

# A Good Neighbors Proposal

Tenants, Landlords, Lenders, and Government working together

Written May 2, 2020

*This proposal can support up to 5 months, that a tenant is unable to pay rent for a business or residential property.*

## Goals:

- For Tenants to have housing while supports are put in place.
- For Landlords to have help getting their rent paid.
- For Government to still receive real estate taxes so that it can provide city services.
- For Lenders to get Community Reinvestment Act Credit from the government for providing loan deferments without fees.

## Funds to Support tenants could come from:

- Unemployment checks
- Federal Stimulus Funds
- City of Boston Rental Relief Fund
- Additional City, and State funds

## Funds to Support landlords could come from:

- Last month's rent and security payments
- Government Funds (listed below)
- Housing subsidies for providing housing for people with low incomes and/or are without homes for vacant units

## Funds to Support Lenders could come from:

- Federal credits for community benefits

## Government COVID Relief Funds could come from:

- City of Boston Community Preservation Funds
- Boston Resiliency Fund
- Statewide COVID relief fund
- State and City Rainy Day Funds
- Surety Bonds (preferred by Mass Landlords)
- Federal Funds

Months	Tenant and Landlord	Lender	Government
1 <sup>st</sup> Month 2 <sup>nd</sup> Month	<p>If the tenant can not pay rent:</p> <ul style="list-style-type: none"> <li>• last month's rent could be used for 1 month's rent. (In Bill H.4647, signed by Governor Baker, on April 21, 2020 last month's rent may be drawn upon if a landlord has an expense or an obligation they need to meet, such as a mortgage payment, tax bill, maintenance expense, etc. <a href="#">link</a>)</li> <li>• the security deposit could be deducted for one month's rent. (Allowed in Massachusetts Security Deposit Law <a href="#">link</a>)</li> </ul>	<p>If the tenant shares with their landlord that they can not pay rent for more than 2 months, then the landlord would request a deferment from their bank.</p>	<p>Funding is available for some tenants from a number of government sources on a city, state, and federal level. This will help some renters a lot, or a little as there are eligibility guidelines, a limit on funds available, and also different timeframes on when funds will be available.</p> <p><b>Possible Legislation:</b></p> <ol style="list-style-type: none"> <li>1. Which would forbid an eviction if security and/or last months rent were prepaid, and/or the landlord was receiving a deferment from their bank for a mortgage loan.</li> <li>2. Which could allow for last month's rent to be used for 1 month's rent if a tenant requested it.</li> </ol>
3 <sup>rd</sup> Month 4 <sup>th</sup> Month 5 <sup>th</sup> Month	<p>If possible the tenant will pay back the security deposit and/or last month's rent immediately or over time. This repayment could happen any time up until the end of the lease.</p> <p>If a tenant can not pay back these prepaid deposits and is still unable to pay due to COVID they could have a rent deferment of up to 3 months in length. To achieve this their lease would be extended 3 months.</p> <p>If a landlord gets a deferment on their mortgage that deferment would also be passed onto the tenant.</p>	<p>Banks that offer deferment will give up to 3 months of deferment without fees to their customers. (Now required in Bill H.4647 <a href="#">link</a> for only owner occupied landlords who own less than 4 units for up to 6 months <a href="#">link</a>).</p>	<p>Each month's portion of the quarterly city real estate taxes could be paid for by COVID relief funds, for any month that a landlord and a tenant are jointly having a deferment.</p> <p><b>Possible Legislation:</b></p> <ol style="list-style-type: none"> <li>1. Which would make it mandatory for all lenders to offer at least 3 months of deferment without fees to all landlords.</li> <li>2. Which would make it mandatory that any deferment that a landlord receives would be passed on to their tenant. A tenant's lease would be extended the same amount.</li> <li>3. Which would allow renters to defer their rent by extending the length of their rental lease for up to 3 months for renters who can not pay due to COVID.</li> </ol>
End of Current Lease	<p>If needed:</p> <ul style="list-style-type: none"> <li>• The tenant pays last months rent on the last month of the lease</li> <li>• If there is any damage to the property the tenant pays the for damages up to the original amount of the security deposit</li> <li>• A payment plan can be set up</li> </ul> <p><b>Action Item:</b> Landlords could sell or barter properties to the city to cover residential tax bills. That property could be used to house residents without homes and/or increase affordable housing options in the city including mixed income co-operatives.</p>	<p>If a tenant needs to borrow money to pay last month's rent and/or cover property damage then a bank could offer a loan specifically for those needs.</p>	<p>If a landlord is not getting rent because their tenant can not pay from lack of income, and/or there are damages to a property without a security deposit in place, then COVID relief funds could cover last month's rent, and also any damages that occurred up to the cost of a security deposit. Another option would be for 2 month's of the quarterly city tax bill to be covered by those funds.</p> <p><b>Note:</b> If the need exceeds the funds then a lottery could determine who gets the funds.</p> <p><b>Action Item:</b> Government funds could help pay for rent on vacant units by providing housing for residents who are low income and/or without homes (including families). This would be a win/win for landlords, and new tenants.</p>

## Press:

1. *Shelterforce*  
**Ilhan Omar Proposes Bill to Cancel Rent, Mortgage Payments During Pandemic**  
By Miriam Axel-Lute  
April 17, 2020  
<https://shelterforce.org/2020/04/17/ilhan-omar-proposes-bill-to-cancel-rent-mortgage-payments-during-pandemic/>
2. *Commonwealth Magazine*  
**Baker signs eviction moratorium bill**  
by Shira Schoenberg  
Apr 20, 2020  
<https://commonwealthmagazine.org/housing/baker-signs-eviction-moratorium-bill/>
3. *Boston Globe*  
**Walsh, banks, agree to mortgage deferral plan for coronavirus crisis**  
By Tim Logan Globe Staff,  
Updated April 10, 2020, 6:34 p.m.  
<https://www.bostonglobe.com/2020/04/10/business/walsh-banks-agree-mortgage-deferral-plan-coronavirus-crisis/>
4. *The New York Times*  
**40% of N.Y. Tenants May Not Pay Rent This Month. What Happens Then?**  
By Matthew Haag  
Published March 31, 2020, Updated April 3, 2020  
<https://www.nytimes.com/2020/03/31/nyregion/coronavirus-landlords-eviction-tenants.html?auth=login-facebook>
5. *Banker and Tradesman*  
**What Should Lenders Know About the CARES Act?**  
By Diane McLaughlin, Banker & Tradesman Staff  
Mar 31, 2020  
<https://www.bankerandtradesman.com/what-should-lenders-know-about-the-cares-act/>
6. *Boston Globe*  
**In the same boat': Retailers and landlords find some flexibility amid the crisis**  
By Tim Logan and Janelle Nanos Globe Staff  
Updated March 29, 2020, 5:18 p.m.  
<https://www.bostonglobe.com/2020/03/29/business/same-boat-retailers-landlords-find-some-flexibility-amid-crisis/>
7. *City Limits*  
**Opinion: How to Fix the COVID Housing Crisis**  
By Jason Wu  
March 26, 2020  
<https://citylimits.org/2020/03/26/opinion-how-to-fix-the-covid-housing-crisis/>
8. *Banker and Tradesman*  
**Banks to Receive CRA Credit for COVID-19 Lending**  
Mar 20, 2020  
<https://www.bankerandtradesman.com/banks-to-receive-cra-credit-for-covid-19-lending/>
9. *NPR: Heard on Morning Edition*  
**U.S. Orders Up To A Yearlong Break On Mortgage Payment**  
By Chris Arnold  
March 19, 2020:03 PM ET  
<https://www.npr.org/2020/03/19/818343720/homeowners-hurt-financially-by-the-coronavirus-may-get-a-mortgage-break>

## *Related Legislation:*

### **MA Laws:**

**Homeowner Protection Act** — SD.2889, filed by Sen. Moore and co-sponsored by Rep. Connolly and several others. Establishes a deferment program for mortgagees. Incorporated into final Eviction and Foreclosure legislation signed into law on April 20.

### **Massachusetts Security Deposit Law**

“...Landlords in Massachusetts may be allowed to keep all or a portion of a tenant’s security deposit for the following reasons:

Unpaid rent...”

<https://www.thebalancesmb.com/massachusetts-security-deposit-law-2125077>

### **NY Bill:**

Senate Bill S8125A, presented by New York State Senator Michael Gianaris, March 23, 2020.

Relates to suspending rent payments for certain residential tenants and small business commercial tenants and certain mortgage payments for ninety days in response to the outbreak of covid-19 The bill would provide a 90-day rent forgiveness to residential and commercial tenants impacted by COVID-19.

Current Bill status: In Senate Committee Judiciary Committee.

<https://www.nysenate.gov/legislation/bills/2019/s8125?fbclid=IwAR3pDKVhZZyW2fSc8jG5Y3YVfsVs96xFtz3EJOS-fowLMM1bwcUymImrKNsA>

## *Support for Renters:*

### **Emergency Rental Assistance Program: MHP**

<https://www.mhp.net/writable/resources/documents/Emergency-Rental-Assistance-Programs-guidance1.pdf>

## *Support for Home Owners:*

### **Lists of banks allowing for deferment without fees for mortgages:**

#### **Boston Home Center list of Banks in Boston:**

<https://www.boston.gov/departments/neighborhood-development/boston-home-center>

#### **Compiled List of Federal and State Lenders from May 2, 2020:**

<https://docs.google.com/document/d/1Wgn-DwJHWyn1sUNzyQsaKfMxPAv3djhOZSC2N0rrBfc/edit>