On Thursday, May 28, Governor Reynolds lifted the moratorium on evictions and mortgage foreclosures that she had imposed on March 19. That moratorium recognized that many thousands of Iowans would suddenly be unable to pay their rent or mortgage, having been forced out of work by the COVID-19 crisis. But that crisis is far from over, with unemployment over 10 percent in April, the highest level since the Great Depression.

To help those struggling families, the Governor on Friday also announced the creation of the “Iowa Eviction and Foreclosure Prevention Program.” Rent and mortgage relief is sorely needed to prevent a wave of evictions and foreclosures, forcing families to double up or seek homeless shelters at a time when social isolation is still needed to prevent a resurgence of the coronavirus.

The program is funded with $22 million from the federal Coronavirus Relief Fund, $2 million of that going to administrative costs.¹ That represents less than 2 percent of the $1.25 billion Iowa was allocated in CRF funding. This compares with nearly $200 million in business aid and $100 million for Iowa farmers and ethanol producers. Whether $20 million in direct assistance is sufficient to support all those qualifying for aid remains to be seen. The Governor may add more funding if the need arises.

Assistance under the program is available for four months total — any four months from April through December — with a maximum assistance level over that period of $3,200 for renters and $3,000 for homeowners. If rent is overdue at the time of application, past due amounts will be covered back to April. The household must be “at risk of eviction or foreclosure due to a documented COVID-19 related loss of income.”

Households are eligible if their income does not exceed 80 percent of median family income in their county of residence.² In Polk County, a family of four with income less than $71,350 will be eligible. The income ceiling is scaled to family size; for a single person it is $49,950, two persons $57,100, three persons $64,200, on up to $94,200 for a family of eight or more in Polk County. To take another example, in Taylor County, with lower median family income, the income eligibility ceiling is $40,600 for a single person, $58,00, for a family of four.

There is one big catch, however. You are not eligible if you are currently receiving Pandemic Unemployment Compensation (PUC), the additional $600 per week added to all unemployment benefits through the end of July. It is not clear why the Governor chose to discriminate on the basis

A big catch is that rental assistance is not available to a family now receiving unemployment benefits.
of the source of income instead of being content with the overall income limit. A family with annual income of $70,000 could be eligible for mortgage assistance if they were at risk of foreclosure and did not receive PUC. A family of four with annual income of $40,000 and facing eviction would be ineligible if any of that income came from unemployment benefits.

Applications are expected to rise when PUC runs out at the end of July and potentially thousands of households become eligible. Until then, renters and homeowners who are receiving PUC but are unable to make rent or mortgage payments will have to find some way of hanging on. Some will be covered by the federal eviction moratorium, which ends July 25, if their unit is federally subsidized or if the building was covered by a federally backed mortgage. Others may find support from their Community Action Agency or elsewhere. The good news is that once a family becomes eligible, the rental assistance can be applied to back rent even if they were not eligible in those previous months due to receipt of unemployment.

Stable housing is vital to the health and economic well-being of children, workers and families. Ongoing support for low-income housing is important, and the current economic crisis intensifies that need. But here again, the assumption appears to be that crisis will be short lived: Once the economy is “reopened,” things will quickly return to normal, or nearly normal, and the financial emergency facing thousands of families will end. We will find out soon enough if the housing crisis is really just a four-month problem.

More information on the Eviction and Foreclosure Prevention Program can be found on the Iowa Finance Authority website. Applications also can be found on that site.

2 The program relies on median family income by county as determined by the U.S. Department of Housing and Urban Development for their housing programs.

Peter Fisher is research director at the Iowa Policy Project, where he has focused on fiscal and economic issues from the outset of the organization’s founding in 2001. He is professor emeritus of urban and regional planning at the University of Iowa.

The Iowa Policy Project is a nonprofit, nonpartisan public policy research and analysis organization in Iowa City. Founded in 2001, IPP is funded by foundation grants and donations from individuals and organizations. Find IPP reports on the organization’s website, www.iowapolicyproject.org.