With Federal Moratorium Expiring, 15 Million People at Risk of Eviction

Policymakers must strengthen rental assistance programs to protect renters, pay back rent, and prevent long-term consequences for children and families

By: Sam Gilman, Jacqueline Woo, Katherine Lucas McKay, Zach Neumann, Tim Shaw

Nationwide, renters are recovering from an unprecedented economic crisis. With vaccines widely accessible, employment rising, and federal and state benefits available to millions of people, many of the over 100 million people living in rental housing are making a gradual recovery.

Despite this progress, a meaningful percentage of renters are on the precipice of eviction, displacement, and homelessness. More than 15 million people live in households that are currently behind on their rental payments (7.4 million adults, 6.5 million households), which places them at legal risk of eviction. According to one estimate, these households collectively owe more than $20 billion to their landlords. On a per tenant basis, average debt owed to landlords exceeds $3,000, with significant variation based on time away from work, family needs, and other factors.

When the Centers for Disease Control and Prevention (CDC) eviction moratorium ends on July 31st, these renters may face eviction, civil lawsuits for unpaid rent, and aggressive debt collection—crises that will continue to cause harm years into the future. Nearly 50% of those who are behind on rent anticipate that they will be evicted in the next two months.

The threat of eviction is particularly acute for renters of color. Currently, 22% of Black renters and 17% of Latinx renters are in debt to their landlords, compared to 15% overall and 11% of White renters. Rental debt is also challenging for renters with children, with 19% unable to make payments.
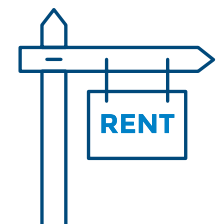
RENT

Currently behind on their rental payments

15 million
PEOPLE

6.5 million
HOUSEHOLDS

FINANCIAL SECURITY PROGRAM
aspen institute

COVID-19 EVICTION DEFENSE PROJECT

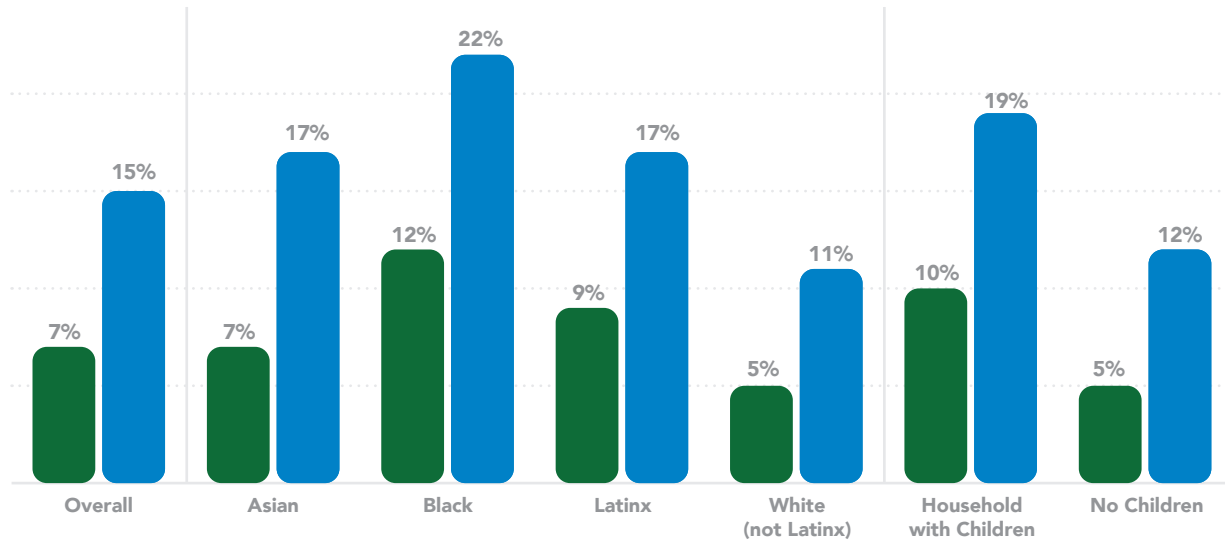## Census: Housing Insecurity Impacts Black and Latinx Renters and Families with Children Disproportionately

Rental Status, by Hispanic Origin, Race, and Family Type

- 🟩 % of US renters behind on rent and fear eviction in next two months
- 🟦 % of US renters behind on rent

	Overall	Asian	Black	Latinx	White (not Latinx)	Household with Children	No Children
Behind and fear eviction	7%	7%	12%	9%	5%	10%	5%
Behind on rent	15%	17%	22%	17%	11%	19%	12%

Source: Census Bureau Household Pulse Survey, Week 33 Tables 1b & 3b.

Rental Debt Has Long Lasting Consequences Beyond Eviction

Rental housing debt is uniquely toxic. Unlike consumer, medical, and other forms of debt, even a small balance owed to a landlord can be used as the basis for an eviction action, leading to displacement and, frequently, homelessness. This means that renters who have received a vaccine, returned to work, and are making current payments may still be subject to eviction because they have an unpaid rental debt balance accrued during the COVID-19 pandemic.

People evicted on the basis of rental debt are likely to face a series of cascading consequences. These may include civil legal actions or debt collection to recover outstanding balances, negative credit reporting that makes it difficult or impossible to rent a new home, short-term or extended homelessness, and a significant decline in physical and mental health. The long-term consequences can be particularly acute for children. In addition to facing the health impacts of eviction, research demonstrates that residential instability can take a toll on children's social and educational outcomes, which can have lifelong economic consequences.

State and local governments bear much of the economic impact of this suffering in the form of shelter nights, rehousing services, emergency and healthcare costs, foreclosure costs, unemployment insurance, and other public costs. Additionally, landlords pursuing evictions must endure costs associated with legal representation, vacancy, maintenance, and reletting. A recent analysis published by co-author Sam Gilman on the public and social return on investment of rental assistance

*In addition to facing the health impacts of eviction, research demonstrates that residential instability can take a toll on **children's social and educational outcomes**, which can have lifelong economic consequences.*

estimates that the return on investment of the federal emergency rental assistance program could range from 208% to 466%. The model demonstrates that by orders of magnitude the costs of eviction and homelessness outweigh the costs of rental assistance.

Longstanding Rent and Eviction Challenges Preceded the COVID-19 Eviction Crisis

Even before the current crisis took hold, tenants faced unsustainably high rents and unforgiving legal processes. The Joint Center for Housing Studies at Harvard University found in 2020 that 48% of all renter households were cost-burdened, meaning they spent at least 30% of their income on rent and utilities. People of color faced even higher burdens. Fifty-five percent of Black renters and 53% of Latinx renters were cost-burdened prior to the pandemic. According to a 2021 NLIHC study, it is impossible to afford a two-bedroom apartment on a full-time, minimum wage job in every state in the United States.
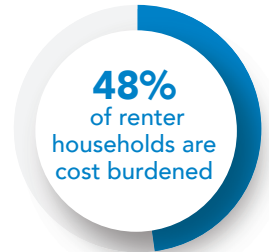
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Excessively burdensome rental prices exposed millions of Americans to eviction court, with landlords filing 3.7 million evictions a year prior to the pandemic. One study suggests that more than 75% of these filings were due to the non-payment of rent. These numbers likely understate the problem, as many tenants leave their homes prior to the formal initiation of the eviction process. Before the COVID-19 pandemic, in many jurisdictions the time between a missed rent payment and an eviction judgment was mere weeks, emergency rental assistance budgets were extremely limited and difficult to access, and legal services for tenants were rarely available.

1/3
of households reported losing income during pandemic

Work stoppages implemented in response to COVID-19 dramatically expanded the number of tenants unable to make full, on-time monthly rental payments. According to a survey fielded in 2020, one-third of households reported losing income during the pandemic. To make ends meet, these displaced workers drew down savings accounts, borrowed money from both lenders and family members, and relied heavily on food aid and other forms of support. Expansions of unemployment benefits, such as the Pandemic Unemployment Assistance program and three rounds of economic impact payments (stimulus checks), helped many stay current or avoid falling too far behind on rent.

Ballooning Back Rent and Complicated Rental Assistance Requirements Limited the Effectiveness of Policy Responses

At the beginning of the crisis, both states and the federal government implemented eviction moratoria to avoid mass displacement of those who could not pay rent amid the worst jobs crisis since the Great Depression and prevent the further spread of COVID-19. These policies played a critical role in protecting people from further harm and keeping families in their homes. A recent study found that states that ended eviction moratoria during 2020 contributed to more than 400,000 additional COVID cases and 10,000 additional deaths from the virus.

While eviction moratoria protected millions of people from losing their housing, they did not address the inability of millions of tenants to meet their large and growing rental debt. In response, Congress allocated $46 billion in direct aid to stabilize property owners and their tenants through direct payments for back and future rent, utilities, late fees, and other account charges. States, counties, and nonprofit service providers across the US have been tasked with delivering this money to landlords and tenants as fast as possible. To date, they have faced significant statutory, logistical, and practical obstacles that have made disbursement difficult and time-consuming.
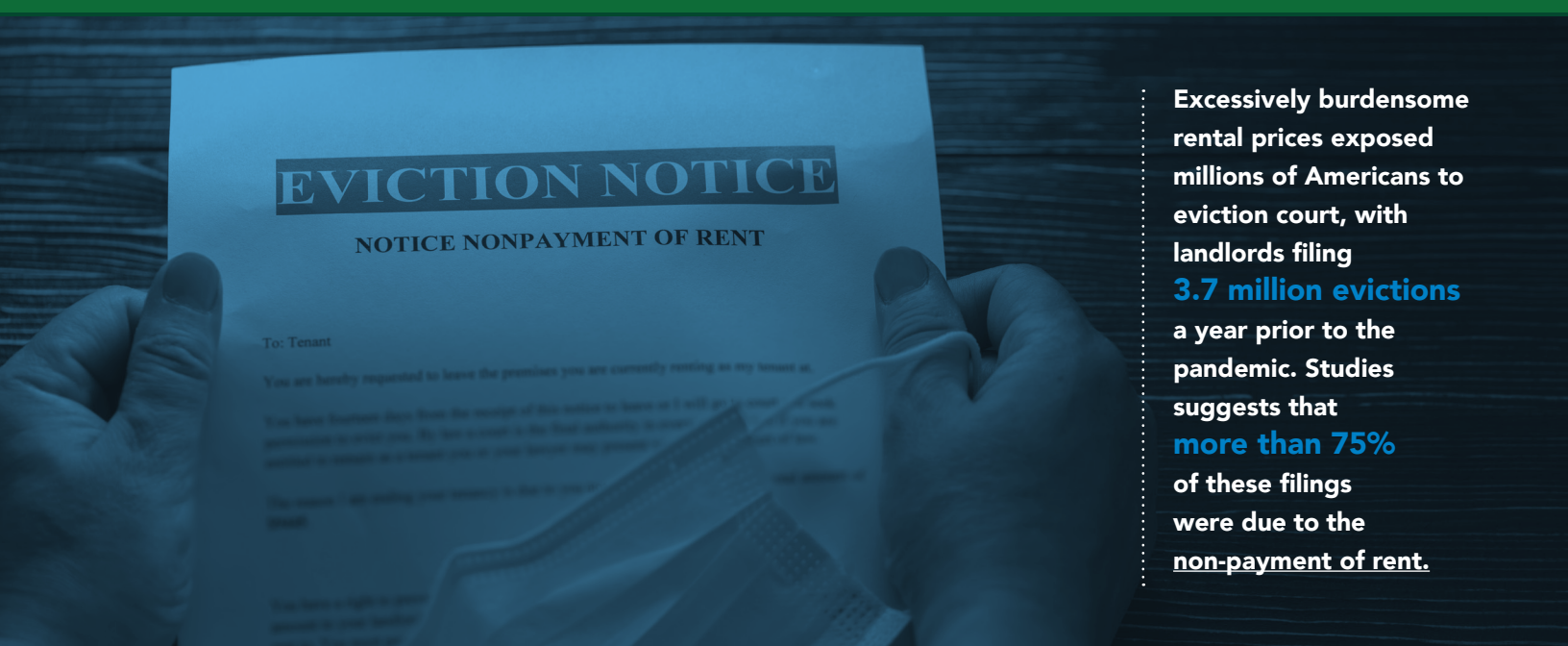
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The slow processing of rental assistance applications can be attributed to several factors, including high documentation burdens, long payment timelines, and insufficient infrastructure for rental assistance support. State and county capacity constraints, a lengthy and complicated application, and required documentation from both tenants and landlords mean rental assistance applications take weeks or months to process, and even longer to pay. In many parts of the US, the traditional eviction timeline moves faster than the time required to apply for and receive rental assistance.

Congress imposed high documentation burdens on tenants that make it difficult to both access and process rental assistance applications under the Consolidated Appropriations Act (December 2020) and the American Rescue Plan Act (March 2021). In addition to a completed application, reviewers must gather at least six pieces of paperwork from tenants and landlords. Many renters applying for rental assistance do not have access or find it difficult to gather the necessary documentation. Specifically, lack of access to paystubs and income data, technology, and language barriers slow the provision of qualifying paperwork. Guidance from the US Treasury Department, including the recommendation in the spring of 2021 that states use self-attestation and proxy data to validate tenant incomes, aims to ease the documentation burden.

At the current rate, it will take **21 months** to get federal rental assistance to all the renters who believe they will be evicted soon.

Even when tenants facing eviction successfully make it through the application process, payments can take weeks or months—too slow to guarantee that funds will be available before a court orders an eviction. State and county governments, and their non-profit partners, have limited capacity to manage the federally mandated application process for the tens of thousands of renters who are in need of assistance. Many administrators around the country have never managed rental assistance before, requiring them to hire and train staff, develop business systems that can navigate complex federal guidelines, build payment systems, and manage funds and reporting, often in a challenging remote-work environment. Even experienced administrators have struggled with scale as deploying federal funds has required more staff and new systems. A recent analysis conducted by The Urban Institute that draws on May 2021 data from the Treasury Department concluded that, at the recent processing rate of 5,153 each day, it would take providers across the US 21 months to get funds to renters who believe it's likely they will be evicted.

Policymakers and Rental Assistance Programs Must Take Action to Accelerate the Distribution of Rental Assistance

Landlords and tenants have run out of time. With the eviction moratorium expiring on July 31st, renters who are unable to rapidly access available federal funding may be removed from their homes in a matter of weeks. In December 2020, we published a set of best practices that rental assistance program administrators should consider to streamline the distribution of rental aid. However, given the impending end of the federal eviction moratorium, implementing those best practices is not enough. State governments must take immediate action to limit harm and create breathing-room for local rental assistance programs to get federal dollars to property owners and their renters. The following state policy approaches may slow evictions and give agencies managing emergency rental assistance time to work:

1 **Implement protective policies that stabilize tenants and facilitate the distribution of rental assistance dollars.** States may be able to prevent a significant number of displacements by allowing tenants to use their rental assistance application as a full defense to eviction in court proceedings. This approach would ensure that renters who have applied for assistance can remain in their homes while waiting for their application to be processed and paid. It would also incentivize both tenants and landlords to complete applications. Several states and localities have implemented this approach, including Nevada, which has made application for rental assistance a defense to eviction alongside other protections.

Another policy states might consider is civil debt conversion. This approach converts housing debt, which can be used as the basis for an eviction action, into a more traditional civil debt, which cannot be used as the basis for an eviction. Landlords and tenants may still apply for rental assistance to cover the full value of the civilly converted debt, but these arrearages can no longer be used as grounds for eviction. In jurisdictions where this approach has been used, policymakers have established a specific date range, and converted all housing debt accrued during this time period into civil debt. States that opt for debt conversion can stop displacements and also ensure that rent debt is paid to landlords through existing assistance programs. Several states have explored this approach, including California. Civil debt conversion and similar measures create strong incentives for landlords to participate in rental assistance programs while keeping tenants in their homes.

2 **Speed the distribution of rental assistance by allowing tenants who live in low-income areas to self-attest to their income.** Under the federal guidance, rental assistance processors may rely on "any reasonable fact-specific proxy for household income" in a geographic area rather than requiring documentation such as pay stubs. Reasonable fact-specific proxies might include living in a "low-income community" as defined by the New Markets Tax Credit Program, or Qualified Census Tracts for the Low Income Housing Tax Credit (LIHTC). The former includes communities where the poverty rate is over 20% or where the income of the census tract is 80% or less of the metropolitan area (or state) median. The latter includes tracts where the poverty rate is over 25% or 50% of household incomes are below 60% of Area Median Income. Several states and localities have pursued this approach, including Connecticut and Lexington, KY.

3 **Establish fast lanes to ensure that rental assistance payments arrive before eviction.** States should prioritize the processing of rental assistance and payments based on a tenant's timeline to eviction. In many states, applications are processed in the order they are received, rather than urgently addressing those where a renter may be at imminent risk of eviction and displacement. Shifting application and payment priorities may keep more renters in their homes and ensure that federal money prevents as many displacements as possible.

Despite the widespread availability of vaccinations and the beginning of economic recovery from COVID-19, 15 million people in the US, disproportionately Black and Latinx renters, remain at risk of eviction. However, the effects of eviction are not simply the near term risks of displacement — they will have serious, long-term consequences for evicted renters that will affect their ability to fully participate in the coming economic recovery. Eviction can reduce employment opportunities, reduce credit scores, limit access to credit, and constrain a household's ability to respond to unexpected expenses. In addition, eviction creates lasting harm to the physical health, mental health, and education outcomes for children. Ensuring rental assistance reaches as many renters as possible as quickly and efficiently as possible isn't just about averting near term disaster - it is about ensuring everyone has the foundation to fully participate in the economic recovery from COVID-19 and prevent a wave of evictions from cascading into long-term health and financial crises for millions of households.
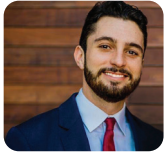
Appendix: Eviction and Displacement Risk by State
(Census Bureau Household Pulse Survey Week 33)

CATEGORY	% of Adults Behind on Rent	Adults Behind on Rent	Individuals in Households Behind on Rent	% of Renters Behind on Rent and Fear Likely Displacement within Two Months	Adults Behind and Fear Likely Displacement within Two Months	Individuals in Households Behind and Fear Displacement within Two Months
United States	15%	7,433,895	15,250,331	7%	3,649,921	7,487,663
Alabama	14%	90,621	190,562	9%	57,970	121,902
Alaska	12%	16,459	25,490	4%	5,220	8,084
Arizona	11%	138,492	242,184	6%	80,229	140,298
Arkansas	15%	66,315	143,909	6%	26,832	58,228
California	13%	1,034,410	1,846,667	7%	590,474	1,054,136
Colorado	10%	91,578	183,687	6%	55,338	110,997
Connecticut	18%	84,891	205,235	6%	26,717	64,592
Delaware	7%	7,942	18,474	4%	4,744	11,035
Florida	11%	357,194	670,051	6%	190,923	358,147
Georgia	23%	341,794	744,078	14%	207,469	451,655
Hawaii	8%	23,423	35,537	4%	10,525	15,969
Idaho	6%	15,504	24,497	4%	10,421	16,466
Illinois	16%	252,800	610,347	7%	109,211	263,673
Indiana	14%	100,129	267,887	4%	28,320	75,768
Iowa	14%	54,187	122,128	8%	30,115	67,874
Kansas	7%	27,642	67,764	5%	19,186	47,034
Kentucky	12%	79,510	163,942	7%	46,972	96,852
Louisiana	15%	97,810	207,057	10%	62,344	131,978
Maine	14%	24,483	51,622	6%	9,864	20,798
Maryland	16%	144,237	288,698	7%	65,588	131,278
Massachusetts	12%	127,814	288,187	3%	29,391	66,269
Michigan	11%	120,842	301,399	8%	80,789	201,501
Minnesota	7%	42,445	98,185	1%	7,397	17,111
Mississippi	24%	100,519	200,619	19%	79,324	158,317
Missouri	12%	97,670	225,213	7%	59,018	136,087
Montana	4%	6,595	13,498	0%	408	835
Nebraska	18%	42,309	109,719	9%	21,641	56,121
Nevada	10%	62,490	116,273	5%	28,725	53,448
New Hampshire	16%	33,416	58,163	10%	20,956	36,476
New Jersey	17%	232,366	486,914	9%	120,693	252,908
New Mexico	11%	39,831	67,711	7%	23,037	39,162
New York	22%	862,337	1,819,519	4%	170,654	360,078
North Carolina	15%	209,675	500,327	5%	63,047	150,443

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North Dakota	16%	14,650	46,927	7%	6,030	19,315
Ohio	16%	213,406	592,382	10%	133,643	370,972
Oklahoma	13%	86,009	160,424	9%	61,218	114,184
Oregon	12%	93,704	169,820	4%	35,463	64,270
Pennsylvania	23%	402,928	879,623	11%	186,831	407,867
Rhode Island	22%	27,081	81,435	4%	5,418	16,292
South Carolina	29%	197,903	403,076	18%	125,243	255,087
South Dakota	21%	23,576	55,639	12%	13,516	31,898
Tennessee	17%	197,283	347,981	7%	84,447	148,953
Texas	13%	619,061	1,185,624	8%	400,040	766,156
Utah	10%	44,574	72,760	3%	11,711	19,116
Vermont	7%	4,919	12,696	2%	1,655	4,272
Virginia	10%	119,126	265,641	5%	62,134	138,554
Washington	16%	220,059	409,885	8%	115,348	214,849
West Virginia	14%	26,081	65,733	8%	14,577	36,739
Wisconsin	9%	77,889	164,449	3%	28,272	59,692
Wyoming	13%	8,992	20,028	6%	3,890	8,664

About the Authors

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Sam is Co-Founder and COO at the COVID-19 Eviction Defense Project, where he runs the Colorado Stability Fund and coordinates the rapid distribution of rental assistance to those facing imminent risk of eviction. Sam works at the intersection of law, systems, and data and has written about eviction risk, housing security, and digital discrimination.

Katherine Lucas McKay

Katherine leads the Expanding Prosperity Impact Collaborative (EPIC), part of the Financial Security Program. Ms. Lucas McKay is an experienced policy researcher and advocate in the fields of household and consumer finance, housing security, and economic inequality. Katherine has also held positions at Prosperity Now and the National Community Reinvestment Coalition. She currently serves on the Silver Spring Citizens Advisory Board of Montgomery County, Maryland.

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Zach is Co-Founder and Executive Director of the COVID-19 Eviction Defense Project and a lawyer whose practice focuses on landlord-tenant, debt collection, and wage dispute cases. He is also a public policy lecturer at CU Denver's School of Public Affairs.

Tim Shaw

Tim is the Associate Director of Policy for the Financial Security Program where he leads the team's strategy to advance polices that address the challenges facing low- to moderate income households in achieving short- and long-term financial security, especially in the areas of inclusive savings, housing, and consumer debt. Tim has also held positions at the Bipartisan Policy Center and the Government Accountability Office.
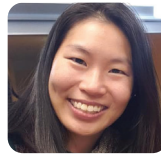
Jacqueline Woo

Jacqueline is a senior housing policy analyst at the office of Mayor Eric Garcetti, where she works to advance housing production and housing security for the people of Los Angeles. She believes that listening and storytelling, coupled with data and research, should drive systemic change on these issues, and strives to add these elements in her work. She has worked on housing in LA, Denver, and Atlanta.