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More Than Three-Quarters of Low-Income Older Californian Tenants Are Rent Burdened

Steven P. Wallace and D. Imelda Padilla-Frausto

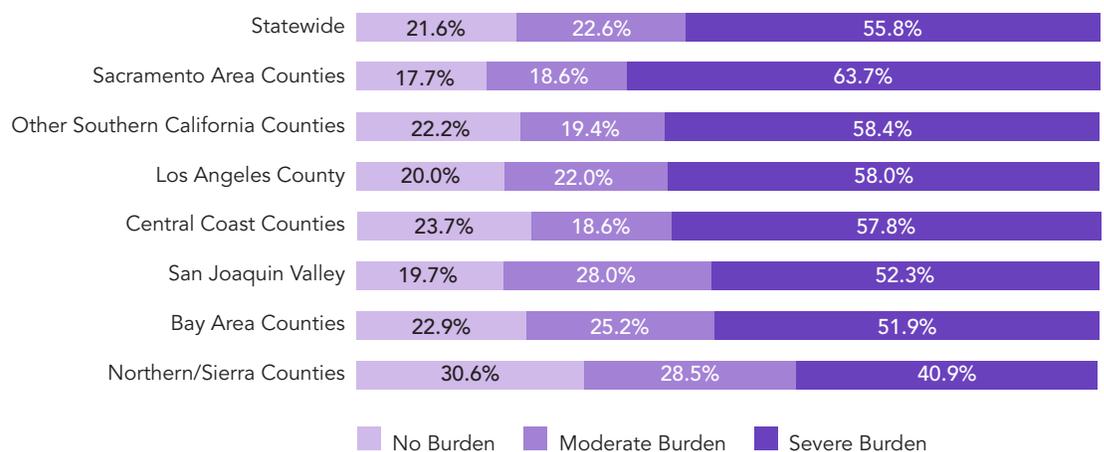
In 2016, more than three-quarters of low-income older Californians whose head of household is age 65 or over are “rent burdened,” and more than half are “severely rent burdened” (Exhibit 1). The shortage of affordable housing is a pressing issue in California. For most older adult renters who are retired and on fixed incomes, rising rents create a particular challenge. These tenants have often lived in the same unit for many years, have established ties with their health care providers and community services, and have support networks of friends nearby. If rents rise too high, they can be forced to leave their support networks for distant but less expensive housing.

The U.S. Department of Housing and Urban Development (HUD) defines housing costs that are over 30 percent of the pretax family income as a burden, and costs of over 50 percent as a severe burden.¹ Older adults who are moderately or severely rent burdened face overall financial stress and have limited resources to pay for food, medicine, and other necessities.

Housing is the largest part of the cost of living for older adults, which is a factor in why many older Californians do not have enough income to make ends meet for a minimally decent standard of living.²

Exhibit 1

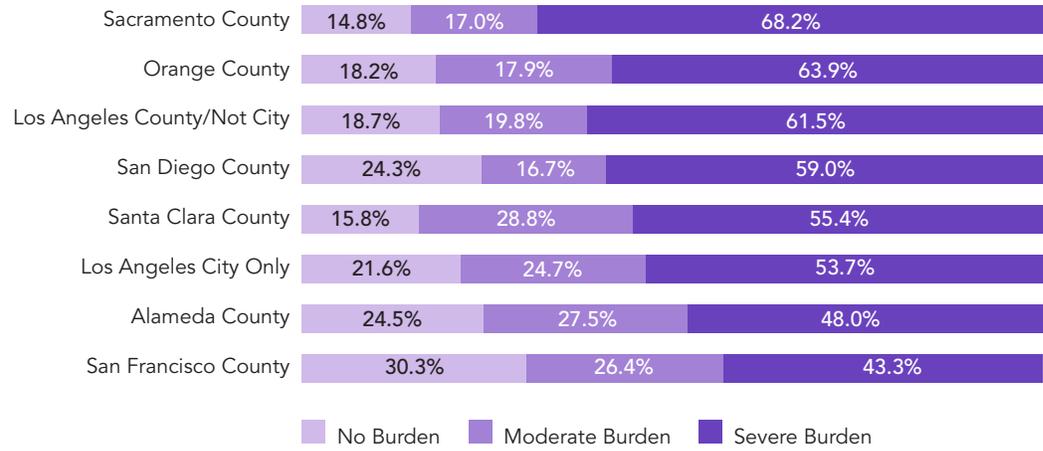
Rent-Burdened Low-Income* Californians Age 65 and Over, by Region, 2016



*“Low income” is defined as having a family income below 200% of the federal poverty threshold, as calculated by the U.S. Census Bureau.

Exhibit 2

Rent-Burdened Low-Income* Californians Age 65 and Over, by Selected Counties, 2016



*"Low income" is defined as having a family income below 200% of the federal poverty threshold, as calculated by the U.S. Census Bureau.

There are 4.2 million noninstitutionalized older Californians living in an older adult-headed household. About one-quarter of them live in rental units (1 million), and over half of these older renters have low incomes³ (556,000). This group is the most vulnerable to rising rental costs, since they have little or no flexibility in their budgets. Among renting families headed by an older adult with low incomes in California in 2016, the level of rent burden varied by region (Exhibit 1). Older adults are the most rent-burdened group in the Sacramento region (18.6 percent with moderate burden, and 63.7 percent with severe burden) and in Los Angeles County (22 percent with moderate burden, and 58 percent with severe burden). In every part of the state, more older adults are severely rent burdened than are moderately burdened. While the northern/Sierra region has the highest rate of older adults with no rent burden (30.6 percent), this still leaves more than two-thirds of older adults in that region with some level of rent burden.

These calculations of rent burden from the 2016 American Community Survey are stable only for regions (Exhibit 1) and larger counties. Among those larger counties, Sacramento County has the highest total rent-burden rate, and a severe burden rate (68.2 percent) that is more than 25 percent higher than that of San Francisco County (43.3 percent) (Exhibit 2). Rent burden is calculated using current spending on rent, so while the cost to a new renter for a one-bedroom apartment in San Francisco is more than twice that for a comparable unit in Sacramento,⁴ the long tenure of older renters in San Francisco's rent-controlled units likely reduces the actual rents paid by most seniors. Nevertheless, almost three-quarters of older adults living in families with an older adult head of household in San Francisco are rent burdened. While there is variation among the different counties in the percentage of older adults who are rent burdened, all of the large urban counties in the state have high rates of moderate burden and even higher rates of severe rent burden (Exhibit 2).

Data

Data for this fact sheet are from the U.S. Census Bureau, 2016 American Community Survey.

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Endnotes

- 1 Watson NE, Steffen BL, Martin M, Vandenbroucke DA. 2017. *Worst Case Housing Needs: 2017 Report to Congress*. Washington, D.C.: U.S. Department of Housing and Urban Development, Office of Policy Development and Research. <http://huduser.gov/portal/publications/Worst-Case-Housing-Needs.html>
- 2 Padilla-Frausto DI, Wallace SP. 2015. *The Hidden Poor: Over Three-Quarters of a Million Older Californians Overlooked by Official Poverty Line*. Policy Brief. Los Angeles, CA: UCLA Center for Health Policy Research. <http://healthpolicy.ucla.edu/publications/search/pages/detail.aspx?PubID=1417>
- 3 Older renters with low incomes have a family income less than 200% of the FPL.
- 4 Final FY 2016 Fair Market Rent Documentation System. U.S. Department of Housing and Urban Development. <https://www.huduser.gov/portal/datasets/fmr.html#2016>



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