STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

April 22, 2022

The Honorable Janet L. Yellen, Secretary
US Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen,

I am writing to notify you that Arkansas will not draw down the full amount of funding available for the second phase of Emergency Rental Assistance funds (ERA2) set aside in the American Rescue Plan Act of 2021. Instead, our plan is to draw down no more than 39% of the funds available to our state and use them only to support housing stability programs that may include rental assistance as a component. I am asking you to confirm that Arkansas may lawfully use ERA2 funds to support only those programs that provide rental assistance in combination with housing stability services.

Arkansas has closed its statewide application portal for emergency rental assistance, and we do not intend to reopen it. The economic climate here in our state is robust, there are economic opportunities available for our citizens who can work, and our focus is shifting from supporting individuals who may have had short-term economic impacts from the pandemic to helping families achieve long-term economic stability and growth, which will give them housing stability now and into the future.

Although Arkansas has some ERA1 funds remaining, those are dedicated to a pilot program we are currently operating with two non-profits, Our House and Restore Hope, who both have a proven track record of helping families that are homeless or at risk of homelessness move from crisis to long-term economic stability. Both focus on empowering families to achieve long-term economic stability through work and education. Our pilot grants them ERA1 monies to hire more caseworkers to work with families in crisis and provide short-term rental assistance as the parents begin working and developing new skills through job training and education, while also tackling any issues such as substance abuse, mental illness, or former incarceration that may have held them back in the past. The goal is for the parents to not just have a job today, but to get the skills and education needed to move into a career that can support their family

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not only now but into the future. We continue to explore opportunities to expand this pilot program to other non-profits in the state.

This does not mean that Arkansans in need have been left without assistance. Community action agencies throughout the state still have access to more than $6.7 million in remaining funds for this federal fiscal year to assist low-income tenants in crisis from the Emergency Solutions Grant program operated by the US Department of Housing and Urban Development and the Community Services Block Grant program operated by the US Department of Health and Human Services. The community action agencies also have access to other programs such as the Low-Income Home Energy Assistance Program (LIHEAP) to assist tenants in need.

Our plan is to use ERA2 funds only to support housing stability programs that may include rental assistance components. First, we intend to use ERA2 funds to continue the pilot program described above and expand it to other non-profits in the state with a proven track record of helping individuals achieve long-term economic and housing stability. For Arkansas, this is the right focus at this time, because we want to ensure that families needing assistance receive comprehensive assistance that encompasses job training, education, treatment, and other services that will help create long-term stability.

Second, we plan to use ERA2 funds for other housing stability efforts over the next three years. We are considering using a small amount of funding to promote awareness of the ESG and CSBG funding and other resources available through our state's community action agencies. Because these agencies have access to these housing-related programs as well as other relevant assistance programs, we want to ensure that individuals in need know where to turn to for assistance. We are also reviewing opportunities to make additional options that tie housing stability services with rental assistance for individuals who may be at risk of housing instability.

My intention is for Arkansas to draw down no more than 39% of the available funding and direct it towards these programs. If you cannot confirm that we may implement only these programs without offering rental assistance separate and apart from housing stability services, we will not draw down any funds.

Sincerely,

Asa Hutchinson

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