

Opinion: California's housing squeeze divides the state

By Dan Walters

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California's unfortunate evolution into a society of haves and have-nots has many root causes, but a highly distorted housing market looms very large.

We have the nation's second highest home prices (only Hawaii is higher) and, not surprisingly, its third lowest level of homeownership.

For homeowners, ever-rising property values may build equity and net worth. But for renters, they mean ever-rising monthly outlays, and for poor families, they mean spending, on average, two-thirds of their meager incomes for shelter.

By the Census Bureau's alternative method of calculating poverty, 24.3 percent of Californians are impoverished, by far the nation's highest rate, and the major factor in that unhappy number is that so many pay so much for housing.

In addition to contributing to socio-economic bifurcation, the housing crunch retards efforts to broaden prosperity. It makes the state less competitive in the global competition for the kind of investment capital that creates well-paying, middle-class jobs, not merely enriches a few high-tech whizzes in Silicon Valley.

With California home prices 250 percent of the national average and rents 150 percent of national norms, employers know that they will have to pay higher wages to recruit and retain qualified workers in California, which affects competitiveness.

Is it any wonder, really, that more Californians pack up and leave the state each year than the migrants we gain from other states? Texas, with home prices a third of California's and a much-lower unemployment rate, is the most popular destination.

Most of us may be viscerally aware of our harsh housing economics, but the Legislature's budget analyst, Mac Taylor, has laid them out in a [detailed report](#) on the "causes and consequences" of the state's high housing costs.

It is, the report concludes, a matter of demand and supply, particularly in coastal communities, where job prospects are highest for both the affluent and the poor.

High land costs, high development fees, local resistance to new housing and disinterest by local governments leave coastal California very short of meeting its housing demands, the report points out. That forces many coastal workers to endure expensive, long and congestion-increasing commutes from inland communities where housing is more plentiful and less expensive.

The report gently dismisses the rather anemic efforts in the Legislature to relieve the state's housing crunch. While providing more financing for dedicated "affordable housing" projects may help some, the need is far beyond what pending proposals would provide.

The options for dealing with this squeeze are, as Taylor's report notes, limited. But big building fees – in some cities more than \$50,000 a unit – and exclusionary land-use policies would be places to start.

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