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**Recent Research Highlights the Impact of COVID-19 on Housing Providers and Their Operations**

**Impacts of the Pandemic on Affordable Housing Providers**

Over the past few months, research has documented the COVID-19 pandemic’s adverse impact on housing providers and their operations, particularly resulting in increased costs and reduced revenue. In August 2020, NDP|Analytics and the National Leased Housing Association (NLHA) conducted an online survey of low- and moderate-income housing providers to assess the impact of COVID-19 on operations, revenue, and future investments. Many NAHMA members responded to this survey and indicated many of the same issues that have been shared on NAHMA’s weekly COVID-19 member calls throughout the pandemic. In late October, the survey’s findings were published in a report titled[, *Impacts of COVID-19 on Low- and Moderate Income Housing Providers*](https://hudnlha.com/wp-content/uploads/documents/NLHA%20Housing%20Provider%20Impacts%20of%20COVID%20Final%20Oct%202020.pdf?utm_source=mc%e2%80%8b&utm_medium=email%e2%80%8b&utm_campaign=todayinhousing%e2%80%8b&utm_term=20201006-00Q1O00001d2YdFUAU%e2%80%8b&utm_content=tihoct620&sfmckey=bGtleXNAbmFobWEub3Jn&j=159515&sfmc_sub=12964652&l=2081_HTML&u=10142866&mid=10965565&jb=7)*.* In addition to this report, recent findings from a [survey](https://www.leadingage.org/almost-60-affordable-senior-housing-providers-surveyed-report-covid-cases%E2%80%94and-even-more-are) conducted by LeadingAge highlight how the pandemic is adversely impacting senior housing providers, and separately, the Urban Institute examined the pandemic’s [impact](https://www.urban.org/urban-wire/mounting-pressures-mom-and-pop-landlords-could-spell-trouble-affordable-rental-market) on ”Mom-and-Pop” landlords. This NAHMAnalysis highlights key findings from these three reports.

**Increased Operating Expenses**: The NLHA report finds that nearly three-quarters of housing providers have increased their operating expenses due to the pandemic, and specifically, housing providers showed an average increase of close to 15 percent for expenses. The report provides that this increase in operating expenses is largely driven by extra cleaning and personal protective equipment (PPE). Based on portfolio size, the survey found the increase was greatest for housing providers with 1,000 units or less, as their operating expenses increased almost 16.7 percent. For providers with 1,000 to 5,000 units, operating expenses increased by 14.3 percent. For housing providers with 5,000 units or more, operating expenses increased by 11.7 percent. Geographically, the reports shows housing providers in the Northeast faced the highest increase in expenses (18.9 percent), the West (15.8 percent), South (15.1 percent), Midwest (10.3 percent), and multi-regional providers (13.9 percent).

**Reduced Revenue**: In addition to increased expenses, the NLHA report finds that almost 73 percent of low- and moderate-income housing providers reported that non-payment was the main cause of the decline in revenue. The report notes that over 77 percent of housing providers implemented some form of flexible payment policies for renters adversely impacted by the pandemic. The report also finds that almost 90 percent (88.9 percent) of low and moderate-income housing providers saw declines in revenue because of the pandemic, with an average revenue decline close to 12 percent. Similar to increased operating costs, the report finds that small housing providers (1,000 or less) experienced the greatest declines on average, with an average revenue decline close to 13 percent (12.8 percent). In comparison, housing providers with 1,000 to 5,000 units saw an average decline around 12 percent (12.2 percent). Geographically, housing providers in the Midwest conveyed revenue losses close to 16 percent; the Northeast was around 12 percent; both the South and Cross-Region were close to 11 percent; and the West was just over 10 percent.

**Financial Losses & Future Investment**: The report states that prior to the pandemic, for every dollar of rent received, 39 cents went to pay the mortgage on the property, 27 cents was used to pay operating expenses, 14 cents paid property taxes, and 10 cents funded capital expenditures. This only left housing providers with 9 cents in income on every dollar. With a nearly 12 percent decline in rental income, the reports asserts that housing providers now receive 88 cents in rent instead of $1. In addition, the nearly 15 percent increase in operational costs raised expenses from 27 to 31 cents, while the mortgage and property tax contributions remained the same. With the reduced income and increased costs, the report notes that housing providers are left with only 4 cents for capital expenditures and income combined.

To offset financial losses, the report finds that over 56 percent of housing providers applied for and received aid from government relief programs. Housing providers received on average, about $282,841 in COVID-19 related assistance. However, the report found that only 41.5 percent of small housing providers received assistance ($44,288 in average assistance), compared to 76.2 percent of medium-sized housing providers with 1,000 to 5,000 units ($310,017 on average) and 60.6 percent for larger housing providers with over 5,000 units ($730,679 on average).

Compounding the devastating financial impact, the report finds affordable housing providers are now expressing concerns over projects in the development pipeline and their participation in future investment in affordable housing. The report noted that about 44 percent of housing providers postponed or cancelled plans to invest in affordable housing, due to the pandemic. This finding was significantly higher, at around 50 percent, for housing providers who did not receive any government assistance to offset financial losses, compared to just over 40 percent of housing providers who received assistance. Lack of investment, delays in development, and uncertainty from housing providers will have a harmful and long-term impact on the rental housing market.

**Pandemic Impacts on Mom-and-Pop Landlords**

“Mom-and-Pop” landlords, individual landlords who own fewer than 10 properties, are also facing tough times during the pandemic. This was highlighted in findings from an October survey conducted by the Urban Institute and Avail, a platform that “helps do-it-yourself, mom-and-pop landlords manage their units, screen tenants, and collect rent.” This survey collected responses from 1,381 landlords who own a rental property, and the major finding was that Mom-and-Pop landlords are under significant financial pressure due to less rent collections and increased vacancies. As a result, a rising number have tightened tenant screening and a growing number are considering selling their properties.

**Increased vacancies and decreased rent collections:** The October survey found that about 35 percent of Mom-and-Pop landlords did not receive the entirety of rent payments for September, and just over 38 percent did not expect to receive full rent payments in October. Respondents indicated this result was caused by a blend of three factors: unit vacancies, tenants who did not pay their full rent, and tenants who were offered a discount or rent deferment. Specifically, over 18 percent of Mom-and-Pop landlords indicated their vacancy rates have increased since the start of the COVID-19 pandemic.

**Pressure to Sell Properties:** As a result of financial strain from decreased rent collections and more vacancies, more Mom-and-Pop landlords are facing pressure to sell their properties. The survey found that “nearly 31 percent of responding landlords said they had felt more financial pressure to sell their properties during the pandemic than before the pandemic.” 57 percent of these landlords said the primary reason for this pressure was the reduction in rental income.

**Tightening Screening Criteria:** Mom-and-Pop landlords have become more cautious when screening potential new tenants, even with increased vacancies. The survey found that over 35 percent of respondents said they have tightened their screening criteria to secure a more financially stable tenant. In addition, Black and Hispanic landlords are more sensitive about previous eviction records. About half of Black and Hispanic landlords indicated they are doing more thorough screening of previous evictions, compared to about 35 percent of white landlords implementing a similar screening. The report notes that “Black and Hispanic landlords are more likely to own two-to-four-unit rental buildings; these more affordable units disproportionately serve lower-income communities where eviction rates are higher.”

**COVID-19 Impact on Affordable Senior Housing Providers**

A survey of nonprofit senior housing providers by LeadingAge, fielded in early October, asked affordable senior housing providers about the impact of COVID-19 on their communities. The results, based on feedback from over 270 online survey respondents, highlight the many challenges affordable senior housing providers are facing during the pandemic.

**COVID-19 cases on properties**: The survey showed that more than half (59.7 percent) of respondents were aware of confirmed COVID-19 cases in their communities. As indicated in the survey’s press release, this data is troubling given that older adults are particularly at risk of falling ill and dying of COVID-19. To date, 80 percent of all COVID-19 deaths are among people age 65 and older. People of color, those with low incomes and those in congregate living settings have also been disproportionately impacted, research shows.

**Impacts on Resident Engagement and Services**: The survey also found that 84 percent of affordable housing providers consider resident social isolation and access to services to be the top challenge in the next three months.

**Financial Strains**: The survey highlighted that respondents also report financial strains as a result of the pandemic: the majority (69 percent) say they are “cost-burdened” or “severely cost-burdened” from having to pay for PPE, cleaning supplies, thermometers, and other screening tools.

**Conclusion**

The findings above highlight how the pandemic has adversely impacted the entire rental housing market and its various stakeholders. Currently, the pandemic is placing severe financial pressure on housing providers, renters, and service providers. NAHMA and industry colleagues have been expressing frustration with the lack of government assistance to meet these urgent needs. Additional rental assistance or unemployment insurance is needed to provide financial support for renters and mitigate the decreased rent collections. It is imperative that Congress and the Administration act to address this matter, before it is too late.