



November 9, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

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

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

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

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

America's renters and housing providers need immediate support to stabilize the sector and subvert an impending housing crisis. The unique nature of the rental housing industry puts our members on the front lines of responding to the COVID-19 pandemic and we take seriously the responsibility to ensure our residents are safe and secure. Keeping people in their homes requires a comprehensive approach, for both residents and property owners alike. The current Centers for Disease Control (CDC) eviction moratorium was issued without rental assistance, which sets up an untenable situation for all parties involved. A multi-pronged response is needed to ensure that housing providers will be able to cover their debt, payroll, property taxes and increased operating expenses while preserving housing stability for millions of Americans. We implore Congress to extend additional COVID-19 relief measures and fund a strong federal assistance program that protects the long-term stability of our nation's housing markets.

As you take steps to address COVID-19 relief and government funding, we urge Congress to include the following in the next package:

- **Provide Financial Assistance to Renters in Need**
- **Utilize Alternatives to Eviction Moratoriums that Provide Assistance to Residents, Property Owners and Managers Alike**
- **Expand the Small Business Administration's (SBA) Paycheck Protection Program (PPP) to Include All Multifamily Businesses**
- **Provide Full-Year Funding for Fiscal Year 2021 for the Department of Housing and Urban Development and Department of Agriculture's Rental Assistance Programs**

Provide Financial Assistance to Renters in Need: To prevent a worsening of the nation's economy as a result of the pandemic, Congress must provide strong financial assistance to those in need. Congress must act swiftly to renew federal unemployment pandemic benefits and create a strong emergency rental assistance program for those Americans who are unable to access those funds or need additional support. Both programs are critical to protect the housing stability of millions of Americans. Without this combination of support in place, the current CDC and other state and local eviction moratoria, requires the industry to unfairly absorb the costs necessary to house Americans during this public health crisis.

In addition to extending the successful CARES Act federal unemployment benefit support, there are a number of ways to execute an emergency rental assistance fund that policymakers can look to. These proposals include the "Emergency Rental Assistance and Rental Market Stabilization Act of 2020," which calls for utilizing HUD's Emergency Solutions Grant (ESG) program and was included as part of the House-passed HEROES Act. Building upon that, our groups have also recommended using a blend of existing federal funding channels such as Section 8, the Home Investment Partnership program (HOME), Community Development Block Grants (CDBG) and ESG grants which could provide additional resources to efficiently distribute the funding to those in need. Another alternative is found in the flexibility of the CARES Act's Coronavirus Relief Fund (CRF), where the Department of the Treasury enabled many states to use a portion of allocated funds to set up rental assistance programs. Whichever distribution mechanism(s) is ultimately chosen, we believe Congress must establish a dedicated funding stream and emergency rental assistance program that can be executed and distributed effectively and efficiently to all renters in need.

We look forward to continuing our collective work with Congress 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, alleviate some of the financial strain on the industry and stop the cascading effects on local economies.

Replace Eviction Moratoriums - Eviction Moratoriums Will Not Solve Our Nation's Housing Problems: Federal eviction restrictions do not address the conditions leading to a renter's housing instability and frustrate state and local efforts to stabilize their housing market and address local conditions.

The CDC eviction moratorium, coupled with the inability of Congress and the Administration to act on a robust emergency rental assistance plan, imperils rental housing providers and the housing they provide. The financial support provided by the CARES Act has helped renters to weather the crisis. However, those benefits have expired, and we are concerned that renters and housing providers alike will be unable to meet their future obligations.

While we appreciate the inclusion of rental assistance in the revised, House-passed HEROES Act approved by the House, we believe the amount is insufficient to fill the gap created by the expanded and extended CDC eviction moratorium. Our groups urge policymakers to ensure that funds be swiftly distributed at the property-level, while also

protecting struggling renters at all income levels and geographic regions including urban, suburban, and rural areas throughout the country.

The amount of back rent residents will likely accrue is too great to ever be repaid and housing providers will continue to suffer losses that strain their ability to continue operations. According to Moody's Analytics, there will be a \$70-75 billion backlog in rent owed by January. For those that are still able to pay their rent, almost one-quarter of all renters (those in all types of housing) reported in the most recent Household Pulse Survey that they had borrowed money from friends or family to meet their spending needs (all spending, not just rent) in the past seven days; 29 percent had used money from their savings or selling assets; and 29 percent had used credit cards. Ultimately, without an alignment of rental assistance to the current CDC eviction moratorium, the mandate for solving the COVID-19 housing crisis falls squarely on the shoulders of rental housing providers. Many of these firms are small, family-owned businesses that will face an unrecoverable financial burden that could lead to the greatest rental housing crisis of our lifetime.

Expand the Small Business Administration's (SBA) Paycheck Protection Program (PPP) to Include All Multifamily Businesses: Although we believe that Congress enacted the CARES Act with the clear intent to make small businesses of all types eligible for the Paycheck Protection Program (PPP), the Treasury Department and Small Business Administration (SBA) inexplicably looked to regulations governing the SBA's 7(a) loan program and rendered ineligible certain so-called passive business, including rental housing developers, housing cooperatives and owner firms.

We realize that the PPP has expired, but we understand that discussions are on-going relative to resurrecting the program. To the degree the program is reinstated, we urge you to compel the SBA to expand eligibility to rental housing firms, mobile home parks, housing cooperatives and student housing operators so that they can protect their employees and their operations with these loan and grant funds. There is no reason that these types of businesses, which are serving their communities and employing Americans, should be excluded from the program to the degree they require assistance.

Provide Full-Year Funding for Fiscal Year 2021 for the Department of Housing and Urban Development and Provide Funding for the Department of Agriculture's Rental Assistance Programs: Continuing to assist the 5 million low-income households served through federal rental assistance programs is imperative; to do so, our nation needs a funding program that provides certainty for both the people it serves, as well as housing providers.

Renters were already struggling before the pandemic. According to Harvard's Joint Center for Housing Studies nearly half of all U.S. renters were cost-burdened, spending more than 30 percent of their monthly income on rent. One in four were severely cost burdened, spending more than 50 percent of their income to pay rent. The combination of the ongoing pandemic, and the underlying shortage in rental housing is driving the growing housing affordability crisis affecting our country. Uncertainty about funding places

pressure on the market by raising concerns about the reliability of federal funding commitments among owners, managers, lenders and residents.

The undersigned national associations represent for-profit and non-profit owners, developers, managers, housing cooperatives, lenders and housing agencies involved in providing affordable rental and cooperative housing to millions of American families. We urge Congress to take meaningful action now by creating a rental assistance program, expanding access to participation in the SBA's Paycheck Protection Program, and approving funding for HUD and USDA assisted rental housing programs. Only through immediate action can we avert a future housing crisis.

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: The Honorable Alex Azar, Secretary of Health and Human Services
The Honorable Ben Carson, Secretary of Housing and Urban Development
United States Congress
White House Coronavirus Task Force