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This is an update to MAPC's "The COVID-19 Housing Gap" report. [Read the full report and see a listing of other updates here.](#)

This research brief continues MAPC's efforts to track COVID-19 unemployment and associated housing insecurity in Massachusetts. Since March, we have been tracking periodic reports on those who applied for, or received, unemployment assistance. Combining this data from state agencies and the U.S. Census Bureau, we estimate the number of households affected by unemployment, whether they will be able to cover both rent and other basic expenses with their remaining income, and if not, what the monthly gap is. This update provides new information from unemployment filings for the week ending September 5 (the most recent data available) as well as data collected through the Census Bureau's biweekly Pulse survey conducted September 2 to September 14.

KEY FINDINGS

- Over 330,000 Massachusetts workers—about one in 10—are receiving standard unemployment assistance as of September 5. The number of claimants and rate of unemployment has been declining since June, but our unemployment rate remains among the highest in the nation. CARES Act stimulus payments, expanded unemployment, and supplemental federal assistance from FEMA have all expired. Those who are able to access standard unemployment or Pandemic Unemployment Assistance (PUA) receive only half their weekly wages, up to \$823.
- We estimate that **45,000 renter households and 35,000 owner households with a worker on standard unemployment assistance will have trouble covering their housing costs and basic needs this month.** The housing gap for rental households could exceed \$40 million in October alone. We also know that tens of thousands of other households are also in trouble, although their numbers are more difficult to estimate. This includes people receiving PUA, undocumented workers who can't apply for unemployment at all, workers with reduced hours and wages, and households who are working again but owe back rent. The Census Bureau *Pulse* survey indicates that nearly one in six renters in Massachusetts are already behind on their rent payments and one in five were not confident they could pay October rent. **An estimated 60,000 Massachusetts renter households fear imminent eviction.**
- While state and local leaders have increased the amount of emergency rental assistance, it remains insufficient to cover the need. Without federal, state, or court intervention, Massachusetts is likely to see a significant wave of evictions and foreclosures in the coming months. As a result, more people may find themselves homeless or living in overcrowded housing—circumstances that contribute to the spread of COVID-19 and may

extend the length of the pandemic. Small landlords unable to cover mortgage payments due to lost rent may be forced to sell their rental properties, accelerating the consolidation of the rental real estate market under the control of large corporate owners and trusts.

Unemployment and Rental Housing Insecurity Estimates

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According to the Executive Office of Labor and Workforce Development, 334,200 Massachusetts workers filed continued unemployment claims for the week ending September 5¹. This figure is equivalent to about 9.4% of the total Massachusetts labor force of approximately 3.5 million workers in August 2020. Unemployment—both in terms of rate and number of those out of work—is higher than any time since the 1970s. The [official August unemployment rate](#) of 11.3% is seventh highest in the nation.

Fortunately, the number of claimants and the unemployment rate have been on the decline since June. The number of claimants has dropped 27% since the week of July 18, the period covered by MAPC's [previous report](#) in this series. Still, new workers are laid off each week: 18,000 workers filed initial unemployment claims in the week ending September 5.

While the number of claimants is on the decline, the amount of assistance they are receiving has also shrunk: one-time CARES Act stimulus payments were delivered five months ago; the \$600 per week expansion of standard unemployment assistance expired on July 25; and FEMA's supplemental Lost Wages Assistance (LWA) of \$300 per week lasted only six weeks, concluding on September 5. As a result, claimants now receive the standard unemployment benefit of half their weekly wages, up to a maximum of \$823.

Based on information about the affected occupations of claimants (described in prior reports), we estimate that 125,000 of the claims filed during the week ending on September 5 were filed by workers in renter households (37.4% of all claims). Based on these claims, we estimate 45,000 renter households will not have enough income remaining to cover the cost of both housing and basic needs². While the number of households in trouble has declined since July, there is still a massive deficit for renters: the average gap between available income and housing costs is \$940 per month, or \$42.3 million in October alone for those on unemployment in September. While some may still have savings to dip into, others will also be carrying rent debt from prior months.

This estimate is surely just a fraction of the total need, as many affected workers and households are harder to estimate. For example, self-employed, contract, and seasonal workers are eligible to receive PUA, which provides benefits comparable to standard unemployment, but only through the end of this calendar year. While detailed count and occupation data are not available for PUA recipients, we can make general estimates. Based on cumulative claims since March, there are about six PUA recipients for every ten standard unemployment claims. This factor suggests more than 200,000 continuing PUA claims for the week ending September 5. We don't have the information necessary to estimate how many of these workers will have trouble paying rent, but it's likely that tens of thousands of households are at risk.

Undocumented workers are also not included in our estimates because they are ineligible to receive either standard unemployment or PUA. As described in previous reports, it's estimated that approximately 200,000 workers in Massachusetts are undocumented. While their unemployment rate can't be known, it's likely much higher than the general labor force. It's likely that over 40,000 undocumented workers lost their jobs during the pandemic but are not captured in the unemployment claims data. We estimate that these workers occupy approximately 25,000 households highly vulnerable to both eviction and COVID.

Also not accounted for in our estimates are workers who for one reason or another haven't been able to access their unemployment benefits, workers with reduced hours and wages (but no unemployment benefits), and workers who are back on the job but don't earn enough to cover past rent and overdue bills.

HOMEOWNERS ALSO FACE CHALLENGES

MAPC estimates that 35,200 homeowners with an unemployed person in their household will likely have trouble covering their housing costs, with a total available income-expense gap of \$44 million per month. These households now face increasing risk. During the eviction moratorium, missed mortgage payments were deferred to the end of the loan term, so owners have not been accumulating past due bills. When the moratorium expires, those who cannot keep up with their payments could start to fall behind on their mortgage. With the limited for-sale inventory and sky-high prices, banks and lending institutions could feel strong incentives to initiate foreclosure proceedings.

While comprehensive estimates aren't feasible due to lack of data, there is other evidence that our unemployment claim-based estimates are just a fraction of the total need. The U.S. Census Bureau's *Pulse* survey, administered over the internet since late April, provides almost real-time information about how residents are handling the COVID crisis³. For the period from September 2 to September 14, the *Pulse* survey reports that 16% of renters reported being "currently caught up on rent payments," and 6% of renters thought it was "somewhat" or "very" likely they would "have to leave this home in the next two months because of eviction." With approximately one million renter households in Massachusetts, this suggests that approximately 160,000 renter households currently owe back rent, and 60,000 of those fear imminent eviction⁴. Many renters also said that they anticipate having trouble paying rent in the coming months: 8% said they had "no confidence" they would be able to pay October rent on time, and an additional 14% said they had only "slight confidence" for an on-time payment. All told, more than 200,000 households were not sure they could cover their October rent.

Implications of Our Findings

The scale of the potential rental housing crisis is enormous: without significant intervention, its impacts could be devastating. First and foremost, housing instability will worsen the COVID-19 pandemic. There is a strong public health rationale for the eviction moratorium, since protected households are, as a group, more vulnerable to COVID-19. In previous reports, we demonstrated that at-risk renter households are disproportionately likely to include children, people who speak a language other than English at home, and workers of color. According to the Centers for Disease Control and Prevention, all of these characteristics are associated with higher rates of coronavirus infection⁵. Families

experiencing housing instability are also more likely to have underlying health conditions associated with higher rates of morbidity and mortality due to COVID-19. A survey⁶ of over 22,000 families found that those who had not been able to pay the rent on time in the prior year were more likely to report fair or poor health, childhood hospitalizations, food insecurity, and health cost sacrifices.

If these at-risk households were to lose the protection of the eviction moratorium, it is highly unlikely that they would be able to find suitable alternative housing that they could afford. The rental vacancy rate in Massachusetts was only 3.6% in 2019, the lowest it has been since 2002⁷. According to the US Department of Housing and Urban Development⁸, the Boston Metro Region (containing more than two-thirds of the state's population) is the third most expensive market in the country, and average rents are more than \$2,000 per month. While there are signs that vacancy rates in Greater Boston are ticking upwards and rents are falling slightly, the effect has been seen primarily in high-end units in areas such as the Seaport and Back Bay, not in other municipalities and neighborhoods that remain too expensive for most families.⁹ In such an inflated housing market, it is likely that any household evicted due to inability to pay rent for a COVID-related reason would either become homeless or move in with another family or household, very likely creating overcrowded conditions. Both homelessness and overcrowding are also major risk factors for contracting and spreading the novel coronavirus¹⁰.

The long-term economic impacts of widespread evictions could be profound. Eviction and relocation are costly for tenants. An eviction judgement can have permanent negative effect on credit scores, making it harder for those who were evicted to find another apartment, borrow money for education, or purchase their own home. The crisis may also be very costly for landlords, and may particularly stress those with limited financial reserves. The moratorium has already shifted some of the financial burden of the pandemic to property owners, who will have little chance of collecting past due rent even if they successfully pursue eviction. Delays in finding new tenants could exacerbate income losses for small landlords.

Over the long-term, this process could exacerbate underlying factors contributing to the state's decline of "naturally affordable" rental housing, which is most commonly found in mid-sized properties owned by individual property owners. Loss of rental income could result in cash flow shortages for landlords, especially those who own only one or a few properties. Those most hard-hit could be forced to sell their rental assets in order to stay afloat. This process could accelerate consolidation of the rental real estate market under the control of large institutional owners and investors. A recent publication from the Harvard Joint Center for Housing Studies¹¹ reported that the share of rental units owned by institutional owners such as LLCs, LLPs, and REITs grew substantially between 2001 and 2015. The report continues: "Meanwhile, individual ownership fell across rental properties of all sizes, but especially among buildings with 5–24 units. Indeed, the share of mid-sized apartment properties owned by individuals dropped from nearly two-thirds in 2001 to about two-fifths in 2015. Given that units in these structures are generally older and have relatively low rents, institutional investors may consider them prime

candidates for purchase and upgrading. These changes in ownership have thus helped to keep rents on the climb.” To the extent that the pandemic and associated fiscal strains hasten this shift from individual to institutional ownership, they could result in long-term declines in the stock of locally-owned, modestly priced rentals.

Shortcomings of the Federal Eviction Moratorium

A federal eviction moratorium, issued by the Centers for Disease Control, took effect on September 5 and lasts until December 31, 2020. While this moratorium provides protection for many renters, it is less comprehensive than the state moratorium. For example, the Massachusetts moratorium allows “essential” evictions only in cases where tenants’ actions threaten the health or safety of others; whereas the federal moratorium allows evictions to be initiated for violation of “*any contractual obligation* other than the timely payment of rent, late fees, penalties, or interest.”¹² This loophole could provide a limited number of unscrupulous landlords with a mechanism to evict past-due tenants on pretense of noise or other trivial lease violations. This could be especially true in hot market where landlords might be interested in selling their buildings.

The CDC requires all tenants seeking protection to submit a written declaration, using a federal form, “under penalty of perjury.” This requirement will undoubtedly deter undocumented immigrants and possibly others from availing themselves of the benefit of the moratorium. Furthermore, the Massachusetts moratorium also provides relief from late fees and credit reporting for tenants who submit the proper hardship notification to their landlords (though such notification is optional for tenants).

Finally, the CDC moratorium states that landlords, except for essential evictions, may not “remove or cause the removal of a covered person from a residential property” during the period of the moratorium. It is not yet clear if the Massachusetts Housing Court will interpret this to include any notification or legal action (which are prohibited by the Massachusetts moratorium), or will read it to cover only physical removal. If the latter, it is possible that courts may allow landlords to file cases and seek judgements between October 17 and December 31. As a result, physical evictions could begin to take place as early as January 1, in the midst of the winter when it is probable that infection and hospitalization rates will rise significantly.

Policy Solutions

While state and local leaders have increased the amount of emergency rental assistance, it remains insufficient to cover the need. Without federal, state, or court intervention, Massachusetts may see a significant wave of eviction filings in the courts beginning in late October, followed by physical evictions beginning in early January. As a result, more people may find themselves in overcrowded housing or homeless, circumstances that contribute to the spread of COVID-19 and may extend the length of the pandemic. Small landlords unable

to cover mortgage payments due to lost rent may also face foreclosure or be forced to sell their rental properties, accelerating the consolidation of the rental real estate market under the control of large corporate owners.

A comprehensive set of solutions are needed to help mitigate this impending crisis: significant rental assistance accompanied by outreach efforts, process streamlining, and support for implementing agencies; support and incentives that encourage landlords and tenants to negotiate a payment plan, rather than going to court; legal assistance for tenants at risk, in cases where a court case is unavoidable; and foreclosure protection for landlords at risk due to missed payments. Together, these solutions can help to keep Massachusetts residents in their homes and reduce the spread of COVID-19. However, it is not likely they can be put in place in the next two weeks before tenants lose the protection of the state eviction moratorium. Therefore, MAPC strongly recommends that the Baker Administration extend the moratorium to the end of the year, and that Housing Court declines to hear non-essential evictions in advance of December 31. These actions will provide the time needed for the state and advocates for tenants and landlords to develop and implement the solutions needed to meet this crisis.

References

[1] While an EOLWD press release reports continuing claims of 387,829 for the week ending September 5, the data downloads available from the state used for this analysis total only 334,200 claims. We were unable to determine the source of the discrepancy.

[2] As described in prior reports, this analysis assumes basic expenses of \$620 per month per person for food, medical care, auto ownership, and other ongoing expenses excluding housing and child care.

[3] <https://www.census.gov/programs-surveys/household-pulse-survey.html>

[4] These are very general estimates that apply shares from the Pulse survey to the most current household data. They do not account for the different universes for the two datasets (adult renters vs renter households) nor do they account for the very small number of renter households who do not pay rent.

[5] <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/racial-ethnic-minorities.html>

[6] Sandel et. al, Unstable Housing and Caregiver and Child Health in Renter Families; Pediatrics. February 2018, 141 (2) e20172199; DOI: <https://doi.org/10.1542/peds.2017-2199>

[7] <https://fred.stlouisfed.org/series/MARVAC>

[8] <https://www.huduser.gov/portal/publications/pdf/BostonMA-CHMA.pdf>

[9] https://www.bostonindicators.org/reports/report-website-pages/covid_indicators-x2/2020/september/renter-landlord-negotiations

[10] <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/racial-ethnic-minorities.html>

[11] *America's Rental Housing 2020*

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[12] <https://www.federalregister.gov/documents/2020/09/04/2020-19654/temporary-halt-in-residential-evictions-to-prevent-the-further-spread-of-covid-19>