

California's Essential Workers and the Low-Income Housing Tax Credit Program

Introduction

The coronavirus pandemic has made it obvious to the public and policymakers that safe and affordable housing is a public health necessity. Latinx* Californians are dying at nearly three times the rate of White Californians, in part because Latinos are disproportionately employed in frontline essential jobs where they face a higher risk of COVID-19 infection.¹ Furthermore, many frontline essential workers earn less than \$15/hour and have few affordable housing options, which leads to overcrowded housing and further contributes to a heightened risk of exposure. The Low-Income Housing Tax Credit (LIHTC) program is one of the primary tools for creating much needed affordable rental housing. Yet, according to recent studies, the program faces shortfalls in funding, and needs improvement to become more effective in meeting the affordability challenges of states like California.² This fact sheet highlights UnidosUS research on the need for affordable housing for California's essential workers and how the LIHTC program might better address that need.

The LIHTC Program and Unmet Need for Housing

The LIHTC program is one of the primary means for California to create and preserve affordable homes, yet the program's efforts continue to fall short of the state's need. The state's 2020-21 budget included about \$1 billion in federal and state low income housing tax credits, which accounted for one-eighth of the total state housing budget. In 2019, tax credits contributed to the production or preservation of more than 20,000 affordable rental housing units statewide. Yet, according to the California Housing Partnership,³ almost 1.3 million Californians do not have access to an affordable rental home. California's LIHTC program, therefore, met only 1.6% of the state's need for affordable rental housing.

* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race. This document may also refer to this population as "Latinx" to represent the diversity of gender identities and expressions that are present in the community.

Unmet Housing Needs for Essential Workers

According to a demographic and wage analysis of frontline essential workers in California, in the state's 15 largest frontline essential occupations, more than 2.7 million workers employed as frontline essential workers earned less than \$15 an hour (\$31,200 per year).⁴ In most counties, depending on family size, these workers would qualify for LIHTC-subsidized housing. Based on data and estimates from the California Housing Partnership, UnidosUS estimates that 1.1 million low-wage frontline essential workers, the majority of whom are Latinx, do not have access to affordable rental housing.

Table 1: Low-Wage Frontline Essential Workers without Access to Affordable Rental Housing

Types of Workers	Number of Workers without Access to Affordable Rental Housing
All Low-Wage Essential	1,164,534
Latinx	606,245

Source: U.S. Census Bureau ACS 5-Year Estimates - Public Use Microdata Sample 2018; UC Berkeley Labor Center

To build enough housing to adequately provide shelter to these essential workers would require an investment of approximately \$33.7 billion in 9% tax credits (based on the average per unit subsidy of \$28,966 in 2019).⁵

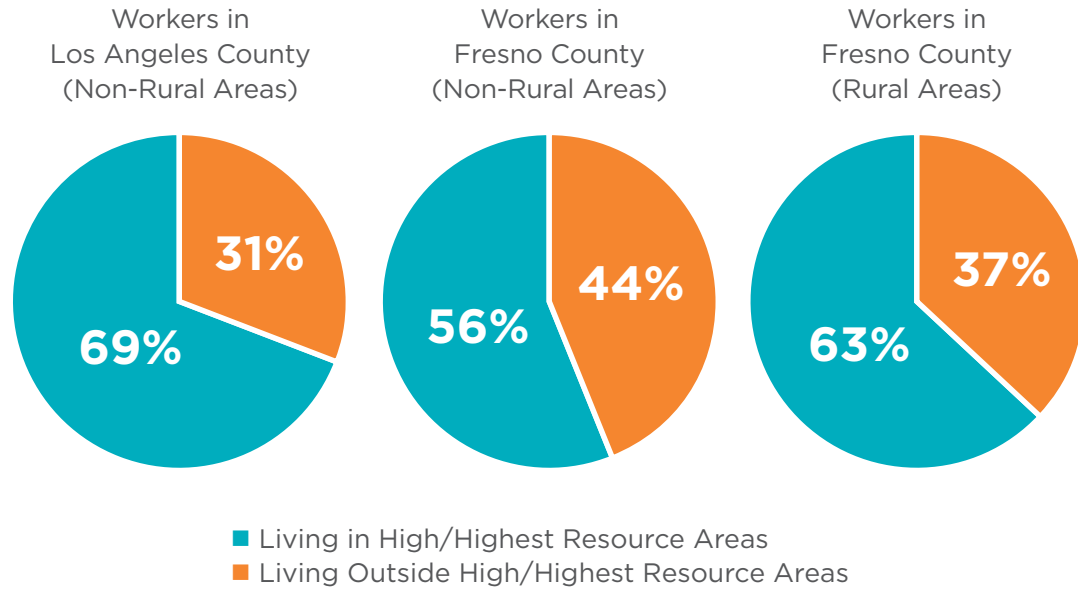
Unmet Housing Needs by Geography

While essential workers are part of every rural and urban community in the state, some regions—principally Los Angeles County, which is home to approximately one-quarter of the state's essential workers. Other regions have higher concentrations of essential work than others—primarily those with agricultural economies such as the Inland Empire and Central Valley, where about one-quarter of all workers are employed in essential jobs. These regions are facing severe affordable housing shortages. For example, in Los Angeles County, the California Housing Partnership estimates that more than 500,000 low-income renter households lack access to affordable housing options. In 2019, the LIHTC program produced and preserved 4,894 units in the county, which meets only about one percent of the need for affordable rental housing.⁶

Unmet Housing Needs and Fair Housing

Within the different regions across the state, essential workers are concentrated in certain neighborhoods. Many of these neighborhoods are more likely to be home for low-wage workers and Latinx and Black residents. Consequently, the effects of racial, ethnic, and economic segregation are closely aligned and deeply felt in these neighborhoods. In addition, these neighborhoods are located in regions where the state's COVID-19 infection and death rates have been especially high.⁷ Long before the pandemic, these neighborhoods faced systemic discrimination and disinvestment—U.S. Census Bureau data for Fresno and Los Angeles counties show that the majority of essential workers in those counties live outside neighborhoods classified as High and Highest Resource areas on the State's TCAC/HCD Opportunity Area Maps, which are used to guide tax credit allocation.⁸

Figure 1:
The Majority of Essential Workers in Los Angeles and Fresno Counties Live Outside Areas Designated as High or Highest Resource in the Draft 2021 TCAC/HCD Opportunity Area Map



To effectively and affirmatively further fair housing for all, tax credits for the preservation and production of affordable housing must be invested in these neighborhoods as part of comprehensive place-based community revitalization strategies led by community-based organizations, like those in the UnidosUS Affiliate Network. These organizations build the housing their communities need and fight for transit, recreational, commercial, educational, and other investments that improve quality of life and connect community residents to economic opportunity.

Conclusion

Essential workers, including Latino workers, are bearing the brunt of the COVID-19 pandemic, as well as the housing inequities that the pandemic has only amplified. The LIHTC program is an important resource for creating and preserving affordable rental housing across the state. Policymakers should consider improvements to the program, such as increasing funding levels, and prioritizing funding for community-based organizations working to build neighborhood assets and revitalize neighborhoods into areas of opportunity. Doing so will ensure that essential workers, especially Latino families living in neighborhoods devastated by the pandemic and previous disinvestment, have greater access to an affordable home.

About UnidosUS

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs, and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers that affect Latinos at the national and local levels.

For more than 50 years, UnidosUS has united communities and different groups seeking common ground through collaboration, and that share a desire to make our country stronger. For more information on UnidosUS, visit www.unidosus.org, or follow us on [Facebook](#), [Instagram](#), and [Twitter](#).

Endnotes

- 1 Rong-Gong Lin II and Luke Money, "Deaths among Latinos in L.A. County from COVID-19 rising at astonishing levels," *Los Angeles Times*, January 14, 2021, <https://www.latimes.com/california/story/2021-01-14/latino-black-and-poor-residents-suffer-dramatically-worsening-covid-death-rates> (accessed January 18, 2021).
- 2 Scott Littlehale, *Low Income Housing Tax Credits: Assessing the Costs, Impacts and Policy Implications of Tax Subsidies for Affordable Housing* (Sacramento, CA: Smart Cities Prevail, October 2020), https://www.smartcitiesprevail.org/wp-content/uploads/2020/10/SS_LIHTC_HousingCrisis_report_Oct2020.pdf (accessed December 14, 2020).
- 3 California Housing Partnership, Housing Needs Dashboard (n.d.), <https://chpc.net/housingneeds> (accessed December 14, 2020).
- 4 Sarah Thomason and Annette Bernhardt, "Front-line Essential Jobs in California: A Profile of Job and Worker Characteristics," *UC Berkeley Labor Center Blog*, May 14, 2020, <https://laborcenter.berkeley.edu/front-line-essential-jobs-in-california-a-profile-of-job-and-worker-characteristics/> (accessed October 27, 2020).
- 5 California Tax Credit Allocation Committee, *2019 Annual Report*, April 2020, <https://www.treasurer.ca.gov/ctcac/2019/annualreport/charts.pdf> (accessed December 14, 2020).
- 6 California Housing Partnership. Housing Needs Dashboard. (n.d.). <https://chpc.net/housingneeds> (accessed December 14, 2020).
- 7 Tony Barboza, Ben Poston, and Ryan Menezes, "Coronavirus ravages poorer L.A. communities while slowing in wealthier ones, data show," *Los Angeles Times*, May 28, 2020, <https://www.latimes.com/california/story/2020-05-28/coronavirus-surge-in-poor-l-a-county-neighborhoods-reveals-two-americas> (accessed February 8, 2021).
- 8 U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates, and California Tax Credit Allocation Committee, TCAC/HCD Opportunity Area Maps, 2021 Draft Statewide Summary Table.