



# Housing and Family Economic Well-Being

*Housing is the confluence of family economic well-being, educational attainment, public health and climate change, supporting the State's objectives in these areas. This brief highlights key contributions of housing to family economic well-being.*

## **Stable housing is a foundation for family economic well-being and thriving communities.**

Families in stable housing (adequate, safe and affordable) have more income in their budget available for basic living necessities, such as food, utilities, transportation to and from work, school, day care, and healthcare.

While homeownership has been historically a sound path to wealth creation and community vitality, high foreclosures and prevalence of negative home equity have translated into instability for many families. As a result, stable and affordable rental housing became pressing to the economic well-being of impacted families, even as it widens its appeal to all segments of the population.

As a communitywide asset, adequate, stable housing boosts the surrounding economy, through increased local spending, employment, and revenues for local governments.

**A study on 5,000 working families' potential economic impact found that a region could forego \$128 million annually in revenue without affordable housing for these families.**

*Maxfield Research Inc. and GVA Advisors 2001*

## **Housing costs burden more than half of California renters, and almost one in three homeowners.<sup>i</sup>**

Cost of shelter is the largest, non-negotiable expense for most families. When the cost is excessive, families fall behind on rent or mortgage

payments, have little or no disposable income, often going without food, utilities, or healthcare.

**On average low-income California households have monthly incomes of \$1,470 and housing costs of \$1,250, leaving only \$220 for other necessities.**

*California Federal Rent Assistance Facts 2013*

Persons with disability on SSI income fare worse, having to pay 102 percent of their monthly SSI income to rent an SRO unit, or 120 percent of their monthly income for a one-bedroom unit in California.<sup>ii</sup>

"Doubling-up", overcrowding, often in substandard conditions, is another coping strategy that undermines economic well-being. Research found that families living in overcrowded housing are 35 percent more likely to experience food insecurity and 69 percent more likely to have food-insecure children.<sup>iii</sup> Between 2009 and 2011, California was the ninth worst of all states in terms of family food insecurity.



[Cholas Creek Villas- Jacob's center Catalyst Project](#)

Availability of affordable housing is essential to families with lower incomes which often compete with higher income renters for housing. HUD found that only 60 percent of units affordable at very low income levels are actually available to very low income households; for extremely low income households only one in three units were available.<sup>iv</sup>

### **Housing instability causes frequent moves away from jobs and economic opportunities, lengthens commute.**

Moving frequently takes its toll on working families and worsens inaccessibility to jobs and economic opportunities. It places families at risk of disruptions in steady employment and incomes, and isolation from community networks on which they rely to reach and maintain stability and well-being.

Long commutes further affect overall quality of life leaving little time to spend with family or on productive activities that could further economic well-being. Lower income working families are most impacted, as the cost of owning and maintaining a car coupled with increased fuel prices take up a greater share of their income.

Looking at housing and transportation costs combined paints a daunting picture of tradeoffs for families seeking stable housing, as data shows that households earning 50 to 100 percent of their median income spend nearly 60 percent of their income on housing and transportation.

**More than half (57%) of 1,200 workers polled say that they would consider moving closer to work if they could find affordable housing near their workplace.**

*Harris Interactive 2007 for Urban Land Institute*

### **Housing instability, lagging wages and regional economies are interdependent.**

While California's economy is recovering, wages have not kept pace with housing prices and studies show that this lag can slow employment

growth in a regional economy.<sup>v</sup> Most forecasters expect it will take years for unemployment and family incomes to return to their pre-recession levels.<sup>vi</sup> But without adequate wages, workers cannot afford providing shelter for their families even in modest housing.

**In California, the third most expensive state in U.S. in 2013, a minimum wage worker must work 129 hours (or over 3.2 full-time jobs) to afford a 2-bedroom apartment.**

*Out of Reach 2013*

On the other hand, employers and regional economies are at competitive disadvantages without a sufficient supply of affordable housing. A survey of 300 companies found that one in the three reported that the lack of affordable housing nearby impacts the ability to attract or retain qualified entry- and mid-level workers.

The perception that housing became more affordable and accessible because of the recent recession is unilateral if not considered in the context of wages: while incomes have dropped sharply and are slow to rise, sale prices rise faster, underwriting has tightened, and rents are spiking, so families remain vulnerable to housing instability or are locked out of adequate housing.

Distressed neighborhoods resulting from high foreclosures have additional negative effects on family well-being and economic as well as the community as a whole. New or rehabilitated affordable housing is critical to these neighborhoods, as it brings vitality and reduces local and state cost attributed to education, public health, social services, or the criminal justice systems.

A 2013 MacArthur Foundation survey found that 7 in 10 respondents believe that government policies ensuring that more people have decent, stable and affordable housing lead to "major positive impact" on the safety and economic well-being of neighborhoods and communities.

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<sup>i</sup> U.S. Census Bureau, 2011 American Community Survey: [California Population and Housing Narrative Profile 2011](#)

<sup>ii</sup> Consortium for Citizens with Disabilities, Housing Task Force (2013) [Priced Out in 2012](#) – Washington, DC: Technical Assistance Collaborative, May 2013 (Table 1: State by state comparison)

<sup>iii</sup> Children's HealthWatch Policy Action Brief Series (2012) [Safe, Stable Homes Mean Healthier Children and Families for Massachusetts](#),

<sup>iv</sup> HUD, 2009, p. viii, [Worst Case Housing Need 2009: A Report to Congress](#)

<sup>v</sup> Ritashree Chakrabarti & Junfu Zhang, 2010, Federal Reserve Bank of Boston, [Unaffordable housing and local employment growth](#), New England Public Policy Center Working Paper 10-3.

<sup>vi</sup> The Urban Institute, Gregory Acs and Austin Nichols, [Changes in the Economic Security of American Families Low-Income Working Families Paper 16 February 2010](#)