

Why We (Still) Need to Cancel Rent

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With stopgap protections for renters and mortgagors drawing to a close in the coming weeks, the risk of a major housing crisis grows more acute. Unemployment continues to rise despite businesses beginning to reopen, and the temporary additional federal wage relief measure will expire by the end of July. Without action, some 26 million people may face eviction, including forty-four percent of Black tenants who stated they had slight to no confidence they would be able to make their next rent payment [1]. Federal action so far has subsidized top real estate investors with tax breaks while leaving income-strapped renters, homeowners, and mom-and-pop landlords with mounting debt. If public officials refuse to heed the lessons of the last recession, today's public health crisis will become tomorrow's eviction and foreclosure catastrophe. Rent cancellation and mortgage suspension would mitigate both the economic and health crisis and buy time to design and implement community stabilization programs.

There is already a housing crisis, and COVID-19 is making it worse.

The cost of housing has risen faster than wages for decades, and half of all renters, more than 20 million people, were already struggling with high rent burdens before the COVID-19 crisis [2]. Severe rent burden is especially common among people of color [3] and low wage workers [4], who have also been the hardest hit by COVID-19. As temporary eviction and foreclosure moratoria expire [5], Black women will likely face a disproportionate number of the evictions, especially in the U.S. south [6]. Rent cancellation is crucial to confronting racial disparities in the current housing crisis and the reality that Black and Brown tenants are the most vulnerable for evictions.

Housing justice must be an essential component in our response to the COVID-19 pandemic. The quality, security, and affordability of housing have all been linked to a wide array of health outcomes [7]. Unhoused people are especially vulnerable, not least when it comes to COVID-19. Close quarters and scarce testing have made homeless shelters sites of high exposure risk for the half million Americans who go unhoused every night [8]. As eviction proceedings resume over the coming weeks, we stand to put millions more people in a position of severe housing insecurity. Any effort to control the coronavirus pandemic that ignores

housing will have limited efficacy, exposing millions to the virus, overburdening our hospital system, and dragging out the economic recession.

Federal and state relief measures so far are not enough.

The explosion in unemployment has not abated. The number of jobless continues to rise despite some businesses reopening—two million new claims were filed in the first week of June, and the number receiving unemployment topped 25 million [9]. Pandemic Unemployment Assistance expires on July 31st, but expanded benefits were not enough to weather the crisis [10], large backlogs delayed benefits, and a large share of people who applied have not received benefits at all [11]. Clearly, the economic impact of COVID-19 is just beginning to be felt.

The CARES Act prohibits evictions of tenants living in properties with a federally backed mortgage through the end of July, but it does nothing to relieve rent or mortgage debts accrued over this time and covers only 1 in 4 rental units across the country [12]. And investigations in several states have documented landlords violated the eviction moratorium in spite of the law [13]. The HEROES Act passed in the House would provide \$100 billion for emergency rental assistance and \$12 billion in funding for homelessness programs [14], but it appears unlikely the Senate will pass the bill in time to prevent an eviction and foreclosure crisis.

The real estate industry is being bailed out, again.

Some states have passed emergency renter protections, but these are only temporary measures. In New York State, landlords cannot initiate evictions of renters experiencing financial hardship due to COVID-19 until August 20th [15], but there is little clarification of how tenants will demonstrate loss of income, particularly, undocumented tenants or those in the cash economy. The state's recent Emergency Rent Relief bill, which provides direct vouchers to landlords on behalf of tenants, using funds from CARES Act, does little to address the scope and breadth of the crisis. With the fund capped at \$100 million, many affected tenants will not be able to access the program. The bill also only covers the rent burden that tenants had prior to the declaration of state of emergency, which means many tenants will continue to have significant rent debt [16]. Other states have done little or nothing to protect renters, including states with large renter populations like Texas, Georgia, Virginia, and Missouri [17].

The CARES Act already provides more than \$170 billion to the real estate industry [18] through tax breaks and low-interest loans. Meanwhile, private equity and banks are positioning themselves to profit off this crisis, just like they did after 2008 [19]. After that housing crisis, Wall Street and private equity amassed 95% of the distressed mortgages held by Fannie Mae and Freddie Mac [20].

Today's near zero interest rates, the Federal Reserve issuance of liquidity, bolstered FDIC guarantees, and relaxed lending regulations facilitate large corporations to draw upon credit for expansive new purchasing of mortgage backed securities and distressed mortgages. This credit access combines with a surplus of cash reserves, or "dry powder", in private equity real estate [21]. Without state intervention, corporations are well-positioned to buy up large numbers of distressed homes and multifamily apartment buildings into their growing real estate portfolios.

We can avert the crisis.

Thanks to housing justice activists and tenants, Ithaca, NY became the first city in the country to move toward cancelling rent debts for tenants and small-businesses accrued from April through June, though the proposal still needs approval from state managers [22]. Tenant-rights organizations across New York are demanding that a universal eviction moratorium be extended until more permanent and proactive renter protections are established, including an expanded right to counsel in housing courts and universal cancellation of rent and utilities for the length of the COVID-19 crisis [23]. Organizations nationwide are making similar proposals in their cities and states [24].

At the federal level, Representative Ilhan Omar has sponsored a bill that would cancel and forgive accrued rent and mortgage payments nationally for the duration of the pandemic, with federal relief for landlords and lenders affected by the suspension of payments. The bill also proposes funds to support the long-term development of affordable housing. These include a fund to facilitate the purchase of private rental properties by non-profits, public housing authorities, cooperatives, community land trusts, and local governments, as well as giving these entities first right of purchase of private rental properties for the next five years [25]. Other aligned proposals include legislation in both NY state and NY city to facilitate non-profit purchase of rental properties. It is clear that the government will need to actively step in to stabilize communities and markets in face of the coming crisis.

Historically, headway in housing justice resulted from steadfast tenant organizing, including rent strikes and eviction blockades, at times of mass movements. This is such a moment. A way to a just recovery begins with organizing to cancel rent, mortgages, foreclosures, and evictions and grows to win back homes and communities from private equity and Wall Street. The road not yet taken is the one we need: to reckon with and transform the interrelated racial, economic, health, and environmental injustices of housing laid bare before and in the midst of this global pandemic.

Additional Resources

Withholding rent, fighting an eviction, or looking to become active in the housing justice movement? Don't go it alone!

- [Right to Counsel NYC](#) has developed a guide and resources for those looking for form a tenant association, go on rent strike, or navigate housing issues during COVID-19.
- Join your neighborhood or city's tenant union. A number of autonomous tenant unions have formed in response to the pandemic and ensuing economic crisis.
- If you need help notifying your landlord that you cannot pay rent, try [the free tool developed by the non-profit Justfix](#).
- Join regular organizing calls with the [Beyond Recovery](#) campaign from the [Right To The City Alliance](#).

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