



**Testimony to the House Committee on Financial Services
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Hello. My name is Kadeem Morris, and I am an attorney in the Housing Unit of Community Legal Services of Philadelphia. Community Legal Services of Philadelphia helps more than 10,000 people each year with legal problems that threaten their homes, health, incomes, and families, including more than 2,300 tenants facing eviction during the pandemic. I would like to thank Chairwoman Maxine Waters and the members of the House Committee on Financial Services for inviting me to speak today.

The COVID-19 Pandemic has greatly exacerbated the housing crisis that has existed across the United States for several years. The ability to access safe and affordable housing is not guaranteed. However, the collateral consequences faced by a family when they are evicted are clear and immediate.

As a direct response to the ongoing eviction crisis that has existed in Philadelphia for decades, the City of Philadelphia launched the Philadelphia Eviction Prevention Project in 2017. The innovative project was designed to equip tenants with the resources and information necessary to level the playing field in landlord tenant court. Every year, nearly 20,000 residents in the City of Philadelphia are subject to an eviction filing and the risk of the collateral consequences that come with being evicted. The faces of the evicted are the faces of the vulnerable members of society. Studies have found that single mothers, most commonly those who are Black and Brown, make up the majority of those affected by evictions and forced moves.¹ It has been shown across the country that eviction records have a disparate impact on Black women and their families, causing dangerous cycles of generational poverty and instability. This grim reality is reflected in Philadelphia, where 71% of annual eviction cases are filed in communities of color. The pandemic has significantly exacerbated difficulties facing Black communities and other communities of color, seniors, people with disabilities, and LGBTQ+ people. These communities are most likely to have lost income during the pandemic, putting them at greater risk of eviction filings, and therefore putting them at risk of homelessness and instability beyond the pandemic.

The COVID-19 Pandemic significantly altered the lives of every American. Businesses were shuttered, homes became offices and classrooms, and vulnerable populations were once again among those most affected by COVID. The health consequences combined with the financial hardship of having your job disappear shattered the foundation on which vulnerable families were standing. People who were already struggling to make ends meet before the pandemic were faced with a bitter choice: risk the health of their families by working during the pandemic and potentially contracting the virus, or shelter

¹ *Breaking the Record: Dismantling the Barriers Eviction Records Place on Housing Opportunities*, Community Legal Services of Philadelphia, January 2021, available at <https://www.phillytenant.org/eviction-records/>.



at home and risk the financial consequences of long-term unemployment and increased household expenses. And these are just the workers who had a choice. Many workers in America lost their jobs and their incomes, which caused millions of people to fall behind on their housing bills.

In Philadelphia, effective delivery of rental assistance to vulnerable households has prevented displacement and, as a result, prevented community spread of COVID-19. The City of Philadelphia started a nationally recognized Eviction Diversion Program in September 2020 to help support landlords and tenants stabilize during the pandemic. The Philadelphia Eviction Diversion Program partners with the City's Emergency Rental Assistance Program (ERAP) to ensure that people are able to access rental assistance, to the benefit of both landlords and tenants. Through targeted outreach and supportive services, Philadelphia was able to build a rental assistance program that could preserve the landlord tenant ecosystem. The demographic data provided by the City of Philadelphia demonstrates that the rental assistance dollars was reaching vulnerable communities. 65% of the families assisted are Black or African American and 66% of the applicants for assistance were female.² Additionally, the over 70% of families served had a household income below 30% of the Area Median Income.³ Landlords who struggled with their mortgages were paid and tenants who were behind on their rent were not displaced. Philadelphia's Eviction Diversion Program is a pre-filing program and provides a forum where landlords and tenants can resolve issues and access resources without the pressure of court. The Eviction Diversion Program uses highly-skilled impartial mediators to create a forum where landlords and tenants can resolve their issues outside of court. When a landlord contacts the program, the tenant is automatically assigned a housing counselor who works with the tenant to see what resources are available to avoid an eviction. The majority of eviction cases are related to nonpayment of rent. Philadelphia's diversion program has a direct line of contact to the Emergency Rental Assistance Program. A housing counselor can assist a tenant in completing and submitting the rental assistance application. The housing counselor and the mediation session also assist in resolving other issues that may have arisen in addition to the non-payment issue. If the mediation results in an agreement, both parties have the ability to move forward without the impact of an eviction case or a judgement.

For a rental assistance program to operate effectively, the program administrator cannot create additional barriers for tenants and landlords to jump through. If the stated goal of the program is to prevent evictions for vulnerable households during the pandemic, then municipalities and other administrators should limit the amount of paperwork and forms of verification that a tenant and or landlord has to submit. Additionally, programs should work to eliminate delays in processing of applications and payments to landlords. Now that the world has shifted to mostly remote work, it is more difficult for vulnerable household to obtain things such as income documents and proof of benefits. Self-certification of income or benefits removes a significant hurdle for tenants seeking assistance. The requirement that participants have a current lease document can also be a barrier to

² <https://phlrentassist.org/dashboard/>

³ Id.



participation. Most frequently, a lease that is entered into by a landlord and tenant has a renewal clause that allows the lease to continue past its initial term. A lease that has been automatically renewed should be acceptable proof of residency. In Philadelphia, we have gotten around that barrier by allowing landlords to submit a letter verifying that the applicant is a tenant and their current rental amount. Additionally, under the American Rescue Plan, households that may not have experienced a change in income but have experienced an increase in expenses are eligible to apply for assistance. This opens the door for a significant portion of the population, particularly the elderly, to participate in the program. Increased expenses during the COVID-19 pandemic include the increased costs of food and transportation; the cost of supporting other family members who may have lost work; or the cost of burying a family member who has died due to the pandemic. These vulnerable households are bearing these increased costs without an increase in their income. Market rent in most of the United States far exceeds the average SSI benefit payment of \$783. This means that any increase in expenses to the household will create a rental arrearage that can balloon over several months because the household income is unchanged.

Another particularly vulnerable group is households with young children who are not eligible to be vaccinated. The adults in those households may be unable to return to work because of risk of bringing COVID into their home. They are forced to choose between the health of their families and working to cover the cost of rent. For most of these households, the only choice is the health of their family and as a result, the rent goes unpaid and debt balloons.

Sadly, the impact of an eviction is not temporary. Although an eviction record is often just a brief snapshot of a person going through a difficult period, the impact is permanent. Tenants can recover from an illness, job loss, family death, or domestic violence issues, but the eviction record will follow them around, trapping them in substandard housing or preventing access to better job opportunities that require them to relocate. Vulnerable households are given the explicit message that they are only deserving of substandard housing for the rest of their lives, despite changed circumstances that make it unlikely that they should have any trouble paying rent or meeting the obligations of their lease in the future.

Landlords and private tenant screening companies have developed a system for disseminating tenant screening reports which feature screening criteria, such as credit history and eviction history, to assist landlords in evaluating prospective tenants. Unfortunately, such screening tools are often used pretextually, or are arbitrarily formulated and applied without reference to common, agreed upon standards. Increasingly, landlords use tenant screening companies, internet searches and other methods to screen tenants. The tenant screening companies running background checks cannot always ensure that eviction records are completely accurate. Or, the companies will use algorithms with mysterious scoring and weighting methods based on these incomplete records to make suggestions to landlords about whom to accept for housing. That means that even if a tenant was never evicted – even if a tenant wins their eviction case in court – they can still be denied housing on the basis of the eviction filing alone, making it nearly impossible to find new housing. Eviction records can also lead to the loss of



housing subsidies, ineligibility for public housing and being essentially barred from safe, affordable, and habitable private housing. The result is that otherwise worthy applicants are being denied access to critically-needed housing, often severely limiting their housing options and subjecting them to possible homelessness.

Sadly, HB 3913 proposes to limit the usage of the unspent funds that were allocated for rental assistance under the American Rescue Plan. Getting the money into the hands of landlords and tenants should be the top priority. The Federal Government should not take any steps to eliminate the flexibility given to grantees to administer their programs and set up the supportive services needed to ensure that the money paid out to tenants and landlords can have a lasting impact. Additionally, the proposal to shorten the timeframe for which ARPA funds can be used to December 31, 2021 instead of September 2022, goes against the stated goal of the original legislation. All across the country tenants and landlords are experiencing widespread delays in the processing of rental assistance applications. At this time in Philadelphia there are 55,595 unprocessed applications. Even though the program is doing a great job of getting money of the door and prioritizing households that may be partially vulnerable i.e. households facing pending evictions or lockouts, it is unlikely that all of the unprocessed applications will be processed and paid out in the next four months. Moreover, the COVID 19 Pandemic has not ended. The resurgence of the Delta variant has brought back the issues and concerns that created widespread unemployment for the greater part of the 2020 and 2021. Until all Americans can be vaccinated and safely return to the workforce without the threat of spreading Covid-19 to their family members, no steps should be taken to place additional limitations on the timeframe in which ARPA dollars can be spent or issues it can cover.

The proposed changes to the Emergency Rental Assistance Program outlined in HB 5196 titled “Expediting Assistance to Renters and Landlords Act of 2021” are vital to the survival of the landlord tenant ecosystem. Providing flexibility for landlords to apply on behalf of tenants with arrearages who may be non-responsive will ensure that landlords are able to continue to meet their financial obligations. Additionally, requiring the Grantee to inform those tenants that their arrears have been paid and that they are covered by the proposed 120-day eviction prohibition places both the landlord and tenant on equal footing by providing the tenant with the information needed to self-advocate. The satisfaction of outstanding money judgments and the sealing of cases is vital. As previously stated, evictions are like a scarlet letter that have the potential to limit a tenant’s ability to access safe and affordable housing for years to come. The removal of the requirement that the parties provide a written lease acknowledges that many tenants and landlords may be operating under lease renewals or oral agreements. These agreements are valid and enforceable and should not limit tenants’ or landlords’ ability to participate in the rental assistance program. The proposal to use self-attestation of eligibility for households removes a significant barrier to tenant participation. Obtaining proof of income and benefits can be a long and tedious process that involves visits to agencies that are now closed or spending several hours on the phone with a representative. This is compounded by the delays in the mail delivery experienced nationwide. The expansion of the numbers of places where a tenants or landlord can apply for ERAP will greatly increase the program access to low income and remote



communities. Providing the option for landlords or tenants to apply for rental assistance through their local library or public schools is a great solution. For landlords or individuals who may not be able to use online application, scheduling an appointment to complete an application in person if available can often be a barrier for participation. The program grantee's office may not be located in their county or near their place of residence. The time spent and cost of the travel may be prohibitive to vulnerable households who may otherwise want to participate in the program. Use of public entities will only enhance the ability of tenants and landlords to participate in this program.

The federal government should move quickly to adopt the proposed changes outlined in "Expediting Assistance to Renters and Landlords Act of 2021" giving grantees greater flexibility in the administration of their rental assistance programs. It is vital that vulnerable households are given every opportunity to access the assistance that they need and that barriers to participation are removed. Additionally, grantees should be encouraged to partner with or adopt their own diversion program to create a forum to resolve landlord tenant issues without the long-term consequences of an eviction case.

Thank you for this opportunity to present testimony and for your time and attention to this important issue.