Phase 3 Coronavirus Relief Package Overview
HCHF, 4/3/2020
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- Please be patient with technical difficulties
Quick Recap

How did we get to this point?

- Fiscal Year 2020 Coronavirus Preparedness and Response Supplemental, H.R. 6074 – This bill was enacted on March 6, 2020
- Families First Coronavirus Response Act, H.R. 6201 – This bill was enacted on March 18th
$2.2 trillion of relief for the millions of Americans that have been impacted by the spread of the virus and recent economic slowdown.

- Division A: Keeping Workers Paid and Employed, Health Care System Enhancements, and Economic Stabilization
- Division B: Emergency Appropriations for Coronavirus Health Response and Agency Operations
Payment for Individuals

- The legislation provides a one time, direct financial assistance payment of $1,200 to individuals with Adjusted Gross Income (AGI) up to $75,000 or $2,400 for married couples with combining AGI up to $150,000.
  - Payments will increase by an additional $500 per qualifying child.
- The payments will be administered by the Internal Revenue Service (IRS) and function as a federally refundable tax credit.
- Individuals with no taxable income as well as those whose income comes entirely from non-taxable means tested benefit programs will qualify for assistance.
- IRS will determine benefits levels and eligibility by using 2019 income tax filings, and 2018 tax data and Social Security data when 2019 filings are not available.
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Special Circumstances

1. Single filers with income exceeding $99,000 and $198,000 for joint filers with no children are ineligible.

2. Individuals who have not filed a 2018 or 2019 tax return or who did not fill out Form SSA-1099 or Form RRB-1099 (low-income families, plus railroad retirees who are not otherwise required to file a tax return) won’t get an automatic payment. Treasury Secretary Mnuchin issued a statement on beneficiaries of social security, clarifying that they will not need to file an abbreviated tax return to receive their payment and the funds will instead be deposited directly.

3. Unbanked individuals won’t get an automatic payment. The IRS uses tax return or Social Security data to provide rebates via direct deposit or paper check.

4. Immigrants without Social Security numbers are ineligible.

5. High school/college students age 17+ and some disabled or elderly dependents do not qualify for the $500 rebate.

6. Parents of children born this year will not get payment for that child now (if they qualify based on 2020 income, they can file for the $500 rebate in 2021).

7. For divorced parents, only the parent taxpayer claiming the child as dependent will receive the $500 rebate.
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Extension of Unemployment

- The CARES Act includes $250 billion to expand unemployment benefits.
  - *Unemployment Benefits for More Americans:*  
    - This act makes sure self-employed and independent contractors can receive unemployment during the public health emergency.
  - *More Money for a Longer Period of Time:*  
    - Makes benefits more generous by adding a $600/week across-the-board payment increase through the end of July.
    - In addition, for those who need it, the bill provides an additional 13 weeks of benefits beyond what states typically allow.
- State unemployment offices are experiencing an unprecedented spike in claims: 10 million!
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Moratorium on Federal Foreclosure

- The legislation institutes a moratorium on foreclosures for all federally-backed single family mortgages, including those covered by USDA, FHA, VA, Fannie Mae, and Freddie Mac, for 60 days beginning on March 18, 2020.

- Under the legislation, a borrower with a federally-backed mortgage experiencing financial hardship due to coronavirus may also request a forbearance for up to 180 days, which may be extended for another 180 days at the request of the borrower.
Moratorium on Federal Eviction

- The law allows multifamily housing owners with a federally-backed mortgage to request a forbearance for up to 30 days, which can be extended by another 60 days at the request of the borrower, on the condition that they agree not to evict tenants or charge tenants' late fees.

- The law also institutes a moratorium on filings for evictions for renters in homes covered by a federally-backed mortgage for 120 days of enactment.

- The law provides a temporary moratorium on evictions for most residents of federally subsidized apartments, including those supported by HUD, USDA or Treasury (Low-Income Housing Tax Credit developments).
Coronavirus Relief Fund

• $150 billion Coronavirus Relief Fund for state, tribal, and local governments
  • Local government means a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level with a population that exceeds 500,000.

  ▪ The bill specifies that within 30 days of passage the funds will be released to states based on their relative populations, receiving at least $1.25 billion.
  ▪ The funding cannot be used to replace already-allocated state funds.
  ▪ Because of the broad nature of these funds, state and local governments could use these dollars to help address the needs of people experiencing homelessness and low-income renters impacted by the pandemic.
Federal Emergency Management Agency (FEMA)

- The legislation provides an infusion of $45 billion to FEMA’s Disaster Relief Fund to assist state and local governments in their efforts to mitigate the spread of COVID-19 and protect public health.
  - $25 billion set aside for major disasters declared pursuant to the Stafford Act
  - $15 billion may be used for all purposes authorized by FEMA under the CARES Act
  - Every 30 days the FEMA Administrator will provide the Senate and House Appropriations Committees on both projected and actual costs associated with this account
- The legislation includes $400 million for prevention, preparation and response to the coronavirus and will be divided in the following ways:
  - $100 million for Assistance to Firefighter grants
  - $100 million for Emergency Management Performance
  - $200 million for the Emergency Food and Shelter Program (EFSP)
Small Business Administration Loans

• In response to the Coronavirus pandemic, small business owners and nonprofits in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan (EIDL) advance of up to $10,000.
  • The creditworthiness requirements have been eliminated and an additional $10 billion has been appropriated to the EIDL program so that eligible nonprofits and other applicants can receive loans.
• Funds will be made available within three days of a successful application, and this loan advance will not have to be repaid.

- Standard EIDL still available as well:
  - Maximum loan is $2 million with a fixed rate of 2.75% and a maximum loan term of 30 years
SBA Payment Protection Program Loans

- The Paycheck Protection Program ("PPP") authorizes up to $349 billion in partially forgivable loans to small businesses to pay their employees during the COVID-19 crisis.
  - $10 million maximum loan with 1% fixed rate (statute allows up to 4%; no longer .5%).
- The loan amounts will be forgiven as long as:
  - The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made
  - Employee and compensation levels are maintained.
- Payroll costs are capped at $100,000 on an annualized basis for each employee.
  - Due to likely high subscription, the Administration said it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- Nonprofit Eligibility: Available for charitable nonprofits with 500 or fewer employees (counting each individual –full time or part time and not FTEs); may vary by SAICs.
- Loan Use: Loan funds could be used to make payroll and associated costs, including health insurance premiums, facilities costs, and debt service.
- Loan Forgiveness: Employers that maintain employment between February 15 and June 30 would be eligible to have a portion of their loans forgiven
SBA Payment Protection Program Loans

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.

- Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.

- TBD: will SBA’s website withstand the crush of applications?
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Housing and Urban Development

Overall, the bill provides more than $12 billion in funding for HUD programs, including:

- $5 billion for the Community Development Block Grant (CDBG)
- $4 billion for Homeless Assistance Grants (Allocations within 30 days of enactment)
- $1.25 billion for Tenant-Based Rental Assistance
- $1 billion for Project-Based Rental Assistance
- $685 million for the Public Housing Operating Fund
- $300 million for Native American Programs
- $65 million for Housing Opportunities for Person with Aids (HOPWA)
- $50 million for Section 202 Housing for the Elderly
- $15 million for Section 811 Housing for Persons with Disabilities
- $2.5 million for additional fair housing enforcement
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CDBG ($5 billion)

- The legislation commits $5 billion to CDBG and would provide $2 billion in direct funding to states and localities under the CDBG program’s current formula.
  - This allocation must be made within 30 days of enactment
- The legislation includes an additional $1 billion directly for states to prevent, prepare for and respond to the coronavirus
  - These funds must be allocated with 45 days
- The remaining $2 billion would be allocated by the U.S. Housing and Urban Development Secretary with a formula to be determined by the Secretary based on coronavirus related factors including housing impact
  - These funds shall be allocated on a rolling basis based on best available data
- Unlike the annual CDBG program these dollars will be available with no caps on the amount that can be sub-granted to non-profits that provide housing, education, childcare, elder services, etc.
The CARES act grants broad statutory waiver authority to the Secretary.

Notable exceptions:
- Fair Housing
- Nondiscrimination
- Labor standards
- Environment
Duplication of Benefits

- Federal disaster law prohibits the provision of federal funds in the absence of need, so if a federal, state, local or philanthropic source has already given a grant to pay for a coronavirus-related expense, new federal grants cannot also be used for the same expense.

- This generally doesn’t apply to loans. And the prohibition does not apply when, after receipt of a federal, state, local or philanthropic grant, the recipient has additional unmet need.
The Inspector Generals of the various federal agencies will be monitoring the funds made available under the Coronavirus Relief Fund. If the Inspector General determines that a State, Tribal government, or unit of local government has failed to comply with the given guidelines they will seek repayment to the Federal Government. The Offices of The Inspector General across the agencies have received special allocations to carry out its oversight and recoupment activities.
What's Missing?

- Notably missing from legislation is funding for:
  - The HOME Investment Partnership Program but HUD can do *suspensions* now
  - The Section 4 Capacity Building Program
  - Extension of statutory timeframes for key federal programs
    - Example: placed-in-service deadlines
  - Funding for construction of permanent housing
  - Rural Housing Service programs
Other Significant Spending

- $117 billion for Hospitals and Veteran HealthCare Facilities
- $30 billion for Education Stabilization Fund
- $25 billion for Transit
- $16 billion for our Nations Strategic Stockpile
- $15.5 billion for Supplemental Nutrition Program
- $11 billion for Vaccines, Therapeutics, Diagnostics, and Other Medical Needs
- $900 million for Low Income Energy Assistance Programs
Other Noteworthy Provisions

- **Suspension of Student Loan Payments**
  - The Act requires the department to suspend all payments on federally held student loans without interest or penalties through Sept. 30.
  - It also prohibits the department from garnishing wages, tax refunds or Social Security benefits to collect defaulted loans during that period.
  - Under the guidance released Wednesday, companies will have to turn off automatic payments for borrowers who have set up recurring ACH transfers from their bank accounts, by the end of next week.
    - Borrowers can also opt to continue to make payments.

- **Delays Payroll Tax Payments for Employers:**
  - Employers would be able to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately $300 billion of extra cash flow for businesses.
What's Next?

- The Senate plans to be on recess until April 20, and the House will take an extended break as well
  - Although members have left the door open to return sooner depending on how the economy reacts in the next few weeks
- Lawmakers in both parties say they expect discussions on a “phase four” coronavirus economic response bill in the weeks ahead as social distancing and shelter in place policies further strain the economy. Infrastructure projects are likely to be the primary focus.
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Top LIHTC Priorities: Regulatory

- Temporary one-year extension of key programmatic deadlines
  - 10% test deadline, PIS deadline, rehabilitation expenditure deadline
  - Casualty loss deadlines
  - All open noncompliance corrective action periods
- One-year moratorium on physical inspections, tenant file reviews, and tenant income recertification requirements
- Suspend yet to be implemented IRS regulation that will increase # of required compliance monitoring physical inspections and
- Provide guidance clarifying that the temporary closure of property amenities and common space facilities during the duration of the crisis
Special Guidance for LIHTC

- Urging IRS to issue COVID-19 specific guidance, but in meantime, also asking IRS to apply relevant provisions of IRS Revenue Procedures 2014-49 and 2014-50 on an immediate basis.

- IRS has indicated that the now 33 jurisdictions that have received major disaster declaration for the COVID-19 pandemic can move forward with the relief outlined in the revenue procedures.

- While these revenue procedures provide the ability to extend the statutory deadlines for the 10 percent test and placed in service dates, and to waive certain physical inspection requirements of IRS compliance monitoring regulations, they do not address several other issues we are requesting accommodations for.

- Also noteworthy that Revenue Procedures 2014-49 and -50 require approval from the HFA for deadline extensions and other relief. This approval can be done on a project basis or statewide.
Additional LIHTC Priorities: Statutory

- ACTION Campaign discussing potential asks for 4th package:
  - Enact a minimum 4% Housing Credit rate for units placed in service beginning 1/30/2020
  - Allow developments to access 4 percent Housing Credits by lowering the “50 percent test” to 25 percent
  - Increase the annual Housing Credit allocation by 50%, phased in over 2 years at 25%/year, and adjusted for inflation, beginning in 2021
  - Provide additional basis boosts to allow developments to access additional equity if needed for financial feasibility
- Also interest amongst partner organizations for $48B HOME ask to assist LIHTC owners with a range of permitted uses including operating expenses, emergency rental assistance, and replenishing operating reserves
- Stay tuned for advocacy updates from ACTION at www.rentalhousingaction.org
Discussion: What else do we need?

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