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HOUSING PUBLIC HEARING ON

B25-0994, the “Emergency Rental Assistance Reform Amendment Act of 2024”

Before the Committee on Housing

Chairman Robert White

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Testimony of Emilia Calma
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Good morning, Chairman White, and members of the Committee. My name is Emilia Calma, and I am the Director of Research and Policy of the D.C. Policy Center—an independent non-partisan think tank advancing policies for a strong, competitive, compelling, and vibrant District of Columbia. Thank you for the opportunity to submit written testimony in support of B25-0994, the Emergency Rental Assistance Reform Amendment Act of 2024.

D.C.'s rate of unpaid rent among affordable housing properties increased significantly in recent years. The financing of affordable housing properties typically incorporates some amount of uncollected rent, either due to vacancies or to arrears. For most projects, this is about 5 percent. At present a typical provider is unable to collect 20 percent of the rent due in a given month (data received from 18 affordable housing providers with 253,116 units in the DMV). This nonpayment of rent has contributed to an eightfold increase of yearly unpaid expenses, from \$1.8 million in 2019 to \$14 million in 2024.

These outcomes are not the result of weakening demand. They are directly driven by policy. In part, this housing crisis was exacerbated by changes in the Emergency Rental Assistance Program (ERAP), a policy introduced during the Covid-19 pandemic to help reduce the number of evictions. While the program has provided needed assistance to residents, the automatic stays on evictions and self-certification of need has led to a backlog of eviction cases in courts. Whereas eviction cases typically took three to six months to conclude prior to the pandemic-era changes in ERAP legislation, eviction cases now routinely take more than a year to conclude. This timeline has extended uncertainty for both tenants and housing providers and has contributed to the large increases in unpaid rent. Currently, cases are automatically stayed if a tenant applies for ERAP, even if the tenant is not eligible for the program or has been previously denied. The changes proposed in the ERAP Reform Amendment Act –requiring documentation of eligibility and granting discretion to judges on whether to stay cases–will help reduce these issues in the future. However, these changes alone will not fix the financial crisis burdening affordable housing providers.

We must make policy changes that help these affordable housing providers operate in the District, or we risk losing our affordable housing stock and facing much larger affordability crises in the future.

We need to fully understand the relationship between ERAP, eviction, nonpayment of rent, and other economic assistance programs. At present, we lack a clear understanding of ERAP's effect on eviction rates and rent nonpayment and of ERAP's relationship to other housing support programs such as vouchers. Because ERAP moves on a much faster timeline than federal aid programs, are tenants who would otherwise be eligible for federal voucher programs applying to ERAP? Could ERAP use be reduced by implementing a program like a local rent subsidy?¹ Could changes to ERAP's structure result in better outcomes? For example, ERAP could pay a portion of rent while legally requiring tenants to pay the remaining portion to the landlord each month. Would fewer tenants get inescapably behind in rent? Would affordable housing providers receive a higher percentage of rental income? Would such a structural change create a better working relationship between providers and tenants? As we explore the current challenge and potential impacts of structural changes, we must also consider how lengthy eviction proceedings have impacted other tenants living in these buildings. These questions must be explored as D.C. settles on long-term policy programs.

Thank you and I welcome any questions you may have.

¹ A pilot of a \$7,200 local rent subsidy showed a 29 percentage point decrease in use of rapid rehousing programs. While this is not a permanent solution, it is less than the 5-month ERAP payment of \$10,205 and would allow housing providers to collect rent on time.

<https://thelabprojects.dc.gov/flexible-rent-subsidy>

<https://erap.dhs.dc.gov/ERAPIntroduction>