUD have jointly published a [“How-To” guide](#) for combining the SLFRF funds with other sources of federal funding, including examples of ways to combine multiple sources of federal funding with SLFRF money to facilitate affordable housing deals.

As of March 2022, \$12.9 billion in SLFRF funds have already been budgeted to meet housing needs and lower housing-related costs, including \$4.2 billion for affordable housing development and preservation. NAR CEO Bob Goldberg will meet with Administration officials in August to discuss the opportunities the program provides, the White House’s “Housing Supply Action Plan,” and ways NAR can work with the Administration to find solutions to the nation’s housing supply and affordability challenges.

Where can I get more information about housing supply issues and the SLFRF?

For more resources and information on NAR’s work to end the housing supply and affordability crisis, the SLFRF, and the Administration’s Housing Supply Action Plan, please visit:

- [NAR Research Group Report: The “Double Trouble” of the Housing Market](#)
- [NAR and the Rosen Consulting Group: Housing is Critical Infrastructure: Social and Economic Benefits of Building More Housing](#)
- [U.S. Department of the Treasury Fact Sheet: State, local, and Tribal governments are using Fiscal Recovery Funds to keep families in their homes and build more affordable housing](#)
- [U.S. Department of the Treasury: Coronavirus State and Local Fiscal Recovery Funds](#)
- [U.S. Department of the Treasury Affordable Housing How-To Guide: How to Use State and Local Fiscal Recovery Funds for Affordable Housing Production and Preservation](#)
- [NAR News Release: NAR Commends Treasury Department for New Action on Housing Affordability](#)
- [White House: Housing Supply Action Plan](#)

