FEDERAL RESERVE BANK
PHILADELPHIA

RENTERS' EXPERIENCES DURING COVID-19

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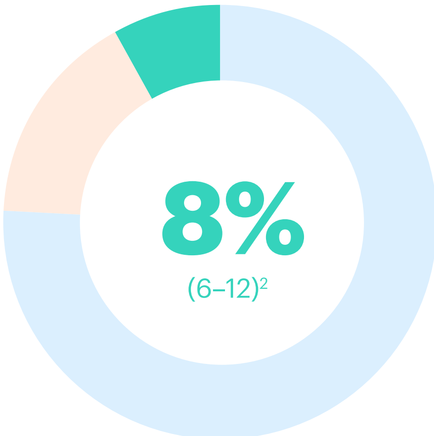
This brief provides a summary of renters' experiences during the COVID-19 pandemic with rental debt, landlords, eviction worries, rental assistance programs, and spending adjustments. It is based on the renter portion of the Federal Reserve Bank of Philadelphia's Consumer Finance Institute (CFI) COVID-19 Survey of Consumers – Wave 7, which was conducted in January 2021.[1]

Overall, the results reveal a substantial amount of rental debt among households, some difficulty accessing state and local rental assistance, and financial precarity beyond what is implied by rental debt alone.

[1] See the full CFI report for survey and methodological details. The survey was conducted in the first weeks of January 2021. Our final sample contains 926 unweighted observations aged 18 or older who report paying rent from a national sample. Our results may differ slightly from those in the full CFI report because here we report estimates that are weighted to match the national distribution of renters in terms of income and race/ethnicity.

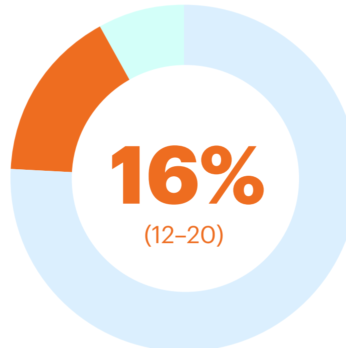
1.A. OVERALL RENTAL DEBT



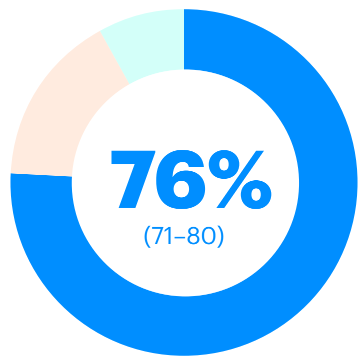
have missed or made a partial rent payment and "**currently owe back rent**"

With **43 million** renter households in the United States, this 8 percent equates to **3.7 million** (2.7–5.1 million) renter households who currently **owe back rent**. These 3.7 million households include **9.6 million people**.

The average amount owed is **$1,800** ($1,200–$2,450). Together, our best estimates of the number of renter households currently in debt and their average debt imply that as of January 2021, there was around **$6.7 billion total** in rental debt, with a likely range of $4.4 billion to $9 billion.[3]



have missed or made a partial rent payment but do not currently owe back rent



have never missed or made a partial rent payment since COVID-19 began

[2] Throughout the brief, we report estimated sample averages in the text and 95 percent confidence intervals (CIs) in parentheses. The sample averages can be interpreted as the "best" estimate of the true value of the given outcome in the full renter population, and the CIs can be interpreted as the likely range of the true value in the full renter population (rather than in our renter sample). All CIs are logit-transformed CIs of proportions, which is why they are not centered exactly around the estimates.

[3] The likely range of total rental debt is calculated in two different ways that yield similar results: multiplying the best estimate of total households in debt by the lower and upper bounds of estimated debt per respondent, and, conversely, multiplying the upper and lower bounds of estimated total households in debt by the best estimate of debt per respondent.

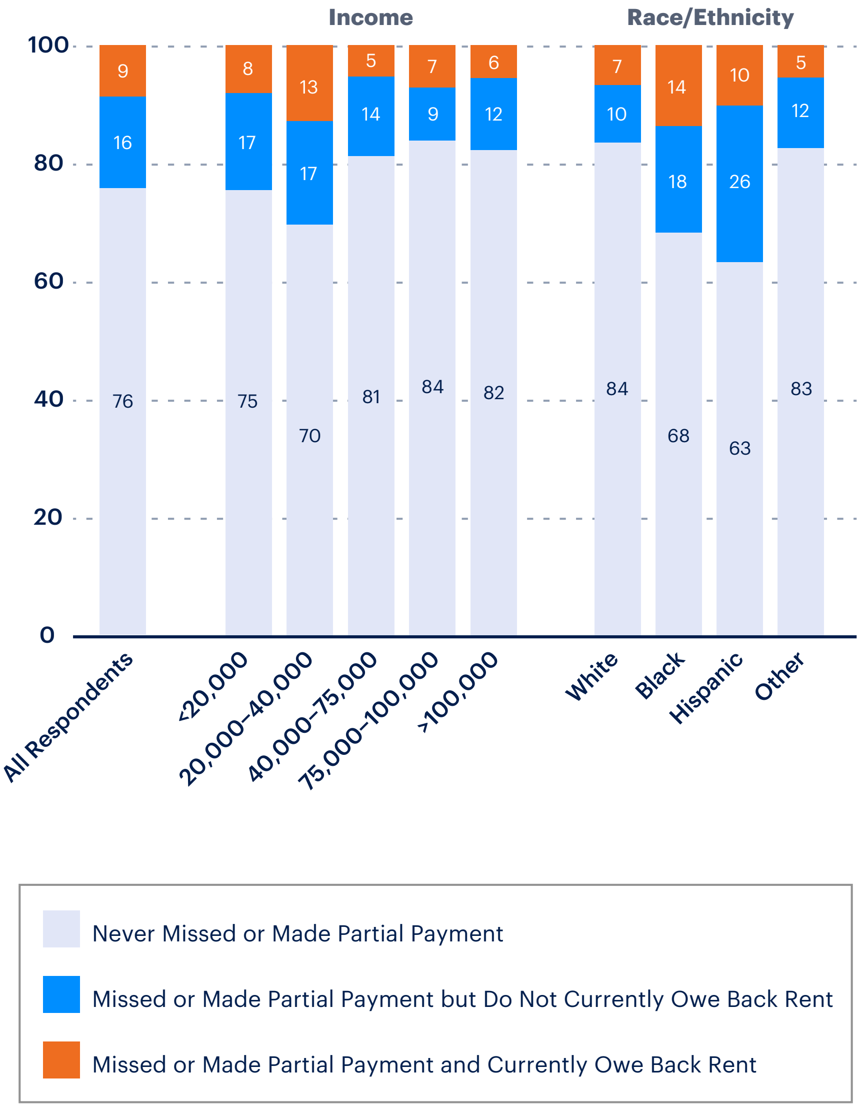
1.B. RENTAL DEBT BY INCOME AND RACE/ETHNICITY

Figure 1 shows rental debt broken out by respondents' 2019 income and race/ethnicity. While we do not find statistically significant differences by income, we find that

since the COVID-19 pandemic began, **Hispanic and Black** households are more likely than other households to have previously had or currently have rental debt.[4]

This finding is consistent with many previous studies and may reflect that these respondents are more likely to have worked in occupations most impacted by COVID-19.[5]

Figure 1: Percentage of Renters Missing Rent Payments or Currently Owing Rent, by Demographic Characteristics



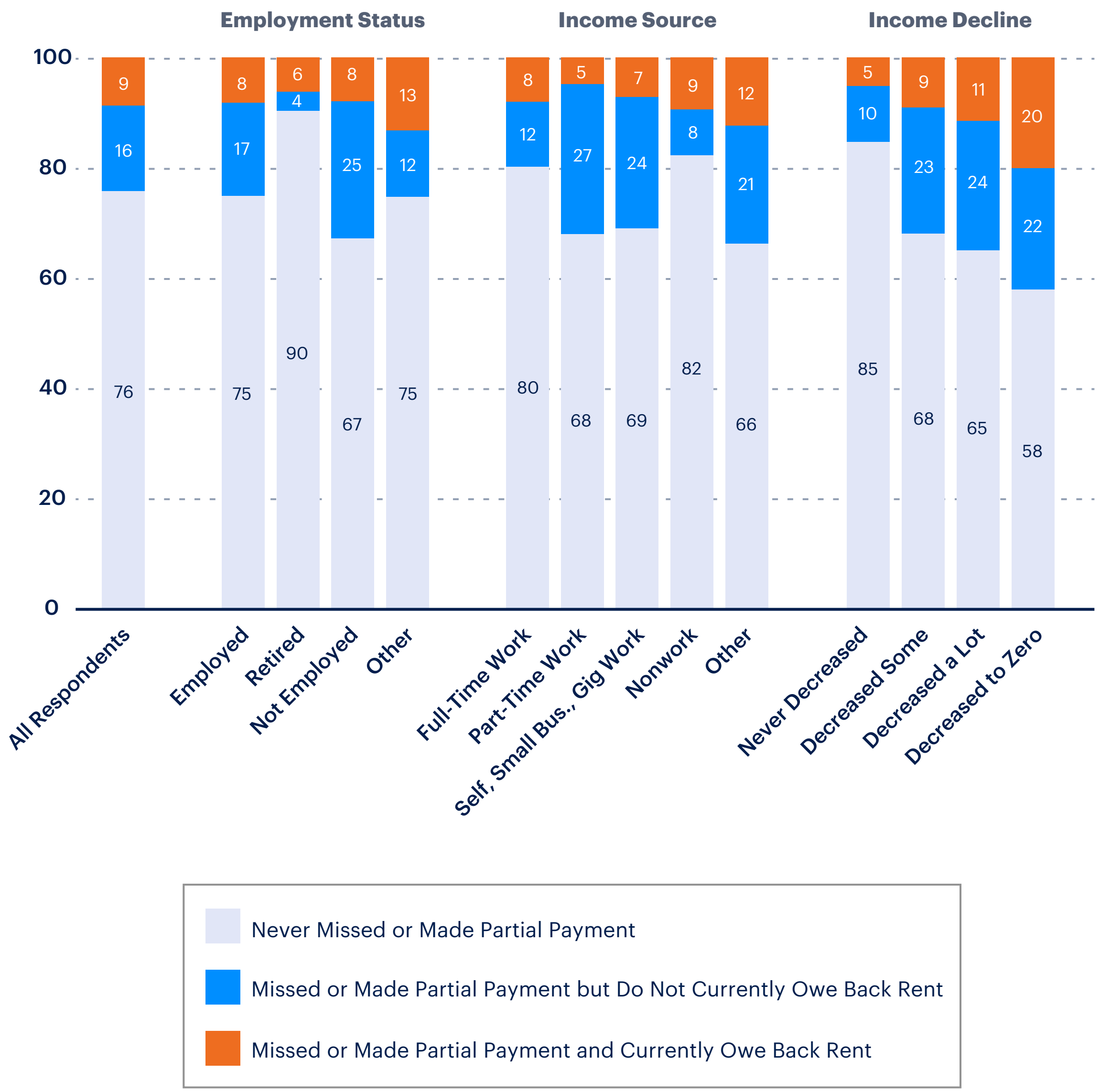
[4] While not shown here, we calculate 95 percent CIs for all outcomes by demographic characteristics and report differences as statistically significant when confidence intervals do not overlap. White, Black, and Other exclude Hispanic respondents, and Hispanic includes respondents of any race.

[5] We do not have a sufficient sample size to look at differences in amounts of rental debt currently owed by income or race/ethnicity.

1.C. RENTAL DEBT BY LABOR MARKET EXPERIENCES BEFORE AND DURING COVID-19

Many studies of rental debt look at rental debt regardless of labor market experiences, while others look more specifically at rental debt associated with the labor market impacts of COVID-19. To help relate these different approaches, Figure 2 breaks out rental debt by respondents' employment status before COVID-19, income source before COVID-19, and income declines during COVID-19.

Figure 2: Percentage of Renters Missing Rent Payments or Currently Owing Rent, by Labor Market Experiences

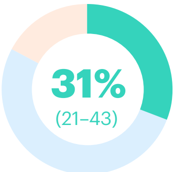


Owing back rent is similar across pre-COVID-19 employment and income sources (with the exception of retirees), including those not initially employed.

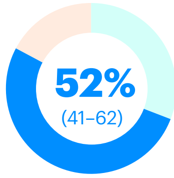
Rental debt is strongly associated with the severity of income declines experienced during COVID-19, with workers whose incomes at some point decreased to zero being most likely to experience rental debt.

2.A. LANDLORD PAYMENT AGREEMENTS

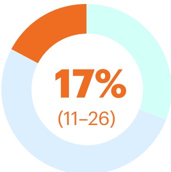
Among the 24 percent of respondents who ever missed or made a partial rent payment,



had a signed agreement with their landlord to pay the missed amount later



had an informal agreement to pay the missed amount later



had no agreement with their landlord about missing the payment

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2.B. EVICTION WORRY

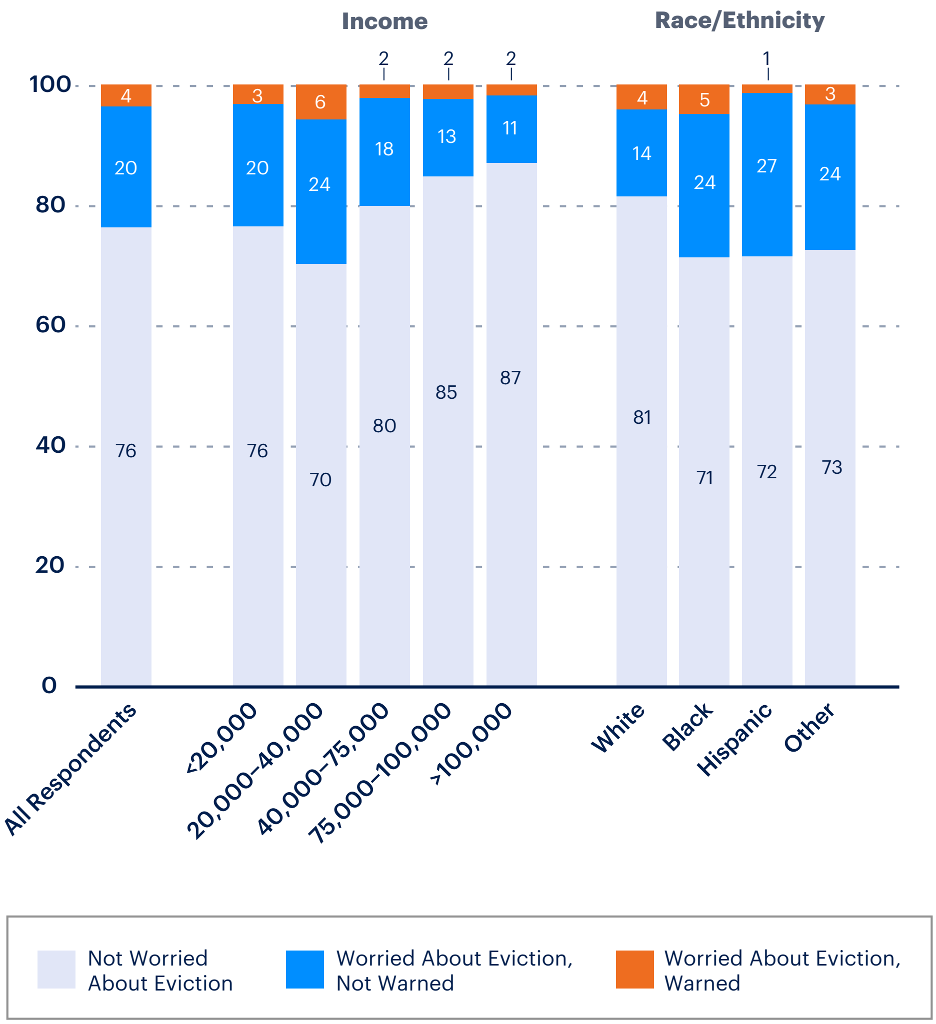
76 percent (72–80) are not currently worried about eviction,

20 percent (16–24) are currently worried but have not received any warning about eviction,

and 4 percent (2.5–5.5) are worried and have been warned about eviction by their landlord.

This is substantially higher than the 8 percent who are currently in rental debt, suggesting some additional precarity among households who are not currently in debt. None of the differences by income or race/ethnicity are statistically significant.

Figure 3: Percentage of Renters Worried About Eviction, by Demographic Characteristics



SECTION 3 **RENTAL ASSISTANCE PROGRAMS**

57%
(52–61)
of respondents had not applied for rental assistance because they
did not need it

22%
(18–26)
of respondents had not applied because they were
not sure how to

10%
(8–14)
of respondents had not applied because they believed there were
no local programs

11%

of respondents had applied for rental assistance

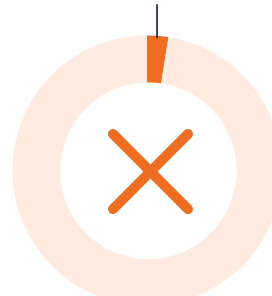
3.5%
(2–6.5)

received rental assistance

5%
(3–9)

were waiting to hear

2.5%
(1.5–4)



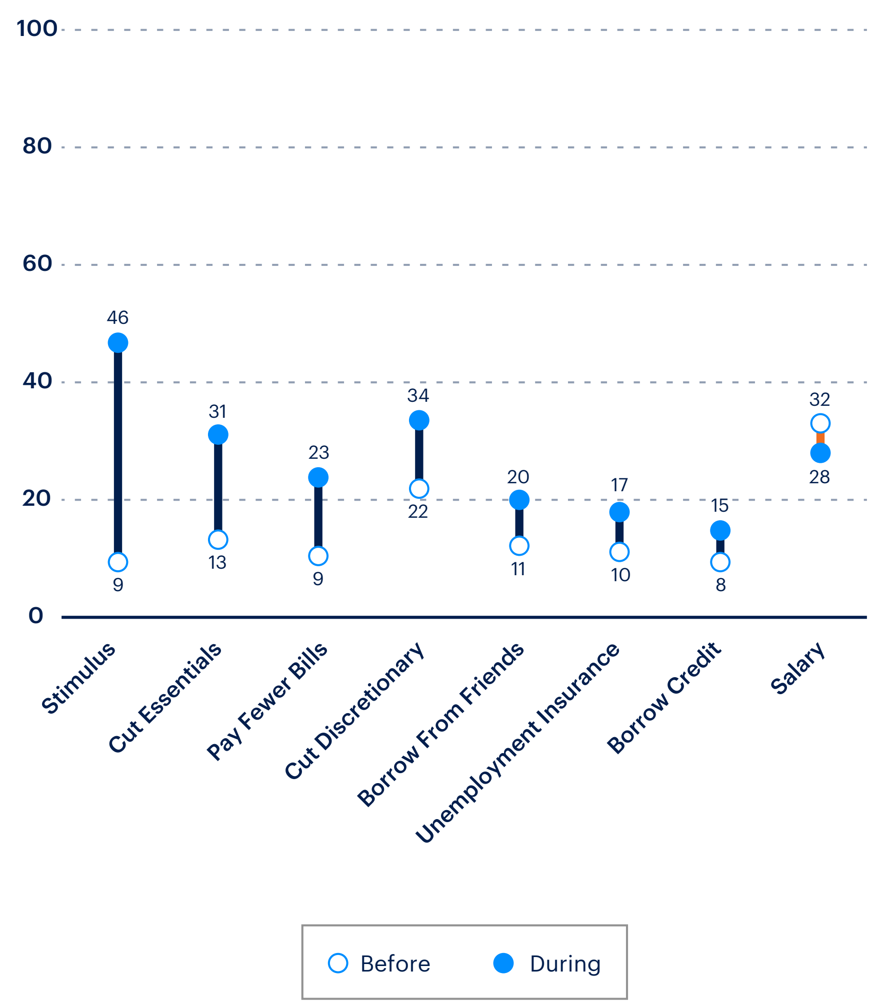
had been denied

SECTION 4 **PAYING RENT THROUGH SPENDING AND BORROWING ADJUSTMENTS**

The previous questions specifically concerned rental debt. However, renters may be making other spending and borrowing adjustments in order to help meet their rental obligations. Understanding these adjustments is important because they provide an additional measure of current financial precarity and also because they could contribute to future housing and financial instability.

Meeting rental payments with stimulus funds increased the most, and the use of all other resources except salary increased by substantive and statistically significant amounts.[6]

Figure 4: Percentage of Renters Using Different Resources to Help Afford Monthly Rent Payments, Before and During the COVID-19 Pandemic



[6] Nine percent (6–12) of respondents report meeting monthly rental expenses with April 2020 stimulus payments "prior to the COVID-19 crisis," which may partly reflect that some respondents perceive the COVID-19 crisis to have begun later than April 2020 and may partly reflect response error.

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