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U.S. Housing Relief During COVID: Successes and Failures - and What Policymakers Can Do

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* *By: Gabriel Bildirici*



Housing insecurity has increased drastically since the onset of the coronavirus pandemic last year.[1] Millions have lost their incomes, forcing people to fall behind on rent.[2] At this point, there is a federal eviction moratorium[3] and many states and cities[4] have their own eviction moratoriums aimed at stopping evictions during these critical months as the United States is combating the highest amount of cases and deaths across the nation.[5]

With a Biden administration and a Democratic House and Senate, there is tremendous opportunity to advance housing policy. Even before the pandemic, there were growing homelessness problems across US cities[6] and a shortage of affordable housing across the nation.[7] Households were struggling to meet rental payments, and the pandemic and economic crisis has only exacerbated the housing crisis for the working class.[8]

Low interest rates and the trend to move away from urban centers increased single-family home sale purchases and prices in suburban areas,[9] but has largely benefited a small portion of people while millions more are struggling to pay rent, or are months and years behind

in rent.[10] The temporary bans on evictions only delay the inevitable, leaving unpaid debt piling up, creating problems for the future.[11] Landlords (dealing with decreased rental income[12]) and homeowners will also likely face an acceleration of increasing property taxes as local governments struggling with budget deficits will try to raise tax revenue.[13] Already tight on operating margins, landlords will face greater default risks from their lenders.[14] Some jurisdictions have allowed mortgage forbearances for certain types of landlords,[15] while others largely ignored the needs of landlords and are leaving them to face the burdens of the pandemic alone.[16]

Already, court systems were clogged before the pandemic,[17] and with the lockdowns and the restrictions, courts have been operating at a significantly lower capacity, if they were even open to some extent.[18] In addition, states dealing with budgetary issues are turning to their court systems to shave some expenses.[19] Lastly, with so many circumstantial changes in the economy, there will be an influx of case filings and disputes that will clog courts for years, if not decades.[20]

With all of these challenges, the usual methods for remedies in the justice system for tenants and landlords will basically be functionless.[21] Thus, we turn our hopes to the legislative branch and a new presidential administration. There is a great opportunity for progressive housing policy on the federal level which can trickle down to state and local governments.[22]

President Biden suggested an idea to expand Section 8 vouchers to provide them to all who are eligible.[23] Section 8 housing vouchers are arguably the most effective way to get people into housing units.[24] Those who are eligible could get a voucher subsidized by the Federal program to pay for housing.[25] It is not cash, but a voucher that goes directly to the management as rental payment.[26] However, due to a shortage of funds, only 25% of those eligible for housing vouchers actually receive them.[27] Expanding the program would offer more funding to provide for families who are eligible but have not yet gotten Section 8 vouchers.[28] Other federal programs, like Medicare and Medicaid, are mandated by law to anyone who is eligible.[29] However, those eligible for Section 8 housing are not guaranteed the vouchers by law and are forced to remain on waitlists for years without any update on their status.[30]

Last month New York passed sweeping legislation extending their eviction moratorium until, at least, May 1.[31] Those who face financial hardships qualify and cannot be evicted.[32] On the landlord side, with reduced rental income, they also face financial hardships as they struggle to meet their operating expenses and mortgage payments.[33] Landlords with 10 or less units qualify for mortgage forbearance whereby they can delay their mortgage payments and not have the delay affect their credit.[34] But this piece of legislation largely ignores the plight of landlords with more than 10 units and puts the financial burdens of the pandemic on the landlords who are themselves encountering financial hardships.[35]

Other jurisdictions, such as the United Kingdom, have allowed landlords with more than 10 units to qualify for mortgage forbearance without credit score consequences.[36] Regardless, any forbearance or delay in eviction proceedings delay the inevitable of unpaid debt piling up from both tenants and landlords facing financial hardships.[37] If the federal government expands their housing assistance, along with Section 8 vouchers, it may provide financial relief to those who were already facing housing insecurity before the pandemic. Subsidizing unpaid rent arrears will also allow tenants to get back on their feet without worrying about owing months of back-rent.

Further, stimulus checks are helpful, but are not necessarily targeted to pay for basic necessities such as food and housing. Cash is more likely to be used for consumer staples and other products that inject stimulus into the economy or into a savings account.[38] Moreover, these payments have been one-time payments and often unpredictable on when they will arrive, and it is uncertain if, when, and how much it will be when Congress passed another relief legislation that will include additional stimulus checks. Housing vouchers guarantee the payment of rent to landlords and management, allowing them the security of receiving consistent rental income, ensuring tenants have housing stability and management has consistent cash flow to plan for necessary maintenance and repairs to the housing units. Vouchers also ensure that the money designated for housing is used for housing as opposed to stimulus checks which can be used for anything one chooses, which may range from a new pair of shoes, to stock of TSLA,[39] or a new AC unit that has been broken for months or years.

The United States Department of Housing and Urban Development is charged to lead housing efforts on the federal level.[40] Under budget, the agency has largely ignored housing needs for years if not decades.[41] With a new administration, and a new Secretary leading the agency, Marcia Fudge, perhaps the American people can see politicians putting politics aside for the sake of progress in housing security. Marcia Fudge has experience as a congresswoman leading changes in food and nutritional programs.[42] With experience working in a similar area of people's most basic needs of food and now in housing, there are high hopes for the Secretary to make pushes for progressive housing policy that keeps tenants in their homes and on their feet and landlords from losing their buildings and livelihoods.

Investing in housing is not only to fill an immediate need but is a long-term investment which will enable households to have a strong foundation as they seek to rebuild their lives after the turmoil that the pandemic brought. Secure and stable tenancies is a social investment; it contributes to household development, and enables people to invest in long-term development of their community, through

education, job and skills training, homeownership, business ownership, financial securities, and so on.[43] Where education is the basis for a productive labor market, socially equal housing and stable tenancies is the foundation of strong community networks comprised of committed members of society who will help each other maintain safe, secure, and stable neighborhoods[44] and build back our economy.

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[34] Rubinstein, *supra* note 31 (Landlords who own 10 or fewer apartments, are allowed to file similar financial hardship declarations with their mortgage lenders, to delay foreclosure proceedings. The law also applies to foreclosures involving tax liens.).

[35] *Id.* (Jay Martin, the executive director of the Community Housing Improvement Program, said that while he understands the legislators' desire to focus on smaller landlords, the law is unnecessarily narrow.

“The reality is a majority of renters in this city get their housing from what the legislature would consider non-small operators,” said Mr. Martin, whose organization represents landlords of rent-stabilized buildings. “Even a four- or five-story walk-up has more than 10 units in New York City.”).

[36] The mortgage holiday has been extended, with applications open to 31 March 2021. Borrowers, including those with a Buy to Let mortgage, who have been impacted by Coronavirus and have not yet had a mortgage payment holiday will be entitled to a 6-month holiday, and those that have already started a mortgage payment holiday will be able to top up to 6 months without this being recorded on their credit file. *Guidance for Landlords and Tenants*, Ministry of Housing, Communities & Local Gov't (Feb. 19, 2021), <https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities/coronavirus-covid-19-guidance-for-landlords-and-tenants>.

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