

Chico, rural communities losing affordability in deepening statewide housing crisis

Rural housing may no longer meet basic affordability standards

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CHICO — Much has been written about the California housing crisis, but the fight to stay in the state isn't just faced by those in major cities in Los Angeles County or the Bay Area. As more and more residents have moved inland to escape costs, the problem of availability has followed them.

A once-invisible crisis is now facing rural communities like those in Butte County, thanks to rising housing prices and stagnating wages in an area crippled by the most damaging wildfire in the state's history.

Much of this crisis has to do with affordability being less and less possible for people every year.

Housing growing out of reach

The vacancy rate in Chico reached nearly 0 percent before the Camp Fire. After the fire, as tension for land to build on and money to build with continues, the prices of new and existing homes get more and more out of reach for citizens waiting for permanent solutions.

This has been going on in the capital for a long time, leaving more homeless than ever, and it keeps hitting rural communities harder and harder, according to local leaders like Orland's city manager, Peter Carr.

A question faced by many who are moving to rural communities, he said, is where they can go. Over 600 homes are being built in Chico, but when 6,000 are needed, houses will go to those who have the money to move in right away, as has been the case since the fire.

Those with established incomes who lost their homes are still looking for homes, but at the current average salary in Butte County, it's possible, based on federal government definitions, that they will have to sacrifice and risk overburdenment to afford a new home.

Overburdenment is defined as spending over 30 percent of one's income on housing or rent, according to federal standards. The federal government considers housing non-affordable if it costs more than 30 percent of a household's income.

Unfortunately, spending more than 30 percent is the reality for over 50 percent of the state's residents.

A statewide struggle for affordability

Although people used to move to Chico for affordability, it's clear that may no longer be possible, leading to market movement in other towns. Yuba City's housing market is considered "very hot" on listing websites such as Zillow as the median sale price for a house can often be around \$274,000. Redding is also approaching \$300,000 on average for a house, according to Realtor.

In Corning, prices are climbing between \$150,000-\$400,000 based on how much land they sit on. Rental prices are also rising with Corning's major sources of industry being

agriculture and several businesses in town, so residents may end up commuting if they work in Chico or Redding.

Once the city from which workers would commute to Sacramento or other cities, it's possible Chico will now become the city many must commute to from other communities, to continue to afford living in the valley.

The cost of renting a home in Chico, post Camp-Fire



Current fair market rate for 2019

- \$894/month, 1-bed
- \$1,144/month, 2-bed
- \$1,654/month, 3-bed
- \$1,921/month, 4-bed

▲ 30%

income that should be spent on affordable housing

▲ 50%

of Californians spend more than 30% of income on housing

Salaries and housing burden

Average annual salary in Chico:
\$43,000

Annual salary needed to rent affordable two-bedroom: **\$47,000**

Average price range of new home in 2019 in Chico: **\$350,000 - \$400,000**

Sources: U.S. Bureau of Labor Statistics, Realtor, HUD, Smart Asset, CBPP

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Affording a home without burden

It's important to understand how much one needs to earn to keep living in this part of California. Very low vacancy remains the norm in Chico, and until more housing projects break ground, may remain so for years. As far as this year's market goes, it seems that even when newly built homes become available, their prices could continue to climb higher than existing

homes to those who are able to take them, according to Kate Leyden of Chico Builders Association.

The problem is nationwide, as can be seen in other states. In New Jersey, one must currently make \$60,000 per year to afford a two-bedroom unit that is rented at \$1,500 per month. Many two-bedroom homes in Chico now approach that price, which averages out to two working adults each needing to be paid about \$28.86 per hour, or nearly \$14.50 an hour per individual.

In 2019, the fair market monthly rent in Butte County reached a total increase of about 14 percent from 2018 rates, according to the HUD user database.

The economy may not be able to catch up with these increases. Smart Asset reported in November 2013 that the average salary in Butte County is approximately \$44,366, or about \$3,697 per month and \$23 an hour. That means that to stay under the government-defined standard of 30 percent of income on rent, you could only afford a home rented at \$1,100 or less per month. A salary of \$47,000 would be the minimum needed to spend less than 30 percent of income on housing if one had to rent a home of \$1,200 or more per month.

But the average monthly cost for housing looks more like around \$1,600 in Chico — requiring spending over 45 percent of income each month.

Costs drive locals to new locations

The situation is so bad that many are expected to keep leaving the area if they cannot secure permanent housing solutions or find employment that can cover costs. On the positive side, the Bureau of Labor Statistics reported that in May 2019, the county unemployment rate was at 4.3 percent, with employment at 98 percent.

However, according to a release from the bureau, the median hourly wage was at \$22, down from the national median of \$24.98. That means the average worker is making a salary of only \$42,000, requiring them to spend less than \$1,000 on rent monthly in order to not spend 30 percent of income on housing.

The employment rate may have improved, but employment with a salary to afford housing is another issue altogether. Looking ahead, it seems the vacancy rate will need to change before more change in the local economy can make it easier to afford homes, once found, in the county. What seems more likely in the immediate future is an improving housing market in smaller towns, which may spur people waiting for housing to relocate to where they can afford.