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EMERGENCY RENTAL ASSISTANCE

Spending and Performance Trends

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EXECUTIVE SUMMARY

In response to the COVID-19 pandemic, Congress appropriated an historic $46.55 billion for the Treasury Emergency Rental Assistance (ERA) Program to keep low-income renters stably housed. Congress included an initial $25 billion, known as ERA1, in the Consolidated Appropriations Act of 2021, enacted in December 2020. The American Rescue Plan Act, enacted in March 2021, provided an additional $21.55 billion, known as ERA2.

Nine months have passed since the U.S. Department of the Treasury (Treasury) first allocated the $25 billion in ERA1 funds to state, local, tribal, and territorial governments. While many programs have implemented innovative strategies to effectively disburse their funds to renters in need, other programs continue to struggle to provide assistance in a timely manner, distributing only a fraction of their allocated funds.

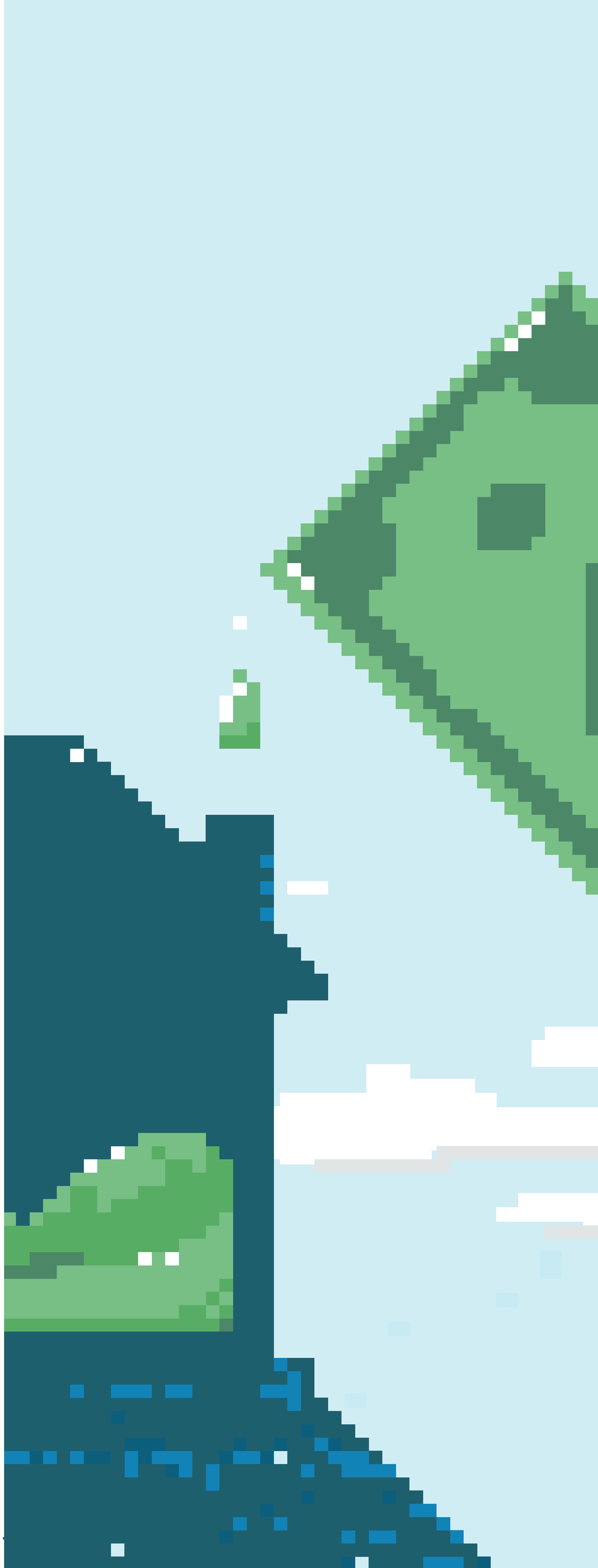
The Consolidated Appropriations Act of 2021 requires Treasury to reallocate ERA1 money from grantees with "excess" funds to grantees in need of additional resources, beginning September 30, 2021. Treasury released guidance on reallocation on October 4, 2021. Given this program milestone, this report examines ERA grantee spending performance as of September 30, 2021, using Treasury spending data. This report describes the process for reallocation, provides an overview of ERA spending progress and grantees at risk of allocation, and offers recommendations to ERA administrators and Treasury to best serve low-income renters.

KEY FINDINGS

- ERA1 grantees distributed 40% of the $25 billion in ERA1 funds as of September 30, 2021. State grantees and the District of Columbia distributed $6.7 billion, or 38% of their $17.7 billion in total allocations. Local grantees distributed $3.2 billion, or 60% of their $5.4 billion in total allocations.
- 28% of grantees have spent less than 30% of their ERA1 allocation and may be at risk of losing funds through reallocation. This includes 32 states (63% of state grantees) and 80 localities (23% of local grantees).
- Treasury could potentially recapture and reallocate a total of $1.2 billion from states and local grantees that have not reached the required expenditure ratio. This amount decreases to a total of $257 million if all grantees submit an approved Performance Improvement Plan.
- One-fifth of grantees have spent more than 80% of their ERA1 allocation, including two state grantees, the District of Columbia, and 82 local grantees.
- Per household spending varies widely across grantees from a low of $681 per ERA-assisted household in Vermont to a high of $12,658 per household in New York.
- Several high-spending state grantees have significantly more need than their ERA1 allocations will likely cover. State grantees in New York, California, Illinois, and New Jersey, for example, have spent between 71% and 90% of their state's total allocation, but they have served fewer than 10% of low-income, cost-burdened renter households statewide.
- The initial ERA allocation was based on total population instead of potentially eligible households, leading to disparities in allocations across states. For example, New York received $824 in ERA1 funds per cost-burdened low-income renter household, while Wyoming received $8,188.
- The current trajectory of several small-state grantees suggests they may be able to serve a high proportion of low-income renter households and still have a significant share of their ERA1 allocation remaining. Vermont, for example, has spent 13% of its allocation, but ERA recipients represent 49% of the state's cost-burdened low-income renters.

RECOMMENDATIONS

- The recapture and reallocation process should follow three guiding principles: (1) reallocate funds to grantees that are utilizing best practices and quickly getting assistance to households in need, (2) reallocate funds to jurisdictions with high levels of need by taking into account the number of low-income renters and people experiencing homelessness, populations who are disproportionately people of color and, (3) maintain renters' access to ERA funding across all jurisdictions.
- State and local grantees should make the necessary changes to improve their programs by adopting Treasury flexibilities and promising practices from other jurisdictions.
- Low-spending grantees should expand their assistance to serve households experiencing homelessness and should increase the duration of assistance provided to households to ensure housing stability.
- Low-spending grantees should redistribute or transfer funds within their own state to improve spending and reach areas with the highest need.
    - Low-spending state grantees should reallocate a portion of funds to high-spending local grantees with continuing need while retaining statewide coverage for eligible households.
    - Low-spending state grantees with no local grantees, but with existing need, should be required by Treasury to sub-award ERA1 funds to organizations with experience in rental assistance administration.
    - Low-spending local grantees should reallocate their funds to high-spending state grantees and these funds should be earmarked for applicants from the original locality.
- Treasury should identify states where the level of funding received is greater than the need and have remaining funds that they are unable to spend, which can be reallocated to the highest-need areas outside of the state accordingly. This will help address the initial disproportionate allocation of ERA1 funds by sending funds to states and jurisdictions with large low-income renter populations.



BACKGROUND

Grantees must use at least 90% of ERA1 funds for financial assistance to help tenants afford rental arrears, forward rent, utility payments, and other housing expenses. Other housing expenses include internet, hotel/motel stays, and relocation expenses. These funds can be used for households with a current rental obligation and to house people experiencing homelessness. Grantees are allowed to use up to 10% of ERA1 funds for housing stability services such as, eviction prevention and diversion activities, housing counseling, legal aid, and landlord-tenant mediation. Ten percent of grantees' total allocation may be used to cover administrative costs.

Of the $25 billion in ERA1 funds, $23.8 billion went to states and the District of Columbia, $800 million to Tribal communities, and $400 million to U.S. Territories. Treasury determined each state's maximum share of the $23.8 billion based on their share of the total U.S. population. Small states received a minimum allocation of $200 million. Cities and counties with more than 200,000 residents could request a direct ERA1 allocation that was deducted from their states' maximum allocation. Local jurisdictions, however, received only 45% of their populations' share of their state's funding. State governments account for $17.7 billion, or nearly 71%, of the $25 billion in ERA1 funds and local jurisdictions account for $6.1 billion, or 24%. Several localities who sent their money directly to the state do not report their individual spending data. Therefore, this report includes analysis on local jurisdictions accounting for $5.4 billion of the allocation to localities.

ERA1's $200 million minimum-allocation per state provided a greater relative per-capita allocation to small states. The states of New York and Wyoming, for example, house 5.9% and .18% of the country's population, respectively. New York's population is nearly 33 times Wyoming's population, yet New York received less than seven times the amount of ERA1 than Wyoming ($1.28 billion vs. $200 million). These disparities are starker when accounting for only cost-burdened, low-income renter households potentially eligible for ERA1. New York received $824 in ERA1 funds per cost-burdened low-income renter household, while Wyoming received $8,188.

Because local grantees only received 45% of their populations' share of their state's funding, states also received a greater relative per-capita allocation compared to their cities and counties. This disproportionality was mitigated in states that sub-granted out a portion of their funding to local grantees, but some states have not sub-granted their funds nor opened their program to applicants in jurisdictions that received direct allocations. In Arizona for example, Maricopa County houses 64% of the states' cost-burdened low-income renters, but jurisdictions within the county only received 23% of the state's total allocation.

ERA1's $200 million minimum-allocation per state provided a greater relative per-capita allocation to small states... New York received $824 in ERA1 funds per cost-burdened low-income renter household, while Wyoming received $8,188.

The ERA1 allocation formula also disadvantaged renters of color, providing disproportionately low funding to jurisdictions with high proportions of renters of color. Research by the NYU Furman Center, Housing Initiative at Penn, and NLIHC estimated that within New York state, three-quarters of the need for rental assistance was concentrated in New York City (NYC), yet the city only received 19% of the state's total funding.[1] This research found that the allocation formula particularly disadvantaged

1 Gould Ellen, I. et al. (2021, March). Advancing Racial Equity in Emergency Rental Assistance Programs. The Housing Initiative at Penn, NYU Furman Center, and the National Low Income Housing Coalition.

renters of color, as 74% and 80% of the state's Black and Latino-headed renter households reside in NYC, respectively.

The Consolidated Appropriations Act of 2021 requires Treasury to reallocate ERA1 money from grantees with "excess" funds to grantees in need of additional resources, beginning after September 30, 2021. Treasury will not begin to recapture and reallocate funds from U.S. Territories or Tribal communities until April 2022. On October 4, Treasury released guidance on the reallocation process. Grantees which have not obligated[2] at least 65% of their ERA1 funding by September 30 must submit a Program Improvement Plan to Treasury by November 15, 2021 (Figure 1). In their plans, grantees must address whether they have 1) adopted policies recommended by Treasury (e.g., self-attestation, eviction diversion partnerships, 2) adopted policies contrary to Treasury guidance, 3) identified obstacles to delivering ERA assistance, and 4) identified actions to improve the program. Within 60 days of Treasury's approval of the Program Improvement Plan, grantees are required to submit a progress report to confirm they have made necessary improvements outlined in the plan. If a grantee does not submit a Program Improvement Plan or progress report, 10% of the grantee's initial allocation will be deemed "excess funds" that Treasury will recover for reallocation.

Grantees which have not obligated 65% of their funds and have also not met a 30% expenditure ratio by September 30 will be determined to have "excess funds." The expenditure ratio is the amount grantees have distributed divided by 90% of their total allocation. Treasury assumes that all grantees are using the full allowable 10% of allocations for administrative expenses. The amount of funds recaptured will be based on the difference between a grantee's expenditure ratio and the 30% threshold (e.g., if a program has a 25% expenditure ratio, only 5% of their funds will be eligible for recapture). The expenditure ratio required of grantees to avoid recapture will increase by 5% each month and be assessed very two months. The expenditure ratio threshold on November 30, for example, will be 40%.

Treasury has instituted several options for grantees to mitigate recapture. Treasury allows a one-time 15% addition to their expenditure ratio if their Program Improvement Plan is approved. This increase is intended to help grantees meet the minimum expenditure threshold of 30%. The amount of funds recaptured would the difference between the grantee's new, revised expenditure ratio and the minimum 30% threshold. This will allow grantees to keep more funds as they implement new ERA policies to improve distribution. Further, grantees can avoid recapture if they certify by November 15, 2021, that their expenditure ratio is at least 30% and that they have obligated at least 65% of their ERA1 allocation. Additionally, beginning September 30, 2021, grantees may voluntarily request to transfer some or all of their allocations to another grantee that administers ERA1 in the same state, territory, or Tribal area that has obligated at least 65% of its own allocation.

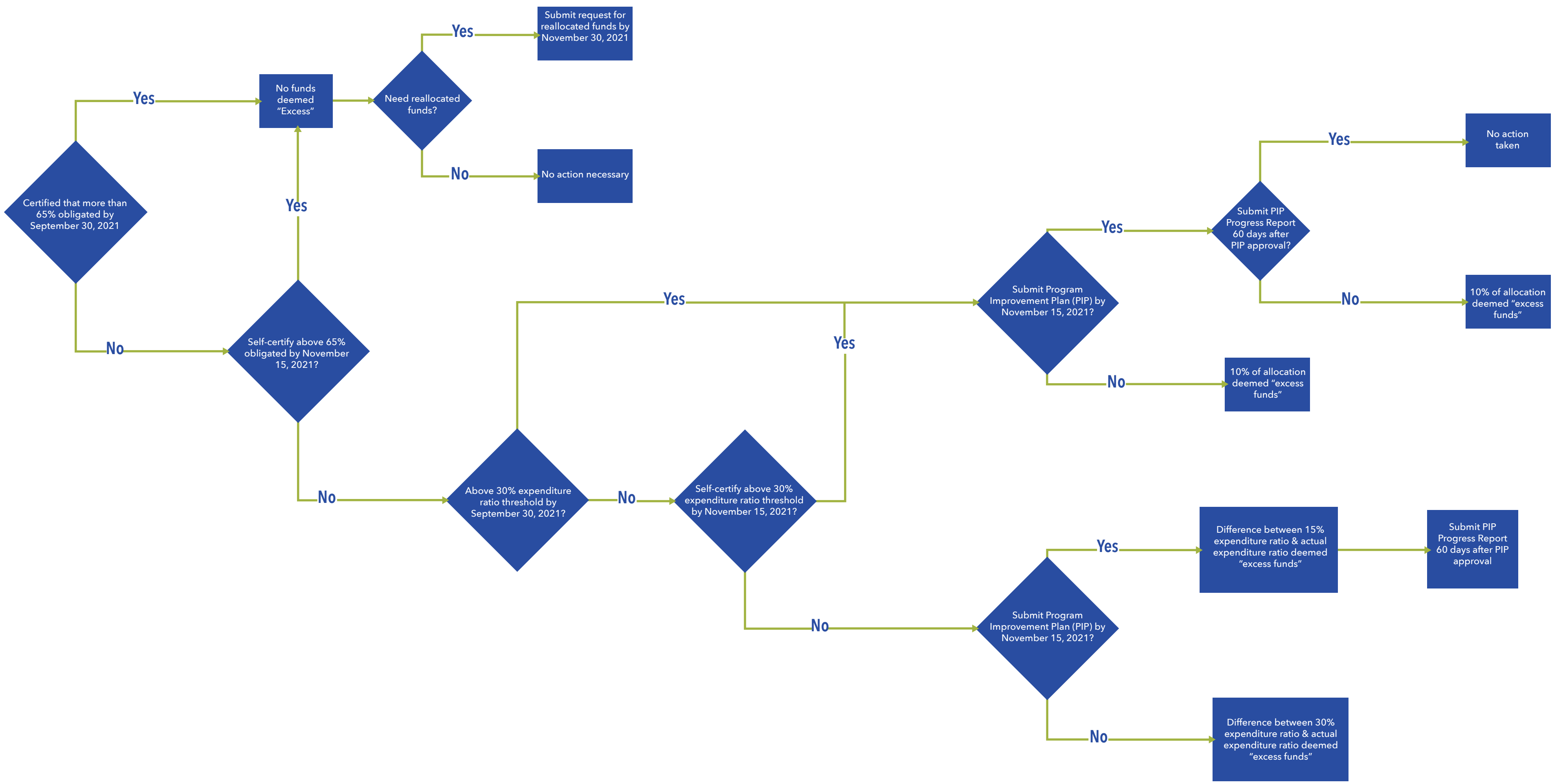
Grantees that have obligated more than 65% of their initial allocation by September 30, 2021, are eligible for reallocated funds. To request reallocated funds, grantees must project future rental assistance expenditures, projected number of unique households assisted, and capacity to expend additional funds. The first tranche of reallocated funds will be distributed based on requests received by November 30, 2021.

At the end of March, Treasury will conduct a final assessment of each grantee's expenditure ratio as of March 31, 2022. At that time, Treasury may determine any unobligated ERA1 funds to be "excess funds." This has the potential to be the largest reallocation, creating ERA deserts by leaving some states and jurisdictions with no funds left to distribute.

ERA1 funds must be obligated by September 30, 2022, and most unobligated ERA1 funds will expire by this date. Grantees that receive funding through reallocation may request an extension through December 29, 2022. Given these fast-approaching deadlines, programs must continue to accelerate their spending while Treasury reallocates funds to reach the highest need jurisdictions, ensuring no critically needed funds go unused.

2 Treasury considers funds obligated if they have meet any of the following conditions: 1) funds have been spent on financial assistance and housing stability services; 2) funds are needed to pay for assistance provided in a commitment letter issued to a landlord or enter a rental agreement with an eligible household (see FAQ #35); 3) the Grantee has a contractual obligation with a third party for eligible financial assistance activities.

FIGURE 1. ERA GRANTEE INITIAL REALLOCATION FLOWCHART



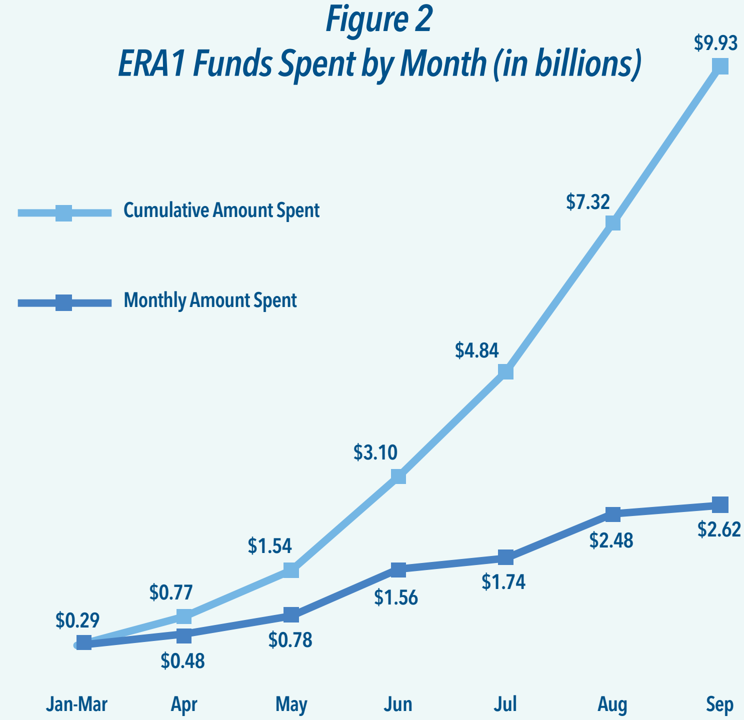
GRANTEE PERFORMANCE: SPENDING PROGRESS & HOUSEHOLDS SERVED

NLIHC used data from the U.S. Department of the Treasury September Monthly Compliance Report and from the 2014-2018 HUD CHAS data to assess spending progress and households served among ERA grantees. The analysis includes ERA1 spending only. Future analyses will incorporate both ERA1 and ERA2 data. This section presents an overview of spending for each state grantee and all local grantees, combined, within a state combined. In some cases, local grantees do not report spending data to Treasury, because they directed all of their funding to their county or state government programs. We have excluded these grantees from the analysis. The sample includes 51 state grantees and 349 local grantees who were allocated $17.7 billion and $5.4 billion, respectively. The 32 grantees excluded from the analysis were allocated a combined $733 million.

Because upcoming fund reallocation is based on grantee-level spending, our analysis uses grantee-level data. Some grantees have combined their funding to run a single program, including localities that have funneled their money to the state, and localities that have combined with each other. We provide program-level data for states and programs with publicly available dashboards on NLIHC's ERA Spending Tracker.

While this brief focuses predominantly on spending, this is only one metric of grantee performance. Other measures may include the racial distribution, incomes, and disability status of assisted households which can help assess racial equity in the distribution of assistance and the extent to which programs are serving renters with the greatest need. Future analyses will examine these other metrics as relevant data become more readily available.

Figure 2
ERA1 Funds Spent by Month (in billions)



SPENDING OVERVIEW

Treasury data reveal that $2.6 billion in ERA1 was spent in September, bringing the total ERA1 funds distributed to households to $9.9 billion, or 40% of the ERA1 allocation (Figure 2). After a significant increase in spending between July and August, grantees spent only slightly more in September than August. Monthly spending over time reflects significant progress in ERA spending by grantees, but there is still improvement to be made.

State grantees spent 38% of their funding by September 30. Their spending levels, however, vary widely. New Jersey, the District of Columbia, New York, and Illinois have spent 90%, 89%, 83%, and 75% of their allocations, respectively (Table 1). Many other states continue to spend slowly, with 18 states (35%) having spent less than 15% of their allocation by the end of September.

As a whole, localities continue to spend their ERA1 funding more quickly than states. Local grantees spent 53% of their total ERA1 allocations by the end of September. Seventy-nine localities have spent more than 80% of their funding and 186 have spent 50% or more. Many large cities and counties are among those who have distributed most of their ERA1 funds. Cities and counties that have spent at least 90% of their allocation include Los Angeles, CA, Houston and Harris County, TX, Charlotte, NC, San Diego, CA, Philadelphia, PA, Honolulu, HI, Miami-Dade County, FL, and Nashville, TN. Forty-one local grantees (12%) have spent less than 15% of ERA1 funds.

SPENDING PER HOUSEHOLD

State grantees and local grantees have similar average spending per assisted household, with state grantees spending approximately $4,856 per assisted household on average and local grantees spending $5,233 per household on average. Per household spending varies widely, however, across grantees. Among state grantees, New York has the highest average spending per assisted household at $12,658, followed by New Jersey ($9,237) and Illinois ($8,729). The state of Arizona has the lowest spending, averaging $681 per assisted household, followed by North Dakota ($1,541) and Vermont ($1,620). Some variation in average payouts across grantees is expected – rents vary significantly across the country and the pandemic has financially impacted some areas of the country more than others. However, states that are slow to use their ERA1 allocation and that have low household payouts should consider increasing assistance to applicants. This could include, for example, paying three months of current and future rent to all households receiving assistance. This modification would further stabilize households and increase spending in these states.

PROGRAM PROGRESS & GRANTEES AT RISK OF REALLOCATION

Treasury's monthly reports provide spending data for each grantee by month, offering insight on each grantee's spending trajectory and performance. Understanding grantees' performance over time and their spending trajectory may help inform from which grantees we can draw promising practices and where interventions are necessary. This section details trajectories of ERA grantees with dramatic increases in spending, consistently high spenders, and consistently low spenders. Increases in spending trajectories may indicate when a grantee made course corrections to increase spending. Tables 1 and 2 below show the percent of allocations spent by state and local grantees each month. Each table is color coded based on the table's median monthly spending as a share of allocation. The deepest red cells indicate spending that is furthest below the median. The deepest blue cells indicate spending that is the furthest above the median.

TABLE 1. PERCENT OF ALLOCATION SPENT BY STATE GRANTEES BY MONTH, JANUARY – SEPTEMBER 2021

STATE	JANUARY - MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
MONTHLY DISBURSAL MEDIAN: 2%								
NEW JERSEY	0%	0%	6%	13%	18%	41%	12%	90%
DISTRICT OF COLUMBIA	10%	2%	4%	16%	13%	25%	19%	89%
NEW YORK	0%	0%	0%	0%	0%	37%	46%	83%
ILLINOIS	0%	0%	0%	17%	15%	11%	31%	75%
VIRGINIA	11%	10%	9%	13%	11%	9%	9%	72%
CALIFORNIA	0%	0%	2%	5%	12%	24%	28%	71%
NORTH CAROLINA	4%	1%	1%	6%	12%	24%	17%	65%
TEXAS	0%	4%	7%	23%	13%	9%	8%	64%
ALASKA	0%	5%	7%	8%	8%	11%	12%	50%
MASSACHUSETTS	1%	4%	6%	16%	6%	8%	8%	49%
CONNECTICUT	0%	1%	2%	7%	10%	11%	12%	42%
MICHIGAN	0%	2%	4%	6%	7%	8%	13%	40%
OREGON	0%	0%	0%	1%	4%	11%	19%	34%
WASHINGTON	0%	1%	3%	7%	8%	8%	7%	34%
HAWAII	2%	0%	1%	4%	6%	10%	10%	33%
PENNSYLVANIA	1%	2%	3%	8%	8%	6%	5%	32%
MINNESOTA	0%	0%	1%	3%	5%	6%	15%	31%
COLORADO	1%	1%	1%	5%	5%	7%	8%	28%
KANSAS	0%	0%	1%	5%	7%	6%	8%	27%
NEW HAMPSHIRE	0%	3%	5%	5%	4%	4%	5%	26%
KENTUCKY	1%	3%	2%	3%	5%	4%	5%	24%
MAINE	1%	5%	6%	5%	6%	1%	0%	24%
MARYLAND	0%	0%	0%	1%	5%	9%	7%	23%
OKLAHOMA	0%	3%	4%	5%	3%	3%	6%	23%
NEW MEXICO	3%	0%	0%	2%	4%	4%	10%	22%
NEVADA	0%	0%	2%	1%	4%	9%	5%	21%
LOUISIANA	0%	0%	1%	2%	3%	10%	4%	21%
FLORIDA	0%	0%	0%	0%	2%	11%	8%	21%
WISCONSIN	3%	3%	3%	3%	3%	3%	3%	20%
UTAH	1%	2%	2%	3%	3%	3%	7%	20%
MISSOURI	0%	1%	1%	3%	4%	5%	2%	16%
RHODE ISLAND	0%	0%	0%	1%	3%	4%	7%	16%
MISSISSIPPI	0%	0%	0%	1%	5%	4%	6%	16%
INDIANA	0%	0%	0%	1%	3%	5%	5%	14%
VERMONT	0%	0%	0%	2%	3%	3%	4%	13%
OHIO	1%	2%	2%	2%	2%	2%	2%	12%
WEST VIRGINIA	0%	0%	1%	3%	2%	3%	2%	12%
IOWA	0%	0%	2%	2%	2%	3%	2%	10%
MONTANA	0%	0%	2%	3%	2%	2%	1%	10%

TABLE 1. PERCENT OF ALLOCATION SPENT BY STATE GRANTEES BY MONTH, JANUARY – SEPTEMBER 2021

STATE	JANUARY - MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
MONTHLY DISBURSAL MEDIAN: 2%								
SOUTH CAROLINA	0%	0%	0%	0%	1%	6%	2%	9%
ALABAMA	0%	0%	0%	1%	1%	4%	3%	9%
TENNESSEE	0%	0%	1%	3%	1%	2%	2%	9%
GEORGIA	0%	0%	1%	1%	2%	2%	3%	8%
IDAHO	3%	1%	1%	1%	1%	1%	1%	8%
DELAWARE	0%	0%	1%	2%	2%	3%	1%	8%
ARKANSAS	0%	0%	0%	0%	2%	2%	3%	8%
NEBRASKA	0%	0%	1%	1%	0%	1%	1%	6%
ARIZONA	0%	0%	0%	1%	1%	1%	1%	4%
NORTH DAKOTA	1%	0%	0%	0%	1%	1%	1%	4%
WYOMING	0%	0%	0%	0%	1%	1%	1%	3%
SOUTH DAKOTA	1%	1%	0%	0%	0%	0%	0%	3%

TABLE 2. PERCENT OF ALLOCATION SPENT BY LOCAL GRANTEES BY MONTH, JANUARY – SEPTEMBER 2021[1]

STATE	JANUARY - MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
MONTHLY DISBURSAL MEDIAN: 9%								
KENTUCKY	32%	23%	22%	10%	3%	5%	5%	100%
ALASKA	0%	7%	16%	18%	14%	22%	12%	90%
HAWAII	0%	4%	16%	23%	20%	13%	9%	86%
NEBRASKA	2%	5%	9%	17%	21%	18%	13%	85%
KANSAS	2%	6%	7%	14%	17%	21%	17%	83%
INDIANA	0%	4%	12%	17%	15%	18%	15%	80%
IOWA	3%	27%	15%	17%	9%	7%	1%	80%
ILLINOIS	1%	12%	7%	13%	13%	13%	20%	77%
NEVADA	5%	3%	11%	21%	22%	9%	6%	76%
CALIFORNIA	1%	2%	8%	10%	20%	16%	18%	75%
TENNESSEE	0%	2%	7%	15%	17%	18%	15%	74%
LOUISIANA	2%	2%	12%	20%	12%	15%	10%	72%
WISCONSIN	7%	7%	11%	17%	16%	10%	2%	71%
UTAH	2%	11%	12%	12%	9%	10%	13%	69%
MISSOURI	7%	4%	6%	9%	9%	11%	20%	67%
NEW MEXICO	1%	1%	3%	11%	17%	18%	14%	64%
PENNSYLVANIA	2%	4%	6%	7%	16%	17%	9%	61%
OKLAHOMA	0%	2%	5%	9%	15%	14%	16%	61%
ARIZONA	2%	6%	7%	9%	11%	13%	13%	61%
VIRGINIA	4%	5%	4%	14%	14%	11%	9%	61%
NORTH CAROLINA	5%	5%	6%	10%	10%	12%	12%	60%
MINNESOTA	4%	10%	5%	3%	11%	11%	14%	58%
MARYLAND	2%	6%	8%	11%	11%	7%	11%	57%
COLORADO	3%	2%	4%	8%	10%	15%	15%	57%
IDAHO	15%	6%	4%	6%	7%	9%	10%	57%
TEXAS	5%	10%	9%	12%	9%	6%	7%	57%
SOUTH CAROLINA	1%	2%	8%	10%	11%	13%	11%	56%
GEORGIA	4%	1%	3%	7%	10%	13%	17%	55%
MASSACHUSETTS	5%	4%	11%	7%	8%	9%	10%	55%
WASHINGTON	0%	2%	4%	7%	11%	12%	18%	54%
MISSISSIPPI	2%	9%	8%	13%	6%	8%	9%	53%
FLORIDA	1%	3%	7%	8%	9%	13%	11%	52%
ARKANSAS	4%	4%	4%	7%	8%	9%	15%	51%
ALABAMA	0%	1%	9%	7%	9%	13%	10%	48%
OHIO	5%	4%	5%	6%	8%	8%	10%	47%
MICHIGAN	0%	0%	2%	6%	9%	11%	16%	45%
NEW YORK	0%	1%	6%	6%	7%	12%	11%	43%
NEW JERSEY	0%	0%	1%	4%	3%	9%	5%	22%
OREGON	0%	0%	0%	2%	2%	6%	9%	20%
NEW HAMPSHIRE	0%	0%	0%	0%	1%	1%	1%	3%

1 Only states with local grantees are listed in Table 2.

Grantees with Dramatic Increases

Several programs got off to a slow start but made program modifications and course corrections to increase their spending over time. Texas' state program opened in February but experienced significant application processing delays, spending only 4% of their funding by the end of April. After making program changes in late April, such as modifying back-end processing and decreasing documentation requirements for tenants and landlords, the program experienced a huge uptick in spending, disbursing 23% of their $1.3 billion allocation in June alone. States like New Jersey, D.C., North Carolina, and New York saw similar trends after making course corrections (Figure 3). Their lessons may be applicable to current low-spending programs and could inform future efforts to stand-up emergency rental assistance programs.

In New York, a poorly designed application portal and processing delays led to 0% of funds disbursed through the end of July. Administrators made corrections resulting in the state then spending 37% of the state's $800 million allocation in August alone, and 46% spent in September. Since the launch of the program, the state has streamlined the application and re-assigned state employees to increase capacity and speed up application processing. Governor Hochul also announced the state will invest an additional $1 million in marketing and outreach efforts to raise awareness about the program.

Consistently High Spenders

Fewer than 5% of grantees have spent a significant proportion of their funding nearly every month since the start, but the state of Virginia and local grantees in Kentucky started off strong and have continued to exhibit significant progress (Figure 4). Virginia spent between 9% and 13% of their total allocation every month, spending a total of 72% by the end of September. Local grantees in Kentucky spent a large proportion of their allocation in the initial months of the program, with 100% spent by the end of September. Spending for

Figure 3
Grantees with Dramatic Increases

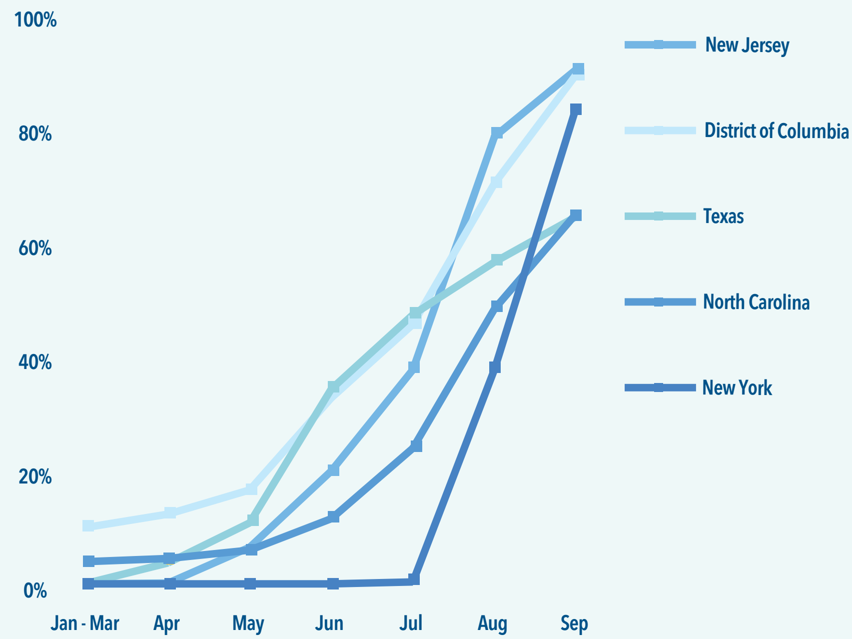


Figure 4
Consistently High Spenders

local grantees in Kentucky has since dropped off as they have expended all of their ERA1 funding. Local grantees in Kentucky are now administering funds passed down from the state grantee, as well as ERA2 funds. Administrators, policymakers, and advocates should learn from these examples to better understand how these programs were able to mobilize so quickly and maintain that momentum for subsequent months. Kentucky's programs benefitted from quick capacity building and strong partnerships with courts. The state of Virginia was able to quickly mobilize ERA1 funds through a rental assistance program that has operated continuously since June 2020 without interruption. The program also benefitted from strong state leadership, constant adaptation, and the implementation of additional program flexibilities allowed by Treasury.

Consistently Low Spenders

Figure 5 shows the trajectory of consistently low spenders among select states. Several large states including Arizona, Ohio, and Georgia all spent less than 15% of their total allocations by the end of September. This is particularly concerning as these states have large renter populations. None of these state grantees have served more than 5% of their state's low-income cost-burdened renter households (Table 4). Many small-state grantees have also exhibited slow spending progress. Nebraska, North Dakota, South Dakota, Delaware, and Wyoming, for example, have all spent between 0% and 3% of their allocations each month and none have spent over 8% of their total allocation. Despite these states' disproportionately high allocations due to the $200 million minimum-allocation, none of these grantees have served more than 15% of their cost-burdened low-income renters.

In general, local grantees are spending at higher levels than state grantees, though localities in New Hampshire, Oregon, and New Jersey have struggled to match their state's pace. In Oregon, for example, Portland spent 16% of its allocation by the end of September and Marion County spent 1% of its allocation, while the state grantee has spent 34%, ramping spending up considerably in recent months. New Hampshire's one local grantee, Rockingham County, has only spent 3% of its allocation while the state has spent 26% of its allocation. The state of New Jersey has spent 90% of its allocation, while Jersey City, Union County, Ocean County, and Monmouth County have spent 10% or less of their allocations.

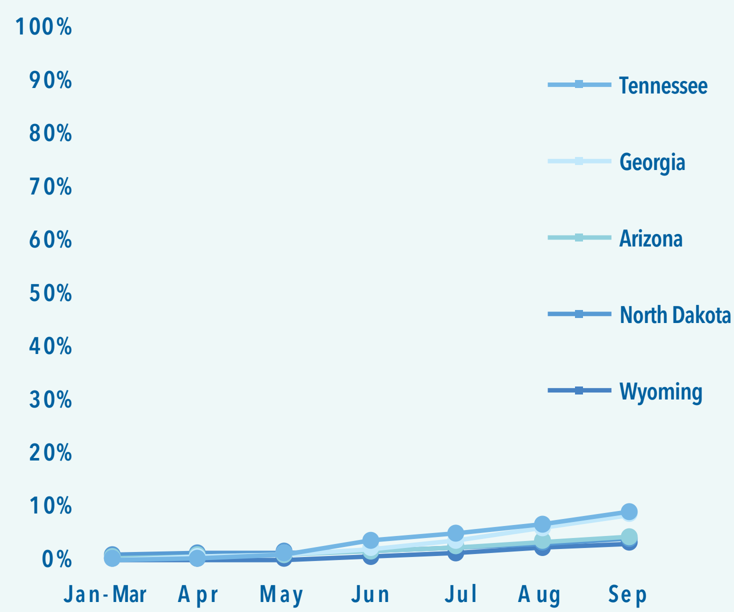
Consistently low spending may indicate grantees with significant programmatic challenges. Advocates, federal agencies, and these grantees' program administrators should work together to identify program roadblocks and how to correct them.

Grantees at Potential Risk of Reallocation

Per Treasury guidelines, grantees were expected to have expended at least 30% of their funds by the end of September. Over a quarter of ERA1 grantees had not yet reached the 30% expenditure ratio threshold by the end of September, including 32 state and 80 local grantees, and are at potential risk of fund recapture if they do not adequately increase their spending. Not all of these programs will have funds taken away, however, because of the options discussed earlier for grantees to mitigate recapture.

As of September 30, 63% of state grantees had not

Figure 5
Consistently Low Spenders



yet reached a 30% expenditure ratio. States with large renter populations are particularly concerning. These include Arizona, Georgia, Tennessee, and Ohio, which had expenditure ratios of 5%, 9%, 10%, and 14%, respectively, by the end of September.

Twenty-three percent of local grantees also remained below the 30% threshold at the end of September. Several large cities and counties fall into this category, including Portland, OR and Dallas County, TX which have expenditure ratios of 17% and 21%, respectively. Some low-spending localities may have spent state funds before their direct ERA1 allocations or may have devoted other resources to rental assistance, but they still risk reallocation if they do not increase the spending rate of their direct ERA1 allocations. Additionally, while New Jersey's state program has been able to distribute funds faster than any other state, all but three of New Jersey's 16 local grantees fell short of the 30% threshold as of September 30. A full list of grantees that had not yet reached the 30% expenditure ratio by September 30 and their potential excess funds can be found on NLIHC's Grantee Recapture tracking.

RENTER HOUSEHOLDS SERVED: STATE & LOCAL COMPARISONS

In addition to spending metrics, Treasury's monthly and quarterly ERA reports contain information on the number of households served by each grantee.[3] As of September 30, 1.9 million households have received ERA1 assistance. Table 3 provides the number of households served in each state by state and local grantees. The table also provides the state and local grantees' shares of all households served and total ERA1 funding in their states, which can provide insight on whether the state grantees or local grantees are serving a disproportionate number of households. In Alabama, for example, the state grantee received 81% of the state's total ERA1 allocation but served 38% of the 9,908 households provided ERA1 assistance. Alabama's local grantees received 19% of the state's ERA1 total allocation, but account for 62% of the households served. In Tennessee, the state grantee accounted for 29% of all households served in the state despite receiving 84% of the state's total funding. Alternatively, of the 44,327 households served in New Jersey, the state grantee assisted 78% of them, but only received 60% of the state's funding.

These data may inform reallocation, as local or state programs that have served a disproportionate number of renters in their state may be in the position to administer additional funds, increasing the pace of distribution, if need is still significant in their service area.

Alabama's local grantees received 19% of the state's ERA1 total allocation, but account for 62% of the households served. In Tennessee, the state grantee accounted for 29% of all households served in the state despite receiving 84% of the state's total funding. These data may inform reallocation, as local or state programs that have served a disproportionate number of renters in their state may be in the position to administer additional funds.

3 The number of households served reported by Treasury may not reflect the number of unique households served because households may receive more than one payment from the program over time. Given the limited data available, this represents our best approximation of unique households served.

TABLE 3. NUMBER OF HOUSEHOLDS SERVED BY STATE AND LOCAL FUNDING, JANUARY – SEPTEMBER 2021

		# HOUSEHOLDS SERVED		% HOUSEHOLDS SERVED		% ALLOCATION RECEIVED	
STATE	TOTAL HOUSEHOLDS SERVED	STATE GRANTEE	LOCAL GRANTEES	STATE GRANTEE	LOCAL GRANTEES	STATE GRANTEE	LOCAL GRANTEES
ALABAMA	9,908	3,804	6,104	38%	62%	80.7%	19.3%
ALASKA	26,230	19,225	7,005	73%	27%	82.3%	17.7%
ARIZONA	45,430	18,241	27,189	40%	60%	58.8%	41.2%
ARKANSAS	8,080	3,987	4,093	49%	51%	86.4%	13.6%
CALIFORNIA	241,935	149,435	92,500	62%	38%	64.6%	35.4%
COLORADO	21,425	9,232	12,193	43%	57%	65.6%	34.4%
CONNECTICUT	16,086	16,086		100%		100.0%	
DELAWARE	3,124	3,124		100%		100.0%	
DISTRICT OF COLUMBIA	41,878	41,878		100%		100.0%	
FLORIDA	100,474	43,914	56,560	44%	56%	60.5%	39.5%
GEORGIA	27,528	9,738	17,790	35%	65%	77.8%	22.2%
HAWAII	15,750	6,616	9,134	42%	58%	62.6%	37.4%
IDAHO	6,350	3586	2,764	56%	44%	87.9%	12.1%
ILLINOIS	75,994	48422	27,572	64%	36%	67.8%	32.2%
INDIANA	33,716	14,700	19,016	44%	56%	83.0%	17.0%
IOWA	9,496	6,490	3,006	68%	32%	93.0%	7.0%
KANSAS	14,661	9,913	4,748	68%	32%	93.4%	6.6%
KENTUCKY	20,164	14,238	5,926	71%	29%	89.0%	11.0%
LOUISIANA	19,118	10,303	8,815	54%	46%	80.7%	19.3%
MAINE	9,038	9,038		100%		100.0%	
MARYLAND	22,950	11,258	11,692	49%	51%	64.3%	35.7%
MASSACHUSETTS	66510	64234	2,276	97%	3%	95.5%	4.5%
MICHIGAN	41,512	38,964	2,548	94%	6%	94.2%	5.8%
MINNESOTA	20,880	13,644	7,236	65%	35%	79.4%	20.6%
MISSISSIPPI	9,962	8,320	1,642	84%	16%	93.3%	6.7%
MISSOURI	25,713	11,798	13,915	46%	54%	79.4%	20.6%
MONTANA	3,580	3,580		100%		100.0%	
NEBRASKA	11,094	2,840	8,254	26%	74%	79.3%	20.7%
NEVADA	14,204	4,134	10,070	29%	71%	60.0%	40.0%
NEW HAMPSHIRE	8,058	7,913	145	98%	2%	89.7%	10.3%
NEW JERSEY	44,327	34,483	9,844	78%	22%	60.1%	39.9%
NEW MEXICO	21,902	11,978	9,924	55%	45%	80.7%	19.3%
NEW YORK	58,817	52,691	6,126	90%	10%	91.2%	8.8%
NORTH CAROLINA	149,385	121,275	28,110	81%	19%	77.8%	22.2%
NORTH DAKOTA	5,088	5,088		100%		100.0%	
OHIO	49,306	24,381	24,925	49%	51%	72.8%	27.2%
OKLAHOMA	26,602	16,979	9,623	64%	36%	79.6%	20.4%
OREGON	17,741	11,524	6,217	65%	35%	72.7%	27.3%

TABLE 3. NUMBER OF HOUSEHOLDS SERVED BY STATE AND LOCAL FUNDING, JANUARY – SEPTEMBER 2021

		# HOUSEHOLDS SERVED		% HOUSEHOLDS SERVED		% ALLOCATION RECEIVED	
STATE	TOTAL HOUSEHOLDS SERVED	STATE GRANTEE	LOCAL GRANTEES	STATE GRANTEE	LOCAL GRANTEES	STATE GRANTEE	LOCAL GRANTEES
PENNSYLVANIA	81,390	44,651	36,739	55%	45%	67.2%	32.8%
RHODE ISLAND	4,131	4,131		100%		100.0%	
SOUTH CAROLINA	16,872	5,580	11,292	33%	67%	78.5%	21.5%
SOUTH DAKOTA	1,966	1,966		100%		100.0%	
TENNESSEE	20,897	6,156	14,741	29%	71%	84.0%	16.0%
TEXAS	260,048	158,953	101,095	61%	39%	67.2%	32.8%
UTAH	15,544	6,897	8,647	44%	56%	69.8%	30.2%
VERMONT	16,043	16,043		100%		100.0%	
VIRGINIA	64,636	60,425	4,211	93%	7%	92.1%	7.9%
WASHINGTON	5,0126	20,809	29,317	42%	58%	63.1%	36.9%
WEST VIRGINIA	5,512	5,512		100%		100.0%	
WISCONSIN	35,329	22,243	13,086	63%	37%	83.3%	16.7%
WYOMING	1,821	1,821		100%		100.0%	

RENTER HOUSEHOLDS SERVED COMPARED TO RENTER NEED

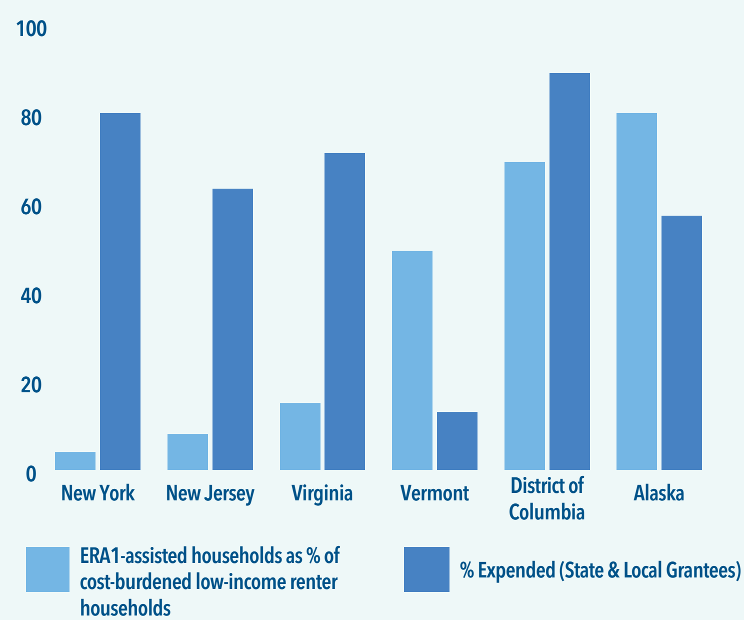
Across-State Comparisons

The proportion of potentially eligible renters in need that have received ERA also provides insight on grantee reach and need for additional funds. The number of households in need of ERA is difficult to estimate, but the number of low-income cost-burdened renter households in a state can serve as a proxy for the number of potentially ERA-eligible households. Cost-burdened renter households are those spending 30% or more of their income on housing. Though not all cost-burdened low-income households have experienced a financial hardship due indirectly or directly to COVID-19, as required by Treasury's eligibility guidelines for ERA1, these renter households have incomes below the 80% AMI threshold and spend a large portion of their income towards rent, an indicator of housing instability. Comparing this approximation to the number of households assisted within a state illustrates the reach and coverage of ERA.

Table 4 shows households served by state and local ERA1 grantees as a proportion of states' total low-income cost-burdened renter households. The households assisted in a state as a proportion of low-income renters may illustrate where significant need remains. In states with large low-income renter populations, the need for ERA may be far greater than the amount of assistance available. For select states, Figure 6 shows the percent of the total allocation for all grantees that has been spent and the total households served as a proportion of cost-burdened low-income households within the state. Grantees in New York, New Jersey, and Virginia have spent more than 60% of ERA1 funding allocated for their entire state, yet the number of households served statewide represents only 4%, 8%, and 15% of low-income cost-burdened renters, respectively. Alternatively, states that received the small-state minimum and have spent their funding quickly have served much higher proportions of cost-burdened low-income renters, and potentially have less need for additional resources. Grantees in Alaska have served 26,230 households, which represents 80% of the state's low-income cost-burdened renter households, and D.C. has served 41,878 households, which represents 69% of the District's low-income cost-burdened renters. Even some low-spending states have served relatively high proportions of low-income cost-burdened households. Vermont, for example, has only spent 13% of its allocation, but has served 16,043 renters, representing 49% of low-income cost-burdened households statewide.

These data can also provide insight on whether grantees are close to reaching a majority of households who likely need ERA. Some smaller states have argued that they should not be evaluated solely on their spending, because small states received disproportionately high funding. These additional metrics show, however, that many small, low-spending states have still not reached the majority of their low-income, cost-burdened renters. Delaware, South Dakota, and Wyoming, for example, have only served the equivalent of between 5% and 7% of their total cost-burdened low-income renter populations. These states also do not have local ERA grantees to reallocate funds to, and therefore require intervention from Treasury and pressure from local advocates to improve their programs.

Figure 6
Percent of Cost-Burdened Low-Income Renter Households Served and Percent Funding Expended within Select States



Within-State Comparisons

A similar comparison can be conducted among grantees within a state, which may offer insight on which areas of a state have additional need.[4] Local grantees received 45% of their population-based share of their states' funding. Some state grantees mitigated this disparity by either serving residents throughout the state regardless of applicants' local jurisdictions or by providing subgrants to local grantees.

Several other state programs, however, made residents of local jurisdictions with direct allocations ineligible for state assistance and did not provide additional funds to local grantees. These states include Tennessee, Arizona, South Carolina, and Mississippi, among others. This exclusion significantly decreases the pool of renters eligible for a state program and may hinder its spending progress. This exclusion may also result in high levels of unmet need in local jurisdictions that received a direct allocation. Arizona's state grantee, for example, has spent only 4% of its allocation. Meanwhile, three local grantees serving Maricopa County (Maricopa County, Phoenix, and Mesa) have spent 57% of their allocations combined. These localities house 64% of the state's low-income cost-burdened households, but only received 23% of the state's allocation. As a result, they have only been able to serve 5% of the county's cost-burdened low-income renters despite spending over half their combined allocations.

Similarly, the state of Tennessee has spent 9% of its allocation, while grantees in Knox County, Memphis, Nashville and Davidson County, Rutherford County, and Shelby County have spent 74% of their allocations combined. Despite this, ample need remains in Tennessee's localities that received direct allocations. These jurisdictions house 48% of the state's cost-burdened low-income renters, but only received 19% of the state's funding. As a result, despite spending nearly three-quarters of their funds, they have together only served 9% of cost-burdened low-income households within their jurisdictions. The high rates of spending and low proportions of cost-burdened low-income households served within entitlement jurisdictions suggests these areas have a high amount of need and could benefit from additional state funding. Opening the state program to renters in these jurisdictions could also speed up the state's spending, reducing the risk of involuntary reallocation.

Though many factors impact spending progress, these findings suggest that low-spending states serving limited geographic areas can likely increase their spending by expanding their coverage or sub-granting funds to local jurisdictions with direct allocations. This can also help address unmet need in local jurisdictions that house high proportions of a state's cost-burdened, low-income renters.

4 The number of cost-burdened low-income renter households for each state and local grantee is available upon request at research@nlihc.org.

TABLE 4. NUMBER OF HOUSEHOLDS SERVED AS A PROPORTION OF COST-BURDENED LOW-INCOME RENTER HOUSEHOLDS, JANUARY – SEPTEMBER 2021

		HOUSEHOLDS SERVED AS PROPORTION OF COST-BURDENED LOW-INCOME RENTER HOUSEHOLDS		
STATE	LOW-INCOME COST-BURDENED RENTER HOUSEHOLDS	TOTAL	STATE	LOCAL
ALABAMA	246,695	4%	2%	2%
ALASKA	32,925	80%	58%	21%
ARIZONA	374,025	12%	5%	7%
ARKANSAS	157,555	5%	3%	3%
CALIFORNIA	2,678,690	9%	6%	3%
COLORADO	320,065	7%	3%	4%
CONNECTICUT	214,675	7%	7%	
DELAWARE	44,550	7%	7%	
DISTRICT OF COLUMBIA	60,545	69%	69%	
FLORIDA	1,225,795	8%	4%	5%
GEORGIA	589,465	5%	2%	3%
HAWAII	81,400	19%	8%	11%
IDAHO	78,280	8%	5%	4%
ILLINOIS	720,035	11%	7%	4%
INDIANA	343,945	10%	4%	6%
IOWA	142,455	7%	5%	2%
KANSAS	148,485	10%	7%	3%
KENTUCKY	230,155	9%	6%	3%
LOUISIANA	273,755	7%	4%	3%
MAINE	64,295	14%	14%	
MARYLAND	306,055	7%	4%	4%
MASSACHUSETTS	414,660	16%	15%	1%
MICHIGAN	503,605	8%	8%	
MINNESOTA	254,645	8%	5%	3%
MISSISSIPPI	147,020	7%	6%	1%
MISSOURI	325,960	8%	4%	4%
MONTANA	51,780	7%	7%	
NEBRASKA	96,365	12%	3%	9%
NEVADA	197,765	7%	2%	5%
NEW HAMPSHIRE	63,140	13%	13%	0%
NEW JERSEY	527,375	8%	7%	2%
NEW MEXICO	104,630	21%	11%	9%
NEW YORK	1,556,240	4%	3%	0%
NORTH CAROLINA	566,400	26%	21%	5%
NORTH DAKOTA	40,660	13%	13%	
OHIO	661,610	7%	4%	4%
OKLAHOMA	198,365	13%	9%	5%
OREGON	262,090	7%	4%	2%

TABLE 4. NUMBER OF HOUSEHOLDS SERVED AS A PROPORTION OF COST-BURDENED LOW-INCOME RENTER HOUSEHOLDS, JANUARY – SEPTEMBER 2021

		HOUSEHOLDS SERVED AS PROPORTION OF COST-BURDENED LOW-INCOME RENTER HOUSEHOLDS		
STATE	LOW-INCOME COST-BURDENED RENTER HOUSEHOLDS	TOTAL	STATE	LOCAL
PENNSYLVANIA	665,990	12%	7%	6%
RHODE ISLAND	71,145	6%	6%	
SOUTH CAROLINA	245,215	7%	2%	5%
SOUTH DAKOTA	38,775	5%	5%	
TENNESSEE	356,180	6%	2%	4%
TEXAS	1,500,115	17%	11%	7%
UTAH	114,390	14%	6%	8%
VERMONT	32,425	49%	49%	
VIRGINIA	419,335	15%	14%	1%
WASHINGTON	416,650	12%	5%	7%
WEST VIRGINIA	77,750	7%	7%	
WISCONSIN	317,655	11%	7%	4%
WYOMING	24,425	7%	7%	

RECOMMENDATIONS

While some grantees quickly mobilized to establish or expand ERA programs and others made course corrections after opening to improve program performance, many ERA grantees continue to exhibit slow performance, spending a small share of their ERA1 allocations and reaching few renter households within their jurisdictions. Nine months after Treasury allocated ERA1 funds to state and local grantees, this uneven performance requires action by both Treasury and ERA program administrators to ensure low-income renters have access to much needed assistance to remain stably housed.

Throughout the recapture and reallocation process, NLIHC believes the following principles should be applied:

1. **Reallocation should prioritize sending funds to grantees that have been successful at getting assistance to households in need, preventing evictions and housing loss.** Low-income renters continue to feel the impacts of COVID-19 and its economic fallout. Reallocating funds to programs that have demonstrated success will ensure no critically needed ERA funds go unused when the funding expires in September 2022.
2. **Reallocation should prioritize jurisdictions with high levels of need as measured by the number of low-income renters and people experiencing homelessness, who are disproportionately people of color.** Treasury should evaluate jurisdictions' remaining need for assistance by considering the number of low-income households that have received ERA compared to the number of low-income cost-burdened renter households and individuals experiencing homelessness within the jurisdiction – as these households would likely meet program criteria. This principle promotes racial equity by correcting for the initial population-based ERA allocation which did not take into account the number of low-income renter households within jurisdictions and provided disproportionately low allocations to jurisdictions with relatively larger populations of low-income renters and people of color.
3. **Reallocation should maintain renters' access to ERA funding across all jurisdictions.** Recapture and reallocation processes should ensure that ERA service deserts are not created as a result of Treasury recapturing all funds from a state or jurisdiction. Further, reallocation processes should ensure that states and jurisdictions that received too little funding and have since run out receive additional funding.

For programs to improve their performance and more quickly reach renters in need of assistance, NLIHC recommends action within three areas: (1) Program Improvement and Expanded Service Provision, (2) Within-State Redistribution, and (3) Out-of-State Reallocation. Grantees should continually make program improvements and course corrections to ensure programs are accessible and responsive to local needs. Given the fast-approaching deadline to spend ERA1, grantees and Treasury should also begin the process of reallocating funds to jurisdictions that have spent down their funding quickly and have high levels of need. Due to the varied structure of ERA programs, not all recommendations will apply to all programs.

PROGRAM IMPROVEMENT & EXPANDED SERVICE PROVISION

- **State and local grantees should adapt Treasury flexibilities and promising and best practices from other jurisdictions.** State and local grantees should look specifically to other grantees with similar geographic and sociodemographic contexts. For example, small states with few urban areas could look to states like Alaska and Maine that have demonstrated efficient program spending. Large and mid-sized states with dense urban centers may look to places like Texas, New Jersey, and Virginia to learn about and adapt best practices. Local grantees that have struggled to get money out the door should also look to similar grantees within their states and across states to troubleshoot challenges and course correct. Now that many grantees have had time to stand-up and adapt their programs, there is no shortage of high-performing grantees from which to learn. Course corrections will vary depending on the program, but programs should use the Program Improvement Plan as a self-assessment tool to identify and address program challenges.

- **Low-spending states that also have low average household payouts should consider increasing assistance to households, such as providing three months of current/future rent for all households receiving assistance.** This could help increase funding disbursal in states like Arizona, which pays out $681 to households on average. This could also help disbursal in a state like Vermont, which has served a high proportion of potentially eligible households but has only spent 13% of their allocation.
- **Low-spending states should expand their service provision to serve households experiencing homelessness.** Treasury explicitly allows programs to use ERA funds to serve households experiencing homelessness. Low-spending states could expend more of their funds by serving this population. Delaware and Kansas have implemented this and could provide a framework for other programs.

WITHIN-STATE REDISTRIBUTION

- **Low-spending state grantees should reallocate a portion of funds to high-spending local grantees with continuing need; Treasury should reallocate these funds when grantees do not do so voluntarily.** Table 3 shows how this shift in funds could help in places like Arizona, for example, where local grantees account for 60% of all households served in the state, yet they received only 41% of the state's total ERA1 funding. Local grantees have served nearly 9,000 more households than the state grantee and have already spent 62% of their direct allocations. Treasury's ERA formula allocated a disproportionately low amount of funding to local grantees despite many of these cities and counties accounting for higher shares of the state's renter population. Local jurisdictions already implementing ERA are particularly well-positioned to administer this funding, as they likely have more and stronger connections to community-based organizations in the area and specific knowledge of local needs. Several states have already begun doing this. Kentucky, for example, recently sub-granted $38.7 million of their ERA1 allocation to Louisville and Lexington, an important step given Kentucky's local grantees have already spent 100% of their own direct allocations. Indiana sub-granted an additional $91 million of their allocation to Marion County based on the County's high concentration of low-income renters and higher volume of eviction filings. Treasury should encourage these actions in other states.
- **Low-spending local grantees should reallocate funds to high-spending state grantees; Treasury should reallocate these funds when grantees do not do so voluntarily.** Several state grantees have been able to quickly disburse assistance while local grantees in the same states are at risk of recapture. By the end of September, the state of New Jersey spent 90% of its allocation while 13 local grantees were at risk of recapture and reallocation. In Texas, the state spent 64% of its allocation while 16 local grantees were at risk of reallocation. When local grantees are slow to disburse funds but still have high amounts of need, these funds may be moved to the state grantee but earmarked for applicants in the original localities.
- **Treasury should require slow-spending states with no local grantees but with existing need to sub-award ERA1 funds to organizations in the state with experience in rental assistance administration.** Many grantees continue to spend down slowly while serving few potentially eligible renters in their jurisdiction. To the greatest extent possible, Treasury should not further harm renters in need of assistance by recapturing funds from a grantee where there are few or no grantees in the same state to receive a reallocation. Treasury should continue to encourage slow-spending state grantees that do have other eligible grantees in their state to reallocate a portion of their funds to high-spending local grantees with continued need for ERA funds.

OUT-OF-STATE REDISTRIBUTION

- **Treasury should identify states where the level of funding received is greater than the need and have remaining funds they're unable to spend, which can be reallocated to the highest-need areas outside of the state accordingly.** Some states' spending trajectories suggest that they will be able to serve a high number of potentially eligible households with only a portion of their funds. In Vermont, for example, the state has only spent 13% of its allocation while serving 16,043 households, a number equal to 49% of state's cost-burdened, low-income renter households.
- **Recapture and reallocation processes should prioritize sending funds to states and jurisdictions that received disproportionately low ERA1 funding and have large renter populations.** High-spending grantees that have served a small proportion of cost-burdened low-income renters, such as New York, California, Illinois, and New Jersey, have continued need for additional ERA funds. The state of Texas has already closed its program, as it has received enough requests for funding to expend all assistance. As with the high-need ERA2 allocation, Treasury can use data to identify areas with disproportionately higher need. The ERA2 high-need formula, for example, included the number of very low-income renter households paying more than 50 percent of income on rent or living in substandard or overcrowded conditions, rental market costs, and change in employment since February 2020.[5] Treasury should use similar metrics in tandem with data on program spending and households served to identify where funding is most needed.

High-spending grantees that have served a small proportion of cost-burdened low-income renters, such as New York, California, Illinois, and New Jersey, have continued need for additional ERA funds. The state of Texas has already closed its program, as it has received enough requests for funding to expend all assistance.

The reallocation formula must also take into account racial equity. Given the initial disproportionality of ERA allocations, many states that received disproportionately high allocations are predominantly white, while many states and cities with excess need have high proportions of renters of color. Reallocation policies and formulas should include metrics related to racial equity to determine where to reallocate funds.

ONGOING RESEARCH AND EVALUATION

- **Treasury should release data about who is applying for rental assistance and who is being served at the local, state, and national levels.** Updated Treasury Reporting Guidance indicates that ERA grantees must report certain data elements by race, ethnicity, and gender including: Number of completed applications; Number of households that received assistance; Acceptance rate for applicants; Income level of recipients; Income determination made by categorical eligibility or fact-specific proxy; Average months of rent or utilities covered; and Average amount of ERA award funds provided. Public release of these data will help policy makers, administrators, and advocates make informed decisions about program design and implementation to ensure funds are distributed equitably and that those with the greatest needs are being served.

5 U.S. Department of the Treasury, "Allocations and Payments," https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/allocations-and-payments.

FUTURE ANALYSES

This research brief focuses on grantees' spending of ERA1 funds, because of the reallocation requirement and subsequent guidance published by Treasury. Analysis of spending can highlight programs that are efficiently assisting renters, as well as those that need improvement. Additional metrics, however, are necessary to capture the extent to which ERA programs serve those with the greatest need, as well as to ensure racial equity.

Other metrics should include the race and ethnicity, incomes, disability status, familial status, and gender of applicants, denied applicants, and assisted households to ensure specific groups are not disproportionately unserved by current ERA grantees. Analyses, like from Texas Housers, can compare the characteristics of rent assistance recipients to those of grantees' eligible population at-large to ensure equitable distribution of assistance. Grantees underserving certain populations should adjust their outreach and program practices to those outlined in *Prioritization in Emergency Rental Assistance Programs* and *Advancing Racial Equity in Emergency Rental Assistance Programs*. Low application rates among specific populations could indicate a need for further outreach and communication strategies, while high incomplete or denial rates could signal barriers within the application and approval process. Other key metrics include the incomes of households served, to ensure assistance is provided to those with the greatest needs, and typical amount and duration of assistance. Program improvements based on these metrics would ensure that funds are not only getting out quickly, but also equitably, to low-income renters most in need.

APPENDIX

TABLE A1. ERA ALLOCATIONS GOING TO STATE AND LOCAL GRANTEES[1]

STATE	TOTAL ALLOCATION	ALLOCATION GOING TO STATE GRANTEE	ALLOCATION GOING TO LOCAL GRANTEES	% ALLOCATION GOING TO STATE GRANTEE	% ALLOCATION GOING TO LOCAL GRANTEES
ALABAMA	$326,358,801	$263,236,066	$63,122,736	80.7%	19.3%
ALASKA	$200,000,000	$164,568,140	$35,431,860	82.3%	17.7%
ARIZONA	$492,131,217	$289,601,980	$202,529,237	58.8%	41.2%
ARKANSAS	$200,961,312	$173,684,766	$27,276,546	86.4%	13.6%
CALIFORNIA*	$2,318,426,091	$1,497,605,327	$820,820,764	64.6%	35.4%
COLORADO*	$377,835,698	$247,795,760	$130,039,938	65.6%	34.4%
CONNECTICUT	$235,873,751	$235,873,751	$0	100.0%	0.0%
DELAWARE	$200,000,000	$200,000,000	$0	100.0%	0.0%
DISTRICT OF COLUMBIA	$200,000,000	$200,000,000	$0	100.0%	0.0%
FLORIDA	$1,441,188,973	$871,237,609	$569,951,365	60.5%	39.5%
GEORGIA	$710,207,372	$552,302,717	$157,904,656	77.8%	22.2%
HAWAII	$200,000,000	$125,242,649	$74,757,351	62.6%	37.4%
IDAHO	$200,000,000	$175,746,361	$24,253,639	87.9%	12.1%
ILLINOIS	$834,709,843	$566,275,815	$268,434,028	67.8%	32.2%
INDIANA	$447,937,423	$371,986,505	$75,950,919	83.0%	17.0%
IOWA	$209,783,453	$195,110,510	$14,672,943	93.0%	7.0%
KANSAS*	$181,390,235	$169,344,015	$12,046,220	93.4%	6.6%
KENTUCKY	$296,897,444	$264,304,181	$32,593,262	89.0%	11.0%
LOUISIANA	$308,042,377	$248,664,568	$59,377,809	80.7%	19.3%
MAINE	$200,000,000	$200,000,000	$0	100.0%	0.0%
MARYLAND	$401,575,014	$258,076,806	$143,498,208	64.3%	35.7%
MASSACHUSETTS	$457,129,720	$436,458,910	$20,670,810	95.5%	4.5%
MICHIGAN	$660,906,592	$622,794,676	$38,111,916	94.2%	5.8%
MINNESOTA*	$364,467,976	$289,403,961	$75,064,015	79.4%	20.6%
MISSISSIPPI	$200,000,000	$186,696,634	$13,303,366	93.3%	6.7%
MISSOURI	$407,924,165	$323,694,749	$84,229,416	79.4%	20.6%
MONTANA	$200,000,000	$200,000,000	$0	100.0%	0.0%
NEBRASKA	$200,000,000	$158,572,581	$41,427,419	79.3%	20.7%
NEVADA	$208,105,615	$124,853,715	$83,251,901	60.0%	40.0%
NEW HAMPSHIRE	$200,000,000	$179,496,224	$20,503,776	89.7%	10.3%
NEW JERSEY	$589,011,704	$353,887,496	$235,124,208	60.1%	39.9%
NEW MEXICO	$200,000,000	$161,485,443	$38,514,557	80.7%	19.3%
NEW YORK*	$877,533,430	$800,652,298	$76,881,133	91.2%	8.8%
NORTH CAROLINA	$702,966,452	$546,596,104	$156,370,347	77.8%	22.2%
NORTH DAKOTA	$200,000,000	$200,000,000	$0	100.0%	0.0%
OHIO	$775,405,764	$564,845,626	$210,560,138	72.8%	27.2%

1 States indicated with an asterisk (*) received additional funds that were not accounted for in the analysis because their spending data is incomplete. A full list of ERA1 allocations can be found on the Treasury website.

APPENDIX

TABLE A1. ERA ALLOCATIONS GOING TO STATE AND LOCAL GRANTEES[1]

STATE	TOTAL ALLOCATION	ALLOCATION GOING TO STATE GRANTEE	ALLOCATION GOING TO LOCAL GRANTEES	% ALLOCATION GOING TO STATE GRANTEE	% ALLOCATION GOING TO LOCAL GRANTEES
OKLAHOMA	$263,975,439	$210,011,149	$53,964,290	79.6%	20.4%
OREGON	$281,264,683	$204,366,635	$76,898,048	72.7%	27.3%
PENNSYLVANIA	$847,688,779	$569,807,660	$277,881,119	67.2%	32.8%
RHODE ISLAND	$200,000,000	$200,000,000	$0	100.0%	0.0%
SOUTH CAROLINA	$346,020,971	$271,774,744	$74,246,226	78.5%	21.5%
SOUTH DAKOTA	$200,000,000	$200,000,000	$0	100.0%	0.0%
TENNESSEE	$456,682,775	$383,440,280	$73,242,494	84.0%	16.0%
TEXAS	$1,946,983,604	$1,308,110,630	$638,872,974	67.2%	32.8%
UTAH	$215,507,410	$150,406,054	$65,101,356	69.8%	30.2%
VERMONT	$200,000,000	$200,000,000	$0	100.0%	0.0%
VIRGINIA	$569,661,204	$524,601,620	$45,059,584	92.1%	7.9%
WASHINGTON	$510,182,193	$322,130,257	$188,051,936	63.1%	36.9%
WEST VIRGINIA	$200,000,000	$200,000,000	$0	100.0%	0.0%
WISCONSIN	$386,777,592	$322,174,044	$64,603,547	83.3%	16.7%
WYOMING	$200,000,000	$200,000,000	$0	100.0%	0.0%

FOR FURTHER INFORMATION REGARDING THIS REPORT AND THE METHODOLOGY, PLEASE CONTACT EMMA FOLEY AT EFOLEY@NLIHC.ORG.