

**“THE RENT EATS FIRST”: HOW RENTERS AND
COMMUNITIES ARE IMPACTED BY TODAY’S
HOUSING MARKET**

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
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SECOND SESSION
ON
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TUESDAY, AUGUST 2, 2022

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10 a.m., via Webex and in room 538, Dirksen Senate Office Building, Hon. Sherrod Brown, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Chairman BROWN. The Senate Committee on Banking, Housing, and Urban Affairs will come to order.

Before we begin I will probably embarrass her but want to call her out. Irene Gray is working her last week as a stenographer in the U.S. Senate. She has been here 27 years, and we thank her for her quiet, effective, really crucial work to preserve the hearings. Even when Senator Toomey and I do not say much of note, she still has to take it down. So we just appreciate your good work for this country and your unsung hero as a public servant, contracted or not, as a public servant, so thank you. Thank you.

This hearing is in a hybrid format. Four of our witnesses are joining us in person, sitting in front of Senator Toomey and me. Ms. Morey is joining remotely. One or more of our Committee colleagues may attend from their office.

Yesterday was the first of the month. For millions of Americans, that means the rent was due. For many renters, that rent keeps going up and up and up.

Two weeks ago in this Committee we heard from witnesses about the soaring cost of housing and how it hurts the millions of families priced out of buying their first home, and imperils the renters who are just one illness or job loss or car repair away from eviction, as one of our witnesses documented in his book.

This problem is squeezing people all across the country, working all kinds of jobs, even jobs that were supposed to be a ticket to the middle class.

This is not a new problem.

For decades, so many Americans have struggled to scrape together the rent each month. Too many have lived in shoddy housing with rodents, mold, or broken appliances.

That is why, 90 years ago, this country began investing in affordable housing, so that everyone would have a safe, affordable place

to live. But the funding we put into that effort has never kept up with renters' needs, or even the basic maintenance of aging federally assisted housing.

For the past decade, about half of renters have been paying more than one-third of their incomes just to keep a roof over their heads, and we know renters' challenges are only getting worse.

We are 3.8 million homes short of what we need. Not a single State in the country has enough housing. And for the lowest-income renters, there are just 36 units affordable and available for every 100 renters who need them. That means renters cannot, as we might say, vote with their feet in the housing market because there is nowhere for them to go.

This huge shortage of housing means that renters have to make do with what they have got, even if their house has dangerous lead paint on the walls, or the landlord will not fix the heat, or their bathtub has been clogged for weeks. With housing so difficult to find, renters are forced to ask themselves whether it is worth it to push for a repair from the same person who can put an eviction on their record and decide whether they have a place to sleep at night.

The shortage of housing also means rents are going up for pretty much everyone. Rents are up 15 percent nationally, compared to a year ago. In some cities, like Austin, Texas, or Senator Menendez on this Committee, his city of Newark, rents are up more than 25 percent. When rents rise, it makes everything in someone's life just a little bit more precarious. More and more families are just one emergency away from losing their home.

Renters see the pain from all these rent increases—the missed trips to visit family, the car repair they are forced to put off, the second job they have to take—just to make ends meet.

Wall Street investors just see opportunity. They do not see the pain, or they just do not care. More and more, investors are buying up single-family homes, homes that first-time homebuyers usually buy, and renting them out at sky-high rates. Twenty-eight percent of homes sold at the beginning of this year went to investors.

Think about that. Investors, too often from out of town, who do not care about the community and just want to make a quick buck, are buying more than a quarter of homes, not bought by families who want to put down roots, who dream of seeing their kids grow up in that neighborhood and go to that local school.

That number is up from 16 percent just a couple of years ago. And the biggest investors with the deepest pockets—the ones who own more than 100 properties—nearly doubled their share of these purchases.

Ms. Brunner has seen it first-hand in Cincinnati, where a single company based in Texas bought up 29 properties on one street in Price Hill, 29 properties on a single street. In that neighborhood now, more than half of all homes are now rentals. And the city is left to chase down these out-of-State landlords who are letting these homes fall apart.

Families need a landlord they can talk to, who lives in the community. Cities need landlords who want to actually take care of their buildings and help families stay in their homes. But big Wall Street firms promising investors double-digit yields and running up

double-digit eviction rates are pricing out those who make a community home, good landlords, renters, first-time homebuyers alike.

And they are not just buying up single-family homes. They are targeting mobile home communities and apartment buildings—we see that across the country—anywhere that adds to their own bottom lines.

Last week, the House Select Subcommittee on the Coronavirus Crisis published a report showing that, at the height of the pandemic, just four of these massive landlords—four—filed nearly 15,000 evictions—4 landlords, 15,000 evictions.

When a renter who has fallen behind on rent or cannot get her landlord to fix her heat, we often hear that it is her individual problem. We hear that it is just between the renter and his landlord, or that his local Government is to blame for its bad policies.

And it is true that every eviction, every rent hike, every unlivable home is a personal crisis for an individual family. But all of these individual crises have added up to a big, national problem. It costs all of us more in education costs when kids have to change schools every 6 months or so. It costs all of us in lost productivity when the workers supporting our businesses and schools, and our first responders, cannot find an affordable place to live. It costs all of us more in health care when people cannot store their medicine because they do not have a place to live.

This is not someone else's problem. It affects all of us, and we need to work together to solve it. We have to expand the supply of safe, affordable housing across the country, for renters and homeowners, at all income levels. We have to maintain the affordable housing we currently have, so we do not fall even further behind on our housing supply. And we have to help renters find and remain in homes they can afford with financial assistance, including emergency assistance, and support bipartisan eviction prevention efforts, like mediation, through the Bipartisan Eviction Crisis Act.

I look forward to hearing from our witnesses today about how we can tackle these challenges facing renters and grow the number of good landlords. It will benefit all of us.

Senator Toomey.

OPENING STATEMENT OF SENATOR PATRICK J. TOOMEY

Senator TOOMEY. Thank you, Mr. Chairman. Let me join the Chairman in recognizing and thanking Ms. Irene Gray for her years of service to the Committee, to the Senate, and to the country. We really do appreciate your good, solid, consistent hard work. Thank you.

The fact is, across America, every month Americans are falling further and further behind because of President Biden's out-of-control inflation. Paychecks are not keeping up with rising prices. After adjusting for inflation, wages have declined 5 percent since President Biden took office. The fact is, working Americans are getting poorer every day.

And our Democratic colleagues' wasteful spending, growth-killing regulation, and excessively accommodative monetary policy are exactly what caused 40-year high inflation and now an economic contraction. And what is the response we hear from our Democratic

colleagues? They want to jam through a reckless tax-and-spending bill that will make this disastrous situation even worse.

Hiking corporate taxes will slow economic growth and especially harm America's manufacturing sector, and spending billions more will fuel inflation. This new wasteful spending will mostly go toward corporate welfare for green energy, subsidies for wealthy people to buy Teslas, and a political handout right before the elections to higher-income Americans who buy Obamacare plans.

In addition, the bill includes spending on housing, which is the topic of today's hearing. Under the Biden administration, of course, the cost of housing has skyrocketed. Housing prices increased 18 percent in the last 12 months. Rents have jumped 14 percent. Affordable housing is growing further and further out of reach for many.

But you would not know that from reading the Democrats' bill. Its housing provision creates a \$1 billion slush fund for "greening" subsidized housing. I guess the theory is at a time of surging housing costs the solution is to put solar panels on Section 8 housing.

As I have said before, Government, and especially this Administration, have often been the problem, not the solution, when it comes to housing. There are countless ways that needless Government regulation drives up housing costs. Time-consuming permitting processes drive up the cost of building new rental housing. Overly burdensome environmental impact reviews further add to that cost.

Tariffs on steel, lumber, and other building materials have the same effect. Rent control laws reduce the supply and quality of rental housing. Demand-side housing subsidies get capitalized into higher house prices and higher rents.

Loose GSE and FHA underwriting standards drive those house prices and rents still higher. The GSEs then respond by subsidizing investors in single-family rental housing, but that just further drives up house prices and crowds out aspiring homeowners.

More recently, the Democrats and this Administration have taken this Government failure to the next level. They have dropped hundreds of billions of dollars of helicopter money to stimulate an already strong economy. Eighty billion of that went to rental assistance, vouchers, and other housing subsidies, further inflaming demand.

The President even extended the illegal eviction moratorium that has deterred investment in new rental housing and led to some renters not paying rent even when they could afford to. Predictably, landlords have responded by increasing rents and requiring larger security deposits.

Today the Democrats will propose more of the same. We will likely hear them make the case for new so-called tenant protections. We will likely hear them arguing for making the COVID rental assistance program permanent.

But doubling down on failed liberal housing policies is not going to fix our rental housing market. Instead it will just make housing more expensive. Today we will also hear from landlords about how Government intervention makes it harder and more expensive to be a landlord, and that leads to higher costs for renters.

To improve housing affordability for all Americans whether renters or owners we should pursue reforms that leverage the power of free enterprise to increase housing supply and make markets more competitive. A healthy market competes not just on price but also service and product quality. To that end, we should scale back the role of Government and increase the role of private capital.

We should avoid the temptation to adopt new so-called tenant protections or permanent rental assistance that will have negative unintended consequences, including increasing housing costs. We should phaseout demand-side subsidies that drive housing costs higher. We should end the failed GSE model that fosters excessive risk-taking and contributes to a boom/bust housing cycle.

Localities should revisit their permitting processes and other obstacles to new housing construction. We should prohibit the GSEs and other Federal programs from subsidizing rental units in jurisdictions that impose rent controls, and we should get the GSEs out of the business of subsidizing single-family home investors. And we should keep the GSEs focused on their affordability missions by keeping them out of social policy.

Meanwhile, I hope the Administration will finally engage on housing reform. Treasury has still not met its obligation to deliver a housing reform plan to Congress. It is now 10 months overdue.

Instead of pushing a reckless tax-and-spending bill, the Administration should look to opportunities for bipartisan legislation, like housing finance reform, that relies on free enterprise, not Government, to make housing affordable for all Americans, whether they own or rent. Thank you.

Chairman BROWN. Thank you, Senator Toomey.

I will now introduce the five witnesses.

Professor Matthew Desmond is the Maurice Daring Professor of Sociology at Princeton and the author of the book *Evicted*. He is also Director of the Eviction Lab at Princeton. Mr. Desmond, welcome.

Ms. Laura Brunner is President and Chief Executive Officer of the Port of Greater Cincinnati Development Authority in Hamilton County, Ohio. Prior to joining the Port in 2011, Ms. Brunner spent 15 years in accounting. Ms. Brunner, welcome.

Ms. Rosanna Morey is a small property owner living in Seaford, New York. She is joining us, I believe, from either her home or her office in New York. Welcome, Ms. Morey.

Mr. Darion Dunn is the Managing Partner at Atlantica Properties, a real estate investment and asset management company in the State of two of our Members of this Committee, Senator Ossoff and Senator Warnock. Mr. Dunn is also a civil engineer, I understand.

And Ms. Diane Yentel is the President and CEO of the National Low Income Housing Coalition. She was once Vice President of Public Policy and Government Affairs at Enterprise Community Partners. She has served as Director of Public Housing, Management, and Occupancy Division at HUD in Washington, and she is almost a regular in this Committee. Ms. Yentel, welcome. Professor Desmond, if you would begin. Thank you.

**STATEMENT OF MATTHEW DESMOND, MAURICE P. DURING
PROFESSOR OF SOCIOLOGY AND DIRECTOR OF THE EVIC-
TION LAB, PRINCETON UNIVERSITY**

Mr. DESMOND. Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the opportunity to testify before you this morning.

My name is Matthew Desmond. I am a Professor of Sociology at Princeton University, where I direct the Eviction Lab, which is a research group dedicated to understanding the causes and consequences of housing instability.

I come before you today gravely concerned about millions of American families brutalized by our country's painful and utterly predictable rental housing crisis. Since 1985, rent prices have exceeded income gains by 325 percent. Most poor renting families today spend at least half of their income on housing costs, with 1 in 4 spending over 70 percent of their income on shelter costs alone.

Last year, rents increased faster than they ever have on record. Nationwide, median asking rent increased by 17 percent in a single year, but some cities saw rent increases double that. Since last March, rents have risen 30 percent in Orlando, 29 percent in Cincinnati, 22 percent in Dallas. This is the inflation crisis on steroids.

When the price of gas goes up we can adjust, carpooling to work. When the price of food goes up we can adjust, eating out less. But when the cost of housing shoots up, what can families do? They often are already living in the cheapest apartments available. They cannot double-up with relatives because of local occupancy laws. They cannot move if they want to keep their jobs and family ties and the schools. So all they can do is cut back on other necessities like health care and educational enrichments and food.

As a direct result of the housing crisis, the United States has a much higher eviction rate than other industrialized democracies. The number of eviction filings has increased by 21 percent since 2000, rising to 3.6 million cases filed in an average year.

Eviction is incredibly harmful to families and communities. It leads to job loss and homelessness, to depression and suicide. Babies born to mothers who experience an eviction while pregnant are significantly more likely to have adverse birth outcomes, which have been shown to have life-long and even multigenerational effects. The evidence is in and the evidence is clear. Eviction is not just a condition of poverty. It is a cause of poverty.

Why have rents risen so aggressively? One possibility is that property owners' expenses have gone up, and to maintain a steady income owners have to pass on rising housing costs to tenants in the form of higher rents.

But this is not what the data show to be happening. Rather, in recent years owners of multifamily properties have seen their rental revenues increase at a faster rate than their expenses. This has been especially true for properties located in low-income neighborhoods. The owners of these properties saw their rental revenues increase by 47 percent between 2012 and 2018. Their expenses during that time only increased by 14 percent.

Both the private housing market and the Federal Government have failed to provide American families with enough affordable

housing. As a result, property owners have seized the opportunity to increase rents, knowing they have a captive tenant base.

We need to increase the supply of affordable housing, but families need relief now, not 10 years from now when the doors open but today. Congress could provide much-needed relief by deepening investments in housing vouchers. I urge this Committee to pass the Eviction Crisis Act and the Family Stability Opportunity Vouchers Act, two bipartisan-sponsored bills that would help stem the bleeding. And you can extend the emergency rental assistance, which did so much to prevent an eviction spike during the pandemic.

When we boost incomes for working families, for Government programs, or economic growth but do not address rents, income gain are often recouped by the housing market. Studies have shown that when States raise minimum wages, landlords respond by raising the rent. The implication is that investing in affordable housing is not only necessary to stabilize families and communities, it is also essential because the success of all other economic mobility efforts depend on it.

Now is not the time for inaction, for indecisiveness, or for the same old, tired debates about spending. We could pay for deeper investments in housing in dozens of ways. Simply collecting unpaid Federal income tax from the top 1 percent of households would bring in an estimated \$175 billion a year. What we can no longer do is look renting families in the face, families now living in cars and garages and attics and storage sheds, in the richest country on the planet, and tell those families, “You know, we would love to help you but we just cannot afford it,” because that is a lie.

Chairman BROWN. Thank you, Professor. Ms. Brunner, welcome.

**STATEMENT OF LAURA BRUNNER, PRESIDENT AND CEO,
PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY**

Ms. BRUNNER. Chairman Brown, Ranking Member Toomey, Members of the Committee, thank you for the opportunity to testify today on how renters and communities are impacted by today’s housing market and how institutional investors are changing the landscape of single-family housing in Hamilton County.

My name is Laura Brunner, President and CEO of the Port of Greater Cincinnati Development Authority. The Port is a public, quasigovernmental agency focused on mending broken real estate to promote job creation, home ownership, and equitable development. Our work is guided by the belief that real estate should work for everyone. We focus on the acquisition and rehabilitation of blighted residential and commercial properties to provide housing options across multiple price point, resulting in the revitalization of neighborhoods.

The Port operates the Hamilton County Land Bank, whose mission is to return vacant properties back to productive use. Since 2012, we have successfully sold more than 1,000 properties. Since 2015, the Port’s residential program has created more than 100 new and renovated, market rate and affordable homes, investing \$24 million to catalyze private investment.

Housing development is not simply a byproduct of economic development but rather an engine of economic stability and growth. Simply, homes create long-term wealth. Real estate is one of the

fastest ways to shrink the wealth gap and to help restore the middle class. In Cincinnati, Black home ownership is only 33 percent. Nationally, about 42 percent of Black households own their home, compared to 72 percent of White households.

Housing and home ownership are the foundation of everything else in our lives, and for too long redlining and segregation has stifled Black residents from this opportunity. This has become increasingly hard today as institutional investors continue to crowd out the housing market across the country.

Last summer, we asked the city of Cincinnati for the names of the five worst landlords. It took months of rigorous research to uncover that over 4,000 single-family homes in Hamilton County had been purchased by these 5 landlords. Tracking the acquisitions was an arduous task due to the high volume of LLCs used. There is a theme out there: out-of-town investors hiding behind a cloak of anonymity.

As evidence by the city of Cincinnati's lawsuit against VineBrook last year, this type of investor model results in poorly maintained properties and negligent landlord practices. Investor-landlords are also more likely to evict their clients, their tenants. Institutional investors may only own 1 percent of single-family homes but this may mean 50 percent of homes on a single street. When the geographical impact is so concentrated it has a negative, game-changing effect on what it means to live in a neighborhood. It has an impact on neighboring homes where surrounding property values see downward pressure.

Institutional investors found a very profitable new sector. They have been purchasing large volumes of single-family homes in the region's disinvested neighborhoods and turning them into rental properties. They make all-cash offers and box out first-time and low-income buyers. Our low home values and high rental rates make our city attractive. It is a cash cow for investors but a money pit for renters. In the second quarter of 2021, 1 in 6 home sales were purchased by large investors, and we know that it is significantly higher at price points below \$250,000.

Just last month, Cincinnati had the largest jump in rental prices in the country, so we feel we had to do something to insulate renters. In December 2021, the Port placed a bid on 194 single-family homes formerly owned by a California-based firm that fell into receivership. The receiver reached out to the Port when the auction of the properties was imminent. We could not help but see this opportunity as a partial antidote to the threat. In January 2022, the Port closed on this acquisition and launched the CARE Homes Initiative. No other institution, to our knowledge, has taken on a project similar in scope and challenge to this acquisition.

Because of our risk tolerance, we were able to create an innovative financing model that included zero public subsidy. The Port leveraged its non-tax revenue to issue bonds to pay \$14.5 million, outbidding more than a dozen investors. The Port's intent with the CARE Homes Initiative is to create viable pathways to home ownership for current tenants of these homes.

Working in Neighborhoods, a nonprofit with a successful track record, provides assessment, financial literacy training, and home-

buyer education for all interested tenants as they take this step to buy their new homes.

Of course, bold ideas rarely come without risk. It is clear that some of these homes have not been touched or upgraded since they were built in the 1950s. Balancing the financial performance needs of the homes with the human needs of tenants is challenging. This reality reinforces the significance of the Port's efforts to interrupt the cycle of predatory investor ownership of these properties.

It is our duty to make real estate work for our community, particularly our most vulnerable residents. Now more than ever, bold policies and leaders are needed to ensure that housing markets meet the needs of our communities.

Thank you for the opportunity to testify.

Chairman BROWN. Thank you, Ms. Brunner. Ms. Morey, you are recognized from New York.

STATEMENT OF ROSANNA MOREY, SMALL PROPERTY OWNER

Ms. MOREY. Thank you for the invitation to testify today and for the opportunity to share my story. My name is Rosanna Morey. I live on Long Island in New York, and am a small landlord of an owner-occupied home with a rental unit. I am a single mom with an incurable cancer that progressed before the pandemic began. I rented the apartment in my home on a month-to-month lease to help with bills and to ease the burden on my life. As my health declined I saw no other option but to speak to the tenant and provide notice for her to vacate so that my sister could stay with me and help me and my teenage son who has learning disabilities. The tenant refused, and so began holdover filings and proceeding.

The pandemic hit and the eviction moratorium was put in place, which, by the way, was originally intended only for nonpayment and COVID-related hardship cases. But somehow all cases were lumped together, and did not take long for the tenant to stop paying rent. "Because I effing can, and you can thank your Governor for that" was the response that she gave a police officer when he asked why she continued to stay.

I had to work three jobs while undergoing treatments to make ends meet. She spitefully and incessantly smoked, knowing that I was sick and that it made me violently ill. She violated the lease, which clearly prohibited smoking, because my son was asthmatic; she did not care and there was nothing I could do. The stress of all of this even contributed to my having a TIA, or a mini-stroke.

I could go on with countless stories of deplorable behavior. Thanks to Governor Hochul's and Federal eviction moratorium extensions, this tenant was basically given the right to abuse the situation. She was allowed to live rent-free for 2 years, even though gainfully employed. She ignored any and all rules outlined in a binding lease agreement that she signed and agreed to, and the situation allowed her to destroy my property, knowing that there would be no recourse.

I was one of the very, very lucky people who received money from the Landlord Rental Assistance Program, or LRAP, New York's emergency rental assistance program for landlords whose tenants were unwilling to apply for Federal emergency rental assistance. However, it was only 1 year's rent that I had to pay income taxes

on, but the tenant was not required to pay taxes on the forgiven debt. The money from LRAP did not cover the entire back rent, nor the \$10,000 in legal fees, nor the \$25,000 it ended up costing me to rebuild and clean the area that she destroyed, even leaving feces everywhere and rotting food in the kitchen.

The overall aftermath and any new regulations that landlords would be subjected to will continue to drive them away from renting out properties. Policies such as the eviction moratorium led to abuse as in my case and many others, and has caused a 2-year backlog in court. This has contributed to the housing shortage because landlords are still housing nonpaying tenants while waiting for their due process. ERAP and LRAP also did not really help landlords because a tenant that expects the Government to pay will simply not pay their own rent. This perpetuates a “who cares” attitude and impacts landlords’ livelihoods, and worse yet, permanently creates an emergency rental assistance program that just makes it easier for Government officials to re-impose an eviction moratorium or lockdown orders, something we can all agree is bad.

The eviction moratorium that occurred during COVID led to Government interference beyond what should have ever been allowed. The Government should not discourage landlord participation, as that will just drive them away and make housing more expensive for all.

With too many restrictions, affordable housing providers like myself will reconsider renting going forward. Some will just sell and leave, some will put more stringent requirements and tenant screening criteria in place, and some will just raise the rents to cover themselves “just in case.” We are already starting to see the impact of all of this as social media videos have begun to circulate teaching prospective tenants how to create fake W2s and bank statements, et cetera, because so many chose not to pay rent that now they cannot provide the documentation required for a new apartment, and this cannot continue.

Landlords are not in the business of evicting, but we should be able to in certain circumstances.

Today, I am asking policymakers to consider landlords, particularly small mom-and-pop landlords, and single parent landlords trying to make ends meet, and sick landlords like myself just trying to get by, because after all, we have families to support too.

Thank you, and I look forward to answering your questions.

Chairman BROWN. Thank you, Ms. Morey. The next witness is Mr. Dunn. Welcome.

**STATEMENT OF DARION DUNN, MANAGING PARTNER,
ATLANTICA PROPERTIES**

Mr. DUNN. Thank you. Chairman Brown, Ranking Member Toomey, and Members of the Committee, good morning. Thank you for the invitation to testify today and share my story.

My name is Darion Dunn. I am the Managing Partner of Atlantica Properties, a company that I started with my younger brother and business partner, Trenton Dunn. Atlantica Properties is a real estate investment and development firm with a mission to empower individuals by establishing thriving, holistic communities. I was born and raised in Atlanta, Georgia, by parents who

taught me that “home” is more than a place. It is an ideal. I graduated from Georgia Tech where I studied civil engineering and economics.

I have dedicated my life’s work to creating and preserving affordable housing. After acquiring my first rental property over 20 years ago, I have since participated in the ownership, management, and development of nearly 1,000 housing units. I know that expanding affordable housing in our Nation is possible and critical to solving our housing affordability challenges, but the Government, at all levels, must empower, not restrict, housing providers from doing what they do best, providing places to call home for our residents at all income levels.

My company is able to offer affordable rents in part because we have a thoughtful, long-term approach to property ownership. We have owned many of our rental properties for over a decade, while nearby properties have traded hands upwards of five times in the same period.

I am fortunate to have built a successful real estate company that operates on an institutional level, yet I have never forgotten my humble beginnings as a landlord with very limited resources. I saved money from my day jobs for the downpayment for single-family rental homes and apartment properties. It is not surprising that the majority of rental homes and small multifamily properties in this country are owned by individuals and small businesses like mine. In fact, over 70 percent of tenants in the United States live in properties that have 20 units or less, including single-family homes.

Small landlords represent a majority of the rental property industry, but policymakers tend to overlook the contributions and struggles of this group of business owners. My responsibility to our residents includes keeping my business viable so I can continue to serve those that are most vulnerable to the ever-worsening affordability crisis, and Government should seek to help me do that.

Our tenants are our partners, and our business cannot exist without them. The symbiotic relationship between tenants and landlords was put on full display during the height of the COVID pandemic. The financial pain felt by tenants was ultimately felt by landlords, and vice versa. Fortunately, my company did not have a large percentage of delinquent tenants during the pandemic like many others in my industry. However, we did have tenants who were unable or unwilling to pay rent for extended periods of time, with the worst case being a current tenant that has not paid rent since October 2020.

While we have fortunately been able to withstand these challenges, the majority of small landlords cannot sustain these types of setbacks. Emergency rental assistance programs have been a welcomed safety net, although many housing providers have experienced significant delays in receiving these funds, due to challenges with local execution of the program.

Despite Federal resources to help during the pandemic, the inventory of affordable housing is eroding as small landlords opt to or are forced to sell their properties. With supply already outstripped by demand, we cannot afford to lose these market players.

We need more mission-driven housing providers. So, I support business practices and public policies that strengthen the tenant-landlord bond, as opposed to those measures that pit one side against the other. Examples of good measures include lease insurance to cover property damage and lost revenue, reform of the Section 8 program, incentives to encourage housing preservation and conversion of unused commercial property to housing, and access to favorable debt and equity for non-LIHTC deals.

Evictions are a last resort, but we must ensure that moratoriums do not discourage vulnerable populations from paying their rent and building their credit. For example, our company doubled down on tenant financial literacy training during the pandemic. We educated tenants on the importance of avoiding eviction filings and creditor collections. We also implemented a program to report positive rent payments to the credit bureaus, which has led to 75 percent of our tenants improving their credit scores.

I will close by reiterating that we must increase housing supply and provide incentives to strengthen the tenant-landlord relationship. There is still time to restore the legacy of affordable housing in America, and I promise to continue my efforts to make the ideal of “home” a reality for generations to come.

Thank you for the opportunity to be here today. I look forward to answering any questions.

Chairman BROWN. Thank you, Mr. Dunn.

Ms. Yentel, welcome. You are recognized for 5 minutes.

**STATEMENT OF DIANE YENTEL, PRESIDENT AND CEO,
NATIONAL LOW INCOME HOUSING COALITION**

Ms. YENTEL. Thank you. Chairman Brown, Ranking Member Toomey, Members of the Committee, thank you for the opportunity to testify today.

Prepandemic, millions of extremely low-income households, disproportionately people of color, struggled to remain housed, and more than half-a-million people experienced homelessness. Ten million of the lowest-income households paid at least half of their limited income on rent, leaving them without resources to put food on the table, purchase needed medications, or otherwise make ends meet. Any financial shock would cause them to fall behind on rent and face eviction, and in the worst cases, become homeless. These same households lost wages, had increased costs, and were at risk of losing their homes during the pandemic.

The Federal Government responded to the clear and growing need by providing unprecedented resources and protections. Congress provided \$46 billion in emergency rental assistance. President Trump implemented a national eviction moratorium, which was extended by a bipartisan Congress and further extended by President Biden. These resources and protections kept millions of renters, who otherwise would have lost their homes during a global pandemic, stably housed.

Now, as resources are depleted and protections expire, low-income renters are faced with rising inflation, skyrocketing rents, eviction filing rates that are reaching or surpassing prepandemic averages, and in many communities, increasing homelessness. Every \$100 increase in median monthly rent is associated with a

9 percent increase in homelessness. Last year, monthly rents increased, on average nationally, by nearly \$200.

Rising rents are driven by increased demand, limited supply, and a mostly unregulated market that allows landlords to raise rents without regard to the impact on tenants. Institutional investors are purchasing homes at an increasing rate and they are raising rents, charging higher fees as a profit-making strategy, and filing for eviction at alarming rates. A lack of national renter protections places tenants at risk of unjust treatment, housing instability, and evictions.

Underlying all these challenges is a longstanding, pervasive, and severe shortage of 7 million homes, affordable and available to the lowest-income people, which the private market, on its own, cannot adequately address. The shortage is a structural feature of the country's housing system, impacting every State and nearly every community. Yet, Congress only funds housing assistance for 1 in 4 eligible households and has failed to preserve our country's limited supply of public and other deeply affordable housing.

To address a decades-long housing crisis that has only worsened during COVID-19, Congress must enact long-term solutions, such as expanding rental assistance for all eligible households in need, preserving and expanding the supply of deeply affordable homes, providing short-term assistance to prevent evictions and homelessness, strengthening and enforcing renter protections, and incentivizing or requiring local governments to eliminate restrictive local zoning.

These solutions must be paired with reforms to break down barriers that prevent access to critical resources and that deepen racial disparities. Although the best opportunity to advance long-term solutions is the reconciliation bill moving through the Senate now, it looks unlikely that the bill will address the housing crisis in any meaningful way, leaving renters and people experiencing homelessness to suffer from continued inaction.

So, as champions like Chairman Brown and others on the Committee continue working toward long-term solutions in Congress, the Biden administration must take immediate action to protect tenants from exorbitant rent hikes and prevent more homelessness.

The bottom line is this: the country's lowest-income seniors, people with disabilities, and working families are struggling to stay housed in this housing market. Without decisive and quick action by the Biden administration and Congress, too many more renters will fall into homelessness, with all its associated costs to children, families, communities, and the country. We can prevent this outcome but only if we act and act soon.

Thank you again for the opportunity.

Chairman BROWN. Thank you, Ms. Yentel.

Ms. Brunner, your story of the CARE Homes Initiative, it is quite a story. Thank you for sharing that. I mean, just the arduousness, the difficulty of making that happen, thank you for your commitment to do that.

But talk for a moment, if you would, what other areas in Ohio are seeing similar—I do not expect you to know the details that you know in Cincinnati, of course, but are seeing big investors come in, and more importantly, what would help the Port and

other organizations like it be able to fix up more homes and keep them affordable for renters, or return them to affordable home ownership? Talk that through, if you would.

Ms. BRUNNER. Thank you for the question, Mr. Chairman. We became aware of this issue about a year ago when there was an article in the *Wall Street Journal* that featured Cleveland, Ohio, and the rapid increase of ownership by these institutional investors there, and that is what made us start to study what was happening here in Cincinnati.

I think Ohio, in general, is typical of a target area because of our home values relative to the rental market. So I do not have any specific information but I know this is something that is happening throughout Ohio.

Yes, the LLCs, when we got the names of five different investors that had the most significant code violations from the city of Cincinnati, and then went to figure out how many homes they owned in our country, you cannot look up the entity name because it is common in real estate that LLCs are used for real estate ownership. But we did find that one particular investor had 91 LLCs just in our county.

So that means there is this lack of transparency, which makes accountability harder, and that is one of the changes that we would recommend is that there is some kind of registration process that would make it easier for the local jurisdictions to then track and hold accountable these property owners for the condition of the properties.

And we also discovered that many of them are still receiving home ownership credits on their property tax bills, so that is something else that should be changed. And we certainly do not want to have less costs for them than other businesses, because what they are doing is, you know, these are businesses so they should pay higher taxes.

And I also think that, you know, we are looking into two other ideas. We do not know the extent to which Opportunity Zone funding has been used for the investment in these properties. We know that a very significant amount of investment is in low census tract areas. So it would be a concern, certainly, if Opportunity Zone funding is used for this, which is, I think, not the intent. And I think there needs to be some analysis of REET taxation and the implications that it has for this asset class.

Chairman BROWN. Thanks, Ms. Brunner.

Professor Desmond, two questions, if you would kind of answer them together. First addressing what Ms. Brunner said about LLCs. Tell us how it has affected your ability to track who is filing evictions around the country, because I know that is a big part of the work you are doing at the Eviction Lab. And then if you would also speak for a moment about the Eviction Crisis Act, how it would help us better understand and prevent evictions.

Mr. DESMOND. Thank you, Chairman Brown. The growth of LLCs in the rental housing market has expanded precipitously over the years. Studies have linked LLC ownership to property neglect. This is not because landowners who register under LLCs own older stocks. It seems to be LLCs invite moral hazard. What prevents liability also seems to prevent accountability and can invite neg-

ligent behaviors. Studies have also linked LLC ownership to property disinvestment, tax abandonment, even completely walking away from properties.

One of the landlords I spent time with in Milwaukee, I asked her, “What happened to this house that I spent a lot of time with?” and she said, “I just gave it back to the city.” And what she meant was she just stopped paying taxes on it and let it go into tax foreclosure. Tax foreclosure should not be part of the business strategy, but for some landlords that use LLCs it is.

It is also the case that it seems to be the case that a small number of landlords do an outsized number of evicting. Now we cannot know who exactly those people are because we do not know who owns our cities. If we did, we could design policies that would target the root of the eviction crisis.

The Eviction Crisis Act would do a lot to get us to a better place when it comes to stemming evictions. First, it would allow us to track eviction data, which is the only way to understand if evictions are, for example, violating the Fair Housing Act. The Federal Government does not collect eviction data. The only group that does is my group, at Princeton, on a national level, and I promise you I will not do this forever.

The second thing the Eviction Crisis Act does is look at legal reform and inside the courts, and see if we can make a more humane and rational way to adjudicate the process.

And third, it looks at rental assistance, and if we could figure out a way to make small dollars go a long way. For example, in Cincinnati last year, I believe 1 in 7 evictions were for less than \$500. So for some cases, the line between homelessness and staying in your home does not cost that much money.

Chairman BROWN. Thank you. Ms. Yentel, your comments on that, what the Eviction Crisis Act would do, in your view.

Ms. YENTEL. Sure, I would point primarily to the last piece that Matt mentioned—making emergency rental assistance a permanent program and permanently funding it at \$3 billion annually. The legislation was initially introduced as bipartisan legislation in the Senate in 2019. Even before the pandemic, there was bipartisan understanding and agreement that short-term rental assistance could help some families who can otherwise make ends meet absorb an unexpected financial shock and avoid eviction and the spiraling into poverty that results.

It was initially envisioned as a pilot program. And then, of course, 2020 came—the pandemic and \$46 billion in emergency rental assistance. We have had our pilot program. Emergency rental assistance has been successful. Forty billion of the \$46 billion has been spent or obligated. Six million families have been helped. Over six million payments have been made.

So, now it is time to take all the lessons that we learned during the pandemic, from the 500 programs that were stood up across the country, and put that into authorization and funding for a permanent emergency rental assistance program. And again, I am really pleased to see that the legislation is bipartisan and does have bipartisan support.

Chairman BROWN. Thank you. Senator Toomey.

Senator TOOMEY. Thank you, Mr. Chairman.

Ms. Morey, thank you for being with us remotely today. I appreciate your testimony. I feel badly for the circumstances you are in. I certainly hope your prognosis is good and that you are feeling well.

You know, I read your testimony so I know the story, but we did not have a good audio connection for much of your opening comments. So I just want to clarify a few things for people who might not have been able to understand what you were saying.

First of all, my understanding is you own your own home and attached, or as part of that home, there is an apartment, and that you rented that apartment out on a month-to-month lease to a tenant. Right?

Ms. MOREY. That is correct.

Senator TOOMEY. Right. And then at some point, because of a deterioration in your health, you decided that you really needed to have your sister move into that apartment who could help you. And so you provided the notice to your tenant that you, at some point, would not continue to renew the lease, and your tenant, nevertheless, refused to leave the apartment. Is that right?

Ms. MOREY. That is correct.

Senator TOOMEY. Did I understand you to say that she stayed in the apartment without paying at least the full rent—I do not know if she paid any rent—for 2 years?

Ms. MOREY. Close to.

Senator TOOMEY. Close to 2 years she stayed in the apartment. And you could not do anything about that. Why?

Ms. MOREY. Because housing courts were closed, and even when I tried to open a different case because of her smoking—so more of an emergency type of hearing or filing, that was going to start the clock over again, meaning that my last filing would go away and the new filing would then take its place.

Senator TOOMEY. And with an eviction moratorium in place would you be able to evict this person?

Ms. MOREY. Yes, if there was no eviction moratorium in place, if I heard you correctly, yes.

Senator TOOMEY. Right. If there was no eviction moratorium then you could. If there is an eviction moratorium then you would not.

Did this person seem to know that you were not in a position to be able to evict her?

Ms. MOREY. Yes.

Senator TOOMEY. And so took advantage of that.

And so let me ask you. Having gone through this experience and knowing what you know about the Government's willingness, certainly at times, to impose a ban on evictions, do you regret having rented your place out?

Ms. MOREY. I do not regret it, but a guarantee of no moratorium, there would have to be more than that. I would have to feel supported and protected by my Government. There would have to be protections for risk mitigations [inaudible] in order for me to ever consider renting again.

Senator TOOMEY. Right. You know, we have been hearing a lot about the supply of housing. That is true. We have a shortage, and this is, to me, a very compelling story of the unintended con-

sequence of what is meant to be helpful to tenants but actually becomes very harmful when some people inevitably abuse this.

Mr. Dunn, in your testimony you said, and I quote, "Government actions that raise my costs ultimately impact my residents and my ability to provide affordable housing," end quote. So I assume that like any other business if there are higher costs imposed on you from the outside, at some point you have got to pass that on to your customers, the renters, whether it is in higher rent or a higher security deposit, or some combination thereof.

If higher costs are imposed on you, are you going to have to impose those costs ultimately on renters?

Mr. DUNN. Generally that is the case. There is a misconception that landlords are mostly big business, and as we have heard today that over 70 percent of landlords are small businesses.

Senator TOOMEY. Yeah, and I do want to get to a point about that.

Mr. DUNN. And also those costs have to be passed on because there are such relatively small margins, like in any business. I mean, some businesses have less than 10 percent of a cash-flow margin and up to maybe 20 or 30 percent. So if costs are raised by even 10 or 20 percent, that could absolutely wipe out any profit.

Senator TOOMEY. Right. So it has to get passed on.

So a cost such as, I do not know, you know, higher tax or a higher maintenance cost on your building, is an obvious one. But there is another kind of cost which would be if the Government imposes an eviction moratorium that has the effect that some percentage of rent is not going to be collected because people know that you have no recourse if they do not pay the rent.

So most people will still continue to pay their rent on time because they know it is the right thing to do, and they will. But there will be some percentage that will choose not to. And so knowing that, if you are living under an eviction moratorium where the Government is imposing that cost in the form of lost revenue, do not most landlords have to pass that on in the form of a higher rent to people who are paying their rent?

Mr. DUNN. The moratoriums can create—it can threaten the relationship between tenants and landlords. Most tenants, as you said, they pay their rent. They are responsible. But when you have a system that does not protect the other side of the partnership—and you often hear me use that word, "partnership"—it is not about the tenant, it is not about the landlord. It is about the tenant-landlord partnership. And when one side of that partnership is not protected it hurts the entire system.

So when you have a moratorium in place that does not allow one side of the partnership to thrive, that entire system breaks down.

Senator TOOMEY. And the cost is going to have to be borne by people who are paying.

The last point I want to make, it has come up repeatedly from witnesses, and my colleagues have made the point about increasing percentage of single-family homes, especially that are owned by private investors. And there are a lot of people that are very concerned about that.

I would just underscore that the people who are most able to afford the burden, the costs, over ever more regulations are large cor-

porations that can spread that out in a big legal department as opposed to the mom-and-pop tenant.

And, by the way, we tolerate the GSEs subsidizing the financing of private investors in these single-family homes. If people would prefer to have local landlords and people owning their own homes, one thing we could do is forbid the GSEs from engaging in these subsidies. I would urge my Democratic colleagues to consider that.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Toomey.

Senator Menendez, of New Jersey, is recognized.

Senator MENENDEZ. Thank you, Mr. Chairman.

Ms. Yentel, the National Low Income Housing Coalition's Out of Reach report shows in stark detail just how hard it is for low-income renters to afford even modest housing. In my home State of New Jersey, a medium-income renter is barely able to pay for a one-bedroom home. A renter earning minimum wage would need to work 80 hours a week, or two full-time jobs, to afford a one-bedroom house.

However, the data is actually even worse than that because affordable housing availability impacts other parts of a family's budget. For example, affordable housing is increasingly located in areas that are far away from job centers, forcing workers to pay higher transportation costs.

Given this, how important is it that we build more affordable housing near public transit so that we can connect people to good-paying jobs and careers and opportunities?

Ms. YENTEL. Thank you for the question, Senator Menendez. It is important that Congress not only invest in more deeply affordable homes for the lowest-income people but also ensure that low-income, extremely low-income people, and people of color can live near transportation and the opportunities that that presents for them.

We also have to be careful when we work on transit-oriented development to ensure that it does not create displacement or gentrification. And the affordable housing component of TOD is the best way to do that—to ensure that we are preserving existing affordable housing in neighborhoods connected to transportation and building more so that the lowest-income people are not displaced if new development comes near those transit stations.

Senator MENENDEZ. Thank you. That is why I led the charge on my Livable Communities Act, which creates a Federal grant program to incentivize the development of new affordable housing near existing mass transit. And, you know, we hope to see some of that happen.

By the way, my preface to the question, you do not dispute any of what I said in terms of the realities of where it is for rental incomes in terms of people's challenge to meet that?

Ms. YENTEL. Absolutely. Rents are far out of reach, certainly for minimum wage workers, other low-wage workers, and for seniors, and people with disabilities on extremely limited fixed incomes. But we also find that rents are far out of reach even for the average renter, who often earns about \$5 to \$6 less an hour than what rent costs in their communities.

So, a big part of the housing crisis that we are facing today is stagnant or declining wages for the lowest-income people and skyrocketing rents that they cannot afford.

Senator MENENDEZ. And when people cannot find a place to call home and they are displaced then society bears the burden. Talk about who bears the burden.

Ms. YENTEL. Oh, absolutely. Inaction is expensive. You know, as a country, we pay to allow for homelessness and housing poverty to persist. And we pay for it through increased health care costs for families and parents; we pay for it through lessened educational attainment for kids. Families that are unstably housed or precariously housed earn less over their lifetimes. They pay less in taxes.

So, the flip of that is also true. When we invest in affordable housing there are savings to be found in many other areas of our life and throughout the Federal Government.

Senator MENENDEZ. Thank you. Professor Desmond, the coronavirus brought unprecedented challenges to all of us, including renters across America, many who were already struggling prior to the pandemic. However, with the CARES Act eviction moratorium and the emergency rental assistance funding provided by the Consolidated Appropriations Act and the American Rescue Plan we were able to keep millions of people from being evicted.

What has the Eviction Lab's data shown about how these programs help renters stay in their homes?

Mr. DESMOND. Both programs are historic and incredibly successful. Between the end of the CDC's eviction moratorium and July, roughly 216,000 evictions that would be expected under normal conditions did not happen. The biggest reductions in evictions were seen in low-income African American and Hispanic communities, areas mostly affected by the eviction crisis. At the same time, during the days that the moratorium existed, foreclosures were down historically in the country too because the Federal Government also rolled out forbearance for homeowners.

And so this was a policy that was one of the most important Federal policies in the lives of low-income renters since the invention of public housing.

Senator MENENDEZ. And finally, what lessons can we learn from the pandemic with regard to targeted housing assistance programs to the communities that need it most to ensure funding is deployed as rapidly and efficiently as possible?

Mr. DESMOND. One of the consequences of the emergency rental assistance program is the development of channels in every State to get money in the hands of tenants that need it and a way to make property owners whole. It would be a waste to let those channels go by the wayside since we have built them through the pandemic.

Senator MENENDEZ. Thank you. I understand Senator Cramer is next.

Senator CRAMER. Thank you, Mr. Chairman and Ranking Member. Thanks to all of our witnesses for being here.

Mr. Dunn, it seems we pretty much can all agree, to some degree, on the problem. I will tell you, in listening to Senator Toomey's questioning, my mind started going down the usual path of what is the ultimate end to the constant Government distortion

of markets, the sticks and the carrots that seem to just create a higher price and very little in regard to providing more supply? I mean, the biggest problem with inflation, the cause of inflation, is when demand outpaces supply. So we keep incenting demand and do not do enough, in my view, to incentivize supply. And I am not really sure where it all ends.

But one part of that scenario that we do not talk about enough is the cost of regulation. And there has been a study that I am sure you are familiar with, recently that predicts about 40 percent of the cost of multifamily and single-family rent is regulation.

Can you speak a little bit to Government regulation, and again, I am sincere when I say I think we struggle to find the balance. Every time we try to solve a problem we incentivize one side or the other and all we do is escalate costs. Can you speak a little bit to that imbalance, and what is the right balance, if you have a sense of what that might be?

Mr. DUNN. Yes, Senator Cramer, and you are correct. The National Homebuilders Association, they did do a study in looking at all levels of Government regulation adds about 40 percent to the cost of building homes and to the cost of building real estate and developing real estate, and that is directly passed on to the very people we are trying to help.

So we have to make sure that we are dealing with the root cause of the issue, which is a lack of supply, and everyone, even every witness here today, we agree that that is the problem. And we need to focus our efforts and focus our dollars on every level of the Government—local, State, and Federal level—on making sure we are creating more housing.

And when we create solutions that, in many cases I even understand why they are being created, in the short term, to help one side, it does not help the problem and it does not solve the problem that we need more housing. We have to make sure there are plans that create more units and not initiatives that pit one side against the other. We have to make sure that tenant-landlord bond, which is sacred, has a place to live in this country.

Senator CRAMER. And you do not advocate, and I do not think any of us advocate no regulations. Obviously there needs to be protections put in place. But I agree. Honestly, the problem is easier to identify than the solution, I readily admit. When the incentives create a distortion to the point where the cost of rent is going up faster than the rest of the economy, that is not the right solution.

But I am kind of with you. I would like to see us focus more on the supply side, but I am not sure that completely does it either because sometimes you can end up with just an overabundance of that as well.

Anyway, with that thank you all. And, by the way, I still have a minute and a half. If anybody else wants to comment on the same question, either from a different perspective, I would be happy to listen.

Ms. YENTEL. Well, I would be happy to share that related to regulations or State and local laws, one of the biggest challenges to increasing affordable housing supply is often restrictive local zoning that inhibits the supply of any kind of apartments, and espe-

cially affordable apartments. And this drives up costs for everybody and it exacerbates segregation and other racial disparities.

So, States and localities will need to do more to limit or entirely remove those restrictive zoning laws if we are to be able to build the number of homes that the country needs.

And the Federal Government can use the levers that it has, primarily by creating incentives or requirements that are tied to Federal funding, especially the big pots of funding through the bipartisan transportation infrastructure bill. That can create a very compelling incentive for local communities if they are able to receive those funds only if they do more at the local level to reduce restrictive zoning.

Senator CRAMER. The only thing that concerns me about that is that—that sounds swell until the local community decides it is not worth the funding, in which case you have solved no problem.

Ms. YENTEL. Well, that is why we should think bigger than the housing funds, where typically we do look at incentives for restrictive zoning, and we should look to the much bigger pots of money that all communities want, related to transportation funds, highways, et cetera.

Senator CRAMER. Thank you. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Cramer.

Senator Reed, from Rhode Island, is recognized.

Senator REED. Well thank you very much, Mr. Chairman. Professor Desmond, what we have noticed is that a lot of institutional investors, private equity firms, et cetera, have been getting into buying residential homes in significant numbers, and that could disrupt the entire market. I know real estate is typically a really local issue in terms of realtors, in terms of individual sales, in terms of all those factors.

Do you have an assessment yet as to why they are getting in, what they might do, and where are the downsides?

Mr. DESMOND. Thank you, Senator Reed. So we have seen the rise of institutional investors in the single-family rental market after the 2008 foreclosure crisis, because there was a market opportunity. The average cost of a home dropped by 27 percent after the foreclosure but rents did not decrease during the last recession. That gave institutional investors a chance to buy up single-family homes below market rent and rent them at market rents. And that is why you have seen increasing investment in sunbelt cities, like Atlanta, Charlotte, Phoenix, for example, where institutional investors have the bigger chunk of the market.

Nationwide, it seems about 2.3 percent of the single-family rental market is now owned by institutional investors, but even that relatively small footprint is much bigger in places like Atlanta, where in some neighborhoods a third of the single-family market is owned by institutional investors.

Why should this concern us? Because research has linked institutional investment to higher housing costs, as institutional investors raise rents much more aggressively than smalltime landlords. There is also research linking institutional investors to property neglect, putting more onus on tenants for upkeep, and also they evict at much higher rates for much lower amounts of money.

Senator REED. Thank you very much. And the other issue, recalling my service here in '08, '09, and '10, is that are we seeing these institutional investors taking the ownership and then creating derivatives or other financial products based on their ownership? Is that happening?

Mr. DESMOND. I am not sure how to answer that question at this time.

Senator REED. OK. Very good.

And both Ms. Yentel and Professor Desmond, what kinds of Federal investments in housing supply would be the most effective to ease family housing costs and help renters? Any thoughts? Professor Desmond and then Ms. Yentel.

Mr. DESMOND. Sure. So the Housing Choice Voucher Program has been an incredibly effective program. You know, families, when they receive a housing voucher, move to better neighborhoods. Their kids do better in schools. Their kids literally eat more and become healthier and less anemic.

So an incredibly cost-effective, successful way to expand more housing security, more economic mobility for families across the country is simply to take a program that we have, that already works really well, and expand it to all the families that need it.

Senator REED. Ms. Yentel, your comments?

Ms. YENTEL. I absolutely agree and would add that when it comes to housing supply our country's newest and most deeply targeted housing supply program is the national Housing Trust Fund, thanks to your leadership in creating it and getting it enacted. The program, at its current funding level, 100 percent of those dollars are to build or preserve apartments affordable to extremely low-income households. And many of those apartments are up and running now, housing some of the most marginalized, vulnerable people in our country, including people who are previously chronically homeless, kids who are aging out of foster care, survivors of domestic violence, and so on.

The only problem with the program is that it is woefully underfunded, given the need. This year was its largest funding level yet, and it is still at under \$1 billion for the entire country. So, that program needs to be significantly expanded so that we can build the number of homes that are needed and ensure that they are affordable to the people with the greatest and the clearest needs, which are extremely low-income renters.

Senator REED. This shall come as no surprise but I completely agree with you. Our challenge is to come up with the funding sources to keep the Housing Trust Fund very, very active going forward.

With that, Mr. Chairman, I will thank you and thank the panel. Thank you very much.

Chairman BROWN. Thank you, Senator Reed.

Senator Tester, from Montana, is recognized from his office.

Senator TESTER. Yeah. Thank you, Chairman Brown. Thanks for having the hearing.

Look, I come from Montana, and many Montanans have had trouble finding available housing. It is the same way across the country. The price points have gotten too high. It has gotten worse during the pandemic, because so many people think that the entire

State is like the show Yellowstone, and I guess that is OK but that is really not true.

And across our communities in Montana, some places are seeing median sale prices of a home rise 40 percent in the last year alone. This is pushing more and more people from potential home ownership to looking for homes to rent.

So Ms. Brunner, what impact do these challenges have on the ground in communities like yours?

Ms. BRUNNER. Thank you for the question, Senator. I think that there is a profound impact on local families when home ownership opportunities are taken away from them, and an amazing impact on the neighborhoods that are replaced by institutional investors owning the properties.

And if I can build on the question that was asked earlier about the motivations for these investors, one of the things that has fueled is what Professor Desmond talking about, and obviously with the home prices crashing, going back to the time of the 2008 housing crisis, and then there has been, since that time, an amazing amount of institutional money and nonrecourse debt that has been available.

So many of these investors have been able to buy properties without any guarantees of the debt. And the portfolio that we purchased, for example, it was in receivership not because the portfolio failed but because the owner just walked away, and then the judge put the properties into receivership for the protection of the investors and lenders.

So there has been too much capital out there chasing places for investment, and then this product has really been created out of whole cloth. Instead of investing in apartment buildings and office buildings and industrial buildings, all of a sudden single-family houses became the desirable sector. And there has been so much money chasing it, and the debt has been too easy to get.

And then as you go back into the individual neighborhoods, when you have 4,000 houses in a community the size of Hamilton County, in every single neighborhood, it makes a difference. And we are getting calls from jurisdictions throughout the county on a regular basis, asking what we can do to help them fight back.

Senator TESTER. OK. And also in my State a growing number of homes for rent are being converted into vacation rentals, in many, many communities, which puts additional stress on already low housing supply.

Ms. Yentel, are there strategies that have worked to prevent local residents from being displaced or ease the impact due to tourism? I know it is a two-edged sword, but quite frankly, when these homes are taken off the market because families cannot afford to buy them because they are used for vacation rentals, that adds to the problem. Are there any strategies out there?

Ms. YENTEL. Well, sure. Any time that rental units, and especially affordable rental units, are taken off the market and used for some other purpose than housing low-income people, that exacerbates the existing shortage of homes affordable to them in that community.

So, it points back to the real need to, in places where there are not enough homes for the people who live there or want to live

there, we need to build more. And to build more market-rate apartments, we need local communities to remove restrictive zoning laws and allow the market to build those units and have them affordable to middle- or higher-income renters.

For the lower and especially extremely low-income renters, the private market, on its own, cannot build and operate apartments that are affordable to them because they cannot pay enough in rent to cover the costs to build and operate the apartments. So, for them, Federal subsidies are needed—either in the form of rental assistance to be a bridge between what they can afford and what rent costs, if there are an adequate number of homes and the people living in them can afford them, or, in the form of building apartments and ensuring that they are deeply affordable to extremely low-income people through programs like the national Housing Trust Fund.

Senator TESTER. Ms. Yentel, as long as you are warmed up, we do not have any immigration policy in this country, quite frankly, and we need one, because it would help with workforce, it would actually have some positive impacts on reducing inflation, but nonetheless, we are locked up on that issue in Washington, DC, and we have an incredible paralysis.

Do you have any thoughts on where we can get workforce to build these houses?

Ms. YENTEL. I am sorry. I do not fully understand the question.

Senator TESTER. The point is if we are going to increase supply we have got to have workforce. We have got no workforce. We have got no immigration policy and we do not have enough folks to build houses. Do you have any thoughts on that?

Ms. YENTEL. That is a really important and good question. I do not have immediate solutions to share, but I would love to follow up with your office afterwards to share some.

Senator TESTER. Super. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Tester.

Senator Warner, from Virginia, is recognized from his office.

Senator WARNER. Thank you, Mr. Chairman. I appreciate you having this hearing, and Ms. Yentel, if you have got those solutions on workforce in terms of building housing, let my office know as well. We are all overdue on an immigration solution. One of the things I know, I have worked with the Chairman and others on, is that as we think about a project that I have been involved in, unsuccessfully, for well over a decade, in terms of Fannie and Freddie reform, the idea of having something approximating a 15- to 20-basis-point fee on all of the work that Fannie and Freddie does on mortgages would create a dedicated source of funding for not only first time home ownership but also potentially into the National Housing Trust Fund to deal with the rental issue as well.

One of the things I have worked on a lot has been home ownership, and my question, Ms. Yentel, I am going to come to you, is on rental housing. I have been a big advocate, along with others on this Committee, on Community Development Financial Institutions, CDFIs. I am proud of the fact that along with Senator Crapo and a number of Members on this Committee we have started a CDFI Caucus in the Senate to try to make sure we get more capital into these entities that help fund low- and moderate-income hous-

ing. We have seen, through COVID, a disproportionate impact on communities of color.

I think we need to do that, and I think there is this virtuous circle, that I know, Ms. Yentel, you talked about as well, but providing more affordable housing either in the rental market or in terms of even home ownership ends up helping communities all across the income spectrum.

But I am going to go to you, Ms. Yentel, because your group did a recent study called “The Gap: A Shortage of Affordable Rental Housing.” In a State like mine, the Commonwealth of Virginia, we have got about 150,000 shortage of affordable rental housing units.

We have got certain tax programs that you, Ms. Yentel, and others have pointed out. We just do not have enough private capital going into building affordable rental housing.

What can we do, as the Federal Government, beyond some more traditional programs, to incent more private capital going into this underserved market?

Ms. YENTEL. Well, I would actually bring it back to the public investments that are needed, especially as we talk about where the data shows the clearest and the greatest needs are. The data are very clear that the most severe shortage of homes affordable is for the lowest-income people. In fact, extremely low-income renters are the only segment of the population for which there is an absolute shortage of homes affordable to them. And this has ripple effects up the income ladder, and addressing this shortage can provide relief up the income ladder too, especially when we are talking about Federal resources. I think it is very important that we ensure that these limited resources are targeted where the greatest needs are.

The work that you have done on first-generation homebuyers, and assisting more first-generation people to become homebuyers, I think that is very important, and for renters too, because all housing is on a continuum. And when we have a situation like we do today, where potential first-generation homebuyers are locked out of the markets because single-family home prices are so high, that keeps them in the rental market. They tend to have higher incomes than other renters. That can drive up costs.

And as I have said before, our housing system is like a game of musical chairs. And when the music stops playing, it is always the lowest-income people or people with no incomes who are left standing, without any homes at all.

Senator WARNER. Can I just ask you—I mean, I understand we need this Federal subsidy, but unless we are going to do 100 Federal financing, how do we take those Federal incentives to incent private capital beyond kind of what some of the tax credit programs, to actually get us more supply of low-income rental housing? I mean, I am just wondering if there is anything else. Should we simply fund the existing tax credit programs or are there other examples of creative initiatives you have seen in your work that we ought to put into the toolkit?

Ms. YENTEL. Well, we can do direct grants, as we do through the national Housing Trust Fund, and that is effective for communities to be able to use those funds to build and preserve apartments affordable to the lowest-income people. Tax incentives are also helpful in attracting private capital. The Low-Income Housing Tax

Credit is certainly a very successful program that should be expanded and reformed to ensure the communities that receive those tax credits can do more, again, to build apartments for those low-income people.

Senator WARNER. Can I just say, Mr. Chairman, I think we all, or most of us on the Committee support that National Housing Trust Fund, but the erratic level of funding to that, one of the ideas, even though we may not have fully agreed on all the housing finance reform, the idea that at least putting some dedicated fee on those mortgages that get the Government guarantee, that would provide a more stable source of funding for the National Housing Trust Fund. I hope we can revisit.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Warner.

Senator Warren, from Massachusetts, is recognized.

Senator WARREN. Thank you, Mr. Chairman.

America's renters are struggling, and the Fed's interest rate hikes are making it both more expensive to build more housing and more expensive to take out a mortgage to buy a home. This could lock more families into the rental market and push rents even higher.

Now big Wall Street firms are watching this with dollar signs in their eyes. Private equity, real estate investment trusts, and big corporations have gobbled up more and more of the rental market and now serve as landlords to thousands and thousands of Americans.

In 2018, nonindividual investors owned 26 percent of the rental stock, up from 18 percent in 2001. On a recent earnings call, executive at the private equity firm Blackstone bragged that slowing housing construction, that is less supply, and higher mortgage costs, quote, "provide a lot of support," end quote, for their bottom line since, quote, "people will still have to live somewhere."

So Professor Desmond, you are the leading expert on predatory housing schemes so let me ask you. As corporate landlords like Blackstone buy up rental properties what will be the impact on families who are in those homes?

Mr. DESMOND. Senator Warren, first, those families will pay more, and sometimes a lot more. Institutional investors are on record by raising the rents double digits. Even in the single quarter, those families also might experience a reduction in housing quality as institutional investors divest from housing as part of their business model. They saddle tenants with extra fines and fees, including tenants that cannot make the rent at the beginning of the month, just because they do not get paid on a monthly basis.

Plus those tenants are often outgunned not only politically but in court, where many of those tenants do not have access to a lawyer but over 90 percent of landlords do. That leaves those families in an incredibly vulnerable situation.

Senator WARREN. Right. You know, in fact, thanks to an investigation by the House Select Subcommittee on the Coronavirus Crisis, we know that during the height of the pandemic corporate landlords illegally evicted families by the thousands, violating Federal and State moratoriums that had been put in place to protect tenants.

So today, with families struggling with these rapidly rising rents that you talked about, and with the economy at risk of being pushed into recession by the Fed's overzealous interest rate hikes, it is urgent that we take steps to protect renters from predatory schemes and ensure that corporate landlords at least follow the rules that are in place.

And that is one reason I proposed creating a new Tenant Protection Bureau, which would allow tenants to easily file complaints against unscrupulous landlords and to provide officials with the data they need to enforce tenant protection laws.

Ms. Yentel, how could a Tenant Protection Bureau protect families' rights and force these Wall Street landlords to actually follow the rules?

Ms. YENTEL. It could be tremendously helpful, Senator Warren. As you said, that report only verified what we knew was happening during the pandemic, which was that some of these corporate landlords were flouting the law. And we pushed throughout the pandemic for the Federal Government to hold them accountable, to apply the penalties to them for not following the CDC eviction moratorium. But there was no single agency that was charged with or empowered to do that, and so it did not happen.

If we had a Tenant Protection Bureau in place during the pandemic, it could have prevented untold harm and evictions of some of the most marginalized people. And if we had it today, it could help further enforce tenant protections, prevent egregious rent hikes, and let tenants hold their landlords accountable.

Senator WARREN. That is a very powerful answer and I appreciate it.

Look, to ensure that every family has access to a safe and affordable place to live, we have got to build more housing. That is the ultimate answer. We need more supply. There is no way around it. These investments are overdue.

But it is also urgent that right now we stand up to big corporate landlords and to protect tenants from these predatory schemes that could push them out on the street, and a Tenant Protection Bureau would be a good start.

So thank you very much. Thank you for your work. Thank you for being here. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Warren.

Senator Van Hollen, of Maryland, is recognized.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and thank all of you for your testimony here today.

And I think there is consensus that we need to address the housing supply issue, and there may be some Federal tools we can use to incentivize local jurisdictions to reduce barriers to housing supply. But I think all of us know we are not going to snap our fingers today and in the next 6 months, a year, a couple of years, create all of the supply we need.

So I think we should also be focused on using proven public policy tools to provide more families with affordable housing and allow families that have been trapped in poverty to move to areas of opportunity.

Professor Desmond, I want to start with you because you mentioned in your written testimony a bipartisan bill that I introduced

with Senator Todd Young called the Family Stability and Opportunity Vouchers Act, which would provide families with young kids the opportunity to move to an affordable home but also wrap-around services, to make transitions to other neighborhoods with higher opportunity.

Could you first briefly talk about the fact that people have looked at this, the empirical evidence that shows this is effective, and second, what is the impact on that program, which we are trying to expand significantly because it has been successful? What is the impact of some of the institutional investors buying up properties in some of the areas these families want to move to?

Mr. DESMOND. Thank you for the question, Senator. The bipartisan bill that you helped introduce and sponsor would be incredibly impactful for families in all sorts of ways. Housing is bound up with opportunity. So it is not just about how much rent you are paying but it is also where you are living, where your kids are going to school. The promise of a housing voucher is to expand choice and opportunity for so many Americans denied it.

The empirical research on this is very clear. When families have the opportunity to move to neighborhoods with lower rates of poverty, lower rates of crime, higher rates of public safety. Their lives are improved in so many different ways.

Let me just give you one datapoint. Children who go to schools with higher levels of integration do far better their peers who go to segregated schools, even when those segregated schools are flooded with resources. So these programs work, not to mention just giving families a breath and relief so they can pay what they should be paying for housing costs instead of driving them into poverty.

The institutional investment in our markets is the opposite of this. It is the view that housing is a commodity, that it is something that should only be for profit, and it is an opportunity denier and a poverty spreader.

Senator VAN HOLLEN. I appreciate that observation which is why this trend is alarming. The challenge we, of course, have is discrimination based on source of income, where, in certain places, I think the majority of places around the country, landlords can discriminate against people with vouchers because of the source of income. Can you talk about that challenge and whether it is made even more difficult if you have an institutional investor with no connection to the neighborhood?

Mr. DESMOND. So source-of-income discrimination, as you know, in most counties there is no law against just saying no to a family just because they have a voucher. The evidence suggests that when source-of-income laws are put in place they do help families get housed quicker and into better neighborhoods. There is a higher success rate with vouchers with those laws intact.

With respect to institutional investors on this question, you know, when you take the landlord and tenant relationship that Mr. Dunn has so eloquently talked about today, and you put a lot of distance between folks that are working together, and you make that relationship purely financial, landlords do not have a lot of skin in the game to give tenants a break when their kid gets sick or when they have to go to a dentist appointment. So it does sug-

gest that those landlords not only are going to react in a more kind of impersonal way, it suggests that they might build in a kind of discrimination that is beneficial to their profit motive, including source-of-income discrimination.

Senator VAN HOLLEN. Thank you. There is a whole lot of additional territory to cover.

Ms. Yentel, I just have a little bit of remaining time. Could you comment briefly on the Family Stability and Opportunity Vouchers Act and why it would be important to move that forward?

Ms. YENTEL. Well, it would be important for all the reasons Professor Desmond said. The only thing that I would add is that the legislation—500,000 new vouchers, targeted toward families with young children—could effectively end family homelessness. And the funds that are included for mobility counseling are especially important because that allows counselors to help these families with finding communities that are best for them and then helping them obtain and retain housing in those communities. So, it is a very important bill.

Senator VAN HOLLEN. Thank you. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Van Hollen.

Senator Cortez Masto is recognized from her office.

Senator CORTEZ MASTO. Thank you, Chairman Brown, Ranking Member Toomey.

I want to start also by thanking Irene Gray, our stenographer, who has served the Senate for over 27 years. Thank you for your service, and I wish you well.

I also want to thank the Ranking Member and the Chairman for this important hearing. Similar to what I have heard from all of my colleagues I, too, am concerned about institutional investors and the impact it is having in Nevada, where we are seeing all these properties being purchased.

I know in my State, in 2021, 29 percent of the homes purchased in the Las Vegas metro area were bought by investors. My challenge is I cannot tell how many are institutional. I think it has everything to do with what I heard earlier about too many LLCs, not enough transparency, and being able to track this.

Ms. Yentel, can I ask you, because we have heard the negative impacts by some of these institutional investors—I am not saying it is all of them but some of them that we have had and heard in our community—can you share some examples of communities effectively countering the pressures on home prices brought on by purchases from institutional investors?

Ms. YENTEL. So, I would say that the challenges that low-income tenants face from institutional and other landlords are primarily based on the fact that we have few tenant protections throughout the country, and there is a tremendous power imbalance that tilts heavily in favor of landlords, especially institutional investors, at the expense of low-income renters. And so, we need to rebalance that power so it is more equal, and so tenants have protections against exorbitant rent hikes, against these kinds of fees for profit strategies, and against the increased evictions. And there is a whole set of tenant protections that should be implemented at the Federal, State, and local levels.

Senator CORTEZ MASTO. Well, let me ask you this as we talk about finding that balance, because I do think it is important. We were talking about vouchers and the positive impact it does have for stability for tenants, but can you talk a little bit about what vouchers also do and bring to property managers, and benefits as well?

Ms. YENTEL. Sure. It is reliable income for property owners, for landlords. If they have a tenant who has a Section 8 voucher, then they will get regular rent paid each month, and they have the benefit of knowing that that rent will be stable and will be continuous. So, it is a benefit for landlords as well.

Senator CORTEZ MASTO. And also gives them the ability to prepare for and help them upkeep their property as well. Is that right?

Ms. YENTEL. Well, the rents are pegged at the fair market rate, which should be enough for landlords to be able to operate and maintain their properties.

Senator CORTEZ MASTO. Let me jump to Professor Desmond because you included manufactured home communities in your book, *Evicted*, and thank you so much for the work that you provided in *Evicted*. Very enlightening.

Can I ask you this? The other area I am concerned about is manufactured homes being purchased by private equity as well and the impact that we are seeing also on the security and stability of the tenants. Can you talk a little bit about what you are seeing there as well with respect to our manufactured home communities? This is the first time I have heard so many in my State that are now losing their stability, losing their homes, and these private equity companies are coming in and purchasing up all of these communities.

Mr. DESMOND. Senator, I think your concern is warranted. What we have seen as institutional investors buying up manufactured housing, which is an enormous source of housing for low-income Americans, and often evicting entire mobile home parks and displacing entire communities.

Let me just give you one example of how institutional investing is different, also, than just normal landlording. So only about 5 percent of Americans are paid on a monthly basis right now, but rent comes due at the beginning of the month. So for that 95 percent of Americans, often they cannot make rent during the first of the month.

So if you have an institutional investor as your landlord you often get just an eviction notice by computer, by algorithm, and you pay to stay. You pay the late fees and the eviction fines to stay, but by our estimate that increases your housing costs by 20 percent, which means the rental housing crisis, as scary as it is on paper, is even worse if you are under those kinds of conditions.

Senator CORTEZ MASTO. Thank you. I noticed my time is up. Thank you again.

Chairman BROWN. Thank you, Senator Cortez Masto.

Senator Smith, of Minnesota, is recognized.

Senator SMITH. Thank you, Mr. Chair, and thanks so much to all of our testifiers for being here today. It is extremely helpful.

Two weeks ago in the Housing Subcommittee that I chair we held a hearing on homelessness and how we can work together to

address this important issue, and as the Chair knows, Senator Rounds, my Ranking Member, and Chair Brown, and many Subcommittee Members were participating in that. It was very helpful. And it is directly connected to this hearing today because we know that without a safe, affordable place to live nothing in your life works, and at our Subcommittee all of our witnesses agreed that the primary cause of homelessness is, again, this deep under-supply of affordable housing.

I think we are obviously seeing in this Committee hearing today that this housing supply problem affects all segments of the housing continuum, and we are seeing how these shortages are affecting the rental housing market, the home ownership market, and it is a big deal in rural and suburban and urban communities as well.

So I want to come first to Dr. Desmond, thinking about this backdrop of the hearing a couple of weeks ago on homelessness. What do you see as the relationship between homelessness and the broader problem of housing affordability? Could you just talk a bit more about that homelessness issue?

Mr. DESMOND. Certainly, Senator. As Ms. Yentel offered in her comments, when the rent goes up so does homelessness. There is a direct connection between rental costs rising and shelter capacity expanding, people moving from a home they pay 50 percent of their income to, to one that they pay 70 percent, to maybe their car, a shelter, to the street. So there is a direct link.

The reporting out of California on this has been incredibly telling. Sixty percent of people that live on the street in Oakland are from Oakland, lived in Oakland, often were homeowners in Oakland, and through one reason or another, coming back to the housing crisis, ended upon the street as citizens and natives of that State.

Senator SMITH. And there is this misperception that people become unhoused or become homeless because they have an underlying health problem like a substance use disorder or mental health issue. But yet is it not true that those are the kinds of health issues that develop because you are experiencing homelessness?

Mr. DESMOND. Both can be true, but the intervention is very clear. You know, if you provide families homes first, no matter their mental health state or their struggles with addiction or other social problems they might be facing, when we intervene in their housing situation they get healthier, they can take their medication, we can provide stable and consistent mental health interventions.

So, you know, it is not rocket science. The solution is housing.

Senator SMITH. The solution is housing, and this is not like we do not know what to do. It is just a question of whether we have the will to do it.

So we acknowledge that there is a severe supply challenge with affordable housing. Some would argue that strategies like rental assistance basically serve to fuel demand for housing, thereby driving up housing costs, that it is not a supply side tool.

Is that accurate? Ms. Yentel, would you like to respond to this? I mean, does not rental assistance make economics of affordable rentals work better for developer and rental property owners?

Ms. YENTEL. Yes. So, when it comes to very low, extremely low-income households, the amount that they can pay in rent without subsidies does not cover the costs to build and operate housing. So, Federal intervention in the form of subsidies is necessary, and Housing Choice Vouchers are highly effective in communities where there is a sufficient supply of homes but the people living in them cannot afford them. So, it acts as a bridge between what people can afford and what rent costs, and allows them to stay stably and affordably housed.

Senator SMITH. So to suggest, it seems to me, that these kinds of strategies, which are necessary to make housing affordable, is purely a demand-side solution and not getting the economics of having more affordable housing seems to me to be the right way of looking at this.

Ms. YENTEL. That is exactly right. As long as we have seniors or people with disabilities on extremely fixed incomes, as long as we have families working very low-wage jobs that are essential to our communities, we have to acknowledge that Federal subsidies are necessary to make homes affordable for them.

And we have to fund those solutions at scale.

Senator SMITH. Earlier in the conversation that we have been having here there was a discussion that I really appreciated about how local zoning restrictions contribute to making affordable housing more expensive to build. My hometown of Minneapolis has done, I think, a model job of creating much more inclusionary zoning.

Could you just briefly address what we could be doing at the Federal level to support that kind of local, more inclusive zoning?

Ms. YENTEL. And yes, your State is leading the way, really, for the country to look at ways to remove restrictive zoning. Local zoning is, as its name suggests, a local issue, but there are Federal incentives or requirements that can be put on local communities. If we look at the large pots of money that States and localities need to run their communities, we should put incentives or requirements on those funds for local communities to do more to remove restrictive zoning.

Until we address all of the restrictive zoning that is inhibiting the supply of any kind of apartments—and especially affordable apartments, even if we are successful in getting the level of funding that we need from the Federal Government—we will not be able to build. So, the Federal Government should use the levers it has at hand to incentivize or require communities to do more.

Senator SMITH. Thank you very much. Thank you, Mr. Chair.

Chairman BROWN. Thank you, Senator Smith.

Senator Warnock, of Georgia, is recognized.

Senator WARNOCK. Thank you so very much, Chairman Brown.

According to data from the 2020 American Community Survey, around 45 percent of Georgians spend more than 30 percent of their income on rent, and 1 in 5 spend more than half of their income on rent. We may assume that these numbers are from high-rent cities but that is not true. It is not just high-rent cities. In both Jenkins County and Taylor County, two rural counties in the southeast part of my State, 1 out of every 3 households—1 out of 3—spends more than half their income on rent.

Georgians are being crushed by rent all over the State. There is no question that we need more housing stock, and I support many initiatives that would do just that. But Georgians do not have the luxury to wait. They are trying to pay the rent right now. They cannot wait several years for rents to fall. So even as we put forward policy that would increase housing stock we have to address the housing insecurity that people of Georgia are dealing with right now.

Ms. Yentel, how long would you estimate that it will take for our housing supply to finally catch up to demand?

Ms. YENTEL. It will take years, if not more than a decade. It is a matter of this restrictive local zoning that needs to be addressed and removed, the supply chain issues, workforce issues, and many more issues, to build the housing. It will take many years for us as a country to dig ourselves out of the supply hole that we created.

Senator WARNOCK. So we cannot wave a magic wand. It will not go away next year.

Ms. YENTEL. That is right.

Senator WARNOCK. Or the year after that.

Ms. YENTEL. That is right.

Senator WARNOCK. Or the year after that. So presumably rents will continue to rise in the meantime?

Ms. YENTEL. They will continue to rise. Maybe they will start to come down. Even if they do, when we look back to prepandemic times, many of those numbers in Georgia were likely the same. So, even if rents come back to where they were before the pandemic, there are 10 million households throughout the country that are paying at least half of their limited incomes on rent. So yes, they will continue to struggle.

Senator WARNOCK. So we had this problem prior to the pandemic, which was then exacerbated by the pandemic. So do you think that offering tax cuts to rent-burdened families, to ordinary, hard-working families, would help bridge the gap until we can fully address the housing supply issue?

Ms. YENTEL. Absolutely. Cash in people's pockets helps them pay their bills. And whether it is in the form of continued extended child tax credits, which did more to help alleviate child poverty in our country than anything in recent time, or whether it is in the form of renters' tax credits that can also support low-income renters to afford the rent, they can have a meaningful impact on housing affordability.

Senator WARNOCK. Right. I am a big proponent of tax cuts for hard-working, ordinary families who really could use it, and it seems to me that we need to provide solutions now, given the housing supply issue for Georgians who are feeling squeezed by the rent. And that is why I am offering and working on legislation right now to do just that, offer tax cuts to families with runaway rent costs.

I want to pivot to another question in the few minutes I have. The Low-Income Housing Credit Program, also known as LIHTC, is the most important system for supporting the development of affordable housing. Since Congress created it, the LIHTC program has financed over 3.6 million affordable rental units. However, this

affordability is only maintained during the tax credits time period, which is at least 15 years but could potentially be much longer.

One way the affordable period can be reduced, though, is if the property owner requests regulatory relief through a qualified contract.

Ms. Yentel, if I can ask you again, can you say more about what it means for a LIHTC property owner to request a qualified contract? What is that?

Ms. YENTEL. So, it means that owners can essentially get out of the length of the affordability requirements under the Low-Income Housing Tax Credit Program. It is something of a loophole in the program that needs to be closed.

Senator WARNOCK. Great. I am sorry to interrupt but I am going to be out of time in just a moment. So if another entity buys this property they could raise the rent.

Ms. YENTEL. That is right, even after the Federal Government has expended resources to build and maintain that property.

Senator WARNOCK. Do owners commonly inform the tenants of their buildings that their property might be sold and lose its affordability requirements?

Ms. YENTEL. They do not.

Senator WARNOCK. They do not. Do you think it would be helpful for HUD to collect and publish data on the LIHTC program, for instance, whether property owners have waived the right to qualified contracts. Would that be helpful information?

Ms. YENTEL. Absolutely. More transparency in all Federal housing programs is a good thing. At the National Low Income Housing Coalition, we have a National Housing Preservation Database where we show where properties are at risk, not under qualified contracts but where their affordability is expiring in coming years, to give that data and transparency for local communities to come up with solutions. But HUD and the Department of Treasury can and should do more.

Senator WARNOCK. Thank you so much. LIHTC has been very important around the affordability question, and I am working on legislation also that will allow us to collect and study data from the LIHTC properties in order to better the program. Thank you so very much.

Chairman BROWN. Thank you, Senator Warnock.

I might add that Senator Warnock's comments about tax cuts, I might add for the benefit of his fellow Georgian on the panel, that Senator Warnock, about 18 months ago, almost as soon as he came to the Senate, joined me and Senator Bennet on working on the child tax credit, which, and we have talked about that, how that relieved the pressure for so many of your tenants, Mr. Dunn, for that year it was in effect. At the end of the month, when they got \$250 or \$300 tax credit it relieved the anxiety they felt to pay the rent and they did not have to deny their family or their children or themselves in those last days of the month. So thank you, Senator Warnock. Thank you.

I will close. One of my favorite Abraham Lincoln stories is Lincoln one time said to his staff, who wanted to keep him in the White House and win the war and free the slaves, and preserve the union, and Lincoln said, "No, I have to go out and get my public

opinion bath.” And Lincoln would do that when Presidents could do that, perhaps more openly than they can today.

And I urge my colleagues to go out and meet people in their community who struggle to afford rent. Most of us do not interact a whole lot with people who are about to be evicted. They may call our office but we do not have that personal touch enough. I urge my colleagues, if we are not doing that as much as perhaps we should, to talk to their staff, talk to people who work at the front desk, who drove to work today, ask what it is like to rent in D.C. or in Tennessee or Georgia or Pennsylvania.

Ask them how many times they have to call their landlord to get a repair made, whether it is a leak that goes unrepaired, what the rent increase was if they had to cross their fingers and hope the rising rent would not force them to move. Those are everyday stories of people we may come into contact with and do not explore and ask them questions. And I would hope more of us, including myself, would do that.

Thanks to the witnesses, all five of you, remote and the four of you here.

For Senators who wish to submit questions they are due by close of business 1 week from today, Tuesday, August 9th. To our witnesses, according to our Committee rules, we ask you to respond to any questions within 45 days from the day you receive them.

Thank you again. The Committee is adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN SHERROD BROWN

Yesterday was the first of the month. For millions of Americans, that means the rent was due.

And for many renters, that rent keeps going up and up.

Two weeks ago in this Committee, we heard from witnesses about the soaring cost of housing and how it's hurting the millions of families priced out of buying their first home, and imperiling the renters who are just one illness or job loss or car repair away from eviction.

This problem is squeezing people all across the country, working all kinds of jobs—even jobs that were supposed to be a ticket to the middle class.

This isn't a new problem.

For decades, so many Americans have struggled to scrape together the rent each month. Too many have lived in shoddy housing with rodents, mold, or broken appliances.

That's why, 90 years ago, this country began investing in affordable housing—so that everyone would have a safe, affordable place to live.

But the funding we put into that effort has never kept up with renters' needs, or even the basic maintenance of aging federally assisted housing.

For the past decade, about half of renters have been paying more than 1/3 of their incomes just to keep a roof over their heads.

And renters' challenges are only getting worse.

We're 3.8 million homes short of what we need. Not a single State in the country has enough housing.

And for the lowest income renters, there are just 36 units affordable and available for every 100 renters who need them.

That means renters can't vote with their feet in the housing market—because there's nowhere for them to go.

The huge shortage of housing means that renters have to make do with what they've got—even if their house has dangerous lead paint on the walls, or the landlord won't fix the heat, or their bath tub has been clogged for weeks.

And with housing so tough to find, renters are forced to ask themselves whether it's worth it to push for a repair from the same person who can put an eviction on their record and decide whether they have a place to sleep at night.

The shortage of housing also means rents are going up for pretty much everyone.

Rents are up 15 percent nationally, compared to just a year ago. In some cities, like Austin, Texas, or Newark in Senator Menendez's State of New Jersey, rents are up more than 25 percent.

When rents rise, it makes everything just a little bit more precarious. More and more families are just one emergency away from losing their home.

Renters see the pain from all these rent increases—the missed trips to visit family, the car repair they're forced to put off, the second job they have to take—just to make ends meet.

Wall Street investors just see opportunity.

They don't see the pain or they just don't care.

More and more, investors are buying up single-family homes—homes that first-time homebuyers usually buy—and renting them out at sky-high rates.

Twenty-eight percent of homes sold at the beginning of this year went to investors.

Think about that:

Investors, too often from out of town, who don't care about the community and just want to make a quick buck, are buying more than a quarter of homes—not families who want to put down roots, who dream of seeing their kids grow up there.

That number is up from 16 percent just a couple of years ago. And the biggest investors with the deepest pockets—the ones who own more than 100 properties—nearly doubled their share of these purchases.

Ms. Brunner has seen it first-hand in Cincinnati, where a single company based in Texas bought up 29 properties on one street in Price Hill. 29 properties on a single street.

In that neighborhood, more than half of all homes are now rentals.

And the city is left to chase down these out-of-State landlords who are letting homes fall apart.

Families need a landlord they can talk to, who lives in the community.

Cities need landlords who want to actually take care of their buildings, and help families stay in their homes.

But big Wall Street firms promising investors double-digit yields and running up double-digit eviction rates are pricing out those who make a community home—good landlords, renters, first-time homebuyers alike.

And they aren't just buying up single-family homes. They're also targeting mobile home communities and apartment buildings—anywhere that adds to their own bottom lines.

Last week, the House Select Subcommittee on the Coronavirus Crisis published a report showing that, at the height of the pandemic, just four of these massive landlords filed nearly 15,000 evictions. 15,000.

When a renter who has fallen behind on rent or can't get her landlord to fix their heat, we often hear that it's her individual problem.

We hear that it's just between the renter and his landlord, or that his local government is to blame for its bad policies.

And it's true that every eviction, every rent hike, every unlivable home is a personal crisis for an individual family.

But all of these individual crises have added up to a big, national problem.

It costs all of us more in education costs when kids have to change schools every 6 months.

It costs all of us in lost productivity, when the workers supporting our businesses and schools, and our first responders, can't find an affordable place to live.

It costs all of us more in health care, when people can't store their medicine because they don't have a place to live.

This isn't someone else's problem. It affects all of us. And we need to work together to solve it.

We have to expand the supply of safe, affordable housing across the country, for renters and homeowners, at all income levels.

We have to maintain the affordable housing we currently have, so we don't fall even further behind on housing supply.

And we have to help renters find and remain in homes they can afford with financial assistance, including emergency assistance, and support eviction prevention efforts, like mediation—through the Bipartisan Eviction Crisis Act.

I look forward to hearing from our witnesses today about how we can tackle the challenges facing renters and grow the number of good landlords. It will benefit all of us.

PREPARED STATEMENT OF SENATOR PATRICK J. TOOMEY

Thank you, Mr. Chairman.

Every month Americans are falling further and further behind because of President Biden's out of control inflation. Paychecks aren't keeping up with rising prices. After adjusting for inflation, wages have declined 5 percent since President Biden took office. Working Americans are getting poorer every day.

Democrats' wasteful spending, growth-killing regulation and excessively accommodative monetary policy are exactly what led to 40-year high inflation and contracted our economy. And what is the response of Democrats in Washington, DC? They want to jam through a reckless tax-and-spending bill that will make this disastrous situation even worse.

Hiking corporate taxes will slow economic growth and especially harm America's manufacturing sector. And spending billions more will fuel inflation. This new wasteful spending will mostly go towards corporate welfare for green energy, subsidies for the wealthy to buy Teslas, and a political handout right before the elections to higher-income Americans who buy Obamacare plans.

In addition, the bill includes spending on housing, which is the topic of today's hearing. Under the Biden administration, the cost of housing has skyrocketed. House prices increased 18 percent in the last 12 months. Rents jumped 14 percent.

Affordable housing is growing further and further out of reach for many. But you wouldn't know that from reading the Democrats' bill. Its housing provision creates a \$1 billion slush fund for "greening" subsidized housing. Because at a time of surging housing costs, of course, the solution is to put solar panels on Section 8 housing.

As I've said before, Government, and especially this Administration, have often been the problem, not the solution, when it comes to housing. There are countless ways that needless Government regulation drives up housing costs time-consuming permitting processes drive up the cost of building new rental housing. Overly burdensome environmental impact reviews further add to that cost.

Tariffs on steel, lumber, and other building materials have the same effect. Rent control laws reduce the supply and quality of rental housing. Demand-side housing subsidies get capitalized into higher house prices and higher rents.

Loose GSE and FHA underwriting standards drive those house prices and rents still higher. The GSEs then respond by subsidizing investors in single-family rental

housing, but that just further drives up house prices and crowds out aspiring homeowners.

More recently, the Democrats and this Administration have taken this Government failure to the next level. They've dropped hundreds of billions of helicopter money to stimulate an already strong economy. \$80 billion of that went to rental assistance, vouchers, and other housing subsidies, further inflaming demand.

The President even extended the illegal eviction moratorium that has deterred investment in new rental housing and led to some renters not paying rent even when they could afford to. Predictably, landlords have responded by increasing rents and requiring larger security deposits.

Today the Democrats will propose more of the same. We'll likely hear them make the case for new tenant protections. We'll likely hear them arguing for making the COVID rental assistance program permanent.

But doubling down on failed liberal housing policies will not fix our rental housing market. Instead it'll just make housing more expensive. Today we'll also hear from landlords about how Government intervention makes it harder and more expensive to be a landlord, which leads to higher costs for renters.

To improve housing affordability for all Americans—whether renters or owners—we should pursue reforms that leverage the power of free enterprise to increase housing supply and make markets more competitive. A healthy market competes not just on price but also service and product quality. To that end, we should scale back the role of Government and increase the role of private capital.

We should avoid the temptation to adopt new so-called tenant protections or permanent rental assistance that will have negative unintended consequences, including increasing housing costs. We should phase-out demand-side subsidies that drive housing costs higher. We should end the failed GSE model that fosters excessive risk taking and contributes to a boom/bust housing cycle.

Localities should revisit their permitting processes and other obstacles to new housing construction. We should prohibit the GSEs and other Federal programs from subsidizing rental units in jurisdictions that impose rent controls.

We should get the GSEs out of the business of subsidizing single-family home investors. And we should keep the GSEs focused on their affordability missions by keeping them out of social policy.

Meanwhile, I hope the Administration will finally engage on reform. Treasury has still not met its obligation to deliver a housing reform plan to Congress—it's now 10 months overdue.

Instead of pushing a reckless tax-and-spending bill, the Administration should look to opportunities for bipartisan legislation—like housing finance reform—that relies on free enterprise—not Government—to make housing affordable for all Americans, whether they own or rent.

PREPARED STATEMENT OF MATTHEW DESMOND
MAURICE P. DURING PROFESSOR OF SOCIOLOGY AND DIRECTOR OF THE EVICTION LAB,
PRINCETON UNIVERSITY
AUGUST 2, 2022



Testimony by Matthew Desmond

Maurice P. During Professor of Sociology
Principal Investigator, Eviction Lab
Princeton University

before the

United States Senate Committee on Banking, Housing, and Urban Affairs

for the hearing

“The Rent Eats First”: How Renters and Communities are Impacted by Today’s Housing Market”

August 2, 2022

Chairman Brown, Ranking Member Toomey, members of the Committee, thank you for the opportunity to testify before you this morning. My name is Matthew Desmond. I’m a professor of sociology at Princeton University, where I direct the Eviction Lab, an interdisciplinary research team dedicated to understanding the causes and consequences of housing instability in America.

1. State of the Problem

I come before you today gravely concerned about millions of American families brutalized by our country’s painful and utterly preventable rental housing crisis.

Since 1985, rent prices have exceeded income gains by 325 percent.¹ Nationwide, median asking rent more than doubled over the last two decades, rising from \$483 in 2000 to \$1,216 in 2021. All regions of the country have experienced a surge in rents. Since 2000, median asking rent has increased by 112 percent in the Midwest, 135 percent in the South, 189 percent in the Northeast, and 192 percent in the West.²

Last year, rents increased faster than they ever have on record. Nationwide, median asking rent increased by 17 percent in just a single year. But some cities saw rent increases double that. Since March 2021, rent rose by nearly 40 percent in Portland, Oregon; 35 percent in Newark, New Jersey; 30 percent in Orlando, Florida; 29 percent in Cincinnati, Ohio; and almost

¹ U.S. Census Bureau, American Community Survey, 1985-2022; U.S. Department of Housing and Urban Development 40th Percentile Fair Market Rent, 1985-2022. See also Dowell Myers and JungHo Park, “A Constant Quartile Mismatch Indicator of Changing Rental Affordability in U.S. Metropolitan Areas, 2000 to 2016,” *Cityscape* 21 (2019): 163-200.

² U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, April 27, 2022, Table 11A.

22 percent in Dallas, Texas.³ This is the inflation crisis, the cost-of-living crisis, on steroids.

When the price of gas goes up, that stings, but we adjust. We might cancel that cross-country road trip or carpool to work. When the price of food goes up, we adjust, eating out less often and replanning our meals. But when the cost of housing rises 15, 25, 30 percent, what can families do? They can't relocate to affordable housing because they often are already living in the cheapest apartments available. They can't double up with relatives because local occupancy laws make that illegal. They can't move if they want to keep their jobs and schools and family ties. All they can do is cut back on other necessities, including healthcare, educational enrichments, and food. Research has shown that when such families finally receive a housing voucher after years on the waiting list, a voucher that lowers their rent burden to 30 percent, they do one consistent thing with their freed-up income: they take it to the grocery store. They buy more food. Their kids become less anemic, healthier. But too many American children today are not getting enough to eat—because the rent eats first.⁴

According to the latest data from the American Housing Survey, the majority of renting households below the poverty line (50.5%) spend at least half of their income on housing, with one in four of those households (26.7%) spending over 70 percent of their income on shelter costs alone.⁵

As a direct result of the rental housing crisis, the United States has a much higher eviction rate than other industrialized democracies. The number of eviction filings increased by 21.5 percent between 2000 and 2018, rising from 3,009,832 to 3,656,428 cases. That amounts to seven evictions filed each minute in the United States.⁶ Most evictions are for one or two months of rent, but many eviction cases are initiated for relatively small sums of money. For example, last year, one in seven eviction cases in Cincinnati involved a claim of less than \$500.⁷

Eviction affects communities across America (**Fig. 1**). In fact, cities with the highest rates of eviction are not large, coastal cities most often discussed in the media coverage of the housing crisis. The problem is most acute in average-size cities with average housing costs, places like Richmond, Virginia, where one in nine renter homes is evicted each year, or Tulsa, Oklahoma, where one in thirteen is. In one in six metropolitan areas, the eviction rate is higher in the suburbs than in the city itself, while small cities and rural communities have also been deeply affected by the eviction crisis (**Fig. 2**).⁸ The eviction crisis is not only New York's problem or

³ Abha Bhattarai, Chris Alcantara, and Andrew Van Dam, "Rents Are Rising Everywhere," *The Washington Post*, April 21, 2022; Redfin, "Rental Market Tracker," April 20, 2022.

⁴ Abt Associates Inc. et al., *Effects of Housing Vouchers on Welfare Families* (Washington, DC: US Department of Housing and Urban Development, 2006); Matthew Desmond, *Evicted: Poverty and Profit in the American City* (New York: Crown, 2016); Stuart Gabriel and Gary Painter, "Why Affordability Matters," *Regional Science and Urban Economics* 80 (2020): 103378; Alan Meyers et al., "Public Housing Subsidies May Improve Poor Children's Nutrition," *American Journal of Public Health* 83 (1993): 115.

⁵ U.S. Census Bureau, American Housing Survey, 2019, Table 10. These estimates exclude renters reporting no cash rent as well as those spending over 100 percent of their household income on housing costs.

⁶ Ashley Gromis, Ian Fellows, James Hendrickson, Lavar Edmonds, Lillian Leung, Adam Porton, and Matthew Desmond, "Estimating Eviction Prevalence across the United States," *Proceedings of the National Academy of Sciences* 119 (2022): 1-8.

⁷ Eviction Tracking System, Eviction Lab, Princeton University, 2022; see also Eviction Lab, Eviction Tracking System. See also Renee Louis, Alieza Durana, and Peter Hepburn, "Preliminary Analysis: Eviction Claim Amounts During the COVID-19 Pandemic," Eviction Lab, Princeton University, August 27, 2020.

⁸ Peter Hepburn, Devin Rutan, and Matthew Desmond, "Beyond Urban Displacement: Suburban Poverty and Eviction," *Urban*

San Francisco's. The crisis is harming families in every type of town, big and small, and in every region of the country.⁹

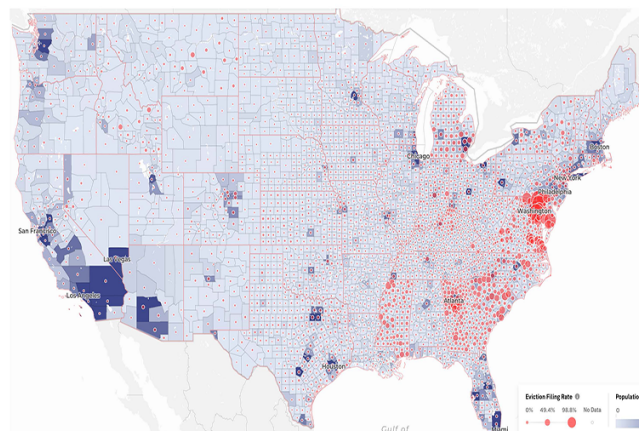


Fig. 1. Eviction filing rates (red dots) by county and population (purple shading). The Southeastern, Midwestern, and MidAtlantic regions have the highest eviction filing rates in the country. *Source:* evictionlab.org.

Eviction is incredibly harmful to families and communities. Children often lose their schools; families lose their homes and neighborhoods; they regularly lose their possessions, too, which are taken by moving companies, piled on the sidewalk, or discarded by property owners. An eviction comes with a legal record, which prevents families from relocating to safe neighborhoods and decent housing because many property owners view such a record as disqualifying. This is why research shows that after getting evicted, families relocate to worse housing than they lived in before and to neighborhoods with higher levels of crime and poverty.¹⁰ Other studies have shown that eviction causes job loss. Losing a home is such a drawn-out, stressful event that it can cause Americans to make mistakes at work and lose their footing in the labor market.¹¹ And then there is the effect eviction has on people's health. Studies have linked eviction to depression and suicide.¹² Babies born to mothers who experienced an eviction while pregnant are significantly more likely to experience adverse birth outcomes, which have been shown to have lifelong and even multigenerational consequences.¹³ Communities with high rates

Affairs Review (2022), published online.

⁹ For eviction statistics in communities throughout the United States, see www.evictionlab.org.

¹⁰ Matthew Desmond, Carl Gershenson, and Barbara Kiviat, "Forced Relocation and Residential Instability among Urban Renters," *Social Service Review* 89 (2015): 227-62; Matthew Desmond and Tracey Shollenberger, "Forced Displacement from Rental Housing: Prevalence and Neighborhood Consequences," *Demography* 52 (2015): 1751-72.

¹¹ Matthew Desmond and Carl Gershenson, "Housing and Employment Insecurity among the Working Poor," *Social Problems* 63 (2016): 46-67.

¹² Ashley Bradford and W. David Bradford, "The Effect of Evictions on Accidental Drug and Alcohol Mortality," *Health Services Research* (2019): 1-9; Matthew Desmond, and Rachel Tolbert Kimbro, "Eviction's Fallout: Housing, Hardship, and Health," *Social Forces* 94 (2015): 295-324; Michael Serby et al., "Eviction as a Risk Factor for Suicide," *Psychiatric Services* 57 (2006): 273-b.

¹³ Gracie Himmelstein and Matthew Desmond, "Association of Eviction with Adverse Birth Outcomes among Women in Georgia, 2000 to 2016," *JAMA Pediatrics* 175 (2021): 494-500.

of eviction have higher rates of crime and lower rates of voter turnout, all else equal, which implies that housing instability destabilizes and disrupts entire neighborhoods, tearing at the social fabric.¹⁴ The evidence is in and it's clear: eviction is not just a condition of poverty; it is a cause of poverty.

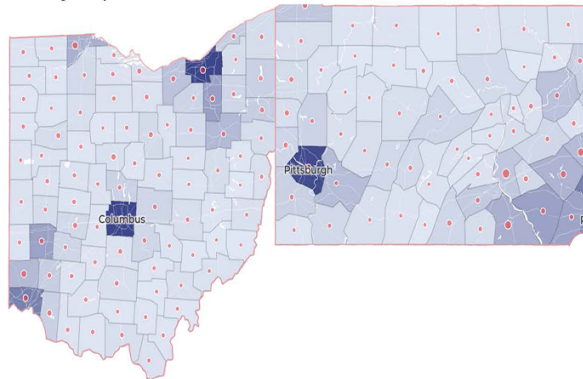


Fig. 2. Eviction rates (red dots) by county and population (purple shading) in Ohio and Pennsylvania. Rural and suburban counties in states like these have nontrivial eviction rates. *Source:* evictionlab.org.

2. Have Rents Increased So Much Because Property Owners' Operating Costs Have?

Why have rents risen so aggressively? One possibility is that property owners' expenses have risen (e.g., the cost of upkeep, insurance rates, water bills), and to maintain a steady income, owners pass on rising costs to tenants in the form of rent hikes. While restrictive building and zoning regulations have been shown to push up housing costs,¹⁵ the evidence indicates that other dynamics are at work. **Table 1** draws on the Rental Housing Finance Survey, which collects financial data on rental properties nationwide. Between 2012 and 2018, owners of multifamily properties (with five or more units) saw their rental revenues increase at a faster rate than their operating expenses. This was especially true for landlords who owned and operated properties with market valuations in the bottom 25th percentile, properties located primarily in low-income neighborhoods. These property owners saw their rental revenues increase by 47 percent between 2012 and 2018, but their operating expenses only increase by 14 percent.

This implies that rent increases—particularly in low-income neighborhoods where severe rent burden and evictions are most common—are not explained by rising operating costs, as revenues have outpaced expenses. Rather, increases in rent revenue reflect a market opportunity caused by both a scarcity of privately-operated affordable housing and publicly-subsidized housing, as most families who qualify for federal housing assistance don't receive it.¹⁶ In other

¹⁴ Gillian Slee and Matthew Desmond, "Eviction and Voter Turnout: The Political Consequences of Housing Instability," *Politics & Society* (2021): 1-27; Daniel Semenza, Richard Stansfield, Jessica Grosholz, and Nathan Link, "Eviction and Crime: A Neighborhood Analysis in Philadelphia," *Crime & Delinquency* 68 (2022): 707-32.

¹⁵ Edward Glaeser Joseph Gyourko, and Raven Saks, "Why Is Manhattan So Expensive? Regulation and the Rise in Housing Prices," *The Journal of Law and Economics* 48 (2005): 331-69.

¹⁶ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

words, both the private housing market and the federal government have failed to provide American families with enough affordable housing. As a result, property owners have seized the opportunity to increase rents knowing they have a captive tenant base. The data show that recent rent hikes have been motivated primarily by profit motive, not in response to increased operating costs, especially at the bottom of the market.

Table 1. Rental Revenue and Costs per Unit in Multifamily Properties, 2012-18

All multi-unit properties	2012	2018	Change
Median monthly rental revenue per housing unit owned	\$558	\$694	24%
Median monthly costs per housing unit owned	\$451	\$532	18%
Bottom 25% of multi-unit properties by market value	2012	2018	Change
Median monthly rental revenue per housing unit owned	\$333	\$490	47%
Median monthly costs per housing unit owned	\$329	\$375	14%

Source: Rental Housing Finance Survey, 2012 and 2018. To avoid weighting sensitivity, sample is limited to multi-unit properties with at least five units. Total costs include regular costs such as mortgage payments, property taxes, operating expenses (e.g., payroll, insurance, utilities, maintenance/repairs, management company expenses), and other professional expenditures (e.g., legal, accounting, grounds/landscaping, security) as well as irregular costs such as capital expenditures (e.g., major repairs and improvements to roofs, furnaces or heating appliances, plumbing, exterior upkeep, windows, doors, floors, electrical wiring, kitchens, bathrooms, security systems, swimming pools, playgrounds, handicap-accessible installations). The National Apartment Association's Survey of Operating Income and Expenses in Rental Apartment Communities found that annual rent revenues per unit for multifamily properties increased by 34 percent between 2012 and 2018, while operating expenses over this time period increased by 19 percent.

3. How Do Institutional Investors Impact the Rental Market?

"Institutional investors" in the rental market are market actors that are intimately connected to financial institutions. They may be financial institutions themselves (e.g., private equity funds) or indirectly connected to financial institutions through Real Estate Investment Trusts (REITs). Although institutional landlords, including REITs, have invested in multifamily properties for decades, they began noticeably entering the single-family rental (SFR) market after 2010.¹⁷ Institutional SFR landlords have primarily focused on a handful of metro areas in the American Sunbelt, including Atlanta, Phoenix, Tampa, Charlotte, and Miami, because (1) these areas have experienced a large number of foreclosures and accompanying property devaluation since 2008, but (2) property values are likely to rebound quickly owing to sustained population growth and the fact that the housing stock is relatively new.¹⁸

In 2021, it was estimated that institutional investors owned over 340,000 single-family homes, which equated to 2.3 percent of the SFR market. Although their market share is small from a national perspective, in some metropolitan areas, institutional investors have a much

¹⁷ Amherst Capital Market Update, "U.S. Single-Family Rental - Institutional Activity in 2016/2017" (New York: Amherst Capital Management, 2017); Peter Brady and Michael Conlin, "The Performance of REIT-Owned Properties and the Impact of REIT Market Power," *The Journal of Real Estate Finance and Economics* 28 (2004):81-95; Suzanne Lanyi Charles, "The Financialization of Single-Family Rental Housing: An Examination of Real Estate Investment Trusts' Ownership of Single-Family Houses in the Atlanta Metropolitan Area," *Journal of Urban Affairs* 42 (2020):1321-41.

¹⁸ Gregg Colburn, Rebecca Walter, and Deirdre Pfaffner, "Capitalizing on Collapse: An Analysis of Institutional Single-Family Rental Investors," *Urban Affairs Review* 57 (2021):1590-1625.

larger footprint. In some neighborhoods in the Atlanta metro area, for example, institutional investors own over a third of all rental properties. The rent-setting, property-maintenance, and eviction dynamics of institutional investors can also spread to other property owners, impacting a market beyond the properties they own, and the political activities of institutional investors can also have market-wide impact. For example, in 2018, Blackstone Group spent nearly \$7 million to defeat a California ballot proposition that would have allowed municipalities to re-establish rent control. Blackstone's contributions represented \$1 out of every \$7 spent against the ballot measure.¹⁹

Studies have found institutional investors to differ from smaller-scale property owners in at least three critical ways. First, institutional landlords raise rents more aggressively. Invitation Homes, the largest SFR institutional investor, raised its rent prices by almost 11 percent in a single quarter in 2021, increasing rents by 8 percent for lease renewals and 18 percent for new tenants. In Las Vegas and Phoenix, they raised rents for new leases by 30 percent and 29 percent, respectively.²⁰ Second, studies have found that institutional landlords under-maintain their properties and attempt to transfer maintenance responsibilities onto tenants.²¹ Third, institutional landlords rely heavily on eviction. One study found that the eviction filing rate of large institutional landlords in Atlanta was roughly 20 percent higher than that of other landlords, after controlling for property and neighborhood characteristics.²² A House subcommittee recently found that four institutional landlords filed nearly 15,000 evictions between March 2020 and July 2021, at the height of the Coronavirus pandemic, when the Centers for Disease Control's eviction moratorium was still in effect.²³

Irrespective of their connections to financial institutions, studies have found that large-scale property owners evict their tenants more frequently than small-scale owners do.²⁴ Areas with more large-scale landlords also have higher rent prices, suggesting that large-scale owners push up rents.²⁵

4. How a Small Number of Landlords Drive the Eviction Crisis

Evictions occur in the same neighborhoods and even the same street blocks year after year.

¹⁹David Dayen, "Wall Street Is Spending Big to Protect Its Ability to Jack Up Rents in California," *The Intercept* (2018); Desiree Fields, "Constructing a New Asset Class: Property-Led Financial Accumulation after the Crisis," *Economic Geography* 94 (2018): 118-40.

²⁰Patrick Clark, "Invitation Homes Boosts Rents 11% as Housing Crunch Persists," *Bloomberg U.S. Edition*, October 28, 2021; William Hardin III, Matthew Hill, and James Hopper, "Ownership Structure, Property Performance, Multifamily Properties, and REITs," *Journal of Real Estate Research* 31 (2009): 285-306.

²¹Desiree Fields, "Automated Landlord: Digital Technologies and Post-Crisis Financial Accumulation," *Environment and Planning A: Economy and Space* 54 (2022): 160-81.

²²Elora Less Raymond, Richard Duckworth, Benjamin Miller, Michael Lucas, and Shiraj Pokharel, "From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals," *Citiescape* 20 (2018): 159-88. See also Eric Seymour and Joshua Akers, "'Our Customer Is America': Housing Insecurity and Eviction in Las Vegas, Nevada's Postcrisis Rental Markets," *Housing Policy Debate* 31 (2021): 516-539.

²³U.S. Congress, Select Subcommittee on the Coronavirus Crisis, "Examining Pandemic Evictions: A Report on Abuses by Four Corporate Landlords During the Coronavirus Crisis," Washington: Staff Report, July 2022.

²⁴Henry Gomory, "The Social and Institutional Contexts Underlying Landlords' Eviction Practices," *Social Forces* 100 (2022): 1774-1805; Dan Immergluck, Jeff Ernsthausen, Stephanie Earl, and Allison Powell, "Evictions, Large Owners, and Serial Filings: Findings from Atlanta," *Housing Studies* 35 (2020): 903-24.

²⁵John Gilderbloom, Lin Ye, Matthew Hanka, and Kareem Usher, "Intercity Rent Differentials in the U.S. Housing Market 2000: Understanding Rent Variations as a Sociological Phenomenon," *Journal of Urban Affairs* 31 (2009): 409-30.

Rather than occurring when neighborhoods are destabilized, through gentrification or other types of neighborhood change, eviction remains the status quo in pockets of American cities.²⁶

Eviction is common in some neighborhoods because a handful of landlords (and therefore buildings) evict large numbers of tenants every year. As few as 100 buildings drove one in six evictions in Cleveland and two out of every five evictions in Fayetteville, NC and Tucson, AZ (Fig. 3). Most landlords evict tenants rarely, if they ever do—even in neighborhoods that have high overall eviction rates. Yet, a small set of landlords displace large numbers of tenants, year after year. These ‘routine evictors’ inflate the overall level of instability in their cities.

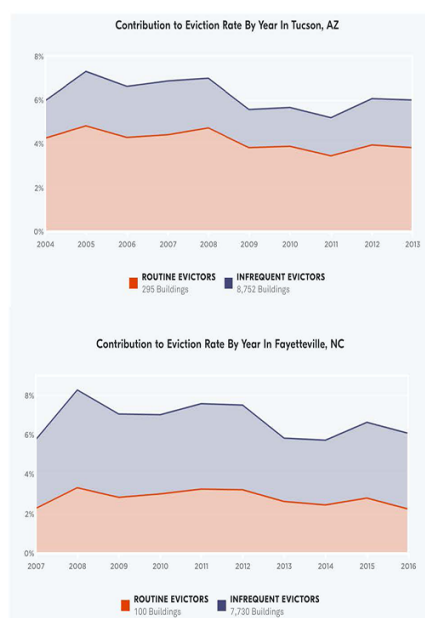


Fig. 3. The Contributions of Routine and Infrequent Evictions to the City’s Overall Eviction Rate in Tucson, AZ (2004-2013) and Fayetteville, NC (2007-2016). Source: Rutan and Desmond (2021).

Because just a few landlords account for large numbers of all evictions, interventions can make outsized progress toward addressing the eviction epidemic by targeting the landlords most responsible for it. A clear policy implication of this finding is that interventions into the eviction process—like establishing a right to counsel in housing court—will not affect the vast majority of property owners.

²⁶ Devin Rutan and Matthew Desmond, “The Concentrated Geography of Eviction,” *The ANNALS of the American Academy of Political and Social Science* 693 (2021): 64-81.

5. How a Mismatch Between Labor Market and Housing Market Dynamics Leads to Late Fees, Serial Evictions, and Significantly Higher Rental Costs

Traditionally, rent is owed on the first of the month. However, less than 5 percent of U.S. workers are paid monthly. Roughly a third are paid weekly, and 43 percent are paid biweekly.²⁷ This situation presents a misalignment between rent deadlines and payment schedules, as wages sufficient to cover monthly rental expenses often are not fully available when rent comes due.

What at first presents itself as a liability to property owners can be transformed into opportunity through the eviction process, as workers on weekly or biweekly pay schedules often receive automated eviction notices near the beginning of the month. These notices do not result in actual eviction, nor are they intended to. Instead, tenants are forced to “pay to stay,” handing over late fees and eviction costs associated with their case. In this way, the eviction process is used to increase rental revenue. One study that drew on data from multiple states estimated that each eviction filing translated into an average of \$180 in fines and fees for renter households, effectively raising their monthly housing costs by 20 percent.²⁸

Because housing loss is significantly costlier than paying fines and fees associated with the eviction process, tenants are incentivized to pay these costs and remain in place. That incentive grows each time a property owner files for eviction, as each filing generates a court record that can limit tenants’ future housing options. In screening prospective tenants, property owners tend to view recent eviction records as disqualifying, even in cases where the court process did not render an eviction judgement.²⁹ Ironically, then, an eviction filing is sometimes used to retain tenants, not to displace them, by rendering them ineligible for competing housing options.

First-of-the-month rent payment requirements—and accompanying late fees—are burdensome to workers paid on a bimonthly or weekly basis. Rent collection practices should be more sensitive to the reality that monthly pay schedules are, for the vast majority of American workers, a relic of the past.

6. How a Lack of Transparency in the Rental Market Harms Families

We do not know who owns our cities. Many properties are owned by Limited Liability Companies (LLCs) or other shell companies. Lack of transparency in housing ownership makes it difficult for governments to hold property owners accountable for illegal activity and property neglect. It also makes it difficult for residents to contact their landlords or to organize together (e.g., across properties) against abusive practices. LLC ownership has been linked to property neglect. This is not attributed to the fact that LLC owners are more likely to purchase and manage older housing stock; rather, the evidence shows that LLCs invite moral hazard. Properties deteriorate more rapidly when under LLC ownership

²⁷ U.S. Bureau of Labor Statistics, Current Employment Statistics, 2022.

²⁸ Lillian Leung, Peter Hepburn, and Matthew Desmond, “Serial Eviction Filing: Civil Courts, Property Management, and the Threat of Displacement,” *Social Forces* 100 (2021): 316–44.

²⁹ Desmond, *Evicted*; Franz Hubert, “Contracting with Costly Tenants,” *Regional Science and Urban Economics* 25 (1995): 631–54.

than when they are owned by sole proprietors.³⁰

Corporate entities that limit investor's liability can also limit their accountability. Cities have discovered that it is difficult to penalize LLC investors who allow their properties to go into tax foreclosure, since true ownership information is often hidden and the LLC—but not the owners themselves—remains on the hook. A Cleveland-based study found that large, out-of-state investors were five times more likely than their small local counterparts to be delinquent on their property taxes and allow their properties to go into foreclosure.³¹ Similar patterns have been documented in Detroit³² and Milwaukee.³³ LLCs and other mechanisms that thwart transparency and accountability enable some property owners to incorporate property neglect, eviction, and even property abandonment, into their business models, externalizing the costs of this predatory behavior onto renting families and city governments.

7. Solutions

Deepen investment in housing stability. Federal policies aimed at promoting residential stability work. After receiving a housing voucher, families move to better neighborhoods, and their children do better in school.³⁴ Children raised in public housing have better later-life outcomes than their peers.³⁵ Housing programs powerfully promote economic mobility. But the majority of our low-income renting families are denied this opportunity. Only one in six eligible families (16.8%) receive housing assistance from the U.S. Department of Housing and Urban Development in the form of public housing, a rent-reducing voucher, or a subsidized multifamily unit.³⁶ A 2012 survey found that most Public Housing Authorities Housing Choice Voucher Programs (65%) had been closed for more than a year. Today, families spend an average of 26 months on waiting lists for rental assistance.³⁷ In our largest cities, the wait time isn't counted in years but decades. In October 2018, Los Angeles opened its waiting list for Housing Choice Vouchers for the first time in 13 years. I have two young children. If I applied for public housing today in this city, Washington, D.C., chances are I would be a grandfather by the time my application came up for review.

Last year, two bipartisan-sponsored bills were introduced in the Senate: The Eviction Crisis Act and The Family Stability and Opportunity Vouchers Act. The Eviction Crisis Act

³⁰ Adam Travis, "The Organization of Neglect: Limited Liability Companies and Housing Disinvestment," *American Sociological Review* 84 (2019): 142–70.

³¹ Christopher Herbert, Irene Lew, and Rocio Sanchez-Moyano, *The Role of Investors in Acquiring Foreclosed Properties in Low- and Moderate-Income Neighborhoods: A Review of Findings from Four Case Studies* (Cambridge: Joint Center for Housing Studies, 2013).

³² Eric Seymour, "From REO to Ruin: Post-Foreclosure Pathways and the Production of Decline in Detroit, Michigan," *Housing Policy Debate* 30 (2020): 431–56.

³³ Desmond, *Evicted*.

³⁴ Robert Collinson, Ingrid Gould Ellen, and Jens Ludwig, "Reforming Housing Assistance," *The ANNALS of the American Academy of Political and Social Science* 686 (2019): 250–85; Deborah Devine et al., *Housing Choice Voucher Location Patterns: Implications for Participants and Neighborhood Welfare* (Washington, DC: US Department of Housing and Urban Development, 2003); Amy Schwartz et al., "Do Housing Vouchers Improve Academic Performance? Evidence from New York City," *Journal of Policy Analysis and Management* 39 (2019): 131–58.

³⁵ Fredrik Andersson et al., "Childhood Housing and Adult Earnings: A Between-Siblings Analysis of Housing Vouchers and Public Housing," NBER Working Paper No. 22721, 2018.

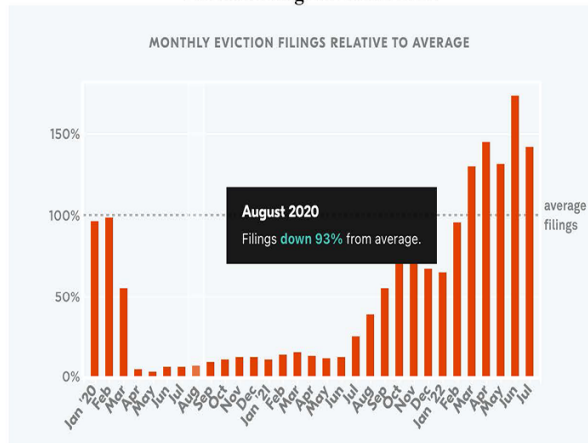
³⁶ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

³⁷ U.S. Department of Housing and Urban Development, *Homeless Preference Survey*, 2012; Public and Affordable Housing Research Corporation, *Trends in Housing Assistance and Who It Serves*, 2019.

would go a long way toward reducing unnecessary evictions, mitigating the harm of displacement, and deepening our understanding of the problem. The Family Stability and Opportunity Vouchers Act would create 500,000 new housing vouchers for families who desperately need them and improve services to increase housing and neighborhood choice. I strongly endorse both pieces of legislation.

To address this crisis, we need short- and long-term solutions. We need to increase the supply of affordable housing by deepening investments in development and expanding public housing offerings. But we can't build our way out of this because families need relief now—not three years from now, when developers finally break ground after clearing all the red tape, not seven years from now when the doors finally open—but today. Congress could provide much needed relief by providing families more housing vouchers or extending Emergency Rental Assistance. The impact of such interventions was made manifest during the COVID-19 pandemic. At the end of 2021, several months after the national eviction moratorium expired, eviction filings were down 53 percent in Albuquerque, 54 percent in Cleveland, and 63 percent in Memphis.³⁸ Government aid in the form of rental relief was entirely responsible for these historic reductions in residential instability. But as that program is sunseting, eviction filings are now increasing well above normal levels (Fig. 4).

Eviction Filings in Connecticut



³⁸ Eviction Tracking System, Eviction Lab, Princeton University, 2022.

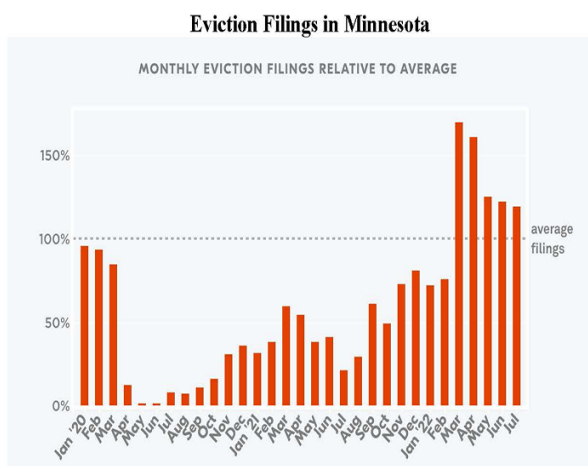


Fig. 4. Monthly Eviction Filings in Connecticut and Minnesota, Jan. 2020 to July 2022. *Source:* Eviction Tracking System, Eviction Lab, evictionlab.org.

Bring transparency and accountability to the rental housing market. Regarding a lack of transparency in the rental market, the Corporate Transparency Act (CTA) was passed in 2021 and is currently in the rulemaking process. This law will bring about a registry of beneficial owners under the Treasury's Financial Crimes Enforcement Network (FinCEN) for corporations and LLCs that meet certain criteria. However, this registry will not be publicly available; rather, it will be available to state and local governments by court order. I support calls to make beneficial owner information from the Treasury FinCEN database publicly available.³⁹ The true owners of properties could also be revealed through FOIA requests or similar mechanisms. (Our peer nations collect and publish beneficial ownership data. For example, since 2016 the United Kingdom has had a public registry of beneficial ownership information and released a land registry dataset on corporate land ownership in 2017. Over 100 other countries have set up or committed to setting up registries of corporate ownership.⁴⁰) This could allow municipalities to hold landlords accountable for tax evasion, tax foreclosure, property neglect, and overreliance on eviction. It could also empower them to crack down on property owners who use eviction court to collect more fines and fees, treating civil court as a first, not last, resort. Requiring property owners to obtain rental licenses, too, could help ensure more transparency and accountability.

Reform housing court. In all but a handful of cities, families facing eviction have no right to an attorney. But most landlords do hire attorneys, which results in an unfair playing field. Knowing this, many families who receive eviction notices don't show up to court, and their case results in

³⁹ D. Victoria Baranetsky, "Op-Ed: You Should Have the Right to Know Your Landlord's Name," *Los Angeles Times*, February 24, 2021; Aaron Glantz, "Unmasking the Secret Landlords Buying up America," *Reveal*, December 17, 2019.

⁴⁰ Lakshmi Kumar and Kaisa de Bel, *Acres of Money Laundering: Why U.S. Real Estate is a Kleptocrat's Dream* (Washington: Global Financial Integrity, 2021), 59-63.

a default judgement decided in a matter of seconds. When tenants are provided legal counsel, the odds of them remaining in their homes increase dramatically. Under New York City's right to counsel in eviction court, 84 percent of represented renters facing eviction remain housed. In Cleveland, 93 percent of represented renters facing eviction avoid displacement. Deepening federal investments in the Legal Services Corporation or providing county courts with incentives and best practices could help reform an utterly broken housing court system.⁴¹ Providing tenants facing eviction with legal counsel would not affect the majority of rental property owners, who do not execute any evictions in a typical year. This intervention would impact high-evicting landlords, who place an undue burden on social services by fueling the eviction crisis.⁴²

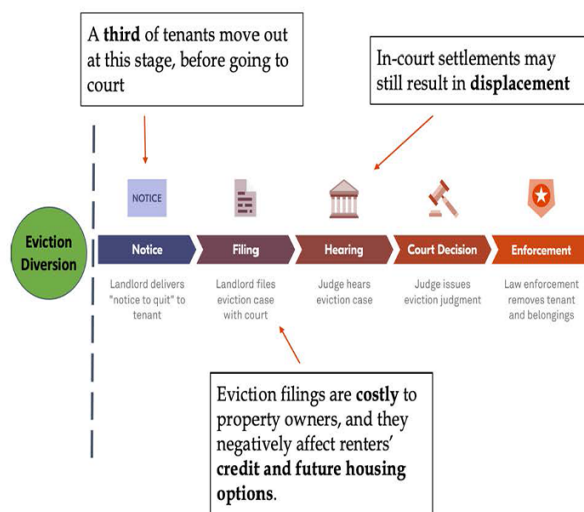


Fig. 5. Eviction Diversion is Most Effective when it Intervenes Early in the Eviction Process. *Source:* evictionlab.org.

Create eviction diversion programs nationwide. Eviction diversion programs have been shown to be effective at preventing forced moves and helping to make property owners whole. Cities have effectively used funds from the Emergency Rental Assistance Program to design and implement diversion programs. The Philadelphia Eviction Diversion Program has settled 80 percent of its cases without an eviction. The Durham Eviction Diversion Program has resulted in 73 percent of families remaining housed. In Boston, 95 percent of families threatened with

⁴¹ ACLU, *No Eviction without Representation: Evictions' Disproportionate Harms and the Promise of Right to Counsel* (Washington: ACLU Research Brief, 2022); Ingrid Gould Ellen, Katherine O'Regan, Sophia House, and Ryan Brenner, "Do Lawyers Matter? Early Evidence on Eviction Patterns after the Rollout of Universal Access to Counsel in New York City," *Housing Policy Debate* 31 (2021): 540-61.

⁴² Matthew Desmond and Nathan Wilmers, "Do the Poor Pay More for Housing? Exploitation, Profit, and Risk in Rental Markets," *American Journal of Sociology* 124 (2019): 1090-1124.

eviction in public housing, but who go through the diversion program run by HomeStart, remain housed in their apartments two years later. Successful eviction diversion programs combine *advocacy* (e.g., access to legal counsel, case management) and *assistance* (e.g., rental assistance, cash grants) to work toward an *alternative* to eviction (e.g., court-mandated mediation, payment plan).⁴³ Eviction diversion programs that intervene early in the eviction process and that mandate participation as a prerequisite for eviction are the gold standard models (Fig. 5). Congress could incentivize county courts to establish permanent eviction diversion programs, helping to bring about a more humane and rational adjudication process.

Collect better data. The federal government does not collect data on evictions, even evictions from government-subsidized housing. A recent study of 25 million eviction filings issued between 2006 and 2016 found that the average Public Housing Authority files roughly 40 evictions each year, or 7.6 cases for every 100 public housing households. Public housing complexes were responsible for approximately 5.8 out of every 100 eviction filings nationwide, while only 3.5 in 100 renting households resided in public housing.⁴⁴ Yet the U.S. Department of Housing and Urban Development does not track evictions executed by the Public Housing Authorities it oversees. It should, incorporating that information into its evaluation criteria. And the federal government, more generally, should collect high-quality information on evictions. The only source of national data on eviction comes from the Eviction Lab at Princeton, which I direct. But I will not collect these data in perpetuity. Reliable data on eviction allow us to assess the scope of the problem and to evaluate the effectiveness of housing policies. These data are the only way to detect violations of the Fair Housing Act caused by the eviction process and are useful for understanding the prevalence, causes, and consequences of housing instability and to designing informed public policy.

8. The Bottom Line

I wish I could have provided a more temperate testimony. But we should not use our softer voices in times of emergency. Now is no time for moderation, for indecisiveness, for the same, tired debates about spending. A recent study found that simply collecting unpaid federal income taxes from the top 1 percent of households would bring in roughly \$175 billion a year.⁴⁵ There are plenty of ways to pay for deeper investments in renting families without increasing the deficit. What we cannot do is look renting families in the eye, those families spending sixty or seventy percent on housing costs, those families living in cars and garages and attics and storage sheds, and say to them, “You know, we’d love to help you, but we just can’t afford to,” because that is a lie. Now is the time to act. The “cumulative impact of years of inadequate federal funding for rental assistance”⁴⁶ has contributed to the current rental housing crisis. Congressional disinvestment in renting families reflects a dereliction of duty.

Trying to promote economic opportunity without addressing the housing crisis is like

⁴³ Mark Treskon, Solomon Greene, Olivia Fiel, and Anne Junod, *Eviction Prevention and Diversion Programs: Early Lessons from the Pandemic* (Washington, DC: Urban Institute, April 2021).

⁴⁴ Ashley Gromis, James Hendrickson, and Matthew Desmond, “Eviction from Public Housing in the United States,” *Cities* (2022), published online.

⁴⁵ John Guyton, Patrick Langetieg, Daniel Reck, Max Risch & Gabriel Zucman, “Tax Evasion at the Top of the Income Distribution: Theory and Evidence,” National Bureau of Economic Research, Working Paper No. 28542, March 2021.

⁴⁶ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing, 2019*, 36.

pouring water in a leaky bucket. When we boost incomes at the bottom—through government programs or economic growth—without addressing rising rents, those gains are often recouped by the housing market. A study conducted by the Federal Reserve Bank of Philadelphia found that when states raised minimum wages, that boosted families’ ability to pay rent—at least at first. But landlords quickly responded to the wage bumps by increasing rents, which diluted the effect of the policy.⁴⁷ The implication is that investing in affordable housing isn’t only necessary to ease families’ rent burdens and promote community stability. It is also essential because the success of all other economic mobility efforts depends on it.

⁴⁷ Sumit Agarwal, Brent Ambrose, Moussa Diop, “Do Minimum Wage Increases Benefit Intended Households? Evidence from the Performance of Residential Leases,” Federal Reserve Bank of Philadelphia, Working Paper 1928, July 2019. See also Atsushi Yamagishi, “Minimum Wages and Housing Rents: Theory and Evidence,” *Regional Science and Urban Economics* 87 (2021): 1-13.

PREPARED STATEMENT OF LAURA BRUNNER

PRESIDENT AND CEO, PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY

AUGUST 2, 2022

Chairman Brown, Ranking Member Toomey, Members of the Committee on Banking, Housing, and Urban Affairs: thank you for the opportunity to testify today on how renters and communities are impacted by today's housing market and how institutional investors are changing the landscape of single-family housing in Hamilton County.

My name is Laura Brunner, CEO and President of The Port of Greater Cincinnati Development Authority. The Port is a public, quasigovernmental agency focused on mending broken real estate to promote job creation, home ownership, and equitable development throughout Hamilton County. Our work is guided by the belief that real estate should work for everyone.

With tools, resources, and experience, The Port is in a unique position to pioneer diverse models of real estate equity, developing innovative solutions to complex issues. Our Public Finance Practice acts as a financing conduit, offering resources such as the issuance of tax-exempt debt, Property Assessed Clean Energy bonds, tax increment financing, among others, to further stimulate private investment in commercial real estate and fund critical economic development efforts across the region. Through our Driving Real Estate to Accelerate Microenterprise (DREAM) Loan fund, we've infused much-needed capital to projects in disinvested neighborhood business districts and minimized barriers for neighborhood microenterprise and entrepreneurs. The Port's Communities First Down Payment Assistance program offers downpayment and closing cost assistance grants to eligible homebuyers across the State.

Our Neighborhood team focuses on the acquisition and rehabilitation of blighted residential and commercial properties to provide housing options across multiple price points from affordable to market-rate, resulting in the revitalization of neighborhoods and disinvested commercial districts. The Port operates the Hamilton County Landbank, whose mission is to return vacant properties back to productive use. In cooperation with our governmental and nongovernmental partners, the Landbank facilitates the rehab and reutilization of vacant, abandoned, or tax-foreclosed real properties until end users are identified for highest and best use of these properties. Since 2012, we have successfully disposed of more than 1,000 properties.

The Homesteading & Urban Redevelopment Corporation (HURC) is another Port-operated entity dedicated to improving the quality of housing stock and increasing home ownership throughout the region. This program is primarily focused on income-qualified affordable homes and requires a significant amount of subsidy. With average sale prices for HURC homes ranging from \$75,000 to \$165,000, we are able to offer lower-cost options for buyers in low-to-moderate income areas. There is an estimated shortfall of 40,000 affordable housing units in Hamilton County and HURC is actively addressing this shortage by bringing much needed quality units online.¹

The Port also leads a more targeted neighborhood real estate rehab initiative known as the Rehab Across Cincinnati & Hamilton County (REACH) program. REACH focuses on accelerating neighborhood reinvestment by acquiring and renovating pivotal blighted properties in target areas which have seen a long-term decline in housing value. It has a transformational impact on neighborhoods plagued with limited housing activity, creating new market comps and making communities attractive for future investment. Since 2015, The Port's residential program has created more than 100 renovated and new market rate and affordable homes across the region.

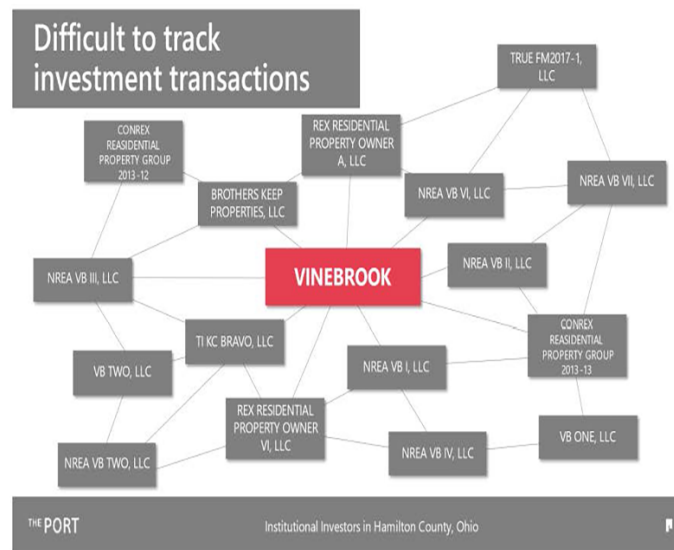
Housing development is not simply a by-product of economic development; but rather, an engine of economic stability and growth. The Port recognizes that a sufficient supply of housing, affordable to households of all income, is the foundation for economic mobility and opportunity. Jobs provide financial stability, and homes create wealth. Real estate is one of the fastest ways to shrink the wealth gap and to help restore the middle class. In Cincinnati, Black home ownership is only 33 percent. Nationally, about 42 percent of Black households own their home, compared to 72 percent of White households, and "if the typical Black-owned home was worth the same as the typical White-owned home, Black wealth would more than dou-

¹ <https://www.lisc.org/greater-cincinnati/what-we-do/housing/research/>

ble.”² Housing and home ownership is the foundation of everything else in our lives, and for too long, the lingering legacy of redlining and segregation has stifled Black residents from the opportunity available to their White counterparts.

Home ownership remains an integral part of the American Dream. Owning a home is a symbol of financial success and a vehicle for accumulating wealth and building equity. However, the idea of the American Dream is even more so about opportunity and upward mobility. The reality is that not everyone wants to be a homeowner and not everyone has the means to purchase a home, but everyone should have access to a place to live and a pathway to home ownership. Locally, a recent report found that the Cincinnati metro area has more than 81,000 extremely low-income renters, but only 33,000 available units they can afford. Roughly 67 percent of the extremely low-income households are severely cost burdened and spend more than half of their income on rent.³ Access to affordable rentals and the ability to save enough money to purchase a home have become increasingly hard today, partly due to institutional investors infiltrating the housing market across the country.

Our attention to investor activity in the local housing market came out of a conversation with the City of Cincinnati’s property maintenance division and quality of life team around code enforcement. We wanted to know who the worst landlords in the Cincinnati area were. It took months of rigorous research to uncover that over 4,000 single family homes in Hamilton County had been purchased by just five institutional investors since 2013. Tracking the acquisitions was an arduous task and required review of numerous real estate transactions and auditor data in an effort to connect large corporate investors organized as Real Estate Investment Trusts (REITs) and LLCs to specific names. Property purchase price information was limited because of varying LLC names and a long list of transfers to themselves. Eventually, we were able to track consistencies in owner name and addresses on the Hamilton County Auditor’s website. Tracking this information was messy work, but it led us to the same five worst landlords identified in our initial conversation with the City. The results are sobering. Through our research, we uncovered over 90 different LLC’s affiliated with VineBrook Homes, the largest outside investor in the regional housing market. It became very clear that this ownership structure is based on the maximization of profit by hiding behind a cloak of anonymity.



² <https://zillow.mediaroom.com/2021-04-26-Housing-Gains-Could-Grow-Black-Wealth-More-Than-500-Billion-in-a-Decade>

³ <https://nlhc.org/gap/state/oh>

As evidenced by the City of Cincinnati's lawsuit against VineBrook last year, the lack of transparency with this type of investor model results in poorly maintained properties and negligent landlord practices. The failure of an investor of this magnitude has harrowing consequences on a community. We've been told by institutional investors that they only own about 1 percent of single-family homes; however, in Hamilton County, this could mean 50 percent of the houses on a single street. When the geographical impact is so concentrated, it has a game-changing effect on what it means to live in that neighborhood. It has an impact on ownership, where more than half of the homes on one street are converted into rental properties. It has an impact on neighboring homes, where surrounding properties see a downward pressure on property values. It has an impact on the overall fabric of a community. This model is opportunistic, not strategic, and it's happening at the expense of the most vulnerable members of our society.

Since the foreclosure crisis of 2008, institutional investors have been purchasing large volumes of single-family homes in the region and turning them into high-priced rental properties. What we found in our research is that they typically purchase homes in geographically targeted areas, usually the region's most disinvested neighborhoods. They make all-cash offers for the properties and box out first-time and lower-income buyers. Our low home values and high rental market make these properties attractive. It's a cash cow for investors but a money pit for renters.

Concentrated in low & moderate income areas



THE PORT

Institutional Investors in Hamilton County, Ohio

Institutional investors found a very profitable new sector. They claim to be responding to existing demand and limited supply. Yes, demand may be high, and supply may be limited, but in the Cincinnati region, these investors are not building new homes or expanding options. They are switching homeowner properties to rental properties and hiking up rents. Studies have found that investor landlords are also more likely to evict their tenants and poorly maintain their properties.⁴ They are maximizing profits at the expense of vulnerable tenants and fundamentally changing the landscape of single-family housing in the region. In Q2 of 2021, one in six home sales were purchased by large investors, and we know that is significantly higher at price points below \$250,000. Just last month, Cincinnati had the largest jump in rental prices in the country. Monthly rent for single-family homes

⁴ <https://www.nytimes.com/2022/04/23/us/corporate-real-estate-investors-housing-market.html>

in the area increased \$267, or 23 percent, in the past year.⁵ These are the types of numbers that made it clear to us that it was our moral imperative to interrupt the cycle of investor activity in the local real estate market and make a radical change.

In December 2021, The Port placed a bid on 194 single-family homes formerly owned by a California-based firm that fell into receivership. Because of our public and private relationships, and the depth of our work in the region, Colliers International (a real estate broker with offices in Cincinnati and the receiver of this portfolio) reached out to The Port looking to sell. We couldn't help but see this opportunity as the antidote to the threat. Purchasing the portfolio could chart a new path back to home ownership for these families and properties. In late January 2022, The Port closed on this acquisition and launched the Creating Affordable Real Estate (CARE) Homes Initiative.

To our knowledge, no other institution has ever taken on a project similar in scope and challenge to this purchase. It is a high-risk acquisition; but because of our risk tolerance, we were able to create an innovative financing model that included no public subsidy. The Port leveraged its nontax revenue to issue taxable and tax-exempt bonds to pay \$14.5 million to acquire the portfolio of homes, outbidding over a dozen investment firms. An Ohio-based investor purchased the bonds issued to provide the financing to purchase the properties.

The Port's intent with the CARE Homes initiative is to create viable pathways to home ownership for current rental tenants of these homes. The properties purchased in our portfolio are predominantly located in low-income disinvested census tracts. Data shows that in Hamilton County, Ohio, the median household income in 2019 was just over \$57,000 annually. In the City of Cincinnati, the median household income was a little over \$42,000 annually. As a result of corporate ownership, many of the residents of the CARE Homes portfolio have had minimal opportunity to accumulate wealth through equity. Changing that narrative is the driving force behind what we are doing. Through financial and home ownership training, we believe we can create a sea change in our neighborhoods when it comes to transitioning from renting to home ownership. This program is about longevity and building communities rich in opportunity for local families.

THE PORT

HAMILTON COUNTY

CASE STUDY:
A Story of Two Homes

Institutional Investors

VINEBROOK	HOMEOWNER*
\$1,445/Month	\$800*/Month
<p>Sale Date: 2/8/2019</p> <p>Purchase Price: \$50,000</p> <p>Payment Starts*: \$300</p> <p>Rent: \$1,445</p> <p>Income*: \$1,145</p>	<p>Sale Date: 9/8/2020</p> <p>Purchase Price: \$142,500</p> <p>Term: 30 years</p> <p>Payment Starts*: \$800</p>
*Assumptions made for mortgage term and payment	

⁵ <https://blog.dwellsy.com/single-family-rentals-drive-rent-increases-may2022/>

For this initiative to be successful, we knew we had to leverage strong community partnerships. As a result, we formed the CARE Homes Advisory Group, a diverse group of local nonprofit partners and housing advocates, including: The Legal Aid Society of Greater Cincinnati, the Community Action Agency, Metropolitan Area Religious Coalition of Cincinnati (MARCC), Housing Opportunities Made Equal (HOME), the Homeownership Center of Greater Cincinnati, Working in Neighborhoods (WIN), Talbert House, Price Hill Will, Sisters of Charity, Santa Maria Community Services, the Local Initiatives Support Corporation (LISC), and the Cincinnati Metropolitan Housing Authority (CMHA.) Each of these organizations play an important role in navigating the complexities of this initiative.

Our collaborative approach led us to partner with a local, HUD-certified homebuyer training nonprofit. Working in Neighborhoods (WIN) will provide assessment, financial literacy training, and homebuyer education for all interested tenants to best position them for stability and wealth creation as they take the step to buy their homes. WIN trains more than 300 families per year through its home ownership program and has achieved a 95 percent retention rate of their participant's ability to close on and maintain their homes. In addition, more than 10,000 residents have sought out WIN for their home ownership assistance, creating a pipeline of future home buyers. They truly are an ideal partner for this mission.

Of course, bold ideas rarely come without big challenges. We quickly learned that the reality of the portfolio of homes posed difficult financial, operational, and physical challenges. As we continue to evaluate the condition of each home, early indications show a considerable amount of work needed to stabilize and improve several of these properties. Many have code violations and necessary maintenance that were left unaddressed and deferred when purchased by the previous investor. It's clear that some of these homes have not been touched or upgraded since they were built in the 1950s. Furthermore, our portfolio is debt financed and operates without public subsidy, meaning limited access to flexible cash and no financial cushion to rely on. Balancing the financial performance needs of the homes with the human needs of tenants struggling with increasing costs of living is extremely challenging. This reality reinforces the significance of the portfolio purchase and The Port's efforts to interrupt the cycle of investor ownership of these properties. It is clear that when an investor squeezes a single-family house for profit, the community is left holding the bag.

The question then becomes, "Can this model be replicated?" Our answer to that question is yes. It can, and it should; but it is not to be taken lightly. Taking on high-risk projects with high-interest debt rather than grant funds isn't easy. It can be replicated when there are entities and organizations that can merge private sector speed with public sector mission-based approaches. Larger development financiers perceive our CARE Homes financing model as a type of Environmental, Social, Governance (ESG) bond, a quickly growing area of the bond market. We know there is a way to leverage the growing interest for ESG to do similar initiatives in other markets.

The Port's CARE Homes initiative is a critical intervention that disrupts institutional investors' constraints on local families and properties. The purchase of this portfolio protects renters from the threat of rising rent prices while offering them a pathway to home ownership. As we navigate the complexities of our new initiative, it is clear that much more work is needed to combat the impact of predatory housing practices of institutional investors. Now, more than ever, bold policies and leaders are needed to ensure the housing market meets the needs of its community. Housing is a basic human need, and we strongly believe that everyone deserves the right to live in a decent and safe home. The Port has worked diligently over the years to restore neighborhoods and communities to places of opportunity. By adding to our housing supply and putting properties back to productive use, we've been able to provide housing affordability and ownership opportunities to residents and drive lasting change in our region. Investor activity in the single-family housing market poses a direct threat to the revitalization and growth of our neighborhoods—the change we worked so hard to build over the years. When presented with the opportunity to buy the CARE Homes portfolio, we did not hesitate. We knew it was our duty to play a part and make real estate work for our community, particularly our most vulnerable residents.

Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you again for the opportunity to testify before you today. I look forward to your questions.

PREPARED STATEMENT OF ROSANNA MOREY

SMALL PROPERTY OWNER

AUGUST 2, 2022

Thank you for the invitation to testify today and the opportunity to share my story.

My name is Rosanna Morey, I live on Long Island in New York, and am a small landlord of an owner-occupied home with a rental unit. I am a single mom with an incurable cancer that progressed before the pandemic began. I rented the apartment in my home, on a month-to-month lease to help with bills and to ease the burden on my life. As my health declined, I saw no other option but to speak to the tenant and provide notice for her to vacate so that my sister could stay with me to help me and my teenage son who has learning disabilities. She refused, and so began holdover filings and proceeding.

The pandemic hit and the eviction moratorium was put in place, which, by the way, was originally intended only for nonpayment and COVID-related hardship cases. But, somehow, all cases were lumped together. It did not take long for the tenant to stop paying rent. "Because I effing can, and you can thank your governor for that" was the response she gave a police officer when he asked why she continued to stay.

I had to work three jobs while undergoing treatments to make ends meet. She spitefully and incessantly smoked, knowing that I was sick and that it made me violently ill. She violated the lease, which clearly prohibited smoking because my son was asthmatic; she didn't care and there was nothing I could do about it.

I could go on with countless stories; thanks to Governor Hochul's and Federal eviction moratorium extensions, this tenant was basically given the right to abuse the situation. She was allowed to live rent free for 2 years, ignore any and all rules outlined in a binding lease agreement that she signed and agreed to, and allowed her to destroy my property knowing there would be no recourse.

I was one of the very lucky people who received money from the Landlord Rental Assistance Program, or LRAP, New York's emergency rental assistance program for landlords whose tenants were unwilling to apply for Federal emergency rental assistance. However, it was only 1 year's rent that I had to pay income taxes on, but the tenant was not required to pay taxes on the forgiven debt. The money from LRAP did not cover her entire back rent, nor the \$10 thousand in legal fees, nor the \$25 thousand it cost me to rebuild and clean the area that she destroyed, even leaving feces everywhere.

The overall aftermath and any new regulations that landlords would be subjected to will continue to drive them away from renting out properties. Policies such as the eviction moratorium led to abuse as in my case and many others and has caused a 2-year backlog in court. This has contributed to the housing shortage because landlords are still housing nonpaying tenants while waiting for their due process. ERAP/LRAP also did not really help landlords because a tenant that expects the Government to pay will simply not pay their own rent. This perpetuates a "who cares" attitude and impacts landlords' livelihoods. Worse yet, permanently creating an emergency rental assistance program just makes it easier for Government officials to re-impose an eviction moratorium or lockdown orders, something we can all agree is bad.

The eviction moratorium that occurred during COVID led to Government interference beyond what should have ever been allowed. The Government should not discourage landlord participation as that will just drive them away and make housing more expensive for all.

With too many restrictions, affordable housing providers like myself will reconsider renting going forward. Some will just sell and leave, some will put more stringent requirements and tenant screening criteria in place, and some will just raise the rents to cover themselves "just in case." We are already starting to see the impact as social media videos have begun to circulate teaching prospective tenants how to create fake W2's and bank statements, etc. because so many chose not to pay rent that now they cannot provide the documents required for a new apartment. This cannot continue.

Today, I am asking policymakers to consider landlords, particularly small mom-and-pop landlords, and single parent landlords trying to make ends meet, and sick landlords like myself just trying to get by, because after all, we have families to support too.

Thank you and I look forward to answering your questions.

PREPARED STATEMENT OF DARION DUNN

MANAGING PARTNER, ATLANTICA PROPERTIES

AUGUST 2, 2022

Chairman Brown, Ranking Member Toomey, and Members of the Committee, good morning. Thank you for the invitation to testify today and share my story. My name is Darion Dunn. I'm the Managing Partner of Atlantica Properties, a company that I started with my younger brother and business partner, Trenton Dunn. Atlantica Properties is a real estate investment and development firm with a mission to empower individuals by establishing thriving, holistic communities. I am a member of the Atlanta Apartment Association, the Georgia Apartment Association and the National Apartment Association. I was born and raised in Atlanta, GA, by parents who taught me that "home" is more than a place—it is an ideal. I graduated from Georgia Tech where I studied Civil Engineering and Economics, and it was during those formative college years that my passion for real estate and affordable housing was set into motion.

I knew at an early age that I wanted to help shape the world's built environment. So, I've dedicated my life's work to creating and preserving affordable housing. After acquiring my first rental property over 20 years ago, I have since participated in the ownership, management and development of nearly 1,000 housing units. I know that expanding affordable housing in our Nation is possible and critical to solving our housing affordability challenges, but the Government, at all levels, must empower, not restrict housing providers from doing what they do best, providing places to call home for our residents at all income levels.

My company is able to offer affordable rents in part because we have a thoughtful, long-term approach to property ownership. We have owned many of our rental properties for over a decade, while nearby properties have traded hands upwards of 5 times during the same period.

I'm fortunate to have built a successful real estate company that operates on an institutional level, yet I've never forgotten my humble beginnings as a landlord with very limited resources. I saved money from my day jobs for the downpayment for single family rental homes and apartment properties. It's not surprising that the majority of rental homes and small multifamily properties in this country are owned by individuals or small businesses like mine. In fact, over 70 percent of tenants in the United States live in properties that have 20 units or less, including single family homes.

Although small landlords represent a large majority of the rental property industry, it is far too common for policymakers to overlook the contributions and struggles of this group of business owners.

My privilege and responsibility to provide housing to our residents includes keeping my business viable so I can continue to serve those that are most vulnerable to the ever-worsening-affordability crisis. Government actions that raise my costs or reduce my revenue, ultimately impact my residents and my ability to provide affordable housing.

Our tenants are our partners, and our business cannot exist without them. The symbiotic relationship between tenants and landlords was put on full display during the height of the COVID pandemic. The financial pain felt by tenants was ultimately felt by landlords, and vice versa. Fortunately, my company didn't have a large percentage of delinquent tenants during the pandemic like many others in my industry.

However, we did have tenants who were unable or unwilling to pay rent for extended periods of time, with the worst case being a current tenant that hasn't paid rent since October 2020. Local and Federal eviction moratoriums prevented us from taking responsible legal action.

While we have fortunately been able to withstand these challenges, the majority of small landlords can't sustain these types of setbacks. Emergency rental assistance programs have been a welcomed safety net, although many housing providers have experienced significant delays in receiving these funds, due to challenges with local execution of the program.

Despite Federal resources to help during the pandemic, the inventory of affordable housing is eroding as small landlords opt to or are forced to sell their properties. With supply already outstripped by demand, we cannot afford to lose these market players.

We need more mission-driven housing providers. So, I support business practices and public policies that strengthen the tenant-landlord bond, as opposed to those measures that pit one side against the other. Examples include lease insurance to cover property damage and lost revenue; reform of the Section 8 program; incentives

to encourage housing preservation and conversion of unused commercial property to housing; and access to favorable debt and equity for non-LIHTC deals.

Evictions are a last resort, but we must ensure that moratoriums don't discourage vulnerable populations from paying their rent and building their credit. For example, our company doubled down on tenant financial literacy training during the pandemic. We educated tenants on the importance of avoiding eviction filings and creditor collections. We also implemented a program to report positive rent payments to the credit bureaus, which has led to 75 percent of our tenants improving their credit scores.

I will close by reiterating that to address our housing affordability challenges we must both increase supply and provide incentives to strengthen the tenant-landlord relationship. There is still time to restore the legacy of affordable housing in America, and I promise to continue my efforts to make the ideal of "home" a reality for generations to come.

Thank you for the opportunity to be here today. I look forward to answering any questions.

PREPARED STATEMENT OF DIANE YENTEL
 PRESIDENT AND CEO, NATIONAL LOW INCOME HOUSING COALITION
 AUGUST 2, 2022



Testimony of Diane Yentel

President and CEO of the National Low Income Housing Coalition
 Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs
 "The Rent Eats First: How Renters and Communities Are
 Impacted by Today's Housing Market"
 August 2, 2022

Chairman Brown, Ranking Member Toomey, and members of the Committee, thank you for the opportunity to testify before this committee on how renters and communities are impacted by today's housing market.

The National Low Income Housing Coalition (NLIHC) is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice. NLIHC's members include residents of public and assisted housing, people experiencing homelessness and other low-income people in need of affordable homes, housing providers, homeless services providers, fair housing organizations, state and local housing coalitions, public housing agencies, faith-based organizations, concerned citizens, and others. While our members include a spectrum of housing interests, we do not represent any one segment of the housing field. Rather, NLIHC works on behalf of and with low-income people who receive or need federal housing assistance, especially extremely low-income people and people who are homeless.

Even before the pandemic, millions of extremely low-income households – disproportionately people of color - were struggling to remain housed, always one financial shock away from falling behind on rent and being threatened with eviction and, in the worst cases, homelessness. On any given night, more than half a million people experienced homelessness, and millions more were at risk.¹

The underlying cause of America's housing and homelessness crisis is the severe shortage of homes affordable and available to people with the lowest incomes and the widening gap between incomes and housing costs. There is a national shortage of seven million homes that are affordable and available to America's lowest-income renters – those earning less than either the federal poverty rate or 30% of their area median income (AMI). The severe shortage of affordable and available homes for extremely low-income renters is a structural feature of the country's housing system, consistently impacting every state and nearly every community.²

Housing costs are out of reach for too many of the lowest-income renters.³ Rents are far higher than what the lowest-income and most marginalized renters, including seniors, people with disabilities, and working families, can spend on housing. Despite the clear and urgent need, Congress only provides housing assistance to one in four eligible households.⁴

Without affordable housing options, 10 million of the lowest-income renter households pay at least half of their income on rent, leaving them without the resources they need to put food on

the table, purchase needed medications, or otherwise make ends meet.⁵ Paying so much of their limited income on rent leaves the lowest income families always one financial shock - an emergency or unexpected expense – from facing eviction and, in worst cases, homelessness. For millions of these same households, the coronavirus pandemic was that financial shock.

The COVID-19 pandemic and accompanying economic hardship put as many as 12 million households at risk of losing their homes without immediate government action. Federal, state, and local governments responded to the warnings of housing advocates and impacted people with unprecedented resources and protections to keep renters housed, including \$46.6 billion in emergency rental assistance (ERA) and a national eviction moratorium. While these temporary measures significantly reduced housing instability and unnecessary suffering during the pandemic, they were not intended to solve the longstanding causes of housing affordability.

Now, as emergency resources are being depleted and pandemic-era renter protections expire, renters are faced with increased inflation, skyrocketing rents, eviction filing rates reaching or surpassing pre-pandemic averages, and, in many communities, increasing homelessness. Unprecedented rent increases are exacerbating our country's affordable housing crisis, pushing more people into homelessness each year. The U.S. Government Accountability Office (GAO) found that a \$100 increase in median rent is associated with a nine percent increase in the estimated homelessness rate.⁹ On average, rents increased by nearly \$200 per month in the last year.

Recent rent increases are driven by several factors, including a growing demand for rental housing, limited supply, and high inflation. Rent increases can also be attributed to a mostly unregulated rental market that permits landlords to raise rents as high as the market will allow, without regard to its impact on tenants with low incomes. Further, real estate investors have been purchasing low-cost homes at an increasing rate, leading to further increases in rental prices and putting low-income renters at greater risk of eviction. A lack of national renter protections places tenants at risk of unjust treatment, housing instability, and evictions.

To address a housing crisis that pre-dated the pandemic, was exacerbated by its disruptions, and will continue to persist after COVID-19 subsidies are depleted, Congress must increase investments in long-term solutions to the underlying shortage of affordable, accessible homes and improve renter protections for the lowest-income people. This should include making rental assistance universally available to everyone in need, preserving and expanding the supply of homes affordable to people with the lowest incomes, preventing evictions and homelessness, and strengthening and enforcing renter protections. These solutions must be paired with reforms to break down barriers that prevent access to critical resources and that deepen racial disparities. As Congress works towards long-term solutions, the Biden administration must take immediate action to protect tenants from exorbitant rent hikes and, in worst cases, homelessness.

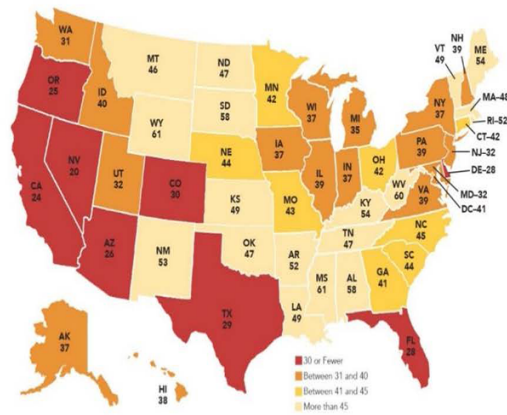
Underlying Causes of the Housing Crisis

Shortage of Affordable Housing for the Lowest-Income Renters

Even before the COVID-19 pandemic, the country was in the grips of a pervasive affordable housing crisis, impacting rural, suburban, and urban communities alike. An underlying cause of America's housing crisis is a market failure that results in a severe shortage of rental homes affordable to people with the lowest incomes. Nationwide, there is a shortage of seven million

homes affordable and available to extremely low-income renters, whose household incomes are at or below either the poverty guideline or 30% of their area median income (whichever is greater). For every 10 of the lowest-income renter households, there are fewer than four homes affordable and available to them.⁷

RENTAL HOMES AFFORDABLE AND AVAILABLE PER 100 EXTREMELY LOW INCOME RENTER HOUSEHOLDS BY STATE



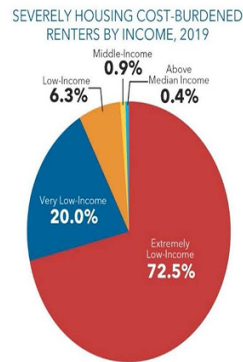
The shortage of affordable and available homes for the lowest-income renters ranges from most severe to least severe, but there is no state or congressional district with enough affordable homes for its lowest-income renters. For example, in Chairman Brown's state of Ohio and Ranking Member Toomey's state of Pennsylvania, there are just four affordable homes available for every 10 of the lowest-income renter households. Idaho faces a similar situation, with only four available homes for every 10 of the lowest-income renters. Nevada has the worst housing needs in the nation, with just two affordable homes available for every 10 of the lowest-income renter households.⁸

Systemic racism, past and present, has led to significant racial disparities in both renter demographics and adverse outcomes experienced by renters, such as cost burdens, evictions, and homelessness. The unaffordability of the rental market disproportionately harms Black and Latino households because they are more likely at all income levels to be renters: 30% of white households are renters, compared with 58% of Black households and 46% of Latino households.⁹

Moreover, renters of color are much more like than white households to be extremely low-income renters. Twenty percent of Black households, 18% of American Indian or Alaska Native (AIAN) households, 15% of Latino households, and 10% of Asian households are extremely

low-income renters, compared to only 6% of white non-Latino households. Renters of color are also more likely to experience housing cost burdens than white, non-Latino renters. While 43% of white renters are cost-burdened, 53% of Latino renters and 55% of Black, non-Latino renters are cost-burdened. Thirty-one percent of Black, non-Latino renters and 28% of Latino renters are severely cost-burdened, compared to 22% of white, non-Latino renters.¹⁰

Nationwide, 10 million of the lowest-income renters pay at least half of their income on rent, leaving them without the resources they need to make ends meet. Housing cost burdens are concentrated among the lowest-income renters. Eighty-six percent of extremely low-income renters are cost-burdened, and 72% of extremely low-income households are severely cost-burdened.¹¹ Research indicates that the lowest-income households spend significantly less on other necessities – such as food, clothing, transportation, and healthcare – when they are forced to spend more than half of their income on rent and utilities.¹²



Making matters worse, the existing affordable housing stock is often in poor condition, due to decades of underfunding by the federal government, or with affordability requirements set to expire soon.¹³ Based on past trends, more than 176,000 federally assisted rental homes with expiring affordability restrictions over the next five years could be lost from the affordable housing stock if preservation efforts are not expanded. An additional 21,954 homes not facing a subsidy expiration in the next year could also be lost through public housing disposition, foreclosure, or early owner opt outs.¹⁴ The failure to preserve federally subsidized housing can lead to unaffordable rents, a loss of habitability, or evictions for current tenants. Given the current shortage of affordable homes and chronic underfunding for federal programs, preventing the loss of the already limited supply is essential.

The Gap Between Incomes and Housing Costs

A major cause of housing instability is the fundamental mismatch between growing housing costs and stagnant incomes for people with the lowest incomes. NLIHC's *Out of Reach: The High Cost of Housing*¹⁵ annual report estimates each locality's "Housing Wage" – the hourly wage a full-time worker must earn to afford a modest apartment without spending more than

30% of their income on housing. In 2022, the national Housing Wage is \$25.82 per hour for a modest two-bedroom rental home and \$21.25 per hour for a modest one-bedroom rental home.

2022 TWO-BEDROOM RENTAL HOUSING WAGES



Eleven of the 25 largest occupations in the U.S. pay a lower median hourly wage than the wage a full-time worker needs to earn to afford a modest one- or two-bedroom apartment at the national average fair market rent. Over 24 million people work in the five lowest-paying occupations – retail sales, food and beverage services, food preparation, home health aide and personal care services, and building cleaning. Workers in these occupations earn median wages that fall more than \$6 short of what a full-time worker needs for a one-bedroom apartment.¹⁶

The average minimum wage worker must work 96 hours per week (nearly two and a half full-time jobs) to afford a two-bedroom rental home, or 79 hours per week (two full-time jobs) to afford a one-bedroom rental home at the fair market rent. People who work 96 hours per week and need eight hours per day of sleep have around two hours per day left over for everything else – commuting, cooking, cleaning, self-care, caring for children and family, and serving their community.

Low-wage workers are not the only renters who struggle to afford their housing. Housing is unaffordable for low-income families in a variety of circumstances. Three-quarters of the nation's 4.4 million senior renters with incomes less than 50% of the AMI are housing cost-burdened. Over 2 million households are very low-income, have a disability, and are not in the labor force, with most of these households paying more than 30% of their income toward rent.

Of the country's approximately 850,000 very low-income householders who are single-adult caregivers or students, 93% are cost-burdened.^{17,18}

RENTS ARE OUT OF REACH



Lack of Federal Resources

The shortage of rental homes affordable to the lowest-income people is caused by market failures and the chronic underfunding of solutions. Government intervention, in the form of subsidies, is necessary to fill the gap between what the lowest-income people can afford to pay and the costs of developing and operating rental homes. Congress has consistently underfunded housing subsidies such that only one in four households eligible for housing assistance receives any.¹⁹ Millions of families are placed on waitlists for housing assistance, many of them faced with homelessness or overcrowding while they wait.²⁰

Congress has also divested from public housing for decades, resulting in over \$70 billion in unmet capital backlog needs.²¹ As a result, our nation loses 10,000 to 15,000 units of public housing every year to obsolescence or decay, while other units fall into deep disrepair. This leaves public housing residents routinely exposed to hazardous and unhealthy living conditions, including lead, carbon monoxide, mold, asbestos, radon, and pests.²²

Current State of the Housing Market

Impact of COVID-19 Pandemic on Low-Income Renters

The COVID-19 pandemic and its economic impacts underscored and exacerbated the severe housing shortage and unaffordability faced by the lowest-income renters. Data from the U.S. Census Household Pulse Survey (HPS) and eviction data illustrate the ways the pandemic worsened the housing challenges faced by the lowest-income renters.

Almost six million (14.5%) renter households were behind on rent by August 2020, according to the HPS. This number grew to a peak of 7.9 million (19.4%) renter households by January

2021. By March 2022, 5.6 million renter households remained behind on rent. Renters with low incomes were most likely to be behind on rent. One out of every five renter households with annual incomes below \$35,000 was behind on rent, and such renter households together accounted for over two-thirds of all households behind on rent. Households of color were also disproportionately behind on rent. Twenty percent of Black renter households, 16% of Latino renter households, 15% of Asian renter households, and 10% of white renter households were behind on rent.²³

In response to the urgent housing needs of renters impacted by the pandemic, the Trump administration implemented (and Congress and the Biden administration extended) a national eviction moratorium, and Congress allocated \$46.6 billion in Emergency Rental Assistance (ERA) to states and localities to keep renters stably housed. Research conducted on the efficacy of local, state, and federal eviction moratoriums provides evidence that such moratoriums were effective at reducing COVID-19 transmission and fatalities as well as eviction filings.²⁴ ERA has similarly helped keep millions of renter households stably housed over the course of the pandemic. State and local grantees have so far disbursed over \$30 billion to renters who were facing housing instability.²⁵ The ERA program has made over six million payments mostly to very low and extremely low-income renters.²⁷

While ERA has been impactful for millions of households, the program was designed to provide short-term financial assistance during the pandemic and cannot address the long-standing gaps in our housing safety net. As state and local ERA programs run out of funding, the last eviction protections expire, and rents skyrocket across the country, the persistent shortage of affordable housing for the lowest-income renters is worsening. Evictions are increasing, with eviction rates in some cities reaching or surpassing their pre-pandemic levels.²⁸ When the public health dangers finally recede, the lowest-income renters will continue to face housing precarity and instability until permanent solutions to widespread housing unaffordability are enacted, implemented, and enforced.

Inflation, Rising Rents, Increasing Housing Instability and Homelessness

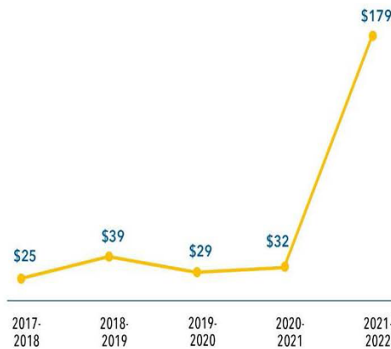
Growing inflation, rising rents, and declining real wages are particularly challenging for the lowest-income renters, who have little margin to afford increasing prices. Unprecedented increases in rent prices over the last year have exacerbated the disparity between low wages and fair market rents, making the process of finding and maintaining affordable housing even more difficult for tenants with the lowest incomes.

Rising rental prices are associated with an increase in homelessness. A study by the GAO found that changes in median rental prices and homelessness rate estimates were statistically significantly related. A \$100 increase in median rental price was associated with an approximately 9% increase in the estimated homelessness rate, even after accounting for other relevant factors.²⁹

Between the first quarter of 2021 and the first quarter of 2022, median rents for two-bedroom apartments in metropolitan counties increased 15%, or \$179. This increase is more than four and a half times greater than the increases of the previous four years, where median rents rose between \$25 and \$39 annually. Significant rental price increases in the past year have impacted housing markets nationwide. In 294 out of the 345 metropolitan counties tracked by Apartment

List, rental prices for a two-bedroom apartment increased over \$100 between the first quarter of 2021 and the first quarter of 2022.³⁰

ANNUAL CHANGE IN FIRST QUARTER MEDIAN RENTAL PRICES



Recent rent increases have been driven by several factors, including a growing demand for rental housing, limited supply, and high inflation. Between the start of the pandemic and the middle of 2021, 870,000 renters entered the rental market. The increase in demand led to record-low vacancy rates, which fell from 6.6% in 2020 to 5.8% by the third quarter of 2021.³¹ Many households entering the market were higher-income renters who may have been priced out of the increasingly competitive home-buying market. The rent increases can also be attributed to a largely unregulated rental market that permits landlords to raise rents as high as the market will allow, without regard to its impact on tenants with low incomes.

Increased Investor Purchases

Rising rental prices are also impacted by increased purchases of single family and multi-family properties by real estate investors, who have been buying low-cost homes at an increasing and unprecedented rate.³² In each of the last three quarters of 2021, investors purchased more than 80,000 homes – the highest number of quarterly investor purchases since data collection began in 2000.³³ Increased institutional investor ownership in the rental market can have negative impacts on renters, and have been associated with decreased affordability, increased fees, lack of upkeep, higher rates of eviction, and worsening displacement, particularly within Black neighborhoods.³⁴ The lack of federal tenant protections allows corporate landlords to engage in abusive practices in pursuit of profit.

Several companies lead investor purchases in the single-family rental market, including Invitation Homes, Progress Residential/Pretium Partners, American Homes 4 Rent, FirstKey Homes, Amherst Capital Management, and Tricon Residential. These companies purchase homes to upgrade and resell them, often holding them until their value increases enough to make their resale profitable or converting them to rental properties. The House Financial Services Subcommittee (HFSC) on Oversight and Investigations conducted a survey of five of

these companies to assess their growth over time. Together, the five surveyed companies held 280,637 properties in the third quarter of 2021.

According to the National Multifamily Housing Council, ownership of multifamily buildings is becoming more consolidated in the hands of corporate landlords, with the number of apartment units owned by the largest 50 companies increasing from under 2 million in 2017 to 2.5 million in 2022.³⁵ These 2.5 million units represent approximately one-tenth of the country's multi-family apartment stock.³⁶ This is likely an underestimate because two of the largest firms – Blackstone and Lone Star Funds – do not participate in the NMHC survey that collects this data. Blackstone alone owns more than 300,000 units, though these may not all be multi-family units.³⁷ Investor purchases have historically been made in low-cost, Black and brown neighborhoods, and this trend continued during the pandemic.³⁸

Investors' accumulation of subsidized properties could further threaten housing affordability in the future. Two large investors – Blackstone and Starwood Capital – now own over 138,000 federally subsidized units, including many units backed by the Low-Income Housing Tax Credit (LIHTC).³⁹ Given the time-limited affordability period of LIHTC properties and the stated strategy of investors to purchase below market rental properties and later increase their prices, it is unlikely that these apartments will remain affordable.

The influx of private equity firms into the housing market can have harmful consequences for low-income tenants. Increases in the number of investor-owned properties are associated with rising rental costs, particularly in the most affordable segment of the housing market.⁴⁰ Unlike smaller landlords who focus primarily on rental revenues, institutional investors and private equity firms have been found to be more interested in capital gains opportunities through residential real estate.⁴¹

In addition to raising rents, corporate landlords have been shown to use tenant fees to generate profit. Data collected by the HFSC found that surveyed institutional investors increased lease fees 40% over the survey period, from an average of \$147 per lease per year in 2018 to an average of \$205 in 2021.⁴² Some investors may use this strategy more than others. While lease fees for several of the companies surveyed remained steady over the four-year period, average annual lease fees for Invitation Homes' properties increased from \$201 in 2018 to \$449 in 2021.⁴³ Investors have acknowledged that fee collection is part of their revenue generation strategy. Tricon, whose profits increased from \$113 million to \$517 million between 2020 and 2021, noted that this significant increase in profits was due in part to fees and other costs and upkeep responsibilities that were transferred to tenants.⁴⁴

Research suggests that corporate landlords are more likely to file for eviction than small landlords. A study of single-family rentals in Atlanta found that corporate owners were 8% more likely than small landlords to file for eviction, even after controlling for neighborhood characteristics.⁴⁵ The study also found that some investors are far more likely to pursue evictions than others. One institutional investor filed evictions against one-third of its tenants, while two other institutional investors filed evictions against one-quarter of their tenants.

Large landlords are also more likely to be serial eviction filers, filings for evictions repeatedly when households fall behind on their rents.⁴⁶ Serial eviction filings can significantly increase housing costs for renters beyond their monthly rent payments since filings often result in late fees and court fines.⁴⁷ One estimate finds that each eviction filing results in a 20% monthly

increase in housing costs.⁴⁸ Moreover, eviction filings can make it more difficult for renters to find other landlords willing to rent to them, pushing households deeper into poverty.

Institutional investors' practices have a disproportionate impact on Black communities. Data collected by the HFSC indicate single-family rental investors purchase properties in ZIP codes whose populations are on average 40% Black, which is over three times the Black population in the U.S.⁴⁹ Research on investor purchases in southeast cities during COVID-19 also found that purchases were concentrated in Black and Latino neighborhoods.⁵⁰ The higher rates of investor purchases in Black neighborhoods have resulted in displacement of residents. Statistical models estimate that on average, neighborhoods in Atlanta with an investor-purchased property result in 166 fewer Black residents and 109 additional white residents compared to nearby neighborhoods without an investor-purchased property.⁵¹

Institutional investors wield significant political power and have used this power to advocate against renter protections. Five prominent rental home investment companies – American Homes 4 Rent, FirstKey Homes, Invitation Homes, Progress Residential, and Tricon Residential – have formed the National Rental Home Council, a trade association that advocates against state rent regulation policies. In 2018, Invitation Homes and Blackstone spent \$1 million and \$6 million, respectively, opposing a ballot initiative that would have allowed rent regulation in California cities.^{52,53} Institutional investors also lobbied to reverse the eviction moratorium, with some of these owners continuing to evict tenants unscrupulously and unlawfully during the protected period.^{54,55}

Lack of Federal Tenant Protections

The power imbalance between renters and landlords puts renters at greater risk of housing instability, harassment, and homelessness, while also fueling racial inequity. Broad and robust tenant protections – including laws ensuring legal representation in eviction court, prohibiting source-of-income discrimination, and “just cause” eviction laws – are needed to rebalance the power that currently tilts heavily in favor of landlords at the expense of low-income and marginalized tenants.

Despite the broad and lasting consequences of evictions, only 10% of renters in eviction court receive legal representation, compared to 90% of landlords.⁵⁶ When tenants have legal representation during the eviction process, they are more likely to avoid eviction and remain in their homes.⁵⁷

In many states, there are no federal protections against arbitrary, retaliatory, or discriminatory evictions, or other abusive practices by landlords. Many low-income tenants who use housing subsidies like housing vouchers, emergency rental assistance, and other forms of public assistance struggle to find or maintain safe, quality, affordable housing due to source-of-income discrimination – the practice of denying an individual the full and equal access to housing based on their lawful source of income. Discrimination by landlords against renters can prevent households from effectively using federal, state, or local rental assistance and is often a pretext for illegal discrimination against renters of color, women, and people with disabilities.⁵⁸

In most states and localities across the country, landlords are not required to provide a reason for evicting a tenant at the end of the lease term or for evicting a tenant without a lease. Landlords who are unable to evict a tenant during their lease term may choose not to renew the tenant's lease and use the lease holdover as grounds for eviction. A tenant at the end of their

lease is also at risk of unreasonable rental increases.⁵⁹ When a tenant receives an eviction notice, faces rent hikes, or fears displacement, they may choose to leave their unit – or “self-evict” – rather than go to court. Those who pursue legal action often find that no laws exist to protect them from eviction at the end of a lease term and that having an eviction judgment on their record creates further barriers to obtaining and maintaining future housing.⁶⁰

Immediate Actions Needed

It appears increasingly likely that Congress will enact a reconciliation bill that neglects to address the country’s housing crisis, a deeply unfortunate and short-sighted decision. An “Inflation Reduction Act” that does not address skyrocketing rents and dwindling housing supply – as the housing investments in the Build Back Better Act would do – neglects to address a key driver of inflation and leaves the lowest income renters and people experiencing homelessness to suffer from continued inaction.

In the absence of quick Congressional action, the Biden administration must take immediate steps to protect America’s lowest-income and most marginalized renters from the harmful impacts of inflation and rising rents, high rates of eviction filings, and increasing homelessness. To respond to unprecedented and unwarranted increases in rent prices and housing instability, the Biden administration should establish critical renter protections to help keep renters stably housed. Just as several states have in place laws to prevent price or rent gouging after natural disasters, the Biden administration should implement anti-rent gouging measures to prevent landlords from imposing exorbitant rent increases on tenants in the wake of a global pandemic. There is clear precedent and need for using federal price controls to stem unreasonable rent increases.^{61 62}

The Biden administration should also expand renter protections, such as source-of-income protections, just-cause eviction standards, and anti-price gouging protections, to those living in properties with federally backed mortgages. There is recent precedent for tying renter protections to federally back loans and other assistance. During the pandemic, the Federal Housing Finance Agency (FHFA) required that property owners receiving forbearance suspend evictions for nonpayment of rent, and the agency prohibited these property owners from charging late fees or penalties or requiring tenants to pay past due rent in a lump sum. Property owners who failed to comply with these renter protections were subject to remedies under their loan documents, which could include moving the loan into a technical default and revocation of the forbearance.

The Biden administration should also take action to address the housing needs of those experiencing or at risk of homelessness by activating the Federal Emergency Management Agency (FEMA) Public Assistance (PA) program and the Disaster Housing Assistance Program (DHAP) to help move individuals experiencing homelessness out of shelters and encampments and into hotels and permanent housing.⁶³ During the pandemic, President Biden took bold action to protect people experiencing homelessness by directing FEMA to provide 100% reimbursement for eligible non-congregate sheltering costs, as recommended by NLIHC and the NLIHC-led Disaster Housing Recovery Coalition (DHRC).⁶⁴ This action allowed states and communities to rapidly move unsheltered individuals to hotels and other non-congregate shelters. The DHAP program has similarly been used to help keep households stably housed after disasters by providing long-term rental assistance to households with the greatest needs and those most at risk of homelessness. Given the rise in homelessness, the Biden

administration should make these resources available once again to move individuals into permanent housing.

Long-Term Solutions to the Housing Crisis

As the country faces record rent increases and rising evictions, it is more important than ever to make meaningful and long-lasting structural changes to ensure people with the lowest incomes have stable, affordable homes.

A stronger housing safety net is needed to prevent evictions and homelessness and to reduce housing instability among the lowest-income renters. Addressing the roots of the housing affordability problem requires a sustained commitment to (1) bridging the gap between incomes and rent through universal rental assistance, (2) investing in new affordable housing and preserving affordable rental homes that already exist for America's lowest-income and most marginalized renters, (3) providing emergency assistance to stabilize renters when they experience financial shocks, and (4) establishing and enforcing strong renter protections.

Bridge the Gap Between Incomes and Housing Costs

Congress should expand rental assistance to make it universally available to all eligible households in need. Making rental assistance available to all eligible households is central to any successful strategy for solving the housing crisis. Rental assistance is a critical tool for helping the lowest-income people afford decent, stable, accessible housing, and the program has a proven record of reducing homelessness and housing poverty.⁶⁵ A growing body of research finds that rental assistance can improve health and educational outcomes, increase children's chances of long-term success, and advance racial equity.⁶⁶

As shown throughout my testimony, the COVID-19 pandemic accelerated the existing housing crisis and exposed the inadequacy of the federal housing safety net. If universal housing assistance had been in place before the pandemic, the U.S. could have more quickly and easily protected the lowest-income renters from housing instability, eviction, and homelessness using an existing infrastructure and without the need to create over 500 new emergency rental assistance programs throughout the country.

Congress should enact the "Ending Homelessness Act" (H.R. 4496) introduced by Representatives Maxine Waters (D-CA), Emanuel Cleaver (D-MO), and Ritchie Torres (D-NY) to create universal rental assistance for every eligible household. If enacted, housing investments in rental assistance – like other parts of our nation's safety net – would receive mandatory full funding each year to cover the needs of all eligible households. The bill would also expand resources to increase the supply of housing affordable to those with the greatest needs through the national Housing Trust Fund and prohibit housing discrimination based on source of income. Another innovative approach to providing universal rental assistance would be to establish a renters' tax credit, like the program proposed in the "Rent Relief Act of 2022" (H.R. 8357).⁶⁷

In the near term, Congress should enact the "Family Stability and Opportunity Vouchers Act" (S. 1991). This bipartisan bill, introduced by Senators Chris Van Hollen (D-MD) and Todd Young (R-IN), would provide 500,000 new housing vouchers and counseling services to help families with children move to areas connected to good-performing schools, well-paying jobs, healthcare, and transit.

The House-passed "Build Back Better Act" would invest \$25 billion to expand rental assistance to more than 300,000 households.⁶⁸ The reconciliation bill currently under negotiation in Congress will likely not include this investment, a tremendous missed opportunity to pave a path to universal rental assistance for everyone in need.

Expand and Preserve the Supply of Affordable Rental Homes

Addressing the shortage of affordable and available housing for the lowest-income households requires both preserving existing affordable housing stock and increasing the supply of affordable housing.

Efforts to expand the federally assisted housing stock and close the affordability gap hinge on preservation. Preservation stops displacement and housing instability for current tenants, prevents the loss of difficult-to-replace housing in desirable neighborhoods, mitigates further disinvestment from distressed communities, presents an opportunity to reduce greenhouse gas emissions through energy retrofitting, and prevents the further decline of the already limited federally subsidized housing stock. Congress must provide robust resources to preserve the roughly 900,000 public housing units that are currently home to over two million residents, the majority of whom are people of color. Public housing is critical to ensuring people with the greatest needs have an affordable and accessible place to call home, and the preservation of this community asset is key to any strategy to address America's housing crisis.

To increase the supply of deeply affordable and accessible housing, Congress should expand funding for the national Housing Trust Fund to at least \$40 billion annually. The HTF is the only federal housing program exclusively focused on serving households with the lowest incomes and most acute housing needs. The "American Housing and Economic Mobility Act" (S.1368/H.R.2768), introduced by Senator Elizabeth Warren (D-MA) and Representative Emanuel Cleaver (D-MO), would address the shortage of affordable rental homes for people with the lowest incomes through a robust investment of nearly \$45 billion annually in the national Housing Trust Fund. The bill also includes resources to repair public housing, build or rehabilitate housing in tribal and Native Hawaiian communities, and create and preserve affordable homes in rural areas.

In addition, the federal government should incentivize or require state and local governments that receive federal transportation and infrastructure funding to eliminate restrictive zoning rules that increase the cost of development, limit housing supply for all renters, and reinforce segregation and structural racism in housing and other systems.

The targeted housing investments in the House-passed "Build Back Better Act" would directly address the severe shortage of rental homes affordable to people with the lowest incomes by preserving the nation's public housing and building new affordable housing through the national Housing Trust Fund.⁶⁹ The bill provides \$65 billion to preserve public housing for future generations and to protect the health and safety of its 2.5 million residents, as well as \$15 billion to build and preserve more than 150,000 homes for people with the greatest needs through the national Housing Trust Fund.⁷⁰ By failing to include the Build Back Better Act's historic and targeted affordable housing investments in the reconciliation package currently under negotiation, Congress risks missing a once-in-a-generation opportunity to help end homelessness and housing poverty in America.

Provide Emergency Rental Assistance to Stabilize Families and Prevent Evictions

The COVID-19 crisis highlighted a reality that has long been true: many households are only one missed paycheck or unexpected expense away from not being able to afford their housing.

Permanent solutions are needed to combat the evictions and homelessness that can occur when low-income renters experience income loss or unexpected financial shocks. Congress should build on the lessons learned and successes of Treasury's ERA program by enacting a permanent program to help stabilize families before they face eviction, displacement, and, in the worst cases, homelessness.

The "Eviction Crisis Act" (S.2182) and "Stable Families Act" (H.R.8327) would help establish a more permanent version of this program by creating a national housing stabilization fund for renters facing temporary financial setbacks. Providing temporary assistance for households would help prevent the many negative consequences associated with evictions and homelessness, including physical and mental health challenges, loss of possessions, instability for children, and increased difficulty finding a new home.⁷¹

Strengthen and Enforce Renter Protections

During the pandemic, state and local jurisdictions across the country have recognized the crucial role tenant protections play in preventing evictions and ensuring housing stability for the most marginalized households. NLIHC has been tracking the passage of tenant protections in jurisdictions across the country.⁷² In 2021 alone, states and localities passed or implemented over 150 new laws or policies to protect tenants from eviction and keep them stably housed. Jurisdictions passed short-term protections to support renters during the pandemic, including eviction moratoriums, pauses on evictions while ERA applications were under review, and efforts to coordinate the eviction process with ERA. State and local governments also enacted long-term protections, such as right-to-counsel legislation, source-of-income discrimination laws, legal defense appropriations, and sealed eviction records legislation.⁷³ While ERA programs and the short-term protections tied to them are expiring, long-term tenant protections will outlast the pandemic and can guide policymakers looking to pass similar local or federal protections.

To ensure the safety and just treatment of renter households across all jurisdictions, Congress should similarly enact legislation to establish vital national protections for renters. Congress should prohibit source-of-income discrimination to help ensure that landlords do not discriminate against renters who receive rental assistance or other sources of income. Current federal law does not prevent landlords from rejecting all housing vouchers, with limited exceptions.⁷⁴

A growing number of states and localities have enacted source-of-income protection laws that would increase voucher acceptance.⁷⁵ Several studies indicate that voucher non-discrimination laws are associated with substantial reductions in the number of landlords that refuse to accept vouchers.^{76,77} Despite the growing evidence suggesting that source-of-income protection laws increase the effectiveness of the Housing Choice Voucher program, only one in three voucher holders is protected by non-discrimination laws.⁷⁸ Congress should enact the "Fair Housing Improvement Act" (S.4485/H.R.8213), introduced by Senator Tim Kaine (D-VA) and Representative Scott Peters (D-CA). The bill would expand the Fair Housing Act to prohibit housing discrimination based on source of income and military and veteran status.

Additionally, Congress should establish and fund a national right to counsel to help more renters stay in their homes and mitigate harm when eviction is avoidable. In eviction cases, access to legal representation can make the difference between a tenant remaining safely, stably housed and facing eviction or even homelessness. With legal representation, tenants may be more informed of their rights, better positioned to navigate the complicated eviction process, and more able to access tenant protections that reduce fees or rent owed and allow them to stay in their homes.

Further, NLIHC supports legislation to create federal "just cause" eviction standards to ensure greater housing stability and prevent arbitrary and harmful actions by landlords. Legal protections extended through just cause legislation make the lease renewal process more predictable, protect renters from excessive rent increases, empower tenants to advocate for better living conditions without fear of retaliation, and promote long-term housing stability for the lowest-income and most marginalized renters. Congress should pass just cause eviction legislation to provide stability and predictability at the end of a lease term and mitigate the harms resulting from unprecedented rental increases in cities and states across the country.⁷⁹

Congress should enact additional measures to protect renters nationwide, including expanding the "Fair Housing Act" to ban discrimination based on sexual orientation, gender identity, marital status, and source of income; establishing anti-rent gouging protections for renters; ending arbitrary screening and eviction policies to ensure access for people exiting the criminal legal system; and supporting tenant organizing.⁸⁰

Conclusion

More than ever, significant and sustained federal investments are needed to ensure that people with the lowest incomes and those who are most marginalized have stable, accessible, and affordable homes. NLIHC looks forward to a continued partnership with members of Congress and the administration in advancing the large-scale investments and anti-racist reforms needed to repair the gaping holes in our country's social safety net and ensure that every renter has an affordable place to call home.

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**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN BROWN
FROM MATTHEW DESMOND**

Q.1. Addressing Homelessness—Recently we have heard proposals to criminalize homelessness, including imposing fines or criminal penalties for people experiencing unsheltered homelessness. What effect do you believe proposals to criminalize or otherwise penalize people experiencing homelessness are likely to have? What do we know about the best ways to address homelessness?

A.1. Proposals to criminalize behaviors and activities associated with homelessness have been made across the United States. Several localities have adopted such proposals into law. Often referred to as civility laws, quality-of-life ordinances, or other similar terms, such laws come in many forms, from fines and forced relocations to banishment and imprisonment. Designed around the goals of enhancing public safety and guiding people living on the street to services, civility laws, research has shown, are not very effective when it comes to addressing homelessness or poverty. Moreover, they inflict harm on individuals and divert resources from policies and interventions shown to be more effective.¹

Quality-of-life regulations impose fines or other sanctions for behaviors and activities associated with homelessness (e.g., sleeping on the sidewalk, panhandling). Studies have tracked a steady increase in and expansion of quality-of-life laws and regulations over the past several decades. As they have increased in number, they have become more expansive in reach. In a 2018 survey conducted by the National Homelessness Law Center, 72 percent of cities had at least one law restricting camping in public and 76 percent of cities prohibited scavenging in garbage or dumpsters. In practice, these regulations effectively criminalize street homelessness itself.²

Studies have demonstrated that the effects of laws criminalizing behaviors associated with homelessness include a loss of social networks for unhoused people. When a person is banished from a public space, for example, and ordered or forced to move, he is cut off from the people and places he knows, including services and resources such as shelters he might use. Laws target by association, as well. People or groups not experiencing homelessness themselves, but delivering services, resources, and aid, can be cited, fined, and ordered to leave in certain jurisdictions. In direct contradiction to their stated goals, such laws have been shown to drive unhoused people to avoid systems and services.³

Laws criminalizing homelessness have also been found to cause a loss of employment and the creation of additional barriers to attaining jobs and securing better living conditions and housing. By

¹National Law Center on Homelessness and Poverty, “Housing Not Handcuffs 2019: Ending the Criminalization of Homelessness in U.S. Cities” (Washington, DC: National Homelessness Law Center, 2019), 50–53; Forrest Stuart and Katherine Beckett, “Addressing Urban Disorder Without Police: How Seattle’s LEAD Program Responds to Behavioral Health-Related Disruptions, Resolves Business Complaints, and Reconfigures the Field of Public Safety”, *Law & Policy* 43 (2021): 390–414, 390.

²National Law Center on Homelessness and Poverty, 2019, 38, 41, 44, 47; Steve Herbert and Katherine Beckett, “This Is Home for Us: Questioning Banishment From the Ground Up”, *Social & Cultural Geography* 11 (2010): 231–245.

³Herbert and Beckett, 2010, 236–237; Katherine Beckett and Steve Herbert, “Penal Boundaries: Banishment and the Expansion of Punishment”, *Law & Social Inquiry* 35 (2010): 1–38, 18, 20; Forrest Stuart, “From ‘Rabble Management’ to ‘Recovery Management’: Policing Homelessness in Marginal Urban Space”, *Urban Studies* 51 (2014): 1909–1925, 1920; Stuart and Becket, 2021, 395.

exacerbating the challenges they face, such laws make it more difficult for people living in deep poverty to establish stability in terms of income or housing, thereby reducing the chances they will escape homelessness. Researchers have linked civility laws to heightened levels of hostility, rejection, harassment, and violence experienced by unhoused people. The impact of banishment, a particular type of punishment imposed on an individual through quality-of-life ordinances, has been compared to the pain and trauma experienced by incarceration.⁴

Civility laws increase the chances that people living in homelessness will encounter the criminal justice system through arrest or actual incarceration. Among the people incarcerated in this country's jails and prisons, unhoused people are overrepresented. Research shows that many civility laws violate civil liberties and due process afforded by the Constitution, which correlates with studies that show such laws reduce unhoused people's trust in law enforcement.⁵

Studies have shown that laws criminalizing homelessness typically do not reduce crime or homelessness. Across the country, as laws criminalizing homelessness have increased, the number of people experiencing homelessness has continued to rise.⁶

Civility laws do not address the root causes of homelessness. In his seminal analysis of the causes of homelessness, Dennis Culhane emphasized the need to account for the complex interdependence of both structural and individual factors. While several pathways to homelessness, or structural factors, are at work, so too are the actions, choices, and circumstances available to individual people; both must be accounted for in considering why they become unhoused. By putting the focus on the individual person experiencing homelessness as the cause and source of that homelessness, civility laws disregard the structural factors contributing to it.⁷

Research also demonstrates that laws criminalizing homelessness are expensive to enforce and lead to increased costs for towns and cities. Those costs will likely continue increasing as civility laws continue to be proposed and enacted. Once passed, they divert funds, steering money and attention away from interventions that could dig below the surface to better address the root causes of homelessness and poverty.⁸

Addressing homelessness in full will require a mix of programs and policies—from the immediate and temporary to the short- and

⁴ Herbert and Beckett, 2010, 237, 239; National Law Center on Homelessness and Poverty, 2019, 1516; Bidish Sarma and Jessica Brand, "The Criminalization of Homelessness: Explained", *The Appeal*, June 29, 2018; Sara Rankin, "Should Homelessness Be a Crime? Our State Grapples With Its Answer", *Firesteel*, August 27, 2014; Beckett and Herbert, 2010, 5–6, 15, 19; Steve Herbert, Katherine Beckett, and Forrest Stuart, "Policing Social Marginality: Contrasting Approaches", *Law & Social Inquiry* 43 (2018), 1491–1513, 1499; Stuart, 2014, 1922; Forrest Stuart, "On the Streets and Under Arrest: Policing Homelessness in the 21st Century", *Sociology Compass* (2015) 940–950, 947.

⁵ Stuart and Beckett, 2021, 392, 394; Herbert and Beckett, 2010, 235, 242; Sarma and Brand, 2018; Herbert, et al., 2018, 1499; Rankin, 2014; Beckett and Herbert, 2010, 7; National Law Center on Homelessness and Poverty, 2019, 15.

⁶ Herbert and Beckett, 2010, 233; Herbert, et al., 2018, 1499, 1502; Beckett and Herbert, 2010, 15; National Law Center on Homelessness and Poverty, 2019, 15, 27; Beckett and Stuart, 2010, 15.

⁷ Sarma and Brand, 2018; Stuart, 2014, 1917; Herbert, et al., 2018, 1499, 1502; Stuart and Beckett, 2021, 394; Dennis Culhane, "On Becoming Homeless: The Structural and Experiential Dynamics of Residential Instability", 1990, 267–268.

⁸ National Law Center on Homelessness and Poverty, 2019, 16; Herbert, et al., 2018, 1502; Sarma and Brand, 2018.

long-term. Examples of immediate and temporary interventions that have had some success include using vacant and surplus parking lots to provide a safe and legal place for people living out of cars, and the provision of alternative locations before police sweeps of encampments. Examples of short- and long-term ways to address homelessness include eliminating exclusionary zoning and allowing for the creation of community land trusts, accessory dwelling units, tiny homes, and other types of new housing accommodations.⁹

Programs and policies that have had some success in addressing homelessness include those designed to get people in homes. Housing first and supportive housing policies, which remove requirements that are often associated with housing programs, are reported to have helped Bergen County, New Jersey, end chronic homelessness, and Charlotte, North Carolina, reduce arrests by 82 percent. But we must not limit ourselves to reactive solutions. We must support proactive approaches, as well, and look to policies designed to keep people in homes. An eviction can be the last thing keeping someone from becoming unhoused. If we are to address homelessness, we must do a better job of preventing evictions. Data show that preventing evictions is an efficient and feasible way to reduce homelessness. Expanding protections for low income renters, through legislation guaranteeing the right to counsel in housing cases and other interventions, could also help prevent homelessness before it happens.¹⁰

Q.2. *State and Local Experiences of Eviction*—Have you observed differences in the frequency of eviction filings or evictions between localities and States? To what do you attribute these differences? Do you have recommendations for ways to ensure that renters are protected from avoidable evictions no matter where they live?

A.2. Variations in eviction rates have been observed across States and cities as well as across neighborhoods and buildings. Factors explaining these differences range from high-level policies, in particular State laws and regulations, to the decisions of individual landlords. To better protect tenants from avoidable evictions, the Federal Government could issue national guidance to promote policies and interventions that have been shown to be effective, in addition to making a series of more direct interventions.

From 2000 to 2018, the average annual number of eviction filings in the United States exceeded 3.6 million, equating to seven filings each minute. Yet evictions do not take place in the same way or with the same frequency in each part of the country. Researchers have observed significant differences in eviction and eviction filing rates across county, State, and regional lines. Data from 2000 to 2018 reveal a higher rate of eviction filings in Southeastern American States than in any other region of the country. While the filing rate in South Carolina topped 23 percent in 2018, it was roughly half of that in North Carolina at 11.7 percent. That same year, West Virginia and Pennsylvania had more comparable filing rates—roughly 5 and 7 percent respectively—though nearby Mary-

⁹National Law Center on Homelessness and Poverty, 2019, 91–93, 97, 102.

¹⁰National Law Center on Homelessness and Poverty, 2019, 20; Devin Rutan and Matthew Desmond, “The Concentrated Geography of Eviction”, *The ANNALS of the American Academy of Political and Social Science* 693 (2021): 64–81, 64, 66.

land’s filing rate approached 70 percent. Yet even within the same State, eviction caseloads differ drastically from city to city. A renter in Austin, Texas, for instance, faces a lower risk of eviction than one in Houston. Geographic variance was observed before the pandemic and has continued after most pandemic protections have ended.¹¹

How can such variations in eviction rates across the country be explained? What is more, how can they inform Federal strategies for protecting renters from avoidable evictions, no matter where they live? Research has demonstrated that State and local laws have a direct impact on eviction rates. In the case of the previously cited Maryland, for example, the 2018 filing rate of 70 percent resulted in large part from State housing law, which strongly incentivized property owners to open an eviction case on any tenant who fell behind. (Maryland’s eviction judgment rate in the same year was lower than its filing rate.) Laws pertaining to three specific issues—namely, waiting periods between eviction notice and filing, eviction filing fees, and attorney representation in court—play a crucial role in determining the frequency of evictions. Eviction data reveal three major points around which the Federal Government can craft national guidance for States and localities on how to protect renters from avoidable evictions.¹²

First, researchers have identified notice requirements, or the amount of time a landlord must give a tenant after notice but prior to an eviction being filed, as a strong indicator of divergent filing rates across States. When no notice is required, eviction filing rates run high; when more notice is required, filing rates run low. Studies indicate that standardizing the notice periods required in jurisdictions to 7 or 14 days would help prevent avoidable evictions. Including the right to cure, or the right for tenants to stay in place after being served an eviction if they pay all back rent and late fees, in notice requirements would create further regulatory protections for renters.¹³

Second, researchers have observed an inverse relationship between eviction filing fees and filing rates in the case of serial filings. When filing fees are lower, eviction filing rates are higher; when fees are higher, eviction rates are lower. Evidence demonstrates that, as legal and regulatory factors such as fees slow down the eviction process and/or make it more expensive for landlords, the less likely it is that they will utilize serial filing as a source of revenue. On top of this, regulations on the fees that landlords can charge and collect from tenants during the eviction process would create an additional layer of protection for renters.¹⁴

Third, when it comes to attorney representation in housing court, tenants are outnumbered. Although many localities mandate that

¹¹ Ashley Gromis, Ian Fellows, James Hendrickson, Lavar Edmonds, Lillian Leung, Adam Porton, and Matthew Desmond, “Estimating Eviction Prevalence Across the United States”, *Proceedings of the National Academy of Sciences* 119 (2022): 1–8, 3, 5; Lillian Leung, Peter Hepburn, and Matthew Desmond, “Serial Eviction Filing: Civil Courts, Property Management, and the Threat of Displacement”, *Social Forces* 100 (2021): 316–344; Peter Hepburn, Olivia Jin, Joe Fish, Emily Lemmerman, Anne Kat Alexander, and Matthew Desmond, “Preliminary Analysis: Eviction Filing Patterns in 2021”, *Eviction Lab*, March 8, 2022; National Eviction Map, *Eviction Lab*, Princeton University, 2022.

¹² Gromis, et al., 2022.

¹³ Leung, et al., 2021, 339; Gromis, et al., 2022; Philip Garboden and Eva Rosen, “Serial Filing: How Landlords Use the Threat of Eviction”, *City & Community* 18 (2019): 638–661.

¹⁴ Gromis, et al., 2022; Leung, et al., 2021, 70.

corporate landlords hire attorneys in civil eviction cases, tenants do not have the right to legal representation in such cases in most cities and States. While roughly 80 percent of landlords are represented by attorneys when they come to housing court, only 3 percent of tenants are. In jurisdictions that have enacted right to counsel legislation, tenants involved in eviction cases are more likely to remain in their homes. In Cleveland, for example, 93 percent of represented renters facing eviction avoided displacement. Federal right to counsel legislation will require strong bipartisan support. But passing a national law is not the only way the Federal Government can help call attention to tenants' right to counsel as a tool for preventing avoidable evictions. Congress could work to deepen Federal investment in the Legal Services Corporation (LSC). LSC funds could be used to support tenants in housing court and help reduce the stark disparity in attorney representation.¹⁵

Drilling down to the more local level, research has revealed variations in eviction and eviction filing rates between rural and urban areas, from neighborhood to neighborhood, and among individual buildings. Eviction is more common in some neighborhoods than in others because a relatively small number of landlords, and therefore buildings, evict large numbers of tenants every year. As few as 100 buildings drove one in six evictions in Cleveland and two out of every five evictions in both Fayetteville, North Carolina, and Tucson, Arizona. Moreover, researchers have found that large-scale property owners evict tenants more frequently than small-scale owners do. A forthcoming study focused on public housing authorities (PHA) as a specific subset of largescale landlords indicates variation in the number of serial eviction filings—multiple evictions filed against the same household at the same address by the same landlord—among PHAs from State to State.¹⁶

Just as variations in eviction data have been observed in relation to landlords and property owners, so have they been observed in relation to tenants. Research has demonstrated that eviction impacts renters living in distinct locations at differing rates. On the whole, Black and Latinx renters, and women in particular, disproportionately carry the weight of evictions in the United States; they are threatened with eviction more often, and they are evicted more frequently, than White renters. Black and Latinx renters are also the most likely to receive serial eviction filings compared to White renters. The same forthcoming study on PHAs previously cited indicates that PHA residents face a far greater risk of being filed against serially than their counterparts renting in the private

¹⁵John Pollock, "Using Right to Counsel as an Eviction Diversion Strategy", National League of Cities, 2022; ACLU, *No Eviction Without Representation: Evictions' Disproportionate Harms and the Promise of Right to Counsel* (Washington: ACLU Research Brief, 2022), 10; Ingrid Gould Ellen, Katherine O'Regan, Sophia House, and Ryan Brenner, "Do Lawyers Matter? Early Evidence on Eviction Patterns After the Rollout of Universal Access to Counsel in New York City", *Housing Policy Debate* 31 (2021): 540–561.

¹⁶Matthew Desmond and Carl Gershenson, "Who Gets Evicted? Assessing Individual, Neighborhood, and Network Factors", *Social Science Research* (2016): 1–16; Robert Goodspeed, Elizabeth Benton, and Kyle Slugg, "Eviction Case Filings and Neighborhood Characteristics in Urban and Rural Places: A Michigan Statewide Analysis", *Housing Policy Debate* 31 (2021): 717–735; Devin Rutan and Matthew Desmond, "The Concentrated Geography of Eviction", *The ANNALS of the American Academy of Political and Social Science* 693 (2021): 64–81; Henry Gomory, "The Social and Institutional Contexts Underlying Landlords' Eviction Practices", *Social Forces* 100 (2022): 1774–1805; Lillian Leung, Peter Hepburn, and Matthew Desmond, "No Safe Harbor: Eviction Filing in Public Housing", Forthcoming; Leung, et al., 2021, 316–319.

market. Among several other reasons, these findings are noteworthy because research has shown that landlords utilize serial filings to earn additional revenue from tenants.¹⁷

Research suggests an opportunity for the Federal Government to offer guidance to States and localities on targeting top evictors through regulation. Variations in eviction rate by neighborhood and at the building level are significant because they identify discretion as a critical determining factor in eviction filings, highlighting the extent to which some landlords turn to eviction more readily than others. Targeted interventions directed at eviction hotspots and serial evictors might include building inspections and tax audits of landlords and corporations that own buildings responsible for a disproportionate number of filings in any single locality or State. With studies revealing a link between eviction filing rates, top evicting landlords, and levels of neighborhood instability, regulating practices by the individual and corporate landlords, as well as the public housing authorities, responsible for the majority of eviction filings would benefit not only renter households but also the community writ large.¹⁸

To fully address evictions and protect renters and families across the country from avoidable evictions, we need short- and long-term solutions, from the local through the national level. Beyond offering guidance to States and localities, the Federal Government can work to protect renters from avoidable evictions in three key ways: by extending the Emergency Rental Assistance (ERA) program, by increasing the total supply of both housing choice vouchers and affordable housing, and by collecting eviction data on a national scale.

The ERA program was responsible for historic reductions in residential instability during the height of the pandemic. At the end of 2021, several months after the national eviction moratorium expired, eviction filings were down 53 percent in Albuquerque, New Mexico, for example. ERA funding protected renters in various ways, including through rental assistance and eviction diversion programs. Renters with no savings and unstable incomes often need only a small amount of rental assistance to avoid an eviction. Research has shown that, although most evictions are for one or two months of rent, many eviction cases are initiated for relatively small sums of money. For example, in 2021, one in seven eviction cases in Cincinnati involved a claim of less than \$500. In many cities, including Philadelphia and Durham, ERA funding was used to implement diversion programs, which typically combine legal representation, rental assistance, and remediation to prevent evictions and have been shown to help prevent forced moves. With ERA funds nearing or at their end, however, rental assistance, diversion programs, and other policies centered on renter protections will be difficult for localities and States to maintain. Extending and expanding the ERA program, by tying it to diversion programs for in-

¹⁷Peter Hepburn, Renee Louis, and Matthew Desmond, "Racial and Gender Disparities Among Evicted Americans", *Sociological Science* 7 (2020): 649–662; Gomory, 2022; Leung, et al., 2021, 316–319.

¹⁸Desmond and Gershenson, 2016; Rutan and Desmond, 2021, 78–79.

stance, would address immediate needs while also helping to prevent evictions going forward.¹⁹

Another way for the Federal Government to address our Nation's immediate needs is to increase the number of housing choice vouchers. The Family Stability and Opportunity Vouchers Act, introduced in the Senate in 2021, would create 500,000 new housing vouchers for families in need and would improve services to increase housing and neighborhood choice. Given that families spend an average of 26 months on waiting lists for rental assistance, this act would increase residential stability and help to prevent family homelessness. In the longer term, we need to increase the supply of affordable housing by deepening investments in development and expanding public housing offerings. Research shows that families with access to safe, affordable housing are healthier, happier, and better able to save money so that they can plan for their longterm futures.²⁰

Finally, the Federal Government should begin collecting data on evictions and eviction filings on a national scale. While recent studies have allowed us to make critical advances in our knowledge of evictions in the United States, they also underscore the need for ongoing and extensive study. In particular, they point to the dire need for the Federal Government to collect eviction-related data. The U.S. Department of Housing and Urban Development could collect and track high-quality information on evictions, both in subsidized properties run by public housing authorities in its purview, and in rentals on the private market.

Reliable data on evictions enable us to assess the scope of the problem and to evaluate the effectiveness of housing policies at the local, State, and Federal levels. These data provide a powerful lens for understanding the prevalence, causes, and consequences of housing instability. They are also, however, the only tool with which the Federal Government can detect violations of the Fair Housing Act caused by the eviction process. And they require large-scale data infrastructure and resources. The only source of national data on eviction comes from the Eviction Lab at Princeton University. The Federal Government taking the lead in data collection would, in tandem with the other interventions recommended above, help prevent evictions going forward and would add to a more comprehensive and informed public policy.²¹

RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM LAURA BRUNNER

Q.1. *Addressing the Growth of Institutional Investor Owners*—Ms. Brunner, your testimony included many of the challenges for com-

¹⁹ Eviction Tracking System, *Eviction Lab*, Princeton University, 2022; Hepburn, et al., 2022; Renee Louis, Alieza Durana, and Peter Hepburn, "Preliminary Analysis: Eviction Claim Amounts During the COVID-19 Pandemic", *Eviction Lab*, Princeton University, August 27, 2020; Mark Treskon, Solomon Greene, Olivia Fiol, and Anne Junod, "Eviction Prevention and Diversion Programs: Early Lessons From the Pandemic" (Washington, DC: Urban Institute, April 2021); Juan Pablo Garnham, "Eviction Diversion: Preventing Eviction Before Going to Court", *Eviction Lab*, Princeton University, September 2, 2021; Jennifer Ludden, "Eviction Filings Are Up Sharply as Pandemic Aid Starts To Run Out", NPR, May 4, 2022; Veronica Gaitan, "The Central Importance of Housing", *Housing Matters*, November 2, 2017.

²⁰ Public and Affordable Housing Research Corporation, "Trends in Housing Assistance and Who It Serves", 2019, 13.

²¹ Gromis, et al., 2022.

munities and families that are caused when institutional investors buy up homes. What solutions are you at The Port and other communities across the country pursuing to address these issues? What State or Federal changes would help address these issues?

A.1. The Greater Cincinnati area, like many jurisdictions across the Nation, continues to grapple with housing inventory, housing affordability, and an influx of institutional investors targeting the single-family housing market. Just last year, real estate investors bought \$750 million worth of homes in Columbus, Cleveland, and Cincinnati.¹ When institutional investors buy homes in bulk quantities like this, it poses serious challenges for communities and families, resulting in a difficult market for private homebuyers, and a tough rental market for those seeking affordable housing. Cincinnati rents rose 26 percent year over year in August. It is the largest percentage jump in rents among the top metropolitan areas in the country, and the second time in the past 3 months in which Cincinnati has led the Nation in fastest pace of rent increases.²

In January 2022, The Port of Greater Cincinnati Development Authority outbid over a dozen investment firms and purchased 194 single-family homes that were formerly owned by a California-based firm and fell into receivership. It was our opportunity to disrupt the cycle of investor activity in the local real estate market and chart a new path back to home ownership for families and properties. It was a high-risk acquisition, but because of The Port's risk tolerance, we were able to create an innovative financing model that included no public subsidy. The Port leveraged its nontax revenue to issue taxable and tax-exempt bonds to pay \$14.5 million to acquire the portfolio of homes. An Ohio-based investor purchased the bonds issued to provide the financing to purchase the properties.

The goal of the CARE (Creating Affordable Real Estate) Homes initiative is to create viable pathways to home ownership for current rental tenants of these homes. As a member of the economic development community, The Port recognizes both the moral and the business-driven imperatives to ensuring people have a chance to build wealth. Purchasing the CARE Homes portfolio created an opportunity for us to provide short and long-term solutions for renters and neighborhoods across Hamilton County. We were able to prevent immediate eviction and displacement of tenants. After acquiring the portfolio, we identified 160 delinquent renters, ranging anywhere from one month to over a year of delinquency. Through constant and diligent communication, we were able to submit 57 rental and utility assistance applications on behalf of our tenants and secured \$274,000, with \$236,000 currently under review. In addition, we signed up eight tenants for Section 8 assistance, all of whom did not know they were eligible.

Of the 60 vacant properties in the portfolio of homes, six were re-released after moderate rehabilitation, roughly 10 were shown to Community Development Corporations and community partners, one sold to a volunteer rehab program, six are currently being bid for renovation, and the remaining vacant properties are in the

¹ <https://www.redfin.com/news/investor-home-purchases-q4-2021/>

² <https://www.redfin.com/news/redfin-rental-report-august-2022/>

planning phase and will move forward with renovations in suitable order. Renovations range from minor issues such as a new coat of paint, to major interior and exterior repairs of leaky roofs or rotted framing. Maintaining and improving these properties gives us an opportunity to convert the single-family homes from rental back to owner-occupied, further increasing the available supply of affordable homes and meeting the housing needs of low- and moderate-income families in our region.

Though the intent of the CARE Homes initiative is to offer a pathway to home ownership, we understand that not all tenants are able or even want to purchase their home. To assist tenants with this process, we partnered with a local, HUD-certified homebuyer training nonprofit. Working in Neighborhoods (WIN) is providing renter counseling and transition planning for those who prefer to continue renting, as well as assessment, financial literacy training, and homebuyer education for those interested in home ownership. Our goal is to best position our tenants for stability and wealth creation as they take the step to buy their homes. To date, eight tenants have started or are currently in the screening process.

We strongly believe that what we are doing will help provide stability to residents and neighborhoods and have a major impact on the local housing market. Everyone deserves a safe, affordable place to live, but large investor purchases of residential property like we're seeing in Hamilton County is adding to the housing crisis and threatening housing affordability for the lowest-income households in our community. The CARE Homes initiative is not a silver bullet by any means, but it is a creative response to a very complex problem. Now more than ever, comprehensive policy solutions and significant Federal investments are needed to combat the shortage of affordable and available housing, as well as the massive movement of private equity into single-family housing markets.

The Emergency Rental Assistance (ERA) program is assisting several tenants in our CARE Homes portfolio who are facing deep rental and utility debt. Though a temporary measure, the current distribution of ERA funds and backlog of assistance applications is a true testament to the significant role rental assistance plays in addressing housing needs among families with the lowest incomes. Locally, the Cincinnati-Hamilton Community Action Agency (CAA) is assisting with the allocation of these funds and has distributed over \$30 million to more than 7,000 households since February 2021. With a backlog of 6,000 applications to process, CAA suspended new applications, further proving the remaining need for assistance is still very high.³ Congress must expand investments in rental and utility assistance to relieve the current backlog of applications and help those in dire need.

In addition to providing emergency assistance to stabilize renters from unforeseen crises such as the COVID-19 pandemic, governmental agencies must address housing affordability and availability issues by strengthening existing Federal financing and offering

³ <https://spectrumnews1.com/oh/columbus/news/2022/09/19/emergency-rental-assistance-deadline-looms-as-agencies-manage-massive-case-backlog>

long-term, sustainable solutions. Expanding the capacity of Low-Income Housing Tax Credit and increasing funding in Department of Housing and Urban Development (HUD) programs, such as Community Development Block Grants and the Housing Trust Fund, would play a significant role in preserving and increasing affordable housing supply. In order to have a real impact, Federal policies must include incentives for State and local jurisdictions to reduce restrictive zoning and land-use regulations. Constraints on land development, including density limitations, minimum parking requirements, and historic preservation requirements, increases costs and hinders growth.

These efforts will have minimal impact unless there is Government intervention around abusive practices of institutional investors in the single-family housing market. If left unchecked, big corporations and investors will continue to take homes off the market and push up prices to increase personal profit margins, all at the expense of the most vulnerable members of our communities. One way to discourage institutional investor ownership of single-family homes is to make the model less attractive to investors. Currently, the cashflow is sheltered by depreciation. In the early years, as they are purchasing properties, the depreciation is a major advantage. They are able to make cash distributions, and because of depreciation, they are tax-free. Single family homes are depreciated at a rate of 3.636 percent each year for 27.5 years. One way to disincentivize this is to specifically target single family home depreciation and make it like commercial real estate, which is depreciated over a period of 39 years.

Another way to reduce the attractiveness of these investments is to preclude investment in single family homes as an eligible asset class for opportunity zone funds.

At the State and local level, efforts should be made to increase the reporting requirements to improve transparency. This would also help ensure that these landlords are not receiving preferential tax treatment such as homeowner credits on property taxes.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SMITH
FROM LAURA BRUNNER**

Q.1. One way to support the construction of new units is to look at restrictive zoning rules that make it difficult to build new properties. Restrictive local zoning rules are a topic that has generated bipartisan interest. My home town of Minneapolis has been a leader in tackling zoning issues as a way of expanding affordable housing. As a quasipublic real estate developer, I'm sure you have an interesting perspective on this issue.

In your experience, how do restrictive zoning or land use rules affect affordable housing supply?

A.1. Zoning requirements such as density, parking, height, and setback, remain a significant barrier to housing affordability and development. Diversifying the housing stock in neighborhoods results in better access to economic opportunity. In Hamilton County, with over 49,000 households severely cost-burdened and spend more than 50 percent of their income on housing costs, there have been

efforts to reduce density limitations as a way to combat the shortage of affordable housing.¹

Large sections of Cincinnati are zoned single family or have a minimum lot sizes that are extremely large. If a developer or builder wants to construct a multifamily or even split their lot to add density, they are required to go in front of the zoning board and ask for a variance. This creates three barriers to development, the first being the hearing adds additional time (6–8 weeks minimum) to the development timeline, and even the application fees and required documentation are costly.

The process to rezone a property can be extremely burdensome, especially for an individual new to development or someone looking to build for the first time. More often than not, a builder will end up hiring a consultant or engineer to draw up the required documentation and walk the project through the process which adds considerable costs. Those who cannot afford to do so may eventually choose not to move forward with a project.

Q.2. How do these restrictions affect the cost of building?

A.2. In addition to these restrictions, the rising costs of building materials has made it extremely difficult to expand affordable housing. While a \$1,000 application fee for a variance might not seem excessive, it's the difference between including the refrigerator in the structure or not. It is practically impossible to build affordable housing units without subsidy and every dollar truly matters. Also set back requirements can vary in different areas thus eliminating the potential for a standardized infill structure that could be ordered and constructed in bulk. Many of these neighborhoods were decimated by the foreclosure crises and therefore have multiple vacant lots on streets that were previously bustling with activity. Being able to have a few standardized floorplans/structures that could be constructed in bulk would not only give the developer economy of scale savings but would also simplify the construction process overall leading to a larger pool of contractors able to participate in the bidding process.

Q.3. What is our best tool for incentivizing affordable housing supply?

A.3. Housing development incentives can help accelerate and expand affordable housing in many ways. Expanding the capacity of Low-Income Housing Tax Credit and increasing funding in Department of Housing and Urban Development (HUD) programs, such as Community Development Block Grants and the Housing Trust Fund, would play a significant role in preserving and increasing affordable housing supply. In addition to funding incentives, regulatory incentives such as flexible design standards and density bonuses could allow for additional density and increased production of affordably priced units.

In order to have a real impact, Federal policies must include incentives for State and local jurisdictions to reduce restrictive zoning and land-use regulations. Constraints on land development, including density limitations, minimum parking requirements, and

¹ [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.lisc.org/media/filer-public/a1/16/a116fbab-4be3-4704-98e6-83f633b7d893/asset-upload-file30-13212.pdf](https://www.lisc.org/media/filer-public/a1/16/a116fbab-4be3-4704-98e6-83f633b7d893/asset-upload-file30-13212.pdf)

historic preservation requirements, increases costs and hinders growth. Local government should simplify the development approval process at the permitting level and reduce the fees for each step to help incentivize affordable housing supply.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN BROWN
FROM DIANE YENTEL**

Q.1. *Addressing Homelessness*—Recently we have heard proposals to criminalize homelessness, including imposing fines or criminal penalties for people experiencing unsheltered homelessness. What effect do you believe proposals to criminalize or otherwise penalize people experiencing homelessness are likely to have? What do we know about the best ways to address homelessness?

A.1. Efforts to criminalize homelessness or impose punitive requirements are counterproductive and make it more difficult for people to exit homelessness. Nearly all people experiencing homelessness are not unsheltered by choice but because they lack access to affordable housing, physical and mental health care, or adequate and humane emergency shelter. Arrests, fines, incarceration, and criminal records make it more difficult for individuals experiencing homelessness to access the affordable housing, health services, and employment necessary to exit homelessness.

Proposals that impose punitive requirements—such as time limits, work requirements, forced treatment, and sobriety—are ineffective and ignore the primary driver of homelessness: the severe shortage of housing affordable to the lowest-income and most marginalized people. Forcing people into congregate shelters and using a mandatory, punitive, behavior modification approach is based on outdated models that failed to rehouse people. These earlier models set housing as the end goal—requiring individuals to first participate in various supportive programs, abstain from drugs and alcohol, and adhere to set a of behavioral requirements before accessing housing. Costs were very high, and results were very limited. Rather than responding to individuals’ needs, participants would often become stuck at a certain point during the program or fall short of unattainable requirements. Individuals unable to succeed in the one-size-fits-all approach languished in large shelters or were forced into institutions, with no path back to housing.

To end homelessness, policymakers must invest in proven solutions at the scale necessary. Housing First is a bipartisan, evidence-based practice supported by multiple, national studies that show it is the most effective approach to ending homelessness for most individuals and families. In addition to being a proven strategy to end homelessness, Housing First is a responsible, accountable way to spend taxpayer dollars on homelessness issues because it can improve quality of life and other outcomes, lead to better treatment outcomes, and reduce taxpayer spending on public services, including emergency health and criminal legal systems.

Under the Housing First model, stable, affordable, and accessible housing is provided to people experiencing homelessness quickly and without prerequisites, and voluntary supportive services—such as substance use and mental health counseling and employment training, among others—are offered to help improving housing sta-

bility and well-being. It is a flexible model that can be adapted to address the unique needs in local communities and tailored to the challenges facing individuals.

Housing First is not “housing only.” It includes an array of support services needed to live stably in the community. Housing First recognizes that stable housing is required for effective psychiatric and substance use treatment and for improved quality of life. Once stably housed, individuals are better able to take advantage of wraparound services to help support housing stability, employment, and overall health. Without stable housing, attaining these goals becomes much more difficult.

The Housing First model rapidly ends homelessness for most individuals and families. The model is particularly effective among people who have been homeless for long periods of time and have serious psychiatric disabilities, substance use disorders, and/or other disabilities.

Further, this model is more effective at increasing service utilization than non-Housing First programs and can lead to better treatment outcomes. While an earlier study found no difference in treatment outcomes between Housing First and high-barrier programs, several more recent studies indicate that Housing First participants are more likely to report reduced usage of alcohol, stimulants, and opiates. Critics’ fears about increased substance use and psychiatric symptoms have not been supported by research findings.

Finally, the Housing First model is more cost-effective than allowing people experiencing homelessness to remain in shelters, jails, or hospitals. Housing First can improve health care and employment outcomes and reduce arrests and incarceration. Studies show that Housing First reduces costly hospital visits, admissions, and duration of hospital stays among homeless individuals, and reduces public system spending.

Q.2. *State and Local Experiences of Eviction*—Have you observed differences in the frequency of eviction filings or evictions between localities and States? To what do you attribute these differences? Do you have recommendations for ways to ensure that renters are protected from avoidable evictions no matter where they live?

A.2. During the pandemic, States and localities across the country have recognized the vital role tenant protections play in preventing evictions. NLIHC has been tracking the passage of tenant protections and found that in 2021 alone, States and localities passed or implemented over 150 new laws or policies to protect tenants from eviction and keep them stably housed.

Research from Princeton University’s Eviction Lab found that eviction moratoriums—especially those that froze the earliest stages of the eviction process—were effective in reducing eviction filing rates. However, State-level eviction prevention policies enacted during the pandemic varied significantly, leaving some renters with far more protection than others. While policies specifically designed to shield households from eviction and housing instability were effective, variations in statewide renter protections meant that where a renter lived had a significant impact on how well they were protected from eviction.

Some States have enacted laws preempting local governments from adopting critical renter protections. According to the Urban Institute, as of 2020, 33 States had preemption laws in effect that prevent local governments from adopting some type of affordable housing or tenant protection, such as source-of-income discrimination protections, short-term rental regulations, and inclusionary zoning policies. Texas, Iowa, and Indiana enacted State laws barring cities and counties from adopting and enforcing source-of-income antidiscrimination laws. Texas's law preempts measures passed in Austin and Dallas that prohibit source-of-income discrimination. Three cities in Iowa—Des Moines, Iowa City, and Marion—have such ordinances in effect and must adjust to the new State law by 2023. While Atlanta passed a source-of-income antidiscrimination law in 2020, the ordinance is not legally enforceable because it conflicts with a State law barring local governments from expanding the State's fair housing law, which does not prohibit source of income discrimination.

The patchwork of State and local renter protections, as well as State preemption of local housing policies, place low-income renters in communities across the country at greater risk of eviction, and in worst cases, homelessness. A lack of Federal renter protections allows corporate landlords to purchase properties and engage in abusive practices in pursuit of profit. Real estate investors have been buying low-cost homes at an increasing and unprecedented rate, leading to increases in rental prices and putting low-income renters at greater risk of eviction. Increased institutional investor ownership in the rental market can have negative impacts on renters, and has been associated with decreased affordability, increased fees, lack of upkeep, higher rates of eviction, and worsening displacement, particularly within Black neighborhoods.

To ensure the safety and just treatment of renter households across all jurisdictions, Congress should enact legislation to establish critical national protections for renters. Congress should prohibit source-of-income discrimination to help ensure that landlords do not discriminate against renters who receive rental assistance or other sources of income. Additionally,

Congress should establish and fund a national right to counsel to help more renters stay in their homes and mitigate harm when eviction is avoidable. Further, NLIHC supports legislation to create Federal "just cause" eviction standards to ensure greater housing stability and prevent arbitrary and harmful actions by landlords. Congress should enact additional measures to protect renters nationwide, including expanding the "Fair Housing Act" to ban discrimination based on sexual orientation, gender identity, marital status, and source of income; establishing anti-rent gouging protections for renters; ending arbitrary screening and eviction policies to ensure access for people exiting the criminal legal system; and supporting tenant organizing.

In the absence of quick Congressional action, the Biden administration must take immediate steps to protect America's lowest-income and most marginalized renters from the harmful impacts of inflation and rising rents, high rates of eviction filings, and increasing homelessness. To respond to unprecedented and unwarranted increases in rent prices and housing instability, the Biden adminis-

tration should establish critical renter protections to help keep renters stably housed. Just as several States have in place laws to prevent price or rent gouging after natural disasters, the Biden administration should implement anti-rent gouging measures to prevent landlords from imposing exorbitant rent increases on tenants in the wake of a global pandemic. There is clear precedent and need for using Federal price controls to stem unreasonable rent increases.

The Biden administration should also expand renter protections, such as source-of-income protections, just-cause eviction standards, and anti-price gouging protections, to those living in properties with federally backed mortgages. There is recent precedent for tying renter protections to federally back loans and other assistance. During the pandemic, the Federal Housing Finance Agency (FHFA) required that property owners receiving forbearance suspend evictions for nonpayment of rent, and the agency prohibited these property owners from charging late fees or penalties or requiring tenants to pay past due rent in a lump sum. Property owners who failed to comply with these renter protections were subject to remedies under their loan documents, which could include moving the loan into a technical default and revocation of the forbearance.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR SMITH
FROM DIANE YENTEL**

Q.1. In May, the Biden administration announced a “Housing Supply Action Plan” to ease burden of housing costs by boosting the supply and quality of housing. The initiative includes legislative and administrative actions, including efforts to:

- Provide new financing mechanisms to preserve and build more affordable housing where gaps currently exist;
- Reward jurisdictions that have reformed their zoning and land-use policies; and
- Improve and expand existing Federal financing.

And just last week, the Biden Treasury Department announced new guidance to allow States and local governments greater flexibility in boosting housing supply using ARP dollars.

Do you have thoughts on whether these initiatives will be helpful?

A.1. The Biden administration’s “Housing Supply Action Plan” includes important measures to increase the supply of housing. The Administration’s commitment to using Federal transportation funds to reduce restrictive local zoning laws, which can inhibit or prohibit the construction of apartments and are often deeply rooted in racial exclusion, is especially promising. By supporting manufactured housing, accessory dwelling units, and small-scale developments, the Administration can increase affordable housing options in communities nationwide. Streamlining Federal financing and funding sources can help lower costs and speed development.

An underlying cause of America’s housing crisis is a market failure that results in a severe shortage of rental homes affordable to people with the lowest incomes. Nationwide, there is a shortage of

seven million homes affordable and available to extremely low-income renters. The Administration's Housing Supply Action Plan outlines a series of actions to increase the supply of housing, but these measures will not reach people with the lowest incomes without additional Federal subsidy. Without public subsidy, the private market cannot produce new rental housing affordable to extremely low-income households because the rents that are affordable to the lowest-income households typically do not cover the development costs and operating expenses of such new housing. Because the private market consistently fails to provide adequate, affordable housing for extremely low-income households, the Government has a critical role to play in correcting this structural failure.

The Administration cannot solve the crisis on its own. In addition to outlining steps the Administration is taking to lower housing costs, the Biden administration's Housing Supply Action Plan calls on Congress to enact investments in housing development and preservation.

To increase the supply of deeply affordable and accessible housing, Congress should expand funding for the national Housing Trust Fund to at least \$40 billion annually. The HTF is the only Federal housing program exclusively focused on serving households with the lowest incomes and most acute housing needs. The "American Housing and Economic Mobility Act" (S. 1368/H.R. 2768), introduced by Senator Elizabeth Warren (D-MA) and Representative Emanuel Cleaver (D-MO), would address the shortage of affordable rental homes for people with the lowest incomes through a robust investment of nearly \$45 billion annually in the national Housing Trust Fund. The bill also includes resources to repair public housing, build or rehabilitate housing in tribal and Native Hawaiian communities, and create and preserve affordable homes in rural areas.

The "Inflation Reduction Act of 2022" excludes vital affordable housing investments needed to address skyrocketing rents and the severe shortage of affordable, accessible rental homes available to the lowest-income renters. The House previously passed the "Build Back Better Act", which included \$150 billion in targeted affordable housing investments to bridge the widening gap between incomes and rising housing costs and address the severe lack of deeply affordable, accessible rental homes. By leaving the act's historic affordable housing investments out of the reconciliation package, Congress has missed a once-in-a-generation opportunity to address homelessness and housing poverty in the United States.

The new guidance released by the U.S. Department of Treasury will increase the ability of State, local, and tribal governments to use State and Local Fiscal Recovery Funds (SLFRF) to develop affordable housing and help lower housing costs. NLIHC has been tracking the use of SLFRF for affordable housing and homelessness prevention and services. As of May 2022, 55 of the 112 jurisdictions in our sample had allocated more than \$13.7 billion for housing activities. NLIHC has weighed in on Treasury's SLFRF guidance and urged the Administration to issue clear guidance on how communities can use SLFRF to meet the housing needs of people with the lowest incomes. The updated guidance and "Affordable Housing How-To Guide" released by Treasury and the Department of Hous-

ing and Urban Development will help State and local governments use SLFRF to invest in affordable housing.

Q.2. And what more we can do here?

A.2. As the U.S. faces record rent increases and rising evictions, it is more important than ever that Congress increase investments in long-term solutions to the underlying shortage of affordable, accessible homes and improve renter protections for the lowest-income people.

Only through a combination of administrative action and robust Federal funding can the country truly resolve its affordable housing crisis.

A stronger housing safety net is needed to prevent evictions and homelessness and to reduce housing instability among the lowest-income renters. Addressing the roots of the housing affordability problem requires a sustained commitment to (1) bridging the gap between incomes and rent through universal rental assistance, (2) investing in new affordable housing and preserving affordable rental homes that already exist for America's lowest-income and most marginalized renters, (3) providing emergency assistance to stabilize renters when they experience financial shocks, and (4) establishing and enforcing strong renter protections.

NLIHC looks forward to a continued partnership with members of Congress and the Administration in advancing the large-scale investments and antiracist reforms needed to repair the gaping holes in our country's social safety net and ensure that every renter has an affordable place to call home.