Emergency Rental Assistance Data Shows Programs Ramping Up, but States and Localities Must Do More to Accelerate Aid

Data released today by the Treasury Department on the Emergency Rental Assistance (ERA) program shows a rapid ramp-up in state and local programs – with 160,000 households served in May, over 60 percent more than the previous month – as well as early success in targeting the lowest-income households. However, state and local governments must do more to accelerate aid to struggling renters and expand programs to meet the scale of assistance needed. According to data from the U.S. Census Bureau's Household Pulse Survey, in June, approximately 1.2 million households reported being very likely to face eviction in the next two months. While some state and local programs are increasingly reaching households in need, others lag far behind, and many programs have just launched in recent weeks.

Money is available in every state to help renters at risk of eviction – and the urgency has never been greater. The Administration is calling for an all-hands-on-deck effort by state and local governments, courts, community organizations, and the legal community to prevent evictions, including moving more quickly to get emergency rental assistance to families in need.

Since the start of the Administration, Treasury has taken bold action to give state and local governments the tools and flexibility needed to scale up programs quickly. Treasury will continue to work with grantees and use every tool available to get this aid into the hands of families at risk of eviction, including reallocating additional funds to grantees that demonstrate results.

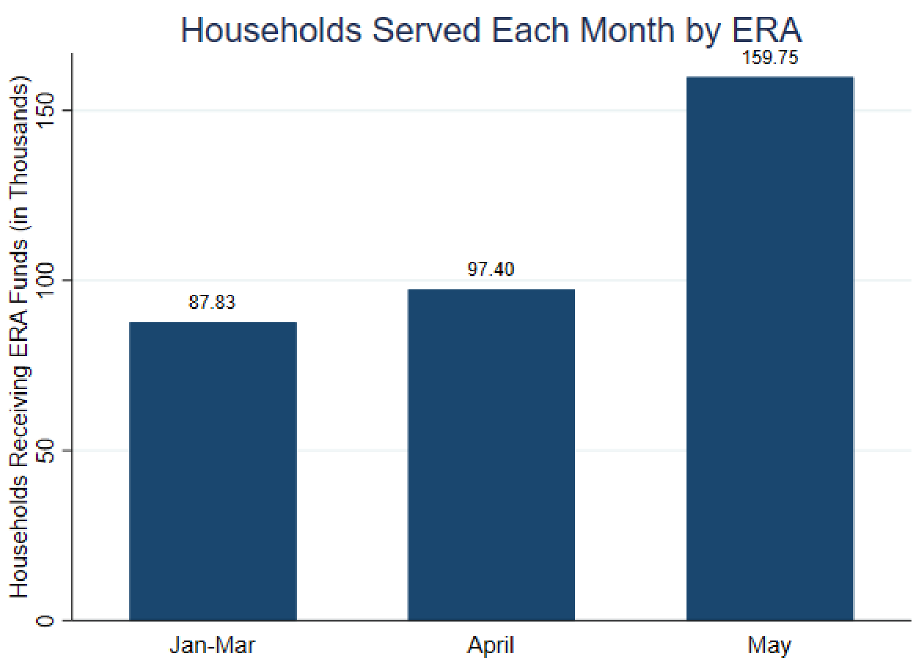
By early February, Treasury had paid state, local, and Tribal governments the full $25 billion available in the first round of ERA (ERA1), with $8.6 billion in additional funds made available in early May through the second round of ERA (ERA2) under the American Rescue Plan Act of 2021. Treasury has taken further steps to speed delivery, remove barriers, and reach families most in need, such as:

- Requiring ERA2 programs to offer assistance directly to tenants when landlords do not participate and cutting down the time in ERA1 until such offers can be made,
- Permitting ERA2 programs to offer assistance directly to tenants without first seeking landlord participation,
- Protecting renters from eviction while payments are being made on their behalf,
- Reducing burdensome documentation requirements for verifying income, and urging grantees not to institute requirements that would reduce participation, while ensuring program integrity,
- Clarifying how programs can assist individuals experiencing homelessness or searching for new housing,
- Clarifying that programs can use bundled payments to landlords or utility providers to scale up assistance quickly, and
- Promoting program accessibility through language access and culturally competent housing stability services.

Treasury took these important steps, which have increased the impact of the program, based on feedback from grantees, tenant advocates, and property owners. As a result, numerous states and localities are now using fact-specific proxies for applicant income – for example, using average incomes in the neighborhood as a proxy for the individual applicant's income – streamlining what is often the most time-consuming part of eligibility verification. Further, Treasury is sharing promising practices with grantees nationwide and expanding outreach efforts to increase awareness about the program among tenants and landlords. The remainder of this blog shares key findings from ERA program data from January through May 2021.

1. State and local ERA programs are ramping up significantly – but growth must accelerate to meet the scale of need

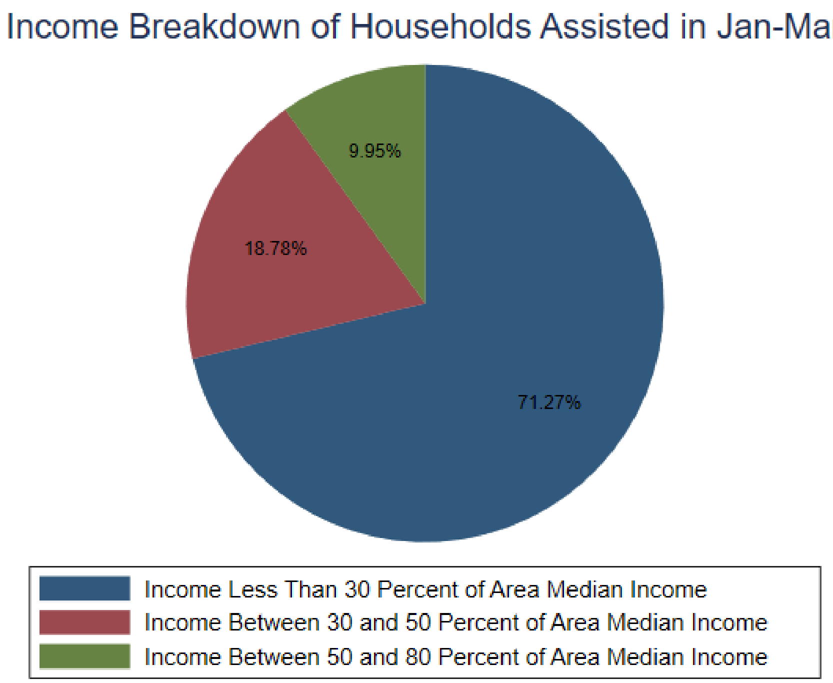
The number of families served by state and local ERA programs grew rapidly over recent months: the program served roughly 90,000 households from January through March, served 100,000 households in April alone, and then served over 60 percent more – 160,000 households – in May. While more and more households are getting help each month, continued rapid expansion is needed to reach the scale of renters at risk of eviction. Based on the U.S. Census Bureau's Household Pulse Survey, 1.2 million households report being very likely to face eviction in the next two months. While these estimates will change over time, they show the continued, significant need to expand rental assistance programs.



State and local grantees provided approximately $1.5 billion in assistance for rent, overdue rent payments, and utilities through May 31. Rental and housing assistance in May exceeded the total from all prior months combined. While these strides are important, numerous states and local grantees – including some with large ERA allocations – did not open their programs until May or even early June and reported little or no household assistance disbursed through May 31. For example, over 80 state and local governments had no spending on household assistance through May 31.

2. ERA programs have disproportionately served the lowest-income households

A strong majority of households supported by ERA in the first quarter – over 70 percent – were very low-income, with household incomes under 30 percent of typical incomes in their geographic area. Because these households often face significant financial insecurity and risk of eviction, reaching them is a key step to preventing evictions.



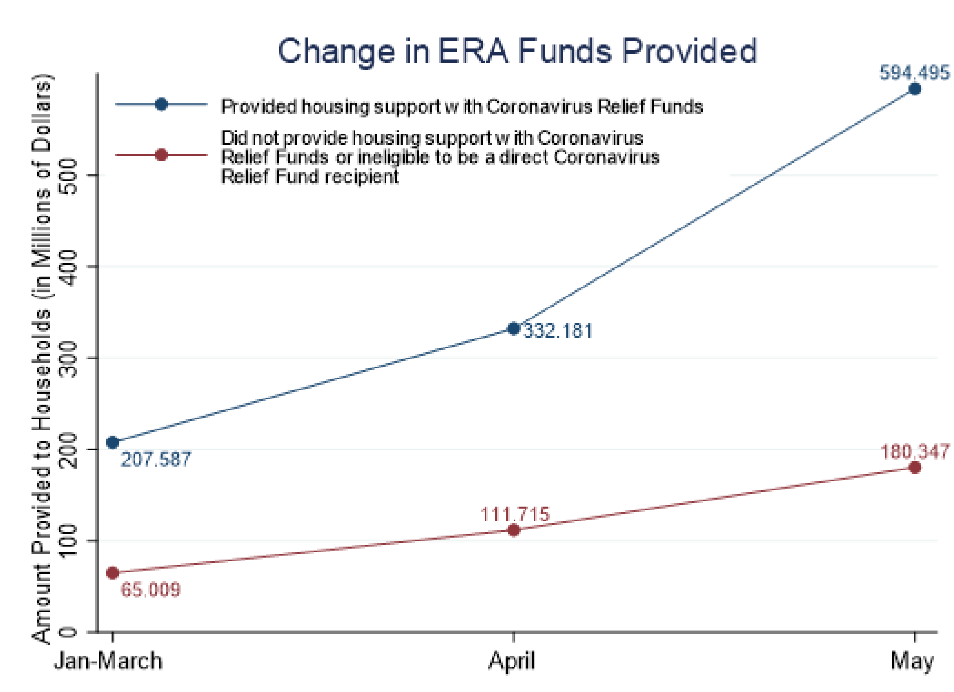
3. Performance varies greatly across state and local programs, with some reaching many families and others lagging far behind

Some state and local government started programs quickly and have reached tens of thousands of families. For example, the Commonwealth of Virginia grew its program quickly in the first quarter of 2021 and, as of May 31, had deployed more than $155 million in rent and utility assistance to eligible households. The State of Texas ramped up spending in April and dramatically increased spending in May: according to the state's public online dashboard, by early July, more than $450 million in assistance had been distributed and roughly 70,000 households served. In contrast, other programs have just recently launched, months after receiving funds, or remain small in scale. To further accelerate aid, Treasury urges programs to adopt the flexibilities provided in ERA guidance and promising practices.

4. States and localities with rental assistance programs that predate ERA have scaled up faster

Running an effective rental assistance program requires up-front program infrastructure – hiring staff, developing policies and procedures, building an application process, and establishing partnerships with other organizations. Before this year, few governments had robust rental assistance programs, and none at the scale now made possible by ERA. Governments already operating programs – with the foundational infrastructure already in place – have been able to ramp up ERA more quickly.

This means that once grantees make the investments needed to set up ERA programs, funds can be effectively deployed where they are needed most. It also means that if grantees invest the time and resources required to more quickly set up their infrastructure for ERA programs, they will be able to deliver critical lifelines to renters sooner.



ERA is helping develop a new national infrastructure for rental assistance and eviction prevention that did not previously exist. Program data suggests that many state and local governments focused on building program infrastructure early this year and have now turned to scaling up assistance. States and localities committed more than $1 billion in the first quarter of 2021 for administrative costs – like hiring staff – and housing stability services, reflecting the scale of program stand-up efforts. Since then, rental assistance spending has grown significantly: by May, spending on rental assistance was nearly three times higher than in the first three months of 2021 combined – exactly the pattern expected for grantees that first built new program infrastructures and then began delivering much-needed support to households.