

Congress of the United States
House of Representatives
Washington, DC 20515

April 15, 2020

The Honorable Stephen T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, DC 20416

The Honorable Russell Vought
Acting Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue NW
Washington, DC 20503

The Honorable Dr. Benjamin S. Carson, Sr.
Secretary
U.S. Department of Housing and
Urban Development
451 7th Street SW
Washington, DC 20410

Dear Secretary Mnuchin, Administrator Carranza, Acting Director Vought, and Secretary Carson:

We write today to request your assistance with two technical issues related to the implementation of the CARES Act to address issues specifically impacting the affordable housing industry during the 2019 novel coronavirus (COVID-19) national emergency.

We appreciate the efforts of the Department of the Treasury and the Small Business Administration (SBA) to ensure that the American economy and small businesses have the necessary resources to weather this unprecedented time. In this time of economic difficulty, it is important that we support affordable housing providers and their lenders and servicers to ensure that America's most vulnerable – including families and seniors – maintain adequate housing during this crisis, particularly as we ask citizens to stay at home to prevent further spread of the coronavirus.

Our concerns arise because more than 10 million Americans have become unemployed over the past few weeks, many of whom were hourly workers living in affordable housing communities, and who may now be unable to pay rent. As a result of this, many affordable housing providers will be unable to pay operating expenses, including the salaries of community managers and maintenance personnel necessary to the safety and security of these properties. These same housing providers will likely be unable to make mortgage payments.

Because property management is a labor-intensive business, many affordable housing companies have over 500 employees and are ineligible for the SBA's Paycheck Protection Program (PPP) loan but need immediate access to funds to keep essential employees in place. The CARES Act excluded from the 500-employee limit "Any business concern that employs not more than 500

employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.”

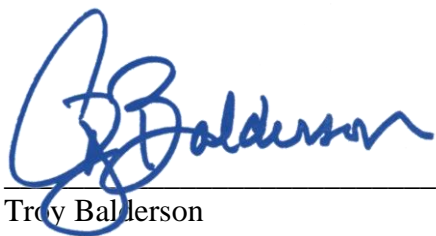
We ask that similar relief be afforded to affordable housing companies through a regulatory solution. Specifically, we ask that the OMB create a sub-code under Sector 53, Subsector 531, with a NAICS code of 531410 entitled “Affordable Housing Providers” that provides for a size standard of 1250 employees. We believe this change would make affordable housing companies eligible for the PPP loan.

Additionally, Section 4024 of the CARES Act provides that no resident of an affordable housing community may be evicted for 120 days. Section 4023 provides that borrowers under federally-assisted mortgages may request up to 90 days of forbearance on payments. The CARES Act does not state what happens after the forbearance period ends, nor does it provide any support for the holders of the mortgages subject to forbearance, causing many of them to insist that they receive payments notwithstanding the CARES Act, or that payments be “caught up” immediately upon the conclusion of the forbearance period.

Servicers and lenders to affordable housing properties need relief, which in turn will provide relief to owners, managers, and residents. We ask that affordable housing lenders and servicers be eligible to receive a zero percent interest loan from the Federal Reserve. The funds should come from the \$454 billion authorized by Section 4003 of the CARES Act; the loans should be sized in the amount necessary to compensate these lenders and servicers for payments not made during the forbearance period. The payments not made by borrowers during the forbearance period would be due, without penalty or additional interest, to the lender at maturity of the loan and would be repaid to the Federal Reserve at that time.

Thank you for your consideration of this potential relief for America’s most housing-vulnerable and those that provide them shelter. If you have any questions, please do not hesitate to reach out to Congressman Balderson’s staff.

Sincerely,



Troy Balderson
Member of Congress



Bob Gibbs
Member of Congress

Signed by the following Members of the House of Representatives:

Steve Stivers
Michael R. Turner
Anthony Gonzalez
David P. Joyce