

Missing the Target

Pennsylvania Emergency Rental Assistance Shorts Communities with Greatest Need

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KEYSTONE RESEARCH CENTER
AND
PA BUDGET AND POLICY CENTER

Overview

- ▷ The Coronavirus Response and Consolidated Appropriation Act of 2021 passed in December 2020.
 - Establishing an Emergency Rental Assistance Program (ERA1)
 - Federal government distributed \$23.8 billion to states to help renters in need

- ▷ Federal funding was distributed based on population, with a floor so no state received less than \$200 million.



Overview

- ▷ Two main things wrong with this distribution strategy
 - Share of households that rent vary widely
 - Rental costs vary widely
- ▷ Therefore, states received widely different amounts of funding per rental household AND more widely different funding per rental household relative to rental costs
- ▷ PA replicated this population-based distribution strategy



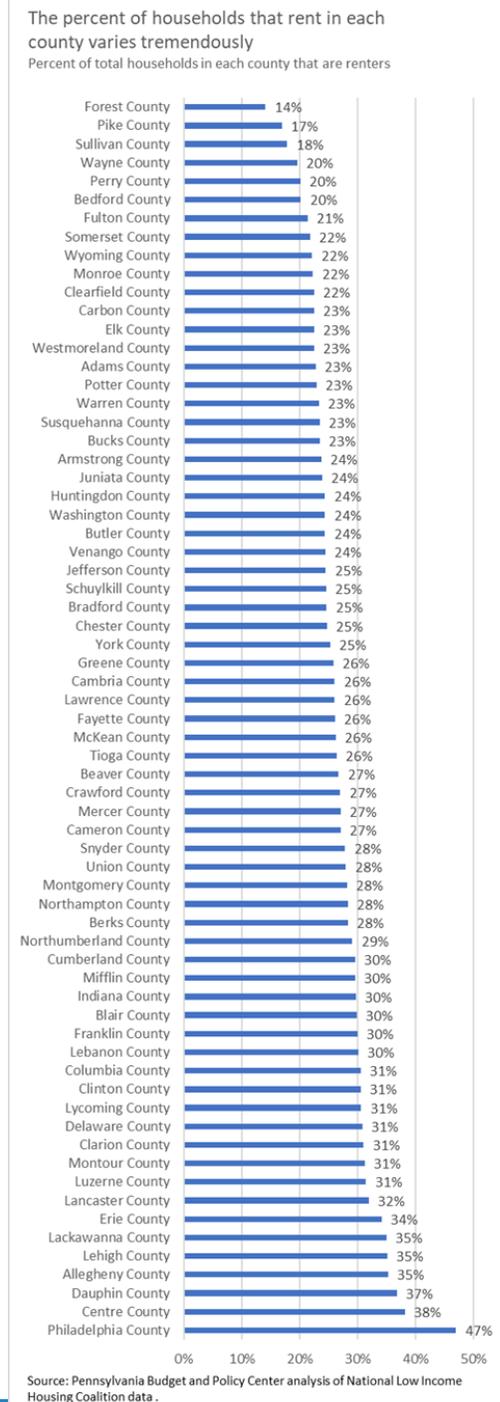
Breakdown of ERA1 Funding to Pennsylvania

Direct Federal Payments to Counties (with population >200,000)	\$278 million
DHS Administration Cap	\$5.7 million
State Payments to Counties	\$564 million
Pennsylvania's Total Allocation	\$848 million

Source: Pennsylvania Budget and Policy Center analysis of House Appropriations data,
<https://houseappropriations.com/Topic/BudgetYears/592>

The percent of households that rent in each county varies tremendously

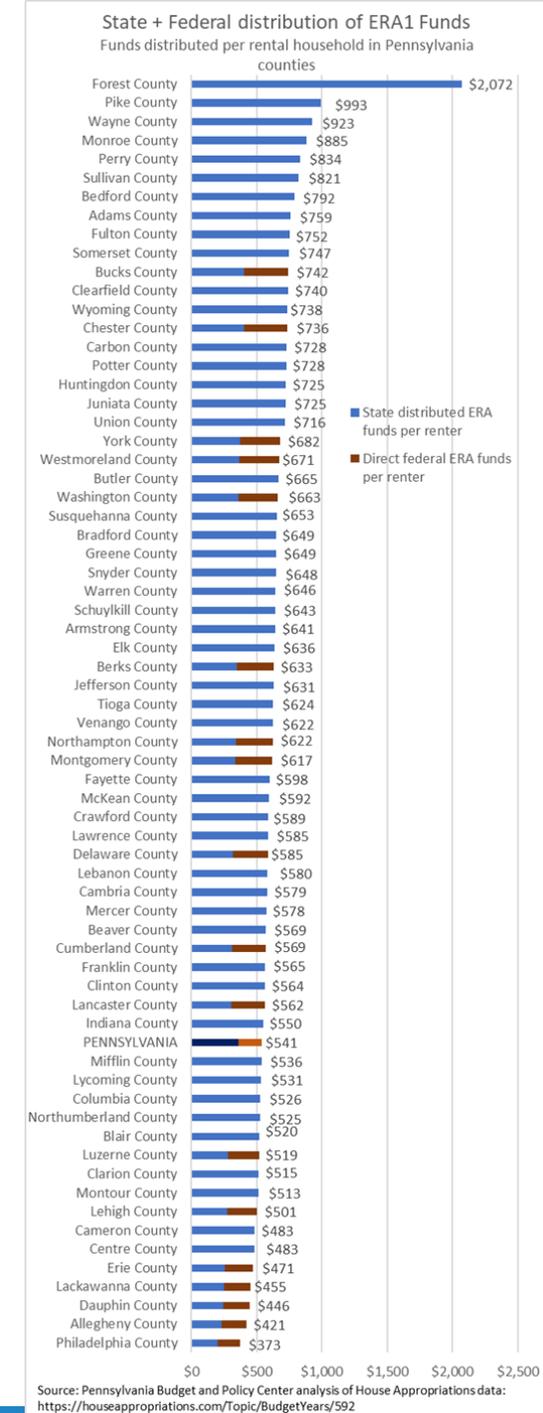
- ▶ For example, the share of households that rent ranges from 14% in Forest County to 47% in Philadelphia.
- ▶ Counties that contain Pennsylvania's cities have higher percentages of households that rent, with larger cities generally having the highest shares of households that rent.
- ▶ In the counties that house Philadelphia, Pittsburgh, Harrisburg, Allentown, Scranton, Erie, and Lancaster, rental households make up roughly a third or more (32% or more) of households.



ERA1 funds were distributed inequitably

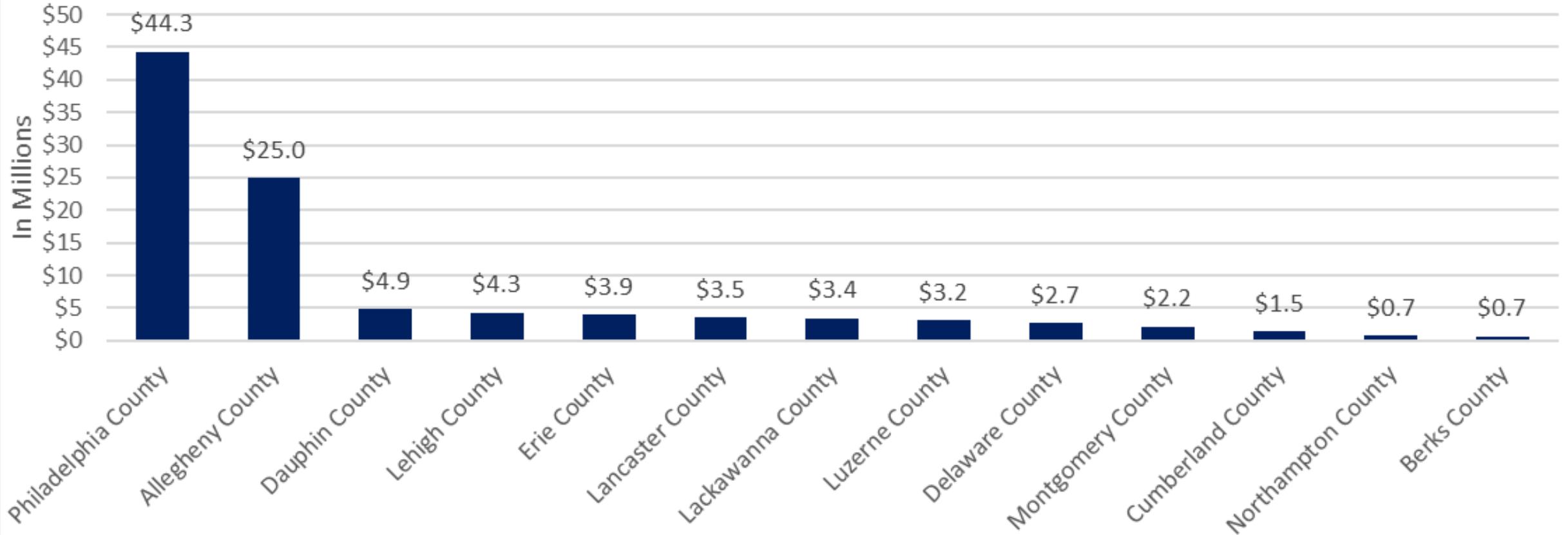
▷ Forest County received \$2,072 per rental household, which was:

- about five times the funds per rental household in Allegheny County and
- about 4.5 times the funds per rental household in Dauphin and Lackawanna counties.



These counties would have received more money for rental assistance had it been distributed based on percentage of all state rental households in county

Additional ERA money (state) counties would have received if the state distributed based on counties percentage of all state rental households

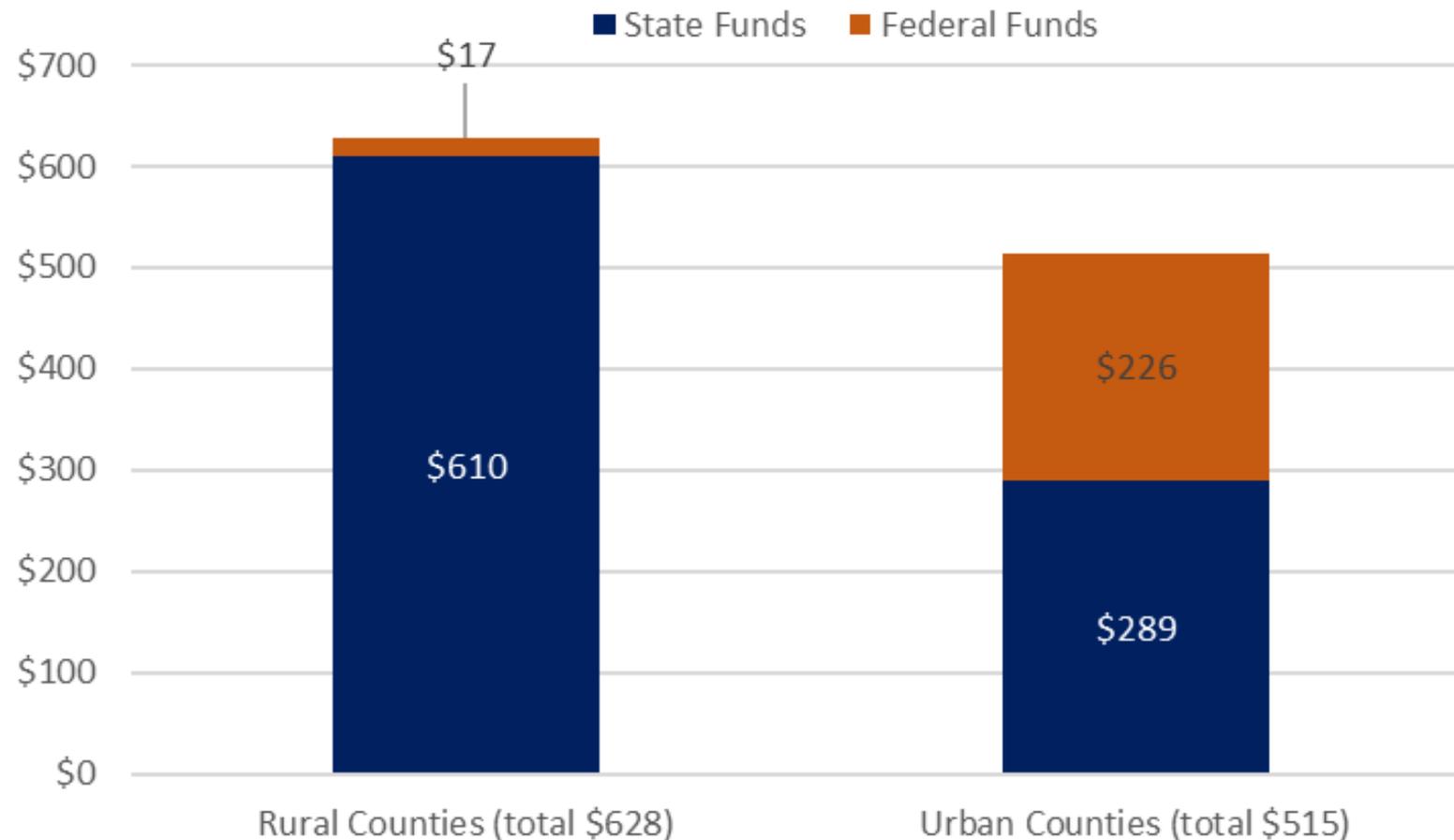


Note: This excludes direct federal payments to counties and cities.

Source: Pennsylvania Budget and Policy Center analysis of National Low Income Housing Coalition data and House Appropriations data:
<https://houseappropriations.com/Topic/BudgetYears/592>

Pennsylvania's rural counties received more ERA1 funding per rental household than PA's urban counties

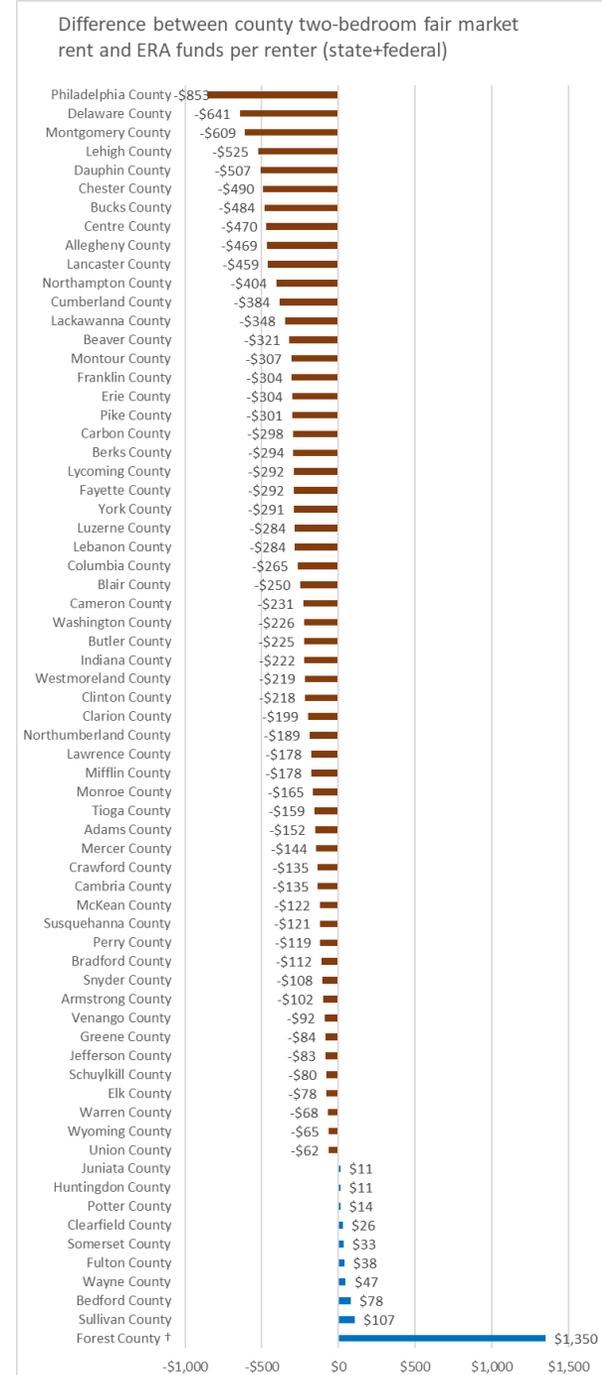
Average funds per rental household (state+federal distributions)



Source: Pennsylvania Budget and Policy Center analysis of National Low Income Housing Coalition data and House Appropriations data. Definition of rural counties came from the Center for Rural Pennsylvania, https://www.rural.palegislature.us/rural_urban.html

Rent also varies tremendously between counties

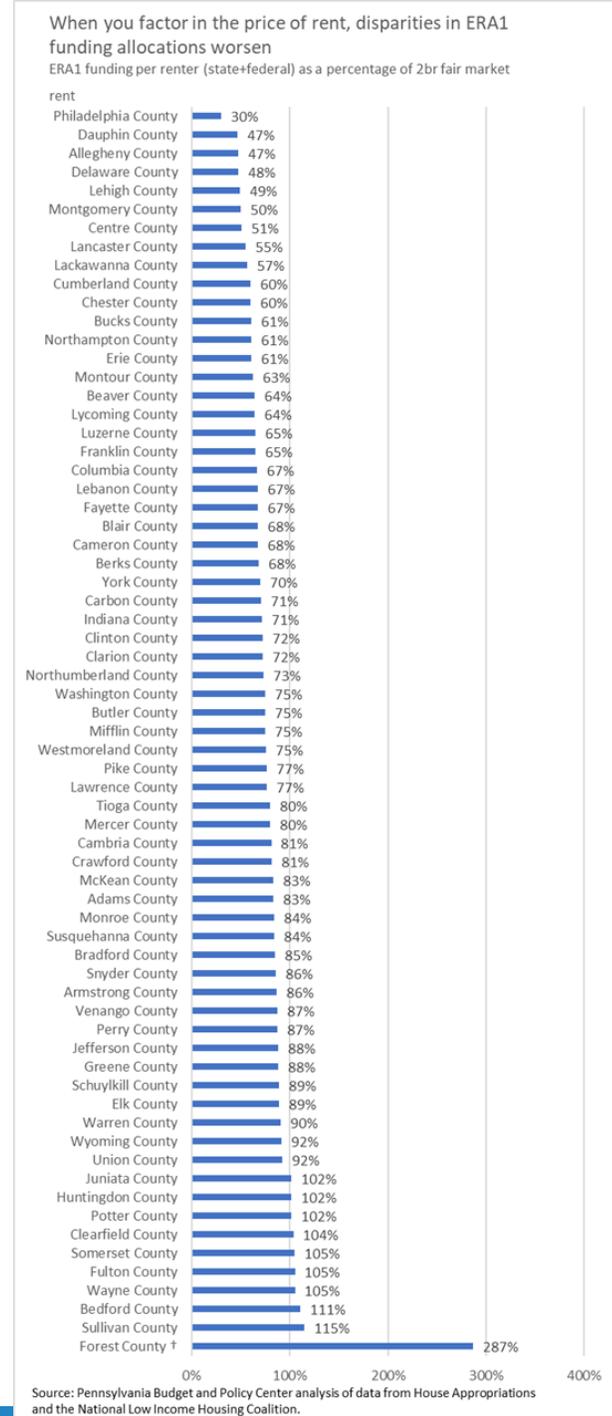
- ▶ Fair market rent for a 2-bedroom apartment, for example, is more than \$1,200 in Pike, Philadelphia, Delaware, Montgomery, Chester, and Bucks Counties compared to just above \$700 in some counties.
- ▶ The figure to the right shows the dollar difference in each county between 2-bedroom fair market rent and average ERA funds per rental household.
- ▶ Philadelphia's aid per rental household is \$853 less than the average 2-bedroom fair market rent cost compared to Forest County, where aid per rental household was \$1,350 more



Source: Pennsylvania Budget and Policy Center analysis of data from House Appropriations and the National Low Income Housing Coalition.

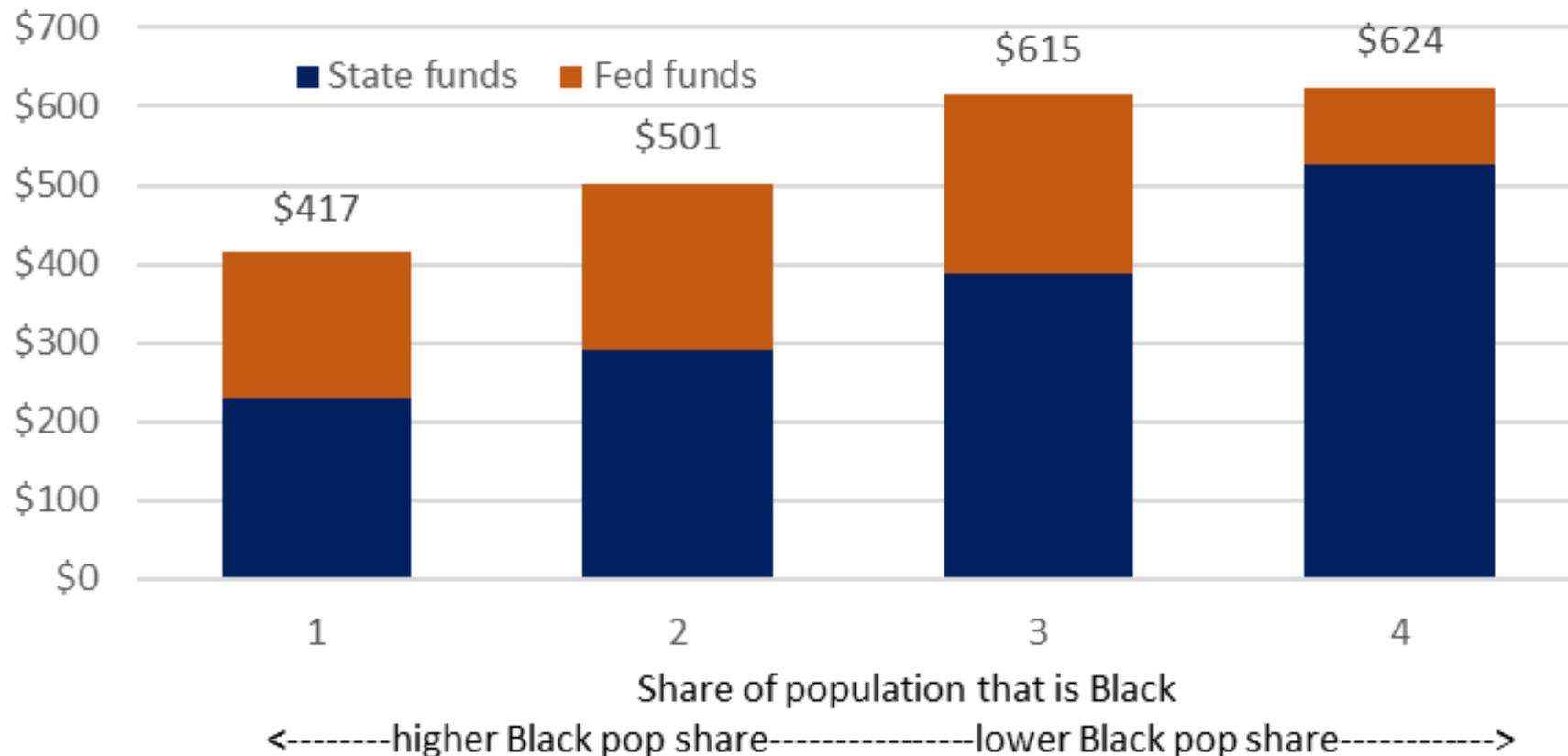
ERA1 funding as a percentage of rent shows disparities

- ▶ The figure to the right shows ERA1 funding per rental household as a percentage of 2br fair market rent
- ▶ Philadelphia received just 30% in ERA1 funds of one month's 2-bedroom fair market rent, while 10 counties received more than 100%.



Counties where a higher share of the population is Black received less funds per rental household

Average funds per rental household (state+federal) grouped by share of county population that is black



Source: Pennsylvania Budget and Policy Center analysis of data from House Appropriations, the National Low Income Housing Coalition and the 2019 Census.

Pennsylvania has an opportunity to distribute ERA2 funds more equitably

- ▷ Pennsylvania will have approximately \$500 million to distribute in American Rescue Plan funds (\$451 for ERA and \$49 for high-needs areas)
- ▷ PA should allocate ERA2 funds equitably by taking into account each county's share of renters statewide and the varying cost of rent

Thank you!



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