

Emergency Rental Assistance and Rental Market Stability Act of 2020

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This bill would establish an Emergency Rental Assistance program, which would provide \$100 billion to help families and individuals pay their rent and utility bills and remain stably housed; help rental property owners of all sizes continue to cover their costs, including the costs of necessary maintenance to ensure residents' health and safety; and help the economic recovery by stabilizing renters in their homes and the broader rental housing market during and after the COVID-19 emergency.

Background and Need for Legislation

- Before the COVID-19 crisis, a quarter of the nation's 44 million renters paid more than half of their incomes for housing, often putting them one emergency away from eviction. The health and economic shocks of the COVID-19 emergency have exposed these renters and millions more to the threat of housing instability and eviction. Renters are more likely to work in the hardest-hit sectors of our economy, including retail sales and hospitality.
- Without assistance, many renters will be under threat of eviction. While the CARES Act provides a temporary eviction moratorium to protect renters from immediate displacement, it only applies to renters in properties with federal backing or subsidies, leaving many renters at immediate risk of eviction if they cannot pay rent.
- Without assistance, even those renters who are currently shielded by temporary federal and local eviction bans may still face eviction if they cannot afford to cover all of their unpaid rent when these eviction bans end.
- Evictions can have serious and long-term negative impacts on households, including damage to individual credit scores that can take years to repair and housing instability or homelessness that disproportionately harms the health and well-being of young children.
- Emergency rental assistance will help families and individuals stay safely housed and also help stabilize our rental market by helping property owners pay staff, maintain buildings, and keep up with their property taxes and mortgages.
- According to the [Urban Institute](#), it would cost approximately \$96 billion to assist an estimated 17.6 million renter households needing rental assistance due to the economic impacts of COVID-19 for 6 months.

Brief Summary

This bill would authorize \$100 billion for an Emergency Rental Assistance program to help families and individuals pay their rent and utility bills and remain stably housed during and after the COVID-19 crisis. The program would generally utilize the framework of the Emergency Solutions Grant (ESG) program, which is a federal homeless assistance program that provides temporary rental and utility payment assistance to households, in order to facilitate the efficient and effective distribution of funds through an existing administrative and reporting infrastructure.

Explanation of Key Provisions

What kind of assistance would renters receive?

Renters would be able to receive assistance with future rent and utility payments (including pad rents in manufactured housing communities), unpaid rent or utility bills that have accumulated, and other services,

such as case management and tenant-landlord mediation, to help them remain stably housed. The maximum amount of rental assistance that may be provided to a household per month is 120 percent of the fair market rent or the small area fair market rent for their area, whichever is greater, or a higher amount that HUD determines is needed to cover market rents in the area.

How would renters (and property owners) apply for, and receive, assistance?

Renters would apply for assistance with the agency or organization that the state or local grantee has selected to administer the program. Property owners would not be able to directly apply for rental assistance under the program, but once a renter qualifies for assistance, the administering agency would send the payment directly to the landlord. The renter, their landlord, and the administering agency would sign a rental assistance agreement stipulating the terms of the assistance.

Who would be eligible to receive emergency rental assistance?

A renter would be eligible to receive assistance if they have an inability to attain or maintain housing stability or have insufficient resources to pay rent or utilities. There is not a strict income eligibility threshold, however, the bill includes income targeting requirements that will prioritize funding for lower income renters. Specifically, the program requires that 40 percent of its funding assist extremely low-income households¹ and 70 percent to assist very low-income households² (which includes extremely low income households). The remaining 30 percent of funds can be used to serve low-income households.³ However, HUD has the authority to waive these income targeting requirements for jurisdictions that can show that the needs of low income renters are being met, allowing them to serve households up to 120 percent of the area median income.

It is important to note that a household's income will be determined using only the household's current income *on the date of application*, or, for the purposes of providing assistance to cover unpaid rent or utility bills, the income that was available at the time a household accrued any unpaid rent or utility payments. This means that even if a person's income was higher prior to applying for assistance, if they have lost their job or substantially lost income, only their current income will be considered for the purposes of this program.

How would HUD distribute the funding?

- Funds would be distributed by formula to HUD's existing network of state, city, and county ESG grantees. To expedite assistance for renters, HUD would be required to allocate the first 50 percent of the funds within 7 days using HUD's existing ESG formula. The remainder of the funds would be allocated within 45 days through a new HUD-developed formula reflecting the need for additional emergency rental assistance due to COVID-19.
- In addition to providing funds to current ESG grantees, the bill sets aside a special allocation for tribes and tribal housing authorities and Native Hawai'ians to address emergency rental and utility payment assistance needs in these communities.
- States and communities that have already taken actions to provide emergency rental assistance would be permitted to use these funds to reimburse themselves for activities eligible under this bill.
- The bill provides additional flexibility for grantees to partner with other agencies and organizations, such as public housing agencies or nonprofit service providers, to deliver services.

¹ Households earning less than 30 percent of the area median income

² Households earning less than 50 percent of the area median income

³ Households earning less than 80 percent of the area median income