

United States Senate

March 23, 2022

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220

Dear Secretary Yellen:

It has come to our attention that the Department of Treasury (Treasury) is developing guidance regarding the reallocation of Emergency Rental Assistance (ERA) 2 funds. We are concerned that this guidance may seek to reallocate funding from states who have demonstrated the need and the ability to utilize all federally directed funding.

Every state and locality that has a plan to expend this funding by the statutory deadline in 2025 should have access to the full funding levels initially allocated by Congress.

As you are aware, the Emergency Rental Assistance Program was established under the Consolidated Appropriations Act of 2021, which also provided \$25 billion in initial funding for the program, known as ERA 1. Following passage of the American Rescue Plan Act (ARP) in March of 2021, an additional \$21.6 billion was allocated towards the program to fund ERA 2. In each instance, a small state minimum was established to ensure that states like the majority of ours were not left behind.

On October 4, 2021, Treasury released their ERA1 guidance with a recapture and reallocation policy based on spending ratios beginning retroactively on September 30, 2021. Without significant notice of this policy, it quickly became clear that many states could not meet the spending ratio thresholds set by Treasury and that significant portions of their allocations would be recaptured and reallocated.

ERA 2 provides states additional flexibility as to how funds can be spent, additional time to expend funds, and gives more certainty to state housing agencies as funds cannot be reallocated once transmitted by Treasury. Additionally, to ensure that states are utilizing the program funds rather than holding them, Congress required that states obligate at least 75 percent of their initial tranche of funding in order to receive their remaining share of ERA 2.

Given these parameters, states like West Virginia, Mississippi, Rhode Island, Delaware, Hawaii, New Hampshire, and Colorado have been planning their utilization of ERA 2 funds based on the sunset date in statute, September 30, 2025. We request that Treasury provide full funding for those states that have met the requirements set by Congress, rather than pursue a recapture and reallocation policy that does not honor the projections made by those states.

Fundamentally, Congress knew that different states would expend their money at different paces. The reallocation process is there to ensure that funds do not go unused, but if funds are going to be used by the statutory deadlines, then they should be made fully available to the state to which they were congressionally allocated.

Thank you for your prompt attention to this issue.

Sincerely,



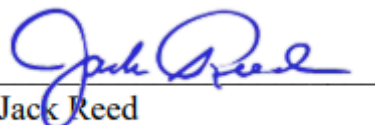
Joe Manchin III
United States Senator



Shelley Moore Capito
United States Senator



Roger Wicker
United States Senator



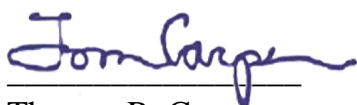
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United States Senator



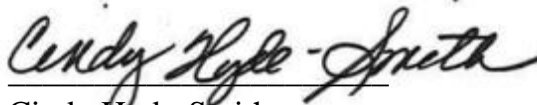
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