

PRESS RELEASES

Treasury Announces New Steps to Increase Affordable Housing Supply and Lower Long-Term Housing Costs for American Families

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Treasury releases guidance updates and how-to guide to increase investments in affordable housing using American Rescue Plan funds

WASHINGTON – The U.S. Department of the Treasury announced new guidance today to increase the ability of state, local, and tribal governments to use American Rescue Plan (ARP) funds to boost the supply of affordable housing in their communities. This step follows a commitment in the Administration’s recently released [Housing Supply Action Plan](#) to leverage American Rescue Plan funds for investments in affordable housing as part of a broader strategy to increase the nation’s housing supply and ease housing costs over time.

Treasury has previously encouraged governments to dedicate a portion of the \$350 billion available to them under the State and Local Fiscal Recovery Funds (SLFRF) toward the development, repair, and operation of affordable housing units. New Treasury data shows that those efforts have yielded strong results: through March 31, 2022, over 600 state and local governments had budgeted \$12.9 billion in SLFRF funds to meet housing needs and lower housing-related costs, including \$4.2 billion for affordable housing development and preservation. Today’s updates build on this progress and are expected to help local officials fulfill and expand upon these commitments to boost the country’s supply of affordable housing and bring down costs for the American people over time.

“Increasing the nation’s housing supply is essential to lowering shelter costs over the long-term,” said Deputy Secretary of the Treasury Wally Adeyemo. “Treasury continues to strongly encourage state and local governments to dedicate a portion of the historic funding available through President Biden’s American Rescue Plan toward building and rehabilitating affordable housing in their communities and the actions being announced today will make it even easier for them to do so.”

In January 2022, Treasury issued a Final Rule for SLFRF intended to provide broad flexibility for the use of funds, including for affordable housing uses that the Department has strongly encouraged. Guidance released by Treasury today takes two additional steps: (1) increasing flexibility to use SLFRF to fully finance long-term affordable housing loans and (2) expanding presumptively eligible affordable housing uses to further maximize the availability of SLFRF funds for affordable housing. Today's updates were informed by consultations and partnership with housing advocates and Members of Congress, including those who co-sponsored the LIFELINE Act, a bi-partisan, bi-cameral bill designed to provide additional flexibilities to the existing guidance that Treasury had issued to encourage use of SLFRF for affordable housing.

- **Increasing Flexibility to Use SLFRF to Fund Long-Term Affordable Housing Loans.** Treasury is updating guidance to permit SLFRF to more easily be used to finance long-term affordable housing loans, a common form of affordable housing finance. SLFRF permits funds to be used, among other uses, to combat the public health and negative economic effects of the pandemic, including by building affordable housing. Treasury has engaged with members of Congress, local leaders, and affordable housing developers on how to further increase clarity and flexibility around using SLFRF for affordable housing. The guidance updates permit governments to use SLFRF funds to fully finance long-term affordable housing loans, including the principal of any such loans, subject to certain conditions. These changes will facilitate significant additional financing for affordable housing projects, including those that would be eligible for additional assistance under Treasury's Low Income Housing Credit (LIHTC).
- **Expanding Presumptively Eligible Uses.** Treasury's Final Rule was initially designed to allow for flexibility in the use of funds for affordable housing, identifying uses consistent with two major HUD programs as presumptively eligible under SLFRF. Today's guidance expands that list to include an expanded range of federal programs from multiple agencies, permitting more options for how states and local governments can presumptively use funds for affordable housing. These changes are intended to build on Treasury's efforts to facilitate the use of SLFRF to leverage other sources of federal funding for affordable housing. In addition, Treasury is updating guidance to clarify that SLFRF funds may be used to finance the development, repair, or operation 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 further encourage state and local governments to make use of these increased flexibilities, Treasury and the Department of Housing and Urban Development are also

jointly publishing a “How-To” Guide to help governments easily combine American Rescue Plan funds with other sources of federal funding. The How-To Guide provides examples of how these flexibilities can help facilitate affordable housing deals using multiple sources of federal funding by combining eligibility for using SLFRF with existing sources of federal financing. Over the coming months, Treasury will conduct a series of webinars and briefings with states, local governments, and both nonprofit and private sector entities involved in the development and preservation of affordable housing to provide continued engagement on how SLFRF funds can be used to expand the housing supply.

These updates are the latest step in an Administration-wide effort to lower housing costs and increase housing supply. In May, President Biden released the Administration’s Housing Supply Action Plan, which is designed to increase the housing supply including by filling financing gaps for affordable housing, helping localities reform zoning and land use policies to increase housing production, and deploying additional federal resources and regulatory tools to increase the housing supply and bring housing costs down in the long term. Treasury’s guidance updates are among this broad range of initiatives that are intended to increase investment in affordable housing and reduce costs for American families. As part of its implementation of the Americans Rescue Plan, Treasury is also implementing additional programs to ease housing costs, including the Emergency Rental Assistance Program, which has provided millions of Americans support to prevent evictions, and the Homeowner Assistance Fund, which provides nearly \$10 billion in support to homeowners to prevent foreclosures.