

A Good Neighbors Proposal

Tenants, Landlords, Lenders, and Government working together

UPDATED 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 st Month 2 nd Month | <p>If the tenant can not pay rent:</p> <ul style="list-style-type: none"> • 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. link) • the security deposit could be deducted for one month's rent. (Allowed in Massachusetts Security Deposit Law link) | <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>Possible Legislation:</p> <ol style="list-style-type: none"> 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. 2. Which could allow for last month's rent to be used for 1 month's rent if a tenant requested it. |
| 3 rd Month 4 th Month 5 th 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 link for only owner occupied landlords who own less than 4 units for up to 6 months link).</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>Possible Legislation:</p> <ol style="list-style-type: none"> 1. Which would make it mandatory for all lenders to offer at least 3 months of deferment without fees to all landlords. 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. 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. |
| End of Current Lease | <p>If needed:</p> <ul style="list-style-type: none"> • The tenant pays last months rent on the last month of the lease • If there is any damage to the property the tenant pays the for damages up to the original amount of the security deposit • A payment plan can be set up <p>Action Item: 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>Note: If the need exceeds the funds then a lottery could determine who gets the funds.</p> <p>Action Item: 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>