Extending the Reach of Emergency Rental Assistance: Leveraging Federal Resources

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Introduction

The U.S. Congress appropriated $46.5 billion over the course of 2020 and 2021 to establish emergency rental assistance (ERA) and eviction prevention programs throughout the country, often in locations where support had not previously existed. Some communities have now depleted ERA, even while many low-income renters are still in need of assistance. Fortunately, opportunities exist for leveraging local, state, and federal dollars to maintain and expand emergency rental assistance to serve tenants in need.

This brief highlights three federal programs that can be leveraged to bridge the gap between the U.S. Department of the Treasury’s (Treasury) ERA program and longer-term emergency rental assistance programs:

- the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program;
- the HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP); and
- the Community Development Block Grant – Coronavirus (CDBG-CV) program.

Each of these programs could be used to ensure that households in crisis continue to receive essential ERA funding.
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Administered by Treasury, the SLFRF program is intended to help states, counties, cities, and tribal governments respond to the COVID-19 public health emergency and address its economic fallout. The $350 billion program makes available $195.3 billion for states and the District of Columbia; $65.1 billion for counties; $45.6 billion for metropolitan cities; $20 billion for tribal governments; $4.5 billion for U.S. territories; and $19.5 billion for non-entitlement units of local governments. Funds must be obligated by December 31, 2024, and expended by December 31, 2026.

Treasury’s final rule regarding SLFRF outlines a variety of eligible affordable housing and homelessness uses that overlap with ERA, including opportunities to provide emergency rental and utility assistance to certain households and populations presumed to be “impacted” by the pandemic. Low- and moderate-income households (those earning below 300% of the Federal Poverty Guideline or 65% of area median income [AMI]) and households that have experienced increased housing instability are considered “impacted” and are therefore eligible for SLFRF-funded rental assistance. For more information on eligible uses and populations, see this NLIHC factsheet.

SLFRF IN ACTION

NLIHC is tracking how states and localities are using SLFRF and has so far identified 112 jurisdictions allocating approximately $12.6 billion for affordable housing. Of this amount, approximately $1.3 billion has been allocated for emergency rental and utility assistance and to help pay for rental arrears.

- New Jersey has committed $750 million in SLFRF for rental and utility assistance for households affected by the pandemic and is funding an Office of Eviction Prevention to increase housing stability and help households avoid eviction.

- Washington State has allocated $403 million for ERAP 2.0, the primary ERA program for small- and medium-sized counties in the state. The investment will provide rental and utility assistance – including funds for internet access – for households earning 80% of AMI or below. ERAP 2.0 is more flexible than the Treasury-funded ERA2 program: there is no cap on the number of months households can receive assistance, and counties are discouraged from requiring documentation.
HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP)

The “American Rescue Plan Act of 2021” (ARPA) allocated $5 billion to the HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) for distribution to an estimated 651 state and local “participating jurisdictions” (PJs). HOME-ARP funds must be spent by September 30, 2030, and many PJs are currently developing allocation plans for public comment. (The HOME-ARP program is not part of – and should not be confused with – the HOME Investment Partnerships Program created in 1990.)

According to the final implementation notice, HOME-ARP funds can be used for:

- Production or preservation of affordable housing.
- Tenant-Based Rental Assistance (TBRA), including assistance with rent, security deposits, utility deposits, and utility costs.
- Supportive services, homeless prevention services, and housing counseling.
- Purchase and development of non-congregate shelter.
- Administrative and planning costs (not to exceed 15% of allocated funds).

HOME-ARP can also be used to cover administrative activities:

- Up to 5% of a PJ’s allocation can be used to cover operating costs for nonprofits carrying out HOME-ARP activities.
- Another 5% of a PJ’s allocation can be used to build the capacities of nonprofits to carry out HOME-ARP activities.

Populations eligible for support through HOME-ARP include people experiencing or at risk of homelessness (including people who have been notified in writing that their occupancy will be terminated within three weeks of the day of their application for assistance); people fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and people at the greatest risk of housing instability as defined by the final implementation notice.

HOME-ARP IN ACTION

- Hillsborough County, Florida, is proposing to use $3 million of its HOME-ARP allocation for TBRA.
- The City of Houston will allocate $2.5 million of its HOME-ARP allocation for TBRA for local nonprofits or public agencies to support families or individuals who are at risk of homelessness, and another $6.7 million for supportive services.
Community Development Block Grant – Coronavirus (CDBG-CV)

The “Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020” allocated $5 billion to the Community Development Block Grant – Coronavirus (CDBG-CV) program to fund activities to prevent, prepare for, and respond to the COVID-19 pandemic. Of this amount, $2 billion was allocated to states and entitlement communities based on the regular CDBG formula; $1 billion was allocated directly to states (including CDBG entitlement and non-entitlement jurisdictions) and territories based on their public health needs, risk of coronavirus transmission, number of coronavirus cases compared to the national average, and economic and housing market disruptions; and $1.99 billion was allocated to states and local jurisdictions and prioritized for high-need populations, as indicated by the presence of communities with (1) large numbers of very low-income renters before the pandemic, (2) high risk of virus transmission, and (3) businesses that were not open or that were failing.

Given their flexibility, these funds should be used to address the urgent housing needs of marginalized populations, including people of color, people with disabilities, people with criminal records, undocumented immigrants, and other individuals who face barriers to affordable, accessible housing and who may not be eligible for other forms of federal assistance.

CDBG-CV funds can provide up to six consecutive months of rental, utility, and mortgage assistance, including assistance with security and utility deposits. Funds to pay for rental or utility assistance must be distributed to landlords or utility providers on behalf of individuals or families. The six-month period begins when a payment is made, not when a household’s arrearages began. Grantees can choose whether to cover all or just some arrears owed by a household with the first payment.

Some of the requirements for using CDBG-CV funds for ERA make using this program more complicated than using the SLFRF and HOME-ARP programs:

- A virtual lead-based inspection of an assisted-household’s home is required if assistance continues beyond 100 days. If a household receives funds for arrears within the first month of assistance, the 100-day period begins at the time of the first payment.

- The CARES Act suspends the 15% cap on expenditures for public service activities for jurisdictions’ CDBG-CV funds and fiscal year (FY) 2019 and FY2020 CDBG allocations, provided the funds are used to prevent, prepare for, or respond to the COVID-19 pandemic. The requirement that funds be used in this way is met in cases when, for example, a household’s income loss is due to the pandemic or when assistance is necessary to keep a household safely housed to reduce the risk of coronavirus exposure.

- Grantees must have established procedures for preventing the duplication of benefits.

Grantees have six years from the date they signed a Grant Agreement with the Department of Housing and Urban Development (HUD) to spend their CDBG-CV funds. For this reason, funds may be available for reprogramming for emergency rental assistance even if grantees obligated CDBG-CV for other eligible activities. Consider asking your grantee how much CDBG-CV remains unspent. Consider also asking for a substantial amendment to reprogram some unspent CDBG-CV funds for emergency rental and utility assistance.
EXTENDING THE REACH OF EMERGENCY RENTAL ASSISTANCE: LEVERAGING FEDERAL RESOURCES

CDBG-CV IN ACTION

In 2020, NLIHC tracked 125 rental assistance programs set up using $557 million of available CDBG-CV dollars. As of January 2022, approximately 50% of these programs had shuttered, 17% had transitioned into Treasury ERA programs, and 30% were still operational.

In April 2022, California announced that ERA grantees can use the state’s share of CDBG/CDBG-CV funds to provide rental subsidies to households to cover rent incurred on or after April 1, 2022. At least 51% of households served must have incomes at or below 80% of AMI.

Looking for more information?

- For more information on emergency rental assistance, please visit the ERASE website
- If you have a question, please contact the ERASE team at eraseproject@nlihc.org