



Why Is Housing So Expensive? Beyond Balance to Jobs Housing *Fit*

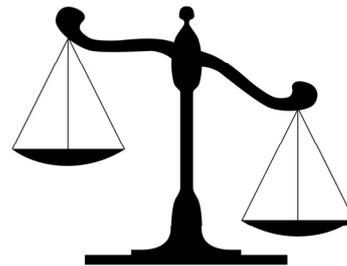
Chris Benner, University of California Santa Cruz & UC Davis
with Alex Karner, Arizona State University

UCDAVIS

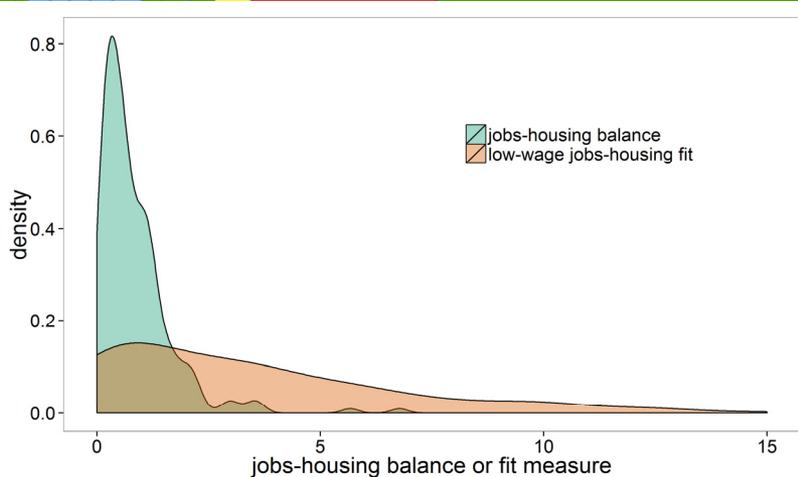
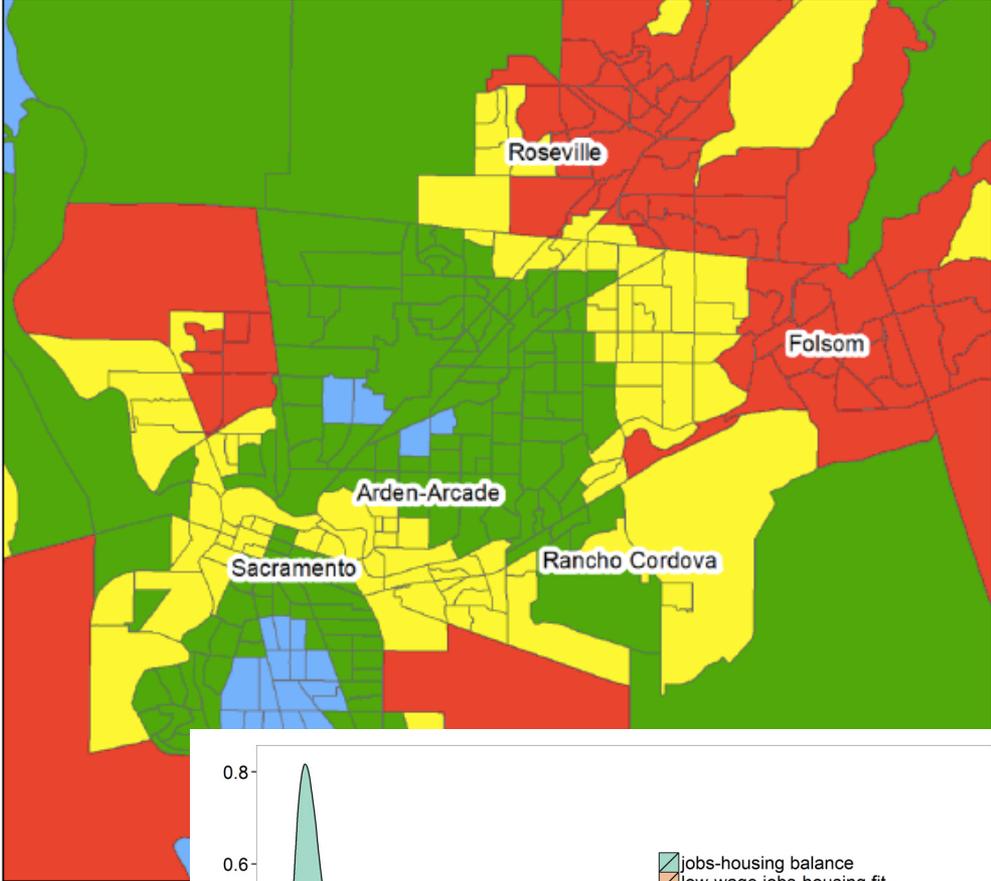
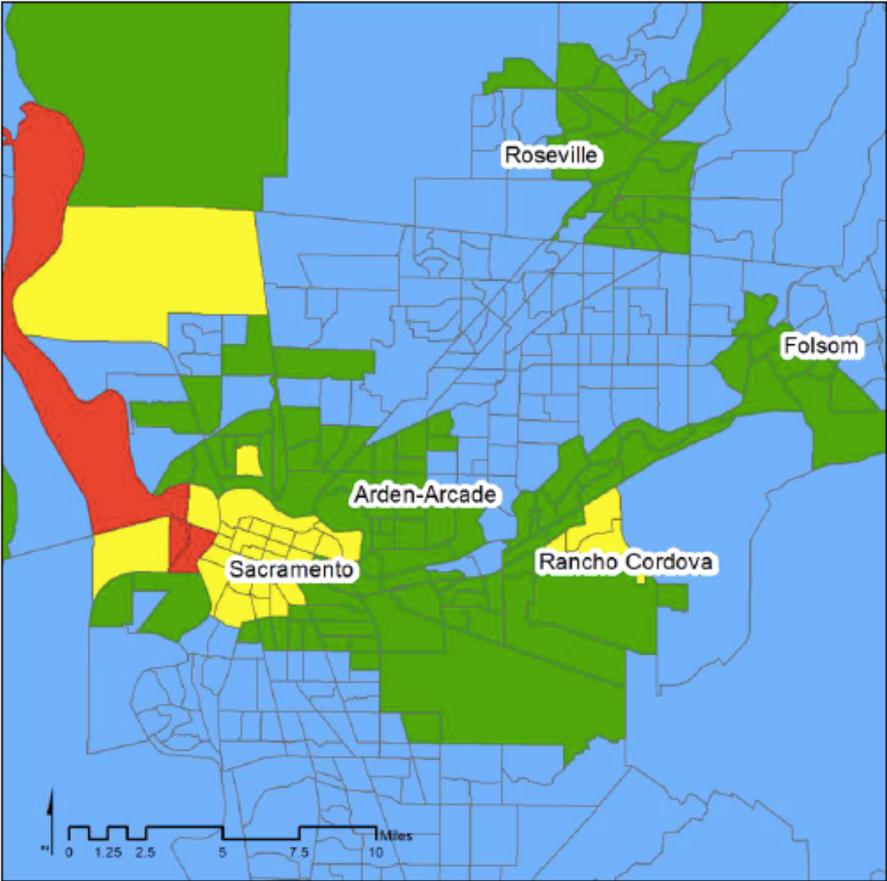
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CENTER FOR REGIONAL CHANGE

From jobs-housing *balance* to *fit*

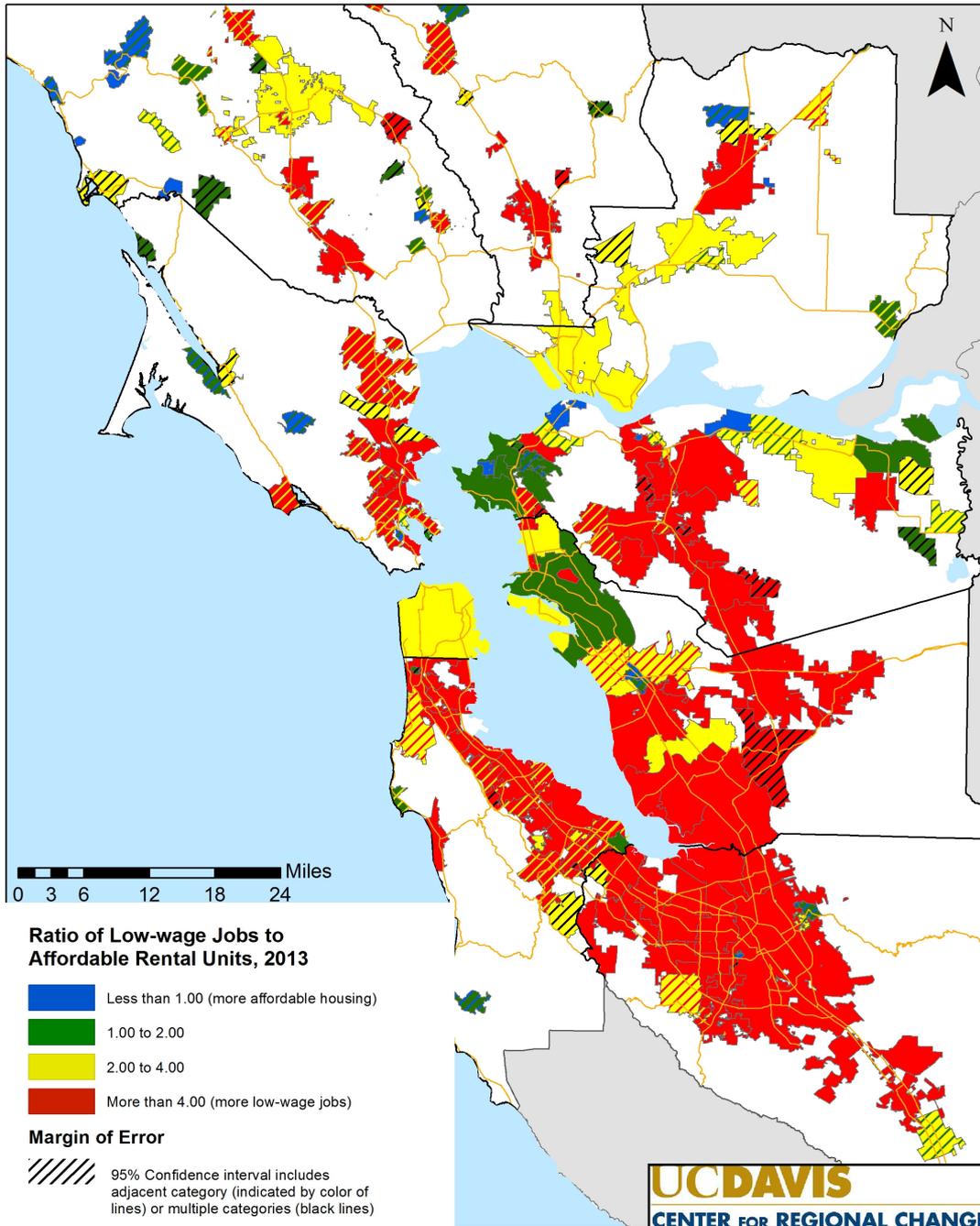
- First systematic studies of *balance* in the late 1980s
 - Cost and Transportation Concerns
- Appropriate “fit” between jobs and housing often discussed but rarely studied until recently
- Low-Income jobs/housing fit especially important
- Important for VMT, GHG, as well as affordability and social equity



Comparing J-H Balance and Fit

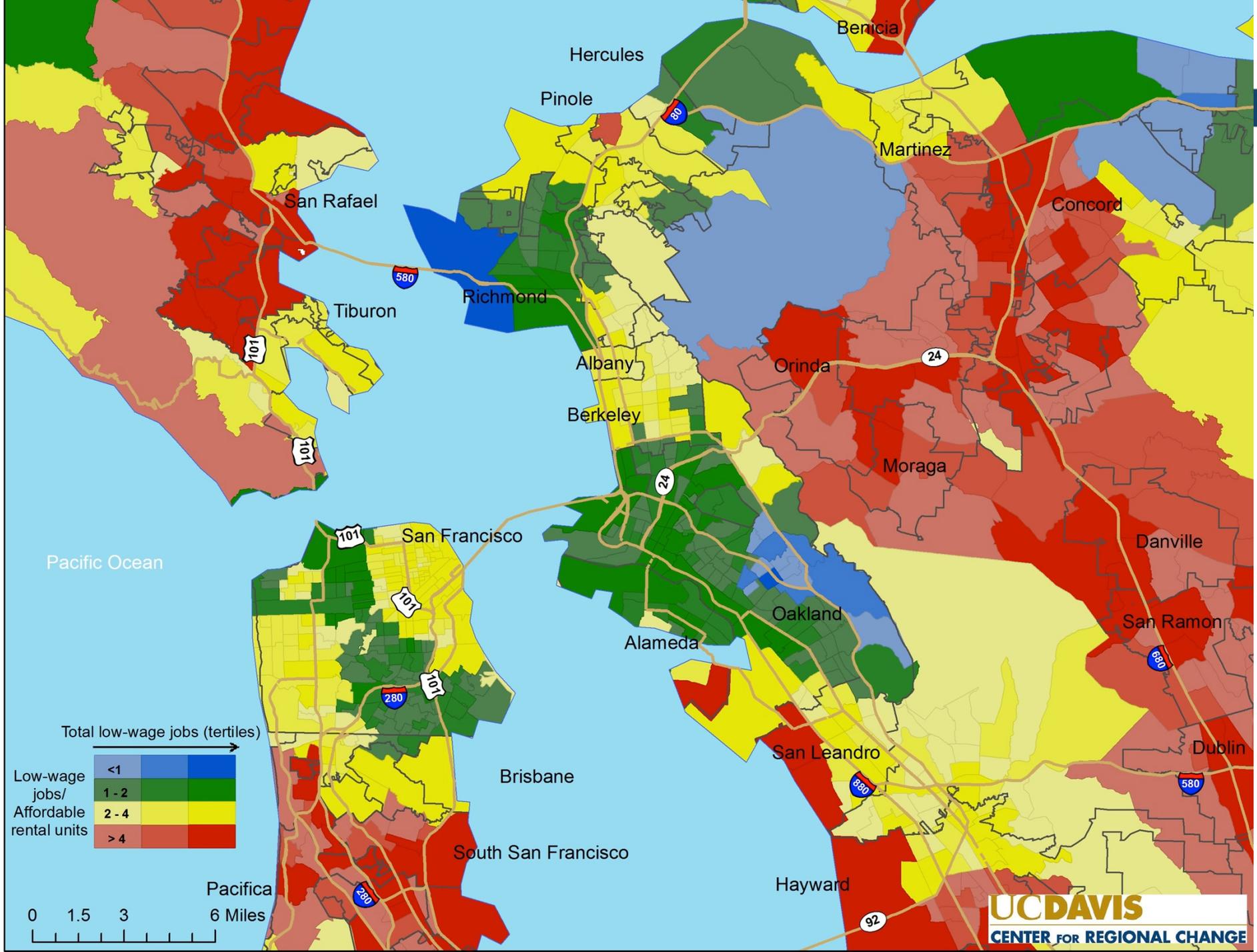


Bay Area Jobs-Housing Fit, 2013



Data source: LEHD 2013 and ACS 2013 Five year data-set

- Red = Severe shortage of affordable rental units
- Blue = Excess of affordable rental units in relation to available low-wage jobs



Total low-wage jobs (tertiles) →

Low-wage jobs/ Affordable rental units	<1	1 - 2	2 - 4	> 4
	Blue	Green	Yellow	Red



Bay Area VMT

Mean VMT attracted by JH fit category

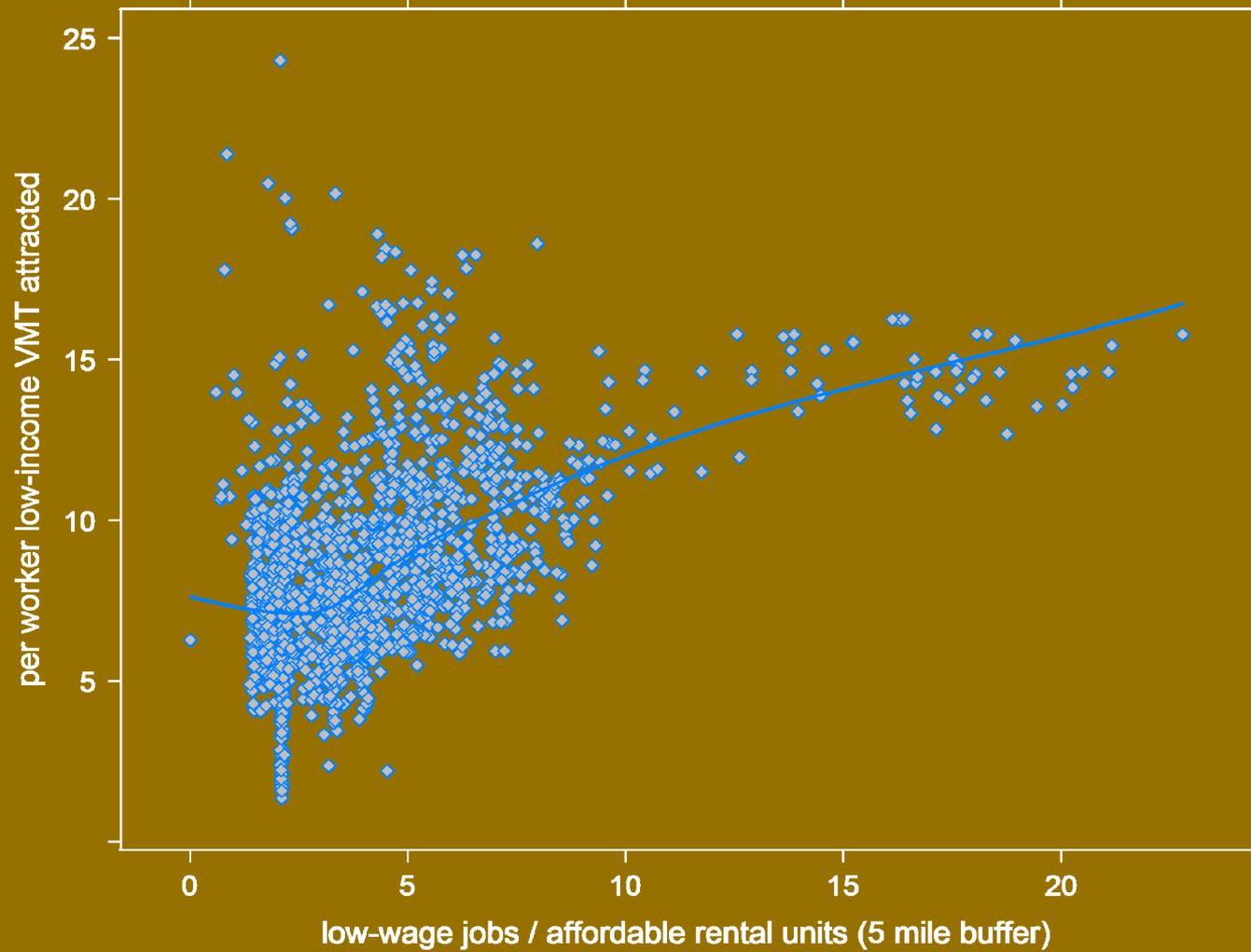
JH fit category	0 – 2.2	2.2 – 4	> 4
VMT attracted	7.10	7.61	10.4

Model results

JH fit category	Coefficient	p-value
2.2 – 4	0.51	0.005
> 4	3.31	< 0.001

N = 1592, R² = 0.24

Bay Area VMT

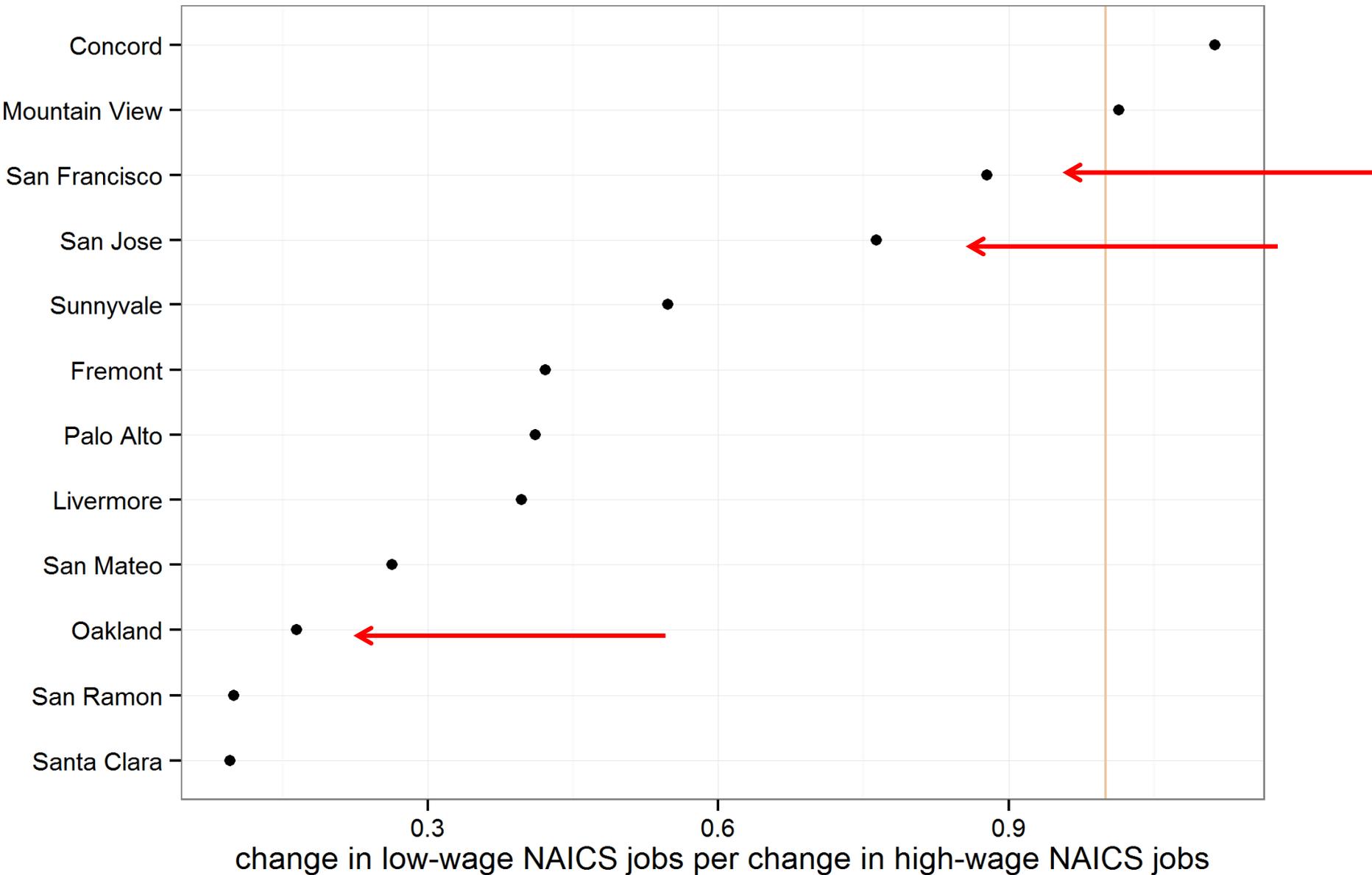


Regional Prosperity Plan Related Research

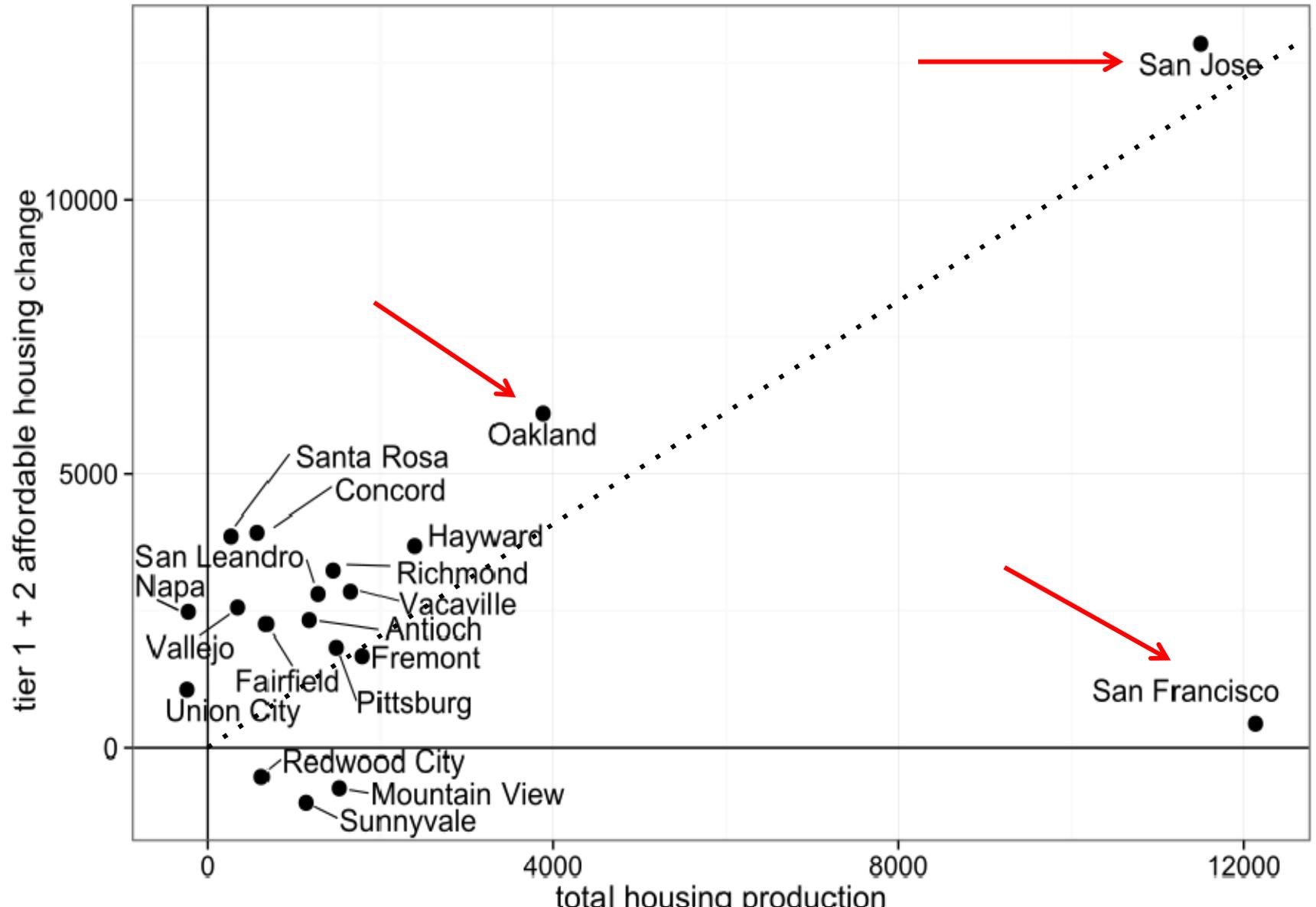


- How does growth in high-wage jobs in one jurisdiction affect low-wage job growth and affordable housing demand in multiple jurisdictions?

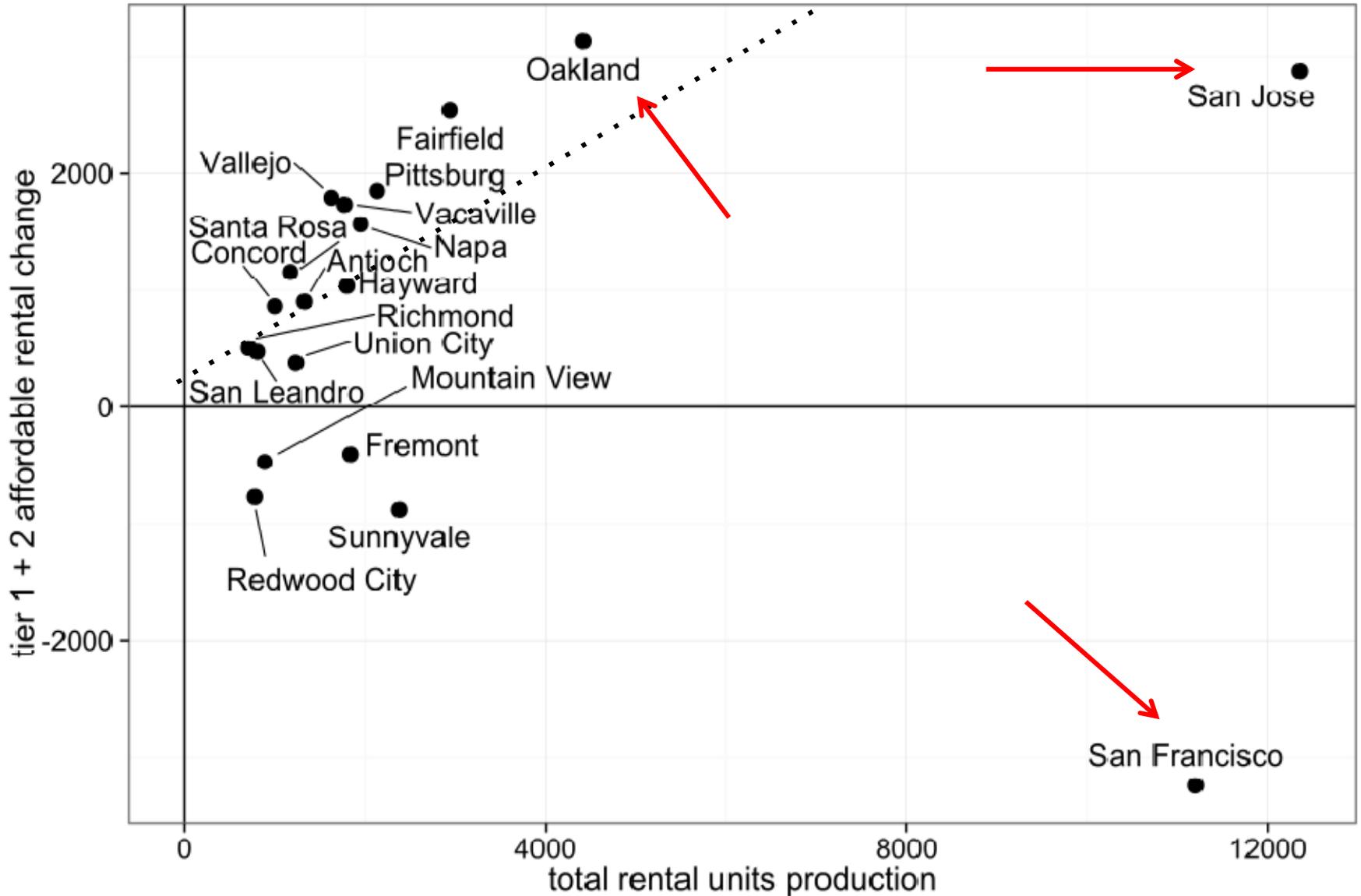
Ratio of High-Wage to Low-Wage Jobs Differs



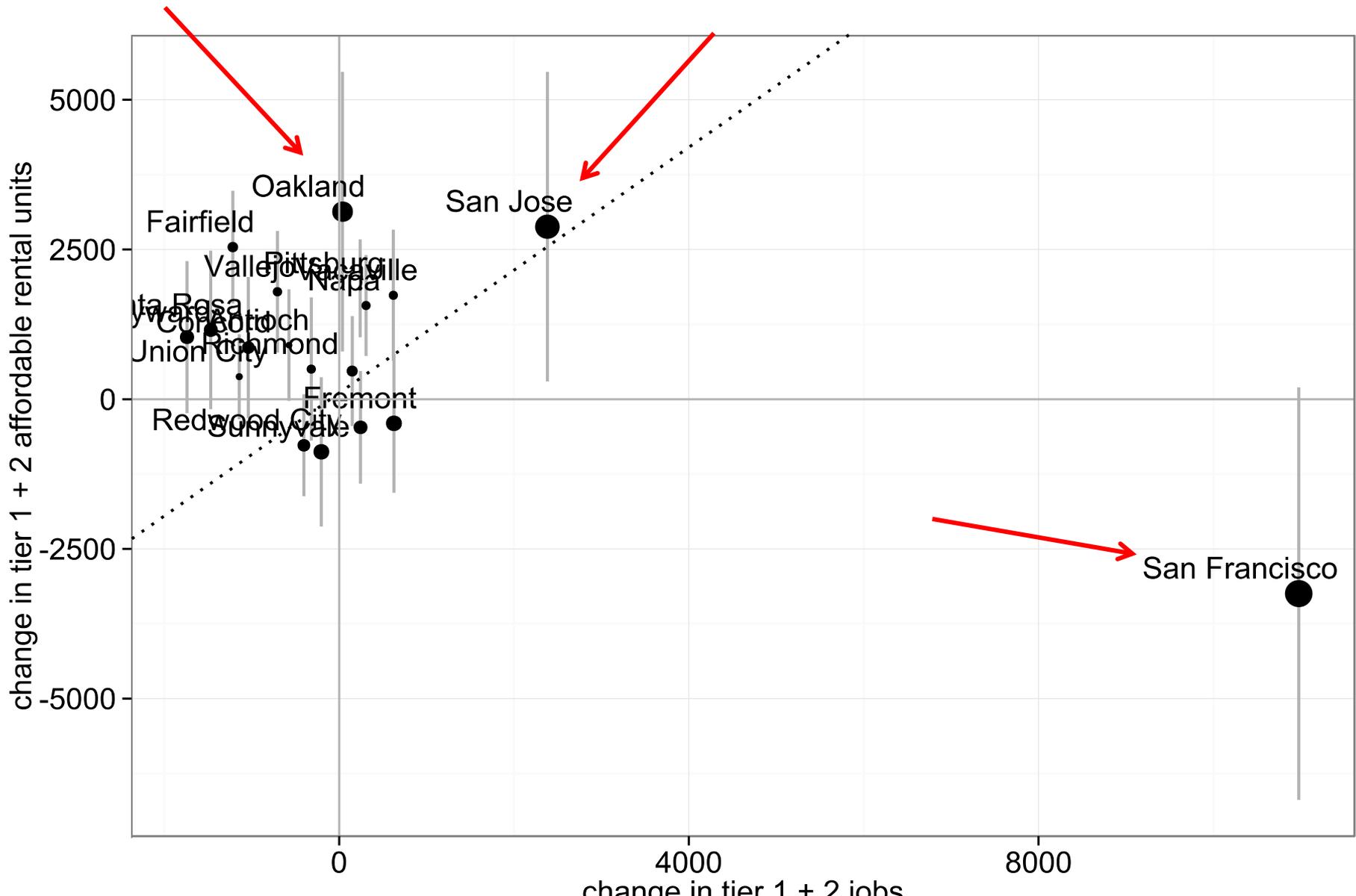
More *Total* Housing \neq More Affordable Housing



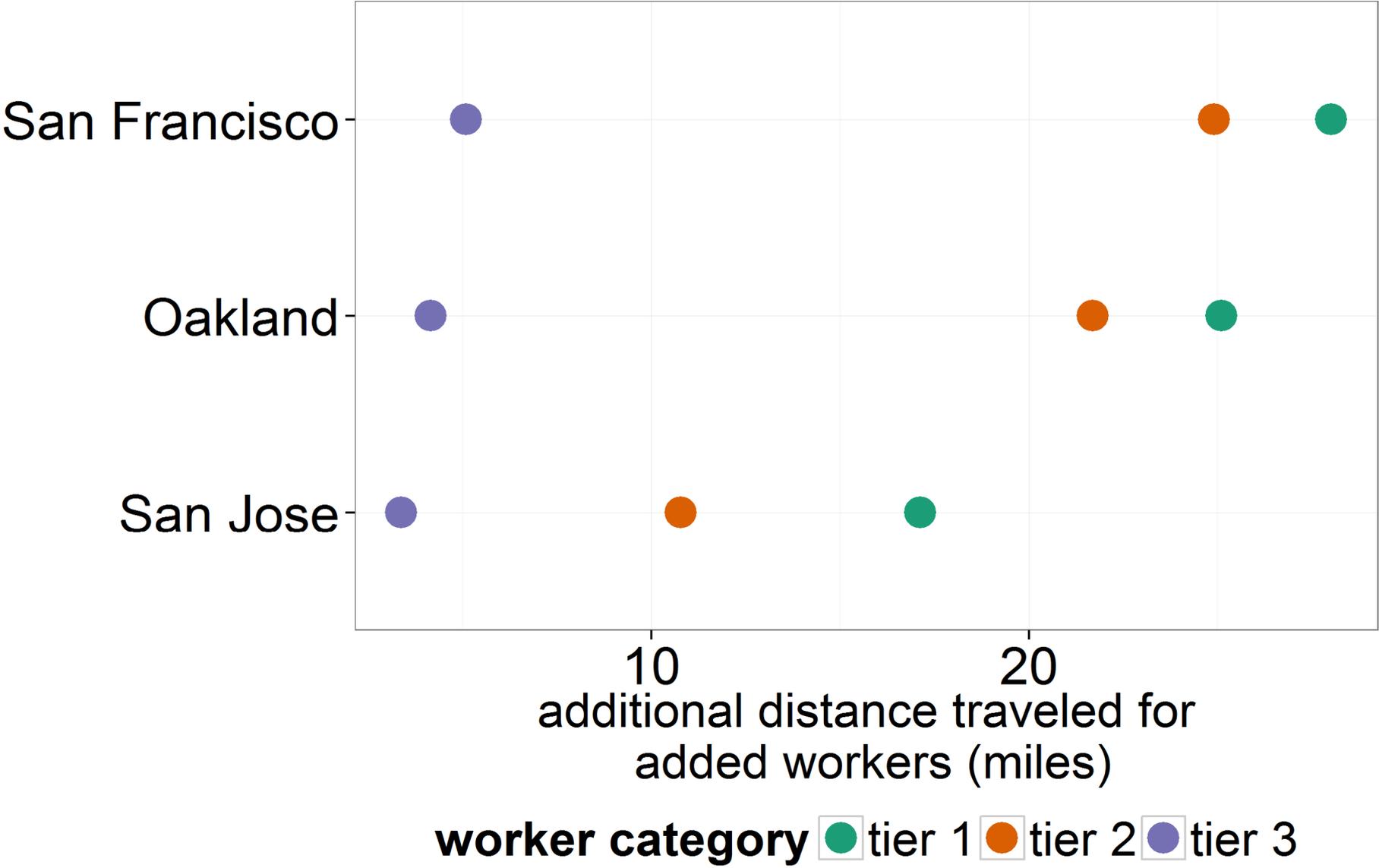
More Rentals ≠ More Affordable Rentals



SF Affordable Rentals Not Keeping Up With Low Wage Jobs



New workers, especially low wage, are traveling farther



Key Points

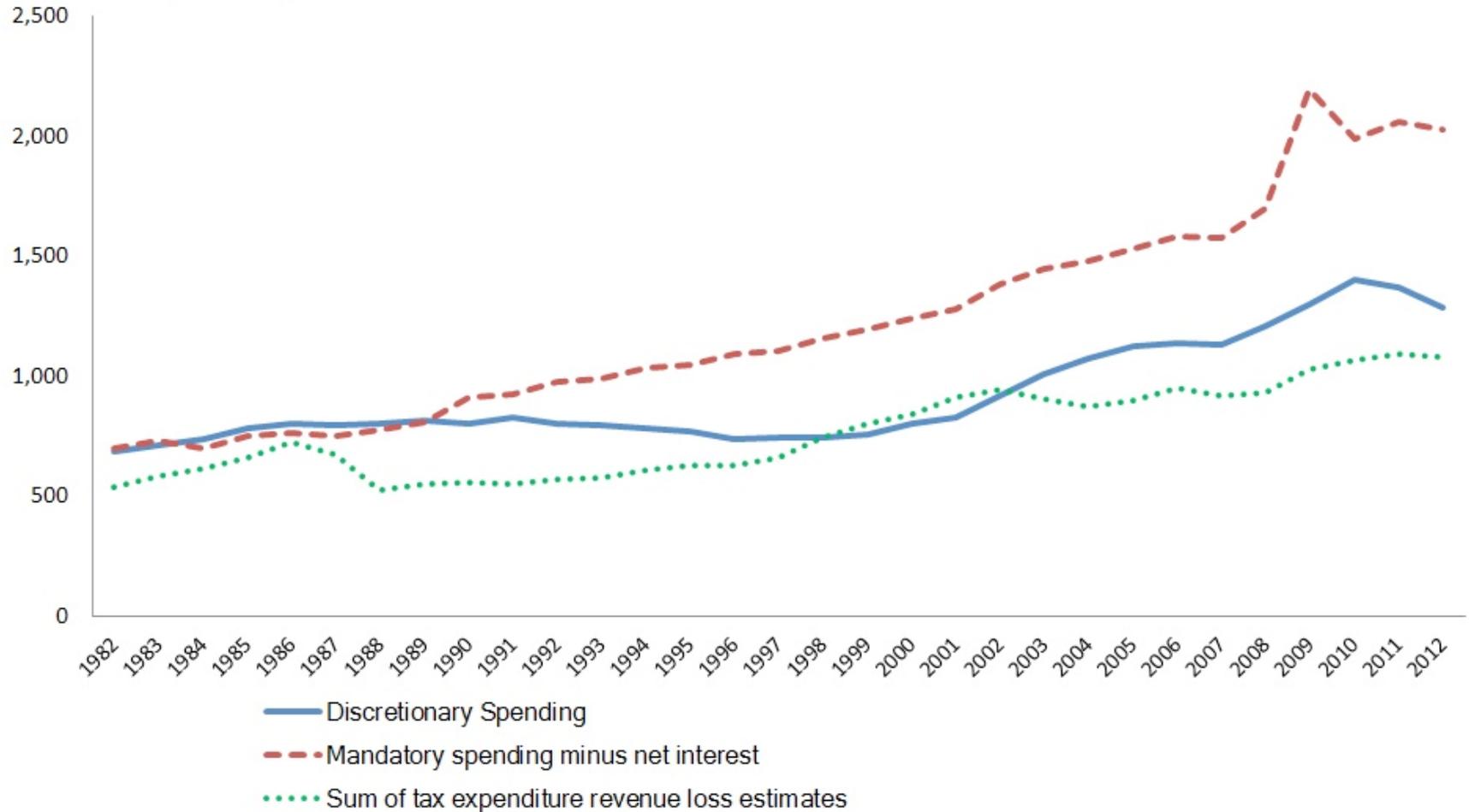
- Very poor low-wage jobs-housing fit through much of the region and state
- Aggregate housing production hides disparities in affordability levels
- Particularly worrying preliminary evidence of long commute distance for *new* low-wage workers
- Where affordable housing is built is critically important
- Need for construction of targeted, permanently affordable units



PHOTO: PHILIPPE DESHAZES/AFP/GETTY

Tax Expenditures Approach the Size of Discretionary Spending

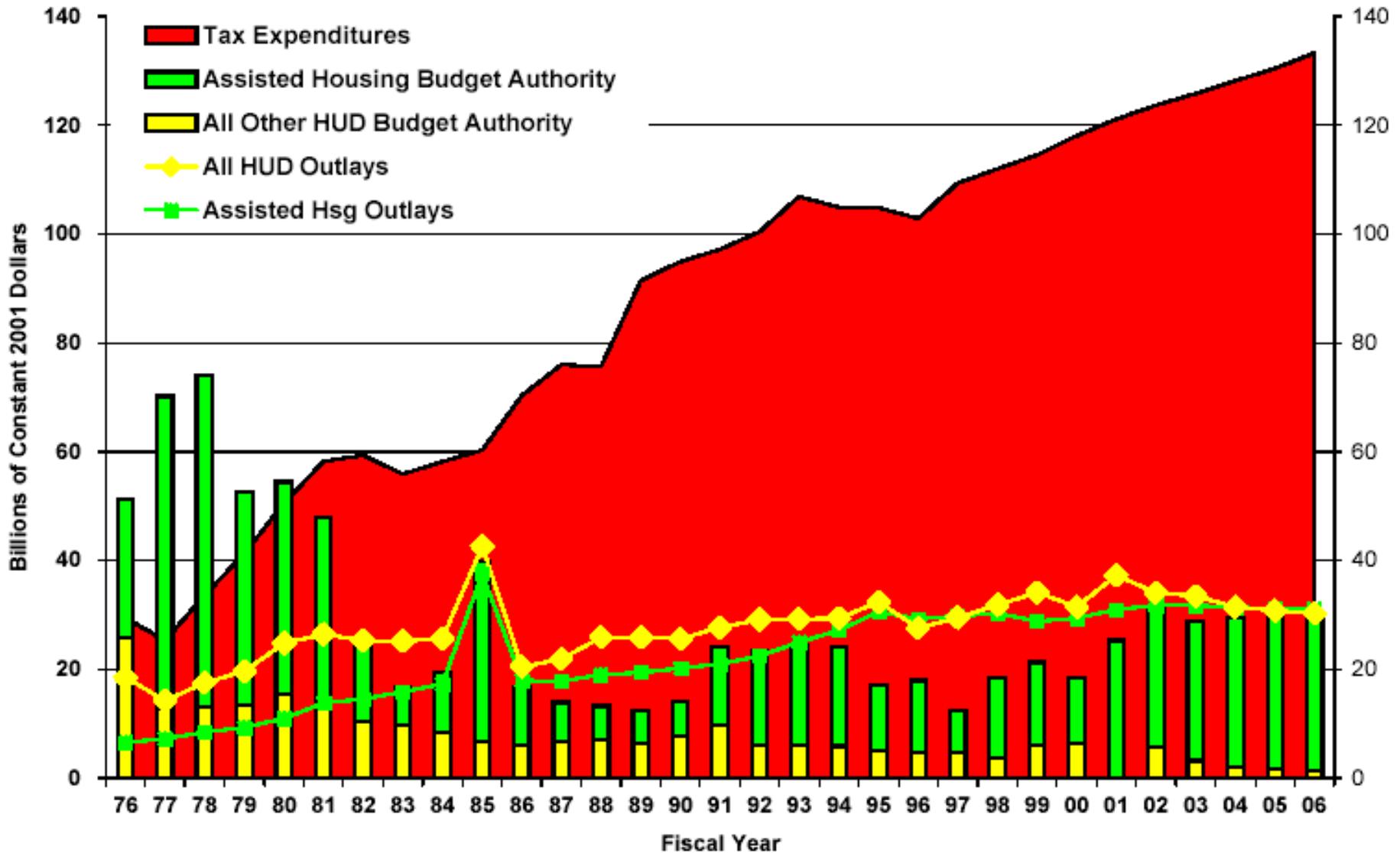
Dollars in Billions (2012 dollars)



Source: GAO analysis of Treasury estimates and OMB historical data. http://www.gao.gov/key_issues/tax_expenditures/issue_summary#t=0

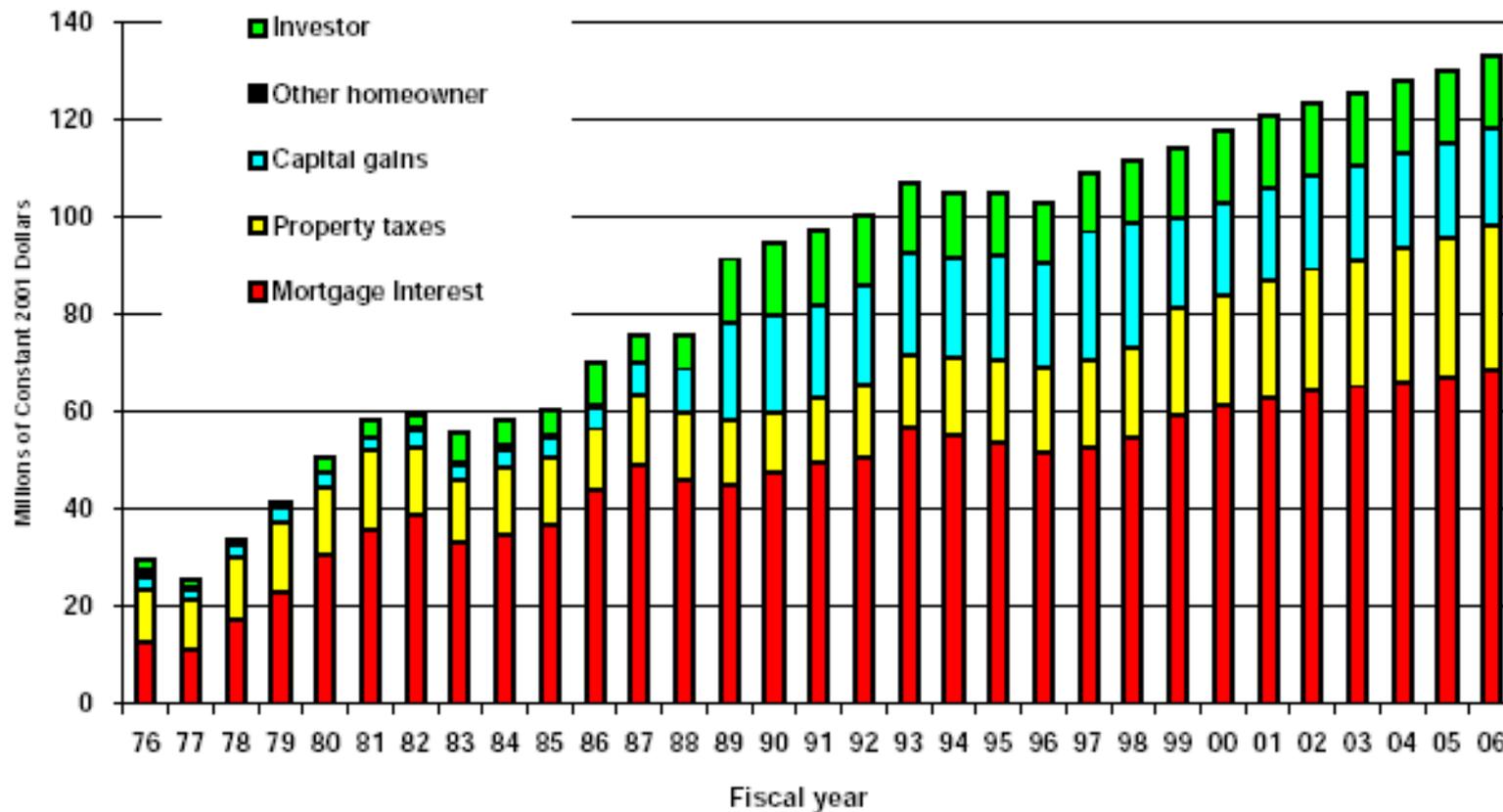
Note: Summing tax expenditure estimates is a useful gauge of size but does not take into account possible interactions among individual tax expenditures.

GRAPH 1. HUD, HOUSING ASSISTANCE, AND HOUSING-RELATED TAX EXPENDITURES



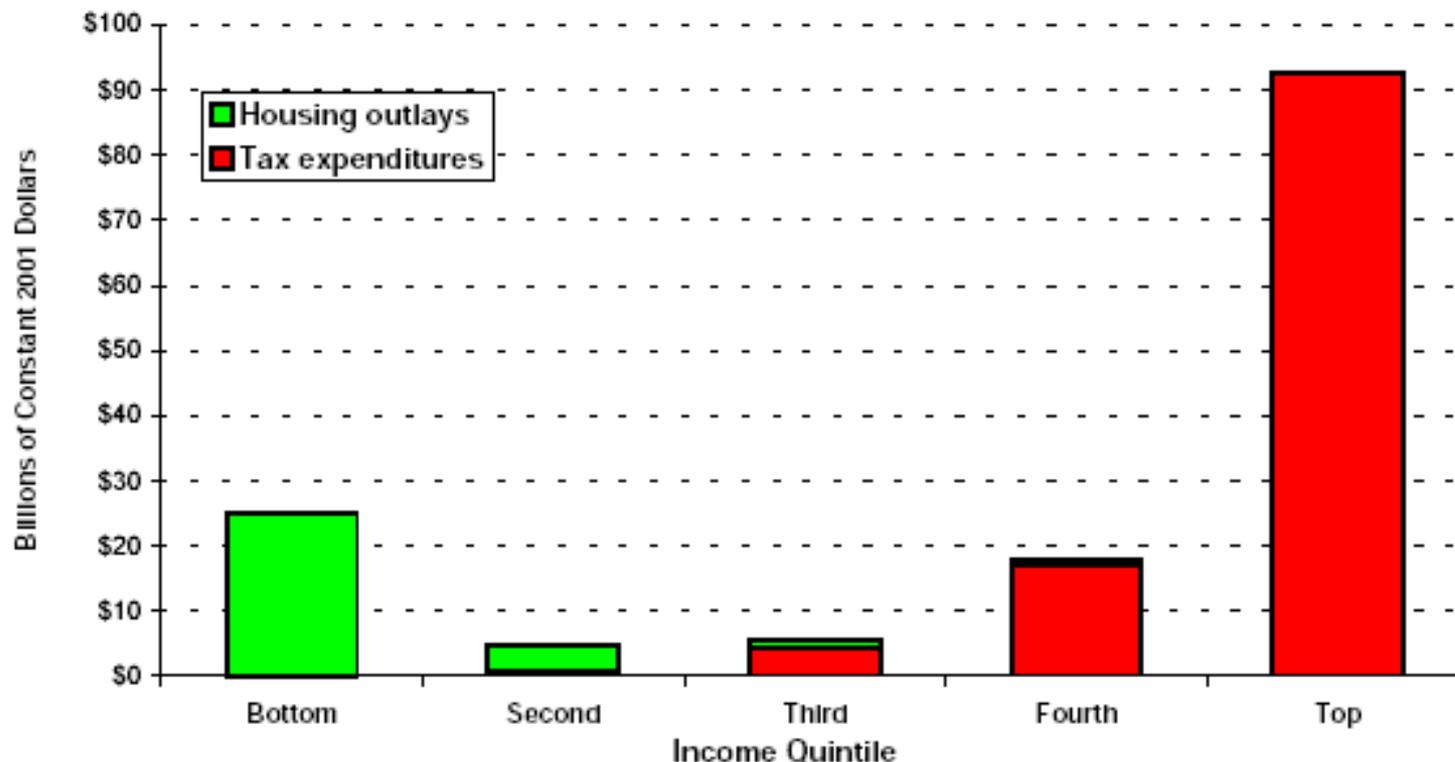
Dolbeare, Cushing (2004) *Changing Priorities: The Federal Budget and Housing Assistance, 1976-2005* (Washington DC: National Low-Income Housing Coalition)

GRAPH 4. HOUSING-RELATED TAX EXPENDITURES, 1976-2006



Dolbeare, Cushing (2004) *Changing Priorities: The Federal Budget and Housing Assistance, 1976-2005* (Washington DC: National Low-Income Housing Coalition)

GRAPH 5. ESTIMATED DISTRIBUTION OF HOUSING SUBSIDIES, BY INCOME QUINTILE, 2001



Quintile	Tax expenditures	Housing outlays	Total	Percent	Quintile income limit	Quintile average income
Bottom	\$0.1	\$24.9	\$25.0	17.8%	\$17,242	\$9,940
Second	\$0.6	\$4.2	\$4.8	2.7%	\$32,034	\$24,436
Third	\$4.4	\$1.2	\$5.6	3.1%	\$50,851	\$40,879
Fourth	\$17.2	\$0.5	\$17.7	13.8%	\$79,454	\$63,555
Top	\$92.6	\$0.1	\$92.7	62.5%	NA	\$135,401
Total	\$114.8	\$31.0	\$145.8	100.0%	-	\$51,855