

## Groups Decry Limits on Rent Relief

Rent assistance provided under federal coronavirus-relief programs is finally starting to flow in many states, but some local officials are capping the benefits or setting other restrictions that industry groups believe could hurt multi-family property owners and their lenders.

In California, benefits are limited to 80% of what is owed, and landlords must agree to forgive the balance. Other states aren't allowing landlords to apply on behalf of tenants, or are prioritizing renters making 50% of the local median income — even though federal law set eligibility at 80%. And some, like New York, haven't finished setting up their programs.

The local rules are intended to stretch the dollars or funnel them to the neediest tenants, but industry groups point out that the federal legislation authorizing some \$46 billion in rent relief included no such provisions.

"The industry has been carrying debt for a year," said **Greg Brown**, senior vice president of government affairs for the **National Apartment Association**. He noted that lenders, utilities and taxing authorities aren't giving landlords a break on what they owe.

"To see a solution finally arrive and then have someone say, 'You're not going to get all of it,' that's not what **Congress** contemplated," he added. "Grantees are making their own arbitrary decisions."

Roughly 40 states have set up programs to disperse rent relief included in the packages signed by President **Donald Trump** in December and President **Joe Biden** in March. The rollout has been slowed by a complex web of programs administered at state, county and local levels.

"We're ecstatic we could secure [the] rental assistance, but now we have to figure out how to get it out to people in an efficient and timely manner," said **Cindy Chetti**, senior vice president of government affairs for the **National Multifamily Housing Council**. "We believe that some of the more onerous provisions being included in some of the local programs may slow down the process of getting these funds to folks in need."

Chetti said NMHC has been meeting regularly with **Treasury Department** and other administration officials — as well as groups like the **National Council of State Housing Agencies**, whose members are charged with setting up local distribution programs — to ensure they understand landlord concerns. Groups like the **Mortgage Bankers Association** and the **CRE Finance Council** also have encouraged states to tap other federal recovery funds to provide additional rent relief.

**Michael Flood**, who leads commercial real estate policy for the MBA, said other federal assistance "has been extremely effective in keeping people in their homes, and now we are seeing shots in arms and the economy is coming back and we're starting to come out of this. So, what is very frustrating on the rental-assistance side is to see money given out to states and watching them struggling to get it to renters and our borrowers."

Meanwhile, some jurisdictions, including New York, have

kept eviction moratoriums in place — although this week, a federal judge in Washington struck down a nationwide moratorium ordered as a public-health measure by the **Centers for Disease Control**.

**David McCarthy**, a senior director for policy and government relations at CREFC, has been tracking state action throughout the pandemic, but he said the rent-relief rollout is particularly difficult to follow. He noted that where evictions are barred and relief is still pending, lenders face difficult decisions about what to do about buildings where rent still isn't being collected.

"Do you wait, or do you start writing down losses?" he said. "As this program progresses, and if arrears aren't being fully covered, these become the pertinent questions. There is a lot of money, but it's unknown whether it's enough. And what happens to those who don't get it?"

Chief operating officer **Don Brunner** at **BRG Apartments** of Cincinnati, owner-operator of 8,000 units in 45 locations, said landlords in Ohio have had wildly differing experiences in the pandemic — everything from a slight uptick in nonpayment to a whopping 20% of tenants not paying rent.

"Some states have successfully distributed funds, while other states have yet to distribute dollar one," Brunner said of rent-relief programs. "That's a concern. Congress can pass stimulus packages and send money to states ... but if it's not getting into the hands of owner/operators, it's not assisting the residents it's intended to help." ❖

## REIT Credit Ratings

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Mortgage	Moody's	S&P	Fitch	DBRS
Ladder Capital	Ba2	B+	BB+	
iStar Financial	Ba3	BB	BB	
Starwood Property	Ba3	B+		

### Diversified

W.P. Carey	Baa2	BBB		
Washington REIT	Baa2	BBB		
Broadstone Net Lease	Baa3	BBB		
American Assets	Baa3	BBB-	BBB	
Global Net Lease			BB+	
Howard Hughes Corp.	Ba3	BB-	BB	

### Other

Safehold			BBB+	
Invitation Homes	Baa3	BBB-	BBB	
American Homes 4 Rent	Baa3	BBB-		
CoreCivic	Ba2	BB-		
Iron Mountain	Ba3	BB-		
Lamar Media	B1	BB-		
Outfront Media	B2	B+		
GEO Group	B2	B-		

Note: Ratings are shown for REITs that primarily own U.S. commercial assets and issue unsecured bonds denominated in U.S. dollars.