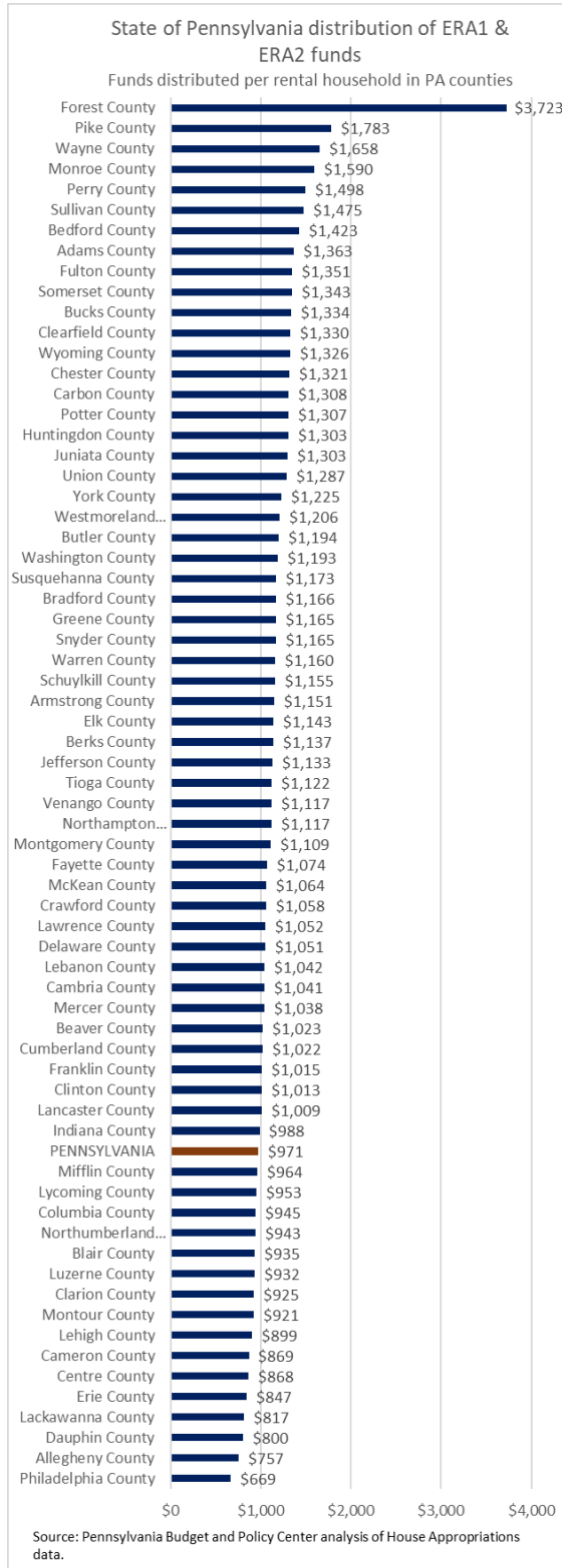


Not According to Need: PA Again Shorts Counties with More Renters, Higher Rents, and Larger Black Populations

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In mid-June, the Pennsylvania Budget and Policy Center released a report documenting that Pennsylvania inequitably distributed Emergency Rental Assistance funds (ERA1) in the late 2020 federal COVID relief package. Pennsylvania allocated the funds on a per population—or per capita—basis. This has the advantage of being simple. It has the disadvantage of being blatantly unfair. In this case, it also has the disadvantage of being racist in the analytical sense that the allocation formula predictably and deliberately discriminates against places with more Black renters in need of emergency rental assistance.

Here’s why the seemingly straightforward per capita approach is unfair: it ignores the well-known realities that (a) a higher share of households in urban counties rent as opposed to own their homes and (b) rents are higher in urban counties.

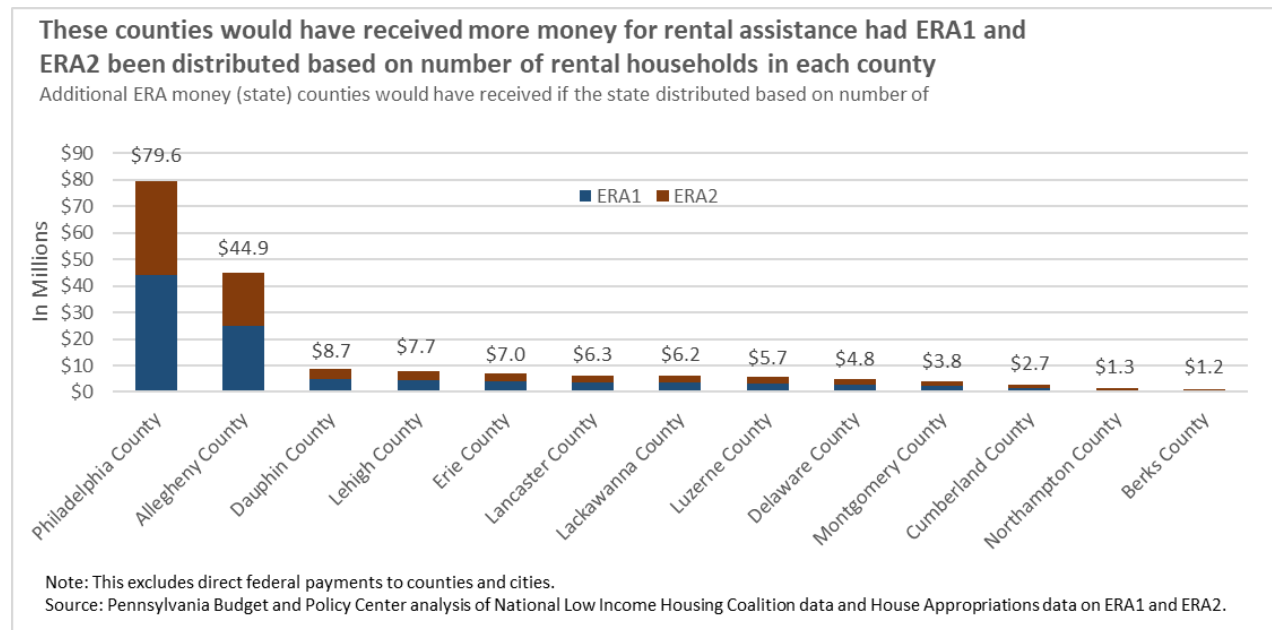
The variation in share of households that rent by county is quite dramatic, ranging from 14% in Forest County to 47% in Philadelphia. The variation in fair market rents is less dramatic but still substantial. A 2-bedroom apartment ranges from over \$1,200 per month in some counties to just above \$700 per month in others. These two ignored factors in distribution led to counties with more renters and higher rents—as well as more Black households that rent—getting shorted Emergency Rental Assistance funds.

When we wrote our June report, we gave lawmakers the benefit of the doubt—perhaps this distribution strategy was just not well thought through. It mirrored federal distribution, which also used a population-based distribution strategy. We wrote that report and blog alert lawmakers to the flaws and inequities in their distribution strategy.

But the Legislature has again decided to allocate additional emergency rental relief funds in the American Rescue Plan (“ERA2 funds”) in exactly the same, inequitable way. The figure to the left shows that

ERA1&2 funds per rental household vary tremendously by county. Forest County received over \$3,700 per rental household, while Philadelphia, Allegheny, Dauphin, Lackawanna, and Erie Counties received less than \$850 per rental household.

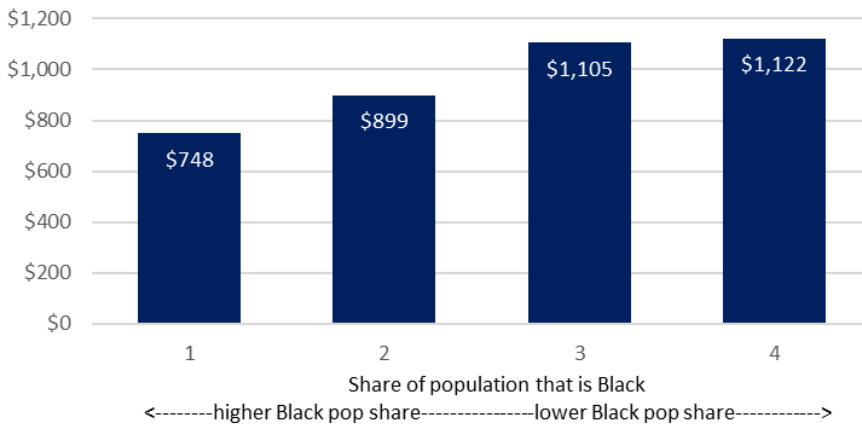
The figure below shows which counties were shorted by ERA1 and ERA2 funds. Philadelphia, shorted \$44.3 million in ERA1 funds, was shorted an additional \$35.3 million in ERA2 funds. Allegheny County was shorted \$25 million in ERA1 funds and \$19.9 million in ERA2 funds. If funds were distributed taking into account the share of rental households (i.e., based on the number of rental households per county, not the number of people), Dauphin County would have received an additional \$8.7 million in total ERA funds, Lehigh County would have received \$7.7 million, and Erie County an additional \$7 million. And keep in mind that these differences in funding do not even take into consideration the higher rents in urban counties. These funds should have gone where the need is—where renters live and have struggled during the global pandemic to pay their rent. The decisions made to distribute these funds inequitably—two times now—is inexcusable.



These decisions also have racial impacts. We divided Pennsylvania counties into four quartiles or groups with near-even population and organized by share of Black population. Counties with a higher share of Black people received \$748 per rental household in ERA1&2 funds, which is only two-thirds of what counties with the lowest share of Black people (\$1,122) received. This inequitable distribution of aid will exacerbate existing inequities in housing security and affordability based on race.

Counties where a higher share of the population is Black received less funds per rental household

Average combined ERA1& ERA2 funds per rental household (state+federal) grouped by share of county population that is black



Source: Pennsylvania Budget and Policy Center analysis of data from House Appropriations, the National Low Income Housing Coalition and the 2019 Census.

Emergency Rental Assistance (ERA) funds are meant to help struggling families and individuals stay in their homes through this pandemic. Over the next few months, these funds will be critical to reducing the number of people evicted and rendered homeless as eviction moratoriums are lifted. To most effectively mitigate the human and community damage from increasing predictable increases in evictions and homelessness, funds should go where the greatest needs are. Because funds won't go to the places of greatest need, the human and community costs will be higher. And this time, Pennsylvania legislators don't get a pass. The damage will be on them.