



Wednesday, September 9, 2020

Renters and Rental Market Crisis Working Group



September 2020

Avail Landlord Survey

Housing Finance Policy Center

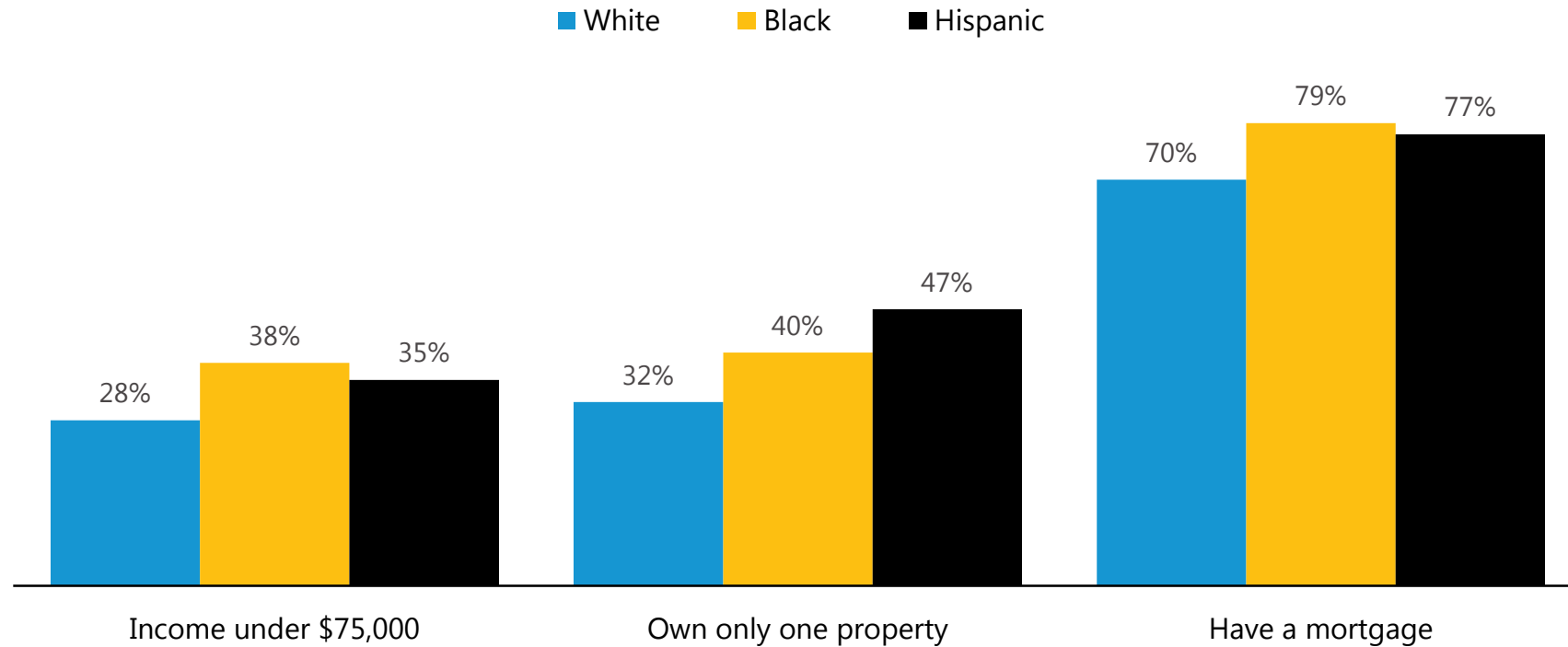


About the Survey

- Avail is a platform that helps do-it-yourself, mom-and-pop landlords manage units and collect rent for 53,000 properties.
- Avail conducts periodical surveys to its landlords and tenants.
- Urban participated in designing questions for the August landlord survey and was able to gather new information by race and ethnicity.
- 2,225 landlords who currently own residential rental properties participated in the survey.
- 51 percent of the landlords in the survey own single family rental properties, 39 percent own 2-4 units.

Black and Hispanic landlords are more financially vulnerable

Landlords' Financial Characteristics

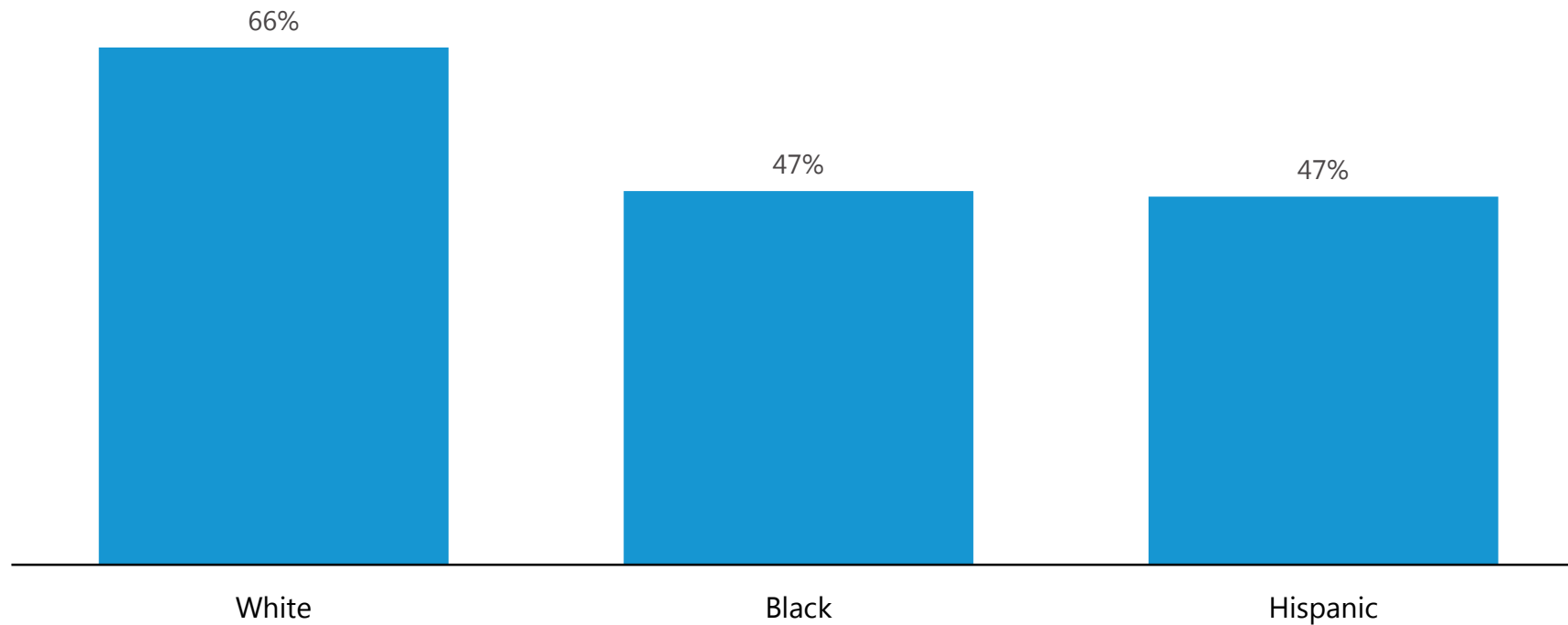


Source: Avail August Landlord Survey

URBAN INSTITUTE

Black and Hispanic landlords struggle more than White landlords to make their mortgage payments

Not Facing Any Trouble Paying Mortgage

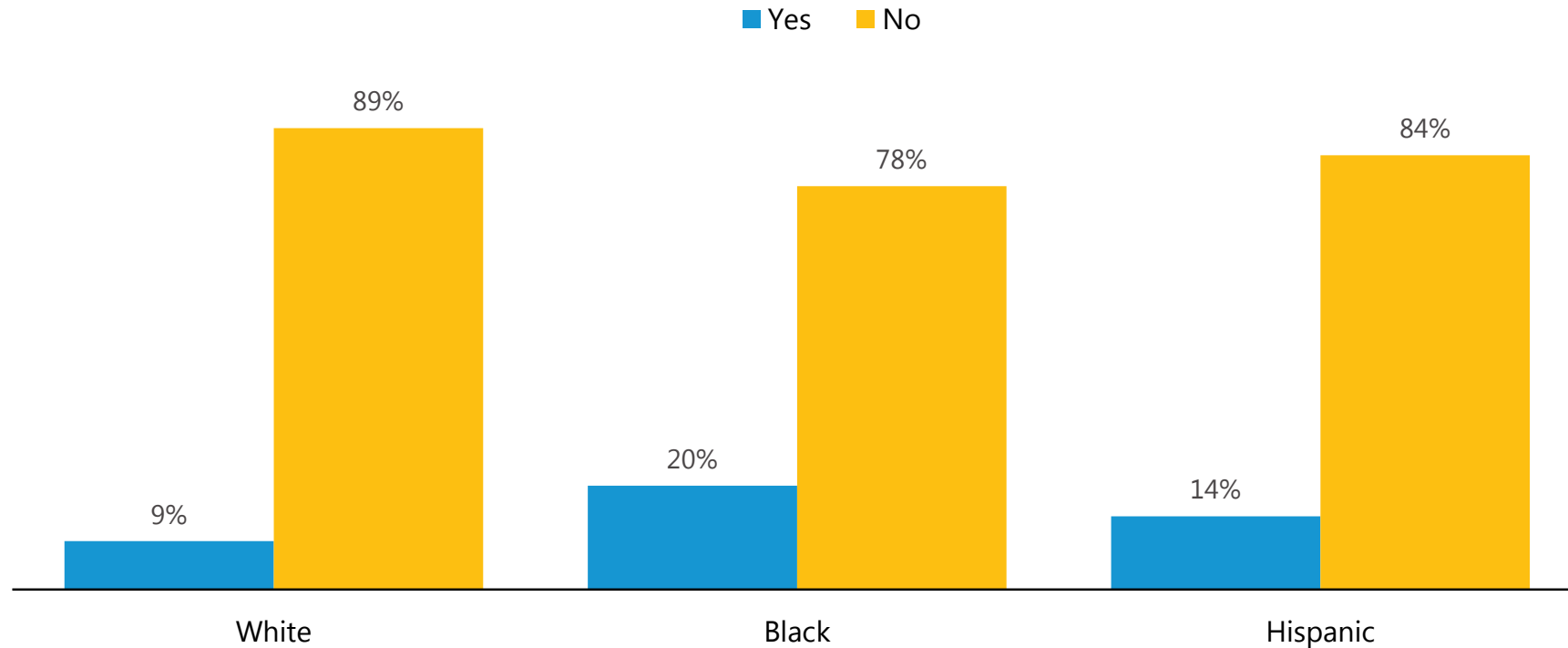


Source: Avail August Landlord Survey

URBAN INSTITUTE

Black and Hispanic landlords are more likely to use the forbearance option

At Least One Mortgage in Forbearance

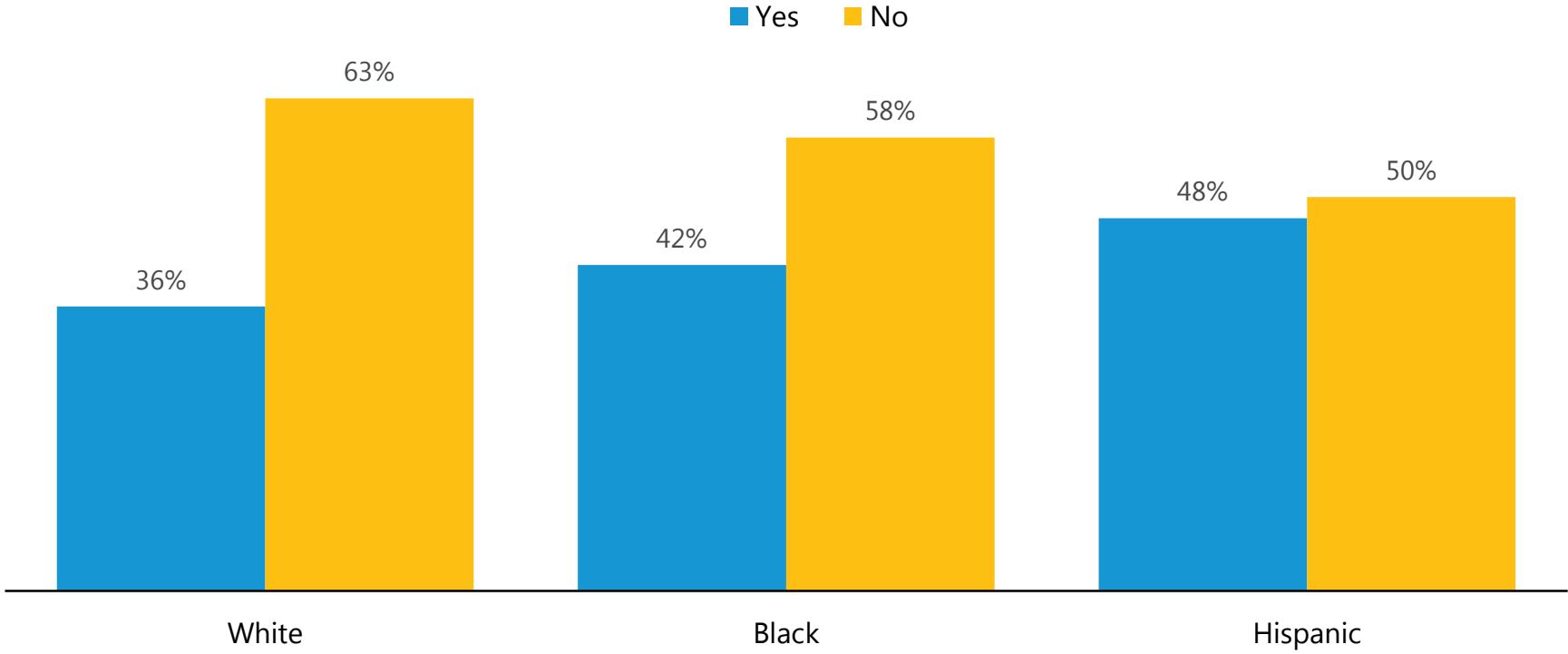


Source: Avail August Landlord Survey

URBAN INSTITUTE

Black and Hispanic landlords are more likely to provide rent payment plans to tenants

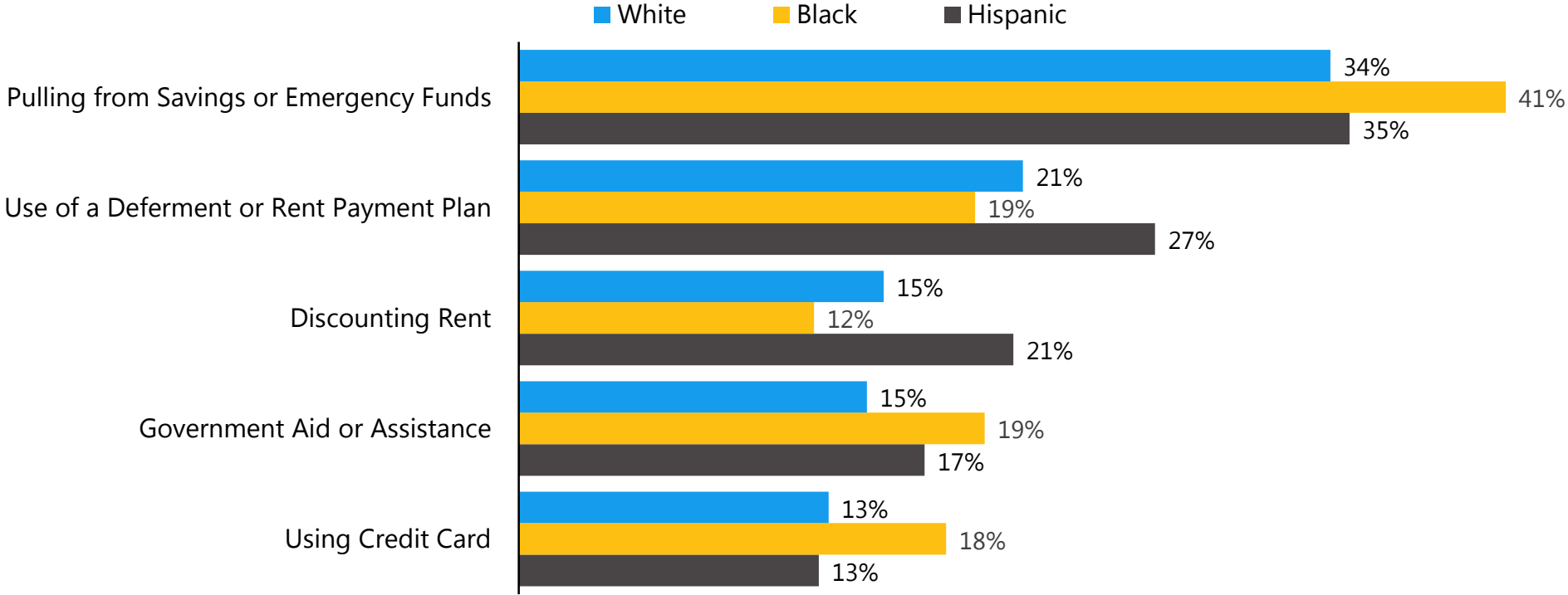
Offer Rent Payment Option



Note: Avail August Landlord Survey

Pulling from savings and emergency funds is the most common response to weather the crisis

Actions/Policies that Helped Amidst the Pandemic



Source: Avail August Landlord Survey

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Implications of the CDC's eviction moratorium

Solomon Greene

Key Elements of CDC Order

- National moratorium on evictions for non-payment of rent due to economic hardship
- Applies to all rental housing, not just housing covered under CARES Act
- Only applies where not more protective state moratorium in effect
- Does not forgive rent or prohibit landlords from charging late fees
- Expires on December 31, 2020

Eligibility and Penalties

- Tenants are protected by the order if they meet criteria:
 - Income: qualify if any apply: 1) expected income < \$99,000 in 2020; 2) did not have to pay income taxes in 2019; or 3) received a stimulus check;
 - Hardship: qualify if all apply: 1) used best efforts to obtain government assistance; 2) unable to pay rent due to income loss or extraordinary medical expenses; 3) using “best efforts” to make partial payments as circumstances permit; and 4) would likely become homeless or need to double-up if evicted.
- Tenants must sign declaration certifying meet these criteria. May be subject to civil or criminal fines and penalties for false or misleading statements.
- Landlords may also be subject to criminal fines and penalties for failure to comply with order.

Open Questions

- CDC's authority
- Legal issues related to enforcement
- Need for rental assistance



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California's AB 3088 COVID-19 Tenant Relief Act

Ben Metcalf

September 9, 2020 Rental Crisis Working Group

Tenant Protections

Can landlords proceed with evictions?	Yes, notices to pay rent or quit are still allowed under current law, but only to the extent landlord provides 15 court days instead of 3 and includes a COVID 19 financial hardship cover sheet for tenant to sign.
Obligation to pay rent if hardship is documented?	Yes, tenants are still obligated to pay 25% of amount due (although this can be paid at any time and in any number of installments through January 21). If they don't pay the 25% - but have COVID hardship - they can't be evicted until Feb 1.
What constitutes "hardship"?	COVID-19-related financial distress includes increased expenses due to health impacts, increased childcare or eldercare responsibilities, and loss of income. Tenants with household income of over \$100,000 or over 130 percent of median income required to provide specific 3 rd party documentation.
Are tenants protected from eviction as a result of past (March-August, 2020) nonpayment of rent?	Yes, protects against unlawful detainer actions for unpaid rent for the period from March 1, 2020 to August 31, 2020 due to COVID-19-related financial hardship
Are tenants protected from eviction as a result of future (Sept –Jan 2021) nonpayment of rent?	Yes, subject to COVID-related hardships. Higher income tenants must provide 3 rd party documentation. Building off California's existing 2019 Just Cause law, all "no cause" evictions are paused until Feb 1, 2021. No fault evictions based on "substantial renovations" are allowed as are other verifiable "nuisance" claims.
Other protections?	Unpaid rent, small claims actions, and any evictions are "masked" and cannot credit scores and/or future applications for tenancy. Criminal penalties for landlords who perform illegal lockouts and utility turn offs. Does not supersede more favorable local ordinances enacted prior to state law. Local Repayment Plan ordinances are modified to have start dates of March 1, 2021 and run through March 31, 2022

Landlord Provisions

Can landlords collect arrearages?	Yes, after March 1, 2021. Unpaid rent from Sept, 2020 to February 2021 converted to consumer debt and collectible via small claims courts.
Anti-foreclosure provisions?	Building off of California's existing Homeownership Bill of Rights, extends existing single family protections to owner-occupied 1-4 unit properties, eg mortgage servicers must contact borrowers before pursuing foreclosure proceedings in order to provide potential forbearance options and prohibition on dual track foreclosures where a servicer initiates foreclosure proceedings while considering loan modifications with the borrower.
Forbearance relief?	Increases transparency on CARES-related forbearance provisions for owner occupied 1-4 unit properties, eg, requires the mortgage servicer to provide a written explanation for a decision not to forbear. The anti-foreclosure protections for small landlords are in effect until January 1, 2023. to file in state court

See here for AB 3088 bill language: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB3088



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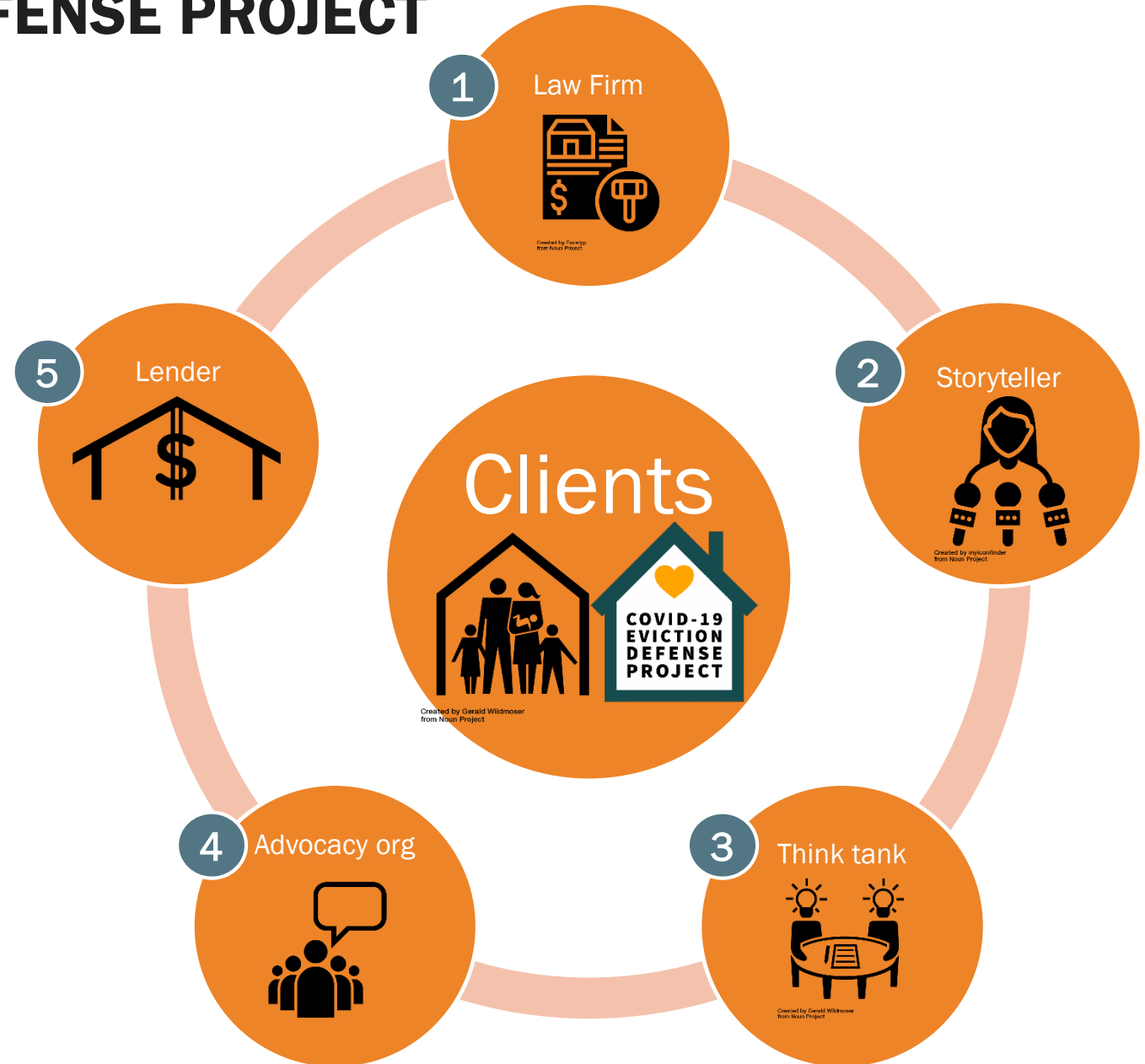
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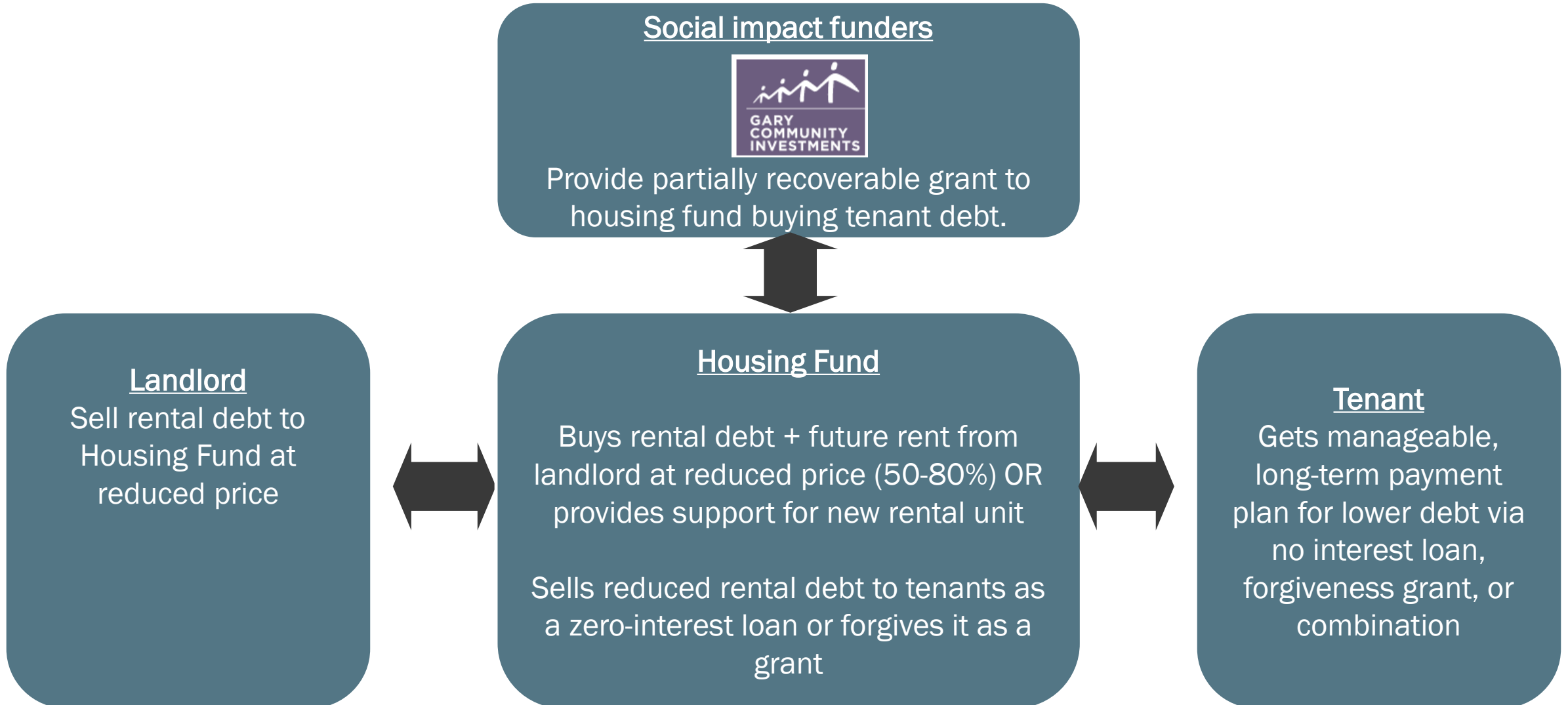
THE COVID-19 EVICTION DEFENSE PROJECT

**WE AIM TO KEEP
COLORADANS AND
AMERICANS HOUSED.**

**WE DO THIS USING A
MANAGED CARE
APPROACH THAT
CENTERS CLIENTS LEGAL
AND FINANCIAL NEEDS**



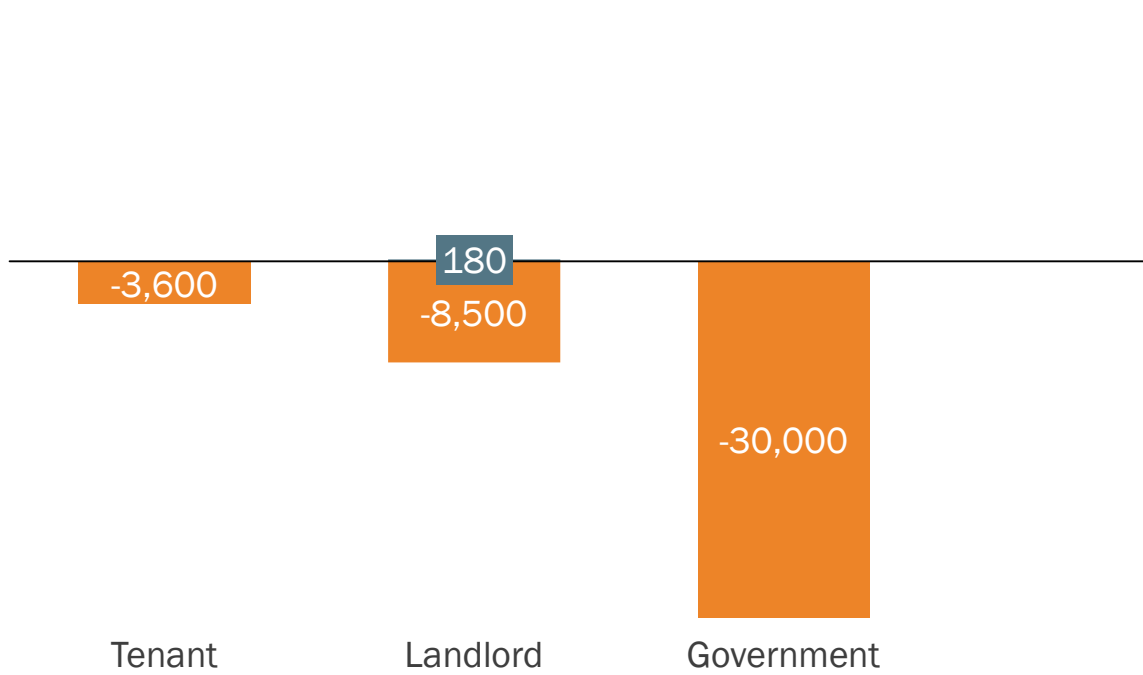
WITH THE SUPPORT OF GARY COMMUNITY INVESTMENTS, WE ARE PROVIDING RENT RELIEF THROUGH A NEGOTIATED MODEL



RENTAL DEBT BUYOUTS HELP AVOID SIGNIFICANT COSTS FOR ALL PARTIES

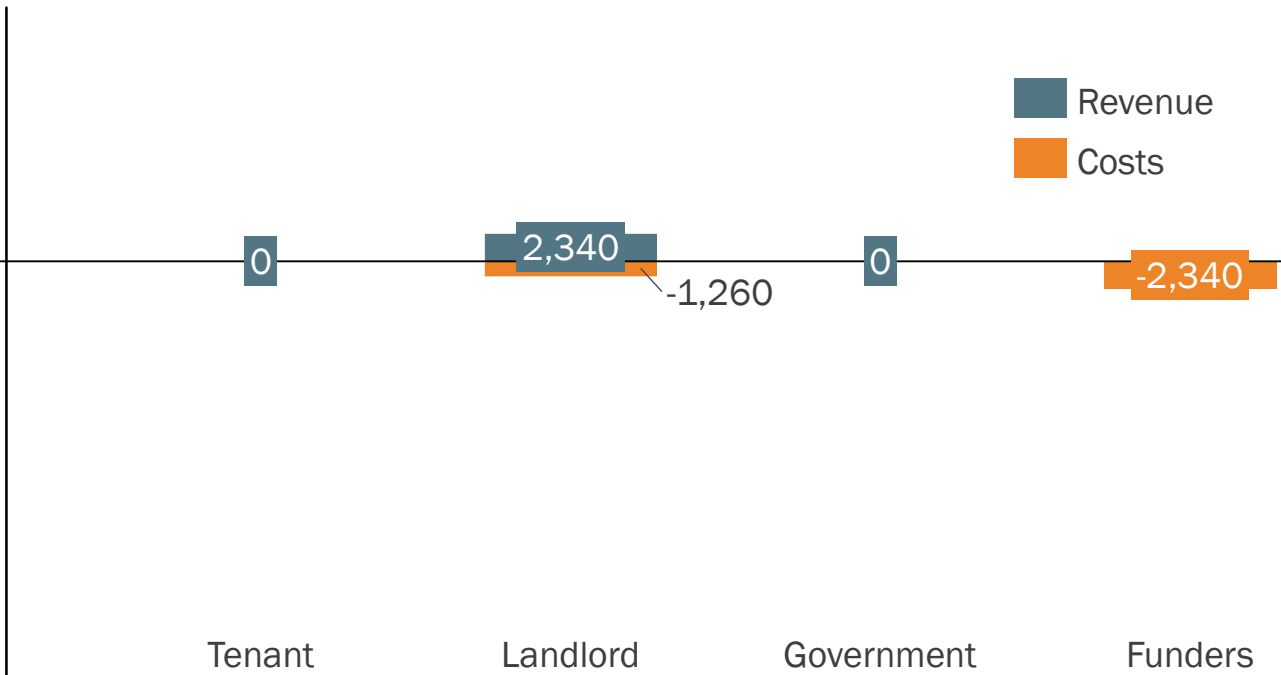
No Housing Support Fund

\$/Tenant at Risk of Eviction



With Housing Support Fund:

\$/Tenant at Risk of Eviction



THROUGH OUR PILOT, WE ARE LEARNING ABOUT VIABLE DEAL POINTS

Landlord type / time frame	Rental debt settlement	Future rent settlement	Comments
Large owner (corporate, PE, etc.) / Pre CDC Moratorium	75%	85%	Rental debt buy-outs negotiated with large landlords, then offered to tenants
Small owner (mom and pop, medium indy operators, etc.) / Pre CDC Moratorium	65%	75%	Small owners contacted by CO lawyers using the program, deals negotiated on an individual basis
Large owner (corporate, PE, etc.) / Pre CDC Moratorium	0%	100%	Since CDC moratorium- seemingly less interest in historical debt, more interest in current payments
Small owner (mom and pop, medium indy operators, etc.) / Pre CDC Moratorium	50%	65%	Fears around extended non-payment shifting deal points; We are hesitant to go any lower



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