

Housing Justice Opportunities in American Rescue Plan Act

Overview

The American Rescue Plan Act is a \$1.9 trillion dollar bill that was signed by President Biden on March 11, 2021.

For housing justice advocates, there are two important pieces of funding that were approved: state and local fiscal recovery funds, and housing assistance funds.

State and local fiscal recovery funds

What's in the bill

The bill provides \$350 billion for state and local governments.

- Roughly **\$200 billion** to state governments
- Roughly **\$130 billion** split between cities and counties.
- Roughly **\$25 billion** for territories and Tribal governments

Spreadsheet estimates of **how much** individual cities/counties/states will receive is [here](#). The funds will go directly to the jurisdictions. Read the bill text [here](#).

Here is a [map](#) of how much each place will receive, created by the Center for Community Progress.

The bill names **four broad categories** that these funds can be used for:

1. Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
2. Provide premium pay to essential employees or grants to their employers deemed “critical to protect health and wellbeing of the residents”. Premium pay can’t exceed \$13 per hour or \$25,000 per worker.
3. Provide government services affected by a revenue reduction resulting from COVID-19.
4. Make investments in water, sewer and broadband infrastructure.

Additional notes on uses:

- State funds cannot be used for direct or indirect tax cuts.
- None of these funds can be used make pension deposits.
- Funds can be transferred to nonprofit organizations.
- States/local governments will have to periodically report how they used the funds and any changes to their revenues.

When will money be available?

The first round of the funds will be released by **May 11, 2021**. Funds must be spent by December 31, 2024—it's use it or lose it.

- **State money**—Could be provided all at once, within 60 days of the law's enactment, but the federal government reserves the right to withhold up to 50 percent of the state's eligible funds for up to 12 months. Second 50 percent payment would require states to recertify for the funds.
- **Local money**—Will be provided in two payments, the first of which will be sent by mid-May 2021. The second payment will be sent out 12 months later.

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Cities, counties, and states could use these funds for a broad range of activities, some helpful and some harmful. Here are suggestions of principles that governments should adopt to direct how these funds are allocated, as well as a list of ideas of what these funds could be used for.

Equity principles for these funds

- **Fund services that lead to real, equitable recovery.** Governments should commit to not invest in activities that harm and negatively target communities of color, such as policing, jails, and prisons, and instead direct resources towards meeting community needs.
- **Target investment to communities of color and front-line workers** who have disproportionately been harmed by the Covid-19 pandemic and economic fallout. BIPOC-led businesses and organizations can be prioritized to receive funds using M/W/DBE programs.
- **Tie investments to protections against displacement and expansion of rights.** Any funds going to landlords or employers should include basic tenant and worker rights requirements.

- **Community-based groups should determine how funds should be spent.** There's little/no requirement for community engagement on how these funds should be spent. While there's an urgent need to get these funds out quickly, governments should engage community-based groups to ensure the funds reach communities equitably and address needs in the community.

For more on equitable recovery principles, see: <https://www.policylink.org/covid19-and-race/principles>

Examples of what these funds could be used for

- **Capacity-building for community ownership**
 - Create a Community Land Trust and capitalize it.
 - Create and fund a land bank, if one doesn't already exist, with strong community ownership criteria for disposition of property.
 - Invest in local tenant groups or other community-based organizations to hire staff, do trainings, and produce material for tenants on how to purchase their own buildings.
- **Rapid-response acquisition fund**
 - Create a revolving acquisition loan fund for quick purchasing of properties that come up for sale, to compete with speculators, that could be transferred to community ownership at a later date.
- **Cancel rent fund**
 - Establish means-tested assistance for landlords based on landlord financial needs to pay off back-rent from renters, with assurances that tenants will not be evicted and tenant protections.
 - Condition funds to:
 - » Protect tenants from increased rents after landlord has received funds.
 - » Protect tenants from eviction without good cause and/or for a certain period of time after receiving funds
 - » Ensure that the covered tenant(s) will have the right to a lease renewal.
- **Eviction protection/counsel fund**
 - Set up a fund that provides universal access to legal counsel for low-income renters facing eviction could be helpful if/when the moratoriums expire.

- **Bridge housing assistance programs**
 - Fund direct, rapid housing assistance to distressed renters who might not be eligible for other assistance programs. These funds could allow states/local governments to more rapidly and directly help distressed renters catch up and/or stay afloat until they have access to the formal housing assistance funds, described below.
- **Fund to enforce building codes/ensure residents are living in quality and safe housing**
 - Increase enforcement to ensure that tenants are living in housing that meets their basic needs and is free of health/safety issues
- **Efforts to permanently re-house homeless and displaced people**
 - Acquire buildings such as hotels, motels, and dorms to convert into permanent transitional, supportive housing.

Frequently asked questions

Q. Why use these funds for housing? Why not use the \$50 billion in housing assistance dollars?

A. We know the rent relief funds don't always reach our communities. These dollars are more flexible, which allows us to set up programs that are more transformational (e.g. moving properties off-market, putting conditions on landlords, etc.)—these dollars should be used alongside other housing assistance dollars to maximize relief/recovery efforts.

Q. How does investing in housing justice address the economic effects of Covid-19?

A. Preventing eviction and homelessness by cancelling rent or providing additional affordable housing is both directly responding to the Covid-19 public health emergency and addressing its negative economic impacts. If there is a run of housing foreclosures in a community that could justify a “negative economic impact” of the emergency. Housing justice demands such as the creation of an acquisition fund would remedy negative economic impacts of the emergency (both multifamily liquidity crisis and housing insecurity among tenants).

Housing assistance funds

The bill provides nearly \$50 billion in housing assistance:

- **\$21.5 billion for rental assistance**, in addition to the \$25 billion for emergency rental assistance approved in December 2021. 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 percent of funds may be used to provide case management and other services intended to help keep households stably housed.
- **\$10 billion for homeowner assistance** to help homeowners avoid foreclosure through the Homeowner Assistance Fund administered by the U.S. Department of the Treasury.
- **\$5 billion for utility assistance.** \$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.
- **\$5 billion for housing vouchers**, to be distributed to public housing authorities. These vouchers are specifically for households that (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.
- **\$5 billion for homelessness assistance.** These funds will be distributed through HOME programs and 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.
- Less than **\$1 billion for tribal and rural assistance.**

For more information, see: https://nlihc.org/sites/default/files/COVID-Relief-Budget_Reconciliation.pdf

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Principles for rent relief

These principles are adapted from adapted from Housing Now! California coalition [principles](#):

- No renter, regardless of immigration status, should be evicted or burdened with years of debt for rent that they were unable to pay during the pandemic through no fault of their own.
- Rent debt due to the pandemic should be fully forgiven.
- Financial assistance to landlords should be designed to address the fiscal needs of landlords who are financially distressed due to lost rent, with a particular focus on keeping small community-based landlords and non-profit affordable housing operators solvent, rather than attempting to achieve full rent replacement for all landlords.
- The ability of local municipalities to pass stronger eviction and debt protection laws must be preserved—state law must not preempt local laws.
- Eviction protections should not be conditioned on landlords' acceptance of funds, nor should landlords have the power to determine whether or not a tenant will be evicted.
- Landlords should continue to fulfill their legal obligations to tenants regardless of whether they receive assistance, including the duty to maintain habitable premises, refrain from harassment and retaliation against tenants, and respecting tenants' legal rights.

Frequently asked questions

Q. Can undocumented people or mixed-status households access these funds?

A. Like previous Emergency Rental Assistance funds, these funds cannot be restricted to U.S. citizens. Undocumented people are eligible to receive funds.

Q. Can these funds be used for housing acquisition?

A. The \$5 billion in homeless assistance through HOME can explicitly be used for acquisition to create/preserve housing for people at risk of or experiencing homelessness. The Emergency Rental Assistance funds cannot be used for acquisition.

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