



Insight

A New Congressional COVID-19 Relief Bill and Housing Assistance

THOMAS KINGSLEY | DECEMBER 22, 2020

Executive Summary

- The COVID-19 relief package out of Congress includes, among other provisions, housing assistance designed to help renters struggling during the pandemic.
- The package provides for \$25 billion in rental assistance and extends the eviction moratorium currently in place by one month, to January 31, 2021.
- While preventing evictions during the winter months is a social and medical necessity, without accompanying relief for landlords this provision amounts to a congressional asset forfeiture, requiring landlords to potentially forgo four months of revenue.

Introduction

Nine months after the last legislative response to the unique economic and social dangers posed by COVID-19, the trillion-dollar [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), Congress has agreed on a second \$900 billion legislative package, tied to a larger government funding bill snappily titled H.R. 133, The Consolidated Appropriations Act, 2021. Key aspects of the [stimulus package](#) include: a ten-week \$300 period of jobless benefits; another round of stimulus checks, this time for \$600; the re-authorization and additional funding of the Paycheck Protection Program; \$25 billion in emergency rental assistance; and curbing the Federal Reserve's emergency lending powers. This piece focuses on the potential implications for housing assistance programs.

Context

President Trump's [executive order](#) on August 8 required (among other executive actions) that the federal agencies review what additional aid might be necessary to forestall further evictions in the wake of the coronavirus pandemic. Following this instruction, the Centers for Disease Control and Prevention (CDC) released a [proposed agency order](#) that would ban the eviction of certain classes of tenants unable to pay rent through December 31, with criminal penalties for landlords violating the ban.

The Proposed Act

The National Eviction Moratorium

The Act extends the national eviction moratorium that was [first established by the CARES Act](#) covering federally backed properties but in September was [extended to all properties](#) by the CDC. This moratorium will otherwise end December 31, 2020, but the Act extends this moratorium a month, to end January 31, 2021.

Emergency Rental Assistance

Congress has appropriated \$25 billion for state and local governments to provide emergency rental assistance. Of this figure \$800 million is set aside for Native American housing entities and \$400m is reserved for the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa. Eligible recipients must spend 90 percent of funds on rent, rental arrears, utility costs, and any other costs directly associated with COVID-19. States must prioritize low-income households and households with unemployed members.

Conclusions

Although the CDC's order has provided enormous relief to an [estimated 40 million renters](#), this action is a public health response and not an approach from the perspective of financial services or housing policy. Without providing accompanying financial assistance to renters and landlords, at best this measure is simply a delaying tactic until next year. At worst, requiring landlords to effectively forgo four months of income would have devastating impacts on individuals and the broader housing market – something that is already becoming apparent. The accompanying \$25 billion, while a band aid on a larger problem, is small change by comparison to the [\\$100 billion](#) that industry is calling for to address in a targeted manner the needs of the housing industry. Extending the moratorium, while the only acceptable humanitarian response to the crisis, continues to put strain on the housing market and on landlords. In [September](#) it was true, and it remains so today, that while landlords are significantly less loved a profession than others, Congress's decision here is as nonsensical as requiring all doctors work for free for another month.