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# United States Senate

WASHINGTON, DC 20510

January 28, 2022

The Honorable Janet L. Yellen  
Secretary, United State Department of Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

Dear Secretary Yellen:

The Emergency Rental Assistance (ERA) program, created by the 2021 Consolidated Appropriations Act of 2021 and furthered by the American Rescue Plan, was a meaningful response to the needs of American tenants across the country. I am proud of the support the program has been able to offer to families across the Commonwealth of Pennsylvania in this time of extraordinary uncertainty. As of November 2021, the program had spent or obligated at least \$573 million in rental assistance in Pennsylvania and served over 64,000 households in all 67 counties in Pennsylvania.

While the assistance by this program has been considerable, the future success of the program relies on continued improvement in administration. As Treasury looks to the future, it should consider the acute need for more efficient and need-targeted reallocation mechanisms.

In November 2021, \$250 million in ERA I state funds remained unspent or unobligated across the counties in Pennsylvania, with 40 counties having spent or obligated less than 50% of their ERA I state allocation. At the same point in time, three counties or cities had spent nearly 90% of both their state and federal allocations for ERA I: Erie County, Delaware County, and the City of Philadelphia. That means that 9 months after ERA I funds were distributed, 44 percent of state ERA I funds in Pennsylvania remained unspent or unobligated. This figure is likely many factors higher when you consider the unspent and unobligated funds nationwide and is a testament both to the need to continue to improve delivery and to explore the need to reallocate funding.

Treasury should work to limit both the actual dollar amount and the amount of time that these funds are allowed to sit unused, especially when other jurisdictions have a critical and immediate need for more funding. It is imperative that unspent ERA I funds be made available to those with the demand for additional funding and the capacity to distribute those funds.

I understand the need to balance allowing community's time to obligate their funds and recapturing and reallocating those funds to other recipients. As Treasury weighs process improvements that help better achieve this balance, I believe it should explore ways to modify or expedite reallocation and provide more information and assistance with utilizing the voluntary reallocation mechanism. This additional information and assistance would help more communities take advantage of this mechanism, which is particularly important given that most of the funds in the first round of reallocations were reallocated in this via voluntary reallocation.

To that end, I respectfully request that Treasury consider the following two recommendations for improving the reallocation process:

1. Treasury should modify the recapture and reallocation processes for ERA II funds to ensure timely reallocation of funds to high need programs.
2. Treasury should provide more support for and transparency around the voluntary allocation process.

Once funding has been recaptured, as it has been with some ERA I funding, Treasury has the duty to reallocate the funds as needed. The precise reallocation formula for the first round of ERA I reallocation was not entirely transparent, but I am told that it placed strong weight on spend rates of ERA I. While there is merit in rewarding efficient programs, I also believe some refinements in the reallocation criteria would be helpful in ensuring future reallocations of ERA funding reach those who need them most.

To that end, I respectfully request that Treasury consider the following three recommendations on criteria to consider in the reallocation of ERA II funds:

1. Treasury should consider the way overlapping jurisdictions lead to higher amounts of funding available for similar sized populations of economically disadvantaged individuals. For example, San Diego County serves many of the same rent-burdened residents as the City of San Diego and they both received significant reallocation funds.
2. Treasury should incorporate some of the criteria used to award the ERA II high-need allocation, such as the number of very low-income renter households paying more than 50 percent of income on rent, rental market costs, and county poverty rates into their considerations for reallocation.
3. Treasury should give special consideration during reallocation to jurisdictions that have an eviction diversion program. Providing special considerations for recipients with eviction diversion programs would provide additional funds to recipients who explicitly target those on the cusp of becoming unhoused.

I thank you for your consideration and look forward to continuing to work together to provide essential relief to tenants across Pennsylvania.

Sincerely,



Robert P. Casey, Jr.  
United States Senator