This week Senate Republicans released their proposal for the next phase of COVID-19 relief, setting the stage for negotiations with House Democrats in advance of lawmakers’ departure for August recess next week. While House Democrats proposed nearly $3 trillion in emergency relief in the HEROES Act – including investments in several of LIIF’s top priorities – Senate Republicans’ counterproposal totals only $1 trillion and is significantly more limited in scope.

**What’s NOT included in Senate Republicans’ Proposal:**
- No resources for the CDFI Fund
- No significant rental assistance, either through the Emergency Solutions Grants (ESG) Program or the HOME Program
- No Low Income Housing Tax Credit (Housing Credit) or New Markets Tax Credit (NMTC) provisions
- No extension of eviction/forbearance moratoriums
- No general-purpose state and local aid (although it would loosen restrictions on the use of aid provided in the CARES Act)

**What IS Included in Senate Republicans’ Proposal:**

**Housing**
- $2.2 billion for tenant-based rental assistance to maintain current Section 8 vouchers for low-income families who experienced a loss of income from the virus
- $1 billion for the Public Housing Operating Fund

**Education**
- $15 billion for child care programs:
  - $5 billion for the Child Care Development Block Grant (CCDBG), to be distributed to states in the same manner as CARES Act funding
  - $10 billion through a new “Back to Work Child Care Grants” program, which would provide grants to qualified child care providers for a transition period of 9 months. However, this provision would require states to revisit their health and safety protections and require providers to return funds if they cannot stay open for at least a year.
- $105 billion for K-12 and higher education with some funding only available to schools that fully re-open

**Paycheck Protection Program (PPP)**
- Raises the PPP cap to $750 billion (up from $652 billion) and extends the program through December 31
- Streamlines forgiveness for loans under $150k and lowers the cap on loan sizes
- Eligible businesses would need to demonstrate 50 percent lost revenue
Individual Assistance

- Extends enhanced unemployment insurance at a reduced rate of $200/week (down from $600/week) for two months
- Provides a second $1,200 check to individuals with eligibility similar to that in the CARES Act

Healthcare

- $7.6 billion for Community Health Centers

Although it is disappointing that the Senate Republican proposal lacks investment in several areas critical to the affordable housing and community development field, there is still a long way to go before lawmakers reach a final deal. Senate Republicans continue to have internal disagreements on many aspects of their own stimulus proposal, and they have yet to reach consensus with the White House. Additionally, House and Senate Democrats will have several additional priorities to push in negotiations – for example, a national eviction/foreclosure moratorium and rental assistance.

LIIF Strongly Opposes HUD’s Weakening of the Nation’s Fair Housing Responsibilities

Last week, HUD terminated its 2015 Affirmatively Furthering Fair Housing (AFFH) rule and replaced it with the significantly weaker Preserving Community and Neighborhood Choice rule. The 2015 AFFH rule was a critical means of enforcing implementation of the Fair Housing Act of 1968. The rule included a data tool that guided HUD recipients in fulfilling their responsibility to actively address housing discrimination and segregation and to foster inclusive communities. In January 2020, HUD released proposed changes to the AFFH rule, which LIIF commented on in partnership with Enterprise, Housing Partnership Network (HPN), LISC, National Housing Trust (NHT), and SAHF. However, HUD ultimately decided to disregard broad public comments and terminated the AFFH rule rather than revise it. The rule is not subject to public notice or comments.

In partnership with Enterprise, HPN, LISC, NHT and SAHF, LIIF released a joint statement of opposition against HUD’s termination of the AFFH rule. House Democratic leadership recently released a statement condemning HUD’s termination of AFFH and noted that they will be “taking legislative action to reinstate this critical rule.”

LIIF Endorses Federal Tax Credit for Single-Family Housing in Distressed Communities

LIIF recently joined several of our partners to endorse the Neighborhood Homes Investment Act (NHIA), a proposal for a new federal tax credit to invest in the development and renovation of 1-4 family housing in distressed communities nationwide. In addition to the support of many affordable housing organizations, this proposal has strong bipartisan support in Congress. It was introduced by Representatives Brian Higgins (D-NY) and Mike Kelly (R-PA) in June 2019, and a Senate companion bill was recently introduced by Senators Ben Cardin (D-MD) and Rob Portman (R-OH) last month. The proposal was also passed by the House earlier this month as part of the Moving Forward Act (H.R. 2).

Dilapidated and abandoned single-family homes undermine neighborhood stability and the local tax base, but financing the necessary rehab to make these properties viable homes is difficult due
to low property values that do not support the cost of substantial rehab. The equity from this proposed tax credit is necessary to fill the gap between the cost of rehabilitating a home and the post-construction value of the home. Investments through this tax credit would not only benefit the broader neighborhood but could also increase access to financial security and the wealth building power of homeownership.

**Biden Releases New Campaign Proposal with Focus on Child Care, Racial Equity**

Last week former Vice President Joe Biden released a $775 billion proposal to invest in caregiving programs that specifically calls out investments in child care facilities. While the details are still limited, the proposal does include:

- **Creating a new child care construction tax credit** to encourage businesses to build child care facilities at places of work. Employers will receive 50% of the first $1 million of construction costs per facility.
- **Making direct investments in building new child care facilities and upgrading existing facilities** with a specific focus on accessibility for people with disabilities and addressing environmental contaminants and safety hazards.
- Ensuring all child care infrastructure investments are healthy, energy efficient, climate resilient, and developmentally appropriate facilities built with high labor standards.

Questions remain about how some of these proposals would be implemented but the inclusion of child care facilities as a specific focus of the Biden platform represents a promising commitment to this critical issue.

This week Biden also released a proposal to advance racial equity. Notably, the plan includes investments in small business opportunities for minority communities, affordable housing and homeownership that is accessible for people of color, and reform of Opportunity Zones to include more robust reporting requirements and incentives to partner with local nonprofits. Biden’s racial equity plan also includes the Jobs and Neighborhood Investment Act, a bill recently introduced by Senators Mark Warner (D-VA), Cory Booker (D-NJ), Kamala Harris (D-CA), and Democratic Leader Chuck Schumer (D-NY) to invest in low-income and minority communities. Specifically, the bill would invest $17.9 billion to Minority Depository Institutions and CDFIs in the form of direct capital investments, grants, and community investment loans.

For questions or comments, please contact:

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