

BUSINESS

Why affordable housing is such a big challenge for the Inland Empire



The grand opening of Olive Meadow at Arrowhead Grove, the housing project formerly known as Waterman Gardens in San Bernardino on Thursday, Sept. 28, 2017. The community provides 62 high-quality, affordable apartment homes for low- and moderate-income families. (Photo by Watchara Phomicinda, The Press-Enterprise/SCNG)

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Developer Jeff Burum [resumes his chairmanship](#) of the affordable housing development non-profit he co-founded just as California faces a tight inventory in new living spaces that has rent devouring apartment dweller's paychecks and puts home prices out of reach of middle-class wage earners.

And it's affordable housing that has drawn the most attention in the state Legislature, with the cost of housing going up, while the number of housing starts in California has slipped from 200,000 annually from 1955 to 1989 [to an average of 80,000 annually in the past decade.](#)

"The big picture is not very complicated," Steve PonTell, president and chief executive officer of National Community Renaissance, the firm Burum and Andrew Wright started a quarter-century ago, said in a telephone interview Monday. "It's supply and demand."

California officials estimate the deficit of affordable housing across the state is at 1.5 million units. Affordable housing means units accessible to those whose wages are below the local area median income.

In [Riverside County](#), there were 58,620 extremely low-income renter households in 2014, but only 14,784 affordable apartments available to them, leaving a deficit of 43,836; in [San Bernardino County](#) it was 65,000 extremely low-income households at the end of the same year, with 13,014 affordable units available — a deficit of 51,986 units, of according to a study by the Urban Institute's Housing Assistance Matters Initiative.

When California eliminated redevelopment agencies in 2011, it took \$1 billion a year out of affordable housing aid, PonTell said.

“Sixty percent of all the money in the state of California for affordable housing got taken away,” PonTell said in an interview during a National Community Renaissance gala fundraiser Thursday at the Fairplex Conference Center in Pomona to raise funds for the Hope Through Housing Foundation, a non-profit that funds projects such onsite preschool to help low-income residents living in affordable housing.

“They’ve just now started to put it back. The Legislature finally passed a bill that will allow about [\\$250 million a year](#)” toward affordable housing, he said.

“I do think there is a more leadership awareness of the consequence of an inadequate supply of housing,” PonTell said.

Slow post-Great Recession wage increases and higher prices for rentals and homes boosted by lack of new building have widened the number of people who fall into the category of “cost burdened” — paying more than 30 percent of their income on housing.

California and the Inland area have been hard-hit by the convergence of the high costs and low inventory. The Harvard Joint Center for Housing Studies concluded a 56.7 percent share of renter households in the [Riverside-San Bernardino-Ontario metro area are cost-burdened](#), and a 30.6 percent share are severely cost burdened — paying more than 50 percent of income on housing, based on 2015 data.

The area was ranked 13th in the nation for cost-burdened housing in the Joint Center study.

California State Superintendent of Public Instruction Tom Torlakson, who attended the gala, said the housing crisis has a cascading effect.

“We know there’s a huge imbalance, a crisis in housing. Our teachers can’t even afford to live in the districts they teach in,” he said Thursday in an interview. “This isn’t healthy. Teachers traditionally have been able to be part of the community after school. They coach sports, they volunteer with the drama club,” he said.

Burum said National Community Renaissance — also called National CORE — has longtime experience in providing affordable housing that puts it in a good position to help with the crisis.

“We’re now a recognized thought leader,” Burum said. “People are looking toward this organization to find solutions. And that’s what our job is. ... Give solutions to both governments and social workers to find the best way to spend the scarce resources, because we don’t have enough money to solve this problem. So it’s how you allocate it that will make the difference.”

Burum also has resumed chairmanship of the Hope Through Housing Foundation following his [acquittal](#) in the Colonies bribery case. He voluntarily left the chairmanship of both eight years ago.

National CORE says it has helped 250,000 people over that time and overseen development of 9,000 housing units in California, Arkansas, Texas and Florida, although PonTell said 80 percent of the organization’s portfolio is in California.

One of local projects for National CORE has been the transformation of Waterman Gardens housing project in San Bernardino into [Arrowhead Grove](#) — not only for the quality of the buildings but the quality of life in the neighborhood, PonTell said.

The total cost of Arrowhead Grove was estimated in 2014 at \$150 million to \$200 million, and it aims to eventually provide 411 units. PonTell said the National CORE is organizing financing now for projects in Rialto, Ontario and Rancho Cucamonga.

National CORE is a public-private partnership, PonTell said.

“When you look at the funding for our projects, there can be 12 different sources of funding,” PonTell said. That can include tax credit equity in which private institutions buy tax credits and invest that money in the project, leaving it there for years for the institution, such as a bank, to gain the benefit of the investment. There can be special needs funding, foundation funding, and funding by private corporations, he said.

“These are the most complicated real-estate deals, not only because of the population we serve, but putting the funds together,” he said.

“We bring private capital leveraging public money into areas where the market is not going to work,” PonTell said. “A lot of people talk about, ‘the market should solve it’ — but we’ve succeeded in distorting the market in California so much, by making development so hard, that the market can’t solve it.”

The two-part approach — affordable housing through National CORE and support of residents through organizations such as Hope Through Housing that helps families get ahead and eventually move into market-rate housing — can bring good results, PonTell said.

But getting people’s foot in the door via affordable housing remains on social as well as a political challenge, Pontell said.

“What I find fascinating is that from the most liberal neighborhoods in California, to the most conservative, they oppose affordable housing equally,” PonTell said. “A lot of it has to do with fear-based reaction. They oppose regular development and then affordable housing, even more.”

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