

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

National Affordable Housing Management Association – 400 N. Columbus Street, Suite 203 - Alexandria, VA 22314
Phone 703-683-8630 - Fax 703-683-8634 - www.nahma.org



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Implementation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The act is a \$2 trillion package aimed at combating the economic damage from the coronavirus pandemic, and represents the third bipartisan agreement between the Democratic House, Republican Senate, and White House to address the public health and economic crises that have resulted from the pandemic.

The CARES Act includes numerous programs and provisions to provide economic and financial relief to individuals, businesses, and governments impacted by the coronavirus pandemic. The CARES Act also includes several housing-specific provisions, including funding for HUD programs, an eviction moratorium, and forbearance for homeowners and multifamily properties. However, the CARES Act does not provide funding or relief for USDA's rural housing programs, nor for tax credit properties. Congress is already taking steps to begin developing a fourth relief package, and NAHMA's goal is to ensure all housing is covered in this package.

This NAHMAanalysis provides a summary of the CARES Act's key provisions for the affordable housing industry, including links to find additional information on the implementation of these provisions, as well as NAHMA's thoughts on next steps for additional relief.

Assistance for Individuals

➤ Economic Impact Payments

While the CARES Act contains individual relief in the form of tax changes (charitable deduction, student loans, and retirement accounts), one major provision is the economic impact payment. The economic impact payment is for individuals, and the Internal Revenue Service (IRS) will implement it by providing checks of up to \$1,200 for single taxpayers, \$2,400 for married joint filers, and \$500 for each dependent child. Individual check amounts are based on one's federal 2018 returns, and are phased-out for higher income taxpayers.

Where to go for additional information on tax relief and the economic impact payment?

Please visit the IRS COVID-19 Website: <https://www.irs.gov/coronavirus>

➤ **Unemployment Insurance**

Another major CARES Act provision is expanded unemployment insurance benefits, including creation of a temporary Pandemic Unemployment Assistance program and increased unemployment insurance benefits.

Where to go for additional information?

Please visit the Dept. of Labor (DOL) COVID-19 Website: <https://www.dol.gov/coronavirus>

For information on Unemployment Assistance, please visit your state:

<https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/find-unemployment-benefits.aspx>

NAHMA's Thoughts on Assistance to Individuals: Recent media accounts report that over 10 million Americans applied for unemployment benefits in March. Unfortunately, we can assume this number will increase in the upcoming months. Direct financial assistance to individuals will remain a key priority for Congress and the Trump Administration. As this time, the delivery and speed of the economic impact payments is the central focus. It will also be imperative to watch the May and June unemployment insurance filings to get a better understanding of the economic devastation facing the nation.

Assistance for Business

The CARES Act includes a robust relief package for businesses, including establishment of a Treasury Exchange Stabilization Fund (\$500 billion), a number of business tax changes, employer payroll changes, and workforce retention incentives (Paycheck Protection Program and Employer Retention tax credits). A complete listing of all business-related tax provisions is available in the recent Congressional Research Service (CRS) report, [The Coronavirus Aid, Relief, and Economic Security \(CARES\) Act—Tax Relief for Individuals and Businesses](#). At this time, the Paycheck Protection Program (PPP) and Employee Retention tax credits are dominating the business news headlines. A summary of each provision is below. It is important to note there are some qualification requirements for each program. More importantly, employers who receive a PPP loan are not eligible for Employee Retention tax credits.

➤ **Paycheck Protection Program**

According to the U.S. Senate's Committee on Small Business and Entrepreneurship, "the [Paycheck Protection Program \(PPP\)](#) is a nearly \$350 billion program to provide eight weeks of cash-flow assistance to small businesses through 100 percent federally guaranteed loans to employers who maintain their payroll during the COVID-19 pandemic." The Committee also provided a breakdown of PPP:

- The act provides \$350 billion to support loans through a new Paycheck Protection Program for:
 - Small employers with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards;
 - Self-employed individuals and "gig economy" individuals; and
 - Certain nonprofits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.

- The size of the loans would equal 250 percent of an employer's average monthly payroll. The maximum loan amount would be \$10 million.
- Covered payroll costs include salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); employee group health care benefits, including insurance premiums; retirement contributions; and covered leave.
- The cost of participation in the program would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties.
- Loans would be available immediately through more than 800 existing SBA-certified lenders, including banks, credit unions, and other financial institutions, and SBA would be required to streamline the process to bring additional lenders into the program.
- The Treasury Secretary would be authorized to expedite the addition of new lenders and make further enhancements to quickly expedite delivery of capital to small employers.
- The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. Express loans provide borrowers with revolving lines of credit for working capital purposes

Where to go for additional information on PPP?

Please visit the SBA COVID-19 Website: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

Please visit the Treasury Dept. COVID-19 Website: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

➤ **Employee Retention Tax Credits**

According to the IRS, "The Employee Retention Credit is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000."

Where to go for additional information on Employee Retention Tax Credits?

Please visit the IRS COVID-19 Website: <https://www.irs.gov/coronavirus/employee-retention-credit>

NAHMA's Thoughts on Assistance to Businesses:

Similar to individual assistance, NAHMA expects to see Congress and the Trump Administration seek additional relief for businesses. Recent media reports have indicated that Congress and the Trump Administration are in agreement on additional funding for PPP. More importantly, there is some confusion as to which businesses qualify for PPP, and concerns regarding delays in implementation. In a recent [letter](#) to Congress and the Administration, NAHMA and its apartment industry colleagues are requesting that the PPP be expanded to include ALL multifamily businesses.

Assistance for the Housing Industry

Similar to relief for individuals and businesses, the CARES Act includes several housing-specific provisions, including supplemental funding for HUD programs and forbearance for homeowners and multifamily properties. The bill also provides the HUD Secretary broad authority to waive existing regulations for certain HUD programs if necessary. NAHMA is very concerned that funding for rural housing programs and LIHTC relief was not included in the act. Below is a summary of the housing provision and funding levels, provided in the bill:

➤ Affordable Housing and Community Development Funding

- Tenant-Based Rental Assistance (TBRA) or Housing Choice Vouchers (HCV) - **\$1.25 billion**
- Project-Based Rental Assistance (PBRA) - **\$1 billion**
- Section 202 Supportive Housing for the Elderly Program - **\$50 million**
- Section 811 Supportive Housing for Persons with Disabilities - **\$15 million**
- Community Development Block Grants (CDBG) - **\$5 billion**
- McKinney-Vento Homeless Emergency Solutions Grants - **\$4 billion**
- Public Housing Operating Fund - **\$685 million**
- Native American Programs - **\$300 million**
 - Native American Housing Block Grants - **\$200 million**
 - Indian Community Development Block Grants - **\$100 million**
- Housing Opportunities for Persons With AIDS (HOPWA) - **\$65 million**
- Federal Emergency Management Agency (FEMA) Disaster Relief Fund - **\$45 billion** – a portion of this funding could be used for housing assistance.
- Coronavirus Relief Fund - **\$150 billion** – operates similar to CDBG and is provided to States, Tribal governments, and local governments to use for expenditures incurred due to COVID-19. It will be allocated by population size, with a minimum of \$1.25 billion for states with relatively small populations.

➤ Mortgage Payments, Foreclosures & Evictions

In addition to the funding provided, the Senate Banking committee [outlined](#) the other key housing-related provisions on eviction moratorium, foreclosure moratorium, and mortgage forbearance:

- **Foreclosure Moratorium and Consumer Right to Request Forbearance** - Prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020. Provides up to a year of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency. Applicable mortgages includes those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA.
- **Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans** - Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a

financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Applicable mortgages include loans to real property designed for 5 or more families that are purchased, insured, or assisted by Fannie Mae, Freddie Mac, or HUD. The authority provided under this section terminates on the earlier of the termination date of the national emergency concerning the coronavirus or December 31, 2020.

- **Temporary Moratorium on Eviction Filings** - For 120 days beginning on the date of enactment, landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent where the landlord's mortgage on that property is insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.

Where to go for additional information on Housing-related provisions?

Relevant regulatory agency is based on mortgage financing and program type, please visit:

- HUD COVID-19 [Website](#) (rental assistance, community development, and FHA-backed mortgages)
- FHFA COVID-19 [Website](#) (Regulatory Agency for Fannie Mae and Freddie Mac)
- USDA Rural Development COVID-19 [Website](#)
- Local HFA website
- [U.S. Senate Committee on Banking, Housing, and Urban Affairs](#)
- U.S. House Financial Services Committee [COVID-19 Website](#)

NAHMA's Thoughts on Housing Assistance:

To state it plainly and simply, more housing relief is needed. Immediate assistance is needed for USDA's rural housing, LIHTC properties, and unassisted renters. In a recent [letter](#) to Congress and the Administration, NAHMA and its apartment industry colleagues are requesting additional relief and clarifications to past housing provisions. In our recent [press release](#), we highlighted our requests:

- Create an Emergency Rental Assistance Program
- Clarify and Further Target Eviction Moratorium Protections
- Provide Financial Mitigation and Mortgage Forbearance Protections
- Increase Funding for the U.S. Department of Agriculture's Rural Development Rental Assistance programs
- Expand the Small Business Administration's Paycheck Protection Program to Include All Multifamily Businesses
- Create a Federal Reserve Credit Facility for Mortgage Services