

COVID-19

ECONOMIC IMPACT ON RENTERS

CHARLOTTE-MECKLENBURG



UNC CHARLOTTE
Urban Institute

COVID-19

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*Photo Credit, UNC Charlotte
Urban Institute*



TABLE OF CONTENTS

4

Introduction

6 Limitations

7

*Cost Burden
Estimates*

**9 Cost Burden
Estimates Pre-COVID**
**12 Cost Burden and
Job Loss Estimates by
Industry**

18

*Assistance
Prioritization*

20 Index Description
**21 Prioritized Census
Tracts**
**25 Estimated Cost to
Address Prioritized
Rental Needs**

29

Summary

31 Resources



INTRODUCTION



Introduction

COVID-19 has had an immediate impact on the housing stability of low-income renters in Charlotte and the nation. Eviction rates are expected to increase exponentially by the end of the year as early pandemic eviction moratoriums have lapsed and assistance programs struggle to meet growing need.

The pandemic has disproportionately impacted Black and Latinx people, who are both more likely to experience death and serious complications from the virus and also more likely to hold jobs lost during the pandemic or jobs that put them in harms way of COVID-19. In the Charlotte community, as in much of the country, Black and Latinx households are also more likely to be cost burdened.

This brief report summarizes recent data points that can inform ongoing decision-making about the housing instability

caused and exacerbated by the pandemic. The report describes estimates of cost-burden before the pandemic, cost burden related to pandemic job loss, and a prioritization assessment that draws from both estimates.

*Previous page:
Photo Credit: UNC Charlotte
Urban Institute*

*Source: United Way of Central
Carolinas, Crisis Assistance Ministry &
Charlotte-Mecklenburg Housing
Partnership*

Limitations

As with any research project, the data in this brief report has limitations that must be considered, including:

The majority of the data used in this report use numbers from sample estimates, meaning that a statistically representative portion (or sample) of the overall population is surveyed. The sampled data are used in statistical models in order to generalize estimates to the overall population. Estimates derived from statistical modeling are not exact numbers and are subject to some error.

Median rent is based on data from 2014-2018, and is likely an underestimate of current rental costs and related need.

Housing cost burden data are pre-COVID numbers and likely underestimate the current rental cost burden due to COVID-related job loss and other economic downfalls.

Cost-burden by industry is intended to provide a relative picture of what industries have been more impacted by the pandemic. Caution should be taken in summing these numbers and using the total as an absolute indicator of need.

Cost burden by industry applies rental-only cost burden instead of homeownership and rental cost burden estimates to all households, and may overestimate the cost-burden of owner households, total and by industry.

Despite limitations, with ongoing feedback from local data sources, the estimations can inform local decision-making.



COST BURDEN ESTIMATES

Estimates

*Approximately
36,735
Mecklenburg
County renter
households are
severely cost-
burdened.*

*Previous & current pages:
Photo Credit: UNC Charlotte
Urban Institute*

Cost-burden is defined as when a low-income household has to spend more than 30% of their gross income on housing-related expenses. If a household spends more than 50% of their gross income on housing-related expenses, they are considered severely cost-burdened. Lower income renter households who experience cost-burden are particularly at-risk, as ["the rent eats first"](#) and they may have more difficulty paying for needed expenses such as food or childcare. In Charlotte, Black and Latinx households are disproportionately cost-burdened.

This brief report discusses cost burden in two ways - total cost burden and relative cost burden. Both are helpful estimates to understand the impact of the pandemic on particularly low-income families.

The American Community Survey (ACS) is the primary data source used to track cost-burden at local and national levels. The

ACS utilizes weighted sample surveys to provide estimates of cost-burden, and is the most accurate estimate for total cost-burden. The ACS estimates that 44% (or 81,611) renter households are cost-burdened, 36,735 of whom are severely cost-burdened.

The report also uses estimates of cost-burden by industry provide to provide a *relative* understanding of what jobs have been lost. This relative picture of cost-burden may help inform rental assistance decisions but but the sum of the relative numbers overestimate rental cost-burden should be used with caution.

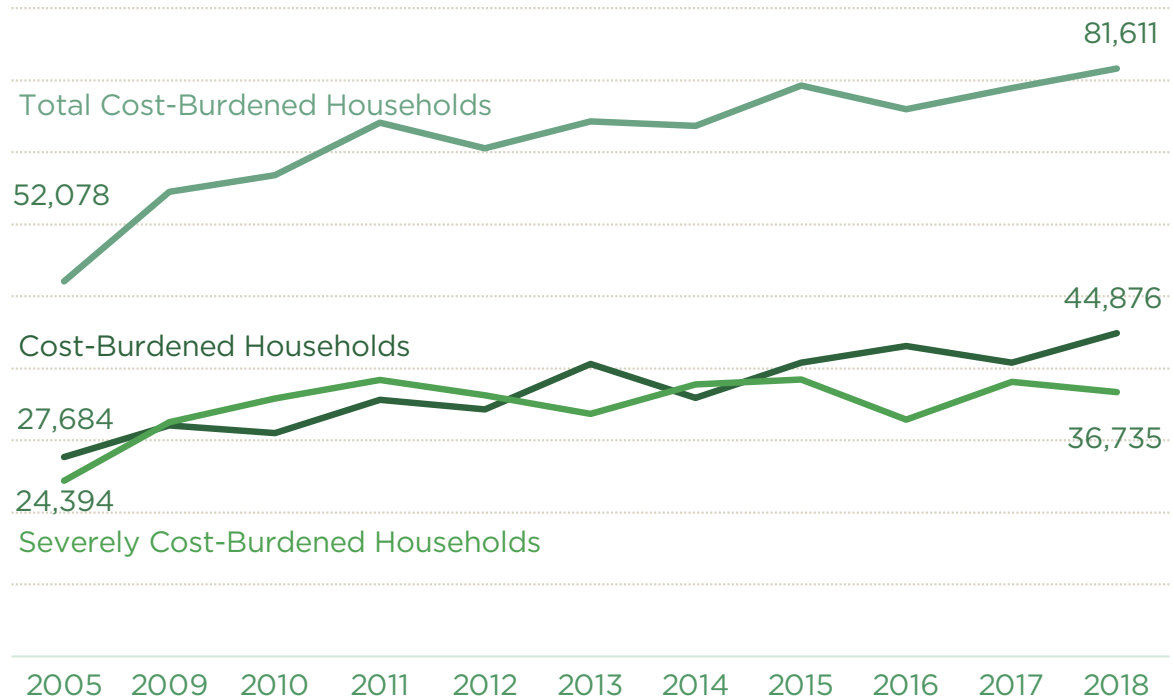
The Urban Institute located in Washington, D.C. (not affiliated with the local UNC Charlotte Urban Institute) uses both estimates to inform their Emergency Rental Assistance Prioritization Tool.

Number of Cost-Burdened and Severely Cost-Burdened Renter Households Mecklenburg County, 2010-2018

Approximately 20% of Rental Households are Severely Cost-Burdened

The American Community Survey estimates that 81,611 renter households (or 44% of all renter households) were cost-burdened in 2018, spending more than 30% on housing related expenses. Twenty percent of renter households (or 36,735) were severely cost-burdened, spending more than 50% of their income on housing-related expenses.

Source: American Community Survey, 1-year estimates

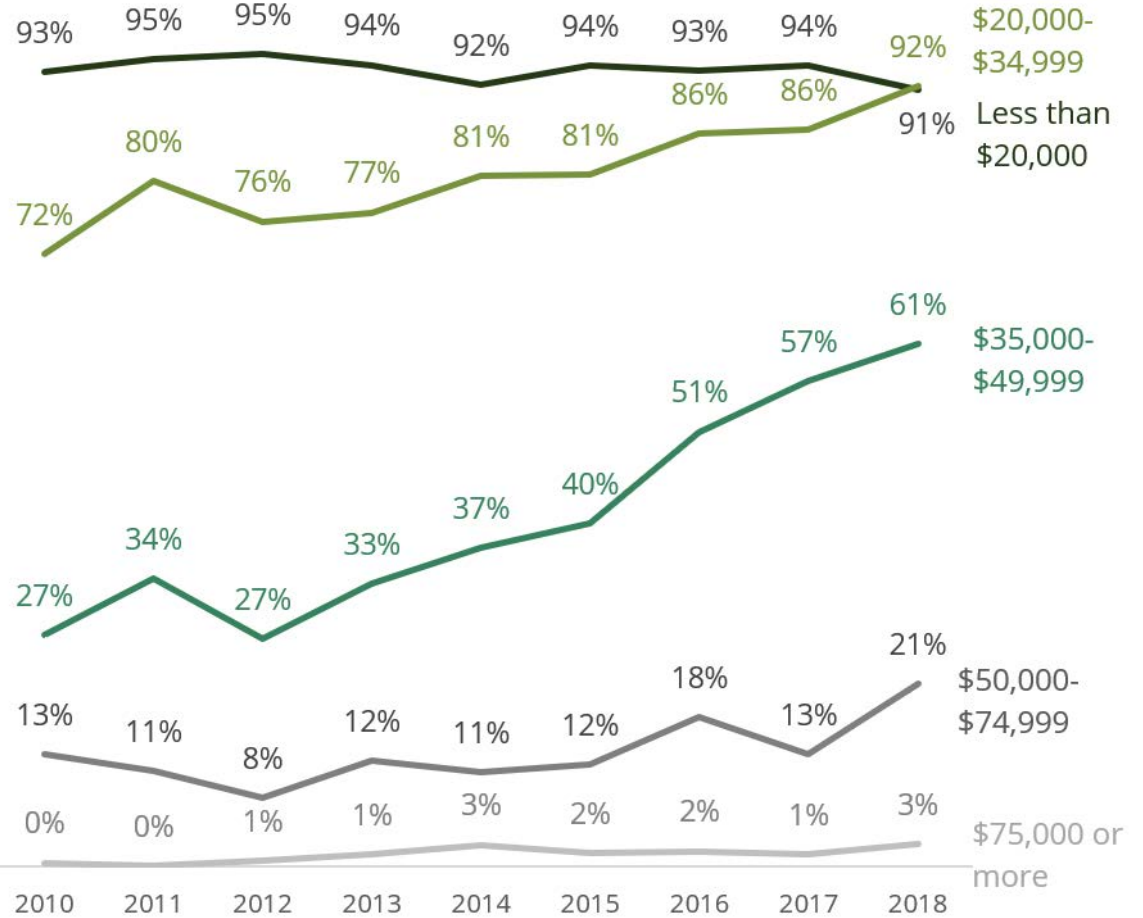


Percent of Cost-Burdened Households among Renter Households

Mecklenburg County, 2010-2018

91% of renter households earning less than \$20,000 and 92% earning between \$20,000-\$35,000 were cost-burdened in 2018

Nearly all renter households earning less than \$20,000 or between \$20,000-\$35,000 were housing cost-burdened in 2018; since 2010, this percentage has not dropped below 91%. Between 2012 and 2018, the share of cost-burden among more moderate-income renter households (earning between \$20,000 and \$75,000) has increased. A total of 53,806 renter households earning below \$35,000 were cost-burdened.



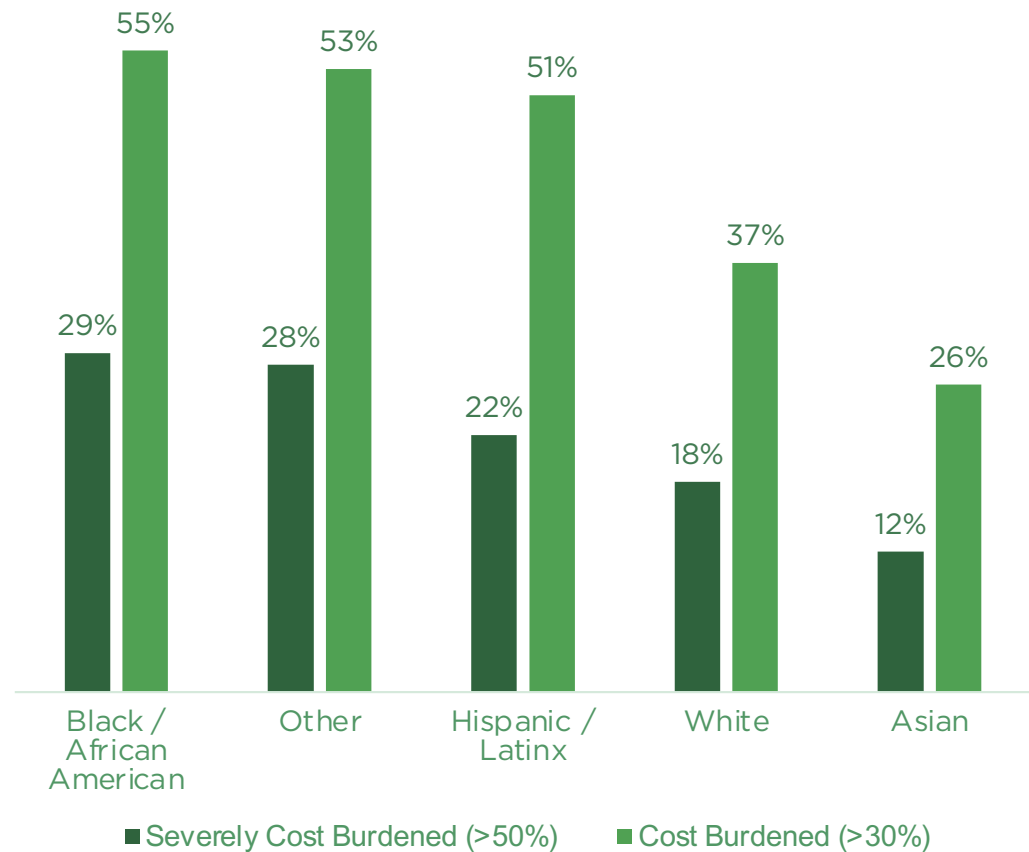
Source: American Community Survey, 1-year estimates

Share of Severely Cost-Burdened Renter Households by Race/Ethnicity Mecklenburg County, 2010-2015

Over 50% of Black and Latinx Rental Households are Cost-Burdened

The American Community Survey estimates that Black and Latinx renter households were disproportionately cost-burdened in 2015, spending more than 30% on housing related expenses. Twenty-nine percent (or 19,305) of Black renter households and 22% of Latinx renter households (or 4,563) were severely cost-burdened, spending more than 50% of their income on housing-related expenses..

Source: American Community Survey, 2011-2015 Selected Population Tables



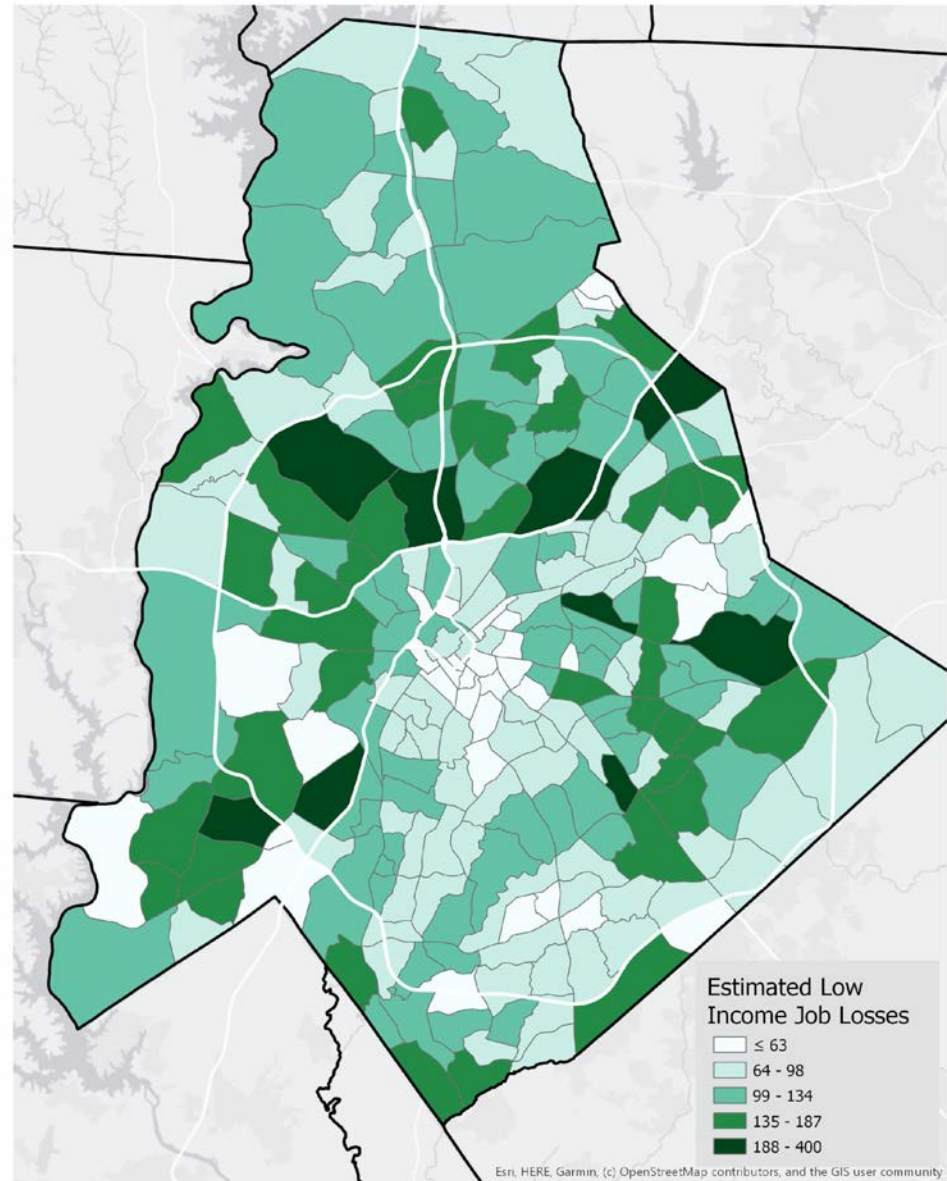
Housing Locations of Low-Income, Newly Unemployed Mecklenburg County, as of August 7, 2020

Mecklenburg County has lost an estimated 24,256 jobs to COVID-19

The national Urban Institute COVID-19 Job Loss [data tool](#) tracks the number of low-income jobs that have been lost due to COVID-19 by industry, and maps which neighborhoods are hit the hardest. Low-income jobs have annual earnings below \$40,000. The tool is updated regularly.

Job losses in Charlotte follow a familiar geographic pattern. Estimates suggest the highest concentrations of low income workers who lost their jobs during the pandemic are in neighborhoods in Northwest Charlotte, Southwest Charlotte, and parts of East Charlotte.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata; Map by UNC Charlotte Urban Institute



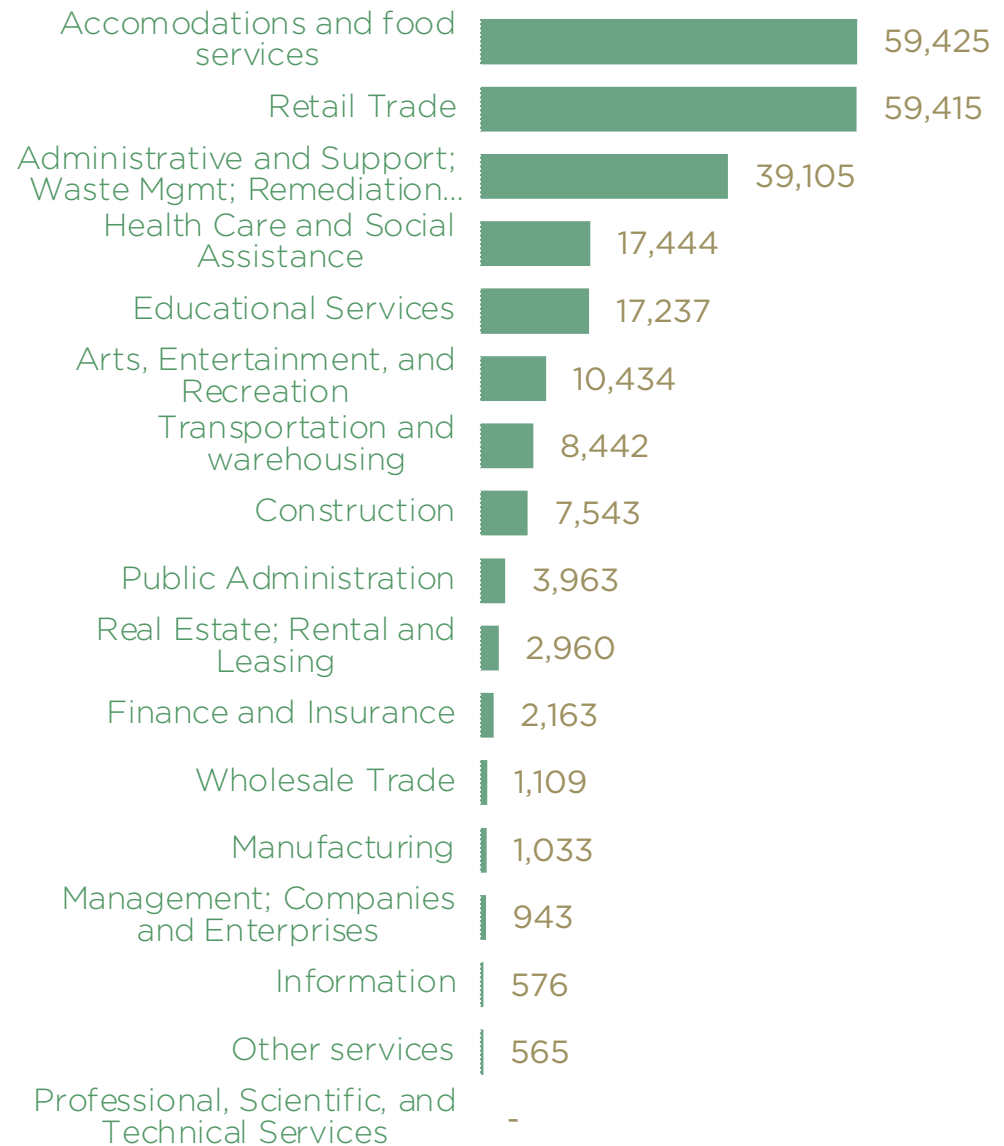
More accommodations & food services, retail, and administrative & support industry employees were cost-burdened pre-COVID

The graph to the right approximates the number of employees in each industry who were cost-burdened prior to COVID-19. Estimates based on renter cost-burdened by income, average income per industry, and total jobs by industry in Mecklenburg County. This graph applied rental instead of homeownership cost burden estimates to all households, and may overestimate the cost-burden of owner households.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata

Estimated Number of Cost-Burdened Households by Industry Pre-COVID

Mecklenburg County Households, 2018

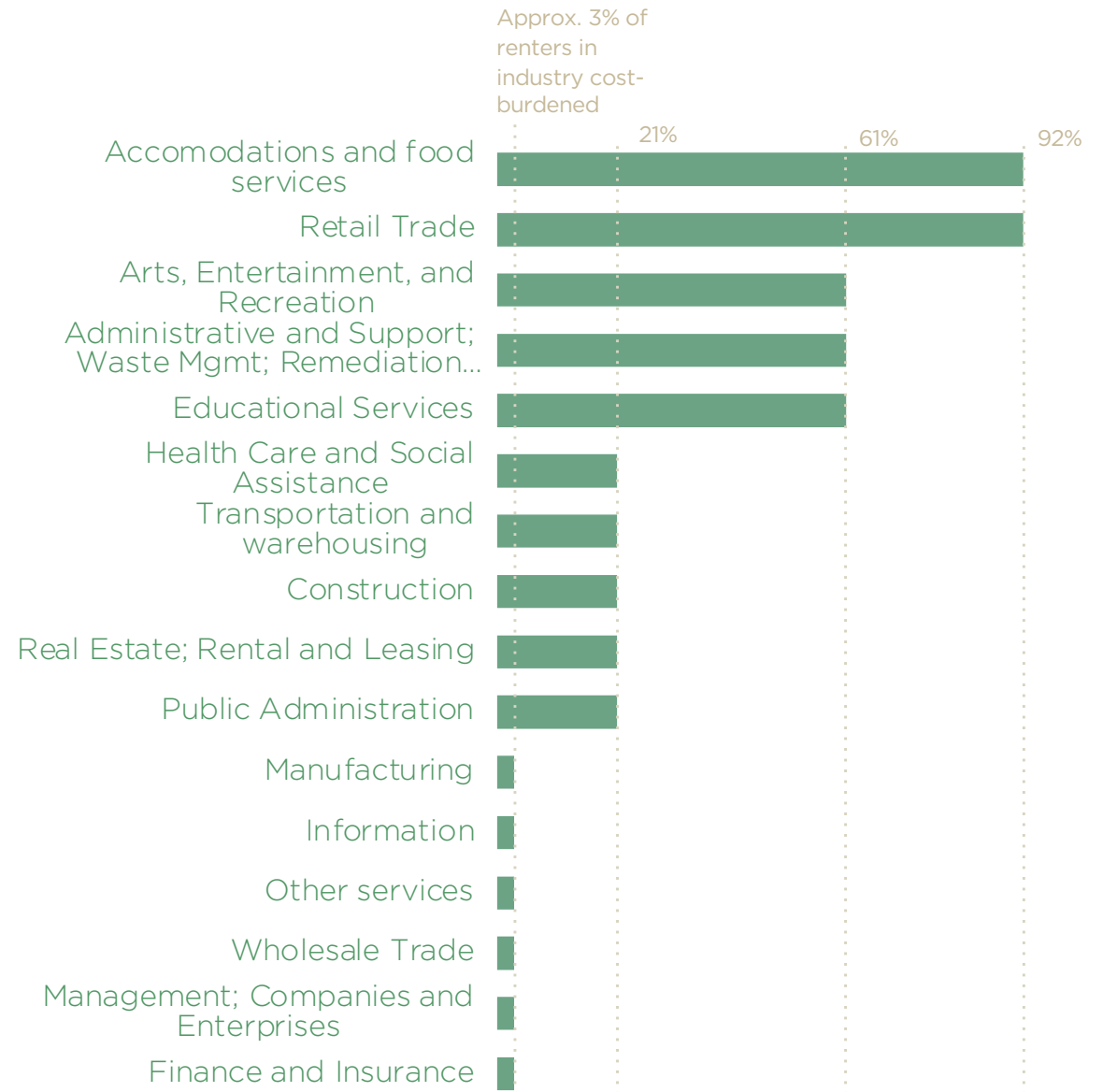


Estimated Percent of Cost-Burdened Renter Households by Industry Pre-COVID Mecklenburg County, 2018

Over 90% of accommodations & food services and retail industry employees were cost-burdened pre-COVID

The graph to the right approximates the percentage of employees in each industry who were cost-burdened prior to COVID-19. For example, approximately 92% of renters in accommodations & food services and retail trade were cost-burdened prior to COVID-19.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata



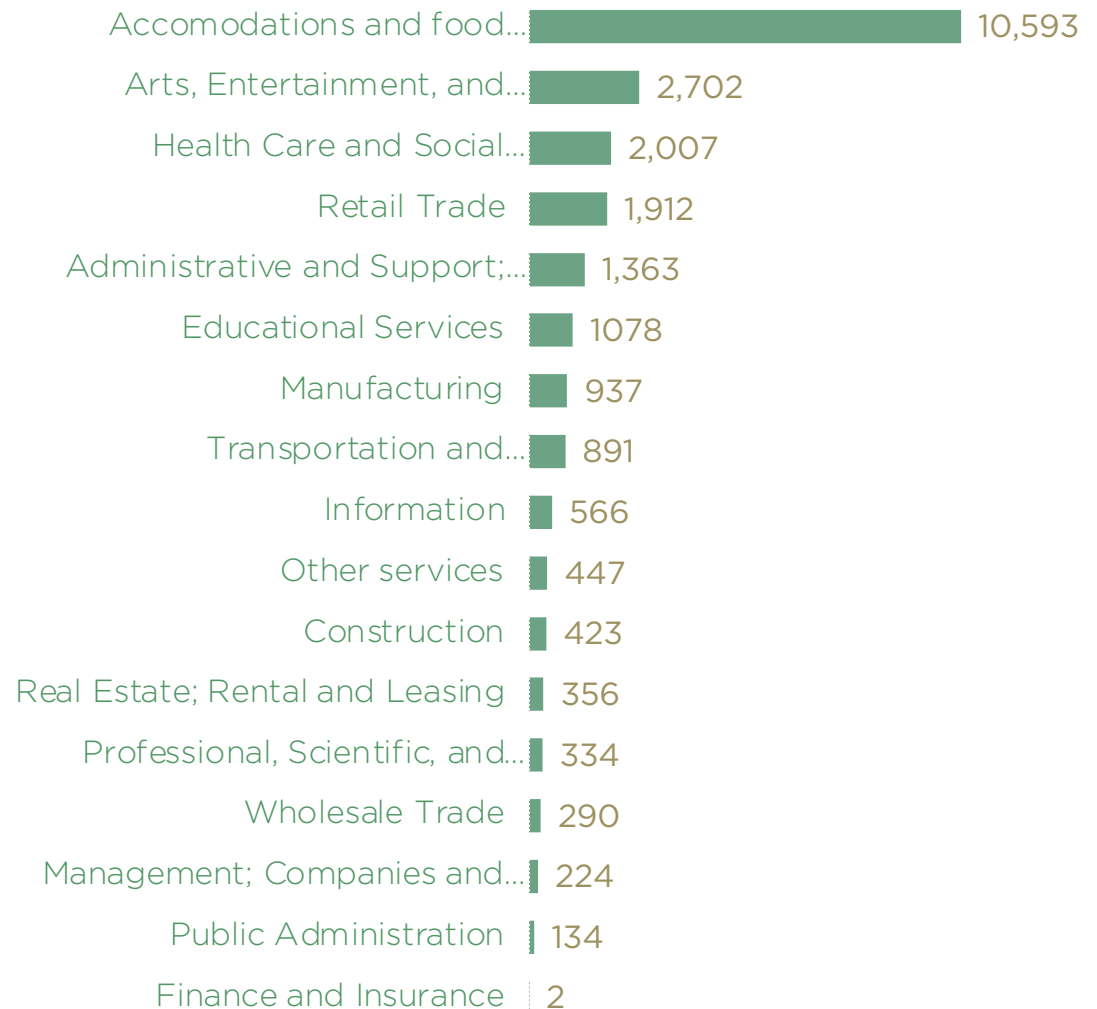
Estimated Number of Low-Income Jobs Lost by Industry During Pandemic Mecklenburg County, 2020

Accommodations and food service industries have lost the most low-income jobs due to COVID-19

The majority of low-income jobs lost to COVID-19 in Mecklenburg County are in the accommodations and food services industry and the Arts, Entertainment, and Recreation industry where it is difficult to work from home.

Numbers last updated by D.C.-based Urban Institute August 7, 2020.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata



Cost Burden & Job-Loss Matrix Mecklenburg County, 2018/2020

Three industries most impacted by COVID-related job loss also have high rates of employee cost-burden

While many industries have been impacted by low-income job losses during the pandemic, three industries in the matrix are industries which experienced higher low-income job loss and in which most employees likely experienced cost-burden prior to COVID-19. Cost-burden data is from 2018. Job Loss data is from 2020.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata

	Industries with higher estimated low-income job loss (above 1,500 jobs)	Industries with lower estimated low-income job loss (below 1,500 jobs)
> 50% of Employees are Cost-Burdened	<ul style="list-style-type: none"> -Accommodations and Food Services -Arts, Entertainment, and Recreation -Retail Trade 	<ul style="list-style-type: none"> -Administrative and Support; Waste Mgmt; Remediation Services -Educational Services
< 50% of Employees are Cost-Burdened	<ul style="list-style-type: none"> -Health Care and Social Assistance 	<ul style="list-style-type: none"> -Manufacturing -Transportation and warehousing -Information -Other services -Construction -Real Estate; Rental and Leasing -Professional, Scientific, and Technical Services -Wholesale Trade -Management; Companies and Enterprises -Public Administration -Finance and Insurance -Mining, Quarrying; Oil and Gas Extractions -Utilities -Agriculture, Forestry, Fishing, and Hunting

Estimate of Number of Jobs lost to COVID-19 by Industry

Mecklenburg County, 2020

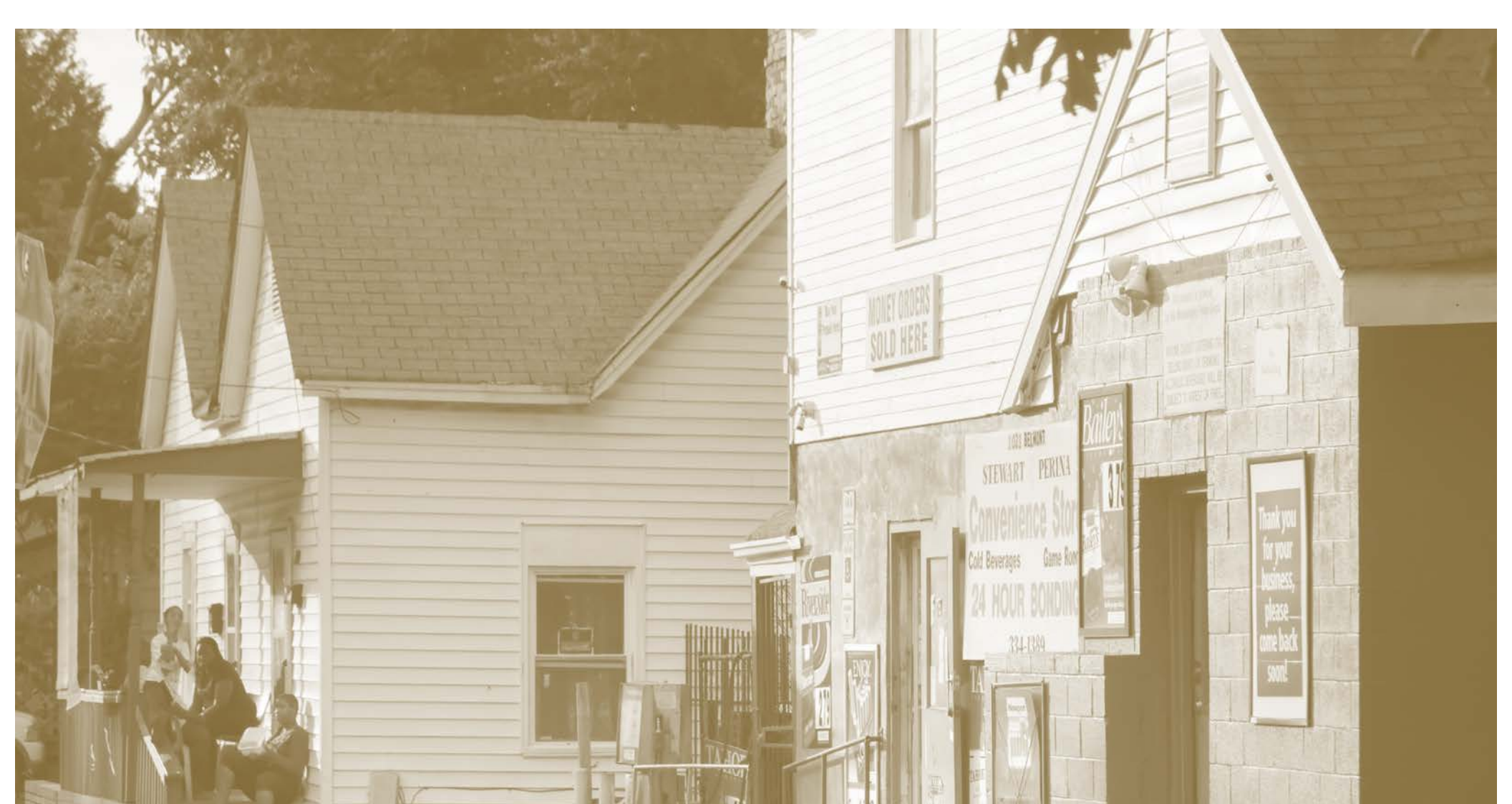
Estimates suggest that accommodations and food services have lost the most jobs during the pandemic

Industries with the highest COVID low-income job loss also had among the highest rates of estimated employee cost-burden prior to COVID-19.

Note: the estimates of cost burden by industry illustrate relative job loss.

Source: U.S. Bureau of Labor Statistics and ACS IPUMS USA microdata

	Pre-COVID Cost-Burdened Jobs	COVID Low- Income Job Loss
Accommodations and Food Services	59,425	10,593
Arts, Entertainment, and Recreation	10,434	2,702
Health Care and Social Assistance	17,444	2,007
Retail Trade	59,415	1,912
Administrative and Support; Waste Mgmt; Remediation Services	39,105	1,363
Educational Services	17,237	1,078
Manufacturing	1,033	937
Transportation and warehousing	8,442	891
Information	576	566
Other services	565	447
Construction	7,543	423
Real Estate; Rental and Leasing	2,960	356
Professional, Scientific, and Technical Services	--	334
Wholesale Trade	1,109	290
Management; Companies and Enterprises	943	224
Public Administration	3,963	134



ASSISTANCE PRIORITIZATION

Assistance Prioritization

The number of cost-burdened renters before COVID-19 and information on industry-specific job losses provide context concerning the impact of the pandemic on housing instability and loss. Yet both are blunt tools for estimating relative risk of eviction or displacement.

The Washington, D.C.-based Urban Institute has developed an Emergency Rental Assistance Prioritization Tool to assist communities prioritize rental assistance. The tool was released (August 25, 2020) as the pandemic continues and eviction moratoriums and federal and state unemployment protections lapse.

Using the data provided by the national Urban Institute, the UNC Charlotte Urban Institute estimates the cost of rental assistance for 10%-100% of monthly costs for extremely low-income renters. Extremely low-

Income renters are those who earn 30% or less of area median income. This section describes the prioritization and summarizes local costs to meet 30-100% of rental needs for prioritized census tracts.

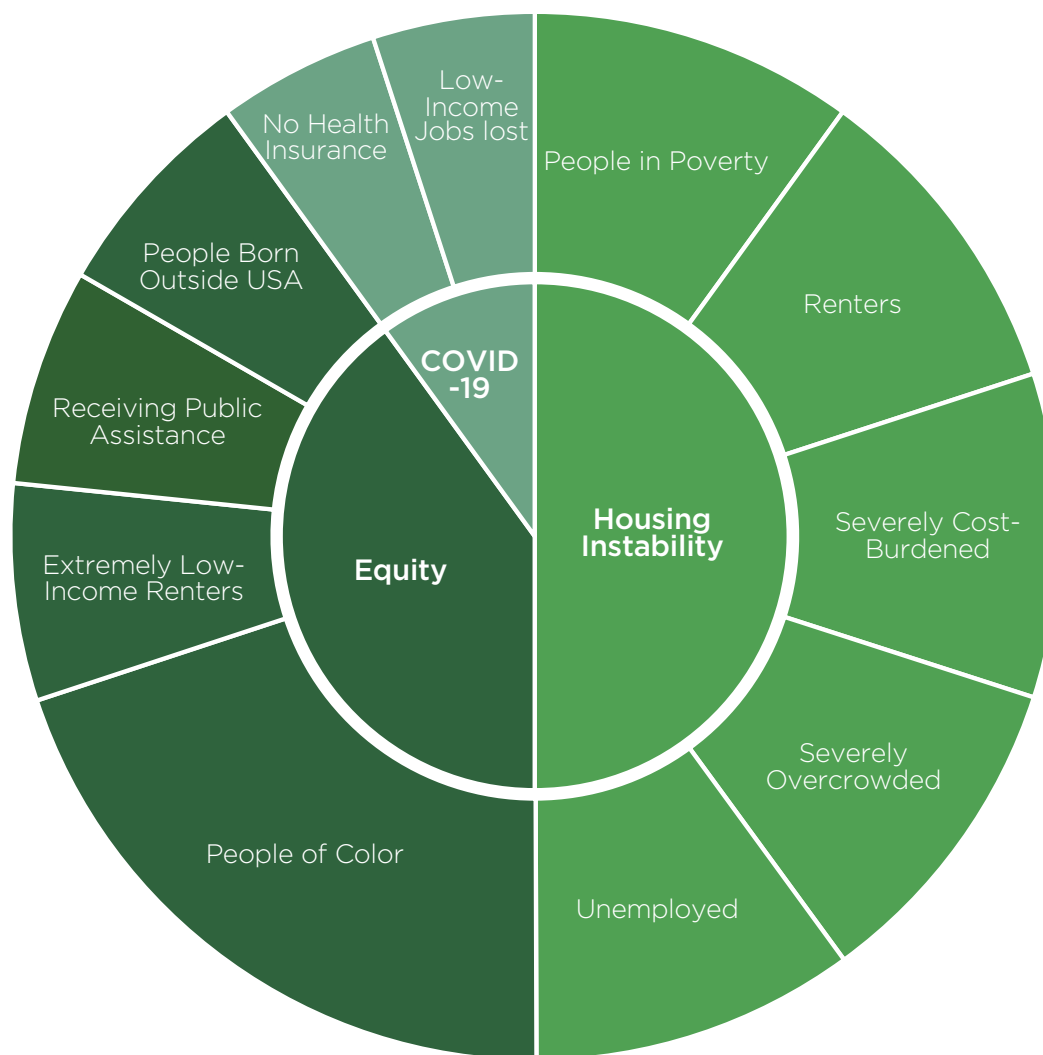
*Previous page: Belmont
neighborhood
Photo Credit: UNC
Charlotte Urban Institute*

Emergency Rental Assistance Priority Index Subindex & Indicator Weights

Urban Institute, Washington, D.C.

The prioritization tool uses housing instability and COVID-19 risks and equity to ensure rental assistance is directed equitably

The Washington D.C.-based Urban Institute's Index rates level of need in census tracts based on historical housing instability risks, COVID-related risks, and equity. The Index is weighted to ensure that those in Census tracts with the highest risks are prioritized. The Housing Instability Risk subindex is weighted higher than other subindexes and the People of Color indicator is weighted higher than other indicators.



Source: Urban Institute, Where to Prioritize Emergency Rental Assistance to Keep Renters in Their Homes: Technical Appendix, August 2020

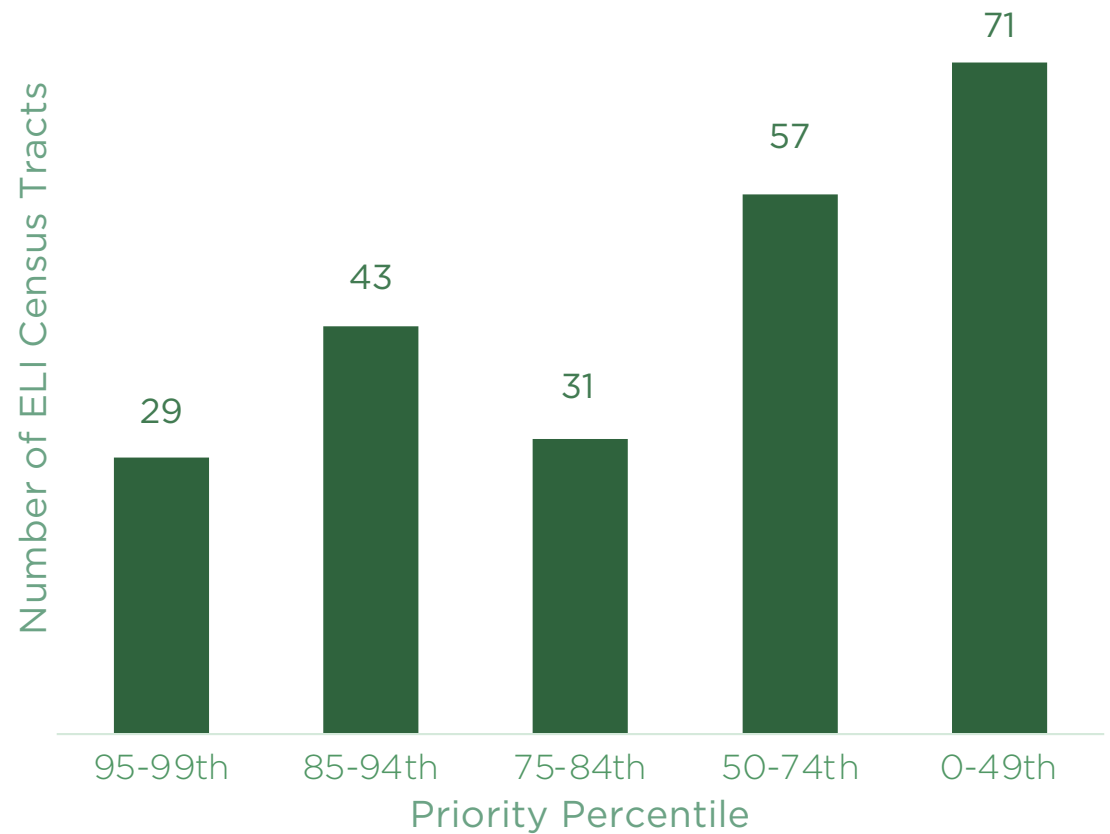
Extremely Low-Income Census Tracts by Priority Percentile

August 2020

The Emergency Rental Assistance Index suggests 29 prioritized Census Tracts in Mecklenburg County

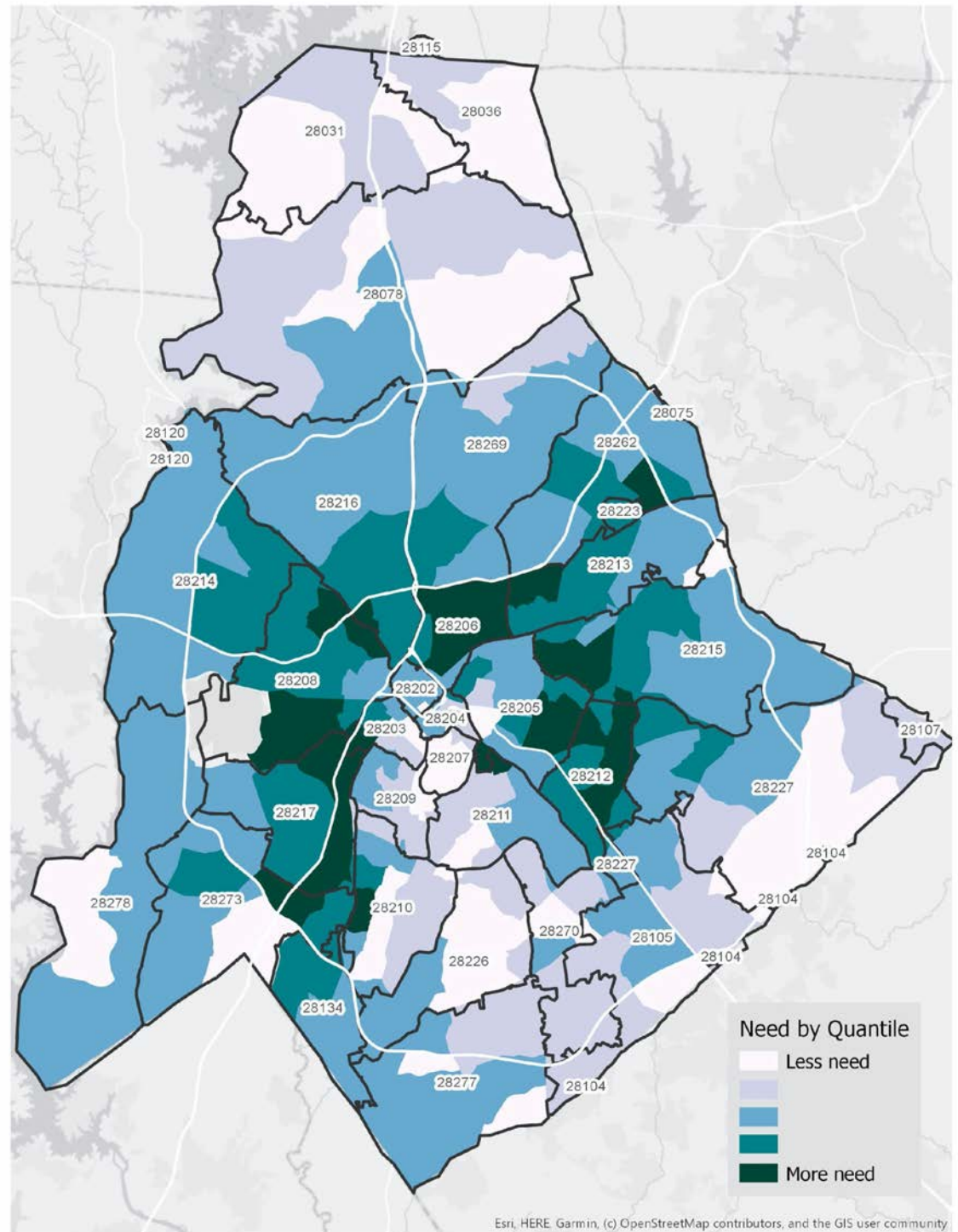
Of the 232 Census Tracts in Mecklenburg County, 29 Census Tracts are in the 95th through the 99th percentile, meaning Extremely Low-Income residents in those Census Tracts have the highest level of need and risk for experiencing housing instability and homelessness due to COVID-19 that compounds the historical risks faced by these residents.

Source: Urban Institute, Washington, D.C.



Location of Prioritized Census Tracts for Emergency Rental Assistance

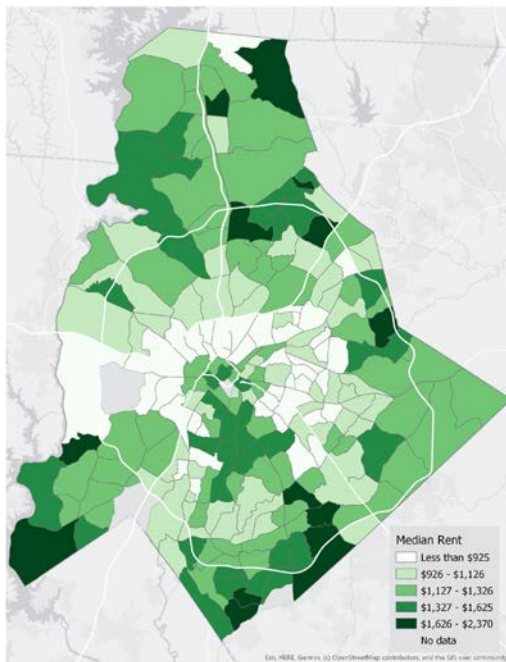
The prioritized census tracts follow the familiar crescent or crown pattern in Mecklenburg County. Prioritized tracts are located in West, North, and East Charlotte.



Source: Urban Institute, 2019

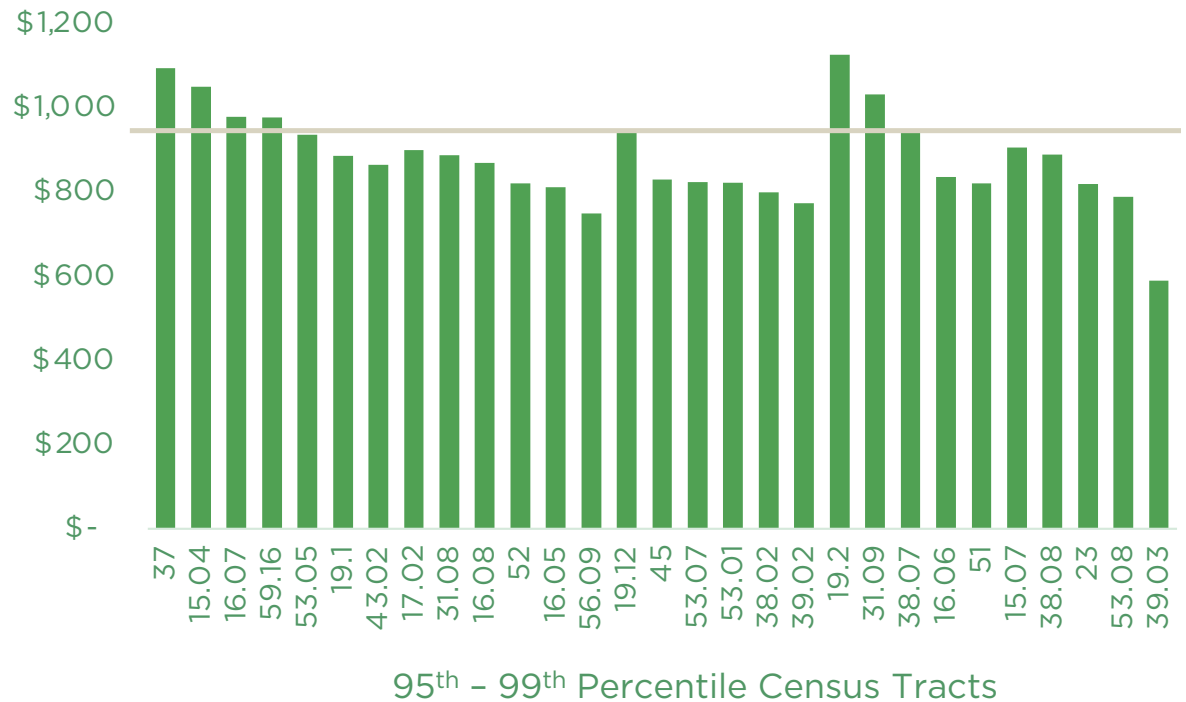
Median rents are lower in the crescent area West, North, and East of Uptown.

Households with some of the lowest median rents in Mecklenburg County are also the households in most need of assistance.



Source: American Community Survey, 2018; Fair Market Rent from U.S. Department of Housing and Urban Development, 2020

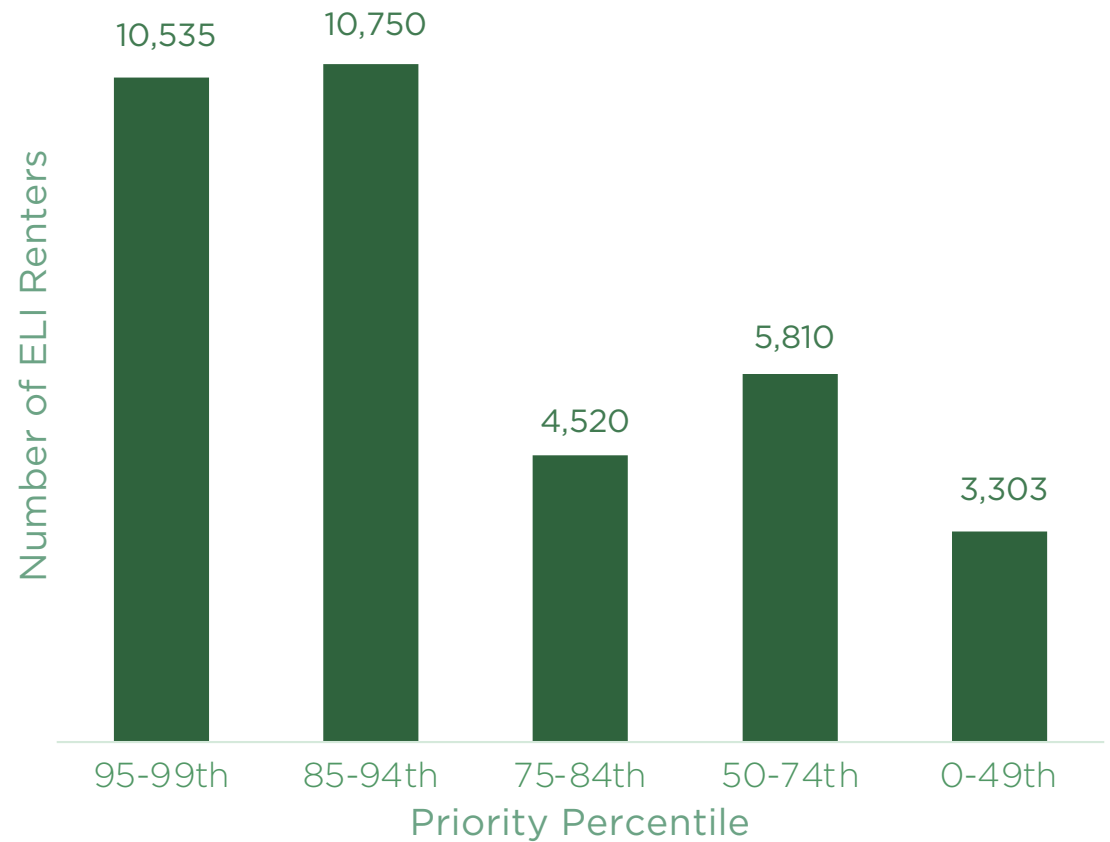
Median Rent in Priority Percentile Census Tracts August 2020



Extremely Low-Income Renters by Priority Percentile August 2020

10,535 renter households live in the most prioritized census tracts

Of the estimated 35,118 Extremely Low-Income Renters in Mecklenburg County, 10,535 live in the 95th through the 99th percentile, meaning those renters have the highest level of need and risk for experiencing housing instability and homelessness due to COVID-19 that compounds the historical risks faced by these residents. The next slides display the estimated need of housing assistance for Extremely Low Income renters and the estimated cost to cover those needs by priority percentile.

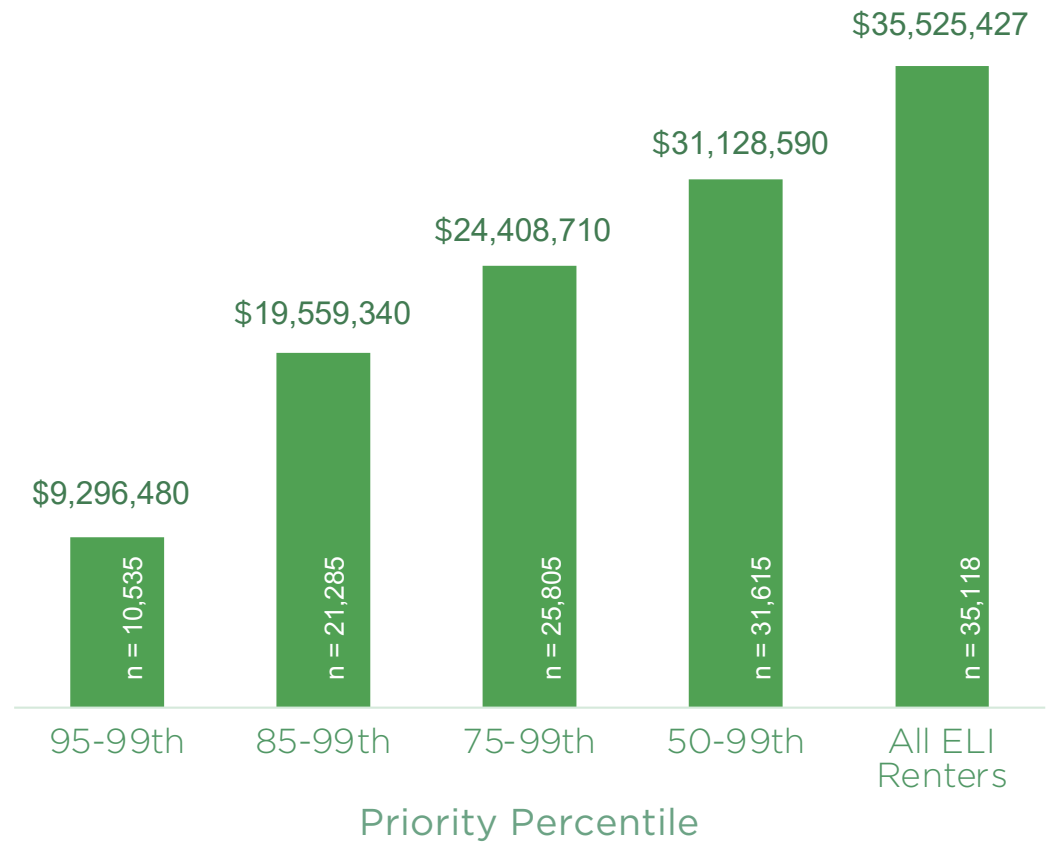


Source: Urban Institute, Washington, D.C.

Monthly Funds Needed to cover 100% of Rent August 2020

Monthly Cost to Cover 100% of Rent

To cover 100% of the monthly rent for the estimated 10,535 extremely low-income renters in Mecklenburg County in the top priority percentile, it would cost approximately \$9.3 million per month

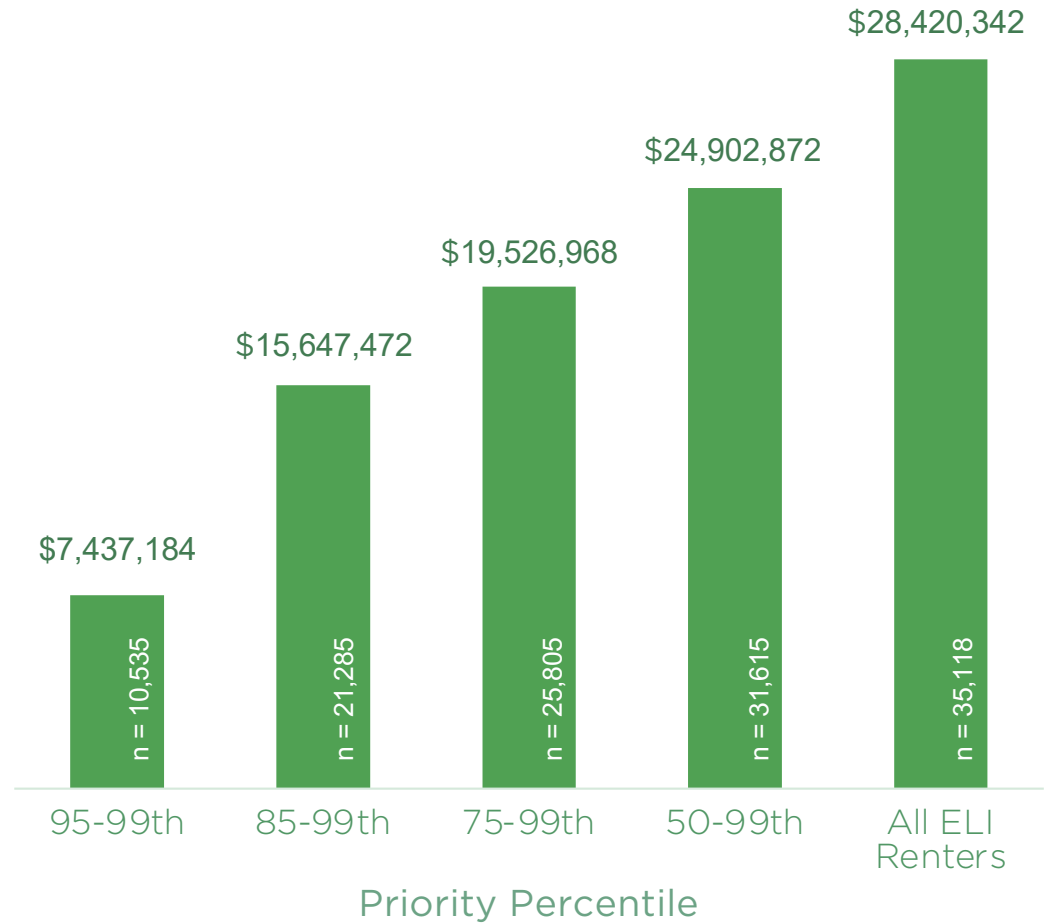


Source: UNC Charlotte Urban Institute Analysis of data from the Urban Institute's Emergency Rental Assistance Priority Index Tool

Monthly Funds Needed to cover 80% of Rent August 2020

Monthly Cost to Cover 80% of Rent

To cover 80% of the monthly rent for the estimated 10,535 extremely low-income renters in Mecklenburg County in the top priority percentile, it would cost approximately \$7.4 million per month.

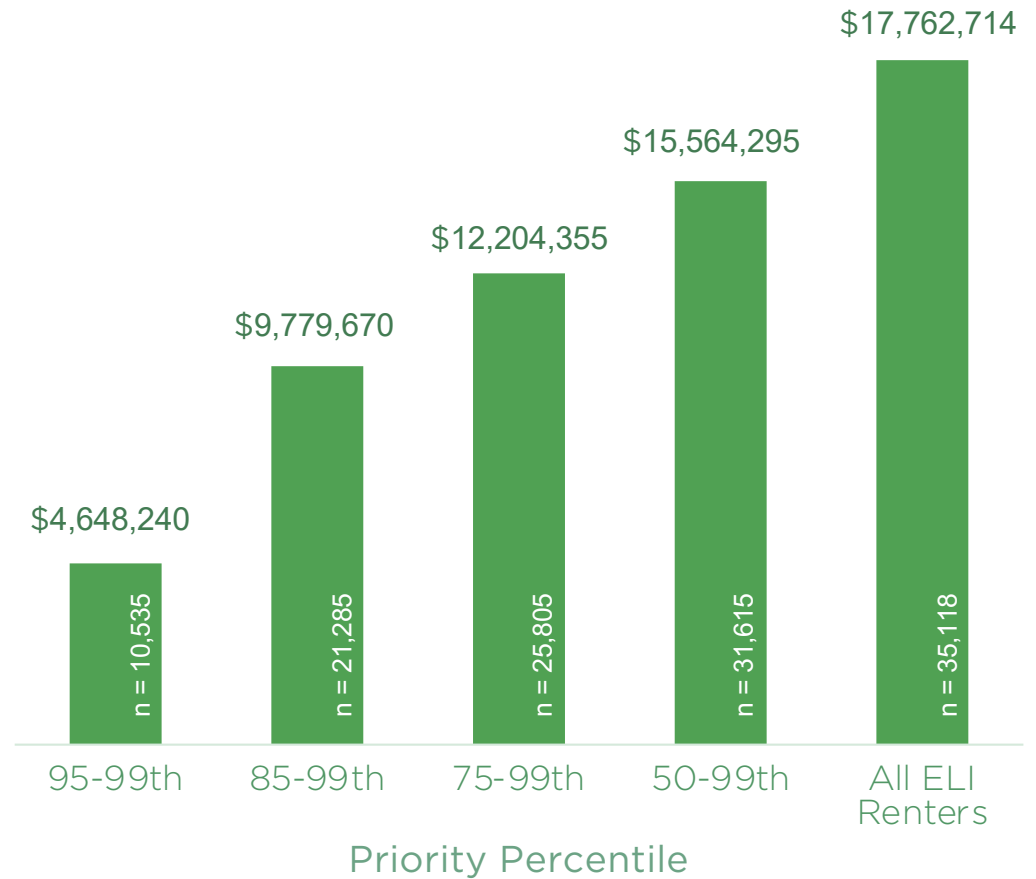


Source: UNC Charlotte Urban Institute Analysis of data from the Urban Institute's Emergency Rental Assistance Priority Index Tool

Monthly Funds Needed to cover 50% of Rent August 2020

Monthly Cost to Cover 50% of Rent

To cover 50% of the monthly rent for the estimated 10,535 extremely low-income renters in Mecklenburg County in the top priority percentile, it would cost approximately \$4.7 million per month.



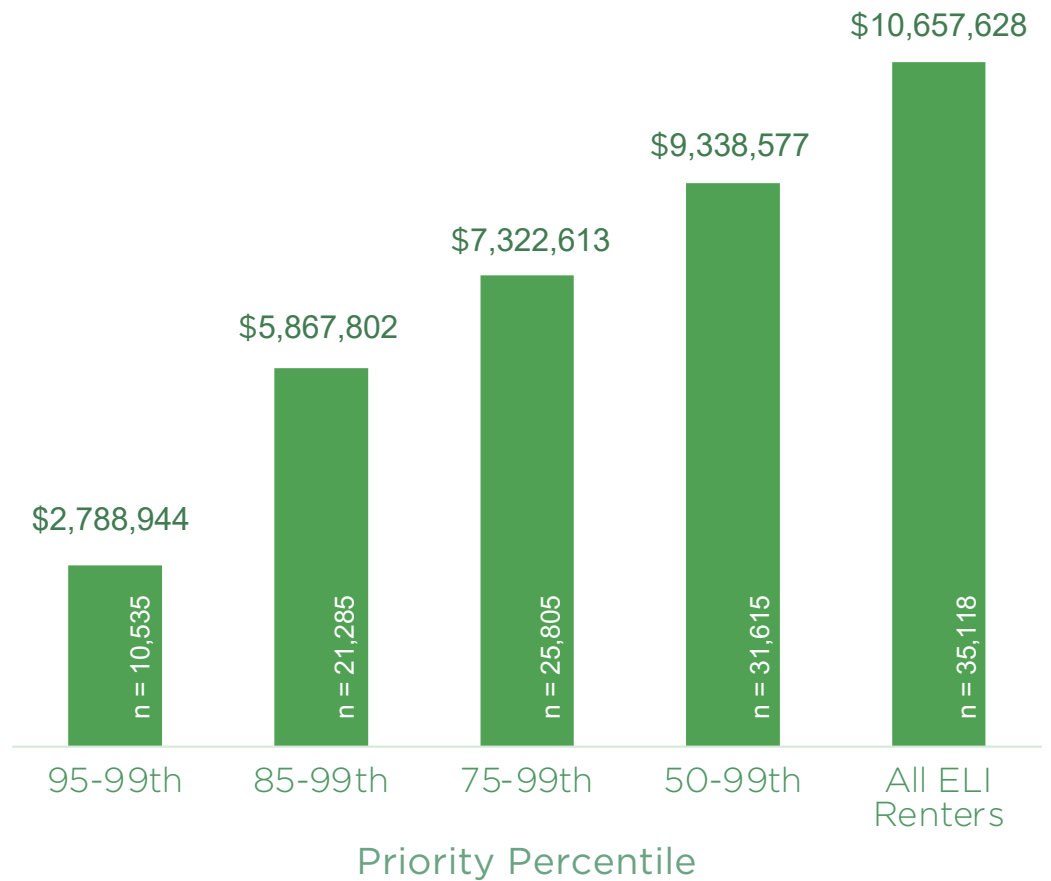
Source: UNC Charlotte Urban Institute Analysis of data from the Urban Institute's Emergency Rental Assistance Priority Index Tool

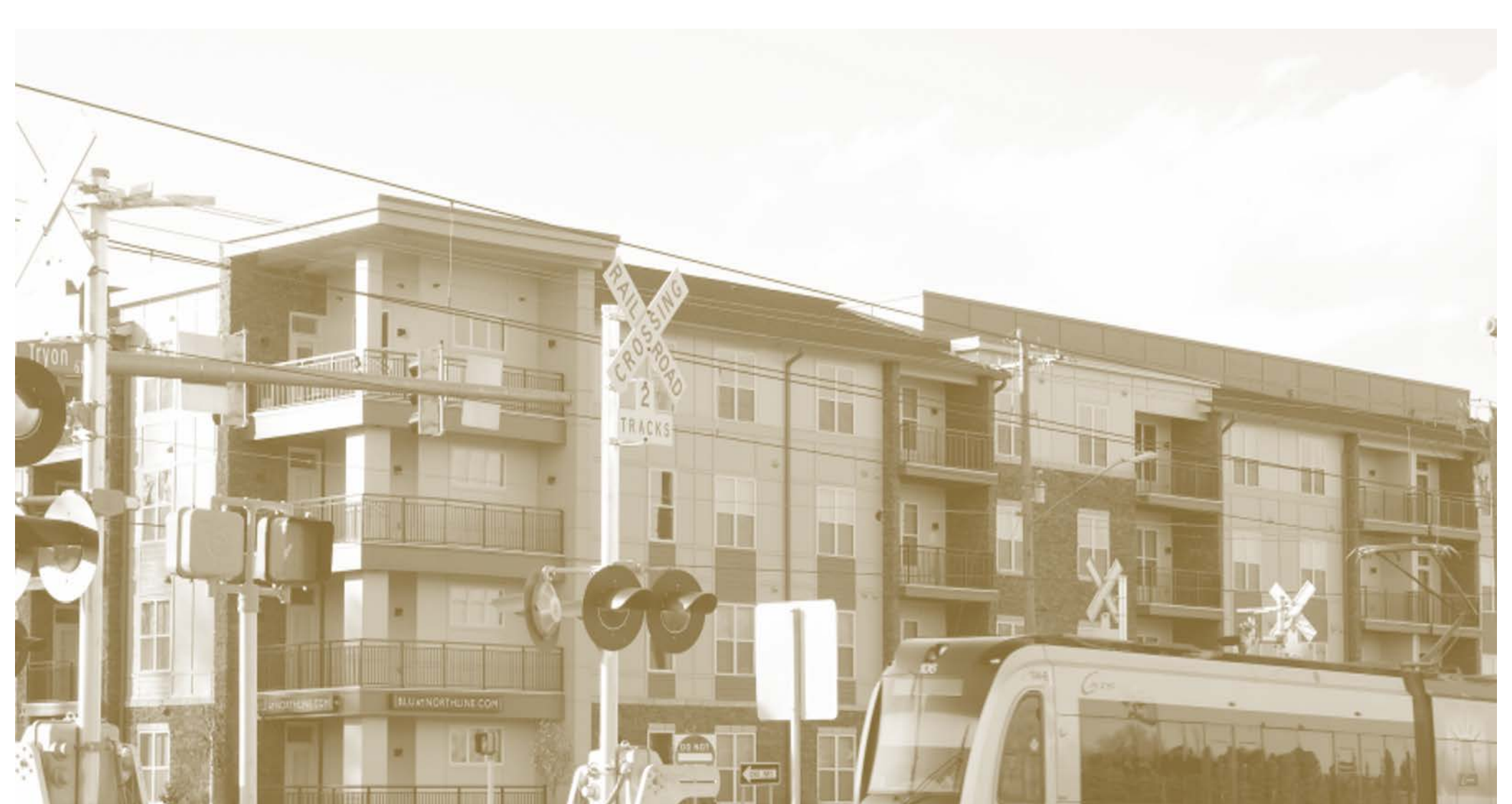
Monthly Cost to Cover 30% of Rent

To cover 30% of the monthly rent for the estimated 10,535 extremely low-income renters in Mecklenburg County in the top priority percentile, it would cost approximately \$2.8 million per month.

Source: UNC Charlotte Urban Institute Analysis of data from the Urban Institute's Emergency Rental Assistance Priority Index Tool

Monthly Funds Needed to cover 30% of Rent August 2020





SUMMARY

Summary

The Blu at Northline development near the University City Boulevard Station offers studio and one-to three-bedroom apartments for \$975 to \$1,800 a month.

Photo Credit: Nancy Pierce

Workers in the Mecklenburg County industries hit hardest by job loss were also industries with high rates of cost-burdened workers prior to COVID-19.

Estimates of job losses and prioritized census tracts follow the familiar geographical crescent pattern in Charlotte.

Several compounding factors contribute to prioritization of a Census Tract, including share of People of Color, share of residents living in poverty, and number of low-income jobs lost due to COVID-19.

These factors, among others, disproportionately contribute to eviction, homelessness, and COVID-19 economic and health risks and speak to the legacy of systemic and structural racism in housing access, wealth accumulation, employment, criminal justice, and other systems.

Estimated costs to cover the monthly rent of all Extremely Low Income renters in the top priority percentiles ranges from \$9.3 million (100% of rent) to \$2.8 million (30% of rent) per month.

The renters with lowest median rent need the most assistance and the highest need (those living in the 95th-99th percentile) is concentrated in a small number of Census Tracts.

This brief report only examined need for Extremely Low-Income renters. Ninety-two percent of households earning between \$20,000-\$34,999 are cost-burdened and 61% of those earning between \$35,000-\$49,999 are also cost-burdened. While the prioritization index identifies those at most risk of housing instability, the need extends to moderate-income households.

Resources

To view the D.C.-based Urban Institute interactive map of estimated low-income job loss:

- [Where are low income jobs being lost due to Covid-19?](#)

For more on the impact of the loss of federal unemployment benefits view these materials by the D.C.-based Urban Institute:

- [Reducing the amount of federal unemployment would increase rent burden for millions of households](#) [blog]
- [How much assistance is needed to help renters impacted by Covid-19?](#) [slide deck]
- [How much assistance is needed to support renters impacted by Covid-19 crisis?](#) [report]

For more on the Rental Assistance Prioritization Tool:

- [Where to prioritize rental assistance to keep renters in their homes?](#)