Emerging best practices for COVID-19 emergency rental assistance programs

December 22, 2020
EXECUTIVE SUMMARY

▪ Over the summer, the Aspen Institute’s Financial Security Program and the COVID-19 Eviction Defense Project estimated that 30-40M Americans could be at risk of eviction as result of the COVID-19 pandemic.

▪ While the economy has improved, many renters face dire financial straights, with 1 in 6 renters behind on rent and nearly 1 in 3 expressing low confidence in their ability to pay next month on time.

▪ On December 21st, Congress passed legislation that included $25B in rental assistance for U.S. tenants and extended the CDC eviction moratorium through the end of January; state and local governments, and their non-profit partners, will soon be called upon to rapidly disburse these funds.

▪ In many parts of the US, rental assistance programs have faced significant funding, design, and administrative challenges that have slowed payments and unnecessarily burdened landlords and tenants; these challenges are likely to increase as federal rental assistance is distributed through public and non-profit entities.

▪ To maximize the effectiveness of rental assistance programs, operators should: (1) create strong legal and policy frameworks to support housing stability, (2) ensure that rental assistance “payment terms” promote long-term housing stability, rather than loss-absorption, (3) extensively market a simple, accessible application process, and (4) provide ongoing support to tenants after rental assistance has been paid.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenants are billions of dollars in debt to their landlords, creating eviction risk for millions</td>
<td>4-9</td>
</tr>
<tr>
<td>2</td>
<td>Effective policy solutions combine eviction moratoria with rental assistance</td>
<td>10-14</td>
</tr>
<tr>
<td>3</td>
<td>Rental assistance programs face design and administrative challenges, slowing the disbursement of funds</td>
<td>15-19</td>
</tr>
<tr>
<td>4</td>
<td>States and localities have emerging best practices to draw upon as they prepare to distribute billions in emergency rental assistance</td>
<td>20-28</td>
</tr>
<tr>
<td>5</td>
<td>Appendix 1: Reviewing state models based on best practices</td>
<td>30-34</td>
</tr>
<tr>
<td>6</td>
<td>Appendix 2: Background on the COVID-19 Eviction Defense Project Rental Assistance Pilot</td>
<td>35-39</td>
</tr>
</tbody>
</table>
Tenants are billions of dollars in debt to their landlords, creating eviction risk for millions of tenants.
OVER THE SUMMER, WE PROJECTED THAT ~30-40M AMERICANS COULD BE AT RISK OF EVICTION THROUGH THE END OF THE YEAR

Tenant Eviction Risk (as projected Summer of 2020)
# of people in rented housing at risk of eviction

- Tenants with limited to no eviction risk: 60,900,000 - 72,000,000
- Tenants at risk of eviction in 2020: 28,900,000 - 39,900,000
- Total number of Americans in renter households: 100,800,000
STATE AND FEDERAL MORATORIA HAVE AVOIDED MASS DISPLACEMENT, BUT MILLIONS OF TENANTS ARE BEHIND ON THEIR RENT

CENSUS BUREAU: % of Renter Households

- Behind on rent: 18%
- Slight or no confidence in paying next month’s rent: 30%

Since the beginning of the COVID-19 pandemic, the U.S. economy has shed 10M+ jobs

- Extended unemployment, loss of hours, and reduced wages have caused tenants to fall behind on rental payments and accrue debt to their landlords

- 19M people in 8.1M households owe rent to their landlords

- Over the same period, nearly 8M Americans have fallen into poverty

Source: Week 20 Census Bureau HH Pulse Survey;
### Housing Insecurity, by Hispanic Origin, Race, and Family Type

<table>
<thead>
<tr>
<th>Category</th>
<th>% Behind on Rent</th>
<th>% With Slight or No Confidence They Can Pay This Month’s Rent On Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>Asian alone, not Hispanic</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Black alone, not Hispanic</td>
<td>28%</td>
<td>41%</td>
</tr>
<tr>
<td>Hispanic or Latino (may be of any race)</td>
<td>24%</td>
<td>41%</td>
</tr>
<tr>
<td>White alone, not Hispanic</td>
<td>13%</td>
<td>23%</td>
</tr>
<tr>
<td>Household with Children</td>
<td>24%</td>
<td>38%</td>
</tr>
<tr>
<td>No Children</td>
<td>14%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Source:** Census Bureau Household Pulse Survey, Week 20 Tables 1b and 2b.

**Note:** The Census Bureau defines a household as housing insecure if they have slight or no confidence in their ability to pay next month’s rent on time or did not pay this month’s rent on time.
TENANTS OWE BILLIONS OF DOLLARS IN RENTAL DEBT TO LANDLORDS

CITYLAB

U.S. Renters Could Owe $70 Billion

By January, when the federal eviction moratorium expires, 11.4 million households in the U.S. might be more than three months behind in their rent, or $6,000 each.

By Kriston Cappa
December 10, 2020, 11:36 AM EST

Back rent owed by struggling U.S. households — about 11.4 million renters in all — averages about $6,000 per household, or around three-and-a-half months’ rent, according to Mark Zandi, chief economist for Moody’s Analytics. Most of it has accrued since the expanded unemployment benefits under the CARES Act expired over the summer.

“These are low-income households,” he says. “They’ve probably already borrowed as much as they can from family or friends. They have no resources left.”

POLITICO

'The most lopsided economic event imaginable': Wave of evictions threatens Black, Latino tenants

By KATY O’DONNELL and JANAKI CHADHA | 12/14/2020 11:28 PM EST | Updated 12/15/2020 11:05 AM EST

In the meantime, rental debt continues to grow — tenants around the country could collectively owe as much as $24.4 billion in back rent by January, according to the latest estimates from the financial consulting firm Stout Risius Ross.
In many states, tenants with outstanding rental debt may be subject to eviction, civil suits to recover unpaid bills, and negative credit reporting.

Without financial assistance, impacted tenants may never be able to catch up on their bills, creating long-term instability.

Landlords with non-paying tenants face significant financial loss whether they choose to evict or not.

Tenant non-payment impacts mortgage, maintenance, and taxes, and especially threatens mom and pop landlords.
Effective solutions combine eviction moratoria with rental assistance.

- Moratoria keep tenants in their homes for a defined period of time, but tenants are at risk when they expire.
- Rental assistance can permanently “cure” the risk of eviction by clearing tenant debts.
SOLUTIONS HAVE FOCUSED ON THREE AREAS

**Payment agreements**
- Encourage landlords and tenants to voluntarily reach resolution
- Increase tenant payments significantly, often making them unsustainable
- Require landlords to float tenant debt over the short to medium term

**Eviction moratoria**
- Keep tenants housed and avoid immediate harm of displacement
- Do not address landlord-tenant payment issues
- Risk of “payments cliff” if not backed by extensive rental assistance

**Rental assistance**
- Resolve tenant debts to landlords
- Sustain tenancies into the future and allow landlords to pay mortgages, maintenance, and taxes
- Face ongoing funding, operational, and administrative challenges

Eviction moratoria and rental assistance are mutually reinforcing
PAYMENT PLANS ALONE ARE TOO EXPENSIVE FOR RENT BURDENED TENANTS TO SUSTAIN

Sample tenant-landlord payment plan, 1 year lease, initial rent of $1,300

<table>
<thead>
<tr>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
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<tbody>
<tr>
<td>$1,300</td>
<td>$1,300</td>
<td>$1,300</td>
<td>$1,300</td>
<td>$2,080</td>
<td>$2,080</td>
<td>$2,080</td>
<td>$2,080</td>
<td>$2,080</td>
<td>$2,080</td>
<td>$1,300</td>
<td></td>
</tr>
</tbody>
</table>

A payment plan that settles 3 months of rental debt by the end of the lease increases rent by over 50%

- Payment plans that amortize tenant debt over the life of the remaining lease can dramatically increase monthly rent for tenants who are still recovering from COVID-19 economic hardship.
- Even when paired with lease extensions and a longer repayment window, payment plans alone are unsustainable for rent-burdened tenants.
Eviction moratoria avoid harmful and expensive displacements

- State and federal eviction moratoria have protected many tenants from eviction and displacement during the COVID-19 crisis, avoiding a broader crisis
- These stop-gap measures have promoted housing stability in the absence of ongoing federal financial support for renters

But they do not address growing payments issues

- Eviction moratoria do not address the growing debt tenants owe their landlords
- Without financial support, rental arrearages will eventually lead to tenant eviction, landlord foreclosure, or both
RENTAL ASSISTANCE STABILIZES LANDLORDS AND TENANTS, BUT EXISTING STATE AND LOCAL PROGRAMS FACE ADMINISTRATIVE CHALLENGES

Eviction moratoria and other tenant protections together create strong incentives for landlords to pursue rental assistance to address arrearages owed by tenants.
Rental assistance programs face design and administrative challenges, slowing the disbursement of funds
DESIGN AND ADMINISTRATIVE CHALLENGES HAVE PLAGUED RENTAL ASSISTANCE PROGRAMS

Deadline looms for rental aid as demand leads to lengthy waits

The Boston Globe

As eviction cases rise, more concerns surface about delays in Mass. rental aid program

Lawyers for Civil Rights advocacy group raises the possibility of taking legal action.

By Tim Logan Globe Staff, Updated December 20, 2020, 9:04 p.m.
### RENTAL ASSISTANCE PROGRAMS FACE COMMON DESIGN & ADMINISTRATIVE CHALLENGES

<table>
<thead>
<tr>
<th>Common design challenges</th>
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</thead>
<tbody>
<tr>
<td>- <strong>No future stabilization:</strong> Rental assistance programs only pay arrearages, creating immediate concerns about next month’s rent</td>
</tr>
<tr>
<td>- <strong>Limited tenant protections:</strong> Settlement agreements between landlords and rental assistance programs do not establish specific eviction protections for tenants</td>
</tr>
<tr>
<td>- <strong>Full price payment for distressed assets:</strong> Landlords are paid full face value for rental arrearages, reducing the number of tenants and landlords who receive assistance</td>
</tr>
<tr>
<td>- <strong>Limited negotiating power:</strong> Assistance dollars are reserved for current landlord, limiting tenant flexibility during negotiations</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Administrative and operational challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>- <strong>Limited accessibility:</strong> Rental assistance is often allocated via a single channel, with limited marketing and outreach (e.g., only tenants can apply)</td>
</tr>
<tr>
<td>- <strong>Difficult applications:</strong> Tenants and landlords struggle to complete applications, gather the necessary paperwork, and meet documentation burdens</td>
</tr>
<tr>
<td>- <strong>Long review, underwriting, and payment processing timelines,</strong> at times lasting multiple months</td>
</tr>
<tr>
<td>- <strong>Limited tenant interaction or post-payment tracking</strong></td>
</tr>
</tbody>
</table>
COMMON DESIGN CHALLENGES

Only 50% of U.S. rental assistance programs do not pay past and future rent.

Rental assistance programs pay rent debt at 100% of face value.

Tenants are unable to use funds for rehousing; funds must go to current landlord.

Rental assistance agreements do not include tenant protections.

Economically distressed tenants face re-application or eviction “next month”.

Public and charitable dollars overpay for distressed rental debt.

Tenant negotiating leverage is dramatically reduced.

Rental assistance funds pay landlord debt without securing housing stability.

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### COMMON ADMINISTRATIVE AND OPERATIONAL CHALLENGES

<table>
<thead>
<tr>
<th>Marketing and outreach</th>
<th>Intake and application process</th>
<th>Application review</th>
<th>Payment processing</th>
<th>Post-support</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Rental assistance channels are limited &amp; directed to a segment of tenants (e.g., only those with court dates)</td>
<td>▪ Application and intake processes are difficult to navigate</td>
<td>▪ Processing of applications takes weeks to months due to limited automation, limited staff capacity, high volume &amp; burdensome compliance regs.</td>
<td>▪ Payments to landlords are batched / slow, extending timeline</td>
<td>▪ Limited follow up with tenant after disbursement</td>
</tr>
<tr>
<td>▪ Limited marketing and outreach budgets keep assistance from reaching diverse tenants &amp; landlords (especially non-English speakers)</td>
<td>▪ Tenants &amp; landlords must provide extensive documentation to claim benefits</td>
<td>▪ Reviewing agency required to go “back and forth” with tenant, extending review time</td>
<td>▪ Time required to process assistance payments may lag the eviction timeline, creating risk of tenant displacement</td>
<td>▪ Potential for eviction after the first of “next month”</td>
</tr>
<tr>
<td></td>
<td>▪ Digital, language, and knowledge barriers limit access</td>
<td></td>
<td>▪ Tenant lack of awareness of rights and options after receiving rental relief</td>
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</table>
Across the US, states and localities are preparing to distribute billions in emergency rental assistance. To maximize the effectiveness of these programs, operators should:

1) Create strong legal and policy frameworks to support deal-making

2) Ensure that rental assistance payment terms promote long-term housing stability, rather than loss-absorption

3) Extensively market a simple, accessible application process

4) Provide ongoing support to tenants after rental assistance has been paid
EARLY LEARNINGS SUGGEST THAT EFFECTIVE RENT RELIEF PROGRAMS COMBINE MANY OF THE FOLLOWING BEST PRACTICES

**Supporting landscape**
- Eviction moratorium to incentivize deal-making and settlement
- Adequate funding to support landlord-tenant needs

**Application process**
- Eligibility criteria prioritize people most at risk
- Multiple access channels before & during eviction process
- Extensive, relevant marketing and outreach to tenants and landlords
- Both landlords and tenants can apply
- Simple, intuitive application process with low documentation burden

**Payment terms**
- Pays past and future rent to create long-term stability for renters
- Payments made at less than face value take assistance funds further (60%+)
- Reinstates, extends, or formalizes lease
- Tenant can use flexible funds at current residence or for rehousing, creating negotiation leverage

**Post-payment tracking**
- Ongoing tenant-landlord settlement tracking to ensure compliance
- Connection with other forms of support and service
- Connections to legal representation and services
A STRONG SUPPORTING LANDSCAPE CAN STABILIZE HOUSEHOLDS AND IMPROVE THE EFFECTIVENESS OF RENTAL ASSISTANCE

- Moratoria halt evictions, creating strong incentives for landlords and tenants to seek rental assistance funding and financial solutions to arrearages
- Temporary bans on eviction buy time for rental assistance programs to process applications, disburse funds, and stabilize communities
- Converting rental debt (which in most jurisdictions creates grounds for eviction) to civil debt ensures that tenants cannot be displaced from housing as rental assistance programs are implemented and expanded to address arrearages
- Following civil debt conversion, landlords and tenants may seek rental assistance from providers
- Right to counsel programs increase tenant awareness of legal and funding options, accelerating disbursement of rental assistance

Strong supporting policies can ensure that rental assistance prevents eviction, rather than just servicing landlord debt
A SIMPLE APPLICATION PROCESS, SUPPORTED BY EXTENSIVE MARKETING AND MULTIPLE INTAKE CHANNELS CAN EXPAND ACCESS FOR RENTERS

Eligibility Criteria

- Eligibility criteria prioritize low-income renters and includes flexibility for renters with a variety of first- and second-order COVID impacts
- Criteria emphasize the need to equitably reach underserved populations

Marketing & outreach

- Extensive marketing to a wide range of landlords and tenants, using various types of outreach
- Emphasis on equity, with extensive investment in reaching underserved populations

Multiple intake channels

- Numerous intake channels before and during the formal eviction process, accessible to both landlords and tenants
- Strong connections between rental assistance application process and service organizations fighting evictions

Simple application process

- Simple, easy to understand application process
- Multiple ways to apply (e.g., online, paper, in person, etc.)
- Limited documentation requirements

Rapid app review & payment processing

- Rapid review of applications with direct follow-up on incomplete applications
- Speedy disbursement of settlement docs and payment to landlords
WELL DESIGNED RENTAL ASSISTANCE PROGRAMS STABILIZE TENANTS AND TAKE PUBLIC FUNDS FURTHER

Paying past and future rent in a single transaction can promote longer-term stability for renters and landlords

<table>
<thead>
<tr>
<th></th>
<th>Last Mo.</th>
<th>This Mo.</th>
<th>Next Mo.</th>
<th>+2 Mo.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Rental Aid</td>
<td>▲</td>
<td></td>
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<tr>
<td>Traditional Rental Aid</td>
<td></td>
<td>▲</td>
<td></td>
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<tr>
<td>Proposed Rental Aid</td>
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Settlements of past and future rent at a discount of face value takes funds further

- Traditional Rental Aid: 100%
- Rental payment settlement: 70%

Allowing tenants to use rental assistance for existing or new housing creates flexibility and gives tenants real leverage in negotiations

No Leverage:
Rental assistance only pays current LL

Leverage:
Rental assistance pays current LL or for re-housing
**POST-PAYMENT TRACKING AND SUPPORT ENSURES COMPLIANCE WITH DEAL TERMS**

<table>
<thead>
<tr>
<th>Post payment tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Track landlords and tenants after payments are issued to ensure full compliance with program payment terms and enable program evaluation</td>
</tr>
<tr>
<td>▪ Various methods may facilitate post-payment tracking, including tenant complaint lines, eviction filing scans, and close collaboration with community groups</td>
</tr>
<tr>
<td>▪ Provide additional support / intervention to tenants with ongoing payment issues when available funding allows</td>
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<thead>
<tr>
<th>Connection to legal services and other support</th>
</tr>
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<tbody>
<tr>
<td>▪ Connect tenants receiving rental assistance with legal services providers to provide advice and representation if housing is threatened</td>
</tr>
<tr>
<td>▪ Offer direct referrals to other community programs and services including career counseling, health services, nutrition assistance, and other forms of support</td>
</tr>
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</table>
### States Across the U.S. Have Implemented a Variety of These Best Practices

<table>
<thead>
<tr>
<th>Illinois Housing Development Authority</th>
<th>PHFA</th>
<th>Washington State Department of Commerce</th>
<th>HCEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Distributed $200M in rental assistance, paired with a constant eviction moratorium</td>
<td>▪ Supported rental assistance program funded at $150M level</td>
<td>▪ Paired $100M in rental assistance with a moratorium through Dec. 31</td>
<td>▪ Allocated over $120M in rental assistance through two state programs</td>
</tr>
<tr>
<td>▪ Funding can be used to support past and future payments</td>
<td>▪ Many rental balances paid at less than face value with a $750 monthly cap</td>
<td>▪ Extensive marketing &amp; program criteria ensure &amp; require equitable distribution of funds to vulnerable individuals and populations of color</td>
<td>▪ Funds cover current housing as well as rehousing (e.g., security deposit and first month’s rent)</td>
</tr>
<tr>
<td>▪ Deployed extensive marketing and outreach campaign to educate landlords and tenants about program</td>
<td>▪ Funding could be used for past and future rent between March 1st and December 1st</td>
<td>▪ Pays back and future rent up to 80% of face value</td>
<td>▪ Funded expansion of access to legal representation as well as mediation program in housing court</td>
</tr>
</tbody>
</table>

**ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM 2020**
WITH BILLIONS IN RENTAL ASSISTANCE FUNDS ON THE WAY, IMPLEMENTATION IS CRITICAL TO HOUSING STABILITY

Congress will extend eviction moratorium, fund emergency rent assistance with new stimulus deal

Published: Dec. 21, 2020 at 7:21 a.m. ET
By Jacob Passy

‘Tens of millions of people are at risk of losing their homes,’ said Diane Yentel, president and CEO of the National Low Income Housing Coalition
STABILIZING RENTER FAMILIES THROUGH EVICTION PREVENTION AND RENTAL ASSISTANCE LEADS TO MASSIVE SOCIAL BENEFITS

EDUCATION
- Improve academic performance
- Improve attendance
- Reduce need for school-based social services

GOVERNMENT
- Serve the public interest
- Reduce reliance on food and utilities assistance programs
- Stronger tax base

FAMILIES
- Able to pay other bills on time and weather financial shocks
- Able to save and invest for the future
- Children can thrive

HEALTHCARE
- Fewer chronic illnesses in community
- Reduce need for unfunded acute care
- Meet Affordable Care Act community health and charity care requirements

BUSINESS
- Able to recruit and retain talent
- Improve employee financial wellness
- Stronger consumer spending environment
Authors

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Email: Katherine.mckay@aspeninstitute.org

Special thanks to Carson Bryant for providing tremendous research support on state rental assistance programs that helped shape our framework and recommendations.
APPENDIX #1: Reviewing state models based on best practices
<table>
<thead>
<tr>
<th>Supporting landscape</th>
<th>Application Process</th>
<th>Payment terms</th>
<th>Post payment support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eviction moratorium?</strong></td>
<td>CDC moratorium; State moratorium through Dec. 31st</td>
<td>Summary Eligibility Criteria: 80% AMI plus one of the following: 50% rent burden; prev. homelessness; eviction history; housing discrimination; illness risk; disability</td>
<td>Pays past and future rent?</td>
</tr>
<tr>
<td><strong>Level of state funding</strong></td>
<td>$100M</td>
<td>Multiple channels?</td>
<td>Offers less than face value payments?</td>
</tr>
<tr>
<td><strong>Who Administers?</strong></td>
<td>Department of Commerce runs the program; money is distributed through housing service providers</td>
<td>Extensive, relevant marketing?</td>
<td>Formalizes / reinstates lease?</td>
</tr>
<tr>
<td><strong>Landlords and tenants can apply?</strong></td>
<td>No</td>
<td>Tenants can use funds to support rehousing?</td>
<td>No</td>
</tr>
<tr>
<td><strong>Simple application process?</strong></td>
<td>Yes; very limited doc. burden; self attestation for tenant &amp; landlord</td>
<td></td>
<td></td>
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## Supporting landscape

### Eviction moratorium?
- CDC moratorium; State moratorium expired on Oct. 17th

### Level of state funding
- $20M for ERMA + $100+ M for RAFT

### Who Administers?
- Housing Consumer Education Center (HCECs)

## Application Process

### Summary Eligibility Criteria
- ERMA below 80% AMI; RAFT below 50% AMI; addl. criteria based on type of funds & group status e.g., some RAFT applicants must prove funds stabilize tenancy

### Multiple channels?
- Yes; tenants can apply directly to HCECs, can be referred by ‘service partners’ or accessed thru mediation

### Extensive, relevant marketing?
- Yes; HCECs actively promote the program and provide resources

### Tenants and landlords who own fewer than 20 units can apply

### Tenants can use funds to support rehousing?
- Depends; RAFT can fund rehousing; ERMA cannot

### Tenants and landlords can apply?
- Tenants can apply

## Payment terms

### Pay past and future rent?
- Yes; ERMA: Up to $4K RAFT: Up to $10K

### Offers less than face value payments?
- No; for RAFT funds > $4K & not distributed thru courts, tenants pay 30% of income to rent ($0 if no income)

### Depends; RAFT for amounts between 4K-10K requires landlords not to evict for 6 months; ERMA no such requirement

## Post payment support

### Ongoing tracking to ensure compliance?
- Yes; state tracks and reports on several outcomes

### Connection to other forms of support?
- Yes; HCECs can connect residents to a range of services

### Direct access to legal services?
- Close connection to legal services network & program expansion included mediation & access to counsel funding

### Simple application process?
- Burdensome app. requires significant documentation from tenant and landlord
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</thead>
<tbody>
<tr>
<td>Eviction moratorium?</td>
<td>CDC moratorium; State moratorium bans filings until early January</td>
<td>Summary Eligibility Criteria</td>
<td>Self-certification of income loss due to COVID; 80% AMI or below; Landlord verification of debt; signed lease</td>
</tr>
<tr>
<td>Level of state funding</td>
<td>$200M</td>
<td>Multiple channels?</td>
<td>No; tenants directly applied to IHDA</td>
</tr>
<tr>
<td>Who Administers?</td>
<td>Illinois Housing Development Authority (IHDA)</td>
<td>Extensive, relevant marketing?</td>
<td>Yes; extensive online marketing and community engagement</td>
</tr>
<tr>
<td>Landlords and Tenants can apply?</td>
<td>No; tenants must apply &amp; landlords must agree to participate &amp; complete docs.</td>
<td>Tenants can use funds to support rehousing?</td>
<td>No</td>
</tr>
<tr>
<td>Simple application process?</td>
<td>Medium; clear application, requires landlord verification of debt, lease, &amp; ownership proof</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# PENNSYLVANIA (PA)

<table>
<thead>
<tr>
<th>Supporting landscape</th>
<th>Application Process</th>
<th>Payment terms</th>
<th>Post payment support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eviction moratorium?</td>
<td>High Level Eligibility Criteria</td>
<td>Pays past and future rent?</td>
<td>Ongoing tracking to ensure compliance?</td>
</tr>
<tr>
<td>CDC moratorium; State moratorium expired</td>
<td>100% AMI or below; Income loss of 30% or more</td>
<td>Yes; up to $750/month for six months between Mar. 1st and Dec. 30th; Max value of $4,500</td>
<td>Yes; there is periodic reporting on program performance</td>
</tr>
<tr>
<td>Level of state funding</td>
<td>Multiple channels?</td>
<td>Offers less than face value payments?</td>
<td>Connection to other forms of support?</td>
</tr>
<tr>
<td>$150M</td>
<td>No; tenants and landlords applied directly to their county agency of the PHFA</td>
<td>In some cases, as rent is often higher than the $750 monthly cap</td>
<td>No</td>
</tr>
<tr>
<td>Who Administers?</td>
<td>Extensive, relevant marketing?</td>
<td>Formalizes / reinstates lease?</td>
<td>Direct access to legal services?</td>
</tr>
<tr>
<td>Pennsylvania Housing Finance Authority (PHFA) through participating counties</td>
<td>No</td>
<td>No; requires lease &amp; no requirement of formalization</td>
<td>No</td>
</tr>
<tr>
<td>Landlords and tenants can apply?</td>
<td>Yes</td>
<td>Tenants can use funds to support rehousing?</td>
<td></td>
</tr>
<tr>
<td>Simple application process?</td>
<td>No; process requires extensive compliance &amp; documentation, slowing distribution</td>
<td></td>
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</tbody>
</table>
APPENDIX #2: Background on the COVID-19 Eviction Defense Project Rental Assistance Pilot
The COVID-19 Eviction Defense Project is testing rental assistance best practices through a pilot program in Colorado.

The pilot buys rental debt and pre-pays future rent at a reduced price, all in a single transaction:

<table>
<thead>
<tr>
<th></th>
<th>Last Mo.</th>
<th>This Mo.</th>
<th>Next Mo.</th>
<th>+2 Mo.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Rental Aid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional Rental Aid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEDP Rental Aid</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Eviction Possible

The pilot pays 60-80% for rental arrears and future rent:

- **100%** Traditional Rental Aid
- **70%** CEDP Rental Aid

The pilot provides funding for existing or new housing, giving tenants leverage in negotiations, with support from lawyers and navigators:

No Leverage: Rental assistance only pays current LL

Leverage: Rental assistance pays current LL or for re-housing
The use of these three practices is taking rental assistance further.

CEDP Rent Relief Model

- Rental Arrears: $3,600
- Future Rent: $3,600

Forgiven by Landlord:
- 7,200
- 2,160

Negotiated Settlement:
- 5,040
- 7,200

- CEDP rental assistance program pays both past and future rent in a single check.
- CEDP and landlords settle past and future rent at approximately 70% of face value, taking funding further.
- Tenants receiving support have ongoing access to counseling, legal services, and other forms of support.
## CEDP Management Processes Are Designed to Speed Time to Settlement Deals

<table>
<thead>
<tr>
<th>Simple Application Process</th>
<th>Rapid Application Review and Underwriting</th>
<th>Targeted Outreach to Landlords and Tenants</th>
<th>Speedy Payment Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application is simple and requires minimal data / input</td>
<td>Auto review of applications with flags for human review</td>
<td>Targeted marketing to tenants and mom-and-pop landlords</td>
<td>Loan portion subject to minimal underwriting (expect high default rate)</td>
</tr>
<tr>
<td>Tenants can self-apply or work with a navigator</td>
<td>Outreach to big landlords, pursuing bulk deals</td>
<td>Outreach to big landlords, pursuing bulk deals</td>
<td>Once deals are approved, fund processes and mails certified checks within 10 days</td>
</tr>
<tr>
<td>▪ Close work with community groups to expand access</td>
<td>▪ Auto review of applications with flags for human review</td>
<td>▪ Loan portion subject to minimal underwriting (expect high default rate)</td>
<td>▪ Landlords receive payment timeline and tracking number</td>
</tr>
</tbody>
</table>
The pilot is building 5 channels to identify need and disburse rental assistance to a wider audience.

<table>
<thead>
<tr>
<th>Channel</th>
<th>Description</th>
</tr>
</thead>
</table>
| Digital platforms (small operators)   | ▪ Online portal accessible to small operators and their tenants to strike bargains and resolve payment issues at pre-fixed terms  
▪ Portal functions as a one stop shop for execution of settlement agreements, reinstatement of lease, and payment                                    |
| Bulk buy-outs (large operators)       | ▪ Fund representatives negotiate directly with large operators / LP owners to reach property or portfolio wide terms  
▪ Deal terms are then extended to tenant for consideration and approval                                                                         |
| Community Organizations                | ▪ Community organizations refer tenants to rental assistance fund and legal services  
▪ Intake triages tenant need and assigns legal assistance, financial advice, or both                                                                  |
| Legal services intake                 | ▪ Provide rental relief fund to legal services attorneys representing tenants in evictions  
▪ Lawyers and tenants have flexibility to negotiate deals with landlords within preset, pre-approved boundaries                                        |
| Court house mediation                 | ▪ Tenant is approved for funding within pre-set, pre-approved boundaries  
▪ Mediator can use funding to support resolution and avoid eviction                                                                               |