

Government of the District of Columbia



COVID-19 AFFORDABLE HOUSING SURVEY

A Report Presented by the

**DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT**



DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
POLLY DONALDSON, DIRECTOR



GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

Table of Contents

Executive Summary.....	3
Introduction	4
General Economic Outlook.....	5
Covid's Impact On Housing Provider Operations	6
Tenant Requests For Assistance.....	8
Mortgage Relief.....	9
Future Policy Responses	10
Addressing The Crisis.....	11
About The Survey	12

Executive Summary

On June 3, 2020, the DC Department of Housing and Community Development (DHCD) sent a survey asking developers, owners and managers of affordable housing in DHCD's portfolio about the impact of the COVID-19 public health emergency on their businesses, tenants and expectations for the future; we also asked for property specific data that the agency could use to assess the needs, if any, of its portfolio.

The responses indicated considerable uncertainty among affordable housing providers about their operations, tenants, and expectations for what comes next. Some of the key findings from the survey include:

- Respondents were evenly split on whether the District's economy was recovering or had further to fall.
- Fifty-eight percent (58%) of respondents saw operating expenses increasing.
- Fifty-six percent (56%) saw requests for rent relief increase in May.
- Twenty-four percent (24%) of respondents had contacted their lenders seeking mortgage relief.
- Rental assistance for tenants affected by COVID-19 was the top policy proposal that affordable housing providers suggested to DHCD as a response to the crisis.

The survey was sent to 235 unique e-mail addresses. It was opened by 99 recipients and 55 completed the survey between June 8 and July 1, 2020. Fifty (50) of the respondents represented affordable housing owners, developers, and managers. These responses were utilized to develop this report. DHCD expects to field a similar survey in September 2020.

Introduction

The District's Department of Housing and Community Development (DHCD) provides financing and other assistance to a majority of the private affordable housing providers active in the city. In June 2020, the agency sent a survey to individuals associated in its records with the projects it finances. The survey proposed to get better insight into how affordable housing providers and their tenants were faring, their expectations for the coming year, and conditions at specific properties. This report discusses the responses we received about affordable housing provider's operations, their expectations for the coming year, and what assistance was needed. DHCD is using the project-by-project data internally to better understand the impact of the pandemic and to inform policy options.

The COVID-19 public health emergency has had a dramatic and negative impact on our economy. Thousands of District residents have contracted the virus and over 585 deaths in the District have been linked to-date to the virus. More broadly, the social distancing measures implemented to control the disease have resulted in thousands of people being laid off and thousands more seeing their work hours diminish. These trends raise significant concerns about the housing stability of the District's households and by extension the financial health of its residential properties.

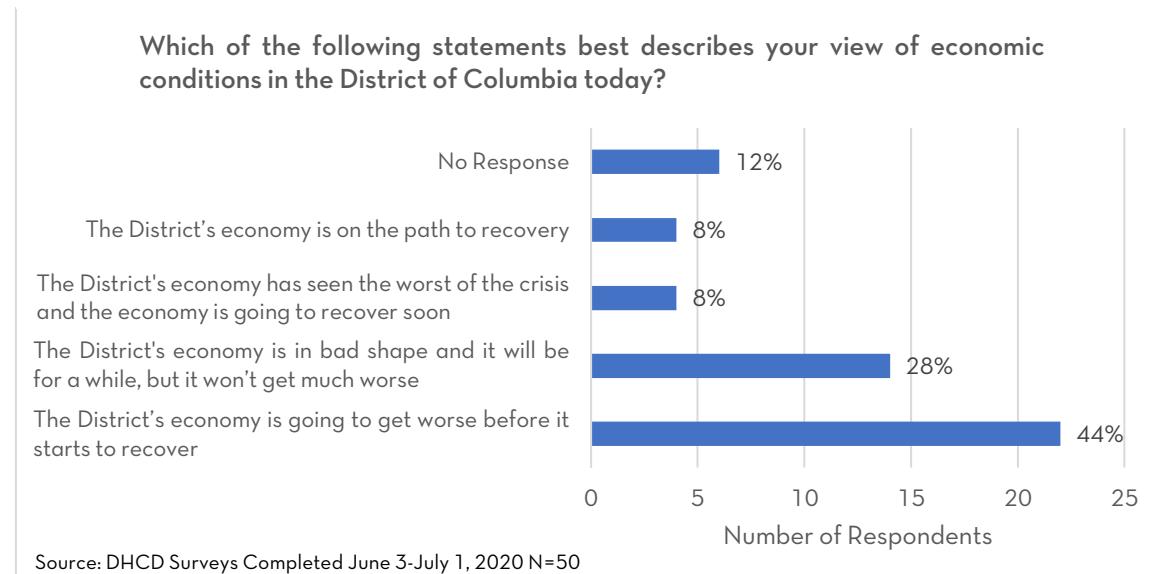
Affordable housing providers serve low-income households, which in the District are disproportionately made up of elderly and Black residents and include many low-wage and essential workers who are unable to stay home. These are also the households that thus far have proven most vulnerable to contracting the virus. For these reasons, affordable housing providers stand in the crosshairs of the pandemic.

Fifty developers, owners and managers of affordable housing responded to the survey, representing 81 distinct affordable housing properties. Their responses reveal that while they were concerned about the impact of the pandemic and were spending more on operating costs, they were not making dramatic changes to their operations or seeing dramatic changes in the needs of their tenants. It is important to recognize, however, that this survey was conducted in June and largely covers what we now recognize to be the early days of this crisis. DHCD expects to release additional surveys in the coming months to continue to track the experiences and needs of our partners.

General Economic Outlook

As with any business, affordable housing providers can be expected to be harmed by the uncertainty and decline in the economy caused by the COVID-19 public health emergency. While rent subsidies, particularly those that change with variations tenant incomes, can mitigate some of the impacts of a recession, when the economy falters, low-income tenants struggle to pay the rent, even in affordable homes. In the current situation, there are added concerns related to assisting residents who become ill. Affordable housing providers' perception of the economic outlook is important to understand their expectations for the impact of the crisis and the business decisions they are making in response.

Figure 1 General Economic Outlook for District of Columbia

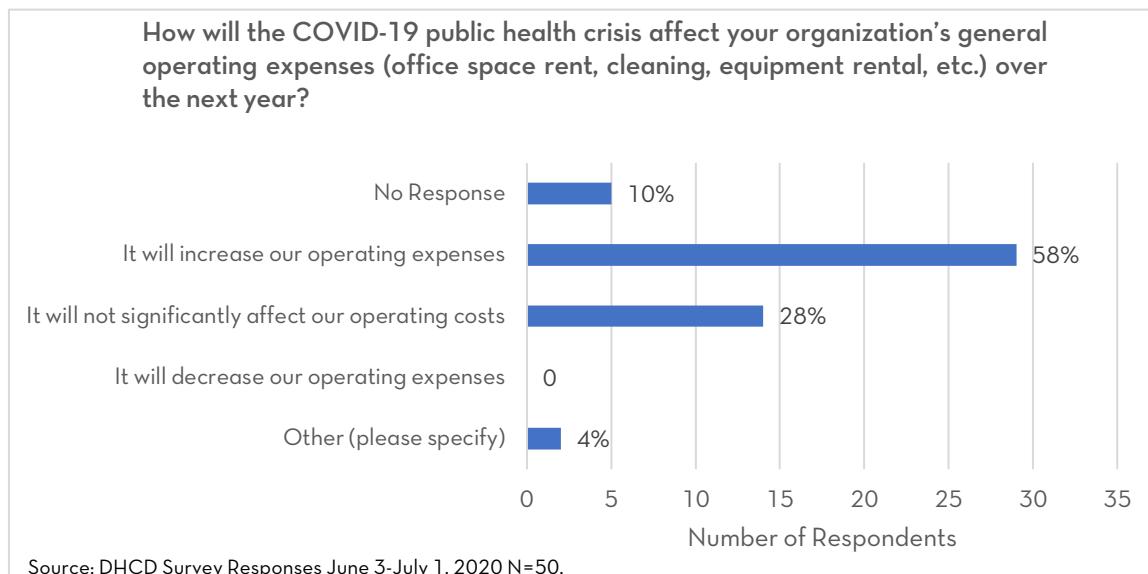


In responding to the survey, DHCD's affordable housing partners were concerned about the future of the District's economy (Figure 1). The respondents were split as to whether they expected conditions to get worse (44% of the respondents) or they thought the economy had already hit bottom (44%). Among those who thought the economy had already hit bottom, however, fully 64% (28% of all respondents) indicated they did not expect conditions to improve in the near term.

COVID's Impact on Housing Provider Operations

The varying levels of concern that providers expressed in June about the economy was also reflected in their responses regarding their expectations for their operations for the coming year. During a pandemic we may expect that while rent collections will decline as people lose employment and become ill, but what is less certain is what will this mean for the operating costs that housing providers face and their employees.

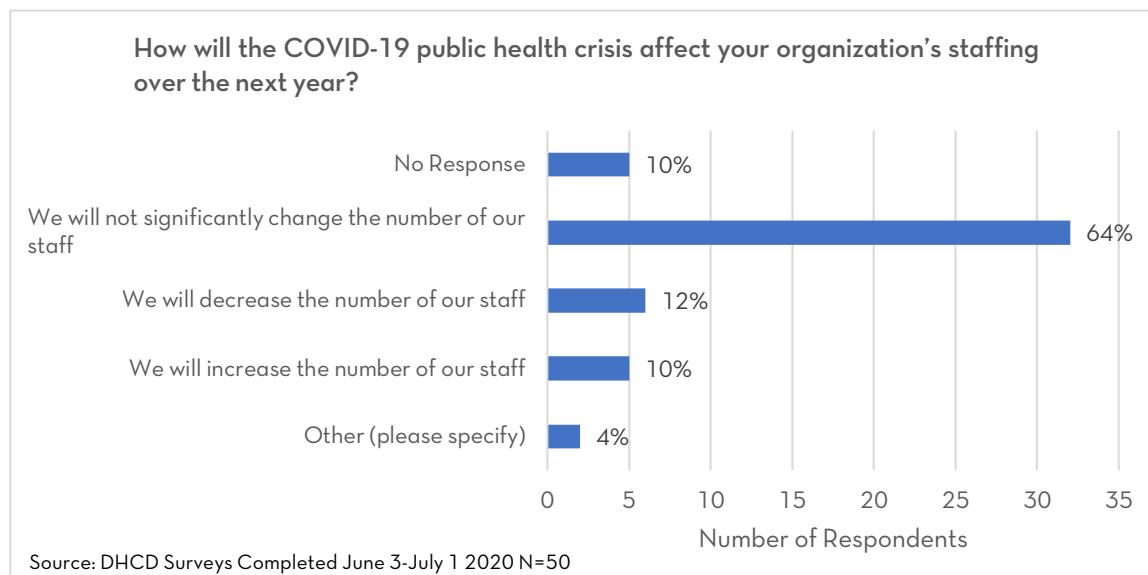
Figure 2 Operating Cost Expectations



In June, respondents were expecting significant increases in their organization's operating costs (Figure 2). Tellingly, none of the respondents expected their operating costs to decline in the next year.

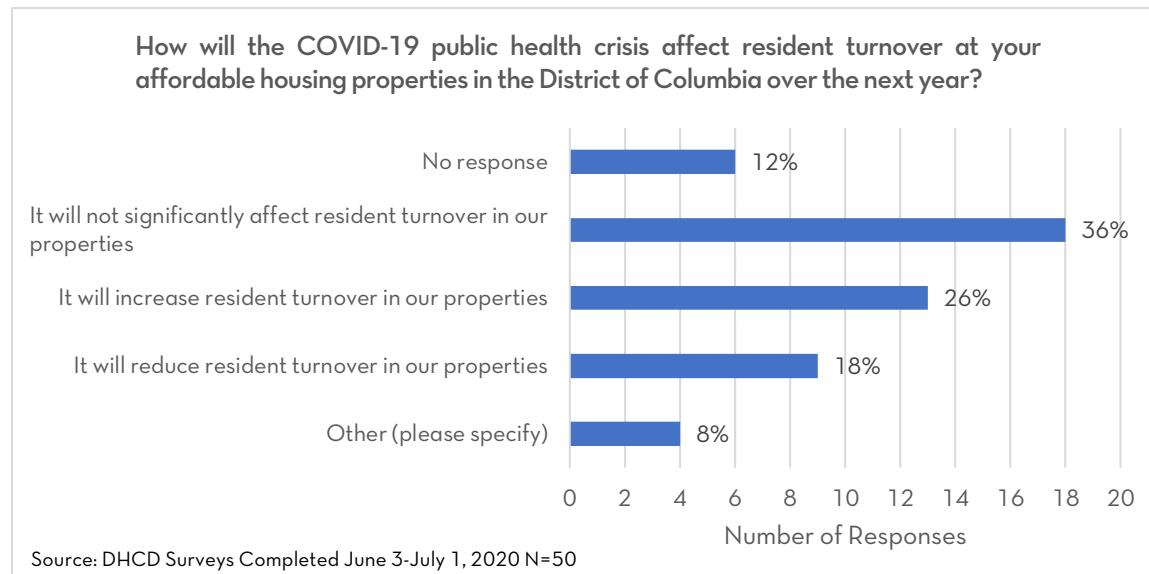
When asked about their expected staffing levels in the coming year (Figure 3), however, most respondents indicated they were not expecting to make any big changes. Only 12% indicated that they expected that COVID-19 would lead them to reduce staffing.

Figure 3 Staffing Expectations



The providers showed a greater diversity of opinions about the impact the COVID-19 Public Health Emergency would have on whether tenants remained in their units (Figure 4). Tenant turnover can occur for a variety of reasons from tenants moving to a new home by choice, eviction (or the expectation or threat of eviction), or even death. The process of re-renting a unit can entail costs ranging from advertising to cleaning and repairs and lost rent. While lost income, declining employment opportunities and illness may portend greater turnover during a pandemic, the District's closing and phased reopening of activities outside the home, an eviction moratorium, and uncertainty and health concerns among the population are also likely to limit the extent to which tenants are interested or can be compelled to vacate a unit.

Figure 4 Expectations for Resident Turnover



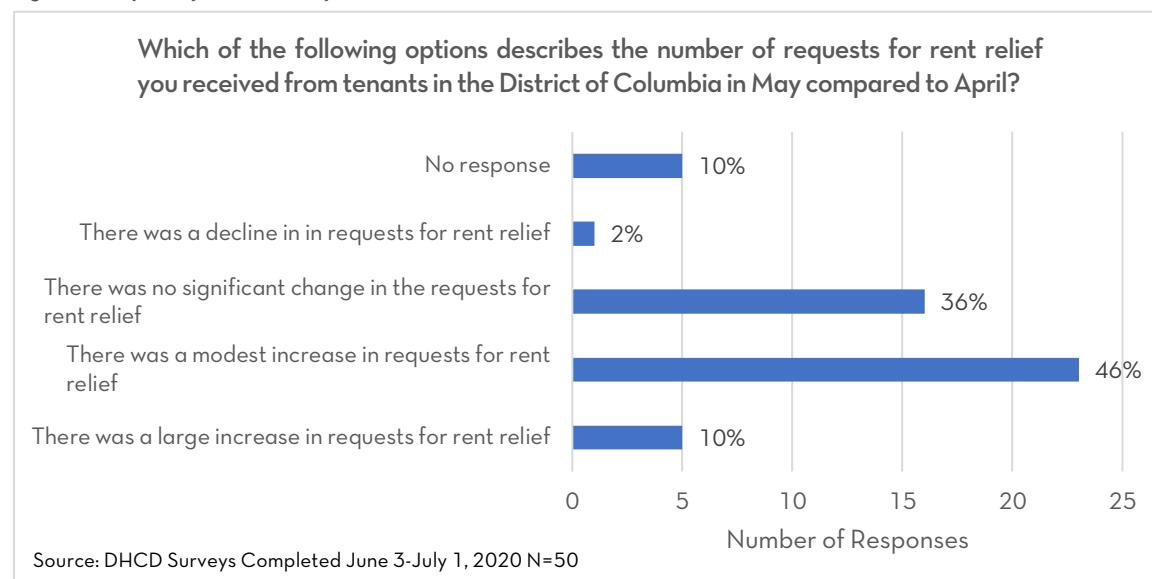
While the largest proportion of respondents expected a significant change in turnover of tenants, these responses were divided on whether the likely change would be an increase or decrease. A little over a third of respondents did not expect to see a significant change in tenant turnover due to the pandemic. Respondents were also more likely to select either "other" or not respond at all to this question.

Thus, it appears the affordable housing providers were already seeing increased operating costs as a result of the COVID-19 public health emergency. Despite the added expense, they intended to maintain staffing (and the costs associated with that).

Tenant Requests for Assistance

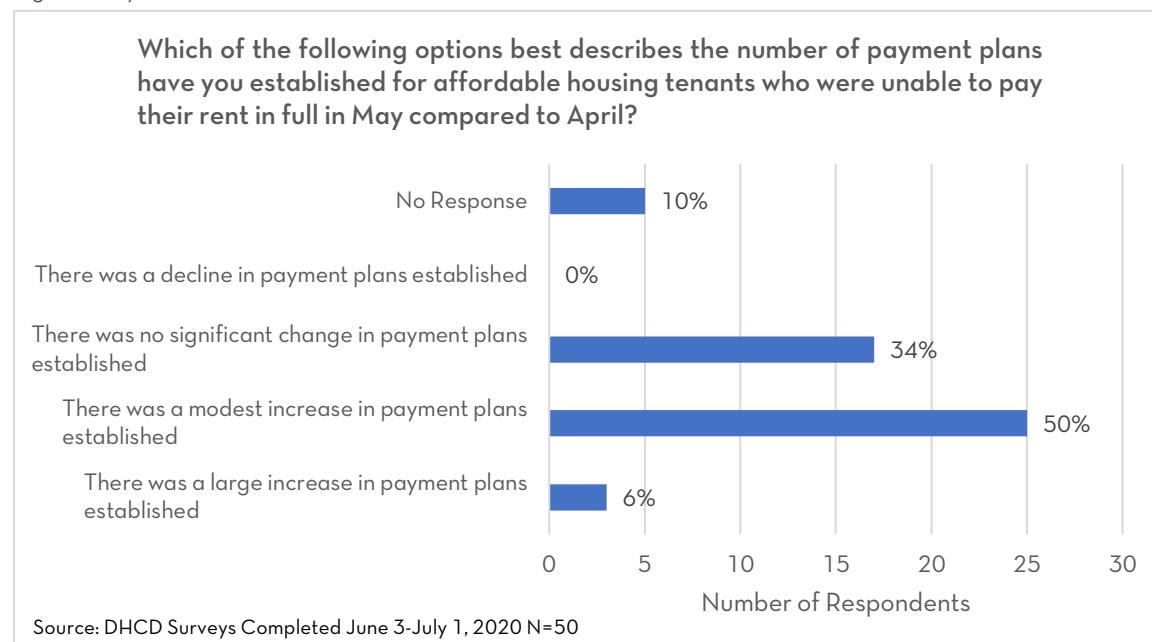
The survey also asked affordable housing providers about rents. While the property-specific data dug into the economic occupancy of specific properties¹, the general survey asked about the trends in the requests for rent relief (Figure 5) they received and the payment plans that they established with tenants in April and May (Figure 6).

Figure 5 Requests for Rent Relief



The survey indicates that most of the respondents (56%) were experiencing an increase in requests for rent relief from their tenants, but only ten percent saw a large increase in such requests. Only one respondent saw a decline.

Figure 6 Payment Plans Established



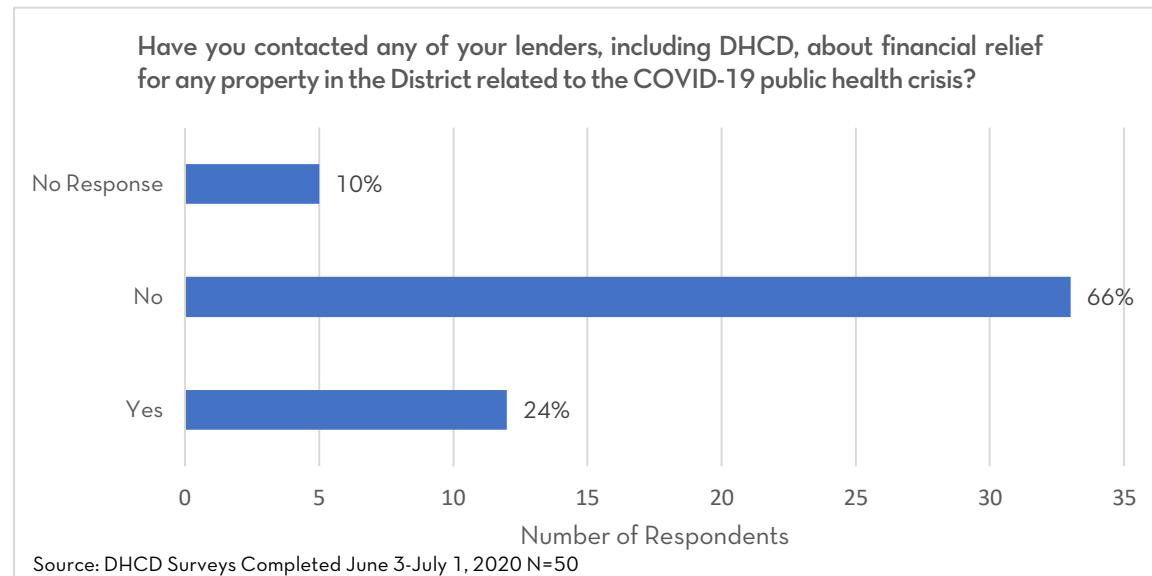
¹ Economic occupancy is a measure that addresses both rents and vacancy in a property.

A similar proportion of the respondents (56%) reported an increase in the number of payment plans established for their affordable housing tenants in May.²

Mortgage Relief

Faced with increasing operating costs, tenants facing financial distress and an increasing inability to pay the rent, affordable housing providers may also face difficulty in meeting their financial obligations. When asked about their own efforts to seek relief, nearly a quarter of the respondents said they had contacted their lender about financial relief for one or more of their affordable properties in the District (Figure 7).

Figure 7 Contacted Lenders about Financial Relief



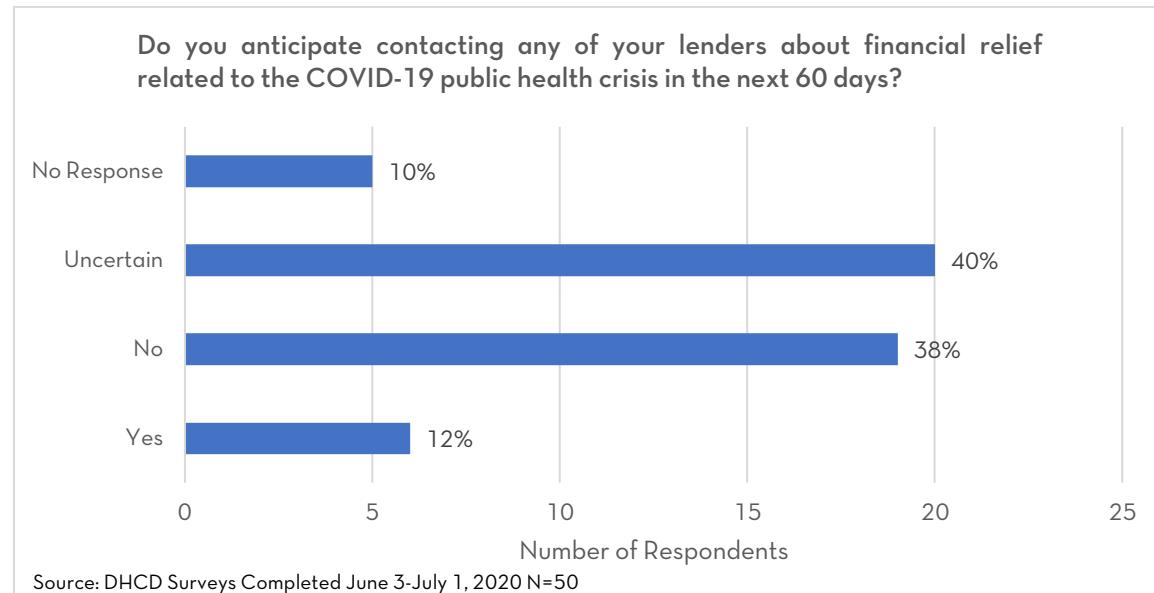
An indication of the uncertainty that affordable housing providers face is that while only 12% of the respondents said they anticipated contacting their lenders in the next 60 days³, the largest proportion of respondents (40%) indicated they were uncertain about whether they would do so (Figure 8).⁴

²It is important to note that Emergency legislation that Council of the District of Columbia and Mayor Bowser have passed beginning in May (The Coronavirus Support Emergency Amendment Act of 2020 passed the Council on May 18, was transmitted to the Mayor on May 26 and signed into law May 27) has required that housing providers establish payment plans for tenants having difficulty paying the rent related to the virus during the declared public health emergency.

³ It is worth noting some of those who said they did not anticipate contacting their lenders or were uncertain if they would contact their lenders also indicated they had already sought relief

⁴ Starting with the Coronavirus Support Emergency Amendment Act of 2020, the District has required lenders to provide mortgage relief in the form of deferment for owner-occupants and commercial landlords alike. This legislation also requires that the benefits of such relief are also shared with the property's tenants.

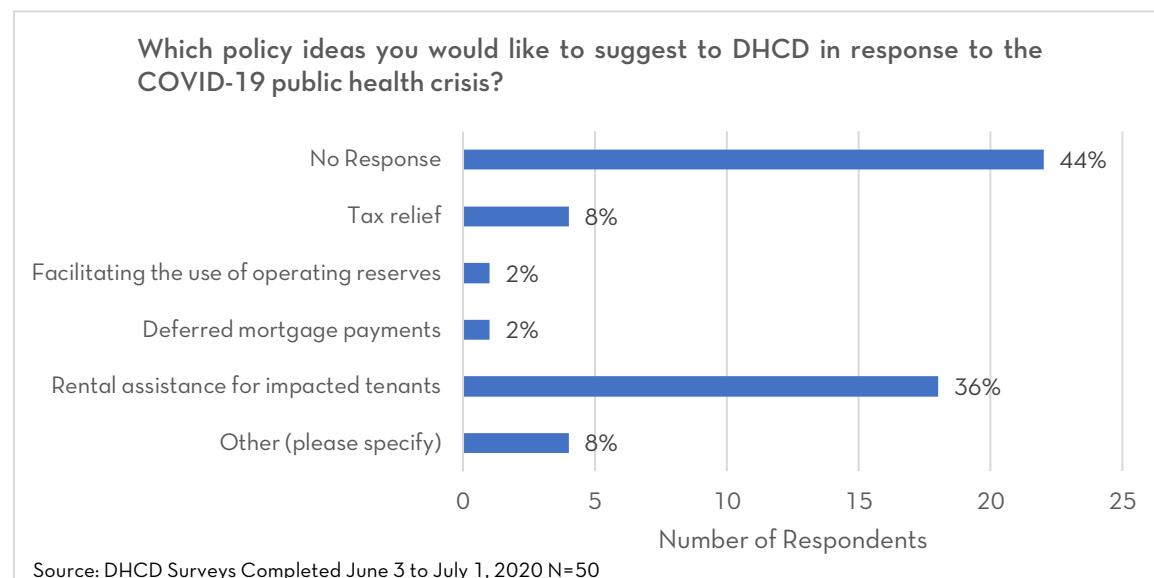
Figure 8 Plan to Seek Relief from Lenders in the Future



Future Policy Responses

The survey asked what future policy responses to the COVID-19 public health crisis that affordable housing providers would like to see from DHCD. While a significant proportion (44%) opted not to respond to this question, 36% replied that rental assistance for impacted tenants would be a suitable idea for a future policy response to the public health crisis (Figure 9).

Figure 9 Suggested Policy Response to COVID-19

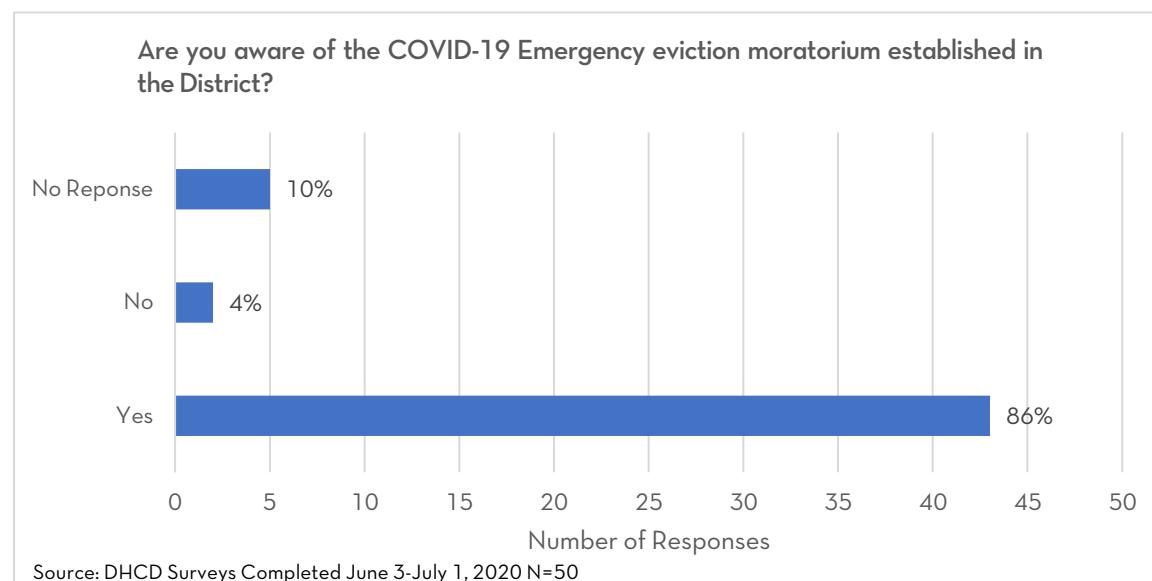


Addressing the Crisis

The results of this survey indicate considerable uncertainty among affordable housing providers about the impact of COVID-19 for their organizations and residents. There were also initial indicators of the growing distress that affordable housing providers were experiencing such as increasing requests for relief, both that they were receiving from their tenants and that they were directing to their lenders.

Since the crisis began, starting in May⁵, Emergency Legislation has sought to relieve the pressure on tenants and housing providers alike and respondents indicated overwhelmingly that they were aware of the eviction moratorium in place during the COVID-19 public health emergency (now extended until October 9, 2020) but with 15% either not responding or indicating they were not aware. There is likely still work that can be done to more broadly communicate that message (Figure 10).

Figure 10 Awareness of the Eviction Moratorium



In response to the crisis, DHCD has also implemented several new programs to address the impacts of the public health emergency that implementation of which is supported by these results.

First, to address growing requests for relief from tenants and housing providers, the department has established two new rent relief programs using its federal block grant funds to complement the District's existing [Emergency Rental Assistance Program](#) (ERAP):

- The [COVID-19 Housing Assistance Program](#) (CHAP) provides up to three months of rent arrears to households negatively affected by COVID-19 with incomes at or below 80% of the area median family income (MFI).
- The [COVID-19 Tenant Based Rental Assistance Program](#) (TBRA-CV) provides up to 6 months of regular rent assistance to tenants in small buildings in the District of Columbia that have been negatively affected by COVID with incomes at or below 60% of MFI.

⁵ Though an eviction moratorium as included in the COVID-19 Response Emergency Amendment Act of 2020 passed in March, starting with the, Coronavirus Support Emergency Amendment Act of 2020, which became law in May, both borrowers and tenants received protections.

Second, as the survey responses indicate, operating costs for housing and community development organizations are expected to increase as a result of the COVID-19 public health crisis. DHCD used additional federal block grant funds to establish the [COVID-19 Housing and Community Development Non-Profit Capacity Support Grant](#) program to reimburse nonprofit housing and community development organizations for the extra costs of responding to the crisis.

Third, as a lender, DHCD is providing mortgage relief options to eligible borrowers affected by the crisis.

Finally, it is now clear that the impacts of the COVID-19 public health crisis are just beginning to be felt and the contours, breadth and depth of the crisis will be constantly changing and the implications of the pandemic will be with us for years to come. DHCD will continue to use surveys and other data collection vehicles to stay current with, and responsive to, the needs of the affordable housing providers and tenants that it serves.

About the Survey

The survey was sent to 235 unique e-mail addresses from our point-of-contact data for projects with active financing with DHCD. The e-mail invitation was sent on June 3, 2020 and the first response was completed on June 8, 2020 and the final response was completed on July 1, 2020. The survey was opened by 99 recipients and it received 55 completed responses. Of those who completed the survey, 50 responses represented affordable housing providers and managers. Those are the 50 responses reported on in this report. At this time, we cannot provide information on how representative these responses are of our portfolio. This report provides data from the general responses provided by respondents. The survey also asked for property specific data that the agency is using to better understand the needs of its portfolio.