

Build Housing, Build Opportunity and Invest in Our Future

This paper does not seek to convince the reader that there is a housing affordability crisis that requires immediate action. The lack of affordable rental housing and the growing number of households who have watched homeownership grow further out of their reach is well documented. There is not a single Congressional District in the entire country where a full-time minimum wage earner can afford the Fair Market Rent (FMR) of a two-bedroom apartment. This is not a crisis that is unique to Orange County. My intention is to lay out some ideas that should be considered as Orange County wrestles with what investments in its future it should make. This paper is written from the perspective of a practitioner with over twenty years of experience in the field and not from a theoretical or academic perspective.

Some people consider affordable housing as the end of a journey. Over the course of my over two decades as an affordable housing developer and advocate, I have been able to welcome many people home. Many of these people found their way to the housing I built after living in their cars, converted garages, overcrowded housing conditions and on the streets. For each of these individuals and families, accessing affordable housing unlocked opportunities that had been closed off to them. Affordable housing is a building block for opportunity and equity.

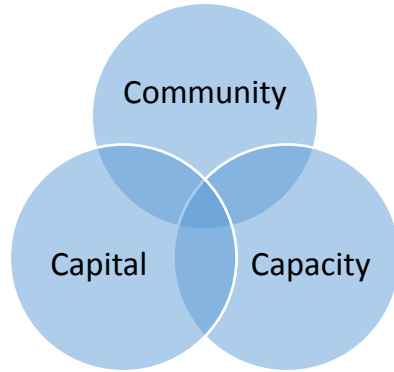
The Problem

A household is considered to be rent burdened if they are spending more than 30% of their income towards housing. According to the National Low Income Housing Coalition (NLIHC) annual report – Out of Reach 2016 - on housing affordability, the Fair Market Rent (FMR) in Orange County for a two-bedroom apartment is \$1,672. A household must earn \$5,573 monthly or \$66,880 annually. That means that a person working a 40-hour work week, 52 weeks per year would need to earn \$32.15 per hour to rent a two-bedroom apartment. An Orange County resident earning the State's minimum wage would need to work 3.2 full-time jobs to afford a two-bedroom apartment. In other words, 128 hours of work per week.

According to the NLIHC analysis of ACS Public Use Microdata Sample (PUMS) data, Orange County needs 101,442 more affordable homes to meet its current need for affordable housing. (California Housing Partnership).

The Solution:

To tackle a problem this large, Orange County must develop a strategic plan with broad stakeholder participation and measurable goals. Policy makers and stakeholders Developing affordable housing for working families requires for key ingredients:



Community:

Engagement and Shared Responsibility

Political Will

Long-term support to counteract NIMBYism

Capacity:

Developers with experience and ability to access the Low Income Housing Tax Credit and other necessary funding sources.

Land zoned for development.

Ability to operate and provide services for tenants.

Expand inclusionary housing policies.

Further incentivize the use of the density bonus.

Capital:

A dedicated source of funding from county or city government.

Pre-development and acquisition from community development financial institutions with loan loss reserves provided by local government.

Federal funding through the Low Income Housing Tax Credit and HUD programs.

Conclusion

While Orange County faces challenges to meet the affordable housing needs of its working families, there is a path forward to address this infrastructure need. Orange County should create a multi-year strategic plan that includes all of the cities within the county. This plan must address the Capital, Capacity and Community needs