

**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  
July 26, 2023**

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).<sup>1</sup>

Section 3201(e) of the American Rescue Plan Act of 2021 requires Treasury to reallocate among eligible grantees<sup>2</sup> 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.<sup>3</sup>

**As of the date of this notice, ERA2 grantees have drawn down 99% of the ERA2 funds made available by the American Rescue Plan Act, diminishing the need to conduct additional reallocation following the already-completed Quarter 2 and Quarter 3 2022 Assessments. Accordingly, Treasury does not currently plan to conduct the optional Final Undrawn Funds Assessment described in the Guidance or to perform further rounds of undirected (or “general pool”) reallocation.** Treasury will continue to process requests from grantees with undrawn funds to voluntarily reallocate those funds to an eligible in-state grantee, as provided in the Guidance.

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.<sup>4</sup> Across ERA1 and ERA2, grantees have made nearly 11 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 making this announcement to allow grantees with remaining funds 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

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

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

<sup>3</sup> 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 grantee’s 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.

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

governments to build on their ERA infrastructure with other sources of funding to extend these key initiatives.

If the ERA2 allocation of one or more grantees still includes significant undrawn funds in advance of the end of the period of performance, Treasury may elect to reallocate those funds. Treasury does not currently anticipate making any further excess funds determinations and will do so only if necessary to ensure available funds are obligated by ERA2's statutory deadline, September 30, 2025. **However, any grantee that has not drawn its total ERA2 allocation by the end of 2024 should prepare for the possibility that such funds will be deemed excess funds and reallocated.**

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.<sup>5</sup> 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 approximately \$4.8 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.

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<sup>5</sup> See ERA FAQ 46, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/faqs#46>.