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ECONOMICS



# THE RENTAL EVICTION CRISIS: *A TSUNAMI THAT NEVER REACHED THE SHORELINE*

September 2021



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Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Employing unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis required to understand the significance of on-the-ground realities and to make informed business and policy decisions.

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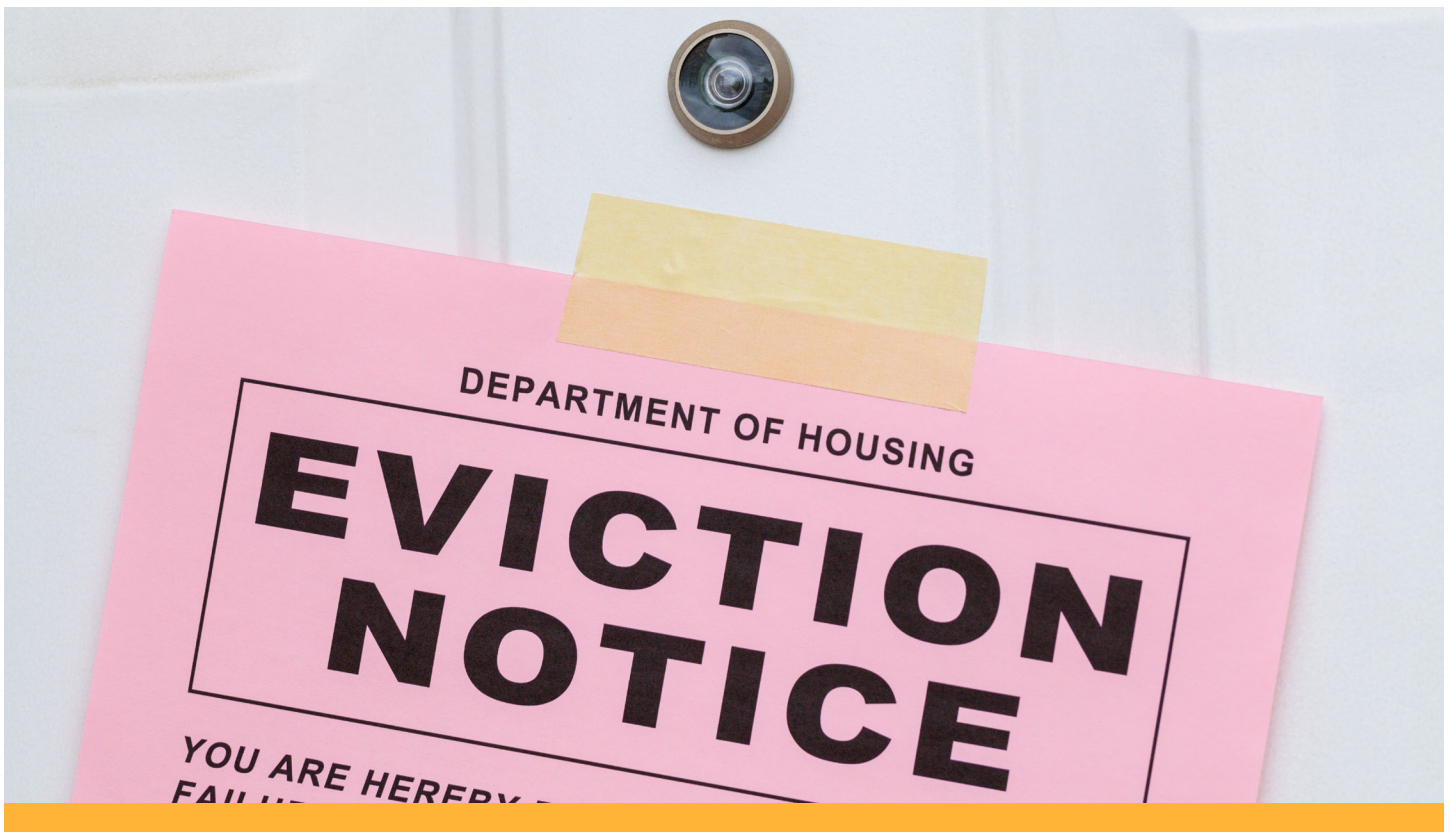
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# INTRODUCTION

In August of 2020, the Aspen Institute published a dire [report](#) on the state of renters in America, predicting that up to 29 million people were at risk of eviction. Several news media outlets ([CBS](#), [USA Today](#), [CNN](#)) ran stories about the potential devastating economic and social costs that would arise if, indeed, 12% of the total U.S. population (40 million people) were evicted. In response, numerous state and local governments, including California, enacted eviction moratoriums, most of which continue today. California has also established a large fund to help households pay back rent, albeit most of the funds in the program have not yet been allocated.

By way of comparison, the Great Recession saw an estimated 10 million homeowner foreclosures (impacting 20 - 40 million residents), although this devastation took place over a long period from 2006 to 2014.<sup>1</sup> The Aspen Institute forecast was produced using the U.S. Census Bureau's new high frequency Household Pulse Survey (HPS), which was put together in the first weeks of the COVID-19 crisis to better track the impact of the pandemic on U.S. households. The data has suggested 14 - 18% of renting households are behind on paying rent, the basis for the Aspen Institute's predictions. Numerous other groups have since followed with similar analyses using the same data.

Beacon Economics was commissioned by the California Apartment Association to evaluate the origins and accuracy of these forecasts, and to evaluate the true impact of the pandemic on rental housing markets. This report follows Beacon's previous research: "The Economic Conditions of Renters and Beyond" (June 2021). It found that prior to the pandemic,

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<sup>1</sup> Tommy Andres, "Divided Decade: How the financial crisis changed housing," Marketplace, December 17, 2018.

the financial health of renter households had been improving across a variety of metrics, including median annual income, monthly rent burdens, and weekly earnings for the bottom quartiles of the income distribution. Additionally, this report found that massive federal aid poured into the U.S. economy has more than offset the impact of the pandemic on renter finances. Numerous indicators from wages to spending to bank account balances among lower income earners are, on average, better now than they were pre-pandemic.

These previous findings help explain why the “[avalanche](#)” or “[tsunami](#)” of evictions never happened. While some households certainly suffered temporary job and income losses, many were able to tap savings and government assistance to make rent payments as needed. Recent renter surveys and research supports this hypothesis.<sup>23</sup> Even now, as pandemic relief measures are pared down, data from a number of sources suggests eviction rates remain low where eviction moratoriums have been allowed to expire.<sup>4</sup> In addition, there is little doubt about the improvement of the overall U.S. economy, including a record number of job openings (nearly 11 million as reported in early September) and accelerating wage growth — all suggesting that conditions will continue to improve. This helps explain why programs designed to aid renters continue to go largely unutilized. These include the \$50 billion federal program to help renters; yet to date, less than 10% of funds have been used.<sup>5</sup>

But even as evictions remain low, why have some forecasters continued to paint a dire picture of the state of renters? Beacon Economics believes inaccurate predictions stem from the HPS. Many who read the results simply assumed that any signs of distress in the data must be stemming from pandemic-driven economic problems. Our findings suggest this assumption is incorrect; a portion of households likely struggle to make ends-meet even in the best economic conditions due to structural rather than cyclical factors.

While there is no before-and-after control, we can use cross-section variation in the patterns of economic distress across states to control for cyclical distress driven by the pandemic in order to separate this from long-run structural (pre-pandemic) issues. If the problem is cyclical, then greater increases in the unemployment rate should see a comparably large number of renters struggling to pay their rent. Once we control for economic distress, we can then assume the residual distress in the data is structural — in other words, driven by structural conditions that were in place pre-pandemic.

This analysis shows that over 90% of rental payment distress found in the HPS data is structural due to baseline conditions that were in place pre-pandemic. Less than 10% can be linked to issues of job loss. Despite our findings, policymakers instead operated under the assumption (fueled by Aspen Institute forecasts and other researchers) that drastic action was needed to avoid an eviction catastrophe. This led to blanket eviction moratoriums and gigantic rental forgiveness programs, the efficacy of which remains in serious doubt.

This analysis should not be interpreted as a call to ignore the plight of struggling renters, especially in vulnerable communities. Our results are consistent with the well documented fact that, for a variety of structural reasons such as lack of economic opportunity, certain demographic groups often face higher eviction rates even during periods of stable economic growth.<sup>6</sup>

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<sup>2</sup> Marin Scott, “Landlords and Renters Struggling to Make Ends Meet During COVID-19 Uncertainty,” Avail, April 20, 2021.

<sup>3</sup> Igor Popov, Rob Warnock, and Chris Salvati, “Despite Slight Improvement, Rent Payment Struggles Continue,” September 9, 2020.

<sup>4</sup> Princeton University’s Eviction Lab [shows](#) that evictions remain well under the normal annual average. [Harris County](#) (Atlanta metro area) and [King County](#) (Seattle metro area) data indicate evictions have remained lower than average throughout the summer of 2021. The National Multifamily Housing Council reports that 95.6% of households have paid rent as of July 2021, only a 0.4% decrease from the same month in 2019.

<sup>5</sup> Rachel Siegel, “As eviction crisis loomed, rental relief barely picked up in July,” Washington Post, August 25, 2021.

<sup>6</sup> Elora Ryamond et al., “Corporate Landlords, Institutional Investors, and Displacement: Eviction Rates in Single-Family Rentals,” Federal Reserve Bank of Atlanta, December 2016.

<sup>7</sup> Timothy Andrew, “Forced Out: Race, Market, and Neighborhood Dynamics of Evictions,” University of Washington Research Works Archive, 2017.

<sup>8</sup> Micheael C. Lens et al., “The Neighborhood Context of Eviction in Southern California,” City & Community, April 17, 2020

<sup>9</sup> Peter Hepburn, Renee Louis, and Matthew Desmond, “Racial and Gender Disparities among Evicted Americans,” December 16, 2020.

# EXECUTIVE SUMMARY

The following are key findings, estimates, and conclusions of Beacon Economics' analysis of the current state of renters in the United States, as well as the impact of the COVID-19 pandemic on the nation's rental housing market:

- Dire predictions estimating 30 to 40 million Americans could be evicted during the pandemic have fallen severely short.
- Even as pandemic relief measures wind down, data from a number of sources suggest eviction rates remain low where eviction moratoriums have been allowed to expire.<sup>10</sup>
- Beacon Economics' previous research ("The Economic Conditions of Renters and Beyond" from June 2021) suggests these forecasts were far off the mark, in part because the improved financial health of renter households in recent years provided an economic cushion to offset income losses experienced during the pandemic.
- This report further suggests the number of households at risk of eviction was overblown due to statistical issues in the HPS, as well as the inability of researchers to control for structural factors.
- Beacon Economics' analysis shows that over 90% of rental payment distress found in HPS data is structural due to baseline conditions that were in place pre-pandemic. In other words, less than 10% can be linked to the recent increase in unemployment.
- HPS data shows California has closely tracked national trends, with the number of households behind on rent declining drastically from 20.75% to 13% from January to June 2021.
- While this may seem elevated, estimates of behind-rent households in California in April 2020 were already at 10%, which suggests a large portion of renters experiencing hardship is driven by structural factors present prior to the pandemic.
- This appears to be the case for Los Angeles, where the percentage of households behind on rent has increased by only around 1% (12.2% to 13.4%) from April 2020 to June 2021.
- Detailed economic analysis shows that in California, the unemployment rate only accounts for 7% of current households behind on rent while structural factors (including demographics) account for 93% of late rent payments. In other words, we provide further evidence that the current percentage of households behind on rent in California is driven by structural factors rather than cyclical factors.
- Structural factors, including measures of median age, the percentage of college educated, and demographics such as the number of Black and Hispanic households, are statistically significant and exert a strong impact on the number of behind-rent households.
- Beacon Economics' findings suggest the housing crisis appears to be overstated for the broader population but not for certain communities. As a result, a potentially more effective policy response to avoid evictions may have been a more targeted (and easier to implement) income support program for certain disadvantaged communities (perhaps based on zip code or city) rather than blanket moratoriums and mass rental relief.

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<sup>10</sup> Princeton University's Eviction Lab [shows](#) evictions remain well under the normal annual average. [Harris County](#) (Atlanta metro area) and [King County](#) (Seattle metro area) data indicate evictions have remained lower than average throughout the summer of 2021. The National Multifamily Housing Council reports that 95.6% of households have paid rent as of July 2021, only a 0.4% decrease from the same month in 2019.

# DIRE PREDICTIONS FROM THE HOUSEHOLD PULSE SURVEY (HPS)

While the Aspen Institute was one of the first organizations to [ring](#) alarm bells over a potential eviction crisis in August 2020, it was not the only organization to offer apocalyptic predictions for the rental market. Many others have followed with similar claims — enough so that it has seemingly been accepted as conventional wisdom in politics and the press. For example, Stout, an investment bank based in Chicago, [published](#) a widely cited policy brief in September 2020 forecasting that between 23.3 to 34 million renters were at risk of eviction, 8.4 million of which would be evicted by January 2021. These predictions appear to have relied heavily on the HPS, which was launched in April 2020 in direct response to the pandemic.

The HPS covers many [topics](#), including education, employment, food sufficiency, health, social security, spending, transportation, and housing. Data on renters' health is derived from the housing section, which specifically asks those surveyed about "Last month's Payment Status for Renter Occupied Housing." HPS data shows that a high percentage of households answering were behind on rent, reaching a peak of 19.3% by July 2020. Given there are 43 million households nationwide, this translates to roughly 8 million households behind on rent. This is likely the basis for the estimate of 30 - 40 million people at risk of eviction if one assumes multiple persons per household.

The biggest issue with the HPS is that it doesn't have any pre-pandemic data to use as a control. HPS researchers took these numbers as a direct estimate of the impact from the pandemic on the ability of renter households to meet their rent. It is based on the implicit assumption that if the HPS survey had been run pre-pandemic, 0% of families would have answered they were behind on rent. The number of households behind on rent (over 13% of those surveyed) was elevated even in the earliest stages of the pandemic (April 23 to the May 5 HPS survey), which was well before the full economic consequences of the pandemic would have a significant impact on the ability to pay rent.

In addition, the novelty of the HPS likely carries with it a variety of statistical issues that may cloud the reliability of the data. Unlike other long-running surveys, there has been less time to smooth out potential errors in either the data collection or sampling process. As a result, the HPS is listed under the U.S. Census Bureau's "New Experimental Data Products," which the organization [admits](#) "may not meet all of our quality standards." This is a clear warning: researchers and policymakers should exercise a degree of caution when extrapolating survey conclusions to the real world.

It is important to note that at least one forecast was more hopeful on the number of evictions. In October 2020, the Federal Reserve Bank of Philadelphia [predicted](#) that somewhere between 4.2% to 5% of rental households would accrue rental debt by December 2020. This estimate was far less alarming than the Aspen Institute's research, a fact that the authors explicitly acknowledge. As of August 2021, the same Federal Reserve Bank of Philadelphia researchers [estimated](#) only 1.95 million households were in rental debt (5.8% of renters) to the tune of \$15.3 billion.<sup>11</sup> However, even this estimate does not predict that all indebted households would be forcibly evicted. After all, indebted households may be able to either tap into government assistance or privately negotiate a payment plan, the latter strategy of which has been found to be a common practice during the pandemic.<sup>12</sup>

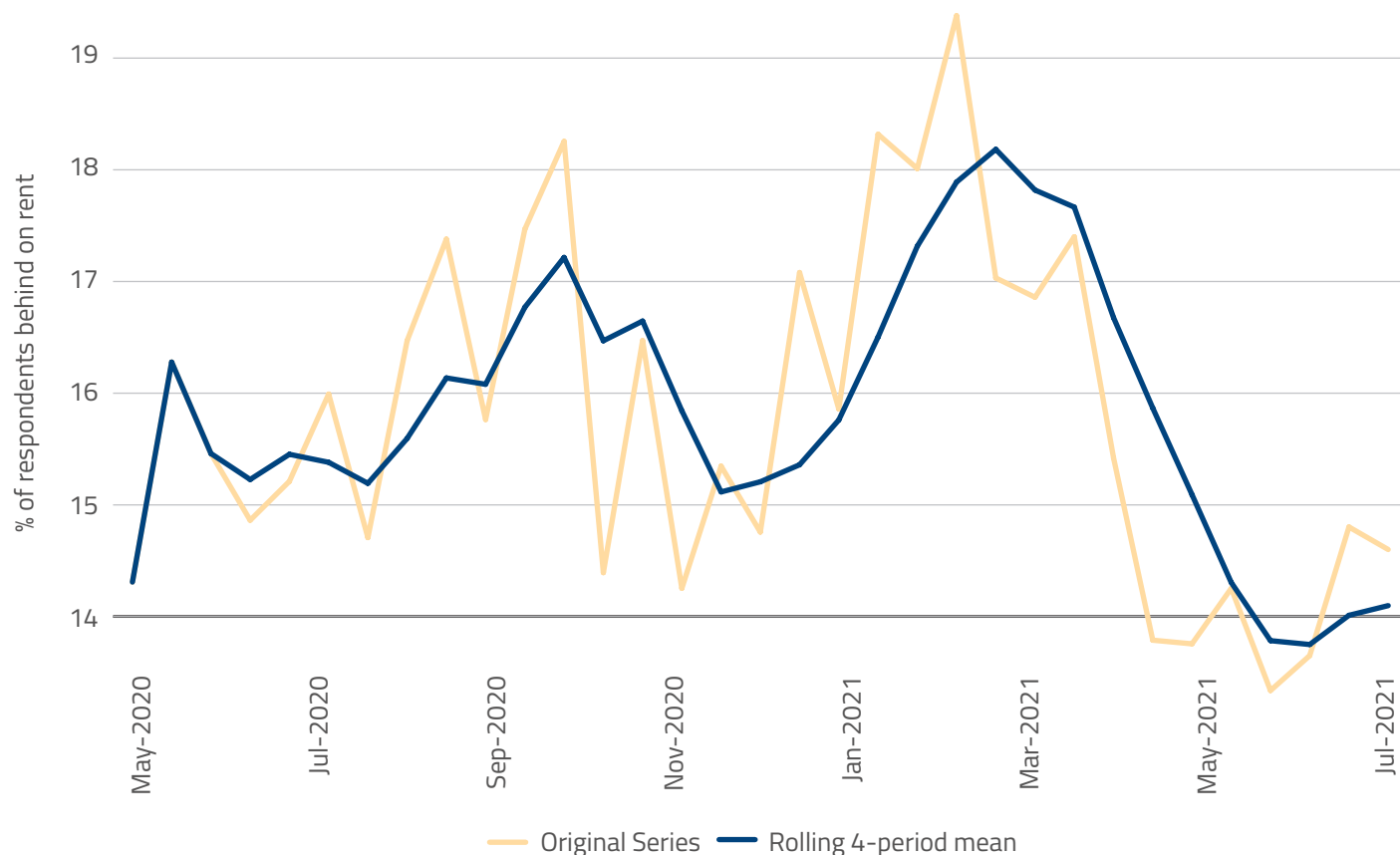
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<sup>11</sup> Davin Reed and Eileen Divringi, "Household Rental Debt During Covid-19: Update for August 2021," Federal Reserve Bank of Philadelphia, July 30, 2021.

<sup>12</sup> Elijah de la Campa, "The Impact of COVID-19 on Small Landlords: Survey Evidence from Albany and Rochester, New York," Joint Center for Housing Studies Harvard University, March 2021.

What is clear is the Federal Reserve Bank of Philadelphia's estimates of behind-rent households has been, and continues to be, much smaller compared to other organizations (10 to 20 times smaller than the Aspen Institute and Stout). It is important to also note that the bank's estimate is likely more robust because it is derived from several sources ([IPUMS](#), [CES](#), and [CPS](#)), a sharp contrast to other estimates which rely mainly on the HPS.

**Figure 1: Households behind on rent have decreased since April 2020**



Source: U.S. Census Bureau, ACS, BLS; Analysis by Beacon Economics

Figure 1 shows the number of HPS respondents who claimed they were behind on paying rent. The data has varied from 13% to 19% in the last 17 months. Notably, the number of households behind on rent was lower in the summer months of 2021 compared to the early stages of the pandemic in April 2020. In the first few chaotic months, renters were recipients of a tremendous amount of stimulus in the form of expanded unemployment and direct subsidies. But more importantly, the labor market has bounced back far more rapidly than most economists had predicted, with the unemployment rate yet again under 6% even as the the nation added back over 75% of the jobs initially shed. While the total number of jobs in the economy is still well below where it stood pre-pandemic, the number of job openings has skyrocketed to record levels. This means the jobs gap is driven by the supply of labor (not demand) and accounts for the very healthy wage growth for workers in the bottom quartile of incomes, as [seen](#) in the wage tracking data released by the Federal Reserve Bank of Atlanta. But the improving labor market has failed to cool the flow of news stories predicting massive numbers of evictions if moratoriums are allowed to expire.



The HPS also includes state-level data, which shows how California and large metropolitan areas within the state generally follow a national trend of behind-rent households dropping drastically from earlier highs in the pandemic (See Figure 2). For example, in Los Angeles, the percentage of households behind on rent has fallen to 9.13% in the June 23 survey, down drastically from a pandemic high of 20.75% in February 2021 (See Table 1). Meanwhile, California has experienced similar drastic declines from 20.75% to 13% in the recent June 25 - July 5 survey. Again, it should be noted that initial estimates of behind-rent households in the April 23 - May 5 survey were already elevated at 10%.

**Table 1: Households behind on rent sharply down from pandemic highs**

Area	Peak (Date)	Recent (May-June 2021 Avg)	Change
California	20.75% (2020-12-09)	11.99%	-8.76%
San Francisco	21.59% (2020-06-04)	14.52%	-7.07%
Riverside	28.90% (2020-08-19)	14.83%	-14.07%
Los Angeles	25.20% (2021-02-03)	13.39%	-11.81

Source: U.S. Census Bureau; Analysis By Beacon Economics

**Figure 2: Health of CA renters has improved from pandemic lows, 4-period avg**

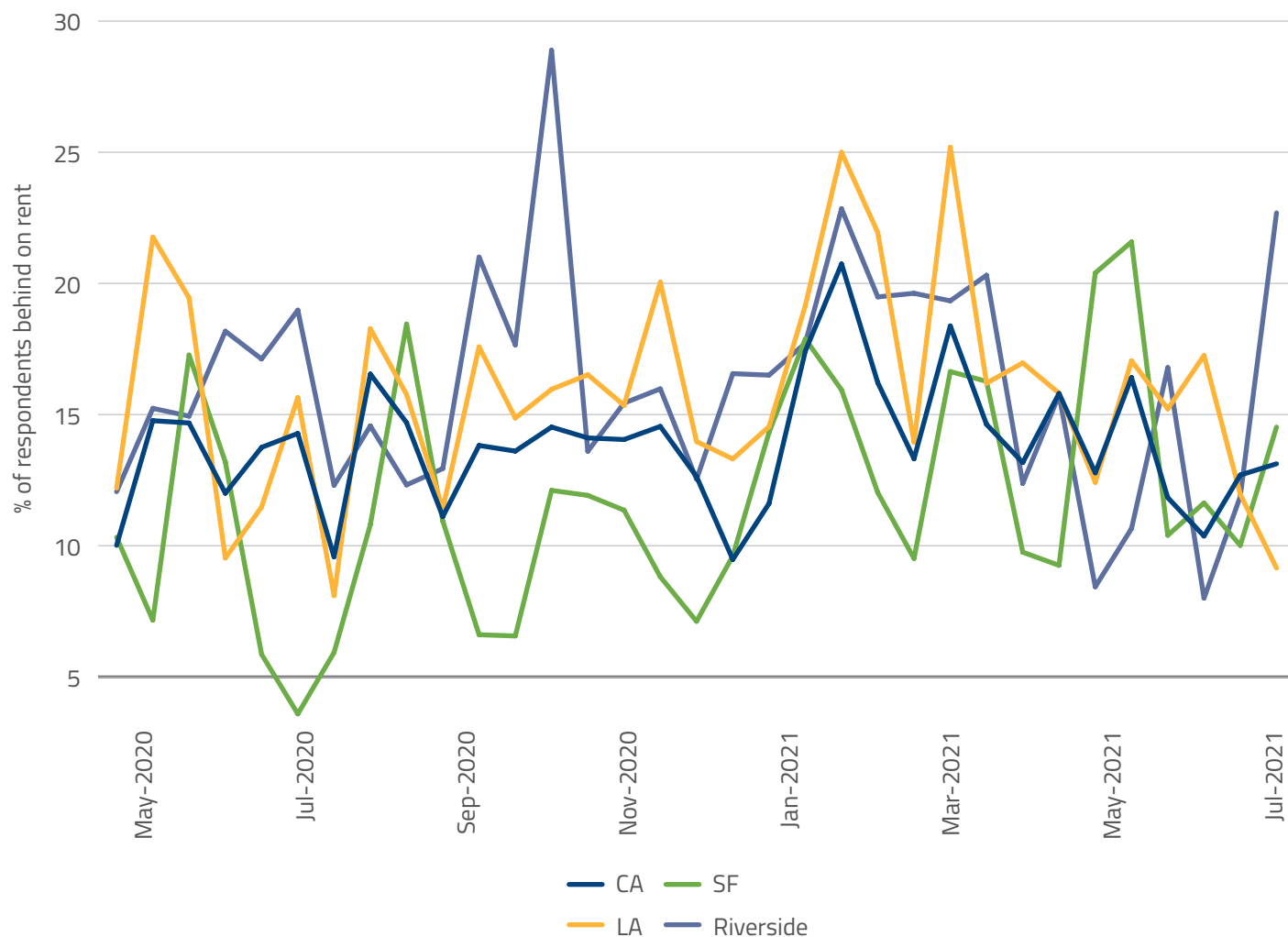


Source: U.S. Census Bureau; Analysis By Beacon Economics



However, we should be even more careful when drawing conclusions from state and metropolitan-area data due to the extremely high variation between surveys that is likely driven by statistical under-sampling rather than actual changes in the health of renters. Figure 3 utilizes the same data as the previous chart, but instead it does not average across four periods. This shows considerable noise in the data with huge swings in the percentage of behind-rent households between periods. This is almost assuredly driven by the extremely small sample size for Los Angeles (1,580 households), Riverside (1,072 households), and San Francisco (1,579 households) as of the June 23 - July 5 survey.

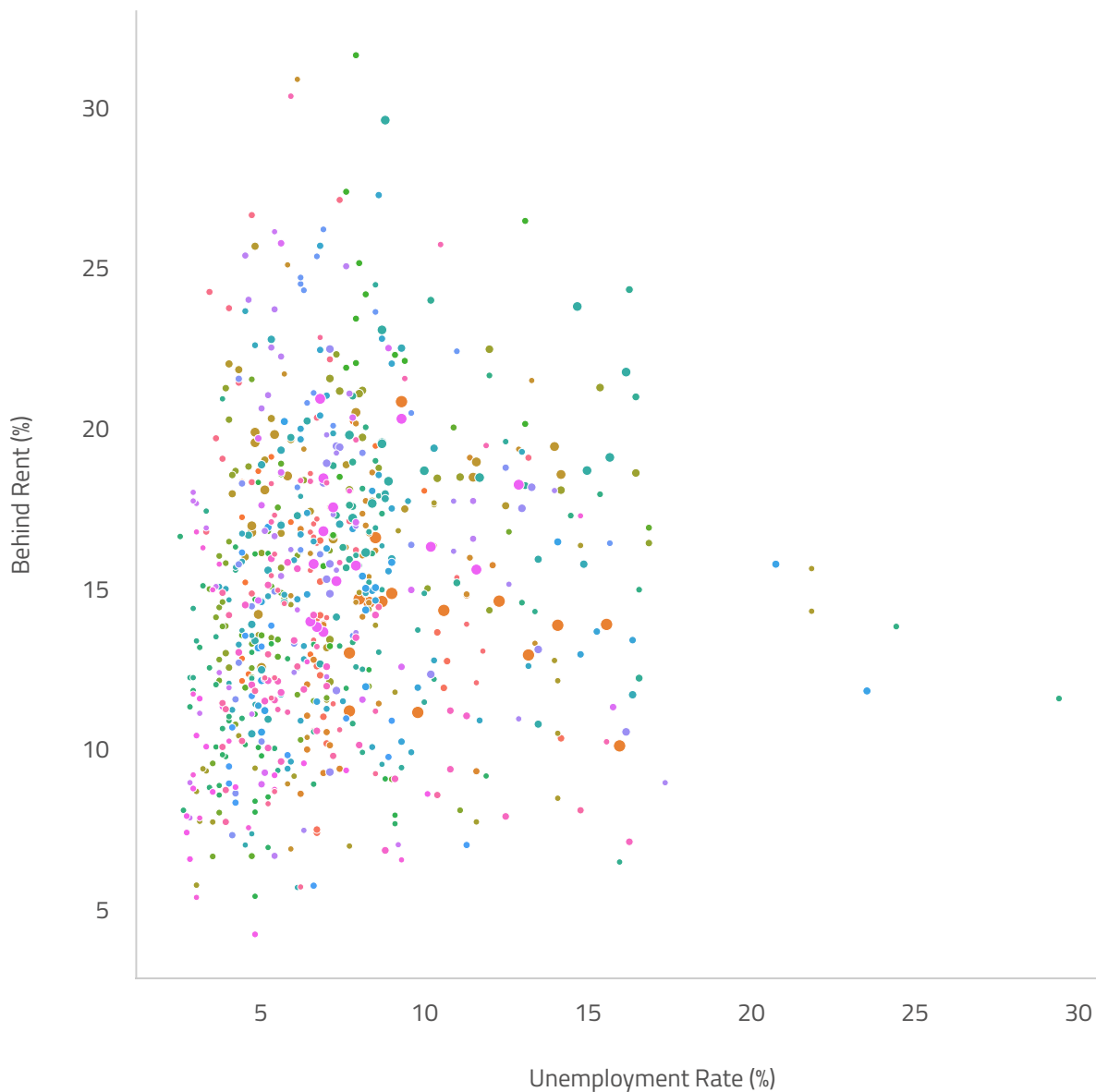
**Figure 3: Survey results vary widely suggesting considerable statistical noise**



Source: U.S. Census Bureau; Analysis By Beacon Economics

Figure 4 graphs the percent of households behind on rent versus the unemployment rate for each state from March 2020 to July 2021. The dot color represents individual states while the dot size is scaled to represent the total population. This chart shows that an increase in unemployment appears to coincide with a decrease in rent payments.

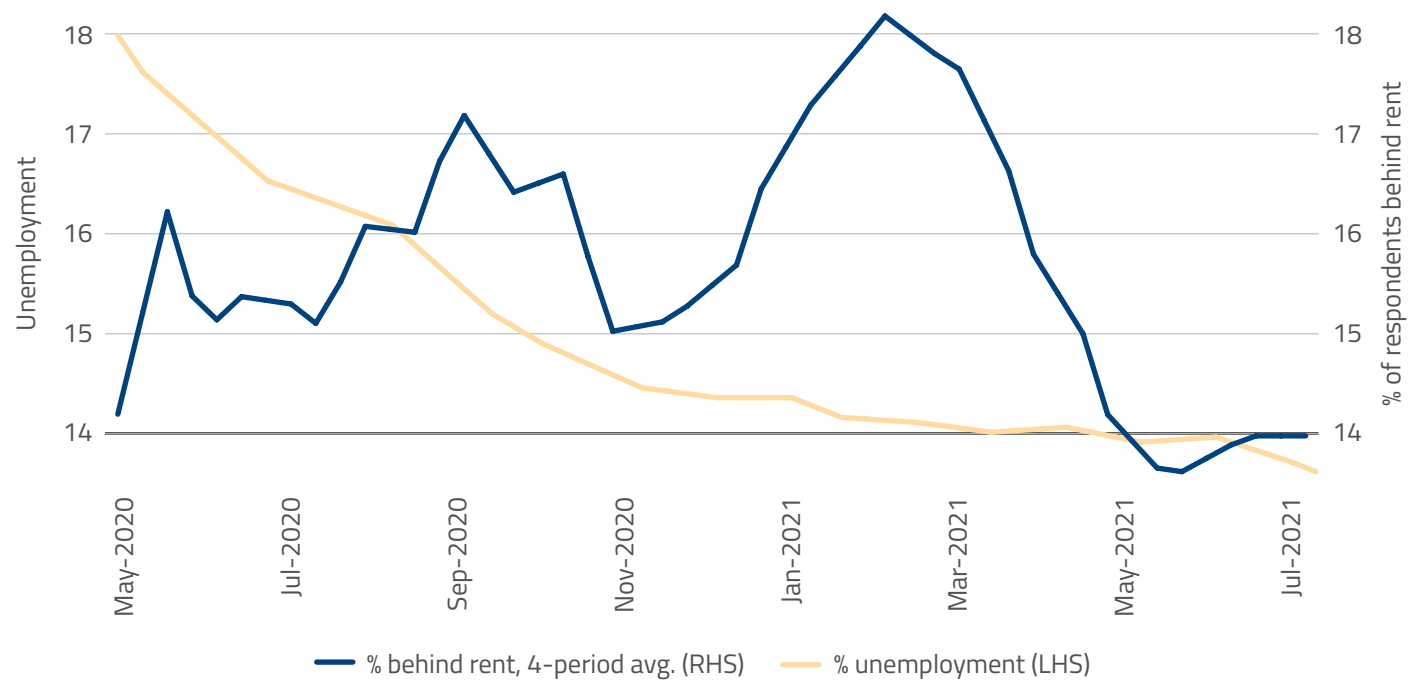
**Figure 4: Relationship between late rent and unemployment is weak**



Source: U.S. Census Bureau ACS, BLS; Analysis By Beacon Economics

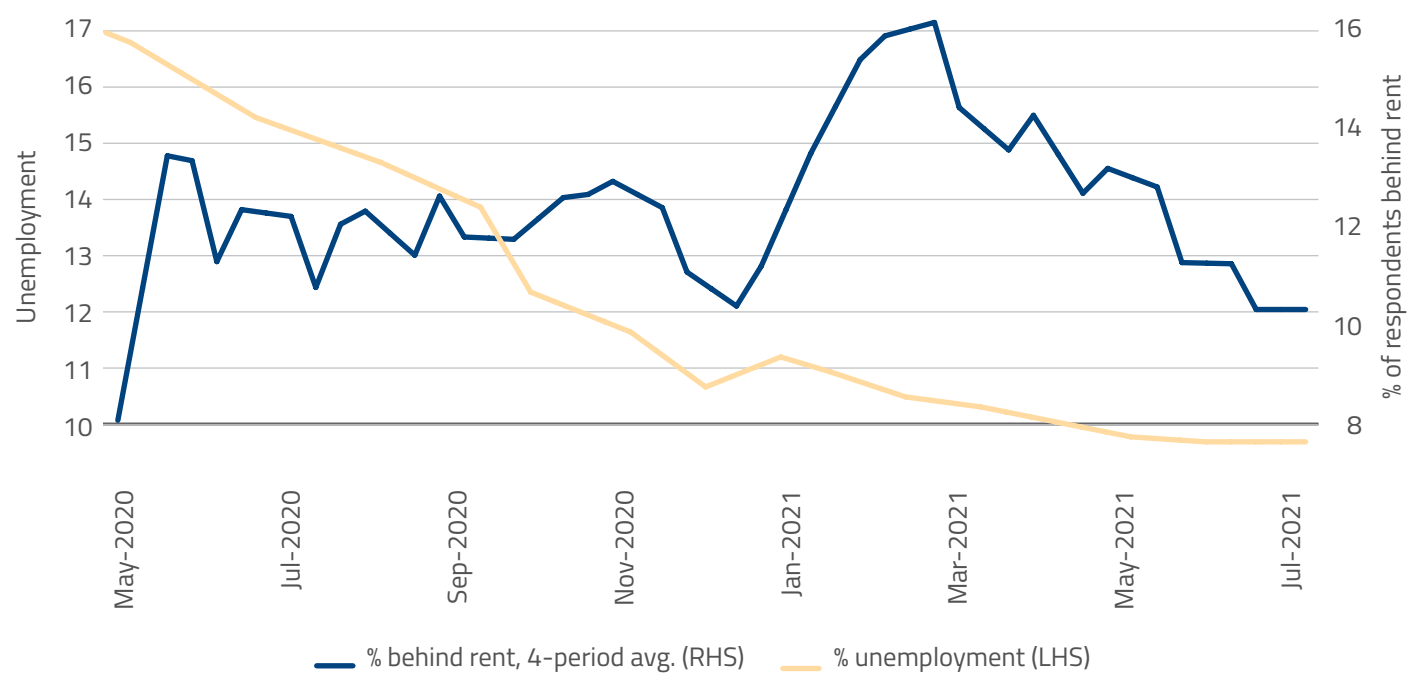
However, this relationship appears less robust when examining the United States overall, as well as California (See Figure 5). This is evidence that local economic developments may not be the strongest determinant in the number of households behind on rent payments.

**Figure 5-1: U.S. late rent and unemployment**



Source: U.S. Census Bureau, BLS; Analysis By Beacon Economics

**Figure 5-2: CA late rent and unemployment**



Source: U.S. Census Bureau, BLS; Analysis By Beacon Economics

Quantifying the potential relationship both from an economic and statistical perspective requires modeling known as regression analysis. To control for differences between states, we employ both Fixed Effects and Random Effects regression models, a common technique used when analyzing multiple entities (in our case, states) over multiple time periods (also known as panel data).<sup>13</sup>

Table 2 shows that an increase in unemployment (highlighted in yellow) is statistically associated with an increase in the number of households behind on rent payments for our model, using data from all 50 states. This is true across a variety of models and specifications.<sup>14</sup>

The coefficients suggest that, depending on the model, a 1% increase in unemployment is associated with a 0.13% to 0.36% increase in households behind on rent payments. This so-called “steady state” calculation is derived by summing the unemployment and its first lag, divided by 1 less the dependent variable coefficient.<sup>15</sup>

In other words, according to Beacon Economics’ baseline model (Model 1), a 10% increase in the unemployment rate would be associated with only a 1.3% increase in behind-rent households. The weak relationship seems possible when considering that the sharp spike in unemployment included some workers who were temporarily laid off due to massive business uncertainty early in the pandemic. Many of these unemployed workers may have included middle and upper-income families who would have less difficulty tapping savings to meet rent payments, thus weakening the relationship between unemployment and rent payments.

**Table 2: Regression analysis shows structural (not cyclical) factors drive late rent payments**

Dependent variable	Behind rent	Behind rent	Behind rent
Model	Model 1: Fixed effects	Model 2: Random effects	Model 3: Random effects
Unemployment (%)	0.305 (0.136) **	0.496 (0.145) ***	0.395 (0.164) **
Unemployment (%), 1 lag	-0.185 (0.107) ***	-0.269 (0.114) **	-0.207 (0.132)
Dependent variable, 1 lag	0.079 (0.044) ***	0.247 (0.039) ***	0.483 (0.036) ***
Median rent as % of income	NA	NA	0.209 (0.097) **
College educated (% of pop)	NA	-0.231 (0.054) ***	NA
Median age	NA	0.146 (0.058) **	NA
Black population (%)	NA	0.180 (0.02) ***	NA
Hispanic population (%)	NA	0.018 (1.393)	NA
Constant	13.187 (0.792) ***	6.347 (2.351) ***	0.578 (2.57)***
Obs	700	700	700
R-squared	0.125	0.420	0.302
Entities	50	50	50
Observations	700	700	700
Weighted?	Log(Population)	Log(Population)	Log(Population)
Robust standard errors	Yes	Yes	Yes

Statistical significance: \* p-value<0.10 \*\* p-value<0.05 \*\*\* p-value<0.010

Robust standard errors in parentheses

Source: U.S. Census Bureau; Analysis By Beacon Economics

<sup>13</sup> Random Effects models allow for a closer examination of demographic data because estimation is possible using variables that do not change the sample period. This is not the case for Fixed Effects. Measures such as the percentage of college educated, Black, and Hispanic households remain constant over time in our models because publicly available and reliable high frequency demographic data sets do not exist.

<sup>14</sup> The level of statistical significance is denoted by the stars accompanying the coefficients.

<sup>15</sup> For example, for model 1 the calculation is as follows. Numerator: (0.305-0.185) = 0.12, Denominator: (1-0.079) = 0.921 Final calculation: 0.12/0.921 = 0.13



Further analysis in Beacon Economics' Model 2 reveals a striking finding: the impact of unemployment on late rent is extremely small.

This model suggests that a 1% increase in unemployment is associated with a 0.301% increase in late rent payments, according to the steady-state calculation outlined previously. By plugging this into California's actual change in unemployment, which is a 3.4% increase from the start of the pandemic until summer 2021, we find the unemployment variable accounts for only a 1.02% increase in late rent payments.<sup>16</sup>

Put differently, this result shows the unemployment rate only accounts for 7% of current households behind on rent, while structural factors (including demographics) account for 93% of late rent payments.<sup>17</sup>

Other demographic variables, including measures of median age and the percentage of college educated, are also highly statistically significant and exert a strong impact on the number of behind-rent households.

It is also telling that the best fit model, according to a commonly used metric of model fit known as r-squared, is highest for the demographic models at 0.42 compared to 0.125 and 0.302 in Models 1 and 3, respectively.

Beacon Economics' results remain robust when removing the lag of the dependent variable, as well as running the model without weighting by population. Outcomes are further unchanged when using the percentage of households that are caught up on rent as the dependent variable.<sup>18</sup>

## PULSE SURVEY STATISTICAL ISSUES

Since April 23, 2020, the U.S. Census Bureau has conducted the HPS on a regular basis, publishing 33 weekly reports (as of July 14, 2021). These reports have been conducted in four separate phases, each of which have slightly different sampling and statistical techniques.

While this data can help supplement our understanding of the havoc wreaked on households in the United States during the pandemic, it is by no means the most authoritative resource due to potential statistical issues born out of experimental design.<sup>19</sup>

The U.S. Census Bureau upholds a high degree of transparency in publishing granular survey data and carries out internal reviews to assess the validity of the HPS. It [concludes](#) that "the 2020 HPS data had many potential sources of error, including coverage, processing, unit nonresponse, and item nonresponse."

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<sup>16</sup> This impact is derived by multiplying the steady-state coefficient of 0.301% by the increase in the unemployment rate in California of 3.4 percent from January of 2020 (4.2%) to June of this year (7.7%).

<sup>17</sup> This is calculated by dividing 1.02 (increase in late rent due to the 3.4% increase in unemployment) by 13.12, the total renters in California behind rent, according to HPS data.

<sup>18</sup> Percentage of households who are caught up is not simply the surveyed population less the number of behind-rent households due to the fact there are respondents who either did not respond or report their rental payment status.

<sup>19</sup> The U.S. Census Bureau acknowledges that "the HPS is an experimental data product."

Some of the most glaring statistical issues in the HPS are related to the under sampling of certain demographics, especially in the categories of “Hispanic,” “Non-Hispanic black-only,” and “No high school diploma.”

For example, the “Non-Hispanic black-only” and “No high school diploma” categories only have an average coverage ratio of around 0.625 and 0.175, respectively, for the first four weeks of the survey, while coverage ratios for “Non-Hispanic white-only” are well over 1 (See Table 2 from the HPS). The most recent surveys (See Column 33 of Table 2 in the HPS) have been unable to rectify this issue.

The coverage ratio is a concept which reflects to what extent the survey sample “covers” the survey’s target population. Documentation provided by the U.S. Census Bureau [admits](#) that the “final coverage ratios are not perfect for some demographic groups” in the HPS.

**Table 3: Coverage ratio by demographic groups for 2020**

	Week 1	Week 2	Week 3	Week 4	Week 33
<b>Total Population</b>	1.04	1.03	1.04	1.04	1.05
Male	0.86	0.89	0.92	0.93	0.89
Female	1.21	1.16	1.15	1.15	1.19
Age 18-24	0.27	0.16	0.19	0.24	0.32
Age 25-29	0.63	0.51	0.46	0.45	0.49
Age 30-34	1	0.83	0.77	0.72	0.71
Age 35-39	1.35	1.25	1.18	1.08	1.03
Age 40-44	1.4	1.29	1.24	1.18	1.22
Age 45-49	1.36	1.3	1.25	1.26	1.26
Age 50-54	1.35	1.36	1.32	1.31	1.39
Age 55-64	1.21	1.29	1.35	1.38	1.35
Age 65+	1.01	1.13	1.25	1.32	1.27
Hispanic	0.69	0.58	0.57	0.58	0.72
Non-Hispanic white-only	1.2	1.24	1.28	1.28	1.18
Non-Hispanic black-only	0.76	0.61	0.56	0.57	0.75
Non-Hispanic other races	0.97	0.94	0.86	0.88	1.09
No high school diploma	0.2	0.17	0.16	0.17	0.21
High school diploma	0.52	0.44	0.42	0.41	0.46
Some college or associate’s degree	1.15	1.04	1.02	1.04	1.11
Bachelor’s degree or higher	1.74	1.87	1.95	1.96	1.8

Source: U.S. Census Bureau; Analysis By Beacon Economics

To make up for the insufficient coverage ratio for certain groups, the U.S. Census Bureau re-weights the sample, but it acknowledges that how “this weight procedure affects other variables in the survey is not precisely known.”

One reason for under-sampling may stem from the fact that responses to the HPS were particularly low in the first weeks of the sample. However, it should be noted that response rates have improved over the course of the survey.

**Table 4: Survey response rate**

Survey	Response Rate (Percent)
Week 1	3.8
Week 2	1.3
Week 3	2.3
Week 4	3.1
Week 28	6.6
Week 29	7.4
Week 30	6.8
Week 31	6.7
Week 32	6.4
Week 33	6.3

Source: U.S. Census Bureau; Analysis By Beacon Economics

The problem of under-sampling is even more drastic for sub-regions within the survey. For example, California’s data is sampling on average approximately 70,000 people with a response rate around 5,800. The raw response rates (a simple ratio of responses over total sample) hover around 8% to 10% in recent survey weeks. However, when weighting the response to reflect potential under- or over-sampling of demographic subgroups, the response rate is around 7% (See Table 3 from the HPS).

**Table 5: Survey response rate, California**

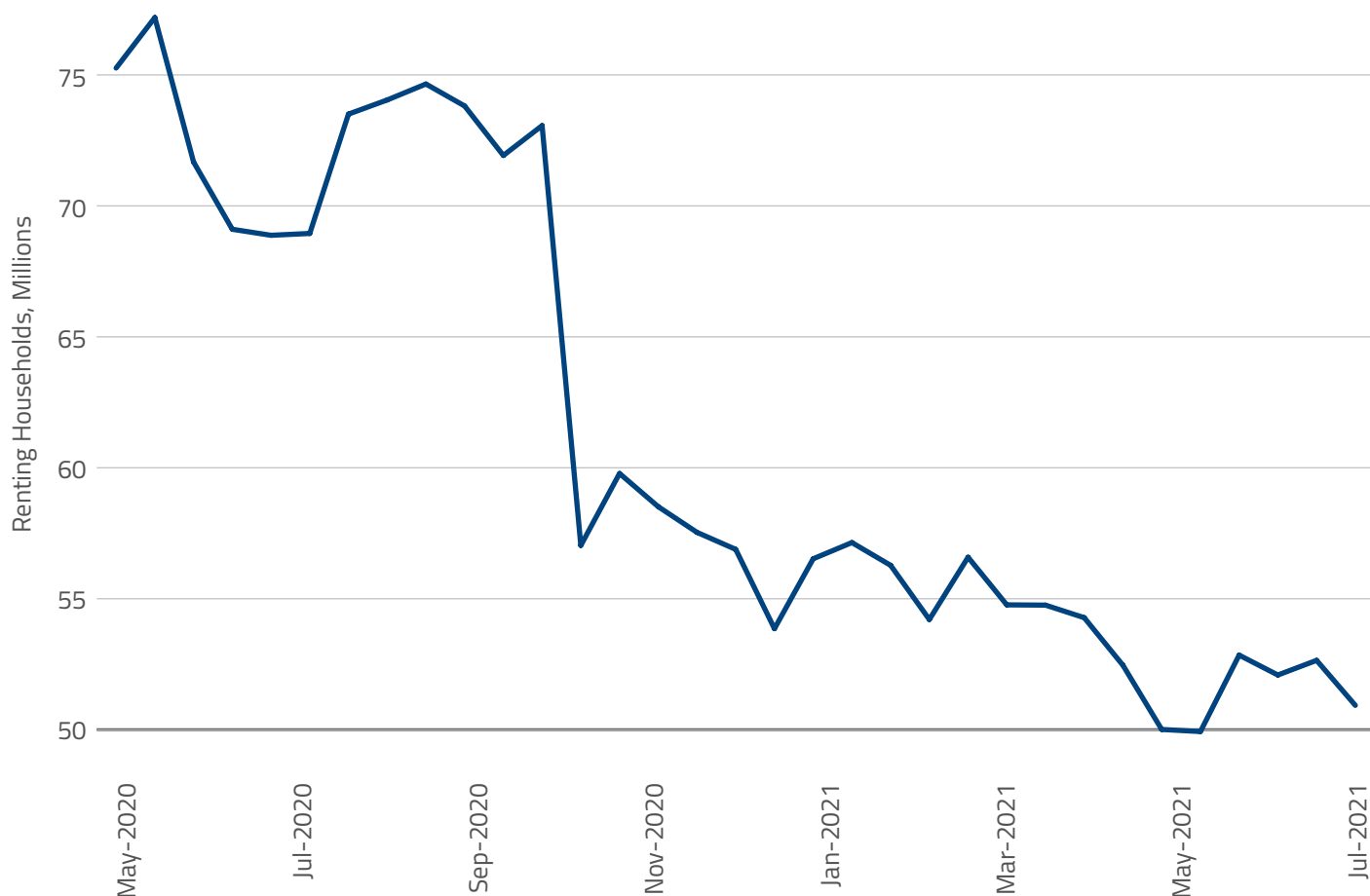
Total Population	Sample Size	Number of Respondents	Response Rate, Raw	Response Rate, Weighted
Week 1	112,269	4,772	4.25%	3.80%
Week 2	65,048	2,896	4.45%	1.30%
Week 3	77,409	9,661	12.48%	2.50%
Week 4	68,402	7,157	10.46%	3.30%
Week 28	64,435	5,544	8.60%	7.80%
Week 29	64,474	6,227	9.66%	8.90%
Week 30	64,514	5,787	8.97%	8.10%
Week 31	64,554	5,775	8.95%	8.10%
Week 32	64,595	5,815	9.00%	7.90%
Week 33	64,636	5,318	8.23%	7.20%

Source: U.S. Census Bureau; Analysis By Beacon Economics

But these tweaks may also come at a cost. If the methodology changes, comparing two time periods may not be the apples-to-apples comparison necessary to draw conclusions about the behavior of the data over time.

This considerable change over time is best evidenced by the uncertainty in the estimated number of renter households throughout the HPS (See Figure 6). Early survey estimated renter households to be around 75 million while later surveys revised this down by as low as 50 million.

**Figure 6: Estimated number of renting households varies enormously**



Source: U.S. Census Bureau; Analysis By Beacon Economics

The instability of the survey over time, at the very least, reinforces the U.S. Census Bureau's own warnings to treat the data as experiential. Thus, it is essential for policymakers and researchers to look at a broader universe when crafting policy to help those most in need.



# CONCLUSION

The dire predictions estimating that 30 to 40 million Americans could be evicted during the pandemic have fallen markedly short. This analysis suggests the failure stems from statistical issues in the HPS and the inability of researchers to control for structural factors. Beacon Economics' previous research ("The Economic Conditions of Renters and Beyond" from June 2021) offers another possibility: many households were able to ride out the economic storm due to healthy finances and savings prior to the pandemic.

Our conclusions, however, should not overshadow the reality that many renter households are still struggling to make ends-meet.

Overestimating the number of at-risk renters likely came at a cost. Tenant self-certification programs have allowed for larger-than-necessary blanket eviction moratoriums, not truly accounting for tenant need or recognizing the level of financial assistance that was already available before the rent relief programs took effect.