California’s Housing Emergency: State Leaders Must Immediately Reinvest in Affordable Homes

KEY FINDINGS

- Low Income Housing Tax Credit housing production in California declined 45% in anticipation of federal tax reform.
- Rental apartment demand has dramatically outpaced supply.
- State expenditures are highly inequitable between homeowners and renters, with the state spending $929 per owner household versus $71 per renter household.
- The elimination of redevelopment & state bond funding foreshadowed a 14% rise in homelessness from 2016-17.
- California needs 1.5 million more affordable rental homes to meet current demand.
- Renters need to earn 3.5 times state minimum wage to afford the average monthly asking rent of $2,004.
- California’s lowest-income renters spend 66% of income on rent, leaving little left for food, transportation, health care, and other essentials.
- When housing costs are considered, California’s poverty rate rises to 20.4%.

HOW STATE LEADERS CAN HELP

- Immediately invest $1 billion of the state budget surplus to finance the development of affordable rental housing.
- Bring back redevelopment funding only for affordable housing at an initial amount of $1 billion annually.
- Aggressively campaign for the passage of the $4 billion housing bond (SB3) on the November 2018 ballot.
GROWTH OF RENTAL APARTMENT SUPPLY HAS NOT KEPT PACE WITH GROWTH IN RENTER HOUSEHOLD DEMAND SINCE THE GREAT RECESSION

Source: CHPC analysis of 2008-2016 ACS data and 2008-2017 California Department of Finance Construction Permit data. Actual apartment supply is likely to be less than number permitted. 2017 renter households are estimates. *The apartment permit baseline is the number of renter households and vacant rentals as reported in 2008 ACS data.

STATE EXPENDITURES ARE HIGHLY INEQUITABLE BETWEEN HOMEOWNERS AND RENTERS


LOW INCOME HOUSING TAX CREDIT (LIHTC) PRODUCTION IN CALIFORNIA DECLINED 45% IN ANTICIPATION OF FEDERAL TAX REFORM

Source: CHPC analysis of 2016 and 2017 CA Tax Credit Allocation Committee (TCAC) data. Note the data does not include manager or market rate units created through the LIHTC program.
ELIMINATION OF REDEVELOPMENT & LOSS OF STATE BOND FUNDING FOR HOUSING FORESHADOWED A 14% RISE IN HOMELESSNESS IN 2016-17

Source: CHPC analysis of 2006-2011 Annual California Departments of Housing and Community Development (HCD) Redevelopment Housing Activities Report; 2006-2016 annual HCD Financial Assistance Programs Reports. Housing and Urban Development (HUD). PIT and HIC Data Since 2007. Note fiscal years are indicated by second half of fiscal year (e.g. FY 2006-2007 is presented as 2007).

CALIFORNIA NEEDS 1.5 MILLION MORE AFFORDABLE RENTAL HOMES

Source: NLiHC analysis of 2016 PUMS data.

CALIFORNIA’S POVERTY RATE RISES TO 20% WHEN HIGH HOUSING COSTS ARE INCLUDED

Official Poverty Measure (OPM) 15.4%
Unadjusted for Housing Costs

California Poverty Measure (CPM) 20.4%
Adjusted for Housing Costs

Source: Public Policy Institute of California (PPIC), California Poverty by County and Legislative District, 2013-2015.

Poverty Increases in 8 of 10 Most Populous Counties When Adjusted for Housing Costs

<table>
<thead>
<tr>
<th>County</th>
<th>Shortfall</th>
<th>OPM</th>
<th>CPM</th>
<th>Rental Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles*</td>
<td>-568,255</td>
<td>17.2%</td>
<td>24.9%</td>
<td>1.6%</td>
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<tr>
<td>San Diego</td>
<td>-143,800</td>
<td>13.3%</td>
<td>20.4%</td>
<td>1.8%</td>
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<td>Orange</td>
<td>-92,738</td>
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<td>21.3%</td>
<td>1.3%</td>
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<td>San Bernardino</td>
<td>-72,032</td>
<td>19.0%</td>
<td>18.7%</td>
<td>1.6%</td>
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<tr>
<td>Riverside</td>
<td>-64,526</td>
<td>16.3%</td>
<td>19.0%</td>
<td>1.5%</td>
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<td>Santa Clara</td>
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<td>7.9%</td>
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<td>Sacramento</td>
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<td>1.5%</td>
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<tr>
<td>Contra Costa</td>
<td>-31,193</td>
<td>10.0%</td>
<td>15.5%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

**RENTERS NEED TO EARN 3.5 TIMES MINIMUM WAGE TO AFFORD MEDIAN ASKING RENTS**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Median Asking Rent</th>
<th>Income needed to afford average asking rent</th>
<th>State Minimum Wage</th>
<th>Preschool Teachers</th>
<th>Nursing Assistants</th>
<th>Janitors &amp; Cleaners</th>
<th>Childcare Workers</th>
<th>Retail Salespersons</th>
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</thead>
<tbody>
<tr>
<td>Median Asking Rent</td>
<td>$2,004/ Month</td>
<td>$6,680/ Month</td>
<td>$1,907/ Month</td>
<td>$2,720/ Month</td>
<td>$2,523/ Month</td>
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<tr>
<td>Income needed to afford</td>
<td></td>
<td>$38.54/ Hour</td>
<td>$11.00/ Hour</td>
<td>$15.69/ Hour</td>
<td>$14.56/ Hour</td>
<td>$13.02/ Hour</td>
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<tr>
<td>average asking rent</td>
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</tr>
</tbody>
</table>


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**WHAT DO CALIFORNIA’S RENTERS HAVE LEFT OVER AFTER PAYING RENT?**

**HOUSEHOLDS EARNING HALF OF MEDIAN INCOME OR LESS**

- **Rent:** 66%
- **Food, Transportation, Health Care, & Other Essentials:** 34%

**MEDIAN INCOME HOUSEHOLDS**

- **Rent:** 28%
- **Food, Transportation, Health Care, & Other Essentials:** 72%

Source: NLIHC analysis of 2016 PUMS data.

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**PERCENTAGE OF SEVERELY RENT BURDENED* HOUSEHOLDS BY INCOME GROUP**

- ELI: 77%
- VLI: 48%
- LI: 18%
- Mod: 5%
- Above Mod: 0.9%

Source: NLIHC analysis of 2016 PUMS data.
*Severely rent-burdened households spend more than 50% of their income towards rent.

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**ABOUT CHPC**

The state created the California Housing Partnership nearly 30 years ago as a private nonprofit organization with a public mission: to monitor, protect, and augment the supply of homes affordable to lower-income Californians and to provide leadership on affordable housing finance and policy. Since 1988, the California Housing Partnership has assisted more than 100 nonprofit and local government housing organizations to leverage more than $14 billion in private and public financing to create and preserve 70,000 affordable homes.

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