

## News/Insights

### Treasury's New Emergency Rental Assistance Program

January 01, 2021

On January 5, the Consolidated Appropriations Act created the Emergency Rental Assistance Program (ERA) to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The ERA allocates \$25 billion to local governments (both counties and cities) with a population of 200,000 or more.

Recipients can only use the funds to provide assistance to eligible households with rent and rental arrears, and utilities and home energy costs and arrears. Using ERA funds to pay for mortgage relief is outside the scope of the program and is not permitted.

**The deadline to apply for the ERA is January 12.**

Eligible grantees for the ERA funds are counties or cities with populations of more than 200,000 residents. At least 90% of the funds must be used to provide financial assistance to eligible households. The deadline for grantees to obligate the funds is September 30, 2021. Treasury has the power to recoup any unused funds. Grantees may also transfer any unused funds to their respective state to utilize in their assistance program before the September 2021 deadline.

[Eligible household is defined as a renter household that has a household income at or below 80% of the area median and at least one individual living in the household](#): (1) qualifies for unemployment or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to the COVID-19 pandemic; and (2) can demonstrate a risk of experiencing homelessness or housing instability.

[Eligible households may receive up to 12 months of assistance, plus an additional 3 months if the grantee determines the extra months are needed to ensure housing stability and grantee funds are available](#). Either eligible households or landlords may submit an application for rental assistance through programs established by grantees.

Eligible grantees are directed to make payments to a lessor or utility provider on behalf of the eligible household, unless the lessor or utility provider does not agree to accept such funds from the grantee, in which case the grantee may make such payments directly to the eligible household for the purpose of making payments to the lessor or utility provider.

Individuals in need of mortgage assistance are notably left out of the ERA.

## **DEADLINES**

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The deadline to submit the application for ERA funding is January 12. This application consists of a short list of terms and conditions, a form designating bank information for the receipt of funds, and a signature page.

## **CARRINGTON COLEMAN'S SUGGESTION**

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Eligible counties and cities should submit the ERA terms and conditions as soon as possible. For counties and municipalities who received Coronavirus Relief Funds (CRF), the amount disbursed under the ERA will likely be significantly less, but will still be a substantial amount that is important for assisting local communities. Final disbursement amounts are not yet available.

While there are still many outstanding details surrounding the ERA program, we recommend that counties and municipalities who meet the population requirement optimize these funds to assist those struggling to afford housing in their communities due to the COVID-19 pandemic.

