Renters and Rental Market Crisis Working Group
Emergency Rental Assistance
Priority Index Tool
Framework Partnership

- This tool is Urban’s contribution to the Framework for an Equitable COVID-19 Homelessness Response

- A partnership with:
  - Center on Budget and Policy Priorities
  - National Alliance to End Homelessness
  - National Health Care for the Homeless Council
  - National Low Income Housing Coalition
Purpose of the Tool

- The goal is to guide communities in how and where to target rental assistance resources in a way that contributes to minimizing evictions and homelessness in a way that promotes racial equity.
- The tool identifies priority neighborhoods using several economic and demographic indicators to create an index score for each census tract in a county.
- Primary audience is local government administrators of rental assistance, including heads and staff of community development agencies and housing authorities and community-based organizations.
## Housing Instability Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing Instability</strong></td>
<td></td>
</tr>
<tr>
<td>Cost Burden</td>
<td>% households with income &lt; 35k paying 50% + in rent</td>
</tr>
<tr>
<td>Overcrowding</td>
<td>% renter-occupied households with &gt;1.51 occupants per room</td>
</tr>
<tr>
<td>Unemployment</td>
<td>% labor force that is unemployed</td>
</tr>
<tr>
<td>Share of Renters</td>
<td>% occupied housing units that are renter occupied</td>
</tr>
<tr>
<td>Poverty</td>
<td>% population in poverty over past 12 months</td>
</tr>
</tbody>
</table>
## COVID-19 Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVID-19</td>
<td></td>
</tr>
<tr>
<td>Job Loss</td>
<td>% low-income jobs lost</td>
</tr>
<tr>
<td>Uninsured</td>
<td>% civilian noninstitutionalized population 19-64 years that does not have health insurance</td>
</tr>
</tbody>
</table>
# Equity Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>% population not categorized as non-Hispanic white</td>
</tr>
<tr>
<td>Race</td>
<td>% population foreign born</td>
</tr>
<tr>
<td>Foreign Born</td>
<td>% households with public assistance income in past 12 months</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>% renter-occupied households earning &lt; 30% household area median family income</td>
</tr>
</tbody>
</table>
Index Construction

- Indicators chosen from literature identifying market-based indicators that correlate to homelessness rates & consideration for factors that may contribute to a household’s vulnerability, particularly during COVID-19, including race, job loss, and health insurance coverage

- Current weighting:
  - Weighted race 3x heavier within Equity index;
  - Weighted housing instability index as half of overall index

- Display shows the overall index based on percentile of the tract within the state; expand to see values of sub-indices and indicators
Features :: Where to Prioritize Emergency Rental Assistance to Keep Renters in Their Homes

Emergency Rental Assistance Priority Index percentile: 95th percentile (among Ohio tracts)

Housing Instability Risk Subindex: 96th percentile
Shares of: people living in poverty, renter-occupied housing units, severely cost-burdened low-income renters, severely overcrowded households, and unemployed people

COVID-19 Impact Subindex: 89th percentile
Shares of: adults without health insurance and low-income jobs lost to COVID-19

Equity Subindex: 89th percentile
Shares of: people of color, extremely low-income renter households, households receiving public assistance, and people born outside the US

ELI renters = extremely low-income renters, or renters with incomes at or below 30 percent of the area median income
Renters and Rental Market Crisis Working Group
The COVID crisis has a waterfall of effects . . .

Tenants lose income & can't pay rent

Property Owners/Landlords can't cover operating costs & pay lenders, city services and taxes

Capital Markets tighten credit and lenders can't or won't lend
This waterfall is happening in the context of places (cities, towns, counties)

- Tenants lose income & can't pay rent
- Property Owners/Landlords can't cover operating costs & pay lenders, city services and taxes
- Capital Markets tighten credit and lenders can't or won't lend
- Cities increase property taxes and other fees to cover budget gaps and pay for needed services
- Property Owners/Landlords struggle to pay utilities and property taxes
- Cities lose income at a time of increased demand for public services
A local compact: stabilizing renters and owners in the absence of broad federal relief

- Rental housing owners offer flexibility to renters (e.g., payment plans, access to services, etc.)
- Lenders offer relief options before foreclosure to landlords working with tenants in good faith
- Local governments consider equity impacts of budget cuts to prevent housing instability and loss of affordable housing
Renters and Rental Market Crisis
Working Group
What Cities Can Tax Varies

Analysis by Dr. Michael A. Pagano
Comparative Revenue Trends on City Revenue During Recent Recessions

Source: National League of Cities, City Fiscal Conditions 2020
Lag Between Falling Property Values and Municipal Revenue

Source: National League of Cities, City Fiscal Conditions 2020
Thank You!

Questions? Comments?

Amanda Kass
Associate Director, Government Finance Research Center http://gfrc.uic.edu
College of Urban Planning and Public Affairs
412 S. Peoria St. (MC 349)
324B
Chicago, IL 60607
312-996-8587 (office)
Email: akass6@uic.edu
Twitter: @amanda_kass
Renters and Rental Market Crisis Working Group
Fiscal Outlook from Cities

Urban Institute’s Renters and Rental Market Crisis Working Group
What cities are saying?

“[Our] current challenges are not tied to service delivery issues but to funding. There is a need to increase funding in order to increase staffing and access/availability of programming.”

“[We] need to look at the areas that the CARES dollars do not cover.”

“[We] need to identify long-term funding and sustainability strategies, knowing that the CARES dollars will run out at some point.”
NLC conducted a recent survey of 1,100 MUNICIPALITIES from across America. The survey shows that our nation’s economic recovery is at risk of stalling if Congress fails to provide direct federal aid to cities, towns, and villages.

- 24 states have yet to announce if they plan to distribute Federal Coronavirus Relief Funds to local governments*
- Nearly 70% of cities have not received funding through the CARES Act
- 74% of municipalities in the United States have already started making unavoidable cuts and adjustments in response to the projected $360 billion revenue loss for cities over the next 3 years
- 20% said those cuts are happening across the board
- 54% said they are more targeted
Our economic recovery is at risk.
New survey of 1,100+ municipalities found:

65% of cities to delay or cancel capital expenditures and infrastructure projects

24% of cities are cutting community and economic development programs.

13% of cities are making necessary cuts to code inspection, planning, and permitting, delaying reopening and the growth of local businesses.

This data includes results from all 50 states, the District of Columbia and Puerto Rico.
Renters and Rental Market Crisis Working Group
Impact of the COVID-19 Recession on City Governments

- It’s bad and likely to get worse
- Dramatic reduction in economically sensitive revenue (e.g. sales, hotel tax) where collection takes place throughout the year
- Rebound has been modest as cities have re-opened
- Risk of new shutdowns if there is a second wave
- Impact of failure to continue unemployment benefits
- Reductions in state aid as states seek to balance their own budgets
- Too soon to tell what the property tax impacts will be
- Impact of Property Tax Relief (e.g. California Executive Order – waiver of penalties)
- Lag in assessments and too soon to tell on delinquency
- Long term impact – downtowns and commercial corridors
Impact of the COVID-19 Recession on City Governments

- The impact depends on tax base, tax structure and pre-Recession fiscal conditions
  - Tax base is heavily dependent on sectors most affected by the Recession
  - Tax structure is heavily dependent on economically sensitive taxes
  - Pre-Recession fiscal conditions (e.g. Fairfield, Alabama)

- Most City governments have not fully responded to likely impact
  - Limited number of layoffs
  - Limits on pay increases (though in some cases, collective bargaining agreements control)
  - Significant use of reserves (this is the rainy day)
  - Reduction in non-personnel costs (e.g. travel, contracts, outside funding)
COVID – 19 and Government Workforce

Even in the absence of layoffs, there has been a significant change in local government workforce – at least in part due to widespread use of hiring freezes and vacancy control.

<table>
<thead>
<tr>
<th></th>
<th>Jul-19</th>
<th>May-20</th>
<th>Jun-20</th>
<th>Jul-20</th>
<th>July 2019 vs. July 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government</td>
<td>2,831</td>
<td>2,885</td>
<td>2,885</td>
<td>2,912</td>
<td>2.9%</td>
</tr>
<tr>
<td>State Government</td>
<td>2,690.20</td>
<td>2,694.30</td>
<td>2,691.70</td>
<td>2,695.50</td>
<td>0.2%</td>
</tr>
<tr>
<td>Local Government</td>
<td>6,581.30</td>
<td>6,115.90</td>
<td>6,095.80</td>
<td>6,121.50</td>
<td>-7.0%</td>
</tr>
<tr>
<td>State Education</td>
<td>2,477.60</td>
<td>2,261.30</td>
<td>2,274.00</td>
<td>2,303.80</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Local Education</td>
<td>8,006.40</td>
<td>7,308.00</td>
<td>7,372.20</td>
<td>7,587.30</td>
<td>-5.2%</td>
</tr>
</tbody>
</table>
Impact of the COVID-19 Recession on City Governments

Limited choices are available for cities going forward

- Discretionary vs. Non-Discretionary (e.g. pension contributions, debt) spending
- Difficulty of increasing taxes in the middle of a Recession
- Majority of City spending is personnel
  - Easier to reduce investments in non-personnel allocations and appropriations
- Lessons learned from the Great Recession
- What is an essential service
- What’s different now?
  - Mayors are talking about an equitable recovery
  - Impact of Defund the Police Movement