

Glenn County Housing Study



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Prepared for Glenn County by:

 **HousingTools**

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Introduction

The purpose of this study is to describe housing market conditions and identify development opportunities in Glenn County. This updates the Housing Study completed in 2018 with new data (where available) and discusses the impacts of the November 2018 Camp Fire on the Glenn County housing market. To provide context, the authors initiated the study with research on base market conditions, including geography and proximity to job centers, local economic indicators, demographics, and household characteristics. Housing sub-markets were then analyzed, including housing characteristics, residential construction trends, for-sale market statistics, and rental market statistics. Based on an assessment of these data, the report identifies housing needs and opportunities within the County.

Important key findings of the study are highlighted in bold type throughout the document, with a number of them summarized here for reference:

- The proximity of Glenn County communities to Chico provides opportunities for economic growth and residential development. In addition, the County offers much more affordable housing costs and a rural lifestyle that will attract a certain segment of the market, including families looking for more space and younger people looking for an affordable entry level home.
- On an annual basis, employment has slowly but steadily grown by about 500 jobs over the last five years, with another estimated 200 jobs identified and anticipated over the next couple of years. Unemployment in Glenn County has steadily decreased from 10.7% in 2014 to 6.5% in 2018.
- The average annual wage in Glenn County has gradually increased from \$37,734 in 2015 to \$42,525 in 2018.
- The majority of homeowner households have incomes over \$50,000, while the majority of renter households have incomes under \$50,000
- There is a clear shortage of smaller units for smaller households, with an oversupply of three bedroom units. Along with this, it is notable that no multi-family units have been built in the County in the last four years.
- The annual median sales price of single family homes in the county increased by 39% over the last five years, from \$186,000 in 2015 to \$259,000 in 2019 for an annual average increase of almost 10%, compared to a 23% increase for the same time period for the State of California.
- Making homes available to lower income households and first-time homebuyers will help the county retain workers and younger families.
- The demand for rental units is currently strong, with a 0% vacancy rate for market rate rentals, and a 3.3% vacancy rate for affordable rentals. A generally healthy rental market will

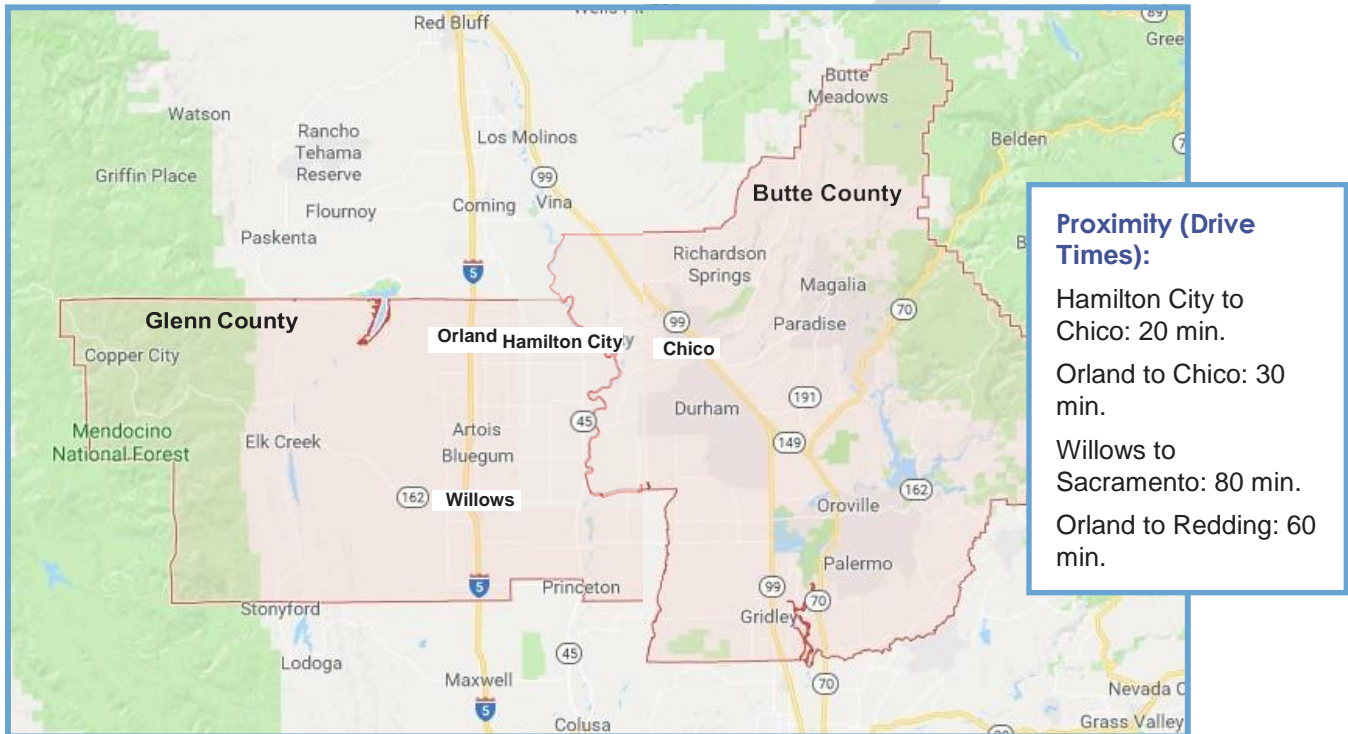
have a vacancy rate of around 5%.

- There is a significant shortfall of rental units that are affordable to low-income households. The number of households on wait lists for affordable rent-restricted units surveyed increased by 169 to a total of 487, for an average of 44 households per apartment complex. This is further illustrated by the number of rent-burdened households, with 35% of all renter households paying more than 35% of income towards rent, and 26% of all renter households paying more than 50% of income towards rent.
- The Camp Fire had a significant impact on the demand for rental housing, as evidenced by feedback from a survey of local apartment owners and managers. This is reflected by a continued low vacancy rate among market rate and affordable apartment complexes.
- The State legislature has passed a number of pieces of legislation over the last three years to fund affordable housing and homeless services. Some of these are one-time funds that can be used to develop foundational systems to support the development of affordable housing and associated support services needed to move families and individuals out of homelessness.

Geography

Glenn County is 1,327 square miles, located on the I-5 corridor north of Sacramento and south of Redding. It is generally bordered by the Sacramento River on the east and the Mendocino National Forest and Coastal Mountain Range on the west. The I-5 freeway runs north to south about 10 miles west of the Sacramento River, and most of the county's population resides along this corridor. Adjacent counties are Colusa on the south, Lake on the southwest, Mendocino on the west, Tehama on the north, and Butte on the east.

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The only bordering county with a population of greater than 100,000 is Butte County, which has a population of 228,000 and 87,300 jobs. Most of the Butte County population lives in the Chico Urbanized Area with about 104,000 residents.² Anchored by California State University and Enloe Medical Center, Chico is a regional hub for education and health-care services throughout the county that is also home to Butte College, Oroville Hospital, and United Healthcare.³

The proximity of Glenn County communities to Chico provides opportunities for economic growth and residential development. Hamilton City, located on Highway 32 and next to the Sacramento River, is only a 20-minute drive from Chico. Orland, Glenn County's largest town, is a 30-minute drive from Chico on Highway 32. Willows, the county seat, is a 45-minute drive which many people from Chico and surrounding areas are willing to make, given the easy drive through light traffic on the backroad thoroughfares. In addition, Glenn County benefits from its location on the I-5 corridor. Willows is an 80-minute drive from Sacramento, and Orland is a 60-minute drive from Redding.

¹ California Department of Finance, Employment Development Department, 2019

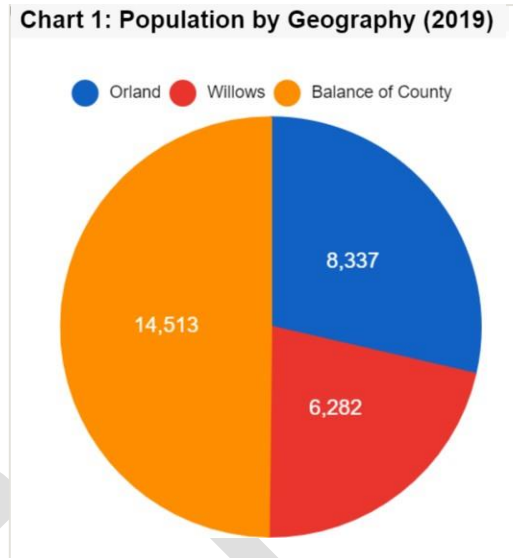
² U.S. Census, 2014-2018 American Community Survey

³ California Employment Development Department, 2019

Demographics

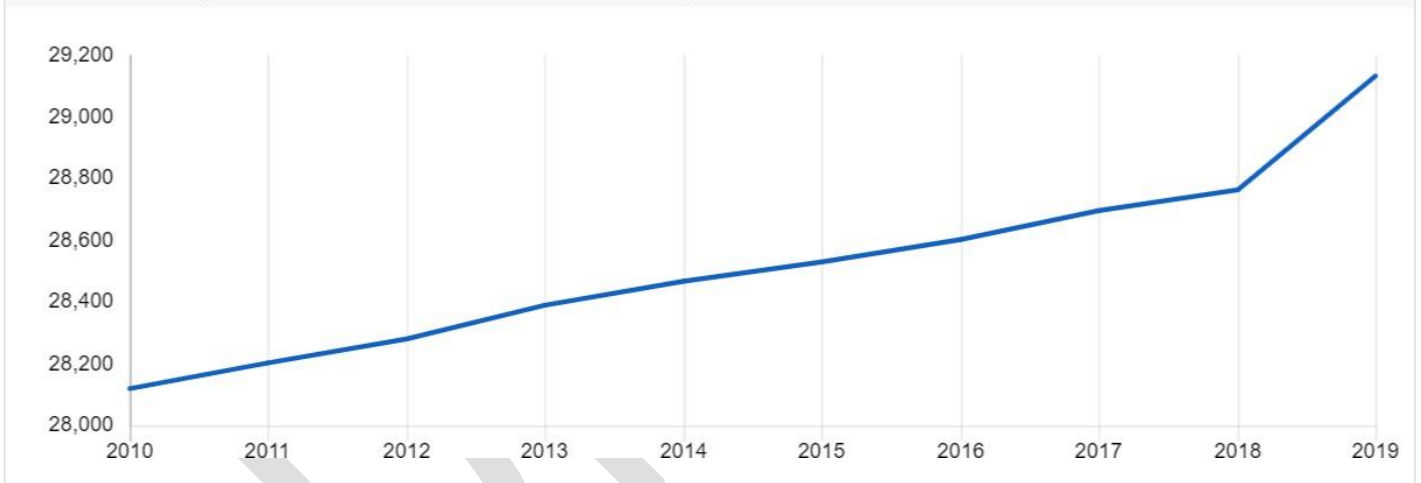
Glenn County is mostly rural, with a population of 29,132.⁴ Chart 1 shows how the population is distributed geographically. Almost half of the County’s population lives in its two largest towns— Orland and Willows.

Glenn County’s population has slowly and steadily increased over the past nine years, from 28,122 in 2010 to 29,132 in 2019, an average annual increase of 0.36%. By comparison, the population of the State of California has experienced an average annual increase over the same period of 0.72%.⁵



Source: State of California, Department of Finance, 2019

Chart 2: Population Growth, Glenn County



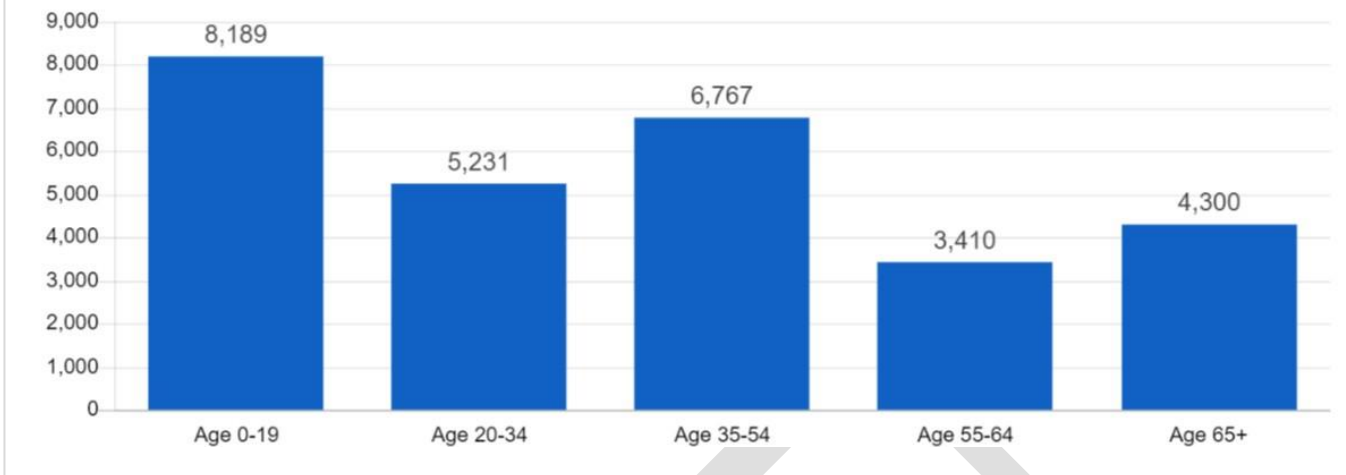
Source: State of California, Department of Finance, 2019

Glenn County’s largest age population cohort is 0-19 years old, with 8,189 people. The rest of the population is fairly evenly distributed by age.

⁴ California Department of Finance, 2019

⁵ California Department of Finance, 2019

Chart 3: Population by Age, Glenn County (2018)



Source: U.S. Census, 2014-2018 American Community Survey

Glenn County is similar to the State of California as a whole in terms of its ethnic makeup. Within the county, about 41% of the population identifies as Hispanic or Latino, which is slightly higher than the State as a whole (38% Hispanic or Latino). In terms of race, Glenn County has a much larger proportion of the population that is White than the rest of the state, at 86% (California is 59% White).⁶

⁶ U.S. Census, 2014-2018 American Community Survey

Economy

The foundation of Glenn County’s economy is agriculture, with over 1,188 farms. Major commodities include rice, almonds, milk products, prunes and livestock. Production of agricultural commodities was valued at \$748 million in 2016.⁷ Major food production companies include Rumiano Cheese Company, Sierra Nevada Cheese, Olson Meat Co., and Sunsweet Dryers. Manufacturing is headlined by Johns Manville, which produces fiberglass, and Kraemer & Co. Manufacturing, Inc., which makes agricultural equipment. The largest government employer is Glenn County. The Glenn Medical Center is also a large employer in the County.⁸

Table 1: Largest Employers, Glenn County

Employer Name	Employees	Location	Industry
Glenn County	500-1,249	Willows	Government Services, Sheriff
Johns Manville	250-499	Willows	Building Materials- Manufacturers
Glenn Medical Center	200-499	Willows	Hospitals, Physicians & Surgeons
Erick Nielsen Enterprises Inc	100-249	Orland	Agricultural Consultants
Rumiano Cheese Factory	100-249	Willows	Cheese Processors
Sierra Nevada Cheese Co	100-249	Willows	Cheese
Sunsweet Dryers	100-249	Orland	Fruits- Dried
Walmart Supercenter	100-249	Willows	Department Stores
Head Start	50-99	Orland	Child Care Service
Land O'Lakes Inc	50-99	Orland	Cheese Processors
Lassen Land Co.	50-99	Orland	Farm Management Service
Mill Street School	50-99	Orland	Schools
Murdock Elementary School	50-99	Willows	Schools
Olson Meat Co	50-99	Orland	Meat- Retail
Omega Walnuts	50-99	Orland	Nuts- Edible-Processing
Sun Bridge Ctr of Willows	50-99	Willows	Nursing & Convalescent Homes
US Reclamation Bureau	50-99	Willows	Government Offices- U.S.

Source: California Employment Development Department, 2018

⁷ County of Glenn, 2016 Crop Report

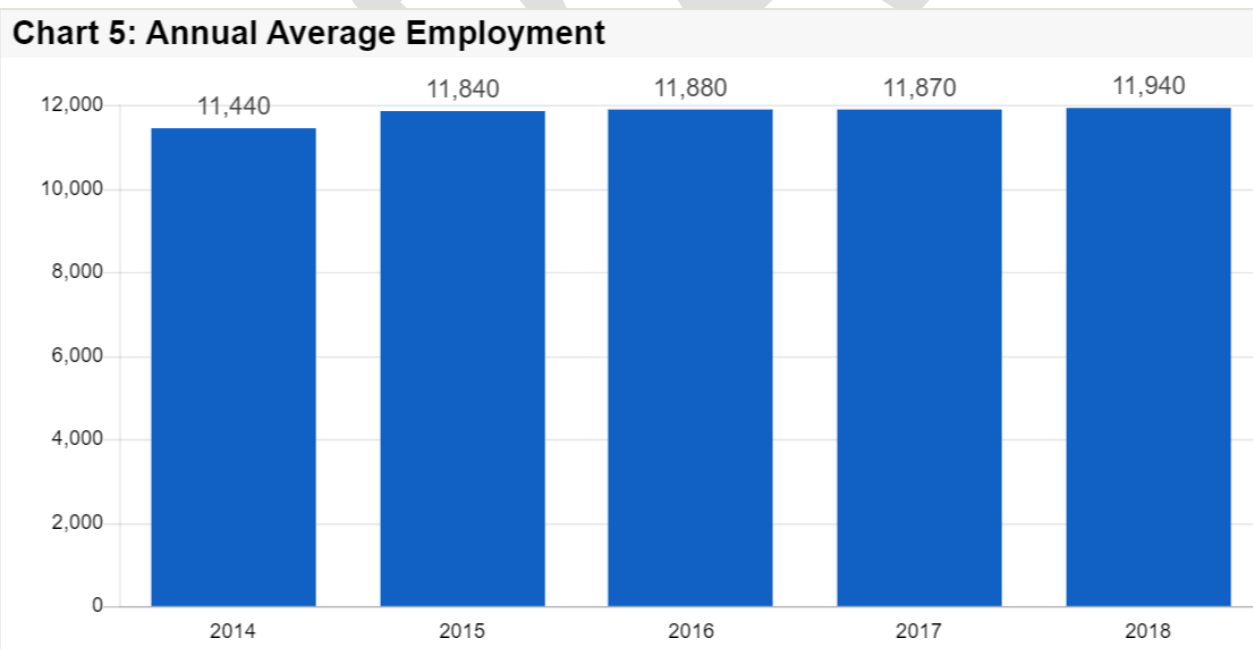
⁸ California Employment Development Department, 2019

Total employment in the County cycles through annual peaks and valleys due to the significant proportion of seasonal jobs in agriculture, as reflected in quarterly employment numbers.



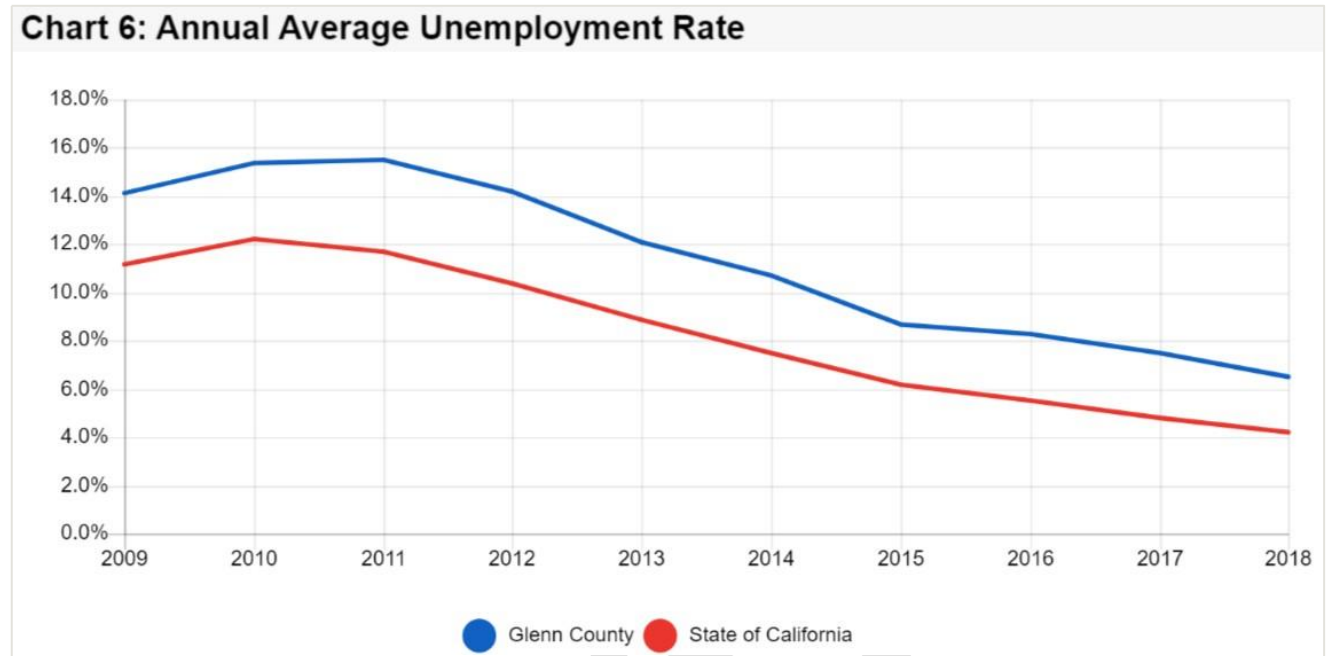
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2019

On an annual basis, employment has grown slowly and steadily by an estimated 500 jobs over the last five years, as shown in Chart 5.



Source: California Employment Development Department, 2014-2018

The Glenn County unemployment rate has steadily decreased from 15.5% in 2011 to 6.5% in 2018.



Source: California Employment Development Department, 2019

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Table 2 shows employment by industry in Glenn County as of October 2018 and October 2019. The Farm and Local Government Industries dominate employment in the County, with 4,560 jobs between the two. These industries are followed by Educational & Health Services with 930 jobs, Retail Trade with 850 jobs, Leisure & Hospitality with 800 jobs, and Manufacturing with 770 jobs.

In terms of new job growth, the county anticipates the addition of approximately 217 new full-time jobs over the next 5 years, primarily in the agricultural and food manufacturing sectors.

Table 2: Employment by Industry, Glenn County

Industry	Oct-18	Oct-19	Percent Change
Farm	2,550	2,710	6.3%
Mining, Logging, and Construction	350	360	2.9%
Manufacturing	730	770	5.5%
Wholesale Trade	330	350	6.1%
Retail Trade	790	850	7.6%
Transportation, Warehousing & Utilities	560	600	7.1%
Financial Activities	160	150	-6.3%
Professional & Business Services	220	250	13.6%
Educational & Health Services	870	930	6.9%
Leisure & Hospitality	740	800	8.1%
Federal Government	190	220	15.8%
State Government	80	80	0.0%
Local Government	1,920	1,850	3.6%
Total All Industries	9,690	10,070	3.9%
Civilian Labor Force	13,110	13,270	1.2%
Civilian Employment	12,460	12,690	1.8%
Civilian Unemployment	650	580	-10.8%

Source: California Employment Development Department, 2019 **Notes:** (1) Civilian labor force data are by place of residence and includes: self-employed individuals, unpaid family workers, domestic workers, and workers on strike. (2) Industry employment is by place of work and excludes: self-employed individuals, unpaid family workers, domestic workers, and workers on strike. Data may not add due to rounding.

The average annual wage in Glenn County has gradually increased from \$37,734 in 2015 to \$42,525 in 2018. Table 3 shows wages by occupation for the North Valley Region as of 2017, which includes Colusa, Glenn, and Tehama Counties. The occupations with the most workers can be categorized into the follow wage categories:

High Wage

- Management
- Healthcare Practitioners and Technical

Jobs: 2,280

Average Annual Wage Range: \$99,510 - \$114,200

Middle Wage

- Education, Training, and Library
- Installation, Maintenance and Repair

Jobs: 4,610

Average Annual Wage Range: \$48,217 - \$57,201.

Lower Wage

- Office and Administrative Support
- Transportation and Material Moving
- Production
- Sales and Related
- Food Preparation and Serving-Related
- Farming, Fishing, and Forestry
- Personal Care and Service

Jobs: 19,240

Average Annual Wage Range: \$26,658 - \$38,747

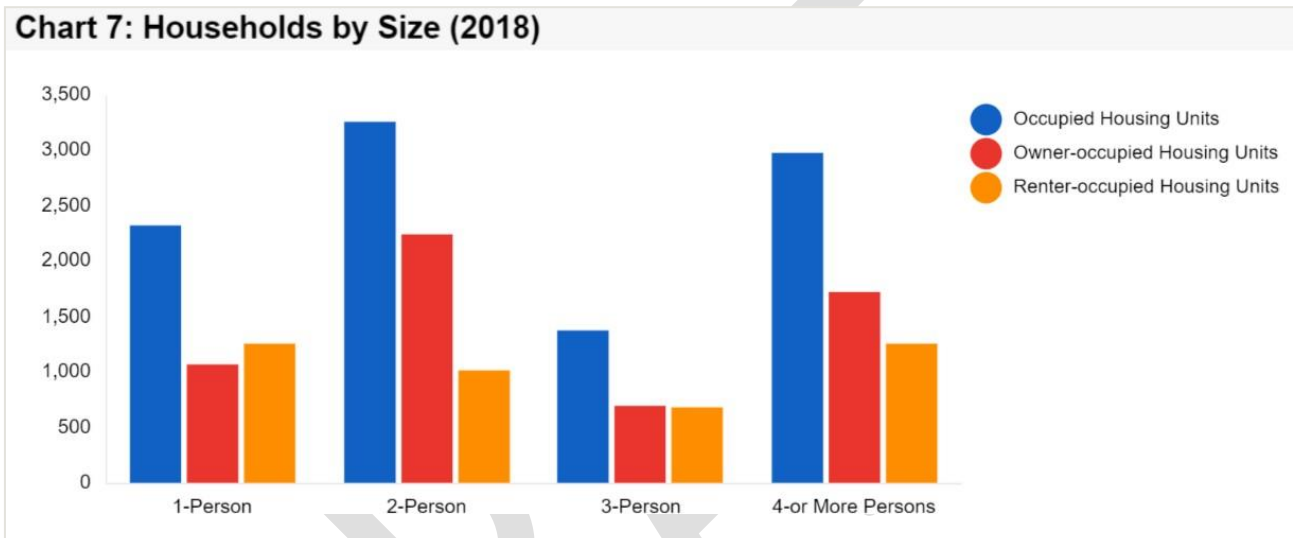
Table 3: Wages by Occupation, North Valley Region (Colusa, Glenn, Tehama Counties)

Occupation	May 2017 Employment Estimates	Average Hourly Wage	Average Annual Wage	25th Percentile Hourly Wage	50th Percentile Hourly Wage	75th Percentile Hourly Wage
Management	1,280	\$47.84	\$99,510	\$28.99	\$42.43	\$59.33
Business and Financial	710	\$33.46	\$69,595	\$25.48	\$29.84	\$37.79
Computer and Mathematical	140	\$35.68	\$74,210	\$22.90	\$30.82	\$40.99
Architecture and Engineering	190	\$39.96	\$83,116	\$26.76	\$36.41	\$51.75
Life, Physical, and Social Science	370	\$26.81	\$55,770	\$16.04	\$23.92	\$34.99
Community and Social Services	650	\$22.48	\$46,752	\$16.03	\$21.75	\$27.59
Legal	70	\$46.22	\$96,144	\$27.20	\$37.38	\$58.22
Education, Training, and Library	3,100	\$27.50	\$57,201	\$16.61	\$26.39	\$36.81
Arts, Design, Entertainment, Sports, and Media	80	\$25.97	\$54,013	\$15.00	\$19.75	\$36.35
Healthcare Practicioners and Technical	1,000	\$54.91	\$114,200	\$28.97	\$46.74	\$63.61
Healthcare Support	620	\$18.63	\$38,738	\$14.39	\$17.70	\$22.51
Protective Service	610	\$32.22	\$67,014	\$22.50	\$29.70	\$40.14
Food Preparation and Serving-Related	2,560	\$13.15	\$27,341	\$11.09	\$11.93	\$13.96
Building and Grounds Cleaning and Maintenance	950	\$15.74	\$32,731	\$11.51	\$13.81	\$18.56
Personal Care and Service	1,800	\$13.26	\$27,567	\$10.74	\$11.69	\$13.66
Sales and Related	2,720	\$16.36	\$34,028	\$11.22	\$12.19	\$17.55
Office and Administrative Support	3,930	\$18.40	\$38,272	\$13.07	\$16.60	\$22.22
Farming, Fishing, and Forestry	2,150	\$12.81	\$26,658	\$10.93	\$11.84	\$13.53
Construction and Extraction	850	\$24.45	\$50,862	\$17.64	\$23.28	\$29.15
Installation, Maintenance, and Repair	1,510	\$23.18	\$48,217	\$15.88	\$21.08	\$27.23
Production	2,790	\$17.72	\$36,837	\$12.69	\$15.28	\$20.83
Transportation and Material Moving	3,290	\$18.62	\$38,747	\$13.82	\$17.97	\$22.60

Source: California Employment Development Dept., 2017 Occupational Employment Statistics Survey, North Valley Region (Colusa, Glenn, and Tehama Counties)

Household Characteristics

About 56% of Glenn County households consist of one or two persons, with 5,621 households between those two categories. Households that own their homes are most likely to have two persons. Renter households are most likely to have one person, or four or more persons. The number of one-person renter households decreased from 1,257 in 2017 to 990 in 2018, while the number one-person owner households increased from 1,064 in 2017 to 1,208 in 2018. The number of renter households overall has decreased from 4,212 in 2017 to 4,036 in 2018, while the number of owner households overall has increased from 5,724 in 2017 to 5,981 in 2018.



Source: U.S. Census, 2014-2018 American Community Survey

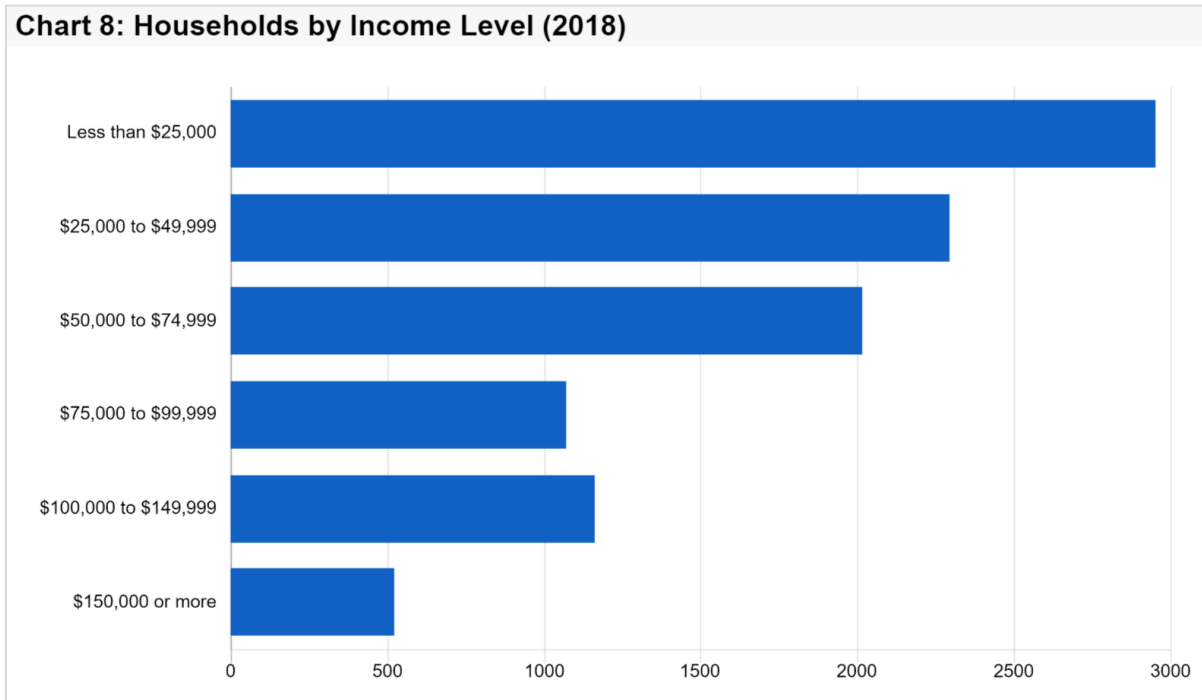
Table 4 shows that Glenn County has a low median income compared to the State of California and the nation.

Table 4: Median Household Income, 2018

Glenn County	\$47,395
State of California	\$71,228
United States	\$60,293

Source: U.S. Census, 2014-2018 American Community Survey

Chart 8 shows the number of Glenn County households by income level. The large majority of Glenn County households earn less than \$50,000 annually.



Source: U.S. Census, 2014-2018 American Community Survey

Table 5 shows the number of households by number of occupants per room. More than one occupant per room indicates moderate overcrowding. More than 1.5 occupants per room indicates severe overcrowding. Cases of severe overcrowding are extremely rare. The overcrowding that does exist is more often moderate and occurs among renter households.

Also shown are income categories broken out between homeowner and renter households. **Among homeowners, 73% have incomes over \$35,000, and 60% have incomes over \$50,000. Among renter households, 53% have incomes under \$35,000, and 71% have incomes under \$50,000.**

Table 5: Household Characteristics by Tenancy, 2018

	Occupied Housing Units		Owner-Occupied Housing		Renter-Occupied Housing	
	Number	Percent	Number	Percent	Number	Percent
Occupied Housing Units	10,017		5,981	59.7%	4,036	40.3%
1-Person Household	2,198	21.9%	1,208	20.2%	990	24.5%
2-Person Household	3,423	34.2%	2,370	39.6%	1,053	26.1%
3-Person Household	1,337	13.3%	678	11.3%	659	16.3%
4-or More Person Household	3,059	30.5%	1,725	28.8%	1,334	33.1%
1.00 or Less Occupants Per Room	9,631	96.1%	5,881	98.3%	3,750	92.9%
1.01 to 1.50 Occupants Per Room	350	3.5%	97	1.6%	253	6.3%
1.51 or More Occupants Per Room	36	0.4%	3	0.1%	33	0.8%
Household Income						
Less than \$5,000	422	4.2%	114	1.9%	308	7.6%
\$5,000 to \$9,999	435	4.3%	108	1.8%	327	8.1%
\$10,000 to \$14,999	863	8.6%	361	6.0%	502	12.4%
\$15,000 to \$19,999	598	6.0%	268	4.5%	330	8.2%
\$20,000 to \$24,999	635	6.3%	337	5.6%	298	7.4%
\$25,000 to \$34,999	802	8.0%	433	7.2%	369	9.1%
\$35,000 to \$49,999	1,493	14.9%	760	12.7%	733	18.2%
\$50,000 to \$74,999	2,016	20.1%	1,359	22.7%	657	16.3%
\$75,000 to \$99,999	1,070	10.7%	729	12.2%	341	8.4%
\$100,000 to \$149,999	1,161	11.6%	1,039	17.4%	122	3.0%
\$150,000 or more	522	5.2%	473	7.9%	49	1.2%
Median Household Income	\$47,395		\$58,759		\$29,405	

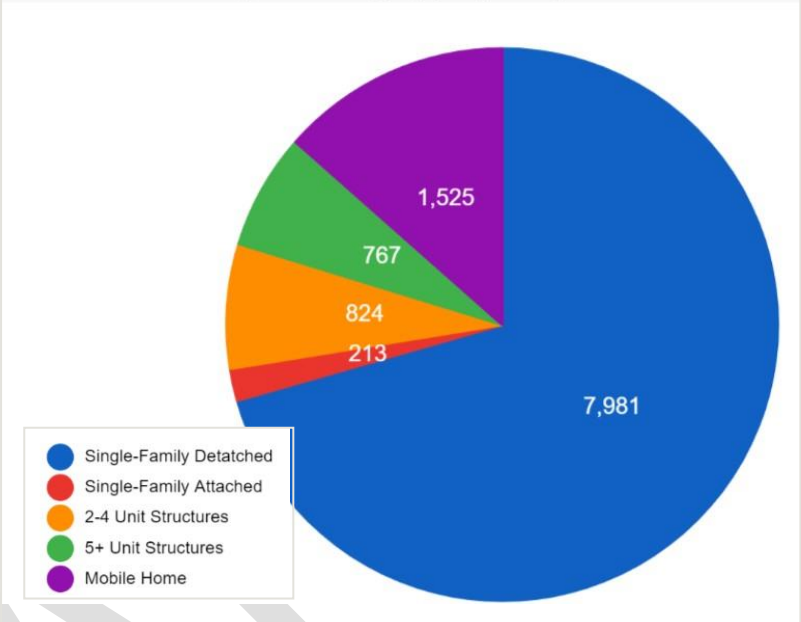
Source: U.S. Census, 2014-2018 American Community Survey

Housing Characteristics

The large majority of residential units in Glenn County are detached single-family homes (71%). The next largest housing type is mobile homes, with a higher percentage than most parts of the State at 13%. Attached single-family homes are townhomes that share walls with adjacent homes.

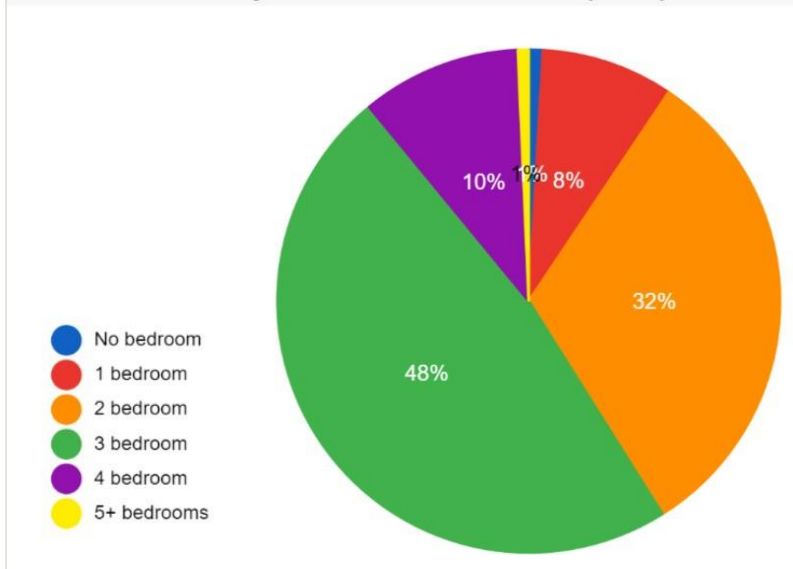
Almost half of all residential units have three bedrooms, making it by far the largest unit category by number of bedrooms. The next largest category is two-bedrooms. Together, two-bedroom and three-bedroom units make up 77% of the housing stock in Glenn County.

Chart 9: Units by Building Type (2019)



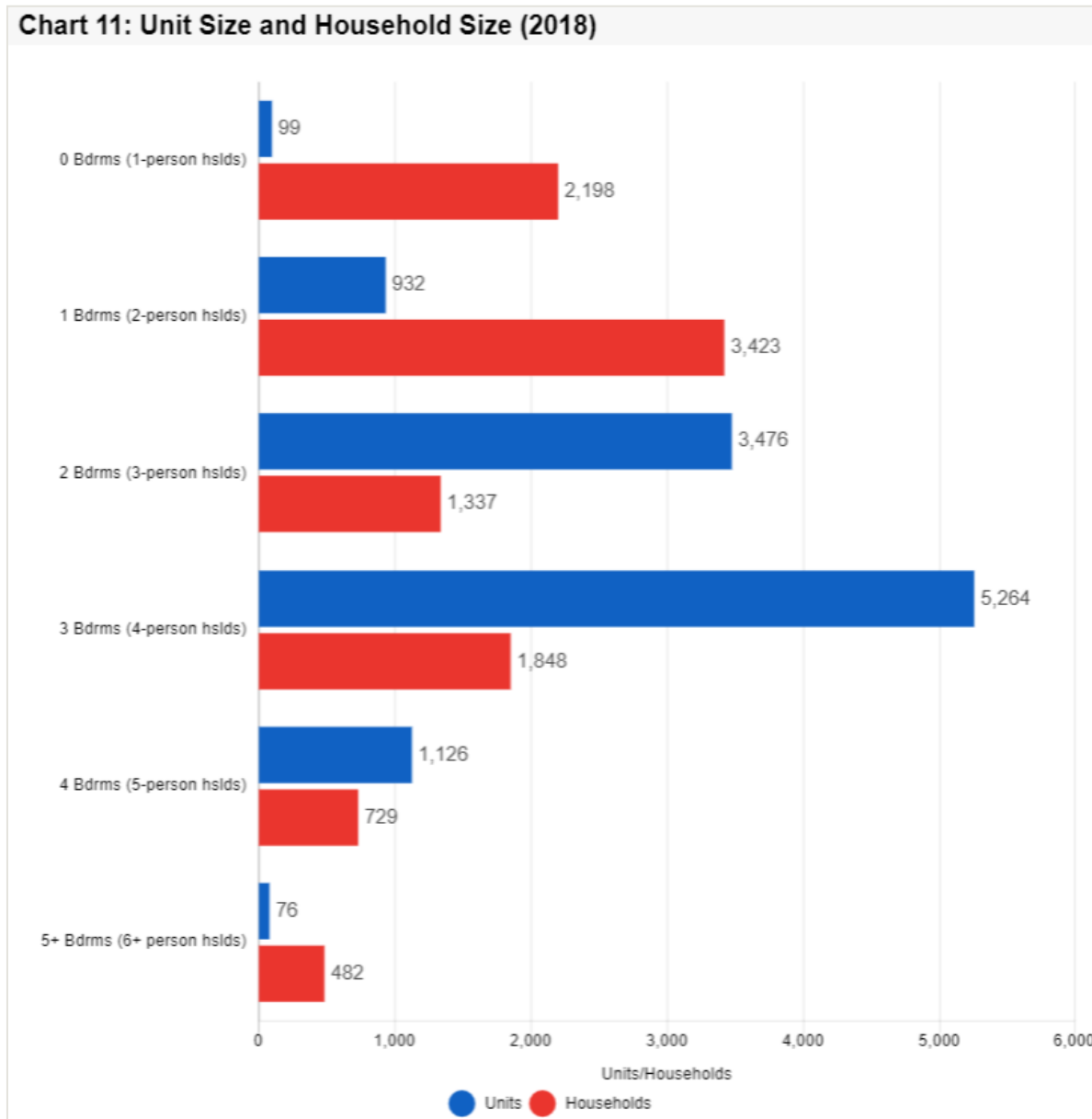
Source: California Department of Finance, 2019

Chart 10: Units by Number of Bedrooms (2018)



Source: U.S. Census, 2014-2018 American Community Survey

Chart 11 compares unit sizes with household sizes to determine the match of supply to demand by unit size. **It illustrates that there is a clear shortage of smaller units for smaller households, and an oversupply of larger units.** Even if all three-person and four-person households moved into three- bedroom units, there would still be an oversupply of three-bedroom units.



Source: U.S. Census, 2014-2018 American Community Survey

Residential Construction Trends

Construction has been limited over the last five years in Glenn County, as shown on Table 6. Most of the residential development in the County has occurred in Orland, with 71 units permitted since 2015. **It is notable that no multi-family units have been built in the County in the last five years.**

Most of the significant planned housing starts are located in Willows and Orland. The water and sewer services needed to support larger developments are available in these communities, whereas building in the unincorporated county areas is constrained by minimum acreage requirements to install on-site septic systems and the cost of providing community sewage disposal or public water systems for larger developments. Currently entitled housing developments on schedule or likely to begin construction in 2020 include:

Orland:

- Benson Estates, an affordable single family 33-unit subdivision being developed by Community Housing Improvement Program (CHIP). All lots have approved Plans and Building Permits and some level of active construction.

Willows:

- Sycamore Street, an affordable 24-unit multi-family project being developed by AMG and Associates, expected to begin construction in 2020.

In the future, Hamilton City in particular is also a likely growth area for new housing development. Given its location on the west bank of the Sacramento River, the community has historically been at risk of annual flooding from the river. The only protection currently in place is a private “J” levee which does not meet the construction standards of the Army Corps of Engineers. The historic experience of floods and on-going risk has had the effect of hampering residential development in Hamilton City. As part of an overall plan to reduce flood damage risk to Hamilton City and surrounding agricultural lands, as well as restore the ecosystem along the river, the Army Corps of Engineers is constructing a 6.8 mile setback levee. A portion of the levee adjacent to Hamilton City will be constructed to provide a 90% confidence of passing a 75-year flood event. It is anticipated that the construction of the new levee in 2020 will provide increased confidence for builders.

Table 6: Residential Construction: Single Family

Year	City of Orland	City of Willows	Glenn County	Total
2015	27	1	2	30
2016	4	2	9	15
2017	29	0	18 (+1 duplex)	49
2018	11	0	5	16
2019	24	4	22 (+2 duplexes)	54

For-Sale Market

Table 7 shows key home sale indicators for over the last five years. At \$259,000, Glenn County is much more affordable than neighboring Butte County where the median home price in 2019 was \$346,500. The current market is strong by Glenn County standards, with an average of 25 days on the market in 2019. This is significantly lower than the average of 44 days on the market in 2017.⁹

Chart 12 shows monthly median sale price over time from January 2015 to November 2019. Chart 13 shows the annual median sale price over the last five years. **The Glenn County annual median sale price increased by 39% over this period.** By comparison, the State of California annual median sale price increased by 23% over the same period.

Table 7: Home Sale Statistics, Glenn County, 2015-2019

	2015	2016	2017	2018	2019	Average Annual Percent Change
Median Sale Price	\$186,000	\$210,000	\$214,500	\$234,000	\$259,000	7.8%
Median Sale Price Per Square Foot	\$132	\$145	\$149	\$167	\$192	9.1%
Homes Sold	207	201	220	217	216	0.9%
Median Days on Market	44	41	44	31	25	-8.6%
Average Monthly Active Listings	115	110	116	113	120	0.9%
Average Monthly New Listings	23	23	22	24	25	1.7%

Source: California Regional Multiple Listing Service, Inc., 2019

⁹ California Regional Multiple Listing Service, 2019

Chart 12: Monthly Median Sale Price



Source: California Regional Multiple Listing Service, Dec. 2019

Chart 13: Annual Median Sale Price



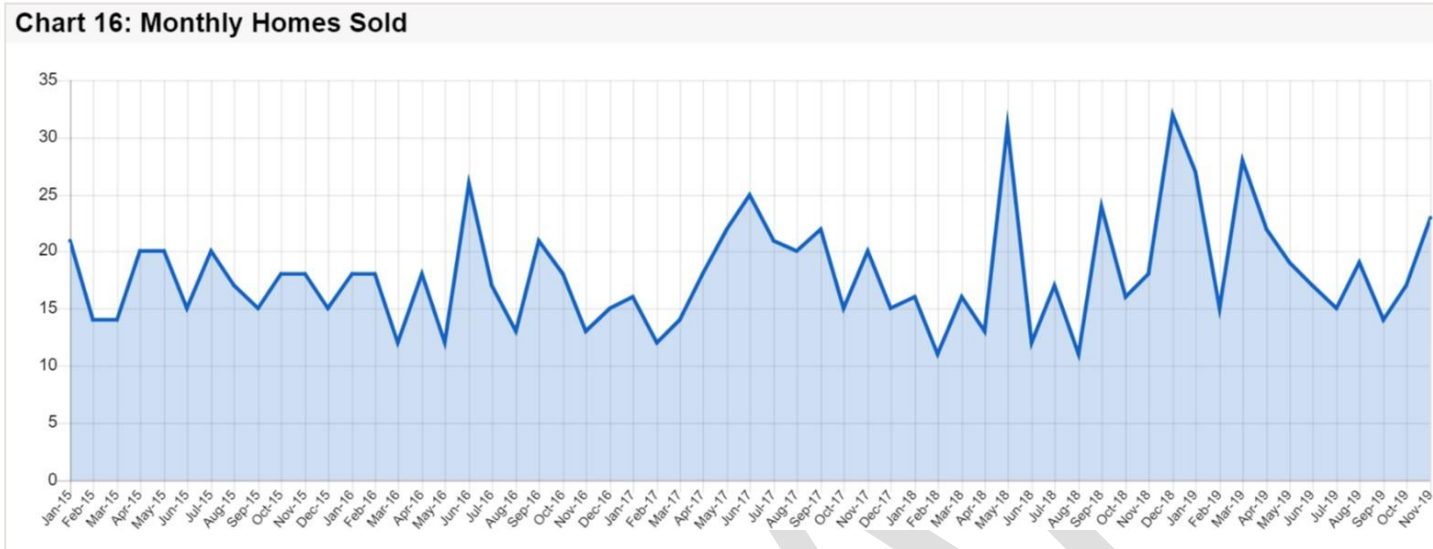
Source: California Regional Multiple Listing Service, 2019

Chart 15 shows the monthly median list price and sale price, which illustrates that median list prices have been consistently higher than sale prices over the last 12 months. This suggests that there may have been some amount of anticipation of price jumps in Glenn County similar to those seen in Butte County after the Camp Fire. Despite the gaps between monthly median list and sale prices, monthly median sale prices increased quite rapidly from \$225,000 in November 2018 to \$330,000 in November 2019, an increase of 47%.



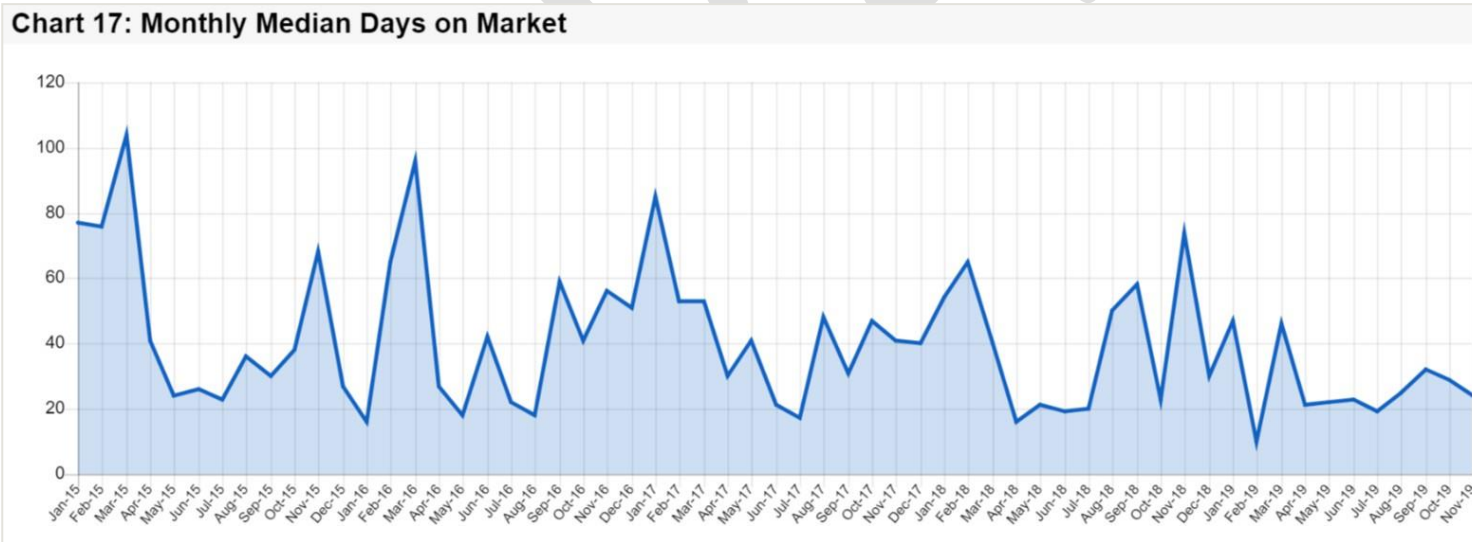
Source: California Regional Multiple Listing Service, Dec. 2019

As shown on Chart 16, the number of home sales per month has fluctuated between 11 and 32 over the last five years, with more frequent peaks of 23 to 32 sales per month over the last 18 months.



Source: California Regional Multiple Listing Service, Dec. 2019

Annual and monthly median days on market has declined significantly between 2017 and 2019, as shown on Table 7 and Chart 17. Average monthly active and new listings have fluctuated around the same level over the last five years.



Source: California Regional Multiple Listing Service, Dec. 2019

Market Rate For-Sale Opportunities

Table 5 shows that there are 2,016 households in Glenn County with incomes between \$50,000 and \$74,999. Some of the estimated 1,359 homeowners in this category are potential “move-up” buyers to new homes. The 657 renters in this category, and the 512 renters earning more than \$75,000, are potential first-time homebuyers. In addition, there are 1,070 households earning between \$75,000 and \$99,999, and 1,683 households earning more than \$100,000, some of which may be looking to move into a new home in Glenn County. The stable local economy, as described in this report, gives buyers confidence to make new investments in the community.

In addition to serving residents currently residing in the County, there are opportunities to build homes for Butte County workers. **Glenn County offers much more affordable housing costs, and a rural lifestyle that will attract a certain segment of the market, including families looking for more space and younger people looking for an affordable entry-level home.** Families and younger workers living in the Chico area will increasingly feel the crunch of higher housing costs in the coming years. The Chico median home sale price has risen by 19% over the last three years, from \$320,000 in 2017 to \$380,050 in 2019. The current Chico median sale price is about \$121,000 higher than the current Glenn County median sale price.¹⁰

Glenn County communities near Chico may offer opportunities to build housing for Chico workers or retirees that want to stay in the area at a lower cost of living. The three population centers of Hamilton City, Orland, and Willows all provide viable options, with 20-,30-, and 45- minute commutes from Chico, with relatively light traffic. Furthermore, all of these towns are closer to I-5 than Chico, which provides better access to Sacramento and Redding, and other parts of the State.

Affordable For-Sale Need

Making homes available to lower income households and first-time homebuyers will help the County retain workers and younger families. There are opportunities in Glenn County to offer homeownership at an affordable price to buyers that would not be able to afford a home elsewhere in the California market. This type of homeownership could take many different forms, including private market homes located on lower cost land, government down payment loan assistance, or self-help homes such as those built by Community Housing Improvement Program (CHIP) or Habitat for Humanity. Self-help programs make homes affordable to lower income households, provided they contribute “sweat equity” by helping to build the homes.

As shown in Table 5, there are 657 renters earning between \$50,000 and \$74,999. Many of these households, particularly at the lower end of the income range, may have stayed away from homeownership due to the cost. With some modest assistance, some of these renters may be able to purchase a home. For the 733 renters earning between \$35,000 and \$50,000, a self-help program such as those offered by CHIP or Habitat for Humanity may help them obtain homeownership. Homeownership for households in these income ranges will incentivize them put down roots in the community. These efforts should be an integral part of an economic development strategy that seeks to attract and retain workers.

The State Housing and Community Development Department releases Notices of Funding Availability

¹⁰ California Regional Multiple Listing Service, 2019

for HOME funds each year. One of the eligible uses of HOME funds is homeownership assistance. These funds may also support affordable home rehabilitation. The State also offers assistance for mobile home rehabilitation and purchase, which may be worthwhile for the County to explore given the substantial number of mobile homes within its jurisdiction. The County may also want to pursue opportunities for self-help home development with CHIP, as Glenn County is within their service area and they have successfully completed projects in Orland. CHIP has demonstrated the capacity to deliver high quality projects throughout rural areas of the North State.

Rental Market

Because Glenn County is not within a larger Metropolitan Statistical Area, industry-standard rental market reports from services such as Reis or Costar are not available. Therefore, the authors conducted a direct survey of rental complexes, which included six market-rate properties and 11 affordable rent-restricted properties.

Of the six market-rate properties surveyed, four are located in Willows, one is located in Orland, and one is located in Hamilton City. The complexes range in size from 4 to 25 units. Overall, the survey included 5 units with one bedroom and one bathroom, 36 units with two bedrooms and one bathroom, 34 units with two bedrooms and one and a half bathrooms, and 2 units with three-bedrooms and one bathroom, for a total of 77 units.

Table 8 shows the results of the rental market-rate survey. Average rent ranged from \$770 for the one-bedrooms to \$1,000 for the three-bedrooms. There was a significant difference in the average rent between the two-bedroom/one-bath units (\$719) and the two-bedroom/1.5-bath units (\$934). The two complexes with two bedroom/1.5-bath units have granite countertops, hardwood cabinets, washer/dryer hook-ups, private backyards, and common pool and clubhouse.

Changes to average rents and vacancies were tracked from the Housing Tools survey conducted in 2018. Average rents increased most significantly for one-bedroom apartments by \$133, and moderately for two-bedroom/1.5 bath apartments by \$29. Rents did not increase for two-bedroom/one bath and three-bedroom/one-bath apartments. **The overall number of vacancies among units surveyed declined from one vacancy in 2018 to zero vacancies in 2019.** None of the properties surveyed keep a waiting list, as it is not necessary to quickly re-lease vacated units.

Table 8: Rental Market Survey, Market Rate Units (6 Projects Surveyed)

	Total Units	Vacancies	Vacancy Rate	Average Unit Size	Average Rent	Ave. Rent Increase from 2018
1 bed / 1 bath	5	0	0.0%	662	\$770	\$133
2 bed / 1 bath	36	0	0.0%	783	\$719	\$0
2 bed / 1.5 bath	34	0	0.0%	910	\$934	\$29
3 bed / 1 bath	2	0	0.0%	N/A	\$1,000	\$0
Total Units	77	0	0.0%	785	\$825	\$8

Source: Survey conducted by Housing Tools, December 2019

Of the 11 affordable, rent-restricted properties surveyed, five are located in Orland, four are located in Willows, and two are located in Hamilton City. The complexes range in size from 12 to 81 units. Four of the complexes serve seniors and disabled individuals, and two of the complexes serve farmworkers. Overall, the survey included 236 one-bedrooms, 140 two-bedrooms (130 with one bathroom and 10 with two bathrooms), 41 three-bedrooms (23 with one bathroom and 18 with two bathrooms), and 6 four-bedrooms, for a total of 423 units. It should be noted that 156 units were not included in the average rent calculations because the rent for these units is set at 30% of tenant income, and therefore varies based on income. Average unit sizes are shown in Table 9, ranging from 591 square feet for a one- bedroom apartment to 1,245 square feet for a three-bedroom/two-bath apartment.

Table 9 shows the results of the affordable, rent-restricted survey. Of the 423 units surveyed, there were 14 vacant units, for a vacancy rate of 3.3%. Average rent ranged from \$564 for a one-bedroom unit to \$940 for a four-bedroom unit. Average rent for affordable, rent-restricted one-bedroom units is \$206 lower than the average for market rate one-bedroom units, \$169-\$271 lower for two-bedroom units, and \$248 lower for three-bedroom/one-bath units. **There are 487 households on wait lists for affordable, rent restricted units in the County for an average of 44 applicants per apartment complex, an increase of 15 applicants per apartment complex from 2018.**

Table 9: Rental Market Survey, Affordable Rent Restricted Units (11 Projects Surveyed)

	Total Units	Total Vacancies	Vacancy Rate	Average Unit Size (SF)	Average Rent
1 bed / 1 bath	236	1	0.4%	591	\$564
2 bed / 1 bath	130	9	6.9%	848	\$663
2 bed / 2 bath	10	0	0.0%	N/A	\$550
3 bed / 1 bath	23	1	4.3%	973	\$752
3 bed / 2 bath	18	2	11.1%	1,245	\$905
4 bed / 2 bath	6	1	16.7%	1,229	\$940
Total Units	423	14	3.3%	714	\$624
Households on Wait List	487				

Sources: Survey conducted by Housing Tools, December 2019

Market Rate Rental Opportunities

Market rents in Glenn County are generally much lower than what could be charged in neighboring Butte County, or other more populous parts of the state. This factor makes it challenging to profitably develop market-rate rental housing in the County. Based on the survey results described above, market rents are not as high relative to affordable, rent-restricted rents as in larger metropolitan areas. While market rents are restricted to relatively low levels, the vacancy rate is very low. **A generally healthy rental market will have a vacancy rate of around 5%. The survey found a vacancy rate of 0% for market-rate rentals, and a vacancy rate of 3.3% for affordable, rent-restricted units. This indicates that the right product in the right location may work well within the County, as demand is currently strong.**

It appears that the two properties surveyed with two-bedroom/1.5-bath townhomes have found a viable niche. These properties are located in Willows and cater to families with a townhouse design, granite countertops, all new appliances, garages with washer/dryer hookups, pool and clubhouse amenities, and some with private backyards. The units are 850 to 1,000 square feet. Rents average \$961, which is \$298-\$411 higher than the average for the surveyed affordable, rent-restricted two-bedroom units.

The second largest 10-year age cohort in the County is 25-34 years old, with an estimated 3,621 persons. These include individuals and young families with growing income that are looking for housing options. In addition, there are 1,974 persons that are 18-24 years old in the County.¹¹ Many of these individuals will be looking for rental housing in the coming years. A larger portion of millennials find that rental housing is a more attractive option than owning, and others will be looking to rent while they save money to purchase a home.

Apartment complexes surveyed were asked if they received applications from Camp Fire victims, and if it impacted demand for their units. Most reported a significant increase in demand, and three of the complexes were able to house Camp Fire victims. Unfortunately, most complexes were not able to offer a unit because there were no vacancies. The Housing Authority of the County of Butte had 318 Section 8 voucher holders that were displaced from the Camp Fire Disaster Area. Of these 318 households, 4 took their vouchers to lease in Glenn County. There were 77 FEMA trailers that were set up in Orland to temporarily house fire victims for 10 months. All but two trailers have now been relocated to sites in Butte County. Overall, the Camp Fire appears to have had a significant impact on housing demand in Glenn County, and housing in the County was not able to accommodate much of that demand.

¹¹ U.S. Census, 2018 American Community Survey

Affordable Rental Housing Need

An indicator of affordable rental housing need is housing cost burden. This is a measure of the percent of household income that is spent on housing. **Table 10 shows that 1,424 renter households in Glenn County pay more than 35% of income toward rent (35% of all renter households). There are 1,031 households paying more than 50% of income toward rent (26% of all renter households).**

Table 10: Housing Cost Burden for RenterHouseholds

	Households	Percent of Total
Renter Households Paying <35% of Income to Rent	2,195	54%
Renter Households Paying >35% of Income to Rent	1,424	35%
Renter Households Paying <50% of Income to Rent	2,588	64%
Renter Households Paying >50% of Income to Rent	1,031	26%
Payment Data Not Available	417	10%
Total	4,036	100%

Source: U.S. Census, 2014-2018 American Community Survey

Affordable housing programs subsidize the production of units based on the incomes served, expressed in terms of percent of Area Median Income. Area Median Income is the “middle” income in the range of incomes of all households in a defined area, and reflects gross incomes. Table 11 shows income levels for various percentages of Area Median Income by household size, as set by the U.S. Department of Housing and Urban Development (HUD) for 2019.

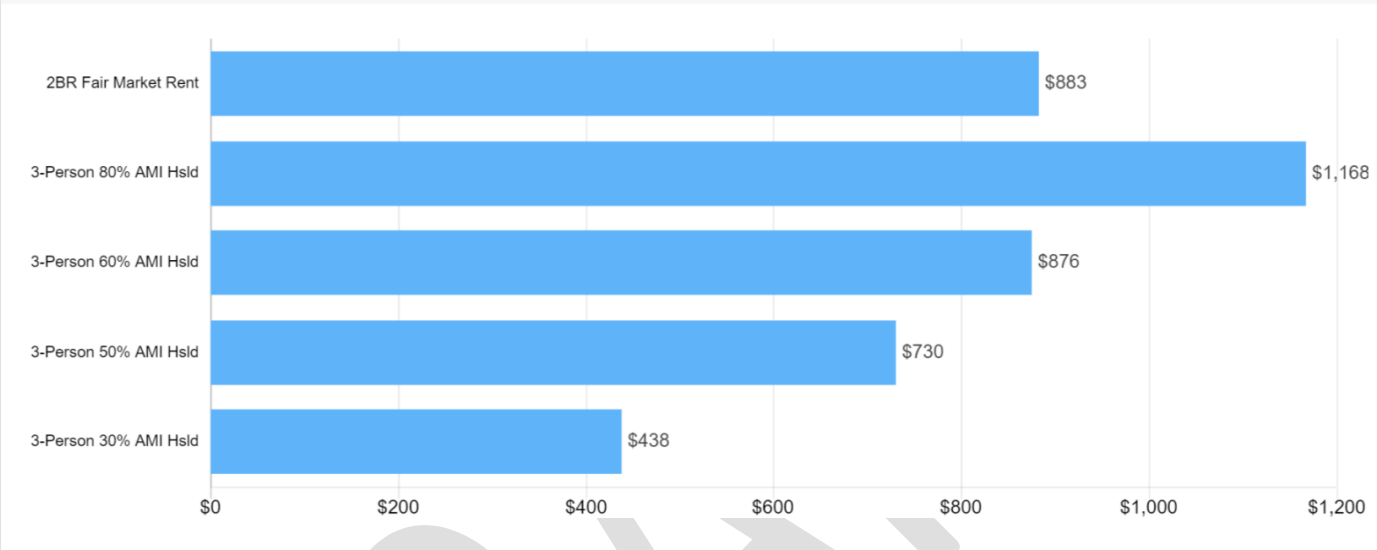
Table 11: Incomes by Percent of Area Median Income, Glenn County, 2019

Percent of Area Median Income (AMI)	Household Size			
	One Person	Two Persons	Three Persons	Four Persons
80%	\$36,300	\$41,500	\$46,700	\$51,850
60%	\$27,240	\$31,140	\$35,040	\$38,880
50%	\$22,700	\$25,950	\$29,200	\$32,400
30%	\$13,650	\$16,910	\$21,330	\$25,750

Source: U.S. Department of Housing and Urban Development, 2019

Chart 16 shows housing affordability for various three-person household income levels that correspond with Table 11. The two-bedroom Fair Market Rent is a measure of market rent as determined by the Department of Housing and Urban Development (HUD). A three-person household earning 60% of Area Median Income can afford rent at close to the Fair Market Rent level. When income falls to 50% of Area Median Income and below, it becomes much more difficult to afford market rent.

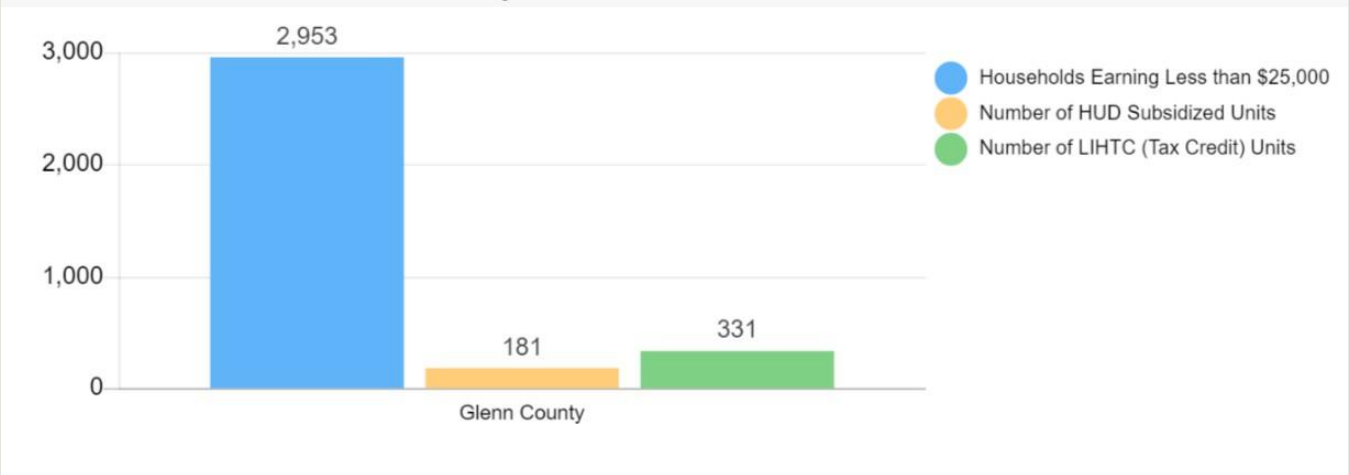
Chart 16: Affordable Rent by Income Level



Source: U.S. Dept. of Housing and Urban Development, 2019, HUD Fair Market Rent, 2020

Chart 17 shows the number of affordable housing units in the County compared to need. Affordable, rent-restricted housing is generally restricted to, and priced affordably for, households with incomes less than 50% of Area Median Income. Table 11 shows that 50% of Area Median Income is just above \$25,000 for a three-person household and just below \$25,000 for a two-person household. Chart 17 shows an estimated 2,953 households in the County with incomes less than \$25,000. By comparison, there are 181 HUD-subsidized units (including 65 Section 8 vouchers), and 331 tax credit units, for a total of 512 affordable, rent-restricted units in the County. **As illustrated, there is a significant shortfall of at least 2,441 units that are affordable to Low Income households.**

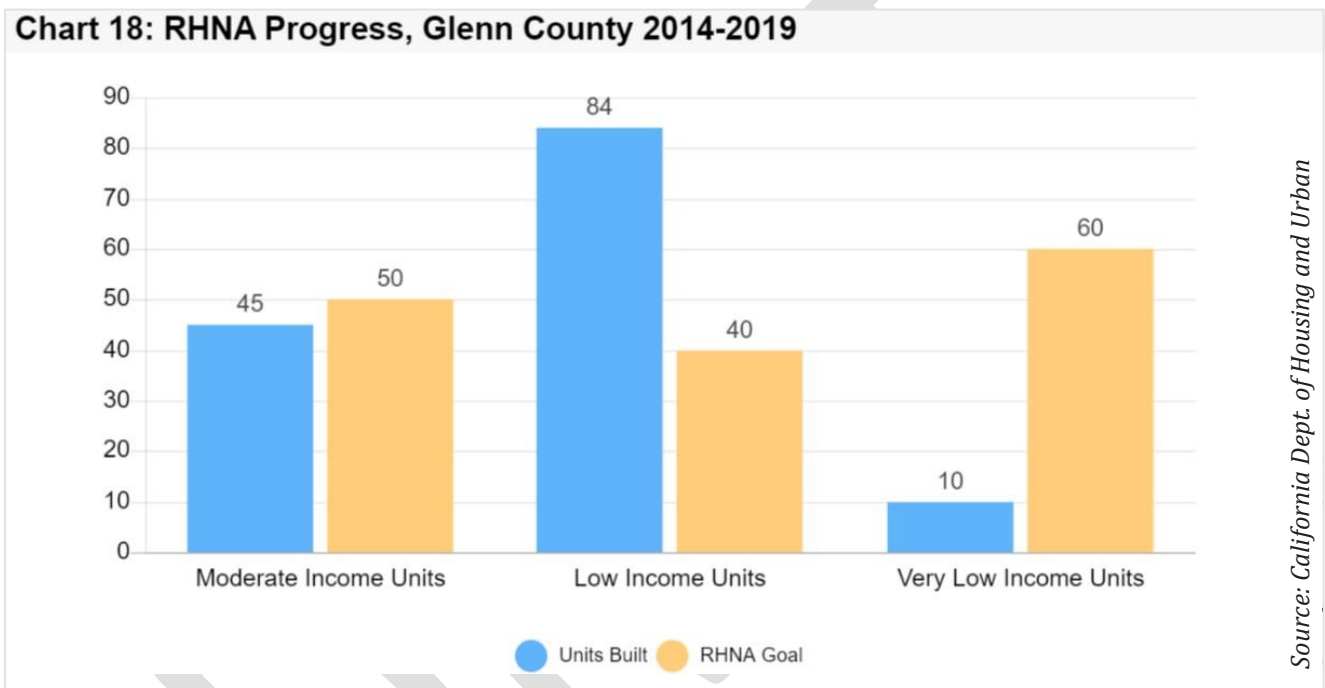
Chart 17: Affordable Units Compared to Need



Source: U.S. Census, 2014-2018 American Community Survey

The State Housing and Community Development Department establishes a Regional Housing Needs Allocation (RHNA) every five years for Glenn County. The RHNA provides a target for housing production that will meet the projected need of County residents. The target is sub-divided into affordability levels, including Very Low (50% AMI), Low (80% AMI), Moderate (120% AMI), and Above-Moderate (>120% AMI).

Chart 18 shows the Glenn County RHNA targets and production for Moderate Income, Low Income, and Very Low Income units for the period of 2014 to 2019. The County has almost met the RHNA production target for Moderate Income units and exceeded the RHNA production target for Low Income units, but has a shortfall of 50 Very Low Income units.



Source: California Dept. of Housing and Community Development, 2018

Homelessness in Glenn County

Similar to every other community in California, Glenn County has a portion of its population experiencing homelessness. The County acts as the administrative entity for the Colusa/Glenn/Trinity Continuum of Care (CoC), which applies for and oversees funding from the federal department of Housing & Urban Development (HUD) to provide permanent supportive housing opportunities for individuals and families experiencing homelessness. Every two years, each CoC conducts a Point in Time count (PIT) of those who are homeless on a selected day in January. The counts derived from this effort not only establish funding thresholds for federal and state funds, but they also provide a snapshot of who is experiencing homelessness in each community. The 2019 PIT for Glenn County yielded the following counts by where people were sleeping the night before:

Household Category	Emergency Shelter	Transitional Housing	Unsheltered	Totals
Persons in Households with Children	4		10	14
Persons in Households without Children	1		43	44
Total	5	0	53	58
Subsets of Numbers Above:				
Veteran Households			2	2
Unaccompanied Youth (ages 18-24)			3	3
Parenting Youth Households (Parents ages 18-24 with children under age 18)				0
Chronically Homeless			16	16
Adults with a Mental Illness			6	6
Adults with a Substance Abuse Issue			6	6
Adults with HIV/AIDS			10	10
Victims of Domestic Violence				0

The 2019 PIT was able to count 58 persons in total. Traditionally, the PIT is considered to likely undercount the number of people who are homeless, since it relies on volunteers canvassing communities to find individuals who are willing to participate in the survey on that one day. Therefore, the number of homeless in Glenn County may be somewhat higher than shown. While homelessness is a complex and multi-faceted problem, addressing the county's need for additional affordable housing units for very-low and extremely-low income households, in particular, the need for one-bedroom affordable units for single individuals, will contribute significantly to long-term solutions. New funding from the State, designed to specifically address homelessness, is discussed in more detail below. These funds can be used to develop critical infrastructure and support the wraparound services needed to help move individuals and families out of homelessness.

Affordable Rental Funding Environment

As demonstrated above, **there is a clear need for affordable housing in Glenn County.** Beyond meeting an immediate need for residents, affordable housing creates the potential for positive spillover benefits to the broader community. In areas with soft housing markets, new affordable rental housing often increases surrounding property values and stimulates reinvestment and revitalization. In addition, housing construction creates jobs and economic activity. Jobs are created through contracts for the construction in the short-term, and through operations and maintenance activities post-construction in the long-term. Furthermore, lower rents free up more discretionary household income that can be spent within the local community.

Affordable housing requires public subsidies to compensate for restricted, below-market rents. Traditionally, subsidies for rural counties have been provided through the HOME and Community Development Block Grant (CDBG) programs administered by the State Housing and Community Development Department (HCD). Funding from these programs is made available to rural counties throughout the State annually through a competitive application process, as described below.

HOME Investment Partnership Act (HOME)

A total of \$42 million was made available in the Notice of Funding Availability (NOFA) released in October 2019 with applications due in late January 2020. Generally, the State issues one HOME NOFA per year. Funding is available for new rental construction (up to \$5 million per loan, or up to \$6 million for projects with deep affordability targeting, serving special needs populations and/or those experiencing homelessness), rental rehabilitation (up to \$5 million), homebuyer projects (up to \$80,000 per unit), activity delivery and administrative costs.

Community Development Block Grant (CDBG)

The most recent CDBG NOFA released in November 2018 made \$29.6 million available statewide with an application maximum of \$3 million. The State has been working to revamp the CDBG program and plans to issue an annual NOFA every January with streamlined processes for awards. Although the exact amount of funding available in the anticipated NOFA for January 2020 is unknown at this time, it is anticipated to be significantly larger than previous NOFAs. Funds may be used for homeownership assistance, home rehabilitation, multi-family rehabilitation, infrastructure to support affordable housing, planning activities, technical assistance and administration.

Current Local Funding Sources

The authors conducted a survey of available local funding for affordable housing, which consists mostly of HOME and CDBG funds. The results of the survey are summarized below.

Glenn County

Glenn County has a CDBG Revolving Loan Fund with a balance of \$561,695 used for a First Time Homebuyer Program or Housing Rehabilitation. However, the requirement that the funds only be expended in unincorporated County areas is a significant barrier to utilizing the funds. The State is currently re-designing the CDBG program to address low expenditure rates. Given this, it may be worth consulting with the State about the allowability of pairing County and City of Orland RLF funds, for example, since both are funding First-Time Homebuyer and Housing Rehabilitation

activities. Section. 570.309 of the CDBG regulations allow grantees to fund activities outside of their technical jurisdiction if it furthers the grantee's community development objectives. Glenn County also has a \$60,839 balance of HOME funds that is planned for rental assistance to Extremely Low Income households through the Tenant Based Rental Assistance (TBRA) program.

City of Orland

The City of Orland has two Revolving Loan Funds, one for CDBG and one for HOME. The CDBG Revolving Loan Fund has a balance of approximately \$50,000 and it is used for Down Payment Assistance, Housing Rehabilitation and Small Business Assistance. The HOME Revolving Loan Fund has a balance of \$360,000. Pending guidance from State HCD, the HOME funds may be allocated to a new 32-unit affordable senior complex to be developed by The Pacific Companies. The City will also be applying for a \$6.1 million HOME loan for this project.

City of Willows

The City of Willows recently was awarded a \$5.1 million HOME loan for AMG and Associates to develop 24-unit apartment complex on Sycamore Street. The City also has approximately \$3,500 per year in HOME program income. The City does not have any CDBG Program Income.

New State Funding Sources

The State legislature has recently passed a number of pieces of legislation over the past two years that fund affordable housing and related homeless services. A description of these programs is provided below.

No Place Like Home (NPLH)

The purpose of this program is to provide permanent supportive housing for homeless persons with serious mental health conditions. There are two funding streams: a Non-Competitive Program and a Competitive Program. Both funding streams may be combined for one project. It is expected that counties will partner with a Development Sponsor (an experienced supportive housing developer) who will actually own and manage the project. Counties are required to commit to provide and facilitate tenant supportive services, including mental health services, for a minimum of 20 years. Glenn County is eligible to receive \$500,000 through the Non-Competitive Program, with any project application intending to use these funds due no later than February 15, 2021. The County and a partner Development Sponsor can also propose to utilize Competitive funds from the Small County Set Aside in a project application that is responsive to one of the State's annual NOFAs. The third round of Competitive funding is scheduled for the Fall of 2020 and the fourth round is scheduled for the Fall of 2021. Any project proposing to use both streams of funding will submit one combined project application in response to one of the NOFAs, with a maximum project loan of \$20 million.

Homeless Housing, Assistance and Prevention Program (HHAP)

The Homeless Housing, Assistance and Prevention Program was signed into law on July 31, 2019 by Governor Gavin Newsom. The HHAP is a \$650 million one-time block grant that provides local jurisdictions with funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. Funds will be allocated to each of the 58 counties and to the local Continuums of Care that counties are members of. Allocations are based on the 2019 Point in Time homeless census counts for each jurisdiction. The HHAP program requires that grantees

expend funds on evidence-based solutions that address and prevent homelessness among eligible populations. The eligible activities for HHAP funding include:

- Rental assistance and rapid re-housing
- Operating subsidies in new and existing affordable or supportive housing units, emergency shelters and navigation centers
- Landlord incentives such as security deposits and holding fees
- Outreach and coordination to assist vulnerable populations in accessing permanent housing and to promote housing stability in supportive housing
- Permanent housing and innovative housing solutions, such as hotel and motel conversions
- Prevention and shelter diversion to permanent housing
- New navigations centers and emergency shelters based upon demonstrated need
- At least 8% of HHAP funds must serve homeless youth
- Up to 7% of HHAP funds may be used for the jurisdiction's administrative costs to administer the HHAP funding

The NOFA for the HHAP funds was issued on December 6, 2019, with applications due no later than February 15, 2020. Glenn County's allocation under HHAP is \$62,641, with the Colusa/Glenn/Trinity Continuum of Care's funding estimate being \$500,000. The Counties and the Continuum of Care are required to demonstrate how their proposed activities are in support of a regional approach to homelessness. HHAP funds must be contractually obligated by May 2023 and fully expended by June 30, 2025.

Permanent Local Housing Allocation (PLHA)

The PLHA was established through the Building Homes and Jobs Act (SB2) of 2017. The PLHA will be a broad, ongoing affordable housing program funded by fees collected from real estate transaction recordings. HCD estimates that annual revenue will be \$250 million statewide. Glenn County can access PLHA funds through two mechanisms:

- **Non-competitive annual allocation:** These funds will be provided to the County on an annual basis, subject to the submittal of an HCD-approved 5-Year Expenditure Plan. The Year 1 (2020) estimate of funding for the County is \$84,024. Annual funding amounts are subject to the amount of revenue collected by the State. The incorporated City of Orland will also receive an annual allocation, estimated at approximately \$73,000 in the first year. The State will allow local jurisdictions to combine and pool their funds for common projects, and can designate one local jurisdiction to administer the funds on their behalf.
- **Competitive allocation:** Counties that do not receive CDBG entitlement funds can also apply for competitive funds which will be made available via a NOFA process on an annual basis. Priority points will be given for jurisdictions proposing to use competitive funds for provide assistance to those experiencing homelessness and who have an unincorporated population of less than 200,000.

For 2020, the State plans to issue one NOFA in February for the non-competitive allocation, with Expenditure Plans/Applications due accepted from April 1 to June 30, 2020. A NOFA for the competitive funds is anticipated for release in August 2020 with applications due in October 2020. Eligibility threshold is having a currently compliant Housing Element and up-to-date submittal of the

Housing Element Annual Progress Report (APR). As noted above, once a jurisdiction's 5-Year Expenditure Plan is approved, they will receive their non-competitive allocation each year, and can apply for competitive funds each year pursuant to an annual NOFA process.

PLHA funds are designed to be flexible in order to address each jurisdiction's greatest housing needs, especially for those households who earn 60% of Area Median Income or less.

Eligible uses of the non-competitive funds are:

1. Predevelopment, development, acquisition, rehabilitation and preservation of multifamily, residential live-work, rental housing that is affordable to extremely-low, very-low, low- and moderate-income households, including necessary operating subsidies. Accessory Dwelling Units (ADUs) are eligible for assistance.
2. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120% of Area Median Income or 150% of AMI in high-cost areas.
3. Matching portions of funds placed into local or regional housing trust funds.
4. Matching portions of funds available through the Low and Moderate Income Housing Asset fund pursuant to subdivision(d) of the Section 34176 of the Health and Safety Code.
5. Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veteran's Housing and Homelessness Prevention Bond Act of 2014.
6. Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and new construction, rehabilitation and preservation of permanent and transitional housing. This activity may include using PLHA funds for continued assistance to households assisted with California Emergency Solutions and Housing (CESH) Program funds.
7. Accessibility modifications.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes.
9. Homeownership opportunities, including down payment assistance.
10. Fiscal incentives or matching funds to local agencies that approve new housing for extremely-low, very-low, low- and moderate-income households.

Eligible uses of the competitive funds are:

1. Development of new multifamily rental housing that is affordable to households at or below 60-percent of AMI or substantial rehabilitation of multifamily rental housing that will be affordable to households at or below 60-percent of AMI, but which is not currently restricted as affordable housing; or
2. Assistance to persons who are experiencing or at risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

Conclusion

Glenn County has a stable economic base, anchored by agriculture, manufacturing, and government services. Growth in jobs, salaries and incomes has been steady over the past five years, with continued job growth anticipated for the next five years. While the county's economic output and growth is more modest than other metropolitan areas in the State and neighboring Chico, lower land and transactions costs provide opportunities for new housing development. These opportunities include the population centers of Hamilton City, Orland, and Willows and housing targeted to younger families and retirees. New homes and apartments should be targeted to households in the High, Middle, and Lower Wage categories summarized on page 9. From 2018 to 2019, the number of Moderate Income and Low Income affordable homes have increased, but shortfalls for Very Low Income households continue. Due to the large number of Lower Wage workers and constrained market rents in the County, government agencies should strategically plan to utilize new State funding sources for affordable housing that will leverage other public and private investments, stimulate economic activity, and help local companies attract and retain workers.

DRAFT