



# Distributing Emergency Rental and Mortgage Assistance to Vulnerable Households during the COVID-19 Pandemic

## A Case Study on Innovative Programs

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*February 2023*

In the wake of the COVID-19 crisis, almost \$47 billion in emergency rental assistance (ERA) was made available through the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. Relief was targeted to renters and the owners of multifamily rental properties to stabilize housing for tenants and to prevent evictions. ERA also helped prevent foreclosures for owners of small rental housing properties who rely heavily on rental income to pay their mortgage and may not have known about federal forbearance options during the pandemic.<sup>1</sup>

But this large pot of money also created some local challenges. This case study discusses two of the challenges related to ERA and mortgage assistance delivery and innovations to resolve these:

1. **Local infrastructure for the delivery of legal and financial resources.** During the pandemic's early stages, many renter households faced swift financial shocks and corresponding threats of eviction. Because of differences in local housing law, legal protections for renters who were not covered by the initial Coronavirus Aid, Relief, and Economic Security Act relief were wide ranging. Keeping renters in their homes required fast and individualized responses from legal assistance teams, the infrastructure for which did not exist, as well as funding for rent relief. We discuss how one ERA program was designed to meet renters' critical stability needs by innovating on how to create local channels to provide relief.
2. **Information and technical barriers for small landlords.** Small landlords provide a critical source of affordable rental housing in many markets, owning 70 percent of the nation's stock of small rental properties.<sup>2</sup> These owners usually have fewer resources than larger institutional landlords. During the pandemic, information and technical barriers kept small landlords from accessing available assistance as frequently as their larger counterparts, as seen by lower take-up rates of ERA in rental properties owned by mom-and-pop landlords. Reach and

communication were key for getting eligible small landlords emergency assistance and preventing foreclosures. We discuss how an organization that had a history of meeting small landlords' needs distributed ERA to benefit this group.

## Overview

### The COVID-19 Eviction Defense Project

The COVID-19 Eviction Defense Project (the CEDP, or the Defense Fund) began as a small pro-bono legal assistance operation helping renters in need in Denver, Colorado. Informed by the lack of local legal protections for renters and limited legal victories in the early stages of its operation, CEDP pivoted toward an innovative approach that combined ERA delivery with personalized legal assistance.

#### COMBINING TAILORED LEGAL ASSISTANCE WITH TIMELY AID

For renters experiencing financial hardship during the pandemic, being connected with an assistance services provider before receiving an eviction order or illegal lockout significantly increased the likelihood of stabilization. The CEDP found that early intervention allowed for deliberation with landlords and time to develop legal or assistance strategies to meet tenants' needs. The CEDP team implemented several strategies for increasing the likelihood of early contact with struggling tenants. First, to ensure that the Defense Fund was reaching renters in need, the team tapped into existing informal relational networks throughout Denver to build trust in communities. This included onboarding tenant advocates in the neighborhoods they were working with and partnering with legal aid organizations who had connections with local clients. Second, the team heavily relied on real-time data, including local eviction records, to track at-risk communities and to direct outreach to areas experiencing hardship.

When Congress authorized ERA in early 2021, the CEDP partnered with the agencies distributing ERA funds for the state—the Colorado Housing and Finance Authority and Colorado's Division of Housing—to facilitate the delivery of emergency assistance. This was unique during the initial pandemic months because legal aid and emergency assistance providers were often working independently. By combining legal assistance with ERA delivery, the Defense Fund was able to use its detailed understanding of landlord-tenant law and individual tenants' legal situations to effectively time the delivery of aid, meeting key deadlines set by landlords or the courts and alleviating threats of displacement or housing instability. In the organization's early stages, this meant that in some circumstances, team members were delivering checks via car to renters to ensure that evictions did not proceed. The CEDP estimates that the program has now served 20,000 individuals and close to 10,000 households.

#### ESTABLISHING THE REVOLVING LOAN FUND

As its reach grew, the CEDP established a revolving loan fund to increase both the volume and efficiency of its ERA delivery. Backed by funds from the Colorado Housing and Finance Authority and

from philanthropy, the revolving loan fund enabled the CEDP to approve and send emergency assistance before the tenant was officially approved for assistance by the state, allowing the organization to match the often-fast timelines of housing court and issue a check to either stabilize the tenant in their home or cover moving fees and first month's rent for a new one. Being the first organization to use a revolving fund, the CEDP had to design a system from scratch and advocate with the Colorado Housing and Finance Authority to buy into this innovative approach.

Having the revolving fund also meant that the CEDP's clients could receive full service through the fund and did not have to scramble between different organizations. The fund allowed the CEDP to move more swiftly than other local organizations to provide ERA payments, and it became known regionally as the place to refer clients who urgently needed assistance and were already in housing court. The revolving fund also meant that aid was sometimes disbursed before renters were confirmed for approval by the state, building in a small amount of risk for the fund if renters were not approved.

To coordinate its various services, the CEDP launched an online portal for intake of ERA requests and developed a thorough administrative process for onboarding clients. Part of the process was sorting through the nuance of applying for aid and confirming check delivery, which was particularly important for renters who were in court, as local laws specifying delivery varied by county. By combining legal services, rental aid, and intake, the CEDP adopted a "continuum of care" approach, offering tenants a single point of contact for household stability services from the early stages of instability all the way through relocation (if necessary). This framework for assistance prioritizes minimizing risks of homelessness or displacement and was critical during the pandemic.

#### BRIDGING RENTERS' EXPERIENCES WITH LOCAL LEGISLATIVE ADVOCACY EFFORTS

The CEDP took lessons from hands-on work with tenants and organized around broader legislative changes to state and local laws that were at the root of ongoing evictions. Through intimate work on clients' legal cases, the team identified which laws and practices were accelerating or worsening eviction for renters facing pandemic-related instability. The CEDP organized lobbying efforts to advocate for legislative changes that would protect renters from displacement and stabilize the housing market. For example, CEDP staff members testified in front of the state legislature on Senate Bill 173: Rights in Residential Lease Agreements. The bill limited the amount of late charges and fines that landlords could assess on their tenants and increased the window renters had to pay back rent, among other changes that helped protect renters; the bill passed in March 2021.

## Implementation Overview: Neighborhood Housing Services of Chicago's Flats Initiative

Neighborhood Housing Services (NHS) of Chicago has provided affordable housing services to Chicago's residents since 1975. In 2019, NHS launched the Chicago Flats Initiative to preserve Chicago's two-to-four-unit rental housing. Composing 34 percent of Chicago's total rental housing stock, two-to-four-unit rentals are instrumental to the affordability and stability of the city's housing.

Further, this housing disproportionately serves renters of color; more than 60 percent of all Hispanic renters across all income ranges and 32 percent of all Black renters live in these properties.

Many of the owners of small rental units are mom-and-pop landlords who own only a single investment property and manage the building themselves. The pandemic's economic shocks hit these owners harder than owners of large multifamily and institutional landlords, who had more capital and resources to weather the storm. Mom-and-pop landlords also were less likely to receive or know about available ERA and other assistance programs. NHS leveraged an existing collaborative network of owners of two-to-four-unit flats in Chicago to stabilize this crucial housing stock and preserve one of the city's most salient affordable housing sources.

#### LEVERAGING TARGETED OUTREACH THROUGH EXISTING INFRASTRUCTURE TO REACH MOM-AND-POP LANDLORDS

NHS played a large role in administering assistive services to Chicago residents during the pandemic, distributing state and city ERA funds and mortgage relief funds and offering extended housing counseling services. Having established the Flats Initiative at the onset of the pandemic, NHS responded to COVID-19 by leveraging the initiative as a network for advertisement and outreach of emergency support. One of the initiative's key assets was its network of community-based organizations and informational channels for reaching small landlords. As economic instability increased, NHS expanded these channels and used them to communicate with struggling small owners and to connect them with assistance. The Flats Initiative advertised to small owners through various relational networks, such as social media campaigns, faith-based leaders, the union meetings of industries that were particularly vulnerable during the pandemic, and direct outreach to political officials, including neighborhood representatives (i.e., aldermen).

NHS was also able to make direct contact with a sample of renters and owners of two-to-four-unit rentals, pulling contact information from two sources of prior client data. One source was a prior City of Chicago ERA program that NHS administered. The Flats Initiative received permission from the city to contact the 9,000 renters with records preserved from this program. Second, NHS maintains an internal database of clients that allowed staff members to parse out owners of (or those interested in owning) two-to-four-unit buildings for contact.

Additionally, the Flats Initiative organized a collaborative partnership with nine other community organizations that worked with owners and renters of two-to-four-unit properties, deemed the Flats Collaborative. During the pandemic, NHS used the collaborative to distribute advertisements for ERA through its outreach channels and events. Two of the partner organizations, The Community Investment Corporation and Preservation Compact group, held regular convenings to disseminate ERA information updates to their networks of small landlords and community groups.

#### EXPANDING INTAKE AND COUNSELING SUPPORT TO NAVIGATE NEW ASSISTANCE PROGRAMS

To meet rising demand for housing services by small owners during the pandemic, the NHS team restructured its intake and counseling support business. The client services team opened hub offices around the city to assist clients in person with applications and documentation for accessing aid

programs. Second, NHS launched a special phone number and email address specifically for two-to-four-unit owners in addition to its primary emergency assistance contact information. Third, neighborhood-specific strategy teams were deployed to gather information and connect with owners. In collaboration with NHS, the Garfield Park Community Council, another member of the Flats Collaborative, provided intake services; the council, being a smaller operation, ran out of ERA resources and was able to subsequently refer clients to NHS.

Once clients finished intake, the Flats team helped landlords navigate the available emergency programs and decipher eligibility while helping them through the application process. This was crucial because of the multiple channels of available assistance; ERA was being offered through the City of Chicago, Cook County, and state programs, in addition to mortgage relief options from both the city and the federal government. Surveys of small landlords found that understanding eligibility was one of the largest barriers to applying for assistance during the pandemic (Choi, Pang, and Goodman 2021). Counselors helped small landlords strategize over which programs were best for long-term stability and ensured they received aid when eligible.

## Implementation Challenges and Results

The pandemic introduced unique challenges for organizations administering emergency housing support. This section discusses some of those challenges and how innovative approaches helped stakeholders overcome them.

### **Challenge 1. Eviction Timelines and Aid Distribution Are Poorly Aligned**

The application and distribution processes for many ERA programs were disconnected from the timeline of eviction in the courts, particularly during the early pandemic period. Households often would not apply until they were facing serious risk of eviction, and the pace at which checks were delivered to tenants was slow. As a result, there were instances of renters receiving ERA after eviction or involuntary displacement had already occurred.

As distributors of ERA working throughout the state, the CEDP was challenged with connecting the timelines of court and eviction proceedings with ERA approval and distribution. The Defense Fund addressed this problem with innovative methods. First, it attempted to reach renters in the early phases of instability through social networks. Second, it used its intimate knowledge of clients' legal situations to ensure checks arrived at key points. And finally, it established the revolving loan fund to increase the pace of ERA approval and delivery.

### **Challenge 2. Local Laws Vary, Creating Challenges in Making a One-Size-Fits-All Program**

In many states, eviction law varies by municipality and county, making a one-size-fits-all legal assistance approach impossible. In the early stages, when the CEDP was providing only pro-bono legal assistance,

it recognized that these variations in local tenant law made the legal protection for renters in some areas weaker than in others. Key-in-door laws, which allowed landlords to lock tenants out after eviction even before moving their belongings out, were particularly harmful. Statute variations also changed the timeline of eviction proceedings and thus made different schedules for ERA delivery. Renters had to be in tune with these differences to ensure they were sending checks on time.

The Defense Fund was well resourced to navigate these differences as it combined ERA with personalized legal counsel, and it implemented two adaptive strategies. First, the online platform and internal system that were created with the revolving fund was essentially a checklist that built in local differences. The CEDP would ensure that the timeline of whatever district the renter was in matched with distribution. Second, the CEDP did significant legal organizing to improve local laws for renters. Two legislative wins pushed by the CEDP were the transformational renters' rights legislation in 2021, the Rights in Residential Lease Agreements Act, and a Towing Bill of Rights to stop predatory nonconsensual towing in 2022.

### **Challenge 3. Vulnerable Households Were Less Likely to Know What They Were Eligible For or When to Apply to Available Assistance Programs**

Mom-and-pop landlords, the primary owners of small multifamily rentals, have fewer resources, on average, than large institutional owners, and during periods of instability, it can be harder to receive assistance. This was underscored during the pandemic, as surveys of landlords in 2020 and 2021 found that small landlords were less likely to know about ERA options and were significantly less likely to have applied for or received them (Choi, Pang, and Goodman 2021). Small landlords were also less likely to apply for forbearance. In addition, because many of these owners rely on rent to pay their mortgage, the number of tenants that fell behind on rent caused greater landlord/owner instability.

The Flats Initiative leveraged existing community contacts to advertise emergency programs to small landlords. It also utilized existing collaborative partners to maximize outreach. As a result of these efforts, NHS and its use of the Flats Initiative accounted for \$4 million in ERA delivery, 40 percent of which went to clients who owned two-to-four-unit housing.

Tenants who were more likely to experience eviction and instability during the pandemic, including low-income tenants and tenants of color, were less likely to receive assistance from programs they were eligible for. This was caused by several factors, including tenants' lack of trust, their likelihood to be in unconventional rental agreements, and a failure by distributors to market aid effectively (Aiken et al. 2022). Both the CEDP and NHS relied on existing relational networks to effectively market assistance programs. Partnering with organizations that had already established relationships with tenants as opposed to trying to develop new ties during an emergency was crucial.

### **Challenge 4. Increased Demand for Housing Services Stressed Stability Networks**

Managing the surge in demand for housing services from small landlords and from tenants put stress on assistance providers. NHS initially struggled to hire enough US Department of Housing and Urban

Development-certified counselors and to effectively deploy active staff members throughout the city. NHS and the Flats Initiative tackled this by opening hub offices around the city to have intake in various areas. They also strategized with partners from the Flats Collaborative to share the burden of intake. Once households were in intake, the Flats team's prior counseling experience with owners of two-to-four-unit rentals, combined with its knowledge of available aid programs, made the Flats Initiative a key intermediary between available government assistance programs and small landlords.

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## BOX 1

### Political Context

The pandemic and its aftermath demanded a large-scale policy response to protect households from displacement and eviction. Reflecting on the programs that policymakers put forth, and how the organizations I studied here interacted with those programs, I identify several critical pieces of political context that should inform responses to future crises:

- It is crucial for organizations assisting renters across multiple municipalities or counties to understand local differences in tenant law and eviction and foreclosure regulation.
- For renters or owners in crisis, navigating various public response options and state and local funds during emergencies can be difficult; trained counselors can help emergency recipients wade through options.
- The ERA response to the pandemic was meant to be an emergency service for those most in crisis and was not meant to solve long-term housing stability. Assistance organizations could be a place for referrals to long-term case management, but in instances without a source of rental assistance, long-term stability may not be possible.

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## Policy Context and Considerations

The \$47 billion in ERA that Congress made available was a critical resource for the many households facing pandemic-related economic shocks. During implementation, there were challenges in ensuring that funds made it to the households most in need and ensuring that access to emergency assistance could stabilize households who had already fallen behind. An effective and equitable distribution of ERA funds required innovative responses from local organizations. Drawing from the approaches the CEDP and NHS's Flats Initiative took, several best practices emerge. First, during emergency responses, combining both monetary and legal assistance is necessary to stabilize tenants, and they are not as effective on their own. Second, a whole-of-tenant approach—as opposed to service that ends after handing out checks or going to court—increases the likelihood of long-term stability. And finally, drawing on existing infrastructure that can be easily expanded and deployed during crises is critical to responding in a timely manner and meeting emergency housing needs.

The pandemic illuminated a cycle of housing instability that may often be caused by poverty but that also serves to deepen and entrench poverty with potential generational impacts. Given decades of racism and inequality in home mortgage access, wages, and the labor market, the tenants and owners of rental housing most at risk of instability are often people of color and households with few financial resources to draw on. Addressing these systemic issues requires a systemic response, both immediately and in the years to come, as housing instability continues to affect millions of households each year.<sup>3</sup>

Organizations such as the CEDP and NHS have created models for new housing stabilization practices with this systemic lens. The CEDP model, like other pandemic-era innovations, such as eviction diversion programs, shows that multiple interventions are needed to improve a tenant's housing stability and that financial assistance is a critical component for success (Treskon et al. 2021). For that reason, tenants facing housing precarity and their service providers need ongoing sources of emergency financial aid. With federal emergency rental assistance winding down and the end of the public health emergency in sight, this takes on more urgency. NHS's experience shows the importance of local organizations with long-standing community ties and understanding of local needs to influence program design, outreach, and implementation, especially when the program originates at the federal level.

To ensure that everyone has a stable home and that the rental housing market creates opportunities for small mom-and-pop landlords, local policies, such as the following, must support organizations like the CEDP and NHS:

- **Offer emergency rental assistance programs with options for multiple tiers of support.** The CEDP worked within an ecosystem of ERA providers across Colorado's Front Range who triaged clients, referring those with the most urgent and critical housing instability risks to the CEDP. The CEDP's services are resource intensive, offering ERA combined with legal assistance and other whole-of-tenant service supports, but are used only for tenants with the most urgent needs.
- **Partner with organizations who are trusted by the local community for ERA distribution.** NHS understands the needs of small rental housing owners in the Chicago neighborhoods they serve, allowing them to reach owners who may not have known about ERA assistance, stabilize these owners, and provide critical opportunities for wealth creation. State and local program requirements often make it difficult for small nonprofit organizations trusted by local community members to work with these programs. State and local administrators can lower barriers to ensure important connections to such organizations, such as by establishing common online data systems for handling intake applications and initiating partnerships.<sup>4</sup>
- **Continue emergency rental assistance for tenants facing housing precarity.** Despite the easing of the public health crisis, tenants continue to face difficulty securing and retaining stable housing because of historically high rental prices in many markets and wage growth that has not kept pace with rent price growth. Financial assistance is a critical part of any comprehensive program to increase tenant housing stability. A small public investment in



emergency funds can limit public expenditures on the varied costs of eviction and homelessness in the long run (Elliott and Kalish 2017).

## Notes

- <sup>1</sup> Laurie Goodman and Jung Hyun Choi, “Black and Hispanic Landlords Are Facing Great Financial Struggles Because of the COVID-19 Pandemic. They Also Support Their Tenants at Higher Rates,” *Urban Wire* (blog), Urban Institute, September 4, 2020, <https://www.urban.org/urban-wire/black-and-hispanic-landlords-are-facing-great-financial-struggles-because-covid-19-pandemic-they-also-support-their-tenants-higher-rates>.
- <sup>2</sup> US Department of Housing and Urban Development, “HUD and Census Bureau Release Findings of 2021 Rental Housing Finance Survey,” press release, November, 29, 2022, [https://www.hud.gov/press/press\\_releases\\_media\\_advisories/HUD\\_No\\_22\\_242](https://www.hud.gov/press/press_releases_media_advisories/HUD_No_22_242).
- <sup>3</sup> Laurie Goodman and Bhargavi Ganesh, “Low-Income Homeowners Are as Burdened by Housing Costs as Renters,” *Urban Wire* (blog), Urban Institute, June 15, 2017, <https://www.urban.org/urban-wire/low-income-homeowners-are-burdened-housing-costs-renters>.
- <sup>4</sup> Monique King-Viehland and Mikaela Tajo, “How Partnerships Can Lead to Emergency Rental Assistance Program Success,” *Urban Wire* (blog), Urban Institute, January 24, 2022, <https://www.urban.org/urban-wire/how-partnerships-can-lead-emergency-rental-assistance-program-success>.

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# Acknowledgments

This brief was funded by JPMorgan Chase & Co. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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The Urban Institute is collaborating with JPMorgan Chase to inform and catalyze a data-driven and inclusive economic recovery. The goals of the collaboration include generating cross-sector, place-based insights to guide local decisionmakers, using data and evidence to help advise JPMorgan Chase on the firm’s philanthropic strategy, and conducting new research to advance the broader fields of policy, philanthropy, and practice. This case study highlights lessons learned from grantees in the Housing Innovation Program, an initiative working to identify, test, and scale housing innovations to address the ongoing housing crisis and advance stability and affordability for Black, Latinx, Hispanic, and other households of color.



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