



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

October 4, 2021

Dear Emergency Rental Assistance Program Grantee:

Today, the Treasury Department published new guidance outlining the process for reallocating Emergency Rental Assistance funds. Treasury's reallocation approach is designed to maximize the amount of assistance delivered and the number of households served with the funds Congress has appropriated to mitigate the effects of the COVID-19 pandemic on renters and landlords. Treasury will carry out the statutory requirement to reallocate funds to accomplish this goal in three ways: (1) make more resources available to high-performing grantees based on need, (2) incentivize adoption of best practices among grantees to help them streamline and improve their processes, and (3) work to ensure funds do not go unused by programs unable to assist struggling renters and landlords.

In December 2020, Congress passed the Emergency Rental Assistance Program under the Consolidated Appropriations Act, 2021 (ERA1) to keep renters in their homes and to limit the long-term economic scarring caused by evictions. Congress initially allocated funds based on population. However, Congress also anticipated the need to respond to the pandemic's evolving conditions through the reallocation of funds to jurisdictions with the greatest needs and capacity to deploy funding.

From the beginning of this program, Treasury has provided technical assistance to grantees, released new guidance to reduce barriers to access, published best practices, and spoken with hundreds of program administrators to support their efforts to expedite assistance to tenants. Many grantees have embraced Treasury's recommendations and were able to quickly disburse funds; others that initially struggled to build the necessary program infrastructure are now seeing increased progress after adopting Treasury's recommendations to speed up assistance. Still, some grantees have not demonstrated sufficient progress or intent to make changes in their programs to get resources into the hands of eligible tenants and landlords. There are even some grantees that received more funding in their initial allocation than will realistically be needed in their jurisdiction in the next year.

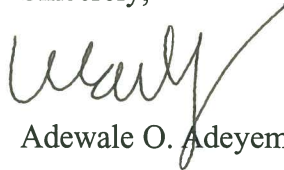
Treasury's approach to reallocation addresses each of these types of grantees by redirecting resources to top-performing grantees serving high-needs areas, providing grantees an opportunity to present a program improvement plan in order to keep their existing funds, and recapturing dollars from the lowest performers that have been unable or unwilling to speed up assistance. In addition, Treasury is working with grantees that may seek to voluntarily reallocate funds to other jurisdictions—for example, states seeking to send money to cities or counties within their jurisdiction—to maximize the program's impact.

Grantees that have not obligated at least 65 percent of their ERA1 funding by September 30, will be required to submit a program improvement plan. As part of this plan, the grantees will report whether they have implemented the best practices described in Treasury's guidance, including

the use of self-attestations; the use of eviction diversion partnerships; engagement with providers of culturally and linguistically relevant housing stability services; and other strategies that have increased the amount of rental assistance provided in jurisdictions across the country. In addition, the lowest-performing grantees will face reallocation based on their expenditure ratio – a measure of the amount of funds that they have actually provided to benefit eligible households – with more funding subject to reallocation over time. In making all these decisions we will be guided by our commitment to make emergency rental relief available to as many eligible Americans as possible.

Though we have a long way to go, the Emergency Rental Assistance Program is on track to protect millions of Americans from eviction. The reallocation process required by statute is an important step to ensure that resources are available in areas with the greatest needs and the highest capacity to deliver these resources. Regardless of reallocation, Treasury will continue to support all grantees in building successful ERA programs and getting funds to renters in need.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adewale O. Adeyemo', with a long, sweeping flourish extending to the right.

Adewale O. Adeyemo