Priced Out
Rent Affordability and Homelessness in Los Angeles

Alexander Casey, Zillow Policy Advisor
Rental values on a steady rise

- Irvine: $3,233 (22.5%)
- Glendale: $3,079 (21.9%)
- Los Angeles: $2,948 (19.0%)
- Anaheim: $2,803 (18.2%)
- Long Beach: $2,522 (9.1%)
In many ZIP codes, rents are rising alongside national pace during the past five years.
But across most of the region, rental prices have significantly outpaced the nation.
And in some areas, rent prices have surged over the past five years
Pockets of exceptionally hot rent appreciation within Los Angeles
Small spaces and high costs the norm for Los Angeles
Share of median income required to rent typical home in Los Angeles Metro on the rise

Rent Affordability

0%  5%  10%  15%  20%  25%  30%  35%  40%  45%  50%


45.7%
Share of tiered income required to rent home tiers, Los Angeles metro

- Bottom Tier: 30%
- Middle Tier: 48%
- Upper Tier: 121%
High incomes don’t fully cover for high burdens
How We Got Here
Job growth rising steady keeping pace with nation
But wages have grown much faster in Los Angeles County.
For nearly a decade LA mostly added renters
In many high-priced metros, significantly more new jobs came to town than new housing units were built.
Cities with the most land use restrictions see their home values grow faster when new jobs come to town.
Impact of Deteriorating Affordability
While many areas can swap convenience for affordability, LA renters can find limited relief.
People who live in lower-cost areas of LA report lower levels of satisfaction with the job opportunities and education in their neighborhood.
The Typical Los Angeles Law Enforcement Official has Few Affordable Options in Many Neighborhoods
Share of 1-2 Bedroom 2018 Rental Listings Affordable on the Median Police Officer or Detective Salary in Los Angeles County ZIP Codes.
The Typical Los Angeles Nurse has Few Affordable Options In Many Neighborhoods
Share of 1-2 Bedroom 2018 Rental Listings Affordable on the Median Registered Nurse Salary in Los Angeles County ZIP Codes.
The Typical Los Angeles Teacher has Few Affordable Options

Share of 1-2 Bedroom 2018 Rental Listings Affordable on the Median Teacher Salary in Los Angeles County ZIP Codes.
As the share of income spent on rent has risen in many metros, working age adults have also increasingly doubled up.
As the share of income spent on rent rises, fewer people save any income.
People with higher rent burdens more likely to forgo health expenses

During the past 12 months, was there a time when you needed any of the following but didn’t get it because you couldn’t afford it?

- Dental care (including skipping check-ups or routine cleaning)
  - Low rent burden: 26%
  - Median rent burden: 36%
  - High rent burden: 40%

- Prescription medicine (including taking less medication than prescribed)
  - Low rent burden: 16%
  - Median rent burden: 18%
  - High rent burden: 23%

- To see a specialist (Such as an OB/GYN, dermatologist, orthopedic surgeon, etc.)
  - Low rent burden: 11%
  - Median rent burden: 14%
  - High rent burden: 16%
Findings from: Inflection Points in Community-Level Homeless Rates

Chris Glynn, Thomas H. Byrne, and Dennis P. Culhane
Rental values have been rising at a steady clip

United States

Zillow Rent Index

$1.5K

$1.4K

$1.4K

$1.3K

$1.3K


$1,442
Rental values have been rising at a steady clip

United States  Miami, FL  Washington, DC  Boston, MA

$1,442  $1,859  $2,136  $2,369

Zillow Rent Index

2012  2014  2016  2018

$1.5K  $2.0K
Rental values have been rising at a steady clip

United States    Miami, FL    Washington, DC    Boston, MA    Los Angeles, CA    San Francisco, CA

- $1,442
- $1,859
- $2,136
- $2,369
- $2,756
- $3,403
Nationally, rents are up. Yet homelessness counts have fallen.
Modeling for the systemic undercount from PIT estimates
Modeling for the systemic undercount from PIT estimates

![Graph showing Homelessness Count from 2011 to 2017]

- **Point in time count**: 660K
- **Predicted count**: 660K

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Los Angeles, a totally different trend
When a community reaches an affordability tipping point, the link between rent burdens and homeless rates grows stronger.
In some places, a median-income renter already pays more than 32% of income to go out and rent the typical home.
Clusters of communities experience similar responses to changing rent prices
Cluster 3 is home to 15% of the U.S. population and 47% of the homeless population.
If rent affordability worsens in Cluster 3 cities, the model predicts an increasing homelessness count.
And in Los Angeles this link is even stronger

Predicted change in homeless count

If share of income needed to rent a home increases...

Los Angeles City & County CoC

District of Columbia CoC

11,591

104
Clusters 1 and 2 not in the clear
Potential spillover effects in Riverside

- Los Angeles: 55,188
- Riverside: 2,406
- San Diego: 6,203
- Orange County: 34,622
Decomposing the components to homelessness

Baltimore City CoC
- Poverty
- Affordability
- Latent

Estimated homelessness rate

Hypothetical baseline

Los Angeles City & County CoC
- Poverty
- Affordability
- Latent
Decomposing the components to homelessness

**Baltimore City CoC**
- Poverty
- Affordability
- Latent

**Estimated homelessness rate**

**Hypothetical baseline**

**Los Angeles City & County CoC**
- Poverty
- Affordability
- Latent

**Estimated homelessness rate**

**Hypothetical baseline**
Rising rents can leave even the households who receive assistance few options
Housing assistance has lagged behind Los Angeles rents
Rising rents can leave even the households who receive assistance few options
If share of income needed to rent a home increases...

Predicted change in homeless count

Los Angeles City &
County CoC

11,591
Thank You