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Pasadena's tale of two cities

By [Peter Dreier](#) 12/30/2010

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New US Census data reveal a troublesome reality about the Rose City. Pasadena's has become a tale of two cities — one that welcomes affluent residents and another in which middle-class and poor families are pushed out by rising housing prices.

Pasadena officials like to boast about the city's recent "renaissance," pointing to the major (and expensive) renovations of City Hall (\$117 million) and the Convention Center (\$150 million), and the just-approved \$152 million facelift for the Rose Bowl, as well as the addition of new condominium complexes and upscale stores.

But who, exactly, is benefiting from the city's renaissance?

This question should be at the core of current discussions about updating the General Plan, which is the roadmap

guiding the city's future. For months, Pasadena officials and citizens have engaged in numerous meetings about what should be included in the revised General Plan, which the City Council will vote on next spring.

But these discussions have paid little attention to the most significant trend confronting Pasadena during the past decade — the widening divide between the rich and everyone else.

The General Plan's seven "guiding principles," initially adopted in 1994 and reaffirmed in 2004, focus on preserving the city's historic character and environment, promoting "economic vitality" and "healthy families," encouraging people to walk, ride bikes and take public transit, targeting "growth" to meet "community needs," and enhancing Pasadena's role as a regional center for business, culture, science and education.

These noble, if somewhat vague, goals are given more specificity in the most recent (September) General Plan Update, available on the city's Web site. The report gives lots of attention to preserving historic buildings, preserving open space and trees, promoting the arts, improving the flow of traffic and reducing pollution. You can read all about the importance of managing growth to avoid over-building and too much density. You can even learn that in recent years, "traffic travel times and speeds have remained relatively constant, with only minor fluctuations."

The report includes lots of statistics about the city's population, economic growth and new construction, but the words "poverty," "poor" and "homeless" do not appear even once. There's barely any mention of public education, although a growing chorus of school advocates, including Invest in PUSD Kids and the Pasadena Educational Foundation, have been urging the City Council to add public education to the list of "guiding principles."

There's nothing in the report about the importance of providing jobs with which to support a family. Indeed, the phrases "good jobs" and "living wage" don't appear in the report, even though the city has its own (very weak) living wage law. There's considerable space devoted to the number and location of housing units, but very little attention devoted to the need for affordable housing for working families trying to make ends meet. There's no recognition that good jobs and affordable housing are cornerstones of a healthy business climate and family-friendly city.

It is obvious from the General Plan Update report that city staffers are familiar with the data from the US Census Bureau, which they use throughout the report. The data available on the Census Bureau's Web site makes it very easy to examine how Pasadena has changed during the past decade. An analysis of Census Bureau data comparing Pasadena in 2000 and 2009 (the most recent figures) reveals the number of affluent residents is spiraling while the number of families with low and modest incomes is shrinking. The data also reveal that Pasadena is one of the most unequal cities in California.

A standard way to measure inequality is to consider the gap between the rich and poor. To do this, we compared the income of households near the top (those at the 95th percentile, where only 5 percent of households have more money) with those near the bottom (those at the 20th percentile, where only 20 percent of households have less money). This way, we avoid measuring the distance between the extremes — the very richest and the very poorest — which may distort the reality.

In Pasadena, the income of households near the top (\$249,841) is almost 10.8 times greater than the income of those near the bottom (\$23,042). Only four of the 37 California cities with more than 140,000 people have a wider rich-poor gap — San Francisco (12.4), Oakland (11.2), Glendale (11), and Los Angeles (10.9). No other cities have a rich-poor gap in double digits.

Another way to measure inequality is to look at the concentration of income among the rich — how the

economic pie is divided. The richest one-fifth of Pasadena households — those with incomes over \$134,296 — has over half (53.2 percent) of the income earned by city residents. On this measure, Pasadena is in a virtual tie with San Francisco for the title of California's most unequal city.

At the very top, the wealthiest 5 percent of Pasadena households — those with household incomes above \$249,841 — have almost one-quarter (22.7 percent) of city residents' total income. Only five cities — Los Angeles (25.9 percent), Glendale (25.8 percent), Rancho Cucamonga (25.2 percent), San Francisco (23.4 percent) and Oakland (23.1 percent) — have a higher concentration of income among the richest 5 percent.

In contrast, the poorest one-fifth of Pasadena households — those with incomes below \$23,042 — combined have only 2.6 percent of all residents' income. As Table 2 reveals, only in San Francisco do poor households have a smaller share of citywide income.

In Pasadena, those in the next poorest one-fifth — those with household incomes between \$23,043 and \$45,174 — bring home only 7.6 percent of residents' incomes. Together, the poorest 40 percent of Pasadena's households have only 10.2 percent of Pasadenans' total income.

If we looked at wealth (stocks, bonds and other holdings) instead of income, the concentration at the top of the economic pyramid would be even more skewed. (Also, the census data is based on a sample of households in each city, so there is some margin for error regarding the income statistics.)

Over the past decade, gentrification has exacerbated the gap between the rich and the rest. Pasadena's median household income increased from \$46,012 in 1999 to \$61,298 in 2009 — a significant 33 percent boost. During that same period, the city's poverty rate fell from 15.9 percent to 14.1 percent. But this jump in income, and decline in poverty, is not because Pasadena's existing residents got big pay raises from generous employers or otherwise lifted themselves out of poverty. It is because the people moving to Pasadena are increasingly those with high incomes, while those with low and modest incomes are being pushed out of the city. In other words, the city's prosperity is not being widely shared, but pitting the affluent against the poor and working class for the city's scarce housing.

Between 1999 and 2009, Pasadena added 5,523 households — a 10.6 percent gain. But the increase was almost entirely among affluent residents.

In 2009, 30 percent of Pasadena households had incomes over \$100,000, compared with only 24 percent in Los Angeles County. Households with incomes over \$200,000 comprised 9 percent of Pasadena households in contrast to 5.6 percent in the county.

Since 1999, the number of Pasadena households with incomes above \$100,000 increased by 7,046 — a dramatic 69.4 percent gain. During the decade, Pasadena added 2,050 households with incomes between \$100,000 and \$149,999 (a 38.1 percent increase), 2,779 households with incomes between \$150,000 and \$199,999 (a 143.7 percent jump), and 2,217 households earning over \$200,000 (a 78.2 percent gain).

Meanwhile, Pasadena lost 2,420 households with incomes below \$50,000 — an 8.8 percent drop. By far the biggest losses were among households earning under \$10,000. The number of these households fell from 5,273 to 4,094 — a 22.9 percent decline.

None of this should be surprising in light of spiraling rents and house prices, the accelerating conversion of affordable apartments to expensive condominiums, the predominance of new luxury units among the condos approved by city officials and the paucity of affordable housing in Pasadena's development pipeline.

Despite the loss of apartments to condominiums, Pasadena is still a city of many renters. More than half (52.7 percent) of the city's 57,332 units are rental housing and 47.4 percent of Pasadenans rent their homes. But that

housing has gotten more and more expensive. Between 2000 and 2009, the number of Pasadena apartments with rents over \$1,000 a month jumped from 33 percent of all apartments to 68 percent of all apartments. The number of apartments with rents over \$1,500 jumped from 6 percent to 33 percent of all units.

The shortage of affordable housing in Pasadena puts a real squeeze on family incomes. (The rule-of-thumb is that families shouldn't have to spend more than 30 percent of income for housing). But in Pasadena, more than half (51.2 percent) of the city's 30,241 renter households spend more than that, just to put a roof over their heads.

It probably isn't surprising that among the very poor — households earning below \$10,000 — 74.7 percent pay more than 30 percent of their income for housing. But 84.9 percent of households with incomes between \$10,000 and \$19,999, 76.3 percent of families earning between \$20,000 and \$34,999, and 69.9 percent of households with incomes between \$35,000 and \$49,999 pay more than 30 percent of family budgets for housing.

This rent-to-income squeeze not only places a burden on many Pasadena families, it also hurts the local business community. When families spend so much of their incomes on housing, they have less to spend on food, clothing, dry cleaning, movies and other goods and services, which hurts local businesses. It also makes it more difficult for local employers to find employees who live in the city. Long commutes into Pasadena exacerbate traffic congestion and pollution.

The reality is that the poor and working-class families are being pushed out of the city by rising housing costs. This is a major reason for the decline in enrollment in Pasadena Unified School District (PUSD) schools. Most of the students who have left the district are those who live in areas with many low-income families and mostly rental housing. PUSD's declining enrollment and budget woes are due in large part to the displacement of the poor, not the flight of the middle class.

Gentrification may be good for a handful of developers, but it isn't good for most residents or for the city's business climate. As the new census data suggest, Pasadena housing costs are skyrocketing beyond what most working families — including schoolteachers, nurses and nurses' aides, bus drivers, security guards, secretaries, janitors, child care providers, retail clerks, computer programmers, lab assistants and others — can afford.

According to the city's state-required Housing Element report, Pasadena has met less than 30 percent of its need for low-income housing. In contrast, the city has met 253 percent of its need for market-rate and luxury housing.

Rising rents and home prices are undermining our city's economic, social and civic fabric. Our public schools are losing children. Many religious congregations are losing members. Youth soccer and baseball leagues, and other community initiatives, are losing volunteers.

The goal of a city housing agenda must recognize the importance of maintaining a diverse, vibrant city where people of all incomes can live, work and play.

We need to dramatically increase the city's housing supply to meet current and projected population growth. But the census data indicate that, contrary to those who argue that simply adding more high-end housing relieves market pressures (a theory called "filtering"), it has the opposite ripple effect of pushing up rents and home prices for the existing housing stock. Instead, we need more emphasis on protecting the existing stock of affordable housing, helping families avoid foreclosure, while focusing new construction on affordable units within mixed-income developments. Pasadena needs to attract good-paying jobs that allow employees to support their families. Recently, the City Council voted to allocate its entire \$11.1 million allocation of federal stimulus funds to Singpoli Pacifica, a developer, to turn an old building on the corner of Colorado Boulevard and Mentor Avenue into a "boutique" hotel. The developer's own economic analysis revealed that the average wages for the

hotel workers would be \$22,000 — below the poverty level. Few of its employees will be able to afford to live in Pasadena on such meager salaries due to the city's desperate shortage of low-rent housing. Why should taxpayers subsidize a private developer to create poverty-level jobs?

Pasadena needs to follow the lead of many other cities that extract "community benefit agreements" — including guarantees of decent jobs, affordable housing and other much-needed priorities — in exchange for public funds and city approvals.

But until our community starts asking "renaissance for whom?" and begins addressing the need for affordable housing and good-paying jobs, Pasadena will continue to be a tragic tale of two cities.

Peter Dreier, a Pasadena resident, is chair of the Urban & Environmental Policy Department at Occidental College.

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Being a resident of Pasadena, one of the things that draw me most to this city, is the fact that it is multi-racial/cultural. This is very important to me, as I enjoy being around people of many different backgrounds. I don't feel that building all these expensive new condos and apartments will benefit the average person. Sure, it'll draw in your yuppie-type crowd (they're the only ones who can afford to move here these days!), but they are not the ones who will add flavor and diversity to our city. I very much hope that Pasadena will remain a city for people of all colors/races/ethnicities...that's what makes it BEAUTIFUL and unique!

posted by **GermaicanSpice** on 12/29/10 @ 01:40 p.m.

The author of this "Two-City" tale relates at the tail end of the third-to-last paragraph: "Few of its employees will be able to afford to live in Pasadena on such meager salaries due to the city's desperate shortage of low-rent housing. Why should taxpayers subsidize a private developer to create poverty-level jobs?"

So why do you (perhaps rhetorically) ask? Well, it's kinda' obvious ... there are no moderate-income people serving on Pasadena's City Council, which is actually an exclusive club of officially designated, political amateurs. The wherewithall of their Council wages are subsequently not derived from Pasadena's (ever-disappearing) low-income-dominated, voting population. Now, where do you suppose that those same amateur politicos get most of their (mostly unadvertised) campaign contributions?

Also, by pushing all those low-renters out of the City, Pasadena's City Council really does get so much closer to its own ideal of a democratically perfect -- middle-class -- society, where any larger, low-rent servant-class is functionally unable to vote themselves any "bread-and-circuses" from the city-coffers."

Yup, the Pasadena City Council certainly does have a constituency, but that constituency is not really concerned with lifting the poorest (1/3rd) of Pasadena's servant-class out of poverty.

And as the author has noticed, THAT is how the Pasadena City Council usually votes on the bigger-ticket items.

DanD

posted by **DanD** on 12/29/10 @ 08:12 p.m.

What a poorly written piece. Sounds like some victim-mentality stream of consciousness.

Let's look at a few of Mr. Dreier's points:

1) He argues against a hotel renovation on the grounds that few of it's low skilled workers would be able to live in Pasadena.

It may be news to you, Mr. Dreier, but there is somewhere around 10-15% unemployment among people WHO ALREADY LIVE in Pasadena. That's around 14,000-21,000 people. I'm sure you could find a few of them to work at the hotel...you know, people that already live here.

2) He argues we need to focus on mixed-income development with affordable housing units sprinkled in.

First off, we don't need more housing... we need more jobs.

Second, most people really don't like the idea of paying more for their condo to subsidize the low-income person living next door that paid half.

Third, having low-income subsidized housing actually increases prices for the rest of us.. because a portion of the housing is filled by people who can't afford to live here, leaving less housing for the middle class.

Fourth, mixed income areas actually drive up prices in the nicer areas. See, most people do not want to live in mixed income areas, so the parts of town furthest from low-income or mixed income parts of town garner a big premium. And, unfortunately, Pasadena is so "patchy" that the really good areas are uber expensive... which pushes out the middle class.

Also, let me ditch tact and political correctness for a moment. I know some think that mixing income levels is a great social engineering policy to build understanding and tolerance; however, I think it actually has the opposite effect. I think it breeds jealousy and contempt. There are real differences that each group finds objectionable about the other and putting them next door to one another keeps those differences at the forefront.

There are plenty of low rent places in Pasadena, they are just in areas most of us don't want to live. Sprinkle your low-income housing there and allow the organic return of solid middle-class neighborhoods.

3) Gentrification is not good for the business climate? What planet are you on? People with money spend money. Plain and simple. This brings jobs. Additionally, gentrification brings in a more educated, skilled workforce. Companies will be more likely to open shop when they have a solid workforce to draw from.

Yes we have a tale of two cities, but that is because state housing laws (and low income advocates) are squeezing out the middle class. Affordable housing, and a range of housing prices for middle and upper income people as well, can be achieved organically through proper zoning without artificially disrupting natural market forces with subsidies.

posted by **True Freedom** on 12/30/10 @ 10:44 a.m.

One other thought: Pasadena is not an island. We do not *need* to have everyone that works here to live here. There are many lower cost places to live which are very, very close. El Monte, Temple City, Alhambra, etc. So, the notion that we have to *provide* affordable housing for anyone who wants to live here is absurd. heck, I'd love to live on the Cliffs of Malibu but can't afford \$7M for a house. Should they require Malibu to build ocean view homes for \$2.5M, so low rent people like myself can afford to live there? I say no.

posted by **True Freedom** on 12/30/10 @ 12:32 p.m.

TF really nailed this one, at least partially. America used to host the world's premier manufacturing job market. Back then, if you helped build cars, you were also a part of America's middle-class. During the middle and end of last century, humanity's mongrels of all races became a part of America's vast middle-class. But then our national government started giving out enormous tax breaks to corporations operating in really low-rent foreign lands. These tax breaks literally rewarded those corporations for outsourcing the jobs of America's home-grown, mongrel middle-class work force.

And then the banking class got involved by massively bribing those same Constitutionally treasonous Federal office-holders to authorize the modern creation of a derivatives trading market in 1973. From that point on, the practices of derivatives trading transformed the New York Stock Exchange into one of the grandest gambling casinos of all times.

When the private owners of America's Ponzi-scheme, debt-structured Federal(not) Reserve, Banking class started using the money that they created out of thin air to massively play the slots at New York's gambling casino stock market, almost omnipresent volumes of never-printed dollars came into existence, but only on the transaction papers of the derivatives market. The most popular derivatives being traded involved America's vastly overvalued real estate market. Unbeknownst to thousands of foreign investors buying into these derivatives was the fact that they involved (often subprime loaned) real estate properties being traded in "bundles." The most toxic circumstance regarding these bundles is that they had been sold multiple times to cluelessly different investors.

The primary reason why TARP was legislated before the last pResident left office was because many of these foreign investors were realizing that the United States banking system and its colluding Federal Government had knowingly sold to them trillions of dollars in bad investments. While the Federal Government reserved some TARP funds to "bail" out a number of American banks, more (if not most) of those funds were used to buy back bad paper from mostly European banks. This cluster-fukk probably could not have happened (as bad as it did) if the Glass-Steagle act (created during the 1930s depression) had not been repealed in 1999.

In the meantime, The Federal(not) Reserve continues to print out dollars and distribute them to foreign banks without any Congressional oversight.

Oh, by the way, another synonym for "gentry" (from which gentrification comes from) is aristocrat. Guilelessly promoting the cultural expansion of aristocracy on this side of the pond is about as unAmerican as anyone can get.

DanD

posted by **DanD** on 12/30/10 @ 08:03 p.m.

Ever wonder why European banks were so angry with us: Something about not making good on some toxic garbage we sold them - until 'The Bailout'?

<http://beforeitsnews.com/story/289/458/E...>

DanD

posted by **DanD** on 12/31/10 @ 09:44 p.m.

Professor Dreier engages in some selective data analysis and omission of key impacts to make his arguments. For example, he does not like the \$11M in federal stimulus funds for a project near Old Town. Whatever the merits of public funds being given to a private developer, the Professor's argument that hotel workers will not have a "living wage" doesn't hold much water. First, he neglects to mention the relatively well-paying union construction jobs that would be created by the project. Second, he knows that many service-industry workers, including those working at hotels, are students or others looking for part-time work and thus not expecting nor in need of a "living wage". While I share the Professor's desire for a diverse community, gentrification is actually part of the solution - not part of the problem.

posted by **jamesd1st** on 1/02/11 @ 07:09 p.m.

Professor Dreier of Occidental is one of those \$250K per year Pasadena residents. How gentrified is his neighborhood? How much you wanna bet he's sitting on the porch of his Linda Vista mansion right now laughing at how gullible people who read the Weekly really are.

Geez people, get some editorial integrity.

D.

posted by **Dormitas** on 1/04/11 @ 03:52 p.m.

Just another cellar door down the rabbit-hole of government-sponsored tenure I suppose. But as it may be, Dormitas, while your prognositication is likely, do you also know its meaner aspects as true?

Certainly, a whole lot of famous people, Hollywood Stars, and even some billionaires describe our country's circumstances of economically armed class warfare just as plainly as Prof. Dreier does about America's police-state-empowered, ruling-class disease of aristocracy. Furthermore, millions of more modestly surviving people also elucidate what the professor has established, but their own economic classification has already relegated them to the corporate media's "NO REPORTING" zone (kinda fashioned after Dubya's campaign trail of "Free-Speech" zones, or perhaps it happened the other way around).

As it is, if the professor never played the game of gentry at least a little bit, his scholarly opinions would certainly be just as marginalized and ignored as are the opinions for the vast majority of us less formally educated types.

Or perhaps, do you have an audio-video of the fine professor laughing at all us more gullibly clueless rubes? If so, You-Tube it!

DanD

posted by **DanD** on 1/04/11 @ 06:10 p.m.

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