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116TH CONGRESS
1ST SESSION

S. 2486

To authorize the Secretary of Housing and Urban Development to award grants for landlord-tenant mediation programs.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17, 2019

Ms. HASSAN (for herself, Mr. KAINE, and Mr. VAN HOLLEN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To authorize the Secretary of Housing and Urban Development to award grants for landlord-tenant mediation programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Prevent Evictions Act of 2019''.

SEC. 2. DEFINITIONS.

In this Act:

(1) COVERED GRANT.—The term ''covered grant'' means an implementation grant or program expansion grant.

(2) ELIGIBLE ENTITY.—The term ''eligible entity'' means a State or a court thereof, a political subdivision of a State or a court thereof, a Tribal government, or any other appropriate public or nonprofit entity as determined by the Secretary, that is formulating or carrying out a program that primarily involves meditation between landlords and tenants.

(3) IMPLEMENTATION GRANT.—The term ''implementation grant'' means a grant awarded under section 5(b).

(4) PROGRAM EXPANSION GRANT.—The term ''program expansion grant'' means a grant awarded under section 5(c).

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(6) SMALL-DOLLAR EVICTION.—The term ''small-dollar eviction'' means an eviction resulting from an eviction case brought against a tenant for nonpayment of rent in which the unpaid amount is less than 1 month's rent.

SEC. 3. FINDINGS.

Congress finds the following:

(1) Landlords often make their largest profit margins in low-income neighborhoods. This is in part due to the difference between the perceived risk of low-income tenants defaulting on their rent and the actual risk.

(2) A significant proportion of eviction money judgments—in some jurisdictions, potentially more than 40 percent—are for less than 1 month's rent, based on median rent per census tract.

(3) According to the book ''Evicted: Poverty and Profit in the American City'' by Matthew Desmond, families and individuals who are evicted are more likely to experience a decline in mental and physical health, have poor attendance in school, and have more trouble holding a job.

SEC. 4. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) landlord-tenant mediation is a valuable and cost-effective way to keep tenants in their homes, and more investment in that type of mediation is warranted;

(2) there is a lack of research on the potential for certain types of insurance to be cost-effective

interventions that keep tenants in their homes, which warrants future study;

(3) eviction should be a last resort; and

(4) reducing the number of small-dollar evictions will produce a substantial return on investment for individuals and families and for society as a whole.

SEC. 5. LANDLORD-TENANT MEDIATION COMPETITIVE GRANT PROGRAM.

(a) IN GENERAL.—The Secretary shall award competitive grants under subsections (b) and (c) to eligible entities to assist those entities in establishing and administering, or continuing, landlord-tenant mediation programs.

(b) IMPLEMENTATION GRANTS.—

(1) IN GENERAL.—The Secretary shall award competitive grants to eligible entities to assist the entities in establishing and administering landlord-tenant mediation programs.

(2) TERM.—The term of an implementation grant shall be 2 years.

(3) AMOUNT.—The amount of an implementation grant shall be not more than $1,500,000.

(4) USE OF FUNDS.—An eligible entity may use an implementation grant to establish—

(A) a statewide mediation program; or

(B) a mediation program in a political subdivision of a State or in the jurisdiction of an Indian Tribe that demonstrates a high need for such a program due to—

(i) the rate of evictions in the political subdivision or Tribal jurisdiction; or

(ii) other characteristics of the political subdivision or Indian Tribe that contribute to the rate of evictions in the political subdivision or Tribal jurisdiction.

(5) FEDERAL SHARE.—The Federal share of the cost of a mediation program established using an implementation grant may not exceed 50 percent.

(c) PROGRAM EXPANSION GRANTS.—

(1) IN GENERAL.—The Secretary shall award competitive grants to eligible entities to assist the entities in continuing activities related to landlord-tenant mediation.

(2) TERM.—The term of a program expansion grant shall be 3 years.

(3) AMOUNT.—The amount of a program expansion grant shall be not more than $1,000,000.

(4) MAINTENANCE OF EFFORT.—Amounts made available to an eligible entity under a program

expansion grant shall be used to supplement, and not supplant, contributions made by the eligible entity for existing landlord-tenant mediation activities.

(d) GENERAL RULES FOR COVERED GRANTS.—

(1) USE OF FUNDS.—An eligible entity may use a covered grant to pay for operating costs, staff salaries, mediator compensation, information technology, interpreters, outreach services, and recruitment.

(2) GOOD FAITH PARTICIPATION.—An eligible entity that receives a covered grant shall encourage each party participating in the landlord-tenant mediation program funded by the grant to make a good faith effort to discuss potential resolutions.

(3) GEOGRAPHIC AND POPULATION DIVERSITY.—The Secretary shall ensure, to the maximum extent practicable, that recipients of covered grants represent—

(A) diverse geographical areas of the United States; and

(B) States, political subdivisions of States, and Indian Tribes of varying population sizes.

(4) FREE TO TENANTS.—A tenant may not be charged for participating in landlord-tenant mediation funded by a covered grant.

(e) OVERSIGHT REQUIREMENTS.—For each year of a covered grant received by an eligible entity, the eligible entity shall submit to the Secretary a report that—

(1) describes how the eligible entity used the grant funds during that year; and

(2) includes any performance data, relating to programs funded by the covered grant, that the eligible entity submitted to a State or political subdivision thereof, if applicable.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2020 and each fiscal year thereafter.

SEC. 6. STUDY AND DEMONSTRATION OF EVICTION-PREVENTING INSURANCE MODELS.

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall study, and submit to Congress a report on—

(1) insurance models designed to reduce evictions or expand access to rental opportunities for tenants, such as rental payment insurance;

(2) the cost of various insurance models described in paragraph (1); and

(3) the effects of various insurance models described in paragraph (1) on tenants, landlords, and housing markets.

(b) OBJECTIVES.—In conducting the study under subsection (a), the Secretary shall seek to—

(1) better understand insurance models described in that subsection that are not widely available in the United States;

(2) assess the viability of the insurance models in United States markets and how the insurance models could be implemented through private, public, or subsidized programs;

(3) determine whether insurance models in which the insurance policy is purchased by the tenant, the landlord, or a public entity would be most effective in achieving the objectives under this subsection;

(4) study any existing relevant insurance programs and the effectiveness of those programs, both domestically and internationally;

(5) study how Federal mortgage insurance programs could help inform the structure or breadth of the insurance models;

(6) study how the insurance models could be structured in order to best prevent evictions, particularly small-dollar evictions;

(7) study how to structure the insurance models in order to prevent moral hazard;

(8) study the potential for the insurance models to serve as a bridge for tenants between—

(A) participating in more cost-intensive, longer-term housing programs, such as public housing under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) or rental assistance under section 8 of that Act (42 U.S.C. 1437f); and

(B) leaving the programs described in subparagraph (A) entirely;

(9) study how the insurance models could be tailored to target or benefit lower-income families or vulnerable renters; and

(10) study the extent to which the insurance models could be paired with landlord-tenant mediation efforts.

(c) RESULTS OF STUDY.—

(1) REPORT.—The Secretary shall include in the report under subsection (a)—

(A) a description of any insurance models that—

(i) have the strongest potential to achieve the objectives under subsection (b); and

(ii) could be tested through a demonstration project; and

(B) a proposal for a demonstration project to test the most promising insurance model described in subparagraph (A).

(2) DEMONSTRATION PROJECT PRIORITY FOR GRANT RECIPIENTS.—In selecting the jurisdiction in which to conduct the demonstration project proposed under paragraph (1)(B), the Secretary shall give priority to jurisdictions served by a recipient of a covered grant.

(3) BUDGET REQUEST.—After submitting the report under subsection (a), the Secretary shall include in the first annual budget request that the Secretary submits to Congress under section 1105 of title 31, United States Code, a request for funds for the demonstration proposal described in paragraph (1)(B).

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