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STATE OF NEW HAMPSHIRE



GOVERNOR'S OFFICE

for

EMERGENCY RELIEF AND RECOVERY

May 1, 2023

The Honorable Ken Weyler, Chairman
 Fiscal Committee of the General Court
 State House
 Concord, New Hampshire 03301

His Excellency, Governor Christopher T. Sununu
 And the Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, the Governor's Office for Emergency Relief and Recovery (GOFERR) requests authorization to accept and expend funds in the amount of \$9,046,435 in American Rescue Plan Act (ARPA) Emergency Rental Assistance (ERA2) financial assistance funds for use in the New Hampshire Emergency Rental Assistance Program (NHERAP) and other eligible uses such as investment in affordable housing, effective upon Fiscal Committee and Governor and Council approval through June 30, 2025. This is an allowable use of ERA2 funds under ARPA, section 3201(d) to provide financial assistance to eligible households as allowed by U.S. Treasury to help keep households stably housed. **100% Federal Funds.**

| 01-02-002-0202-24310000 ARP Rental Assistance Fund | | <u>FY2023</u> | <u>FY2023</u> | <u>FY2023</u> |
|--|----------------|--------------------------------|-----------------------|-----------------------|
| <u>CLASS</u> | <u>ACCOUNT</u> | <u>CURRENT MODIFIED BUDGET</u> | <u>BUDGET REQUEST</u> | <u>REVISED BUDGET</u> |
| EXPENDITURES | | | | |
| 040 - Indirect Costs | 501587 | \$32,500 | \$2,500 | \$35,000 |
| 041 - Audit Fund Set Aside | 500801 | \$141,880 | \$9,037 | \$150,917 |
| 072 - Grants Federal | 500575 | \$64,692,606 | \$9,034,898 | \$73,727,504 |
| 085 - Interagency Xfr Out of Fed Fn | 588595 | \$180,374 | \$0 | \$180,374 |
| TOTAL EXPENSES | | \$65,047,360 | \$9,046,435 | \$74,093,795 |
| <u>SOURCE OF FUNDS</u> | | | | |
| 000 -- Federal Funds | 400338-16 | \$65,047,360 | \$9,046,435 | \$74,093,795 |
| TOTAL REVENUE | | \$65,047,360 | \$9,046,435 | \$74,093,795 |

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EXPLANATION

GOFERR is requesting to accept and expend \$9,046,435 in American Rescue Plan Act (ARPA), Emergency Rental Assistance (ERA2) financial assistance funds to support the New Hampshire Emergency Rental Assistance Program (NHERAP) and related eligible uses. These ERA2 funds are being distributed to the State as part of U.S. Treasury's reallocation process. The State has received funding in this manner for prior ERA items.

Since March 15, 2021, NHERAP has been providing financial assistance to eligible households that have lost income or experienced other financial hardship because of or during the COVID-19 pandemic, including the payment of (i) rent; (ii) rental arrears; (iii) utilities and home energy costs; (iv) utilities and home energy cost arrears; and (v) other expenses related to housing incurred due, directly or indirectly, to COVID-19, as defined by United States Department of Treasury. NHERAP has provided assistance through two distinct sources of funding, ERA1 (Section 501(a) of Division N of the Consolidated Appropriations Act of 2021) and ERA2.

ERA2 was enacted later but provides the same financial assistance provided under ERA1 for a greater number of households and for a longer period of time. In order to properly fund the program and avoid any breaks in relief provided through it, the State has had to balance the two funding sources and meet U.S. Treasury requirements relative to both.

Just as the State entered into a subaward with New Hampshire Housing Finance Authority (NHHFA) to facilitate NHERAP with ERA1 funds, it has also entered into a subaward with NHHFA to provide ERA2 funds allocated to the State for use in providing relief through NHERAP. That subaward has been amended over time to increase funding available to the program as needed and authorized. NHHFA works with the five regional Community Action Partnerships (CAPs) to accept and process applications and payments for the program.

This request would enable GOFERR to amend the subaward with NHHFA again and provide additional ERA2 funds for the following purposes: approximately \$4 million for eligible affordable housing projects administered by NHHFA, and approximately \$5 million to reimburse the State for a portion of the ARPA State Fiscal Recovery Funds that were used on ERA2 eligible costs to support NHERAP when ERA2 funds were unavailable.

Prior to receiving notice of this most recent reallocation from U.S. Treasury, NHERAP had exhausted the funds available for rental assistance, and resources across the state were realigned to other priority support programming. As a result, NHERAP will not reopen for the purposes of providing rental subsidies, but existing and already funded supportive services provided through NHHFA and the CAPs will continue.

Using these reallocated funds for the purposes described above would help continue the State's commitment to expanding the availability of affordable housing by providing these funds to the Affordable Housing Fund and targeting those funds toward populations at or below 50% of the area median income (AMI), and it would help enable the State to replenish its limited remaining ARPA SFRF allocation for use on a variety of needs statewide. In November 2022, \$20 million of the State's ARPA SFRF allocation was authorized for use to help our most vulnerable citizens remain housed during the

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cold months. The State chose that approach in part to avoid diverting exceptionally limited ERA funding at that time for the same purpose, working to continue paying eligible rental subsidies for as long as possible.

NHERAP has successfully been able to provide nearly \$300 million in rental assistance to over 26,000 New Hampshire renters, helping those households remain stably housed and manage housing challenges during the COVID-19 pandemic.

The following appropriation authorities are being requested:

Class 040 – Indirect Costs

Class 041 – Audit Fund Set Aside – Audit Fund Set Aside to comply with RSA 124:16 that requires all agencies which receive federal funds to set aside a percentage (0.1%) of the federal revenue amount received to pay for financial and compliance audits.

Class 072 – Grants Federal – Appropriations necessary to support rental assistance program(s)

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Chase Hagaman

Deputy Director, GOFERR