

# HOW SAN DIEGO COUNTY'S HOUSING MARKET IS FAILING TO MEET THE NEEDS OF LOW-INCOME FAMILIES

RECOMMENDATIONS TO THE LEADERS OF THE STATE OF CALIFORNIA AND SAN DIEGO COUNTY

San Diego County has the second largest shortfall of homes affordable to low-income families in California. Many of those families live in unhealthy or unsafe conditions, crowd multiple people into each room, and still pay more than 50 percent of their income on rent. The following report describes the magnitude of the shortfall, highlights those who are affected by cuts to housing programs, and recommends local policy solutions to help mitigate the impact of San Diego County's affordable housing crisis.

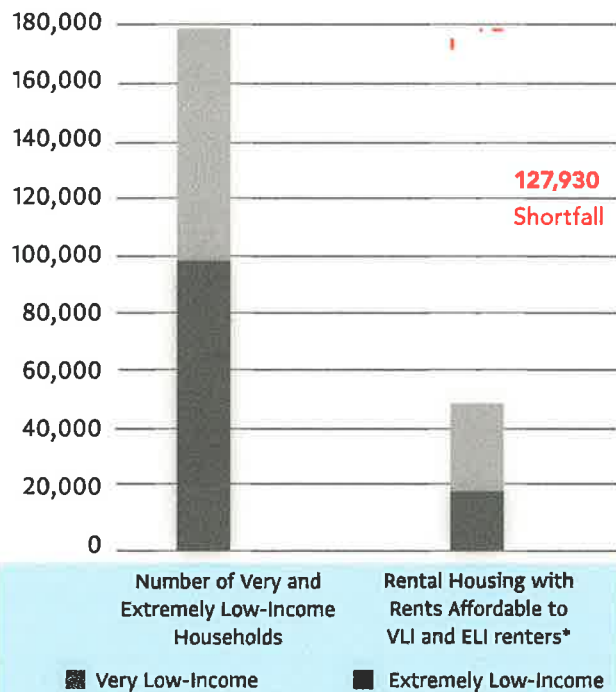
## KEY ELEMENTS OF SAN DIEGO COUNTY'S AFFORDABLE HOUSING MARKET FAILURE:

- There is a **shortfall of 127,930 homes** affordable to San Diego County's very low-income (VLI) and extremely low-income (ELI) households.
- **Median rents in San Diego County increased by 23% between 2000 and 2012**, while the median income declined by 7%, significantly driving up the percentage of income that households must spend on rent.
- **70%** of very low-income households **pay more than 50% of their income in rent**.

**91%** of all very low-income households in San Diego County pay more than 30% of their income in rent.

SOURCE: NLIHC Analysis of 2012 PUMS data

FIGURE 1: SHORTFALL OF AFFORDABLE AND AVAILABLE HOMES IN SAN DIEGO COUNTY



\*Not all units with rents affordable to low-income households are occupied by low-income households.

SOURCE: NLIHC Analysis of 2006-2010 CHAS data

## THE HOUSING MARKET HAS FAILED TO MEET THE NEEDS OF AN ENTIRE SEGMENT OF SAN DIEGO COUNTY'S POPULATION

Rent is considered affordable when it consumes no more than 30 percent of household income. In San Diego County there are homes with affordable rents for only two out of ten extremely low-income (ELI) renter households—those earning 30 percent or less of the metro area's median income. The county is home to 97,650 ELI renter households.<sup>1</sup> Very low-income (VLI) households, those who earn up to half of the area's median income, fair only slightly better: there are homes with affordable rents for fewer than three out of every ten VLI households in the county.

More than 50 percent of ELI households are elderly or disabled, while VLI households are more likely to include low-wage workers.<sup>2</sup> In fact, there are 289,370 workers in San Diego County earning less than half the county's median income. TABLE 1 provides some examples of working VLI adults in San Diego County who earn far less than the income required to afford the fair market rent on a two-bedroom apartment.

While proposals to increase the minimum wage would certainly help, a few more dollars an hour will not be enough to reduce the affordability burden.

TABLE 1: WHO IS BEING LEFT OUT OF SAN DIEGO COUNTY'S HOUSING MARKET?

HUD 50% of Area Median Income (AMI) in San Diego County for a 3 person household: \$36,150  
Total workers earning < 50% AMI: 289,370

Salary needed to afford Fair Market Rent: \$54,160

| JOB CATEGORY        | MEDIAN INCOME IN SD |
|---------------------|---------------------|
| Medical Assistants  | \$33,320            |
| Preschool Teachers  | \$31,230            |
| EMTs and Paramedics | \$24,950            |
| Childcare Workers   | \$22,940            |
| Retail Salespersons | \$22,230            |
| Waiters/Waitresses  | \$18,390            |

SOURCE: See Endnote 3

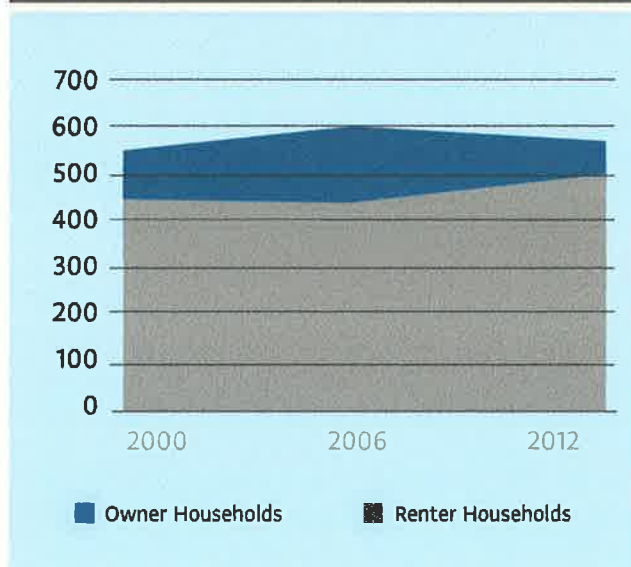
## RENTS ARE HIGH AND RISING, ESPECIALLY IN RELATION TO STAGNANT OR DECLINING INCOMES

Rents in San Diego County are high and have remained so in spite of the Great Recession. Census data shows that the inflation-adjusted median household income in San Diego County in 2012 was seven percent lower than it was in 2000. However, the inflation-adjusted median rent was 23 percent higher. FIGURE 3 shows the imbalance between the growth in median rents and the decline in median income since 2000.

Together, stagnant wages and steeply increasing housing costs have pushed many low-income households' budgets to the breaking point. According to the California Poverty Measure, the poverty rate in San Diego County is 23 percent, one percent higher than the poverty rate in California as a whole.<sup>4</sup>

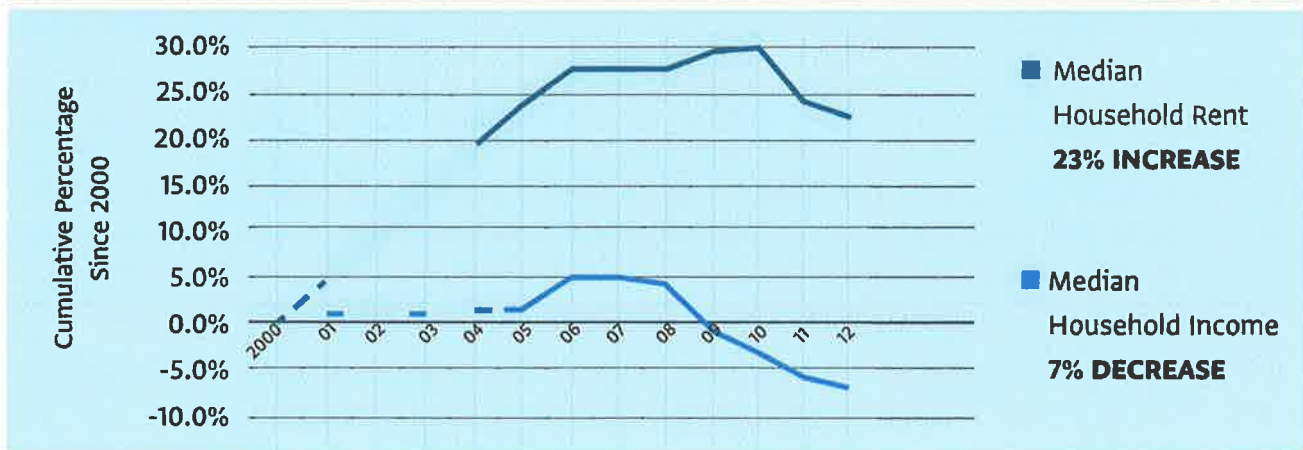
Rents increase in response to demand. More than 65,700 new renter households have entered the San Diego market since 2006,<sup>5</sup> many because of displacement during the foreclosure crisis.

FIGURE 2: CHANGE IN OWNER AND RENTER HOUSEHOLDS (in thousands)



SOURCES: CHPC Analysis of 2000 Census, 2006 1-year ACS, 2012 1-year ACS

FIGURE 3: CUMULATIVE PERCENTAGE CHANGE IN INFLATION-ADJUSTED MEDIAN INCOME AND MEDIAN RENT IN SAN DIEGO COUNTY 2000 TO 2012



SOURCES: US Census 2000 and American Community Survey 2005-2012. Median rents and incomes for 2001-2004 are estimated.

### LOCAL, STATE, AND FEDERAL DISINVESTMENT IN AFFORDABLE HOUSING HAS EXACERBATED THE HOUSING MARKET’S FAILURE TO PROVIDE FOR LOW-INCOME FAMILIES

Even as San Diego County’s shortfall of affordable homes has become more acute, the state has reduced its direct funding for affordable housing dramatically. State Housing Bonds funded by Propositions 1C and 46 are nearly exhausted, meaning the elimination of tens of millions of dollars in investment to provide homes to low- and moderate-income households in San Diego. The elimination of Redevelopment funds led to a loss of more than \$86 million annually in local

investment in the production and preservation of affordable homes in San Diego County.

Exacerbating the state cuts is the simultaneous disinvestment in affordable housing by the federal government. Cuts to HOME and Community Development Block Grants (CDBG) have resulted in the loss of another \$9.4 million in funding. TABLE 2 highlights the loss of state and federal funding for affordable homes in San Diego since 2008.

**77% DECREASE**  
in state and federal funding for affordable homes in San Diego since 2008.

TABLE 2: CHANGE IN SAN DIEGO COUNTY’S MAJOR AFFORDABLE HOUSING FUNDING SOURCES  
FY 2007/08 TO 2012/13\*

| FUNDING SOURCES                            | FY 2007/2008         | FY 2012/2013        | % CHANGE    |
|--|----------------------|---------------------|-------------|
| State Housing Bonds Prop. 46 and Prop. 1C* | \$30,129,029         | \$3,360,000         | -89%        |
| Redevelopment Funds for Affordable Housing | \$86,275,047         | \$0                 | -100%       |
| Federal CDBG Funds                         | \$27,139,235         | \$24,220,983        | -11%        |
| Federal HOME Funds                         | \$15,067,891         | \$8,620,005         | -43%        |
| <b>Total</b>                               | <b>\$158,611,202</b> | <b>\$36,200,988</b> | <b>-77%</b> |

SOURCES: CHPC tabulations of HCD’s Redevelopment Housing Activities Report and HUD’s CPD program formula allocations by fiscal year.

\*Prop. 46 and Prop. 1C spending for FY 2007/2008 and 2012/2013 provided by HCD.

# RECOMMENDATIONS to the leaders of the State of California, San Diego County, and local jurisdictions

If California is to rebuild a strong and diverse economy that includes low- and moderate-income households, our state must reinvest in affordable homes and develop responsive policy. Simply allowing a broken housing market to run its course is impoverishing and driving away our low-wage workforce, undermining our GHG-reduction goals, and forcing seniors, veterans, and people with disabilities into our shelters and emergency rooms, costing local governments five to ten times more in service costs.

## STATEWIDE Policy Recommendations

1. Replace the exhausted state housing bonds (Propositions 46 and 1C) by:
  - Passing legislation to create a permanent source of funding at the state level for the production and preservation of affordable homes.
  - Making a general fund investment in existing state rental housing production programs.
2. Give local governments tools to replace lost funding and meet obligations to create and preserve affordable homes by:
  - Lowering the voter threshold for local funding of basic infrastructure including transportation, housing, and parks from two-thirds to 55 percent, the same as it is for school bonds.
  - Authorizing a new local Tax Increment Financing (TIF) program to fund investment in basic infrastructure including transportation, housing, and parks.
3. Help California meet its GHG reduction targets by investing a significant portion of Cap-and-Trade auction revenues in the California Department of Housing and Community Development's Transit Oriented Development (TOD) Housing Program<sup>6</sup> and similar programs appropriate for rural areas.

## LOCAL Policy Recommendations

1. Protect and preserve local Inclusionary Ordinances across San Diego County.
2. Uphold the Workforce Housing Offset in the City of San Diego.
3. Maintain and update Housing Impact Fees for affordable housing.
4. Advocate for Transit-oriented Development (TOD) that includes affordable housing and support equitable TOD policies such as land value recapture and land-banking for affordable housing development.
5. Identify and implement housing development cost-saving policies such as streamlining of permits and approvals, reduced parking requirements, and density bonuses.

For more information about local policy solutions in San Diego contact the:



SAN DIEGO  
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619.239.6693 | [www.housingsandiego.org](http://www.housingsandiego.org)

<sup>1</sup> National Low Income Housing Coalition analysis of 2006-2010 CHAS data.

<sup>2</sup> National Low Income Housing Coalition. "America's Affordable Housing Shortage and How to End it." Housing Spotlight 3, no. 2, (2013) [http://nlihc.org/sites/default/files/HS\\_3-1.pdf](http://nlihc.org/sites/default/files/HS_3-1.pdf)

<sup>3</sup> TABLE 1 Sources: CHPC Analysis of U.S. Department of Housing and Urban Development Section 8 Income Limits for 2012 and Bureau of Labor Statistics 2012 Occupational Employment Statistics from Los Angeles-Long Beach-Glendale MSA; National Low Income Housing Coalition. "Out of Reach," 2014.

<sup>4</sup> The California Poverty Measure is an alternative to the conventional measure of poverty developed by the Public Policy Institute of California and Stanford that takes into account the social safety net and cost of living. [http://www.ppic.org/content/pubs/report/R\\_10135BR.pdf](http://www.ppic.org/content/pubs/report/R_10135BR.pdf)

<sup>5</sup> CHPC Analysis of 2006 1-year ACS and 2012 1-year ACS

<sup>6</sup> CHPC has authored and co-authored several reports on the environmental and social benefits of locating affordable homes near transit. A list of reports can be found at <http://www.chpc.net/GREEN/Publications.html>.