

# 11,000 Hawaii families behind on rent, UHERO survey says

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A survey by UHERO says 9% of rental units statewide are empty. Above, a 936-square-foot McCully home with three bedrooms is on the rental market for \$2,800 a month, according to a listing from Haku Realty LLC.

More than 11,000 households in Hawaii are behind on rent, roughly double the number before the pandemic. What's more, 9% of rental units statewide are empty, as many families move out because they can no longer afford the rent. Hawaii's rental housing market is undergoing turbulent change amid the coronavirus pandemic, a survey released Monday suggests.

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The survey of 271 landlords and property managers conducted by the University of Hawaii Economic Research Organization shows a range of distressing impacts felt by residential tenants and landlords statewide, as well as efforts to work out difficulties over unpaid rent.

UHERO said rising rent delinquency is a troubling trend that may require continued government help beyond the end of the year to preserve the stability of families along with the economic viability of Hawaii's rental housing stock. Survey results suggest that 6% of tenants were behind on rent as of Aug. 15, up from 3% before the COVID-19 pandemic began.

The August delinquency rate represents 11,157 households based on the statewide inventory of 185,331 rental housing units. "This trend is troubling," Philip Garboden, a UHERO faculty member and professor of affordable housing and urban planning, said in a blog post sharing survey results. UHERO's survey also showed that the vacancy rate of rental housing units increased to 9% in August from 4% before the pandemic.

Garboden's report said increased vacancies were driven in part by households moving because of financial hardship, and that nearly half of all tenants moving out did so before the expiration of a lease, suggesting that the departures were unplanned. The report also said some tenants moved in with friends or family, and that about half of departing tenants left for the mainland. "Should these patterns continue, the preservation of rental housing may become an increasingly pressing issue," Garboden said in the report.

Other survey results touched on views from landlords and property managers about financial hardships, willingness to adjust rent, evictions and pressure on market rental rates.

Survey respondents said about 60% of their tenants suffered a financial hardship, and that among this group 43% paid rent on time while 10% paid late and another 7% were not current on rent. The report also said survey respondents reported that 3% of tenants suffered no economic hardship but aren't current on rent.

"Landlords and property managers can't know everything about what their tenants are going through, but their assessment of their tenant's financial situation is sobering," the report said.

A large share of landlords and property managers expressed willingness to adjust rent terms, including 73% for payment plans, 43% for reduced rent and 31% for waiving at least partial rent. Another 17% said they weren't willing to do any of these things.

Doug Wong, a local property manager since 2006 and principal of Manage Hawaii LLC, said landlords for the most part are sympathetic to tenants who have lost work and are trying to make the best out of a bad situation.

"I've heard some heart-wrenching stories," Wong said.

Wong also said he has suspected a few prospective tenants of trying to rent homes in recent months with an intent not to pay rent because an emergency order from Gov. David Ige makes it illegal for landlords to evict tenants over nonpayment of rent during the pandemic.

"That's an issue," he said, adding that his impression is that only about 1% of tenants are abusing the emergency order.

According to UHERO's survey report, landlords and property managers reported "only a handful of eviction filings in August, presumably all for issues other than nonpayment of rent." The report also said 52% of landlords and property managers surveyed anticipate that market rental rates will stay about the same, while 36% expect a decline and 11% expect a rise.

Ricky Cassidy, a local housing market researcher, said an analysis of rental listings shows that multi-family housing rents are down 3% while single-family home rents are up 3% this year through July compared with the same period last year. Cassidy also said the number of listings have shrunk by about 8% in both categories. "In a normal economy, when listings shrink, that is an indication of a lack of supply that leads to higher prices," he said in a report. "On the other hand, we are not in a normal market."

UHERO's survey reported that 50% of landlords are maintaining profits while 38% are struggling to stay profitable. The report also said 11% of landlords were trying to sell some properties. The 271 landlords and property managers surveyed provided data on 6,719 rental housing units, according to UHERO.

Garboden offered a few caveats about the survey, noting that it has a large margin of error, moderately over-represents single-family home rentals, slightly over-represents Maui and slightly under-represents Kauai. Garboden also noted that the survey was conducted before the state established a housing rent relief fund last month.

Under the state program, \$100 million in federal coronavirus aid is available to cover past due and future rent for residential tenants up to \$2,000 a month on Oahu and \$1,500 on neighbor islands.

To qualify, full-time Hawaii rental housing tenants must be at least partially unemployed due to the pandemic and earn no more than the median income for the county in which they live.

More information about the program is at [hihousinghelp.com](http://hihousinghelp.com).

For Honolulu, the city established a \$25 million program in May offering up to \$2,000 a month in household expense aid using federal funds. More information about this program is at [honolulu.gov/dconline](http://honolulu.gov/dconline).

SOME UHERO HAWAII RENTAL HOUSING SURVEY RESULTS

**Vacant properties**

>> 3.9% before COVID-19

>> 9.2% in August

**Rent delinquencies**

>> 2.9% before COVID-19

>> 6.0% in August

**Tenant conditions**

>> 42.8% economic hardship but paid rent on time

>> 10.2% economic hardship and paid rent late

>> 6.8% economic hardship and unpaid rent

>> 3.0% no economic hardship but unpaid rent

Source: UHERO