



# PRICED OUT

A Regional Report

## Assemblymember Jimmy Gomez

### The Housing Situation in the 51st Assembly District

More and more people in California find themselves priced out of the current housing market. Foreclosures have forced more people into the rental market, pushing up rents across the state.



People who are key to the local economy cannot even afford to *rent* a home. To afford a two-bedroom apartment, a family needs an annual income of \$57,880 in Los Angeles County — significantly more than nursing aides, paramedics and preschool teachers earn.

Homeownership is even further out of reach. As of October 2012, median home prices were still high in district communities like Los Angeles (\$377,500). Even with home prices dropping, a home buyer in the district must earn more than \$73,240 a year to afford a median-priced home (\$345,500) — assuming a near-perfect credit score, sufficient savings for a down-payment and zero monthly debt (e.g. car payments, student loans, credit cards).

### In Los Angeles County:

Affordable Homes Needed: 1,050,170

Affordable Homes Available: 851,970

Shortage: **198,200**



### Some of the residents in your district who would benefit from more affordable homes include:

#### VERY-LOW-INCOME EARNERS\*

Nursing Aides and Orderlies	\$ 26,808
Bank Tellers	\$ 26,911
Receptionists	\$ 28,601
EMTs and Paramedics	\$ 30,732
Preschool Teachers	\$ 31,736

\*below 50% of median income for a family of four

#### LOW-INCOME EARNERS\*\*

Tax Preparers	\$ 42,704
Payroll Clerks	\$ 43,949
Mental Health Counselors	\$ 49,708
Licensed Nurses	\$ 50,390
Police Dispatchers	\$ 51,741

\*\*below 80% of median income for a family of four

## Business and the Economy

Employees' ability to find an affordable place to live helps the economy. According to the Los Angeles Business Council, "[O]ne of the largest threats to our economy [is] the 'Brain Drain.' The 'Brain Drain' was coined to describe the alarming numbers of young professionals leaving the Southern California region -- citing the lack of affordable housing and intolerable work commutes." Per the Business Council, "Many of Los Angeles' businesses will relocate or close their doors if the housing supply and lack of affordability is not addressed. These two issues are causing a myriad of problems for business -- most notably -- decreased productivity, high-turnover, long work commutes and an overall diminished quality of life."

Improving the match between housing costs and incomes through a greater range of rental and ownership choices will increase local employers' access to an ongoing labor force, including the younger and lower-wage workers they need to be productive. Employers and employees alike benefit from greater continuity and productivity when people can afford to live closer to work, reducing commutes and traffic congestion.

## Public Safety

In too many neighborhoods, high housing costs have led to overcrowding, straining parking, fire departments, law enforcement, and public services. These costs could be decreased if households did not have to crowd family members into homes that are too small for them or bring in others to afford rent.

More options in the housing market would reduce other public safety costs as well:

- Today's affordable homebuilders reduce demands on law enforcement by screening their tenants carefully and closely managing their apartment communities to make sure that they are safe, quality places to live.
- With additional options, battered women and their children can more easily afford to leave their abusers without risking homelessness and further victimization on the street, reducing law enforcement and related costs. According to the National Law Center on Homelessness and Poverty, 57.8% of homeless women who had experienced domestic violence cited that violence as the direct cause of their homelessness.
- With housing and treatment, people with mental illness will be less likely to end up in jail or prison. The cost of incarceration is roughly \$110,000 per year for those with serious mental conditions. If people with mental illnesses can find a home with supportive services that helps them remain stable, they are less likely to experience breakdowns or engage in criminal behavior.

## Children and Education

Despite foreclosures and home price declines, finding an affordable home is an ongoing challenge for working families in the 50th District. Families with low incomes move 50 to 100% more frequently in search of a home they can afford, so children must move from school to school. Homelessness is particularly troubling for children and families and the 2011 Point-in-Time Count found over 51,000 homeless individuals in Los Angeles County, 3,035 of whom were family households. Increasing options for families to afford a safe and stable home for their children will result in better outcomes for children. They will benefit from:

- Less exposure to violence.
- Increased school attendance.
- Reduced stress, illness, and mental-health problems.
- Having a safe place to play, do homework, and share family time.

Local schools will also benefit from increased family stability. Teachers can better plan for staffing and resources, and both teachers and classmates will experience fewer disruptions so they can focus on student achievement.