

EMERGENCY RENTAL ASSISTANCE: ENSURING HOUSING STABILITY DURING THE COVID-19 PANDEMIC



Congress must take every step to prevent housing instability and homelessness as a result of the coronavirus outbreak. Even before the coronavirus pandemic, nearly ten million extremely low- and very low-income renter households were severely housing-cost burdened, spending more than half of their income on rent. These households have [virtually no margin](#) for an unexpected expense. Temporary declines of income and unreimbursed medical bills can quickly send the lowest-income households down the spiral of housing instability, eviction, and even homelessness. NLIHC [estimates](#) \$100 billion is needed to ensure that lower-income households can remain stably housed during this pandemic.

Representatives Maxine Waters (D-CA) and Denny Heck (D-WA) and Senator Sherrod Brown (D-OH) proposed the *Emergency Rental Assistance and Rental Market Stabilization Act* ([S. 3685/H.R. 6820](#)) to provide \$100 billion in emergency rental assistance. **NLIHC supports this legislation and urges Congress to include it in any coronavirus response package.**

Who is eligible?

Under the bill, emergency rental assistance funds can be provided to households experiencing homelessness and those at risk of homelessness, defined as households that are unable to maintain housing stability or unable to afford their rent and utilities.

Of the \$100 billion provided under the bill, 40% of the funds must be used for households with incomes below 30% of Area Median Income (AMI). Not less than 70% of the funds must be used to serve households with incomes below 50% of AMI. The remaining funds can serve households up to 80% of AMI, though the bill provides the HUD Secretary with the authority to waive this spending requirement to allow funds to serve households with higher incomes up to 120% of AMI as long as those households with incomes below 80% of AMI are sufficiently served.

What assistance can be provided?

- **Short and Medium-Term Rental Assistance.** State and local grantees may use the funds to provide short- and medium-term rental assistance for up to 24 months or to cover up to 6 months of back rent and late fees. Rental assistance payments are made directly to the housing provider on behalf of the tenant. Rental assistance is capped at 120% of the Fair Market Rent or Small Area Fair Market Rent, but the bill gives the HUD Secretary the ability to raise this limit if needed to cover market rents in a community.

- **Housing Relocation or Stabilization**

Activities. Up to 25% of each community's funds may be used for housing relocation and stabilization activities, including rental application fees, security deposits, utility deposits and payments, last month's rent, and moving costs, as well as other services a household may need, including assistance with housing searches and placements, case management, mediation, legal services, and credit repair. These funds are to be used to serve households with incomes below 50% of AMI.

The funds may be used to reimburse the grantee expenditures made after March 27, 2020.

None of the funds may be used to require participants to receive treatment or perform any other prerequisite activities as a condition for receiving assistance.

How quickly must HUD release these funds?

Under the bill, HUD must allocate 50% of funds to states and communities within 7 days of enactment using the existing formulas under the McKinney-Vento Homeless Assistance Grants. These funds must be obligated and disbursed to grantees within 30 days.

The remaining funds will be allocated to states and communities within 45 days of enactment using a formula developed by the HUD Secretary based on need, including severe housing-cost

burden among extremely low- and very low-income renters and disruptions in housing and economic conditions caused by coronavirus, including unemployment. These funds must be obligated and disbursed to grantees within 30 days of allocation.

How will funds be distributed?

Two percent of the funds will be allocated to benefit Native American tribes and Native Hawaiians.

Both state and local governments can partner with public housing agencies or other entities to distribute the funds, providing communities the opportunity to tap into existing networks and capabilities.

What happens to unspent funds?

Given the clear need, we anticipate that all the funds will be spent as intended. However, any funds that are not expended after 3 years will be reinvested in affordable rental housing. Of this amount, 65% will be directed to the national [Housing Trust Fund](#), which is used to build, preserve, and operate rental homes affordable to people with the greatest, clearest needs. The remaining 35% will be directed to the Capital Magnet Fund.

Support for Emergency Rental Assistance

The following groups have called for emergency rental assistance in the any coronavirus response package:

- [Industry groups](#), including 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, and the National Multifamily Housing Council;

- State and local government officials and agencies, including; [National Council of State Housing Agencies](#) and nearly [40 local mayors and government officials](#);
- More than [30 national advocacy organizations](#) including NLIHC, National Alliance to End Homelessness, Bipartisan Policy Center Action, Up for Growth Action, Evangelical Lutheran Church in America, Hispanic Federation, Heartland Alliance, LatinoJustice PRLDEF, LISC, UNITE HERE International Union, The Arc of the United States, and Funders Together to End Homelessness, among others; and
- [Cross-sector leaders in the Opportunity Starts at Home campaign](#), including Catholic Charities USA, Children's Defense Fund, Children's HealthWatch, Community Catalyst, Food Research & Action Center, Habitat for Humanity International, Just Leadership USA, NAACP, National Alliance on Mental Illness, National Association of Community Health Centers, National Association of Social Workers, National Education Association, National League of Cities, National LGBTQ Task Force, National Women's Law Center, and others.

For more information, contact NLIHC Vice President of Public Policy Sarah Saadian at ssaadian@nlihc.org.