



January 31, 2022

RE: 2022 Joint Budget Hearing on Housing of the NYS Legislature

Supplemental Testimony of the Community Housing Improvement Program

We submit this supplemental testimony to explain in further detail our estimated funding thresholds and policy positions.

There remains significant need for rent assistance to cover rent debt related to the COVID-19 pandemic.

The Emergency Rental Assistance Program (ERAP) has helped many families quell this concern, but [based on OTDA's numbers](#) there are approximately 135,000 existing applications for rent assistance which cannot be paid because of a lack of funding. Using the current average of \$12,500 per rental assistance payment, the program requires \$1.7 billion in funding. And that number continues to grow as the application portal remains open.

How many more renters will apply? Based on a survey of our membership earlier this month¹, about 15% of renters are currently more than two months in arrears. More importantly, only 42% of those renters in arrears have applied for the ERAP program. While that percentage is low to begin with, it is even lower for small- and medium-sized housing providers, down to about 28%. But based on these results, if extrapolated to the entire 3.3 million renter population throughout the state, about 200,000 households across the state are in rent arrears that have not applied for ERAP. And for NYC alone, because it houses a disproportionate amount of rents, approximately 132,000 renter households are in arrears but have not applied for ERAP.

¹ Our survey covered 67,450 units of rental housing in NYC.

This is consistent with data from speaking directly to renters. Based on an ERAP outreach and assistance project CHIP conducted with its members and their tenants over five months, from June through October 2021, we knocked on 75,000 doors and spoke to about 5,000 residents. During those conversations, we found that 67% of tenants had not even heard of ERAP. The results from this direct outreach project add support to the results from our surveys of housing providers. To address the rental debt for this population of renters, based on the average payout for ERAP recipients of \$12,500, an additional \$2.5 billion is required.

In total, our surveys and data collection indicate an additional \$4.2 billion is necessary to address all pre-2022 pandemic related arrears. That includes \$1.7 billion to cover existing ERAP applications, and \$2.5 billion to cover arrears for renters who have not yet applied. We believe this mountain of tenant debt and inability to pay future rent should be the priority for this body, and for the state budget negotiations.

But that is just a current snapshot. Because there is no time limit on when arrears can be accrued for the ERAP program. A tenant could stop paying rent next month and still be eligible for ERAP. This is perhaps contributing to the significant percentage of renters who have received funding but continue to not pay in the future. Nevertheless, without a limitation on the arrears that ERAP covers (e.g., March 2020 – January 2022), it is likely that the \$4.2 billion estimate will continue to grow.

Ironically, some of this rental debt could have been resolved already, at least for renters in NYC, where tenants who are the subject of a nonpayment proceeding have the opportunity to apply for emergency rent assistance to cover the arrears they owe. These benefits are administered by the NYC Human Resources Administration (HRA). Since March 2020, when the housing courts were closed at the beginning of the COVID-19 pandemic, there has been a significant drop off in emergency rent assistance given out by HRA. Only about half of the families in need are receiving assistance when compared to pre-pandemic levels.

Clearly, NYC has not spent the amount it has budgeted for over that time, and should be required to put those funds towards ERAP, especially now that tenants in arrears are being advised to apply for ERAP rather than the city-based rent assistance programs. For example, in April 2019, 7,691 families received emergency assistance. But in April 2020, that number was 3,021, a 60% decline. In April 2021, the number of emergency assistance recipients increased to 5,379, but that is still a 30% reduction from pre-pandemic levels when courts were open. NYC has saved billions of dollars by failing to provide rent assistance to those in need over the last 22 months. See this [chart from HRA](#) for reference. Those funds should be put into ERAP to cover arrears from that time period.

Despite rhetoric about every nonpayment action being an eviction, the truth is that evictions are rare in NYC when compared to the overall number of cases filed in housing court, precisely because of the emergency rent assistance programs that are administered through the court system. Unfortunately, the housing court acts as a de facto intake process for the city agencies which provide rental assistance. In fact, until recent changes in city legislation, the existence of a nonpayment case (and sometimes a judgment) was a prerequisite to apply for emergency rental assistance, also commonly referred to as one-shot deals. If the NYC is pushing tenants towards

ERAP, rather than using its own programs, perhaps it should help supplement the funding there as well.

While the amount of rental arrears is significant, the long-term benefits of providing that relief is even greater and will save the state money in the long run.

Direct rent assistance is the most effective and efficient method to address housing insecurity for renters.

Studies have shown that most instances of housing insecurity do not occur because of neighborhood change, but instead are more typically linked to socioeconomic status. According to a Furman Center review of research on homelessness, there is a lack of recognizing the structural, or macro, causes of homelessness, and the need for policy responses that ameliorate high housing costs, low incomes, and income inequality. According to the center, a compelling body of evidence increasingly shows that structural interventions—like access to long-term housing subsidies—improve future housing stability ([Rog et al. 2021](#); [Gubits et al. 2018](#)). Likewise, income support policies designed to reduce poverty also reduce the risk of homelessness.

Nowhere in the report does it mention rent regulations as an important tool for housing security. The reason is because rent regulations do not help families pay their rent. And while there is undoubtedly some displacement from gentrification, research indicates that neighborhood change is not as large a factor in housing security as are poverty levels. According to a 2021 study entitled the [Concentrated Geography of Eviction](#), evictions tend to be concentrated in certain geographies, and even in certain buildings. According to the report,

“...researchers have presented two incompatible explanations as to how evictions are patterned over urban space and time. The first explanation centers around *gentrification* and implies that eviction is spatially diffuse across time. The second explanation focuses on *concentrated poverty* and implies that eviction is spatially stable across time.... We find the distribution of eviction judgments among neighborhoods to be durable across time.”

These findings suggest, in line with the Furman Center’s review of the research, that providing rent assistance to households is the most efficient and effective way to address housing instability and homelessness. But we don’t have to hypothesize, the Furman Center comes out and says it in their [September 2021 report on the role of rental subsidies](#). A few quotes from the report that highlight this position are below:

“...housing subsidies clearly provide some protection for the very low-income households who receive them by lowering the cost of rent to a tenant and adjusting according to income level if earnings change. Because of these features, within our sample, subsidized households accrued less absolute rent debt on average over the course of the pandemic.”

“...added stability provided by fixed income sources suggest the role a layered safety net can play in helping vulnerable households weather cyclical economic shocks.”

“Making sure renters that need assistance have the support and resources to access it will be central to diverting a spike in evictions.”

“...these findings also point to the role expanded durable subsidies could play in stabilizing vulnerable low-income renters longer term.”

Future housing stability for renters must also be a consideration.

An important statistic to be aware of is the percentage of tenants who received ERAP funding but are still in rent arrears. According to our January 2022 survey, nearly half of renters who were two months or more in arrears had already received funding from ERAP. This is a concern moving forward, as the economy slowly rebounds there are still many renters who are not sharing in that recovery.

A more robust, and better administered, rent assistance program should be developed to assist renters who cannot pay. This program should be proactive, and not dependent on the filing of a nonpayment petition before it can be accessed by renters. According to the Furman Center, “making sure renters that need assistance have the support and resources to access it will be central to diverting a spike in evictions.” Further, Furman Center research “...also point to the role expanded durable subsidies could play in stabilizing vulnerable low-income renters longer term.”

We would be happy to participate in further discussions around the creation and administration of such a program.