Executive Summary

H.R. 6314 provides targeted emergency rental assistance to families and individuals who are facing financial crisis as a result of COVID-19. The bill provides $100 billion in emergency rental assistance to households impacted by the crisis. These targeted funds will keep people in their homes and minimize the impact on property owners and lenders. Emergency rental assistance provides critical resources to renters who face unprecedented job and income loss, while at the same time ensuring that property owners are able to pay their mortgages. Rent is the cornerstone of the housing ecosystem and emergency rental assistance will not only keep families housed as they face extreme financial hardship, but it will also help mitigate a housing market crisis.

Background

The coronavirus pandemic has had unprecedented consequences on public health, the economy, and labor markets, leaving millions of Americans in need of assistance. As unemployment numbers rise to unprecedented levels, families and individuals face a dramatic loss of income, and an already suppressed housing market has left many renters unable to save during normal times. Landlords and property owners face an equally dramatic loss of income which leaves them unable to pay mortgages, maintain buildings, and meet demands for increased health and safety measures. The inability to pay also has an upstream impact on lenders as cash flows from property owners slow. Furthermore, the consequences of millions of renter households being unable to make payments are far-reaching and include large-scale evictions and foreclosures, downstream economic impacts, and a housing crisis. Eviction moratoriums and mortgage forbearance provisions protect renters and owners in the short term, but they are only delaying the financial burden. This bill provides critical financial assistance to keep people housed in the longer term, to preserve the housing market, and to protect cash flows from renters to property owners and lenders. The CARES Act provides financial assistance to millions of households, but this assistance does not go far enough to protect against a housing crisis. H.R. 6314’s targeted emergency rental assistance is critical for closing the gap.

Legislative Solution

• H.R. 6314 provides $100 billion in emergency rental assistance for families and individuals who have been impacted by the COVID-19 crisis.

• The emergency rental assistance funds are administered through Emergency Solutions Grants (ESG), which is an established program administered by states, cities, and urban counties that provides homelessness prevention and rental assistance. H.R. 6314 expands program eligibility to households earning 80% area median income (AMI). Eligibility is determined at the time of application, which ensures funds reach households that have been impacted by the pandemic.

• Funds are targeted for rental assistance and keeping people in their homes, but grantees have discretion and flexibility in administering the program.

Benefits

• Quality, affordable housing is a public health asset — particularly during the COVID-19 crisis — and H.R. 6314 will keep millions of Americans safely in their homes.

• Rental payments are the cornerstone of the housing ecosystem. Eviction moratoriums and mortgage forbearance provisions protect renters and owners in the short term, but they are only delaying the financial burden. This bill provides critical financial assistance to keep people housed in the longer term, to preserve the housing market, and to protect cash flows from renters to property owners and lenders.

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Monthly Rental Payment by Income

National Renter Households

- $16.2B at or under 50% AMI
- $4.6B between 50% and 80% AMI
- $5.5B over 80% AMI
- $3.0B

Source: Terner Center analysis of 2018 American Community Survey Public Use Microdata Sample