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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
Median Gross Rent as % of Average 32-month Income

Percentage of Median Income

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