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NEW HAVEN
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Connecticut
Fair Housing Center



CONNECTICUT
LEGAL
RIGHTS
PROJECT, INC.

May 28, 2020

via email

The Honorable Ned Lamont
Governor of the State of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Re: Request to Extend Executive Order No. 7X

Dear Governor Lamont,

We thank you for issuing Executive Order No. 7X, which provides an eviction moratorium through July 1, a 60-day deferral for April rent, and a 60-day deferral for May rent for those with COVID-related loss of income. Halting evictions to allow families to shelter-in-place is critical during this public health crisis. We are now, however, at the cusp of June 1, when both deferred rent for April and rent for June will be due and barely a month until the moratorium is scheduled to end. The virus is still among us; reopening efforts have only just begun; and many Connecticut renters are still unemployed and struggling to survive on reduced income.

For these reasons, we ask you to extend Executive Order No. 7X until 30 days after you declare the end of the public health emergency or through August 25 (to match the federal CARES Act Moratorium)¹, whichever is later, and provide deferral of all rental payments during that time. This extension will also give the state time to develop and implement a plan to stabilize the housing market by assisting renters and landlords who cannot pay their rent and mortgages.

Many Renters Will Not Be Current in Their Rent by the End of June

Many Connecticut renters are unlikely to be able to pay two or three months' rent in the next few weeks.² According to the state Commissioner of Labor, Connecticut unemployment in April may

¹ The CARES Act prohibits landlords who receive federal subsidies or have federally backed mortgages from filing summary process actions for nonpayment of rent until August 25 at the earliest and only after issuing a 30-day federally-required notice to vacate. See Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136, Sec. 4024. Matching the state moratorium to the federal one is equitable because no tenant gets a longer moratorium simply by virtue of the type of mortgage their landlord has. An ancillary benefit is that it would relieve the court of some of the burden of determining which cases filed after July 1 violate the federal moratorium. The CARES Act covers a quarter of the private rental market, and may cover as much as half of all rentals, because its protections also include all properties with federal housing subsidies and low-income housing tax credits.

² May rents are still not due for some renters, but there is reason to believe that many who have paid have done so by using credit cards or exhausting savings -- options that will not be available to cover rent

have been as high as 17.5%.³ A report from the Federal Reserve Bank of Boston on the economic impact of COVID-19 finds that while Connecticut households certainly benefited from the financial interventions of the CARES Act, approximately 60,000 households may not be able to make rent payments, and the number will grow as the economic fallout of the pandemic lasts beyond July.⁴ Though businesses are beginning to reopen, unemployment in the third quarter of 2020 is expected to stay around 15%, dropping slightly in the fourth quarter.⁵ Grimly, we cannot ignore the prospect that many jobs will not return at all.⁶

Unemployment benefits are not the panacea that guarantee rent payments. Although DOL has processed 507,000 of the 544,000 applications filed since the economic shutdown, not all workers have received benefits. This delay means that many low-wage workers have had no income in the intervening time. When their benefits do arrive, they are likely already in a financial hole that unemployment compensation alone cannot resolve, considering that more than 50% of Connecticut renters are already rent-burdened, spending more than 30% of their income on rent.⁷ The expanded and extended CARES Act unemployment benefits also continue to be delayed and have not reached all workers. The extra \$600 benefit is set to end in July, leaving the unemployed with only 50% of their former income coming from state unemployment benefits.⁸

coming due. See Capps, Kriston. “The Rent Is Getting Paid. How?” CityLab, May 8, 2020. Available at <https://www.citylab.com/equity/2020/05/rent-payment-apartment-rental-coronavirus-tenant-landlord/611386/>.

³ Phaneuf, Keith M. “CT suffers April job losses of ‘epic proportions’ with 266,000 positions gone.” The CT Mirror, May 21, 2020. Available at <https://ctmirror.org/2020/05/21/ct-suffers-april-job-losses-of-epic-proportions-with-266000-positions-gone/>.

⁴ Chiumenti, Nicholas. “Impact of the COVID-19 Pandemic on New England Homeowners and Renters.” Federal Reserve Bank of Boston, New England Public Policy Center Regional Brief 2020-02 (May 18, 2020). Available at <https://www.bostonfed.org/publications/new-england-public-policy-center-regional-briefs/2020/impact-of-the-covid-19-pandemic-on-new-england-homeowners-and-renters.aspx>. This figure assumes that 75% of eligible people applied for (and received) unemployment benefits. The report notes, however, that a significant percentage of eligible workers will not apply for unemployment benefits, based on data from previous economic downturns because of “fear of retaliation by employers, lack of understanding about the process or confusion filling out paperwork, belief they will quickly find employment, or incorrectly assuming they are not covered by state unemployment insurance programs.” For example, during the nadir of the Great Recession only about 50 percent of eligible unemployed workers claimed their UI benefits (n. 28).

⁵ The Congressional Budget Office Projects 15% unemployment nationwide in the second and third quarters of 2020. <https://www.cbo.gov/publication/56335>

⁶ Allen, Terina. “3 Bitter Truths About Coronavirus Job Losses and the Economy.” Forbes (May 10, 2020). Available at <https://www.forbes.com/sites/terinaallen/2020/05/10/3-bitter-truths-about-the-coronavirus-job-losses-and-the-economy/#38eab46867f9>.

⁷ See Partnership for Strong Communities Housing Data Profiles (2018) Available at https://www.psychousing.org/sites/default/files/PSC_2017HsgProfile_Connecticut.pdf.

⁸ E.g., Werth, Julia. “Connecticut Struggles to Provide Promised Unemployment Benefits to the State’s Self-Employed.” CT Examiner, May 5, 2020. Available at <https://ctexaminer.com/2020/05/05/connecticut-struggles-to-provide-promised-unemployment-benefits-to-the-states-self-employed/>.

The applications for the federal benefits were not available until early May, and the application for the extra 13 weeks of benefits is just coming online. And not all people who lost their jobs are eligible for unemployment benefits, including undocumented people, those who owe monetary penalties for past overpayments, and those unable to navigate the cumbersome unemployment application system.⁹

Without a longer moratorium and a concomitant deferral of rent, evictions will resume as people are still struggling with unemployment, increased expenses for food, medical, and possibly child care, or are struggling to recover physically from the pandemic's effects. As we reopen the state and move past this crisis, low- and moderate-wage workers who lost their jobs should not lose their housing. Families should not be evicted and forced into homelessness as they grapple with how to respond to their debts and the instability the pandemic has caused.

A wave of evictions in the late summer risks spreading coronavirus at a time that we are hoping to have it well-enough managed so that children can return to school. Thousands of families seeking shelter will create a new homelessness crisis when the state and cities have been working so hard (and spent so much money) to house the homeless. It will also exacerbate the racial disparities that the pandemic has brought into focus. The COVID-19 pandemic has hit communities of color particularly hard, and African-American and Latino families are much more likely than others to be renters.¹⁰ Between shared living spaces, low-wage "essential" jobs that require direct interaction with the public, and health disparities that create far greater COVID-19 risks, families of color are most likely to be harmed by the pandemic and to be in housing court in July battling to save their families from homelessness.

An Extended Moratorium Will Provide the Time Needed for Connecticut to Implement A Rental Market Stabilization Plan

Without significant intervention from the state and federal government, entire communities will destabilize as their rental markets collapse under the strain of evictions, homelessness, and foreclosures.¹¹ This is not just the cry of tenant advocates; the Boston Federal Reserve report supports this view.¹² We recognize that the full scale of this potential secondary crisis has only recently started to come into focus, because we all thought that the emergency might resolve more quickly and that emergency federal assistance would cover more of the need. A longer moratorium will allow you and the Department of Housing to develop the program that

⁹ See <http://www.ctdol.state.ct.us/UI-OnLine/>. All applications must be filed online which is difficult for people without access to computers or reliable internet service as well as those with certain disabilities or low literacy skills. In addition, the applications are only in English.

¹⁰ Connecticut Data Collaborative reports that 60.5% of African-American families and 68.5% of Latino families are renters compared to only 23.9% of White families.

¹¹ See our letter dated May 18, 2020 available at <https://ctlawhelp.org/files/covid-19/Governor-Lamont-Rental-Assistance-05-18-2020.pdf>.

¹² Missed housing payments have "the potential to escalate what is an immediate crisis in household finances into a broader problem for the housing market in New England. Rental-property owners who depend on income from tenants would be at risk of missing their own mortgage payments. The combination [. . .] could create a burden on local housing markets." Fed. Res. Bank of Boston, at 6.

Connecticut needs to avoid a wave of evictions and homelessness that will overwhelm our Coordinated Access Networks.¹³

Such a program must be up and running before the moratorium ends to resolve these matters without any eviction proceeding. Evictions harm families in ways that will last long after the coronavirus emergency has passed. The mere filing of an eviction action — the “scarlet E” — limits housing options, destroys credit ratings, and results in higher debt as tenants are forced to agree to pay the landlord’s attorneys and court costs on top of the debt to save their housing. The mere filing of an eviction can affect a person’s ability to find safe, decent, affordable housing in the future, *even if* they use all their financial resources to resolve the case.¹⁴ Being forced from a home has been linked to a range of negative consequences, from job loss to depression and suicide, to trauma and education loss for children.

A tidal wave of eviction filings on July 1 will do nothing to stabilize the housing market or get money to landlords to cover unpaid rent and prevent foreclosure. It will only overwhelm the housing courts, delay the processing of cases, increase the costs to landlords and tenants, force families into homelessness, and leave landlords with both vacant properties and uncollectable debt. During these unusual times, there is a public health imperative to halt court proceedings and find alternative ways to get necessary payments to landlords.

An extended moratorium and rent deferral period, at least through August, are necessary for the health and safety of Connecticut’s renters, and to ensure that the State can implement a rental market stabilization plan.

Respectfully,

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¹³ We are hopeful that Congress will pass the federal HEROES Act. The State has received 1.38 billion in Coronavirus Relief Funds. Even 1/10 of that fund would fund a Rental Market Stabilization program that would stave off a tidal wave of evictions while we see if Congress provides more aid.

¹⁴ Durana, Alieza, and Desmond, Matthew. “A Massive Wave of Evictions is Coming. Temporary Bans Won’t Help.” The Washington Post, April 8, 2020. Available at <https://www.washingtonpost.com/outlook/2020/04/08/eviction-coronavirus-rent-homelessness/>.

¹⁵ This letter does not represent the institutional views of Yale University or Yale Law School.