

U.S. Department of the Treasury
Emergency Rental Assistance (ERA2)
Under the American Rescue Plan Act of 2021
Notice Regarding the ERA2 Final Undrawn Funds Assessment
December 2, 2022

This notice provides information on the U.S. Department of the Treasury’s plans for ERA2 reallocation following the Quarter 3 2022 Assessment under the ERA2 Reallocation Guidance published on March 30, 2022 and updated on June 30 and November 15, 2022 (as amended, the Guidance).¹

Section 3201(e) of the American Rescue Plan Act of 2021 requires Treasury to reallocate among eligible grantees² funds not yet drawn by the grantees to which such funds were initially allocated. To carry out this duty, the Guidance provides for quarterly “assessments” to determine the amount of each grantee’s “excess funds” subject to reallocation.³

Grantees have continued to draw down and obligate their ERA2 funds at high rates, diminishing the need to conduct additional reallocation following the already-announced Quarter 2 and Quarter 3 2022 Assessments. Accordingly, Treasury will not conduct the optional Final Undrawn Funds Assessment described in the Guidance until at least June 2023, if ever. Treasury will carry out the Quarter 2 and Quarter 3 2022 Assessments as planned, which will take place in late 2022 and early 2023, respectively.

This determination is based on state and local governments’ creation of unprecedented rental assistance infrastructure to deliver funds to families in need under the Emergency Rental Assistance programs.⁴ Across ERA1 and ERA2, grantees have made over 7 million unique household payments and committed over 90% of available funding to assist renters and their families at risk of eviction during the pandemic.

With ERA funds almost fully exhausted, Treasury is suspending the Final Undrawn Funds Assessment at this time to allow grantees to plan ahead for their programs. Treasury encourages grantees to continue to use ERA funds to make long-term investments in affordable housing and eviction prevention infrastructure, consistent with their jurisdictional needs, through the end of ERA2’s period of performance on September 30, 2025. Treasury further encourages states, territories, and local governments to build on their ERA infrastructure with other sources of funding to extend these key initiatives.

¹ The Guidance is available on Treasury’s website for the ERA program: <https://treasury.gov/era>.

² “Grantees” are states, the District of Columbia, U.S. territories, and units of local government participating in the ERA2 program.

³ With respect to the last of these assessments, the Guidance states that “Treasury may determine any ERA2 funds that are undrawn as of December 31, 2022 to be excess funds subject to reallocation.” Each grantees’ first tranche of funds, comprising 40% of the grantee’s initial ERA2 allocation, is exempt from this provision of the Guidance and is not subject to reallocation.

⁴ Congress authorized ERA1 under the Consolidated Appropriations Act, 2021 and ERA2 under the American Rescue Plan Act of 2021.

If ERA2 funds remain undrawn following completion of the Quarter 2 and Quarter 3 2022 Assessments, Treasury may elect to make excess funds determinations with respect to those funds. However, Treasury will not make any such excess funds determinations prior to June 2023.⁵ Given grantee spending rates and the anticipated effects of the Quarter 2 and Quarter 3 2022 assessments on allocations, Treasury expects the aggregate scale of any such reallocation to be limited.

Treasury continues to urge grantees to promptly deploy remaining ERA2 funds, including for eviction prevention and affordable housing initiatives as provided in the ERA2 statute and the ERA FAQs.⁶ In the statutes authorizing ERA, Congress instructed Treasury to reallocate funds to eligible grantees, and Treasury has consistently worked to redirect resources to grantees with demonstrated jurisdictional needs and the capacity to deliver assistance. As a result of Treasury's efforts, reallocation across ERA1 and ERA2 has helped deploy roughly \$3.5 billion to support renters in need—funds that may have otherwise gone unspent. Most of these reallocated funds represent reallocations between grantees in the same state, facilitated by Treasury.

⁵ Likewise, Treasury will not identify excess funds from U.S. territories prior to June 2023. Any excess funds determinations following the Quarter 3 2022 Assessment will not rely solely on data reported through Q4 2022 (provided affected grantees submit data for a subsequent quarter or quarters by the applicable deadline; otherwise, Treasury may rely on whatever data the grantee has submitted). Treasury may, however, make reallocation determinations, after the Quarter 3 2022 Assessment, on the basis of data reported through Q4 2022 as well as data for any subsequent quarter or quarters.

⁶ See ERA FAQ 46, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs#46>.