

June 9, 2020

The Honorable Maxine Waters  
Chairwoman  
House Financial Services Committee  
U.S. House of Representatives

The Honorable Patrick McHenry  
Ranking Member  
House Financial Services Committee  
U.S. House of Representatives

The Honorable Wm. Lacy Clay  
Chair  
Subcommittee on Housing, Community  
Development and Insurance  
U.S. House of Representatives

The Honorable Steven Stivers  
Ranking Member  
Subcommittee on Housing, Community  
Development and Insurance  
U.S. House of Representatives

Dear Chairwoman Waters, Chair Clay, Ranking Members McHenry and Stivers:

The undersigned national associations represent for-profit and non-profit owners, developers, managers, lenders, housing cooperatives and housing agencies involved in providing affordable rental housing to millions of American families. As you know, the Coronavirus Aid, and Economic Security Act, ([CARES Act](#)) included important relief for American families and businesses negatively impacted by the COVID-19 pandemic. As the Committee convenes the hearing entitled "[The Rent Is Still Due: America's Renters, COVID-19, and an Unprecedented Eviction Crisis](#)" we have enclosed an overview of the housing policy implications of the CARES Act on both renters and owners. We share your belief that further Congressional action is needed to ensure the financial viability and stability of the rental housing industry and have included our recommendations for your review and consideration.

With the news of [40 million Americans](#) seeking unemployment benefits in the last ten weeks, the rental housing industry is fully expecting that a significant number of residents will be 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 [June 3](#), from its newly created Household Pulse Survey, showed 48.5 percent of renters surveyed reported being unemployed. Losses are particularly acute for lower-income and minority households. In addition, Renter Confidence numbers reflect fully 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 the Committee continues 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.

**Clarify and Further Target Eviction Moratorium Protections:** The CARES Act included a 120-day moratorium which prohibits eviction actions and late fees due to nonpayment of rent until July 25. The moratorium applies to all properties with federally backed mortgages and rental homes that receive federal subsidies through a covered housing program.

Housing providers have a shared goal with their residents in preserving housing stability and minimizing displacement during this crisis. However, we believe the moratorium should be narrowly tailored to provide relief to renters who are financially impacted due to COVID-19 as is required for housing providers seeking relief. Additionally, ambiguity in the definitions and notice to vacate language has 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 refine this language in the next phase of relief.

Importantly, the members of this coalition also want to highlight our concerns regarding the eviction moratorium in the House-passed HEROES Act, which substantially expands the CARES Act eviction moratorium to virtually all single-family and multifamily homes, extends the covered period for 12 months and remains unconnected to those truly impacted by COVID-19. The proposed moratorium in the HEROES Act greatly prolongs economic uncertainty for housing providers and undermines the industry’s ability to manage their cost and revenue expectations in a reasonable way.

We urge Congress to apply the moratorium to renters who notify their housing provider of financial impact due to COVID-19 and clarify the notice to vacate language to ensure property owners can effectively manage their properties during the crisis. Additionally, any extension of the eviction moratorium should be tailored to reflect the hyper-localized eviction process and relevant state and local conditions.

**Financial Mitigation and Mortgage Forbearance Protections:** With stay at home orders in place across the country, property owners will 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. Further, the CARES Act limits the availability of forbearance to borrowers of multifamily loans for properties with a federally backed mortgage. However, while the House-passed HEROES Act expands the availability of mortgage forbearance to all multifamily borrowers for 12 months, it

also dramatically extends the CARES Act's eviction moratorium to apply to all single family and multifamily rental housing and halts evictions due to nonpayment of rent for 12 months.

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, commercial mortgage-backed securities, as only 50 percent of multifamily mortgages are federally-backed. This provision is already included the House-passed HEROES Act.
- **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 CARES Act presently limits forbearance to a 90-day time period, which was out of alignment with the 120-day eviction moratorium. In no case should an eviction moratorium exceed the forbearance period or be extended to cover the repayment period. It is important that the forbearance and eviction 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 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.

**Increased 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

cc: House Coronavirus Task Force  
House Financial Services Committee  
House Leadership