Housing Provisions in the CARES Act

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act — which the president signed into law late last week — has significant implications for the housing market. As the coronavirus pandemic slows the economy and eliminates jobs, the CARES Act leverages the federal government’s involvement in the housing sector to try to bring some reprieve to struggling renters and homeowners. In a new analysis, AAF’s Director of Financial Services Policy Thomas Wade summarizes these policies and connects them with the broader legislation and government response.

Wade concludes:

The CARES Act has two key implications for housing. First, it provides significant relief to holders of mortgages backed by federal loans in the form of six months forbearance and immunity from eviction or fees relating to late rent payments. Absent from the CARES Act is consideration of the loan servicers themselves, who stand to suffer a six-month income shortfall of their entire federal loan portfolio. It must be assumed that this industry would seek for assistance under Titles I and IV of the CARES Act, with coronavirus relief via the Small Business Administration or the Treasury.

Second, although increased funding to the Community Development Block Grant program will be welcomed, particularly by states who have broad latitude as to how to they employ this funding, operationally it will remain a challenge to distribute this assistance nationally and with any speed.

Read the analysis.