



March 13, 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:

On behalf of the more than 80,000 combined members of the National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA) and the millions of residents who live in apartment homes, we wish to thank you for the critical, bipartisan work being done by Congress to prepare and provide relief to American families and businesses negatively impacted by the COVID-19 outbreak.

Apartment owners and operators are preparing for potential impacts at their communities, working to address employee and resident concerns and doing all they can to stop the spread of the virus.

Rental housing operators provide homes for 40 million Americans and take seriously the responsibility to ensure our residents are safe and secure. The unique nature of the rental housing industry puts apartment operators and employees on the front lines of responding to the COVID-19 outbreak in communities across the nation. NMHC and NAA members and their residents are witnessing a growing need for relief in a variety of ways, including areas Congress is actively exploring, such as the need for wage assistance as hourly workers and others see their shifts or incomes reduced, the need to help businesses sustain essential operations and even the need for certainty from expanded medical testing and accompanying expenses. NMHC and NAA members are working alongside public officials to put residents and employees at ease, pointing them to existing assistance and working to provide support directly.

Many Americans are expected to suffer a loss of income as a result of the COVID-19 outbreak, which could inhibit their ability to pay their rent and meet other financial obligations. NMHC and NAA strongly support providing direct federal rental assistance to families and individuals who suffer a loss of income during the crisis. In addition, relief should be granted to rental property owners and small business owners who suffer similar negative consequences. This is key to preserving safe and secure housing both during and following this crisis.



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We believe that the following housing and tax assistance proposals will provide critical lifelines for renters and rental housing operators and we urge that the following provisions be included in any relief package moving forward.

HOUSING ASSISTANCE MEASURES

Emergency Rental Assistance/Emergency Assistance Fund:

As American families face tremendous financial pressure as a result of reduction of income due to COVID-19, Congress should establish an emergency assistance fund to prevent the unnecessary loss of housing for those Americans facing hardships. Allocating short-term federal financial assistance to renter households enables individuals and families to overcome temporary financial challenges that would otherwise result in delinquencies and ultimate loss of their housing. Efforts to divert funds to legal assistance should be resisted as they fail to address the underlying financial conditions that contributed to the resident's housing emergency. Moreover, this can drag out or delay the process for legal and for-cause evictions, including matters that threaten the safety and security of other residents cases of lease violations that go beyond non-payment of such as property damage, criminal activity or willful property damage. endangering other residents.

Mortgage and Financial Forbearance:

Most rental properties are owned by individuals and small businesses that have financial obligations, including mortgages, utilities, payroll, insurance and taxes. Many Americans are likely to suffer a loss of income as a result of the COVID-19 outbreak, which will in turn harm their ability to fulfill their rent or mortgage obligations. The ability of rental property owners to satisfy their own financial obligations will also be impacted. Therefore, NMHC and NAA believe relief should also be provided to them during this time of crisis. NMHC and NAA urge any measure that allows for mortgage or other financial obligation (tax, insurance, etc.) forbearance, be extended to rental property owners where a loss of rental income could throw the underlying mortgage into default, lead to tax liens being placed or other negative legal actions and ultimately put the property and its residents at risk.

Eviction Prevention Measures:

Congress should recognize that evictions are governed by myriad differing and complicated state and local laws and regulations. A one-size-fits-all federal approach is inherently problematic, so the appropriate federal role in evictions should focus on leveraging federal dollars to help keep people in homes while ensuring housing providers can properly manage their properties. Any assistance should be well-tailored and not apply blanket provisions that would interrupt proceedings filed prior to or not a material result of the outbreak. Further, the assistance should not be meant to keep residents in housing they will be unable to afford or shall not be used to lengthen the process of pursuing a legitimate eviction, limit the access to the traditional justice system or curtail the right of housing operators to evict for other lease violations such as property damage, criminal activity or endangering other residents of the community.

Student Housing Relief:

Colleges and universities across the nation are increasingly shuttering their doors, ordering students not to return to campus from Spring Break and moving their educational coursework online in response to the outbreak. Private student housing operators work side-by-side with college and universities to house their student populations and are an integral part of campus life. Student housing leases operate under a different model than other multifamily housing leases, which pose significant financial challenges if prolonged absences at college campuses are ordered. In addition, possible construction delays at ongoing projects could threaten the opening or viability of entire student housing communities. These challenges will, much like other critical industries, require financial relief.

TAX ASSISTANCE MEASURES:

Payroll Tax Cut:

Congress could provide taxpayers with extra funds to absorb increased cuts resulting from COVID-19 by reducing payroll taxes. Specifically, Congress could reduce the employee side of the payroll tax by two percentage points, to 4.2 percent for employees (10.4 percent for the self-employed), in 2020. Under current law, a 12.4 percent Social Security payroll tax is assessed on employee earnings up to \$137,700. The tax is equally divided between employees and employers.

Unemployment Compensation Exclusion:

Congress could help stretch unemployment income for individuals who experience job loss as a result of COVID-19. Under current law, unemployment compensation is taxable income. Congress could exclude such income from tax for 2020.

Estimated Tax Payments:

Congress could help ease cash-flow challenges that taxpayers who own real estate partnerships or corporations may face by reducing 2020 quarterly estimated tax payments. Under current law, sole proprietors, partners and S corporation shareholders must make quarterly estimated tax payments if they expect to owe \$1,000 or more in tax when a return is filed. Corporations must make estimated payments if they expect to owe more than \$500 when a return is filed. If taxpayers do not make sufficient estimate payments, a penalty is assessed. The penalty is waived if taxpayers paid 90 percent of tax for the current year or 100 percent of last year's liability (110 percent for taxpayers with adjusted gross income of over \$150,000). The proposal would waive penalties for taxpayers owing more than \$1,000 (sole proprietors, partners, and S corporations) or \$500 (corporations) if they paid at least 90 percent of last year's liability in tax.

Net Operating Loss Carryback:

Congress could help ease cash-flow challenges for businesses by allowing net operating losses (NOLs) generated in 2020 to be carried back for three years. Under current law, taxpayers are not able to carryback current-year losses against prior-year income and, thereby, obtain a tax refund. Instead, losses may be carried forward indefinitely with the limitation that only 80 percent of a loss may be offset against a particular year's income. This proposal would enable taxpayers to carryback 2020 losses to 2017, 2018, and/or 2019 and eliminate the 80 percent loss limitation.

Business Credit for Quarantined and Self-Isolated Employees or Those Taking Care of Dependents:

This proposal would provide a wage credit for employers who continue to pay employees impacted by COVID-19. The COVID-19 outbreak may require employees to be quarantined or employers to close facilities on a temporary basis. Other employees may have to take time off for work to care for sick dependents or children whose schools have closed. Affected employees may have insufficient sick time to allow them to remain in pay status. Paying employees who cannot work in a closed facility or who have exhausted sick leave benefits could be a costly expense for employers. This proposal would provide a wage credit for up to \$1,500 in weekly wages for employers who continue to pay eligible employees.

It is clear that the enormity of the challenge we face is evolving on a daily, or even hourly basis. As the problems mount, and as our nation continues to prepare for and respond to the COVID-19 outbreak, NMHC and NAA, representing our 80,000 members and the 40 million residents who call an apartment home, stand ready to assist Congress in its work to protect American families.

Sincerely,



Douglas M. Bibby
President
National Multifamily Housing Council



Robert Pinnegar
President & CEO
National Apartment Association

cc: House Financial Services Committee
House Ways & Means Committee
Senate Banking & Urban Affairs Committee
Senate Finance Committee