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**COALITION OF HOMELESS SERVICES PROVIDERS**

**MONTEREY AND SAN BENITO COUNTIES HOUSING MARKET ANALYSES**

**Prepared for Coalition of Homeless Services Providers by Focus Strategies**

06 • 15 • 2021



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## I. EXECUTIVE SUMMARY

The Monterey and San Benito County CoC, through its lead agency, the Coalition of Homeless Services Providers (CHSP), engaged Focus Strategies to assist in the development of an update to the Lead Me Home Plan - the community's *10 Year Game Plan for Housing Homeless Persons in Monterey and San Benito Counties*. To inform the development of the Plan, Focus Strategies has conducted this analysis of the local housing market, including the supply and availability of housing for people at the lowest income levels. The relative availability of housing is a critical consideration in systemic efforts to reduce homelessness. This report examines current known conditions in the housing market in Monterey and San Benito Counties and estimates the gap between what is available and what is needed at different levels of affordability.

This report offers three types of analysis: 1) the overall gap between population and housing of all types, 2) the gap in rental units available and affordable to different income levels, and 3) an analysis of disparate access to limited affordable housing based on race and ethnicity. Overall, we find that:

- Historically, aggregate housing unit production in the two counties has not kept up with demand
  - In Monterey County, there has been a recent decline in population concomitant with an increase in unit production. If this trend persists, the aggregate shortage of units is expected to resolve by 2024; however, if population growth reverts to longer term rates, the housing shortage will expand by 2024
  - In San Benito County, we project that the aggregate housing deficit will grow to nearly 1,800 units by 2024
- A substantial gap exists in affordable housing available to Extremely-Low Income (ELI) households
  - There is an estimated gap of approximately 8,262 ELI units in Monterey County
  - In San Benito County, we estimate a shortage of 935 ELI units
- In both counties, Hispanic households are more likely than white, non-Hispanic households to be ELI
  - In Monterey County, 21% of Hispanic renter households were ELI, compared with 11% non-Hispanic renter households



- In San Benito County, 22% of Hispanic renter households were ELI, compared with 15% of non-Hispanic renter households

This Housing Market Analysis is a companion to a separate predictive modeling report developed by Focus Strategies to help guide the development of the goals and strategies to be included in the Plan Update. The modeling analysis begins with information about the numbers of people experiencing homelessness in the community and the performance of existing programs in the system (shelter, transitional housing, rapid rehousing, and permanent supportive housing). The model then projects the results after assumptions are made about rates of improvement in performance. If the performance targets included in the model are achieved, there is a potential for the CoC to see significant reductions in the number of people experiencing unsheltered homelessness. To produce these results, the modeling also shows many more households must leave shelter, transitional housing, and rapid rehousing programs for permanent housing they can sustain. Specifically, the modeling suggests approximately 2,800 additional households annually will need to go from shelter, transitional housing, and rapid rehousing to permanent housing. Only some of this improvement can be achieved by providing services and rental assistance to help households secure housing in the existing rental housing market. Fully achieving the goals will require additional affordable housing inventory that is subsidized deeply enough to reach people at the lowest income levels, including people at risk of and experiencing homelessness.

## **II. OVERVIEW AND LOCAL CONTEXT OF HOUSING MARKET GAP ANALYSIS**

This analysis provides an overview of the current affordable housing market in Monterey and San Benito Counties and provides estimates on the balance between the demand for and supply of affordable rentals in both communities over the next several years (through FY 2023/2024). We begin with an analysis of overall housing available in Monterey and San Benito Counties and then focus on units that are affordable for extremely-low income (ELI) households, i.e. households who earn 30% or less of the Area Median Income (AMI). These are the units that people experiencing or at risk of homelessness are most likely to be able to afford and that are most urgently needed as part of an overall communitywide strategy to reduce homelessness.

A variety of sources - including data from the American Community Survey, the Census Pulse Survey, and information published by both the California Housing Partnership and the



National Low-Income Housing Coalition - are used to delineate affordable housing market conditions. Several factors should be noted to place this analysis in context:

- The River Fire and Carmel fires of August 2020 burned more than 55,000 acres in the area and destroyed more than 100 structures.
- There is substantial current uncertainty surrounding the local economy and housing due to the COVID-19 pandemic. The incidence of COVID-19 is higher among low-income populations and there is also more extensive job loss in that population; thus, subsequent loss of stable housing becomes more likely. Again, the impact of the pandemic, changes to housing stock, and affordability will need to be included in future housing market analysis work.

Even with uncertainties due to the contextual factors noted above, findings presented are relevant to capturing trends and identifying gaps in the availability of low-income housing, especially for ELI households.

### III. GENERAL POPULATION AND TOTAL HOUSING UNIT PRODUCTION GROWTH

#### A. Monterey County

The next table presents census data from 2010 through 2019.<sup>1</sup> The cells with **bolded, italicized font** indicate estimates generated by Focus Strategies using the compound annual growth rate (which captures the proportional growth rate from year to year, with the effect of compounding taken into account). As the data indicate, overall, population growth outpaced the production of new housing (for rentals and home ownership) in Monterey County, contributing to a growing deficit of the number of units available for a growing population.

Estimating Growth in Population and Unit Production in Monterey County Using Compounded Annual Growth Rate

Year	General Population			Housing Units		
	Estimate	Net Change in Population	% Increase from Previous Year	Estimate	Net Change in Units	% Increase from Previous Year
2010	416,682	NA	NA	139,034	NA	NA
2011	421,898	5,216	1.25%	138,811	-223	-0.16%
2012	426,762	4,864	1.15%	138,871	60	0.04%
2013	428,826	2,064	0.48%	139,386	515	0.37%

<sup>1</sup> American Community Survey.



Year	General Population			Housing Units		
	Estimate	Net Change in Population	% Increase from Previous Year	Estimate	Net Change in Units	% Increase from Previous Year
2014	431,344	2,518	0.59%	140,143	757	0.54%
2015	433,898	2,554	0.59%	140,491	348	0.25%
2016	435,232	1,334	0.31%	140,819	328	0.23%
2017	437,907	2,675	0.61%	141,653	834	0.59%
2018	435,594	(2,313)	-0.53%	142,414	761	0.54%
2019	434,061	(1,533)	-0.35%	143,213	799	0.56%
2020	<b>436,036</b>	1,975	0.46%	<b>143,685</b>	472	0.33%
2021	<b>438,020</b>	1,984	0.46%	<b>144,159</b>	474	0.33%
2022	<b>440,013</b>	1,993	0.46%	<b>144,634</b>	475	0.33%
2023	<b>442,015</b>	2,002	0.46%	<b>145,111</b>	477	0.33%
2024	<b>444,026</b>	2,011	0.46%	<b>145,589</b>	478	0.33%

Source: American Community Survey 1-Year Estimates 2010-2019

Although the compound annual growth rate is the appropriate approach for projecting future growth based on historical data, population trends in 2018 reversed direction from the previous years, going from a positive growth rate, to a negative growth rate.<sup>2</sup> Therefore, to develop a lower bound for estimated population growth, we also calculated a separate simple average of the growth rate for just the three most current years of data, corresponding to the emergence of the new trend (-.09%). Those data are presented in the next table.

### Estimating Growth in Population and Unit Production in Monterey County Using Simple Average Growth Rate

Year	General Population			Housing Units		
	Estimate	Net Change in Population	% Increase from Previous Year	Estimate	Net Change in Units	% Increase from Previous Year
2017	437,907	2,675	0.61%	141,653	834	0.59%
2018	435,594	(2,313)	-0.53%	142,414	761	0.54%
2019	434,061	(1,533)	-0.35%	143,213	799	0.56%
2020	<b>433,677</b>	(384)	-0.09%	<b>143,685</b>	472	0.33%

<sup>2</sup> No single event or factor is sufficient for explaining this trend or for determining whether it is temporary.



2021	<b>433,293</b>	(384)	-0.09%	<b>144,159</b>	474	0.33%
2022	<b>432,910</b>	(383)	-0.09%	<b>144,634</b>	475	0.33%
2023	<b>432,527</b>	(383)	-0.09%	<b>145,111</b>	477	0.33%
2024	<b>432,144</b>	(383)	-0.09%	<b>145,589</b>	478	0.33%

We conclude that changes in the general population between 2019-2024 are likely to lie in the range of a net increase of 9,965 (2.3%) to a net decrease of 1,917 (or .4%). Forecasts from the California Department of Finance predict a growth in Monterey County's population of 1.9% between 2019 and 2024 which is slightly higher than the midpoint of our estimate range (an increase of 1.4%).<sup>3</sup>

## B. San Benito County

As illustrated in the table below, the growth of population in San Benito County has outpaced the growth in units every year between 2010-2017 (though in 2018 the growth in units slightly exceeded the growth in population).

### Estimating Growth in Population and Unit Production in San Benito County Using Compounded Annual Growth Rate

Year	General Population			Housing Units		
	Estimate	Net Change in Population	% Increase from Previous Year	Estimate	Net Change in Units	% Increase from Previous Year
2010	54,492	NA	NA	17,873	NA	NA
2011	54,873	381	0.70%	17,855	-18	-0.10%
2012	55,467	594	1.08%	17,876	21	0.12%
2013	56,115	648	1.17%	17,930	54	0.30%
2014	56,888	773	1.38%	17,958	28	0.16%
2015	57,557	669	1.18%	18,038	80	0.45%
2016	58,051	494	0.86%	18,139	101	0.56%
2017	58,671	620	1.07%	18,328	189	1.04%
2018	59,416	745	1.27%	18,614	286	1.56%
2019	<b>60,062</b>	646	1.09%	<b>18,709</b>	95	0.51%
2020	<b>60,715</b>	653	1.09%	<b>18,804</b>	95	0.51%

<sup>3</sup> Based on calculations using data from: California Department of Finance. Demographic Research Unit. Report P-2A: Total Population Projections, California Counties, 2010-2060 (Baseline 2019 Population Projections; Vintage 2020 Release). Sacramento: California. March 2021. <https://dof.ca.gov/Forecasting/Demographics/projections/>



2021	<b>61,375</b>	660	1.09%	<b>18,900</b>	96	0.51%
2022	<b>62,042</b>	667	1.09%	<b>18,996</b>	96	0.51%
2023	<b>62,717</b>	675	1.09%	<b>19,093</b>	97	0.51%
2024	<b>63,399</b>	682	1.09%	<b>19,190</b>	97	0.51%

Source: American Community Survey 5-Year Estimates 2010-2018 (1-year estimates not available for San Benito County).

#### IV. ESTIMATING THE AGGREGATED HOUSING GAP

Using the data presented thus far, approximations can be generated to indicate the overall current and future housing gap in Monterey and San Benito Counties.

##### A. Monterey County

For Monterey County, we generated two estimates with one assuming a larger population growth rate than the other.<sup>4</sup> The two estimates suggest that across all populations, the current housing gap will either increase to 1,800 units by 2024 or turn into a surplus of 1,339 units, the difference being based on whether projections of future population growth return closer to historical levels or continue to decline over the near term.

First, using compounded annual population growth rate of .46%, the estimates suggest there is a current housing gap that existed historically and was exacerbated due to unit production not keeping up with population growth. The estimated total deficit in 2019 was 1,168 units. Using this estimate, the population continues to grow at a rate somewhat more than the growth rate in unit production. Combining the current backlog and the continued outpacing of population over unit growth, the community may be short over 1,850 units by 2024.

##### Estimated Aggregate Housing Gap in Monterey County: Compound Annual Growth Rate

Time Period	Population	New People	New Households (People/3.25) <sup>5</sup>	New Units	Surplus (Deficit) Units
Backlog (2010-2019)	General Pop	17,379	5,347	4,179	(1,168)
Projected 2020-2024	General Pop	9,965	3,066	2,376	(690)
<b>Total through 2024</b>	<b>General Pop</b>	<b>27,344</b>	<b>8,414</b>	<b>6,555</b>	<b>(1,859)</b>

<sup>4</sup> The assumption is that the Census population data do not include those experiencing homelessness, but the units produced include all units, including those produced for homelessness.

<sup>5</sup> Based on estimated average household size for Monterey County from the 2019 American Community Survey.





Alternatively, using the simple average of the most recent three year’s population growth rate of -.09%, the estimates suggest that the accumulated deficit will rapidly decline due to a continued decrease in the population and continued growth in unit production, resulting in a surplus of units over time. Using this approach, the estimated total surplus is nearly 1,800 units in 2024.

**Estimated Aggregate Housing Gap in Monterey County: Simple Average of Recent Annual Growth Rates**

Time Period	Population	New People	New Households (People/3.25) <sup>6</sup>	New Units	Surplus (Deficit) Units
Backlog (2010-2019)	General Pop	17,379	5,347	4,179	(1,168)
Projected 2020-2024	General Pop	(1,917)	(590)	2,376	2,507
<b>Total through 2024</b>	<b>General Pop</b>	<b>15,462</b>	<b>4,757</b>	<b>6,555</b>	<b>1,798</b>

**B. San Benito County**

In San Benito County, we estimate that the current housing gap of approximately 750 units will increase in the next few years based on historical trends, yielding an estimated gap of slightly less than 1,400 units by 2024.

**Estimated Aggregate Housing Gap in San Benito County**

Time Period	Population	New People	New Households (People/3.3) <sup>7</sup>	New Units	Surplus (Deficit) Units
Backlog (2010-2018)	General Pop	4,924	1,492	741	(751)
Projected 2019-2024	General Pop	3,983	1,207	576	(631)
<b>Total through 2024</b>	<b>General Pop</b>	<b>8,907</b>	<b>2,699</b>	<b>1,317</b>	<b>(1,382)</b>

<sup>6</sup> Based on estimated average household size for Monterey County from the 2019 American Community Survey.

<sup>7</sup> Based on estimated average household size for San Benito County from the 2018 American Community Survey.

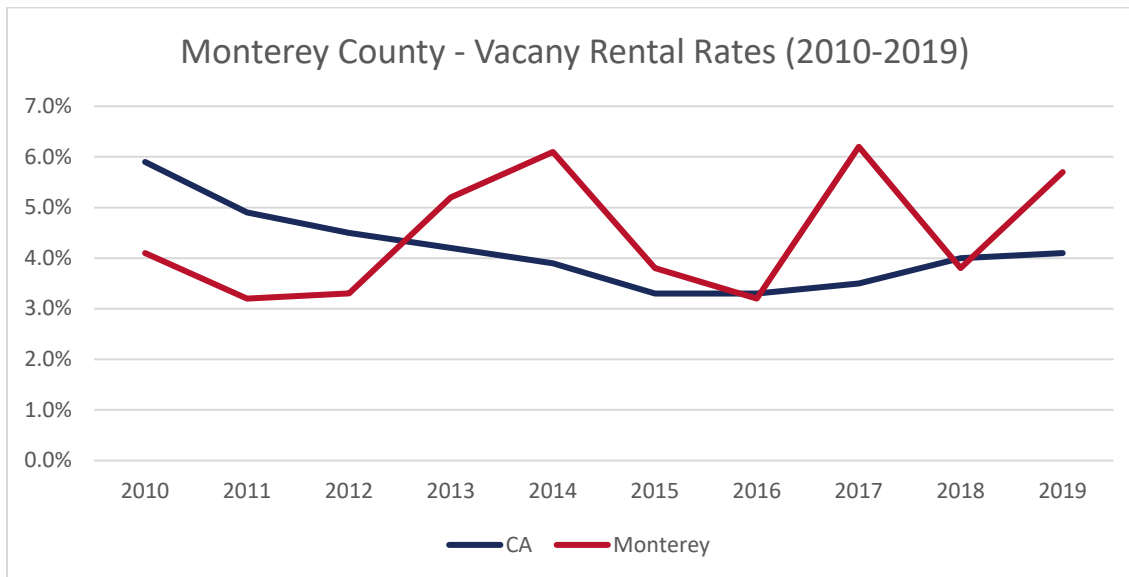


## V. HOUSING AFFORDABILITY

The preceding analysis uses aggregate estimates of housing supply and need for all income levels and includes rental and ownership housing. In this section we explore the supply of rental housing that is affordable and available to those with low incomes; to reduce the number of households experiencing homelessness in a community it is critical to have an adequate supply of affordable and available rental housing.

### A. Monterey County

Since 2013, vacancy rates in Monterey County have tended to be similar to or greater than the vacancy rate experienced by California as a whole. Between 2013 and 2019, vacancy rates in Monterey County have slightly exceeded 5% (which is generally considered the threshold for a tight rental market) in four out of seven years.



Source: American Community Survey, 1-year estimates 2010-2019

Data compiled by the California Housing Partnership<sup>8</sup> reveal that asking rents for a two-bedroom home in Monterey County increased by 2.8% in 2019 after rising by an annual average of 5% between 2014-2018. Furthermore, in 2020 renters needed to earn 2.5 times the minimum wage to afford the average asking two-bedroom rent in Monterey County; “afford” in this context means paying 30% or less of their income for rent. Estimates from the California Housing Partnership indicate that nearly all ELI households (94%) are expending

<sup>8</sup> California Housing Partnership, “Housing Market Dashboard”, 2020, <https://chpc.net/housingneeds/>.



more than 30% of household income on housing costs, while a majority (58%) are spending more than half of their income on housing costs.

An analysis by Focus Strategies indicates that there is an acute shortage of housing that is available and affordable to low income households in Monterey County.<sup>9</sup> As the next table shows, for every 100 households below 30% AMI, only 16 units were affordable (defined as equaling 30% or less of household income) and available (defined as being either vacant or rented to a household with income at that threshold) in Monterey County; for every 100 households below 50% AMI, there were only 28 units affordable and available. Rental units without complete kitchen or plumbing facilities are excluded from the analysis.

### Monterey County Affordable Housing Gap Estimates

	<b>ELI (0-30%, incl. 0 inc, or Poverty)</b>	<b>Very Low Income (31-50%)</b>	<b>Low Income (51-80%)</b>	<b>Median Income (81-100%)</b>	<b>Above Median Income (&gt;100%)</b>	<b>Total</b>
Rental Households within AMI Category	9,786	7,900	11,276	6,701	25,295	60,958
All Rental Households at or below Threshold Income	9,786	17,686	28,962	35,663	60,958	60,958
Units Affordable and Available at Threshold <sup>10</sup>	1,524	4,902	16,808	41,162	64,678	64,678
Surplus (Deficit) of Affordable and Available Units	<b>(8,262)</b>	<b>(12,784)</b>	<b>(12,154)</b>	5,499	3,720	3,720
Affordable and Available units per 100 tenants at or below Threshold	<b>16</b>	28	58	115	106	106

While the gap of 8,262 ELI units is substantial, it is important to understand that this is the number of units needed so every ELI household in the community has access to a housing unit that matches the affordability standard of paying 30% of income for rent. Most ELI households rent units at higher affordability levels (by sharing units, assuming a high rent burden, or by using a rental subsidy). Developing more ELI housing will help improve the system’s ability to provide affordable units for people who are experiencing homelessness or

<sup>9</sup> Our estimate of the gap is based on the methodology used by the NLHIC in its Annual Gap Report (Aurand et al., “The Gap: A Shortage of Affordable Homes”, 2021, [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2021.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf)).

<sup>10</sup> Per NLHIC methodology, rental units without complete kitchen or plumbing facilities are not included in the housing supply.



who are at-risk of homelessness. Steadily increasing the supply of deeply affordable housing is a critical anti-homelessness and anti-poverty strategy that improves community stability and well-being. To provide a sense of the type of affordable units needed (e.g., studios, one-bedrooms, etc.) the table below depicts the household size of ELI renter households and whether their current housing costs were affordable. Although reducing the affordable housing gap would go a long way towards ending homelessness, eliminating the gap altogether is not a prerequisite for ending homelessness, since most low income rental households currently pay much more than they can afford in the existing market.

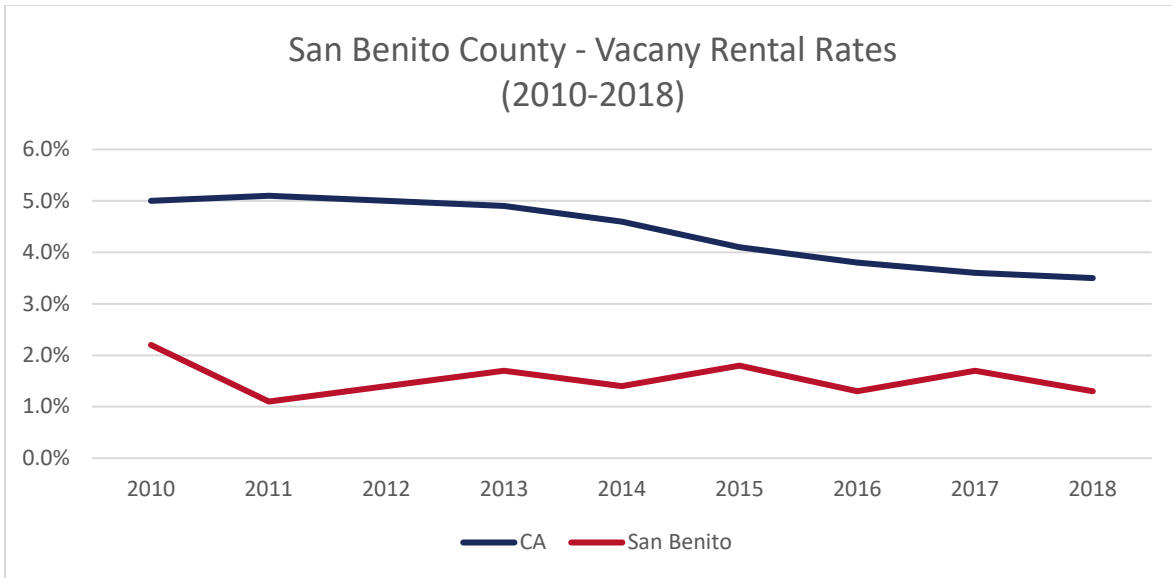
### ELI Renter Households in Monterey County by Size and Affordability of Housing Costs

# Persons in HH	# ELI HHs in Affordable Units	# ELI HHs in Unaffordable Units	Total # ELI HHs
1	1,204	2,310	3,514
2	77	835	912
3	0	872	872
4	143	1,892	2,035
5	83	1,374	1,457
6	0	536	536
7	0	182	182
8	0	140	140
10	0	139	139
Total	1,507	8,280	9,787

### B. San Benito County

As evident in the next graph, trends in vacancy rates in San Benito County signal an extremely tight rental housing market, with historical vacancy rates typically below 2%, which is lower than the rate for the State.





Source: American Community Survey, 5-year estimates 2010-2018 (1-year estimates not available for San Benito County).

Data compiled by the California Housing Partnership<sup>11</sup> reveal that asking rents for a two-bedroom home in San Benito County increased by 3.9% in 2019 after rising by an annual average of 2.8% between 2014-2018. Furthermore, in 2020 renters needed to earn twice the minimum wage to afford the average asking two-bedroom rent in San Benito County (meaning pay 30% or less of their income for rent). Data from the California Housing Partnership indicate that the overwhelming majority ELI households (89%) are expending more than 30% of household income on housing costs; in addition, nearly two-thirds (63%) are spending more than half of their income on housing costs.

Comparable to findings in Monterey County, our analysis indicates that San Benito County faces a shortage of units affordable to extremely-low and very-low incomes. Specifically, we found that for every hundred rental households with incomes <30% AMI, only 24 units were affordable and available; for every 100 rental households with incomes < 50% AMI, there were an estimated 35 affordable and available units.

### San Benito County Affordable Housing Gap Estimates

<sup>11</sup> California Housing Partnership, "Housing Market Dashboard", 2020, <https://chpc.net/housingneeds/>.



	ELI (0-30%, incl. 0 inc, or Poverty)	Very Low Income (31- 50%)	Low Income (51-80%)	Median Income (81-100%)	Above Median Income (>100%)	Total
Rental Households within AMI Category	1,227	1,167	1,451	498	1,772	6,115
All Rental Households at or below Threshold Income	1,227	2,394	3,845	4,343	6,115	6,115
Units Affordable and Available at Threshold <sup>12</sup>	292	839	3,161	5,230	6,143	6,143
Surplus (Deficit) of Affordable and Available Units	(935)	(1,555)	(684)	887	28	28
Affordable and Available units per 100 tenants at or below Threshold	<b>24</b>	35	82	120	100	100

The size of ELI renter households in San Benito is by current housing affordability is provided below.

#### ELI Renter Households in San Benito County by Size and Affordability of Housing Costs

# Persons in HH	# ELI HHs in Affordable Units	# ELI HHs in Unaffordable Units	Total # ELI HHs
1	99	210	309
2	55	103	158
3	0	229	229
4	103	10	113
5	35	292	327
6	0	91	91
Total	292	935	1,227

<sup>12</sup> Per NLHIC methodology, rental units without complete kitchen or plumbing facilities are not included in the housing supply.



## **VI. ELI RACIAL/ETHNIC DISPARITIES**

Racial and ethnic disparities in the likelihood of experiencing homelessness are linked with over-representation among ELI households. The recent GAP report<sup>13</sup> notes that disparities exist nationally in the likelihood of different racial and ethnic groups being classified as extremely-low income renters. Specifically, Black, Native American, and Hispanic households are more likely than White households to be ELI renters (20% of Black households are ELI, as are 18% of American Indian/Alaskan Native households, and 14% of Hispanic households, compared to 6% of non-Hispanic White households).

For Monterey County, 20.8% of Hispanic households of any race were ELI renters compared with 10% of white/non-Hispanic households. A similar disparity was found in San Benito County where 21.9% of Hispanic households of any race were ELI renters compared with 16.7% of white/non-Hispanic households.

## **VII. COVID-19 RACIAL/ETHNIC DISPARITIES**

The unprecedented drop in employment and economic activity due to the COVID-19 pandemic has made paying rent a tenuous prospect for many households. Nationally, nearly 20% of adult renters reported owing back rent, based on a recent analysis of Census Pulse Data.<sup>14</sup> Estimates on the amount of back rent owed in California through the end of 2020 ranges from \$400 million to \$4 billion.<sup>15</sup> California was allocated \$2.6 billion in federal rental assistance as part of the American Rescue Plan Act and recently extended its existing eviction moratorium through June 30, 2021. The twin impact of rental assistance and expanded federal employee unemployment benefits will reduce the number of evictions that would have otherwise occurred; however, whether this aid is sufficient to avert a large increase in the number of evictions following the expiration of eviction moratorium is unknown at this point (one estimate from the State's Judicial Council suggests that new eviction filings could

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<sup>13</sup> Aurand A, Emmanuel D, Threet D, Rafi I, Yentel D. The gap: a shortage of affordable homes [Internet]. Washington (DC): National Low Income Housing Coalition; 2021 Mar.

<sup>14</sup> Rice, D., Oliva A. (2021). *Housing Assistance in American Rescue Plan Act Will Prevent Millions of Evictions, Help People Experiencing Homelessness*. Center on Budget and Policy Priorities. Retrieved from <https://www.cbpp.org/research/housing/housing-assistance-in-american-rescue-plan-act-will-prevent-millions-of-evictions>.

<sup>15</sup> Hanson, L. (2021, March 13) COVID rent relief program opens. Here's how it works. *East Bay Times*. Retrieved from <https://www.eastbaytimes.com/2021/03/13/covid-rent-relief-program-opens-heres-how-it-works/>.



double from a normal year, though the estimate was made prior to the most recent moratorium extension and federal rental relief aid).<sup>16</sup>

The Pulse data also show racial/ethnic disparities in the likelihood of owing back rent, with a higher proportion of African American, Multiracial, and Hispanic adult renters not caught up on rent compared with White adult renters.<sup>17</sup> Current evidence also indicates that African Americans, Native Americans, Asian-Americans, and Hispanics are more likely to be hospitalized and die from COVID-19 compared with White, non-Hispanic individuals at the national level.<sup>18</sup> In both Monterey and San Benito Counties, the disparities in the distribution of cases by race/ethnicity are particularly salient for Hispanic residents, compared with White, non-Hispanic residents, as evidenced in the following tables:

### Monterey County COVID-19 Cases by Race/Ethnicity

Race/Ethnicity	Percent COVID-19 Cases	Percent COVID-19 Hospitalized Cases	Percent Population
Asian & Pacific Islander	1.9%	5.2%	5%
Black & African American, Not Hispanic	0.6%	2.1%	2%
Hispanic & Latino, Any Race	56.4%	70.5%	60%
Multi-Racial and Other Race, Not Hispanic	1.6%	2.1%	2%
Unknown	34.2%	7%	0%
White, Not Hispanic	5.2%	13%	28%

Source: County of Monterey Health Department<sup>19</sup>

### San Benito County COVID-19 Cases by Race/Ethnicity

Race/Ethnicity	Percent COVID-19 Cases	Percent Population
Asian	2.2%	3.9%
Black	0.6%	1.6%

<sup>16</sup> Dillion, L. (2021, January 20). Eviction cases in California projected to double. *Los Angeles Times*. Retrieved from <https://www.latimes.com/homeless-housing/story/2021-01-20/california-eviction-cases-slated-to-double-covid-19>.

<sup>17</sup> Rice, D., Oliva A. (2021). *Housing Assistance in American Rescue Plan Act Will Prevent Millions of Evictions, Help People Experiencing Homelessness*. Center on Budget and Policy Priorities. Retrieved from <https://www.cbpp.org/research/housing/housing-assistance-in-american-rescue-plan-act-will-prevent-millions-of-evictions>.

<sup>18</sup> (CDC, n.d.) Retrieved on 8/23/2020 from (<https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html>).

<sup>19</sup> <https://www.co.monterey.ca.us/government/departments-a-h/health/diseases/2019-novel-coronavirus-covid-19/2019-novel-coronavirus-2019-ncov-local-data-10219>. Accessed 3/24/2021.





Hispanic/Latinx	78.3%	60.8%
Other	1.6%	5.1%
Unknown	1.6%	0.0%
White	15.6%	32.8%

Source: San Benito County Health & Human Services Agency<sup>20</sup>

Viewed together, these data suggest that the effects of COVID-19 are likely to widen existing racial and ethnic disparities in housing security and health nationally, inclusive of Monterey and San Benito Counties.

### **VIII. CONCLUSION**

The relative paucity of housing affordable available to low-income households in Monterey and San Benito Counties is consistent with conditions experienced in many other California communities. Our analysis suggests that current efforts to increase the supply of affordable housing will need to be significantly scaled up to meet the existing backlog of demand, as well as the projected increase in demand over the next few years. The effects of natural disasters have likely only compounded the challenge and highlighted the need to prioritize increasing equity among marginalized groups.

Marshalling resources to scale up production of housing for ELI households will be critical to the success of the community's efforts to reduce homelessness and to address equity in access to affordable housing. We noted earlier that Monterey and San Benito Counties have the opportunity to significantly reduce the population of households experiencing unsheltered homelessness. Predictive modeling shows that homelessness can be significantly reduced by increasing the rate at which households exit the homeless system to permanent housing and calls for approximately 2,800 housing exits annually from shelter, transitional housing, and rapid rehousing. Only some of these exits may be achieved by providing services and rental assistance to support people experiencing homelessness to secure units in the existing market. These types of homeless system programs provide people experiencing homelessness access to units with higher rents than they could otherwise afford. There are smaller inventory gaps for higher cost units but relying solely on the inventory currently available will not be sufficient to solve homelessness; additional units are needed. New ELI housing units will promote neighborhood and household stabilization,

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<sup>20</sup> <https://hhsa.cosb.us/wp-content/uploads/2021/03/COVID-19-Update-032321.pdf>. Accessed 3/24/2021.



prevent and end homelessness, and can be part of addressing racial and gender disparities in access to safe<sup>21</sup> and affordable housing.

In summary, Monterey and San Benito Counties have an overall shortage of housing which we estimate by 2024 to be as much as 3,200 units - the size of the shortage will depend greatly on population trends which are currently hard to predict. The simultaneous impacts on the housing market of COVID-19, the fires, eviction moratoria, an economy in recession with continuing recovery uncertainty, and population decline cannot be predicted. Even if population growth does trend downward, the gap for people at the lowest income levels is historically high and projected to increase. This impacts the ability of the homelessness response system to function at high performance levels because programs rely on access to housing. Regardless of what the outcomes may be from these unprecedented changes and challenges, based on the current shortage of housing units overall and ELI units in particular, it is unlikely that significantly reducing unsheltered homelessness in Monterey and San Benito Counties can happen without developing additional affordable permanent housing units. This report can be used to help the CoC and its partners set targets for development and ways to measure the impact of that development on the market.

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<sup>21</sup> "Safe" housing is frequently considered to mean housing that does not jeopardize the health, safety, or welfare of its occupants and that permits access to electricity, heat, and running water for the benefit of occupants.



## **APPENDIX: GLOSSARY OF TERMS**

Affordable Housing - rental housing units for which the total cost of housing (including utilities) costs 30% or less of renter household income

Affordable and Available Housing - rental housing units that are affordable and either vacant or occupied by a household that can afford the unit

Area Median Income (AMI) - the median family income in the county

Extremely Low Income (ELI) - households with incomes at or below the poverty guideline or 30% of AMI, whichever is higher

Safe Housing -- housing that does not jeopardize the health, safety, or welfare of its occupants and that permits access to electricity, heat, and running water for the benefit of occupants

Very Low Income (VLI) -- households with incomes between ELI and 50% of AMI

