Insight

The HEALS Act and Housing Assistance

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Executive Summary

- Senate Republicans have set out their position for the next round of COVID-19 relief legislation in the $1 trillion Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act.
- The HEALS Act would provide $3.3 billion in housing assistance, a much smaller sum than is in the House Democrats' HEROES Act, which proposed nearly $200 billion in assistance to renters and homeowners.
- Most problematically, the HEALS Act does not extend the federal moratorium on evictions, which the CARES Act created; the moratorium expired last week and as many as 23 million families face eviction by October.

Introduction

On July 28, Senate Republicans announced a series of bills that together make up the HEALS Act (Health; Economic Assistance; Liability protection; and Schools), a $1 trillion statement of intent setting out their priorities for the next round of COVID-19-related federal aid, and a direct response to the $3 trillion HEROES Act issued by House Democrats. These bills represent the starting point of debate for the eventual bicameral relief bill.

Within the HEALS Act, Republicans have proposed the Coronavirus Response Additional Supplemental Appropriations Act, introduced by Senator Richard Shelby, chairman of the Senate Appropriations Committee. The bill would appropriate an additional $3.2 billion to the Department of Housing and Urban Development (HUD) for the use of tenant-based rental assistance and for the administrators of public housing. This proposed assistance is

substantially smaller than that of either the CARES or HEROES Act, and does not seem an adequate response to the pressures felt in the housing sector. In particular, the HEALS Act does not contain any provision extending the moratorium on evictions provided for by CARES, which expired last week.

The CARES and HEROES Acts

The CARES Act provided roughly $10 billion in direct housing assistance along with eviction, foreclosure, and forbearance protections worth billions, primarily to families and individuals whose homes are in some way federally subsidized, whether through public housing, rental assistance, or a federally backed mortgage. The CARES Act provided for a temporary moratorium on eviction filings for 120 days from the enactment of the Act (March 27, 2020). This moratorium required that lessors of all properties backed by federal mortgage loans neither evict tenants nor charge fees or penalties for the nonpayment of rent. This moratorium expired on Friday, July 24, at midnight.

The aid provided by CARES was broad—an estimated 70 percent of all mortgages are federally backed—but not comprehensive, and the HEROES Act subsequently proposed the expansion of federal housing assistance to virtually all renters and mortgage-holders. HEROES does this through either additional direct financial assistance or by expanding legal protections, including $100 billion that would be provided for emergency rental assistance for low-income renters who may be at risk of eviction and an additional $20 billion in public housing assistance to vulnerable populations. $75 billion would be made available to state housing finance agencies.

The HEALS Act

The Coronavirus Response Additional Supplemental Appropriations Act would authorize the provision of $2.2 billion to HUD for the use of the Section 8 voucher rental assistance for low-income families experiencing hardship due to the coronavirus. Of this $2.2 billion, $500 million would be set aside to cover administration costs relating to this program. The proposal also includes $1 billion to be made available to public housing authorities (PHAs) to “prevent, prepare for, and respond to coronavirus.”

Analysis

Between March 25 and April 10 of this year, nearly half (47 percent) of all renters between 18 and 64 years old reported experiencing “material hardship,” or a situation where they were unable to pay rent, utilities, buy food, or afford necessary medical care. These

hardships have been disproportionately felt by vulnerable communities and people of color, with about 25 percent of Black and Latino renters unable to pay rent in May and 20 percent of all renters. With the expiration of the CARES Act moratorium on evictions, between 19 and 23 million families now face eviction by October. The CARES Act required a moratorium on evictions but not on landlords commencing eviction proceedings; in Virginia and North Carolina, where eviction protections expired last month, 22,000 eviction cases are underway. If the moratorium is not extended then millions of families could be without homes. The displacement of so many could have enormous ramifications, not just for the existing homeless population in the United States, but also for the spread of the virus, as individuals are forced to move back in with relatives or into unsafe housing.

Conclusions

It is of course difficult to divine the exact extent of housing assistance that U.S. renters and homeowners may require as the economic damage from the pandemic continues. It is easier to say what is likely not enough, however. The $3.3 billion as proposed by the HEALS Act (particularly in light of the proposed $2 billion for a new FBI headquarters) does not seem like a proportionate response to the potential scale of the problem, as millions of Americans face eviction in the wake of the removal of protections provided by the CARES Act. Housing assistance represents one of the more extreme gulfs between Republican and Democrat coronavirus proposals so far and will be a key point of contention in negotiations.