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Tenants in Trouble: The Nexus Between Landlords and Homelessness

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Tenants in Trouble: The Nexus Between Landlords and Homelessness



Image Source: [Housing Homeless People Helps Prevent Infectious Diseases - Invisible People](#)

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POL 195

Dr. Butters

Think about the warmth and security of a good night's sleep in the comfort of your own home. It is something so consistent for many of us that we may take the benefits of having shelter for granted. Now, imagine that, instead of your comfortable bed, you sleep on a hard sidewalk every night and experience perpetual insecurity. This insecurity is induced by the extreme cold or warmth Mother Nature's machinations can conjure up. Disease, dangerous wild animals, and other hazards contribute to your inability to sleep and live peacefully. This is the harsh reality for upwards of 181,000 of our fellow, unhoused Californians (Fact Sheet 2024). There is consensus that increasing the housing supply will help alleviate the homeless crisis, but we should favor caution in this approach. 44% of housed Californians are renters, 9% higher than the rest of the United States (McGhee 2024).

Is there a correlation between the existence of rental properties and the number of unhoused people in a given California county? This research analyzes residential units that are renter-occupied and weighs those against the population of unhoused relative to the total population in poverty in California counties. Weighing the unhoused relative to the total population would dilute the findings as those who are financially sound are not as at risk of homelessness, if at all. Additionally, I created a normalized index highlighting the degree of support counties had for Proposition 21 to highlight whether or not counties favor rent control. The results follow an intriguing pattern. This research aims to inspire people to think differently about this issue and how we can and should combat it.

Significance

The United Nations has identified homelessness as a human rights violation, going so far as to say that it is a “profound assault on dignity, social inclusion, and the right to life”

(Homelessness and Human Rights). Furthermore, this country was founded on the premise that human beings possess certain unalienable rights—including life, liberty, and the pursuit of happiness. A single unhoused individual, let alone 181,000 unhoused individuals, runs contrary to these endowments. Some have argued for housing as a human right and have suggested amending the California constitution to include this right (Reeder 2024). This position favors a moral lens rather than an economic lens where housing and homelessness are concerned. People might differ in how they interpret these principles, but Californians largely agree that homelessness and housing are our state's two most important issues (Baldassare 2023). Despite the general agreement that these issues are of prime importance, Californians regularly vote against policies that could help alleviate these crises, such as the failure of Proposition 21.

The Californians experiencing homelessness are disproportionately people of color, especially African American individuals, who make up 40% of the state's total homeless population (Cimini 2019). In California, African Americans account for approximately 5.7% of our total population yet make up a staggering percentage of the homeless population. Homelessness is already abhorrent in and of itself, but the racial component highlights deep-rooted systemic issues that exist in this state. Adding housing to the market supply is not going to solve the systemic issues that lead to these disproportionate percentages.

It is unsanitary, unsafe, and unsound that we are allowing this crisis to permeate to the extent that it has. Homelessness not only affects those experiencing poverty, but it creates dangerous conditions for others in society as well who are not experiencing homelessness firsthand. One such way this occurs is in the healthcare system. An unhoused person receiving healthcare in the emergency room is released back onto the streets after treatment. This

contributes to continual visits to the ER, straining costs and resources (Sleet 2021). The health problems affecting unhoused individuals impact not only them but the rest of society as well.

Background

Those favoring an economic lens to this crisis have argued that homelessness is primarily driven by supply and demand. They insist that red tape impedes the mass creation of new housing. For example, the Grassroot Institute of Hawaii asserts that the three municipalities in the US that have affordable housing zoning requirements have seen the housing supply growth decline by greater than 60% in the 10 years preceding 2021 (Akina 2021). There is a powerful, bipartisan push for more housing in the state, but is that truly the solution? In 2018, there were over 1,200,000 vacant (homes owned individually and by corporations, apartments, vacation homes, and dwellings for rent or sale) homes across California, but housing prices across the board have continued to rise dramatically (Lazzaro 2020). Even if we were to imagine that 1,000,000 of those vacant homes were unlivable, there would still be more than enough housing for each unhoused individual to have their own home.

Some of the vacancy is driven by individuals fleeing the state, whether it be due to the cost of living or for political reasons. The census shows us that almost 350,000 residents fled California between 2021-2022, with many fleeing from San Francisco and Los Angeles. Those cities have the largest shares of unhoused in California, but despite an increase in the supply of housing thanks to innumerable vacancies, unhoused populations continue to grow. Furthermore, housing and rent continue to remain at extremely burdensome pricing levels.

Some attribute our high levels of homelessness to unhoused coming from other locations, however, Point-in-Time (PIT) surveys and other studies have found this to be untrue. For

example, a study from UCSF found that nine out of ten unhoused individuals are from California based on a survey of over 3,000 unhoused (Kushel 2023). We need to be clear about this fact or else we will not properly get to the root of the issue. The UCSF study further found that, despite multifactorial causes, respondents believed that financial support would have helped prevent their homelessness, indicating clear affordability barriers as their perceived reason for their current situations.

Historically, our state has tended to err on the side of the landlord rather than the side of the renter. A prime example of this is the Costa-Hawkins Rental Housing Act of 1995. This act prevents municipal rent control on buildings constructed after 1995 and allows landlords to set rental rates to the fair market price whenever a dwelling becomes vacant. Opponents of overturning the act argue that it would impede the construction of affordable housing, but housing is already plentiful and unaffordable. Gavin Newsom recently championed a deal to cap raising rents past 10% every 12 months, but a 10% increase is a large sum of money, especially for people who are already rent-burdened. Newsom's allegiance is further put into question by his opposition to Proposition 21 which would have overturned Costa-Hawkins and allowed for municipal rent control to combat homelessness. His opposition to Proposition 21 likely contributed to its downfall in 2020. If Costa-Hawkins continues to exist, then newly constructed rental properties will not be subject to municipal rent control.

Theory and Argument

I postulate that California counties with a greater share of occupied-rental properties will have higher rates of homelessness. My independent variable is the percentage of renter-occupied housing in a given California county relative to the total housing. My dependent variable is the

percentage of unhoused in a given California county relative to the total population experiencing poverty. I elected not to analyze whether or not counties have better social safety nets.

Additionally, I elected not to consider geography in my analysis. Implementation of these two variables indicates that there may be factors that draw unhoused individuals to one location over another. As previously stated, that assumption does not align with reality. Lastly, I will create an index using whether or not counties were in favor of Proposition 21 to highlight friendlier tendencies toward renter protections.

Proposition 21 was largely opposed by those who had vested interests in limiting rent control so that they could make more money. Major groups in opposition to Proposition 21 raised 19 million more dollars for the “no” side than the “yes” side. The opposition was mostly funded by the California Apartment Association (CASOS) which represents owners, investors, developers, and managers of apartment communities (California Apartment Association). The failure of that proposition was largely due to their efforts, but at the county level, voters might have already had a good idea of whether or not they were pro-renter or pro-landlord when making their decisions, although messaging may have been an issue here as well. Muddying the waters is a common practice in politics, especially when CAA presents itself as “Californians for Responsible Housing” in its funding for opposition to rent control.

I expect a correlation at the county level between the share of occupied-rental properties and the percentage of unhoused because landlords have a vested interest in making money off of their property. Whether they are individual landlords or corporate landlords. The profit motive is not inherently bad but can be bad for tenants. Without regulation, landlords are incentivized to charge the “fair market rate” which is deceptively named. That rate is the amount that someone is willing to pay, and operating off of that metric leaves individuals of lower incomes out to dry.

The majority of renters in California are cost-burdened, with 33% being severely cost-burdened (McGhee 2024). Further, economic mobility is very low in California as those born into low-income families by and large earn low incomes when they become adults (Bohn 2020). Coupling the fact that low-income earners struggle to escape poverty with the fact that landlords want to make as much money as they can helps to highlight the heart of this crisis and why I believe that adding more houses to our supply might be akin to adding more fuel to the fire.

Rental properties exist as a monetary investment wherein the landlord will continuously make money off of a tenant rather than make a one-time sale of said property. As such, owning and renting out that property becomes a desirable investment for wealthy individuals, especially if policy largely favors their ability to make money, rather than the tenant's ability to live comfortably. Landlords would surely be opposed to losing out on tenants; therefore, they would support the push for a greater supply of "housing" so long as that housing does not result in them losing out on their investments. It is sensible that landlords want to continually raise rent to account for inflation, but with wages remaining largely stagnant over the last 20-30 years, we are in desperate need of a new approach that favors the disenfranchised over the privileged.

My research was primarily motivated by finding whether or not there is a correlation between homelessness and rental properties that could be further explored by someone with more time and resources to do so. That said, limitations to this research exist beyond that. One such issue is the fact that my county data is limited. I could not get complete data for every county and the data I do have is from 2022. Additionally, my index highlighting support for or against rental protections may not adequately capture the reality of what those counties believe en masse. It is possible there was a messaging/informational issue with Proposition 21 that led to

its demise. This research could be strengthened by comparing California county data with counties of similar states, such as Texas, Florida, or New York.

Research Design/Data

This research analyzed 33/58 California counties in the year 2022. The reason for focusing on 2022 was simply because that year had the most complete contemporary data I could gather for this research. Data was gathered using the US Census Bureau for the share of rental properties, the US Department of Housing and Urban Development for PIT unhoused counts, and the California Secretary of State for Proposition 21 support. 25 counties were excluded from this research due to the inherent difficulty in separating some of the PIT data. This was difficult due to “Continuums of Care” (CoC) which would often combine multiple counties, making it extremely difficult to separate the data by individual county. Data for the independent and dependent variables was presented in whole numbers, but I wanted to analyze this data using percentages. Percentages are accessible to the general public and help to tell a more comparative story between places where raw numbers might greatly differ. For example, San Francisco and Los Angeles counties have large numbers of unhoused but much higher populations than other California counties.

The independent variable, the percentage of occupied-rental housing, was gathered from US Census Bureau data. This data provided the raw numbers for renter-occupied housing rather than a percentage. I divided the number of renter-occupied housing by the total number of occupied housing units in each county to get a percentage value. Data for total rental housing was not available, so I was not able to account for vacant rental properties in my analysis.

The dependent variable, the percentage of unhoused individuals, was gathered from PIT counts available through the US Department of Housing and Urban Development. Data was not readily available for all counties but was available for 33 of them. PIT counts provided the raw numbers of unhoused individuals by CoC, rather than percentages relative to the total population. I elected to divide these numbers by the total number of individuals experiencing poverty in each county. I chose this control because including the total population would dilute the results, as those who are middle to upper-class are far less at risk of becoming homeless than those who are experiencing poverty.

Proposition 21 support data, was gathered from the California Secretary of State. The degree of support for Proposition 21 was available for every California county and was presented in percentages both for and against. Proposition 21 failed, spectacularly, but it was the most effective measure for quickly determining whether or not California counties favored rent control. I chose to normalize the support for Proposition 21 and use that for a deeper analysis of a potential relationship between my variables. I gathered all of the “yes” percentages by county and normalized the support for Proposition 21.

Throughout this project, I continuously second-guessed the relationship, wondering whether I had failed to account for something that would shatter the potential for establishing a correlation. I worried that my own biases blinded me to some unconsidered confounding factor that would have shattered my hypothesis. By looking at the number of unhoused relative to the poor population, I had successfully controlled for income. I asked policy analysts at the Department of Housing and Community Development for some additional confounding variables that I should consider and was provided with a few. They suggested controlling for factors such as climate, geography, and availability of social services. Controlling for this indicates that

unhoused individuals may migrate to more appealing counties due to conditions in the counties they became homeless. Most unhoused individuals are Californians, with 75% residing in the counties they lost their homes (Margot 2023). As such, controlling for climate, geography, and availability of social services was not necessary.

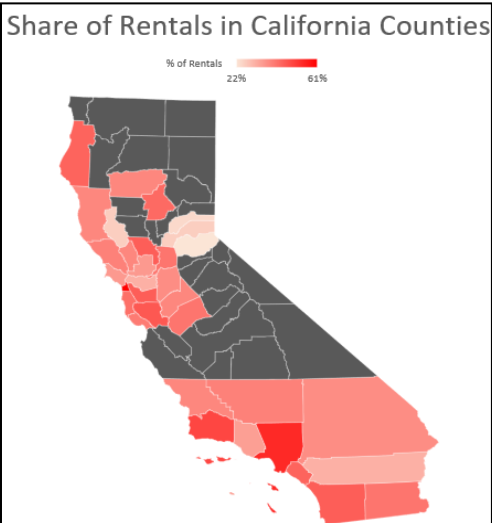


Figure 1



Figure 2

Once I had gathered the renter-occupied housing data and the share of unhoused relative to the population experiencing poverty from 2022, I mapped out each percentage side by side to get an idea as to whether or not it would be worthwhile to pursue further. The maps are depicted in *Figures 1 and 2*. At a glance, there are a few inland areas where a correlation does not seem immediately apparent, however, it appeared there may be a relationship overall, as coastal regions appear to have greater shares of rental properties and unhoused. Since these variables passed the eye test, I determined I would observe this relationship more deeply.

Findings and Analysis

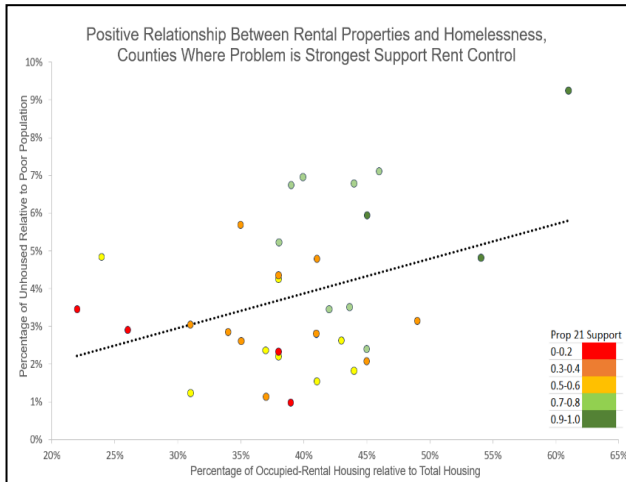


Figure 3

SUMMARY OUTPUT						
Regression Statistics						
Multiple R	0.368126					
R Square	0.135517					
Adjusted R Square	0.10763					
Standard Error	0.076599					
Observations	33					
ANOVA						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	1	0.028513	0.028513	4.859574	0.035045	
Residual	31	0.181887	0.005867			
Total	32	0.2104				
	<i>Coefficient</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.334393	0.028532	11.71983	6.36E-13	0.276201	0.392585
% of hom	1.472613	0.66802	2.204444	0.035045	0.110177	2.835049

Figure 4

The variables I chose to analyze supported my hypothesis that a higher share of rental housing would coincide with a higher rate of homelessness. With both my independent and dependent variables being continuous, it was logical to analyze the relationship using a scatterplot, depicted in **Figure 3**. The scatterplot indicated there was a relationship wherein higher percentages of rental housing correlated with a higher rate of homelessness. I gathered additional data in Excel via a regression analysis, depicted in **Figure 4**. I found a correlation coefficient of .37, indicating a moderately positive correlation between my two variables. Put differently, as the share of occupied-rental properties increases, the rate of homelessness relative to the poor population rises. I also found a p-value of 0.03 which indicated statistical significance. I also obtained the slope and intercept in Excel. The intercept of 33% indicated that if the IV was 0, homelessness would be 33%. The slope of 147% indicated that every 1% increase in the share of occupied-rental housing results in a 147% increase in the unhoused population.

After further data analysis, I plotted Proposition 21 support to see which counties favored rent control. Counties that had higher shares of rental properties and higher rates of homelessness favored rent control over other counties. Near the top of this support index are San Francisco and Los Angeles counties, where the share of rental properties and the rate of homelessness are most pronounced. Near the bottom of the support index are Placer and El Dorado counties with lower shares of rental properties, and lower shares of unhoused. San Francisco is an outlier on this chart, representing an extreme share of rental properties as well as a very high rate of homelessness.

When analyzing the relationship between Proposition 21 support and homelessness there is concern about an effect akin to the chicken or the egg dilemma. Do counties experience higher rates of unhoused people because they favor rent control? It is interesting to consider, but it makes the most sense that rent control would come about in response to a perceived issue, rather than be allowed to contribute to an issue that already existed. However, it often takes time to determine the effects policy has, whether they are positive or negative.

Implications

This research and its findings highlight the need for caution as it pertains to combatting our homelessness and housing crises. Policymakers and voters alike are quick to favor an economic lens, and as a result, might overlook what is the most morally preferable solution. Finding a moderately positive relationship between the share of rental properties and the rate of homelessness should give researchers, policymakers, and pundits pause when discussing potential solutions for the most significant crises in California. If we plan to build more housing, we must use caution and consider what shape that housing will take and who owns that housing.

More rental properties are going to contribute to higher numbers of homeless individuals. We should explore more avenues for homeownership, as that is one of the best tools for upward mobility (Ramakrishnan 2021).

Counties that have higher shares of rental properties and higher rates of homelessness favor municipal rent control, as evidenced by the degree of support for Proposition 21. This indicates that these counties view municipal rent control as a potential remedy to the crises of housing and homelessness. With that in mind, the Costa-Hawkins Rental Housing Act of 1995 should be abolished. This act prevents municipal rent control on properties built after 1995. If we create more rental units today without the ability for municipalities to enact rent control, we could see our rates of homelessness continue to rise. Municipalities that are not in favor of rent control can still elect not to implement it.

As previously mentioned, a disproportionate number of unhoused individuals in California are African American. Historically, targeted aid has been less successful than blanket aid provided to everyone. As such, an ideal solution to this would be to guarantee housing as a right for people living in California. We could still have the option for people to purchase their dream homes, but at a fundamental level, providing solid quality housing to everyone would eliminate our housing and homeless crises at the same time. There is a chance that some unhoused individuals might choose to remain on the streets, but the vast majority of them would prefer to have some kind of shelter (Margot 2023).

If we are not going to enshrine housing as a human right in our state constitution, we should consider expanding programs that improve access to homeownership. We should invest more in programs that make homeownership a more realizable dream for Californians because

upward mobility is an important aspect of the American Dream. Being trapped in an endless cycle of poverty, with looming fear that you could lose your housing at any moment is no way for anyone to live. This is where a greater supply of housing would hopefully result in cheaper homes to purchase, rather than simply provide cheaper options for rental properties which do not provide you with the same value that owning a home would.

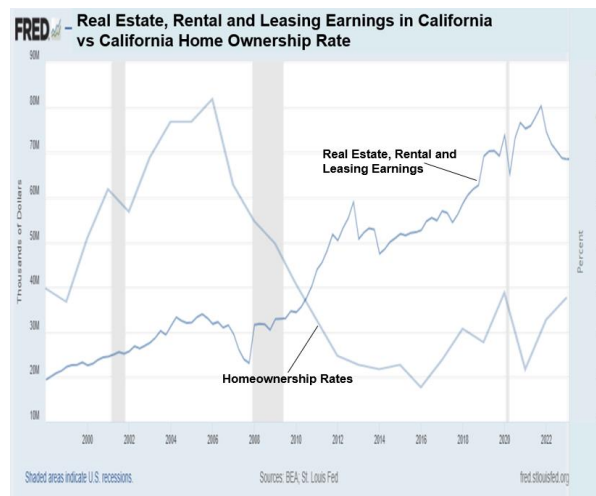


Figure 5

Figure 5 depicts the relationship over time between homeownership rates and the real estate, rental, and leasing market in California. In 2022, you see what is likely a market correction following a dip caused by the COVID-19 pandemic. The figure depicts that a reduction in homeownership rates among Californians over time has not harmed the earnings of the real estate, rental, and leasing market in California. This is due to rental properties which are a lucrative investment for landlords. Many people suffered when the housing bubble burst in 2008, but the market survived and thrived. Some investors purchased houses foreclosed by banks and either kept them off the market or turned them into rental properties. With no affordable options, many people were forced into renting. The California Apartment Association’s

opposition to Proposition 21 and the interests they represent paints an enlightening picture when considered alongside *Figure 5*.

As with anything, this research is not flawless. Future research would benefit from having a larger sample size. Perhaps including counties from states similar to California would make San Francisco appear less of an outlier. Including vacant rental housing in the independent variable would have been interesting and could have provided more insight into the strength of the relationship between rental housing and homelessness. Homeless count data by county rather than CoC would have helped paint a clearer picture of this relationship as well, but that constraint is likely to last unless PIT counts change the way they gather their data.

Conclusion

California's Housing and Homelessness crises are two sides to the same coin and are characterized by a lack of affordable housing. The consensus is that increasing the housing supply will contribute to a greater share of affordable housing units. I questioned the effectiveness of this approach at face value. Rental properties primarily exist for profit which can be detrimental to tenants and can result in evictions if tenants are unable to afford rent. As such I hypothesized that higher shares of rental properties in a given California county would coincide with a higher rate of homelessness in that county. Through regression and analysis of a scatterplot, I established a moderately positive correlation and statistical significance for the relationship between the independent and dependent variables. Additionally, Proposition 21 support aligned with the relationship between the share of rental housing and the rate of homelessness by California counties. This showed that counties with higher rates of

homelessness and higher shares of rental properties viewed rent control as a potential alleviation for affordability issues.

These findings highlight the need for caution in the kind of housing we create, particularly regarding the type of housing we build and who owns it. Policies promoting tenant protections, such as rent control, should be employed to help combat homelessness. More importantly, policies expanding access to housing should be pursued, whether through a constitutional right to housing or financial assistance. Just because a path is not the most economically preferable does not mean it should not be pursued. It should be considered that those who would benefit most from rent control cannot voice their preferences as effectively as those who oppose it due to practical barriers.

People who are currently unhoused are not likely to be able to afford shelter no matter how much the housing supply increases. This consideration makes state-provided housing an appealing remedy to help those living on the streets. Guaranteeing shelter as a right would also help safeguard against people being forced onto the streets in the future. Taxes could be redirected from other sources to help fund this. California spends the most money per capita on policing (Stebbins 2023). If people's basic needs, i.e. shelter, are provided by the government, they would not be as likely to engage in crime as those facing desperation. As such, there would be less need for exorbitant police spending and that funding could be redirected towards more beneficial policies.

California tends to pass off the responsibility of dealing with certain policy issues to voters, via propositions, so legislators do not have to deal with them. It is time for legislators in California to do what they were elected to do and stand up for those who need the most help,

instead of passing the responsibility off to voters who might not be as well-informed as politicians. This research highlights that the complexity of our political and economic systems can get in the way of doing the right thing, but that should not be an excuse for inaction. The focus of societal quarrels should not be between the left and the right, but rather the top and the bottom.

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