

New census data: Bay Area grappling with poverty, housing costs

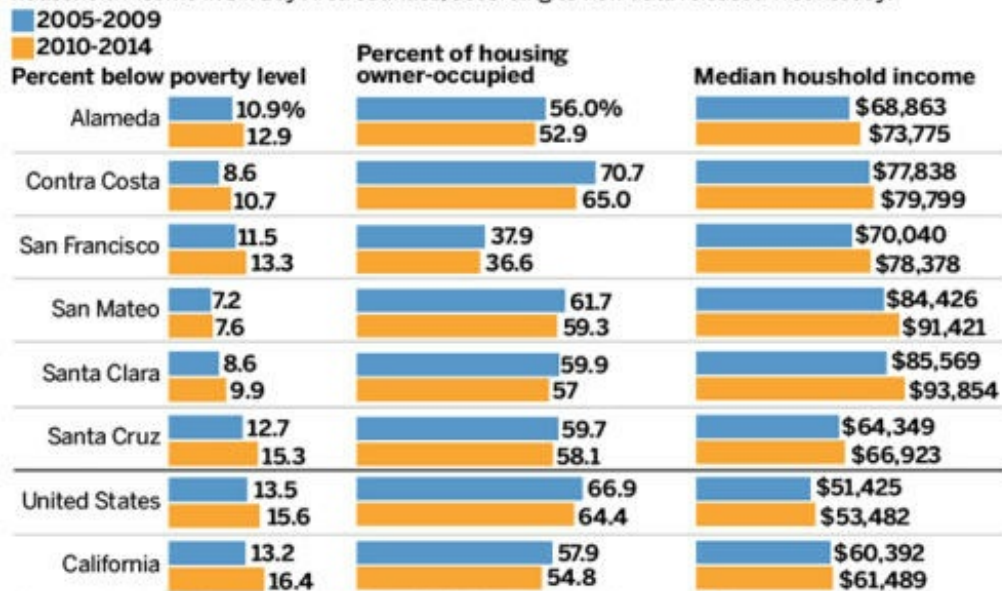
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Posted: 12/02/2015 09:01:43 PM PST [10 Comments](#) | Updated: about 10 hours ago

INCOMES ARE UP, BUT SO IS POVERTY

Poverty grew and owner-occupied housing declined despite modest-to-large increases in median household income in six Bay Area counties, according to new data released Wednesday.



Source: U.S. Census Bureau, 2005-2009 and 2010-2014 American Community Surveys BAY AREA NEWS GROUP

As the Bay Area recovered from the Great Recession, household incomes increased but so did poverty rates and the cost of housing, according to new data released Wednesday by the U.S. Census Bureau.

In Santa Clara County, where the tech boom produced tens of thousands of new jobs as the Golden State's economy rose from the dead, median household income rose 9.7 percent to \$93,854 from the five-year period ending in 2009 to the same period ending in 2014.

But for many residents in the heart of Silicon Valley, the good times didn't exactly roll. The poverty rate in Santa Clara County jumped from 8.6 percent to 9.9 percent, while the median gross rent went up 20 percent.

In the East Bay, the increases in the poverty rate were even worse -- 2.1 percentage points in Contra Costa County and 2 points in Alameda County.

And the percent of owner-occupied housing also took a nosedive, in large part because so many people lost their homes to foreclosure.

The crisscrossing fortunes in the Bay Area over the past five years underscored the region's unique dilemma and are a major driver of a growing wealth gap.

"Poverty is caused by the cost of living -- and specifically the cost of housing -- in our state," said Micah

Weinberg, president of the Bay Area Council Economic Institute.

"If we want to bring those poverty rates down, we've got to get serious about building housing in the Bay Area. We're a million units short of where we should be."

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Weinberg said the Bay Area and coastal California haven't been building enough housing for four decades.

"This has been true through boom and bust," he said. "It's not just something that was created by the tech industry."

In the parts of the region where there are fewer tech companies, the poverty rates increased even more. Santa Cruz County's poverty rate jumped from 12.7 percent to 15.3 percent. Contra Costa County's rose from 8.6 percent to 10.7 percent.

Still, the Bay Area as a whole did a lot better than the state, where the poverty rate jumped 3.2 percentage points to 16.4 percent.

Median household income increased the most in San Francisco -- by 11.9 percent -- and least in Contra Costa County, by 2.5 percent, compared with 4 percent nationwide and 1.8 percent statewide.

The smallest drop in owner-occupied housing happened in San Francisco, which also boasted the largest increase in median monthly mortgage costs -- 4.1 percent.

An explosion in tech jobs and housing costs in that city have boosted the economy while fueling concerns about gentrification, as longtime lower-income residents find it harder to get by.

Santa Clara County, at 20 percent, edged out San Francisco, at 19.1 percent, for the largest percent increase in median gross rent. The region's smallest rent increase -- 12.6 percent in Contra Costa County -- matched the national figure and still exceeded the 11.4 percent increase statewide.

"As places like San Francisco and Santa Clara County get more expensive, people who are lower income tend to move out into areas like Contra Costa County or Santa Cruz County -- places they can find more affordable housing," said Cynthia Kroll, chief economist at the Association of Bay Area Governments.

Kroll said the Bay Area is getting better at increasing the housing supply in areas closer to where jobs are being created, "but there's a lot of catch-up to do."

Christopher Thornberg, a founding partner with Beacon Economics in Los Angeles and an expert in California's economy, said the Bay Area's poverty rates might actually be a bit worse because the new data doesn't factor in the region's high cost of living.

And the skyrocketing housing costs reflect the need for more housing stock overall, not just for low-income residents, he added.

"It's a burden for everybody, unless you're making money hand over fist in one of these tech companies," Thornberg said.

Weinberg said better workforce development would go a long way toward lifting people out of poverty, as there aren't enough people "prepared to take middle-skilled, middle-income jobs. ... That's something we need to focus on as a region."

Thornberg agreed, noting that California as a whole has "a huge share of the highest-skilled workers and a huge share of the lowest-skilled workers -- it's the middle categories where we're underrepresented."

The tech boom also helped create a more educated population.

The percentage of people 25 or older who had a bachelor's degree or higher grew slightly in Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara counties -- with San Francisco posting the highest rate, 52.9 percent. But it fell slightly in Santa Cruz County, from 38.7 percent to 37.5 percent.

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