2022 BUDGET PRIORITY: ENSURE SAFE HOUSING AND ECONOMIC STABILITY WITH RENT PAYMENT ASSISTANCE

LEAGUE RECOMMENDATION:
Increase funding for the Eviction Diversion Program (EDP) to meet the ongoing need for rent payment assistance.

BACKGROUND:
Housing costs, especially for renters, have risen much more quickly than wages during the nation’s recovery from the Great Recession. Before COVID-19 emerged, the average Michigan renter earned $15.38 per hour—less than the $17.42 per hour needed to afford a two-bedroom apartment. Wages were even lower for some of the state’s most common occupations, such as jobs in food service, retail and home health and personal care.

The pandemic has brought further hardship to hundreds of thousands of Michigan families. A patchwork of federal, state and local measures has protected some struggling families from eviction at different points in time, and none relieved tenants of the obligation to pay rent. Michigan wisely used $62 million in federal funds under the CARES Act to create an Eviction Diversion Program (EDP), which provides rent payment assistance for tenants who have fallen behind during the COVID-19 crisis. This funding, however, has run out. Michigan is expected to receive over $600 million for rental assistance under the federal relief package passed in December 2020. While this amount is substantial, the need among the hundreds of thousands of Michigan renter households affected by COVID-19 is projected to reach nearly $1 billion just for the first six months of 2021. Following a second wave of the virus and with the current federal eviction moratorium set to expire March 31, 2021, the need for rent payment assistance will certainly continue for some time.

WHY DOES IT MATTER?

Eviction is a significant precursor to housing instability and homelessness. With regard to the Great Recession, Michigan evictions peaked at nearly 75,000 in 2008 and remained high for several years—even as the economy improved. An eviction can tarnish a tenant’s rental history indefinitely, making it extremely hard to secure an adequate, stable home for the entire family. As of December 21, 2020, about 154,000 adult renters in Michigan report they are behind on rent. As the limited federal protections come to an end, the state faces a potential tidal wave of evictions that could lead to more homelessness and hamper efforts to contain the coronavirus. Funds allocated to the EDP to date have kept more than 16,000 Michigan families housed and the program merits continued support as a vital element of the state’s COVID-19 response.

Safe, affordable housing is critical to health. High housing costs force families to make budget tradeoffs that are detrimental to their long-term well-being and greater public health. They may move into overcrowded homes, couch surf or forego other needs like food and healthcare. People experiencing homelessness are twice as likely to be hospitalized, two to four times as likely to require critical care, and two to three times as likely to die from coronavirus as those who are housed. Nationally, the expiration of state eviction moratoria is linked to more than 400,000 excess cases and more than 10,000 excess deaths related to COVID-19.

Safe, stable homes help children reach their full potential. Housing instability is a source of trauma that affects children’s mental health, academic success and earning potential later in life. Frequent moves disrupt children’s social networks and education, and parents or other caregivers also face negative impacts that make it difficult to provide for the family. As Michigan children experience extraordinary upheaval due to school closures and job loss, illness and death in their families, their continued access to safe housing is critical.

Steady rent payments stabilize our communities and the economy. When tenants can’t pay their rent, landlords might have to defer necessary maintenance or miss mortgage and property tax payments, jeopardizing the already-inadequate supply of affordable housing. Nationwide, nearly half of all rental units are owned by individual operators and profit margins are narrow, especially in the affordable housing sector. Further rent payment assistance would ensure that...
landlords will be able to continue employing staff, purchasing local goods and services and contributing to the property tax base. Additionally, it would mitigate Michigan’s public cost of evictions related to the COVID-19 crisis, which could reach $2.6 billion. Investment in housing would be fiscally responsible in the face of daunting state and local revenue shortfalls.

**Safe housing is essential to racial equity.** A long history of systemic racism in domains such as housing, food and healthcare access, and exposure to environmental contamination has led to horrifying racial disparities in the impact of coronavirus. For example, African Americans make up only 14% of Michigan’s population but 40% of the state’s COVID-19 deaths. People of color have lower access to safe, affordable housing than their White counterparts, and also face a higher prevalence of health conditions associated with vulnerability to COVID-19. At the same time, they are more likely to work in occupations that have been hit the hardest by business closures, or that are considered essential and present a heightened risk of coronavirus exposure. Continued rent assistance would promote economic and health justice for those most affected by the COVID-19 crisis.

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**Source:** U.S. Census Bureau, Household Pulse Survey, https://www.census.gov/programs-surveys/household-pulse-survey/data.html