

**American Rescue Plan (ARP) State
Fiscal Recovery Funds (SFRF)
Request Form**

Please complete this form in accordance with
the process instructions.

Agency/Point of Contact: Minnesota Housing

Title of Request: Emergency Rental Assistance Payment Processing

Date: 10/14/2021

Request Amount: \$ 7,000,000

Expenditure Time Period: 10/25/2021 to 12/31/2021 (no later than 6/30/2023)

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

Minnesota Housing is requesting \$7 million to support implementation and operations of COVID-19 Emergency Rental Assistance, also known as RentHelpMN. Minnesota Housing has received two federal rounds of this new, federal Emergency Rental Assistance including \$300 million at the end of December 2020 (ERA1) and \$228 million in March's American Rescue Plan (ERA2). ERA1 limited implementation and operating spending to 10% of the award, \$30 million. The federal rules require that the administrative budgets be segregated such that only ERA1 administrative contracts can be used in distributing ERA1 resources. The \$30 million has been fully obligated in the following categories: 1) Twin Cities United Way 211, with a staff of over 40 specialists that provide access to information and the application system; 2) Field Partners for outreach and application navigation, 28 organizations with staff members; 3) Processing and payment contractor with over 450 staff members working the applications, quality assurance, finance, customer service calls to work through landlord and applicant questions, project management and staffing management; 4) Technology, including a new, statewide application system; 5) Staff at Minnesota Housing including 7 current employees.

Besides the initial start-up costs associated with the single largest program ever administered by the agency, most spending is on the people required to process the nearly 50,000 applications that have been received since opening in late April. The program continues to receive around 250 applications per day. Initial projections assumed approximately 100 staff would be needed to process applications, but the combination of demand and higher-touch personal service needed to effectively process claims has meant that more than 450 processor staff members are necessary to assist renters and landlords at scale.

To respond to processing and customer service needs, staff at the processing center have increased significantly over the previous months leading to increased payment processing. Assistance payments for rent and utilities for renters have increased from \$18 million in August to \$43 million in September. As of October 13, over \$50 million has been paid in October. This increased pace of payments spending is expected to continue as application volume remains strong. Without additional funding, staffing levels will be reduced impacting payment speeds to property owners.

Minnesota Housing cannot increase the processing contract to authorize continued work on the program without the budget authority to do so. With the additional resources, total administration costs are anticipated to be 12% for ERA1 which is lower than up to 15% allowed for ERA2. There are also less program dollars to distribute in ERA2. The additional \$7 million will be budgeted in the following ways and primarily to continue increased processing and customer service staff: 1) Maintain processor staffing levels at over 450 people until ERA1 is fully expended and 2) Continue the services in the budget without impacting 211 call-center support, and Field Partner outreaching and navigation. On-going Field Partner work, which is critical to the program operations, can be supported with ERA2 funding.

Jennifer Ho

Department Head Signature

Digitally signed by Jennifer Ho
DN: cn=Jennifer Ho, ou=Minnesota Housing, ou=Commissioner,
email=jennifer.ho@state.mn.us, c=US
Date: 2021.10.14 11:17:15 -0500

10/14/2021

Date