



MARCH 2018

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

KEY FINDINGS

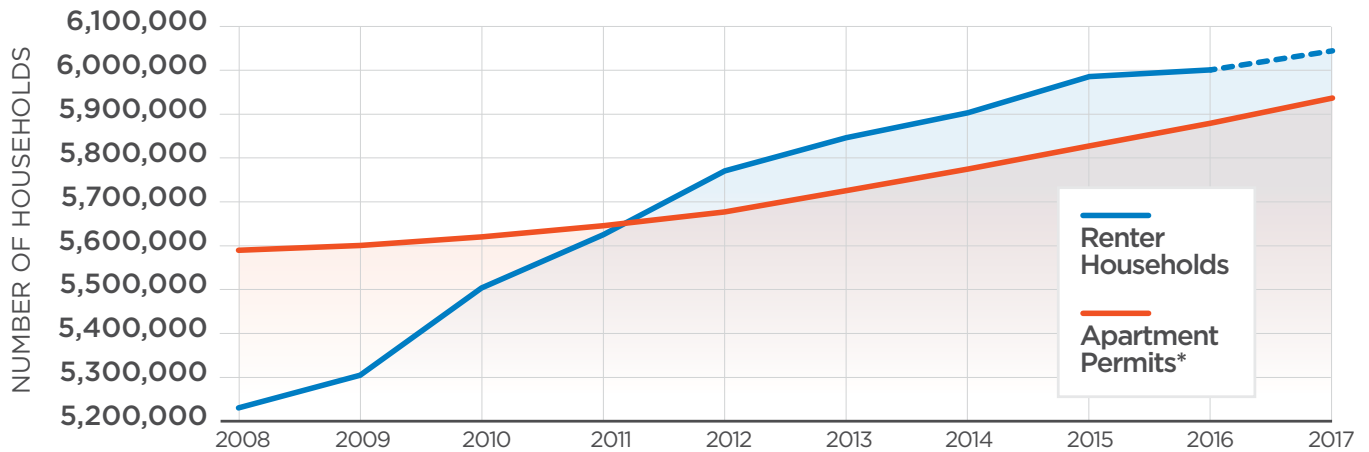
- Low Income Housing Tax Credit housing production in California declined 45% in anticipation of federal tax reform.
- Rental apartment demand has dramatically outpaced supply.
- State expenditures are highly inequitable between homeowners and renters, with the state spending \$929 per owner household 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.

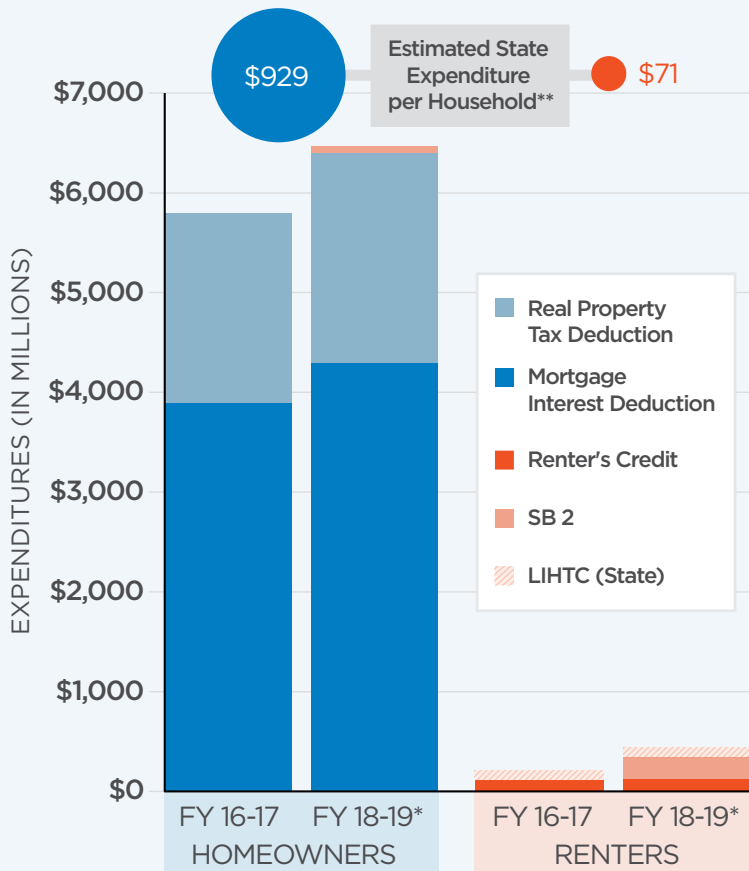


GROWTH OF RENTAL APARTMENT SUPPLY HAS NOT KEPT PACE WITH GROWTH IN RENTER HOUSEHOLD DEMAND SINCE THE GREAT RECESSION



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



Source: State of California Franchise Tax Board (FTB). California Income Tax Expenditures Compendium of Individual Provisions Report for 2014 Tax Year Data. ftb.ca.gov. CA Tax Credit Allocation Committee (TCAC) Credit Estimates.

*Estimates produced by the FTB and TCAC.

**Estimates based on tenure of households as reported in 2016 ACS data.

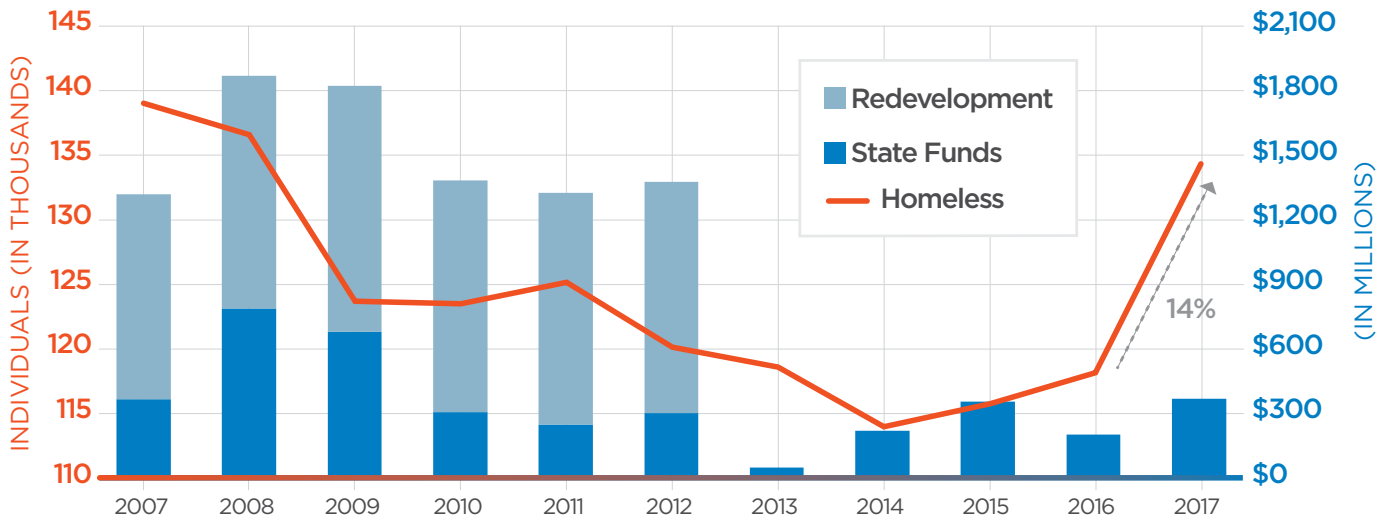
LOW INCOME HOUSING TAX CREDIT (LIHTC) PRODUCTION IN CALIFORNIA DECLINED 45% IN ANTICIPATION OF FEDERAL TAX REFORM

State			
Type	2016	2017	Change %
New Construction	9,285	7,407	-20%
Acquisition & Rehab	15,032	5,928	-61%
All	24,317	13,335	-45%
Bay Area			
Type	2016	2017	Change %
New Construction	3,230	2,514	-22%
Acquisition & Rehab	5,016	1,629	-68%
All	8,246	4,143	-50%
Los Angeles County			
Type	2016	2017	Change %
New Construction	1,853	1,456	-21%
Acquisition & Rehab	3,292	891	-73%
All	5,145	2,347	-54%

Source: CHPC analysis of 2016 and 2017 CA Tax Credit Allocation Committee (TCAC) data.

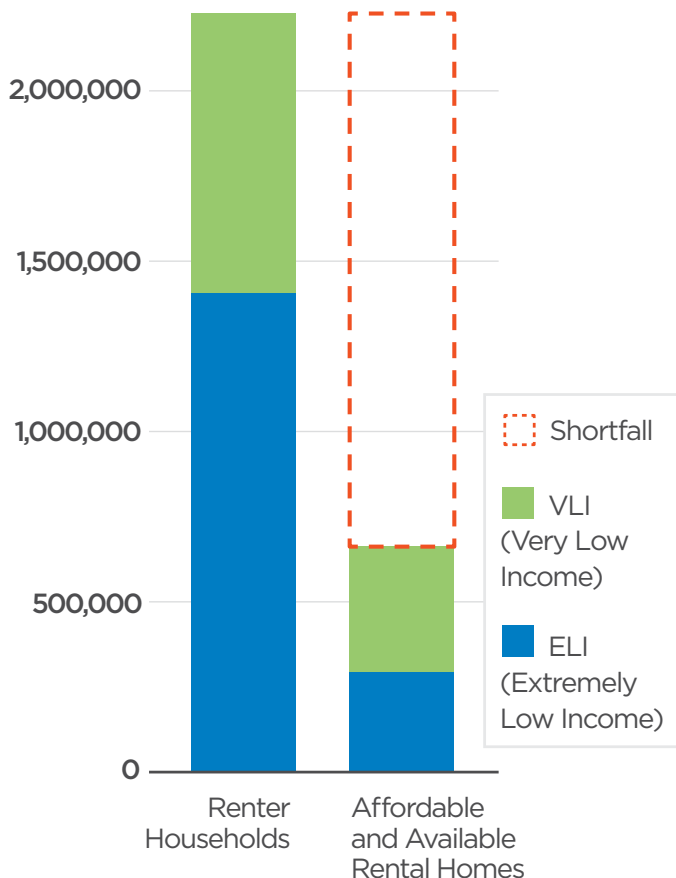
Note the data does not include manager or market rate units created through the LIHTC program.

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 and Social Benefits

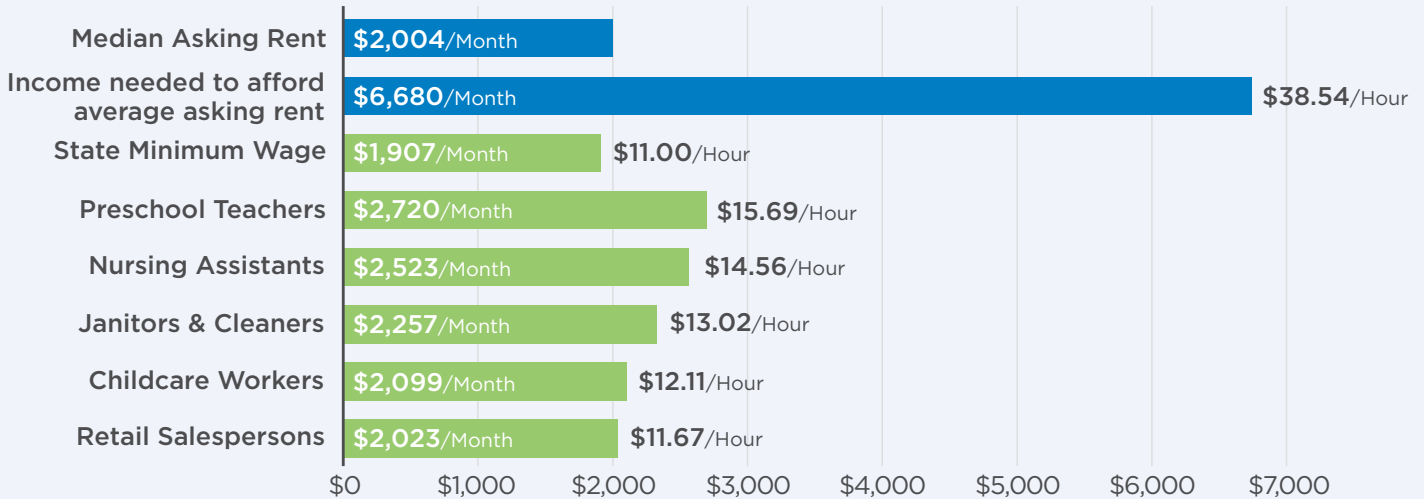
Source: Public Policy Institute of California (PPIC), California Poverty by County and Legislative District, 2013-2015.

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

County	Shortfall	OPM	CPM	Rental Vacancy
Los Angeles*	-568,255	17.2%	24.9%	1.6%
San Diego	-143,800	13.3%	20.4%	1.8%
Orange	-92,738	11.9%	21.3%	1.3%
San Bernardino	-72,032	19.0%	18.7%	1.6%
Riverside	-64,526	16.3%	19.0%	1.5%
Santa Clara	-58,583	7.9%	16.2%	1.4%
Sacramento	-58,552	16.6%	17.5%	1.6%
Alameda	-53,691	11.3%	17.1%	1.0%
Fresno	-41,108	26.1%	20.4%	1.5%
Contra Costa	-31,193	10.0%	15.5%	0.6%

Source: NLIHC analysis of 2016 PUMS data. Public Policy Institute of California (PPIC), California Poverty by County and Legislative District, 2013-2015. CHPC analysis of vacancy rates in 2016 ACS data. *CHPC analysis of 2016 PUMS data.

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

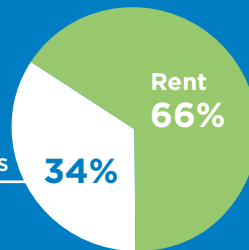


Source: Paul Waddell, Urban Analytics Lab, University of California, Berkeley, retrieved from analysis of online Craigslist listings in February 2018. CHPC analysis of Bureau of Labor Statistics Medial Annual Wage Data for CA Occupations for 2016.

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

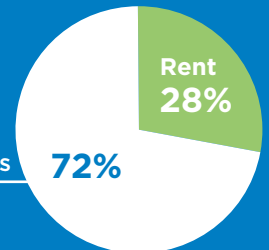
HOUSEHOLDS EARNING HALF OF MEDIAN INCOME OR LESS

Food, Transportation, Health Care, & Other Essentials



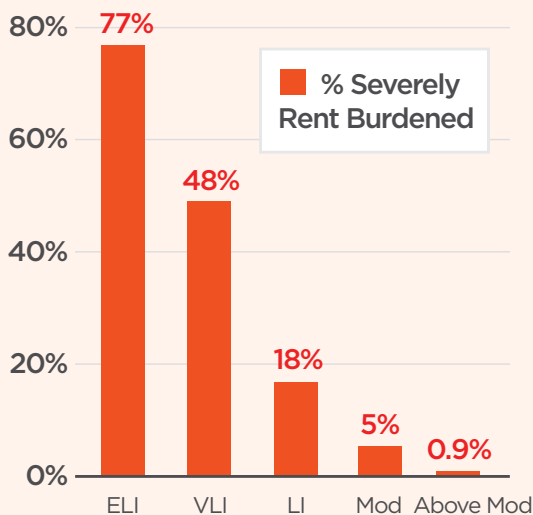
MEDIAN INCOME HOUSEHOLDS

Food, Transportation, Health Care, & Other Essentials



Source: NLIHC analysis of 2016 PUMS data.

PERCENTAGE OF SEVERELY RENT BURDENED* HOUSEHOLDS BY INCOME GROUP



Source: NLIHC analysis of 2016 PUMS data.

*Severely rent-burdened households spend more than 50% of their income towards rent.

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.