



NATIONAL LOW INCOME
HOUSING COALITION

Coronavirus, Disasters, Housing and Homelessness

Hosted by NLHHC and the
Disaster Housing Recovery Coalition
October 5, 2020

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Welcome & Updates



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Threat of Eviction: New Estimate of the Amount of Back Rent Owed



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America's Growing Unpaid Rent Burden

October 2020

About the Report

The **National Council of State Housing Agencies** engaged **STOUT** to assess aggregate unpaid residential rent, project the amount renters will owe in January (when the CDC's eviction moratorium ends), and forecast the implications for eviction filings then.

NCSHA commissioned the report to inform policymakers on the urgent need for federal emergency rental assistance.

Without such aid, millions of renters will face ruinous financial hardship, including evictions, in the months ahead, with additional negative effects on the economy.

A decorative graphic on the right side of the slide consists of three overlapping triangles pointing to the right. The top triangle is light blue, the middle one is a lime green, and the bottom one is a dark navy blue.

**Analysis of Current and Expected
Rental Shortfall and Potential
Evictions in the U.S.**

Prepared for: National Council of
State Housing Agencies

September 25, 2020

A Large and Growing Burden

10 – 14 million renter households — home to 23 – 34 million renters — were behind on their rent by a total of roughly \$12 – \$17 billion as of September 14.

These renters will owe \$25 – \$34 billion by January, when the CDC's nationwide eviction moratorium expires.

Estimates do not include any interest or fees landlords may charge, as allowed by the CDC eviction moratorium.

Ominous Signs for Evictions

By January 2021, more than 8 million renter households — home to more than 20 million renters — could experience an eviction filing.

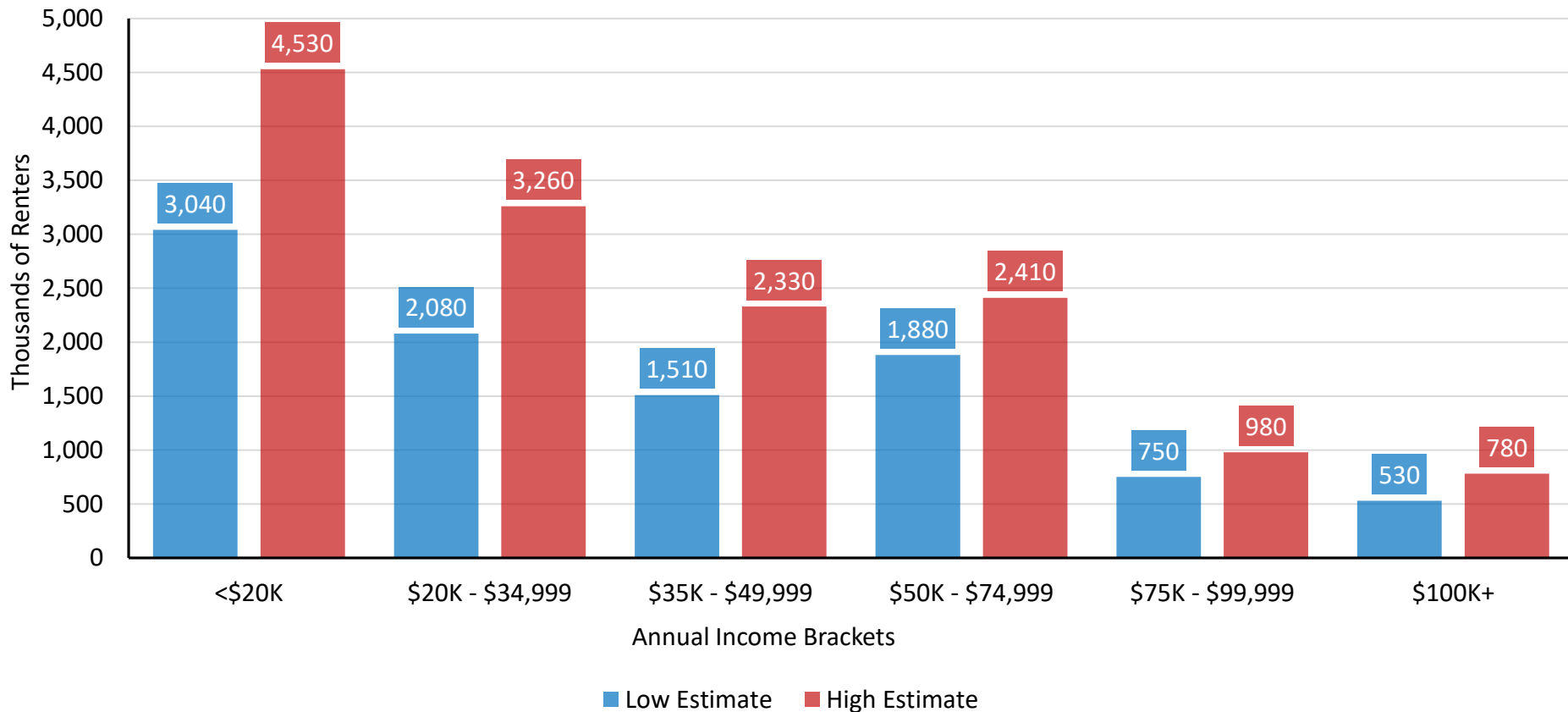
Even renters who avoid eviction will be forced to make painful tradeoffs. They will go without food and healthcare and take on debt that will drain their resources for months and years to come.

Hardship in Every State

	Estimated Range of Rent Shortfall by January 2021	Estimated Potential Eviction Filings by January 2021
Arizona	\$461 million – \$630 million	150,000
Colorado	\$469 million – \$666 million	140,000
Florida	\$2.1 billion – \$2.7 billion	640,000
Iowa	\$161 million – \$211 million	70,000
Maine	\$55 million – \$81 million	20,000
Michigan	\$603 million – \$808 million	240,000

Concentrated Hardship among Lower-Income Renters

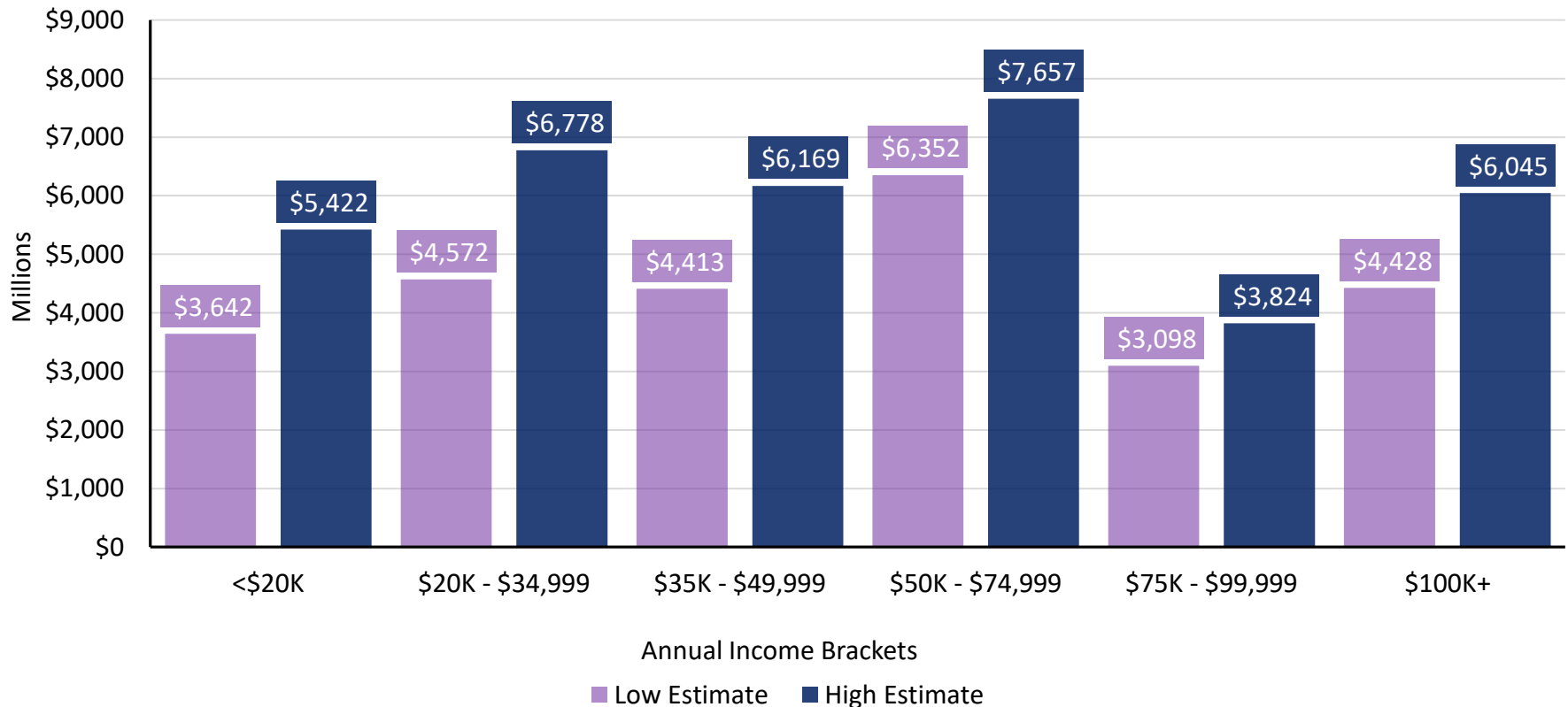
Estimated Range of Renter Households Unable to Pay Rent



An estimated range of **9.8 million - 14.3 million** renters unable to pay rent.

Concentrated Hardship among Lower-Income Renters (Cont.)

Estimated Range of Rent Shortfall by January 2021



An estimated range of **\$26.5 billion - \$35.9 billion** in unpaid rent.

Concentrated Hardship among Lower-Income Renters (Cont.)

Estimated Potential Eviction Filings by January 2021



An estimated **8.4 million** evictions could be filed.

Broader Damage to the Economy

According to NCSHA's analysis of data from the National Apartment Association, America's accrued apartment rent burden could result in up to:

- \$6.8 – \$9.2 billion in reduced apartment payroll expenses, which includes the salaries of property managers, maintenance staff, contractors, and others
- \$3.5 – \$4.8 billion in cuts to local property tax revenue to fund teachers, police, firefighters, and other critical personnel
- \$2.5 – \$3.4 billion in deferred maintenance and delayed repairs necessary to maintain health and safety for renters.¹

¹See Robert Pinneagar, president and chief executive officer of the National Apartment Association, May 11 op-ed in the Washington Post, "[The long-term impact of unpaid rent.](#)"

Primary Sources

The U.S. Census Bureau's Table of Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months from its 2019 American Community Survey ("ACS"), released on September 17, 2020.

The U.S. Census Bureau's Table of Confidence in Ability to Make Next Month's Payment for Renter Occupied Housing Units, by Select Characteristics for each State from its Household Pulse Survey ("HPS"), released weekly from June 17 through July 29, 2020 and biweekly since September 9, 2020.

- *Recognizing the unprecedented economic and employment impact from COVID-19, high-frequency data, such as the HPS, presents unique opportunities for analysis and dialogue, but also can have challenges inherent in frequent surveys over time.*

Main Assumptions in the Methodology on Unpaid Rent

All renter households estimated to have “No or Slight” confidence in the ability to make next month’s rent will have some degree of rent shortfall.

25% of all renter households estimated to have “Moderate” confidence in the ability to make next month’s rent will have some degree of rent shortfall.

Households indicating “No or Slight” confidence in ability to pay next month’s rent will have an average rent shortfall consistent with 50% of their monthly rent.

Households indicating “Moderate” confidence in ability to pay next month’s rent will also fall short by 50% of their monthly rent owed for each month of rental arrears.

Main Assumptions in the Methodology on Unpaid Rent (Cont.)

The low-end estimate excludes an estimated percentage of households that receive a rental subsidy.

The estimates do not include consideration of any other funding or relief that may be available to renter households, including CARES Act funding or unemployment compensation, or state/local rental assistance programs.

Main Assumptions in Methodology on Eviction Filings

Assumed that, in each subsequent month, 75% of households that were only one-month in arrears will be able to pay enough to remain only one-month behind, with the other 25% falling one month further behind in rent payments.

For households that were two or more months in arrears, assumed that a significant portion (75% or more, increasing as months in arrears increases) of each cohort of renter households in arrears will continue to fall one month further behind in rent payments.

Assumed that in the current economic climate landlords will file an eviction notice after a tenant falls three months behind in rent payments.

This analysis is not an attempt to predict actual evictions that may happen.

The Findings in Context

Only limited public analysis has been produced on unpaid rent.

University researchers affiliated with the Mortgage Bankers Association's Research Institute for Housing America estimated aggregate unpaid rent as of September to be \$13.2 billion.

- Our September estimate is \$12 - \$17 billion.

A Moody's report in August found aggregate back rent "currently estimated to be closing in on \$25 billion, and that will approach \$70 billion by year's end under our baseline outlook for the economy."

- Our year-end estimate is \$25 - \$34 billion.

Moody's estimates the number of renter households owing back rent to be 12.8 million

- Our estimate is 10 – 14 million.

Eviction Moratorium & Litigation Efforts



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Update on Lawsuits Challenging CDC Eviction Moratorium

Eric Dunn, NHLP Director of Litigation

October 5, 2020

Federal court challenges to CDC moratorium

- Cases filed in U.S. District Courts in Atlanta, Memphis, and Columbus seeking orders declaring the CDC moratorium unconstitutional
- Basic claims:
 - Old: CDC moratorium is a taking, violates rights of access to court, due process
 - 13/13 courts have rejected so far
 - *Elmsford Apt. Assocs., LLC v. Cuomo*, 2020 WL 3498456 (S.D.N.Y. June 29, 2020)
 - *HAPCO v. City of Philadelphia*, 2020 WL 5095496 (E.D.Pa. Aug. 28, 2020)
 - New: Congress did not/could not give CDC the power to impose an eviction moratorium
- Judicial relief requested:
 - “judgment against CDC invalidating CDC’s eviction-moratorium order”
 - “restraining order or preliminary injunction against the CDC order”

- *Brown v. Azar* (Atlanta case)
 - Motion for preliminary injunction pending, gov't filed brief Oct. 2
 - No hearing date yet reported
- *KBW Investment Properties, LLC v. Azar* (Ohio case)
 - TRO denied Sept. 25 after telephonic hearing
 - However, trial is consolidated with preliminary injunction hearing for Oct. 15
 - DOJ brief due Oct. 12, responsive briefing by Oct. 15
- *Tiger Lilly LLC v. HUD* (Memphis case)
 - Motion for preliminary injunction filed Sept. 26
 - Awaiting further clarification on schedule, further proceedings

Federal court challenges (3)

- Ohio hearing on Oct. 15 is on the merits
 - If court rules for plaintiff, could enter permanent injunction declaring order unconstitutional
 - Would invalidate CDC order nationwide, DOJ would need to appeal and seek stay from 6th Circuit
- Other cases will likely turn on whether preliminary injunction(s) are granted:
 - General standard: court weighs four factors
 - (i) likelihood of success on the merits
 - (ii) irreparable harm
 - (iii) balance of equities
 - (iv) public interest
 - Here:
 - Landlords' claimed injuries would be purely economic, not irreparable harm
 - Massive public health, public interest considerations vs. landlords' claimed injuries

Eviction Moratorium & Litigation Efforts



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Survey of Housing Providers on Impacts of COVID



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Field Updates



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Field Updates



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Latest from Capitol Hill on COVID-19 Relief and Disaster Supplemental Bills



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Resources



[Responding to Coronavirus \(https://nlihc.org/responding-coronavirus\)](https://nlihc.org/responding-coronavirus): Recommendations for Congress

[Coronavirus and Housing/Homelessness \(https://nlihc.org/coronavirus-and-housing-homelessness\)](https://nlihc.org/coronavirus-and-housing-homelessness): National and Local Updates