Solving Our Affordable Housing Dilemma

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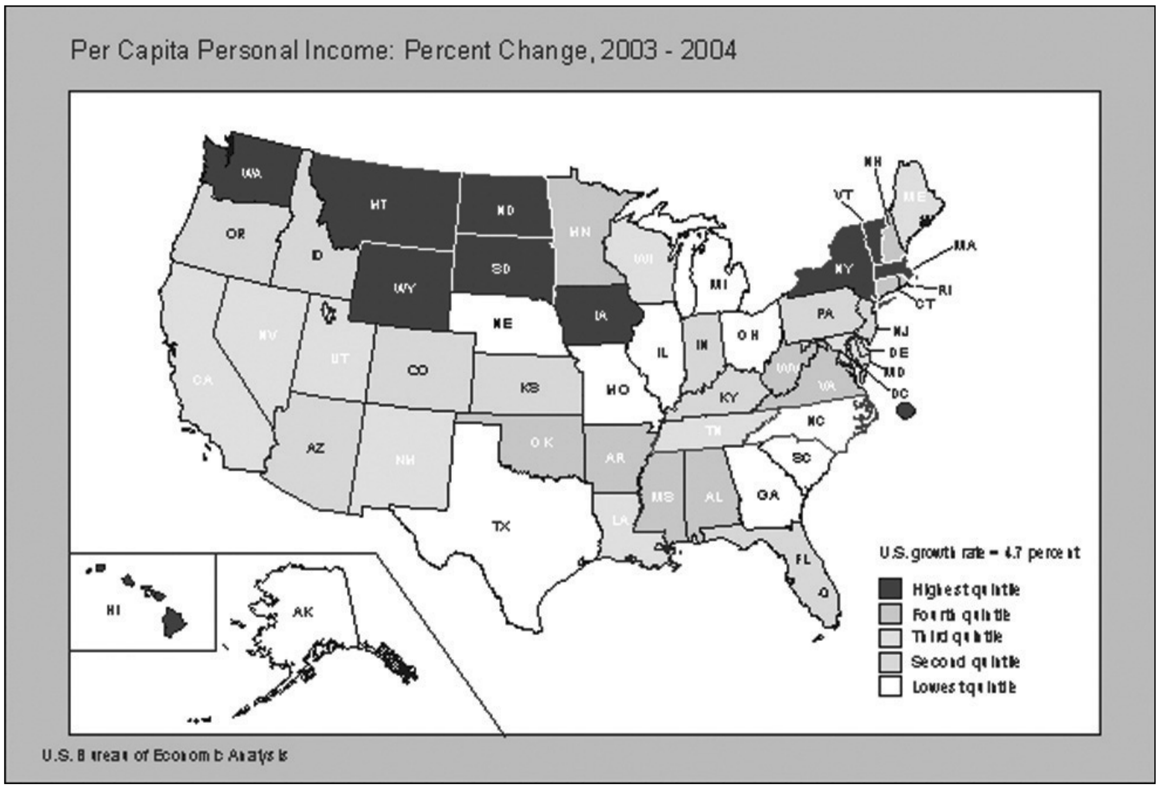
Why do we have an affordable housing problem? Some of the answers given by a hard-hitting 2004 UCLA School of Public Affairs report entitled, "The State of Southern California's Housing" are shockers that should shake us out of our complacency at living in this paradise on earth. Although we may think we are isolated from the so-called Southland, we are not. Our problems are surprisingly similar.

The foremost affordability problem is soaring land values, of course. But why, when California is our second-largest state with most of its population along the coastline? Because we waste our good land by building more suburbs. In fact, the report finds that "the market for new housing units has been consistently dominated by the suburbanization of construction, with heavy consumption of land, and by larger more expensive single-family homes at the expense of multi-family units or smaller single-family units."

This is at the same time that Southern California's recent population growth of 2 percent per year is double the national rate! Many are newly arrived immigrants with lower education and income levels. In Los Angeles, for example, the percentage with a high school diploma dropped from 30 percent in 1990 to 26 percent today. This is while outlying areas such as Orange County (i.e, the suburbs) saw education levels increase.

Foreign-born individuals now comprise a huge 31 percent of So Cal's population, compared with 11 percent nationally. While many are part of our educated elite that has powered the high tech revolution, a larger number are in low-income households. The poverty rate in the 2000 Census (number of households at or less than $16,090/year for a family of 3), for example, was 15.6 percent of the population versus 12.4 percent nationwide.



And real (after adjusted for inflation) per capita income has also shrunk. Southern California's real income was 15 percent higher than nationally in 1985, but sank below the national average in 2002. We are therefore in a double bind. We have the most expensive housing that has contributed to the lowest home-owning rate in the country at the same time that we have cut back on rental housing production! This is on top of exploding population growth. Between 1960 and 2000 regional population jumped from 7,750,000 to 16,375,000, a 110 percent increase, while it grew only 60 percent nationwide.

Our housing shortage really began in the 1980s, when multi-unit apartment production in Southern California dropped by two-thirds in proportion to the population increase, according to the study. Multifamily housing production dropped nationwide as well, but less drastically. This has led to increasing overcrowding.

The percentage of severely crowded rental units (i.e., 1.5+ persons per room) rose from 3 percent in 1960 to 20 percent in 2000. Statewide the percentage of overcrowded rentals rose to 24 percent, so this isn't Southern California's problem alone, while nationwide it has declined to 11 percent.

So how can California take back the lead in solving our housing problem? We have seen that the major culprit in affordable housing is the growing income disparity-"poverty in the land of plenty". The homes of the relatively affluent are being built in 'exurbia', the mostly middle class suburbs that waste so many resources without solving the affordability problem.

Building more rental housing is only a partial solution, especially when so many neighborhoods don't want them. They need to be in the same high-traffic areas and accessible to mass transit as other affordable housing.

One answer has been to utilize C-1 and C-2 commercially zoned areas that already allow higher residential densities and are closer to work places.

But the solutions have to be more comprehensive. "Ideally, the region should simultaneously lower the cost of travel through congestion relief, increase the supply of developable land in the urbanized area, and allow for higher density development. Congestion relief requires a combination of improving the road network and increasing carpooling and ridership on public transit," says the report.

Unfortunately, public transit does not yet have the spending priority of the automobile.

Santa Barbara, for example, is spending some $24 million on the Granada Garage, but only $1.3 million on alternative transportation in its new budget. Former city councilman Greg Hart highlighted the problems with mass transit at a recent Realtors' tri-county summit on work-force housing. Rather than making more transit monies available, states and the federal government are reducing its funding!

The most comprehensive solution is to alleviate the growing income disparities, especially of immigrants. For otherwise, they will remain in overcrowded enclaves that puts ever greater pressure on public services. This will require providing the training and skills needed to promote the economic assimilation of immigrants. Equally important is providing quality education to the children of immigrants so they will be better equipped when they enter the labor market.

"Clearly, the housing challenges facing Southern California (and the South Coast) are enormous, and they will become even more severe in the coming years," says the UCLA report. "The region's economic and social viability will depend on the ability to address existing unmet housing needs and to produce over one and a third million new housing units for an estimate 4 million additional people by the year 2020."

What is the price of not acting? We will discuss this somber topic in our next column.

2005 HHS Poverty Guidelines

Persons in Family Unit	48 Contiguous States and D.C.,	Alaska	Hawaii
1	$ 9,570	$11,950	$11,010
2	12,830	16,030	14,760
3	16,090	20,110	18,510
4	19,350	24,190	22,260
5	22,610	28,270	26,010
6	25,870	32,350	29,760
7	29,130	36,430	33,510
8	32,390	40,510	37,260
For each additional person, add	3,260	4,080	3,750

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