

HOW ALAMEDA COUNTY'S HOUSING MARKET IS FAILING TO MEET THE NEEDS OF LOW-INCOME FAMILIES

RECOMMENDATIONS TO THE LEADERS OF THE STATE OF CALIFORNIA AND ALAMEDA COUNTY

Alameda County has the fourth largest shortfall of homes affordable to low-income families in California. Many of those families live in unhealthy or unsafe conditions, crowd multiple people into each room, and still pay more than 50 percent of their income on rent. The following report describes the magnitude of the shortfall, highlights those who are affected by cuts to housing programs, and recommends local policy solutions to help mitigate the impact of Alameda County's affordable housing crisis.

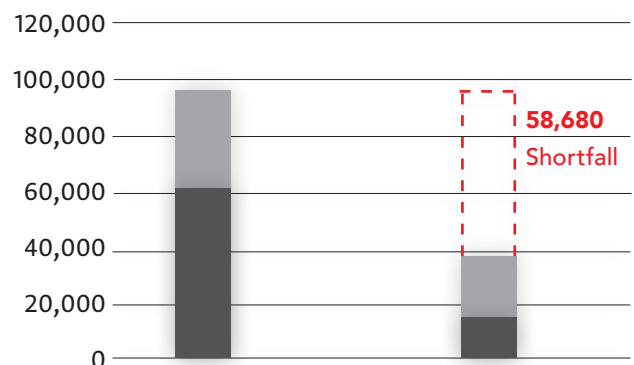
KEY ELEMENTS OF ALAMEDA COUNTY'S AFFORDABLE HOUSING MARKET FAILURE:

- There is a **shortfall of 58,680 homes** affordable to Alameda County's very low-income (VLI) and extremely low-income (ELI) households.
- **Median rents in Alameda County increased by 11 percent between 2005 and 2012**, while the median income declined by nine percent, significantly driving up the percentage of income that households must spend on rent.
- Six in ten very low-income households pay **more than 50 percent of their income on rent**.

84% of all very low-income households in Alameda County do not have access to an affordable home.

SOURCE: NLIHC Analysis of 2012 PUMS data

FIGURE 1: SHORTFALL OF AFFORDABLE AND AVAILABLE HOMES IN ALAMEDA COUNTY



Number of Very and Extremely Low-Income Households

Rental Housing with Rents Affordable to VLI and ELI renters*

Very Low-Income

Extremely Low-Income

*Not all units with rents affordable to low-income households are occupied by low income households.

SOURCE: NLIHC Analysis of 2006-2010 CHAS data

THE HOUSING MARKET HAS FAILED TO MEET THE NEEDS OF AN ENTIRE SEGMENT OF ALAMEDA COUNTY'S POPULATION

Alameda County is home to 60,905 extremely low-income (ELI) renter households—those earning 30 percent or less of their metro area's median household income.¹ There are affordable and available homes for fewer than three out of ten of these households. Very low-income (VLI) households, those who earn up to half of their area's median household income, fair only slightly better: there are affordable and available homes for four out of every ten VLI households in the county.

More than 50 percent of ELI households are elderly or disabled, while VLI households are more likely to include low-wage workers.² In fact, there are 207,820 workers in the Alameda County area earning less than half the county's median income. TABLE 1 provides examples of working VLI adults in Alameda County who earn far less than the income required to afford the fair market rent on a two-bedroom apartment.

While proposals to increase the state minimum wage would certainly help, a few more dollars an hour will not be enough to reduce the affordability burden.

TABLE 1: WHO IS BEING LEFT OUT OF THE ALAMEDA COUNTY HOUSING MARKET?

HUD 50% of Area Median Income (AMI) in Alameda County for a three person household: \$42,100
Total workers earning < 50% AMI: 207,820

Salary needed to afford Fair Market Rent: \$63,120

JOB CATEGORY	MEDIAN INCOME IN ALAMEDA COUNTY
Substitute Teachers	\$42,070
Dental Assistants	\$37,670
Security Guards	\$29,750
Retail Salespersons	\$23,130
Childcare Workers	\$21,970
Waiters/Waitresses	\$18,710

SOURCES: See Footnote 3

RENTS ARE HIGH AND RISING, ESPECIALLY IN RELATION TO STAGNANT OR DECLINING INCOMES

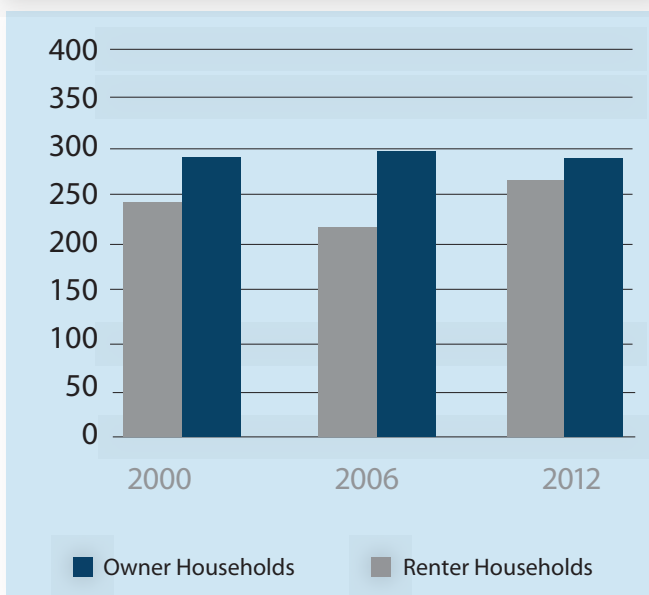
In Alameda County, rents are extremely high and rapidly rising. Census data shows that inflation-adjusted median household income in Alameda County in 2012 was nine percent lower than in 2000. However, the inflation-adjusted median rent was 11 percent higher. FIGURE 3 shows the imbalance between the growth in median rents and the decline in median income since 2000.

Together, stagnant wages and steeply increasing housing costs have pushed many low-income households' budgets to the breaking point. According to the California Poverty Measure, the poverty rate in Alameda County is 18 percent.⁴

Rents increase in response to demand. Nearly 42,000 new renter households have entered the Alameda market since 2006,⁵ many because of displacement during the foreclosure crisis.

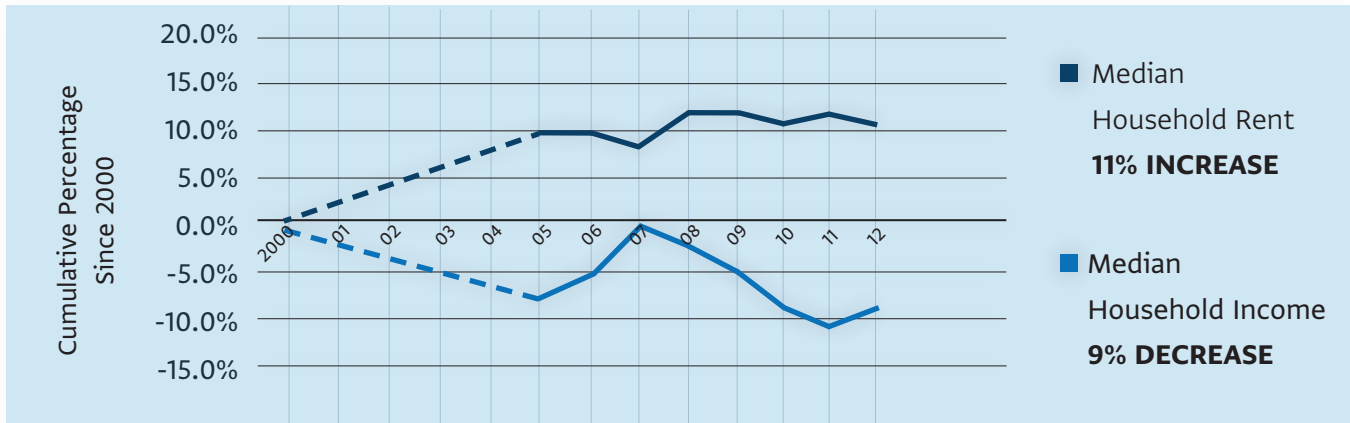
The foreclosure crisis did not create more opportunities for low-income households to find affordable homes.

FIGURE 2: CHANGE IN OWNER AND RENTER HOUSEHOLDS (in thousands)



SOURCES: 2000 Census, 2006 1-year ACS, 2012 1-year ACS

FIGURE 3 : CUMULATIVE PERCENTAGE CHANGE IN INFLATION-ADJUSTED MEDIAN INCOME AND MEDIAN RENT IN ALAMEDA COUNTY 2000 TO 2012



SOURCES: US Census 2000; American Community Survey 2005-2012. Median rents and incomes for 2001-2004 are estimated.

LOCAL, STATE, AND FEDERAL DISINVESTMENT IN AFFORDABLE HOUSING HAS EXACERBATED THE HOUSING MARKET’S FAILURE TO PROVIDE FOR LOW-INCOME FAMILIES

Even as Alameda County’s shortfall of affordable homes has become more acute, the state has reduced its direct funding for affordable housing dramatically. State Housing Bonds funded by Propositions 1C and 46 are exhausted, meaning the elimination of tens of millions of dollars in investment to provide homes to low- and moderate-income households in Alameda. The elimination of Redevelopment funds led to a loss

of more than \$56.7 million annually in local investment in the production and preservation of affordable homes in Alameda County.

Exacerbating the state cuts is the simultaneous disinvestment in affordable housing by the federal government. Cuts to HOME and Community Development Block Grants (CDBG) have resulted in the loss of another \$7.8 million in funding. TABLE 2 highlights the loss of state and federal funding for affordable homes in Alameda County since 2008.

89% DECREASE
in state and federal funding for affordable homes in Alameda County since 2008.

TABLE 2 : CHANGE IN ALAMEDA COUNTY’S MAJOR AFFORDABLE HOUSING FUNDING SOURCES
FY 2007/08 TO 2012/13

FUNDING SOURCES	FY 2007/2008	FY 2012/2013	% CHANGE
State Housing Bonds Prop. 46 and Prop. 1C*	\$136,561,831	\$3,000,000	-98%
Redevelopment Funds for Affordable Housing	\$56,715,327	\$0	-100%
Federal CDBG Funds	\$20,222,140	\$16,853,267	-17%
Federal HOME Funds	\$9,434,454	\$4,931,723	-48%
Total	\$222,933,752	\$24,784,990	-89%

SOURCES: CHPC tabulations of HCD’s Redevelopment Housing Activities Report and HUD’s CPD program formula allocations by fiscal year.

*Prop. 46 and Prop. 1C spending for FY 2007/2008 and 2012/2013 provided by HCD.

CORRECTION: A previous version of this report erroneously listed CDBG funds in 2012/13 as \$16,045,070 and HOME funds as \$4,920,819. The amounts have been adjusted above.

RECOMMENDATIONS to the leaders of the State of California, Alameda County, and local jurisdictions

If California is to rebuild a strong and diverse economy that includes low- and moderate-income households, our state must reinvest in affordable homes and develop responsive policy. Simply allowing a broken housing market to run its course is impoverishing and driving away our low-wage workforce, undermining our GHG-reduction goals, and forcing seniors, veterans, and people with disabilities into our shelters and emergency rooms, costing local governments five to ten times more in service costs.

STATEWIDE Policy Recommendations

1. Replace the exhausted state housing bonds (Propositions 46 and 1C) by:
 - Passing legislation to create a permanent source of funding at the state level for the production and preservation of affordable homes.
 - Making a general fund investment in existing state rental housing production programs.
2. Give local governments tools to replace lost funding and meet obligations to create and preserve affordable homes by:
 - Lowering the voter threshold for local funding of basic infrastructure including transportation, housing, and parks from two-thirds to 55 percent, the same as it is for school bonds.
 - Authorizing a new local Tax Increment Financing (TIF) program to fund investment in basic infrastructure including transportation, housing, and parks.
3. Help California meet its GHG reduction targets by investing a significant portion of Cap-and-Trade auction revenues in the California Department of Housing and Community Development's Transit Oriented Development (TOD) Housing Program⁶ and similar programs appropriate for more rural areas.

LOCAL Policy Recommendations

1. Increase land available for affordable homes by:
 - Ensure that sites identified in Housing Element updates as suitable for affordable housing are assessed for competitiveness for funding such as Low Income Housing Tax Credits.
 - Adopting affordable housing requirements for publicly owned surplus land.
2. Fund development of affordable homes by:
 - Setting aside one-time AND recurring residual Tax Increment funds for affordable housing ("Boomerang" funds).
 - Implementing new or updating existing Housing Impact and Commercial Linkage fees especially in Priority Development Areas.
 - Using public benefits zoning for affordable housing especially in Priority Development Areas.
3. Allow affordable housing development by right through mechanisms such as Affordable Housing Overlay Zones.

For information about local policy solutions contact:



East Bay Housing Organizations can be reached at (510) 663-3830 and ebho.org



NPH can be reached at (415) 989-8160 x35 and nonprofithousing.org

¹ National Low Income Housing Coalition analysis of 2006-2010 CHAS data.

² National Low Income Housing Coalition. "America's Affordable Housing Shortage and How to End it." Housing Spotlight 3, no. 2, (2013) http://nlihc.org/sites/default/files/HS_3-1.pdf

³ TABLE 1 Sources: CHPC Analysis of U.S. Department of Housing and Urban Development Section 8 Income Limits for 2012 and Bureau of Labor Statistics 2012 Occupational Employment Statistics from Los Angeles-Long Beach-Glendale MSA; National Low Income Housing Coalition. "Out of Reach," 2014.

⁴ The California Poverty Measure is an alternative to the conventional measure of poverty developed by the Public Policy Institute of California that takes into account the social safety net and cost of living.

⁵ CHPC Analysis of 2006 1-year ACS and 2012 1-year ACS

⁶ CHPC has authored and co-authored several reports on the environmental and social benefits of locating affordable homes near transit. A list of reports can be found at <http://www.chpc.net/GREEN/Publications.html>.