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HOW DO WE BRIDGE THE HOUSING GAP?

CALIFORNIA IS AMONG THE WORST IN TERMS OF AFFORDABLE PLACES TO LIVE.

By Peter Dreier and Jan Breidenbach. Los Angeles Times. September 12, 1999.

A national housing study issued Thursday confirmed what many of us have suspected: California has a severe housing crisis that threatens our current economic good times. The study revealed that rents are so high throughout the state that most of California's working poor can't afford a decent apartment. Moreover, because housing costs are so high, California has the lowest home ownership rate of any state in the nation. The report, produced by the National Low-Income Housing Coalition, a nonprofit public interest organization, compared the federal minimum wage to rents around the nation. Although the California minimum wage (\$5.75 an hour) is higher than the federal requirement (\$5.15), our high housing costs put the state among three states with the widest gap between what people earn and what housing costs. Unless the state government acts decisively, this gap will eventually put the brakes on the economic growth we're presently enjoying. Two state legislators--Sen. Richard Alarcon (D-Los Angeles), chairman of the Senate Housing Committee, and Assembly member Carole Migden (D-San Francisco), chairwoman of the Assembly Appropriations Committee--have introduced affordable housing bond measures for the November 2000 ballot that would help address the problem. The measures, which have not yet been set for hearings, require a two-thirds vote of the Legislature to get to Gov. Gray Davis' desk and a majority vote of the electorate at the polls. These bonds could produce tens of thousands of apartments and homes in the next few years, making it possible for more working-poor families to afford decent places to live and increasing homeownership opportunities for families with modest incomes. These homes would mean that a janitor working in downtown Los Angeles could raise her family in a clean and decent apartment; that a teacher working in Santa Ana might buy his first home near his school; and that more seniors and disabled persons could live independently.

The coalition's study also examined how much people would have to earn in order to afford typical rents in their areas--that is, to pay no more than 30% of their income for housing. In Southern California, for example, this "housing wage" is between \$15 and \$22 an hour. A minimum-wage worker would have to clock between 100 and 154 hours per week to afford the average two-bedroom apartment anywhere in Southern California. In San Francisco, where rents are the highest in the state, the housing wage is more than \$30 per hour and would require individuals to work around the clock. Even in the lower-cost counties in the Central Valley and Northern California, a minimum-wage worker would have to put in many more than 40 hours to afford the average rents.

This situation has serious short-term and long-term consequences, including:

- increasing rates of overcrowding and a surge of slums as families scramble to keep a roof over their heads;
- workers who overpay for their housing and thus have less disposable income to spend on other goods and services, including basic necessities. This undermines the economic health of local businesses and neighborhoods;
- traffic congestion and pollution that increase as the jobs-to-housing imbalance grows, because people can't afford to live near work. In areas like Los Angeles, with large numbers of low-wage workers, most of the jobs created by the present boom pay less than \$10 per hour--nowhere near enough to pay for decent housing. Meanwhile, rental costs are spiraling upward. Southern California has experienced a 6% increase in rents in the past year--a faster rate than in wages and incomes. According to state officials, California will need nearly 1.3 million units more by 2003 to accommodate our growing population; Southern California alone will need almost a half-million units. Clearly the state is woefully behind in production of rental and ownership housing that is affordable to a majority of our residents.

Passing an affordable-housing bond in 2000 would be a first step to closing the gap between wages and housing costs. Additionally, California must provide direct housing subsidies to low-wage residents and raise the minimum wage to a "living wage" to adjust for the state's extremely high housing costs. Davis should realize that the state's housing crisis is as important an issue as education or HMO reform to California's working people. He needs to put housing reform at the top of the state's agenda.

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