



Insight

CDC to Block Most Residential Evictions Through December 31

THOMAS KINGSLEY | SEPTEMBER 2, 2020

Executive Summary

- The Centers for Disease Control and Prevention (CDC) has issued a proposed order that would ban many rental evictions until December 31.
- Keeping an estimated 30-40 million Americans at risk of eviction in their homes during this crisis is not simply the humane response but also drastically lowers coronavirus transmissibility.
- Without accompanying financial assistance, however, the CDC's order simply postpones the financial and housing difficulties faced by many, and the order may even amplify these challenges by requiring renters to pay back rent as a lump sum in January and by requiring landlords to go without four months of income.

Introduction

President Trump's [executive order](#) of August 8 required (among other executive actions) that the federal agencies review what additional aid might be necessary to forestall further evictions in the wake of the coronavirus pandemic. Following this instruction, the Centers for Disease Control and Prevention (CDC) has released a [proposed agency order](#) that would ban the eviction of certain classes of tenants unable to pay rent through December 31, with criminal penalties for landlords violating the ban. Although this agency order will provide enormous relief to an [estimated 40 million renters](#), this action is a public health response and not an approach from the perspective of financial services or housing policy. Without providing accompanying financial assistance to renters and landlords, at best this measure is simply a delaying tactic until next year. At worst, requiring landlords to effectively forgo four months of income would have devastating impacts on individuals and the broader housing market.

Context

With over [six million total cases and 180,000 deaths](#) in the United States alone, the coronavirus pandemic represents an extraordinary public health challenge. The difficulties faced at this time are not, however, simply limited to matters of public health, as the public health crisis is also a financial crisis. With [only one week since March](#) with fewer than a million new unemployment claims, [unemployment remains at historic highs](#). The additional financial burdens on so many Americans necessarily infects the housing market, as between March 25 and April 10 of this year, [nearly half](#) (47 percent) of all renters between 18 and 64 years old reported experiencing "material hardship," or a situation where they were unable to pay rent, utilities, buy food, or afford necessary medical care. These hardships have been [disproportionately felt](#) by vulnerable communities and people of color, with about [25 percent](#) of Black and Latino renters and [20 percent of all renters](#) unable to pay rent in May.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act [provided](#) roughly [\\$10 billion in direct housing assistance](#)

along with [eviction, foreclosure, and forbearance protections](#) worth billions, primarily to families and individuals whose homes are in some way federally subsidized, whether through public housing, rental assistance, or a federally backed mortgage. Most notably, the CARES Act provided for a temporary moratorium on eviction filings that expired on July 24. With the expiration of that moratorium, some estimate between [19 and 23 million families](#) now face eviction by October.

The Latest Eviction Moratorium

To qualify for protection, a renter must provide a written certification attesting that they meet certain requirements. Applicants:

- cannot be making more than \$99,000 a year (or double if filing jointly). Having received a stimulus check, or being eligible to have received a stimulus check, does not preclude an application;
- must have lost “substantial” income;
- must have made all reasonable efforts to have obtained other financial assistance;
- must certify that they are paying as much rent as they can afford;
- must be at risk of homelessness or living with others in close proximity if evicted; and
- must make up all missed payments when the moratorium expires.

Unlike the eviction protections as [provided](#) by the CARES Act, the moratorium applies to all rental units in the United States and not just those with federally backed mortgages. Treasury Secretary Steven Mnuchin noted before a congressional coronavirus subcommittee that as a result of this broad applicability, an [estimated 40 million renters](#) could be eligible for this relief.

Under the terms of the order, however, renters can still be evicted for reasons other than non-payment of rent. Landlords violating the order, and renters making false attestations, would face criminal prosecution.

Analysis

Without an eviction moratorium, millions of families could be without homes before the end of the year. The displacement of so many could have enormous ramifications, not just for the existing homeless population in the United States, but also for the spread of the virus, as individuals are forced to move back in with relatives or into unsafe housing. It is this public health aspect that has clearly motivated the CDC’s proposed order, and even if considered solely from the perspective of transmission reduction, an eviction moratorium is likely a necessary and welcome step.

As a response to a looming housing crisis, however, the moratorium barely meets the minimum requirements. Not only is the current eviction crisis simply postponed until January, but the problem may well be worse at that time. The weather will be colder, and it remains unclear whether renters may be required to repay all owed back rent in a single payment—a likely impossible demand on many families. The difficulties of this agency order are not limited simply to renters. Requiring landlords to forgo as much as four months of income in the background of the financial difficulties caused by the coronavirus would likely cause an enormous strain not simply on the finances of landlords individually but on the viability of the entire rental market.

Conclusions

Keeping millions of Americans in their homes during these extraordinary times should be considered the lowest

possible metric for success (which makes it all the more galling that this is not something Congress has achieved). But merely keeping people in their houses is not enough, and the CDC's order may even create more problems than it solves. [Once again](#), this administration has proposed an extraordinary liquidity shortfall for those individuals and companies that own properties without attempting in any way to provide financial redress; as a measure, it is as nonsensical and egregious as proposing that all doctors work for free until Christmas.