Navigating COVID-19:

Health Policy Solutions

Housing

Missouri Foundation for Health

a catalyst for change

September 2020

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Summary

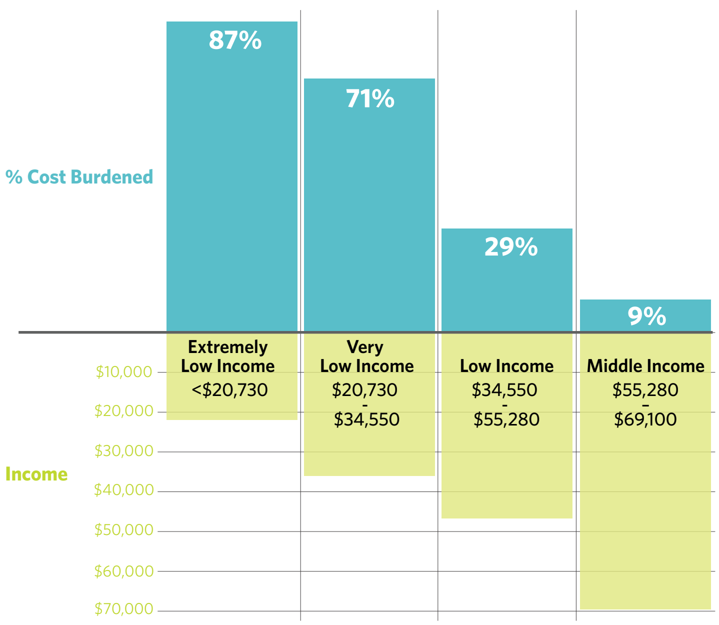
The economic crisis caused by COVID-19 threatens housing stability across the nation. With record unemployment, many Americans are struggling to pay the bills, putting them at eventual risk for eviction or utility shutoff. A patchwork of federal, state, and local responses has focused on keeping people in their homes through eviction moratoriums, rental assistance, and other methods. These protections, however, are temporary by design, have limited impact, and do little to promote equitable outcomes long term. Policy solutions should prioritize keeping people safely housed during and after the pandemic. Details of the temporary policy solutions and recommendations for enhancing these solutions are detailed in this brief, with a focus on issues of particular impact on low-income renters.

Background

The evidence is clear that housing greatly impacts health. Those who are chronically homeless or experience housing instability (moving frequently, falling behind on rent, couch surfing) face a higher likelihood of poor health.[1,2] Specifically, housing instability is associated with increased risk of teen pregnancy, early substance misuse, and depression in youth.[3] Because proper storage of medications can be difficult, prescription adherence can also decrease for those without stable housing.[4] Furthermore, families who cannot afford to properly heat or cool their homes have increased rates of asthma, respiratory problems, heart disease, and arthritis.[5] Experiencing eviction also comes with serious health, educational, and financial consequences for children.[6] Conversely, providing stable housing has been associated with lower Medicaid expenditures,[7] improved mental health,[8] and improved overall health outcomes for individuals with chronic illnesses.[9]

Housing Cost Burden in Missouri by Income Group

Renter households spending more than 30% of their income on housing costs and utilities are cost burdened.



Income ranges are based on Area Median Income Limits for Missouri.

Source: NLIHC tabulations of 2018 ACS PUMS. Adapted by Missouri Foundation for Health, 2020

Housing instability was an issue in Missouri before the current health crisis. A report by the National Low Income Housing Coalition (NLIHC) found that Missouri has a shortage of nearly 118,000 affordable and available rental homes for extremely low-income families.[10a]

With a shortage of housing availability, people are often forced to rent above their means. Households that spend more than 30% of their income on housing and utilities are classified as "cost burdened" by the U.S. Department of Housing and Urban Development (HUD).[11] In Missouri, almost 90% of extremely low-income renters and 71% of very low-income renters[b] are cost burdened by housing.

Low-income households also spend a greater portion of their income on utilities (7.2%) than the average American household (3.5%).[12] People in cost burdened households often struggle to pay for other basic needs and are forced to make difficult trade-offs. These households have higher eviction rates, increased financial instability, and are more likely to rely on safety net programs for basic support.[13]

Like many other social determinants of health, the impacts of unstable housing are not felt equitably.[14] In Missouri, more Black renter households (53.3%) are cost burdened than white renter households (38.3%),[15] and Black renters are twice as likely to face eviction as white renters.[16] A long history of housing discrimination in the United States, including redlining and other segregationist policies, are key factors in creating housing inequities and put people of color at the greatest risk of displacement during the pandemic.[17]

[a] Extremely low-income in Missouri is defined as $20,730 per year for a four-person household.

[b] Very low-income in Missouri is defined as $34,550 per year for a four-person household.

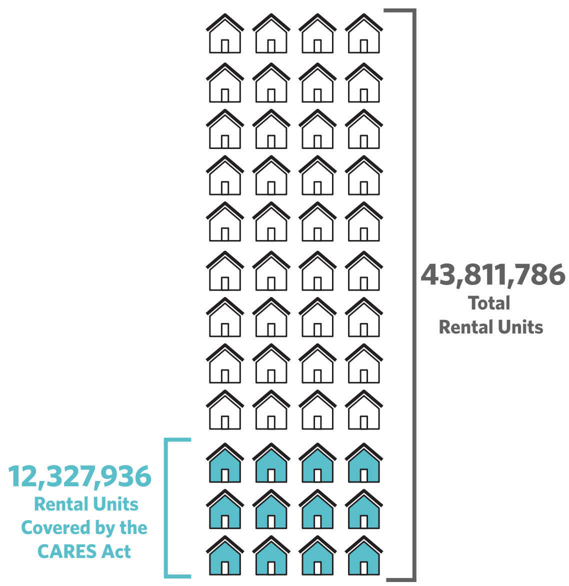
The COVID-19 crisis has created a spike in unemployment and many families are likely struggling to make their housing payments. The Urban Institute estimates that six million renter households had at least one family member lose their job since February 2020.[18] Additionally, 1 in 5 renters were behind on rent in July 2020,[19] and data from the Aspen Institute indicate that up to 33% of renters in Missouri were at risk for eviction earlier this year.[20] Homeowners are also struggling to keep up with payments, with 4.75 million homeowners, or 9% of all mortgages, currently in COVID-19 mortgage forbearance plans.[21]

Federal Housing Policy Changes

On March 27, 2020, the president signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided emergency funding and included temporary policy changes to protect Americans from the health and economic impacts of COVID-19. The CARES Act made multiple changes to housing policy:

- Instituted a moratorium on foreclosures of federally-backed mortgages for 60 days and on evictions for homes with federally-backed mortgages for 120 days.
- Provided Emergency Solution Grants to prevent outbreaks in homeless shelters and very low-income households at risk of homelessness.
- Provided tenant-based rental assistance to public housing agencies to be used for both administrative costs and direct rental assistance for families.
- Appropriated additional monies for the Public Housing Operating Fund.
- Created the Coronavirus Relief Fund for state, local, and tribal governments to cover any "necessary expenditures incurred due to the public health emergency."
- Provided additional funding for the following: the Community Development Block Grant program, project-based rental assistance, Native American housing programs, the Housing for Persons with AIDS program, and programs for older adults and persons with disabilities.[22]

How Many Rental Units Are Covered by the CARES Act?



Data compiled by Urban Institute calculations based on the 2018 American Community Survey, the 2015 Rental Housing Finance Survey, the US Department of Housing and Urban Development, and the Federal Housing Finance Agency.

Because it applied only to federally backed mortgages, the CARES Act moratorium on evictions and foreclosures covered just 1 in 4 rental units.[23] As many renters do not know the type of mortgage their landlord has, it was unclear to renters if the policy applied to them or not. The majority of renters who were not covered by the federal law were subject to state and local laws. In Missouri, however, there were no statewide policy changes made to protect renters. The CARES Act federal moratorium ended on July 24, 2020.

More than a month later, on September 2, 2020, the Centers for Disease Control and Prevention (CDC) issued an order to halt evictions with the intention to slow the spread of the coronavirus. To qualify for the moratorium, renters must use a declaration form to confirm that they:

- Used their best efforts to obtain government rental assistance.
- Earned less than $99,000 as an individual or $198,000 as a household in 2019.
- Are experiencing a loss of income or job or "extraordinary" out-of-pocket medical expenses.
- Are attempting to make partial or full rent payments.
- Would be at risk for homelessness if evicted.[24]

Unlike the CARES Act moratorium, the CDC order covers all rental units. Additionally, the order is enforceable, with a fine of up to $100,000 or jail time for property owners who do not comply. Although this action could keep many people housed through the end of the year, the order does not include funding for rent payments, which could place landlords and property owners at financial risk. Nevertheless, these actions may temporarily protect as many as 17 million households – 250,000 in Missouri – from eviction.[20] When the order expires at the end of 2020, however, households that accumulate rent arrears and late fees will be again at risk for losing their homes.

In addition to housing relief efforts, the CARES Act instituted additional $600 weekly payments to unemployed Americans through the Federal Pandemic Unemployment Compensation program (FPUC). Though not directly intended to cover housing costs, the FPUC proved instrumental in supporting families' ability to pay rent. The Urban Institute estimates that the $600 per week benefit prevented 2.2 million additional households from becoming cost burdened and at risk for eviction.[25] FPUC benefits ended on July 24, 2020, and have not yet been fully extended by federal legislative action. However, through a federal executive order in early August 2020, Missouri and other states were awarded a grant by the Federal Emergency Management Agency, allowing the state to provide an additional $300 per week in unemployment benefits.[26] The funding for this program, however, ran out only a few weeks after implementation.[27] Without the FPUC program, the percent of households that are cost burdened will likely increase, putting many Missourians at risk of eventual eviction.

State and Local Housing Policy Changes

Eviction Moratoriums: In mid-March, 43 states and the District of Columbia put in place temporary moratoriums on eviction filings and enforcement.[28] Missouri was not among them. The Eviction Lab, an evidence-based housing think tank, ranks Missouri in the bottom 10 states for housing policy because it has not enacted any of the recommended policy solutions promoted by housing experts.[28] However, major cities passed temporary moratoriums,[c] and in St. Louis City and County, the courts have placed a temporary hold on evictions until further notice.[29,30]

Rental Assistance: Some cities in Missouri have been using CARES Act allocations to provide direct support to tenants in need, including St. Louis, Columbia, and Springfield.[31–33] Without statewide availability of rental assistance, however, Missourians in other cities and rural areas lack access to this type of support. Other states, including Montana, North Carolina, and Pennsylvania, have allocated millions of CARES Act dollars to provide direct rental assistance to tenants and landlords.[34] Importantly, Missouri statute preempts local jurisdictions from enacting their own rent regulations on privately-owned property.[d] Thus, localities are unable to enact rent freezes or moratoriums on rent increases during the COVID-19 crisis.

Utilities: In order to prevent utility shutoffs, Missouri announced the availability of $15 million of CARES Act funds for the Low Income Home Energy Assistance Program (LIHEAP) to help low-income households afford cooling bills from June 1 to September 30.[35] Additionally, though not state mandated, many utility companies waived disconnects for customers unable to pay bills.[e] Many of these companies, however, have since started cutting off service for delinquent accounts.[36] Although increased LIHEAP funding will support many households through the summer, the program has strict criteria that exclude many families. To be eligible for LIHEAP assistance, families must have less than $3,000 in their bank, retirement, and investment accounts combined.[37] Many Missourians who do not meet this criterion but still struggle financially will be at risk for shutoffs if they are delinquent on their utility payments.

Some of Missouri's neighboring states have taken other approaches. Indiana and Arkansas, for example, have committed to preventing utility shutoffs for the duration of the public health emergency.[38,39] Kansas prohibited utility shutoffs through May. It has since allowed utilities to resume disconnects but requires companies to waive late fees and provide 12-month payment plans to customers.[40] Even without a state requirement, private utility companies in Missouri have developed payment plans for those with arrears. Not all public utility companies, however, have followed suit. According to guidance by the Missouri Public Utilities Alliance, counties can use CARES Act funding to reimburse public utilities for losses related to unpaid bills and late fees of households, and Callaway County has utilized this mechanism to provide relief to customers and utilities.[41]

[c] The St. Louis Housing Authority halted evictions for public housing units until September 30, 2020, and Kansas City's moratorium ended on May 31, 2020.

[d] The statute language: https://revisor.mo.gov/main/OneSection.aspx?section=441.043&bid=24343&hl=&retry=y

[e] For a comprehensive list of utility providers' actions related to COVID-19, see Renew Missouri's website: https://renewmo.org/your-resources/missouri-utilities-response-to-the-covid-19-crisis/

Discussion

Policy solutions for housing during the public health emergency must be multi-faceted and comprehensive to effectively support renters, property owners, and local economies. It will be important to consider the ramifications of emergency measures during and beyond the COVID-19 crisis.

Although moratoriums on evictions protect renters, they could place property owners and landlords who may not receive adequate rent payments, at financial risk.[42] This is especially true for smaller property owners who own a few single or multi-family properties as compared to larger businesses that oversee hundreds of units at a time. These smaller property owners are not positioned to take financial hits and are at greater risk for foreclosure. In a nationwide survey of landlords during the COVID-19 crisis, over half reported that at least one tenant had not paid rent the previous month.[43] When property owners lose income, the economic impacts are felt broadly. For instance, Brookings Institution economists note that without rental income, property owners may be unable to pay property taxes, eroding local revenue and leaving fewer resources for public services, city and state governments, schools, and infrastructure.[44]

Rental assistance, however, allows tenants to continue paying landlords, which in turn enables property owners to pay their bills. Despite the initial investment in rental assistance through the CARES Act, there is a continuing need for direct monetary assistance to renters. NLIHC estimates that an additional $100 billion in rental assistance is needed to protect cost burdened households from eviction over the next twelve months.[45] Without this aid, low-income or recently unemployed renters face severe risk of eventually losing their homes when the eviction moratorium is lifted.

Recommendations for Housing Policy During COVID-19 Recovery

Though federal, state, and local governments took immediate action to keep people housed, many of these policies are insufficient, placing renters at risk of eviction and utility shutoffs. The following actions by federal and state policymakers will mitigate the potential housing crisis that may result:

1. Earmark state and local CARES Act funding and future federal dollars toward direct rental assistance for low-income, cost burdened renters in Missouri.
2. Reestablish FPUC unemployment benefits of $600 per week to prevent households from becoming cost burdened and reduce the number of households at risk for eviction.
3. Establish a statewide directive to prohibit Missouri utility companies from disconnecting services for nonpayment during the pandemic.
4. Provide guidance to counties to direct CARES Act funds to public utilities to cover late fees and delinquent payments of residential customers.

While responses have centered around keeping people in their homes through moratoriums on evictions, those protections are temporary, have limited impact, and do little to promote equitable outcomes long term. Looking past the COVID-19 crisis, policymakers must prioritize eviction reform and affordable housing and utilities at the local, state, and national levels to keep tenants safely housed and healthy when the pandemic subsides.

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