



Brief

FORGOTTEN: RENT ARREARS IN NEW YORK PUBLIC HOUSING OVER THE COVID-19 PANDEMIC

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QUICK FACTS

- By June 2023, CSS estimates that more than **50,000 public housing households** in New York State will owe housing authorities a total of **\$589.4 million** in rental arrears, most piled on since the onset of the pandemic.
 - o Overdue rents for the New York City Housing Authority (NYCHA) residents **totaled \$466 million** as of December 30th, 2022, with most arrears (more than \$400 million) being **accrued during the pandemic**. Arrears for Public Housing Authorities (PHAs) in Western New York, Upstate, and Long Island total ~\$45 million as of December 30th, 2022.
- **Public housing tenants** and other households receiving rental assistance had their applications **deprioritized per the ERAP Program legislation**, passed by the NYS Legislature during the 2021-22 session. In terms of ERAP applications, 226,378 of the 404,748 (56%) total ERAP applications have been paid out as of February 17, 2023, but **no funds have gone towards public housing applicants**.¹
- The ERAP portal closed on January 20, 2023, because the number of applicants greatly eclipsing the amount of funds available.
- **There is not enough funding** to support those in need of emergency housing assistance:
 - o **~\$300M is the total** amount needed to cover everyone currently waiting in the portal.
- PHAs in Upstate and Western New York, and Long Island have started to take tenants to court² for eviction proceedings, including 1500 public housing tenants in Albany.³ NYCHA has begun non-payment proceedings for the 2,600 households that owed substantial amounts of back rent before the pandemic – about \$50 million in total (~\$19,000 each on avg.)

SOLUTIONS SUMMARY

- The U.S. Treasury Department must **reallocate existing ERA funds** more equitably, covering the remainder of New York's outstanding ERAP applications.
- NY State must create a new or alter the current **ERAP Program** to serve public housing residents and allocate \$538 million for NYCHA and \$51 million for Public Housing Authorities in Western New York, Upstate, and Long Island.

SOLUTIONS

1. **Ensure a Fair ERA2 Reallocation:** The US Treasury must reallocate at least ~300 million in ERA funds to the NY State program. The US Treasury should increase NY's funding for the final reallocation of Emergency Rental Assistance (ERA) funds, providing \$300 million to cover the remainder of the program's applicants.

As seen in the table below, ERA1 dollars have all been allocated, but can be recaptured and reallocated if any program is having trouble spending. As for ERA2, reallocation is not allowed, even if the money has yet to be spent. However, 24% (~\$5.2 BN) of the ERA2 funds (according to the Treasury) have not yet been allocated. In the most recent ERA 2 Q2 allocation, New York State received \$63.16 million, only enough to cover 6 percent of what New York's Office of Temporary and Disability Assistance (OTDA) (the program's administrator) requested. However, Treasury has decided not to carry out another assessment reallocation until at least June 2023, if ever. See Table 1 in appendix for NY allocation details.

2. **Implement a New ERAP for Public Housing:** NY State must create a new or alter the current ERAP Program to serve public housing residents and allocate \$538 million for NYCHA and \$51 million for Public Housing Authorities in Western New York, Upstate, and Long Island. Either an identical program or reopening of the ERAP portal for public housing residents would be a simple path forward to covering tenants' arrears in a way that falls within federal law. State lawmakers created and funded two special programs worth \$318 million to support those in need during the pandemic, one to cover rental arrears for private landlords, even if they already evicted the tenant, and another to assist high-income tenants.⁴ They can do the same for Public Housing residents in the FY2023-24 adopted budget. Such a program must include the following rules:
 - Require PHAs to enter into a Data Sharing Agreement with the Office of Temporary and Disability Assistance allowing PHAs to collect tenant consent for data sharing, the tenant to

Emergency Rental Assistance Program Spending Summary

	ERA 1	ERA 2	ERA 1 & 2
Total Congressional Budget	\$25,000,000,000	\$21,550,000,000	\$46,550,000,000
Total Allocated by Treasury	\$25,000,000,000	\$16,378,000,000	\$41,378,000,000
% allocated	100%	76%	89%
Total Spent by Grantees	\$23,600,000,000	\$10,960,157,600	\$34,560,157,600
% spent	94%	67%	84%
Unspent Funds	\$1,400,000,000	\$5,417,842,400	\$6,817,842,400
Amount Available for Reallocation	\$1,400,000,000	\$-	\$1,400,000,000
Amount Still Available for Allocation	\$-	\$5,172,000,000	\$5,172,000,000
TOTAL STILL AVAILABLE			\$6,572,000,000

These estimates use a mix of up-to-date spending data from ERA programs and the US Treasury's Monthly Compliance and Quarterly Reports. Most of the data is from Treasury reports, and the most recent Quarterly Report was in January 2022)

attest to being financially unable to pay back rent, and PHAs to file an rental assistance application on their behalf. This would work similar to NYCHA's 2021 procedure wherein they collected electronic and in-person efforts to obtain consent from residents in order to file an application with OTDA. Then NYCHA carried out bulk submissions on behalf of residents on a weekly basis. OTDA and NYCHA already have experience with this efficient practice, and it could easily apply to rental assistance for all PHAs in New York.

- The program covers total public housing arrears at the time of the laws implementation
- Going forward the tenant will be liable for rent calculated as part of the Section 9 program and not subject to payment plans or alternative fees related to the rent paid by the assistance.

3. **Expand One Shot Deals Funding in NYC:**

The city must provide additional funding or “One Shots Deals” for arrears accrued in assisted homes, including Section 8 (Housing Choice Voucher Units) and Rental Assistance Demonstration (RAD)-Converted properties. Emergency assistance, also known as a “One Shot Deal,” helps people who can’t meet an expense due to an unexpected situation or event including but not limited to, rent arrears to prevent your eviction or dispossess (even if you do not have an eviction case in Housing Court), utility disconnection or pending shut off etc.

4. **Enact a Public Housing Eviction Moratorium:**

The state must pass an eviction moratorium for public housing (and assisted households) that will apply to applicable residents until funding becomes available.

MAKING THE ARGUMENT

NYC Deserved More ERA Relocation: ERA allocations were not fairly distributed accounting for need.

Despite NYC having the highest proportion of renters in the United States, the highest cost of living⁵, and the biggest increase⁶ in rents since the pandemic, fourteen states received higher ERAP allocations per capita; New York was 23rd in rental assistance dollars per renter.

ERAP Funding

(PER CAPITA)	STATE
\$568	DC
\$499	Vermont
\$481	Alaska
\$321	Rhode Island
\$320	Wyoming
\$258	Maine
\$258	North Dakota
\$225	Delaware
\$211	New Hampshire
\$179	South Dakota
\$177	Montana
\$153	New Mexico
\$151	Hawaii
\$145	West Virginia
\$137	New York

ERA \$s per Renter

(PER CAPITA)	STATE
\$4,343	Vermont
\$3,915	Alaska
\$2,653	Wyoming
\$2,356	Maine
\$2,177	Rhode Island
\$2,100	DC
\$2,048	Delaware
\$1,928	New Hampshire
\$1,688	North Dakota
\$1,453	South Dakota
\$1,453	West Virginia
\$1,403	Montana
\$1,273	New Mexico
\$1,202	Hawaii
\$1,040	Utah
\$1,029	Michigan
\$988	Connecticut
\$937	Virginia
\$936	Minnesota
\$896	Mississippi
\$867	Kansas
\$833	Oklahoma
\$808	New York

Deprioritizing Public Housing Tenants is wrong:

While 68% of NY ERAP funding has gone towards residents below 60% of AMI, Maryland's ERA program actually did the opposite of NY's ERAP program when it came to public housing and Section 8 households. Maryland prioritized public housing and other low-income tenants in their program.

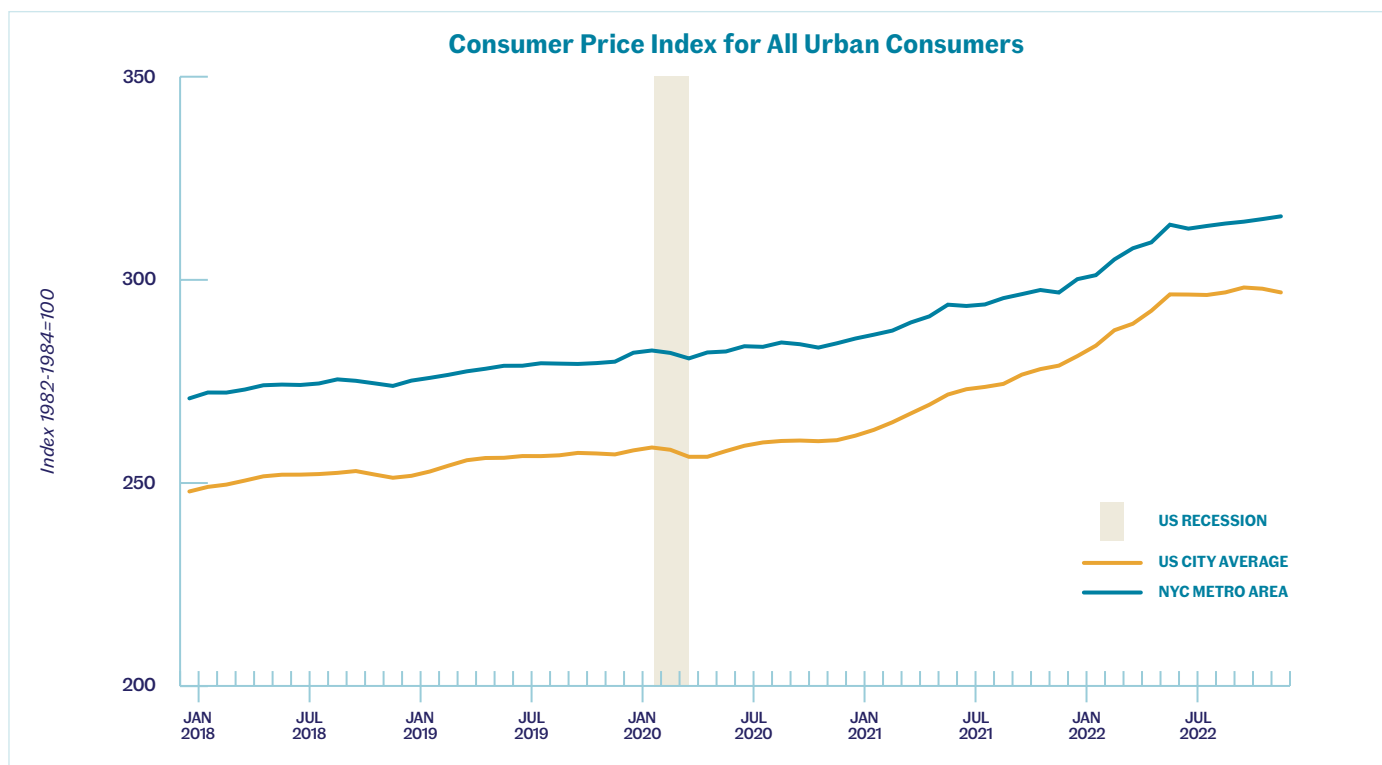
"For bulk tenant rent relief programs, assistance is prioritized for tenants in properties that provide income-based housing and/or have a high proportion of tenants with income under 50% AMI. Properties include: 1) Housing developments that have received assistance from DHCD 2) Programs operated by PHAs 3) Multifamily housing properties in census tracts that have been identified as a high priority for rental assistance by the Urban Institute...."

Furthermore, ten (10) ERA programs prioritized applications based on income, giving preference to households with incomes at or below 30 percent of AMI. Four (4) programs prioritized families with minors and seniors; four (4) prioritized by census tract taking into account "housing stress", social factors, and/or pandemic impact; two (2) prioritized single parent households and accounted for a Health Equity Index; one (1) prioritized SNAP recipients; and one (1) targeted specific zip codes.

What About Assistance Public Housing Tenants

Already Get: It is commonly hinted that public housing tenants only have to pay 30% of their incomes, they shouldn't need help paying rent. However, 30 percent isn't some magical number that precludes one from financial struggles, especially in the most expensive city in the world. At some point renters not being "rent-burdened" or paying less than 30 percent of one's income on rent (as public housing tenants do) became this magical target for the housing policy establishment and politicians. However, 30 percent for middle- or high-income residents isn't the same as 30 percent for low-income residents. Surveys of Public housing residents both before and during the pandemic show trends of the striking difficulty of being low income in New York City (See appendix Table 2 and 3). It's worth noting that more than 30 percent of Public housing households had arrears prior to the pandemic⁷; add inflation, job loss, and the impacts of COVID-19 hit everyone, including Public housing residents, and it's evident that non-rent burdened households can face financial hurdles in the most expensive city in the world

Inflation measured by the Consumer Price Index for aggregated by the St. Louis Federal Reserve (FRED) displays a harrowing reality for New Yorkers. When comparing the prices of all items in the New York Metro Area to the average across all U.S. cities, there is a substantial difference that looks to be trending in the wrong direction.



Source: U.S. Bureau of Labor Statistics

This problem is worse when looked at in the context of households' incomes. Taking the annual incomes of Public housing residents and comparing them to the average spending on everyday expenses, the current inflationary environment reveals a devastating picture. While public housing residents may be receiving assistance for rent payments via Section 9, the median income for public housing residents in New York State is \$14,765; even with subsidized rents job loss and inflation at this income can mean necessary costs – like groceries, medical services, and childcare which have jumped in price from 3-10 percent from 2021 to 2022 alone – make up exceedingly high percentages of a resident's income. When necessities take up massive portions of a family's salary and emergency expenses—that everyone dealt with during the pandemic—come along, families were forced to weigh those last dollars to spend on vs rent and make a difficult choice.

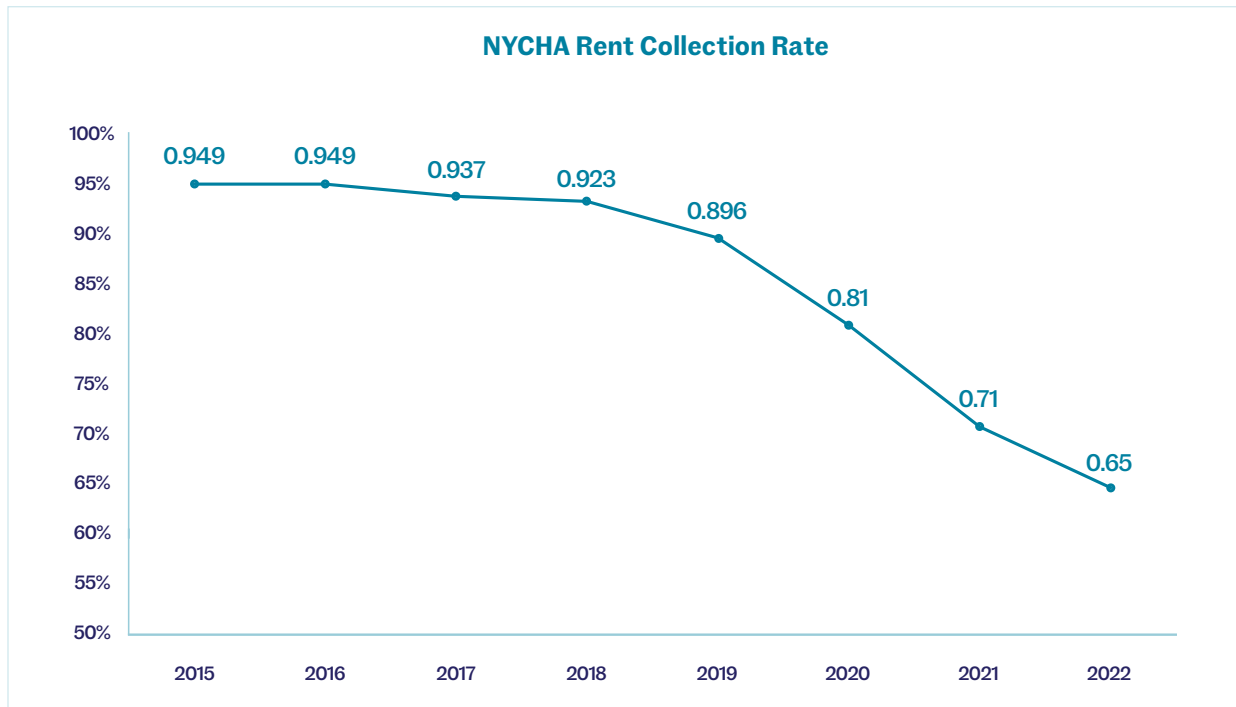
Average Spending as a Percentage of Total Income (2021)

Spending Category	NYCHA	NYC Metro Area
Food	38%	9%
Meats, poultry, fish, and eggs	6%	1%
Fruits and vegetables	6%	1%
Household furnishings and equipment	14%	3%
Transportation	37%	8%
Healthcare	20%	4%

Sources: Consumer Expenditure Survey, U.S. BUREAU OF LABOR STATISTICS (2021); NYCHA Resident Databook Summary (2021)

NYCHA Tenants Are in Need:

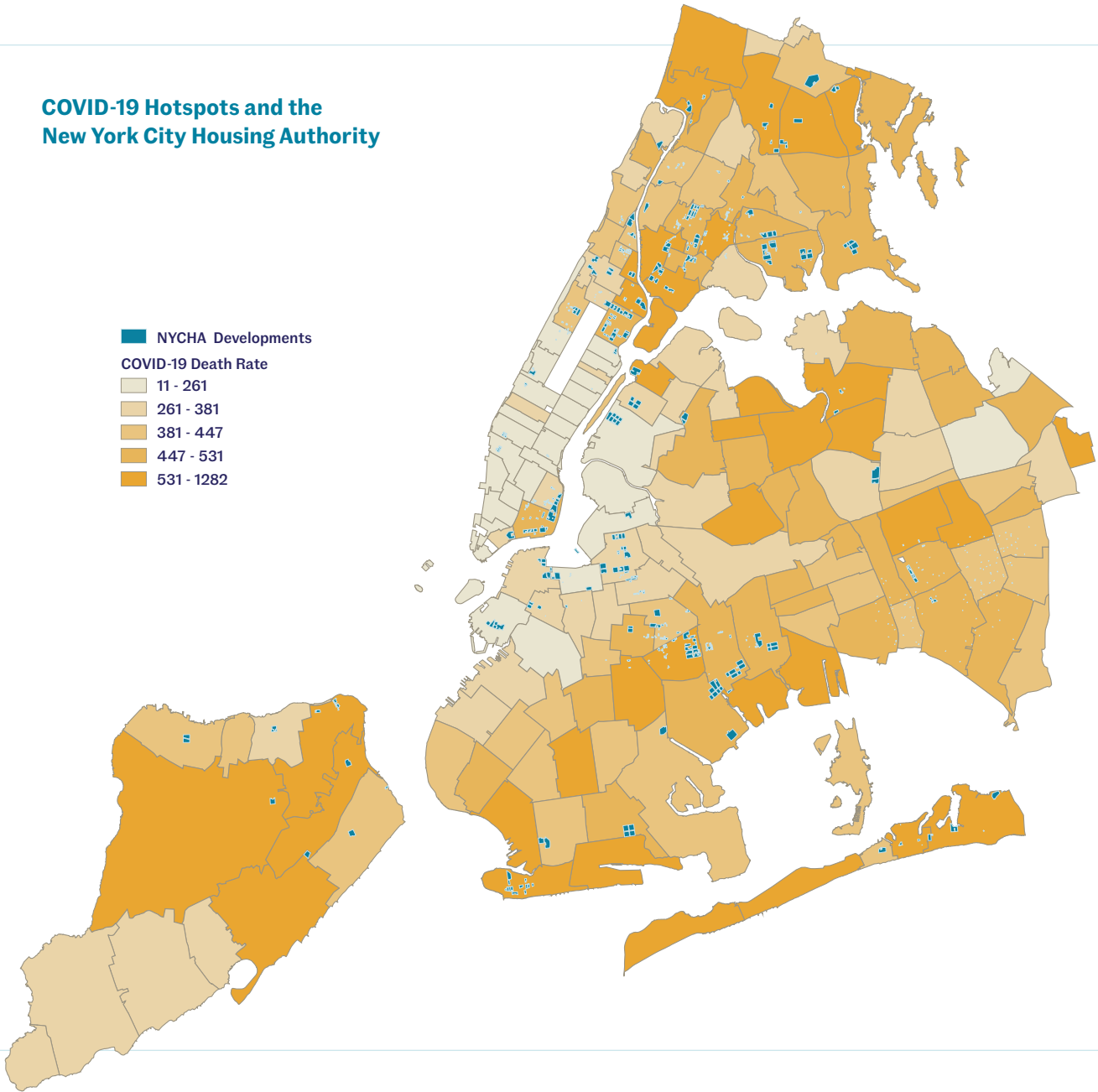
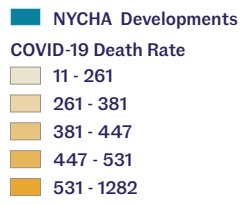
NYCHA's rent collection rate didn't begin to drop until the onset of the Covid-19 Pandemic.



At the height of the pandemic, NYCHA workers went months without masks, hand sanitizer, and necessary PPE. An accounting of how many employee deaths had come at the hands of the virus to employees concluded a reported “No response”⁸ from NYCHA, similarly, there is no ultimate tally on how impacted NYCHA residents were.⁹ We do know that COVID-19 cases and death rates varied by zip codes in NYC, and generally NYCHA developments were located in hotspots. The city has yet to fully account for and understand the impact the pandemic had on NYCHA families but is quick to move on to a narrative that demonizes residents and prepares for mass evictions. While the Safe Harbor Act will protect some NYCHA tenants with arrears, many have owed rent that won't be covered by the law. As NYCHA CEO Lisa Bova-Hiatt told a room full of journalists before the new year, “it's really not in our prerogative to try and evict everyone, but we really do need the revenue.”

In reality, PHAs cannot forgive rent (as per the Department of Housing and Urban Development's (HUD) interpretation of Federal Law), so the funding must come through a rental assistance program.¹⁰ However, 41,698 households have arrears but have not applied to ERAP, and the number continues to grow as rent collection dropped to 65% in 2022. These arrears (rent covers 21% of NYCHA's estimated revenues), increased utility costs and overtime, and ballooning costs of the Monitor Agreement contribute to a difficult fiscal outlook for the agency; NYCHA didn't have a month's-worth of reserves by the end of 2022. That overtime and a shortfall in City funding is contributing to a \$104M budgetary shortfall is much more disturbing than the \$16M expected to be missing in tenants' rents. This shortfall is in NYCHA's operating budget and doesn't account for the massive capital backlog. Beyond just the threat of eviction, this problem puts all Section 9 units in the state at risk whether or not arrears are owed.

COVID-19 Hotspots and the New York City Housing Authority



APPENDIX

Table 1: ERA Re-Allocations to NY State

Re-Allocation	Date of Request	Amount Requested (in millions)	Amount Allocated (in millions)	Percentage of Requested Funds Actually Allocated
ERA 1, Round 1	11/11/21	\$996	\$27.20	2.70%
ERA 1, Round 2	1/21/22	\$1,600	\$119.20	7.50%
ERA 1, Round 3	6/2/22	\$1,400	\$99.40	7.10%
ERA 2, Round 1	7/22/22	\$1,300	\$36.40	2.80%
ERA 1, Round 4	9/26/22	\$973	\$52.30	5.30%
ERA 2, Round 2	11/4/22	\$1,020	\$63.16	6.19%
Total Average	1/24/22	\$1,242	\$66.28	5.27%

Table 2: Household Financial Struggles by Housing Type

	Total	Stabilized	Unregulated	Public	Other regulated*
Below the Poverty Line	16%	20%	13%	43%	36%
Apartment felt unaffordable	23%	31%	27%	24%	16%
Unit feels expensive given location	18%	23%	18%	25%	17%
Unit feels expensive given condition	20%	28%	21%	29%	14%
Postponed healthcare services due to cost	9%	12%	10%	13%	12%

Source: 2017 Housing Vacancy Survey NYC: Initial Findings, US Census Bureau and NYC Office of Housing, Preservation, and Development (HPD)

Table 3: Household Financial Struggles

	NYCHA	NYC Renters
Food Insecure	13%	8%
Confidence in ability to pay a one-time emergency expense of \$400	3.5	7.5

Source: 2021 Housing Vacancy Survey NYC: Initial Findings, US Census Bureau and NYC Office of Housing, Preservation, and Development (HPD)

NOTES

- https://www.nysenate.gov/sites/default/files/article/attachment/covid-19_emergency_rental_assistance_program_cerap_fact_sheet.pdf
- <https://www.timesunion.com/news/article/Court-appearances-begin-for-Albany-Housing-16803222.php>
- <https://www.mediasanctuary.org/stories/2022/center-for-law-and-justice-on-public-housing-tenants-facing-eviction/>
- <https://otda.ny.gov/programs/emergency-rental-assistance/>
- <https://www.c2er.org/2021/11/coli-quarter-3-is-out/>

- <https://www.zumper.com/blog/rental-price-data/>
- <https://www.hrw.org/news/2022/03/02/reinvigorating-public-housing-reimagining-eviction-nyc>
- <https://nypost.com/2020/04/11/coronavirus-kills-over-100-nyc-civil-servants-as-casualties-mount/>
- <https://nymag.com/intelligencer/2020/04/nycha-buildings-are-likely-coronavirus-hot-spots.html>
- https://www.hud.gov/sites/dfiles/PIH/documents/ERAP_PIH_ERAP_FAQs.pdf

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