

Affordable Housing for People with Extremely Low Incomes in the Sacramento Area

An Evaluation of the Housing Market and the Affordability Crisis for low-
wage workers, seniors on social security, and people with disabling
conditions on supplemental security income

Sacramento Self Help Housing
July 2003

This report is published by:
Sacramento Self Help Housing,
A Non-profit Organization
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“Sacramento Self Help Housing (SSHH) assists individuals and families who have insufficient resources. We help people who are homeless, in crisis, or have special needs to find stable, affordable housing.” (SSHH Mission Statement)

SSHH began as a housing information service in 1992 and has since evolved to include two distinct but integrated housing programs, Friendship Housing and Housing Resources. Friendship Housing is a shared-room housing program for extremely low-income single individuals. Housing Resources is an information and referral program for people seeking assistance in finding affordable housing. SSHH staff maintain and update an interactive website with rental resources and the amenities and requirements related to renting those units. Beyond these services, SSHH advocates for the right to affordable housing in the Sacramento area, particularly for extremely low-income households.

Compiled by John Beltramo

Acknowledgements

John Foley
Brian Augusta
Ethan Evans
Joan Burke
Corinna Dewar
Marc Bonaguide
Rachel Adams
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Table of Contents

| | |
|--------------------------------------------------------|-----------|
| I. Executive Summary | p. |
| Ia. Glossary | |
| II. Collection of Data | p. |
| III. Rental Market Reports | p. |
| IV. The People | p. |
| V. The Problem of Affordable Housing | p. |
| VI. Government Housing Assistance | p. |
| VII. Current Housing Options | p. |
| VIII. Possible Solutions to Housing Crisis..... | p. |
| IX. Conclusion..... | p. |
| X. Appendix: Reports | p. |

I. Executive Summary

The community of Sacramento, particularly extremely low-income households, is presently experiencing a housing crisis that has led to the homelessness and near homelessness of thousands of households. The causes of the current housing crisis can be found in rising rents; higher monthly incomes and credit standards required by landlords; the lack of recognition in government housing policies of the specific needs of extremely low-income households; insufficient expansion of government housing subsidy programs; and the lack of construction of lower income rental units. Two of the groups affected by these obstacles to affordable housing are low-wage workers, who number over 170,000 individuals, and SSI recipients, who total over 40,000 individuals.

SSHH, local governments, and other reputable data collecting organizations all concurrently report a steady rise in the rent of housing units in recent years. Between the months of February and November in the year of 2002 alone, prices in studios rose by 6.1%, one-bedrooms rose in price by 1%, and two-bedrooms rose by 6.5%.¹ The average monthly price of vacant type C units (older units with the fewest amenities) in 2002 stood as follows:

- Studios - \$530
- One-bedrooms - \$644
- Two-bedrooms - \$763
- Three-bedrooms - \$917

This rise in rental fees has made renting even a type C unit unaffordable for extremely low-income households, particularly people with disabilities, seniors on fixed income, and low-wage workers. The average monthly income for such extremely low-income categories is as follows:²

- Employment - \$1317
- Social Security/ Disability Benefits - \$756
- Welfare - \$569
- General Assistance - \$196

Even those extremely low-income households willing to sacrifice most of their income to rent a unit are being turned away by landlords that have strict credit requirements and rent only to tenants with a monthly income that exceeds two or three times the rent. The average monthly income required for a vacant type C unit in 2002 is as follows:³

- Studios - \$1382
- One-bedrooms - \$1729
- Two-bedrooms - \$2062
- Three-bedrooms - \$2419

¹ Year-End Rental Market Averages Report for 2002, Sacramento Self Help Housing

² Year-End Program Participant Report for 2002, Sacramento Self Help Housing

³ Year-End Rental Market Averages Report for 2002, Sacramento Self Help Housing

By comparing the averages of income types, monthly rents, and income requirements, one can easily determine that extremely low-income households have a very small chance of acquiring an affordable rental unit in Sacramento. Unable to find affordable housing in market rate units, then, most extremely low-income households seek housing assistance from the government in the form of direct housing subsidies and in government support of lower income apartment complexes. Unfortunately for these extremely low-income households, however, the need for government housing subsidies far outweighs what is currently supplied, and the vast majority of government assisted apartment complexes are affordable only to low- and very low-income households. The Sacramento County Consolidated Plan, which gives an overview of the housing stock for the county, reports that over 11,000 households are on the waiting list for Housing Choice Vouchers (Section 8) and nearly 9,000 households are on the waiting list for Conventional Housing. Additionally, the County's Consolidated Plan is the only local or federal government housing report to recognize the existence of an extremely low-income households among other income levels. The housing policies of all other local governments, then, focus their housing assistance efforts in funding groups of higher economic level (low- and very low-income households), rather than providing assistance to the most needy group, extremely low-income households.

This report serves to expose the obstacles to affordable housing for extremely low-income households so that local government officials and other individuals of the community who are in a position to make effective changes can fully understand the current housing situation. Most importantly, however, this report provides practical solutions to the housing crisis, such as:

- The support of shared-housing programs
- The recognition of an extremely low-income level among the income categories used in government housing programs
- The expansion of government housing subsidies
- The preservation of current affordable units and the creation of mandatory production policies of affordable housing through ordinances such as inclusionary housing.

In a region where impoverished families and individuals cannot afford the basic human necessity of decent shelter, local governments can utilize such solutions in order to improve their community and fulfill their public promise to ensure affordable housing for people at all income levels.

Ia. Glossary

Median Family Income (MFI) – The median income for a four-person household. For Sacramento County, the MFI is \$57,300

Low Income – A household's income that is 80% to 51% of the MFI. For Sacramento County, the low-income level ranges from \$45,840 to \$29,223

Very Low Income – A household's income that is 50% to 31% of the MFI. For Sacramento County, the very low-income level ranges from \$28,650 to \$17,763

Extremely Low Income – A household's income that is 30% or less of the MFI. For Sacramento County, the extremely low-income level ranges from \$17,190 and below.

Type C Rental Unit – In the order of the quality of rental units, a type C rental unit is the last rank in quality, generally older than 20 years and lacking in amenities.

Housing Element – As an element of its General Plan, each city and county in California is required by law to assess the stock of housing within its limits, and ensure that there is enough housing supply for each economic segment of the population.

Supplemental Security Income (SSI) – Individuals receiving social security and individuals receiving disability benefits both receive this added income to bring them to a minimum livable income level. Tracking the statistics of SSI recipients provides a good indication of the number of both persons on social security and persons on disability benefits, and their average income.

Sacramento Housing and Redevelopment Agency (SHRA) – A government agency that works to provide housing for all levels of households in the Sacramento area.

Transitional Housing – Transitional housing programs are organizations, private and public, that provide both temporary shelter and a specific service in counseling/training for a particular disadvantaged group of persons.

Inclusionary Housing – A housing policy that mandates the construction of affordable housing units along with the construction of new market rate units.

II. The Collection of Data

After interviewing program participants and discussing their respective incomes, rental and credit histories, housing counselors from SSHH advise the program participants on the housing options most suitable and affordable to their current situation and give them detailed information about those particular housing options. Housing counselors use the SSHH computer information database, which stores current listings of the many different rental housing opportunities in the Sacramento area. This database is updated frequently through SSHH's information gathering system.

SSHH keeps detailed records of the availability of units in many separate segments of the housing market, including apartment complexes, single family home landlords, commercial property management firms, rooming houses, room-and-board facilities, SRO hotels, board-and-care facilities, transitional programs and emergency shelters. SSHH gathers information on some 30,000 rental units throughout the Sacramento area, which consists of Sacramento, Yolo, Placer, and El Dorado Counties. Each development of rental units is classified into one of three levels of unit quality (A,B, or C). The majority of these rental units contacted by SSHH are type C apartments and houses, which have the fewest amenities and are often the oldest units. SSHH focuses gathering information on type C apartments because they are the least expensive and often have less stringent applicant standards. Employees and volunteers of SSHH maintain the information system by placing regular phone calls to providers of type C housing. While updating this system on the vacancies and rent increases in units, other points of interest regarding the rental properties are also recorded, including a landlord's standards on the acceptance of Section 8 vouchers, past evictions, and credit history of program participants. Each day, new housing leads are entered into the database and then accessed by housing counselors to make current referrals to their program participants.

Life in the Housing Crisis

Pam Jenson, 43, lived in an apartment in Carmichael since 1999 and she receives social security disability benefits for her ailing spine. When the rent was raised in 2002, her SSI check of \$757 per month was no longer sufficient in paying for her housing and minimal living costs. After giving her apartment manager notice of her departure, Pam unsuccessfully searched for an apartment complex that would rent to her with disability income, and she was forced to give up her independence and move in with relatives in Fresno..

III. Rental Market Reports

Along with using the housing information to provide program participants with effective referrals, housing counselors at SSHH also use this information to document and analyze changes in the local housing market. Each month the housing information obtained by the information gathering system is compiled into a report on the Sacramento rental market. These reports serve as a formal record of how the rental market stood at that particular month in terms of the rental prices, income requirements, move-in costs, and other relevant factors pertaining to each unit. From all the housing information gathered in 2002, SSHH compiled two year-end rental market reports, the “Year-End Rental Market Trend Report” and the “Year-End Rental Market Averages Report.” (See Appendices 1 & 2, or access reports at www.sacselfhelp.org)

Life in the Housing Crisis

Richard Potter, 61, is a retired schoolteacher earning \$900 per month from his retirement pension. Through housing assistance from SSHH, Richard was able to rent his own space at a rooming house in the south area. He currently rents his room for \$400 per month, over 40% of his monthly income.

The “Year-End Rental Market Trend Report” consists of a single spreadsheet displaying all monthly rental market reports for 2002. When viewed in comparison to one another, these monthly rental market reports demonstrate the changes and possible trends in the availability and prices of rental units in the Sacramento area. This report reveals several such aspects of particular interest and concern. First, it shows a general rise of rent, both in the average rent of units and the average rent of vacant units, which typically have higher rents and are more accurate in depicting the current market rent. The months of February, July, and November offer a helpful micro-study of the entire year (See Table 1). In each of these three months, the price of studios and one- and two-bedroom apartments rose. During this span, studio units rose in price by 6.1%, one-bedroom units rose by 1%, and

| | February | July | November |
|--------------|----------|-------|----------|
| Studios | \$508 | \$514 | \$539 |
| One-Bedrooms | \$655 | \$656 | \$660 |
| Two-Bedrooms | \$740 | \$767 | \$788 |

two-bedroom units rose by 6.5%. The Housing Elements of both the city and county of Sacramento also recognize this trend of ever-increasing rental prices. “Rents increased rapidly during the late 1990s through 2001. A slow down in the regional economy had

moderated rent increases since 2001, but long term prospects are for continued rapid gains in rents over the next five years, unless the housing stock increases significantly.”⁴

Second, the average vacancy rate for type C rental units never rose over 2.8% throughout the year. This vacancy rate is low in comparison with HUD standards, which state that an overall vacancy rate of 5% is adequate to provide housing choice and mobility for a community’s residents.⁵ Third, the Year-End Trend Report shows an alarming trend of restrictive rental standards among landlords and rental management companies. Eighty percent of rental units refused to rent to tenants who had even one eviction on their record, regardless of time since judgment. Additionally, 46% of the rental units contacted over the course of the year refused to work with potential tenants who had a history of bad credit, which is defined as a history of a persons’ inability to pay off large amounts of debt.

The second report, the “Year-End Rental Market Averages Report,” produces averages of the housing factors tracked monthly. The “Year-End Rental Market Averages Report” covers several different categories of information; the central three sections of the report cover average rent for vacant units, average move-in costs for vacant units, and average minimum income requirements for vacant units.

“Average rent for vacant units” is the average rent charged by apartment managers or landlords for their vacant units. The report for 2002 found that the average monthly rents for vacant type C units of various sizes were: \$530 for a studio, \$644 for a one-bedroom, \$763 for a two-bedroom, \$917 for a three-bedroom, and \$982 for a four-bedroom unit (See Table 2).

These relatively high rental prices are also reflected in other official reports. CB Richard Ellis, Inc. is an organization that details statistical information of the rental housing market and publishes a quarterly report on the rental prices for each type of unit. For the fourth quarter of 2002, CB Richard Ellis reported rents for type C rental units that reflect SSHH’s findings. These average monthly rents were as follows: \$534 for a studio unit, \$638 for a one-bedroom unit, \$752 for a two-bedroom/ one bathroom unit, \$801 for a two-bedroom/ two bathroom unit, and \$1,027 for a three-bedroom unit.⁶ Additionally, CB Richard Ellis reported a trend in the rise of rent for average type C units from 1994 through 2002. During this span, the rent for an average type C unit rose by 48%, from \$477 in 1994 to \$706 in 2002. (See Table 8)

In their respective Housing Elements, both the City of Citrus Heights⁷ and the County of Sacramento also report high rental averages for the different unit types,⁸ and the city of

Life in the Housing Crisis
Michael Rodriguez, 44, has suffered from diabetes for years. Recently his conditioned worsened to the point where he had to quit his painting job and file for disability benefits. As his disability case is pending a decision by the state, he is receiving county General Assistance of \$206 per month as his only form of income. Michael’s family can no longer afford the rising rents of his apartment with his low income, and they have been forced to move into an overcrowded residence with relatives.

⁴ County of Sacramento Housing Element, P. 8-1

⁵ City of Citrus Heights Housing Element, P.31

⁶ Sacramento Area Multi-Housing Rental Survey, Fourth Quarter 2002, CB Richard Ellis, Inc.

⁷ City of Citrus Heights Housing Element, P.54

Sacramento report goes further to note that rental prices in the City have continued to exceed Fair Market Rates (FMR) since 1999: “Market rents appear to be above the Fair Market Rates in Sacramento. The City’s market rates have been rising faster than the FMR rates since 1999.”⁹

The “average move-in cost” is the average total amount a tenant would pay to begin leasing a unit and this consists of the first month’s rent, the security deposit, and the application fee. The average move-in costs for different units in 2002 were as follows: \$1,003 for a studio, \$1,137 for a one-bedroom, \$1,294 for two-bedroom, \$1,548 for a three-bedroom, and \$1,650 for a four-bedroom unit.

| | Rents | Move-In Costs | Monthly Income Required |
|----------------|-------|---------------|-------------------------|
| Studios | \$530 | \$1,003 | \$1,382 |
| One-Bedrooms | \$644 | \$1,137 | \$1,729 |
| Two-Bedrooms | \$763 | \$1,294 | \$2,062 |
| Three-Bedrooms | \$917 | \$1,548 | \$2,302 |
| Four-Bedrooms | \$982 | \$1,650 | \$2,419 |

In explanation of “average monthly income required,” almost all apartment managers and landlords require that their potential tenants receive income that equals or exceeds a certain factor of the rent charged. For example, some apartments require that their tenants’ monthly income surpass two or three times the rent charged.

Of the 614 apartments surveyed by SSHH:

- 45% required their tenants’ income to surpass 3 times the rent
- 2% required their tenants’ income to surpass 2.75 times the rent
- 15% required their tenants’ income to surpass 2.5 times the rent
- 1% required their tenants’ income to surpass 2.25 times the rent
- 12% required their tenants’ income to surpass 2 times the rent
- 17% did not report any income requirements.

Additionally, SSHH calculates the average income required for each type of vacant unit in 2002, and they are as follows: \$1,382 for a studio, \$1,729 for a one-bedroom, \$2,062 for a two-bedroom, \$2,302 for a three-bedroom, and \$2,419 for a four-bedroom unit.

⁸ County of Sacramento Housing Element, P.8-8

⁹ City of Sacramento Housing Element, P.3.3-26

IV. The People

Program Participants of SSHH

In 2002, housing counselors from SSHH met with 2,833 program participants seeking housing information and referrals for the Sacramento area (See Appendix 3). Of these 2,833 program participants, only 12% reported that they were currently staying in their own residences, such as an apartment, house, mobile home, or rooming house. Most often, program participants with their own current residences seek the assistance of

Life in the Housing Crisis
Amy Brown is the mother of four young children whom she is raising on her own. As part of the Welfare-to-Work program, Amy receives a small welfare check each month while also working in an entry-level job. In total, her monthly income is \$1,268. This very low-income coupled with a past eviction has made it extremely difficult for her to find an affordable apartment. Currently, she and her children are seeking shelter in a low-rent motel where they must all share one room. They are paying \$195 per week.

SSHH because they are in immediate danger of becoming homeless due to an impending eviction or thirty-day notice to vacate their residences. Meanwhile, 69% of SSHH program participants were homeless at the time of their assessments, with 42% sleeping in shelters or on the street and 27% temporarily staying with family and friends.

When evaluating a program participant's particular housing needs and options, housing counselors at SSHH focus on three important factors in a program participant's background: income, rental history and credit history. The people seen at SSHH generally receive income from one of four sources: disability benefits, employment, welfare, and county General Assistance. In 2002, 1,384 program participants, or 49%, received social security/ disability benefits, such as SSI, SSA, SDI, Veteran's, or retirement funds. Their average income was \$756 per month.¹⁰ Over eight hundred program participants, or 29%, were employed either part-time or full-time, and the average income for those employed persons was \$1,317 per month. SSHH found that 660 people, or 23% of its program participants, were families receiving TANF (welfare), and the average monthly welfare payment was \$569. Averaging \$196 per

month, 371 program participants, or 13%, were receiving county General Assistance. Over two hundred program participants, or 7%, reported no source of income.

Because the households of some program participants have two or more sources of total income, SSHH also measures income by household type. Single persons make up 47% of its program participants, and in 2002 they averaged \$721 a month. Couples, or roommates, without children comprised 16% of SSHH clients and averaged \$1,313 per

¹⁰ For most people receiving social security/ disability benefits, physical disabilities require them to seek housing with certain accessible requirements such as ramps, wider doorways, or bathrooms that will accommodate a wheelchair or other large mobility device. Unfortunately, accessible housing is as scarce as affordable housing in the Sacramento region today. Although accessible housing for extremely low-income persons with disabilities will be discussed later in brief, this report does not attempt to broach the depth of discussion this topic deserves and should receive in a report of its own.

month. Single parents, the majority of whom were receiving welfare, averaged \$1,064 a month in income and made up 23% of SSHH program participants. Couples and roommates with children averaged the highest income at \$1,558 per month, but comprised just 14% of the total SSHH program participants.

The other significant factors in a program participant’s successful housing search are his/her recent rental and credit history (See Tables 3 & 4). Almost two thousand program participants, or 70%, reported that they had been on a rental lease in the past three years. However, 1,028 program participants, or 36%, have been evicted in the past seven years and only 314 of those evictees managed to rent another apartment since their last eviction. In terms of credit history, 316 program participants had had no problems paying bills month-to-month and therefore had established a good credit history. Seven hundred seventy-nine program participants claimed to have fair credit, which consists of only a few unpaid bills, such as phone or utilities, on their credit records. Over eleven hundred program participants who had experienced bankruptcies, repossessions, or high unpaid credit card bills were categorized as having bad credit, and 598 program participants reported uncertain or no status in credit history.

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| <p>Table 3 Credit History of SSHH Program Participants</p> <p>Good Credit – 316 persons, or 11% Fair Credit – 779 persons, or 28% Bad Credit – 1,128 persons, or 40% No Credit – 589 persons, or 21%</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Table 4 Rental History of SSHH Program Participants</p> <p>Rental History in Past 3 Years – 1,987 persons, or 71% Eviction within Past 7 Years – 1,028 persons, or 37% Rental History Since Last Eviction – 314 persons, or 31% of evictees</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Categories of Income Level

The U.S. Department of Housing and Urban Development (HUD) has income standards that are categories of income levels ordered by their relation to the area’s median family income. For Sacramento County in 2002, the median family income for a household of four persons (MFI) was \$57,300, and HUD income levels stood as follows: moderate income is 81%-120% of the MFI, low income is 51%-80% of MFI, and very low income is 50% of MFI or below. An extremely low-income level is not

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Table 5 HUD Income Levels for Sacramento</p> <p>Median Family Income (MFI) - \$57,300</p> <p>Moderate Income Level \$68,760 - \$46,413 Low Income Level \$45,840 - \$29,223 Very Low Income Level \$28,650 - Below</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

currently included among HUD income categories. Therefore, given the rates of income for SSHH program participants as explained earlier, each of these program participants would be categorized in the very low-income bracket of HUD's income standards.

By the HUD categories of income, a four-person household receiving \$28,077 a year would be grouped in the same income level as the average family program participant of SSHH who receives \$17,190. Although the actual monetary difference between these two households is around \$10,000, this relatively small gap in income has great significance in relationship to the affordability of housing for low-income households in Sacramento.

To explain, affordable housing, as defined by HUD, is a household spending 30% or less of household income for shelter costs, including utilities. Thus, a very low-income household of four persons receiving \$28,077 annually can spend up to \$780 in rent and utilities each month without breaching the affordability limit. By these numbers, this very-low income household could just afford the rent for an average two-bedroom type C unit at \$788, according to the SSHH Year-End Market Rental Averages report for 2002. Considering only this factor, finding affordable market rate housing is possible for a household at the top of the very low-income category. However, for program participants of SSHH who receive much smaller incomes and make-up the lower part of the same income category, the acquisition of affordable housing is nearly impossible.

Life in the Housing Crisis

Gloria James is a 54 year-old woman who lives with her husband and uses a motorized wheelchair. They both receive SSI and their combined monthly income is \$1332. After their landlord sold the home they had shared for 17 years, the James' found themselves homeless. For months they searched for an affordable and accessible unit. Out of desperation, Gloria and her husband accepted an upstairs apartment. It takes four people to carry Gloria and her 400 lbs. up the 15 stairs to her apartment. She is unable to leave on her own and instead must call the fire department when she needs to leave for doctor's appointments.

V. The Problem of Affordable Housing

Affordable Housing for SSHH Program Participants

To understand more clearly what kind of housing is affordable and available to rent for program participants of SSHH, it is best to analyze the rental market reports in conjunction with the annual client statistics report (See Tables 6 & 7). For a person receiving the average General Assistance income of \$196, renting a unit is not economically viable in that such a person's income would fall well short of even the least expensive studio. A household with children receiving the average welfare income of \$569 could only pay the rent for the average studio price at \$530, much less a more appropriate one-bedroom unit. Also, the welfare income does not begin to approach the average move-in costs of \$1,003 or average monthly income required of \$1,382 for such a studio. Those households receiving the average disability benefits income of \$756 could pay the average rent for a one-bedroom unit at \$644, but would fall well short of meeting its \$1,729 average monthly income required and would likely not have the \$1,137 average move-in cost for such a unit. In fact, no single type of program participant income could match the average monthly income required for even a studio unit.

Table 6
Average Monthly Income for 2002
SSHH Clients

By Income Type:

General Assistance - \$196

Welfare - \$569

Disability Benefits - \$756

Employment - \$1,317

By Household Type:

Single Individuals - \$721

Couples/ Roommates - \$1,313

Single Parents - \$1,064

Couples w/children - \$1,558

Table 7
Average Monthly Income Required for
Vacant Class C Units in 2002

Studios - \$1,382

One-Bedrooms - \$1,729

Two-Bedrooms - \$2,062

Three-Bedrooms - \$2,302

Four-Bedrooms - \$2,419

In terms of income by household type, a single person with the average SSHH program participant income of \$721 per month could technically pay the rent for an average one-bedroom unit, \$644 per month, but would fall over \$1000 short of reaching the average monthly income required to be approved for such a unit. Moreover, even if such a person could find a willing landlord, this person would still be paying over 89% of his/her income. Single parents with an average income of \$1,064 could pay the average move-in costs for a one-bedroom unit but could not meet the average monthly income required at \$1,729. Roommates and couples without children, who have an average monthly income of \$1,313, could begin to pay the average move-in costs of a two-bedroom unit at \$1,137. However, such a couple would not only fall over \$700 short of the average monthly income required to rent a two-bedroom unit, but they would also fall short of the average monthly income required for all unit types. Only a couple with children and an average

Life in the Housing Crisis

Kyla Lee was a 33 year-old homemaker with three young children. When her marriage to her husband became violently abusive in 2002, Kyla fled her home with her children and took refuge in the WEAVE shelter for abused women and children. WEAVE was able to assist her in obtaining TANF welfare income of \$770 a month while she was staying in the shelter. Kyla could not find an affordable unit to rent with such a limited income. She and her family were forced to move into another emergency shelter after their stay at WEAVE.

monthly income of \$1,558 can meet the average monthly income required for a studio, yet even renting a studio for an entire family is not a feasible housing situation in most cases.

From this comparison of rental market aspects and SSHH program participant income statistics, it can be seen that, unlike other very low-income households, SSHH program participants cannot afford market rate housing suitable for their households in the Sacramento area. Even in cases where an SSHH program participant’s monthly income is greater than the monthly rent for an available unit, the person cannot meet the monthly income requirements used by landlords, and in most cases, could not pay the move-in costs of the unit. Indeed, as the city of Citrus Heights notes in its Housing Element: “It is very difficult for low income households to save sufficient funds for down payment and everyday costs.”¹¹

Housing Crisis Reaches Beyond SSHH Program Participants

Although SSHH program participants are almost completely shut out of market rate rents, they are not the only people in such a predicament. The city of Sacramento notes that while most low-income households can afford market rents, most very low-income households cannot.¹² Sacramento County reports that the majority of people earning less than \$20,000 a year have difficulties accessing affordable housing. “Very low income households faced the most

extreme housing cost pressures, especially those earning less than \$20,000 a year. Among households earning less than \$20,000, 92% of renters and 71% of homeowners paid more than 30% of their income.”¹³ Additionally, *The Sacramento Bee* recently published two articles concerning the lack of affordable housing for extremely low-income households. In her article, Nancy Weaver Teichert reported that the majority of the 10,000 senior citizens in the Sacramento area earn less than \$12,000 per year, and that

Table 8
Average Rents for Type C Units
1996-2002

| |
|-------------------------------|
| 1996 - \$509 |
| 1997 - \$515, or 1% increase |
| 1998 - \$537, or 4% increase |
| 1999 - \$547, or 2% increase |
| 2000 - \$622, or 14% increase |
| 2001 - \$686, or 10% increase |
| 2002 - \$706, or 3% increase |

Table 9
Average Supplemental Security Income
Payment, 1996-2002

| |
|--------------------------------|
| 1996 - \$626 |
| 1997 - \$640, or 2% increase |
| 1998 - \$650, or 1.5% increase |
| 1999 - \$676, or 4% increase |
| 2000 - \$695, or 3% increase |
| 2001 - \$712, or 2% increase |
| 2002 - \$750, or 5% increase |

* Date Courtesy of L.I.F.E. Payee Services

¹¹ City of Citrus Heights Housing Element, P.3

¹² City of Sacramento Housing Element, P.3.2-23

many low-cost housing complexes designated for, or targeted to, senior citizens have waiting lists over two years long.¹⁴ In a separate article, Melanie Payne explains the economic plight of striking janitors in Sacramento and states that they are paid \$7 an hour, making them the lowest-paid urban janitors in the state. At low wages such as these, janitors and other similar workers face extreme difficulty acquiring essential services like housing and health care.¹⁵

As seen from these examples of low-wage workers and senior citizens, the total number of extremely low-income households living in the Sacramento area far exceeds the number of program participants who visited SSHH in 2002. Sacramento County's Consolidated Plan states that 12% of the county's population received an extremely low income in 2002.¹⁶ Some of these households consisted of the 41,603 individuals receiving SSI,¹⁷ the 5,397 individuals receiving General Assistance, the 25,540 families receiving Calworks welfare,¹⁸ and the 98,600 plus individuals working for less than \$10/hr.¹⁹ Although not all households receiving one of these types of income can be categorized as extremely low-income, a significant number of these 171,000 individuals and families do depend on only one of these income types as their main or single source of household income. The population of these households, therefore, represents a large segment of the total population of the Sacramento area, and their great needs in the area of housing must be addressed. By way of comparison, this far exceeds the 30,000 lower rent units SSHH has been able to identify, assuming this population could qualify for them.

¹³ County of Sacramento Housing Element, P.8-12

¹⁴ Nancy Weaver Teichert, "Senior Housing," The Sacramento Bee, June 17, 2003

¹⁵ Melanie Payne, "Strike is Likely," The Sacramento Bee, June 13, 2003

¹⁶ County of Sacramento Consolidated Plan, P.56

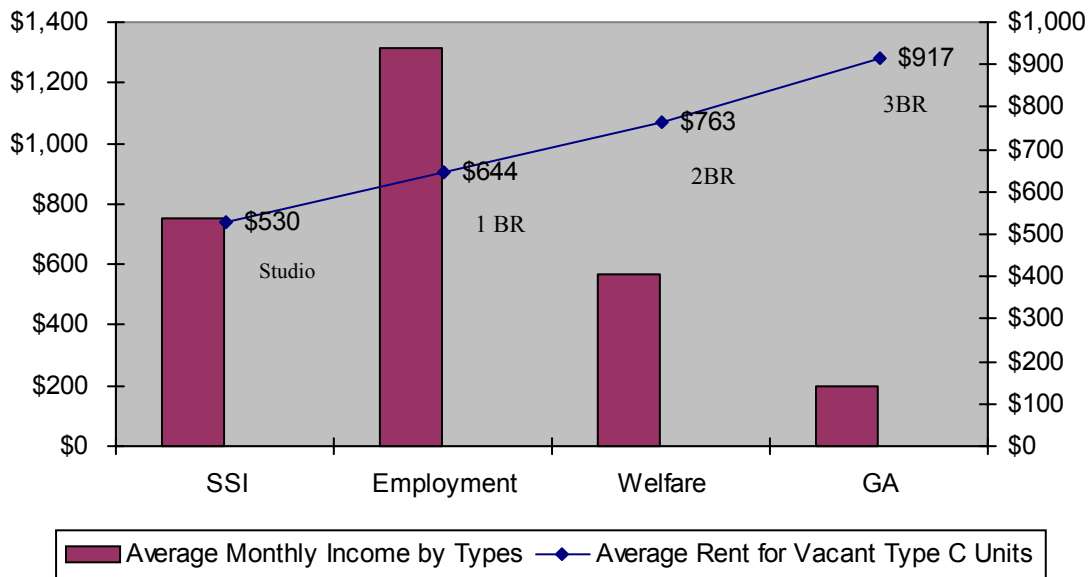
¹⁷ Marshall Browne – Sacramento County Department of Human Assistance, www.dss.cahwnet.gov

¹⁸ Cathy Bueller / Carrie Aiello - Directors of Media Relations and Information, Department of Human Assistance, June 2003 (Sacramento County, CA)

¹⁹ Occupational Employment Statistics (2002) for Sacramento, Placer, and El Dorado Counties, CA www.calmis.ca.gov

Table 10

Comparison of Rents to Incomes



Extremely Low-Income Category

Despite such a large population of households making less than 30% of MFI in Sacramento, the HUD income standards, with the recent increases in housing costs, do not adequately categorize the population by its ability to find affordable housing. It is clear that households receiving less than 30% of MFI generally cannot afford housing in Sacramento. Therefore these households constitute an income category separate from the other very low-income households who receive closer to 50% of MFI and more readily can find market rate affordable housing. For this reason, income standards should be adjusted to reflect the dichotomy of people now found in the very low-income bracket: those whose income can, barely, afford housing in the rental market and those extremely low-income households whose income falls short of affording any housing. As of 2003, only the County of Sacramento’s Consolidated Plan and Inclusionary Housing policy recognize such a category of persons. As a result of this failure to recognize an extremely low-income level, local and federal governments target their affordable housing assistance to those households of the very low-income who earn close to 50% of MFI and in most cases can already afford type C unit market rent. The dire housing needs of households at the lowest end of the very low-income category necessitate a separate income distinction. Once designated, specific programs and assignments may be designed to assist this extremely low-income group.

VI. Government Housing Assistance

Direct Government Assistance in Providing Affordable Housing for Very Low-Income Households

The local governments, in cooperation with the federal and state governments, offer assistance to very low-income households in obtaining affordable housing through several programs including: Housing Choice Voucher (Section 8), Shelter Plus Care, Public Housing (Conventional Housing), public financing of private, multi-family units, and inclusionary housing ordinances.

Housing Choice Voucher (Section 8)- Section 8 is a rent-subsidy program in which tenants pay 30% of their gross income and HUD pays the difference up to the contract rent amount. In addition to being a rent subsidy, Section 8 also offers a Revolving Loan Fund to help voucher recipients pay for security deposits and a Homeownership Option which allows the use of a voucher for mortgage payment rather than rents. As of July 2002, 4,925 households in the City and County of Sacramento were receiving Housing Choice Vouchers.²⁰

Shelter Plus Care- Since 1995 the Shelter Plus Care program has provided support services and subsidized housing, through vouchers similar to Section 8, to people in 717 units throughout the county. The populations served by Shelter Plus Care are people with disabilities, mental health issues, alcohol and drug problems, and/ or AIDS.²¹

Public Housing (Conventional Housing)- Currently, the Sacramento Housing and Redevelopment Agency, or SHRA, administers 2,009 units of public housing within the city of Sacramento and 1,106 public housing units in the unincorporated County. There are an additional 238 units available to rent by low-income households that are not part of the Public Housing.²²

Financing of Private Very Low Income Housing Developments- Through federal and local agencies and governments, local housing developers are offered different avenues of funding to construct and operate housing made affordable to households at the higher ends of various income levels (each program dictates minimum affordability levels). The HOME program provides federal funds specifically for rental housing development. The Community Development Block Grant (CDBG) funds also can help fund housing developments. HUD funds several mortgage programs that provide rental property owners with subsidized mortgages; in return for these subsidies, these programs restrict the rents that owners can charge to amounts affordable to lower income households.²³ Sacramento County issues multi-family mortgage revenue bonds to developers who build

²⁰ County of Sacramento Consolidated Plan, P.110

²¹ County of Sacramento Consolidated Plan, P.93

²² County of Sacramento Consolidated Plan, P.107

²³ County of Sacramento Housing Element, P.10-2

new developments that contain a percentage of low-income and very low-income units.²⁴ Through tax increment funds, both the city and county of Sacramento have been able to establish setaside funds for very low-income housing, particularly in the downtown area. Additionally, the City and County adopted a Housing Trust Fund Ordinance (HTF) to assist in developing affordable work force housing to help prevent homelessness. The HTF ordinance establishes a housing linkage fee per square foot for non-residential construction, additions, and interior remodels. Collected fees are allocated into the Housing Trust Fund.²⁵

Inclusionary Housing – In 2001, the city of Sacramento adopted an inclusionary zoning policy and ordinance that require 15% of the newly constructed units in new growth areas of Sacramento be affordable to lower income households. Specifically, 10% of the newly constructed units must be affordable to very low-income households and 5% must be affordable to low-income households. In the spring of 2003, Sacramento County also adopted an inclusionary housing policy, but the county’s policy has an additional requirement for units to be built affordable for extremely low-income households.²⁶ As of the publishing of this report, Sacramento County is developing the ordinance based on the inclusionary housing policy.

Indirect Government Assistance in Providing Affordable Housing for Very Low-Income Households

Local governments employ several other methods of encouraging the construction of affordable housing, including incentives for building very low-income housing, zoning ordinances, and the funding of non-profit organizations specializing in affordable housing. Local governments offer a number of incentives to developers for the construction of very low-income units. Both the city and county of Sacramento offer state-mandated density bonuses for the construction of very low-income units in which developers are allowed up to a 25% density increase for residential projects that provide a minimum percentage of total housing units to lower income and senior tenants.²⁷ The County adopted a fee reduction program for planning an environmental review permit that discounts up to 50% of the cost of these fees for residential developments serving low- and very low-income households on which affordability restrictions are subject to 30-year or longer regulatory agreements. The city of Sacramento participates in the Sacramento County Regional Sanitation Board’s fee waiver and deferral program to reduce impact fees for very low- and low-income developments for up to 1,200 affordable units a year. The City also funds and administers the Affordable Housing Fee Reduction Program, which works for affordable housing by reducing applicable processing and development impact fees for low- and very-low income housing units.²⁸

²⁴ County of Sacramento Housing Element, P.4-49

²⁵ County of Sacramento Consolidated Plan, P.111

²⁶ No other inclusionary policies in the state of California are known to include an extremely low-income category. The progress of this ordinance in Sacramento County, then, serves as a model for the rest of the state.

²⁷ City of Sacramento Housing Element, P.3.10-7

²⁸ City of Sacramento Housing Element, P.3.10-7, 8

The city of Sacramento and Sacramento County have also passed other ordinances to help encourage the construction of very low-income units. The City has a mixed-income housing ordinance, which requires developers to set aside a specific number of units for very low-income households in new developments.²⁹ The County has adopted an ordinance to amend the Zoning Code to permit more single room occupancy hotels.³⁰ Both local governments also financially support non-profit housing organizations that specialize in assisting very low-income households construct their own homes.

In addition to ordinances for the benefit of affordable housing, the city of Sacramento also passed the Visitability Ordinance in 1999 that would increase accessible housing stock. Visitability is a housing design concept with several distinct features: 36” doorways, one “no step” entrance, and at least one ground floor bathroom for multi-level units.

Shortcomings of Governmental Assistance

Although the local and federal governments have taken many steps in attempting to provide housing assistance for very low-income households, unfortunately, such steps have not adequately addressed the need while other steps have proved ineffective. For example, Sacramento County’s Consolidated Plan reports that the need for subsidized housing far exceeds the resources currently available: “As of September 2002, 8,650 households were on the communitywide waiting list for public housing, including 801 elderly households, 1,857 households with members with disabilities, and 5,932 families.”³¹ In addition, the County reports that a staggering 11,151 households are on the waiting list for Section 8 with a local preference.³² It is apparent, with market rents so high, that the local and federal governments’ efforts to directly provide affordable housing for very low-income households are falling well short of the high demand.

Over 11,000 households are on the waiting list for Section 8, and nearly 9,000 are on the waiting list for Conventional Housing

Steps taken to influence the housing market have also fallen short of their intended impact. The city of Sacramento’s inclusionary housing ordinance for the construction of very low-income units targets households earning just less than 50% of MFI. However, the units created by this requirement are generally not affordable to households earning much less than 50% MFI. Additionally, Sacramento City’s Housing Element admits that, despite all the developer incentives and ordinances to encourage the construction of very low-income housing, the vast majority of housing produced from 1999 to 2002 was for moderate and above moderate-income households. Of the 1,454 units built during this time, only 20% were built for low-income households, and of these units affordable to low-income

²⁹ City of Sacramento Housing Element, P.3.10-7

³⁰ County of Sacramento Housing Element, P.4-44

³¹ County of Sacramento Consolidated Plan, P.107

³² County of Sacramento Consolidated Plan, P.110

households, 293 units were constructed with public funding. In projects without public assistance, only 6% of new units were affordable to low-income households, while 94% of the units built were for moderate- and above moderate-income levels.³³

At the same time, it is reported that among the homeless the unmet housing need in the city of Sacramento is 1,343 units for individuals and 1,359 units for families. These statistics demonstrate how the very low-income housing incentives offered by local governments are not sufficient to impact new construction in the rental market and do not ensure growth of housing opportunities for extremely low- and very low-income households. However, instead of answering the housing market's failure to construct new very-low income housing developments with increased spending in housing assistance, the local and federal governments have actually done the opposite. Indeed, the City of Citrus Heights notes that: "Funding for new affordable housing construction at both the state and federal level has been severely curtailed."³⁴

³³ City of Sacramento Housing Element, P.3.4-3

³⁴ City of Citrus Heights Housing Element, P.3

VII. Current Housing Options

Likely Housing Options for Persons of Extremely Low Income

For many extremely low-income people, the only housing options affordable to them are private rooming houses and room-and-boards, SRO hotels, motels, transitional programs, and emergency shelters, depending on their particular incomes and household sizes.

Rooming houses, in most cases, consist of a large private residence in which the owners rent out spare bedrooms and basements and usually charge between \$350-\$400 per month. Room-and-boards function similarly to rooming houses, but the managers or owners of the residences also provide food to their tenants and charge a higher rent at \$550-\$625 per month.

At one time, the SRO hotels in the downtown area served as residence hotels for many individuals. However, in the past ten years, four SRO hotels have closed, resulting in the loss of 193 units for extremely low-income individuals. For a rental fee of \$300-\$450 per month, residents of the remaining SRO hotels receive the use of their own bedroom and communal bathrooms and kitchens. Although a few SRO units are available to couples, the vast majority are restricted to a single person and do not allow overnight guests. With the exception of the Sequoia, Ridgeway, and Shasta SRO hotels, however, these housing options all charge well over 50% percent of the average income for individuals receiving disability benefits, and therefore are not deemed as affordable housing options for these individuals. In addition, these units are restricted to single individuals, and are available neither to families nor couples.

For extremely low-income households such as families and couples, motels and transitional housing programs represent the only types of housing available. Motels generally charge rent by the week, with their prices ranging from \$150-\$275 a week. Although a family or couple with an average income, according to SSHH statistics, could possibly pay the rent for a motel, the rental fee would easily surpass 30% of its total income and therefore would not constitute an affordable housing opportunity.

To avoid living on the streets, many SSHH program participants are forced to move into overcrowded households with family and friends. The U.S. Census defines overcrowding as more than one person per room, excluding uninhabitable space. The Census also states that overcrowding can result in the deterioration of the quality of life and the condition of the dwelling unit from over-use.³⁵ Sacramento County reports in its Consolidated Plan that extremely low-income households experienced a much higher level of overcrowding (13%) than all other households (2%) in Sacramento.³⁶

³⁵ County of Sacramento Housing Element, p.8-14

³⁶ County of Sacramento Consolidated Plan, p.74

Transitional Housing Programs

Several transitional housing programs exist in the Sacramento area that provide temporary shelter to individuals, single parents and/or families for a definite period for little to no charge. Each transitional housing organization has its own particular program that assists homeless and struggling persons with related problems. For example, Clean and Sober Living Program offers shelter for three to four months to individuals while also providing assistance in overcoming drug and/or alcohol dependency issues. Bishop Quinn Cottage Housing gives shelter for two years to individuals and single parents with extremely low incomes. Palmer House provides housing and life assistance for up to one year to individuals diagnosed with mental health issues. In general, these transitional programs provide individuals and families with measureless assistance in their particular emphasis, be that drug/ alcoholic rehabilitation or mental health care.

Upon departure from such programs, however, program participants usually do not acquire a significantly higher income that would provide them new advantages in the housing market that they did not have before their entry into transitional housing. Palmer House reported for its 2001-2002 fiscal year that 51 people left its transitional program.³⁷ Upon departure of these 51 individuals, 12 had a monthly income in the range of \$250 to \$500, 38 had a monthly income between \$501 to \$1000, and only one person had an income over \$1000. With such extremely low incomes, 14 individuals were forced to seek shelter in other transitional programs, inpatient programs, and emergency shelters; 17 required government assistance through Section 8 or Shelter Plus Care to obtain housing; and only 18 individuals found permanent housing without government assistance, most of whom lived in some type of shared housing situation. Quinn Cottages

*Life in the
Housing Crisis*

Charles Sandimo, 26, is a full-time cashier for a minimart in downtown Sacramento. For months after finding employment, Charles still remained homeless because he could not afford the rental prices in the downtown area. Eventually, Charles sought help from SSHH, who him to the shared-room housing program, Friendship Housing. Without the assistance from SSHH and Friendship Housing, this full-time employee would still be living on the streets.

showed similar numbers. From February to May of 2003, 55% of program participants had an income of \$500 to \$1000 per month, and only 27% were able to find some sort of permanent housing without some type of government housing subsidy.³⁸

Even persons who complete transitional housing programs that specialize in job training and employment assistance do not see much of a difference in the housing opportunities available to them after having completed such programs. An illustrative example of such a program can be found in the Mather Community Campus, where individuals and families receive both case management and employment services. Mather has been successful in providing employment skills to, and finding employment for, individuals who would not have been able to find work otherwise. Upon departure from Mather, however, the income levels for the vast majority of individuals do not allow them to afford an apartment in the Sacramento area. For its fiscal year of 2001 to 2002, Mather reported that of those 120 individuals who left the program, 33%

³⁷ TLCS Palmer House Year End Report for Feb. 2001 – Mar. 2002

³⁸ HUD Monthly Progress Report for Quinn Cottages, Feb. – May 2003

had an income of less than \$501, 10% had an income of \$501 to \$1,000, 23% has an income between \$1,001 to \$1,500, and 33% had an income greater than \$1,501.³⁹ When these numbers are viewed in comparison with the average income required for vacant units as reported by SSHH, it can be seen that only the top 33% of Mather departures received income sufficient to rent an affordable one-bedroom unit without government assistance.⁴⁰ This low percentage of employed individuals who can afford an apartment upon departure from a transitional program serves to show again the high cost of housing in Sacramento.

³⁹ HUD Annual Progress Report for Mather Community Campus, Oct. 1999 – Sept. 2000

⁴⁰ Mather also reported that 42% of program participants moved into some kind of permanent housing without government assistance. The exact housing of these participants (apartments, shared-housing, SROs) is not known, however, and neither is the number of participants who pay less than 30% of their income for such housing.

VIII. Possible Housing Solutions

Shared-Housing

Although the current housing situation for extremely low-income households remains bleak, there are areas in which even minimal local and federal government support can increase the stock of affordable housing. The support and expansion of affordable shared-housing opportunities in the Sacramento area, such as SSHH's Friendship Housing program, are a cost effective housing option for extremely low-income individuals.

Currently, Friendship Housing works in conjunction with property owners at 11 different sites throughout the Sacramento area. For their entire rental unit, a property owner agrees to accept people referred by Friendship Housing as tenants. In general, there are two residents per bedroom and all residents share common areas and supplies. Both the property owner and resident retain their rights and responsibilities according to California landlord-tenant laws. In addition, the residents agree to maintain a clean and sober environment, take part in household chores, and comply with "House Rules." An onsite monitor, designated by the property owner and trained by SSHH, assists in the collection of rent, basic maintenance, and other aspects of community living. Staff from SSHH work closely with Friendship Housing tenants and house monitors to provide various support services.

Friendship Housing is a good example of shared housing that provides an affordable alternative for extremely low-income individuals. Over 60% of new residents had been force into homelessness before finding affordable housing in Friendship Housing. The average income for residents of Friendship Housing is \$662 per month, and 10% of tenants receive only General Assistance income. The majority of tenants in Friendship Housing are individuals with disabilities and low-wage workers whose extremely low income greatly limits their spending on housing. Given these limitations, when a tenant in Friendship Housing pays an average of \$200 per month in rent, including utilities, it lies within the affordable housing standards.

Friendship Housing also provides other valuable services to its tenants and owners, such as donated household items, partnerships with utility agencies to increase the energy efficiency of homes, and training sessions for house monitors that address various life-skills, including time and money management. Friendship Housing coordinators maintain consistent involvement with residents, which

Life in the Housing Crisis

Ron Clayton, 55, is a retired military officer living off a monthly veteran's disability check of \$807. After completing a transitional housing program through TLCS, Ron searched for a place to rent on his own but found that he could not afford even a low-cost studio. After meeting with housing counselors at SSHH, Ron was able to find housing through Friendship Housing, and is currently waiting for the Section 8 list to reopen so that he can begin the long process of obtaining government assistance.

can range from acquiring food and clothes to setting goals for their future beyond Friendship Housing. Through a partnership with the HEALTH Project, Friendship Housing offers tenants access to medical and mental health care, which many of them have not had in years.

Spending less than \$10 per week per tenant, Friendship Housing facilitates access to affordable housing and other valuable services to extremely low-income individuals who otherwise would most likely be homeless. Friendship Housing is the only organized shared-housing program in Sacramento, however, and on its own, it cannot begin to approach meeting the need for affordable housing of single individuals with disabilities or low-wage jobs. Therefore, to spread the success of Friendship Housing and other shared-housing programs among a larger portion of the extremely low-income bracket, more support, from both the local and federal governments, is necessary. Currently Friendship Housing operates almost entirely through private grants and donations. With this limited support, Friendship Housing is able to provide necessary services to approximately 70 individuals of the extremely low-income community. But with even moderate government support, Friendship Housing and other shared-housing programs like it could expand to reach a much larger portion of single individuals of extremely low-income.

Shared housing programs, such as Friendship Housing, can become a more effective affordable housing option if local governments changed zoning and land use ordinances to encourage the use of existing properties as shared housing or boarding homes. Current zoning either precludes the use of existing housing as a shared housing opportunity, or imposes costly restrictions and requirements (such as parking requirements far in excess of what extremely low-income persons would need). To the extent that local Housing Elements acknowledge the need for housing resources for extremely low-income residents, especially unaccompanied adults, they should include relaxation of these zoning and land use requirements as a “program” to serve this population.

Expansion of Government Housing Subsidies

Although Friendship Housing succeeds in providing single individuals with low-cost housing, space requirements for families in most cases negate shared-housing as a viable option. Instead, extremely low-income families must confront the rising costs of the rental market in order to obtain adequate shelter for their households. Because an extremely low-income does not allow a family to meet the monthly income requirements for a rental unit, these families depend upon government housing subsidies through programs like Shelter Plus Care and Section 8 Housing Choice Vouchers. As mentioned, the need for government housing subsidies in the Sacramento area is great. The County of Sacramento’s Consolidated Plan claims that there are 4,925 recipients of Section 8 and Shelter Plus Care. Yet over twice that number of recipient households (11,151 households) is currently on the waiting list to receive Section 8. The usual waiting period for Section 8 is 2 to 3 years, and this waiting list had been closed since September of 2002. Clearly, then, there are families whose only option in obtaining affordable housing

is government subsidies and many of them are still waiting in homelessness or in danger of becoming homeless. Programs like Section 8 and Shelter Plus Care should be granted more funding and expansion in order to alleviate this problem of homelessness in extremely low-income families, and to meet more of the growing need for government housing subsidies. Indeed, Mike McCarthy in the *Sacramento Business Journal* notes that local governments should set aside a number of housing subsidies specifically for extremely low-income households, due to their particular inability to meet the rising market rents of the area.⁴¹

Recognition of an Extremely Low-Income Level

As government income levels currently stand, there are four categories: above moderate income, moderate income, low income, and very low income. Each category serves to designate a particular segment of the population that shares similar economic needs and resources. When these income levels are applied to the housing needs of Sacramento area households, however, the people classified under the very low-income category do not share similar opportunities. To illustrate this point with present market rents, a very low-income household receiving \$2,000 per month could afford an average one-bedroom unit at \$644 per month. However, another very low-income household receiving only \$757 per month (the average disability benefit) could not afford or qualify to rent any sized unit. In this way, it can be seen that, with regard to housing opportunities, an important discrepancy exists between those very low-income households who can afford current housing prices and those very low-income households who cannot.

This discrepancy becomes a critical issue when current income level categories are applied to housing incentives and ordinances. As it has been explained earlier in this report, the local and federal governments enact incentives and ordinances that help to promote the construction and maintenance of housing units affordable to very low- and low-income households. Although these incentives and ordinances are meant to provide needy households with affordable housing, many people at the bottom of the very low-income level are left out of this housing assistance for the simple fact that they cannot afford even the reduced rent that people at the top of the very low-income level can afford. In other words, units designated for very low-income households are typically rented to those households at the top of the income range. As a result of the funding criteria, many developers currently are not building affordable housing for any households below 45% MFI. Therefore, an extremely low-income level should be recognized in housing policies to ensure that the households in the most difficult income situations can benefit from the ordinances and incentives meant to provide more affordable housing.

Use Discretionary Powers to Increase and Preserve Affordable/ Accessible Housing Options.

⁴¹ Mike McCarthy, "Task Force Seeks Solution," *Sacramento Business Journal*, August 19, 2002

The Housing Elements of the city of Sacramento, Sacramento County, and the city of Citrus Heights each state the policy and goal of ensuring housing for each economic segment of the population.⁴² Unfortunately, the measures implemented by these local governments to create indirectly more affordable housing through developer incentives have fallen short of their stated goal. Despite government incentives, it is significantly more lucrative for housing developers to build market rate rental units rather than fixed-rate affordable units. This results in the construction of few new units affordable to lower-income households, and next to none for extremely low-income households. Therefore, to fulfill their housing policies and ensure the construction of new affordable housing, local governments should enact housing ordinances, such as inclusionary housing, that not just entice developers with incentives but actually require developers to construct more extremely low- and very-low income housing units. So far, the city of Sacramento has passed an inclusionary housing ordinance that targets only very low-income households and does not require housing to be built for extremely low-income households. On the other hand, Sacramento County has recently agreed upon a broader inclusionary housing policy that, if made effective through an ordinance, could require the construction of much needed extremely low-income units.

To be effective in providing extremely low-income households with affordable/accessible housing, such an inclusionary housing ordinance should meet the following criteria:

- Require at least 15% of all new housing to be affordable to extremely low-, very low-, and low-income households
- Prioritize the on-site construction of affordable units within market rate developments
- Provide alternatives to developers when they can show that they cannot build affordable units on-site
- Require that these affordable units be built concurrent with the newly built market rate developments.

The local governments of the Sacramento area have a wide variety of powers that can be used to increase and preserve safe, accessible, and affordable housing. These powers should be used to influence these housing objectives, and the enactment of other ordinances should be studied with a “housing impact test” to ensure that they do not discourage construction and preservation. For example, the city of Sacramento should take steps to ensure that the remaining downtown SRO’s are preserved as affordable housing. Code enforcement with the objective of preserving, rather than destroying, these units should be encouraged, and incompatible neighboring uses should be discouraged. Land use policies should promote the construction of duplexes on single-family lots and should assist homeowners in building second units, or “granny” units. Affordable housing developments should be given priority funding and incentives if they are built near public transit, which are the primary sources of transportation for very low- and extremely low-income households. Finally, local governments should work to preserve those affordable multi-family units that are in danger of becoming market rate apartments. To explain, apartment complexes throughout the area have been under

⁴² City of Citrus Heights Housing Elements, P.5; City of Sacramento Housing Element, P.3.10-3; Sacramento County Housing Element, P.2-9

contract with HUD to provide a certain number of affordable units within their respective developments. In return, these apartment complexes have benefited from a variety of mortgage incentives that are helpful to new developments. However, as these apartment complexes have been paying off their mortgages, many have discontinued their contracts with HUD so that they can convert affordable units into more lucrative market rate units. This has led to the loss of over 758 affordable units within the past several years, and more than 638 more affordable units are at risk of being converted to market rate units by 2006.⁴³ To prevent the loss of more affordable units in HUD contracted apartment complexes, local governments are called to enforce strictly the notification requirements for converting apartments and to provide strong incentives to owners to keep their apartments affordable. One effective method of ensuring the preservation of affordable units is to keep record of the number of extremely low-income units existing in the Sacramento area and to implement a “no net loss” policy. Such a policy would hold local governments responsible for preserving in full the number of units affordable to extremely low-income households found in the area.

Local governments should also focus more efforts on increasing the stock of accessible housing in the Sacramento region by passing ordinances such as the city of Sacramento’s Visitability ordinance. Accessible housing continues to be a problem for persons with disabilities and the numbers of such persons is rising dramatically with the gradual shift of the “Baby Boomer” generation into senior status. While the demand for accessible housing is growing, the Sacramento area currently does not have enough accessible housing stock to meet the need and continues to disregard opportunities to develop accessible units. In recent years, several housing developments have been built with no accessible units. Additionally, publicly subsidized housing developments were built that advertised accessible units, but in actuality, had none. This lack in accessible housing contributes to the growing rate of homelessness among physically disabled individuals and increases the rate of institutionalization. The mandatory construction of visitability housing along with normal units, however, offers a relatively low-cost solution. The basic accessibility features included in Visitability make it easy for seniors to “age in place” and Visitability also provides a comfortable environment for visiting friends and family who may be disabled. Despite wide-ranged support from the non-disabled community, Visitability is currently being stalled by bureaucratic resistance and needs empowering support from local governments to ensure its passage and implementation.

⁴³ California Housing Partnership Corporation, 2001

IX. Conclusion

In the Sacramento area today, there are over 40,000 people receiving disability benefits and countless more working in low-wage jobs. These people are our food service workers, entry-level teachers, disabled veterans, persons with physical and mental disabilities, and senior citizens. Although their income is extremely low in comparison with the median family income, this segment of the population, like all segments, is an integral part of the Sacramento community. The current housing situation, however, does not allow them the dignity of decent, affordable housing and therefore does not recognize even the basic necessities of extremely low-income households.

With rising rents and higher applicant standards, charted by SSHH and other independent organizations, and a lack of new affordable housing construction, many extremely low-income households have been forced from their homes, or denied access to existing homes in a daunting housing market. Long waiting periods and closed application lists have hindered thousands of households from receiving needed government housing subsidies. Most government programs aimed at assisting low income households obtain housing often overlook the extremely low-income families most in need. Other programs are simply not aggressive enough in their promotion of affordable housing construction. In such a housing crisis as is seen currently in Sacramento, too many extremely low-income households must seek housing in overcrowded family residences, transitional housing programs, and emergency shelters, while others, over 5,000 people per night,⁴⁴ must survive sleeping outside.

Although the housing situation is bleak for extremely low-income households, it does not have to be permanent, and indeed there are steps that can be taken to completely and positively alter the lives of a whole segment of the Sacramento community. Creating more government support for shared-housing and subsidized housing programs, recognizing an extremely low-income category in housing policies, and passing more aggressive affordable housing ordinances such as inclusionary housing are all effective and efficient methods for providing extremely low-income households with the housing opportunities they need. Each of the local governments state in their respective Housing Elements that it will be their goal to provide each segment of the population with decent, affordable housing. The housing situation in Sacramento has reached a crisis point, and now is the time for our local governments to fulfill their obligations to provide extremely low-income households with increased opportunities for the affordable housing deserved by each member of our community.

⁴⁴ County of Sacramento Housing Element, p.8-23