

# CONFRONTING ORANGE COUNTY'S RENT AND POVERTY CRISIS: A CALL FOR REINVESTMENT IN AFFORDABLE HOMES

## KEY FINDINGS

- » Cuts in annual federal and state funding, including elimination of Redevelopment, have reduced Orange County's investment in affordable housing production and preservation by more than \$110 million annually since 2008, a 72% reduction.
- » Median rent in Orange County has increased 24% since 2000 while median renter household income has declined 10%, when adjusted for inflation.
- » Renters need to earn 3.7 times the state minimum wage to afford the average monthly asking rent of \$1,903.
- » Orange County's lowest-income renters spend 84% of income on rent, leaving little left for food, transportation, health expenses, and other needs.
- » When housing costs are considered, Orange County's poverty rate rises to 21.8%.
- » Orange County needs 101,442 more affordable rental homes to meet the needs of its lowest income renters.

## ORANGE COUNTY'S POVERTY RATE RISES TO 21.8% WHEN HIGH HOUSING COSTS ARE INCLUDED

**Official Poverty Measure (OPM)**  
**12.6%**

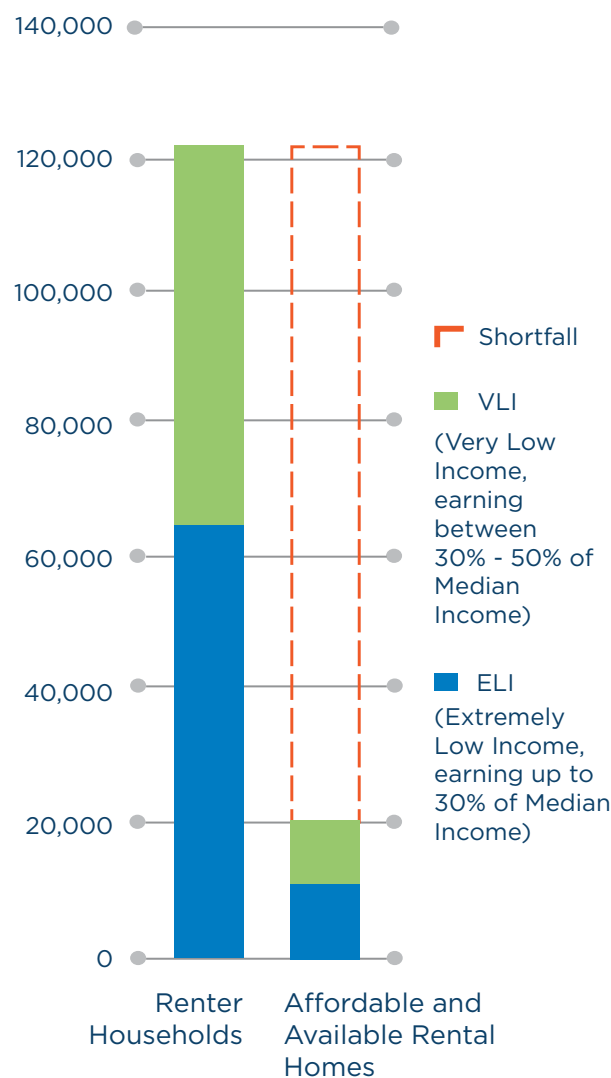
Unadjusted for Housing Costs

**California Poverty Measure (CPM)**  
**21.8%**

Adjusted for Housing Costs and Social Benefits

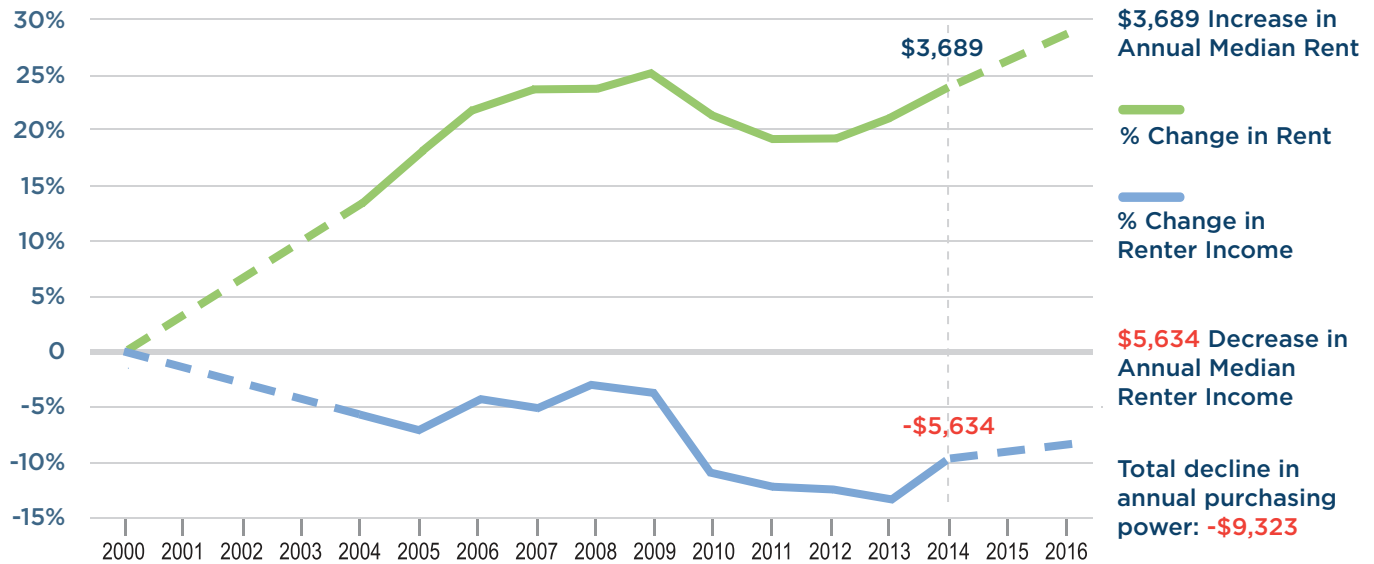
Source: Public Policy Institute of California. California Poverty by County, 2011-2013.

## ORANGE COUNTY NEEDS 101,442 MORE AFFORDABLE RENTAL HOMES



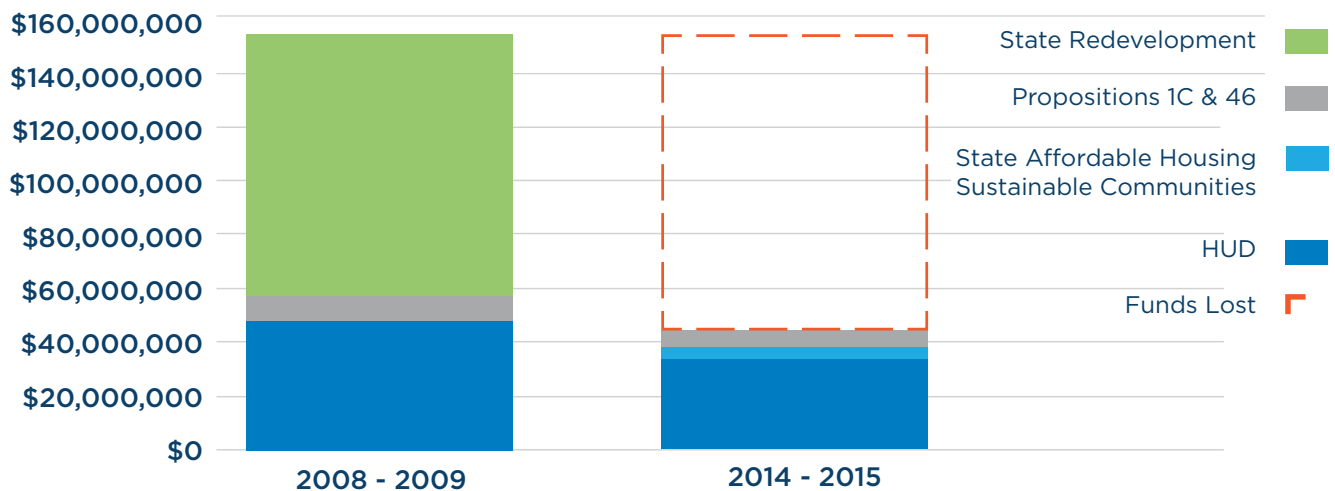
Source: NLIHC analysis of 2014 PUMS data.

## ORANGE COUNTY'S INFLATION-ADJUSTED MEDIAN RENT INCREASED 24% WHILE MEDIAN RENTER INCOME DECLINED 10% FROM 2000 TO 2014



Source: CHPC analysis of 2000-2014 Census and ACS data. Median renter income and rent from 2001-2004 and 2015-2016 are estimated trends. Median rent and median renter income are inflation adjusted to 2014 dollars.

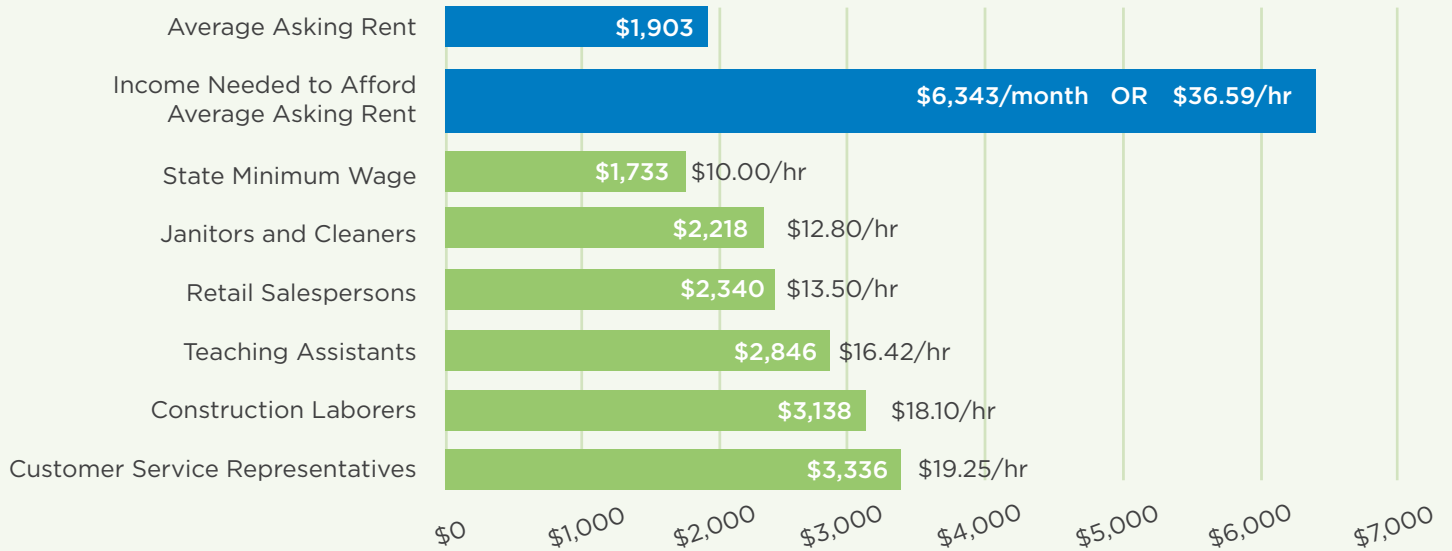
## ORANGE COUNTY LOST 72% OF STATE AND FEDERAL FUNDING FOR HOUSING PRODUCTION AND PRESERVATION FROM FY 2008-09 TO FY 2014-15



FUNDING SOURCE	FY 2008-2009	FY 2014-2015	% CHANGE
State Redevelopment	\$97,107,741	\$0	-100%
State Housing Bonds and Housing Programs	\$9,600,000	\$8,425,000	-12%
U.S. Dept. of Housing & Urban Development	\$46,254,508	\$34,035,369	-26%
<b>Total</b>	<b>\$ 152,962,249</b>	<b>\$42,460,369</b>	<b>-72%</b>

Source: CHPC analysis of 2008-2009 annual HCD Redevelopment Housing Activities report; 2008-2009 and 2014-2015 annual HCD Financial Assistance Programs Reports; HUD CPD Appropriations Budget data for fiscal years 2009 and 2015.

## ORANGE COUNTY RENTERS NEED TO EARN \$6,343 A MONTH TO AFFORD AVERAGE ASKING RENTS



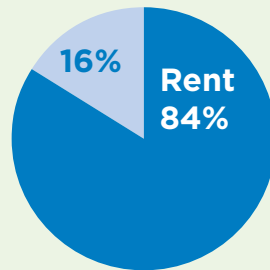
Source: CHPC Analysis of Real Answers Orange County average rent data for the 1st Quarter 2016 and Bureau of Labor Statistics Average Annual Wage Data for CA Occupations 2015.

## WHAT DO RENTERS IN ORANGE COUNTY HAVE LEFT AFTER PAYING RENT?

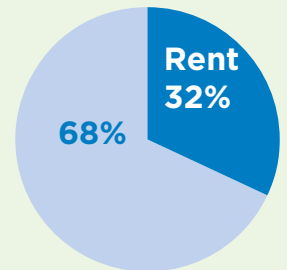
### HOUSEHOLDS EARNING HALF OF MEDIAN INCOME OR LESS

### MEDIAN INCOME HOUSEHOLDS

Food, Transportation, Health Care, & Other Needs

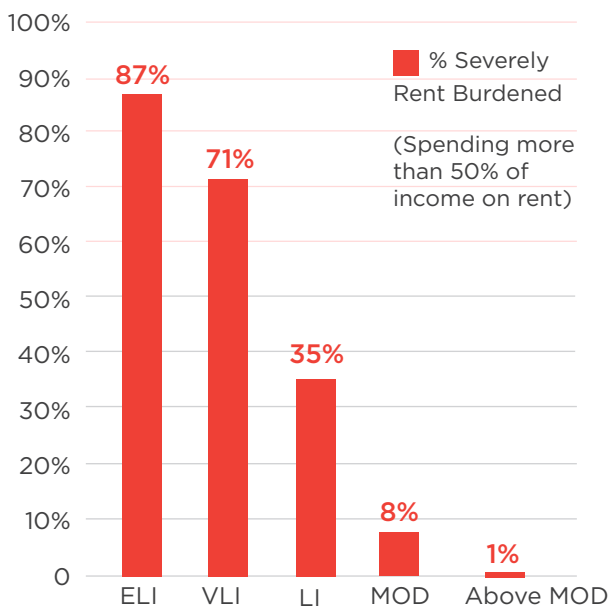


Food, Transportation, Health Care, & Other Needs



Source: NLIHC analysis of 2014 PUMS data.

### PERCENTAGE OF SEVERELY BURDENED HOUSEHOLDS BY INCOME GROUP



Source: NLIHC analysis of 2014 PUMS data.

## ABOUT CHPC

THE STATE CREATED THE CALIFORNIA HOUSING PARTNERSHIP MORE THAN 25 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 LEVERAGE MORE THAN \$8 BILLION IN PRIVATE AND PUBLIC FINANCING TO CREATE AND PRESERVE 30,000 AFFORDABLE HOMES.

# STATEWIDE POLICY RECOMMENDATIONS

The California Housing Partnership calls on state leaders to take the following actions to provide relief to low-income families struggling with the high cost of housing:

- » Invest at least \$1 billion from the state's General Fund surplus into established state programs prioritizing the lowest-income households.
- » Expand the California Low Income Housing Tax Credit. **(AB 2817)**
- » Improve the value of the California LIHTC by up to 40% at no cost to the state. **(SB 873)**
- » Give state voters the opportunity to approve a new housing bond similar to **SB 879**.
- » Authorize local governments to use tax increment financing for locally approved affordable housing benefit districts and to issue bonds. **(AB 2031)**
- » Reaffirm cities' authority to require the inclusion of a percentage of homes affordable to low- and moderate-income households in new rental housing development. **(AB 2502)**
- » Streamline local approvals including environmental review for 100% affordable housing developments consistent with local plans and zoning.
- » Create an ongoing, predictable revenue source of at least \$500 million annually for the production and preservation of homes affordable to lower-income households.
- » Approve the No Place Like Home Initiative to create affordable rental homes for the chronically mentally ill at no cost to the state using a portion of Proposition 63 revenues.
- » Allow Community Revitalization and Investment Authorities to use property tax increment available to Enhanced Infrastructure Financing Districts. **(SB 975)**

## LOCAL RECOMMENDATIONS FOR ORANGE COUNTY

Orange County and its cities should:

- » Create an Affordable Housing Strategic Plan with specific goals, including the number of affordable rental homes to be developed by each jurisdiction.
- » Require that all new residential developments set aside 15% of homes with prices affordable to very low- and low-income families in exchange for concessions and incentives.
- » Create "Housing Opportunities Zoning" that allows proposed multifamily home developments that are 100% affordable to be built by-right.
- » Create a dedicated local funding source for the development of affordable homes.
- » Create an Affordable Housing Land Trust and donate city-owned and surplus sites to the Land Trust for the development of affordable housing.

This report was produced by the California Housing Partnership Corporation

Local policy recommendations provided by The Kennedy Commission.

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