



IMPLEMENTING FACT-SPECIFIC PROXY IN ERA PROGRAMS:

KEY CONSIDERATIONS AND LESSONS LEARNED

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INTRODUCTION

To respond to the COVID-19 crisis, Congress passed two pieces of legislation funding emergency rental assistance programs. The “2021 Consolidated Appropriations Act” and the “American Rescue Plan Act” together provided \$46.55 billion in urgently needed assistance for low-income renters and created the Emergency Rental Assistance (ERA) program administered by the U.S. Department of the Treasury (Treasury).

Despite the unprecedented level of funding, burdensome documentation requirements have made it difficult for many renters to access emergency rental assistance. Evidence indicates that income documentation is especially difficult for applicants to provide, particularly when the COVID-19 pandemic has resulted in pervasive employment instability. As documented in previous analyses by the National Low Income Housing Coalition (NLIHC), the Housing Initiative at Penn, and the NYU Furman Center, onerous documentation requirements can lead to higher rates of incomplete applications and slower distributions of program funds (Aiken et al., 2021; Yae et al., 2021). A report by the Office of Budget and Management also finds that administrative burden – the time and energy spent accessing public benefits – impacts individuals unequally and leads to disproportionate underutilization of public benefits by the people and communities who need them the most (Office of Budget and Management, 2021).

To reduce documentation barriers, Treasury introduced fact-specific proxy into its [guidance](#) in May 2021 as an additional method to verify income eligibility. Fact-specific proxy allows a program to use other facts to infer a household’s income eligibility, such as the median income of the household’s census tract. Applicants simply need to self-attest to their household income if they meet the proxy eligibility criteria. This flexibility allows program administrators to reduce documentation barriers faced by tenants while also reducing the risk that funds go to ineligible households. Through interviews with ERA program administrators, our research found that fact-specific proxy improved application accessibility, decreased application processing times, and increased fund disbursement.

This report explores how ERA programs implemented fact-specific proxies and how these proxies impacted program progress. Using data from [NLIHC’s ERA database](#), interviews with program administrators, and administrative data, the report outlines: (1) federal guidelines regarding fact-specific proxy; (2) considerations for implementing fact-specific proxy; (3) lessons learned; and (4) impacts of fact-specific proxies. The brief features findings from interviews with nine programs that utilize fact-specific proxies. These programs represent diverse program types, sizes, and geographies and include five statewide programs (Connecticut, Kentucky, North Carolina, Massachusetts, and South Carolina) and four local programs (Multnomah County, OR; Phoenix, AZ; Denver, CO; and Tulsa, OK).

KEY TAKEAWAYS

- 1 Programs should test potential proxies** on a sample of applications or administrative data prior to full implementation. By testing multiple proxies, programs can choose the most effective method for maximizing coverage of potentially eligible households and minimizing coverage of ineligible households.
- 2 Programs should use inclusive proxies, applying to the largest number of potentially eligible renter households possible.** Several programs implemented proxies that apply to all or nearly all applicants while also setting up monitoring and oversight measures to ensure program integrity.
- 3 Programs should integrate the proxy into their application to automate income verification.** Programs that integrated proxies directly into the application were able to immediately notify applicants of their eligibility under the proxy, reducing applicants' time spent uploading income documentation.
- 4 Programs should offer proxies as the initial option for income eligibility** to decrease documentation burden for applicants and to reduce the staff time spent processing income documentation.
- 5 Programs should be transparent about the availability of fact-specific proxy.** Programs can increase transparency by stating publicly, on websites or in program documentation, that certain flexibilities are available. This will ensure that applicants who may not have income documentation or who have difficulty obtaining income documentation are not discouraged from applying.
- 6 Programs should champion and promote their innovations to increase utilization among other program administrators.** Programs that promote their innovations publicly can help shift long-held beliefs about standard social service practices. The introduction of fact-specific proxy, for example, has begun shifting perceptions about what level of participant documentation should be required when administering a social service program.

POLICY OVERVIEW AND PROGRAM UPTAKE

ERA guidance did not include fact-specific proxy as an allowable form of income verification until May 7, 2021, five months after Treasury released its initial guidance. The [May 7 guidance](#) stated that grantees could use a reasonable proxy, such as average incomes in a neighborhood, in conjunction with self-attestation – a written attestation of an applicant's income without additional documentation – to determine household incomes. Treasury and the United States Digital Service (USDS) later released supplementary [guidance](#) on how to implement fact-specific proxy, including choosing a reasonable proxy, finding data sources, and integrating the proxy into a program's application process. Programs can also use traditional income documentation, categorical eligibility, and self-attestation alone to determine income eligibility.

Fact-specific proxy as a tool for determining income eligibility appears to be relatively novel. California's Hardest Hit Fund, created in response to the foreclosure crisis in 2010, used income proxies toward the end of the program. This program's use of proxies served as a precedent for the ERA program, but we are not aware of any other federal social assistance program that explicitly allowed eligibility determination based on a proxy measure. Some federal tax incentive programs, such as the Low-Income Housing Tax Credit, the New Markets Tax Credit, and Opportunity Zones, target specific neighborhoods or communities based on their income levels, but these programs do not provide direct assistance to individual households within these neighborhoods.

Using publicly available information, NLIHC has tracked the program features, including the use of fact-specific proxy for income determination, of more than 500 ERA programs. As of August 2021, only five of these programs used fact-specific proxy as a form of income verification. By December 2021, the number had increased to 26. Additional programs may implement fact-specific proxy on the backend of their application processes but fail to acknowledge this in their public documents.

CONSIDERATIONS FOR IMPLEMENTING FACT-SPECIFIC PROXY

Program Motives

Despite the infrequent adoption of fact-specific proxies by ERA programs, administrators who have adopted this flexibility communicated several motivations for doing so, including increasing application accessibility, enhancing equity, and balancing flexibility with oversight.

APPLICATION ACCESSIBILITY: Improving application accessibility and decreasing administrative burden were primary motivators for administrators integrating fact-specific proxy into their income verification process. Administrative burden – the time and energy spent by applicants accessing and maintaining enrollment in public benefits programs – can include time spent on filling out paperwork, collecting documentation required to prove eligibility, and answering communication to verify eligibility.

Program administrators in Multnomah County, OR, noted that they wanted to “pursue every option to reduce the documentation threshold.” An administrator in Phoenix explained that given the various eligibility requirements of ERA, tenants must provide several forms of documentation to receive assistance. By implementing fact-specific proxy, the program hoped to relieve some of that burden for tenants during a time of crisis.

ENHANCING EQUITY: Program administrators believed that using fact-specific proxy could help achieve their goals of equitably distributing assistance. An administrator in Multnomah County, OR, explained that, in their community, Black, Indigenous, Latino, and Asian Pacific Islander households have, on average, lower incomes than the county median income. At the same time, these households were disproportionately impacted by COVID-19 and its economic consequences. Administrators felt that reducing documentation barriers was important for ensuring these households were supported.

Proxies, many of which are geographically based, have the potential to enhance equity by reducing documentation barriers for communities still facing persistent residential segregation because of historic and current race- and place-based discrimination, such as redlining. A growing body of research finds that residential segregation is linked to higher likelihood of COVID-19 exposure and community transmission, limited access to testing and treatment, and increased economic hardship (Barber et al., 2020; Li et al., 2021; Millet et al., 2020). It follows that these neighborhoods would have a higher preponderance of households negatively impacted by COVID-19 and in need of rental assistance. The geographic targeting of most proxies can increase application accessibility for those who have been disproportionately impacted by the compounding effects of systemic racism and discrimination, the racial wealth gap, and COVID-19.

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FLEXIBILITY AND OVERSIGHT: Fact-specific proxy also offered program administrators a way to reduce documentation and simplify the income verification process while addressing their apprehensions about using self-attestation alone to determine income eligibility.

Some program administrators expressed hesitancy about using self-attestation on its own for income eligibility because it is not standard practice; assistance programs typically require income documentation. Program administrators feared future audits would require them to produce income documentation, despite Treasury's strong encouragement to use self-attestation. In South Carolina, "there was discussion about simply [using] self-attestation across the board," said a program officer, but "there was concern from our general counsel and some other people about the liability that would come from essentially having no restrictions on income eligibility." Fact-specific proxy offers a solution to this concern, as it allows administrators to reduce documentation burden while also reducing the risk that ERA funds will be distributed to potentially ineligible households.



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Ensuring Program Integrity

A common concern about documentation flexibility is ensuring that program funds are not distributed to ineligible applicants or misused. Every program administrator we interviewed asserted that fact-specific proxy did not result in a noticeable increase in fraudulent activity. While administrators came across isolated cases of suspect applications, no suspect application was the result of increased program flexibilities. Administrators also noted that most ineligible applications were the result not of households purposefully attempting to mislead the program but rather of thinking they were eligible when they did not meet all program criteria. Program administrators in Multnomah County, for example, noted that many of those applications that were denied were submitted in error by households residing outside of the geographic boundaries of the program.

Programs also maintain formal oversight and monitoring procedures to detect suspicious activity. Several programs conduct regular monitoring of selected "fraud indicators." Administrators of other programs noted that their application processes were very compartmentalized, ensuring that applications passed through many hands during processing and thus reducing the likelihood that an ineligible or suspicious application would pass through the process without being flagged. Many of the programs also have formal processes for redirecting flagged applications to their fraud inspection units or inspector generals, as well as dedicated hotlines the public can call to report suspected instances of fraud, waste, or abuse. Administrators are well-prepared to protect program integrity, and integrating fact-specific proxy did not appear to put programs at increased risk of fund misuse.

Selecting a Proxy

Treasury guidance on fact-specific proxy is relatively open-ended, leading to diverse approaches. The initial steps in developing a fact-specific proxy are to determine available data sources and to establish the qualifying fact on which eligibility will be determined. In most cases, the fact is geographic in nature in that it is based on the applicant's residential location, requiring programs to determine a geographic unit of analysis that makes sense for the areas served.

Several factors influenced how programs determined the data sources and geographic boundaries to use, including data availability, familiarity with the data, and the relative ease of integrating the data into the application. ERA programs in Kentucky, South Carolina, and Tulsa, OK, chose geographic boundaries that corresponded to information already included in their applications, such as ZIP code, making it easier to integrate the proxy into their existing application processes. Simultaneously, programs sought approaches that covered as many potentially eligible renters as possible while excluding a majority of ineligible households. In Denver, CO, program staff considered two potential proxies but ultimately chose the proxy that covered a larger percent of census tracts. These factors led to the varied methodologies detailed in Table 1.

Table 1. Fact-Specific Proxy Methodology

Program	Geography of Analysis	Data Source	Methodology
Connecticut	Census Tract	New Markets Tax Credit	Applicants are eligible if they live in a “low-income community,” as defined by the New Markets Tax Credit guidelines. ¹
Massachusetts	N/A	Department of Transitional Assistance, MassHealth	Applicants are eligible if they are enrolled in social service programs within the state’s Department of Transitional Assistance or the state’s healthcare program, MassHealth.
South Carolina	ZIP Code	American Community Survey, HUD Area Median Income	Applicants are eligible if they live in a ZIP code where the median household income is less than 50% Area Median Income (AMI) for the corresponding county.
North Carolina	County	Comprehensive Housing Affordability Strategy (CHAS)	Applicants are eligible if they live in a county served by the program. The program uses the estimated number of low-income renter households and cost burdened renter households within each county as a threshold for the expected number of applications within each county. If a county starts to approach the proxy threshold, the program will do in-depth monitoring of that county and potentially require income documentation going forward.
Kentucky	ZIP Code	American Community Survey, HUD Area Median Income	Applicants are eligible if they live in a ZIP code where the median renter household income is less than 80% AMI of the corresponding county.
Multnomah County, OR	Census Tract	American Community Survey, HUD Area Median Income	Applicants are eligible if they live in a census tract where the median income is less than 80% AMI for Multnomah County.
Tulsa, OK	ZIP Code	American Community Survey, HUD Area Median Income	Applicants are eligible if they live in a ZIP code where the median renter household income is less than 80% AMI of the county.
Phoenix, AZ	Census Block Group	American Community Survey, HUD Area Median Income	Applicants are eligible if they live in a Census Block Group where at least 60% of households are at or below 80% of Maricopa County AMI.
Denver, CO	Census Tract	New Markets Tax Credit	Applicants are eligible if they live in a “low-income community,” as defined by the New Markets Tax Credit guidelines.

There is no single best data source or proxy. An effective proxy is one that applies to a high proportion of potentially eligible renters and is well-integrated into the application and program workflow.

¹ Under the New Markets Tax Credit program, low-income communities include census tracts with at least one of the following criteria: (1) a poverty rate of at least 20%; or (2) a median family income that is below 80% of the greater metropolitan or statewide median family income.

LESSONS LEARNED

Our interviews with program administrators revealed several lessons for effectively implementing fact-specific proxy: conduct proxy testing, ensure broad coverage of low-income renters, integrate proxies into applications, use proxies first and immediately to verify income, and be transparent about proxy availability. These interviews also highlighted the importance of program administrators championing innovations like fact-specific proxy and sharing their knowledge to influence other programs.

Testing Proxies

Many of the programs we interviewed performed critical testing of their proxies prior to or soon after initial implementation. Denver and Phoenix, discussed below, compared potential outcomes for multiple proxies to identify which proxy was the best fit for their community. A common goal was to identify a proxy that covered a significant share of low-income renters without creating significant risk of covering ineligible renters.

DENVER, CO: The City of Denver shares an application portal with the Colorado Emergency Rental Assistance Program, and both programs added fact-specific proxy as an income verification option in August 2021. Treasury's guidance specifies that a proxy must be "reasonable," and the City of Denver and Colorado felt they could ensure a proxy was reasonable if it was already associated with a statutorily enacted program. The city and state administrators identified Qualified Census Tracts (QCTs) from the Low-Income Housing Tax Credit program and Low-Income Communities (LICs) from the New Markets Tax Credit program as the two best options.

While the City of Denver and Colorado started fact-specific proxy using QCTs, the city and a partner organization, COVID-19 Eviction Defense Project (CEDP), quickly determined that by shifting their proxy from QCTs to LICs, the city could nearly double the number of census tracts covered under their proxy (Gilman, 2021). Twenty-eight percent of tracts in Denver were covered using QCTs, while 47% of tracts were covered using LICs. Of the applicants processed by CEDP, the share of applicants who were income-eligible through the proxy rose from 35% to 74% after transitioning to using LICs as the proxy.

PHOENIX, AZ: Phoenix began implementing fact-specific proxy in late August after closely following Treasury's changing guidance. Shortly after the Phoenix Human Services Department began looking into using fact-specific proxy, the Maricopa Association of Governments (MAG) reached out to the program to offer technical assistance.

Phoenix's proxy uses American Community Survey data to identify census block groups where at least 60% of households have incomes below 80% of the county's median income. The Human Services Department worked closely with MAG to determine this threshold, applying multiple options to applicant data already received by the program. An initial test of a census block threshold in which at least 80% of households needed incomes below 80% AMI seemed too restrictive in that many eligible applicants who already received assistance would have been ineligible under this proxy. Lowering the block group threshold to 60% of households with incomes at or below 80% AMI resulted in a more inclusive approach and matched administrators' expectations about which neighborhoods would be eligible. MAG also created a mapping tool so application processors could identify whether an address was eligible under the proxy.

Broad Coverage of Low-Income Renters

Proxies that apply to larger numbers of low-income renters are likely to have greater potential impact, including better application accessibility and improved program efficiency. Of the programs interviewed, coverage of low-income renters varied, though most proxies covered at

least half of low-income renters in each jurisdiction. Denver's proxy applies to 74% of applicants processed by one administering non-profit. Administrators in Massachusetts estimate that their proxy covers approximately 80% of ERA applicants. Connecticut's proxy applies to approximately 64% of the state's low-income renters. North Carolina administrators designed an innovative method to cover all income-eligible renters while also ensuring program integrity, as detailed below.

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NORTH CAROLINA: North Carolina's Housing Opportunities and Prevention of Evictions (HOPE) Program took a different pathway to fact-specific proxy than most programs. HOPE allowed applicants to self-attest to their incomes in its 2020 CARES rental assistance program and planned to continue this low-barrier approach in its Treasury ERA program. Treasury's introduction of fact-specific proxy provided the HOPE program with an opportunity to keep application accessibility high while adding an internal risk control to mitigate potential fraud.

To ensure income self-attestation remained a universal option, the program wanted a proxy that could apply to all applicants, not just to applicants residing in certain geographies. Using HUD's Comprehensive Housing Affordability Strategy (CHAS) data, program administrators estimated the number of low-income renter households and cost burdened renter households within each of the 88 counties served by the program. They use these data points as thresholds for the expected number of applications within each county. If the number of applications in a county starts to approach the proxy threshold, the program will conduct in-depth monitoring of that county and potentially implement more stringent income documentation.

HOPE's application asks applicants to self-report their incomes from different sources for a full month, and the application calculates their projected annual incomes. An applicant must certify that their annual income is correct, but they do not need to upload any additional documentation, reducing administrative burden for the applicant.

The North Carolina Office of Resilience and Recovery, North Carolina's primary disaster recovery agency, oversees the HOPE program and has used lessons learned from its disaster recovery work to keep barriers to the program low. "Collecting wage statements, pay stubs, collecting 1040s... tax information, it's an extremely onerous process for somebody recovering from disaster," said a North Carolina administrator. The proxy presented an opportunity for the program to operate more efficiently, given the emergency situation and ERA spending deadlines.

Most proxies only cover a portion of renters, improving application accessibility for some, but not all, potential applicants. Fact-specific proxies based on low-income neighborhoods, for example, risk excluding low-income households that live in more affluent neighborhoods. Program administrators need to remain aware that households not covered by proxies still need assistance from ERA programs. To meet their needs, programs should implement additional income flexibilities, such as categorical eligibility or self-attestation.

Application Integration

Programs that integrate the proxy verification system into their applications generally see smoother implementation. Connecticut, as detailed below, worked with state offices and a third-party vendor to integrate its proxy into its online application.

CONNECTICUT: UniteCT, Connecticut's ERA program, implemented fact-specific proxy shortly after Treasury released its guidance. UniteCT's fact-specific proxy covers every census tract that qualifies as an LIC for the New Markets Tax Credit program.

UniteCT worked in collaboration with the Governor's Office, Office of Policy and Management, and the Department of Housing to determine the proxy. The decision to use LIC was due in part to the familiarity of the Department of Housing with the data. UniteCT administrators felt it was important to integrate their proxy into their online application portal to ensure that the proxy was applied uniformly across applicants. UniteCT partnered with Yardi, a third-party vendor, to create a system in which applicants are asked to produce income documentation only if their address does not fall within a low-income community. Program administrators tested the application system for any technical difficulties before the proxy went live. Tenants who reside in communities covered by the proxy are asked only to upload a copy of their photo ID.

Programs may face barriers in integrating their proxy swiftly, as many administrators need to work with IT teams or third-party vendors to change their applications. Programs that face major hurdles in integrating their proxy into their application should still implement proxies through alternate means, because proxies are essential for improving application accessibility. The City of Denver, for example, has limited ability to modify its application because the application is managed through a technology platform which is shared with the state. When it was unable to integrate the proxy online, the city conducted outreach with partner organizations who assist individuals completing applications. The city informed these partners about the proxy option and directed them on how to submit applications that lacked income documentation but were eligible under the proxy. The state was also able to incorporate into the online application a way to track who was being approved using the proxy. Similarly, Massachusetts's proxy process, which determines households' eligibility based on their enrollment in a variety of state social service programs, was initially handled manually, with 11 nonprofits sending applications to the state to be data matched. Massachusetts has since streamlined the application so that the proxy can be applied more uniformly across applicants, as discussed in the next section.

Immediate Use

Some programs implement their fact-specific proxy as a "first resort," applying the proxy to all relevant applicants as an alternative to more cumbersome income documentation. Some programs, including Kentucky and Connecticut, have integrated the proxy verification system into their applications so that applicants who live in eligible areas are not asked for income documentation. Other programs, like North Carolina and Massachusetts, do not ask any applicants for income documentation up front. Massachusetts, as discussed below, reaches out to applicants for income documentation only if their income cannot be verified during the state's data-matching process.

MASSACHUSETTS: Massachusetts was the only program interviewed that used a fact-specific proxy not based on geographic indicators. Administrators instead opted to use applicants' enrollment status in state-based social service programs as the proxy, entering into data-sharing agreements with state departments to obtain this data. The proxy covers all enrollees in the state's Department of Transitional Assistance programs, such as SNAP and TANF, and the state-based healthcare program, MassHealth. This approach differs from categorical eligibility, which is a method of eligibility-determination that uses another program's income verification as sufficient to determine whether an applicant's income is under 80% AMI. Massachusetts simply uses an applicant's participation in these programs – not all of which rely on the same income standard as ERA – as sufficient verification. As a result, a very small number of individuals enrolled in the various state-based programs may

have incomes above the ERA income-eligibility threshold. An emergency regulation passed in the autumn of 2020 allowed the state to use a similar approach for other state-based housing assistance programs, and ERA administrators felt that this existing proxy would also be a good fit for ERA.

Massachusetts recently launched a centralized application process to ensure that the proxy is used as the initial income check before requesting additional documentation. Before this change, the state's application requested income documentation prior to conducting data matching. Eleven non-profits administering the state's ERA program sent applicant information to state ERA staff, and state staff then manually conducted data matching when income documentation was incomplete. This process proved to be cumbersome, and the nonprofits lacked consistency in sending applicant information to the state. The state has since built a central application through which applicants can consent to the state using all household names in a data-matching query. Because this data matching is used as the first resort for determining income eligibility, program staff follow up if additional income documentation is needed.

Some programs only use the proxy if applicants cannot produce income documentation, meaning the proxy is a last resort. Though this practice mitigates the risk of approving ineligible applicants, it significantly diminishes the benefits that proxies offer, including more accessible applications and shorter application processing times.

Transparency

Fact-specific proxy can be an even more powerful tool in reducing documentation burdens and increasing accessibility if programs are transparent regarding their proxy and the households it covers. A few programs, including South Carolina and Virginia, publish the ZIP codes that are covered under their proxy. This level of transparency ensures that applicants who may not have income documentation or whose income documentation is difficult to obtain are not discouraged from applying for assistance. Such transparency can encourage people to apply who may otherwise have thought the application would be too onerous. Some interviewees are hesitant to publicize their fact-specific proxy, particularly those using proxies as a last resort, because they prefer to have full income documentation in case of future audits, despite Treasury's encouragement of fact-specific proxy and other flexibilities to decrease documentation burden and increase program efficiency. As detailed below, South Carolina has been purposefully transparent about its use of fact-specific proxy, engaging in outreach to media, program partners, and constituents to ensure potentially eligible applicants are not dissuaded from applying because of previous application barriers.

SOUTH CAROLINA: South Carolina's ERA Program, SC Stay Plus, opened in May 2021. By June, administrators had recognized that applicants were struggling to produce the required documentation. To reduce the documentation burden for applicants, the program began allowing self-attestation for COVID-19-related hardship and housing instability – two eligibility requirements of the Treasury ERA program. Some stakeholders were apprehensive, however, about using

self-attestation alone to determine income eligibility. When Treasury released guidance allowing fact-specific proxy to determine income eligibility, administrators in South Carolina saw it as a potential compromise to ease documentation burden and mitigate program risk.

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Administrators felt it was important to publicize this change and other program improvements, such as increased call center capacity and increased availability for in-person applications. The program released a press release on [August 17, 2021](#), detailing these improvements. Program staff also shared these improvements at town halls for elected officials and spread the word to partners such as legal aid organizations and property management companies. A communications officer for SC Housing noted that these program changes and the accompanying outreach made the program more efficient and improved public perception of the program. He also noted that these changes and the accompanying outreach “encouraged a lot of people to come and at least look at the program who needed assistance, who may have been unwilling to...early on because they thought it was going to be a challenge for them to apply.”

Champions of Innovation

Federal officials recognized that compared to traditional rental assistance programs, the Treasury ERA Program needed more flexibility and accessibility in order to efficiently assist households facing imminent eviction during the public health crisis. Treasury’s increased acceptance of program flexibilities resulted in programs adopting innovations not typically used in housing-assistance programs. Programs that championed their innovations helped more risk-adverse programs feel comfortable implementing the same practices. Kentucky was one of the first programs to implement fact-specific proxy, as described below. Several program administrators from other jurisdictions acknowledged the importance of Kentucky’s leadership to their own adoption of proxies. Once implemented, the new practices can lead to paradigm shifts in how providers expect social assistance programs to operate, as evidenced by the case of a program in Tulsa, OK, also discussed below.

KENTUCKY: Kentucky’s Healthy at Home Eviction Relief Program was an early adopter of fact-specific proxy. Using HUD AMI-based income limits and American Community Survey data, the program determines applicant eligibility on the basis of whether an applicant lives in a ZIP code with a median renter household income of less than 80% of AMI of the corresponding county. This proxy is integrated into the application so that applicants residing in eligible ZIP codes are not asked to upload income documentation. Wendy Smith, Deputy Executive Director of Housing Programs for the Kentucky Housing Corporation, publicly discussed the state’s proxy, presenting at meetings with other ERA administrators and sharing [informational documents](#) addressing how the proxy was constructed. Treasury also featured Kentucky’s proxy on its website as a [promising practice](#).



Treasury’s increased acceptance of program flexibilities resulted in programs adopting innovations not typically used in housing-assistance programs. Programs that championed their innovations helped more risk-adverse programs feel comfortable implementing the same practices.

Many of the program administrators interviewed for this report noted that being able to refer to Kentucky’s example made their adoption of fact-specific proxy more justifiable. As an administrator in North Carolina noted, “we were pleased to see other states like Kentucky adopt fact-based proxies. The more states administer their programs using the proxy, the more defensible our approach becomes.” Officials with Restore Hope Ministries in Tulsa echoed this sentiment, explaining that “Kentucky obviously having led the way with [fact-specific proxy] and Treasury putting

it as a promising practice really allowed...some leeway for Restore Hope...to go to our county representatives and to the state folks and say, hey, look, other places are using this.”

TULSA, OK: The City of Tulsa’s ERA program implemented fact-specific proxy shortly after Treasury released its guidance. Restore Hope Ministries, the non-profit administering the ERA program, closely followed Kentucky’s methodology. Kentucky’s transparency and Treasury’s identification of the state’s methodology as a promising practice provided the necessary precedent for Tulsa to incorporate the practice into its program design. Program officials leveraged connections with the Tulsa City Planning Department to gather and analyze the data necessary to implement a fact-specific proxy – a significant lift for a small local program. Program administrators cite the strong collaboration across the city, county, and state as having been invaluable to the process of integrating fact-specific proxy.

Restore Hope has provided social services to the Tulsa community for over 25 years, but the organization has never operated a program which allows for such flexibility. Doing so has required a paradigm shift among administrators and staff. Restore Hope committed significant time to retrain staff on the technical aspects of fact-specific proxy and to shift thinking around the appropriate level of documentation required by a social service program. In response to worries about a future audit, however, Restore Hope continues to ask applicants for income documentation and utilizes fact-specific proxy only after applicants are unable to produce documentation.

IMPACTS

Program administrators also discussed the programmatic impacts of fact-specific proxies. In particular, they have observed a decrease in processing times, an increase in fund disbursement, and an increase in application accessibility.

Decreasing Processing Times

All program administrators interviewed explained that using fact-specific proxies led to faster processing times. Several program administrators commented that fact-specific proxy substantially decreased the number of instances in which a staff member needed to revisit an application. In Phoenix, where many applicants apply in-person, program administrators saw an increase in the number of applicants who could be processed during the first appointment, eliminating the need for time-consuming follow-up appointments.

In Denver, administrators at CEDP – which provides rental assistance as well as legal services – saw a direct correlation between the use of fact-specific proxy, decreasing processing times, and eviction diversion.

Program administrators at UniteCT also saw faster processing times due to an increase in application completeness. Before using fact-specific proxy, program administrators explain, they spent months going back and forth with tenants who did not have complete applications. However, as of December 15, 2021, UniteCT has verified 67% of applications utilizing fact-specific proxy. The large proportion of applicants approved using fact-specific proxy significantly reduced the administrative burden both for program administrators and applicants. Faster processing times are particularly important for households at imminent risk of eviction. Program administrators in Tulsa, OK, observed that expediting applications using fact-specific proxy allows the program to approve funding in as little as two days, helping households avoid an eviction or forced move.

In Denver, administrators at CEDP – which provides rental assistance as well as legal services – saw a direct correlation between the use of fact-specific proxy, decreasing processing times, and eviction diversion. Prior to the proxy, the application process often involved back-and-forth exchanges with tenants about pay stubs or tax returns. Staff at CEDP noted that they received applications for time-sensitive payments daily. “These are payments that need to get [to the landlord or applicant] before something is filed with the court or a judge orders an eviction,” they explained. “There is no doubt that fact-specific proxy speeds up our process of reviewing and approving, and our ability to cut those urgent checks.”

Increasing Fund Disbursal

Program administrators noted that faster processing times allowed them to increase fund disbursal. Recent analysis by NLIHC and the Housing Initiative at Penn found that programs using income flexibilities, including fact-specific proxy, spent a higher share of their allocations by September 30, 2021, on average, than programs without these flexibilities (Yae et al., 2021). Program administrators in Massachusetts felt that the flexibility afforded by Treasury was critical to streamlining the application process and disbursing funds quickly during a time of such high need.

North Carolina administrators credit fact-specific proxy as a core reason for their ability to disburse funds so quickly. As program administrators explained, “we learned a lesson from our disaster recovery implementation that collecting wage information was going to be a major hurdle to timely implementation.” The program, which implemented fact-specific proxy from its outset, had approved or paid 100% of its ERA1 allocation and 60% of its ERA2 allocation as of January 21, 2022.

Increasing Application Accessibility

Interviewees also shared that fact-specific proxy increased application accessibility. Administrators in South Carolina noted that “we have absolutely seen more people get to the finish line faster... More people able to sit down and [apply] and get to their complete status.” Program administrators in Tulsa, OK, observed that fact-specific proxy “provides options for households which are unable to produce traditional income verification documents to still access life-saving assistance.”

Program administrators in Denver and North Carolina stated an increase in application accessibility translated into a more equitable process as well. Administrators in Denver said that “by using a more inclusive proxy, we are better able to serve and reduce barriers for low-income households, which are among those at highest risk of eviction. We also know that in Denver and elsewhere across the nation, there is a disproportionate number of low-income households that are also BIPOC households. By reducing barriers for low-income households, we are reducing barriers for BIPOC households.” Administrators in North Carolina echoed these thoughts, explaining that “by leveraging [fact-specific proxy], the North Carolina ERA program was able to set reasonable and attainable thresholds for households, who were likely to experience a myriad of other barriers and obstacles during the pandemic, to confirm their income and for assistance to arrive as efficiently as possible.”

NEXT STEPS

Despite the potentially positive impact fact-specific proxies have on program success, only 5% of Treasury ERA programs acknowledge their use of this flexibility on their public-facing materials. To increase the use of this practice, Treasury should reinforce and further publicize its recent “[Guidelines for Fact-Specific Proxies](#),” which outlines specific steps programs can take to ensure their proxy is compliant with federal guidelines. Programs implementing fact-specific proxy but not acknowledging their adoption of the practice publicly should become transparent about using this flexibility. Applicants who lack income documentation may be more encouraged to apply for assistance if they know this flexibility is available.

Future research should evaluate the extent to which fact-specific proxy addresses administrative burden for applicants. In particular, this research should examine the extent to which

The use of fact-specific proxy has the potential to decrease administrative burden, increase program efficiency, and enhance equity – ensuring assistance gets to those who need it most.

documentation burden and time spent applying for the program was reduced for those most impacted by COVID-19 and in need of emergency rental assistance, including Black and Latino households, single-headed households, and extremely low-income households.

Fact-specific proxy was introduced in response to the COVID-19 emergency, but federal, state, and local policymakers should consider making fact-specific proxy a permanent fixture in social assistance programs to reduce documentation burden. Along with categorical eligibility – an income-verification flexibility already used by established programs like SNAP and the Free and Reduced Lunch Program – fact-specific proxy could become an additional tool for verifying income and other eligibility requirements. The use of fact-specific proxy thus has the potential to decrease administrative burden, increase program efficiency, and enhance equity – ensuring assistance gets to those who need it most.

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