

July 13, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Madam Chairwoman:

Since December 2020, Congress has appropriated more than \$46 billion specifically to eliminate the arrears of renters who fell behind due to the COVID-19 pandemic. Coupled with a series of federal moratoria, these actions were intended to forestall a wave of evictions and provide stability in the housing market. However, the bulk of the \$46 billion—more than the Department of Housing and Urban Development’s annual appropriated budget—has still not reached renters, and the final federal eviction moratorium is set to expire on July 31, 2021. In fact, the most recent data show only \$1.5 billion was provided to about 350,000 households by May 31, 2021, and millions of renters will soon be exposed to eviction.

As you know, the Committee on Financial Services has oversight responsibilities for the administration and maintenance of the Treasury Department’s Emergency Rental Assistance (ERA) programs. In creating these programs, Congress deliberately placed them at the Treasury Department and not the Department of Housing and Urban Development, to reduce red tape and quickly get funds to renters.

The fact that the Treasury Department has been ineffective with respect to administering the \$46 billion ERA programs is our Committee’s most pressing concern. Yet for reasons that remain unexplained, the Secretary is not scheduled to appear before the Committee in July as required by Section 4026 of the CARES Act.¹ I respectfully request that you require Secretary Janet Yellen to testify about this urgent matter at the Committee’s July 20, 2021 hearing on housing issues, and to consider H.R. 3913, the *Renter Protection Act of 2021*, legislation to streamline the ERA and position the Department to administer the program more efficiently.

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. To provide relief for renters and property owners, in late December 2020, Congress extended the federal eviction moratorium and appropriated \$25 billion in emergency rental assistance (ERA1) to the Department of the Treasury to disburse to eligible state and local grantees by January 26,

¹ P.L. 116-136. Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), Section 4026 requires the Secretary of the Treasury and the Chairman of the Federal Reserve to testify, on a quarterly basis, before our Committee and the Senate Committee on Banking, Housing, and Urban Affairs.

2021. Congress provided an additional \$21.55 billion for the emergency rental assistance program (ERA2) in March 2021.

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

The imminent expiration of the federal eviction moratorium, shifting ERA program guidance, and varying levels of effectiveness at the grantee level—have created an atmosphere of uncertainty for renters counting on the relief Congress appropriated late last year. To track the Administration’s implementation of the emergency rental assistance programs, on May 18, 2021, I requested disbursement data from the Department of Treasury. More than two weeks later, Treasury provided a vague response and stated that with respect to ERA1, the full allocation had 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.”² The Department further stated it would provide additional data “as soon as practicable.”³

On July 2, 2021—approximately six weeks after I requested it—the Department finally released ERA data through the end of May 2021. According to the data, only \$1.5 billion has been provided to approximately 350,000 households by May 31—less than four percent of the money allotted.⁴ The Biden Administration’s inability to administer emergency rental assistance threatens to displace millions of renters and disrupt the nation’s ongoing economic recovery.

Treasury blamed states and localities for moving slowly. The Renter Protection Act of 2021 would address the Department’s concerns and expedite relief for renters in urgent need.

The Treasury Department has identified ineffective state and local governments as the source of the program’s challenges related to reaching renters in urgent need of assistance. According to the Department, “While some state and local programs are increasingly reaching households in need, others lag far behind, and many programs have just launched in recent weeks.”⁵ In fact, money is now available in every state to help renters at risk of eviction, but the data show the vast majority of ERA funds have not been distributed.

According to housing advocates, however, the program has been beset by a confusing application process and shifting guidance from ERA1 to ERA2, which created obstacles for

² 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).

³ *Id.*

⁴ Dep’t of Treasury Blog Post, “Emergency Rental Assistance Data Shows Programs Ramping Up, but States and Localities Must Do More to Accelerate Aid” (July 2, 2021), <https://home.treasury.gov/system/files/136/2021-07-02-ERA-Data-Blog-Post-vF.pdf>.

⁵ *Id.*

states and localities charged with providing relief funds to eligible renters.⁶ Advocates also said certain states made things worse by waiting months to set up programs and creating other bureaucratic hurdles.⁷ As a result, millions of Americans are still waiting for relief. According to the U.S. Census Bureau, more than eight million adults are not current on housing payments and have slight or no confidence that their household can pay next month's rent or mortgage on time.⁸ In fact, total debt related to late rental payments is estimated to range from \$8.4 billion to \$52.6 billion, according to the Urban Institute.⁹

To address those obstacles, Financial Services Committee Republicans introduced H.R. 3913, the *Renter Protection Act of 2021*, which would simplify ERA program requirements and expedite relief for renters. This legislation protects renters who could face eviction when the national eviction moratorium expires this month by consolidating ERA1 and ERA2, and requires cities and states with any unused ERA money to use those funds exclusively to pay off the back-rent debts of COVID-impacted eligible households, as Congress originally intended.

The Committee needs to hear from Secretary Yellen and move H.R. 3913, the Renter Protection Act of 2021.

To move the program forward, the Administration called for an “all-hands-on-deck effort by state and local governments, courts, community organizations, and the legal community” to reach families in need.¹⁰ Secretary Yellen should therefore welcome the opportunity to testify and highlight the urgent need for those key partners to disburse ERA funds, and to discuss the urgent need for the *Renter Protection Act*, which was co-sponsored by every Republican member of the Committee. Thus, I am requesting that you attach H.R. 3913, the *Renter Protection Act* to the hearing, so the bill may be considered at the Committee's markup on July 28, 2021 and on the House Floor as soon as practicable.

* * *

In light of your decision to forego the Secretary's statutorily mandated quarterly testimony, the hearing on July 20, 2021 represents the best and last opportunity for the

⁶ Michael Casey, *Race is on to get rental assistance out to avert evictions*, ASSOC. PRESS, July 4, 2021, https://www.washingtonpost.com/national/race-is-on-to-get-rental-assistance-out-to-avert-evictions/2021/07/04/eac0cc3c-dcc2-11eb-a27f-8b294930e95b_story.html.

⁷ *Id.*

⁸ U.S. Census Bureau, Household Pulse Survey Week 32, <https://www.census.gov/data-tools/demo/hhp/#/?measures=HINSEC>.

⁹ 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>.

¹⁰ Dep't of Treasury Blog Post, “Emergency Rental Assistance Data Shows Programs Ramping Up, but States and Localities Must Do More to Accelerate Aid” (July 2, 2021), <https://home.treasury.gov/system/files/136/2021-07-02-ERA-Data-Blog-Post-vF.pdf>.

Committee to conduct oversight of the ERA program before the federal eviction moratorium expires at the end of the month.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick McHenry". The signature is stylized and cursive.

Patrick McHenry