

Emergency Rent and Mortgage Cancellation Legislation
Sponsored by Rep. Ilhan Omar (MN-05)

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Endorsers: People's Action, Center for Popular Democracy, Minneapolis Regional Labor Federation, Take Action MN, National Coalition for the Homeless, PolicyLink, Public Advocates, National Domestic Workers Alliance, Action Center on Race and the Economy, Islamic Relief USA, Citizen Action of New York, Citizen Action of Wisconsin, Community Voices Heard NY, Jane Addams Senior Caucus IL, KC Tenants MO, LUCHA AZ, Maine People's Alliance, New Jersey Citizen Action, Northwest Bronx Community and Clergy Coalition NY, ONE Northside IL, People Organized for Westside Renewal CA, Progressive Leadership Alliance of Nevada, PUSH Buffalo NY, Reclaim Philadelphia PA, San Francisco Rising CA, Washington CAN VOCAL NY, Housing Justice for All New York, New York Communities for Change, Organize Florida, Texas Organizing Project, Make the Road NV, Make the Road PA, New Florida Majority Alliance of Californians for Community Empowerment Action, Arkansas Community Organization Detroit Action Spaces In Action MD, Churches United for Fair Housing NY, One Pennsylvania Housing Now! CA, Our Future West Virginia

The coronavirus pandemic is already having the greatest effect on poor and working-class Americans. We must take major action to protect the health and economic security of the most vulnerable, including the millions of Americans currently at risk of housing instability and homelessness.

Due to layoffs and mass unemployment, renters and mortgage holders are accruing mountains of debt, despite many not having a steady income for the foreseeable future. If drastic measures are not taken immediately, millions of families will be forced from their homes and the housing market will suffer irreparable damage. Already, calls for rent strikes are echoing across the nation from tenants who cannot afford to make ends meet.

The federal government needs to act now to protect tenants and mortgage-holders who are suffering, which is why I will be introducing a bill this week instituting a nationwide suspension on rents and home mortgage payments to last through the duration of the pandemic. Under my legislation, payments on all rental homes will be cancelled and landlords will be able to apply to have their losses covered by the federal government through a Rental Property Relief Fund to be administered by the Department of Housing and Urban Development (HUD). Additionally, all home mortgage payments will be suspended with mortgage holders being eligible to apply to a similar, HUD-operated Home Lenders Relief Fund.

Congress has a responsibility to step in to stabilize both local communities and the housing market during this time of uncertainty and crisis. We must take bold action now that extends the same financial assistance and protections to our struggling citizens as has been offered to profit-driven corporations.

Legislative Summary

This legislation will create a payment cancellation for all rent payments and primary residence mortgage payments for the duration of the current national emergency declaration. The moratorium will be made retroactive to cover April 2020 payments and will constitute a full payment forgiveness, with no accumulation of debt for renters or homeowners. The federal government will provide relief funds to landlords and lenders, allowing them to recoup their losses, so long as they agree to abide by a set of fair renting and lending practices for a period of five years. Additionally, the federal government will create an optional buyout fund to fully finance the purchase of private rental properties by non-profits, public housing authorities, cooperatives, community land trusts, and states or local governments. This fund will be designed to mitigate the loss of viable homes in the wake of an economic downturn, to mitigate the risk of real estate speculation, and to increase the availability of affordable and low-income units in the market.

Section-by-Section Framework

I. PAYMENT OBLIGATION SUSPENSION

- a. *Eligibility* - All rent and mortgage holders with an existing rental agreement or loan agreement on their primary residence (including apartments, condominiums, manufactured homes, single-family homes, duplexes, room rentals and legal subleases) would be eligible for this cancellation benefit, regardless of income or payment level. The suspension will also apply to lot rental payments due by manufactured homeowners.
- b. *Length of Suspension* –The payment suspension will take effect immediately and last through one calendar month after the end of the national emergency declared on March 13, 2020. The suspension will be retroactive to cover payments made in April 2020. HUD will establish and administer a fund to directly reimburse payments made by renters and mortgage borrowers in April.
- c. *Limitations* -The mortgage deferment can only be applied to a primary occupied residence. The owner of a rented unit cannot take advantage of both the rental relief and the mortgage forgiveness.
- d. *Notification* – The Department of Housing and Urban Development (HUD), in consultation with local housing authorities, will be responsible for creating a notification system by which all eligible renters and homeowners will be notified of the suspension of their payment obligation and their right to pursue legal action should their landlord or lender seek payment or retaliate against them. HUD should also develop a plan to do outreach and assist those who rent homes without formalized leases.

II. PRIVATE RIGHT OF ACTION, ENFORCEMENT AND PENALTIES

- a. *Private Right of Action* – Any aggrieved tenant or owner of real property may commence a civil action in an appropriate United States District Court or state court not later than 2 years.

- b. *Enforcement* – Whenever the Attorney General has reasonable cause to believe that a property owner has violated the rights of one or more tenants under the Act, the Attorney General may commence a civil action in an appropriate United States District Court.
- c. *Penalties* – Any property owner or mortgagee that takes adverse action against any tenant or owner of real property for exercising their rights under this Act, shall be subject to a judgment for actual damages as well as the following penalties:
 - i. First Violation: \$5000 civil penalty or fine.
 - ii. Second Violation: \$10,000 civil penalty or fine.
 - iii. Third and Subsequent Violations: \$50,000 civil penalty or fine, or forfeiture of property.
- d. In any civil action brought under this Act, the court may award preventative relief, including a permanent or temporary injunction or other order, to ensure the full rights granted by this Act.
- e. In a civil action brought under this Act, the court shall award any prevailing plaintiff, other than the United States, a reasonable attorney’s fee and costs.

III. LANDLORD RELIEF FUND

- a. *Structure* – HUD will establish and administer a fund to which residential landlords may apply to have the full cost of their tenants suspended rental payments covered by the federal government. Congress will appropriate such funds as is necessary for the program.
- b. *Eligibility* – All landlords who have sustained losses because of rental suspension are eligible to apply to the federal relief fund, including: small property owners , family investors, public housing authorities, non-profits and cooperatives. HUD shall establish and distribute funds based on a tiered based on assets, revenues, disclosure requirements, profit status. Such a tiered system should give timing priority to nonprofits and those with the least available assets.
- c. *Limitations* – Only occupied units with an existing lease are eligible for relief funds. A landlord cannot receive both replacements rent payments and a mortgage payment forgiveness on a single property.
- d. *Requirements* – Landlords who receive relief funds through the HUD program must agree to the following fair renting terms for a period of 5 years:
 - i. a rent freeze;
 - ii. just-cause evictions;
 - iii. mandatory documentation with any just-cause eviction;
 - iv. no source of income discrimination;
 - v. coordination with local housing authorities to make new vacancies eligible to voucher holders;
 - vi. provision of 10 percent equity to tenants; and,
 - vii. no admissions restrictions on the basis of:
 - 1. sexual identity or orientation,
 - 2. gender identity or expression,
 - 3. conviction or arrest record,
 - 4. credit history, or

- 5. immigration status.
- viii. Additionally, landlords cannot attempt to collect any back-rent when the moratorium is lifted,
- ix. they cannot retaliate in any way against residents and
- x. they cannot report residents to debt collectors or debt services to harm their credit.
- e. Recoupment – If any of the conditions of Section III(d) are violated, the federal government can recoup the relief funding.

IV. LENDER RELIEF FUND

- a. *Structure* – HUD will establish and administer a fund to which mortgage holders may apply to have the full cost of their suspended loan payments covered by the federal government. Congress will appropriate such funds as is necessary for the program.
- b. *Eligibility* – All mortgage lenders who have sustained losses because of payment suspension are eligible to apply to the federal relief fund, including: banks, retail lenders, direct lenders, and portfolio lenders.
- c. *Limitations* – A lender can only apply to the fund once for any property, regardless of the number of signees on the mortgage. A landlord cannot receive both replacements rent payments and a mortgage payment forgiveness on a single property.
- d. *Requirements* – Lenders who receive relief funds through the HUD program must agree to a number of fair and inclusive lending terms for a period of 5 years, including: yearly reporting of detailed lending data delineated by race, ethnicity, zip code, age, credit score, interest rates and other loan pricing features. Lenders must also submit yearly detailed data on their office locations, outreach practices, and their referral systems. If the conditions are violated, the federal government can seek to recoup the funding.

V. AFFORDABLE HOUSING ACQUISITION FUND

- a. Purpose – The purposes of the Acquisition Fund are to:
 - i. Ensure that tenants have access to safe and habitable housing conditions regardless of their landlords' ability to pay for repairs and maintenance during and after the COVID-19 pandemic.
 - ii. Prevent extended financial hardship for rental property owners.
 - iii. Prevent massive corporate purchases and real estate speculation, like what occurred after the 2008 crisis.
- b. *Structure* – HUD will establish and administer a fund to facilitate the purchase private rental property on behalf of low-income housing providers. Congress will appropriate such funds as is necessary for the program.
- c. *First Right of Purchase* – For a period of 5 years, private rental property owners seeking to sell their property must first notify HUD. HUD will notice the availability to purchase through this acquisition fund. If an eligible purchaser does not come forward and apply to the fund within a period of 60 days, the property owner is permitted to make a private sale.

- d. *Eligibility* – Non-profits, public housing authorities, cooperatives, community land trusts and states, municipalities, counties or parishes, or other unit of general local government are eligible to apply to this fund.
- e. *Limitations* – Any proposed sale must be entered into by both parties voluntarily and purchases must be made at the current fair market value at the time of the sale.
- f. *Requirements* – Purchasers who take advantage of this fund must agree to the following:
 - i. permanently reserving a portion of rent-restricted units for lower-income households;
 - ii. just cause evictions;
 - iii. mandatory documentation with just cause evictions;
 - iv. no source of income discrimination;
 - v. no admissions restrictions on the basis of:
 - 1. sexual identity or orientation,
 - 2. gender identity or expression,
 - 3. conviction or arrest record,
 - 4. credit history, or
 - 5. immigration status.
 - vi. democratic control by residents
 - vii. Purchasers must also agree to provide residents with free, voluntary wrap-around services that help address the needs of those experiencing chronic homelessness or housing instability – like access to healthcare, employment or education assistance, childcare, financial literacy class and other community-based support services. If the conditions are violated, the federal government can seek to recoup the funding.
- g. *Operating Fund* – After the establishment of this acquisition fund, Congress shall appropriate funds yearly to assist with the operations and maintenance of properties purchased under this fund.