



# COVID-IMPACT SURVEY

Data + Findings from Affordable Housing Providers LA County

February 2021

*Reporting period: April 2020 through January 2021*



# APPROACH & METHODOLOGY

- 2020: C19 assessments ongoing but informal
- 2021: Goal to have more formal, periodic assessments to track and convey impacts and inform local relief efforts

## Survey Design Informed by:

- EARPS grantee surveys
- NeighborWorks surveys, LISC (nationally)
- Surveys for investors
- Local providers
- Public agencies
- SCANPH

## Survey Design Targeted on:

- April 2020 – January 2021
- Organizational stability and overall financial distress
- Housing portfolio
- Not project-level data

## Target Audience:

- Nonprofit affordable housing
- Los Angeles region
- Joint Enterprise/SCANPH outreach to 66 providers

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**23 Responses, 35% response rate**

**Survey Period: 2 weeks, 2 days**  
Open Thurs, 1/21 - Mon, 2/8

# SAMPLE SIZE

**23**

Nonprofit affordable housing providers

Serving

**144K People**

per year

Owning + Operating

**17K Units**

in the **City of LA**

**22K Units**

in **LA County**

**Portfolio Size**  
*in LA County*

**Small**

*(100-399 units)*

7 providers

**Medium**

*(400-999 units)*

7 providers

**Large**

*(1,000+ units)*

9 providers

# Participating Providers

1010 Development Corporation

A Community of Friends

Abode Communities

Clifford Beers Housing, Inc.

Community Corporation of Santa Monica

Decro Corporation

Deep Green Housing and Community Development

EAH Housing

East LA Community Corporation

Esperanza Community Housing Corp.

Hollywood Community Housing

Innovative Housing Opportunities

LA Family Housing

Linc Housing

Little Tokyo Service Center

Many Mansions

New Economics for Women

PATH Ventures

San Gabriel Valley Habitat for Humanity

Skid Row Housing Trust

SRO Housing

Venice Community Housing

West Angeles CDC

# Impacts of the Pandemic

Residents and Housing Providers

# KEY TAKEAWAYS

*“I worry about my housing all the time.”*

## Residents

- Unable to meet basic needs
- Pandemic related job instability
- Existing benefits are not enough
- Increasing anxiety, depression & isolation
- Feeling on brink of homelessness
- Service needs have changed: increased overall, increase in job placement/counseling, and assistance accessing benefits

“ “ Mentally, I am not well. The debt is affecting me. *I have nightmares about getting kicked out of my home... I can't afford anything else...* I fear [having] to go live with relatives in overcrowded situations. **They are struggling, too.** ” ”

- 21-year resident, never late with rent, now 3 months behind  
Factory worker and C19 survivor (4-month recovery)

“ “ Before the shutdown we were just surviving facing health issues and expenses. *There are just too many problems to be dealing with and all this in isolation...* now we are in despair and anxious daily. ” ”

- Resident with cancer  
Husband's a musician + Lyft driver  
Paying what they can for rent

# Resident Testimonials

THIS SLIDE CONTAINS DATA FROM LA AREA AFFORDABLE HOUSING PROVIDERS,  
NOT PROVIDED IN THE Q1 C19 IMPACT SURVEY RESPONSES.



# Resident Testimonials

“ “ I feel fortunate to live in affordable housing... At the same time, I can't even pay our rent because my income has been reduced since the injury. We are behind in all our bills. *I want to ask that city government representatives to think of us and create more programs and options so that we are protected and able to stay safe.* We have children depending on us. ” ”

- Husband, father of 3 children  
Works at grocery chain, faced pandemic store closures, then suffered injury

“ “ I got covid at work and ended up in the hospital severely ill. I don't want to put myself or my wife at risk of getting sick again, but I must keep working because social security would not cover our needs. *I worry we will end up in the streets. I want the authorities in the city to recognize the needs we have as elderly, as workers, as low income people.* We are not doing well. ” ”

- 65-year-old, works at grocery chain, recovered from C19 after two months



# KEY TAKEAWAYS

## Housing Providers

- The top three reported C19 impacts are **increased expenses** (87%), **reduced rental income** (87%), and **delayed construction timelines** (74%).
- Providers cite an **average 160% increase in unpaid rent from 2019 to 2020.**
- **Family properties and those without subsidies** are most adversely impacted.
- The dollar amount of tenants unpaid rent has increased significantly; **providers are facing an average cumulative rent debt of over \$300,000.**
- Staff working overtime; experiencing more staff burnout and turnover; need to hire new staff but challenging to fill vacant positions.
  - *“The biggest impacts have been on frontline staff, who have been amazing and resilient but really need a break, and one is just not on the horizon.”*
  - *“My [staff] are stretched to their limits.”*

Affordable Housing Providers

# PRIMARY COVID IMPACTS

*Has your organization experienced or done any of the following due to COVID-19?*

*n = 23*

	<b>%</b>	<b>Count</b>
<b>Increased expenses</b>	<b>87%</b>	<b>20</b>
<b>Reduced rental revenue</b>	<b>87%</b>	<b>20</b>
<b>Delayed construction timelines</b>	<b>74%</b>	<b>17</b>
Worked out rent payment plans	70%	16
Delayed developer fees	61%	14
Hired new staff	52%	12
Increased insurance costs	52%	12
Increased services for residents	52%	12
Delayed maintenance projects	48%	11
Reduced services for residents	48%	11
Delayed lease-up timelines	43%	10
Delayed loan closings	43%	10
Delayed public reimbursement	39%	9
Received rent-relief	35%	8
Requested use of reserves	30%	7
Reduced grant support	26%	6
Forgave rent	22%	5
Requested forbearance	22%	5
Furloughed staff	17%	4
Decreased staff pay or benefits	13%	3
Laid off staff	13%	3



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“ “ *Public agencies have slowed down even more,* delaying our move ins, lease ups - review of documents is taking 30 days or more. ” ”

“ “ We are experiencing decision *delays from City departments*, HCID and DBS, which affect funds held by the City but owed to [us] as developer... This is *causing strains on our cash management*. ” ”

“ “ *Sometimes the easiest things become overwhelming*...the agencies hiring consultants to get certificates just causes more and more delays. ” ”

# Housing Provider Testimonials **DELAYS**

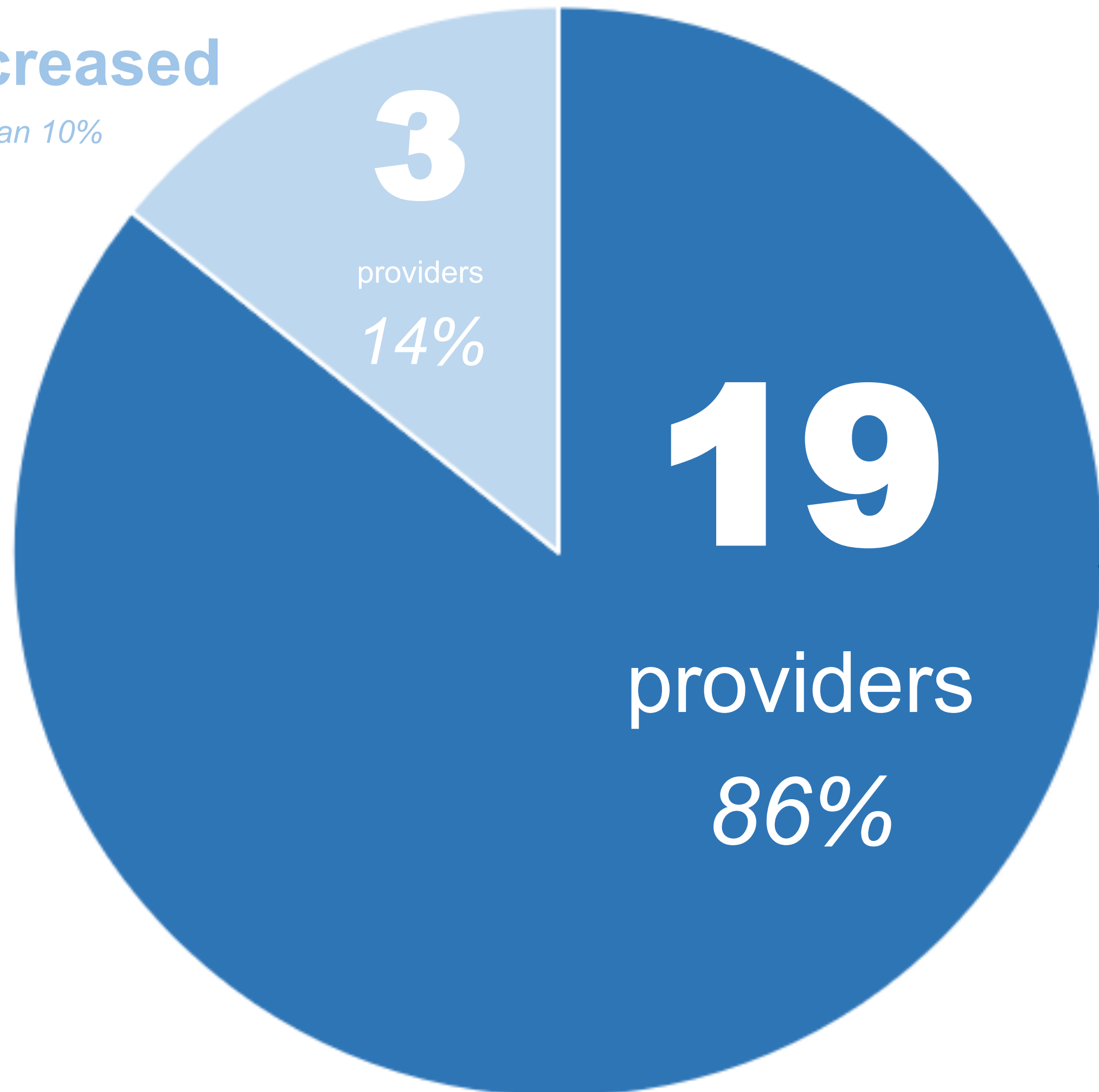


# OPERATING EXPENSES

Please provide a rough estimate of how your total operating expenses have changed portfolio-wide from 2019 to 2020?

**Decreased**

*Less than 10%*



**Increased**

+ 1 provider 'unknown'

Increased < 10%

**9 providers**

*41% of total*

Increased 10% - 25%

**9 providers**

*41% of total*

Increased > 25%

1 provider

# COVID-19 Expenditures

*New and increased operating expenses reported by affordable housing providers*

- Contracted services for maintenance
- Emergency relief application assistance
- Hiring service staff
- Insurance premiums
- Janitorial staffing for cleaning and sanitation
- Job training programs (to help residents re-enter the workforce + prepare for a post-C19 economy)
- Meal delivery and food security programs
- Office and building upgrades (to comply with social distancing recommendations and safety requirements, including the purchase, repair and installation of appliances, equipment, fixtures, supplies and furnishings)
- Hazard and overtime pay
- PPE purchases
- Resident wellness assessments
- Security enhancements
- Unpaid rent and vacancy
- Utility costs
- Vandalism repairs
- IT support and upgrades related to staff telecommuting and remote supportive services programming (such as Wi-Fi connectivity upgrades, technology for effective communications with tenants and computer lending programs to assist families with remote learning)



# Housing Providers Testimonials

## EXPENSES

“ Significant costs related to *cleaning* our facilities for C19 has *dramatically impacted our financial abilities to run our properties.* ”

“ Some residents have not been reporting *maintenance needs* that are now turning into emergencies. ”

“ Costs for utilities (*Water and Sewage*) have increased in some projects due to increase time spent at home. ”

“ When total *operating expenses have increased 6%* in comparison to 2019, any *unpaid rent* that would have been paid would have helped with these costs. ”

# UNPAID RENT: 2019 vs 2020

As a rough estimate, what percentage of your residential units had unpaid rent (full or partial)?

Average ↑ 160%

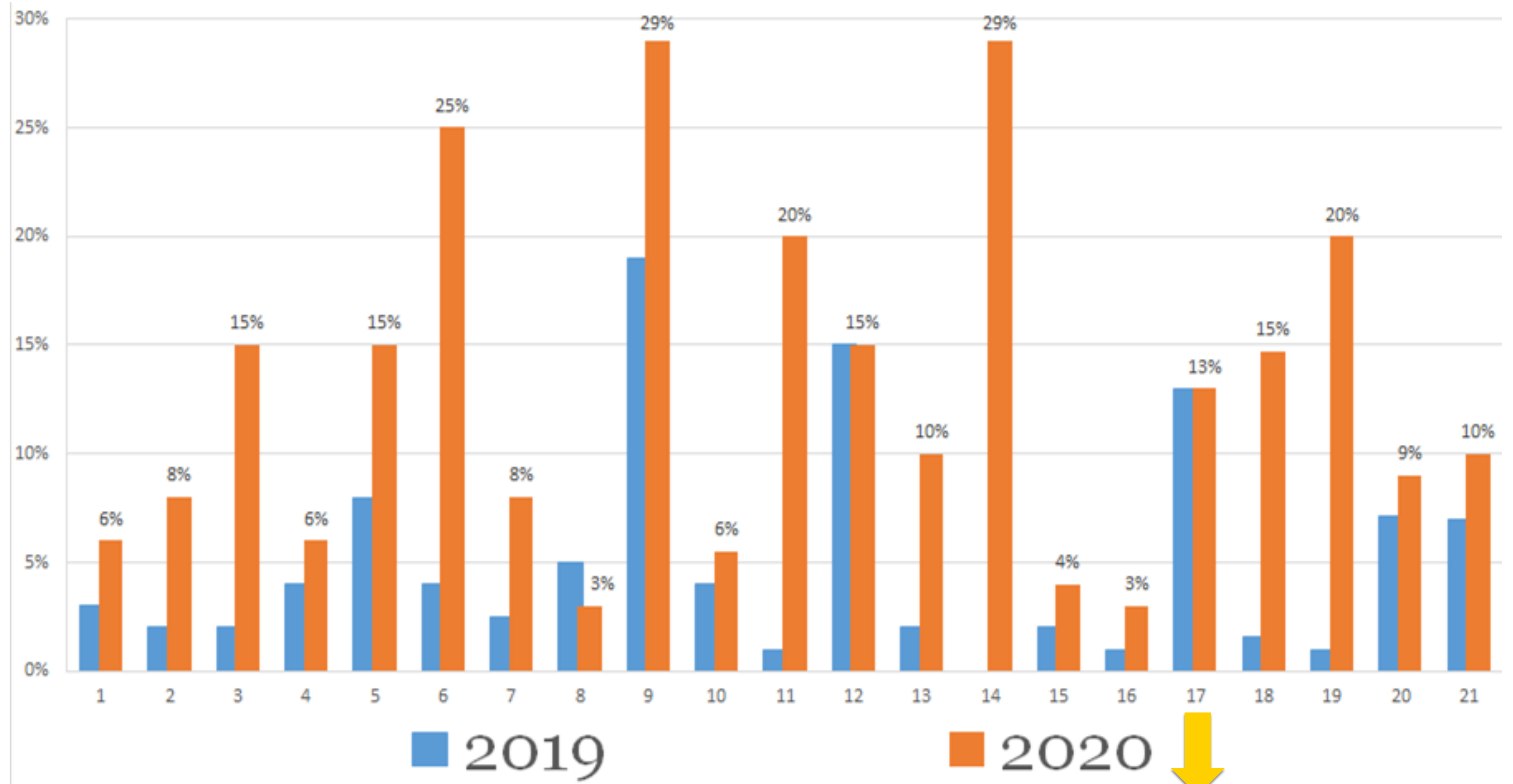
- 2019: 5%
- 2020: 13%

Median ↑ 150%

- 2019: 4%
- 2020: 10%

n = 21 providers

Two outliers not included



“Although it looks like the percentage of unpaid rent across our portfolio has remained the same in 2019 and 2020, it is **the amount of unpaid rent** (not the number of units, in this case) that has increased comparatively over \$100k.”

# RENT DEBT ACCRUED

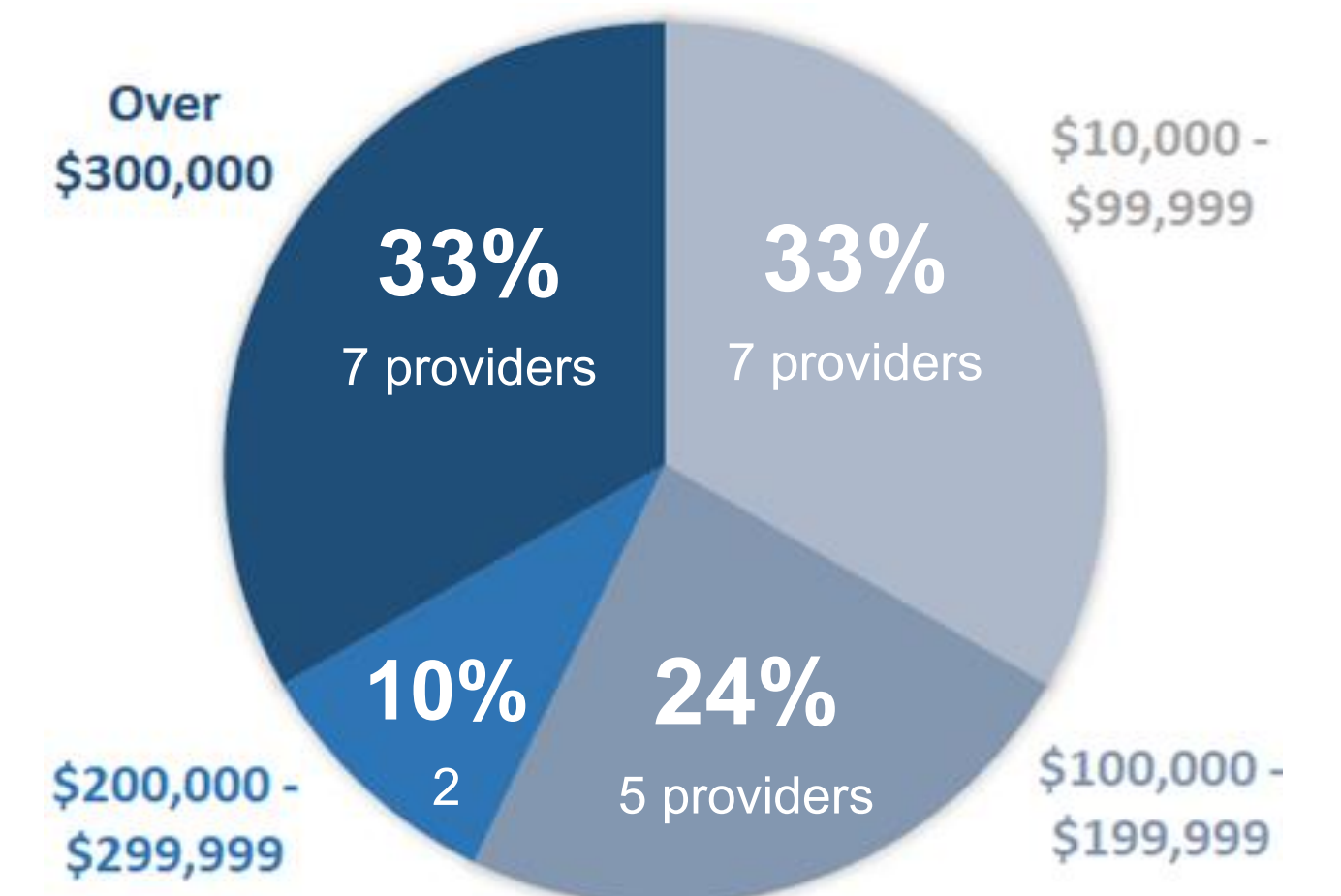
What is the total estimated amount of unpaid rent (or 'rent debt accrued') across your organization's real estate portfolio from April 2020 to January 2021?

<b>Total</b>	<b>\$6,353,855</b>
<b>Average</b>	<b>\$302,565</b>
<b>Median</b>	<b>\$150,000</b>
<b>Min</b>	<b>\$10,000</b>
<b>Max</b>	<b>\$1,707,000</b>

*n* = 21 (outliers reporting \$13M and \$0 of unpaid rent not included)

## Average By Portfolio Size in LA County

Small (100-399 units)	<b>\$63,944</b>
Medium (400-999 units)	<b>\$131,373</b>
Large (1,000+ units)	<b>\$575,773</b>





# RENT RELIEF

## MAKES A SIGNIFIGANT DIFFERENCE

*“Rent relief cannot come soon enough.”*

*“The top thing public lenders can do is provide a rental subsidy for the unpaid rent on all projects. The debt burden for tenants is going to be grave when the time comes to start paying it back.”*

*“[Rental assistance] is a significant reason why [our] delinquent rents due to COVID is a cumulative total of \$124K after all of these months.”*

*“Some properties have been hit hard -- particularly in the County, which has had less emergency rental assistance to date.”*

## BUT...

*“[Rental assistance] is limited and, if help is granted it arrives very slow.”*

*“There are many barriers [including lack of] access to computers.”*

*“Tenant balances continue to grow.”*

*“It can’t defer the toll this has taken on the human beings (staff and our tenants).”*

*“[Some] tenants who receive regular public assistance have opted to not pay rent and dare us to evict them. As difficult as it is to acknowledge this, there are some tenants who may take advantage of us in this way and we will have no recourse to recover.”*

# FINANCIAL DISTRESS

How many months from today can your organization operate in the current environment before exhibiting financial distress?

Nine providers surveyed believe their organization will ‘exhibit financial distress’ this year; three think they’ll be distressed in less than three months.

“ “ 9 of our projects are experiencing hardship and are *projected to operate in ‘the red.’* Some do not have sufficient reserves. ” ”

“ “ We have project-based rental subsidies on the vast majority of our portfolio, and our portfolio is large. But the *tenant's portion of unpaid rent in absolute dollars is over \$400,000*, which is a big number, *irrespective of the size of our portfolio.* ” ”

“ “ There has been *more difficulty filling vacancies* with qualified applicants because more households lack sufficient income to meet our minimum requirements. ” ”

# What assistance would help?

Provider Recommendations, Discussion & Next Steps



# WHAT ASSISTANCE WOULD HELP?

## Existing Relief Efforts from Public Lenders in LA County

- Rental assistance (State, City and County of LA)
- Loan forbearance (HCD, HCID)
- Extend residual receipt payment due dates (w/out documentation) (HCD);
- Waive or extend fee payment due dates, as applicable (HCD)
- Provide guidance to owners on use of restricted project reserves (HCD) to address operating shortfalls
- Ease monitoring and reporting requirements, such as a grace period for fiscal and occupancy monitoring (HCD)

*“This is just the start of a longer conversation. This emergency will hopefully pass eventually, but the uncertainty and edge [of the affordable housing] systems we operate can’t be ignored any longer if we are to deal with the other issues of inequality that this time has highlighted.”*  
- Affordable Housing Provider

## Additional Hardship Relief Recommended from LA Affordable Housing Providers

- Clarification of allowable C-19 expenses as allowable under program guidelines
- Allowing owners to modify and modernize outdated loan agreements
- Allowing owners to use project reserves to address operating shortfalls
- Extending loan payment due dates or waiving payment obligations during the public health emergency
- Waiving or extending fee payment due dates, especially for properties experiencing hardship
- Easing monitoring and reporting requirements, such as a grace period for fiscal and occupancy monitoring
- Revisiting and adjusting contract terms to reflect pandemic delays





# THANK YOU

*To get more involved in our systems change efforts to support affordable housing providers with Covid-19 impacts, or for more information on our emergency response program in Southern California, contact [Natalie Zappella](#), Program Director, Sustainable Connected Communities.*