

Financial conditions for renters before and during the COVID-19 pandemic

CFPB Office of Research

Research Brief No. 2021-9

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1. Introduction

Before the COVID-19 pandemic, economic conditions among some renters appeared to be improving. Between 2016 and 2019, median incomes and median net worth among renters grew 6 percent and 18 percent respectively.¹ And between 2011 and 2018, the share of renters paying more than 30 percent of their incomes in rent declined from 50.7 percent to 47.5 percent.²

The onset of the pandemic has intensified the economic headwinds many renters may face, however. Our data suggest that, in June 2020, 22 percent of renters with a credit record were unemployed, compared to 12 percent of homeowners. According to the U.S. Census Bureau, 16 percent of renters said that their household is not current on their rent payment as of June 2021.³ And as of May 2021, renters owed an estimated \$29.7 billion in back rent.⁴ Rental assistance from more recent relief bills has been slow to arrive.⁵

Against this backdrop, we document how financial conditions faced by renters evolved, relative to those faced by homeowners, over the course of the pandemic. To do so, we use two waves of the Consumer Financial Protection Bureau's Making Ends Meet survey and its association with consumer credit data. We compare renters to homeowners on a variety of financial outcomes from before the pandemic, during its early stages in spring 2020, and through spring 2021. We also examine outcomes for several subgroups of renters who were more likely to be recipients of certain pandemic supports. Renters are not an entirely homogenous group. Some renters may have been doing better than others and not all renters qualified for, or received, financial pandemic supports. Our data do not allow us to identify which, if any, financial supports were received.

¹ Board of Governors of the Federal Reserve System, "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances," September 2020. Available: <https://www.federalreserve.gov/publications/files/scf20.pdf>.

² Joint Center for Housing Studies of Harvard University, "America's Rental Housing," 2020. Available: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf. Note that the population of renters with annual incomes over \$75,000 has accounted for a significant portion of the growth in the

³ US Census Bureau, "Week 33 Household Pulse Survey: June 23 – July 5," July 14, 2021. Available: <https://www.census.gov/data/tables/2021/demo/hhp/hhp33.html>. According to Housing Table 1b, an estimated total of 7,433,895 renter households were not caught up on rent payments during the survey period.

⁴ Moody's Analytics June 2021 baseline economic outlook.

⁵ In December 2020, Congress appropriated \$25 billion towards emergency rental aid. Between January and the end of July, only \$5.1 billion had been spent. Michael Casey, "Feds report most rental assistance has still not gone out," Associated Press, August 25, 2021. Available: <https://apnews.com/article/lifestyle-business-health-coronavirus-pandemic-68d5f61397c203fb9bd023f10671ee18>.

Renters and homeowners differ in many ways and, based on demographic factors, we would expect renters' financial conditions to be less favorable than those of homeowners. On average, renters are younger and have lower incomes than homeowners, characteristics that are typically correlated with lower financial status.⁶ Given that renters are younger, they are also more likely to be credit invisible.⁷ It is important to note that, due to the nature of our sample and its association with credit data, we only focus on renters with a credit record, which we discuss further below.

Prior to the pandemic, average credit scores among renters were 86 points lower than those of mortgagors, and 106 points lower than those of homeowners who reported paying no mortgage. Renters' Financial Well-Being Scores⁸ were nearly eight points lower⁹ than those of mortgagors, and over 13 points lower than those of homeowners who reported paying no mortgage.

Renters' credit portfolios also differed considerably from those of homeowners before the pandemic. In June 2019, renters were more likely than homeowners to have student debt and to have recently used alternative financial services such as payday, auto title, or pawn loans.

Comparing renters and homeowners over the course of the pandemic, we find the following:

- Despite adverse labor market conditions, renters' financial circumstances appeared, on average, to improve as much as or more than those of homeowners.¹⁰ Renters' credit scores grew by 16 points during the pandemic, compared to 10 points for mortgagors and seven points for other homeowners.¹¹ These increases are significant even given the trends before the pandemic. Renters' Financial Well-Being Scores also appeared to

⁶ See Scott Fulford, Marie Rush, and Eric Wilson, "Changes in consumer financial status during the early months of the pandemic," April 30, 2021. Available: <https://www.consumerfinance.gov/data-research/research-reports/changes-in-consumer-financial-status-during-early-months-pandemic/>.

⁷ See Kenneth P. Brevoort, Philipp Grimm, and Michelle Kambara, "Credit Invisibles," May 2015. Available: https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf.

⁸ The CFPB's Financial Well-Being Scale is a five or ten question survey created to measure financial well-being. See section 3.1 for more details on the Financial Well-Being Scale and how it differs for renters and homeowners. For a detailed description of how this scale is constructed and its distribution from a national survey, see: "Financial well-being in America," September 2017, CFPB report. Available: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-inAmerica.pdf.

⁹ For comparison, an eight-point increase in Financial Well-Being Score is what we would expect to see from someone whose household income shifted from \$40,000 or less to between \$70,000 and \$100,000. See Table 3 in Fulford, Rush, and Wilson, "Changes in consumer financial status."

¹⁰ Throughout this report, we refer to homeowners who report paying a mortgage as "Mortgagors" and those who report not paying a mortgage as "Other Homeowners." See Section 2.2 for details.

¹¹ Homeowners' credit scores may have had less room to improve than those of renters, since they were higher.

improve more than those of homeowners, though our limited sample makes this finding less conclusive.

- Renters' financial conditions have been significantly more responsive to changes in public policy throughout the pandemic. Delinquency, credit card utilization, and credit card debt among renters appeared to move up and down in response to stimulus payments and changes in federal unemployment benefits. Homeowners did not show the same degree of sensitivity.
- Among renters, some credit outcomes for recipients of certain pandemic supports appeared to be more responsive to federal policy changes than those of other groups. For example, credit scores among renters with student debt leapt during the first months of the pandemic after the CARES Act paused federal student loan payments. Delinquency among renters with children saw a considerable decline following stimulus payments, which were larger for households with children.

Taken together, our findings indicate that renters' finances have been highly sensitive to policy during the pandemic, likely a combined product of renters' existing financial vulnerabilities and how pandemic policies were designed. Before the pandemic, renters were more likely to be financially vulnerable, partly because they were younger on average and had lower incomes. These factors made them both more likely to receive a larger stimulus payment¹² and more likely to receive student loan forbearance. During the pandemic, renters were also more likely to face a period of unemployment, and so more were likely to be recipients of extended unemployment benefits.

Our findings are limited by the sample available from the Making Ends Meet survey. The survey is representative of the population with a credit record rather than the population at large, and has approximately 3,000 respondents, about one quarter of whom were renting in June 2019. Our sample also has fewer high-income renters and older renters than the overall population.¹³ We also fix housing status in June 2019; some people who were renting bought homes during the subsequent months while some homeowners sold and started renting.¹⁴ Our approach nonetheless produces results similar to those in other studies. Others have concluded, for example, that COVID-19 had a larger impact on employment for renters than for homeowners,

¹² Stimulus payments were also based on the number of children in a household.

¹³ See Appendix A for a detailed comparison of our sample to other national datasets.

¹⁴ About five percent of those who rented in June 2019 had a mortgage by June 2020, and ten percent had a mortgage by June 2021 (although it is possible that their mortgage was held by a spouse or partner). We currently leave these in the "Renter" group for the purposes of consistency. Dropping these individuals from our sample does not appear to change our results significantly: For example, our estimates for renters' average Financial Well-Being Scores in June 2019 and June 2020 drop by less than half a point when these individuals are excluded.

but that liquid savings balances increased more (in percentage terms) for renters than for homeowners.¹⁵

The fiscal supports we focus on have either ended or are scheduled to end in the coming months. Additional unemployment benefits expired on September 6th, the updated CDC eviction moratorium has ended,¹⁶ and student loan forbearance will end on January 31, 2022. Our results suggest that renters' finances are likely vulnerable to the cessation of these supports. Similarly, our results suggest that renters' finances will be sensitive to the amount and timing of funds from the Child Tax Credit (CTC) and distribution of rental assistance in the coming months.

¹⁵ Fiona Grieg, Chen Zhao, Alexandra Lefevre, "Renters vs. Homeowners: Income and Liquid Asset Trends during COVID-19," March 2021. Available: <https://www.jpmorganchase.com/institute/research/household-debt/renters-homeowners-income-and-liquid-asset-trends-during-covid-19>.

¹⁶ Alabama Association of Realtors, et.al v. Department of Health and Human Services, et.al., 594 U.S., 2021 WL 3783142 (August 26, 2021).

2. Data and Demographics

2.1 About the data

We use the first two waves of the Making Ends Meet survey to understand renters' financial conditions and compare them to those faced by homeowners. The survey results provide a deeper understanding of how often U.S. consumers have difficulty making ends meet, how they cope with these shortfalls, and the consequences of the shortfalls. The Bureau conducted Wave 1 of the survey starting in May 2019 and Wave 2 starting in May 2020. Most respondents took several weeks to respond, so typical responses occurred in June in each year. We refer to June as the month the surveys occurred.

The survey sample is drawn from the Bureau's Consumer Credit Panel (CCP), a 1-in-48 random and de-identified sample of credit records maintained by one of the three nationwide credit reporting agencies.¹⁷ This connection to the CCP is a key advantage of the survey and allows us to understand how consumers' credit and debts evolve before, during, and after the survey waves. In addition, the survey results include information about race, ethnicity, income, gender, education, and other demographic variables which are not typically known by the credit bureau.

Ultimately, 2,990 consumers responded to Wave 1 either on paper or online. Of those, 1,834—or about 61 percent—responded to at least the first questions in Wave 2. In this brief, we use data from the larger sample in Wave 1 to understand pre-pandemic financial conditions as well as trends in credit outcomes we observe for the same respondents in the CCP. We also use data from Wave 2 to understand changes over time in the survey-based outcomes we study. Additional details on the Wave 1 and Wave 2 sampling methodology and survey protocol are in the initial report on Wave 1 and a second report that uses Wave 2 data.¹⁸

¹⁷ The CCP excludes any information that might reveal consumers' identities, such as names, addresses, and Social Security numbers. For more information on the privacy protections associated with this survey, see the Consumer Experience Research Privacy Impact Assessment, available at http://files.consumerfinance.gov/f/201406_cfpb_consumer-experience-research_pia.pdf and System of Records Notice CFPB.O22, Market and Consumer Research Records, available at <http://www.consumerfinance.gov/privacy/system-records-notices/market-and-consumer-research-records-2/>.

¹⁸ Scott Fulford and Marie Rush, "Insights from the Making Ends Meet Survey," July 13, 2020. Available: https://www.consumerfinance.gov/documents/8990/cfpb_making-ends-meet_survey-results_2020-07.pdf. Fulford, Rush, and Wilson, "Changes in consumer financial status."

2.2 Comparing renter and homeowner demographics

According to our data, 68 percent of adults with a credit record are homeowners, 27 percent are renters, and five percent neither rent nor own their own home. Because this report is about the financial challenges faced by renters, we exclude this last group from our analysis. Also, in many areas throughout this report, we split the homeowner group into two categories: “mortgagors” and “other homeowners.” We do so to allow for comparisons between renters and homeowners who face regular housing costs in the form of mortgage payments. We define “mortgagors” as homeowners who report paying a mortgage on their home, while “other homeowners” as homeowners who report that they do not pay a mortgage on their home.¹⁹

Table 1, below, shows that renters are more likely than homeowners to be Black or Hispanic. On average, renters have lower incomes, are younger, and are more likely to be women compared to homeowners. Renters are also less likely to have a collegiate or postgraduate degree. These differences are key to understanding many of the disparities in finances between renters and homeowners, because the renter population tends to overlap with demographic groups who, previous research has shown, often face worse financial conditions than others.²⁰

TABLE 1: DEMOGRAPHICS OF RENTERS AND HOMEOWNERS IN THE MAKING ENDS MEET SURVEY

Demographic Group	Renters (Percent)	Homeowners (Percent)
Race/Ethnicity		
Non-Hispanic White	53.1	74.0
Black	25.1	8.8
Hispanic	14.5	8.9
Other	7.3	8.4

¹⁹ This group could consist of homeowners who inherited their home, who bought their home with cash, or who have finished paying their mortgage, for example.

²⁰ Fulford, Rush, and Wilson, “Changes in consumer financial status.”

TABLE 1: DEMOGRAPHICS OF RENTERS AND HOMEOWNERS IN THE MAKING ENDS MEET SURVEY, CONT.

Demographic Group	Renters (Percent)	Homeowners (Percent)
2018 Household Income²¹		
\$40,000 or less	56.9	23.7
\$40,001 to \$70,000	24.0	26.3
\$70,001 to \$100,000	11.3	21.1
More than \$100,000	7.7	29.0
Geographic group²²		
Metro (RUCC 1, 2, 3)	90.6	85.1
Some urban (RUCC 4, 5, 6)	6.9	10.5
Rural (RUCC 7, 8, 9)	2.5	4.4
Gender		
Male	43.0	53.6
Female	57.0	46.4
Educational Attainment in 2019		
High school or less or vocational	38.6	27.1
Some college	29.9	30.5
College or post-graduate	31.5	42.4

²¹ When asked about their total household income, survey respondents were asked to select from one of the following ranges: \$15,000 or less, \$15,001 to \$20,000, \$20,001 to \$40,000, \$40,001 to \$70,000, \$70,001 to \$100,000, and more than \$100,000. In this report, we combine those who selected the lowest three income options and report as \$40,000 or less.

²² Metro and non-metro areas are based on whether the respondent's county contains an urban area of 50,000 or more population. The definitions are based on the Department of Agriculture's 2013 Rural-Urban Continuum Codes (RUCC) with Metro counties containing a metro area (defined as RUCC 1, 2 and 3); some urban counties containing a smaller urban area or adjacent to a metro area (defined as RUCC 4, 5, and 6); and fully rural counties lacking any substantial urban area and not adjacent to a metro area (defined as RUCC 7, 8, and 9). RUCC are discussed more here: <https://www.ers.usda.gov/data-products/rural-urban-continuum-codes/>.

TABLE 1: DEMOGRAPHICS OF RENTERS AND HOMEOWNERS IN THE MAKING ENDS MEET SURVEY, CONT.

Demographic Group	Renters (Percent)	Homeowners (Percent)
Age group		
Age <40	49.5	22.5
Age 40-61	36.0	40.9
Age >=62	14.6	36.6
How many children live in your household?		
No children	58.6	59.5
1 child	18.8	17.4
2 or more children	22.7	23.0

3. Financial conditions for renters and homeowners

3.1 Pre-pandemic financial conditions for renters and homeowners

Prior to the pandemic, renters faced greater financial challenges along several dimensions than those who reported owning a home. As of June 2019, their average credit scores were 86 points lower than those of mortgagors, and 106 points lower than those of other homeowners. Their Financial Well-Being Scores were nearly eight points lower than those of mortgagors, and over 13 points lower than those of other homeowners.²³ The CFPB’s Financial Well-Being Score is a measure that broadly gauges consumers’ subjective financial outlook. Between 2015 and 2017, the CFPB produced a consumer-driven definition of financial well-being and a validated scale for measuring it. The survey items that make up this scale include questions to determine the extent to which statements like “My finances control my life” and “I am just getting by financially” apply to respondents.²⁴ Both waves of the Making Ends Meet survey included the five-question version of the Financial Well-Being scale, which is then used to calculate respondents’ Financial Well-Being Scores.

Figure 1 underscores the considerable differences in both credit scores and Financial Well-Being Scores among renters. Not only do the averages differ significantly, the 75th percentile of credit scores among renters is lower than the median credit score for mortgagors, suggesting that fewer than 25 percent of renters had credit scores that would be in the top half of the credit score distribution among mortgagors.²⁵ The 75th percentile of Financial Well-Being Scores among renters is equal to the median Financial Well-Being Score for mortgagors.

²³ The gaps in outcomes between renters and mortgagors may be slightly over-estimated given the moderate underrepresentation of high-income renters in our dataset. (See Appendix A.)

²⁴ For a detailed description of how this scale is constructed and its distribution from a national survey, see: “Financial well-being in America,” September 2017, CFPB report. Available: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-inAmerica.pdf.

²⁵ Differences in credit scores are to be expected; mortgagors must meet underwriting standards to receive a mortgage. As stated in Section 1, renters are more likely to be credit invisible and those who do not have a credit record are not included in our analysis.

FIGURE 1: DISTRIBUTIONS OF CREDIT SCORES AND FINANCIAL WELL-BEING SCORES AMONG RENTERS, MORTGAGORS, AND OTHER HOMEOWNERS²⁶

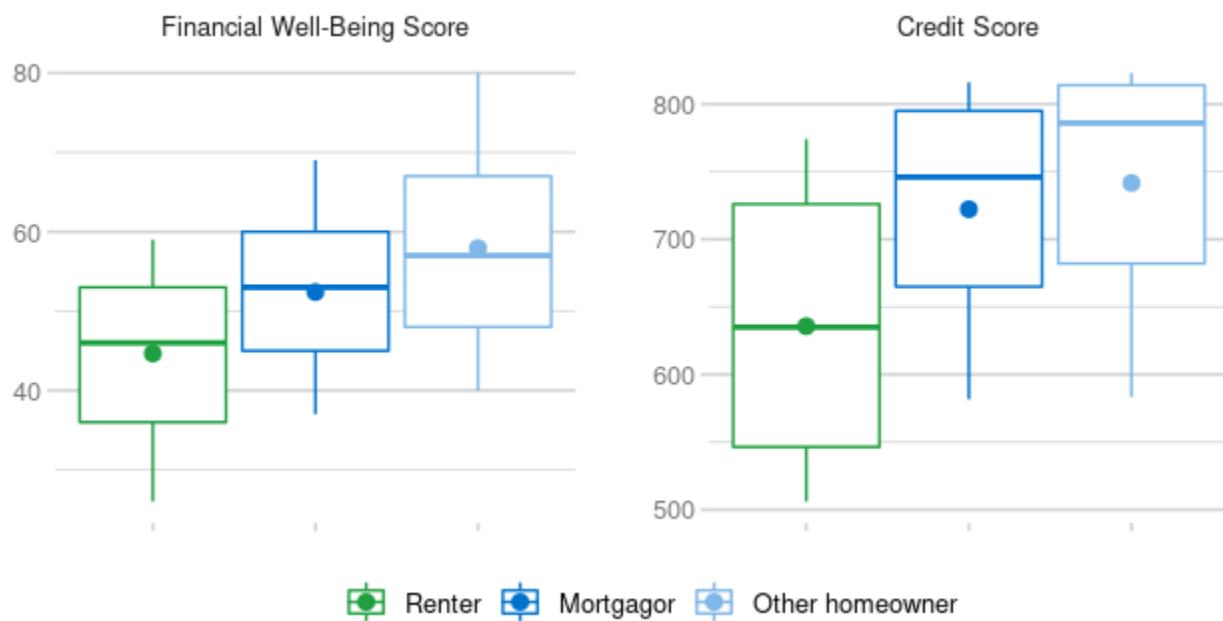


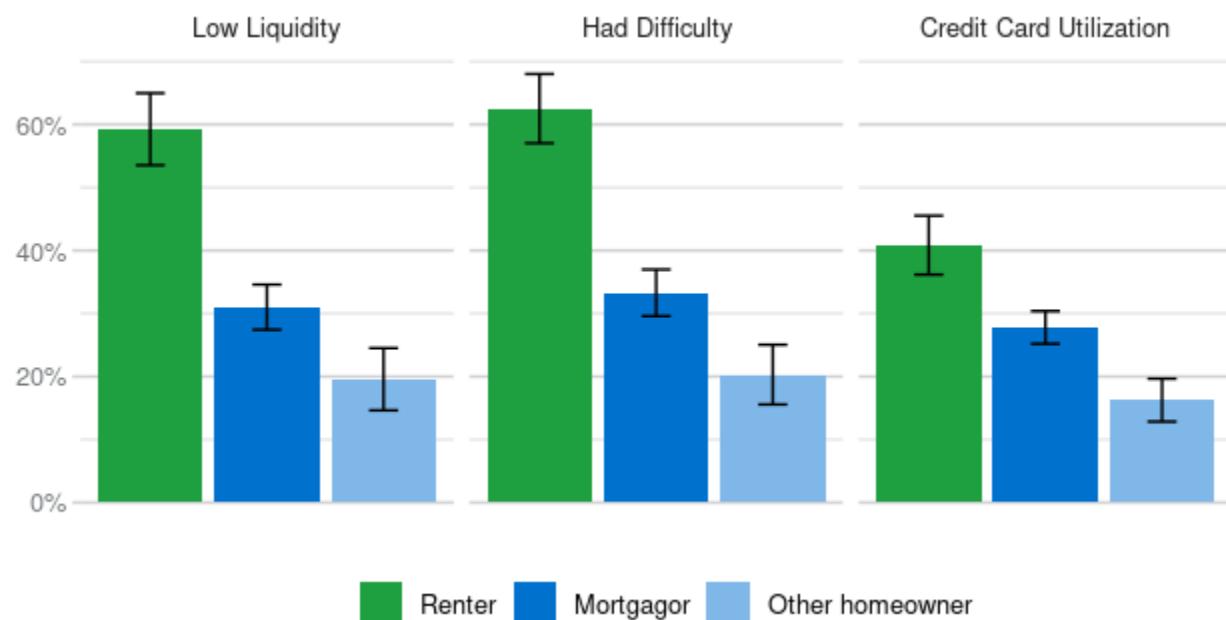
Figure 2, meanwhile, documents difficulties paying for a bill or expense, liquidity constraints, and credit card utilization, each of which is an important measure of a household's financial resilience. Renters were nearly twice as likely as mortgagors to have had difficulty paying for a bill or expense in the twelve months before June 2019.²⁷ Homeowners also had greater available liquidity: 59 percent of renters said that their available liquidity²⁸ was only enough to last one month or less, if they were to lose their primary source of income. This figure drops to 31 percent and 20 percent for mortgagors and for other homeowners respectively. Credit card utilization among renters was greater than utilization among homeowners. In June 2019, renters were using an average of 41 percent of the credit available on their credit cards, compared with 28 percent for mortgagors and 16 percent for other homeowners.

²⁶ The solid line at the center of each box represents the median and the free-floating dot represents the mean. The box extends from the 25th to the 75th percentile, and the lines beyond the box mark the tenth and 90th percentiles.

²⁷ Overall, in June 2019, 40 percent of people with a credit record experienced difficulty paying for a bill or expense, including over 60 percent of renters.

²⁸ Liquidity refers to the amount of money that is readily available to settle debts. Liquidity includes both short-term savings and available credit. Survey respondents were asked how long they would be able to cover expenses if they lost their main source of income using all available sources of funds, including borrowing, with response options ranging from less than two weeks, to more than six months.

FIGURE 2: PERCENTAGE OF PEOPLE WHO HAD DIFFICULTY PAYING FOR A BILL OR EXPENSE IN THE 12 MONTHS LEADING UP TO JUNE 2019 BY HOUSING STATUS ALONG WITH CREDIT CARD UTILIZATION AND PREVALENCE OF LOW LIQUIDITY²⁹



3.1.1 Pre-pandemic differences in credit portfolios

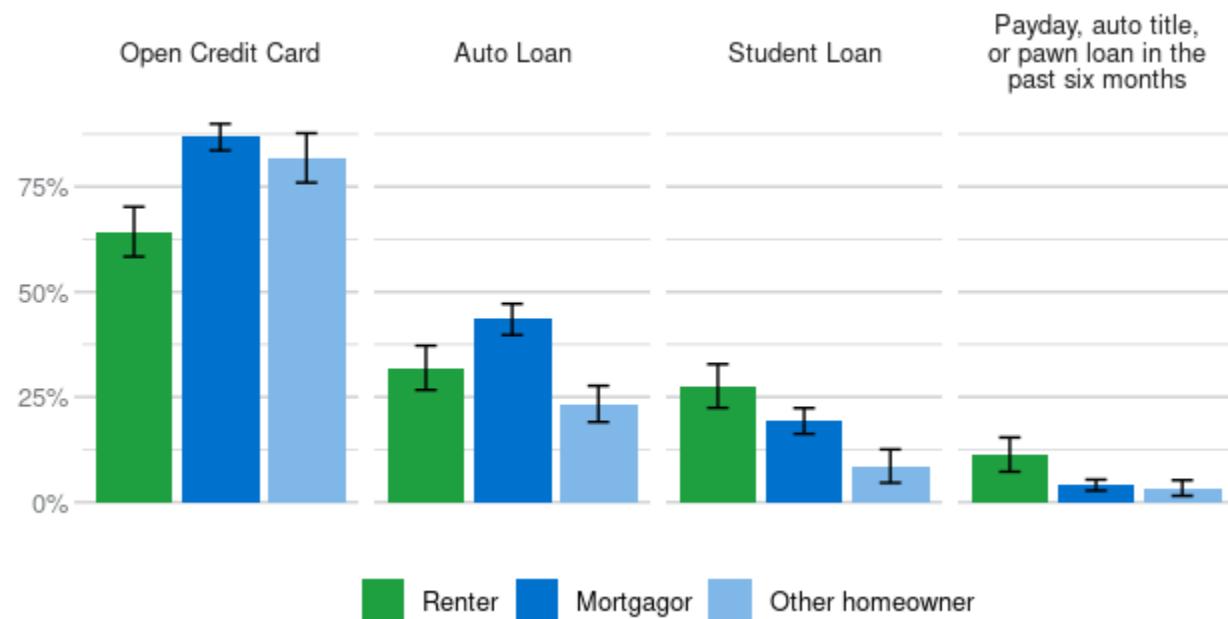
Differences in financial conditions before the pandemic were also reflected in the types of credit renters and homeowners used. Renters were less likely to have credit cards and auto loans, and more likely to use alternative financial products such as payday, pawn shop, and auto title loans. Figure 3 shows about 87 percent of mortgagors had an open credit card in June 2019 compared to only 64 percent of renters. Approximately 32 percent of renters had an auto loan compared to 43 percent of mortgagors. Around 11 percent of renters had taken out a payday loan, auto-title loan, or pawn shop loan in the six months leading up to June 2019 versus 4 percent of mortgagors.

Renters were also more likely to hold student loans. Renters were almost 50 percent more likely than mortgagors to have a student loan (28 percent versus 19 percent). The preponderance of student debt among renters may be partly explained by their ages: renters tend to skew younger than homeowners and thus have had less time to pay off their balance.³⁰

²⁹ The black bars in these graphs represent a 95 percent confidence interval.

³⁰ According to Table 1, approximately 50 percent of renters and 23 percent of homeowners were under the age of 40.

FIGURE 3: PERCENTAGE OF RENTERS, MORTGAGORS, AND OTHER HOMEOWNERS WITH SELECTED CREDIT PRODUCTS³¹



3.1.2 Pre-pandemic conditions among renter subgroups

We also compare pre-pandemic financial status for renter subgroups who were recipients of certain pandemic supports: Renters with student loans, renters with incomes below \$40,000, and renters with children. We focus on these groups because stimulus payments were larger for those with children and those with lower incomes, and all federal student loans were placed in forbearance.

As Table 2 shows, as of June 2019, each of these groups was more financially vulnerable than overall renters. Renters with children had the lowest average credit score of 598. Renters with student loans had the lowest average Financial Well-Being Score of all the subgroups and were slightly worse off than the average renter on other measures.³²

³¹ The black bars in these graphs represent a 95 percent confidence interval.

³² Because these groups are not mutually exclusive, we cannot determine whether differences between them are statistically significant.

TABLE 2: PRE-PANDEMIC FINANCIAL CONDITIONS AMONG GROUPS OF RENTERS WHO RECEIVED CERTAIN PANDEMIC SUPPORTS

	All Renters (n = 560)	Renters with Student Loans (in June 2019) (n = 141)	Renters earning \$40,000 or less (in June 2019) (n=324)	Renters with children (n=229)
Credit Score	636	625	620	598
Financial Well- Being Score	44.7	42.2	42.3	43.6
Had difficulty paying a bill or expense in 12 months before June 2019 (percent)	62.5	68.7	70.2	75.2
Credit Card Utilization in June 2019 (percent)	40.8	48.7	45.2	49.7
Household has one month or less of liquidity (percent)	59.2	70.7	68.6	64.2

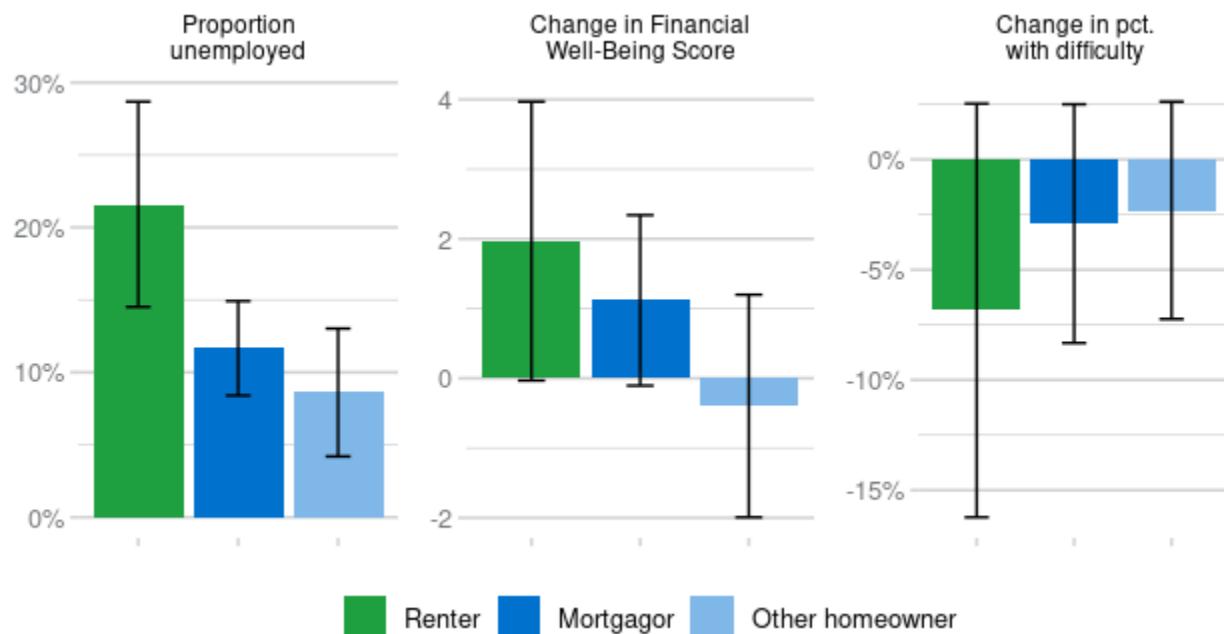
Table 2 also shows the percent of respondents in each group that had difficulties paying a bill or expense in the 12 months leading up to June 2019. Renters with children were well above the renter average, with 75 percent reporting difficulties. Renters with student loans and those earning \$40,000 or less per year were also more likely than the average renter to experience this hardship. Like Figure 2, Table 2 documents differences in credit card utilization and overall liquidity but does so for each of the respective subgroups. As of June 2019, renters with student loans, renters making \$40,000 or less per year, and renters with children all had greater credit card utilization and lower liquidity than homeowners before the pandemic.

3.2 During the pandemic

COVID-19 triggered a severe economic recession, and with it a major spike in unemployment, particularly for renters. Our data show that, in June 2019, three percent of homeowners and six percent of renters were unemployed. By June 2020, the fraction of unemployed homeowners had grown by nine percentage points to 12 percent, while the fraction of unemployed renters had jumped by 16 percentage points to 22 percent.

Survey-based measures of financial status, however, either improved or held steady for renters between June 2019 and June 2020.³³ Figure 4 shows that renters' Financial Well-Being Scores increased and the share reporting difficulty paying for bills or expenses declined. Given our sample size, however, we cannot completely rule out the possibility that each of these figures moved in the opposite direction.

FIGURE 4: UNEMPLOYMENT AND SURVEY-BASED MEASURES OF FINANCIAL WELL-BEING DURING THE EARLY STAGES OF THE PANDEMIC, BY HOUSING STATUS³⁴



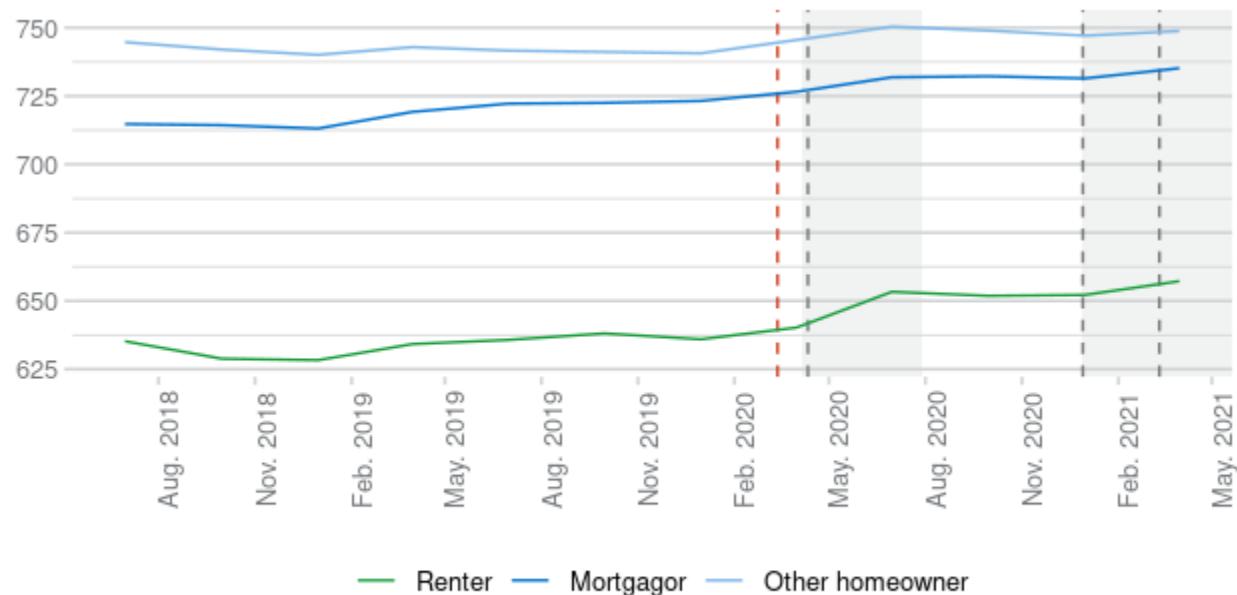
Credit scores, meanwhile, improved for renters, mortgagors, and other homeowners.³⁵ Between June 2019 and June 2020, renters' credit scores increased by 16 points, compared to increases of 10 and seven points for mortgagors and owners without mortgage payments, respectively.

³³ For our survey-based measures of financial status and for our measure of unemployment during the pandemic, we use data from the smaller sample of individuals who responded to both Wave 1 and Wave 2 of the survey. This means, in many cases, that we are less certain of the results we present. Respondents were considered unemployed in June 2020 if they said that they were "unemployed" or that they were "temporarily laid off" for reasons either related or unrelated to the pandemic.

³⁴ The black bars in these graphs represent a 95 percent confidence interval.

³⁵ For measures based on credit report information, we return to our full sample from Wave 1.

FIGURE 5: CREDIT SCORES BY HOUSING STATUS BETWEEN JUNE 2018 AND MARCH 2021



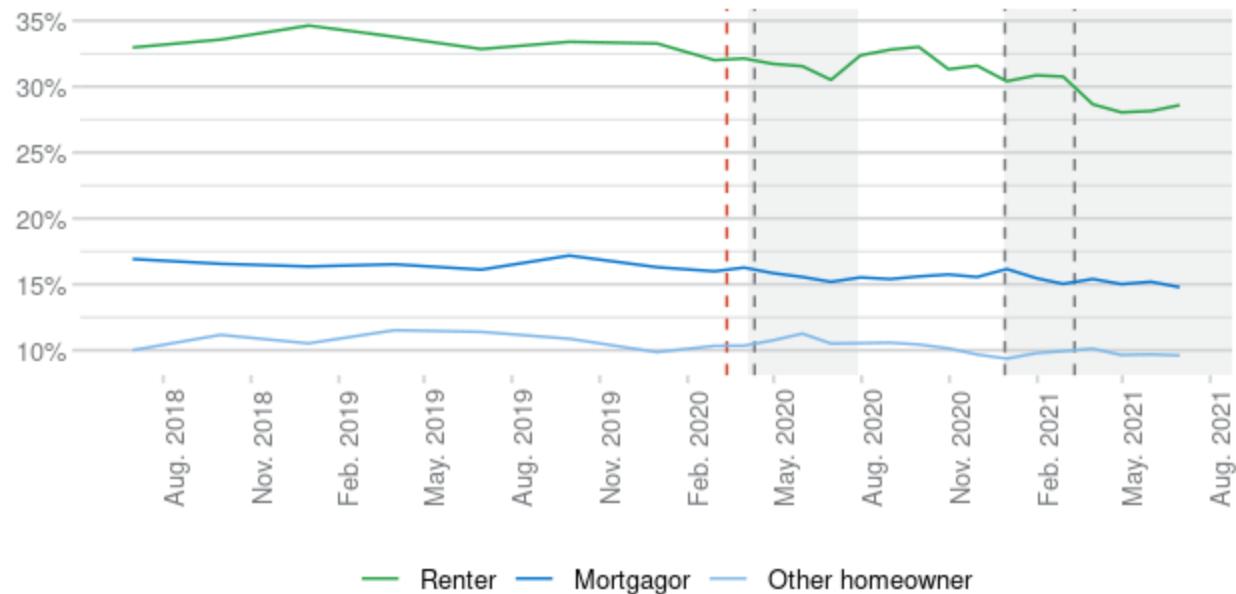
Red dashed line represents the federal emergency declaration, grey dashed lines represent stimulus payments, and shaded areas represent periods of extended unemployment benefits.

The larger increase in renters' credit scores between June 2019 and June 2020 appears to have arisen from a decline in the rate of delinquencies reported for renters over the early pandemic, as well as a pronounced dip in credit card utilization. Between December 2019 and June 2020, the percentage of renters with at least one delinquency dropped from 33.3 percent to 30.5 percent. Credit card utilization among renters dropped from 42 percent to 35 percent over the same period. Credit card utilization also reached a low point in July 2020, one month later. The drop in utilization and delinquency is consistent with findings from other Bureau research.³⁶

With the cessation of expanded unemployment benefits in July 2020, both measures began to increase. In September 2020, the percentage of renters with at least one delinquency ticked back to 33.0 percent. By December 2020, meanwhile, credit card utilization had risen back to 39 percent.

³⁶ See: Ryan Sandler and Stefano Sciolli, "Credit card use is still declining compared to pre-pandemic levels," July 2021. Available: <https://www.consumerfinance.gov/about-us/blog/credit-card-use-still-declining-compared-to-pre-pandemic-levels/>; and Ryan Sandler, "Delinquencies on credit accounts continue to be low despite the pandemic," June 2021. Available: <https://www.consumerfinance.gov/about-us/blog/delinquencies-on-credit-accounts-continue-to-be-low-despite-the-pandemic/>.

FIGURE 6: RATE OF DELINQUENCY BY HOUSING STATUS FROM JUNE 2018 TO JUNE 2021³⁷

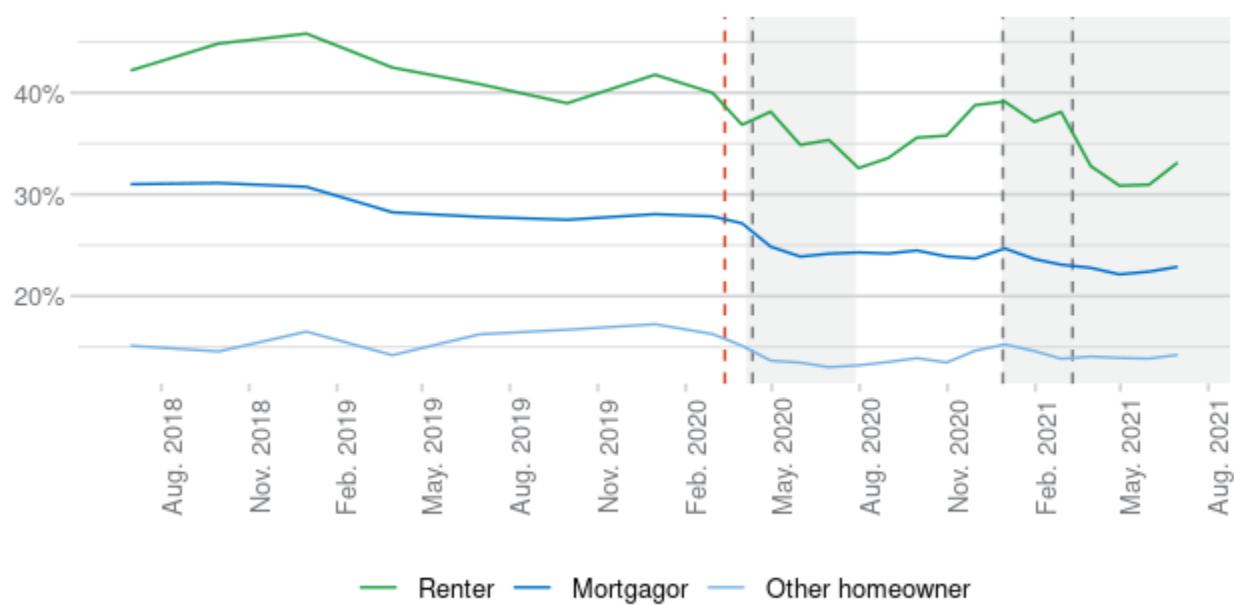


Red dashed line represents the federal emergency declaration, grey dashed lines represent stimulus payments, and shaded areas represent periods of extended unemployment benefits.

Both figures dipped again following the arrival of secondary stimulus payments in December 2020 and continued to decline through the early months of 2021 with additional stimulus, tax refunds, and unemployment benefits. By April 2021, the percentage of renters with a credit delinquency was down to 28 percent. Credit card utilization, meanwhile, fell back to 30.8 percent among renters.

³⁷ We define delinquency as those who had at least one delinquent account in their credit record.

FIGURE 7: CREDIT CARD UTILIZATION BY HOUSING STATUS FROM JUNE 2018 TO JUNE 2021

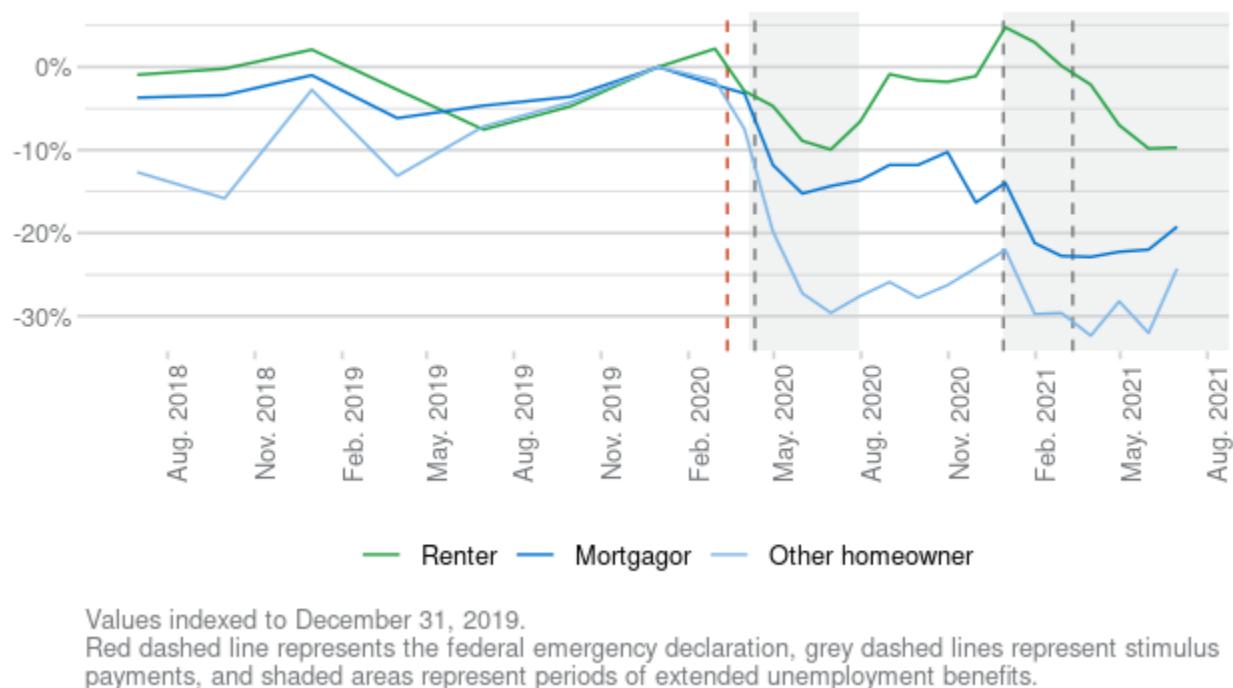


Red dashed line represents the federal emergency declaration, grey dashed lines represent stimulus payments, and shaded areas represent periods of extended unemployment benefits.

Changes in utilization could be a function of changes in credit card limits or changes in credit card debt. Figure 8 shows that while credit card debt fell for both renters and homeowners at the beginning of the pandemic, only renters saw their debt levels rebound to pre-pandemic levels after the summer of 2020.³⁸

³⁸ Mortgagors and other homeowners had greater overall credit card balances, so percentage change from the pre-pandemic period gives a better representation of relative differences in how credit card debt moved over time.

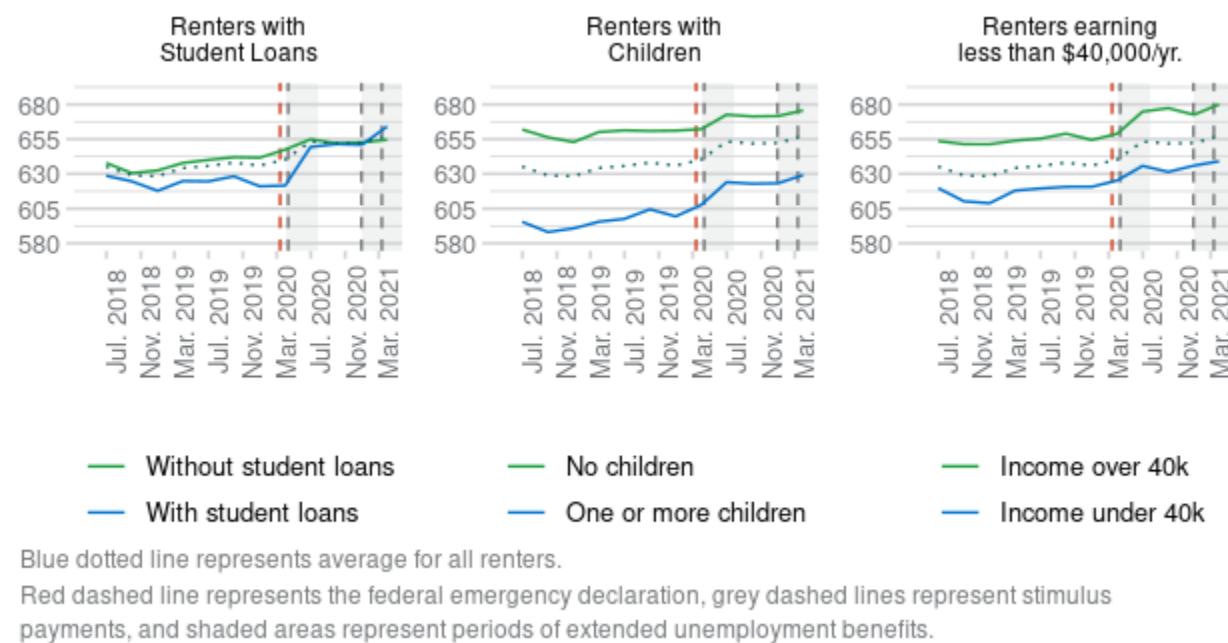
FIGURE 8: CREDIT CARD DEBT BY HOUSING STATUS, PERCENT CHANGE RELATIVE TO DECEMBER 2019



3.2.1 Renter subgroups during the pandemic

We also explore the trend of credit outcomes for the renter subgroups who were recipients of certain pandemic supports (as discussed in earlier sections of this report). Across all of the subgroups we focus on, average credit score trended upwards. Renters with student loans saw an increase of more than 40 points between December 2019 and March 2021. This increase may be partly explained by federal student loan forbearance throughout the pandemic, which required servicers to treat any suspended federal student loan as if it were a regularly scheduled payment made by the borrower. This requirement caused many delinquent student loan tradelines to be reported as current. Renters with children, meanwhile, saw a credit score increase of more than 25 points and renters earning less than \$40,000 experienced an increase of more than 18 points.

FIGURE 9: CREDIT SCORE BY RENTER SUBGROUP



Delinquency rates also saw favorable improvements across these subgroups between the onset of the pandemic and April 2021 (Figure 10). Delinquencies among renters with student loans rebounded after an initial dip, which may indicate that a decline in delinquency brought on by student loan forbearance was offset by increases in delinquency in other forms of credit.

The decline in delinquency among renters with children was considerable.³⁹ The percentage of this group with at least one delinquency dropped from 42.1 percent in December 2019 to 34.4 percent in April 2021. Renters with children were particularly vulnerable throughout the pandemic – closure of schools and day-care centers left many parents having to choose between employment and taking care of their children.⁴⁰ Our findings suggest that this group, in particular, may have benefitted from federal pandemic policies.⁴¹

Similar to renters with student loans, renters with annual incomes under \$40,000 experienced an increase in delinquencies after June 2020, when the additional unemployment benefits

³⁹ As stated above, the subgroups are dependent on characteristics fixed in June 2019 before the pandemic.

⁴⁰ Misty L. Heggeness and Jason M. Fields, “Parents juggle work and child care during the pandemic,” U.S. Census Bureau, August 18, 2020. Available: <https://www.census.gov/library/stories/2020/08/parents-juggle-work-and-child-care-during-pandemic.html>.

⁴¹ The decline in delinquency for renters with children appears to be larger than the decline for those without, though our sample size prevents us from drawing a firm conclusion on this point for changes between December 2019 and April 2021.

lapsed. The subsequent decline in delinquencies among this group following the additional stimulus checks and resumption of expanded unemployment benefits may indicate that this group was particularly sensitive to these policies.

FIGURE 10: RATE OF DELINQUENCY BY RENTER SUBGROUP

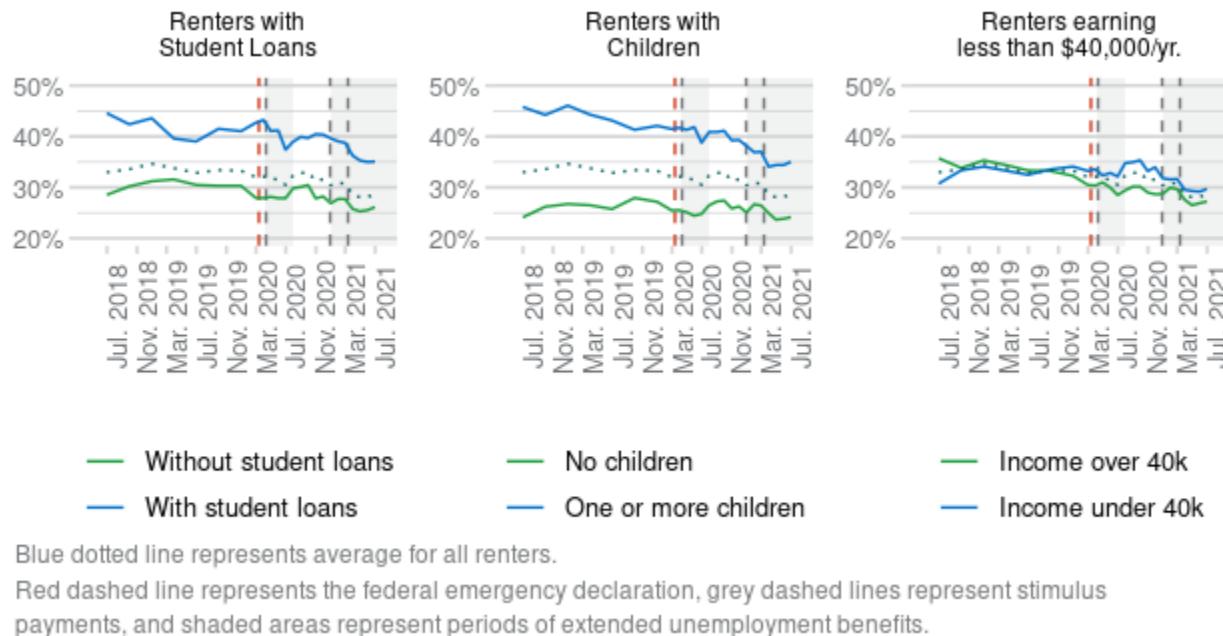
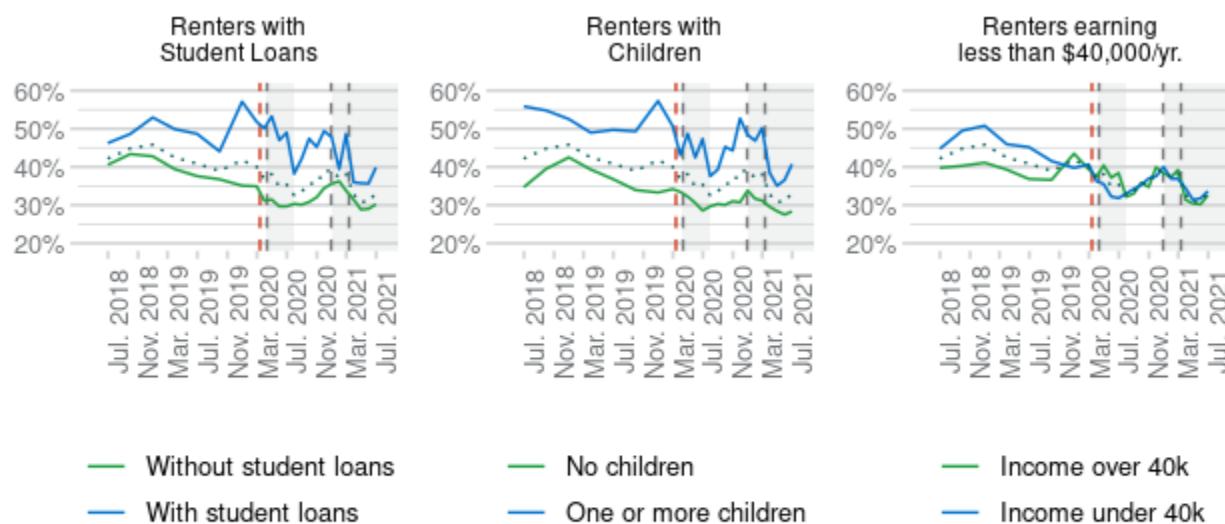


Figure 11 shows that, though each subgroup saw an overall decrease in credit card utilization during the pandemic, utilization was more volatile for renters with children and renters with student loans. These groups saw large increases and decreases from month-to-month, likely indicating large payments being made on these groups' credit cards before incurring additional balances. Some of this volatility may have to do with the smaller sample size available for these groups, making these measures more sensitive to large changes for a minority of members of the subgroup.

FIGURE 11: CREDIT CARD UTILIZATION BY RENTER SUBGROUP



Blue dotted line represents average for all renters.

Red dashed line represents the federal emergency declaration, grey dashed lines represent stimulus payments, and shaded areas represent periods of extended unemployment benefits.

4. Looking ahead

As of spring 2021, renters' finances appear to have been in a stronger position than they were before the pandemic. Labor market metrics were improving,⁴² which may have improved financial situations for the disproportionate share of renters who became unemployed. And rent-specific assistance that has been slow in coming⁴³ may arrive in time to replace many of the benefits that are expiring.

Even so, several factors indicate potential precarity ahead. Despite improvements relative to the early pandemic, financial conditions for many renters are still tenuous relative to those of owners. Renters' finances are more sensitive to public policy interventions than those of homeowners, and pandemic-related supports that may have helped renters are slowly going away: The CDC's eviction moratorium, which directly targeted renters, expired. It was temporarily replaced with a less extensive ban,⁴⁴ which has also since been negated.⁴⁵ Student loan forbearance is currently scheduled to end in January 2022, affecting the many renters who have student debt. And the provision of additional unemployment benefits, which likely helped a disproportionate share of renters stay on track during the pandemic, has recently ended.

Without these interventions, many renters may have experienced more financial difficulty than they did during the pandemic. As pandemic-related recovery continues and these programs phase out, our results suggest that renters' finances may begin to deteriorate as they did after the cessation of previous pandemic policy interventions. They also suggest that, while the financial status of renters may be sensitive to the recent or upcoming termination of various supports, they may also respond favorably to the availability of new assistance from Child Tax Credits and rental assistance.

⁴² Josh Mitchell, "US Added 850,000 Jobs in June Labor Rebound", Wall Street Journal, July 2, 2021. Available: <https://www.wsj.com/articles/june-jobs-report-unemployment-rate-2021-11625176511?mg=prod/com-wsj>.

⁴³ Annie Nova, "Just a sliver of assistance has reached renters", CNBC, July 13, 2021. Available: <https://www.cnbc.com/2021/07/13/eviction-ban-about-to-expire-little-assistance-reaches-renters-.html>.

⁴⁴ In August 2021, the CDC announced an extension of the moratorium in specific counties with heightened levels of transmission and expires on October 3, 2021.

⁴⁵ Alabama Association of Realtors, et.al v. Department of Health and Human Services, et.al., 594 U.S., 2021 WL 3783142 (August 26, 2021).

APPENDIX A: COMPARISONS TO OTHER DATASETS

Tables A.2 and A.3 compare statistics from the Wave 1 survey to publicly reported estimates from similar questions in the American Housing Survey (AHS) and the U.S. Census Bureau's American Community Survey (ACS). An important thing to note is the Making Ends Meet (MEM) survey is weighted to be representative of the CCP, which does not include people without a credit record. The results from the MEM survey may differ based on the target population as well as differences in the underlying questions used to collect the data.

In the MEM sample, renters consisted of about 27 percent of respondents and owners (both those that were actively paying a mortgage as well as those that were not) made up about 68 percent. Approximately 5 percent indicated that they were neither renters nor owners. The AHS (2019) had a breakdown of 36 percent renter households and 64 percent owner households. Owners made up about two-thirds of the population in both surveys and renters approximately one-third. In the MEM sample, the relatively higher proportion of owners may be due to sample population differences. The AHS sample is selected to represent all housing units in the United States,⁴⁶ and the ACS is representative of U.S. households,⁴⁷ while the MEM sample is representative of the CCP.

TABLE A.1: RENTERS AND OWNERS IN MAKING ENDS MEET AND THE AMERICAN HOUSING SURVEY

Renter or Owner	MEM (percent)	AHS (percent)
Renter	27	36
Owner	68	64
Neither renter nor owner	5	-

The group of people who are neither renters nor owners likely consists of those with no personal housing costs, such as individuals whose rent is paid for by relatives or others, or individuals who live with family members who bear their housing costs. Because this group is a relatively small percentage of our sample, and because this report focuses on those who do face housing costs, we omit this group from our analyses throughout this report.

⁴⁶ American Housing Survey, "Methodology." Available: <https://www.census.gov/programs-surveys/ahs/about/methodology.html>.

⁴⁷ U.S. Census Bureau, "About the American Community Survey." Available: <https://www.census.gov/programs-surveys/acs/about.html>.

The tables highlight differences in race and ethnicity for renters and owners in MEM, ACS, and AHS. The race and ethnicity categories used across these surveys are different, and therefore may not represent an exact benchmark, but provides general insight into comparability. Table A.2 shows that the share of Non-Hispanic White renters was consistent in the MEM, ACS, and AHS surveys, at around 50 percent. Across all three surveys, Black renters represented around 20 to 25 percent of renters. About 15 to 20 percent of the renter samples were Hispanic in all the surveys, about five percent were Asian, and three to seven percent fell into the “Other” race and ethnicity category.

TABLE A.2: DEMOGRAPHIC COMPARISONS BETWEEN RENTERS IN MAKING ENDS MEET AND OTHER SURVEYS (PERCENT)

Renters across samples	MEM (percent)	ACS ⁴⁸ (percent)	AHS ⁴⁹ (percent)
Race and Ethnicity⁵⁰			
Non-Hispanic White	53	50	49
Black	25	19	22
Hispanic	15	19	19
Asian	4	5	6
Other ⁵¹	3	7	4
Age			
Less than 35 years old	36	34	33
35-44 years old	23	20	20
45-54 years old	16	16	16
55-64 years old	14	14	15
65-74 years old	7	9	9
75 years and older	4	8	7
Income⁵²			
\$15,000 or less	17	18	21
\$15,001 to \$20,000	12	6	6
\$20,001 to \$40,000	28	18 ⁵³	23
\$40,001 to \$100,000	35	43 ⁵⁴	37
More than \$100,000	8	16	15
Educational attainment			
Less than high school degree	5	14	15
High school degree	25	27	31
Some college, technical, or associate's degree ⁵⁵	39	32	26
Bachelor's degree or higher	32	28	28

Across all three surveys, the race and ethnicity breakdowns for owners were consistent among each respective group. In Table A.3, for example, Non-Hispanic White individuals made up about 75 percent of owners in MEM and ACS, and housing units in the AHS. Black and Hispanic individuals comprised about 10 percent of owners, five percent of owners were Asian, and three percent were classified as “Other” race and ethnicity.

⁴⁸ 2019 ACS 1-Year Estimates Subject Table S2502, Available: <https://data.census.gov/cedsci/table?q=homeownership&tid=ACSST1Y2019.S2502&hidePreview=false>.

⁴⁹ 2019 AHS National Household Demographics by Tenure, Available: https://www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=00000&s_year=2019&s_tablename=TABLE8A&s_bygroup1=2&s_bygroup2=1&s_filtergroup1=1&s_filtergroup2=1

⁵⁰ In the MEM Survey, race and ethnicity are defined as follows: if a respondent self-identifies as “Black or African American”, she is included in the Black or African American category regardless of other responses. If the respondent self-identifies as “Hispanic”, she is included in the Hispanic category unless she self-identifies as Black or African American. The “Non-Hispanic White” group includes respondents who only selected the White category. “Asian” includes respondents who selected Asian, but not Black or Hispanic. “Other” include respondents who did not answer the question and Native American and Pacific Islanders.

⁵¹ Includes respondents who did not answer the question, American Indian/Alaskan Natives, and Native Hawaiians and Other Pacific Islanders.

⁵² The income breakdowns in this table are adjusted to match the AHS and ACS.

⁵³ In the ACS, this number represents the proportion of renters in the \$20,000-\$34,999 income range.

⁵⁴ In the ACS, this number represents the proportion of renters in the \$35,000-\$99,999 income range.

⁵⁵ In order to for the educational attainment breakdowns to match how they are presented in the ACS, we combined individuals with (1) some college and no degree, (2) a technical/vocational degree, or (3) a two-year college degree in this group.

TABLE A.3: DEMOGRAPHIC COMPARISONS BETWEEN OWNERS IN MAKING ENDS MEET AND OTHER SURVEYS (PERCENT)

Owners across samples	MEM (percent)	ACS (percent)	AHS (percent)
Race and Ethnicity			
Non-Hispanic White	72	74	73
Black	10	8	10
Hispanic	10	10	10
Asian	5	5	5
Other	3	3	2
Age			
Less than 35 years old	16	10	10
35-44 years old	20	16	16
45-54 years old	22	19	19
55-64 years old	20	23	23
65-74 years old	12	19	19
75 years and older	9	14	14
Income			
\$15,000 or less	3	6	8
\$15,001 to \$20,000	3	3	3
\$20,001 to \$40,000	13	10 ⁵⁶	14
\$40,001 to \$100,000	48	42 ⁵⁷	38
More than \$100,000	33	40	37
Educational attainment			
Less than high school degree	5	7	8
High school degree	25	23	27
Some college, technical, or associate's degree	39	30	25
Bachelor's degree or higher	32	40	40

We then explore the age distribution between renters and owners. This distribution among renters is generally consistent between MEM, ACS, and AHS, as shown in Table A.2. Conversely, owners in the MEM survey tend to be younger than those in the ACS and AHS. Some of the age discrepancies are due to differences in categorization. For example, the youngest categorical group in MEM are those aged 18 to 24, while the corresponding ACS and AHS tables can include individuals or housing units with owners younger than that. Such differences in categorization make true comparisons difficult.

Tables A.2 and A.3 show the income distribution between renters and owners in all three surveys. The proportion of renters with higher incomes, specifically those above \$100,000, was

⁵⁶ In the ACS, this number represents the proportion of renters in the \$20,000-\$34,999 income range.

⁵⁷ In the ACS, this number represents the proportion of renters in the \$35,000-\$99,999 income range.

about double in the ACS and AHS compared to MEM. Only eight percent of renters in MEM had incomes in the highest tier compared to that of the other surveys (16 percent). The income distribution among owners was generally similar across most of the income ranges, aside from the \$40,001 to \$100,000 population, which made up of 48 percent of owners in MEM but only 38 percent of owners in AHS and 42 percent in ACS. One thing to note is that the ACS and AHS have slightly different income ranges than MEM, therefore, direct comparisons of income are not possible for all categories. Additionally, the definition of household income varies slightly between the three surveys. In AHS, household income is the sum of income of all people 16 years and older living in the household and can include family members and all unrelated people such as lodgers, foster children, etc.⁵⁸ In the ACS, it includes the income of the main householder and all other individuals 15 years old and over, whether they are related to the householder or not.⁵⁹ The MEM survey defines household entity differently, only including the survey respondent and anyone they “share [their] finances with”, and could explain the differences between the three surveys. We believe these figures, however, still provide some insight on the comparability between the respondents.

The renters in the MEM sample had slightly higher educational attainment than in the ACS and AHS, while owners had slightly lower educational attainment, particularly among Bachelor’s degree recipients and higher. For example, only five percent of the renter sample in MEM had less than a high school degree versus more than 14-15 percent in ACS and AHS, respectively, with a similar pattern existing among owners in both groups. This difference may be due to the sample population differences. “Credit invisibles”—people who do not have a credit record—tend to live in areas with lower incomes.⁶⁰ They may also be less well educated than average. Also of note, the ACS educational attainment measures only represent those aged 25 or older, which could account for some of the differences.

⁵⁸ The AHS defines sources of income as “wages and salaries, self-employment, interest, dividends, rental income, social security or railroad retirement, retirement or survivor pensions, Supplementary Security Income (SSI), child support or alimony, public assistance or public welfare, food stamp benefits, disability payments, workers’ compensation, veterans’ disability, other disability, and other income (VA payments, unemployment, royalty, estates, and more.”). For more information, visit 2019 American Housing Survey Definitions, <https://www2.census.gov/programs-surveys/ahs/2019/2019%20AHS%20Definitions.pdf>.

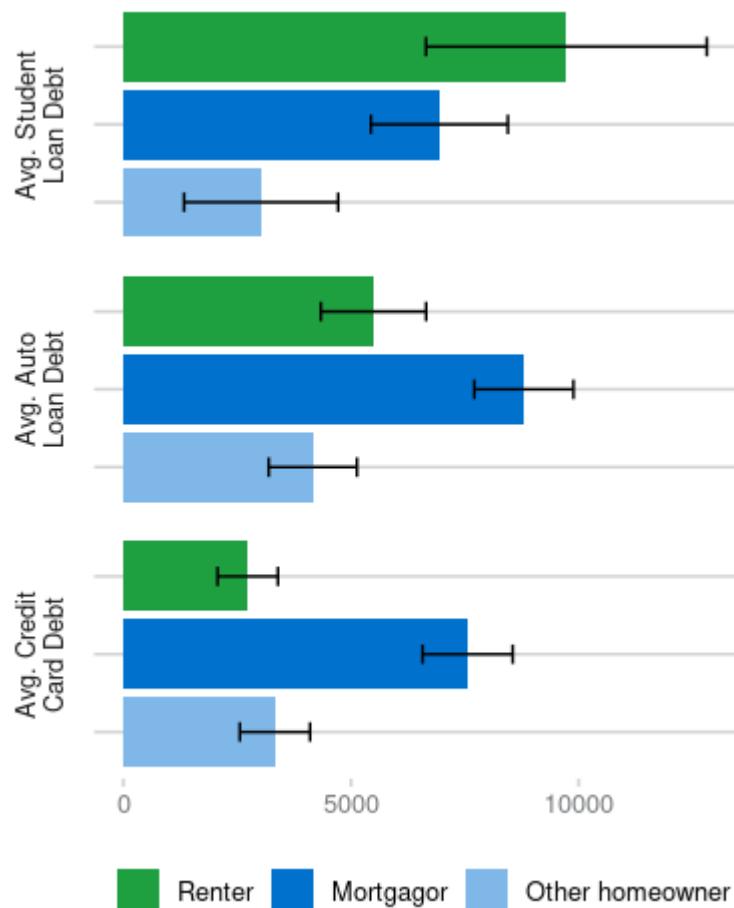
⁵⁹ U.S. Census Bureau, “Median Household Income.” Available: <https://www.census.gov/quickfacts/fact/note/US/INC110219>.

⁶⁰ Kenneth P. Brevoort, and Philipp Grimm, and Michelle Kambara, 2015, “Data Point: Credit Invisibles” CFPB Office of Research, May 2015. Available: https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf.

APPENDIX B: DEBT BALANCES BY HOUSING STATUS

Renters and mortgagors held different amounts of each type of debt. Figure B.1 shows that mortgagors had an average of \$9,000 in auto loan debt and renters had almost \$6,000. Credit card debt followed a similar pattern: Mortgagors held an average of about \$8,000 and renters held about \$3,000. Renters, however, did have higher student loan debt balances than to mortgagors, almost \$10,000 compared to \$7,000 for mortgagors and \$3,000 for owners without a mortgage.

FIGURE B.1: DEBT BALANCES AMONG RENTERS, MORTGAGORS, AND OTHER HOMEOWNERS⁶¹



⁶¹ The black bars in these graphs represent a 95 percent confidence interval.