

Hope for the Future

Illinois Housing Development Authority
Special Achievement: COVID-19 Response

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Introduction

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) was an important first step in abating the immediate effects of the COVID-19 pandemic, helping to stabilize the economy and protect those who are homeless or at risk of becoming homeless. And while the Act provided short term relief for homeowners and renters in the form of foreclosure and eviction moratoriums, line items to provide assistance to homeowners and renters such as the \$75 billion *Homeowner Assistance Fund* or the \$100 billion *Emergency Rental Assistance Act and Rental Market Stabilization Act* were omitted from the final legislation. There was a growing number of households that would need assistance and would not qualify for assistance from the CARES Act, and many faced an uncertain future that could include the possibility of balloon payments, foreclosure or eviction once the limited protections in the Act expired.

From renters to homeowners to property managers to lenders, this pandemic has impacted everyone in the affordable housing industry chain. As we learned from the previous housing crisis, hardships at the individual level have cascading effects that can uproot families and disrupt entire communities. The Illinois Housing Development Authority (IHDA) knew there had to be something in that bill we could use to help those in need. IHDA needed to be a leader and champion in keeping families, veterans and seniors in their homes.

Growing Tsunami

As a result of the economic fallout caused by COVID-19, more than 838,000 unemployment claims were filed in Illinois from March 1 through April 25 – nearly five times the number of claims filed during the first two months of the 2008 recession. In fact, unemployment claims for Illinois are up 373% compared to the same time last year. The loss of income is leading to renters and homeowners prioritizing their spending, oftentimes forgoing their monthly housing payments.

According to the U.S. Census' Household Pulse Survey, over 524,000 tenants in Illinois were unable to pay their rent in May. In addition, over a half million Illinois homeowners either skipped or deferred their monthly mortgage payments for May. In total, one in four adults in Illinois either missed last month's rent or mortgage payment or have slight/no confidence that their household can pay next month's rent or mortgage. A dire situation.

Coronavirus Relief Fund

With no direct allocation coming to IHDA in the CARES Act, we had to think on our feet as to how we could potentially use this stimulus to benefit Illinois residents. It was in the line item regarding the Coronavirus Relief Fund (CRF) where we finally saw an opportunity to make an impact. The CRF line item, established through Section 5001 of the CARES Act, allocated \$150 billion to state and local governments with only three eligible purposes for how the funds could be used:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and
3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Given the wide scope for which the funds could be utilized, IHDA got to work on a proposal for a portion of the funds given to Illinois even before Treasury provided additional guidance. With a Governor who has championed housing, if ever there was a time to take a chance, it was now.

Lobbying the Governor

With \$3.5 billion in Coronavirus Relief Funds allocated to Illinois, it was imperative to get to Governor JB Pritzker to pitch our ideas, and to do so quickly. We proactively sought out input from the affordable housing community and held forums with landlords, property managers and housing advocates to understand their most urgent needs and pressing concerns. With their participation and on-the-ground insight, we developed a proposal to use \$210 million in CRF funding to create two new programs that would support homeowners, renters and housing providers hit hardest by the pandemic. Even with the many pressing demands for these limited resources and the many agencies and organizations throughout the state vying for funding, IHDA's proposal was the first request for CRF funding the Governor received.

With our proposal submitted, we aggressively lobbied the Illinois General Assembly and the Governor's team on the need for housing relief. We argued that if the state was going to help our most vulnerable residents stay on their feet, that work must begin with keeping a roof over their heads. After months of conference calls, letters and reports, the Governor believed in IHDA's proposals and gave his blessing on a portion of the CRF to be allocated to IHDA. The Illinois General Assembly not only complied with the request, but increased the initial budget line item of \$210 million to \$396 million during their special session in late May – \$150 million each for emergency mortgage and rental assistance, with the remainder set aside to be used as subordinate financing for rental developments whose financing had been adversely impacted by COVID-related market changes. It was now time to get to work.

COVID-19 Task Force

While IHDA has extensive experience in mortgage assistance programs, the Authority has not previously administered a program providing direct rental assistance to tenants. The Emergency Solutions Grant and other rental assistance programs traditionally fall under the jurisdiction of the Illinois Department of Human Services. However, IHDA's Executive team challenged the staff to do more. They believed IHDA can and will be a champion for struggling renters and the face of any emergency rental assistance at the state level now and in the future. Most importantly, they had the vision to pursue this highly sought-after funding even before the full scope of the pandemic's impact became clear.

At the onset of the pandemic, IHDA created a COVID-19 Task Force for the purpose of guiding the Authority through this growing crisis. Once IHDA was allocated the funding, the Task Force created two ad hoc committees to begin working on the infrastructure of these new programs. While we had administered foreclosure assistance in the past, emergency rental assistance was completely new territory.

These committees met multiple times daily to create programs from scratch – planning program parameters, new IT infrastructure, application intake and more – while working remotely from their homes as IHDA's office is closed. Through countless Microsoft Teams meetings and memo after memo,

IHDA staff has worked tirelessly to devise programs that will have the largest impact given the CRF allocation.

- ***Emergency Rental Assistance:*** A one-time grant of **\$5,000** to be credited against arrearages in rent incurred since March 1, 2020, with any remaining balance applied as a pre-payment of rent extending through December 2020, if able. Assistance will be paid directly to property owner or landlord on behalf of the tenant. Only tenants that are already carrying an unpaid rent balance from March through present day can apply. Tenants, whose income cannot exceed 120 percent area median income (AMI), will have to certify that the reason they could not pay their rent was due to a COVID-19 related loss of income on or after March 1, 2020. As a condition of the accepting the assistance, landlords must agree to not initiate nor carry out eviction proceedings on the tenant for the duration of the ERA coverage period. Renters that have been disproportionately impacted by the pandemic will be prioritized in the distribution of funds. Expected to assist up to **30,000 renters** throughout Illinois.
- ***Emergency Mortgage Assistance:*** A one-time grant of up to **\$15,000** for loan reinstatement and pre-payment of monthly mortgage payments through December 2020, if able. Assistance will be paid directly to the mortgagor's loan servicer on behalf of the homeowner. Only homeowners with mortgage arrearages (or in forbearance) on or after March 1, 2020 through present day are eligible to apply. Homeowners, who must be at or below 120% AMI, will have to certify that the reason they could not pay their mortgage was due to a COVID-19 related loss of income on or after March 1, 2020. EMA program expected to assist up to **10,000 homeowners** across Illinois.
- ***Community Outreach & Assistance:*** A grant of up to \$75,000 for housing counseling agencies, community-based organizations, non-profit organizations and legal assistance groups. Grantees will assist IHDA in operating the EMA and ERA programs by assisting Illinois residents with information and outreach, online application process, directing and assisting residents whose income has been impacted by COVID-19 by identifying other available resources and post-assistance activities. This is not funded using CRF funding, but will be paid for using administrative funds to ensure CRF funding is deployed as quickly and efficiently as possible to those in need.

Ready to Launch

Even though staff has been working from home since mid-March, IHDA is looking forward to getting the programs up and running in early August. The IHDA Board has approved the programs and we are working with vendors to ensure a glitch-free launch so we can get the aid out the door before the end of 2020. The Governor has agreed to a press conference to utilize earned media to market the program and we are preparing our internal infrastructure to handle a high volume of calls and applications.

The impact of the COVID-19 pandemic has been immediate and severe, and it will likely get worse before it gets better. The CARES Act provided temporary assistance to the housing market; however, current and new problems will remain long beyond the pandemic. A robust and sustained state and federal housing response is necessary so residents and owners are not burdened by mounting debt from which they cannot recover. IHDA is proud to lead the way, and by the end of 2020, IHDA will have delivered \$300 million in emergency mortgage and rental assistance to help at least 40,000 households stay at home as they work to regain their financial stability.