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# The Storm after the Calm — the Profound Implications of COVID-19 for U.S. Housing Policy

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# The Storm after the Calm — the Profound Implications of COVID-19 for U.S. Housing Policy

by Jeffrey Lubell<sup>1</sup>

**Within the space of just a few weeks, the nation's economy has been turned upside down. Millions have lost their jobs. Congress has passed several large stimulus packages, but with unemployment checks delayed and many workers carrying high debt loads and lacking liquid savings, staggering numbers of households are unable to make their rent and mortgage payments.**

**Eviction moratoria and mortgage forbearance policies can temporarily stem the tide of evictions, foreclosures and homelessness. But these stop-gap measures—while necessary—are unlikely to be sufficient to mitigate all of the troubling implications of COVID-19 for the housing sector.**

The full implications of COVID-19 for housing will not be known for years and will depend heavily on the trajectory of the U.S. economy. This, in turn, will depend on how long the crisis lasts and how large and effective the government's stimulus efforts are. But it is unlikely that the economy will simply pick up where it left off, with no hiccups and no consequences for Americans' well-being.

The longer the calm of social distancing continues, the larger the accompanying economic storm. This is not a reason to pull back from necessary public health measures. But it is a reason to anticipate a deep economic crisis with profound implications for all aspects of American life, especially for the most vulnerable.

It remains to be seen whether the breadth and depth of the economic crisis lead to a shift in how

Americans view government policies and programs and an increase in the extent to which they empathize with the millions who struggle to make ends meet, even in a strong economy. If so, these shifts in mindset could be a silver lining to what is otherwise an economic crisis of historic proportions.

For the moment, all we can do is react with crisis prevention measures and lay the groundwork for additional solutions that address the medium- and long-term implications of COVID-19 for housing policy. To facilitate the planning process, this paper explores a wide range of potential implications that housing policymakers should consider as they plan for the future. Hopefully, this brainstorming will help local, state, and federal officials to develop strategic plans for addressing the housing implications of COVID-19. Guidance on how to develop a local housing strategy that responds to COVID-19 will be forthcoming on [LocalHousingSolutions.org](https://LocalHousingSolutions.org), a joint project of Abt and the NYU Furman Center.

To keep this paper manageable and timely, I've focused on articulating hypotheses about the potential housing implications of COVID-19, without directly discussing the research underlying them. A more in-depth exploration of these issues would be useful in the future.

The paper includes sections exploring the implications for: homelessness, renters, homeowners, the home buying and selling process, the operation of multifamily housing, the creation of new housing, displacement and other issues. The paper only briefly addresses housing finance, as the implications of COVID-19 for the nation's housing finance system merits its own full-length treatment.

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# HOMELESSNESS

## Short-term impacts on homeless individuals and families

On-the-street homeless individuals may be at increased risk of serious illness from COVID-19 due to: (a) underlying health conditions that aggravate the impact of COVID-19; (b) less access to medical care and (c) among those with mental illness, less ability to implement social distancing. The facilities needed to maintain good hygiene can be difficult for on-the-street homeless to access even in the best of circumstances, but that access is more challenging now, even as its importance has increased given the need to reduce the risk of disease transmission.

There are a number of implications of COVID-19 for individuals in homeless shelters. As with the on-the-street homeless, residents of homeless shelter may have health conditions that make them vulnerable to severe illness if infected. People going in and out of homeless shelters may pick up infection in other housing situations and bring it into the shelter, increasing risks for others. The people who serve the homeless may also be at increased risk of exposure due to COVID-19.

Homeless shelters were obviously not designed with social distancing in mind, which raises questions about how well and to what extent they will implement the policy. To the extent they do so effectively, it will likely lead to a substantial decrease in capacity, which would give rise to an emergency need for more shelter space, even if just to house the existing residents. This problem may be mitigated to some extent if homeless individuals and families are reluctant to go to shelters for fear of becoming infected. But this could create other problems, including increases in the number of on-the-street homeless and individuals unable to escape domestic violence.

The problems multiply for shelters that experience a COVID-19 outbreak. A recent [news report](#)

highlighted a large Catholic Charities shelter in Las Vegas that had to turn everyone out into a parking lot because of an outbreak at the shelter. The alternative is to see cases skyrocket within a shelter, as occurred in [San Francisco and Boston](#).

The share of households that are doubled-up or overcrowded may increase as the health risks of on-the-street and sheltered homeless situations increase. Adherence to social distancing guidelines may be more difficult for overcrowded households, increasing the risk of infection. And the usual challenges of overcrowding may be magnified by the fact that most people are in their homes all day, rather than at work or school.

School closures make education for homeless children, young adults, and adults more difficult. Distance learning is difficult even for well-to-do children; it is likely more difficult for individuals and families facing homelessness or in doubled-up situations due to limited computer access and physical space.

## Increases in homelessness

There are a number of reasons to expect that homelessness may increase, and that such increases will not necessarily abate once social distancing is relaxed. In the short- and medium-term, homelessness may increase due to evictions, jobs loss, and health crises. Homelessness could increase further if there are mass releases from prisons/jails due to concerns about individuals contracting COVID-19. Increases in the number of homeless individuals and families would lead to increased stress on an already burdened homeless system, suggesting a need for more shelter capacity and permanent affordable housing.

As social distancing is relaxed and the broader economy restarts, many people will be rehired. But it seems unlikely that *everyone* will be rehired, at least not right away. It could take the economy months or even years to resume its prior level of activity, and it is reasonable to think the most vulnerable will suffer the most from the extended downturn.

The federal CARES Act includes \$4 billion in Emergency Solutions Grants, which can be used



to expand shelter capacity for homelessness prevention and short- and medium-term rental assistance. The Act also includes \$5 billion in Community Development Block Grant funding which can be used for a wide range of housing and community development purposes, including shelters and permanent affordable housing. These funds, together with any of the flexible state/local funding included in the CARES Act that states or localities choose to devote to this purpose, will provide critical resources for addressing the needs of homeless individuals and families.

### **Difficulties placing homeless individuals and families into permanent housing**

COVID-19 could also complicate efforts to help homeless individuals and families access permanent housing. One set of questions relates to how the mechanics of the Housing Choice Voucher program will be affected. How will subsidized individuals and families view units and meet landlords? Will landlords be comfortable having housing quality inspectors visit their units? More broadly, will landlords who were previously willing to house homeless individual and families become less willing due to fear of contracting COVID-19?

### **Long-term impacts on homeless individuals and families**

The long-term impacts of COVID-19 on homeless individuals and families are less clear. To the extent homeless people become perceived as vectors of the coronavirus, there could potentially be a lingering stigma. On the other hand, if shelter capacity is increased during the pandemic, it could potentially be retained as a resource for the future, creating more capacity to shelter more people. However, if newly created shelters are closed after the COVID-19 epidemic passes, some people who came indoors to the shelters could be re-traumatized.

One local official reported an impressive level of political will in her city that was mobilized to respond rapidly to the needs of the homeless during the early days of the pandemic. To the

extent this is present in other cities, it will be interesting and important to see if it can form the foundation for future collaborative efforts to expand resources to meet the needs of the homeless and other vulnerable households.

## **RENTERS**

### **Increased evictions**

Without robust and sustained intervention by localities to prevent evictions, it is likely that job losses in directly affected industries (as well as corresponding secondary reductions in income from workers whose income depends on expenditures by those directly affected) will lead to substantial increases in evictions. The most obvious eviction threats are short-term ones. But the threat of eviction is unlikely to be a transient phenomenon. It will certainly take at least several months—and perhaps as much as several years—for the economy to fully recover from the downturn. Will cities be willing to extend their eviction moratoria for this length of time? If so, they will need to bail out property owners who depend on rental income to pay for maintenance, operations and debt service. If not, they will need to take steps to address the higher eviction rates.

The economic dislocation of job loss poses the most immediate threat to the residential stability of renters. But the simple fact of illness could also have implications for evictions. Short-term loss of income associated with being ill could have an effect on the ability of vulnerable individuals to pay the rent. Some people may feel compelled to go to work when sick for fear of losing their jobs, possibly infecting others. Will owners evict tenants who get the virus, or who they fear may spread the virus? (This would presumably be illegal discrimination on the basis of a disability, but enforcement may be lacking.) There are anecdotal reports of some elderly properties/nursing homes being unwilling to accept elderly residents back into their properties after they have been discharged from the hospital. There may also

be more nuisance complaints due to the presence of children and teens in the units, which could provide additional grounds for eviction.

In the short term, federal, state and local governments are likely to mobilize to protect residents from the harshest effects of the economic crisis. The federal CARES Act, for example, includes a 120-day moratorium on evictions from federally assisted housing, and many cities have enacted their own moratoria. But what happens once the moratoria expire? When most of the economy is back in operation, millions of vulnerable individuals will likely remain out of work or in unstable jobs. The housing challenges associated with the economic crisis may also play out over an extended period. For example, even if residents experiencing a reduction in income during the lockdown can make rent payments temporarily, their long-term ability to pay their rent and meet their health care and other needs may be affected by reductions in savings that leave them vulnerable to future personal crises.

Owners of lower-cost rentals may be less accommodating of renters who do not pay their rent on time if their own savings are depleted and they have less income overall due to fewer reliable rent payers. On the other hand, to the extent economic distress is widespread and large numbers of people are more or less in the same boat, owners may have little choice but to accept tenants who lack the ability to pay their full rent regularly.

Among other possible short-term housing responses are eviction moratoria and short-term rental assistance. Unemployment insurance and other payments that supplement income may also help, at least while these programs are funded robustly. A large enough response could help to mitigate a lot of the worst consequences.

As the immediate crisis subsides, it is likely that large numbers of households will nevertheless be vulnerable to eviction. For example, even if residents experiencing a reduction in income during the lockdown can make rent payments temporarily, their long-term ability to pay their rent and meet their health care and other needs

may be affected by reductions in savings that leave them vulnerable to future personal crises. For these and other households that will feel the impacts of COVID-19 down the road, an [increase in long-term rental assistance](#)—such as the Housing Choice Voucher Program—and expanded investment in eviction-prevention programs will be needed to keep people in their homes and reduce the extent by which homelessness increases. While the federal CARES Act includes funding for a number of [long-term rental assistance programs](#), those funds are to be used to cover increased costs associated with housing and providing services to existing participants and not for expanding the number of households assisted.

### **Increased utility shut-offs and inability to afford heating/air conditioning**

In addition to the prospect of eviction, renters experiencing income reductions as a result of the economic crisis may be unable to pay for electricity, home heating fuel, and water. Cutoff of Internet service is also possible, with a corresponding increase in isolation and possible decrease in income. Moratoria on public utility shut-offs, utility subsidies, and appeals to the good graces of private utility owners could help, as would robust unemployment insurance or other payments that supplement income. But as with evictions, problems paying utility costs are likely to be long-lasting and may persist well after the more generous initial subsidies have expired.

### **Health impacts of housing instability**

A full analysis of the potential health impacts of the housing instability engendered by the coronavirus lockdown is beyond the scope of this paper. But it is clear this instability could lead to a number of adverse health impacts. For example, the stress of trying to make ends meet during a crisis and the stress of eviction are both likely to have adverse mental health impacts, as will homelessness among those exposed to it. There may also be health impacts associated with reduced air conditioning, inadequate heat, or interrupted water supplies.

## Potential future rent trends

If there is a deep recession with widespread layoffs, rents could decline in some areas due to lower demand. During a recession, however, rents often cannot drop as much as needed to compensate for households' lower incomes, leading to a worsening of housing unaffordability. This is due at least in part to the fixed costs associated with debt service and the need to generate rent revenue to support the incomes of property managers and owners. While debt can sometimes be restructured, and some maintenance can be deferred, long-term deferral of major capital repairs could contribute to a building's deterioration and the further loss of housing with affordable rents.

## HOMEOWNERS

## Preventing mortgage foreclosures

People who lose their jobs (or otherwise experience reductions in income) due to the COVID-19-induced economic slowdown may struggle to make mortgage payments. To reduce the risk of mass foreclosures, Congress has required mortgage forbearance for federally backed mortgages,<sup>2</sup> a number of private lenders have instituted mortgage forbearance policies of their own, and some localities have temporarily suspended foreclosure proceedings. Some cities are also adopting non-binding calls for pauses in mortgage foreclosure, essentially appealing to the good graces of lenders.

Under the federal CARES Act, the initial period of mortgage forbearance for federally backed mortgage is 180 days, with a second 180-day

period available upon request. For mortgages not insured or guaranteed by public/quasi-public agencies, however, there may be limits to servicers' ability to backstop losses associated with missed mortgage payments, as most mortgage debt is sold to investors.

One key question is how mortgage forbearance will work in practice. There have been some reports of individuals not receiving the six-month forbearance to which they are entitled, as well as reports that some lenders are requiring balloon payments at the end of the forbearance period, which many households will be unable to afford. More broadly, affected households must contact their mortgage servicers in order to request forbearance—it is not provided automatically—raising questions about whether some households who could benefit from forbearance will not receive it simply because they do not ask in a timely manner. This underscores the importance of educating homeowners to ensure they are aware of their forbearance rights and perhaps legal assistance and/or negotiations to ensure that the manner in which forbearance is implemented does not simply delay foreclosures until the time a balloon payment is due.

As with evictions, it seems likely that once mortgage forbearance policies end, there will still be some households that have not fully recovered economically and are in danger of foreclosure, suggesting the need for more traditional foreclosure prevention programs, which could potentially include both financial and legal assistance. If the recession leads to declines in the value of housing, homeowners attempting to sell their homes to avoid foreclosure may be unsuccessful in finding a buyer willing to pay a high enough price to cover the outstanding debt. Short sales might be an option to pursue.

Some people may refinance their homes in order to cover short- or medium-term income loss, potentially leaving them less well capitalized

<sup>2</sup> The House Financial Services Committee [Q&As on the CARES Act](#) includes the following definition of “federally backed mortgages,” noting that they are “mortgages for single-family homes that are:

- Purchased or securitized by Fannie Mae or Freddie Mac;
- Insured by the Federal Housing Administration (FHA), including reverse mortgages or Home Equity Conversion Mortgages (HECMs);
- Guaranteed, directly provided by, or insured by the Department of Veterans Affairs (VA);
- Guaranteed, directly provided by, or insured by the Department of Agriculture (USDA); or
- Guaranteed under HUD's Native American or Native Hawaiian Home Loan Guarantee programs.”

and possibly more vulnerable to foreclosure over the long term. On the other hand, to the extent they can lock in low interest rates, refinancing homeowners may be able to compensate with lower borrowing costs. To rebuild equity, homeowners who refinance at low rates might benefit from supplementing their monthly mortgage payments with additional payments of principal or placing the funds saved through reducing their monthly payment in a savings or investment vehicle.

### **Preventing tax foreclosure and utility shut-offs**

People who lose their jobs (or otherwise experience reductions in income) may struggle to make property tax payments. Potential short-term solutions include tax foreclosure moratoria, suspension or forgiveness of payments owed, or silent subordinate loans that get paid back when the home is sold. These policies are not without costs, however. The reduction in municipal revenue could precipitate staff cuts and hinder localities' ability to address the crisis.

As with renters, homeowners who lose income could struggle to pay for utilities, and would benefit from moratoria on public utility shut-offs, utility subsidies, and public appeals to the good graces of private utility owners, as well as general income supports like unemployment insurance. As winter approaches, homeowners could also find themselves unable to afford to heat their homes.

### **Long-term impacts on homeowners' ability to maintain their homes**

Short- and medium-term job loss could deplete savings, leading to an increase in deferred maintenance. Stock market losses may also have a similar effect. As noted above, home owners who extract equity from their homes in order to weather the crisis may be more vulnerable to foreclosure from future downturns or temporary losses of income due to a reduction in their equity cushion.

## **HOME BUYING AND SELLING PROCESS**

### **Short-term disruptions in the closing of homes under contract**

In the short run, we may see home closings delayed or canceled due to difficulties getting legal documents notarized, buyers getting cold feet, loss of income by buyers, and general uncertainty surrounding the future. Banks may also be hard to reach now due to general disruption and increased refinance volume due to low interest rates.

### **Short- and medium-term disruptions in home purchases and sales**

Looking ahead a few additional months, prospective homebuyers could potentially postpone home purchases due to loss of income, depletion of savings needed for a down payment, and the same general uncertainty about the future that could cause deals under contract to fall through. On the other hand, to the extent home prices decline, some buyers could see an opportunity to buy homes at a discount. Mortgage forbearance policies should help slow home price declines, but may not be enough to prevent them from occurring altogether. But, of course, if homebuyers see an opportunity to purchase properties at below-market levels, investors will as well, which could reduce the supply of lower-cost homes for individual home buyers.

### **Long-term impacts on ability of renters to purchase homes**

There are a number of reasons to think there may be long-term impacts on renters' ability to purchase homes. For example, evictions and increases in credit card, medical, and derogatory debt, could lead to lower credit scores that make it difficult for people to qualify for a mortgage. To the extent that out-of-work renters depleted their savings to get by during the crisis, they may

not have enough money to make a down payment. A depressed stock market could also reduce the assets some households have available to put toward the purchase of a home.

A broader question is whether the COVID-19 crisis will affect the long-term pay of significant numbers of individuals. Some individuals who lose their jobs during the crisis may find it difficult to get rehired, or to get rehired at the same pay level. Lower wages will lead to lower maximum mortgage amounts, potentially reducing the number of renters who are able to purchase a home.

### **Long-term impacts on ability of homeowners who wish to sell to find willing buyers**

Every home seller needs a buyer and vice versa. Will homeowners who wish or need to sell find it hard to find willing buyers given the overall uncertainty and loss of income and stock wealth? Similarly, will some homeowners who wish to sell refrain from listing their homes to avoid locking in a decline in home values? An inability or unwillingness to sell one's house without losing money could make it difficult for homeowners to take jobs in other cities, adversely affecting their career progression. Aging homeowners who wish to sell their homes in order to fund their retirement may also find themselves stymied.

## **OPERATION OF MULTIFAMILY HOUSING**

### **Owners may struggle to afford their mortgage payments and operating expenses**

If renters aren't paying their rents, owners may struggle to pay their mortgage payments and other expenses. As with single-family mortgages, the CARES Act requires that forbearance be granted for federally backed multifamily mortgages. To

receive forbearance, owners must promise not to evict residents for nonpayment. The initial forbearance period is 30 days, with options to extend for up to two additional 30-day periods. It is unclear why the total forbearance period for multifamily mortgages is substantially shorter than that of single-family mortgages. Given the depth of the public health crisis and attendant economic crisis, it seems likely that some renters may struggle to pay their rent beyond this 90-day period, leading to problems with owners making their mortgage payments. And of course the CARES act extends only to federally backed multifamily mortgages and not to non-federal mortgages.

### **Owners may struggle to afford their utility and tax bills**

Some utilities—notably, heat and water—are often paid by the owner of a multifamily development, rather than by individual renters. If rents are not being paid, some owners may struggle to pay utility and property tax bills.

### **Owners may struggle to maintain their properties**

The three-month forbearance on mortgage payments for federally backed mortgages should help many owners, but mortgage payments are only one of several major categories of expenses for multifamily property owners. Other expenses include ongoing operating expenses (front-desk and back-office staff, regular maintenance, etc.) and larger capital repairs and renovations to keep properties in good working condition. A pause in capital repairs of a few weeks or even a few months is unlikely to be too harmful, but in the event of a long-lasting economic slowdown, and a corresponding inability of residents to pay their rents, some owners may choose to defer capital repairs. In some locations, this could contribute to the loss of housing stock due to deterioration. In other places, owners who can no longer afford to maintain their properties may sell them to large investors, which could accelerate gentrification and displacement.



## Challenges associated with outbreaks in multifamily properties

There are a number of questions related to outbreaks of COVID-19 in multifamily properties. Do owners have any special obligations in the event of an outbreak, and if so, what is the source of that obligation and how will it be enforced? Does it matter if the property is targeted to the elderly? Does being under contract with HUD lead to a higher level of responsibilities for property owners, and if so, will this make owners less interested in participating in subsidy programs in the future? Are there liability issues associated with decontaminating halls and common spaces?

## Challenges associated with operating multifamily housing and housing-based service programs

Among the many challenges associated with social distancing are the logistical challenges of operating multifamily housing. Housing developments employ a number of staff who come into contact with many residents. Public housing and HUD-assisted multifamily properties are required to periodically verify the income of residents, which often requires dialogue. The challenges are especially acute for service programs within affordable developments, such as the Family Self-Sufficiency Program, ROSS and JOBS Plus, which aim to help residents make progress toward economic security; these programs often provide support for residents through in-person coaching and case management that will be difficult to continue while social distancing.

HUD's Office of Public and Indian Housing recently issued a [Notice](#) providing for waivers to address the short-term impacts of COVID-19 on public housing and the Housing Choice Voucher program.

## CREATION OF NEW HOUSING

### Reduced construction of new housing units during social distancing

Workers who stay at home and self-isolate obviously can't build homes, leading to a short-term disruption in the creation of new housing; some cities have also adopted temporary bans on construction. A brief pause in the creation of new housing would not have long-term effects if production could ramp up afterwards to compensate for the temporary loss of production. Unfortunately, as has been much discussed elsewhere, the production of housing in high-cost cities was already lagging behind demand before COVID-19, and it is not at all clear that the production volume of new housing will be able to increase to the levels needed to ensure affordability. If rents and home prices decline in the short term, this could buy additional time for new supply to ramp up, but it could also dampen investment in new housing.

One short-term question is whether there are steps that localities could take to reduce barriers to housing production and rehab once the immediate threat is over to allow the supply of housing to more quickly catch up to the demand for it. A discussion between local government officials, developers (both nonprofit and for-profit), and housing and equity advocates could be helpful for surfacing context-specific solutions that could help to increase the volume both of market-rate housing and dedicated affordable units as soon as the social distancing policies are relaxed.

## Long-term effects on housing supply

During the Great Recession, a significant number of smaller builders went out of business, leading to increased consolidation of the building industry, a trend that some argue has led to higher housing costs due to reductions in supply. The same thing could well happen due to the economic and job dislocations associated with COVID-19. If so, we might see a long-term reduction in housing supply, further exacerbating future housing affordability problems (even if rent and home price increases slow or reverse in the short-term).

A larger and longer-term recession or a major disruption in the housing finance system could lead to bigger effects in reducing new supply, though it's difficult to know at this time how likely these scenarios are. One question is whether large increases in government debt from COVID-19-related spending will drive up interest rates, making multifamily housing financing more expensive. Another question is whether the construction labor supply will be interrupted. Some construction workers who are furloughed might find jobs in other professions and not come back, potentially leading to a longer-term disruption in construction labor supply.

A final question to consider is whether social distancing will become a new excuse to avoid denser land use policies or development of multifamily housing. If so, this could reduce the pace at which units are produced, contributing to worsening housing affordability over the long-term.

## Disruption of housing subsidy programs

Social distancing will obviously make it difficult for both developers and subsidy providers to transact business. In the short-term, this may slow production of new dedicated affordable housing. Some deals may fall apart if contingency clauses are not satisfied in a timely manner or investors back out due to overall uncertainty or fear of an economic downturn. Government stimulus during the Great Recession helped keep affordable housing development on track. It's unclear whether a similarly wide-ranging stimulus will be

made available to deal with lingering economic challenges after the country reopens for business.

Some affordable housing developers (especially nonprofits) may struggle to maintain their operations in the face of reduced volume of new housing production, given their heavy reliance on developer fees to support their current operations. The cancellation of fundraising events could also reduce funding for their operations. This problem could be compounded by reduced rent at existing properties. Any disruptions in the housing finance system would further exacerbate these problems.

## Possible opportunities?

On the flip side, a recession and temporarily depressed land values could provide an opportunity for public agencies and nonprofits to acquire land that they can later turn into affordable housing. In retrospect, this was an opportunity that was available during the Great Recession but not capitalized upon by enough public agencies and nonprofits. During an economic contraction, some investors may be looking for places to invest their funds for long-term returns and land could be one such opportunity. It is difficult even in the best of times for public agencies and nonprofits to compete with private investors, but it would be unfortunate if cities and nonprofits were not ready and able to purchase land if it became available at attractive prices and in good locations.

## DISPLACEMENT

Faced with loss of income, some households may voluntarily give up their housing while others may be evicted. Both situations could accelerate displacement in areas where rents were rising prior to COVID-19. Similarly, owners of small multifamily properties could find themselves needing to sell their properties to cope with the loss of income from rent. In neighborhoods that were gentrifying before COVID-19, or were in

danger of gentrifying, investors could purchase and seek to reposition the properties to a higher rent level once the crisis has subsided.

After the foreclosure crisis, many investors mobilized to acquire property, which they operated initially as rentals and then sold once values had gone back up. It would not be surprising if we see a similar pattern during this crisis.

## HOUSING FINANCE

Many questions have been raised about the potential impact of the COVID-19 pandemic on the housing finance system. [This post](#) from Don Layton, for example, lays out a broad range of possible risks. This is an important topic that deserves a more comprehensive treatment than is possible in this paper.

## OTHER ISSUES

The following are a number of additional potential housing-related issues.

### Domestic abuse

During the health crisis, victims of domestic abuse may find it more difficult to escape their abusive situation because fewer people will take them in. Domestic abuse shelters may have some of the same problems as homeless providers in terms of: (a) less capacity when social distancing is in place and (b) people being scared to go there due to fears of being exposed to any virus that other sheltered residents may have.

### Child care

While schools are closed, some people are having to choose between their job or staying home with a child who would otherwise be in school. Are they now paying for daycare? If so, does

this affect their ability to pay rent and/or their mortgage expenses?

### Effects on credit scores and debt

People who experience eviction or foreclosure, or whose credit card, medical, or derogatory debt increase, will have lower credit scores, which could raise their borrowing costs and make it more difficult for them to qualify for a mortgage or a car loan. Some COVID-19 survivors may also face large medical bills related to hospitalization.

### Long-term effects on retirement savings

People may dip into their retirement savings in order to manage losses of income, leaving less savings available for retirement. If we end up in a prolonged recession, people who were relying on their stock portfolios for retirement savings may find themselves less able to do so. The same may be true of people seeking to rely on home equity for retirement if and to the extent that home prices decline and do not recover before the funds are needed.

### Potential effects on residential settlement patterns

There are many potential effects on residential settlement patterns from the COVID-19 pandemic. For example, fear of interacting with large numbers of people who could potentially spread illness could fuel an interest among existing city residents in moving into the suburbs. Similarly, some people who would otherwise have moved to a large city may select a smaller city or a suburban or rural area instead, slowing migration to the largest “superstar” cities. On the other hand, an economic slowdown could hit smaller cities hard, potentially reducing available job opportunities outside of large cities.

Other questions revolve around telecommuting. Will the experience with telecommuting and the infrastructure that emerges to support it encourage or facilitate more telecommuting in the future, potentially facilitating a greater dispersal of population? Or will experience with telecommuting reinforce the need or preference for office interaction?

What becomes of students who have recently had to move back home and are soon graduating into a recession? Pre-COVID-19, many would have moved to a city to start their careers; what happens now? Do they stay at home for a few years?

Many of the workers being laid off first (e.g., those in retail, tourism, etc.) are disproportionately young. Do these young workers move back home? Find cheaper housing? Find roommates? Over the long term, does COVID-19 delay home purchases for this generation like it did for millennials? High levels of student debt may already have been inhibiting home purchases.



## CONCLUSION

The COVID-19 pandemic is likely to have a widespread impact on the housing market and housing policy. This paper outlines a broad range of potential impacts. The ultimate impact will depend on the duration of the pandemic, the depth and breadth of the recession that will likely accompany it, and the robustness of the federal government's response.

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