



TESTIMONY BY

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BEFORE THE

House Committee on Financial Services

FOR A HEARING ENTITLED

"Protecting Renters During the Pandemic: Reviewing Reforms to Expedite Emergency Rental Assistance"

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Introduction

Good afternoon, Chairwoman Waters, Ranking Member McHenry and members of the Committee. It is my privilege to appear before you today to speak on behalf of our organization, WinnCompanies, and the more than 300,000 residents who call our apartment communities home, regarding the critical reforms needed to the Emergency Rental Assistance Program (ERAP). Thank you for this invitation and for the attention and advocacy the Committee has focused on this vital issue.

My name is Gilbert Winn, and I am the CEO of WinnCompanies, a developer, owner and manager of multifamily housing founded in Boston 50 years ago. WinnCompanies is the largest operator of affordable housing in the United States, and the sixth largest multifamily operator of housing in the country. We manage 600 rental communities across the nation on behalf of a diverse range of clients – private owners of all types and sizes, non-profit groups, Community Development Corporations, tenant-owned affordable housing co-ops, and even public housing authorities. We manage mixed-income communities that utilize a variety of federal, state and local housing subsidies, like Low-Income Housing Tax Credits and the Section 8 program, as well as vital naturally occurring affordable housing. We also manage more than 10,000 unrestricted market rate apartment homes. WinnCompanies works in 23 states and Washington, D.C., from the Northeast and Mid-Atlantic to Florida, Texas and California.

Our company is also one of the nation's largest providers of housing-based community services, connecting residents to vital resources, like quality childcare, food, employment opportunities, healthcare and savings programs, that address real needs and produce measurable outcomes for individuals and families.

We bring an informed, first-hand perspective of what is – and what isn't – working on the ground when it comes to emergency rental assistance and the goals of housing stability and eviction diversion. As both an owner and operator, we play a vital role in fulfilling the dual intent of Emergency Rental Assistance Program funding: To assist landlords in meeting their economic requirements and to assist our residents to remain stably housed as we weather this pandemic together.

Today, I will first talk about our housing stability goals and the fundamental importance of rent collection in that endeavor. I will then detail the specific successes and challenges we have faced in accessing the ERAP program; and I will conclude with the proposed revisions we offer to help all those who need it more quickly and efficiently.

Housing Stability Works

Housing stability is a vital, societal responsibility that will certainly outlast this current crisis.

In early 2020, WinnCompanies launched a national housing stability program drawn on five decades of experience and honed during the last 18 months as we faced the dual challenges of an economic crisis and the pandemic.

Many assess the current crisis in either/or terms – from either the landlord's perspective or the tenant's perspective. We see a middle ground – a way to not only reduce evictions and homelessness, but also to preserve much of the rental income owners and operators need to maintain quality rental housing. We believe that the payment and collection of rent is fundamental to a functioning housing market. We also believe renters should have a safety net when they fall on hard times through no fault of their own. Our experience demonstrates that we can make eviction our last resort, rather than the first reaction.

The goal of our plan is to reduce evictions for non-payment of rent by 50% across our nationwide portfolio by 2025 through a combination of upstream, early and consistent interventions featuring education, two-way communication, and hands-on assistance. The four key elements are:

1. Providing residents education on rights and lease responsibilities, and with our partners, connecting them to local resources like mediation, counseling and coaching;
2. Hammering out achievable, affordable and sustainable payment agreements often as long as nine months;
3. Implementing accountable housing stability goals – rather than eviction metrics – for both the on-site property managers, as well as the more than 100 law firms with which we work; and finally,
4. Imposing a strong focus and accountability on robust coordination and assistance in completing applications for Emergency Rental Assistance programs.

Since April 2020, WinnCompanies has been able to help more than 28,000 apartment households, about 72,000 adults and children, avoid eviction through our Housing Stability Program. This includes:

- 3,000+ households supported with benefits and unemployment application assistance for those who lost work and steady income;
- 8,000+ households supported with holistic, responsible rent payment agreements for residents returning to work and getting on their feet;
- 2,000+ households supported through coordinated mediation services with our legal services and community partners; and
- 15,000+ households supported in Emergency Rent Assistance applications and submissions

The result is that WinnCompanies has had zero evictions for non-payment of rent since the start of the pandemic among the 28,000 households participating in our program. These results, and our program, have been recognized by both housing and tenant advocates, like NMHC and the National Low Income Housing Coalition, both of whom are testifying here today, as well as by our clients and peers.

The Importance of the Emergency Rental Assistance Program

Emergency Rental Assistance is the single most important component of our Housing Stability program in avoiding evictions during this current crisis. This is simply because the payment and collection of rent is fundamental to stable rental housing, especially for affordable and workforce housing.

We applaud the Emergency Rental Assistance Program in its urgency and intention. We applaud this Committee as well, in your recognition of the need for reforms to achieve better success. This \$46 billion program was designed to sustain the ecosystem of rental housing while eviction moratoria were in effect and the dual health and economic crises were affecting our communities. It was intended to assist both tenants and owners.

As mentioned, this is not a choice between renters and profits. Rent is fundamental to the ability of WinnCompanies and our clients, particularly our non-profit owners, to operate and maintain existing apartments, pay their staff, fund community programs and tenant services, and continue to invest in new affordable housing development to address our nation's ongoing supply challenges.

As rent goes uncollected, variable operating costs that affect everyone's quality of life must be correspondingly decreased – such as preventative maintenance, landscaping, security, trash pick-

up and resident services. Staff hours at each property are cut, which means the paychecks of frontline workers are decreased. These are outcomes no one can accept.

All in all, I am proud of how the multifamily industry has stepped up during this pandemic. The vast majority of owners and operators are on the frontlines, and have been for 18 months, keeping homes safely occupied and expending tremendous resources to do so.

In order to make the roll out of the ERAP program as successful as possible, our team has participated across the country in more than 20 working groups assembled by state, county and municipal Emergency Rental Assistance grantees to support the design, implementation and administration of funds. We have participated in forums held by the apartment industry, legal services community, low-income housing and homelessness advocates, and many other sectors, sharing our tools, best practices, and recommendations state by state to increase ERA participation and engagement in communities we serve.

At the state level across our national portfolio, we worked with state leadership, housing finance agencies, philanthropies, housing and community development departments, and many others to address program glitches, provide real-time feedback on ERAP portals and application processes, add efficiency to payment processing, and support our peers, large and small, in raising awareness of the program.

At the local level, we helped to convene our peers to share best practices in more than 50 cities nationwide. We held 54 separate, two-hour trainings to walk our team members through every step of their state, county, or municipal ERA program so our staff were informed, engaged and updated on any change that occurred in the program. We held workshops walking our team through the assembly of all required documentation, applications, consent processes, and submissions. We established contacts with ERA administrative teams at these local levels; created program marketing specific to each community we manage; and began a near constant outreach campaign in every apartment community.

I want to take a moment to note that our company's 1,700 property management team members are essential workers who have been on the frontlines of this effort throughout the pandemic. To implement our program, we added yet another responsibility to their already daunting daily workload, training all of them on how to intervene with residents facing financial hardship and how to complete and submit ERAP applications. On top of all they are asked to manage and resolve day in and day out, our team members have stepped up to the challenge. I could not be prouder of them.

Our property managers, community organizers, maintenance teams and regional staff have worked tirelessly expending thousands of hours to identify and engage eligible households through every touchpoint at our disposal, complete and submit applications, and relieve the burden on individuals and families in going through this process alone.

We have engaged our partners, working with local churches, schools, youth organizers, employers – any organization that can support the visibility of these programs and reach those who we have not yet been able to help. We also have engaged our legal counsel in this effort, having their teams reach out to residents with rising rent balances to inform them of their options and our willingness to support them in payment plans, benefit and unemployment applications, emergency rental assistance, and more. We have attempted to partner with tenants, and meet them where they are, every step of the way.

To date, WinnCompanies has been able to work with 15,000 households to apply for more than \$22.6 million in ERAP support since we began comprehensively tracking program results in late summer 2020. Of this amount, \$17.2 million has been formally approved, with \$13.6 million having been received directly.

I recount all of this not to boast about our efforts. And I do not want to make it seem as though we are the only organization doing the hard work. There are thousands of landlords striving each day to access these funds. Rather, I offer this detail to point out that, despite the tremendous resources and focus Winn has been able to bring to bear, we have identified more than 15,000 additional households who are eligible for ERAP financial support but who have not yet participated successfully in the program. It leads me to conclude that smaller landlords - without the possibility of resources that we enjoy - must find themselves in an even more untenable and unfair position. It leads to the conclusion that something needs to change.

Current Challenges to the ERA Program

Again, despite the above efforts, we and our client owners nationwide are still carrying over \$37 million in delinquent rent, and that ecosystem I mentioned earlier is on thin ice because of it. Within this universe are 2,400 households who are not eligible for the assistance due to current income restrictions and guidelines; and this is on top of the more than 15,000 eligible households, mentioned above, who are non-communicative despite our best efforts at outreach and support.

Many of these eligible but non-participating households reside in deeply low-income, largely minority communities beset by continued and rising COVID-19 cases and a slower economic rebound. For non-communicative residents, we've learned a great deal as to why this barrier remains.

Some are households traumatized by medical and financial hardship throughout the pandemic. Some face an overwhelming fear of what appears to be insurmountable rental delinquencies. There are language barriers and technology barriers. Some are confused by mixed messaging on the eviction moratorium. Complicated legal and program compliance and language in tenant consent forms also play a role.

The unfortunate result is that despite our constant best effort, too many of the very folks that ERA programs seek to help are those who have not benefited from the programs. We have found this to be consistent in nearly every state we operate within across the country.

And because of this we are beginning to see real world, practical risks rear their head: Because of the underperformance of the ERAP program in getting the money out, we have been approached by many of our client owners, both for-profit and non-profit, large and small, to move forward with issuing Notices to Quit for these delinquent, non-communicative households. In the past few weeks, these requests have turned to demands, with many owners feeling that the housing court system is their only remaining option. They feel that court-ordered household emergency rental assistance is the only way to gain access to the funds since the system isn't working otherwise. And every day they grow more concerned about mortgage and tax payments, ongoing deferred capital needs, and mounting delinquency and payables.

Proposed Solutions to Improve ERAP

Because of these ongoing challenges, and despite our best efforts, we are requesting this Committee consider the following **four** basic amendments to the current Emergency Rental Assistance Program to allow states, county and municipal ERA grantees and administrators the flexibility to more efficiently and effectively support those households hardest hit by the pandemic. While there are other improvements which we would also support, we have made an effort to distill our recommendations down to the 4 most fundamental points:

1) Mandate the allowance of landlords to directly apply for delinquent rent on behalf of eligible households in all state, county, and municipal ERA programs through an informed consent model.

This allowance would encourage broader participation by landlords while immediately addressing the challenges of compounding rental delinquency, ongoing tenant financial hardship, and equitable ERA awareness and participation for eligible, delinquent households who are not yet participating in the program. We feel this provision could be extremely impactful, providing landlords the means and agency to drastically support ERAP participation and payment accountability.

Within WinnCompanies' portfolio, this would allow our organization to immediately address the housing stability of 15,000 eligible households I mentioned earlier who have been unresponsive to our efforts in gathering required tenant consent to complete ERAP submissions to date. For our organization, this would double the impact we have been able to achieve to date.

However, we are concerned about conditional amendments that have been offered to this newly proposed landlord pathway that would prevent landlords who receive ERA funds from recourse should these households begin to incur delinquent balances after receipt of funds. To this, we would encourage the Committee to ensure sufficient rental assistance funds are made available to landlords participating in direct application submissions so that landlords have the means to sustain housing stability for these households.

Further, we have real concern with any provisions that mandate the cancellation of tenant debt in partial or full by virtue of acceptance of funds via direct landlord application. We believe rental assistance applications must be funded in full to truly deliver the intended benefit to the landlord and nullify the confusion caused amongst eligible households and their landlords navigating a myriad of eligible delinquency provisions. Otherwise, these provisions would continue to act as a major deterrent for landlord participation in this new critically important allowance, as well as the program generally. The goal after all is to increase participation nationwide.

2) Mandate the allowance of landlords to directly apply to ERA for delinquent rent on behalf of households who have chosen to move out prior to ERA engagement.

It is our belief this provision will help stem the tide of lost rent for households who for whatever reason, chose to leave rather than communicate with willing landlords or who were not aware of Emergency Rental Assistance support. This will also ensure that collections, further court involvement, and the impact on personal credit and future housing

do not follow these households further into their lives and that this is effectively communicated to renters in this situation.

3) Extend ERA1 and ERA2 assistance eligibility to 24 months and allow self-attestation and safe harbor for grantees relying on the attestation, easing the ability of renters to demonstrate hardship.

Nationally, the varied eligibility terms and timelines create confusion and inefficiency in assisting ERA eligible households on both past due and ongoing rental delinquency. Within our own portfolio, this is clearly evidenced by low “re-application” submissions for eligible households who have not yet met their capped eligibility terms. As this committee weighs how to ensure the allowance of direct applications by owners/operators will result in prolonged housing stability for households non-communicative or unaware of ERA to date, the expansion to a 24-month period would allow landlords time to further engage eligible households while also supporting their ability to satisfy ongoing delinquency caused by unemployment and sustained financial hardship.

4.) Mandate the allowance and implementation of bulk of applications by and payments to owners/operators.

While Treasury’s most recent guidance does encourage grantees to obtain information in bulk from housing providers regarding eligible residents and to engage in bundling assistance payments, few program administrators have implemented these processes. Bulk applications submissions and payments will help streamline the process of ERAP administration and accountability, make payment processes more efficient when coupled with the above suggested mandates, and allow deeper engagement by landlords seeking to centralize ERAP application submission processes. The success of this method has been demonstrated in multiple instances by ERA grantees nationwide and has provided more urgent relief to both landlords and renters, saving valuable time and energy for both. We feel it is imperative that bulk processing be required, rather than simply permitted, for grantees immediately.

Conclusion

We are confident that with these urgently needed program changes, housing owners and operators, ERA grantees and administrators, and residents will be able to efficiently and effectively access funding needed to support those most vulnerable to the pandemic and its economic impact.

Our housing stability strategy builds on our experiences over the last 18 months, as well as decades of being a national leader in affordable housing. Our property management teams have invested extraordinary extra effort to prevent thousands of evictions, despite facing already difficult workloads and their own personal challenges during this pandemic.

Our experience has shown that is possible to avoid hardship evictions and preserve much of the rental income that is fundamental to operating quality rental housing. Helping people to stay sustainably in their homes has myriad benefits; it’s good for our residents, for communities, our employees and the economy.

We greatly appreciate this Committee's hard work to find the most effective and efficient balance on these issues. Thank you for your consideration and continued efforts to promote housing stability and for the urgency with which you are addressing this crisis.

Gilbert Winn
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