

The Geography of Renter Financial Distress and Housing Insecurity During the Pandemic

Alexander Hermann, Sophia Wedeen, Whitney Airgood-Obrycki, Christopher Herbert

JCHS Housing Research Seminar
March 3, 2023

Key Findings

- Using restricted access data from the US Census Bureau's Household Pulse Survey from April 2021-February 2022, we find that:
 - Renter households living in communities of color, and in high-poverty, lower-income, and lower-rent neighborhoods, were more likely to experience financial distress
 - Given that renters are highly concentrated in a relatively small share of neighborhoods, renter financial distress was also extremely geographically concentrated
 - Emergency rental assistance application and acceptance rates were also concentrated in these same neighborhood types, indicating that federal rental assistance was likely reaching the neighborhoods with the greatest need

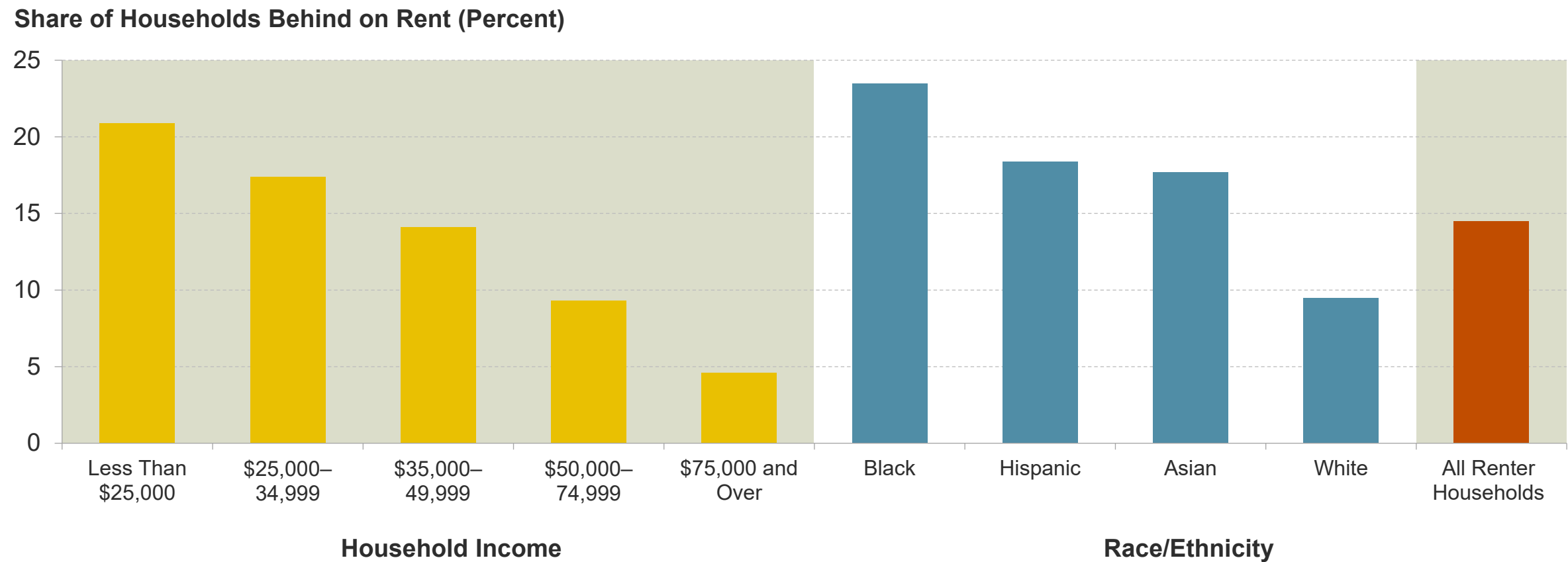


Introduction

Background

- Renter households have been disproportionately harmed by the financial fallout of the COVID-19 pandemic, especially lower-income renters and renters of color
- Further, lower-income households and households of color are geographically concentrated due to patterns of economic and racial segregation
- As a result, we'd expect the financial fallout of the pandemic to be geographically concentrated and disproportionately affect higher-poverty, lower-income neighborhoods, and neighborhoods with a higher share of people of color

Many Lower-Income Households and Households of Color Still Struggled to Pay Rent in Early 2022

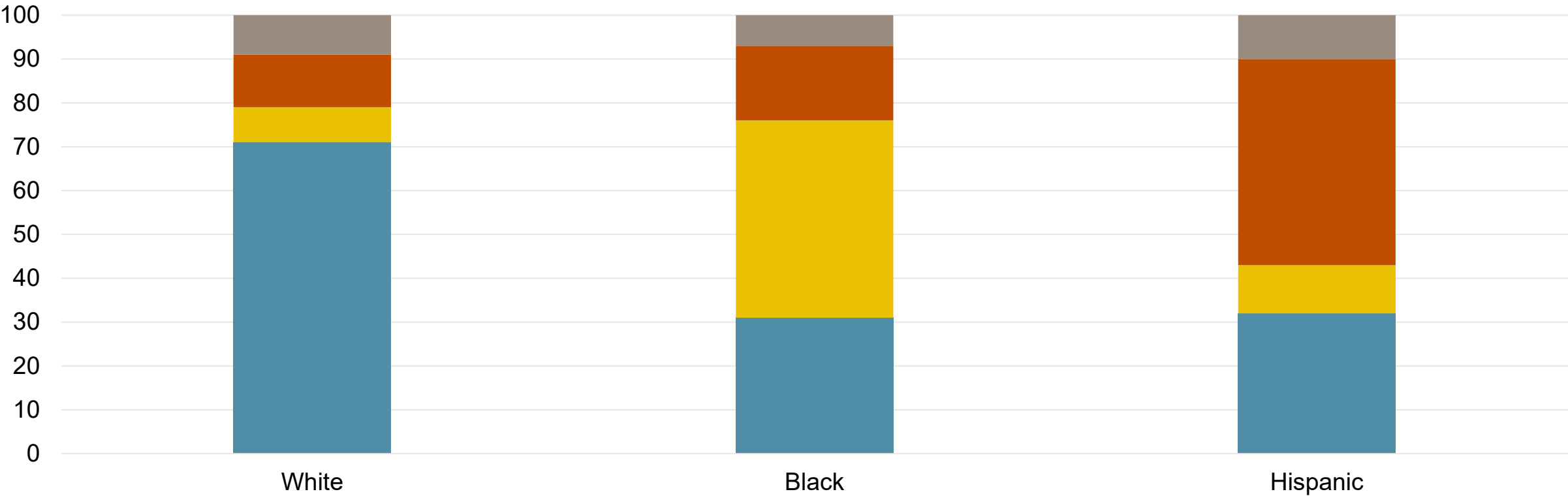


Notes: Households behind on rent reported that they were not caught up at the time of the survey. Black, Asian, and white householders are non-Hispanic. Hispanic householders may be of any race(s).

Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, December 2021–April 2022.

Despite Growing Diversity in the US, Most Residents Still Live in Racially Segregated Neighborhoods

Share of Neighborhood Population in 2014-2018 (Percent)



Neighborhood of Average Resident by Race/Ethnicity

Race/Ethnicity ■ White ■ Black ■ Hispanic ■ Another Race

Notes: Data are for the 100 largest metropolitan areas only.
Source: Tracy Hadden Loh, Christopher Coes, and Becca Buthe, “Separate and Unequal: Persistent Residential Segregation is Sustaining Racial and Economic Injustice in the US,” The Brookings Institution, December 2020

Why Examine the Neighborhood Context of Financial Distress During the Pandemic?

- Landlords deferred maintenance or missed mortgage, utility, or property tax payments in response to actual or anticipated rental income reductions
- Concentration of missed rental payments might exacerbate the concentration of housing insecurity, including eviction
- Financial spillover effects may also be concentrated

Research Questions

- How did lost employment income and rental arrears vary by neighborhood type?
- To what extent were lost employment income for renter households and the share of renters behind on their rent geographically concentrated by neighborhood type?
- How did those financial harms vary by household income and race/ethnicity across neighborhood types?
- How did ERA application and acceptance rates vary by neighborhood type? Were ERA applicants and recipients similarly concentrated? How did these rates compare to the neighborhood types that have experienced the most significant financial distress?



Data and Methods

Data and Methods

- Household Pulse Survey (Internal Census Bureau file)
 - Rich demographic and housing/financial impacts data but more detailed geographies
 - Pooled sample Weeks 28-42 (and Weeks 36-42 for questions on ERA)
 - 200,000 renters in our sample running from April 2021 to February 2022
 - Estimates use HPS provided household weights
- 5-Year American Community Survey (2015-2019)
 - For neighborhood characteristics
- Methods
 - Descriptive statistics
 - Concentration analysis

Key Variables

- Indicators of financial distress (HPS)
 - Income loss
 - Behind on rent
 - ERA application
 - ERA acceptance
- Householder characteristics/region (HPS)
 - Race/ethnicity
 - Household income
 - Region
- Neighborhood characteristics (ACS)
 - Poverty rate
 - Median household income
 - Median rent
 - Share people of color

Key Variables

- Indicators of financial distress (HPS)
 - Income loss
 - **Behind on rent**
 - **ERA application**
 - **ERA acceptance**
- Householder characteristics/region (HPS)
 - **Race/ethnicity**
 - **Household income**
 - **Region**
- Neighborhood characteristics (ACS)
 - **Poverty rate**
 - Median household income
 - Median rent
 - **Share people of color**

Data Limitations

- Low response rates
- Indicators of financial distress are self-reported and interpretations of questions may vary
- Geographic representativeness of the Pulse Survey
 - 45 percent of census tracts contain 75 percent of all renters in the ACS; 42 percent of census tracts contain 75 percent of all renters in the HPS
 - 39 percent of census tracts contain 75 percent of all lower-income renters in the ACS; 20 percent of census tracts contain 75 percent of all lower-income renters in the HPS

Results

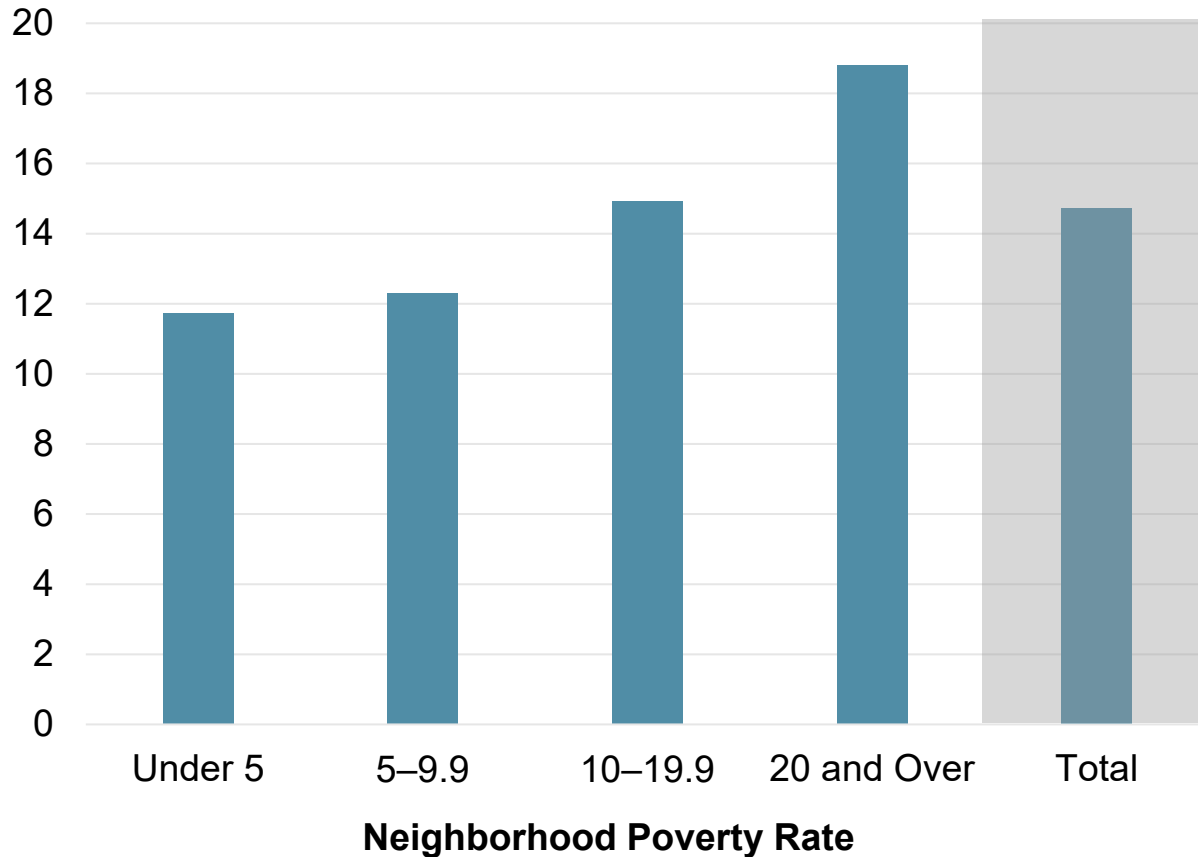




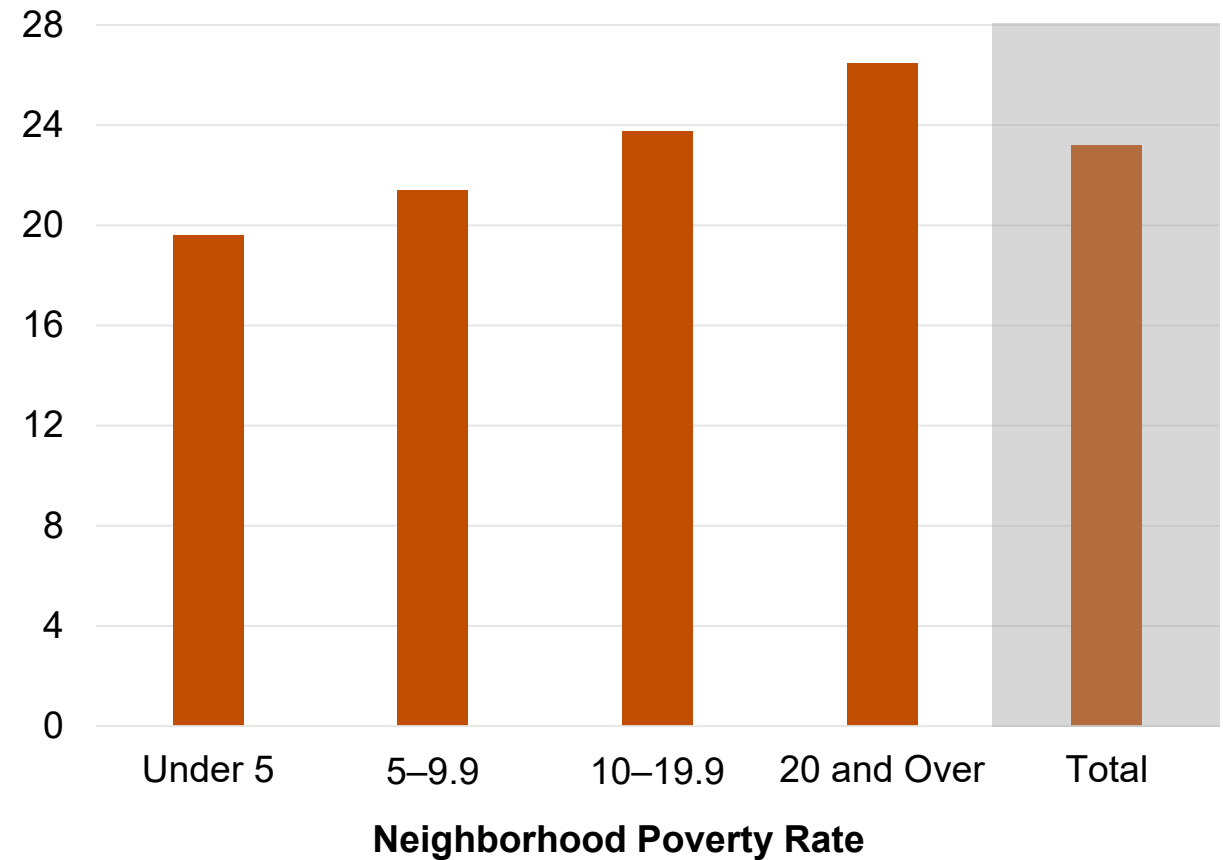
Rates of Financial Distress by Neighborhood Type

Rates of Financial Distress Were Highest in High-Poverty Neighborhoods...

Share of Households Behind on Rent (Percent)



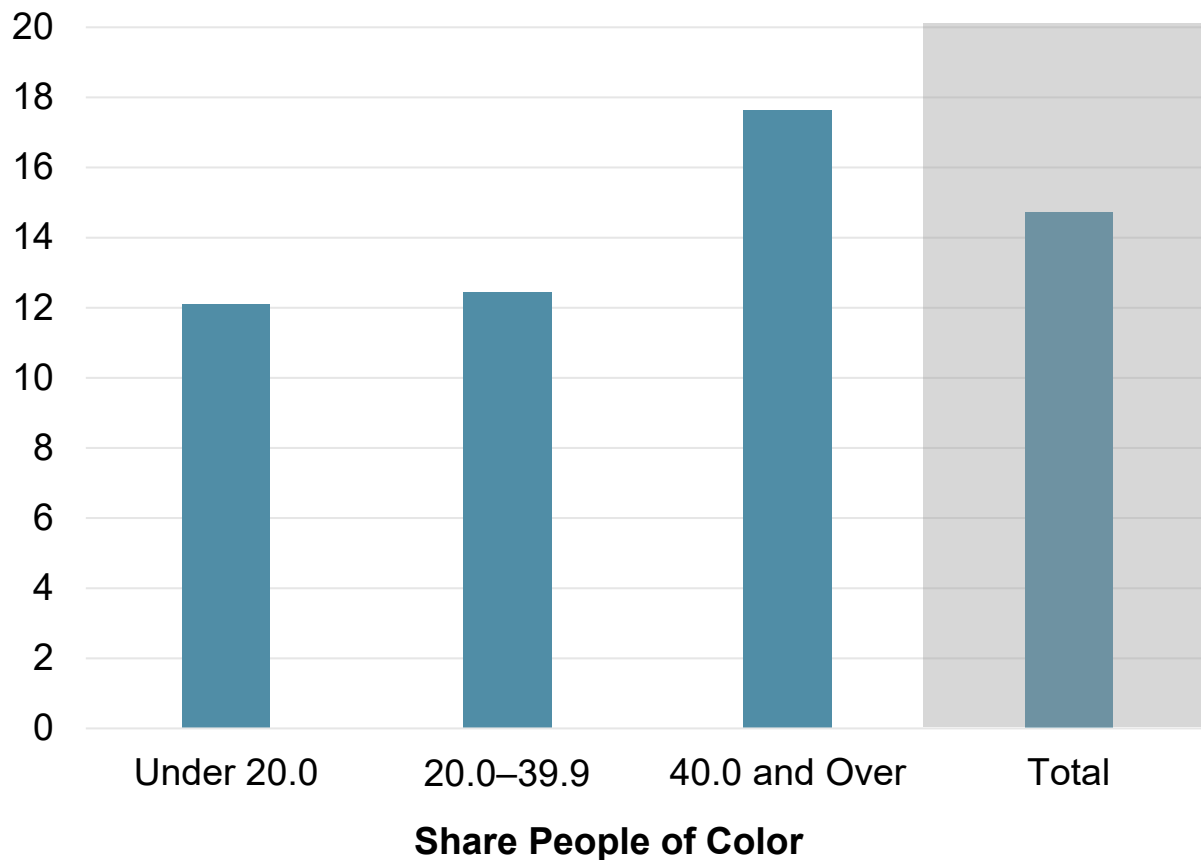
Share with Lost Employment Income (Percent)



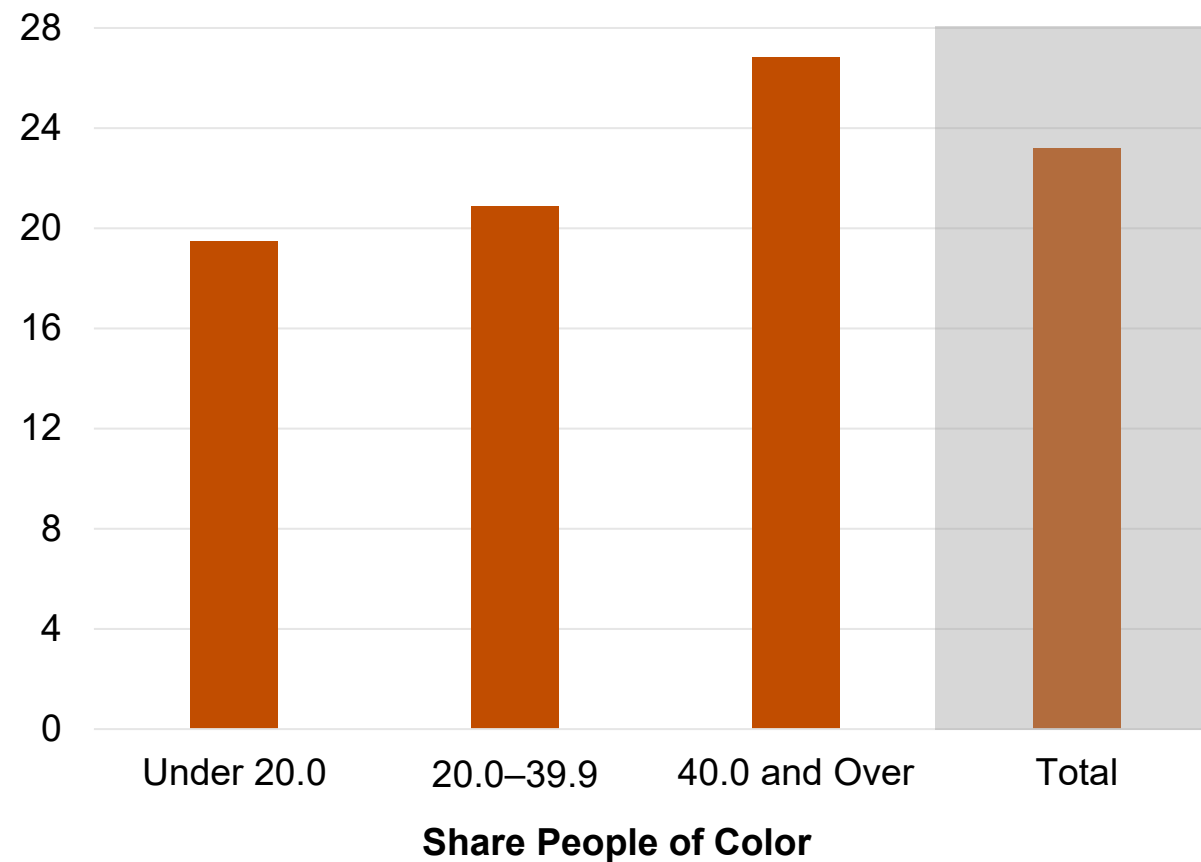
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

... and in Neighborhoods with Higher Shares of People of Color

Share of Households Behind on Rent (Percent)



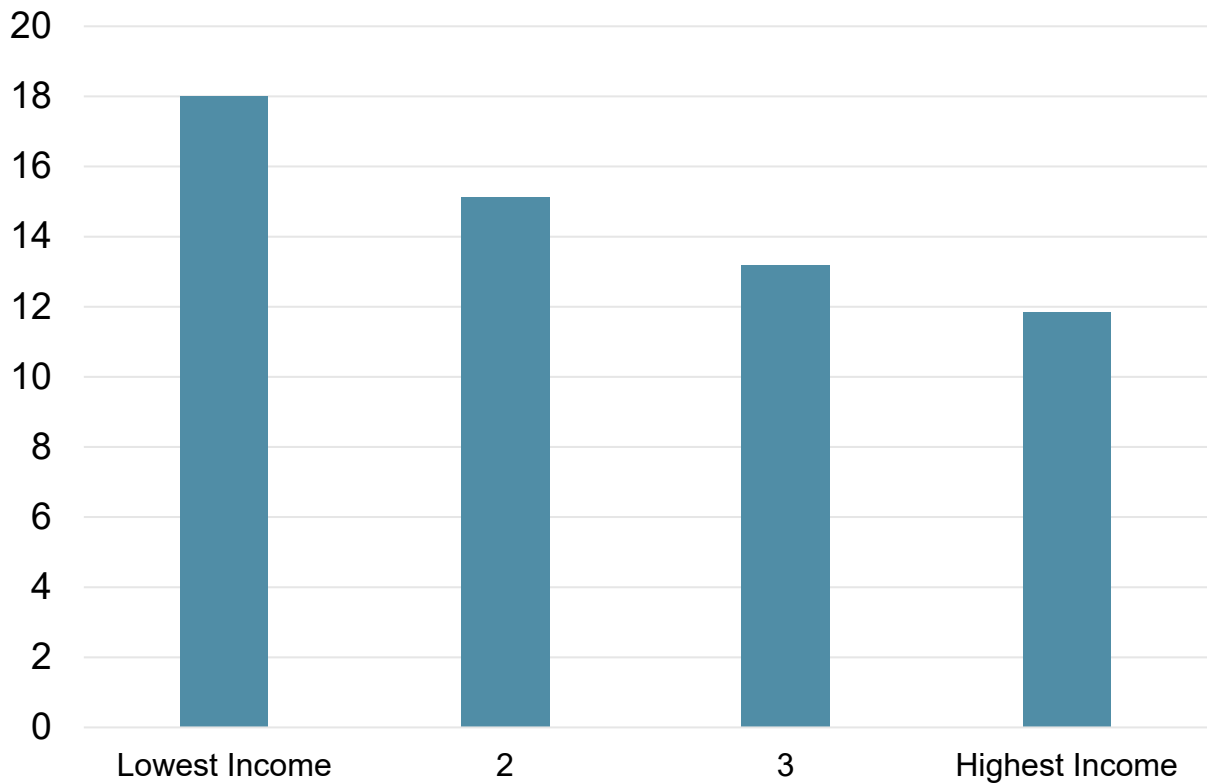
Share with Lost Employment Income (Percent)



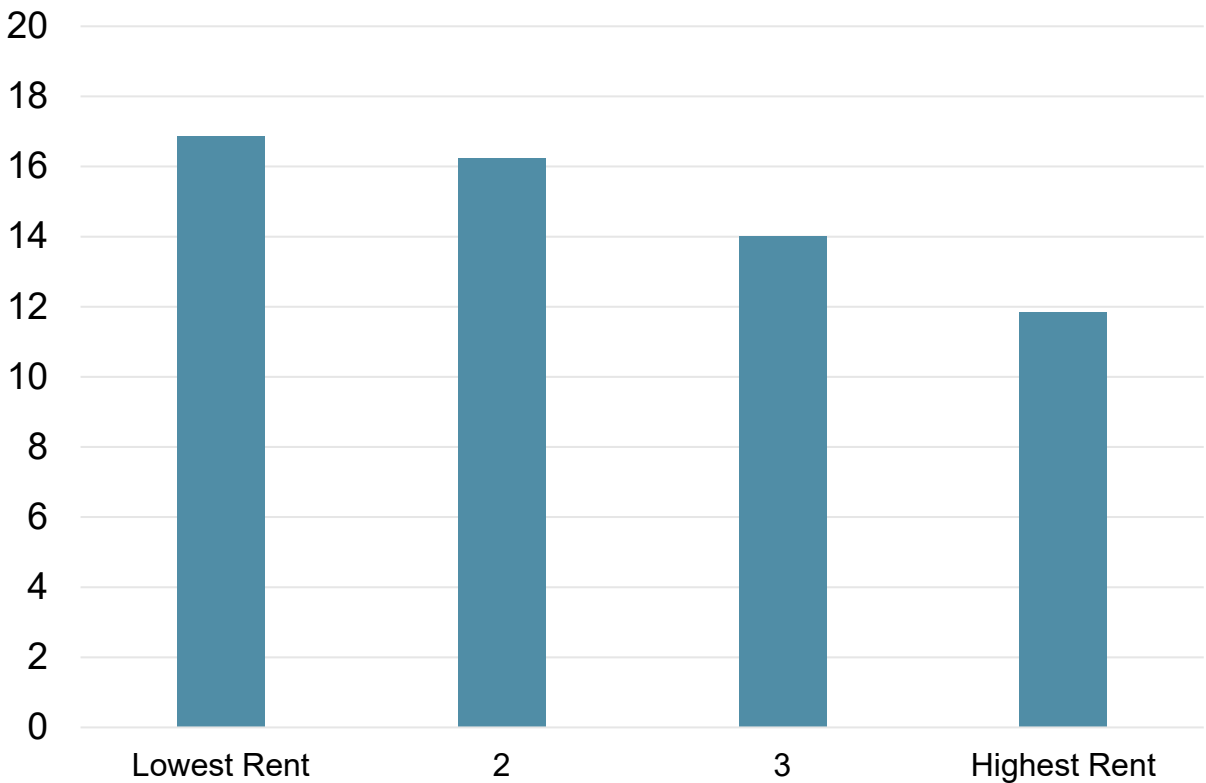
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

Rental Arrears Were Also Higher in Lower-Income and Lower-Rent Neighborhoods

Share of Households Behind on Rent (Percent)



Metro Area Income Quartile



Metro Area Rent Quartile

Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.



Concentration of Financial Distress

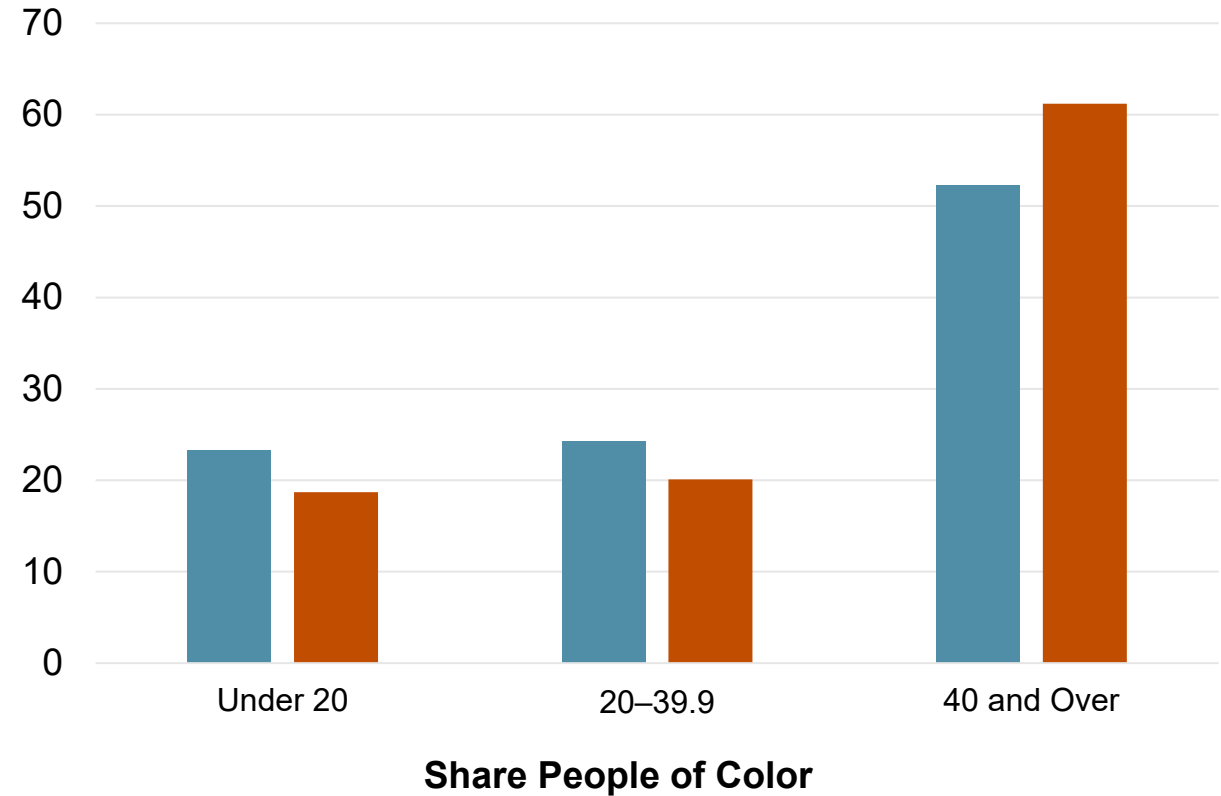
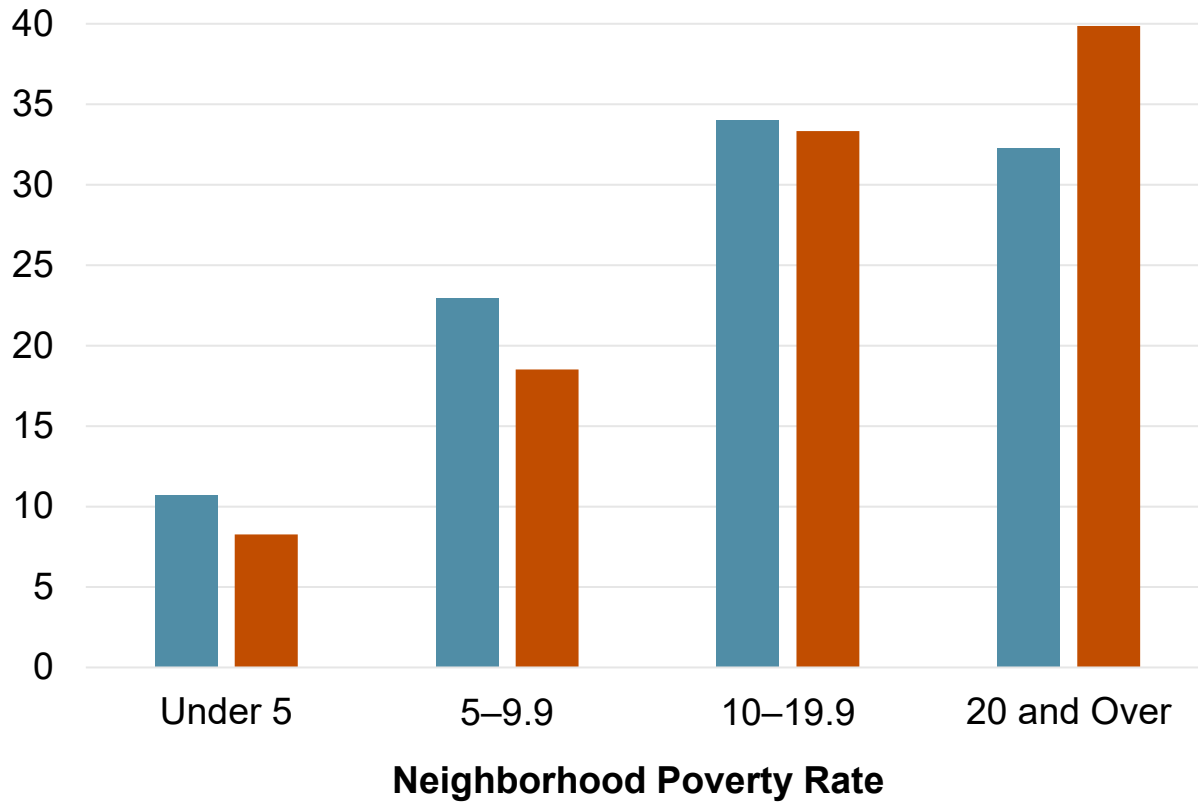
Renters Were More Likely to Experience Financial Distress in the Neighborhoods with High Shares of Renter Households

Share of Renter Households (Percent)

	Share Behind on Rent (HPS)	Distribution of Renters (ACS)
Poverty Rate		
Under 5.0	11.8	10.7
5.0–9.9	12.3	22.9
10.0–19.9	14.9	34.0
20.0 and Over	18.8	32.3
Share People of Color		
Under 20	12.1	23.3
20–39.9	12.4	24.3
40 and Over	17.6	52.3
Total	14.7	100.0

Renter Financial Distress Is Concentrated in High-Poverty Neighborhoods and Communities of Color

Distribution of Renter Households (Percent)



■ All Renters ■ Renters Behind on Rent

Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.



Rates and Concentration of Financial Distress by Region

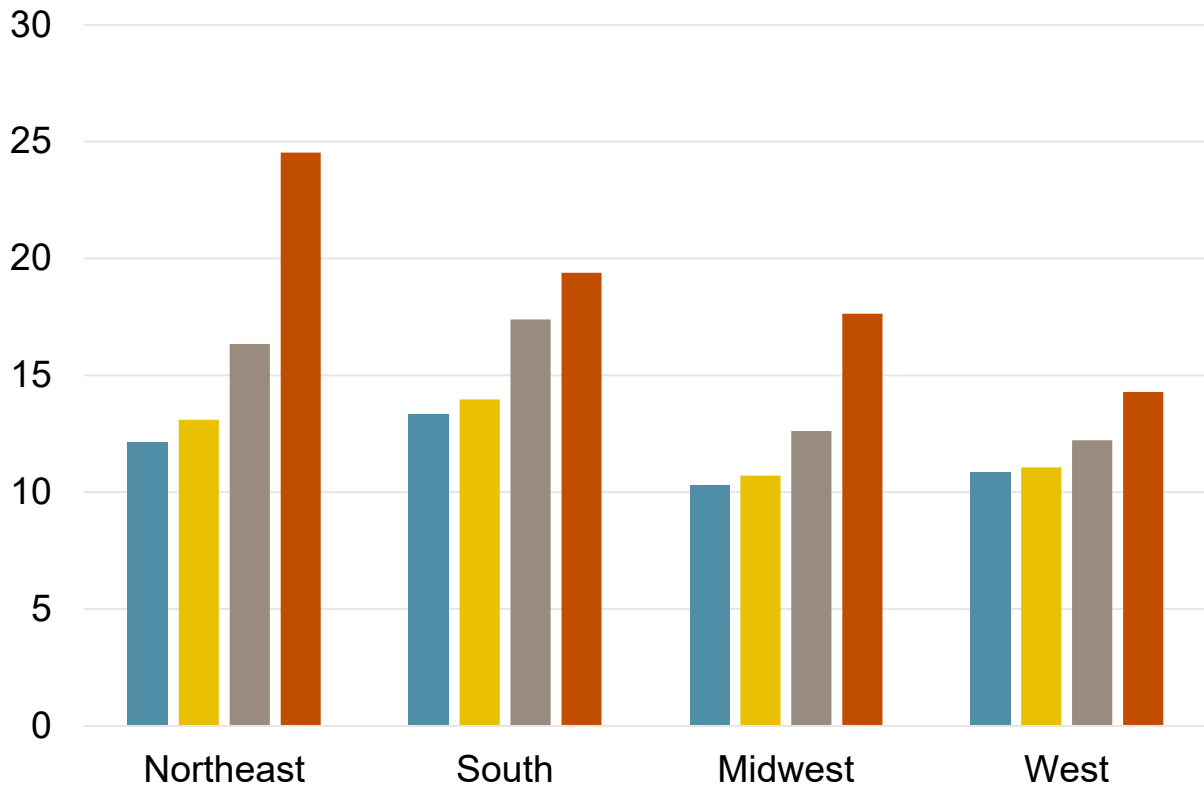
Renters Were More Likely to Fall Behind in the Northeast and South; Widest Range of Outcomes at the Neighborhood Level Was in the Northeast

Share of Households Behind on Rent (Percent)

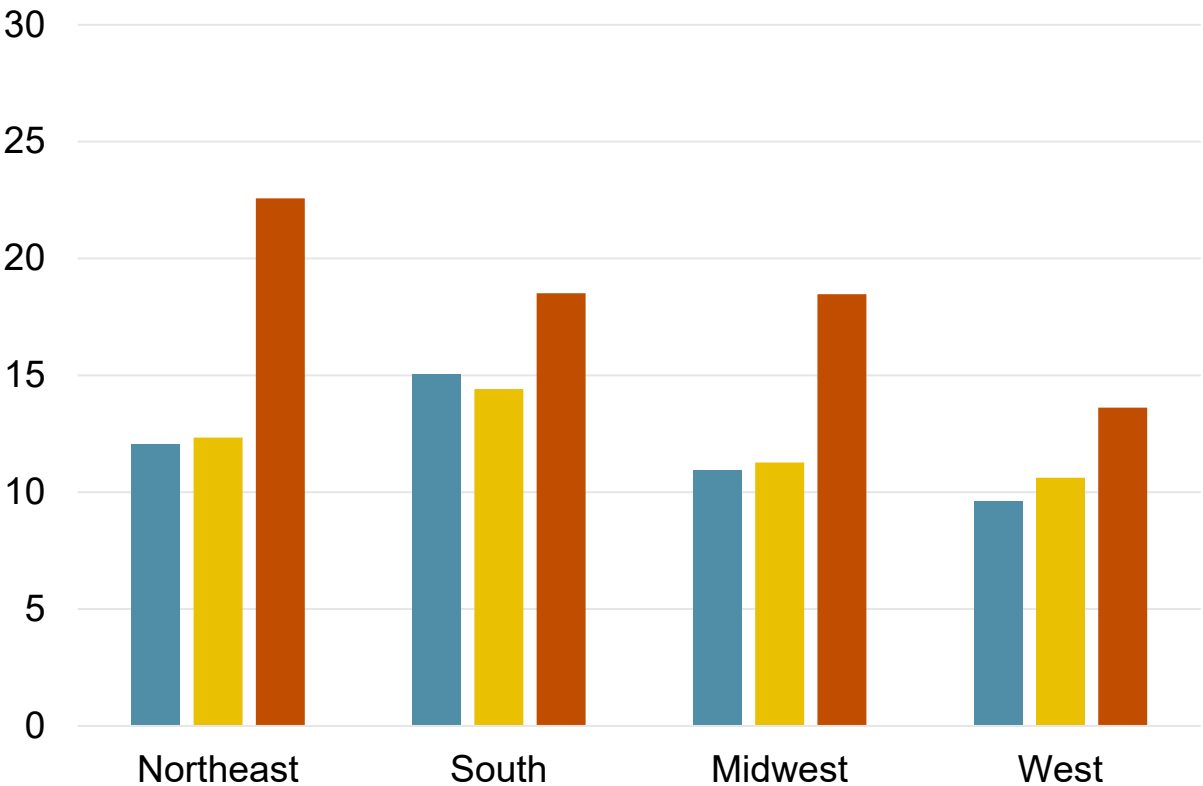
	Northeast	South	Midwest	West
Total	16.6	16.7	13.0	12.1
Poverty Rate				
Under 5.0	12.1	13.3	10.3	10.8
5.0–9.9	13.1	14.0	10.7	11.1
10.0–19.9	16.3	17.4	12.6	12.2
20.0 and Over	24.5	19.4	17.6	14.3
Share People of Color				
Under 20	12.0	15.1	11.0	9.6
20–39.9	12.3	14.4	11.3	10.6
40 and Over	22.6	18.5	18.5	13.6

Renters Were More Likely to Fall Behind in the Northeast and South; Widest Range of Outcomes at the Neighborhood Level Was in the Northeast

Share of Households Behind on Rent (Percent)



Poverty Rate Under 5.0 5.0–9.9 10.0–19.9 20.0 and Over

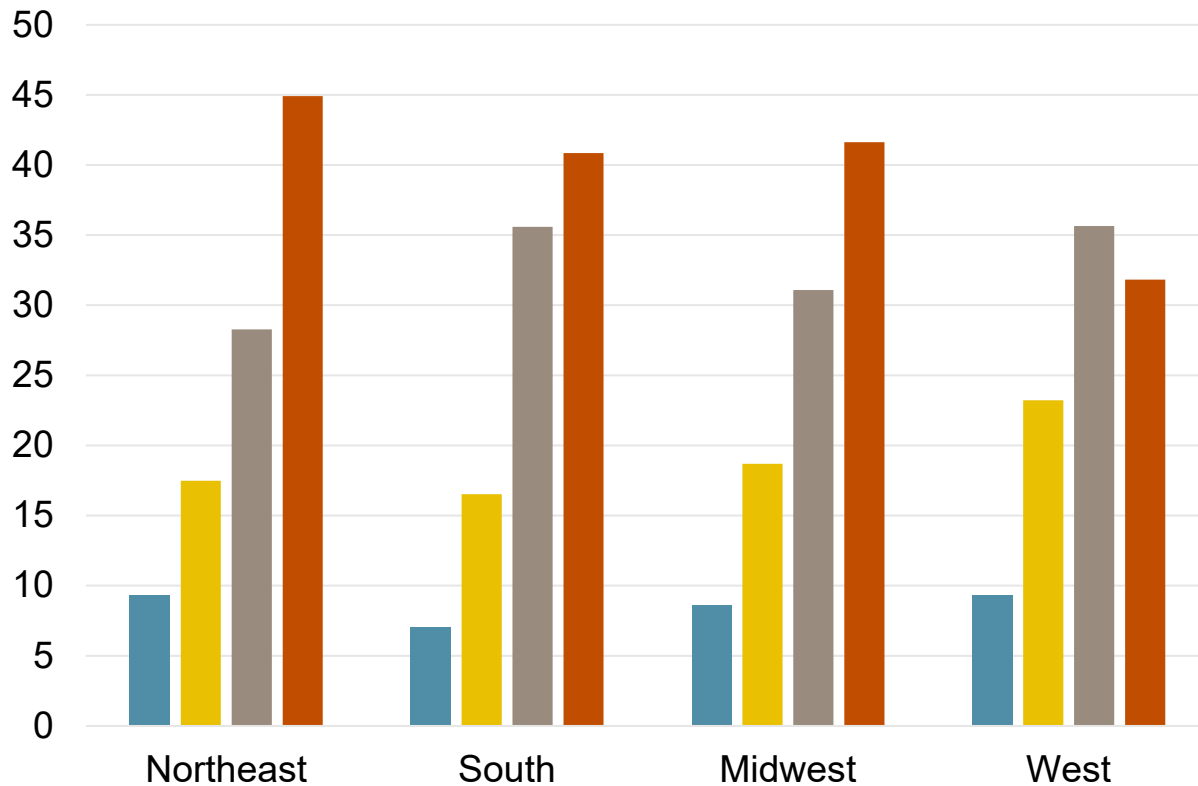


Share People of Color Under 20 20–39.9 40 and Over

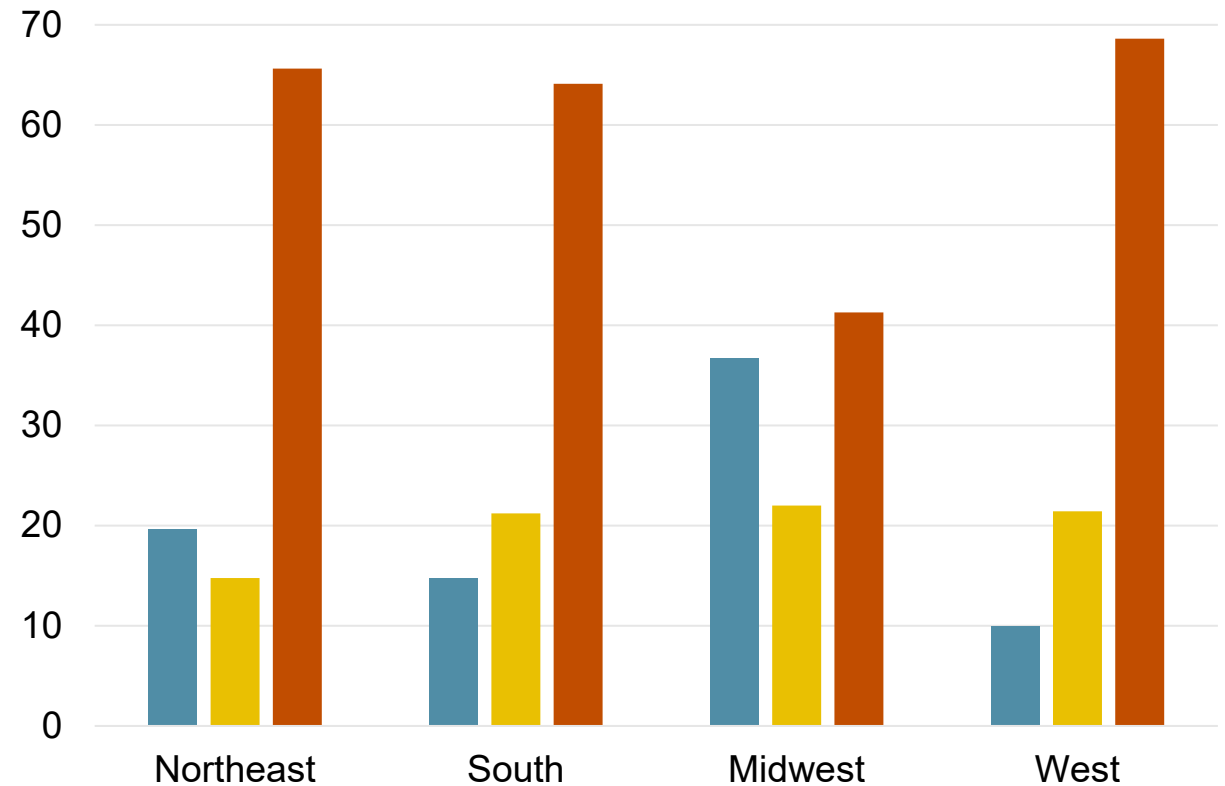
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

Renters in Financial Distress Are Especially Common in Higher-Poverty Neighborhoods and Communities of Color Across All Regions

Distribution of Renters Behind on Rent (Percent)



Poverty Rate ■ Under 5.0 ■ 5.0–9.9 ■ 10.0–19.9 ■ 20.0 and Over



Share People of Color ■ Under 20 ■ 20–39.9 ■ 40 and Over

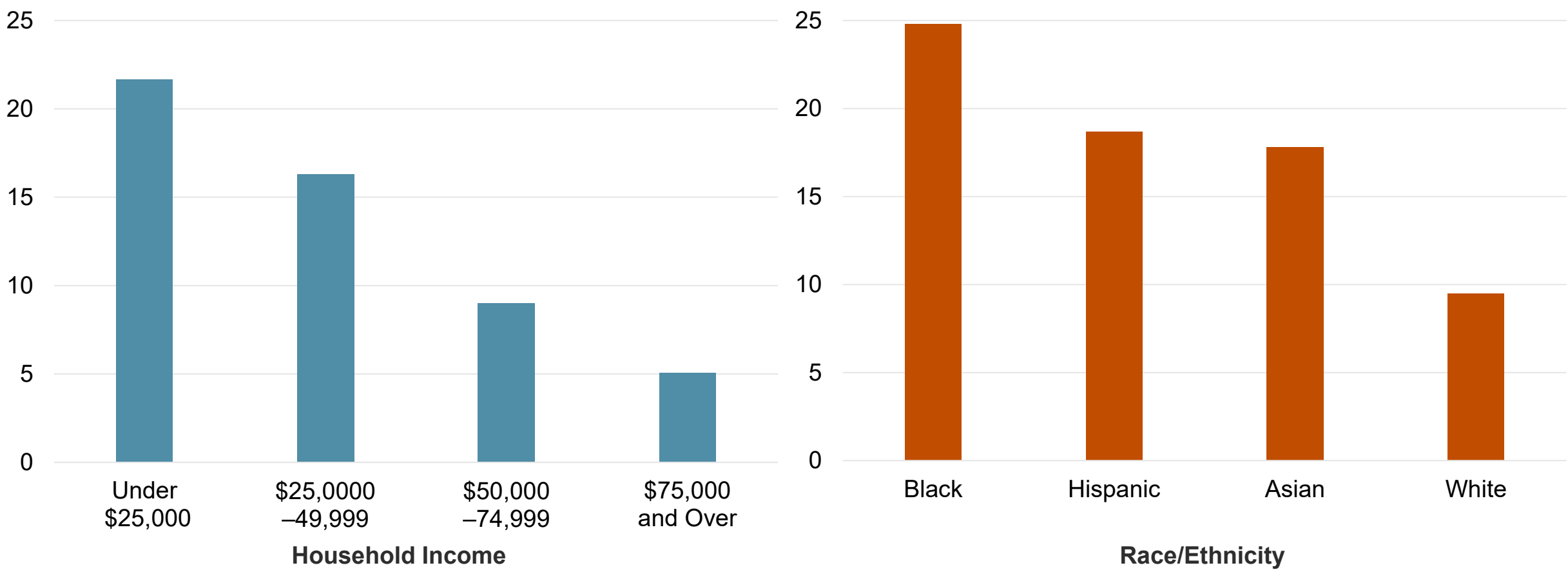
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.



Intersection of Household and Neighborhood Characteristics

Lower-Income Households and Households of Color Were Far More Likely to Fall Behind on Rent

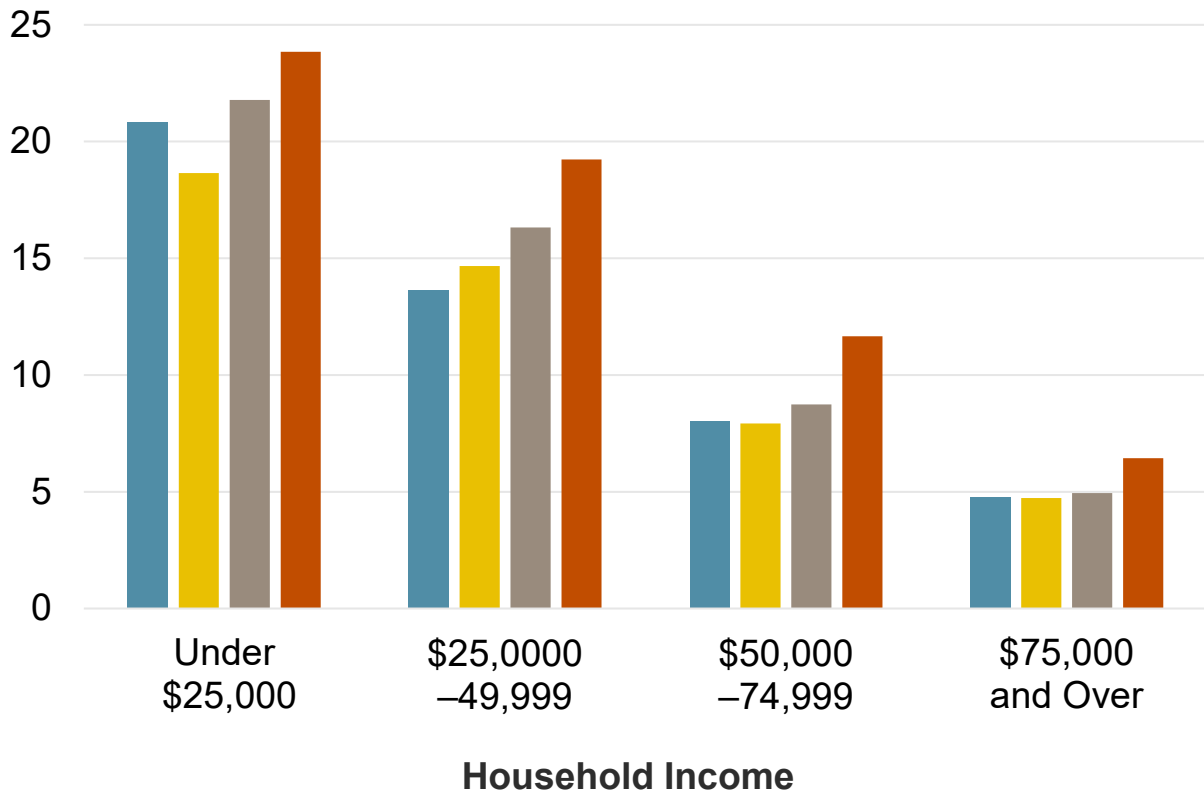
Share of Renters Behind on Rent (Percent)



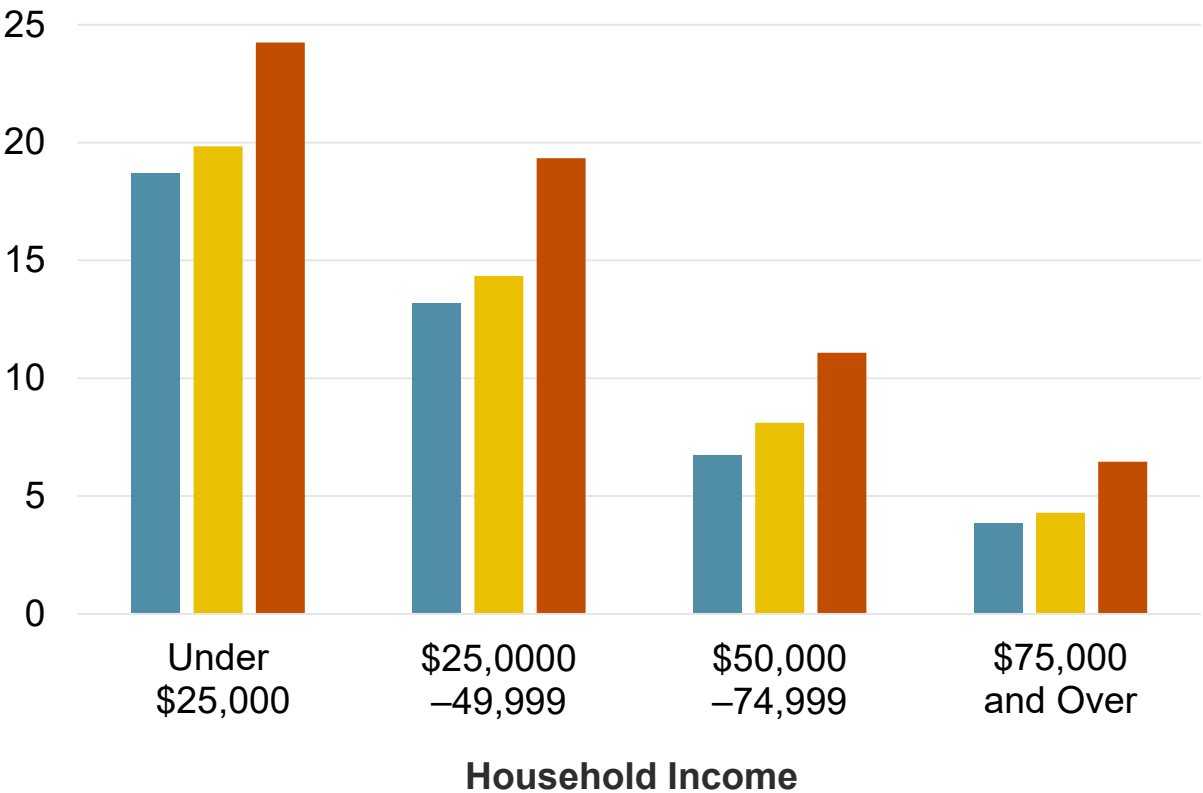
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

Within Income Groups, Households in High-Poverty Tracts and Communities of Color Were Most Likely to Experience Financial Distress

Share of Renters Behind on Rent (Percent)



Poverty Rate ■ Under 5.0 ■ 5.0–9.9 ■ 10.0–19.9 ■ 20.0 and Over

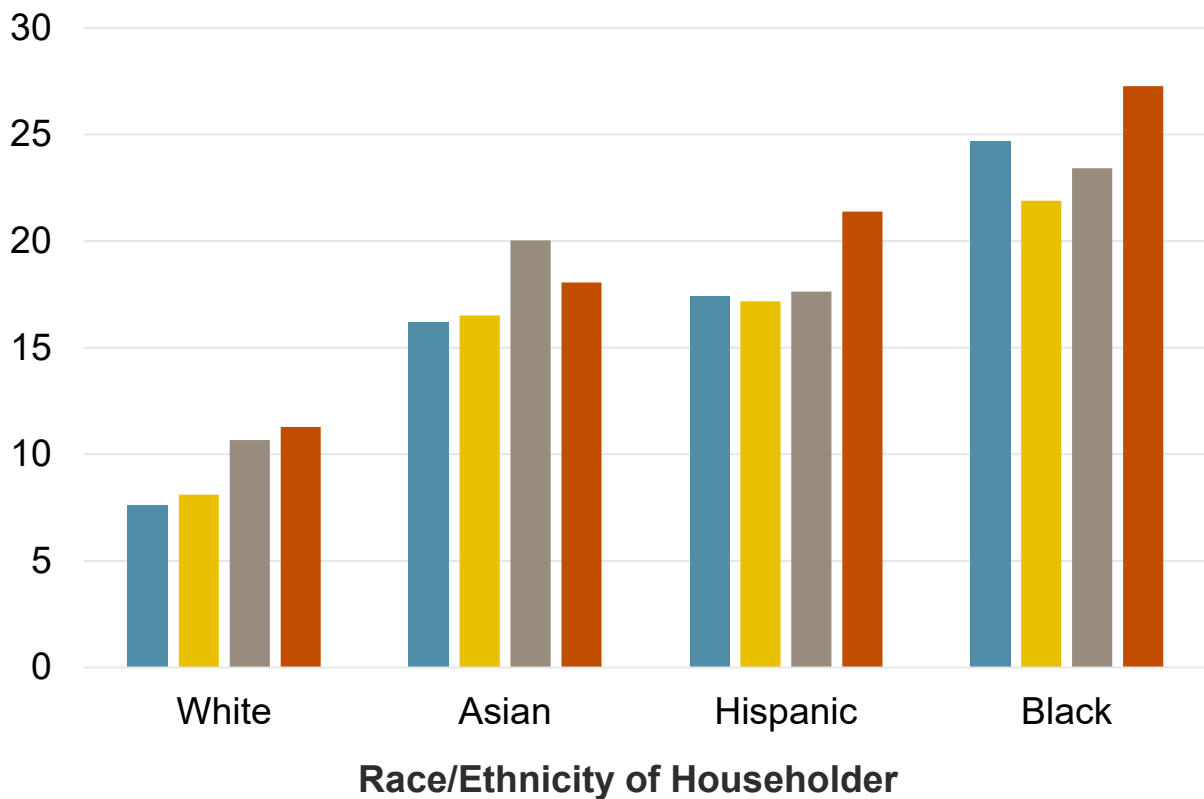


Share People of Color ■ Under 20 ■ 20–39.9 ■ 40 and Over

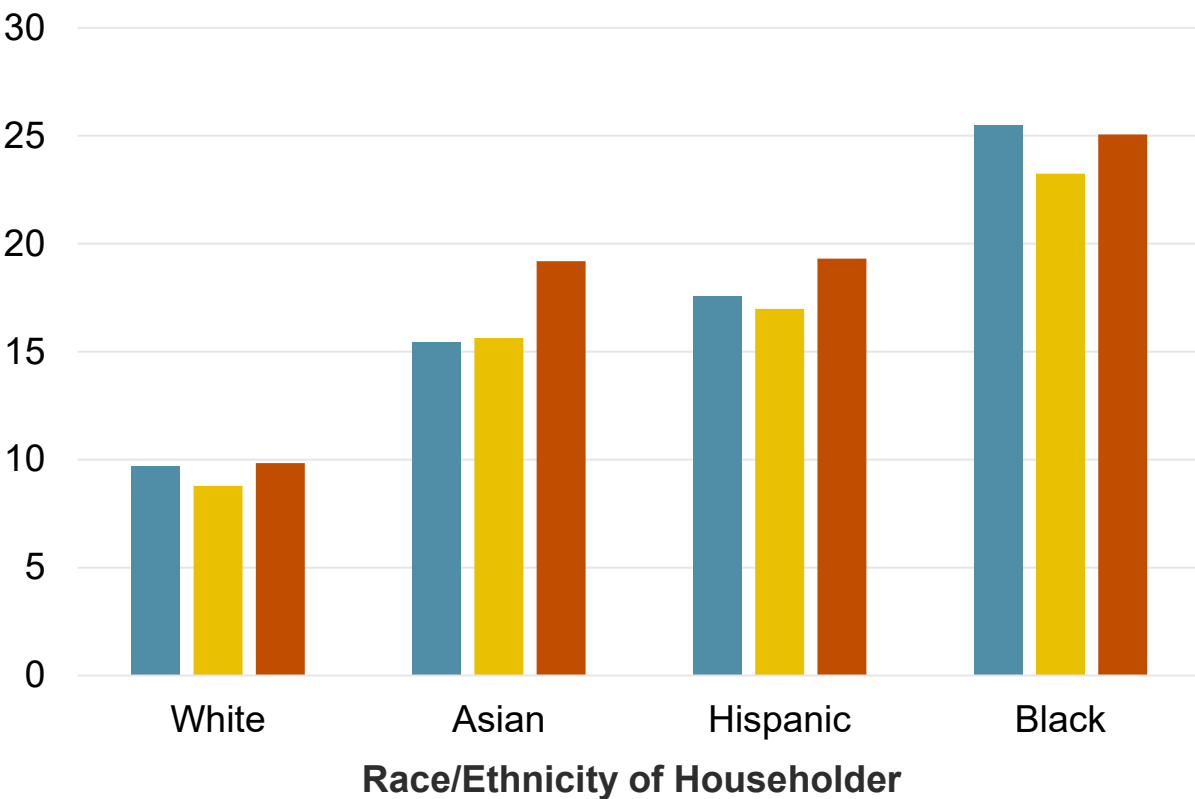
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

Regardless of Neighborhood Context, Households of Color Were More Likely to Fall Behind on Rent Compared to White Households

Share of Renters Behind on Rent (Percent)



Poverty Rate ■ Under 5.0 ■ 5.0–9.9 ■ 10.0–19.9 ■ 20.0 and Over



Share People of Color ■ Under 20 ■ 20–39.9 ■ 40 and Over

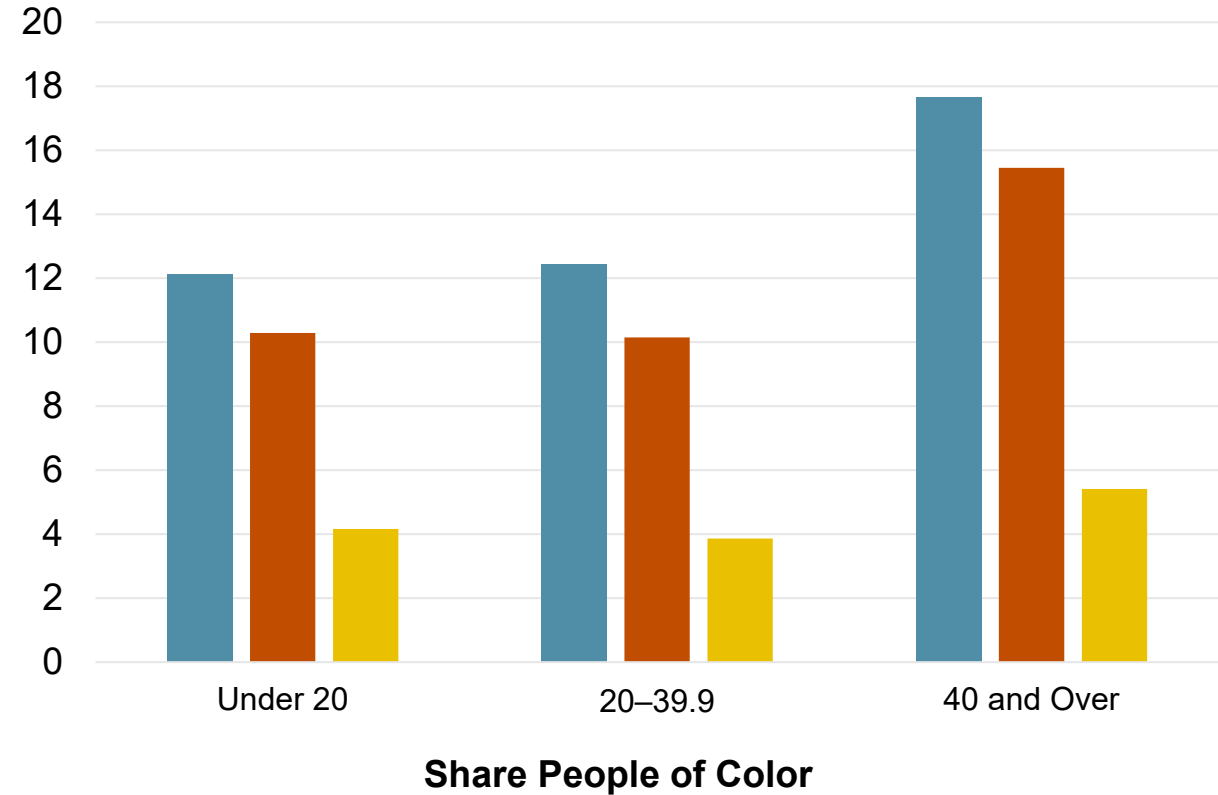
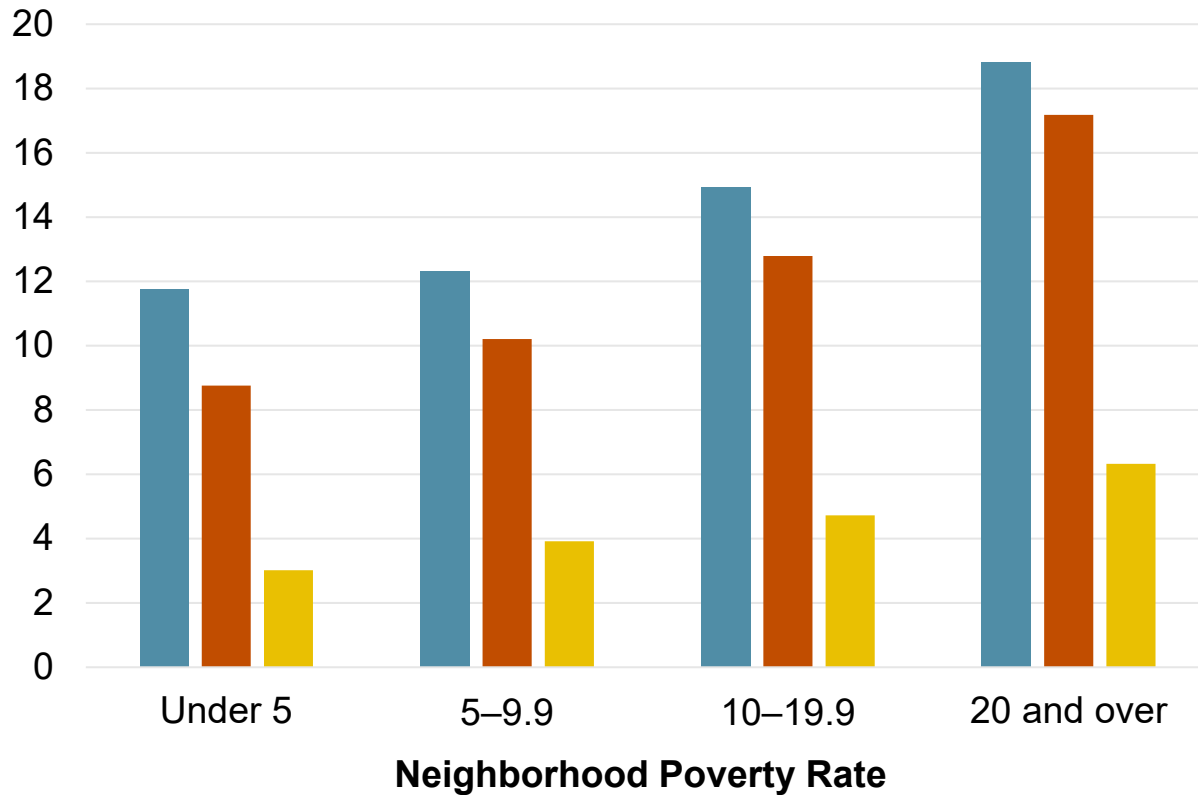
Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

The background of the image is a photograph of a row of multi-story brownstone houses, likely in an urban setting like New York City. The houses have multiple windows, some with shutters, and small balconies. Bare trees are visible in front of the houses, and a sidewalk with a street lamp is in the foreground. The entire image is covered with a semi-transparent orange filter. Centered over this background is the text "Emergency Rental Assistance" in a white, sans-serif font.

Emergency Rental Assistance

Emergency Rental Assistance Application and Acceptance Rates Are Higher in Neighborhoods with Greater Distress

Share of Renter Households (Percent)

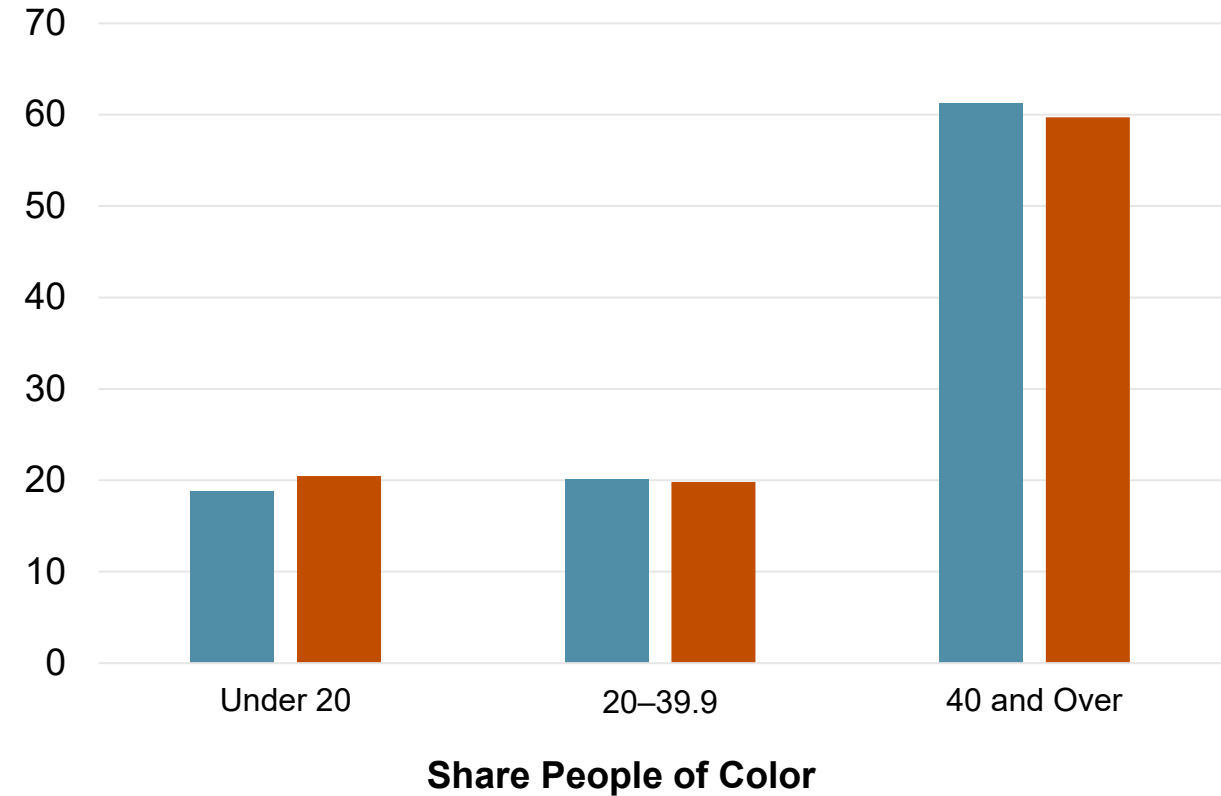
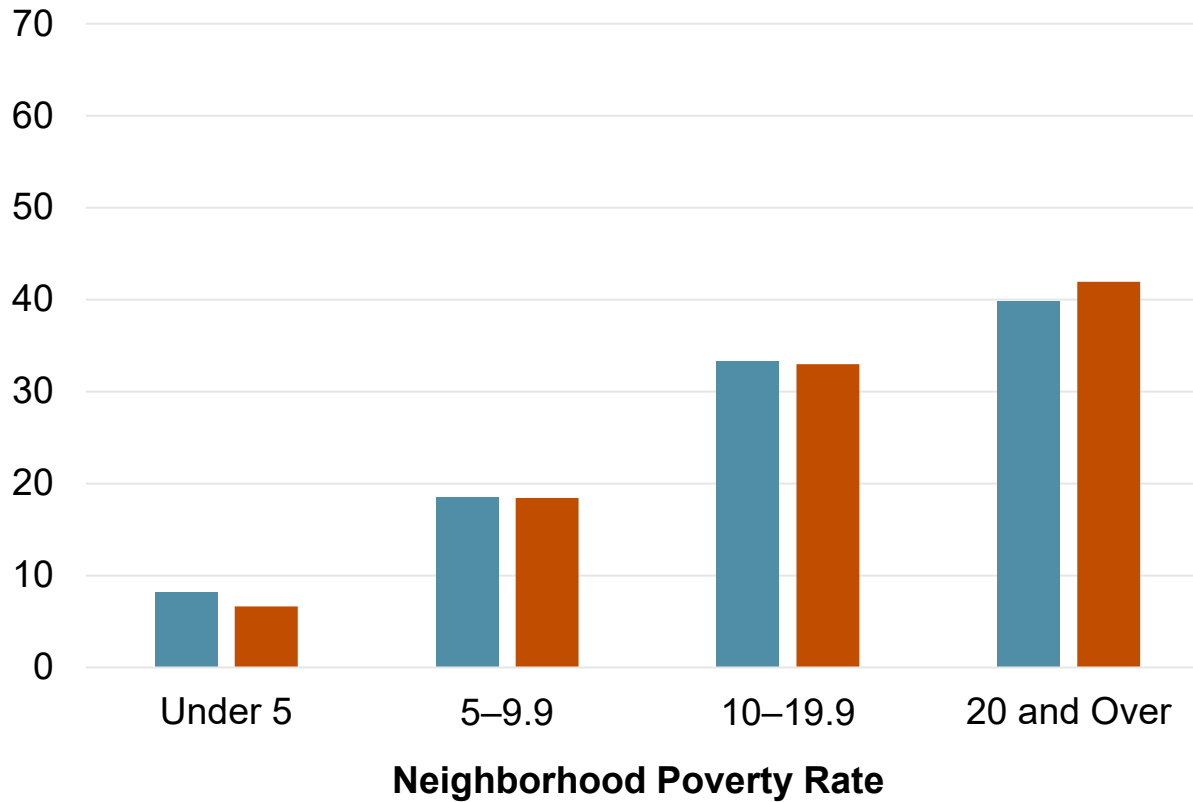


- Behind on Rental Payments
- ERA Application
- ERA Acceptance Among All Cash Renters

Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28–42.

Rental Assistance Is Concentrated in Neighborhoods with the Greatest Need

Distribution of Renter Households (Percent)



■ Behind on Rent ■ ERA Recipients

Source: Author tabulations of US Census Bureau Household Pulse Survey, Weeks 28-42.



Policy Implications and Conclusions

Policy Implications and Conclusion

- Neighborhood characteristics provide a helpful metric for understanding the extent of renter financial distress
- For programs meant to alleviate financial distress, neighborhood characteristics can be used to prioritize or target areas with the greatest need
- Disparities by neighborhood type should also help with assessments of program efficacy, especially when detailed demographic information on recipients is not collected or is deemed too sensitive
- If financial spillover effects are also geographically concentrated, then programs remedying the financial fallout of the pandemic more broadly must also reach neighborhoods with the greatest need
- Importance of consistent, high-quality, and timely data on the challenges renter households face



Thanks! Questions?