

April 7, 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 national associations represent for-profit and non-profit owners, developers, managers, lenders, housing cooperatives and housing agencies involved in the provision of affordable rental housing. We applaud the bipartisan work Congress has done to prepare and provide relief to American families and businesses negatively impacted by the COVID-19 outbreak through several recent relief packages. We believe that further Congressional action is needed to ensure the financial viability and stability of the rental housing industry and its residents, as millions of people shelter in place -- keeping the housing sector on the front lines of the COVID-19 outbreak.

With the news of [10 million workers applying for unemployment benefits in the last two weeks of March](#) the rental housing industry is fully expecting that many residents will be affected by furloughs or job loss, which will impact their ability to make ends meet and pay their rent each month. 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 recently enacted Coronavirus Aid, and Economic Security Act, ([CARES Act](#)). While the steps taken were significant and much appreciated, we remain concerned that despite these efforts, more assistance for renters and rental property owners will be needed.

We urge Congress to include the following provisions in the Phase 4 recovery package.

Create an Emergency Rental Assistance Program: While the CARES Act includes a number of provisions for individuals and businesses, such as direct payments to individuals and families, expanded unemployment insurance and a small business loan/grant program that will be helpful to renters, these funds are not tied to housing obligations and will not be sufficient to address the financial challenges that both renters and the rental industry are now facing. More direct emergency rental assistance is necessary-particularly for those who do not presently receive federal housing assistance through the U.S. Department of Housing and Urban Development. Congress must create an emergency rental assistance program for those who are impacted by the COVID-19 crisis and struggle to cover housing expenses. To facilitate support for impacted households Congress can look to lessons learned from past disasters such as Hurricane Katrina, where state or local housing agencies acted as a conduit, working with both residents and owners to ensure rent obligations go directly to the property.

Clarify and Further Target Eviction Moratorium Protections: Congress approved a 120-day moratorium on eviction filings, late fees and other penalties starting on March 27. The moratorium applies to all properties with a federally insured mortgage (Fannie Mae, Freddie Mac, and FHA) and properties participating in a covered housing program such as those administered by the United States Department of Agriculture's (USDA's Rural Development (RD)). However, this protection was not limited to those financially impacted by COVID-19. Congress must swiftly address this

discrepancy by clarifying that the national eviction moratorium be limited to those negatively impacted by COVID-19. Protections offered should not only be limited to those adversely affected by the outbreak, but also require residents to officially notify the property owner of temporary financial hardship and request temporary assistance/relief from the property owner and acknowledge the contractual terms of the lease remain in effect. Further, while the intent of the CARES Act was to maintain the ability of property owner to move forward with evictions in cases of criminal activity or other activities that endanger the community there is confusion amongst residents and housing providers and we urge Congress to strengthen this language to specifically identify the ability of property owners to move forward with necessary evictions. This is crucial to maintaining the health and safety of rental housing communities.

Financial Mitigation and Mortgage Forbearance Protections: With stay at home orders across the country, property owners will incur additional 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 to rental property owners to mitigate these losses due to COVID-19. Further, the CARES Act provides a 90 day forbearance protection for all federally-backed mortgage loans, such as those through the Federal Housing Administration (FHA), Fannie Mae and Freddie Mac for those that have experienced financial hardship. Borrowers receiving the forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. In no case should an eviction moratorium exceed the forbearance period for the property. To amplify the impact of this program, Congress should consider several revisions.

- **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 service, 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 must 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, commercial mortgage-backed securities, as only 50 percent of multifamily mortgages are federally-backed.
- **Reconcile 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. The Act presently limits forbearance to a 90-day time period, which is out of alignment with the 120-day eviction moratorium. Eviction protections also include a required 30 day notice before an eviction proceeding can be initiated. Thus, the actual eviction timeline is closer to 150 days plus time for court processing and execution. We urge Congress to allow notices to vacate to proceed at the conclusion of the initial forbearance period and within any additional required notice period as renter protections are already embedded in the local law and judicial process for eviction that do not allow for the immediate removal of a tenant. It is important that the timelines are realigned to stop the potential for financial delinquencies and defaults in the rental housing market.
- **Amend Forbearance Requirements:** Congress should amend forbearance repayment requirements to allow 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.

Increased Funding for the U.S. Department of Agriculture's (USDA's), Rural Development (RD) Rental Assistance (RA) programs: The CARES Act did not include additional funding for rural housing impacted by COVID-19. Congress must 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.

Expand the Small Business Administration's (SBA) Paycheck Protection Program 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 specifically denies eligibility to rental housing developer 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.

The CARES Act provided an eligibility-waiver for certain business concerns with more than 500 employees but with more than one physical location, such as in the hotel industry. The multifamily industry operates under a very similar business model to other sectors targeted for inclusion with this language but is not part of the North American Industry Classification System (NAICS) codes that were granted this exemption. Because of the common structure of multifamily property operation, we believe that it is critical that Congress also extend similar eligibility to multifamily and student housing businesses.

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 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
Institute for Responsible Housing Preservation
Manufactured Housing Institute
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