

May 7, 2020

SUGGESTED REVISIONS TO THE EMERGENCY RENTAL ASSISTANCE AND RENTAL MARKET STABILIZATION ACT OF 2020

The House Financial Services and the Senate Banking Committee have put forward new proposals to provide emergency rental assistance to the families who have been economically displaced as a result of the public health emergency facing our nation. As recently as this week, our organizations joined with a broad coalition of advocates and housing providers to express our strong support for an emergency rental assistance program. The measures acknowledge that the suspension of evictions and mortgage forbearance are only a short-term solution. In other words, rent payments and mortgage obligations will eventually come due, but renters and apartment owners will have no way to satisfy them. The inability of renters to make their full rental payments, not only endangers their ability to retain their housing, but affects housing providers, mortgage servicers and lenders that have extended credit, and vendors that provide management and maintenance services. These other businesses, often small mom and pops, rely heavily on rental income.

We support the goals of the Emergency Rental Assistance and Rental Market Stabilization Act of 2020 and the request for \$100 billion. We believe there are ways to improve the capacity and efficiency of the bill's proposed funding disbursement platform by broadening the allocation platforms. The Act would direct that the funds be administered through the Department of Housing and Urban Development's (HUD) Emergency Solutions Grants (formerly known as Emergency Shelter Grants (ESG)) under the McKinney Vento Homeless Assistance program.

Additional funding for homeless programs is definitely necessary, but a large-scale temporary renters' assistance program should utilize a myriad of existing rental assistance platforms. Using the formula approach under the small McKinney Vento ESG program to allocate \$100 billion would overwhelm the process and the grant recipients whose current mission is geared to assisting the homeless population - not 10 million renter households.

We believe that the immense and widespread scope of the problem is unlikely to be addressed through one single Federal program in any timely way. The government's response should include direct rental assistance through multiple channels. The programs that address homelessness should certainly be employed, but other federal programs are much better suited to keep renters in their homes in communities throughout the country.

Proposed Changes

We propose that the funding be provided to both the Secretary of the U.S. Department of Housing and Urban Development (HUD) and the Secretary of U.S. Department of Agriculture to use multiple existing programs with sufficient capacity and flexibility to ensure that the funding is awarded quickly and efficiently to reach urban, suburban and rural areas. Existing programs would be modified to waive many of the current statutory and regulatory requirements to adjust for the temporary nature of the assistance, urgency and the realities of working in a shelter in place environment.

Disbursement platforms would include:

U.S. Department of Housing and Urban Development:

- Emergency Solutions Grants to ensure that homeless persons receive the rental assistance and related services to provide emergency housing beyond shelters as well as help families or individuals that are facing homelessness (\$20 billion);
- Section 8 Housing Choice Voucher program which can be modified to utilize the 2200 state and local agencies that currently administer and distribute funding for 2 million families to establish and fund **short term** emergency vouchers (\$40 billion)
- The HOME program amended to address emergency housing needs including **streamlined funding** to States to prioritize at risk properties developed under the HOME and/or the Low-Income Housing Tax Credit programs most of which house hourly workers below 60 percent of income (\$37.5 billion).

U.S. Department of Agriculture

- Rental Assistance program under the Section 521 program to provide sufficient project based rental assistance to prevent displacement. Funding for supplemental rental assistance for the Rural Rental Assistance was not included in the CARES Act (\$2 billion);
- Rural Housing voucher program modified to provide short term vouchers for rural families through the existing distribution platform (\$500 million).

Eligibility

In order to apply households must have been impacted by the novel coronavirus pandemic and would qualify up to 120% AMI based on 90 days of prior income annualized.

Rents

Rental assistance would be capped at 120 percent of the Fair Market Rent (FMR) for the area and the subsidy would be paid directly to the housing providers. Funding would be provided to cover current and past due rental amounts including utility payments and unforeseen operating costs associated with the pandemic. The temporary rental assistance will be available for a maximum of three years.