



San Diego County Housing Providers Lost \$2.4 Billion in Unpaid Rent Since the Start of Pandemic

Southern California Rental Housing Association research indicates despite personal financial challenges, most landlords do not plan to evict tenants

San Diego (Nov. 2, 2021) – San Diego County housing providers lost a significant amount of rent since the start of the pandemic in March 2020 – a total of \$2.4 billion, according to a study commissioned by the Southern California Rental Housing Association (SCRHA) looking at the current state of rental housing in San Diego County.

Half of the landlords surveyed were impacted by missed rental payments. Across units with sizable rental payment lapses, an average of five months of rent remains due, totaling approximately \$5,000 per unit.

“We’re not talking about big real estate trusts with reserves to manage through this kind of crisis,” said Alan Pentico, CEO at SCRHA. “Nearly 70 percent of our members are mom and pop operators who own 15 units or less and still need to make mortgage and tax payments on their properties, even if their residents are unable to pay rent.”

The study, conducted in August 2021 by the Fermanian Business and Economic Institute at Point Loma Nazarene University found property managers made significant efforts to ease tenant obligations and keep renters housed including:

- o 53% of landlords negotiated temporarily reduced rental rates
- o 47% of landlords agreed to waive late fees and penalties
- o 32% offered a payment plan
- o 15% removed the penalty for early lease termination
- o 11% offered rent forgiveness

After rental assistance programs were introduced, many landlords also tried to work with tenants to fill out the necessary paperwork.

“Despite making sizable and good faith efforts, nearly half of the housing providers surveyed experienced significant difficulty getting cooperation from tenants in securing rent relief,” said Lynn Reaser, Chief Economist – Fermanian Business and Economic Institute. “Landlords receiving government funding assistance say the money, on average, amounted to less than half of the rent due to them.”

Eviction Moratoriums

More than 8 out of 10 landlords surveyed said the federal and state moratoriums had the unintended effect of incentivizing renters without income losses to stop paying rent – creating an immediate financial burden for property owners, delaying much needed maintenance, and building a larger financial backlog for residents to make up now that the policies have ended.

With the state eviction moratorium ending September 30, housing providers said they were not expecting a wave of evictions. Property managers plan to work with residents on payment plans and said they will only pursue evictions as a last resort.

“If we have learned anything from the upheaval of the last year, it is that working together as a community may be more effective than government policies,” said Lucinda Lilley, President - SCRHA. “While there are exceptions, most housing providers are focused on doing whatever it takes to keep families in their homes.”

Rental Assistance Programs

Survey results indicate that a majority (55%) of landlords received funds from one of the following programs:

- County of San Diego COVID-19 Emergency Rental and Utility Assistance Program
- City of San Diego COVID-19 Housing Stability Assistance Program
- City of Chula Vista’s Emergency Rental Assistance Program

Across all programs, the major complaint from landlords involved the slow or burdened disbursement of funds.

“Most landlords receiving funds from the County of San Diego were neutral or favorable toward the program in terms of eligibility, application ease, and disbursement of funds,” Pentico explained.

“Housing providers were less complimentary of the City of San Diego’s rental assistance program. Only 21% agreed that disbursement of funds was quick and without issues.”

Most landlords who received funds from the City of Chula Vista indicated satisfaction with the eligibility criteria, but dissatisfaction with the disbursement of funds.

Policy Recommendations

Based on the survey responses, SCRHA created a series of recommendations to improve the processes for residents and housing providers in the future including:

- Enhance web design
- Shift the application filing to landlords
- Simplify application procedures
- Raise income limits
- Accelerate fund disbursement
- Improve communications
- Strengthen fraud protection

Job market and rental payment behavior

Southern California fared better than many other areas nationwide and the research indicates the financial outlook for the County is improving. Since March of last year, 86% of San Diego County tenants paid their rent and falling unemployment has strengthened tenants’ ability to catch up on or continue making rental payments.

About Southern California Rental Housing Association

The Southern California Rental Housing Association (SCRHA) is the region’s leading trade association serving the rental housing industry. SCRHA provides education and advocacy to individuals and companies who own or manage rental property and provide services to the rental housing industry throughout Southern California. For more than 100 years, the Southern California Rental Housing Association has been one of the nation’s leading apartment associations and has provided members and the industry with education and training, networking opportunities, and critical legislative advocacy.

About the Fermanian Business and Economic Institute (FBEI)

The FBEI specializes in providing business and economic consulting services to for-profit and non-profit companies, individuals, organizations, government entities, and others throughout the San Diego region and California, as well as nationally and internationally. Consulting services include economic analysis, forecasting, economic impact studies, business plans, market research, and feasibility studies.