

03

RENT RELIEF PROGRAMS

COVID-19 Rent Relief and Other Landlord-Tenant Assistance Programs

Karisa Caracol

Portland State University

Karisa Caracol is a Master of Real Estate Development (MRED) student at Portland State University and a Multi-Family Northwest (MFNW) Student Fellow

The Covid-19 pandemic has led to unprecedented declines in economic activity and household incomes in the United States, which in turn, has had significant impacts on multi-family housing. In this article, we will look at the Federal programs to provide rent relief during the pandemic and the efforts by the states of Oregon, Washington, Colorado, and Arizona to implement those federal programs.

According to an October 2020 study conducted by the Federal Reserve Bank of Philadelphia, of 32 million renter households with at least one worker in February 2020, 7.5 million (23.5 percent) have experienced some unemployment between March 2020 and August 2020 (Reed and Divringi). The study estimates nearly 1.34 million households, or 4.2% of renter households will owe \$7.2 million (approximately \$5400 per household) by December 2020 when the national moratorium is over. Rental assistance is crucial for Americans to remain in their homes. On March 13, 2020, President Trump issued a proclamation and declared the COVID-19 outbreak in the United States a national emergency beginning March 1, 2020. Two weeks later he signed the Coronavirus Aid, Relief, and Economic Security Act into law, providing over \$2 trillion in economic assistance to American families, small businesses, and state, local and tribal governments. In response to the pandemic, many state and local organizations have expanded or created programs to provide housing assistance to those that have been financially impacted.

The CARES Act provides three main funding groups for emergency rental assistance; Community Development Block Grants (CDBG-CV), Coronavirus Relief Fund (CRF), and Emergency Solutions Grants (ESG-CV). The CDBG-CV is administered by HUD and can provide up to six months of emergency housing assistance. HUD initially allocated \$2 billion on 4/2/2020. Round 2 allocated \$1 billion by 5/11/2020 and Round 3 funds of \$1.99 billion must be committed by 9/30/22 (see fy2020-CARES). The Dept of Treasury-administered CRF received \$150 billion, all of which need to be used by 12/30/20 (see Interim Report). \$3.96 billion was allocated for ESG-CV, which is primarily for homelessness response, but eviction prevention is an allowable use. States do not oversee programs and funds are disbursed through community action agencies.

ELIGIBILITY REQUIREMENTS

Eligibility requirements vary by program, but most require proof of household income, proof of residency, proof of rent or utilities and explanation of financial hardship. Household incomes in Crook, Deschutes (which includes Bend), Jefferson and Multnomah counties and Confederated Tribes of Warm Springs must not exceed 80% of Area Median Income (AMI) while household income in Arizona cannot exceed 100% of AMI. Arizona tenants must submit documentation proving 10% loss of income due to COVID-19, but a self-certified letter is acceptable. CDBG-CV typically requires income not exceed 80% of AMI while CRF does not have income limits.

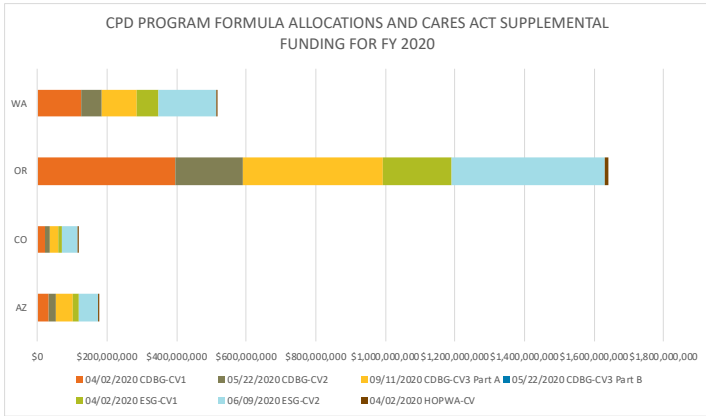
The King County Eviction Prevention and Rent Assistance Program seems to have the strictest rules. Income needs to be at or below 50% of AMI for the past 60 days and at least one month of rent is either not paid or partially unpaid since March 1, 2020. Tenants can self-certify if third-party documents are not available. Additionally, one of the following must be met: 50% or more of monthly income is needed to pay rent, tenant has been homeless within last 5 years, tenant has been evicted within last 7 years, had housing disruption due to race, ethnicity, gender identity, sexual orientation or religion, is 62 years or older, has underlying health condition, or is disabled (HIV/AIDS qualifies). Landlords must accept up to 3 months discounted rent at 80%, must not terminate or raise rent until 3/31/2020, and rental debt more than 3 months must be forgiven.

ASSISTANCE DURATION & PAYMENT AMOUNTS

Multnomah County (Portland) and King County (Seattle) residents can receive up to 3 months of rental assistance; Multnomah County prioritizes rent due on and after 10/1/2020 while King County funds cannot pay future rent. In Phoenix tenants can receive a one-time assistance payment for rent or mortgage up to \$3300, utilities up to \$600 and water up to \$300. Through Arizona's program, eligible households pay 30% of monthly gross income while the program pays for monthly rent balance up to \$2000. Applicants can either apply online or by calling 211 and processing can take up to 90-120 days. Tenants can reapply once their initial application is marked "Approved and Closed", and it has been 30 days after the initial application submission.

CPD PROGRAM FORMULA ALLOCATIONS AND CARES ACT SUPPLEMENTAL FUNDING FOR FY 2020

ALLOCATION & DISTRIBUTION

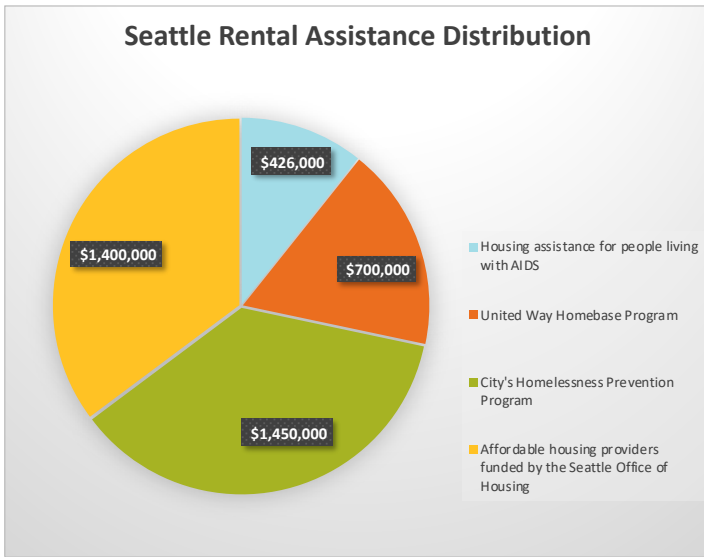


Some programs provide rent assistance directly to the landlord. Colorado has a unique Property Owner Preservation (POP) Program which received \$19.65M from CRF when House Bill 20-1410 was signed. Landlords can apply for rent arrear assistance on behalf of their tenants who have been impacted by COVID-19 on or after March 1, 2020 and can apply more than once if the tenant still has a need. Owners who are legally related to the tenant cannot apply for this program; tenants must request assistance from the Emergency Housing Assistance Program (EHAP) through a local agency.

A list of requirements must be met in order to qualify for the POP program. The tenant must attest in writing their need for rental assistance due to COVID-19 and that they have not received other assistance. The rent must be below the Maximum Rent for the number of bedrooms in a specified county per Department of Local Affairs (DOLA) Division of Housing table. The property owner must register online or by paper application, certify housing quality standards, execute a Housing Assistance Payment (HAP) agreement with the State of Colorado, and complete a W-9 form. The property must not be in foreclosure and all property taxes must be paid. King County has allocated \$41 million to the Eviction Prevention and Rent Assistance Program, while the Oregon Legislature has dedicated \$15 million in Energy Assistance Stability Coronavirus Relief Program (EASCR) and \$60 million in COVID-19 Rent Relief Program (CVRRP), \$25 million of which is from the CARES Act. \$11.3 million of CVRRP will be distributed through the (Short Term Rental Assistance) community of 19 partners, \$5 million through 211info and Bienestar de la Familia (a Multnomah program for Latino and African immigrant communities) and \$4.5 million through Portland Housing Bureau’s providers, prioritizing BIPOC and disabled residents.

The Oregon Legislature allocated \$60 million to the CVRRP in June; however, as of October 2nd approximately 38% of the funds had been distributed to 7,431 households statewide according to an Oregon Housing and Community Services report (Goldberg). According to the news coverage, Multnomah County had distributed 16% and committed an additional 11% of its \$11.7 million, and Clackamas County had distributed 8% and committed an additional 15% of its

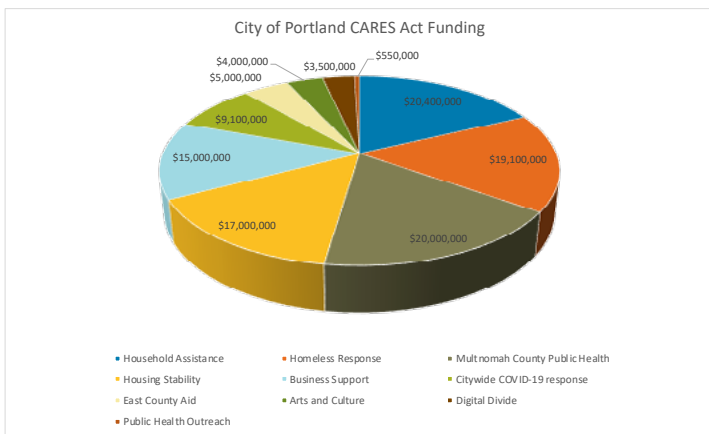
SEATTLE PIE CHART



\$3.3 million. These percentages from the metropolitan Portland area seem low compared to those of the community action agencies serving the Deschutes, Jefferson, and Crook counties and Confederated Tribes of Warm Springs, who had already distributed 75% of its \$3.1 million in early October. Since funds were provided through CRF monies need to be distributed by December 30 or they will be forfeited.

On a local level, the City of Portland received \$114 million in federal CARES ACT funds for COVID-19 related expenses incurred between March 31 – December 30. In July the City approved allocating 90% of the funds while reserving some for emergency response expenses (see Portland pie chart). In May, the Seattle City Council approved the allocation of almost \$4 million to help families and individuals who haven't been able to pay their rent due to COVID-19. See Seattle pie chart for distribution of resources (Hightower). Out of the \$126.8 million Denver received from CRF, \$4 million has been allocated to rent and utility assistance.

CITY OF PORTLAND CARES ACT FUNDING

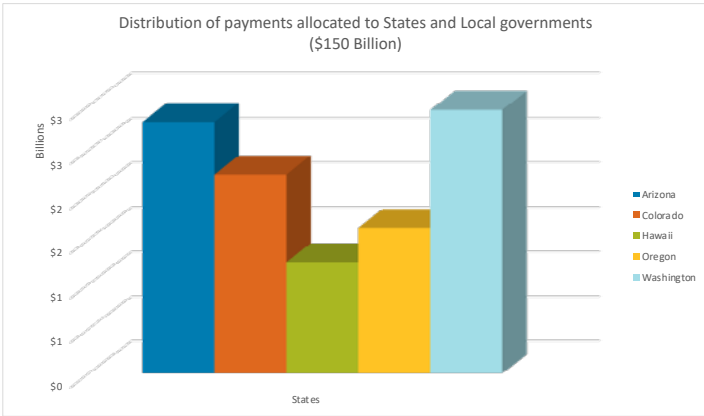


Tenants and small landlords applying for the King County EPRAP will be chosen by a weekly lottery. If they are selected, the community action agency will assist in completing the application, and tenants should be notified within 2 weeks. Tenants will remain in the lottery each week if not selected. Arizona's program is on a first come first served basis and application processing can take up to 90-120 days. First come first served distribution may provide funds quicker, but it may help English-speaking households who have access to technology and the internet. The lottery system may be a more equitable way to distribute funds. Some programs prioritize BIPOC households. 211info.org serves Oregon and SW counties and the website is available in Spanish, Arabic, Russian, Chinese and Vietnamese. Information on the King County EPRAP is available in over 25 languages. Additionally, application assistance and interpreters through partner organizations are available to overcome language and technology barriers.

OTHER SUBSIDIES

Many Oregon electricity, natural gas, internet and telecommunications providers are suspending service disconnects and waiving late fees. Charter and Comcast cable systems are offering free internet access for 60 days. Portland COVID-19 Household Assistance Program (CVHAP) is providing \$500 prepaid VISA cards for

DISTRIBUTION OF PAYMENTS ALLOCATED TO STATES AND LOCAL GOVERNMENTS (\$150 BILLION)



households whose income does not exceed 80% of AMI. Seattle Public Utilities and Seattle City Light are offering utility payment relief and discounts for household incomes that do not exceed 70% of the state’s median income. Residential and commercial customers who have been impacted by COVID-19 can request a payment plan, and residential customers who do not exceed income limits can apply for enrollment in the Utility Discount Program. Participants can receive a 60% discount on their Seattle City Light bill and a 50% discount on their Seattle Public Utilities bill.

Rental assistance provided by the CARES Act is a good start, but more help is needed. According to data compiled by Multifamily NW, 12% to 15% of Oregon renters could not keep up with rent payments during the pandemic (Goldberg). If tenants are unable to pay rent, it trickles up and landlords don’t get the income they need to cover expenses. Many property owners are small landlords with one or two units and do not have the funds to finance their tenants housing. For some landlords, rental income is their retirement. Out of the 380 housing providers surveyed by Multifamily NW, 180 provided narrative responses. One landlord indicated the tenant has decided not to pay rent because she “CAN” and wasn’t interested in paying her rent. I am a small landlord with rental properties in Hawaii and Washington and am thankful for the November and December rent check a Hawaii community action agency has prepared due to my tenant’s loss of income.

It is extremely concerning what will happen once the eviction moratorium is over. How long will the pandemic last and how many households will be displaced? Will small landlords be forced to sell property because they cannot pay mortgages? I am hopeful that the HEROES Act will become law and provide more funds to bridge the gap for both tenants and landlords during this unexpected economic crisis. The bigger question is how are these stimulus packages being funded – will Americans eventually pay for it through more increased taxes and will the working class need to support the non-working class?

RESOURCES

1. “CARES Act Funding.” City of Portland. portland.gov/omf/cares-act-portland/cares-act-funding. Accessed 24 Oct 2020 “Emergency Rental Assistance.” Colorado Department of Local Affairs. cdola.colorado.gov/rental-assistance. Accessed 31 Oct 2020.
2. “CARES Act Funding COVID-19 Grantee Guidance.” HUD. hud.gov/sites/dfiles/CPD/documents/Revised_CDBG-CV2_Methodology.pdf. Accessed 2 Nov 2020.
3. Goldberg, Jamie. “Oregon has yet to distribute millions in federal rent assistance; an end of year deadline looms.” OregonLive. 23 Oct 2020. oregonlive.com/coronavirus/2020/10/oregon-has-yet-to-distribute-millions-in-federal-rent-assistance-an-end-of-year-deadline-looms.html.
4. Hightower, Kamaria. “City Allocates Nearly \$4 Million in CARES Act Funds to Rental Assistance Programs.” City of Seattle, 11 May 2020. durkan.seattle.gov/2020/05/city-allocates-nearly-4-million-in-cares-act-funds-to-rental-assistance-programs/. Accessed 16 Nov 2020.
5. “Interim Report of Costs Incurred by State and Local Recipients through June 30.” US Department of the Treasury. home.treasury.gov/system/files/136/Interim-Report-of-Costs-Incurred-by-State-and-Local-Recipients-through-June-30.pdf. Accessed 5 Nov 2020.
6. “King County Eviction Prevention and Rent Assistance Program.” King County. kingcounty.gov/depts/community-human-services/COVID/eviction-prevention-rent-assistance.aspx. Accessed 31 Oct 2020.
Reed, Davin, and Divringi, Eileen. “Household Rental Debt During COVID-19.” Federal Reserve Bank of Philadelphia. Oct 2020. philadelphiafed.org/. Accessed 5 Nov. 2020.
7. “Rental Eviction Prevention Assistance.” Arizona Department of Housing. housing.az.gov/general-public/eviction-prevention-assistance. Accessed 24 Oct 2020.
8. “State, Local and Tribal Governments.” US Department of the Treasury, home.treasury.gov/policy-issues/cares/state-and-local-governments. Accessed 31 Oct 2020.
9. “With Rent Due October 1, City and County Deploying Millions in COVID Relief.” City of Portland. 6 Aug 2020. portland.gov/phb/news/2020/8/6/rent-due-october-1-city-and-county-deploying-millions-covid-relief. Accessed 2 Nov 2020.
10. Yae, Rebecca, et al. “Emergency Rental Assistance Programs in Response to COVID-19.” National Low-Income Housing Coalition, 27 Oct 2020. nlihc.org/sites/default/files/Emergency-Rental-Assistance-Programs-3.pdf. Accessed 2 Nov. 2020