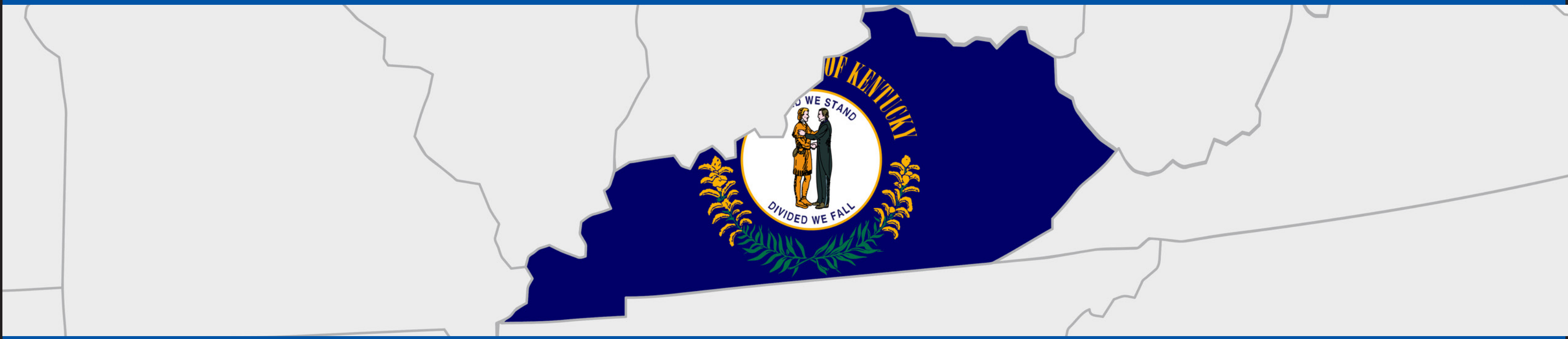

Impact of the Coronavirus Pandemic on Housing

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Wear a mask. Wash your hands. Stay home if you are sick. We have all become familiar with the CDC guidelines on staying safe during this unprecedented time. But what if you are at risk of losing your home because you are unable to pay your rent or mortgage? This is the challenge that approximately 288,000 or 10% of Kentucky households have faced throughout the past year.

The U.S. Census Bureau began the Household Pulse Survey, which surveyed American households each week beginning in April of 2020, to understand how the pandemic is impacting families across the country. The Census has collected data in three completed phases, with results being release from May 5, 2020 through July 21, 2020, August 31, 2020 through October 26, 2020, and October 28, 2020 through December 21, 2020. These data have provided a unique snapshot of households' ability to handle the economic shocks related to the pandemic. The growing picture shows two different stories in terms of a household's ability to maintain its way of life with owners and renters comprising the divergent narratives. This policy brief outlines the differences between these two populations in Kentucky and how this compares to what is happening across the nation.

Approximately 67% of occupied housing units in Kentucky are owned by the occupants, while only 33% are rented by the occupants. Using the responses from the Pulse survey, we can estimate how the economic crisis brought on by the COVID-19 pandemic has impacted these two populations' ability to cover monthly housing costs. This included questions where respondents selected their ownership status (own, rent, no montly payment) and monthly payment status. In Phase One, payment status included: Yes, No, and Payment Deferred. However in Phase Two, the payment deferral option was dropped as a potential answer. The next sections explore the Pulse Survey responses across all three phases in the US and Kentucky.

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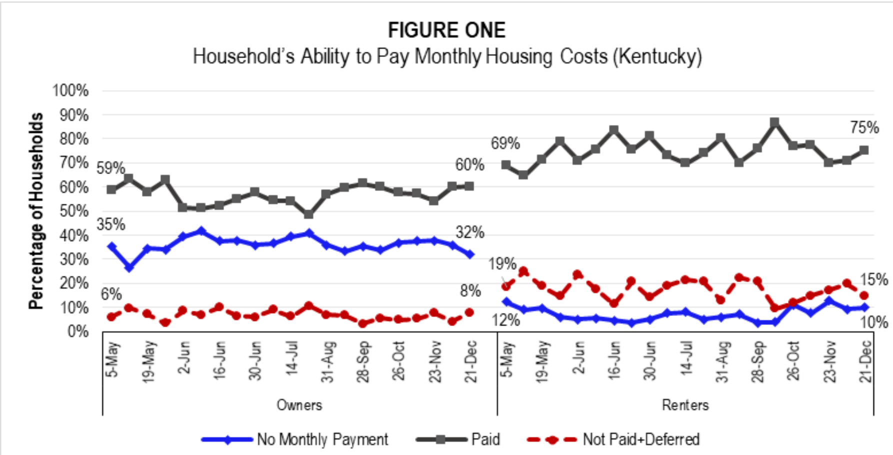
Payment Status

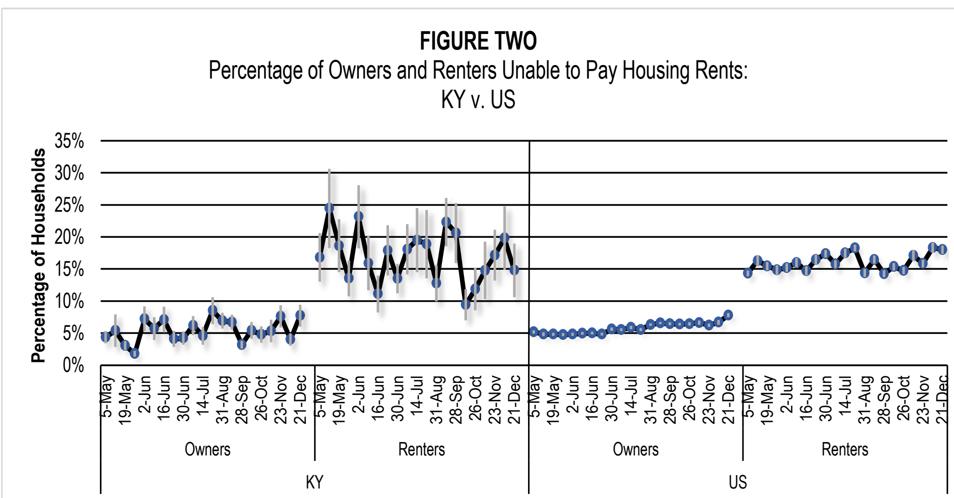
We see two different stories emerge for owners and renters in the state of Kentucky from these estimates. Figure One shows Kentucky households' ability to make rent or mortgage payments from May to mid-December. It is split between Owners (left) and Renters (right). The gray line represents the percentage of households who indicated that they paid their rent or mortgage. The blue line shows the estimated percentage of households who do not have a rent or mortgage payment. The red line indicates the percentage of households who cannot pay or have deferred their rent or mortgage payment.



Author's calculations from: U.S. Census Bureau. Housing Tables 1a. & 1b. (Weeks 1-21). Household Pulse Survey Data Tables. Retrieved from: https://www.census.gov/programs-surveys/household-pulse-survey/data.html

Overall, a higher percentage of renters cannot pay monthly housing costs versus homeowners. The percentage of renters stating they cannot make monthly rent payments or have deferred these payments ranged between the 24.5% (approximately 238,000 households) on May 12th to 9.1% (approximately 59,000 households) on October 12th. Since that dip in mid-October, the percentage of renter households unable to pay their rent has steadily increased back to 20% at the beginning of December. Owners stated less variability in their ability to make payments with 3% (approximately 64,000 households) to 10% (approximately 224,000 households) of owners indicating they could not cover their housing expenses between April and December.

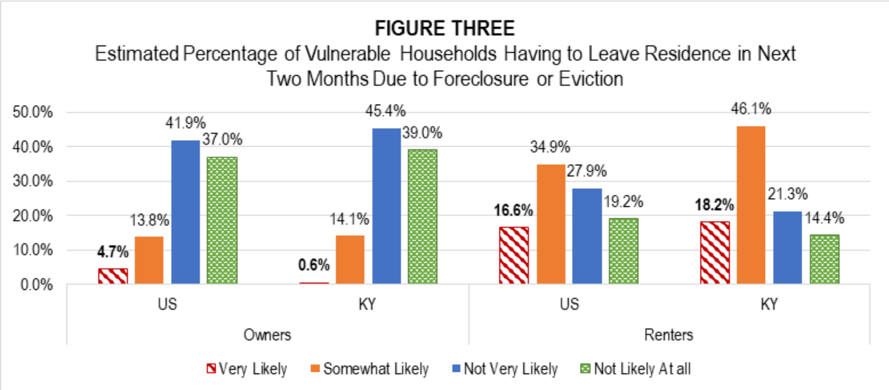
How does Kentucky compare to the US as a whole? Figure Two displays the percentage of owners and renters in Kentucky compared to the US who selected "not paid" or "deferred". Respondents from Kentucky reported "not paid" and "deferred" with greater variability than in the US. Kentucky owners reported lower incidence of non-payment than the US for twelve of the twenty-one weeks for which data was collected. Conversely, a larger percentage of Kentucky renters reported an inability to pay or that they had deferred their monthly rents compared the US over sixteen of the twenty-one weeks that data were collected. Figure Two compares the percentage of households who cannot pay monthly housing costs in Kentucky and the United States. Overall, Kentucky and the US follow the same trajectories across time, with Kentucky showing more variability due to the survey sample size. The line indicates the estimated percentage, and the grey line displays the estimated confidence interval around each point (90% Confidence Interval). On either side of the graph (KY v. US), a greater percentage of renters cannot pay or deferred their monthly housing payment compared to home owners at any point across the time period that households were surveyed.



Author's calculations from: U.S. Census Bureau. Housing Tables 1a. & 1b. (Weeks 1-21). Household Pulse Survey Data Tables. Retrieved from: https://www.census.gov/programs-surveys/household-pulse-survey/data.html. These totals include the estimated number of households who could not pay their rent or mortgage or deferred their rent or mortgage.

Foreclosures and Evictions

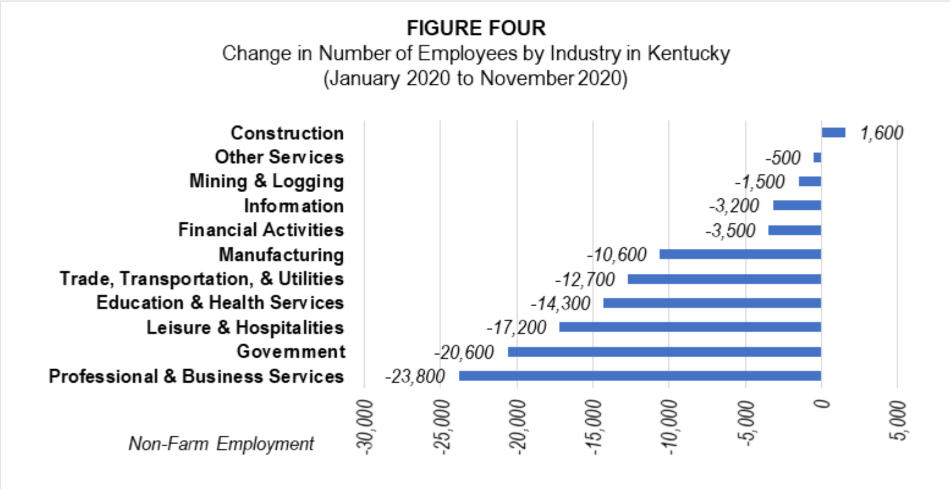
This stark contrast between owners and renters continues when estimating the likelihood of foreclosure on a mortgage or eviction from a rental property. If respondents indicated "no" on Question 40 ("being caught up on rent or mortgage"), the Census asked owners and renters a follow up question denoting the likelihood of losing possession of their home in the next two months. Respondents indicated this by selecting a response from "Very Likely" to "Not Very Likely" (4 point scale) on the questionnaire. Figure Three shows these responses as percentages for each category, owners versus renters, with the denominator being the number of susceptible households that indicated they felt housing insecure in Question 40. Overall, these estimates show that, even for households who indicate they are not caught up on mortgage payments, homeowners feel more secure than renter households. This trend holds true in Kentucky and across the United States as a whole; 46% of Kentucky renters, compared to 34% in the US overall, indicated evition was "Somewhat Likely" and 18% indicated it was "Very Likely" (16% in the US overall).



Author's calculations from: U.S. Census Bureau. Housing Tables 3a. & 3b. (Week 21). Household Pulse Survey Data Tables. Retrieved from: https://www.census.gov/programs-surveys/household-pulse-survey/data.html

Employment

Given that paying for housing and food is contingent upon income, job losses due to the COVID crisis have made individuals and households more susceptible to falling behind on housing rents. With the change in non-farm unemployment in Kentucky spiking to 16.6% in April and falling to 7.4% in October, most industries, with the exception of Construction, have lost employees across this time period. Figure Four displays the change in the total number of employees by industry between January and November of 2020. Professional & Business Services (23,800 jobs), Government (20,600 jobs), and Leisure & Hospitalities (17,200) had the greatest reduction across this time period. Construction was the only industry to see an increase in the number of employees.



Source: U.S. Bureau of Labor Statistics (Nov. 2020). "State and Metro Area Employment, Hours, & Earnings." Retrieved from: https://www.bls.gov/sae/data/

Conclusions

The impact of COVID-19 has been felt throughout the Kentucky economy over the last year and will reverberate in the coming months. With the passage of the second stimulus bill by the 116th Congress, the Pandemic Unemployment Assistance program and eviction protections, created under the CARES Act and extended with multiple executive orders by President Biden, were extended through June 2021, protecting thousands of households from eviction and retaining the extended unemployment benefits for these households. These programs assist many households in bridging the financial gap created by jobs lost throughout the past year. Without these safety nets, thousands of Kentuckians could be without income and evicted from their homes.