

Background

- The federal Emergency Rental Assistance Program, established in the Consolidated Appropriations Act, 2021, will provide the State of Michigan with a total of \$660,906,600 to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.
- Eleven large cities and counties in Michigan were eligible to apply for funding directly. Michigan's allocation of funding will be reduced by the amount that goes to local units directly. To date, Macomb County is the only local unit known to have applied for funding directly.
- This new funding will be over 10 times the size of the previous COVID-related rental assistance program in MSHDA, which served an estimated 16,000 households and was funded with \$62 million Coronavirus Relief Fund from the CARES Act, appropriated in PA 123 of 2020.

Eligibility

- The Emergency Rental Assistance Program will be administered by MSHDA. MSHDA will grant funds to Continuum of Care entities, which will sub-contract with Housing Assessment and Resource Agencies (HARAs) and other local service providers to implement the program, similar to the previous Eviction Diversion Program.
- Per federal requirements, rental assistance under the program is limited to renter households at or below 80% of the area median income (AMI) that can demonstrate financial hardships due to COVID-19.
- Program funding can be used for both rental and utility assistance (90%) and case management and housing stability services (10%).

Rental and Utility Assistance

Proposed structure for payments is included below.

- Rental payments:
 - Depending on income – Up to 12 months rental assistance and no more than 3 months of future assistance (could be up to 9 months arrears and 3 months future).
- Utility assistance payments:
 - Depending on Household size and income - one-time utility payments.

Spending Deadlines and Reallocation of Funding

- Per the Consolidated Appropriations Act, 2021, beginning on September 30, 2021, the federal government shall recapture from grantees any excess funds that are unobligated, as determined by the Secretary of the Treasury. Grantees that have not obligated at least 65% of their original grant are subject to this recapture.
- Recaptured funds are to be reallocated to eligible grantees who, at the time of the reallocation, have obligated at least 65% of their original allocation.
 - To reach this 65% obligation threshold by September 30, 2021, and qualify to receive a reallocation of excess funds from other grantees, Michigan would have to obligate over \$50 million per month if the program launches February 1, 2021.
 - If the program launches on March 1, 2021, this amount increases to over \$60 million per month.
- Any delay to the launch of the program increases the amount of funding that will need to be obligated each month to meet the federal spending deadlines and ensure the State retains its entire allocation and qualifies for receiving reallocated excess funds. Even a one-month delay would significantly decrease the likelihood of meeting the 65% obligation threshold.
 - If Michigan obligates only 60% of funding by September 30, 2021, this would result in the federal government recapturing approximately \$260 million, and the loss of rental assistance to over 25,000 families.