The Impact of COVID-19 on Renters and Rental Markets

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Housing Research Seminar
September 4, 2020
The Affordability Crisis Before COVID-19
Low-Cost Units Account for a Shrinking Share of the Nation’s Rental Stock

Number of Units with Real Contract Rents Under $600 (Millions)

Share of Units with Real Contract Rents Under $600 (Percent)

Notes: Rental units may be occupied, vacant for rent, or rented but unoccupied; exclude those occupied without cash rent. Dollar values adjusted for inflation using the CPI-U for All Items Less Shelter. Contract rents exclude utility costs paid separately.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA.
Rents Continue to Climb Much Faster than General Inflation

Note: Changes are four-quarter rolling averages.
Source: JCHS tabulations of BLS, Consumer Price Indexes.
Both the Number and Share of Cost-Burdened Renters Remain Near Record Highs

Number of Renter Households (Millions)  Share of Renter Households (Percent)

Notes: Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of their income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.
Black and Hispanic Renter Households Were More Likely to Be Cost Burdened than White Households

Share of Renter Households (Percent)

Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens. White, Black and Asian/other households are non-Hispanic. Hispanics may be of any race.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.
COVID-19 and Housing Affordability
Renters Were More Likely to Lose Employment
Initial Unemployment Claims Rose More Rapidly in Early 2020 than During the Past Five US Recessions

Cumulative Number of Initial Unemployment Claims (Millions)

Notes: Initial unemployment claims are seasonally adjusted. No recession has officially been declared for 2020. Data for 2020 show the cumulative number of claims over a six-week period beginning March 8th.
Renter Households of Color Are More Likely to Have Lost Income as a Result of COVID-19

Share of Households that Lost Employment Income Since Mid-March (Percent)

Race/Ethnicity of Respondent  ▪ Hispanic  ▪ Black  ▪ Asian/All Other  ▪ White  ▪ Total

Note: The HPS household weight is a pseudo-household weight created by dividing the given person weight in the HPS by the number of adults in the household. Weights are used in survey research to make estimates derived from samples more representative of the population. White, Black and Asian/other households are non-Hispanic. Hispanics may be of any race.

Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.
Renter Households of Color Are Also More Likely to Expect Further Income Loss

Share of Households that Expect to Lose Employment Income (Percent)

Race/Ethnicity of Respondent  | Hispanic  | Black  | Asian/All Other  | White  | Total
---|---|---|---|---|---
Renters
Homeowners
All Households

Note: The HPS household weight is a pseudo-household weight created by dividing the given person weight in the HPS by the number of adults in the household. Weights are used in survey research to make estimates derived from samples more representative of the population. White, Black and Asian/other households are non-Hispanic. Hispanics may be of any race.

Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.
Many Renters Reported Missing a Rent Payment or Worry About Next Month’s Rent
Renter Households Struggled to Pay Their Rent, Notably Black and Hispanic Renters

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Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.
Black and Hispanic Renter Households Have Low Confidence in Making Next Month’s Rent Payment

Note: The HPS household weight is a pseudo-household weight created by dividing the given person weight in the HPS by the number of adults in the household. Weights are used in survey research to make estimates derived from samples more representative of the population. White, Black and Asian/other households are non-Hispanic. Hispanics may be of any race.
Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.
But Many Renters Are Still Making Payments
Most Renters Living in Professionally Managed Apartments Have Paid Rent

Notes: Data cover over 11 million professionally managed apartment units across the country. Rent payment includes both full and partial payments.
Source: National Multifamily Housing Council, Rent Payment Tracker.
Households with At-Risk Wages Are More Common in Single-Family and Small Multifamily Rentals

Share of Renter Households with At-Risk Wages (Percent)

Notes: At-risk wages include those in services, retail, recreation transportation and travel, and oil extraction.
Loss of Income Could Significantly Increase Housing Cost Burdens
An Estimated 9.3 Million Renter Households with At-Risk Wages Are Likely to Be Newly or More Severely Cost Burdened

Renter Households (Millions)

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<tr>
<th>Income (% AMI)</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Middle</th>
<th>Above Median</th>
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<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Notes: The percent area median income categories are defined as follows: Extremely Low Income – at or below 30% AMI, Very Low Income – 31 to 50% AMI, Low Income – 51 to 80% AMI, Middle Income – 81 to 100% AMI, Above Median Income – more than 100% AMI.

The Loss of Wages in At-Risk Industries Would Push the Share of Renters with Cost Burdens to Well Above 50 Percent

Share of Renters with Cost Burdens (Percent)

Income (Percent of AMI)

- Extremely Low
- Very Low
- Low
- Middle
- Above Median
- Total

Note: The percent area median income categories are defined as follows: Extremely Low Income – at or below 30% AMI, Very Low Income – 31 to 50% AMI, Low Income – 51 to 80% AMI, Middle Income – 81 to 100% AMI, Above Median Income – more than 100% AMI. At-risk industries are those most likely to suffer job losses or a reduction in hours due to social distancing measures as a result of COVID-19.

Metros in the South and West Have High Shares of Renters with At-Risk Jobs and Severe Cost Burdens

At-risk jobs are defined as those in retail, services, recreation, transportation and travel, and oil extraction. Households are considered severely cost burdened if they spend more 50 percent of their income on housing.

Employment Uncertainty Underscores the Need for Rental Assistance
Total Monthly Assistance Needs for Renter Household with At-Risk Wages Could Reach $7.5 Billion

Monthly Rental Assistance Needed (Billions)

Scenario 1: Federal & State Unemployment Insurance
Scenario 2: State Unemployment Insurance
Scenario 3: No Unemployment Insurance

Notes: The percent area median income categories are defined as follows: Extremely Low Income – at or below 30% AMI, Very Low Income – 31 to 50% AMI, Low Income – 51 to 80% AMI, Middle Income – 81 to 100% AMI, Above Median Income – more than 100% AMI.
Affordability Isn’t the Only Concern During a Pandemic
Just Over a Third of Renter Households Have at Least One High-Proximity Worker

Notes: High-proximity jobs have a physical proximity index score of at least 75. White, black and Asian/other householders are non-Hispanic. Hispanic householders may be of any race.

Source: JCHS tabulations of US Census Bureau, 2018 American Community Survey 1-year estimates and US Department of Labor, Physical Proximity Index.
Vulnerable Households with High-Proximity Workers are Disproportionately Headed by a Person of Color

Share of Renter Households (Percent)

Notes: Multigenerational households have at least one person age 65 or over and live with a child or grandchild. Overcrowded households have more than one person per room. High-proximity jobs have a physical proximity index score of at least 75. Multigenerational and overcrowded household categories are not mutually exclusive. White, black and Asian/other householders are non-Hispanic. Hispanic householders may be of any race.

Source: JCHS tabulations of US Census Bureau, 2018 American Community Survey 1-year estimates and US Department of Labor, Physical Proximity Index.
Potential Effect of COVID-19 on Rental Markets
Potential Effects on Rental Markets

May See:
• Cooling demand

• Diverging trends within broader market
  • Some relief at top of market
  • Increased competition for limited supply of low-rent units

• Increased operating expenses
• Pressure on smaller landlords

• Lengthened construction timelines

Continued Uncertainties:
• Movement toward homeownership

• Effect of reduced unemployment insurance
• Extent and timing of the eviction crisis

• Changing preferences