Understanding and Responding to the Economic Stress of Homeowners and Renters in the Time of COVID-19

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About Reinvestment Fund

• Our mission is to create opportunity for underserved people and places through partnerships. We marshal the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities.

• Since 1985, Reinvestment Fund has made $2.3 billion in cumulative investments and loans.

• Policy Solutions team has expertise in residential market conditions, equitable development, fair housing, mortgage foreclosures, evictions, food access, and arts and culture.
Estimating COVID-19 Impact on mortgage assistance demand
The role of unemployment
Unemployment Rate in Pennsylvania, 2000-2020 (Mar)

Unemployment Rate in Pennsylvania, 2000-2020 (P-Mar), NSA

≈Today?
Quarterly Number of HEMAP Applications, 2000 – 2019 Statewide

Number of HEMAP Applications by Year and Quarter

Year / Quarter

Number of Applications

- Pre-
- Post-
A regression analysis shows that for each 1% increase in the unemployment rate there are an estimated 384.17 additional HEMAP applications filed per quarter. This result is statistically significant.
Simple Linear Projections

Estimated quarterly number of HEMAP Applications

- If unemployment hits 10% ≈ 2,779 applications
- If unemployment hits 20% ≈ 6,620 applications
- If unemployment hits 30% ≈ 10,463 applications

If the State’s unemployment rate hits 10%, the expected quarterly number of applications would exceed any quarter in the Post-Housing Crisis period. At 20%, it would exceed all post-2000 HEMAP history.
Estimating COVID-19 Impact on Renters
Purpose and Logic of Analysis

In order to request ample resources to address the problem: *What will the financial impact of COVID-19 be on peoples’ ability to pay their rent?*

- What are the pre-COVID levels of cost burden?

- If you hypothetically impair renters’ incomes by a given level, what will the cost burdens look like?

- Given income impairment, what is the aggregate difference in funds needed to leave people in *the same circumstance as they were pre-COVID-19* (recognizing that many were already burdened)?

Notes: (1) American Community Survey Data (2) We excluded households with incomes > $100,000 due to state program targets.
Expected *Monthly* Income Shortfall for Allegheny County Renters Associated with COVID-19

![Graph showing the expected COVID-19 cost burden impairment with 10% and 20% income reduction by income strata.](image-url)
Allegheny County

- $2.5-$5.6 million for households with income between $20,000 and $99,999
- $3.7-$7.9 million for households with incomes under $100,000
Eviction Filings and Filing Rate 2010-2019

MUNICIPAL COURT AND ACS 1-YEAR ESTIMATES

Evictions Filings
Eviction Filing Rate

2010: 22,126 (8.4%), 22,868 (8.6%)
2011: 22,962 (8.3%), 22,131 (7.8%)
2012: 22,962 (8.3%), 22,436 (8.1%)
2013: 20,751 (7.5%), 20,947 (7.5%)
2014: 20,947 (7.5%), 20,682 (6.7%)
2015: 20,682 (6.7%), 18,641 (6.5%)
2016: 18,892 (6.6%), 18,892 (6.6%)
Evictions Filings, 2018-2019, and High Black and Hispanic Areas
Eviction Rate with COVID-19 Hospitalization Rate by Zip Code
Employment Risk with Evictions
Employment Risk with COVID-19 Hospitalization Rate
Addressing COVID-19 Impact on Housing
Shortcomings of Current PA Rental Assistance Program

- $750 cap doesn’t cover rents in many areas
- Requirement that tenants be 30 days past due discourages those worried about “record”
- Restrictions on late fees/eviction/etc. discourage landlords from approving requests.

"In Philadelphia, two-thirds of the more than 10,000 applications submitted so far cannot move forward because they come from tenants whose landlords will not participate"
Highlights from Foreclosure Diversion Evaluation

- 65%-70% of all eligible homeowners participated in the process

- Of those that participated, > 30% achieved some form of Agreement

- Of those that achieved an Agreement, more than 85% remained in their homes approximately two-plus years post-Agreement
Factors in Foreclosure Diversion Success Relevant to Evictions

- Not everything requires legislation; administrative actions can allow for constructive evolution of practice;

- Cannot underestimate the importance of leadership, establishing trust and building long-term relationships

- Appropriateness of resources
  - Counselors worked with nearly all homeowners
  - Lawyers available for case consultation, complex cases and specific situations
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