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Rental Housing and Community Housing Stability in the Midst of Disasters: Opportunities for University Extension

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ABSTRACT

Residential rental property owners are a major stakeholder in the U.S. housing market, yet remain relatively understudied. This study focused on the impacts of the COVID-19 pandemic on this group in four cities across the U.S. and examined the level of financial stress that different strata within the group experienced. Recognizing the key role that University extension plays in addressing housing issues across the nation, we utilize survey findings of the study to recommend rental housing and rental registry as key areas that can enhance impactful programmatic opportunities. The study offers recommendations to meaningfully engage communities.

INTRODUCTION

The COVID-19 pandemic created unprecedented challenges for the rental housing sector, generating instability for tenants and residential rental property owners (RRPOs) alike. This paper discusses the results of a funded research project focused on understanding how RRPOs responded to the pandemic. Housing researchers frequently consider the role of private rentals in housing markets, yet rarely are owners the central focus of policy-oriented research and evaluations (Garboden and Rosen 2018). This study allowed us to learn more about the characteristics of property owners, the differences between different types of RRPOs, and most importantly, the vital role that rental housing plays in generating housing stability (Rongerude et al, 2020). Based on the findings from this study, we argue that University Extension can make a significant impact at the community level by working with local governments to implement rental registry programs.

This paper begins by asking how the COVID-19 pandemic affected the businesses of local RRPOs. Business stress can lead to challenges with property maintenance, financial viability, and the desire to remain in the rental property business. In communities where housing market conditions make it difficult for property owners to provide adequate housing for a reasonable return, this can mean the loss of existing units and further tightening of the market. Abandonment can increase as can rents. Based on the findings of this study, this paper makes a case for University Extension to play a greater role in addressing rental housing stability, especially in small and rural communities.

The Disparate Impacts of the Pandemic

When public health and safety required that everyone except essential workers shelter in place, few jurisdictions had existing policies that could guide action to protect local housing stability. While countless individual RRPOs took compassionate and caring action in relation to their tenants–forgiving late fees, discounting rent, or forgoing rent altogether–such actions were not sustainable over the long term and did not benefit all tenants equally. The federal eviction moratoria, though controversial for many, were an effort to protect public safety until a policy solution could be put in place.

The impacts of the pandemic were not distributed evenly across the population and instead amplified existing social vulnerabilities (Chetty et al. 2020, Gemelas et al. 2021, Kim and Bostwick 2020). Older populations were heavily hit (Cummings et al. 2020) as were low-wage workers, particularly those working in service industries (Chetty et al. 2020, Cho and Winters, 2020). Given that health and economic vulnerability correlate strongly with race and ethnicity (Kawachi, Daniels and Robinson 2005), it is not surprising that pandemic impacts also correlated with race and ethnicity (Gaynor and Wilson 2020, Gil et al. 2020, Golestaneh et al. 2020). These impacts compounded existing barriers that certain groups face within the housing market due to characteristics such as socio-economic class, race, national origin, age, disability status, or gender (see for example, Turner et al. 2016, Oliveri 2009, Parker and Leviten-Reid 2021). This study is a first step in trying to understand how RRPOs were affected by the pandemic and how their responses may have contributed to tenant outcomes.

Why Rental Registries Matter

Our experience identifying RRPOs to contact for our study highlighted the value of rental registries. At its most simple, a rental registry is an online list maintained by the city that provides the name and contact information for the owner of each rental property in the city. Our research design required that we administer an online survey to individuals who own and manage residential rental properties in one of four cities. As we struggled to identify RRPOs and to find ways to contact them via email, we recognized that local governments were going to face a challenge reaching out to RRPOs as well. As we spoke with public officials to understand how they collaborated and partnered at the local level to provide assistance to tenants and RRPOs, the rental registry emerged as an opportunity. With the magnitude of the social and economic slowdown and the confusing array of assistance from federal, state, and local levels, rental registries could make the disaster management process more efficient. If cities had registries and the ability to access those registries across departments, staff and local officials could better disseminate important information to their local RRPOs.

The Study: Overview

In 2020, we began a mixed-methods study to collect ephemeral data related to how individual RRPOs were responding to the pandemic. The overarching research question guiding this study was**:** What factors are influencing the decision making of residential rental property owners during the COVID-19 pandemic? This paper discusses the findings related to two sub-questions within that larger study: (1) How has the COVID disaster impacted the businesses of residential landlords? And (2) How might improving our understanding of the constraints facing residential landlords affect policy responses to housing insecurity during disasters?

Our study investigated four U.S. cities: Des Moines, IA; Minneapolis, MN; Tampa, FL; and Cleveland, OH. These cities have varied housing stocks, socioeconomic characteristics, and political orientations. Importantly, each provided unique state and local responses to the COVID housing crisis. We selected these cities based on several criteria. First, we identified cities with municipal ordinances that require landlords to register their properties with their city. Without these rental registries, identifying rental properties and the owner contact information would have been cumbersome and time consuming, making it difficult to complete this phase of the study in a timely manner. We then looked for cities with diverse populations, housing markets, and housing stocks.

METHODOLOGY

This larger study used two research techniques – an online survey and semi-structured interviews; however, this paper will focus on the quantitative component. First, we used the rental registry from each city to contact RRPOs to participate in a brief online survey. For recruitment, we emailed an invitation to every landlord in the rental registry with an identifiable email address. We described the purpose of the study and the importance of their participation in this critical yet understudied topic. We provided a small monetary incentive to encourage participation (e.g., entry into a drawing to win a $100 Visa gift card).

The survey covered three broad areas. The first set of questions asked about owner and portfolio characteristics including demographic information, portfolio size, operating income and expenses, outstanding debt, and ownership structure. The next set asked respondents how their rental business had been impacted by the COVID-19 pandemic (i.e.. have tenants stopped paying rent or organized rent strikes, has it been harder to fill vacancies, and have they delayed building maintenance). The final set asked whether they received support from lenders or COVID-related federal, state, or local programs.

Table 1 provides basic information about the registries in each of the study cities. As these data show, the completeness varied dramatically across the sample. For example, in Minneapolis, there were over 12,000 unique owners in the rental registry who collectively operated nearly 90,000 rental units. When we compared the Minneapolis registry with housing estimates from the 2020 American Community Survey (ACS), we found that approximately 95% of Minneapolis rental units have corresponding registry records. Equally important for our survey, nearly 75% of owners in the Minneapolis registry had corresponding email addresses. In the other study cities, both the size of the registry and the completeness of the information they contain varied significantly. For example, the Tampa registry included fewer than 5,000 unique owners who operate around 11,000 units. Based on ACS estimates, this represents just 14% of the rental housing stock in the city. In Cleveland, the registry contained approximately 25% of the city's rental housing, but essentially none of these records had owner email addresses. As a result, we had to manually search for email addresses from secondary online sources. In Des Moines, the registry covered approximately two-thirds of the city's rental housing stock.

Table 1
Survey responses and rental registry data in the four study sites

City	Valid Responses	Owners in Registry	Share of Owners with Emails	Units in Registry	Share of City's Total Rental Units*
Tampa	120	4,893	99%	10,841	14%
Cleveland	89	19,175	0.33%	26,114	25%
Des Moines	205	3,515	29%	13,563	41%
Minneapolis	1,016	12,340	75%	89,371	95%

** Share of total rental units represented in the registry based on 2020 ACS Estimates.*

We used the survey data to study how RRPOs had been affected by the pandemic and whether these impacts varied by owner characteristics or other RRPO-based variables. We made our data available to the public via an online dashboard (Rongerude et al, 2021). To demonstrate what researchers and local practitioners can learn once they are able to reach out to RRPOs and why that might be important, we present here a series of regression model findings measuring whether an owner reported a negative business impact from the Covid-19 pandemic.

ANALYSIS AND FINDINGS

Using linear regression models, we analyzed associations between RPPO characteristics and reported impacts from the pandemic. In these models, our outcome variable is a binary measure of whether or not the survey respondent indicated that the pandemic had impacted their business in one of the following ways: increased frequency of tenants missing rent, increased frequency of tenants vacating units early, increased overall vacancy, increased difficulty finding new tenants, or decline in operating cash flows. We modeled this outcome based on multiple owners (age, race, income, employment, etc.) and business (rent, portfolio size, etc.) characteristics. First, we modeled all the cities in our study together to investigate overall patterns. We then modeled each city individually and compared how the associations between owner and business characteristics and pandemic stress varied across cities.

Table 2. provides the summary results of this analysis. Model 1 shows the results of the full model with all four cities. The reference in this model is Minneapolis, meaning each of the city coefficients represents differences in owner stress relative to Minneapolis RRPOs. Only the coefficient on the Cleveland model is statistically significant and negative, suggesting that respondents from Cleveland were more likely to report pandemic impacts. Across all cities, our models suggest that Black owners were more likely to report pandemic impacts, as are owners with portfolios over 25 units. Our models also suggest negative associations between reported pandemic stress and older owners (over 65), newer owners (owned rental properties for less than 5 years), experienced owners (owned rental units over 15 years), and owners of a single rental unit. Finally, we find a negative association between average rent across an owner's portfolio and the likelihood they reported an impact from the pandemic.

When we compare the size and direction of coefficients between the individual city models, although the estimated error varies from model to model, we find very little difference in the associations between owner characteristics and reported stress. This suggests that while reported levels of owner stress do appear to vary between cities, and certain owner characteristics are associated with stress, there is little difference between places in these latter associations.

Table 2
Regression analysis findings

	(1)		(2)		(3)		(4)		(5)	
	All Cities		**Cleveland**		**Des Moines**		**Tampa**		**Minneapolis**	
	Estimate	**Std. Error**	**Estimate**	**Std. Error**	**Estimate**	**Std. Error**	**Estimate**	**Std. Error**	**Estimate**	**Std. Error**
(Intercept)	1.242***	(0.122)	0.986	(0.519)	1.483	(0.349)	1.882***	(0.4)	0.959***	(0.155)
Black (1 = Yes)	0.156**	(0.06)	0.222	(0.119)	0.473*	(0.208)	-0.024	(0.157)	0.133	(0.083)
Male (1 = Yes)	0.041	(0.026)	0.013	(0.085)	-0.048	(0.069)	0.028	(0.089)	0.056	(0.031)
College educated (1 = Yes)	-0.052	(0.036)	0.08	(0.105)	0.014	(0.076)	-0.094	(0.111)	-0.102*	(0.048)
Under 35 (1 = Yes)	-0.057	(0.036)	-0.171	(0.136)	-0.233*	(0.099)	0.164	(0.205)	-0.017	(0.041)
Over 65 (1 = Yes)	-0.148***	(0.041)	-0.349**	(0.112)	-0.178	(0.097)	-0.303*	(0.127)	-0.085	(0.053)
Has Other Job (1 = Yes)	-0.056	(0.034)	-0.031	(0.091)	-0.113	(0.08)	-0.158	(0.107)	-0.035	(0.043)
Income under $75k (1 = Yes)	-0.039	(0.033)	-0.027	(0.108)	-0.052	(0.082)	-0.233	(0.126)	-0.031	(0.041)
Income over $125k (1 = Yes)	-0.056	(0.031)	-0.007	(0.112)	-0.034	(0.076)	-0.024	(0.115)	-0.069	(0.037)
Owned less than 3 yrs (1 = Yes)	-0.073*	(0.034)	0.106	(0.107)	-0.054	(0.093)	0.145	(0.188)	-0.112**	(0.039)
Oved over 15 yrs (1 = Yes)	-0.067*	(0.032)	0.097	(0.104)	-0.063	(0.08)	0.02	(0.107)	-0.084*	(0.04)
Avg Rent (log)	-0.138**	(0.047)	-0.083	(0.224)	-0.257	(0.145)	-0.383*	(0.15)	-0.074	(0.056)
Owns 1 Unit (1 = Yes)	-0.269***	(0.027)	-0.35**	(0.104)	-0.403***	(0.077)	-0.223*	(0.096)	-0.245***	(0.033)
Owns over 25 Units (1 = Yes)	0.18***	(0.052)	0.055	(0.132)	0.228*	(0.113)	0.099	(0.167)	0.199**	(0.069)
Cleveland	0.127*	(0.06)	--		--		--		--	
Des Moines	-0.003	-0.038	--		--		--		--	
Tampa	-0.006	-0.046	--		--		--		--	
N	1,430		89		205		120		1,016	
R-Sqrd	0.151		0.33		0.254		0.235		0.121	

* p < .05; ** p < .01; *** p < .001

OPPORTUNITIES FOR EXTENSION

Many University Extension programs are already engaged in housing-related issues. Often these initiatives are connected to community development efforts or community needs assessment toolkits and include a focus on economic development (Tinsley et at, 2008; Barta & Woods, 2002), housing quality (Booth and Peek, 2013), and/or consumer information (Loibl, 2014). They may be short term programs with a specific focus, such as seniors aging in place, or comprehensive programs intended to build community capacity and spearhead community change. For example, at Iowa State University, the Community and Economic Development Extension Unit has a robust housing outreach program. In addition to providing educational content to assist communities to better understand their housing situation and trends, the Extension Unit also conducts housing needs assessment on request. In the past three years, their Rural Housing Readiness Assessment (RHRA) program has provided communities with a comprehensive assessment of the state of their housing. Offered in collaboration with the Iowa Economic Development Agency, this program has proven useful for Iowa communities in a relatively short amount of time. About 40 cities have enrolled in the RHRA program at the time of this writing (RHRA, 2023).

Despite this breadth of housing engagement, rental housing is seldom an area of interest within Extension programming. However, private market rental housing has an important place within the housing-related work carried out by Extension (Das et al., 2015). Rental housing occupies an important place within the housing ecosystem of any community, urban or rural. Homeownership is not an option for all people— whether because of age, income, immigration status, lifestyle, or other factors— and an adequate supply of high quality rental units is essential to facilitate local housing choice. RRPOs, tenants, lenders, non-profits, building professionals, and local officials all need to be engaged in local rental housing efforts. Through their statewide networks, Extension Units are well situated to make this happen.

The pandemic provided an opportunity to better understand the rental housing sector, especially the role that RRPOs play in maintaining local housing stability. The study presented in this paper highlights the effects that the pandemic had on local rental housing markets, but also the value of local rental registries. The names of RRPOs are often hidden away in county assessor databases, which may or may not be accessible to municipal decision-makers; and even within these databases, ownership is often obscured through the use of LLCs or other forms of corporate ownership. A well-designed rental registry addresses these challenges.

Rental registries and rental code enforcement become sensitive issues when these municipal tools for ensuring health and safety are viewed as unnecessary intrusions into the housing market. However, many communities recognize their value. For example, RHRA learned that in Iowa 85 of the 940 municipalities have rental registries. Given the study findings and the frequent skepticism among local governments in rural areas toward the need for rental housing (Osinubi et al, 2022), Extension has an opportunity to demonstrate the value of rental registry among stakeholders. Places are better prepared to respond to rental housing market disruptions if they know who owns the rental properties in their community and how to contact them. Through community engagement and strategic planning efforts, Extension plays a pivotal role in educating and facilitating local action and change. The RHRA program at Iowa State mentioned above has put rental registries at the center of their work.

Rental registry ordinances, when well designed and enforced, can be invaluable tools to help communities make data-driven decisions and improve the quality and affordability of their rental housing stock. Our research, and the related work by our Extension colleagues, has brought us into contact with a number of communities, both small and large, and we have found that it is difficult to predict which places will have a rental registry. Many towns created their rental registries as a way to establish a communication channel with RRPOs. While the scope of information may vary by city, this basic information is at the heart of every registry, and is exactly why registries are so important. It provides a mechanism for city staff to contact rental housing owners, a link that could be used when local policies or building codes change, when new training or educational materials become available, or when disasters or market shocks necessitate services and support. The registry is a database that allows a city to communicate with RRPOs over matters of concern.

CONCLUSION

While most of the nation's rental housing stock is concentrated in urban and suburban areas, it remains important to the housing market in rural areas as well. University Extension is a stakeholder with the capacity to make an impact on a community's housing stability in the face of disasters, especially in rural regions. The pandemic demonstrated the challenges that can arise when disasters affect the ability of tenants to pay their rent. A registry with the name and contact information for the RRPOs in a jurisdiction would have allowed local governments to reach out and provide targeted support more efficiently. Rental registries also provide real time information about the number of rental units in a jurisdiction and who is investing in local real estate. Depending on community goals and political culture, the registry can also be connected to housing inspection or licensing requirements. For smaller, rural communities, housing quality, affordability, and choice are often pressing concerns. When all property owners are held accountable for maintaining their properties, it supports housing choice within the market and establishes a community norm of decent housing.

While the general perception is that tenant advocates support registries and RRPOs do not, in practice, the reality is more complex. Those who object to registries often cite privacy concerns. This can be tenants who feel there is too much information in the public domain about the space they call home or RRPOs who feel that a registry leaves them vulnerable to aggressive tactics from community organizers. The real estate industry often argues that registries create unnecessary expense and regulatory burden for rental property owners, which they claim forces them to raise their rents. Those in favor of rental registries point out the value of transparency regarding the ownership of rental housing units. Supporters can include tenant advocates, but also investors and investor groups who see access to ownership information as beneficial. Finally, data from a rental registry can be long-term in nature, allowing both parties to learn of tenant and RRPO issues better and work toward resolving them.

With its strong presence in all parts of a state, access to academic research, and strong partnerships with stakeholder groups, Extension is well positioned to initiate or build on programs targeting rental housing, especially in small rural communities. We see an opportunity for University Extension throughout the nation to engage in programming geared toward resolving long-term rental housing instability with solutions that serve the tenants and the RRPOs. As our study demonstrates, the rental registry is a useful tool in that endeavor, and we recommend more cities consider having an inventory of all residential rental property that includes the name and contact information of the property owner.

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