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

- **Orange**: Multifamily (2+ Units)
- **Blue**: Single Family

**Source:** Construction Industry Research Board/California Homebuilding Foundation Reports 2005, 2013, 2015; Graphic by HCD
Renter Households in Greatest Need Outnumber Affordable Rentals (2:1)

- **Above Moderate (>120%)**: 300,000 unit surplus
- **Moderate (80-120%)**: 61,000 unit shortfall
- **Low Income (50-80%)**: 960,000 unit shortfall
- **Very Low (30-50%)**: 1.5 million unit shortfall
- **Extremely Low (<30%)**: 1.0 million unit shortfall
Counties with High Job Availability Experienced Lower Housing Production

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.
High Housing Costs and Needs Have Consequences

• **Economy:** Lack of housing supply costs the California economy $140-$233 billion dollars annually.

• **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.

✓ $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.

✓ Legislation to streamline the approval of Accessory Dwelling Units

LOCAL:

✓ $2.7 billion in local bonds, along with two local sales tax increases for affordable housing.
Potential Options to Address California’s Housing Challenges

- Reform Land Use Policies
- Address Housing and Access Needs for Vulnerable Populations
- Invest in Affordable Homes and Community Development
<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
<th>Total Change</th>
</tr>
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<tbody>
<tr>
<td>Eldest Seniors (85 or more years)</td>
<td>72%</td>
<td>+437,379</td>
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<tr>
<td>Mature Retirees (75-84 years)</td>
<td>114%</td>
<td>+1,563,283</td>
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<tr>
<td>Young Retirees (65-74 years)</td>
<td>102%</td>
<td>+2,346,047</td>
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<tr>
<td>Working Age (25-64 years)</td>
<td>11%</td>
<td>+2,116,108</td>
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<td>College Age (18-24 years)</td>
<td>-2%</td>
<td>-67,352</td>
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<tr>
<td>School Age (5-17 years)</td>
<td>3%</td>
<td>+220,303</td>
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<tr>
<td>Preschool Age (0-4 years)</td>
<td>5%</td>
<td>+127,854</td>
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<tr>
<td>Total (All Ages)</td>
<td>18%</td>
<td>+6,743,622</td>
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Governor’s Principles for Comprehensive Housing Package

- Streamline Housing Development
- Lower Per-Unit Cost
- Production Incentives
- Accountability and Enforcement
- No Impact to the General Fund
Local Government Commission Leadership

- State Planning Priorities
- SB 375 Sustainable Communities Strategies
- Climate Change Investments
- Housing Element Law
Must identify current & proposed sites for residential development within the planning period, which include, e.g.:

- Recycled infill sites
- Undeveloped sites
- Mixed uses, Transit Oriented Development
- Preservation with committed assistance
Housing Element Compliance by Planning Cycle

- **2nd cycle** 1991-1999: 47%
- **3rd Cycle** 1999-2009: 82%
- **4th Cycle** 2005-2015: 91%
- **5th Cycle** 2013-2024: (mid-cycle) 86%

86% Achieved in approximately 1/3 the time as in 4th Cycle
Annual Progress Report Compliance

Percent of Jurisdictions Submitting APRs (2011-15)

- 2011: 52%
- 2012: 54%
- 2013: 47%
- 2014: 49%
- 2015: 44%
Questions and Discussion