The Effects of Emergency Rental Assistance During the Pandemic: Evidence from Four Cities*

Robert Collinson
University of Notre Dame

Anthony A. DeFusco
University of Wisconsin–Madison

John Eric Humphries
Yale University

Benjamin J. Keys
University of Pennsylvania

David C. Phillips
University of Notre Dame

Vincent Reina
University of Pennsylvania

Patrick S. Turner
University of Notre Dame

Winnie van Dijk
Yale University

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Abstract

The COVID-19 pandemic saw an unprecedented expansion of federal emergency rental assistance (ERA). Using applications to ERA lotteries in four cities linked to survey and administrative data, we assess ERA's impacts on housing stability, financial security, and mental health. We find that assistance increased rent payment modestly and improved mental health. However, in contrast to pre-pandemic studies of similar assistance programs, we find limited effects on financial or housing stability. Several pieces of suggestive evidence indicate this discrepancy is likely due to macroeconomic conditions, including expanded government support and rental market slackness, rather than ERA generosity or targeting.

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1 Introduction

The economic disruption brought by the COVID-19 pandemic created substantial turmoil in the U.S. housing market. By August 2020, an estimated 5.4 million Americans reported that they were likely to face eviction or foreclosure within two months.[1] While policymakers were able to draw on lessons from the Great Recession in designing policy to forestall foreclosures and stabilize the owner-occupied segment of the market (e.g., Piskorski and Seru, 2018; Ganong and Noel, 2020), there was comparatively little research to guide policies seeking to prevent evictions and stabilize the rental market. Nonetheless, concerned about the economic and public health consequences of individuals and families losing their homes during the pandemic, policymakers devoted unprecedented resources to stabilizing the housing situation of vulnerable renters. The federal government allocated over $50 billion in emergency assistance to renters. This assistance represented a doubling in the typical amount of federal rental assistance.[2]

Despite the unprecedented scale, there is little, if any, causal evidence on the effectiveness of these programs in boosting rent payments, preventing evictions or homelessness, or keeping families in their homes. The lack of evidence on these policies stems from several challenges. First, there was no centralized data collection on the administration of these emergency rental assistance programs. Second, the ability to track key outcomes such as rent payment, eviction, or homelessness is hampered by the absence of comprehensive national administrative data. Third, descriptive comparisons of assistance recipients and unassisted individuals are likely to suffer from selection bias given the way most funds were allocated.[3]

In this paper, we provide the first empirical evidence on both the causal effects of the pandemic-era emergency rental assistance and the targeting of these programs. We study five emergency rental assistance programs providing $1,000 to $3,400 per household from May to December 2020 and targeting renters across four major urban areas: Chicago, Harris County (Houston), King County (Seattle), and Los Angeles.[4] Collectively, these programs received more than 200,000 applications for assistance and were broadly representative of early rounds of emergency rental assistance. Subsequent rounds, especially the Treasury-

[1] Census Pulse Survey, week 13, August 2020.

[2] The federal government typically spends approximately $50 billion annually on assistance to renters (Collinson et al., 2019).

[3] Recent studies have connected the COVID-19 emergency rental assistance to improvements in housing outcomes, financial well-being, and mental health, but the methodologies used in these studies require strong assumptions to support a causal interpretation (Airgood-Obrycki, 2022; Reina and Lee, 2023).

[4] Most of the programs we study offered flat assistance amounts that were not based on individual rent levels or arrears. An exception was the King County program which typically offered 3 months of assistance at up to 80% of tenant's rent.