



Insight

The American Rescue Plan and Housing

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Executive Summary

- House Democrats have proposed \$40 billion in housing aid as part of the \$1.9 trillion American Rescue Plan currently going through the budget reconciliation process.
- Necessarily absent from the bill are any extensions to eviction moratoria or class protections, so these proposals represent additional sources of funding for states, territories, and tribes to combat the issues faced by homeowners, renters, and the homeless.

Context

With bipartisan agreement unlikely on President Biden's \$1.9 trillion coronavirus relief plan, the American Rescue Plan, Democrats have turned to the budget reconciliation process. This powerful legislative tool would allow Senate Democrats to bypass Senate filibusters that otherwise would require 60-vote assent or unanimity with a simple majority (for a primer on the budget reconciliation process, see [here](#)). Twelve House committees have been instructed to make recommendations and draft elements of the coronavirus relief plan, including the Financial Services Committee as led by Chairwoman Maxine Waters.

Chairwoman Waters has released [bill text](#) and a [summary](#) of a proposed \$75 billion aid package, but of this only \$40 billion relates to housing needs, with the remainder providing support to airline workers, boosting Defense Production Act spending on personal protective equipment, and a small business credit initiative. The Financial Services Committee would provide \$25 billion for emergency rental aid, \$10 billion for homeowner assistance, and \$5 billion for homelessness support.

The Democrats' Proposal

House Financial Services Committee

\$25 billion for emergency rental assistance. While Congress provided [\\$25 billion in rental assistance in December](#), the House Democrats' proposal notes that [19 percent of renters](#) were not caught up on rent as of December. Even were this number lower, at the end of the eviction moratoriums imposed by the Centers for Disease Control and Prevention (CDC) and Federal Housing Finance Agency (FHFA), back-pay of rent is in theory still due. The House Democrats' proposal would provide \$19 billion to Treasury for emergency rental and utility assistance to be allocated to "stabilize renters" during the pandemic. The remainder of the \$25 billion would go to emergency housing vouchers, block grant programs, and the support of housing counselling services helping renters navigate the relief options available to them. It is not clear how Treasury would allocate these funds "to states, territories, counties, and cities."

\$10 billion for homeowner assistance funding, allocated directly to states, territories, and tribes, this time

without the mechanism of Treasury. It is not clear why this mechanism needs to be different than the previous. These funds would alleviate the burden on struggling homeowners by providing direct assistance with mortgage payments and other costs.

\$5 billion for homelessness funding, as the proposal notes that the homeless are particularly vulnerable to COVID-19. These funds would be in addition to the \$4 billion in homelessness funding as provided by the [CARES Act](#).

The Byrd Rule

Key to the modern implementation of the reconciliation process is the “Byrd rule,” named in honor of former Senator Robert Byrd. Given that budget reconciliation represents a “fast-track” process whereby measures can pass Senate with only a simple majority, concern was raised that reconciliation might be used to pass “extraneous matter” that does not relate clearly to the reconciliation instruction. [The Byrd rule contains six instructions](#) as to what might constitute extraneous matter, but, put simply, unlawful provisions are those that do not have budgetary implications, would increase the fiscal year deficit above that covered by the reconciliation measure, or cover topics outside the jurisdiction of the submitting committee.

It does not appear likely that any of the above would fall afoul of the Byrd rule. Absent from the American Rescue Act, however, is any extension of the eviction moratoria as put in place by the CDC (expiration: [March 31](#)) and the FHFA (expiration: [Feb 28](#)) or indeed the class protections as put in place by the [CARES Act](#). Given that these provisions do not have direct budgetary implications, their absence from the American Rescue Act is necessary.

Conclusions

At a total cost of \$40 billion, the aid directed toward housing represents a small fraction of the total \$1.9 trillion relief plan, especially as compared to the [\\$200 billion the HEROES Act](#) would have directed to support renters and mortgage holders. Further, due to the necessity that budget reconciliation recommendations have budget implications, House Democrats could not directly include measures to extend evictions moratoriums or protect classes of homeowner as provided, for example, in the [CARES Act](#). While further assistance to stricken homeowners, renters, and the homeless is valuable in the wake of the challenges posed by COVID-19, it is not clear that these proposals would address the perceived financial need, protect entire classes, or indeed be easy or fast for local governments (with or without Treasury) to operationalize.