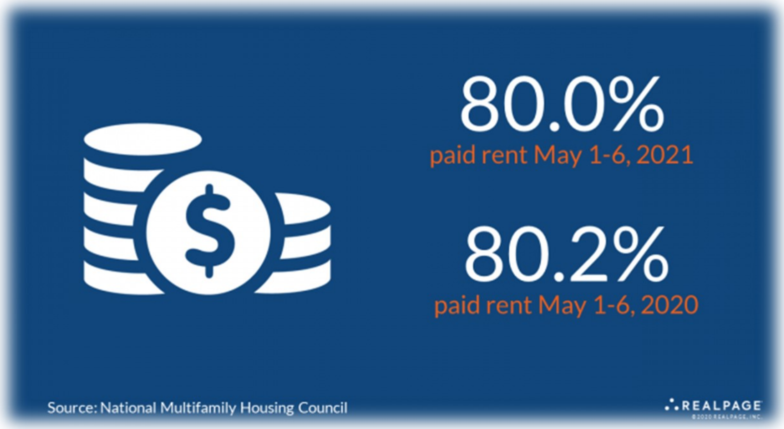
AAGW APARTMENT ASSOCIATION OF GREATER WICHITA

Legislative News

<u>Apartment Rent Payments at 80% in Early May</u> *By: Greg Willett, Rent Payments*

The National Multifamily Housing Council reports that 80% of households living in the country's stock of professionally managed market-rate apartment properties have paid rent for May as of the 6th.



The latest results essentially match the 80.2% share of households making payments through May 6, 2020. Collections this month also have started about in line with the rate that was seen last month, when 79.8% of households paid in the initial week of April 2021.

The findings come from the National Multifamily Housing Council's Rent Payment Tracker research, compiling information provided by five technology firms, including RealPage, Inc., for more than 11 million market-rate apartment units.

Rent payment rates now have stabilized for the most part. There's a block of households who have taken a big hit from COVID-19 directly or from its impact on segments of the economy, and those households continue to struggle to pay for housing. However, we appear to be past the point where the hole is likely to get any bigger.

Despite the generally disappointing jobs report for last month, more workers are now earning paychecks, especially those working in employment sectors like hospitality, which had suffered earlier downsizing. Also, stimulus payments and other government benefits have helped the financial status of many households.

Previous Patterns Hold in Property Class Payments

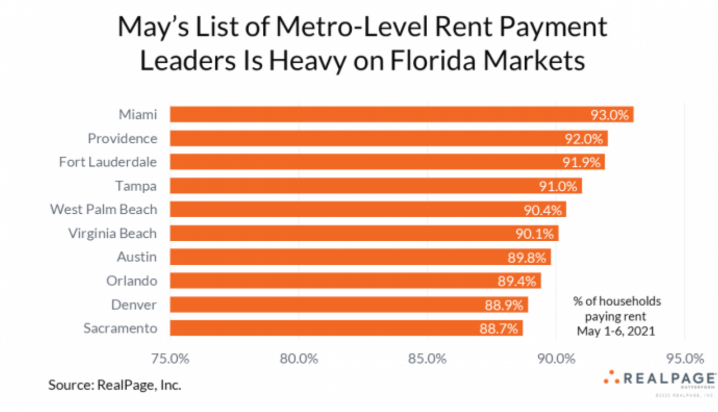
As has been seen since the COVID-19 pandemic began, rent collections remain better in the upper-end and mid-range apartments than in the lower-tier properties. RealPage stats show payments for May through the 6th at 84.5% in the Class A block of product and 83.2% in the Class B inventory.

Collection levels are lower at 73.2% in Class C projects. It's normal for payment activity in Class C communities to trail by an especially big margin in the initial week of a month. Many renters in these less-expensive apartments pay their bills by check, rather than electronic payment, and there can be delays in processing check payments.

Payment Results by Metro Reflect Job Recovery

Rent collections are on the rise in many locations, with the best results generally seen in states where there are fewer restrictions on business operations and more people are headed back to work.

Apartment Rent Payments at 80% in Early May *Continued*



Looking at the 10 individual metros posting the largest share of households meeting their rent obligations so far in May, half of them are Florida markets. Miami, Fort Lauderdale, Tampa and West Palm Beach grab four of the top five positions on the list, while Orlando also makes the cut for the leaderboard.

Payments levels also are healthy in Texas. While Austin is the state's only top 10 rent payment market, collections run only a hair below that level across Dallas, Fort Worth, San Antonio and Houston.

Among the metros tracked individually, New Orleans has the lowest rent payment rate for the initial week of May, with 78.2% of households up to date on their rent obligations. Early May payment levels also are sluggish in Seattle, Baltimore and Milwaukee. Boston's early May figures likewise are weak, but collections there tend to always come in comparatively later in the month.

CDC Director Extends the Eviction Moratorium for 30 days *By: Robert Pinnegar, NAA*

CDC Director Dr. Rochelle Walensky has signed an extension to the eviction moratorium further preventing the eviction of tenants who are unable to make rental payments. The moratorium that was scheduled to expire on June 30, 2021 is now extended through July 31, 2021 and this is intended to be the final extension of the moratorium. In The New York Times, the National Apartment Association (NAA) expressed extreme disappointment that the Administration extended their federal moratorium yet again and recognizes the gravity of this move and vast ramifications it has on rental housing operations.

The Consumer Financial Protection Bureau and the Federal Trade Commission also will likely continue their enforcement efforts against housing providers who violate the CDC Order. NAA will continue our fight against these troublesome federal mandates through ongoing engagement with the Biden Administration and Congress and keep members informed as we update our member guidance accordingly.

NAA has staunchly opposed and aggressively advocated against the CDC's overreaching and destructive Order – we were the first association to file suit against it and we continue to carry the message in the judiciary and onto Capitol Hill. We have deployed both our Washington, D.C. assets and the membership at large to urge Congress and the Administration to end the moratorium, and pushed the same message in top media outlets throughout the nation.

Further, we continue to pursue all legal options. We are encouraged by the growing legal precedent, built over the foundation of NAA's initial lawsuit (Sept. 2020), declaring the Order unlawful. NAA is actively participating as plaintiffs and amici in several ongoing cases, and we are also anxiously awaiting a decision from the U.S. Supreme Court that will determine whether protected evictions can resume following a federal judge's ruling in D.C.

Access Denied: Faulty Automated Background Checks Freeze Out Renters

By Andrea Ucini, The Markup

Computer algorithms that scan everything from terror watch lists to eviction records spit out flawed tenant screening reports. And almost nobody is watching

Burglary and domestic assault in Minnesota. Selling meth and jumping bail in Kentucky. Driving without insurance in Arkansas. Disorderly conduct. Theft. Lying to a police officer. Unspecified “crimes.” Too many narcotics charges to count.

That’s what the landlord for an apartment in St. Helens, Ore., saw when he ran a background check for Samantha Johnson, a prospective tenant, in 2018.

But none of the charges were hers.

The growing data economy and the rise of American rentership since the 2008 financial crisis have fueled a rapid expansion of the tenant screening industry, now valued at $1 billion. The companies produce cheap and fast—but not necessarily accurate—reports for an estimated nine out of 10 landlords across the country.

The automated background check for Johnson cast a wide net, looking for negative information from criminal databases even in states where she had never lived and pulling in records for women whose middle names, races, and dates of birth didn’t match her own. It combined criminal records from five other women: four Samantha Johnsons, and a woman who had used the name as an alias—even though the screening report said she was an “active inmate” in a Kentucky jail at the time.

“You can totally tell we’re not the same person at all,” said Johnson, who eventually got the apartment after she convinced the landlord she wasn’t a criminal.

It was not the first time she had been the victim of incorrect automated screening reports. It wouldn’t be the last, either.

The reports can be created in a few seconds, using searches based on partial names or incomplete dates of birth. Tenants generally have no choice but to submit to the screenings and typically pay an application fee for the privilege. Automated reports are usually delivered to landlords without a human ever glancing at the results to see if they contain obvious mistakes, according to court records and interviews.

A review of hundreds of federal lawsuits filed against screening companies over the past 10 years shows how hasty, sloppy matches can lead to reports that wrongly label people deadbeats, criminals or sex offenders.

The screening process happens so quickly and the competition for apartments can be so fierce that prospective renters don’t always know why they were turned down, much less whether an incorrect background report was the cause.

Some screening companies don’t even provide the underlying records to landlords, instead producing a color-coded “risk” score or a thumbs-up or thumbs-down lease recommendation.

With about half of the nation’s 43 million rentals turning over every year, even an error rate of 1 percent could upend the lives of hundreds of thousands of people.

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Continued

Regulators have taken action against a few companies for slipshod tenant screenings; the Fair Credit Reporting Act requires background screeners to "follow reasonable procedures to assure maximum possible accuracy." But rejected tenants continue to complain about the same careless practices by companies that regulators had called out, interviews and federal lawsuits show.

Tenant screening was once confined to a simple credit check with the three major credit bureaus and a few phone calls to references, but it was revolutionized by the advent of cheap or even free, easily available electronic court records. These include criminal records from across the country, sex-offender registries, terrorism watch lists, and housing court records.

Easy access to the troves of data has also made it possible for anyone with a computer to become a background screener: About 2,000 companies offer the service, but that's only an estimate. Tenant screeners don't have to register with any government agency.

People can complain about faulty background reports to the Federal Trade Commission or the Consumer Financial Protection Bureau—or sue. But regulators have not limited tenant screening as much as other kinds of background checks.

Regulators forced credit bureaus to follow standards for matching records to a person, and the kinds of records the bureaus can legally report are limited. Rules for employment screening, which some of the tenant screening firms provide, require employers to share the negative report with a rejected applicant.

None of those restrictions applies to tenant screening.