

May 6, 2020

Speaker Nancy Pelosi  
House of Representatives  
H-232, the Capitol  
Washington, DC 20515

Minority Leader Kevin McCarthy  
House of Representatives  
H-222, the Capitol  
Washington, DC 20515

Majority Leader Mitch McConnell  
U.S. Senate  
S-230, the Capitol  
Washington, DC 20510

Minority Leader Chuck Schumer  
U.S. Senate  
S-221, the Capitol  
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell and Leader Schumer:

The undersigned groups represent multifamily rental housing owners, managers, developers, assisted housing cooperatives and lenders who operate millions of rental units throughout the country. Our members have been taking extraordinary measures to protect the safety of our residents during this serious public health crisis. We recognize that with over nearly 30 million people out of work, there are many challenges yet to come.

A recent study conducted by Amherst Capital Management estimates that of the 43.5 million renters in the U.S., approximately 26 percent of those will need rental payment support as a result of temporary business closures related to COVID-19. Approximately \$12 billion per month is needed for this assistance, with the length of needed support ranging from three to eight months.

The House Financial Services Committee 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 short-term solutions. 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,” however, we have concerns relating to capacity and efficiency of the proposed funding disbursement platform. The measure would direct that the funds be administered through the United States 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.

### **Distribution of Resources**

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 McKinney Vento ESG program with its many layers of bureaucracy 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 Modifications**

We propose that the funding be provided to both the HUD Secretary and the Secretary 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 portals would include:**

#### The 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 as well as help families or individuals that are facing homelessness (\$20 billion);
- Section 8 Housing Choice Voucher program which can 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 to address emergency housing needs including a streamlined funding formula to States with at risk properties developed under the HOME and/or the Low-Income Housing Tax Credit programs. (\$37.5 billion).

#### The 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 which would 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 with incomes not to exceed 120 percent of AMI. We recommend that the eligibility threshold be based on the last three months of income annualized. Unemployment income and supplemental unemployment income would be factored into the calculation.

## **Rents**

Rents generally 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 distributed for current rental payments as well as past due amounts, utility payments and unforeseen operating costs associated with responding to the pandemic. The temporary rental assistance will remain available for a maximum of three years.

We stand ready to work with you to garner and strengthen support for an emergency rental assistance program in the next corona virus response package.

Sincerely,

CCIM Institute  
Council for Affordable and Rural Housing  
Institute of Real Estate Management  
Manufactured Housing Institute  
Mortgage Bankers Association  
National Affordable Housing Management  
Association  
National Apartment Association

National Association of Affordable Housing  
Lenders  
National Association of Home Builders  
National Association of Housing Cooperatives  
National Association of REALTORS  
National Leased Housing Association  
National Multifamily Housing Council

cc: White House Coronavirus Task Force  
United States Senate  
United States House of Representatives