shortfall of 1.54 million homes

chpc, 2015
214,500 new households

Growth projections for 2007 to 2014
26% of affordable housing needed
84% of luxury housing needed

Actual housing production from 2007 to 2014
imbalance
inequity
what now?
Tools for Achieving Jobs-Housing Fit and Avoiding Displacement in Smart Growth Areas

Wayne Chen  
City of San Jose  
wayne.chen@sanjoseca.gov

Chris Benner  
UC Santa Cruz  
cbenner@ucsc.edu

Belen Seara  
San Mateo County  
Union Community Alliance  
searamb@gmail.com

Vikrant Sood  
Metropolitan Transportation Commission  
VSood@mtc.ca.gov

Pilar Lorenzana-Campo  
SV@Home  
pilar@svathome.org
Jobs Housing Fit in the Bay Area

Chris Benner, University of California Santa Cruz & UC Davis
with Alex Karner, Arizona State University
From jobs-housing *balance* to *fit*

- First systematic studies of *balance* in the late 1980s
- Found that commute distance was affected by a multitude of factors, not just balance
- Appropriate “fit” between jobs and housing often discussed but rarely studied until recently
- Low-Income jobs/housing fit especially important
- Important for VMT, GHG, and social equity
Comparing J-H Balance and Fit

![Map of J-H Balance and Fit in Sacramento Region]

UCDAVIS CENTER FOR REGIONAL CHANGE
• Red = Severe shortage of affordable rental units
• Blue = Excess of affordable rental units in relation to available low-wage jobs
REGIONAL OPPORTUNITY INDEX:
http://interact.regionalchange.ucdavis.edu/roi
### Mean VMT attracted by JH fit category

<table>
<thead>
<tr>
<th>JH fit category</th>
<th>0 – 2.2</th>
<th>2.2 – 4</th>
<th>&gt; 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMT attracted</td>
<td>7.10</td>
<td>7.61</td>
<td>10.4</td>
</tr>
</tbody>
</table>

### Model results

<table>
<thead>
<tr>
<th>JH fit category</th>
<th>Coefficient</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 – 4</td>
<td>0.51</td>
<td>0.005</td>
</tr>
<tr>
<td>&gt; 4</td>
<td>3.31</td>
<td>&lt; 0.001</td>
</tr>
</tbody>
</table>

N = 1592, R² = 0.24
How does growth in high-wage jobs in one jurisdiction affect low-wage job growth and affordable housing demand in multiple jurisdictions?
Ratio of High-Wage to Low-Wage Jobs Differs

change in low-wage NAICS jobs per change in high-wage NAICS jobs
More Total Housing ≠ More Affordable Housing
More *Total* Housing ≠ More Affordable Housing
More Rentals ≠ More Affordable Rentals
SF Affordable Rentals Not Keeping Up With Low Wage Jobs

The chart illustrates the change in tier 1 and 2 affordable rental units against the change in tier 1 and 2 jobs for various cities. San Francisco is significantly impacted, showing a decrease in affordable rental units compared to the increase in jobs.
New workers, especially low wage, are traveling farther
Key Points

- Very poor low-wage jobs-housing fit through much of the region
- Evidence that poor fit is related to increased VMT
- No consistent relationship between high-wage and low-wage jobs across jurisdictions, but associated housing demand is regional
- Aggregate housing production hides disparities in affordability levels
- Particularly worrying preliminary evidence of long commute distance for new low-wage workers
Housing, Jobs & Regionalism
New Partners for Smart Growth Conference
February 11, 2016
Portland, Oregon

Wayne Chen
City of San Jose
SJ World’s 6th Least Affordable Market

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>Median Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>19.0</td>
</tr>
<tr>
<td>2</td>
<td>Sydney</td>
<td>12.2</td>
</tr>
<tr>
<td>3</td>
<td>Vancouver</td>
<td>10.8</td>
</tr>
<tr>
<td>4</td>
<td>Melbourne</td>
<td>9.7</td>
</tr>
<tr>
<td>5</td>
<td>Auckland</td>
<td>9.7</td>
</tr>
<tr>
<td>6</td>
<td>San Jose</td>
<td>9.7</td>
</tr>
<tr>
<td>7</td>
<td>Bournemouth &amp; Dorset</td>
<td>9.6</td>
</tr>
<tr>
<td>8</td>
<td>Santa Cruz</td>
<td>9.6</td>
</tr>
<tr>
<td>9</td>
<td>San Francisco</td>
<td>9.4</td>
</tr>
<tr>
<td>10</td>
<td>Tweeds Heads</td>
<td>9.3</td>
</tr>
</tbody>
</table>
## Housing Costs & Minimum Incomes

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Median Price</th>
<th>Minimum Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$465,000</td>
<td>$109,000</td>
</tr>
<tr>
<td></td>
<td>$825,000</td>
<td>$160,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental</th>
<th>Average Rent</th>
<th>Minimum Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$1,779</td>
<td>$71,160</td>
</tr>
<tr>
<td>Studio</td>
<td>$2,209</td>
<td>$88,360</td>
</tr>
<tr>
<td>1 BR</td>
<td>$2,750</td>
<td>$110,000</td>
</tr>
<tr>
<td>2 BR</td>
<td>$3,275</td>
<td>$131,000</td>
</tr>
</tbody>
</table>

Source: Median prices from Santa Clara County Association of Realtors, September 2015; Average rents from RealFacts, 3rd Quarter 2015
Silicon Valley’s Divided Workforce

% of Workforce: 31%
Median Income: $84,600 to $144,000

Occupations:
- Management
- Computer & Mathematical
- Architectural & Engineering
- Business & Financial Operations

% of Workforce: 46%
Median Income: $19,700 to $55,700

Occupations:
- Office, Education, Training, & Library
- Office & Administrative Support
- Production
- Transportation & Material Moving
- Sales & Related Occupations
- Food Preparation & Serving-Related

Source: California Employment Development Department, May 2012
30% region’s population that does not make enough money to meet basic needs without public assistance

Source: 2015 Silicon Valley Index
## Range of Need Not Addressed

<table>
<thead>
<tr>
<th></th>
<th>Very Low</th>
<th>Low</th>
<th>Moderate</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>16%</td>
<td>246%</td>
<td>42%</td>
<td>36%</td>
</tr>
<tr>
<td>Cupertino</td>
<td>11%</td>
<td>14%</td>
<td>24%</td>
<td>172%</td>
</tr>
<tr>
<td>Gilroy</td>
<td>9%</td>
<td>31%</td>
<td>19%</td>
<td>129%</td>
</tr>
<tr>
<td>Los Altos</td>
<td>22%</td>
<td>8%</td>
<td>14%</td>
<td>789%</td>
</tr>
<tr>
<td>Los Altos Hills</td>
<td>93%</td>
<td>53%</td>
<td>23%</td>
<td>362%</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>1%</td>
<td>41%</td>
<td>4%</td>
<td>97%</td>
</tr>
<tr>
<td>Milpitas</td>
<td>49%</td>
<td>26%</td>
<td>60%</td>
<td>598%</td>
</tr>
<tr>
<td>Monte Sereno</td>
<td>46%</td>
<td>122%</td>
<td>27%</td>
<td>125%</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>31%</td>
<td>40%</td>
<td>15%</td>
<td>205%</td>
</tr>
<tr>
<td>Mountain View</td>
<td>37%</td>
<td>2%</td>
<td>1%</td>
<td>155%</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>23%</td>
<td>2%</td>
<td>20%</td>
<td>78%</td>
</tr>
<tr>
<td>San Jose</td>
<td>23%</td>
<td>20%</td>
<td>2%</td>
<td>85%</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>30%</td>
<td>9%</td>
<td>16%</td>
<td>148%</td>
</tr>
<tr>
<td>Saratoga</td>
<td>0%</td>
<td>19%</td>
<td>6%</td>
<td>35%</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>41%</td>
<td>56%</td>
<td>152%</td>
<td>95%</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>17%</td>
<td>206%</td>
<td>72%</td>
<td>91%</td>
</tr>
<tr>
<td>Total</td>
<td>26%</td>
<td>27%</td>
<td>21%</td>
<td>120%</td>
</tr>
</tbody>
</table>

Source: Association of Bay Area Governments, 2007-14 RHNA Progress
Steve, Shop Technician & Metalworker
Monica, Food Concessions
Jobs-Employed Resident Balance

Data source: US Census Longitudinal Employer-Household Dynamics; CA Department of Finance
Some Common Remarks

1. “Restrictive land use policies drive up the cost of housing.”

2. “The main problem is supply. The market will take care of the problem itself if you let it.”

1. “If you can’t afford to live here, leave.”

1. “Housing doesn’t pay for itself.”
Unpacking the Remarks

1. “Restrictive land use policies drive up the cost of housing.”

- False choice. Land use policies need to consider and balance multiple public purposes, such as environmental sustainability as well as housing affordability. We can and must do both.

- Land use policies do not necessarily drive up the cost of housing. Developers should already be pricing housing at the top.
2. “The main problem is supply. The market will take care of the problem itself if you let it.”

- Would developers and the capital market actually allow so much housing supply to hit the market as to drop market prices by 50%?

- Would existing residents actually allow so much housing supply to hit the market as to drive their housing values down 50%?
Unpacking the Remarks

3. “If you can’t afford to live here, leave.”

- Does this dignify a reply?

- A resilient local and regional economy depends on the full range of employment to support it.

- If the low-income worker leaves, the low-income job still remains to be filled by someone else who will earn that low wage.
4. “Housing doesn’t pay for itself.”

- Sprawl doesn’t pay for itself.

- Retail creates mostly low-wage jobs.

- Affordable housing does not pay property tax in CA because it is considered a public purpose. Yields substantial net benefits indirectly through costs savings, household stability, and increased social capital.
Challenges

- This stuff is complicated
- A little economics can be a dangerous thing
- Labor market disconnected from housing market
- Not part of market logic to respond to spectrum
- Fiscalization of land use
- Barriers to interjurisdictional coordination
- NIMBYism
- Equity not a sufficiently, broadly prioritized value
- Why care about other people’s problems?
What We Need to Do

- Cities need to figure out how to work together
- Collaborate w/other public agencies: transit, health
- New partnerships with private sector
- Link infrastructure funding to housing production
- Create space for conversations
- Face the reality that urbanization requires re-examination of conventional wisdom
- Get better about talking about our shared future
- Barriers are ideological, structural
We can’t shy away from the hard questions
What should the future look like?
Who is it for?
Who will share responsibility for getting there?
Housing, Jobs & Regionalism
New Partners for Smart Growth Conference
February 11, 2016
Portland, Oregon

Wayne Chen
City of San Jose
Planning for Good Jobs

New Partners for Smart Growth
Conference
February 11, 2016

Belen Seara
San Mateo County Union Community Alliance
To achieve economic prosperity, we have to balance pathways to the middle, economic growth and economic security.
Over 1.1 million workers in the Bay Area earn less than $18 per hour.

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2010</th>
<th>Share of total workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30 and above</td>
<td>1,196,090</td>
<td>38%</td>
</tr>
<tr>
<td>$18 to $30 an hour</td>
<td>850,210</td>
<td>27%</td>
</tr>
<tr>
<td>Under $18 an hour</td>
<td>1,126,860</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td>3,173,160</td>
<td></td>
</tr>
</tbody>
</table>

Source: 5-year 2011 American Community Survey (PUMS data)
There are 30,000 annual middle wage openings (growth + replacement).

...the majority of the opportunities come from replacement jobs, not job growth.

Source: Employment Development Department
Wages at the middle and bottom are growing slower than inflation.

Median Wage growth in Bay Area since 2001

- High: 47.3%
- Middle: 26.6%
- Low: 23.1%
- CPI: 29.0%

Source: Center for Continuing Study of the California Economy, Steve Levy
Lower wage workers live and work everywhere.

So increasing economic opportunity is a region-wide priority.
Lower wage jobs are located everywhere (and where higher-wage jobs are).
Grow the economy, with an emphasis on middle-wage jobs
Develop land use plans that support transit-oriented jobs, industrial uses and housing.
Focus economic development resources on industries of opportunity, business formation and expansion and policy coordination among jurisdictions.
Improve pathways to the middle

Photo of an apprentice readiness program in proper use of harnesses.
Goal: Upgrade conditions in existing lower-wage jobs with an emphasis on increasing workers’ economic security.
Establish standards to ensure that investment of public dollars is aligned with the goal of economic opportunity.
The Challenge: Integrated Planning for Jobs, Housing and Transportation
Transportation

Key Challenges and Opportunities
Housing and Transportation

Key Challenges and Opportunities
Plan Bay Area

- Blueprint for regional growth and investments
- Coordinated land use and transportation plan
  - Required to reduce GHG emissions
  - Required to house future growth within region
  - Any other regional goal . . .
Future Growth Strategy

- Prioritizing infill and transit-accessible development
- Focusing on using existing infrastructure
- Protecting open space and other natural resources
- Creating new tools for infrastructure financing
- Mitigating impacts on disadvantaged communities
Plan Bay Area Investments

$289 billion over 25 years

- **Road and Bridge:**
  - Expansion: 5%
  - Maintain Existing System: 33%

- **Transit:**
  - Expansion: 7%
  - Maintain Existing System: 55%
Transit-Oriented Affordable Housing

- $50 million Revolving Loan Fund
- Projects must be transit-accessible or in PDAs
- Supports affordable and mixed income housing

Eddy + Taylor Family Housing project in San Francisco
Incentives to build housing near transit
- Planning grants
- Infrastructure investments

Regional framework
- Priority Development Areas
- Priority Conservation Areas

Supportive regional policies and programs
- Resolution 3434
- Performance targets
PDA Planning Grant Program

- Grants for PDA plans and growth strategies
- Technical assistance (for e.g., on parking policies)
Other Regional Programs

- Community-Based Transportation Plans
- Mobility Management and Lifeline Transportation
- Means-Based Transit Fare
- Regional Goods Movement
- Active Transportation and Bike-Share
- Climate Adaptation
Jobs, Housing and Transportation

Key Challenges and Opportunities
Challenges

- Loss of middle-wage jobs is accelerating
  Higher proportion of lower-wage jobs added during the recovery
Challenges

- Real wages for lower-wage workers have stagnated
Small gains for middle- and low-wage workers for over 50 years

- Source: Social Security Tax Records

Graph showing income trends from 1967 to 2011.
Challenges

- Housing cost risen much faster than median wage
  Majority of lower-income residents severely rent burdened. Burden on renters worse than on owners.

30% of all overcrowded renters in US live in California
Challenges

- Affordable housing production has lagged demand. Cuts in state and federal funding a major contributor.

Bay Area Housing Production

$3.2 billion gap each year for the next 25 years

Source: State of the Region 2015, ABAG
Challenges

- Low-wage workers most at risk
  
Low-wage job growth without housing affordable to low-wage workers

Overcrowding, higher risk of displacement or longer commutes for lower-income residents near jobs and transit
Challenges

- Poverty is increasing most in the suburbs

Source: San Francisco Federal Reserve 2000-2009
“You want us to do what now?!”

What’s the appropriate role for a regional agency?
Northern Waterfront Economic Development Initiative
East Contra Costa County

- Industrial land revitalization (cleanup and remediation)
- Quality jobs for lower-income residents
- Reduce congestion, improved air quality
- Infrastructure investments and improvements
- Regional model . . .
Goods Movement Dependent Industries in the Bay Area

Source: ABAG Plan Bay Area Economic Forecasts; factors from CCSCE and Cambridge Systematics Analysis.
Goods Movement Flows and Land Use Implications

By Volume
- Domestic: 85%
- Exports: 6%
- Imports: 9%

By Value
- Domestic: 76%
- Exports: 9%
- Imports: 15%

Source: Cambridge Systematics FAF3 2012 Disaggregated Database
- Reduce GHG emissions
- House future growth within region
- Grow middle-wage jobs (near transit)
- Build more affordable housing near transit
- Achieve a jobs-housing fit as well as balance
Tools for Achieving Jobs-Housing Fit and Avoiding Displacement in Smart Growth Areas

Wayne Chen  
City of San Jose  
wayne.chen@sanjoseca.gov

Chris Benner  
UC Santa Cruz  
cbenner@ucsc.edu

Belen Seara  
San Mateo County  
Union Community Alliance  
searamb@gmail.com

Vikrant Sood  
Metropolitan Transportation Commission  
VSood@mtc.ca.gov

Pilar Lorenzana-Campo  
SV@Home  
pilar@svathome.org