

June 15, 2021

The Honorable Gene Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

Millions of renters and property owners are facing housing instability and financial challenges related to the COVID-19 pandemic. Last year, Congress and the Centers for Disease Control and Prevention (CDC) provided relief by implementing a series of eviction moratoria to keep renters in their homes. To further assist renters across the country, in December 2020, Congress appropriated \$25 billion to the Department of the Treasury to disburse to state and local grantees to administer emergency rental assistance programs to help those behind on their rent. In March 2021, Congress provided an additional \$21.55 billion for a second, parallel emergency rental assistance program. In total, Congress has appropriated more than \$46 billion for renters in need of urgent relief.

Now nearly six months since Congress enacted the initial appropriation for emergency rental assistance, documents and information show the funds have not reached renters as intended. In fact, the record indicates Treasury is largely unable to account for billions of dollars disbursed to grantees.

The House Committee on Financial Services has oversight responsibilities for the administration and maintenance of the Treasury Department's Emergency Rental Assistance (ERA) programs. To address our concerns about the effectiveness of those programs, we request a review by the Government Accountability Office.

Background

As the COVID-19 pandemic persisted throughout 2020, millions of American households faced difficulties paying rent due to income losses and health care costs, among other reasons. In December 2020—nine months after the United States declared a national health emergency—an estimated one-third of renters reported only slight or no confidence in their ability to make their next rent payment.¹ At that time, various forms of a federal eviction moratorium had been in effect since Congress passed the CARES Act on a bipartisan basis in March 2020.

¹ U.S. Census Bureau, *Measuring Household Experiences during the Coronavirus Pandemic: Household Pulse Survey – Phase 3 (Oct. 28, 2020 – Mar. 1, 2021)*.

To provide relief for renters and property owners, in late December 2020, Congress passed the Consolidated Appropriations Act, 2021, which extended the federal eviction moratorium. In addition, Congress appropriated \$25 billion in emergency rental assistance to the Department of the Treasury to disburse to eligible state and local grantees by January 26, 2021. The program, known as Emergency Rental Assistance (ERA1), was intended to provide immediate assistance for low-income households who found themselves in arrears on rent payments due to the COVID-19 pandemic. Total debt related to late rental payments is estimated to range from \$8.4 billion to \$52.6 billion, according to the Urban Institute.² Congress provided an additional \$21.55 billion for the emergency rental assistance program (ERA2) in March 2021.

ERA has not reached renters in urgent need of relief.

Despite more than \$46 billion available to help renters, the U.S. Census Bureau found one in seven are behind on payments.³ The *New York Times* further reports “only a small portion [of ERA relief funds] has reached landlords and tenants, and in many places it is impossible even to file an application.”⁴ The reasons for the program’s slow start appear to vary by state. Some states took several months to establish their rental assistance programs. Some are still unable to accept applications.⁵

The absence of accurate state-level data to show how much of the \$46 billion in ERA funds has reached tenants further complicates the effort to determine whether the program is being administered effectively. It places the burden on the Department of the Treasury to track whether grantees are disbursing money. Moreover, unlike the bipartisan CARES Act, the American Rescue Plan Act did not provide dedicated funds for the office of inspector general (OIG) at the Treasury Department to track ERA spending, among other things.

The effort to reach renters facing eviction was also undermined by the differences in guidance from ERA1 to ERA2. According to the *New York Times*, delays arose when the Biden administration revised the program’s guidelines on March 26, 2021, three months after the program was established.⁶ Whereas ERA1 was clearly targeted to provide relief for renters who were experiencing COVID-19 related hardships, ERA2 funds are available for grantees to use until September 30, 2025.⁷ The extended term for grantees to administer ERA2 funds reduces the urgency of the program and further exposes it to waste, fraud, and abuse.

² Laurie Goodman and Kathryn Reynolds, *Many People are Behind on Rent. How Much Do They Owe?*, Urban Institute Blog, Feb. 24, 2021, <https://www.urban.org/urban-wire/many-people-are-behind-rent-how-much-do-they-owe>.

³ U.S. Census Bureau, Household Pulse Survey, Mar. 17 – 29, 2021, <https://www.census.gov/data/tables/2021/demo/hhp/hhp27.html>.

⁴ Jason DeParle, *Federal Aid to Renters Moves Slowly, Leaving Many at Risk*, N.Y. TIMES, Apr. 25, 2021, <https://www.nytimes.com/2021/04/25/us/politics/rental-assistance-pandemic.html>.

⁵ *Id.*

⁶ *Id.*

⁷ U.S. Dep’t of the Treas., Emergency Rental Assistance Grantee Award Terms, https://home.treasury.gov/system/files/136/ERA2_Grantee_Award_Terms_572021.pdf.

Treasury is unable to account for ERA funds in a meaningful way.

As you may know, on May 5, 2021, the U.S. District Court for the District of Columbia vacated a nationwide eviction moratorium order issued by the Centers for Disease Control and Prevention (CDC). The moratorium, which has been in effect since September 4, 2020, may have protected millions of tenants from eviction. The District Court’s ruling has been stayed pending appeal, but regardless of the outcome of that case, the moratorium is set to expire on June 30, 2021. These variables—including the imminent expiration of the federal eviction moratorium, shifting program guidance, and varying levels of effectiveness at the grantee level—combine to create an atmosphere of uncertainty for renters who are counting on the relief that Congress appropriated late last year. For that reason, it is imperative that the Department of the Treasury track and provide real time updates for Congress to show where and how the ERA funds are being used, particularly in light of the imminent expiration of the eviction moratorium.

To that end, on May 18, 2021, Ranking Member Patrick McHenry requested data from the Department of Treasury related to both ERA1 and ERA2, to include funds disbursed to grantees to date, and documents sufficient to show which grantees have awarded funds to eligible recipients and which grantees have not. More than two weeks later, Treasury responded and stated that with respect to ERA1, the full allocation has been disbursed to grantees, and “With respect to ERA2, funds have been made available to state, local, and territorial grantees for them to draw down, and a significant majority have already done so.”⁸ The Department further stated it would provide additional data “as soon as practicable,”⁹ which raised concerns that ERA1 and ERA2 funds are not being tracked by the Department to an extent that current allocation data is readily available, let alone at the grantee level.

Request for a GAO Review

To assist the Committee’s effort to conduct oversight of the Emergency Rental Assistance programs and ensure the Treasury Department administers those programs effectively and consistent with congressional intent, please conduct a review to address the following questions:

1. For the \$25 billion provided via the Consolidated Appropriations Act, 2021 (ERA1), and the \$21.55 billion under the American Rescue Plan Act of 2021 (ERA2), provide:
 - a. A timeline of Treasury’s distribution of ERA funds to eligible grantees.

⁸ Letter from Craig Radcliffe, Dep. Ass’t Sec’y for Banking and Finance, Dep’t of the Treasury, to Hon. Patrick McHenry, Ranking Member, H. Comm. on Fin. Services (June 1, 2021).

⁹ *Id.*

- b. The amount not yet disbursed.
 - c. Data to show when grantees awarded funds to eligible recipients.
 - d. The amount of funds disbursed by eligible grantees for purposes other than rental assistance.
 - e. The amount of funds disbursed by eligible grantees for purposes of paying forward looking rental assistance versus the amount used to cover rental arrears.
 - f. The amount of funds disbursed by eligible grantees for purposes of paying utilities.
 - g. The amount of funds disbursed by eligible grantees for the purposes of housing stability services versus financial assistance.
 - h. The amount of funds disbursed by eligible grantees for other expenses related to housing, and what those expenses are.
2. An assessment of the effects of the Biden administration's decision to change the previous Administration's guidance to eligible grantees on the use of funds, including, but not limited to, whether the administration considered whether changing guidance would slow or otherwise affect the program.

These funds are critical for households who are facing hardships, including rental arrearages, as a result of the pandemic. The review described above will help Congress better understand how these funds are being used and what changes may be necessary to ensure they are getting to those Americans who need them most.

Please contact Ed Skala at edward.skala@mail.house.gov or Connor Dunn at connor.dunn@mail.house.gov with any questions about this request. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Patrick T. McHenry". The signature is written in a cursive style with a large initial "P" and "M".

Patrick McHenry
Ranking Member