

April 15, 2020

Dear Governor Lamont, Chief Operating Officer Geballe, and Chief of Staff Mounds:

Connecticut faces an unprecedented health and economic challenge as we work to limit the spread of the coronavirus. More than 330,000 unemployment claims were filed in the last month – 150,000 more than all claims filed in 2019. As we stay home, we expect unemployment claims to continue to grow in coming weeks. Nevertheless, rent for Connecticut’s 455,000 renter households was due on Wednesday, April 1<sup>st</sup>. Early statistics show that in the private rental market (unsubsidized) as many as 31% of renters did not pay all or a portion of their rent this month.<sup>1</sup>

While the federal CARES Act will provide additional relief to unemployed workers, stimulus checks and an increase in unemployment insurance benefits are likely to take weeks to arrive, and will not alleviate the immediate loss in income experienced by at least 15% of Connecticut residents since the beginning of the COVID-19 public health care crisis.<sup>2</sup> Half of all renter households earn less than \$40,000 annually. At these wage levels families cannot withstand a period of unemployment and still make rent. Even before the COVID-19 crisis, nearly 120,000 renter households in Connecticut were spending at least half of their income on housing.

Furthermore, families of color will be disproportionately impacted by this crisis. Historically, families of color are disproportionately impacted by healthcare crises, and data is already showing COVID-19 is infecting and killing people of color at disproportionately higher rates. Similarly, families of color are also disproportionately impacted by housing discrimination and eviction. We expect this will occur in the housing crisis resulting from COVID-19 as well. Investment and relief must be designed with the explicit intent of directing aid to reduce these disparities.

The HOMEConnecticut campaign has been in place since 2004. Made up of more than 100 diverse stakeholders, including not only housing advocates and non-profits, but also business leaders, lenders, developers, and builders who care about ensuring every resident has a safe, stable place to call home. We were glad to see recent Executive Order 7X, providing new protections for renters during this health crisis. The list of actions and information contained here represents additional steps, backed by research

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<sup>1</sup> National Multifamily Housing Council, <https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/>

<sup>2</sup> <https://ctmirror.org/2020/04/02/ct-struggling-to-pay-unemployment-claims-feds-holding-back-billions-pending-new-rules/>

presented below, that our advisory committee feels are critical to preserving housing stability for our most vulnerable residents in the weeks and months to come.

**We have identified the following resources and actions as critical to addressing the acute housing needs resulting from the COVID-19 crisis, described in more detail below:**

1. We are grateful that the existing suspension of eviction orders has been extended until July 1, 2020. We ask that rental payment late fees and similar charges be prohibited until at least the conclusion of the public health emergency declaration. We also request a 60-day grace period for June rent, like the one Executive Order 7X provides for May.
2. The state should create programs to provide relief to renters in a way that will prevent the initiation of eviction proceedings. Based on national and state forecasts, we estimate that \$400 million may be needed in rental assistance over the next six months for as many as 230,000 renter households.
  - a. The state should create and fund at a minimum 900 new, permanent state affordable housing vouchers and/or Rental Assistance Program (RAP) certificates to move those with little to no income or access to unemployment compensation into permanent housing during and after the crisis.
  - b. The state should create a substantial rental stabilization fund to provide rent relief to COVID-19 impacted households and stabilize the private rental market.
3. The state should provide deferrals on any state-backed mortgages for 120 days following the conclusion of the state public health emergency declaration, and we recommend state advocacy for similar federal deferrals.
4. At least \$25 million should be added to the Emergency Mortgage Assistance Program (E-MAP) to protect against a future wave of foreclosures due to the unprecedented levels of newly unemployed workers as a result of COVID-19, with the potential for additional investment as need requires.
5. The state should expand funding for legal services for residents facing eviction and foreclosure in the aftermath of the COVID-19 crisis.

We believe that immediate attention to these issues is necessary to prevent Connecticut residents from becoming unstably housed or homeless as a result of the COVID-19 crisis. We know that our Department of Housing and partners at the Connecticut Housing Finance Authority are already working hard on many of these concepts and we stand ready to assist them in any way. We share these

estimates and ideas with you to convey the possible full scope of the crisis and possible resulting costs to assist you in decision-making regarding allocation of precious state, federal and philanthropic resources. We note that these estimates may evolve as the crisis continues. We are available to further discuss any of these recommendations.

Sincerely,



Kiley Gosselin, Executive Director  
Partnership for Strong Communities  
Organizing entity of the HOMEConnecticut Campaign<sup>3</sup>

Cc:

Commissioner Mosquera-Bruno; Commissioner Coleman-Mitchell; Senator Anwar; Representative McGee; Senator Cassano; Representative McCarthy Vahey; Senator Looney; Senator Duff; Senator Fasano; Senator Witkos; Representative Aresimowicz; Representative Ritter; Representative Klarides; Representative Candelora

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<sup>3</sup> *HOMEConnecticut works to address Connecticut's affordable housing shortage with the goal to **Ensure that all Connecticut residents have access to a range of affordable housing choices in all communities in the state.** The HOMEConnecticut Advisory Committee is a broad-based campaign comprised of the following individuals:*

Fionnuala Darby-Hudgens, Connecticut Fair Housing Center  
Erin Kemple, Connecticut Fair Housing Center  
John Guskowski, Connecticut Chapter of the American Planning Association  
Zach McKeown, Connecticut Conference of Municipalities  
Donna Hamzy-Carroccia, Connecticut Conference of Municipalities  
Timothy Hollister, Shipman & Goodwin LLP  
Jim Horan, Local Initiatives Support Corporation  
Melvyn Colon, Southside Institutions Neighborhood Alliance  
Melissa Kaplan-Macey, Regional Plan Association  
Hiram Peck, Planner for the Town of Avon  
Jim Perras, Home Builders & Remodelers Association of Connecticut  
Raphael Podolsky, Connecticut Legal Services  
Rick Porth, United Way of Connecticut  
Anika Singh Lemar, Ludwig Center for Community and Economic Development at Yale Law School  
Susan Thomas, Melville Charitable Trust  
Carla Weil, Capital for Change, Inc.  
Christie Stewart, Fairfield County Center for Housing Opportunity

## SUPPORTING ADDENDUM

### Eviction and Foreclosure Moratorium

We affirm support of the eviction moratorium and related protections in the Governor's Executive Order 7X on April 10. We believe the order will be helpful in protecting residents from foreclosure, eviction, and inevitable homelessness.

We are grateful that the existing suspension of eviction orders has been extended until July 1, 2020. **We ask that rental payment late fees and similar charges be prohibited until at least the conclusion of the public health emergency declaration.** This is necessary to ensure that tenants do not accumulate additional fees that could result in additional evictions at the end of the moratorium.

Similarly, we ask that the 60-day grace period for May rent be automatic, as it is for April, and that it be extended to the June rent as well, either automatically or on request. Making the extended grace period automatic, rather than by request, would eliminate the need for an advertising campaign that should otherwise include widespread publication of the requirement that tenants ask for the 60-day rent grace period in writing, including but not limited to multi-lingual radio and community publications as well as statewide news online and television news outlets. We are concerned that households which most desperately need this grace period will not know it is available and will lose its benefits if the burden is on the tenant to request it from their landlord, especially if the request must be in writing.

### **For homeowners at risk of foreclosure, forbearance protections should be extended until July 1, 2020.**

This would align foreclosure forbearance with the state suspension on evictions. Existing foreclosure cases should also be stayed, with law days or sale dates that have been already entered extended by operation of law until after the end of the public health emergency. No writs of ejectment should be issued, served, or executed on a residential property until at least 30 days after the end of the public health emergency.

### Rental Assistance

Federal enhancements to unemployment benefits during the COVID-19 crisis will help provide additional cash assistance to unemployed workers that should help protect against evictions for these families in the short term. A moratorium on evictions will delay forcing tenants to move but will not forgive or reduce rent arrearages. While these measures are a needed stopgap to help households with reduced incomes now, continued efforts and assistance will be necessary to ensure that those who do lose major sources of income will still be able to afford housing. Recent analysis from the Urban Institute estimates



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that 20% to 40% of renters will need assistance over the next three to six months due to job loss.<sup>4</sup> Each week benefits are delayed will increase the number of households unable to continue to pay their rent, because research suggests that 66% of Extremely Low Income (ELI) households cannot cover basic living expenses like housing after missing one paycheck.<sup>5</sup> Nationally, April rent collections are already depressed, with only 69% of tenants in private rental housing making payments by April 8<sup>th</sup>. In Connecticut, Connecticut Fair Housing Center and the Partnership for Strong Communities estimate about 232,000 families will need cash assistance to reduce rental arrearages and prevent evictions.<sup>6</sup>

We estimated the additional cost to stably house these renter families at the greatest risk of losing their housing as a result of the COVID-19 crisis based on analysis from the National Low Income Housing Coalition (NLIHC)<sup>7</sup>, the Urban Institute<sup>8</sup> and CT Fair Housing Center.<sup>9</sup> Over the next six months we anticipate rental assistance needs in Connecticut to total between \$400 million and one billion. We recommend the creation of a significant rental stabilization fund of not less than \$400 million to start, to provide relief to renters prior to the start of eviction proceedings and to stabilize landlords' operating budgets and the private rental market. We recognize that a rental assistance fund of this size will require resources beyond those available through state funding. There are examples of COVID-19 renter relief funds being established in larger cities across the U.S.<sup>10</sup> We believe the best solution for Connecticut is a statewide fund. We are happy to work with the administration to help structure such a pool.

We want to reiterate the requests made by the Reaching Home campaign in their letter dated March 31, 2020. We urge you to create and fund at a minimum 900 new, permanent state affordable housing vouchers and/or Rental Assistance Program (RAP) certificates to move those with little to no income or access to unemployment into permanent housing during and after the crisis. As of this time, fewer than 25% of people who are eligible for a voucher, receive one. Once the immediate Covid-19 crisis has

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<sup>4</sup> <https://www.urban.org/urban-wire/price-tag-keeping-29-million-families-their-homes-162-billion>

<sup>5</sup> <https://www.marketwatch.com/story/half-of-americans-are-just-one-paycheck-away-from-financial-disaster-2019-05-16>

<sup>6</sup> Connecticut Fair Housing Center estimates approximately 232,000 households will be at risk of eviction as of April 1, 2020. Between 34-36% of Connecticut's 1.37 million households rent, approximately 471,320 households. Assuming that any household earning below 50% of the State's median income and are severely rent cost burdened will be unable to pay full rent during the COVID-19 health crisis accounts for almost 200,000 households. An estimated 32,500 of the remaining 217,000 households will have difficulty paying their rent along projected unemployment figures. However, this estimate of 232,500 households who will be at risk for homelessness because of their inability to pay their rent is dependent on a timely processing of unemployment insurance benefits, and CARES Act relief.

<sup>7</sup> <https://nlihc.org/sites/default/files/Need-for-Rental-Assistance-During-the-COVID-19-and-Economic-Crisis.pdf>

<sup>8</sup> <https://www.urban.org/urban-wire/price-tag-keeping-29-million-families-their-homes-162-billion>

<sup>9</sup> National data reports that 31% of tenants not residing in subsidized units were unable to pay their rent on April 1, 2020. This figure is consistent with Connecticut's rising unemployment filings, and the percentage of workers typically underqualified for unemployment insurance. CT Fair Housing Center's cost analysis accounts for the delay in receiving unemployment insurance, and likely delay in federal CARES Act relief. The cost analysis uses census data to determine that there are 471,320 rental households in Connecticut, and 371,320 households that do not have an existing subsidy. The analysis uses a statewide median rent of \$1,200/month as a fixed cost.

<sup>10</sup> <https://www.boston.gov/departments/neighborhood-development/office-housing-stability/rental-relief-fund>



passed, individuals and families who have been housed in temporary locations will need to be relocated to permanent housing or back to shelters. As unemployment rises, particularly for low-wage workers, we are very concerned that we will begin to see an increase in households entering homelessness. This could be particularly acute once protections like eviction and foreclosure moratoriums have passed. One-time federal assistance will not be enough for most of these families to pay back rent and acquiring new housing will be nearly impossible without employment. Long-term housing resources like vouchers and RAPS, are the best and most cost-effective solution to avoiding this second-wave crisis just months down the road.

### **Landlord Supports**

At the same time residents are having trouble paying rent, Community Development Corporations (CDCs) and landlords will struggle to pay mortgages and cover operational costs. Additional supports should be instituted as a backstop for CDCs and landlords. State partners should provide deferrals on mortgages for 120 days following the conclusion of the state public health emergency declaration, and we recommend state advocacy for similar federal deferrals. A rental stabilization fund created, as described above under rental assistance, would provide landlords with funding to replace rent lost as a result of qualifying tenants' loss of income. It is essential that a rental assistance and landlord supports program work to protect the most at-risk tenants as well as provide an operational budget backstop to qualifying landlords.

### **Foreclosure Prevention Programs**

During the housing crisis of 2008, Connecticut enacted Public Act 08-176 which included the funding of several programs to address the mortgage foreclosure crisis facing the state. One such program, the Emergency Mortgage Assistance Program (E-MAP), administered through the Connecticut Housing Finance Authority, was funded at \$50 million in that year. We ask that a similar investment in E-MAP in a minimum amount of \$25 million be made to protect against a future wave of foreclosures due to the unprecedented levels of newly unemployed workers as a result of COVID-19.

### **Additional Legal Services Resources for Residents Facing Eviction and Foreclosure**

**We recommend an additional investment in legal services for residents facing eviction and foreclosure as a result of the COVID-19 crisis.** Even prior to the COVID-19 crisis, large disparities existed in legal representation for residents in eviction and foreclosure proceedings. Well over 80% of residents do not have legal representation in eviction cases, while more than 80% of landlords have lawyers in evictions and all mortgage lenders have legal representation in mortgage foreclosures. Given the anticipated

severity of the housing crisis resulting from COVID-19, we anticipate the need for additional legal services representation will be significant.

## Next Steps

In addition to the resources and actions above, we want to emphasize that critical housing needs resulting from the COVID-19 public health crisis will continue to evolve for the duration of the crisis and beyond. As such, additional policies and programs will need to be created or expanded. Now is the time for the state to get ahead of this risk.

Not all landlords are large national organizations with adequate operating reserves. Nearly half of all rental units nationally are owned by individual property owners, often called “mom and pop” landlords. These landlords are part of their local communities, they are responsive to residents’ needs, and in many cases, they are residents themselves. To take just one example, 44% of all New Haven renters live in 2 and 3 family structures, many of which are owner occupied.<sup>11</sup>

Most building owners, especially landlords who offer low-cost, unsubsidized units, have narrow profit margins. We are already hearing from both large and small affordable housing providers that making mortgage payments is now difficult or impossible. After the initial economic crisis caused by COVID-19, the state will need to develop supports and protections to avoid the loss of many rental properties. When landlords, particularly smaller ones, with lower operating reserves lose steady rent payments, they face the risk of not being able to maintain or improve their properties and of missing utility or property tax payments. As we saw after the housing crisis of 2008, there also is a risk that large institutional investors, without any connection to Connecticut’s communities, will buy up large numbers of these distressed properties.

In 2010 Congress allocated funding for the Neighborhood Stabilization Program, which allowed non-profits and cities to purchase vacant properties that had been foreclosed. Connecticut will need a similar effort to protect our rental stock now. Connecticut will also need to support our local landlords to ensure that their small businesses survive and their tenants occupy safe, high-quality housing.

In closing, we ask that the state consider the following policies.

- Create a state or advocate for a federal refundable renter’s tax credit. Such tax credit may be limited to low- to moderate-income households to provide tax relief to cost-burdened renter households.

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<sup>11</sup> [https://www.lisc.org/media/filer\\_public/4f/46/4f462994-10b0-4eb0-8855-ddafc6e82d37/08142018\\_resources\\_distressed\\_property\\_investors.pdf](https://www.lisc.org/media/filer_public/4f/46/4f462994-10b0-4eb0-8855-ddafc6e82d37/08142018_resources_distressed_property_investors.pdf)



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- Expand the state Rental Assistance Program further to insulate vulnerable renters from ongoing income shocks.
- Support and expand foreclosure prevention programs, including funding for foreclosure and landlord/tenant counseling, making the Foreclosure Mediation Program permanent, and expanding foreclosure counseling to match greater need.
- Suspend or reduce utility payments and dedicate funding for utility shut-off restoration. While Connecticut has a moratorium on utility shutoffs, the long-term impact of the COVID-19 crisis will extend longer than the conclusion of the moratorium. Suspension or reduction of utility payments would support renters and homeowners impacted by the crisis.

