



## THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C.

December 12, 2023

Dear State, Local, and Territorial Leaders:

Through the American Rescue Plan's State and Local Fiscal Recovery Funds (SLFRF) program, Congress provided state, local, territorial, and Tribal governments with resources to address the challenges of the pandemic and help spur economic recovery and growth. In the two years since we launched the program, these funds have helped us vaccinate hundreds of millions of Americans, [achieve](#) the most equitable economic recovery in American history, and [lead](#) G7 countries in economic growth.

Beyond tackling the immediate effects of the public health emergency, Congress also designed the SLFRF program to address underlying [structural issues](#) that the pandemic surfaced and exacerbated, recognizing the opportunity and need not just for an equitable recovery but also for equitable economic growth. As we enter a new phase of our pandemic response, we are calling on you to focus on two of those structural issues: housing and workforce development.

First, we know the pandemic caused major supply bottlenecks in housing construction. A record share of homebuilders, surveyed by the National Association of Homebuilders in May 2021, [reported](#) shortages of key materials, including framing lumber, wallboard, and roofing. As a result, there were delays in new construction. Even as we worked to alleviate supply chain bottlenecks and jump-start the economy, housing remained unaffordable and unavailable for too many families because of longstanding underinvestment.

That's why expanding access to affordable housing is a top priority for the U.S. Department of the Treasury (Treasury) and the [Biden-Harris Administration](#), and why we encourage you to use your SLFRF award funds to build and improve access to affordable housing. In July 2022, Treasury announced new [flexibilities](#) and [tools](#) to make support for housing affordability investments easier, including increasing flexibility to fully finance certain long-term affordable housing loans. **We also plan to release updated guidance in the new year that further expands recipients' flexibility to invest SLFRF in increasing housing supply in their communities.**

Second, in addition to housing, these funds present a unique opportunity to invest in America's workforce. While the United States has [experienced](#) its strongest jobs recovery on record, we know there is more to be done to help more Americans join the labor market and get higher-paying jobs. Recent legislation has provided a tremendous opportunity to bring in people who have historically faced barriers to employment or discrimination in the labor force. Our historic investments through the Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act are creating jobs across the country in industries of the future. Importantly, these investments are disproportionately being made in [disadvantaged communities](#) that have the most to gain.



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SLFRF recipients have already budgeted nearly \$13 billion in funds for more than 4,200 projects to create jobs and opportunities for workers. Treasury’s [blog posts highlight examples](#) of how SLFRF recipients across the country have invested in local workforces, and the [White House Playbook](#) provides a guide to high-quality workforce development – resources we encourage recipients to use to duplicate these successes in their communities.

Since the American Rescue Plan was passed in 2021, recipients have made significant [progress](#) budgeting and obligating their SLFRF award funds. But time is of the essence for you to make these crucial investments in the housing supply and workforce development, as the deadline for obligating SLFRF funds approaches on December 31, 2024. This deadline has been in place since 2021, and Treasury recently released an [interim final rule](#) and its accompanying “[quick reference guide](#)” about how recipients can ensure they can take the steps necessary to meet it. The next year represents an opportunity for governments across the country to invest in ways that will power inclusive and equitable economic growth for decades to come.

Sincerely,

Adewale O. Adeyemo