



REINVESTMENT
FUND



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

September 2020

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.

Business Lines

Lending and
Investing



Policy
Solutions



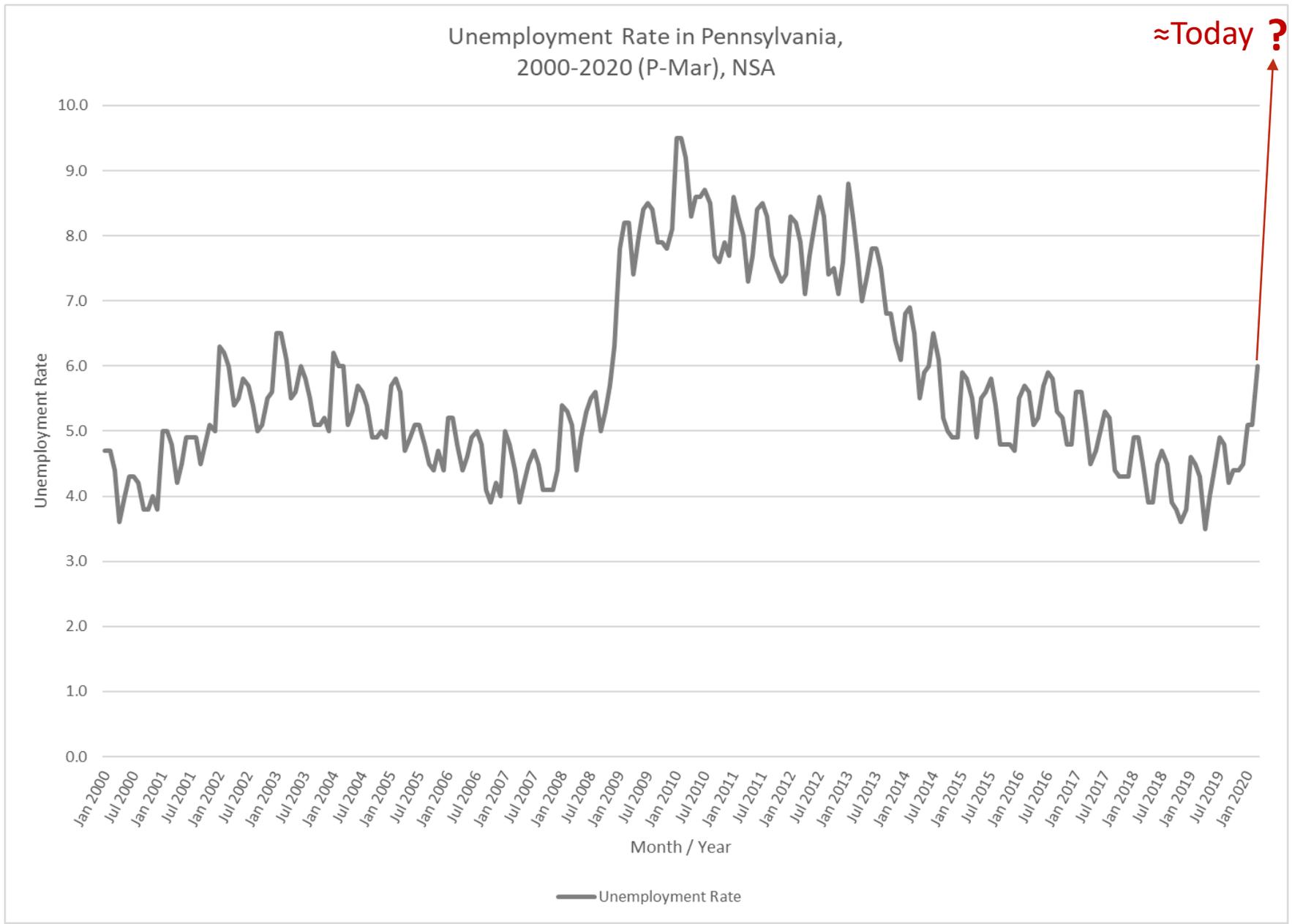
Programs



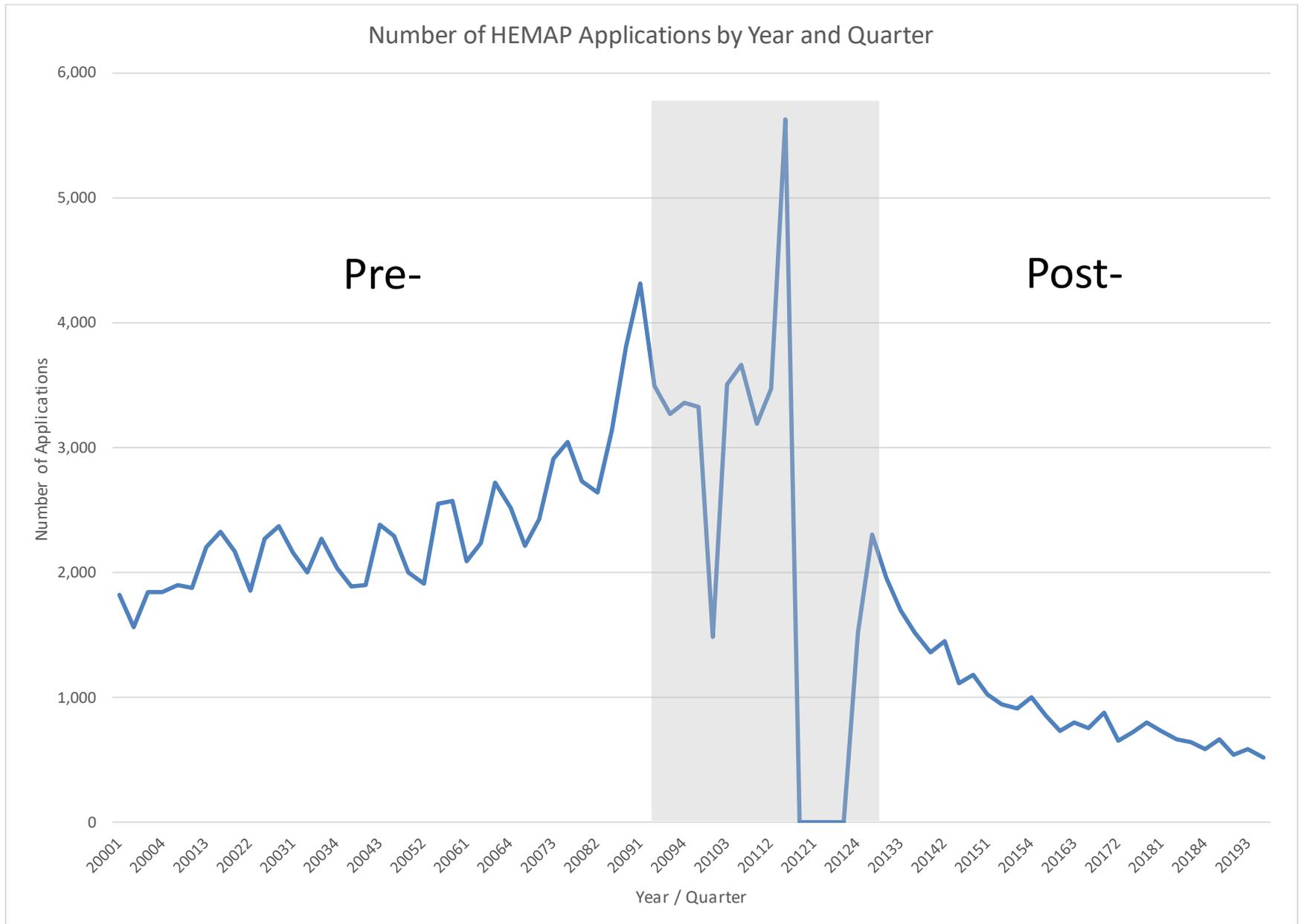
Estimating COVID-19 Impact on mortgage assistance demand The role of unemployment



Unemployment Rate in Pennsylvania, 2000-2020 (Mar)



Quarterly Number of HEMAP Applications, 2000 – 2019 Statewide



Regression Results, Post-

Coefficients^{a,b}

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			
	B	Std. Error	Beta			Zero-order	Partial	Part	
1	(Constant)	-1063.261	170.223		-6.246	.000			
	Unemp Rt	384.170	31.043	.922	12.376	.000	.922	.922	.922

a. Dependent Variable: N_Apps

b. Selecting only cases for which PrePost = 1.00

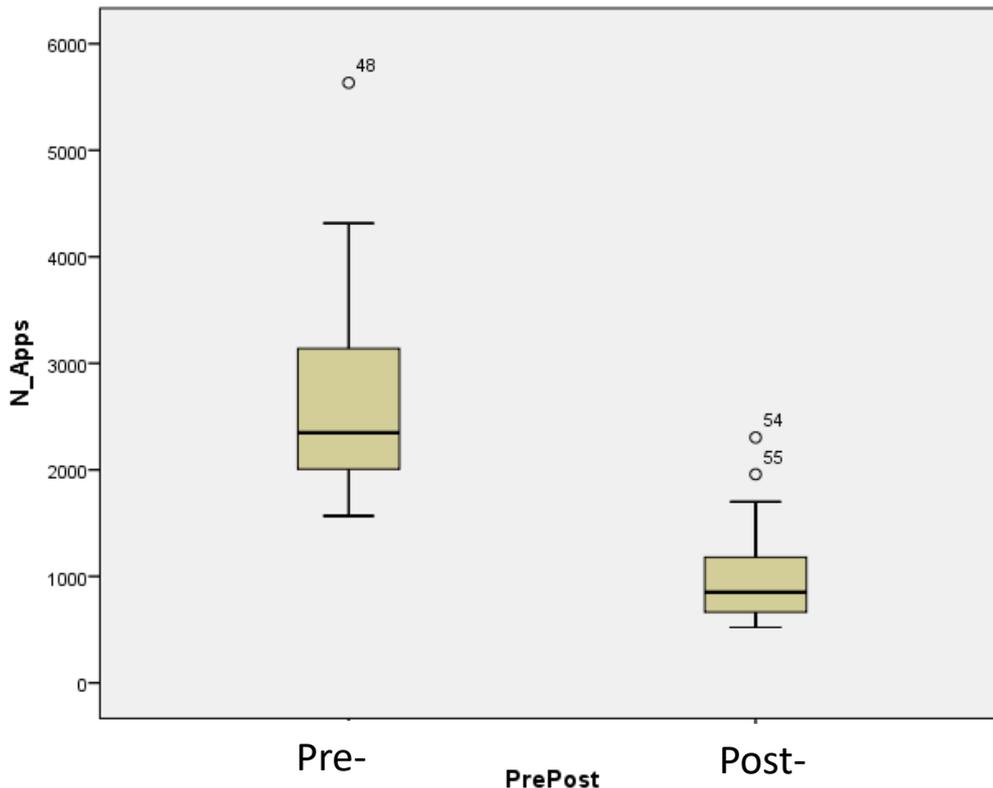
Adjusted R² = .845

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% \approx 2,779 applications
- *If* unemployment hits 20% \approx 6,620 applications
- *If* unemployment hits 30% \approx 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

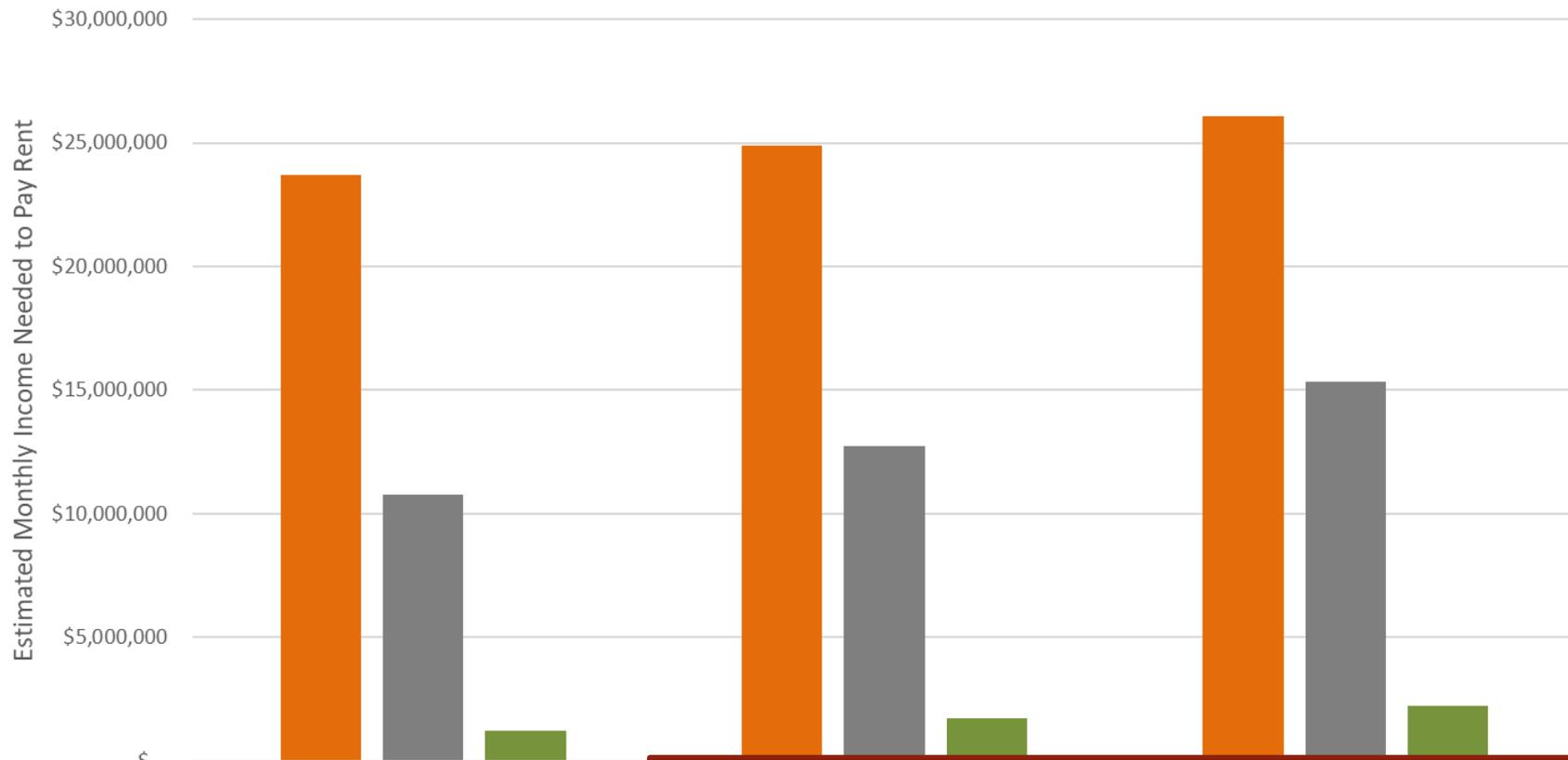
In order to request ample resources to address the problem:
What will the financial impact of COVID-19 be on peoples' ability to pay their rent?

- 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

Allegheny County Expected COVID-19 Cost Burden Impairment with 10% and 20% Income Reduction by Income Strata



	Current Shortfall (Pre-Covid)	10% Reduced Income	20% Reduced Income
Under \$20k	\$23,698,555	\$24,882,101	\$26,065,648
\$20k-\$49.9k	\$10,765,280	\$12,753,597	\$15,341,914
\$50k-\$99.9k	\$1,243,095	\$1,740,112	\$2,237,129

Current, 10% and 20% Income Reduction

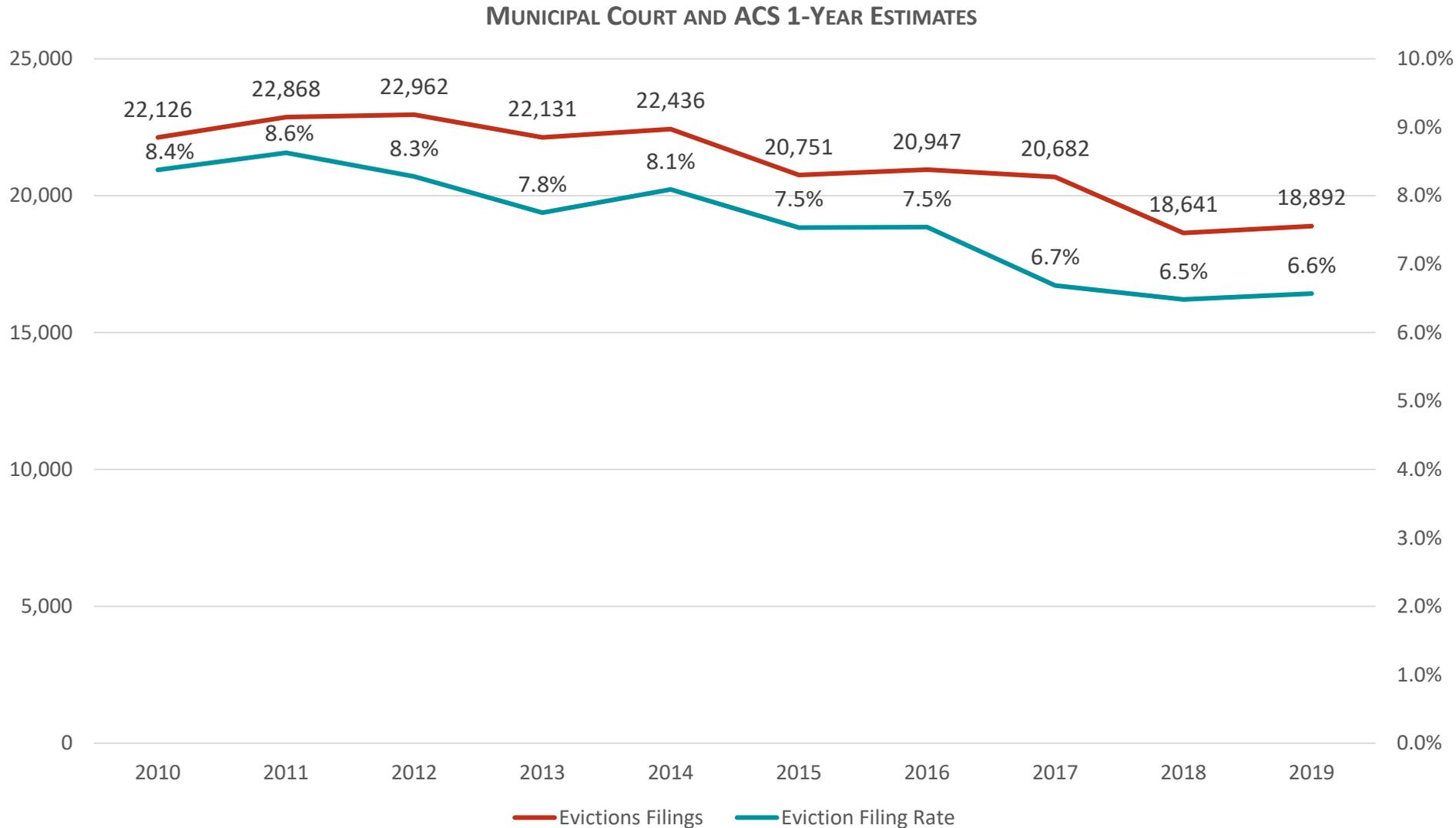
■ Under \$20k
 ■ \$20k-\$49.9k
 ■ \$50k-\$99.9k

Allegheny County

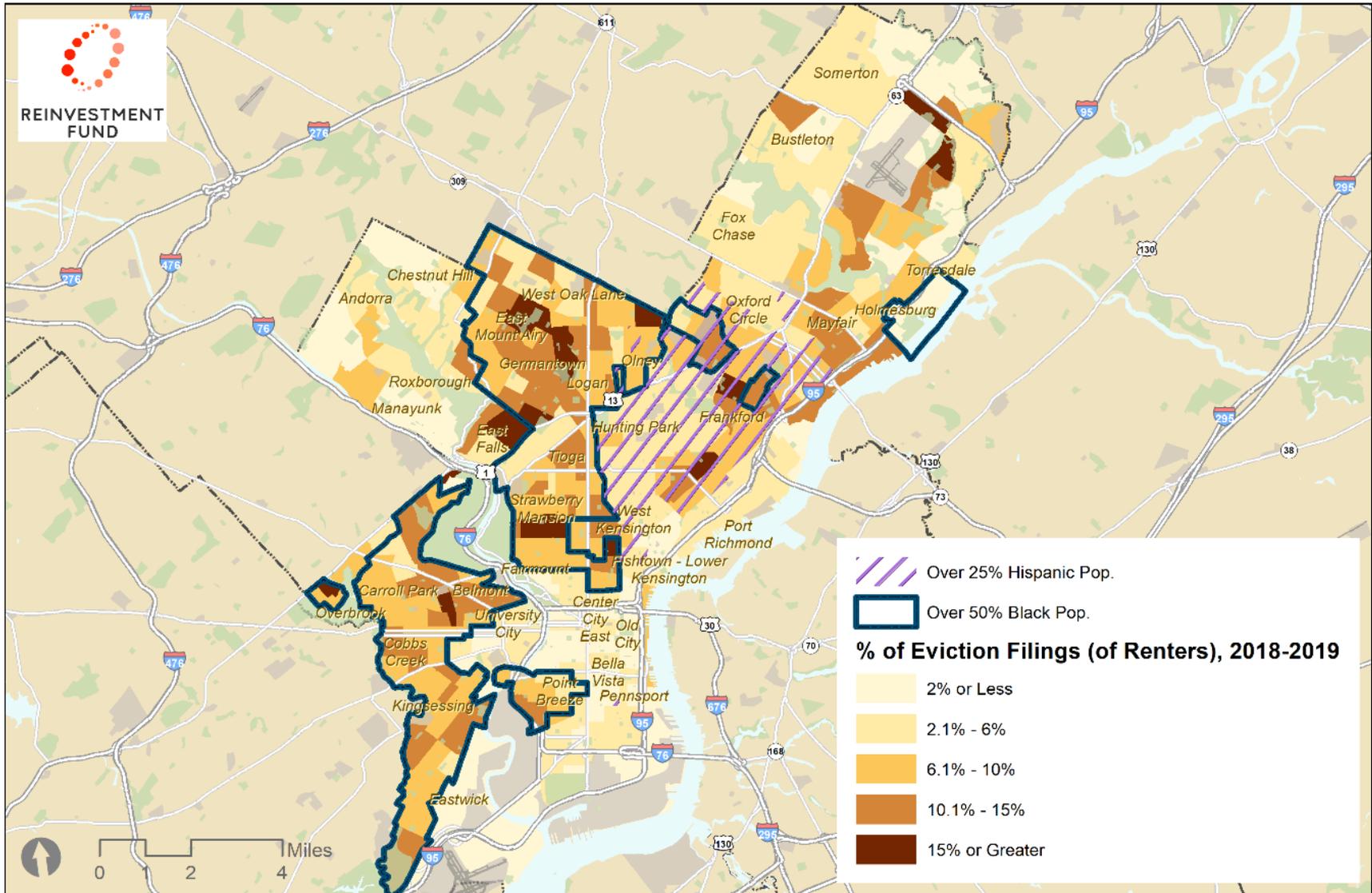
- **\$2.5-\$5.6** million for households with income between \$20,000 and \$99,999
- **\$3.7-\$7.9** million for households with incomes under \$100,000



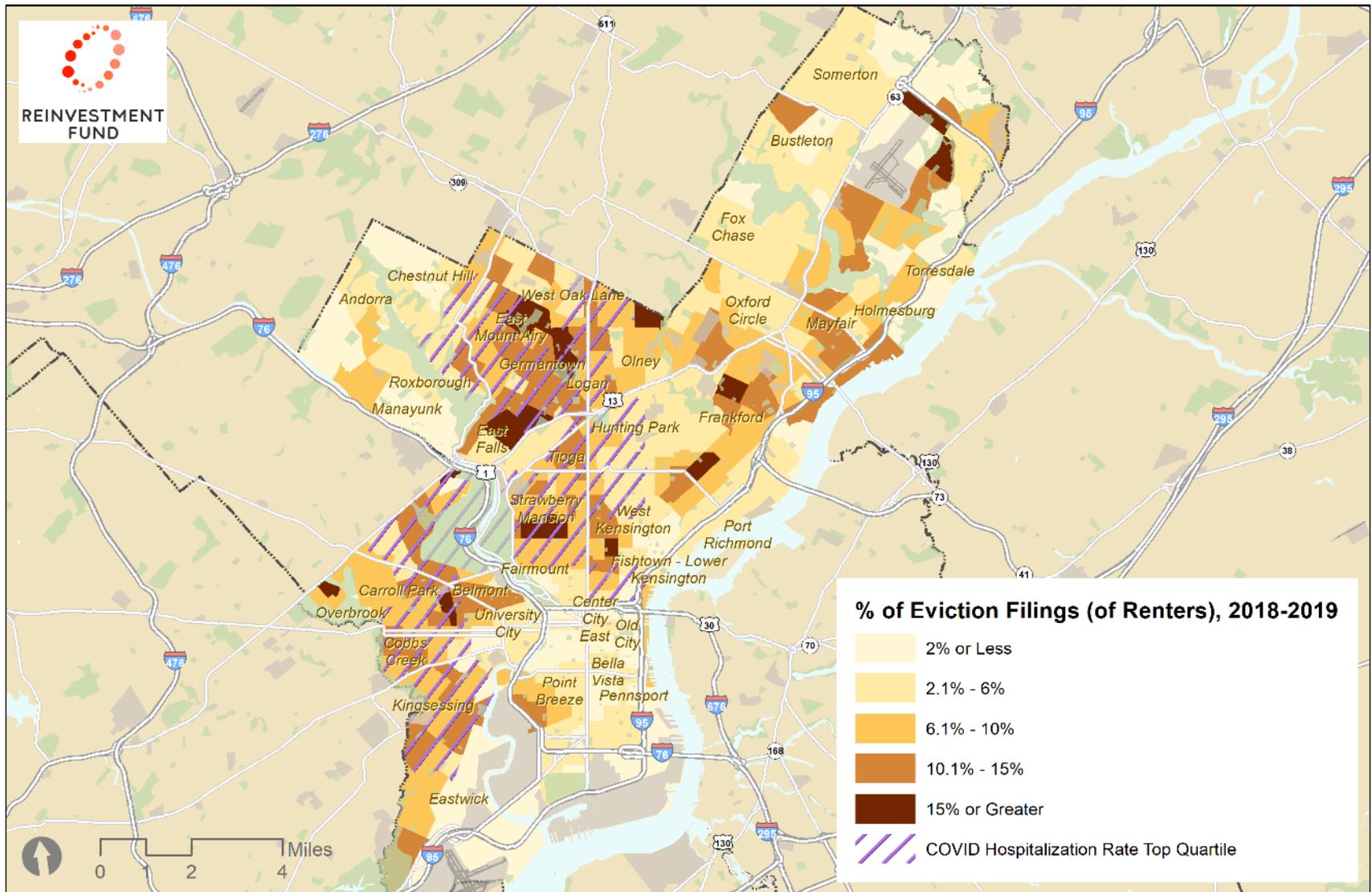
Eviction Filings and Filing Rate 2010-2019



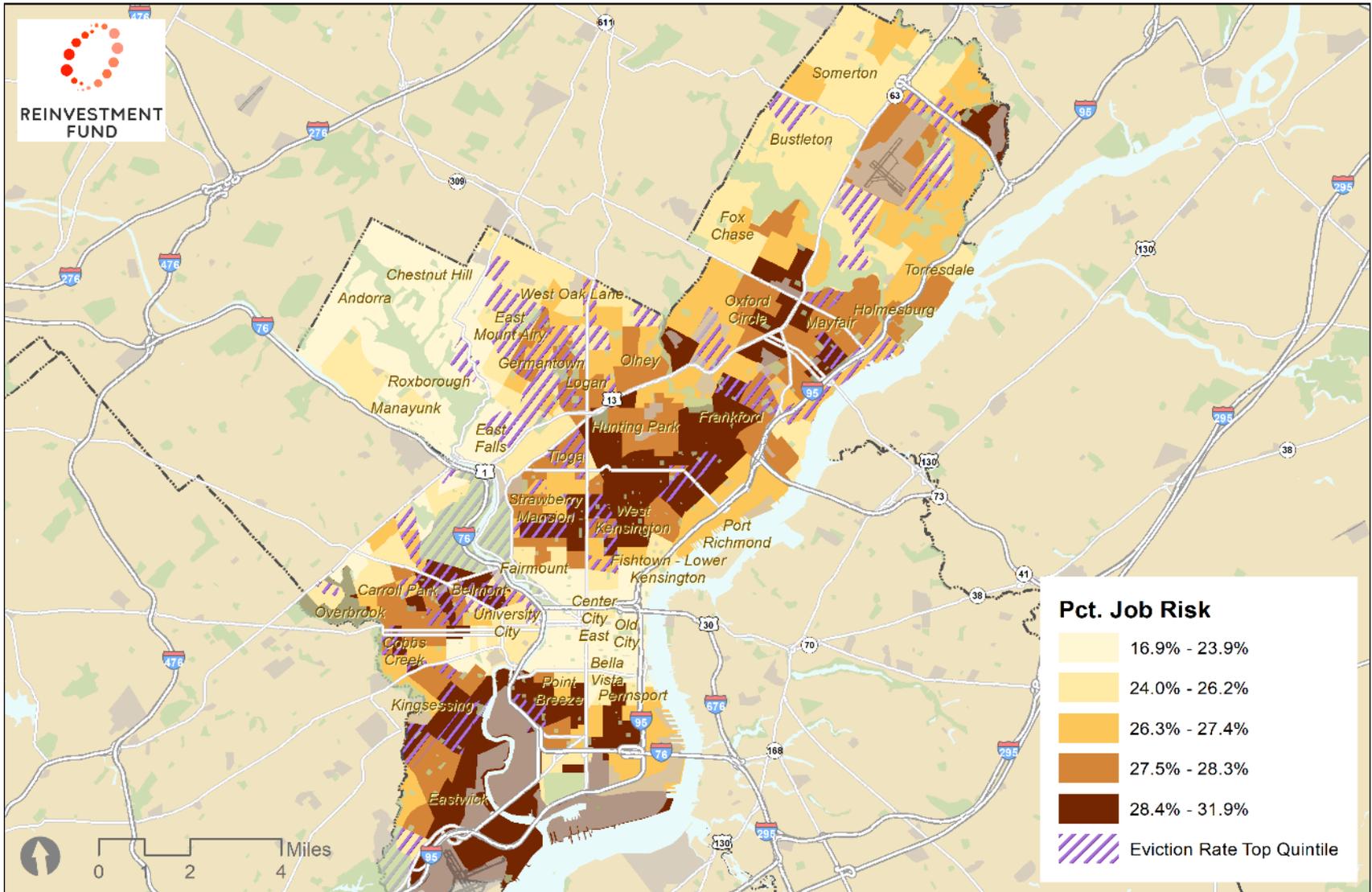
Evictions Filings, 2018-2019, and High Black and Hispanic Areas



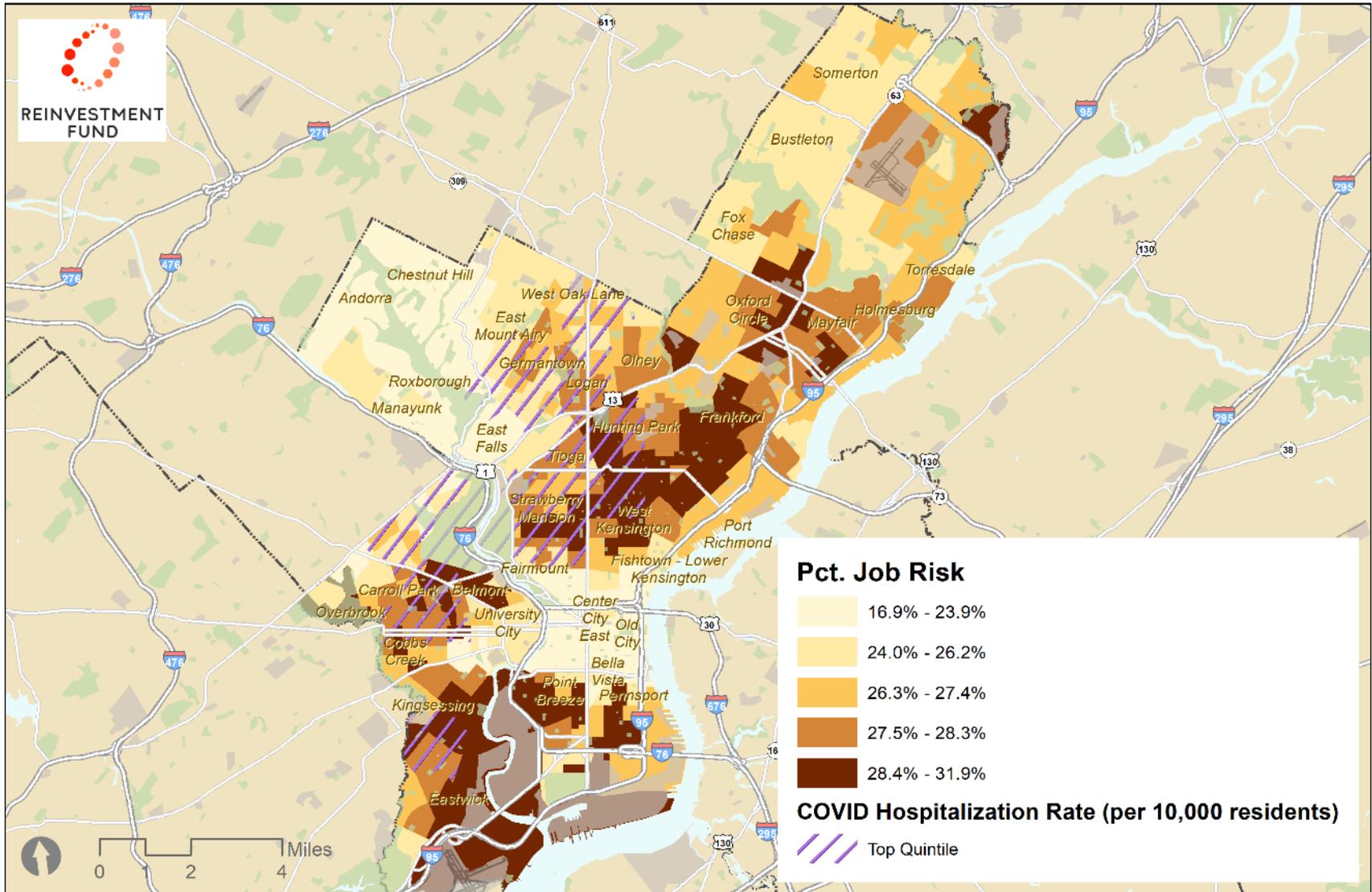
Eviction Rate with COVID-19 Hospitalization Rate by Zip Code



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



Contact Information

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