

LOS ANGELES PROMISE ZONE

Housing Affordability vs. Housing Cost		
Monthly Rent	Percentage of Households Needing Housing at this Rate	Percentage of Households Paying Rent at this Rate (Contract Rent)
1) \$0-\$249	10.51%	3.83%
2) \$250-\$499	22.23%	5.73%
3) \$500-\$749	15.43%	19.27%
4) \$750-\$999	14.22%	30.54%
5) \$1,000-\$1,249	10.30%	21.03%
6) \$1250-\$1499	7.16%	9.48%
7) \$1500-\$2000+	20.15%	8.84%

Source: U.S. Census. American Community Survey. 2014.

Figure 1

Housing Affordability Based on Household Income		
Household Income	Percentage of Households	Housing Affordability (Monthly Rent)
Less than \$10,000	10.51%	\$0-\$249.98
\$10,000 to \$14,999	12.08%	\$250-\$374.98
\$15,000 to \$19,999	10.16%	\$375-\$499.98
\$20,000 to \$24,999	7.81%	\$500-\$624.98
\$25,000 to \$29,999	7.62%	\$625-\$749.98
\$30,000 to \$34,999	8.21%	\$750-\$874.98
\$35,000 to \$39,999	6.00%	\$875-\$999.98
\$40,000 to \$49,999	10.30%	\$1,000-\$1,249.98
\$50,000 to \$59,999	7.16%	\$1250-\$1,499.98
\$60,000 to \$74,999	7.99%	\$1,500-\$1,874.98
\$75,000 to \$99,999	6.04%	\$1,875-\$2,499.98
\$100,000 to \$124,999	2.83%	\$2,500-\$3,124.98
\$125,000 to \$149,999	1.24%	\$3,125-\$3,749.98
\$150,000 to \$199,999	1.26%	\$3,750-\$4,999.98
\$200,000 or more	0.79%	\$5,000+

Source: American Community Survey 2014

Figure 2

Housing affordability guidelines specify that households must spend 30 percent of their income or less in housing. However, many households in the Los Angeles Promise Zone pay well above 30 percent of their income. Figure 1 illustrates the contrast between housing affordability and actual housing costs. The need for more affordable housing is evident particularly in the lowest income groups. While 10.5 percent of residents can only afford \$249 or less of monthly rent, less than 4 percent of households pay this amount. The remainder 6.5 percent has found housing in higher rent categories. According to the data, only 5.7 percent of households pay a monthly rent of \$250 to \$499. Yet, there are 22 percent of households that should be paying this amount of rent plus a remainder 6.5 percent of households that did not find housing in the previous category. This means that many households in the first two income categories have found housing in higher rent categories. As a result, many households might be paying 60 or even 90 percent of their income in housing. The third rent category has 19 percent of households paying between \$500 and \$749 percent of rent every month with only 15 percent of households needing to pay rent in this rent bracket. Nevertheless, competition for rent in this bracket from lower income groups looking for housing at this rate means that many households in this third category might also have to find housing in higher rent categories. In the end, a significant number of households in the lower income categories are paying far above 30 percent of their income. It is important to note that these affordability guidelines are based on income, not need or size of the specific households. Some households might find ‘affordable’ yet substandard housing or might find housing that does not meet the needs of their larger households.