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Testimony before the Senate Select Committee on Housing

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Good morning, Chair Reynolds, Vice Chair Johnson, Ranking Member Craig, members of the Senate Select Committee on Housing. Thank you for this opportunity to testify today. My name is Kelli Coughlin Schoen, and I am a Senior Research Manager at Ohio University's Voinovich School of Leadership and Public Service.

The Voinovich School leverages the resources of Ohio University to promote economic opportunity and a better quality of life for state residents, particularly those living in the 32-county region of Appalachian Ohio. Last year, we worked with more than 185 organizations, including 16 state and 8 federal agencies. This includes business and economic development, leadership training for local government, and a wide range of applied research, including program evaluations. Often, organizations are required to assess a program's implementation and impact as a condition of receiving government or foundation funding. To ensure objectivity and rigor, an outside group like the Voinovich School is typically hired to conduct this evaluation. Our faculty and staff gather and analyze information from many different sources – such as organizational databases, statistical reports, surveys, and focus groups - to provide an unbiased assessment of the program and evidence-based recommendations the organization can use to inform future work.

In 2021, the Voinovich School was hired by the Ohio Association of Community Action Agencies—with funding from the Ohio Department of Development—to evaluate Community Action's distribution of emergency housing-related relief during the COVID pandemic and document the impact of these funds. I am here today to provide an overview of our findings from this study.

Background

In 2020, as the implications of the pandemic became clear, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Consolidated Appropriations Act of 2020 provided funding for emergency assistance to those negatively impacted by the pandemic. Nearly $600 million was allocated to the State of Ohio for emergency rental, mortgage, and utility assistance. This was in addition to those funds allocated directly to local jurisdictions. This unprecedented amount of assistance was intended to avert what many feared would be a tsunami of evictions and foreclosures. The Ohio Department of Development tasked the state's 47 Community Action agencies with the job of distributing the funds allocated to the state. This decision to use the Community Action network was identified by the Department of the Treasury as an exemplar of a promising practice in emergency rent distribution.

Details of the Study

Timeframe

The Voinovich School conducted this evaluation and impact assessment in 2022, as community action agencies were still distributing the funds. Because of that timeframe, this evaluation covers the Home Relief funds that were allocated by the 2020 CARES Act and the subsequent Consolidated Appropriations Act, but not the 2021 American Rescue Plan Act. In other words, it stops with ERA 1.

Data

The data on which this evaluation is based came from the Department of Development Office of Community Assistance, community action agencies, and individuals whose households were assisted with Home Relief funds. The Department of Development provided us with the Home Relief data reported to them by Community Action agencies across the state. In addition to this data about Community Action activities, 36 community action agencies engaged with us by responding to a survey, participating in focus groups, and/or sitting down with us for in-depth interviews. We also heard from 493 individuals whose households received assistance and who responded to a statewide survey.

Analysis

One of the main ways in which we analyzed this data was through a Social Return on Investment analysis – or SROI. SROI's intent is to measure the full array of impacts of a program –the positive and negative, the intended and the unintended, those that are traditionally captured on balance sheets and those that are traditionally captured with stories.

The SROI process requires that you first ask the people who were impacted by a program what changes they experienced as a result of the program, and then which of those changes is most important to them. Many of the outcomes that surface during this process are not outcomes that are currently assigned a market value. In order to include these outcomes in a unified account of a program's impact, SROI translates the value of these outcomes into the universal language of money using fiscal proxies. These proxies are most often calculated as costs avoided or benefits achieved as a result of a program or activity. These proxies are then compiled to generate a total statement of social impact created by the most important outcomes of a program or activity. By assessing that total value against the investments in the program or activity under study, an SROI can also give you a ratio of value created by each dollar invested, much like a traditional return on investment analysis.

Main Findings

Overall social impact

When considering the outcomes identified by stakeholders as most important, the social value created by Community Action distribution of Home Relief funds totaled over $3 billion. When we compare this amount to the amount of funds invested in the program, we find that for every one dollar invested in Home Relief funding distribution in Ohio, over six dollars' worth of social value were created.

Impacts on specific groups

This same type of ratio can also be calculated for each group that was impacted by the assistance.

- For those Ohioans whose households received assistance, every $1 invested yielded over $800-worth of social value. This value largely stemmed from the stabilizing impact that the assistance had on individuals and families.
- Landlords, mortgage holders, and utility companies received over $70-worth of social impact for every one dollar invested. This impact stemmed largely from avoidance of nonpayment, and avoidance of the fees associated with foreclosures.
- Unlike those who received assistance, the Community Action agencies that distributed assistance

received -$0.02 of social impact for every dollar invested. While the distribution of the funds allowed them to better meet their communities' needs, it also required that the agencies invest their own resources in recruiting, hiring, and training new staff; replacing staff in positions that experienced high turnover, and addressing the negative impact of the program on employees' mental health.

Description of select outcomes

Avoided cost of homeless shelter utilization

One of the main purposes of the Home Relief funding was to prevent vulnerable Ohioans from becoming homeless. Sixty percent of the program participants who responded to the evaluation survey reported that without the assistance, they would have become homeless. As one woman whose job cleaning vacation rentals was severely impacted by the pandemic told us, "The relief was a godsend. I work really hard cleaning houses and without this I would have ended up homeless." Another recipient reported, "It saved me and my newborn from being homeless." As we know, homelessness has profound impacts across multiple domains. In addition to the distress that comes with losing a home, living in a shelter, and potentially being separated from family members, homelessness and evictions are also associated with decreased employment, increased physical healthcare costs, increased mental healthcare costs, and—during the pandemic —increased rates of death from COVID. Avoiding homelessness also generates social value for taxpayers, who do not need to support the cost of hotel stays or homeless shelter utilization, nor did they need to fund the cost of COVID mitigation measures for shelters housing additional individuals. Researchers estimate that this social impact totaled between $108 and $218 million.

Avoided costs of foster care system utilization

Eighteen percent of surveyed program beneficiaries reported that, if they had not received assistance through Home Relief funds, they would have lost custody of their children. The impacts of custody loss on parents and children are profound and well documented. Additional impacts of custody loss include increased costs of foster care system utilization and changed outcomes for children who enter this system. When considering just the per diem payments made to foster parents or residential facilities, the value of the social impact created by avoiding an increased utilization of the foster care system is between $54- and $252 million. The wide range between the low and high estimate is due to the different expenses related to different placement levels for children in the child welfare system

Avoided costs of foreclosures

By preventing foreclosure, Home Relief funds averted a reduction in property taxes paid to local governments. Foreclosure prevention also averted a reduction in property values of neighboring homes, which would have further reduced tax proceeds. Preventing foreclosure also allowed property owners to avoid the considerable fees associated with the foreclosure process. The social value of this outcome is estimated to be between $195 million and $204 million.

Avoided nonpayment to landlords

The pandemic severely impacted many Ohioans' ability to make rental payments. Given that the National Apartment Association estimates that landlords who rent affordable housing frequently collect less than 10% of their rental debts, Home Relief was an important factor in protecting landlords from serious financial losses. One local landlord told evaluators, “It was a blessing when… [I received the] payment. It was a substantial amount of money that really blessed me and my wife, to be able to receive that and still provide housing for my tenants . . . That money sometimes helps me make my house payments … It was also helping me pay my bills.” The social value created by this outcome is estimated to be $382 million.

Avoided costs of residential mobility

By allowing families to stay in their homes, Home Relief funds avoided the stressors and negative outcomes associated with residential mobility. A third of surveyed households reported that without Home Relief funding, “my children would have had to change schools.” As one relief recipient told us, “It helped save me from eviction and uprooting my young kids.” Research tells us that just one move has been shown to impact a child’s educational outcomes, which in turn impacts future earnings. Additionally, almost a third of those surveyed reported that without Home Relief assistance, “I would have moved somewhere that made it harder to get someone to watch my children.” Insufficient access to childcare is associated with lost earnings for working parents or guardians, reduced revenue for employers, and lower revenues from income and sales taxes . The overall social value created by reducing residential mobility and its attendant impact on educational outcomes and childcare access is between $42 million and $44 million.

Increased ability to secure basic needs

When households are overburdened with housing costs, they often have to make difficult choices between housing, food, medication, bill payments, and other important expenses. Receiving assistance through Home Relief funds made it easier for people to secure a broad range of their basic needs. For example, 42% of surveyed clients reported that without the assistance, they would not have had enough money for food. One individual told us, “It has allowed me to keep my utilities on and have food for my son to eat.” Another said, “This has made it a lot easier to just feed myself and have the basic necessities.” By taking away the burden of rent or mortgage payments, Home Relief also made it possible for some households to catch up on bills, or avoid taking on new debt, which has cascading consequences over time. One person told us, “It has helped getting other bills taken care of,” and another reported, “The amount of support allowed me to finally catch up on my main bills. It allowed me to stop living from paycheck to paycheck.” The combined impact on households’ ability to address basic needs generated over $2 billion social value. This group of outcomes is the biggest driver of the overall impact demonstrated through this study’s SROI model.

Concluding Remarks

In a very short period of time, 47 organizations with widely varying histories, capacities, and resources stood up new programs of unprecedented size and scope. In the process, Community Action agencies and their staff experienced significant organizational and personal strain. Staff risked their physical and mental health, and agencies worked overtime to develop operational capacity, support employees, and meet the dire need in their communities. They did this within a larger context of uncertainty—about evolving program guidelines, about the course of the pandemic, and about the potential liability their organizations were incurring—all while under intense public scrutiny.

Despite the cost to Community Action agencies, the decision to distribute Home Relief funding through this network created the opportunity for positive impact beyond that created by rental assistance, mortgage assistance, or utility assistance alone. When clients applied for Home Relief funds through a CAA, they did so at a place that could provide them with a wide variety of other services designed to facilitate self-sufficiency. As one case worker told us, “It was more than just being able to help them [with housing]. When they came in for help with a mortgage… we were able to help them tap into our diaper bank or another agency that would be able to help them with transportation services or… our employment skills training . . . We were able to do a lot more on top of our rent…and mortgage. Those programs allowed us to provide additional resources to the community.”

When these resources were combined with some of the features of Home Relief funding—such as the ability to pay future rent—this created a space in which vulnerable Ohioans could work to develop new skills and secure new credentials, which would set them on a path toward higher income and greater stability. One Community Action executive director reported that “the program allowed us to say to people, ‘We’re going to take care of three months of future rent, we’re going to put you in a six-week CDL program if that’s what you choose. And we have people who went from minimum wage to $55,000 a year in the course of eight weeks. They were able to do that because we provide a stipend, and we could pay that three months future rent.” One more example comes directly from a mother of eight who received rental assistance: “By getting the help my family needed I was able to keep my house, get my STNA license and get a good paying job where I would not be at risk of being homeless again.”

Thank you for your time and attention. I would be happy to answer any questions you may have.

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