



Short Term Emergency Rental Assistance White Paper

May 29, 2020



Organizational Information

About INHP

For more than 30 years, INHP has provided financial education and unbiased credit and mortgage advising to people in the community, enabling them to make informed choices and gain purchasing power.

By financing projects or initiatives that promote affordable housing and improve quality of life, INHP helps build strong Indianapolis neighborhoods.

About Prosperity Indiana

The Indiana Association for Community Economic Development d/b/a Prosperity Indiana is a statewide membership organization for the individuals and organizations strengthening Hoosier communities. Since its founding in 1986, Prosperity Indiana has grown to approximately 200 members from the public, private, and nonprofit sectors.



Executive Summary

The COVID-19 pandemic has upended many parts of the American economy, but has created particular uncertainty in the rental housing sector for tenants, landlords, and other stakeholders. The economic effects of the pandemic have hit renters particularly hard, especially because they are heavily represented by occupations likely to have lost jobs or reduced hours, and because renters are more likely to be low-income, women, and persons of color. In addition, moratoria on evictions, such as that in place in Indiana since March 19, 2020, while necessary, have obscured the need for assistance in order to fulfill rental obligations, due to no fault of their own.

Since the COVID-19 public health emergency began, over 40 states and cities have proposed or enacted short-term emergency rental assistance (STERA) programs. Due to the rapid adoption and varying features of these programs, stakeholders in Indiana and elsewhere may have difficulty discerning the benefits and drawbacks of different types of STERA programs before studies of program outcomes become available in the future.

This white paper examines the pros and cons of several types of STERA programs, including those delivered at the federal, state, municipal, and/or private philanthropic levels. Using examples of existing or proposed programs, the paper walks the reader through the features of STERA programs and the benefits or drawbacks of key decisions that go into program design, including implications for program outcomes. The paper finds that programs with flexibility in design to accommodate multiple sources of funding, as well as flexibility in eligibility guidelines, have the most potential to serve a greater number of renters most in need. The paper also finds that when using multiple sources of funding, it is important that STERA programs use the most restricted funds first in order to extend the depth and breadth of assistance as far as possible. Pairing rent assistance with agreements with landlords can result in providing protections for tenants and documentation that can help both parties. And finally, an easily accessible program application through a common website can increase ease of application for renters, allow for triage of available resources on the back end, and collect important data for improved future services.



Introduction

Housing security has emerged as a major short- and long-term need following the arrival of the COVID-19 pandemic in Indiana in March 2020. Since that time, over 614,000 Hoosiers have filed for unemployment insurance at a rate that surpasses the peak of the Great Recession nearly a decade ago, with estimates that for every 10 successful filings, three to four people tried to apply but could not get through, and two more found the system too difficult to attempt to apply.¹ An estimated 303,038 of these COVID-19 related filings are from low-wage jobs, including accommodation and food services, retail trade, and health care and social assistance occupations that tend to be held by renters, including women and Hoosiers of color.²

Estimates from the National Low Income Housing Coalition find that a total of 267,832 low-income Hoosier renters have been affected by the COVID-19 crisis to date. With Congressional Budget Office estimates of an unemployment rate that will gradually decline from nearly 15% in mid-2020 to 10.6% by June 2021, the need for rental assistance will decrease to 186,069 low-income Hoosier renters at a total cost of \$1.6 billion.³

| State | Number of All Affected Renters | Number of Affected Working Renters in HUD-Subsidized Housing | Number of Affected Renters Needing Assistance (May - Sept 2020) | Monthly Cost of Assistance (May - Sept 2020) | Number of Affected Renters Needing Assistance (Oct - Dec 2020) | Monthly Cost of Assistance (Oct - Dec 2020) | Number of Affected Renters Needing Assistance (Jan - Mar 2021) | Monthly Cost of Assistance (Jan - Mar 2021) | Number of Affected Renters Needing Assistance (Apr - Jun 2021) | Monthly Cost of Assistance (Apr - Jun 2021) | Total Need (May 2020 - June 2021) |
|---------|--------------------------------|--|---|--|--|---|--|---|--|---|-----------------------------------|
| Indiana | 267,832 | 9,051 | 258,782 | \$136,895,586 | 200,919 | \$106,286,283 | 193,518 | \$102,371,140 | 186,069 | \$98,430,446 | \$1,605,741,537 |

¹ “Unemployment filing failures: New survey confirms that millions of jobless were unable to file an unemployment insurance claim,” Economic Policy Institute, April 28, 2020, <https://www.epi.org/blog/unemployment-filing-failures-new-survey-confirms-that-millions-of-jobless-were-unable-to-file-an-unemployment-insurance-claim/>

² “Where Low -Income Jobs Are Being Lost to COVID-19,” Urban Institute, May 8, 2020, <https://www.urban.org/features/where-low-income-jobs-are-being-lost-covid-19>

³ “Emergency Rental Assistance Needs for Struggling Workers due to COVID-19,” National Low-Income Housing Coalition, May 11, 2020, state estimates provided by authors. <https://nlihc.org/sites/default/files/Emergency-Rental-Assistance-Needs-for-Workers-Struggling-due-to-COVID-19.pdf>



To help ensure no Hoosier becomes evicted or homeless due to the pandemic, Prosperity Indiana has convened advocates in a new 'Hoosier Housing Needs Coalition' (HHNC) to recommend a COVID-19 housing security policy response for Indiana that coordinates federal, state, and community/philanthropic resources to provide emergency rental assistance to all low-income Hoosier renters who need it.⁴

And while the coordination of funds is key to ensuring statewide reach for short-term emergency rental assistance, it is also helpful to examine key features of programs administered at the state, local, and community/third-party levels. Such analysis can help determine the benefits and drawbacks of the policy choices at each level of administration, but can also help point to the elements needed for successful coordination among programs across levels.

This paper examines benefits and drawbacks of key STERA features, including:

- Who administers the program (government, charitable or community-based organization, or both)?
- Who funds the program, and how (i.e. through tax-funded programs, philanthropy, or other)?
- Who does the program serve (landlords, tenants, or both)?
- What type of housing does the program cover (assisted or unassisted housing)?
- What eligibility requirements are used (i.e. income and employment factors, immigration status, etc.)?
- What eligible expenses apply (i.e. rent, utilities, legal counseling, etc.)?
- What program specifications are involved (i.e. maximum program amount, duration, additional requirements of landlords, etc.)?
- What application features (i.e. lotteries, website interfaces) are involved?

This analysis is rendered through the lens of what a potential bridge lender might consider best practices when underwriting rental assistance programs. It assumes that an eventual state or city STERA may fulfill some, but not all, of the best practices discussed in the paper, leaving room for additional stakeholders to add value to the process.

⁴ "New Hoosier Housing Needs Coalition urges actions to ensure housing stability response to COVID-19," Prosperity Indiana, May 1, 2020, <https://prosperityindiana.org/Policy-News/8939498>



What is short-term emergency rental assistance?

There is not a single, uniform definition of short-term emergency rental assistance, or STERA. And while each STERA program has varying features (including eligibility, funding, delivery, etc.) which creates differing practical uses of the term, and while each funding source may have its own terminology and exclusions for rental assistance, it may be useful to refer to this description of rental assistance as it applies to the homelessness prevention use of the Emergency Solutions Grant (ESG) program for a general understanding:

Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in paragraph (1) of the homeless definition. [emphasis added]

The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Eligible costs include:

Rental Assistance: rental assistance and rental arrears

Financial assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs

Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair⁵

This description is not meant to be exclusive of other understandings of the meaning of STERA as used by other programs, but instead to demonstrate a typical purpose, scope of restrictions, and eligible costs.

⁵ "ESG Requirements," HUD Exchange, accessed May 26, 2020, <https://www.hudexchange.info/programs/esg/esg-requirements/>



Who administers the program (government, charitable or community-based organization, or both)?

The vast majority of STERA programs are administered by government programs at the state or city level. The benefits of a government-administered program include being eligible to receive publicly-appropriated funds and to distribute them to other public entities or to charitable or community-based organizations. Additionally, governments are generally well positioned (have systems) to administer emergency programs that are similar to previous assistance provided. In turn, governments are often slower to pivot their resources and plans to respond to emergency needs in new ways (systems/programs). While government regulations may limit use of program funds, organizational recipients of government funds have generally undergone vetting to receive the award and can expect rigorous monitoring.

An example of a STERA administered by a philanthropic organization is STAR-C's Eviction Relief Fund in Atlanta, Georgia. STAR-C is "a 501(c)3 that works to reduce transiency in affordable/workforce apartment communities that house families living near the poverty line or earning up to 80% of Area Median Income. Star-C offers wraparound services to these communities in partnership with the landlords who have agreed to keep their rents affordable. This allows tenants to live in-place and reduces transiency in the local school system." The Eviction Relief Program "is administered through landlords that operate apartments at rents below 80% AMI in low-performing school districts. The landlords prescreen and nominate their tenants for this program."⁶ The benefits of such a philanthropy-administered program include flexibility to work with private entities without the regulations or restrictions of many government-administered programs, and as such, can make independent decisions in a timely manner. The drawbacks of a program include being limited by the funding it can secure with private funds and thus being much more limited in scope than many STERAs administered by state or city governments.

How do STERA programs protect the most vulnerable residents?

Emergency rental assistance can protect the most vulnerable residents during the COVID-19 pandemic, not only economically, but also as a public health best practice. Housing policy

⁶ 'Eviction Relief Fund,' Star-C Programs, accessed May 26, 2020, <https://www.star-c.org/eviction-relief/>



experts from the Center for Budget and Policy Priorities recommend increased investments in rental assistance “because access to a safe, stable home is indispensable to social distancing” and for “protecting the lowest-income renters from losing their homes and ending up doubled up, in crowded shelters, or on the streets — and[...] providing stable homes to those who lack them.”⁷

While most of the STERA programs in this paper have been designed to assist already-housed residents to remain in their rental units, funding streams such as Emergency Solutions Grants (ESG) and Community Development Block Grants (CDBG) can be layered within a broader COVID-19 housing security policy response “to rapidly place people experiencing unsheltered homelessness into rental units” and “to assist with creative ways to immediately provide safe, temporary shelter through acquiring and rehabilitating facilities like motels and hotels while permanent housing options are identified.”⁸

In addition, STERA policy and design provides opportunities to prioritize residents with the greatest vulnerability and highest levels of need, as this paper will continue to discuss. Decisions about how funds are used, in particular the strategy to use most restricted funds first, can allow less-restricted funds to be used for populations who may not be eligible for larger government programs. For example, the COVID-19 Response Fund at The Boston Foundation includes several smaller funds set aside for undocumented immigrant and refugee groups from specific backgrounds and needs who may otherwise not be eligible for rental assistance.⁹ STERA programs and housing advocates can provide resources and information specifically targeted

⁷ “Urgent Need for More Housing Vouchers, Other Rental Assistance Amid Pandemic,” Center on Budget and Policy Priorities, April 24, 2020, <https://www.cbpp.org/blog/urgent-need-for-more-housing-vouchers-other-rental-assistance-amid-pandemic>

⁸ “Five Ways State and Local Governments Can Strengthen Their Capacity to Meet Growing Rental Assistance Needs,” Urban Institute, April 29, 2020, <https://housingmatters.urban.org/articles/five-ways-state-and-local-governments-can-strengthen-their-capacity-meet-growing-rental>

⁹ “COVID-19 Response Fund: List of Grantees,” The Boston Foundation, accessed May 28, 2020, <https://www.tbf.org/what-we-do/special-funds/covid-19-response-fund/covid-19-fund-grantee-list>



for non-English speaking people and those with limited literacy or English proficiency so that they may access rental assistance and other housing stability information.¹⁰

In addition, providing options to receive information by phone or mail can help renters without access to internet technology while remaining socially distant. Indiana's public libraries have also boosted Wi-Fi signals into parking lots to extend public internet access during the COVID-19 crisis.¹¹

Who funds the program, and how (i.e. through tax-funded programs, philanthropy, or other)?

Similar to STERA administration, a large majority of rental assistance programs are funded through existing federal, state, or municipal programs or appropriated from general funds at the state or municipal levels. The benefits of using existing programs to fund STERAs include that these programs already exist in law and thus have the authority to carry out certain activities. It can be politically more expeditious to appropriate additional funds to programs that have defined uses and regulations, or to allow modifications of those uses and regulations through waivers, than to create a new program from scratch. A drawback of using existing programs is that their current program design (i.e. eligibility levels, regulations for reporting, etc.) may not be well-suited for the needs of a STERA or may require a great deal of time, staff hours, public comment processes, etc. to adapt.

Louisville's STERA provides an example of a government-administered rental assistance program that is administered and funded by both government and philanthropy. The [One Louisville: COVID-19 Response Fund](#) is a coalition of government and philanthropy designed to "provide flexible funding resources for rental assistance, childcare assistance, transportation aid, food access, utility assistance, pharmaceutical needs and other support as determined, via

¹⁰ For example, see "Immigrants" in "COVID-19 Resources Related to Housing & Homelessness," Housing Action Illinois, accessed May 28, 2020, <https://housingactionil.org/what-we-do/public-education-organizing/covid-19-information-resources/>

¹¹ "Public Library Wi-Fi Extended to Parking Lots," Indiana Library Federation, accessed May 28, 2020, <https://www.ilfonline.org/page/Wi-Fi-map>



\$1,000 payments to eligible households.” Approved by the Metro Council as part of a \$2.7 million relief package¹², the fund grew with philanthropic gifts to more than \$6.7 million.¹³

The benefits of using such a hybrid model for STERA include the potential to add unrestricted (or less restricted) funds with more flexible applications on top of more traditional government funds. This can allow a single program to begin serving renters who qualify under the more restrictive rules of government funds, and then provide additional funding to those renters and/or serve additional renters who would not otherwise qualify. Such a hybrid model may also have political advantages as it provides opportunities to bring in the private sector. In addition, intentionally creating a STERA structure that can operate using funds from multiple sources allows the program to adapt as funding sources change over time. However, it must be noted that a potential drawback is that such a hybrid structure does not guarantee expedited function. Despite being announced in mid-March, Louisville’s Response Fund only began accepting applications on May 18.¹⁴

Who does the program serve (landlords, tenants, or both)?

The majority of STERA programs serve tenants directly by providing payments directly to them. An example is Montana’s statewide program, which is designed to “pay the difference between 30 percent of the household’s current gross monthly income and their eligible housing assistance costs, up to \$2,000 a month.”¹⁵ A benefit of such a design is that it ensures that funds can be documented as being paid through the tenant towards lease requirements. Advocate groups, including NLIHC, prefer this approach when possible and believe it cuts down on the potential for bad actor landlords to not give tenants credit for payments that come from another source. When programs include flexibility, such as Montana’s, they also provide some agency to

¹² “External Agency Fund,” City of Louisville, Kentucky, accessed May 19, 2020, <https://louisvilleky.gov/government/external-agency-fund>

¹³ “One Louisville: COVID-19 Response Fund,” Community Foundation of Louisville, accessed May 26, 2020, <https://www.cflouisville.org/one-louisville/>

¹⁴ “Metro Louisville begins accepting applications for COVID-19 Relief Fund for non-profits,” WDRB.com, May 18, 2020, https://www.wdrb.com/community/metro-louisville-begins-accepting-applications-for-covid-19-relief-fund-for-non-profits/article_e547601c-991c-11ea-8a04-03d23c89f3c9.html

¹⁵ “COVID Housing Assistance,” Montana Housing, accessed May 26, 2020, <https://housing.mt.gov/Rental-Housing/CovidHousingAssist>



the tenant to use the funds for housing costs beyond rent. However, a drawback could occur when human error or poor decisions result in STERA payments not occurring in a reliable manner.

What type of housing does the program cover (assisted or unassisted housing)?

The majority of STERA programs do not specify whether the program covers assisted (government subsidized) or unassisted housing. An example of a program designed for assisted housing is in the City of Atlanta, where “Mayor Keisha Lance Bottoms and Atlanta Housing (AH) CEO Eugene Jones, Jr. announced several rent relief efforts for seniors, families, and other residents who live in AH-owned or subsidized units and have lost income as a result of the COVID-19 pandemic. This includes Housing Choice Voucher Program participants.”¹⁶ The benefits of this type of program include that policymakers may have more discretion to make these decisions using existing government funds. In addition, by working with tenants who are already enrolled in housing programs and meet eligibility criteria, the STERA does not have to use new application or case management processes.

An example of a program that specifically covers unassisted housing is the New Story: The Neighborhood program, also in Atlanta. The program description states “[t]hese families are not eligible for rent moratoriums or government assistance; they have no backup plan.”¹⁷ The benefits of this design, along with the fully philanthropic model, with donors including singer Ariana Grande and Slack CEO Stewart Butterfield, include the flexibility to serve renters who may be in true need but who have not been eligible for other assistance programs. However, a drawback is that such programs are strictly limited by the funds they can raise and are not scalable or able to use government-restricted funds.

¹⁶ “Mayor Keisha Lance Bottoms and Atlanta Housing Announce Joint Rent Relief Efforts,” City of Atlanta, Georgia, April 7, 2020, <https://www.atlantaga.gov/Home/Components/News/News/13322/672>

¹⁷ “the Neighborhood,” New Story Charity, accessed May 26, 2020, <https://newstorycharity.org/the-neighborhood/>



What eligibility requirements are used (i.e. income and employment factors, immigration status, etc.)?

Eligibility requirements are an area with perhaps the most variance across existing STERA programs, and an area where policy choice and program design have a great impact on the program's effectiveness.

Income requirements for STERA programs are often tied to the regulations governing their funding sources, and are often set as a percentage of area median income (AMI). For example, several typical income requirements for housing funds include:

- Extremely Low Income (ELI) families, set at 30 percent of AMI: Emergency Solutions Grant (ESG):¹⁸
- Very Low Income (VLI) families, set at 50 percent of AMI, the HOME Investment Partnership Program standard for Tenant Based Rental Assistance (TBRA)¹⁹
- Lower Income limits: set at 80 percent of AMI, which matches the Community Development Block Grant program (also considered "moderate" income in that program)²⁰
- Moderate-income defined at 120 percent of AMI in the Neighborhood Stabilization Program (NSP)²¹

In addition, some programs use income eligibility limits or benchmarks based on other programs or metrics. For example, Montana's state STERA is designed "to include relief funds designated specifically for households with children eligible for the Temporary Assistance for Needy Families (TANF) program"²².

¹⁸ "ESG Income Limits," HUD Exchange, accessed May 26, 2020,

<https://www.hudexchange.info/resource/5079/esg-income-limits/>

¹⁹ "HUD'S PUBLIC HOUSING PROGRAM," U.S. Department of Housing and Urban Development, accessed May 26, 2020, https://www.hud.gov/topics/rental_assistance/phprog

²⁰ Ibid.

²¹ "Income Limits Explained," The Urban Homesteading Assistance Board, accessed May 26, 2020, <https://www.uhab.org/co-op-members/resource-library/governance/income-limits-explained>

²² "State and local rental assistance," National Low-Income Housing Coalition, accessed May 18, 2020, <https://nlihc.org/rental-assistance>

With some funds coming from the federal CARES Act, these regulations have been relaxed or can be adapted by waivers, or have new regulations still pending.²³ These waivers and flexibilities can relax requirements on comment periods and reporting for plan amendments, uncapping percentages of funds that may be spent on public services, and other features that may expedite and provide flexibilities for STERA programs. However, compliance-minded administrators may choose to hew to typical eligibility requirements, even when additional flexibilities are possible.

The benefits of a STERA policy that adheres to the eligibility limits of an existing program include being able to transfer or translate processes from those existing programs, and the corresponding application and eligibility determination procedures, to the new rental assistance program. A benefit of setting eligibility at a low income level, such as ELI or VLI, includes focusing STERA on households hardest hit economically by the pandemic, including loss of most or all income. This can help programs with limited initial resources, and/or uncertain expectation for ongoing resources, to focus those limited resources on the hardest hit families. A drawback of a low-income eligibility ceiling could include an income determination requirement using previous year's tax records or other documentation that does not take into account lost income due to the pandemic. Allowing for current status documentation, such as applications for unemployment or self-attestation of economic impact (such as with Maine's STERA program²⁴), allows programs to act quickly.

The benefits of setting eligibility guidelines at the lower or moderate income levels include having an STERA structure that is able to accommodate funds with higher income limits and thus can serve a broader range of affected households. However, a drawback is that the program itself must either have the resources to be able to accommodate all applications, or to internally prioritize applications based on need, or else the disbursement of funds may not be implemented by greatest need.

²³ Examples of waivers and flexibilities for HUD programs issued since the CARES Act was signed into law on March 27, 2020 include these for [ESG and HOPWA](#); [HOME Program](#); and [CDBG](#).

²⁴ "COVID-19 Rental Relief Program," Maine State Housing Authority, accessed May 26, 2020, <https://mainehousing.org/programs-services/rental/rentaldetail/covid-19-rental-relief-program>



What eligible expenses apply (i.e. rent, utilities, legal counseling, etc.)?

Nearly all STERA programs have eligible expenses that include rent, while several also include other expenses, such as mortgages (Chicago)²⁵, utilities (Minneapolis), legal counseling (New Orleans), or all of the above (Louisville, Florida)²⁶. Benefits to additional or flexible uses of funds beyond rent is that it allows the program to be tailored to families' most pressing needs to keep them housed, and the flexible structure of the program can be adapted to accommodate for funds with differing allowable uses. However, allowing multiple uses of STERA could result in drawbacks that include a reduced number households served, especially if the program is operating with limited funding.

What program specifications are involved (i.e. maximum program amount, duration, additional requirements of landlords, etc.)?

Nearly every STERA program specifies a maximum program amount, either by month or by household. This can range from \$200 (Coachella Valley) to \$1500 (Delaware) per month, or to a total amount of \$5,000 (over two months in Honolulu). Duration of programs range from one month (for Maine) or up to six months (District of Columbia). Others originally targeted a certain amount over a year ("[u]p to \$3,000 per year in rental assistance as well as eviction prevention support and tenant relocation services to low-income households"²⁷), but in reality

²⁵ Chicago's STERA uses "\$2 million from the Affordable Housing Opportunity Fund (AHOF) to fund one-time grants to help impacted Chicagoans with rent and mortgage payments" that are paid directly to tenants and homeowners. "Mayor Lightfoot, The Department of Housing and Family Independence Initiative (FII) Launch Covid-19 Housing Assistance Grant Program," City of Chicago, Illinois, March 27, 2020,

https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/HousingAssistanceProgram.html

²⁶ "What Can We Learn from New State and Local Assistance Programs for Renters Affected by COVID-19?" Urban Institute, May 6, 2020, additional documentation provided by authors

<https://housingmatters.urban.org/articles/what-can-we-learn-new-state-and-local-assistance-programs-renters-affected-covid-19>

²⁷ "City aims to fast-track displacement prevention program as Covid-19 destabilizes residents," Austin Monitor, April 14, 2020, <https://www.austinmonitor.com/stories/2020/04/city-aims-to-fast-track-displacement-prevention-program-as-covid-19-destabilizes-residents/>



are much more limited – i.e. “limits of \$900 per efficiency up to \$2,000 for a five-bedroom apartment”²⁸.

The benefits of a very limited program, such as Maine’s, allows programs to have a greater reach over a maximum number of households in the short term, and can use the structure, outreach, and delivery system for additional payments as more funds are made available. The obvious drawback is that the impact of the pandemic will extend far beyond a limited dollar amount or limited time, and a STERA that does not strive to provide benefits beyond these limits leaves open the possibility that it is merely delaying eviction and/or homelessness for recipients.

The benefits to a higher monthly amount over a longer period of time, such as Austin’s original plans for \$3,000 per household over a year, include providing a sense of predictability for both tenants and landlords over the course of a lease. However, even this amount is far less than the fair market rent of \$7,296 for a studio apartment in that city.²⁹ And even at the much lower amount later announced, the city has resorted to a lottery system in order to deal with an “enormous” need resulting in “five thousand phone calls in a day”.

Several STERA programs make requirements of landlords, in addition to tenants. In Maine, if the landlord agrees to participate, they will receive \$500 from the renter, while the balance of rent is postponed, not forgiven. The landlord also agrees not to evict during that month.³⁰ In the STAR-C program in Atlanta, “A landlord registers and is approved to participate in the program. The property must provide rents that are affordable for tenants earning up to 80% AMI and be near an elementary school in the bottom 1/3 of schools. The landlord must sign the rent-relief application and confirm that the tenant is in good standing (except for delinquent rent), and the stated delinquency is correct. The landlord will waive late fees and will reduce the outstanding rent balance by an additional 10%.”

²⁸ “City announces lottery rental assistance program,” Austin Monitor, May 4, 2020, <https://www.austinmonitor.com/stories/2020/05/city-announces-lottery-rental-assistance-program/>

²⁹ “Texas Fair Market Rent for 2020,” RentData.org, accessed May 26, 2020, <https://www.rentdata.org/states/texas/2020>

³⁰ COVID-19 Rental Relief Program,” Maine State Housing Authority, accessed May 26, 2020, <https://mainehousing.org/programs-services/rental/rentaldetail/covid-19-rental-relief-program>



The benefits of these additional landlord requirements can include providing an active space for landlords and tenants to come to an established agreement that suits both parties' interest. In addition, the terms of each program could be used to help court systems mediate cases, if needed. Drawbacks of such programs could include landlords that are unwilling to consider any concessions. However, this itself could potentially be a reason for courts to not grant eviction petitions, depending on applicable laws.

What application features (i.e. lotteries, website interfaces) are involved?

Resorting to a lottery system to deal with the overwhelming need for rental assistance, as Austin has above, is becoming common, particularly for large cities. Miami included a “computerized lottery” as part of their application process that only lasted one business week.³¹ The benefits of such a lottery program include providing a level of randomized chance to make the distribution of inadequate resources seem more fair.

The drawbacks of such a program include that the limited window could mean households not familiar with the application process, or not reached through marketing, may have missed their randomized chance for housing. For example, a City Councilor in Boston found their lottery program “for the first batch of people connected enough to apply may be a way to dole out limited funds quickly, but not equitably... [w]ith a tight deadline, when multilingual materials weren’t distributed until later in the process, and when residents had to proactively apply, many who most need relief will be left out.”³² In Austin, administrators of a lottery system realized they would not be able to help all who applied, but the design allowed them “to collect a lot of rich data and from that we’re going to try to identify programs and services” to help a broader range of applicants.³³ Lessons from these early program examples include ensuring multilingual

³¹ “Rental & Utility Assistance Program Opens to Applicants Monday, May 4,” City of Miami, Florida, April 30, 2020, <https://www.miamigov.com/Notices/News-Media/Rental-Utility-Assistance-Program-Opens-to-Applicants-Monday-May-4>

³² “City Flooded With Applications For Rental Assistance,” WGBH, April 13, 2020, <https://www.wgbh.org/news/local-news/2020/04/13/city-flooded-with-applications-for-rental-assistance>

³³ “By noon, 3,000 people applied for city subsidy program starting Monday,” KXAN, May 1, 2020, <https://www.kxan.com/news/local/austin/1-2-million-in-rental-assistance-offered-to-austinites-through-city-lottery-system/>



materials are made and conducting equitable outreach to populations in need before conducting a lottery, as well as collecting data that can better inform additional rounds and connect applicants to other services. Intentionally introducing multiple rounds of lotteries could also help the program reach additional households.

The STERA website itself is an important component of the program and has the potential to simplify the application process and collect data that can be useful for services beyond the dollar amounts available. The following STERA programs have notable features on their websites:

Arizona: Pros of the website for the STERA program include having a statewide site with an eligibility calculator and FAQ; program design uses statewide application to refer to community action agencies for case management and payment. Drawbacks include that, despite this structure, 92% of funding (over \$4.6M) is still undistributed six weeks after the program was announced.³⁴

Maine: Pros of the website for the STERA program include program eligibility described simply and an application process with a fillable PDF that allows self-attestation of economic impact and lack of liquid resources to pay rent. The site also includes regularly updated program usage statistics that show remaining resources 1) for the entire program and 2) by participating regional service agency.³⁵ Cons include that, despite these features, the program has been criticized for slow disbursement of funds.³⁶

Texas: Pros of the website include allowing Texans to connect to STERA programs available in their city or county with little personal information. This could allow the state to collect data about which regions are seeing the most need for assistance. However, the overwhelming con is

³⁴ "92% of Arizona rent relief hasn't yet gone to renters," The Arizona Republic, May 15, 2020, <https://www.azcentral.com/story/money/business/consumers/2020/05/15/arizona-rent-relief-hasnt-gone-renters-coronavirus/3118483001/>

³⁵ COVID-19 Rental Relief Program," Maine State Housing Authority, accessed May 26, 2020, <https://mainehousing.org/programs-services/rental/rentaldetail/covid-19-rental-relief-program>

³⁶ "With May rent due, only 771 renters have received help from Maine's new relief fund," Maine Beacon, April 30, 2020, <https://mainebeacon.com/with-may-rent-due-only-771-renters-have-received-help-from-maines-new-relief-fund/>



the lack of actual funds available for rental assistance, meaning that most applicants will not receive help. In addition, the portal itself is not intuitive for users.³⁷

Louisville: Pros of the One Louisville: COVID-19 Relief Fund website include demonstrating the results of the hybrid public/private funding model and the flexibility for residents to apply for “rental assistance, childcare, transportation, food, and utilities”.³⁸ The site provides eligibility guidelines including a simple income with the 100% AMI limit shown by household size. The site also features an online scheduling tool that allows applicants to schedule a phone appointment with a staff member from a local community based organization, who then conducts the application process by phone at the scheduled time. A drawback of this process is that it is paperwork heavy, requiring applicants to provide picture ID and proof of social security for all household members, as well as documentation of loss of income and verification of cost of the type of assistance requested.³⁹

Lessons Learned and Conclusion

As policymakers and stakeholders consider policies to create an effective STERA program, several factors across the aforementioned program elements should be considered.

Flexibility in eligibility and program design: Eligibility guidelines for STERA programs may need to follow preexisting rules attached to their funding streams, while program design should allow for flexibility and prioritization around those rules. Many rental assistance programs are being designed to use CARES Act funds that come through existing HUD programs with eligibility limits based on percentages of Area Median Income (AMI), including Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG). And because additional funds with additional regulations may become available in the future, programs should be designed to adapt for funding sources with differing rules.

³⁷ “Help For Texans,” Texas Department of Housing and Community Affairs, accessed May 26, 2020, <https://www.tdhca.state.tx.us/texans.htm>

³⁸ “Welcome to your Louisville Metro Office of Resilience and Community Services and Neighborhood Place Appointment Scheduler,” City of Louisville, Kentucky, accessed May 26, 2020, https://onlouhelp.itfrontdesk.com/apptonline/landing.html?client_code=LOUCOVID

³⁹ “One Louisville: COVID-19 Response Fund,” City of Louisville, Kentucky, accessed May 26, 2020, <https://louisvilleky.gov/government/city/one-louisville-covid-19-response-fund>



These program expansions from the CARES Act, as well as others including the Coronavirus Relief Fund (CRF), have many uses beyond rental assistance, often associated with outcomes for the populations to which they are targeted, as well as prohibitions on duplication of benefits. In setting eligibility requirements for a STERA, effective programs use the most restrictive funds first for applicants with the greatest need. This created a sequenced or tiered effect that both helps programs prioritize households with the most urgent needs, and also helps maximize the flexibility of less restrictive funds.

For example, a STERA using both ESG and CDBG should ensure that persons with the least incomes, including those who have lost all employment, have highest priority and access to funds like ESG that are targeted to the lowest AMI and are meant to correspond with homelessness prevention services. If all of a STERA program's ESG funds are used, then the persons with the lowest incomes remaining in an applicant pool could have their rental assistance funded with CDBG, CRF, or funds from other sources with less restrictive criteria.

Amount of assistance: Providing a low ceiling would allow a program to help more renter households, but makes the assistance less meaningful, especially in the long term. Indiana's fair market rent for a 1BR apartment is \$669/mo and \$834/mo for 2BR, with variations by county⁴⁰. An approach to addressing this concern is for the ceiling of assistance per month to not be lower than the fair market rent and, depending on availability of flexible funding, for consideration to be given to making the cap higher to account for households with rent above the average who have lost incomes.

In conclusion, If the goal of rental assistance is to prevent homelessness for those hardest hit by COVID-19 (lowest income), then using government program resources (HOME, CDBG, ESG, HTF) designed to address these families' needs in alignment with their income level (tiered eligibility), with at least three months of rental assistance that enables a renter to pay no more than 30% of their household income on housing costs, and securing the necessary waivers to ensure income loss documentation is allowable (self-certification and/or UI application) to

⁴⁰ "FY 2020 Fair Market Rent Documentation System," U.S. Department of Housing and Urban Development, accessed May 26, 2020, https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn



certify eligibility is recommended. Philanthropy could expand the breadth of the impact of this approach. When homelessness prevention is the goal, a lottery approach would not be recommended due to the nature of need and types of assistance required.

If the goal of rental assistance is to prevent evictions across more income levels to prevent broad-scale market collapse, then pairing government resources for low-income households with local community/philanthropic funds (or securing income restriction/documentation waivers on government resources) to provide shorter term assistance and capped assistance levels, based on percentage of income lost, may be more appropriate. Philanthropy could expand the depth of the impact of this approach. A lottery approach may be more appropriate with this tactic.

Other recommendations include providing rental assistance directly to the tenant when possible (requiring documentation of costs, including having the landlord verify residence, shelter costs, and household composition, helps to mitigate fraud), landlord covenants (to not evict) when assistance goes directly to housing providers (CDBG requires income payments go to providers), and pooled resources with a single, combined application to address all requests.⁴¹ Additionally, flexibility in funding use (expense types beyond housing) should be considered when larger assistance amounts are made possible via multiple funding sources.

⁴¹ An example of regulations for tenant-based rental assistance, including how payments are made and verified, can be found under PART 576—EMERGENCY SOLUTIONS GRANTS PROGRAM § 576.106 Short-term and medium-term rental assistance, <https://www.govinfo.gov/content/pkg/CFR-2019-title24-vol3/xml/CFR-2019-title24-vol3-part576.xml>