

The Nitty Gritty on Federal Rent Relief

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As the multifamily sector welcomed the inclusion of \$25 billion in rental assistance in the federal relief package, it rushed to decipher the 5,000-page bill.

Here are some key details.

The funds will be meted out by eligible states and localities, which are tasked with designing means-tested programs along the federal guidelines.

But the funds themselves, from the U.S. Treasury Department, may take a month to arrive. That means renters and landlords should not expect a check until late January at the earliest.

The rent relief will be apportioned not only to states, but to cities with populations greater than 500,000, based on their share of the overall U.S. population. That means more populous states like New York, Florida and California will get a bigger slice — \$1.3 billion, \$1.4 billion and \$2.6 billion, respectively — of the \$25 billion rent-relief pie.

But New York will end up short changed because tenants make up such a high percentage of its population. About two-thirds of New York City dwellings are rentals, roughly twice the U.S. average.

As a result, California will get twice as much rent relief as New York despite having only about 38 percent more tenants: 18 million to New York's 13 million.

Rental payments have stayed remarkably steady during the pandemic, but it's unknown how long rents can keep flowing. Federal unemployment benefits in the aid bill, up to \$300 per week, will help, especially if tenants continue to prioritize paying the rent over other expenses.

"It's something," Robert Gilman, who co-chairs the real estate group at public

accounting firm Anchin, said of the rental relief. “But my concern in general is that people have gone months without extra money.”

The relief may not arrive soon enough for some landlords, especially as the deadline for paying property taxes draws near. Gilman said that while property owners had set aside money to make property tax payments in July, some were expecting additional aid in the form of tax breaks, and may have entered into forbearance agreements with no requirement to escrow property taxes. Those tax breaks didn’t materialize — and with Congress failing to help states and cities balance their budgets, tax hikes may be on the horizon.

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