



## Principles for the Emergency Rental Assistance Program Reallocation Process

The Consolidated Appropriations Act of 2021 authorized the Emergency Rental Assistance Program (ERAP) and appropriated \$25 billion for it. The law authorizes the U.S. Department of the Treasury (Treasury) “beginning on September 30, 2021,” to “recapture excess funds, as determined by the Secretary, not obligated by a grantee” and reallocate any such funds to grantees who, at the time of such reallocation, have obligated at least 65 percent of the amount originally allocated and paid to such grantee. The law also provides that the amount of any such reallocation shall be determined based on demonstrated need within a grantee’s jurisdiction, as determined by the Secretary.

As the national representatives of the Administration’s hundreds of state, county, local, and tribal governmental partners in delivering ERAP, we appreciate the Administration’s responsiveness to our prior recommendations, individually and as a group, for enabling grantees to balance the urgency of delivering aid with the responsibilities of meeting the Administration and Congress’ requirements for accountability with federal taxpayer funds. ERAP grantees are accelerating their delivery of funds every day all across the country.

Grantees have learned that while there remains real, urgent need for ERAP’s primary purpose of covering back rent and utilities, the allowable uses of funds for related “housing stability services” are also critical. We commend the Administration for supporting grantees’ efforts to provide more comprehensive support to renters and for articulating, in this week’s White House Summit on Eviction Protection, the dual goal “to both prevent housing loss among struggling families and stabilize small property owners.”

Congress included the aforementioned reallocation language to encourage grantees to deploy ERAP funds with the necessary sense of urgency and to give Treasury the option of rebalancing ERAP funding among jurisdictions to ensure resources match need to the extent feasible in each grantee jurisdiction.

Congress did not intend for September 30, 2021 to be any kind of hard spending deadline or recapture event. The statute states that the reallocation process shall take place *beginning* September 30, 2021, meaning Treasury has flexibility on the timing of any actual reallocation. And reallocation as authorized only makes sense in practical terms if there are grantees who demonstrably need and can use more ERAP funds than they have access to.

With this context in mind, we recommend the following for the reallocation process with respect to the first appropriation of ERAP funds.

- First, Treasury should remove from the reallocation analysis ERAP grantees whose combined payments with and remaining applications for funds from the first appropriation received as of September 30, 2021, equal 65 percent or greater of their original paid amount, net of administrative expenses.
- Second, Treasury should provide grantees whose combined obligated and requested funding is less than 65 percent of their original payment the opportunity to project their remaining ERAP-eligible needs from October 1, 2021, until September 30, 2022, and describe their plan for using the funds from the first appropriation to meet them.
- Third, Treasury should invite ERAP grantees to request additional funds, accompanied by an analysis that shows they have additional ERAP-eligible needs they cannot meet with their available ERAP funds.

In addition, with respect to reallocations, we recommend: 1) Treasury reallocate funds first to jurisdictions that request and can use them within the grantee's state; 2) Treasury hold harmless grantees whose administrative costs exceed 10 percent of their repayment amount after a reallocation; and 3) Treasury consult with Indian tribes prior to issuing any guidance regarding tribal grantee allocations.



## Grantee Survey on the Emergency Rental Assistance Program Reallocation

The Consolidated Appropriations Act of 2021 authorized the Emergency Rental Assistance (ERA) program and appropriated \$25 billion for it. The law (characterized below as “ERA 1”) authorizes the U.S. Department of the Treasury (Treasury) “beginning on September 30, 2021,” to “recapture excess funds, as determined by the Secretary, not obligated by a grantee” and reallocate any such funds to grantees who, at the time of such reallocation, have obligated at least 65 percent of the amount originally allocated and paid to such grantee. The law also provides that the amount of any such reallocation shall be determined based on demonstrated need within a grantee’s jurisdiction, as determined by the Secretary.

The national representatives of the Administration’s hundreds of state, county, local, and tribal governmental partners in delivering ERA have recommended to the Treasury a set of principles for the reallocation process, [linked here](#). Below is a mechanism we recommend Treasury use for determining ERA reallocations, in the form of survey of all ERA grantees. This survey could be used as part of Treasury’s consultation and outreach to all grantees, including states, counties, cities, and tribes related to reallocation.

1. What percentage of your ERA 1 grant do you expect to have disbursed/expended or otherwise obligate by September 30, 2021?

*The term “obligate” refers to funding disbursed/expended, plus funding for which a grantee is contractually required to pay in a future reporting period, which may include letters of intent provided to eligible households, contracts with service providers and other third-party partners, vendor agreements, and expected staffing and other administrative expenses.*

*The amount should include all funding obligated for financial assistance, administrative costs, and housing stability services, as defined under the law.*

2. What additional percentage of your ERA grant do you expect will be reflected in applications received but not funded by September 30, 2021 (the amount in your application pipeline)?

*If your answer to Question 1 plus Question 2 is more than 65 percent, please answer the following:*

3. Do you expect to have enough ERA 1 funding to meet demand through September 30, 2022?
4. If not, how much more ERA 1 funding would you be interested in receiving to meet demand through that date and what methodology did you use to arrive at the estimate?

5. Do you foresee that accepting redistributed ERA 1 funding will delay or negatively impact your ability to fully use ERA 2 funds?

*If your answer to Question 1 plus Question 2 is less than 65 percent, please answer the following additional questions:*

6. Do you expect to spend all of your remaining ERA 1 funds by the September 30, 2022 deadline?
7. If your answer is “YES,” please describe your plan for accelerating your delivery of ERA 1 funds sufficiently to meet the deadline.
8. If your answer is “NO,” provide an estimate of demand for your ERA 1 funds and your plan for meeting it by September 30, 2022, and the amount that may be “excess” in that date.
9. Please share any additional information that would be useful for Treasury to understand in assessing reallocation, such as your experience administering similar assistance with other funds and any geographic limitations that you placed on your program to minimize overlap and confusion with other ERA programs.

*The term “excess funds” refers to any amount the Treasury Department and the ERA grantee mutually agree are additional to the amount of ERA-eligible uses, including housing stability services and administrative expenses, that the ERA grantee reasonably expects to expend by September 30, 2022.*