MEMORANDUM

Date: April 26, 2021

To: Marisa A. Zapata, PhD
Director, PSU-HRAC

From: Lauren E. M. Everett
Graduate Research Assistant, PSU-HRAC

Subject: Updates on COVID-19 and disaster response, housing, and people experiencing homelessness nationwide, April 19 - 25.

News

1. The National Alliance to End Homelessness' Homeless Research Institute released a new tool that enables users to compare the difference between 2019 and 2020 Point In Time (PIT) counts in their localities.
2. Santa Rosa, CA's city-sanctioned, service-provider run tent village has been a case study in effective government leadership. City officials pressed forward with the project despite neighborhood opposition, and the community has since embraced the village.
3. New research from the Joint Center for Housing Studies at Harvard examines the work of nonprofit organizations in response to the racially disparate impact of the pandemic on Black communities.
4. Los Angeles Mayor Eric Garcetti announced a number of projects, including a proposal to spend almost $1 billion over the next year on various initiatives to house people living on the street. He also announced a pilot 'guaranteed basic income' program that would provide $1,000 a month to 2,000 households for a year.
5. Preventing evictions remains crucial for reducing the spread of COVID-19.
6. Advocates in New Haven, CT are hoping to continue their successful hotel shelter program beyond the pandemic.
7. Santa Clara County (San Jose, CA area) is also hoping to continue the progress it made housing unsheltered residents over the past year.
8. In Austin, TX, three large hotel conversion projects are in the early stages, amidst community controversy and lawsuits. Two of the hotels were purchased by the city, and the third is owned by a local nonprofit developer.

National HoUSed Campaign Call for Universal, Stable, and Affordable Housing (April 19):

Dave Uejio, Acting Director, Consumer Financial Protection Bureau: We're trying to solve two problems with this action. One is that the majority of people who are protected by the eviction moratorium don't know that it exists, so they aren't aware they have to fill out a declaration. The other is that the moratorium is not being enforced in some places, and we want to balance the scales and make sure tenants have access to the support they need. Our action proposes that debt collectors communicate with tenants to let them know they have a right to stay in their homes under the moratorium. Debt collectors must provide a notice about the protections under the eviction moratorium when an eviction notice is served.

Q: So these attorneys that are evicting tenants have a responsibility to provide information about the moratorium to the tenants?
A: Yes, and this rule is to enable tenants to fight back against that conduct.

Q: I'm hearing that in some jurisdictions attorneys don't file evictions, so would this also apply to landlords and property managers?
A: The rule would only apply to individuals or entities who are defined as debt collectors - so a third party, not the actual landlord. We know that the process varies greatly as far as who serves the eviction, and this may not be as impactful in places where landlords or managers are in that role. This is as far as our reach permits.

Q: What if there is a threat of retaliation by managers or other agents against tenants?
A: The rule has two parts. The first pertains to filing an eviction against a consumer who might not know they are protected. The second states that the agent cannot falsely represent the legality of the eviction. It's a somewhat general concept in that prohibition but we don't specify conduct that would be considered misrepresentation. It's dependent on the facts and circumstances of a given situation.

Uejio: One of the reasons I think this is a particularly strong statute is that it would entitle the claimant to damages in court.

Jim Baker, ED, Private Equity Stakeholder Project: We've been tracking eviction cases by corporate landlords in several states, to get a picture of who is driving the evictions crisis. We're focusing on companies with 1,000 residences or more - so large corporate landlords and equity funds. We've seen over 57,000 cases filed since September of 2020. Affiliates of some of the largest landlords in the country include Greystar Invitation Homes, and others. Also, a number of large asset managers like Morgan Stanley, The Carlyle Group, New York Life, and others with trillions of dollars in combined assets. In March, the FTC and CFPB announced they would start investigating evictions by major multi-state landlords and private equity funds. We've seen multiple firms that have filed over 1,000 evictions each. We also looked at the most frequent filers since the beginning of 2021.

Pretium Partners is the second largest single family rental landlords in the country, with 55,000 homes. One of the companies they recently acquired - Front Yard Residential - focuses on 'affordable' rental homes. We released our report last week on Pretium Partners. Since the beginning of 2021 they have filed to evict residents in majority Black communities of DeKalb and Clayton Counties in Georgia at much higher rates than they have white residents in adjacent majority white counties. They have also advanced eviction cases against households who have filled out declarations of hardship. We've also traced the company's funding to various equity firms. Pretium has been among the most aggressive of these large landlords, but there are many others. Conversely, there are companies who own large amounts of homes in the same areas where we are NOT seeing eviction filings, so it's not a foregone conclusion that evictions have to take place.

Q: Are you able to break it down by the type of eviction filings - e.g. the cause? How about by housing type?
A: The vast majority are for non-payment of rent, in places where we are able to see that data. We have seen over 1,000 evictions in manufactured home communities for example, so yes we are able to break it down by type of housing.

Q: Are you working to change policy in any of these areas?
A: We are always looking for more state and local partners to work with to share the data, and also to work together to address it.

Q: Is it a challenge to track evictions when companies use multiple LLCs?
A: The fact that in most cases the filings are by an LLC is the thing that makes it more difficult for residents and attorneys as far as understanding who's behind it. We're able to help answer those questions as far as who's behind a specific LLC. Pretium for example uses about 20 LLCs.

Q: Have you noticed a difference in corporate evictions between urban and rural areas?
A: We're mostly tracking urban and suburban areas, though the manufactured home parks are more rural.

To access a shared spreadsheet of eviction filings, please contact jim.baker@pestakeholder.org

Elena Gaines, Deputy Director, Divisions of Housing & Community Resources, New Jersey Department of Community Affairs: We had a lottery process for our rental assistance program because we had over 60,000 applications. We didn't have funding to assist everyone but we were able to assist 15,000 households by partnering with community organizations. We were able to target minority populations through that process. We are keeping our lottery open now during phase 2 to distribute the $350 million that has been allocated by the Treasury. We've also partnered with New Jersey court systems so that people facing eviction can be prioritized. We started making our first payments for phase 2 yesterday. We reached out with newspapers, social media, have targeted minorities, and also sent out flyers to program participants from phase 1 about phase 2, in addition to radio. Landlords are also required to participate in the program here, so that's a significant difference and advantage we have over other states.

Q: How are you reaching seniors?
A: We have partnerships with senior centers and advocates, so we've been emailing local agencies.

Q: If you were to give 2 or 3 recommendations for serving those with the greatest need what would those be?
A: The rolling lottery is really important because that opens access to people who aren't able to apply immediately. The application process is also in over 90 languages.

Christine Hess, ED, Nevada Housing Coalition: Nevada has a higher than average number of renter households, and 92% of our extremely low-income renters are paying more than one third of their income on rent. We have a deficit of more than 84,000 low-income housing units. The pandemic has cast a spotlight on this existing housing shortage. The state's housing division has provided an overview of the trends in our larger jurisdictions, which include Las Vegas and Reno, and we have a major deficit of affordable housing. Because of the CARES Act funding an additional 15,000 households were assisted beyond what we are able to offer at the state level. As part of the HoUSed Campaign, the Nevada Coalition is going to be working in a few areas, but one of the biggest aspects is the potential impact of these federal dollars and programs. As the campaign gets going and new opportunities come forward we want to make sure the state is poised to take advantage of them. Because of the campaign, we'll be expanding our capacity to be able to move forward strategically.

Noel Andres Poyo, Deputy Assistant Secretary for Community Economic Development, US Department of Treasury: I wanted to give some guidance on the Homeowner's Assistance Fund. The statute has a very challenging payment deadline of 45 days. If you miss the deadline by even a day, states don't get their money and homeowners don't get their assistance. The notice requires that states request payment by the deadline, but the issue is that states have to know clearly what payments can be used for. The deadline is April 25th and all states have received guidance on how they can submit their request. We hope that every state and territory will claim this money on behalf of the vulnerable homeowners in their jurisdictions. Tribes are also eligible, but they aren't subject to this deadline. We hope that all of you will be advocating for your state agencies to submit those requests for funding. This money is for homeowners who aren't able to make payments and are vulnerable to foreclosure. It also mentions homeowners who are facing displacement, which could also mean a household where the mortgage is paid off but the home is becoming dilapidated, or perhaps there are back taxes owed.

The guidance we released last Thursday includes specifics about qualified expenses, targeting, and how payments will go out the door. When a state signs up for this program they will get an initial 10% of the money allocated. They can use that to start up their program, e.g. administrative expenses and an outreach plan. They can also immediately begin moving money through programs that already exist or that they want to pilot. In order to access the remainder they will need to submit a plan for how they want to use this money, which is an important transparency mechanism. It provides an opportunity for robust input, and provides the Treasury with a way for understanding how states are spending the money.

Joint Center for Housing Studies at Harvard webinar (April 23), *How are Landlords Managing the COVID-19 rental Crisis? Evidence from a Large Cross-Site Survey*

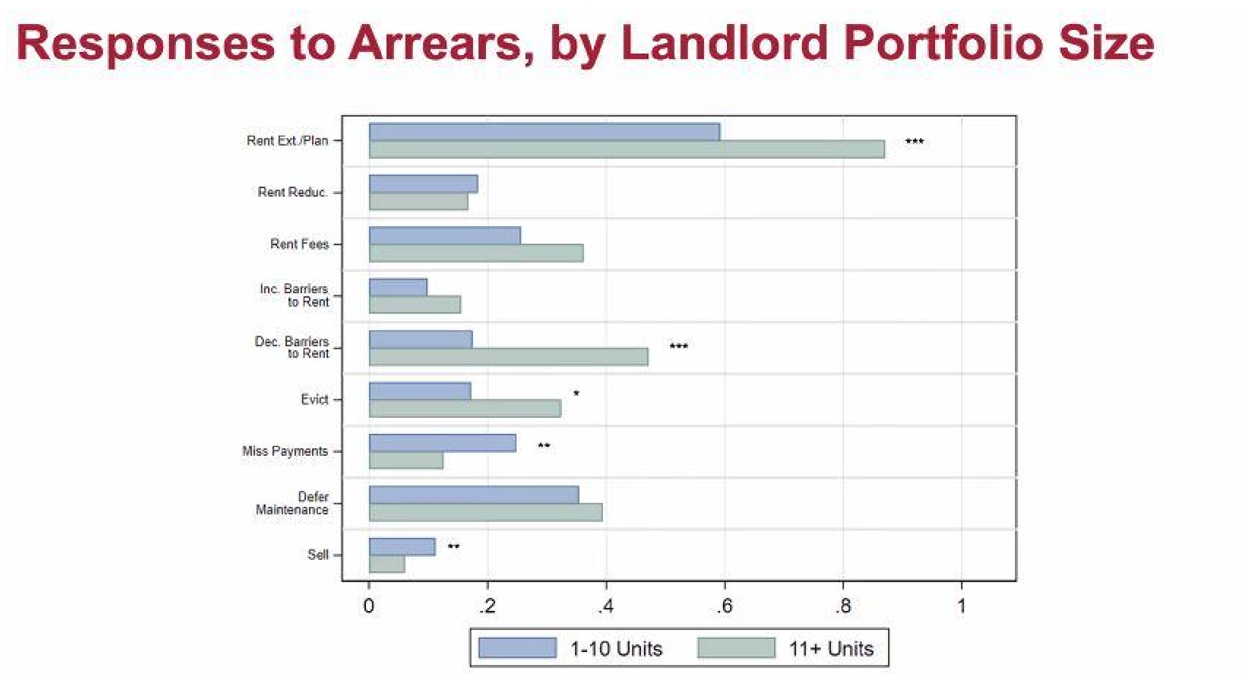
Elijah de la Campa: On the one side of this situation we have renters who are struggling and depleting their savings. On the other side, we have the landlords who are not collecting enough rent as they were before, and are also struggling to make mortgage payments, etc. If we really want to understand this situation we have to understand both sides. On the tenant side of things we have a pretty good sense of the situation. Up to 20% of renters were behind on rent as of January 2021, in the amount of billions of dollars. The pandemic has had a disproportionate impact on minority and low-income renters, who were already struggling to pay their rent in many cases before the pandemic. On the landlord side of things we have comparatively less evidence but that's why we're here. Some of the best evidence we had early on came from the National Multifamily Housing Council. It showed that rental payments are down a little bit, but the properties they report on are larger properties with larger landlords. However, rental collection rates are down and vacancy rates are up to a more impactful extent for small landlords and landlords of color.

In June and October 2020, I launched a survey of small landlords in Albany and Rochester, NY. The questions were around how the pandemic has impacted their business and how they're managing. This was targeted at owners of three or fewer rental properties, as indicated on the city registries. We found a 20% increase in non-payment, and by October it had increased in neighborhoods with residents of color, while it had started to abate in neighborhoods with less residents of color. In terms of landlord responses, the most common one was to put tenants on repayment plans and defer maintenance. They were also more likely to evict tenants, charge late fees, and defer maintenance in neighborhoods with residents of color. This study raised some questions we wanted to examine in more detail. We incorporated additional states into our analysis (Minneapolis, Racine, Indianapolis, San Jose, Trenton, Akron). We launched a survey with the same set of questions in February and March 2021, and distributed it to landlords on the city rental dwelling registries. The methodology that sets our survey apart from other surveys that address this, is that we ask about distinct properties that they own, rather than just the whole portfolio. We were able to adjust our sample with inverse probability weights to account for sample selection and non-response bias, and then calibrated those weights to reflect population-level distribution of key parameters. We had 1,831 respondents. Also important to note is that there is considerable variation in rental registry compliance across the sample cities. The sample is skewed very much toward true small landlords, who own 1-5 rental units.

There's geographic variation in the baseline payments from the 2019 non-payment data. Then, for the midwest and east coast cities there are some pretty similar relationships between the increase in 2020. San Jose is an outlier in that there is a much higher rate of non-payment in 2020, but it's important to note that those are from a rent control registry so the sample has lower rents than the citywide rents overall. We can also look at the data of how many properties are in deep arrears, or generating less than 50% of their regular rental income. The increases from 2019 to 2020 are relatively proportional, once again. Now we look at variation by landlord, property, and neighborhood. We're doing this analysis in the interest of unifying the responses we've seen from larger and smaller landlords in different surveys. We see relatively similar 2019 arrearage rates in 2019, and the increase for less than 90% of arrears in 2020 is proportional. When we look at deep arrears (less than 50% of rent received) things begin to look different. The difference for 1-5 units is small, 6-10 is significant, and 11+ is actually a decrease. For a small landlord, having one or two units in arrears can be a real financial burden.

We also looked at the data as it aligns with Section 8 vouchers. There were proportionate increases in regular arrears across Section 8 and non-Section 8, and almost no increase at all for Section 8 in deep arrears, compared to non-Section 8. This suggests that Section 8 is acting as a significant safety net for non-payment of rent. Another way to look at the data is by neighborhood income. We collected property addresses so we're able to match them to the census block. We see a deeper discrepancy in deep arrears versus regular arrears in low-income neighborhoods.

The last section of our analysis is by landlord response by portfolio size. Larger landlords (11+ units) are more likely than small landlords to put tenants on repayment plans, and are also more likely to decrease barriers to rent, e.g. lower rents. They are also more likely to evict tenants. This discrepancy might be attributed to small landlords being more likely to know their tenants, and thus having more reluctance to evict. Small landlords are more likely to miss mortgage and property tax payments, and to sell. In conclusion, the pandemic has increased deep arrears for vulnerable groups like small landlords and renters in low-income communities, while Section 8 vouchers appear to have insulated landlords and tenants. Larger landlords are more likely to offer rental extensions/payment plans and to decrease barriers to rent, in order to fill vacancies, while small landlords are more likely to miss payment obligations.



Other resources:

1. HUD announced additional flexibility for rapid re-housing (RRH) assistance for Emergency Solutions Grants program funds.
2. Guidance for accessing Economic Impact Payments and other tax benefits without a permanent address.
3. The NLIHC and the Center for Law and Policy released a new report on strategic prioritization in emergency rental assistance programs.