



CSH POLICY BRIEF

July 2022



Using SLFRF for Supportive Housing

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) is an American Rescue Plan program that delivers **\$350 billion** to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The [SLFRF rule from the US Department of Treasury](#) released on January 27, 2022, includes the development of affordable housing and [supportive housing](#), costs for residence in supportive housing, and unreimbursed services not billable to insurance among the list of eligible uses of funds. The [updated FAQs](#) and new [affordable housing guide](#) issued on July 27, 2022 make it easier to use SLFRF with housing credits and grant programs.

Examples of SLFRF Uses:

1. **Planning and Pre-Development:** SLFRF can pay up to the full cost of supportive housing Project Design & Administration (i.e., planning supportive housing, involving tenants in planning, housing unit location, physical design, coordinating project partners, building community support, securing financing, capitalized operating reserves, etc.)
2. **Principal Loan Amount:** SLFRF can pay up to the full principal amount of certain loans that finance long-term affordable housing investments. Among other requirements, the loans must have maturity and affordability covenants of 20 years or longer, including but not limited to loans that fund low-income housing tax credit (LIHTC) projects. For certain loans, the full value is considered expended at the time of issuance.
3. **Capitalized Operating Reserves:** SLFRF can pay up to the full cost of operating expenses, which may include capitalized operating reserves, for eligible affordable supportive housing projects.
4. **Capital Expenditure:** SLFRF can pay up to the total capital costs of new supportive housing or convert existing housing to supportive housing. The government SLFRF recipient must submit a written justification to Treasury for any proposed capital expenditure of \$1 million or more.
5. **Supportive Services:** SLFRF can pay for supportive services and technology that facilitates the delivery of supportive services. SLFRF can pay for unreimbursed services not billable to insurance. SLFRF can pay for building the capacity of community-based organizations to deliver Medicaid reimbursable services to supportive housing residents. SLFRF can be used to extend direct benefits such as cash assistance to residents most severely impacted by the COVID-19 health emergency.

6. **Leverage with Other Federal Funding:** SLFRF can be braided with other sources of capital, operating, and services to create affordable and supportive housing. Treasury will presume that any pandemic-related housing project that is eligible to be funded under any of the following federal housing programs is an eligible use of SLFRF funds: Low Income Housing Tax Credit (LIHTC), National Housing Trust Fund (HTF), Project Based Vouchers (PBV), Recapitalization of Public Housing through HUD's Rental Assistance Demonstration (RAD), Community Development Block Grants (CDBG) and Section 108 Loan Guarantee Program (CDBG), Home Investment Partnerships Program (HOME), and funding made available through the Bipartisan Infrastructure Law (BIL).
7. **Eligibility is Flexible, but Focused:** SLFRF may be used to assist individuals and families who experienced increased housing insecurity during the COVID-19 pandemic. This allows communities to focus on supportive housing for people and systems who may not qualify under the chronic homelessness definition, such as people exiting prisons and jails, people in institutional settings, or youth and families who are unstably housed and identified through child welfare or educational system involvement.

Special Note:

Under the new SLFRF guidance, program income for certain affordable housing projects can be reinvested into the project instead of being returned to Treasury! Government recipients must still obligate SLFRF funds by December 31, 2024. SLFRF funds must be expended by December 31, 2026.

For more information, visit the SLFRF page at [Treasury.gov](https://www.treasury.gov).