

Arkansas Fresh Start COVID-19 Housing Stabilization Program

Executive Summary

Based on an analysis of U.S. Census Pulse Survey data conducted by Stout¹, a global financial advisory firm, Arkansans are facing high risks of evictions due to the effects of the Coronavirus pandemic, and, since the end of the increased weekly unemployment benefits, are decreasingly confident in their abilities to pay the next month's rent².

Census Pulse Survey data as of July 29, 2020, shows that 39.28% of Arkansas renter households, or 139,000 households, are unable to pay rent and are at risk of eviction. Sixty percent of renter households have no, slight, or moderate confidence in their ability to pay rent as of the week that the extended unemployment benefits expired. This number is likely to increase as households continue to experience reduced hours, loss of jobs, and reduced benefits.

The recent CDC Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19³, while likely reducing the transmission rate for COVID-19 by preventing households from becoming homeless or being forced to live in crowded, multi-family living arrangements, does nothing to address the inability of these households to pay their rent liabilities. Instead, when the moratorium expires, these families will face insurmountable rent debt without being able to pay the accruals of rent and late fees.

Income limits of federal emergency rent assistance programs and block grants through which emergency rent payments might be provided are limited to serving only households with very low incomes, i.e., 30 – 50% of area median income (AMI) or below 125% of the federal poverty levels (FPL).

- 30% of AMI for Little Rock/North Little Rock/Conway MSA for a family of 3 is \$21,660 annually.
- 50% of AMI for Little Rock/North Little Rock/Conway MSA for a family of 3 is \$36,100 annually.
- 125% of FPL for a family of 3 is \$27,150 annually, statewide.

Several community action agencies, which were providing rent assistance using Community Services Block Grant funds, have expended most or all of the funds available for the remainder of 2020. Those agencies are limited to serving only very low- and low-income families with those funds, but many moderate-income families are also struggling to pay rent.

By increasing the income eligibility guidelines to 200% of the Federal Poverty Level, Arkansans at or near the state median income would qualify for this program. Providing assistance at actual rent rates, up to the area Fair Market Rent Value (FMRV) of the applicant⁴, would allow for successful outcomes for many struggling Arkansas households.

With a funding level of \$10,000,000, it is estimated that almost 12,000 Arkansas households would avoid eviction following the end of the CDC moratorium. This assistance would give these households the opportunity to have a fresh start in 2021.

¹ <https://www.stout.com/en/>

² <https://bit.ly/2GCPKg2>

³ <https://www.cdc.gov/coronavirus/2019-ncov/covid-eviction-declaration.html>

⁴ https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021_code/2021state_summary.odn

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Additionally, Arkansas property owners who provide rental housing would be ensured that their revenues would not continue to decline during these unprecedented times.

This program proposes to provide additional funding to Community Action Agencies, through their state association, to increase the resources available across the state and expand the ability of agencies to serve moderate-income households who are also at risk of being evicted.

This network of nonprofits have the ability to ramp up their service delivery processes quickly and efficiently to deliver additional rent support to more Arkansans. These organizations already comply with federal and state regulations and meet OMB standards because of other grants they receive and can be counted on to operate transparently, effectively, and efficiently.

Each county is served by only one community action agency, so grants to the agencies will guarantee tenants will be need to call only one number for grant money.

Another consideration is that, while this program would help to mitigate the loss of revenue that landlords are currently experiencing, an addition to this program could be developed that would provide supplemental rent payments for households participating in the Arkansas COVID-19 Housing Stabilization Program through the end of December 2020.

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Income Eligibility	Emergency Rent Assistance										
<p style="text-align: center;">0% - 200% Federal Poverty Level (FPL) Example:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 50%; text-align: center;">Household size</th> <th style="width: 50%; text-align: center;">200% FPL</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$25,520</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$34,480</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">\$43,440</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">\$52,400</td> </tr> </tbody> </table>	Household size	200% FPL	1	\$25,520	2	\$34,480	3	\$43,440	4	\$52,400	<p style="text-align: center;"><u>Past Due Rent</u> <i>Family Outcome: Prevention of Eviction</i> <i>Landlord Outcome: Replacement of Lost Revenue</i></p> <p>Payment of actual rent (up to FMRV) for up to 2.5 months, inclusive of date of application.*</p> <p>Applicant must attest that pandemic has impacted household health and/or financial stability (see: CDC Moratorium Declaration).</p> <p>Applicant must provide:</p> <p>Copy of lease/rent agreement; copies of rent payment receipts, if no formal lease exists.</p> <p>Proof of income for calendar month prior to application date.</p> <p>Proof of rent arrearage – Late notices; notice of pending eviction; letter from landlord.</p> <p>Basic demographic information for all household members (name, relationship to applicant, DOB, race/ethnicity, disability status, and education level).</p> <p>Signed CDC Moratorium Declaration⁵</p> <p>Landlord must agree:</p> <p>Landlord must agree to accept payment and not to evict tenant or raise rent. (Agreement obtained by CAA staff member.)</p> <p>To waive all late fees.</p>
Household size	200% FPL										
1	\$25,520										
2	\$34,480										
3	\$43,440										
4	\$52,400										
	<p>Pending or Post-Eviction Assistance</p> <p>If a landlord refuses to accept payment or a tenant has been evicted within 30 days of applying, payment for 1.5 months of rent and the amount required to pay the security deposit (equal or less than one month's rent) for a new address would be provided.</p>										

⁵ <https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf>

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Proposed Funding for Arkansas Fresh Start COVID-19 Housing Stabilization Program

Purpose	Dollar Amount or Percentage
Direct Services to Households (via Direct Payments to Landlords)	\$8,989,845
Community Action Agencies (for Delivery of Services and Administrative Costs)	\$676,655 = 7% of agency allocation (Allocation amount based on existing Community Services Block Grant Allocation Formula; see table below.)
Arkansas Community Action Agencies Association for Program Administration, Coordination, and Oversight	\$333,500 (See attached breakdown)

Community Action Agency	Counties Served	Percentage of Funding To Be Allocated
Arkansas River Valley Area Council, Inc. (ARVAC)	Conway, Franklin, Johnson, Logan, Perry, Polk, Pope, Scott, Yell	8.95%
Black River Area Development Corp.	Clay, Lawrence, Randolph	2.48%
Central Arkansas Development Council, Inc. (CADC)	Calhoun, Clark, Columbia, Dallas, Hempstead, Hot Spring, Howard, Lafayette, Little River, Lonoke, Miller, Montgomery, Nevada, Ouachita, Pike, Pulaski, Saline, Sevier, Union	30.68%
Central Delta Community Action Agency (CDCAA)	Arkansas, Cleveland, Grant, Jefferson, Lincoln	5.03%
Community Action Program for Central Arkansas, Inc. (CAPCA)	Cleburne, Faulkner, White	4.45%
Community Services Office, Inc. (CSO)	Garland	3.90%
Crawford-Sebastian Community Development Council, Inc. (C-SCDC)	Crawford, Sebastian	4.29%
Crowley's Ridge Development Council, Inc. (CRDC)	Craighead, Crittenden, Cross, Greene, Jackson, Poinsett, St. Francis, Woodruff	11.07%
Economic Opportunity Agency of Washington County (EOAWC)	Washington	3.97%
Mid-Delta Community Services, Inc. (MDCS)	Lee, Monroe, Phillips, Prairie	4.22%
Mississippi County Arkansas Economic Opportunity Commission, Inc. (MCAEOC)	Mississippi	3.84%
Northcentral Arkansas Development Council, Inc. (NADC)	Fulton, Independence, Izard, Sharp, Stone	3.17%
Our Healthy Communities – Not a member agency of ACAA; will	Benton, Carroll, Madison	3.72% - Allocation to be split among adjacent agencies.

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negotiate with adjacent agencies to cover these counties.		
Ozark Opportunities, Inc. (OOI)	Baxter, Boone, Marion, Newton, Searcy, Van Buren	5.88%
Southeast Arkansas Community Action Corp. (SEACAC)	Ashley, Bradley, Chicot, Desha, Drew	4.36%

ACAAA Program Administration, Coordination, and Oversight

Staff – Salary and Fringe – 2.25 FTE for 3 months <ul style="list-style-type: none"> • Program Coordinator • Program Assistant / Bookkeeper • Oversight by ACAA COO (.25 FTE) 	\$45,000
Equipment and Supplies – Computers, printers, office supplies, etc.	\$10,000
eLogic™ Application Portal and Data Collection/Reporting Software – Includes rush order for customization, launch, training, licensing for ACAA and 14 agencies, customer portal	\$20,000
Public Information Campaign – Includes contracting with media consultant for statewide TV ads/social media campaign for 3 months, and with web developer for informational website development and hosting	\$250,000
Space & Utilities (electricity, gas, water, solid waste, Internet, phone/conference call/webinar) for 3 months	\$8,000
Insurance (Business Owners, Liability, Worker’s Comp)	\$500
Total ACAA Administrative Costs	\$333,500

Problem

Due to coronavirus, people are falling behind on rent and late fees. The federal moratorium will stall evictions, but a wave of debt and evictions is expected when the moratorium ends.

According to July Census Pulse survey, 27.6% of renters who live in households with children have no or little confidence that they can pay the next month's rent. Debt and eviction hurt:

- Renters, their families, their communities
- Landlords, their families, their communities
- Public health
- The economy

The state's existing rent relief programs (CSBG, ESG) are too limited to help those in the working class and many of the poorest who have larger debts.

Solution

\$13 million in discretionary CARES money to:

- Expand eligibility from 125% FPL to 200% FPL (CARES Act permitted up to 200% for CSBG rent relief, but Arkansas opted for 125%)
- Increase maximum payment to the lesser of 2.5 months of actual rent, or 2.5 months of market rent
- Communicate program to renters and landlords via website, advertising, and community partners

Existing CAA-based system would be used

- Renter must provide:
 - Copy of lease/rent agreement; copies of rent payment receipts, if not.
 - Proof of income for calendar month prior to application date.
 - Proof of rent arrearage: late notices; notice of pending eviction; landlord letter
 - Basic demographic information for all household members.
 - Attestation that pandemic has disrupted household health and/or financial status
- Payments are made to the landlord, who must agree to accept payment and not to evict tenant or raise rent during aid period
- If someone is in arrears more than the amount that is available, they don't get aid (unless they can make up the difference), because aid would not stabilize their housing situation
- Unique to \$13 million: Renter would be able to apply one time between October 1 and December 31

ACAAA funding for CSBG comes through DHS, and request could come through them

Advantages

- Reduces harm to families with demonstrated need due to coronavirus, communities, landlords, the economy, and public health
- Leaves no losers because landlords benefit as much as renters
- Efficient because it uses existing CAA staff and processes
Secure because CAAs must comply with federal and state regulations and meet OMB standards because of other grants they receive
- Broad statewide impact
- Simple: Each county is served by only one community action agency, so grants to the agencies will guarantee tenants will be need to call only one number for grant money

More About the Problem

Renters struggling to make rent due to coronavirus

- Reduced income due to job loss and reduction of hours
- Additional expenses due to medical costs, lack of child care, lack of school, businesses closed or modified, adhering to public health directives and guidelines

Moratorium will help with evictions for a few months, but since rent and late fees are accumulating, a wave of debt and evictions is expected when the moratorium ends

Debt:

- Hurts families
 - Makes families unable to purchase goods and services which are needed and wanted, and the cascading impact of foregoing these goods and services
 - Hurts credit which can reduce opportunity
 - Strains physical and mental health
 - Creates harmful environment for children, stunting educational and social development and creating risks to children and society
 - Limits time and ability to positively contribute to community
- Hurts the economy as people lose spending power
- Hurts communities as a consequence of the damage to families

Eviction:

- Hurts families (similar to above)
- Hurts communities as a consequence of the damage to families
- Hurts landlords
 - Lost revenue from tenants
 - Costs of eviction
- Increases risk of coronavirus spread
 - Mixing and crowding different households
 - Congregate living in shelters

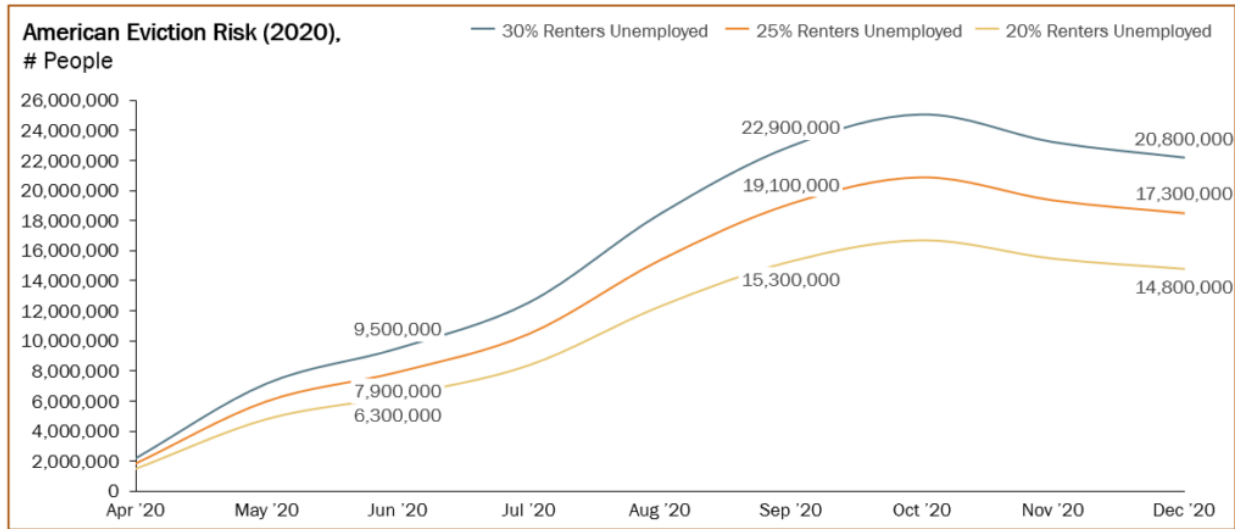
Existing CSBG rent relief (~\$500 for people making up to 125% FPL through lightly publicized program) is too limited

- Only applies to the poorest families (\$15,950 for an individual), but working-class people also affected
- Only available in an amount up to ~\$500. Many families have a higher rent amount and/or are behind multiple months. If the family's debt exceeds the available aid, they get nothing
- Many renters are unaware of the program per ACAA observation. Publicized by CAA and Governor but more needed
- CAAs have expended most or all of the CSBG funds available for the remainder of 2020 per ACAA. Washington County CAA did \$1,000 and it ran out of money August 19

Existing ESG programs are for homelessness

- \$3.4m to rapid rehousing (no qualification necessary)
- \$1.6m to homelessness (to qualify must be below 50% AMI)

BETWEEN 19 MILLION AND 23 MILLION ARE AT RISK OF EVICTION BY SEPT
UNDOCUMENTED FOLKS, LOW INCOME RENTERS AND PEOPLE OF COLOR ARE MOST VULNERABLE



From Aspen Institute COVID-19 Eviction Defense Project.

Federal Poverty Level

Family Size	125%	200%
1	15,950	25,520
2	21,550	34,480
3	27,150	43,440
4	32,750	52,400
5	38,350	61,360

Responses to Inquiry about Rent/Emergency Assistance
Received 9/8/2020

Source	Allocation	Assistance provided includes all types of Emergency Assistance (rental deposits or past due rent, past due utility payments; unpaid emergency medical or prescription expenses, etc.)	Remaining funds	Households served	Eligibility limit	Average amount of assistance per household	
CARES Act CSBG	\$40,000	\$2,706	\$37,294	5	125% FPL	\$541.20	
CARES Act CSBG	\$193,007	\$8,351	\$184,656	10	125% FPL	\$835.10	
CARES Act CSBG	\$175,000	\$85,000	\$90,000	90	125% FPL	\$944.44	
CARES Act CSBG	\$10,000	\$10,000	\$0	14	125% FPL	\$714.29	
CARES Act CSBG	\$156,454	\$62,847	\$0	108	125% FPL	\$581.92	Note: Pending applications, if approved, will exhaust available funding.
CARES Act CSBG and United Way	\$580,168	\$86,498	\$493,670	184	125% FPL - CARES Act; Any income level - United Way (United Way funds have been exhausted)	\$470.10	
CARES Act CSBG	\$40,000	\$3,930	\$36,070	45	125% FPL	\$87.33	
CARES Act CSBG	\$12,805	\$500	\$11,500	1	125% FPL	\$500.00	Note: Pending applications create estimate that funds will be exhausted by end of September.
	\$1,207,434.00	\$259,831.84	\$853,190.00	457		\$584.30	

Data is from 8 CAAs as of 8/31/2020.