

Treasury Reveals \$1.1B In Shuffled Pandemic Rent Assistance

By Emma Whitford

Law360 (January 7, 2022, 6:12 PM EST) -- The U.S. Department of the Treasury on Friday revealed it has shuffled \$1.1 billion in pandemic rental assistance funding between numerous jurisdictions across the country, the first move in an ongoing effort to boost programs with demonstrated need.

The bulk of the newly freed-up funds — nearly \$875 million — in the more than \$46 billion Emergency Rental Assistance, or ERA, program are being passed voluntarily between jurisdictions within a given state. For example, Louisiana is sending \$37 million of its initial allocation to be administered by New Orleans and another \$33 million to Baton Rouge.

Tens of millions of dollars are also moving voluntarily between state and local programs in Arizona, Arkansas, Georgia, Indiana, Nebraska, Wisconsin, Tennessee and South Carolina, among others, according to the Treasury department.

A smaller tranche of funds, nearly \$240 million, was snapped up by the Treasury from underperforming programs and redistributed to states, cities, counties and Native American tribes based on the agency's priorities, starting with intrastate transfers.

Next, the agency said it looked to the programs that have been most successful in pushing their initial funding out the door.

Of the nonvoluntary reallocations, the largest individual allocations went to the states of California, New Jersey and New York, which will receive \$50.3 million, \$42.7 million and \$27.2 million, respectively.

Other payments exceeding \$1 million included \$8.3 million for San Diego; \$5.75 million for Florida's Miami-Dade County; \$7.2 million for Boise, Idaho; \$8.36 million for Philadelphia; and \$7.3 million for the Oglala Sioux Lakota Housing Agency in South Dakota.

Funding was "limited," the Treasury said in a press release, though states can expect more reallocations in the future and can apply for more funding as soon as this month.

The department **unveiled in October** its process for reallocating unused funds from the first \$25 billion allocation of emergency assistance, known as ERA1, as required under the December 2020 Consolidated Appropriations Act.

The money was earmarked to cover rent and utility arrears accumulated during the COVID-19 pandemic, and has since been supplemented with another \$21.5 billion set aside in March 2021 under the American Rescue Plan Act, known as ERA2.

States and localities have until Jan. 21 to submit an application for additional ERA1 funds, the Treasury said Friday. A process to reallocate ERA2 funds will begin in late March.

In the case of New York, local officials **were disappointed** with their \$27.2 million allocation, which amounts to roughly 3% of the nearly \$1 billion they had requested to cover tens of thousands of pending applications from tenants and landlords.

"New York State has and will continue to strongly advocate for any additional rent relief funds that

may become available via the U.S. Treasury's reallocation process," New York's Office of Temporary and Disability Assistance, which is administering the funds, said in a statement Friday.

Under the Treasury's guidance last fall, programs that failed to either spend or earmark at least 65% of their ERA1 money had the option to submit an improvement plan to the agency in the hopes of holding onto their unused funds, which would otherwise be stripped away in increments.

Peter Hepburn, assistant professor of sociology at Rutgers, the state university of New Jersey, told Law360 Friday that the success of these plans could determine how much more in ERA1 funds is ultimately freed up.

"There were a lot of ways to delay clawback in this initial round of reallocation and now the rubber hits the road," Hepburn told Law360. "The programs that have not been able to distribute large shares, there needs to be evidence that it's happening and moving forward. And if that's not the case, we may see more money shifting around."

At the same time, Hepburn added, "the largest tranches of money were the ones going to the big states that have exhausted funds or are getting close. So the available funding is definitely shrinking."

The Treasury has yet to release details on which jurisdictions submitted program improvement plans, a spokesperson for the department confirmed.

Also on Friday, the Treasury released its latest report on ERA expenditures, saying that 3.1 million payments had been made nationwide as of the end of November 2021.

November also saw record expenditures, the department added, totaling \$2.9 billion.

And about \$17.1 billion in ERA funds have been either paid out or earmarked for qualifying households as of Jan. 3, according to a data tracker maintained by the nonprofit National Low Income Housing Coalition.

--Editing by Lakshna Mehta.