

# Making Housing Affordable

## Background

Like other attractive rural communities in California, Brooks, Capay, Esparto, Guinda, Madison, and Rumsey are facing the challenges of growth and change. At the core of these challenges are the very features that make these communities such desirable places in which to live, work, or operate a business. For the Capay Valley-Esparto Region, it is its own natural beauty, outdoor recreation opportunities, small town rural character, proximity to freeways, nearby Yolo County job centers, and relatively inexpensive land and housing that is attracting the growth and changes that threaten the local communities' character. Unless change is planned for and managed appropriately, the future for larger communities such as Esparto and Madison is a transformation into sprawling commuter suburbs dominated by expensive subdivisions of tract homes. For the smaller towns of Brooks, Capay, Guinda, and Rumsey the impacts will be on local agriculture. Demand for upscale country homes and ranchettes will drive the conversion of long-time family farms into luxurious country estates. As wealthy homeowners replace farmers, pressure will be exerted on these communities to also grow and expand.

As the housing market spirals upward, local families, retirees, farmworkers, school teachers, and local businesses will be pushed out. Traffic will increase dramatically in the form of reverse commutes, as workers who used to live and work locally now must commute into the Valley from outside communities. Farmers will sell off their lands for luxury homes as farmworkers are driven out of the area by high-cost housing. Escalating land costs, demands for new services, and opportunities for shopping centers and national chain stores will eventually replace local businesses.

Already the warnings signs of these trends are present in our communities:

- Single family home prices are increasing dramatically
- New construction in Esparto is primarily high-cost tract homes
- Rental and elderly housing is lacking in the area
- Local employees have difficulty finding housing they can afford
- Three-fourths of local businesses and farms recently surveyed report a serious shortage of affordable and workforce housing

## Managing Growth

While growth cannot be totally stopped, communities can manage growth in a way that preserves their character and maintains the local residents. The key to doing this, however, is ensuring that quality housing is available for local employees, families with children, and local retirees at a price that they can afford. To do this will require that state and local government provide some of the financing. Nonprofit organizations that specialize in helping working families and local employees may have to build the housing. Also, the housing is reserved for those whose earnings or income aren't high enough income to afford the housing now on the market.

Although affordable housing is a tool for responding to growth and change, it also means communities need to take a fresh look at what is often known as "affordable housing." Understandably, questions arise about affordable housing when it is proposed in a community. It is not uncommon for there to be a lack of information and sometimes misunderstandings about who lives in the housing, what the housing looks like, and how it will affect property values.

## Concerns & Facts

Fortunately, the record and evidence shows housing that is designed for and affordable to employees in neighborhood businesses, working families, and local residents is an asset for the community. Some of the common questions and concerns are:

### *Concern*

People who live in affordable housing won't fit into my neighborhood.

### *Fact*

Many are surprised to learn that people who need affordable housing are neighbors who already live and work in the community and are at risk of being priced out. According to the definition of affordable housing, it is housing where households should pay no more than 30% of their income to rent or mortgage payments. All "affordable housing" means is that the residents don't pay too large a share of their income on rent or mortgage. Using this definition many local workers

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such as teachers, librarians, police, and many other vital members of communities qualify need housing that's affordable.

**Concern**

Affordable housing means crime and drugs in the neighborhood.

**Fact**

There is absolutely no evidence of an increase in crime resulting from the affordable housing in a neighborhood. Those who live in affordable housing whether renter or owner also value their homes and community too. They work, shop, raise families, worship, and attend school in the community like everyone else. They want the same things everyone else does to peacefully enjoy life in their community

**Concern**

Affordable housing is poorly maintained and lowers property values.

**Fact**

Multiple studies have shown that a housing developments that remains affordable does not affect property values. Precisely because the process of affordable housing development is so heavily scrutinized and must address these concerns in order to win approval, contemporary affordable housing is attractively designed, professionally managed, and well-maintained. In some cases, affordable housing is actually more attractive and better maintained than similar housing in the neighborhood. Consequently affordable housing maintains its good appearance and value over time. Remember: property values result primarily from neighborhood desirability, characteristics of comparable housing sales and the overall quality of a community.

**Concern**

Affordable housing represents just another government welfare handout.

**Fact**

Affordable housing is financed partially by mortgages from banks and other private sector lenders at market interest rates. Those who live in this housing do make rental or mortgage payments. Additional financing in the form of low interest loans and a limited amount of grant funding from government sources and charitable foundations is needed only to reduce the cost of building and operating the housing in order to make it affordable. It is important to remember that other homeowners benefit from federal housing subsidies in the form of income tax deduction for mortgage interest paid - the largest housing subsidy program in the U.S.

## The Affordability Gap

### Cost to Buy Housing

2004 median sales price for homes in Esparto/Madison area: \$318,070

Increase in median price in Esparto/Madison area from 2001 to 2004: 132%

2004 median sales price for homes in the Capay Valley area: \$608,447

Increase in median price in Capay Valley area from 2001 to 2004: 87%

### Cost to Rent Housnig

Fair market rent for a 2 bedroom apartment in Yolo County: \$752/month

Average rent for a 2 bedroom, 1 bath apartment in Esparto: \$825/month

### Take Home Pay

Wages in Yolo County, 2003 (before taxes)

Entry-level Esparto Teacher: \$26,670/yr

Entry-level Sheriff's Deputy: \$40,872/yr

Average wage all occupations: \$36,965/yr

### Affordability

Minimum annual family income needed to rent a 2 bedroom apartment in Esparto and not put more than 30% of wages toward housing: \$33,000

Annual family income needed to purchase median priced home in Esparto-Madison area\*: \$76,000-\$86,000

\* Assumes a 30-year fixed mortgage of 5.75% with a 20% down payment of \$71,000 and annual taxes and assessments at 1.25%.

### Additional Online Resources

1. [www.calruralhousing.org](http://www.calruralhousing.org)
2. [www.hcd.ca.gov](http://www.hcd.ca.gov)
3. [www.housingca.org](http://www.housingca.org)
4. [www.rcac.org](http://www.rcac.org)
5. [www.yolocounty.org](http://www.yolocounty.org)