CLPHA
Strengthening Neighborhoods. Improving Lives.

Council of Large Public Housing Authorities
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Honorable Janet Yellen	Honorable Marcia Fudge
Secretary-Designate	Secretary-Designate
U.S. Department of the Treasury	U.S. Department of Housing and Urban Development
1500 Pennsylvania Avenue NW	451 7th Street SW
Washington, D.C. 20220	Washington, D.C. 20410

Dear Secretary-Designate Yellen and Secretary-Designate Fudge:

The Council of Large Public Housing Authorities (CLPHA) is a non-profit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis, and public education. Our membership of more than seventy large public housing authorities ("PHAs") own and manage nearly half of the nation's public housing program, administer more than a quarter of the Housing Choice Voucher program, and operate a wide array of other housing programs. They collectively serve over one million low-income households across the country.

CLPHA welcomes the $25 billion appropriated by Congress under Section 501 of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260) for the new Emergency Rental Assistance (ERA) Program. We believe this relief program will be a key first step in an effort to address the housing affordability crisis exacerbated by the COVID-19 pandemic. However, with current estimates showing approximately 12 million renters owing a total of approximately $70 million in rental arrears, or an average of $5,850 per renter, additional assistance will be needed. To ensure that the ERA most effectively and equitably brings relief to millions of low-income renter households, we offer the following recommendations:

Clarify that federally-assisted households are eligible for the ERA. When households receiving federal housing assistance lose income due to employment loss, they can recertify their income to reduce the tenant portion of their rent payment. However, the recertification process is not immediate. During this time and until the adjustment is processed, the household continues to accrue rental charges at their pre-employment loss rate. Tenant arrears are comprised of the tenant portion of the rent and not the HUD subsidy, which should make these expenses eligible for reimbursement through the ERA. As residents living in assisted households are overrepresented in industries affected by the pandemic, many households have experienced loss of income. Many families have recertified their income to pay lower rent, but not all may be able to do so. In addition to using ERA funds to assist families with rent payments, the statute also explicitly authorizes assistance for utility costs and "other expenses related to housing incurred due, directly or indirectly" to COVID-19. The use of ERA funds for these purposes is broader than in the public housing or Section 8 programs and includes costs that may not be subsidized or taken into account in public housing or Section 8 rent calculations. Even with the benefits of an income recertification, many families have seen increased expenses for food, utilities, and childcare, in addition to new expenses such as PPE. In addition, HUD subsidies do not take into account all utility expenses, which might have increased for a family during the COVID-19 pandemic. Assisted housing programs serve many extremely low-income households for whom these added expenses are a significant financial burden. Treasury should explicitly confirm that HUD-assisted households will be eligible to receive ERA funds for rent, utility payments, and other expenses when the assistance is not duplicative, and that, as specified in the statute, grantees will be provided with discretion to determine whether ERA assistance is duplicative.

Require low-barrier, flexible income certification requirements of applicants. The pandemic and resulting economic fallout has had far-reaching and detrimental effects, not just on individuals and households with the lowest incomes, but on those previously unrecognized or ineligible for assistance that have faced financial hardships and housing instability over the past year, due to COVID-19 and the current economic climate. These circumstances could make it more difficult to verify eligibility of every applicant, which will require flexibility around installing additional methods of authentication to determine eligibility for emergency rental assistance. However, households should be able to demonstrate that they meet certain eligibility standards. Income verification could be in the form of documentation of eligibility for any federal means-tested public assistance program, including Unemployment Insurance (UI). These entities should use existing measures, and not implement further restrictive and burdensome policies that create new barriers to access.

Timing of direct payments to tenants should be more clearly defined. The statute requires that grantees first attempt to make ERA payments directly to a lessor or utility provider on behalf of an eligible household. Only after the lessor or utility provider declines to accept such payment may a grantee remit funds directly to the household. Currently, there is no specific language defining the length of time in which a lessor or utility provider must respond to a grantee for delivery of payment. Absent additional guidance, we fear this could prevent a number of eligible households from receiving funds when a lessor or utility provider is not responsive to a grantee. Accordingly, we encourage Treasury to issue guidance to grantees as follows: *If a lessor or utility provider has not agreed to accept ERA payments directly from a grantee within 10 days of the grantee's outreach to the lessor or utility provider, then the lessor or utility provider will be deemed to have declined the payments and a grantee may remit funds directly to the eligible household for the purpose of making payments to the lessor or utility provider.*

Extremely low-income households should be expressly targeted for ERA. The statute requires households at up to 50% of area median income (AMI) and households with unemployed members be prioritized for ERA assistance. Given the disproportionate economic impact of the pandemic on low-income Americans, we encourage Treasury to issue guidance and give full effect to the statutory provision that permits grantees to establish additional priorities and preferences for targeting assistance. For example, Treasury should encourage grantees to adopt deeper income targeting to ensure extremely low-income households, based on the HUD definition of households earning less than 30% of AMI, can benefit from ERA funds. These households are very likely to have been facing housing instability prior to the pandemic, with their situation only having become worse over the past year. Other priority categories should be left up to the administering entity to determine based on local needs.

Costs for supportive services or housing stability services (housing search assistance, landlord mediation, and case management) should be separated from administrative costs. We note that this change would require a legislative fix as the statute requires 90% of ERA funds to be used for direct financial assistance, with the remaining 10% used on either housing stability services, administrative fees, or a combination of both. However, housing stability services and administrative costs are very distinct activities that should not be lumped together within the remaining 10% allocation. Housing stability and supportive service programs are labor-intensive for staff and help ensure long-term housing stability. Combining administrative fees with housing stability services will put grantees in the untenable position of having to choose whether to provide proper funding to support program administration or to fund greatly needed services. Grouping administrative costs and supportive services into the same category of funding does not sufficiently recognize the role that services play in helping families who face multiple barriers to securing housing.

The definition of utilities should be expanded to cover the cost of broadband services. The pandemic has highlighted a clear divide in digital equity. Households that did not have broadband internet services pre-pandemic have found that this utility is required and essential for the purpose of employment, contacting government agencies or landlords, participating in telehealth appointments, and completing academic courses, especially for minors. These are just a few of the many institutions or services that have moved solely to digital methods of contact over the course of this pandemic. In defining eligible utilities for purposes of the Paycheck Protection Program ("PPP"), the Small Business Administration included telephone and internet access in its definition of "covered utility payments." We encourage Treasury to take a similar approach for purposes of the ERA. Should Treasury decline to do so, we encourage Treasury to provide grantees with discretion to define "utilities" broadly to include things like telephone and internet access.

Treasury should define additional expenses related to housing that will be eligible for ERA funding as permitted by statute. Families impacted by the COVID-19 pandemic are likely to incur a number of incidental costs related to housing including, but not limited to, late fees, application fees, security deposits, utility deposits, and others, all of which should be defined as eligible expenses and covered under the financial assistance portion of the emergency rental assistance funds.

Thank you for your efforts in ensuring that these funds can quickly be distributed to families in need and that grantees have the guidance they need to run a successful program.

Sincerely,

Sunia Zaterman

Sunia Zaterman
Executive Director