Photo: Kevin Ng
Courtesy of BRIDGE Housing

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Courtesy of MidPen Housing

CALIFORNIA'S HOUSING EMERGENCY UPDATE

California Housing Partnership

KEY FINDINGS

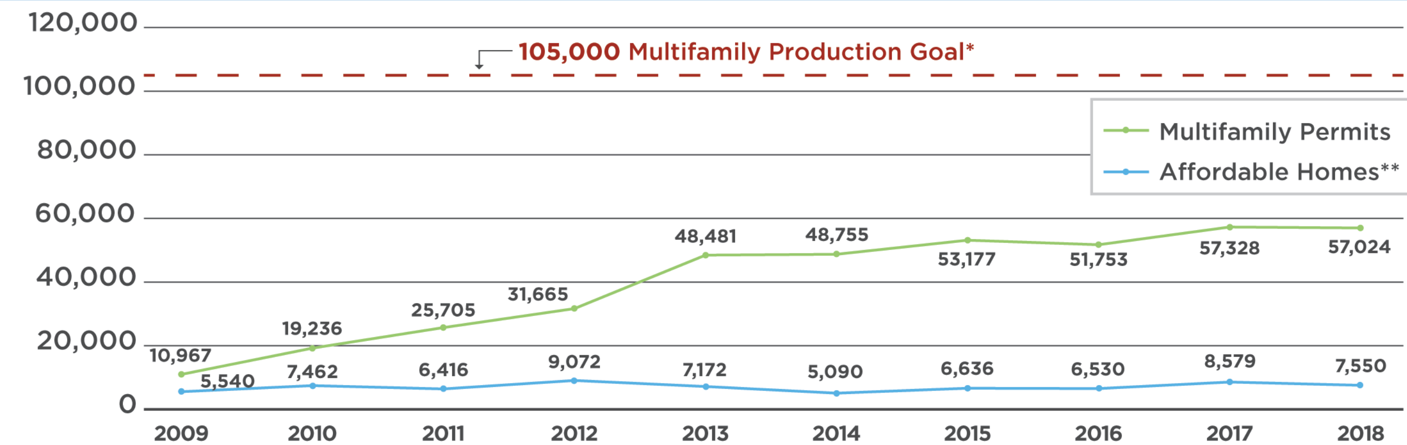
- Low Income Housing Tax Credit housing production in California declined by 23% overall from 2016 due to federal tax reform.
- While overall multifamily development increased significantly over the last ten years, production of affordable homes has stagnated.
- Renters need to earn 3.6 times the State minimum wage to afford the median asking rent of $2,225, an increase from 3.5 times in 2018.
- The State spends nearly 14 times more on homeowners than on renters.
- Despite the passage of the 2017 Housing Package, State funding remains well below 2012 levels, undermining progress in addressing homelessness.
- Housing prices are driving costs of living out of reach for low income Californians. As a result, one in three households cannot meet basic needs.

HOW STATE LEADERS CAN HELP

- Replace Redevelopment funding for affordable housing with at least $1 billion annually to help local governments meet their State-mandated production goals.
- Expand the State's Low Income Housing Tax Credit Program by $500 million per year to jump-start affordable housing production and preservation.
- Create a new California capital gains tax credit to preserve existing affordable housing at risk of conversion and to fight displacement pressures in Opportunity Zones.
- Reduce the threshold for voter approval of local funding of affordable housing and infrastructure from 67% to 55% as was done for educational facilities in 2000.

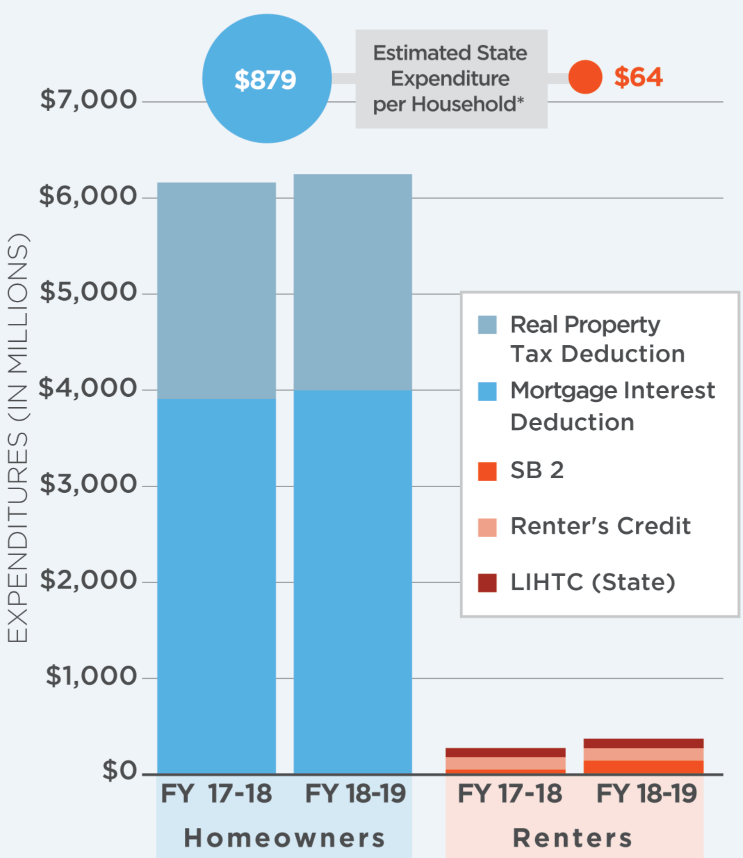
MARCH 2019

WHILE MULTIFAMILY DEVELOPMENT INCREASED SIGNIFICANTLY OVER THE LAST TEN YEARS, BOTH MULTIFAMILY AND AFFORDABLE PRODUCTION REMAIN WELL BELOW GOAL



Source: *California Department of Finance Construction Permit data, 2009-2018.*
**The multifamily production goal is derived using California Housing and Community Development's (HCD) Fifth RHNA Cycle annual permit goal of 200,000 and the median percentage of multifamily permits of all permits from 2009-2018.*
***Affordable homes is a subset of multifamily permits and is derived from the Low Income Housing Tax Credit Program.*

THE STATE SPENDS NEARLY 14 TIMES MORE ON HOMEOWNERS THAN RENTERS



Source: *State of California Department of Finance Tax Expenditures Report, 2018-2019. California Tax Credit Allocation Committee Credit Estimates, 2018-2019.*
**Estimates based on tenure of households as reported in the 2017 1-YR ACS.*

LOW INCOME HOUSING TAX CREDIT PRODUCTION AND PRESERVATION IN CALIFORNIA IS DOWN BY 23% SINCE 2016

STATEWIDE

TYPE	2016	2018	% CHANGE
New Construction	9,285	9,373	1%
Acquisition & Rehab	15,032	9,430	-37%
All	24,317	18,803	-23%

BAY AREA

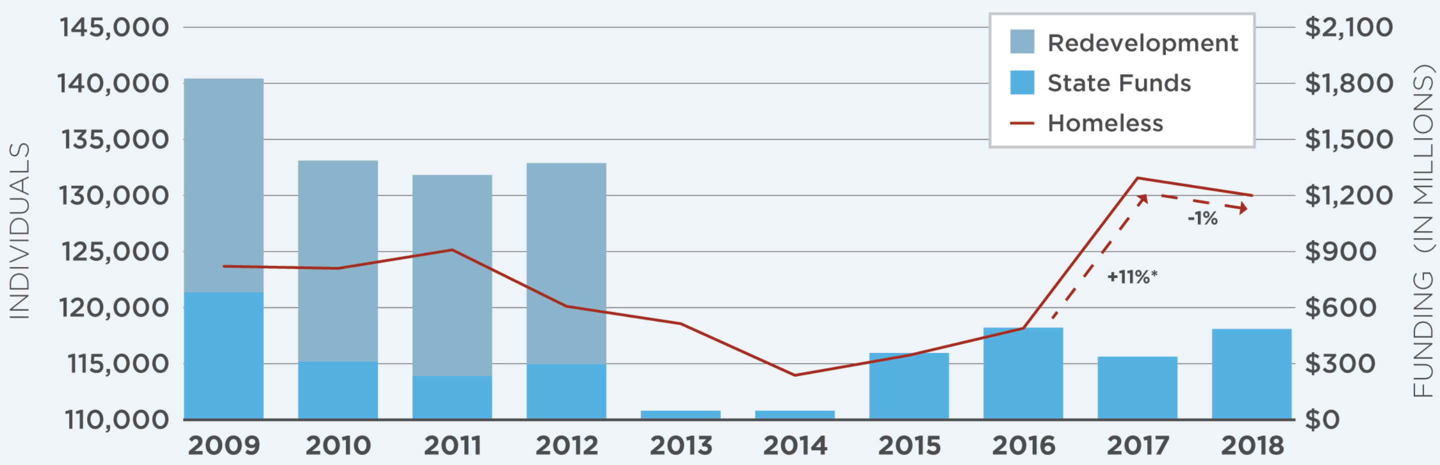
TYPE	2016	2018	% CHANGE
New Construction	3,230	2,856	-12%
Acquisition & Rehab	5,016	2,630	-48%
All	8,246	5,486	-33%

LOS ANGELES COUNTY

TYPE	2016	2018	% CHANGE
New Construction	1,853	2,059	11%
Acquisition & Rehab	3,292	1,466	-55%
All	5,145	3,525	-31%

Source: *California Housing Partnership analysis of 2016-2018 California Tax Credit Allocation Committee data.*
Note: *The data does not include manager or market rate units created through the LIHTC program.*

DESPITE THE 2017 HOUSING PACKAGE, STATE FUNDING STILL FALLS SHORT, UNDERMINING PROGRESS ON HOUSING THE HOMELESS

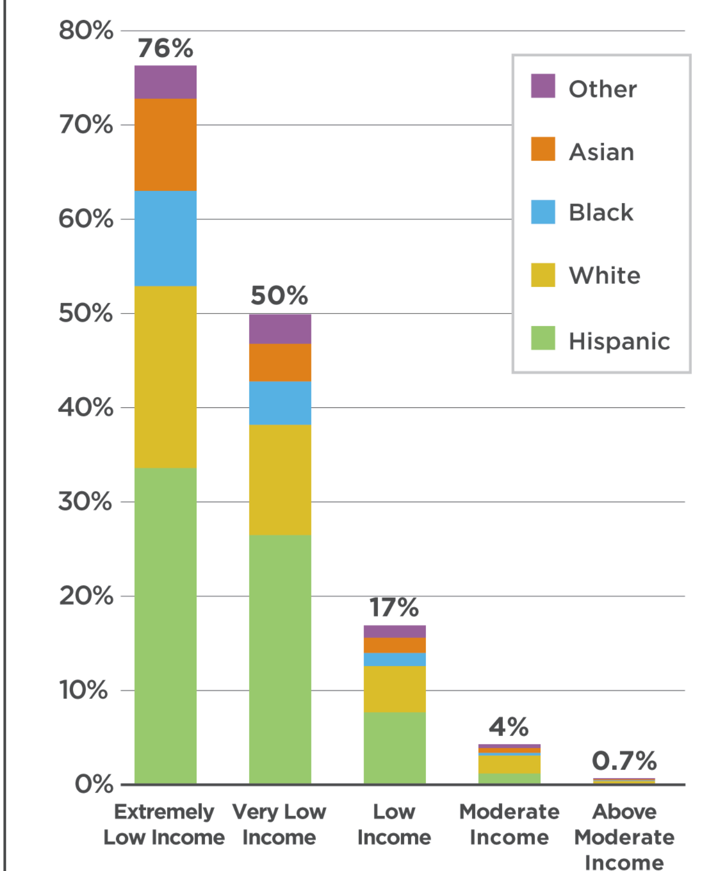


Source: *California Department of Housing and Community Development (HCD) Redevelopment Housing Activities Report. HCD Financial Assistance Program Reports, 2009-2018. Strategic Growth Council Affordable Housing and Sustainable Communities Program Allocation, 2014-2018. Housing and Urban Development (HUD) PIT and HIC data since 2009.*
**Revisions were made to the 2017 PIT count after the publishing of last year's report, resulting in a difference in the percentage change from 2016 to 2017.*
Note: *Fiscal years are represented by the second half of the fiscal year (e.g. FY 2008-2009 is presented as 2009).*

CALIFORNIA NEEDS 1.4 MILLION MORE AFFORDABLE RENTAL HOMES

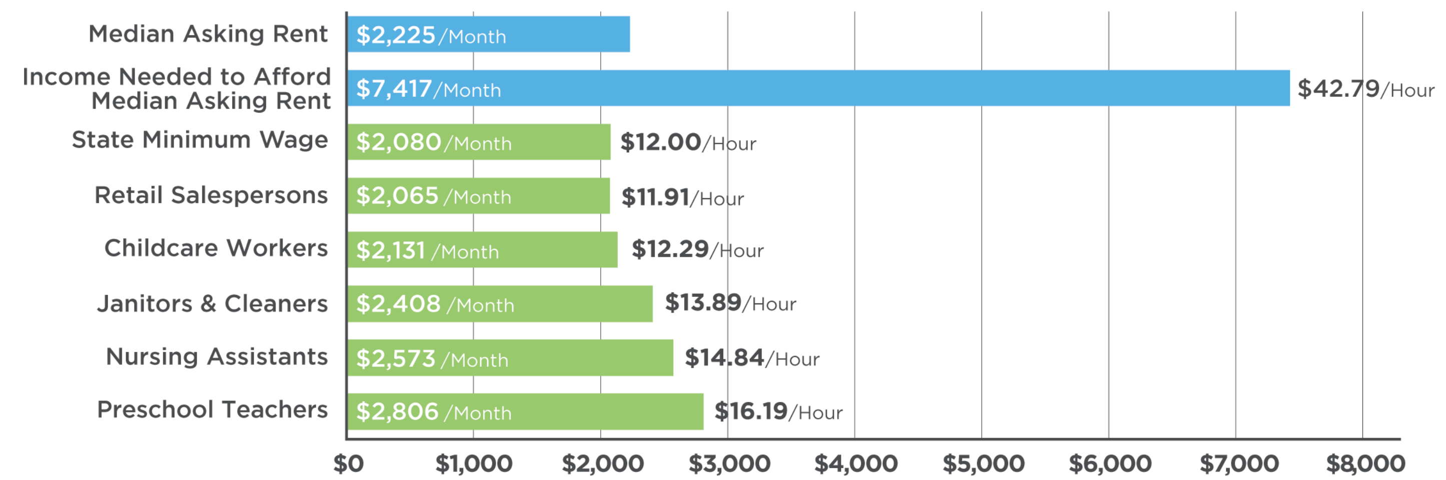
Source: *NLIHC analysis of 2017 PUMS data.*

LOWEST INCOME HOUSEHOLDS ARE DISPROPORTIONATELY AND SEVERELY COST BURDENED



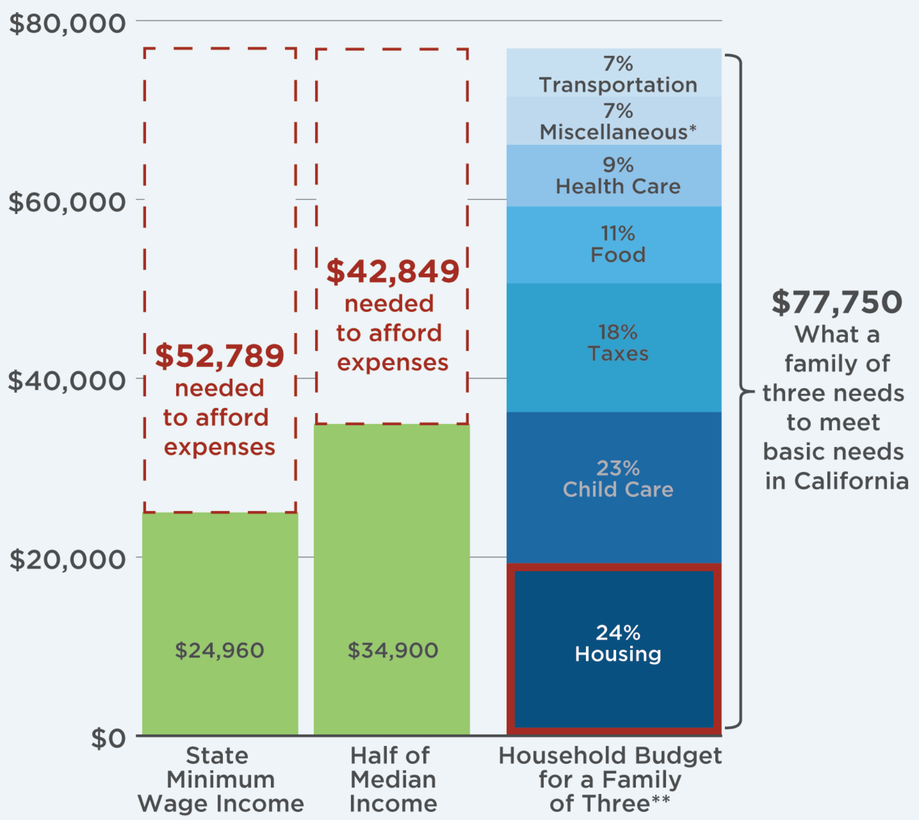
Source: *NLIHC analysis of 2017 PUMS data.*
**Severely cost burdened households spend more than 50% of their income towards housing costs.*

RENTERS NEED TO EARN 3.6 TIMES THE STATE MINIMUM WAGE TO AFFORD THE MEDIAN ASKING RENT, WHICH HAS INCREASED BY 11%



Source: *Paul Waddell, Urban Analytics Lab, University of California, Berkeley, retrieved from analysis of online Craigslist listings in February 2019. Bureau of Labor Statistics Median Annual Wage Data for California Occupations, 2017.*

HOUSING PRICES ARE DRIVING COSTS OF LIVING OUT OF REACH FOR LOW INCOME CALIFORNIANS



Source: *The following state budget is a preview of United Way's forthcoming data release on the Real Cost Measure. Please visit https://www.unitedwaysca.org/realcost for more information about what it takes to meet basic needs in California.*
**The "miscellaneous" budget category includes all other categories not defined.*
***The household budget for a family of three uses a population weighted average to estimate the costs associated with one working adult and two children (one school-aged child and one toddler). Each percentage represents how much a family's annual budget is captured in each cost category (housing, child care, etc.).*

ONE IN THREE CALIFORNIA HOUSEHOLDS CANNOT PAY FOR THE REAL COST OF LIVING DUE PRIMARILY TO HIGH HOUSING COSTS

Source: *Struggling to Stay Afloat: The Real Cost Measure in California 2018. United Ways of California. http://www.unitedwaysca.org/realcost.*

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