

# Addressing Affordable Housing Challenges in the Midst of COVID-19

The impact of COVID-19 has been immediate and severe on low-income residents and people of modest economic means and the mission-driven groups that develop and operate affordable housing for this population, and it is getting worse. Despite limited eviction moratoria and mortgage forbearance available to some owners, the problems will remain long beyond the time when those expire. A robust and sustained federal housing response is required so residents and owners are not burdened by mounting debt from which they cannot recover.

As leading intermediaries and networks of affordable housing owners, we believe additional housing-specific assistance is urgently required to address critical challenges presented by the COVID-19 pandemic. The proposal described below will allow states and localities to respond to problems as they emerge including providing rental subsidies and funding for COVID-related operating expenses, mitigating the disruption to affordable housing units currently in construction and scaling up the response to a worsening affordable housing crisis in the face of economic uncertainty. This will both offer relief for immediate needs, and also help the country recover from the crisis by stimulating affordable housing production that supports the construction sector and addresses housing needs across the country.

*In order to meet multiple short and long-term affordable housing needs, we recommend that the Home Investment Partnerships Program (HOME) receive \$48 billion in supplemental appropriations.* HOME is our country's most flexible and proven affordable housing program for delivering resources to communities of all sizes and is well positioned to support affordable housing response efforts during this crisis and in future recovery efforts. This proposal is designed to:

## I. Empower States and Localities to Provide Immediate Rental Assistance for Residents of Non-Assisted Units

- Many residents are facing job and income loss that prevent them from paying rent. While the economic impacts in federally assisted properties can be mitigated by increasing existing federal assistance, the majority of tenants in low-income housing tax credit (LIHTC) financed developments and in naturally occurring affordable housing are unassisted and bear the full share of rental payments. Some of these properties may experience a 50 percent or more reduction in revenue coupled with increased expenses.
- HOME should be used to provide immediate emergency rental assistance to low-income individuals impacted by the COVID-19 crisis who currently live in unassisted units and/or do not qualify for existing rental assistance programs. While residents may benefit from short term cash assistance, they will understandably need those funds for food, medical or other pressing expenses. Mortgage forbearances and eviction and foreclosure moratoria may help in the short term, but without additional assistance will eventually leave residents in debt and owners unable to pay mortgages, support residents and manage properties.
- To access this funding expeditiously, some rental assistance payments should be available directly to multifamily affordable housing owners who provide evidence of increased operating costs and a low-income resident's inability to pay. This approach is *complementary* to solutions that provide direct relief to residents, and it removes the burden from residents, owners and governments of residents applying for rental assistance on an individual basis.

## II. Provide States and Localities a Flexible Tool to Address Emerging Housing Needs Related to COVID-19

- Beyond the immediate needs of residents who are unable to pay their rent, there are a wide variety of other affordable housing challenges across the country related to COVID-19. The flexibility of HOME allows state and local governments to respond to the individual needs in their communities as they emerge, in order to keep people safely in their homes and preserve and expand the supply of affordable homes.
- HOME is needed for operational assistance to property owners serving residents earning up to 80 percent of the Area Median Income (AMI). Affordable housing owners are working to address the immediate health and safety needs of their residents while also managing the increased costs associated with this COVID-19 response. Their staff have become “first responders” and essential employees on the front lines of this crisis, but they don’t have the resources to perform this vital role. Operating costs include expenses such as assistance for cleaning, tenant health and safety, resident security and other extraordinary costs resulting from a landlord’s response to COVID-19. Existing operating reserves were not calculated or funded for this purpose and are insufficient.
- The longer term economic impacts of this pandemic also threaten to further weaken our communities by making it even harder to create and sustain affordable places to live. We expect efforts to build and preserve affordable housing to be harmed by this crisis and governments will need additional funding to make up for increased costs and construction delays.
- The housing impacts of this crisis are also expected to require additional funds for homeownership and single family support. HOME can be used to support homeownership and homeowner rehab, which can assist people who are facing economic hardship, unsafe conditions and/or are at risk of losing their home.

These HOME funds shall be administered with a focus on flexibility to respond to the crisis immediately, including to help stabilize low and moderate-income families, to cover increased operating costs associated with addressing COVID-19 related expenses, and to stimulate the preservation and production of affordable homes. Funds would be allocated through the existing formula to support state and local efforts. Additionally:

- The HUD Secretary should be given broad waiver authority to expedite the use of these funds and ensure resources can be directed in a manner that meets the critical needs identified here. This includes enabling projects that already have HOME to access these funds; using HOME to cover operating expenses and to deliver rental assistance through an agreement with the landlord; changing income limit requirements to allow all low -income people who make up to 80 percent of AMI to benefit from these funds; allowing flexible timelines for inspections and environmental requirements in properties that have federal housing assistance; and other waivers as may be required. In addition, the matching requirement for the participating jurisdictions should be waived with respect to this emergency funding.
- Residents of units assisted under the LIHTC program should be automatically eligible for assistance. Properties restricted under the LIHTC program should be eligible for assistance in proportion to the percentage of units restricted.
- The Secretary should also extend expenditure deadlines for existing HOME dollars due to construction slowdowns, and suspend the 24 month commitment deadline.
- A portion of the funding shall be available to provide technical assistance to recipients to ensure that all jurisdictions can deploy these funds quickly and responsibly.
- Sufficient funds should be made available to HUD for term hires to help implement this program, and for IT infrastructure to support this effort.



## Additional Supporters

- Affordable Housing Tax Credit Coalition
- Cinnaire
- Council of State Community Development Agencies
- FAHE
- Grounded Solutions Network
- Housing Advisory Group
- Housing Assistance Council
- LeadingAge
- LOCUS: Responsible Real Estate Developers and Investors
- National Affordable Housing Management Association
- National Alliance of Community Economic Development Associations
- National Association for County Community and Economic Development
- National Association of Local Housing Finance Agencies
- National Association of State and Local Equity Funds
- National Community Development Association
- National Housing & Rehabilitation Association
- National Housing Conference
- National Housing Trust
- National Leased Housing Association
- Smart Growth America
- Up For Growth Action
- Volunteers of America