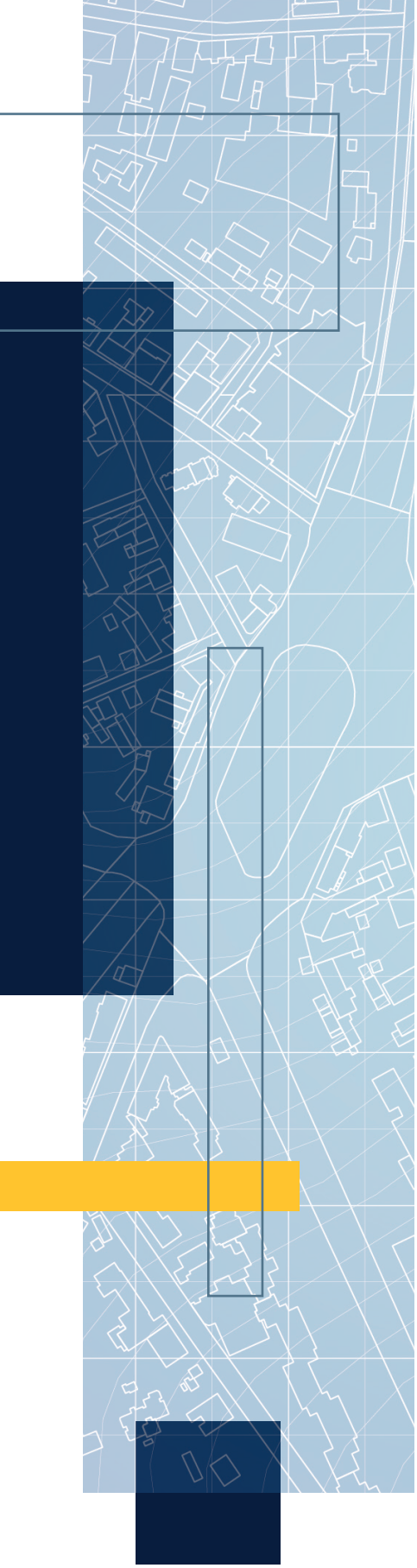

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On the Edge of Homelessness:

The Vulnerability of Extremely Low-Income Households in the Bay Area

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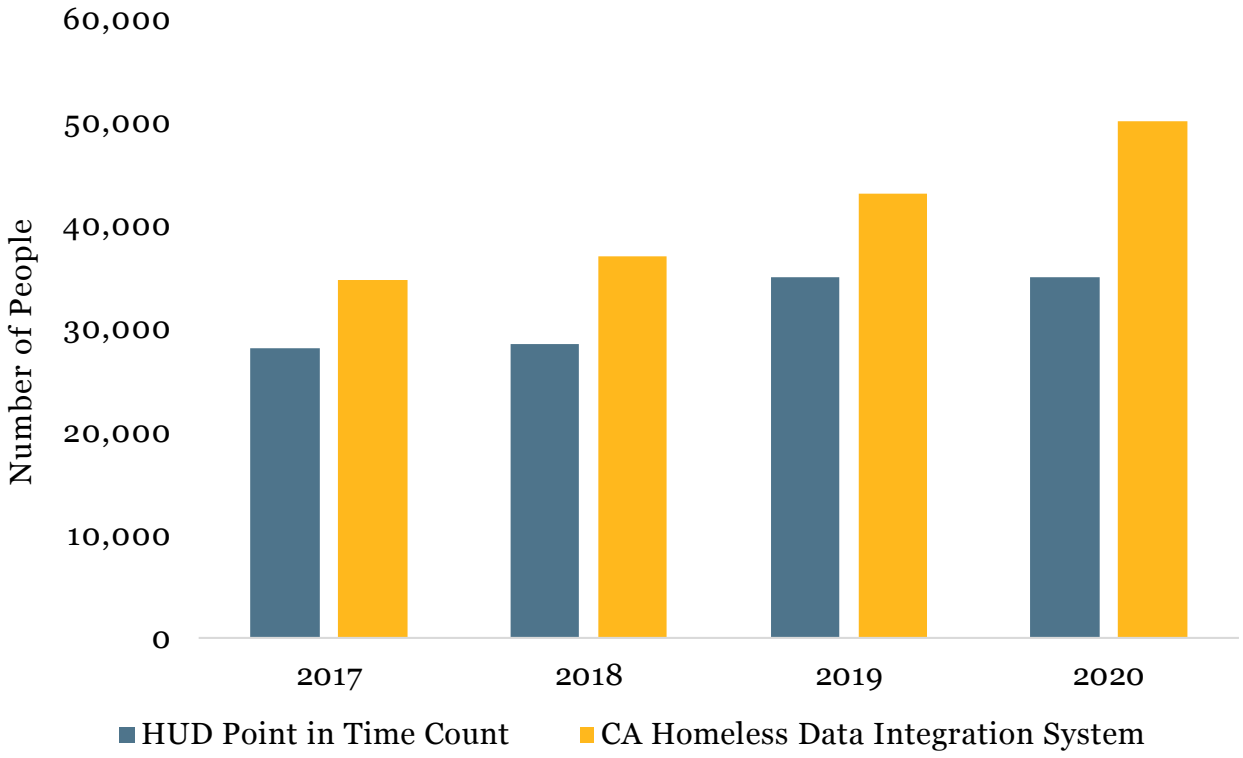
Introduction

In 2020, the Bay Area was home to the third largest population of people experiencing homelessness in the U.S., behind only Los Angeles and New York. More than 35,000 individuals in the Bay Area were homeless in 2020, the majority of them unsheltered. This number—while representing a substantial increase from just four years earlier—greatly underestimates the actual number of people in the Bay Area who are unhoused (Figure 1).[1] In 2020, more than 50,000 individuals sought help through the region's network of organizations that provide critical services for people experiencing homelessness, hinting at the scale of the crisis even prior to the COVID-19 pandemic.[2]

Addressing homelessness has become a priority for the region,[3] with the pandemic adding urgency to the need to find solutions. In the last two years, there have been significant strides towards helping unhoused individuals and families access housing. For example, Project Roomkey helped to reduce vulnerability to the COVID-19 pandemic by providing safe shelter for unhoused populations—with an average of 3,700 occupied rooms a night in the Bay Area—while generating much-needed revenue for the hospitality sector.[4] Also launched during the crisis, the state's Homekey program provided capital to convert more than 6,000 hotel and motel rooms in the region into permanent, supportive housing. The state's 2021-2022 budget further allocates $12 billion in spending to address homelessness, including investments in both housing (including an expansion of Homekey) and social services. Local governments have also recognized the urgency of the crisis with elected leaders of the region's

Figure 1. Estimates of Homeless Population, Bay Area Counties



Source: Department of Housing and Urban Development, Point in Time Counts; California Homeless Data Integration System; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

largest cities and counties making significant funding commitments to addressing homelessness.[5]

All of these efforts are critical to addressing the immediate crisis of people living on the street and in temporary shelters. But homelessness in the Bay Area goes deeper than the visible signs of people living in tents and under freeways. Fundamentally, the dramatic increase in the number of people who lack shelter is a symptom of the region's widening income inequality on the one hand and its severe housing shortage and rising housing costs on the other. In a region where the average household income is approaching $140,000 (and the top 10 percent earn more than $290,000), approximately 457,000 households were considered extremely low-income (ELI) in 2019, trying to make ends meet on an average of $17,800 a year.

These ELI households—who are more likely to include Black, Hispanic/Latinx, American Indian/Alaskan Native, and Asian individuals—are at significant risk of housing instability. Even prior to the COVID-19 pandemic, nearly 51 percent of ELI households in the Bay Area were precariously housed, meaning that they received no housing assistance or did not own their home outright, and were paying more than 30 percent of their income toward rental or mortgage costs. These at-risk households include over 575,000 people—including 174,000 children—which is more than 10 times the number of people currently receiving assistance through the region's network of homeless service providers. Not all of these individuals will become homeless.[6] However, without an explicit strategy that addresses the housing affordability challenges of ELI households, the inflow of people into homelessness will continue to outpace the region's ability to provide adequate shelter and services to end the crisis of people living on the street. This report focuses on ELI individuals and households in the 9-county Bay Area region, presenting descriptive data on who they are, what they earn, and the gap between their incomes and the cost of living. It also presents data to show how housing and labor market policies are failing to address the needs of the ELI population. Although it is too early to know how the economic repercussions of the COVID-19 pandemic will impact ELI

Data Used in this Report

This report draws on data from a variety of sources to paint a picture of the structural vulnerabilities that ELI households in the Bay Area face in both housing and labor markets. One of the primary sources of data we use in this report is the American Community Survey (ACS) Public Use Microdata, which allows us to analyze a broad range of characteristics of ELI individuals and households. The ACS is available as both 1-year and 5-year samples. In this report, we elected to use the 2019 5-year sample rather than the 2019 1-year sample. The advantage of using the 5-year sample is that it is larger, allowing us to present data at the county level and show results for different segments of the ELI population (e.g., senior homeowners versus young adult renters). The pooling of 5 years of observations also makes the ACS data less sensitive to year-to-year fluctuations. However, using the 5-year sample also leads to a higher estimate of the number of ELI people living in the Bay Area, in part because the economy in 2019 was particularly strong.[7] The sensitivity of the results to the choice of dataset means that the percentages and counts presented in this report should be viewed as estimates and not absolute numbers, and for the most part, do not reflect the impacts of the COVID-19 pandemic on ELI households' circumstances.

households over the long-term, the report presents data showing that ELI households have been hit hardest by job losses and missed rent payments. The pandemic will thus likely widen existing economic disparities and increase the risk of homelessness for ELI households, adding to the number of unhoused people in the Bay Area. The final section of the report presents a set of recommendations for how the region can work towards tackling the housing and labor market challenges facing ELI individuals and households.

Demographic and Housing Characteristics of the ELI Population in the Bay Area

Prior to the COVID-19 pandemic, the Bay Area's economy was growing rapidly. Between 2010 and 2019, the region added over 730,000 jobs, and the unemployment rate dipped below 2.7 percent.[8] In 2019, the average income for the region was $140,000, with Marin, San Francisco, San Mateo, and Santa Clara counties all seeing average incomes above $150,000.

Yet amid all this economic vitality, nearly 17 percent of households—more than 1 million people—in the Bay Area were extremely low-income (ELI), meaning that their income was less than 30 percent of the median in the county in which they lived, after accounting for household size (Table 1). The thresholds that determine which households qualify as ELI vary across counties in the Bay Area. For example, in San Francisco and San Mateo counties, a 4-person household can earn up to $48,350 and still be considered ELI, whereas in Solano county, the ELI threshold for a household of four is $25,750. Yet on average, in 2019, ELI households in the Bay Area had an annual income of around $17,880.

The ELI population is not homogenous; there are diverse reasons why a household may have a low income relative to the regional median. For example, someone may have quit their job to return to school (and may be supported by their parents) or may be income-poor but asset-rich. But there are some systematic differences in who is more likely to be in an ELI household compared to higher-income households. And while not all ELI households are at risk of homelessness,

Table 1. Distribution of Households and Population by Income Level, Bay Area, 2019

	Total Households	Percent of Households	Number of People	Percent of People
Extremely Low Income (below 30% of AMI)	457,268	16.7%	1,000,970	13.2%
Very Low Income (30 – 50% of AMI)	323,265	11.8%	884,502	11.7%
Low Income (50 – 80% of AMI)	433,603	15.9%	1,230,446	16.3%
Moderate Income and Above (above 80% of AMI)	1,517,293	55.6%	4,455,373	58.9%

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. AMI refers to Area Median Income.

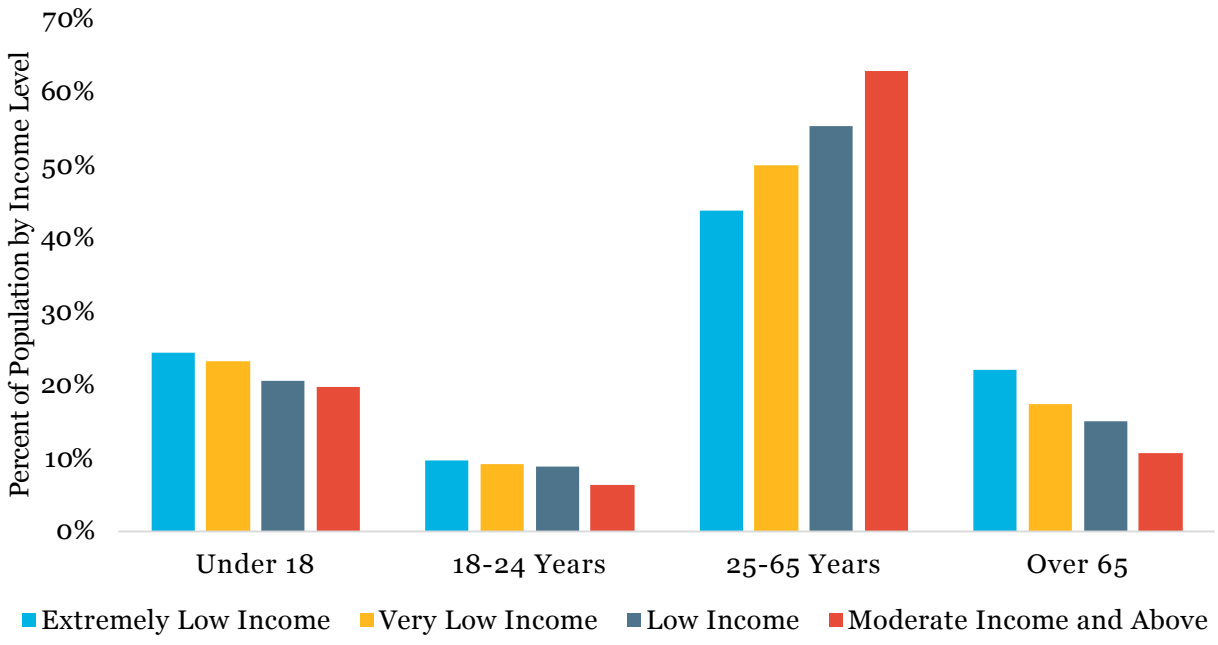
the data also reveal a number of factors that make these households particularly vulnerable to housing insecurity.

ELI households are more likely to include a person over 65 than higher income households, but they also represent a disproportionate share of children in the region.

A significant share of the ELI population—just over 22 percent—is over 65, the highest share of any income category (Figure 2). ELI seniors are significantly less likely to have income from retirement savings or Social Security than higher income seniors, and are more likely to rely on Supplementary Security Insurance (SSI) payments to cover their monthly expenses. Approximately 17 percent of ELI seniors receive SSI, compared to just 4 percent of seniors who are moderate income or above. The maximum monthly benefit for SSI in California, with some exceptions, is $910 (though the average monthly payment for ELI seniors was only $690 in 2019), lower than either the federal poverty line or a living wage in the Bay Area.[9] Monthly retirement and Social Security payments are also insufficient to meet basic needs; on average, an ELI senior receives $975 a month in income from all sources. ELI seniors are at significant risk of becoming unhoused: research has found that in Oakland, almost half of homeless seniors became unhoused for the first time after the age of 50, even though they have been working for most of their adult lives (often in low-paying jobs).[10]

On the opposite end of the age spectrum, ELI households also include a higher share of children. Approximately 244,000 people living in ELI households—24 percent—are under the age of 18. Half of these children are under the age of 10. Research has demonstrated that housing instability and insecurity has a particularly negative impact on younger children and can lead to long-term health and educational disparities.[11]

Figure 2. Age by Income Level, Bay Area, 2019



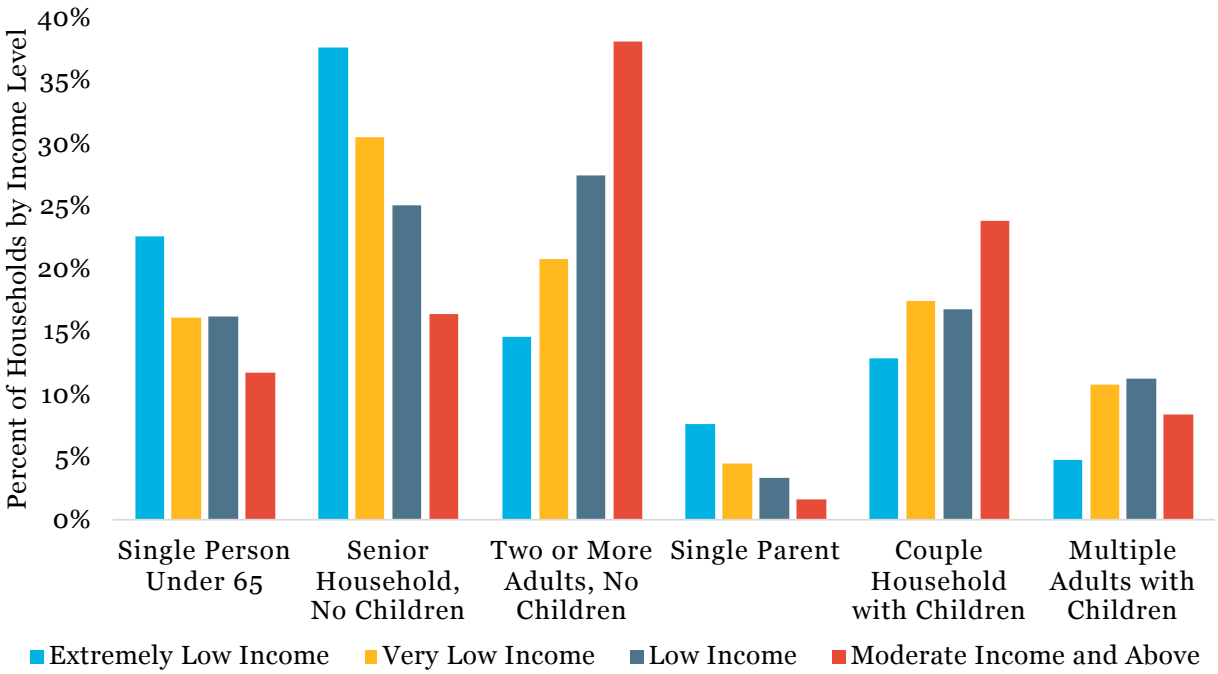
Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

Data on household composition by income category provide further insight into who is ELI in the Bay Area (Figure 3). Consistent with the data on the age distribution of the ELI population, the largest share of ELI households are seniors without children, comprising 38 percent of all ELI households. ELI households are also more likely to only have one adult than other income categories. Single-headed households (with a head under the age of 65) without children make up 23 percent of ELI households. An additional 8 percent of ELI households are single-parents, compared to just 2 percent of households that are moderate income or above. The high share of single-parent households has particular resonance now, given that the COVID-19 pandemic has had a disproportionate impact on single parents, both in terms of job losses and in increased burdens of caring for and educating school age children.[12]

Black individuals are over-represented among the ELI population, heightening racial disparities in housing cost burdens, housing insecurity, and the risk of homelessness.

Longstanding and systemic racism contributes to significant disparities in who is represented among the ELI population. Black individuals in particular are more likely to live in an ELI household (Figure 4). More than a quarter (26.2 percent) of Black individuals in the Bay Area live in ELI households, compared to just 9 percent of non-Hispanic White individuals. However, racial disparities are also evident among the Hispanic/Latinx, Asian, and American Indian/Alaska Native populations as well. These disparities are not just a function of differences in educational attainment or household compo-

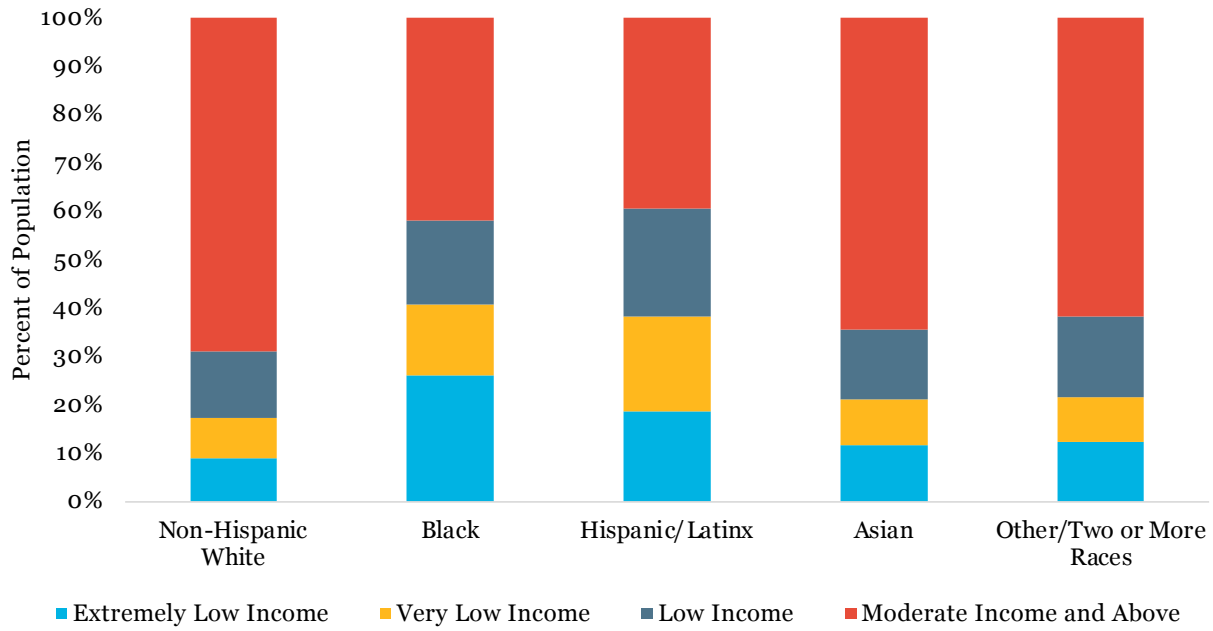
Figure 3. Household Composition by Income Level, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

sition. Even after controlling for age, tenure, educational attainment, employment status, household composition, and disability status—all factors that can influence a household's income—Black individuals are 1.9 times and American Indian/Alaska Native are 1.3 times more likely to be represented among ELI households in the Bay Area (Appendix Table A2).

Figure 4. Income Level, by Race/Ethnicity, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

Table 2. Racial Composition of Individuals Living in Households by Income Category, Bay Area, 2019

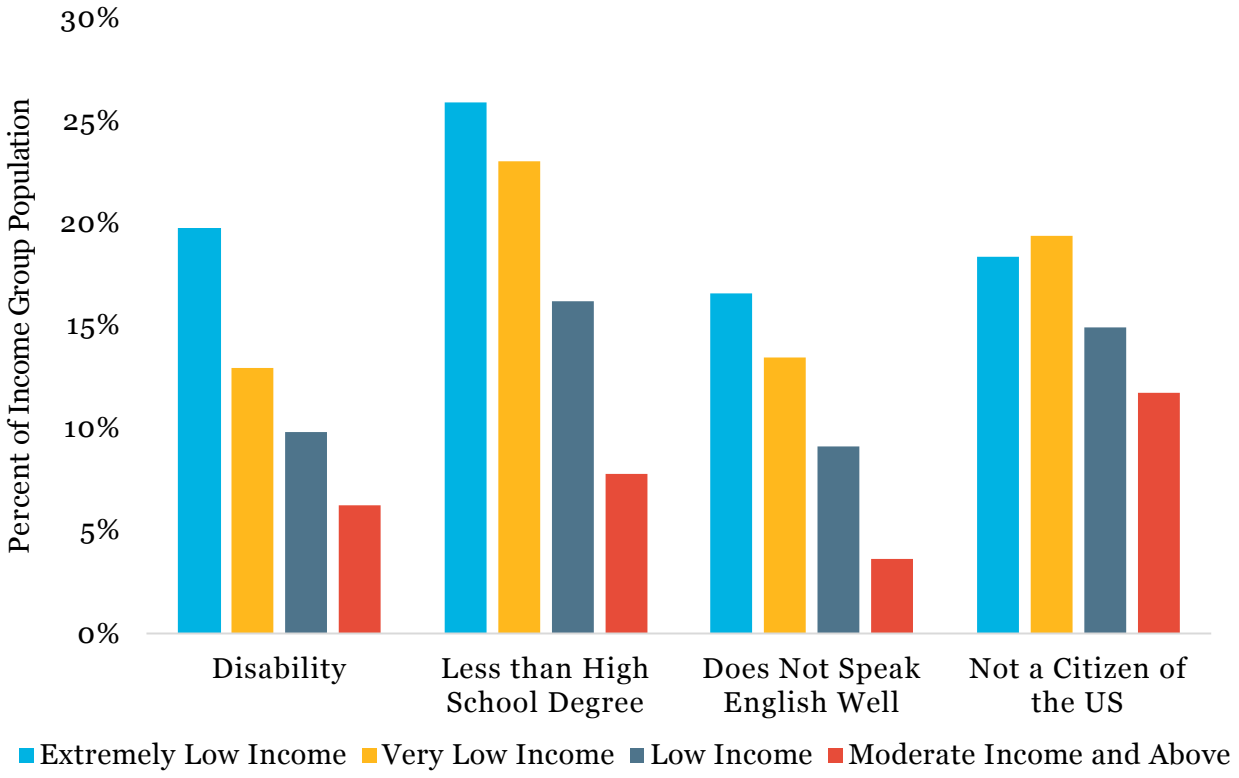
	Extremely Low Income		Very Low Income		Low Income		Moderate Income and Above		Total Population	
Non-Hispanic White	270,812	27.1%	245,363	27.7%	408,274	33.2%	2,046,201	45.9%	2,970,650	39.2%
Black	112,436	11.2%	62,671	7.1%	74,355	6.0%	179,942	4.0%	429,404	5.7%
Hispanic/Latinx	334,130	33.4%	350,939	39.7%	394,123	32.0%	703,433	15.8%	1,782,625	23.5%
Asian	233,900	23.4%	188,171	21.3%	286,459	23.3%	1,277,375	28.7%	1,985,905	26.2%
American Indian/ Alaska Native	3,418	0.3%	1,839	0.2%	3,529	0.3%	8,520	0.2%	17,306	0.2%
Native Hawaiian/ Pacific Islander	6,085	0.6%	6,541	0.7%	11,915	1.0%	16,942	0.4%	41,483	0.5%
Other/Two or More Races	40,189	4.0%	28,978	3.3%	51,791	4.2%	222,960	5.0%	343,918	4.5%

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

ELI individuals are more likely to experience barriers to economic security and mobility.

Approximately 20 percent of the ELI population has a self-reported disability, three times that of individuals living in higher-income households (Figure 5). One in four ELI adults over the age of 16 has not graduated from high school, which can pose challenges in a labor market characterized by a significant share of high-skilled jobs. Non-citizens, as well as those who do not speak English well, are also disproportionately represented among the ELI population. In addition to posing labor market barriers, these factors can shape the extent to which ELI individuals are knowledgeable of or able to access the social safety net; research has shown that language, transportation and internet access, and documentation status all influence whether people are able to access the benefits they are eligible for.[13]

Figure 5. Selected Individual Characteristics by Income Group, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. **Note:** Educational attainment calculated for population 16 years and older.

Approximately 32 percent of ELI households are homeowners, many of them seniors who own their home outright.

Only 14 percent of ELI households own a home with a mortgage; 18 percent of ELI households own their home outright (Table 4). Homeowners without a mortgage are more likely to be seniors (65 percent) and non-Hispanic White (57 percent). These ELI households have low incomes, but they are less vulnerable to housing insecurity because they own their homes and are asset-rich: the average house value in 2019 for a ELI homeowner who owned their home outright was $757,000.[14] The majority (59 percent) of ELI households who own their home outright have also lived in their current home for more than 20 years, meaning that their property taxes are likely to be relatively low (due to Proposition 13, which has generally limited property tax increases to inflation). Although the ACS does not include data on assets, given how long they have lived in their homes, these households have likely experienced significant price appreciation and wealth accumulation over time.

ELI homeowners can still face housing affordability and insecurity concerns, however, particularly when they have experienced a loss of income due to unemployment or a change in household composition (such as divorce).

While the majority of ELI homeowners—especially those who own their homes outright—may not be at risk of losing their homes, many still face high cost burdens. Even among ELI homeowners with a mortgage, nearly 30 percent are severely cost-burdened, and another 20 percent are cost-burdened. These cost burdens are often the result of utility and/or other housing related expenses. In addition, nearly 13 percent of ELI homeowners who own their home outright live in a mobile home. While mobile homes offer one avenue for affordable homeownership, owners can face rising cost burdens if the rent for the lot the home is located on goes up.[15]

ELI homeowners with a mortgage, not surprisingly, are more likely to be cost-burdened than those without (Figure 6).

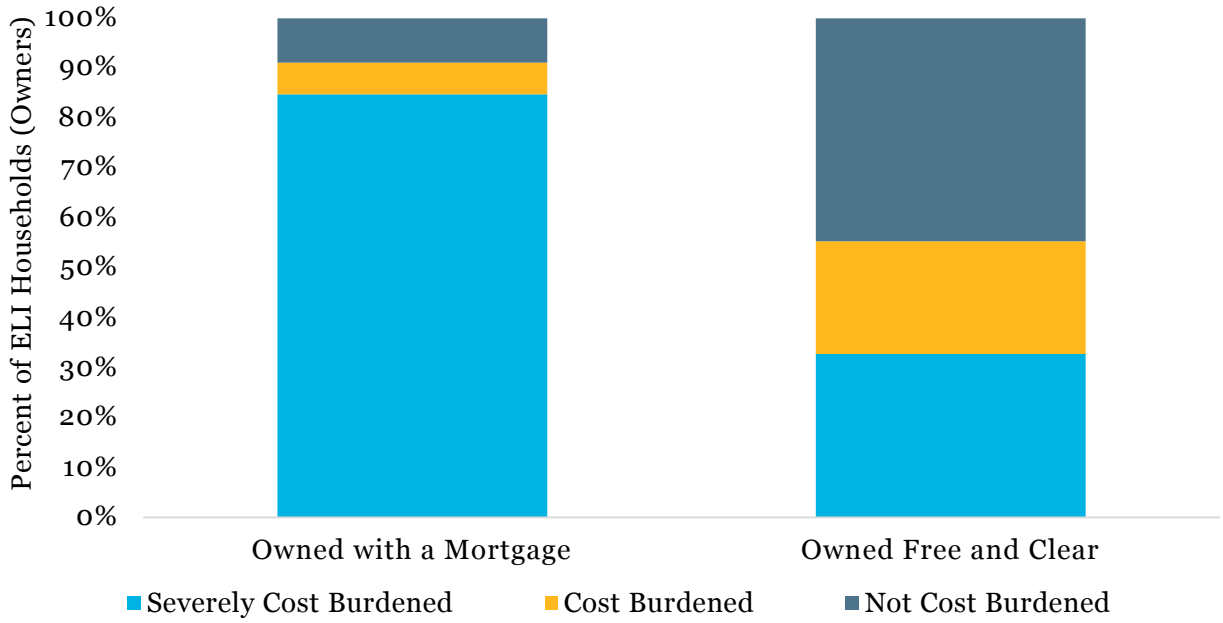
Table 3. Housing Tenure by Income, 2019

	Owned with Mortgage		Owned Outright		Renter		Occupied without Rent	
Extremely Low Income	64,424	14.1%	83,584	18.3%	296,435	64.8%	12,825	2.8%
Very Low Income	75,179	23.3%	67,168	20.8%	175,035	54.1%	5,883	1.8%
Low Income	141,435	32.6%	79,033	18.2%	208,165	48.0%	4,970	1.1%
Moderate Income and Above	797,729	52.6%	212,312	14.0%	497,944	32.8%	9,308	0.6%

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. "Occupied without rent" includes those who are living in a unit provided by friends or relatives, military housing, or where rent is provided in exchange for services, such as working as a resident manager or caretaker.

Nearly 90 percent of ELI homeowners with a mortgage are either cost-burdened or severely cost-burdened. These homeowners have likely seen a drop in income due to unemployment or a change in family circumstances (such as divorce) and may be forced to sell their homes or go into foreclosure if their incomes do not rebound.[16] The immediate risk of homelessness for cost-burdened homeowners is likely to be small; given the rapid increase in house prices in the Bay Area since 2011, many of these homeowners would be able to take out a home equity loan or sell their home if needed to stabilize their finances. However, even long-term homeowners can be at risk of default due to a health-related event that affects household finances,[17] as well as be a target for predatory lenders.[18] Research has shown a correlation between foreclosures and homelessness,[19] and the loss of homes in a community can limit the availability of shared housing spaces that many lower-income households rely on, especially when rental units come with restrictions on who can live there.[20]

Figure 6. ELI Homeowner Cost Burdens by Mortgage Status, Bay Area, 2019

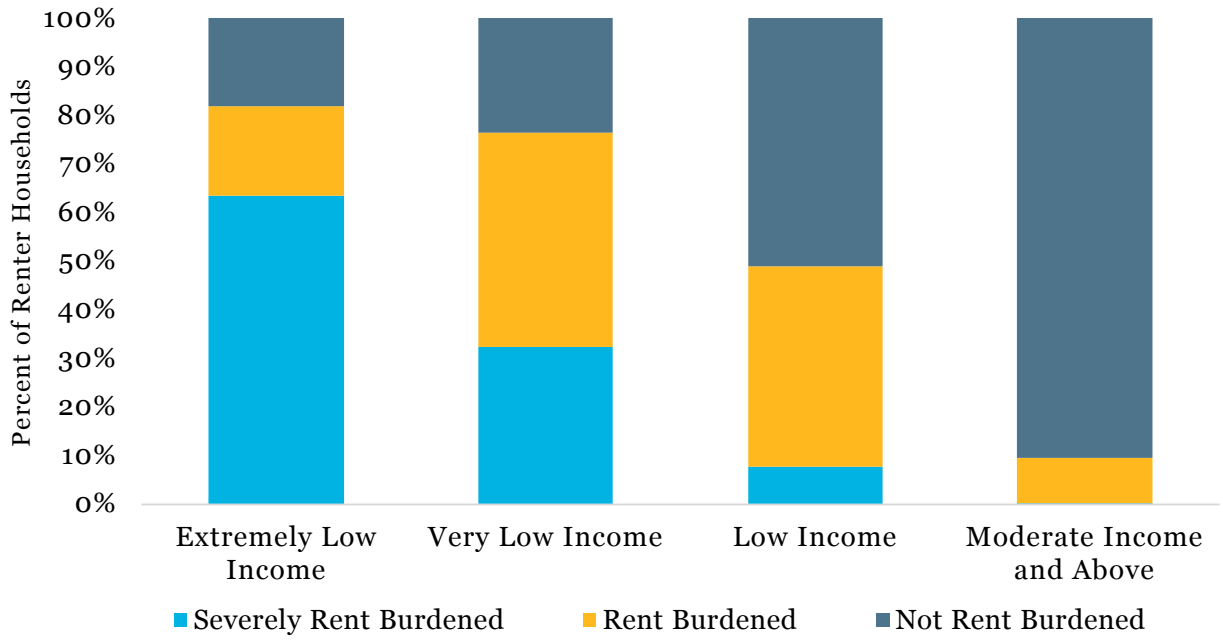


Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Housing cost burden means that a household spends more than 30 percent of their income on housing; severely cost-burdened households spend more than 50 percent of their income on housing.

The majority of ELI renters are severely cost-burdened; those who don't benefit from housing assistance pay an average of 76 percent of their income in rent, leaving little for other household needs.

The majority of ELI households (68 percent) in the Bay Area are renters. Renters do not have the cushion of home equity and are more vulnerable to eviction and displacement when confronted by an economic shock or a rise in rents. In the Bay Area, just over 80 percent of ELI renter households are cost-burdened or severely cost-burdened (Figure 7). Although the ACS does not indicate whether a household receives housing assistance, we estimate that around 17 percent of ELI renters receive either local or federal housing subsidy (for example, through a Housing Choice Voucher),[21] which helps to explain why about 20 percent of ELI renters are not cost-burdened. In addition, approximately 37 percent of ELI renters live in a unit that is covered by rent control, which can help to ensure their rents remain below market levels.[22] However, nearly 21 percent of ELI renters live in a single-family home in the Bay Area, meaning that they are excluded from rental protection ordinances nor are they covered by the cap on rent escalations established by California's Assembly Bill 1482 (2019).[23]

Figure 7. Renter Housing Cost Burdens, by Income Category, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Housing cost burden means that a household spends more than 30 percent of their income on housing; severely cost-burdened households spend more than 50 percent of their income on housing. Does not include renters who are not paying rent.

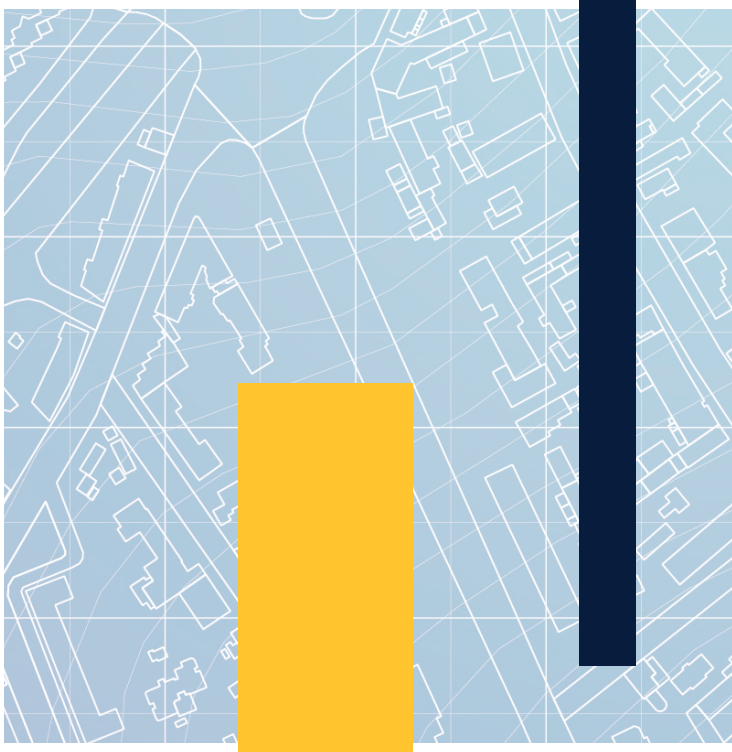
Access to a housing subsidy is one of the few ways ELI households can make ends meet in the Bay Area. For those with a subsidy, their average monthly rent is $305, or 25 percent of their income. In contrast, for the average ELI renter household without a subsidy, monthly rent is around $1,460, or 76 percent of their income. Even a brief loss of income or increase in rents can lead to an eviction, and with each move, it becomes more difficult to find affordable—let alone high quality—housing.

These cost burdens lead to significant housing insecurity for ELI households, putting them at risk of homelessness.

The root causes of homelessness are complex, and an individual's risk of becoming homeless is determined by both individual and structural factors. However, there is a growing consensus in the research literature that a region's housing market—and specifically a large share of renters, high housing cost burdens, and high rates of poverty—is closely associated with the size of its homeless population.[24]

Not every ELI household in the Bay Area is at risk of homeless; those who own their homes have significant assets that can contribute to their financial security. Renters with housing assistance—either in the form of a Housing Choice Voucher or a rent-restricted unit—are less likely to be cost-burdened and are buffered from changing market rents. However, we estimate nearly 51 percent of ELI households in the Bay Area were precariously housed in 2019, meaning that they received no housing assistance or did not own their home outright and were paying more than 30 percent of their income toward rental or mortgage costs. These households include over 575,000 people—including 174,000 children. Even if just 1 percent loses their housing, that would add nearly 6,000 new individuals to the region's homeless population, undermining the effectiveness of strategies designed to help those currently unhoused.

In the next section, we examine the upstream factors that contribute to the affordability challenges facing ELI households in the Bay Area.



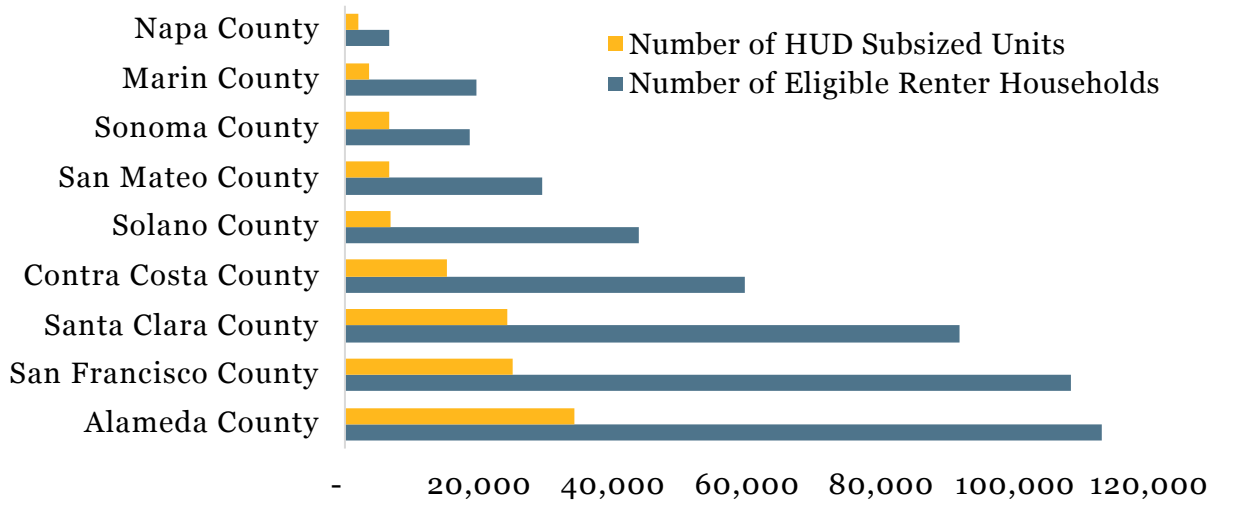
Structural Barriers to Housing Security for ELI Households

Extremely low-income households in the Bay Area—especially those who are renters or who are severely cost-burdened—face significant barriers to securing and sustaining housing. While the roots of the state's housing crisis are multifaceted, there are three broad factors that contribute to housing insecurity for ELI households. The first is the fact that the United States has long had a fraying social safety net; there is a significant mismatch between the amount of housing assistance the government provides and the number of households with a demonstrable need for support. The second—and this is especially true in the Bay Area, which has seen rapid job growth over the past two decades—is that California has failed to build sufficient housing to meet demand. This applies to the production of affordable housing (where subsidies are insufficient to build at the scale needed to house low-income families), but also to the lack of adequate market-rate supply. The third constraint comes from structural problems in the labor market and the lack of living-wage jobs. In this section, we review each of these key constraints in more detail, illustrating the structural conditions that will need to change if we want to address the housing insecurity of ELI households over the long-term.

Housing in the United States is not a basic right, and federal funding for housing assistance falls far below need.

Federal housing assistance is not an entitlement (unlike food stamps, for example, which are available to any household that meets the eligibility requirements). Nationally, only one in four households who is eligible for housing assistance receives it.[25] In the Bay Area, the availability of federally assisted housing—administered primarily by the U.S. Department of Housing and Urban Development (HUD)—falls well below need (Box 2). There are four times as many households who are eligible for HUD housing assistance than there are vouchers or public housing units (Figure 8).

Figure 8. Gap Between Housing Assistance and Household Eligibility, Bay Area, 2019



Source: 2019 5-year American Community Survey; HUD 2019 Picture of Subsidized Housing. Eligible renter households are estimated as the number of renter households that earn less than 50% of AMI. HUD Subsidized units includes Housing Choice and Project Based Vouchers as well as Public Housing units.

The lack of sufficient subsidies leads to significant waitlists for any available assistance; in many places, waitlists are closed to new applicants because of the size of the demand. And households with a Housing Choice Voucher (HCV) often face challenges finding housing that is below the established Fair Market Rent payment standard for their county (a level that HUD sets just below market-rate rents). The Bay Area's tight rental market also means that landlords can be more selective in choosing their tenants, either implicitly or explicitly discriminating against households with a voucher. As of January 1, 2020, California has a statewide law prohibiting landlords from rejecting potential tenants solely on their use of a housing voucher, yet research shows that even with this type of law, voucher holders face significant barriers to leasing a unit.[26]

An Overview of HUD Housing Assistance Programs in the Bay Area

The Housing Choice Voucher Program (HCV) is the dominant federal housing assistance program. HCVs provide households the opportunity to find eligible housing in the private rental market. Approximately 85,000 households (including ELI but also households that earn 50 or 60 percent of AMI) in the Bay Area use HCVs. Vouchers typically pay the difference between 30 percent of family income and local Fair Market Rents.[32]

Section 8 Project-Based Rental Assistance (PBRA) operates through an agreement between a private property owner and HUD. The program funds approximately 267,000 units in the Bay Area, but this form of subsidy is often layered into Low-Income Housing Tax Credit projects. Tenants in these units contribute the greater of 30 percent of their income or a minimum rent of $25, while the subsidy compensates the landlord for the remaining costs of operating and maintaining the property.

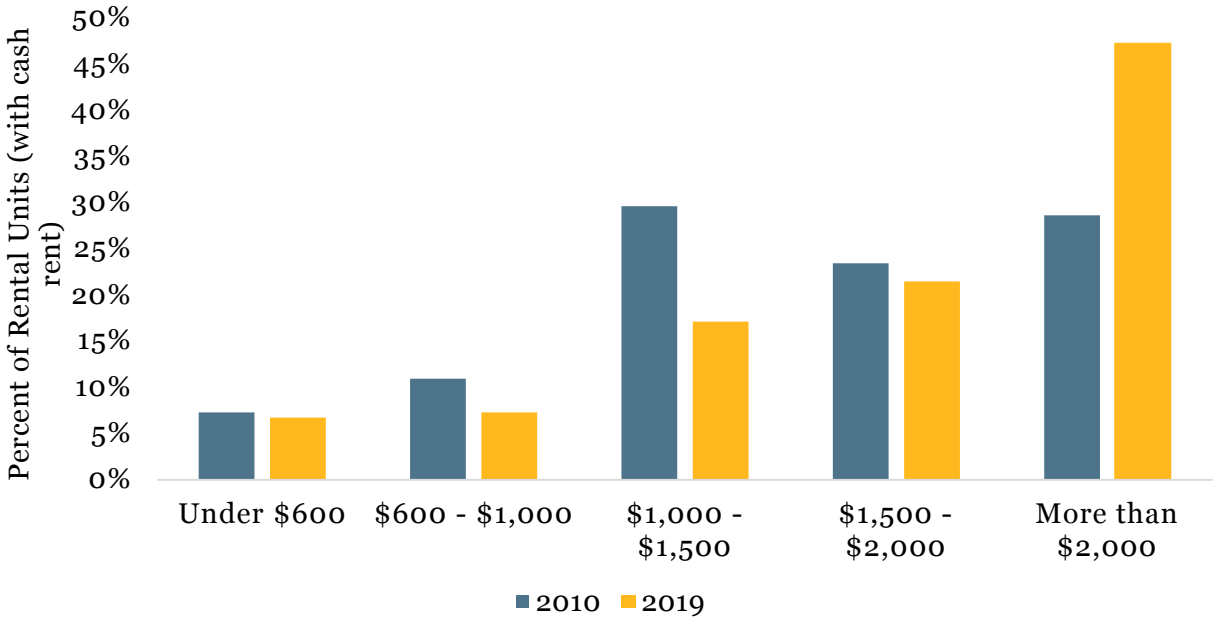
Public housing units are owned and operated by local public housing agencies. New public housing is not being developed, and many existing developments have large capital investment needs following years of underfunding and deferred maintenance. In 2019, the Bay Area only had 5,710 units of public housing, though this does not include the approximately 4,300 units that have been redeveloped in San Francisco under HOPE SF and the Rental Assistance Demonstration.[33]

The failure to build enough housing to meet the region's needs—especially in the context of income inequality and employment growth—contributes directly to rising housing costs.

The Bay Area is severely supply constrained, meaning that the region has failed to build enough units to meet the demand created by new household formation as well as in-migration due to employment growth. Between 2011 and 2017, the Bay Area created 531,400 new jobs but approved only 123,801 new housing units, a ratio of 4.3 jobs for every unit of housing (far above the recommended 1.5 ratio).[27] Changes in the housing and labor market have also led to more higher-income households choosing to rent rather than own. Higher income households have been the fastest growing segment of the rental market. Since 2010, the number of renters in the Bay Area making over $150,000 has grown by 80 percent, from around 147,000 households to over 265,000.

These households—who can bid more for a limited number of available units—place pressure on the rental supply, contributing to a rise in rents across the board. Between 2010 and 2019, the Bay Area saw a decrease of more than 135,000 units renting at under $1,500 a month (after adjusting for inflation). The greatest losses of units have been in the $1,000 to $1,500 rent range, in large part because lower-cost

Figure 9. Distribution of Rental Units, Bay Area, 2010 to 2019



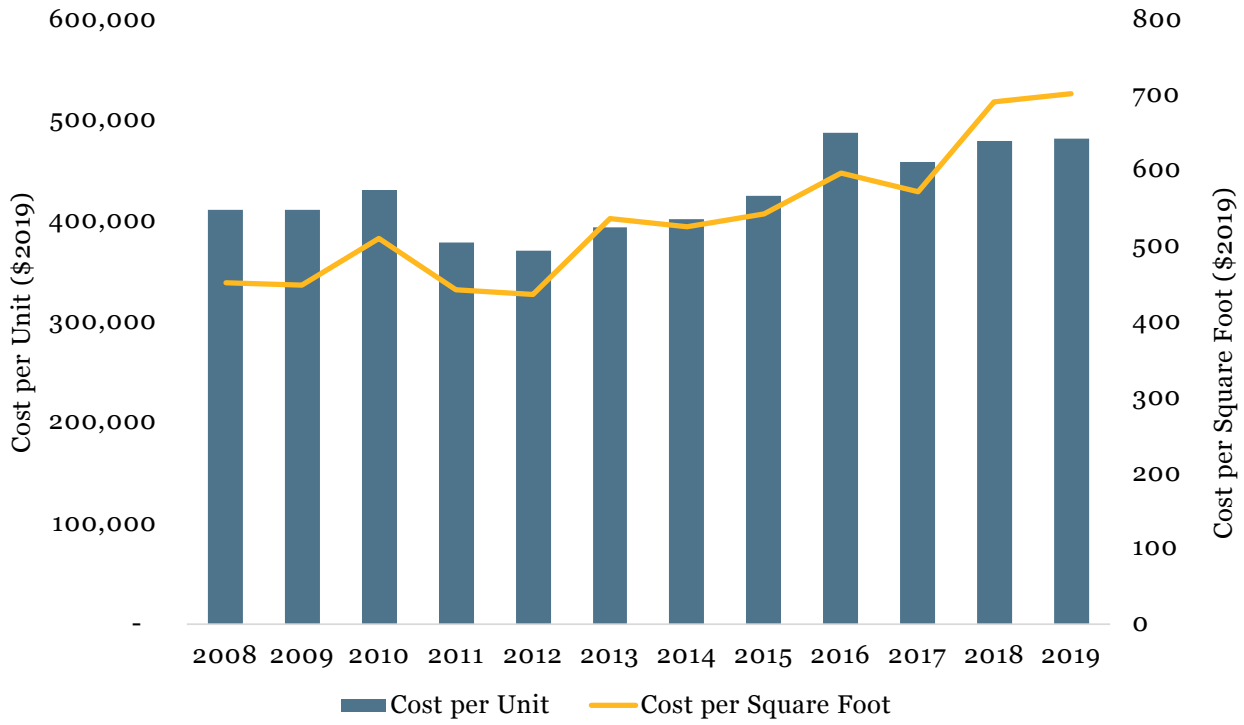
Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

units are generally protected by an affordability covenant or subsidy. While more research is needed, recent analyses have consistently found that, at the regional level, new market-rate supply can reduce pressure on the lower end of the rental market and lead to reduced rent growth overall,[28] suggesting that at least one part of the solution will require that all cities in the Bay Area contribute to their fair share of regional housing production.

The costs of development for affordable housing, as well as a scarcity of subsidies needed to support units for ELI households, limit the region's ability to build enough deeply affordable units.

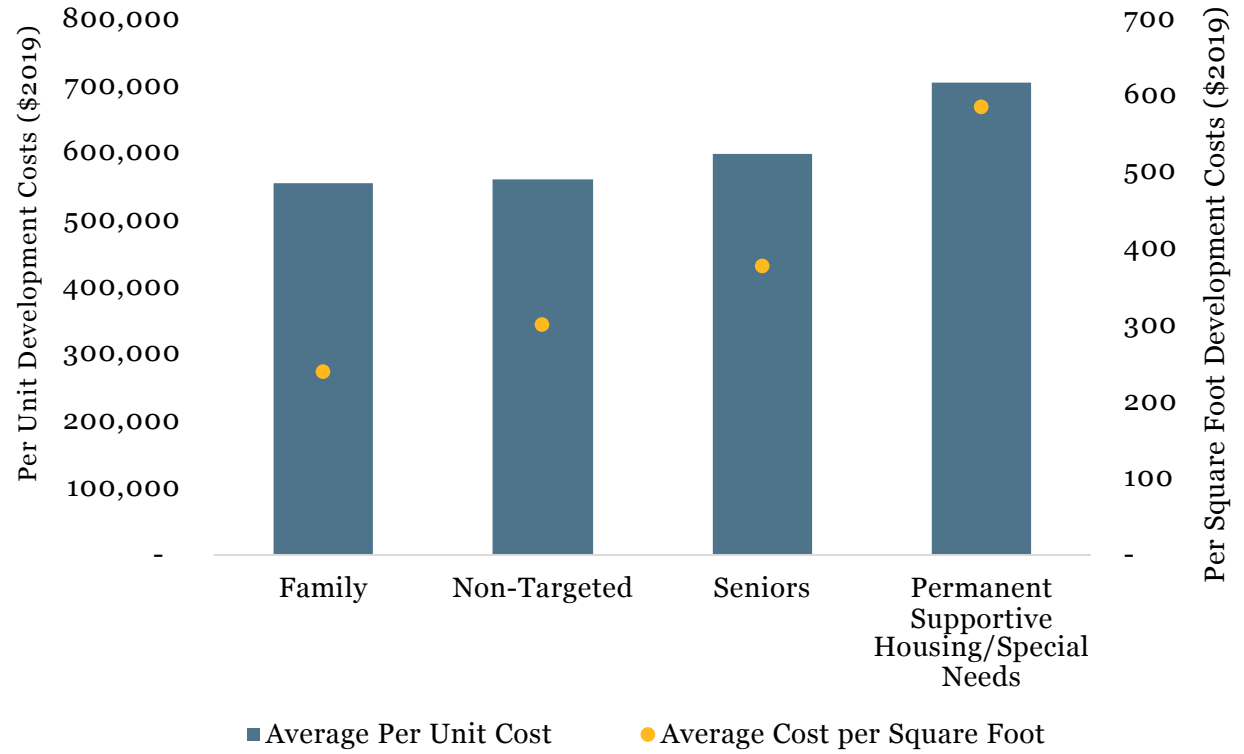
It is important to emphasize that new market rate units are unaffordable to ELI households. Rents that are affordable to someone earning 30 percent of AMI or below are too low to cover a landlord's operating expenses, meaning that some form of subsidy to either the landlord or tenant is needed to support the long-term affordability and quality of the unit.[29] This means that the region needs to increase the production of subsidized units and remove barriers to building affordable housing faster and less expensively. Even as the state has boosted funding for affordable housing, the costs of development have soared (Figure 10a). In the Bay Area, the average development cost for a unit of affordable housing ranges from $550,000 to $700,000, with permanent supportive housing costing around $585 per square foot to build (Figure 10b). To put these costs in perspective, they are between 15 and 50 percent higher than the average development costs for a unit of affordable housing in New York City.[30] These high costs stem from a wide range of factors, including the price of land, labor, and materials, but they also arise due to the complexities of local and state land use regulations, local development fees, as well as the fragmentation of funding for affordable housing.[31]

Figure 10a. Increases in the Cost of Development of 9% LIHTC Properties, California



Source: Reid, Carolina. "The Costs of Affordable Housing Production: Insights from California's 9% Low-Income Housing Tax Credit Program." Berkeley, CA: Terner Center for Housing Innovation, March 2020. https://ternercenter.berkeley.edu/research-and-policy/development-costs-lihtc-9-percent-california/.

Figure 10b. Cost of Building Affordable Housing, Bay Area, 2019

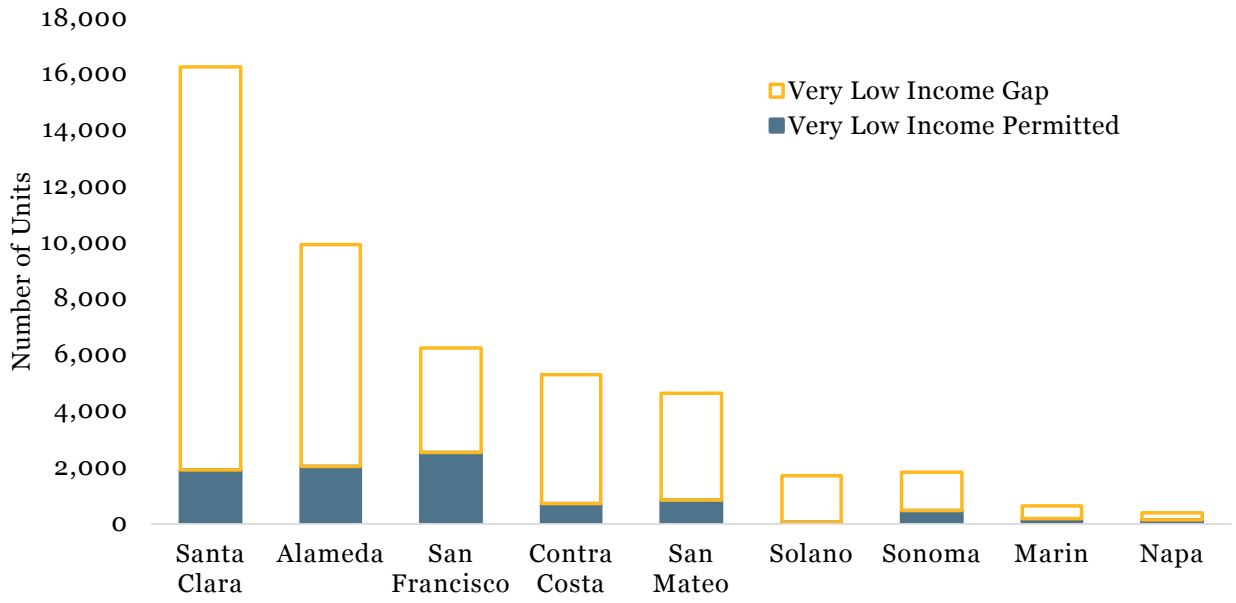


Source: Terner Center database of Low-Income Housing Tax Credit Awards, 4% and 9% Allocations, 2019. Includes projects in 9-county Bay Area.

One challenge to developing more housing for ELI households is that the largest subsidy source for low-income housing development—the Low-Income Housing Tax Credit (LIHTC)—is poorly suited to meeting the needs of ELI households. LIHTC typically enables new units affordable to households with incomes at 50–60 percent of AMI—up to twice the ELI definition limit. To get to deeper levels of affordability, developers need to cross-subsidize with revenue from units targeting higher incomes and/or find additional "gap financing" to cover operating expenses, which is often scarce and challenging to secure (and can drive up the costs of development). Between 2011 and 2019, affordable housing developers across the nine counties added approximately 45,000 LIHTC units to the regional housing supply, yet fewer than 10 percent of these units were expressly allocated for ELI households.[34] Local and regional low-income housing bonds also tend to target the upper range of low-income households. Over the past ten years, at least seven affordable housing bonds have been approved by Bay Area voters, but only Santa Clara County's 2016 Measure A set aside a majority share of that funding for households at the bottom of the income distribution.[35]

As a result, very few counties in the Bay Area are anywhere close to meeting production targets set by the state for housing affordable to households earning less than 50 percent of AMI[36]—and many argue that these targets are set too low, failing to make up for decades of slow production.[37] In the 2007-2014 Regional Housing Needs Allocation (RHNA) cycle—the process by which the state allocates future housing needs to regions—the Bay Area permitted only 29 percent of its very low-income RHNA target, a shortfall of 61,000 units. The 5th RHNA cycle—which spans the 2014-2022 time period—is not complete for all Bay Area jurisdictions. But as Figure 11 shows, the region is again falling far short of producing the number of units needed to accommodate very low-income households.

Figure 11. Progress Towards Meeting Very Low Regional Housing Needs Allocation, 5th Cycle, Bay Area



Source: California Department of Housing and Community Development, Annual Progress Report, October 2020, available online at https://www.hcd.ca.gov/community-development/annual-progress-reports.shtml. Very low income refers to housing units that would be affordable to households earning less than 50 percent of AMI.well as Public Housing units.

It's not just the housing market that's broken—it's the labor market too.

Increasing the supply of affordable housing as well as the availability of tenant-based subsidies are both critical to solving the Bay Area's homelessness crisis. But over the long-term, the solution to homelessness must also focus on the "income" side of the housing affordability equation. Despite widespread rhetoric that blames poverty on an individual's own limitations or deficiencies, the Bay Area's homelessness crisis is a product of structural labor market inequalities, including a large number of jobs that fail to pay a living wage.

Low-wage and nonstandard jobs have expanded since the early 2000s, limiting opportunities for economic mobility. Research has found that the rate of mobility out of lower wage work has declined since the late 1990s, and that barriers to wage growth are particularly high for people of color, women, those with less formal education, and workers in low-end service occupations (all characteristics that align with the ELI population).[38] Lower-wage jobs are also characterized by high instability and poor working conditions: a recent study found that workers in lower-wage occupations are more likely to become unemployed (or leave the labor force altogether) than to move up the job ladder over a one-year period.[39]

These trends are especially salient for California and the Bay Area, despite the overall strength of the economy. While individuals and households at the top end of the income distribution have seen their wages rise, wages for workers at the bottom end have been largely flat since the late 1970s. Median hourly wages have not budged since 1979, with workers at the median earning just $20 an hour (translating to an annual income of just over $40,000). In contrast, average hourly wages for those in the top 5 percent have climbed substantially, with wages going up almost $30 an hour after adjusting for inflation (Figure 12).

Equally concerning is the distribution of new jobs in the Bay Area. Since the Great Recession, the region has experienced significant job growth, yet very few of these employment opportunities are among middle-wage occupations, which could provide workers with living wages. Instead, job growth has been concentrated in high- and low-wage jobs (Figure 13). The development of this "hourglass economy" means that the region will continue to struggle with a high share of low-wage workers who cannot support their families even if they work full-time.

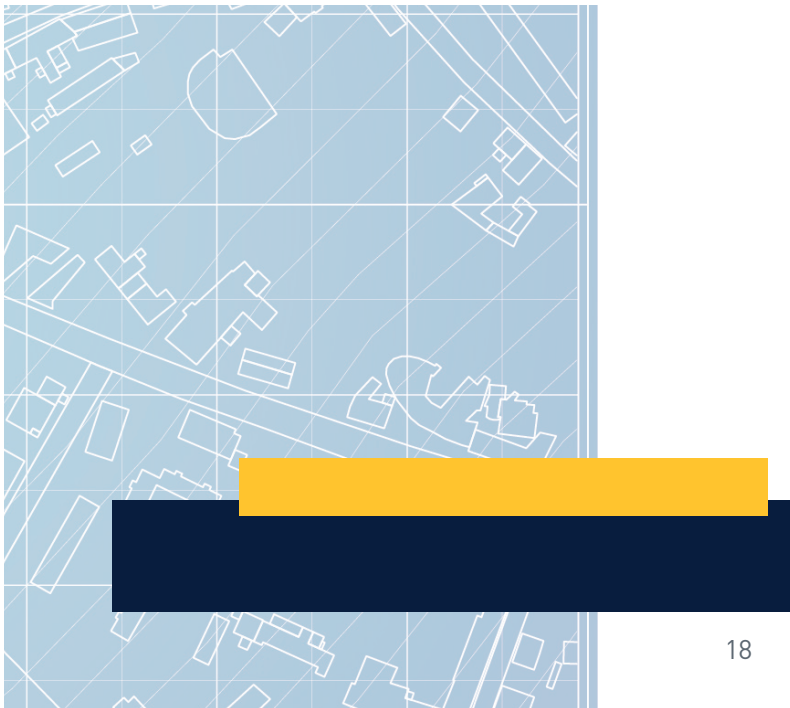
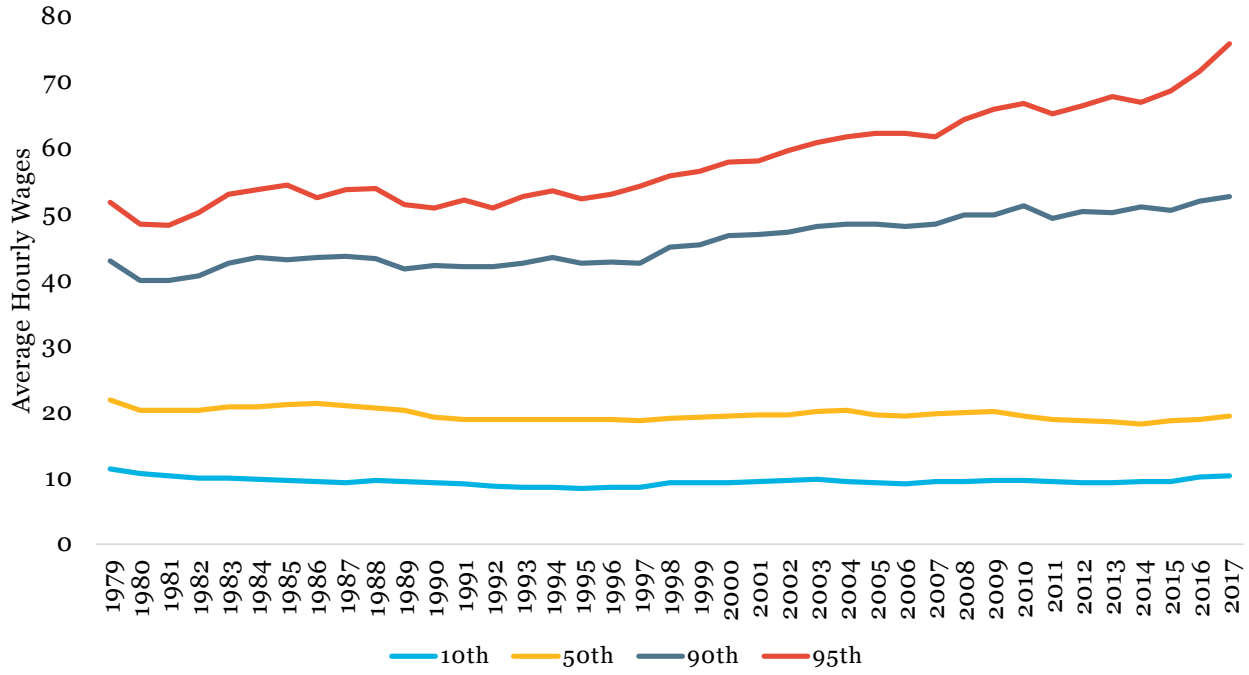
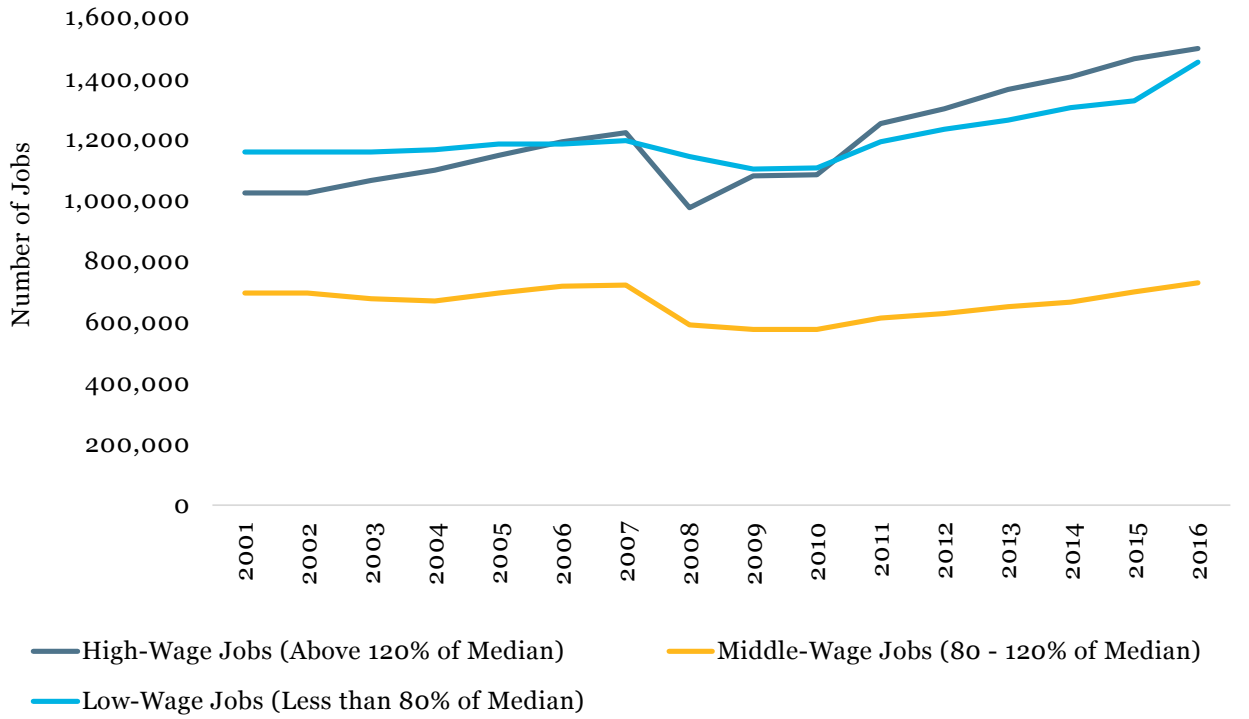


Figure 12. Trends in Wages by Income Percentile, California



Source: UC Berkeley Labor Center, https://laborcenter.berkeley.edu/low-wage-work-in-california/#the-numbers. **Notes:** Wages are in 2017 dollars, and do not include tips, overtime, or commissions.

Figure 13. Trends in Job Growth by Wage Levels, Bay Area Counties



Source: Metropolitan Transportation Commission, Vital Signs. **Notes:** Jobs are determined to be low-, middle- or high-wage based on the median hourly wage of their occupational classification compared to the regional median wage for all jobs. Low-wage jobs are those that pay below 80% of the regional median wage. Middle-wage jobs are those that pay between 80% and 120% of the regional median wage. High-wage jobs are those that pay above 120% of the regional median wage.

The lack of living-wage jobs directly contributes to the financial precarity of ELI households. Approximately 46 percent of ELI working-age adults (which we define as between the ages of 16 and 65) are employed (Table 4). These ELI workers are not just students or people at the beginning of their careers. Over 75 percent of employed ELI individuals are adults in their prime working years, and low-wage work is the primary way they support themselves and their families. Approximately 58 percent of ELI workers in the Bay Area are primary earners or contribute substantially to their household income, and while low wages are in part due to fewer hours worked, approximately half of the ELI labor force reports working more than 35 hours a week.

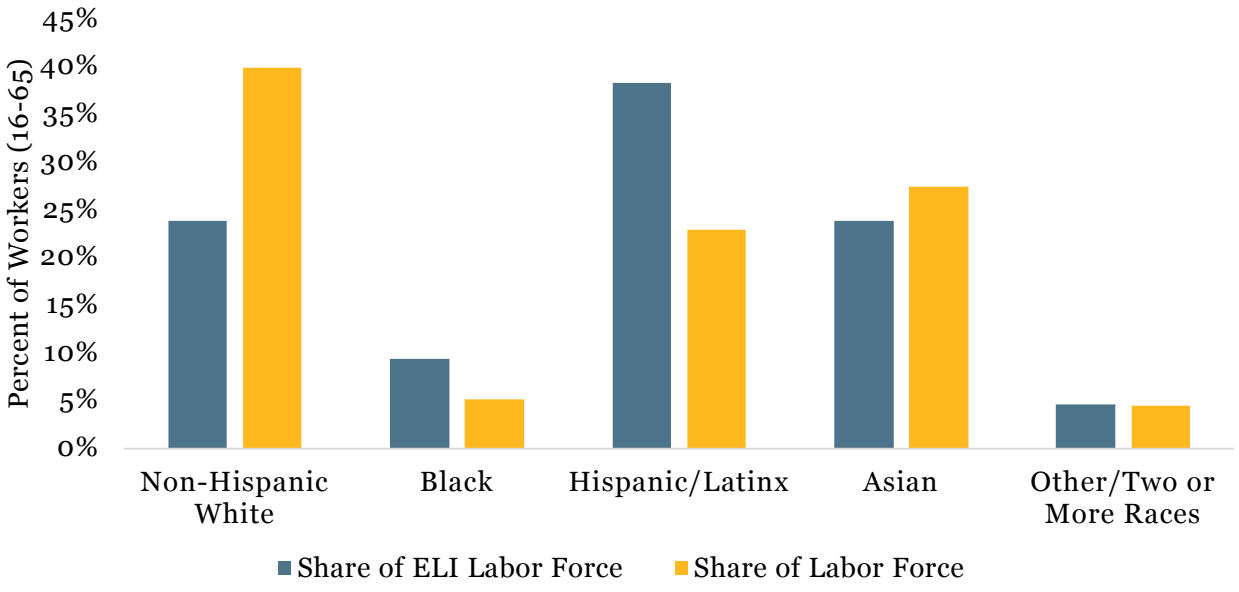
Black and Hispanic/Latinx individuals, women, and immigrants are disproportionately represented among the low-wage labor force in the Bay Area (Figure 14). Black workers make up nearly 10 percent of the ELI workforce, twice the rate of their representation in the labor market as a whole. The disparity for Hispanic/Latinx workers is even greater—37 percent of Hispanic/Latinx workers hold jobs that pay poverty wages, despite making up just 22 percent of the region's labor force. Table 5 lists the top 15 occupations held by ELI workers. Many of these occupa-

Table 4. Low-Wage Workers, Bay Area, 2019

	Extremely Low Income		Very Low Income		Low Income		Moderate Income and Above	
Employed	258,638	46.2%	360,512	65.9%	603,188	73.5%	2,598,028	81.4%
Not in Labor Force	43,354	7.7%	26,041	4.8%	31,235	3.8%	77,289	2.4%
Unemployed	258,212	46.1%	160,715	29.4%	186,153	22.7%	515,358	16.2%

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Data is for working-age adults (16 -65). Employed includes those in the armed forces.

Figure 14. Racial Disparities in Low-Wage Labor Force, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Data is for employed, working-age adults (ages 16-65).

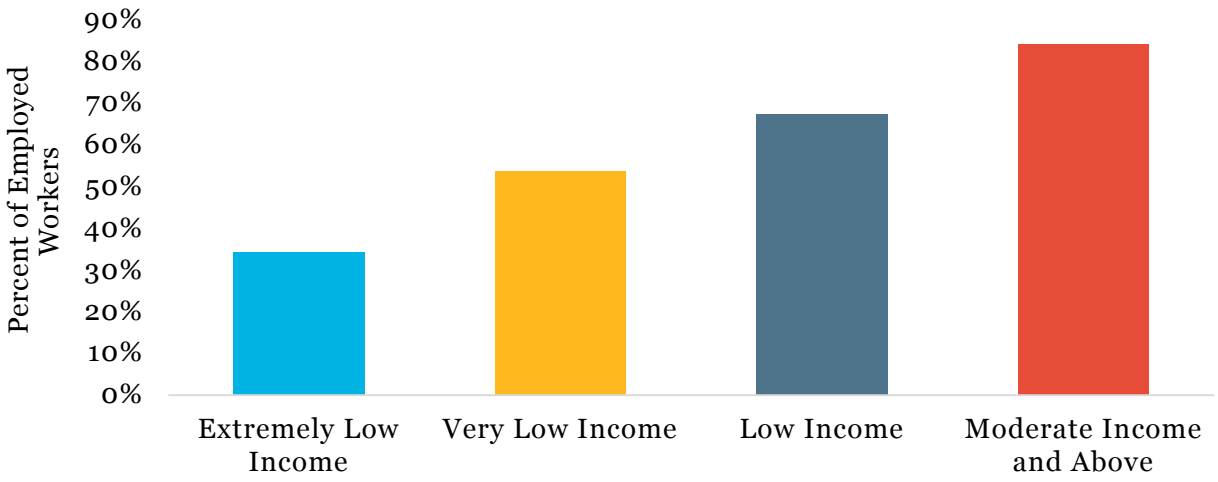
tions provide essential services and help support the rest of the Bay Area's economy. Yet average annual earnings for these ELI workers range from a low of $6,881 for childcare workers to a high of $16,666 for drivers. In some cases, the low earnings are the result of less than full-time work, or more seasonal or volatile employment. However, 43 percent of ELI workers work more than 40 hours a week. These jobs are also much less likely to include employer-provided health insurance. Only one in three ELI workers receive health insurance through their workplace (Figure 15). While boosting wages among ELI workers is critical, there is also a need to address

Table 5. Jobs Held by ELI Workers

Top 15 Occupations of ELI Workforce	Number of Workers	Average Annual Earnings (2019$)
Personal Care Aides	14,215	$12,191
Cashiers	12,013	$11,533
Maids And Housekeeping Cleaners	10,262	$8,433
Janitors And Building Cleaners	8,167	$16,395
Cooks	8,154	$16,501
Retail Salespersons	8,061	$11,509
Construction Laborers	7,932	$12,964
Waiters And Waitresses	7,163	$14,147
Landscaping And Groundskeeping	7,060	$14,743
Childcare Workers	6,090	$6,881
Food Preparation Workers	5,297	$12,007
Drivers	5,058	$16,666
Warehouse Stockers	4,840	$13,387
Customer Service Representatives	4,813	$14,266
Stockers And Order Fillers	3,985	$12,887

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Data is for employed, working-age adults (ages 16-65).

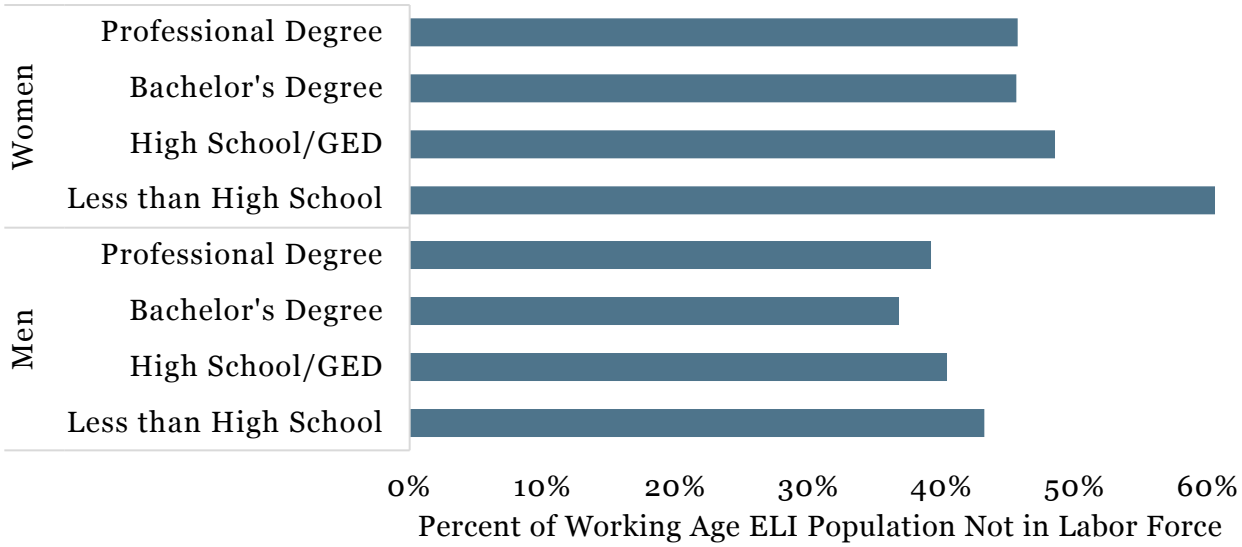
Figure 15. Percent of Workers with Employer Provided Health Insurance by Income Group, Bay Area, 2019



Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Data is for employed, working-age adults (ages 16 - 65).

barriers to labor market participation among ELI adults. There are multiple reasons why working-age adults may be out of the labor force. Disability is the most common reason for a working-age adult to be out of the labor force: 73 percent of ELI working-age adults with a disability are not in the labor force, compared to just 41 percent of ELI working-age adults without a disability. The lack of affordable childcare options can also keep working age adults from participating in the labor force. Adult women in ELI households are more likely to be out of the labor force than men (51 percent compared to 40 percent), especially when they do not have a high school diploma or GED (Figure 16). Although local data are not available, national data show that the primary reason women do not work is because they have caregiving responsibilities.[40]

Figure 16. Percent of ELI Working Age Adults Out of Labor Force by Sex and Educational Attainment, Bay Area, 2019



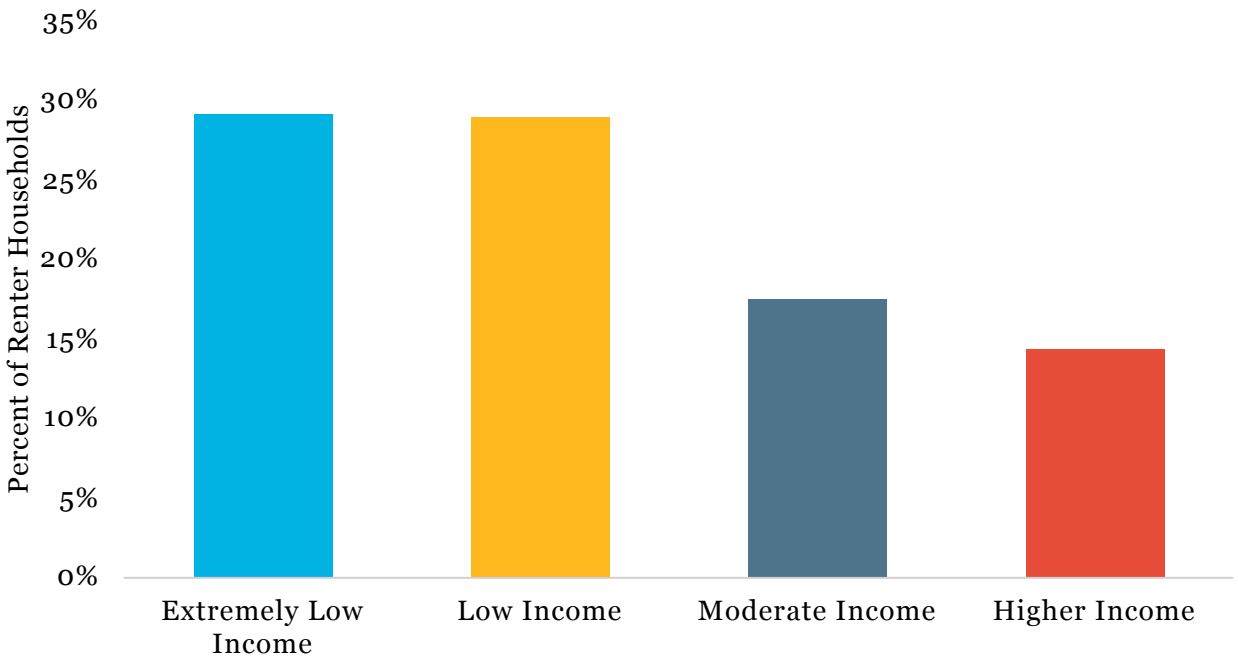
Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties. Data is for employed, working age adults (ages 16 - 65).

The Impact of COVID-19 on ELI Households

The unprecedented economic and public health crises due to the COVID-19 pandemic have only worsened the economic prospects of ELI households. The impact of the pandemic has followed the same patterns of inequity that pervaded housing and labor markets prior to the crisis: since March 2020, job losses and reductions in hours have been most acute among low-wage and service sector workers. Jobs in low-paying industries—disproportionately held by people of color—were down more than twice as much between February and December 2020 as jobs in medium-wage industries and nearly four times as much as in high-wage industries. Women of color have experienced especially sharp losses.

These income losses are especially troubling for ELI renters, who may face increased risk of housing insecurity, particularly as eviction moratoria end or if the state's rent relief program does not extend far enough. Although economic conditions have improved since December 2020 (when the entire region was affected by shelter-in-place orders), nearly 30 percent of ELI renters reported that they were still experiencing income losses due to the pandemic in June of 2021, well after many sectors of the economy in the Bay Area had re-opened (Figure 17). Among ELI renters affected by COVID-related job losses, approximately two-thirds saw their monthly household income cut in half—an alarming prospect given that the majority of these renters were already housing cost-burdened before the pandemic hit.[41]

Figure 17. Renter Household Loss of Income Due to COVID-19, San Francisco-Oakland-Berkeley MSA



Source: Census Household Pulse Survey PUF: June 23 – July 5, 2021.
Notes: : The Census Household Pulse Survey was created by the Census to track the impacts of COVID-19. Due to the small sample size, it is not possible to analyze the results for the nine Bay Area Counties. In addition, the income groupings presented here do not align exactly with the AMI levels presented in the rest of this brief. In this chart, extremely low income refers to households earning less than $25,000, low income refers to households earning between $25,000 and $50,000, moderate income refers to households earning between $50,000 and $75,000, and higher income refers to those earning over $75,000. MSA stands for Metropolitan Statistical Area.

The pandemic-driven economic crisis, layered on top of an already severe housing crisis, has thrown into sharp relief the systemic racial inequities embedded in the region's labor market. Almost 50 percent of Black households reported a loss of income (Table 6). Asian workers have also been disproportionately affected by the economic downturn: nearly a quarter of the Asian American workforce is employed in industries such as restaurants, retail, and personal services such as nail salons, all of which have been hit especially hard by the pandemic.[42]

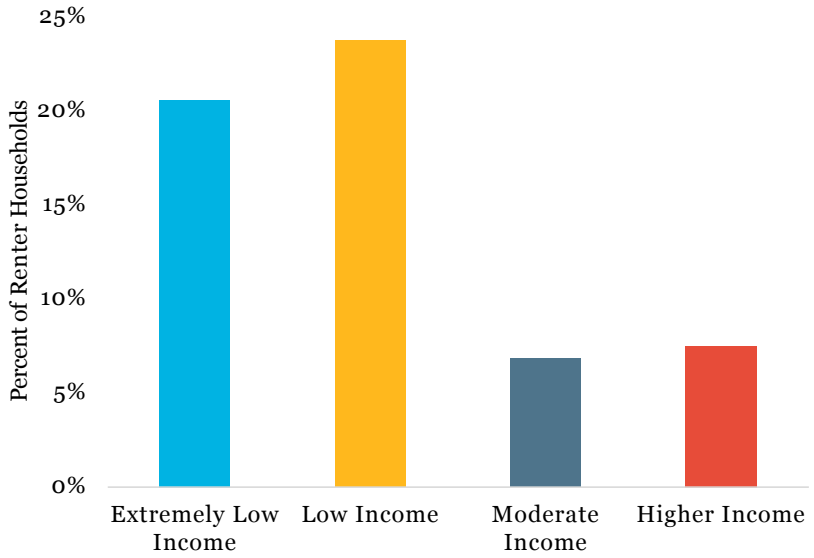
Local, state, and federal eviction moratoria have helped to stem the tide of homelessness related to this economic downturn, but as moratoria lift, the risk that these households will experience housing instability and/or homelessness is high. One in five ELI renter households report being behind on their rental payments, more than three times the rate of moderate- and higher-income households (Figure 18). Researchers at PolicyLink estimate that the average amount of arrears in the Bay Area ranges from $4,566 in Solano County to $7,113 in San Mateo. For an ELI household in San Mateo, that is the equivalent to about five months of total earnings. While some of this rental debt may be covered by the ongoing deployment of the federally funded rental relief programs, outreach challenges and eligibility criteria continue to limit uptake of this assistance.

Table 6. COVID-19 Income Losses by Race/Ethnicity, San Francisco-Oakland-Berkeley MSA

		Percent of Households with a Loss of Income
Extremely Low Income	Hispanic/Latinx	21%
	Non-Hispanic White	16%
	Black	46%
	Asian	30%
Low Income	Hispanic/Latinx	22%
	Non-Hispanic White	20%
	Black	14%
	Asian	30%
Moderate Income	Hispanic/Latinx	14%
	Non-Hispanic White	21%
	Black	31%
	Asian	13%
High Income	Hispanic/Latinx	13%
	Non-Hispanic White	7%
	Black	21%
	Asian	9%

Source: Census Household Pulse Survey PUF: June 23 – July 5, 2021.

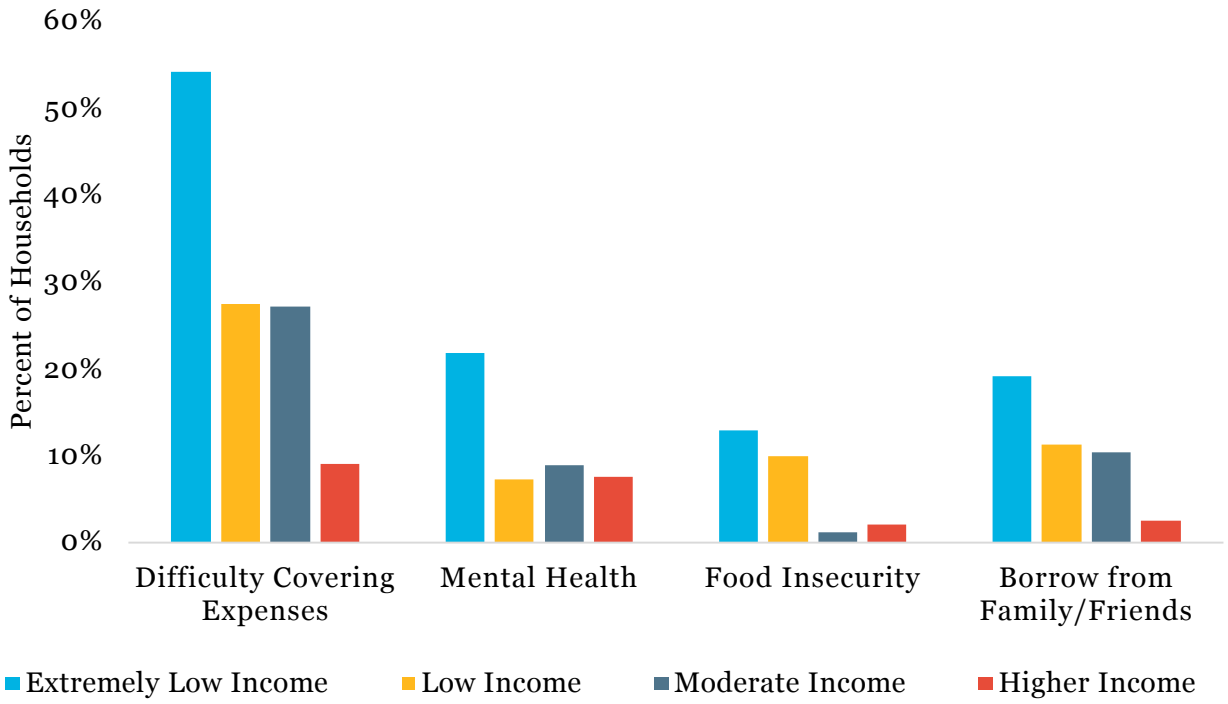
Figure 18. Households Behind on Rental Payments Due to COVID-19, San Francisco-Oakland-Berkeley MSA



County	Estimated Rental Debt (for all Renters)
Alameda	$5,461
Contra Costa	$5,424
Napa	$5,011
Sonoma	$4,911
San Francisco	$4,900
Solano	$4,566
Santa Clara	$6,146
San Mateo	$7,113
Marin	$6,395

Source: Census Household Pulse Survey PUF: June 23 – July 5, National Equity Atlas, Rent Debt Dashboard, accessed online on July 18, 2021, https://nationalequityatlas.org/rentdebtmethodology.

Figure 19. Broader Impacts Related to COVID-19, San Francisco-Oakland-Berkeley MSA



Source: Census Household Pulse Survey PUF: June 23 – July 5, 2021.

Even as the rest of the economy re-opens and recovers, the impact of the pandemic on ELI households is likely to be enduring. While much focus has been on the state's and larger cities' rent relief programs, those programs typically don't account for some of the other ways that ELI households have been affected by COVID-19 (Figure 19). More than half of ELI households report having had difficulty covering expenses, and a larger share of these households report having borrowed money from friends or family to make ends meet. Mental health concerns and food insecurity are also higher among ELI households.

It is hard to predict exactly how the pandemic will influence the size of the Bay Area's homeless population going forward. Government actions—including eviction moratoria, rent relief programs, expanded unemployment benefits, and direct payments to households—have had a positive impact, keeping more families housed and financially stable than they would have been in the absence of these efforts.[43] Yet research shows that the effects of the pandemic were felt unevenly, with communities of color and low-wage workers bearing the brunt of the health risks and economic losses associated with the pandemic. Past research has shown that the risk of homelessness is heightened when individual health factors and structural economic shocks converge; these data thus provide significant warning that without intentional and sustained intervention to support ELI households, the number of people experiencing homelessness in the Bay is likely to increase substantially.

Closing the Housing Cost Gap for ELI Households

It is not difficult to see that ELI households face a considerable gap between what they can afford to pay for housing and what the costs of housing in the Bay Area really are. The average annual income for ELI households of $17,800—which translates into the ability to pay approximately $425 a month in housing costs without facing affordability concerns—is poorly matched to a region in which average rents for a 2-bedroom top $3,000.

Calculating what it will take to close that gap is difficult, since both housing costs and incomes shift over time. ACS data only provide us with a snapshot in time of what these costs might be, and housing costs are part of a dynamic system: both demand and supply are influenced by the availability of subsidies and job growth, which in turn can influence household formation and migration. Yet the ACS can provide insights into the scale of what it will take to help stabilize ELI households. To produce a "back of the envelope" calculation, we estimated the difference between what ELI renters and owners could afford (at 30 percent of their income) and their current housing costs. This of course assumes that neither their incomes nor their rental or mortgage payments change over time.

If the region was committed to reducing all housing cost burdens for ELI renters, it would come to around $9,600 per year per household, or $2.8 billion annually for all cost-burdened ELI renters in the Bay Area (Table 7). Eliminating cost burdens for ELI homeowners would require approximately $10,800 a year per household. An important caveat is that any efforts to reduce cost burdens among owners would

Table 7. Estimated Cost to Reduce Gap Between Household Income and Housing Costs, 2019

	Average Cost per ELI Household	Annual Cost for All ELI Households
ELI Renters	$9,600	$2.8 billion
ELI Homeowners	$10,800	$1.8 billion

have to take into account their wealth or assets, so that subsidies were targeted to those who truly need assistance to stay in their home.

Higher wages for working ELI households would also help address the gap. For those with employment income, the average annual boost needed to reduce cost burdens would be just $10,500 a year (not accounting for changes in taxes or benefits), which is equivalent to a $5-an-hour increase in wages (assuming full-time work).

These numbers are just meant to be illustrative: certainly, costs would change over time, particularly in response to changing housing and labor market dynamics, as well as the need to account for inflation or other variations in the cost of living. However, they point to the way in which our policies fail to address the needs of ELI households. While $10,000 a year per household is not an insignificant cost, long-time homeowners benefit from similar levels of subsidy through policies like Proposition 13 and the Mortgage Interest Tax Deduction. Recent research shows that the average subsidy to a homeowner due to Proposition 13 ranges between $5,000 and $15,000 a year in many cities across the region.[44] And more than 715,000 homeowners in the Bay Area claimed the mortgage interest tax deduction in 2018, for around $3 billion (an average of $4,300 in annual tax benefits per household).[45] Rebalancing who receives public subsidies—which ultimately is a political rather than a fiscal problem—would go a long ways to reducing income inequality in the region and the structural factors that contribute to its high levels of homelessness.

Policy Implications

Addressing homelessness is going to require closing the gap between household incomes and housing costs in the Bay Area, which will require a broad set of interventions that tackle the social safety net, housing costs, and wages in tandem.

The most immediate need is to re-imagine and strengthen the social safety net, making sure that the basic needs of ELI households are met and that they do not face the risk of eviction or displacement.

Some ELI individuals, due to age, disability, or other barriers to work, will be unable to find employment or see substantial wage gains over time. And there is no excuse for the large number of low-wage workers who contribute essential services to the region but are not paid enough to afford their basic needs. These individuals need direct governmental support in order to ensure they do not get pushed out by rising housing costs.

The efficacy of federal income supports during the pandemic has shown the value of a robust social safety net. For too long, policymakers have privileged narratives of welfare dependency over the evidence that investing in the social safety net has long-term benefits, especially for children. The Biden Administration has made the expansion of the social safety net a significant part of its policy platform, including new funding and programs to support everything from family leave and child care to expanding Medicare.[46] These investments in the social safety net would have positive impacts on ELI households in the Bay Area. For example, making the federal Child Tax Credit permanent would contribute significantly to the stability and well-being of households with children. The credit provides up to $3,600 a year per child under age six and $3,000 per child ages 6 to 17, with these amounts decreasing at higher income levels.[13] In the Bay Area, 25 percent of ELI households would receive assistance under the Child Tax Credit; of those, 60 percent (around 70,000 households) would likely receive $6,000 a year or more.[47] Shoring up other critical social safety nets and benefits—such as SNAP,[48] the Earned Income Tax Credit, SSI, and health care coverage—could also play a critical role in ensuring income and housing security among ELI households. In addition, local basic/guaranteed income programs such as those being piloted by Oakland are powerful approaches to closing the income gap, and similar demonstration projects in other cities have shown positive results.

Another approach to addressing housing cost burdens is to expand rental assistance. The Biden Administration's housing plan proposes to make housing assistance an entitlement, which could largely eliminate housing cost burdens for ELI households.[49] However, developing political support for this large-scale expansion of Housing Choice Vouchers (HCV)—as well as addressing implementation challenges—is likely to be a long-term endeavor. The Bay Area could implement its own HCV demonstration project, dedicating local funds to expanded housing vouchers for ELI households. This would require significant budgetary outlays, but it would likely be cheaper than the long-term fiscal costs of homelessness, with positive spillover effects on health, employment, and child education. However, without a parallel effort to expand supply, the costs of the program are likely to grow quickly, and many households may still face difficulties securing adequate housing.

Renter protections also play an important role in stabilizing ELI households. Assembly Bill 1482 (2019), which capped annual rent increases, as well as local rent control laws, likely contribute to the ability of ELI households to stay in lower cost units. However, the rent cap doesn't cover all renters (for example, it excludes those who rent single-family homes). In addition, more research is needed to examine whether these policies are working as intended. Expanding access to legal aid will also help to ensure that renters are not unfairly evicted.

Increasing the supply of housing for households at all income levels, while prioritizing subsidies for units serving ELI households, is necessary to address the affordability crisis.

As long as the region continues to under-produce housing in relation to its population and job growth, the housing affordability crisis will continue to displace more ELI households from their housing and the region. New housing production needs to include a balance of market-rate and subsidized units. While market-rate production itself will not meet the needs of ELI households, the lack of sufficient housing—even at higher price points—contributes to the loss of lower cost units and puts a strain on the entire supply chain.

Higher market rents and constrained supply also limits the effectiveness of Housing Choice Vouchers, reducing the number of units that are accessible to voucher holders and driving up the long-term costs of providing the subsidy. The lack of adequate supply has other negative spillover effects as well. According to research by economists Chang-Tai Hsieh and Enrico Moretti, the lack of affordable housing in cities like San Francisco and San Jose costs the U.S. economy about $1.95 trillion a year in lost wages and productivity.[50] In addition, research increasingly shows that local growth controls and local discretion in the permitting process are significantly associated with rising residential segregation and inequality.[51] State efforts to boost production—through policies such as higher targets and stronger enforcement of the Regional Housing Needs Allocation process; Senate Bill 35 (2017), which streamlines approvals for new affordable housing; and Senate Bill 9 (2021), which loosens the stranglehold of single-family zoning—are an important part of the broader solution to the region's housing affordability crisis.

In addition to boosting market-rate supply, both the state and localities need to continue to expand funding dedicated to affordable housing production for ELI households and find ways to build that housing more quickly and cheaply. The expansion of Homekey—which will support the production of additional permanent supportive housing units—has the potential to leverage hotel/motel conversions for more units at a lower price point. However, it has been challenging to find funding to cover the long-term operating costs of these properties given the scarcity of federal rental assistance. California policymakers should be

strong advocates for federal expansion of subsidies for ELI households and could consider creating their own long-term operating subsidy fund. Another potential policy solution is to couple Homekey capital acquisitions with funding available for public housing. Although the Faircloth Amendment[52] capped the number of public housing units the government can build, many public housing authorities (PHAs) operate fewer deeply rent-assisted units than their Faircloth limits: in the Bay Area, there are approximately 6,000 available units under the Faircloth caps. Lack of funding for new construction has limited the ability of PHAs to increase their units, but the availability of Homekey dollars could unlock existing federal authority to provide deep rental assistance.[53] Ultimately, the region will have to find a way to provide more subsidy for ELI households to help cover the difference between affordable rents and the true costs of operating affordable housing.

Reducing the cost and complexity of building affordable housing should also be a priority. Both Los Angeles and San Francisco have been exploring the use of modular construction to reduce the cost of housing. In San Francisco, a new permanent supportive housing (PSH) project at 833 Bryant—which benefited from streamlined approvals, flexible capital, and modular construction—was built 30 percent faster and at 25 percent less cost per unit than other similar projects in the city.[54] In 2019, the City of Los Angeles's Mayor's Office, in partnership with the City's Housing and Community Investment Department and the City's Administrative Officer, set aside $120 million of Proposition HHH funding for an initiative to support innovative strategies for PSH development. Although research to assess the outcomes of these efforts is still ongoing, this initiative—as well as lessons learned from Homekey—can help to inform ongoing strategies to build affordable housing more quickly and at a lower price point.

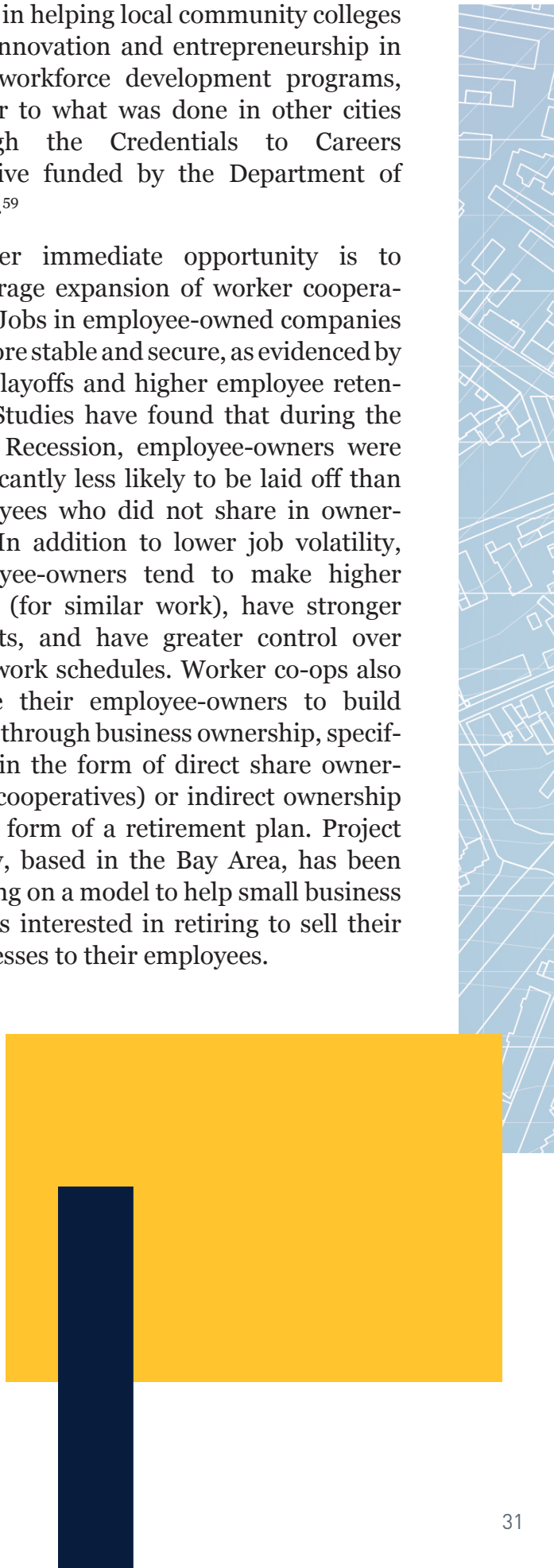
Improving outcomes in the labor market must be part of a long-term strategy to address the needs of ELI households, including efforts to boost wages and create more opportunities for economic mobility for lower wage workers.

Ultimately, solving the crisis will also require addressing inequality in the Bay Area's labor market and creating a local economy in which labor is valued and all jobs pay a living wage. The rise of the information and technology industry has brought strong economic growth to the region, and researchers estimate that one tech job creates five additional jobs.[55] However, even as this increases employment opportunities, too many of these jobs are in low-paid service work with few pathways to economic mobility. There is also a need to address the rise of subcontract work. Research conducted in 2016 by faculty at UC Santa Cruz found that subcontracted jobs grew at three times the rate of all private sector jobs in Silicon Valley since the 1990s, exacerbating the region's income inequality. Even comparing equivalent occupations, workers employed in contracting industries earn an average of 35 percent less than their counterparts who are directly employed, and contract workers are less likely to receive health or other benefits.[56] Recent efforts to boost the minimum wage to $15 are steps in the right direction, though this number still falls far short of a living wage in the Bay Area.

While structural reforms are needed, there are other untapped opportunities to help the existing ELI workforce boost their wages. Researchers at the Federal Reserve Bank of Philadelphia, for example, examined the potential for upward mobility by identifying jobs that pay higher wages but that rely on a similar set of skills as occupations that pay less well.[57] (They limit their analysis to occupations that do not require extensive experience or a bachelor's degree and focus on job shifts that would result in at least a 10 percent pay increase.) They find that nearly half (49 percent) of lower-wage jobs offer opportunities for bridging into a higher-wage occupation that relies on similar skill sets. Helping workers make these shifts could lead to average annual increase in wages of nearly $15,000.

Investing in the region's community colleges and supporting their ability to create and expand their workforce development partnerships could help to build these pathways for low-paid workers. Workforce development programs at the community college level have grown in importance since the early 1970s and have been shown to create career pathways as well as fill skill and training gaps. Partnerships between community colleges and community-based organizations, such as Goodwill Industries, can provide workers with training and wrap-around supportive services. The engagement of local employers is critical for these programs to be effective, particularly when they provide opportunities for experiential learning (such as internships), assist in student recruitment, and offer financial support. Employers can also provide professional development opportunities for faculty members at job sites and help to redesign courses in response to local labor market demands.[58] The Bay Area could invest in helping local community colleges spur innovation and entrepreneurship in their workforce development programs, similar to what was done in other cities through the Credentials to Careers initiative funded by the Department of Labor.[59]

Another immediate opportunity is to encourage expansion of worker cooperatives. Jobs in employee-owned companies are more stable and secure, as evidenced by fewer layoffs and higher employee retention. Studies have found that during the Great Recession, employee-owners were significantly less likely to be laid off than employees who did not share in ownership. In addition to lower job volatility, employee-owners tend to make higher wages (for similar work), have stronger benefits, and have greater control over their work schedules. Worker co-ops also enable their employee-owners to build assets through business ownership, specifically in the form of direct share ownership (cooperatives) or indirect ownership in the form of a retirement plan. Project Equity, based in the Bay Area, has been working on a model to help small business owners interested in retiring to sell their businesses to their employees.



Conclusion

At its core, homelessness is a problem of poverty and housing affordability. While the pathways into homelessness are complex and can be intertwined with both individual risk factors (such as mental health or substance use) and structural harms (such as interactions with the criminal justice system), homelessness in the Bay Area is a direct result of systemic flaws in the region's housing and labor markets. The combination of high housing costs, low wages, and the lack of a robust social safety net promises a steady stream of new individuals and families being forced out of their homes and into motels, cars, or tents.

Extremely low-income households in the region are at the highest risk of experiencing housing insecurity, displacement, and/or homelessness. The risk is greatest among ELI renters without some form of housing assistance. These ELI renters—who are more likely to include Black, Hispanic/Latinx, American Indian/Alaskan Native, and Asian individuals—are paying almost three-quarters of their monthly income in rent, leaving them with little cushion in the face of adverse events. The long-term economic impacts of the COVID-19 pandemic are likely to hit these households particularly hard. Without an explicit strategy that addresses both the lack of sufficient housing supply and low wages among ELI households, the inflow of people into homelessness will continue to outpace the region's ability to provide adequate shelter and services.

Ultimately, the solution to long-term homelessness in the Bay Area is to tackle the structural conditions that create housing insecurity, including building more housing targeted at ELI households, creating pathways to economic mobility, and re-imagining the social safety net so that it meets all households' basic needs. It will also require intentional efforts to reduce systemic racism, not only in the region's housing and labor markets, but also in the health care and criminal justice systems and in how social services are targeted and administered.[60] The benefits to making these structural reforms greatly outweigh the costs. Beyond the moral and racial justice imperatives for redesigning the systems that exclude or marginalize ELI households, the reality is that precariously housed ELI individuals and families are important contributors to the Bay Area's labor force, economy, and social fabric. Ensuring that they are able to stay in the region and thrive is critical for realizing a vision of shared prosperity.

Appendix Table: Alameda County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	219,179	181,795	279,041	945,612	1,625,627
Percent of People	13.5%	11.2%	17.2%	58.2%	
Under 18	24.8%	23.9%	21.6%	19.6%	21.1%
18-24 Years	11.5%	9.7%	8.6%	6.2%	7.7%
25-65 Years	43.7%	50.2%	56.7%	64.7%	58.9%
Over 65	20.0%	16.2%	13.1%	9.6%	12.3%
Non-Hispanic White	20.3%	22.1%	25.6%	37.3%	31.3%
Black	22.0%	14.6%	11.0%	6.5%	10.3%
Hispanic/Latinx	26.3%	36.6%	33.5%	15.6%	22.5%
Asian	25.1%	21.9%	24.1%	34.5%	30.0%
Other/Two or More Races	6.3%	4.8%	5.8%	6.1%	5.9%
With a Disability	19.5%	12.7%	9.2%	5.7%	8.9%
Less than a High School Degree (16 and over)	25.5%	24.0%	16.4%	7.7%	13.3%
Non-Citizen	18.4%	20.7%	16.2%	12.8%	15.1%
Does Not Speak English Well	16.1%	13.3%	9.0%	4.0%	7.5%
Employed	41.9%	62.9%	72.3%	82.0%	73.9%
Unemployed	7.6%	4.9%	3.9%	2.3%	3.4%
Not in Labor Force	50.5%	32.2%	23.8%	15.7%	22.7%
Household Characteristics					
Number of Households	219,179	181,795	279,041	945,612	1,625,627
Percent of Households	13.5%	11.2%	17.2%	58.2%	
Owned with Mortgage	12.4%	20.6%	29.7%	53.9%	38.9%
Owned Outright	15.0%	17.4%	15.6%	12.6%	14.1%
Renter	70.1%	59.8%	53.6%	32.9%	45.8%
Occupied without Rent	2.5%	2.2%	1.0%	0.6%	1.2%
Owners: Not Cost-Burdened	28.4%	44.4%	54.3%	86.9%	73.5%
Owners: Cost-Burdened	16.1%	22.1%	30.5%	11.8%	15.7%
Owners: Severely Cost-Burdened	55.5%	33.5%	15.2%	1.3%	10.8%
Renters: Not Cost-Burdened	20.8%	24.1%	51.2%	90.5%	54.4%
Renters: Cost-Burdened	16.6%	43.4%	40.5%	9.2%	22.4%
Renters: Severely Cost-Burdened	62.6%	32.5%	8.2%	0.4%	23.2%

Appendix Table: Alameda County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	23.2%	17.4%	17.4%	11.7%	15.3%
Senior Household, No Children	34.8%	28.2%	21.4%	14.1%	20.5%
Two or More Adults, No Children	15.8%	20.4%	28.1%	38.5%	30.8%
Single Parent	8.7%	5.8%	3.7%	1.4%	3.6%
Couple Household with Children	12.9%	17.8%	17.1%	25.3%	21.0%
Multiple Adults with Children	4.7%	10.4%	12.3%	9.0%	8.9%
Average Household Income	15,996	41,971	68,852	194,219	125,179

Appendix Table: Contra Costa County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	144,838	134,429	196,315	656,981	1,132,563
Percent of People	12.8%	11.9%	17.3%	58.0%	
Under 18	30.0%	25.6%	22.2%	21.2%	23.0%
18-24 Years	9.0%	10.3%	9.8%	6.8%	8.1%
25-65 Years	43.1%	46.9%	53.4%	59.5%	54.9%
Over 65	17.9%	17.1%	14.5%	12.5%	14.1%
Non-Hispanic White	29.6%	31.1%	36.7%	51.7%	43.8%
Black	15.8%	9.5%	8.1%	6.4%	8.3%
Hispanic/Latinx	37.1%	43.1%	34.5%	16.9%	25.6%
Asian	11.3%	11.3%	14.8%	19.1%	16.4%
Other/Two or More Races	6.2%	5.1%	5.9%	6.0%	5.9%
With a Disability	21.1%	15.9%	11.9%	8.4%	11.5%
Less than a High School Degree (16 and over)	26.3%	22.5%	15.5%	8.6%	13.5%
Non-Citizen	17.8%	16.9%	12.4%	7.6%	10.8%
Does Not Speak English Well	13.1%	11.6%	7.4%	2.9%	6.0%
Employed	43.9%	60.6%	70.5%	78.6%	71.5%
Unemployed	9.3%	6.2%	4.2%	2.6%	4.0%
Not in Labor Force	46.8%	33.2%	25.3%	18.8%	24.5%
Household Characteristics					
Number of Households	60,711	47,653	67,759	218,643	394,766
Percent of Households	15.4%	12.1%	17.2%	55.4%	
Owned with Mortgage	19.5%	30.0%	41.4%	62.6%	48.4%
Owned Outright	19.7%	22.5%	18.5%	15.2%	17.4%
Renter	58.2%	45.9%	39.4%	21.9%	33.4%
Occupied without Rent	2.7%	1.6%	0.7%	0.4%	0.9%
Owners: Not Cost-Burdened	25.5%	41.5%	55.0%	86.2%	71.5%
Owners: Cost-Burdened	16.0%	29.5%	28.5%	12.1%	16.7%
Owners: Severely Cost-Burdened	58.5%	29.1%	16.5%	1.7%	11.8%
Renters: Not Cost-Burdened	16.7%	22.5%	50.7%	88.8%	50.4%
Renters: Cost-Burdened	16.5%	46.2%	43.9%	11.1%	25.0%
Renters: Severely Cost-Burdened	66.8%	31.4%	5.4%	0.2%	24.6%

Appendix Table: Contra Costa County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	19.1%	11.7%	13.2%	9.5%	11.9%
Senior Household, No Children	32.6%	32.8%	25.8%	19.7%	24.3%
Two or More Adults, No Children	13.2%	19.2%	26.7%	34.5%	28.0%
Single Parent	11.1%	5.8%	3.9%	1.8%	4.1%
Couple Household with Children	18.3%	19.2%	19.2%	24.9%	22.2%
Multiple Adults with Children	5.7%	11.5%	11.2%	9.6%	9.5%
Average Household Income	17,110	42,914	69,635	199,753	130,398

Appendix Table: Marin County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	39,887	27,270	41,126	144,322	252,605
Percent of People	15.8%	10.8%	16.3%	57.1%	
Under 18	24.1%	16.5%	17.9%	21.5%	20.8%
18-24 Years	5.4%	8.6%	6.4%	5.6%	6.0%
25-65 Years	43.6%	49.6%	50.9%	56.8%	52.9%
Over 65	27.0%	25.4%	24.9%	16.2%	20.3%
Non-Hispanic White	51.0%	57.5%	73.5%	80.2%	72.0%
Black	5.6%	1.3%	2.0%	0.9%	1.9%
Hispanic/Latinx	34.7%	30.0%	14.2%	8.1%	15.7%
Asian	3.8%	6.2%	6.8%	5.8%	5.7%
Other/Two or More Races	4.8%	5.0%	3.4%	5.0%	4.7%
With a Disability	17.0%	12.2%	9.7%	5.6%	8.8%
Less than a High School Degree (16 and over)	20.8%	15.4%	8.1%	5.3%	9.2%
Non-Citizen	18.4%	18.4%	9.0%	4.8%	9.1%
Does Not Speak English Well	10.6%	8.6%	2.9%	0.9%	3.6%
Employed	53.3%	74.4%	77.6%	78.4%	74.6%
Unemployed	7.7%	1.7%	2.4%	2.7%	3.2%
Not in Labor Force	39.0%	23.9%	20.0%	18.9%	22.3%
Household Characteristics					
Number of Households	20,204	12,475	17,963	54,789	105,431
Percent of Households	19.2%	11.8%	17.0%	52.0%	
Owned with Mortgage	18.6%	26.3%	39.2%	60.0%	44.5%
Owned Outright	22.1%	21.1%	22.9%	16.0%	19.0%
Renter	55.8%	51.9%	36.0%	23.6%	35.2%
Occupied without Rent	3.5%	0.7%	1.8%	0.4%	1.3%
Owners: Not Cost-Burdened	23.5%	39.8%	55.1%	84.8%	68.3%
Owners: Cost-Burdened	16.7%	25.7%	29.3%	13.2%	17.4%
Owners: Severely Cost-Burdened	59.8%	34.5%	15.6%	2.0%	14.3%
Renters: Not Cost-Burdened	23.9%	19.6%	57.6%	93.8%	53.0%
Renters: Cost-Burdened	15.5%	55.5%	38.4%	6.2%	23.2%
Renters: Severely Cost-Burdened	60.6%	24.9%	4.0%	0.0%	23.8%

Appendix Table: Marin County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	23.9%	19.6%	15.5%	9.8%	14.6%
Senior Household, No Children	44.7%	40.1%	40.6%	26.1%	33.8%
Two or More Adults, No Children	9.9%	18.3%	22.2%	30.2%	23.6%
Single Parent	4.2%	3.8%	3.8%	2.5%	3.2%
Couple Household with Children	12.4%	8.8%	13.9%	27.0%	19.8%
Multiple Adults with Children	5.0%	9.5%	4.1%	4.3%	5.0%
Average Household Income	21,029	51,584	85,883	264,948	162,451

Appendix Table: Napa County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	10,207	15,801	24,295	85,542	135,845
Percent of People	7.5%	11.6%	17.9%	62.9%	
Under 18	26.1%	30.3%	23.6%	18.6%	21.4%
18-24 Years	5.8%	6.1%	12.0%	7.7%	8.1%
25-65 Years	40.8%	43.8%	48.5%	58.0%	53.4%
Over 65	27.3%	19.8%	15.8%	15.7%	17.1%
Non-Hispanic White	45.1%	37.5%	39.1%	60.3%	52.7%
Black	3.4%	0.5%	1.2%	1.8%	1.6%
Hispanic/Latinx	46.3%	54.7%	51.2%	24.5%	34.4%
Asian	3.0%	4.1%	4.5%	10.2%	7.9%
Other/Two or More Races	2.3%	3.2%	4.1%	3.2%	3.3%
With a Disability	27.5%	16.7%	12.3%	9.1%	11.9%
Less than a High School Degree (16 and over)	23.1%	25.6%	24.6%	11.0%	15.7%
Non-Citizen	21.3%	17.0%	16.0%	7.5%	11.2%
Does Not Speak English Well	14.9%	13.1%	11.1%	5.2%	7.9%
Employed	41.0%	60.3%	75.6%	81.1%	75.8%
Unemployed	5.0%	5.8%	3.0%	3.3%	3.6%
Not in Labor Force	54.1%	33.9%	21.4%	15.7%	20.6%
Household Characteristics					
Number of Households	5,632	5,910	8,283	28,880	48,705
Percent of Households	11.6%	12.1%	17.0%	59.3%	
Owned with Mortgage	15.2%	17.3%	27.9%	56.2%	41.9%
Owned Outright	23.2%	30.8%	28.4%	19.4%	22.8%
Renter	56.6%	50.9%	41.5%	23.4%	33.7%
Occupied without Rent	5.1%	1.0%	2.2%	1.0%	1.7%
Owners: Not Cost-Burdened	19.8%	44.1%	58.4%	84.7%	72.7%
Owners: Cost-Burdened	14.7%	27.9%	23.4%	12.9%	16.0%
Owners: Severely Cost-Burdened	65.5%	28.0%	18.2%	2.4%	11.4%
Renters: Not Cost-Burdened	23.4%	19.0%	39.6%	83.9%	50.8%
Renters: Cost-Burdened	17.5%	39.5%	47.2%	14.9%	26.6%
Renters: Severely Cost-Burdened	59.1%	41.6%	13.2%	1.1%	22.6%

Appendix Table: Napa County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	23.0%	10.9%	13.9%	9.6%	12.0%
Senior Household, No Children	46.2%	36.9%	31.0%	26.3%	30.7%
Two or More Adults, No Children	7.1%	13.8%	17.8%	33.9%	25.6%
Single Parent	7.9%	8.2%	3.6%	1.7%	3.6%
Couple Household with Children	11.3%	20.6%	20.0%	18.4%	18.1%
Multiple Adults with Children	4.6%	9.6%	13.6%	10.1%	10.0%
Average Household Income	13,513	34,653	55,023	171,100	116,580

Appendix Table: San Francisco County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	149,376	105,349	136,563	463,090	854,378
Percent of People	17.5%	12.3%	15.9%	54.2%	
Under 18	15.1%	15.7%	13.5%	12.8%	13.7%
18-24 Years	7.8%	8.7%	7.0%	5.0%	6.3%
25-65 Years	48.2%	58.2%	63.7%	73.8%	65.8%
Over 65	28.9%	17.4%	15.9%	8.4%	14.3%
Non-Hispanic White	24.6%	22.5%	31.4%	52.5%	40.6%
Black	10.7%	6.5%	4.5%	2.5%	4.7%
Hispanic/Latinx	21.1%	23.5%	18.0%	10.4%	15.1%
Asian	39.9%	43.5%	41.0%	28.8%	34.5%
Other/Two or More Races	3.8%	4.0%	5.1%	5.8%	5.1%
With a Disability	25.5%	11.9%	9.6%	4.9%	10.1%
Less than a High School Degree (16 and over)	28.3%	21.3%	14.4%	5.1%	12.6%
Non-Citizen	17.1%	16.4%	13.7%	10.2%	12.7%
Does Not Speak English Well	24.1%	19.4%	13.2%	3.9%	10.8%
Employed	48.1%	71.8%	79.1%	88.8%	79.7%
Unemployed	6.8%	4.4%	3.4%	2.0%	3.2%
Not in Labor Force	45.2%	23.8%	17.5%	9.2%	17.2%
Household Characteristics					
Number of Households	82,096	41,626	55,981	182,650	362,353
Percent of Households	22.7%	11.5%	15.5%	50.4%	
Owned with Mortgage	8.7%	19.0%	22.9%	33.5%	24.6%
Owned Outright	12.3%	16.7%	16.9%	10.4%	12.6%
Renter	76.1%	62.7%	58.8%	55.3%	61.4%
Occupied without Rent	2.9%	1.6%	1.4%	0.8%	1.5%
Owners: Not Cost-Burdened	36.2%	46.8%	62.4%	87.2%	72.1%
Owners: Cost-Burdened	13.9%	21.3%	25.0%	10.6%	14.6%
Owners: Severely Cost-Burdened	49.9%	31.9%	12.7%	2.2%	13.3%
Renters: Not Cost-Burdened	30.8%	44.1%	67.1%	95.8%	67.0%
Renters: Cost-Burdened	22.5%	35.4%	28.5%	4.2%	16.7%
Renters: Severely Cost-Burdened	46.7%	20.5%	4.5%	0.0%	16.4%

Appendix Table: San Francisco County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	30.4%	25.1%	27.5%	21.3%	24.8%
Senior Household, No Children	41.3%	26.5%	21.8%	11.4%	21.5%
Two or More Adults, No Children	14.6%	25.9%	31.5%	48.3%	35.5%
Single Parent	4.9%	1.9%	1.9%	0.9%	2.1%
Couple Household with Children	5.8%	10.5%	9.9%	14.5%	11.3%
Multiple Adults with Children	2.9%	10.2%	7.5%	3.7%	4.8%
Average Household Income	18,082	53,804	86,755	257,765	153,611

Appendix Table: San Mateo County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	102,099	93,089	147,992	413,719	756,899
Percent of People	13.5%	12.3%	19.6%	54.7%	
Under 18	24.9%	20.6%	18.5%	21.0%	21.0%
18-24 Years	9.3%	9.9%	8.3%	5.8%	7.3%
25-65 Years	43.2%	51.6%	56.8%	62.3%	57.3%
Over 65	22.5%	17.9%	16.4%	10.9%	14.4%
Non-Hispanic White	28.6%	27.6%	31.4%	47.0%	39.1%
Black	3.3%	3.0%	2.4%	1.5%	2.1%
Hispanic/Latinx	45.4%	43.2%	29.8%	13.1%	24.4%
Asian	17.7%	21.2%	30.1%	32.3%	28.5%
Other/Two or More Races	5.1%	5.0%	6.3%	6.2%	5.9%
With a Disability	15.2%	10.2%	8.0%	5.1%	7.6%
Less than a High School Degree (16 and over)	25.7%	20.2%	14.4%	6.5%	12.3%
Non-Citizen	22.2%	23.3%	15.9%	10.8%	14.9%
Does Not Speak English Well	14.9%	12.7%	7.9%	3.0%	6.8%
Employed	53.9%	72.4%	77.5%	83.3%	77.6%
Unemployed	6.4%	4.1%	2.8%	2.0%	2.9%
Not in Labor Force	39.7%	23.5%	19.7%	14.7%	19.5%
Household Characteristics					
Number of Households	44,167	33,386	49,720	136,269	263,542
Percent of Households	16.8%	12.7%	18.9%	51.7%	
Owned with Mortgage	17.6%	26.0%	36.7%	55.8%	42.0%
Owned Outright	22.3%	22.4%	18.4%	14.5%	17.5%
Renter	57.2%	50.3%	44.0%	29.0%	39.2%
Occupied without Rent	2.9%	1.3%	0.9%	0.7%	1.2%
Owners: Not Cost-Burdened	31.8%	46.3%	57.2%	87.2%	71.5%
Owners: Cost-Burdened	14.5%	24.1%	30.3%	11.1%	16.2%
Owners: Severely Cost-Burdened	53.7%	29.6%	12.5%	1.7%	12.3%
Renters: Not Cost-Burdened	16.0%	23.0%	55.4%	93.9%	55.0%
Renters: Cost-Burdened	14.1%	42.5%	38.9%	6.1%	20.9%
Renters: Severely Cost-Burdened	69.9%	34.5%	5.8%	0.0%	24.2%

Appendix Table: San Mateo County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	17.7%	15.3%	13.4%	9.3%	12.3%
Senior Household, No Children	39.0%	31.3%	26.6%	16.8%	24.2%
Two or More Adults, No Children	15.7%	24.4%	30.1%	38.1%	31.1%
Single Parent	7.4%	2.5%	2.7%	1.5%	2.9%
Couple Household with Children	14.5%	15.8%	14.8%	27.2%	21.3%
Multiple Adults with Children	5.7%	10.7%	12.4%	7.1%	8.3%
Average Household Income	21,827	55,387	90,931	264,949	164,826

Appendix Table: Santa Clara County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	244,097	225,610	234,169	1,187,077	1,890,953
Percent of People	12.9%	11.9%	12.4%	62.8%	
Under 18	24.7%	25.2%	22.0%	21.8%	22.6%
18-24 Years	10.8%	9.6%	9.7%	6.3%	7.7%
25-65 Years	42.9%	49.0%	54.4%	62.8%	57.5%
Over 65	21.7%	16.2%	13.9%	9.1%	12.1%
Non-Hispanic White	21.9%	21.9%	24.7%	36.5%	31.4%
Black	3.2%	3.7%	2.6%	1.8%	2.3%
Hispanic/Latinx	39.6%	46.0%	37.1%	16.4%	25.5%
Asian	31.8%	25.7%	31.1%	40.6%	36.5%
Other/Two or More Races	3.5%	2.7%	4.5%	4.8%	4.3%
With a Disability	17.6%	11.3%	8.3%	5.1%	7.8%
Less than a High School Degree (16 and over)	26.3%	25.1%	18.3%	8.4%	13.8%
Non-Citizen	20.1%	21.2%	18.2%	17.8%	18.5%
Does Not Speak English Well	19.2%	14.4%	11.6%	4.6%	8.5%
Employed	48.5%	66.7%	72.9%	80.1%	74.4%
Unemployed	7.6%	4.2%	3.9%	2.4%	3.4%
Not in Labor Force	44.0%	29.1%	23.2%	17.5%	22.3%
Household Characteristics					
Number of Households	102,523	75,124	74,659	387,910	640,216
Percent of Households	16.0%	11.7%	11.7%	60.6%	
Owned with Mortgage	13.9%	23.3%	31.5%	50.4%	39.2%
Owned Outright	20.5%	22.0%	19.5%	14.3%	16.8%
Renter	63.3%	52.9%	47.9%	34.7%	43.0%
Occupied without Rent	2.3%	1.7%	1.1%	0.5%	1.0%
Owners: Not Cost-Burdened	30.0%	48.6%	57.5%	85.9%	73.8%
Owners: Cost-Burdened	15.7%	21.4%	27.9%	12.4%	15.2%
Owners: Severely Cost-Burdened	54.3%	30.1%	14.7%	1.7%	11.0%
Renters: Not Cost-Burdened	17.3%	25.5%	48.4%	88.5%	57.1%
Renters: Cost-Burdened	19.2%	42.4%	43.4%	11.3%	21.9%
Renters: Severely Cost-Burdened	63.5%	32.1%	8.2%	0.2%	21.0%

Appendix Table: Santa Clara County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	19.0%	13.0%	12.1%	10.9%	12.6%
Senior Household, No Children	37.5%	28.3%	23.5%	13.1%	20.0%
Two or More Adults, No Children	16.2%	21.3%	27.7%	37.4%	31.0%
Single Parent	6.2%	4.2%	3.0%	1.6%	2.8%
Couple Household with Children	15.0%	19.6%	19.1%	27.4%	23.5%
Multiple Adults with Children	6.1%	13.6%	14.6%	9.7%	10.1%
Average Household Income	19,748	51,539	78,828	230,377	157,989

Appendix Table: Solano County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	39,645	40,154	69,031	282,301	431,131
Percent of People	9.2%	9.3%	16.0%	65.5%	
Under 18	33.9%	28.1%	25.9%	19.8%	22.9%
18-24 Years	8.8%	8.2%	9.7%	8.7%	8.8%
25-65 Years	41.3%	45.6%	49.3%	58.6%	54.3%
Over 65	15.9%	18.1%	15.2%	12.9%	14.0%
Non-Hispanic White	27.7%	30.8%	32.7%	42.1%	38.2%
Black	26.5%	11.8%	13.1%	11.2%	12.9%
Hispanic/Latinx	29.6%	39.5%	32.9%	22.7%	26.5%
Asian	9.6%	12.5%	13.0%	16.8%	15.1%
Other/Two or More Races	6.6%	5.4%	8.4%	7.2%	7.2%
With a Disability	19.2%	16.3%	13.7%	10.5%	12.4%
Less than a High School Degree (16 and over)	24.7%	27.5%	17.1%	9.8%	13.7%
Non-Citizen	9.9%	15.4%	10.6%	6.7%	8.5%
Does Not Speak English Well	8.1%	10.9%	6.5%	3.1%	4.8%
Employed	35.1%	58.5%	63.1%	77.2%	70.4%
Unemployed	12.0%	7.8%	6.4%	3.5%	4.9%
Not in Labor Force	52.9%	33.7%	30.5%	19.4%	24.7%
Household Characteristics					
Number of Households	16,400	15,688	24,265	93,512	149,865
Percent of Households	10.9%	10.5%	16.2%	62.4%	
Owned with Mortgage	15.4%	21.5%	33.8%	57.5%	45.3%
Owned Outright	20.4%	20.8%	17.6%	13.5%	15.7%
Renter	60.8%	55.9%	47.1%	28.4%	37.9%
Occupied without Rent	3.4%	1.8%	1.5%	0.7%	1.2%
Owners: Not Cost-Burdened	28.8%	43.7%	45.8%	85.2%	73.2%
Owners: Cost-Burdened	13.2%	19.9%	31.7%	13.8%	16.7%
Owners: Severely Cost-Burdened	58.0%	36.4%	22.6%	1.0%	10.2%
Renters: Not Cost-Burdened	19.1%	13.2%	33.8%	82.2%	50.4%
Renters: Cost-Burdened	11.1%	36.6%	49.6%	16.9%	25.5%
Renters: Severely Cost-Burdened	69.8%	50.2%	16.6%	0.9%	24.1%

Appendix Table: Solano County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	22.7%	16.4%	12.1%	10.6%	12.8%
Senior Household, No Children	32.2%	31.5%	26.3%	20.0%	23.5%
Two or More Adults, No Children	11.7%	16.6%	23.0%	35.6%	28.9%
Single Parent	16.3%	6.2%	5.6%	2.5%	4.9%
Couple Household with Children	12.7%	22.7%	21.7%	19.3%	19.3%
Multiple Adults with Children	4.2%	6.7%	11.4%	12.0%	10.5%
Average Household Income	11,651	29,385	48,382	134,197	95,920

Appendix Table: Sonoma County

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Individual Characteristics					
Number of People	51,642	61,005	101,914	276,729	491,290
Percent of People	10.5%	12.4%	20.7%	56.3%	
Under 18	23.6%	25.5%	21.2%	17.9%	20.1%
18-24 Years	9.6%	5.9%	9.4%	7.5%	7.9%
25-65 Years	41.6%	47.4%	52.9%	58.9%	54.4%
Over 65	25.1%	21.2%	16.6%	15.8%	17.6%
Non-Hispanic White	54.2%	50.2%	54.1%	71.3%	63.3%
Black	2.1%	0.6%	1.8%	1.3%	1.4%
Hispanic/Latinx	34.9%	40.9%	35.9%	18.7%	26.8%
Asian	3.4%	3.8%	3.9%	4.3%	4.0%
Other/Two or More Races	5.4%	4.5%	4.4%	4.4%	4.5%
With a Disability	21.4%	17.3%	10.9%	8.2%	11.3%
Less than a High School Degree (16 and over)	22.4%	22.1%	18.5%	8.3%	13.4%
Non-Citizen	13.9%	17.2%	14.6%	5.7%	9.9%
Does Not Speak English Well	8.7%	9.9%	7.3%	2.7%	5.2%
Employed	43.6%	63.1%	74.5%	80.9%	74.4%
Unemployed	7.7%	4.3%	3.7%	2.5%	3.4%
Not in Labor Force	48.7%	32.6%	21.8%	16.6%	22.2%
Household Characteristics					
Number of Households	26,753	24,793	38,441	99,387	189,374
Percent of Households	14.1%	13.1%	20.3%	52.5%	
Owned with Mortgage	15.2%	21.6%	32.7%	55.7%	40.8%
Owned Outright	24.9%	24.8%	19.5%	18.3%	20.3%
Renter	55.6%	50.2%	46.4%	25.0%	37.0%
Occupied without Rent	4.3%	3.4%	1.5%	1.0%	1.9%
Owners: Not Cost-Burdened	27.2%	46.9%	53.8%	85.9%	71.0%
Owners: Cost-Burdened	16.8%	20.8%	29.5%	12.2%	16.5%
Owners: Severely Cost-Burdened	56.0%	32.2%	16.7%	1.9%	12.5%
Renters: Not Cost-Burdened	20.9%	21.6%	45.7%	87.0%	50.5%
Renters: Cost-Burdened	12.7%	46.0%	45.0%	12.6%	26.7%
Renters: Severely Cost-Burdened	66.4%	32.4%	9.3%	0.5%	22.8%

Appendix Table: Sonoma County (Continued)

	Extremely Low Income (<30% of AMI)	Very Low Income (30 – 50% of AMI)	Low Income (50 – 80% of AMI)	Moderate Income and Above (>80% of AMI)	Total
Household Characteristics (Continued)					
Single Person Under 65	24.2%	15.2%	16.4%	8.7%	13.3%
Senior Household, No Children	42.7%	37.5%	29.4%	26.1%	30.6%
Two or More Adults, No Children	12.2%	15.3%	24.5%	36.6%	27.9%
Single Parent	6.6%	4.8%	3.2%	2.0%	3.3%
Couple Household with Children	11.5%	20.5%	17.5%	19.4%	18.1%
Multiple Adults with Children	2.8%	6.8%	9.1%	7.2%	6.9%
Average Household Income	14,741	36,371	59,567	161,219	103,546

Appendix Table A2: Model Assessing Likelihood of Being Extremely Low-Income in the Bay Area

	Odds Ratio	Estimate	Standard Error	p-value
Race/Ethnicity (Reference: Non-Hispanic White)				
Non-Hispanic Black	1.9	0.615	0.004	<.0001
Non-Hispanic	1.3	0.278	0.021	<.0001
Non-Hispanic Asian	1.0	0.046	0.003	<.0001
Hispanic	1.0	0.023	0.000	<.0001
Age				
Age (numeric)	1.0	0.018	0.000	<.0001
Over 65 (dummy)	0.9	-0.149	0.005	<.0001
Select Characteristics				
Has a Disability (Reference: No Disability)	1.6	0.453	0.004	<.0001
Employed (Reference: Unemployed or Out of Labor Force)	0.3	-1.340	0.003	<.0001
Single Parent (Reference: Couple or Household without Children)	3.9	1.369	0.005	<.0001
Less than High School Degree (Reference: High School Degree or More)	1.4	0.339	0.003	<.0001
Renter (Reference: Owner)	4.8	1.578	0.003	<.0001
Intercept		-3.305	0.004	<.0001

Note: Model includes county level fixed effects.

Source: 2019 5-year American Community Survey; includes Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano, Sonoma, and Napa counties.

ENDNOTES

1. The HUD Point-in-Time count relies one night of observations to count the number of people who are unsheltered in different jurisdictions. In addition to the difficulty of accurately capturing those who are visibly unhoused, the count often misses individuals and families living in cars, in less visible temporary shelters, or those who are "couch-surfing." Several jurisdictions did not undertake PIT counts in 2020 due to the COVID pandemic.

2. California's Homeless Data Integration System (HDIS) is a statewide data warehouse that combines and processes data from the 44 local homelessness response systems (Continuums of Care) in California. The data are available online at https://www.bcsh.ca.gov/hcfc/hdis/people_served.html.

3. According to a 2019 Bay Area Council poll, Bay Area residents rank homelessness behind only housing affordability and traffic congestion as the region's biggest challenges, and the number of residents who believe homelessness is the region's top problem has nearly tripled since 2015. See http://www.bayareaeconomy.org/report/bay-area-homelessness/.

4. Data retrieved from https://data.ca.gov/dataset/covid-19-homeless-impact. Reflects average number of occupied units by county from April 2020 to July 2021.

5. Trisha Thadani, "Mayor Breed Wants to Add More than $1 Billion to Fighting Homelessness in San Francisco over next Two Years," San Francisco Chronicle, June 2, 2021, https://www.sfchronicle.com/politics/article/Mayor-Breed-wants-to-spend-1-billion-on-16217231.php; Bay City News, "Oakland Mayor's Budget Provides $41M for Homelessness, $600M for Police," NBC Bay Area (blog), accessed July 27, 2021, https://www.nbcbayarea.com/news/local/east-bay/oakland-mayors-budget-provides-41m-for-homelessness-600m-for-police/2539646/.

6. Till Von Wachter et al., "Predicting and Preventing Homelessness in Los Angeles" (Los Angeles: California Policy Lab, September 2019).

7. The ACS 2019 1-year sample estimates that approximately 400,000 households in the Bay Area are extremely low-income, comprising about 813,000 individuals.

8. Job growth and unemployment calculated from California Economic Development Department Local Area Unemployment Statistics, annual averages, for the 9 Bay Area counties. Data available online at https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Local-Area-Unemployment-Statistics-LAUS-Annual-Ave/7jbb-3rb8.

9. See SSI factsheet for California, available here: https://bhsd.sccgov.org/sites/g/files/exjcpb711/files/mhap-basic-ssi-info-sheet-02-2019.pdf.

10. Margot B. Kushel, "Homelessness among Older Adults: An Emerging Crisis," Generations Journal, American Society on Aging, Summer 2020, accessed online at http://generations.asaging.org/homelessness-older-adults-poverty-health.

11. Tim Jelleyman and Nicholas J. Spencer. 2008. "Residential Mobility in Childhood and Health Outcomes: A Systematic Review." Journal of Epidemiology and Community

Health 62 (7): 584–592. Dana Haynie and Scott South. 2005. "Residential Mobility and Adolescent Violence." Social Forces 84:361–74. Amy Clair. 2019. Housing: An Under-Explored Influence on Children's Well-Being and Becoming. Child Ind Res 12, 609–626.

12. Amanda Barroso and Rakesh Kochhar, "In the Pandemic, the Share of Unpartnered Moms at Work Fell More Sharply than among Other Parents," Pew Research Center (blog), November 24, 2020, accessed online at https://www.pewresearch.org/fact-tank/2020/11/24/in-the-pandemic-the-share-of-unpartnered-moms-at-work-fell-more-sharply-than-among-other-parents/.

13. Yolanda C. Padilla, Jennifer L. Scott, and Olivia Lopez, "Economic Insecurity and Access to the Social Safety Net among Latino Farmworker Families," Social Work 59, no. 2 (2014): 157–65.

14. Trisha Thadani, "Mayor Breed Wants to Add More than $1 Billion to Fighting Homelessness in San Francisco over next Two Years," San Francisco Chronicle, June 2, 2021, https://www.sfchronicle.com/politics/article/Mayor-Breed-wants-to-spend-1-billion-on-16217231.php; Bay City News, "Oakland Mayor's Budget Provides $41M for Homelessness, $600M for Police," NBC Bay Area (blog), accessed July 27, 2021, https://www.nbcbayarea.com/news/local/east-bay/oakland-mayors-budget-provides-41m-for-homelessness-600m-for-police/2539646/.For those with a mortgage, average house values are slightly higher at $820,000.

15. One third of the nation's mobile homes are located in land-lease mobile home parks where residents own their home but rent their lot; nationally, an estimated 80 percent of mobile home park residents own their homes, but only 14 percent own the land beneath them. Esther Sullivan, "Displaced in Place: Manufactured Housing, Mass Eviction, and the Paradox of State Intervention," American Sociological Review 82, no. 2 (April 1, 2017): 243–69, https://doi.org/10.1177/0003122416688667.

16. Although we can't see change over time in the ACS data, other research on life course and homeownership has shown that changes in household composition, income shocks, and differences in wealth help to explain significant variation in the risk of default. William Clark and Frans M. Dieleman, Households and Housing: Choice and Outcomes in the Housing Market (Transaction Publishers, 1996); William Clark, M. C. Deurloo, and Frans M. Dieleman, "Tenure Changes in the Context of Micro-Level Family and Macro-Level Economic Shifts," Urban Studies 31, no. 1 (February 1, 1994): 137–54, https://doi.org/10.1080/00420989420080081.

17. Danya E. Keene, Julia F. Lynch, and Amy Castro Baker, "Fragile Health and Fragile Wealth: Mortgage Strain among African American Homeowners," Social Science & Medicine 118 (October 2014): 119–26, https://doi.org/10.1016/j.socscimed.2014.07.063.

18. Amy Castro Baker, Stacia West, and Anna Wood, "Asset Depletion, Chronic Financial Stress, and Mortgage Trouble Among Older Female Homeowners," The Gerontologist 59, no. 2 (March 14, 2019): 230–41, https://doi.org/10.1093/geront/gnx137.

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22. Data on the number of rent-controlled units in the Bay Area are not available. To estimate whether or not a unit is covered by rent control, we align local rent control ordinances in place as of 2019 with the ACS data on building size and age to estimate which units fall inside or outside the local ordinance. Housing assistance and living in a rent controlled unit are not necessarily mutually exclusive; approximately 37 percent of households with a voucher live in unit covered by rent control.

23. Assembly Bill 1482, effective as of January 1, 2020, limits annual rent increases at 5 percent, plus inflation in the consumer price index, which cannot exceed 10 percent. AB 1482 also prevents evictions without just cause for tenants that have lived in the unit for at least one year. AB 1482 does not apply to buildings constructed within the past fifteen years or single-family residences, owner-occupied duplexes, and condominiums, except when owned by corporations or LLC in which at least one member is a corporation.

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The Terner Center formulates bold strategies to house families from all walks of life in vibrant, sustainable, and affordable homes and communities. Our focus is on generating constructive, practical strategies for public policy makers and innovative tools for private sector partners to achieve better results for families and communities.

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