



MEMORANDUM

Date: January 9, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **United States Government Accountability Office (GAO) Report on Emergency Rental Assistance (ERA) Program**

In 2022, the United States Government Accountability Office (GAO) conducted a performance audit of the Department of the Treasury's Emergency Rental Assistance (ERA) Program. On December 20, 2022 a final report for the audit, titled *Emergency Rental Assistance: Treasury's Oversight is Limited by Incomplete Data and Risk Assessment*. The report highlights the success and challenges that grantees faced in administrating ERA programs, as well as the limitations to Treasury's oversight of the program. The full report and a summary of the findings and recommendations can be found here: <https://www.gao.gov/products/gao-23-105410>.

Pima County is acknowledged in the GAO report as one of the interviewees, but not specifically called out anywhere in the report. The GMI Director and Development Division Manager participated in a lengthy interview with three GAO researchers in April 2022. The team gave candid feedback to GAO about the U.S. Treasury Department's lack of grant administration experience, the inadequacy of their portal and help desk, and the burdensome shifting reporting requirements associated with the program. Attached please find the document that CWD drafted (with GMI additions) showing the points that were covered in the interview.

JKL/dym

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco Garcia, MD, MPH, Deputy County Administrator and Chief Medical Officer
Steve Holmes, Deputy County Administrator
Daniel Sullivan, Director, Community & Workforce Development
Regina Kelly, Director, Grants Innovation & Innovation

April 7, 2022

GAO Questions on Emergency Rental Assistance (ERA) Program Administration & Spending Challenges

Community Assistance Division Responses

(Jan 1, 2021 to Sept. 30, 2021)

1. In 2020, Pima County contracted with a nonprofit partner to build an online portal to administer using Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The portal was used to accept applications for assistance from Pima County's Community Assistance Division (CAD), which has over 30 years' experience in rental assistance, eviction prevention and utility assistance. When Emergency Rental Assistance (ERA) funds became available in 2021, the portal was used jointly by Pima County and the City of Tucson to accept applications for ERA funding. Pima County contracted with Community Investment Corporation (CIC), a nonprofit organization, which performed as a rental assistance provider and fiscal agent. Although most of Pima County's program was administered by CAD staff, CIC also subawarded funds to other agencies to provide additional capacity to serve Pima County residents both within and without the City of Tucson limits.
2. Pima County both developed the application portal and relied on third-party vendors. Pima County contracted with CIC to build an online portal in July of 2020. CIC also acted as a fiscal agent, making payments on behalf of organizations they contracted with who provided direct client services. CIC cut checks and processed automated clearing house (ACH) payments. Pima County CAD also processed applications directly, utilizing Pima County's existing financial system (AMS Advantage). Checks are cut twice a week. Contrary to initial expectations, checks, rather than ACH transfers, have generally been the preferred payment method of landlords.
3. Pima County subawarded a portion of its ERA funds to CIC, which entered into second-tier subrecipient agreements with other nonprofits to administer both Pima County's and the City of Tucson's ERA programs.
4. Pima County leveraged *both* existing pre-pandemic infrastructure and existing pandemic rental assistance program infrastructure. CAD has been providing rental and utility assistance for over 30 years, and leveraged that longstanding infrastructure by utilizing existing policies and procedures as a guide, using payment processing systems in place, hiring temporary staff to ramp up capacity, and assigning current staff to assist with implementation of Covid related funding and quality-assurance process. Additionally, Pima County leveraged pandemic rental-assistance infrastructure by continuing to partner with CIC to use the online portal that was stood up in 2020 and to distribute some of Pima County's ERA funds and all of the City of Tucson's ERA funds.
5. Pima County required participation from both landlords and tenants. Either could apply for services initially, and an interview and contact with tenant is required in order to gather eligibility verification and proceed with application. Pima County worked with landlords to mitigate continued fees, waive late and legal fees, and avoid eviction, using ability to pay future months to encourage landlords to work with tenants and the program, ultimately helping keep households stabilized and families intact and healthy, while making landlords whole. Pima County required utilities to provide billing information and met monthly with utility representatives to keep them apprised of COVID-19 related funding and requirements.

6. Documentation required of landlords to verify eligibility:
 - a. Proof of rental obligation
 - b. Proof of tenancy (only if tenant does not provide)
 - c. Proof of other fees due
 - d. W-9 form
 - e. Registration as Pima County vendor (to allow check to be issued)
 - f. Signed landlord agreement form

7. Documentation required of tenants:
 - a. Proof of rental obligation
 - b. Proof of income
 - c. Proof of tenancy
 - d. Proof of residency
 - e. Proof of housing instability
 - f. Proof of Covid-19/economic hardship
 - g. Identification
 - h. Utility statements (if seeking utility assistance; can also be obtained from utilities directly)

8. Self-attestations allowed for the following:
 - a. Proof of income (as last resort when all other options explored)
 - b. Proof of housing instability
 - c. Proof of Covid-19/economic hardship (depending on case)

9. Additional eligibility criteria beyond those required by law were not required.

10. Ways households or landlords could apply:
 - a. In person
 - b. Over the phone
 - c. Online (using desktop or any mobile device)
 - d. At outreach/marketing events.

11. Applicants were able to apply in English or Spanish.

12. The program had no limitations on applicants besides limitations in the ERA statute.

13. Pima County used the following administrative flexibilities and promising practices:
 - a. Administrative Flexibilities
 - i. Self-attestation. Tenants can self-attest to income either when there is no other way to document income or in concert with a fact-specific proxy. Tenants can self-attest to Covid-19/economic impact. Self-attestation has been critical to timely case processing.
 - ii. Direct-to-tenant payments. These are authorized by policy but other housing solutions are preferred.

b. Promising Practices

- i. Partnerships in Program Implementation. Pima County partnered with the City of Tucson, CIC, and other nonprofits to administer the program. Pima County also partnered with the Pima County Consolidated Justice Court to establish an eviction court and implement court navigation and escalation of rent-assistance payments for cases in eviction court.
- ii. Culturally and Linguistically Competent Outreach. Pima County provides services in both English and Spanish. Printed outreach materials are produced in both languages. Program outreach has been conducted via social media and local media, including television and radio, as well as door-to-door outreach at targeted locations. Spanish-language radio has been key to those who only speak Spanish. Outreach events are conducted in areas of high eviction, poverty, and housing instability.
- iii. Intentional Landlord Engagement. Landlords are permitted to apply for assistance on behalf of tenants and to look up application status via the portal. For cases in eviction court, landlords are encouraged to hold off eviction and pursue ERA and can request escalation of case processing through Pima County's court navigation staff. Escalated cases are immediately assigned to a caseworker for processing. Pima County conducted outreach among landlords and real estate industry representatives and associations to increase awareness of the program.
- iv. Partnerships with Broader Eviction Diversion Programs. Court navigators housed in eviction court through the Pima County Emergency Eviction Legal Services program work with landlords and tenants to hold off evictions in court and escalate processing of ERA applications.
- v. Collaboration with Local Utility Companies. Pima County worked with utility companies to directly collect billing information and met monthly with utility representatives to keep them apprised of Covid related funding and requirements.
- vi. Adjusting Program Strategies to Meet Local Needs. See item 13(b)(2), above.
- vii. Making the Application Process Simple and User Friendly. The application portal is simple and easy to use. Applicants receive email confirmation that their applications have been received, and can check the status of their applications online. Partial and duplicate applications are accepted and can be completed at intake with staff assistance. CAD staff are available to help with in-person or telephonic applications for those who lack technology or need assistance. At resources fairs and outreach events, staff are available to accept applications in real time.
- viii. Using Fact-Specific Proxies to Simplify Documentation Requirements (including Categorical Eligibility). As soon as Treasury guidance allowed the use of fact-specific proxies and categorical eligibility, CAD implemented these strategies using an existing "vulnerability index" identifying neighborhoods particularly at risk of housing instability. For properties in those neighborhoods, documentation of income was not required; the vulnerability determination is used as a fact-specific proxy. It is estimated that in 60% of cases income eligibility can be determined using this method. Additionally, the existing state portal was used to apply categorical eligibility when verifying that an applicant is a recipient of SNAP benefits.
- ix. Automation Supporting Application Prioritization. Information submitted into the application portal is used to generate a priority score.

- x. Data-Driven Program Strategies. The “vulnerability index” used as a fact-specific proxy was developed using various measures of social vulnerability. Outreach activities have also been targeted to geographic areas based on data showing that residents have low median incomes and rental prices are rising most rapidly.

14. Self-attestation, fact-specific proxy and categorical eligibility were the promising practices that most significantly helped increase the program’s rate of ERA payments to eligible renters.

15. See response to item 13(b)(ii).

16. Prioritization is based on a weighted score that is calculated by an embedded formula in the program’s web-based database and assigned to each application, based on the following factors:

Area Media Income

1 point 50% AMI

2 point 30% AMI

Unemployment Status

1 point for unemployed = yes

2 point for unemployed > 90 days

Months of Arrears

1 point # of arrears months = <4

2 if = 4+

Risk of Eviction

1 point 5-day notice

2 point hearing date

3 points Judgement received

These factors, which together can yield a maximum of 9 points, render an initial risk score. In addition, constable cases are automatically given the highest score (an initial risk score of 9).

Time

For every week that goes by after the eligibility form is received (and thus, initial risk score is awarded), 1 point is added. E.g., a case that initially scores a 5 would move up to a 6 after 7 days have gone by.

17. In addition to prioritizing households at 50% or below AMI, the portal prioritizes time unemployed, months of back rent owed, risk of homelessness, unsafe living conditions, and date of application. Cases in eviction court can be escalated and directly assigned to a caseworker.

18. Conditions for vendors when making payments:

- a. Limitations on applying to other assistance programs. Duplication of assistance is not permitted.
- b. Eviction restrictions. Landlords are not to provide notice to vacate or initiate an eviction proceeding to any Tenant for nonpayment of rent between March 2020 and 30 days beyond the last month covered by this agreement as long as Tenant is not otherwise in default of tenant lease. Landlords must rescind any prior notice to vacate and halt any prior eviction proceeding of Tenant for nonpayment of rent paid by the Pima County and provide records to confirm.

- c. Forgiveness of rent or utility payments, penalties, fees, and other related costs. Landlords are required to sign an agreement to waive any fees and/or interest payments for missed rental payments for qualified tenants since March 2020 and provide records to confirm.
- d. Other:
 - i. Payments received from the Program will be credited to the corresponding Tenant's account balance within five (5) days of receipt.
 - ii. Landlords must provide statements of payments to tenant accounts.
 - iii. Vendors must promptly reimburse Pima County for any over-payments or errors in payments.
 - iv. Landlords must affirm that the property occupied by tenant is not in foreclosure proceedings.
 - v. Landlords must attest that knowingly making false statements or misrepresentations could result in ineligibility for funds, action to recover funds, or a referral to criminal enforcement.

19. Conditions for tenant when approved:

- a. Renter can't apply to other assistance programs for the same months of ERA coverage. Tenant must attest that they have not received payment from the government, nonprofits, etc. since March 2020. If they have received assistance, they must identify the months and amounts received and the source.
- b. Other: Tenants must certify that all information provided on application is true, accurate, correct, and complete to the best of their knowledge and understanding that knowingly making false statements or misrepresentations could result in ineligibility for funds, action to recover funds, or a referral to criminal enforcement.

20. Pima County's program leveraged both ERA funds and other funds to provide comprehensive services to applicants. Other services provided include:

- a. Rehousing. Referrals to rehousing and homelessness-prevention programs through Pima County's Sullivan Jackson Employment Center. (Funded mostly through HUD Continuum of Care and Emergency Solutions Grants.)
- b. Application preparation assistance. Experienced CAD staff provide one-on-one assistance in completing applications and provide the ability to apply in real time at outreach events and resource fairs. (Funding through ERA funds.)
- c. Emergency shelters/temporary housing. Pima County operates a bridge housing program through a local hotel. Tenants at immediate risk of homelessness are referred to this program through the Constables and Emergency Eviction Legal Services team. (Funded through American Rescue Plan Act funding.)
- d. Employment assistance. Pima County operates the area OneStop system, which provides job training and assistance finding employment. Pima County has dedicated a navigator to connect tenants who may benefit with the OneStop's services. Staff also are knowledgeable in other available benefits and can assist with connecting individuals with those benefits. (Navigator funded through ERA; job assistance funded through various sources, including Workforce Innovation and Opportunity Act funding.)
- e. Eviction diversion programs. Pima County Consolidated Justice Court has assigned all eviction cases to a single Judge Pro Tempore with eviction expertise, also offering settlement conferences for parties

willing to participate. Pima County Emergency Eviction Legal Services (EELS) provides legal services and court navigation (including ERA escalation) to those whose cases are in eviction, including settlement conferences. EELS also partners with the Constables to provide services to tenants who will be imminently evicted, including access to other housing programs and County bridge housing. (Funding through American Rescue Plan Act funding and Pima County general fund.)

- f. Legal Aid. EELS provides referrals to legal counsel to eligible tenants for consultation and potential representation in eviction cases. (Funding through American Rescue Plan Act funds.)

21. Measures used to track performance:

- a. Expenditure ratio or other measures of spend rate. Pima County tracks obligation and payment of funds and engages in forecasting based on previous funding experience. The spend rates of Pima County and the City of Tucson have been high enough that each jurisdiction has received substantial reallocations of ERA funding.
- b. Application processing time. This is continuously monitored.
- c. Changes in rate of eviction filings. Pima County Consolidated Justice Court shares data not only regarding eviction filings but also judgments and actual eviction orders (writs of restitution). All these rates are tracked with a particular emphasis on how many eviction orders are actually executed.
- d. Changes in rate of applications. Application rates and case-assignment rates are tracked regularly.
- e. Instances of fraud or improper payments. CAD has robust, pre-pandemic fraud-prevention measures in place that are leveraged for this program. Fraud-prevention practices include verifying ownership through Assessor records, using existing databases to verify eligibility (e.g., SNAP, TANF, Unemployment Insurance). Most attempted fraud is caught pre-payment. Improper payments already made are moved off the grant to be funded from non-federal sources if already paid. Cases are referred to law enforcement as appropriate.

22. The following factors significantly limited our program's ability to make ERA payments quickly after disbursement:

- a. Inability to contact and reach tenants
- b. Uncooperative landlords
- c. Unclear initial guidelines and reporting requirements
- d. Changes to Treasury guidance
- e. Delay in allowance of self-attestation

Pima County launched its program in March 2021 based on the initial ERA Terms and Conditions and the FAQs issued in January. Reflecting this guidance, Pima County instituted operating policies (internally and for our subrecipients) that placed a heavy burden on applicants for assistance and the staff assisting them, requiring full verification and documentation of proof of income and other eligibility and assistance factors. The initial limitation of 10% for all direct administrative, direct housing stability services and all indirect combined resulted in a heavy financial burden on Pima County to operate the program and created tension with our community partners as we negotiated subrecipient agreements that reflected this cost limitation.

23. Top 3 programmatic factors that limited ability to quickly make payments:

1. Staffing and capacity

2. Implementing Department of Treasury's guidance
3. Application volume.

23a. Of those listed above, staffing and capacity is the top one.

24. Top 3 non programmatic factors that limited quick payment:

1. Landlord participation
2. Tenant participation
3. Funding flexibility (e.g., administrative cost restrictions)

24a. Landlord and tenant participation delays is the top one of the three non-programmatic factors that limited quick payment.

25. The following factors enhanced our program's ability to make ERA payments quickly after Treasury disbursed the funds:

- a. Over 30 years' experience administering rental assistance, eviction prevention, and utility assistance and an existing infrastructure that could be expanded. Additionally, the ability to provide wrap-around services and connecting to other available resources offered by Pima County and its partners.
- b. Partnership with the area's other direct ERA recipient, the City of Tucson, including operation of one shared portal and case management database to prevent duplication of service and efforts.
- c. Eased Treasury guidance, including the allowance of self-attestation, fact-specific proxy, and categorical eligibility.
- d. Partnerships with other stakeholders, including Pima County Consolidated Justice Court and Pima County Constables, to increase awareness about the program and facilitate assistance even after eviction cases were filed.
- e. Local area awareness of program
- f. Landlord and tenant cooperation
- g. Ability to pay future rent to stabilize but also use to encourage landlords to waive other fees and drop eviction, which in turn prevents homelessness spike that is costly.

26. Top three programmatic factors that enhanced program's ability make ERA payments:

1. Coordination and partnerships with other grantees and organizations
2. Familiarity with managing an emergency assistance program
3. Existing program and agency infrastructure.

26a. Of the three programmatic factors that enhanced the programs ability to make ERA payments, existing program and agency infrastructure is the top one

27. The top three non-programmatic factors that enhanced our program's ability to make ERA payments quickly:

1. Other: Flexibility and local autonomy in program design.
2. Landlord/tenant awareness
3. Funding flexibility (particularly the ability to pay multiple months in arrears and future months to provide further stability while providing other wrap-around services)

- 27a. Of the three non-programmatic factors that enhanced our program's ability to make ERA payments quickly, flexibility of local autonomy in program design is the top one.
28. The June 2021 surge is likely due to the implementation the fact-specific proxy, which loosened the burden of proving eligibility for many residing in vulnerable census tracts. Hiring of temporary staffing likely also contributed to this uptick. While we do not have easy access to aggregated data to pinpoint increases or decreases, we have seen several increases in applications and spending coinciding with the ends of eviction and utility moratoriums, child tax credit, and pandemic unemployment insurance. We also have seen increases associated with strategically planned outreach efforts and resource fairs, utility and landlord marketing, and social media pushes. We potentially may see a decrease if/when 18 months of assistance is reached, which is already happening.
29. The amount of our ERA allocation was not sufficient to meet the community's demand for rental assistance from January 1, 2021 through September 30, 2021.
30. Funding was not immediately made available, and CAD used other fund sources to support community. A large number of applications had not been addressed by September 30, 2021, which was a clear indicator we needed additional funds. With the lifting of all moratoriums, this placed a heavier strain on eviction crisis that already existed pre-pandemic. Both Pima County and the City of Tucson successfully requested substantial ERA1 reallocations, an indication that the need continues to be great despite initial allocations.
31. Due to the lack of sufficient funding, the program did not meet the community demand for rental assistance from January 1, 2021 through September 30, 2021.
32. The need for these services has always been far more than the funding available in this community. While the ERA programs have thankfully increased the available resources significantly, the sheer amount of applications pending (many waiting just to be assigned) are a clear indicator that the need continues to be great. Landlords who held off on evictions for nearly two years require a significant amount to be made whole. A substantial number of escalated cases continue to come from eviction court, representing a large number judgments and court hearings. The lack of housing stock allows landlords to increase rent to high rates that are not sustainable for many, sometimes resulting in keeping families in homes that are inhabitable. We need a program that continues our local model with multi-prong approach – immediate assistance, workforce connection, financial literacy and counseling, mental and physical health connections, legal advice and representation.
33. We will continue administering rental and utility assistance through other traditional Community Action Agency funding. Will seek additional opportunities and grants to continue providing like services and serve the community holistically. Data pre-pandemic clearly demonstrated the eviction and housing crisis. The pandemic only shed more light to the horrific issues regarding affordability, lack of housing stock, gentrification, lack of tenant education, rights, and representation. We will seek out funding to provide education on financial literacy. It would be ideal if legislation continued similar funding with input from those who have administered eviction-prevention programs and includes sustainability. Absent further resources, we expect the affordable-housing crisis will not ease and may worsen, leading to an uptick in homelessness and the need for costlier interventions.

34. The reallocation process generally went smoothly, although the delay between our request and receiving the funds was longer than anticipated. Also the reallocation guidance changed after it was initially published, resulting in our request having to be resubmitted.
35. Pima County CAD did not request programmatic technical assistance from Treasury. However, Pima County has made numerous requests for assistance with the reporting portal established by Treasury for this program. The portal is poorly designed and has featured ever-more-burdensome data fields going into production with little warning right before reporting deadlines. Problems include: no ability for user to correct data in fields once entered, no ability to export a copy of the report submitted for our records, no response to requests for assistance, and responses that don't address the question or concern.
36. Pre- and post-pandemic fraud-prevention and validation procedures implemented:
 - a. Address/property lookup validation
 - b. Tax record lookup validation
 - c. Fact-specific proxy/categorical eligibility. Additional verification requested only when there were red flags in application, for example familial relationships between landlord and tenant.
 - d. Duplication of benefits reviews. CAD reviewed systems for assistance received from any of our partner agencies, for any other funds, including ERA, for same timeframe. CAD used state mainframes such as AZTECS (SNAP, TANF, AHCCCS) portal to verify residency, household composition, reported/unreported income, benefits, and unemployment
 - e. Requiring identification
 - f. Other:
 - i. Use of a quality-assurance team, including 100% review of all applications pre-payment
 - ii. Internet research to verify questions or concerns about either party
 - iii. Use of W-9
 - iv. Working closely with utility companies who also verify residency, household composition and reported income
37. Lessons other grantees can leverage:
 - a. The number one factor in implementing a successful program is dedicated professionals who understand a clear mission and work with heart and urgency
 - b. Support and buy-in from elected and administrative leadership is key to implementing and administering a successful program
 - c. Successful programs build on solid existing infrastructure, specifically having ground-level implementation within an existing, successful Community Action Agency
 - d. Municipalities working together reduces confusion and expedites the process
 - e. Digital access is essential in service delivery
 - f. Programs need to be braided to look at the whole human, to allow for transformational work (e.g, connection to workforce services, homeless services, shelter, and legal services)
 - g. Systems should be developed before award
 - h. Routine systems analysis to ensure efficiency and effective service delivery must be ongoing

- i. Providers should regularly engage with stakeholders in the community and prioritize outreach with eviction court.
 - j. Providers must understand the capacity and challenges facing local community-based organizations and be reasonably responsive to those challenges
38. Lessons about how to structure and administer an emergency rental assistance program in the future:
- a. Extend the cap to allow for additional months, including sustainability requirements such as participation in financial literacy courses and workforce-development programs
 - b. Flexibility for each entity to respond to their local needs based on demographics, with poverty rate as an example
 - c. Clear guidelines and clear reporting requirements, systems and processes
 - d. The ability to minimize red tape associated with eligibility determination (for example, use of fact-based proxy and categorical eligibility, ability to use attestations immediately with controls in place, and increasing documentation flexibility)
 - e. Encourage de-siloing ERA programs from other social programs, such as workforce-development programs and homeless-services programs (e.g., priority of service within WIOA programs)
 - f. Encourage collaboration in data collection and reporting between federal agencies involved in administering funding for social programs
 - g. Increase the percentage of funds available for administrative costs so that we can deliver services timely and efficiently
 - h. Follow the existing 2 CFR 200 definitions and cost principles, for instance, a subrecipient should not be defined based on amount paid, but on the nature of the entity's role
 - i. **Partner with an experienced Federal grantor agency to develop guidelines, define reporting requirements and utilize an existing, tested portal!**
 - j. Look at models that better serve households holistically, with minimum requirements yet addressing other needs such as employment/training, financial literacy, credit counseling, legal representation, opportunity to become self-sufficient by allowing flexible line items.