New CDC Eviction Moratorium Key Messages

Latest Action:

- **On August 3, the CDC Director issued a new federal eviction moratorium – this time a two-month extension that runs through Oct 3.**
    - **Key elements of the previous order remain, but it is limited to counties with elevated, community transmission rates of COVID-19.**
        - **Transmission rates could change daily, causing mass confusion**
    - **Congress' inability to pass eviction moratorium legislation at the end of July likely contributed to the Administration's actions.**
    - **The new CDC order may be challenged through the courts.**
    - **Given the shaky legal ground, we fully expect Congress to revisit a longer extension when they return in September.**

Key Messages:

- We've been in this crisis for well over a year and federal rental assistance didn't arrive until December – we need to ensure that money enough money is allocated and that it reaches those who need it most.
- We must make both rental housing providers and renters whole again.
- The allocated rental assistance dollars are critical steps forward but not enough in current form.
    - Slow distribution of funds – only $3B have been distributed as of June (Treasury)
    - Not enough funds allocated to cover total rent debt
- The meter is still running on rent debt – given recent estimates, there could be upwards of $26.6 billion in rent debt that has no federal rental assistance to cover it.
    - $57 billion at end of 2020 (Urban Institute) + $8 billion in Q1 2021 (MBA) + estimated $8 billion in Q2 2021 (MBA, Q2 numbers expected soon) = $73 billion total
    - $73 billion - $~46 billion in rental assistance = $26 billion
    - This number only continues to grow with a moratorium in effect.
- Eviction is always a measure of last resort – housing providers want residents in their homes and have worked with them even absent federal government assistance.
- Instead of moratoriums, we are advocating for policies that keep residents in their homes both now and in the long-term – direct rental assistance.

<u>Extension of the Eviction Moratorium:</u>

- The government should abide by their words and let this policy expire.
    - NAA remains fundamentally opposed to eviction moratoria - flawed eviction moratoriums leave renters with insurmountable debt and housing providers holding the bag as our nation's housing affordability crisis spirals into a housing affordability disaster.
- Given recent estimates, by the end of Q2, there could be a collective $26.6 billion in rent debt **that has no federal rental assistance to cover it,** underscoring the devastating impact that this moratorium causes every day that it remains in effect.
- When the moratorium ends, **there won't be a tsunami of evictions that many suggest.**
    - Filings don't equal eviction
    - Court backlog will prevent tsunami of evictions
    - Rental assistance getting distributed will prevent many of these cases from the courts
- There is not an incentive to evict residents who are communicating and working with their housing provider – evictions take time and money, and ultimately leave providers with an empty unit to turnover, market and sell (which costs even more money).
- An eviction also doesn't mean a housing provider will automatically receive the money that they are owed.
- **NAA encourages both housing providers and residents to proactively communicate whenever possible to avoid an eviction action.**
- **Though we broadly support voluntary eviction diversion programs, we do not agree with mandated participation.**

    - Housing providers need to maintain the ability to make business decisions and should not be forced to delay the only legal process to reclaim their property while continuing to lose rent.
- Evictions are ultimately a symptom of our nation's housing affordability crisis.
- Instead of waiting to help renters until after an eviction is filed, NAA believes that resources and policies should be focused on helping before it gets to that point through early intervention.
- **NAA has and will continue to combat the housing affordability crisis by advocating for sustainable solutions.**
    - Choice in Affordable Housing Act
    - Yes In My Backward (YIMBY) Act
    - Build More Housing Near Transit Act
    - Promoting Affordable Housing Near Transit Act

Explain How Eviction Moratoria Hurt Affordable Housing:

- Small mom-and-pop owners are our industry's backbone; despite misconceptions, they actually account for more than half of the nation's rental housing stock and many of their units are naturally-occurring affordable housing.
    - They've been trying to weather an unprecedented storm since March and are on a financial cliff. Many are running out of reserves that were already extremely limited to begin with
- Small margin business – only 10 cents of each dollar is profit (38 cents mortgage; 14 cents property taxes; 16 cents operating expenses; 10 cents payroll; 12 cents capital expenses)
- There's a misconception that small mom-and-pop owners are the exception; in fact, they are the majority, owning more than 50% of the nation's rental housing stock (22.1 million units)
- About 30% of mom-and-pop landlords are considered low- to moderate-income, meaning they make less than $50,000 per year (2020 report by Brookings).
- This needs to end at some point - the longer these policies stay, the more we jeopardize housing affordability.
    - This is already being felt across the industry - 30% of single-family rental home property owners say they will be forced to tighten standards when evaluating future rental applications; 11% forced to sell at least one of their properties; and 12% forced to sell all their properties. (National Rental Home Council)
- Simply put, eviction moratoria permanently jeopardize safe, affordable housing stock.

<u>Rental Assistance Distribution:</u>

- **Recent Treasury data shows that only slightly more than $3 billion of ERA1 funds (allocated in December) have reached renters as of June 31. ERA2 stats are not yet available.**
- Direct renter assistance is the only solution that keeps people in their homes, addresses massive debt and preserves housing for the next generation
- Grantee programs vary widely across jurisdictions, so much so that programs within the same state could be significantly different.
- While each state and locality manages this differently, there are numerous elements of programs that have proven effective:
    - Allow owners to apply on behalf of their residents (with written permission). *States like Indiana and some localities in California don't allow this.*
    - Minimize the amount of paperwork a resident must submit.
    - Pay the owner directly and provide opportunities for them to inquire about the status / process.
    - Accept applications in many forms (electronic, paper, etc.)
    - Ensure that property owners receive the full amount they're owed in back rent. *States like California don't have this.*