

Billions in US federal rent assistance money withheld from millions facing eviction

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Out of the \$46.5 billion in funding provided for rental assistance under two bailouts enacted in December 2020 and March 2021, the vast majority has not been distributed, with only an estimated \$3 billion of the funds being distributed as of August 3 according to CNBC, while millions are at risk of eviction or foreclosure.

According to the Eviction Lab, in the six states and 31 cities tracked by it, 480,456 evictions have taken place during the pandemic. In just those areas alone, 6,108 evictions were filed in the last week. This is in spite of the announcement on August 3 by the Centers for Disease Control and Prevention (CDC) of the extension of the eviction moratorium to October 3 for counties “experiencing substantial and high levels of community transmission levels.”

The moratorium extension itself was only issued after Democrats allowed it to expire on July 31 and then after they washed their hands of it. The latest temporary version is a significant revision of the previous moratorium which, at least in letter, covered all renters. While CNN, citing a “source familiar with the effort” estimates it covers 90 percent of renters, which by no means should be taken at face value, that would still mean hundreds of thousands are now not covered who previously were, and can be thrown out of their homes amid a surge in the pandemic.

The extension itself has an uncertain legal future, as suggested by the federal judge who allowed the Biden administration’s revised moratorium to remain in place temporarily, while the case is appealed up to the extreme-right Supreme Court.

Approximately 1.6 million households reported being “very likely” to face eviction in the next two months according to the US Census Bureau’s July 21-August 2 Household Pulse Survey, while another 1.9 million were “somewhat likely.” Some 5.8 million were not at all confident in their ability to pay next month’s rent. Additionally, 238,000 homeowners were “very likely” to have to leave their house due to foreclosure, while another 826,000 were “somewhat likely” to have to leave.

For those seeking assistance, only 287,000 cited applying and receiving household rental assistance through state or local government, while 1.49 million were waiting for a response and 890,773 were denied assistance.

Only 15 states and the District of Columbia had spent 10 percent or more of the funds initially approved by Congress, as of the end of June, according to the US Treasury, despite \$25 billion of the funds for the Emergency Rental Assistance Program (ERAP) having been approved on December 27 of last year and \$21.55 billion in March 11 of this year, under the Consolidated Appropriations Act and the “American Rescue Plan Act” bailouts, respectively.

According to a HuffPost analysis of Treasury Department data, “in roughly 40 states, counties and cities, not a single cent from ERAP made it out the door during that time.” This included some smaller counties, but also whole states such as New York, which received \$801 million in funds, and Puerto Rico at \$325 million, where nothing from ERAP was distributed.

Chicago hadn’t distributed any of its \$80 million in ERAP funds by the end of June, with the spokesperson for the Chicago Department of Housing saying that the department had been waiting on the City Council, which is ruled by Democrats, which has failed to allocate the funds since May when the applications opened.

Politicians for both parties have criticized local governments for the glacial pace that rental assistance was distributed.

Senate Minority Leader Mitch McConnell stated last week, “The problem has been with state governments who have been pathetically slow to get the money out.”

Senate Majority Leader Chuck Schumer criticized his own state of New York, stating he would send a letter to the state government to “immediately start disbursing those funds.”

Representative Bobby Rush, Democrat of Illinois, referring to the city of Chicago’s delay of \$80 million in ERAP funds, stated that “Bureaucratic bungling is unacceptable,” and, “I am astounded and heartbroken that my constituents, who are suffering from horrendous

economic woes in the midst of an ongoing pandemic, have not received the full financial relief that I voted for.”

New York City’s Mayor Bill de Blasio’s spokesperson Bill Neidhardt stated, referring to the unemployment benefits, “The main reason is that the application was fucking impossible.”

Neidhardt, saying perhaps more than he intended, added, “I think it’s strategic incompetence. That’s why they delayed it, and that’s why they rolled out a mind-bogglingly unusable interface. Both those things show they didn’t want people to get the money.”

Mehring Books, the publishing arm of the Socialist Equality Party (US), is proud to announce the publication in epub format of Volume 1 of *COVID, Capitalism, and Class War: A Social and Political Chronology of the Pandemic*, a compilation of the *World Socialist Web Site*’s coverage of this global crisis.

Sarah Saadian, vice president of public policy at the National Low Income Housing Coalition, stated that while some places were distributing funds, many states and local governments were “putting in place their own documentation requirements or very lengthy application processes, which are getting in their own way of distributing aid.”

State governments undoubtedly played a role in holding up these funds through sheer incompetence and indifference. The central reason, though, has the same roots as the holding up of unemployment money, and that is the drive to shove workers back into low-paying jobs through economic blackmail so they can get back to producing profits for the financial oligarchy. As the WSWS wrote on April 29 of last year:

The unemployment benefits program included in the CARES Act has been, to a large extent, an elaborate exercise in deliberate mass deception. When Congress and the White House presented the additional 13 weeks of state-based unemployment insurance beyond the typical 26 weeks, plus an additional \$600 weekly federal supplement through July 31, 2020, as a social safety net during the COVID-19 crisis, they knew very well that millions of unemployed workers would be unable to take advantage of it.

The Democrats and Republicans knew that many workers would not be able to get through to the antiquated systems in the state capitals across the country, which would be completely overwhelmed and unprepared for the number of people seeking to apply for benefits. They were counting on these

systems being so backed up with delays and confusion that workers would give up and end up receiving little or nothing of the government money.

Just as before, both Republicans and Democrats are well aware that the distribution of rent support money would encounter significant obstacles, yet they did nothing to address these.

“In most cases they couldn’t scale up an already-existing program, or if they could scale up an existing program, that program was tiny compared to the funding available now,” Ann Oliva, a housing policy expert at the Center on Budget and Policy Priorities told HuffPost. “That explains some of the lag.”

The glacial rate of the distribution of ERAP funds is in direct contrast to the lightning fast speed at which the continuous bailout by the Fed to Wall Street and large corporations is carried out. The justifications, evasions and blame game going on in D.C. and across the states are thoroughly unconvincing given that the Fed gives out over \$120 billion *per month*, almost triple the total amount allocated to ERAP, to buy up corporate bonds and other financial assets, which are quickly used by Wall Street to fuel an orgy of speculation whose result can be seen in soaring stocks and soaring wealth of the billionaires. This contrast becomes even more evident when it’s considered that only a fraction of ERAP funds have been distributed, while the \$120 billion is quickly put to use in speculative activities by Wall Street.

One could also point to the bailout of the airline industry, which, while being nominally allocated less money, in reality received far more than the \$3 billion currently distributed. American Airlines received \$5.81 billion through the CARES Act, while Delta received \$5.4 billion, with both of their CEOs receiving millions while laying off tens of thousands of workers.

The failure to provide for housing, and the ongoing eviction and foreclosure crisis, is a testament to the bankruptcy of the capitalist system and to the necessity for its overthrow and replacement by socialism, reorganizing society to meet human need rather than private profit.



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