

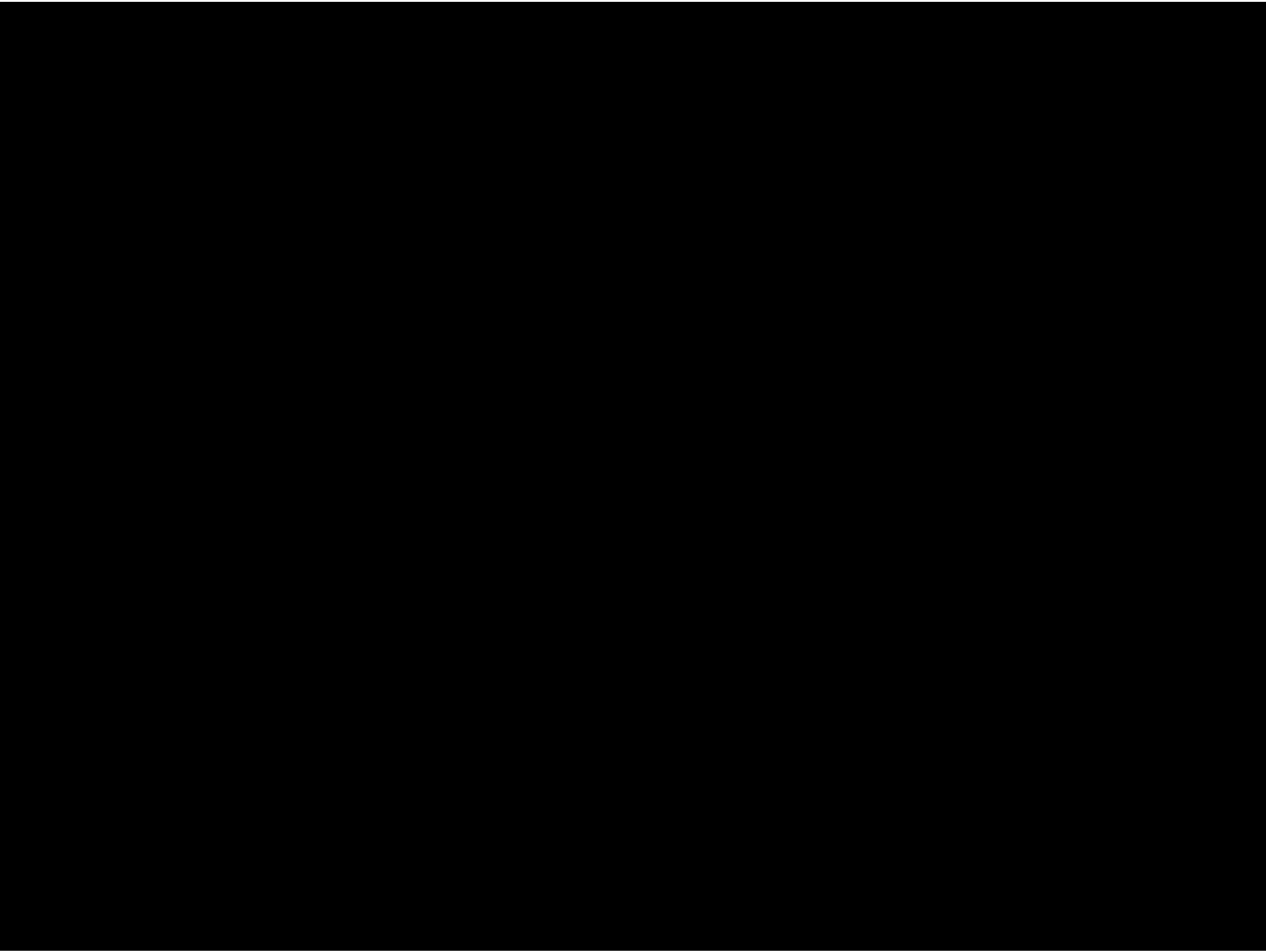
A large, light yellow gear logo with the words "ROTARY" and "INTERNATIONAL" in a circular arrangement around a central hub. The gear has 24 teeth.

Housing Availability & Affordability in the Bay Area

Fred Collignon

Libby Tyler

Shawn Rowles



The Housing Problem

A. What is the Problem?

- Highest housing costs in U.S.
- Highest cost burden for housing in U.S. at all but highest income
- Not just the homeless. It affects all of us.

B. So how did this problem come about?

- Simple—we have not built housing to keep up with population or jobs for 50 years.

The Housing Problem

C. Why didn't demand reduce with high prices?

- People wanted to live in Calif.
They stayed and more kept coming
- Strong income and job growth
- If strong demand and limited supply growth,
prices rise

D. Other factors driving up costs?

- People wanted bigger, better housing
- Changing social behavior
- Social reforms added cost

The Housing Problem

E. So why didn't supply expand to meet the demand?

- Downzoning
- Prop. 13
- Tougher to get permits

F. So why did this happen?

- No one likes to pay taxes
- Few like density or new people (NIMBY)

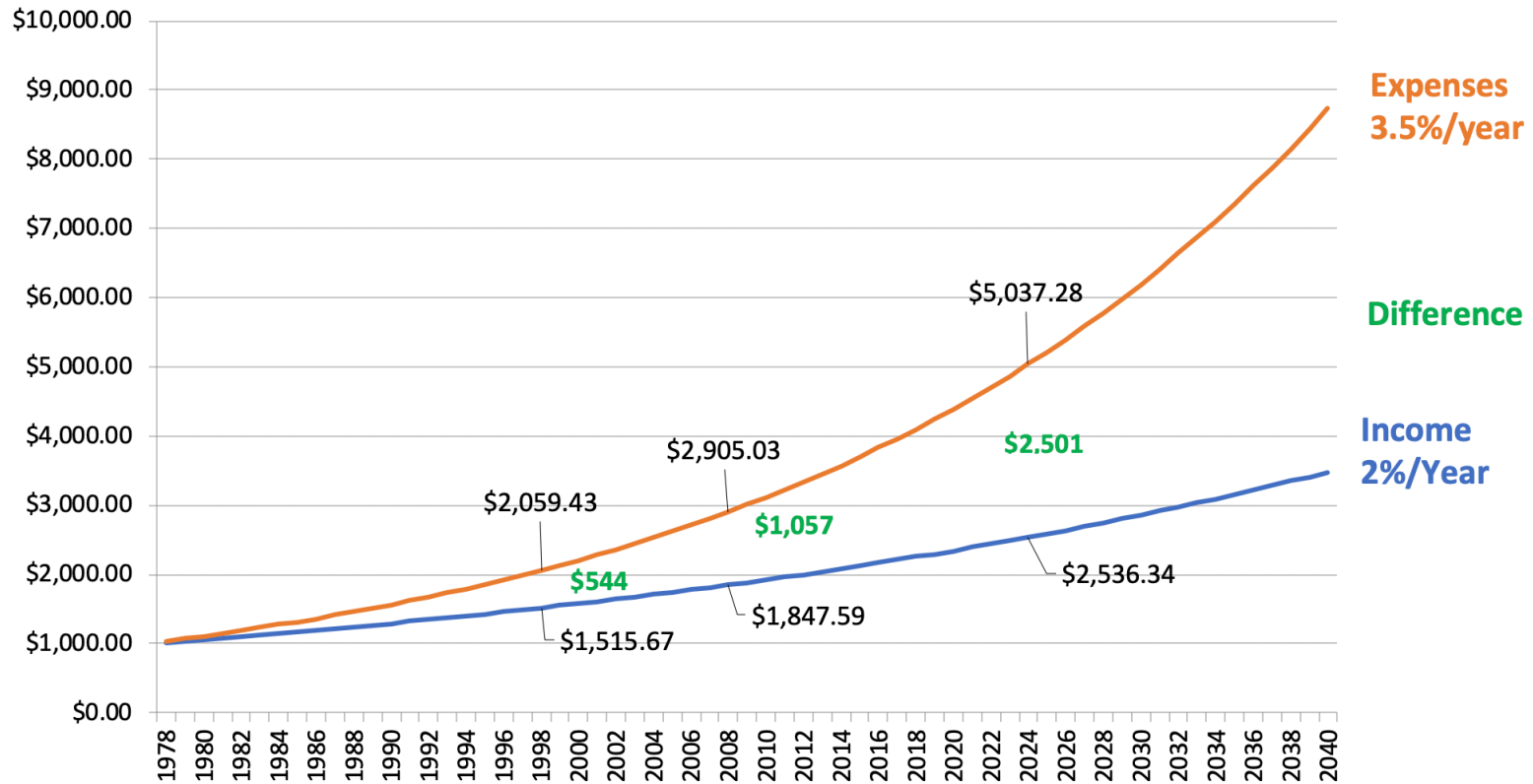
The Housing Problem

G. Special impacts on lowest income residents

- Reduced Federal subsidies for low income housing
- Prevailing wage requirement
- Previous federally subsidized units timed out of program
- Shifts in who are the homeless

H. So who was responsible for all this happening?





- If yearly expenses increase at a very low, 3.5% rate and income can only rise at 2%, the small difference becomes unsustainable.
- By 1998, the difference is **\$544 (\$2,059 - \$1,515)**
- By 2008, the difference is more than **\$1,050 (\$2,905 - \$1,847)**
- By 2024, the difference, between tax revenue and expense is greater than the total revenue collected! **\$2,501 (\$5,037 - \$2,536)**

DEVELOPMENT COSTS PER LOT

Alamo Development City of Richmond, Ca

| UTILITY PROVIDER/ITEM | COST |
|---|--|
| Connection Costs: | |
| East Bay MUD (Water and Sewer) | \$36,185 - \$59,227 (3/4-inch - 1-inch) |
| PG&E (Gas and Electric) | \$15,000 |
| Land Survey | \$ 2,500 |
| Soils Report | \$ 3,000 |
| School Tax (\$4.82/square foot at 1,500 square feet) | \$ 7,230 |
| Total Connection Costs | \$63,915 – \$86,957 |
| <u>Other Costs:</u> | |
| Building Permit (estimate) | \$28,384 |
| Sprinklers (\$3.5 per square foot, at 1,500 square feet) | \$ 5,250 |
| | |
| TOTAL COST | \$92,299 - \$115,341 |



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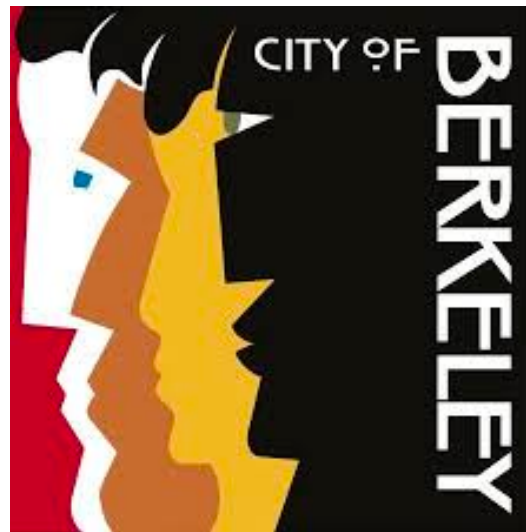
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May 20, 2020

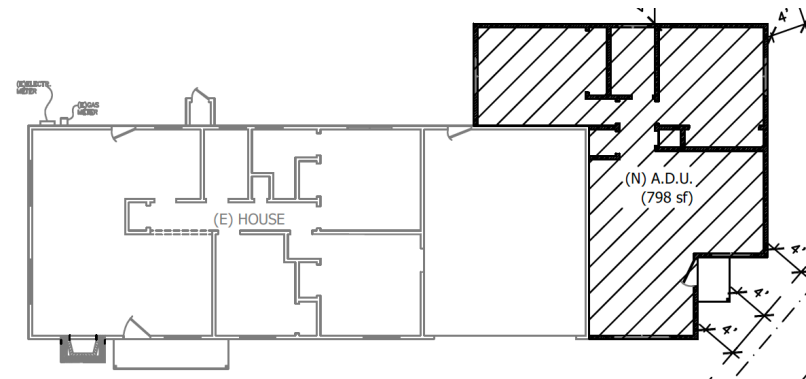
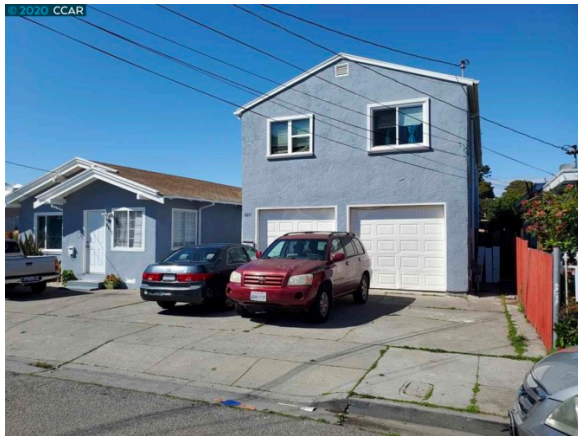
Background in Housing





Lierman Neighborhood Assessment Survey





How did the problem arise?

Macro Reasons

- Long time issue in the Bay Area
- Location, Location, Location
- Employment opportunities/Transportation access
- Changing housing stock preferences/Household size

Housing Policy

- Underfunding of HUD/Public Housing
- Privatization of public housing
- Mixed income goals/Inclusionary housing requirements

How did the problem arise? (cont.)

Planning/Zoning

- NIMBYism
- Concerns about community character/preservation
- Delays and misuse of CEQA
- Planning and Zoning constraints

Fiscal Concerns

- Impact Fees
- Development processing time, costs, risks
- Construction costs/Union labor
- Code requirements/Construction techniques

What can we do about it?

- Consider housing/shelter to be a basic right
- Properly fund HUD, Section 8, PHAs
- Rethink inefficient mixed income goals
- More flexible inclusionary housing requirements
- Develop complete neighborhoods instead
- No impact fees for housing production
- Streamline approvals, reduce risk
- Rental inspection programs to preserve/ensure safe housing
- Common-sense tenant protections that work for investors too

What can we do about it? (cont.)

- Planning & Zoning for middle market housing and ADUs
- Consider preservation, community character, open space, access, and safety
- State-mandated, highly prescriptive zoning without review is problematic
- More flexible development agreements for inclusionary housing
- Local benefit construction arrangements with job training
- Use of modular/innovative construction techniques
- Focus on scale-appropriate, safe, permanent solutions

Questions and answers

- Is creative financing becoming the norm?
- How can we undo the harm of racist housing policies?
- What has been the impact of Proposition 13 on housing?
- What has been the effect of impact and user fees?
- What has been the effect of government "reforms" in banking?
- Does rent control make the problem better or worse?
- Why didn't more housing happen with the recent very low interest rates?
- What changes in how people are housed can we expect from the housing shortage and now the pandemic?





Thank you!

Fred Collignon

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