

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

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

Fresno County has the tenth 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 Fresno County's affordable housing crisis.

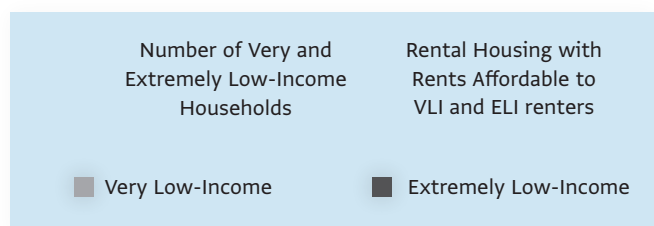
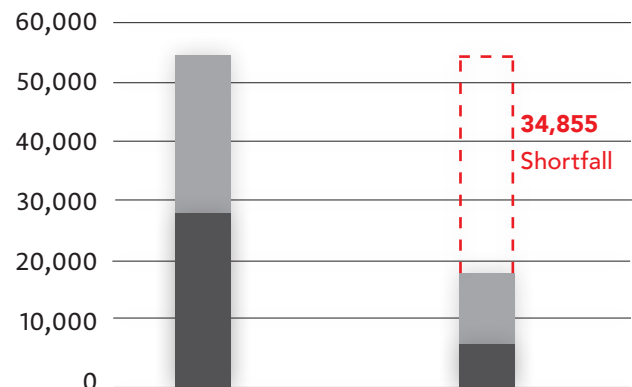
KEY ELEMENTS OF FRESNO COUNTY'S AFFORDABLE HOUSING MARKET FAILURE:

- There is a **shortfall of 34,855 homes** affordable to Fresno County's very low-income (VLI) and extremely low-income (ELI) households.
- **Median rents in Fresno County increased by 21 percent between 2000 and 2012**, while the median income declined by 13 percent, significantly driving up the percentage of income that households must spend on rent.
- 73% of very low-income households pay **more than half their income on rent**.

92% of very low-income households in Fresno County pay more than 30% of their income in rent.

SOURCE: NLIHC Analysis of 2012 American Community Survey PUMS data

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



SOURCE: CHPC Analysis of 2007-2011 CHAS Data

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

Rent is considered affordable when it consumes no more than 30 percent of household income. Fresno County is home to 27,145 extremely low-income (ELI) renter households—those earning 30 percent or less of the metro area's median income. Fresno County has an affordable home for fewer than two out of ten of these ELI households.¹ Very low-income (VLI) households, those who earn up to half of the area's median income, fair only slightly better; there are homes with affordable rents for only three out of 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 93,391 workers in Fresno County earning less than half the county's median income. TABLE 1 provides some examples of working VLI adults in Fresno County who earn far less than the income required to afford the fair market rent on a two-bedroom apartment.

While increasing the minimum wage would certainly help, the affordable housing shortfall cannot be offset by living-wage initiatives alone.

TABLE 1: WHO IS BEING LEFT OUT OF FRESNO COUNTY'S HOUSING MARKET?

50% of HUD Area Median Income (AMI) in Fresno County for a 3-person household: **\$24,650**
Total workers earning < 50% AMI: 93,391

Salary needed to afford Fair Market Rent: **\$33,080**

JOB CATEGORY	MEDIAN INCOME IN FRESNO
Bank Tellers	\$24,630
Home Health Aides	\$21,940
Childcare Workers	\$20,250
Security Guards	\$18,800
Ambulance Drivers & Attendants	\$18,170

SOURCE: See Endnote 3

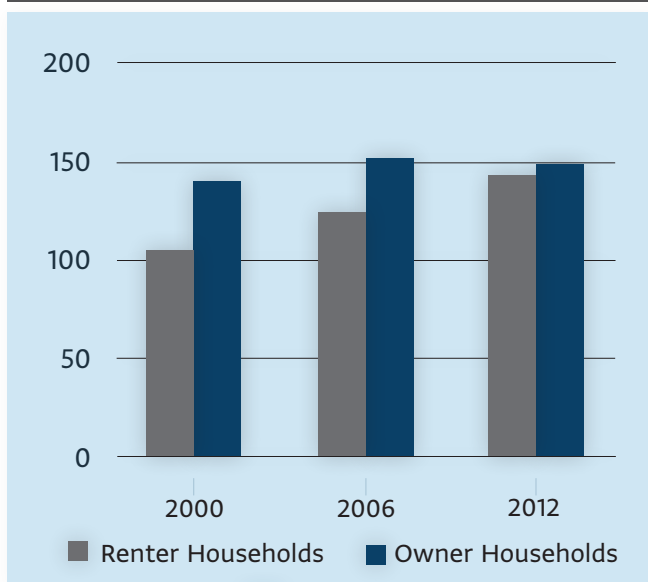
RENTS ARE HIGH AND RISING, ESPECIALLY IN RELATION TO STAGNANT OR DECLINING INCOMES

Household median incomes in Fresno County were 13 percent lower in 2012 than in 2000, after adjusting for inflation. However, the inflation-adjusted median rent was 21 percent higher. FIGURE 3 shows the imbalance between the growth in median rents and the decline in median income since 2000.

Coupled with stagnant wages, increasing housing costs have pushed the budgets of many low-income households to the breaking point. According to the California Poverty Measure, the poverty rate in Fresno County is 20 percent.⁴

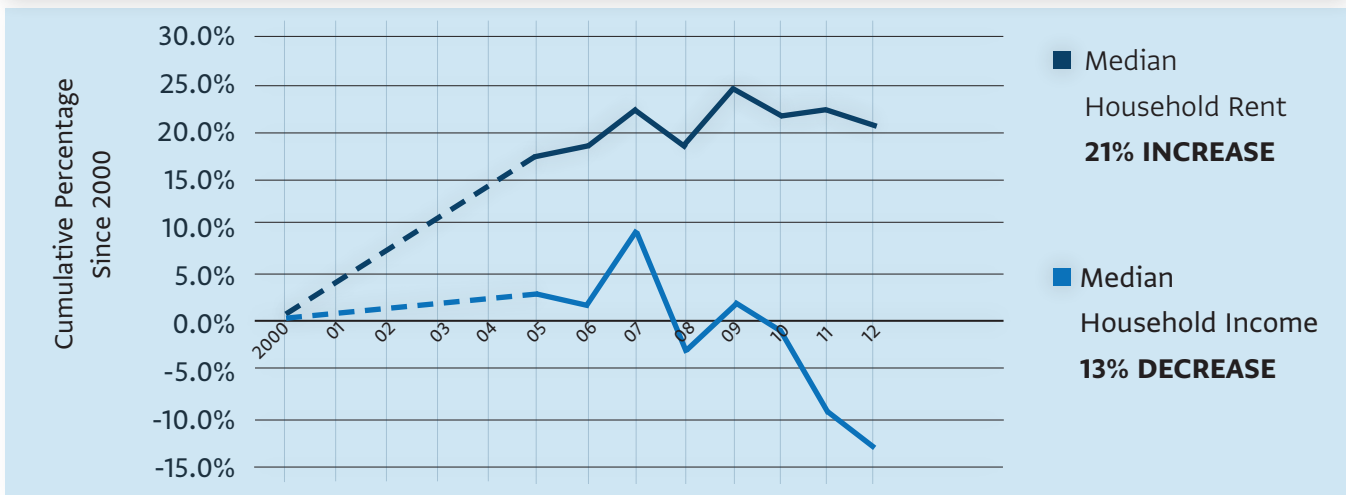
Rents increase in response to demand. While the overall population increased by a moderate 5.4 percent between 2006 and 2012, the rate of households in the rental market jumped by 13.6 percent,⁵ exacerbated by displacement caused by the foreclosure crisis. Unless more affordable rental homes are added to the housing stock, rents will likely continue to rise.

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



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

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



SOURCES: US Census 2000 and 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 Fresno 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 Fresno. The elimination of Redevelopment funds led to a loss of

more than \$9.8 million annually in local investment in the production and preservation of affordable homes in Fresno 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 \$3.9 million in annual funding. TABLE 2 highlights the loss of state and federal funding for affordable homes in Fresno since 2008.

77% DECREASE in state and federal funding for affordable homes in Fresno since 2008.

TABLE 2 : CHANGE IN FRESNO 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*	\$34,904,087	\$1,000,000	-97%
Redevelopment Funds for Affordable Housing	\$9,892,507	\$0	-100%
Federal CDBG Funds	\$12,106,910	\$10,196,625	-16%
Federal HOME Funds	\$5,097,014	\$3,068,531	-40%
Total	\$62,000,518	\$14,265,156	-77%

SOURCES: CHPC tabulations of HCD's Annual Report of Financial Assistance Programs and Redevelopment Housing Activities Report.

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

RECOMMENDATIONS to the leaders of the State of California, Fresno 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 will further impoverish low-wage workers and make the goal of economic independence harder to achieve due to the high percentage of income consumed by housing costs. The current housing market is also forcing our veterans, seniors and people with disabilities into unstable living conditions and increasing hospitalizations and emergency room visits that cost 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.
 - Continue investing at least \$100 million per year in general funds in existing state affordable housing programs.
2. Give local governments tools to replace lost funding and meet obligations to create and preserve affordable homes by:
 - Lowering the voter threshold required to pass infrastructure bonds for housing, transportation, 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.
 - Permitting local jurisdictions to require that new housing developments include a percentage of homes affordable to low- and moderate-income households.
3. Continue to invest a minimum of 10 percent of Cap-and-Trade auction revenues in the production and preservation of affordable homes that help California meet its GHG reduction targets.⁶

LOCAL Policy Recommendations

1. Dedicate at least 20 percent of tax increment revenue recaptured from former redevelopment areas to an affordable housing trust fund.
2. Identify sites for affordable infill developments in higher income, higher opportunity areas of the city and county.
3. Pass a housing impact fee that funds affordable homes as part of larger market-rate developments.
4. Designate and retain land zoned for dense, multifamily housing development in all areas slated for future growth in the general plans of communities throughout Fresno County.
5. Develop a code enforcement strategy that addresses substandard housing conditions while protecting tenants.
6. Provide infrastructure improvements to facilitate infill residential development and to improve quality of life in low-income communities.

For more information about local policy solutions in Fresno County, contact:



1 California Housing Partnership Analysis of 2007-2011 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; Bureau of Labor Statistics 2012 Occupational Employment Statistics from Fresno County; National Low Income Housing Coalition. "Out of Reach," 2014, salary needed to afford Fair Market Rent for a two-bedroom apartment in Fresno County.

4 The California Poverty Measure is an alternative to the conventional measure of poverty developed by the Public Policy Institute of California and Stanford that takes into account the social safety net and cost of living. http://www.ppic.org/content/pubs/report/R_1013SBR.pdf.

5 California Housing Partnership Analysis of 2006 1-year American Community Survey (ACS) and 2012 1-year ACS.

6 California Housing Partnership 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>.