



# *Multifamily Housing: A Necessity for Seniors, Families, and the Economy*

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**The Problem:** Until recently, most Californians were largely unaware of the affordable housing crisis for renters. Housing, like any problem, is more stark when its effect is personal. In the past few years, however, for an increasing number of Californians, the rental housing crisis has begun to strike home—two to three hour commutes between jobs and housing, family life frayed with absent commuter parents, employers forced to pay rent subsidies to attract workers, and skyrocketing rents forcing people to literally rent living room floors in places like San Jose and Orange County.

Our economy and our quality of life is severely impeded by the shortage of affordable rental housing. And it is no longer just a Bay Area story. Newspapers report almost daily about families with desperate housing stories in San Diego, Orange, Los Angeles, Ventura and Sacramento. And businesses increasingly recognize that affordable rental housing in close proximity to job centers is vital to the state's employers. In L.A. County more than half of the new jobs being created pay less than \$25,000, creating a huge demand for new, affordable rental housing. If California's high-tech economy is to keep running smoothly, both workers and employers need an ample supply of rental housing, near transit, so that workers can move easily between housing and job markets.

**The Need:** The acute housing shortage means that *45% of all renters pay more than half of their income in rent*, and in 3 years, without some real problem-solving, there will be 200,000 more new

renter households—*600,000 people*—than there are new rental housing units to house them. Renters are being forced to be inventive:

- \$250/month in Fontana provides a shed for a home.
- \$500/month rents a Orange County garage; 40,000 garage rentals in Los Angeles are without heat, toilets or cooking facilities.
- "Motel 22" is a \$3 all-night bus ride in South Bay.
- \$200/month to share a basement in Watsonville with 10 other people.
- More than 132,000 rentals in LA have problem toilets, and 108,000 units are infested with rats.
- Silicon Valley companies check homeless shelters for space availability for new hires. About 1/3 of the people in shelters work, but cannot afford apartments.

Obviously, no one chooses to live like this. Thousands of families have put their names on Housing Authority waiting lists, but have little hope of ever making it to the top. And if they are offered a Section 8 voucher, most families know that the chances are poor that they will find a landlord who will rent to them during the four months they can search with the voucher before turning it back in for another family to begin the fruitless hunt. In Los Angeles County, there are 477,000 low income renters vying for 120,000 affordable units, some of which are nightmares of neglect. In Orange County, 4 low income renters compete for every low-cost unit. Overcrowding in rental housing has doubled in California in recent years—Maywood is now the most densely populated city in California,

and among the most crowded in the nation.

And we are also not conserving our existing affordable rental housing supply—90,000 units of federally-assisted rental housing are at risk of converting to market-rate rent, turning out seniors and the disabled.

**The Response—\$252 Million for Multifamily Housing:** The proposed budget contains \$252 million for the Multifamily Housing Program at the Department of Housing, an excellent start to address some of the most pressing affordable rental needs of seniors, the disabled, minimum-wage workers, and single parents making the transition from welfare to work. The Multifamily Housing Program is a streamlined, "one stop" source for deferred payment loans for new construction, rehabilitation and preservation of rental housing. MHP combines several HCD rental programs into a single, cost-effective program that leverages substantial amounts of private funds and that works in concert with the state low income housing tax credit and federal programs.

Housing, together with education and job creation, is the third necessary ingredient to foster and sustain a vibrant economy and a high quality of life for California families. California's economy over the next 10 years is projected to create more than 3 million jobs and more than 6 million new residents. That's a demand for 233,000 new housing units a year through 2010. A significant percentage of the new workers will not be in a position to purchase a home. California needs a balanced housing market that includes an adequate supply of affordable rental housing for its workforce.