

# The Need for Rental Assistance in Los Angeles City and County

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## Introduction

As the COVID-19 pandemic enters its second year, Los Angeles renters continue to face a dire need for rental assistance. Survey responses from over 25,000 low-income tenants in the City and County of Los Angeles show that tenants have made heroic efforts to make ends meet, taking on thousands of dollars in debt to pay as much rent as possible, even as they delayed other bill payments, cut back on utilities and educational expenses, and forewent medication and doctor's visits. Yet many remain in extremely tenuous financial situations with months of unpaid rent and mounting non-rent debt. In the face of ongoing pandemic-related unemployment, school closures, and income loss, rental assistance remains a critical important form of support.

In late January 2021, the Housing Initiative at Penn (HIP) surveyed tenants who had applied for rental assistance from the City of Los Angeles and the County of Los Angeles during the previous year, in order to help both localities make decisions about how best to distribute a new round of federal rental assistance. The survey gathered 25,281 non-duplicate responses across both the City and County in the space of a few days (16,127 responses from tenants who had applied to the City's 2020 Emergency Rental Assistance

Subsidy program, and 9,154 responses from tenants who had applied to the County's COVID-19 Rent Relief Program). Results from the City and County are extremely similar, as shown throughout this research brief. These data do not attempt to serve as a representative sample of Los Angeles tenants, but given the number of responses, which far exceeds that of existing surveys, they serve as an important documentation of the need for rental assistance.

## Financial Precarity

The vast majority of tenants surveyed in the City (94 percent) and in the County (91 percent) have experienced a reduction in income since the onset of COVID-19. This is not surprising, as COVID-19-related income loss is an eligibility requirement for both the City and County's 2020 rental assistance programs. Yet it remains a sobering statistic, considering that these tenants were already low-income prior to the pandemic; nearly half (47 percent) of surveyed applicants to the City's program, for example, had pre-COVID household incomes at 30 percent or below the area median income—that is, under \$31,300 for a family of four in 2019.

More tellingly, about two-thirds of respondents in both the City and County reported being unemployed at the time of the survey, and many had been unemployed for the majority of the pandemic. More than half (52 percent) of unemployed respondents in the City had been without a job for ten months or more, while the same was true for over 57 percent of unemployed respondents in the County. Unemployment among tenants apply for rental assistance is associated with owing more in rent and having taken on more non-rent debt; being extremely low-income; having minor children; experiencing landlord harassment; and having experienced housing insecurity since the beginning of the pandemic (see Table 1).

Most worrying considering the public health crisis COVID-19 created, over a quarter of respondents (27 percent) went without medicine or seeing a doctor in order to save money. Similarly, among those who applied for the City’s 2020 rental assistance program, the overwhelming majority of respondents (94 percent) made at least one difficult tradeoff to in an attempt to make ends meet. The most common were cutting back on clothing, delaying bill payments, and reducing food consumption (see Table 2 on the following page).

In order to cope with unemployment and household income loss, rental assistance applicants made difficult tradeoffs. Among survey respondents who had applied for the County’s 2020 program, nearly two-thirds (64 percent) were delaying bill payments, and half (54 percent) had taken on more debt. Many had cut back on food (56 percent), utilities (40 percent), and educational expenses (22 percent).

**Table 01.** Characteristics of Unemployed Respondents in the City of Los Angeles

<b>Characteristic</b>	<b>Unemployed Respondents</b>
Average months of rent owed	3.55
Average total rent owed	\$6,484
Average total amount borrowed to pay rent	\$3,162
Belongs to extremely low-income household	50%
Has children under the age of 18	59%
Very worried about eviction	39%
Experienced homelessness since COVID-19	12%
Experienced landlord harassment	44%
Delayed bills to make life more affordable	60%
Took on more debt to make life more affordable	52%

**Table 02.** Tradeoffs Made in Order to “Make Life More Affordable” in the City and County of Los Angeles

<b>Tradeoff</b>	<b>City Respondents</b>	<b>County Respondents</b>
Reduced total food consumption	55%	56%
Went without medicine or seeing a doctor	28%	27%
Cut back on clothing	67%	69%
Cut back on education expenses	19%	22%
Cut back on transportation costs	49%	49%
Cut back on utilities (such as electricity, water, garbage, etc.)	38%	40%
Delayed bill payments	59%	64%
Took on more debt (including credit cards, borrowing money, etc.)	50%	55%
Other	3%	3%
None of the above	2%	2%

### **Inability to Pay Rent**

The extreme financial precarity of low-income tenants, exacerbated by COVID-19, translated into an inability to pay rent—often despite taking on other debt in order to do so. Los Angeles renters face high rents compared to low-income households in other parts of the country. The average rent reported by respondents in the City was \$1,826; the average in the County was slightly higher, at \$1,870. Average reported rent barely budged based on the respondents’ share of area median income (AMI). For example, City respondents earning 30 percent of AMI or below reported an average rent of \$1,760, only marginally lower than the \$1,943 average reported by those at 50 to 80 percent of AMI, despite the gap of at least \$21,200 in household income between the two groups.

It is perhaps unsurprising, then, that the majority of rental assistance applicants surveyed in the City (61 percent) and in the County (69 percent) were behind on rent. These shares were somewhat higher for respondents who reported being unemployed, but even those with a job were struggling, with over half behind on rent in both the City and County. The average amount of rent owed among respondents topped

\$5,800 in both jurisdictions, though many tenants (43 percent in the City and 37 percent in the County) owed only up to \$2,500, or about one and a half months’ rent. In the County, we know that many tenants also owe significant sums in utility arrears. Among the County survey respondents, the average amount owed for electricity was nearly \$400, with amounts owed for gas, internet, and water averaging \$100-200 each.

Due to California Senate Bill (SB) 91, rent debt accumulated from September 2020 through June 2021 could be converted to consumer debt and tenants would avoid eviction so long as they were able to pay 25 percent of the arrears. About three quarters of respondents in both the City and County would likely be able to meet this criterion, having been able to pay at least 25 percent in the four months preceding the survey. However, by converting the remaining debt into consumer debt, SB 91 adds to the non-rent debts low-income tenants have already taken on in order to pay rent. Over half of those surveyed in both the City and County have borrowed money to pay rent, averaging \$3,000 in the City and nearly \$4,000 in the County. Those at higher income levels have taken on more debt, on average.

We know that in the County, most borrowed from friends or family, but some (14 percent) took out debt on existing credit card and some (10 percent) applied for a payday or title loan. This raises the specter of a consumer debt crisis among low-income households, especially if the economy does not quickly recover from the pandemic.

### Tenants Carrying Large Amounts of Debt

Our surveys tell us a few important things about the conditions faced by tenants carrying large amounts of rent debt, or other debt incurred to pay rent. City of Los Angeles respondents in the 75<sup>th</sup> percentile or higher for rent owed (that is, who owe four or more months of back rent or at least \$6,000 in total back rent) are more likely to be unemployed, more likely to have extremely low income, and much more likely to be worried that they may be evicted within the next two months. These respondents are also more likely to have experienced landlord harassment and to have been homeless since the onset of COVID-19.<sup>1</sup> Interestingly, the same respondents who are carrying large amounts of rent debt are also slightly more likely to have taken on non-rent debt as well in order to make ends meet.

As mentioned previously, many respondents have taken on other debt in order to pay rent. City of Los Angeles respondents in the 75<sup>th</sup> percentile or higher for borrowing to pay rent (having borrowed at least \$3,400) are also more likely to be unemployed and to be worried about eviction, though they are less likely to be extremely low-income. Predictably, these respondents are less likely to experience landlord harassment, since they are able to borrow towards their rent. However, relatively few respondents who have incurred large amounts of non-rent debt have managed to keep down the amount of rent owed.

Only 10% of City respondents for which we have these data are both in the 75<sup>th</sup> percentile or higher for borrowing to pay rent and in the 25<sup>th</sup> percentile or lower for rent debt.

**Table 03.** Eviction Concern in the City of Los Angeles

Level of Concern	Percent
Very worried	34%
Somewhat worried	27%
Only a little worried	22%
Not at all worried	17%

### Housing Insecurity

The tragic outcome of financial precarity and a prolonged inability to pay rent is housing insecurity, which is linked to a host of adverse outcomes, including lower educational attainment, chronic health conditions, and increased anxiety. During a viral pandemic, housing insecurity increases the risk for infection. The great majority of tenants surveyed have not moved since the summer of 2020, likely thanks to strong anti-eviction protections triggered by the pandemic. Yet among City respondents, a third of tenants were “very worried” they would be evicted in February or March, and a similar share were “somewhat worried” about this possibility (Table 3 above). This response is particularly striking given the presence of federal, state, and local eviction protections that all technically protect households from eviction due to nonpayment. Some tenants may not have known about these eviction protections and others may have feared an informal eviction. Regardless, the fear of an eviction—even if it does not formalize in an actual eviction—negatively affects households on many levels, including their mental wellbeing.

<sup>1</sup> We use the McKinney-Vento Act’s definition of homelessness, which includes anyone who cannot access fixed, regular, and adequate nighttime residence. It therefore includes those sleeping in a vehicle, a hotel or motel, and doubling up with another household in addition to those sleeping on the street or in a homeless shelter.

**Table 04.** Landlord Harassment in the City of Los Angeles

Type of Harassment	Percent
Illegal entry of landlord	1%
Lock-out by landlord	0%
Threats by landlord due to nonpayment	9%
Rent increases while local emergency protections are in place	6%
Fees or fines while local emergency protections are in place	5%
Other	27%

Another symptom of housing insecurity is landlord harassment, which can sometimes take the form of informal eviction. While relatively few respondents in the City reported experiencing the types of harassment the survey specified, over 4,300 respondents indicated having experienced “other” types harassment. Some of these other forms of harassment included landlords suing them in small claims court, withholding rental assistance or failing to cooperate with a rental assistance application, not making needed repairs, and threatening to sell the property out from under them (Table 4 above). These responses align with the challenges City and County of Los Angeles officials have reported around landlord participation, with the City of Los Angeles finding that almost half of tenants

initially could not access the benefit because of owner non-participation. It is worth noting that both the City and County of Los Angeles subsequently converted rental assistance into a tenant-based subsidy in order to serve eligible tenants whose landlords did not participate in the program. Nevertheless, those tenants were aware of their owners’ active or passive decision not to participate, which could have translated into ongoing concerns about their housing.

The clearest form of housing insecurity is homelessness. Among both City and County respondents, about a tenth had lived in a car or van, homeless shelter, hotel or motel, or another household’s home since early in the COVID-19 pandemic (Table 5).

**Table 05.** Since May, Did You Spend Any Nights...

Location	City Respondents	County Respondents
"Couch surfing" (staying in someone else's home)	5%	4%
In a homeless shelter	0%	1%
On the street (train, bus stop, airport, or outdoors)	0%	1%
In an abandoned building	0%	0%
In a car or van	2%	2%
In a hotel or motel	2%	3%
Other	3%	3%
None of these	88%	89%

Housing insecurity is particularly concerning when it affects children, who may have to shift repeatedly from one school catchment to another, and who suffer long-term costs in terms of their health, educational attainment, and other socioeconomic outcomes. Our survey data show that respondents with children under the age of 18 are less likely to have experienced homelessness than respondents without minor-aged children, but more likely to be behind on rent, to be very worried about eviction, and to have experienced landlord harassment (Table 6).

### Racial and Ethnic Inequity

The City of Los Angeles collected race and ethnicity information as part of their application for 2020 rental assistance. A sample of 2,269 survey respondents fully matched with the race and ethnicity information collected by the City. This sample is small but tracks closely with the full survey sample in terms of unemployment rates, AMI levels, and other metrics. Analyzing key outcomes by race and ethnicity suggests that the experience of housing insecurity in Los Angeles varies importantly for different groups.

As shown in Table 7 on the following page, Hispanic applicants make up the largest subgroup in our sample, accounting for 49 percent. This is followed by non-Hispanic Whites (26 percent), non-Hispanic African Americans (12 percent), Asian Americans and Pacific Islanders (“AAPI,” 12 percent) and Native Americans (1 percent). These shares are not necessarily representative of all those who applied for, and/or received rental assistance, but rather just of the survey sample.

White and African American respondents reported owing the most months of back rent and total back rent, and White respondents were the subgroup most likely to take on additional debt, as well as those with the highest non-rent debt, followed by AAPI Americans. White and African American respondents were also most likely to report being unemployed. Hispanic respondents were most likely to be extremely low income, to have minor-aged children, and to experience landlord harassment. African American respondents were the most likely to be very worried about evictions and to have experienced homelessness since the onset of the pandemic; they were also the most likely, after Native Americans, to have delayed bill payment in order to make ends meet.

**Table 06.** Characteristics of Respondents with and without Children in the City of Los Angeles

<b>Characteristic</b>	<b>No Children Under 18</b>	<b>At Least One Child Under 18</b>
Average months of rent owed	3.6	3.1
Average total rent owed	\$6,655	\$5,041
Average total amount borrowed to pay rent	\$3,266	\$2,475
Belongs to extremely low-income household	39%	56%
Behind on rent	56%	68%
Very worried about eviction	31%	39%
Experienced homelessness since COVID-19	12%	9%
Experienced landlord harassment	40%	51%
Delayed bills to make life more affordable	59%	64%
Took on more debt to make life more affordable	55%	48%

**Table 07.** Characteristics of Respondents by Race and Ethnicity in the City of Los Angeles

<b>Characteristic</b>	<b>Asian American/ Pacific Islander</b>	<b>African American</b>	<b>Hispanic/ Latino/a</b>	<b>Native American</b>	<b>White</b>
Share of sample	12%	12%	49%	1%	26%
Average months of rent owed	3.15	3.53	3.24	3.5	4.11
Average total rent owed	\$4,800	\$5,589	\$4,837	\$7,375	\$7,487
Average total amount borrowed to pay rent	\$3,605	\$2,308	\$2,613	\$1,886	\$3,985
Behind on rent	57%	74%	68%	50%	50%
Unemployed	68%	74%	67%	56%	76%
Belong to extremely low-income household	43%	38%	51%	31%	38%
Children under the age of 18	28%	33%	58%	25%	17%
Very worried about eviction	35%	41%	39%	38%	25%
Experienced homelessness since COVID-19	12%	15%	11%	0%	8%
Experienced landlord harassment	45%	45%	49%	38%	29%
Delayed bills to make life more affordable	43%	76%	61%	88%	59%

## Conclusion

The statistics presented in this brief underline the continuing need to support low-income tenants. Tenants navigated impossible choices to cut back on necessities and juggle additional debt in order to maintain a roof over themselves and their children. Rental assistance can be a lifeline to these households. Well-designed rental assistance can also be a lifeline to their landlords, many of whom do not believe their rental businesses can survive an additional three months under current conditions, according to our recent findings from a survey of Los Angeles rental property owners.

A new wave of rental assistance is currently being distributed by the City of Los Angeles and the State of California, and an additional wave will be funded by the recently passed American Rescue Plan.

Yet the severity of the current need is the result not only of the pandemic, but of a longstanding housing affordability crisis in Los Angeles and across the U.S. Persistent unemployment and high debt levels that were accumulated to pay rent but are no longer technically rental arrears and therefore not eligible under federal guidelines to be reimbursed through rent relief programs also mean that rent relief in its current form cannot be expected address all of the many challenges renters are facing. In the end, rent relief is essential, but policymakers must consider longer-term solutions in order to permanently protect low-income households from chronic housing insecurity.

### WITH QUESTIONS, PLEASE CONTACT:

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