



Insight

Expanded Housing Assistance in the HEROES Act

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Executive Summary

- The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act would provide roughly \$200 billion in additional housing assistance.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides substantial financial assistance and legal protection for many renters and mortgage-holders, but those benefits are almost exclusively available to individuals either in federally subsidized housing or with a federally backed mortgage.
- The HEROES Act extends and expands the financial assistance and legal protections to virtually all renters and mortgage-holders, including prohibiting evictions or foreclosures for non-payment for up to one year.

Introduction

Democrats in the House of Representatives introduced the [Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#) as a next-step response to the coronavirus pandemic. The HEROES Act significantly expands housing assistance for renters and homeowners, as well as the owners of rental properties and mortgage servicers. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided roughly [\\$10 billion in direct housing assistance](#) along with [eviction, foreclosure, and forbearance protections](#) worth billions, primarily provided assistance to families and individuals whose homes are in some way federally subsidized, whether through public housing, rental assistance, or a federally backed mortgage. This aid is broad—an estimated [70 percent](#) of all mortgages are federally backed—but not comprehensive, and the HEROES Act would expand federal housing assistance to virtually all renters and mortgage-holders, either through additional direct financial assistance or by expanding legal protections.

Rental Assistance

The bulk of the housing assistance provided in the HEROES Act is for direct financial assistance to renters. Specifically, \$100 billion would be provided for emergency rental assistance for low-income renters who may be at risk of eviction. In addition to paying rent, these funds may be used by tenants to pay utility bills, or by the owners of rental properties to cover their costs. The HEROES Act would provide this assistance by modifying the [McKinney-Vento Homeless Assistance Act](#), a law dating from 1987 that provides assistance to homeless shelter programs. The HEROES Act would modify the McKinney-Vento definition of “at risk of homelessness” to include all individuals not making more than 80 percent of the median income in an area and has an inability or insufficient resources to maintain stable housing and pay for utilities due to financial hardships.

An additional \$4 billion will be provided to public housing agencies for Section 8 rental assistance. \$2.5 billion of such funds would be available to renew existing tenant-based vouchers, while \$1 billion would be directed

toward providing new vouchers, targeted at individuals who are homeless or are at risk of becoming so, as well as individuals escaping domestic violence. It is [estimated](#) these funds would help keep 2.2 million people in housing.

Another \$11.5 billion would be provided for Emergency Solutions Grants to assist in covering housing and health-related services for homeless individuals.

There are nearly 1 million public housing units, and this legislation would provide \$2 billion for the operation and management of such units. These funds would presumably be used to increase cleaning and disinfecting practices to help ensure the safety of tenants.

Increased funds would be made available to help specific groups, including \$500 million for maintaining operations at housing facilities for low-income elderly individuals, \$200 million for properties providing housing to individuals with disabilities, and \$15 million for housing assistance for people with AIDS. Rural rental assistance programs would be provided \$309 million. Low-income families living in project-based units would receive \$750 million in rental assistance.

Further, \$100 million would be provided for housing counseling services, and \$14 million would be provided to assist in ensuring the enforcement of Fair Housing Act requirements.

Finally, \$5 billion in additional funds would be provided for the Community Development Block Grant (CDBG), available for the next three and a half years with few restrictions on how the funds may be used. The [CARES Act](#) already provided \$5 billion in additional funding for the CDBG. The [CDBG](#) is a long-running program administered by the Department of Housing and Urban Development to fund economic development activities, including infrastructure and housing assistance.

All renters would also be protected for up to 12 months from eviction solely for failure to pay rent. The CARES Act provided this protection for tenants in properties backed by federal loans.

Homeowner Assistance

Additional funds and legal protections would also be made available for homeowners. Specifically, the bill would provide \$75 billion to state housing finance agencies for them to then make available to homeowners for assistance with paying mortgages, property taxes and insurance, utilities, and other costs.

Beyond direct financial assistance, mortgage holders would receive protections against foreclosure for a period of 12 months and forbearance would automatically be provided for up to 60 days for any borrower who fails to make a payment for 60 days. If a borrower requested, the forbearance must be extended for up to one year. Homeowners would also receive bankruptcy protections, including ensuring that a homeowner is not excluded from the mortgage forbearance program created by the CARES Act because of bankruptcy; increasing the amount of home equity protected in the bankruptcy process from \$15,000 to \$100,000; and expanding eligibility for Chapter 13 bankruptcy by increasing the qualifying debt limits to \$850,000 for unsecured debts (from \$250,000) and \$2.6 million for secured debt (from \$750,000). ([Chapter 13](#) is specifically designed for individuals with lower levels of debt and is typically faster and allows individuals to keep some assets, such as a house.)

Mortgage Servicers and Rental Property Owners

To account for the millions of renters and mortgage-holders who are expected to not pay rent for several months, this legislation would also provide assistance to the banks and owners of rental properties whose income has been significantly impaired. First, the HEROES Act would include mortgage servicers for consideration in the \$500 billion appropriated for the Treasury and Federal Reserve relief facilities under Sec. 4003 of the CARES Act, subject to some reporting requirements and borrower protections. Given that CARES did not expressly exclude mortgage servicers from eligibility to participate in Fed emergency lending facilities, it is unclear what additional responsibility this requirement passes on to the Fed. The HEROES Act goes further for residential rental property owners, directing that the Fed establish a bespoke emergency lending facility (using funds from the same section of the CARES Act) to provide low-cost emergency loan relief. As in CARES, recipients of this assistance under HEROES would be prohibited from evicting tenants for the duration of the loan.

Conclusion

The current pandemic and its economic consequences are severely impacting the ability of many individuals to pay their bills, and for most people, their largest monthly bill is housing. While the CARES Act already provided significant resources for housing assistance, much of those funds and legal protections were limited in scope, largely only available to those with federally backed mortgages or living in federally supported rental units. The Heroes Act would provide substantially more resources and extend protections to virtually all renters and mortgage-holders.