



PROTECT LANDLORDS FROM FINANCIAL RUIN

“We’re drowning.”¹ “I’m broke. I’m eating from the food pantry.”² “We are having everything cut out from beneath us.”³ While one may guess these are quotes from tenants struggling to pay their rent, these are actually quotes from small landlords who had to shoulder the burden of missed rental payments since the eviction moratorium was established in 2020 at the beginning of the COVID-19 pandemic.

In response to the strain the pandemic put on renters and landlords, Congress appropriated more than \$46 billion in aid through the Emergency Rental Assistance (ERA) programs, but only a small percentage of this aid has been disbursed.⁴ Despite obvious problems with the disbursement of ERA funds, numerous Democrats advocated for extending the moratorium again, even after the Supreme Court struck down the Centers for Disease Control and Prevention (CDC) order halting evictions on August 3, 2021.⁵ Rather than exacerbating the burden on small landlords, Congress should address the mismanaged ERA programs, as Republicans have advocated for months, to distribute the previously-approved aid to those most in need.⁶

- **The eviction moratorium kept renters in homes while punishing millions of small landlords**
 - The CDC order halting rent payments did not erase the financial problems of the renters. Instead, it shifted the financial burden of months of missed rental payments to the landlords, who may then be unable to pay their mortgage, property taxes, or other expenses.
 - Despite public perception, nearly 20 million of America’s 48 million rental units are owned and managed by individuals rather than larger property owners, and more than half of back rent is owed to smaller landlords.⁷
 - As of early September 2021, about 8.2 million households are behind on rent, amounting to over \$14 billion.⁸
- **The moratorium had numerous harmful ripple effects that hurt tenants.**
 - While the order temporarily prevented evictions, it was not a rent exemption. Renters will have to pay landlords back for any missed payments in addition to any fees, penalties, or interest that have accumulated due to these missed payments.
 - Many landlords have cited that without rental payments, they are unable to keep the rental properties in good or even safe condition for tenants, leaving them in a state of disrepair.⁹
 - Due to missed rental payments, landlords may raise rent on other tenants to recoup losses or fire employees who work at the rental properties if they lack the funds to pay them.¹⁰
 - Some landlords resorted to keeping properties vacant out of fear of a tenant not paying and being unable to cover expenses, which could lead to housing shortages.¹¹
- **Little recourse has been given to landlords.**
 - The CDC order simply required tenants to attest that they cannot make rental payments without proof, allowing for tenants to miss rental payments even if they are able to pay them.¹²
 - While the ERA programs are intended to provide aid to renters and landlords, tenants with overdue rent must be willing to apply for funds or co-sign a landlord’s application, which landlords cite numerous tenants have refused to do while the eviction moratorium was still in place.¹³

- Further, since the ERA program requires landlords in some states who accept even partial funds to not evict for a certain period of time, many landlords are forgoing accepting the aid, arguing that it prevents them from potentially removing problematic tenants.¹⁴

POLICY SOLUTIONS

Rather than continuing to compound the pain on America's renters and landlords, Congress should improve the existing ERA programs by ensuring the aid already allocated for renters is disbursed in a more efficient manner without exposing it to waste, fraud, and abuse. Further, funds should be targeted to paying off overdue rent owed to landlords, rather than forward looking rental assistance or other uses. Enacting H.R. 3913, the Renter Protection Act of 2021, would help accomplish these objectives.¹⁵

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¹ Katy O'Donnell. Suffering landlords are Washington's new eviction problem. Politico. August 14, 2021. <https://www.politico.com/news/2021/08/14/landlords-covid-eviction-ban-504472>

² Eli Saslow. The battle for 1042 Cutler Street. The Washington Post. May 1, 2021.

<https://www.washingtonpost.com/nation/2021/05/01/landlord-tenant-eviction-moratorium-pandemic/>

³ Michael Casey and Anne D'Innocenzio. Landlords look for an exit amid federal eviction moratorium. AP News. August 19, 2021. <https://apnews.com/article/lifestyle-business-health-coronavirus-pandemic-5f1a2b734a06eacad423298c1f0f6f3f>

⁴ Grant A. Driessen, Maggie McCarty, and Libby Perl. Pandemic Relief: The Emergency Rental Assistance Program. Congressional Research Service. September 8, 2021. <https://crsreports.congress.gov/product/pdf/R/R46688> and Emma Colton. Nearly 90% of rental assistance funds not yet distributed. Fox Business. August 25, 2021. <https://www.foxbusiness.com/economy/rental-assistance-funds-not-yet-distributed> and <https://home.treasury.gov/news/featured-stories/more-than-420000-households-received-emergency-rental-assistance-in-august-totaling-over-2.3-billion-in-payments>

⁵ Alabama Association of Realtors v. Department of Health and Human Services. 594 U.S. __ (2021)

https://www.supremecourt.gov/opinions/20pdf/21a23_ap6c.pdf and Emma Colton. Nearly 90% of rental assistance funds not yet distributed. Fox Business. August 25, 2021. <https://www.foxbusiness.com/economy/rental-assistance-funds-not-yet-distributed> and Katy O'Donnell.

Democrats rush to avert eviction calamity after ban is blocked. Politico. August 27, 2021.

<https://www.politico.com/news/2021/08/27/democrats-press-pelosi-schumer-to-revive-eviction-ban-507002>

⁶ Republicans Continue to Lead the Fight to Protect Renters, Democrats have no Solution. U.S. Committee on Financial Services. September 3, 2021. <https://republicans-financialservices.house.gov/news/documentsingle.aspx?DocumentID=408083>

⁷ Rental Housing Finance Survey: 2018 National – Ownership and Management. https://www.census.gov/data-tools/demo/rhfs/#/?s_tableName=TABLE2&s_byGroup1=6&s_type=2 and <https://www.cato.org/commentary/cdc-eviction-moratorium-epic-case-study-very-bad-policy> and <https://fortune.com/2021/08/22/new-eviction-ban-landlords-struggle-collect-unpaid-rent-tenants/>

⁸ Last Month's Payment Status for Renter-Occupied Housing Units. <https://www.census.gov/programs-surveys/household-pulse-survey/data.html#phase3.2> (accessed 9/24/21) and <https://nationalequityatlas.org/rent-debt> (accessed 9/24/21)

⁹ Michael Casey and Anne D'Innocenzio. The latest eviction ban is adding a new level of financial stress for landlords. Fortune. August 22, 2021. <https://fortune.com/2021/08/22/new-eviction-ban-landlords-struggle-collect-unpaid-rent-tenants/> and <https://www.washingtonpost.com/nation/2021/05/01/landlord-tenant-eviction-moratorium-pandemic/> and <https://apnews.com/article/lifestyle-business-health-coronavirus-pandemic-5f1a2b734a06eacad423298c1f0f6f3f>

¹⁰ Marc E. Fitch. The Fitch Files: Landlords see troubling future after eviction moratorium. Yankee Institute. July 30, 2021.

<https://yankeeinstitute.org/2021/07/30/the-fitch-files-landlords-see-troubling-future-after-eviction-moratorium/>

¹¹ Michael Casey and Anne D'Innocenzio. Landlords look for an exit amid federal eviction moratorium. AP News. August 19, 2021.

<https://apnews.com/article/lifestyle-business-health-coronavirus-pandemic-5f1a2b734a06eacad423298c1f0f6f3f>

¹² Centers for Disease Control: Eviction Order Declaration Form. https://www.cdc.gov/coronavirus/2019-ncov/communication/EvictionProtectDeclare_508.pdf and Federal Moratorium on Evictions for Nonpayment of Rent. August 2021. National Low Income Housing Coalition. https://nlihc.org/sites/default/files/National-Eviction-Moratorium_FAQ-for-Renters.pdf

¹³ Diana Olick. 'The eviction moratorium is killing small landlords,' says one, as a ban is extended another month. CNBC. June 25, 2021. <https://www.cnbc.com/2021/06/25/the-eviction-moratorium-is-killing-small-landlords-says-one.html> and Joseph Edgar. Understanding Emergency Rental Assistance for Landlords and Tenants. Forbes. January 27, 2021.

<https://www.forbes.com/sites/forbesrealestatecouncil/2021/01/27/understanding-emergency-rental-assistance-for-landlords-and-tenants/?sh=54ece6127826>

¹⁴ Will Parker. Why Some Landlords Don't Want Any of the \$50 Billion in Rent Assistance. The Wall Street Journal. March 19, 2021.

https://www.wsj.com/articles/why-some-landlords-dont-want-any-of-the-50-billion-in-rent-assistance-11616155203?mod=article_inline

¹⁵ Renter Protection Act of 2021, H.R. 3913, 117th Congress. (2021). <https://www.congress.gov/bill/117th-congress/house-bill/3913/text>