

Flattening the Next Curve

Addressing Housing & Homelessness In the Era of COVID-19

This is a working document. Please send any ideas, feedback, or questions to james.koshiba@gmail.com.

Economic stress in Hawaii will be deep and prolonged due to our heavy dependence on the travel industry. The next “curve to flatten” will be the rise of housing instability and homelessness in the islands. This paper offers some ideas for how to get in front of that curve. It is based on a review of available data and consultation with housing counselors, homeless service providers, advocacy groups, developers, real estate agents, and people who currently lack or are at risk of losing housing. It is not intended as a “blueprint,” but rather to draw attention to issues, opportunities, and possible priorities that can help prevent a housing crisis in the coming months.

Gaps and Windows of Opportunity

Gap 1: Prolonged needs, short-term aid. Most relief efforts are currently short-term: PPP loans (8 weeks payroll); \$600 UI Plus-Up (to July 31); rent suspension in public housing; temporary shelter via tents at POST. Homeowners with federally-backed mortgages get the longest relief under the CARES Act: up to a year of mortgage forbearance. Federal assistance may be extended, but Hawaii’s recovery will likely take longer than the rest of the country, and may outlast federal aid. Currently, federal aid is set to expire at the end of July, with housing distress expected to surge at that time.

Gap 2: Support for renters is lacking. In early April, Hawaii saw a 10-15% increase in missed rent¹ and local and national experts expect a much bigger number in May.² While federally-backed homeowners have mortgage forbearance for up to a year, there is no federal relief for renters. The CARES Act provides a 120-day moratorium on evictions, but back rent is still owed, which could result in demands for lump-sum payments and evictions once the moratorium passes. We need to protect low-income renters from losing their homes and ending up doubled up, in crowded shelters, or on the streets. Counties have started to direct Emergency Services Grants and Statewide Homeless Emergency Grants to eviction prevention, but these funds are reserved for very-low-income households, and demand will quickly outstrip funding supply.

Gap 3: More people becoming homeless who do not qualify for existing homeless programs. More people are becoming homeless now due to COVID-19-related early release from prison; de-crowding of shelters; declining couch-surfing options; and economic distress. They do not qualify for existing housing vouchers and homeless programs because the programs prioritize people in “chronic” homelessness, i.e., consistently homeless or multiple bouts of homelessness in the past year.

Window 1: A soft rental housing market. With so much uncertainty in the housing market, and out-of-state demand slack, it’s a prime opportunity to get local renters into housing on favorable terms. Landlords are often reluctant to rent to low-income voucher-holders (e.g., Sec 8) , but vouchers are now a reliable and therefore attractive source of rent. When the visitor economy reopens, housing competition will resume. Some are even predicting a spike in competition/prices due to pent up global

¹ Consultation w Legal Aid Society and estimates of property managers. Also consistent with national estimate.

² <https://www.cnn.com/2020/04/10/politics/rent-relief-programs/index.html>

demand and “disaster capitalism” (scooping up Hawaii properties for profit while prices and demand are depressed).³

Window 2: Federal funding related to housing. The CARES Act provides new housing-related funds to Hawaii via FEMA and HUD.⁴ These programs can be used to fund housing development, rent assistance, and housing services. How we use these funds now will determine the depth and duration of our coming housing challenge.

Window 3: Community rallying to support those in need. There is currently abundant community support to address the needs of vulnerable people, including those who are unhoused or at risk of losing their housing. Community-driven efforts range from donating hygiene supplies and food, to quickly creating housing, and establishing safe areas for people who are unsheltered. We should foster and tap this wellspring of community support while we have it -- using government resources to leverage and encourage community responses whenever possible rather than having government “go it alone.”

Ideas to Get Us In Front of the Curve

Here are steps we can take now to get in front of the housing curve, with attention to the gaps and above. The ideas focus on state and local government responses (including use of new federal funds now available), and community and philanthropic actions, rather than on federal policy.

1. Fund additional outreach positions with hazard pay to get people who are unhoused and marginalized by language, geography, etc. to get qualified for their stimulus \$ and UI benefits. These funds are essential to stabilizing people in housing, and can get unhoused into housing with initial deposits and rent.
2. Fund housing counseling in homeless service agencies to conduct landlord outreach and place unhoused people with vouchers into rental units, given the market window of opportunity
3. Fund housing counseling for housed folks to help renters negotiate with landlords, and help homeowners negotiate with lenders/servicers.
4. Fund financial counseling to help low-income folks plan for how to use their short-term relief \$ for prolonged economic downturn. The \$1,200 stimulus and \$600/week UI Plus-Up means some will have a short-term surplus of cash. Helping people plan for how to use it is critical.
5. Publish State guidance for landlords and property management companies on how to structure rent relief with their tenants. Emphasize longer-term repayment plans, minimal interest/fees, and no balloon payments.
6. Fund and implement rent relief as flexible low/no interest/fee loans (rather than grants) to renters that can be repaid over several months or years. Loans will stretch funds further and align with renters’ changing ability to pay (e.g., stimulus payments plus UI Plus-Up mean many unemployed people will get an income boost).⁵ CDFIs (flexible underwriting) and banks (loan capital) will be key to deploying rent/mortgage relief loans. Relief loans can also benefit homeowners without federally-backed mortgages (Hawaii has more non-backed mortgages than the US).
7. Open underutilized land, hotels, buildings, parking structures, to provide safe, stable places for unhoused people to be, with a focus on properties that could become permanent housing. Look first

³ <https://www.zillow.com/research/page-views-for-sale-listings-2020-26829/>

⁴ <https://bipartisanpolicy.org/blog/housing-and-infrastructure-provisions-in-the-cares-act/>;

<https://crsreports.congress.gov/product/pdf/IN/IN11319>

⁵ HCF Resilience Fund-funded rent relief grants including CNHA and Helping Hands Hawaii were oversubscribed within days of opening. <http://helpinghandshawaii.org/hawaii-resilience-fund/>;

https://huiclaims2.hawaii.gov/UI_ClaimWEB/pages/calculator/calculator.jsf

to government properties, hotels, and church lands for new affordable housing (many churches are already looking for ways to use their lands for affordable housing).

8. Streamline land use and entitlement requirements for projects by nonprofit developers that quickly produce safe, low-cost, sustainable, housing for those who need it. Puuhonua O Waianae Mauka and the Kauhale in Waimanalo provide roadmaps for housing that can be produced quickly, affordably, and in-line with the intent of land use, building codes, and sustainable communities plans.

Conclusion: Guiding Principles

To flatten the curve of housing distress, we need to broaden our view from emergency response and begin paying equal attention to prevention and posterity. Here are some guiding principles, based on the windows and gaps available to us now:

1. Use short-term “relief” in ways that align with long-term needs and opportunities.
2. Take advantage of a soft housing market to get local people into homes on favorable terms.
3. Mind the gap in support for renters who constitute almost half of Hawaii residents⁶
4. Focus on steps that leverage/foster community and private contributions
5. Adjust as more data becomes available

Ultimately, the community is our safety net. While government, business, and philanthropy are key players, we need to encourage and invest in people and organizations that are already tapping community energy and resources to solve our coming housing challenge. We should follow the lead of community whenever possible, and deploy public and private sector resources to support their efforts -- “solving with” rather than “solving for” community.

⁶ <https://www.move.org/states-with-highest-lowest-owner-occupied-homes/>