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Renters and Rental Market Crisis Working Group

August 2020

Understanding Federal Rental Assistance Options to Stabilize Renters

Structure of the brief

- Discusses the need for rental assistance and types of assistance currently available to renters
- Assesses existing rental assistance delivery mechanisms
- Identifies some tradeoffs highlighted by proposals
- Recommends options best suited to deliver relief efficiently and equitably

Unemployment insurance is vital, but not enough to meet rental market needs

- Claiming and receiving unemployment insurance is cumbersome and discourages some eligible workers
- Much of the current assistance flowed to higher-income renter households
- Unemployment insurance does not help low-wage workers who kept their jobs through the pandemic, but lost hours
- Unemployment insurance does not account for local rents or costs of living
- Some workers remain ineligible for unemployment insurance, such as undocumented workers or those with informal employment arrangements

Programs included in the brief

Programs	COVID-19 Emergency Assistance Proposals
Emergency Solutions Grant (ESG)	<i>The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act</i>
Community Development Block Grants (CDBG)	<i>Preservation of Affordable Housing (POAH)'s proposal to use CDBG for short-term rental assistance.</i>
HOME Investment Partnership Program (HOME)	<i>Proposal to expand HOME by \$48 billion.</i>
Housing Choice Voucher program (tenant and project-based)	<i>Center on Budget and Policy Priorities proposal to fund 500,000 new vouchers, Cunningham (Urban Institute), Schwartz & McClure, and Biden proposals for universal voucher assistance</i>
Project-based Rental Assistance (PBRA)	<i>National Housing Trust's proposal for PBRA contracts</i>
The Federal Reserve (the Fed) emergency lending program	<i>NCHSA's proposal of federal loans for the multifamily mortgage servicing industry and Barry Zigas and Carol Galante's op-ed on providing loans to multifamily building owners</i>

The Three “E’s”: An Assessment Framework for Rental Assistance

- Ease of implementation
 - Is this an existing or new program? If existing, is restructuring/repurposing needed?
 - Are there features of the program or evidence (direct or indirect) to suggest existing capacity to deliver assistance through this mechanism at scale?
 - Does this delivery mechanism offer states and localities opportunities to tailor to needs?

The Three “E’s”: An Assessment Framework for Rental Assistance

- Equity Considerations
 - Are there features of the program or evidence (direct or indirect) to suggest that this mechanism can be used to address housing needs of populations with greatest cost burdens and/or housing instability prior to the crisis?
 - Are there eligibility criteria that may exclude vulnerable households, or disproportionately impact people of color?

The Three “E’s”: An Assessment Framework for Rental Assistance

- Economic considerations
 - Are there features of the program or evidence (direct or indirect) to suggest that this mechanism would protect particularly owners of small buildings with 2-4 units?

Where is evidence lacking?

Lack of strong evidence across many programs on these criteria, particularly:

- Use of Federal Reserve lending authority in the rental market
- Formula Funding Delivery Mechanisms
 - CDBG and HOME
 - CDBG is difficult to assess given that it is rarely used for rental assistance. Presumably funding would be flexible and could reach many varieties of rental housing.
 - No rigorous evaluations of HOME program outcomes; no comprehensive data on households who receive rental assistance or live in HOME-funded units
- Characteristics of landlords across programs
- Racial equity implications

Conclusions

Emergency Solutions Grant and Housing Choice Voucher programs

- Target the lowest-income, rent-burdened renters directly
- Flexibility to adjust subsidies to reflect income changes
 - ESG more flexible to meet different housing costs
- Strongest evidence base
- Strongest existing framework for delivering rental assistance
- Strongest existing framework for tracking recipients and assistance provided

Conclusions

Will require capacity-building to take to scale

- No program is tested at the proposed scale.
- Technical assistance, capacity-building, waivers, etc. will be needed
- Tracking, transparency, and evaluation expectations must be included

Emergency lending facility also ranked well

- Programs that preserve and produce affordable units are necessary for long-term stability