

House Financial Services Subcommittee on Housing, Community Development, and Insurance Holds Hearing on Renter Issues

LIST OF PANEL MEMBERS AND WITNESSES

CLAY:

Okay. The subcommittee will come to order. And without objection, the chair is authorized to declare a recess of the subcommittee at any time. Without objection, members of the full committee not on the subcommittee are authorized to participate in today's hearing.

Members are reminded to keep their video function on--on at all times, even when they are not recognized by the chair. Members are also reminded that they are responsible for muting and unmuting themselves and to mute themselves after they have finished speaking. Consistent with regulations accompanying HRes 965, staff was fully mute members and witnesses as appropriate when not recognized to avoid inadvertent background noise like I'm hearing now. Members are reminded that all (INAUDIBLE) relating to order and decorum apply to this remote hearing. This hearing is entitled, "The Rent is Still Due: America's Renters, COVID-19, and Unprecedented Eviction Crisis."

And I now recognize myself for four minutes for an opening statement.

Welcome to all of you for our first virtual hearing of House during this very challenging and difficult time for renters, homeowners, landlords, and for our housing market as a whole. At today's hearing, we will focus our attention on how the COVID-19 pandemic is impacting our rental market.

The harmful effects of this patch endemic on physical and mental health, financial stability, and overall way of being can be even more devastating when you are unable to pay your rent. When everyone is being told to stay inside to avoid getting sick, now is one of the worst times for families to lose their homes to eviction. Families who experience evictions are likely to experience greater poverty and a host of other negative outcomes that make it harder for their family to get back on their feet. Especially during a time when our country faces a growing economic crisis.

In worst cases, these families may fall into homelessness. But let's be clear, many low-income families were already struggling to pay their housing costs pre-pandemic. As Ms. Oliva points out in her testimony, even before the pandemic 23 million people in 10.7 million low-income, household pay more than half their income in rent and rents across the country had become increasingly unaffordable. Many of these people work in jobs that do not allow them the flexibility--flexibility to save and stash reserves away for a rainy day because as many can attest, it always seems to be raining down on them, and COVID-19 has become an unrelenting storm.

We also know that the economic effects of COVID-19 pandemic are disproportionately being felt by people of color. In the month of April, Latinx unemployment was over 18 percent and black unemployment was over 16 percent. While the Census Bureau reports that Latinx and black households are struggling to pay rent at higher rates than white households. Congress acted quickly in March to pass the CARES Act. That included language from a bill that I introduced which provided mortgage forbearance, including for multifamily and single-family rental property owners but there's much more that needs to be done.

The Urban Institute estimates that as this pandemic goes on, up to 17.6 million renter households could need rental assistance at a cost of \$96 billion for six months to be able to remain in their home. To further respond to the crisis, the House passed the HEROES Act which includes \$100 billion for emergency rental assistance increase protections against evictions and other housing resources to support HUD and USDA programs.

The House has acted and now the Senate must get to work. I call on my Senate colleagues to pass this bill to bring much-needed relief to families across the country, including struggling renters.

Thank you. And I look forward to hearing the testimony of our witnesses today.

And I now recognize the ranking member for four--four minutes for an opening statement.

STIVERS:

Thank you--thank you, Chairman Clay. I appreciate you holding this hearing. I apologize for the video but I'm in the rural part of my district on a cell phone today and--and still able to be in on the hearing and I appreciate that.

Obviously, today's hearing will evaluate the impact of COVID-19 on America's housing security, which is an extremely important topic and the--it's important to focus on it. Time and time again, our committee has highlighted the link between housing security and outcomes of health, education, and career prospects. So at a time with such economic volatility, it's right to focus on this topic.

And as I mentioned, during a recent virtual roundtable, Congress has taken extraordinary steps to deal with the unprecedented public health crisis and its impact on our economy. The \$2 trillion spending in the CARES Act combined with trillions from the Federal Reserve would have been unthinkable sums at the start of 2020. But there's been bipartisan consensus on those items because of the severity of the problem. The CARES Act and its implementation have not been perfect. But with respect to housing security, it's clear that the law's forbearance provisions combined with extended unemployment insurance programs have helped sustain individuals through the last few very difficult months.

Now all 50 states have begun to reopen their economies and the Bureau of Labor Statistics reported that in May, the economy added 2.5 million jobs but unemployment remains unacceptably high. So we find ourselves in a rapidly evolving situation and Congress and the administration must evolve our response to meet those demands. I'm keeping an open mind about what that response should look like.

But it's clear, we should focus on the formula worked in the CARES Act. Namely, we need to focus number one on real problems that are demonstrated by the best and most appropriate data. Number two, it should not be previous policy goals by Republicans or Democrats that predate the pandemic but should be a response. Number three, it should truly help the housing and rental markets, not harm them through unintended consequences. And number four, it should be bipartisan.

You know, I know that the Democrat memo points to an alarming statistic from ApartmentList.com on payments of rents from renters but the National Multifamily Housing Council Data suggests significantly higher payment rates. And so I think we need to keep all that in mind and try to sort out the facts. New forbearance requests have--have slowed. That's good news. And I'm grateful to hear from our witnesses today and look forward to working together on underlying problems.

Finally, I've enjoyed the discussions with Chairman Clay on the need to address racial disparities in homeownership. I think that's something that is in jurisdiction of our committee that we should be looking at. But there have been items that are outside the jurisdiction of most of our committee, that mostly in the judiciary committee that we can't turn a blind eye to, including the injustice that occurred in Minneapolis. George Floyd should still be alive today. So should countless other African Americans. And I think we need to work together regardless of the fact that this is mostly in the jurisdiction of the Judiciary Committee to root out injustice wherever we find it.

Thank you. I look forward to working with Republicans and Democrats on these important issues. And I look forward to hearing from our witnesses today. Thanks for holding this hearing, Mr. Chairman.

CLAY:

And thank you, Mr. Stivers. And--and thank you for your encouraging words to and I look forward to working with you also to tackle these issues as they come before this committee and before Congress.

At this time, I recognize the chairperson of the full committee, the gentlewoman from California, for one minute, Ms. Waters.

WATERS:

Good afternoon, and thank you, Chairman Clay.

UNKNOWN:

(INAUDIBLE)

WATERS:

Once again, we're already dealing with the rental crisis long before the pandemic and this pandemic has only made matters worse, with black and Latinx renters bearing the brunt of the pain. According to the Turner center, black and Latinx renters are over-represented among the renter population that are expected to be financially impacted by COVID-19, making up 28 percent and 18 percent respectively, even though they only comprise 18 percent and 12 percent of the US population. While the CARES Act included an eviction moratorium that covers some renters, it provided no rental assistance for people struggling to pay their rent during the pandemic. So I'm pleased that the HEROES Act includes a proposal by Mr. Hackett and myself to provide \$100 billion for emergency rental assistance. And so I'm looking forward to hearing from our witnesses today about the dire need for rent relief and the importance of keeping everyone stably housed during and after this crisis.

Thank you so very much. And I yield back.

CLAY:

The gentlewoman yields back. And thank you, Madam Chair, for your steadfast leadership on the issue--in this area on housing and how we make people secure in their housing. And I appreciate the--the working relationship that we have.

Today we welcome the testimony of Cashauna Hill, executive director of Louisiana Fair Housing Action Center, Mike Kingsella, executive director Up for Growth, Ann Oliva visiting senior fellow Center on Budget and Policy Priorities, Jenny Schuetz, fellow the Brookings Institution. Witnesses are reminded that your oral testimony will be limited to five minutes. A chime will go off at the end of your time and I ask that you respect the members and other witnesses' time by wrapping up your testimony. Without objection, your written statement will be made part of the record.

And now, Ms.--Ms. Hill, you are recognized for five minutes to give an oral presentation of your testimony.

HILL:

Thank you and good afternoon to you all. My name is Cashauna Hill and I serve as executive director of the Louisiana Fair Housing Action Center known as LFHAC. I want to thank Committee Chair Waters and Subcommittee Chair Clay for the opportunity to address the subcommittee today. I would also like to thank Ranking Member McHenry, subcommittee Ranking Member Stivers, and all members of the subcommittee for welcoming all of the witnesses here.

The Louisiana Fair Housing Action Center was established in 1995 to eradicate housing discrimination and segregation. We are based in New Orleans and serve all of Louisiana as the only full-service fair housing advocacy group in the state. Our work includes work across four programmatic areas, education and outreach services, foreclosure prevention, counseling, free legal representation to people who have experienced housing discrimination, and policy advocacy at the state and local levels.

Fifty-two years after the passage of the Federal Fair Housing Act, we know that housing discrimination in the United States remains a divisive force that perpetuates poverty and segregation and limits access to opportunity. The work of the Louisiana Fair Housing Action Center is dedicated to eradicating the scourge and to addressing the legacy of discriminatory housing policies that continue to feed on just outcomes across the country.

In Louisiana, we, unfortunately have a lot of experience recovering from disasters, whether from hurricanes Katrina and Rita that devastated South Louisiana in 2005, the following levee breaches, or the great flood of 2016 in the Baton Rouge area, we know that in all of their destruction and tragedy, disasters are often an opportunity to imagine a different future. It is imperative that we take the chance now to deploy the resources needed to write past wrongs that made so many members of our community vulnerable to COVID-19 in the first place.

I want to illustrate the challenges that we currently face through the story of Danielle Seymour (SP). Ms. Seymour was working three jobs when the pandemic hit in March. Her jobs at a local basketball arena, waiting tables on Bourbon Street, and helping to run a Tulane University cafeteria all disappeared when within the same week as New Orleanians sheltered in place to slow the Coronavirus. At the time, Ms. Seymour was staying in an extended-stay hotel as she waited for an inspection on a rental home. Despite a local eviction moratorium, the proprietor hired a security guard to cut off door locks and barge into rooms with a gun drawn. It was likely only the swift work of local legal-aid attorneys that kept the situation from deteriorating further.

I wish means Ms. Seymour's story was an outlier. But nearly half of all renters in Louisiana were paying more than they could afford on rent and utilities before COVID-19. As is true across the country, the effects of COVID-19 have fallen disproportionately on Louisiana's low-income and black households. In New Orleans, many of the census tracts with the highest COVID-19 per capita rates correlate with majority-black neighborhoods that have seen also the highest eviction rates.

Without additional federal assistance, we expect the reopening of eviction courts throughout the state to only deepen this disparity. Short of rent and mortgage cancellation, Louisiana renters and landlords desperately need a massive rental assistance program, like the \$100 billion set aside for rental assistance in the HEROES Act. Another crucial element of the HEROES Act is the extension of the CARES Act eviction moratorium to cover all renters. The CARES Act moratorium was an important step in the right direction but has proved incredibly difficult to implement at the local level and leaves far too many renters out.

Because the last four digits of a landlord's social security number are often required to look up a mortgage, most renters in Louisiana won't have any way to determine whether they're covered under the CARES Act. And it has already proven very difficult to plan for enforcement of the act and to educate the public about it. The courts decide to do the right thing and not require tenants to provide information that those tenants will likely not have access to were left with courts themselves doing research on each property where an eviction is vital to ensure that the property is not federally subsidized or subject to a federally backed mortgage.

In Louisiana, however, most jurisdictions handle evictions in justice of the peace courts, which are woefully unprepared to handle this level of engagement. Justices of the peace are often non-lawyers, they have few, if any staff and in some communities it is common for court to be held in the justice of the pieces garage, living room, or kitchen.

I return now to a point that I opened with that if we do not address racial and other disparities early in our disaster recovery efforts, we are destined to amplify them. Black homeownership in New Orleans previously on the rise has declined since Katrina. Segregation in the city has increased since the storm and African Americans have been displaced from communities on high ground that are less susceptible to flooding to communities that are farther-flung from jobs and social support systems.

As we continue a long-overdue national conversation about racism in America, I offer that we sit at a similar decision point in history as we did just before the Fair Housing Act was passed in 1968. Fair Housing advocates across the country understand that providing a just path forward is necessary. I thank you for the opportunity to testify (AUDIO GAP)

CLAY:

Yeah, I'm sorry, I have to get this mute down. But thank you for your testimony. And now we recognize Michael Kingsella for five minutes.

KINGSSELLA:

Chairman Clay, Ranking Member Stivers, and esteemed members of the subcommittee, thank you for inviting me to provide testimony at this important hearing. My (INAUDIBLE) background, Up for Growth Action is a national legislative advocacy campaign focused on eliminating structural barriers to housing.

The COVID-19 crisis has rapidly exposed the fragility of critical systems and infrastructure in our country and the housing ecosystem is no exception. A failure to address the looming rent crisis will have dire consequences for millions of Americans and for a housing ecosystem that underpins our economy. It was already under strain from a severe shortage of homes. We believe emergency rental assistance is the most important and urgent action Congress can take. It is essential to ensuring housing stability for the millions of Americans impacted by COVID-19 and essential for the housing providers who rely on these payments.

We commend the committee for its work thus far, in particular, ensuring emergency rental assistance included in the House-passed HEROES Act. I hope my testimony will provide perspective as to why these measures and others are needed now more than ever.

To fully understand the rent associated challenges on the immediate horizon, we need to understand the severity of the existing housing crisis. The numbers are grim. The country is at least 7.3 million homes short of where we need to be with deficits in every region and the needs spans all demographics and geographies. Nearly half of American-renter households are cost-burdened, spending 30 percent or more of their income on rent. Extremely low-income renters fare worse with 71 percent of those folks making below 30 percent of AMI paying more than half of their gross income on rent. And African American and Hispanic renter households are much more likely to be cost-burdened than their white neighbors.

Decades of flawed housing policy led to more land being used for less housing. And the people in those homes having to travel longer distances to find gainful employment. Our spatial mismatch in housing is a \$1.6 trillion drag on the economy causing the federal government to forego hundreds of billions of dollars in tax revenue. And COVID-19 has further destabilized an already struggling housing market. Fifty million people are living in renter households where at least one person works in an industry most likely to be affected by COVID-19 related layoffs. In many of these households were already cost-burdened. You cannot absorb any sudden loss of income.

It is vital that these families continue to stay in their homes. Rent is the cornerstone of the housing ecosystem, buttressing property investors both large and small. The housing sector contributes upwards of 18 percent of U.S. GDP, 17 million jobs are tied to the rental housing industry. Stable and durable, rent payments sustain the financial system. And if the system is interrupted, it will virtually eliminate the capital necessary for more housing to be built. State and local coffers are nearing their breaking point and cannot stop--cannot sustain a drop in tax revenue resulting from a drop in rent payments. Emergency rental assistance is vital for millions of Americans struggling to pay rent. While expanded unemployment insurance benefits, one-time stimulus payments, and limited rent moratoria were necessary first steps they are by design not equipped to address the longer-term problem.

And that's why Up for Growth Action supports the Emergency Rental Assistance and Rental Market Stabilization Act introduced by Chairwoman Waters and Representative Heck. And we were pleased that this legislation and its \$100 billion appropriation was included in the HEROES Act. The bill (INAUDIBLE) meets the principles set forth by a broad coalition of advocates, industry, and consumer groups. And though the focus of today's hearing is on the immediate rent crisis, I urge the committee to use the opportunity to advance solutions needed to solve the underlying housing crisis driven in large part by a severe shortage of homes.

I outlined several proposals in my written testimony including Chairwoman Waters's Housing and Infrastructure Act and Representative Heck's bipartisan Yes in My Backyard Act. Both have been reported favorably by this committee.

COVID-19 exposes weaknesses across every system and I hope policymakers will act now so that we can create a more just and equitable housing ecosystem. Thank you for hosting this important hearing and for your work on housing affordability. I look forward to answering your questions.

CLAY:

Thank you, Mr. Kingsella, and now we go to Ann Oliva visiting senior fellow, Center and Budget--Budget--on Budget and Policy Priorities. Ms. Oliva.

OLIVA:

Chairwoman Waters, Mr. Chairman, Ranking Member Stivers, members of the subcommittee, my name is Anne Oliva. I'm a visiting senior fellow at the Center on Budget and Policy Priorities. Thank you for the opportunity to testify today on this important topic.

I want to begin by acknowledging the events of recent weeks and the systemic racism that led to the deaths of George Floyd, Breonna Taylor, Ahmad Arbery, and many other black Americans because it relates to the topic that we're discussing today. As a nation, we must pursue racial justice and equity and housing justice must be part of the discussion because systemic racism also results in homelessness, housing instability, and the disproportionate impact of COVID-19 on communities of color.

The data is clear, black people are dying of COVID-19 at 2.4 times the rate of white people. Unemployment in May was still very high overall but fell among white workers and kept rising among black and Latinx workers. Black people account for 40 percent of those experiencing homelessness but only 13 percent of the overall population and Latinx people account for 22 percent of those experiencing homelessness but only 18 percent of the population. If our response to the current health and economic crises follows the same policy script of the past, we will do too little to stop a spike in evictions and homelessness. And black, Latinx, and American Indian-Alaskan Native communities will suffer the most.

So first let's talk about the public health impact. COVID-19 shows that housing is a form of health care. People in doubled-up or congregate situations, people released from jail without a place to go, people living on the street cannot socially distance or follow other public health guidance. Many of them are older or have disabilities or underlying health conditions that make them more susceptible to getting sick. From a public health perspective, emergency rental assistance will be key in helping people in particularly vulnerable situations get into safe housing.

Now let's talk about the economic impact. Even before the pandemic, too many households were paying too much of their income in rent, making it harder for them to bounce back after a job loss or a cut in income. And experts expect that the economic downturn will haunt us for some time. The CBO estimates that unemployment will be 8.6 percent at the end of 2021, which is far more than double the pre-crisis level. And history shows us the labor market can remain weak far longer for black workers than white workers. So many black households will struggle longer with low or no earnings.

If additional rental assistance isn't made available, communities across the country will struggle to address the impact of COVID-19. The heroic efforts to safely shelter thousands of vulnerable people at risk of COVID-19 will be squandered if people wind up back on the street because they can't get rental assistance to transition to more permanent solutions. Large numbers of unsheltered people who want to come inside will continue to be criminalized and underserved. If growing numbers of households can't pay rent, we might see a wave of evictions once the moratoriums on evictions, and some households will pay rent but stop paying other bills like utilities, which will put them at high risk of losing their housing in the future.

These indicators of--of what might come highlight an important point, COVID-19 has created a perfect storm of problems that will weaken communities and widen disparities with long-lasting effect unless flexible rental assistance is available. The HEROES Act includes short, medium, and longer-term rental assistance options that communities need to form a comprehensive COVID-19 response to a variety of demands and that benefit both households and landlords who own rental stock.

In 2009, I led the design and implementation of the Homelessness Prevention and Rapid Rehousing Program that served over 1.3 million people during the Great Recession and is the closest model we have to what we need now. Given what we've learned since HPRP's implementation, a new emergency rental assistance program should incorporate several key elements.

Communities should use--must use a racial equity--a racial justice and equity approach in their programs. They should end homelessness for as many people as possible. Communities should focus on homelessness prevention and remove barriers that prevent historically marginalized populations and other people from accessing these funds. They should work with non-traditional partners that can reach into highly affected neighborhoods and areas and recipients should work closely with landlords and implementing their programs.

HPRP showed us that funding for emergency purposes can have both immediate benefits in addressing the crisis and long-term benefits by leveraging funding and innovation to achieve systemic change. Thank you again for the opportunity to testify. Happy to take any questions.

CLAY:

Thank you so much for your testimony, Ms. Oliva. And now we recognize Jenny Schuetz, fellow, The Brookings Institution.

SCHUETZ:

Chairwoman Waters, Chairman Clay, Ranking Member Stivers, and members of the subcommittee, thank you for the opportunity to testify today. It's an honor to be here virtually before you. I'm grateful for your continued leadership and attention to the critical issue of housing insecurity.

My comments today will focus on the broader context of the current rental housing crisis and policy tools available to Congress. It is vital to understand that housing insecurity was a widespread problem among low-income renters well before the COVID-19 pandemic. Even before the current crisis, more than 10 million households spent over half their income on rent. When families devote too much of their budget to housing, they may not be able to pay for food, health care, or other necessities. Any loss of income will leave them unable to pay rent, increasing the risk of displacement.

Low-income black and Latino workers have been hit particularly hard by the current recession. Households earning less than \$40,000 per year have experienced higher rates of job loss. Black and Latino workers are more likely to hold essential workforce jobs that cannot be carried out remotely. Further, the precarious situation of low-income renters today reflects past policy choices by federal, state, and local governments. Federal rental assistance is not an entitlement unlike food stamps or Medicaid. Roughly one in four eligible renters receive any federal housing subsidies. Overly-strict state and local regulations, such as zoning bans on apartments contribute to the high cost and limited availability of rental housing.

Compared to its role overseeing mortgage markets, the federal government plays a relatively small role in regulating rental housing. State governments set most of the parameters per landlord-tenant laws, leading to wide variation across states in renter protections. The current patchwork of temporary eviction moratoriums is a predictable outcome of rental market regulations adopted at the state and local level. Additionally, it is important to underscore that temporary eviction moratoriums are not a long-term solution to housing insecurity. Allowing renters to suspend rent payments for a few months can relieve financial pressure in the short term. However, families who cannot afford one month of rent now will face even greater difficulty paying several months of overdue rent when the moratorium ends.

Halting rent payments can have harmful ripple effects throughout local economies. Landlords rely on rent checks to pay their mortgages, insurance, utilities, and property taxes to local governments. Rent checks paid the wages of other workers, such as maintenance and housekeeping staff. Interrupting cash flows will inflict the most harm on small-scale, non-professional property owners. Many of these landlords operate on thin margins, so the delay or loss of rent payments may force them to sell their properties.

Congress can address renters' housing stability in the short run for three channels. First, and most importantly, renters who have lost income due to the pandemic need direct financial assistance. The most recent jobs' report suggests that the economic recovery may be uneven. Workers in heavily affected industries or geographic areas may require ongoing support even as the overall labor market improves. Second, local governments will have to process an unusually high volume of eviction cases once temporary moratoria end. Additional resources would allow them to manage these cases more equitably. Third, targeted grants or low-interest loans to property owners would help preserve the physical condition and financial viability of existing affordable housing.

These three channels can help renters and property owners survive the immediate crisis. Reducing long-term housing insecurity among low-income renters will require either increased funding or restructuring existing housing subsidy programs. The federal government should also work with state and local governments to reform land-use regulations that make it difficult and expensive to build rental housing.

Thank you for the opportunity to testify virtually today and for your continued leadership on this important issue. I look forward to answering your questions.

CLAY:

And thank you so much, Ms. Schuetz. I thank all of the witnesses for your testimony.

I'll start my question off with Ms. Hill. Many renters who have lost income due to the COVID-19 crisis and turned to credit cards to pay for their rent, even among renters who have made their rent payments on time. There has been a concerning trend of increasingly relying on credit cards to do so.

Zico, a digital rent payment platform reported a 30 percent increase in tenants using credit cards to pay rent in April, compared to the month prior. While paying rent with a credit card may help renters avoid eviction in the short term, it could lead to them facing high-interest rates and deeper debt that could impact your credit in the long-term. Research has shown that people of color are more likely to struggle with credit and visibility and lower credit score.

What other adverse financial effects might tenants face if they resort to paying for their rent with a credit card? And can you speak to the additional interest and associated costs renters might incur while doing so?

HILL:

Yes, thank you for that question.

You know, in Louisiana, we deal with a very large population of our community that is significantly underbanked. Oftentimes, folks may not have access to traditional lines of credit or to a bank account. And all of these issues are further exacerbating the impact of COVID-19 on their ability to--to pay rent.

So we are working in communities with many people who have lost jobs and income because they stay at home as we were all directed to do in order to protect themselves and everyone else. So we do have some concern about this scenario that you've raised. When that option is available for people, we know that oftentimes for people who are very low income or for our African American and Latinx community members, they are subjected to some of these predatory interest rates when it comes to credit cards or credit in order to pay rent. And so the concern that we have is really that these effects would snowball, that they would use these alternative methods to pay rent, and then that high-interest vehicle just becomes a vehicle for more debt to incur. And at that point, people are then more likely to lose their homes.

We actually through our foreclosure prevention work, work with homeowners who are having difficulty paying their mortgages and I would say that the number one threat that we see amongst those folks who come to us for those foreclosure prevention counseling services, is some sort of high-interest debt that they took on in order to help them in the short-term meet those mortgage payments. And then what we know is that those payments lead to the debt spiraling out of control. So there--there is a very real risk of people being forced into homelessness because they are having to find alternative methods to cover their rent costs.

CLAY:

It just sounds like a spiraling effect of getting deeper and deeper into debt. Thank you for that.

Let me go to Ms. Oliva. In my hometown of St. Louis, Missouri and across America has already experienced--was already experiencing a rental affordability crisis before the pandemic with a national shortage of 7 million apartments that are affordable and available to extremely low-income renters. Some of the hardest hit. renter households are low-income and likely had little savings, even before the pandemic since rental costs ate up most of their paychecks. Low-income households are also more likely to work in industries where job losses related to the pandemic have been particularly severe.

Considering this crisis, what were the long-term impact be for renters, Ms. Oliva?

OLIVA:

Thank you so much, sir, for that question.

You know, in my written testimony, you'll see that--that we provide quite a bit of data around housing instability and homelessness. And what we really are concerned about is a large inflow of people into the homeless services system that is already overburdened and can't serve all the people who already need housing and services through that system. We know that most people who are experiencing homelessness are at that extremely low-income level at zero to 30 percent of area median income.

So you can see that--that through my testimony, we're suggesting that we're quite deliberate and you all were actually also quite deliberate in the design of the Emergency Rental Assistance Program for good reason because we wanted to make sure that people in the worst situations are--or who are most likely to come homeless are prioritized for--for assistance. And--and that we are stopping eviction for all the people that we can stop evictions for because even if those families don't become homeless, you can see through Matthew Desmond (SP) and other people's research that eviction leads to long-term housing instability, and like you said, a sort of spiraling effect over the long-term.

So if we do nothing now, we will see increased homelessness and increased housing instability that we will have to deal with down the road.

CLAY:

Thank you so much for that response. My time has expired and I now recognize the distinguished Ranking Member for five minutes, Mr. Stivers.

STIVERS:

Thank you, Mr. Chairman. Again, appreciate you holding this hearing.

My first question is for Dr. Schuetz. Can you explain what the current data is saying about how renters have been impacted by COVID-19?

SCHUETZ:

Yes, thank you. We have partial data on how renters are responding to this. So the--the most widely cited survey is by the National Multifamily Housing Council. They've been reporting information that is provided from relatively large apartment owners through the software companies that process their rent. So for the set of apartments

that fall into their sample, 80 percent of households were able to make at least a partial rent payment as of the beginning of June. So we've seen pretty consistently 70 to 80 percent of households making some payment.

There are a couple of things to keep in mind with that. The smaller properties that are run by non-professional owners are not represented in that because they don't use these software companies to report. The other thing that we've noticed is that more people are making payments over the course of the month so often people can't pay at the beginning of the month and they're paying maybe a month or two late. In particular, we saw this in the first month because people were waiting to get their stimulus checks and they expanded unemployment insurance. But most renters are still making payments.

STIVERS:

Thank you, Dr. Schuetz. Given our admitted blind spots on that policy, how effective do you believe HUD would be in administering a national rental assistance program?

SCHUETZ:

I think the question is whether rental assistance is going to be provided through existing mechanisms. So in the short run, it's easier to put more funding into an existing program that already has an administrative infrastructure. So continuing to send out checks to people who get it. You know, the harder thing is likely to start up something new to the extent that we have to reach out to landlords who haven't worked with HUD or providing it through some sort of a different mechanism.

Getting a new program up and running in a crisis situation is harder. So using existing mechanisms is easiest. And economists always say if we can give people cash we prefer to because cash is fungible. And so--you know, replacing income lost by direct payments to households is likely to be the most effective.

STIVERS:

Thank you. That leads into my next question, Doctor Schuetz. Is there anything in the CARES Act which allowed renters to help make their payments and what was most effective? And second, are there any troubling signs out there that might cause the rental crisis to become more serious in any of the data you've seen?

SCHUETZ:

So we--we have only kind of indirect evidence on how households are able to continue making payments. But this trend of people picking up their payments as the stimulus checks and unemployment insurance rolled out, suggests that those have actually been very effective ways and helping people stay current. So households who are receiving financial assistance that's really helped stabilize them to a greater extent than we expected.

I would say the worry is that when that money runs out, so the stimulus was a one time check. The expanded unemployment insurance has a timeline. There is a concern that when those run out that households are likely to be in trouble if they have not gone back to work. Of course, the uncertainty is we don't know when the larger labor market recovers, how many of those people will be able to go back to work? Will be able to resume their full number of hours? So, obviously, the point of this is to provide enough assistance to bridge people until the larger economy recovers. We simply don't know when that's going to happen.

STIVERS:

Thank you one last question because you talked about land-use policy. Are there things that you would recommend that on land-use policy that Congress could do that would make apartments more affordable because those things are driving up rents?

SCHUETZ:

This is a longer-term issue. But yes, the federal government should be thinking about how it can incentivize local governments to allow more housing, particularly close to jobs and transportation centers. And in particular, most local land-use is heavily prejudiced against apartments, multifamily buildings that aren't the majority of rental housing. Encouraging local governments to make it easier to build rental housing will bring down the cost and make it possible for more people to find places to live, that's not necessarily a quick fix. But as Mr. Kingsella said, if we want to have a more functioning housing market in the long run, at some point we have to deal with these supply constraints.

STIVERS:

Thank you. And--you know, I think it's important to say that we are all committed, both sides of the aisle, to racial justice and--and equality. And so I know we have a lot of work to do in housing and housing policy. I look forward to working with Chairman Clay going forward and the Democrats and Republicans on those issues.

I yield back, Mr. Chairman.

CLAY:

Thank you. The gentleman from Ohio yields back. I now recognize the chairwoman of the full Financial Services Committee, Ms. Waters, for five minutes.

WATERS:

Thank you very much, Mr. Clay.

I'd like to direct a question to Jennifer Schuetz. I'm really pleased that you testified today extensively about smaller landlords. I've been worried about these landlords who are basically mom and pop. And you testified that they own nearly half of all rental units, 22.7 million units. And then you contrasted that and it's estimated that fewer than 1 million business entity landlords own a little over half of the rental units in the United States.

So these smaller landlords you say are more likely to have renters who are unable to pay the rent due to the pandemic. I'm worried that even with the HEROES Act, if we're successful, and I think we can be, in getting to \$100 billion that we have been working on, I don't know how long it's going to take to get the system up by which we could get that rental assistance to the landlords to benefit those renters.

So what do you think will happen if it takes three months to get the system's going up, particularly in some of the states that have may--have more difficulty identifying which entity of government will be responsible for doing the implementation of the landlord--of the assistance that we are directing toward that landlords? And what will these small mom and pops do if they have to wait another three or four months before they can get their--their--their rental payments?

SCHUETZ:

Thank you for that question.

Small mom and pop landlords are unquestionably going to be the most impacted. Many of them own small properties a single-family house or a two to four-family house. And so having one tenant in say a two-family house who can't pay rent means that half of the income for that property is gone. And that's obviously makes it very difficult to pay all of the other payments down the line.

We know that a lot of the small mom and pop landlords do have mortgages. Some of them may be federally-backed mortgages, in which case they have up to a year to--to forbear on the mortgage payment. But many of the owners of the small rental properties do not have federally backed mortgages and so the mortgage payment is still due. In addition to that, property taxes are often a fairly substantial expense, as well as local governments are facing very difficult budget constraints at the moment so any--any fallback in property taxes are going to hurt local government's ability to pay for essential public services.

We don't know entirely what's likely to happen but we suspect that many of the smaller landlords may be forced to sell their property if they don't have income coming in. Three months to forego your mortgage payment is enough to get you in trouble. And so there--there may actually be a number of these small properties that wind up going on the market. That's potentially a threat to the existing affordable housing stock. Many of these are relatively low-rent properties. If they get bought either by homeowners who take them out of the rental stock or by investors who choose to raise the rent, this could be a permanent loss for long-term affordable housing.

WATERS:

So do you think that perhaps even with three or four months waiting to rent or to get back rental payments, that there would be a lot of the evictions where the small landlords could get desperate and say, "I can't go along with this any longer. I know you people are saying that you're going to--you know, get the assistance to us but I just can't wait any longer. It hasn't happened." Do you think there'll be a whole rash of the evictions?

SCHUETZ:

My understanding is that local governments are expecting to have a lot of eviction filings when the moratorium ends. Many of those are delayed at the moment, in part because the court systems are shut down. So they're simply not processing cases that have been filed. But it is quite possible that a number of landlords start eviction proceedings. The other threat is if the landlord has to sell the building because they can't make the payments, then the new owner of the building may also move forward. So it's definitely a possibility.

WATERS:

Well, I'm really worried about the small landlords. And we're working very hard to try and ensure that we have the kind of implementation of the \$100 billion so that the landlords and the renters don't have to wait too long because I'm worried that if they all have to wait too long, not only will we have landlords, who will evict them, or as you said, have to sell their properties but we think that it will cause a lot of action on the street with a lot of unhappy people out there that they're not able to keep their rental units and that they're being evicted.

SCHUETZ:

Yes--

WATERS:

--I yield back--

SCHUETZ:

--there's certainly potential.

WATERS:

Thank you and I yield back the balance of my time,

CLAY:

And the chairwoman yields back. I now recognize the gentleman from Florida, Mr. Posey. Five minutes.

POSEY:

Thank you very much, Mr. Chairman and Mr. Ranking Member. I appreciate both of you, bringing the challenges our renters face in the midst of this pandemic that we're enduring now.

As we move forward, I think we should consider the best way to address this hardship and to do it consistent with principles and approaches that we've been providing assistance in other areas successfully. The Paycheck Protection Program is a good model that it used and exists it--as much as it used existing programs provide temporary relief in a timely way to respond to the crisis. We should refrain from the temptation to enact broad expansions of existing problems or--or even new programs to respond to the crisis.

General program expansions and new programs should be subject to regular order, I believe, and not emergency legislation. I believe that this kind of economic crisis calls for us to be compassionate about the ability of our families to meet their rent. And with those principles in mind, I believe we might work together to provide a timely rental assistance through the Section 8 program. A limited and--and temporary program expansion that is means-tested on the basis of an individual or family's ability to pay within the window of the COVID-19 crisis.

This allows a direct grant to the disadvantaged renter to pay his rent in place within the home he currently occupies. Such assistance should be limited obviously to the time period of the crisis and be subject to expedited application and approval process.

My question to the panel is whether you think the idea that I just described would address the challenges that the renters face in the current pandemic?

OLIVA:

I'm happy to start, and my fellow panelists can--can come in behind me.

I would say, as I mentioned in my testimony, we think that it's really important to have a comprehensive approach here to address short, medium, and longer-term needs. Depending on the specific circumstances of--of various households and families. We know that some folks, as was mentioned earlier, will be continuing to pay the rent by--or not paying utilities by using credit cards and not paying utilities. So we have folks who are in domestic violence situations, there's--there's a lot of different situations that we need to contemplate.

So I would suggest that we are looking at this as a package that includes a substantial emergency rental assistance component, in addition to additional vouchers for folks who need longer-term assistance and that can't--that can't stabilize with only short or medium-term assistance.

KINGSSELLA:

I would also add that in terms of the--the individuals who require rental assistance in connection with the pandemic, pandemic containment efforts, economic impacts. You know, we're looking at a number of individuals that--that are in the thing called missing middle of affordability, the 80 percent AMI to 120 percent AMI range. And I believe that we've seen that individuals in that bucket have been impacted directly by COVID and have been either put on furlough or have been terminated--you know, as a result of layoffs.

And so one of the elements that the Emergency Rental System structure provides states is the ability to scale that resource up to individuals who aren't--aren't typically covered under the current Section 8 program.

Congressman Posey, I--I would point you to a May 4, 2020 letter signed by 43 industry organizations, consumer groups, and--and housing advocates that lay out the principles of a successful rental assistance program in response to COVID. And I would--I would--I would venture to say that the Emergency Rental Assistance Act is a vehicle that is moving, that is included in the HEROES Act leverages an existing program. But to the extent that expansion of Section 8 or HOME or other programs get to the same outcome. I think you would find that a number of stakeholders would support that approach. I think--you know, the essence of the advocacy is that the community gets out (INAUDIBLE)

Thank you.

POSEY:

Mr. Chairman, I'll yield back my time.

CLAY:

The gentleman from Florida yields back. I now recognize the gentleman from Missouri, Mr. Cleaver for five minutes. Please unmute.

CLEAVER:

Thank you, Mr. Chairman. Well, thank you and Chairman Stivers and our chair of our overall committee, Chairwoman Waters, for allowing this hearing to take place because it's--it's taking place in the backdrop of social justice and--and civil rights becoming a part of what happens on the front burner of the American system. And so we're seeing Americans of all races, all creeds demanding an end to systemic institutionalized racism.

I addressed the--the protesters here, about 5,000. I walked out, Mr. Chairman, to address them and almost went into tears because having been in my first civil rights march at the age of 15, down in Texas, this was the first time I had seen a crowd like this. About 55, maybe 60 percent of the participants were white, the rest were black and brown and in the old Civil Rights Movement, you'd have, for example, the--the president of--of Notre Dame, a priest, walking with Martin Luther King, Ralph Abernathy, Joe Lowry, or CK Shuttlesworth--C.K. Steeler and Fred Shuttlesworth. But that was for protection, these people were there saying they want change.

And, frankly, I think that our committee--your chairmanship in this committee--committee deals with change perhaps more than any other committee not--and including judiciary because housing is right at the core of--of--of change and--and also one of the principal causes for the pain.

One of the things that I would like our panel to--to address is--you know, we have 100,000--\$100 million in the--in the--the HEROES Act. And I'm wondering if you--if you believe that we--that there are--I don't know if you read the bill, I don't if you know much about it. But if there are better ways of dealing with that \$100 billion in terms of the system than what we might have recorded in the HEROES Act? Any or all of you.

HILL:

Well, I would just say that this is from--from our perspective and--you know, from someone who serves communities that are--you know, multi-racial and with--with some pretty high poverty levels across the state of Louisiana, it's clear to us that this rental assistance is going to be critical in order for people to be able to recover and fully participate in what's left of their communities after--after this pandemic ends. We know that people are struggling to pay their rent and that they need this cash assistance in order to be able to do so.

Coming from a place, Louisiana, that also has very few tenant protections, we see this as an opportunity to actually tie that assistance to some tenant protections. Because--you know, it's likely or proposed that the--the rental assistance is--is really landlord assistance, right? It goes to landlords to help them cover the cost of the rents that they're missing. And so, if we're going to make a massive investment in supporting landlords, then I would like to see participating landlords asked to sign lease addendums with provisions that provide some protections to tenants that are missing in--in Louisiana's landlord-tenant law.

Things like a 14-day right to cure any lease breaches, anti-retaliation protections. I live in a state, Louisiana, where it's still perfectly lawful for landlords to retaliate against their tenants and to kick tenants out who requests things like repairs and so having some protections tied to the money would be especially helpful for Louisianians.

CLEAVER:

Well, I'm glad to hear you say that because I--I intend to talk--to speak with Chairman--Chairwoman waters and Chairman Clay about some other changes along the lines of what you're saying. Because I have it--we have a senior citizen facility in Kansas City where HUD guaranteed the loan to MHDC, Missouri Housing Development Corporation. And so the owners live out of the state. People--the temperatures now hovering every day here in the mid-90s. No air conditioning, the air conditioning went out. There are all kinds of problems.

You know, we need to do something along the lines of what you were saying. But--but we--but maybe they ought to be a part of HUD regulations. I mean, HUD is guaranteeing--guaranteeing bad ownership of a seniors housing project.

And my time is up. I have a lot more to say on this. But thank you--thank you. Thank you, Mr. Chairman.

CLAY:

I'm sorry. Thank you, Mr. Cleaver. And now we will--let me remind members to keep their cameras on so that we can see you in the--in the main screen and then be able to recognize you.

At this time I'm like to--

UNKNOWN:

(INAUDIBLE)

CLAY:

Okay is Mr. Huizenga there? You recognized for five minutes.

HUIZENGA:

Thank you. Appreciate that. Mr. Chairman. And hopefully, I think you can see me as well.

So, really just wanted to make a statement more than anything and--and yield back. I do appreciate the conversation.

This is something that is--that is critical to so many communities, rural areas, suburban areas, urban areas and we--we do need to make sure that there is adequate housing stock. I would also--having been involved in family business (AUDIO GAP) in construction, for now, three generations, we also know the effects that oftentimes local ordinances and requirements and things like that what kind of costs might be added to the production side of things. And that, of course, obviously impacts affordability.

So I hope in this conversation we are--we are looking not just at--not just at a government program to help with--with dollars getting sent to either the renter or the provider of the housing and those kinds of things. But we also have that discussion about how do we make sure that affordable housing is truly affordable on the construction side and on the availability side as well.

So with that I am--I'm just going to yield back. So I appreciate the opportunity to be on today.

CLAY:

And I thank the gentleman for yielding back and for your brevity. Let me recognize the jet--the gentlewoman from Ohio, Ms. Beatty for five minutes. And please unmute--unmute Ms. Beatty.

BEATTY:

Can you hear me now? Thank you so much to our Chairman and to our ranking member and to all of those who are participating in our new format of testifying. I've certainly enjoyed hearing your testimony. And as we talk about housing, it is very clear that we are on a cliff; evictions are on a cliff. And when you look at who's on the ledge of that cliff, we're looking at individuals who look like me. We're looking at those individuals who might be homeless.

When we think about where we are in the midst of this nation whether it's COVID-19 as our Chairman talked about in his opening statements and when we look at the death rates in proportion to what Africans-Americans, in particular, represent in this nation, and certainly those disparities are also here in my district.

So when I think about who's at risk, the least of us are at risk. When I think about minority populations, I think about those who are at risk because we are at an inflection point in this country with regard to diversity and inclusion with racial biases and racism.

I just introduced a resolution that says racism is a national crises and housing was one of the first things Mr. chairman that I listed when we talked about that. Let me make a quick statement and then I have two questions I'd like to address to the panel. And the question will be centered around how are these long-existing gaps affected by COVID-19 and how does Congress ensure that they do not widen the gap even further and how do we close them as it relates to housing for Ms. Hill.

And before you start to answer that let me just remind you something that my staff shared with me in an article that was written in 1966 in the Nation magazine where Martin Luther King Jr. saying, slums with hundreds of thousands of living units are not eradicated as easily as lunch counters or buses are integrated for jobs and jobs are harder to create than voting rolls. So when you think of chattel slavery was abolished but a program to transform slaves into citizens was omitted.

And so, he's talking about economic justice. He's talking about it as we look at wealth creation or the lack of it, and mainly talking about housing. So where do we go from here? We'll start with you, Ms. Hill.

HILL:

Well, I thank you so much for the--for the question and it resonates very deeply with me. And I think what's most important is that we have to seize this opportunity to go somewhere. We know that this conversation is not new. We know that it has happened and been happening. It is continuing to happen now and so we have to seize the opportunity right. We knew from the colonel(PH) Commission report, you know, around the same time that you're mentioning representative Beatty that we needed as a country to do something and those changes were not made.

Its time now to act upon those promises and really to honor the legacy of Dr. King and all those who worked with him for this kind of justice that you're referring to. And so in Louisiana as across the country, black and brown households were already disproportionately impacted by the affordable housing crisis prior to COVID-19. We know now that black women are disproportionately impacted by eviction rates across the country as well as in New Orleans and Matthew Desmond's research has helped to highlight that problem. In New Orleans, the same majority-black neighborhoods with eviction rates that are much higher than the national average are now the same areas that have been hit hardest by COVID-19 in our city.

And so there has to be a comprehensive package that seeks to redress these ongoing disparities. The--the cash rental assistance is incredibly important and rental assistance that is tied to protections for tenants is also important. Increase support for homelessness prevention programs especially eviction defense. We know that having a right to counsel in eviction court would cut evictions in New Orleans, for example, by half.

And so there really is a variety of options available and we're so thankful for you--for your leadership--this subcommittee's leadership on these issues and in moving this conversation forward.

BEATTY:

Thank you. In my few seconds left, to anyone who wants to answer. As we know, the CARES Act eviction moratorium and prohibition on late fees for non-payment will expire next month on July the 25th with the record high unemployment numbers which we learned is going to be even higher. Where do we go from now when renters are looking at an eviction--looking at an eviction of cliff July 31st. What do we do to protect those renters when the CARES expires and the rent becomes due? Anybody else like to make a comment on that?

OLIVA:

I'd be happy to--to comment quickly on that. That's why it's so important for us to get emergency rental assistance to be able to do homelessness and eviction prevention for those renters that are on that cliff that you are describing. But it's also why we need to take new approaches to this emergency rental assistance programs and we have to use a racial justice and equity approach. We need to ensure that we're targeting highly impacted neighborhoods and communities. So there are lots of things that folks can do, thank you so much for that question because it's incredibly important.

BEATTY:

Thank you. My time is up and I yield back Mr. Chair.

CLAY:

The gentlewoman yields back. At this time, we will recognize the gentleman from Colorado, Mr. Tipton.

TIPTON:

Thank you, Mr. Chairman, and also thanks ranking member for holding this important hearing. I'd like to be able to associate myself with comments that Mr. Huizenga made. We do need to be collecting some of the regulatory hurdles that are impeding and increasing the cost of affordable housing and also the full recognition that a lot of this is impacted at the local level in terms where they will allow affordable housing to be able to be built.

We'd like to be able to start with a Dr. Schuetz and thank you for being before our panel again today. I want to follow up, you know, during our last panel, you betted that there are debt obligations, maintenance obligations, continued during this crisis. Is it still your bill that property owners are required to be able to carry forward with these obligations during the crisis?

SCHUETZ:

Thank you for that question. Yes, property owners still have to maintain their properties. The--the temporary forbearance on mortgages applies to maybe half of property--of rental property owners. So that will help landlords who have a mortgage that's federally backed will have some extra time to pay that off and that allows them to pass along savings to their tenants.

But the mortgage is not the only thing they owe. In particular, we worry about them not being able to pay their property taxes to local governments. We're seeing a shortfall in a number of their revenue sources and some things like sales and hospitality taxes. One of the other concerns is just basically paying the utilities. So water and sewer have to get keep running, you know, utilities for the property overall.

So there are things that landlords have to pay whether the rent is coming in or not and if they're not getting enough cash in order to do that, some of them may need to put their buildings up for sale. So that's definitely a concern.

TIPTON:

So in addition that obviously has been noted by another question. Air conditioning heating goes out, it's pretty much the obligation of landlord to be able to fix that. So it is important that they receive as much (INAUDIBLE) as possible.

SCHUETZ:

Yes and again thinking about the scale of buildings that are most vulnerable. So if there's a 200 unit building and a few tenants can't make payment, the landlord is still getting income from most in the building. We're particularly worried about the smaller buildings, the 1.4 for unit properties that are half of the rental units in the U.S. Those are really dependent on all of the tenants having continuing cash flow and being able to pay that.

We do know that landlords are often making negotiations with tenants. If they have for instance lost some hours, and they can make a partial payment but not a full payment, most landlords would rather have someone in the unit who's able to pay some cash rather than having to flip the unit.

If you evict and then the unit sits empty, that doesn't help. So landlords are trying to work with tenants where they can, providing both--replacing the income to--to renters through either unemployment insurance or some other method allows them to keep making payments. For some landlords, it may also be helpful to have some small grants perhaps administered through the local government to help them maintain the property and viability.

TIPTON:

Dr. Schuetz, could you maybe state just a little bit. During your testimony, you've noted the temporary virtual moratoria can be helpful in the short term. These moratoria could increase household's long-term financial insecurity. Could you speak to that a little bit more?

SCHUETZ:

Sure. We worry that if households are not paying rent but the balance of the rent is accruing, at some point that has to be paid off or renegotiated with the landlord. Most renters are on very thin financial margins and so, if they are out of work for a month or two months with--even when they get their job back and can start getting current on their payments, there's a past due balance.

So that's similar to the issue of putting your rent on a credit card payment. It postpones it until the future but at some point, that bill comes due and most reports (INAUDIBLE) the assets to pay that off.

TIPTON:

I appreciate the answer to that and also appreciate the recognition in terms of several small landlords that are out and the impacts it's having on them. I think we all join wanting to make sure that people have a roof over their head but also recognizing the people have made investments that need to be able to be serviced as well. We'd like to be able to jump the little time that we do have left.

During the last appropriation cycle, we appropriated \$290 million to the ESG program under the Cares Act. That increased by about \$4 billion in spending. Under the HEROES Act, it is proposed to spend an additional 111.5 billion on the ESG program. Does ESG program have the capacity and the (INAUDIBLE) to be able to absorb 299 percent increase digitally given the time?

SCHUETZ:

I'm not familiar enough with the administration of the program to know how the increase in funding would work so I can't speak to that.

OLIVA:

I'd been happy to take that given that that was my office when I was at the Department of Housing and Urban Development. if I can. Can I do that, Mr. Clay?

CLAY:

Yes, yes. Please--please provide us with that information.

OLIVA:

So I think of course we are always right as--as members of the government to pay attention to capacity. And you are right the \$290 million is the normal ESG allocation in any given year. But we need to one make sure that ESG recipients have the guidance and support that they need to effectively design and effectively implement these types of programs. So I would first encourage HUD to get the ESG COVID funding that was under the CARES Act guidance out the door as quickly as possible.

I would also say that we can provide a technical assistance resources through these funds that can support communities to really focus on strategies that work and ensure that they have the capacity they need to administer these--these funds. We need to make sure that HUD is appropriately staffed to monitor these programs. I know that when I ran HPRP which took a 200, it was \$160 million at the time to \$1.5 billion. We have term employees to do monitoring and that was incredibly important.

But I think the most important thing that I want to say back about this particular issue is that ESG grantees have always risen to the challenge and I hope that that is not why we need to pay attention to it. I wouldn't want that to be a barrier to providing really important emergency rental assistance to communities.

CLAY:

The gentleman from Colorado yields back and now we recognize the gentleman from Texas, Mr. Green for five minute and please, unmute Mr. Green.

GREEN:

Thank you for the reminder, Mr. Chairman. Thank you for the hearing as well. Thank the ranking member, thank the chair of the full committee. Thank all persons who have had any hand in perfecting this hearing, it's important hearing. Mr. Chairman, as you and I know, the Fair Housing Act of 1968 passed Congress within weeks of the assassination, that days of the assassination of Dr. Martin Luther King. It did not end invidious discrimination in housing just as having laws that indicate what the speed limit is does not prevent people from speeding. You have to have enforcement and enforcement still is much needed even today because this invidious discrimination still exists.

Ms. Hill, I think you've made some salient points on this as well as others about the invidious discrimination housing. We know that during this time of the pandemic, the president has done some things that were unkind. He's made statements about the China virus and this has caused persons who are of Asian ancestry to be discriminated against.

I did a speech on the floor of the house when I talked about this level of discrimination. Persons trying to seek lodging being discriminated against but we also know that over 60 percent of the people experiencing homelessness in America today are black and Latin X and that over 4 million fair housing violations are estimated to occur each year against members of protected classes.

So during this time of pandemic, it's exceedingly important that we have enforcement. Enforcement in terms of intake education and investigation as it relates to the complaints that are going to be called to our attention with reference to invidious discrimination in housing. It does happen and we need to make sure that we protect people.

I'm honored to say that the chairwoman of the full committee, Honorable Maxine Waters is a co-sponsor-original co-sponsor of the Fair Housing Further Enforcement Emergency Act. These are funds that are being allocated to deal with the invidious discrimination that emanates as a result of the coronavirus. I would ask you, Ms. Hill. Do you believe that it is necessary for us to have this emergency enforcement power and the ability to investigate and take action against those who still deal in hate, some of it emanating from the highest office in the land as a result of comments that are being made by the President of the United States of America? Your thoughts, Ms. Hill, please?

HILL:

Thank you so much for that--for that question Representative Green and--and absolutely yes, these programs and the resources that you mentioned are incredibly important. And perhaps now more so than ever, unfortunately, and it may be counterintuitive but we know that experience--we know from experience that complaints often go up during emergencies. When families have lost income and are at risk of losing their home, they're really at their most vulnerable.

And that's even more true now when homelessness might mean increased exposure to the--the potentially deadly coronavirus. Unfortunately, there are housing providers who we know will take advantage of this precarious situation that many tenants are in. We saw a rampant discrimination against black New Orleanians and families with children after Hurricane Katrina and needed to really engage in some large-scale litigation to right some of those wrongs. We're very concerned about increasing sexual harassment cases during the pandemic.

There are reports of some landlords looking to capitalize on the lack of ability of some of their tenants to pay rent. And so we are hearing reports of landlords seeking to exchange sexual favors for rent with some of their vulnerable tenants who are having difficulty making those payments. We are hearing reports from domestic violence survivors in Louisiana who are being victimized further by landlords not following the law. First, as were working with a woman who has survived domestic violence and

went to her landlord and asked to be moved to a different unit per the Louisiana State Violence Against Women Act and was told in direct contradiction to that law that she would have to pay out the remaining months of her lease before she could be granted the permission to move.

And so we know that an increase in fair housing funds will be essential to ensure that we can continue to investigate these cases and ensure that families are protected under the Fair Housing Act.

GREEN:

Thank You Mr. chairman I yield back the time I do not have.

CLAY:

Thank you so much Mr. Green. And at this time we will recognize the gentleman from Tennessee, Mr. Rose.

ROSE:

Thank you Chairman Clay and Ranking Member Stivers and to our panelists testifying today. We appreciate you being available to talk about this important issue. We are currently navigating uncertain times and folks are having to make difficult decisions regarding their finances with job losses skimming from the economic downturn related to COVID-19. There are concerns that renters have had trouble meeting their monthly rent payments.

Ms. Schuetz, building on Mr. Tipton's question about the negative effects of failure of tenants to make their rent payments, can you talk about the overall ripple effects and negative externalities to communities especially rural communities such as supplying local jobs and paying local property taxes? Dr. Schuetz.

SCHUETZ:

Yes, yes. Thank you--thank you for that. We are concerned about where repayments go farther down the line and when those are not available. So for many landlords, they will still have to pay a mortgage and if they don't, there are consequences to that. Property taxes are obviously one of the--one of the high items on the list landlords have to pay. Local governments are having a really difficult time at the moment.

They've lost money through sales taxes, through hospitality taxes, incomes have dropped so they are facing a squeeze on the budget side. At the same time, they're being asked to provide extra services to their constituents. So failure to pay property taxes inability to pay property taxes will hurt.

There are also jobs related to this. So larger properties tend to employ more on-site staff, a building superintendent maintenance staff, housekeeping staff. Those are typically not high wage jobs but people rely on that for their income. Most of the smaller landlords don't have in-house staff but they hire outside contractors particularly for maintenance. The plumbers and electricians. So these are--these are all downstream payments that could be threatened if payments dry up.

You know, we--I've not seen information on how rural communities are doing relative to urban areas with repayment but we do know that some of the rural areas particularly that have food processing plants are seeing higher rates of infections and that's likely to put stress on their public health systems as well as their--their--their local public finance.

ROSE:

Thank you. I know I've said it before but we--we have a responsibility in the Congress to ensure the dollars spent by the federal government are spent wisely, efficiently and for the intended purposes. And falling from that, I'm hesitant to say that a \$100 billion in new spending that would more than double HUDs annual budget achieves that. It is our role to ensure that we are being prudent and it does no good to the American people to make a bloated false promise of assistance that never actually comes.

We need smarter, more innovative localized solutions than the ones we're largely discussing today. Dr. Schuetz, you stated in your testimony that excessively strict state and local regulations have made it extremely difficult for localities around the country to build apartment buildings contributing to the high cost and limited availability of rental housing. Where do you find these local regulations are the strictest and prohibit the growth of affordable housing the most?

SCHUETZ:

The short answer is everywhere. Almost every local government in the country has zoning that preferences single-family detached houses relative to multifamily buildings. Multifamily buildings provide most of our purpose-built rental housing. And so effectively every local government in the country has--is biased against building rental housing. And we find this consistently across the country so this is true for large cities, this is true for suburbs, this is true for rural communities.

If we--we find a higher level of overall regulations in many of the coastal metropolitan areas but the suburbs and Dallas and Detroit are everybody's restrictive of apartment building as San Francisco. So really, this--this is a national problem that we have made it hard to build. Local communities have different kinds of areas but almost every community has some sort of barrier particularly to--to rental housing multifamily housing.

Rural areas, in particular, there are restrictions on manufactured housing which is generally one of the lowest-cost way is to create housing in smaller communities.

ROSE:

Isn't it true though if we provide more than double the funds for a HUD? Most of these funds are going to go to renters though in the high-cost cities. Is that--is that a fair statement?

SCHUETZ:

The--the per household subsidy is much higher in high-cost cities because of the way the formula works. So that's the majority of HUDs rental assistance is going to--both to people in large populated places for their larger populations and also where the cost of housing is higher.

ROSE:

Thank you Chairman Clay and I yield back.

CLAY:

The gentleman from Tennessee is back I now recognize the gentleman from Washington State, Mr. Heck for five minutes. please unmute, Mr. Heck. please unmute.

HECK:

Can you hear me now?

CLAY:

Yes, thank you.

HECK:

Thank you, Mr. Chairman, and ranking member and Madam Chairwoman so very, very much for holding a hearing on this important topic. As many of you have heard me describe before, I tend to have a perspective or framework about the issue of shelter especially in the context of COVID crisis that is a three-legged stool. I'm going to outline those and then ask a couple of the panelists to respond, to affirm, to disabuse, or amplify.

The first leg of the stool is support for homeowners. homeownership is still far and away a hugely held aspiration of the American public. But just as importantly, it's the number-one net worth building tool of the average American and a critical component of their retirement security. We recognize this when we provided more each forbearance for those whose mortgages ultimately held by one of the government-sponsored enterprises and while we should set leg at the tool is support for renters.

We've talked a lot about that panelist laid out terrific data about the crying need for this. You've all heard me say my mantra is pillow blanket roof. If someone doesn't have a pillow to lay their head-on, the blanket to keep them warm and a roof over their head, any other issue in their life is not going to be dealt with, whether it's unemployment or mental health or substance abuse. You don't successfully deal with those things while you're sleeping under a bridge.

That's why I'm so passionate about \$100 billion that was in our legislation and then included in the HEROES Act. And it's not just me. Mr. Chairman, with your permission, I ask unanimous consent to submit a letter for the record that has 640 signatures to it. In white I add, this is not a petition. Those signatures represent 640 different organizations nationally who have come together and united in a very diverse coalition in support of \$100 billion rental relief. Mr. Chairman.

CLAY:

Without objection, the letter will be submitted into the record over here.

HECK:

Finally, of course, is the issue of the missing millions of homes that Mr. Kingsella so eloquently alluded to, 7.3 to 7.5 million. Let us remember this but when you have a supply restriction, you have increased occupancy which leads to increased rents which leads to increased costs burdens which, of course, we're experiencing at historic levels which increases homelessness.

We simply have to build more housing units especially affordable housing units in this country and it's not just for the benefit of the individuals that need it, it's for the benefit of this entire country because I want to remind you that every recession in modern history save the last one has been led out of by housing construction activity. And we're not doing it, and we're not doing it a rate that continues to accumulate our housing unit deficit on an annual basis. We need more housing units, especially affordable housing units.

So I guess I would like to start with Ann with whom I haven't had the opportunity to interact before and ask you. Those are my three legs; support for homeowners, support for renters, and support for increased housing unit construction. Can you affirm it or just abuse me or amplify any component of it that you think bears highlighting?

OLIVA:

Sure. Thank you so much for that question. I actually spend a lot of time in your State working in King County so I know quite a bit about some of the--the work that's being done throughout the state.

I--I would say, you know, my expertise is not in home ownership, it's really around rental housing for people who are extremely low-income in low income and experiencing homelessness. And so I wouldn't disabuse you of any of the three legs of your stool but what I would say and that I--and I talked a little bit about in my testimony is that we really need to target the most in need, families, and households first to ensure we are not creating a worse situation especially within the homeless services system. And specifically to COVID-19, we are seeing so vividly that housing is health care. And to the extent that we are prioritizing folks without housing and folks who are potentially going to lose their housing, I think that is an incredibly important component of the event of--the emergency rental assistance and the full housing sort of complement short, medium, and long term options that are included in the HEROES Act.

HECK:

And a quick follow-up. If I may, one of the earlier speakers alluded to the \$100 billion dollars as bloated. Frankly, I find that sad. I think a perfectly legitimate question to be raised is can we effectively efficiently get that amount of money out because it's large? But is it bloated compared to the need, Ann?

OLIVA:

I don't think so. I believe that we need to fully respond to this crisis so that we don't have lasting long-term impacts in the way that we're starting to see now.

HECK:

Thank you. I yield back, Mr. Chairman.

CLAY:

The gentleman from Washington yields back and we will recognize the gentleman from Wisconsin Mr. Steil for five minutes.

STEIL:

Thank you very much, Chairman Clay, Ranking Member Stivers, and Chair Waters for pulling together today's hearing which I think it's not a really important topic of the events of the past few weeks. I think it really refocused our attention on some of the structural barriers to opportunity. Today's hearing, in particular, is about how COVID's impacting people--people's housing in particular and those of low and moderate-income as well as underrepresented minority groups.

And so now, I want to dive in on this. I'd like to ask a question of you, Ms. Jenny Schuetz regarding the temporary or in proposed extension of the temporary moratorium on eviction. And you've talked about this a little bit and I read your testimony that was put forward. But I'd like you just to dive in a little further.

You've noted I think very well the impact that a potential extension has set forth by the protect--the HEROES Act that passed the house, what that--what that would be in real terms on mom-and-pop landlords. But you also comment on what role that may play at city and state municipal level resources and how that would play out in state and local budgets if you--if the proposal that ultimately passed the house in the HEROES Act was fully implemented.

SCHUETZ:

Sure. Yes, it's--it's definitely a concern for local governments who are really (INAUDIBLE) where evictions are likely to be processed and communities across the country have a variety of different ways of dealing with evictions. New York City has an entire housing court which does nothing but handle landlord-tenant issues and evictions. But for many other places, particularly smaller communities, this runs through the general court system.

Many of the court systems have been closed down or operated--

STEIL:

No. Let me--if I can Ms. Schuetz, let me just refocus the question may be a little more tailored here. In your comment area particular landlords where they may be uniquely financially impacted. When they have challenges in paying their property taxes which ultimately impale governments?

SCHUETZ:

Any of them will have difficulty with that. Property taxes are a fairly substantial component for her smaller properties to be due depending on the local budget cycle. But if they don't have income coming in, they may not be able to repay that, which then directly impacts the local budget.

STEIL:

Thank you. Let me just shift gears slightly. One of the things that we saw Congress do really out of the gates was kind of came in with a sledgehammer out of the market with liquidity to do that at the beginning of the crisis. As we look now, it's--I think there's a real opportunity to shift from the sledgehammer (INAUDIBLE) to those who need it most while preventing it from being just blanketed across all individuals in the United States.

In particular, as you reviewed, the potential expansion of the moratorium put forth in--in the HEROES Act, can you comment on the impact that--that would have (INAUDIBLE) low and moderate-income individuals who are impacted by the coronavirus through no fault of their own? Or would it all go to more higher-income individuals or those who've not had the same negative impact in the financial situation due to the coronavirus?

SCHUETZ:

I--I don't know exactly how this would work play out with different incomes. I mean in--in part, what we have seen is that the ability continue paying rent has been dependent on the expanded unemployment insurance and the stimulus checks which are going to run out. One of the difficulties of sort of targeting with it--with the scalpel at the moment is the uncertainty about how quickly the labor market will recover (AUDIO GAP)

VARGAS:

It's great to see you, great to see my colleagues, and great to have these wonderful panelists that get here in San Diego. As was stated earlier, I think it depends on how quickly the economy will recover. I think the economy will not recover as quickly as some people think especially in the tourist industry because of the fear of COVID-19 and the virus.

I do have to say one thing. I keep--it sticks in my craw every time. I keep hearing about these high-cost areas and how some people from some states say, you know, why do we spend so much on the high-cost areas? I'd like to remind everyone, in California is more money in the federal government than any other state that doesn't come back to it. We are a donor state, not a receiving state.

So some of these people from the receiving states love to throw rocks. I look at how much money they receive compared to California and I say, dear, take a look at the facts next time before you start throwing rocks, please.

I do want to talk a little bit about corporate landlords versus mom-and-pop landlords. And if go for that for a second because the reality is that corporate landlords I think are better capitalized to be able to withstand some of these problems I think that are coming and they're already here going to be coming as a tsunami versus mom and pops. What can mom-and-pop landlords do when a lot of their tenants are not going to be able to pay the rent? Some--would someone like to come on that, please?

KINGSSELLA:

Yeah, sure. I'm happy to start. And congressman Vargas, I think you bring up a very excellent point with regards to smaller landlords because as Ms. Schuetz said in her testimony I, you know, the smaller landlord, smaller property owners disproportionately provide housing to those on the front lines the most--most at risk of being impacted by COVID. They also have the least wherewithal with sand shocks such as many landlords are experiencing.

We spoke to a small landlord in Washington state in Thurston County who takes naturally-occurring affordable housing and preserves it as affordable. And she reported that delinquency of rent as of April 9th was 4 percent across her portfolio, 12 percent as of May nine across her portfolio, and 32 percent as of June nine across her portfolio.

So anecdotal data points are suggesting that the smaller landlords not only have at least wherewithal to stay in this--this challenge, but are also disproportionately experiencing the brunt of the crisis of non-payment of rent. I would also just add that from a municipal perspective, I know that there have been a number of questions about the ability for the \$100 billion of emergency principle assistance to move through the ESG system.

I think it's actually quite exciting to see the number of cities including San Diego that have established local rental assistance programs to respond to the need. The challenge is as many of us know, the resource isn't there to serve the need. We spoke to the city of Tacoma, Washington, and they recorded that they received over 700 applications the day that they opened up their rental assistance program and it's become a lottery system.

These communities and municipalities, even states don't have adequate resource to provide funding for--for those "impacted" by COVID-19. And so, I just say that to say that yes, we fully agree with your point with regards to smaller landlords bearing the brunt. and I want to amplify the fact that there are limited and scarce resources available to ensure and to protect those landlords from--from potential financial challenges here in the coming months.

Again, if I could--if someone else want to--wants to comment on that because the--the truth of matter is I know in my own home district, we have a number of people that have worked very, very hard to create a few units and that's what they rely on for their retirement and they are not well prepared to weather this storm if it continues to grow. Like I said, a lot of people have been able to pay their rent because of unemployment insurance, because of the stimulus checks but they're going to run out.

So what--if we don't have the assistance and what are these small landlords going to do and they rely on this money for retirement? How can we help them? would anyone else on the panel like to comment on that?

SCHUETZ:

Sure. I'll just say quickly. I think it's worth considering some funds that--that landlords can apply for to help supplement their expenses and cover the costs of this. And particularly for mom-and-pop landlords, we want the hurdle for applying to be relatively low. So complicated programs are deterrent even to requesting help. You know, the big corporate landlords have attorneys and have accountants and so they can fill out applications for things. But for mom and pops, if we want to get funding to them we need to make this pretty accessible.

OLIVA:

I would totally agree with that and I would also just add that we need to make sure that communities who receive these funds are doing outreach specifically to these small landlords so that they can make sure that anybody who is one of their tenants who is behind in rent is accessing this resource to get them home.

CLAY:

The gentleman from California's time has expired. We now recognize the gentleman from Florida, Mr. Lawson.

LAWSON:

Okay, I think--I'm on mute. Can you can hear me?

CLAY:

We can hear you. Go right ahead.

LAWSON:

All right, this question is to Ms. Oliva. Interest groups have raised concern that emergency Rental Assistance and Rental Market Stabilization Act that was included in the HEROES Act would not provide rental assistance to high-income people who lost their job due to the COVID-19 pandemic. It says their former income would be too high to qualify for the program. Could you please explain how these people disqualified under the program?

OLIVA:

I'd be happy to thank you for that question because I think it's an important one. The--the program as passed in the HEROES Act actually contemplates exactly that scenario in a couple of different ways. It does target a certain amount of the funding to people who are extremely low income and very low income. And then, it actually allows communities the flexibility to go up to about 120 percent of area median income with 30 percent of the funds if I remember correctly.

But it also makes a change and makes very--a very specific change to how eligibility is determined at the point of application for assistance and that means that really, it's taking into account only the income that is happening right now for a household to make them eligible for assistance.

So households who have lost incomes that might have been higher income in the past and have lost income as a result of the economic impact of COVID-19 would as long as they meet one of those income requirements; 30 percent, 50 percent or up to 80 to 120 percent, then they would be eligible for these resources. So it is as actually specifically contemplated and addressed in the HEROES Act.

LAWSON:

Okay I'm trying to wrap my hands around that, so I'm trying to understand a little bit better. But the individuals that I'm talking to really feel like when they read the program, that they were left out. And so I'm trying--I've got to give them some assurance based on what you're telling me and maybe I need to know that according to what you just saying is that it's going to be up and maybe the chairwoman might want to comment on that because that's a big concern that I have in the area--in two areas. (INAUDIBLE) has had and in Jacksonville. And that's systematically left out of the heroes' plan. Am I correct?

OLIVA:

If they are at income levels between zero to--up to in some cases 120 percent of area median income, they can be served through the emergency rental assistance program and HEROES Act but there--with the caveat that there are specific types of targeting that are also worked into the act to ensure that people at highest need are prioritized.

LAWSON:

Okay. So you say on 100 and some percent of let's say (INAUDIBLE) a family or for an individual?

OLIVA:

Area median income is for the household.

LAWSON:

Okay. And so--so in most cases, many or more fall into that category.

OLIVA:

If they lost income due to the effects of COVID-19, they very well could fall into that category because the way that eligibility is determined based on the way that the law is written, it is based on their income at the time that they are applying for assistance. It looks like maybe Mike also has some thoughts on this.

LAWSON:
Okay.

KINGSELLA:

That's definitely--that's active--Thank you, Congressman Lawson and then thank you and that's absolutely right. That was a major point of discussion with a number of stakeholders engaging on conversations around this policy and we were very pleased to get confirmation from--from the authors that the testing is as of the time of application at some trailing creative months. So if you are a household and let's say 150 percent of area median income, you lose 50 percent of your income, you are now cost-burdened, you have the opportunity to apply for and receive an emergency rental assistance voucher.

LAWSON:

Okay, I'm hoping I can get this in. I have a lot of student housing here. And many of the owners of these complexes are saying that they have pretty much left out because with the loans and stuff that they have is that they are not allowed to seek other resources in order to provide the management of their loans because it's a type of loan they sign up for.

And so that becomes a problem because you got a lot of complexes here that houses student and these students are not in these complexes. So they're suffering the pain of mortgage. Have y'all done anything in that regard? Anyone can comment on that.

OLIVA:

I would just note that the emergency rental assistance programs and the other programs that are included in the HEROES Act are really about supporting the individual households. So I don't think that the under--I could be wrong but I don't think that the underlying financial sort of setup for the building as a whole would make any of those people or households ineligible for funding as long as they meet the requirements.

CLAY:

The gentleman from Florida time has expired. we now will recognize the gentlewoman from Michigan, Ms. Tlaib. You have five minutes.

TLAIB:

Thank you, chairman. It's always so good to see you. And thank you so much for this incredibly important issue. As someone who represents a very much of frontline communities, (INAUDIBLE) district in the country, I have seen my folks (INAUDIBLE) this pandemic. And it's not fair talking about what is in the HEROES Act, I do want to uplift something I think that is really critically important.

You know, the moratorium for--in the state of Michigan, we have a separate moratorium that is actually over with on Friday. And one of the things I've been really stressing and--and just for the panel's to know, I know the moratoriums are just band-aids that after they're done, all of it from student loans to the mortgages to the water, you know, payments, all of those things that were moratorium are not going to be due.

My issue is, you know, we're always specifically saying okay, we're going to do something about utility shutoffs like water shutoffs in my district. We're going to do specifically something about renters. Why are we looking at the fact, that you know, most of our neighbors across the country are not as blessed as many of my colleagues and I. They're very much living check by check? Why aren't we talking about reoccurring payments? Meaning, you know, I have the automatic to boost the Communities Act where we say look, we're going to have pre-charge debit cards, get it out to people during this pandemic because again, many of them were in Survivor mode before the pandemic and now, we're asking them hey, hold off you don't have to pay rent now.

But yeah, in a few months, all of the rent will be due all together at the same time. So I want to hear from you especially Dr. Jenny Schuetz, you had mentioned about the stimulus and I want to hear from you as you work with advocates on the ground. Does a reoccurring payment, does stimulus payments help and address the issue around rent?

SCHUETZ:

Thanks for that question. A number of my colleagues at Brookings have actually written--a year ago, it looks very prescient now. An argument that we should have automatic stabilizers that are tied to things like the national unemployment rate so that rather than Congress having to--to decide on these on a case-by-case basis, that assistance directly to households or potentially to local governments that those are tied to these national markers of economic assistance.

And you could do that, you could even do something that's tied to sort of local rates, you know, the local unemployment rate when that goes above some level that the payments to households directly kick in until the unemployment rate goes lower. So there's some very strong arguments to doing that and then the number of payments that have to be made would be determined by how quickly the economy recovers.

TLAIB:

Yeah, I mean, do you have any insight Ms. Oliva? I believe I'm saying wrong--right and Ms. Hill or Mr. Kingsella, like when you talk to advocates, are they pushing this idea around reoccurring payments as addressing some of these, you know, very much social needs that existed prior to the pandemic but obviously have been heightened due to--due to it?

HILL:

I would--I would say absolutely. Working in communities throughout the state of Louisiana, one of the things that is very clear to me is that Louisiana is going to continue to feel the effects of the COVID-19 pandemic for years to come. We know that in the New Orleans area, in particular, our economy really heavily depends on tourism and hospitality jobs. And so the concern that we have and that our clients have is that while stimulus and the unemployment insurance has been helpful, we know that folks are now being asked to return to work in what is traditionally the slowest time for those industries.

And so they are now going back to work and our moratorium here ends on June 15th. And so we're concerned that people are going to have to catch up on the rent that they miss during the moratorium--

TLAIB:

Ms. Hill, do you think reoccurring payments is something that needs to be really leading this conversation around how do we address some of these issues?

HILL:

Absolutely because the nature of our lives means that we don't just incur one-time costs, right. So rent, bills, those things occur on an ongoing basis. And so, the stimulus and the unemployment money has been very helpful. But in order to help people to you to recover from this, ongoing payments are certainly incredibly important.

TLAIB:

Any other panelists would like to try--chime in well?

KINGSSELLA:

I think that the Emergency Rental Assistance Act clearly provides--one of the bright spots of it is it provides both catching up on rental ridges (PH) as well as future along the rental payment needs.

TLAIB:

Thank you so much and thank you to the Chairman. I just want you all to know, it's not only rent, it's utility, it's water. So that's why you got to get people human dignity and allow--give them the resources they need and let them choose what is a priority for their families so they can, you know, be able to--to live what the quality of life they may live. Thank you so much, chairman.

CLAY:

Thank you, Tlaib. The gentlewoman from Michigan yields back. We will now recognize the gentlewoman from Iowa, Ms. Axne for five minutes.

AXNE:

Well, thank you, chairman. It's great to see your face and thank you to the witnesses for being here. I'm glad we can make this happen. I want to get right to it. In the most recent survey from the Census Bureau, more than 30 percent of Americans had very little confidence that they'd be able to pay their next month's rent. Those, of course, are folks with overwhelmingly lower incomes and in fact, in my state of Iowa, every one of these renters makes less than \$50,000. So we worked on the CARES Act and we did create the eviction moratorium to protect those renters and federally-backed properties. And I know that most states have put in broader prohibitions on evictions to keep people in their homes over the last couple of months.

But as a Representative Tlaib just mentioned and in states like Iowa, people still owe the rent and some of these moratoriums have expired. Mine here in Iowa expired two weeks ago. So, Ms. Oliva, I know that a 70 percent of honam--homeowners with mortgages backed by a Fannie Mae or Freddie Mac have been provided financial assistance by giving forbearance and allowing them to delay payments until the end of their mortgage. I know we've covered this bit so far today but just to confirm. Have we done anything similarly broad to help renters stay in their homes during this crisis?

OLIVA:

No, we don't have a specific package for renters in this crisis in the same way yet which is why we are so excited about what is included in the HEROES Act because it does do three things. Short term, medium-term, and long term options that can really be used together at the local level to address needs for people who are experiencing homelessness all the way through eviction prevention. So that's why we're so excited about this office.

AXNE:

Well, very good and thank you. And, of course, I want to thank a Mr. Heck and Chairwoman Waters for their leadership in introducing the bill to provide \$100 billion of emergency rental assistance so I'm very proud to co-sponsor that.

But given that homeowners typically have higher incomes and more ability to absorb hits during downturns like this, do you worry that leaving renters who are most likely have lost income during this crisis much more so than probably homeowners, do you worry that we're leaving them out of assistance could worsen the income and wealth inequity during this crisis? Ms. Oliva.

OLIVA:

Oh, my apologies. I'm sorry. I wasn't sure if that was for me. Yeah, of course, we are because we know that people at zero to 30 percent of area median income are most people who experience homelessness. We know that folks who are extremely low income and very low income have--will have trouble paying their rent and that--that we have this potential cliff coming as you have mentioned and others have mentioned where there's arrears that have to be paid and a one-time, you know, stimulus check is not enough to pay those arrears.

So emergency rental assistance and some long-term options for folks who need that is really important so that we are not increasing the gap that already exists. And it's also why we need to take a racial justice and equity approach as we design these programs at the state and local levels so that we are paying attention to how race and ethnicity plays into those gaps. And you can see some of the details on that in my wrists--in my written testimony.

AXNE:

Thank you and thank you for bringing that up because I was going to say I'd be remiss if we didn't impact--mention the impact the current policy would have on the racial wealth gap that we're currently seeing and we certainly need to address that structural inequity. Last thing. The history of redlining and discrimination in this country has led directly to 74 percent of white households being homeowners but compared to only 44 percent of black households.

Miss Hill or anyone else, do you think targeting assistance only to homeowners is likely to further exacerbate that gap?

HILL:

Absolutely and we know from our experience here in Louisiana with disaster recovery work, that that's what has happened. When we target resources to homeowners that are much--that tend to be overwhelmingly white and be--leave out renters that are disproportionately people of color, then really what we're doing is just working to perpetuate segregation and inequity.

AXNE:

Well, thank you for that. So we've got a long way to go and I'm so grateful that we're having this conversation as we look to addressing these systemic issues across this country. I appreciate all of your support and work on this on to everybody who is here today. So thank you so much and I yield back.

CLAY:

And the gentlewoman from Iowa yields back and it's so good to see you too Cindy. And we are going to--that is the--the end of the list of members to ask questions. I want to recognize the ranking member for one minute for closing remarks.

STIVERS:

Well, thank you Chairman Clay for holding this hearing it's been a very informative experience. And even as we're seeing our economies open up in most states, it's clear that there are millions of Americans going through very difficult times. So our witnesses have provided some very helpful insights. They should inform our thinking moving forward. And as I said earlier, I have an open mind and look forward to working together with Republicans and Democrats to find solutions as we move forward.

You know, we may have some disagreements on some specific form or substance of the policy response but I stand ready to partner with the Chairman and Democrats and Republicans to try to make sure we can keep people in their homes and give people stable housing as we move forward. Thank you and I yield back. Thanks for doing this hearing, Mr. Chairman.

CLAY:

Thank you so much Mr. Stivers and I look forward to working with you and all of the members of the committee in a bipartisan fashion to address some of the most basic needs that are--that our constituents and citizens of this country face and that is--and one of them is housing and a roof over their head.

So we will--we will move expeditiously in that manner. I'd like to thank our witnesses for their testimony today too. I found your insights to be invaluable and we will certainly use it as guidance as we move forward considering legislation. And without objection, all members will have five legislative days within which to submit additional written question for the witnesses to the chair which will be forwarded to the witnesses for their response. I ask our witnesses to please respond as promptly as you are (INAUDIBLE).

And without objection, all members will have five legislative days in which to submit extraneous materials to the chair for inclusion in the record. I remind members to submit written questions and materials for the record to the email address provided to your staff. This hearing is adjourned. Thank you.

List of Panel Members and Witnesses

PANEL MEMBERS:

REP. WILLIAM LACY CLAY (D-MO.), CHAIRMAN

REP. NYDIA M. VELAZQUEZ (D-N.Y.)

REP. EMANUEL CLEAVER II (D-MO.)

REP. BRAD SHERMAN (D-CALIF.)

REP. JOYCE BEATTY (D-OHIO)

REP. AL GREEN (D-TEXAS)

REP. VICENTE GONZALEZ (D-TEXAS)

REP. CAROLYN B. MALONEY (D-N.Y.)

REP. DENNY HECK (D-WASH.)

REP. JUAN C. VARGAS (D-CALIF.)

REP. AL LAWSON (D-FLA.)

REP. RASHIDA TLAIB (D-MICH.)

REP. CINDY AXNE (D-IOWA)

REP. MAXINE WATERS (D-CALIF.), EX-OFFICIO

REP. STEVE STIVERS (R-OHIO), RANKING MEMBER

REP. BLAINE LUETKEMEYER (R-MO.)

REP. BILL HUIZENGA (R-MICH.)

REP. SCOTT TIPTON (R-COLO.)

REP. LEE ZELDIN (R-N.Y.)

REP. DAVID KUSTOFF (R-TENN.)

REP. ANTHONY GONZALEZ (R-OHIO)

REP. JOHN W. ROSE (R-TENN.)

REP. BRYAN STEIL (R-WIS.)

REP. LANCE GOODEN (R-TEXAS)

REP. BILL POSEY (R-FLA.)

REP. PATRICK T. MCHENRY (R-N.C.), EX-OFFICIO

WITNESSES:

LOUISIANA FAIR HOUSING ACTION CENTER EXECUTIVE DIRECTOR CASHAUNA HILL

UP FOR GROWTH EXECUTIVE DIRECTOR MIKE KINGSELLA

CENTER ON BUDGET AND POLICY PRIORITIES VISITING SENIOR FELLOW ANN OLIVA

BROOKINGS INSTITUTION METROPOLITAN POLICY PROGRAM FELLOW JENNY SCHUETZ

Testimony & Transcripts

[Complete written testimony for this event](#) June 10, 2020

About House Financial Services

[Staff](#)

[Hearing](#)

[Transcripts](#)

[Testimony](#)

[Committee Reports](#)

[Associated Bills](#)

[Schedules](#)

[Markup](#)

[Amendments](#)

© 2020 - CQ - Roll Call, Inc - All Rights Reserved.
1625 Eye Street, Suite 200 - Washington, D.C. 20006-4681 - 202-650-6500

[About CQ](#) [Help](#) [Privacy Policy](#) [Masthead](#) [Terms & Conditions](#)