

CARES ACT BRIEF: HOUSING STABILITY & LATINOS

The novel coronavirus (COVID-19) has led to an unprecedented nationwide health and economic crisis. As more of our neighbors fall ill and the death toll rises, the pain and hardship caused by the pandemic will grow exponentially. Unfortunately, the brunt of the impact will fall primarily on the shoulders of our nation's working-class families, including the nation's 58 million Latinos, who make significant contributions to the nation's economy and prosperity yet continue to face longstanding disparities.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a \$2.2 trillion bipartisan package from Congress, is a crucial step to protecting the health and economic well-being of millions of Americans hit hardest by the crisis. The Act follows, and in some cases builds on, two other packages— the [Families First Coronavirus Response Act](#) and the [Coronavirus Preparedness and Response Supplemental Appropriations Act](#)—and includes many of the priority areas that [UnidosUS asked Congress](#) to address. Namely, it includes some needed relief for American workers and their families, small businesses, nonprofit organizations, and hospitals, as well as local health systems. The CARES Act is a good step to helping workers and families already feeling the effects of a sharp economic downturn. However, policymakers have a lot of work to do to address remaining needs that will become even more urgent as this event and its effects continue.

While the CARES Act and earlier packages cover many urgent needs, here is a look at what the CARES Act does on the housing stability issues that are most relevant to the Latino community.

How does the CARES Act help Latino homeowners stay in their homes?

The CARES Act will help homeowners, including millions of Latinos, stay in their homes by halting foreclosures and allowing forbearance on certain mortgages. According to a recent UnidosUS poll, [nearly one-quarter \(24%\) of Latinos](#) report spending more than 40% of their monthly income on housing costs. Latino homeowners, many who work in industries affected by closures, including leisure and hospitality, are at risk of falling behind on their mortgage payments. Among the [47% of Latinos](#) who own their homes, most [rely on loans guaranteed by the federal government](#), including mortgages insured by the Federal Housing Administration (FHA).

- **Halt on foreclosures.** The CARES Act enacts a moratorium on foreclosures on federally backed mortgages (guaranteed or insured by [FHA](#), [USDA](#), [VA](#), and [Fannie Mae](#) or [Freddie Mac](#)), beginning on March 18, 2020 and ending on May 17, 2020. Homeowners can contact the company that services their mortgage or click on any of the previously listed links to find out if their mortgage is affected.
- **Forbearance of mortgage payments.** Homeowners with a federally backed mortgage can request up to a 12-month pause (forbearance) on their scheduled mortgage payments. Homeowners will not incur penalties, fees, or additional interest during the requested forbearance period. Aside from the homeowner's request for assistance verbally or in writing, mortgage servicers will not require additional documents proving financial hardship.

- **Protections against negative credit reporting.** The CARES Act enacts a pause on negative credit reporting to the credit bureaus on loans, including mortgages, for a borrower who has requested relief or assistance, for a period that began January 31, 2020 and ends July 27, 2020 or at the end of the national state of emergency, whichever comes first. For example, a homeowner who requested and received a forbearance will not experience negative reporting to the credit reporting bureau during the forbearance period.

How does the CARES Act help Latino renters stay in their homes?

The CARES Act will help renters, including Latinos, stay in their homes by stopping evictions and adding funding for important housing assistance programs. As homeownership opportunities remain out of reach for many Latino families, an increasing number of Latinos struggle to find a rental home they can afford. [More than half of Latino renters](#) spend more than 30% of their income on housing costs. Latino families are also particularly vulnerable to eviction, facing [higher eviction rates](#) than Black or White renters. The CARES Act:

- **Stops eviction filings.** For a four-month period, March 27, 2020 through July 27, 2020, landlords and managers of select rental properties cannot file a new eviction of a tenant who does not pay rent and cannot charge fees or penalties related to nonpayment. Tenants living in properties covered by certain federal housing assistance programs are protected from eviction. Visit the [National Housing Law Project](#) for a complete list of rental properties covered by the CARES Act.
- **Provides \$12 billion in additional funding for federal housing programs.** These funds will support programs that assist vulnerable households.
 - \$3 billion in [tenant-based](#) rental assistance, [project-based](#) assistance, and [public housing](#) funding for housing providers. These programs help more than 4.5 million low-income households currently assisted by the Department of Housing and Urban Development (HUD) to safely remain in their homes or access temporary housing assistance in response to disruptions caused by the pandemic. Approximately [24%](#) of public housing residents, [16%](#) of project-based Section 8 housing residents, and [18%](#) of residents with a Housing Choice Voucher are Hispanic.
 - \$4 billion in [Emergency Solutions Grants](#) to protect people experiencing homelessness and households earning less than 50% of Area Median Income. The funds can also be used for eviction prevention assistance, including rapid rehousing, housing counseling, and rental deposit assistance.
 - \$5 billion for [Community Development Block Grants](#) to cities and states. State and local governments will receive varying amounts based on a number of factors. Officials can use these funds flexibly to provide communities with targeted support like rental assistance and housing counseling assistance.

What is next?

As an immediate step, we must ensure that the measures above are effectively implemented through the various federal and state agencies. Housing costs are a major expense for Latinos across the country and remain at the heart of their [economic concerns](#). Despite recent gains in Latino homeownership, [Latinos have not fully recovered](#) from the losses since the last recession. In addition, [64% of Latino renters](#) report

having no money left over at the end of the month after paying bills and essential expenses; the impact of the novel coronavirus could set Latino households back even more. UnidosUS will work alongside our Affiliates throughout the nation to ensure that our national leaders deliver necessary support to *all* households. Our future policy priorities include:

- **Target emergency funding and outreach to Latinos through trusted community-based organizations, including housing counseling providers.** Utilize and fund trusted nonprofit organizations that serve the Latino community to ensure that mortgage and rent relief options are well-understood and accessed by Latinos in need. In particular, HUD-approved housing counseling providers urgently need additional funding to meet an expected increase in demand for culturally competent foreclosure prevention and eviction prevention services as homeowners and renters sustain substantial income losses in the months ahead. UnidosUS will continue to advocate for funding to support and ensure the availability of assistance in Spanish and other widely spoken non-English languages.
- **Stop foreclosures on all mortgages for at least six months.** More homeowners will lose their jobs and income or become sick in the coming months. As such, the moratorium should be extended for an additional 120 days. Nearly 15 million mortgages are not federally backed and are held on lenders' books, which likely include those of Latino homeowners who will remain vulnerable as the pandemic continues. Therefore, homeowners with incomes affected by the pandemic and whose mortgages are held in lenders' portfolios must also be protected against foreclosure.
- **Extend mortgage forbearance for up to 12 months for all homeowners.** UnidosUS will continue to advocate for a national standard for providing meaningful mortgage relief to homeowners with incomes affected by the pandemic. Servicing companies of all mortgages, federally backed and not, should be required to offer homeowners up to 12 months of payment forbearance for the full amount of the mortgage payment. All servicers must provide a clear and simple process for the homeowner to be able to request mortgage relief.
- **Stop evictions of tenants in rental properties of all sizes.** The federal eviction moratorium in the CARES Act does not provide protection for all tenants, including those who filed before the moratorium became effective. UnidosUS will advocate for a freeze on evictions for tenants on all rental properties and promote tax credits for small landlords renting properties without a federally backed mortgage to ensure that they can weather the loss of income.