



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2868

PRINTERS NO. 4392

PRIME SPONSOR: Helm

AS AMENDED BY: A07622

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	\$0	\$0
Pennsylvania Housing Financing Agency Funds	\$0	\$0

SUMMARY: HB 2868, as amended by A07622, makes administrative and programmatic changes to the existing COVID Relief - Mortgage and Rental Assistance Grant Program in order to facilitate greater applicability and usage of the program by those experiencing financial hardship as a result of the Coronavirus pandemic.

ANALYSIS: This legislation makes administrative and programmatic changes to the provisions of the COVID Relief - Mortgage and Rental Assistance Grant Program, established under Sections 190-C and 191-C of The Fiscal Code.

The legislation would link maximum rental and mortgage assistance to other widely established industry standards.

For mortgage assistance, the cap would be based on the median monthly owner costs (rounded to the closest \$100) as provided for in the U.S. Census Bureau's most recent American Community Survey, thereby setting the new cap at \$1,500 per month. The present statutory cap is set at \$1,000 per month.

For rental assistance, the new cap would be based on 130% of the U.S. Department of Housing and Urban Development's Fair Market Rent for a two-bedroom unit for the area in which the property is located. The legislation changes the application deadline from October 31, 2020 to November 13, 2020

The requirement that households be 30 days in arrears to be eligible for assistance would be eliminated due to the undue burden it creates on applicants that have prioritized making full mortgage/rent payments while likely allowing other critical obligations to lapse. Moreover, the legislation would add a self-certification process for verifying reduced work hours or wages related to the pandemic for mortgagor and tenant applicants who, despite their best efforts, cannot provide adequate documentation.

The legislation would eliminate the requirement for landlords and mortgagees to waive rights to remaining mortgage/rent obligations upon acceptance of assistance.

Instead, landlords would have the option of waiving rights to remaining outstanding rent obligations in exchange for offering the tenant a 12-month (or the number of months of outstanding obligations) repayment agreement for the remaining balance. A repayment plan may not include any late fee or interest for the months in which the landlord received assistance under the program.

A mortgagee who receives payments under the program that are not sufficient to cure any outstanding obligation of the mortgagor, shall be required to assess the mortgagor's eligibility for any loss mitigation options that might be available.

Additionally, if a landlord/mortgagee agrees to release the tenant/mortgagor from remaining rent/mortgage obligations for all of the months which the landlord/mortgagee received assistance under the program, the landlord/mortgagee would be entitled to an additional payment for each month equal to 25% of the outstanding balance, not to exceed the remaining rent/mortgage payment or \$600, whichever is less. The landlord/mortgagee would not be entitled to any additional payment if the total monthly rent/mortgage obligation is covered by the payment.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds as the \$175 million COVID Relief - Mortgage and Rental Assistance Grant Program was appropriated by the General Assembly, utilizing Federal CARES Act monies.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: October 16, 2020

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.