

# THE HOUSING CRISIS THAT COULD RUIN OUR ECONOMY

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# AGENDA

The Challenge

The Fallout

The Solutions

A Future

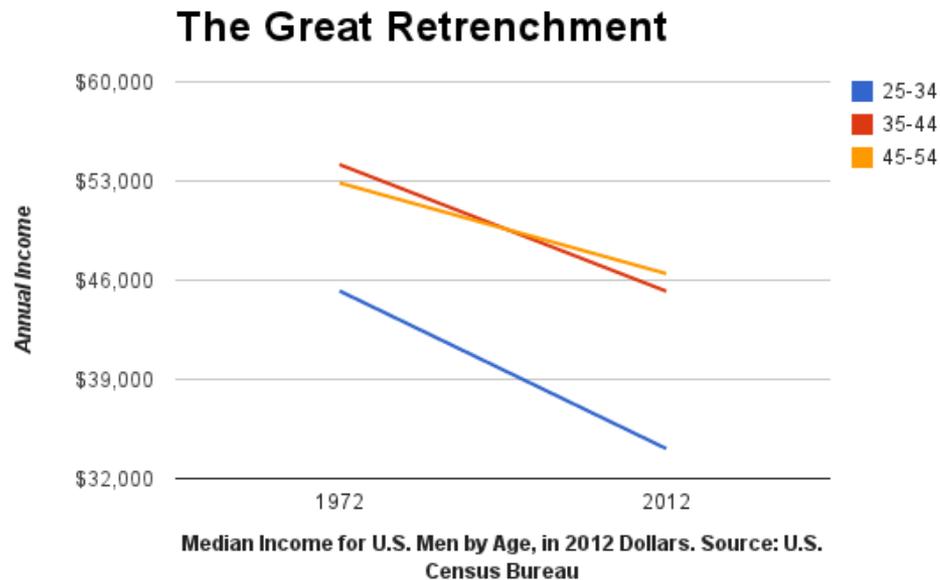
Summary

# THE CHALLENGE



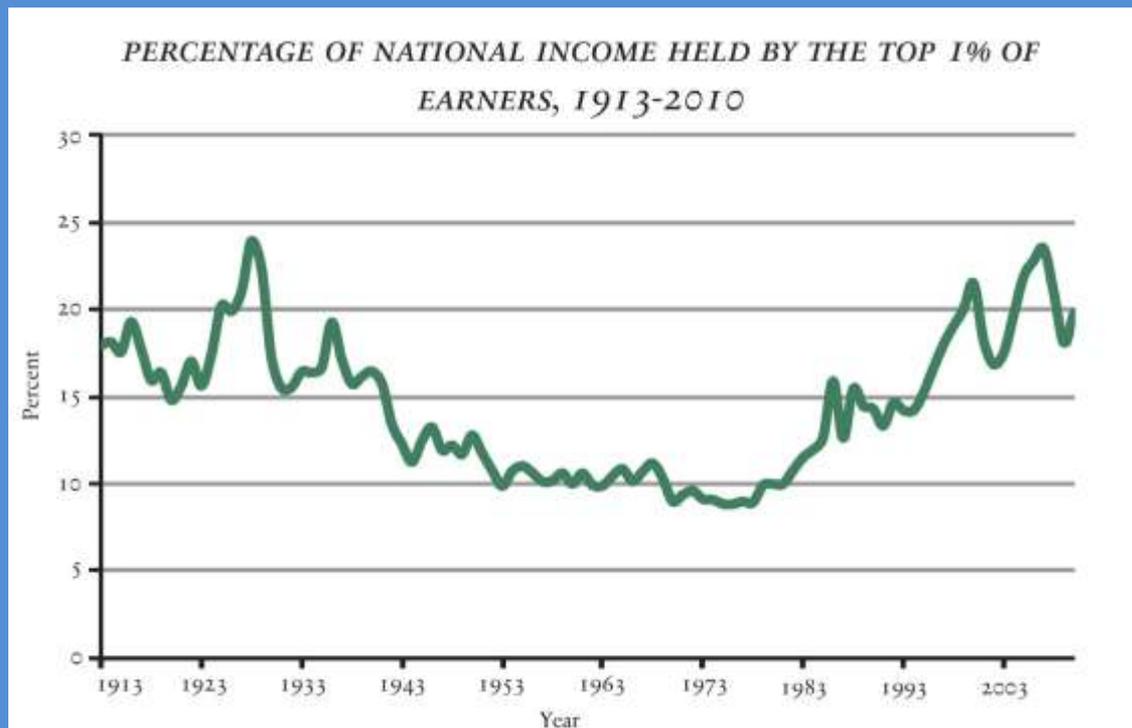
# THE CHALLENGE I

Our booming economy, locally and nationally is not booming for all. Too many people have less income and higher expenses over time



# THE CHALLENGE I

We have developed an alarming inequality.



SOURCE: Emmanuel Saez and Thomas Piketty, "Income Inequality in the United States," *Quarterly Journal of Economics*, 118(1), 2003, 1-39. Data updated by the authors in March 2012. Income earners are defined by pre-tax income, including capital gains.

# THE CHALLENGE II

Adjusted for family size and location **44%** of Santa Clara County households are spending more than recommended on housing and are defined as **“rent-burdened.”**

Further rents and purchase prices are increasing at **8%** annually. Wages have fallen over the last 20 years (adjusted for inflation).

# THE CHALLENGE II

Nearly **10%** of Santa Clara Residents live in poverty.

# THE CHALLENGE II

Over **60%** of Santa Clara Residents are classified as **low income** or **very low income**.

# THE CHALLENGE II

7,631 Santa Clara Clara Residents were  
**homeless** in 2013.

# THE CHALLENGE II

The average income in Santa Clara County is  
**\$120,000** (for a family of 4).

# THE CHALLENGE II

In 2013 the **average rent** in Santa Clara County for an apartment (all sizes) was **\$2127**.

Put another way, the average family would need to make **\$85,050** in order to stay under the 30%

A minimum wage worker in Santa Clara County makes **\$16,600** (assuming full time and no vacation)

# THE CHALLENGE II

In 2013 the **cost** (including condos) in Santa Clara County for a house was **\$691,850.00**.

This would require a down payment of approximately **\$138,370.00** and monthly payments (assuming 30 year 4.1% interest loan) of **\$2,682.00**.

# THE CHALLENGE III

Every new high-tech job creates 6 new low-paying service jobs.

# THE CHALLENGE III

The Bay Area will grow by about 2,000,000 residents in the next 20 years and **half of that** will be in Santa Clara County.

# THE CHALLENGE III

**57%** of those moving here will have **low paying jobs.**

# THE CHALLENGE III

More than half the jobs created in the next 5 years will pay \$11.00/hour or less.

# THE CHALLENGE III

In short, more than half the jobs created will not pay enough for the worker to afford to live here.

# THE CHALLENGE III

Santa Clara County needs to build **55,000** affordable units in the next **8 years** to accommodate **growth**.

# THE CHALLENGE III

We need to build about **1482** affordable units per year in Santa Clara County. That requires **\$269,000,000**.

# THE CHALLENGE III

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With the loss of RDA's we have lost \$123,552,483 of that.

# THE FALLOUT

# THE FALLOUT

So What?



# THE FALLOUT

Essential workers live an **hour away** or more from their jobs.



# THE FALLOUT

To avoid rent-burden, workers **travel** so much and/or **work multiple jobs** that they do not see their families.



# THE FALLOUT

The rent-burdened live in areas with **lower performing schools** – perpetuating poverty.



# THE FALLOUT

The less affluent live further from good health care.



# THE FALLOUT

Workers with inadequate or overly expensive housing are more likely to use the emergency room for health care



# THE FALLOUT

Without workers business will stop investing here – or – inequality will increase and the hidden costs will rise.

# THE SOLUTIONS



# THE SOLUTIONS

Big Picture

Attitude

Scale

Some Specifics

# BIG PICTURE I

Government needs to be part of the **solution** and  
government is not a bad thing.

infrastructure

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Government needs to be part of the **solution** and  
government is not a bad thing.

infrastructure

public schools

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Government needs to be part of the **solution** and  
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public schools

technology

# BIG PICTURE I

Government (we) can and should address  
our growing inequality.

tax policy

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growing inequality.

tax policy

public programs

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Government (we) can and should address our growing inequality.

tax policy

public programs

direct action

# BIG PICTURE II

Let's remember **all** of us have **benefited** from  
our **“community.”**

# BIG PICTURE II

Let's remember **all** of us have benefited from our  
“community.”

mentors

# BIG PICTURE II

Let's remember **all** of us have benefited from our  
“community.”

mentors

friends

# BIG PICTURE II

Let's remember **all** of us have benefited from our  
“community.”

mentors

friends

associations

*“Every successful individual knows that his or her achievement depends on a community of persons working together.” (Paul Ryan)*

# ATTITUDE

Let's remember that **all** of us live in subsidized housing.

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Let's remember that **all** of us live in subsidized housing.

If you take out a \$1,000,000 mortgage your first year subsidy, from the rest of us, may be as much as \$16,000!

SCALE

# SCALE

## Regional Solutions

Sharing resources (Land/\$/Fees)

Planning/Zoning

Taxes/Fees

# SCALE

Developer Assistance

- Pre-Development Loans

- Increase Tax Credits/Rent subsidies

- Zoning incentives

# SCALE

Renter Assistance

Rent subsidies

1<sup>st</sup>/Last/Security deposit assistance

# SCALE

Home Buyer Assistance

- Down payment assistance

- Closing cost assistance

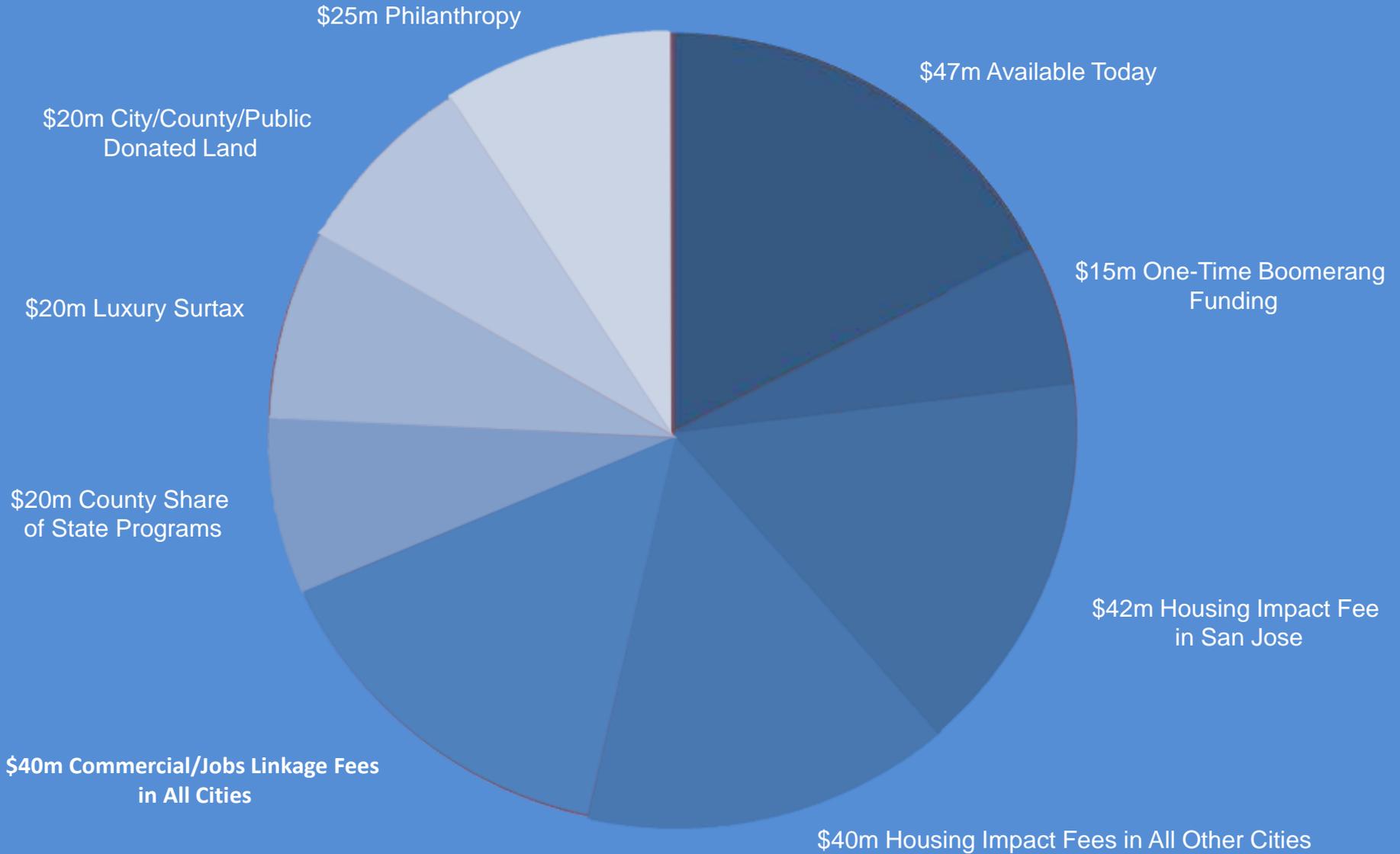
- Retrofit assistance

- Below Market rate purchasing

# ONE FINANCIAL APPROACH

We need to build about **1482** affordable units per year in Santa Clara County. That requires **\$269,000,000**.

# Total Funds Needed - \$269 Million



A FUTURE

# A FUTURE

Property Values are **higher** when incomes are **mixed**.



*Source: Urban Land Institute*

# A FUTURE

Local economies **benefit** from the jobs created by **building housing** of all types.



# A FUTURE

Workers with short commutes contribute less to air pollution.



# A FUTURE

Workers who have **short commutes** are more **timely, focused and better benefit** local business.



# A FUTURE

Workers with **short** commutes can more easily participate in their **communities'** activities.



# SUMMARY

# SUMMARY I

We have rising inequality

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Too many people spend too much on housing and/or travel to far to work.

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We have rising inequality

Too many people spend too much on housing and/or travel to far to work.

This results in less productivity and a continuation of social ills.

# SUMMARY II

Our population is going to grow.

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Most new jobs will pay less

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Most new jobs will pay less

If we cannot house the people who service the high-tech jobs we will have no high-tech jobs.

# SUMMARY III

There are solutions

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If we remember we are part of a community.

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There are solutions

If we remember we are part of a community.

If we put the community to work through government and non-profit efforts.

# SUMMARY IV

The solutions make life better

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Better Communities

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Better Health

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Better Environment

# SUMMARY IV

The solutions make life better

Better Communities

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Better Economy

We can build the community  
we want!

Let's get busy!

# QUESTIONS

