

SEPTEMBER 2021

HOUSING HARDSHIPS DURING COVID-19

Disparities Increased by Race/Ethnicity
and Homeowner Status



Executive Summary

Even prior to the COVID-19 pandemic, U.S. households were burdened by the cost of rental and mortgage payments, burdens which disproportionately fell on Black and Hispanic families. Using a 5-wave survey, we examined whether disparities in housing cost burden continued throughout the pandemic and trends in how households fell behind on rent and mortgage payments. We found that more than a third of households experienced housing cost burdens during the pandemic, with a slightly higher percentage of households of color bearing cost burdens than white households. Renters had greater cost burdens than homeowners.

During the pandemic, significantly more Black and Hispanic households fell behind on monthly housing payments than households that were white or another race or ethnicity. Despite significant differences in cost burdens between owners and renters, there were none in falling behind on rent and mortgage payments. In the first year of the pandemic, increasingly more households fell behind on their payments, but the proportion did not consistently increase at each wave of our survey. The sharpest increases occurred between March and June of 2021.

Among the households in our sample, most that owed back rent were only behind by one month. Although about a quarter of renters received special arrangements from their landlords to accommodate an inability to pay their rent, many households were still behind. A greater proportion of Black and Hispanic households had these special arrangements, but a greater proportion of those same households were still behind on their rent, showing the need for additional policies to address disparities. Taken as a whole, the findings in this brief highlight the need for emergency housing funds and the urgency with which these funds must reach households in need.

AUTHORS

Sophia R. Fox-Dichter
Data Analyst II, Social Policy Institute

Yung Chun
Data Analyst III, Social Policy Institute

Stephen Roll
Research Assistant Professor, Social Policy Institute

Katie Kristensen
Program Manager, Social Policy Institute

Michal Grinstein-Weiss
Director, Social Policy Institute

ACKNOWLEDGMENTS

The authors gratefully acknowledge the funders who made the Socioeconomic Impacts of COVID-19 Survey possible: JPMorgan Chase & Co.; the Annie E. Casey Foundation; and Centene Center for Health Transformation, and Mastercard Center for Inclusive Growth. We appreciate the contributions from many individuals in the Socioeconomic Impacts of COVID-19 Survey Advisory Committee who worked diligently on the planning and implementation of the study. Lastly, we thank the thousands of individuals who consented to participate in the research surveys and shared their personal experience during the COVID-19 pandemic.

Background

Even before the COVID-19 pandemic, households across the U.S. were struggling with the cost of their monthly housing payments. Renters were more financially challenged, with almost half of all renting households paying rents characterized as “unaffordable,” i.e., rent in excess of 30% or more of their income in 2019 (50% or more is considered “extremely unaffordable”).

Among homeowners, roughly one-fifth had an unaffordable mortgage¹. Prior to the pandemic, there were racial and ethnic differences in which households were most cost-burdened. The shares of Black and Hispanic households with rental cost burdens (paying 30% or more of their income towards rent) exceeded those of white and Asian households by more than 10% (52% of Black renters and Hispanic renters, and 42% of white renters and Asian renters were cost burdened in 2019).

Given these pre-pandemic differences in housing cost burden by race and ethnicity, we examined which racial/ethnic groups were more likely to experience cost burdens and fall behind on their monthly payments during the pandemic. Our previous work found that Black families in particular were likely to fall behind on their rent and mortgages early in the pandemic, so in this brief we investigate whether this trend continued throughout the pandemic². Next, we know that many households have used their economic impact payments to cover essential expenses such as rent and mortgage payments, but we have yet to study what other types of assistance households have received in paying their rent and who is still behind. Finally, little is known about how much renting households owe in back rent despite a handful of attempts to estimate these numbers. We are able to offer insight into how many months households have fallen behind on their rent as well as how much back rent they owe.

Methods

This brief utilizes data from the nationally representative Socioeconomic Impacts of COVID-19 Survey, conducted by the Social Policy Institute at Washington University in St. Louis. The survey had roughly 5,000 respondents per wave across five waves collected at three months intervals between late April 2020 and May 2021. The purpose of the survey was to understand the social and economic consequences of the COVID-19 pandemic. You can learn more about the survey and its data collection through the [survey methodology report](#).

Across five waves of surveys, there were a total of 3,602 homeowners with monthly mortgage payments (hereafter referred to as homeowners) and 2,805 renters with monthly rental payments (hereafter referred to as renters). We excluded households who did not pay any monthly costs for housing. For respondents who returned for multiple waves of the survey, we used only responses from their most recent wave when analyzing data from all five waves at once. Among the households in our sample, 62% were non-Hispanic white (hereafter white), 13% were non-Hispanic Black (hereafter Black), 17% were Hispanic, and 8% were some other race or ethnicity.

Findings

COST BURDEN

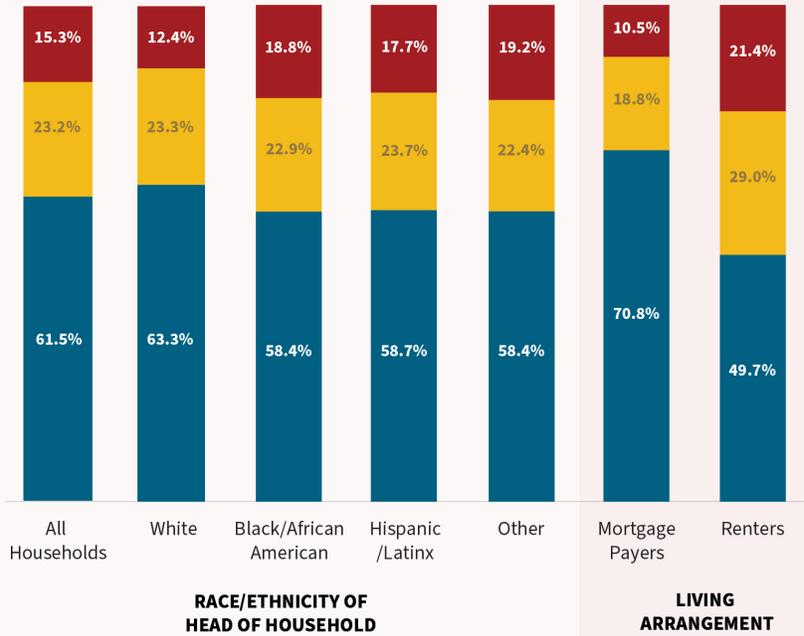
Throughout the COVID-19 pandemic, over a third of rent or mortgage-paying households have been burdened by their monthly payments, i.e., they have paid 30% or more of their income towards rent or mortgages each month. As Figure 1 displays, a significantly higher proportion of households headed by people of color faced cost burdens than white households ($p < .001$). However, a starker difference in cost burden is evident between households that paid mortgages

1 Joint Center for Housing Studies of Harvard University. “The State of the Nation’s Housing 2021” (2021). https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

2 Yung Chun and Michal Grinstein-Weiss. “Inequalities in Housing Hardship Declined Because Everybody is Now Worse Off,” *Brookings*, April 30, 2021. <https://www.brookings.edu/blog/up-front/2021/04/30/inequalities-in-housing-hardship-declined-because-everybody-is-now-worse-off/>

FIGURE 1
HOUSING COST BURDEN BY
RACE OF HOUSEHOLD AND
LIVING ARRANGEMENT

■ Affordable
■ Unaffordable
■ Extremely Unaffordable



as opposed to households that rented. Over half of households that paid rent experienced rental cost burden during the pandemic in comparison to only about 30% of households that made mortgage payments. The difference in cost burden between these two groups was significant ($p < .001$).

Overall, renters were more cost burdened during the pandemic; however, renting households exhibited minimal differences in cost burden by race as compared with households that paid mortgages. Among households making rental payments, roughly half lived in affordable units regardless of race. For homeowners, the contrast was more substantial. Among white homeowners, 74% had affordable mortgage payments during the pandemic while only 67%, 66%, and 65% of Black, Hispanic, and homeowners of another race or ethnicity had affordable payments ($p < .001$).

FALLING BEHIND ON RENT AND MORTGAGE PAYMENTS

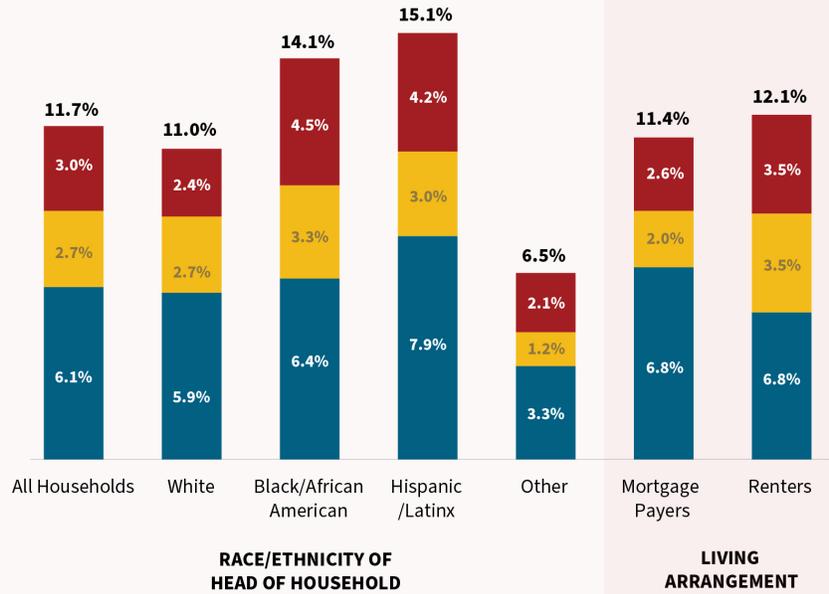
Households who put more of their income towards housing costs were more likely to fall behind on their housing payments. About 10% of households with affordable costs fell behind while 11% of households paying an unaffordable amount (30-50% of income) and 19% of households paying an extremely unaffordable amount (more than 50% of income) fell behind ($p < .001$). Of the households that did fall behind on rent, about half were cost burdened while half were not, regardless of race.

When examined by race and ethnicity, a greater portion of Black and Hispanic households fell behind on rent and mortgage payments than white households or households of another race or ethnicity (Figure 2). While only 6.5% of households headed by someone of a race or ethnicity other than white, Black, or Hispanic fell behind on their monthly payments, over 14% of Black and Hispanic households fell behind ($p < .001$).

A smaller difference appeared between the proportion of renters and mortgage payers who fell behind on housing costs (12% vs. 11%). However, a greater proportion of the renters who fell behind were cost burdened as compared to the homeowners who fell behind. Among homeowners who fell behind on their mortgages, only 40% were cost burdened as compared with 57% of renters.

FIGURE 2
HOUSEHOLDS BEHIND MORTGAGE OR RENT PAYMENTS BY COST BURDEN, RACE AND LIVING ARRANGEMENT

■ Affordable
■ Unaffordable
■ Extremely Unaffordable

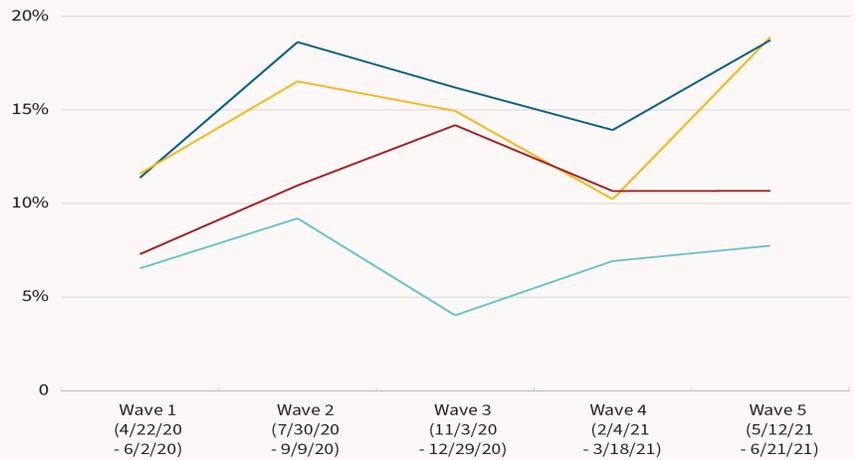


FALLING BEHIND ON RENT AND MORTGAGE PAYMENTS OVER TIME

Over the course of the first year of the pandemic, the share of households behind on their rent increased for households of all races and ethnicities (Figure 3). However, these increases were not continuous over time. At our second wave of data collection in August and September of 2020, we found that more households were behind on their payments of all races than were behind at the first wave of data collection between April and June of 2020. Yet in the subsequent two waves of data collection, in November and December of 2020 and February and March of 2021, there were consecutive decreases in the proportion of both Hispanic and Black households behind on their monthly housing payments. For white households and those of another race or ethnicity, the share that were behind oscillated during these same time

FIGURE 3
HOUSEHOLDS BEHIND ON RENTAL AND MORTGAGE PAYMENTS BY RACE/ETHNICITY OF HEAD OF HOUSEHOLD

— White
— Black/African American
— Hispanic/Latinx
— Other



frames. However, by May and June of 2021, a greater proportion of households of all races were behind on rent than one year prior.

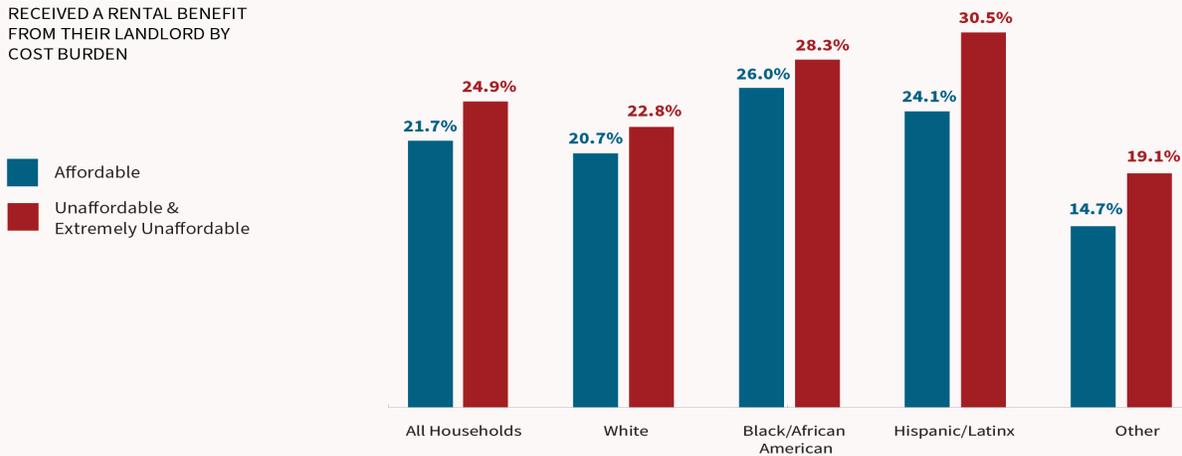
Notably, between the last two waves of our data collection, there was a sharp increase in the proportion of Hispanic and Black households that were behind on rent and mortgage payments while the share of white and households of another race that were behind increased only slightly.

RELIEF FOR RENTAL HOUSEHOLDS

For a portion of renter households, their landlords offered them relief during the pandemic. We asked renters about a variety of ways their landlords may have assisted them during the pandemic including reducing their rent, forgiving their rent, using an alternative payment plan, and deferring their rent. Overall, a little under a quarter (23%) of renters reported receiving one of those forms of rental assistance from their landlord over the course of the pandemic (Figure 4).

FIGURE 4

RENTAL HOUSEHOLDS THAT RECEIVED A RENTAL BENEFIT FROM THEIR LANDLORD BY COST BURDEN



Among households paying 30% or more of their income towards rent, there were significant differences by race/ethnicity in who received these arrangements; 28% of Black households and 31% of Hispanic households received landlord assistance while only 23% of white households and 19% of households of another race or ethnicity received assistance ($p < .01$). For households with affordable rents relative to their incomes, there were no significant differences by race/ethnicity in who received special arrangements from their landlords and who did not.

HOW MUCH RENT IS OWED

For households behind on rent in our sample, we asked them how many months they had fallen behind by as well as what their monthly rent would typically cost. Most households behind on their rents reported being a month behind on rent (options included less than a month, one month, two months, and three or more months). On average, households in our sample reported owing \$1,833.17 in back rent (N=274); however, due to our ability to only consider up to three months of back rent, the true amount is likely higher. When looking only at our last wave of data, collected in May and June of 2021, this lower-bound approximation of back rent increased to \$2,044.79 per household (N=80).

Implications

Based on the demographics of housing cost burdens in the U.S., we anticipated that during the pandemic households with a Black, Hispanic or head of household of another race or ethnicity would face greater housing hardship than those with white heads of household. Indeed, we found that over the last year Black and Hispanic households have fallen behind on their rent and mortgage payments at higher rates than white households. However, we found that households headed by someone of another race or ethnicity than white, Black, or Hispanic experienced the smallest share of housing hardship.

Some landlords were able to make special arrangements with tenants so as to ease their housing hardships during the pandemic. The demographics of which households received these arrangements mirrored that of the households that fell behind on rent and mortgage payments. Yet, despite these efforts to ease the burden of rent, the proportion of Black and Hispanic households behind on rent and mortgage payments only increased in the most recent survey time frame, perhaps due to disproportionate rates of job recovery³. As of May and June of 2021, a larger proportion of Black and Hispanic households were behind on their monthly payments than any time since the beginning of the pandemic, reversing a previous decline from August 2020 onwards in the proportion of households that were behind on payments. This most recent trend indicates that while some households received special rental arrangements from their landlords, these forms of assistance were insufficient to ensure renters' financial stability. Further, Black and Hispanic renters were in greater need of rental assistance despite receiving more aid from landlords, demonstrating the urgent need for policy intervention with attention to equitable distribution of rental resources.

Households in our sample that fell behind on rent owed roughly one month of back rent on average. This low number could reflect an absence of those households that fell farther behind on rent and may have been forced out by their landlords despite the eviction moratorium. Thus, this would result in no longer owing back rent and instead being unhoused or housing-insecure. Of the renters in our sample that reported being forced out of their home by their landlord in the prior three months, two-thirds said they were not behind on their rent. Although we are unable to pinpoint how many months of back rent these households owed at the time of eviction, these results indicate the need for emergency rental assistance to reach families as quickly as possible to prevent eviction.

One way to achieve this goal of speedy assistance is to ease the burden of proof for families to qualify for rental assistance. The Coronavirus Response and Relief Supplement Appropriations Act of 2021, which included funding for emergency rental assistance, dictates that households looking to get funding must have experienced or be at risk for becoming unhoused. Many states have thus required households to demonstrate proof of having fallen behind on rent. However, as our data suggest, by the time a household has fallen behind on rent, they may no longer be in their home. Thus, we recommend that emergency rental assistance programs accept self-attestations of housing instability, as some programs across the country are already doing.

At a federal level, we recommend upgrading housing choice vouchers to an entitlement program, meaning that every eligible household would receive a voucher towards their rent. Currently the program is not funded in this manner, so even if someone qualifies for a voucher they are not guaranteed coverage and might not even make it onto a waiting list for a voucher. Only a quarter of households that qualify for vouchers actually receive them⁴. Entitling every eligible household to rental aid would enhance the sustainability of pandemic recovery efforts and help insulate households against hardships during future small- or large-scale economic shocks.

The research within this brief does not reflect the opinions or beliefs of the funders.

3 Heather Long, et al. "The COVID-19 recession is the most unequal in modern U.S. history," *The Washington Post*, September 30, 2020, <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/>

4 Ingrid Gould Ellen. "What do we know about housing choice vouchers?" *Regional Science and Urban Economics* 80, (2020). <https://doi.org/10.1016/j.regsciurbeco.2018.07.003>