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**February, 2014**

*Report: Rising Rents Hurting California's Affordability* - Highlights the results of a recent report showing that almost 1 million California households lack affordable, habitable homes. Surprisingly, the study shows the problem is significantly more pronounced in Southern California than in the North.

*1-In-3 People Experienced Poverty From 2009 To 2011;*
*One In Three Americans Slipped Below The Poverty Line Between 2009 And 2011* - These two blogs discuss a new report by the U.S. Census Bureau that tracks poverty data from 2009-2011 and compares that data to trends from 2005-2007.

## REPORT: RISING RENTS HURTING CALIFORNIA'S AFFORDABILITY

Los Angeles Times – 2/11/2014 -- by Andrew Khouri

A combination of rising rents and falling government aid for affordable housing has dealt a blow to California's lower-income residents, according to a new study.

Nearly 1 million extremely-low-income California households lack affordable, habitable homes, a need most pronounced in Southern California, a report released Tuesday found.

The foreclosure crisis displaced many homeowners, driving up demand and prices in the rental market. As the crisis eased over the last year, the housing recovery sent home prices soaring.

Incomes have failed to keep pace. The state's median rent rose more than 20% from 2000 to 2012, while median incomes fell 8%, the report from the California Housing Partnership Corp. said.

Meanwhile, state and federal funding for below-market housing plunged 79% over the last five years, the study said.

"It's creating a rapid change in our housing stock -- away from providing affordable, low-income housing toward housing the rich," said Matt Schwartz, president of the California Housing Partnership.

Diminished government funds have reduced the production of new affordable units, stalling projects, he said.

"It has dramatically lowered the number of developments that can proceed," Schwartz said.

Particularly hurtful, the study said, was the loss of redevelopment funds after local redevelopment agencies shut down two years ago. The agencies, which kept a portion of local property taxes, generated about $1 billion annually for affordable housing across California, but the state shuttered them to help ease its budget crisis.

The nonprofit, created by state lawmakers to preserve affordable units, proposed several policy recommendations to ease housing burdens for Californians, including an immediate injection of dollars from the general fund to focus on housing those at-risk of homelessness because of rising rents.

The report also urged passage of a bill that would create a permanent state source for affordable housing funding. The bill, SB-391, would impose additional fees on recorded real estate documents, except for those involved in a sale. Last year, the state Senate passed the bill and it is currently in the Assembly.

The bill has drawn opposition from the California Assn. of Realtors.

"In a state where housing affordability is low, the last thing government should do is to enact an arbitrary new real estate tax on real estate recordings," the Realtors group said in a statement. "The call for renewed support for affordable housing is laudable, but Senate Bill 391 is the wrong approach."

The shortage of affordable units for very low-income Californians is especially pronounced in Southern California, despite the region's relative affordability compared to the tech-flush San Francisco Bay Area.

Schwartz said he didn't know the reasons behind the disparity, but said a greater number of lower-income residents in the Southland could play a role.

There were 19 affordable units available per every 100 extremely-low-income renter households in Los Angeles County, the study said, citing an analysis of five-year Census Bureau estimates from 2006 to 2010. In San Francisco, there were 37. Orange and San Diego counties each had 18 available affordable units for every 100 poor households.

If the current trends continue, Schwartz said it would be devastating for lower-income households and California as a whole.

"At some point we are going to run out of available, low-income workers because no one is going to have a place to live," he said.

# 1-IN-3 PEOPLE EXPERIENCED POVERTY FROM 2009 TO 2011

Wall Street Journal Blog by Neil Shah – 1/7/2014

Americans often see poverty in stark terms — you're either poor, and likely to remain so, or you're not. But the latest government numbers show how much people slip in and out of poverty, and highlight a startling truth: A great many of us become poor at some point.

Roughly one in three Americans (31.6%) was living in poverty for at least two months from 2009 to 2011, according to a new report by the **U.S. Census Bureau** that covers the tail-end of the recession, which began in December 2007 and ended in June 2009, and immediately after. In 2005 to 2007, only 27.1% of Americans experienced poverty for two or more straight months.

Not only did more Americans slip into poverty in the recession's aftermath — those who did had a tougher time. The typical length of a "poverty spell" was 6.6 months, up from 5.7 months in 2005-2007. And "chronic" poverty, or the share of Americans poor for the entire period studied, rose to 3.5% from 3% in 2005-2007.

America's official poverty rate, which Census said last September was unchanged in 2012 at 15% of the U.S. population — well above the 12.5% level in 2007 — comes from a government study called the Current Population Survey. This survey showed some 46.5 million Americans were below the official poverty line of $23,492 for a family of four. (A more comprehensive, supplemental measure put poverty at 16% in 2012.)

But these measures offer only a snapshot of poverty in time, one based on the size of the respondent's family at a given point — and don't capture how much Americans are moving into and out of poverty, often within a single year.

Indeed, according to Tuesday's figures, which are based on a separate Survey of Income and Program Participation, 44% of Americans' "poverty spells" in 2009 to 2011 ended within just four months.

"A small fraction of people are in poverty for more than one year, while a larger percentage of people experience poverty for shorter time-periods," writes Census poverty analyst **Ashley Edwards**. "Most individuals experience relatively short spells of poverty."

Of course, these movements in and out of poverty may give a misleadingly rosy impression. Roughly half — 49.5% — of the people who escaped poverty within 2009 and 2011 continued to have an income that was less than 150% of the poverty threshold that applied to them given their family size. In other words, many of the poverty "escapees" remained fairly close to the poverty line.

Of the 37.6 million people who were poor in January and February 2009, just 26.4% stayed poor for the next 34 months; and 12.6 million people, or 35.4% of those poor in 2009, weren't poor in 2011. And yet, at the same time, 13.5 million people who weren't poor in 2009 fell into poverty by 2011.

In addition to tracing these movements, Census also has interesting findings on demographic groups. Hispanics were more likely than black Americans to enter poverty in 2009-2011—but also more likely to exit it.

While poverty among the elderly has fallen dramatically in recent years — the **New York Times** pointed out this past weekend that the poverty rate among older Americans has fallen to 9% from 35% in 1959 — the latest Census data show that once the elderly do slip into poverty, their "exit" rates aren't that different from children. In fact, the typical length of their "poverty spells," at 8.3 months, is longer than for both children and working adults.

## ONE IN THREE AMERICANS SLIPPED BELOW THE POVERTY LINE BETWEEN 2009 AND 2011

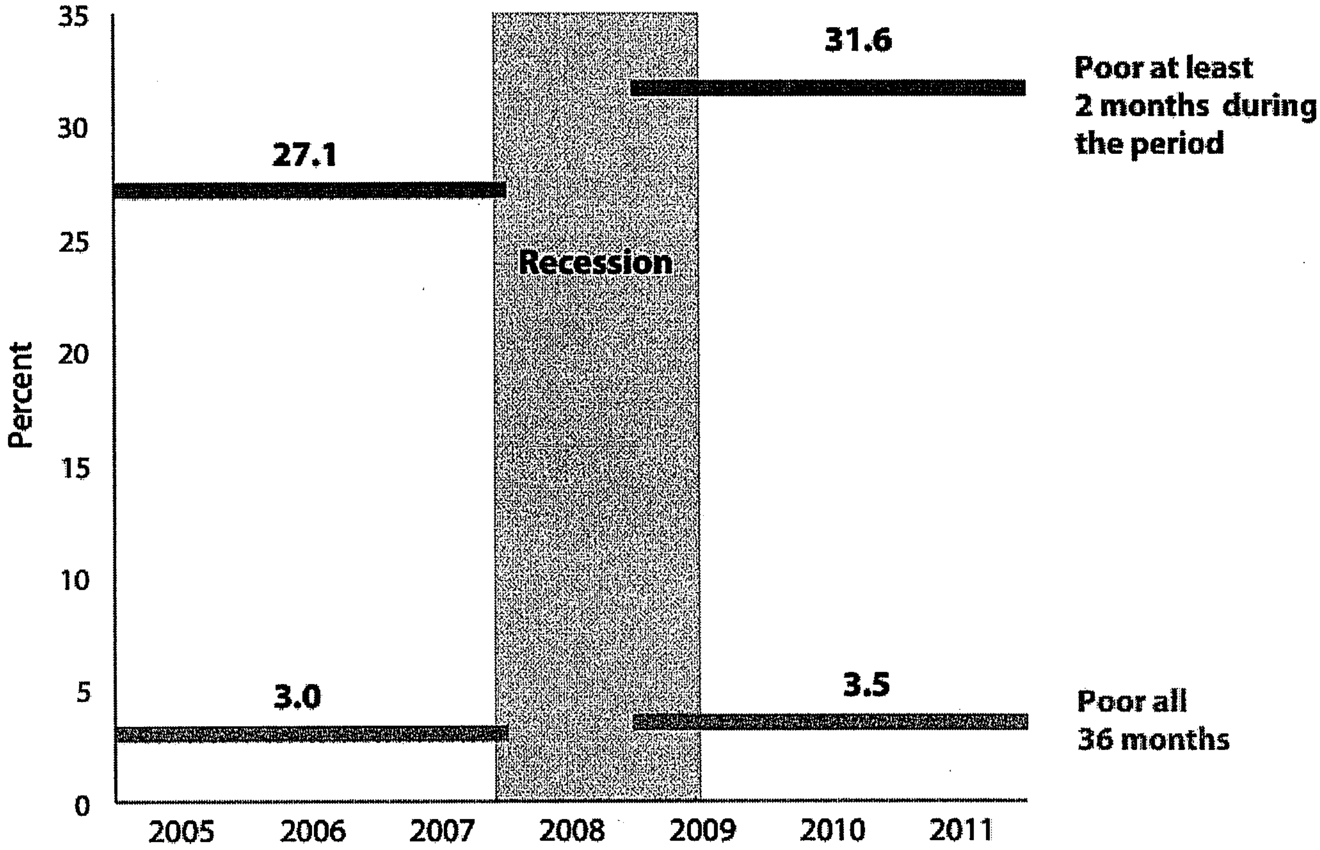
Washington Post Blog – 1/8/2014 – by Brad Plumer

How many people in the United States are poor? It's a surprisingly tricky question.

The "official" poverty rate was 15 percent in 2012. That number gives the impression that poverty is a bright line, that roughly one sixth of the country is poor and the rest are not poor. But that's a bit misleading. As a new report from the Census Bureau shows, a much, much larger subset of people slip in and out of poverty all the time.

For instance: Between 2009 and 2011, nearly one third of the country — 31.6 percent — fell below that official poverty line for at least two months. By contrast, only 3.5 percent of the U.S. population remained poor for that entire period. Both of those figures rose after the recession:

Selected Poverty Rates: 2005 to 2011



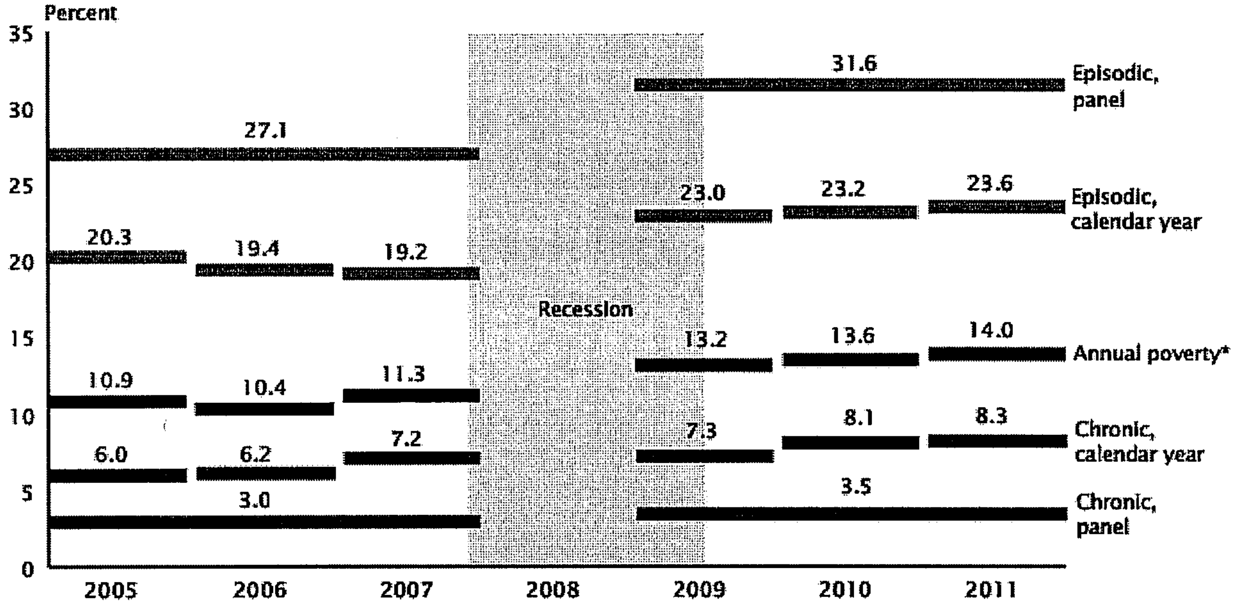

Source: Dynamics of Economic Well-Being: Poverty, 2009-2011

"A small fraction of people are in poverty for more than 1 year," writes Ashley Edwards, author of the census report, "while a larger percentage of people experience poverty for shorter time periods." In the years after the recession, the median length of time spent in poverty was 6.6 months.

The poverty rate we usually see quoted — the 15 percent figure — is the "annual poverty rate." That's calculated by "comparing the sum of monthly family income over the year to the sum of monthly poverty thresholds for the year." (The official poverty line is defined as $23,492 per year for a family of four.) So a family that had very little income for four months and then earned more money the remaining eight months might not count as poor for the year, even though they went through a significant period of hardship.

Here are the different ways that the census measures poverty over the past few years:

Figure 1.
**Selected Poverty Rates: 2005 to 2011**




* Since the first reference month of the 2008 Panel was May 2008, calendar year estimates are not available for 2008.

Note: Panel and yearly estimates are based on different samples. The 3-year panel estimates include only respondents in the panel for 36 months whereas calendar year estimates include respondents in sample for 12 months. The numbers of respondents in each sample are as follows: 25,371 in the 2004 3-year panel, 48,937 in the 2008 3-year panel, 76,953 in 2005, 34,372 in 2006, 34,489 in 2007, 73,695 in 2009, 67,452 in 2010, and 62,841 in 2011. Calendar months October, November, and December of 2007 are missing for some rotation groups in the 2004 Panel. For longitudinal estimates covering these calendar months, a carry forward imputation method was applied.

Source: U.S. Census Bureau, Survey of Income and Program Participation, 2004 and 2008 Panel. For information on confidentiality protection and sampling and nonsampling error, see <www.census.gov/sipp/source.html>.

By any count, the recession made poverty significantly worse. Persistent, chronic poverty rose from 3 percent to 3.5 percent. Many more Americans experienced brief spells of poverty. The median length of time spent below the poverty line also increased, from 5.7 months before the recession to 6.6 months after.

There was also a fair bit of churn. In the first two months of 2009, there were 37.9 million people in poverty. About one third of them, 12.6 million, managed to escape poverty by 2011 — although many were still hovering close to the poverty line. And that improvement was counterbalanced by the fact that 13.5 million people who *weren't* poor in 2009 became poor by 2011.

By the way, the Census study above is looking at the "official" poverty rate, a metric that comes in for plenty of criticism. But the Census has developed other "experimental" measures, too. There's also this alternative measure of poverty developed by researchers at Columbia University that tries to be more comprehensive and arrives at somewhat different results. That Columbia study also found that poverty rose during the recession — but that it would have risen much more sharply had it not been for safety net programs such as food stamps, unemployment insurance and Medicaid.

**Related:** Everything you need to know about the war on poverty