Transitioning to Post-Pandemic Normal

Understanding **Renter Protections** and **Renter Support** After the Eviction Moratoriums

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MULTIFAMILY

- A host of eviction moratoriums implemented in response to the COVID-19 pandemic led to a record low number of nationwide eviction filings in 2020 and the first quarter of 2021.
- Enhanced unemployment benefits and direct payments through federal stimulus actions have replaced some income for unemployed renters, blunting the impact of job losses.
- Economists estimate that between $8.4 and $53 billion is needed to prevent a wave of evictions following the expiration of the Center for Disease Control's (CDC) nationwide eviction moratorium on July 31.
- The federal government has allocated funding to states for Emergency Rental Assistance at the high end of those estimates: $47 billion.
- Deployment of these resources is vital to support renters and property owners as eviction moratoriums end and the country transitions to a post-pandemic normal.
- Visit myhome.freddiemac.com to access renter help and rent relief resources from Freddie Mac.

More information on emergency rental assistance, visit
MyHome.FreddieMac.com/renting/

A steady return to normal, pre-pandemic routines brings with it a general sense of optimism—optimism that the economic challenges of the past year will subside, that more families and friends will be able to travel and see each other again, and that people will be able to return to work without concern for their health or the health of their loved ones. The return to normal, however, is not without some concern—particularly for renters and property owners hardest hit by the pandemic. While the unemployment rate has dropped from 14.8% in April 2020 to 5.8% in May 2021, there are still many who experienced substantial financial stress during the pandemic and may yet still be unemployed or underemployed. [1] Moreover, a return to full employment does not factor in all of the missed income due to unemployment. A significant focal point of this concern is what will happen when the CDC eviction moratorium ends. Is there risk—or likelihood—of a surge in evictions nationwide? What protections and support will renters have as they navigate through this transition period to a post-pandemic economy?

Property owners—especially smaller owners—have been affected by the pandemic as well, as loss of rental income affects their ability to stay current on their loans and continue to provide housing, so the transition period also includes uncertainty for property owners. When will there be a return to pre-pandemic rental income levels and pre-pandemic sources of income—and what will rent payments look like in the meantime?

[1] **https://www.bls.gov/news.release/pdf/empsit.pdf**

In this paper we look at the two prominent means of mitigating evictions: eviction moratoriums and income and/or rent subsidies. As eviction moratoriums come to an end, rent subsidies take on an increasingly important role in both keeping renters in their homes and property owners current on their mortgages. We find that, while there is likely enough funding available, the deployment and accessibility of these funds is vital to supporting renters and property owners in need as the country transitions to a post-pandemic normal.

Eviction Moratoriums and Eviction Filings

Eviction has been a significant concern throughout the pandemic, as renter employment was severely disrupted and still has not fully recovered. In ordinary circumstances, this could have led to a substantial eviction crisis. However, this concern was addressed in two ways via public policy: eviction moratoriums and income and/or rent subsidies. The scope, rules, and timing of these solutions varied over the past year—both nationally and locally—but one thing is clear from the data in the aggregate: evictions and eviction filings have been down substantially compared to annual norms. We can see this in data from the Eviction Lab at Princeton. The Eviction Lab analyzes and tracks evictions and eviction filings in five states (Connecticut, Delaware, Indiana, Minnesota and Missouri) and 28 cities. [2] Overall, across the states, we see eviction filings down 58% from March 2020 through May 2021 versus the historical yearly average.

There is more nuance to this when examined more closely. A key factor to consider is the difference between the act of eviction—the removal of the renter from the property—and the filing for eviction. Each of the federal moratoriums—under the CARES Act (which prohibited filing) and the CDC moratorium (which prohibited only actual eviction) treated this differently—as did the various state and local moratoriums.

The CARES Act eviction moratorium began on March 27, 2020 and ended on July 25, 2020. Covered renters could not be forced to vacate, and property owners could not file notices to vacate for non-payment of rent, until 30 days after the expiration of the moratorium (August 25, 2020). The CARES Act protected renters living in properties with federally backed mortgages—i.e. mortgages purchased or securitized by Freddie Mac, Fannie Mae, FHA and other similar entities. Renters in properties with other forms of financing were not covered.

The CDC eviction moratorium took effect September 4, 2020 and was initially slated to last through December 31, 2020. It was subsequently extended through July 31, 2021. Under this moratorium eviction filings are allowed, but the property owner cannot evict the renter from the property for non-payment of rent if the renter provides the property owners with a declaration [3] certifying that the renter, among other things, is, making best efforts to obtain governmental rental assistance; unable to make rent payments due to substantial loss or reduction in income or extraordinary medical expenses; would likely become homeless; and understands rent/housing payments must ultimately still be made and property owners may still charge fees for non-payment. [4]

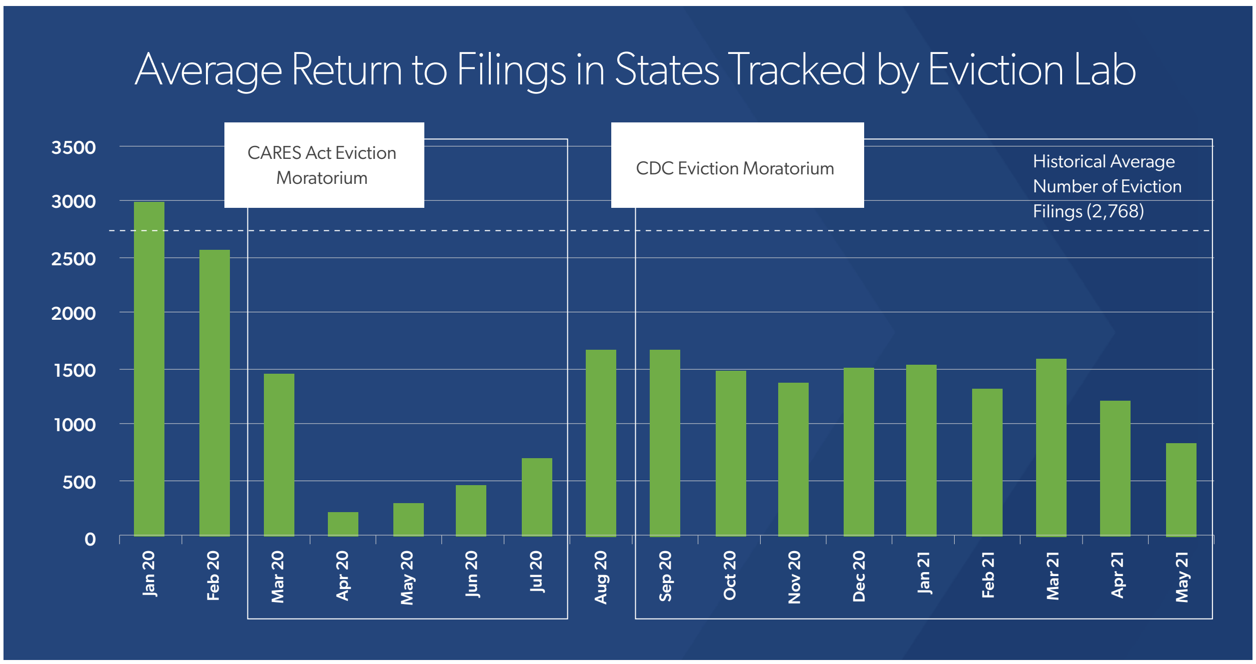
[2] https://evictionlab.org/eviction-tracking/

[3] https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf

[4] https://www.cdc.gov/coronavirus/2019-ncov/more/pdf/CDC-Eviction-Moratorium-03292021.pdf

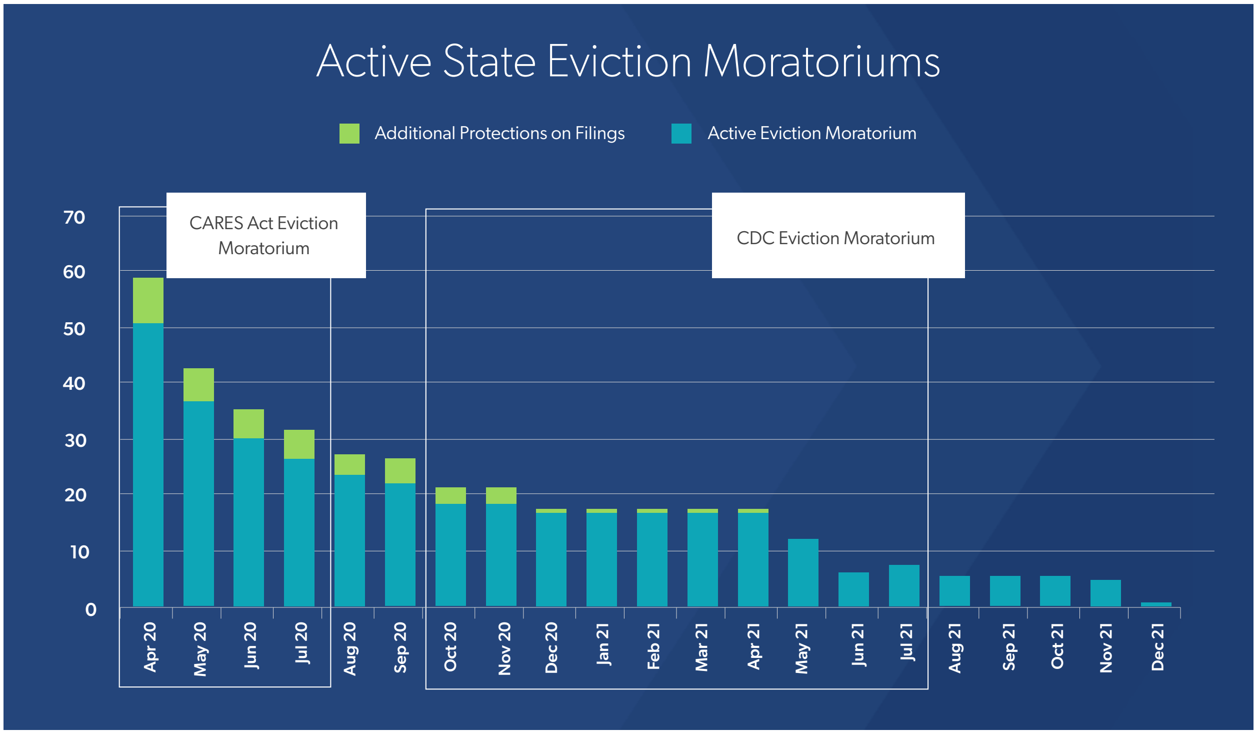
Across the states and cities tracked by the Eviction Lab, this distinction between the prevention of eviction and the prevention of filing for eviction appears in the data. Under the CARES Act, eviction filings were down considerably. Once the CARES Act moratorium ended, state or local moratoriums governed until the CDC moratorium was put in place, so during that period only the local moratoriums that prohibited eviction filings would have affected behavior. Consequently, in the aggregate across the states tracked by the Eviction Lab—and consistent with what was allowed under the CDC moratorium—eviction filings increased, though not necessarily to pre-pandemic levels.

Figure 1: Average Return to Filings in States Tracked by the Eviction Lab at Princeton



Taking a national view, we can look at when state level eviction moratoriums came into place, when they expire, and what they prevent (eviction or filing), and we can overlay the CARES Act and CDC moratoriums. This gives a broad picture of how the moratoriums generally impact behavior and would have impacted evictions and eviction filings.

Figure 2: **Active State Eviction Moratoriums**[5]



***Note that we tracked active state eviction moratoriums in all 50 states and DC. Seven states and DC had additional protections against eviction filings.**[6]

While there are variations in protection at the state level, the variations—and their effect—are especially clear at the local level. The trends in eviction filings coincide with the absence of a local moratorium on eviction filing and the rules of those moratoriums. Where filings were allowed, they increased (though not necessarily to pre-pandemic levels). Where they were prohibited, they did not.

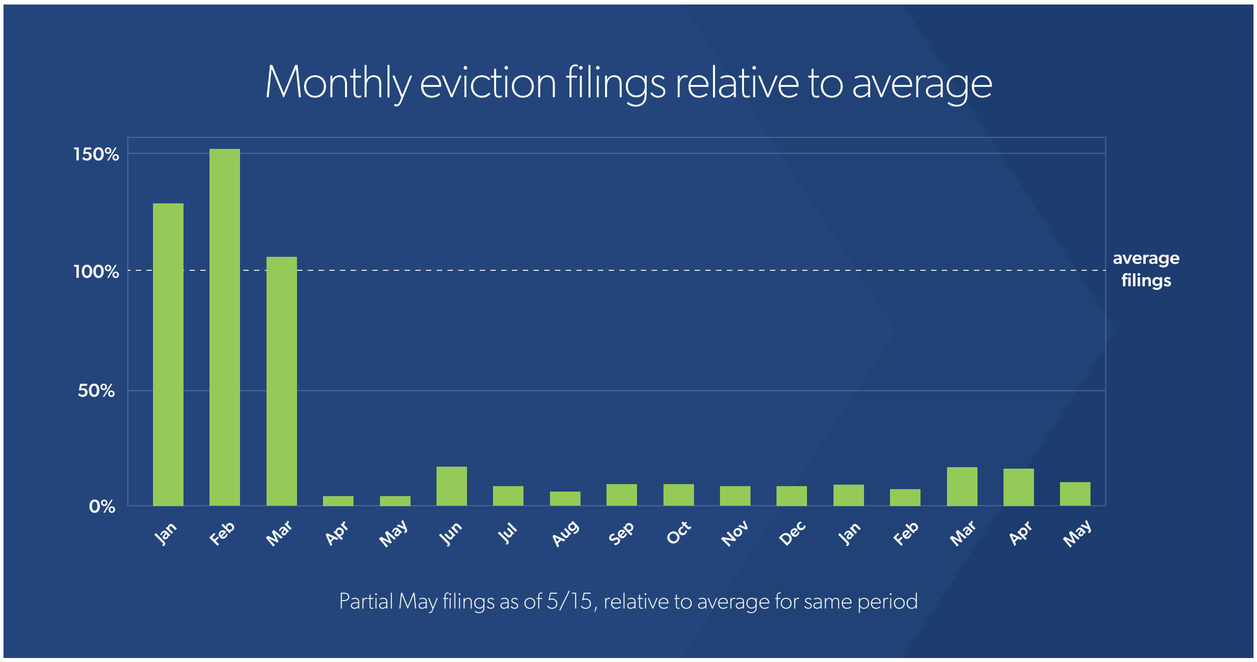
Austin, Texas for example, has an eviction moratorium in place through August 1, 2021. This moratorium prevents both eviction filing and the actual eviction and covers non-payment of rent without any requirement to demonstrate a COVID-19 impact. Beginning on June 1, 2021, however, a property owner may file for eviction on a renter who has five or more months of unpaid rent and has

[5] Note that the six eviction moratoriums that do not expire until Dec 2021 (with the exception of New Jersey with Governor's Orders expiring January 1, 2022) are either described in states legislation as "expiring at the end of the national state of emergency" or "expiring 60 days after the end of the national state of emergency"

[6] https://content.next.westlaw.com/Document/I50fd3ae86ac711eaadfea82903531a62/View/FullText.html?transitionType=Default&contextData=(sc.Default)&firstPage=true

exhausted all rental assistance options [7]. Since the start of the pandemic, eviction filings have been significantly lower than the average eviction filings from 2014-2019. In April 2021, for example, eviction filings were down 84% compared to the average filings over the past five years.

Figure 3: Monthly Eviction Filings Relative to Average in Austin, TX [8]

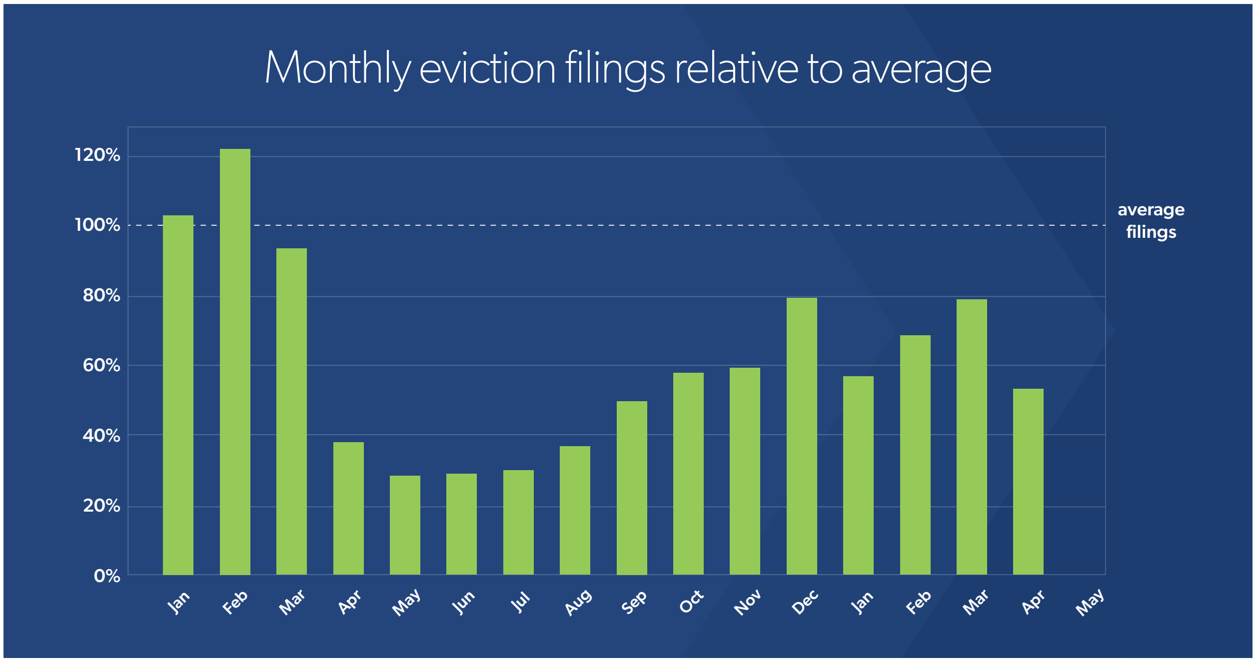


In contrast, Phoenix, Arizona has not had a local moratorium in effect since August of 2020. Eviction filings fell significantly at the start of the pandemic but began to increase thereafter beginning in August and September 2020 when both the local moratorium ended and the CARES Act allowed for filings to resume. As with the CDC order, the Arizona moratorium only prevented evictions for renters who could demonstrate adverse impact from COVID-19. Other reasons for non-payment were not covered by this moratorium. As this moratorium overlapped with the CARES Act, in CARES Act covered properties, the CARES Act would have set stricter standards. However, the CARES Act did not cover all renters or all rental properties, only those renters in a property with a federally backed mortgage. Despite the allowance for eviction filings, filings are still below the relative average of the past 5 years, which indicates that there are other factors affecting renter stability.

[7] https://www.traviscountytx.gov/County-Order-2021096626.pdf

[8] Peter Hepburn, Renee Louis, and Matthew Desmond. Eviction Tracking System: Version 1.0. Princeton: Princeton University, 2020. www.evictionlab.org

Figure 3: **Monthly Eviction Filings Relative to Average in Phoenix, AZ**[9]



While formal moratoriums can prevent eviction, it does not necessarily follow that they prevent pressured departures. This is perhaps especially true during a period where evictions are prohibited but filings are not. A renter can easily take an eviction notice as an indication to leave. Likewise, a notice of non-renewal of lease can have the same effect, even if in neither case the renter can be formally evicted during the moratorium. These sorts of departures are much more difficult to track directly in the data.

However, we can look at the combination of rent collection trackers and surveys to get some indication of how renters were managing throughout the year—at least in properties covered by rent collection surveys. The National Multifamily Housing Council (NMHC) rent payment tracker, which covers over eleven million market-rate units typically owned by institutional owner/operators, shows that from April 2020 through April 2021, while collections were lower than pre-pandemic levels, they were off only modestly. In the year leading up to the pandemic, the average month-end rent collection rate for full or partial payments was 96.2%. Since April 2020, [10] the average rate has been 94.6%. [11]

While the NMHC rent payment tracker offers encouraging data, it is limited to institutionally owned

[10] www.avail.co/covid19
[11] www.avail.co/covid19

multifamily properties. It generally does not cover properties owned by small, non-institutional property owners whose tenants may be more likely to be affected by the pandemic, and who could thus be at higher risk of missing mortgage payments if their renters are unable to pay rent. Avail, a firm that supports small property owners and renters through a collection of online tools, educational content, and support, has created a rent payment tracker [12] that covers full and partial payments in this segment of the market. Avail has been tracking payments since January 2020. Pre-pandemic (January-March 2020) an average of 90.1% of renters made full or partial payments by the end of the month. Beginning in April 2020, end-of-month payment rates dropped modestly. Generally, Avail found that, through this period, full and partial rent payments remained between 86% and 89%, with a low of 86.5% in February 2021.

Survey data can also indicate how renters and property owners fared during this time period. Avail regularly surveyed renters and property owners throughout the pandemic. In their survey published in February 2021, covering more than 1,200 property owners and 2,500 renters in small multifamily and single-family rental properties, they found that the percentage of renters struggling to pay rent has grown: 72% of renters noted they are having difficulty making rent, which is an increase compared to the rates in surveys from May through July of 2020, when an average of 64.5% of renters cited difficulty paying rent. [13] Although there could be bias in these surveys, as those who are in need of assistance are more likely to respond, this still suggests there has been a greater degree of difficulty for renters in this segment of the market. Avail's more recent June 2021 survey indicated some improvement, as property owners have experienced less financial loss due to partial or fully missed rent payments as of May 2021, with 41.5% of respondents experiencing loss, compared to 61.2% in February 2021. [14]

Ultimately, eviction moratoriums are only half of the story. As we look forward through the transition to a post-pandemic normal, renter support takes on an increasingly important role as more funds have become available than there were through the first quarter of 2021.

[12] **https://www.avail.co/education/education-avail-us-rental-market-data-studio**

[13] **www.avail.co/covid19**

[14] **www.avail.co/covid19**

The Role of Renter Support

Throughout the pandemic, we have seen both an unprecedented need for support, and an unprecedent amount of support. As we demonstrated in our recent paper entitled “The Effects of Expanded Unemployment Benefits and Stimulus on Unemployed Renters’ Income During COVID-19,” public subsidy has played an important role in stabilizing renters’ ability to stay in their homes, and stabilized property owners’ rental income in the early months of the pandemic. These were not direct rent-payment subsidies. Rather, they were enhanced unemployment benefits and stimulus checks that helped close income gaps for renters over the short term. During the effective period of the CARES Act, from March through July of 2020, we estimated that an unemployed worker who previously made $40,000 per year would have received sufficient unemployment and stimulus support to exceed the prior income. This would reasonably have helped stabilize rent payments during that period. [15]

This subsidy was not consistently available through 2020, however. Between August and December of 2020, no additional federal support was available, so the unemployed worker would have relied on state unemployment funds, which would have covered just over half of the prior income.

A federal subsidy returned at the very end of 2020 with the passage of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). CRRSA provided additional federal unemployment benefits through March 14, 2021. This could help the unemployed worker achieve a significant portion of their prior income in cases where renters are able to access the benefit. This benefit was extended through September 2021 with the passage of the American Rescue Plan. This has been—and could continue to be—an important part of stabilizing renters and stabilizing rental income at properties in states where it is available. However, unemployment benefits do not exist in perpetuity, and may be insufficient to cover back rent.

How Much Support is Needed Now, and How Much Is Available?

The potential back rent that renters could owe has been an important factor in driving the concern over a surge in evictions. To this end, recent federal aid in the form of two Emergency Rental Assistance (ERA) packages included in the Consolidated Appropriations enacted on December 27, 2020 as part of the CRRSA and the American Rescue Plan enacted on March 11, 2021 allow for the repayment of back rent. The combined ERA packages are administered by the U.S. Department of Treasury.

The amount in potential back rent is difficult to know. There have been three prominent estimates from

[15] **https://mf.freddiemac.com/docs/renter_unemployment_benefits_report.pdf**

the Federal Reserve Bank of Philadelphia [16], the National Coalition of State Housing Agencies (NCSHA) and Stout,[17] and from Jim Parrott and Mark Zandi.[18] These range from $8.4 billion (Federal Reserve) to $13.2 – $24.4 billion (NCSHA/STOUT) to $52.6 billion (Parrott and Zandi), and each has different criteria and timing. The Urban Institute has provided a comparative analysis of these estimates.[19] In August 2020 the National Equity Atlas first published its Rent Debt Dashboard, which they update every two weeks. They estimate that 5.8 million households have a total of approximately $18.6 billion in rent debt, which equates to an average of $3,200 per household.[20] This is generally in line with the results of Avail's survey, which found that 51.4% of renters surveyed state they already owed back rent, with 49.3% owing between $1,000 an $4,999. [21] For a family who owes back rent, timely access to rental assistance funds could materially reduce their risk of eviction. If an eviction filing has already been made against that family, then the urgency is perhaps even greater.

Since the initial estimates were made, the two major Treasury programs have been implemented with a total of $46.55 billion in renter support allocated to states, which is very close to Parrott and Zandi's high-end estimate.

In the aggregate, this amount of funding is likely sufficient to meet the need. The efficacy of these funds, however, is based not just on total dollars, but is dependent upon three additional factors: (1) the allocation, (2) the timing and availability, and (3) the accessibility of funds for renters and property owners.

Allocation of Funds

These funds in both iterations of ERA are distributed according to share of the total population in each of the states, U.S. territories, local governments and (in the first iteration) Native American tribes. Under both Acts, at least 90 percent of the funds awarded must be used for direct financial assistance. This includes rent and rental arrears, utilities and home energy costs and arrears, and other housing-related expenses. The remaining funds are available to program administrators for housing stability services, including case management and other services intended to keep households stably housed. Program administrators are allowed to design their own rental assistance programs with these funds within the

[16] https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/household-rental-debt-during-covid-19.pdf
[17] https://app.powerbi.com/view?r=eyJrIjoiNzRhYjg2NzAtMGE1MC00NmNjLTIlOTMtYjM2NjFmOTA4ZjMyIiwidCI6Ijc5MGJmNjk2LTE3NDYtNGE4OS1hZjI0LTc4ZGE5Y2RhZGE2MSIsImMiOjN9
[18] https://www.urban.org/research/publication/averting-eviction-crisis
[19] https://www.urban.org/urban-wire/many-people-are-behind-rent-how-much-do-they-owe
[20] https://nationalequityatlas.org/rent-debt
[21] www.avail.co/covid19

requirements of the law and Treasury guidance. As part of that design, they may determine who is eligible to apply for funds: renters, property owners or both.

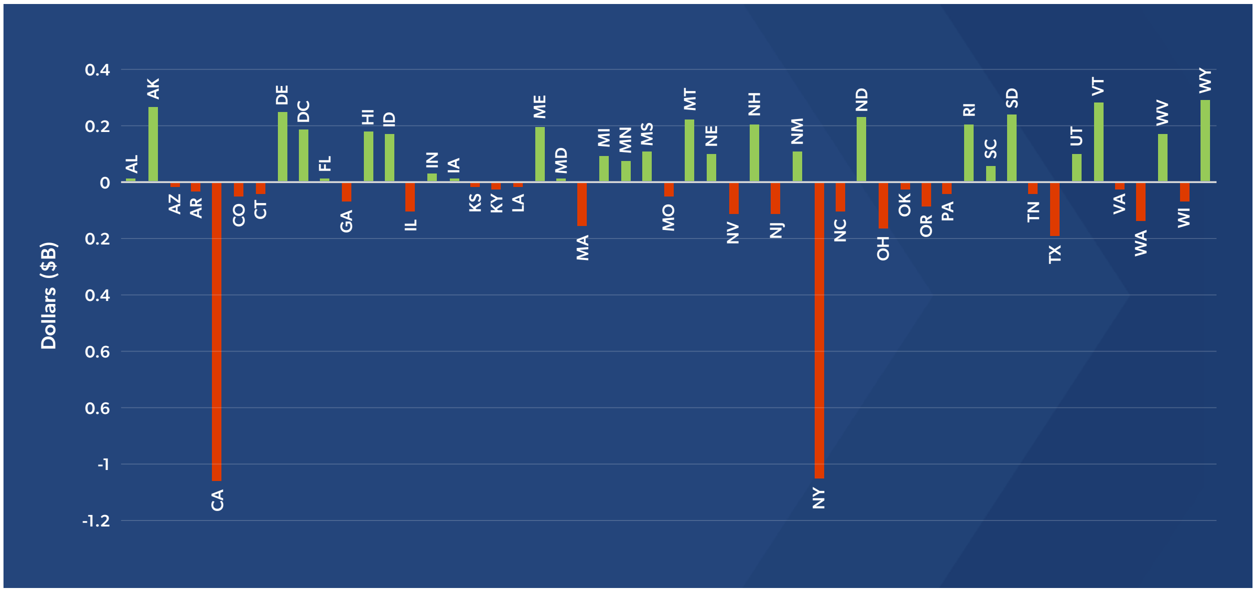
Under the Treasury programs, funds are generally provided directly to state or territorial governments, though state governments can transfer any funds received to local governments as long as funds are used for eligible purposes. If a local government serves a population of at least 200,000 (based on U.S. Census Bureau 2019 calculation), they may elect to receive assistance directly from Treasury. As of May 26, 2021, 388 Emergency Rental Assistance Programs were in effect, per National Low-Income Housing Coalition's tracing database, and are being administered by states, counties, localities, tribes, and territories. [22]

These programs are meant to support renters, not the total population. Because some states have a higher concentration of renters than others, it is helpful to assess how renter population concentration by state compares to total population concentration by state to see if funds are optimally allocated based on the population they are meant to serve. To do this we divide the number of renter households in each state by the total rental households in the country to come up with a renter share and compare this with the share of the total population each state contains.

We find that approximately half of the states received less funding than their share of renters would indicate, while the other half received more funding. New York, which contains 7.85% of the renters in the country, received 5.39% of the funds, and California, which contains 13.47% of the renters in the country, received 10.98% of the funds. Conversely, Vermont contains .17% of the renters in the country and received .83% of the funds, and Wyoming contains .15% of the renters and received .83% of the funds. When examined in terms of dollars allocated, however, the differences are generally slight and concentrated in a relatively small number of states, with the exceptions of California and New York, each of which could be considered underfunded by approximately $1 billion according to renter population concentration.

[22] **https://nlihc.org/rental-assistance**

Figure 5: Analysis of Renter Population by State and Treasury Emergency Rental Assistance Allocation



In many cases—as the data in Avail's survey demonstrate—renters and property owners already have need for funds in order to stay current on their rent or mortgage payments. While the Treasury programs were approved in December of 2020 and March of 2021, the timing of state and county-level implementation varied, since establishing programs to distribute such significant funds is difficult. These timing variations matter, and are of potential concern, as the CDC moratorium is scheduled to expire on July 31, 2021. In our analysis of the effective dates of the 444 state and county programs identified and tracked by NLIHC, we found that, as of June 23, 2021, 422 of 444 programs are active and accepting applications and twenty-two are closed and not taking applications at this time. One hundred fifty programs serve households with federal rent subsidies, and 215 programs allow applications to self-attest to certain eligibility requirements. Additionally, 111 programs allow for direct-to-tenant assistance, which means that payments can be made directly to tenants if property owners are unresponsive or refuse to participate. [23]

Accessibility of Funds

Under the statute listed by the Treasury ERA program, [24] renters are eligible for emergency rental assistance programs if they 1) qualify for unemployment or have faced a significant reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19,

[23] **https://nlihc.org/rental-assistance**

[24] **https://nlihc.org/sites/default/files/FAQs_Emergency-Rental-Assistance.pdf**

2) demonstrate a risk of homelessness or housing instability and 3) have a household income at or below 80% of area median income (AMI) based upon household size. The statute adds that administering entities must prioritize household with incomes below 50% of AMI or with members who have been unemployed for 90 days or more, and administrators can incorporate additional criteria to prioritize applicants. [25] Both renters and property owners are eligible to apply, and funds are paid directly to the property owner. In individual states, however, renters could be asked to provide additional documentation to prove that they are eligible for assistance. For example, in Arizona, renters are required to provide proof of identity, lease or housing agreement with the applicant and property owners names, documentation of financial hardship due to COVID-19, documentation of housing instability such as notice of eviction or notice of past rent due, and proof of income for all household member above the age of 18 (which may include the most recent 60 calendar days' worth of paystubs for all family members), 2020 tax documents, and a Social Security, pension/retirement benefit letter, unemployment insurance statements, and current annuity payment letters, if applicable. [26]

Eligibility criteria is just one driver of accessibility. Knowledge of availability is also important. Research from the National Low-Income Housing Coalition and Avail's June 2021 survey both reveal that there were substantial information gaps throughout the pandemic. Avail notes that 56.4% of renters and 43.6% of property owners covered in their survey were not aware of government rental assistance as part of COVID-19 relief packages. [27] At a more granular level, criteria such as a program's documentation requirements can affect the distribution of funds as well. NLIHC, the Furman Center at NYU, and the Housing Initiative at the University of Pennsylvania conducted extensive analysis [28] of a large number of rental assistance programs from 2020 before the implementation of Treasury programs and also published work on lessons learned from a selection of these programs. [29] These lessons included ways to better engage property owners, address documentation requirements to make it easier for renters and property owners to access funds, and ways to better reach those most in need. Avail's June 2021 survey echoes some of these lessons: 45.9% of renters surveyed cited a need for clearer communication of eligibility criteria/requirements, and 38.1% requested simpler and more accessible applications. [30]

In that same analysis, NLIHC also found that many of these local programs tried to quickly adapt their programs as they realized what worked well, and what made it more difficult to meet the needs of so many. As more program administrators undertake the effort to distribute emergency rental assistance to

[25] **https://nlihc.org/sites/default/files/Prioritization-in-Emergency-Rental-Assistance-Programs.pdf**
[26] **https://des.az.gov/ERAP**
[27] **www.avail.co/covid19**
[28] **www.avail.co/covid19**
[29] **www.avail.co/covid19**
[30] **www.avail.co/covid19**

many. As more program administrators undertake the effort to distribute emergency rental assistance to those in need, there are no doubt many lessons that will continue to be learned, and many adaptations that will be made to continue to address challenges that arise.

Conclusion

When viewed in the aggregate and from a distance, it appears that there is adequate renter support in place to cover the need through the transition for both renters and property owners. However, access to these funds—and the timely distribution of them—is vital to the return to normal for so many. It is important to focus not just on the aggregate solutions, but also those who might fall through the cracks, who might not be able to fill out every form or know where to go for help.

Much work has been done to improve outreach and access to funds throughout the pandemic, and much work will likely still be required.

Freddie Mac has made materials and directions available on our website and through our nationwide renter helpline so that renters and property owners can better access resources needed to address back rents and limit evictions, whether or not they own or live in properties that have Freddie Mac financing. We have also made materials available directly to our Optigo lenders to provide to every property owner with a Freddie Mac loan.

We recognize the work of organizations such as the Eviction Lab and the National Low-Income Housing Coalition to synthesize so much information about all of the moratoriums and available programs and we recognize the work of all the local non-profits and governmental offices and so many others to connect those in need with any and all available support as well as those property owners and renters actively seeking support.

With any challenge—and set of solutions—of this magnitude, there are bound to be inefficiencies and missteps, but there are also bound to be valuable lessons and new innovations that can help not just the renters and property owners of today, but also those of tomorrow as we transition to a new post-pandemic normal.

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