



COVID-19: The Added Financial Burden on Low-Income Households

Many low-income households struggled with meeting their housing costs before the pandemic.

Warning signs point to a crisis for vulnerable renters unable to pay rent and vulnerable landlords who will struggle without consistent rent payments.

Renters, especially those that had difficulty making ends meet before the pandemic, will face additional challenges to make those ends meet after the pandemic.

From the Federal Reserve's Report on Economic Well-Being:

"... many adults are financially vulnerable and would have difficulty handling an emergency expense as small as \$400. In addition, volatile income and low savings can turn common experiences—such as waiting a few days for a bank deposit to be available—into a problem for some."¹

This highlights the tenuous nature of some households' abilities to meet basic needs during and after the COVID-19 pandemic, even for those who are eligible for the current one-time stimulus assistance.

Financial Well-Being Before COVID-19

Only **31% of renters compared to 63% of homeowners** had enough money set aside for a three-month emergency, such as an extended sickness, a job loss, or an economic downturn.²

Renters' financial challenges

- **8.6%** often have difficulty paying their rent
- **18.4%** sometimes have difficulty paying rent
- **20%** don't have \$400 to cover unexpected costs³

¹ Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2018." May 2019. <https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>

² Choi, Jung Hyun, Goodman, L., Zhu, J., "We Must Act Quickly to Protect Millions of Vulnerable Renters", Urban Institute, *Urban Wire*, 25 Mar 2020, <https://www.urban.org/urban-wire/we-must-act-quickly-protect-millions-vulnerable-renters>

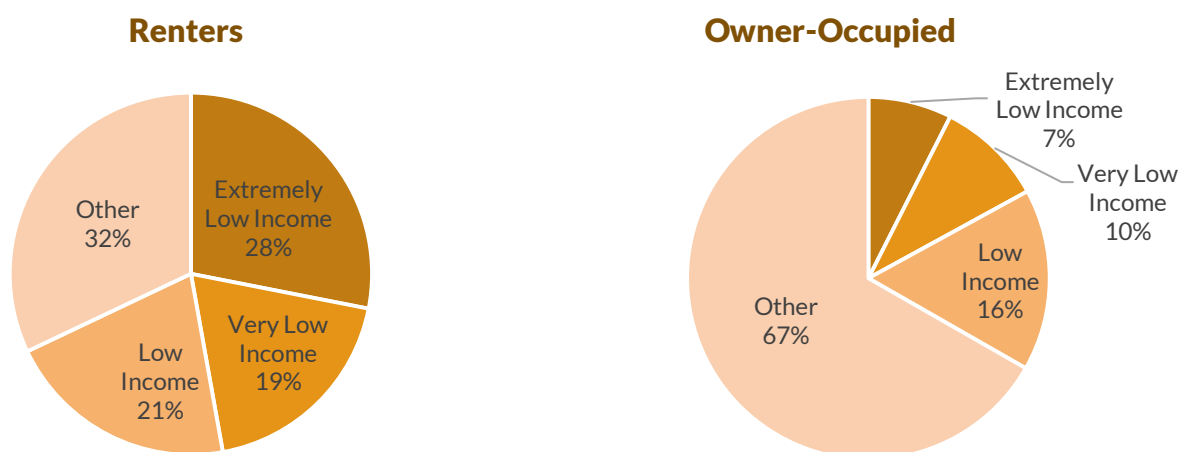
³ Urban Institute, "'The Figures Shared': Why Supporting Renters During COVID-19 Is Critical for Housing Market Stability", 14 Apr 2020 <https://housingmatters.urban.org/feature/future-shared-why-supporting-renters-during-covid-19-critical-housing-market-stability>



Proportion of Renter and Owner-Occupied Households by Income Level

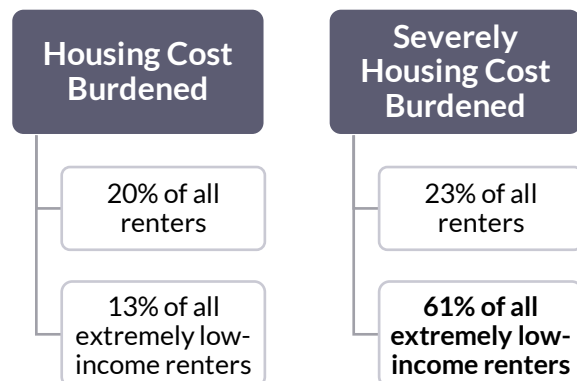
Extremely low-income households have incomes at or below 30% of the area median income. In Pennsylvania, this equates to approximately \$25,500 for a family of four. Very low-income households make between 30% and 50% of the area median income (50% is approximately \$42,600 for a family of four) and low-income households have incomes between 50% and 80% of the area median income.

In Pennsylvania, 28% of all renter households have extremely low-incomes as compared to 7% of all owner-occupied households. In total, 68% of renter households have low income, very low income, or extremely low-income, compared to 33% of owner-occupied households.⁴



Housing Cost Burden

Cost burdened households pay more than 30% of their income on housing expenses including rent/mortgage, utilities, and other housing related fees and taxes. Severe cost burdened households pay more than 50% of their income on housing expenses. Those living housing cost burdened or severely housing cost burdened may have difficulty affording other important necessities such as food, clothing, transportation, and medical care.⁵



The Housing Alliance of Pennsylvania respectfully recommends that the Pennsylvania General Assembly create a temporary COVID-19 rent support program to help tenants impacted by COVID-19 related employment loss, wage reduction, or illness to pay their rent which will also help landlords meet their own financial and operational obligations. The program can be funded through Pennsylvania's share of the Coronavirus Relief Fund.

⁴ US Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy (CHAS) Data 2012-2016, <https://www.huduser.gov/portal/datasets/cp.html>

⁵ ibid