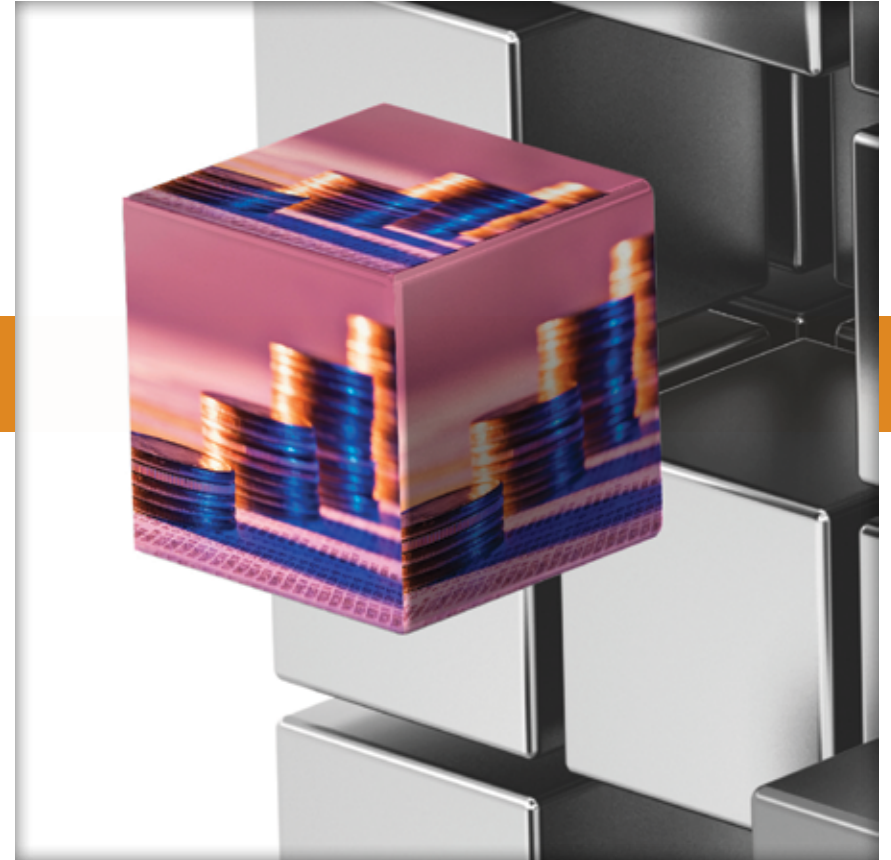


VITALSIGNS

UNDERSTANDING SAN LUIS OBISPO COUNTY

COST OF LIVING IN SLO COUNTY



A TREND REPORT BY
Action
FOR HEALTHY COMMUNITIES

ACTION for Healthy Communities (ACTION) is a consortium of public, private, and non-profit organizations that collaborate to assess the quality of life in San Luis Obispo County. The goals of the project are to raise public awareness, provide accurate and reliable data, improve decision-making, establish community goals, and develop collaborative action plans to achieve those community goals.

ACTION began collecting key datasets about quality of life issues in the county in 1999, with updates completed in 2001, 2003, 2006, 2010 and 2013. The 2013 project includes a telephone survey of a representative sample of 1,102 San Luis Obispo County residents. The term “residents” will be used to describe data from those telephone survey respondents. The overall study also includes a face-to-face survey with homeless individuals and Spanish-speaking parents. These primary data pieces have been combined with data from a wide range of federal, state and local sources to bring you a picture of life in San Luis Obispo County.

The full report may be found at <http://ActionSLO.org>.

INTRODUCTION

The ACTION report brings to light a disturbing trend in SLO County. The cost of living is high compared to other areas in the state, and incomes over the years have dropped when factored for inflation. A rising cost of living, combined with slightly lower salaries can make living on the Central Coast a challenge, particularly for sole provider households and low income families.

DEFINITIONS

The self-sufficiency and living wage standards provide a more complete picture than the federal poverty level (FPL) because they take into account social and geographic information. Since the cost of living in SLO County is high, there is a significant discrepancy between the FPL and self-sufficiency standard.

COST OF LIVING

Cost of living is the level of prices relating to a range of everyday items such as food, housing, and clothing.¹

LIVING WAGE

A living wage is the income necessary for a worker to meet their needs of a safe, decent standard of living.² An hourly rate differs based on geographic area and the cost of living in that location. For SLO County this is equal to an hourly rate of \$10.36 for an individual or \$25.23 for a family of one adult with two children.³

SELF-SUFFICIENCY

The minimum income necessary to cover all of a non-elderly (under 65 years old) individual or family’s basic expenses - housing, food, child care, health care, transportation, and taxes - without public or private assistance.⁴ For SLO County this equals to \$12.40 for an individual and \$27.11 for a family of one adult, one preschool child, and one school aged child.⁵

AFFORDING A LIVING IN THE COUNTY

For single parent families in SLO County (one parent and two children), 47% of all jobs pay less than the recommended \$25.23 per hour for self-sufficiency and a full 60% of all jobs pay less than the recommended living wage of \$27.11 per hour.⁶

“A \$10/hour job barely covers \$12/hour for child care – it’s just not worth it.”

SLO COUNTY RESIDENT

“Several families share an apartment to be able to cover rent.”

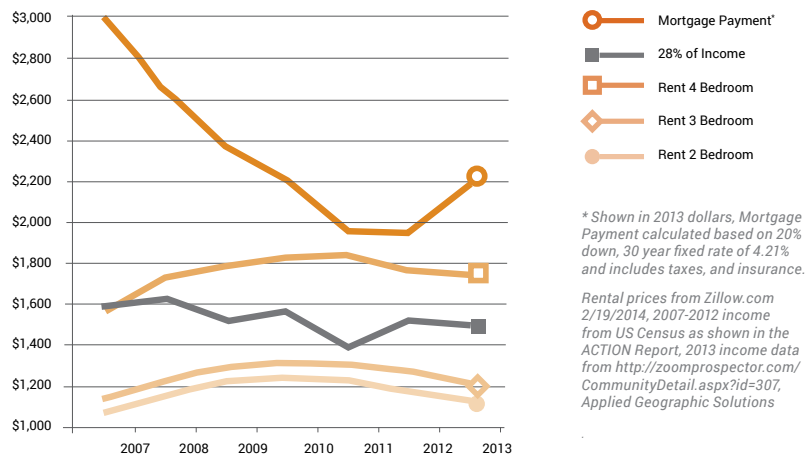
SLO COUNTY RESIDENT

For individuals, the picture is slightly better with only 15% of all jobs paying less than the self-sufficiency standard of \$10.36 and 19% of all jobs pay less than the living wage of \$12.40 an hour.

Combine the wages data with the cost of living index and it's obvious to see that affording a living in the county is very difficult for single parents and can even challenge some dual income households. San Luis Obispo has a cost of living index of 117, higher than the state at 116 and the nation at 96. This means that it is 21% more expensive to live in SLO County than the average location in the country. For example, a gallon of gas in the city of San Luis Obispo is \$4.01 while the national average is \$3.44.⁷ Groceries and utilities also cost more in the city.⁸

The most striking differences are seen in the housing index where the County scores 162, 70 points higher than the state. This means that home prices are 62% higher than the nation and 70% higher than the state.⁹

Figure 1. Average Family Income for San Luis Obispo County with Costs for Housing



AFFORDING SHELTER

It is recommended that a family spend no more than 28% of their income on housing.¹⁰ The above chart shows fair market rents for SLO County and calculated mortgage payments as compared to 28% of family income. Although two and three bedroom rentals are within the expected 28% of income, four bedroom rentals and homes are well above. These numbers get worse when looking at higher priced communities, such as the city of SLO where home prices are over 20% higher.¹¹

“My husband and I are both employed but our paychecks barely cover expenses.”

SLO COUNTY RESIDENT

In 2012, an estimated 44.2% of SLO County households experienced a high housing cost burden (i.e., 28% or more of their income is spent on housing). Families that spend more than half of their income on housing tend to spend much less than other families on essential items, such as food, health care, and clothing. Low-income parents with a high housing cost burden are more likely to report that their children have fair or poor health than families in more affordable housing situations.¹²

This chart also shows a decline in family income. When adjusted for inflation, average family income has fallen by over 9% since 2007.

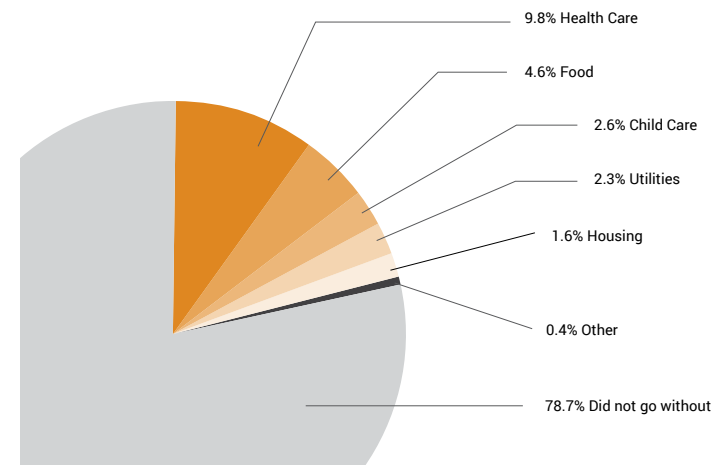
CUTTING COSTS: WHAT FAMILIES WENT WITHOUT

With incomes dropping and housing costs rising, county residents with low paying jobs are going without basic necessities.¹³ The ACTION survey reveals that over 21% of survey respondents in the County reported going without some form of basic need. Nearly 10% of this population reported they went without getting health care. Medical bills are the leading cause of bankruptcy affecting nearly 2 million people nationwide last year. Fortunately, the recently enacted Affordable Care Act (ACA) should be able to help the poorest in the county obtain health insurance.¹⁴

“My children get food at school and we get it from the church.”

SLO COUNTY RESIDENT

Figure 2. What families are going without



ACTION for Healthy Communities Survey 2013

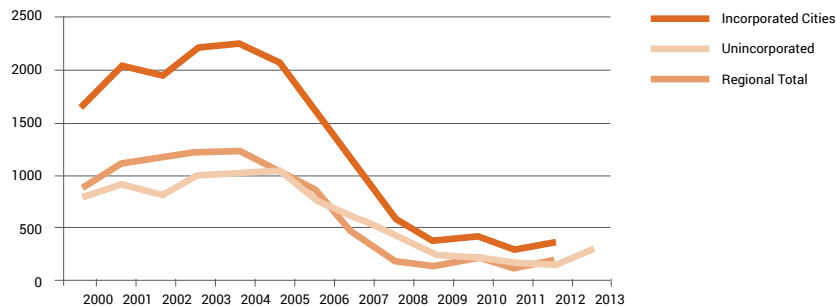
Survey respondents reported that they are also going without food. Nearly 5% of respondents reported that they went hungry in any given month in the past year.¹⁵ The Food Bank Coalition of San Luis Obispo County reported serving 44,000 people in 2011. That number represents a 96% increase since 2006. Children (19% of the population but 40% of food bank clients) and seniors, who lived on fixed incomes, comprise half of the food bank population.¹⁶

ECONOMY AND BASIC NEEDS

Despite these issues, signs are pointing to an improving economy. SLO County was ranked 25th on the Milken Institute's Index of Best Performing Cities in the country for 2013, the largest gain of any large metro in the Top 25.¹⁷ The unemployment rate is down to 5.6% in December 2013, fifth best of all California counties.¹⁸ Local companies are beginning to hire people. There were 1,800 more jobs in December 2013 than the previous year, a 1.7% increase. Another indicator is that the number of building permits processed in the county is rising, having bottomed out in 2011.

In an effort to address a better balance between wages and housing costs, efforts are currently underway countywide to evaluate opportunities to facilitate the development of affordable and workforce housing through policy modification and public-private infrastructure financing mechanisms.

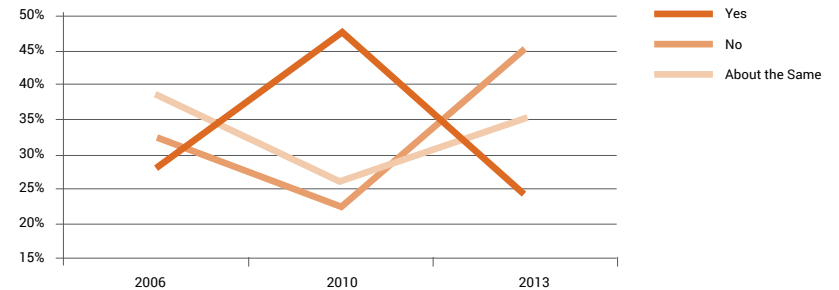
Figure 3. Building permit activity



ACTION for Healthy Communities Survey 2013

It's great news for our community that jobs are coming back however job compensation in the county is 3% lower on average than the nation across all occupational groups.¹⁹ Wages are growing at the slowest rate since the 1960s, at just above the rate of inflation, which rose by 1.5% last year.²⁰ This has a detrimental effect on local business when trying to recruit talented employees to the region, specifically in the computer and mathematical occupational group.²¹

Figure 4. Do you feel you are better off this year than last year economically?



ACTION for Healthy Communities Survey 2013

SUMMARY

What can our community do about the high cost of living? There are some things that can be done and are actively being pursued. For instance, SLO County government strives to plan efficient development and supports affordable housing projects. They are also coordinating with the local business community on solutions to reduce housing costs. Also, some companies, like Costco and Trader Joe's, recognize the value in paying a living wage. These companies enjoy lower turnover and happier, more productive, employees who in turn help attract a loyal customer base.^{22 23}

Local business groups such as the chambers of commerce and the Economic Vitality Corporation are also playing a role by striving to help attract higher paying jobs and providing direct support to growing businesses.

For more information please refer to the ACTION Report at www.ACTIONslo.org.

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