

File No. 210695

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: October 6, 2022

Board of Supervisors Meeting:

Date: _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU - FY2022-2024 - Clean
- MOU - FY2022-2024 - Redline
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- FYI Referral 061121
- Comm Pkt 062321
- BLA Rpt 062321
- BLA Presentation 062321
- MOHCD Presentation 062321
- _____
- _____

Prepared by: Stephanie Cabrera

Date: September 30, 2022

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

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

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

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.¹

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.

¹ 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

	15 mos. unpaid rent
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

Survey period	Measure: household is not currently caught up on rent
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.
<i>Response Information</i>							
# of Respondents	352	301	289	253	53	172	56
# of Apartments Covered	13,961	11,829	5,908	4,593	845	4,741	491
<i>% of respondents/ housing providers who:</i>							
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.

UPDATE: ESTIMATED UNPAID RESIDENTIAL RENT

Report for Supervisor Dean Preston

Presentation to:

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

June 23, 2021

October 2020 BLA Estimates of Unpaid Residential Rent

Covers 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

Unemployment Rate and Unemployed Individuals San Francisco, March 2020 – April 2021



Unpaid rent estimates during 15 month Covid-19 shutdown in San Francisco

- Reflects unemployment in SF March 2020 – June 2021

	15 mos. unpaid rent
Low estimate	\$147.4 million
High estimate	\$355.1 million

Questions and comments

UPDATE: ESTIMATED UNPAID RESIDENTIAL RENT

Report for Supervisor Dean Preston

Presentation to:
GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

June 23, 2021

Project staff: Cody Xuereb cody.l.xuereb@sfgov.org

Fred Brousseau fred.Brousseau@sfgov.org



San Francisco's Emergency Rental Assistance Program

June 23, 2021

CITY AND COUNTY OF
SAN FRANCISCO

MAYOR LONDON N. BREED

Program Description

- Designed to target assistance to the most vulnerable tenants
- Six months of rental assistance, including three months of prospective rent
- Covering rents for April 2021 and later
- Community-based program delivery



Vulnerability Factors

- Past homelessness
- Extremely low and very low household income
- Neighborhoods with low-income residents
- Households with children, seniors, adults with disabilities
- COVID financial impact
- Eviction/lockout threats
- Rent control, SRO families, informal housing arrangements
- Ineligible for federal benefits
- Recently discharged from an institution



Program Data

- 1,450 applications received
- \$13.3 million in requested assistance
- 92% at or below 30% AMI, 6% between 30-50% AMI, 2% between 50-80% AMI
- 87% reported a loss of income
- Top neighborhoods: Bayview, Mission, Excelsior/OMI, Tenderloin, Nob Hill, South of Market, Visitacion Valley



BOARD of SUPERVISORS



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MEMORANDUM

TO: Eric D. Shaw, Director

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: June 11, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following hearing request, introduced by Supervisor Preston on June 8, 2021:

File No. 210695

Hearing on the City's Rent Relief Program to get greater clarity on how funds are being allocated, make sure funds are going to as many tenants as possible, and to explore how we can use all available resources to ensure that no tenants are left behind; and requesting the Mayor's Office of Housing and Community Development to report.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Office of Chair Preston
Eugene Flannery, Mayor's Office of Housing and Community Development
Amy Chan, Mayor's Office of Housing and Community Development

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only