

# The Impact of the Pandemic on Landlords

## Evidence from Two National Surveys

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## **The Impact of the Pandemic on Landlords: Evidence from Two National Surveys**

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## **Introduction**

The pandemic has resulted in profound economic hardship for US households, with millions losing their jobs, facing greatly curtailed hours, or unable to work due to the need to care for young children or vulnerable family members. The pandemic's financial consequences have been disproportionately borne by the nation's renters, who have been more likely to report lost income due to the pandemic and to miss housing payments as a result (Airgood-Obrycki and Hermann, 2021). These missed rental payments also have implications for the nation's landlords, but much less is known about how they have fared and how they have responded to this significant shortfall in rent collections.<sup>1</sup>

With limited data generally available on the characteristics of rental property owners, two recent national surveys provide valuable information about these owners and their practices. The findings from these studies yield insights for policy makers about the relationship between landlord management practices and tenants' ability to weather a period of financial distress, as well as about the implications of the loss of rent and market disruption for the future financial stability of rental properties, particularly in communities of color and low-income neighborhoods.

This paper provides a synthesis of findings from these two surveys and identifies several key implications for policy makers regarding both current and longer-term efforts needed to support renters and stabilize rental markets through times of financial crisis.

## **Comparing the Surveys**

This synthesis paper draws on the findings of two surveys conducted between February and April of 2021: one fielded by de la Campa, Reina, and Herbert (2021) and the other led by Decker (2021b). Both surveys were designed to explore the pandemic's impact across different types of landlords, properties, and rental markets, and each built on previous survey efforts (de la Campa 2021; Reina et al. 2020; Reina and Goldstein 2021; Decker 2020).

Each survey collected information at two levels, asking respondents a series of questions about (1) the characteristics of owners and their rental portfolios, and (2) a representative property or

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<sup>1</sup> There are several notable exceptions, though these studies have often been limited in scope or context. For example, research from the National Multifamily Housing Council (2020) shows that rental payments during the pandemic have been down only slightly for large, institutional investors, while survey data focused on smaller-scale landlords suggests that this population has struggled significantly with rent collection (Choi and Goodman 2020; de la Campa 2021). Those studies that have been able to bridge the gap across landlords' portfolio sizes add important context to owners' exposure to losses and responses to the pandemic, but they have been focused on specific cities and thus cannot necessarily be generalized across other markets (Reina et al. 2020; Reina and Goldstein 2021).

properties within their portfolio. Both surveys captured information about rental payment, profitability, and actions landlords have taken to manage their rental business pre- and post-pandemic. These similarities facilitate comparisons that help deepen our understanding of the pandemic’s impact on these under-studied segments of the market. However, there are also key distinctions between the two surveys (Table 1). Those differences mean that each survey yields unique insights, but they can also complicate a direct comparison of the surveys’ results.

**Table 1. Comparison of Key Features of the Decker and de la Campa et al. Surveys**

	<b>Decker</b>	<b>de la Campa, Reina, and Herbert</b>
<b>Sample</b>	A random sample of 93,000 owners of 1- to 4-unit rental properties (including rented condos) in the 149 most populous metropolitan areas, stratified by portfolio size, with larger owners over-sampled	A survey of 58,000 rental property owners in 10 partner cities
<b>Source of Contact Information</b>	Comprehensive ATTOM assessors and recorders data with identity resolution performed by Roofstock	Rental dwelling registries maintained by the city (8 cities), or tenant applications for emergency rental assistance (2 cities)
<b>Outreach to Landlords</b>	By mail, three invitation postcards sent at 2 week intervals	By text (2 cities) and email (8 cities)
<b>Survey Administration</b>	Online	Online
<b>Timeframe</b>	2/16/21 to 4/17/21	02/04/21 to 04/23/2021
<b>Response Rate</b>	About 2 percent (1,690)	About 5 percent (2,500)
<b>Follow-up Interviews</b>	In-depth interviews were conducted with 40 landlords	None
<b>Topics Covered*</b>	<ul style="list-style-type: none"> <li>● Owner characteristics</li> <li>● Management practices</li> <li>● Property characteristics</li> <li>● Impact of pandemic</li> </ul>	<ul style="list-style-type: none"> <li>● Owner characteristics</li> <li>● Management practices</li> <li>● Property characteristics</li> <li>● Impact of pandemic</li> </ul>

*\*While the surveys cover the same general topics, differences exist in the number and wording of questions asked.*

For instance, to implement the de la Campa, Reina, and Herbert survey, the research team partnered with ten US cities.<sup>2</sup> In eight of these cities, the authors sent survey invitations to all landlords with at least one rental property registered on their city’s rental registry.<sup>3</sup> For the remaining two, invitations were distributed to landlords with at least one tenant who applied for –though did not necessarily receive – emergency rental assistance.<sup>4</sup> In all, 58,000 landlords received an invitation to participate, and over 2,500 landlords completed the survey.

In each city of the de la Campa, Reina, and Herbert study, a diverse set of landlords was recruited to participate – owners of properties ranging from single-family rentals, to condominium rentals, to large apartment buildings with dozens of units.<sup>5</sup> Ultimately, roughly two-thirds of survey respondents owned between 1 and 5 rental units, 17 percent owned between 6 and 19, and an additional 17 percent owned 20 or more units.

In comparison, Decker’s survey focused on the owners of small rental properties (1- to 4-unit buildings, also referred to as single-family rentals) in the cities and suburbs of the nation’s large to mid-sized metros. Decker’s sample was stratified by owner portfolio size to match national estimates of small rental property owners’ rental holdings. In practice, this involved oversampling owners with larger portfolios (more than 10 units) since nearly 90 percent of small rental properties are held by owners with 10 or fewer units.<sup>6</sup> Ultimately, 1,690 landlords out of the 93,000 contacted responded to Decker’s

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<sup>2</sup> Cities were recruited through the Bloomberg Harvard City Leadership Initiative network, as well as through ongoing rent-relief evaluations conducted by the Housing Initiative at Penn. Overall, the research team had conversations with over 40 US municipalities, and wound up partnering with Akron, Ohio; Albany and Rochester, New York; Indianapolis, Indiana; Los Angeles, California; Minneapolis, Minnesota; Philadelphia, Pennsylvania; Racine, Wisconsin; San Jose, California; and Trenton, New Jersey.

<sup>3</sup> In general, rental registries exist to ensure safe living conditions for renters, and they typically require owners of residential rental properties to obtain a permit and/or pass an interior inspection before units can be legally leased to tenants. Rental registries are not the norm for US cities, and there is no comprehensive assessment of which cities have such registries. Anecdotally, registries in one form or another are present in a substantial share of larger cities – particularly those in the Northeast and Midwest.

<sup>4</sup> Though one may be concerned that selecting landlords based on participation in rental assistance programs would bias the sample toward landlords that were more likely to have tenants behind on rent, in fact rental payment rates are nearly identical when including or excluding from the analysis cities where contact information was obtained from emergency rental assistance applications. See de la Campa, Reina and Herbert (2021) for further details.

<sup>5</sup> Fifty percent of survey respondents report owning at least one single-unit rental property, 50 percent report owning at least one two- to four-unit property, and 20 percent report owning apartment buildings of any size, with 5 percent owning buildings of more than 20 units. Respondents could select multiple options for the types of rental properties they own, and thus, results will not sum to 100.

<sup>6</sup> Specifically, an estimated 85 to 88 percent of single-family rentals are held by owners with 10 or fewer units (Freddie Mac 2018; Strochak 2017). The remaining 15 percent of units are held by larger-scale owners, although most of these owners are individuals. Institutional investors such as American Homes 4 Rent and Invitation Homes hold only about 2 percent of single-family rental units (Strochak 2017).

survey and 40 completed in-depth interviews, ranging from owners of one rental unit to owners with dozens of units scattered across multiple properties. All statistics presented in Decker (2021b) and this paper are weighted to correct for the sample stratification.<sup>7</sup>

The Current Population Survey (CPS), which asks respondents about whether they receive rental property income, provides additional context to compare and better understand differences in respondent characteristics. For instance, Decker’s respondents hew more closely to the CPS in terms of race and ethnicity, while de la Campa, Reina, and Herbert’s respondents were somewhat more likely to be people of color (Table 2). This difference may in part reflect the fact that de la Campa, Reina, and Herbert’s respondents come solely from large cities, while Decker’s survey captures respondents from both urban and suburban areas. Both studies also find landlords are older than the general population, consistent with the CPS, although Decker’s respondents skew even older. Landlords’ incomes also skew higher than those of the general population, although more than 1 in 10 reported earning less than \$50,000 a year in both Decker’s survey and the CPS.

**Table 2. Characteristics of Landlord Survey Respondents**

Race/Ethnicity	Landlord Surveys		Current Population Survey <sup>8</sup>	
	Decker	de la Campa, Reina, and Herbert	Respondent with Rental Property Income	All Adults
White Non-Hispanic	76%	66%	78%	62%
Black Non-Hispanic	6%	12%	6%	12%
Hispanic	2%	6%	7%	17%
Asian	13%	9%	8%	6%
Other Races	3%	7%	2%	2%

<sup>7</sup> A more detailed description of Decker’s survey sampling method and analysis of potential bias is presented in Decker (2021b). See de la Campa, Reina and Herbert (2021) for a detailed description of the methodology used in that study.

<sup>8</sup> US Census Bureau, Current Population Survey, Annual Social and Economic Supplement, March 2020.

<b>Age</b>				
<b>Under 30</b>	0%	0%	3%	24%
<b>30-39</b>	4%	15%	11%	17%
<b>40-49</b>	11%	18%	15%	15%
<b>50-59</b>	25%	26%	21%	16%
<b>60 and over</b>	60%	40%	50%	29%
<b>Annual Income</b>		Not Available		
<b>Under \$15,000</b>	1%		2%	6%
<b>\$15,000-49,999</b>	11%		11%	23%
<b>\$50,000-84,999</b>	14%		16%	22%
<b>\$85,000-124,999</b>	19%		18%	19%
<b>\$125,000 and higher</b>	55%		52%	31%

Moreover, both Decker’s and de la Campa, Reina, and Herbert’s surveys predominantly capture non-professional landlords: the average owner in Decker’s survey derived less than 25 percent of their income from their rental properties, and the same was true for more than half of de la Campa, Reina, and Herbert’s respondents. Both surveys found that older landlords and/or retirees were more dependent on rental income than were larger, more professionalized landlords. (See Box 1 for a description of terms used in this paper to characterize landlords and the properties covered by these surveys.)

### ***A Note on Terms***

While neither survey includes major “institutional” landlords, the scale of owners captured in each survey varies in important ways: in terms of the type of rental stock and size of owner portfolios. It is therefore useful to clarify how we use key terms throughout this synthesis.

We use the terms *small rental properties* or *single-family rentals* to refer to 1- to 4-unit rental properties. “Single-family” used in this way reflects industry practices that distinguish between properties with 1-4 units that are eligible for residential financing and properties with 5 or more units that are eligible for commercial financing. As noted in Table 1, Decker restricts his survey to the former type of rental stock, while de la Campa, Reina, and Herbert do not (although most of their respondents do own this type of stock).

When referring to *smaller-scale/small* or *larger-scale/large* landlords throughout this paper, we are basing that distinction on portfolio size (i.e., number of units owned), not on the type of properties owned.

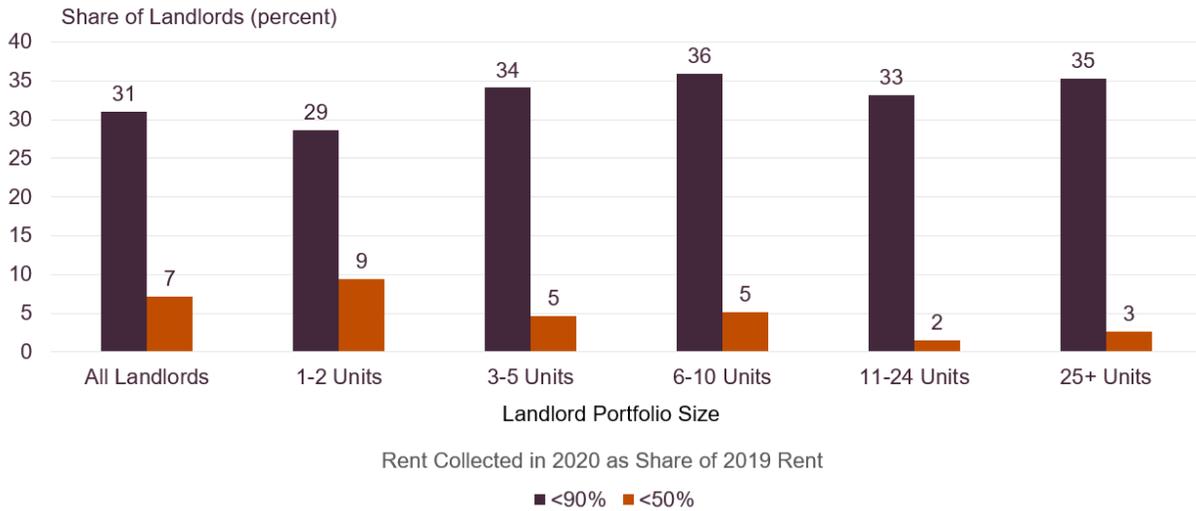
We also make some distinctions between landlords that are more or less *professionalized*. This distinction is related to portfolio size, but is more specifically a reflection of management practices (e.g., use of property management software).

## **Findings**

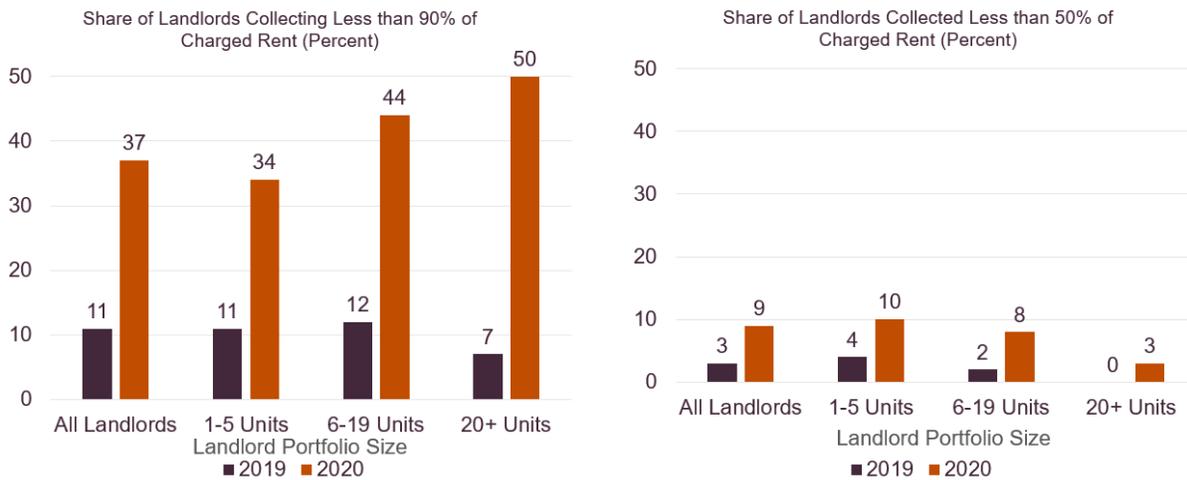
### ***A sizeable share of landlords – of all sizes and in all cities studied – report declines in rent collection during the pandemic, although smaller-scale landlords reported more substantial losses.***

Across the two surveys, similar shares of landlords reported shortfalls in rent in 2020, revealing a significant amount of financial stress. Decker found that in 2020, 31 percent of landlords received less than 90 percent of the rent collected the year before in 2019, while 7 percent collected less than 50 percent (Figure 1a). Using a slightly different measure, de la Campa, Reina, and Herbert report rent collected as a share of rent charged and found that 37 percent collected less than 90 percent of rent charged while 9 percent collected less than 50 percent charged (Figure 1b). Both of these shares were much larger than in 2019, when 11 percent of landlords reported receiving less than 90 percent of charged rent and 3 percent reported receiving less than 50 percent of charged rent.

**Figure 1a. Landlord Rent Shortfalls by Size of Landlord Portfolio, Reported by Decker**



**Figure 1b. Landlord Rent Shortfalls by Size of Landlord Portfolio, Reported by de la Campa, Reina, and Herbert**



De la Campa, Reina, and Herbert find significant rent shortfalls across all ten cities surveyed, although the proportion of landlords with tenants behind on rent varied by market. In each city, the share of landlords collecting less than 90 percent of 2020 charged rent increased by a factor of 3 to 4 times over the 2019 rate, but ranged from a low of 19 percent in Minneapolis to a high of 61 percent in Trenton. Similarly, the share of landlords collecting less than 50 percent of 2020 charged rent increased by a

factor of 2 to 5 times over the 2019 rate, ranging from 4 percent in Minneapolis to 21 percent in Trenton.

Both surveys find that owners of all portfolio sizes were exposed to rental shortfalls. De la Campa, Reina, and Herbert find that the share of landlords owed 10 percent or more of charged 2020 rent increased with portfolio size, from 29 percent among landlords with 1 to 5 units in their portfolio to 50 percent among landlords with 20 or more units. Decker finds rent losses were fairly common among owners of all portfolio sizes, though larger-portfolio owners were more likely to report rent income losses of at least 10 percent relative to 2019. Conversely, de la Campa, Reina, and Herbert find evidence of greater exposure to severe rental nonpayment for smaller landlords compared to larger ones: 10 percent of landlords with fewer than 5 units collected less than 50 percent of their charged rent during the pandemic, compared to only 3 percent of landlords with 20 or more.

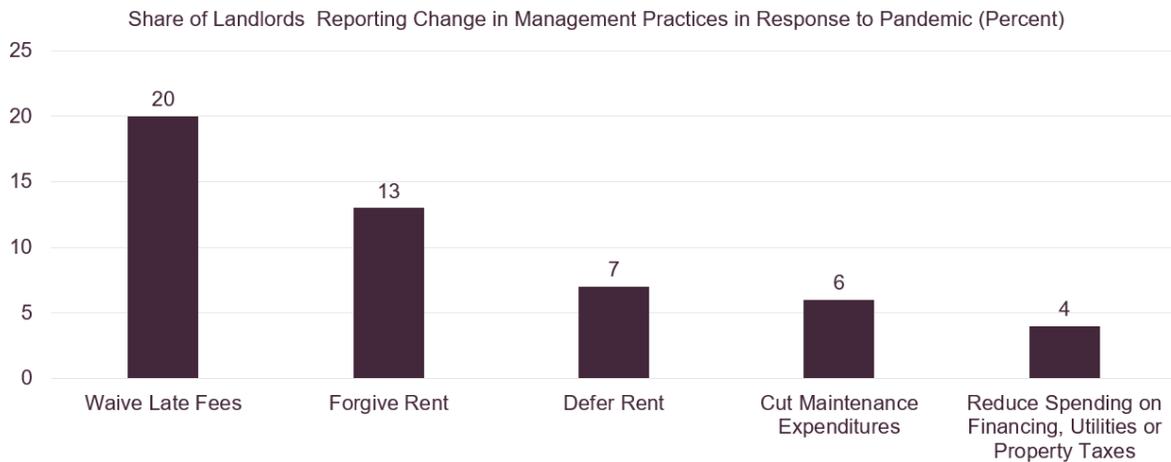
Decker also sheds light on the degree of arrearage among renters who were behind on rent. Among those still behind in rent at the time of the survey, the median renter was nearly three months behind, totaling \$2,200. However, about 19 percent owed 6 months or more of back rent, with a median rent arrearage of \$7,350.

***Compared to the prior year, during the pandemic landlords were more likely to grant concessions to tenants, defer maintenance, and reduce payments for debt and other expenses.***

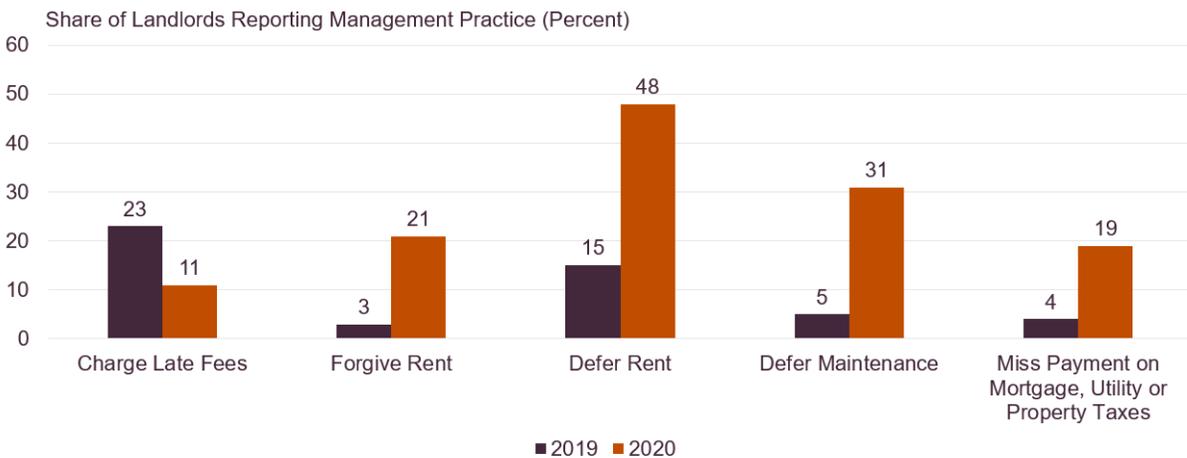
Landlords in both surveys reported increasing their willingness to offer concessions to renters during the pandemic. Decker finds several important changes in landlord practices in 2020, including 20 percent more who reported waiving fees for late rent, 13 percent more reducing rent, and 7 percent more forgiving rent (Figure 2a). Consistent with these findings, de la Campa, Reina, and Herbert find that the share of landlords charging late fees declined from 23 percent pre-pandemic to 11 percent in 2020, while the share offering to forgive rent rose from 3 to 21 percent, and the share deferring rent rose from 15 to 48 percent (Figure 2b).

These changes in management practices likely reflect both limitations on landlord actions due to public policies intended to protect tenants as well as landlords' own recognition that their tenants were facing widespread financial challenges beyond their control. In an analysis of the relationship between landlords' pandemic rent collection and business practices, de la Campa, Reina, and Herbert show that even landlords who collected 90 percent or more of their rental revenue in 2020 modified their behavior, indicating the pandemic affected business practices for reasons beyond challenges in collecting rent.

**Figure 2a. Share of Landlords Reporting Changes in Management Practices During the Pandemic, Reported by Decker**



**Figure 2b. Landlord Management Practices Before and After the Pandemic, Reported by de la Campa, Reina, and Herbert**



At the same time, both studies also found that some landlords cut expenditures during the pandemic. Not surprisingly, the share of landlords cutting expenses was highest for landlords experiencing the steepest declines in rent collection. While Decker finds that among all survey respondents, 9 percent of landlords reported cutting expenses, that figure increases to 12 percent for landlords experiencing up to a 10 percent decline in rents and to 25 percent for those experiencing rent declines of at least 50 percent. The findings of de la Campa, Reina, and Herbert corroborate this result. Across all of the cities surveyed, 31 percent of landlords reported deferring maintenance, up from 5 percent in 2019, while 19 percent report missing payments for financing, property taxes or utilities, up from just 4 percent in

2019. These shares were also higher among landlords experiencing shortfalls in rent relative to a year earlier.<sup>9</sup>

Once again, de la Campa, Reina, and Herbert find the pandemic led to changes in landlords' behaviors even when rental collection rates were held constant, implying that other pandemic-related factors – such as limits on accessing homes due to health concerns and difficulty scheduling repairs – likely contributed to these changes. Decker also finds that landlords who cut expenses were much more likely to reduce spending on maintenance, while few skipped payments on mortgage finance, utilities, and property taxes. Thus, landlord decisions to cut expenses potentially affect not only housing quality for tenants but also the financial risk to which impacted owners are exposed.

***Landlords indicated they were more likely to pursue evictions in cases of steep rent arrears.***

Both studies also asked landlords about the incidence of having pursued eviction of tenants as well as their expectation about pursuing evictions in the future. The de la Campa, Reina, and Herbert study found little change in the share of landlords taking steps to evict tenants between 2019 and 2020, with 15 percent reporting evicting at least one tenant in both years, despite the fact that rental revenue declined significantly across years. The authors conclude that this lack of change in the eviction rate conditional on rent collection likely reflects the impact of local and federal restrictions placed on evictions after the onset of COVID-19 (Raifman et al. 2020).<sup>10</sup>

Decker's survey asked landlords about their intention to pursue eviction of tenants with rent arrears in the future and found in most cases landlords expected to find a resolution to current arrearages short of eviction. However, the chances of a landlord pursuing eviction increased as tenant arrearages deepened. Less than 10 percent of those with tenants behind by less than 2 months reported being likely to pursue eviction. That share ticks up to 20 percent for those with tenants 3 to 5 months behind and jumps to nearly 70 percent in cases where arrearages reach 6 months or more.

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<sup>9</sup> Specifically, around half of landlords experiencing rental shortfalls (whether collections were down 10 percent or 50 percent) deferred maintenance in 2020. The corresponding figures for missed payments are 37 percent for landlords with shortfalls of 10 percent or more and 56 percent for landlords with declines of 50 percent or more.

<sup>10</sup> That the share did not decrease given these restrictions may reflect the fact that some evictions were able to proceed even with the moratoria in place (e.g., for causes other than the nonpayment of rent or in cases where the tenant did not qualify as a "covered person" per the terms of the moratoria). It may also reflect the fact that the de la Campa, Reina, and Herbert survey asked landlords about the "initiation" of eviction proceedings rather than their conclusion. In addition, Decker's findings suggest that not all landlords were aware of the prohibition against evictions.

***Landlords of properties in low-income areas and in communities of color were more likely to defer maintenance and less likely to offer concessions to delinquent tenants.***

The study by de la Campa, Reina, and Herbert also illustrates how these landlord responses vary with the income and racial composition of the neighborhood where the property is located. Among properties with tenants behind on 2020 rent, those in neighborhoods with income below the city-wide median were more likely (relative to those in neighborhoods with above-median income) to experience deferred maintenance (42 versus 37 percent), have tenants facing evictions (19 versus 14 percent), and have tenants charged late rent fees (15 versus 10 percent). Landlords were also more likely to miss at least one mortgage, property tax, and/or utility payment at properties in these neighborhoods (26 versus 21 percent).

Similarly, landlords were more likely to miss at least one mortgage, property tax, and/or utility payment at delinquent properties in neighborhoods where the majority of residents are people of color (26 versus 19 percent). While there was no difference in the deferred maintenance rate (39 percent) among delinquent properties according to neighborhood racial composition, those in neighborhoods with more than 50 percent residents of color were less likely to have rent forgiven (21 versus 31 percent), more likely to have tenants evicted (19 versus 11 percent), and more likely to have tenants charged late rent fees (14 versus 11 percent).

***The financial stress from the pandemic has increased owners' interest in selling their properties.***

Both studies find that the pandemic has increased landlords' interest in selling their properties, indicating that there may be an increased turnover of property ownership as a result of the pandemic's economic impacts. In their study, de la Campa, Reina, and Herbert find the share of landlords that reported listing their properties for sale rose from 3 percent in 2019 to 13 percent in 2020. In addition, while the authors find no relationship between rental collection and property sales prior to the pandemic, these two variables were highly correlated in 2020. Decker's findings are strikingly similar: prior to the pandemic only 3 percent of owners were taking steps to sell one or more of their properties, but by early 2021 this share had increased to 13 percent. Decker also finds that the propensity to sell was most pronounced among properties severely behind in rent, with nearly 30 percent of landlords with rent declines of 50 to 74 percent reporting taking steps to sell. However, even among properties where rents did not decline, 7 percent reported taking actions to sell their properties.

***Landlords with fewer properties are less likely to participate in or be aware of rental assistance programs.***

The two surveys also provide information on the use of rental assistance among surveyed landlords who had a tenant experiencing a COVID-related delinquency. Of particular concern, de la Campa, Reina, and Herbert find that just 42 percent of landlords with rent delinquencies responded that they have at least one tenant participating in a local emergency rental assistance program. Decker finds that only 1 in 3 landlords with pandemic-related rental arrears had benefited from a rental assistance program by the time of the survey.

Of note, landlords with smaller portfolios were much less likely to report benefitting from an assistance program than larger portfolio holders. In both surveys, roughly 25 percent of small portfolio holders accessed rental assistance; for landlords with larger portfolios, the corresponding figure is more than half (51 percent per de la Campa, Reina, and Herbert and 87 percent per Decker). Further, Decker finds that 56 percent of all respondents with a COVID-related delinquency reported that they had not even examined rental assistance programs as an option. Another 7 percent reported investigating the option but opted not to participate.

## **Implications**

These survey findings come at a critical point as many states and localities have struggled to ramp up efforts to distribute emergency rental assistance at the same time that the federal eviction moratorium has come to an end.<sup>11</sup> These insights about the financial condition and management approaches of landlords during the pandemic can inform the efforts of policy makers and advocates to stabilize vulnerable tenants and the affordable rental stock hit hardest by the pandemic's impacts. Toward this end, the following section highlights key implications of the findings for current and future policy.

***Renter protection measures can play an important role in influencing landlord decisions around renter concessions and evictions.***

Prior to the pandemic, many landlords, particularly small-scale landlords, were relatively accommodating when their tenants missed rent payments. Owners often offered their tenants payment plans, waived late fees, and allowed tenants to conduct repairs to their unit to reduce their rental debt

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<sup>11</sup>For information on the state and local programs developed to distribute federal emergency rental assistance, including the amount of funding distributed to date, see the dashboard created by the National Low Income Housing Coalition at <https://nlihc.org/era-dashboard>.

(Balzarini and Boyd 2020). In interviews conducted by Decker both prior to and during the pandemic, many owners reported that, as long as tenants remained in touch and explained the reason they missed a rent payment, they would work with the tenant to resolve the issue without resorting to eviction.

These relatively lenient practices, however, were by no means universal among landlords, even small-scale landlords. While some landlords may have attempted to avoid eviction for nonpayment in the absence of any new tenant protection laws, the findings of both surveys suggest that the local, state, and federal policies implemented in the wake of the pandemic contributed to the significant shifts in landlords' business practices. For example, de la Campa, Reina, and Herbert find that, prior to the pandemic, two of landlords' most common responses to rental nonpayment were to charge late rent fees and pursue tenant evictions. During the pandemic, however, the positive correlation between rental nonpayment and the likelihood of landlords taking these steps weakened considerably. At the same time, half of all landlords put their tenants on repayment plans in 2020, up from 15 percent the year before, and landlords who struggled with rent collection in 2020 were even more likely to pursue this practice relative to those who struggled with rent collection in 2019.

While it is difficult to disentangle how much of the observed shifts in management practices may have been motivated by individual landlord decisions, policy action at the local, state, and federal level meant that those changes were not left to chance or individual motivation. The findings of these surveys indicate eviction moratoria and bans on late rent fees during the pandemic likely influenced landlords to pursue alternative strategies to recoup and/or limit financial losses. Moving swiftly to adopt such policies in future economic downturns could provide a similar buffer as additional responses or supports are put into place.

***The uneven impacts of the pandemic across different communities and racial and ethnic groups are poised to have significant consequences that could exacerbate disparities.***

The results of these surveys illuminate ways in which the disparate economic impacts of the pandemic could exacerbate inequities in the rental market in the aftermath of the crisis. Prior research has established that the pandemic has hit low-income tenants and tenants of color especially hard (Airgood-Obrycki and Hermann 2021). Such households tend to cluster and concentrate in certain neighborhoods, and the survey findings also show that, among tenants with COVID-related delinquencies, landlords were more likely to initiate evictions in lower-income neighborhoods and neighborhoods of color. Landlords in these neighborhoods were also more likely to miss mortgage, property tax, and utility payments, and Black landlords were more likely to report rent losses during the pandemic. These

findings underscore the urgent need to scale the rollout and reach of available aid along with the implementation of a broader array of eviction diversion and prevention policies if such disparities are to be ameliorated as the recovery unfolds.

***The pandemic has jeopardized the supply and quality of naturally affordable rentals.***

The increase in landlords that have deferred maintenance, missed payments for mortgages, utilities or property taxes, and taken steps to sell their properties indicate that the pandemic has also elevated the risk of loss of naturally affordable housing stock. Underinvestment in rental properties will reduce the quality of these homes, while distressed sales may result in new owners looking to reposition properties at higher rents. In either case, the supply of decent-quality, low-cost rentals stands to be eroded. Taken together, the findings of the two surveys underscore the importance of rental supports not just to stabilize tenants but also to stabilize the properties where they live. In addition, with these properties both facing financial stress and more likely to be put on the market, policies to support the acquisition of lower-cost rentals by socially motivated nonprofit organizations could help mitigate the potential loss of affordable stock.

***More effective efforts are needed for outreach to landlords to disburse emergency rental assistance.***

A critical alternative pathway to stave off both evictions and the negative effects of rent shortfalls on the natural affordable housing stock is to ensure that vulnerable tenants and landlords are aware of, and have access to, adequate emergency rental assistance. However, each survey found that only a modest share of impacted landlords reported participation in a rental assistance program as of the first quarter of 2021. That level of uptake could reflect the initially slow and uneven rollout of assistance programs as federal relief became available, but even as of July 2021, only about a fifth of available federal emergency rental assistance had been distributed.<sup>12</sup> Several studies have documented how administrative complexity and documentation burdens have contributed to this slow rollout as well as how a lack of information available to landlords and tenants has hampered these efforts (Aiken et al. 2021; Goodman and Choi 2021). Decker's findings on the large share of owners who had not examined a rental assistance program and indications from interviews that at least some owners were not aware of the existence of such programs also point to extensive communication and outreach challenges that will

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<sup>12</sup> Data downloaded from <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program> on September 6, 2021.

need to be overcome if ERA programs are to reach the hardest-hit landlords in this segment of the rental stock.

Recent research has shown that community groups and strong nonprofit partners can be effective avenues for connecting with tenants who could benefit from ERA programs (Aiken et al. 2021). Landlord associations and local owner networks could provide a complementary strategy to reach struggling landlords, although there are indications that smaller landlords are less likely to belong to such networks (Reina and Goldstein 2021). Some cities, like those that partnered with de la Campa, Reina, and Herbert in implementing their survey, have business license records or rental registries that could aid in efforts to reach landlords, although such registries are not always kept up to date. Another as-yet-untapped resource for reaching smaller landlords is tax records. The Internal Revenue Service could identify individual income tax returns that report rental income and send letters and program information to inform taxpayers of their potential eligibility for rental assistance. Alternatively, state tax offices could do the same, sharing resources on how to locate state and local relief programs. In either case, reaching out to likely landlords by mail, in addition to electronic communications or phone calls, is likely to be essential given the persistent digital divide that has been thrown into sharp relief by early efforts to enroll recipients in ERA programs (Gallagher and O'Brien 2021).

***In addition to rental assistance, landlord-tenant mediation and tenant counseling supports are needed to address deep arrearages.***

The findings of these surveys also underscore that, in addition to effectively communicating about and deploying emergency rental assistance, other interventions will at times be necessary to avoid evictions. One worrying challenge is the impact of very deep arrears. In interviews, landlords often reported being very frustrated with tenants who were many months behind on rent, and were usually eager to remove them. While the studies by Decker and de la Campa, Reina, and Herbert did not include tenant surveys or interviews, news reports provide examples of tenants' frustration with owners in cases of deep arrears (Saslow 2021). Tenants with deep arrears are sometimes well aware that their landlord wants them out. In these situations, the deep arrears are a significant challenge, but the contentious relationship between tenant and landlord is its own problem. Even if ERA programs could adequately cover arrears to make tenants current again, in some instances, owners may not want to participate in a program that requires them to continue to rent to tenants they no longer want to rent to. Tenants may feel similarly, and see little advantage in applying to a program that provides funds to a landlord that the tenant knows wants them gone. Cases such as these call not just for adequate rental assistance to clear

accumulated debt, but also for the expansions of additional wraparound supports – such as landlord-tenant mediation or counseling to help tenants transition to other housing – that can either help repair strained relationships or provide “soft exits” that offer alternatives to pursuing eviction (Treskon et al. 2021).

***There is a compelling need for better and more consistent data about rental property financial conditions, management practices, and ownership characteristics.***

These surveys provide particularly important insights into the smaller-property segment of the rental market, underscoring the dearth of data and information on this important segment of the nation’s rental stock. Basic market information, such as current rents, rent payment rates, and lease terms, is simply not known for large portions of the rental market, let alone characteristics of the owners and their portfolios of rentals.

While the Census Bureau’s Household Pulse Survey has provided invaluable insights into the impact of the pandemic, the view it offers of the rental market is limited. For instance, depth of arrears was critical information to effectively size and design rental assistance programs, but the Pulse added this question to its survey only at the end of July 2021. That lack of data has meant that these estimates had to be approximated using secondary data or based on relatively small-scale sample surveys (Goodman, Reynolds, and Choi 2021). Nor does the Pulse include any information on landlords to understand how concentrated lost rent is by property or property owner to shed light on the impact of the pandemic on rental property owners.

The two surveys featured here provide a step toward a better understanding of the problems faced by the tenants and landlords of rental properties, including smaller-scale landlords, but they also have their limitations. Each likely has missed important segments of the rental market that differ from respondents in non-random ways, such as owners who could not be reached by text or email solicitation or could not complete an online survey. For instance, a number of landlords who received Decker’s survey solicitation by mail called the telephone number provided to express their interest in completing the survey but said they did not have access to a computer or smartphone that would allow them to complete it online. Interviews revealed these landlords tended to be motivated to participate in the survey because of the pandemic-related hardships they were facing. Such landlords are likely among the most vulnerable in the current crisis, yet the least is known about them. However, available information on the rental market suggests that the characteristics of owners surveyed in the two studies are similar to those captured by larger national surveys.

These surveys highlight the significant value of having more systematic and timely information on rental property finances, management and ownership characteristics. Currently, one of the only sources of information of this type is the Rental Housing Finance Survey (RHFS), conducted triennially by the US Census Bureau for the US Department of Housing and Urban Development (HUD).<sup>13</sup> While the RHFS is a key source of information on rental property finances, it is limited in both the number of properties surveyed and the range of questions asked about property management and ownership. Given the importance of this topic, a more robust survey that would cover a broad set of properties and range of topics and potentially be conducted with greater frequency is urgently needed. There are precedents for a larger survey. For example, the Residential Finance Survey was conducted as a follow-up to the decennial census from 1950 through 2000 with a sample size of some 50,000 properties (including owner-occupied homes) and asked a detailed set of questions covering a broad range of topics about the property, its finances, and its owner. Another example is the Property Owners and Managers Survey conducted in 1995-96, which surveyed some 16,000 properties and covered a broad range of subjects. Expanding the RHFS to cover a broader set of properties and topics and updating it with regular interviews would significantly expand the knowledge base about the nation's rental housing stock.

There are likely opportunities as well for the public sector to collect administrative data on rental properties and owners to help fill the void in information on this important sector of the economy. For example, expanding and improving local rent registries like those used in de la Campa, Reina, and Herbert's research would provide another avenue to regularly collect information on the local rental market and is a strategy that cities and states could implement without waiting for federal action. Such information would not only prove valuable in a time of crisis when rapid responses are needed to stabilize vulnerable tenants and landlords, but would also be a rich resource for longer-term research and policy development as the nation navigates its long-standing housing crisis even after the pandemic recedes.

## **Conclusion**

The pandemic has had a profound impact on renters' ability to pay rent, with millions still behind on payments more than a year and a half after the crisis began. The two national landlord surveys discussed in this paper provide important insights into how these missed rental payments have influenced

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<sup>13</sup> See US Census Bureau, "Rental Housing Finance Survey," <https://www.census.gov/programs-surveys/rhfs.html>.

landlord financial conditions and management practices during the pandemic. The results document that roughly a third of landlords had rent shortfalls of at least 10 percent, while a little less than one in ten experienced shortfalls of more than 50 percent. Landlords were found to have increased their concessions to renters during the pandemic, including waiving late fees and deferring or forgiving rent. These actions may have come in response to policies put in place to protect renters but likely also reflect voluntary actions by some owners in response to the hardships faced by their tenants. The pandemic was also associated with a significant share of landlords cutting back on property expenditures, including deferred maintenance and missed payments for mortgage, taxes, and utilities. There was also a small but notable increase in the share of landlords reporting they were taking steps to sell their properties, which could prompt a loss of affordable stock in some communities. Finally, owners of properties in communities with low incomes and/or with a majority of residents of color were found to be less likely to offer concessions to tenants of those properties and more likely to expect to pursue evictions and to miss property-related payments. The findings of these surveys thus add to the evidence that the pandemic has had a disproportionate impact on communities of color and could further exacerbate disparities absent effective policy interventions as eviction moratoria lift.

The results provide evidence that public policies can influence landlord management practices to help stabilize tenants. The findings also highlight the financial hardship faced by landlords and the fact that many are not aware of the availability of emergency rental assistance. These findings suggest that better efforts are needed to make landlords aware of this financial support. The results also point to the need for mediation and counseling services in addition to rent relief to address situations where frayed relationships between tenants and landlords make eviction much more likely even if debts could be addressed. Finally, these studies demonstrate the value, for informed policy-making, of data on landlord financial conditions and management practices, and they thus demonstrate the need for expanded and more robust efforts to survey rental properties and to provide broader access to administrative data, both in times of crisis and over the longer term to understand conditions and trends in the market.

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