

Issue Brief: RENTAL ASSISTANCE & COVID-19



CHACE

Campaign for Housing and
Civic Engagement

•••• *Stable homes build strong communities.* ••••

Proven Solutions for Stabilizing Households

Rents and mortgage payments are the largest expense that American households pay each month. For too many families, their housing costs are too high to also afford critical daily needs, like medical care, education, or healthy foods. Despite their hard work, Virginia's families are being left behind.

How widespread is the concern? Out of 1.08 million renter households in Virginia:

46.1% are considered housing burdened (spending over 30% of their income on rent)

22.5% are severely burdened (spending over 50% of their income on rent).¹

Challenges to Housing Stability

Wages One major factor for the above housing burden percentages is that housing costs have severely outpaced wages in our state, and across the nation. Virginia's minimum wage of \$7.25 an hour does not provide sufficient income to rent a 2-bedroom apartment in any county in the Commonwealth. Virginia's renters need to earn \$23.13 an hour just to afford a modest 2-bedroom apartment.²

Eviction Virginia households are also made unstable by the pervasive threat of eviction. Our state has a daily eviction rate of 141.6 renter evictions per day, with Richmond ranking among the top of all national communities.³ Eviction has been shown to have devastating consequences for families, including missed school days for children, poor health for adults and increased household debt.

Supply Mission-driven developers and owners are critical practitioners in increasing the available supply of affordable housing. They provide the bricks and mortar homes that keep families stably housed and provide an array of resident-based services that include community spaces, case management services, and tenant supports designed to promote the health and well-being of its residents.

Research shows that housing stability, quality, and affordability are closely associated with improved health outcomes.⁴ Housing stability is best achieved when we address both sides of the equation: support for tenants to afford the cost of housing, and for the suppliers who provide quality, affordable homes.

The Solutions

Reliable Rental Assistance

Rental assistance programs provide financial assistance to low-income households to make their rent more affordable. Assistance can be provided on a short-term, emergency assistance to help stabilize households during periods of economic uncertainty, as well as on a long-term or permanent assistance for low or extremely low-income households.

Rental assistance can be provided directly to tenants, or to housing providers who commit units to capped rental prices for a period of time.

State and local governments, public housing authorities, and even nonprofits administer RA programs at the local level. Such programs are most often funded with federal dollars, such as with HOME funding or Housing Choice Vouchers. Some local governments in Virginia dedicate their own funds which can allow for greater flexibility in how the assistance is deployed and which residents are served.

Demand for rental assistance is evidenced by the longstanding, existing local waitlists of eligible households, both before and during the coronavirus pandemic. Federal CARES Act resources have been deployed to mitigate some of the most extreme impacts on thousands of Virginia renters who lost jobs and income with no warning; these are short-term supports that will not reach all eligible households who face even greater housing instability.

Supporting Strong Housing Partners

The health of our housing market, especially for lower-income Virginians, relies on the network of housing providers to produce, maintain, and support rental homes for tenants. Many nonprofit housing providers are experiencing financial distress from:

- delays in collecting rental payments from some residents struggling with housing costs
- substantial unanticipated labor and material costs to make common areas and building operations safer in accordance with coronavirus sanitization best practices
- delays in construction projects due to local building moratoriums
- reductions in charitable giving support, and
- a lack of resources for their onsite and tenant support crisis response efforts

The viability of Virginia's network of affordable housing organizations is at risk. Federal grants could support more bridging funds to support these vital nonprofit enterprises as job restoration and the overall economic recovery are in process.

Non-profit housing providers play a critical role in providing affordable housing stability and other vital services to the communities that they serve, making their survival and continued operation throughout this crisis an absolute necessity for a speedy recovery.

¹American Community Survey, 2018

²National Low-Income Housing Coalition, "Out of Reach", 2019

³Eviction Lab, Eviction Statistics for 2016

⁴Lauren Taylor, "Housing and Health: An Overview of the Literature". Health Affairs, <https://www.healthaffairs.org/doi/10.1377/hpb20180313.396577/full/>

How Do Federal Programs Support Rental Assistance?

The federal government is the primary source of rental assistance funding.⁵ Taken together, Housing Choice Vouchers, Project-Based Section 8 and Public Housing account for 90 percent of all federally assisted renters.

A variety of other federal US Housing & Urban Development programs granted to state and local governments can provide rental assistance, such as the HOME Investment Partnership program (HOME), the Community Development Block Grant program (CDBG), and Emergency Solutions Grants program (ESG).

These programs are valued for their flexibility in allowing localities to respond to the unique needs of their low-income, vulnerable constituents and communities:

HOME provides grants for activities such as:

- tenant-based rental assistance
- down-payment assistance for homebuyers
- construction of affordable housing

CDBG provides grants for the purpose of:

- providing housing
- strengthening communities
- expanding economic mobility

ESG provides grants to serve homeless populations via:

- outreach activities to reach residents in need
- temporary emergency shelter
- short- to medium-term rental assistance

What Congress Can Do

- Support increased and reliable federal rental assistance funding to households facing housing instability.
- Expand flexible dollars in programs like HOME and CDBG for community grants and efforts that increase housing stability for renters, ensure resources for housing providers, and maintain wrap around services.
- Ensure that evictions protections remain in place for those who face lost jobs and income due to coronavirus.
- Ensure that financing protections remain in place for housing providers who face reduced rental incomes, and increased sanitization and other direct COVID-response costs, due to coronavirus.

⁵<https://www.cbpp.org/research/housing/policy-basics-federal-rental-assistance>