



CALIFORNIA CAMPAIGN FOR AFFORDABLE HOMES

A Regional Report

1st Senate District



The Housing Situation in the 1st Senate District Senator Dave Cox

The housing market in the 1st Senate District is broken. Most of what has been built is still too expensive, leaving far too many families without options for an affordable place to live.



Homeownership is still out of reach. As of October 2009, median sales prices were still high in counties like Alpine (\$410,000), El Dorado (\$290,000), Nevada (\$327,000), and Placer (\$298,000). Even with home prices dropping, a first-time buyer must earn more than \$33,917 a year to afford a median priced home in Sacramento County (\$180,000) — assuming excellent credit and sufficient savings for a 20% down payment.

People who are key to the local economy cannot even afford to *rent* a home. To afford an average two-bedroom apartment, a family in Alpine, Calaveras, Lassen, Modoc, or Plumas County needs an annual income of approximately \$33,640. Households in Amador, Mono, Placer, Nevada, Sierra, and Sacramento counties need an annual income of nearly \$41,320 — significantly more than preschool teachers, bank tellers, and child care workers earn.

This gap between housing costs and wages highlights the need to create more balance in the housing market. We need greater housing variety and supply so everyone can find a place they can afford.



Some of the Sacramento County residents who would benefit include:

VERY-LOW-INCOME EARNERS*

Medical Secretaries	\$ 33,345	Cosmetologists	\$ 28,000
School Bus Drivers	\$ 33,208	Bank Tellers	\$ 27,564
Medical Assistants	\$ 32,057	Janitors and Cleaners	\$ 27,057
Office Clerks	\$ 31,040	Security Guards	\$ 25,176
Cashiers	\$ 22,597	Preschool Teachers	\$ 24,777
Receptionists	\$ 28,272	Child Care Workers	\$ 22,604

*below 50% of median income

Increasing the predictability and stability of the housing market will bring many benefits to the 1st District.



Benefits to Business and the Economy

A greater range of local rental and ownership choices improves businesses' ability to prosper. When available housing options match the incomes of local residents, businesses can recruit and retain the younger and lower-wage employees they need to be competitive. Families who can find affordable places to live (paying no more than one-third of their income for housing) have more money for other necessities, such as transportation (including gasoline and car repairs and maintenance). When employees can afford reliable transportation to work, businesses benefit from reduced staff tardiness and absenteeism and increased productivity.

When families can pay a reasonable portion of their income for rent, they also have more discretionary income. They frequent local businesses and increase sales tax revenues to provide public services and help support business and economic development.

Affordable rents mean young adults graduating from Sacramento State and other local colleges and universities will be more likely to remain in the area and contribute their skills to the local economy (especially those with student loans to pay back). Affordable rental/apartment homes also provide opportunities for younger workers and low-wage families to increase their assets, so they can eventually own a home.

Building homes that increase variety and balance in the market also increases local construction employment. Even in these tough economic times, affordable homebuilders are continuing to provide well-paid, construction-related jobs that support both families and the economy.

Benefits to Health Care

A supply of homes that are affordable to all benefits the health-care system as well.

When individuals or families move frequently, live in overcrowded or substandard conditions, or are homeless, it is much more difficult to address health problems proactively. In 2008, Sacramento County found that nearly 2,700 people were homeless on any given night. This included a 35% increase (from 2007) in veterans and people with severe mental illness. Homeless children, veterans, persons with mental illnesses, and older adults are especially at risk. For example,

- Homeless children have twice as many ear infections, 5 times as many stomach and diarrhea problems, and 4 times more asthma as housed children.
- Homeless veterans have high rates of hepatitis C, diabetes, prostate cancer, and HIV/AIDS, all potentially life-threatening conditions without proper treatment.

From the stability of a home, it is much easier to contact health-care providers, receive appointment reminders, plan transportation, obtain medications, and maintain relationships with doctors and practitioners.

People with mental illnesses who are homeless are disproportionate users of costly emergency rooms, hospitals, and crisis care services. Homes offering supportive services for those with chronic physical or mental-health conditions help residents address their health and mental-health problems more effectively. This reduces costly public expenditures and demands on our health-care system, including emergency rooms, public hospitals, inpatient psychiatric hospitals, and veterans hospitals.

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The success of a community involves everyone

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Benefits to Public Safety

More options in the housing market would also reduce public safety costs:

- Today's affordable homebuilders reduce demands on law enforcement by screening their tenants carefully and closely managing their apartment communities to make sure that they are safe, quality places to live.
- Battered women and their children could more easily afford to leave their abusers without risking homelessness and further victimization on the street, reducing law enforcement and related costs. More than half of the cities surveyed by the U.S. Conference of Mayors in 2000 reported domestic violence as a main cause of homelessness.
- People with mental illness would be less likely to end up in jail or prison due to a lack of housing and treatment. The cost of incarceration is roughly \$110,000 per year for those with serious mental conditions. When people with mental illnesses can find a home with supportive services that help them remain stable, they are less likely to experience breakdowns or engage in criminal behavior. This saves significantly on costs related to law enforcement, courts, imprisonment, and parole.



Benefits to Education

Despite foreclosures and home price declines, finding an affordable home is an ongoing challenge for families throughout the 1st District. Families with low incomes move 50 to 100% more frequently in search of a home they can afford, so children must move from school to school. The cost of these school moves to children is significant. They suffer from:

- Slower academic progress.
- Lower achievement levels.
- Disruptions in relationships with teachers and class friends, often resulting in social and emotional distress.
- A reduced likelihood of graduating from high school.

Homelessness is another major reason children change schools. Between 2007 and 2008, Sacramento County saw an increase of 78% in the number of homeless children. Homelessness is particularly troublesome for children, resulting in poor school attendance; more academic and behavioral problems; increased hunger; more health and mental-health problems; and serious risks of abuse, molestation, and winding up in foster care.

When families can find an affordable rental, they are better able to afford groceries, medical care, and other needs, and to send their kids to school healthy and ready to learn. Increasing options for families to afford a safe and stable home for their children will result in better outcomes for children. They will benefit from:

- Increased school attendance.
- Reduced stress, illness, and mental-health problems.
- Having a safe place to play, do homework, and share family time.

Local schools will also benefit from increased family stability. Teachers can better plan for staffing and resources, and both teachers and classmates will experience fewer disruptions so they can focus on student achievement.