American Rescue Plan Act (ARPA)

Why should ARPA funds be invested in delinquent property tax relief and enforcement?

The American Rescue Plan Act's (ARPA) $350 billion State and Local Fiscal Recovery Fund distributes federal relief to every US state, local, territorial, and Tribal government, which must be obligated by December 31, 2024 and expended by the end of 2026. This once-in-a-lifetime infusion of flexible funding is focused on catalyzing broader community recovery and rebuilding and addressing the immediate and long-term negative impacts of the COVID-19 pandemic, particularly on low-income communities and people of color.

NEED: Many low-income homeowners and landlords are facing property loss because the economic impacts of the pandemic led them to fall behind on property tax payments. Financially strapped local governments are also struggling to address the health and safety risks posed by vacant properties languishing with delinquent property taxes.

OPPORTUNITY: Dedicating ARPA funding to implement **an equitable, effective, and efficient approach to delinquent property tax relief and enforcement is an ideal investment** given the following:

1. Direct assistance to low- and moderate-income households, which are **explicitly eligible ARPA expenses**, could bring households current on property taxes preventing housing loss through property tax foreclosure.
2. Vacant, tax-delinquent properties **pose serious health and safety risks to surrounding residents, a stated ARPA concern**, which local government can address by securing and maintaining the properties during the foreclosure process and using the foreclosure process to remove significant barriers to property reuse like and property tax liens and clouded title.
3. Through efficient property tax foreclosure processes and with partners like land banks or nonprofits, **vacant, tax-delinquent properties can be a critical pipeline of properties to serve community goals** like quality, affordable housing and greenspace like parks and urban gardens.
4. Nonprofit entities, which could partner to help with resident outreach and financial counseling, and land banks, which could help convey foreclosed vacant properties to new, responsible owners, are **eligible to receive ARPA funding** given that it allows local or state governments to transfer funding to nonprofit organizations or other special purpose units of state or local government to carry out eligible activities.

ARPA ON THE GROUND

- Orange County, NC is using ARPA funding to pilot their Longtime Homeowner Assistance program, which reduces tax bills for lower income residents that have lived in their property for over 10 years.
- Detroit, MI proposed to use $3 million to support a program that helps low-income renters and owners avoid tax-foreclosure related displacement.
- Gwinnett County, GA is using $1.5 million to waive fees for paying property taxes online.
- Broome County, NY is using $2 million to partner with their land bank on the rehabilitation of tax foreclosed properties for affordable housing.

POTENTIAL IDEAS FOR ARPA USE

- Create a property tax abatement, forgiveness, credit, or repayment program for lower income or unemployed homeowners or landlords.
- Help residents secure property tax relief through a multi-faceted outreach program, including tactics like partnership with community organizations, multilingual materials, and door-to-door outreach.
- Fill any temporary revenue gaps created by ending the sale of tax liens, to be replaced with a more equitable system of publicly controlled tax foreclosure.
- Fund the purchase of tax foreclosed properties by land banks or nonprofit partners at tax sales or auctions, preventing those properties from going to harmful absentee speculative purchasers.
- Invest in a data system that connects property tax data to other local data like Register of Deeds, Code Enforcement, and Housing to improve assessment accuracy and support neighborhood stabilization activities.

Learn More about the American Rescue Plan Act at **communityprogress.org/resources/arpa/**

Center for COMMUNITY PROGRESS
Vacant Spaces into Vibrant Places