

# Rent debt and tenant vulnerability as Los Angeles COVID-19 eviction protections expire

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## Executive Summary

Amidst the COVID-19 public health crisis and its economic fallout, the City of Los Angeles enacted several renter protections to help renters stay in their homes and give them more time to address accumulated rental debt. The last of these protections are set to expire on February 1, 2024. Renters with outstanding rental debt from October 1, 2021, to January 31, 2023 have until February 1, 2024 to pay their past due rent in order to avoid eviction.

There is only limited data available to understand how many renters may lose their homes as pandemic-era protections wind down. In Spring 2023, the Los Angeles Housing Department (LAHD) approached the Housing Initiative at the University of Pennsylvania (HIP) to conduct a survey and statistical analysis to help them better understand the scope and character of rental arrears in the City of Los Angeles. LAHD explained that in addition to estimating how many are behind and how much debt remains from earlier in the pandemic, they hoped to identify what types of renter households may be more vulnerable to eviction, and how the rent debt is being experienced by landlords, including small ‘mom and pop’ landlords with fewer than five units.

To respond to the urgency of the need for this data, HIP worked with LAHD to conduct two surveys in July 2023 – one of tenants and the other of landlords – to measure the magnitude of rent arrears and how it is distributed among the city’s renters. HIP also produced modeled estimates of total rent debt in Los Angeles using U.S. Census Bureau’s Household Pulse Survey (HPS) data, which we applied to more complete and representative sociodemographic data from the U.S. Census Bureau’s Public Use Microdata Sample (PUMS).

In this report, we present our findings related to four key areas:

## **1. How many Los Angeles households are behind on rent and how far behind are they?**

As of August 1, 2023, approximately 100,000 to 155,000 Los Angeles households were behind on rent. Half of these households were three or fewer months behind. However, surprisingly, more than ten percent of tenant survey respondents who said they were behind on rent indicated they were more than a year behind.

Households who reported being behind on rent were more likely to have children, to have a disability, to identify as Black or Latinx, and to have larger household sizes compared to other renter households. Overall, HIP's survey finds that 18% of renters were behind as of August 1, 2023. However, at that time 28% of households with children reported being behind, and 29% of respondents with disabilities reported being behind. Seniors were less likely to report being behind than younger renters, but more likely to report being severely behind by more than a year.

HIP's tenant survey suggests that public data are systematically underestimating arrears in Los Angeles. Our surveys find that more tenants are behind on rent - and that they are further behind on rent - compared to estimates from public data sources. The Household Pulse Survey caps their data at eight or fewer months behind, which may be driving an undercount of total rent debt; meanwhile, our survey predicts that nearly 17,000 Los Angeles households (11% of renters in arrears) are more than a year behind on rent.

## **2. How many renters are newly vulnerable to eviction when Los Angeles renter protections end on February 1, 2024?**

Out of the 100,000 to 155,000 households that are behind on rent, we estimate that roughly 60% may not be able to pay their accumulated rental arrears by February 1, 2024, and therefore may be vulnerable to eviction for nonpayment of rent. These vulnerable tenants are more likely to hold graduate degrees and less likely to be in the labor force, compared to others with outstanding rent debt. They are also more likely to live in large apartment buildings with 50 or more units, which may put them at increased risk of eviction based on our landlord survey.

## **3. How have landlords' businesses been impacted by COVID-19?**

Half of all landlords reported they have units behind on rent, and most reported they are feeling financially squeezed. Missing rent payments created serious cash flow problems for rental businesses. Among landlords with outstanding rent debt, 70% reported problems paying for repairs and maintenance, and roughly half indicated they are having problems paying property taxes, utility payments and/or mortgages payments.

Small landlords with 1-4 units are less likely to have units behind, but they reported the highest outstanding arrears per unit. Small landlords are more vulnerable to missed payments because their incomes rely on fewer rent streams. Our survey finds that 43% of small landlords have more than half of their units behind, compared to only 7% of landlords with more units. The median rent debt for small landlords is \$12,000. Small landlords were more likely to report difficulties making mortgage payments than larger landlords. Among those with outstanding rent debt, 37% of small landlords fell behind on their mortgage at some point since the start of the pandemic, compared to just 20% of larger landlords.

#### **4. Do we expect evictions to rise when eviction protections expire?**

Our survey of landlords in July 2023 found that just under half (47%) intended to file eviction cases after the August 1, 2023, protections expired. However, large landlords with 50 or more units were much more likely to indicate they intend to file an eviction for nonpayment of rent than smaller ones. Our surveys show that 71% of large landlords intend to evict, compared to just 39% of small landlords (1-4 units) and 40% of medium size landlords (5-50 units).

Tenants indicated strong concern about being able to stay in their units. More than a quarter (28%) of tenants indicated they very often worried about being able to stay in their current housing. A third (33%) indicated they are not confident or only slightly confident about being able to pay next month's rent.

### **Takeaways**

Taken together, HIP's findings point to a large outstanding rent debt in Los Angeles from the pandemic period, with many landlords planning to file evictions for nonpayment when the tenant protections are lifted. The City's recent emergency rental assistance program will address some of this outstanding debt but is unlikely to meet the scale of the need.

Our results suggest that many renters are in a precarious position. More than 60% of those with arrears reported that they still owe rent from the late COVID period, which they need to pay by February 1 to avoid eviction. Our survey of landlords finds that landlords of all sizes feel financial stress as a result of arrears but that the largest landlords who own more than fifty units are most likely to pursue eviction, compared to those owning fewer units.

However, there are a few encouraging signs. First, the City's recent emergency rental assistance program has certainly begun to address some of the outstanding need. Second, more than half of all the renter households in arrears are three or fewer months behind, and there's a better chance of resolving these cases with smaller amounts through targeted emergency rental supports, repayment agreements and/or other incentives or compensation for landlords. Finally, small landlords are less likely to indicate an intent to pursue eviction, which may create an opening for targeted outreach and policies to smaller owners to keep more people in their homes.

## Introduction

The economic shutdown from COVID-19 triggered a series of policies and programs to prevent a wave of evictions with dire implications for the health and stability of American families. The City of Los Angeles enacted some of the strongest and longest-running COVID-19 renter protections in the country. Yet these protections are going away, creating new challenges in a city already grappling with a deep housing affordability and homelessness crisis. The city's moratorium ended on March 31, 2023. As of August 1, 2023, landlords may also file evictions for nonpayment of rent from the early period of the pandemic, from March 2020 through September 2021. On February 1, 2024, the protections in place for rent arrears from October 2021 through January 2023 will also end. As Los Angeles' eviction protections come to an end, the city faces the possibility of a surge in evictions associated with the rental debt accumulated during the pandemic not previously addressed by emergency rental assistance programs including the Treasury and United To House Los Angeles (ULA) programs.

While there is a sense that the rent debt in Los Angeles is large, there is limited public data available about the extent of rental arrears in the city. This report responds to the city's immediate need for data on rent arrears in light of the end of Los Angeles' COVID-19 era renter protections. It presents a series of findings about the scope of rental arrears in the City of Los Angeles, how the arrears are distributed across the city's tenant population, how they are distributed across the city's landlords by size, and what we know about the intention of landlords to pursue evictions for nonpayment as protections elapse.

Our research makes clear that there is significant rent debt in the City of Los Angeles left over from the pandemic period, and also that many landlords — especially large landlords with 50 or more units — are planning to pursue eviction for nonpayment of rent once renter protections are lifted. Our findings underscore the importance of supporting and expanding eviction prevention and diversion programs through Stay

Housed LA and other initiatives.

This report describes our survey and modeling approach, and then presents our findings on the extent and distribution of rent arrears in Los Angeles as of August 1, 2023. These surveys were conducted prior to the most recent ULA emergency rental assistance program, which should make a dent in the outstanding debt. However, the scale of the ULA program will not meet the scale of the need.

## Data and Methodological Approach

In this report, we provide estimates of the number of Los Angeles tenants who are behind on rent and the extent of arrearage accumulated over the course of the COVID-19 pandemic, as of August 1, 2023. We approached this question in two ways: modeling based on public data, and a survey of Los Angeles tenants and landlords specifically focused on rental arrears.

Our decision to use a two-pronged strategy was driven by the limited availability of public data on rent debt. In the first year of the pandemic, several studies attempted to quantify the extent of rental arrears related to COVID-19. These studies<sup>1</sup> tended to rely on different data and assumptions, leading to a 2021 report [by the Urban Institute](#) explaining why there was such wide variation reported in these early estimates; at that time, there was no comprehensive dataset tracking rental payments. Since then, the U.S. Census Bureau's Household Pulse Survey (HPS) has emerged as the key source of public data on housing security and rent arrears. Several estimates of rental debt have been built based on HPS data, taking advantage of their ongoing data collection. One example is PolicyLink's [Rent Debt dashboard](#). Unfortunately, HPS data are only available for states and metropolitan areas, and the sample sizes tend to be quite small when restricted

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<sup>1</sup> See for example: Davin Reed and Eileen Divringi at the Federal Reserve Bank of Philadelphia: <https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/household-rental-debt-during-covid-19.pdf>; Jim Parrott and Mark Zandi in an Urban Institute report: <https://www.urban.org/sites/default/files/publication/103532/averting-an-eviction-crisis.pdf>; and Stout's analysis of rent debt for the National Council of State Housing Agencies: [https://www.ncsha.org/wp-content/uploads/Analysis-of-Current-and-Expected-Rental-Shortfall-and-Potential-Evictions-in-the-US\\_Stout\\_FINAL.pdf](https://www.ncsha.org/wp-content/uploads/Analysis-of-Current-and-Expected-Rental-Shortfall-and-Potential-Evictions-in-the-US_Stout_FINAL.pdf).

to only tenants in a specific metropolitan area. This limits the usability of HPS at smaller geographies so there is still no public source for rent arrears data at the city level.

Facing these limitations in the availability of public data, HIP decided to pursue two strategies to produce estimates of rent arrears in Los Angeles. First, we used a statistical modeling strategy to estimate rent debt in the City of Los Angeles using HPS data for the Los Angeles metropolitan area.<sup>2</sup> Second, we partnered with the Los Angeles Housing Department (LAHD) to conduct two surveys — one of Los Angeles tenants, and the other of Los Angeles landlords.

## Modeling Approach with HPS

In the rest of this section, we describe our modeling approach with HPS data, our tenant and landlord surveys (including our approach to weighing the tenant survey to better reflect the city's tenant population), and a comparison of the data produced by the two processes.

The Census Bureau's HPS data relies on a sample that is designed to be representative only down to the metro area level. It is conducted monthly (though it was more frequent earlier in the pandemic), and, as of the current version, asks renter respondents whether they are currently caught up on rent, and if not, how many months they are behind by. In addition to not being available at the city level, HPS also tends to undersample renters (even when corrected with survey weights). Because of these limitations, we do not use HPS directly to generate our estimates. Instead:

1. We train a statistical model using the HPS data to predict the probability of a household being behind on rent (given particular demographic factors).
2. Then, we apply this rent arrears model to the much more complete and representative

<sup>2</sup> Our methodological approach owes a great debt to the work of Surgo Ventures in this area. See: [https://surgo-housing-vulnerability.s3.amazonaws.com/FINAL\\_SurgoVentures\\_RentalArrearsinthePandemic\\_Methodology\\_July2021.pdf](https://surgo-housing-vulnerability.s3.amazonaws.com/FINAL_SurgoVentures_RentalArrearsinthePandemic_Methodology_July2021.pdf)

data collected by the U.S. Census Bureau's American Community Survey Public Use Microdata Sample (PUMS). The model trained on the HPS data generates a probability of being in arrears for each respondent in PUMS.

3. This probability is multiplied by the adjusted household survey weight<sup>3</sup> for each PUMS response to generate a number of households sharing those demographic characteristics that are predicted to be behind on rent.
4. Once we established this process to estimate arrears probabilities, we follow a similar approach to predict—among those who are behind on rent—the number of months in arrears.
5. For each response in PUMS, we multiply the arrears-probability adjusted household weights with the predicted number of months in arrears and the monthly rent amount reported by the PUMS respondent.
6. Finally, we sum responses from all Los Angeles renters in the PUMS sample to produce aggregate estimates.

There were some important limitations in this process, particularly with regards to the estimate of months behind on rent. First, the number of observations in HPS is small, but it is especially small for those who are behind on rent (N = 482). To respond to this challenge, we combined thirteen months of data (from June 2022 through June 2023) to get a large enough sample to train our models (total N = 4,782). Because we combined thirteen months of data, the estimate is an approximation of rent debt over a longer period of time. Furthermore, the HPS Public Use File data source caps the reported number of months in arrears to eight months for privacy-protection reasons; therefore, even if a respondent reported twelve months in arrears, the Census-released data would only show

<sup>3</sup> Geographically, PUMS data are associated with Public Use Microdata Areas, rather than cities. We used Missouri Census Data Center's [Geocorr](#) database to adjust PUMS household weights to account for the fact that some PUMAs straddle the boundaries of L.A. City.

a value of eight months. As we shall see with our HIP surveys, this maximum category would underestimate the extent of arrears for many Los Angeles residents.

## HIP Surveys of Landlords and Tenants

In July 2023, HIP conducted a survey of landlords and a survey of tenants in partnership LAHD. The surveys were launched on July 7th and July 5th, respectively, and closed on July 31st.

**Landlord Survey.** The landlord survey was distributed to 28,740 email addresses. The survey asked whether landlords had any tenants with rental arrears, about their total outstanding rent debt, and about when this debt was accrued during the course of the pandemic. In addition, the survey asked about challenges faced by landlords during the COVID-19 pandemic, their experiences with emergency rental assistance programs, and their intent to pursue eviction for nonpayment of rent after August 1, 2023. We also asked landlords how many units they rent and about their rent income in order to analyze differences by the size of the business. After excluding duplicate responses, 1,203 responses remained. Roughly 45% of responses were from small landlords with fewer than 5 units. Thirty-eight percent of landlord respondents indicated they live in the City of Los Angeles. The rest indicated that they live in unincorporated Los Angeles County (7%), some other county (29%), or chose not to provide any geographic information (26%).

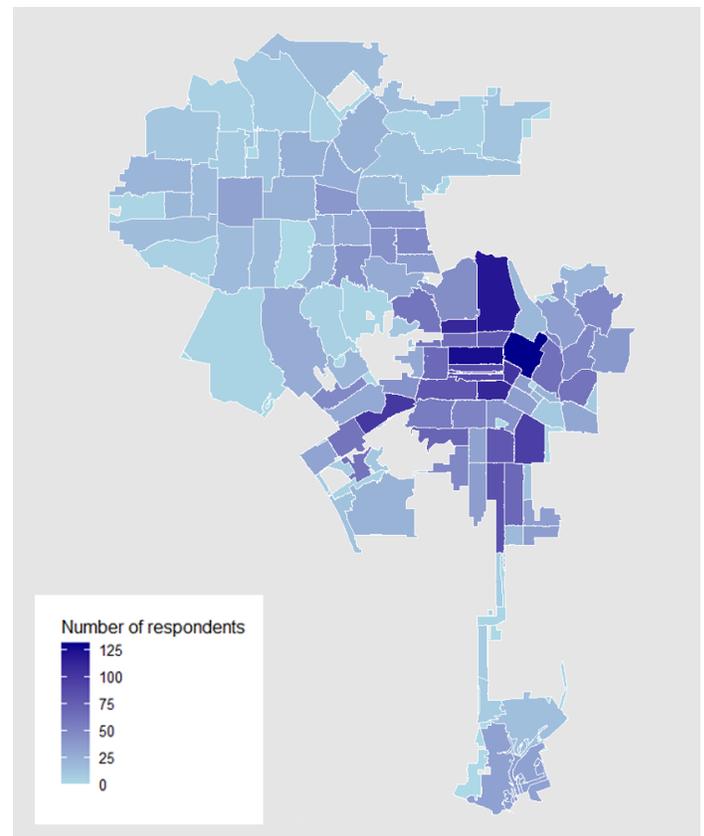
**Tenant Survey.** The tenant survey was distributed to 112,250 email addresses in LAHD’s tenant contact list. The survey asked respondents about any rental arrears they had, when the arrears were accumulated, and their confidence to pay future rent. We also asked a series of socio-demographic questions to allow us to estimate the distribution of arrears across race and ethnicity, income, employment status, presence of children, age, and disability status. After excluding duplicate responses and responses from those living outside of the City of Los Angeles, 3,984 responses remained. **FIGURE 1** shows the ZIP code location of survey respondents. The top five ZIP codes were 90026, 90004, 90027, 90006 and 90028. We further

excluded some responses in our analysis that were missing values for demographic variables, yielding a final sample of 3,624 responses.

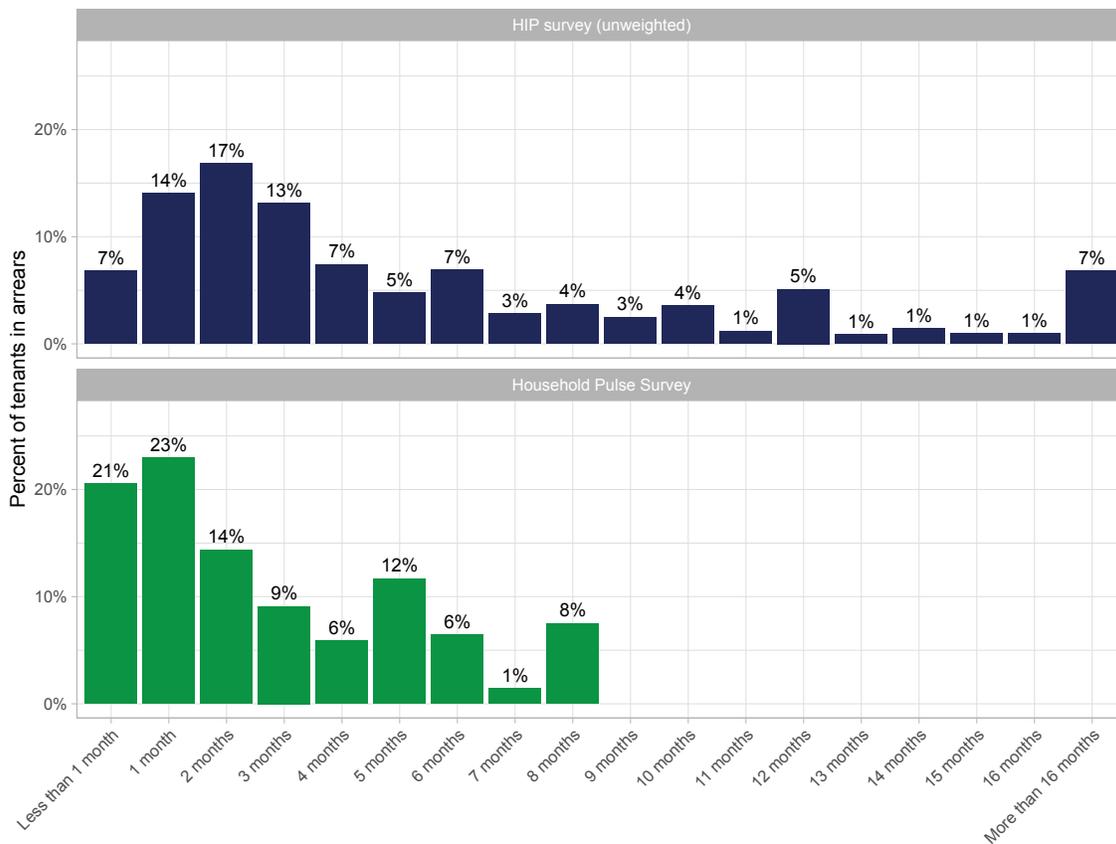
The tenant survey responses used in our analyses are weighted to better reflect the demographic makeup of Los Angeles renters. In general, our pre-weighted survey sample was more likely than the general population of Los Angeles renters to report sociodemographic characteristics associated with increased social vulnerability (e.g., lower income, higher likelihood of children in the household, higher likelihood of having a disabled household member). We used a raking procedure<sup>4</sup> to derive a weight for each survey response, matching the distribution of the following sociodemographic variables to the distribution reported by the most recent 1-year estimate from the ACS for Los Angeles tenants: race and

<sup>4</sup> Raking is a statistical method to iteratively adjust survey weights in order to align the distribution of chosen demographic variables in a survey sample to the distribution in a target population.

**FIGURE 1** Respondents to HIP’s tenant survey by ZIP code.



**FIGURE 2** Distribution of months in arrears for Los Angeles tenants behind on rent



Source: Housing Initiative at Penn LA renters survey, Census Household Pulse Survey Public Use File (survey weeks 46-58)

ethnicity, gender, employment status, income, presence of children in the household, presence of a person with disabilities in the household, and education level.<sup>5</sup>

This weighting process corrected for some demographic imbalances present in our raw data, particularly with regards to gender (66% female in the raw responses, 50% after weighting) and income (42% in our raw data reporting monthly income between \$1 and \$2,000, 24% after weighting). Therefore, responses from those whose sociodemographic characteristics were underrepresented in our survey sample compared to the broader L.A. renter population were weighted higher. All of the below analyses based on our tenant survey (unless indicated otherwise) are derived from the weighted responses.

<sup>5</sup> The target distributions from the ACS were derived from the 2021 1-year Public Use Microdata Sample, using household weights for tenant respondents adjusted by the percentage of households in each PUMA located within L.A. city limits, using crosswalk data from Missouri Census Data Center's Geocorr database.

## Comparing the Approaches

The two approaches—modeling and surveying—together produced the range of estimates we present in the findings section. Before we present our findings in the next section, we touch on several points of divergence in our data sources.

First, the underlying demographics of the survey respondents are quite different in the two surveys. As noted in the previous section, the respondents in our tenant survey (prior to weighting) were more likely to be socially vulnerable compared to the larger renter population. In contrast, HPS respondents used in our modeling were more likely to have high incomes, have a college degree, and to be White non-Hispanic than the larger renter population.

**FIGURE 2** illustrates the divergence between the sources in one of the key metrics informing our analysis: the number of months a tenant is behind on rent. In

**TABLE 1** Total rent debt in the City of Los Angeles.

	HIP survey	Modeled HPS data
<b>Households behind on rent</b>	153,642	97,111
<b>Share households behind</b>	18%	12%
<b>Median months behind</b>	3 months	3 months
<b>Median dollars behind</b>	\$4,500	\$3,400
<b>Total debt</b>	\$1.4 billion	\$361 million

Source: Housing Initiative at Penn tenant survey, Housing Initiative at Penn modeling of U.S. Census HPS data

our own tenant survey, while most responses fall at or below 3 months in arrears, a significant portion of our respondents in arrears were behind by more than 8 months.<sup>6</sup> In the HPS sample, however, respondents are far more likely to be behind by only 1 month or less, and due to the limitations of the microdata released by the Census Bureau, all responses above 8 months are top-coded to 8 months.<sup>7</sup> Though the demographic imbalances in both our data sources were addressed methodologically through survey weighting and modeling, we caution that our weighting and modeling procedures may not have fully removed biases resulting from differential response rates and data limitations in the respective surveys. Therefore, our estimates relating to tenant arrears should be treated as a range: because our tenant survey and the HPS captured different segments of the renter population in L.A., the HPS-derived estimates are a reasonable lower bound on the extent of arrears experienced by L.A. tenants, while the HIP-survey-derived estimates are a reasonable upper bound.

6 The figure shows the distribution for unweighted responses, but the shape of the distribution is similar in the weighted responses as well.

7 The HPS values in this figure are derived using the Census Bureau-supplied household weights, but before we apply our HPS-trained models to PUMS data. Please note that the response categories in HIP's own survey were also capped, at 17 months.

## Findings

### 1. How many Los Angeles households are behind on rent and how far behind are they?

**There are 97,000 to 153,000 households (12%-18% of renter households) in the City of Los Angeles who are behind on rent, as of August 1, 2023.** Analysis based on HIP's survey responses estimates that 153,642 households are behind on rent, while the HPS-based model predicts that 97,111 households are behind on rent. HIP feels confident the actual number of households behind on rent falls within this range because the HPS is likely undersampling renters who are behind, whereas the HIP survey may be oversampling renters who are behind.

**At least half of those tenants who are behind on rent owe three or fewer months.** The median back rent due based on the HIP survey estimates is \$4,500, while the HPS model predicts a smaller median arrears of \$3,400. About 70% of tenants in arrears are 6 or fewer months behind. According to our survey estimates, however, some renters are in serious arrears: 11% of renters in arrears are more than a year behind.

**The total rent debt across all tenants in arrears lies within a large range of \$360 million and \$1.4 billion. Renters who reported being severely behind on rent in our surveys are driving much of the larger estimate.** The Census HPS model predicts Los Angeles' total rent debt is \$361 million. The survey estimates the city's rent debt is closer to \$1.4 billion. As we explained in the methods section, this large range is driven by the Census's HPS capping the number

**TABLE 2** Rent debt and share of renter households broken down by total months of accrued rent

Renters who are...	Share of renter Households	Total rent debt
<b>3 or fewer months behind</b>	52%	\$240 million
<b>4 to 6 months behind</b>	19%	\$338 million
<b>7 to 12 months behind</b>	19%	\$475 million
<b>More than a year behind</b>	11%	\$396 million

Source: Housing Initiative at Penn tenant survey

of months behind on rent at eight and undersampling renter households who are likely more vulnerable to eviction whereas the HIP survey may be oversampling renter households who are more vulnerable to eviction.

The group of tenants who reported being severely behind on rent in HIP’s surveys are driving most of the difference between the estimates. **TABLE 2** shows the total rent debt from HIP’s survey, broken down by total months of accrued rent. More than half (52%) of all households in arrears were three or fewer months behind, together accounting for just \$240 million in total rent debt. Households with 6 or fewer months behind (70%) account for \$578 million; a figure much closer to the Census-based estimate. The households who are more than a year behind (11%) owe almost \$400 million in rent debt.

### Findings by tenant socio-demographics<sup>8</sup>

HIP’s survey finds that households with children, tenants with disabilities, very low-income households, and tenants who identify as Black or Hispanic-Latinx are more likely to be behind on rent. **FIGURE 3** summarizes our findings by household characteristics, race/ethnicity, and income.

**Arrears by selected household characteristics.** Tenants with children and tenants with disabilities are especially vulnerable to accruing rent debt. Compared to 18% of the overall renter population, 28% of respondents with children reported they were behind on rent and 29% of respondents with a disability reported they were behind on rent. Seniors are

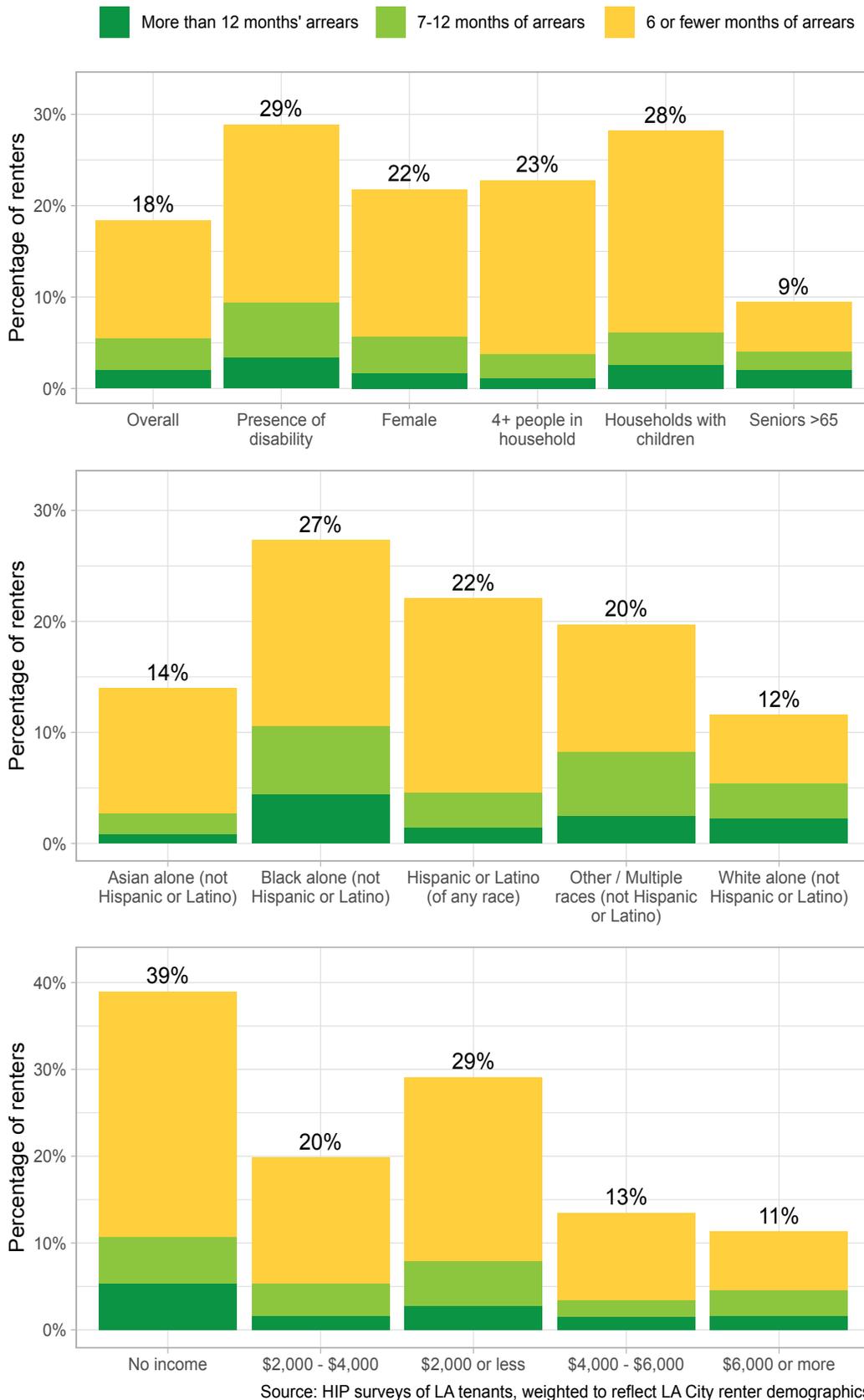
generally less vulnerable to being behind but have the greatest share who are more than six months behind. Only 9% of survey respondents aged 65 years or older said they owe back rent, but nearly half of these (44%) said they are six or more months behind. Somewhat encouragingly, respondents with children reported being fewer months behind than other renters; only 30% were six or more months behind.

**Arrears by race and ethnicity.** Tenants who identify as Black or African American, non-Hispanic are much more likely to report being behind on rent (27%) than other racial and ethnic groups. Tenants who identify as Hispanic or Latinx (22%) or multiracial (20%) are slightly more likely to report being behind on rent than other racial and ethnic groups. Tenants who identified as Asian, non-Hispanic (14%) or White, non-Hispanic (12%) were less likely to report being behind than other groups. Compared to other groups, tenants who identified as Hispanic or Latinx or Asian were much less likely to report being very behind in rent. Only 29% of Hispanic/Latinx and 28% of Asian, non-Hispanic respondents indicated they were six or more months behind compared to 45% or more of the other racial and ethnic groups.

**Arrears by income and employment status.** As expected, tenants with lower incomes are more likely to be behind on rent than the renter population as a whole. HIP’s survey finds that 29% of tenants reporting very low incomes (\$2,000 per month or less) are behind on rent. Tenants making \$2,000-\$3,999 per month are only slightly less often behind on rent (20%). Tenants making higher incomes are less likely to be behind. Tenants reporting having no incomes are much more often behind (39%). Tenants who reported being

<sup>8</sup> All of the findings for this section related to renter characteristics and rent debt are from HIP’s tenant survey.

**FIGURE 3** Percentage of tenants with arrears by socio-demographic characteristics broken down by months of arrears



unemployed were also much more likely to report being behind on rent, with 35% of respondents who reported being unemployed also reporting that they are behind on rent. By contrast, only 17% of those who are employed (and 16% reporting they are not in the labor force) were behind on rent.

## 2. How many renters are newly vulnerable to eviction when Los Angeles renter protections end on February 1, 2024?

In our tenant and landlord surveys, we asked about arrears accrued during specific time periods. The surveys asked about arrears (1) from before COVID-19, (2) during the early pandemic period (March 2020-September 2021), (3) late pandemic (October 2021-January 2023), and (4) more recent arrears.

Most tenants responded that they do not have rent debt from the early pandemic period. However, 60% of tenants with arrears did report having outstanding

rent from the late pandemic period (see **TABLE 3**). Our survey estimates that as of August 2023, as many as 90,000 households may have some outstanding rent due from the late pandemic period, making them newly vulnerable to eviction on February 1, 2024.

The landlord survey reinforces the magnitude of outstanding arrears from this late pandemic period. Roughly 90% of all landlords reported having some outstanding rent debt from October 2021 through January 2023 (see **TABLE 4**). Small landlords were slightly less likely to report this (85%) compared to the largest landlords (95%).

Curiously, both tenant and landlord surveys find significant arrears accrued more recently in 2023 at a time when there have not been eviction protections in place. More than half of tenants (52%) indicated they have arrears from April through June 2023 and more than 80% of landlords indicate they have tenants with arrears from the same period. This more recent rent debt, which has accrued without any protections

**TABLE 3** Households owing rent accrued during selected time periods

	Number of households	Percent of households
<b>Before the pandemic</b>	24,315	16%
<b>Early pandemic (Mar. 2020 - Sep. 2021)</b>	54,676	36%
<b>Late pandemic (Oct. 2021 - Jan. 2023)</b>	93,536	61%
<b>More recent (April-June 2023)</b>	80,223	52%

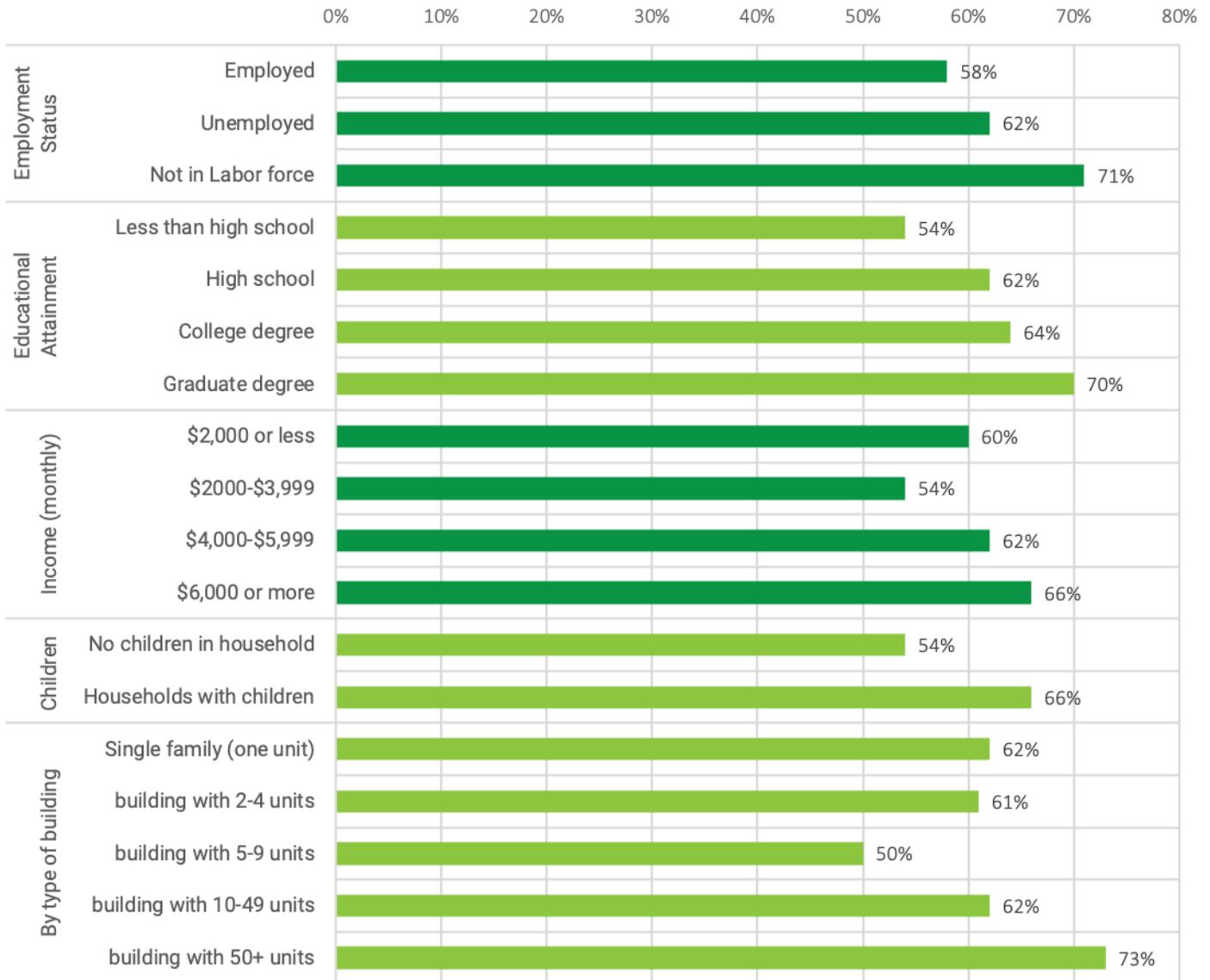
Source: Housing Initiative at Penn tenant survey

**TABLE 4** Landlords with rent debt by size during selected time periods

	Small (1-4 units)	Medium (5-49 units)	Large (50+ units)
<b>Before the pandemic</b>	35%	32%	30%
<b>Early pandemic (Mar. 2020 - Sep. 2021)</b>	78%	88%	92%
<b>Late pandemic (Oct. 2021 - Jan. 2023)</b>	85%	90%	95%
<b>More recent (Feb. 2023 - July 2023)</b>	86%	81%	95%

Source: Housing Initiative at Penn landlord survey

**FIGURE 4** Percent of renters with arrears who have outstanding rent from October 2021 - January 2023



against eviction for nonpayment of rent, may be related to recent strikes and economic challenges.

**Findings by tenant socio-demographics<sup>9</sup>**

The socio-demographics of tenants who reported arrears from the late pandemic period were distinct from the broader population of tenants with arrears (see **FIGURE 4**). Tenants with arrears from this period were more likely to have advanced degrees and

to not be in the labor force. In addition, tenants with arrears from this period are more likely to live in large apartment buildings with fifty or more units. Seventy three percent of tenants with arrears that live in large apartment buildings reported arrears between October 1, 2021 and January 31, 2023.

**3. How have landlords' businesses been impacted by COVID-19?**

Overall, roughly half (51%) of landlords report having at least one unit behind on rent, with a median

<sup>9</sup> All of the findings for this section related to renter characteristics and rent debt are from HIP's tenant survey.

outstanding rent debt of \$20,000. Survey responses indicate that many landlords are having trouble keeping up with fees and costs, especially repairs and renovations, and that this is closely related to loss of rental income associated with COVID-19 tenant protections. A key focus throughout this section is on how rent debt and the rental business experience are different for small landlords with 1-4 units, compared to middle sized landlords with 5-49 units, and large landlords with 50 or more units.

### Rent debt by landlord size

Intuitively, landlords with more units are more likely to report having at least one unit that is behind on rent, and to report having the highest outstanding rent debt. Among the largest landlords (50+ units), almost all (91%) have at least one unit behind on rent, and the median rent debt owed is \$80,000. Among the middle category of landlords with 5-50 units, more than half (59%) report having at least one unit behind on rent, with a median outstanding rent due of \$16,455.

**TABLE 5** shows the median rent due to the landlord and the percent of units behind, by the size of the landlord. Small landlords are least likely to report having units behind on rent; 29% of landlords with 1-2 units have units in arrears and 35% of landlords with 3-4 units have arrears. However, small landlords report the highest arrears per unit. The median outstanding rent due to small landlords is \$12,000. This translates

to the greatest relative loss because these landlords have fewer other rental properties to offset lost rental income. They are most vulnerable to missed payments because their incomes rely on fewer rent streams.

Most of the large and medium sized landlords with rent debt indicated that less than a quarter of the units in their portfolio are in arrears. Among large landlords with fifty or more units, 79% reported less than a quarter of their portfolio in arrears, while 73% of middle-sized landlords with 5-50 units reported less than a quarter of their portfolio in arrears. By contrast, most small landlords indicated a greater portion of their portfolio is behind on rent. Our survey finds that 43% of small landlords have the majority of their units behind, compared to only 7% of other landlords (see **FIGURE 5**).

### Rent debt by rental business

Landlords reported feeling squeezed financially by a loss of rental income due to COVID-19 and the related tenant protections. The survey asked landlords about the problems they have faced over the last year with their rental businesses. A majority (52%) of the respondents cited tenant non-payment as a problem faced in their rental business within the last year. Many landlords also chose to write in a different but related problem; more than 90 (60%) free-responses indicated the rent freeze was a problem for their rental business. Many of these responses also indicated that business costs and fees were going up while rents were not.

**TABLE 5** Rent arrears by the number of units owned by the landlord.

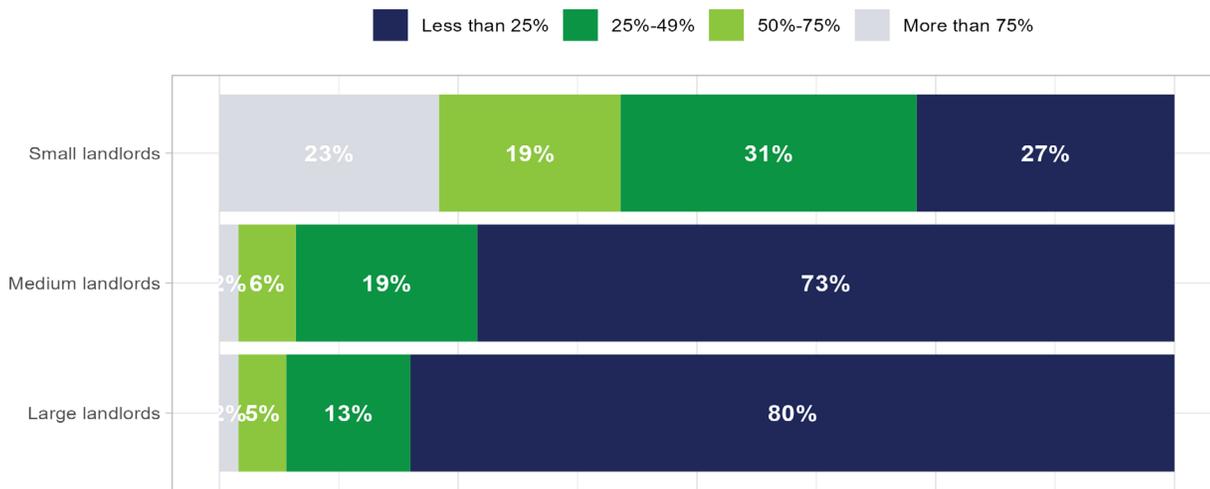
Landlord size	Share of landlords with units with arrears	Median outstanding rent owed to the landlord
1-2 units	29%	\$12,000
3-4 units	35%	\$12,000
5-10 units	51%	\$12,000
11-30 units	67%	\$20,000
31-50 units	73%	\$30,000
51-100 units	88%	\$60,000
More than 100 units	93%	\$143,000

Source: Housing Initiative at Penn landlord survey

Not surprisingly, landlords who have units in arrears were more likely to report tenant non-payment as a challenge (84% compared to 52%). Our surveys indicate that landlords with missing payments are facing more severe challenges covering their expenses. Landlords

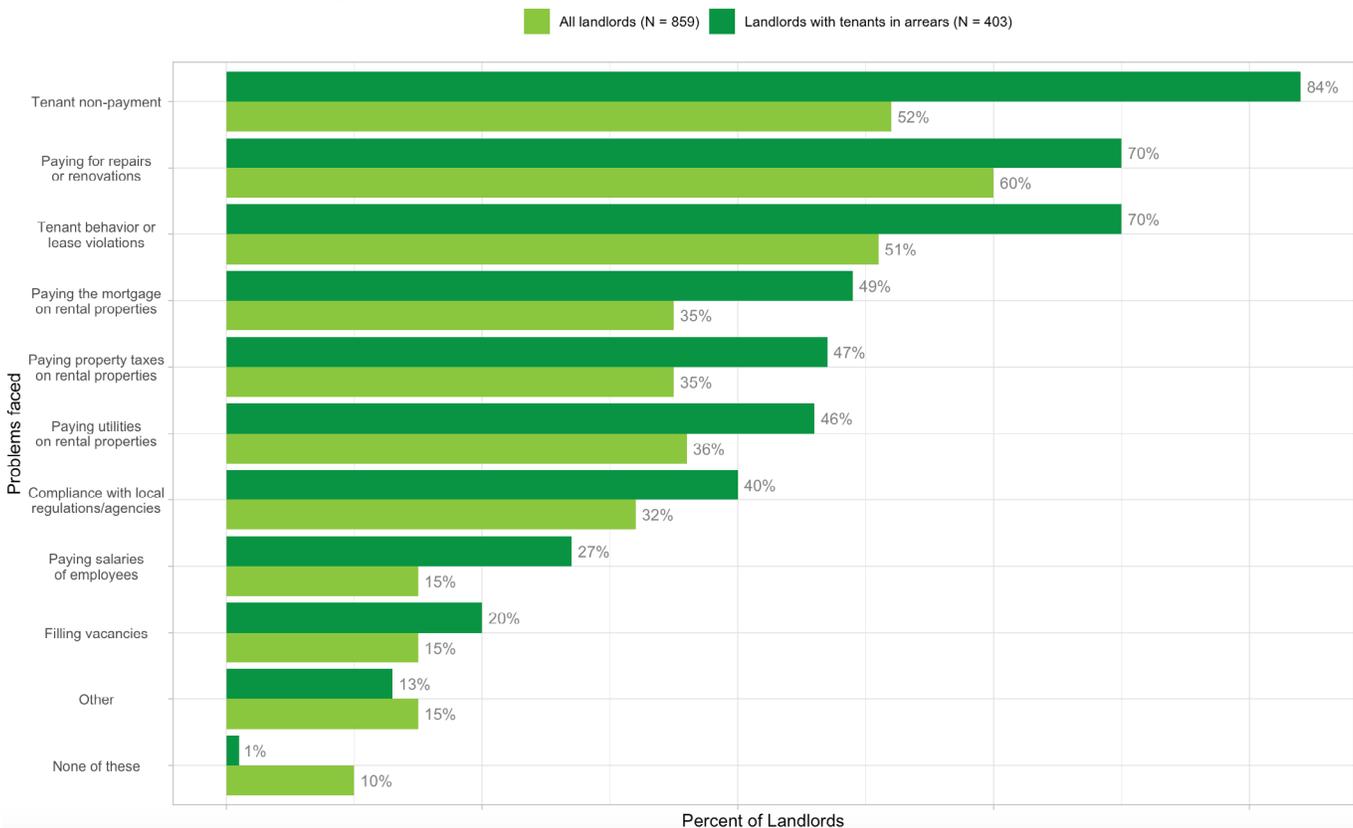
with tenants in arrears were especially likely to cite problems paying for repairs and renovations (70%), paying mortgages on their rental properties (49%), paying property taxes on their rental properties (47%), and paying utilities on their rental properties (46%).

**FIGURE 5** Landlord portfolios, by percent of units that are in arrears.



Source: Housing Initiative at Penn LA landlords survey

**FIGURE 6** Major problems reported by landlords with tenants in arrears.



Source: Housing Initiative at Penn LA landlords survey

**TABLE 6** Mortgage difficulties among landlords with tenants who are behind on rent.

	Small landlords (1-4 units)	Other landlords (5 + units)
In the last year, did you have problems paying the mortgage on your rental properties?	55%	45%
Between March 1, 2020 and March 31, 2023, did you fall behind on your Los Angeles rental properties' mortgage payments at any point?	37%	20%

Source: Housing Initiative at Penn landlord survey

**FIGURE 6** summarizes some of the major problems faced by landlords with tenants in arrears, compared to the entire sample of landlords in our survey.

The financial constraint associated with missing and flat rents was common to all sizes of landlords. However, small landlords were more likely than others to report having difficulty making mortgage payments. Among those with outstanding rent debt, 55% of small landlords indicated they have had problems paying their mortgages in the last year, compared to 45% of larger landlords. In addition, 37% of small landlords fell behind on their mortgage at some point since the start of the pandemic, compared to just 20% of larger landlords.

Larger landlords more often reported other kinds of problems not directly related to costs. Compared to small landlords with 1-4 units, larger landlords more often reported problems with tenant behavior or leases (78% compared to 58%), compliance with regulations (47% compared to 29%), paying employee salaries (33% compared to 15%), and filling vacancies (28% compared to 4%).

#### 4. Do we expect evictions to rise when eviction protections expire?

##### Tenants are worried about staying in their homes

Based on our tenant survey, we estimate that nearly 70% of tenants are sometimes or very often worried about being able to stay in their current housing. The responses were particularly dire among vulnerable

groups, including households with children (80%) and people with disabilities (86%). Yet, as shown in **FIGURE 7**, the number of tenants concerned about displacement is high across all socio-demographic categories.

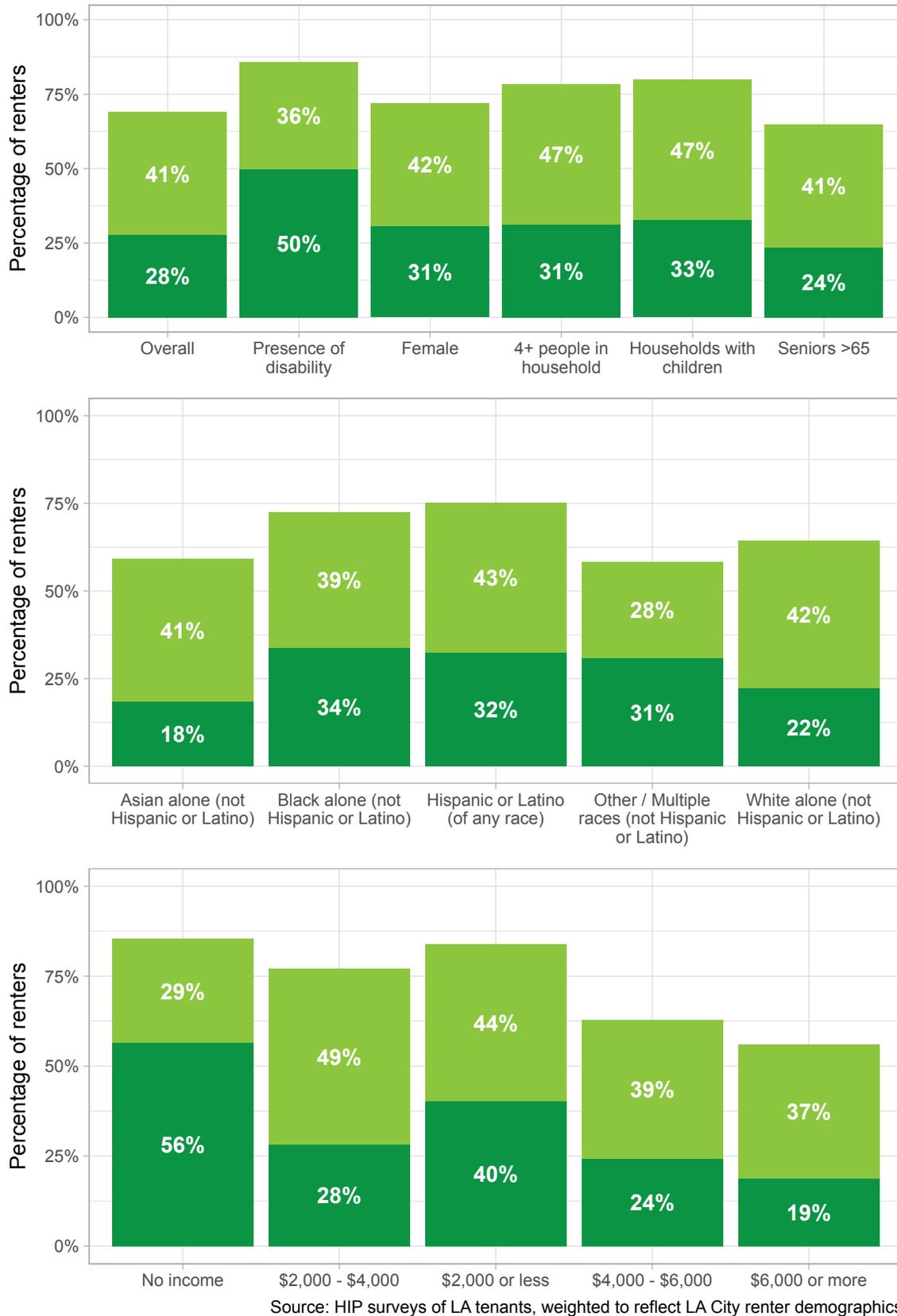
These worries are likely driven by both rent arrears and by ongoing financial precarity and concerns about being able to keep paying rents in future months. Roughly a third (33%) of respondents said they were not confident or only slightly confident in their ability to pay next month's rent. The level of confidence in being able to pay rent is even lower among some vulnerable groups; 48% of households with children, and 54% of respondents with disabilities said they were not confident or only slightly confident in being able to pay next month's rent.

##### Many landlords—especially the largest landlords—intend to file an eviction for nonpayment of rent.

Nearly half of all landlords with rent debt reported they intend to file an eviction for nonpayment of rent after eviction protections expire for nonpayment of rent. 47% of landlords indicated an intent to file, 20% indicated they do not intend to file, and the remaining 33% were not sure. As shown in **FIGURE 8**, large landlords with more than 50 units were much more likely to indicate that they intend to file for nonpayment of rent. More than 70% of large landlords reported intending to file for an eviction for nonpayment, compared to roughly 40% of small and medium sized landlords.

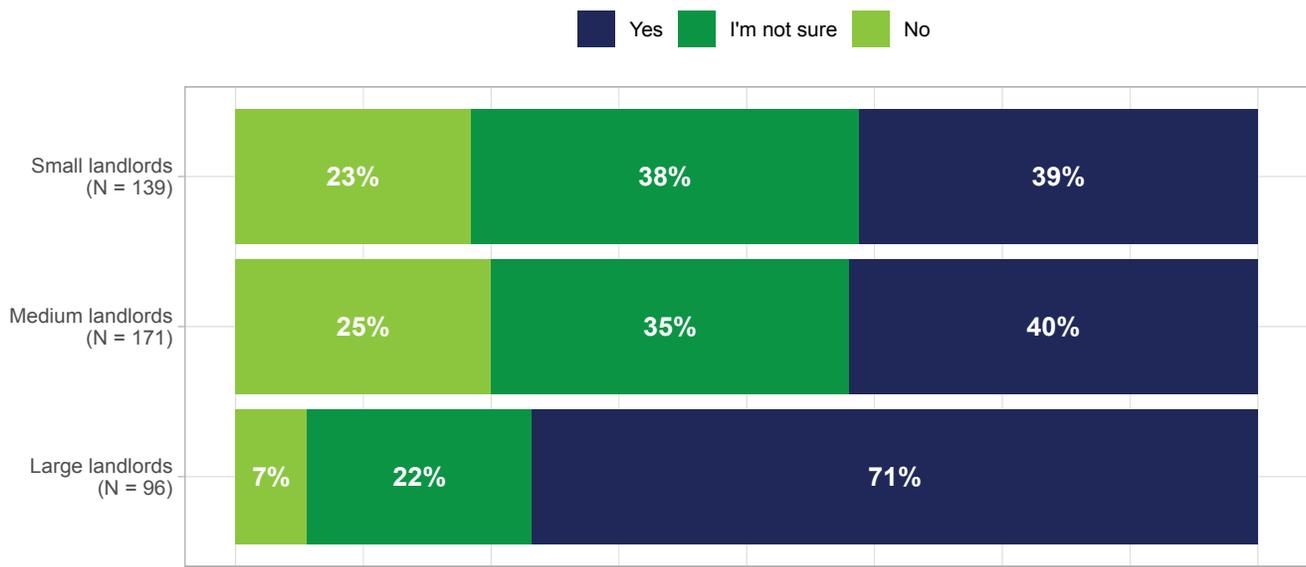
The responses about eviction filings were highly similar

**FIGURE 7** Frequency of worry about staying in current housing, by renter socio-demographic characteristics



Source: HIP surveys of LA tenants, weighted to reflect LA City renter demographics

**FIGURE 8** Landlord intent to file any eviction cases for nonpayment of rent after August 1, 2023



Source: Housing Initiative at Penn LA landlords survey

for small and medium sized landlords. Roughly 40% of landlords with fewer than 50 units are intending to file an eviction case; 25% were not planning to file any cases, and 35% were unsure.

## Conclusion

This report provides LAHD with estimates of the scope and distribution of rental arrears in the City of Los Angeles, as of August 1, 2023. This analysis responds to the city’s urgent need to know how much rent debt there is, and how many households may be newly vulnerable to eviction as city COVID-19 protections elapse.

We estimate that 100,000 to 150,000 households were behind on rent as of August 1, 2023. We also estimate that 60% of these households have outstanding rent debt from the late pandemic period, which will make them newly vulnerable to eviction on February 1, 2024. We also find that half of all landlords—and 70% of the largest landlords—were planning to pursue eviction for nonpayment of rent once renter protections are lifted as of August 1, 2023.

Findings underscore the crucial ongoing need for

expanded eviction protection and diversion programs through Stay Housed LA and other local initiatives. Policy recommendations are outside of the scope of this analysis but HIP is willing to continue to support the city going forward in translating these numbers into actionable findings and policy recommendations grounded in best practices from other cities.

While the aggregate numbers on rent arrears in Los Angeles are high, it is encouraging that at least half of all renter households with arrears are three or fewer months behind on rent. Having smaller arrears amounts makes it more feasible to create repayment plans and/or to offer targeted rental assistance to help many tenants catch up, while incentivizing landlord participation. As much as possible, it will be easier and less expensive to keep people housed than to find people new housing after they are evicted or become homeless.

Based on our findings about the financial challenges faced by landlords, it may be appropriate to consider other types of incentives to encourage landlords to participate in diversion programs, including mortgage payment assistance programs, repair and renovation support programs, or shallow rent supports to help pay

the difference between what the tenant can afford to pay based on their income and the going rent. LAHD explained to HIP that there was interest among some local policymakers to create programs to support small landlords, who were thought to be experiencing particular financial hardships as a result of the pandemic and related COVID-19 protections. Our findings show that small landlords have the highest arrears on their units and that they are more often reported falling behind on their mortgage payments. These challenges, combined with small landlords' greater potential willingness to avoid eviction based on our survey, may suggest possibilities for the city to develop eviction diversion programs targeting this group.

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## **WITH QUESTIONS, PLEASE CONTACT:**

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