

Shortage of Affordable Housing Questions and Answers

By Benj Thomas

There is general agreement that the people living in Mendocino County below the poverty line, including the homeless population, are severely burdened with a drastic shortage of housing available to them, given their requirements and resources. This brief article looks at the issues involved and presents some perceptions about the root causes of the shortage of affordable housing.

- **Is there in fact a shortage of affordable housing in our community?**

Yes. The County's population is fairly stable (though the demographics have been changing in ways that are significant for this study — the ongoing increase in the percentage of families living below the poverty level is obviously relevant), and that has minimized the pressure for new home and apartment construction. Builders are not putting up new homes, even high-end ones, in any significant numbers. And there are long waiting lists for rental units at the bottom of the market. The high cost of housing relative to average income means that most low-wage workers cannot find minimally acceptable shelter for themselves and their families. 60.3% of renters in the County spend more than 30% of their income on rent according to HealthyMendocino.org

(<http://www.healthymendocino.org/modules.php?op=modload&name=NS-Indicator&file=indicator&iid=8411215>).

- **What has been the role of local, state and federal government in increasing the supply of affordable housing?**

Currently there are minimal funds available for housing support of any kind, including vouchers. (Vouchers, government-provided housing subsidies given to those in need, can be used to offset housing costs – not all landlords accept such vouchers.) Two non-profits in the County have as their mission addressing all aspects of the problem: the Rural Community Housing and Development Commission (RCHDC) and the Community Development Commission (CDC), both based in Ukiah. In the past, those agencies, which have generally served to pass through state and federal funds, have teamed up with the City of Ukiah to fund the construction of a laudable number of affordable housing units. Fort Bragg has a similar history of past success, including a recent 25-unit senior housing project that opened in 2014. When the Governor, with the legislature's approval, closed down Revelopment Agencies (RDA) statewide, that funding source dried up. Attempts to renew state-supplied funding have failed, most recently due to the Governor's veto.

- **Are there government subsidies to help build affordable housing?**

Yes and no. In the past yes, now not so much. The loss of RDA funds is the single most significant factor, but other government funding has shrunk. Also, until recently, income tax credits made available to agencies such as the RCHDC and the CDC were a significant source of money that could go toward construction costs. Market shifts have made these credits much less valuable, and they have been largely unused in recent years. Most multi-unit projects do require a portion of affordable housing in the development, but the region has seen no such large-scale projects in recent years. Funding even for self-help (aka sweat equity) housing is no longer available. There are also specific subsidies for housing earmarked for targeted groups such as veterans and the mentally ill, but those funds also are less available now.

- **Given the demand for affordable housing, will market forces generate new construction?**

The answer appears to be no, according to knowledgeable local sources. Even high-end home building doesn't pencil out, given the costs of land and construction compared to the rate of return. For affordable housing, the economics are even more prohibitive, only in part because government subsidies are gone. National market factors work against housing development in California and our County specifically. Until there are major shifts at the national level, supply and demand will not promote more construction of affordable housing. In other words, there is a demand for affordable housing but no corresponding increase in the capacity for those in need of it to pay for it. Their solution, such as it is, has been to crowd into existing units, e.g., multiple families in one- or two-bedroom apartments.

- **Is there any light in the tunnel?**

It's really hard to say yes to that question. The widely acknowledged truth is that many of those in need of housing support are not fully prepared to live in it successfully. Here is the often gridlocked intersection of housing needs and social services. Many of those who need housing assistance also need case management. Case managers, whether government staff or from non-profits, often have no place to refer clients for housing, without which their efforts to effect change in their clients' lives can be futile. The coordination between housing programs and other welfare programs is difficult and resists easy analysis. Health issues, both physical and mental, complicate efforts to improve housing conditions for many individuals. Some poor and homeless individuals have characteristics that carry stigma for some landlords. There are language and cultural barriers that many homeless and poor County residents face.

- **Once again, is there any light at the end of the tunnel?**

If the answer is yes, here are four reasons why. First: Those working on behalf of poor and homeless people are remarkably hard-working, dedicated, talented and realistic. Given the power and authority that their cause gives them, results may well ensue. Second: The general apathy and even antipathy felt by the uninformed public can give way to understanding, empathy and willingness to act when they are better informed. Directed efforts are under way to address the information vacuum. Third—and this is where politics enter: we are not alone in this struggle. Every city and every county in California is faced with the same basic issues around housing and homelessness. If the cities and counties can work together to bring reform to the state government, as well as the federal, that coordinated effort will have power and influence. Last: We throw lots of money at these problems, and lots of it goes to waste. There are tremendous savings to be made in providing housing and services effectively. If we can demonstrate that, we can do more with less for the people who need our help.

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