

Housing Funding: ARPA in Massachusetts

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Introduction to ARPA

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law providing \$1.9 trillion dollars in federal government relief across the country to combat the health and economic harm of the COVID-19 pandemic that continues to rage on today. This legislation brings significant new funding to Massachusetts to address housing insecurity and homelessness.

In doing so, the United States federal government developed a 3-pronged approach to infuse the public with federal dollars.

- **Direct** – Aid such as stimulus checks and Paycheck Protection Program (PPP) loans were given straight to businesses, individuals, public institutions, non-profits, and more.
- **Targeted** – Dollars sent to the state(s) to be administered by public entities (e.g. support for K-12 schools, unemployment insurance, etc.) with specific intentions and expectations outlined by the federal government.
- **Flexible** – Funds with the fewest restrictions that state and local agencies can use to spend in a way that supports their unique recovery needs.

Key Takeaways

- The American Rescue Plan Act (ARPA), outlined \$14 billion in flexible funds to MA. For housing-related initiatives those dollars have primarily gone to programs such as Federal Emergency Rental Assistance Program (ERAP), the Low-Income Home Energy Assistance Program, and more.
- The fight for using ARPA dollars for housing is not over! Dollars from the Coronavirus State Fiscal Recovery Fund – the most flexible pot of COVID relief money provided by the U.S. government – are still available and provide an opportunity to fund housing initiatives that foster a more equitable recovery.

Compounding economic and public health crises shined a light on the pre-existing housing crisis and provided a much-needed renewed sense of urgency around housing insecurity in Massachusetts. During the height of the pandemic when public health institutions recommended people shelter in their homes, pressing issues of homelessness and housing insecurity came to a head. While there was already a housing crisis afoot, people without homes were unable to shower, access public restrooms, eat, and tend to other basic needs safely indoors which meant increased risk for everyone. Additionally, increased unemployment and general economic insecurity contributed to a need for rental and mortgage support across the Commonwealth.

How ARPA Targets and Addresses Housing

ARPA primarily responded to the housing crisis using two of its three prongs: flexible and targeted investments. ARPA deploys flexible funding to states and localities across Massachusetts with close to \$9 billion dollars in flexible aid through the Coronavirus State and Local Fiscal Recovery Funds. Additionally, \$14 billion dollars came to the state via targeted funds.

While some of these programs ultimately result in rent or utility payment on behalf of individuals and families in the Commonwealth, the distribution of targeted dollars differs from direct funding because it is funneled through state programs. In the case of rental assistance, most renters never “see” the money as it makes its way from the government program to landlords and/or housing providers. This is distinct from the type of “direct” support such as the Economic Impact Payments (stimulus checks) that ARPA sent directly to individuals which allowed people to have autonomy regarding where their dollars go.

As shown in the chart below, key programs such as the Emergency Rental Assistance Program (ERAP), Low Income Home Energy Assistance Program (LIHEAP), and the Homeowner Assistance Fund make up the largest components of targeted housing assistance as they work to keep people safely in their homes.

Targeted ARPA Housing Funding in Massachusetts	
Program or Funding Item	Expected Revenue
Federal Emergency Rental Assistance Program ("ERAP") - State	\$420,186,709
Low Income Home Energy Assistance Program ("LIHEAP") - State	\$187,074,431
Homeowner Assistance Fund	\$178,543,467
Homelessness Assistance - State	\$88,495,876
Emergency Housing Choice Vouchers - State	\$17,915,940
Community Navigator Pilot Program	\$3,633,348
Housing Counseling	\$2,076,199
Fair Housing Assistance Program	\$699,966

**Data from Massachusetts' Executive Office for Administration and Finance (A&F) Federal Funds Office (FFO)*

The chart above identifies how Massachusetts is following through on the investments that must be made using ARPA dollars from the \$14 billion infusion of targeted funds. While these programs and areas of housing have been relatively prescribed by the federal government, there are other opportunities where Massachusetts has had a chance to make decisions about how to best help foster an equitable housing recovery, such as with the use of flexible funds.

More Opportunities for Housing Investment

ARPA housing investment is not limited to the kinds of programs funded through targeted dollars. Flexible dollars are also on the table. Decisions about how to spend the flexible aid provided to the state can include additional or alternative forms of housing investments and are determined by the Massachusetts Legislature and officially signed off on by the Governor. For example, by combining Coronavirus State Fiscal Recovery Funds with dollars from a 2021 state revenue surplus, Chapter 102 of the Acts of 2021 included additional investments in housing – a set of Massachusetts-specific decisions beyond the mandates of the federal government.

Now is the time to take stock in the multiple streams of revenue available to ensure that housing funding can lead to housing justice. Policymakers and advocates currently have the chance to think critically about how to implement changes in a way that distributes opportunities for prosperity equitably and works toward antiracist, community-minded, multi-year recovery plans.

Key Note:

Of the three core buckets of federal funds provided through the American Rescue Plan Act (direct, targeted, and flexible), most funding for housing in the Commonwealth has come from targeted funds – *meaning the federal government prescribed how Massachusetts should spend those dollars to support the current housing crisis.*

Allocations made through the spending of targeted dollars do not necessarily reflect decision making about the specific needs of the Commonwealth. If Massachusetts wants to meet the full scope of ongoing crisis-induced housing needs, policymakers will need to more strategically utilize flexible funds.

Any strides made in supporting individuals and families through the current COVID housing crisis must also be sustainable. Beyond federal investments in response to COVID, policymakers should look toward opportunities to fund critical housing initiatives through the state budget – particularly considering that many housing programs were already experiencing deep underinvestment prior to the pandemic. Adequate funding to address housing need is going to require a multi-year investment plan after emergency programs fade out.