

Central Texas Interfaith

“Let justice pour down like waters”.... Amos 5:24
1301 S. IH 35, Suite 201
Austin, Texas 78741

On behalf of each of our member groups, the **Austin Apartment Association** and **Central Texas Interfaith** express our unified support for emergency rental assistance to support the hundreds of thousands of families and small business property owners in Central Texas impacted by the COVID-19 pandemic.

AAGD is a trade association representing rental property owners, management companies, and the product and service companies who supply the industry. AAGD represents more than 1,000 companies who own and operate 2,700 properties with more than 580,000 rental units in eleven counties surrounding the city of Dallas. The AAGD membership also includes 750 companies that provide professional products and quality services to the property owner and management company members.

Central Texas Interfaith (CTI) is a non-partisan organization of 50 community organizations, schools, labor organizations, non-profits and faith-based organizations spanning Central Texas. CTI represents low-and-middle-income communities, communities of color, and the institutions that serve them.

The COVID-19 Pandemic and economic recession has left many of our members vulnerable to eviction or foreclosure. Even prior to the Pandemic, an estimated 73,000 renters in Austin made less than \$35,000 a year, and most spent more than a third of their income on rent. The majority, 53.6%, were already spending half their monthly income on rent. Many low-income families have already exhausted their funds on rent and food. Rising unemployment has made many of these households both housing and food insecure as Austin’s unemployment hit a record 12 % in April.

Emergency Rental Assistance: According to the 2018 American Community Survey, 36% of the 122 million U.S. households were renting households with an annual median income of \$41,000. This group of 44 million renters are highly likely to be financially disrupted by the COVID-19 pandemic. The follow-on consequences spread to their larger communities.

This trickledown effect of 44 million financially distressed renters is causing many downstream **Austin Apartment Association** members to be among the most vulnerable to the negative consequences of the pandemic. The National Apartment Association (NAA) estimates that in normal economic periods AAA members only clear 9 cents of every dollar after covering overhead and operating costs. These costs do not disappear when a renter defaults. And clearly, these are not normal economic times.

So far, thankfully, a number of relief measures have been enacted at all levels of government in response to the COVID-19 crisis. At the federal level, Congress passed the CARES Act which provided direct payments to some individuals and an expansion of unemployment insurance for those who could demonstrate they are able to work but cannot because of COVID-19.

These benefits were critical and much needed, but they are limited in scope and duration and, importantly, they do not reach a great portion of the renting populations who need it most. Furthermore, unemployment benefits generally cover up to only half an employee's wages. Finally, these benefits are set to expire at the end of July, which if allowed, will cause its own "second wave," of defaults.

At the local level, **Travis County and the City of Austin** have set aside a combined \$46 million through their COVID-19 relief programs to provide rental, mortgage, utility, and food assistance to their residents in need. Unfortunately, because of the economic impact of COVID-19, these programs have been overwhelmed by the unprecedented need for assistance and will run out of funding almost immediately. CTI estimates that Austin had as many as 68,000 renters in need of assistance as of April. Based on current need, city and county funds local funding may be exhausted before the end of August.

The situation is no better in other Texas metro areas:

- In Dallas, a \$13.7 million program for rental and mortgage assistance was closed with the first 26 hours after receiving more than 25,000 applications (only 1,000 families will be served by the program).
- In Houston, a \$15 million program for rental assistance ran out of funding and closed in under 90 minutes.

These examples show that the demand for rental assistance is great, and the efforts being made at the local level – coupled with temporary federal assistance through the CARES Act – are simply not enough to keep pace with the overwhelming, desperate need for rental assistance as a result of COVID-19.

According to the Urban Institute, it would cost approximately \$96 billion to assist 17.6 million renter households needing rental assistance due to the impacts of COVID-19 for six months. The National Low-Income Housing Coalition found that \$100 billion in federal rental assistance is needed to cover all extremely and very low-income renters during the pandemic. We feel that these numbers more accurately represent the amount of federal funding needed for emergency rental assistance, and we appreciate the \$100 billion in rental assistance included in the HEROES Act.

In addition to the amount of rental assistance funding, we believe that any emergency rental assistance legislation should include the following concepts:

- A mechanism that efficiently and effectively disburses rental assistance funds at the state and local level, instead of using the HUD Emergency Solutions Grant (ESG) program. ESG is geared toward homeless populations and is not suited to the goals of a large-scale, temporary rental assistance program. Federal rental assistance should be utilized with multiple existing HUD programs – not relying on any one program – to increase capacity and flexibility.
- A federal rental assistance program should leverage existing state and local programs with the capacity to adapt and adjust to the volume of funding. Disbursement methods could bolster existing city and county programs as well as include nonprofits with experience in administering rental assistance and those that have the trust of their communities like **El Buen Samaritano and Caritas**.
- Existing program requirements may need to be waived or modified in this exigent situation to streamline delivery of funding at the local level - recognizing the urgency of the need for rental assistance during these unprecedented times.
- Funding should be disbursed for all renters in need across all housing types and income levels, but local jurisdictions should determine the eligibility and priority guidelines for renters in their community.

We appreciate your leadership during these difficult times, and we look forward to working with you to ensure that any rental assistance program created maximizes flexibility and efficiency, leverages existing nonprofit programs to administer funding, and focuses on populations with the greatest unmet needs.

Sincerely,

Emily Blair, CAE
Executive Vice President
Austin Apartment Association

Rev. Jeff Thompson
Living Word Lutheran Church

Rev. Michael Floyd
All Saints Episcopal Church