



ISSUE BRIEF

California's 17 Million Renters Face Housing Instability and Inequity Before and After COVID-19

JANUARY 2021 | BY MONICA DAVALOS, SARA KIMBERLIN, AND AUREO MESQUITA

Almost 17 million Californians — 44% of all state residents — live in homes that are rented. As the economic effects of the COVID-19 pandemic have unfolded, the urgent needs of California's renters have rightly received significant attention, including calls for eviction moratoriums, rental assistance, and production of more affordable housing. Many of the millions of workers who have lost jobs fear missing rent payments and losing a safe home for their families at a time when having a safe and stable home is especially vital for both personal health and public health. Even before the COVID-19 pandemic and recession, when the state's economy was booming, millions of California renters struggled to afford the high cost of their housing.

In the coming months, California's local, state, and federal policymakers will have choices and decisions to make about how to address the needs of renters through proposed changes in laws and new policy proposals. To inform these choices, this Issue Brief addresses a few key questions: Why do California's renters face an increased risk of housing instability and homelessness? How do renters' housing crises affect individuals' health during the COVID-19 pandemic and beyond? Which Californians are most likely to be renters? And who are the Californians most likely to be affected by the policy choices that local, state, and federal policymakers can make for renters?

Over Half of California Renter Households Are Housing Cost-Burdened

Why are renters at increased risk of housing emergencies such as losing safe, stable housing or entering homelessness? Before COVID-19, over half of renter households were housing cost-burdened, paying more than 30% of their total income in rent, and more than 1 in 4 renter households were severely cost-burdened, paying more than 50% of their income in rent. Comparatively, a little more than a third of homeowners with mortgages were housing cost-burdened, while only about 1 in 6 homeowners without a mortgage faced unaffordable housing costs.

Housing cost-burdened families are at an increased risk of experiencing housing instability and, more severely, homelessness due the economic stress of paying unaffordable housing costs. The high share of income paid towards rent often takes precedence over essential spending for other basic necessities including food, health care, and child care, as well as long-term investments for retirement and asset building.

What are the consequences for Californians who live in unaffordable or unstable housing? Factors related to housing — housing affordability, the conditions in neighborhoods and communities, and the physical conditions within homes — can promote or harm health.¹

Poor housing quality, living in a low-income neighborhood, overcrowding, moving frequently, and experiencing homelessness are all associated with increased health problems, including greater risk of chronic disease and experiencing mental health difficulties.² Families that experience difficulty paying their rent, mortgage, or utility bills are more likely to lack a sufficient food supply and are less likely to have a usual source of medical care. As noted in the next section, discrimination and racist and classist policies have contributed to unaffordable or unstable housing conditions for generations of Californians.



Stable housing and rental support is especially crucial for those who are at a higher risk of severe COVID-19 health complications.



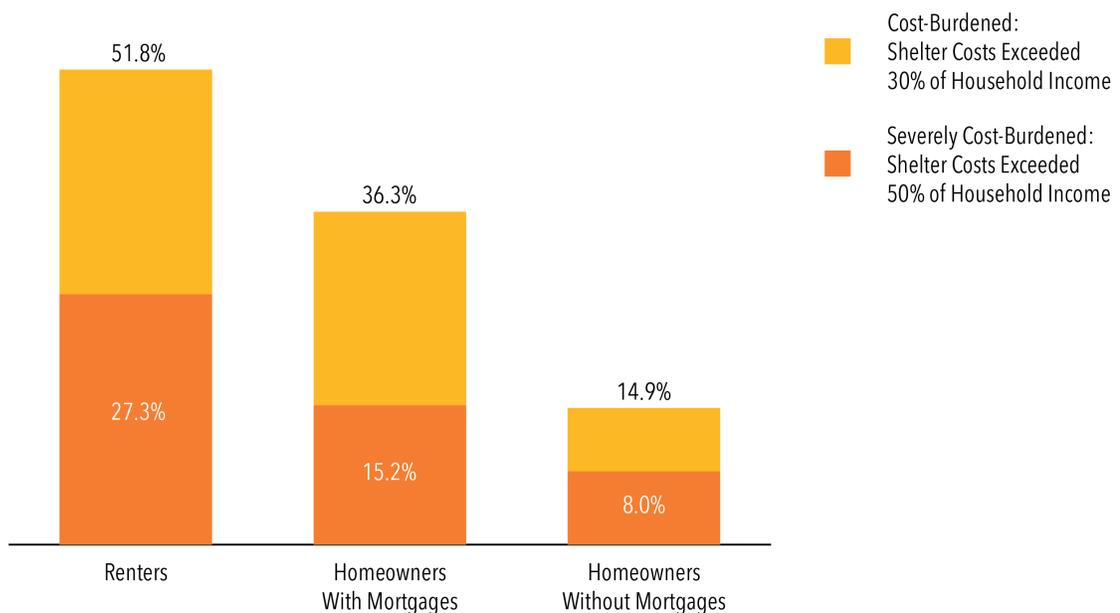
With the emergence of COVID-19, it is especially critical to ensure that Californians do not fall into homelessness or experience housing instability.³ Stable housing and rental support is especially crucial for those who are at a higher risk of severe COVID-19 health complications, including older adults and individuals with chronic health conditions, who are more likely to face hospitalization or even death if they become sick

with COVID-19. Living in crowded households or experiencing homelessness make it nearly impossible for people to take steps to protect themselves from COVID-19, such as social distancing, self-isolating, and hand washing actions which are also vital to statewide public health efforts to stop the virus from spreading to other Californians.

FIGURE 1

More Than 1 in 2 Renters and More Than 1 in 3 Homeowners With Mortgages Were Cost-Burdened Before COVID-19

Percentage of California Households With Housing Cost Burden, 2019



Note: Definitions of housing cost burden are from the US Department of Housing and Urban Development.
Source: Budget Center analysis of US Census Bureau, American Community Survey data

California Households With Lower Incomes Are Especially Likely to Rent Their Homes

Which Californians are most likely to be renters? California households with lower incomes are particularly likely to be renters. Two in 3 households with incomes below 200% of the federal poverty line are renters, compared to about half of households between 200% and 400% of the federal poverty line and just under 1 in 3 households with higher incomes, above 400% of the federal poverty line.

Households with the lowest incomes are also most likely to have unaffordable housing costs. Before the COVID-19 pandemic, approximately 85% of renter households with incomes below 200% of the federal poverty line paid more than 30% of their incomes toward housing costs, considered

an unaffordable amount. A majority of the lowest-income renter households — 6 in 10 — had severe housing cost burdens, paying more than half of their income toward housing and placing them in a precarious position to maintain safe, affordable housing. Even when work is plentiful, these households are unlikely to have savings to fall back on when a financial crisis hits. Racial wealth and gender pay gaps coupled with financial and housing discrimination contribute to instability for families in low-income, renter households. Many of these same Californians have been most affected by the COVID-19 economic slowdown, as job losses have been concentrated in industries with low average weekly earnings.⁴



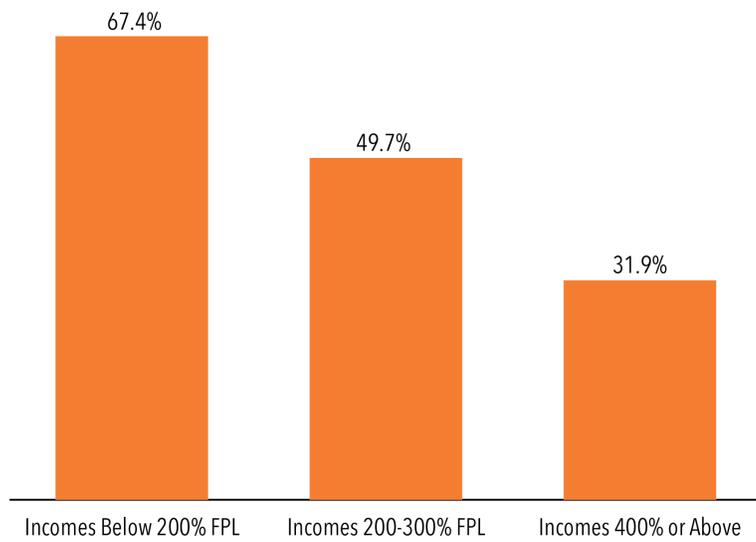
60.8%

A majority of the lowest-income renter households – 6 in 10 – had severe housing cost burdens.

FIGURE 2

2 in 3 California Households With Incomes Below 200% of the Federal Poverty Line (FPL) Are Renters

Percentage of Households That Are Renters by Income Level, 2019



Note: Income categories are based on household income compared to the federal poverty threshold that corresponds to the number and age of individuals in the household.
Source: Budget Center analysis of US Census Bureau, American Community Survey data

More Than 3 in 5 Black and Over Half of Pacific Islander and Latinx Californians Live in Renter Households

Californians of color are especially likely to live in renter households. Approximately 3 in 5 Black Californians and over half of Pacific Islander (54%) and Latinx Californians (53%) live in renter households. This is followed by roughly 42% of American Indian or Alaska Native, 35% of Asian, and 34% of white Californians living in renter households. Among individuals who live in renter households, pre-COVID-19 data show that Black and Latinx Californians were most likely to live in households paying an unaffordable amount toward housing. Nearly 6 in 10 Black individuals in renter households (58%) and more than half of Latinx renters (52%) were housing cost-burdened — compared to 44% of white renters and 42% of Asian renters.

The increased share of Californians of color in renter households is directly linked to past and current explicitly and implicitly racist policies that have exacerbated the racial wealth gap.⁵ Racist

housing and employment policies have left many Black, Latinx, and other Californians of color less able to access homeownership, due to housing policies that have directly blocked homeownership and policies and practices that have created barriers to educational opportunities and higher-paying jobs that enable families to build the financial assets needed to become homeowners. Similar factors drive the high rates of housing cost burden among Black and Latinx renters.

Many of these same Californians have also borne the brunt of the economic effects of the COVID-19 recession. In the first two months of the pandemic, Black, Latinx, and Asian/Pacific Islander Californians experienced the sharpest employment declines.⁶ These families are at increased risk of experiencing housing instability and homelessness due to lack of employment security, reinforcing the inequities resulting from past and current racist policies and practices.



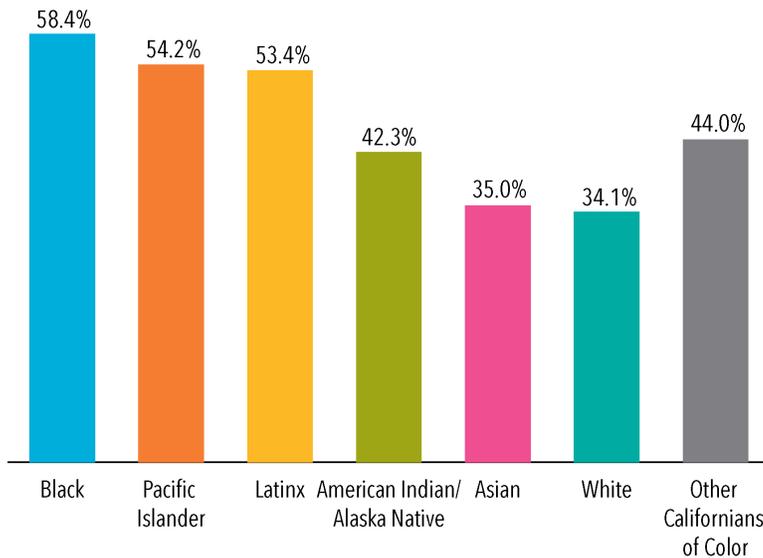
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FIGURE 3

Black, Pacific Islander, and Latinx Californians Are Most Likely to Live in Renter Households

Share of Individuals Who Live in Renter Households by Race/Ethnicity, 2019



Source: Budget Center analysis of US Census Bureau, American Community Survey data

Californians Who Are Undocumented Immigrants Are Especially Likely to Live in Renter Households

Californians who are immigrants, especially Californians who are undocumented, are more likely than non-immigrant Californians to live in renter households. According to Budget Center estimates based on 2018 data (the most recent available), about 3 in 4 Californians who are undocumented live in renter households, compared to about half of all immigrant Californians and 42% of non-immigrants.

Before COVID-19, nearly an estimated 6 in 10 undocumented renters (57%) were in a household paying an unaffordable amount toward housing, versus half of non-immigrant renters (50%).

During the first few months of the COVID-19 pandemic, Californians who are immigrants faced steeper declines in employment than non-immigrants.⁷ At the same time, Californians who are undocumented are blocked from receiving unemployment benefits. These workers and Californians who live in mixed-status families are blocked from accessing many other COVID-19 relief programs and ongoing public supports that help families to meet their very basic needs. For these immigrant families, a job loss can quickly lead to losing housing, facing eviction, declines in health, and other consequences that worsen a households' health and economic well-being.



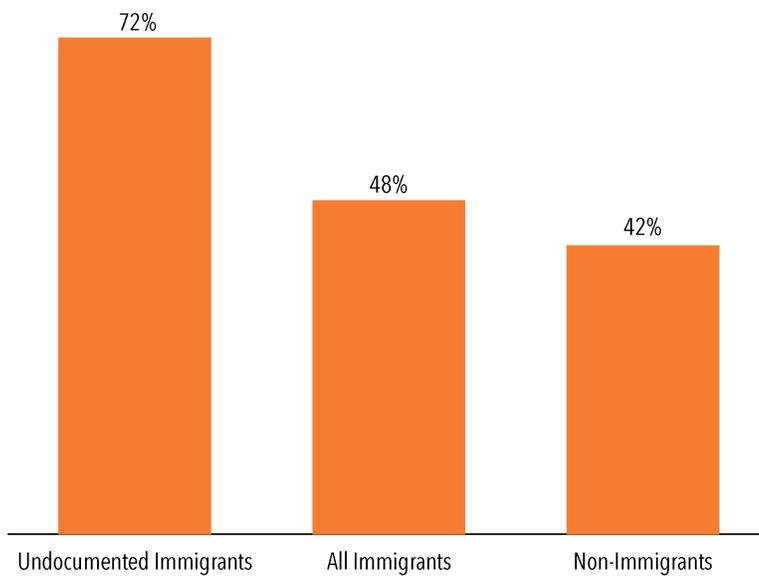
6 in 10

Before COVID-19, nearly an estimated 6 in 10 undocumented renters were in a household paying an unaffordable amount toward housing.

FIGURE 4

Californians Who Are Immigrants Are More Likely to Live in Renter Households

Share of Individuals Who Live in Renter Households by Immigrant Status, 2018



Note: Estimate for undocumented immigrants is based on an imputation of immigration status developed for the California Poverty Measure, a joint project of the Public Policy Institute of California and the Stanford Center on Poverty and Inequality.

Source: Budget Center analysis of US Census Bureau, American Community Survey data

Young Black and Latinx Children Are Most Likely to Live in Renter Households With Unaffordable Rents

Nearly 800,000 California children ages 0 to 5 — approximately 30% of all young children in the state — live in renter households that are housing cost-burdened, paying more than 30% of income toward housing. The racial and ethnic disparities seen among California’s youngest children who are most likely to live in unaffordable rental housing reflect the legacy of explicitly racist local, state, and federal policies in housing. Children, their parents and guardians have also been blocked from access to quality education, comprehensive health care, stable jobs, and livable wages that significantly contribute to equitable housing opportunities.

About half of Black children ages 0 to 5 live in renter households with unaffordable housing costs, as well as more than one-third of young Latinx children, compared to 17% of young white children. The share of young American Indian children in cost-burdened renter households cannot be reliably reported. But the relatively high share of renters overall among Californians who are American Indian and lower typical incomes for American Indian households suggest that many

young American Indian children may also live in renter households that struggle to afford housing. All of these young children of color face an increased risk of housing instability and homelessness.

Housing instability is harmful to people of all ages, but especially for children, as children living in substandard housing are more likely to be exposed to harmful air pollutants and toxic substances because of the location of such housing. These conditions negatively impact children’s health and development. In addition, the effects of living in crowded housing include lacking adequate space for playing and growing that can lead to increased injuries, poor mental health status, and life-long academic challenges. Moving frequently is also associated with adverse educational and behavioral health outcomes in children. Experiencing homelessness, the most extreme form of housing instability, can have a significant impact on children and may result in long-term physical, psychological, and emotional damage.



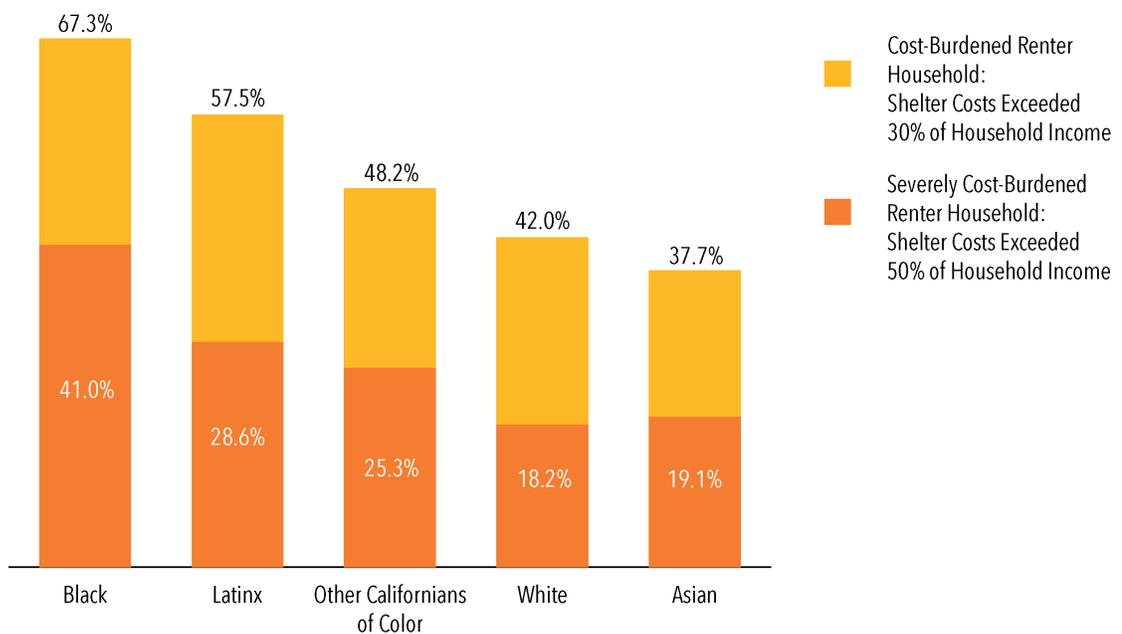
The racial and ethnic disparities seen among California’s youngest children who are most likely to live in unaffordable rental housing reflect the legacy of explicitly racist local, state, and federal policies in housing.



FIGURE 5

Black and Latinx Young Children Were Most Likely to Live in Renter Households With Unaffordable Rents Before COVID-19

Percentage of Children Ages 0 to 5 in Housing Cost-Burdened Renter Households, 2019



Note: Definitions of housing cost burden are from the US Department of Housing and Urban Development. "Other Californians of color" includes Californians who identify as American Indian, Alaska Native, Pacific Islander, and multiple races.
Source: Budget Center analysis of US Census Bureau, American Community Survey data

Conclusion

The nearly 17 million Californians who live in renter households are especially likely to face unaffordable housing costs. This puts Californians in renter households at increased risk of housing instability and homelessness, which can have serious consequences for health and well-being. Californians who are especially likely to be renters include those with lower incomes; Black, Latinx, Pacific Islander, and American Indian or Alaska Native Californians; and Californians who are immigrants, especially those who are undocumented. Many of these same California renters were also especially likely to be paying an unaffordable amount toward housing before COVID-19, and many of these groups of Californians have also been hardest-hit by job losses during the COVID-19 recession.

Among California's youngest residents, children ages 0 to 5 who are Black or Latinx were especially likely to be living in renter households with unaffordable rents before COVID-19, increasing their risk of housing instability and homelessness and the health and developmental consequences that can follow.

As California and federal policymakers consider choices about policies that will affect California's renters, it will be important to understand who is most affected by these decisions, what is at stake for the millions of Californians who struggled long before COVID-19 to afford housing, and the opportunities to create racial and wealth equity in the state's housing, health, and economic future.

Endnotes

¹ Paula Braveman, et al., *Housing and Health* (a series on the social determinants of health, a product of the Robert Wood Johnson Foundation Commission to Build a Healthier America: 2011), p. 1.

² Adriana Ramos-Yamamoto, *Advancing Health Equity: How State Policymakers Can Increase Opportunities for All Californians to Be Healthy* (California Budget & Policy Center: March 2019). <https://calbudgetcenter.org/blog/advancing-health-equity-how-state-policymakers-can-increase-opportunities-for-all-californians-to-be-healthy/>

³ Monica Davalos and Sara Kimberlin, *Homelessness and COVID-19: Older Adults and Black Californians Face Severe Health Risks* (California Budget & Policy Center: April 2020). <https://calbudgetcenter.org/resources/covid19-homelessness-older-adults-and-black-californians-face-severe-health-risks/>

⁴ Aureo Mesquita and Alissa Anderson, *California Job Losses Are Concentrated in Industries With Low Average Weekly Earnings* (California Budget & Policy Center: May 2020). <https://calbudgetcenter.org/resources/job-loss-figures-052120/>

⁵ Esi Hutchful, *The Racial Wealth Gap: What California Can Do About a Long-Standing Obstacle to Shared Prosperity* (California Budget & Policy Center: December 2018). <https://calbudgetcenter.org/resources/the-racial-wealth-gap-what-california-can-do-about-a-long-standing-obstacle-to-shared-prosperity/>

⁶ Alissa Anderson, *Women and People of Color Take Biggest Hits in California's Job Losses* (California Budget & Policy Center: June 2020). <https://calbudgetcenter.org/resources/women-poc-take-hits-in-californias-job-loss/>

⁷ Alissa Anderson, *Women and People of Color Take Biggest Hits in California's Job Losses* (California Budget & Policy Center: June 2020). <https://calbudgetcenter.org/resources/women-poc-take-hits-in-californias-job-loss/>



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