

URBAN

· I N S T I T U T E · E L E V A T E · T H E · D E B A T E

Renters and Rental Market Crisis Working Group

Note to participants:

Please keep your camera turned off until the facilitated discussion



Wednesday, June 3, 2020

Renters and Rental Market Crisis Working Group



June 2020

How much assistance is needed to help renters impacted by COVID-19?

Four Center Comparison

Why are they different?

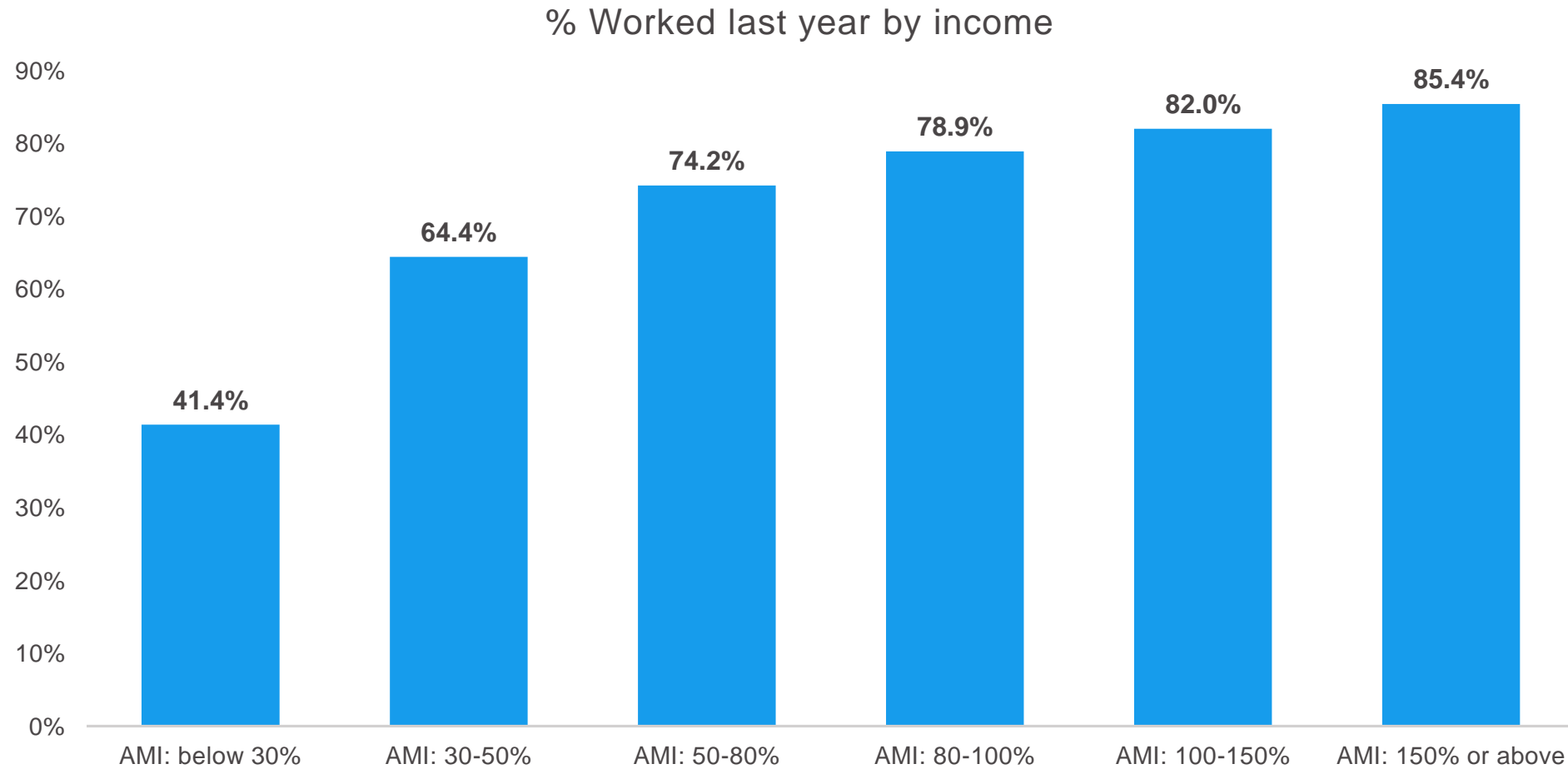
- Different goals
 - Not all centers tried to measure the amount of rental assistance needed
- Same dataset (ACS 2018) but different definition of the most vulnerable industries
 - Urban: Used aggregate industry code - (1) Food Accommodation, (2) Retail, (3) Construction, (4) Entertainment, and (5) Other services
 - JCHS: Used aggregate industry code - (1) Services, (2) Retail, (3) Recreation, (4) Transportation and Travel, and (5) Oil Extraction
 - Turner: Used detailed industry code
 - Furman: Used detailed occupation code
- Limited data in fast changing environment

Households with at least one person in vulnerable industries

HH Income Relative to AMI	Urban		JCHS		Turner		Furman	
	Number	Share	Number	Share	Number	Share	Number	Share
AMI: below 30%	2,073,739	20.0%	1,767,495	17.1%	1,893,154	18.3%	2,291,476	22.1%
AMI: 30-50%	2,404,351	34.2%	1,937,354	27.5%	2,199,222	31.2%	2,507,830	35.6%
AMI: 50-80%	3,368,909	38.5%	2,672,132	30.6%	3,262,701	37.3%	3,234,466	37.0%
AMI: 80-100%	1,799,546	41.1%	1,432,723	32.7%	1,768,309	40.4%	1,629,791	37.2%
AMI: 100-150%	2,860,898	41.2%	2,291,692	33.0%	2,915,854	41.9%	2,534,472	36.5%
AMI: 150% or above	2,431,365	38.9%	1,959,247	31.4%	2,566,824	41.1%	2,080,285	33.3%
Total	14,938,808	34.2%	12,060,643	27.6%	14,606,064	33.4%	14,278,320	32.7%

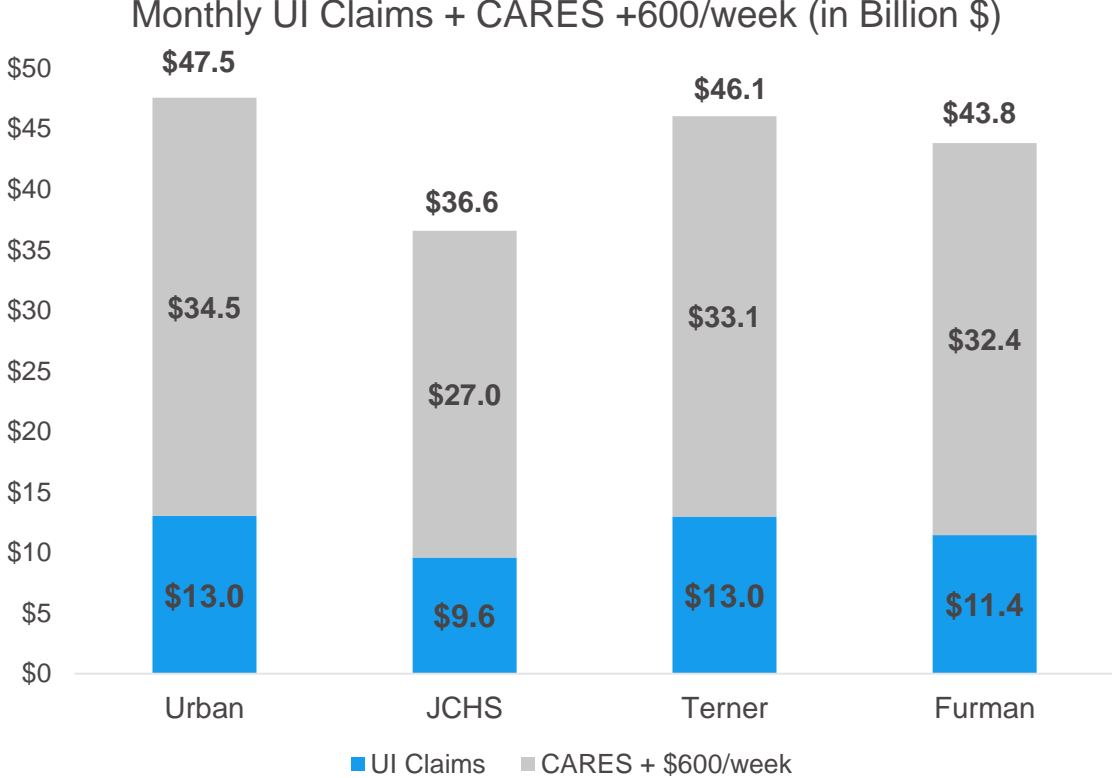
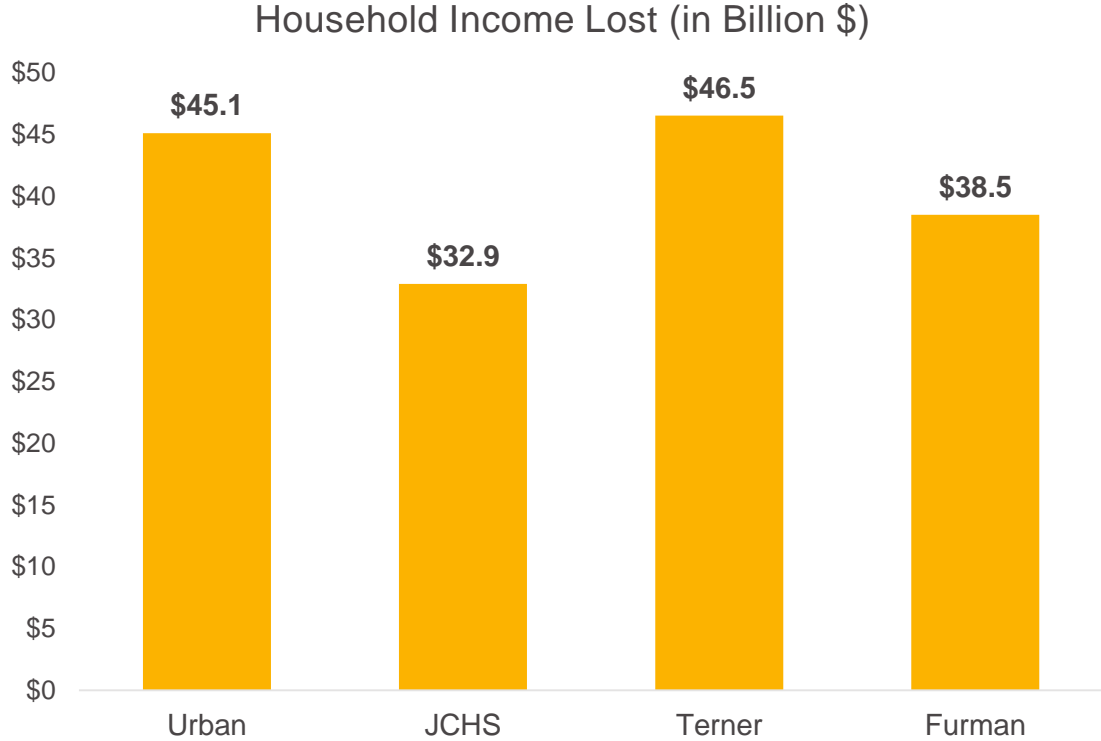
Source: 2018 American Community Survey

Individuals age 16-65 who worked in the previous year



Source: 2018 American Community Survey

Monthly household incomes lost & UI benefit + CARES \$600/week (70% take-up rate)



Source: 2018 American Community Survey & Bureau of Labor Statistics

In April, about 48.4 billion dollars were distributed as UI benefit + CARES 600/week- this includes homeowners and renters

Simulating Job Loss

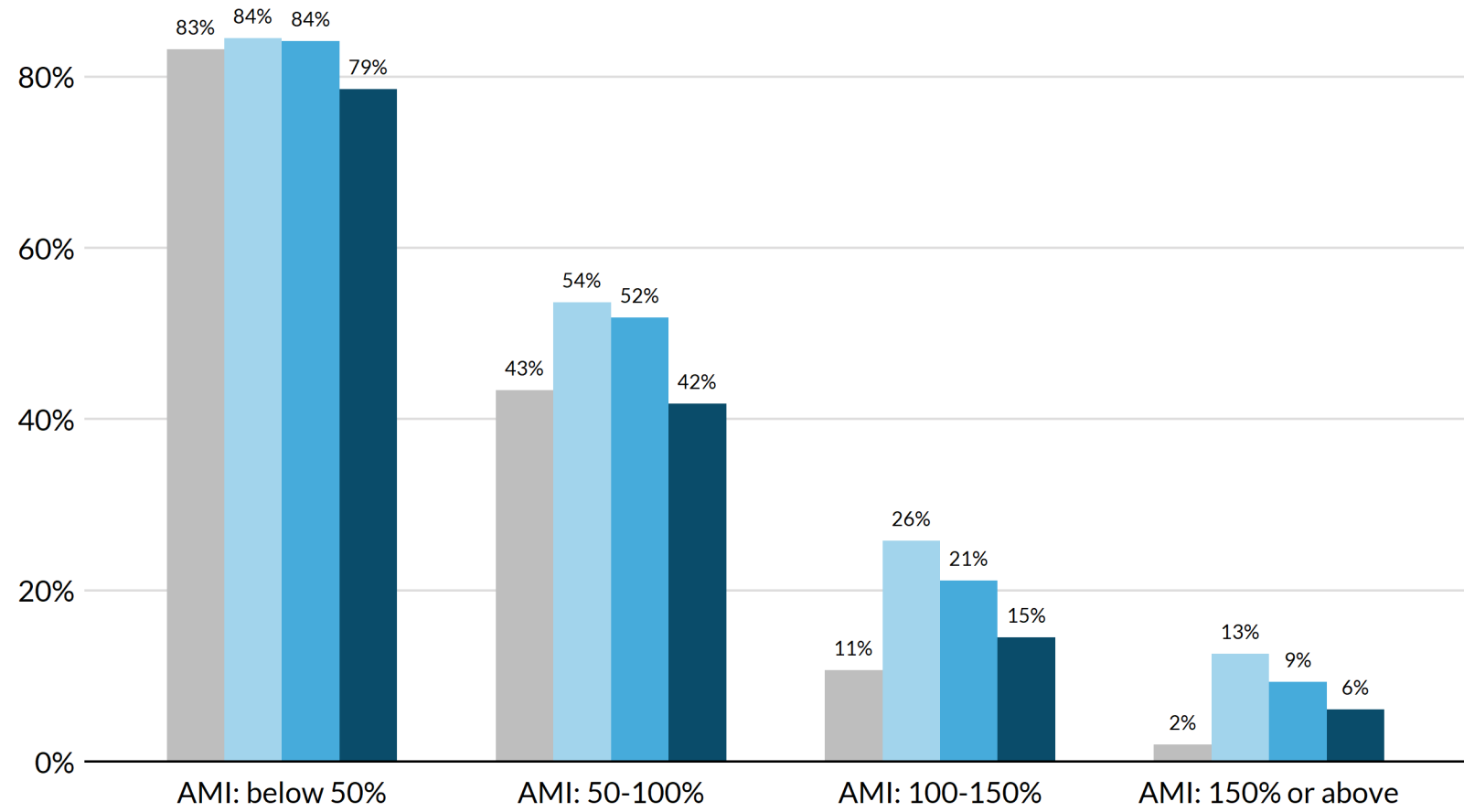
Methodology

- Use BLS data on job loss, by state and by industry, to simulate job loss and benefits dispersed.
- For each state, randomly sample workers in each industry based on change in job loss from April to February.
 - If the retail industry in Texas saw a 20 percent decline in employment, randomly assign 20 percent of workers to lose their job
 - Then, assume a 70 percent take up rate of benefits: randomly assign 70 percent of those with simulated job loss to receive unemployment and CARES Act benefits.

How will job loss affect rent burden?

■ Before unemployment shock ■ After unemployment shock with no UI benefits ■ With basic UI benefits ■ With CARES Act \$600/week

Share of households that are rent burdened



Estimating Rental Assistance

How to support?

- **Income Assistance:** replacing lost income to return to previous rent burden or alleviate existing rent burden
- **Rental Assistance:** supplementing rental payments to return to previous rent burden or alleviate existing rent burden
 - In this presentation, we present estimates on **income assistance**

Who to support?

- **Households with job loss:** only focus on household that experienced an income shock from job loss, regardless of pre-existing rent burden or unemployment
- **All rent burdened renter households:** assisting all households, regardless of recent job loss
 - In this presentation, we present estimates for **both populations**

Returning all households that experienced a job loss back to their prior level of rent burden, with a cap of 30 percent

AMI	Households with job loss	With no benefits	With basic UI benefits	With CARES Act \$600/week
Below 30%	1,098,419	\$823,891,828	\$513,125,582	\$234,601,867
30-50%	1,286,004	\$1,973,221,432	\$1,192,553,552	\$508,842,455
50-80%	1,963,293	\$4,252,376,818	\$2,281,273,310	\$1,023,512,847
80-100%	1,064,089	\$2,807,711,437	\$1,219,004,274	\$569,107,059
100-150%	1,831,024	\$5,309,586,372	\$1,747,814,208	\$896,197,963
150% or above	1,671,813	\$6,182,221,446	\$1,334,694,545	\$788,255,311
Total	8,914,642	\$21,349,009,333	\$8,288,465,472	\$4,020,517,502

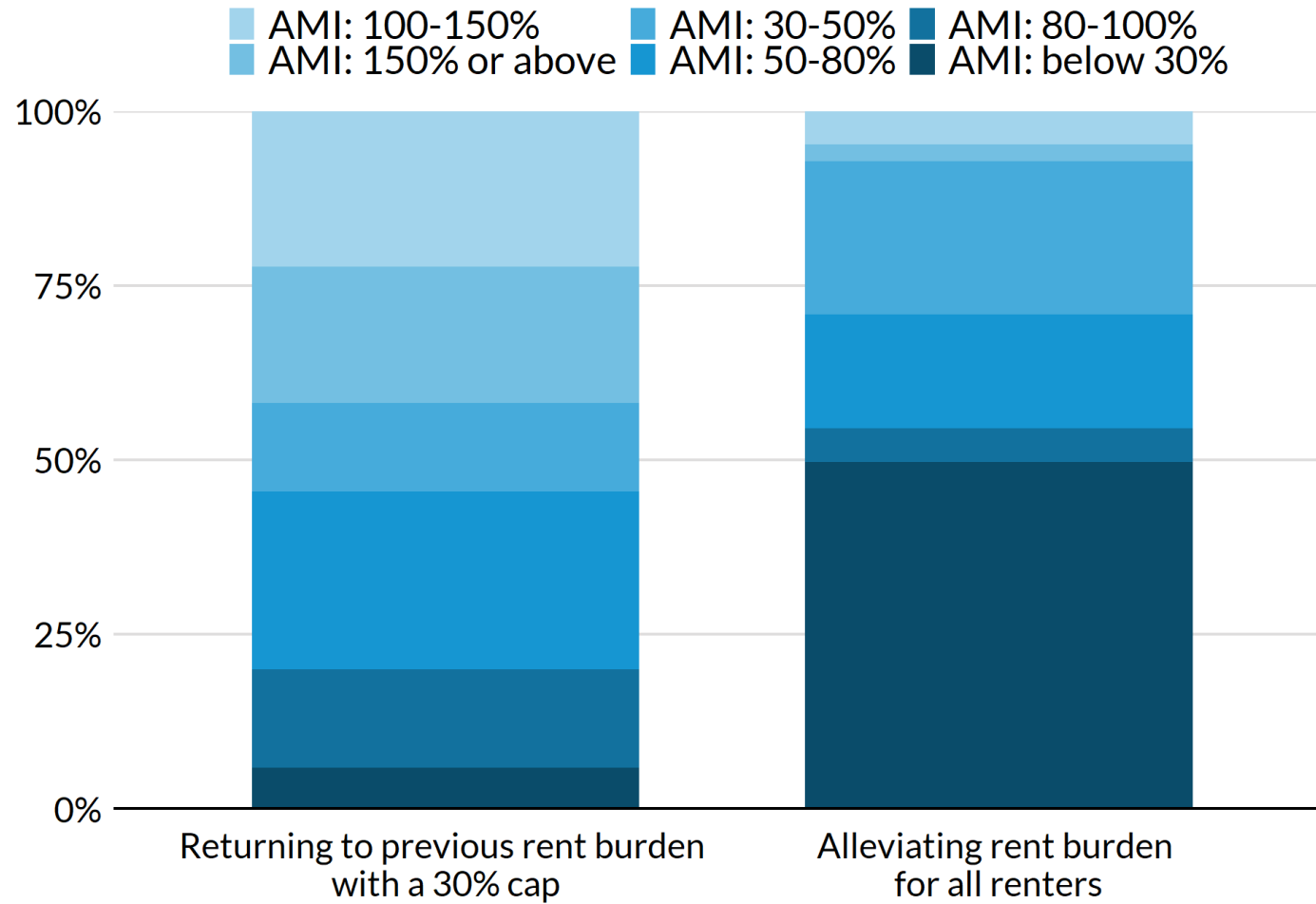
Source: Urban Institute calculations from 2018 American Community Survey and Bureau of Labor Statistics

Alleviating rent burden for all renters, regardless of recent job loss

AMI	Households	Before unemployment shock	With no benefits	With basic UI benefits	With CARES Act \$600/week
Below 30%	10,363,143	\$20,340,390,430	\$21,130,886,321	\$20,853,516,012	\$19,306,125,980
30-50%	7,039,143	\$8,970,519,402	\$10,845,100,407	\$10,163,072,954	\$8,514,963,431
50-80%	8,745,562	\$5,996,800,544	\$9,660,932,750	\$8,278,073,854	\$6,339,133,412
80-100%	4,377,909	\$1,449,756,742	\$3,503,931,394	\$2,668,761,015	\$1,876,562,819
100-150%	6,951,006	\$1,060,350,394	\$4,115,796,227	\$2,808,164,603	\$1,863,545,816
150% or above	6,248,590	\$163,053,535	\$2,373,357,494	\$1,497,748,080	\$940,549,298
Total	43,725,353	\$37,980,871,047	\$51,630,004,593	\$46,269,336,519	\$38,840,880,756

Source: Urban Institute calculations from 2018 American Community Survey and Bureau of Labor Statistics

Share of spending going to each income group



Source: Urban Institute calculations from 2018 American Community Survey and Bureau of Labor Statistics