



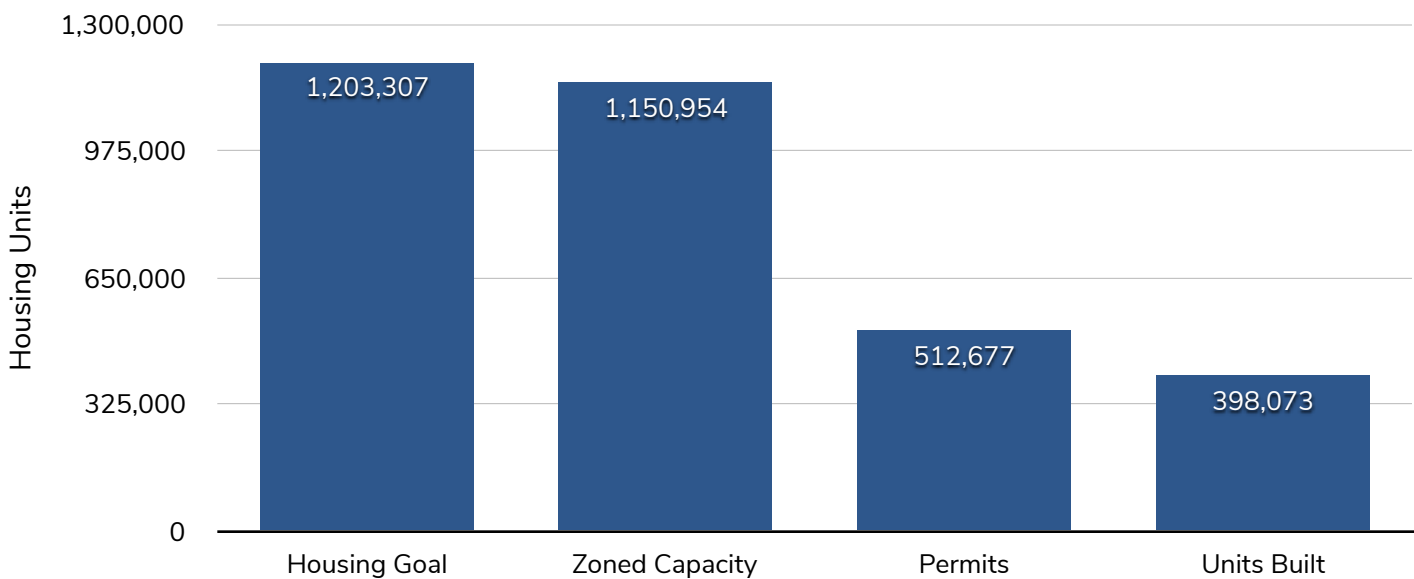
HOUSING & HOMELESSNESS

After decades of underproduction, California faces a staggering housing crisis. Fewer than 750,000 units were permitted between 2007 and 2019, accounting for only 40% of the projected need. Half of all renters are rent-burdened, meaning they spend more than 30% of their income toward housing, and nearly a third of all renters are severely rent-burdened (spending more than 50% of their income on housing). When housing costs are accounted for, California has one of the highest poverty rates in the nation. And the lack of affordable housing has directly contributed to the increased homelessness across the state. Local governments are ultimately responsible for land use decisions, and a lack of adequate planning for housing, lengthy local review processes, and other local decisions have created barriers to building more housing.

The state has dedicated new funding for affordable housing and to combat homelessness in recent years (\$1.5 billion total to combat homelessness in 2018-19 and 2019-20; \$1.75 billion for housing in 2019-20), and voters approved a \$4 billion bond for affordable housing in 2018 (Prop 1). The **2020-21 proposed budget** introduces new strategies to complement these sizable past investments to address the housing and homelessness crisis. The proposed budget also includes a total of \$6.8 billion across various programs for affordable housing in 2020-21, including funding available through the Prop 1 bond.

Even with the significant investments in housing made by the state to date, statewide, there is a significant gap between adequate zoning and adequate permitting of new housing units, with the number of units actually constructed falling even further short of need. According to the most recent numbers, local jurisdictions have permitted only 43% of the units needed to meet their housing needs, and only 33% of needed units have actually been constructed.

Gap Between Regional Housing Goals & Units Built



Data from the California Department of Finance

HOUSING & HOMELESSNESS KEY FACTS

- ✓ **Affordable Rental Shortage:** About 1.3 million California renter households are “extremely low-income,” making less than \$25k per year
 - ▶ There is a shortage of approximately 1.4 million affordable and available rental homes—currently only 378,000 for very low-income and 287,000 for extremely low-income
- ✓ **Preventing Loss of Home:** LA placed an estimated 20,000 homeless people into housing last year, but the homelessness rate grew because even more people lost their place to live
 - ▶ San Francisco officials say for every homeless person they house, another 3 fall into homelessness — helping people remain in their homes is a key part of addressing the homelessness crisis
- ✓ **Homeless Population:** Of California’s homeless population, 23% have a severe mental illness, 17% have a substance abuse disorder, 15% are families with children, & 8% are veterans
- ✓ **Permanent Supportive Housing:** Providing a highly subsidized apartment paired with supportive services is considered the only long-term homelessness solution by experts, but it’s the most expensive to build
 - ▶ While emergency shelters cost an average of \$75k per bed, the median cost of one supportive housing unit in LA is \$530k and a new project in San Jose is estimated at \$470k per unit

34,000
chronically homeless as of 2019

150,000
homeless population as of 2019

NEW IN 2020-21

The majority of new funding in this category is to address homelessness, while the housing section leverages funding made available in the last 2 years and proposes reforms to how the state plans and permits new housing.

The budget proposes a new state fund to provide rental subsidies and develop new affordable housing units:

- ✓ **\$750 million** in one-time funds to establish the California Access to Housing and Services Fund to move individuals and families into stable housing, and to increase the number of units available
- ✓ It will also be used to engage with landlords to secure units, provide tenancy support services, and coordinate case management with counties for those receiving rental subsidies

To increase affordable housing production, the state identified 100 state-owned parcels to initially focus on for the development of low-cost housing. On these state-controlled sites, developers will have greater flexibility to use innovative techniques to produce units more quickly and cost effectively than traditional projects.

Lastly, the 2019-20 budget initiated a new statewide assessment of housing needs, as the current **regional housing needs allocation (RHNA)** process has not been able to keep pace with need (figure above). The new process will be instituted beginning in 2023, and in the meantime, the state has instituted new legal remedies to hold persistently non-compliant local governments accountable.

*Data from the Governor’s proposed budget, LAO, and [CalMatters](#) unless specified otherwise.