UP FOR GROWTH® POLICY BRIEF

Emergency Rental Assistance

Melissa Winkler, Manager of Policy & Research

April 28, 2020

INTRODUCTORY NOTE

In the following pages, we analyze the provisions laid out in emergency rental assistance proposals and the potential impact of this stimulus package on families and individuals facing extreme economic and public health challenges as a result of the COVID-19 crisis. Our analysis considers emergency rental assistance proposals both in context of the crisis and in the larger context of the affordable housing crisis that the nation was confronting before the outbreak of the virus. In crafting this response, we have engaged our Federal Pro-Housing Policy Task Force, comprised of housing experts, practitioners, and advocates to gain comprehensive, rigorous analysis of the policy proposal. This work is done by Up for Growth®, a 501(c)(3), and is not intended to serve as an endorsement of any specific emergency rental assistance bill proposal.

BACKGROUND

As the coronavirus pandemic continues to ravage the health system, the economy, and labor markets, millions of households are facing incredible economic and health burdens. Access to quality, affordable housing is critical to stopping the spread of the virus and to mitigating the economic fallout of unprecedented job loss and economic hardship. Before the crisis, housing markets were already under-supplied — Up for Growth's® research estimates that the nation fell 7.3 million homes short from 2000-2015 relative to demand.[1] This shortage means nearly half of the nation's 44 million renter households are cost-burdened — paying more than 30% of their income on rent[2] — which leaves millions of families and individuals unable to save for emergencies, and now as the COVID-19 crisis continues, they face a dire situation.

Quality, affordable housing is a public health asset. Without a vaccine or treatment, social distancing and sheltering in place are the only effective means for mitigating the spread of the virus and saving lives. As states and cities enact shelter-in-place ordinances, we are seeing a flattening of the infection rate curve, which validates the importance of remaining at home. We are also seeing the outsized impact of the virus on low-income communities and those without access to safe, affordable housing.[3] COVID-19 is inflicting a significant public health toll on the country and addressing this public health crisis requires cross-sector solutions, but housing's role in saving lives and protecting communities cannot be ignored.

As businesses close during shelter-in-place ordinances, millions of Americans will experience short- and long-term unemployment and will struggle to pay critical household bills, especially rent. The economic consequences of COVID-19 will disproportionately impact low- and moderate-income households who are more likely to be employed in jobs that cannot be performed from home and who already face

POLICY RESEARCH & ANALYSIS CONTACTS

Mike Kingsella
Executive Director
Up for Growth®
mkingsella@upforgrowth.org
202-716-2064 x1

Melissa Winkler
Manager of Policy & Research
Up for Growth®
mwinkler@upforgrowth.org
202-716-2064 x4

cost-burdening due to a lack of available and affordable rental units in most cities across the country. Renters also, on average, have lower incomes than homeowners. The median renter income in 2018 was just over $40,000 compared with $78,000 for owner households.[4]

Expanded Unemployment Insurance (UI) benefits and the $1,200 per person stimulus payment included in the CARES Act will offer relief to financially burdened renters, but that money will not go far enough to keep people housed or to ward off a looming housing crisis. The expanded $600 weekly UI benefit expires on July 31, but high unemployment as a result of the crisis is likely to continue far beyond this date. State unemployment offices have been delayed in fulfilling claims and are under-resourced to reach an unprecedented number of filers, particularly as benefits are expanded to contract and part-time workers who typically do not qualify.[5] Finally, while expanded UI benefits offer financial security, these funds must cover all household expenses, including increased healthcare costs, so there is still the potential for high rental non-payment rates. Directed rental assistance is critical to keeping renters in their homes and to preserving cash flows for property owners and lenders.

Eviction moratoriums and mortgage forbearance periods are critical for short-term triage, but without large-scale financial assistance, these provisions are only shifting the financial burden to a later time and temporarily delaying a major eviction and housing crisis. At the end of the moratorium and forbearance periods, renters and owners will still be responsible for past due payments, even those that accrue during periods of unemployment and lost wages. Without immediate financial intervention, the country faces a devastating housing crisis.

Rental payments are the cornerstone of the housing ecosystem. Many landlords and property owners operate under very tight margins, and a major loss of monthly rental income would be disastrous to cash flows. 74% of multifamily properties are owned by individuals, rather than property management companies, who face significant economic hardship as rental income dries up.[6] Furthermore, without cash flow from rental income, many landlords may be forced to defer property maintenance, lay off property management staff, and default on their mortgage obligations, which would have significant economic consequences for employees, renters, and the real estate market and other sectors of the economy.

Industry data shows a 7% loss in rent payments in April 2020 compared to March 2020.[7] April rent payments are a reflection of March income, residual savings, and the $1,200 one-time stimulus check allocated in the CARES Act. Because widespread closure of nonessential business did not take effect until the middle of March, April's rental payment rate is likely bolstered by income from the first half of the month, and savings and nonpayment rates will likely increase as the crisis continues. As unemployment continues to climb to unprecedented levels and household savings dwindle, we expect to see declining rent payments in upcoming months.

Predicting the exact impact of COVID-19 on rental payments is difficult — the duration of shelter-in-place ordinances, the speed of recovery, and the magnitude of the public health impact will directly influence the magnitude of the crisis. In the pre-COVID-19 period, nearly 50% of all renters were cost-burdened, but this cost burdening is not equally distributed, impacting 84% of renters earning less than 50% AMI and 41% of renters earning 50-80% AMI.[8] These renters pay nearly $22 billion in rent each month and are people most at-risk of losing their jobs as a result of COVID-19. The level of cost burdening, particularly for low- and moderate-income households, means that renters have not had the opportunity to save for crisis, and if entire sectors remained closed for the next few months, millions will require rental assistance.

The unemployment number rose to 26.4 million in just 5 weeks, and even when shelter-in-place ordinances are lifted, reaching full employment will take time. As millions of households experience prolonged job loss and wage reduction, the number of households paying rent on time and in full will continue to dwindle. As cash flows dry up for property owners who in turn cannot pay lenders, the crisis will become even more severe. The full extent of rental nonpayment may not be visible until late-summer or fall, but with dramatically rising unemployment numbers and no clear path for economic reopening, large-scale rental assistance will be critical. Swift, preemptive action from the federal government is essential for preventing a massive eviction and foreclosure crisis and the upending of the housing market.

Large-scale federal intervention is necessary to protect the delicate housing ecosystem. Keeping millions of people housed in properties that are clean and healthy while minimizing the financial burden on property owners is critical — and expensive. Rental assistance cost estimates range from $24 billion — $96 billion depending on the percentage of renters who become unemployed and the duration of unemployment. (The low-end estimate assumes a low share of renters require assistance for 3 months; the high-end estimate assumes a high share of renters require assistance for 6 months).[9, 10] The National Low Income Housing Coalition estimates that it will cost $99.5 billion just to keep extremely-low and very-low income renters (those making less than 50% AMI) in their homes.[11] Intervention is critical to prevent a massive eviction and housing crisis that will exacerbate the public health risks of COVID-19 and stall economic recovery. Federal emergency rental assistance is critical for protecting millions of vulnerable Americans from losing their homes and for preventing a housing market crisis.

PROPOSAL SUMMARY

Current federal emergency rental assistance proposals seek to dramatically increase short-term rental assistance to help keep renters housed and avoid devastating economic consequences for landlords during the economic fallout of the COVID-19 crisis.

Presently, the Emergency Solutions Grant (ESG) program is the preferred mechanism for emergency rental assistance delivery because the program has established procedures for rental assistance and because it gives states authority in distributing funds. A full analysis of potential mechanism is included in this legislative brief. Current proposals would amend the ESG program guidance under the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11374), in several ways:

1. ESG program funding would be increased by $100 billion to provide short-term rental assistance to renters who are impacted by COVID-19. While this amount exceeds the current estimates of rental assistance cost, this allocation amount anticipates severe economic hardship and helps mitigate the crisis by protecting renters, paying arrears, and covering program administration costs. HUD has 7 days to allocate the first 50% of funds and 30 days to disburse these funds. Within the first 45 days after bill enactment, HUD must allocate the remaining funds, which in turn must be disbursed within 30 days.
2. State-level grantees may choose to administer 100% of the program. State-level recipients who choose to administer the entire program must make funds available to all parts of the state, including rural areas.
3. Income eligibility is expanded from households earning 30% Area Median Income (AMI) to those earning 80% AMI. At least 70% of ESG funding must go toward qualifying households earning less than 50% AMI and 40% of this set aside would support households earning less than 30% AMI.[i] If grantees determine that households earning less than 80% AMI are sufficiently served, they may increase the income threshold to 120% AMI.
4. 25% of emergency rental assistance funds can be used to cover relocation costs that stabilize households or get them into permanent housing, including security and utility deposits, legal fees, and moving fees, and moving fees, for households earning less than 50% AMI.
5. 2% of the allocation goes to Native American and tribally designated housing. 0.3% of this amount goes to the Department of Hawaiian Homelands.
6. HUD guidelines (24 CFR § 576.106) for ESG rent payments would be increased to the higher of either 120% Fair Market Rent (FMR), Small Area FMR, or a threshold determined by the Secretary.
7. An applicant's program eligibility is based on income at the time of application rather than income in the weeks or months before COVID-19-related economic hardship. Additionally, arrearages eligibility is determined based on the household income when the arrearages were incurred. Finally, reviews of ongoing assistance will only take into account the income at the time of review.

[i] Households earning less than 50% AMI are much more likely to be cost-burdened or extremely cost-burdened during normal economic times. A majority of employed individuals in this demographic work in sectors that are most susceptible to COVID-19-related job loss and therefore are very likely to suffer job loss and reduced hours and wages. (NLIHC, 2020)

8. All state matching requirements will be waived for the entire $100 billion allocation. This is an important exemption as typical ESG program recipients are required to match every dollar received via the program (except for the initial $100,000) with cash and non-cash matches, which can include buildings and other in-kind resource donations. Because of intense demands on state budgets as a result of COVID-19 and the need for immediate relief, the matching requirement would be prohibitive.

9. Grantees have 2 years to expend 60% of funds and 3 years to expend the 100% allocation. After the 3 year period, HUD will recapture non-obligated funds and direct 65% to the Housing Trust Fund (HTF) and 35% to the Capital Magnet Fund (CMF).

10. Prerequisites, including receiving of treatment, are prohibited on individuals and households accessing ESG dollars.

11. Grantees must still conduct the citizen participation hearings as part of their plan development, but can be more flexible, including the allowance of virtual public hearings so that grantees may comply with social-distancing guidance. Grantees must consult with their Continuum of Care during the plan development process.

12. $15 million (0.5%) of the allocation may go toward HUD administrative costs and $2 million may go to the Inspector General for audits and investigations of program administration.

DETAILED LEGISLATIVE ANALYSIS

The Emergency Solutions Grants program (ESG), formerly the Emergency Shelter Grants program, was revised under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act).[12] ESG's purpose is to aid families and individuals who are experiencing a housing crisis or homelessness. The ESG program provides funding across five main areas: street outreach, emergency shelter, homelessness prevention, rapid re-housing, and data collection. For the purposes of this analysis, we will focus on the homelessness prevention category, as the funds from emergency rental assistance will primarily be allocated there.

Under this category, funds can be used for housing relocation and stabilization and short or medium-term rental assistance that prevents homelessness. In addition to rental assistance and arrears, eligible costs under this provision include relocation fees such as rental application fees, security deposits, utility payments and deposits, first and last month's rent, and legal services. Proposals specifically allocate money to section 415(a)(4) of the McKinney-Vento Homeless Assistance Act, which is the "provision of rental assistance to provide short-term and medium-term housing to homeless individuals or families [or those] at risk of homelessness/ Such rental assistance may include tenant-based or project-based rental assistance."[13] Additionally, proposals allow for a maximum 25% of grant dollars to be used for housing relocation or stabilization services, such as those listed above, for households earning less than 50% AMI. The program's emphasis is on directly addressing the need for emergency short- and medium-term rental assistance and not on the broader goals of the ESG program.

The ESG program is administered by HUD and provides grants to states, metropolitan cities, urban counties, and territories. State-level grantees distribute the funds to local government and nonprofit organizations tasked with helping families and individuals gain housing stability in the middle of crisis. Metropolitan cities and urban counties are not required to subgrant funds and may directly administer the program if they have the capacity. Current emergency rental assistance proposals waive the sub-granting requirement for state-level recipients who may directly administer up to 100% of allocated funds.

Funds are applied for and distributed through the Consolidated Planning process using the allocation formulation laid out in Section 106 of the *Housing and Community Development Act of 1974.* The Consolidated Planning process is also used in Community Development Block Grants (CDBG), HOME Investment Partnership grants, and the Housing Opportunities for Persons with AIDS program (HOPWA). Under the current ESG program, state-level recipients subgrant all money (minus administrative costs) to local governments and nonprofit organizations. Emergency rental assistance proposals allow state-level grantees to directly administer all or some portion of the allocation, which will improve the program's efficiency. ESG recipients must match the entirety of the award, except for $100,000, via cash or non-cash contributions. Importantly, this matching provision is waived for the COVID-19 allocation, which will allow states to more quickly access and allocate dollars to renters in need. The allocation dollars in the emergency rental assistance proposals would specifically go toward ESG rental assistance activities.

Originally, the Emergency Shelters Grant program was designed to help individuals and families experiencing homelessness or the threat of homelessness. Before the program was revised under the HEARTH Act of 2009, ESG program money went primarily to renovating and rehabilitating buildings to be used as shelters and transitional housing, providing essential services, and operating shelters. Only 30% of ESG dollars could be used directly for short-term rental assistance — which includes rent cost, eviction and foreclosure assistance, utility payments, first month's rent and security deposits and legal services. The HEARTH Act revised the ESG program and changed the name to Emergency Solutions Grants program in order to reflect the shift in emphasis on shelters and emergency situations to moving people into more permanent, stable housing.[14]

While the ESG program has an infrastructure for reaching vulnerable populations, those experiencing homelessness or facing immediate threat of homelessness, scaling up the program to immediately deliver the necessary aid to a newly vulnerable population facing major economic fallout related to COVID-19 will be imperfect. Many of the millions of renters who have experienced significant job loss and wage reduction in the wake of the virus will be unfamiliar with the ESG program and may struggle to accurately and quickly apply for emergency rental assistance. There is, however, no perfect established rental assistance mechanism, but evidence from other disaster relief programs funded via the Consolidated Plan process — like CDBG, HOME, and ESG — are generally better equipped to handle long-term recovery rather than to provide immediate, direct disaster assistance.[15]

Millions of Americans are at risk of losing their homes in the immediate and longer-term wake of the COVID-19 crisis. Eviction moratoriums, mortgage forbearance programs, and enhancements to Unemployment Insurance benefits are important steps, but they are not enough to prevent a looming eviction and housing crisis. In order to keep people in their homes, to minimize the spread of the virus, and to mitigate the economic consequences of COVID-19, widespread rental assistance must be made available to families and individuals suffering in this crisis.

Mechanism Analysis

The challenge for administering an effective and efficient emergency rental assistance program lies in uncovering the appropriate mechanism for delivering unprecedented rental assistance to millions of people, many of whom have never interacted with public benefits programs. Because no large-scale emergency rental assistance mechanism exists and because of the urgency of delivering rental assistance money to households, the federal government will either need to create a new program or retool an existing one. Tailoring an existing program to deliver emergency rental assistance is likely the best option because the time and resources required to create and implement an entirely new system would be burdensome.

Because of the unprecedented scale and urgency of the rental assistance need, all existing mechanisms will face challenges in implementing the program. Scaling up any of these programs to effectively deliver $100 billion in aid will be an imperfect process, but thoughtful consideration on the front end will mitigate system overload, delayed or halted response, and unintended consequences. The ideal emergency rental assistance mechanism must balance scalability and efficiency to ensure that aid is delivered to affected households. Below, we explore the strengths and challenges of various delivery mechanisms and illuminate some of the reforms needed to deliver rental assistance most efficiently and effectively.

Emergency Solutions Grants (ESG)

The mechanics of the ESG program are detailed in the section above. In terms of viability, ESG has important strengths but also challenges that must be addressed. Because ESG already delivers homelessness prevention and rental assistance programs, its existing infrastructure can be scaled up to provide COVID-19-related emergency rental assistance. ESG grantees are familiar with housing programs and policies and with the mechanics of delivering rental assistance dollars to tenants and property owners. This familiarity is valuable for delivering a scaled-up version of the program.

Additionally, because ESG funds flow from the federal government to cities and urban counties as well as to states who subgrant the funds to entities like Public Housing Authorities (PHAs) and nonprofit groups, the program is nimble enough to adapt to local needs and to deliver funds quickly. Proposed emergency rental assistance policies give state-level grantees the authority to directly administer up to 100% of the emergency rental assistance funds, which will increase efficiency and effectiveness of delivery.

While the local distribution mechanism is a strength, inconsistency across jurisdictions can also present a challenge. PHAs vary in size, resources, and footprint across states and municipalities, so the large-scale emergency rental assistance program proposed here could overwhelm some PHAs and slow down the distribution of funds. Secondly, because of the far-reaching economic consequences of the COVID-19 crisis, millions of households who have never interacted with public service agencies before will now seek assistance. Many individuals and families are unfamiliar with their PHA and uncertain about how to apply for public assistance at all. Furthermore, the potential stigma associated with receiving public assistance may deter applicants and limit the efficacy of the program. Allowing state-level grantees to directly administer the program may mitigate some of the capacity inconsistency.

In areas where PHAs do not have the footprint or resources to fully implement the emergency rental assistance program, other subgrantees will need to be employed. States can channel the money to nonprofit agencies that can deliver aid across a variety of programs, including to housing-specific nonprofits. Nonprofit organizations focusing specifically on servicing low- and moderate-income households are uniquely positioned to help facilitate the delivery of ESG funds — either directly as subgrantees or indirectly by connecting their impacted residents to organizations distributing aid. ESG is a promising delivery mechanism because guidance already outlines regulations for rental assistance distribution and sub-grantees are familiar with the mechanics of a rental assistance program.

Scaling ESG programs to reach a much larger population will present a challenge. ESG is currently targeted at extremely low-income individuals (those earning less than 30% area median income) and protecting vulnerable populations from homelessness and the threat of homelessness. ESG funds are typically delivered in consultation with a Continuum of Care, and the strength and capacity of this relationship may impact the administering agency's ability to deliver emergency rental assistance. The economic fallout from COVID-19 means that people at much higher incomes will also need assistance, and ESG grantees will need to adjust to serve a broader population.

Community Development Block Grants — Disaster Relief (CDBG-DR)

CDBG-DR is designed to supplement disaster recovery efforts and provide longer-term relief to help communities rebuild.[16] The funds are used to build and rehabilitate housing and businesses, as well as to rebuild and improve infrastructure. HUD distributes CDBG-DR grants to state and local governments who are charged with helping communities, particularly low-income and vulnerable communities, rebuild after a disaster. CDBG-DR funds are flexible and follow the same regulations as CDBG funds unless the Secretary modifies the rules and regulations of a specific appropriation via a Federal Register Notice or waivers. Grantees are responsible for designing and implementing the programs and for ensuring compliance with HUD guidelines. Flexibility and local control make CDBG-DR a valuable tool for municipalities to fulfill otherwise unmet needs and to supplement other assistance programs to ensure long-term recovery. However, CDBG-DR funds traditionally take many weeks or months to be disbursed, and this delay will leave millions of renters and property owners vulnerable.

While CDBG-DR programs offer critical relief to localities struggling to rebuild after disasters, the flexibility of the grants is a potential challenge for delivering emergency rental assistance. Millions of renters being unable to pay their rent leaves property owners without critical income, which in turn leaves lenders without cash flows. This disruption is disastrous and necessitates targeted rental assistance. HUD guidance would have to explicitly state that the entirety of this allocation goes directly to rental assistance, which runs somewhat counter to the CDBG-DR program's flexibility and local control efforts.

Home Investment Partnership Program (HOME)[17]

HOME provides grants to state and local governments to fund activities related to the construction and preservation of affordable housing and for direct assistance to low-income renters. Much like CDBG, HOME grantees enjoy great flexibility in using funds. This allows localities to make the best choices around where to most effectively improve affordable housing stock and outcomes for low-income renters. Localities must match 25 cents for every dollar of aid received. If HOME is the delivery mechanism for emergency rental assistance, this matching requirement would be cost-prohibitive for many states and should be waived. Because HOME is exclusively charged with providing affordable housing for low-income residents (unlike CDBG which interacts across a spectrum of housing and infrastructure projects), it is well-equipped to accommodate some of the intricacies of the emergency rental assistance program. While HOME's flexibility is typically an asset, it will have to be limited to ensure that rental assistance allocations go directly to their intended purpose.

The HOME Tenant-Based Rental Assistance (TBRA) program gives aid directly to households so they can afford market-rate rents. The subsidies vary based on household income and the rental unit cost and are primarily used to close the gap between what the renter can afford and the market-rate rent. TBRA tenants are free to choose their own rental unit and the funds follow them if they move. Currently, HOME jurisdictions have flexibility in determining TBRA eligibility requirements. Jurisdictions can designate funds to go to certain populations (i.e. disabled, elderly, or at-risk tenants). Additionally, they have flexibility in payment mechanics — either directly to tenants or to landlords. Currently, 90% of TBRA funds must benefit renters earning less than 60% AMI. This threshold would need to be increased to reasonably accommodate the growing need for rental assistance in the wake of the COVID-19 crisis.

Despite the TBRA program, most HOME dollars are used for the development, procurement, and rehabilitation of affordable housing. Because of this, existing HOME jurisdictions will need to significantly reconfigure their delivery mechanisms to effectively allocate the $100 billion in emergency rental assistance. Scaling up HOME programs and redirecting resources primarily to rental assistance may prove very burdensome and may severely limit the effectiveness and efficiency of an emergency rental assistance program. Finally, because rental assistance is critical, all funds allocated in an emergency rental assistance package must go to that singular purpose. This focused allocation undermines, if only temporarily, the flexibility and freedom that HOME jurisdictions enjoy under the status quo.

Housing Choice Vouchers (Section 8)

The Housing Choice Voucher program (also known as Section 8) is one of the largest federal housing assistance programs. Low-income residents may use vouchers to fill the gap between their household budget and the fair market rent costs. Vouchers help individuals and families who make less than 50% AMI (75% of vouchers must go to households making less than 30% AMI).[18] Housing choice vouchers play a critical role in providing families and individuals access to safe and affordable housing, but the program is designed to provide extremely and very low-income families and individuals with long-term housing support. Many emergency rental assistance recipients will only need temporary relief through the duration of the crisis and in the immediate recovery period, which likely makes Housing Choice Vouchers an inappropriate delivery mechanism.

Furthermore, the Housing Choice Voucher Program requires Housing Quality Standards (HQS). Landlords participating in the voucher program must complete unit inspections to ensure these HQS. This requirement is prohibitively burdensome during the COVID-19 crisis as no resources exist to inspect the millions of new rental units, and social distancing practices would make such inspections unsafe. The challenges of retailoring the Housing Choice Voucher program to adequately meet the needs of an emergency rental assistance package are likely insurmountable. Housing vouchers are well suited to meet the needs of extremely low-income households with severe housing challenges that have been worsened by the pandemic and are not likely to improve in the short term. While less appropriate for temporary rental assistance delivery, Housing Choice Vouchers are an important component of any comprehensive, long-term housing strategy in response to the pandemic.

Hardest Hit Fund (HHF)

The HHF was established in 2010 to help alleviate economic hardship in the wake of the Great Recession.[19] The Department of Treasury allocates funds to state Housing Finance Agencies (HFAs) who in turn implement mortgage foreclosure prevention programs. Over the program's history, HHF has been used in 17 states and the District of Columbia to target the places hardest hit by the mortgage foreclosure crisis. Under the program, these states developed specific programs for the implementation and monitoring of mortgage assistance to homeowners suffering economic hardship because of the financial crisis. HHF exists only as a homeownership program, but the program could be recreated as an emergency rental assistance program. Because current HFF states have the infrastructure and knowledge to assist with housing support, they can rework HHF into a program that specifically targets renter households.[20]

Reconfiguring HHF into an emergency rental assistance program, however, will require most states to build an entirely new infrastructure for receiving applications and distributing funds. The time and resources that such infrastructure building requires may be prohibitive to implementing an effective program, especially given how quickly funds must be disbursed to households.

FEMA Disaster Housing Assistance Program (DHAP)

DHAP is an inter-agency agreement between HUD and FEMA that provides rental assistance to families and individuals in the longer-term recovery period after a disaster. In 2007, DHAP-Katrina provided rental assistance and wrap-around services to residents impacted by the hurricane. In subsequent years, DHAPs have been created for additional hurricane-related recovery.[21]

DHAP is funded by FEMA but implemented through HUD via PHAs. Households receive rental assistance vouchers that incrementally decrease as economic situations improve. When inter-agency agreements are implemented well, DHAP can be an efficient and effective mechanism for delivering aid to people at risk of losing their homes. The inter-agency nature of the program can create unintentional slowdowns to service delivery, particularly as FEMA is charged with implementing a variety of COVID-19 recovery efforts.

Policy Considerations

The COVID-19 crisis presents incredible public health and economic challenges, and the impact on the housing market will be severe. Comprehensive federal assistance is necessary to keep renters in their homes, to ensure that landlords and property owners have enough funds to continue operations, and to ensure that there is not a major housing crisis in the near- or long-term. Large-scale rental assistance is the cornerstone of preserving the housing ecosystem. From our analysis, we have developed the following list of considerations that could improve the efficiency and effectiveness of the emergency rental assistance program.

- **Expand the Appropriation Amount**
  - The exact economic impact of the COVID-19 crisis is unclear and estimates on the number of renters who will require emergency rental assistance are based on best assumptions about the number of renters who are most likely to need assistance. Because estimates range from $20 billion to $96 billion to NLIHC's estimate of $99.5 billion for renters making less than 50% AMI alone, the program expansion to 80% AMI and the constantly evolving nature of the COVID-19 crisis will likely mean that the need for rental assistance could exceed the $100 billion estimate. A larger appropriation amount would better ensure that the program protects the greatest number of households.
- **Allow ESG Rental Assistance Funds to Apply to Manufactured Homes Space Rental**
  - Emergency rental assistance allocations must also apply to households who own and live in manufactured homes but who rent the property where the home is located. The Housing Opportunity Through Modernization Act of 2016 amended the rules for the Housing Choice Voucher program to include such space rental provisions. The ESG program should be similarly amended — to correspond with the provisions laid out in Notice PIH 2017-18 — so that households in manufactured homes can access critical rental assistance.[22]

CONCLUSION

COVID-19 brings unprecedented health and economic consequences that have already dramatically impacted millions of American households. As unemployment numbers rise to previously unseen levels, families and individuals face a dramatic loss of income. An already suppressed housing market has left many renters unable to save during normal times, and as these renters face a major reduction in income as a result of the crisis, paying the rent becomes even more difficult.

When millions of households cannot afford to pay rent, the consequences are far-reaching. Landlords and property owners face an equally dramatic loss of income which leaves them unable to pay mortgages, maintain buildings, and meet demands for increased health and safety measures. The inability to pay also has an upstream impact on lenders as cash flows from property owners slow. Furthermore, the consequences of millions of renter households being unable to make payments have far-reaching economic and social consequences in the long-term, including large-scale evictions and foreclosures, downstream economic impacts, and a housing crisis.

Emergency rental assistance keeps people in their homes and minimizes the impact on property owners and lenders. While eviction moratoriums and mortgage forbearance keeps people housed in the short-term, the financial burden is merely being delayed. Emergency rental assistance provides critical resources to renters who face unprecedented job and income loss. Rent is the cornerstone of the housing ecosystem and emergency rental assistance will not only keep families housed as they face extreme financial hardship, but it will also help mitigate a housing market crisis.

ABOUT UP FOR GROWTH®

Up for Growth® is a national 501(c)(3) organization that forges policies and partnerships to achieve housing equity, eliminate systemic barriers, and create more homes.

[1] Up for Growth®. (2019). *Housing Underproduction in the U.S.: Economic, Fiscal, and Environmental Impacts of Enabling Transit-Oriented Smart Growth to Address America's Housing Affordability Challenge.* Retrieved from: https://www.upforgrowth.org/sites/default/files/2018-09/housing_underproduction.pdf

[2] Joint Center for Housing Studies of Harvard University. (2019). *The State of the Nation's Housing 2019.* Retrieved from: https://www.jchs.harvard.edu/state-nations-housing-2019

[3] North, Anna (2020). Every Aspect of the Coronavirus Pandemic Exposes America's Devastating Inequalities. Vox. Retrieved from: https://www.vox.com/2020/4/10/21207520/coronavirus-deaths-economy-layoffs-inequality-covid-pandemic

[4] Choi, Jun Hyun, Laurie Goodman, and Jun Zhu. (2020). *We Must Act Quickly to Protect Millions of Vulnerable Renters.* Urban Wire. Urban Institute. Retrieved from: http://www.urban.org/urban-wire/we-must-act-quickly-protect-millions-vulnerable-renters

[5] Haag, Matthew (April 2020). *They Filed for Unemployment Last Month. They Haven't Seen a Dime.* The New York Times. Retrieved from: https://www.nytimes.com/2020/04/17/nyregion/coronavirus-pandemic-unemployment-assistance-ny-delays.html

[6] National Multifamily Housing Council. (2019). *Quick Facts: Ownership and Management.* Retrieved from: https://www.nmhc.org/research-insight/quick-facts-figures/quick-facts-ownership-and-management/#ownsaptunits

[7] National Multifamily Housing Council (2020). *NMHC Rent Payment Tracker*. Retrieved from: https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/

[8] EcoNorthwest. (2020). E*mergency Rental Assistance: National and State Estimates.* Unpublished Report.

[9] Bordia, Sandra, Aleksandra Firstenko, and Aaron Haan. (2020). *Coronavirus: Don't Forget America's 43.8 Million Renters.* Amherst Market Commentary, March 2020. Amherst Capital Management. Retrieved from: https://www.amherstcapital.com/documents/20649/0/Amherst+Market+Commentary+-+COVID19+Impact+on+43.8mm+Renters/20f0e3ed-cfee-4b74-b742-4b69b79dd1c5

[10] Kaul, Karan and Laurie Goodman. (2020). *The Price Tag for Keeping 29 Millions Families in Their Homes: $162 Billion.* Urban Wire. Urban Institute. Retrieved from: www.urban.org/urban-wire/price-tag-keeping-29-million-families-their-homes-162-billion

[11] Aurand, Andrew, Dan Emmauel, and Daniel Threet. (2020). *NLIHC Research Note: The Need for Emergency Rental Assistance During the COVID-19 and Economic Crisis.* The National Low Income Housing Coalition. Retrieved from: https://nlihc.org/sites/default/files/Need-for-Rental-Assistance-During-the-COVID-19-and-Economic-Crisis.pdf?utm_source=NLIHC+All+Subscribers&utm_campaign=a8f9c7e1cc-update_040720&utm_medium=email&utm_term=0_e090383b5e-a8f9c7e1cc-293237869&ct=t(update_040720)

[12] Housing and Urban Development. (2019). Emergency Solutions Grants Program. Retrieved from: https://www.hudexchange.info/programs/esg/

[13] *The McKinney-Vento Homeless Assistance Act as amended by S. 896: The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.* (2009). Retrieved from: https://files.hudexchange.info/resources/documents/HomelessAssistanceActAmendedbyHEARTH.pdf

[14] Housing and Urban Development (2009). Retrieved from: https://www.hudexchange.info/programs/emergency-shelter-grants/

[15] Congressional Research Services. (2020). *COVID-19 Stimulus Assistance to Small Businesses: Issues and Policy Options.* Retrieved from: https://crsreports.congress.gov/product/pdf/R/R46284

[16] Housing and Urban Development (2019). *Community Development Block Grant Disaster Recover: CDBG-DR Overview.* Retrieved from: https://files.hudexchange.info/resources/documents/CDBG-Disaster-Recovery-Overview.pdf

[17] Congressional Research Services (2019). *Overview of Federal Housing Assistance Programs and Policy.* Retrieved from: https://crsreports.congress.gov/product/pdf/RL/RL34591

[18] Housing and Urban Development (2020). *Housing Choice Vouchers Fact Sheet*. Retrieved from: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet

[19] U.S. Department of Treasury. (2020). *Hardest Hit Fund.* Retrieved from: https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/default.aspx

[20] Goodman, Laurie and Dan Magder. (2020). *Avoiding a COVID-19 Disaster for Renters and the Housing Market.* Retrieved from: https://www.urban.org/research/publication/avoiding-covid-19-disaster-renters-and-housing-market

[21] Congressional Research Services (2019). *The Evolving Use of Disaster Housing Assistance and the Roles of the Disaster Housing Assistance Program* (*DHAP) and the Individuals and Households Program (IHP)*. Retrieved from: https://crsreports.congress.gov/product/pdf/IN/IN11094

[22] Housing and Urban Development. (2017). Notice 2017-18. Retrieved from: https://www.hud.gov/sites/documents/PIH2017-18.PDF

UP FOR GROWTH®

1875 K STREET NW, 4TH FLOOR, WASHINGTON, DC 20006 | 202.716.2064 | UPFORGROWTH.ORG | SUPPORT@UPFORGROWTH.ORG