

# CONFRONTING LOS ANGELES 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 Los Angeles County's investment in affordable housing production and preservation by more than \$440 million annually since 2008, a 62% reduction.
- » Median rent in Los Angeles County has increased 28% since 2000 while median renter household income has declined 8%, when adjusted for inflation.
- » Los Angeles renters need to earn 3.9 times the local minimum wage to afford the average monthly asking rent of \$2,108.
- » Los Angeles County's lowest-income renters spend 71% of income on rent, leaving little left for food, transportation, health expenses, and other needs.
- » When housing costs are considered, Los Angeles County's poverty rate rises to 25.7%.
- » Los Angeles County needs 549,197 more affordable rental homes to meet the needs of its lowest-income renters.

## LOS ANGELES COUNTY'S POVERTY RATE RISES TO 25.7% WHEN HIGH HOUSING COSTS ARE INCLUDED

**Official Poverty Measure (OPM)**  
**18.3%**

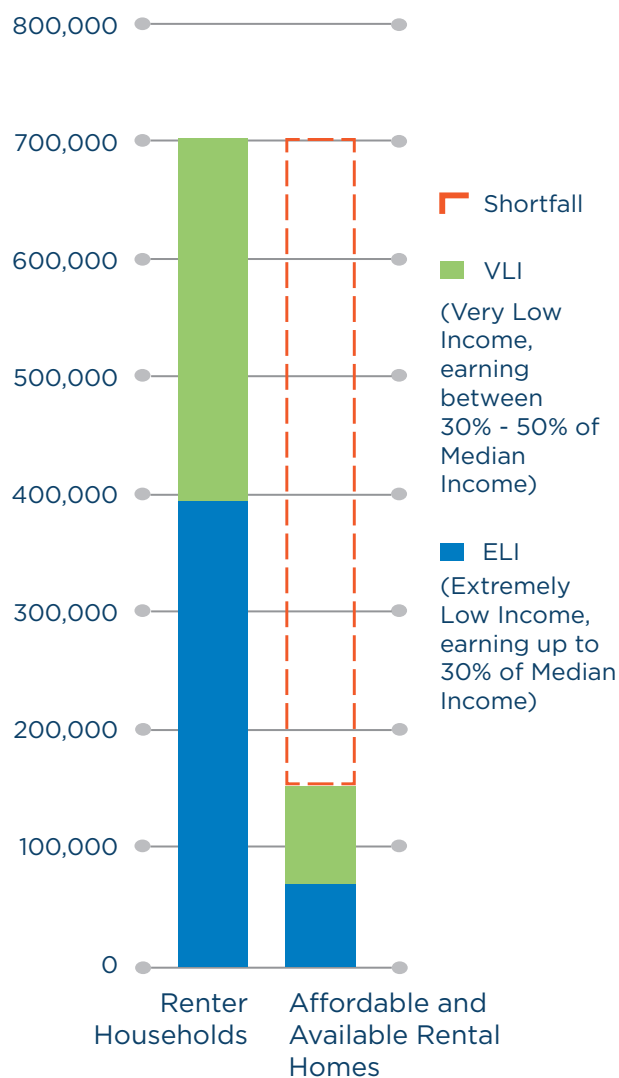
Unadjusted for Housing Costs

**California Poverty Measure (CPM)**  
**25.7%**

Adjusted for Housing Costs and Social Benefits

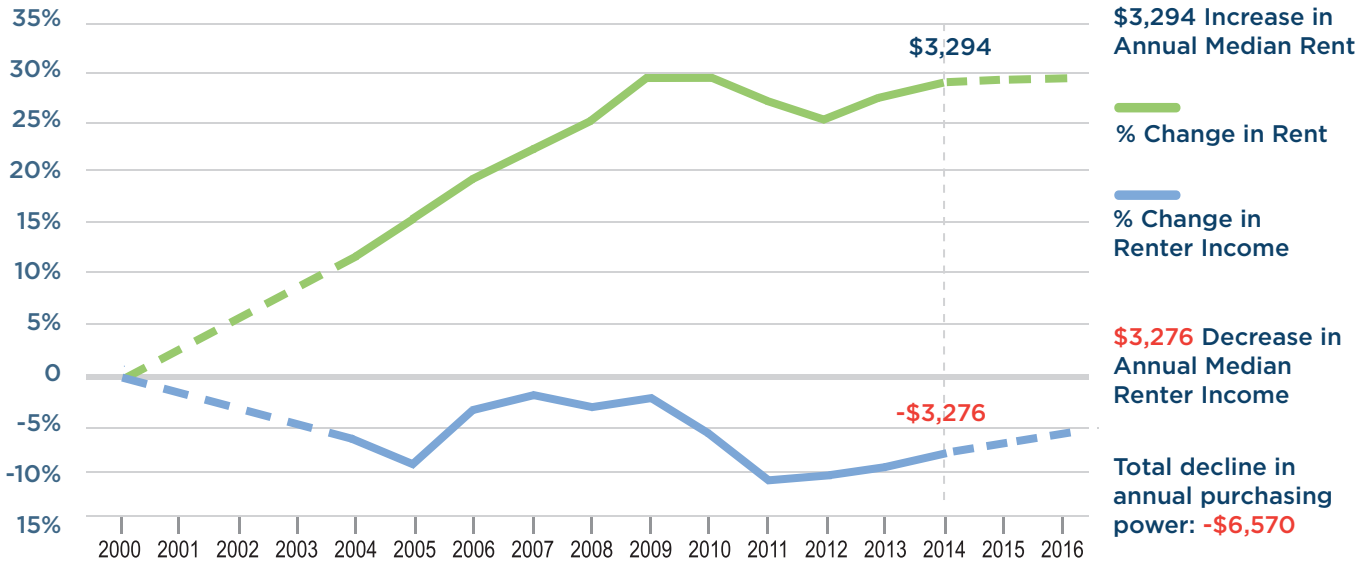
Source: Public Policy Institute of California. California Poverty by County, 2011-2013.

## LOS ANGELES COUNTY NEEDS 549,197 MORE AFFORDABLE RENTAL HOMES



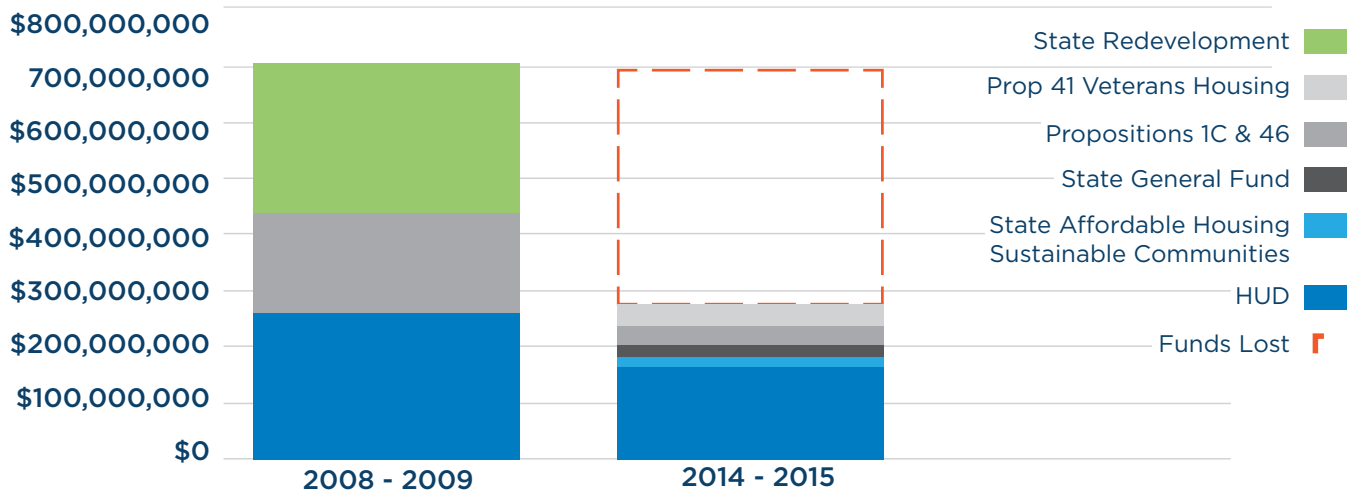
Source: NLIHC analysis of 2014 PUMS data.

## LOS ANGELES COUNTY'S INFLATION-ADJUSTED MEDIAN RENT INCREASED 28% WHILE MEDIAN RENTER INCOME DECLINED 8% 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.

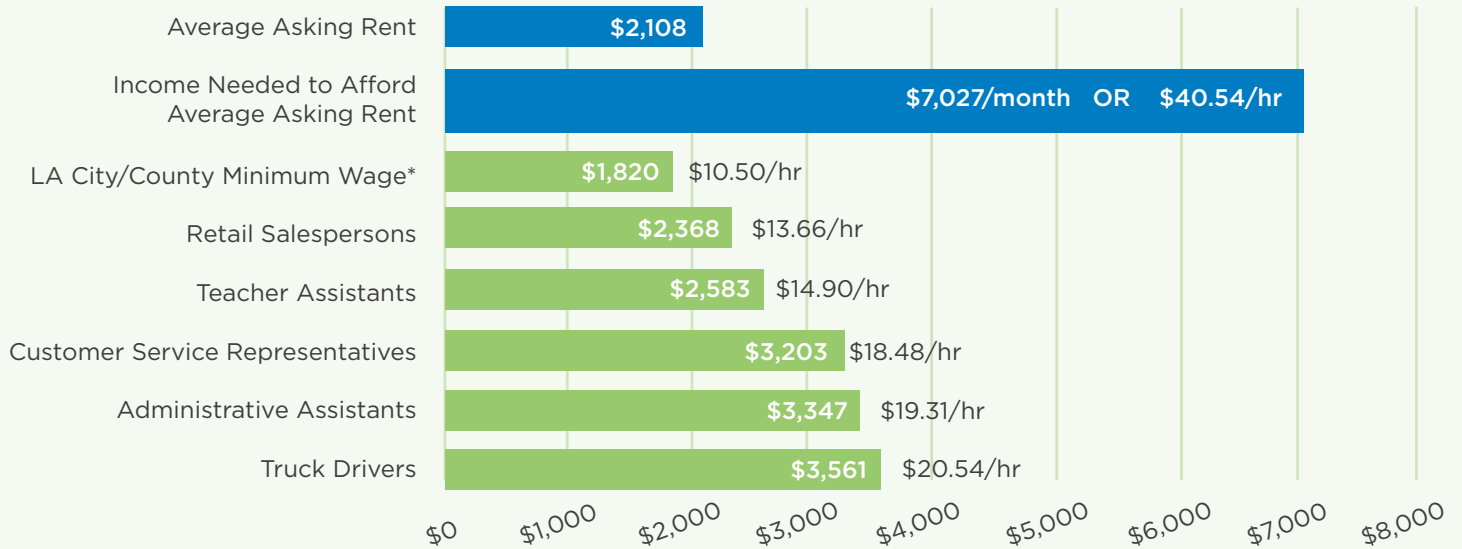
## LOS ANGELES COUNTY LOST 62% OF STATE AND FEDERAL FUNDING FOR HOUSING PRODUCTION AND PRESERVATION FROM FY 2008-09 TO FY 2014-15



| FUNDING SOURCE                            | FY 2008-2009         | FY 2014-2015         | % CHANGE    |
|---|----------------------|----------------------|-------------|
| State Redevelopment                       | \$274,787,841        | \$0                  | -100%       |
| State Housing Bonds and Housing Programs  | \$176,595,573        | \$102,305,188        | -42%        |
| U.S. Dept. of Housing & Urban Development | \$260,516,144        | \$168,714,953        | -35%        |
| <b>Total</b>                              | <b>\$711,899,558</b> | <b>\$271,020,141</b> | <b>-62%</b> |

Source: HPC 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.

# LOS ANGELES COUNTY RENTERS NEED TO EARN \$7,027 A MONTH TO AFFORD AVERAGE ASKING RENTS



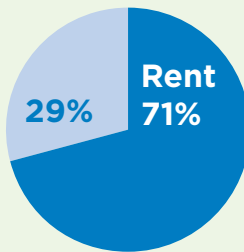
Source: CHPC Analysis of Real Answers Los Angeles County average rent data for the 1st Quarter 2016 and Bureau of Labor Statistics Average Annual Wage Data for CA Occupations 2015. \*Minimum wage effective July 1, 2016.

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

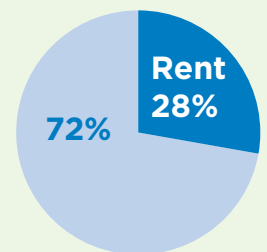
### HOUSEHOLDS EARNING HALF OF MEDIAN INCOME OR LESS

### MEDIAN INCOME HOUSEHOLDS

Food, Transportation, Health Care, & Other Needs

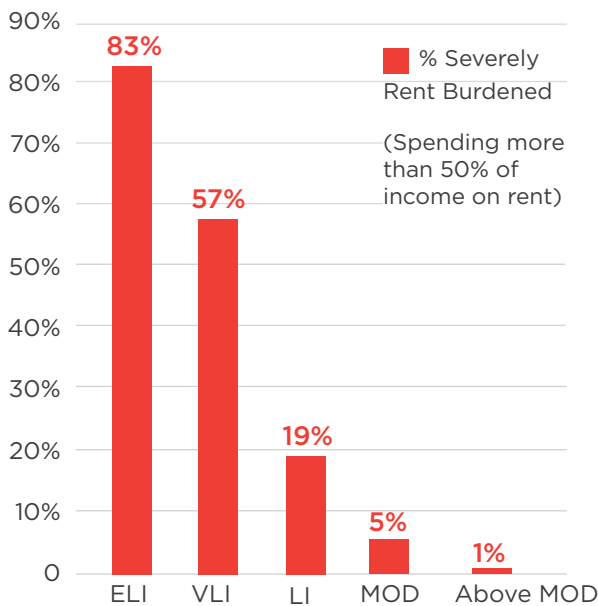


Food, Transportation, Health Care, & Other Needs



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.

# LOCAL RECOMMENDATIONS FOR LOS ANGELES COUNTY

**Expand the supply of affordable and permanent supportive housing by increasing resources for housing development, rental subsidies, and supportive services through the following policies:**

- » The County should fully fund its new Affordable Housing Program as called for in the the Board of Supervisors October 2015 motion.
- » Cities in the county should dedicate a majority of their residual tax increment from the dissolution of redevelopment agencies to create affordable rental homes.
- » Enact an affordable housing impact fee on new development.
- » Adopt or strengthen regulations to limit rent increases to reasonable cost of living adjustments.
- » Explore new revenue raising measures, including ballot initiatives.
- » Award entitlement incentives to developers who include affordable homes.
- » Offer up-zoning incentives only to developers who do not remove rent-controlled or other currently affordable homes from the market and those who provide one-for-one replacement prior to removing currently affordable homes from the market to avoid displacement.

**This report was produced by the California Housing Partnership.**

*Local policy recommendations provided by:*

Southern California Association of NonProfit Housing (SCANPH)

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