

# The Pervasive Impacts of Rent Increases in City Heights

## EXECUTIVE SUMMARY

Increasing rent prices have left many families struggling to make ends meet, fearing homelessness or displacement. City Heights, like many other neighborhoods in Southern California, faces a critical moment to address this important issue. To understand how residents are coping with this housing affordability crisis and the impacts on their lives, the USC Sol Price Center for Social Innovation partnered with Price Philanthropies to conduct 12 focus groups in City Heights with 113 residents, across multiple languages<sup>1</sup> to reflect the community's diversity. Most renters came from rent burdened households, who pay

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over 30% of their income on rent. These focus groups found that housing is the most unavoidable and single largest expense for City Heights residents, and as housing costs grow, rent burdened families must make tradeoffs to pay rent. This forces families to cut back on other necessities such as food, utilities, and sometimes even healthcare costs. In addition to cutting costs, residents cope with rising rents in impactful ways that include moving to

smaller units, increasing household sizes towards overcrowding, and sacrificing housing quality and quality of life. Furthermore, rising rents exacerbate household poverty, which leads to increased stress, uncertainty, and reduces housing stability. In the long-term, this shifts family dynamics, producing and exacerbating disconnection between parents and children. Finally, these focus groups revealed that differences exist across ethnic groups and their access to support networks, with some groups facing additional vulnerability from discrimination and social isolation.

## UNAFFORDABILITY IN CITY HEIGHTS

San Diego, like many major cities, has become characterized by a high cost of living, worsening inequality, and heightened concerns about regional affordability. Housing market pressures have created a real estate boom that has placed a significant burden on renters, who face rising housing costs amidst stagnating wages. Many renters, in San Diego's City Heights neighborhood and beyond, struggle to make ends meet and as a result, live in a constant state of economic crisis.

In City Heights, the housing market crisis and its consequences are particularly impactful because of the unique characteristics of the neighborhood. As a resettlement neighborhood for refugee populations, City Heights is one of San Diego's most diverse neighborhoods. The neighborhood houses approximately 81,000 residents; of those, 77% are renters.<sup>2</sup> Underrepresented ethnic and racial groups account for 85% of City Heights residents, with 54% identifying as Hispanic or Latino.<sup>3</sup> Moreover, roughly 41% of City Heights residents are foreign born.<sup>4</sup>

City Heights renters face rising rents and are forced to pay a greater share of their income on housing costs. An alarming 61% of renters in City Heights spend more than 30% of their income on rent—a critical rent burden threshold after which research has shown that households make critical sacrifices, including going without food and medicine, and reducing education and energy spending in order to afford rent.<sup>5</sup>



<sup>1</sup> Arabic, Burmese, English, Karen, Somali, Spanish, and Vietnamese

<sup>2</sup> American Community Survey 2017, 5-Year Estimates

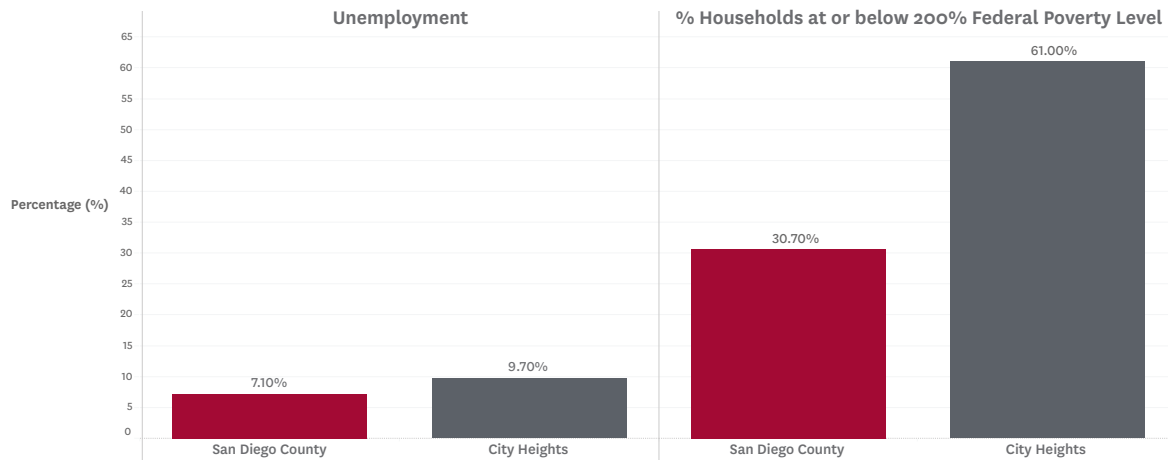
<sup>3</sup> American Community Survey 2017, 5-Year Estimates

<sup>4</sup> American Community Survey 2017, 5-Year Estimates

<sup>5</sup> American Community Survey 2017, 5-Year Estimates; Ault, 2016; Newman & Holupka, 2016; Newman & Holupka, 2015; McConnell, 2013; Greulich, et al., 2004

Furthermore, rising rents are compounded with stagnant wages, which puts enormous pressure on renter families. The median annual household income for City Heights residents is approximately \$39,010, which is roughly 45% less than the County’s median household income.<sup>6</sup> As illustrated in Figure 1, nearly two in three households in City Heights (61%) remain at or below 200% of the Federal Poverty Level. Further, unemployment rates in City Heights (approximately 10%) continue to rest at higher levels than across San Diego County (approximately 7%).<sup>7</sup> The combination of rising rents, stagnant wages, and regional housing market pressures force City Heights residents to face acute consequences, which create immediate and long-term impacts.

**Figure 1. Economic Health of City Heights & San Diego County**



## DRIVERS AND IMPACTS OF UNAFFORDABILITY

Focus groups examined the factors underlying housing unaffordability, as well as how families coped with rising housing costs. Residents repeatedly cited the dual issue of stagnant wages and escalating rents as the primary sources of their precarity, and major sources of stress in their lives. One Vietnamese participant explained how stagnating wages manifested themselves at the nail salon where she works: “four years ago, when I [gave a] pedicure, they [gave me] \$18. Now, it’s still \$18. It doesn’t rise, but automobile insurance is rising, gas is increasing. Before, [when ] I [got] \$18, I [could] live. Now, with car insurance, I do not have enough with the \$18.”

**“You *have* to reduce everything you can to pay the rent”**



With their wages not increasing, rising rents present a more pressing issue. One Spanish-speaking resident explained that her rent, “started to rise and rise. I had a two-bedroom apartment for \$850 and I ended up paying \$1,100. I had to leave two to three years after because they raised it to \$1,100.”<sup>8</sup> Her experience echoed the stories of many residents, where their household rent had risen dramatically in previous years.

Focus group respondents emphasized that housing was their most important, and largest expense. As a result, residents have no choice but to cut back on other expenses. As one Vietnamese resident put it, “You *have* to reduce everything you can to pay the rent.”

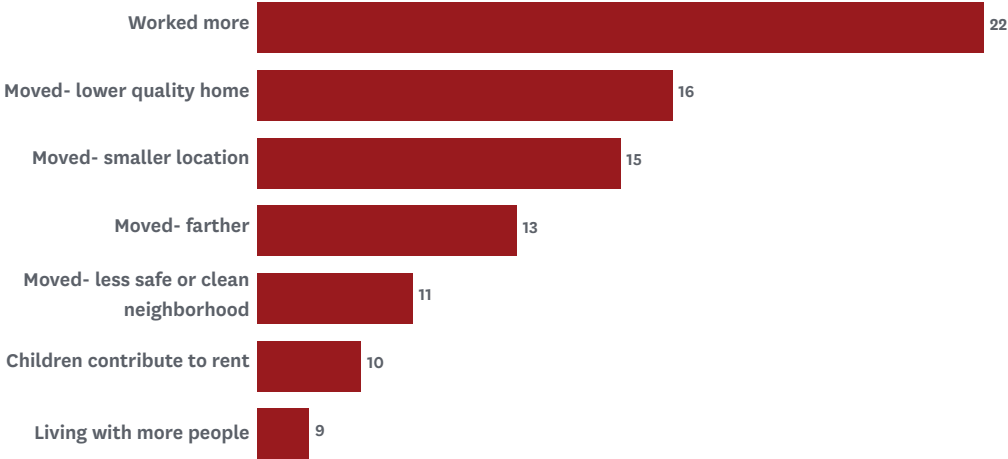
<sup>6</sup> American Community Survey 2017, 5-Year Estimates

<sup>7</sup> American Community Survey 2014, 2017; 5-Year Estimates

<sup>8</sup> “Yo de un apartamento de dos recámaras 850, terminé pagando 1100. Me tuve que salir de ahí en dos o tres años porque subieron a 1100.”

Respondents reported a variety of strategies for reducing expenses, such as reducing internet, electricity/gas, phone and food costs. Many residents had also moved in with other families or moved to smaller apartments in order to cut down on housing costs. In some cases, respondents even noted reducing healthcare costs or not being able to take time off of work for doctors' appointments. Figure 2 notes the wide range of adjustments that City Heights households are forced to make due to unaffordability.

**Figure 2. Household Adjustments to Unaffordability (n=58)**



These affordability challenges are felt across the entire family. Participants pursue strategies that impact family dynamics. Most commonly, participants noted working extra hours, which gives families less time to spend together. Youth respondents felt this lack of quality time together put a strain on their relationships. As one teenage girl noted, “[My mom] and I used to go out on the weekends and do fun things like spending money on going to eat at a new place or something. I just feel like her working so much put a strain on our relationship because I don’t really talk to her as much as I used to or we also don’t go out, and that’s because she has to work so much”. Children noted feeling guilty asking their parents for money to buy things, and parents noted feeling guilty that they could not always provide what their children needed. These feelings of stress and guilt lead to a strain on relationships and shifting family dynamics.

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Furthermore, some residents have an additional set of challenges associated with their immigration status. Immigrants

who arrived more recently reported stressors such as lacking connections within the community that they could reach out to for support. However, even more established immigrant households reported not being able to receive financial support from friends and family because everyone in their community is experiencing the same phenomenon.



Discrimination is another stressor on many immigrant families. Many residents were worried about finding another place to live should they lose their current housing due to housing discrimination. One Somali mother said of her landlord and their building's stringent rules "my son can't play outside. I [am] scared if he goes outside because every playground has a camera. If you make even one mistake, they just come and give him warning." She and other families expressed worry that landlords would evict them for the smallest transgressions. In addition to housing discrimination, many reported hiring discrimination that made it difficult to find employment to afford the rising housing costs.

## POLICY RECOMMENDATIONS

Residents repeatedly expressed that lower rents would substantially improve their lives by reducing their vulnerability to displacement and homelessness, and allowing them to spend more money on basic necessities beyond rent. Residents consistently reported the high cost of living—and primarily high and increasing rents—as the single biggest issue they face. This suggests that stakeholders should continue to focus its efforts on building new housing in City Heights at affordable rents based on income levels. However, local leaders must also focus on the issue of housing stability *at scale*. The challenges experienced by City Heights residents reflect the local effects of a growing regional problem, and so the solutions must reflect the geographic scale of the issue. Three key recommendations for dealing with the housing affordability crisis are as follows:

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- 1) **Collaboration is key.** Local stakeholders must specifically organize and convene regional partners to address regional housing stability, advance a regional policy agenda, and launch both demand-side and supply-side housing interventions. This policy agenda must include tenant protections, tenant "know your rights" campaigns, and additional protections for tenants from vulnerable populations.
- 2) **Economic development will have a major impact.** Rising rent burdens is driven both by rents and income, implying that part of the solution must focus on creating more jobs and higher wages. Residents need new forms of financial support and more stable job opportunities. This should include immediate employment opportunities for newer immigrant populations.
- 3) **Policy change must include immigrants and families.** Local leaders must continue to build and protect forms of social support that combat social isolation for immigrant and refugee groups, and help maintain those connections even for displaced residents. They must also take into account the within-family social isolation and fragmentation that these focus groups exposed. Policies to support parents, and to foster familial support, are particularly important to ensure that the affordable housing crisis does not create deep and enduring impacts for affected families.



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