

# Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

## ISSUE BRIEF

Date: March 26, 2020

Prepared by: Seán Sheehan

### **Housing Provisions from the U.S. Senate's CARES Act (S.3548)**

*Preliminary and Subject to Change*

The Coronavirus Aid, Relief, and Economic Security (CARES) Act injects over \$2 trillion into the U.S. economy, ranging from individual rebate checks and unemployment benefits to business loans and tax breaks. Title IV of the bill provides assistance to “severely distressed sectors” of the economy, including several provisions aimed at fighting homelessness and helping impacted homeowners and renters to stay in their homes.

Housing-related provisions include:

1. Homeless Assistance Grants
2. Community Development Block Grant
3. Moratorium on Foreclosures and Right to Forbearance for Federally Backed Mortgages
4. Moratorium on Eviction Filings on Federally Supported Properties
5. Emergency Food and Shelter Program
6. Rental Assistance Protections for Low-Income Americans
7. Low Income Home Energy Assistance Program

#### **1. Homeless Assistance Grants**

- \$4 billion total aimed at helping individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance.
- Eviction prevention activities include rapid rehousing, housing counseling, and rental deposit assistance to mitigate the adverse impacts of the pandemic on working families.
- Half (\$2 billion) of total is allocated to Emergency Solutions Grants to states, including \$4.67M for Vermont.

#### **2. Community Development Block Grant (CDBG)**

- \$5 billion total for economic and housing impacts caused by COVID-19, including the expansion of community health facilities, child care centers, food banks, and senior services.
- Of the total, \$2 billion provided to states and units of local governments that received an allocation under the fiscal year 2020 CDBG formula – this includes \$4.71M for Vermont (\$450K for Burlington and \$4.26M for the State).
- Remaining funds include \$1 billion directly to states to support a coordinated response across entitlement and non-entitlement communities and \$2 billion to states and units of local government based on the prevalence and risk of COVID-19 and related economic and housing disruption.

### **3. Moratorium on Foreclosures and Consumer Right to Request Forbearance**

- Prohibits foreclosures on Federally backed mortgages for a 60-day period beginning March 18.
- Provides up to 180 days forbearance for impacted borrowers of Federally backed mortgages;
  - No documentation required other than the borrower's attestation to a financial hardship either directly or indirectly due to the COVID-19 emergency.
  - No fees, penalties, or interest allowed in forbearance beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full.
  - At end of forbearance period, lender will assess ability of borrower to return to regular mortgage payments and, depending on this assessment, offer borrower a range of stipulated options for reinstating the loan or pursuing loan modification options.
- These protections apply to loans for residential property purchased or securitized by Fannie Mae or Freddie Mac, as well as those guaranteed or insured by the Department of Housing and Urban Development (HUD), Department of Veterans Affairs, and Department of Agriculture.
- Multifamily (5+ family property) are provided up to 90 days forbearance and borrowers may not evict or charge late fees to tenants during the forbearance period.
- Because bill only applies to Federally backed loans, roughly half of Vermont mortgage holders may not be protected.

### **4. Moratorium on Eviction Filings on Federally Supported Properties**

- Prohibits landlords from initiating legal action to recover rental unit or charge fees or penalties to the tenant related to nonpayment of rent.
- Only applies to property insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.

### **5. Emergency Food and Shelter Program**

- \$200 million nationally for shelter, food and supportive services to individuals and families in sudden economic crisis.

### **6. Rental Assistance Protections for Low-Income Americans**

- \$3 billion for housing providers to help 4.5 million low-income households currently assisted by HUD to remain in their homes or access temporary housing assistance. This sum consists of:
  - \$1.935 billion to allow public housing agencies to keep Section 8 voucher and public housing households stably housed;
  - \$1 billion to allow continuation of housing assistance contracts with private landlords for Project-Based Section 8 households;
  - \$65 million for housing for the elderly and persons with disabilities for rental assistance, service coordinators, and support services; and
  - \$65 million for Housing Opportunities for Persons with AIDS.

### **7. Low Income Home Energy Assistance Program (LIHEAP)**

- \$900 million nationally to help families and provide assistance in managing home energy bills as well as weatherization and energy-related minor home repairs, including \$4.15M for Vermont.