

CALIFORNIA Affordable Housing Needs Report 2021

Key Findings

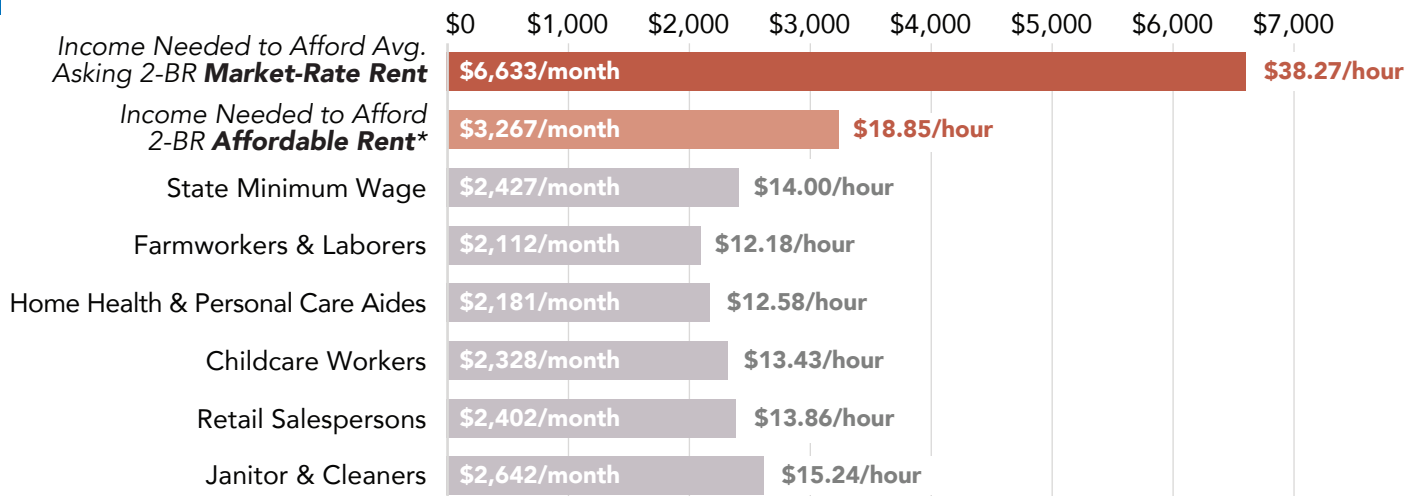
California needs 1.2 million more affordable homes by 2030 – approximately 120,000 per year – to keep pace with demand.

- Median rent in California has increased 35% since 2000 while median renter household income has only increased by 6% (*adjusted for inflation*).
- 78% of extremely low-income (ELI) renter households are paying more than half of their income on housing costs compared to 6% of moderate-income renter households.
- Renters need to earn nearly 3 times the state minimum wage to afford average asking rents in California.
- California spends nearly 5 times more supporting homeowners than renters.

How State Leaders Can Help

1. Initiate a \$10 billion statewide housing bond to fund five more years of affordable housing for low-income families and people experiencing homelessness.
2. Permanently fund local governments to implement flexible homelessness solutions by recapturing \$2.4 billion per year lost through corporate tax loopholes and reductions through the Bring CA Home campaign (bringcahome.org).
3. Make permanent the \$500 million expansion of the state Low-Income Housing Tax Credit to increase affordable housing production through public-private partnerships.
4. Empower voters to support building affordable homes locally by lowering the supermajority approval threshold required for housing ballot measures to 55% (the same requirement for educational facilities).
5. Fund the conversion of commercial properties and market-rate rental properties occupied by low-income households into affordable homes, building on the success of Project Homekey.
6. Allow new apartment and condominium developments to be built in commercial and mixed-use zones when at least 20% of the homes are affordable to low-income households.
7. Speed the construction of affordable homes and reduce uncertainty and costs by streamlining the award of state funding for affordable housing developments from four different state agencies into one decision-making process.
8. Speed up affordable housing production and eliminate inequitable misuses of the California Environmental Quality Act (CEQA) by exempting new housing developments that are 100% affordable to low-income households.

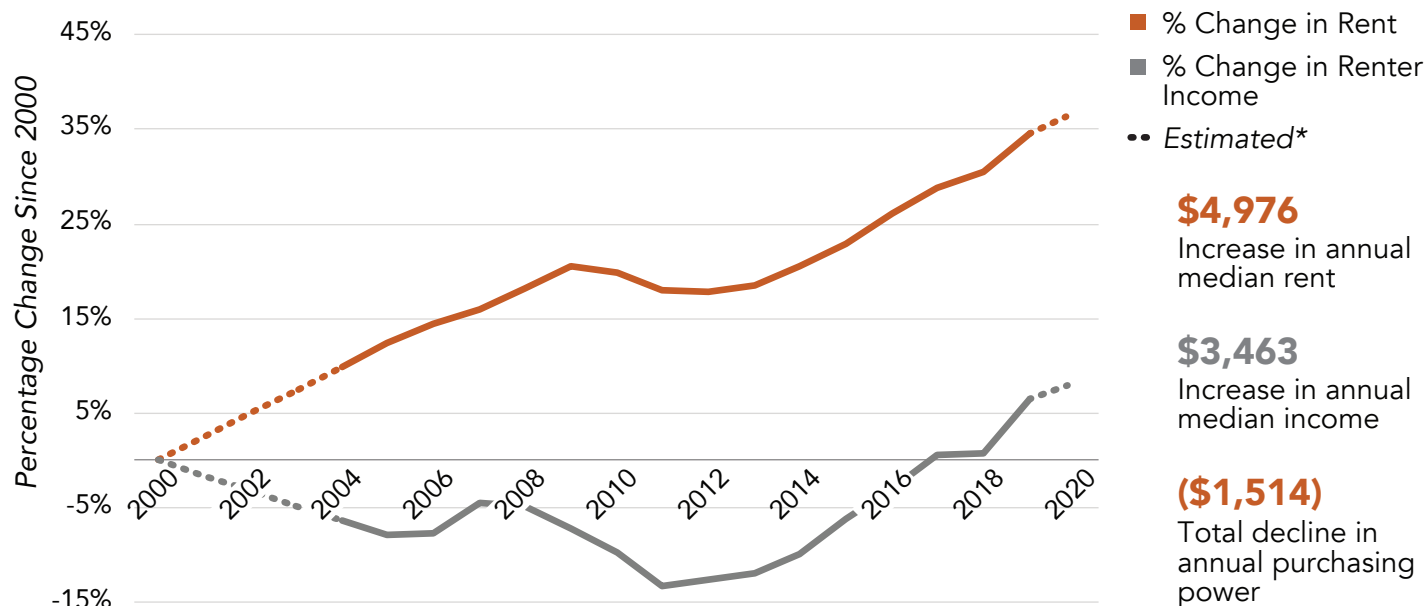
RENTERS NEED TO EARN 2.7 TIMES THE STATE MINIMUM WAGE TO AFFORD AVERAGE ASKING RENT IN CALIFORNIA



Source: CoStar Group 2020 Annual Asking Rent, as of March 2021. US Department of Housing and Urban Development (HUD) FY2020 State Income Limits. Bureau of Labor Statistics Median Annual Wage Data for CA Occupations, 2019.

*'Affordable Rent' is approximated by HUD's state rent limits for households earning 50% of area median income (AMI). Income needed to afford market and affordable rent is calculated as 30% of a household's income.

FROM 2000 TO 2019, CALIFORNIA'S MEDIAN RENT INCREASED 35% WHILE MEDIAN RENTER INCOME INCREASED ONLY 6%



Source: California Housing Partnership analysis of 2000-2019 Census ACS data. Median rent and median renter income are inflation-adjusted to 2019 dollars.

*Median renter income and rent from 2001-2004 and 2020 are estimated trends.

CALIFORNIA'S POVERTY RATE INCREASES 37% WHEN HIGH HOUSING COSTS ARE INCLUDED

Official Poverty Measure (OPM)

12.8%

(Unadjusted for Housing Costs)

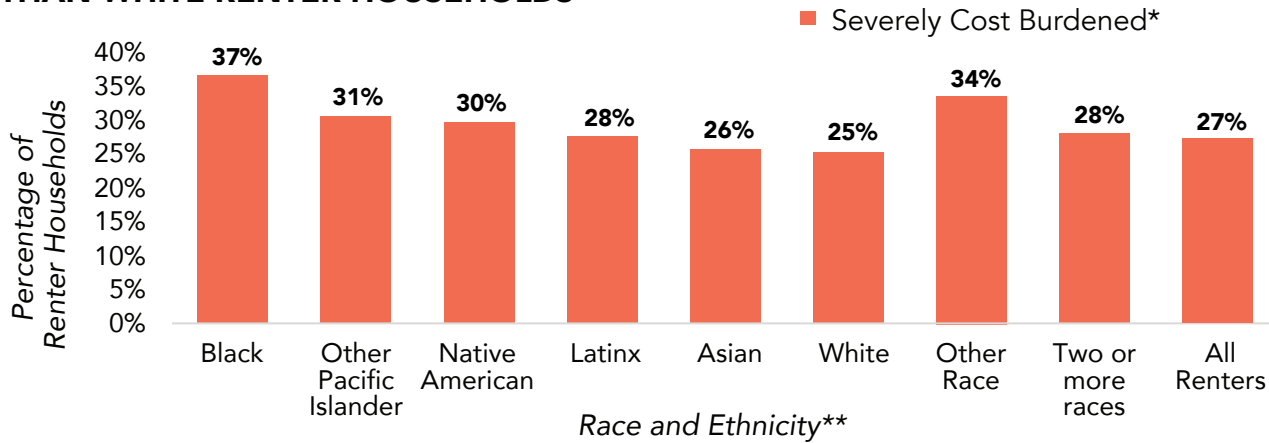
California Poverty Measure (CPM)

17.6%

(Adjusted for Housing Costs & Social Benefits)

Source: American Community Survey, Table S1701: Poverty Status, 2018. Public Policy Institute of California (PPIC), 2018 CPM.

BLACK RENTER HOUSEHOLDS ARE NEARLY 50% MORE SEVERELY COST BURDENED THAN WHITE RENTER HOUSEHOLDS

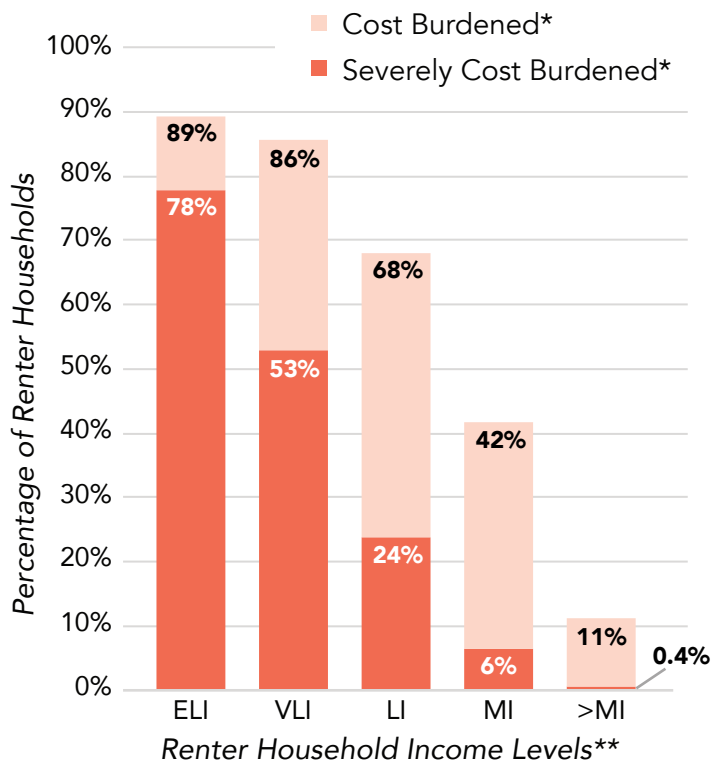


Source: Source: California Housing Partnership analysis of 2019 1-year American Community Survey (ACS) PUMS data with HUD income levels. Methodology was adapted from NLIHC gap methodology.

*Severely cost burdened households spend more than 50% of their income towards housing costs.

**This data represents the race/ethnicity of the head of household or householder—the person or one of the people in each household in whose name the home is owned, being bought, or rented and who is listed on line 1 of the survey conducted by the Census. Asian, Black, Native American, Other Pacific Islander (Native Hawaiian or other Pacific Islander, which includes those originating from Hawaii, Guam, Samoa, Fiji, New Zealand, or other Pacific Islands), white, other race, and two or more races only include households that do not identify their ethnic origin as Hispanic or Latino. Householders who identify as Hispanic or Latino (Latinx) may be of any race.

78% OF CALIFORNIA'S EXTREMELY LOW-INCOME HOUSEHOLDS ARE SEVERELY COST BURDENED COMPARED TO 6% OF MODERATE-INCOME HOUSEHOLDS

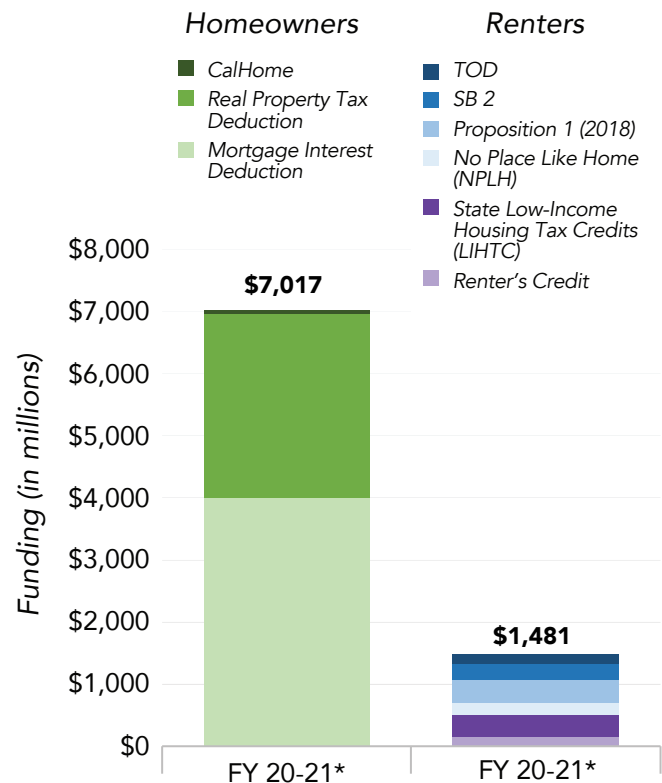


Source: California Housing Partnership analysis of 2019 1-year American Community Survey (ACS) PUMS data with HUD income levels. Methodology was adapted from NLIHC gap methodology.

*Cost burdened households spend 30% or more of their income towards housing costs. Severely cost burdened households spend more than 50%.

**ELI: Extremely Low-Income, VLI: Very Low-Income, LI: Low-Income, MI: Moderate-Income, >MI: Above Moderate-Income.

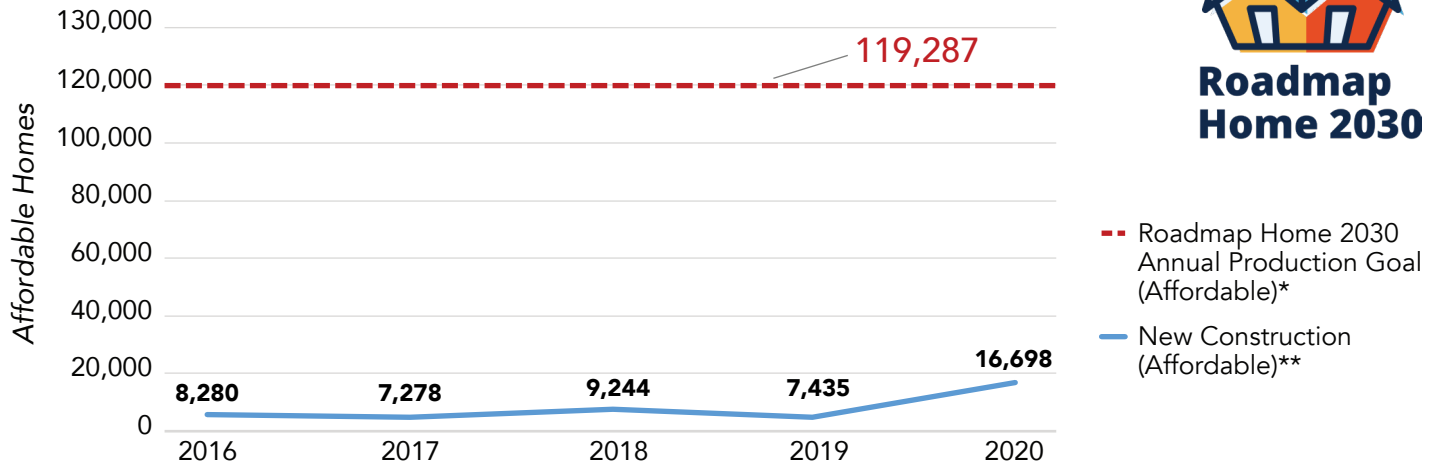
CALIFORNIA SPENDS NEARLY 5 TIMES MORE SUPPORTING HOMEOWNERS THAN RENTERS



Source: State of California Department of Finance Tax Expenditure Report, 2019-2020. California Tax Credit Allocation Committee 2020 award data and 2021 credit estimates. California Housing and Community Development Program Awards and Notices of Funding Availability 2020-2021.

*Funding amounts are based on preliminary data and estimates tabulated by each respective agency. Estimated state expenditure per household (based on tenure of households as reported in 2019 Census data): \$972 per owner household, \$249 per renter household.

PRODUCTION OF AFFORDABLE HOMES IS FAR BELOW LEVEL NEEDED TO REACH CALIFORNIA'S ROADMAP HOME 2030 GOAL



Source: California Housing Partnership Preservation Database, January 2021.

*California's Roadmap Home 2030 (roadmaphomeca.org); adapted from the state's 6th Cycle Regional Housing Need Allocations (RHNA) methodology.

**As represented by the number of new construction units awarded through the Low-Income Housing Tax Credit (LIHTC) program.

CALIFORNIA NEEDS TO CREATE 1.2 MILLION MORE AFFORDABLE HOMES BY 2030

CALIFORNIA

10-YEAR GOAL

Roadmap Home 2030	1,192,871 Affordable Homes
-------------------	-------------------------------

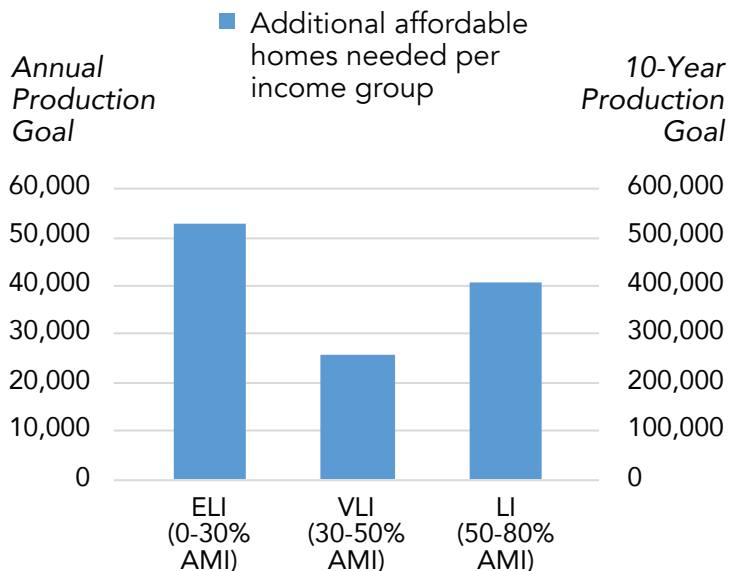
Geography	Funded in 2020*	Annual Goal	% Short
STATEWIDE			
California	16,698	119,287	(86%)
REGIONS**			
Greater Bay Area	5,663	19,886	(72%)
Greater Sacramento	991	6,828	(85%)
San Diego County	1,202	8,154	(85%)
San Joaquin Valley	989	12,493	(92%)
Southern California	5,811	65,334	(91%)
Balance of CA	2,042	6,591	(69%)

Source: California Housing Partnership Preservation Database, January 2021. California's Roadmap Home 2030, <https://roadmaphomeca.org>.

*Affordable units funded by the Low-Income Housing Tax Credit (LIHTC) Program in 2020.

**"Greater Bay Area," "Greater Sacramento" and "Southern California" regions as defined by corresponding councils of government, <https://calcog.org>. "San Joaquin Valley" includes the following counties: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare.

CALIFORNIA IS MOST IN NEED OF MORE AFFORDABLE HOMES FOR EXTREMELY LOW-INCOME (ELI) HOUSEHOLDS



Source: California's Roadmap Home 2030, <https://roadmaphomeca.org>. US Department of Housing and Urban Development (HUD) Income Limits.

ACKNOWLEDGEMENTS

Danielle M. Mazzella, Preservation & Data Manager
Lindsay Rosenfeld, Policy Research Manager
Anthony Carroll, Research Assistant
Mark Stivers, Director of Legislative & Regulatory Advocacy
Christina Gotuaco, Director of Communications
Matt Schwartz, President & CEO