

July 16, 2021

Office of the Undersecretary for Domestic Finance  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Docket Number: TREAS-DO-2021-0008

Docket Name: Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments

Dear Sir or Madam:

Thank you for the opportunity to provide input on the U.S. Department of Treasury's final rule for the State and Local Fiscal Recovery Fund (SLFRF). Authorized and funded under the American Rescue Plan Act (ARPA), the program will be a vital resource for state and local response to COVID-19. Jurisdictions are underway in activating funds towards meaningful projects and services with lasting impact. We recognize the commitment and support of Treasury officials in this endeavor and appreciate their leadership in facilitating federal aid.

The Council of State Community Development Agencies (COSCDA) is a national association dedicated to state actions on community development, disaster recovery, housing, and homelessness assistance. States administer key programs through the U.S. Department of Housing and Urban Development (HUD) supporting housing and community development activities in non-metropolitan areas which are primarily small, rural communities. Specific HUD programs administered by states include the Community Development Block Grant (CDBG), CDBG-Disaster Recovery (CDBG-DR), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), and Emergency Solutions Grant (ESG).

States utilize HUD resources to community-led developments assisting vulnerable and disadvantaged populations. Program administrators are aware of the importance of capacity and financing to ensure investments will serve targeted beneficiaries as intended. For localities and regions with less capacity, states maintain a critical role in promoting staff and related resources to complete projects. Robust financing from Treasury SLFRF will serve communities well however considerable gaps may exist to enable smart and sustainable developments. States are prepared to engage communities with limited capacity and connect SLFRF with other available funding sources to address local needs.

Overall, state agencies on community development and housing are well-positioned to identify gaps and apply SLFRF to address ARPA COVID-19 recovery goals. The following responses are specific to stated questions in the federal register notice (FRN):

## **Public Health**

*Question 1: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the public health impacts of COVID-19? Describe how these respond to the COVID-19 public health emergency.*

Services and costs should be eligible if needs can be justifiably connected to COVID-19 and conditions caused by the pandemic's impact on health, economy, and community well-being. State and local needs vary extensively in pandemic response and recovery. Many gaps exist due to insufficient access to resources critical to promoting safe distancing, vaccine distribution, physical protective equipment, and other necessary safety protocols and items to advance good health.

Housing and community development activities as eligible through the HUD CDBG program should be considered for use of funds under SLFRF. Activities promoted by CDBG help underserved populations and communities through various projects and services. Further, state and local governments are positioned to advance CDBG-eligible activities with experience in administering the program. Additional activities should not be excluded though if states and localities seek to invest SLFRF resources toward reasonable health and safety measures outside of the stated activities.

## **Economic Impacts**

*Question 5: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the negative economic impacts of COVID-19? Describe how these respond to the COVID-19 public health emergency.*

Similar to Question 1, an exclusionary list of eligible uses should not be promoted by Treasury in limiting use of funds towards the negative economic impacts of COVID-19. Instead, grantees should have the ability to properly assess and respond to pandemic-related needs through SLFRF. Industries both big and small have been significantly affected by the economic shifts since the pandemic began. Further changes are likely ongoing and market conditions will need to be revisited by states and localities moving forward. Leading activities developed by grantees would inform other jurisdictional actions however if cause and response can be justified in relation to COVID-19, grantees should be afforded the ability to act in their own interest using SLFRF.

*Question 6: What other measures, presumptions, or considerations could be used to assess "impacted industries" affected by the COVID-19 public health emergency?*

Research and information gathering continues in understanding the effects of COVID-19. Both national and regional sources should be considered in evaluating impacts on specific industries. The U.S. Department of Commerce (DOC) would be helpful to determining global influences and trends on industries throughout the nation. Within DOC, the Economic Development Administration (EDA) could also be a prominent source of data and information on economic conditions and industry standing especially in traditionally underperforming areas of the country. Higher education institutions, think tanks, and state and local-supported entities such as economic development centers may provide meaningful details on business and industry standing as well.

*Question 9: The interim final rule includes eligible uses to support affordable housing and stronger neighborhoods in disproportionately-impacted communities. Discuss the advantages and disadvantages of explicitly including other uses to support affordable housing and stronger neighborhoods, including rehabilitation of blighted properties or demolition of abandoned or vacant properties. In what ways does, or does not, this potential use address public health or economic impacts of the pandemic? What considerations, if any, could support use of Fiscal Recovery Funds in ways that do not result in resident displacement or loss of affordable housing units?*

Housing and local business needs have significantly grown since the pandemic began, however conditions surrounding this immense crisis vary at all levels from neighborhoods to states and nationally. Several factors are directly tied to housing and neighborhood standing such as cost of living, available units of quality and affordable housing, and available job opportunities. Housing development relies on wide-ranging resources and conditions. Targeted and specific approaches responsive to each jurisdiction should be adopted to promote solutions. As with previous responses, activities should not be excluded including rehabilitation or demolition of properties if further economic standing and housing access can be improved as a result. Further consideration could be elevated on how communities have been recently impacted by COVID-19 in housing and economic standing, and what course of actions may benefit their long-term positions.

## **Water and Sewer Infrastructure**

*Question 19: What additional water and sewer infrastructure categories, if any, should Treasury consider to address and respond to the needs of unserved, underserved, or rural communities? How do these projects differ from DWSRF and CWSRF eligible projects?*

Water systems particularly in small and rural jurisdictions may be better supported through regional planning and development activities. Coordination in water systems promotes efficiency and cost-effective means to maintaining infrastructure. Improved cost-sharing also advances maintenance and expansion of existing facilities while ensuring affordability for residents.

*Question 21: Infrastructure projects related to dams and reservoirs are generally not eligible under the CWSRF and DWSRF categories. Should Treasury consider expanding eligible infrastructure under the interim final rule to include dam and reservoir projects? Discuss public health, environmental, climate, or equity benefits and costs in expanding the eligibility to include these types of projects.*

Dams and reservoirs are necessary infrastructure to both individual communities and larger areas connected to waterways associated with these facilities. Both area and regional populations depend upon these structures to ensure current infrastructure including water and sewer can be properly maintained. Damage may be caused to additional infrastructure as well as local environment if facilities fail or are not adequately supported. As states and localities navigate their distinct needs and response to COVID-19, SLFRF should be an available resource to address water needs including direct to support dams and reservoirs.

## **Broadband**

*Question 26: What are the advantages and disadvantages of setting any particular threshold for identifying unserved or underserved areas, minimum speed standards or scalability minimum? Are there other standards that should be set (e.g., latency)? If so, why and how? How can such threshold, standards, or minimum be set in a way that balances the public's interest in making sure that reliable broadband services meeting the daily*

*needs of all Americans are available throughout the country with the providing recipients flexibility to meet the varied needs of their communities?*

Broadband access is critical for work, education, healthcare, and other key public areas in the 21st Century. Communities and households without adequate access cannot expect to fully participate in the modern economy. Further, conditions which have prevented availability of high-speed service to date will not change without both substantial public and private engagement.

Each locality is different in determining how to approach specific needs related to internet access. Considering the ARPA's emphasis on broadband relative to SLFRF, resources will be important to enhance broadband availability and bridge the digital divide. Lead entities in the field including the National Telecommunications and Information Administration (NTIA) as well as established groups may be considered vital to support these advancements. Any resources or directives available through broadband leaders, especially supporting affordability measures and digital literacy, should be promoted. These organizations are capable of providing guidelines for successful deployment of not only physical infrastructure but programs and measures promoting long-term broadband development and access.

Additional consideration is warranted to each jurisdiction's ability and condition to expanding broadband in determining restrictions or standards involved with activating funds under SLFRF.

We welcome further engagement on guidance and support to grantees under the SLFRF program. Please reach out if we can provide additional details or response. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dianne E. Taylor". The signature is fluid and cursive, with a large initial "D" and "T".

Dianne E. Taylor  
Executive Director