



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

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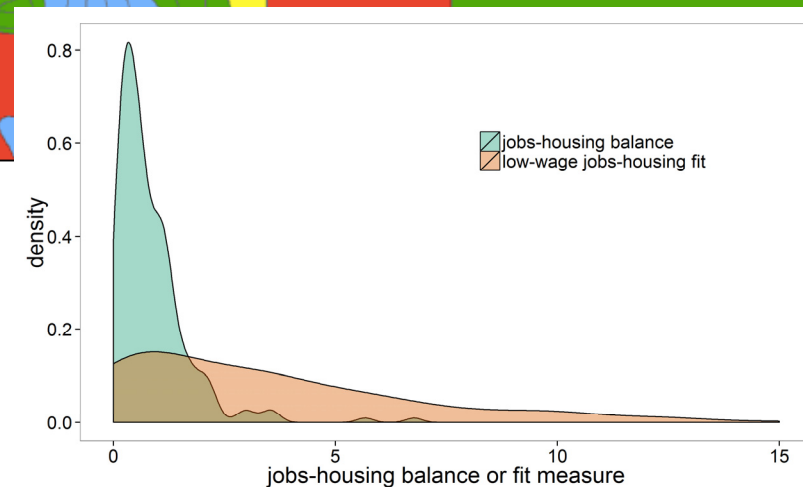
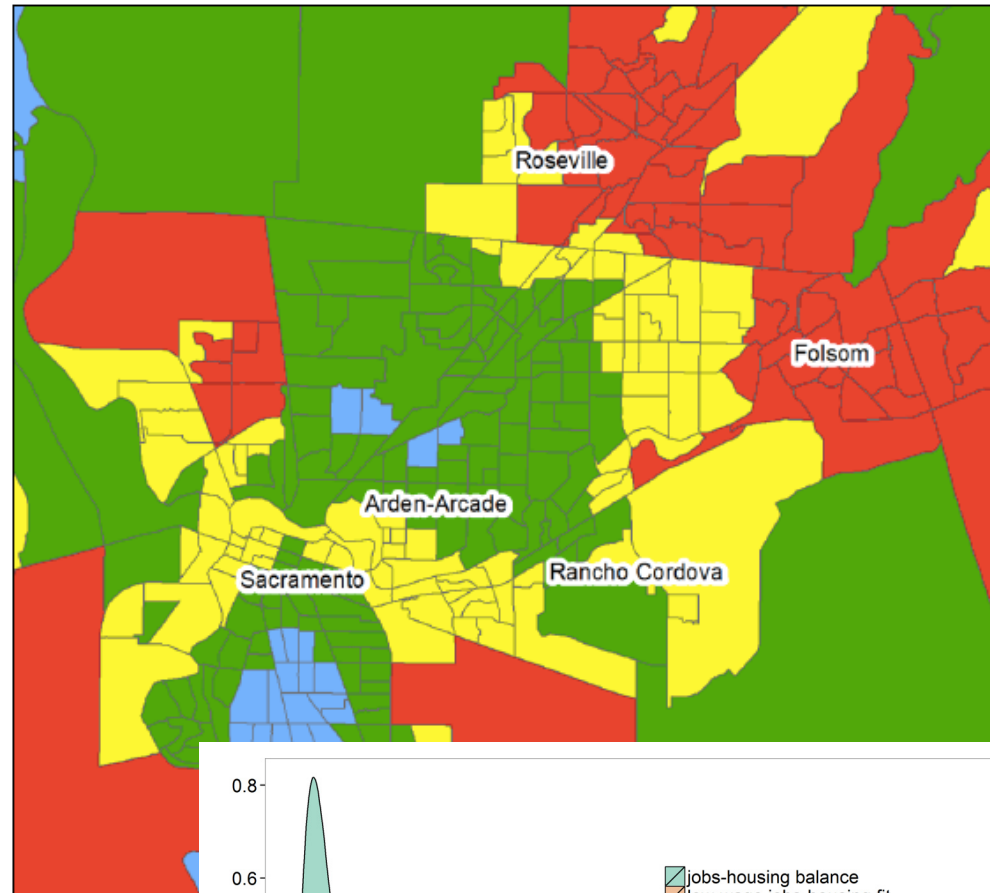
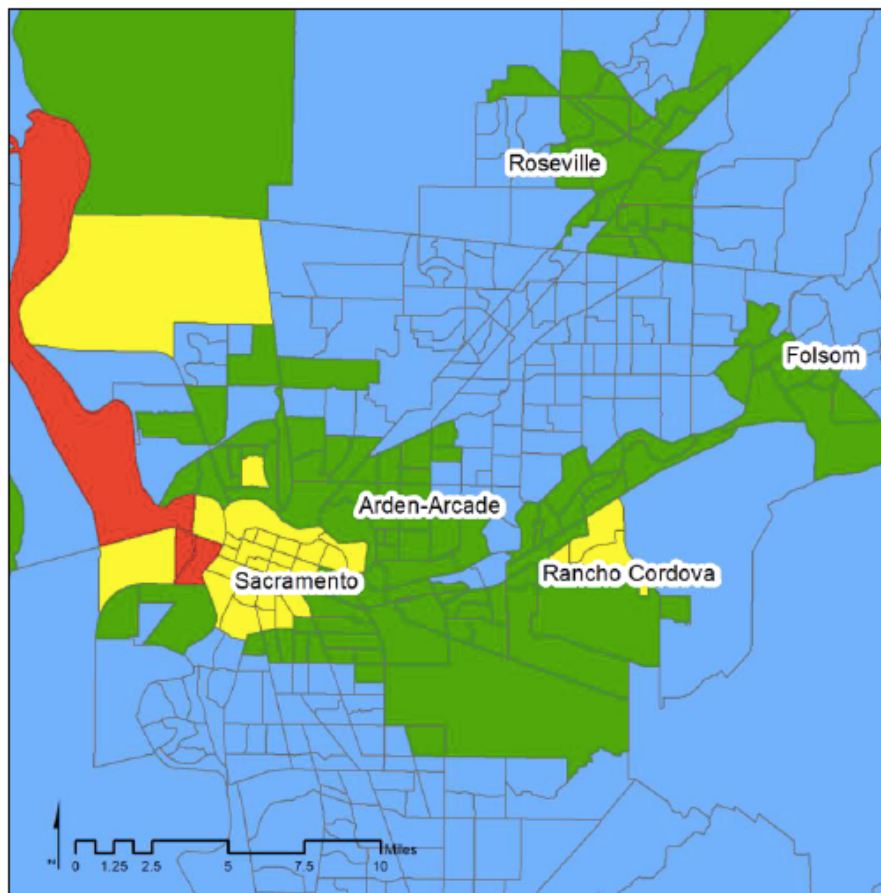
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CENTER FOR REGIONAL CHANGE

From jobs-housing *balance* to *fit*

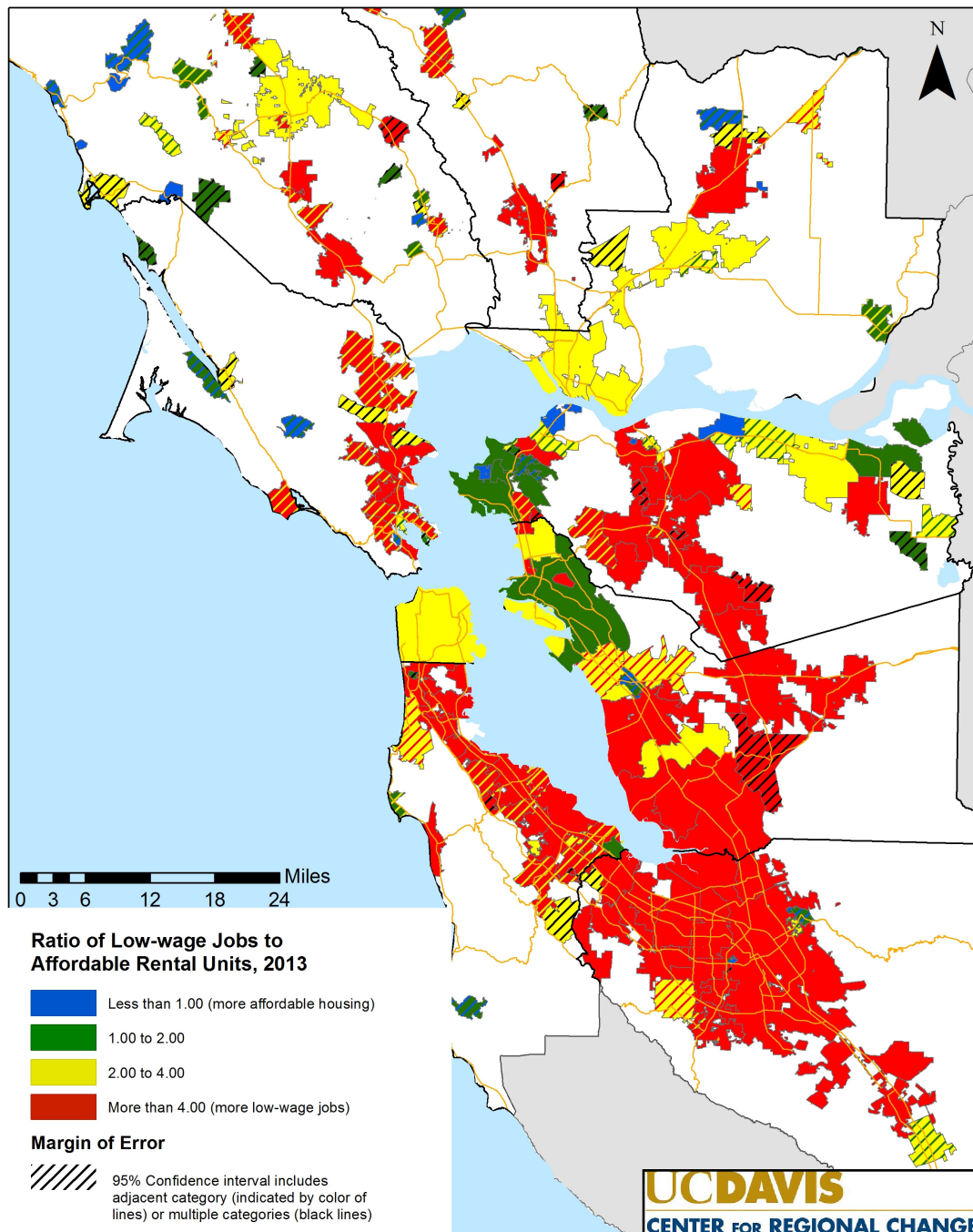
- First systematic studies of *balance* in the late 1980s
 - Cost and Transportation Concerns
- Appropriate “fit” between jobs and housing often discussed but rarely studied until recently
- Low-Income jobs/housing fit especially important
- Important for VMT, GHG, as well as affordability and social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



Comparing J-H Balance and Fit

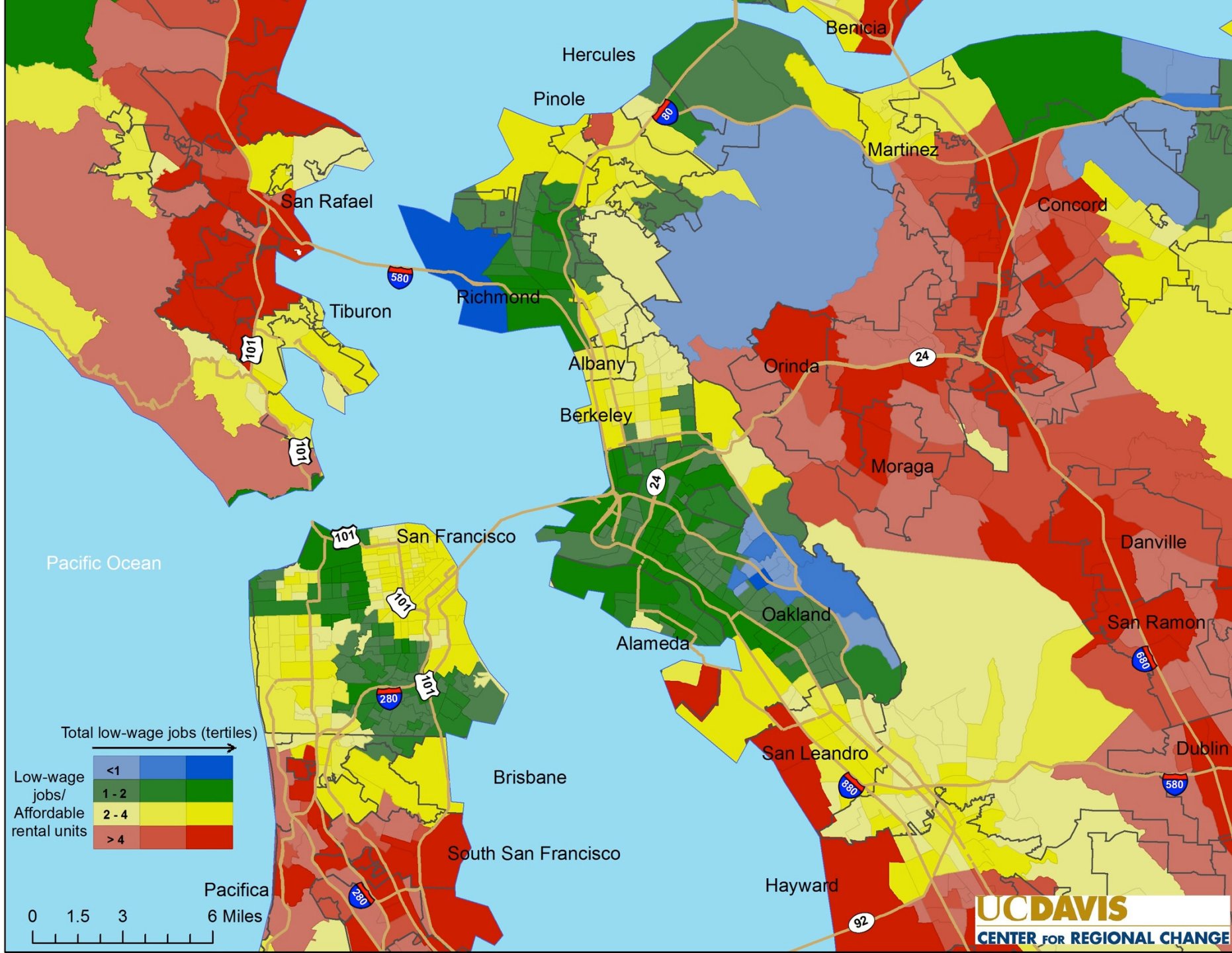


Bay Area Jobs-Housing Fit, 2013



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



Bay Area VMT

Mean VMT attracted by JH fit category

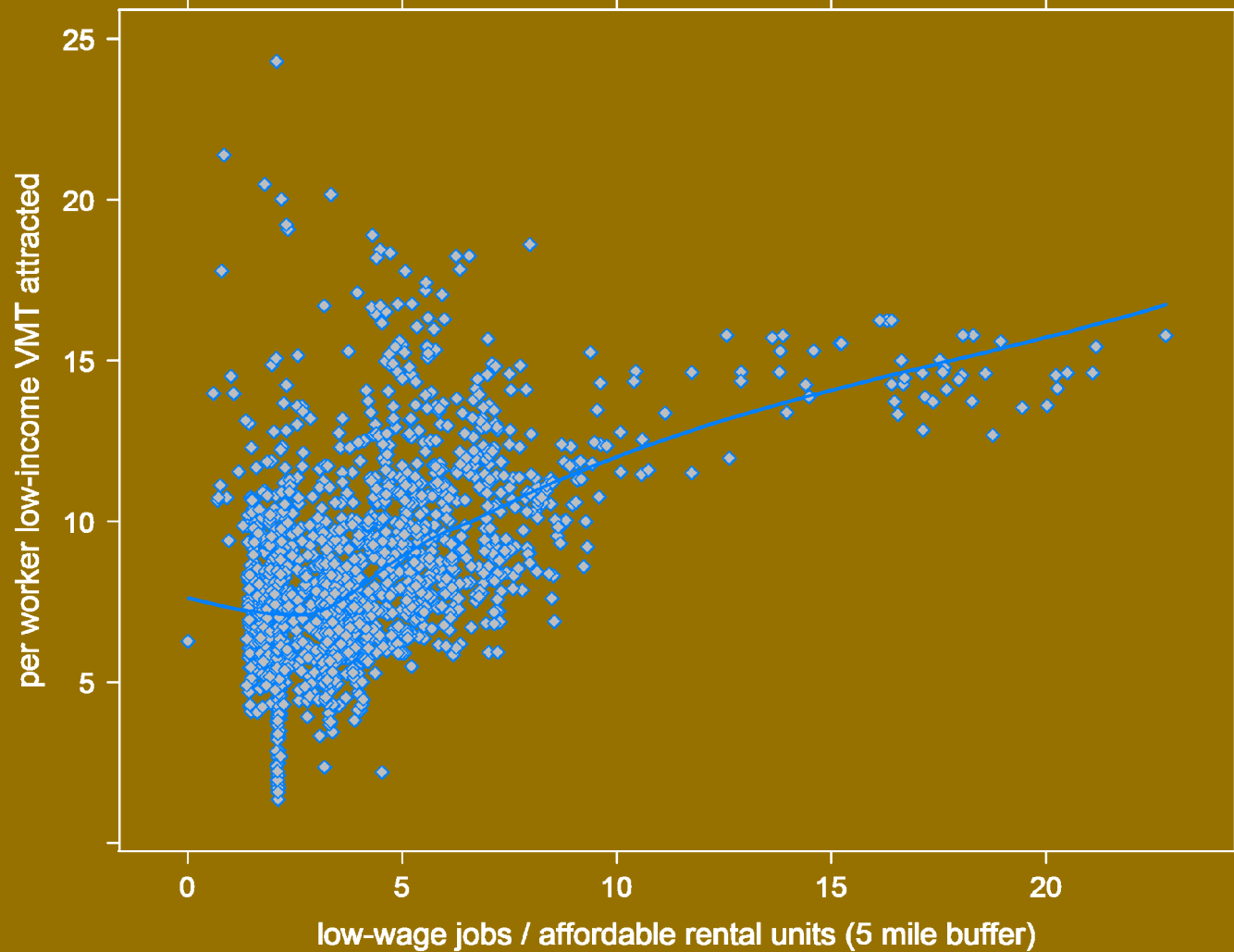
JH fit category	0 – 2.2	2.2 – 4	> 4
VMT attracted	7.10	7.61	10.4

Model results

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

N = 1592, $R^2 = 0.24$

Bay Area VMT

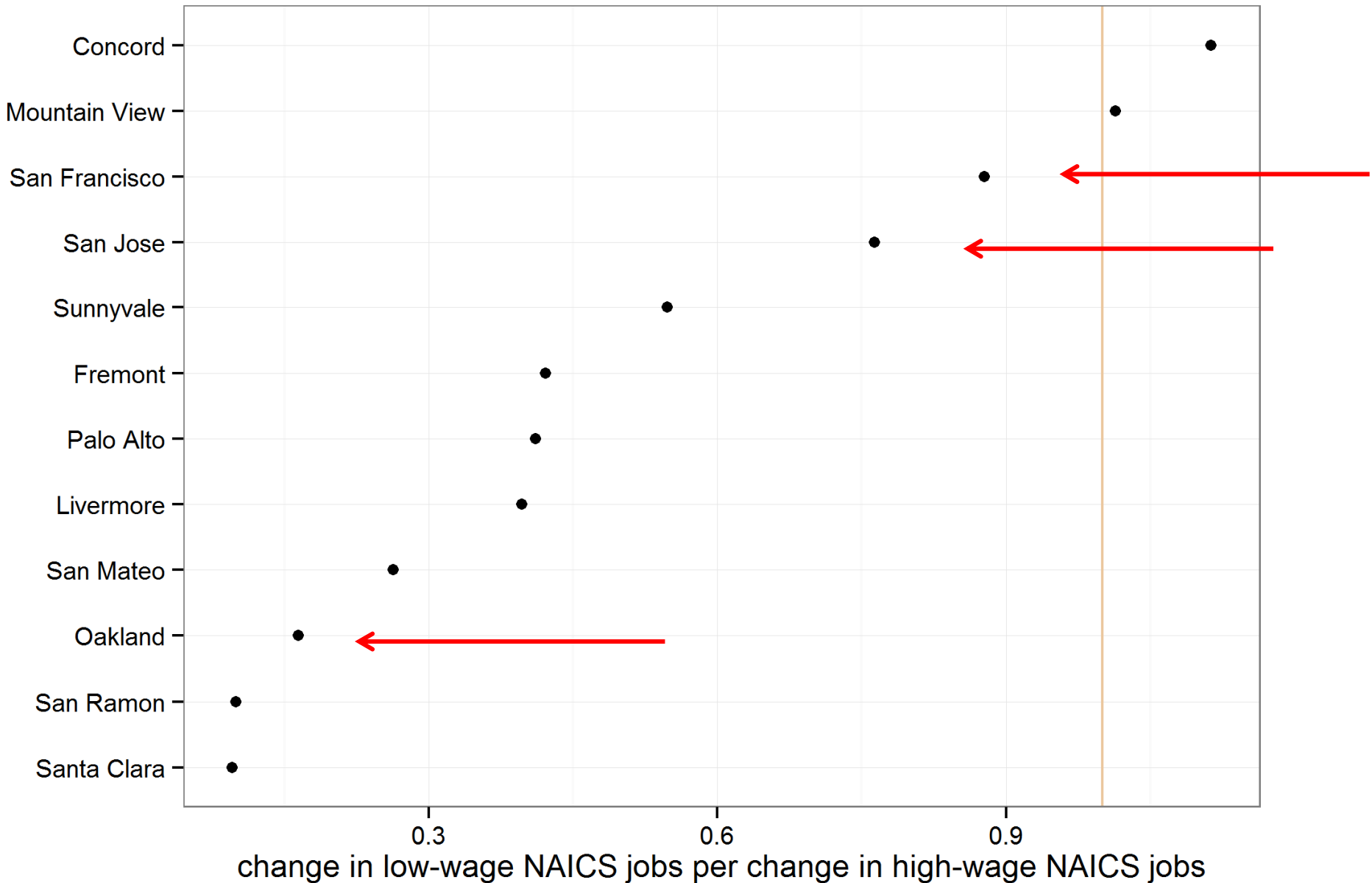


Regional Prosperity Plan Related Research

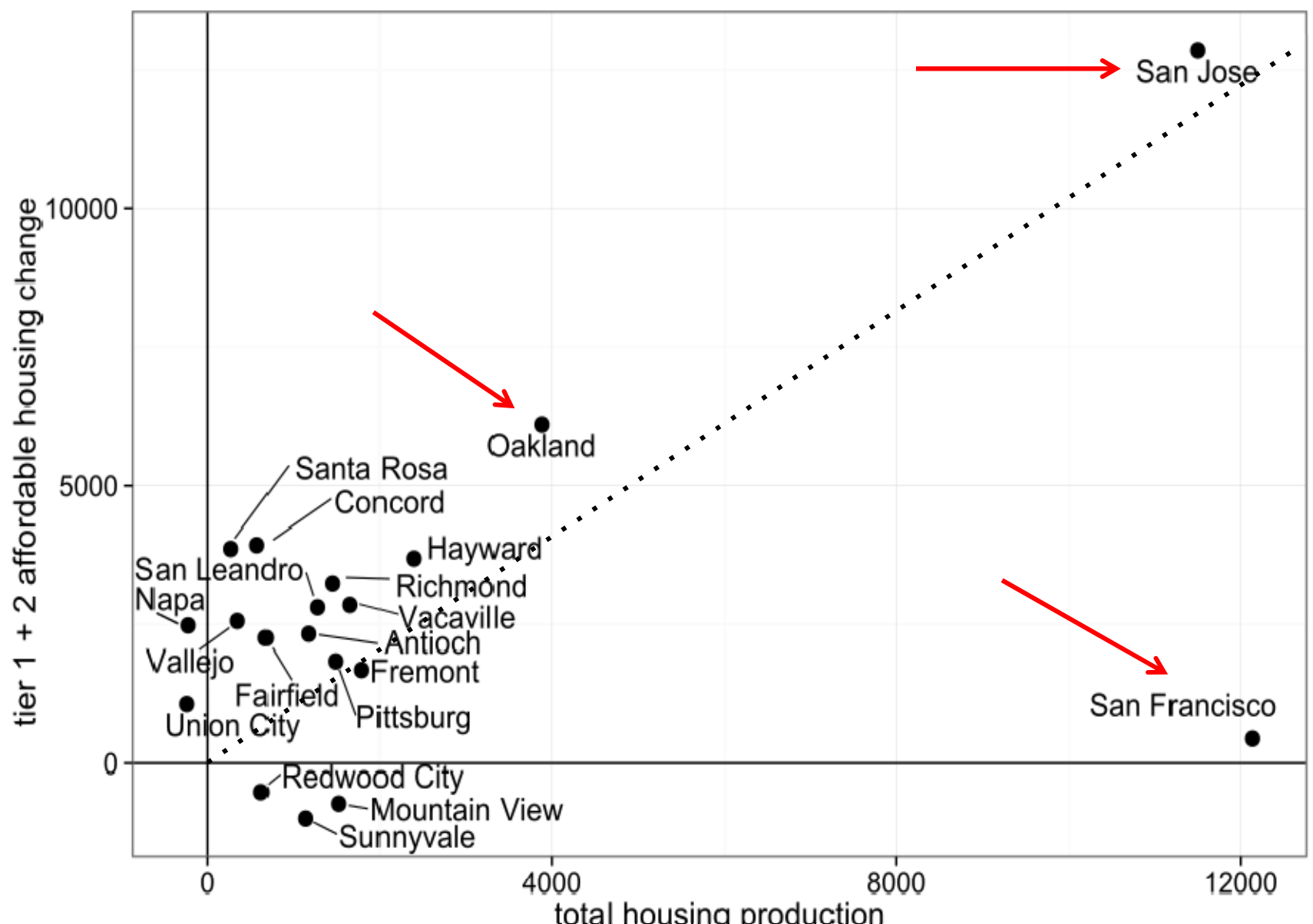


- How does growth in high-wage jobs in one jurisdiction affect low-wage job growth and affordable housing demand in multiple jurisdictions?

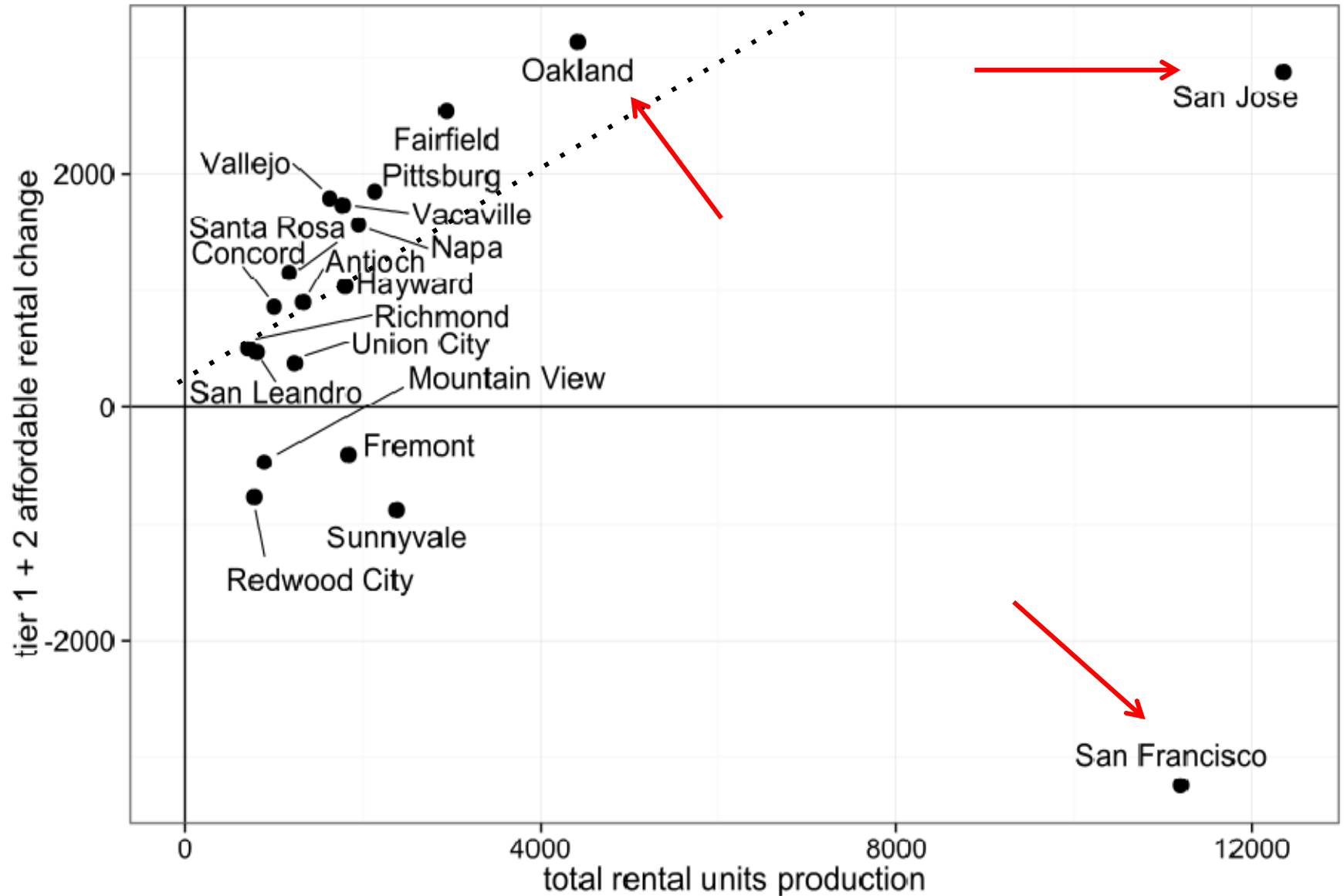
Ratio of High-Wage to Low-Wage Jobs Differs



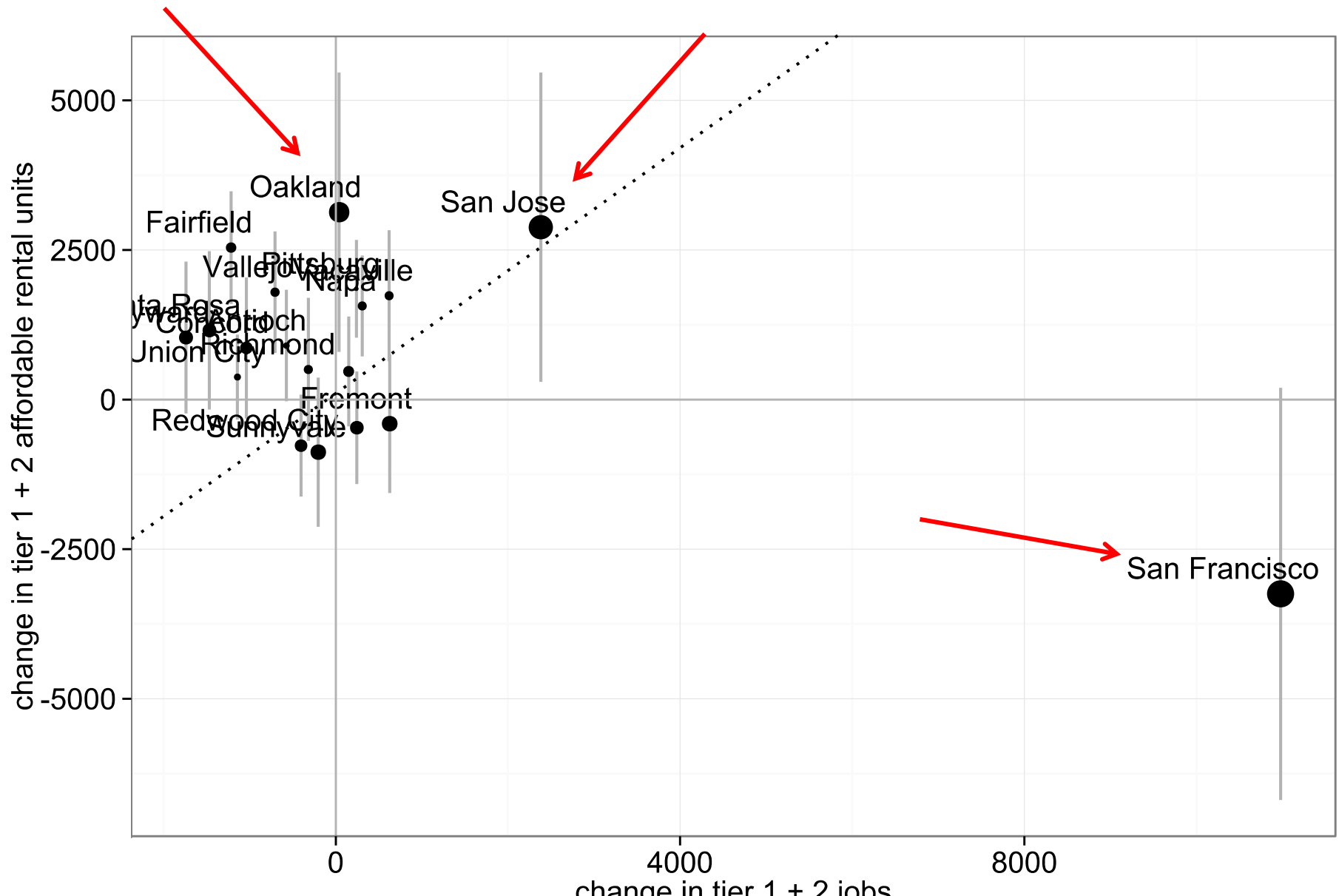
More *Total* Housing \neq More Affordable Housing



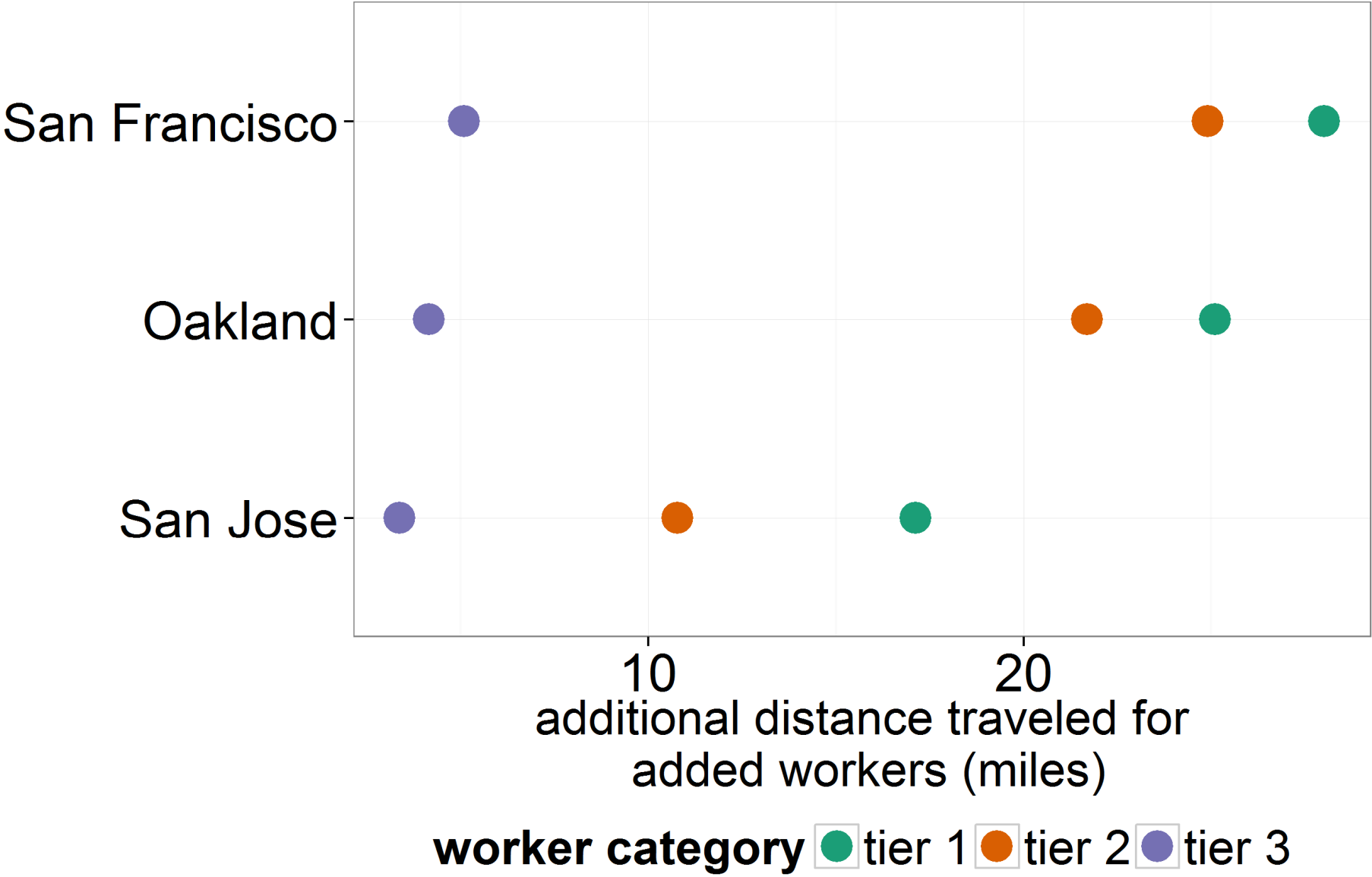
More Rentals \neq More Affordable Rentals



SF Affordable Rentals Not Keeping Up With Low Wage Jobs



New workers, especially low wage, are traveling farther



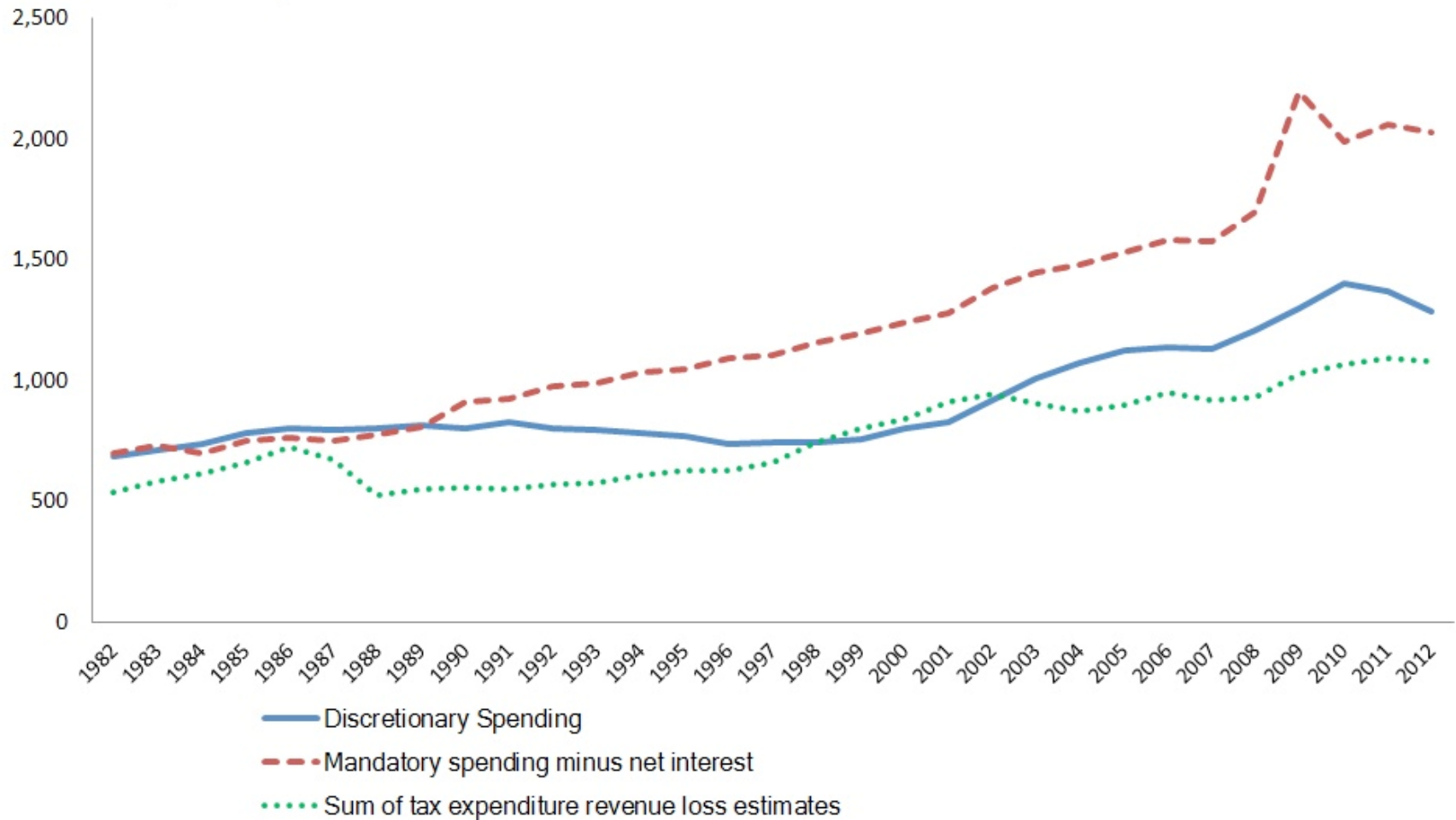
Key Points

- 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



Tax Expenditures Approach the Size of Discretionary Spending

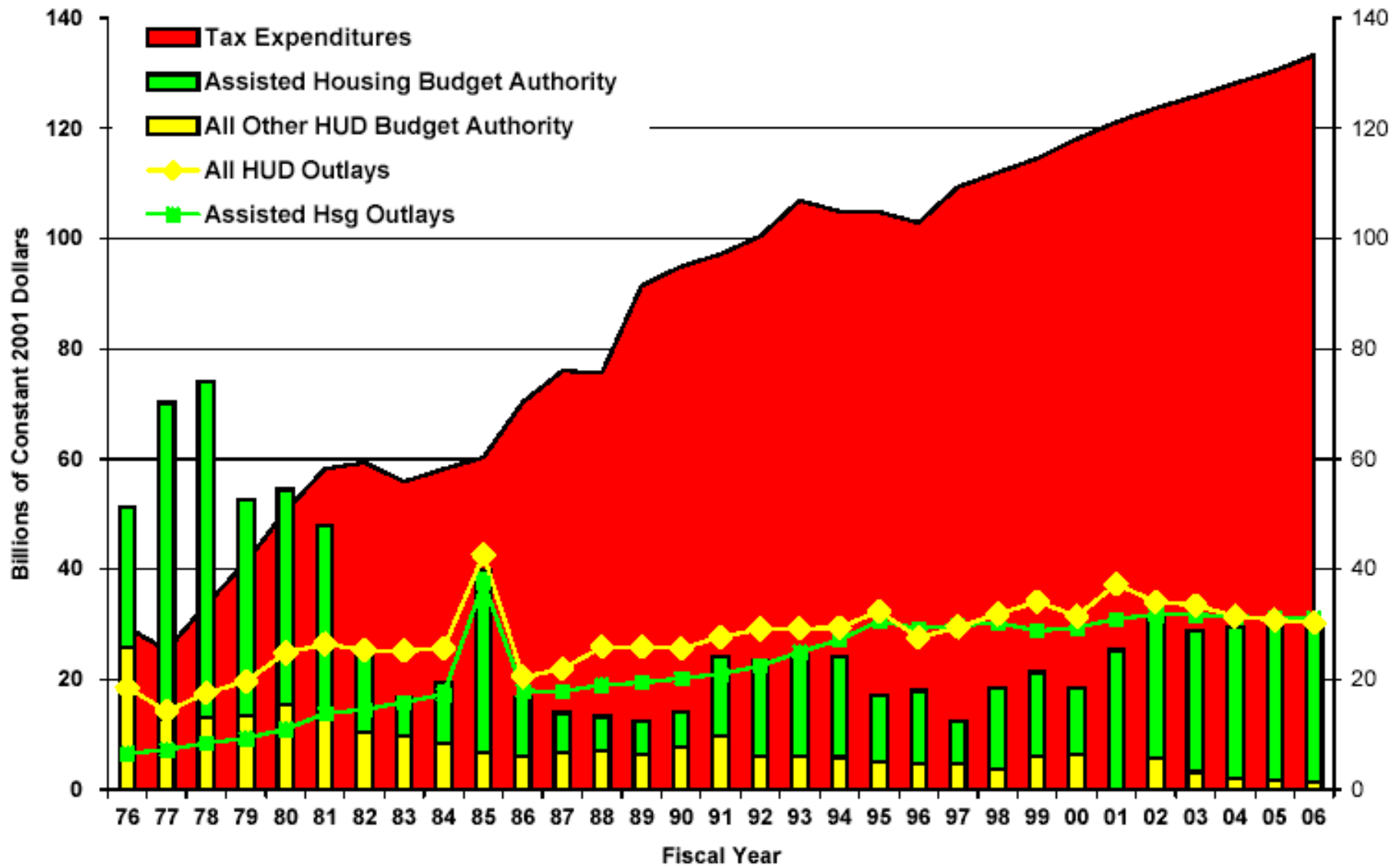
Dollars in Billions (2012 dollars)



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

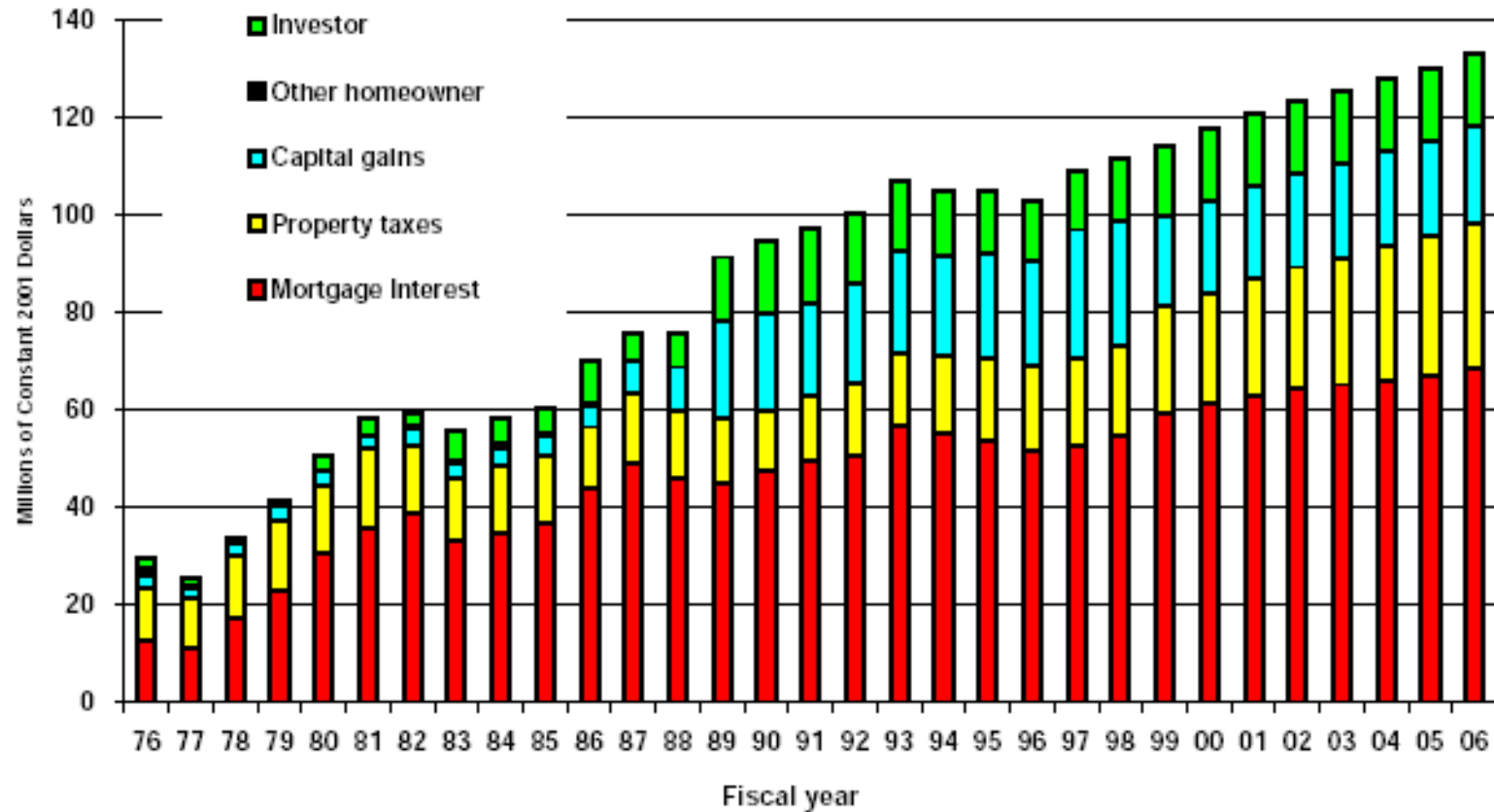
Note: Summing tax expenditure estimates is a useful gauge of size but does not take into account possible interactions among individual tax expenditures.

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



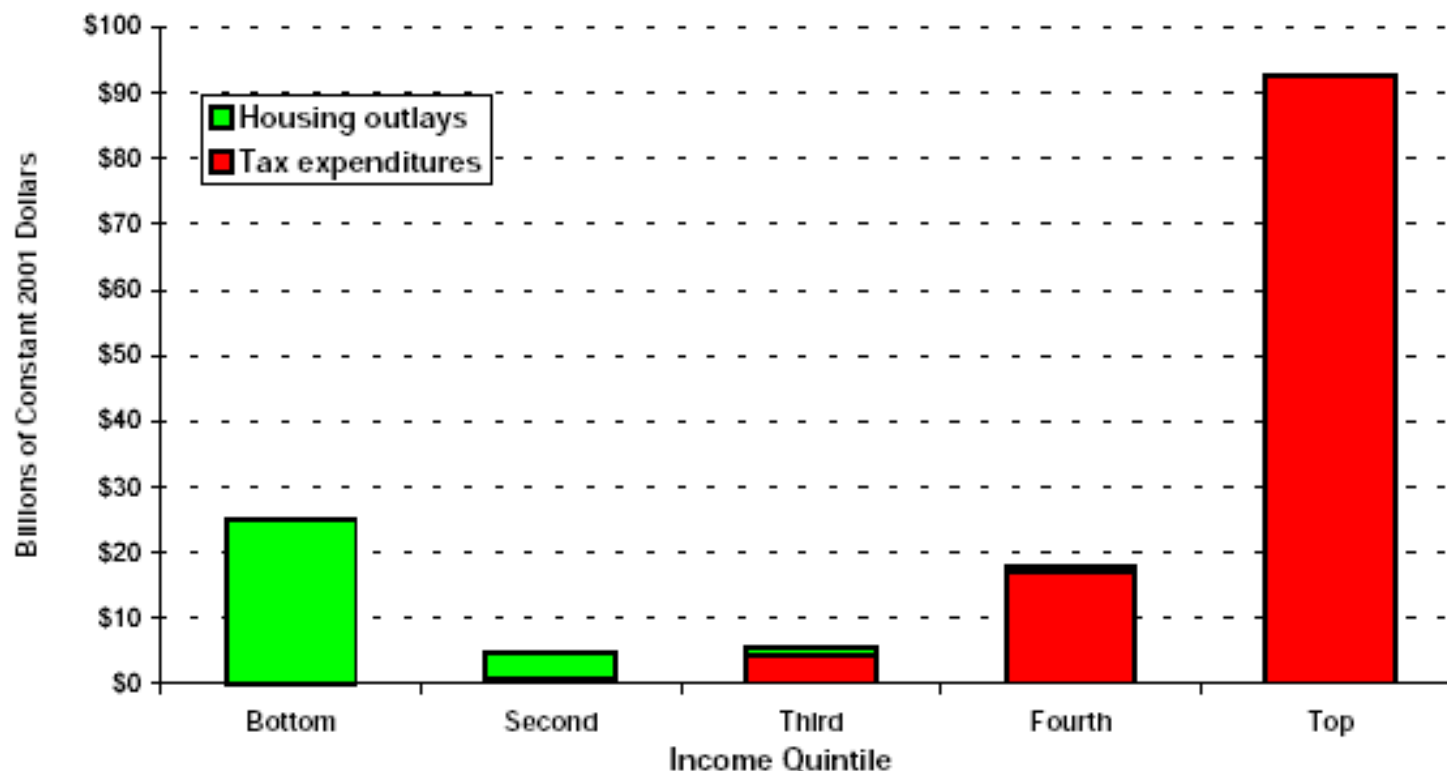
Dolbeare, Cushing (2004) *Changing Priorities: The Federal Budget and Housing Assistance, 1976-2005* (Washington DC: National Low-Income Housing Coalition)

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