

# Survey Confirms Housing Shortage Threatens Economic Stability

*Report of Employer and Employee Housing Impact Surveys  
Conducted by the Housing Action Team North Coast Mendocino County  
January 2022*

*“We’re going to have to relocate out of the area if we can't find housing before the end of our 90-day notice. We have lived here for 20 years, are employed full time, and can afford to pay \$2000/mo. And we can't find anything within driving distance of work.”*

Stories from employers unable to fill open positions because potential employees have nowhere to live dominate local social media. Posts from workers desperately seeking housing are just as common. The Housing Action Team, North Coast Mendocino County (HAT) noticed and decided to confirm (or refute) commonly held beliefs about employer and employee housing difficulties by surveying North Coast employers and employees. Survey questions included their views on how housing affects their ability to attract and retain workers, how employees are handling housing challenges and what they think needs to be done to lessen the pressure of living in a high-cost, low-availability housing region.

We created two surveys, one for employers and one for employees, and posted them on HAT’s website. We called and invited employers to participate and used social media to solicit participation. This report shares what HAT learned and what actions we recommend. It concludes with a profile of survey participants.

To no one’s surprise, the surveys confirmed that our housing shortage is a crushing workforce problem and a serious impediment to economic stability. The surveys also uncovered some unexpected concerns and identified options we weren’t aware of. We also learned that historically low vacancy rates don’t hurt just low and very low-income employees; middle-income households are reeling under the impact, too.

The survey responses included many comments, significantly more than one generally sees on surveys. Some were distressing, like the employer comment about a full-time worker making \$30 an hour living in their car due to the lack of housing. A number of respondents stated that the lack of housing has a negative impact on the quality of available housing, *“Because of the severe housing shortage, landlords know you have very few, if any, options so they are slow on repairs and upgrades. Mold problems abound and public health is negatively affected.”* Several comments were about housing costs and income, *“Housing prices are too high even for two income families with well-paying jobs. Even with excellent income we cannot afford to buy a home in our community.”*

If you ask HAT what was the most important thing we learned, it would be that the housing shortage is real and that it is this community’s most pressing problem.

## WHAT EMPLOYERS SAID

1. Housing is a critical issue for employers. Seventy-five percent of the replies said housing was either their top priority or in the top 3. Many told us, *“Move faster on this issue. It is urgent NOW.”*
2. Employee retention and productivity issues are problems for an overwhelming majority of employers. Sixty-six percent of the respondents were unable to hire or keep employees because housing was unavailable, unaffordable, didn’t work for the employee’s family, or was sold out from

under them. Sixty-six percent also said that the stress employees feel about housing makes them less productive or hurts workplace morale. This is how bad the problem was for one employer, *“I actually went out of business because I couldn’t retain good employees.”*

3. Employers know what kind of housing their employees want. Asked about their employees’ housing preferences, the survey showed employers feel seventy-five percent of their employees would prefer to own their own home rather than be renters. This result is exactly what employees said.
4. Most employers feel they can be part of the solution. Sixty-six percent replied that businesses and organizations could be effective advocates for more affordable housing. Half of the respondents said they had ideas for creating workforce housing and many suggested solutions, including: restricting vacation rentals; tax incentives for long-term rentals; zoning for increased density; incentives for ADUs; allowing employers to offer free or low-cost on-site housing; applying for federal housing funds; and identifying underutilized parcels that could support workforce housing.
5. Employers overwhelming want the City of Fort Bragg and Mendocino County to make housing a top priority. Almost 100% of respondents favored securing grants and changing policies and zoning to create more workforce housing. Eighty-seven percent felt workforce housing should be local government’s top priority or one of their top 3 areas of focus. Employers were generous with suggestions of what they’d like local government to do, *“Grants to obtain and fix up derelict vacant homes” “Retrofitting existing vacant buildings” “Price control” “Lease to own options for middle to low income.” “Helping with down payment” “More housing for people to own not just to rent”*

#### WHAT EMPLOYEES SAID

1. We need rentals. The vast majority of employees who responded to the survey are renters; there were double the number of renters than people who own or replied ‘other’. Here’s how one worker put it: *“Prices for rentals have gone up so much; we have been looking for a house with a little yard for the kids & have had no luck. The houses that do come up are for \$1800 - \$2,000 for 2 bedrooms, we just rather stay in our 2-bedroom apt for \$1000. My husband wants to move to Ukiah, lots of rentals over there”.*
2. We need small houses. We learned something unexpected; sixty-six percent of the people who live in a house have 0, 1 or 2 bedrooms. Moreover, the majority of employees said they prefer these small homes. Why became clear when we saw that the overwhelming majority of homes house 1 or 2 adults - and no kids. Here’s how one person explained her situation, *“Would like to move to a small house instead of apartment, but there is zero available that is not a 1-room shack in the woods or a 5-bedroom”.*
3. Housing needs to be more affordable. Almost sixty-six percent of respondents said they are ‘housing cost burdened’, spending more than thirty percent of their household income on housing. Cost was cited as the most common barrier to finding housing.
4. Finding housing is a lengthy process with a variety of barriers. The majority of employees said they looked 6 months and longer – or that they are still looking. Unbelievably, comments like this weren’t unusual, *“My partner and I have been looking for a place to rent for 2 years. We lived outside for 1 year”.* The most common barrier was cost, followed closely by lack of availability, landlords not accepting pets and housing options that are unsafe, in poor repair or not suitable for their family.

5. Employees confirmed that housing and employment retention-and-recruitment are closely intertwined. An overwhelming majority of employees, almost seventy-five percent of the people who replied, said they have considered moving to an area where housing is less expensive or easier to find. Here's what a number of employees said: *"Housing is expensive and limited. And most people who are lucky enough to be housed are working two jobs to afford rent."*

Nearly half of the respondents replied that they'd prefer to work for an employer that helped with housing. Employees also responded that employers should help find ways to relieve their employees' housing pressures.

6. The American Dream of home ownership continues to exist. Seventy-five percent of respondents said they would rather own than rent, which is exactly how employers thought the employees would feel. Of those wanting to own a home, most employees felt they could buy a house if they had help with the down payment. Thirty percent would consider buying part of a residential lot and building a house. Fifty percent said they would buy a house at a below-market price if they could sell it later below the current market rate (a structure commonly used by Community Land Trusts). Here's how one person put it, *"My husband and I were planning to buy a home this year and saved up a down payment while living with family. But now home prices have increased so much that it's not possible with our current income."*
7. Not everyone wants to live in a stick-built, on-foundation house. Thirty percent replied that they are interested in mobile homes and tiny houses. Of the people who would live in a tiny house on wheels, the majority want to rent space on rural land. The others preferred to rent on a residential city lot or in a mobile/small home park. Here is one comment: *"I would love to be in a tiny house, but the space to place a tiny home on a lot or rented property is too expensive. Also, I think residential restrictions might prevent tiny homes in town."*

However, we found that there is minimal interest in co-op apartments; half of those who replied said they weren't interested and twenty-five percent said they weren't certain. Only twenty-five percent said they were interested in co-op apartments.

8. Renters are worried about being displaced – especially when there's no place to go. People who have had to move in the last three years fall into 3 categories: their home was converted into a vacation rental, their rent increased, or their landlord was selling or giving the property to a family member. The number of comments about being displaced by Vacation Rentals was truly alarming; here's one that caught our attention: *"Although we have been lucky to rent our current home for the past 10 years, there is an ever-evolving conversation about it being converted to yet another Airbnb rental, which would force us to relocate likely outside of California despite being a local business owner."*

## RECOMMENDATIONS

Responses from employers and employees make it clear that local governments can no longer sit by and hope that the free market will address the coast's severe housing shortage. HAT calls on all levels of government to collaborate, agree on opportunities, and collectively act to implement the viable solutions and strategies groups like HAT, SEIU, and the Grand Jury have put forward.

Five HAT proposals became policies in Fort Bragg's Housing Element update. The County included a separate appendix of HAT recommendations when they updated their Housing Element. Mendocino

County's Grand Jury recommended that the county, municipalities, tribal governments, and special districts collaborate and coordinate their housing development activities. SEIU's comprehensive survey report provided 5 excellent specific recommendations then summed it up perfectly, "Now is the time for the county and local municipalities to take decisive action to begin to get a better handle on this vexing issue".

Research – done. Workable solutions - provided. Federal and state funding opportunities the City and County can secure – available. What's missing? Decisive and immediate action from the City of Fort Bragg and Mendocino County.

Based on survey responses, HAT calls for immediate action on the following recommendations:

1. The City of Fort Bragg and Mendocino County staff should identify and secure additional funding for their Housing Trust Funds to help support housing development.
2. Fort Bragg and the County should allocate staff time and resources to securing housing development grants and funds from state and federal sources.
3. The Board of Supervisors should act with utmost haste to adopt and fully implement an ordinance that stops the loss of residential housing to short-term vacation rentals
4. Fort Bragg and the County should prioritize streamlining and simplifying the zoning and permitting requirements that enable housing development and preservation.
5. Fort Bragg and the County should allow homeowners to prepare a space on their property that they can rent to owners of Tiny Homes on Wheels.
6. Fort Bragg should promote California's Housing Opportunity and More Efficiency (HOME) law and explain the new opportunities it offers to create infill housing.
7. Public and private employers should exert and maintain pressure on the City of Fort Bragg and Mendocino County to ensure housing is a top priority so it is easier to recruit and retain employees.

## **THE SURVEY**

HAT conducted two surveys, one for employers and one for employees. We asked both groups about their experiences and aspirations concerning housing.

The *Employer* Housing Impact Survey received 72 responses.

- The majority of responses were from employers with 10 or fewer employees; others ranged from 11 to more than 50.
- Most were from locally owned businesses; non-profits, government/public entities and healthcare also participated.
- Half reported paying employees \$26,000 - \$50,000; salaries for the rest were \$5,000 - \$76,000 or more.

The *Employee* Housing Impact Survey received 166 responses.

- Employees of all ages participated: half were 18 – 45 years old; the other half were 45 - 66+.
- Annual income amounts were equally represented: 1/3 had incomes between \$5 - \$25,000, 1/3 between \$26 - \$50,000, and 1/3 between \$51 - \$76,000+.
- The vast majority of employees responding were renters; twice the number rent than people who own or replied 'other'.