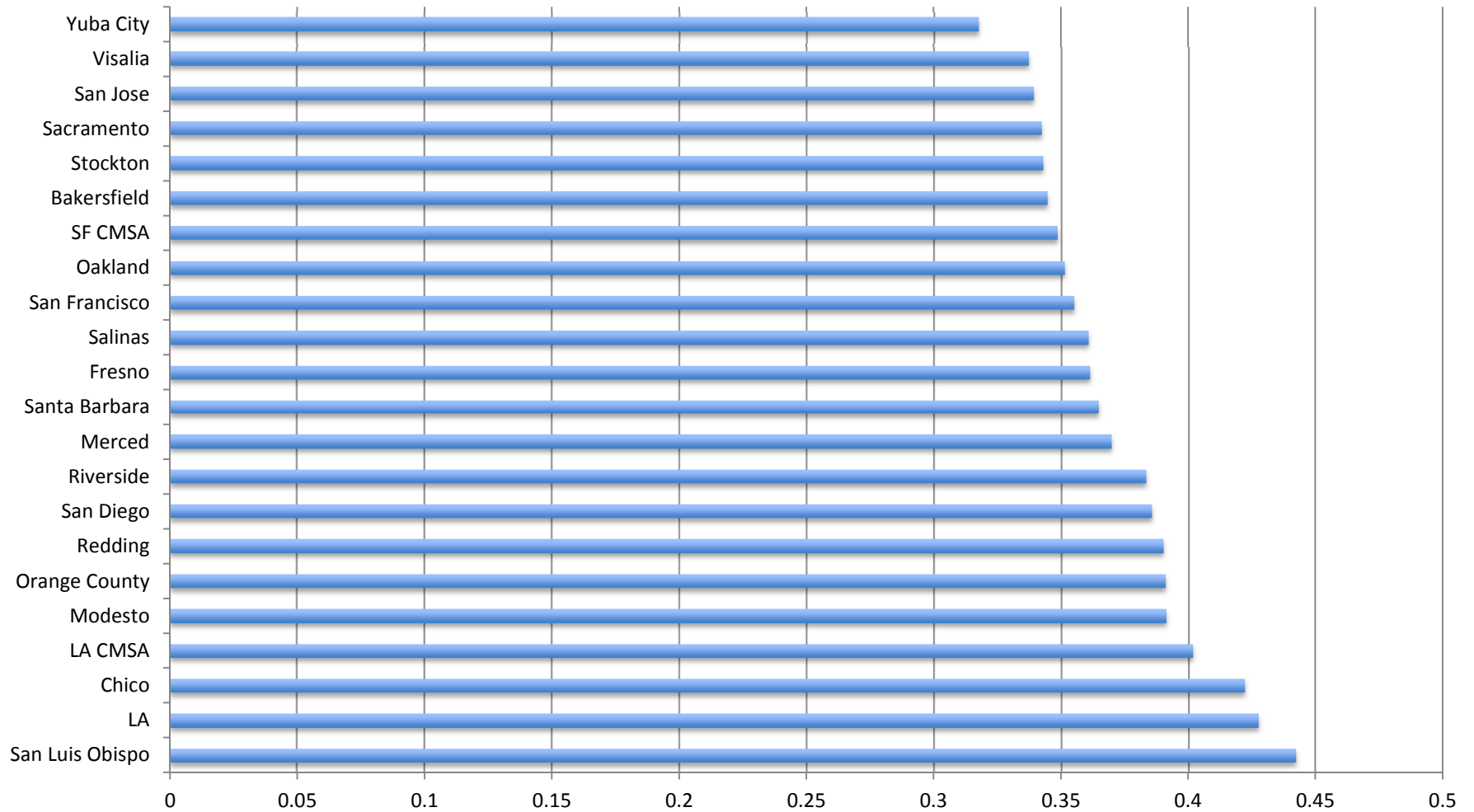


# Testimony of Richard K. Green University of Southern California

Joint hearing of the California Assembly  
Committees on Housing and Community  
Development and Revenue and Taxation.

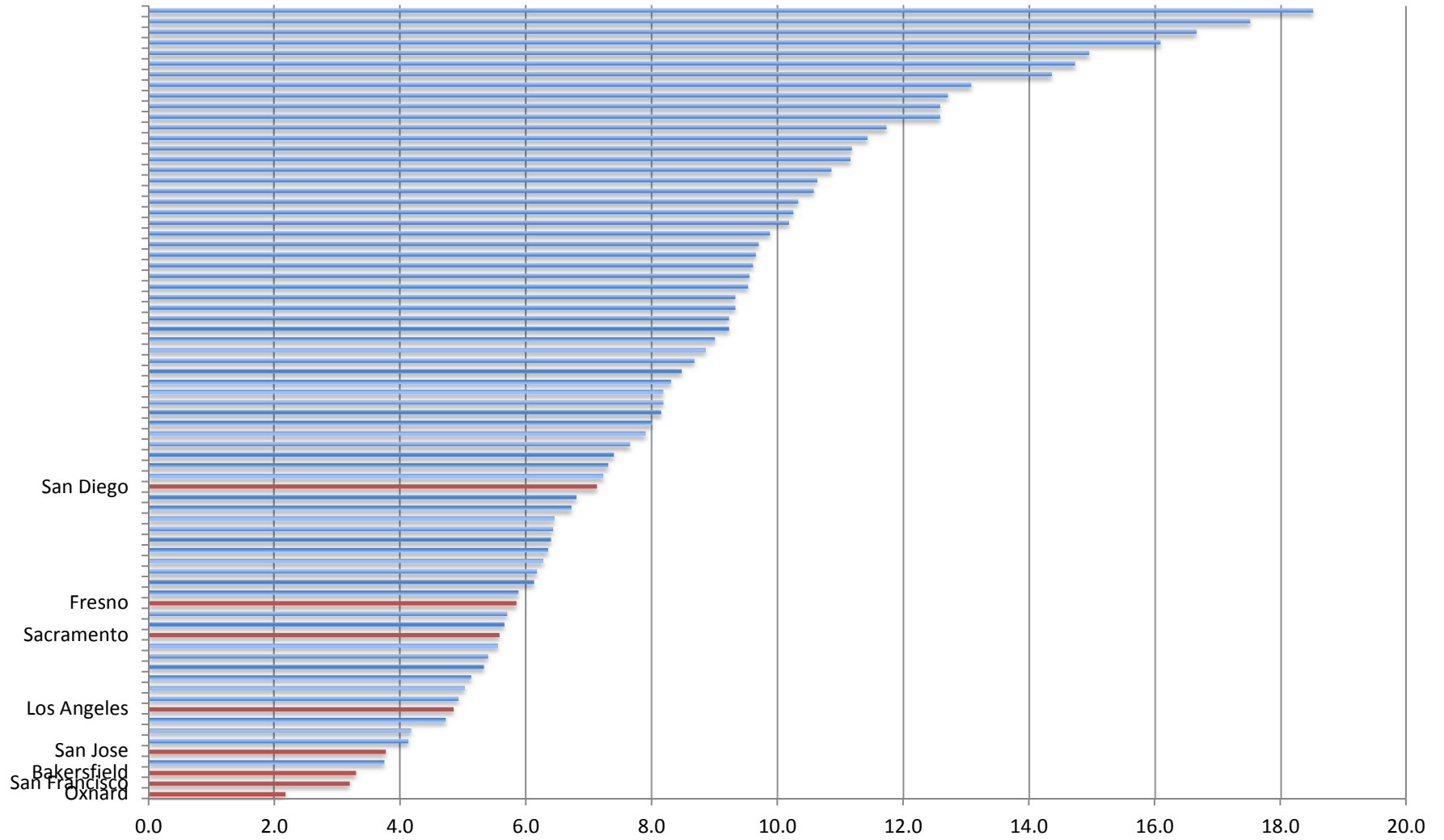
March 18, 2013

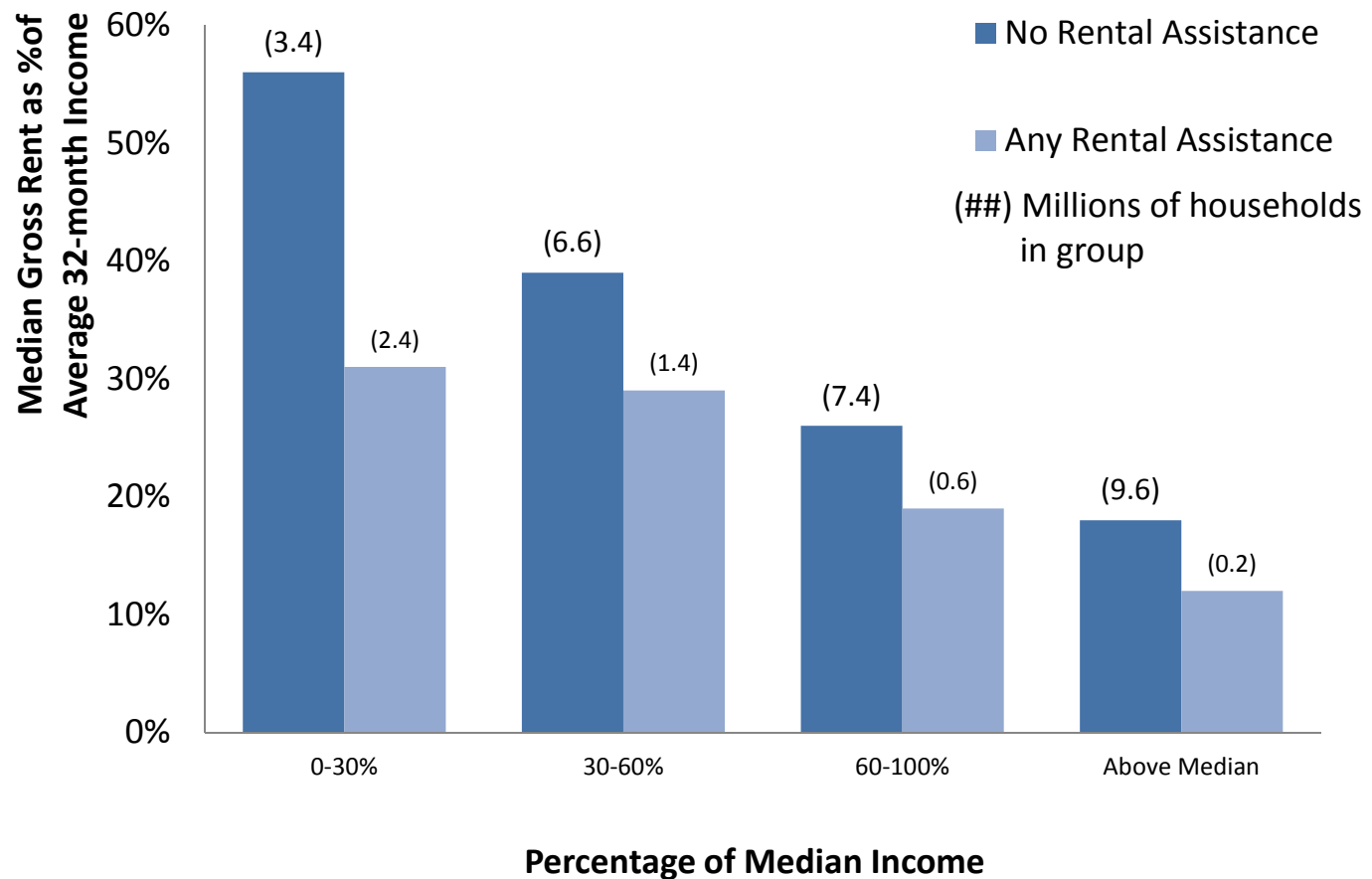
**Gross 25th percentile rent as share of  
25th percentile renter income**  
**Source: Census 2011 ACS and Author's Calculations**



# US CPS Average Rental Vacancy Rate for 2012

## 75 Largest MSAs





Notes: Sample consists of households who renter at least once in 2001-2003. Average monthly income includes WIC, SNAP and Energy Assistance

Source: CEA and HUD Calculations of SIPP, 2001-2004

## The principal housing construction program is Low Income Housing Tax Credit Program

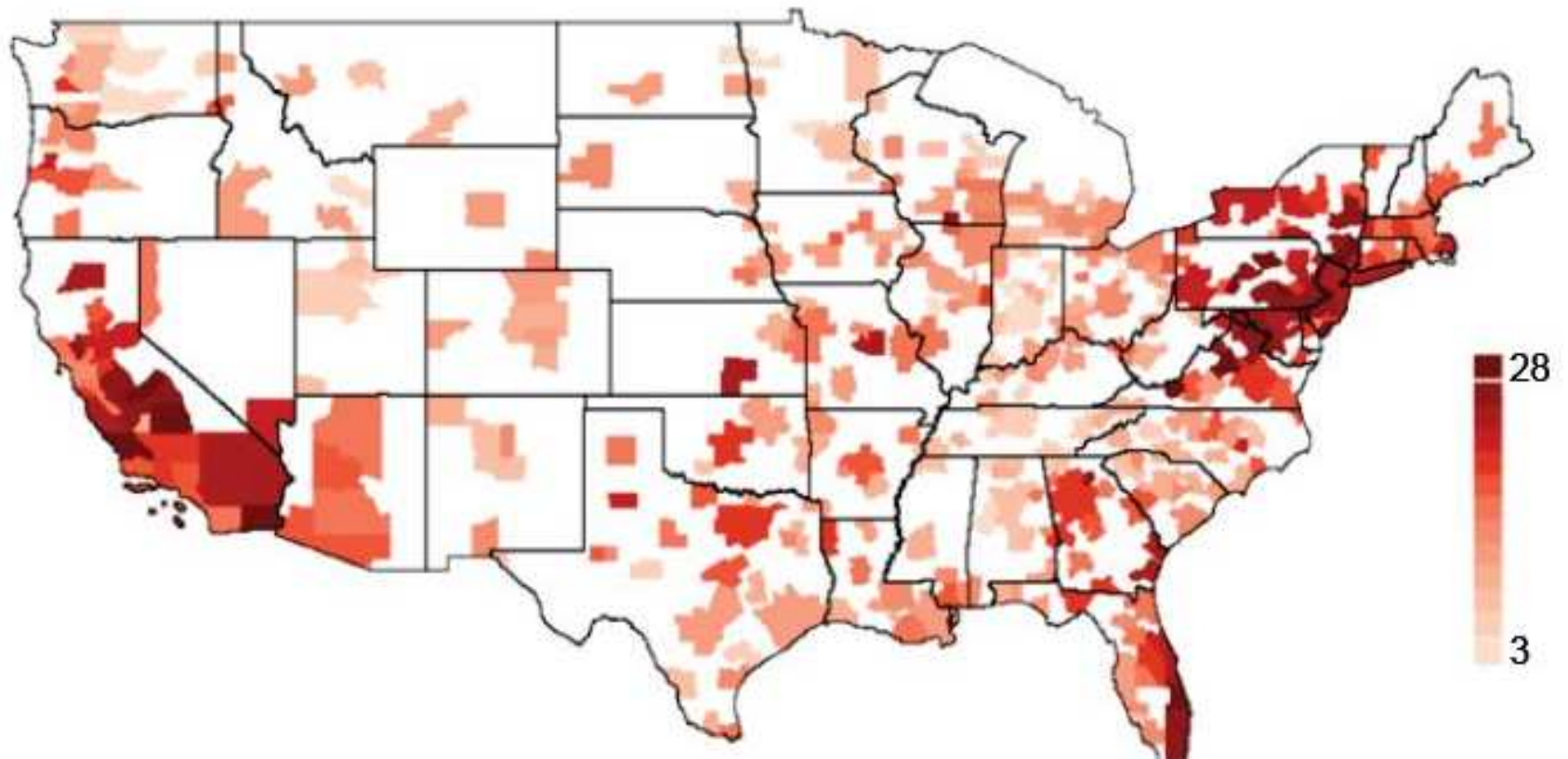
- Not terribly effective
- According to Sinai and Waldfogel (2005), each LIHTC unit built adds about .3 units to the stock
- Baum-Snow and Marion (2009) show that LIHTC units crowd out new construction in gentrifying areas
- According to Burge (2011), only 1/3 to 2/3 of subsidy goes to the tenant
- Communities require such high standards that units are very expensive to build
- So many different sources of finance also mean that units are expensive to build

# How do we do better?

- Section 8 in California likely creates another set of problems—it makes housing more expensive for those who do not get the voucher (Susin 2002).
- Not an issue in elastic markets such as Texas.
- Make it easier for all housing—market and subsidized—to come to market.
- A modest proposal—the Granny Flat.

# Oliner, Sichel and Millar's Estimate of Length of Time for Development

*for Baseline Project, in months*



# References

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- Burge, Gregory S. "Do Tenants Capture the Benefits from the Low-Income Housing Tax Credit Program?." *Real Estate Economics* 39, no. 1 (2011): 71-96.
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