

NEW JERSEY RENTERS AT RISK OF EVICTION IN 2022

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Introduction

The effects of the COVID-19 pandemic, the moratorium on evictions and the various forms of short-term rental assistance provided by the State of New Jersey under the Federal stimulus legislation of 2020 and 2021 have created a complicated and uncertain picture for the state's low- and moderate-income renter households as we enter 2022. Many renters have received assistance to cover back rent, and some will receive assistance through 2022. Many others have not and will not receive assistance. Some of those who received assistance during 2021 may yet fall into arrears and be at risk of eviction in 2022.

The purpose of this analysis is to take these questions into account, and come up with an estimate of the number of households by income range likely to be at risk of eviction during 2022. While it is impossible to predict such a number with precision, by using a variety of measures taken from Census data, data on NJDCA assistance programs, historic eviction filing data, etc., and making certain conservative assumptions, we can come up with what I consider a *responsible order-of-magnitude estimate* of the number of households at risk, and the magnitude of the amount necessary to protect these families from potential eviction.

Any analysis of this sort contains many moving parts. Rather than simply present the results, and expect the reader to trust me, in the following pages I present each of the elements that go into the analysis separately, and then put them together to arrive at a conclusion.

1. The universe of low- and moderate-income tenants.

For purposes of the analysis, we have divided the tenant universe into three groups, reflecting the HUD categories of extremely low income (ELI) (0-30% of Area Median Income (AMI)); very low income (VLI) (30-50% of AMI) and low income (LI) (50-80% of AMI). While the definition of AMI varies from place to place in New Jersey, we have used data compiled for HUD by the Census Bureau to arrive at statewide totals as shown in the table on the following page.

¹ Affiliation for identification purposes only. My biography appears at the end of this report.

² This work product is entirely my responsibility, and is based on official and/or publicly available information.

1 NEW JERSEY RENTERS BY INCOME LEVEL³

Income range	Number of renter households	% of total renter households
0 to 30% of AMI	306,975	26%
30 to 50%	200,885	17%
50 to 80%	184,900	16%
Over 80%	466,185	40%
All renters	1,158,945	100%

This is the universe of renter households in New Jersey.

2. Application for and receipt of state rental assistance

The State of New Jersey Department of Community Affairs (DCA) provides emergency rental assistance through a number of programs. CVERAP1 and CVERAP2 have addressed arrearages during 2020 and 2021, and EPP is being used to the extent of available funds to provide rental assistance going forward into 2022.⁴ As of the end of 2021, the following information was available:

- DCA has provided assistance to 52,941 households under CVERAP 1 and 2. All of those households have incomes under 80% of AMI. While most of these households became current on their rent at the time they received the assistance, *some percentage may fall into arrears subsequently, and be at risk of eviction in 2022.*
- Of these households, 56% are extremely low income, and 22% each very low income and low income. DCA is to be commended for its targeting of resources to the households likely to be in greatest need and at greatest risk of eviction.
- DCA anticipates assisting 28,000 households with EPP. Households with incomes up to 120% of AMI are eligible for EPP.⁵ Since this is money that will cover rents in 2022, we anticipate that none of the beneficiary households will be at risk of eviction in 2022.

There is no way to know what percentage of households receiving CVERAP assistance will be at risk of eviction. To err on the conservative side, I have assumed that that percentage will be 10%.⁶

It should be noted that, in addition to assistance from the Department of Community Affairs, thirteen counties and two cities (Jersey City and Newark) have ongoing rental assistance

³ Data from 2014-2018 American Community Survey special tabulation for HUD

⁴ In theory, assistance could go beyond 2022, but it is likely that all available funds will be absorbed before the end of the year.

⁵ According to DCA, only a very small percentage of EPP applicants have incomes over 80% of AMI. I have assumed that that figure will be 5%.

⁶ It is highly unlikely to be lower than that, but could easily be higher, or much higher.

programs, with a total amount of approximately \$463 million of CVERAP1 and CVERAP2 funds in the process of being distributed. We do not have data on the number of households who have been assisted by these programs. Since less than 15% of these funds have been allocated to date, the effect on the numbers presented in this report is not large.⁷ That said, the balance of the funds is likely to be distributed during 2022, which should help meet the needs of many of the households at risk of eviction during 2022.

3. Eviction risk

To project eviction risk, I use data on eviction filings compiled by the Administrative Office of the Courts (AOC). While most filings do not necessarily lead to a formal judgment of eviction, they create the risk of an eviction; moreover, while some filings are resolved in ways that enable the tenant to remain in her home, in many cases they lead to “informal eviction,” where the tenant vacates before the case gets to the point of a formal judgment.

While there is a possibility, in light of the effects of the pandemic and the expiration of the moratorium, that the number of eviction filings in 2022 will be well above the historic rate of filings, that is highly uncertain. In any event, it is unlikely to be lower than the historic rate. To estimate the number of evictions likely to be filed during 2022, therefore, I took the average number of eviction filings for the last three pre-COVID years (2016-2017 through 2018-2019) reported by the AOC in their Annual Reports. That number is 156,347. This figure means that the rate of eviction risk is 13.5% (eviction filings divided into total renter universe).

In addition to the anticipated number of additional filings, a significant backlog of pending filings already exists as a result of the moratorium. According to the AOC, as of the end of November 2021, there were 44,610 eviction filings pending. This figure, added to the previous one, gives a total for potential evictions during 2022 of 200,957. Again, I am not saying that that many families will be evicted, but that that number is at risk of eviction.

The next question is to estimate the risk of eviction by household income range. While the AOC does not collect data on eviction filings by income, it stands to reason that lower-income households are at substantially greater risk than affluent ones. An analysis of eviction filings in Philadelphia provides a usable proxy metric. This analysis compared the rate of eviction filings by the median household income of the census tract, and found that the rate of filings in the lowest income tracts was slightly more than three times that of the highest income tracts.⁸ I used that premise to distribute the eviction risk by the four relevant income ranges: 0-30% AMI,

⁷ The county/local programs are severely lagging the state program in terms of their actual distribution of funds. According to Treasury data posted by the National Low Income Housing Coalition, as of the end of November 2021, only \$66 million, or less than 15% of the amount received, had been allocated.

⁸ Goldstein, Ira, Emily Dowdall, Colin Weidig, Janine Simmons, and B. Carney. "Evictions in Philadelphia: A data & policy update." *The Reinvestment Fund*. Retrieved from https://www.reinvestment.com/wp-content/uploads/2019/10/ReinvestmentFund__PHL-Evictions-Brief-Oct-2019.pdf (2019).

30-50% AMI, 50-80% AMI and over 80% AMI. It should be stressed that this is what might be considered “gross” eviction risk; that is, *eviction risk before accounting for DCA assistance grants*.

To determine the effect of assistance on eviction risk, I have assumed the following:

- 10% of households that received CVERAP funds to cover 2020 and 2021 arrearages will fall into arrears in 2022 and be at risk of eviction;
- 95% of EPP households will be below 80% of AMI. The distribution of those households among the eligible income-ranges will be the same as for households that received CVERAP assistance, as shown in Sec. 2 earlier.

2 EVICTION RISK BY INCOME RANGE

	Income-adjusted eviction risk	Number of households in income range	Households at risk of eviction -2022 filings	% distribution	Households at risk of eviction – filing backlog	Total households at risk of eviction
0-30% AMI	0.2161	306975	66331	42%	18926	85257
30-50% AMI	0.1720	200885	34552	22%	9859	44411
50-80% AMI	0.1260	184900	23297	15%	6647	29944
>80% AMI	0.0690	466185	32167	21%	9178	41345
TOTAL	0.1350	1158945	156347	100%	44610	200957

Since we know the total number of grants made or projected to be made by DCA, we can compute the effect of assistance on eviction risk.

3 EFFECT OF DCA ASSISTANCE ON EVICTION RISK (1)

	All CVERAP recipients	-10%	CVERAP recipients not at risk	All EPP recipients	-5%	EPP recipients <80% AMI	Total low income households not at risk
0-30%	36126	0.9	32513	15680	0.95	14896	47409
30-50%	14192	0.9	12773	6160	0.95	5852	18625
50-80%	14192	0.9	12773	6160	0.95	5852	18625
>80%	NA		NA			NA	NA
All renters	64510	0.9	58059	28000	0.95	26600	84659

The figures in this table, subtracted from those in the previous table, provide the actual number of households at risk of eviction

4 EFFECT OF DCA ASSISTANCE ON EVICTION RISK (2)

	Total at risk of eviction in 2022 (from Table 2)	Assisted and not at risk (from Table 3)	Net number at risk of eviction
0-30%	85257	47409	37848
30-50%	44411	18625	25786
50-80%	29944	18625	11319
	159612	84659	74953

4. Potential arrearages of renters at risk of eviction

The final step in this analysis is to estimate the dollar amount of arrearages that is at stake with respect to the low-income households at risk of eviction. In order to determine that, I went to the American Community Survey to find the median monthly rent paid by tenants at different income levels. While the data is not classified by percentage of AMI, one can use the income ranges in the ACS as proxies for the three income categories.⁹ The median rent in 2019, the most recent year available, for the three proxy categories is as follows:

The figures in the table are from 2019, and rents have risen since then, *and* the risk of eviction, holding income constant, increases with higher rent.¹⁰ Since it is not possible to arrive at a precise number that accounts for both factors without extensive research, I have increased the rents in the table by 10% to account for these factors. Again, this is a very conservative adjustment, as the combined effect of the two factors is more likely to be greater than that, than less. For purposes of the analysis, we assume that the average amount of arrearages adds up to 6 months rent.

MEDIAN RENT BY INCOME RANGE

Category	Proxy (ACS income range)	Median rent (ACS)	Adjusted median rent	Average arrearages per household
0-30% AMI	\$0-\$19,999	\$941/month	\$1,035/month	\$6,210
30-50% AMI	\$20,000-\$34,999	\$980/month	\$1,078/month	\$6,468
50-80% AMI	\$35,000-\$74,000	\$1,146/month	\$1,261/month	\$7,566

The table on the following page summarizes the findings of this analysis. To summarize in turn the key takeaways from that table:

- The DCA assistance programs have had a major effect on reducing the potential eviction risk of low-income households in New Jersey, but a large potential eviction risk remains.

⁹ The median household income for all households in New Jersey in 2019 was \$82,545

¹⁰ Part of this reflects the fact that a substantial percentage of low income households live in subsidized housing, where both rents and the frequency of evictions also lower.

- An estimated nearly 75,000 low-income households remain at risk of eviction during 2022. Of these, nearly 38,000 or roughly half are extremely low-income households earning less than 30% of AMI.
- The total rent arrears of the low-income households at risk during 2022 is projected to be nearly \$500 million.

The effect of evictions on New Jersey's low-income households, especially its extremely low income households, is an ongoing crisis, leading to housing insecurity and homelessness for thousands of families. A public policy strategy to address this crisis on a sustained basis is long overdue.

SUMMARY TABLE: POTENTIAL ARREARAGES OF LOW INCOME TENANTS AT RISK OF EVICTION IN 2022

Income category	From Table 4			From Table 5			Total projected rent arrearages
	Total households potentially at risk	households assisted and not at risk	Net households at risk	Median monthly rent	Adjusted median monthly rent	Average rent arrearage per household	
0-30%	85257	47409	37848	\$ 941.00	\$ 1,035	\$ 6,210.60	\$ 235,058,643.18
30-50%	44411	18625	25786	\$ 980.00	\$ 1,078	\$ 6,468.00	\$ 166,781,480.59
50-80%	29944	18625	11319	\$ 1,146.00	\$ 1,260	\$ 7,563.60	\$ 85,614,506.73
	159612	84659	74953				\$ 487,454,630.49

Alan Mallach

SHORT BIO

Alan Mallach is a senior fellow with the Center for Community Progress in Washington, DC; teaches in the graduate city planning program at Pratt Institute in New York City; has lectured in many European countries, Israel, and Japan, as well as across the United States; and has more than 50 years of experience as public official, consultant, and researcher in housing, community development and urban studies. He has held a number of senior local government positions in New Jersey and has taught at Rutgers University and Stockton State College. He is the author of many books, articles and research studies, including his 2018 book *The Divided City: Poverty and Prosperity in Urban America*, which explores the uneven effects of urban revival on lower income residents and communities of color in United States cities. In his forthcoming book, written with Todd Swanstrom, he explores the role of neighborhoods and their prospects in 21st century America. He is also an accomplished pianist and author of two books on 19th and 20th century Italian opera. He holds a B.A. degree from Yale College, and lives in Roosevelt, New Jersey.