



As of September 2021, renters across the United States owed an estimated [\\$15 billion](#) in rental debt. According to estimates from the [Center on Budget and Policy Priorities](#), that translates to 10.3 million adults living in rental housing—14 percent of adult renters—who were not caught up on rent. [The tenants behind on rent are mostly low-wage workers and disproportionately people of color.](#)

According to the [National Equity Atlas](#), **67% of people with rent arrears are people of color.** 27% of Black renters, 19% of Latinx renters, 18% of Asian or Pacific Islander renters, and 17% of multiracial renters are behind on rent, compared to 9% of white renters.

Neither the now-expired Centers for Disease Control and Prevention (CDC) moratorium nor state-imposed moratoria absolved renters from making rent payments. And although the federal government’s [Emergency Rental Assistance Program](#) (ERAP) can be used to address rent arrears, it has been [incredibly slow](#) to reach tenants—forcing some tenants to face eviction while attempting to access rental relief funds.

Tenants who owe rent arrears face a host of devastating long-term consequences, including [the inability to secure safe and affordable new housing](#).

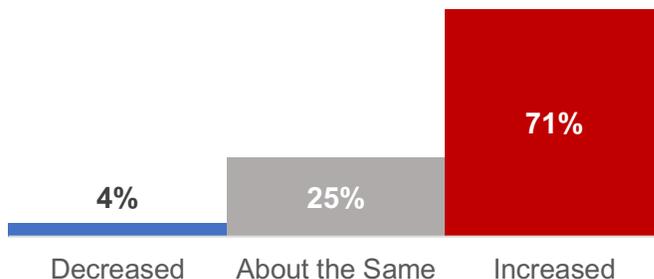
Although most landlords do not regularly report rent payments to the nationwide consumer reporting agencies (CRAs), they may refer unpaid rent to collection agencies or sell the accounts to debt buyers that may report the alleged debts.

Landlords often automatically reject housing applications from potential tenants who are alleged to owe money to former landlords. Because most landlords use [tenant screening reports](#) that include credit information, a damaged credit report hinders a tenant’s ability to secure new housing. This could force the tenant to turn to landlords who charge above-market rates for low-quality housing or could even lead to homelessness.

Rental debt is money allegedly owed due to a current or prior tenancy, and includes amounts for rent arrears, claims for unpaid rent after breaking a lease, and alleged damages. It might be pursued through legal actions in court, credit reporting, or debt collection.

NCLC Survey of Legal Aid and Non-Profit Attorneys Reveals Credit Reporting and Debt Collection Consequences of Alleged Rental Debt

Change in Caseload of Clients with Alleged Rental Debt from June to August 2021 Compared to Pre-Pandemic



Of the 82 respondents, 69 reported working with clients with alleged rental debt.

To begin to assess the effects of rental debt arising out of the pandemic, **NCLC surveyed 82 legal aid and non-profit attorneys from 27 states and the District of Columbia who worked with consumers with rental debt between June and August 2021.** 71% of survey respondents who represented clients with rental debt pre-pandemic reported an increase in consumers with alleged rental debt from June to August 2021.

Survey respondents wrote:

- “I have . . . seen massive increases in rental debt due to COVID-19 layoffs and loss of income.”
- “The amount of rental debt is much larger than what we have seen in the past.”
- “I've been seeing an increased number of evictions and rental debt cases.”

“We have property owners in our community becoming ‘creative’ in suing tenants for arrears as opposed to filing [an] eviction (during the CDC moratorium) and using this as leverage to displace tenants (self-help eviction from our standpoint).”

“[Rental] debts. . . related to an eviction judgment or simply reported as a debt in collection on [a] consumer report, create an insurmountable housing barrier. Unless the tenant has resources to pay . . . they will not . . . qualify for most housing and will be forced into substandard housing or homelessness.”

Of the 82 survey respondents who worked with consumers with alleged rental debt between June and August 2021:

37%

Said their clients had court proceedings related to alleged rental debt (separate from an eviction proceeding)

44%

Said their clients had alleged rental debt reported on a credit report

49%

Said their clients had trouble finding housing as a result of alleged rental debt reported on a credit report

39%

Said their clients had been contacted by a debt collector about an alleged rental debt using a method other than a court proceeding

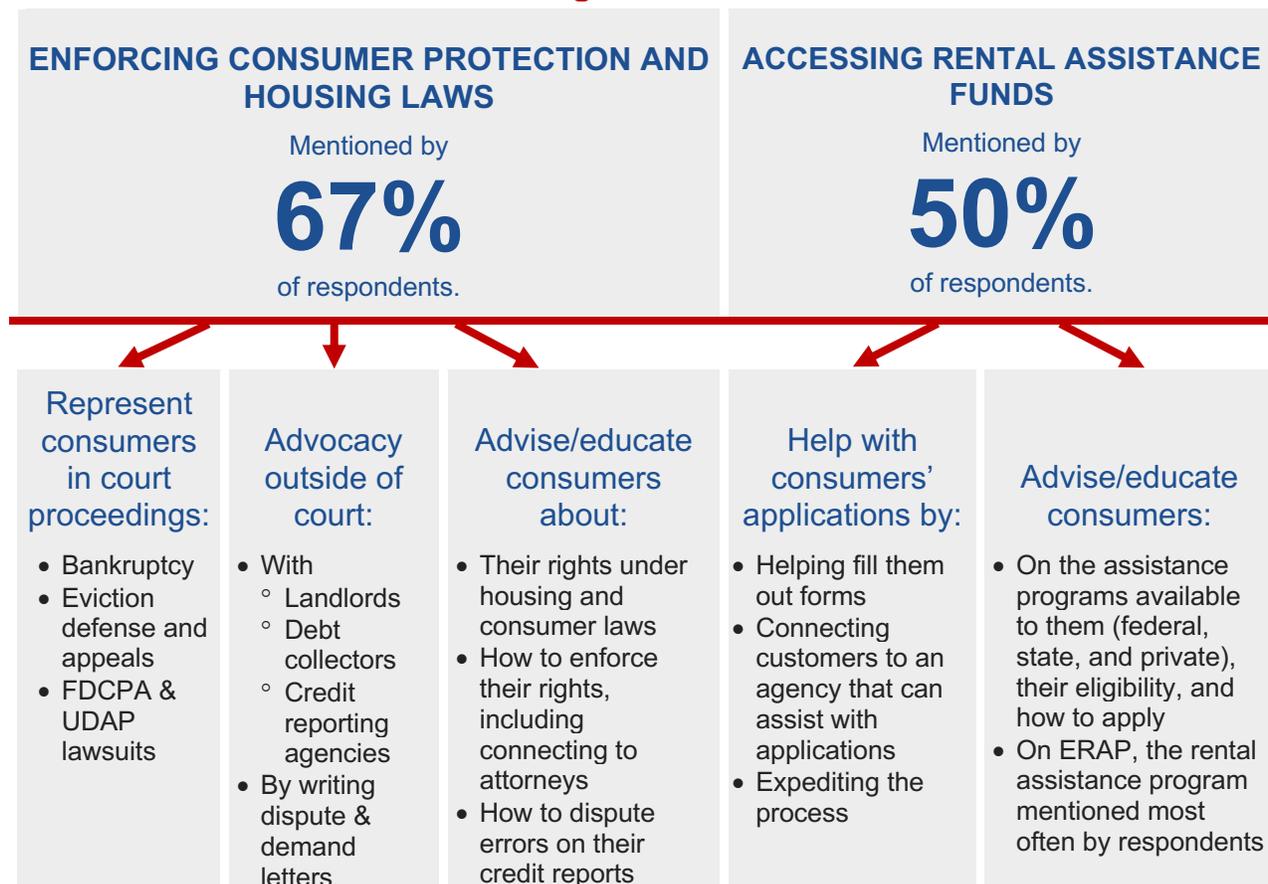
“Landlords report debts that haven't been reduced to judgment to collection agencies. These debts plus eviction related debts prevent tenants from obtaining rental housing. The debts appear inflated at best.”

“As the pandemic progressed, not only have we seen the average rental debt of tenants we work with increase, but also the occurrence of landlords filing Garnishment or Warrant in Debt cases, sometimes instead of Unlawful Detainers.”

Respondents spoke of landlords “becoming creative” and using “any other possible excuse” to collect on an alleged rental debt or evict tenants. They wrote:

- “Many landlords were advised by the magistrate judges not to seek money judgments for rent in eviction proceedings, in order to circumvent the moratorium [when it was active].” *Blank block*
- “[Landlords . . .] ask for exorbitant costs for damages and keep the security deposit, [and] then send a 14 day notice to pay the rest as though it were rent and forward it to a collection agency to try and collect that money from tenant.”
- “We had been seeing landlords claiming other reasons for eviction to get around the moratorium, but almost every case was actually rooted in a payment issue.”

When asked to discuss the strategies used to help consumers dealing with alleged rental debt from June to August 2021, 58 responses fell into two large buckets:



“The ERAP money is not getting to renters in time to prevent eviction”

Respondents repeatedly reported that Emergency Rental Assistance Program (ERAP) payments were one of the most effective ways to assist their clients and avoid eviction. However, respondents cited the slow, complicated application process, the need for education among tenants and landlords alike, and a lack of regulation to protect tenancies as consumers wait for ERAP funds to arrive as huge barriers to assisting their clients. Respondents wrote:

- ⇒ “Many consumers become frustrated with long hold times on calls and do not have access to computers or technology. As a result, they give up on applying.”
- ⇒ “People who have owed rent for a very long time . . . still do not know that rental assistance programs exist or how to access them.”
- ⇒ “The biggest obstacle to keeping tenants housed is probably how some landlords refuse to hold off on evictions until rental relief can be processed and obtained. Despite fairly robust rent relief options, there is very little statewide policy to encourage landlords to cooperate with the rent relief process.”
- ⇒ “The application process for tenants to receive rent assistance is too cumbersome, . . . leaving non-profit lawyers, community agencies, etc. shouldering the burden of actually getting this money where it needs to go. If landlords don't cooperate, it's even more difficult to preserve tenancies. The application and approval process needs to be simpler and pay out faster.”

Respondents called for more comprehensive outreach and education to both tenants and landlords, for a simplification of the application process, and for formal protections that would require a landlord to wait for ERAP funding to arrive before evicting tenants.