New Information Regarding the Eviction Prevention COVID-19 Relief Fund for Louisville Metro Tenants & Landlords

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The Louisville-Jefferson County Metro Government ("Louisville Metro") has recently provided a potential path to relief for affordable housing property owners and landlords in Jefferson County through the creation of the Eviction Prevention COVID-19 Relief Fund (the "Relief Fund"). Additional information regarding eligibility to receive assistance from the Relief Fund is now available, and applications are being accepted.

Purpose of the Fund & Funding Source

Louisville Metro has budgeted up to $21.2 million from federal funds allocated to it through the federal Coronavirus Aid, Relief, and Economic Security (*CARES*) *Act to prevent the anticipated wave of eviction cases* and aid low-to-moderate income households that are delinquent on rent payments as a result of the ongoing COVID-19 pandemic. Prior to July 1, 2020, Louisville Metro only allowed tenants to apply for rent assistance; however, the Relief Fund allows landlords to also apply for rent assistance for their properties, and the applications are now available.

Maximum Available Funding & Use of Funds

The Relief Fund will pay up to three months of rent for eligible households facing COVID-related delinquencies. The assistance from the Relief Fund may only be used to pay rent, and all payments from the Relief Fund will be made directly to the landlord.

Eligibility Requirements

Louisville Metro allows both tenants and landlords to apply for rental assistance from the Relief Fund if certain requirements are satisfied. A tenant is eligible for assistance if the tenant resides in

Jefferson County, the tenant's household earns at or below 60% of the area median income in Jefferson County, and the tenant provides certain other documentation to Louisville Metro related to the tenant's financial situation. Landlords of federal, state, or locally subsidized units may also apply on behalf of their tenants if the following conditions are also met.

The landlord must:

- Be currently registered on the Louisville Metro Rental Registry;
- Have no outstanding code violations for the property for which rent is being paid;
- Waive all late fees, fines, and penalties;
- Forgo evictions for assisted tenants for 60 days after assistance is provided; and
- Provide pre-COVID-19 rent rolls to document delinquency rates before and after the pandemic.

Louisville Metro has not yet provided clear guidance as to what constitutes a "federal, state, or locally subsidized unit," but it appears from the Relief Funds' application that this may mean that the property in question must qualify as an "Affordable Housing Development" in which either all households earn at or below 60% of the area median income or more than 50% of the units are in the Section 8 Housing Choice Voucher Program.

Application Process

Eligible tenants are encouraged to make an appointment with Louisville Metro's Office of Resilience and Community Services to further explore their eligibility and to apply for assistance.

Landlords of federal, state or locally subsidized units may apply on behalf of a single tenant or multiple tenants. On the internet-based application, the landlord must agree to the additional conditions outlined above in the Eligibility section, and the landlord must provide various documents related to the property (including financial information and a certification from the tenants that their rent is delinquent).

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In addition to determining their eligibility for assistance from the Relief Fund, landlords will need to consider the tax consequences of accepting such funds and the eviction restrictions to which they will agree to comply. Like many CARES Act related programs, landlords will need to make certain certifications regarding their obligations under the Relief Fund program, and these should be considered carefully.

Conclusion

Frost Brown Todd counsels multifamily investors, developers, lenders and other key stakeholders on ways to work through COVID-19 related issues, including new legislative relief options, other relief programs available under federal law, guidance on low-income housing tax credit and HUD-related issues, rent disputes and loan work-outs.

We will remain at the forefront of any further developments in connection with the Relief Fund and will provide additional details regarding the Relief Fund once they become available. For more information, please contact Amy Curry, Darnell McCoy, Brad Butler, or any member of Frost Brown Todd's Multifamily Industry Team.

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