NATIONAL APARTMENT ASSOCIATION
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The Latest State of Evictions

- At the outset of the COVID-19 pandemic, healthcare concern was the primary frame to justify eviction moratoriums – keep people in their homes and off the streets.
- This narrative continues to be used to argue against displacement in the media and in court proceedings, even as stay at home orders have largely been lifted.
- In the 43 states and Washington, D.C. that enacted eviction moratoria in light of COVID-19, 24 of these renter protection measures have expired.
- Of the moratoria still in effect:
    - 13 limit eviction protections to nonpayment of rent cases.
    - 11 prohibit housing providers from filing notices to vacate.
    - 5 limit protections to nonpayment of rent cases where residents can show economic hardship due to COVID-19.
- Alternatives to eviction moratoria extensions also bring significant challenges for apartment owners and operators.
    - Broad extension of notice to vacate provisions that give renters months to pay outstanding balances before housing providers can evict.
    - Mandated repayment plans that provide the renter sometimes months or years to repay outstanding balances accrued during the COVID-19 emergency.
    - Allowing renters to claim inability to pay rent as a defense to an eviction action during state of emergencies or public health emergencies.
- Additionally, the expiration of the federal eviction moratorium as established in the CARES Act and the termination of enhanced unemployment insurance benefits, which helped renters continue to pay rent, may spur on states and localities to take action to prevent displacement.
- Legal Aid groups are using an overly broad interpretation of the CARES Act to argue against all types of evictions and are finding success.
    - They contend that the CARES Act 30-day notice to vacate requirement has no sunset date and applies to all types of filings.
    - They are also pointing to a Douglass County, Nebraska case, Stanek vs. Reed, where the judge ruled that if a property has one unit is occupied by a Section 8 voucher holder, then the whole property is covered by the CARES Act provisions.
- A widely cited study by the Aspen Institute concluded "19 to 23 million, or one in five of the 100 million Americans who live in renter households, are at risk of eviction by September 30, 2020. However, according to Real Page, this conclusion was based on "an assumed renter unemployment rate between 25% and 30%." The unemployment rate in July fell to 10.2% from 11.1% in June, casting doubt on this prediction.
    - The study also appears to assume a jobless worker means a zero-income household, ignoring dual-income households and other avenues of financial support.

    - The Apartment Association of Metro Denver (AAMD) has conducted research that shows there is no correlation between eviction filings and the unemployment rate in Colorado. Other Affiliates may want to consider conducting similar research for their states and localities.

Rent collections are generally stable overall, but will it last?

- After an initial drop in April, rent collections have remained steady through the pandemic.
    - In August, payments fell again with 32% of renters unable to make payments, according to a survey from Apartment List.
    - Compared to July, non-payment decreased to 22% with 11% making partial payments.
- Stimulus payments, unemployment benefits, rental assistance and reliance on savings may explain the stronger than expected rent collection data. However, troubling times may lie ahead as enhanced unemployment benefits expired on July 31.
- Credit card usage among renters continues to increase. MRI found credit card usage for rent payments accounted for one-third of transactions in July.
- Moreover, 24 million Americans reported having little to no confidence in their ability to make August's rent payment, according to the Census Household Pulse Survey.

Talking Points and Additional Considerations

- An eviction moratorium is not the answer and will do nothing to stabilize renters' housing insecurity.
- The financial assistance that the government has provided to date has prevented widespread evictions. Continuity of this assistance, whether through enhanced unemployment benefits or rental assistance, must be the priority.
- An eviction moratorium interrupts the revenue needed to pay employee salaries, mortgages, property taxes, maintenance, and utilities.
- In the long term, outstanding balances compound month-after-month increasing the risk that renters will be unable to catch up and ultimately lose their housing, while the financial solvency of the property is in greater jeopardy. This scenario puts entire communities of renters at risk for displacement.
- Small housing providers make up a significant proportion of rental property owners overall, and many housing providers, in general, often function on low margins that cannot sustain substantial losses of rental income.
- Rent feeds the economy; eliminating payments would have a ripple effect. Rental housing providers are the last paid; most rental income passes through to other sectors of the economy.
    - Only 9 cents of a dollar go to owners and investors, including public pensions and 401ks.
    - The mortgage accounts for approximately 39 cents;
    - 27 cents cover payroll, ongoing maintenance, utilities, insurance, etc.;
    - 14 cents go to property taxes, funding schools and emergency services;

    - 10 cents go to capital improvements, which maintain the quality of the community.

- Emergency rental assistance paid directly to housing providers, as done with existing federal housing assistance, and delivered through the most efficient and effective channels is crucial to mitigating displacement and ensures providers, especially small operators, can continue to pay their bills and keep rental housing operational.

- Renters in Class C properties paid 54% of total rents due in June by the middle of the month, according to a study by LeaseLock. In July, even with emergency unemployment relief still flowing, the figure slipped to 37%.
    - Further erosion in those rent payments would endanger America's affordable housing supply and put mom-and-pop landlords at the biggest risk of mortgage default. Should their buildings go into foreclosure, the buyers may not keep them affordable, or even as rentals.

- State and local apartment associations may want to consider surveying their members to understand how many renters are actually at risk of eviction.
    - According to a survey of members by the Florida Apartment Association, as of July respondents indicated that an average of 2.23% of apartment homes are currently susceptible to an eviction filing. 48.4% of these pending evictions result from residents who are unresponsive to property management efforts to engage them or unwilling to enter into a payment plan agreement.