2021

RENTAL HOUSING CONDITIONS, OUTLOOK, AND POLICIES IN SAN DIEGO AND RIVERSIDE COUNTIES

Prepared By:
The Fermanian Business & Economic Institute

About the Southern California Rental Housing Association (SCRHA)

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.

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EXECUTIVE SUMMARY

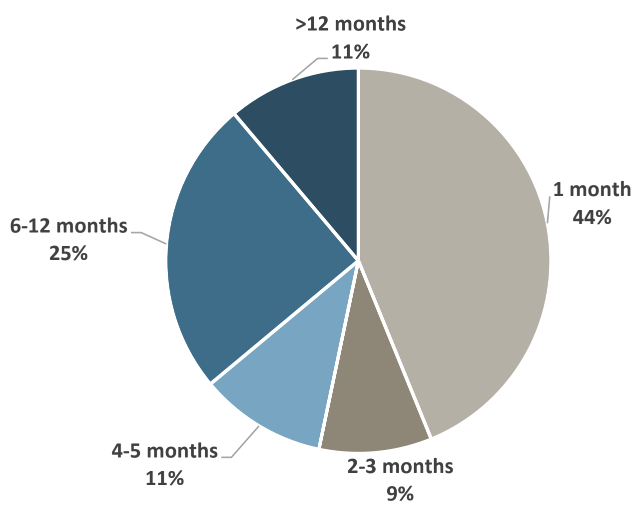
Unprecedented change has swept through the rental housing market during the past two years, with major effects on both tenants and landlords. As eviction moratoriums approach their end, it is critical to understand the landscape. How many tenants will be at risk and how large will their financial liability be?

Understanding the effectiveness of different rental assistance programs and their execution can also yield valuable insights for the future. More immediately, with sizable amounts of rental assistance funding still unspent, it is important to know how disbursement procedures might be improved. Tenants and landlords have struggled with these issues throughout California and the nation. This study sharpens the lens to focus on San Diego and Riverside Counties.

Some of the study's findings include the following:

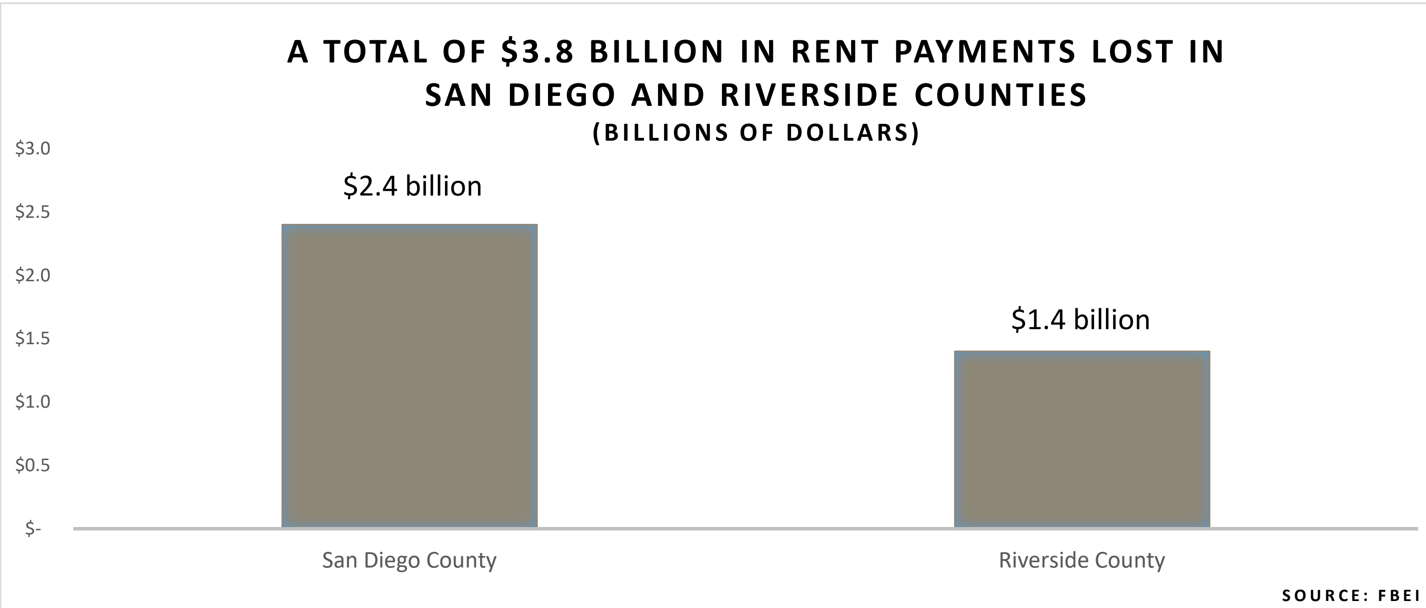
» An estimated 86% of San Diego County tenants are currently making monthly rent payments, followed by Riverside County tenants at 84%. Both groups are ahead of California's 82% and the nation's 80% ratios.
» The job market affects rental housing conditions. Over time, falling unemployment has strengthened tenants' ability to make rental payments.
» In the 18 months since March 2020, San Diego and Riverside County landlords have lost an estimated $3.8 billion in rental income or 15% of the total due to them.
» Since March 2020, about three-fifths of landlords indicate cases of missed rental payments.
» Across units with sizable rental payment lapses, landlords report that since the pandemic began, an average of about five months of rent are due.

LANDLORDS INDICATE ON AVERAGE 5 MONTHS OF PAST-DUE RENT
(SHARE OF MISSED RENTAL PAYMENTS, MONTHS)

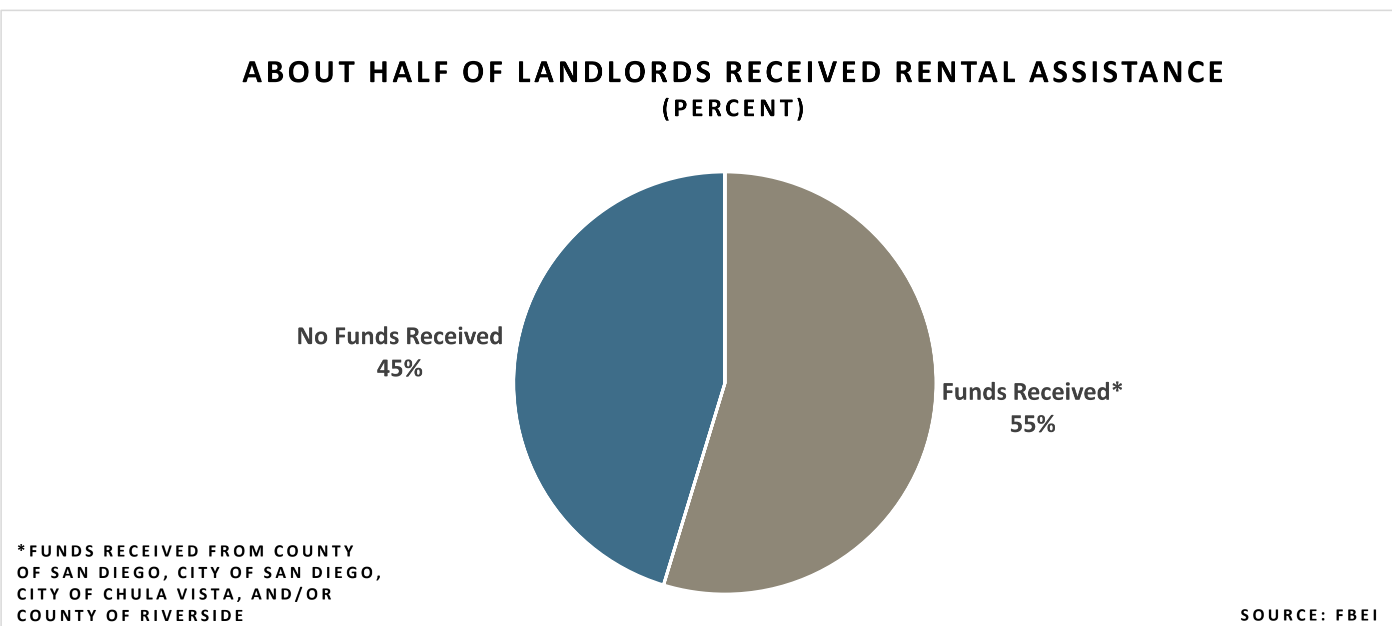


SOURCE: FBEI

» Landlords believe that about one-fifth of their tenants may have difficulty making past due payments or paying current rents when eviction moratoriums end.
» The average amount of rent due per rental unit in San Diego and Riverside Counties will equal about $5,000 per unit.

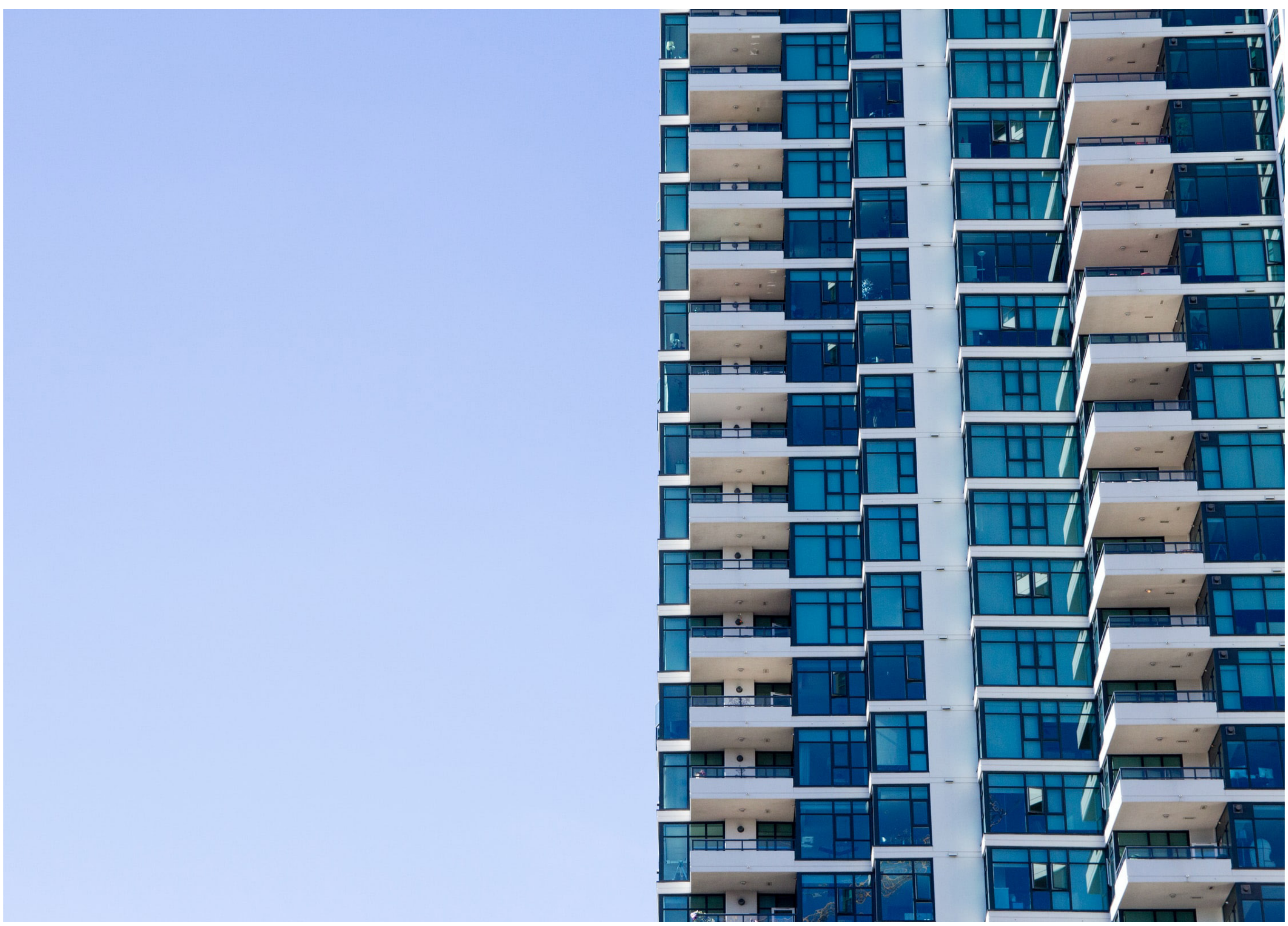


» A slight majority at 55% of landlords received funds from one of the programs in the cities of San Diego or Chula Vista or from San Diego or Riverside Counties.



- San Diego and Riverside landlords receiving assistance funds indicate that the funds covered an average of 42% of the outstanding rents due them.
- Rental owners and managers faced significant difficulty in securing the cooperation of 46%, or nearly one-half, of their tenants in accessing rental assistance funds.
- Eviction moratoriums have been a poor policy choice. They have imposed large financial losses on owners of rental property, leading to deferred maintenance and a growing financial liability that will weigh on tenants.
- Landlords rate Riverside County as the best in terms of rental assistance programs compared with those of San Diego County and the Cities of San Diego and Chula Vista.
- Recommendations to improve the implementation of rental assistance programs include:
    - Enhance web design
    - Shift filing to landlords
    - Simplify application procedures
    - Raise income limits
    - Accelerate fund disbursement
    - Improve communications
    - Strengthen fraud protection

The past two years have left scars on both tenants and landlords in rental housing. Positive outcomes could also emerge if the lessons from rental assistance policies and their implementation can be put to work.



INTRODUCTION AND STUDY PURPOSE

The rental housing market is approaching a climax as eviction moratoriums are scheduled to expire while efforts to disburse rental assistance funds continue. This study seeks to understand and present the current status and outlook for tenants and landlords. It also seeks to analyze the effectiveness of various government policies and programs focused on the rental housing market.

This report focuses on four major issues:

1. CURRENT STATUS AND TRENDS IN RENTAL HOUSING

What is the current standing of the rental market? The report analyzes the present state of the rental market together with recent trends in the U.S., California, San Diego, and Riverside Counties. It explores and compares a number of different data sources and metrics. These sources include a proprietary FBEI survey conducted among San Diego and Riverside County rental owners and property managers. It also analyzes the effect of the job market and unemployment on the rental market.

2. RENTAL ASSISTANCE POLICIES AND EXECUTION

How effective have rental assistance programs been, especially in California, San Diego, and Riverside Counties? The study documents the strengths and weaknesses of programs and their implementation in the Cities of San Diego and Chula Vista, as well as in San Diego County and Riverside County. It analyzes the experience of other states with significantly different rent benefit policies.

3. EVICTION MORATORIUMS

What has been the impact of the eviction moratoriums, including any unintended consequences? What will happen after moratoriums expire, with California's prevailing mandate now scheduled to expire on September 30? Based on survey data and other analysis, the study will analyze the expected outcomes in San Diego and Riverside County.

4. RECOMMENDATIONS

What changes can be made to facilitate the disbursement of remaining housing assistance funds and how should future policies be modified? The report will offer recommendations to accelerate the disbursal of funds, particularly at the local level. In addition to program implementation, the study will also consider fundamental future policy shifts.

Overall, the study presents real-time assessments, projections, and recommendations on rental housing in the San Diego and Riverside region as government agencies strive to disburse remaining funds and the ending of rent moratoriums approaches.

THE RENTAL MARKET: WHERE IT STANDS AND RECENT TRENDS

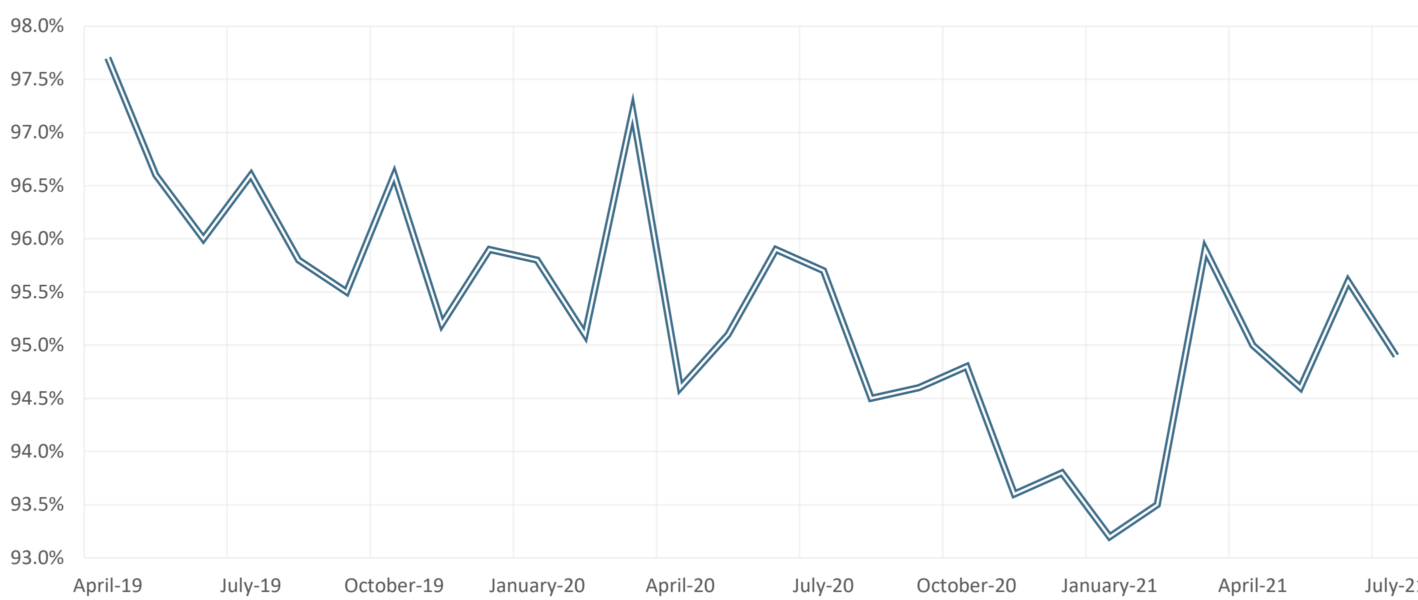
A multitude of forces has whipsawed the rental market since the pandemic began in early 2020. A rapid rise and then drop in unemployment, rent moratoriums, rental assistance programs, the rise of the Delta variant, and other factors have impacted both tenants and landlords. How stressed are tenants and landlords currently? How has the situation changed over the past two years?

CURRENT STATUS

Across the U.S., lessors were receiving about 95% of the monthly rent due them at the end of July 2021, according to data compiled by the National Multifamily Housing Council (NMHC). This is down from a peak of slightly over 97% as COVID-19 swept through the nation in March 2020. It remains below the approximate 96.5% payment rate of two years earlier in July 2019.

EXHIBIT 1

U.S. RENTAL PAYMENTS IMPROVE GRADUALLY
(PERCENT OF PAYMENTS RECEIVED)



SOURCE: NMHC

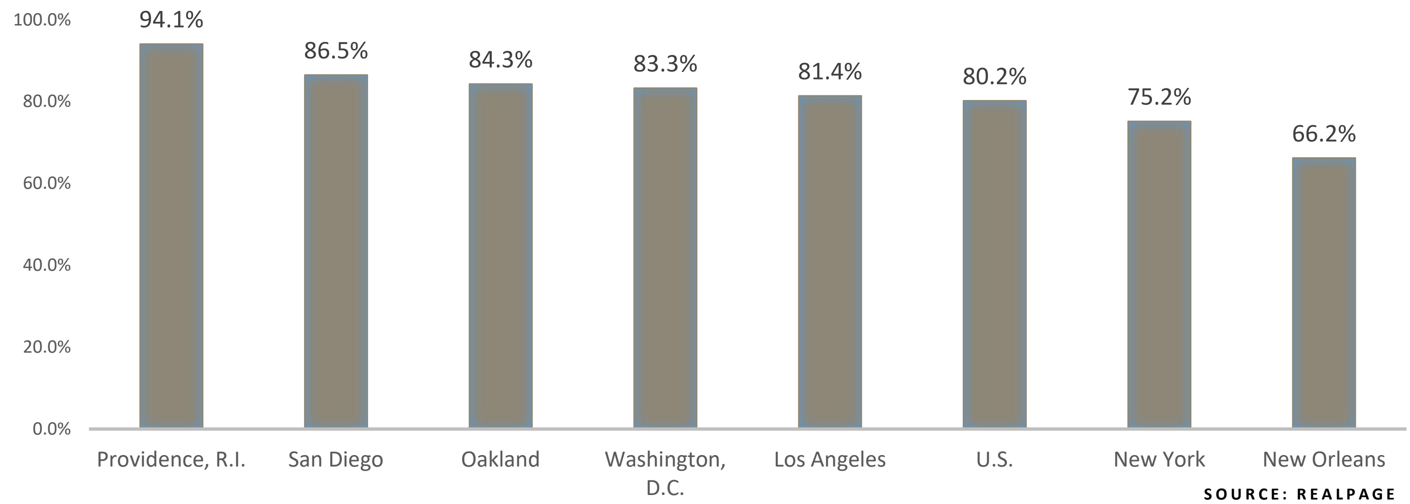
Numbers are much lower when considering if rent payments are being made on time. NMHC data indicated that landlords nationally received partial or full payment of 80.2% rent due by the end of the first week in August, 2021.

The San Diego metropolitan area experienced a higher payment ratio of 86.5% in early August. Although this data can fluctuate substantially from month to month, San Diego posted better numbers than other major cities[1]. Los Angeles showed a payment rate of 81.4%, while New York landlords saw just 75.2% of on-time rental payments. Across major cities, rental payments ranged from a high of 94.1% in Providence, Rhode Island, to only 66.2% in New Orleans.

EXHIBIT 2

SAN DIEGO RENTERS OUTPERFORM MANY REGIONS

(PERCENT OF RENTERS MAKING FULL OR PARTIAL MONTHLY PAYMENT, AUGUST 6, 2021)



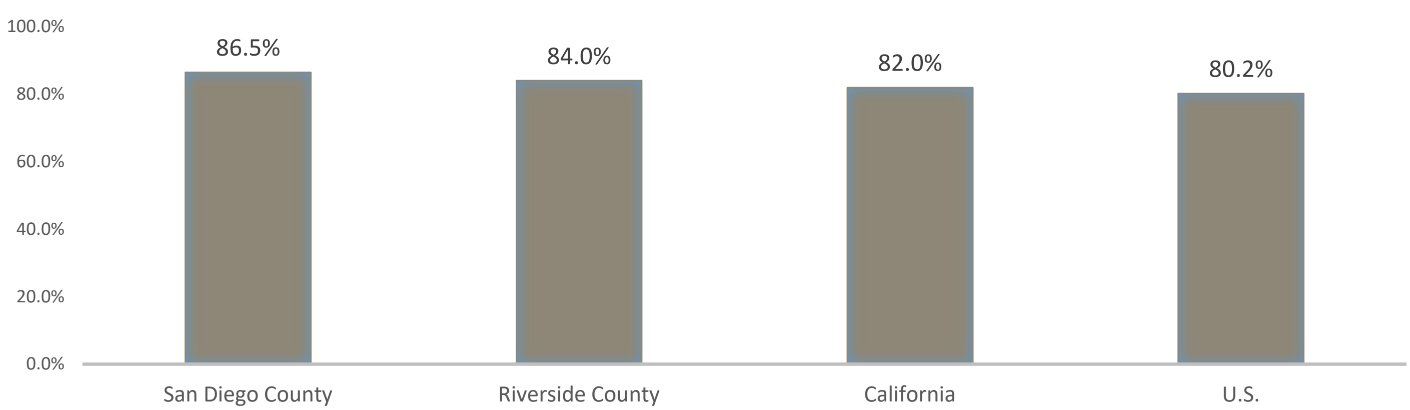
SOURCE: REALPAGE

Based on rent payments made in early July, San Diego County also appears to be in a somewhat stronger position than Riverside County, where an estimated 84% of obligations were being met. Both counties showed better results than California as a whole and the U.S.

EXHIBIT 3

SAN DIEGO AND RIVERSIDE SHOW BETTER RENTAL EXPERIENCE

(PERCENT OF RENTERS MAKING PAYMENTS, ESTIMATE)



SOURCE: FBEI

[1]RealPage. Molnar, P. (2021, August 13). San Diego's Strict Eviction Bas Is Ending. Here's Why It Might Affect Renters. The San Diego Union-Tribune.

RECENT TRENDS IN RIVERSIDE COUNTY AND CALIFORNIA

The U.S. Census Bureau has been tracking the performance and sentiment of renters on a weekly basis since April 23, 2020. In addition to national trends, it also published data for California and the Riverside-San Bernardino Metropolitan Statistical Area (MSA).

The percentage of households behind on rent in California and the Riverside area has fluctuated between about 11% and 52%. The average percent of households behind during 31 weeks of tracking in California was 31%, while the Riverside area came in slightly less with 29%. Stimulus checks of $1,200 per person were sent out during April 2020, a period showing the lowest percentage of households behind on rent. The additional funds helped people meet their housing obligations.

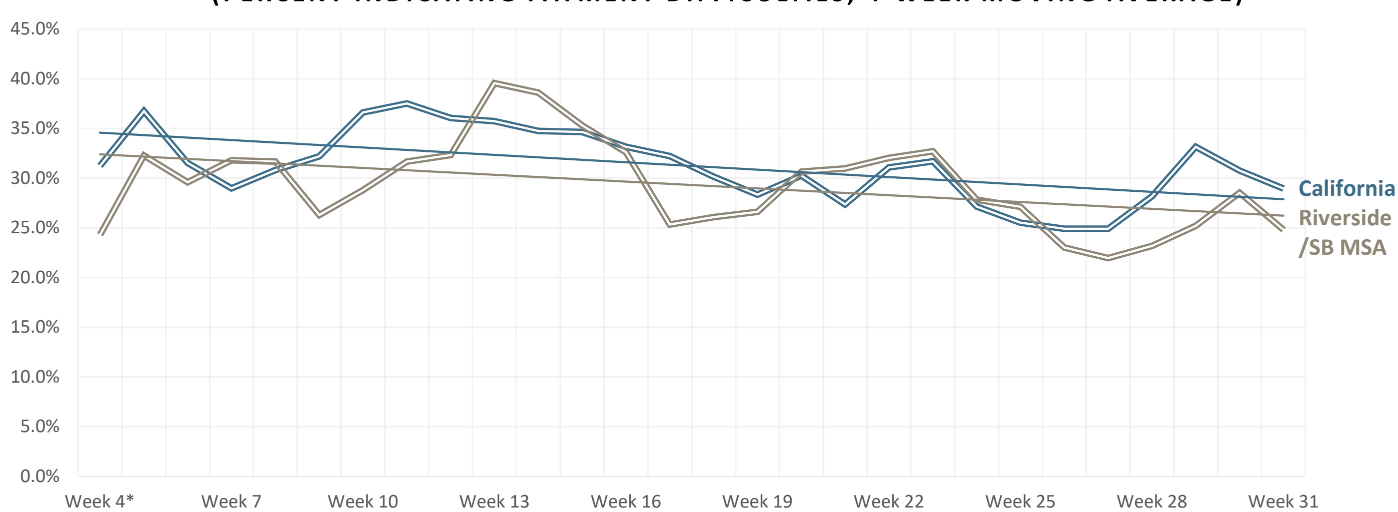
The second stimulus checks of $600 per person were sent out between December 2020 and January 2021. Due to the longer period without a burst of new stimulus, while unemployment was still high, the percentage of people behind on rent remained elevated. A third $1,400 per person stimulus check was sent out in March 2021. At that point, people had already experienced the pandemic's effects for a year with financial problems mounting, especially for those who had lost their jobs. Eviction moratoriums continued to reduce the fear of missed payments.

Riverside's more aggressive rental assistance program helped the County improve relative to California beginning in March 2021. On March 8, Riverside County agreed to a 100% payout for landlords. In contrast, the State of California adopted an 80% payout if landlords chose to forgive 20% of rent. The State moved to a 100% payout agreement on July 1, 2021. In the several weeks prior to California's change to full coverage, Riverside experienced a 24% ratio of missed rent payments versus the 30% average statewide.

EXHIBIT 4

RIVERSIDE TENANTS INDICATE LESS STRESS THAN STATE COUNTERPARTS

(PERCENT INDICATING PAYMENT DIFFICULTIES, 4-WEEK MOVING AVERAGE)



*WEEK 4 COVERS THE PERIOD OF MAY 21-26

SOURCE: U.S. CENSUS, FBEI

Weekly U.S. Census data shows significant volatility in the confidence that households express in their ability to pay their next month's rent. Both California and the Riverside MSA have displayed a gradually improving trend since the spring of 2021. An improving job market, wage increases, government stimulus payments, and the COVID-19 vaccine have all probably helped.

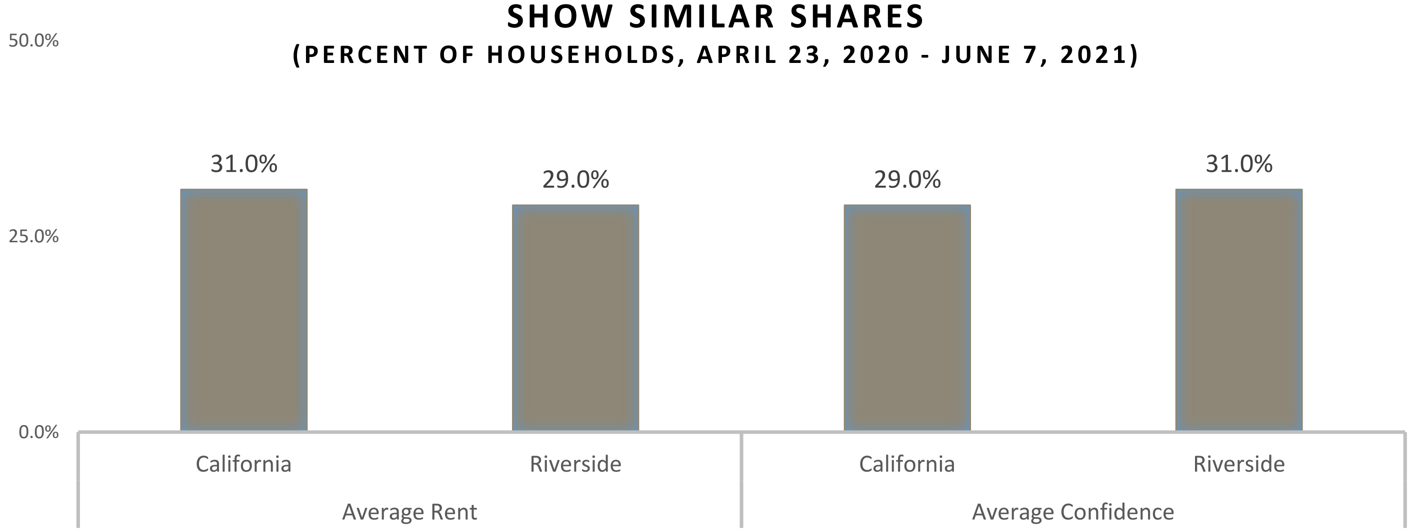
Although both rent payment experience and confidence show sizable volatility, the two are highly correlated. Since March 2021, the correlation between rent payment and confidence has equaled about 33% for California and a similar 35% for the Riverside area.

The share of households behind on current rent payments is also similar to the share of households indicating weak confidence in their ability to pay future rents. Since April 2020, the two indicators of tenant financial weakness have differed an average of only about two to three percentage points. For California, the number of households behind on rent payments has exceeded lack of confidence by 2.1 percentage points. In contrast, in the Riverside area, lack of confidence has been somewhat worse than households behind on actual payments by about 2.7 percentage points.

EXHIBIT 5

WEAKNESS IN RENT PAYMENTS AND CONFIDENCE SHOW SIMILAR SHARES

(PERCENT OF HOUSEHOLDS, APRIL 23, 2020 - JUNE 7, 2021)



SOURCE: U.S. CENSUS, FBEI

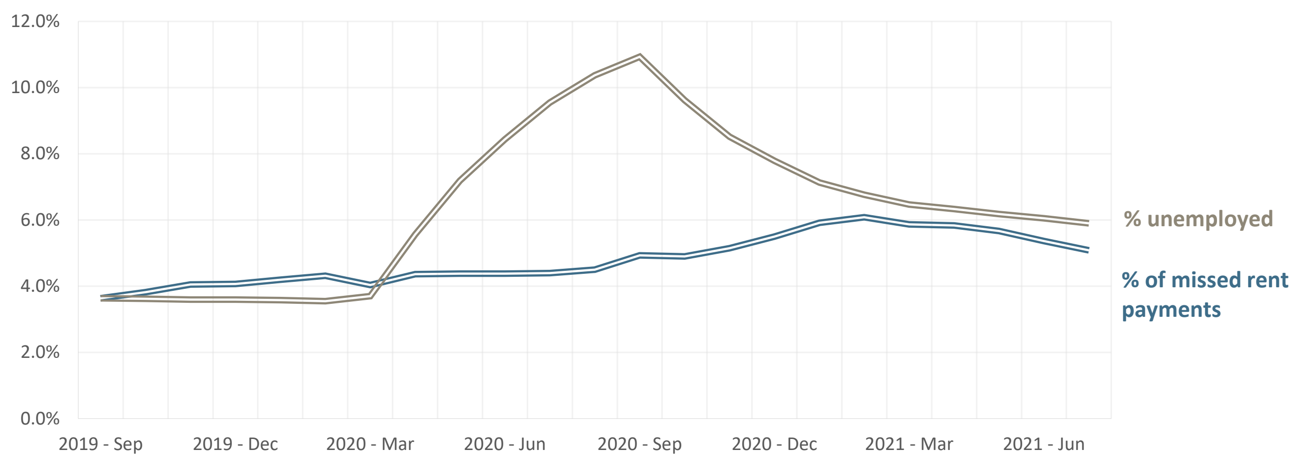
UNEMPLOYMENT AND RENT PAYMENTS

It is to be expected that lower unemployment would drive an improvement in rent payments. Recent factors might have affected some of those expectations. Sizable jobless benefits, which in some cases exceeded employees' earnings, could have enabled rental obligations to continue without interruption. The existence of rent moratoriums may have caused some lessees to prioritize other financial commitments.

The data does indicate that reductions in unemployment have caused some improvement in rental payment status. Nationally, an approximately 36% correlation exists between the monthly unemployment rate and the percentage share of missed rental payments for the same month.

EXHIBIT 6

JOBLESS TRENDS IMPACT RENTAL PAYMENTS
(U.S., 6-MONTH MOVING AVERAGES)



SOURCE: NMHC, FBEI

While the data indicates that reductions in unemployment over time have reduced rental stress, do differences in jobless rates across states have a similar effect? To analyze this issue, three periods surveyed by the U.S. Census Bureau were analyzed: May 2020, December 2020, and June 2021.

May 2020

April 2020 saw the highest unemployment rate in nearly every state since recording of the figure began. The rates in most states remained in double digits into May, even reaching as high as 24.5%. During week 4 of the Household Pulse Survey (May 21, 2020 through May 26, 2020), the U.S. average percentage of people who were behind on rent was 39%, while 31% of people were not confident in their ability to pay upcoming rent. The U.S. unemployment rate at that time was 13.3% compared to California's 15.6%. Yet, Californians were less behind on rent than the average American. Ironically, Californians were also less confident in their ability to pay upcoming rent. Across all states, the relationship between unemployment and the percentage of individuals behind on rent in May 2020 was a positive 0.26. There was also a positive correlation between unemployment and the percentage of Americans not confident in their ability to pay rent. This correlation of 0.32 was the strongest correlation across all three time periods.

December 2020

Week 21 of the Household Pulse Survey captured data from December 9th, 2020 through December 21, 2020. From May 2020 to December 2020, the percentage of Americans who were behind on rent decreased significantly from 38.8% to 30.6%, which was a decline of more than one fifth. However, the percentage of individuals who were not confident in their ability to pay future rent actually increased by nearly 5%. In California, both the percentage of people who were behind and the percentage of people who were not confident increased rather significantly. The unemployment rate across the United States fell nearly 50% to 6.7%. Similar figures were evident in California with the unemployment rate decreasing to 9.3%, approximately a 40% drop. The correlations in week 21 were the weakest of the three time periods. There was a weak positive correlation of 0.15 between unemployment and the percentage of people behind on rent. The correlation between unemployment and the percentage of individuals who were not confident in their ability to pay rent was even weaker at just 0.04.

June 2021

Week 33 Household Pulse Survey (June 23, 2021 - July 5, 2021) data indicated that only 15.6% of Americans were behind on rent, down 50% from December 2020. Californians were, once again, less behind on rent than the United States as a whole at 13.5%. The percentage of Americans who were not confident did not decrease as significantly, falling 20%. In California, this figure decreased 27%, as Californians became more confident in their ability to pay upcoming rent. This was likely a result of new legislation approving 100% rent relief for up to 15 months of past and future rent. As a nation, the unemployment rate improved from 6.7% to 5.9%. California outperformed the United States from December 2020 to June 2021, as its unemployment rate decreased from 9.3% to 7.7%. Similar to the experience of week 4 and week 21, there was a very weak positive correlation (0.17) between unemployment and the percentage of individuals behind on rent across the United States. There was also a positive weak correlation (0.18) between unemployment and the percentage of individuals who were not confident in their ability to pay upcoming rent.

On balance, unemployment does appear to affect the rental market both over time and across different areas. With respect to differences in actual rent payments and confidence across states, unemployment appears to have been particularly significant early in the pandemic when economic impacts were especially uneven. Since then, individual state policies and other factors have become more important, but the job market's health continues to play a key role in shaping the rental market.

EXPERIENCE IN SAN DIEGO AND RIVERSIDE RENTAL HOUSING

To gain firsthand knowledge of conditions in San Diego and Riverside Counties, FBEI conducted an online survey of landlords. The properties covered included about 4,300 units across the two areas.

Responses indicated a significant loss in rental payments since the pandemic began, in terms of both dollars and numbers of missed monthly payments. Apartment owners and managers also indicated sizable numbers of units occupied by households paying no rent at some point during the pandemic.

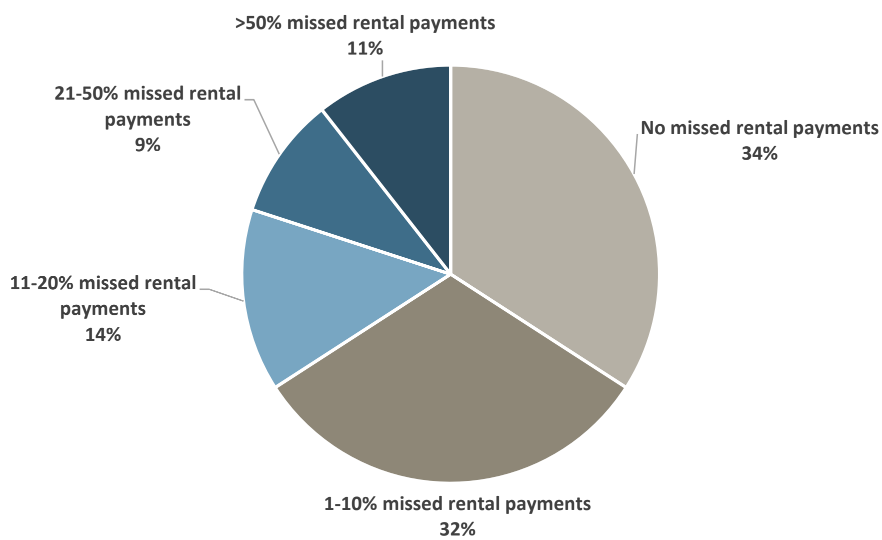
Dollar Losses

Since March 2020, about two-thirds of landlords indicate that rental payments fell below those committed to in lease agreements. A total of 32% of respondents reported that rent payments were up to 10% less than commitments, while another 14% pointed to a shortfall of 11-20%. About 11% expressed losses of 50% or more of their expected rental revenues since the pandemic's start.

In total, the survey responses indicate that landlords across San Diego and Riverside Counties have lost a total of about 15% of the rental payments due to them from March 2020 through August 2021. While larger landlords (with over 20 units) have lost somewhat less, smaller ones (with 20 or fewer units) have lost more.

EXHIBIT 7

TWO-THIRDS OF LANDLORDS REPORT RENTAL PAYMENT LOSSESS
(SHARE OF MISSED RENTAL PAYMENTS SINCE MARCH 2020, $)



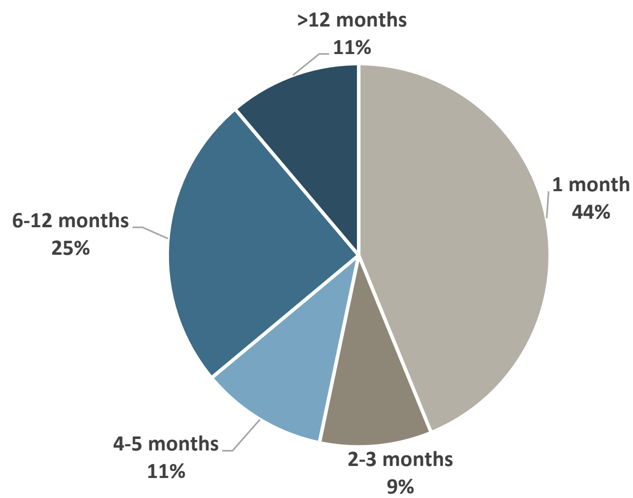
SOURCE: FBEI

Missed Months

Landlords report that, since the pandemic began, an average of about five months of rent are due across units with rental payment lapses. A total of 44% report one month of rental income lapses. Another 45% report up to twelve months of missed rents. A final 11% point to an average of more than a year of missed rental payments on delinquent properties.

EXHIBIT 8

LANDLORDS INDICATE ON AVERAGE 5 MONTHS OF PAST-DUE RENT
(SHARE OF MISSED RENTAL PAYMENTS, MONTHS)



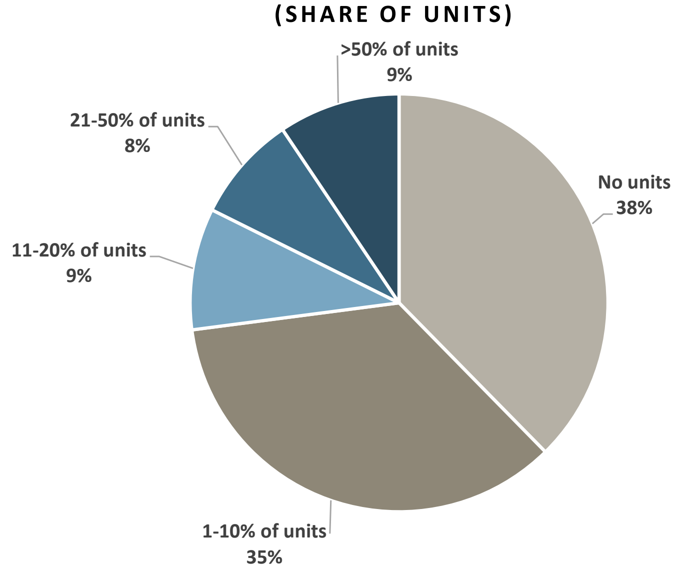
SOURCE: FBEI

Non-Paying Occupancy

The rental pressure on landlords can also be gauged by the number of months their assets failed to generate income to cover various expenses, including taxes, insurance, and maintenance. Survey results show that about 62% of rental units were occupied by non-paying tenants at some point during the pandemic. About 35% of rental owners or managers said that non-paying units accounted for 10% or fewer of their total units. About 9% of respondents indicated that more than 50% of their units were occupied by non-rent paying tenants.

EXHIBIT 9

LANDLORDS INDICATE THAT 62% OF UNITS WERE OCCUPIED BY NON-RENT PAYING TENANTS AT SOME POINT DURING THE PANDEMIC
(SHARE OF UNITS)



SOURCE: FBEI

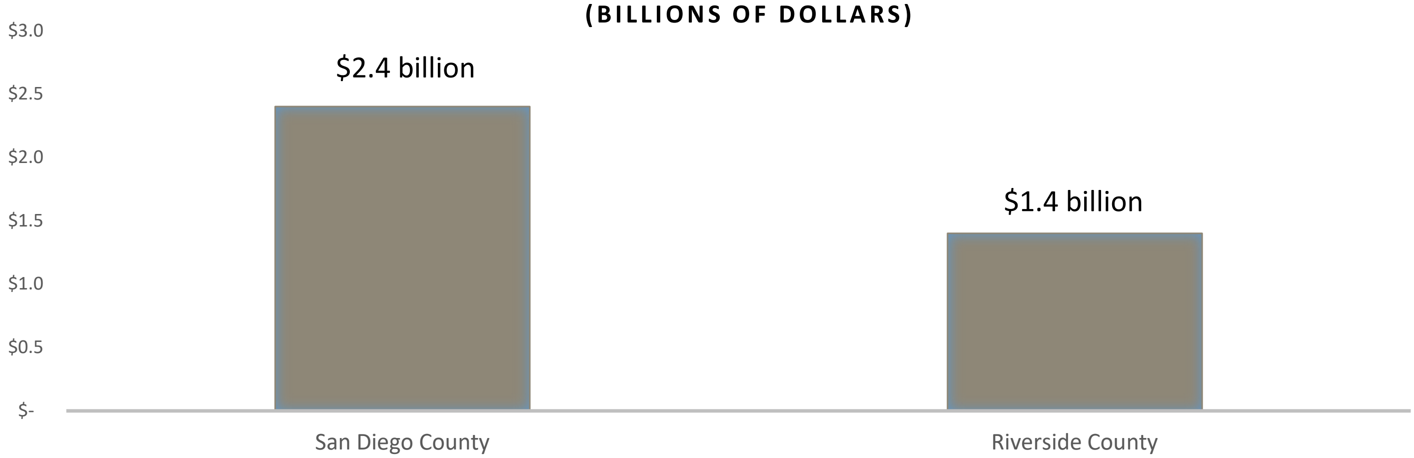
TOTAL TENANT LOSSES

Based on the number of rental units, rental rates, and survey results, landlords have lost an estimated $3.8 billion in rental income since the pandemic began in Riverside and San Diego Counties. This represents about 15% of the estimated $26 billion in total rent obligations for the 18 months of March 2020 through August 2021. Riverside landlords have lost an estimated $1.4 billion during this period, while the loss in the larger San Diego County stands at an estimated $2.4 billion.

EXHIBIT 10

A TOTAL OF $3.8 BILLION IN RENT PAYMENTS LOST IN SAN DIEGO AND RIVERSIDE COUNTIES

(BILLIONS OF DOLLARS)



SOURCE: FBEI

POLICIES AND PROGRAM EXECUTION

Since the pandemic began, governments at the federal, state, and local levels have implemented a number of policies and programs to provide rental assistance while also establishing eviction moratoriums. How effective have these policies been? How well have the programs been implemented? What have been the positive and negative impacts, as well as side effects?

RENTAL ASSISTANCE PROGRAMS

COUNTY OF SAN DIEGO

San Diego County renters have been able to access rental assistance programs during the COVID-19 pandemic. The County of San Diego originally made available $24 million for emergency rental assistance, capped at $3,000 per household. A second round of federal funding brought the total amount of rent relief funds in 2021 for the County to $107 million.

The County of San Diego has not reported a total amount of disbursed funds in official compliance reports as of August 20, 2021.

	COUNTY OF SAN DIEGO COVID-19 EMERGENCY RENTAL AND UTILITY ASSISTANCE PROGRAM
FUNDING	$107 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income as established by the U.S. Department of Housing and Urban Development
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• Individuals and families countywide. Residents who live within jurisdictions with their own COVID-19 rental relief program would not be eligible for the County program unless those jurisdictions' funds have already been depleted. (All cities included except – San Diego and Chula Vista) • Household must have qualified for unemployment benefits or experienced a financial hardship directly or indirectly related to COVID-19. • Household is at risk of experiencing homelessness or housing instability. • Households currently receiving rental subsidies such as Section 8, rapid rehousing assistance, or rental assistance from non-profit agencies may apply. The household must certify that the ERAP assistance requested does not duplicate any other assistance, including federal, state, or local assistance provided for the same costs. Duplication of assistance is subject to County verification. • Only one application per residence will be permitted • Household must have an obligation to pay rent • Landlords do not have to agree to participate in the program
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from April 1, 2020 through the application month, but no more than 18 months of assistance

CITY OF SAN DIEGO

The City of San Diego has operated a separate Emergency Rental Assistance Program throughout the COVID-19 pandemic. In total, according to the City of San Diego's Mayor's office, the City of San Diego has received $135 million in federal funding in 2021.

As of August 18, 2021, the Mayor's office reported that it had disbursed 93% of the total federal funding from round one.

Official compliance reports spanning round one and two of funding should be available later in fall 2021.

	CITY OF SAN DIEGO HOUSING STABILITY ASSISTANCE PROGRAM
FUNDING	$135 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a City of San Diego address • The household has a current obligation to pay rent • The household may be currently receiving rental subsidies • The household may be a current tenant of a property owned or managed by the San Diego Housing Commission • The household experienced hardship directly related to COVID-19 • The household is experiencing or at-risk of experiencing homelessness or housing instability
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from April 1, 2020 through the application month, and up to three months of future rent obligations

CITY OF CHULA VISTA

The City of Chula Vista has operated its own Emergency Rental Assistance Program throughout the pandemic. In total, Chula Vista has received $18.1 million in federal funding for 2021.

As of June 30, 2021 official compliance reports, the City of Chula Vista had disbursed $3.8 million of the original $8.2 million made available under round one funding. Official compliance reports spanning round one and two of funding should be available later in fall 2021.

	CITY OF CHULA VISTA EMERGENCY RENTAL ASSISTANCE PROGRAM
FUNDING	$18.1 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a City of Chula Vista address • The household has a current obligation to pay rent • The household experienced a reduction in income, incurred significant costs, or experienced other financial hardship due directly or indirectly to COVID-19 • The household is experiencing or at-risk of experiencing homelessness or housing instability • Landlord does not have to participate
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental debt accumulated from April 1, 2020 through March 2021, not to exceed twelve months. If funds are available, the program will cover unpaid utility debt. Third round of funding would be made available for assistance with upcoming rent, or rent from April 2021 or later, for up to three months at a time.

COUNTY OF RIVERSIDE

The County of Riverside has operated an Emergency Rental Assistance Program, United Lift, throughout the pandemic. In total, the County of Riverside has received $120 million in federal funding in 2021.

As of June 30, 2021 official compliance reports, the County of Riverside had disbursed $20.7 million of the original $57.3 million made available under round one funding. Official compliance reports spanning round one and two of funding should be available later in fall 2021.

	COUNTY OF RIVERSIDE UNITED LIFT RENTAL ASSISTANCE PROGRAM
FUNDING	$120 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a County of Riverside address • The household has unpaid rent and/or utilities from after March 13, 2020 or will be unable to pay future rent • The household experienced a COVID-19 related financial impact
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from March 13, 2020 until the time of application, capped at up to 12 months of rent arrears. An additional three months of future rent may be covered.

CITY OF RIVERSIDE

The City of Riverside has operated an Emergency Rental Assistance Program throughout the pandemic. In total, the City of Riverside has received $17.6 million in federal funding.

As of July 2021 official compliance reports, the City of Riverside has disbursed $2.6 million of the original $9.9 million made available under round one funding. Official compliance reports spanning round one and two of funding should be available later in fall 2021.

	CITY OF RIVERSIDE EMERGENCY RENTAL ASSISTANCE PROGRAM
FUNDING	$17.6 million
APPLICATION PERIOD	Application process has been closed due to overwhelming response. Residents can still apply through the County's United Lift Program.
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a City of Riverside address • The household has unpaid rent and/or utilities from after March 13, 2020 or will be unable to pay future rent • The household experienced a COVID-19 related financial impact
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt capped at up to 12 months of rent arrears. An additional three months of future rent may be covered.

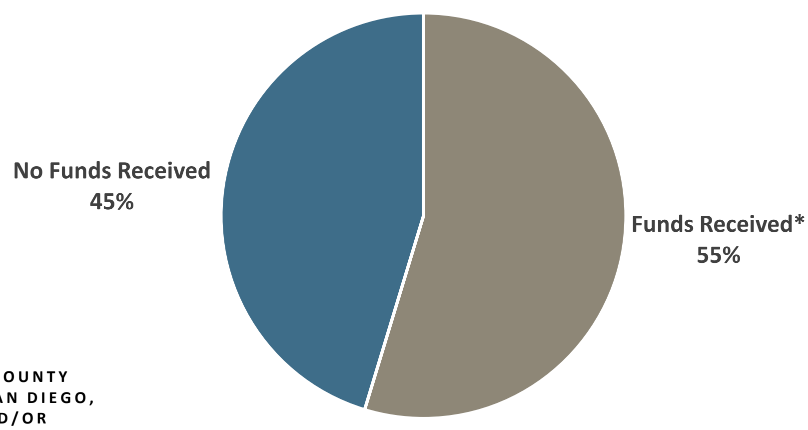
PROGRAM RESULTS IN SAN DIEGO AND RIVERSIDE COUNTIES

Survey results indicate that a slight 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
- County of Riverside United Lift Rental Assistance Program

EXHIBIT 11

ABOUT HALF OF LANDLORDS RECEIVED RENTAL ASSISTANCE
(PERCENT)



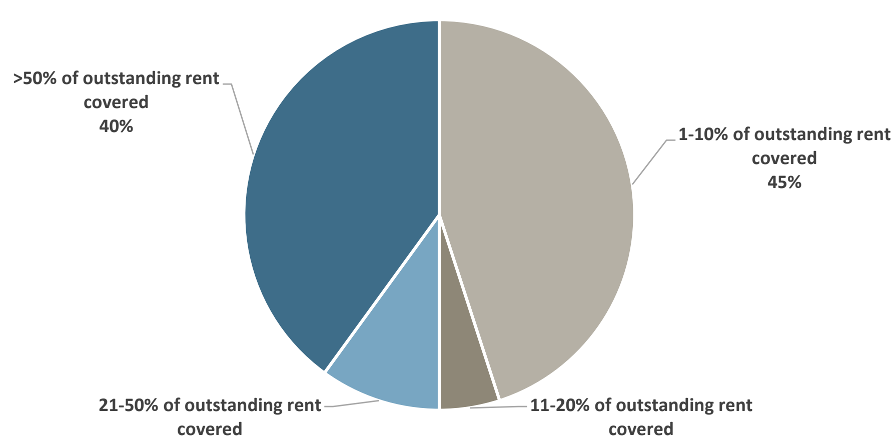
*FUNDS RECEIVED FROM COUNTY OF SAN DIEGO, CITY OF SAN DIEGO, CITY OF CHULA VISTA, AND/OR COUNTY OF RIVERSIDE

SOURCE: FBEI

Landlords in the two counties receiving assistance funds indicate that the funds covered an average of 42% of the outstanding rents due to them, with about 20% reporting that assistance compensated them for about 90-100% of rent obligations. Various factors, including the programs' focus on lower income households and a lack of tenant cooperation, limited the compensation for lost rental income.

EXHIBIT 12

LANDLORDS INDICATE THAT RENT RELIEF PROGRAMS PROVIDED VARYING AMOUNTS OF ASSISTANCE
(SHARE OF OUTSTANDING RENT)



SOURCE: FBEI

The survey distributed to landlords inquired about various aspects of each program from which they received assistance. Across all programs, the major complaint from landlords involved the slow or burdened disbursal of funds.

COUNTY OF SAN DIEGO COVID-19 EMERGENCY RENTAL AND UTILITY ASSISTANCE PROGRAM

Most landlords who received funds from the County of San Diego Program were neutral or favorable towards the program. The County of San Diego's program received a net score of 14%[2]. 41% of landlords agreed that the eligibility criteria are appropriate and the application process is user-friendly. 35% of landlords agreed that disbursal of funds is quick and without issues. 21% of landlords rated the eligibility criteria negatively, 17% rated the application process negatively, and 38% rated the disbursal of funds negatively.

EXHIBIT 13

County of San Diego Rental Assistance Program Ratings
(Percent of respondents)

	No	Neutral	Yes
Eligibility criteria are appropriate	21%	38%	41%
Application process is user-friendly	17%	41%	41%
Disbursement of funds was quick and without issues	38%	28%	34%
Net score*	**14%**		

*Average of the difference between positive and negative ratings

SOURCE: FBEI

CITY OF SAN DIEGO HOUSING STABILITY ASSISTANCE PROGRAM

Landlords were less complimentary of the City of San Diego Program, giving an overall net score of -5%. 29% of landlords agreed that the eligibility criteria are appropriate, and 40% indicated that the application process is user-friendly. Only 21% of landlords agreed that disbursal of funds was quick and without issues. 33% of landlords rated the eligibility criteria negatively, 25% rated the application process negatively, and 47% rated the disbursal of funds negatively.

EXHIBIT 14

City of San Diego Rental Assistance Program Ratings
(Percent of respondents)

	No	Neutral	Yes
Eligibility criteria are appropriate	33%	38%	29%
Application process is user-friendly	25%	35%	40%
Disbursement of funds was quick and without issues	47%	32%	21%
Net score*	**-5%**		

*Average of the difference between positive and negative ratings

SOURCE: FBEI

[2]Net score is the average of the difference between all positive and negative ratings

CITY OF CHULA VISTA EMERGENCY RENTAL ASSISTANCE PROGRAM

Most landlords who received funds from the City of Chula Vista Program indicated satisfaction with the eligibility criteria, but dissatisfaction with the disbursal of funds process. Overall, the City of Chula Vista program received a net score of 13%. 50% of landlords agreed that the eligibility criteria are appropriate, and 38% indicated that the application process is user-friendly. Only 25% of landlords agreed that disbursal of funds is quick and without issues. 25% of landlords rated the eligibility criteria negatively, 13% rated the application process negatively, and 38% rated the disbursal of funds negatively.

EXHIBIT 15

City of Chula Vista Rental Assistance Program Ratings
(Percent of respondents)

	No	Neutral	Yes
Eligibility criteria are appropriate	25%	25%	50%
Application process is user-friendly	13%	50%	38%
Disbursement of funds was quick and without issues	38%	38%	25%
Net score*	**13%**		

*Average of the difference between positive and negative ratings

SOURCE: FBEI

COUNTY OF RIVERSIDE UNITED LIFT RENTAL ASSISTANCE PROGRAM

The County of Riverside Program received the best ratings from landlords with a net score of 48%. 71% of landlords agreed that the eligibility criteria are appropriate and 86% indicated that the application process is user-friendly. No landlords rated the eligibility criteria negatively and only 14% rated the application process negatively. Views on the disbursal of funds were more divided. Although 43% agreed that disbursal was quick and without issues, an equal 43% rated the disbursal of funds negatively.

EXHIBIT 16

Riverside County Rental Assistance Program Ratings
(Percent of respondents)

	No	Neutral	Yes
Eligibility criteria are appropriate	0%	29%	71%
Application process is user-friendly	14%	0%	86%
Disbursement of funds was quick and without issues	43%	14%	43%
Net score*	**48%**		

*Average of the difference between positive and negative ratings

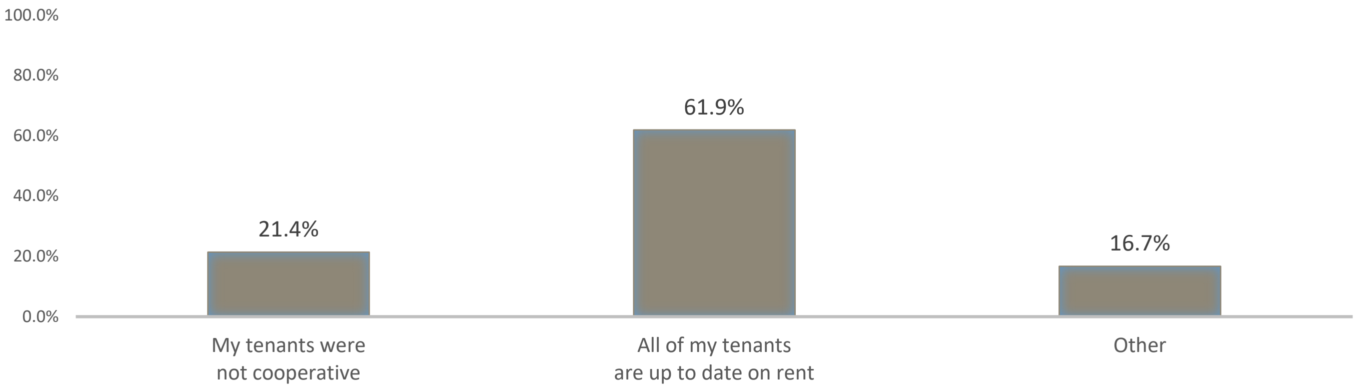
SOURCE: FBEI

Principals owing or overseeing rental units cited different reasons for not receiving government funding. About three-fifths of them said that their tenants were up to date on their rental obligations. Approximately another fifth indicated problems with gaining the cooperation they needed from tenants. A final fifth noted a number of factors. Many of these involved the inability of tenants to qualify because they exceeded the maximum income levels allowed.

EXHIBIT 17

LANDLORDS CITE DIFFERENT REASONS FOR NOT RECEIVING FUNDS

(PERCENT OF RESPONDENTS)



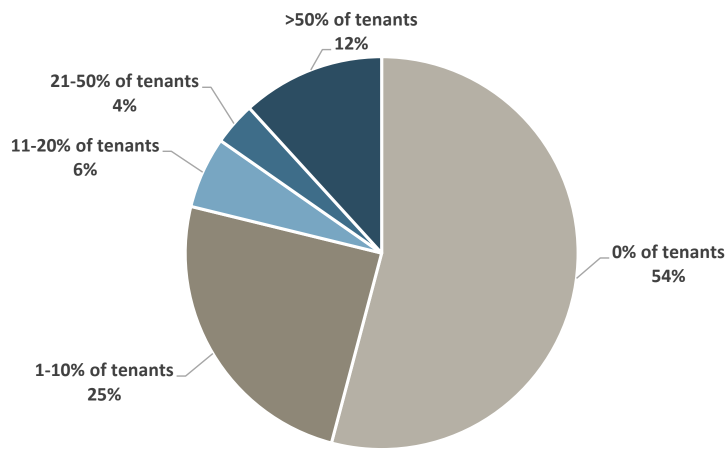
SOURCE: FBEI

Rental owners and managers faced significant difficulty in securing the cooperation of tenants to access rental assistance funds. While 54% were cooperative, 46% were not. For most property owners and managers, non-cooperative tenants represented 10% or fewer of their total units. However, for significant numbers, these tenants comprised 50% or more of their total units.

EXHIBIT 18

LANDLORDS FACE PROBLEMS FROM TENANTS IN SECURING RENTAL ASSISTANCE

(SHARE OF UNCOOPERATIVE TENANTS)



SOURCE: FBEI

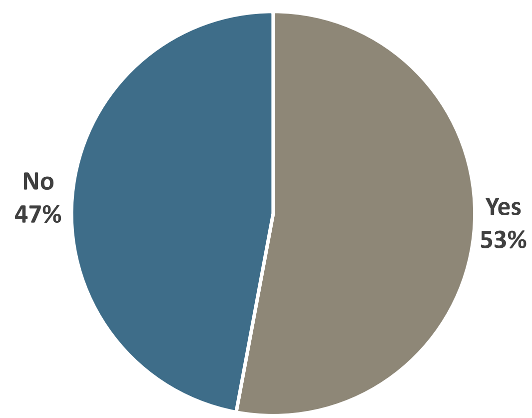
Landlords described some of the various aspects of non-cooperation. They cite the difficulty in encouraging tenants to complete applications, including verifying incomes, financial losses, and other requirements. Some tenants question whether it is worth their time to apply or are intimidated by the application process. Some landlords indicate that tenants have been unreachable by phone, text messages, emails, or posted offers to help.

IMPACT OF RENTAL ASSISTANCE EXPANSION

Did California's expansion of its rental assistance program in mid-2021 to include 100% of past due rent impact landlord participation? A slight majority (53%) of San Diego landlords report that the expansion has already or will increase program usage.

EXHIBIT 19

SLIGHT MAJORITY INDICATES 100% OF RENT RELIEF WILL BOOST PARTICIPATION IN ASSISTANCE PROGRAMS
(PERCENT OF RESPONDENTS)

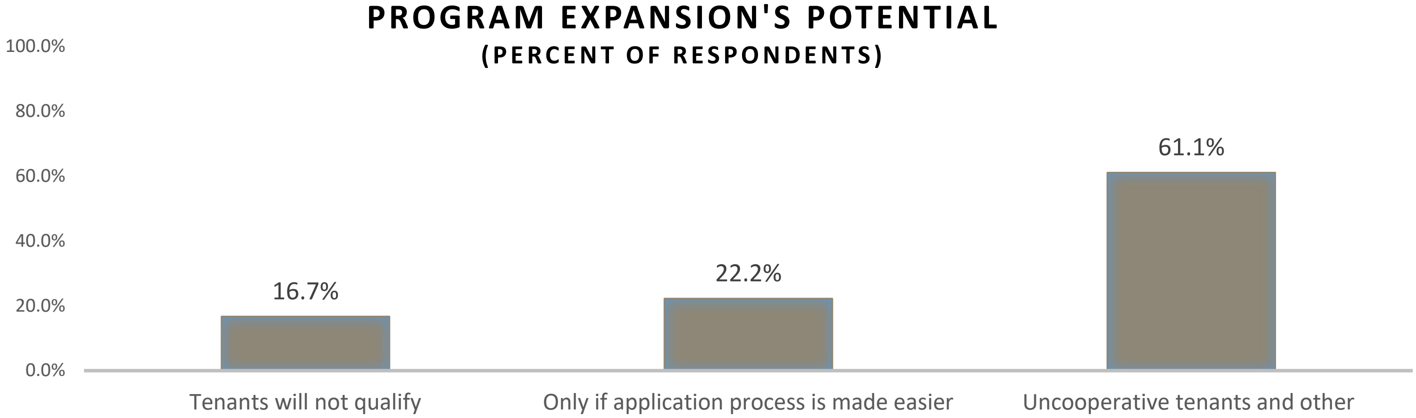


SOURCE: FBEI

Of the sizable number who indicate that there has been or will be little effect, somewhat less than a fifth say that their tenants will not qualify, while another fifth indicate skepticism unless the application process is made much easier. The preponderance, involving slightly over two-fifths of the respondents point to the substantial failure to gain tenant cooperation.

EXHIBIT 20

LACK OF TENANT COOPERATION DIMS PROGRAM EXPANSION'S POTENTIAL
(PERCENT OF RESPONDENTS)



SOURCE: FBEI

PROGRAM EXPERIENCE IN OTHER STATES

The experience with three other states with rental assistance programs different from California's was analyzed. Prior to June 30, 2021, California's program covered 80% of past due rents for low income workers with pandemic-related financial losses. In contrast, New York covered 100% of rent obligations and Kentucky covered 90% of rent. West Virginia had no program until the end of March 2021.

KENTUCKY

Kentucky had no statewide rental assistance program in place until September 2020. This statewide rental assistance program paid out 90% of the applicant's past due rent and up to two months of future rent directly to the landlord if the landlord promised to forgive 10% of the amount due. When the initial rental assistance program was announced in September 2020, the percentage of households behind on rent saw decreases and some of the lowest percentages seen throughout the pandemic. Confidence in future rent payment ability improved much less perhaps because a vaccine was still absent. In February 2021, Kentucky received $300 million in additional federal funds to help residents catch up on their rental bills. Combined with the third round of general federal stimulus checks, Kentucky residents at that time expressed some of the lowest percentages in terms of missed rental payments or weak confidence in future rent-paying ability.

WEST VIRGINIA

West Virginia had no major dedicated rental assistance program until one was officially launched in March 2021. Prior to that time, the State provided one-time assistance for low-income households requesting help with rent or utility bills. The new Mountaineer Rental Assistance Program was announced in January 2021 and officially launched on March 26, 2021. It offered rental assistance on past due bills dating back to April 2020 and up to 3 months of future rent. The percentages of households behind on rent and lacking confidence in future rent payment ability have been volatile. When the new rental assistance program was announced in January 2021, the percentage of households not confident in future rent payments reached the lowest level since the onset of the pandemic at 19%. That number then fluctuated substantially over the next few months. In contrast, the share of West Virginians behind on rent remained consistent in the 30% range throughout the pandemic. This is likely because there was no statewide program in place initially and, even after the program was put in place, disbursement of funds has been limited.

NEW YORK

The State of New York has put in place a rather comprehensive policy since mid 2020, but the bulk of funds that have been granted have not been disbursed to landlords. State reports through media outlets indicate that New York had disbursed just $109 million as of August 12, 2021. Additionally, renters and landlords have complained that there are several glitches in the application system and that the process is strenuous. While New York was one of the first states to implement a 100% rental assistance program, its inefficiencies have caused tenants to miss more payments than tenants in other state programs. Many of the counties and cities in New York have received separate federal financial assistance. These individuals are ineligible for State funds. Household Pulse Survey data indicates that New York residents display similar confidence levels to those in Kentucky and West Virginia despite higher unemployment. In contrast, New York State residents express about the same degree of difficulty in paying rent as experienced in West Virginia despite that state's late launch of its rental assistance program.

SUMMARY: THREE STATE ASSESSMENTS

Among the three states, Kentucky has shown the best performance in terms of the ability of its residents to fulfill their rental obligations since May 2020. That share of households expressing difficulty in making rent payments has averaged 22%. Kentucky has benefited from a lower jobless rate over that time period as well as a substantial rental assistance program.

New York and West Virginia have shown identical results with respect to rental payments. The share of households with rent payment difficulties has averaged 32%. Although New York has offered major financial support, actual execution of funding appears to have reflected deficiencies, while the State also has experienced the highest jobless rate.

Despite differences in jobless rates and rental assistance policies, households' confidence in their future ability to make rent payments has been almost equal at about 29% across the three states. This probably reflects ongoing uncertainty about the course of COVID-19, jobs, various government assistance programs, and eviction moratoriums.

EXHIBIT 21

State Policies and Jobless Rates Affect Rent Payments
(Percent)

	% Behind on Rent	% Not Confident	Unemployment Rate
Kentucky	22.4	29.6	5.6
West Virginia	32.0	28.7	7.3
New York	32.0	28.7	10.0

Averages: May 21, 2020 - July 5, 2021

SOURCE: FBEI

EVICTION MORATORIUMS AND THEIR EXPIRATION

EVICTION MORATORIUM POLICIES

Various eviction moratoriums were in place throughout the COVID-19 pandemic to protect renters from being evicted because of nonpayment of rent due to COVID-19-related financial hardships. These included eviction moratoriums at the federal, state, county, and city levels. Currently, California's eviction moratorium is the active measure covering tenants and landlords throughout San Diego and Riverside Counties.

	FEDERAL EVICTION MORATORIUM
PERIOD IN EFFECT	Through July 31, 2021 (unless extended by Congress)
SPECIAL REQUIREMENTS	Applies only to communities where there is severe vulnerability and transmission of COVID-19. This covers 90% of U.S. renters.
ELIGIBILITY REQUIREMENTS (MOST RECENT)	Applies to tenants, lessees, or residents of residential properties in the U.S. who can declare the following: i. Has used best efforts to obtain all available government assistance for rent or housing ii. Met any of three income limits: • Expects to earn no more than $99,000 in annual income for Calendar Year 2020 (or no more than $198,000 if filing joint tax return) • Was not required to report any income in 2019 to the U.S. IRS • Received an Economic Impact Payment (stimulus check) iii. Unable to pay the full rent or make a full housing payment due to substantial loss of housing income, loss of compensable hours of work or wages, a lay-off, or extraordinary out of pocket medical expenses iv. Using best efforts to make partial rent payments as they are able
REPAYMENT REQUIREMENTS	Under this order, tenants still must pay what rent they can, and the order does not preclude landlords from charging late fees, penalties, or interest that results from non-payment or partial payment of rent as specified in the lease. At the end of the moratorium period, tenants will be responsible for all unpaid rent that accrues during the moratorium.

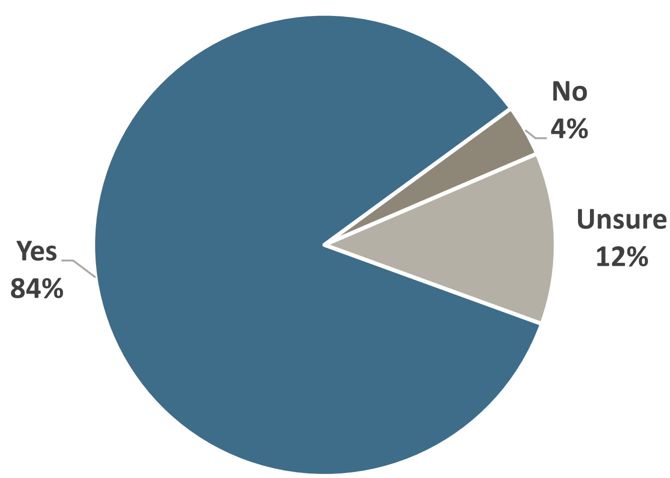
	STATE OF CALIFORNIA EVICTION MORATORIUM
PERIOD IN EFFECT	Through September 30, 2021
SPECIAL REQUIREMENTS	None
ELIGIBILITY REQUIREMENTS (MOST RECENT)	• Tenant must prove household income at or below 80% of the AMI • Tenant must prove financial hardship as a result of COVID-19
REPAYMENT REQUIREMENTS	At the end of the moratorium period, tenants will be responsible for all unpaid rent that accrues during the moratorium. Tenants will have 12 months to pay rental debt.

LANDLORD PERSPECTIVES

Survey results indicate that eviction moratorium policies, including their various extensions, may have caused unintended consequences. A resounding share of 84% of landlords surveyed in San Diego and Riverside Counties indicate that the moratoriums have incentivized renters without income losses to stop paying rent. The remaining 16% indicated either no influence or were uncertain as to the impact. Even if the effect is not widespread across tenants, it will exacerbate the rent burden on residents once evictions end. In the meantime, it is adding to the financial burden on rental property owners.

EXHIBIT 22

LANDLORDS BELIEVE EVICTION MORATORIUMS CAUSED RENT LAPSES
(PERCENT OF RESPONDENTS)



SOURCE: FBEI

ENDING OF EVICTION MORATORIUMS

How will the ending of eviction moratoriums, with California's ruling mandate set to expire on September 30, 2021, impact the rental housing market in San Diego and Riverside Counties. What will be the impact on landlords and tenants?

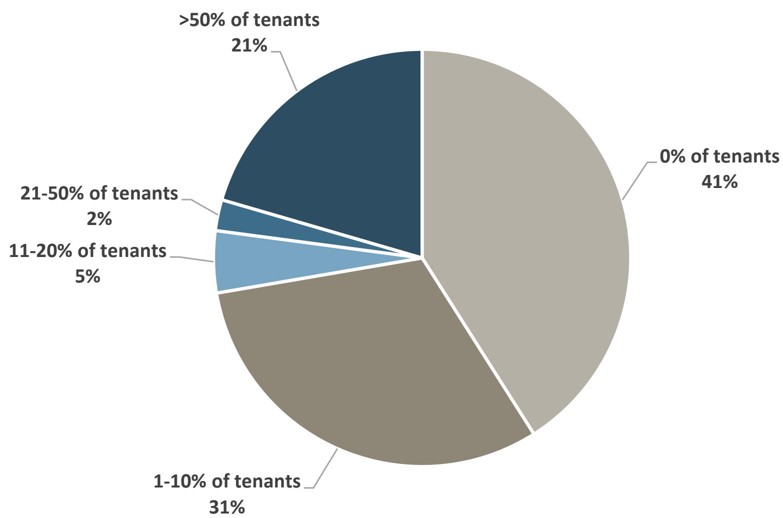
Landlords believe that an average of about one-fifth of their tenants may have difficulty making past due rental payments or paying current rents when eviction moratoriums end. This average masks wide variation in the expectations of different property owners and managers.

About 40% of survey respondents expect there to be no problems encountered in collecting rental payments. In contrast, about 20% of landlords indicate that one-half or more of their tenants may have difficulty in paying past due or current rent amounts.

EXHIBIT 23

LANDLORDS EXPECT VARYING OUTCOMES WHEN EVICTION MORATORIUMS END

(SHARE OF RESPONDENTS EXPECTING DIFFICULTIES)



SOURCE: FBEI

Based on estimates of unpaid rent obligations presented in Section II, the average amount of rent due per rental unit in San Diego and Riverside Counties will equal about $5,000. Many units will have no or much smaller rental amounts to make, but others will face larger liabilities.

LANDLORD EFFORTS TO ASSIST TENANTS

Prior to the hundreds of millions of dollars made available for rent relief in San Diego and Riverside Counties, many landlords made efforts to ease tenant obligations and keep renters housed. 53% of landlords negotiated temporarily reduced rental rates for tenants adversely impacted by the COVID-19 pandemic. Even after the availability of rent relief funds, landlords enacted many strategies to assist tenants. 47% of landlords agreed to waive late fees and penalties, 32% offered a payment plan, 15% removed the penalty for early lease termination, and 11% offered rent forgiveness. Other landlords offered to apply the security deposit to rent or allow tenants to move to more affordable units that were available.

POST-MORATORIUM OUTCOMES

When eviction moratoriums end, landlords will attempt to work with those tenants owing them back or current rent. Efforts will be made to design payment plans. If agreements cannot be reached, leases will not be renewed. Evictions are likely to be pursued only when necessary because of legal expenses, time requirements, and court backlogs.

The rental market will face major disruption as many existing tenants shift to other units and are replaced by those seeking housing. The return of rent-paying customers will allow some badly needed repair and maintenance that has been deferred over the past two years to resume. However, the loss of sizable amounts of unpaid rent since the pandemic began will curb investments in upgrades and more extensive improvements in rental housing.

RECOMMENDATIONS

The insights gained from the experience of programs around the country, analysis by academic, non-profit, and government entities, and insights from landlord surveys conducted in San Diego and Riverside Counties suggest a number of improvements that could be made either in terms of rental assistance policies or their implementation.

WEBSITE IMPROVEMENT

The U.S. Treasury published a best practices document for rent relief program websites. In essence, covering the who, what, where, when, how, and why of the program is essential on each program website. The Treasury emphasizes having a clearly stated page that allows applicants to gather materials and apply in a minimal amount of steps. Programs can do this by having a large bright "apply here" button on the webpage, information stating alternative ways to apply, and information stating how to access applications in different languages or how to obtain a translator. Lastly, the Treasury suggests that all requirements should be clearly stated for applicants and landlords on the website. Programs can do this by making deadlines clear, having different information pamphlets for landlords and applicants, and giving clear information on how to access any alternative assistance programs.

A review of all the websites associated with rental assistance programs in San Diego and Riverside Counties indicates that they do provide the necessary information for each. However, no pages are completely user-friendly. The https://housing.ca.gov/covid website should be used as a model. The state's page is comprehensive and incorporates most of the suggestions from the Treasury.

The key suggestion for all websites is to make the pages more divided (with sub-headers) and easier to navigate. Including all of the information without clear headers and navigation increases the probability of readers missing steps or valuable information. In addition, all pages should have warnings for applicants to make sure they are applying to the right program. With three different programs in San Diego County, it could be confusing.

PROGRAM RECOMMENDATIONS

While some landlords have pointed to positive experiences with program administrators and welcomed relief funds, many suggest changes that could be made to improve policies and their implementation.

QUALIFICATION

Income limits could be raised in the future to include more of the middle class that might suffer job or financial losses. People earning more than 80% of AMI may have little savings to meet rental commitments. Future programs could raise the income limit to 120% of AMI if job loss and substantial financial losses can be documented.

APPLICATION

In light of the problems securing tenant cooperation, the application process should shift to landlords. Because eviction moratoriums have concentrated financial losses on owners of rental properties, landlords have the greatest incentive to seek the financial support offered by government programs. They can also document their losses on tax returns and on bank statements. Renters, in contrast, have struggled with the application process or in providing required documentation. Many have felt little urgency to apply for relief funds. Some programs have recently shifted to allowing landlords to apply without the cooperation of tenants. All programs would benefit from this change.

Especially if the application process is left for renters, the process needs to be further simplified. More "beta" testing with focus groups would help to identify roadblocks.

PROGRAM PROCESSING

Major efforts need to be made to accelerate the disbursement of funds. Even for simple applications, landlords report that it may take up to two months for review and processing. Fund distribution then often takes more months to complete. The slow distribution of financial relief has widened the gap between income and the ongoing expense obligations property owners face including mortgage, insurance, security, mandatory maintenance, and other costs.

PROGRAM EXTENSION

The duration of rental assistance should match that of eviction moratoriums. Otherwise, rental property owners will incur widening financial losses, which will drive more of them to sell their investments or convert property to alternative uses.

FRAUD PROTECTION

More safeguards need to be implemented to protect against fraud or abuse of rental assistance programs.

COMMUNICATIONS

More information and frequent updating on the status of applications and fund disbursals need to be offered to both landlords and tenants. Especially if the application process remains focused on renters, housing officials need to become more engaged in the required conversations involving landlords and tenants.

PROGRAM CONSOLIDATION

Harris County in Texas has shown one of the greatest success rates in distributing funds. Discovering confusion among potential filers for relief as to whether they should apply at the county or city level, the programs were integrated. This might be an option to consider for jurisdictions in San Diego and Riverside Counties. At a minimum, each program should consider the best practices of each, as guided by feedback from landlords and tenants.

EVICTION MORATORIUMS

Eviction moratorium announcements need to stress the importance of adhering to lease agreements. They need to emphasize the tenants can still be evicted for cause, such as endangering health, safety, or the security of the property and other residents.

More importantly, eviction moratoriums are a poor policy choice. By allowing all renters to avoid rent even if they have incurred no financial hardship, they cause two major negative outcomes. First, they impose large financial losses on owners of rental property. Second, they prompt many tenants to defer rental payments, resulting in a growing financial liability that could be a major problem in the future[3].

[3]Urban Institute. Goodman, L., Hyun Choi, J., & Pang, D. (2021, July 23). The Pandemic is Making it Difficult for Mom-and-Pop Landlords to Maintain Their Properties. The Urban Wire.

CONCLUSIONS

Massive disruptions have pummeled the rental housing market during the past two years. Tenants have faced job losses, income reductions, and new childcare responsibilities. Landlords have seen their earnings decimated. COVID-19 has inflicted illness and death across the families and friends of a majority of Americans.

Federal, state, and local governments have rallied to cushion the financial blow. Three rounds of direct federal stimulus checks, increased unemployment benefits, and other programs have attempted to support incomes. Rental assistance funding and eviction moratoriums have been implemented to curb housing distress, prevent a jump in homelessness, and minimize the spread of COVID-19.

What will be the outcome when extra jobless benefits and eviction moratoriums end? While some tenants may struggle to pay rent, most should be able to start paying their monthly obligations again. Job and income conditions and prospects are promising. Businesses across a wide range of sectors, involving a myriad of skill levels, are looking desperately for workers. The 10.1 million jobs unfilled nationally exceeds the 8.7 million people unemployed. School reopenings and new child tax credits should help more people accept jobs. Government payments and rising incomes have boosted incomes per person to levels 7.2% above their pre-pandemic highs. Wages are rising as companies compete for employees.

While most tenants should be able to resume rent payments, making up past-due rent obligations could be a bigger problem. Except where government rental assistance funds have or will be granted, landlords and tenants will have to work out payment plans.

Eviction will not be the preferred option. It will shut the door on recovering sizable losses of rent obligations, while also exposing landlords to legal expenses, court backlogs, and hearing delays. Evictions will take place as necessary to generate the property income needed for repairs and maintenance that may have been deferred over the past two years.

To facilitate the distribution of remaining housing assistance funds, a number of improvements should be made. Websites should be updated to facilitate program access. More assistance needs to be given to tenants to help them apply and with greater encouragement for them to do so. Funds need to be distributed to landlords more quickly and more communication on application and fund status needs to be supplied. Anti-fraud protection needs to be strengthened.

The experience of the past two years has left scars on the rental housing markets. Property owners may exit the field after sizable losses. New prospective owners could be deterred over fears of future eviction moratoriums that could decimate their investments. The outcome could mean even higher rents in the future.

Positive outcomes could also emerge. Important lessons on improving rental assistance policies and implementation have been provided. Housing officials could play a critical role in communications between landlords and tenants. Hopefully, the insights gained from this experience will not be lost.

APPENDIX A - METHODOLOGY

The current status and recent trends of rent payments was analyzed using a number of different data sources. These included those of the National Multifamily Housing Council (NMHC), RealPage, U.S. Census Pulse Data surveys, and FBEI surveys of rental property owners and managers across San Diego and Riverside Counties.

The FBEI survey covered major topics involving rental housing conditions, trends, polices, and the implementation of various programs. Reponses were received from owners and managers accounting for more than 4,300 rental units in the two counties. The survey was conducted in August 2021. (See Appendix B and C for the complete survey tool). A separate survey that investigated efforts to assist tenants was also conducted.

Statistical analysis of the relationship between the condition of the job market and rent behavior across both time and across states used unemployment data from the U.S. Bureau of Labor Statistics (BLS) and the different measures of rent payments.

U.S. Census Pulse Data published on California and the Riverside/San Bernardino area was analyzed in detail to understand trends and the relation between rental payments and financial confidence related to rental housing.

FBEI's survey of landlords in San Diego and Riverside Counties provided estimates of the average number of months of missed rental payments, the percentage of properties occupied by non-paying tenants since the pandemic began in March 2020, and the share of total lost income over the past eighteen months.

To estimate the total rental income lost since March 2020, FBEI used as its base the total number of rental households in San Diego and Riverside Counties as contained in data collected by the U.S. Census in its American Community Survey (ACS). Rental rate estimates for the two counties were based on numbers tracked by CoStar, Zumper, Rent Café, and the ACS. FBEI applied the weighted average of estimated percent income loss from the survey data to the total base of owed rental income accrued over the eighteen months.

To compare rental assistance programs significantly different from those of California, research across all states was conducted. The states of New York, West Virginia, and Kentucky were selected. Prior to June 30, 2021, California's program covered 80% of past due rents for low income workers with pandemic-related financial losses. In contrast, New York covered 100% of rent obligations and Kentucky covered 90% of rent. West Virginia had no program until the end of March 2021. After detailed research based on the requirements and benefits of each, the results of the different programs were compared based on the weekly surveys of rental payments and confidence as collected in the U.S. Census Pulse Data assessments.

A detailed analysis was conducted of rental assistance programs currently existing in the Cities of San Diego and Chula Vista and in San Diego and Riverside Counties. Program funding, income requirements, other required qualifications, and benefits were compared. Current disbursement data was secured from official government compliance reports or reputable media sources.

Landlord responders to the FBEI survey rated the different government programs they accessed on three key factors: eligibility criteria, application process, and fund disbursal. FBEI computed composite scores based on an average of the difference between the percentages of positive and negative ratings in each category

FBEI developed a series of recommendations based on its analysis of comments provided by landlords in the surveys, its review of outcomes of programs in other areas, and research it has conducted both in the past and for this particular study.

APPENDIX B - SAN DIEGO COUNTY SURVEY

Start of Block: Landing Page

COVID-19 Rent Relief Program Survey – San Diego County

This survey is being administered by the Fermanian Business and Economic Institute at Point Loma Nazarene University on behalf of the Southern California Rental Housing Association. All responses will be kept strictly confidential.

This survey will be used to assess the actual rent collections throughout the COVID-19 pandemic, analyze participation in rent relief programs, draft recommendations for program reform, and estimate the impacts when eviction moratoria end.

Please answer questions for units that you manage within the County of San Diego only.

If you have any questions about the research being conducted, you can contact the Fermanian and Business Economic Institute at (619) 849-2747.

End of Block: Landing Page

Start of Block: Block 1 - Rent Collections

Q1 What is the average monthly rent collected for the units you manage?

____

Q2 From March 2020-current, what is the total dollar amount of missed rental payments owed to you by your tenants relative to what you would have otherwise received?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q3 From March 2020-current, what has been the average number of months of missed rental payments?

o 1 (1)
o 2-3 (2)
o 4-5 (3)
o 6-7 (4)
o 8-9 (5)
o 10-12 (6)
o 13-14 (7)
o 15-18 (8)

Q4 Of the total units that you own/manage, what percentage have been inhabited by non-rent-paying tenants throughout the COVID-19 pandemic?
o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q5 What share of those tenants have been uncooperative in applying for rental assistance?
o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

End of Block: Block 1 - Rent Collections

Start of Block: Participation in City/County Relief Programs

Q6 Did you receive rent relief funds from any of the following programs? (check all that apply)
o County of San Diego COVID-19 Emergency Rental and Utility Assistance program (1)
o City of San Diego COVID-19 Housing Stability Assistance Program (2)
o City of Chula Vista's Emergency Rental Assistance Program (3)
o I did not receive funds from a rent relief program in San Diego County (4)

Skip To: End of Block If Q6 = I did not receive funds from a rent relief program in San Diego County

Q8 What percentage of your total outstanding rent payments were covered by the rent relief program(s)?
o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q15 Rank the County of San Diego COVID-19 Emergency Rental and Utility Assistance Program (skip if no funds received from this program)

	No (1)	Neutral (2)	Yes (3)
Eligibility criteria are appropriate (1)	o	o	o
Application process is user-friendly (2)	o	o	o
Dispersal of funds was quick and without issues (3)	o	o	o

Q16 Rank the City of San Diego COVID-19 Housing Stability Assistance Program (skip if no funds received from this program)

	No (1)	Neutral (2)	Yes (3)
Eligibility criteria are appropriate (1)	o	o	o
Application process is user-friendly (2)	o	o	o
Dispersal of funds was quick and without issues (3)	o	o	o

Q17 Rank the City of Chula Vista's Emergency Rental Assistance Program (skip if no funds received from this program)

	No (1)	Neutral (2)	Yes (3)
Eligibility criteria are appropriate (1)	o	o	o
Application process is user-friendly (2)	o	o	o
Dispersal of funds was quick and without issues (3)	o	o	o

Q18 Will (or has) the State's expansion of assistance to include 100% of owed rent for qualifying households significantly increase(d) participation in the program?

o Yes (1)
o No (2)

Display Q19:
If Q18 = No

Q19 If no, why? (check all that apply)

o Tenants will not qualify (1)
o Only if application process is made easier (2)
o Other (please explain) (3) ____

End of Block: Participation in City/County Relief Programs

Start of Block: Did not receive funds from rent relief program

Display This Question:
If Q6 = I did not receive funds from a rent relief program in San Diego County

Q7 Why have you not received funds from a rent relief program?

o I opted out of the program because it only covered a portion of the back-owed rent (1)
o My tenants were not cooperative (2)
o All of my tenants are up to date on rent (3)
o Other (please explain) (4) ____

End of Block: Did not receive funds from rent relief program

Start of Block: Impact

Q20 Do you believe the various eviction moratoriums incentivized some renters without income loss to stop paying rent?
o Yes (1)
o No (2)
o Unsure (3)

Q21 What percentage of your tenants do you believe will be unable to make up past due rent payments and pay current rents when eviction moratoria end on September 30th?
o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q22 What recommendations would you make to reform rental assistance programs (please note which program you are referring to—e.g., City of San Diego, San Diego County, etc.)

____

____

End of Block: Impact

Start of Block: Demographics

Q23 What is the total number of rental units that you manage in the County of San Diego?
o 1-5 (1)
o 6-11 (2)
o 11-20 (3)
o 21-30 (4)
o 31-40 (5)
o 41-50 (6)
o 51-60 (7)
o 61-70 (8)
o 71-80 (9)
o 81-90 (10)
o 91-100 (11)
o 101+ (12)

Q24 Please provide the Zip Code(s) of the rental properties you manage within San Diego County. If multiple properties fall under the same Zip Code, only enter Zip Code once.

____

____

____

Q25 Are you willing to provide your contact information for further inquiry?
o Yes (1)
o No (2)

Skip To: End of Survey If Q25 = No

End of Block: Demographics

Start of Block: Contact Information

Q26 Please enter the name of your management company.

____

Q27 Please enter your phone number.

____

Q28 Please enter your email address.

____

End of Block: Contact Information

APPENDIX C - RIVERSIDE COUNTY SURVEY

Start of Block: Landing Page

COVID-19 Rent Relief Program Survey – Riverside County

This survey is being administered by the Fermanian Business and Economic Institute at Point Loma Nazarene University on behalf of the Southern California Rental Housing Association. All responses will be kept strictly confidential.

This survey will be used to assess the actual rent collections throughout the COVID-19 pandemic, analyze participation in rent relief programs, draft recommendations for program reform, and estimate the impacts when eviction moratoria end.

Please answer questions for units that you manage within the County of Riverside only.

If you have any questions about the research being conducted, you can contact the Fermanian and Business Economic Institute at (619) 849-2747.

End of Block: Landing Page

Start of Block: Block 1 - Rent Collections

Q1 What is the average monthly rent collected for the units you manage?

____

Q2 From March 2020-current, what is the total dollar amount of missed rental payments owed to you by your tenants relative to what you would have otherwise received?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q3 From March 2020-current, what has been the average number of months of missed rental payments?

o 1 (1)
o 2-3 (2)
o 4-5 (3)
o 6-7 (4)
o 8-9 (5)
o 10-12 (6)
o 13-14 (7)
o 15-18 (8)

Q4 Of the total units that you own/manage, what percentage have been inhabited by non-rent-paying tenants throughout the COVID-19 pandemic?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q5 What share of those tenants have been uncooperative in applying for rental assistance?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

End of Block: Block 1 - Rent Collections

Start of Block: Participation in City/County Relief Programs

Q6 Did you receive rent relief funds from any of the following programs? (check all that apply)

o County of Riverside Rental Assistance Program
o I did not receive funds from a rent relief program in Riverside County (4)

Skip To: End of Block If Q6 = I did not receive funds from a rent relief program in Riverside County

Q8 What percentage of your total outstanding rent payments were covered by the rent relief program(s)?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q15 Rank the County of Riverside Rental Assistance Program.

	No (1)	Neutral (2)	Yes (3)
Eligibility criteria are appropriate (1)	o	o	o
Application process is user-friendly (2)	o	o	o
Dispersal of funds was quick and without issues (3)	o	o	o

End of Block: Participation in City/County Relief Programs

Start of Block: Did not receive funds from rent relief program

Display This Question:
If Q6 = I did not receive funds from a rent relief program in Riverside County

Q7 Why have you not received funds from a rent relief program?

o My tenants were not cooperative (2)
o All of my tenants are up to date on rent (3)
o Other (please explain) (4) ____

End of Block: Did not receive funds from rent relief program

Start of Block: Impact

Q20 Do you believe the various eviction moratoriums incentivized some renters without income loss to stop paying rent?

o Yes (1)
o No (2)
o Unsure (3)

Q21 What percentage of your tenants do you believe will be unable to make up past due rent payments and pay current rents when eviction moratoria end on September 30th?

o 0% (1)
o 1-10% (2)
o 11-20% (3)
o 21-30% (4)
o 31-40% (5)
o 41-50% (6)
o 51-60% (7)
o 61-70% (8)
o 71-80% (9)
o 81-90% (10)
o 91-100% (11)

Q22 What recommendations would you make to reform rental assistance program in Riverside County?

____

____

End of Block: Impact

Start of Block: Demographics

Q23 What is the total number of rental units that you manage in the County of San Diego?

- o 1-5 (1)
- o 6-11 (2)
- o 11-20 (3)
- o 21-30 (4)
- o 31-40 (5)
- o 41-50 (6)
- o 51-60 (7)
- o 61-70 (8)
- o 71-80 (9)
- o 81-90 (10)
- o 91-100 (11)
- o 101+ (12)

Q24 Please provide the Zip Code(s) of the rental properties you manage within San Diego County. If multiple properties fall under the same Zip Code, only enter Zip Code once.

____

____

____

Q25 Are you willing to provide your contact information for further inquiry?

- o Yes (1)
- o No (2)

Skip To: End of Survey If Q25 = No

End of Block: Demographics

Start of Block: Contact Information

Q26 Please enter the name of your management company.

____

Q27 Please enter your phone number.

____

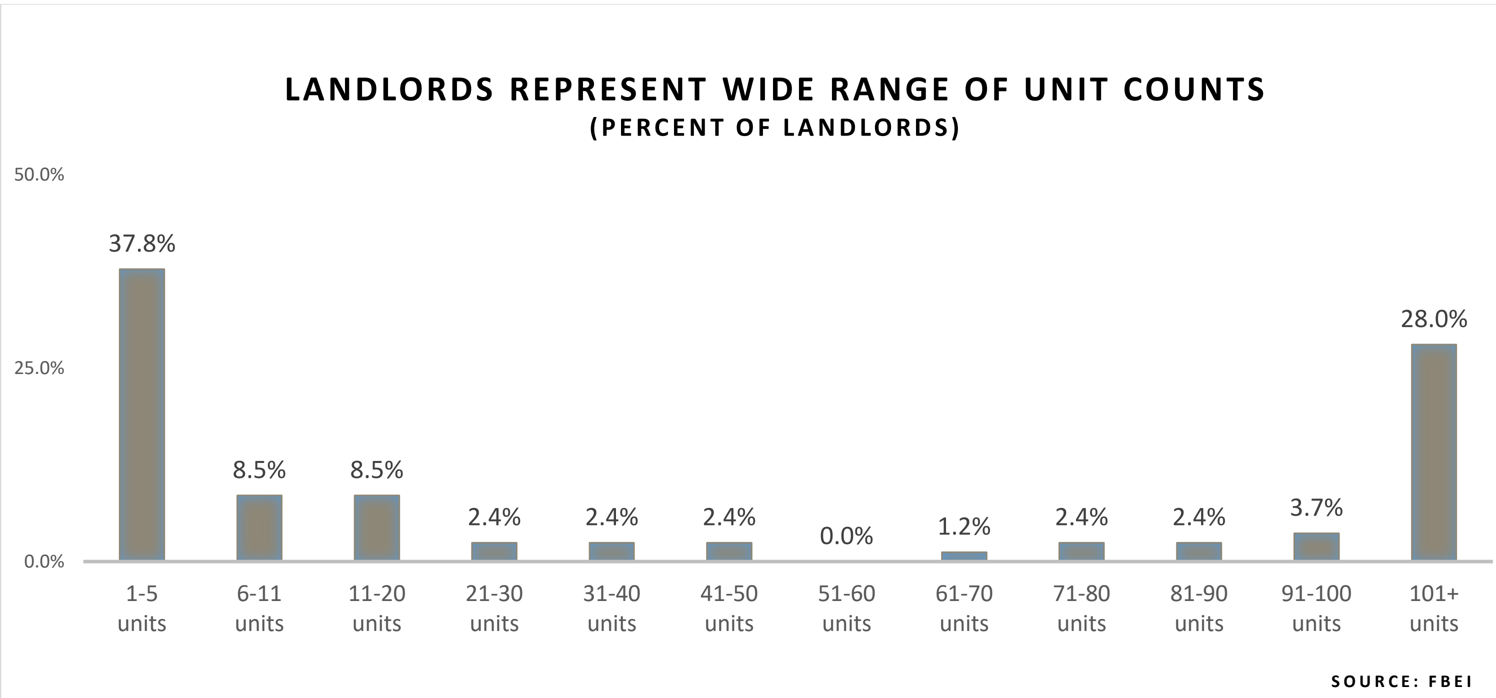
Q28 Please enter your email address.

____

End of Block: Contact Information

APPENDIX D - DEMOGRAPHICS

Respondents to the survey of landlords in San Diego and Riverside counties represented over 4,300 rental units in the two regions. Of the landlords who responded to the survey, 55% represented small landlords, or those managing 20 or fewer units.



A secondary survey was used to measure landlord efforts to provide assistance to tenants.

APPENDIX E - COMPARATIVE STATE POLICIES

Three comparative states were chosen and their rental assistance policies were analyzed. Each state was selected due to differing rental assistance program policies compared to California. This allowed for comparison of rent payment status and confidence in paying the next month's rent based on differing rental assistance policies. After the second round of federal funding, all states began adopting very similar rental assistance policies, usually covering 100% of past-due rent, utilities, and up to three months of future rent owed.

WEST VIRGINIA

West Virginia originally had no rental assistance program. It was not until March 2021 that the state enacted a program to provide rental assistance. As of the most recent official compliance reports, the State of West Virginia had distributed only $5.2 million of the original $200 million of federal funding.

	STATE OF WEST VIRGINIA MOUNTAINEER RENTAL ASSISTANCE PROGRAM
FUNDING	$352 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income as established by the U.S. Department of Housing and Urban Development
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a current obligation to pay rent • Tenant cannot own the home they reside in • Someone in the household either qualified for unemployment or had a decrease in income or increase in expenses due to COVID-19 • Someone in the household is at risk of homelessness or housing instability • Landlords must approve MRAP payment
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from April 1, 2020 through the application month, but no more than 12 months of assistance. Another three months may be covered on a case-by-case basis. Other costs covered include past due and currently due utilities and a one-time $300 stipend for internet expenses.

KENTUCKY

Kentucky originally enacted its rental assistance program covering 90% of past due rent, requiring property owners to forgive the other 10% owed. The state is currently paying 100% of past due rent. As of the most recent official compliance reports, the State of Kentucky had distributed only $8.7 million of the original $264.3 million of federal funding.

	STATE OF KENTUCKY HEALTHY AT HOME EVICTION RELIEF FUND
FUNDING	$473 million
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• Household has a current obligation to pay rent • Household experienced income reduction or other economic hardship as a result of COVID-19 • Household is at risk of eviction • Landlord must forgive late fees, penalties, interest, and legal/court fees related to non-payment of rent
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from April 1, 2020 through the application date, not to exceed twelve months. Three months of future rent and utility bills will be covered.

NEW YORK

New York has implemented the most rental assistance coverage of any state. From the beginning of the rental assistance program, the state has covered up to 100% of back-owed rent. The state of New York did not submit official data on rental assistance disbursements as of the most recent compliance reports. State reports through media outlets indicates that New York had disbursed just $109 million as of August 12, 2021.

	STATE OF NEW YORK THE NEW YORK STATE EMERGENCY RENTAL ASSISTANCE PROGRAM
FUNDING	$1.4 billion
APPLICATION PERIOD	Currently being accepted
INCOME REQUIREMENTS	Household income must fall at or below 80% Area Median Income
OTHER ELIGIBILITY REQUIREMENTS (MOST RECENT)	• The household has a current obligation to pay rent • Someone in the household either qualified for unemployment or had a decrease in income or increase in expenses due to COVID-19 • The household is experiencing or at-risk of experiencing homelessness or housing instability • Landlord does have to participate by providing information for the application, or funds will be held for 180 days with tenant protected from eviction
MAXIMUM BENEFIT AMOUNT	100% of unpaid rental and utility debt accumulated from March 13, 2020 through the application month, capped at 12 months of assistance. Up to three months of future rent obligations may also be covered.

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