

The Impact of COVID-19 on Renters and Rental Markets

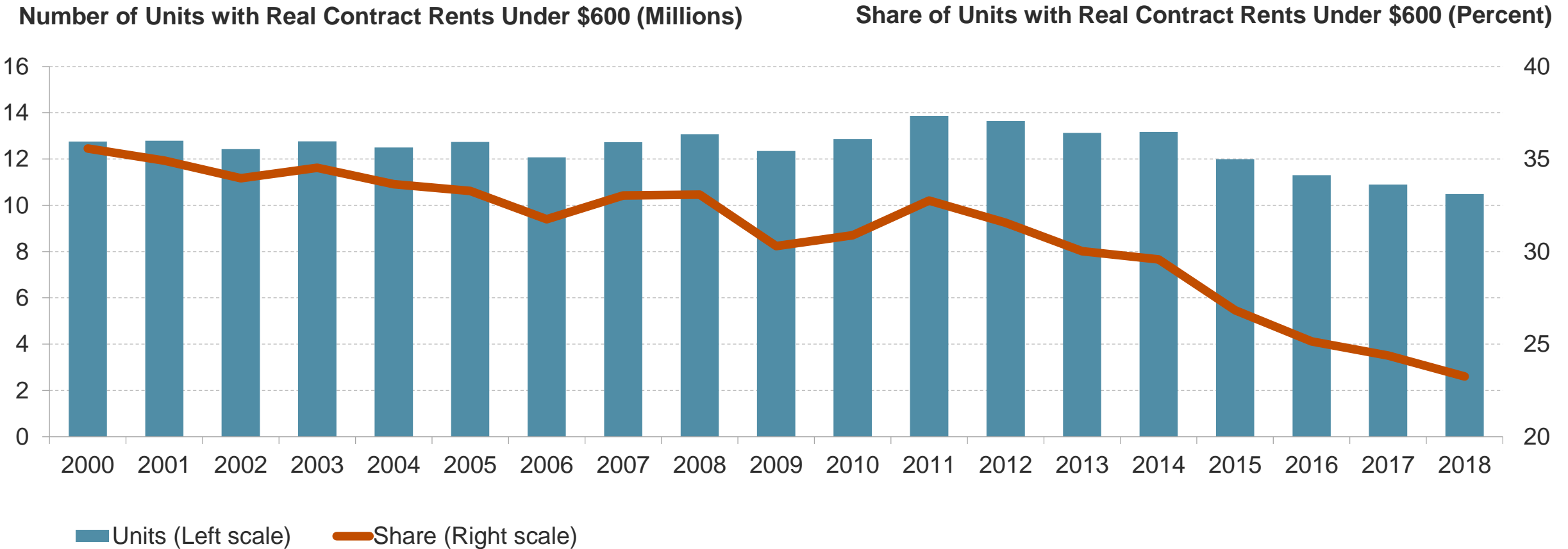
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Housing Research Seminar
September 4, 2020

The background image shows a row of modern, two-story houses with light-colored siding and dark roofs. The houses have multiple windows and some have small front porches. The entire image is overlaid with a semi-transparent blue filter. The title text is centered over the middle of the image.

The Affordability Crisis Before COVID-19

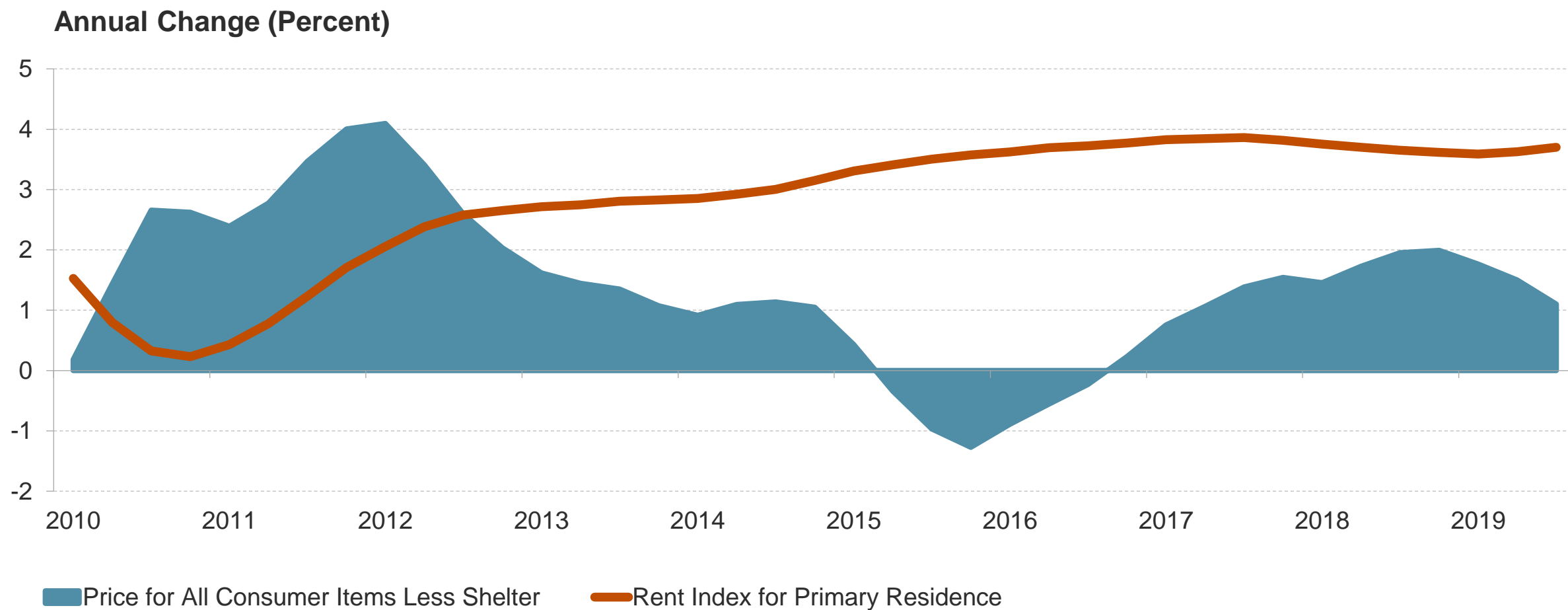
Low-Cost Units Account for a Shrinking Share of the Nation's Rental Stock



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



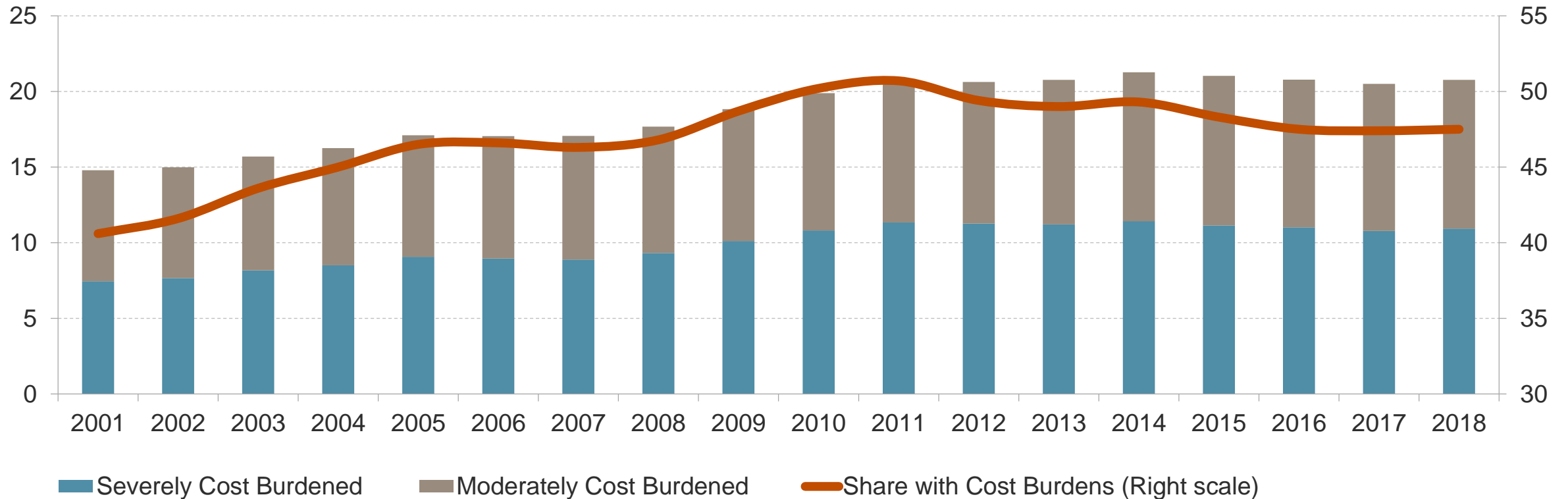
Note: Changes are four-quarter rolling averages.

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)

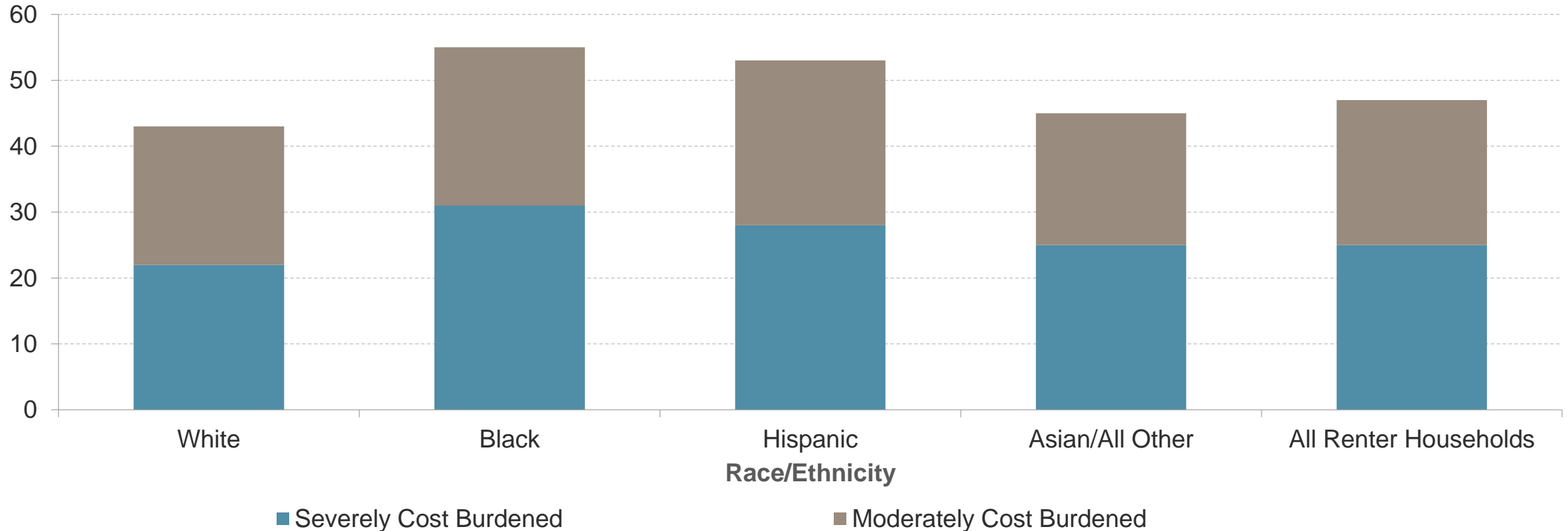


Notes: Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of their income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens.

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.

A row of modern, two-story houses with light-colored siding and dark roofs, set against a blue-tinted background. The houses have multiple windows and a clean, contemporary design. The text "COVID-19 and Housing Affordability" is overlaid in white, bold, sans-serif font across the middle of the image.

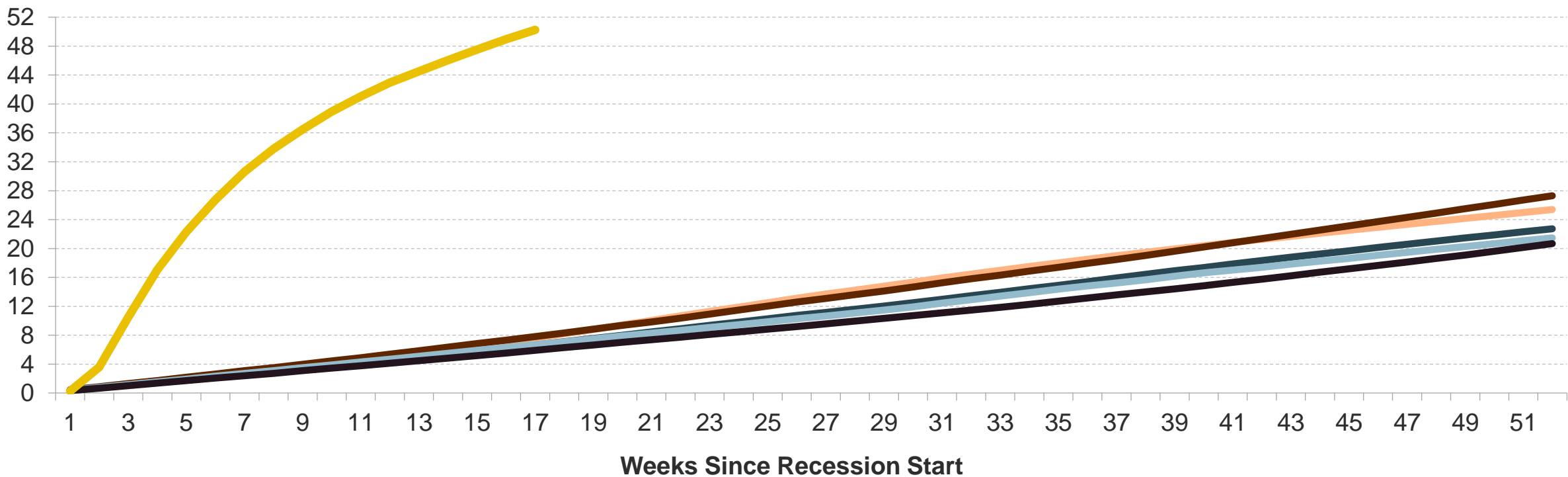
COVID-19 and Housing Affordability

A photograph of a row of two-story houses with porches and balconies, overlaid with a dark purple tint. The houses have light-colored siding and dark trim. A sidewalk runs along the front of the houses, and a street with parked cars and trees is visible on the left. The text "Renters Were More Likely to Lose Employment" is overlaid in white on the left side of the image.

Renters Were More Likely to Lose Employment

Initial Unemployment Claims Rose More Rapidly in Early 2020 than During the Past Five US Recessions

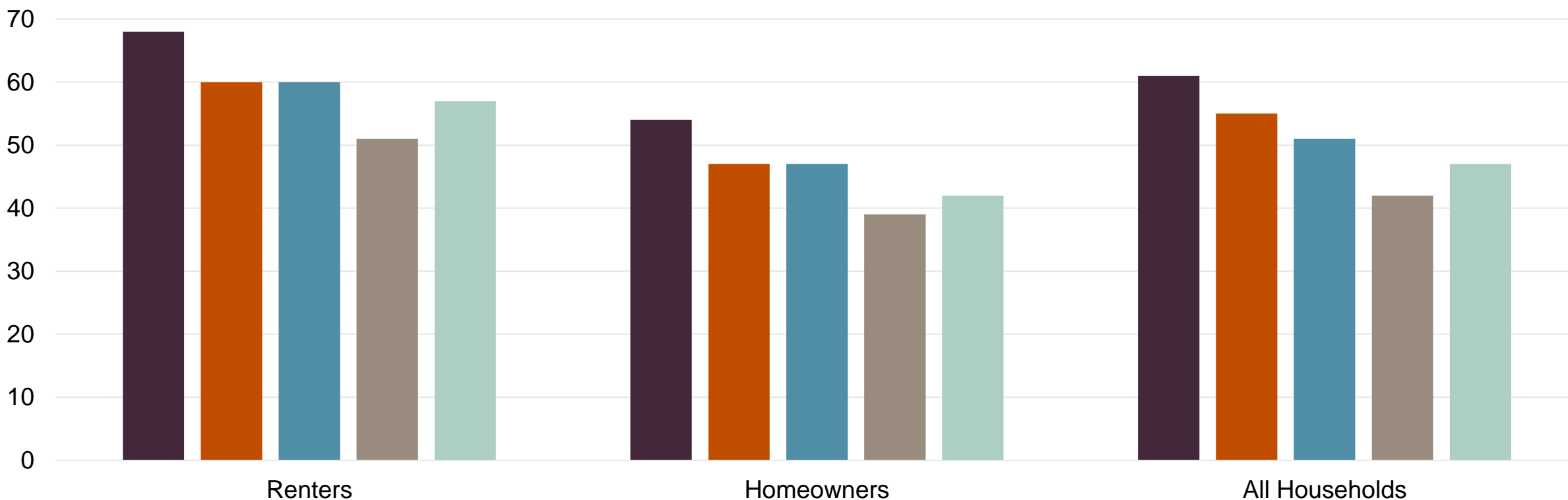
Cumulative Number of Initial Unemployment Claims (Millions)



Year Recession Started 1980 1981 1990 2001 2008 2020

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)



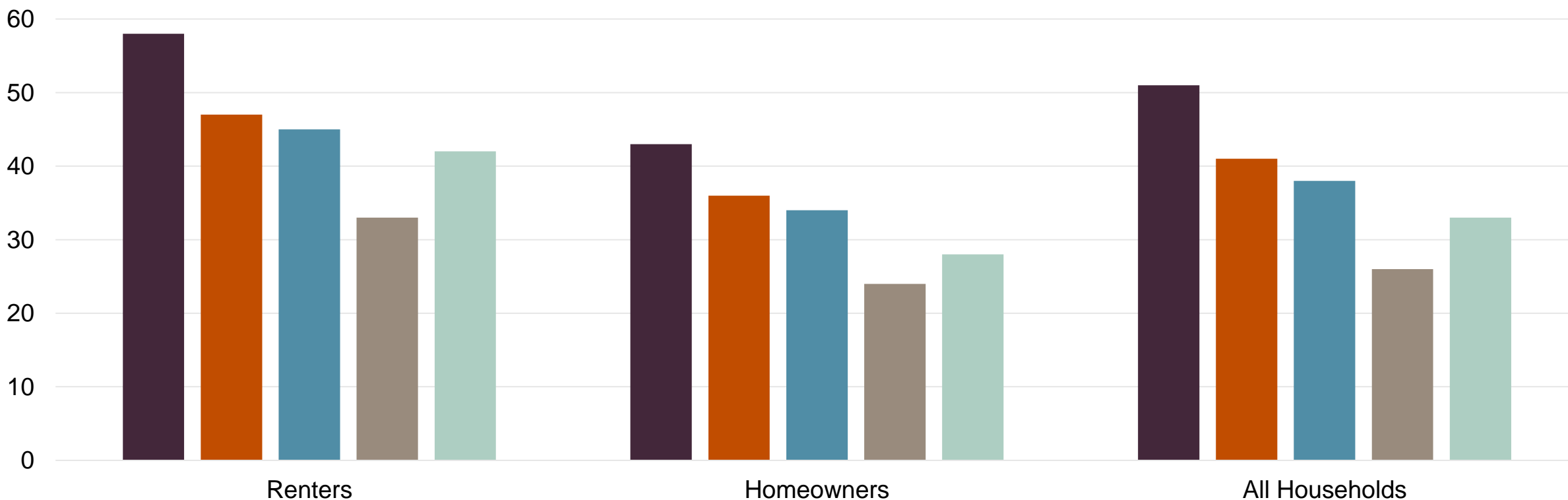
Race/Ethnicity of Respondent ■ Hispanic ■ Black ■ Asian/All Other ■ White ■ Total

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

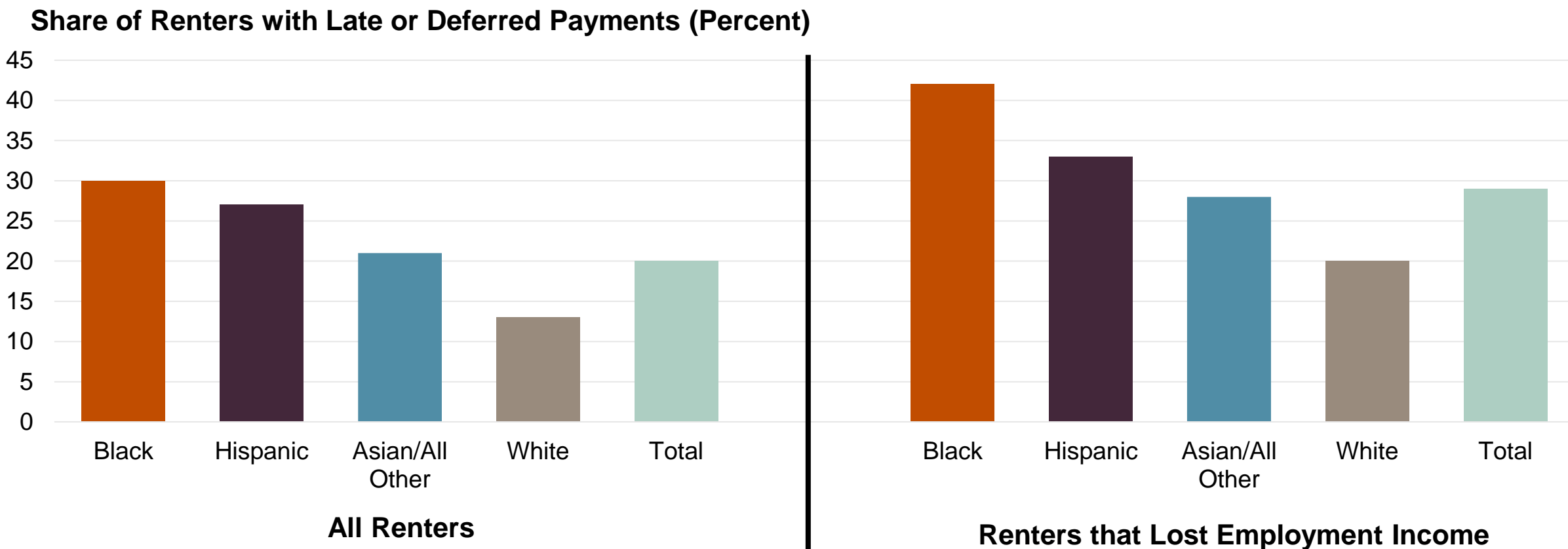
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Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.



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

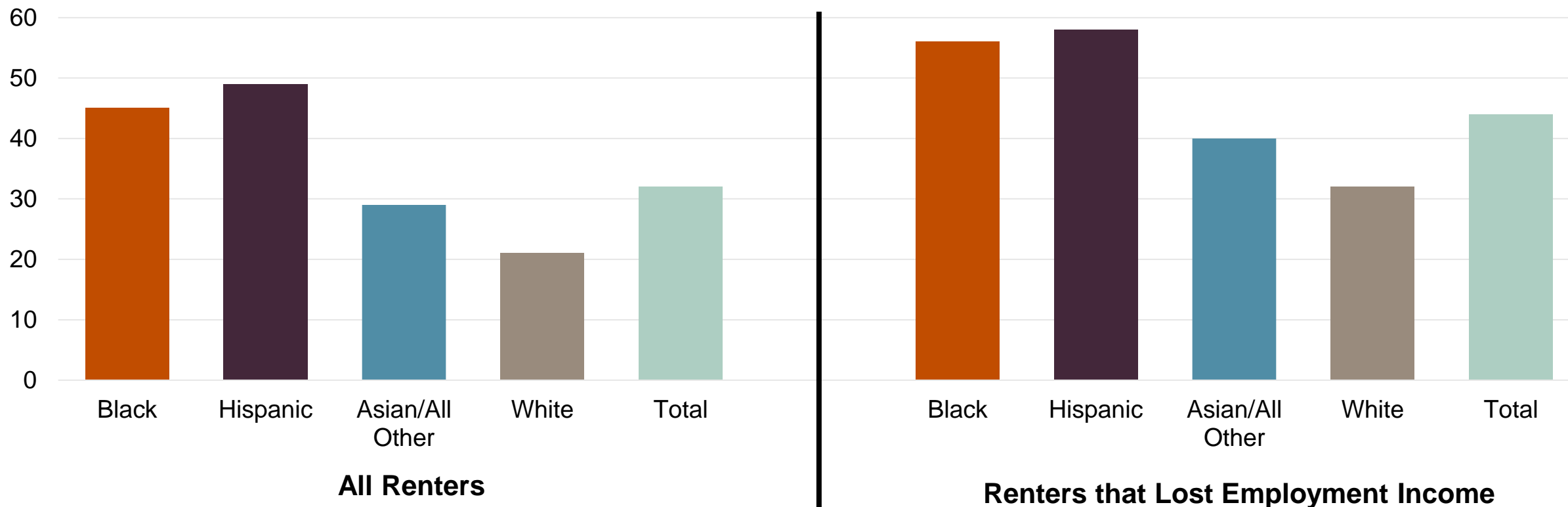


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Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.

Black and Hispanic Renter Households Have Low Confidence in Making Next Month's Rent Payment

Share of Renters with Low Confidence in Making Next Month's Rent (Percent)



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.

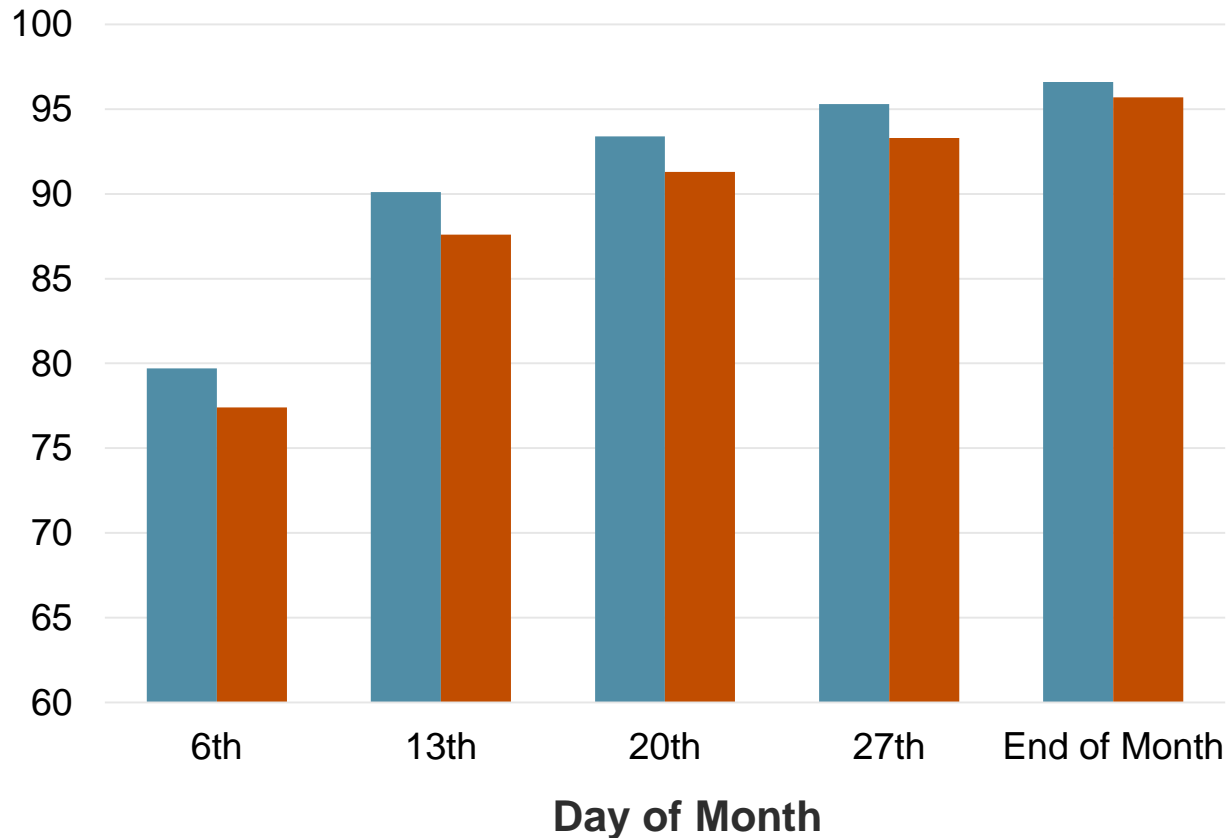
Source: JHCS tabulations of US Census Bureau, Household Pulse Survey, Week 12.



But Many Renters Are Still Making Payments

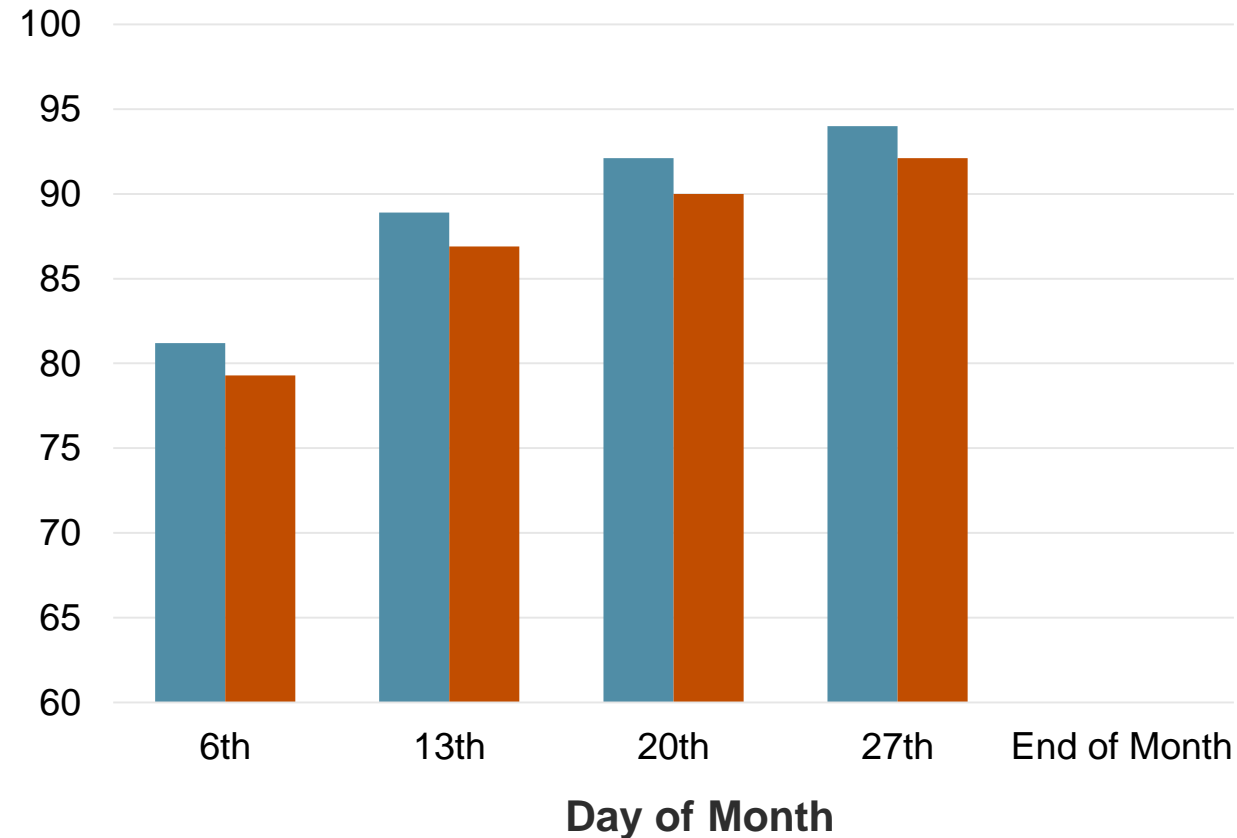
Most Renters Living in Professionally Managed Apartments Have Paid Rent

Share of Rent Payments Made in July (Percent)



Year ■ 2019 ■ 2020

Share of Rent Payments Made in August (Percent)

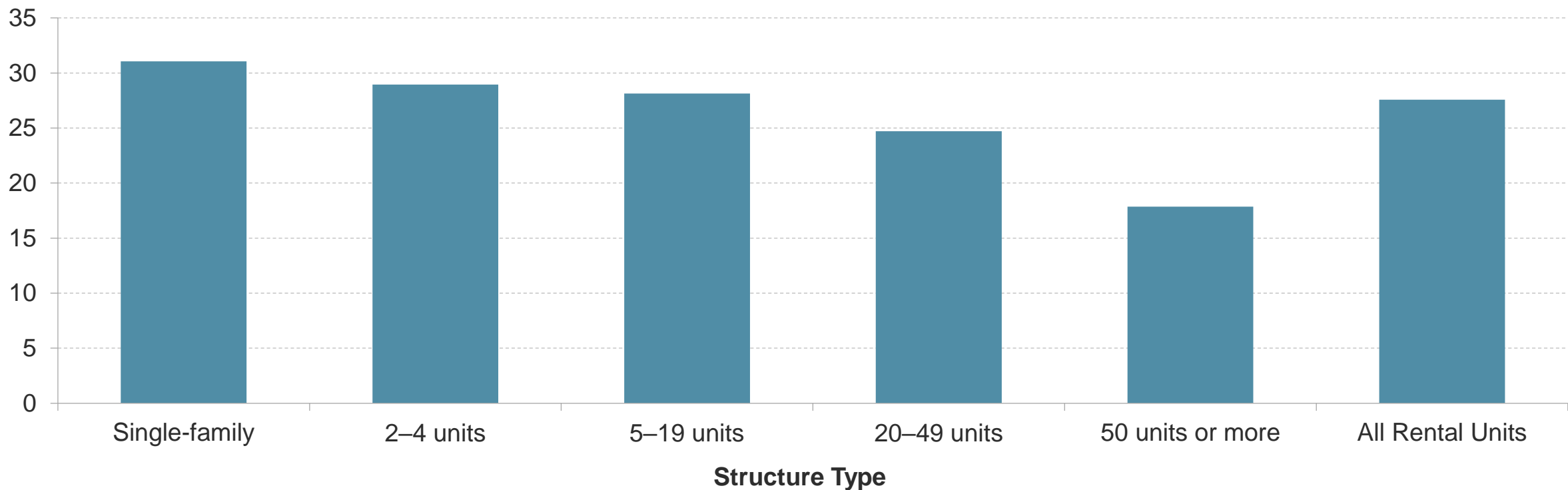


Notes: Data cover over 11 million professionally managed apartment units across the country. Rent payment includes both full and partial payments.

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)

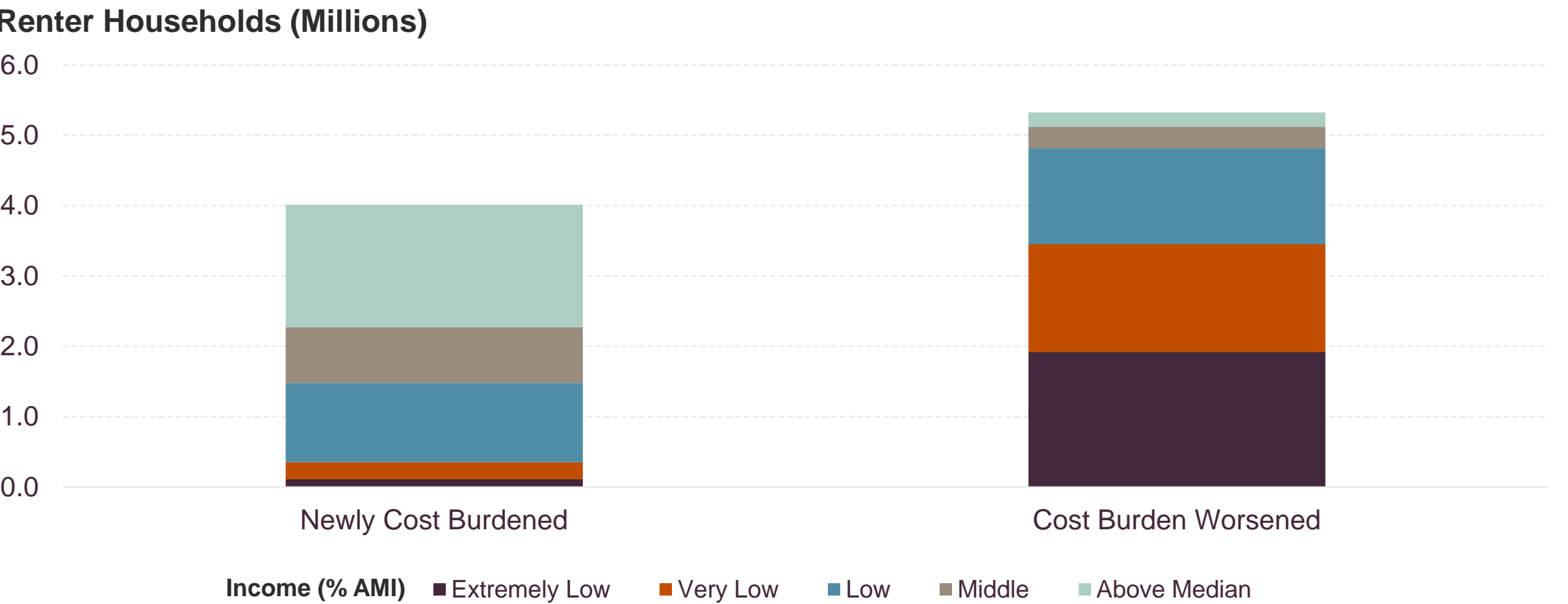


Notes: At-risk wages include those in services, retail, recreation transportation and travel, and oil extraction.
Source: JCHS tabulations of US Census Bureau, 2018 American Community Survey 1-Year Estimates.



Loss of Income Could Significantly Increase Housing Cost Burdens

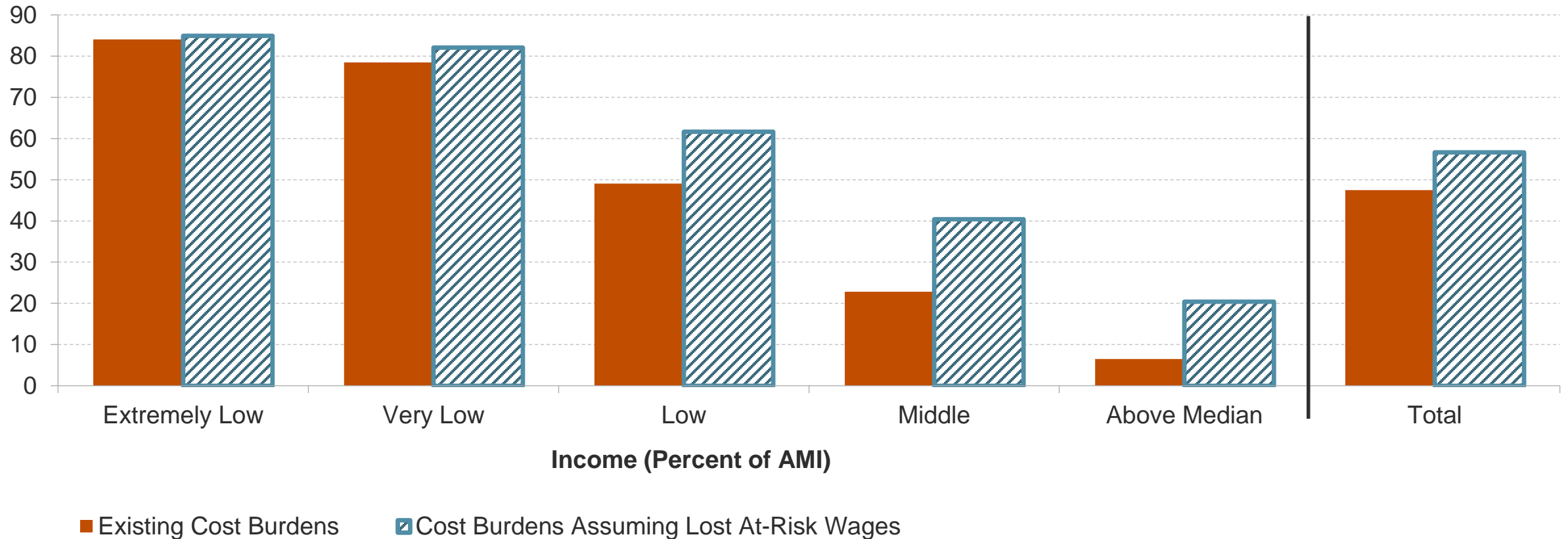
An Estimated 9.3 Million Renter Households with At-Risk Wages Are Likely to Be Newly or More Severely Cost Burdened



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.
Source: JCHS tabulations of US Census Bureau American Community Survey, 2018.

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

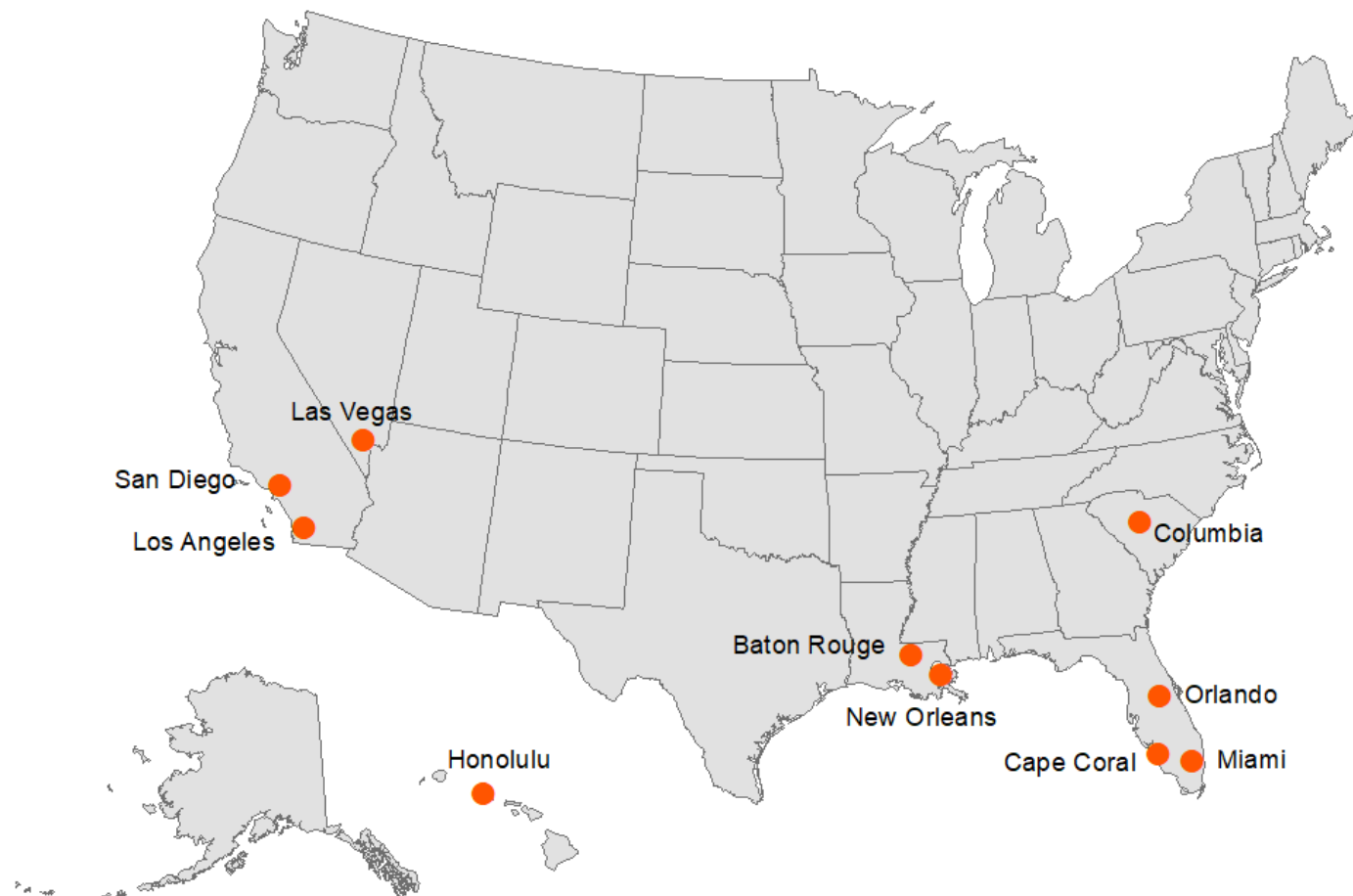
Share of Renters with Cost Burdens (Percent)



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.

Source: JCHS tabulations of US Census Bureau, 2018 American Community Survey 1-Year Estimates.

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



Notes 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.

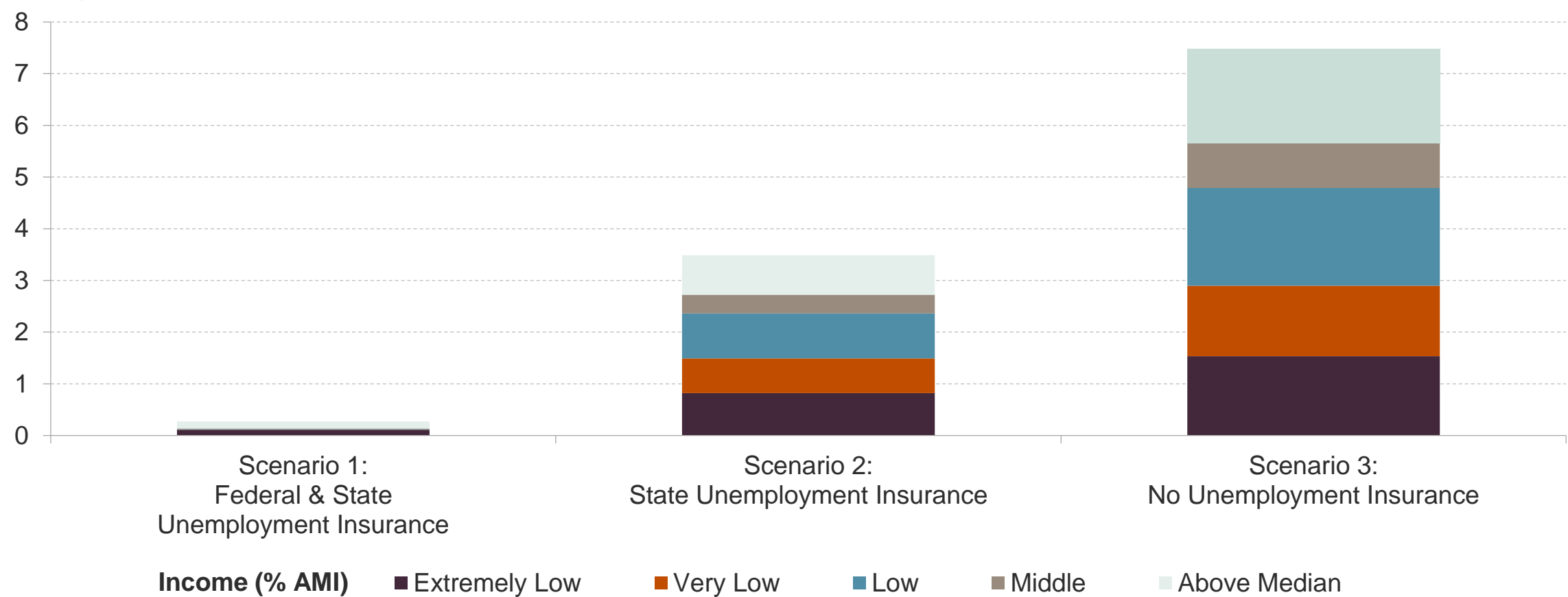
Source: JCHS Tabulations of US Census Bureau, 2018 American Community Survey 1-Year Estimates.



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)



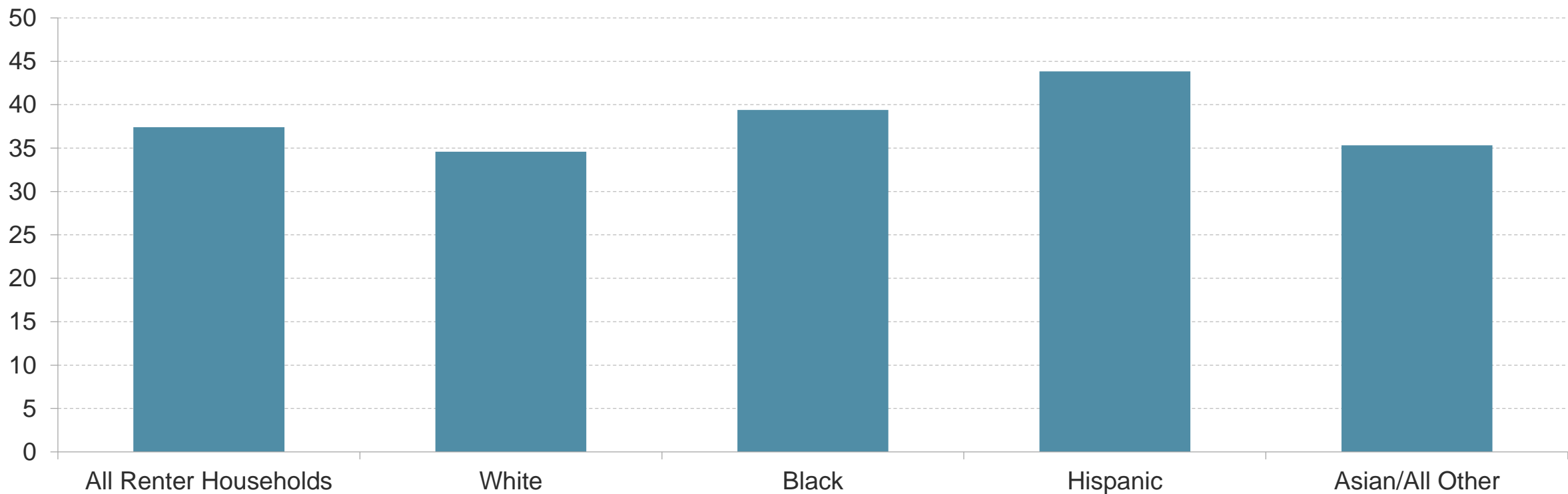
Notes: The percent area median income categories are defined as follows: Extremely Low Income – at or below 30% AMI, Very Low Income – 31 to 50% AMI, Low Income – 51 to 80% AMI, Middle Income – 81 to 100% AMI, Above Median Income – more than 100% AMI.
Source: JCHS tabulations of US Census Bureau American Community Survey, 2018.



Affordability Isn't the Only Concern During a Pandemic

Just Over a Third of Renter Households Have at Least One High-Proximity Worker

Share of Households with High-Proximity Worker (Percent)

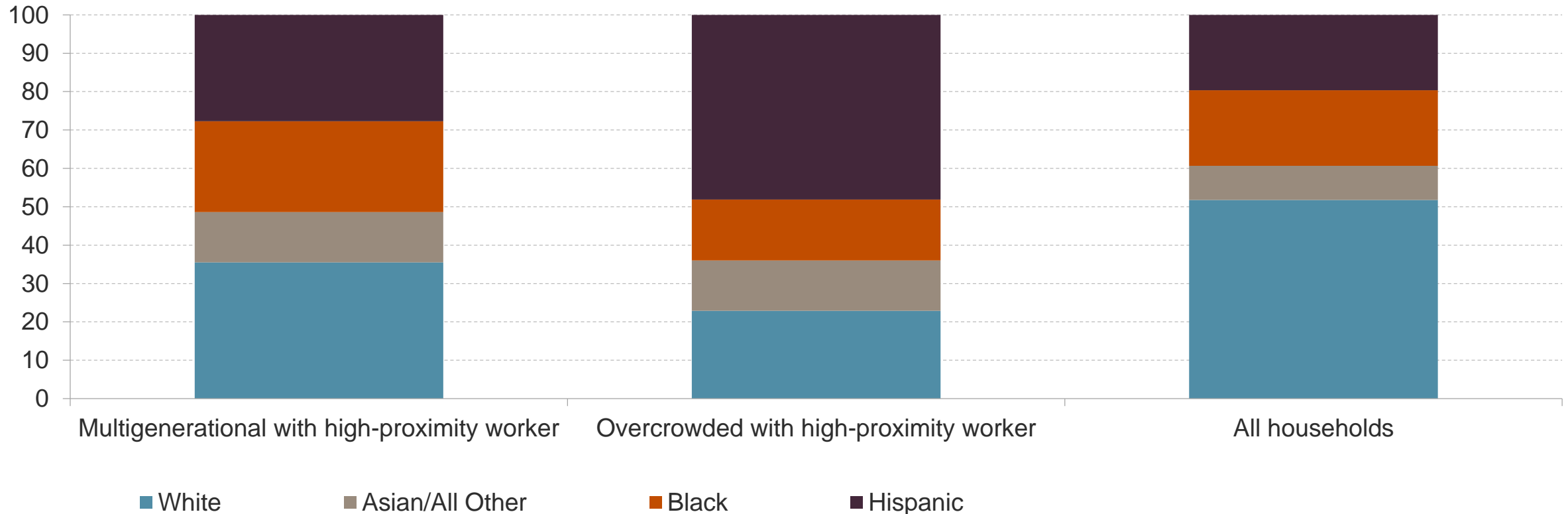


Notes: High-proximity jobs have a physical proximity index score of at least 75. White, black and Asian/other householders are non-Hispanic. Hispanic householders may be of any race.

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



COVID-19 Housing Resources

jchs.harvard.edu/covid-19-resources

America's Rental Housing 2020

jchs.harvard.edu/americas-rental-housing-2020

