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# CALIFORNIA'S HOUSING NEEDS AND SOLUTIONS

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Matt Schwartz, President & CEO

California Housing Partnership Corporation

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# California Housing Partnership Corporation

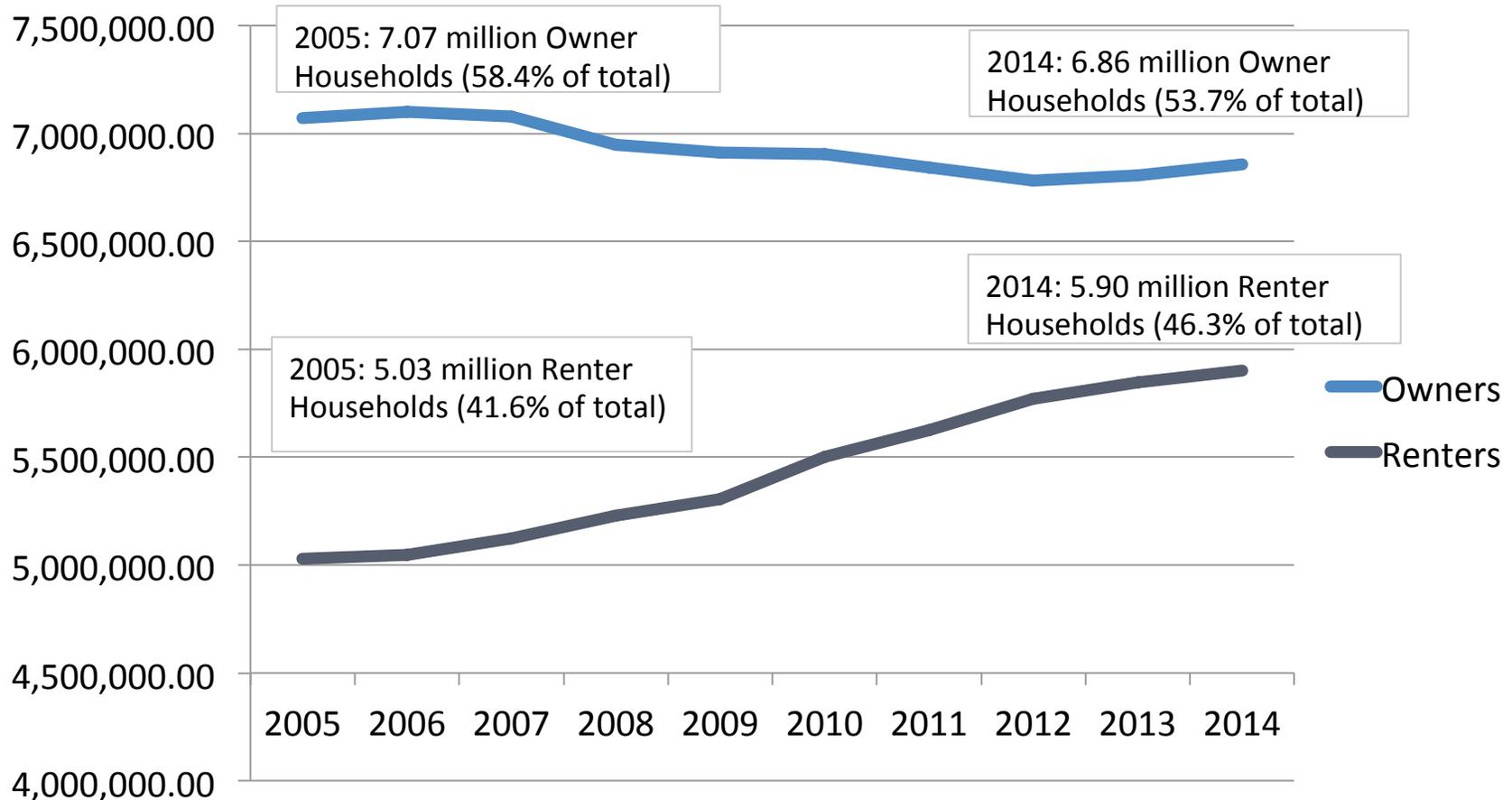
- Created by Legislature in 1988
- Board appointed by Speaker, Pro Tem + Governor
- No state funding, not a state agency (nonprofit)
- Helped private and public housing agencies leverage more than \$8 billion in private and public funding to create and preserve more than 30,000 affordable homes, while providing leadership in Sacramento and DC on rental housing preservation policy and funding

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# Who Is Being Left Out of California's Rental Housing Market?

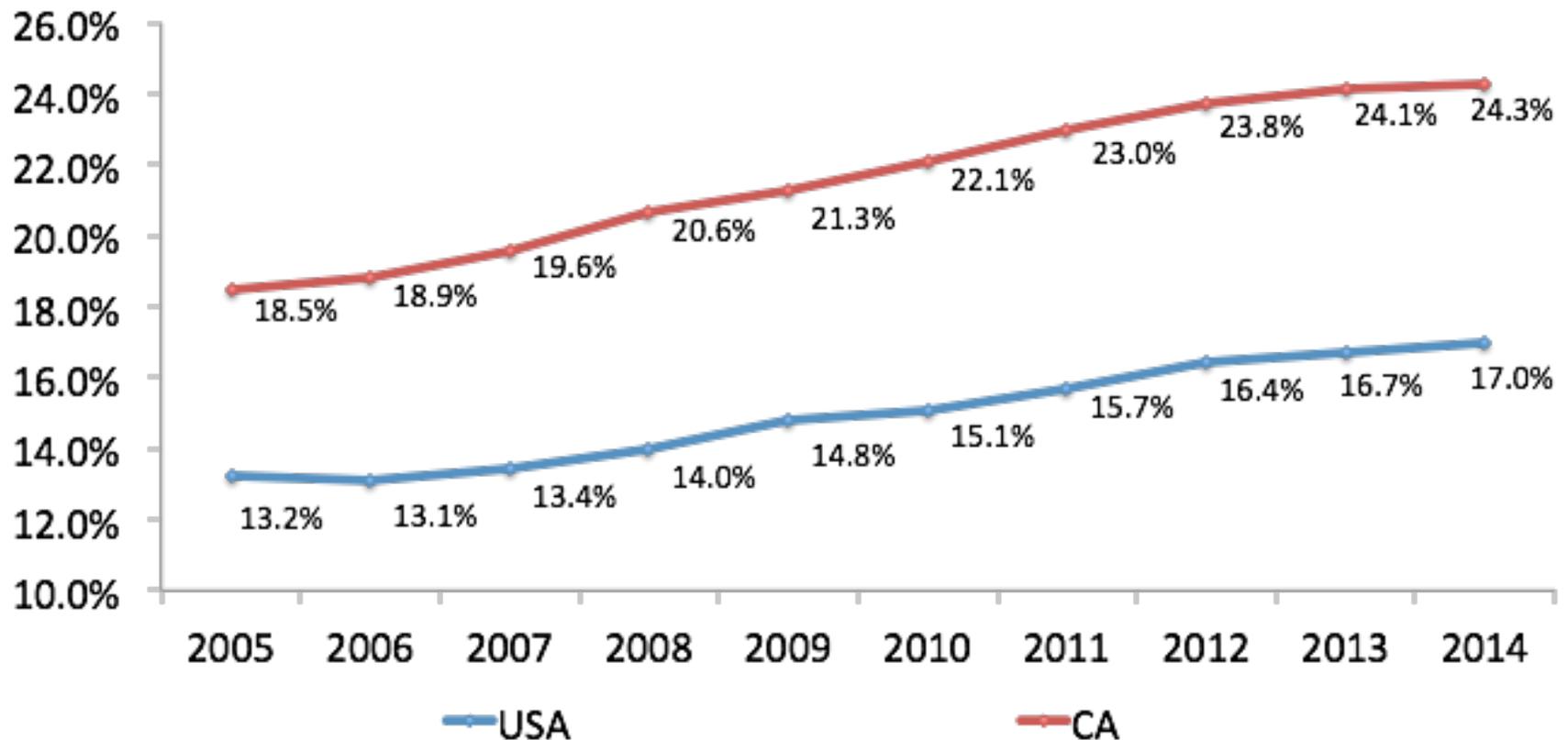
From 2005 to 2014, the state gained 875,000 renter households and lost 214,000 owner households

## California Owner and Renter Households 2005 to 2014



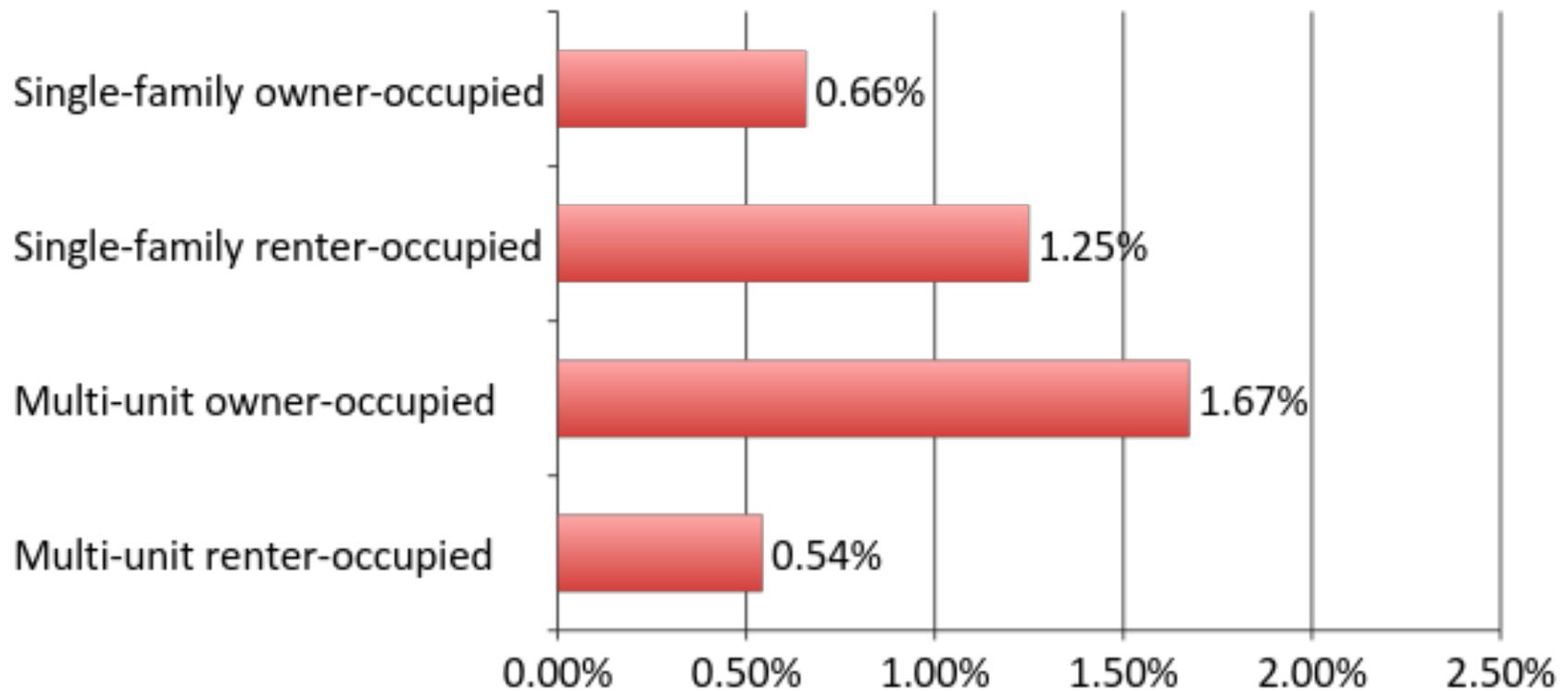
# NO SLOWDOWN IN SINGLE-FAMILY RENTALS IN USA OR CALIFORNIA

## Rental share of occupied single-family detached homes

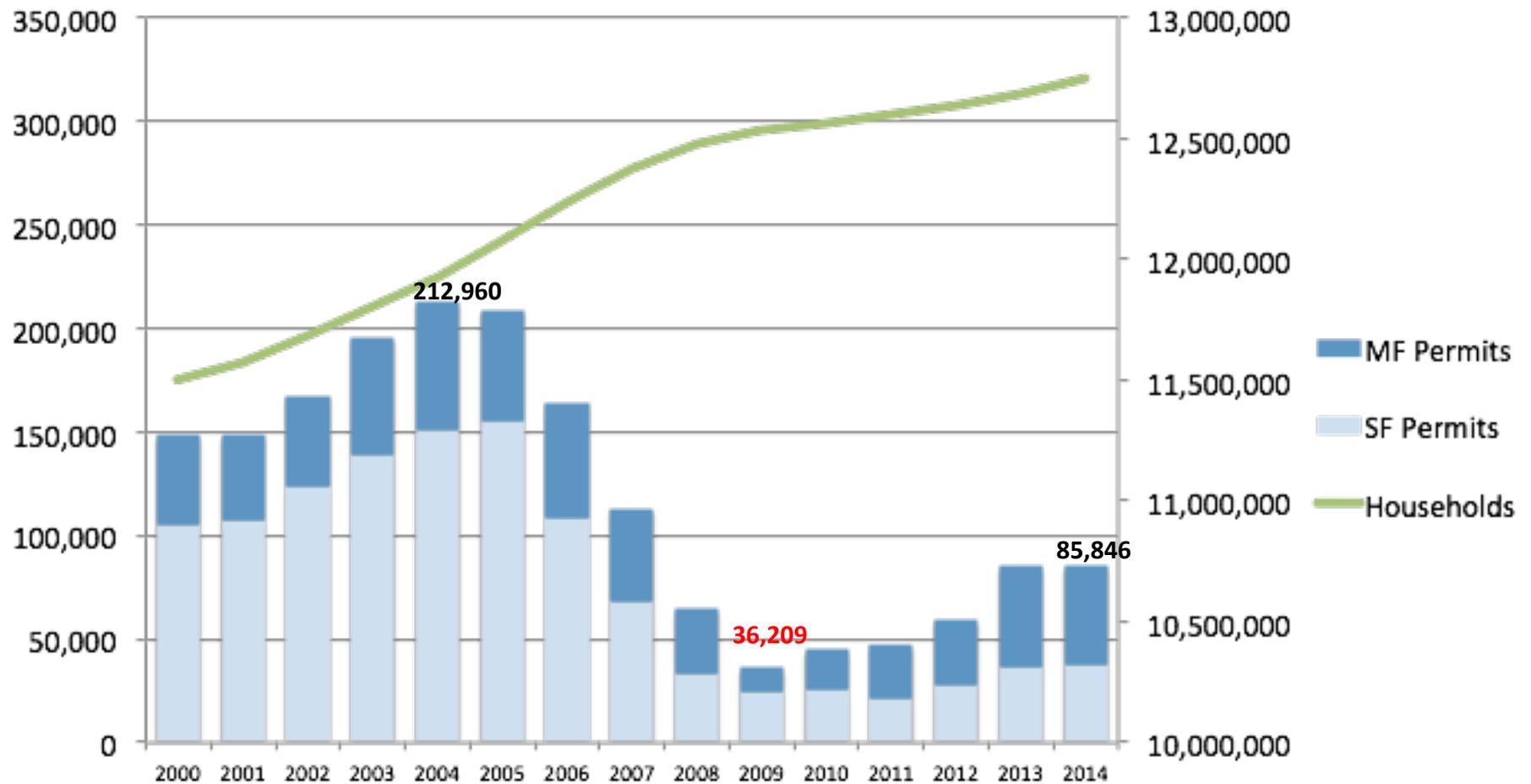


# IN CALIFORNIA IN PAST YEAR, MORE OF ALL HOUSING TYPES; BUT MULTI-FAMILY OWNERSHIP LEAD

California Change in occupied housing units, by type  
2013-2014

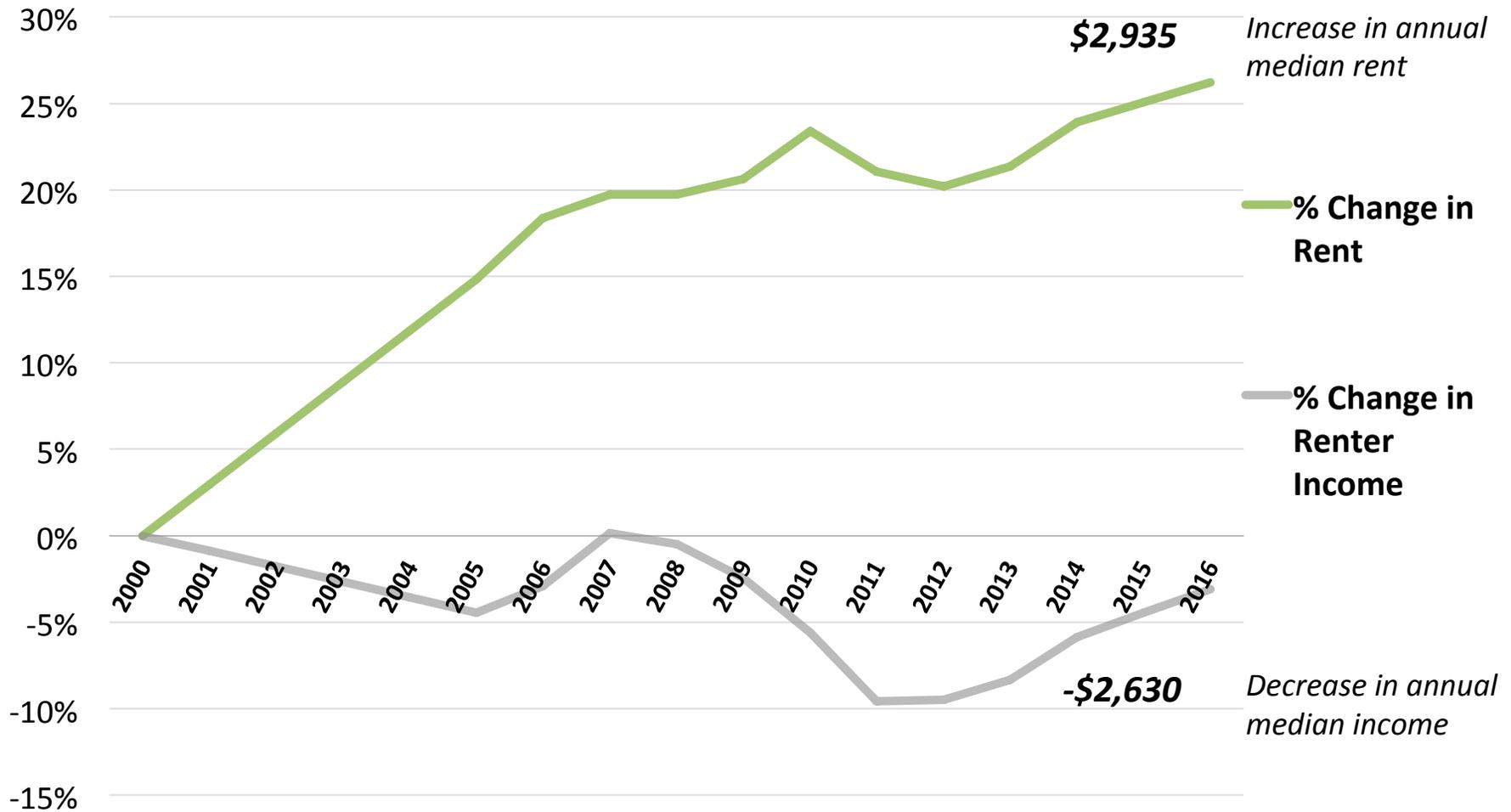


# CALIFORNIA HOUSEHOLD GROWTH AND NEW HOUSING PERMITS (2000-2014)



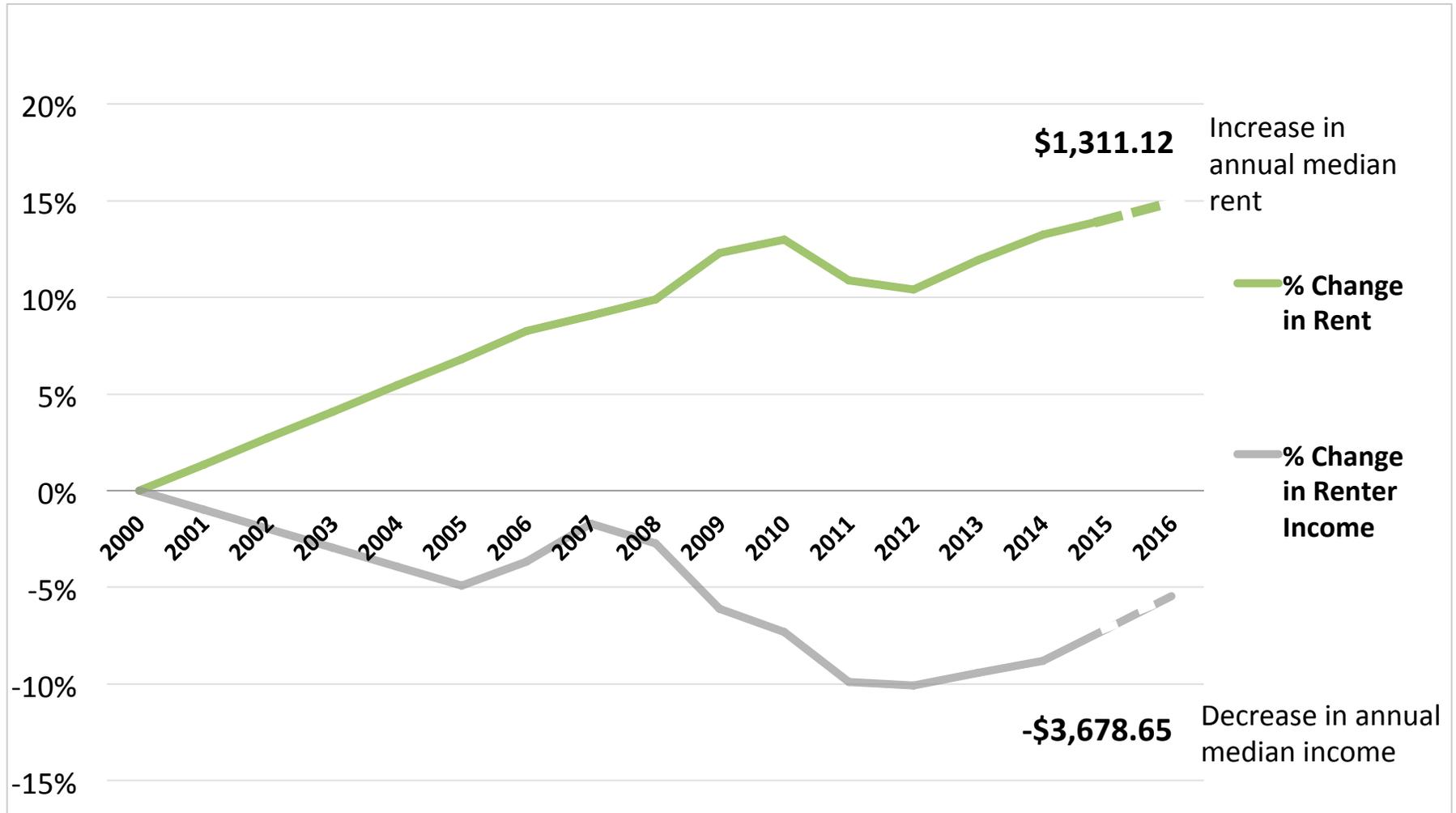
Source: Construction Industry Research Board/California Homebuilding Foundation and DOF 2014.

# From 2000-2015, California median rent increased 25% while median renter income declined 4%



2015 and 2016 are estimated based on trend data

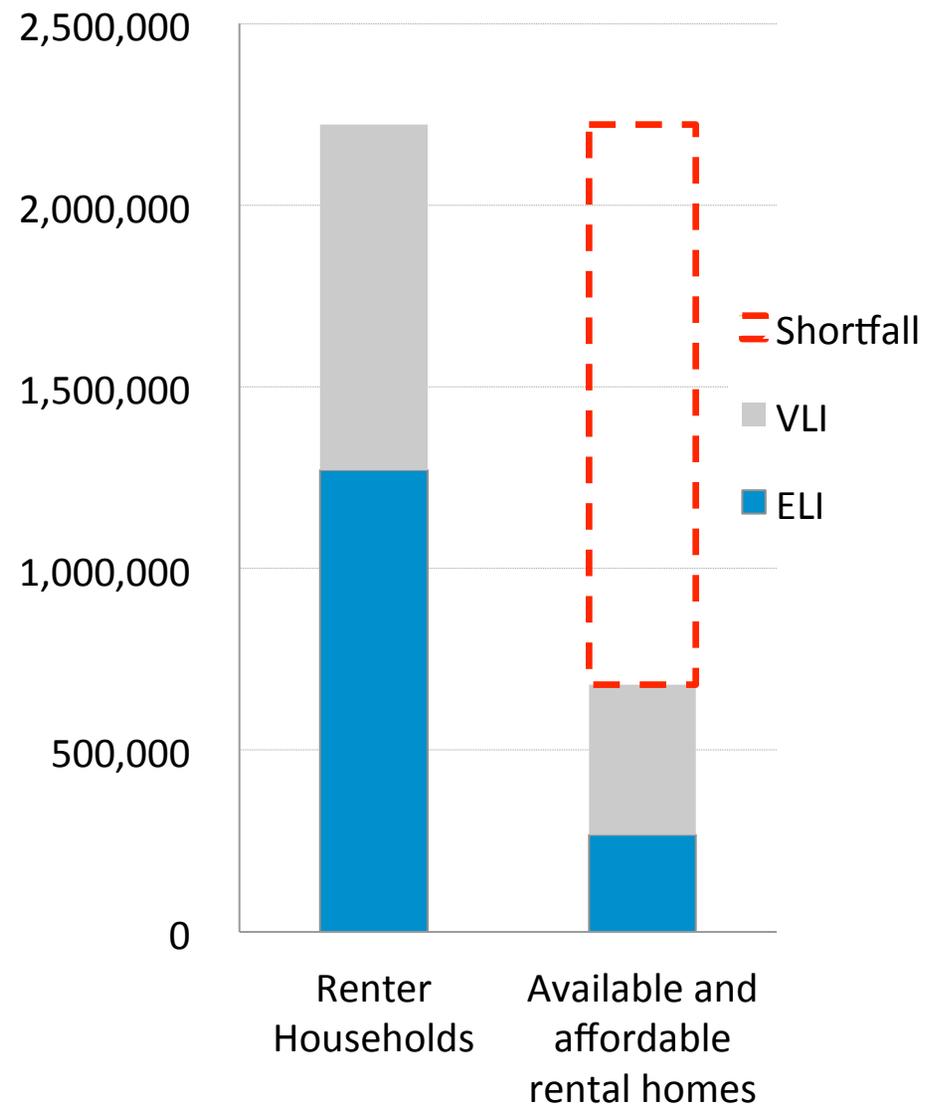
From 2000-2015, median U.S. rent increased **14%** while median renter income declined **7%**



There is a shortfall of over 1.54 million affordable homes for low income renter households.

- 2.2 million low income renter households
- 680,288 affordable rental homes that they occupy
- Not one county in CA has a sufficient number of affordable rental homes

## SHORTFALL OF AFFORDABLE AND AVAILABLE RENTAL HOMES



WHO IS BEING LEFT OUT OF THE  
**LOS ANGELES COUNTY** RENTAL MARKET?

**Average Asking Rent: \$2,016**

**Hours/week of work  
 needed to afford  
 average asking rent**

**Job Category**

**Mean Hourly  
 Wage**

Medical Assistants

\$16.47

94

Preschool Teachers

\$16.12

96

EMTs & Paramedics

\$16.00

97

Janitors & Cleaners

\$13.07

119

Retail Salespersons

\$12.89

120

Waiters & Waitresses

\$11.81

131

WHO IS BEING LEFT OUT OF THE  
**SAN DIEGO COUNTY** RENTAL MARKET?

**Average Asking Rent: \$1,689**

**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |     |
|----------------------|-------------------------|-----|
| Medical Assistants   | \$17.51                 | 74  |
| Preschool Teachers   | \$16.92                 | 77  |
| EMTs & Paramedics    | \$14.64                 | 89  |
| Retail Salespersons  | \$13.34                 | 97  |
| Janitors & Cleaners  | \$12.96                 | 100 |
| Waiters & Waitresses | \$12.44                 | 104 |

WHO IS BEING LEFT OUT OF THE  
**SANTA CLARA COUNTY** RENTAL MARKET?

**Average Asking Rent: \$2,521**

**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |     |
|----------------------|-------------------------|-----|
| Medical Assistants   | \$19.95                 | 97  |
| Preschool Teachers   | \$17.89                 | 108 |
| Equip. Assemblers    | \$17.59                 | 110 |
| Janitors & Cleaners  | \$13.63                 | 142 |
| Retail Salespersons  | \$13.40                 | 145 |
| Waiters & Waitresses | \$12.02                 | 161 |

WHO IS BEING LEFT OUT OF THE  
**CONTRA COSTA COUNTY** RENTAL MARKET?

**Average Asking Rent: \$1,768**

**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |     |
|----------------------|-------------------------|-----|
| Medical Assistants   | \$19.38                 | 70  |
| EMTs & Paramedics    | \$17.77                 | 77  |
| Preschool Teachers   | \$17.35                 | 78  |
| Janitors & Cleaners  | \$14.87                 | 91  |
| Retail Salespersons  | \$13.89                 | 98  |
| Waiters & Waitresses | \$11.50                 | 118 |

WHO IS BEING LEFT OUT OF THE  
**KERN COUNTY** RENTAL MARKET?

**Average Asking Rent: \$972**

**Hours/week of work  
needed to afford  
average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |    |
|----------------------|-------------------------|----|
| Retail Salespersons  | \$13.24                 | 56 |
| Janitors & Cleaners  | \$12.68                 | 59 |
| Nursing Assistants   | \$12.01                 | 62 |
| Waiters & Waitresses | \$10.97                 | 68 |
| Childcare Workers    | \$10.94                 | 68 |
| Farmworkers          | \$9.30                  | 80 |

WHO IS BEING LEFT OUT OF THE  
**SAN BERNARDINO COUNTY** RENTAL MARKET?

**Average Asking Rent: \$1,298**

**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |    |
|----------------------|-------------------------|----|
| Medical Assistants   | \$13.80                 | 72 |
| Freight Laborers     | \$13.23                 | 75 |
| Janitors & Cleaners  | \$13.10                 | 76 |
| Childcare Workers    | \$12.26                 | 81 |
| Retail Salespersons  | \$11.98                 | 83 |
| Waiters & Waitresses | \$10.56                 | 95 |

WHO IS BEING LEFT OUT OF THE  
**RIVERSIDE COUNTY** RENTAL MARKET?

**Average Asking Rent: \$1,234**

**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |    |
|----------------------|-------------------------|----|
| Medical Assistants   | \$13.80                 | 69 |
| Freight Laborers     | \$13.23                 | 72 |
| Janitors & Cleaners  | \$13.10                 | 72 |
| Childcare Workers    | \$12.26                 | 77 |
| Retail Salespersons  | \$11.98                 | 79 |
| Waiters & Waitresses | \$10.56                 | 90 |

WHO IS BEING LEFT OUT OF THE  
**STANISLAUS COUNTY** RENTAL MARKET?

**Average Asking Rent: \$923**

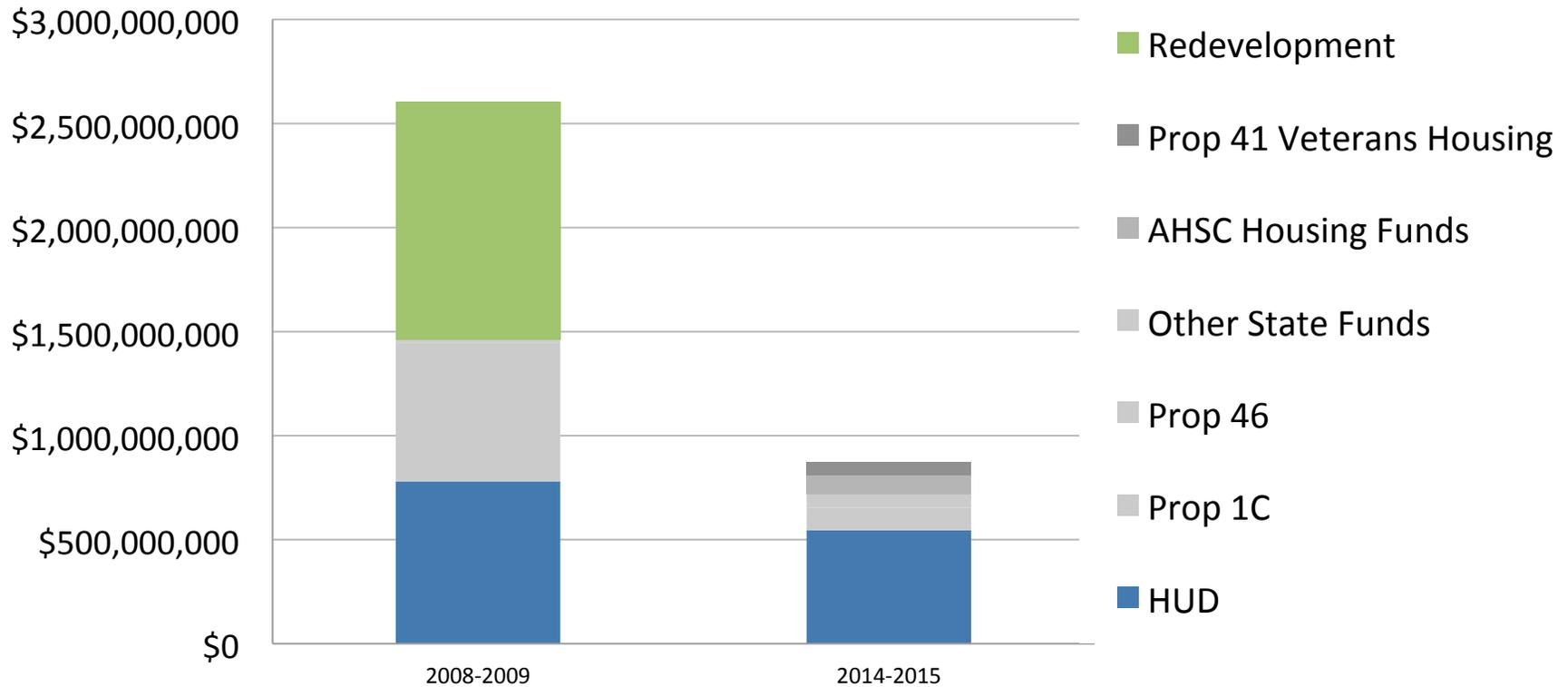
**Hours/week of work  
 needed to afford  
 average asking rent**

| <b>Job Category</b>  | <b>Mean Hourly Wage</b> |    |
|----------------------|-------------------------|----|
| Janitors & Cleaners  | \$12.50                 | 57 |
| Waiters & Waitresses | \$11.93                 | 60 |
| Retail Salespersons  | \$11.79                 | 60 |
| Childcare Workers    | \$11.26                 | 63 |
| Cashiers             | \$10.77                 | 66 |
| Farmworkers          | \$9.61                  | 74 |

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How California's  
Disinvestment in  
Affordable Housing Has  
Made Our State #1 in  
Poverty in the U.S.

# California's affordable housing funding has declined 66.5% since 2008- over 1.7 billion dollars



| FUNDING SOURCE                            | FY 2008 -2009          | FY 2014-2015         | % CHANGE      |
|---|------------------------|----------------------|---------------|
| Redevelopment                             | \$1,142,555,324        | \$0                  | -100%         |
| State Housing Bonds & Other State Funding | \$680,429,821          | \$328,341,578        | -52%          |
| HUD                                       | \$778,782,375          | \$545,325,816        | -30%          |
| <b>Total</b>                              | <b>\$2,601,767,520</b> | <b>\$873,667,394</b> | <b>-66.5%</b> |

✓ Poverty increases in 9 of California's 10 most populous counties when housing costs are considered.

✓ The state's poverty rate rises from 16.2% to 21.2%.

✓ 24% of California children are living in poverty mostly due to high housing costs

## 10 COUNTIES WITH THE LARGEST POPULATIONS AND ADJUSTED POVERTY RATE

| COUNTY         | OPM:<br>Unadjusted for<br>Housing Costs | CPM:<br>Adjusted for Social<br>Programs & Housing<br>Costs |
|----------------|---|--|
| Los Angeles    | 18.3%                                   | 25.7%  |
| San Diego      | 14.5%                                   | 21.5%  |
| Orange         | 12.6%                                   | 21.8%  |
| Riverside      | 16.6%                                   | 20.1%  |
| San Bernardino | 19.2%                                   | 19.4%  |
| Santa Clara    | 10.1%                                   | 18.0%  |
| Alameda        | 12.4%                                   | 17.6%  |
| Sacramento     | 18.0%                                   | 18.2%  |
| Contra Costa   | 11.6%                                   | 16.9%  |
| Fresno         | 27.1%                                   | 21.2%  |

Source: Public Policy Institute of California

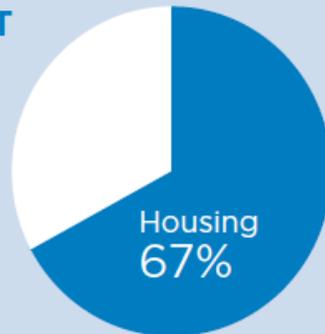
California households with the lowest 25% of incomes spend 67% of their income on housing, leaving little left over for other essential needs and driving these households into poverty.

## CALIFORNIA HOUSEHOLD EXPENDITURES BY INCOME

### HOUSEHOLDS IN LOWEST INCOME QUARTILE

Food, Transportation, Health Care, and other needs:

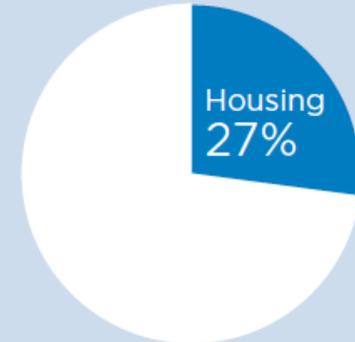
33%



### MEDIAN INCOME HOUSEHOLD

Food, Transportation, Health Care, and other needs:

73%



Source: LAO Report "California's High Housing Costs: Causes and Consequences", 2015.

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# Solutions for State Reinvestment to Close the Affordable Housing Gap for Lower Income Families, Seniors and the Disabled

# Key Rental Housing Financing Facts

- California created the Multifamily Housing Program in 2003 specifically to leverage 4% Housing Credit equity from federal government
- From 2003-2015, CA invested \$1.5 billion in Propositions 46 and 1C and GF\$ to create and preserve a total of almost 25,000 homes via MHP
- Of these, MHP funded the construction of nearly 20,000 new rental homes at only \$67,000 per unit
- Even without Redevelopment \$, MHP per unit cost did not increase significantly in 2014-2015

# Key Rental Housing Financing Facts

- Ability to obtain 4% Housing Credit equity from federal government currently limited only by state investment in gap financing to leverage it
- For each \$70,000 in new state subsidy that California invests, we receive \$120,000 to \$150,000 in federal 4% Housing Credit investment to create one new affordable rental home
- We could increase production by 200% (14,000+ new homes) if we invest \$1 billion in matching state \$\$, as we did with Propositions 46 and 1C

## Keys to Success for Affordable Rental Housing

1. Maximize Federal funding by investing in state gap subsidy programs designed to leverage Federal 4% Housing Credits
2. Minimize start up time, complexity and uncertainty by putting state funds into existing [Multifamily Housing Program](#) and/or [State Housing Credit](#) (per AB 35)

# Specific Funding Strategies to Expand Affordable Rental Housing Production

1. Provide enough gap funding from 2016-17 budget to increase amount of 4% Credits California developers use by  $\geq 50\%$  by:
  - a. Re-funding the [Multifamily Housing Program](#)
  - b. Expanding the State Housing Credit ([AB 35](#))
  - c. Increasing the State Housing Credit Value by allowing separate sale to avoid federal taxes
2. Long Term: Create a permanent source of funding to replace lost redevelopment \$\$