Impact of the CARES Act on Housing

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a sweeping third-wave relief package in response to the COVID-19 pandemic, became law March 27. To read the full overview of the bill, click here.

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With respect to funding, the CARES Act provides over $12 billion towards housing out of the $2 trillion total allocation, with an overall emphasis on coronavirus containment and offsetting reduced tenant rent payments. Included in this $12 billion is:

- $5 billion in community development block grants to provide state and local governments with funding to provide services for seniors, the homeless, and public health;
- $4 billion in homeless assistance grants to address, treat, and contain the spread of COVID-19 among the homeless population, and to fund homeless prevention for individuals and families who would become homeless as a result of coronavirus;
- $1.25 billion towards tenant-based rental assistance to preserve the Section 8 voucher rental assistance for those experiencing loss of income;
- $1 billion for project-based rental assistance to make up for reduced tenant rent payments;
- $685 million for public housing agencies for operating assistance to compensate for reduced tenant rent payments, and help contain the spread of coronavirus in public housing;
- $300 million for Native American housing, homelessness, and coronavirus containment on tribal lands;
- $65 million for housing needs for those living with HIV/AIDS;
- $50 million for additional HUD administrative expenses to provide services during the pandemic;
- $50 million towards Section 202 housing for seniors;
- $15 million towards Section 811 housing for persons with disabilities;
- $5 million for the HUD Inspector General for oversight; and

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- $2.5 million for fair housing enforcement.

In addition, the CARES Act provides borrowers, tenants, and landlords with certain protections with respect to evictions and federally backed mortgages, including the following:

- A 60-day prohibition on foreclosures on any federally backed mortgage loans effective as of March 18th;
- Up to 180 days of forbearance (with an additional 180-day extension if necessary) for any borrowers of federally backed mortgage loans suffering a financial hardship as a result of the pandemic;
- Up to 90 days of forbearance for multifamily borrowers who have experienced a financial hardship, in exchange for an agreement not to evict tenants or charge late fees during the forbearance period; and
- A 120-day prohibition on initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent where the landlord's mortgage on that property is 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.

In addition to the CARES Act, Fannie Mae and Freddie Mac have issued additional orders regarding evictions and mortgage forbearance, which the Coronavirus Response Team addressed in a client alert found here. Please contact a member of the Coronavirus Response Team should you have questions or concerns about the impact of the CARES Act, or other housing directives, on your business.

For more information please contact Amy Curry, Geoff White, Adam Okuley, Payton Bradford, or any attorney in Frost Brown Todd's Multifamily Housing industry team or Business Litigation practice group.

To provide guidance and support to clients as this global public-health crisis unfolds, Frost Brown Todd has created a Coronavirus Response Team. Our

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attorneys are on hand to answer your questions and provide guidance on how to proactively prepare for and manage any coronavirus-related threats to your business operations and workforce.

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