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SAHF's Policy Agenda in Response to the COVID-19 Epidemic

The economic crisis resulting from the COVID-19 pandemic is having a disproportionate impact on people of limited economic means and the organizations that serve them. As a collective of leading nonprofit developers and operators of affordable housing, SAHF urges a robust federal policy response to address emergency needs, and support people and communities on the path to economic resilience.

To ensure housing stability during the crisis, Congress should:

- **Provide emergency rental assistance:** The CARES Act provided eviction moratoriums, and limited funding for homelessness assistance but far more is needed to ensure housing stability for our most vulnerable households now, and so that residents and owners are not burdened by mounting debt from which they cannot recover when moratoriums end. Congress should provide significant investments in emergency rental assistance through proven programs with fast delivery systems in place. H.R. 6314, legislation introduced by Representative Denny Heck (D-WA), would provide $100 billion in direct emergency rental assistance through the Emergency Solutions Grant program. This bill should be further strengthened to ensure efficient access by all low-income households and providing flexible delivery mechanisms, and be made a top priority in the next relief bill. (More details here)
- **Provide flexible housing resources to meet rental assistance, operating expense and other emerging needs:** Congress should empower states and localities to create tailored responses to emerging housing needs with $48 billion in new resources for HUD's HOME Investment Partnerships (HOME) Program. This funding should be subject to additional flexibilities to target emergency rental assistance and other funding to affordable multifamily owners to meet operating costs directly related to the pandemic, and for states and localities to meet the full array of short and long-term affordable housing needs. 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 *complimentary* to solutions that provide direct relief to residents, and it removes the burden from residents, owners and governments of tenants applying for rental assistance on an individual basis. (More details here)
- **Provide $300 million for Service Coordinator support** in federally-assisted senior housing. Only half of HUD Section 202 Housing for the Elderly properties are funded by HUD to employ a service coordinator. These staff are important to assist isolated and/or quarantined senior residents with additional support for food, healthcare, and overall reintegration to daily life when social isolation concludes. Service enriched housing can help seniors age in place and avoid hospitalization. (More details here)

To ensure that affordable housing is preserved during this crisis, Congress should:

- **Enact a minimum 4 percent rate for Low Income Housing Tax Credit (Housing Credit) buildings** placed in service after January 20, 2020 (per the COVID-19 "incident period" for states per FEMA). With federal borrowing rates recently slashed in response to the crisis, the "4 percent" Housing Credit rate is at an all-time low of 3.12 percent, and will likely decline even further, threatening the viability of many critically needed properties currently under rehabilitation or development. (More details here)

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- **Allow developments to access 4 percent Housing Credits by lowering the "50 percent test" to 25 percent** (for buildings placed in service after January 20, 2020). This will stimulate additional affordable housing production by allowing developments to access credits, while also allowing for more flexibility around issues that have arisen from the crisis that have impacted the availability of bond financing, including delays and increased costs. These unexpected and increased project costs are putting projects into jeopardy as the expected bond allocation for the project will no longer represent 50% of the total costs, therefore disallowing any 4% credits being used to make the project financing work. (More details here)
- **To ensure continuity of mission-driven affordable housing providers who are responding to emergency needs and committed to housing stability, Congress should expand the Paycheck Protection Program (PPP) to affordable housing providers** with no more than 500 employees per physical location, the same approach that the CARES Act provides for hospitality companies. (More details here)

To preserve and produce affordable housing during and after the crisis, Congress should:

- **Increase the annual Housing Credit allocation by 50 percent**, phased in over two years at 25 percent per year, and adjusted for inflation, beginning in 2021. Increasing the annual Housing Credit allocation would finance hundreds of thousands of direly needed affordable homes for low-income households. Increasing the allocation also has the broad bipartisan support of more than half of the House and nearly half of the Senate, as proposed in the Affordable Housing Credit Improvement Act. (More details here)
- **Provide additional basis boosts** to allow developments to access additional equity if needed for financial feasibility, as proposed in the Affordable Housing Credit Improvement Act. (More details here)
- **Invest $2.5 billion in the Capital Magnet Fund** to give mission-driven developers and lenders flexible funding to help them respond to a rapidly changing economic environment to ensure that affordable homes are preserved and produced and that vital investments in communities continue. (More details here)
- **Reinstate the FHA-HFA Risk-Sharing's Federal Financing Bank Initiative** to address liquidity challenges. (More details here)

In addition to these comprehensive legislative proposals, SAHF also recommends Congress work with HUD, Treasury, and USDA to provide statutory and regulatory clarity and relief on current programs as they are impacted by COVID-19. These include:

- The IRS should extend key Housing Credit deadlines to continue progress on affordable housing development. These include the rehabilitation expenditure deadlines, 10 percent test deadlines, and Placed in service deadlines. (More details here)
- HUD should extend project deadlines and provide alternatives to public participation requirements for HOME, CDBG, the Housing Trust Fund and other programs subject to Consolidated Plan requirements. HUD should also provide greater flexibility and guidance on how these programs can be used for rental assistance. (More details here)