



# Housing Affordability in the Los Angeles Promise Zone

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In America today, there are just three rental homes affordable and available for every ten extremely low-income households. People may know about it, research it, write about it, and talk about it, but rarely is any serious action taken to actually alleviate the problem.

*This paper provides a general overview of the housing affordability crisis in the Los Angeles area, with a focus on the collateral damage of high housing costs on the health and well-being of children and families in the Los Angeles Promise Zone (LAPZ). The family distress caused by the housing affordability crisis can no longer be easily addressed by referring a family experiencing housing instability to a city agency or legal aid organization, for example, or by offering advice and support but little practical direct assistance. Nor can we “build” ourselves out of this dilemma in the foreseeable future. And while there are many potential strategies that could help, such as short-term rent subsidy programs, the Section 8 Housing Choice Voucher program, and project-based Section 8 housing...until that happens, we must do more.*

*A second paper, **Housing Distress in the LA Promise Zone**, will outline a series of recommendations and “collective impact” strategies to promote and facilitate early intervention and appropriate and timely responses to indicators of housing distress among families with children in the LAPZ. Given that Los Angeles is considered to have the most unaffordable rental market in the United States, strategies will include innovative approaches to the current housing crisis. Hopefully these efforts will help catalyze systemic change in policy and practice on a national scale in addressing the housing conditions of low-income families and their children.*

## Overview of the Los Angeles Promise Zone

The Los Angeles Promise Zone is located within 57 adjacent census tracts in central Los Angeles. Composed of a majority Latino population (59 percent), followed by Asians (18 percent), Whites (17 percent), and African Americans (4 Percent) (City of Los Angeles, U.S. Census American Community Survey 2008-2012), the LAPZ includes five diverse yet distinct neighborhoods, which include Hollywood, East Hollywood, Wilshire-Center, Pico-Union and Westlake.

Nearly one-quarter of L.A. Promise Zone households earn less than \$15,000 each year, and educational attainment for adults is weak, with 35% of the population 25 years of age and older having obtained less than a high school diploma. The Promise Zone has alarming high school dropout rates, high

unemployment, and a shortage of affordable housing. Families unable to pay the high rent on adequate space are often forced to live in overcrowded conditions and substandard housing, and experience high rates of residential mobility and homelessness. Based on the most recent census, for example, *a total of 3,173 renters are living in shared housing conditions, in which two separate households live in the same rental unit*. Due to this and other factors, the Los Angeles Promise Zone has a much higher population density than the rest of Los Angeles (33,585 vs. 8,117 persons per square mile) (U.S. Census Data - 2014 Community American Survey).

The Promise Zone prioritizes four related goals: advancing economic opportunity, improving education, making neighborhoods safe, and building sustainable, livable places. Within this context exist the following housing-related challenges: Indicators of housing distress at mainstream and community-based organizations often go undetected until the crisis escalates, direct services staff often lack the training and necessary resources to successfully address housing-related problems, and housing instability may have greater detrimental impact on services delivery for non-housing related needs than generally perceived. The proposed **HOME ZONE Pilot Project** will be developed and implemented by Partnering for Change with cross-sector collaborative partners – with support and oversight of Promise Zone HUD liaisons. The demonstration project will support LAPZ goals by promoting and facilitating housing security among families with children living in the LAPZ or served by programs and services based there.

## Why Family Housing Stability is Vital to Successful Outcomes in the LAPZ

Due to more robust research designs in the past decade, we know that the physical quality of housing, residential instability, housing type (e.g., homeownership versus renting) and unaffordability of housing impact the well-being of families and children's development, physical health, and mental and behavioral health, and many of these effects impact their ability to perform in school (Coley, Leventhal, Lynch, Doyle, & Kull, 2013; Fowler, Henry, & Marcal, 2015; Fowler, Henry, Schoeny, Taylor, & Chavira 2014; Park, Metraux, Culhane, & Mendall, 2012). A growing body of research suggests that stable, affordable housing may increase children's opportunities for educational success by supporting family financial stability, reducing mobility, providing safe, nurturing living environments, and providing a platform for community development. Multiple housing factors, such as quality of housing, residential mobility, and the surrounding neighborhood, directly impact children's physical health, social and emotional well-being, and cognitive development (Vandivere, Hair, Theokas, Cleveland, McNamara, & Atienza, 2006). In some cases the effect of housing may be direct, as in the environmental hazards of substandard housing on children's health and development. In other cases the effects may be indirect, such as in the effect of poor housing on mothers' psychological well-being, which in turn impacts children's mental and behavioral health (Brennan, Reed, & Sturtevant, 2014).

Studies report that residential instability is associated with lower school readiness and early behavioral and emotional problems for younger children (Samuels, Shinn, & Butler, 2010). Furthermore, poor housing conditions undermine school readiness as well as basic learning processes important for success through adulthood (Fowler, Henry, & Marcal, 2015; Fowler, McGrath, Henry, Schoeny, Chavira, Taylor, & Day, 2015; Ziol-Guest & McKenna, 2014). The body of evidence shows strong connections between unstable housing and child development (Chetty, Henren, & Katz, 2015; Shinn, Samuels, Fischers, & Thompkins, 2015). Unsafe, overcrowded and/or dangerous living conditions often lead to poor parenting, child abuse and neglect, family violence, addiction, chronic health problems, and other issues that adversely affect the health and well-being of low-income families and children. A host family may feel obliged to help too many people, resulting in two, three, or four different families sharing a few rooms

under one roof. And with too many people can come tension and stress. While most low-income families with children who lose their homes end up living with others, that isn't always the case. Those with the least amount of resources and social networks to draw on find themselves living in homeless shelters, or possibly worse, in vehicles, campgrounds, or other places not meant for habitation (Moses, 2010). Deep poverty and housing instability are especially harmful during the earliest years of childhood; alarmingly, it has been estimated that almost half of children in shelters are under the age of five.

Southern California is considered to be an epicenter for crowded housing. "Crowded" housing is generally defined as having more than one person per room, excluding bathrooms. Children living in crowded living conditions may have reduced educational achievement for several reasons. Residential crowding, across a number of studies, has been associated with social withdrawal, elevated levels of aggression, psychological distress, poor behavioral adjustment in school, and lower levels of social and cognitive competency (Evans, 2006). Studies have found that children growing up in overcrowded housing have lower math and reading scores, complete fewer years of education, more commonly fall behind in school, and are less likely to graduate from high school than their peers (Evans, Ricciuti, Hope, Schoon, Bradley, Corwyn, and Hazan, 2010). Overcrowding may reduce parental responsiveness by creating social overload and withdrawal. A recent study of crowding and early childhood cognitive development found evidence connecting lower cognitive development with reduced parental responsiveness in more crowded homes. (Dalton, 2001). Parents in crowded homes talk less to infants, are less responsive to young children, and are more likely to engage in punitive parenting than parents in satisfactory and stable housing. Overcrowding may also increase noise and chaos that interfere with children's studies and cognitive development. In addition, the problem could be a simple lack of space to sit down and do homework.

The current state of knowledge about overcrowding suggests that children's education could benefit from policies that help reduce overcrowding or at least give families the opportunity to choose less crowded conditions (Brennan, Reed, and Sturtevant, 2014). A supportive and stable home environment can complement the efforts of educators, leading to improved student achievement. Rigorously designed intervention studies show that stabilizing housing improves behavior and school outcomes over time (Chetty, Henren, & Katz, 2015; Shinn, Samuels, Fischers, & Thompkins, 2015). By helping families afford decent homes of their own, affordable housing can improve children's educational achievement by reducing economic reasons for overcrowding (Evans, 2006). By proactively addressing housing issues, service providers can more successfully address problems exacerbated by housing instability, such as domestic violence, addiction, and mental health of parents. Ensuring that children and their families have stable housing will build the capacity of agencies to serve their clients, and ultimately the abilities of parents to care for their children.

## What is Housing Instability?

The following housing conditions define housing instability for the purposes of this paper:

- High housing costs in relation to income
- Poor housing quality
- Overcrowding
- Sub Families (shared housing with another family)
- Residential mobility
- Homelessness

Generally, housing instability is different from what we traditionally define as being “homeless” and, in fact, there are ongoing debates at the federal level regarding definitions of “homelessness.” Narrowly defined definitions of homelessness in the HEARTH Act are in contrast to a more broadly defined definition from the U.S. Department of Education. A recent data scan in May 2016 of data from 67 schools in the LAPZ or nearby identified 562 students enrolled in the LAUSD Homeless Education Program (Los Angeles Unified School District data, 2016). A total of 257 (45.7%) of those students were *living in another family’s house or apartment*. The same data sampling identified 35 students *living in a motel or hotel*, 5 in a *Single Room Occupancy* rental, 30 with an adult that was *not the parent or guardian*, 67 in a *shelter*, 47 in *transitional housing*, 11 in a rented garage, and 10 in a *car, trailer, or campsite*. Of the 562 students, 91 (16.2%) identified their current housing as *Other*.

It is significant to note that the majority of these student families would not qualify for permanent housing services through the Los Angeles Continuum of Care without considerable effort on the part of services providers. One could also infer that large numbers of families doubling up in overcrowded and/or shared housing conditions do not identify themselves as “homeless” under the expanded definition utilized by the U.S. Department of Education and the Los Angeles Unified School District and are therefore not counted in these numbers – nor are they receiving the benefits of enrollment in the Homeless Education Program.

Indicators that a child’s family may be experiencing housing instability (also described as housing insecurity when homelessness is not included) may be evidenced by one or more of the following:

- Frequent moves because of economic reasons;
- Living in the home of another because of economic hardship;
- Being evicted from a private dwelling unit (including housing a family owns, rents, or lives in without paying rent, are sharing with others, and rooms or motels not paid for by Federal, State, or local government programs for low-income families or by charitable organizations);
- Living in a hotel or motel not paid for by Federal, State, or local government programs for low-income families or by charitable organizations;
- Living in severely overcrowded housing; or
- Otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness.

In other words, a family experiencing housing instability may currently have a place to live but face multiple on-going difficulties, both personal and economic, associated with maintaining the residence. The family may lack the financial resources and support networks to remain in existing housing. If they must leave their current housing situation, they have not identified an appropriate subsequent housing option. They may also have challenges to accessing another rental unit due to poor credit, eviction history, family size, low income and high rents, and/or income source.

Based on data below primarily gained from the most recent Census, it would be safe to surmise that large numbers of families with children living in the Los Angeles Promise Zone are currently experiencing the detrimental impacts of housing insecurity and poor housing conditions on their health and well-being. Furthermore, it is likely that their housing conditions are also impacting detrimentally the outcomes of direct services systems with which they are engaged. These include education, healthcare, and a full array of child, youth, and family services.

## Affordability Data in the Los Angeles Promise Zone

**HOUSEHOLD INCOME:** The Los Angeles Promise Zone has lower incomes than Los Angeles County and the Los Angeles Metropolitan Area. *Forty one percent of households have annual incomes below \$25,000 and 73 percent of households make less than \$50,000 a year.*

**HOME VALUES & AFFORDABILITY:** At the national level, 56 percent of all homes are valued below \$200,000 and 74 percent are under \$300,000. Yet, 84 percent of homes in the Los Angeles Promise Zone are above \$300,000. In order to afford a \$300,000 home, it is necessary to have an approximate annual income of \$75,000. As a result, *88 percent of households in the LAPZ cannot afford a home at this price.*

**HOMEOWNERSHIP RATES:** The LAPZ might have one of the lowest homeownership rates in the country. While about 64 percent of households at the national level are homeowners, only 5 percent of households in the LAPZ are composed of homeowners.

**RENTAL MARKET:** Since *95 percent of all households in the LAPZ are renters*, rental costs pose a great challenge for LAPZ residents. According to housing affordability guidelines, households should pay no more than 30 percent of their income in housing. At this rate, households with incomes below \$10,000 should pay no more than \$250 of rent each month. There are 11 percent of households needing rent at this level but only 4 percent pay rent at this rate. Another 22 percent of households need housing below \$499 a month but only 6 percent have housing at this rent level. An additional 15 percent of households need housing costing less than \$749 a month. While 22 percent of households have housing at this rate, the number of households unable to find rent at lower levels creates a competition for housing which means that many households spend a much higher percentage of their income in housing. The lowest income groups face the greatest challenge with 64 percent to 69 percent of households with annual incomes below \$20,000 paying 50 percent or more of their income in housing.

**FAIR MARKET RENT:** According to the Department of Housing and Urban Development, the Fair Market Rent (FMR) for a studio in Los Angeles is \$913 and this requires an annual income of \$36,520 to be affordable. The FMR for a one bedroom is \$1,103 and it requires an annual income of \$44,120. A two bedroom apartment should be \$1,424 and it requires an annual income of \$56,960. A three bedroom should cost \$1,926 a month and it requires an annual income of \$77,040. At these rates, *56 percent of households in the LAPZ cannot even afford a studio at 30 percent of their income.*

**HOUSING CHARACTERISTICS:** The LAPZ is composed majorly of studios (29 percent) and one bedroom apartments (45 percent). In other words, *73 percent of rentals in the LAPZ are studios or one bedroom apartments.* In contrast, the LA Metro area is composed majorly of two (30 percent), three (29 percent), and four (14 percent) bedroom apartments.

**OVERCROWDED HOUSING CONDITIONS/SUBFAMILY HOUSEHOLDS:** Subfamily households exist when two separate family units live in the same household. The second family could be a married couple with or without children or single parents with children. Subfamilies are likely to exist due to financial hardship and many of these households might experience overcrowding. *The LAPZ has a total of 3,173 of households living in subfamily conditions.*

**SUBFAMILY HOUSEHOLDS & HOMELESSNESS:** Subfamily living conditions can be compared to housing accommodations known as “doubling up.” Subfamilies could also be particularly at risk to become completely homeless. A recent U.S. Department of Housing and Urban Development research study

found that 85 percent of families experiencing homeless had lived doubled up at one point of their adult lives; as a consequence these families could be at great risk of eventually losing their housing.

**PERSON PER ROOM (PPR):** By using the Person per Room measure (PPR), 29 percent of renter households in the LAPZ live in overcrowded conditions. In 2007, the U.S. Department of Housing and Urban Development (HUD) funded a research study in order to develop better measures to determine overcrowded housing conditions. The research team concluded that the best way to determine overcrowding was when housing conditions could cause the spread of certain communicable diseases such as meningitis, hepatitis, and tuberculosis. Overcrowding conditions were measured in different ways such as Number of Persons per Bedroom (PPB), Number of Persons per Room (PPR), Square Footage per Person ((USFPP), and a Hybrid measure between PPR and USFPP. The study set suggested standards to determine overcrowding such as more than one person per room or more than two persons per bedroom.

## The Neighborhoods in the Los Angeles Promise Zone

**HOLLYWOOD:** Hollywood is a highly diverse community: 41% White, 42.2% Latino, 7.1% Asian, and 5.2% Black. The Median Household Income is \$33,694.

**EAST HOLLYWOOD:** East Hollywood is a majorly Latino neighborhood. The ethnic make-up is 60.4% Latino, 17.5% White, 15.5% Asian, and 2.4% Black. The Median Household Income is \$29,927. Little Armenia and Thai town are located in part of East Hollywood. East Hollywood has the third-highest population density in the city. Renters occupied 91.3% of the housing stock, and house- or apartment-owners held 8.7%. One-fifth of the 3,281 families were headed by single parents, a high rate for Los Angeles.

**WILSHIRE CENTER:** This area is a diverse neighborhood with 53.5% Latinos, 7.4% Whites, and 4.8% Blacks, and 32.2% Asian (the area includes part of Koreatown, which has one of the largest Asian populations in Los Angeles). Approximately 68% of its population is foreign born. The Median Household Income: \$30,558. Koreatown is the most densely populated district by population in Los Angeles County, with some 120,000 residents in 2.7 square miles.

**WESTLAKE:** Westlake is home to the Historic Filipinotown, Lafayette Park, and MacArthur Park. The ethnic make-up is 73.4% Latino, 16.5% Asian, 4.5% White, and 3.9% Black. The Median Household Income is \$26,757, and 25 percent of families are headed by single parents. Almost 68% of residents are Foreign Born. Developed in the 1920s, many of its elegant mansions have been turned into apartments, and many new multi-family apartments have been constructed. In 2008 the city estimated that the population had increased to 117,756. A high percentage of households earned \$20,000 or less. Renters occupied 94.9% of the housing units, and house- or apartment owners just 5.1%.

**PICO UNION:** Pico Union is a majorly Latino neighborhood with 43% of the population of Mexican descent and 85.4% of Latino descent, 7.6% Asian, 3% White, and 2.9% Black. The Median Household Income is \$26,424, 23% of families are headed by single parents, and 65% of Residents are Foreign Born. The median age is 27 years old and only 7% of residents 25 years old or above have bachelor degrees.

## Program and Policy Recommendations

Although new construction projects and housing preservation efforts will certainly help in the long-term, it seems likely that low-income families with children will continue to face high rental housing costs for decades to come. A logical solution is major expansion of the Section 8 Housing Voucher program for those who qualify. Another more innovative approach would include the development of new, shallow rent subsidy programs based on need. There are also a variety of housing-related interventions that, if implemented, could begin to address the more serious housing conditions rather quickly. These include the integration of strategies that have been proven successful in stabilizing formerly homeless families in permanent housing into the protocols and practices of mainstream systems serving vulnerable families in neighborhoods and communities. Following are a series of recommendations for new program implementation in the Los Angeles Promise Zone to address family housing instability:

- New protocols and practices should be in place to provide **early identification of, and appropriate and timely responses to**, indicators of housing distress among vulnerable families with children in the LAPZ.
- **Training and tools** to assist child and family services organizations to more formally assess a family's housing conditions and integrate housing-related interventions into case management planning should be provided.
- **New funding sources for housing-related special needs**, including back rent, move-in funds, utility deposits and credit check fees, should be developed or made available through reallocation of existing funds.
- **Families should be provided with targeted assistance** in identifying and moving into appropriate rental housing at rents they can afford, in coordination with case management planning when appropriate.
- **Collaborative outreach efforts and incentive programs** should be developed to identify local landlords and property management companies willing to rent to families with low-incomes and other barriers to rental housing, including poor rental history, evictions, or bad credit.
- **Families should be provided with assistance** in credit repair, expungement of eviction records, completion of rental applications, and direct advocacy with landlords to overcome housing barriers.
- Schools and community-based child and family services organizations should **hire staff with specialized knowledge** of the technical and legal aspects of housing tenancy and rental subsidy programs – or train existing staff in this area.
- A **central coordinating system** should be developed specifically for the LAPZ to provide housing-based interventions to families referred by child-serving agencies, including FamilySource centers, schools, and other child and family services organizations.
- **Housing-based interventions should include a full array of housing options**, included assistance in leasing appropriate shared housing with extended family, accessing subsidized housing, assistance in relocating to more affordable neighborhoods, and legal assistance to prevent eviction or to address rental housing violations by landlords.

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