

U.S. Department of the Treasury
Emergency Rental Assistance Under the Consolidated Appropriations Act, 2021
Notice Regarding ERA1 Administrative Costs
December 12, 2022

On November 15, 2022, the U.S. Department of the Treasury (Treasury) released updated [reallocation guidance](#)¹ (Guidance) regarding the [Emergency Rental Assistance program](#) (ERA1) authorized by Section 501 of Division N of the Consolidated Appropriations Act, 2021. That Guidance applies to all state, territorial, local, and Tribal governments participating in ERA1 (Grantees).

Under section V of the Guidance:

A Grantee may spend up to 10% of its initial ERA1 allocation for administrative expenses only if the Grantee obligates at least 30% of its initial allocation for the provision of financial assistance and housing stability services on behalf of eligible households by September 30, 2022. If a Grantee has obligated less than 30% of its initial allocation providing financial assistance and housing stability services as of September 30, 2022, Treasury will presume that the Grantee’s administrative expenses were not attributable to such services – and therefore were not permissible uses of ERA1 funds – to the extent that the administrative expenses exceed 10% of the Grantee’s allocation after deducting amounts recaptured or reallocated as excess funds, unless the Grantee can demonstrate that those costs are related to the delivery of the program.²

Accordingly, a Grantee that has obligated less than 30% of its initial allocation by September 30, 2022, as provided above, may spend up to 10% of its initial ERA1 allocation on administrative costs only if it can demonstrate that those costs are related to the delivery of the ERA1 program.

Any Grantee that expects to (1) obligate less than 30% of its initial ERA1 allocation but (2) spend more than 10% of its final ERA1 allocation³ on administrative costs should contact Treasury with the information described below demonstrating that those costs are related to delivery of the ERA1 program. Treasury will then determine whether the Grantee’s claimed administrative expenses are permissible uses of ERA1 funds.

Any Grantee that obligates less than 30% of its initial ERA1 allocation and spends more than 10% of its final ERA1 allocation on administrative costs but declines to submit the information described below will be subject to the presumption that its administrative expenses were not attributable to delivery of the ERA1 program to the extent that the administrative expenses

¹ A redlined version showing all amendments to the guidance previously published on October 4, 2021 is available at <https://home.treasury.gov/system/files/136/REDLINED-Updated-ERA1-Reallocation-Guidance-3-30-2022.pdf>

² See Guidance section V. For more information about administrative expenses in ERA1 and ERA2, see ERA Frequently Asked Question #29, available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs>.

³ As used in this Notice, “final ERA1 allocation” means a Grantee’s ERA1 allocation after deducting any recaptured or reallocated amounts.

exceed 10% of the Grantee's final allocation. Treasury will thus conclude that such excess expenses were not permissible uses of ERA1 funds.

Under the Guidance, no further action is required regarding this issue by any Grantee that (1) obligates at least 30% of its initial ERA1 allocation by September 30, 2022, or (2) whose administrative expenses total 10% or less of its final ERA1 allocation.

Grantees that expect to obligate less than 30% of their initial allocations and spend more than 10% of their final ERA1 allocations on administrative costs should demonstrate that their administrative expenses are related to ERA1 program delivery by submitting the following two documents to Treasury, in addition to any other materials the Grantee deems relevant to Treasury's determination:

1. A financial statement or report summarizing the expenditures of ERA1 funds that the Grantee considers to be administrative costs related to ERA1 program delivery. For example, a Grantee may provide accounting records grouping ERA1 administrative expenditures by payee, project, or line item.
2. A brief letter to Treasury, based on the attached template, that (a) provides the basic details about the Grantee's ERA1 program identified in the template, and (b) provides a short narrative description of the Grantee's uses of ERA1 administrative funds, showing how those expenses were reasonable and furthered the ERA1 program. The letter could describe, for example, a Grantee's uses of ERA1 funds on administrative expenses arising from application processing and outreach efforts, additional staff or contractors, program marketing, or new ERA1-related information technology systems. Treasury anticipates that such letters would not need to exceed two to three pages in length.

Grantees may submit materials regarding administrative expenses to emergencyrentalassistance@treasury.gov. Please include your ERA1 Grantee number in the subject line of any submission.

All submissions made pursuant to this notice are due by ERA1's program closeout deadline, 120 days after the end of the program's period of performance.⁴ Grantees may, however, make submissions prior to that deadline, and Treasury will work to provide prompt determinations regarding early submissions where possible.

⁴ See 2 C.F.R. § 200.344 for additional information regarding deadlines and requirements related to program closeout.

[DATE]

Verónica R. Soto
Director
Emergency Rental Assistance Program
U.S. Department of the Treasury
emergencyrentalassistance@treasury.gov

Dear Ms. Soto:

[GRANTEE] (Grantee), [ERA1 GRANTEE NUMBER], writes to request a determination that its claimed ERA1 administrative expenses are related to the delivery of the program for purposes of the presumption discussed in section V of the ERA1 Reallocation Guidance (Guidance).

About Our ERA Program

Grantee’s initial allocation of ERA1 funds was \$[AMOUNT]. After deducting amounts recaptured or reallocated by Treasury as excess funds, the amount of our ERA1 allocation is \$[AMOUNT]. As of our most recent report, Grantee has cumulatively obligated \$[AMOUNT] of its ERA1 allocation for the provision of financial assistance and housing stability services on behalf of eligible households. Grantee does not expect to obligate at least 30% of its initial ERA1 allocation for these purposes by September 30, 2022.

Since the launch of its ERA1 program, Grantee has processed a total of [NUMBER] applications for rental assistance. As of the date of this letter, Grantee has provided a total of [NUMBER] households with rental assistance using ERA1 funds.

Obstacles to Obligating ERA1 Funds

[Briefly discuss any obstacles encountered in obligating 30% of the Grantee’s ERA1 allocation, such as a low cost of housing or limited demand notwithstanding outreach efforts.]

Our Uses of ERA1 Funds on Administrative Expenses

Grantee has expended \$[AMOUNT] of its initial ERA1 allocation on administrative expenses related to program delivery. All of such expenditures constituted permissible administrative expenses in accordance with all applicable ERA1 guidance and requirements. That amount was expended on the following type[s] of program-related costs:

[TYPE OF EXPENSE], \$[AMOUNT SPENT ON EXPENSE]

[Describe Grantee’s uses of ERA1 funds for this type of administrative expense. For instance, Grantee might discuss projects funded with ERA1 funds as part of Grantee’s outreach strategy, intaking and reviewing applications, new staff or contractors hired to administer the program, or new software systems acquired to manage ERA1 applications. Please explain clearly how such expenditures are related to ERA1 program delivery.]

[TYPE OF EXPENSE], \$[AMOUNT SPENT ON EXPENSE] [IF NEEDED]

[See above]

[TYPE OF EXPENSE], \$[AMOUNT SPENT ON EXPENSE] [IF NEEDED]
[See above]

[TYPE OF EXPENSE], \$[AMOUNT SPENT ON EXPENSE] [IF NEEDED]
[See above]

[TYPE OF EXPENSE], \$[AMOUNT SPENT ON EXPENSE] [IF NEEDED]
[See above]

We look forward to your response.

Regards,

[NAME OF GRANTEE CONTACT]
[GRANTEE]

Encl.
[DESCRIPTION OF ENCLOSED DOCUMENT(S)]