

July 22, 2020

The Honorable Maxine Waters
Chairwoman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20151

The Honorable Patrick McHenry
Ranking Member
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

The undersigned national associations represent for-profit and non-profit owners, developers, managers, housing cooperatives and housing agencies involved in providing affordable rental housing to millions of American families. We appreciate that Congress acted quickly and included important relief for families and businesses negatively impacted by the COVID-19 pandemic in the Coronavirus Aid, and Economic Security Act, (CARES Act) and the House-passed Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act). As the Committee convenes the hearing entitled “*The Heroes Act: Providing for a Strong Economic Recovery from COVID-19,*” we have enclosed an overview of the housing policy implications of the CARES Act and the HEROES Act on both renters and owners. We believe that additional relief will be needed to ensure the continued financial viability and stability of the rental housing industry.

We urge Congress to include the following provisions in the next COVID relief package:

- **Create an Emergency Rental Assistance Program**
- **Limit and Further Target Eviction Moratorium**
- **Provide Financial Mitigation and Mortgage Forbearance Protections**
- **Increase Funding for the U.S. Department of Agriculture’s (USDA), Rural Development (RD) Rental Assistance (RA) programs**
- **Create a Federal Reserve Credit Facility for Mortgage Services**
- **Expand the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) to Include All Multifamily Businesses**

Housing Industry Overview and Priorities

With the news of over [45 million Americans](#) seeking unemployment benefits in the last ten weeks, the rental housing industry recognizes that a significant number of residents are being affected by furloughs or job loss. Moreover, as the crisis continues and renters’ savings are depleted, these ongoing challenges will impact their ability to make ends meet and pay their rent, which could have cascading effects not only on the rental housing industry but on state and local governments and the broader economy. Information from the Census Bureau Survey released [July 8](#), from its newly created Household Pulse Survey, showed 42.5 percent of renters surveyed reported being unemployed. Losses are particularly acute for lower-income and minority households. In addition, Renter Confidence numbers reflect nearly one-third of renter respondents reporting no or slight confidence in whether they can pay next month’s rent. At present, households are

prioritizing rent; however, the information in the Household Pulse Survey provides a snapshot of problems on the horizon.

Accordingly, it is critical that lawmakers come together to support America's 43 million renter households with a national rental assistance fund. If residents cannot pay their full rent obligations, housing providers will be at risk of not meeting their financial obligations as well. This puts the property and the whole community at risk at a time of needed housing stability. Congress worked to provide significant economic relief to affected Americans as part of the CARES Act. While the steps taken were significant, we remain concerned that despite these efforts, more assistance for renters and rental property owners will be needed. We believe that additional direct and sustained economic assistance to renters and their families will be necessary to ensure they are able to meet their financial obligations, including rent. For this reason, we support including an emergency rental assistance program in the next relief recovery package.

Create an Emergency Rental Assistance Program: It is a top priority for the rental housing industry that Congress establish an emergency rental assistance program. We expect a significant number of residents will continue to be negatively affected by the pandemic, inhibiting their ability to pay their rent, even with the assistance provided in the CARES Act. Ensuring the continued viability of rental housing protects the millions of jobs in our industry and the communities around the country that we serve.

The "Emergency Rental Assistance and Rental Market Stabilization Act of 2020," calls for utilizing HUD's Emergency Solutions Grant (ESG) program. While we have some concerns relating to its capacity to provide relief effectively and efficiently to all renters in need, we are appreciative of the work done. Direct federal rental assistance will help alleviate some of the financial strain on the industry and stop the cascading effects on local economies.

We look forward to continuing our collective work throughout this process to ensure that emergency rental assistance funding is distributed swiftly to protect renters across all income levels who are now struggling to make ends meet. As you continue to review housing policy in the wake of COVID-19, we also ask that Congress address the issues outlined below in any future recovery package.

Limit and Further Target Eviction Moratorium: The expanded eviction moratorium included in the House-passed HEROES Act would significantly lengthen the 120-day eviction moratorium provided under the CARES Act to 12 months and extend moratorium requirements to virtually all single-family and multifamily homes.

Housing providers have a shared goal with their residents in preserving housing stability and minimizing displacement during this crisis. However, this provision remains unconnected to those truly impacted by COVID-19. Eviction moratoriums should not be applied to evictions unrelated to the circumstances caused by the pandemic. At the same time, eviction moratoriums do not relieve renters of their obligations nor help residents meet their financial obligations. A cascading number of evictions a year from now would not only be detrimental to residents, it will have a severe impact on the viability of the

rental market, putting both housing providers and their communities at economic risk. Prolonged eviction moratoriums not tied to the pandemic and without accompanying financial assistance exacerbate the economic uncertainty for housing providers. Finally, ambiguity in the definitions and notice to vacate language have resulted in confusion among stakeholders and in the courts and has led to uneven application of the law across the country. We urge Congress to clarify and refine this language in the next phase of relief.

Provide Financial Mitigation and Mortgage Forbearance Protections: With stay at home orders in place across the country, property owners continue to incur higher utility costs, maintenance, cleaning, and other expenses to support their residents. In addition to these unexpected costs, many residents are at risk of not being able to fulfill their rent obligations. As a result, it is likely that increased costs and rent payment shortfalls will impact the ability of rental property owners to satisfy their financial obligations.

Our organizations urge financial support for rental property owners to mitigate these losses due to COVID-19 and ask Congress to consider several revisions to the CARES Act to ensure the continued viability of apartment communities and the residents we serve.

Provide Financial Assistance and Protection for Financial Property Obligations: In order for owners and operators to ensure viability of apartment and rental housing communities, financial assistance and protections should be expanded to other property-level financial obligations such as property taxes, insurance payments, utility services, and the like. This assistance and protections are needed to avoid any type of negative disruption or impact on renters or housing providers which could include loan default, tax liens or other negative legal actions and ultimately put the property and its residents at risk.

- **Expand Forbearance Protection to All Loans:** Congress should expand multifamily mortgage forbearance protections to all types of loan products including those that are privately financed by banks, life insurance companies, community development financial institutions, state and local housing finance agencies, and commercial mortgage-backed securities, as only 50 percent of multifamily mortgages are federally-backed. This provision is already included in the House-passed Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act).
- **Align Forbearance and Eviction Moratorium Timelines:** Congress and federal regulators must ensure that forbearance protections are in place for the same length of time as any local, state, or federal eviction moratoriums.
- **Amend Forbearance Requirements:** Congress should amend forbearance repayment requirements as included in the HEROES Act, allowing the greatest flexibility for borrowers who request it, for example, by allowing the cost to be added to the back of the mortgage. However, any associated eviction moratorium should not exceed the owner's actual forbearance period.

Increase Funding for the U.S. Department of Agriculture’s (USDA), Rural Development (RD) Rental Assistance (RA) programs: The CARES Act did not include additional funding for rural housing impacted by COVID-19; however, we are pleased that the HEROES Act included funding for rural programs. Congress must continue to address rural housing needs, by ensuring continued funding for residents who utilize the USDA’s Rental Assistance programs, as well as those residents who currently do not receive RA.

Create a Federal Reserve Credit Facility for Mortgage Services: Servicers of multifamily mortgages are an important part of the financial flows within the multifamily industry and have obligations to advance funds during mortgage forbearance. Congress should direct the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, pursuant to the authority granted under section 13(3) of the Federal Reserve Act, to extend credit to multifamily mortgage servicers and other obligated advancing parties that, in each case, have liquidity needs due to the COVID–19 emergency or due to compliance with the CARES Act with respect to the multifamily mortgage loans and to extend further credit to mortgage servicers for other liquidity needs due to the actual or imminent delinquency or default on mortgage loans due to the COVID–19 emergency. We are pleased the House-passed HEROES Act includes critical protections for multifamily mortgage borrowers, servicers, and rental property owners.

Expand the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) to Include All Multifamily Businesses: Despite original Congressional intent to assist all lines of business with the PPP, the SBA issued an interim final rule on April 2 that called into question eligibility for rental housing developers, housing cooperatives and owner firms. We urge Congress to compel the SBA to reverse this decision and expand eligibility to rental housing firms and student housing operators so that they can protect their employees and their operations with these loan and grant funds.

We are all well aware of the enormity of the tasks ahead and stand ready to work with you.

Sincerely,

CCIM Institute
Council for Affordable and Rural Housing
Institute of Real Estate Management
Manufactured Housing Institute
National Affordable Housing Management Association
National Apartment Association
National Association of Home Builders
National Association of Housing Cooperatives
National Association of REALTORS
National Leased Housing Association
National Multifamily Housing Council