

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

June 12, 2020

Agenda Item 7a

Federal Economic Relief in Response to COVID-19

Subject: State and local government, housing and transportation provisions of the HEROES Act.

Discussion: On May 15, the U.S. House of Representatives approved a \$3 trillion COVID-19 relief package—the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800)—to supplement the nearly \$3 trillion in aid Congress has approved since March. The HEROES Act, summarized below, would fund \$875 billion in state and local government direct aid as a supplement to the \$150 billion in direct aid approved in March, and provide an additional \$10 billion to cities and counties through Community Development Block Grants (CDBG). The bill would also make a substantial investment to keep residents in their homes, providing \$100 billion in emergency rental assistance, nearly \$20 billion in homelessness and traditional U.S. Department of Housing and Urban Development (HUD) rental assistance, and \$75 billion to assist homeowners in paying housing costs. With respect to transportation, the bill would provide additional transit funding plus resources to states and locals to backfill lost highway funding. The bill also includes more aid for small businesses, unemployment benefits, funding for testing and hospitals, and hazard pay for essential workers, and direct assistance to individuals, among other provisions.

The future of the HEROES Act is far from certain. It has been widely reported that unlike the previously passed coronavirus aid packages—which were largely developed along bipartisan, bicameral lines and approved by Congress with almost unprecedented speed—the HEROES Act serves as a marker for Democrats' priorities to set the stage for negotiations with the White House and Senate Republicans on the next relief bill. Federal policymakers are expected to debate next steps in COVID-19 response over the coming months.

Attachment: 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.