



**California's Housing Future:**  
Challenges and Opportunities  
Public Draft



# California's Housing Future: Challenges and Opportunities

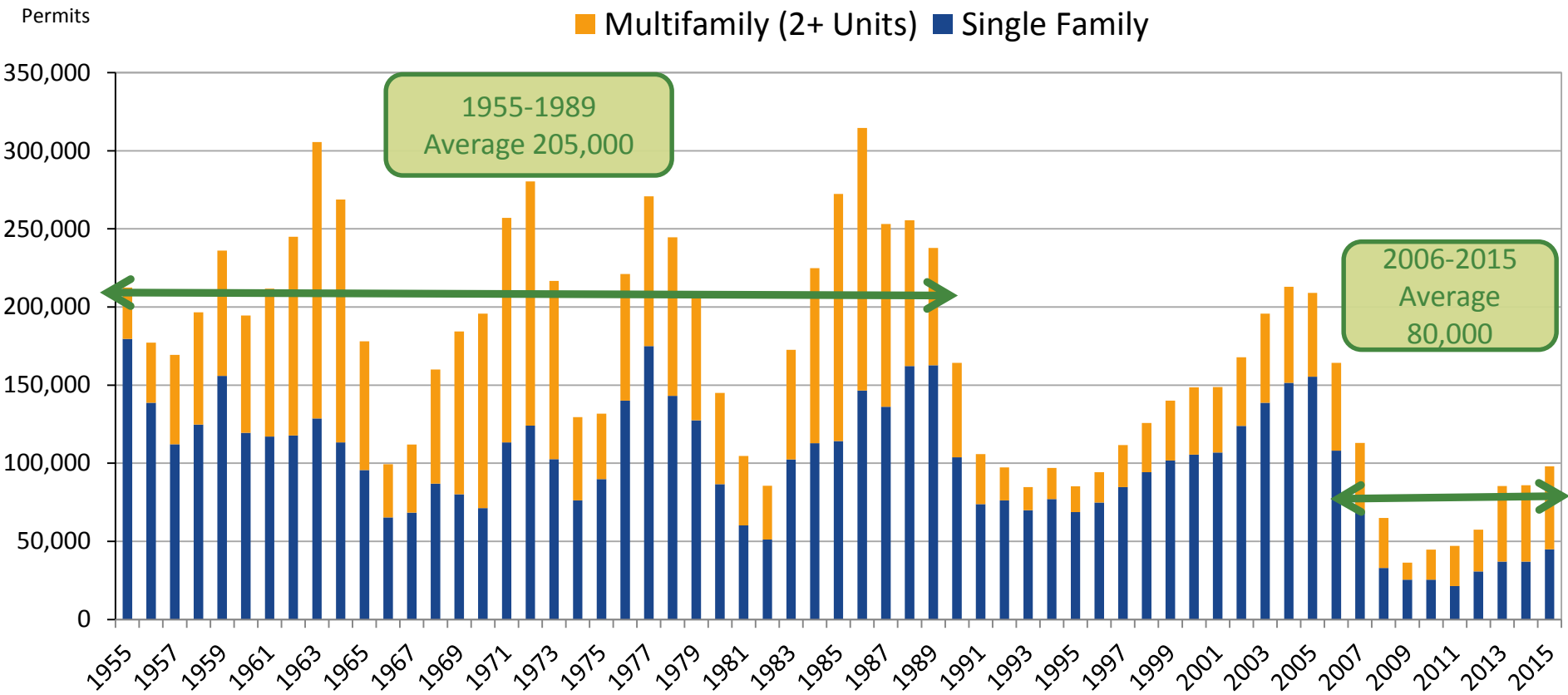
## The Draft Statewide Housing Assessment 2025





# 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



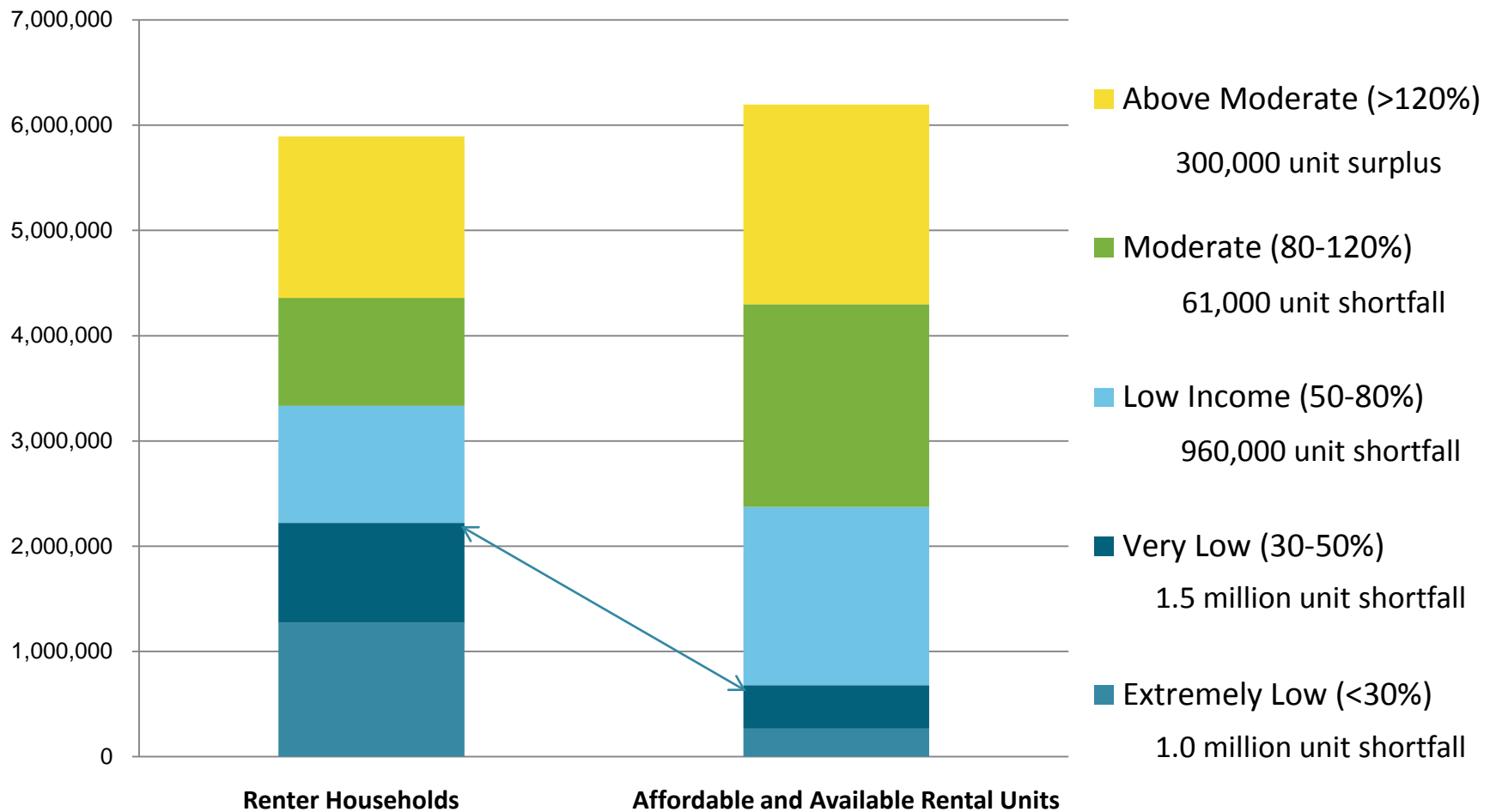
# Nearly A Third of CA Renters are Paying More Than Half Their Income to Rent

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) <b>Subtotal of above</b>	3.33	81%	51%
Moderate-Income	1.03	35%	4%
Above Moderate-Income	1.54	8%	0%
<b>All Renter Households Total</b>	5.9	54%	30%

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



# Renter Households in Greatest Need Outnumber Affordable Rentals (2:1)

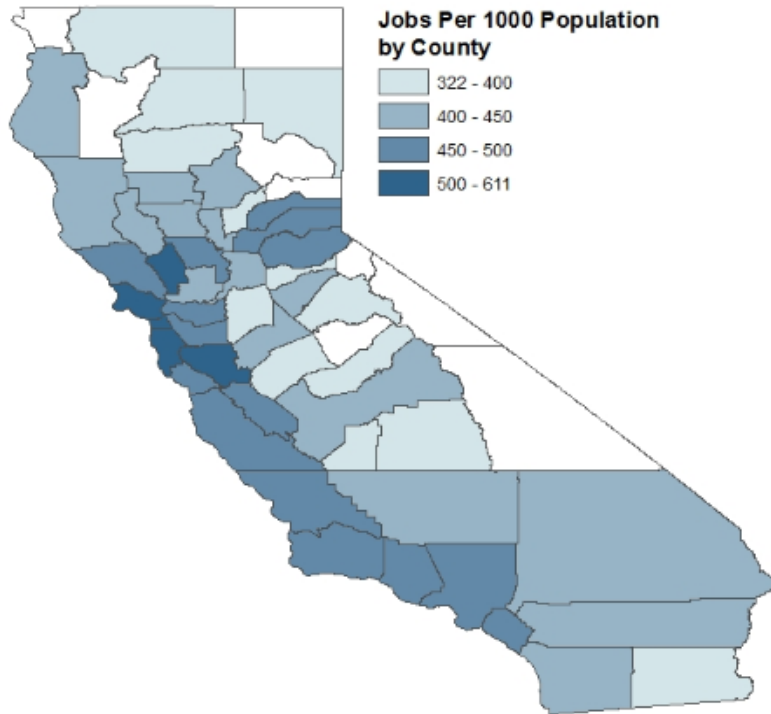


Source: 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file. Graphic by HCD.

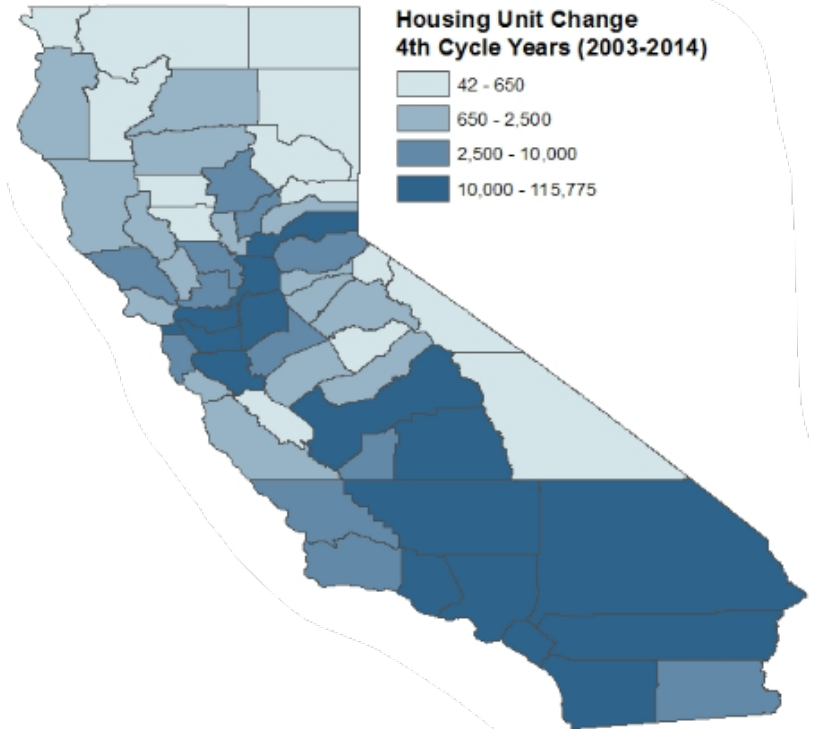


# Counties with High Job Availability Experienced Lower Housing Production

Job Availability



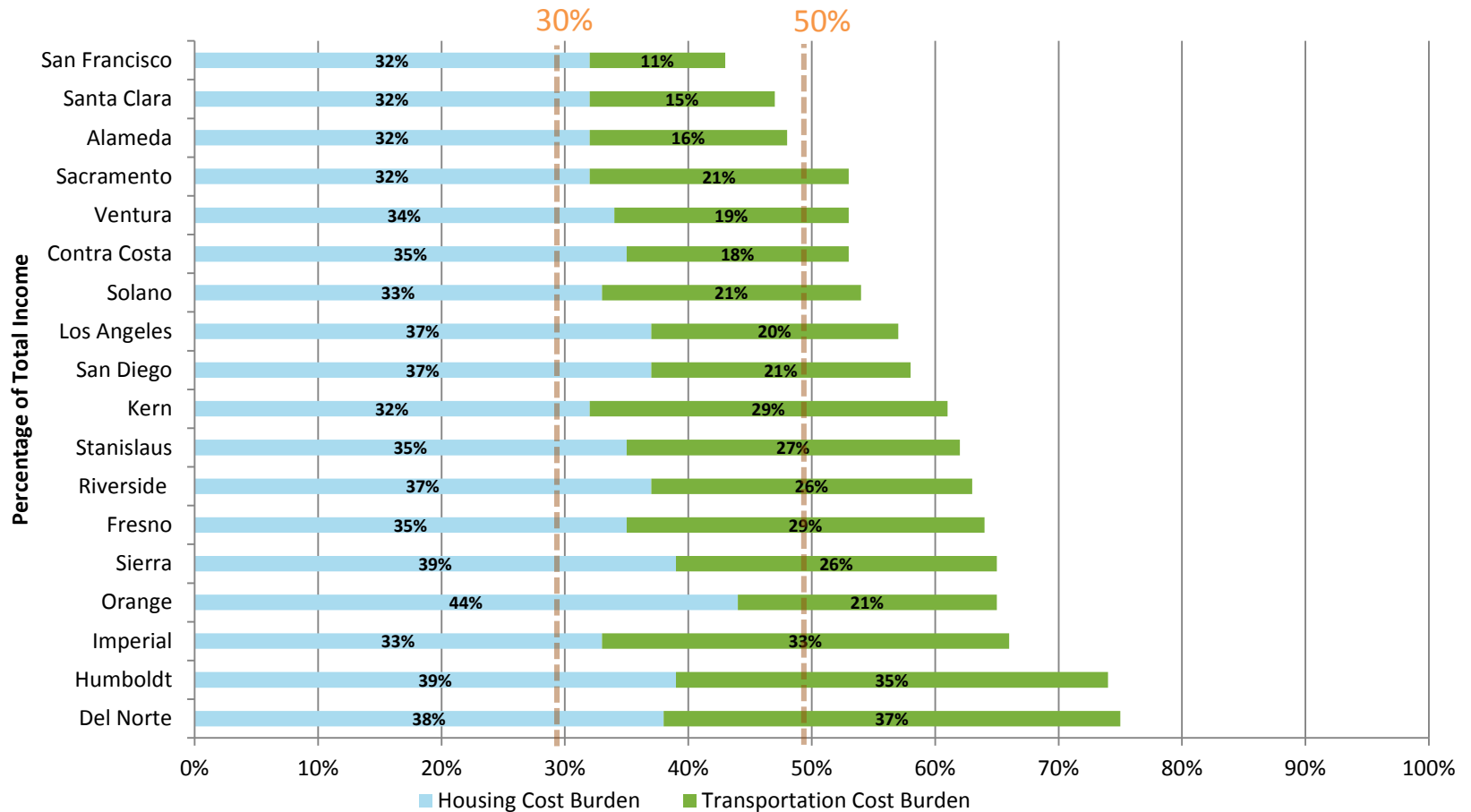
4<sup>th</sup> Cycle Production



**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



# High Housing Costs and Needs Have Consequences

- **Environment/Transportation:** As households move further from jobs, longer commutes raise transportation costs and pollution
- **Economy:** Lack of housing supply costs the California economy \$140-\$233 billion dollars annually.
- **Poverty:** When housing is factored in, California's poverty rate is the highest in the nation.
- **Economic Mobility:** Children that grow up exposed to poverty have a greater chance of lower economic mobility later in life.
- **Health:** Housing instability negatively impacts mental and physical health, and providing housing can lower public health and social services costs.
- **Education:** Children experiencing housing instability experience reduced academic outcomes.



## Some Recent Gains

### **STATE:**

- ✓ “No Place Like Home” program created, \$2 billion in bonds authorized for permanent supportive housing.
- ✓ \$150 million in new funding for homeless programs in 2016 Budget.
- ✓ Legislation to streamline the approval of Accessory Dwelling Units
- ✓ \$600 million for the Veterans Housing and Homelessness Prevention in 2014.
- ✓ 20 percent of Greenhouse Gas Reduction Fund revenues to fund the Affordable Housing Sustainable Communities Program, with at least half of the funds for affordable housing.

### **LOCAL:**

- ✓ \$2.7 billion in local bonds, along with two local sales tax increases for affordable housing.





# Governor's Principles for Comprehensive Housing Package

## Streamline Housing Development

- **Reduce local barriers to limit delays and duplicative reviews, maximize the impact of all public investments, and temper rents through housing supply increases.**

## Lower Per-Unit Costs

- **Reduce permit and construction policies that drive up unit costs.**



# Governor's Principles for Comprehensive Housing Package

## Production Incentives

- **Those jurisdictions that meet or exceed housing goals, including affordable housing, should be rewarded with funding and other regulatory benefits.**

## Accountability and Enforcement

- **Compliance with existing laws such as the housing element should be strengthened.**



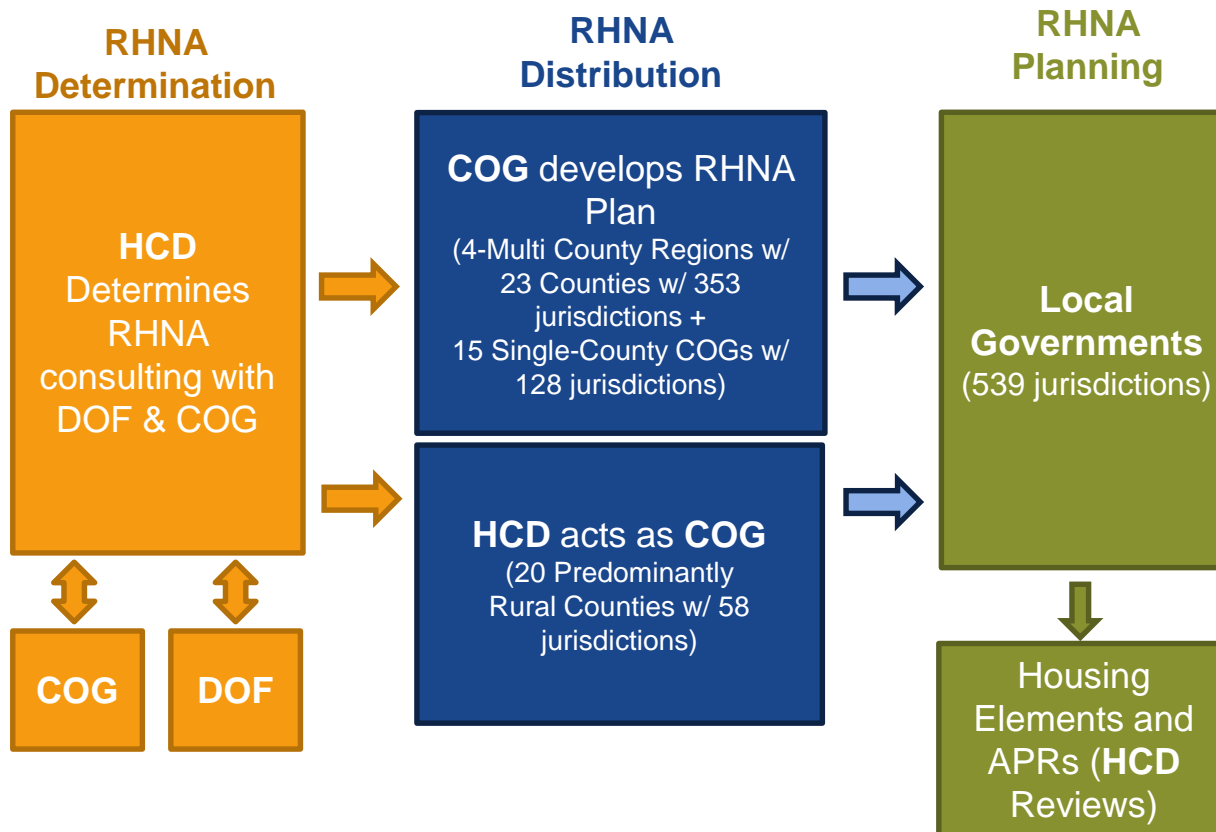
# Governor's Principles for Comprehensive Housing Package

No impact  
to the  
General  
Fund

- **No new costs, or cost pressures, can be added to the State's General Fund, if new funding commitments are to be considered. Any permanent source of funding should be connected to these other reforms.**



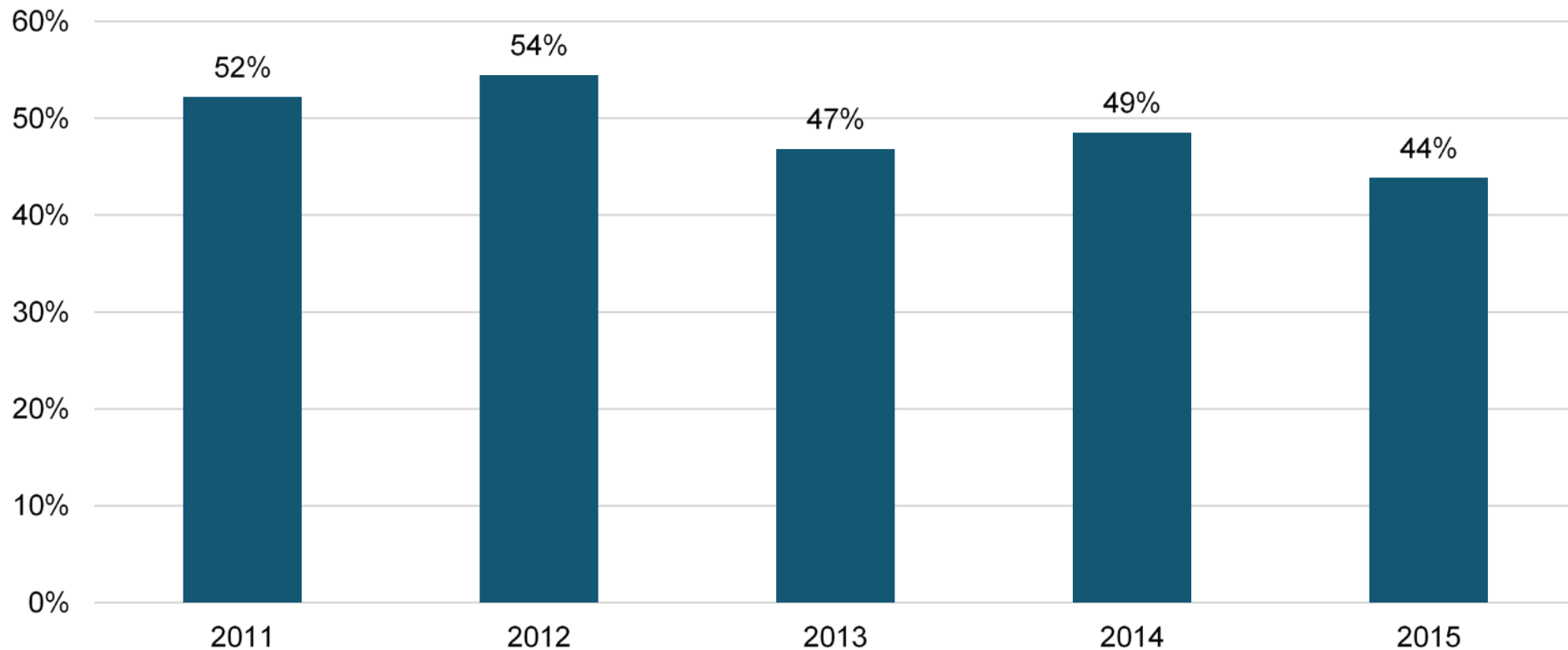
# The RHNA Process





# Annual Progress Report Compliance

Percent of Jurisdictions Submitting APRs (2011-15)





## ***One Bay Area Grant Program***

The Metropolitan Transportation Commission (Metropolitan Planning Organization for the Bay Area) combined funding from two discretionary federal programs to form the One Bay Area Grant (OBAG) program. **OBAG provides funds for transportation improvements with eligibility tied to housing goals.**

This approach has **encouraged 100 percent of the cities and counties in the Bay Area to comply with state housing element law and annual progress report submittal requirements.**

# Questions and Discussion

