KEY FINDINGS

• Cuts in Federal and State funding have reduced investment in affordable housing in Merced County by more than $5 million annually since 2008, a 61% reduction.

• 74% of ELI households are paying more than half of their income on housing costs compared to just 3% of moderate income households.

• Merced County needs 8,281 more affordable rental homes to meet current demand.

• Low Income Housing Tax Credit production and preservation in Merced County remains low since 2016.

• Renters in Merced County need to earn $22.98 per hour - 1.9 times the State minimum wage - to afford the median monthly asking rent of $1,195.
MERCED COUNTY LOST 61% OF STATE AND FEDERAL FUNDING FOR HOUSING PRODUCTION AND PRESERVATION FROM FY 2008-09 TO FY 2017-18

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>FY 2008-09 (In thousands)</th>
<th>FY 2017-18</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redevelopment</td>
<td>$3,186</td>
<td>$0</td>
<td>-100%</td>
</tr>
<tr>
<td>State Housing Bonds and Housing Programs</td>
<td>$3,187</td>
<td>$1,255</td>
<td>-61%</td>
</tr>
<tr>
<td>HUD</td>
<td>$1,932</td>
<td>$2,019</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$8,304</td>
<td>$3,274</td>
<td>-61%</td>
</tr>
</tbody>
</table>

*FY 2017-2018 does not include No Place Like Home Funding (NPLH) and no funds for the Affordable Housing Sustainable Communities (AHSC) program were awarded.

MERCED COUNTY NEEDS 8,281 MORE AFFORDABLE RENTAL HOMES

Source: California Housing Partnership’s analysis of 2016-2017 PUMS data using adapted NLIHC methodology.
*ELI is equivalent to the Department of Health and Human Services poverty guidelines.

LOWEST INCOME HOUSEHOLDS ARE DISPROPORTIONATELY AND SEVERELY COST BURDENED

Source: California Housing Partnership’s analysis of 2016-2017 PUMS data using adapted NLIHC methodology.
*Cost burdened households spend 30% or more of their income towards housing costs. Severely cost burdened households spend more than 50%.
Rentalers need to earn 1.9 times minimum wage to afford the median asking rent in Merced County.

Income Needed to Afford Median Asking Rent

- Receptionists: $2,154/Month
- Cashiers: $2,046/Month
- Retail Salespersons: $2,005/Month
- Personal Care Aides: $1,989/Month
- Farmworkers: $1,981/Month

State Minimum Wage

- $2,080/Month
- $1,980/Month
- $2,005/Month
- $2,046/Month
- $2,154/Month

Median Asking Rent

- $1,195/Month
- $2,154/Month
- $1,980/Month
- $2,005/Month
- $2,046/Month

$0 $500 $1,000 $1,500 $2,000 $2,500 $3,000 $3,500 $4,000

Median Asking Rent $1,195/Month
Income Needed to Afford Median Asking Rent $3,983/Month
State Minimum Wage $2,080/Month
Farmworkers $1,981/Month
Personal Care Aides $1,989/Month
Retail Salespersons $2,005/Month
Cashiers $2,046/Month
Receptionists $2,154/Month


Housing & Food Prices Are Driving Costs of Living Out of Reach for Low Income Families in Merced County

- $60,000
- $40,000
- $20,000
- $0

State Minimum Wage Income
Half of Median Income
Household Budget for a Family of Three

8% Misc*
11% Transportation
12% Taxes
13% Child Care
15% Health Care
21% Food
20% Housing

$21,280 needed to afford expenses
$19,340 needed to afford expenses
$46,240 What a family needs to meet their basic needs in Merced County

Source: The above 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 Merced County.

*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 teenager). Each percentage represents how much a family’s annual budget is captured in each cost category (housing, child care, etc.).

Merced County’s Low Income Housing Tax Credit Production and Preservation Remains Low Since 2016

<table>
<thead>
<tr>
<th>TYPE</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>9,285</td>
<td>7,407</td>
<td>9,373</td>
</tr>
<tr>
<td>Acquisition &amp; Rehab</td>
<td>15,032</td>
<td>5,928</td>
<td>9,430</td>
</tr>
<tr>
<td>All</td>
<td>24,317</td>
<td>13,335</td>
<td>18,803</td>
</tr>
</tbody>
</table>

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.
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:

» 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.

LOCAL RECOMMENDATIONS FOR MERCED COUNTY

» Develop permit streamlining plans for affordable housing developments in county unincorporated areas.

» Utilize SB2 planning funds to develop by-right development ordinances for affordable housing.

» Update zoning ordinances to avoid discouraging higher density development particularly for affordable housing.

» Identify sites that can successfully compete for California’s Cap and Trade Programs in Merced and Los Banos.

» Small cities (Atwater, Livingston, Los Banos, Dos Palos) should gear up to apply for HOME, CDBG, CalHome, IIG, NPLH, Serna Farmworker and other new state resources.

» Develop a local pipeline of potential affordable home sites by identifying and actively marketing them.

This report was produced by the California Housing Partnership.

Local policy recommendations provided by:
California Coalition for Rural Housing
Self-Help Enterprises

For questions about Merced County’s housing need, contact:
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