



COLORADO EVICTION RISK ANALYSIS

**COVID-19 EVICTION DEFENSE
PROJECT**
9/17/20





AGENDA

- 9:30 – 9:45 By the Numbers: Housing Insecurity and Eviction Risk, Sam Gilman, Co-Founder CEDP
- 9:45 – 9:55 Landlord Tenant Law on the Ground, Javier Mabrey, Attorney and Advocacy Lead CEDP
- 9:55 – 10:15 Policy Interventions to Keep Coloradans Housed, Jack Regenbogen, Sr. Attorney CCLP
- 10:15 – 10:30 Questions and discussion

CONSENSUS ON UNPRECEDENTED HOUSING INSECURITY

ECONOMIC UPDATE



➤ Federal Relief

- End of FPUC benefit could result in a 7% decline in personal consumption in August
- A 7% decline in Colorado sales tax collections would be approximately \$20M/month
- There is significant uncertainty regarding the implementation of the lost wages assistance benefit established through Presidential Memorandum on 8/8/2020

➤ Rent/Mortgage Payments

- Nationally, 95.7% of renters paid rent in July, compared to 96.6% in July 2019
- 20.0% of adults in Colorado report low confidence that they can pay next month's rent or mortgage on time

➤ Permanent layoffs and business closures

- The number of people on permanent layoff held steady in July
- Although CO is better than national average for unemployment rate, CO has the 7th highest rate of business closures in the U.S.

"One-in-five is a very high number for housing insecurity."

Lauren Larson,
Budget Director State of Colorado

CENSUS BUREAU DATA ON RENTAL ARREARS AND HOUSING INSECURITY

BEHIND ON RENT AT END OF AUGUST

10%

Of Colorado renters are not caught up on rent (Census Bureau)¹

76K

Colorado households behind on rent

175K

Coloradans in households that are behind on rent

8th

Colorado is 8th among states and DC in terms of on time payment last month among renters²

HOUSING INSECURE IN SEPTEMBER

19%

Of Colorado renters are housing insecure (express slight or no confidence that they can pay rent on time in Sep. (Census Bureau)¹

146K

Colorado housing insecure households that express slight or no confidence in ability to pay rent on time.

336K

Coloradans in housing insecure households that express slight or no confidence in ability to pay rent on time.

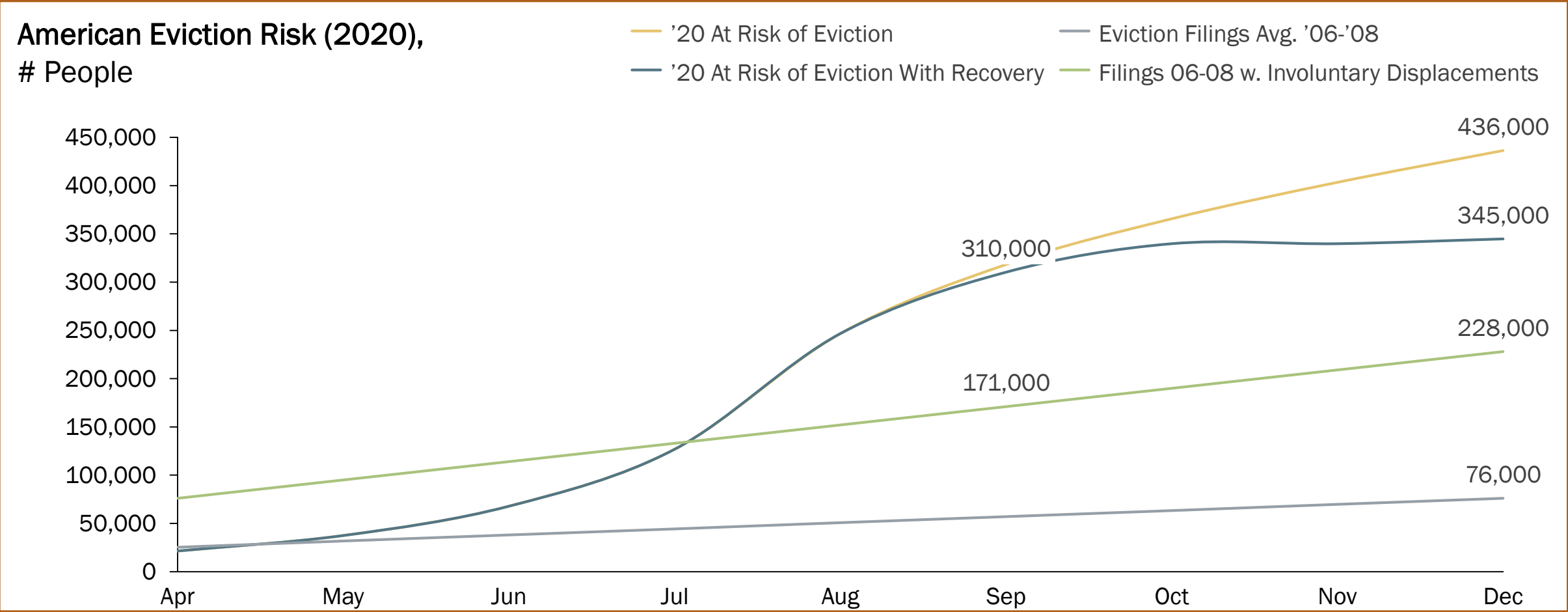
21st

Colorado is 21st among states in terms of levels of housing insecurity among renters.²

NOTE: While Colorado may be doing relatively well among other states, the urgency of the crisis is historic; this relativity should not distract from the worst economic crisis since the Great Depression.

Source: 1 Census Bureau Household Pulse Survey, Week 13 Tables 1b and 2b; 2 Census Bureau Household Pulse Survey, Week 12 Tables 1b and 2b

BASED ON CENSUS DATA, 345K-436K RENTERS ARE AT RISK OF EVICTION BY THE END OF THE YEAR IF CURRENT CONDITIONS DO NOT CHANGE



Source: COVID-19 Eviction Defense Project Model, 8/7/2020; published with [Aspen Institute](#). See methodology page for more details.

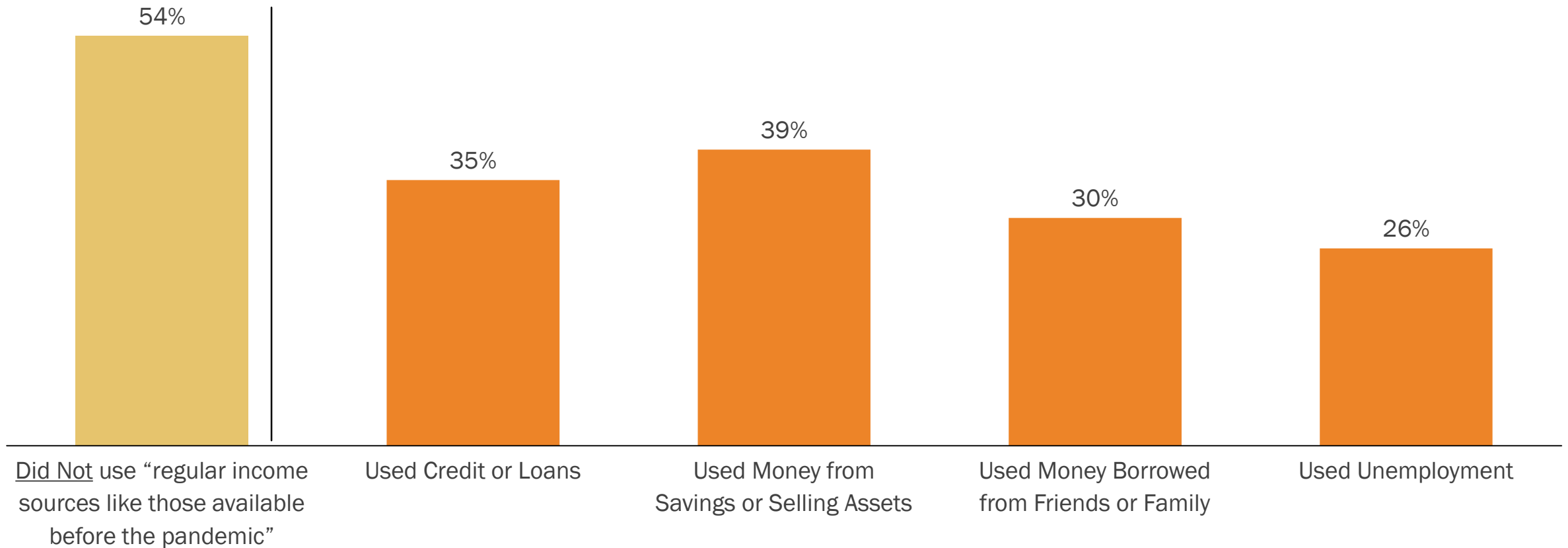
*Model assumes improved conditions enable 1 in 4 renters at risk of eviction to become current on rental payments by end of year;

Note 1: Eviction risk includes formal and informal displacement. One study posits 24% of involuntary displacements went through the legal process of evictions, 48% were informal evictions, and 24% were based on landlord foreclosure. (Desmond & Schollenberger, 2016).

Note 2: '06-'08 averages based on Eviction Lab year end data. They include transformations for number of people per household & informal displacement. Data is annualized but likely not 100% linear.

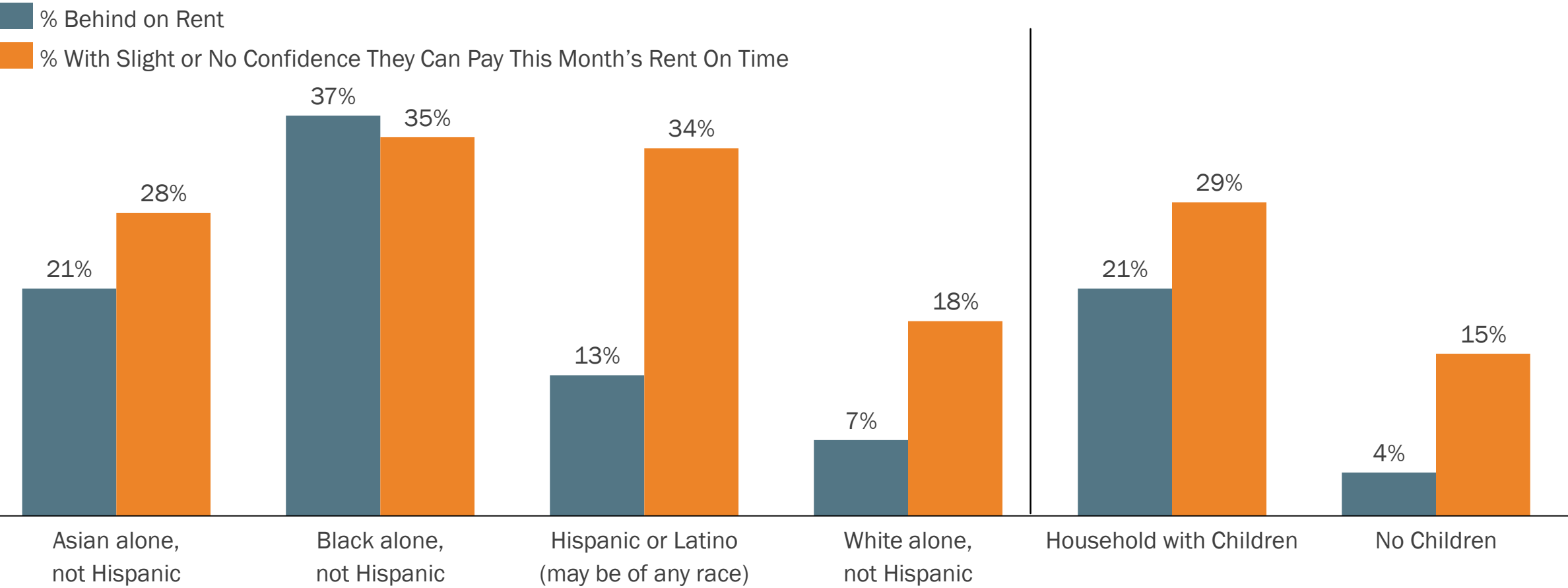
CENSUS: THE HOUSING INSECURE RENTERS ARE PAYING THEIR BILLS WITH UNSUSTAINABLE FUNDS

Sources for Last Seven Days of Spending Needs Among Renters with Slight or No Confidence in Ability to Pay Rent On Time Next Month (Census Bureau)



CENSUS DATA: HOUSING INSECURITY IMPACTS RENTERS OF COLOR AND FAMILIES WITH CHILDREN DISPROPORTIONATELY

Housing Insecurity, by Hispanic Origin and Race



Note: Small sample size possible for Asian, Non-Hispanic and Black, Non-Hispanic Renters
Source: Census Bureau Household Pulse Survey, Week 13 Tables 1b and 2b. The Census Bureau defines a household as housing insecure if they have slight or no confidence in their ability to pay next month's rent on time or did not pay this month's rent on time

POLICY RESPONSE TIMELINE:

COLORADO EVICTION RESPONSE TIMELINE

- 3/20/2020; 4/6/2020 – EO allocates \$3 million in rental assistance and encourages DOLA and DPS to work with property owners and local leaders to limit evictions (D 2020 012; D 2020 031)
- **4/30/2020 – EO imposes moratorium on evictions and late fees**, includes eviction filings and executions for 30 days (D 2020 051), covering 100% of renters in Colorado.
- **5/29/2020 – EO extends moratorium on evictions** for tenants experiencing COVID-19 financial hardship for 15 days (D 2020 088)
- **6/13/2020 – Legislature fails to pass eviction moratorium.** Passes bill to allocate \$20M in CARES Act funding to rent relief.
- **6/13/2020 – EO does not extend moratorium.** Extends cure period to 30 days (D 2020 101).
- 7/13/2020 – EO does not extend moratorium. Keeps cure period at 30 days. (D 2020 134).
- 8/10/2020 – EO does not extend moratorium. Keeps cure period at 30 days. (D 2020 185).
- 8/26/2020 – EO creates special Eviction Prevention Task Force (B 2020 06)

FEDERAL EVICTION RESPONSE TIMELINE

- **3/26/2020 CARES Act Eviction Moratorium bans evictions in federally subsidized properties**, covering 28%- 46% of properties
- 7/25/2020 30 Day Notice Period Begins for CARES Act Moratorium
- **9/4/2020 CDC Imposes Nationwide Eviction Moratorium**, covering the vast majority of renters

POLICY RESPONSE COMPARISON

CARES ACT ALLOCATION TO RENT RELIEF

- Washington:
 - \$100 Million (4.6% of CARES Funding)
 - Eviction Moratorium
- Florida:
 - \$ 250 Million (4.3% of CARES Funding)
 - Eviction Moratorium
- Oregon:
 - \$55 Million (4% of CARES funding)
 - Eviction Moratorium
- Colorado:
 - \$20 Million (1.2% of CARES funding)
 - No Eviction Moratorium



OUR ESTIMATES INFORMED THE CDC EXECUTIVE ORDER IMPOSING AN EVICTION MORATORIUM THROUGH THE END OF 2020



This document is scheduled to be published in the Federal Register on 09/04/2020 and available online at [federalregister.gov/d/2020-19654](https://www.federalregister.gov/d/2020-19654), and on [govinfo.gov](https://www.govinfo.gov)

BILLING CODE: 4163-18-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19

AGENCY: Centers for Disease Control and Prevention (CDC),
Department of Health and Human Services (HHS).

The Federal moratorium, however, did not reach all renters. Many renters who fell outside the scope of the Federal moratorium were protected under State and local moratoria. In the absence of State and local protections, as many as 30-40 million people in America could be at risk of eviction.¹⁷ A wave of evictions on that scale would be unprecedented in modern times.¹⁸ A large portion of those who are evicted may move into close quarters in shared

COURTS MIGHT STRIKE DOWN THE NATIONAL MORATORIUM; COLORADO NEEDS TO BE PREPARED

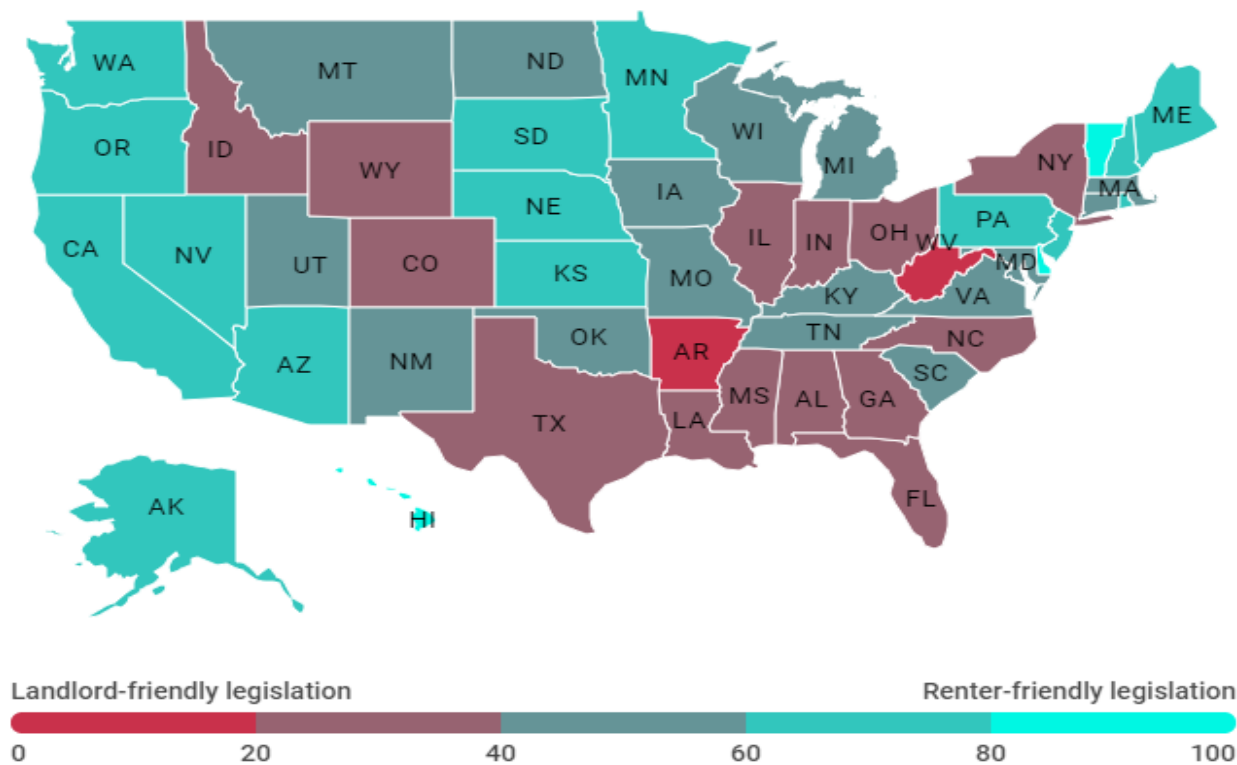
- The CDC Eviction Moratorium is on uncertain legal ground
- Colorado has no eviction moratorium
- If the CDC order is struck down, our communities will be vulnerable to removal
- And the resulting confusion could lead to an unusually high number of defaults (evictions where people do not go to court)
- Challenges to state and local eviction moratoria have been addressed 11 times. All 11 courts upheld that state and local authority

 Courthouse News Service

Landlord Sues to Block CDC Ban on Evictions During Pandemic

COLORADO IS ESPECIALLY AT RISK FOR CRISIS CONDITIONS GIVEN ITS LACK OF TENANT PROTECTION LAWS

Renter-Friendly vs Landlord-Friendly States

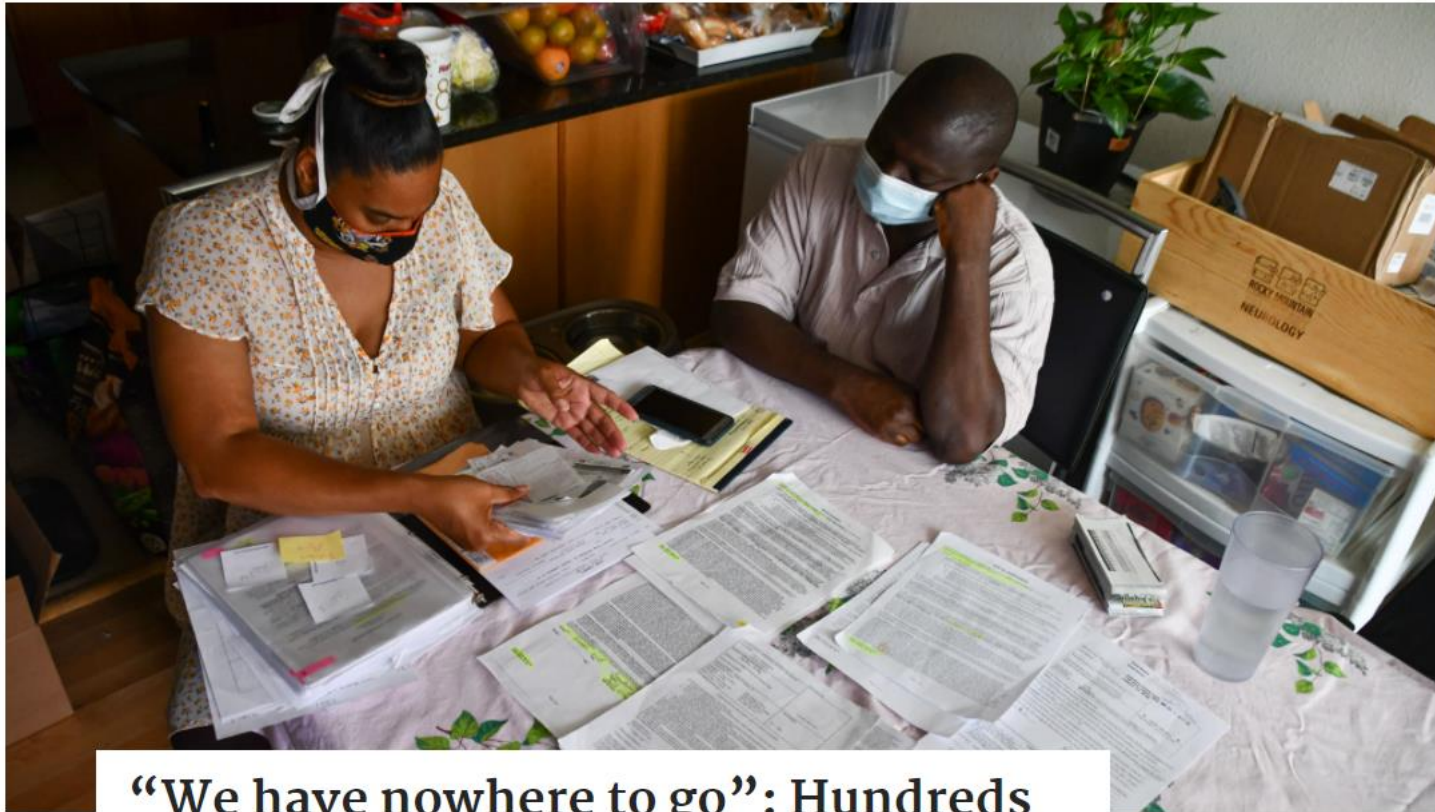
 ShareRENT*Café*

BROADER CONTEXT & WHAT WE'RE SEEING ON THE GROUND

Colorado's 41st ranked landlord-tenant law makes it difficult to protect renters.

- 1. Renters receiving rental assistance too late to avoid eviction because funds come in after demand period**
- 2. Late fees that can be as high as double the rents & high liquidated damages clauses for breach of rental contract**
- 3. No guarantee of habitable premises, tenants have to pay to sue for uninhabitable conditions, which makes it harder to defend in eviction cases**
- 4. No right to a trial by jury and limited ability to demand discovery**
- 5. Rent relief not reaching mom and pop landlords**

THE NUMBERS ARE STAGGERING... BUT CONSIDER THE HUMAN IMPACT



“We have nowhere to go”: Hundreds of thousands of Coloradans at risk of eviction

Tanisha Diggs and her husband Kwabena Yeboah sort through court documents at their kitchen table on June 17, 2020. The couple and their two sons are facing eviction this week because the rental company said that they violated their lease. But they dispute the claims. (Moe Clark, The Colorado Sun.)





APPENDIX

IN JULY, WE UPDATED OUR METHODOLOGY TO REFLECT CENSUS DATA ON ACTUAL TENANT OUTCOMES DURING THE PANDEMIC

Initial Methodology

- The first model predicted, by state and by month, how many people will run out of money based on job and income loss during the pandemic, based on three renter unemployment scenarios.
- Definition of at risk: A family becomes at risk of eviction when they have insufficient income to pay rent and meet their other financial obligations, accounting for cuts to non-rent expenses based on income.
- Primary Data Inputs:
 - National unemployment projections
 - Turner Center's analysis of the number of renter households with at least one worker in an industry at high risk of job loss.
 - Income replacement from the CARES Act stimulus payments by family type, enhanced unemployment for three months, and state unemployment (including different weekly UI caps) on family budgets.
 - American Community Survey and CHAS data to establish the number of renter households, renter incomes, and the average percentage of income paid in rent by AMI tier.
 - Assumption of economic recovery.

New Methodology

- The new simulates eviction risk, by state and by month based on individuals own expression of their ability to pay rent on time.
- Definition of at risk: A household will be “at risk of eviction” by the end of the year if they express slight or no confidence that they will be able to pay rent next month. Additionally, we assume a household that express slight or no confidence in its ability to pay rent on time next month and that did not pay rent on time last month is already at risk. We further assume that residents who live in subsidized housing would not be at risk of eviction until 2021.
- Primary Data Inputs:
 - Week 10, Public Use File of the Census Bureau's Household Pulse Survey.
 - The American Community Survey to establish the number of renter households nationally, renter incomes, and the average percentage of income paid in rent by AMI tier (a tabulation supplemented by the National Low Income Housing Coalition).
 - HUD and The Census Bureau's CHAS data to establish the percentages of Americans by AMI tier and cost burden.
 - No assumption of economic recovery or income replacement beyond state unemployment insurance in base model.

METHODOLOGY

The COVID-19 Eviction Defense Project simulates eviction risk, by state and by month based on individuals own expression of their ability to pay rent on time. When a family runs out of money and is unable to be able to pay rent on time, we measure that family as “at risk of eviction.” Of course, not all families who run out of money will go through the legal process of eviction or be involuntarily displaced. However, when families run out of cash, they face the risk.

Our model is built off of three primary sources. First, its primary input is the Week 12, Public Use File of the Census Bureau’s Household Pulse Survey.¹ Second, it uses the American Community Survey to establish the number of renter households nationally,² renter incomes,³ and the average percentage of income paid in rent by AMI tier (a tabulation supplemented by the National Low Income Housing Coalition).⁴ Third, it uses the Census Bureau’s CHAS data to establish the percentages of Americans by AMI tier and cost burden.⁵

We calculate the percentage of renter households at risk of eviction by calculating the percentage of renters who are housing insecure as of the date of the most recent public use file. The Census Bureau Pulse Survey defines housing insecurity as people who answer that they have slight or no confidence that they will be able to pay rent on time next month or who were unable to pay last month’s rent on time.⁶ We assume that 20% of renters at or below 50% AMI live in subsidized housing and are therefore at far lower risk of eviction in 2020.⁷ We assume no eviction risk for this population. Because the Household Pulse Survey reports its responses at the person level for individuals older than 18, rather than the household level, we scale responses to the household level. We remove renters who do not report their income from both the numerator and the denominator. To conduct analysis by AMI tier, we allocate Household Pulse Survey respondents by income bracket into the appropriate AMI tier. Where there is overlap between the income bracket and the boundary of the AMI tier, we proportionally allocate respondents to each tier (e.g., if 50% of AMI in a state is \$40K / year, we allocate 1/3 of the 35-50K to the 30-50% AMI tier and 2/3 to the 50-80% AMI tier).

This analysis likely establishes the lower bound of eviction risk assuming current conditions do not change, as more Americans could become housing insecure over the coming months. We will continually update this analysis, tracking the Census Bureau Pulse Survey.

For renters who express slight or no confidence that they will pay rent on time this month, did not pay rent on time last month, and lost income during the pandemic, we assume that they are already housing insecure. We assume that 50% of these renters were housing insecure for the first time in July, 25% in June, 12.5% in May, 7.5% in April, and 5% in March . For those who are housing insecure but did not report a loss of income during the pandemic, we assume an even distribution of the first month of risk—assuming 14% of all who are already at risk. For prospective eviction risk, we assume that 50% of people who express slight or no confidence that they can pay next month’s rent on time and lost income due to the pandemic but successfully paid last month’s on time are at risk of eviction for the first time next month. We follow the same bell curve, suggesting 25% become at risk in September, 12.5%, 7.5% and 5% in October, November, and December respectively. Informed by spending patterns for EITC payments, we model that funds will run out by the end of the year, even for those who earned more in unemployment and stimulus checks than their previous incomes.⁸ Based on EITC spending, families typically only save 10% of EITC checks 6 months after payment, with 65% being spent in the first month or on repaying debts.⁹ In other words, we assume that people will spend stimulus and enhanced UI payments more conservatively than EITC payments. For those who did not lose income in the pandemic, we predict an even rate of first-time eviction risk.

Finally, we report our numbers in terms of people rather than households. We calculate that the average renter family size is 2.3 compared to an average family size of 2.53 based on the American Community Survey.

Our initial model predicted that 25% of unemployed renters would return to work by the end of the year based on CBO projections.¹⁰ Our base model removes that assumption, as job losses are accelerating.¹¹ This report does not model extensions in enhanced UI and other cash assistance proposals.

Model Comparison: Our first eviction risk model predicted the number of people who would run out of money and therefore be at risk of eviction on the basis of predicted job loss among renters, assuming a 25% and 30% affected scenario. That model was based off of predicted job loss. In this model, we replaced predictions with actuals using the Census Bureau Pulse Survey. For more context, we scaled eviction risk by state based on the Turner Center’s predictions of the number of renter households with at least one worker in an industry at high risk of job loss.¹² The model evaluated the effect of CARES Act stimulus payments by family type, enhanced unemployment for three months, and state unemployment (including different weekly UI caps) on family budgets. It cuts the data based on 13 family types to ensure that we accurately allocate stimulus funds, 5 income tiers, the number of income earners, 3 levels of cost-burden, and citizenship status.

MODEL CITATIONS

1. U.S. Census Bureau, Household Pulse Survey PUF: July 16 – July 21 (Jul. 29, 2020), <https://www.census.gov/programs-surveys/household-pulse-survey/datasets.html>.
2. U.S. Census Bureau, American Community Survey, Table B25074: Household Income by Gross Rent As a Percentage of Household Income in the Past 12 Months (2018), <https://data.census.gov/cedsci/table?q=B25074%3A%20HOUSEHOLD%20INCOME%20BY%20GROSS%20RENT%20AS%20A%20PERCENTAGE%20OF%20HOUSEHOLD%20INCOME%20IN%20THE%20PAST%2012%20MONTHS&tid=ACSDT1Y2018.B25074&hidePreview=true&vintage=2018>
3. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, A PICTURE OF SUBSIDIZED HOUSEHOLDS GENERAL DESCRIPTION OF THE DATA AND BIBLIOGRAPHY, (last accessed Jul. 30 2020), <https://www.huduser.gov/portal/datasets/assthsg.html>.
4. U.S. Census Bureau, American Community Survey, Median Household Income the Last 12 Months (2018), <https://data.census.gov/cedsci/table?y=2018&tid=ACSDT1Y2018.B25119&t=Income%20and%20Poverty%3AOwner%2FRenter%20%28Tenure%29&hidePreview=true&vintage=2018&g=0100000US.04000.001>.
5. Median HCIR Data by State (unpublished data) (on file with the author) (tabulated by National Low Income Housing Coalition on the basis of the American Community Survey PUMS data).
6. Dep't. of Housing and Urban Development, Comprehensive Housing Affordability Strategy (2012-2016), <https://www.huduser.gov/portal/datasets/cp.html>.
7. U.S. Census Bureau, Household Pulse Survey Interactive Tool (last visited Jul. 23, 2020), <https://www.census.gov/data-tools/demo/hhp/#/?measures=HIR>
8. Eric Morath, *Coronavirus Relief Often Pays Workers More Than Work*, WALL ST. J. (Apr. 28, 2020), <https://www.wsj.com/articles/coronavirus-relief-often-pays-workers-more-than-work-11588066200>
9. Mathieu Despard et. al., *Do EITC Recipients Use Tax Refunds to Get Ahead? New Evidence from Refund to Savings*, Center for Social Development, Wash. U. (CSD Research Brief No. 15-38, Jan. 2015), https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1589&context=csd_research.
10. See PHILIP SWAGEL, CONG. BUDGET OFF., CBO'S CURRENT PROJECTIONS OF OUTPUT, EMPLOYMENT, AND INTEREST RATES AND A PRELIMINARY LOOK AT FEDERAL DEFICITS FOR 2020 AND 2021, (Apr. 24, 2020), <https://www.cbo.gov/publication/56335>.
11. See e.g., Patricia Cohen, *Rise in Unemployment Claims Signals an Economic Reversal*, N.Y.TIMES (Jul. 23, 2020), <https://www.nytimes.com/2020/07/23/business/economy/unemployment-economy-coronavirus.html>
12. Elizabeth Kneebone & Cecile Murray, *Estimating COVID-19's Near-Term Impact on Renters*, Turner Center for Housing and Innovation, University of California (May 25, 2020), <https://turnercenter.berkeley.edu/blog/estimating-covid-19-impact-renters> (discussing at risk industries).

FOR MORE INFORMATION

Email: sam@cedproject.org

Website: www.cedproject.org