

The Crisis Housing Act of 2020

Introduced by Senator Brian Schatz and Senator Chris Van Hollen

The United States had an affordable housing crisis before the COVID-19 outbreak and the associated economic impacts.¹ The outbreak has highlighted the fragility of the country's housing situation, which is made all the more vulnerable considering the increased likelihood for increasing and worsening disasters or economic crises. A permanent, automatic trigger-based program to provide housing rental assistance will relieve pressure on households at the greatest risk.

Low-income households live in constant risk of losing their housing. Before the outbreak, even in what was viewed as a strong economy, 15 percent of U.S. households paid more than 50 percent of their income on housing; 30 percent paid more than 30 percent of their income.² Another roughly 500,000 people are experiencing homelessness.³

Existing housing recovery programs are not enough. When economic crises or natural disasters strike, people in fragile housing situations are often displaced and fall victim to recovery programs that are often insufficient and too late. Bipartisan Congressional findings have long criticized FEMA's housing strategies as "slow and unreliable."⁴ The federal government has multiple housing programs, each of which often fails to meet the needs of low-income survivors and, when taken together, are too complicated and burdensome.⁵ The programs as a whole also favor the middle and upper class over the lowest income survivors.⁶ In 2018, Craig Fugate, former FEMA administrator, told *Politico*, "the system is really designed for the middle class. It's not designed to take care of pre-existing conditions."⁷

Economic downturns mean evictions—and suffering. Sadly, economic crises and federal responses to them have similar outcomes. Because low-income households spend more of their income on housing, they are more vulnerable to eviction and the follow-on effects on health, employment, and economic stability.⁸ The 2007-08 recession and the current COVID-19 outbreak demonstrate that *ad hoc* policy responses developed after the onset of crisis are less ideal—a preestablished strategy is needed.

Toward a housing crisis relief framework. The Crisis Housing Assistance Program (CHAP) builds on the principles of the previously piloted Disaster Housing Assistance Program (DHAP),

¹ <https://www.jchs.harvard.edu/state-nations-housing-2019> and <https://www.politifact.com/article/2019/dec/30/facts-housing-affordability-united-states/> and <https://nlihc.org/explore-issues/why-we-care/problem> and <https://www.forbes.com/sites/brendarichardson/2019/01/31/americas-housing-affordability-crisis-only-getting-worse/#6e999551104b> and <https://www.usatoday.com/story/opinion/2019/07/31/affordable-housing-solutions-pressure-congress-2020-candidates-column/1829177001/>

² <https://www.jchs.harvard.edu/blog/more-than-a-third-of-american-households-were-cost-burdened-last-year/>

³ <https://www.washingtonpost.com/business/2019/09/18/surprising-holes-our-knowledge-americas-homeless-population/>

⁴ <https://republicans-oversight.house.gov/wp-content/uploads/2018/10/Federal-Disaster-Response-and-Recovery-Report-1.pdf>

⁵ https://nlihc.org/sites/default/files/Rental-Assistance_Setting-The-Record.pdf

⁶ https://nlihc.org/sites/default/files/Fixing-Americas-Broken-Disaster-Housing-Recovery-System_P1.pdf

⁷ <https://www.politico.com/story/2018/05/29/houston-hurricane-harvey-fema-597912>

⁸ https://scholar.harvard.edu/files/mdesmond/files/desmondkimbro.evictions.fallout.sf2015_2.pdf

which has been championed by low-income housing advocates.⁹

- **Provides rental assistance to everyone in need.** CHAP will provide temporary Housing Choice Rental assistance to all eligible families upon the state meeting one of two triggers.
 - The rental assistance will be available within a month of hitting a trigger.
 - The rental assistance are valid for two years, but can be expanded for an additional year.
- **CHAP improves on DHAP.** A permanent, automatic trigger-based program, which will have all requirements in place ahead of time, will overcome past objections and ensure simple and timely assistance for people during crises while strengthening HUD's role as the federal leading disaster recovery housing agency.¹⁰
 - Rental assistance, which have an existing administrative framework, will be easier to deploy quickly than DHAP's more variable rental assistance.
- **Disaster and unemployment triggers.**
 - Disaster: A major disaster declaration pursuant to the Stafford Act where Section 408 assistance is authorized. This trigger may be activated at the state level (if Section 408 is authorized in counties that contain a majority of the state's residents) or the county level (in which case housing agencies that work in the county or have rental assistance holders in the county shall receive funding or rental assistance in the amount equal to the number of rental assistance holders in the county).
 - Unemployment: An increase in the six-month moving average of the state unemployment rate by 0.5 percentage points or more relative to its low during the previous 12 months (the Sahm Rule).¹¹ This trigger shall only be applicable at the state or tribal level.
- **Leverages existing eligibility.** Eligibility is based on existing HUD rules and referral from FEMA.¹²
 - HUD rental assistance eligibility: families with incomes up to 80 percent of the area median are eligible; the Secretary may waive or adjust the requirement that 75 percent of households must be below 30 percent of area median income or the poverty line;
 - FEMA referral: households that have been deemed to require housing assistance by FEMA pursuant to Section 408 of the Stafford Act.
- **Counseling will ensure participants can transition smoothly.** The program also includes support to help families find housing with the rental assistance and secure permanent housing after the rental assistance's expiration.

⁹ <https://nlihc.org/explore-issues/projects-campaigns/disaster-housing-recovery/policy>

¹⁰ https://nlihc.org/sites/default/files/DHAP_FEMA-answer.pdf and https://www.oig.dhs.gov/assets/Mgmt/OIG_11-102_Aug11.pdf and <https://nlihc.org/sites/default/files/DAHP-Program.pdf>

¹¹ <https://fred.stlouisfed.org/release?rid=456#:~:text=The%20Sahm%20Rule%20identifies%20signals,during%20the%20previous%2012%20months.>

¹² <https://www.cbpp.org/research/housing/policy-basics-the-housing-choice-rental-assistance-program>

- **CHAP is available to states, tribal governments, and territories.**
 - States include all territories and DC.
 - Native American tribal governments have three means of qualifying for the program:
 - Through a qualifying state;
 - On their own, via a Stafford Act declaration; or
 - On their own, through the unemployment trigger. The Secretary of HUD shall coordinate with the Secretaries of Labor and Interior to establish a proper mechanism to ensure reliable data.