

Glenn County Housing Study



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Introduction

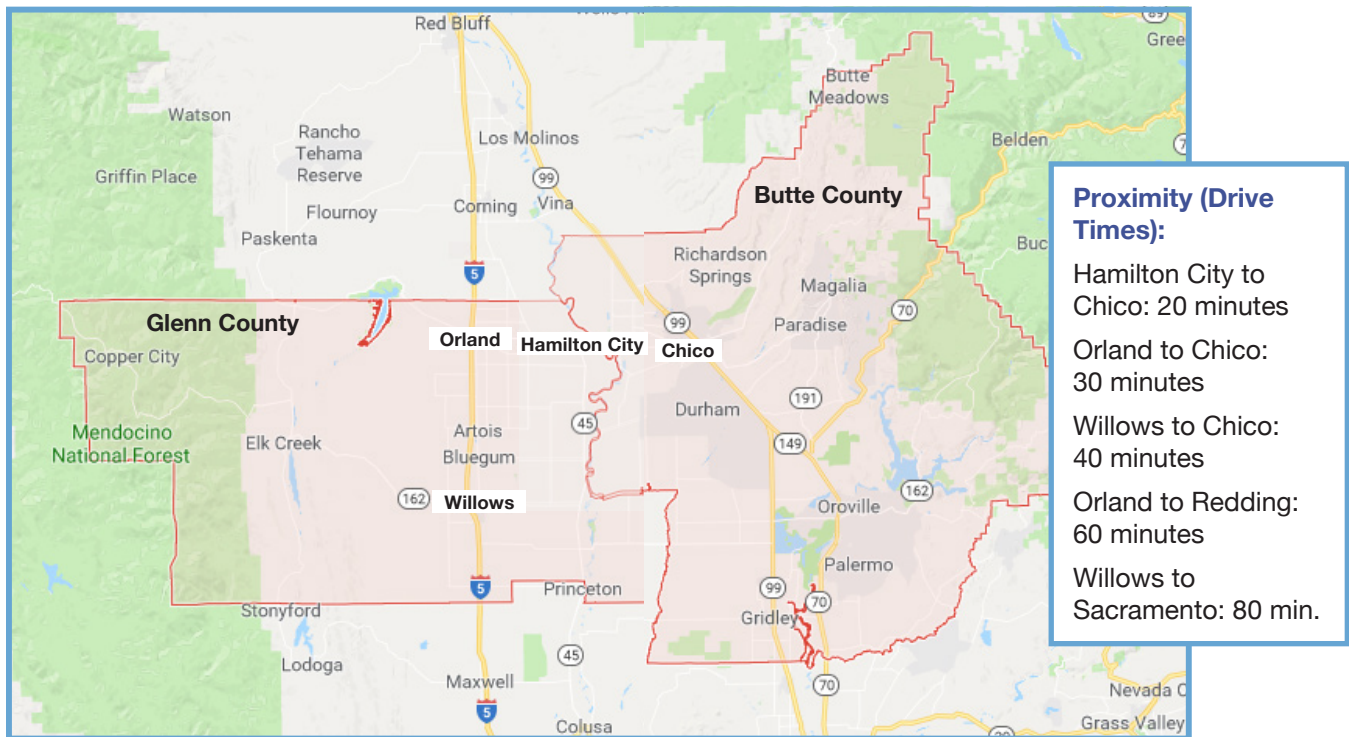
This purpose of this study is to describe housing market conditions and identify development opportunities in Glenn County. To provide context, the authors initiated the study with research on base market conditions, including geography and proximity to job centers, local economic indicators, demographics, 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 this 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 600 jobs over the last five years, with another 217 jobs confidently anticipated over the next five-year period. Unemployment in Glenn County has steadily decreased from 13.5% in 2014 to 8% in 2018.
- The average annual wage in Glenn County has gradually increased from \$35,152 in 2013 to \$40,508 in 2017.
- 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 median sales price of single family homes in the county increased 69% from June 2013 to June 2018, compared to a 41% 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 1.4% vacancy rate for market rate rentals, and a 2.8% 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. There are 318 households on wait lists for affordable rent-restricted units, for an average of 29 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 24% of households paying more than 50% of income towards rent.
- The State legislature has passed a number of pieces of legislation over the last two 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.



The only bordering county with a population of greater than 100,000 is Butte County, which has a population of 226,000 and 87,100 jobs.¹ Most of the Butte County population lives in the Chico Urban Area with 105,000 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, Feather River 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, California Economic Development Department, 2018

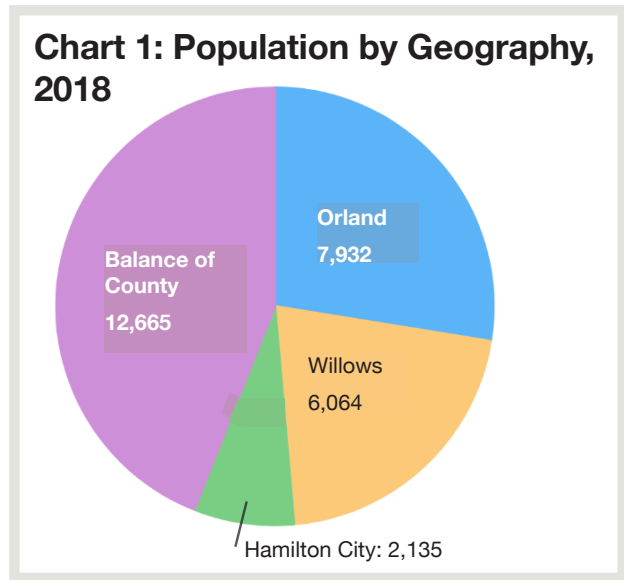
2. U.S. Census, 2012-2016 American Community Survey

3. California Employment Development Department, 2018

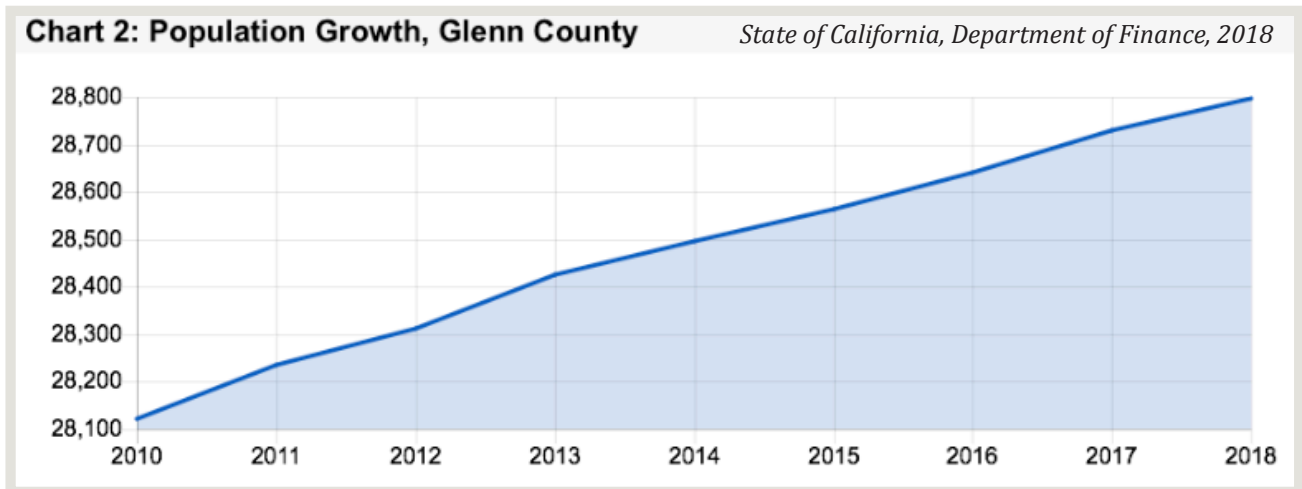
Demographics

Glenn County is mostly rural, with a population of 28,796.⁴ 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. Hamilton City is the third largest town in the County with an estimated 2,135 residents.

Glenn County’s population has slowly and steadily increased over the past eight years, from 28,122 in 2010 to 28,796 in 2018, an average annual increase of 0.3%. By comparison, the population of the State of California has experienced an average annual increase over the same period of 0.85%.⁵

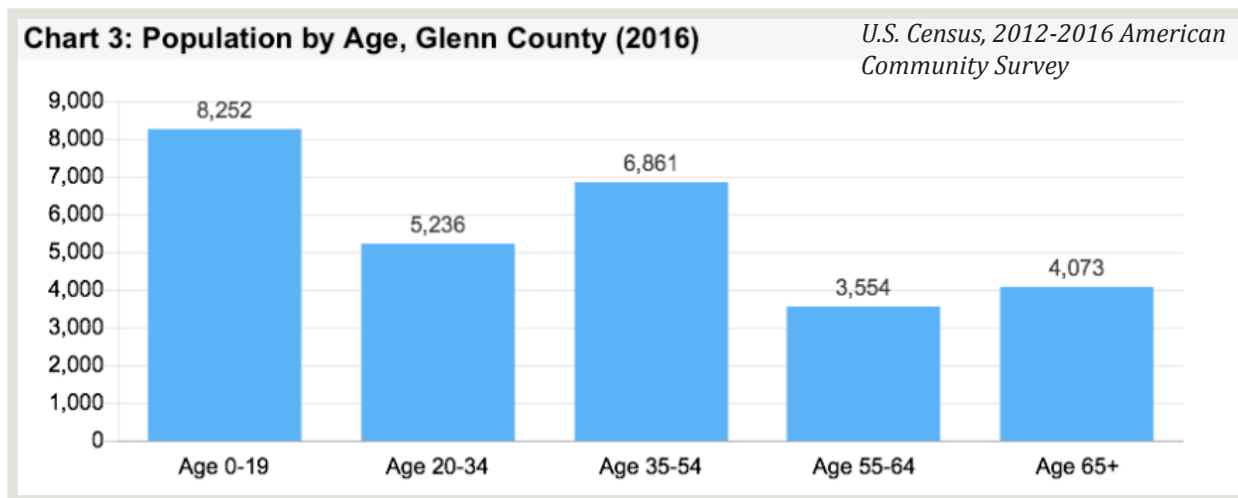


State of California, Department of Finance, 2018



State of California, Department of Finance, 2018

Glenn County’s largest age population cohort is 0-19 years old, with 8,252 people. The rest of the population is evenly distributed by age.



U.S. Census, 2012-2016 American Community Survey

4. and 5. California Department of Finance, 2018

Glenn County is similar to the State of California as a whole in terms of its ethnic makeup. Within the county, about 40% 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, the large majority of Glenn County residents are white (86%).⁶

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 employers are Glenn County and the U.S. Reclamation Bureau.⁸

Table 1: Largest Employers, Glenn County

Employer Name	Employees	Location	Industry
Glenn County	700-1,542	Willows	County Gov - Social / Human Resources
Glenn Medical Center	200-498	Willows	Physicians & Surgeons
Johns Manville	200-498	Willows	Insulation - Manufacturers
Erick Nielsen Enterprises, Inc.	100-249	Orland	Agricultural Consultants
Rumiano Cheese Factory	100-249	Willows	Cheese Processors (manufacturers)
Sierra Nevada Cheese Co.	100-249	Willows	Cheese
Sunsweet Dryers	100-249	Orland	Fruits - Dried (wholesale)
Walmart Supercenter	100-249	Willows	Department Stores
Glenn - Colusa Irrigation Dist	50-99	Willows	Irrigation Companies
Head Start	50-99	Orland	Child Care Services
Lassen Land Co.	50-99	Orland	Farm Management Service
Murdock Elementary School	50-99	Willows	Schools
Olson Meat Co.	50-99	Orland	Meat - Retail
US Reclamation Bureau	50-99	Willows	Government Offices - US
Willows Care Center	50-99	Willows	Nursing & Convalescent Homes

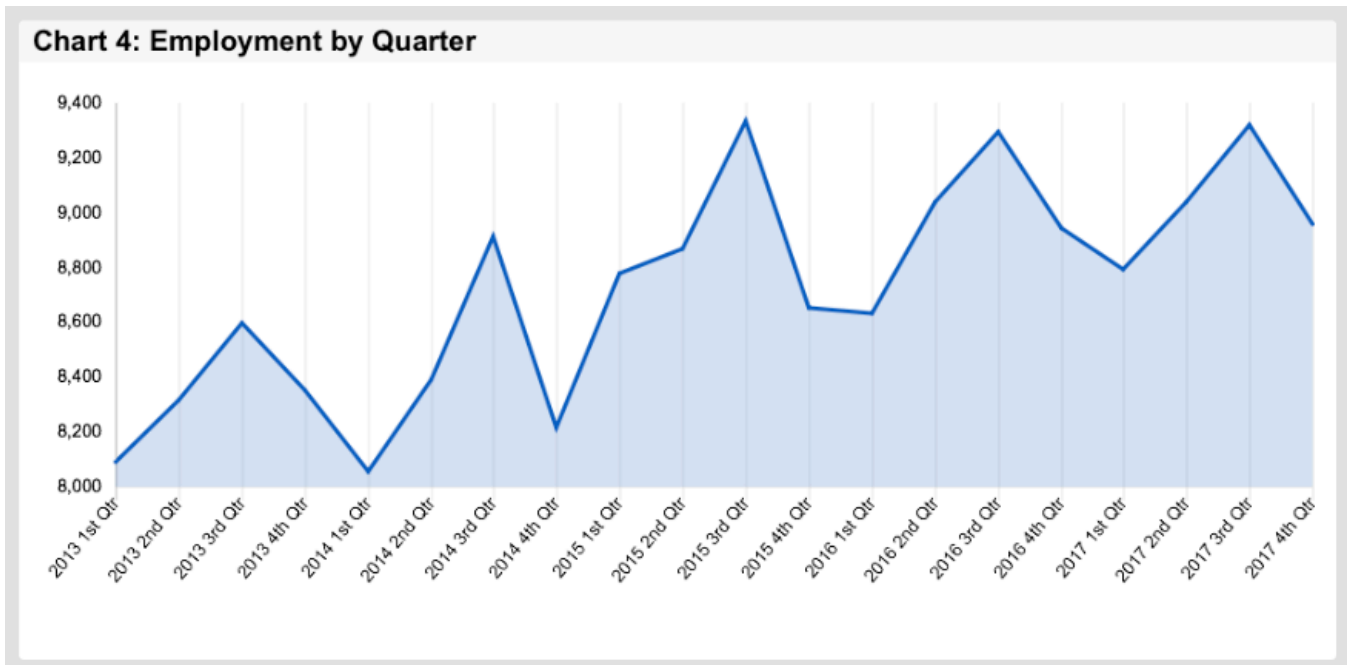
Source: California Employment Development Department, 2018

6. U.S. Census, 2012-2015 American Community Survey

7. Glenn County Agricultural Commissioner’s Office, 2016 Annual Crop & Livestock Report

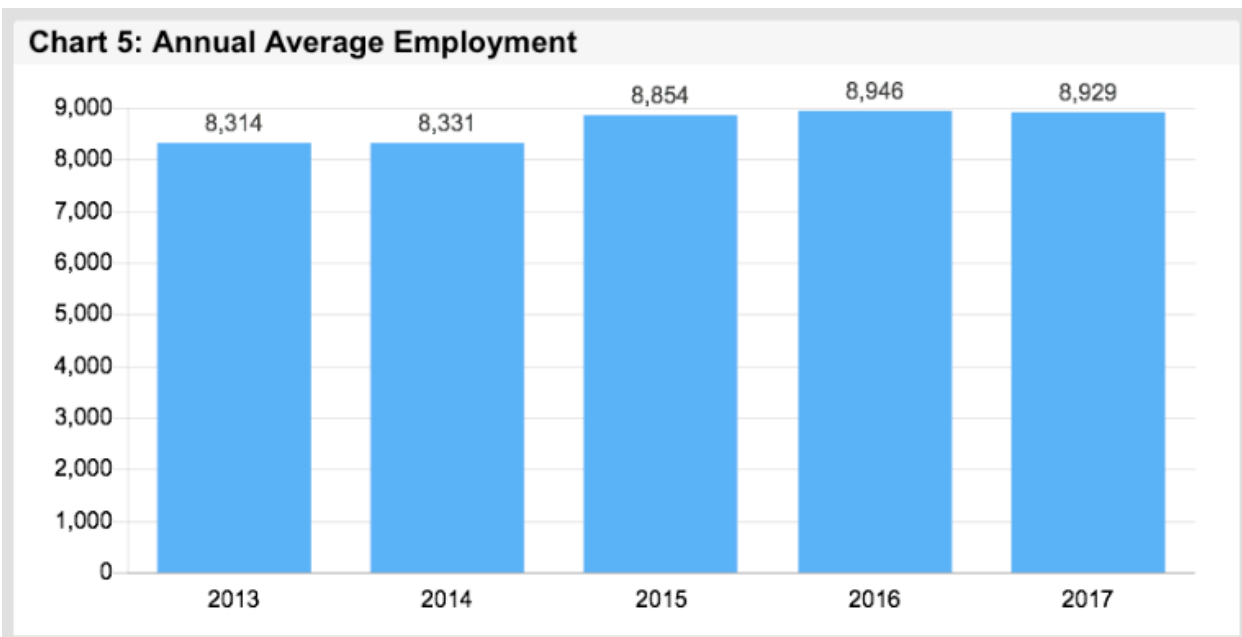
8. California Employment Development Department, 2018

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. Over the past five years, employment has ranged from a low of 8,056 in the first quarter of 2014 to 9,296 to 9,335 in the third quarters of 2015, 2016, and 2017



Source: U.S. Bureau of Labor Statistics

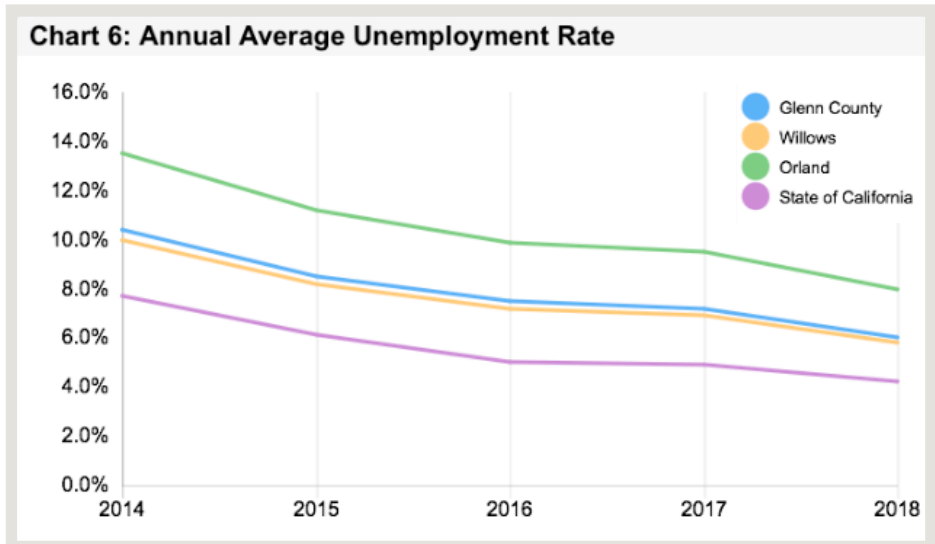
On an annual basis, employment has slowly but steadily grown by about 600 jobs over the last five years, as shown in Chart 5.



Source: U.S. Bureau of Labor Statistics

Unemployment in Glenn County has steadily decreased from 13.5% in 2014 to 8% in 2018.

Table 2 shows employment by industry in Glenn County. The Farm and Local Government Industries dominate employment in the County, with 3,970 jobs between the two. These industries are followed by Educational & Health Services with 850 jobs, Retail Trade with 780 jobs, and Leisure & Hospitality with 710 jobs.



Source: State Employment Development Department, 2018

Table 2: Employment by Industry, Glenn County

Industry	June-17	June-18	Percent Change
Farm	2,170	2,180	0.5%
Mining, Logging and Construction	370	360	-2.7%
Manufacturing	640	690	7.8%
Wholesale Trade	330	310	-6.1%
Retail Trade	790	780	-1.3%
Transportation, Warehousing & Utilities	540	500	-7.4%
Financial Activities	160	160	0.0%
Professional & Business Services	210	210	0.0%
Educational & Health Services	890	850	-4.5%
Leisure & Hospitality	710	710	0.0%
Federal Government	230	220	-4.3%
State Government	80	80	0.0%
Local Government	1,760	1,790	1.7%
Total All Industries (2)	9,100	9,160	0.7%
Civilian Labor Force (1)	12,840	12,750	-0.7%
Civilian Employment	11,860	11,850	-0.1%
Civilian Unemployment	970	900	-7.2%
Civil Unemployment Rate	7.6%	7.1%	-6.6%

Source: California Employment Development Department (1/20/18)

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 \$35,152 in 2013 to \$40,508 in 2017. Table 3 shows wages by occupation for the North Valley Region, which includes Colusa, Glenn, and Tehama Counties. The occupations with the most workers can be categorized into the following wage categories:

High Wage

- Management
- Healthcare Practitioners and Technical

Jobs: 2,280

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

Middle Wage

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

Jobs: 4,610

Average 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
- Installation, Maintenance, and Repair

Jobs: 19,240

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

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

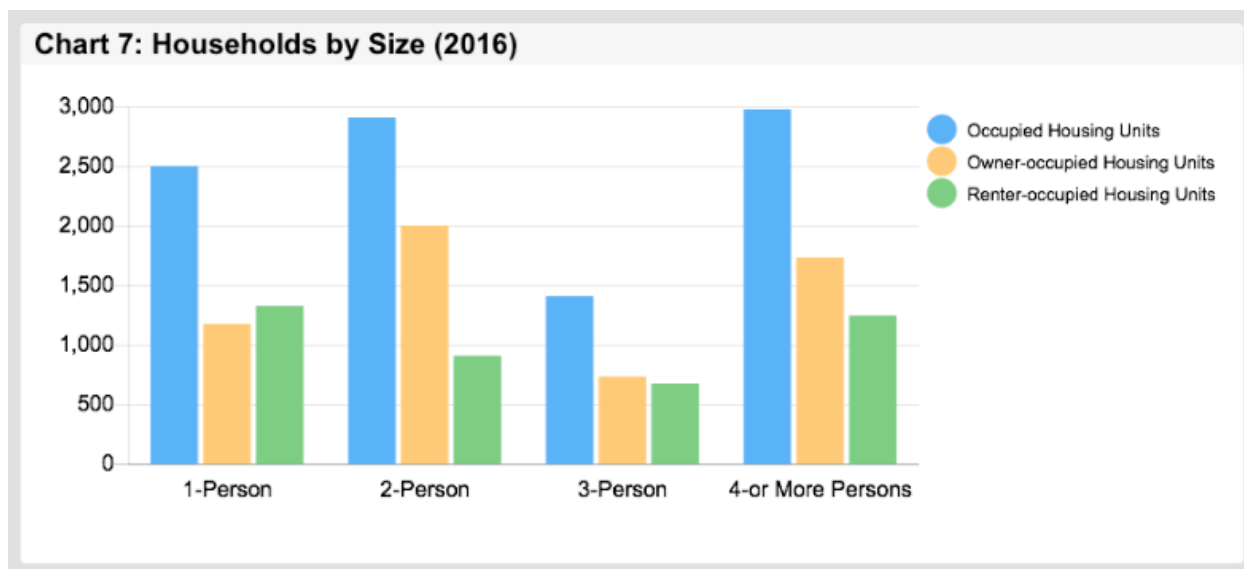
Occupation	May 2017 Employment Estimates	Average Hourly Wage	Average Annual Wage	25th Percentile Hourly Wage	50th Percentile Hourly Wage	75th Percentile Hourly Wage
Management	1,280	\$47.84	\$99,510	\$28.99	\$42.43	\$59.33
Business and Financial	710	\$33.46	\$69,595	\$25.48	\$29.84	\$37.79
Computer and 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, Entertain, Sports, & Media	80	\$25.97	\$54,013	\$15.00	\$19.75	\$36.35
Healthcare Practitioners 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 & Grounds Cleaning & Maint.	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)

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. As many as 162 of these jobs are due to be filled by mid-2019, with an additional 100 new jobs currently filled by workers employed in new construction needed by these businesses to expand.

Household Characteristics

About 55% of Glenn County households consist of one or two persons, with 5,414 households between those two categories. The next highest category is four-person households, with 1,669 (17%). Households that own their homes are most likely to have two, or four or more, persons. Renter households are most likely to have one person.



Source: U.S. Census, 2012-2016 American Community Survey

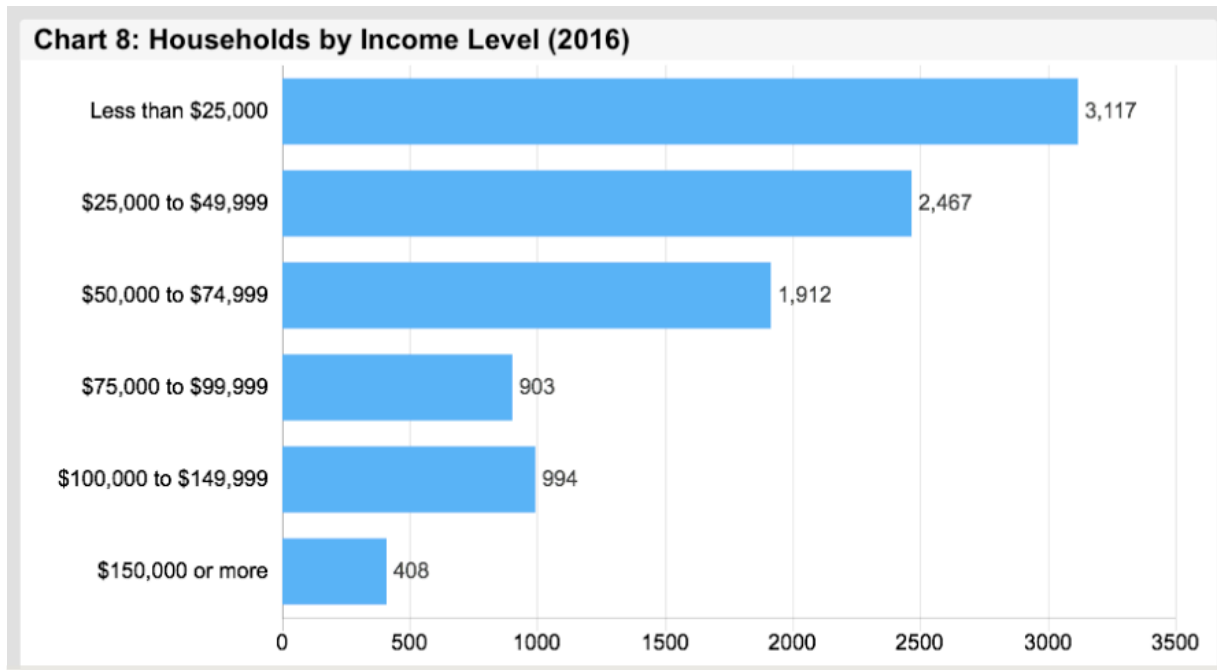
Table 4 shows that Glenn County has a low median income compared to the State of California and the nation.

Table 4: Median Household Income, 2016

Glenn County	\$41,699
State of California	\$63,783
United States	\$55,322

Source: U.S. Census, 2012-2016 American Community Survey

Chart 8 shows the number of Glenn County households by income level.



Source: U.S. Census, 2012-2016 American Community Survey

Table 5 shows the number 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 home owner and renter households. **Among homeowners, 69% have incomes over \$35,000, and 55% have incomes over \$50,000. Among renter households, 57% have incomes under \$35,000, and 74% have incomes under \$50,000.**

Table 5: Household Characteristics by Tenancy, 2016

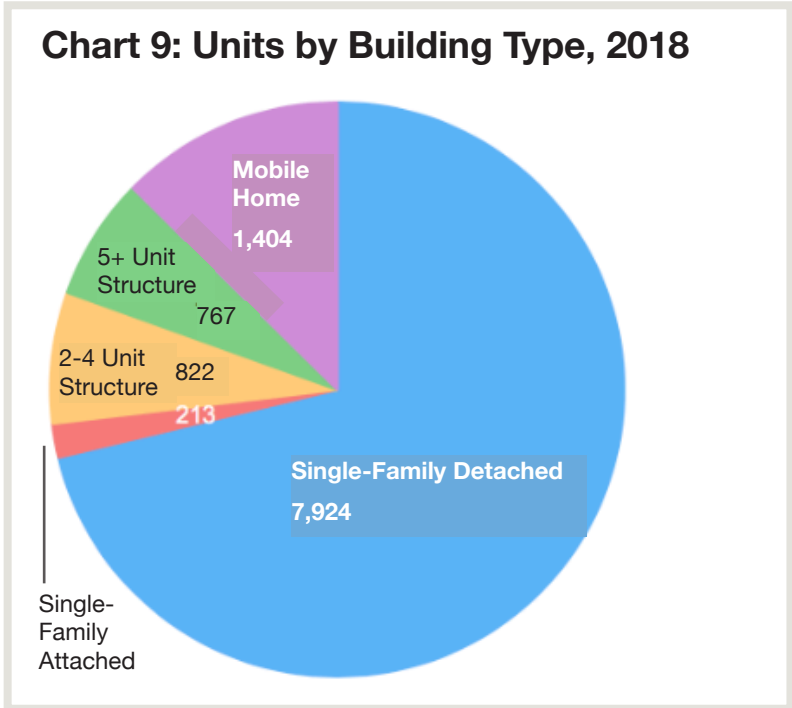
	Occupied Housing Units		Owner-Occupied Housing		Renter-Occupied Housing	
	Number	Percent	Number	Percent	Number	Percent
Occupied Housing Units	9,801		5,635	57.5%	4,166	42.5%
1-Person Household	2,499	25.5%	1,172	20.8%	1,329	31.9%
2-Person Household	2,911	29.7%	2,000	35.5%	912	21.9%
3-Person Household	1,411	14.4%	733	13.0%	675	16.2%
4-or More Person Household	2,980	30.4%	1,730	30.7%	1,250	30.0%
1.00 or Less Occupants Per Room	9,252	94.4%	5,477	97.2%	3,779	90.7%
1.01 to 1.50 Occupants Per Room	461	4.7%	135	2.4%	321	7.7%
1.51 or More Occupants Per Room	88	0.9%	23	0.4%	67	1.6%
Household Income						
Less than \$5,000	500	5.1%	135	2.4%	362	8.7%
\$5,000 to \$9,999	470	4.8%	130	2.3%	337	8.1%
\$10,000 to \$14,999	843	8.6%	349	6.2%	496	11.9%
\$15,000 to \$19,999	823	8.4%	423	7.5%	400	9.6%
\$20,000 to \$24,999	480	4.9%	225	4.0%	258	6.2%
\$25,000 to \$34,999	990	10.1%	485	8.6%	500	12.0%
\$35,000 to \$49,999	1,480	15.1%	772	13.7%	708	17.0%
\$50,000 to \$74,999	1,911	19.5%	1,307	23.2%	604	14.5%
\$75,000 to \$99,999	902	9.2%	654	11.6%	246	5.9%
\$100,000 to \$149,999	990	10.1%	789	14.0%	208	5.0%
\$150,000 or more	412	4.2%	361	6.4%	46	1.1%
Median Household Income	\$41,699		\$53,247		\$27,237	

Source: U.S. Census, 2012-2016 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.



Source: California Department of Finance, 2018

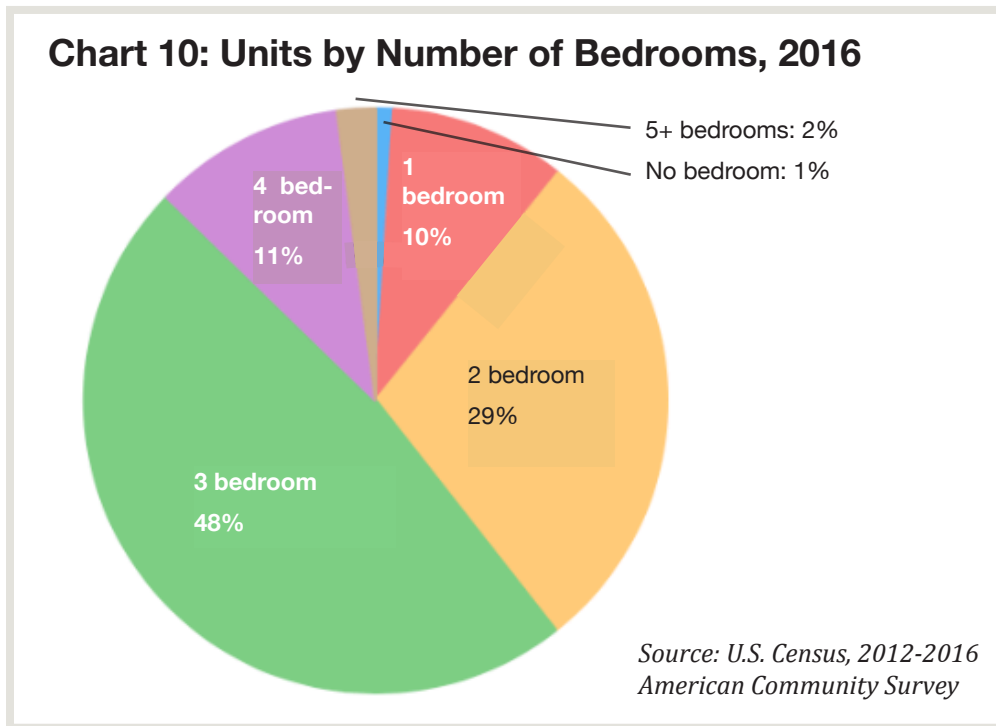
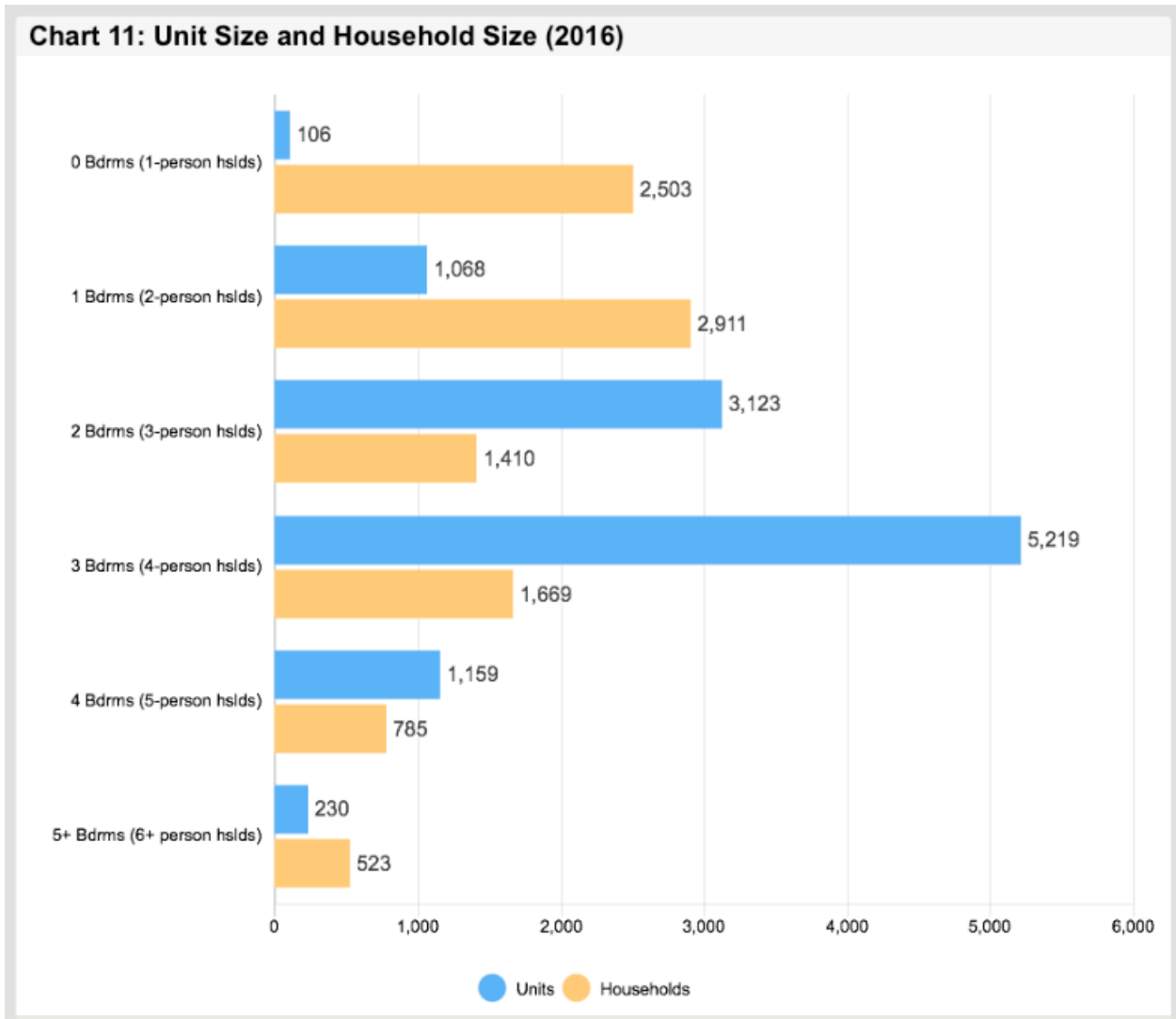


Chart 11 compares unit sizes with household sizes to determine the match of supply to demand by unit size. **It illustrates that there is a clear shortage of smaller units for smaller households, and an oversupply of larger units.** Even if all three-person and four-person households moved into three-bedroom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



Source: U.S. Census, 2012-2016 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 109 units permitted since 2015. It is notable that no multi-family units have been built in the County in the last four years.

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)	48
2018	11	0	5	16

Glenn County, City of Willows, City of Orland Building Departments, August 2018

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 2019 include:

Orland:

- Benson Estates, an affordable single family 33-unit subdivision being developed by Community Housing Improvement Program (CHIP);
- Linwood Phase II, a market rate single family 30-unit subdivision

Willows:

- Sycamore Street, an affordable 24-unit multi-family project being developed by AMG and Associates. Contingent upon acquiring the necessary State HOME financing;
- Basin Street Residential Phase I, a market rate single family 60-unit subdivision, which will ultimately build out to 448 units in four phases

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 will provide increased confidence for developers/builders and potential new residents. Completion of the levee is anticipated by 2020.

For-Sale Market

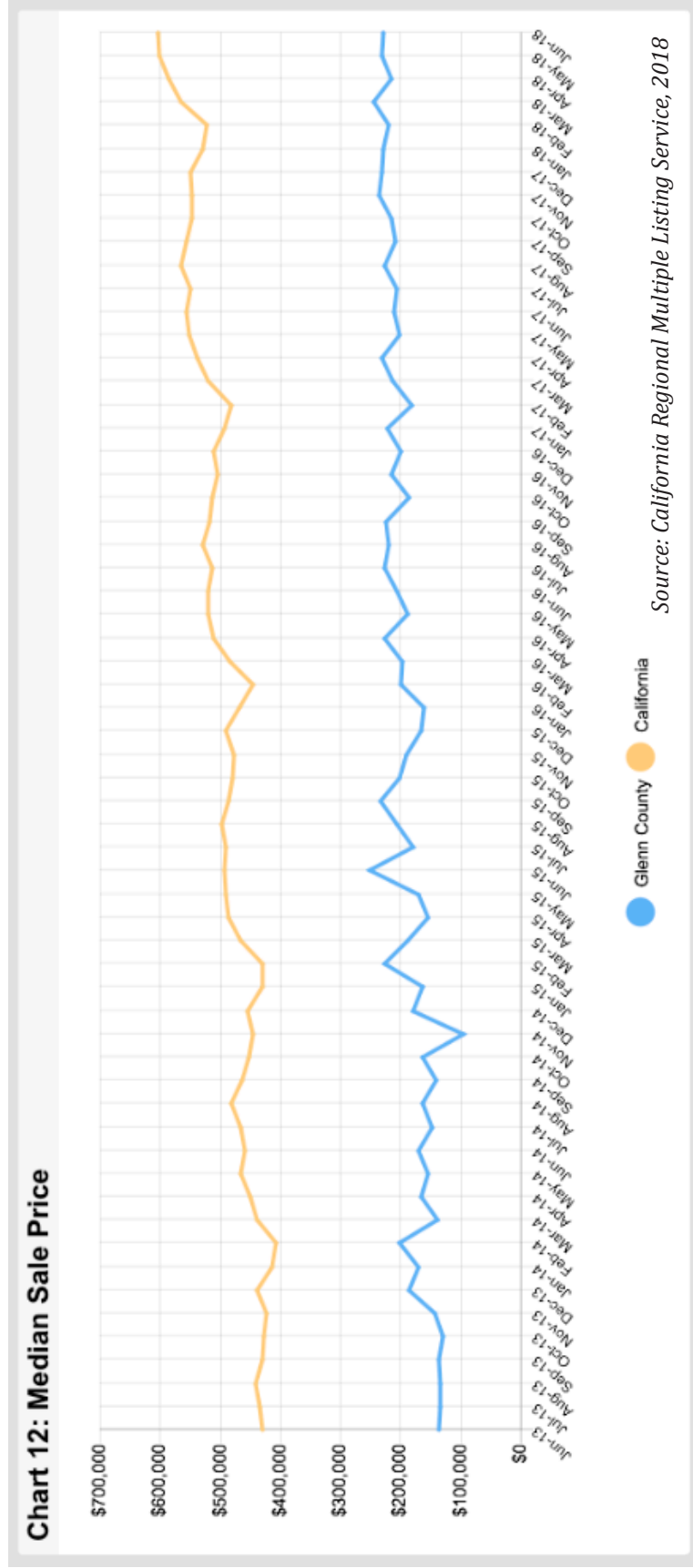
Table 7 shows key home sale indicators for 2018. At \$228,698, Glenn County is much more affordable than neighboring Chico where the median home price in July 2018 was \$340,400. The current market is strong by Glenn County standards, with an average of 33 days on the market in 2018. In the recent months of April through June of 2018, the average days on the market has been 19.⁹

Chart 12 shows monthly median sale price over time from June 2013 to June 2018. **The median sale price has increased by 69% over this period.** By comparison, the median sale price for the State of California increased by 41% over the same period.

Table 7: Home Sale Statistics, Glenn County, 2018

Median Sale Price	\$228,698
Median Sale Price Per Square Foot	\$158
Homes Sold	99
Median Days on Market	33
Average Monthly Active Listings	63
Average Monthly New Listings	23

Source: California Regional Multiple Listing Service, Inc., 2018



⁹ California Regional Multiple Listing Service, Inc., 2018

The number of home sales per month has fluctuated between 15 and 20 over the last five years, but has not significantly increased overall during that period, except a month of 31 sales in May 2018.

Chart 13: Homes Sold, Glenn County
 Source: California Regional Multiple Listing Service, Inc., 2018

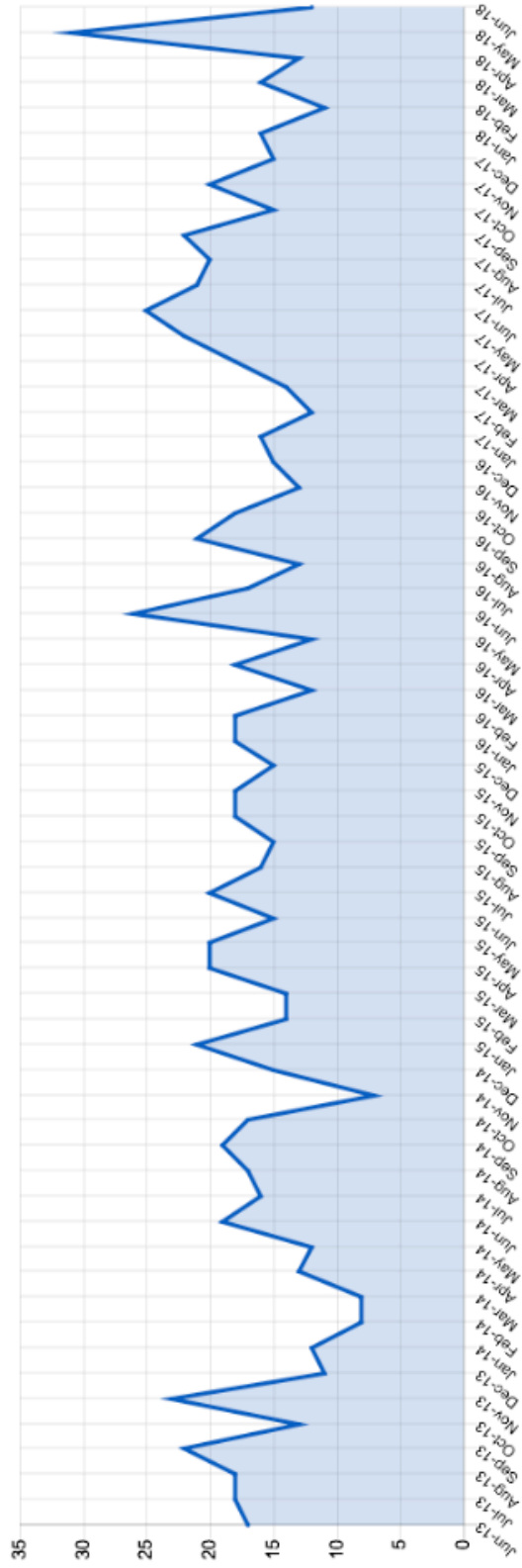
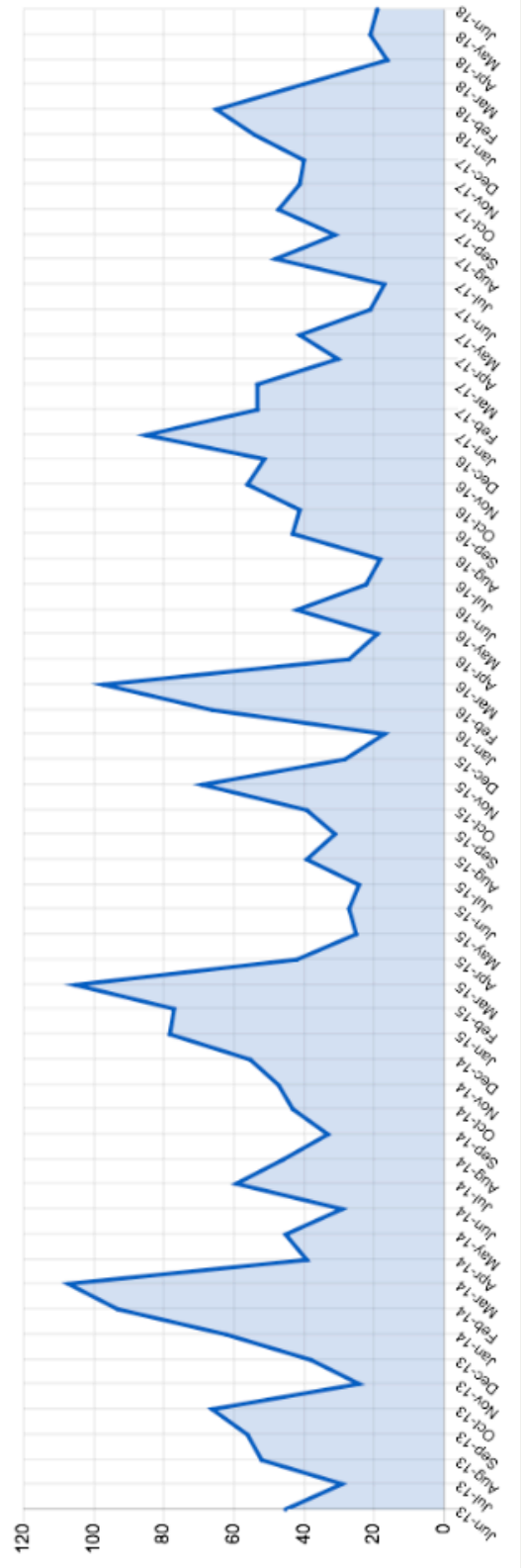
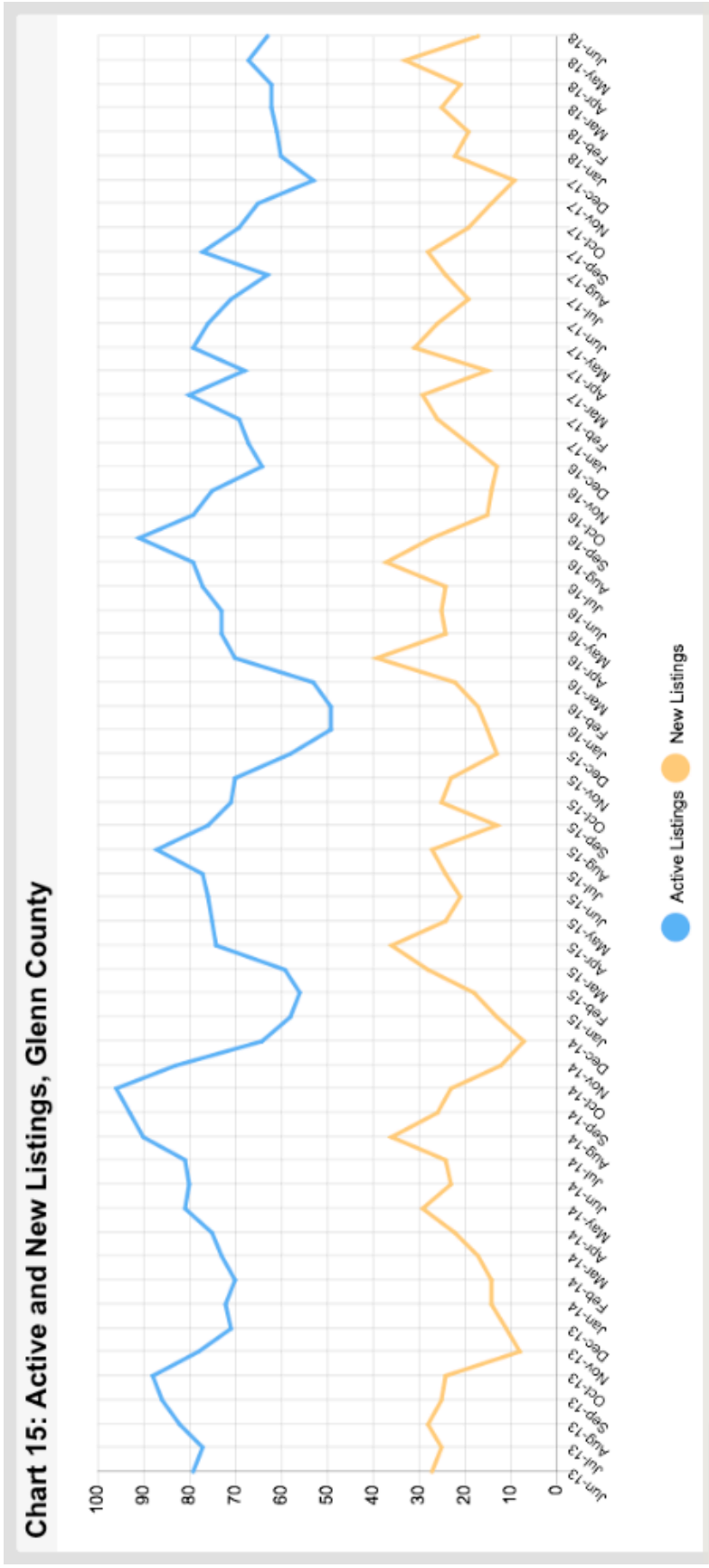


Chart 14: Median Days on Market, Glenn County



Median days on the market fluctuate seasonally, with a decline in the winter/early spring months from 107 days in March 2014 to 65 days in February 2018. In recent months, median days on the market has declined to its lowest level in the last five years. Active listings have gradually declined over the last five years, while new listings have fluctuated around the same level over that period.



Source: California Regional Multiple Listing Service, Inc., 2018

Market Rate For-Sale Opportunities

Table 5 shows that there are 1,911 households in Glenn County with incomes between \$50,000 and \$74,999. Some of the estimated 1,307 homeowners in this category are potential “move-up” buyers to new homes. The 604 renters in this category, and the 500 renters earning more than \$75,000, are potential first-time homebuyers. In addition, there are 902 households earning between \$75,000 and \$99,999, and 1,402 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 over 20% over the last three years, from \$282,500 in July 2015 to \$340,400 in July 2018. The current Chico median sale price is about \$112,000 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 Chico 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.

There are 604 renters earning between \$50,000 and \$74,999, and many of these households earning less than \$60,000 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 708 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 for HOME funds each year. One of the eligible uses of HOME funds is homeownership assistance.

10. California Regional Multiple Listing Service, Inc., 2018

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. 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 2 one-bedrooms, 69 two-bedrooms, and 2 three-bedrooms, for a total of 73 units. The average unit size for the two-bedroom/one-bath apartments was 800 square feet. The average unit size for the two-bedroom/two-bath apartments was 925 square feet. Unit size was not provided for the one-bedroom and three-bedroom apartments.

Table 8 shows the results of the rental market-rate survey. There was only one vacancy out of all 73 units surveyed, for a vacancy rate of 1.4%. Average rent ranged from \$638 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 (\$689) and the two-bedroom/two-bath units (\$990). This is probably due to unit quality in addition to size, as the two-bedroom units with two baths are townhomes with higher quality finishes, and most of the two-bedroom units with one bath are garden apartments with standard finishes.

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

	Total Units	Total Vacancies	Vacancy Rate	Average Unit Size	Average Rent	Average Wait List
1 bed / 1 bath	2	0	0.0%	N/A	\$638	
2 bed / 1 bath	36	1	2.8%	800	\$689	
2 bed / 2 bath	33	0	0.0%	925	\$990	
3 bed / 1 bath	2	0	0.0%	N/A	\$1,000	
Total Units	73	1	1.4%			
Households on Wait List	20					3

Source: Survey conducted by Housing Tools, August 2018

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. Three of the complexes serve seniors, and two of the complexes serve farmworkers. Overall, the survey included 236 one-bedrooms, 140 two-bedrooms, 41 three-bedrooms, and 6 four-bedrooms, for a total of 423 units. It should be noted that 176 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 559 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 12 vacant units, for a vacancy rate of 2.8%. Average rent ranged from \$551 for a one-bedroom unit to \$933 for a three-bedroom/two-bath unit. Average rent for affordable, rent-restricted two-bedroom/two-bath and three-bedroom/one-bath units is much lower than comparably sized market-rate units. On the other hand, there is not a large difference between affordable, rent-restricted one-bedroom and two-bedroom/one-bath units and comparably sized market-rate units. **There are 318 households on wait lists for affordable, rent restricted units in the county, for an average of 29 households per apartment complex.**

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

	Total Units	Total Vacancies	Vacancy Rate	Average Unit Size	Average Rent	Average Wait List
1 bed / 1 bath	236	1	0.4%	559	\$551	
2 bed / 1 bath	130	8	6.2%	810	\$667	
2 bed / 2 bath	10	0	0.0%		\$525	
3 bed / 1 bath	23	3	13.0%	1,231	\$731	
3 bed / 2 bath	18	0	0.0%	1,245	\$933	
4 bed / 2 bath	6	0	0.0%	1,229	\$866	
Total Units	423	12	2.8%			
Households on Wait List	318					29

Sources: Survey conducted by Housing Tools, August 2018; Geographical Information Center, CSU, Chico Research Foundation

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. The surveys described above show that market rents for smaller units are not much higher than affordable, rent-restricted rents. For example, the average market rent for the 36 two-bedroom/one-bath units surveyed was \$689, which was just \$22 higher than similarly sized affordable, rent-restricted units.

While market rents are restricted to relatively low levels, especially for smaller units, 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 1.4% for market-rate rentals, and a vacancy rate of 2.8% 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/two-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. None of these units were vacant when the survey was conducted. The units are 850 to 1,000 square feet. Average rent is \$990, which is \$465 higher than the average for the surveyed rent-restricted two-bedroom/two-bath units.

The second largest 10-year age cohort in the County is 25-34 years old, with an estimated 3,367 persons. These include individuals and young families with growing income that are looking for housing options. In addition, there are 9,456 persons that are 10-34 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.

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 1,461 renter households in Glenn County pay more than 35% of income toward rent (35% of all renter households). There are 1,004 households paying more than 50% of income toward rent (24% of all renter households).**

Table 10: Housing Cost Burden for Renter Households

	Households	Percent of Total
Renter Households Paying <35% of Income to Rent	2,298	55%
Renter Households Paying >35% of Income to Rent	1,461	35%
Renter Households Paying <50% of Income to Rent	2,755	66%
Renter Households Paying >50% of Income to Rent	1,004	24%
Not computed	407	10%
Total	4,166	100%

Source: U.S. Census, 2012-2016 American Community Survey

11. U.S. Census, 2012-2016 American Community Survey

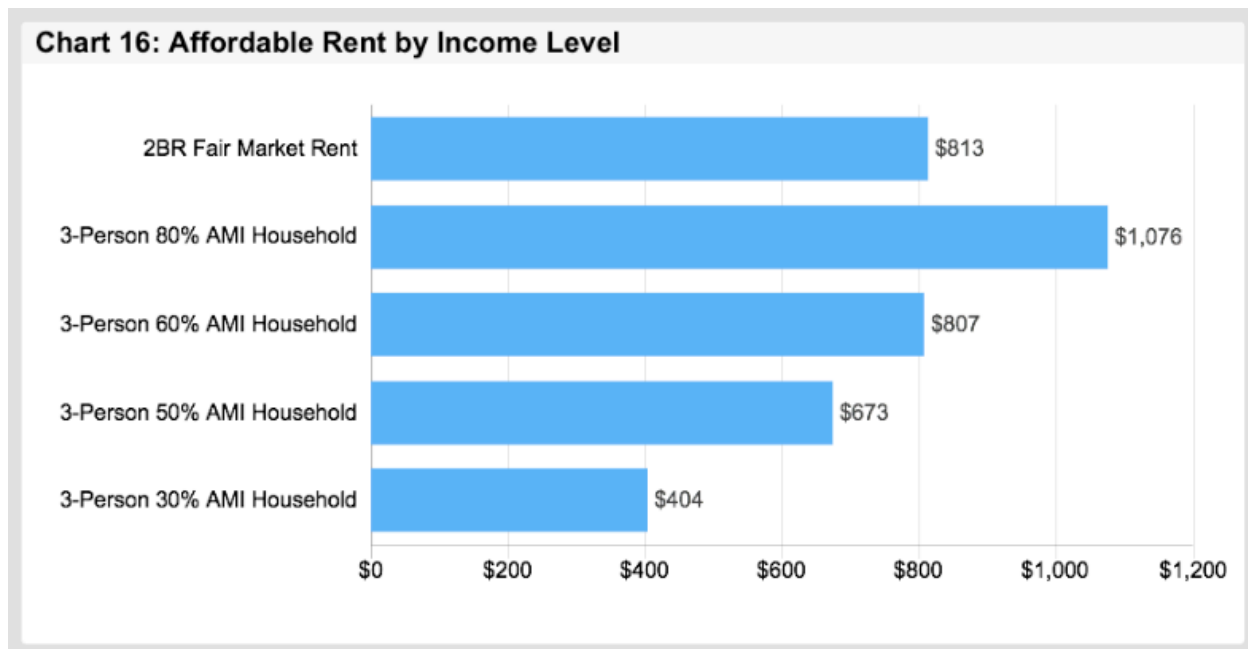
Affordable housing programs subsidize the production of units based on the incomes served, expressed in terms of percent of Area Median Income. Area Median Income is the “middle” income in the range of incomes of all households in a defined area, and reflects gross incomes. Table 11 shows income levels for various percentages of Area Median Income by household size, as set by the U.S. Department of Housing and Urban Development (HUD) for 2018.

Table 11: Incomes by Percent of Area Median Income, Glenn County, 2018

Percent of Area Median Income (AMI)	Household Size			
	One Person	Two Persons	Three Persons	Four Persons
80%	\$33,440	\$38,240	\$43,040	\$47,760
60%	\$25,080	\$28,680	\$32,280	\$35,820
50%	\$20,900	\$23,900	\$26,900	\$29,850
30%	\$12,540	\$14,340	\$16,140	\$17,910

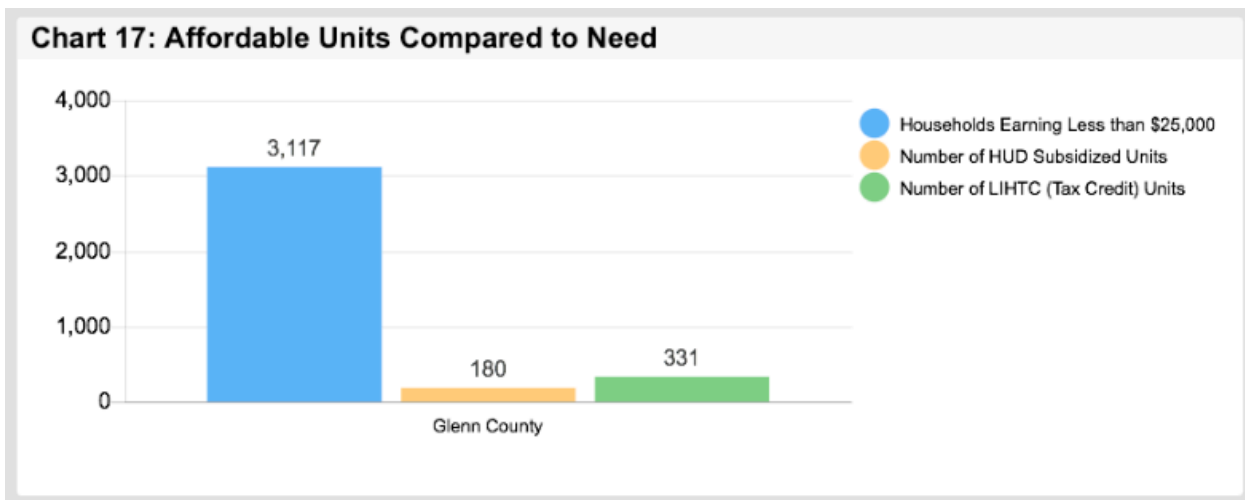
Source: U.S. Department of Housing and Urban Development

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.



Source: U.S. Dept. of Housing and Urban Development, 2018

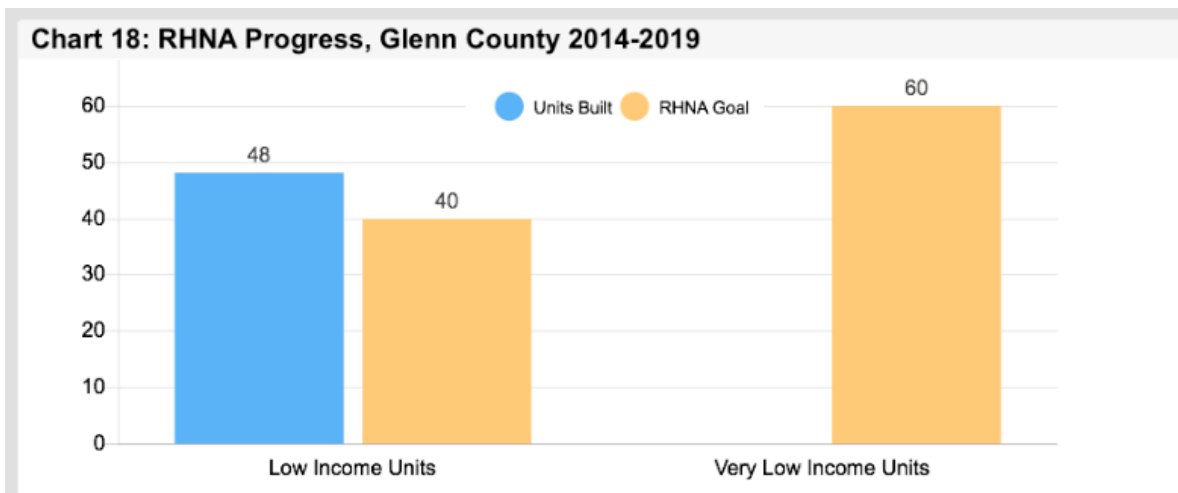
Chart 17 shows the number of affordable housing units in the County compared to need. Affordable, rent-restricted housing is generally restricted to, and priced affordably for, households with incomes less than 50% of Area Median Income. Table 11 shows that 50% of Area Median Income is just above \$25,000 for a three-person household. Chart 17 shows that there are an estimated 3,117 households in the County with incomes less than \$25,000. By comparison, there are 180 HUD-subsidized units (including 65 Section 8 vouchers), and 331 tax credit units, for a total of 511 affordable, rent-restricted units in the County. **As illustrated, there is a significant shortfall of about 2,606 units that are affordable to Low Income households.**



Source: U.S. Census, 2012-2016 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 divided by affordability level, which includes 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 Low Income and Very Low Income units for the period of 2014 to 2019. The County has exceeded the RHNA production target for Low Income units, but has not built any units affordable to Very Low Income households.



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 2017 PIT for Glenn County yielded the following counts by where people were sleeping the night before:

Table 12: Homeless Point in Time Count for Glenn County

Household Category	Emergency Shelter	Transitional Housing	Unsheltered	Total
Households with Children	1 household 4 persons		6 households 21 persons	7 households 25 persons
Households without Children		10 households 10 persons	28 households 29 persons	38 households 39 persons
Subsets of Numbers Above				
Veteran Households			3 households 3 persons	3 households 3 persons
Unaccompanied Youth (ages 18-24)			1 household 1 person	1 household 1 person
Parenting Youth Households (Parents ages 18-24 with children under age 18)			1 household 3 persons	1 household 3 persons
Chronically Homeless		3 households 3 persons	7 households 7 persons	10 households 10 persons
Adults with a Mental Illness	1 person	1 person	8 persons	10 persons
Adults with a Substance Abuse Issue		9 persons	10 persons	19 persons
Adults with HIV/AIDS			3 persons	3 persons
Victims of Domestic Violence	4 persons	2 persons	13 persons	19 persons

Colusa/Glenn/Trinity Continuum of Care Point-In-Time Count, 2017

The 2017 PIT was able to count 45 households and 64 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 \$72 million was made available in the Notice of Funding Availability (NOFA) released in June 2018. Funding is available for rental new construction (up to \$5 million), 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 September 2017 made \$35 million available statewide. The application maximum is \$5 million, and can include homeownership assistance, home rehabilitation, multi-family rehabilitation, 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 \$398,060, and HOME Program Income of \$54,454. The funds are used for a First Time Homebuyer Program or Housing

Rehabilitation. However, the County experiences significant barriers to effectively utilizing the funds, most notably the requirement that the funds only be expended in the unincorporated areas of the county. The State is currently undergoing a re-design of the CDBG program, due to 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 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.

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 \$155,000 and it is used for both Housing Rehabilitation and a Commercial Façade program. The HOME Revolving Loan Fund has a balance of \$346,000, and those funds are uncommitted at this time.

City of Willows

The City of Willows has approximately \$3,500 per year in HOME Program income and has committed funding to a current application by AMG and Associates for a proposed 24-unit apartment complex on Sycamore Street. 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)

These funds are expected to be made available pending voter approval of Proposition 2 on the November 2018 ballot. 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. Glenn County is slated to receive \$500,000 through the Non-Competitive Program; the County must “accept” the noncompetitive funds by August 15, 2019, with project applications due by February 15, 2021. The County can apply for the competitive program through the statewide Small County Set Aside of \$21 million with first round applications due in early 2019.

Homeless Emergency Aid Program (HEAP)

Statewide funding was allocated from the 2018-19 budget to address urgent homeless housing and services needs. Eligible activities will be very broadly defined and may include services, rental assistance, or capital improvements. The Colusa/Glenn/Trinity Continuum of Care is estimated to receive a total of \$631,071 from this allocation. Applications for the first round of funding are due no later than December 31, 2018. CoCs have been encouraged to apply in the first round, in order to secure their funding allocation.

Building Homes and Jobs Act (SB 2)

This 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 per year. Projections on funding amounts that will be made available to local governments are not yet available. Funds will be distributed through the following mechanisms:

Year 1 (revenues collected from January to December 2018)

- Planning and TA Grants to local governments to facilitate the development of affordable housing (50% of funds).
- Homelessness Grants to Continua of Care (50% of funds). The portion of these funds available to Glenn County will come to its Continuum of Care through the California Emergency Solutions and Housing (CESH) Program. The Colusa/Glenn/Trinity Continuum of Care is eligible to receive \$721,260 via the first NOFA for this program, with applications due no later than October 15, 2018. . A second NOFA is expected for release in early 2019.

Year 2 (revenues collected from January to December 2019 and every calendar year thereafter)

- 70% will go to a Local Funds Pool.
- 83% of the Local Funds Pool will be allocated to CDBG entitlement jurisdictions.
- 17% of the Local Funds Pool will be allocated to non-entitlement jurisdictions such as Glenn County, including 10% by formula using CDBG formula factors, and 7% via a competitive grant process.

Emergency Solutions Grant (ESG)

This program provides funding for homeless transitional and rapid re-housing. For 2018, the Colusa/Glenn/Trinity CoC will receive a formula allocation of \$185,671.

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. 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.