California Housing Partnership

HOUSING NEED AND AT-RISK AFFORDABLE RENTAL HOUSING IN CALIFORNIA

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Agenda

- Introductions
- State Housing Need
- At-Risk Multifamily Unsubsidized Affordable Housing
- At-Risk Subsidized Rental Housing

California Housing Partnership

California Housing Partnership

The California Housing Partnership is a state-created, private nonprofit organization providing nonprofit & local government housing agencies with technical expertise in affordable housing **finance**, **sustainability**, **applied research** & **advocacy leadership**.

1988
YEAR CREATED BY STATE LEGISLATURE

96,000
SUSTAINABLE, AFFORDABLE HOMES CREATED/PRESERVED

$37B
PUBLIC & PRIVATE DOLLARS LEVERAGED

44
TOTAL STAFF ACROSS 3 OFFICES & 7 COUNTIES*

46,000
PEOPLE TRAINED

*PARTNERSHIP STAFF LOCATION

There are two main types of affordable housing

Affordable housing is housing that is affordable to households making 80% of the Area Median Income (AMI) or less

- Affordable means a household is spending 30% or less of their income on housing

Subsidized

- Government funded which means there is added regulation
  - Rent restrictions for 55 years (deed restriction)

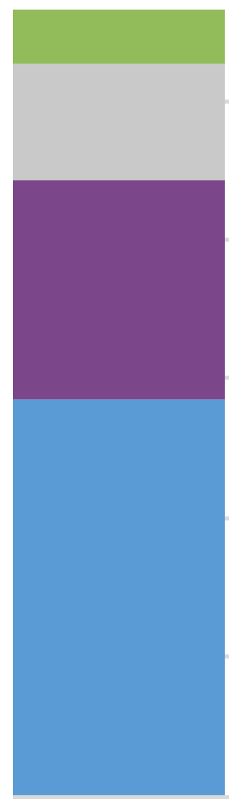
Unsubsidized

- Not Government funded which means it is less regulated
- Often, older housing stock

Capital Stack for Subsidized Affordable Housing

When rents are low, owners are not able to pay off a private loan sizable enough to construct the housing

- This is why the Government needs to help fund it



Other state and local money

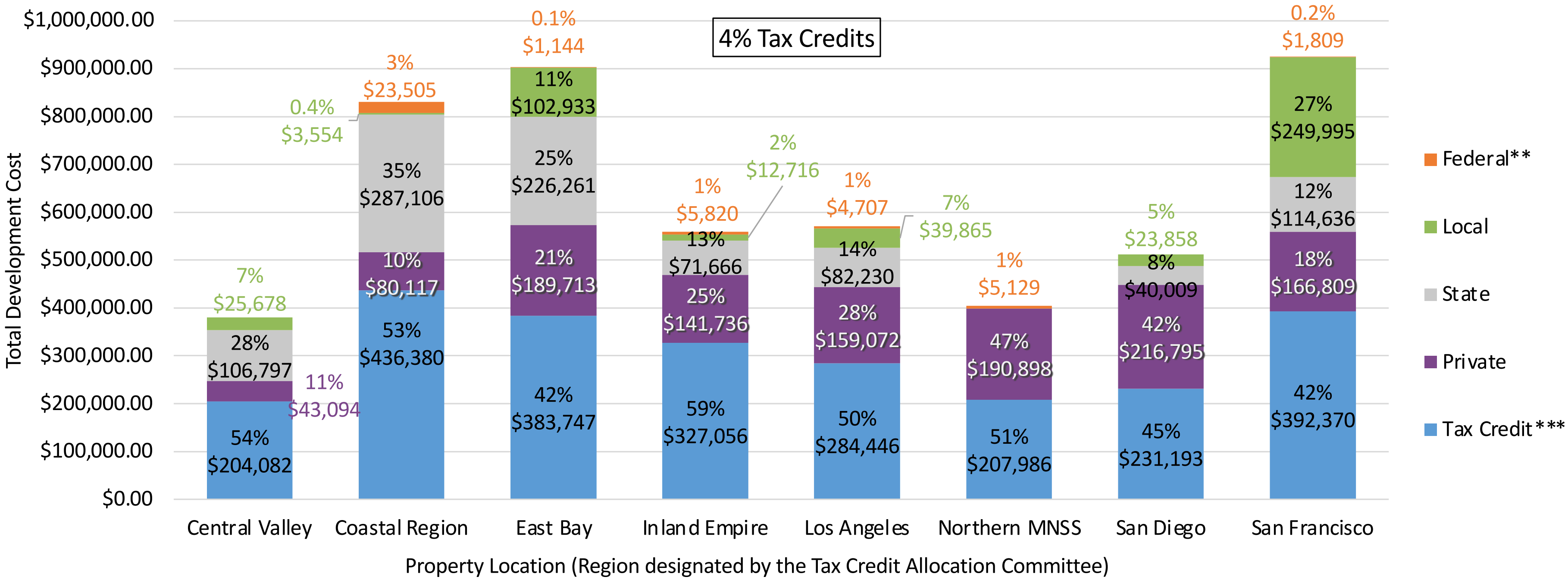
Bank loan

- Sized relative to the rents

Tax credits

- Private institutions purchase these to reduce their taxes

California Affordable Housing Funding Profiles (2023 data) With Low Income Housing Tax Credits



** Each bar above represents the median costs of new construction developments that received Low Income Housing Tax Credits in 2023 and the proportion of funding contributed by each source category. These are self-reported data from California Tax Credit Allocation Committee application materials and could change by Placed in Service date.*

*** Funding sources are categorized manually; therefore, proportions should be treated as estimates. Rounding error and exclusion of "unknown" sources may lead to proportions not totaling 100%.*

**** Federal and state taxes are included.*

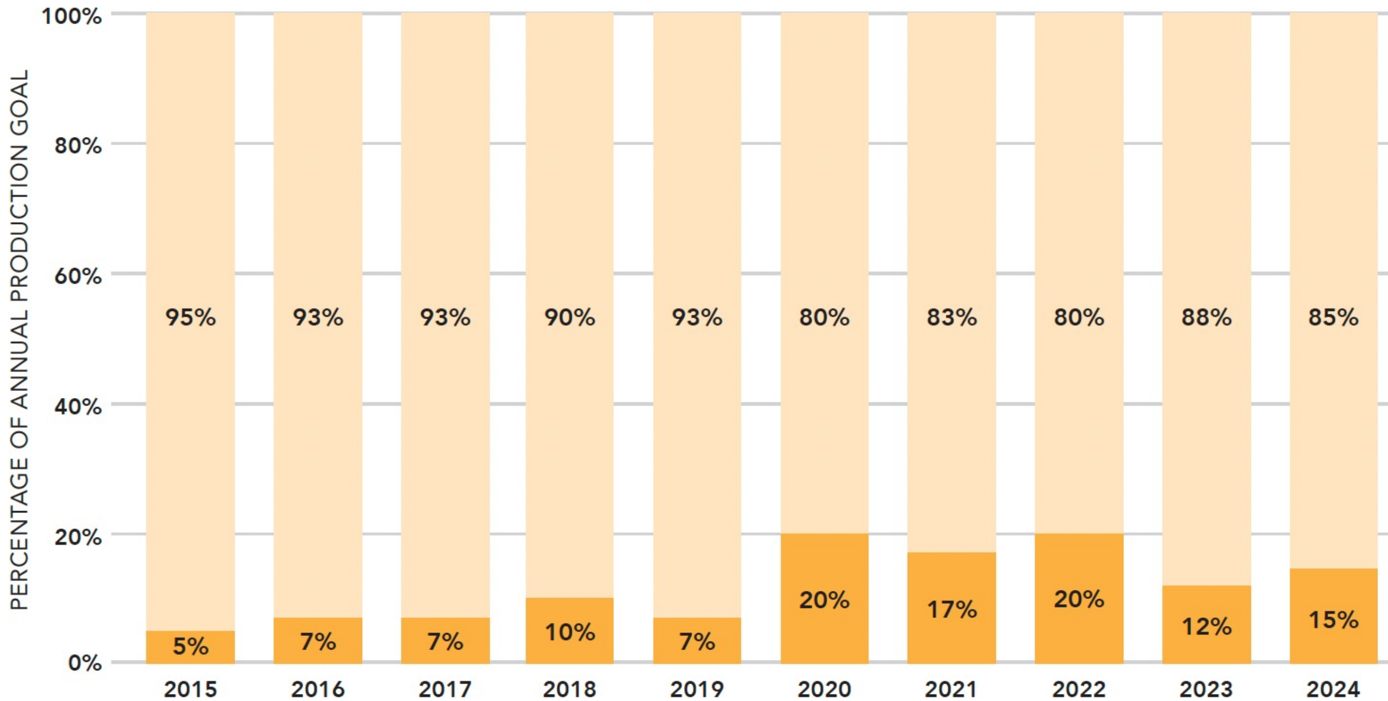
Source: California Housing Partnership analysis of California 2023 Low Income Housing Tax Credit applications.

Housing Need and At-Risk Affordable Rental Housing in CA

State Housing Need

State Housing Needs

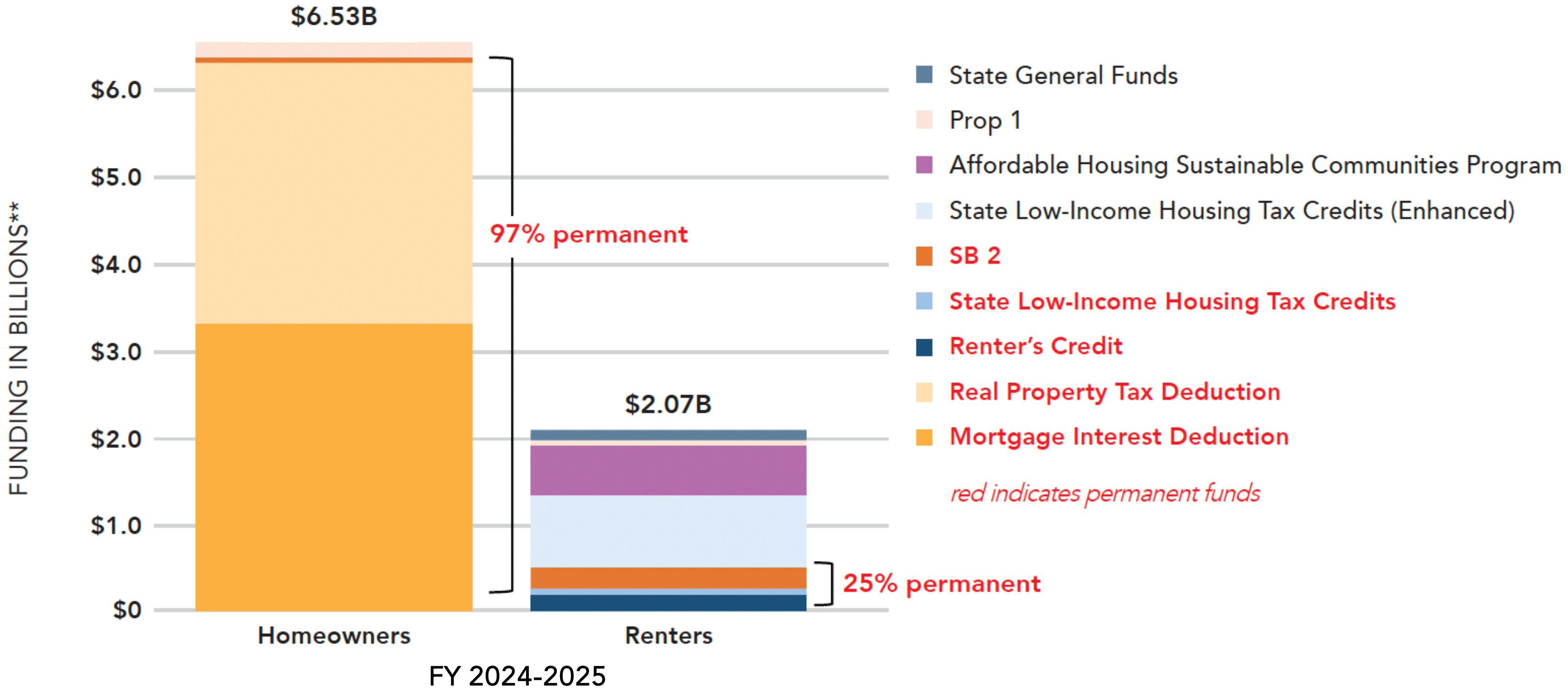
Although California has more than doubled the production of new affordable homes in the past five years, the state is only funding 15% of what it needs



Annual Goal (Roadmap Home 2030)	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287	119,287
Homes Funded *	**6,481**	**7,799**	**7,955**	**11,458**	**7,954**	**24,204**	**20,158**	**23,551**	**14,592**	**17,906**

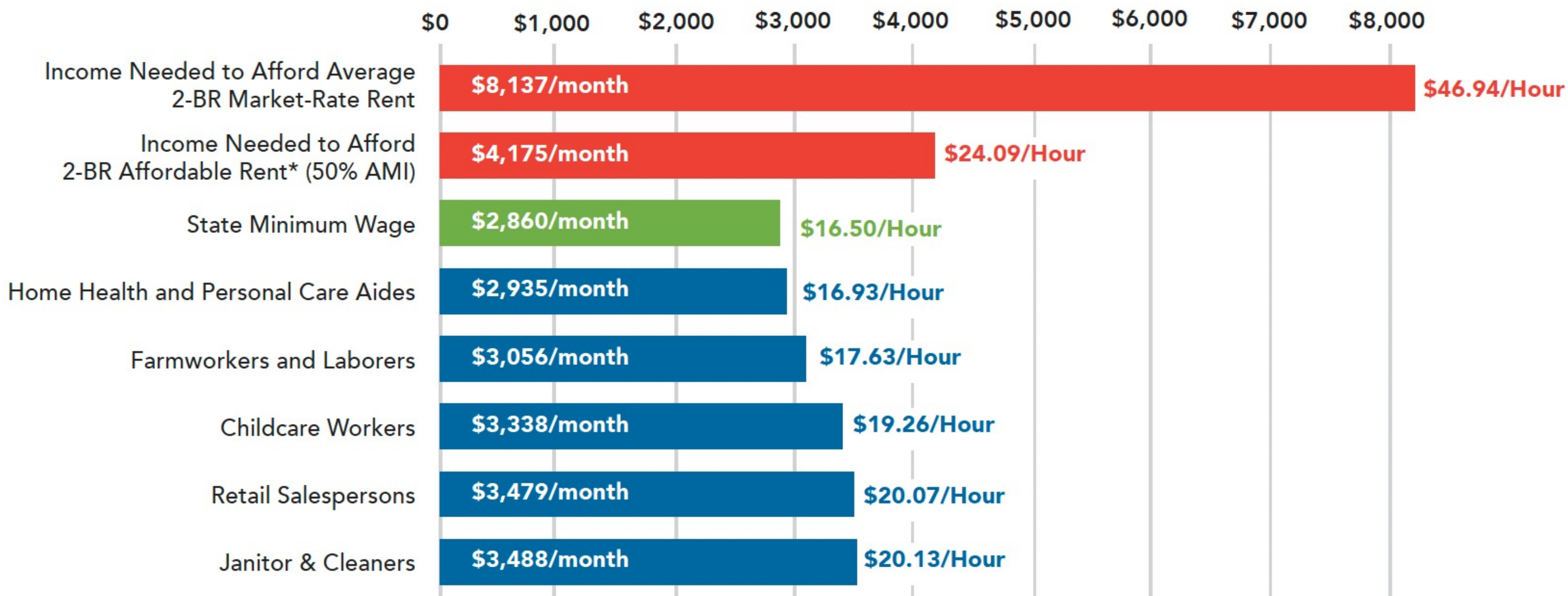
State Housing Needs

California spends more than twice as much supporting homeowners than renters and only a quarter of the resources for renters are permanent



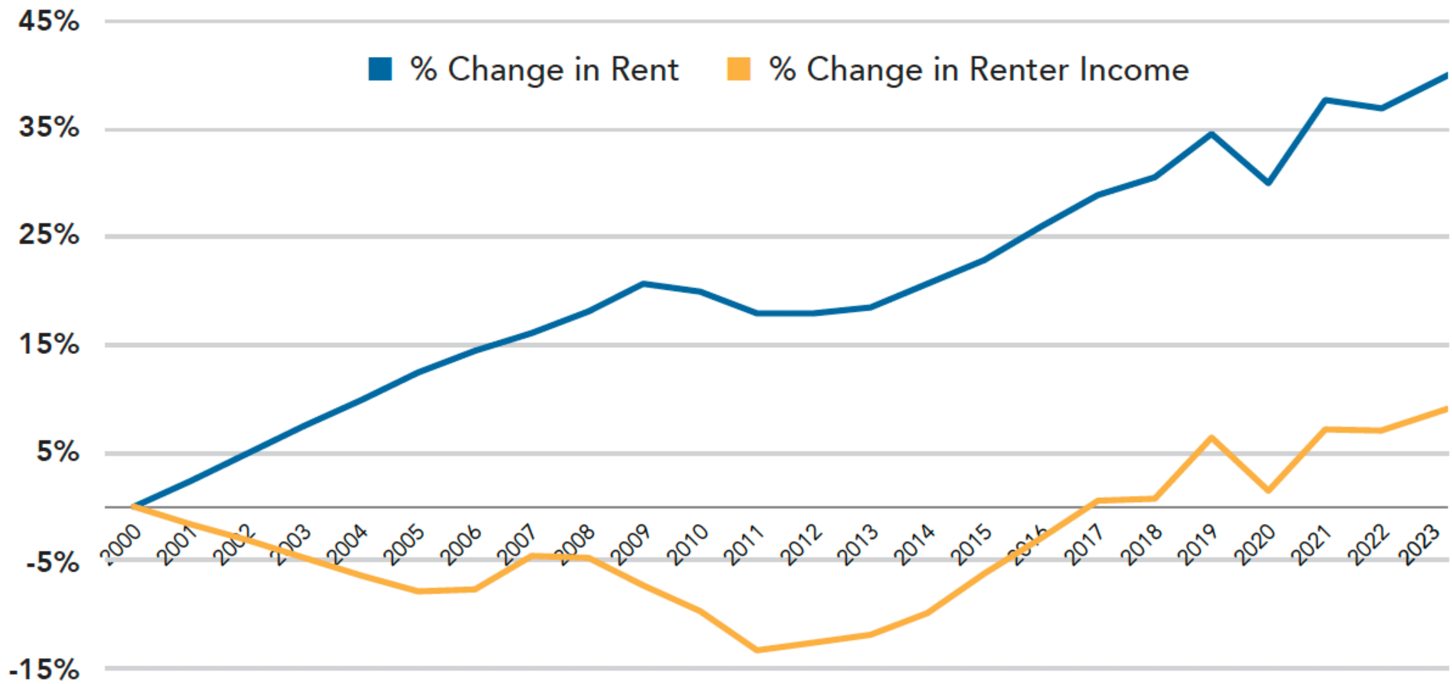
State Housing Needs

Renters need to earn 2.8 times the state minimum wage to affordable the average asking rent in California



State Housing Needs

From 2000 to 2003, California's median rent increased 40% while median renter income increased 9%



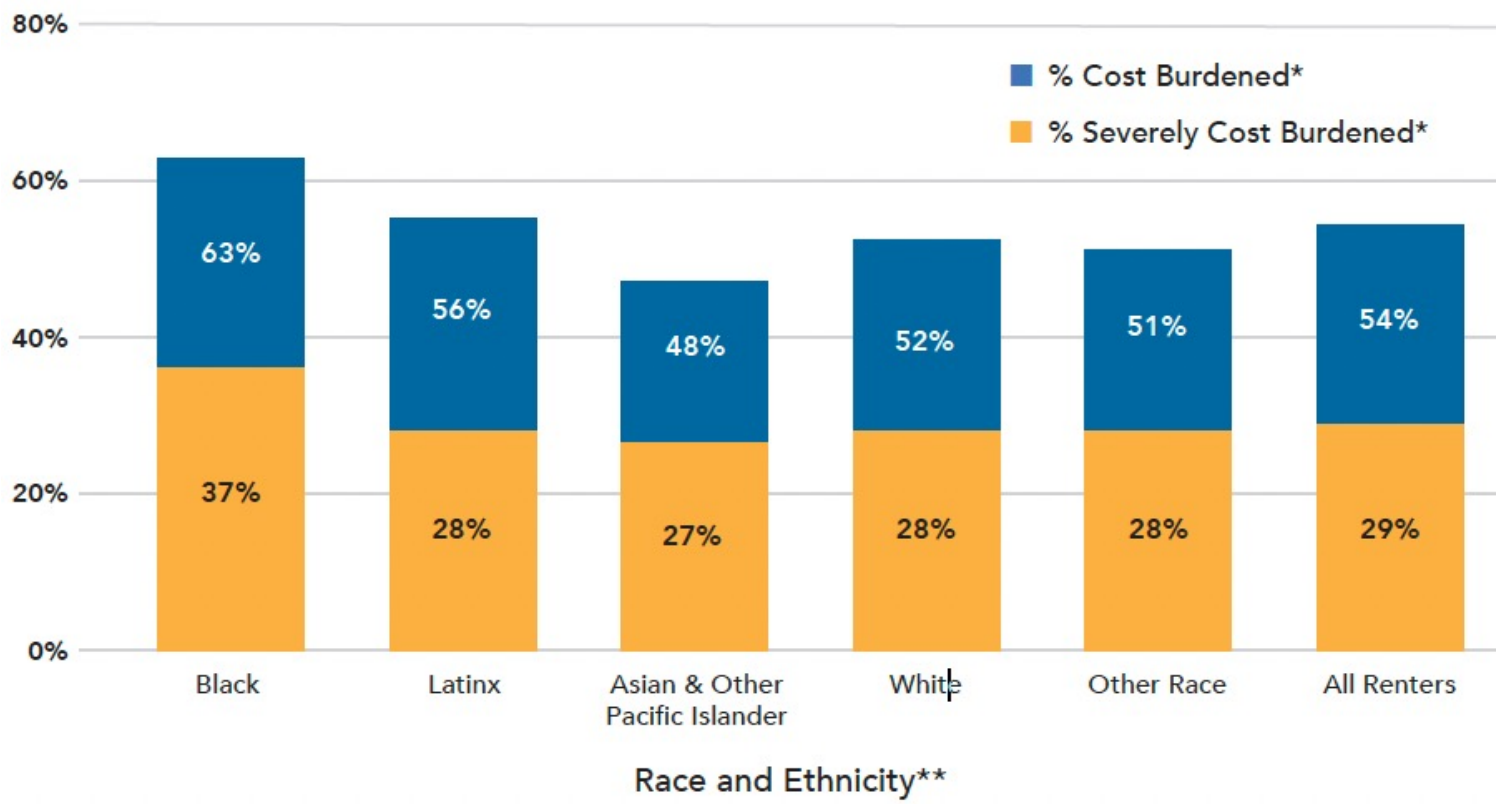
$6,889
Increase in Annual Median Rent

$5,535
Increase in Annual Median Income

($1,353)
Total Decline in Annual Purchasing Power

State Housing Needs

Black renter households are 32% more severely cost burdened than white renter households

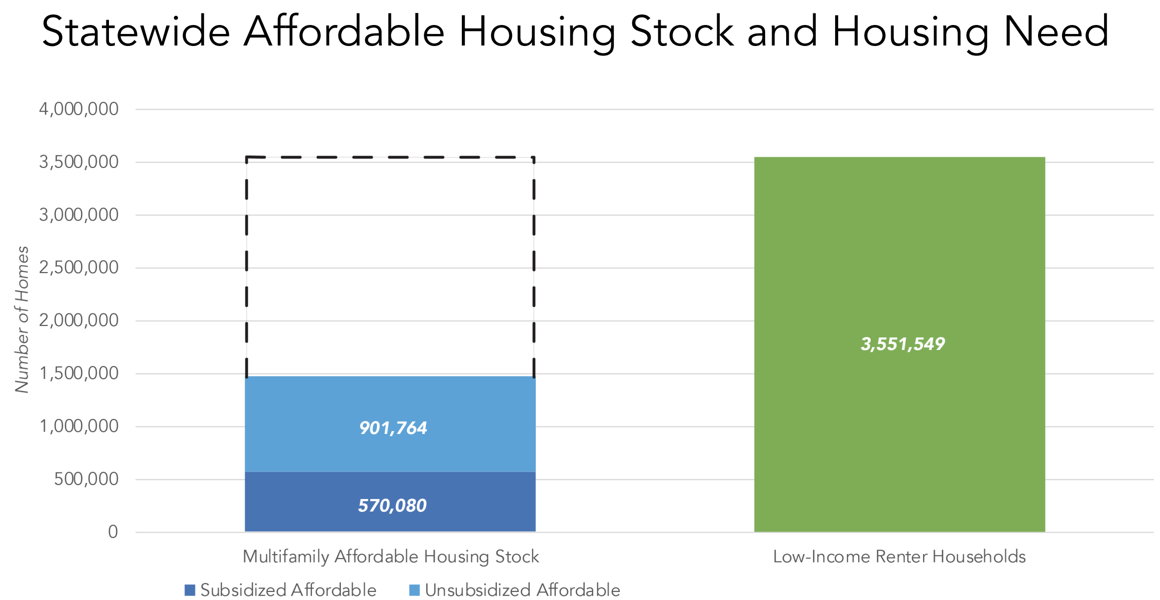


Housing Need and At-Risk Affordable Rental Housing in CA

At-Risk Multifamily Unsubsidized Affordable Housing

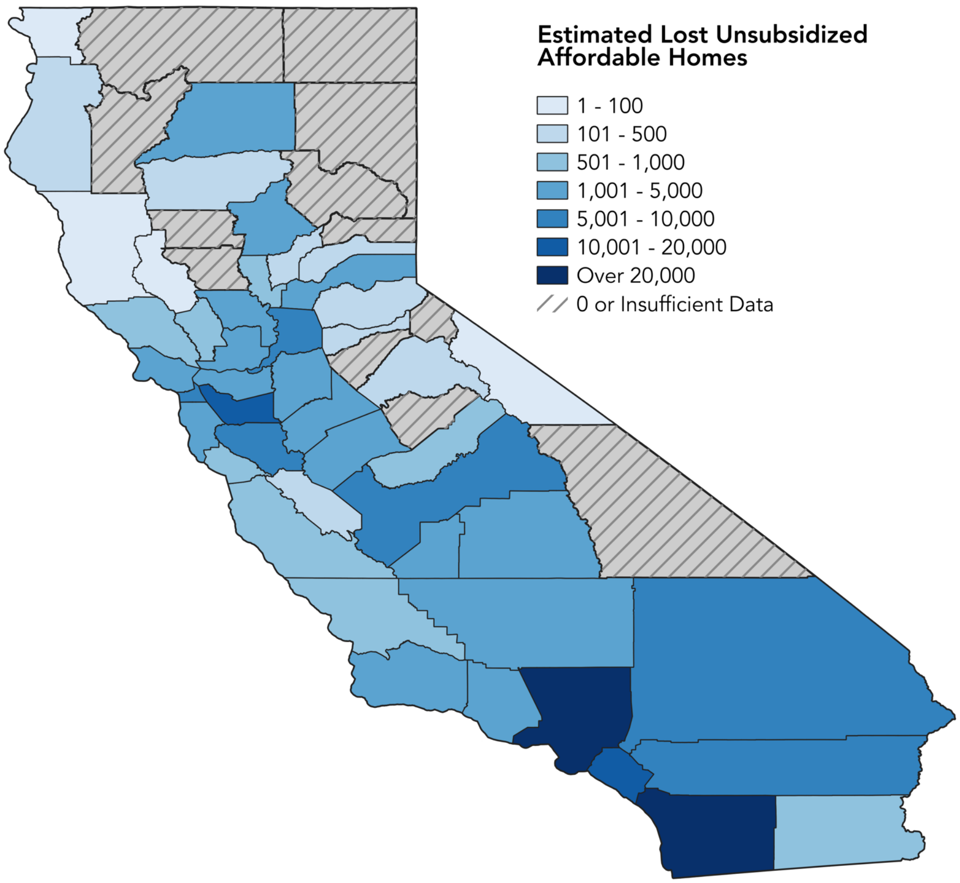
Unsubsidized Affordable Housing

- *189,051* homes lost affordability between 2020 and 2024
- About *901,764* remaining unsubsidized affordable homes
- Compared to subsidized housing, multifamily unsubsidized homes constitute a significantly larger share of the state's affordable housing stock



Sources: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2024; California Housing Partnership Preservation Database, April 2025; Analysis of 1-year ACS PUMS data (2023) with HUD income levels.

Lost Unsubsidized Affordable Housing



Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2024.

- About ***189,051 homes*** lost affordability
- Unsubsidized apartments have mostly been lost in the Bay Area and Southern California, as well as Sacramento and Fresno Counties
- Nearly 50% of lost homes are in higher resource neighborhoods

At-Risk Unsubsidized Affordable Housing

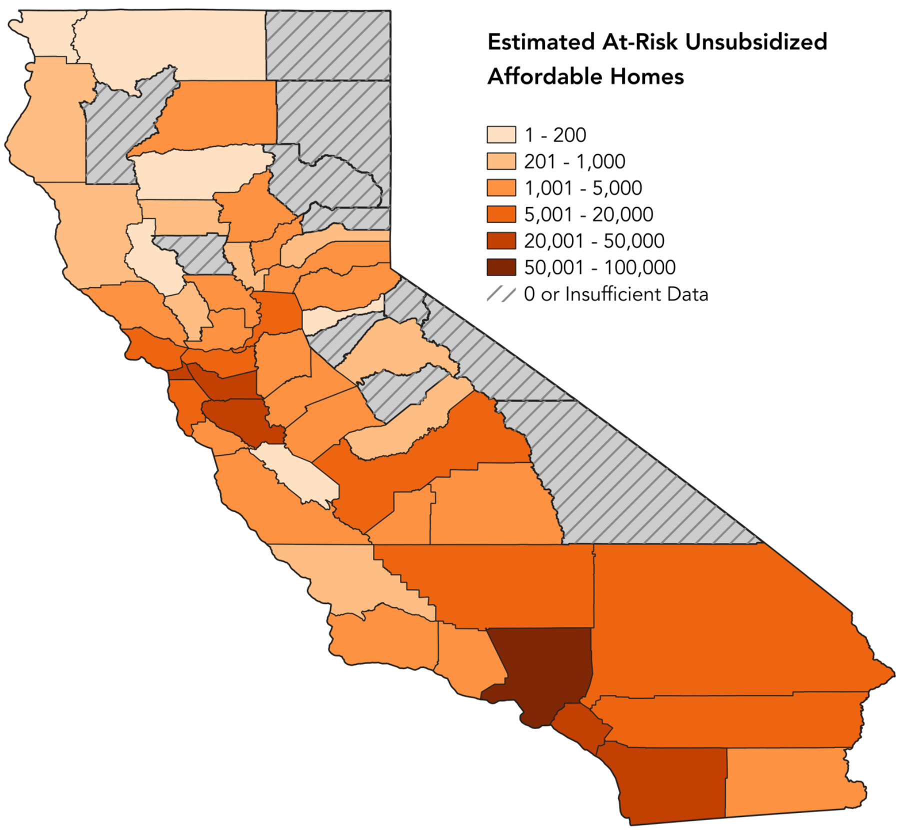
39,738 Affordable Homes are
At Very High Risk

268,693 Affordable Homes are
At High Risk

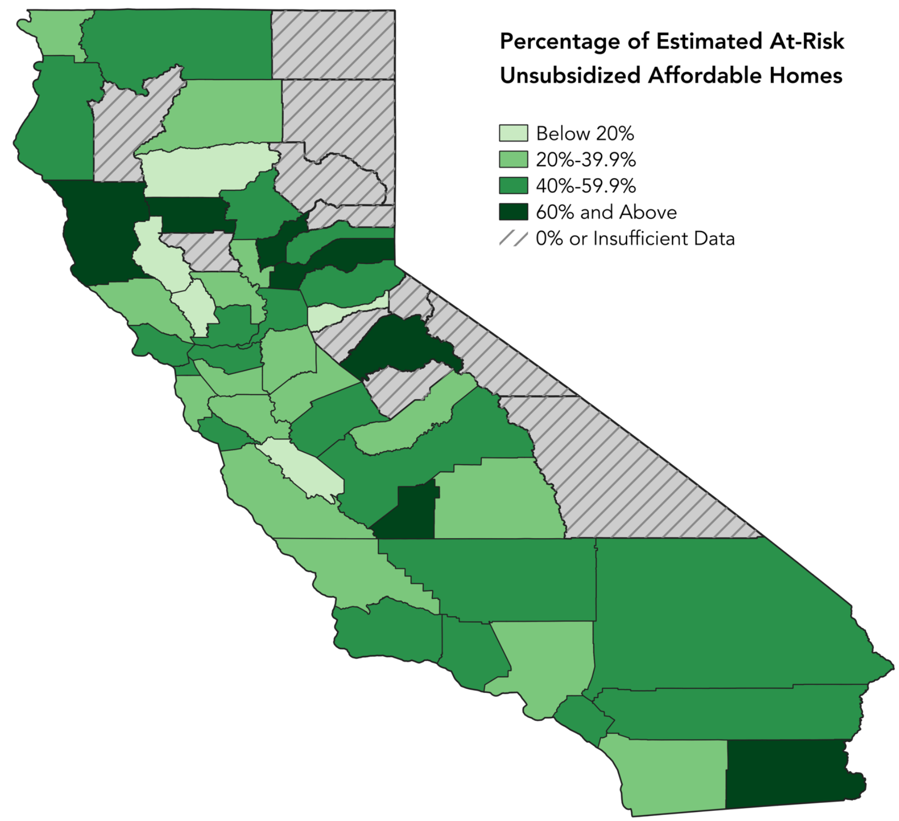
65,126 Affordable Homes are
At Moderate Risk

At-Risk Cont.

Number of Unsubsidized Homes At Risk



Percentage of Unsubsidized Homes At Risk



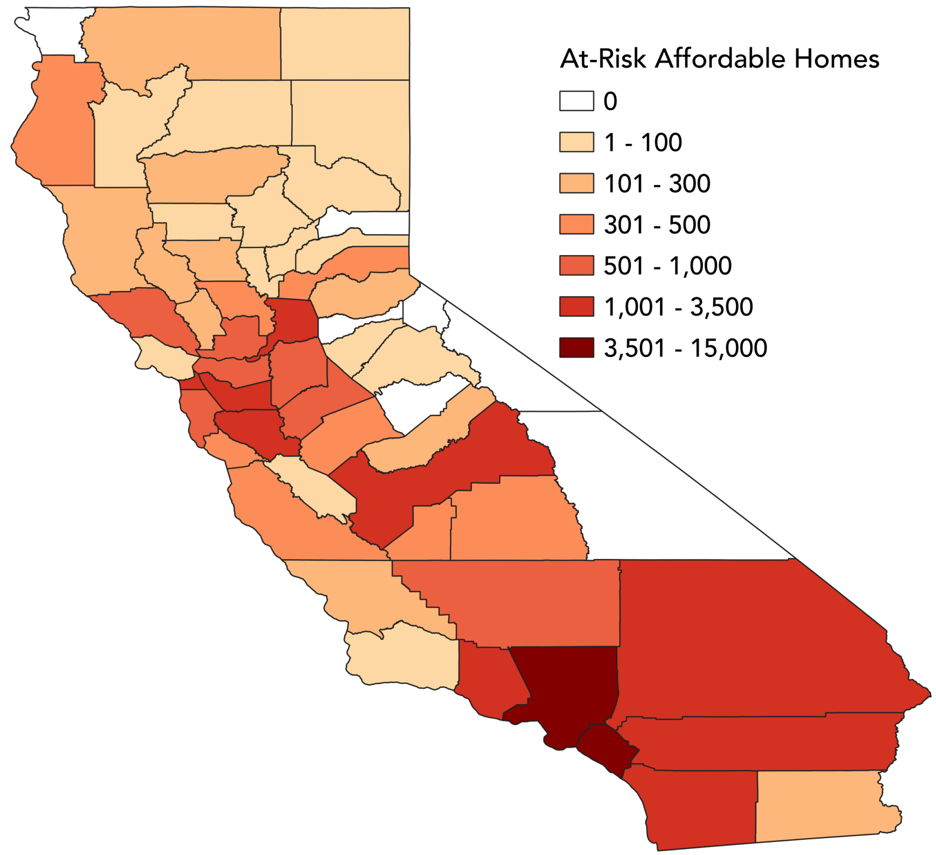
Source: California Housing Partnership Analysis of CoStar Multifamily Property Database, 2024.

Housing Need and At-Risk Affordable Rental Housing in CA

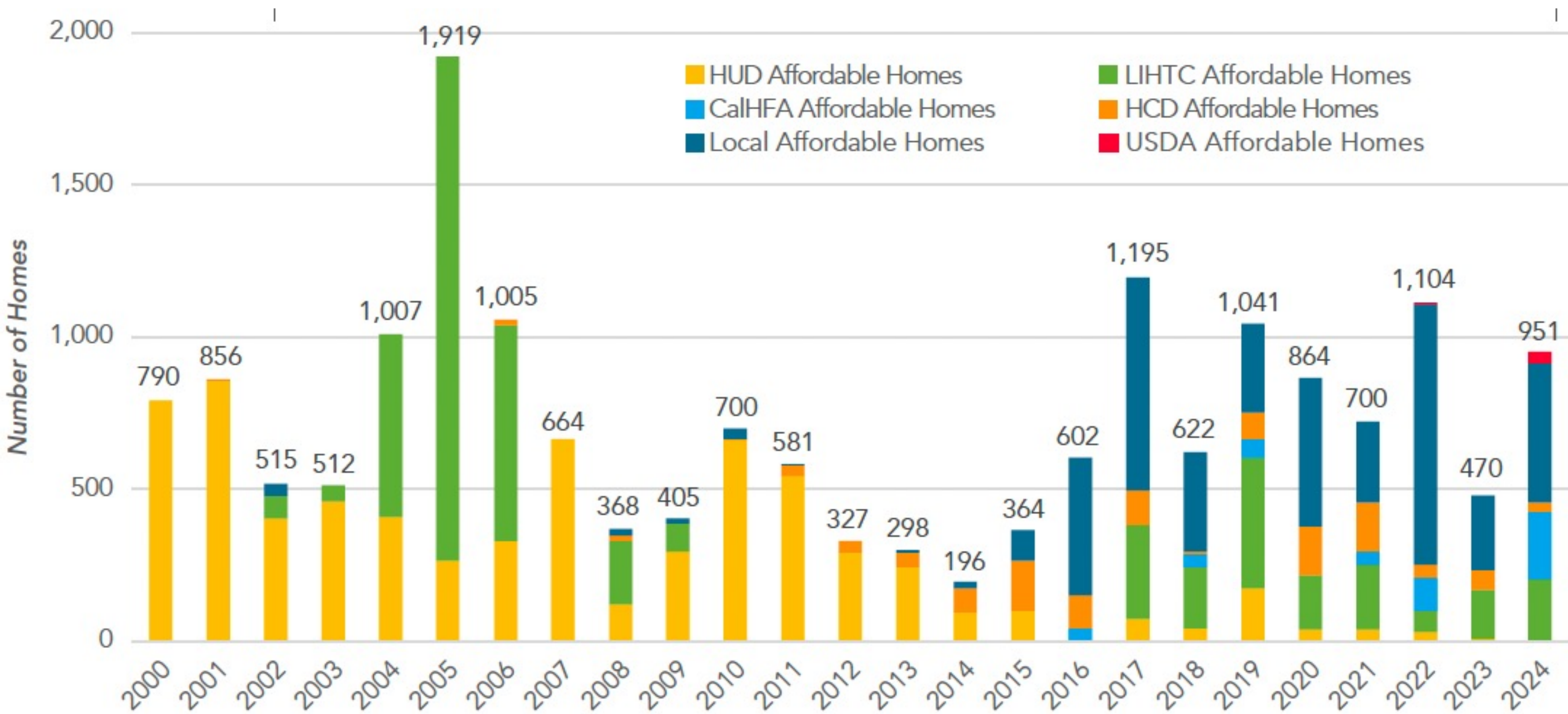
At-Risk Multifamily Subsidized Affordable Housing

Subsidized Rental Housing

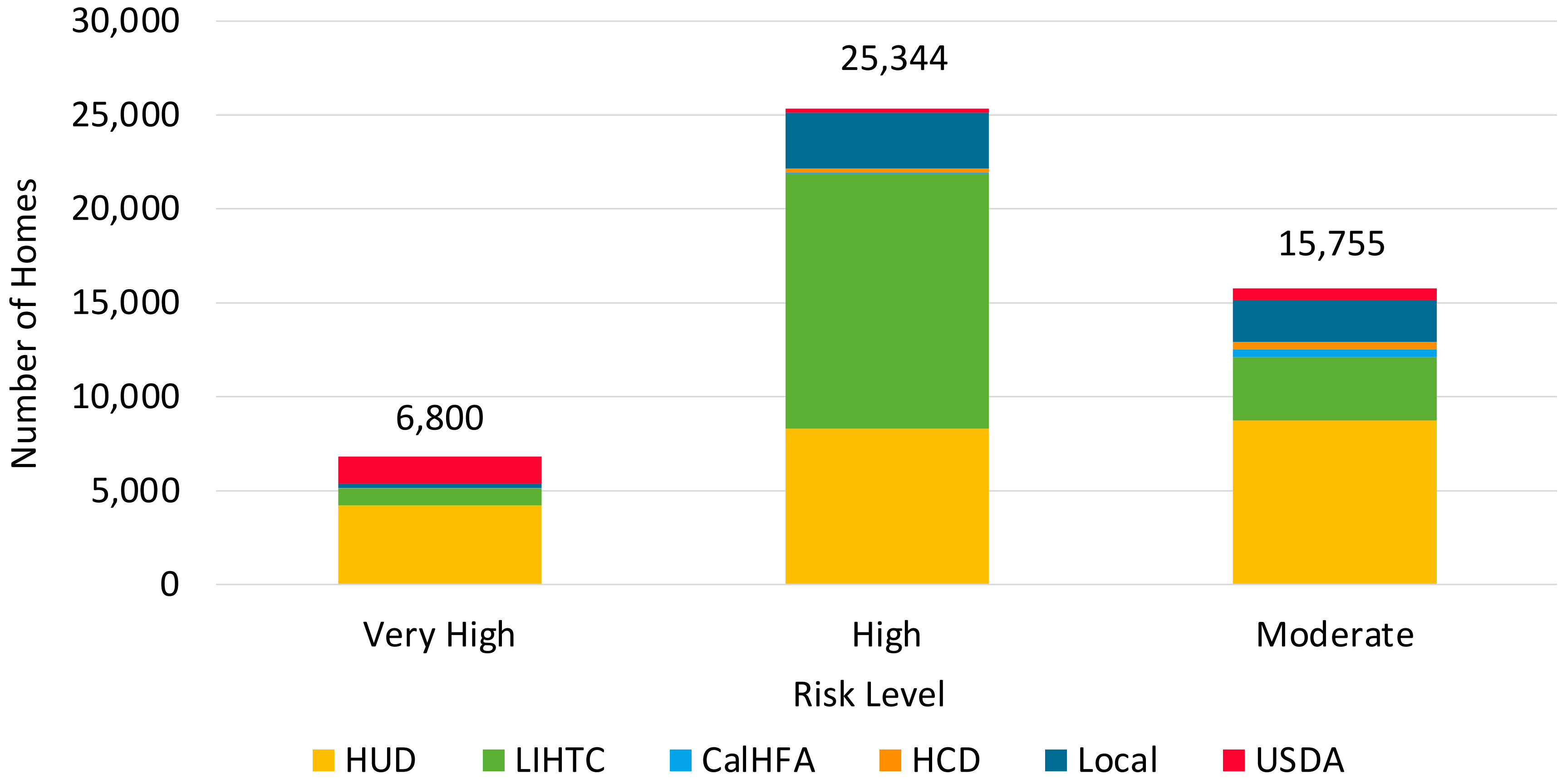
RISK LEVEL	AFFORDABLE HOMES
Very High	6,800
High	25,344
Moderate	15,755
Low	522,181
Total	**570,080**



Lost Subsidized Rental Housing



At-Risk Subsidized Rental Housing

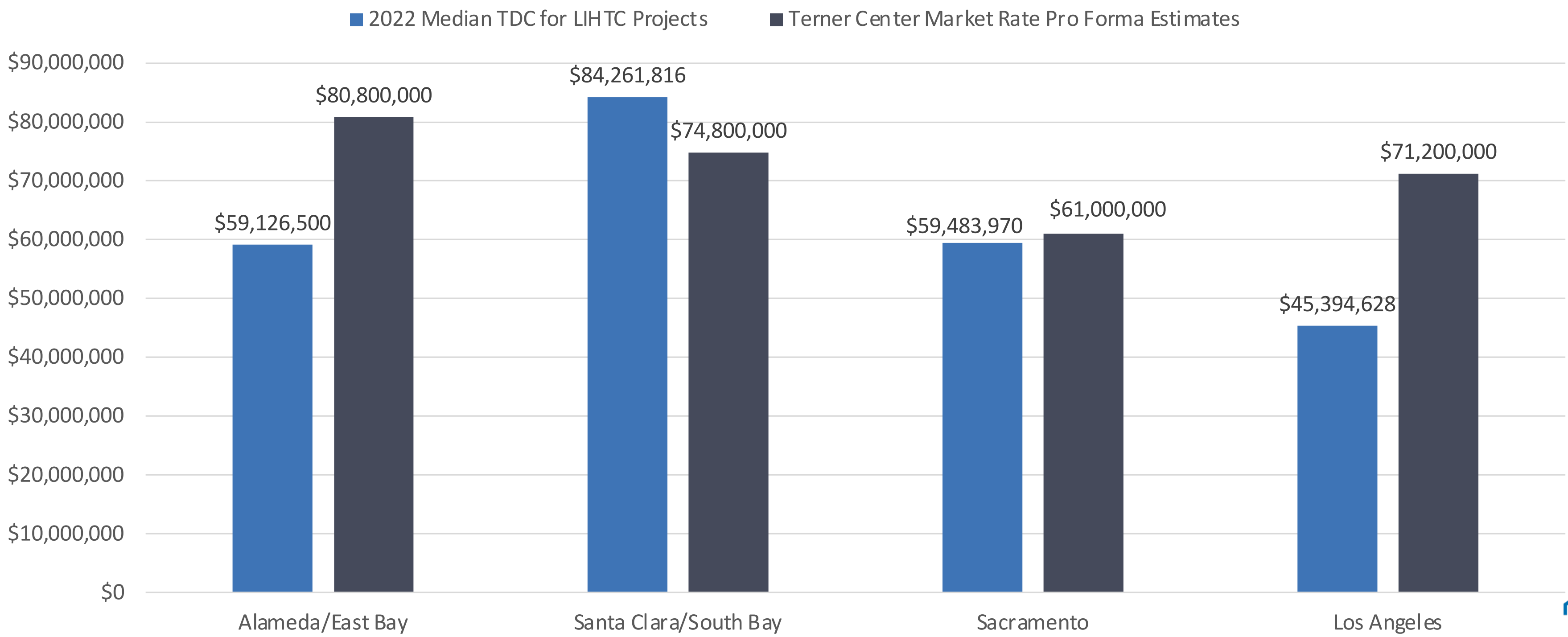


Housing Need and At-Risk Affordable Rental Housing in CA

Policy Recommendations

Policy Recommendations

- **The Legislature and the Governor have significantly improved timelines and are implementing cost cutting measures for affordable housing**



Policy Recommendations

- **The Legislature and the Governor have significantly improved timelines and are implementing cost cutting measures for affordable housing**
  - There are over 40,000 homes that are ready to be built, but they have not filled their capital stack gap (from Enterprise Community Partners)

Policy Recommendations

- Support budget asks for investment in affordable housing development.
- Place a $10 billion affordable housing bond (AB 736 Wicks or SB 417 Cabaldon) on the 2026 ballot and actively support its passage.
- Maintain/expand the current 20% allocation of cap and trade auction revenues for the Affordable Housing and Sustainable Communities Program.

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QUESTIONS?

THANK YOU!

Questions?
info@chpc.net

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Subsidized At-Risk Report Recommendations – State Leaders

- **Place AB 736 (Wicks) & SB 417 (Cabaldon), the $10B affordable housing bond, on the 2026 ballot to support the Multifamily Housing Program (MHP) which prioritizes the preservation of at-risk affordable housing.**

- **Include $400 million for MHP in the 2025 state budget.**

- **Proactively enforce the Preservation Notice Law (Government Code Sections 65863.10-11) to ensure that mission-driven entities have the opportunity to purchase and preserve at-risk developments and prevent displacement of low-income renters.**

Subsidized At-Risk Report Recommendations – Local Leaders

- Understand the potential power of the Preservation Notice Law for preserving local properties through required notices.
- Learn about local properties at-risk by registering with the state as a Qualified Preservation Entity and/or requesting a specific list of properties in their local community.
- Work with mission drive preservation purchasers and help them identify necessary funding to preserve these properties.
- Line up potential purchasers and identify necessary funding for at-risk developments

State Report Recommendations

- Develop an on-going revenue source to fund affordable housing production and preservation at the scale needed to meet state goals over 10 years.
- Place a $10 billion affordable housing bond (AB 736 Wicks or SB 417 Cabaldon) on the 2026 ballot and actively support its passage.
- Maintain/expand the current 20% allocation of cap and trade auction revenues for the Affordable Housing and Sustainable Communities Program.

State Report Recommendations Cont.

- Expand and make permanent the enhanced state Low-Income Housing Tax Credits.
- Make funding the Multifamily Housing Program part of the baseline state budget and increase the amount incrementally each year.
- Reduce the cost of developing affordable homes by awarding all necessary state resources at one time using a single application.

Unsubsidized At-Risk Report Recommendations

- Place AB 736 (Wicks) & SB 417 (Cabaldon), the $10B affordable housing bond, on the 2026 ballot and actively support its passage.
- Enact the Community Anti-Displacement and Preservation Program (CAPP), as proposed in SB 225 (Caballero) of 2023.
- Establish the Affordable Housing Preservation Tax Credit, as proposed by AB 1911 (Gabriel) of 2022, to encourage property owners to voluntarily sell at-risk properties to experienced affordable housing organizations who will operate them as affordable housing for low-income households for 55 years.

Recommendations Cont.

- Provide tenants and community organizations with a first right of offer when rental housing is put up for sale, as proposed in AB 919 (Kalra) of 2023.

- Eliminate the 2030 sunset on, and close remaining loopholes in, AB 1482 of 2019 & SB 567 of 2023, the Tenant Protection Act and subsequent law.

Recommendations Cont.

- Collect rental cost data on large and small privately-owned apartments complexes to better understand where the distribution of at-risk unsubsidized affordable properties, either through a statewide rental registry as proposed in AB 2469 (Wicks) of 2022 or regional rental registries as proposed in AB 2396 (Reyes) of 2024.

- Require property owners to disclose true ownership through corporate transparency and beneficial ownership reporting as proposed in SB 1201 (Durazo) of 2024.