



500 New Jersey Avenue, N.W.
Washington, DC 20001-2020
202.383.1194 Fax 202.383.7580
<https://www.NAR.realtor/political-advocacy/federal-advocacy>

Charlie Oppler
2021 President
Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP
Shannon McGahn
Chief Advocacy Officer

U.S. HOUSE SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

HEARING ENTITLED "OVERSIGHT OF PANDEMIC EVICTIONS: ASSESSING ABUSES BY CORPORATE LANDLORDS AND FEDERAL EFFORTS TO KEEP AMERICANS IN THEIR HOMES"

STATEMENT FOR THE RECORD OF THE NATIONAL ASSOCIATION OF REALTORS®

JULY 27, 2021

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Thank you for holding this hearing to discuss the challenges presented by the COVID-19 pandemic for housing providers and renters and the difficulties of receiving aid through the federal Emergency Rental Assistance Program (ERAP). The National Association of REALTORS®, along with its affiliate organizations the Institute of Real Estate Management (IREM) and the CCIM Institute, represents more than 1.4 million real estate professionals involved in all aspects of the real estate industry, including the ownership and management of single-family and multifamily rentals.

The Center for Disease Control's (CDC) national eviction moratorium, which began on September 4, 2020, ensured that tenants unable to pay rent due to COVID-19 would remain in their rental housing. Unfortunately, it also made providing that housing unsustainable for many property owners, especially mom-and-pop landlords with just 1–4 rental units, who had to provide housing and maintain their properties with less or in some cases no rental income. According to the Rental Housing Survey of the U.S. Census Bureau, more than forty-percent of the nation's 48 million total rental units are owned by such mom-and-pop landlords. Without rental income, it is difficult for housing providers to pay their mortgages, taxes, and insurance, maintain their properties, and cover other expenses. For many of those property owners, the only solution to prolonged loss of rental income causing them to fall behind on mortgages or other financial obligations may be to sell their properties to institutional investors – an action that could very likely lead to less affordable rental housing across the country. Mom-and-pop landlords are found in big cities, as well as rural and suburban areas that lack large apartment complexes and where rental housing is even more difficult to find. They serve an important function to their communities by providing housing to people who are not in a position to purchase a home.

The federal Emergency Rental Assistance Program ("ERAP") administered by the Treasury Department holds promise for assisting both tenants and their housing providers who are struggling financially. However, many states and localities structured their programs in such a way that it was difficult or even impossible for housing providers to receive money. Applications require tenants to sign-off and provide personal financial information from households and individual tenants, so a housing provider cannot apply on behalf of a tenant who is uncooperative or who has stopped communicating with the property owner or manager. These and other obstacles for housing providers – for example, agreeing not to initiate any eviction action for several months into the future upon receiving ERAP funds to cover rental arrears in some programs – will hinder participation in the programs by some housing providers who cannot meet all the requirements but are in need of assistance.

The ERAP funding has succeeded in providing aid to over 630,000 unique households as of June 30, 2021, according to data released by the Treasury Department¹ – an accomplishment that is praiseworthy, and speaks to the hard work of the Treasury Department and the administering entities at the state and local level, especially for a program that is less than six-months old. However, these are times when speed and efficiency are of the essence, and the relief for those 630,000-plus homes represents only 6.5% of the nearly \$46 billion Congress provided in funding for the program. This is due to a combination of factors – long wait times for federal guidelines for the state programs, followed by in some cases an even longer wait for the state programs to launch, and confusing and conflicting regulations across jurisdictions for applying and receiving the funds. Perhaps most critical has been the challenges communicating that this aid exists to both tenants and housing providers who would not otherwise have cause to work with federal or state agencies to receive aid. To meet its full potential, the government *must* do more to reach those housing providers and their tenants, and to assist them more in navigating the process. This may require a national education campaign or more resources for the state and local administering entities that are stretched to their limit trying to meet the demand.

¹ U.S. Treasury Department Press Release, "Treasury Data: Amount of June Emergency Rental Assistance Resources to Households More Than All Previous Months Combined." July 21, 2021. <https://home.treasury.gov/news/press-releases/jy0284>.

Housing providers, especially those who own only a few rental units, see eviction proceedings as a last resort. They are time-consuming and can be costly to the property owners themselves. If an eviction goes through it results in an empty rental unit that is not producing income. To that end, housing providers have worked with their tenants who cannot pay rent since the beginning of the COVID-19 pandemic, whether by creating payment plans, renegotiating leases, assisting them with finding aid or alternative housing they can better afford, or offering "cash-for-keys" options and taking a loss themselves in the process. Not all these options are available to every housing provider; some – especially mom-and-pop landlords - do not have the financial reserves to make these allowances. Housing providers need to be able to easily apply for and quickly receive ERAP aid. This will go a long way toward preventing evictions, but if they are kept from doing so or if the funding takes too long to be disbursed, they may have no other option.

Again, thank you for holding today's hearing to discuss this important issue and the unprecedented challenges it presents. NAR stands ready to work with Congress, the administration, and industry and community partners to tackle it and help both housing providers and renters return to a state of financial stability.