

**Metropolitan Transportation Commission and Association of Bay Area Governments  
Joint MTC ABAG Legislation Committee**

September 11, 2020

Agenda Item 6a

**Update on COVID Relief Negotiations**

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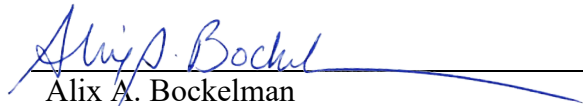
**Subject:** Status update on a potential federal COVID-19 emergency aid package.

**Discussion:** As of the writing of this memo, Congress and the White House are still working towards closing a very wide gap between the broad \$3 trillion COVID-19 relief package passed by the Democrat-led U.S. House of Representatives back in May (the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act) and the Administration's call for a far narrower coronavirus economic relief bill.

With respect to MTC and ABAG priorities, the HEROES Act—which is serving as a marker for Democratic priorities—would provide nearly \$1 trillion in state and local government aid, make unprecedented investments in emergency rental and homeowner assistance to keep residents in their homes, and, of particular importance to Bay Area transit operators, would backfill for lost transportation revenues. (See Attachment A for a detailed bill summary). In contrast, state and local government aid, transportation backfill and housing funding fall outside of the far more limited approach championed by the White House.

Though negotiations are ongoing, it is highly unlikely that any deal will be finalized until after Congress returns to Washington, D.C. after the September 7<sup>th</sup> Labor Day holiday. Congress will then face pressure to address a number of “must pass” issues, including COVID-19 response and keeping the federal government funded into fiscal year 2021, before the November 2020 election becomes all-consuming.

**Attachment:** Attachment A: Detailed summary of HEROES Act

  
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## HEROES Act Summary

State and local government, housing and transportation provisions of the HEROES Act are summarized below.

### State and Local Government Aid

- \$875 billion in payments to state and local governments for COVID-19-related expenses, to respond to negative economic impacts of COVID-19 and, importantly, *to replace lost revenues (see note)*.
  - \$500 billion through the existing Coronavirus Relief Fund for states, territories and tribal governments. An additional \$40 billion would be available for territories and tribes.
  - \$375 billion for local governments through a new Coronavirus Local Relief Fund
    - \$187.5 billion would be allocated to cities and towns of all sizes. Of the funds allocated to cities, 70 percent would be distributed by the U.S. Department of Housing and Urban Development (HUD) to cities over 50,000 in population (i.e. “entitlement” cities) according to the Community Development Block Grant (CDBG) program formula and the remaining 30 percent would be sent to states, which would be required to suballocate the entire amount to cities and towns based on population.
    - \$187.5 billion would be allocated to counties of all sizes based on each county’s population relative to the total population of the nation’s counties. The exception to that formula is that a current CDBG entitlement county would receive its entitlement amount if it is higher than what that county would receive under a population-based allocation.

Note: State and local governments were restricted from utilizing the \$150 billion in CARES Act direct aid to replace lost revenues.

- \$10 billion in CDBG assistance for local governments; Half of the funds would be allocated through the CARES Act-created flexible Community Development Fund—which combines features of the conventional CDBG program as well as precedents set by CDBG-Disaster Relief (CDBG-DR) supplementals in response to disaster. The remaining funds would be allocated through the traditional CDBG program.

### Housing and Homelessness Assistance

- \$100 billion in emergency rental assistance to help low-income renters at risk of homelessness avoid eviction.
- \$75 billion for a Homeowner Assistance Fund to assist individuals with mortgage payments, property taxes, and other housing-related costs. Funding would be administered by states, territories and tribes.
- \$12.5 billion in homeless assistance funding. Of this, \$11.5 billion would be allocated through the HUD Emergency Solutions Grant program and \$1 billion would be provided for HUD Housing Choice Vouchers targeted to people at-risk of or experiencing homelessness.

- Nearly \$7 billion in traditional HUD rental assistance and public housing support.
- Tenant Protections: Expansion and extension of the CARES Act eviction and foreclosure moratoriums to one year and six months, respectively, after the date of the HEROES Act enactment.

### Transportation Funds

- \$15.75 billion in public transportation assistance to supplement the \$25 billion in CARES Act public transit assistance.
  - \$11.75 billion, or nearly three quarters of the funds, would flow via formula to hard-hit regions; the Bay Area’s transit operators would receive an estimated \$780 million.
  - \$4 billion would be administered by FTA; discretionary funds available to any transit operator with significant funding needs above and beyond those covered by CARES Act and HEROES Act formula allocations.
  - Like in the CARES Act, replacement revenues would be extremely flexible and would not require a local match (eligible for 100 percent federal share). Funding eligibilities would include operating costs to maintain service, to backfill lost revenue, paying for system cleaning, and paying administrative leave for operators or contractor personnel due to reductions in service. *However, the bill would require that to the maximum extent possible, both HEROES Act and CARES Act funds should be directed to payroll and maintaining transit service.*
- \$15 billion in highway emergency assistance to be allocated to states, territories and tribes. Of this, \$14.8 billion would be apportioned to states in proportion to each state’s share of the total federal-aid highway program.
  - California would receive an estimated \$1.4 billion; of this, approximately \$30 million would be suballocated to MTC for projects in the Bay Area.
  - Highway emergency backfill fund eligibility would be very flexible; Funds could be used for the traditional road, bridge, and bicycle/pedestrian projects eligible under the Surface Transportation Block Grant Program (STP) and to cover operating expenses, including paying employees, contractors, information technology needs and availability payments). Funding would also be eligible for flexing to public transit purposes, similar to under current law with respect to the largest highway programs. Like the transit replacement revenue, the emergency aid would not require a local match.
- Transit Public Health Requirements: The bill also includes new requirements that large transit operators require that passengers wear face coverings, that employees are provided with protective equipment, and that public transit vehicles, stations and facilities are sanitized in accordance with CDC guidelines. “Large transit operators” are defined as operators that serve urbanized area populations of over 500,000 individuals and that provided a minimum of 200,000 unlinked passenger trips in the most recent year for which data is available.