

May Rents Reach 80% - Rent Relief Sought from Congress

May Rent Payments Reach 80 Percent

The just-released data on payments from NMHC come on the heels of 20.5 million new unemployment filings in April.

May rent payments in the U.S. hit 80.2 percent as of May 6, according to just-released data from the National Multifamily Housing Council. The news comes after many in the industry feared collections would fall short of the high numbers from April.

The figure reflects a 1.5 percent decrease from the number of renters who paid through May 6 last year and is a slight increase from last month's share of payments, which reach 78 percent by April 6. The data was pulled from 11.5 million rental units across the country that vary widely by size, type and average rental price, according to NMHC.

The data is part of the NMHC Rent Payment Tracker, an initiative that partners with industry firms Entrata, MRI Software, RealPage, ResMan and Yardi.

The rent figures come on the same day as the release of the April jobs report from the U.S. Bureau of Labor Statistics, which revealed that a staggering 20.5 million Americans lost their jobs in April, taking the unemployment rate to 14.7 percent, the highest number since the Great Depression.

"Despite the fact that over twenty million people lost their jobs in April, for the second month in a row, we are seeing evidence that apartment renters who can pay rent are stepping up and doing so," said NMHC President Doug Bibby in prepared remarks. *"We expect May to largely mirror April, when the payment rate increased throughout the month as financial assistance worked its way to people's bank accounts."*

NMHC's report also follows yesterday's executive order from New York Governor Andrew Cuomo [extending the state's eviction moratorium](#) for another 60 days.

While the numbers are a positive sign for the multifamily industry, NMHC leaders continue to advocate for more legislation to provide relief to both renters and owners.

"The cascading effect of any rent gap is meaningful," said Bibby. *"Apartment owners have \$1.6 trillion in outstanding mortgage debt. If they can't cover their debt, we might see a wave of multifamily foreclosures that could rival the single-family foreclosures that occurred during the Great Recession."*

As of May 7, just a handful of owners out of the 11,500 who have FHA-insured multifamily loans had requested forbearance on their mortgage payments, according to a senior HUD official.

COVID-19 Rent Relief Sought from Congress

Two bills aimed at helping landlords and renters impacted by COVID-19-related financial issues have been proposed by the House and Senate.

Multifamily industry leaders and affordable housing advocates are pushing Congress to include rent relief funding—perhaps as much as \$100 billion—in the next round of federal stimulus programs designed to help tenants and landlords with the economic fallout from the ongoing COVID-19 crisis.

"The urgent health and housing needs of people experiencing homelessness and millions of America's lowest-income renters can't wait. Inaction is expensive and addressing the long-term housing needs of millions of people experiencing homelessness or on the brink of homelessness during a pandemic is a public health necessity," Diane Yentel, president & CEO of the National Low-Income Housing Coalition, *told Multi-Housing News.* *"When Congress returns, they must immediately work to secure investments in the solutions needed to safely and stably house the lowest-income people during and after this pandemic. Now more than ever, housing is health care."*

NLIHC research estimated between \$76 billion and \$100 billion in emergency

rental assistance would be needed to keep the lowest-income households stably housed over the next year during and in the immediate wake of the COVID-19 pandemic. This week, Sen. Sherrod Brown, D-Ohio, said he is planning to introduce a \$100 billion rent relief bill similar to the Emergency Rental Assistance and Rental Market Stabilization Act proposed by U.S. Representatives Maxine Waters, D-California, and Denny Heck, D-Washington. The bills are aimed at providing relief to renters and multifamily property owners.

Industry leaders and the housing advocates say the new measures are needed because the initial \$12 billion included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed in late March was just the first step but far more resources are needed, particularly now that at least [33.5 million Americans are unemployed](#) due to the pandemic.

A joint letter dated May 6 from 115 housing advocacy, public health and other organizations noted that even those who received the CARES Act stimulus checks and expanded unemployment benefits, *“will still be severely rent-burdened and at risk of homelessness unless Congress provides targeted emergency rental assistance.”* The letter states that despite temporary moratoriums on evictions, rent arrears will accumulate and people who have lost income due to the COVID-19 outbreak will struggle to pay the back rent once it is due.

Jonathan Cohen, COO of Universe Holdings in Los Angeles, a privately held investment firm specializing in value-add multifamily opportunities, said that worries landlords who are making [deferral agreements with tenants](#) who may be struggling to pay rent because of job losses. Universe’s current portfolio is in Southern California and Cohen noted California has mandated rent deferrals for people who request them and the length of time to repay the back rent depends on the location with Los Angeles giving tenants a year while others range from 90 to 180 days at this point. The state also has temporary moratoriums on evictions for those who can document COVID-19-related loss of income.

“Some people are going to amass so much debt that they’re not going to be able to maintain it,” Cohen said.

Both the House and Senate bills propose funding to be distributed through the Department of Housing and Urban Development’s Emergency Solutions Grant program and are structured as grants so that renters would not have to repay any assistance they receive. The House bill would allow for housing relief for up to two years and possibly cover up to six months of back rent and late fees, according to Forbes.

While he wasn’t familiar yet with the details of the proposed House and Senate bills, Cohen said the plan to use the existing HUD ESG network sounds similar to how Section 8 housing payments are paid to landlords. A concern would be whether or not the federal government would attach strings to those kinds of payments that would impact owners, he noted.

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