



## Who is Experiencing Housing Hardship in California?

Californians Continue to Live in State of Emergency as Millions Struggle with Housing Costs

MAY 2022 | BY AUREO MESQUITA AND SARA KIMBERLIN

All Californians deserve a safe and stable place to call home – a home that is affordable, located near their work and communities. Even before the COVID-19 pandemic, California’s serious housing affordability challenges threatened the well-being of families and communities and the future growth of the state. Throughout the pandemic, job losses have hit low-wage workers hardest, and hundreds of thousands of renters with low incomes have sought assistance as they are strained to pay rent.<sup>1</sup> As the pandemic moves into a new stage and many emergency protections are lifted, millions of Californians continue to live in a state of emergency, struggling to keep a roof over their heads.

About 2.1 million California households were facing housing hardship in the first months of 2022, meaning people were already late on rent or mortgage payments and/or had low confidence in their ability to make their next payment.<sup>2</sup> Without support, these households risk housing instability, evictions, and in the worst case, homelessness.

Who are the Californians currently struggling to afford their housing? Understanding who is experiencing housing hardship can help state leaders target policies and funding to ensure families and individuals receive the support they need to remain in stable housing and thrive.

# 5 Facts

- 1** Renters Are Much More Likely to Face Housing Hardship Than Homeowners
- 2** About Half of Renters with Low Incomes Are Struggling to Afford Housing Costs
- 3** Racial Disparities in Rent Hardship Are Severe
- 4** Housing Hardship Affects California Low-Income Renters in All Types of Families
- 5** Even Before COVID-19, Undocumented and Mixed-Status Renters Had Unaffordable Rents

# 1

## Renters Are Much More Likely to Face Housing Hardship Than Homeowners

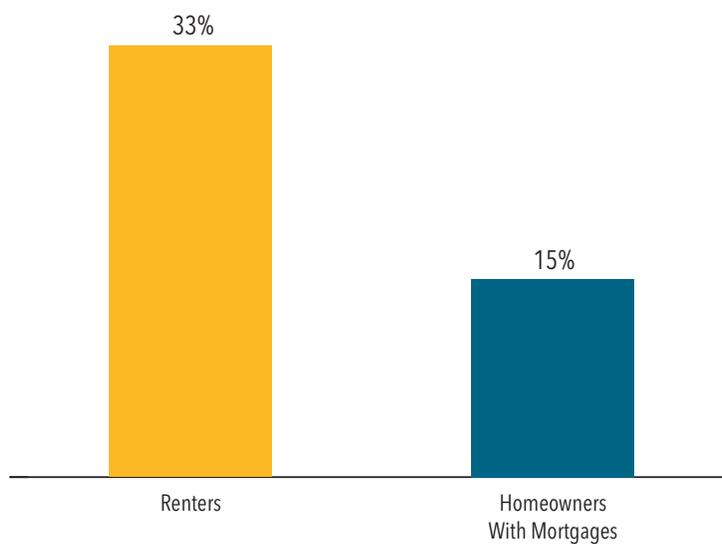
Access to an affordable home is the foundation for a healthy life, especially for the more than 40% of Californians who live in rented homes. Californians with low incomes, and Black, Pacific Islander, and Latinx Californians are especially likely to rent – reflecting racist and discriminatory policies and practices in housing, employment, and education that have blocked millions of Californians from homeownership.<sup>3</sup>

Renters are especially likely to be struggling to afford their housing. From January to April 2022, California renters were twice as likely as homeowners with mortgages to report housing hardship. About 33% of renter households reported being late on housing payments or having low confidence in their ability to meet the next month’s payments, compared to 15% of homeowners with mortgages.

Even before the pandemic, 1 in 2 renter households paid more than 30% of income toward housing and 1 in 4 spent more than half their income on housing.<sup>4</sup> Hundreds of thousands of applications for rental assistance during the pandemic show that renters continue to struggle with housing costs.<sup>5</sup>

### California Renters Were Twice as Likely as Homeowners With Mortgages to Face Housing Hardship

Share of Households Reporting Housing Hardship, January to April 2022



Note: Data represent multiweek averages from survey responses collected December 29 - January 10, January 26 - February 7, March 2 - March 14, and March 30 - April 11. Housing hardship includes households late on rent or mortgage payments and/or with low confidence in ability to pay next rent or mortgage payment on time. Source: Budget Center analysis of US Census Bureau, Household Pulse Survey public-use microdata

# 2

## About Half of Renters with Low Incomes Are Struggling to Afford Housing Costs

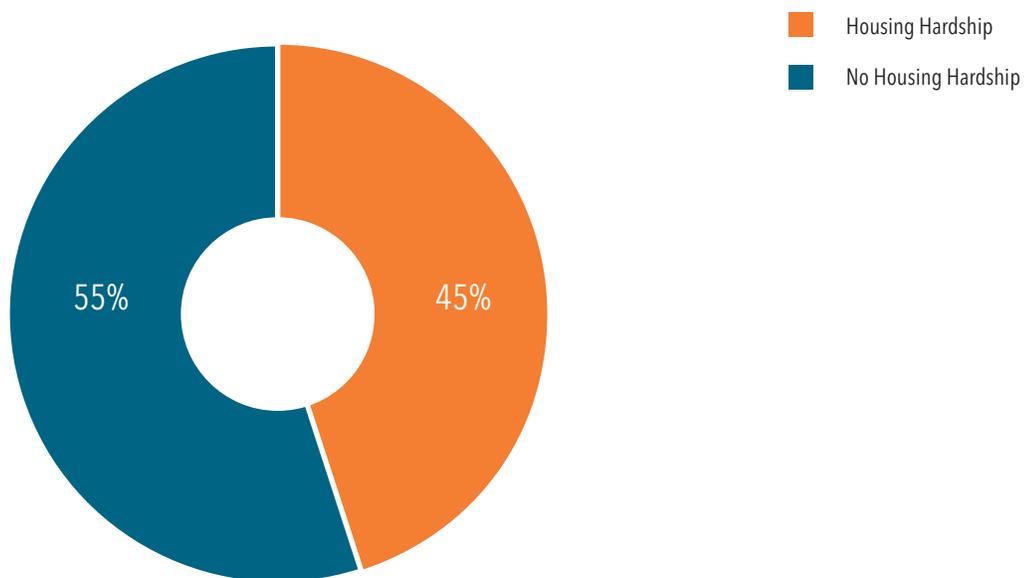
All Californians, regardless of income, deserve a safe and stable place to live. Yet many Californians particularly struggle to pay for housing when their incomes are low because their work is undervalued, they do not receive fair wages, they have lost jobs, or they depend on retirement or disability benefits that are set below the cost of living. All of these conditions reflect the effects of racist, sexist, xenophobic, and ableist policies and practices in workplaces and housing.

Californians with low incomes are especially likely to rent, and renters with low incomes report the most difficulty paying for housing. About half of renter households with incomes below \$50,000 reported housing hardship from January to April 2022.

Californians with low incomes have been hit hardest by pandemic job losses.<sup>6</sup> They have also suffered the most as inflation has pushed up prices for food, energy, and other necessities, as well as rent.<sup>7</sup>

### About Half of California Renters with Low Incomes Faced Housing Hardship Between January and April of 2022

Share of Renter Households With Incomes Below \$50,000, January to April 2022



Note: Data represent multiweek averages from survey responses collected December 29 - January 10, January 26 - February 7, March 2 - March 14, and March 30 - April 11. Housing hardship includes households late on rent payments and/or with low confidence in ability to pay next rent payment on time. Source: Budget Center analysis of US Census Bureau, Household Pulse Survey public-use microdata

# 3

## Racial Disparities in Rent Hardship Are Severe

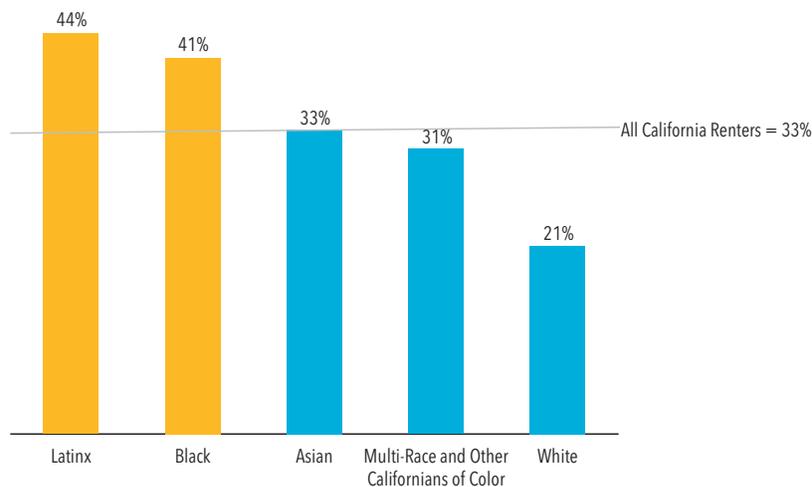
Race or ethnicity should not affect one’s access to stable and affordable housing. Yet racial inequities are severe in Californians’ housing experiences. Californians of color are most likely to live in renter households and were most likely to have unaffordable housing costs even before the COVID-19 pandemic.<sup>8</sup> Black Californians disproportionately experience homelessness, as do American Indian or Alaska Native and Pacific Islander Californians.<sup>9</sup> These patterns reflect effects of racist housing, education, and employment policies and practices that have blocked Californians of color from opportunities to achieve housing security.

While housing hardship is being felt across renters of all races and ethnicities in California, Black and Latinx renters are especially likely to report being late or lacking confidence in their ability to make rent payments. About 4 in 10 Black or Latinx renter households reported housing hardship from January to April of 2022. About 3 in 10 Asian renters and about 2 in 10 white renters reported hardship.

These inequitable housing experiences reflect and add to racial inequities in other pandemic hardships. Black and Latinx workers have been most likely to lose employment and slowest to recover from high unemployment rates.<sup>10</sup> Pacific Islander, Latinx, and Black Californians have also experienced the highest age-adjusted rates of COVID-19 death.<sup>11</sup>

### Black and Latinx Renters Are Experiencing Higher Rates of Housing Hardship in California

Share of Renter Households Reporting Housing Hardship, January to April 2022



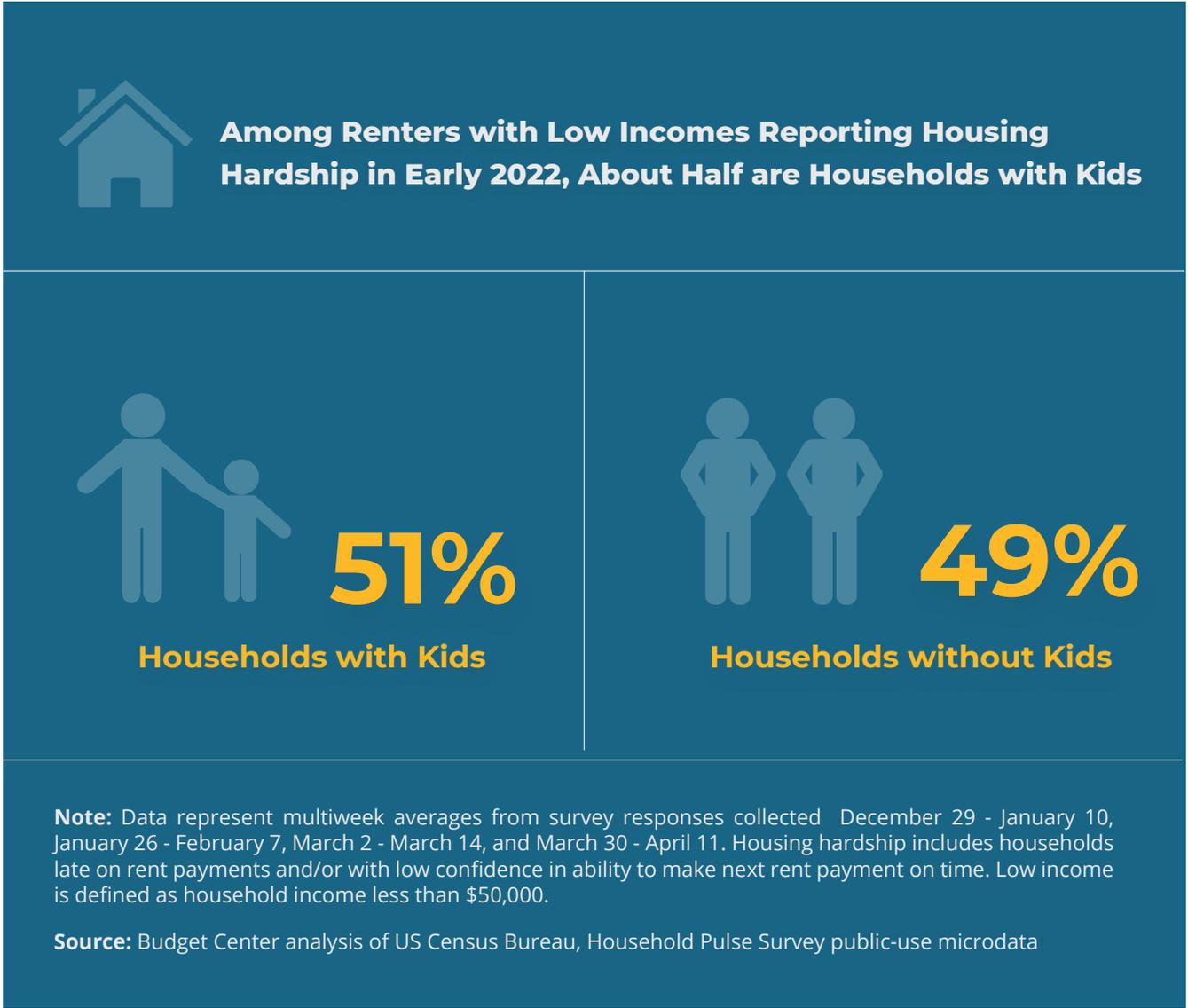
Note: Data represent multiweek averages from survey responses collected December 29 - January 10, January 26 - February 7, March 2 - March 14, and March 30 - April 11. Housing hardship includes households late on rent payments and/or with low confidence in ability to pay next rent payment on time. Race/ethnicity categories are mutually exclusive.  
Source: Budget Center analysis of US Census Bureau, Household Pulse Survey public-use microdata

# 4

## Housing Hardship Affects California Low-Income Renters in All Types of Families

Across all stages of life, families of all types need affordable and stable housing in order to thrive. Housing security is vital for children because housing instability and homelessness can severely negatively impact children’s health and development. For adults, a stable home is the basic foundation required to maintain health, work, and dignified living conditions throughout all ages of life.

Struggling California renters include both families with children and adult-only households. From January to April 2022, about half of renter households with incomes under \$50,000 reporting housing hardship were families with children (51%). About half included only adults (49%), including senior households.



# 5

## Even Before COVID-19, Undocumented and Mixed-Status Renters Had Unaffordable Rents

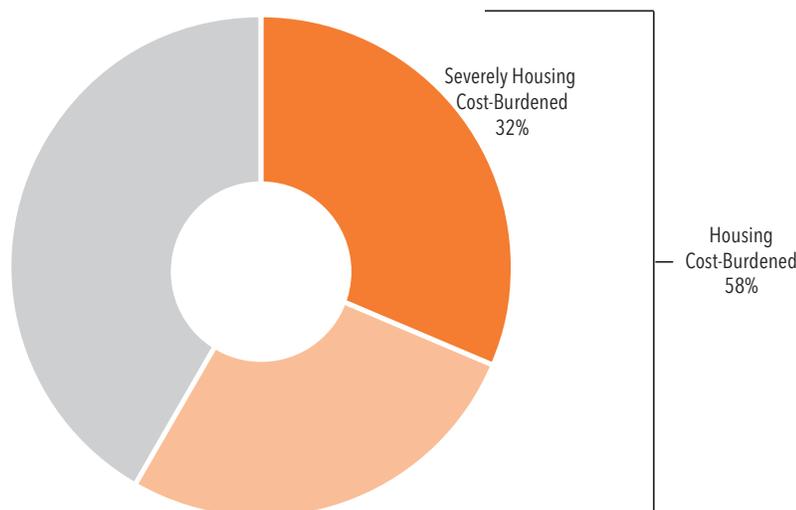
All Californians, regardless of where they are born, should be able to count on having safe and stable housing. Even before the pandemic, Californians who were undocumented immigrants or in mixed-status families faced higher rates of poverty due to discriminatory barriers to meeting basic needs, including worker exploitation and inequitable access to safety net supports.<sup>12</sup>

Among renter households that include undocumented Californians, an estimated 58% were paying unaffordable rents before the pandemic, and about an estimated one-third were severely housing cost-burdened, paying more than half of their income toward rent.<sup>13</sup> These high rates of unaffordable housing put these households at risk of housing instability and eviction.

Estimates of current housing hardship among undocumented and mixed-status renters are not available, but the pandemic has likely increased hardship for these Californians. While millions of California workers who lost jobs during the pandemic turned to unemployment benefits for support, workers who are undocumented were blocked from accessing this aid. Undocumented and mixed-status households have also been excluded from other COVID-19 relief and from many ongoing supports that help families meet basic needs like housing.

### More Than Half of California's Undocumented and Mixed-Status Renters Had Unaffordable Rents Even Before COVID-19

Share of Undocumented and Mixed-Status Renter Households With Housing Cost Burden, 2019



Note: Housing cost-burdened defined as household paying more than 30% of income toward housing and severely cost-burdened defined as household paying more than 50% of income toward housing. Source: Budget Center analysis of US Census Bureau, American Community Survey public-use microdata downloaded from IPUMS USA, using undocumented status imputation developed for the California Poverty Measure, a joint project of Stanford Center on Poverty & Inequality and Public Policy Institute of California.

## Conclusion

Every California family and individual deserves a place to live, to thrive, to share moments with their loved ones – a place to call home. Despite much wealth in our state, driving strong growth in state revenues even during the pandemic, millions of Californians continue to live in a state of emergency, struggling to keep up with housing payments and at risk of losing their homes.

Yet policymakers can act on proven policies and invest in support especially for California's renters, who are most likely to be facing housing hardship – particularly renters with low incomes and those who are Black and Latinx, as well as undocumented and mixed-status households. Strategies can include:

**Direct resources to emergency rental assistance, legal aid, and eviction protections** that have helped keep Californians housed during the pandemic. State leaders can build on these protections and supports to ensure California's renters can stay in their homes.

**Increase the supply of affordable rental housing** to ensure that all Californians have access to an affordable home – and make sure the housing is **designed to meet the needs of diverse types of households**, including older adults, single workers, households that include people with disabilities, and working families with children.

**Expand and target additional financial support** to Californians with low incomes through taxpayer rebates, refundable tax credits, and safety net supports like CalWORKs, Supplemental Security Income/State Supplementary Payment and General Assistance.

**Design, implement, and evaluate housing policies with a racial equity lens**, ensuring fair access and outcomes for communities historically excluded from housing security and opportunities.

**Ensure emergency housing supports and affordable housing are accessible to all Californians in need regardless of immigration status** so that undocumented individuals and mixed-status families have the security of a stable home.

As the COVID-19 pandemic moves onto a new stage, leaving many emergency measures behind, policymakers must ensure no Californian is left without a safe and stable home. Strong state revenues present opportunities to keep Californians housed now and to invest in the state's long-term housing affordability challenges. California's state of emergency only truly ends when all Californians have a safe, stable, and affordable place to call home.

## Endnotes

- <sup>1</sup> Alissa Anderson, *California Low-Paid Workers & Their Families Struggle as Jobs Decline Again* (California Budget & Policy Center, February 2021), <https://calbudgetcenter.org/resources/california-low-paid-workers-their-families-struggle-as-jobs-decline-again/>. Enrique Lopezlira, et al., *California's Labor Market in the Time of COVID-19: 2021 Chartbook*, February 2022 (UC Berkeley Labor Center, February 1, 2022), <https://laborcenter.berkeley.edu/californias-labor-market-in-the-time-of-covid-19-2021-chartbook/>. "California COVID-19 Rent Relief Program Dashboard," State of California Business, Consumer Services, and Housing Agency, Housing Is Key Rental Assistance (webpage), accessed April 19, 2022, [https://housing.ca.gov/covid\\_rr/dashboard.html](https://housing.ca.gov/covid_rr/dashboard.html).
- <sup>2</sup> Except where otherwise noted, results cited are from Budget Center analysis of US Census Bureau, Household Pulse Survey public-use microdata, representing multiweek averages for Week 41 (data collected December 29, 2021 to January 10, 2022), Week 42 (January 26 to February 7, 2022), Week 43 (March 2 to March 14, 2022), and Week 44 (March 30 to April 11, 2022).
- <sup>3</sup> Monica Davalos, Sara Kimberlin, and Aureo Mesquita, *California's 17 Million Renters Face Housing Instability and Inequity Before and After COVID-19* (California Budget & Policy Center, February 2021), <https://calbudgetcenter.org/resources/renters-face-housing-instability-and-inequity-before-and-after-covid-19/>.
- <sup>4</sup> Davalos, Kimberlin, and Mesquita, *California's 17 Million Renters*.
- <sup>5</sup> "California COVID-19 Rent Relief Program Dashboard."
- <sup>6</sup> Alissa Anderson, *California Low-Paid Workers*. Enrique Lopezlira, et al., *California's Labor Market*.
- <sup>7</sup> Michael Weber, Yuriy Gorodnichenko, and Olivier Coibion, "The Expected, Perceived, and Realized Inflation of US Households Before and During the COVID-19 Pandemic," *NBER Working Paper 29640*, (January 2022), <https://www.nber.org/papers/w29640>.
- <sup>8</sup> Davalos, Kimberlin, and Mesquita, *California's 17 Million Renters*.
- <sup>9</sup> Monica Davalos and Sara Kimberlin, *Who is Experiencing Homelessness in California? Tailored Housing Interventions are Needed for California's Diverse Unhoused Population* (California Budget & Policy Center, February 2022), <https://calbudgetcenter.org/resources/who-is-experiencing-homelessness-in-california/>.
- <sup>10</sup> Alissa Anderson, *Inequitable Job Gains: Unemployment Is Twice as High for Black Californians as for White Californians* (California Budget & Policy Center, August 2021), <https://calbudgetcenter.org/resources/inequitable-job-gains-covid19/>.
- <sup>11</sup> Adriana Ramos-Yamamoto and Monica Davalos, *Confronting Racism, Overcoming COVID-19, and Advancing Health Equity* (California Budget & Policy Center, February 2021), <https://calbudgetcenter.org/resources/confronting-racism-overcoming-covid19-advancing-health-equity/>.
- <sup>12</sup> Sara Kimberlin, Aureo Mesquita, and Kristin Schumachher, *Undocumented & Mixed-Status Families Are Blocked From Food Support* (California Budget & Policy Center, May 2022), <https://calbudgetcenter.org/resources/undocumented-mixed-status-families-are-blocked-from-food-support/>.
- <sup>13</sup> Budget Center analysis of US Census Bureau, American Community Survey public-use microdata for 2019, using undocumented status imputation developed for the California Poverty Measure. See Figure 5.

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