# Lessons from Emergency Rental Assistance for Future Success in Emergency Cash Assistance

## Introduction

In an effort to prevent housing evictions resulting from economic insecurity caused by the COVID-19 pandemic, the U.S. Congress passed legislation in December 2020 and May 2021 that allocated a combined $47 billion to the Emergency Rental Assistance (ERA) program. To stand up and run the state, county, and city level programs, program administrators and outreach staff worked tirelessly for months, but were generally understaffed and not equipped with the systems needed to accommodate the scale of need. As a result, this massive emergency cash transfer program, intended to keep individuals and families from being evicted at a time when millions of Americans could not afford to pay their rent, has struggled with a lack of processing capacity, frequently causing four-to-eight month delays in the application process. Nationally, more than half of all applications are still waiting to be processed[1], stuck in long queues of backlogged applications.

The ERA program is the largest public cash-transfer program to be administered by state and local government entities. This is a new program for state and local governments to administer, and the scale is unlike any emergency program that these sub-federal systems have done before. Because of this, many of these government entities lack the institutional capacity to rapidly and effectively move funds to people in need at the scale required. Program administrators in some jurisdictions have contracted local nonprofit agencies to broaden the reach of the programs, increasing overall program capacity. Despite these partnerships and outreach, programs still face significant implementation hurdles in technology and application review.

[1] According to the National Equity Atlas, as of January 25th, 2022 a total of 56% of applications nationwide had yet to be processed and still waiting for a response. Source: https://nationalequityatlas.org/rent-debt, Accessed on 2/1/2022

Cash transfers are becoming a core element of many disaster and crisis response programs, some like ERA with a massive scope and others on a more localized level. With disasters increasing in severity and frequency, the corresponding need for emergency cash transfers will increase. But the nature of emergencies and emergency response means that planning cycles are compressed, funding decisions are made under time pressure, and the resulting programs still struggle with implementation, unless governments build more effective systems and processes to disburse emergency cash assistance and leverage the best resources from the nonprofit and private sectors. The rollout of the federal ERA funds has provided a national experiment in the design and implementation of a major emergency cash transfer system. The result is clear: We need to better prepare for future emergencies that require large-scale cash transfers.

# Background on Emergency Rental Assistance

The U.S. Congress authorized the federal ERA program to stabilize millions of Americans who were at risk of eviction due to the economic fallout from the Covid-19 pandemic. The intent of the $47 billion fund was to rapidly support tenants behind on rent, and prevent a wave of evictions for nonpayment. Funds were allocated based on total population, with funding granted to states, municipalities, and tribal governments. Each of these grantees was responsible for designing and implementing the ERA program in their jurisdiction, leading to a wide range of program structures and processes. In 22 states, there is a statewide application system, while in others, each local jurisdiction has a separate program and application portal. The National Low-Income Housing Coalition has been tracking the rollout of these programs, and as of February 2, 2022, there were 511 distinct programs in their ERA dashboard.

The decentralized implementation meant that state and local jurisdictions had to stand up new systems and processes to manage a massive influx of applications. Given this was a first-of-its-kind initiative, most programs were started from scratch, with many reports of administrators hand-sorting applications via spreadsheets during the first months. The unprecedented nature of the crisis and the scale of the federal response meant that most local jurisdictions did not have systems in place that they could leverage for ERA distribution. This lack of pre-existing systems and the enormous demand led to slow program rollout and subsequent prolonged delays in application approval. At the end of August 2021, the Congressional Research Service reported that only $7.5 billion of the initial $25 billion had been spent in the first eight months of the program. In one of the many national headlines generated by this slow rollout, in September, 2021 the New York Times captured the overall problem succinctly: “the failure illustrates the difficulty of trying to build a vast new social program from scratch in under a year, and the inability of policymakers to fully anticipate the challenges of navigating a rental market dominated by mom-and-pop operators outside the more regulated world of owner-occupied housing”.

The many challenges facing this "vast new social program" led to a slow start, but the rate of disbursement has continuously accelerated as programs work through challenges and shift to new technology platforms. Some programs have distributed all the funds allocated under ERA 1 and are now distributing funds under ERA 2. As of January 2022, between $25 billion to $30 billion of the $47 billion total in ERA 1 and 2 has been paid, or is planned to be paid out. There still are millions of applications waiting in backlogs to be processed, and many jurisdictions have temporarily or permanently stopped accepting new applications as the number of applicants is projected to exceed available funds.

## Emerging Promising Practices from Nation-wide Rollout of ERA

There was no pre-existing system in place at the federal, state, or local levels for a program with the scale of the ERA. This necessitated new staff capacity, systems, and processes to implement the ERA programs, all while adapting to changing guidance at the federal level. The initial implementation guidelines were released by the Trump administration in January 2021, and subsequently clarified when the Biden administration issued the first set of seven FAQs in February, 2021. There are now a total of 42 FAQs, many of which have been updated more than once to guide implementation and increase flexibility in documentation and reporting requirements. If implemented at the program level, these recommendations could have increased program flexibility and limited burdensome documentation. However, many of the clarifications and updates came after programs had already started accepting applications, limiting the overall uptake.

In addition to the timing of federal guidance, there are many system dynamics at the state and local level that factored into program design. Many administrators have past experience with audits and are overly cautious from those experiences; others are operating within states that require heavy documentation. For some, it was simply a capacity consideration as small teams were tasked with starting a complex program from scratch and did not have the capacity to make frequent changes to program design. In many cases, even if the administrators were interested in making changes to the programs, the technology platforms they were using were not designed to accommodate those needs. As a consequence, most programs were designed with extensive documentation requirements and did not take advantage of the updates that the U.S. Department of Treasury issued over the course of 2021.

As of the start of 2022, more than a year after the ERA programs were funded, many programs have continued with processes and applications that are cumbersome and inefficient. Two prime examples are categorical eligibility and self-attestation, both of which have the potential to reduce the level of required documentation and were clarified in the FAQs after many programs had already designed their initial applications. Categorical eligibility means that applicants who can show they are receiving benefits for another income-tested public

benefit program (such as SNAP benefits) are automatically eligible. While categorical eligibility can drastically reduce documentation, only 27 percent of ERA programs tracked by the National Low Income Housing Coalition's ERA dashboard have incorporated categorical eligibility in the application. Self-attestation is another option for reducing burden of documentation, enabling applicants to self-certify in lieu of providing extensive documentation. As many as 63 percent of programs allow for some form of self-attestation; however, most programs allowing self-attestation only offer that as a backup in case of missing documentation.

Beyond the formal ERA FAQs, the U.S. Department of Treasury also published promising practices intended to help jurisdictions design and run effective programs. Many of these practices are excellent recommendations for program and service design, focusing on ways to reduce the burden of documentation and make applications more accessible while staying in compliance with federal regulations. Tenant and landlord advocacy groups, trade associations for local administrators, and research organizations and nonprofits also published promising practices and implementation guides that supplement Treasury guidance and promising practices, with the intention of supporting program administrators in designing and implementing ERA programs. A non-exhaustive list of these recommendations can be found here. Many state and local governments supported information sessions to provide a forum for discussion and advice, such as the Washington state Department of Commerce webinars.

This collection of promising practices from stakeholders throughout the system address critical elements of program design, and generally fall into the following categories (organized by sequence in the ERA process):

- Program outreach and application support to reach vulnerable populations, prioritizing contracts with local social sector organizations as implementation partners.
- Application and website user interface, and alternative options for application (such as applying by phone).
- Documentation reduction through self-attestation and categorical eligibility (where previous qualification for a different government benefit program can be used in lieu of proof of income eligibility).
- Prioritization of applications to ensure equity in distribution.
- Allowing for direct-to-tenant payments in the case of non-responsive landlords, relevant for ERA2 funding.

## Programs Following Promising Practices Still Struggled to Efficiently Process Applications

Many programs did not implement the promising practices published by the federal government and national nonprofits, but even those that did still struggled with the efficiency of application review given the high volume of applications. Pierce County is a mid-sized county in southwest Washington state, and provided a case study of a county that did implement many published promising practices and yet had such a high volume of applications that staff were not able to keep up with demand. In September and October of 2021, staff were processing applications from May and June—four to six months after the applications were submitted. As of January 21, 2022, only 33 percent of applications had been reviewed and accepted for payment. More than 10,000 applications still had to be processed, out of a total 18,900.

Like all program administrators for emergency funds, the team in Pierce County operates under enormous and competing pressures from many directions: balancing speed, fraud reduction, and equitable distribution; reducing documentation to ease the burden on applicants while preparing reports for multiple funders; maintaining frequent communication with stakeholders while processing high volumes of applications. Even under intense pressure and with limited capacity, the team in Pierce County designed a program that follows seven promising practices, including:

- Frequent and transparent communication with both tenants and landlords.
- Partnering with local community organizations for outreach, applications support, and document review.
- Keeping documentation requirements to the minimum allowable.
- Applicants can use self-attestation in lieu of certain documents.
- Applications could be initiated by either the tenant or landlord.
- Incomplete applications are flagged for review and support.
- Single application for both rental and utility assistance.

Community outreach organizations and tenant and landlord advocacy groups responded well to Pierce County's efforts, despite long waits for approval, in part because of positive comparisons with King County, just to the north. In mid-2021, the Seattle Times reported that Pierce County had distributed 69 percent of the ERA 1 funds, compared to neighboring King County which at the same time had disbursed only 11 percent of their funds. As measured by fund disbursement rates, Pierce County shows that following best practices set the county up for *relative* success. However, in *absolute* terms, Pierce County was overwhelmed with the constant stream and high volume of applications they received.

The promising practices demonstrated in Pierce County track closely to those published by the Department of Treasury, National Low-income Housing Coalition, and other

organizations. The majority of these recommendations fall into the categories of outreach, application design and interface, and reporting. All of these are foundational and are likely what led to Pierce County's relative success, but still left the county with limited capacity compared to the high volume of applications that need to be managed and processed.

## Application Management is Critical to Timely Response

Due to the scale of the crisis and the scope of the ERA cash transfer response, many programs were overwhelmed with applicants. The promising practices identified above are important, but what these promising practices lack is explicit guidance on how to efficiently process high volumes of applications while maintaining a focus on equity and program integrity. With a high volume of applications continuously rolling in, and with each application assigned to a case manager for review and processing the application, it is virtually impossible to keep up with the inflow of applications. With a case management process where applications are processed sequentially, if one case is complex or requires additional outreach to get correct documentation (a frequent event), then all cases in the queue are delayed. This naturally leads to a growing backlog of applications. As delays increase, tenants experience significant emotional, psychological, and economic stress as they wait to hear if their application for funds is approved.

Applicants experience myriad challenges, shown in Figure 2, when navigating the rental assistance application process, most of which are significant bottlenecks and yet can be overcome with significant effort on the part of individuals and with support of community outreach organizations. Even when an applicant overcomes the many hurdles to submitting a complete application, and regardless of the level of effort on the part of program administrators and outreach staff, all programs are struggling with a major bottleneck at the stage of application review. This is because of a systemic insufficiency in the review processes and supporting technologies, which should be enabling rapid and equitable application processing but are frequently inadequate for the task. Therefore, to make catalytic improvements to this system, the compounding bottlenecks of inadequate technology platforms and application review processes must be addressed.

**Figure 2: Bottlenecks in Emergency Rental Assistance Program Implementation**

| Renters | Landlords | Program Administrators, and Application Reviewers |
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| | | |
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| • Difficult Applications<br>• Waiting Lists<br>• Confusing/Changing Guidance<br>• Burdensome Documentation<br>• Accessibility challenges with technology<br>• Language Barriers<br>• 4-8 Month waiting periods<br>• Lack of Communication | • Confusing Guidance<br>• Difficult Application<br>• Vilification of Landlords<br>• Incompatible technology systems<br>• Decentralized platforms<br>• Lack of Communication<br>• 4-8 month waiting periods | • Staff Capacity Strain<br>• Changing or Unclear Guidance<br>• Enormous Demand<br>• Fear of Audits<br>• Incomplete Applications<br>• Unresponsive Tenants or Landlords |

# ERA Experience Provides Lessons for Emergency Cash Transfer Programs

The ERA program shares three common traits with all other emergency cash transfer programs: strict eligibility requirements, limited funds, and restrictions on use. These factors push administrators towards caution and hesitancy as they try to limit fraud, provide ample documentation to ensure their programs are in compliance, and prioritize aid to applicants most in need. In order to verify the identity and eligibility of applicants, all emergency cash programs will have the same eight steps as ERA programs:

1. Program Design & Set up
2. Application Intake
3. Identity Verification
4. Eligibility Verification
5. Prioritization
6. Decision
7. Payment
8. Reporting

ERA has highlighted the potential downfalls in high-volume application processing if a program is not supported by a technology platform that enables best practices and supports administrators in rapidly sorting, prioritizing, and batch processing applications. This is especially true in situations where an emergency cash transfer program is responsive to a large-scale event impacting high numbers of people.

# Recommendations

While public sector systems at the state and local levels have not historically had the responsibility or capacity to rapidly implement emergency cash-transfer programs, applying learnings from the successes and failures of ERA implementation can ensure readiness for the next emergency cash program.

As a baseline, programs should implement the best practices for outreach, application design and intake, and documentation-reducing techniques such as categorical eligibility and self-attestation. Programs should then build on these practices and focus on the application review process to ensure that high volumes of applications can be rapidly and equitably processed while maintaining program integrity and fraud reduction. The technology platform that supports the application portal is the vehicle for implementing many of the best practices, and should be considered as a core part of the program design. Emergency cash-transfer programs should follow these recommendations to increase the efficiency and equity in the distribution of funds to vulnerable households:

1. **Expedite application processing time by sorting and prioritizing applications with**. There are five critical components to ensuring that applications can be processed rapidly while minimizing the risk of fraud and ensuring funds are used for highest priority cases.
    a. **Leverage public and private datasets to reduce risk of fraud**. Public datasets can be used in some cases to verify ID, eligibility, and need. If no public data is available for verification, third party vendors can quickly provide verifications services. This can reduce the risk of fraud without increasing the documentation required of applicants. See table here for a non-exhaustive list of potential data sources.
    b. **Sort and prioritize by level of need within the applicant pool**. Each cash transfer program will have best practices for prioritization of need; the portal should provide administrators the option of prioritization based on best practices in that field.
    c. **Expedite processing of complete applications while reserving funds for highest priority applicants**. Applications that are complete, eligible, and verified should be quickly moved through the system. However, funds must be reserved for more complex applications that take longer to process or that come in later in a program's lifecycle and are high priority for payment.
    d. **Implement assembly line application review of complete applications for high-volume programs**. Case management is frequently the default approach for social service organizations, but if there is a high volume of applications, cases should be separated into two groups, allowing complete applications to be processed with a more efficient assembly line approach. This is important

as it can free up staff time for case-management of complex cases that need intensive individual engagement.

   e. **Enable administrators to track and assign applications via integrated portal dashboard.** With high volumes of applications, program administrators need to be able to assign applications for case management or assign different reviewers to each stage of application review for an assembly line approach. The portal should have a dashboard that enables administrators to oversee, track, and assign high volumes of applications.

2. **Ensure any co-applicants are a part of joint and frequent communications.** Participation from co-applicants is critical to ensuring timely application submission and review, and means that funds authorized for emergency use will expeditiously reach targeted beneficiaries. In the case of ERA, joint communication sent to both tenants and landlords with regular status updates was identified as a uniting force and reduced uncertainty and stress. Additionally, some applicants may re-apply to ensure their case is seen, which leads to duplication and increased administrative burden.
3. **Set up programs and portals to allow for continued contact with applicants in need.** Maintaining a database of pre-verified applicants from previous applications can streamline the process when the next emergency hits.
4. **Software vendors can be key implementation partners.** Vendors should enhance overall program function by providing the technology platform to implement best practices for application intake and review.

## Conclusion

History indicates that we can likely expect new emergencies and crises to emerge in coming years, ensuring the continued need for emergency cash transfers as a critical tool in the effort to stabilize impacted individuals. It is our goal to illustrate how the rollout of—and the inherent challenges with—emergency rental assistance programs in the wake of Covid-19 provides critical lessons for future cash-distribution initiatives. It is essential for such programs to adhere to published best practices with regards to program design, website design, application accessibility, community outreach and documentation reduction, but those steps alone simply aren't enough. In addition to increased funding to adequately staff these programs with robust outreach, technology platforms can play a critical capacity-enhancing role in processing high volumes of cash transfer. These platforms are an opportunity for leverage in the system, because they are the vehicle for *implementing* best practices, connecting various stakeholders, prioritizing funds for those most in need, and making funds flow in a more efficient and timely manner.

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