# EMERGENCY RENTAL ASSISTANCE DURING THE COVID-19 PANDEMIC

## *FINDINGS AND RECOMMENDATIONS FOR PREVENTING EVICTIONS AND RENTAL ARREARS*

Gabriela Norton, MHP Research Manager
Elizabeth Glidden, MHP Deputy Director

May 2023

## INTRODUCTION:

The COVID-19 pandemic exacerbated housing insecurity for millions, especially for low-income, and Black, Indigenous, and other people of color (BIPOC) households. However, solutions to this crisis are not elusive—our review of the impact of federally-funded emergency rental assistance (ERA) in Minnesota to support housing stability during the pandemic indicates that when given access to emergency rental assistance, renters most in need did experience housing stability.

We thank the following individuals for participating in interviews which contributed to the findings and recommendations in this report: Nelima Sitate Munene, ACER; Alexis Kramer; Adnan Abdi; Kena Johnson; Eric Hauge, HOME Line; Ellen Sahli, Family Housing Fund; George Stone, Washington County; Katie Topinka and Jamie Radel, City of Minneapolis; Corrin Shalom, Ramsey County; Shana Tomenes, Housing Justice Centers.

## KEY FINDINGS:

- The need for ERA in Minnesota was greatest for low income and BIPOC households. Black households were more than twice as likely to report being behind on rent compared to white households, and households of color were more likely than white households to receive assistance.
- Minnesota distributed ERA more quickly than other states. Establishing a large state program for administering ERA was challenging for many states including Minnesota. However, Minnesota's ERA programs moved more quickly than others across the country, including with more payments made to renters early in the program than the US average.
- Funds reached those with the greatest need for ERA. In Minnesota, households with low incomes and Black households were overrepresented as compared to other eligible households. Over 60% of ERA was distributed to households under 30% AMI, and 45% of ERA funds were distributed to Black-headed households.
- A permanent ERA program is necessary, at the scale of the need. Despite the success of emergency rental assistance in addressing housing instability, additional and continuing resources are needed.

## The Impact of ERA

"Rent Help (ERA) saved a lot of lives in the midst of the pandemic. Housing and shelter are critical to keeping people safe, and to prevent the spread of the virus. It had a huge impact."

*—Nelima Sitati Munene, Executive Director*
*African Career Education & Reource Inc (ACER)*

# FEDERAL AND MINNESOTA PANDEMIC RESPONSE TO HOUSING STABILITY NEEEDS:

Through the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act, Congress provided ERA to state and local governments to prevent evictions and provide housing stability for renters. In total, Minnesota received $673 million for ERA (ERA1 and ERA2).

Prior to the receipt of federal ERA, Governor Walz and the Minnesota Legislature approved $100 million for COVID-19 housing aid to renters and homeowners. The funding came from the CARES Act (Coronavirus Aid, Relief and Economic Security). These funds were expended in 2020.

In addition to federally-provided funding received starting in 2021, Minnesota established an eviction moratorium due to the pandemic. The Governor's Executive Order 20-14 first set an eviction moratorium on March 23, 2020. In June 2021, the Minnesota Legislature passed a temporary law that "phased out" the eviction moratorium restrictions. With the phase out, after October 12, 2021, landlords could file eviction for nonpayment of rent unless the tenant had a pending application with RentHelpMN or another qualifying rental assistance program. As of June 1, 2022, all tenant protections from Minnesota's COVID-19-related eviction moratorium phase out expired; at that point, landlords could file a notice of eviction for nonpayment of rent even if a tenant had a pending application for rental assistance.

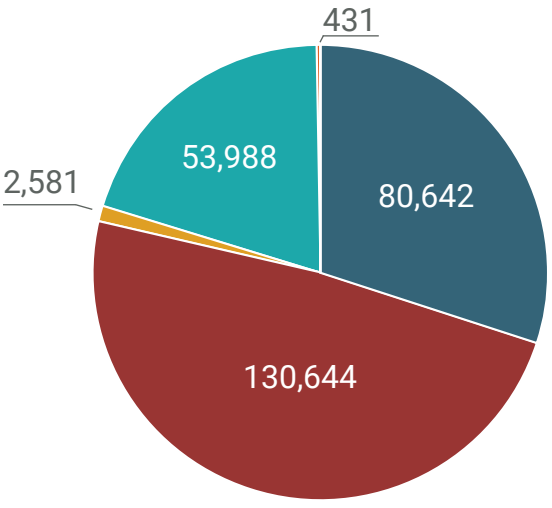
# STATEWIDE FUNDING ANALYSIS:

Almost half of ERA1 and ERA2 funds assisted Minnesota households with rental arrears, with the other two largest categories of assistance being current or forward rent and utility arrears and forward payments. The amount for utility payments is notable as Minnesota also received $167.3 million in energy assistance from the American Rescue Plan (ARPA) in addition to its annual appropriation, which was provided to eligible households for utility bill payments.[1]

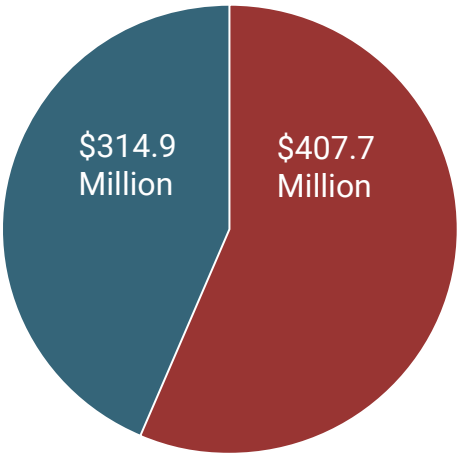
## Funding Disbursment:

From January 2021 through September 2022, approximately $722.6 million was awarded and disbursed in Minnesota through ERA1 and ERA2.

**Households Assisted through ERA1 & ERA2**




**ERA Expenditure in Minnesota**
Q1 2021–Q3 2022

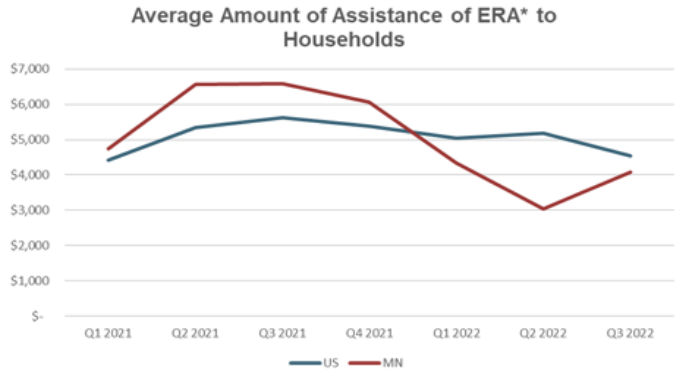


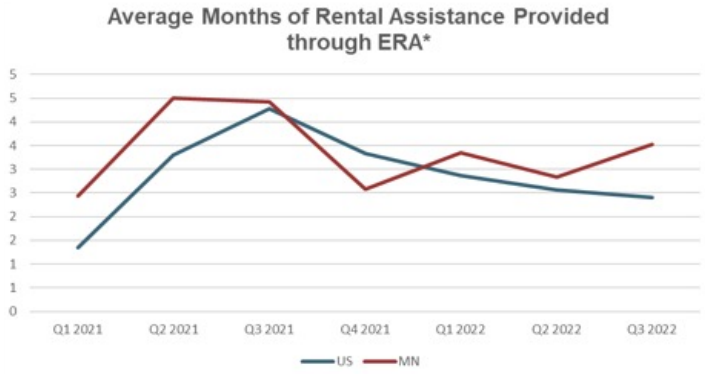

Current or Forward Rent
Utility Arrears
ERA 1 Allocation, Award, and Disbursement
Rental Arrears
Other Housing Expenses
ERA 2 Allocation
Utilities

[1]See White House Announcement of Minnesota Home Energy Assistance Funds : https://www.whitehouse.gov/wp-content/uploads/2022/01/LIHEAP-Minnesota.pdf

## Minnesota Distribution Speed Exceeded National Average:

Compared to the US average, Minnesota provided more residents with rental assistance in every quarter of 2021. Additionally, the average amount of months of rental assistance provided to households exceeded the average amount from January 2021 through June 2021; throughout the remainder of 2021 and through 2022 the average amount of months of emergency rental assistance matched the national average.

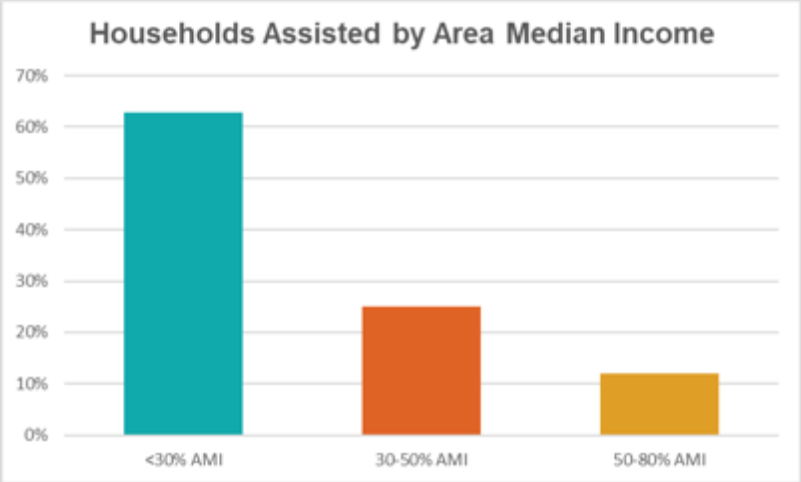



## Demographics of Households Served by ERA

Prior to the pandemic, research indicated that women and Black-headed households were more likely to experience eviction filings and that low-income renters were very precariously housed, with many paying 50% or more of their income on rent.[2,3] While households with up to 80% area median income were eligible for ERA, ERA grantees were directed by Treasury that they should prioritize households with incomes less than 50% of area median income.

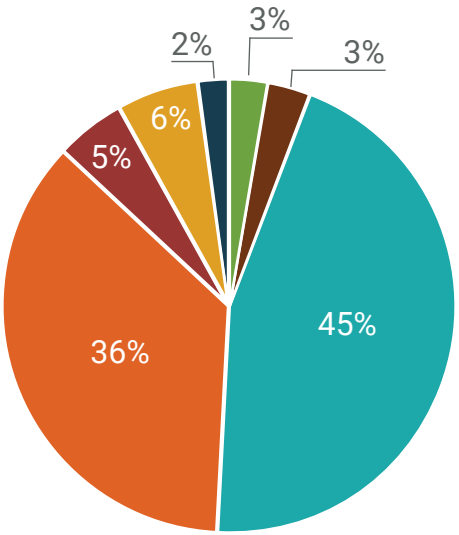
Minnesota's ERA, similar to national trends, saw households with very low incomes and Black households overrepresented as applicants and recipients of funds, compared to all eligible applicants.[4] Minnesota's ERA, however, served an even higher percentage of Black or African American households (45%) compared to the national percentage (39%). These findings indicate that efforts to prioritize funds to reach those who needed them most were largely successful.




[2] "The Illusion of Choice: Evictions and Profit in North Minneapolis," Dr. Brittany Lewis, Center for Urban & Regional Affairs, University of Minnesota. 2019.
[3] "Unaffordable America: Poverty, Housing and Eviction," Matthew Desmond, Institute for Research on Poverty, University of Wisconsin-Madison. March 2015.
[4] "Equity in Distribution of the Emergency Rental Assistance Program." See Office of Evaluation Sciences: https://oes.gsa.gov/projects/era-equity/.

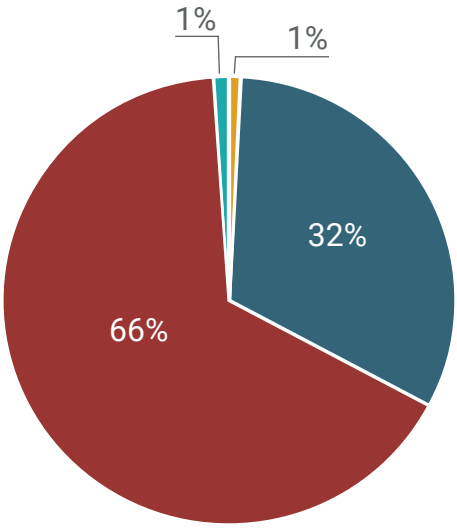
## Demographics of Households Served by ERA

### Households Assisted by Race




- American Indian or Alaska Native
- Asian
- Black or African American
- White
- Mixed
- Declined to Answer
- Data Not Collected

### Households Assisted by Gender

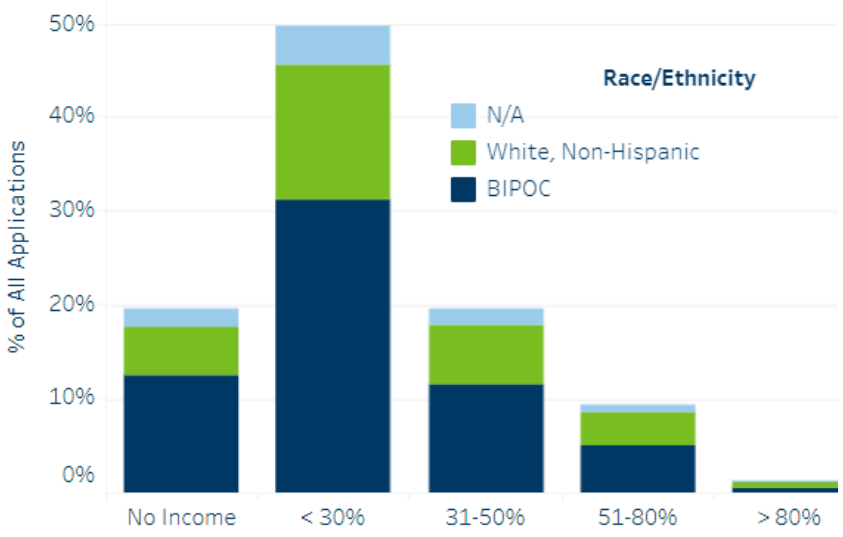



- Male
- Female
- Non binary
- Declined to Answer

## RentHelpMN ANALYSIS:[5]

RentHelpMN, the state's program for distributing federal emergency rental assistance, predominantly assisted low-income households and households of color, serving those most in need of pandemic emergency rental assistance. In total, RentHelpMN paid 59,134 unique households and 69,834 applications. The majority of households paid, or 64%, were female-headed households. While the proportion of rental arrears paid to white and Black households aligns with total payment distribution, a higher proportion of current or forward rent payments went to Black households (49%) than white households (34%).

### Applications by Area Median Income

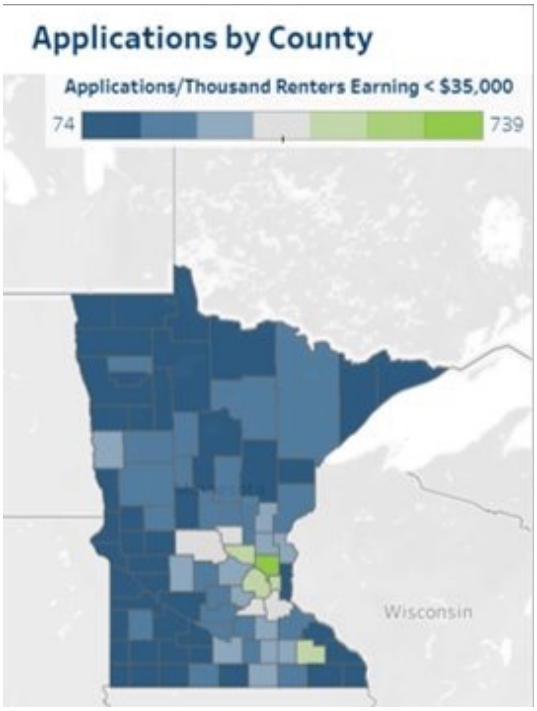



Graphic from the RentHelpMN Dashboard

[5]Data includes applications submitted to the statewide RentHelpMN program that have been completed and reviewed. It does not include applications directly processed by RentHelpMN partners of Dakota, Hennepin, Ramsey, and Washington counties, Minneapolis and Saint Paul, or applications accepted directly by the nine Tribal Nations in Minnesota.

## Geographic Distribution of RentHelpMN

Rent Help MN provided emergency rental assistance in all corners of the state. Anoka, Ramsey, Sherburne, Olmsted, and Hennepin Counties had the highest proportions of applications per thousand households earning under $35k annually.




Graphic from the RentHelpMN Dashboard

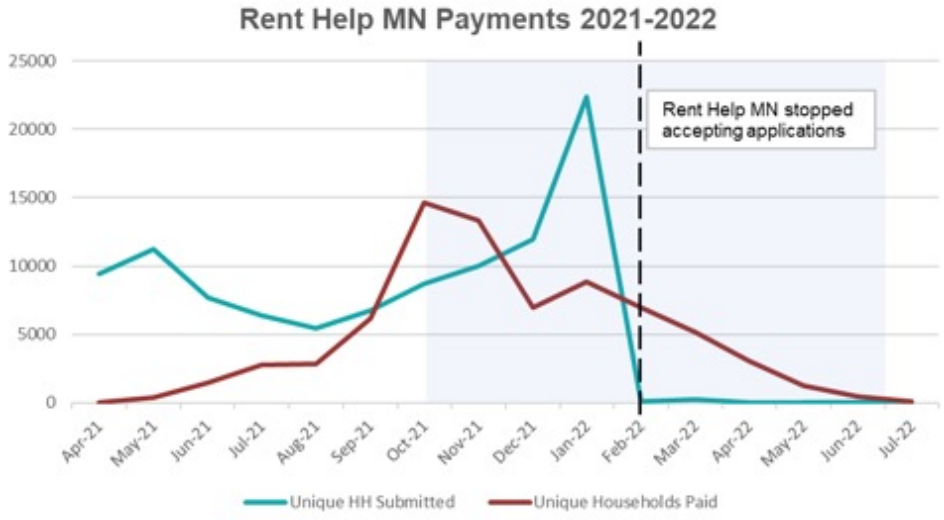
## The Impact of ERA

"[During the pandemic] my brother died of Covid. I maxed out all of my vacation time, lost my job, and was unable to cover rent and bills....When I found out that my application was accepted [by RentHelpMN], it took off a lot of the stress. I didn't worry about having to become homeless.... Rental assistance was one of the of the few positive things about this past year."

*—Black female renter*

## RentHelpMN Payments Over Time

RentHelpMN stopped accepting applications on January 28, 2022, as it had expended much of its available funds. With the closure of RentHelpMN, cities and counties continued to utilize a variety of unique programs to provide some emergency rental assistance, although options were extremely limited across the state. Options included county and city ERA programs, some funded with ARPA Local Fiscal Recovery Funds.



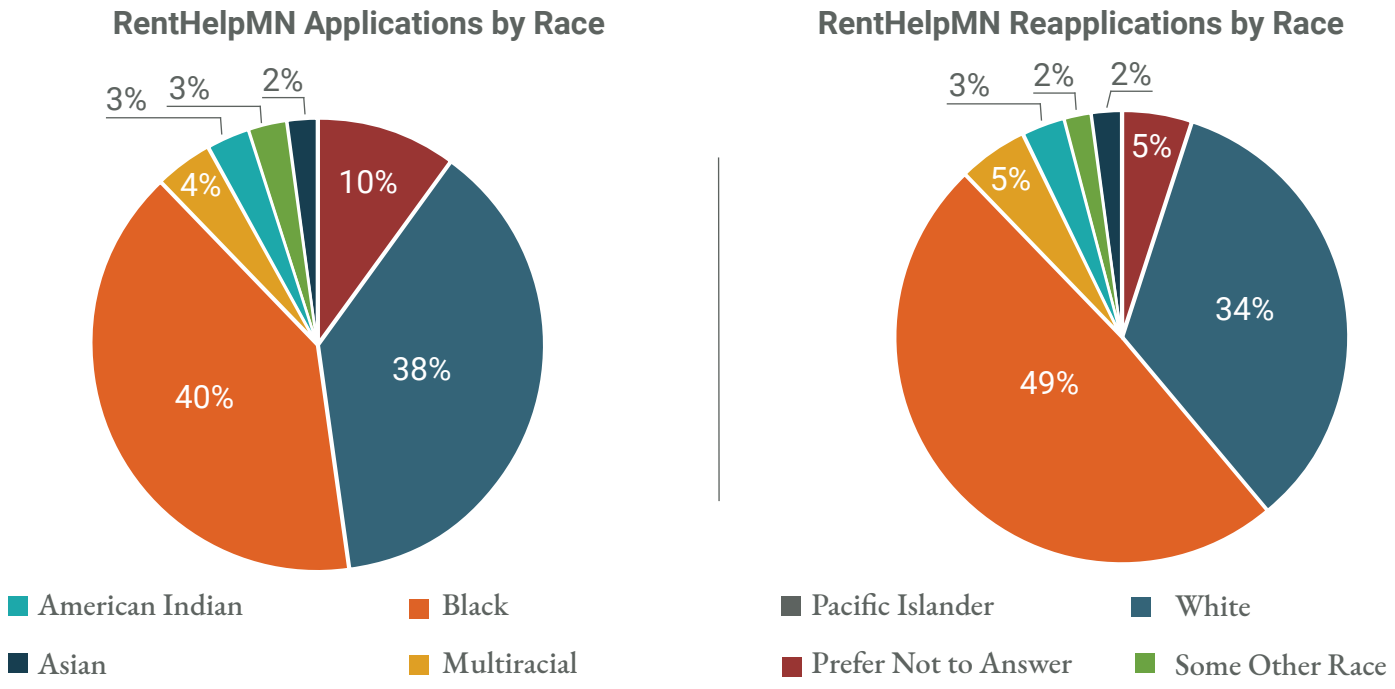

Additional data notes:

- 15% of households that received ERA have a disability.
- 40% of households that received ERA had minors.
- 35% of applicants noted that they had experienced recent unemployment.
- 67% of applicants identified as BIPOC.
- Applications took on average 76 days to be processed for approval; 33 days from approval to pay

## Declined Applications and Reapplications

**Declined applications.** 31,061 applications were denied payment. The second-most frequent reason for denial cited— after the applicant not having back due rent at the time of application—was that the applicant was missing required information and did not respond to three contact attempts within 14 days 34,569 applications were not counted as officially submitted because they were declined for fraud, withdrawn by the applicant, or withdrawn for being unsubmitted as of the application deadline.

**Reapplications.** Over the duration of Rent Help MN, 27,194 unique households reapplied for rental assistance. RentHelpMN saw a higher percentage of reapplications from Black households than total applications submitted, versus a decrease in white reapplications compared to total applications.



## Zero Balance Project[6]

The Zero Balance Project allowed rental property owners in Dakota County, Hennepin County, Ramsey County, the City of Minneapolis, and the City of Saint Paul to apply for Federal Emergency Rental Assistance (ERA) on behalf of renters impacted by the pandemic. Over $31 million of pooled ERA funds were distributed through the Zero Balance Project. The program utilized experience gained from landlord-initiated rental assistance programs in Ramsey, Hennepin, and Dakota Counties using CARES Act dollars in 2020.

The Zero Balance Project provided a call center for landlords to assist with the application process. The local government partners to the project also engaged community-based organizations to assist renters in completing their portion of the application.

Between June 2021 and February 2022, the Zero Balance Project administered $29,674,914, assisting 4,084 renter households.[7] The average amount provided to each household was $7,266, with assistance covering approximately 7.2 months of rent. The state average amount of assistance as reflected in Treasury data ranged from $3,408 to $6,585, and the state average months of assistance was 2-5 months.

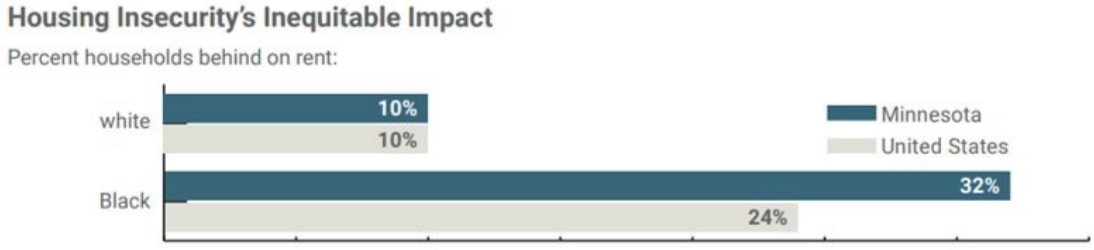
Thus, compared to state-level Treasury data, the Zero Balance Program provided a higher average amount and more months of assistance.

**Geographies Served by the Zero Balance Project**




## Households Behind on Rent[8]

In early 2022, 32% of Minnesota Black renters were behind on rent, more than three times greater than white renters behind on rent. Black renters in Minnesota suffer the harm of rent debt at a rate greater than the national average of 24%. As 75% of Minnesota Black households rent, compared to 23% of white households, this data starkly shows a housing crisis in Minnesota that disproportionately harms Black families.



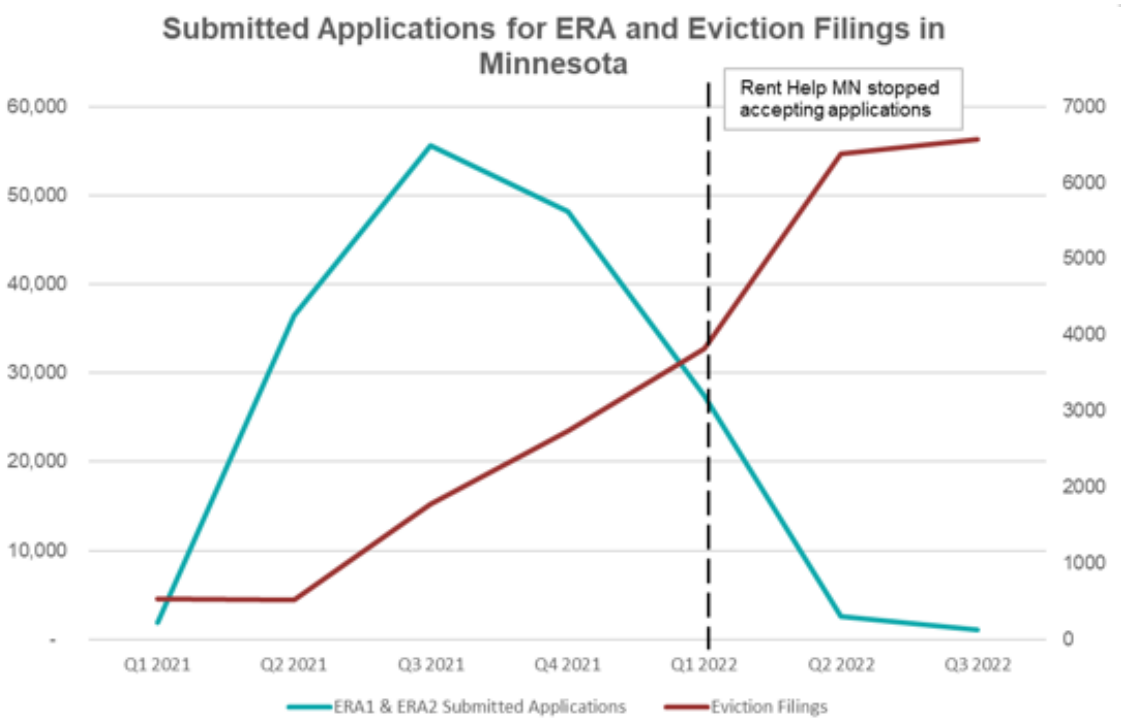

Black and Hispanic origin households were two or three times more likely to be reported as being behind on rent, compared to white households.

[6] See "The Zero Balance Report: Key Facts and Figures," https://www.fhfund.org/wp-content/uploads/2022/11/Zero-Balance-Project-Brief-Key-Facts-and-Figures.pdf.
[7] In total, the Zero Balance program administered $31,018,513 in assistance.
[8] National Equity Atlas, Rent Debt in America Database: https://nationalequityatlas.org/rent-debt, based on the most recent U.S. Census Household Pulse Survey (March 30-April 11, 2022) and U.S. Treasury February Report.

## Evictions

In 2022, Minnesota evictions increased 33% compared to the historic state average, with 22,453 evictions filed compared to the typical annual average of 16,841. High eviction rates have been experienced across the state, with Clay, Anoka, and Dakota Counties seeing the highest rates per population of evictions filed; Clay, Anoka, and Benton Counties had the highest rates of evictions. Pipestone, Grant, and Olmsted Counties saw the largest increase in evictions compared to historic county averages; these counties saw eviction filings double in 2022.

We note that evictions are one indicator of housing instability and displacement, but there are other ways renters face displacement that are not easily documented, including through non-renewal of leases, poor housing conditions, and more. [9]




| Top 10 Counties by Eviction Rate, 2022 |
|---|
| 1. Clay |
| 2. Anoka |
| 3. Benton |
| 4. Kandiyohi |
| 5. Lyon |
| 6. Faribault |
| 7. Stearns |
| 8. Wadena |
| 9. Jackson |
| 10. Becker |

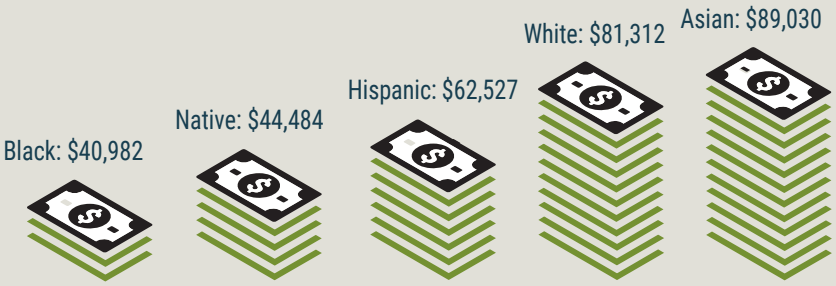
| Top 10 Counties by Eviction Filing Rate, 2022 |
|---|
| 1. Clay |
| 2. Anoka |
| 3. Dakota |
| 4. Ramsey |
| 5. Sherburne |
| 6. Stearns |
| 7. Isanti |
| 8. Pipestone |
| 9. Kanabec |
| 10. Pine |

[9] "The Impact of the COVID-19 Moratorium on Landlord Initiated Displacement Actions," https://mhponline.org/impact-of-the-covid-19-eviction-moratorium-on-lida/

## Existing Disparities

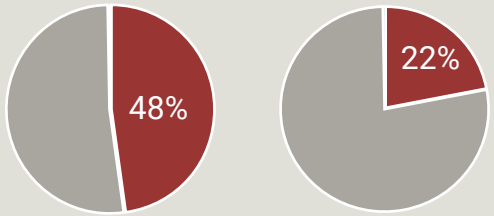
Even before the COVID-19 pandemic, Black, Latino, and Native American renters faced disproportionately high rent burdens. These same groups often face systemic barriers when trying to access housing assistance programs; the economic fallout from the COVID-19 pandemic has only compounded these inequities. Additionally, BIPOC households in Minnesota are disproportionately more likely to rent than own their homes. While just 22% of white households rent their homes in Minnesota, 69% of Black households and 50% of Native households are renters.

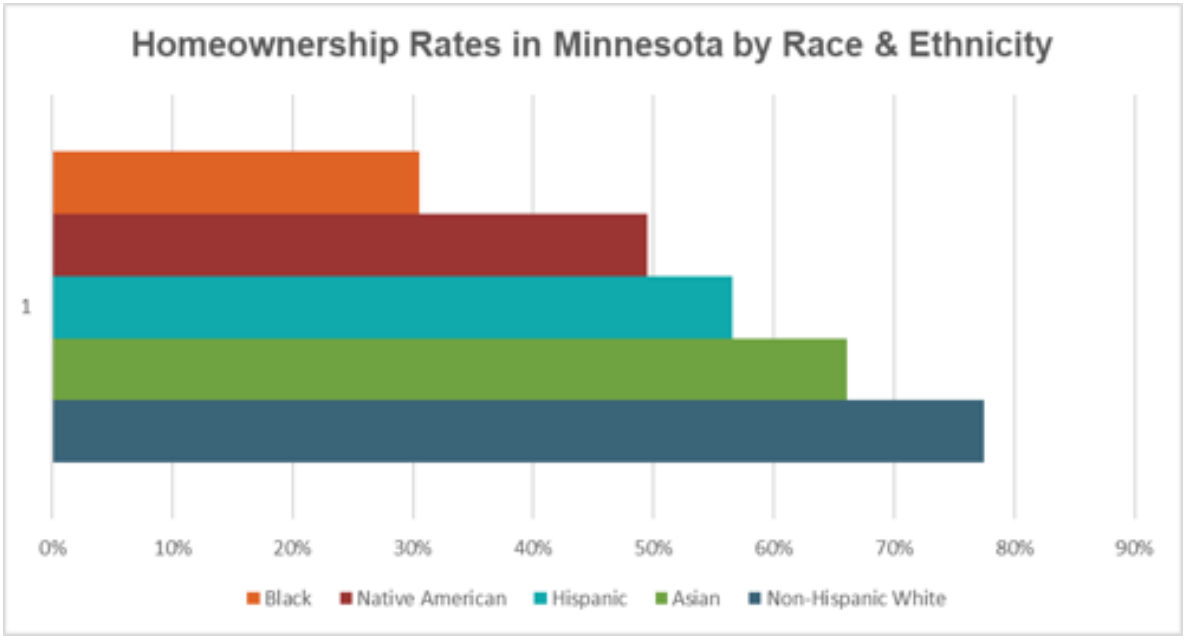
### Minnesota Median Income by Race




1Median income is for all households; not disaggregated by renters and owner households

### Minnesota Renter Households by Race




### Minnesota Cost Burdened Renters:




See White House Announcement of Minnesota Home Energy Assistance Funds https://www.whitehouse.gov/wp-content/uploads/2022/01/LIHEAP-Minnesota.pdf

## RECOMMENDATIONS:

**Establish a permanent program to provide emergency rental assistance at the scale needed in Minnesota.**

- The federal emergency rental assistance program was successful in preventing displacement, housing instability, evictions, and homelessness for thousands of Minnesotans. The program predominantly served those most impacted by rent debt and housing insecurity, including individuals with low incomes and households of color. ERA helps support family well-being, mental and physical health, educational outcomes, and economic health.

**Provide assistance before a crisis arrives to best serve renters and landlords.**

- Both renters and property owners emphasized the importance of a prevention or intervention model, rather than a response model, to reduce harm to renters. Requiring evidence of an eviction notice, or past due rent, delays necessary assistance, deepens the family emergency and, in the case of the publicly available eviction notice, will establish a lifelong consequence that affects housing stability. Allowing payment of rent in the month it is due, and payment of future rent, are examples of program design that prevents crisis rather than responding to it.

**Community-based organizations are critical to program success.**

- Property owners, renters, and public jurisdictions have identified community-based organizations as critical to ERA program success. These organizations helped build trust in ERA programs, provided valuable in-person assistance to renters and property owners, and enhanced program visibility. In Minnesota and nationally, working with community-based organizations was key to serving marginalized community members.

**Minimize burdensome documentation.**

- Minimizing documentation requirements was one of the top recommendations we received from landlords and renters for program efficiency and ensuring equitable access for renters to the ERA program. Property owners and renters were concerned that complicated paperwork was a barrier for residents, who often do not have online accounts or easily accessible past bills and receipts. Self-attestation, categorical eligibility, and proxy by census tract or zip code are all methods authorized by the U.S. Treasury that significantly reduce documentation barriers for ERA program participation.

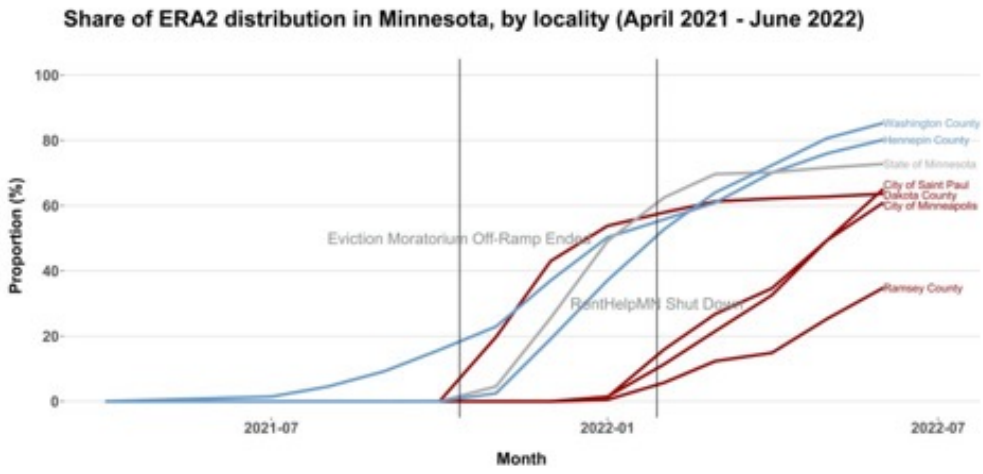
**Ensure data transparency.**

- Program transparency through data sharing was important to RentHelpMN operations, program evaluation, and trust—and the same has been true for ERA programs nationally. We support the data transparency measures utilized by RentHelpMN and encourage future programs to provide the same level of transparency around fund utilization, program results, and service demographics.

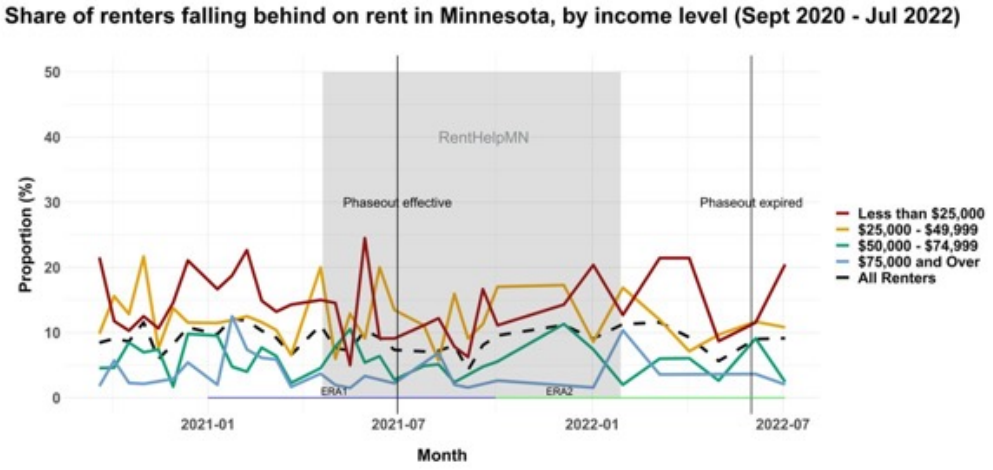
**Provide language access.**

- Language access was identified as a concern by renters participating in RentHelpMN. Ensuring language access, including translation of key paperwork, interpretation services, and contracts/partnerships with community organizations, is critical to ensuring program barriers are removed and ERA program funds reach marginalized community members.

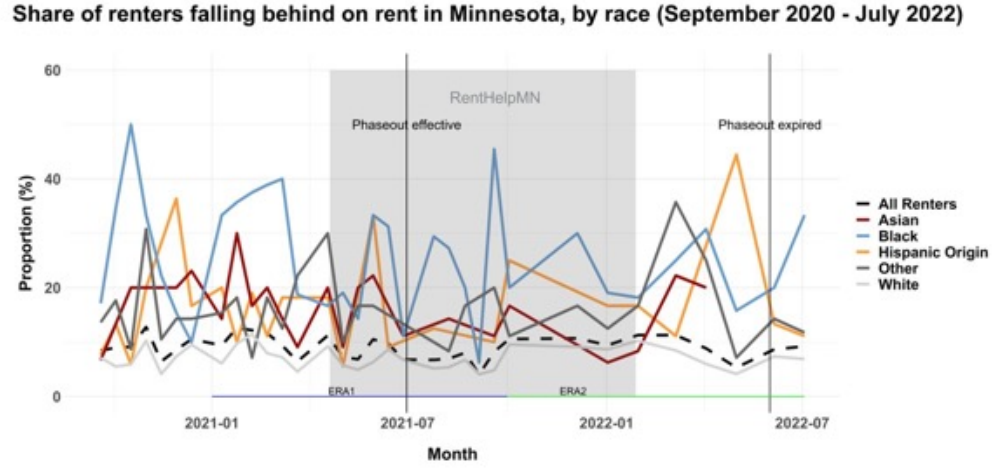
## Appendix:




Sources: U.S. Department of the Treasury's Emergency Rental Emergency Rental Assistance Monthly Compliance Report




Sources: US Census Bureau Household Pulse Surveys, September 2020 - July 2022




Sources: US Census Bureau Household Pulse Surveys, September 2020 - July 2022

Graphics created by Shuping Wang