

Revamping the Hardest Hit Fund

Targeting Funding by State Need in the COVID-19 Crisis

- From lessons learned in 2010 Treasury Hardest Hit Fund (HHF), A COVID-19 HHF could help distribute funds to State and Local HFAs to be distributed locally.
- We built a framework to prioritize states based on key data indicators.
- A COVID HHF can use quantitative and qualitative indicators of housing instability for homeowners **and** renters for determining how to target relief and outreach campaigns.
- A methodology for determining need should prioritize *racial and economic equity*, as we have seen the pandemic hit low-income and communities of color the hardest

Indicators & Methodology

Methodology

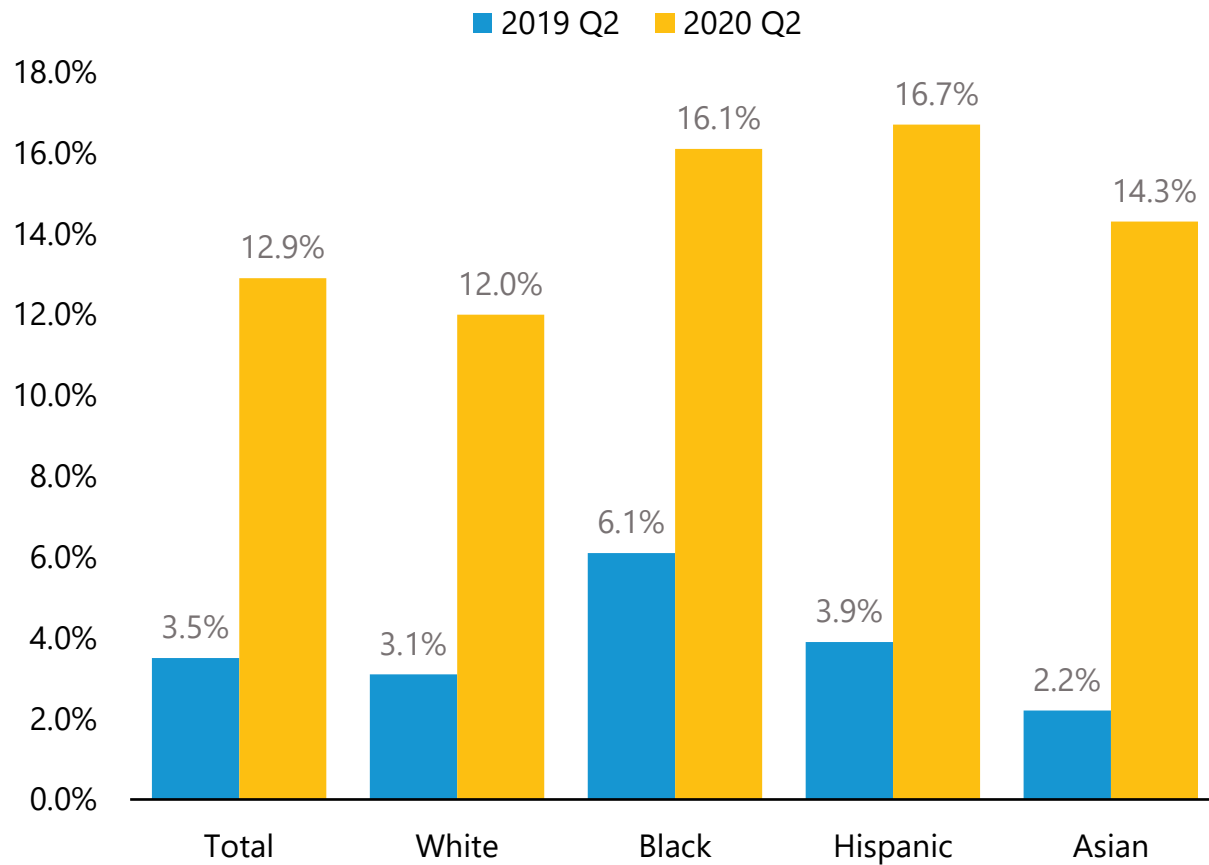
- We applied a ranking estimate on the key state indicators to rank states based on need of rental housing relief and wraparound supports.
- Rentals are emphasized, with two variables targeting rental stress versus one for homeowners, given the impact on renters.
- Limited by a scarcity of timely data, our variables are chosen based on what we had access to and what we understand to be key drivers of the COVID-19 housing crisis.

Variable	Sample period	Source
Share of renters experiencing rent burden	2018	American Community Survey
Share of renters of color who missed or deferred last month's rental payment	May–June 2020	Census Bureau's Household Pulse Survey
Share of loans in delinquency	June 2020	Black Knight
Unemployment rate	June 2020	Bureau of Labor Statistics

Target variable

Unemployment rate

Unemployment rate by race, Q2 of 2019 & 2020



Source: U.S. Bureau of Labor Statistics, 2019, 2020.

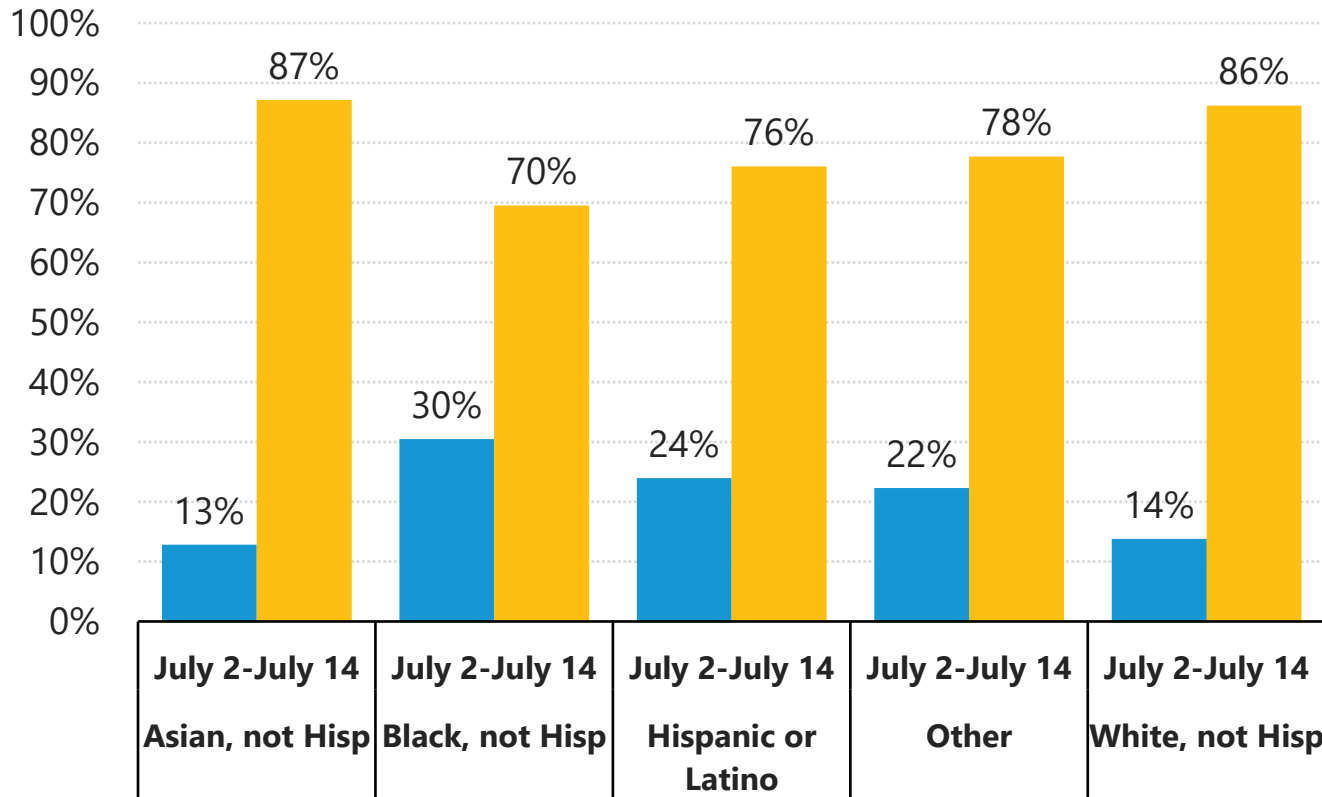
HHF Rank	State	Unemployment Rate June
12	Massachusetts	17.4%
2	New Jersey	16.6%
1	New York	15.7%
6	Nevada	15.0%
10	California	14.9%
13	Michigan	14.8%
4	Illinois	14.6%
21	Hawaii	13.9%
8	Pennsylvania	13.0%
11	Delaware	12.5%
17	Rhode Island	12.4%
37	Alaska	12.4%
22	New Hampshire	11.8%
24	Indiana	11.2%
30	Oregon	11.2%

Target variable

Non-white households missed or deferred payments

Rent payment status, non-white households

■ Did not pay or deferred ■ Paid on time



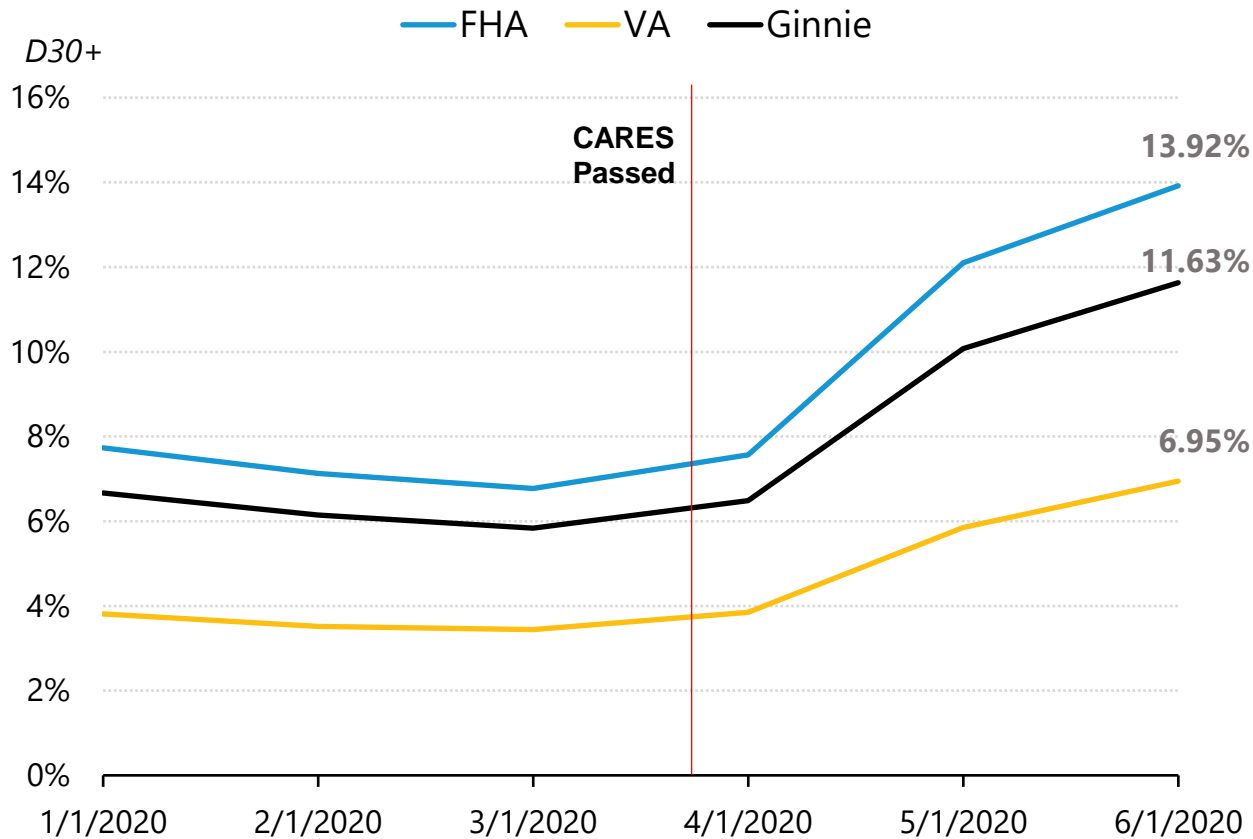
HHF Rank	State	Renters of color who missed or deferred rent
9	Maryland	34.6%
36	Kentucky	33.5%
3	Louisiana	30.8%
8	Pennsylvania	29.1%
15	South Carolina	28.9%
1	New York	28.6%
4	Illinois	28.5%
2	New Jersey	28.2%
25	Alabama	27.6%
32	Arkansas	26.1%
13	Michigan	25.2%
31	Missouri	25.0%
14	District of Columbia	25.0%
16	Mississippi	24.7%
5	Florida	24.3%

:Source: Census Pulse, 2020.

Target variable

Delinquency Rates

Ginnie Mae Delinquency Rates



:Source: Urban Institute and eMBS.

HHF Rank	State	Delinquency Rate (All)
11	Mississippi	12.90%
3	Louisiana	12.40%
2	New Jersey	12.10%
1	New York	11.30%
18	Georgia	10.80%
4	Florida	10.60%
9	Connecticut	10.60%
17	Texas	10.50%
8	Maryland	10.40%
5	Nevada	10.30%
15	Hawaii	9.80%
21	Alabama	9.80%
28	Alaska	9.70%
7	Pennsylvania	9.20%
13	South Carolina	9.00%

Target variable

Share of rent burdened households

HHF Rank	State	Rent-burdened households
5	Florida	55.0%
10	California	53.4%
3	Louisiana	52.1%
21	Hawaii	51.4%
7	Connecticut	51.2%
1	New York	50.6%
6	Nevada	50.5%
18	Colorado	50.3%
2	New Jersey	49.9%
9	Maryland	49.0%
11	Delaware	48.9%
30	Oregon	48.8%
12	Massachusetts	48.4%
14	District of Columbia	48.3%
20	Georgia	48.0%

Renter cost burdened households are those paying 30% or more of income in rent. These burdens were persistent nationally prior to the pandemic and are a key driver of housing instability, worsened by high unemployment.

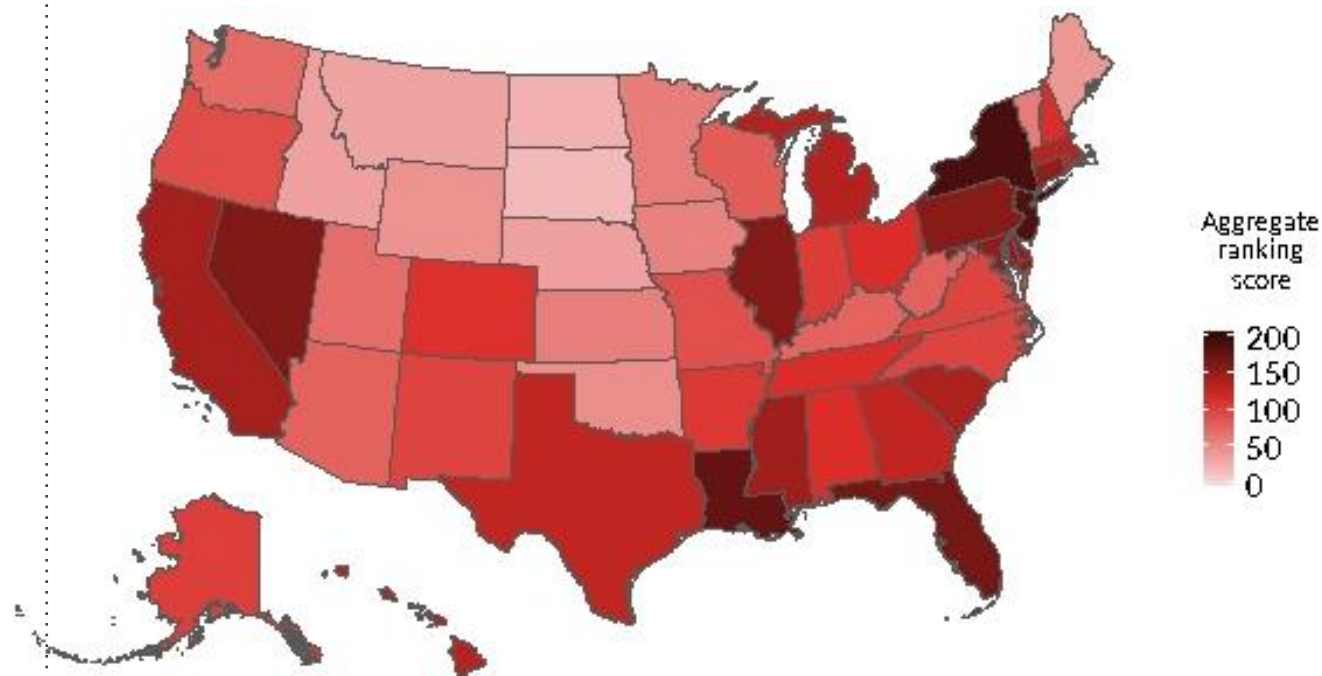
:Source: American Community Survey, 2019.

Results

Ranking and state

1	New York	18	Georgia	35	West Virginia
2	New Jersey	19	Rhode Island	36	Arizona
3	Louisiana	20	District of Columbia	37	Kentucky
4	Florida	21	Alabama	38	Washington
5	Nevada	22	Ohio	39	Utah
6	Illinois	23	Tennessee	40	Vermont
7	Pennsylvania	24	New Hampshire	41	Minnesota
8	Maryland	25	Colorado	42	Kansas
9	Connecticut	26	Arkansas	43	Iowa
10	Delaware	27	Indiana	44	Oklahoma
11	Mississippi	28	Alaska	45	Wyoming
12	California	29	Virginia	46	Maine
13	South Carolina	30	North Carolina	47	Nebraska
14	Michigan	31	New Mexico	48	Idaho
15	Hawaii	32	Oregon	49	Montana
16	Massachusetts	33	Missouri	50	North Dakota
17	Texas	34	Wisconsin	51	South Dakota

Hardest-Hit States



Sources: Urban Institute calculations based on data from the American Community Survey, Black Knight, the Census Bureau's Household Pulse Survey, and the Bureau of Labor Statistics. Note: Delinquency rates are loans 30 or more days delinquent as a share of active loans not in foreclosure at the start of June. See appendix table A.1 for aggregate state rankings.