



California's Housing Future:
Challenges and Opportunities
Public Draft



California's Housing Future: Challenges and Opportunities

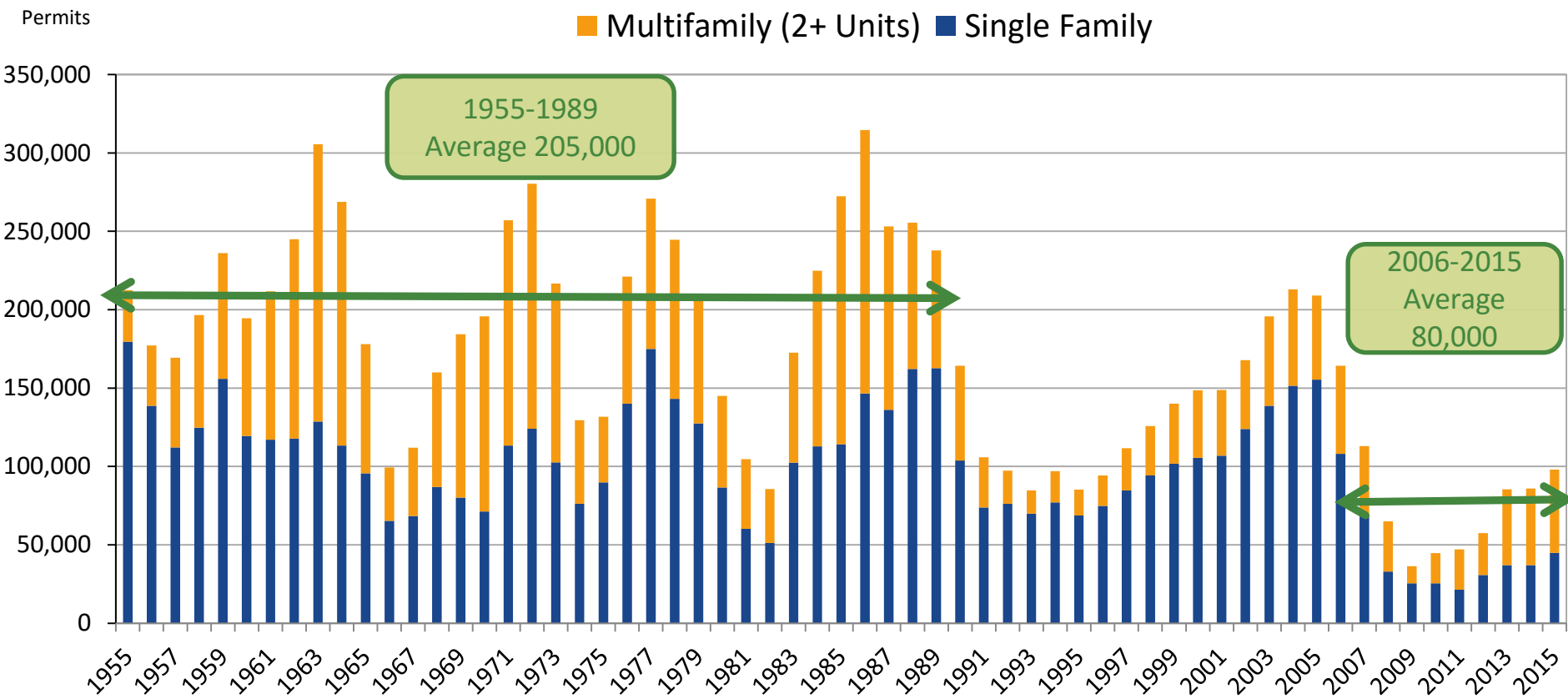
The Draft Statewide Housing Assessment 2025





Production Not Keeping Pace With Projected Need 180,000 new homes needed annually

Annual New Housing Permits 1955-2015



Source: Construction Industry Research Board/California Homebuilding Foundation Reports 2005, 2013, 2015; Graphic by HCD



Nearly A Third of CA Renters are Paying More Than Half Their Income to Rent

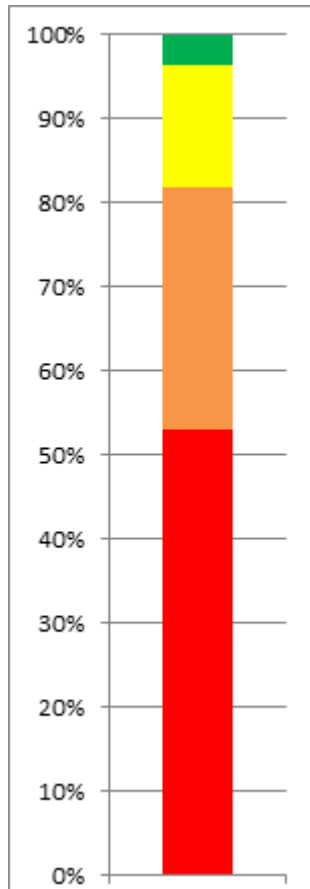
Income	Total Renter Households (million)	% Rent Burdened	% Severely Rent Burdened
Extremely Low-Income	1.27	90%	80%
Very Low-Income	.95	87%	51%
Low Income	1.11	65%	18%
All Lower-Income Renter Households (80% AMI and below) Subtotal of above	3.33	81%	51%
Moderate-Income	1.03	35%	4%
Above Moderate-Income	1.54	8%	0%
All Renter Households Total	5.9	54%	30%

Source: 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file.



Production Falls Short in Every Region

Projected Need vs. Production: 4th RHNA Cycle 2003-2014

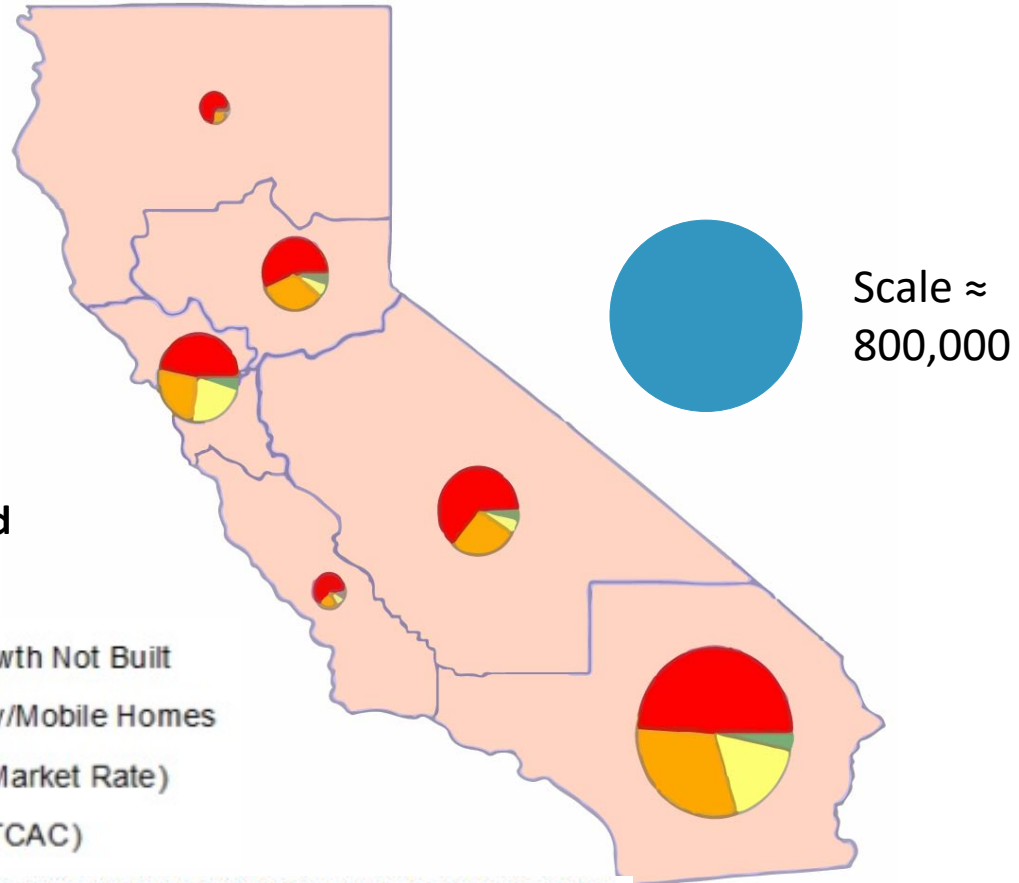


Permits
by Type

4th Cycle RHNA Projection Period 2003 - 2014



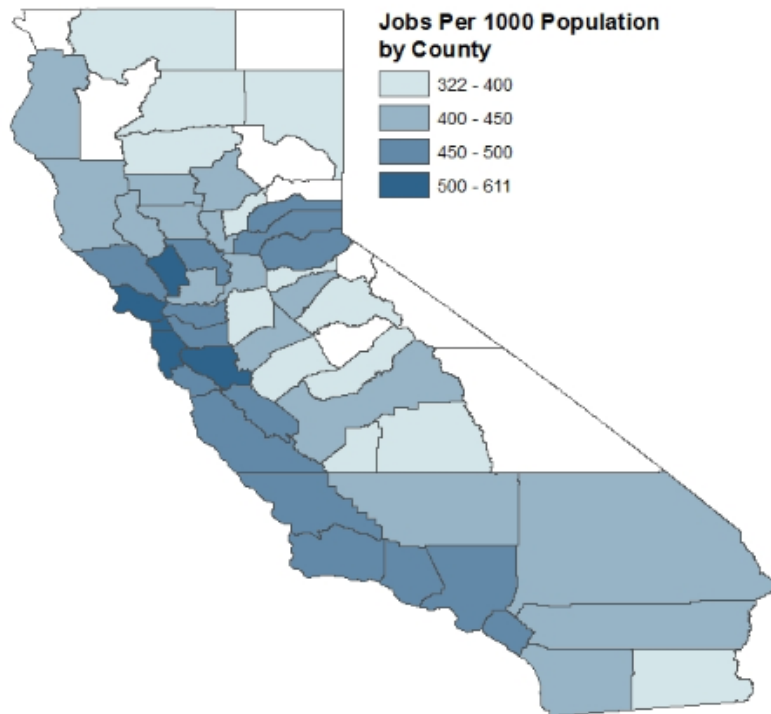
Sources: HCD Regional Housing Needs Allocations; DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State; TCAC Mapped Projects



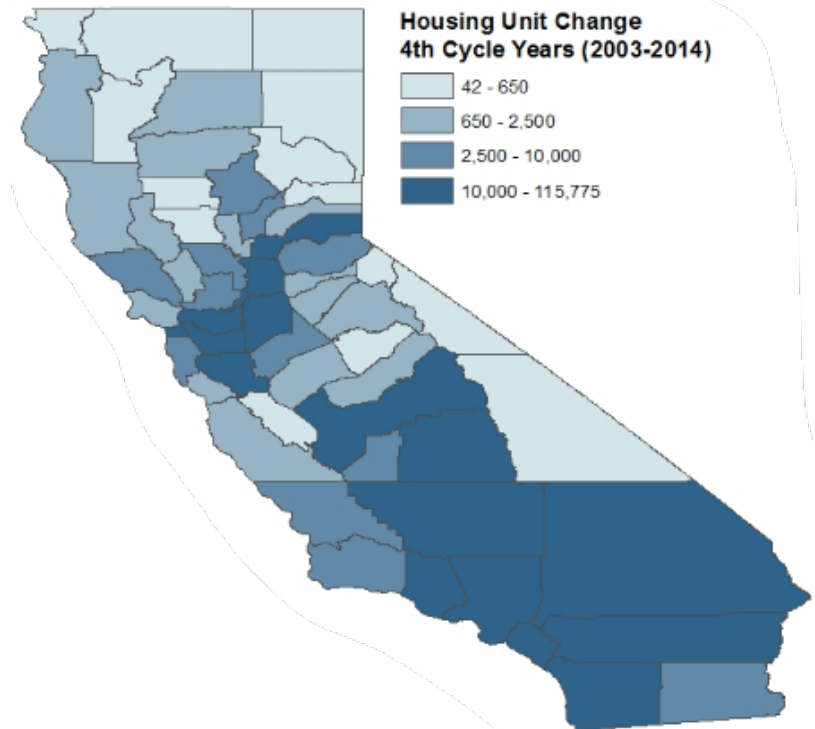


Counties with High Job Availability Experienced Lower Housing Production

Job Availability



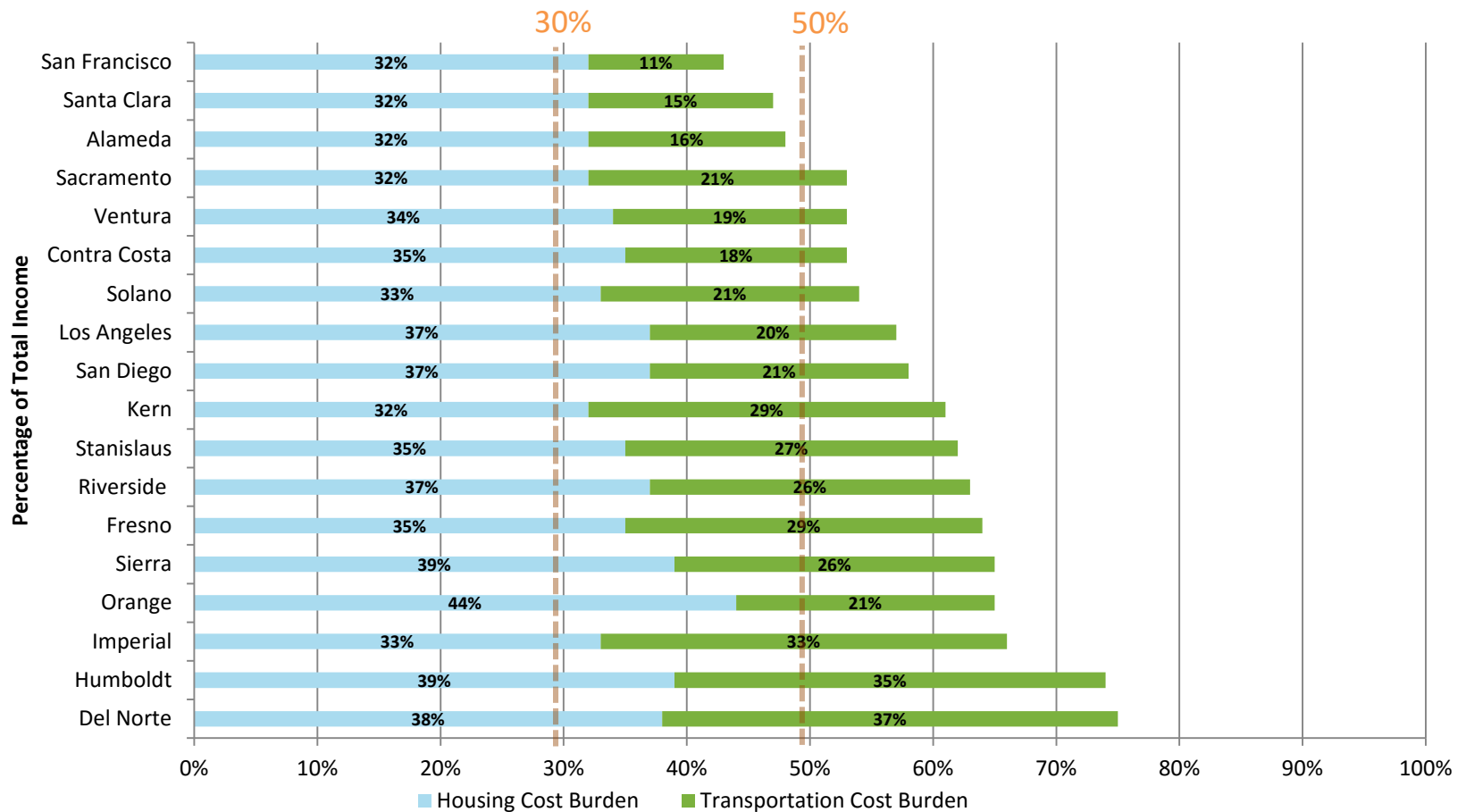
4th Cycle Production



Sources: *Population:* U.S. Census Bureau, Population Division, 2015 Population Estimates. *Labor Force Estimates:* State of California Employment Development Department 2015 Labor Force by County, note counties with labor forces under 10,000 were excluded from the map. *Housing Unit Change:* DOF E5 Population and Housing Estimates for Cities, Counties, and the State; E8 Historical Population and Housing Estimates for Cities, Counties, and the State.



Housing and Transportation Cost Burdens Throughout California

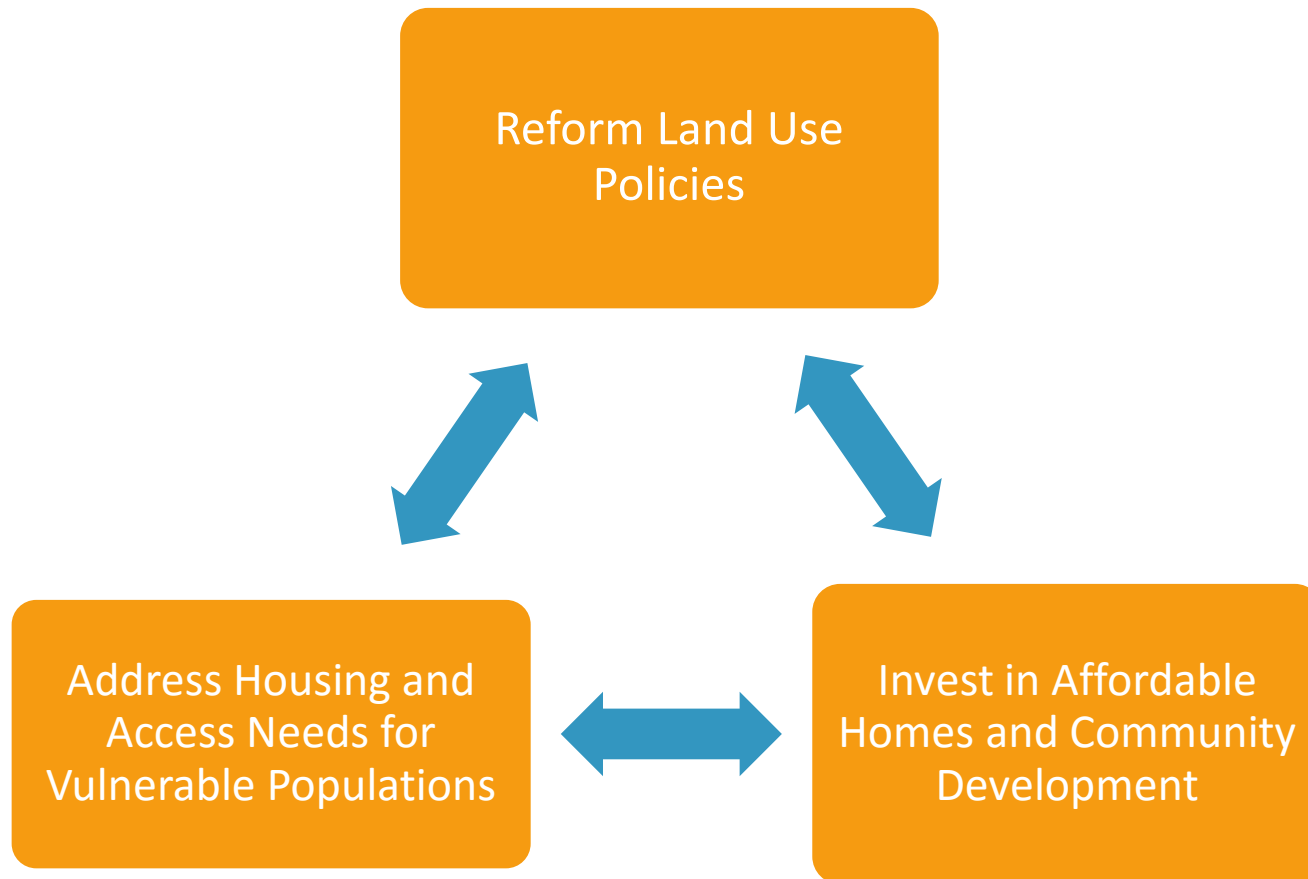


Source: Center for Neighborhood Technology, Housing and Transportation Index, Average Percent of Income Spent on Housing and Transportation for Selected Counties. Graphic by HCD.

#SHA2025



Potential Options to Address California's Housing Challenges





Public Outreach

- 60 Day Public Comment Period
 - Received 60 comment letters
- Completed Six Public Workshops:

San Diego 1/23	Fresno 1/30	Los Angeles 2/3
Sacramento 2/6	Oakland 2/17	Redding 2/24

- Final Statewide Housing Assessment Expected:
Summer 2017

Please visit www.hcd.ca.gov/statewide-housing-assessment for more information.

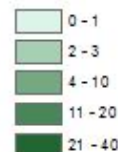


Improved Data Collection, Summaries, and Analysis

- Outcomes linked to properties and households, not just awards
 - Incomes served
 - Populations served (Special Needs, Vulnerable Populations)
 - True human impact (Health, Education, Economic Mobility, Job Access, etc.)
- Better Data summaries (APRs, Housing Elements)



-





NAVIGATING DATA: HOW HOUSING DATA AND RESEARCH CAN INFORM POLICY

Danielle M. Mazzella, Housing Policy Analyst
California Housing Partnership

Housing California
March 9, 2017

California Housing Partnership Corporation

- Created by the California Legislature in 1988
- Board appointed by Speaker, Pro Tem & Governor
- Helped nonprofit and government housing agencies leverage more than \$12 billion in private and public funding to create and preserve more than 60,000 affordable homes
- Provide leadership on rental housing policy and funding through research and education

Affordable Housing in California

In California, there are over 410,000 homes currently receiving federal and state assistance from U.S. Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), and the CA Tax Credit Allocation Committee (TCAC).

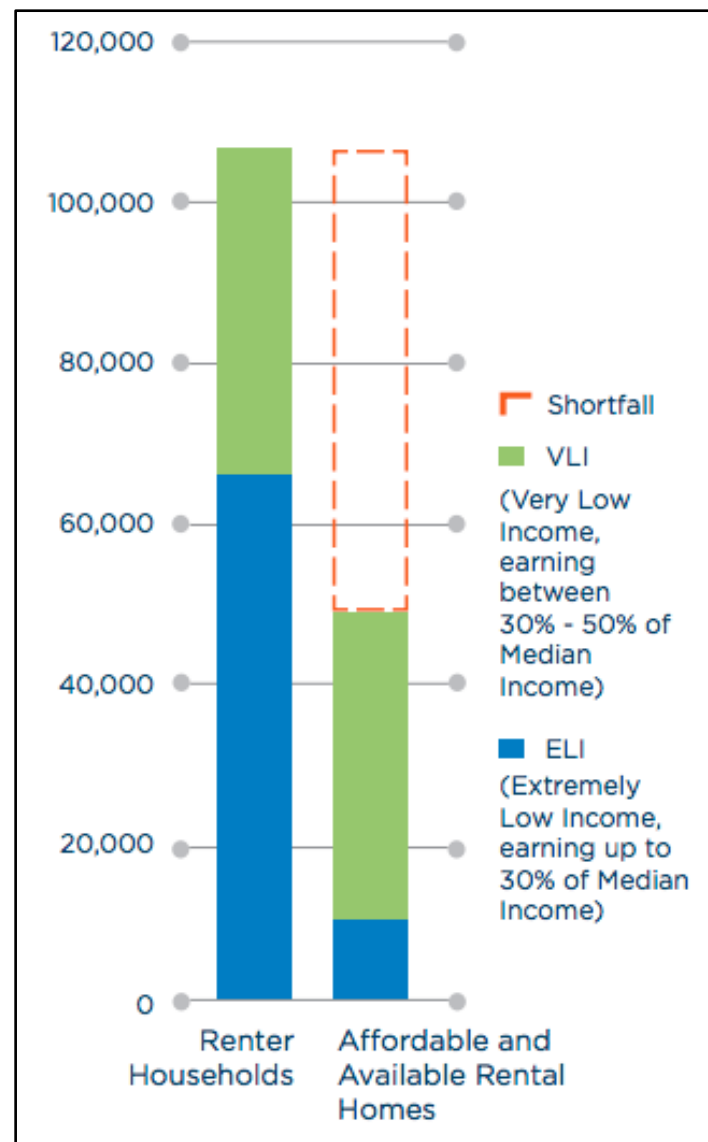
Despite this investment,

- there is a shortfall of over 1.56 million affordable and available homes for low income renter households *(NLIHC, The GAP 2017)*.
- many of the lowest income renters overpay for housing, roughly 68% of their income on rent

Sacramento County

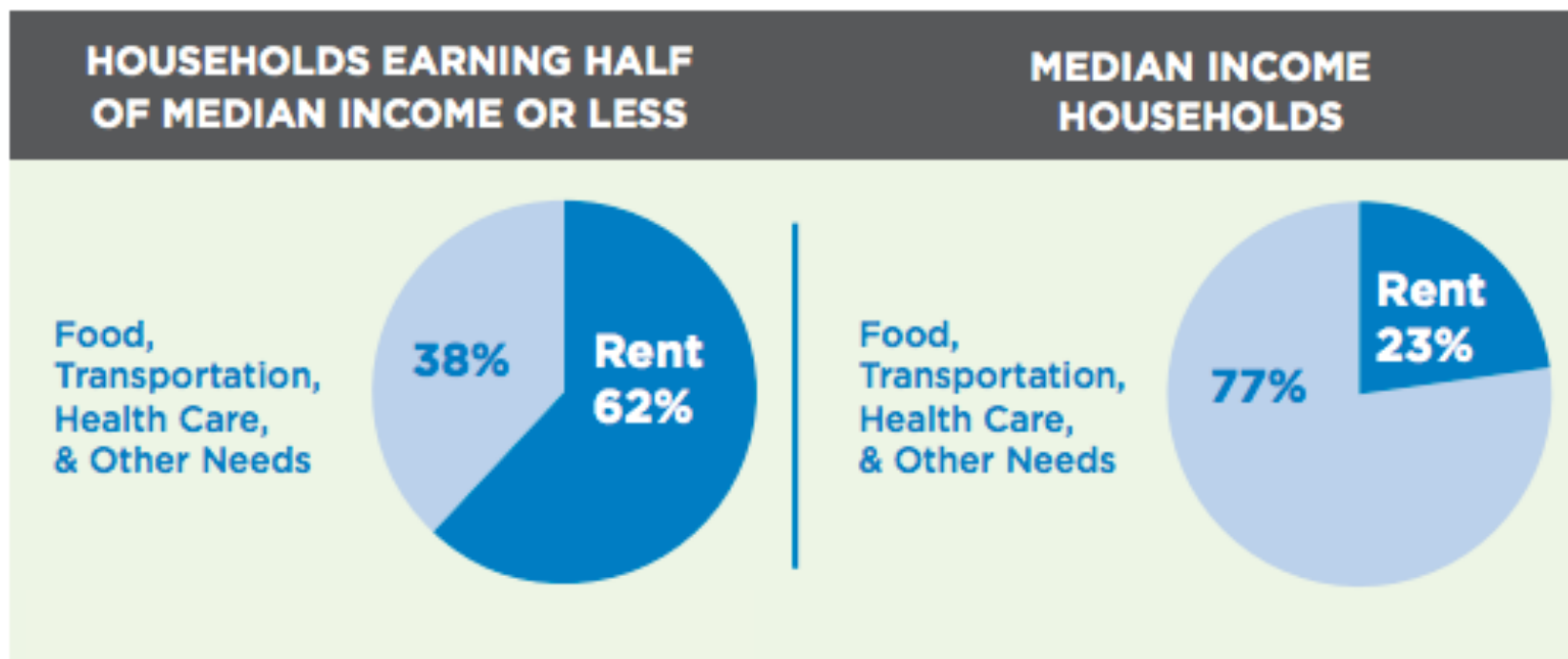
In Sacramento County, there is a shortfall of over **59,000** affordable homes for low-income renter households

Less than **half** of low-income renter households live in an affordable home



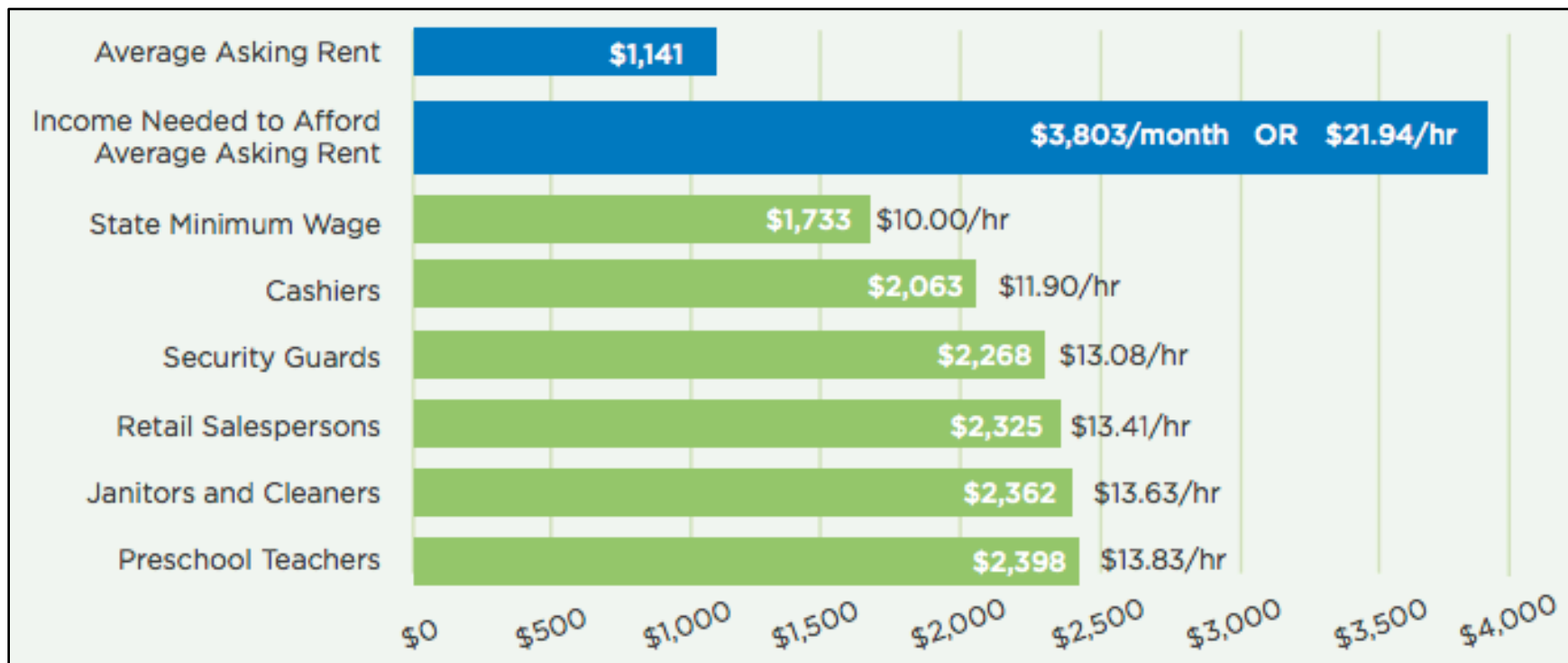
Sacramento County

Low income renters that cannot find affordable homes spend 62% of their income on rent



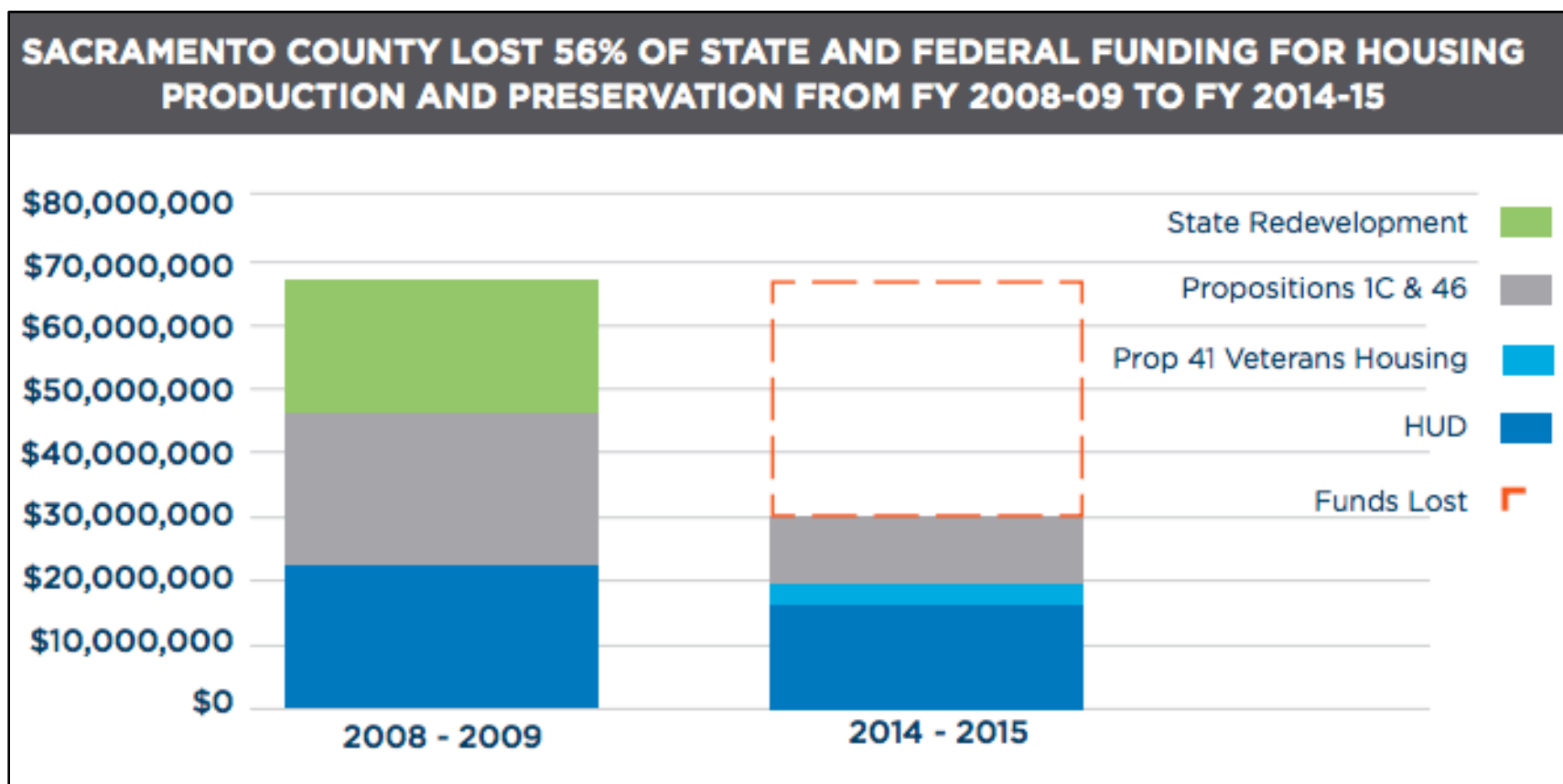
Sacramento County

Rapidly rising rents and low wages make it increasingly difficult for renters to be able to affordable homes.



Sacramento County

Funding losses at the state and federal level leave little resources to try and make up for the shortfall.



Housing Need Data Sources

- U.S. Census American Community Survey (ACS)
 - Public Use Microdata Sample (PUMS)
 - 1 Year and 5 Year Estimates
- Bureau of Labor Statistics (BLS)
- U.S. Housing and Urban Development (HUD)
- California Department of Housing and Community Development (HCD)

Preserving Affordable Housing in California

CHPC's Preservation Clearinghouse, California's comprehensive database of

- HUD subsidized housing
- USDA subsidized rural housing
- Low Income Housing Tax Credit (LIHTC) properties

Preserving Affordable Housing in California

HUD Subsidized Affordable Housing

- Section 202 program, Section 811 program, and HUD Section 8
 - **1,814** properties with over **135,000** affordable homes, **118,124** of which have HUD Section 8 rental assistance
- Sacramento County – **82** properties with **more than 6,200** affordable homes

Preserving Affordable Housing in California

USDA Subsidized Rural Affordable Housing

- Section 514, Section 515, and Section 521
- **510** properties with **over 26,000** affordable homes, **17,770** of which have USDA Section 521 rural rental assistance

Preserving Affordable Housing in California

LIHTC Subsidized Affordable Housing

- **4,468** properties with over **331,000** affordable homes
- Roughly **1,200** properties overlap with HUD or USDA financed projects
- Sacramento County – **147** properties with almost **17,000** low income homes

Data For Preservation Strategies

- In the next five years, **31,988** affordable rental homes are at risk of converting to market rate
- Since 1995 we have lost **28,152** affordable homes, **14,559** of which had HUD Section 8 rental assistance.
- No other data on what has converted to market rate

Data For Preservation Strategies

- We need more data!
- Everyone knows there is an affordable housing crisis, but few know the magnitude of the problem
- CHPC is co-sponsoring AB 1521 (Bloom & Chiu) in an effort to get more data on what is at risk and better prevent the conversions of affordable housing to market rate

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A tool kit to close California's housing gap – 3.5 million homes by 2025



Rated #1 Think Tank 2015 (private sector category) by
the Global Think Tank Index, University of Pennsylvania

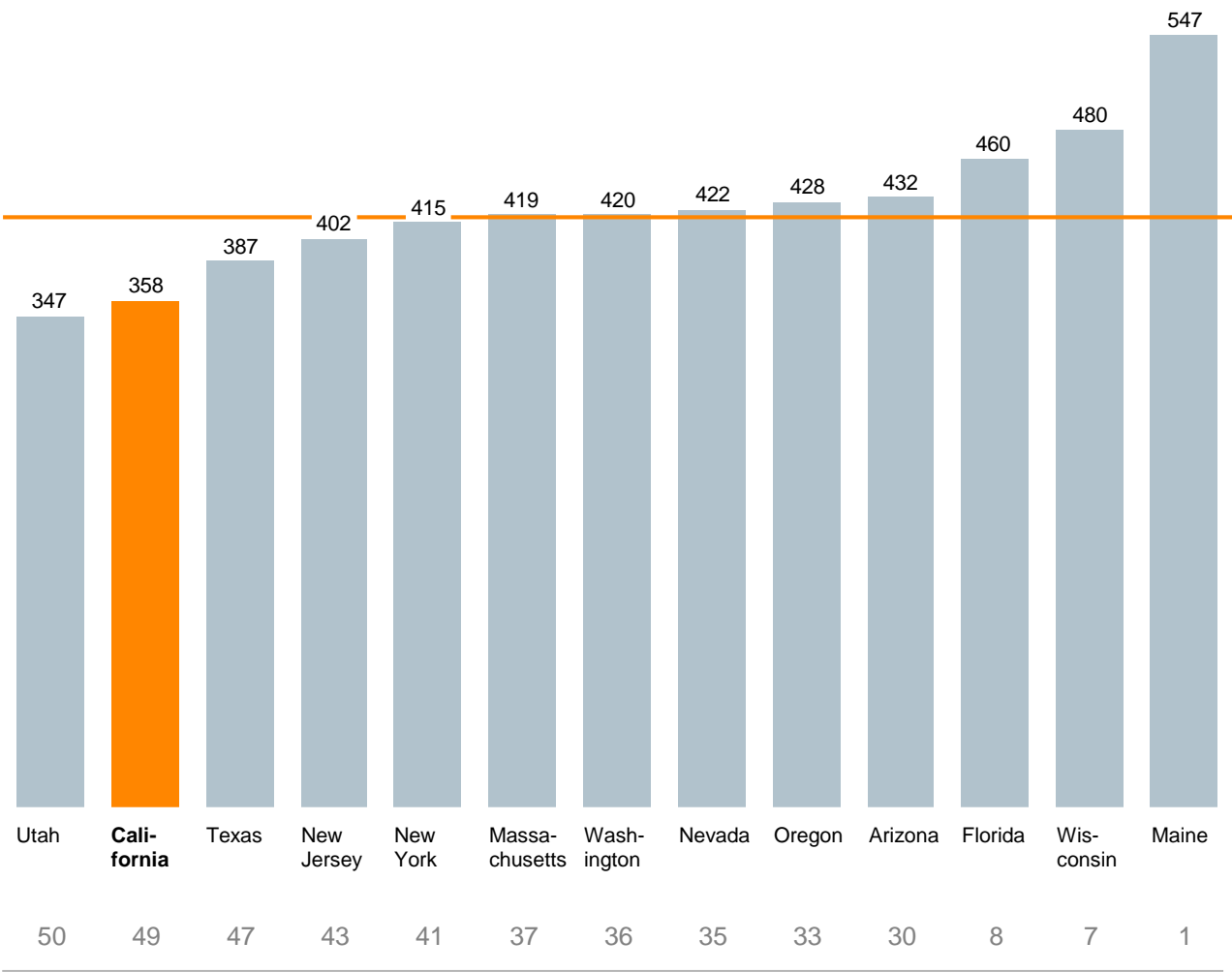
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1. Simplicity is powerful.

Housing units per capita, 2014

Units per 1,000 people

— US average = 419



State ranking

California
ranks

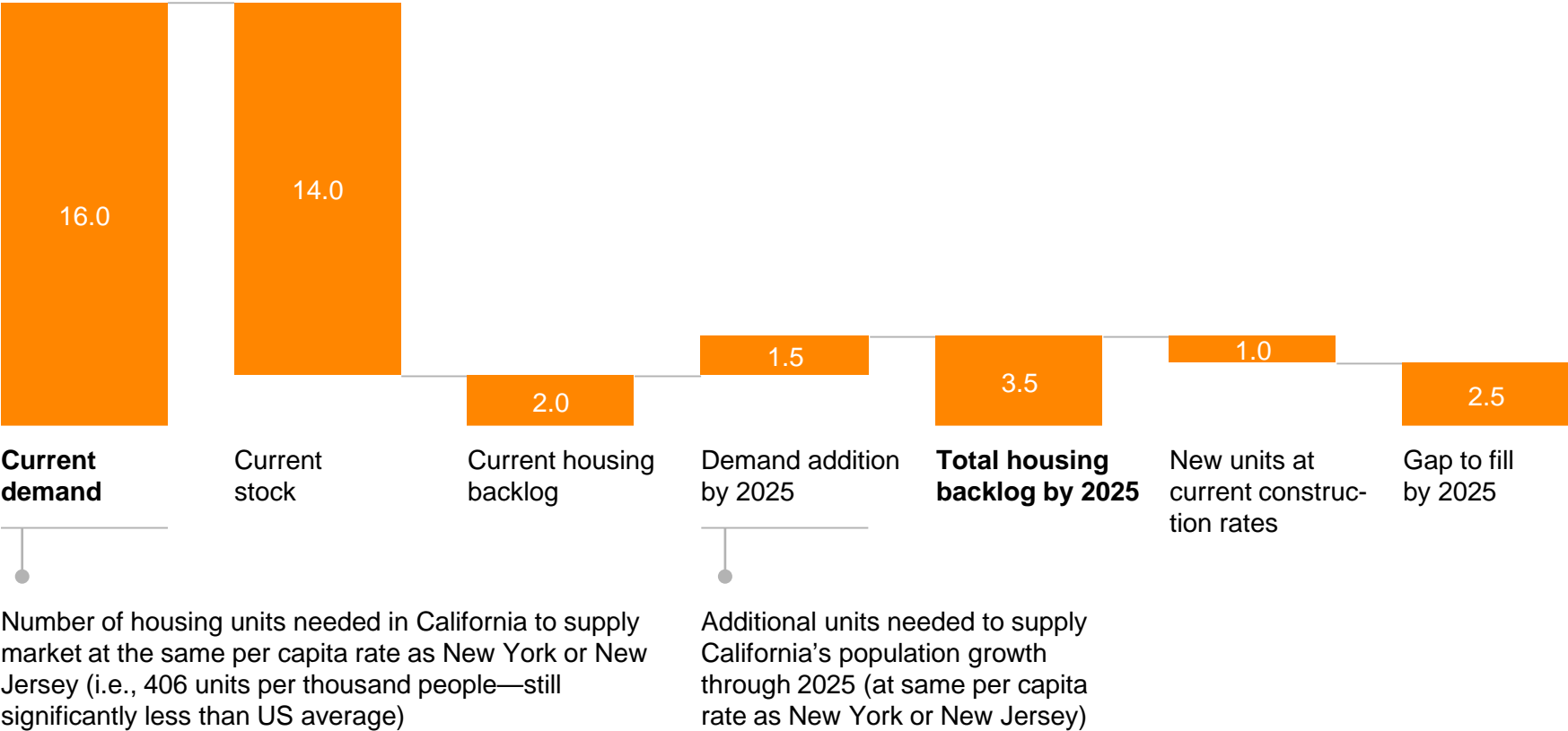
49th

out of 50
states
in housing
units per
capita

California would have to add 3.5 million housing units by 2025 to meet pent-up demand and accommodate its growing population



California’s housing supply gap, Million housing units



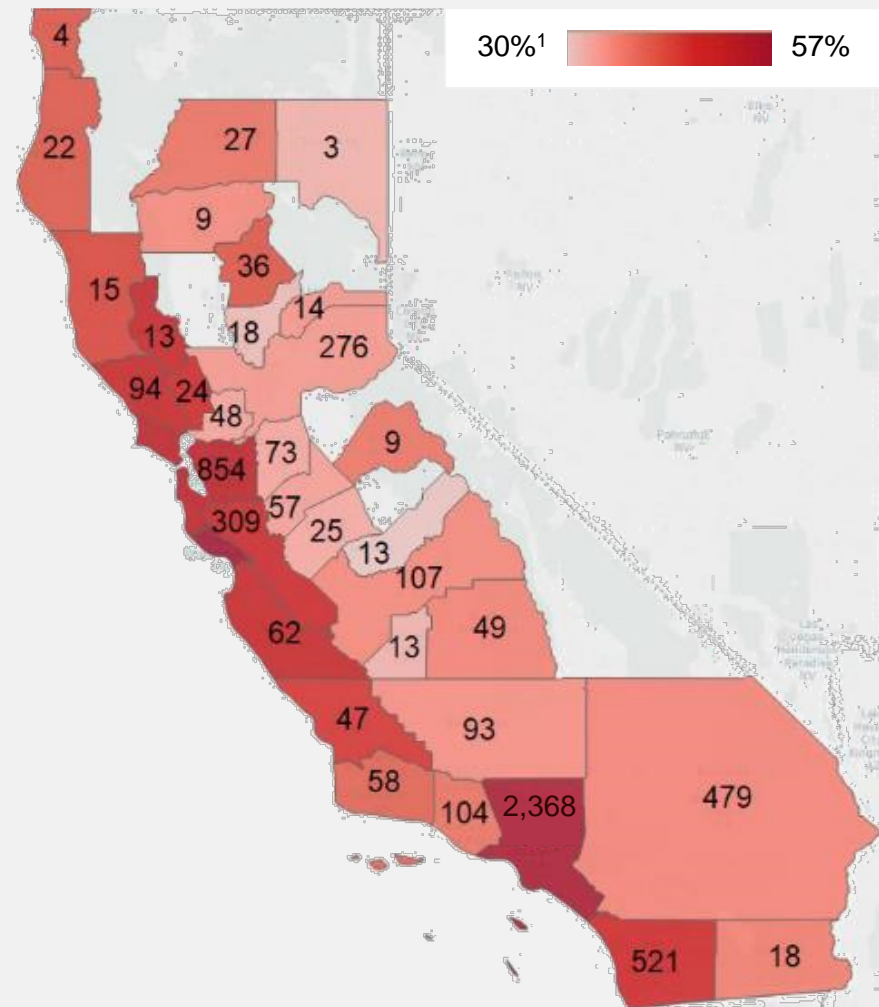
2. Half of Californians can't afford to live here.

Rising housing demand, chronic undersupply, and escalating prices have led to a statewide housing affordability crisis

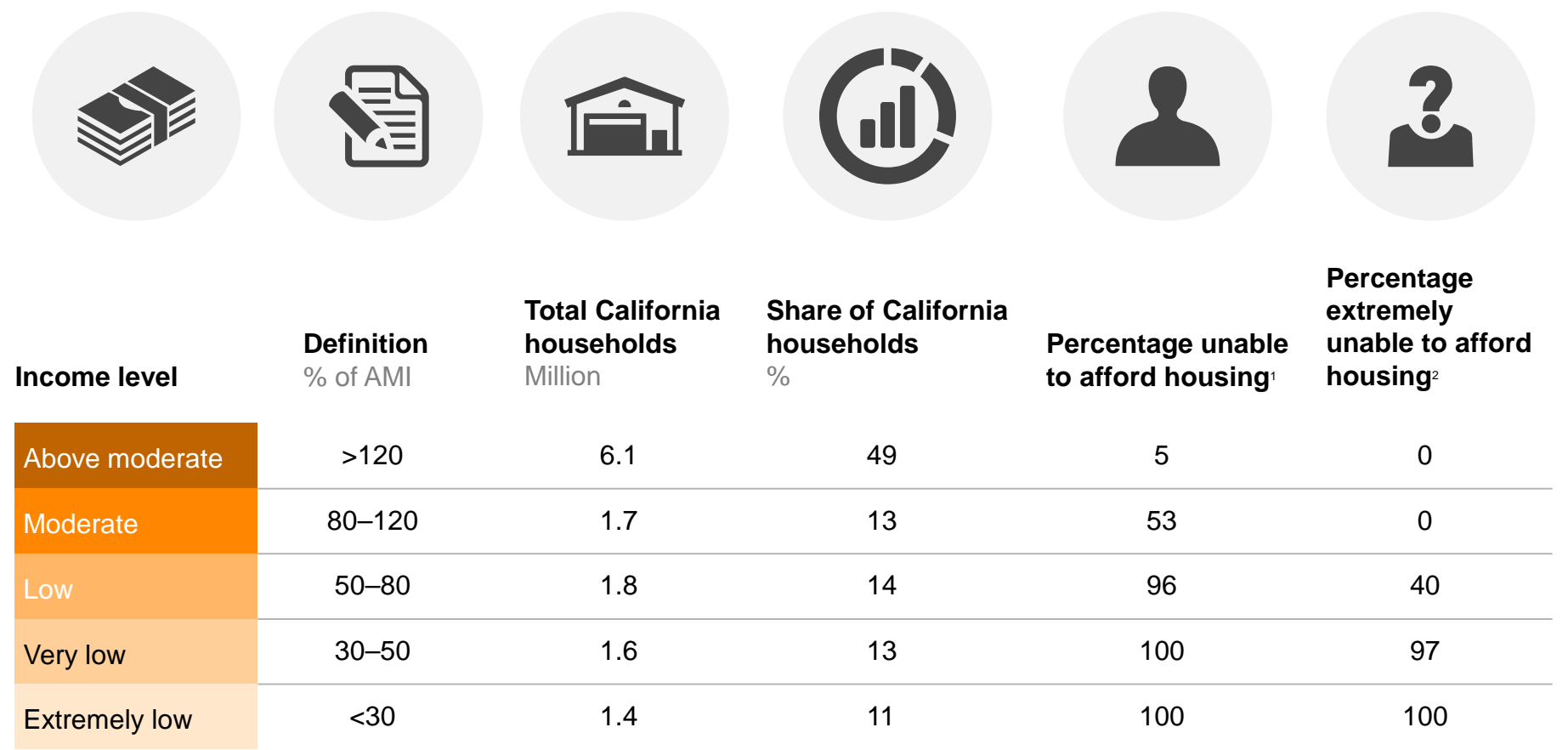
- Across the state, nearly 50% of California households are unable to afford the cost of housing in their local market
- The problem is pervasive: In every housing market in the state, at least 30% of households cannot afford the local cost of housing
- In high-cost coastal metros, nearly 60% of households cannot afford the local cost of housing

Households in MSA unable to afford rent

Thousand



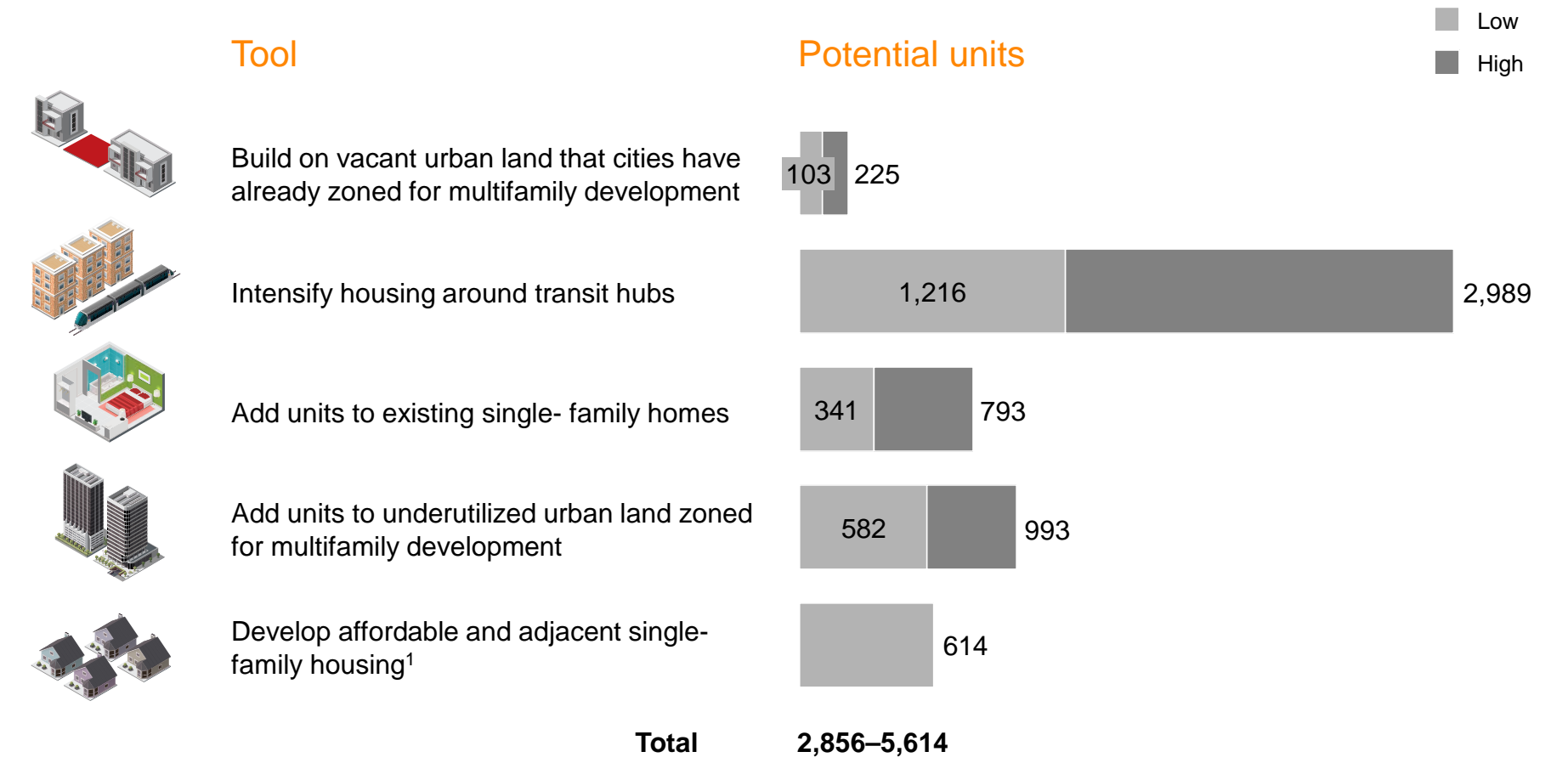
The poor are hit hardest — but the middle class is squeezed, too



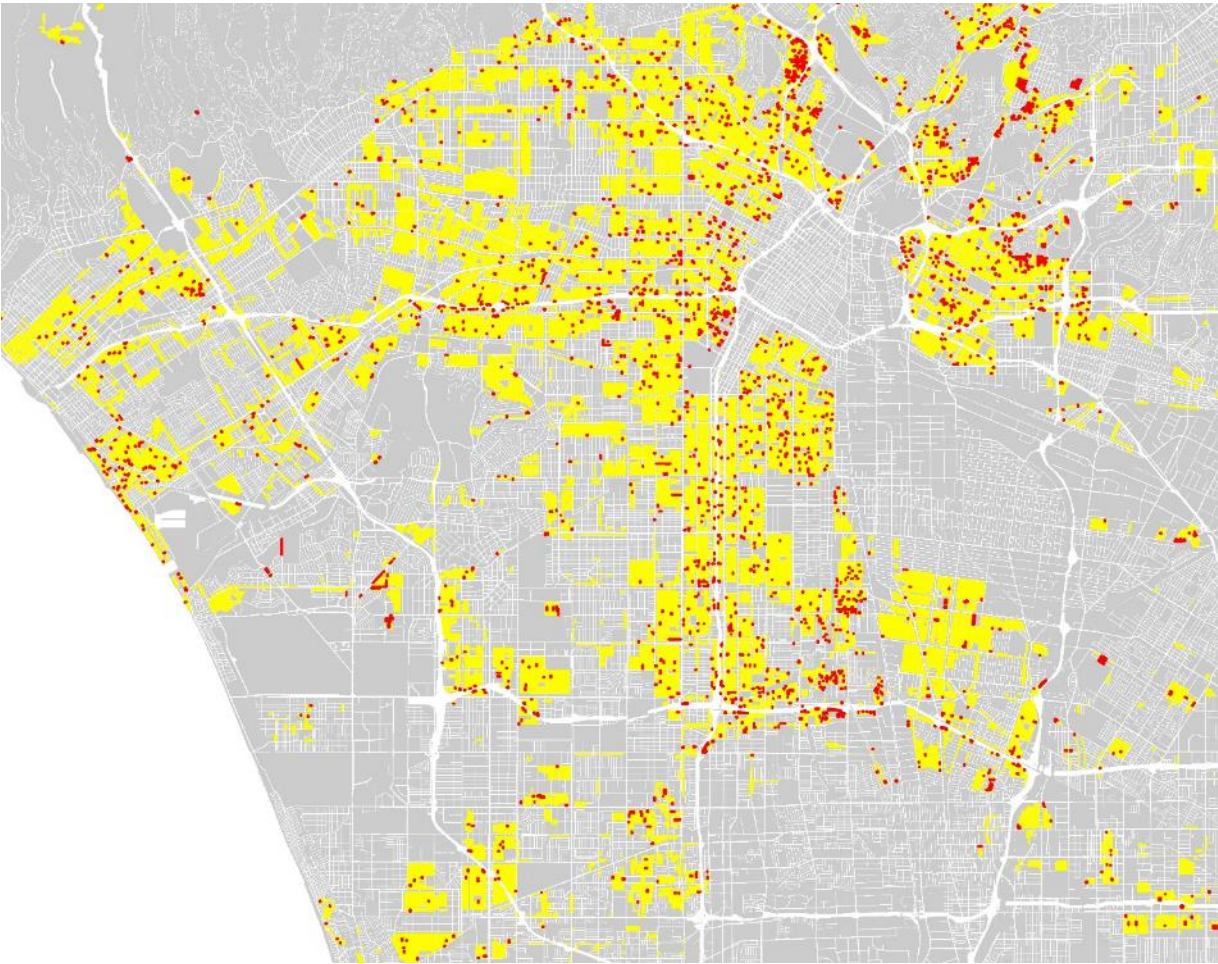
1 >30% of income required to cover local cost of housing; 2 >50% of income required to cover local cost of housing.

3. We have plenty of room to build housing if we change the rules of the game.

To fix this problem, California could build more than five million housing units in “housing hot spots” — which is more than enough to close the gap



¹ Estimate for single-family potential capacity is highly conservative as it examines only three counties: Sacramento, San Bernardino, and Contra Costa.



Los Angeles County has 8,900 parcels zoned for multifamily use but sitting vacant, with zoned capacity for 75,000 units

Parcels zoned for multifamily residence

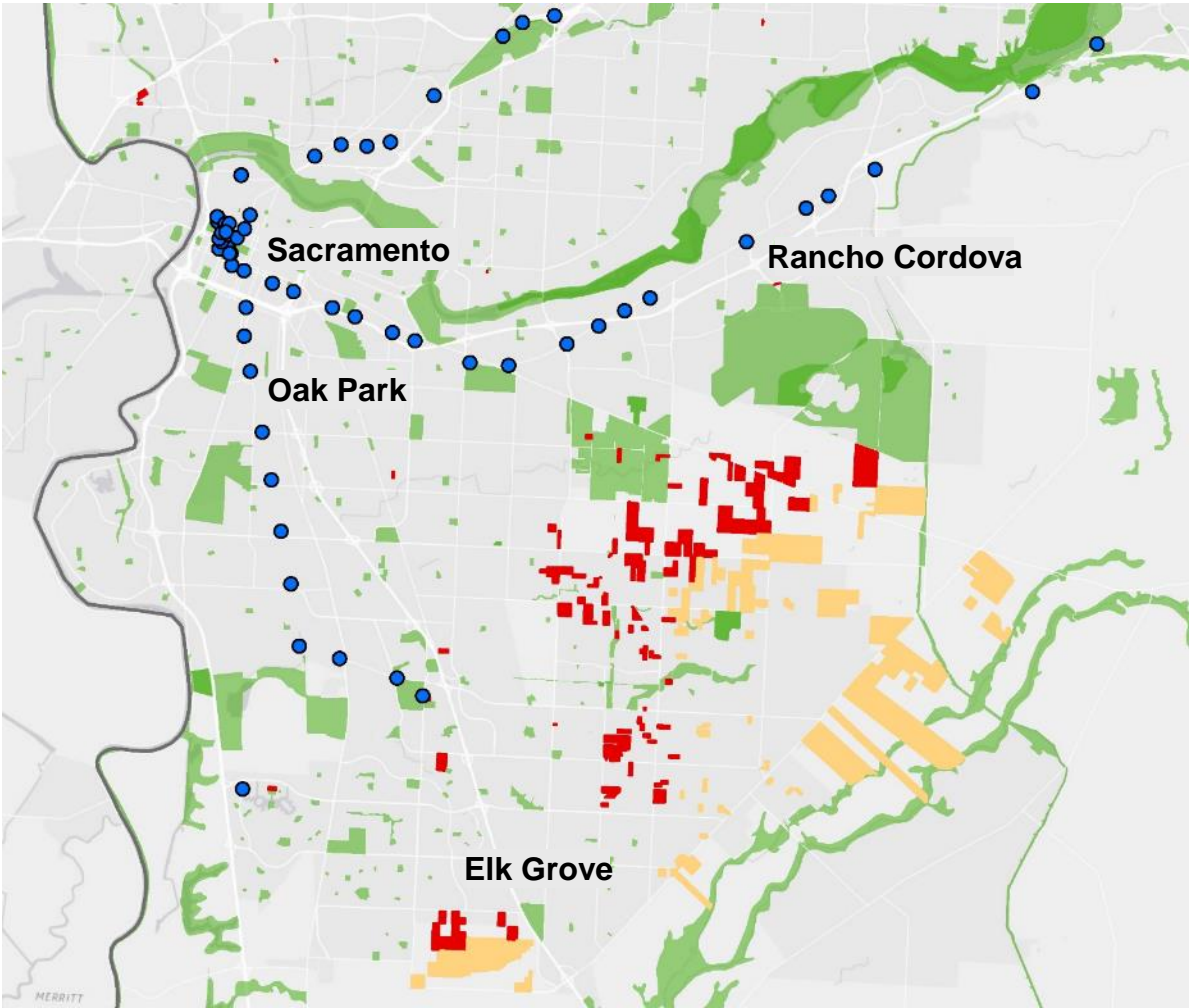
- Occupied land
- Vacant land

NOTE: Vacant parcels shown larger than actual size to improve legibility.

HOUSING HOT SPOTS:
GREEN, AFFORDABLE
SINGLE-FAMILY

Sacramento County
has 61,000 potential
single-family units
clustered between
Rancho Cordova and
Elk Grove

- Target parcels
<5 miles from
transit
- Target parcels
>5 miles from
transit
- Preserved
land
- Transit
stops



NOTE: Analysis includes parcels zoned for general agriculture and not legally preserved, or vacant land deemed ready for development by Sacramento County Planning Department. Excludes parcels outside Sacramento County's urban growth boundary.



**What will it take
to unlock this
supply?**



To close the housing gap, California needs to change the rules of the game for housing approvals, cut the cost and risk of producing housing, and ensure housing access

Change the rules of the game for approving housing on high-potential land



Incentivize local governments to approve already planned for housing



Accelerate land-use approvals

Unlock supply by cutting the cost and risk of producing housing



Raise construction productivity



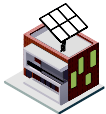
Accelerate construction permitting



Align development impact fees with housing objectives



Deploy modular construction



Reduce housing operating costs

Ensure housing access



Prioritize state and local funding for affordable housing



Design regulations to boost affordable housing while maintaining investment attractiveness



Attract new investors in affordable housing