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Fact Sheet: Finding an Affordable Place to Live in California

California Working Families Policy Summit
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Compared to other states, a high percentage of Californians rent their homes.

- 41.6 percent of California households rented their home in 2006, the second highest level in the country.¹

California workers face a persistent and growing gap between their wages and housing costs. Many cope with high housing costs by doubling up or paying a high percent of their income for their home.

- A home is considered “affordable” if the rent or mortgage costs no more than 30% of the household’s income.
- A family in California needs to earn on average \$25.52 per hour (\$53,079 annually) to afford a modest two-bedroom apartment and utilities.² Workers who earn less than this include:
 - Mail carriers, paramedics, and bank tellers in Contra Costa County.³
 - Receptionists, farmworkers, and school bus drivers in Fresno County.⁴
 - Social workers, preschool teachers, and dental assistants in Los Angeles County.⁵
- Although the median home sold went from \$484,000 in 2007 to \$256,000 in October 2010, this is still unaffordable for many Californians.⁶
- 7% of households in California lived in overcrowded conditions in 2009, including more than one-fifth of Latino households (21 percent).⁷

California has the largest homeless population in the nation.

- More than 133,000 men, women, and children are homeless in California on any given night.⁸
 - Over 390,000 California residents experience homelessness in a year,⁹ meaning one in 95 Californians will experience homelessness at least once during the course of a year.¹⁰
 - 37% of all homeless people were members of families in 2009, up 9% from 2007.¹¹
 - Most adults in homeless families are women under 31.¹² And among homeless family members, over 60% are children, more than half of whom are under six.¹³
 - Approximately 55,000 veterans are homeless in California.¹⁴ Based on historic trends, tens of thousands of the 300,000 veterans of the Iraq and Afghanistan wars are likely to become homeless due to physical disabilities, Post Traumatic Stress Disorder, and other service-related injuries.¹⁵
 - 77% of homeless people nationwide are sheltered, but only 30% of homeless Californians are sheltered.¹⁶

Rising rents and mortgages are largely the result of an imbalance between supply and demand.

- To keep pace with births and in-migration, California needs 220,000 new homes every year,¹⁷ including 52,000 affordable to lower income households.¹⁸ However, in 2009 only 36,209 homes were built.¹⁹
- Other factors that influence costs are a limited supply of residentially zoned land, especially for multifamily dwellings, rising labor costs, and increasing international demand for construction supplies.

Increasing the supply of homes affordable to all Californians has positive impacts on California's economy, schools, and much more.

- Every 1,000 apartments built creates 1,160 jobs and generates \$33 million in local taxes.²⁰
- Increased variety and choice in the housing market helps employers retain and attract workers and reduces absenteeism. The Silicon Valley *CEO Business Climate Survey* cited creating affordable homes as “the most significant action the state government can take to improve the business climate.”²¹
- Students and schools are heavily impacted when families move often to escape rising housing costs. Transient students have lower achievement levels and are less likely to complete high school. Classroom peers with more stable homes are also negatively impacted by the shifting classroom environment. Their schools suffer a strain on resources and budgeting.²²

Government plays a key role in the housing market, but is only part of the solution.

- California has one of the nation's most sophisticated affordable-home development communities, comprised of nonprofit and for-profit developers. Every year, they combine government investment with bank loans to build approximately 17,000 apartments and for-sale homes that will remain affordable to moderate- and low-income households for 30-55 years.²³
- Government's role is to facilitate a thriving and healthy housing market through:
 - Targeted financing
 - The state's largest investment in homes is the \$5.7 billion spent annually on the mortgage interest and property tax deduction for homeowners.²⁴
 - Since 2002, additional state investment through general obligation bonds has built over 153,000 affordable apartments, for-sale homes and emergency shelter beds.²⁵
 - Making land available
 - Cities and counties zone all land (excluding state and federally owned) as residential, agricultural, industrial, open space or another designation. When residentially zoned land is in short supply, prices rise.
 - Almost eight million acres of vacant land are located in areas not considered prime farmlands, wetlands, natural hazard zones, or habitat for threatened or endangered species. If it were zoned for homes, more than 15 million homes (60 years' worth) could be built on the land at the current average densities.²⁶
 - Protecting contracts, enforcing fair housing rules, and balancing the rights of renters and landlords.

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END NOTES

¹ *Locked out 2008: The Housing Boom and Beyond*, California Budget Project, Sacramento, CA, 2008, http://www.cbp.org/pdfs/2008/080212_LockedoutReport.pdf.

² <http://www.nlihc.org/oor/oor2010/>.

³ *Occupational Employment Statistics Survey*, California Employment Development Department, Sacramento, CA, July 2008, <http://www.labormarketinfo.edd.ca.gov/?pageid=152>

⁴ Ibid

⁵ Ibid

⁶ <http://dqnews.com/Articles/2010/News/California/RRCA101118.aspx>

⁷ http://factfinder.census.gov/servlet/ADPGeoSearchByListServlet?ds_name=ACS_2009_5YR_G00_&lang=en&ts=310666023920

⁸ US Department of Housing & Urban Development, Office of Community Planning & Development. *The 2009 Annual Homeless Assessment Report to Congress*. App. C-2. June 2010 (hereinafter “2010 AHAR”). This “point in time” number is based on a cumulative count of homeless people living in shelters and on the streets on a single night in January 2009. It does not include homeless people living in communities in California that do not participate in a homeless count. Because Los Angeles also changed its methodology for counting homeless people, this estimate may be lower than the actual number of homeless people residing in Los Angeles, as it reflects a statistical anomaly. US Department of Housing & Urban Development, Office of Community Planning & Development. *The 2009 Annual Homeless Assessment Report to Congress*. 7, 9. June 2010 (“Street count methodologies differ greatly by CoC [Continuum of Care] and year, and even marginal changes to these methodologies can result in substantial impacts on the counts”).

⁹ Though accurate data about the number of people who face homelessness over the course of a year does not exist, based on data submitted to HUD over the course of a year, HUD’s Annual Homeless Assessment Report to Congress estimates that three times the number of people who are homeless at a point in time are homeless during the course of a year. US Department of Housing & Urban Development, Office of Community Planning & Development. *The 2009 Annual Homeless Assessment Report to Congress*. 4, 18. June 2010.

¹⁰ *Id.* at 8. California has the fourth highest rate of homelessness per resident (.36%), following Nevada, Oregon, and Hawaii.

¹¹ 2010 AHAR. at iv.

¹² 2010 AHAR, at iii.

¹³ 2010 AHAR, at iii.

¹⁴ *A Study on the Status of Homeless Veterans in California*, California Department of Veterans Affairs, Sacramento, CA, 2002, <http://www.cdva.ca.gov/AboutUs/DocsAndImages/HomelessStudy.pdf>

¹⁵ Data provided by Burt McChesney, veterans’ advocate, December 2008, burt.mcchesney@gmail.com

¹⁶ U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2008 Annual Homeless Assessment Report to Congress*. Jul. 2009. p. 13.

¹⁷ *California’s Deepening Housing Crisis*, Department of Housing and Community Development, Sacramento, CA, November 17, 2005.

¹⁸ Letter from Matt Franklin, then director of the Department of Housing and Community Development

¹⁹ <http://www.cbia.org/go/cbia/?LinkServID=FE5ED931-F09E-44C7-96836630388F21F7&showMeta=0>

²⁰ <http://www.nahb.org/generic.aspx?genericContentID=103543&fromGSA=1>

http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=35601&subContentID=28002

²¹ *CEO Business Climate Survey*, Silicon Valley Leadership Group, San Jose, CA, 2005-2007,

<http://svlg.net/press/library/index.php>

²² *High Classroom Turnover: How Children Get Left Behind,” Poverty and Race*, May/June 2002,

http://www.prrac.org/full_text.php?text_id=748&item_id=7789&newsletter_id=62&header=Families+%2F+Women+%2F+Children.

²³ Derived by Doug Shoemaker, Non-Profit Housing Association of Northern California, from production data provided by the CA Treasurer’s Office and Department of Housing and Community Development, 2005

²⁴ *Tax Expenditure Reviews*, Legislative Analyst’s Office, Sacramento, CA, November 2007,

http://www.lao.ca.gov/2007/tax_expenditures/tax_expenditures_1107.aspx

²⁵ <http://www.hcd.ca.gov/fa/bonds.html2008>

²⁶ *Raising the Roof*, Department of Housing and Community Development, Sacramento, CA, May 2000, page 49