

**CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS  
BUDGET AND LEGISLATIVE ANALYST**

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To: Supervisor Dean Preston  
 From: Fred Brousseau, Director of Policy Analysis  
 Budget and Legislative Analyst's Office  
 Re: Update to our October 27, 2020 report: *Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health orders*  
 Date: June 21, 2021



Our report to you issued October 27, 2020 provided an estimate of unpaid residential rent due to the Covid-19 pandemic and related public health orders. The orders resulted in many businesses partially or fully closing down for up to approximately 15 months and tens of thousands of San Franciscans losing their jobs. In our report, we provided a low and high estimate of unpaid rent, as follows. These estimates were based on two models with low and high assumptions about the share and number of renter households affected by pandemic-related unemployment, median rental rates, and portion of rent unpaid. The low estimate assumes that renter households made up a proportional share of all unemployed. The high estimate is based on an analysis of the specific industries in which renter households are employed and the unemployment rates for those industries during the pandemic.<sup>1</sup>

**Exhibit A: Low and High Estimate of Residential Rent Partially or Not Paid by San Francisco Renters, April – September 2020**

Estimate	# of Renter Households	Months of Unpaid Residential Rent		
		1 month	3 months	6 months
Low	13,765	\$13,558,128	\$40,674,384	\$81,348,768
High	33,200	\$32,702,000	\$98,106,000	\$196,212,000

Source: BLA report to Supervisor Preston, October 27, 2020

**Unemployment changes**

Our October 2020 estimates were based on the number of renter households unable to pay their rent in full due to the spike in unemployment after the pandemic shutdown commenced. Though unemployment decreased as the pandemic went on, as shown in Exhibit B, it has consistently been more than double the pre-pandemic level through April 2021.

<sup>1</sup> Analysis used for high estimate conducted by the Turner Center for Housing Innovation at UC Berkeley.

The number of unemployed individuals in San Francisco as of April 2021 was 28,927, or 12,809 more residents than were unemployed in March 2020.

The reduction in unemployment between April 2020 and April 2021 means that more households were likely able to pay their rent in April 2021 compared to the early months of the shutdown. However, because the shutdown lasted in various forms for approximately 15 months, we conclude there was a constant pool of the San Francisco population unable to pay their rent in full for the entire 15 month period.

**Exhibit B: Unemployment Rate and Number of Unemployed Individuals in San Francisco, March 2020 – April 2021**



Unemployment		
Month	Rate	# Unemployed
Mar. '20	2.80%	16,118
Apr	13.00%	71,749
May	12.80%	70,072
Jun	12.00%	66,669
Jul	11.00%	60,917
Aug	9.70%	52,888
Sep	9.00%	48,491
Oct	7.60%	41,598
Nov	5.90%	32,032
Dec	6.40%	34,929
Jan '21	6.20%	33,217
Feb	5.70%	30,847
Mar	5.40%	29,151
Apr	5.40%	28,927

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics

It is worth noting that as more San Francisco residents are working again and are able to pay all or more of their rent, many of those residents still have sizable rent debts from their previous months of unemployment.

Given the duration of the pandemic shutdown combined with the gradual improvement in employment over the 15 months, we have prepared the following estimates of unpaid rent for the full 15 month shutdown period. As can be seen in Exhibit C below, the estimated 15 month amounts are greater than the six month amounts we estimated in our October 2020 report, but not as much as if our single month estimates were applied to all 15 months.

As shown above in Exhibit B, the unemployment rate in San Francisco decreased over the last nine months of the pandemic shutdown but was still higher than pre-pandemic levels. Assuming unpaid rent in San Francisco corresponded to the unemployment rates for the last nine months of the shutdown, we estimate that unpaid rent overall declined on a monthly basis as the pandemic shutdown wore on, but was still significant, resulting in the amounts shown in Exhibit C. Low and high estimates are shown, consistent with the approach in our October 2020 report.

**Exhibit C: Unpaid rent estimates reflecting unemployment during the 15 month Covid-19 shutdown in San Francisco**

	<b>15 mos. unpaid rent</b>
Low estimate	\$147.4 million
High estimate	\$355.1 million

The estimates in Exhibit C assume that a smaller number but the same proportion of renter households incurred unpaid rent in the last nine months of the shutdown as in the first six months and that median rent and the portion of unpaid rent remained the same. We believe these are reasonable assumptions for the purposes of this update but recognize that some renter households may have been unable to pay even larger shares of their rent the longer they were unemployed, and that median rent could have changed over time.

***Census Bureau Household Pulse Survey***

The U.S. Census Bureau began conducting an experimental survey in April 2021 called the Household Pulse Survey to quickly collect and disseminate data on how people’s lives had been affected by the Covid-19 pandemic. Surveys are taken and results released every two weeks. Though the data is reported for the San Francisco-Oakland-Berkeley area rather than just San Francisco proper, it shows that unpaid rent has been an issue all along for local residents and, as of May 2021, had not improved significantly. Exhibit D shows responses to the survey’s question about whether the respondent’s household was currently caught up on rent.

**Exhibit D: Household Pulse Survey Respondents Not Caught up on Rent**

<b>Survey period</b>	<b>Measure: household is not currently caught up on rent</b>
Week 1: April 23 – May 5, 2020	140,928 respondents 12.0% of respondents not caught up
Week 31: May 26 – June 7, 2021	111,495 respondents 10.7% of respondents not caught up

Source: U.S. Census Bureau Household Pulse Surveys

***San Francisco property owner surveys***

As another indicator of ongoing rent distress, member surveys by the San Francisco Apartment Association during the pandemic period have shown that landlords have increasingly been receiving requests for rent reductions from their tenants and, in many cases, have granted some reduction. The increase in requests for rent reductions corresponds to the results of the Household Pulse Survey, discussed above, and the fact that unemployment remains above pre-pandemic levels in San Francisco, creating greater hardships for some tenants in meeting their current obligations while other resources may be depleted.

**Exhibit D: San Francisco Apartment Association COVID-19 Property Owner Survey Responses, April 2020 – January 2021**

<i>Survey Statistic</i>	2020						2021
	May	June	July	Aug.	Oct.	Dec.	Jan.
<b><i>Response Information</i></b>							
# of Respondents	352	301	289	253	53	172	56
# of Apartments Covered	13,961	11,829	5,908	4,593	845	4,741	491
<b><i>% of respondents/ housing providers who:</i></b>							
Received requests for rent reduction*	21.0%	28.0%	34.9%	45.4%	56.6%	56.9%	60.0%
Granted requests for rent reductions*		21.0%	26.2%	35.1%	43.4%	54.4%	48.2%

Source: San Francisco Apartment Association, Survey on Non-Payment of Rent due to COVID-19

Notes: \*Includes both temporary and permanent rent reductions.