

The Need for Housing



5cities homeless coalition
resources. support. hope.

www.5CHC.org

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5Cities Homeless Coalition supports the development of affordable, workforce, and multi-family housing in San Luis Obispo County.

Please review our periodic program report for information on 5CHC's efforts in helping San Luis Obispo County families find, secure, and sustain stable affordable housing.

What We Advocate For & Why:

It is the mission of 5Cities Homeless Coalition to strengthen our community by mobilizing resources, support and hope for those in San Luis Obispo County who are experiencing homelessness or may be at-risk of becoming homeless. Housing is the key to our success. Affordable housing is critical to the health, well-being, future outcomes and upward mobility, and racial and ethnic residential integration of our community. Unfortunately, there is not sufficient housing available in San Luis Obispo County.

As a guidepost for action, 5Cities Homeless Coalition advocates for the development of affordable, workforce, and multi-family housing in San Luis Obispo County. Safe, stable, affordable housing allows families to thrive. We believe that development of affordable, workforce, and multi-family housing is needed in San Luis Obispo County in order for those that we serve, and for our employees, to thrive.

As a nonprofit organization, 5Cities Homeless Coalition is in an important and unique position to understand the impact of the housing crisis – both on our organization and the communities we serve, which is why we believe it critical that we advocate for the changes in housing development that our community requires.

San Luis Obispo County is experiencing a housing crisis that is significantly impacting the ability of nonprofit organizations, such as 5Cities Homeless Coalition, to serve our community. This crisis goes far beyond our ability to assist our neighbors who are experiencing homelessness to find a home or to help families who are at-risk of homelessness to keep their home. It is also impacting our organization's ability to attract and retain employees and, consequently, threatens our ability to serve the communities that rely on us. Nonprofit employees provide many of the services that low- income communities in San Luis Obispo County require, yet increasingly these very workers cannot afford to live here themselves.

The reality is that rental rates in San Luis Obispo County have increased 29%¹ since the pandemic, with the Fair Market Rent (FMR) for a two-bedroom apartment now at \$2,055². In order to afford this level of rent and utilities — without paying more than 32% of income on housing — a household must earn \$6,850 monthly or an hourly “Housing Wage” of \$39.52 (assuming a 40-hour work week). This, however, is not the reality in San Luis Obispo County. The hourly wage of a SLO County renter is estimated to be \$19.84 and the monthly rent that would be considered affordable at this wage is \$1,045.³ Even studio apartments in San Luis Obispo County are renting at \$200-\$500 per month more than this.

When people pay more than 32% of their household income to put a roof over their heads, they are considered cost-burdened and at serious risk for significant financial instability. When the cost of rent in a community begins to meaningfully exceed that 32%, the risk of housing insecurity and/or homelessness rapidly increases. Communities where people spend more than 32% of their income on rent can expect a more rapid increase in homelessness⁴. Local rates of homelessness and housing insecurity should be expected to rise precipitously with each 2% change in rent burden above 32%. In San Luis Obispo County, 54% of renters are paying more than 30% of their income in rent, including 28% who are severely burdened and pay more than half of their income to rent their home⁵. This is a misunderstood link to understanding the root causes of homelessness. The 32% threshold provides a crucial benchmark to gauge exactly where our community stands — and for the need locally to create more affordable, workforce and multi-family housing.

While looking towards local structural factors seeking to reduce homelessness it becomes apparent that rising rents have created a no-win situation for many financially strapped renters. Although incomes locally may be higher than the national median, income growth has not kept pace with rents, leading to an affordability crunch with cascading effects: Some high-income renters who typically rent more expensive apartments turn to lower-priced rentals, pushing middle-income renters into even less expensive housing. The lowest earners are forced to work multiple jobs, find multiple roommates, and otherwise struggle to make ends meet. Renters on the bottom rung, such as the elderly on fixed income and low-wage earners, are at risk of falling completely off the housing ladder if their rents rise even a small amount.

¹ <https://calmatters.org/housing/2023/07/cheap-places-to-live-california/>

² <https://www.nlihc.org/oor>

³ National Low Income Housing Coalition – Out of Reach 2023.

⁴ According to [Zillow-sponsored research](#) on the size and root causes of the nation’s homelessness challenge.

⁵ <https://www.jchs.harvard.edu/son-2023-cost-burdens-map>
5Cities Homeless Coalition – Housing Advocacy Statement, January 2024

What Our Community Needs:

Supply drives price. For many years now, economists and others have noted the need in San Luis Obispo County for an increase in development of affordable, work force and multi-family housing to address the growing needs and disproportionate effects on low-wage earners.

Improving the availability and affordability of rental housing is a community's best line of defense against homelessness. Any solution to homelessness must address the lack of affordable housing for extremely low-income households. In 2023, California had only 24 units of affordable housing available for every 100 extremely low-income households. Shrinking this housing deficit will require investments at every level of government. But it is essential to end the homelessness crisis.

As previously noted, 5Cities Homeless Coalition advocates for the development of affordable, workforce, and multi-family housing in San Luis Obispo County. 5Cities Homeless Coalition also endorses the additional policy recommendations detailed by the University of California, San Francisco (UCSF) Benioff Homelessness and Housing Initiative – The California Statewide Study of People Experiencing Homelessness⁶:

- Increase affordable housing options available to extremely low-income households.
- Increase homelessness prevention services and support.
- Facilitate swift exits from homelessness.
- Increase access to services to match clients' physical and behavioral health needs.
- Address the criminal justice system to homelessness cycle.
- Increase opportunities for earned income and benefits utilization.

⁶ <https://homelessness.ucsf.edu/resources/reports/toward-new-understanding-california-statewide-study-people-experiencing>