



**DESPITE RECENT ECONOMIC DOWNTURN NEW STUDY FINDS BAY AREA HOUSING
“PERSISTENTLY AND PERVASIVELY” UNAFFORDABLE FOR WORKING FAMILIES**

Report Predicts Extreme Housing Shortages of Nearly 30,000 Units by 2025 and an Even Greater Number of Families Being “Priced Out” of Housing Unless Serious Policy Changes Occur

Contacts: Kevin Herglotz, 415-874-9650; kevin@hpastrategies.com
Trisha Riggs, 202-624-7086; priggs@uli.org
Website: www.bayareaburden.org

SAN FRANCISCO (February 18, 2010) – Housing in the San Francisco Bay Area today remains unaffordable to a large portion of the region’s workforce and the problem is expected to continue to grow with severe housing shortages by 2025, according to new research published by the Urban Land Institute (ULI) Terwilliger Center for Workforce Housing. The severity of the problem threatens the region’s future economic viability and, unless serious policy changes are made, new home development will leave significant unmet demand, leaving thousands of working families “priced out” of affordable housing options.

*The report, “**Priced Out: Persistence of the Workforce Housing Gap in the San Francisco Bay Area**” examined the availability of for-sale and rental housing to workforce households. Approximately 30 percent of the metro area’s 2.7 million households fall in this income range. The study analyzed the housing market in nine counties -- Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, San Francisco, Solano, and Sonoma – and found that only 15 percent of the existing for-sale housing stock in the Bay Area is affordable to workforce households earning the median family income. This compares with between 50 and 60 percent in many of the Bay Area’s peer metropolitan regions. In fact, every county in the Bay Area ranked as being one of the least affordable in the country with only New York City being ranked less affordable.*

“Families in the Bay Area are finding it harder and harder to escape the high cost of housing,” said Henry G. Cisneros, former Secretary of the US Department of Housing and Urban Development and Advisory Board Member of the Terwilliger Center for Workforce Housing. “There are no real ‘fringe’ locations in the Bay Area where working families can choose to trade off a much longer and expensive commute in exchange for an affordable housing option.”

The report also found that uniformly high housing costs are similarly pervasive in the rental housing market, which serves 42 percent of workforce households in the Bay Area. Workforce households have a much higher propensity to rent in the Bay Area, especially among families, than in peer metropolitan regions across the country. Furthermore, Bay Area rents are high and a disproportionately high percentage of workforce households also pay more than 30 percent of their incomes on rent, more than in peer metropolitan regions across the country.

Given the large percentage of the population represented by the workforce, and their importance to major industries supporting the Bay Area economy, the housing shortage needs to be addressed “sooner rather than later,” said ULI Terwilliger Center Chairman J. Ronald Terwilliger. “The bottom line is that workforce households are critical to keeping the economy afloat and they offer a deep, relatively untapped market segment. Creating these housing opportunities would improve the competitiveness of the Bay Area as an attractive place to live and work.”

Between 2010 and 2030, the Association of Bay Area Governments projects that the Bay Area will add more than 500,000 households. Given this growth, *Priced Out* estimates that the Bay Area will face a shortage of at least 6,000 for-sale housing units affordable to workforce households by 2025. Moreover, demand for new rental housing is projected to exceed supply by almost 23,000 units, resulting in a total shortage of more than 29,000 workforce housing units in 2025.

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Priced Out, prepared for ULI by RCLCO/Robert Charles Lesser & Company, is the second in a series of Bay Area reports released by the ULI Terwilliger Center in recent months. In November, ULI released **Bay Area Burden**, a report showing that Bay Area households spend on average nearly 60 percent of their income on transportation and housing costs alone. **Bay Area Burden** also highlights the impact of these costs on the environment and makes available a consumer cost calculator that helps users determine their own true costs of housing and transportation. The two reports and the cost calculator can be accessed on a new website: www.bayareaburden.org. Their purpose is to bring more awareness and subsequent policy changes to measurably increase the supply of workforce housing in high-cost markets throughout the nation.

To help illustrate how these issues impact working families throughout the Bay Area, **Priced Out** provides a series of workforce housing profiles which show the personal and economic realities that families are facing every single day. For instance, only 14 percent of the for-sale housing in the Bay Area is affordable to a family in San Jose making a combined annual income of \$92,000. Only 9% of the for-sale housing market is affordable to a family in Alameda with a combined income of \$78,000. The conditions are just as severe for families seeking rental housing as rents in the Bay Area are among the highest in the nation.

In both for-sale and rental categories, the Bay Area's workforce housing shortage is most severe among "family households," which has the most difficulty finding appropriate housing because larger households require homes with more bedrooms, which typically are more expensive. The report notes that nearly every profession includes employees who fall into the workforce housing income range, including those who work in the fields of public service; professional, scientific or technical services; health care and social services; construction; retail; administrative support; finance and insurance services; and education.

"If current trends continue, new construction will fail to meet the significant projected demand for workforce housing in the future," said Jim Wunderman, President and CEO of the Bay Area Council. "Unless these issues are seriously addressed, not only will Bay Area families continue to be priced out of housing options, but the region's future economic viability will be threatened."

Priced Out concludes that the San Francisco Bay Area suffers from a workforce housing shortage that is among the most acute and widespread in the nation. Despite the recent housing market downturn, the high cost of housing remains a critical challenge to the long-term economic health of the Bay Area. While most metropolitan areas exhibit a pattern in which workforce households cannot find affordable for-sale housing in neighborhoods convenient to major employment concentrations, what distinguishes the Bay Area is that workforce households are priced out of the for-sale housing market almost entirely. Left unchanged, the pervasive and persistent housing burden of workforce households in the Bay Area will imperil the region's economic vitality.

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About the ULI Terwilliger Center for Workforce Housing

The ULI Terwilliger Center for Workforce Housing was established by J. Ronald Terwilliger, chairman and CEO of Trammell Crow Residential, to expand housing opportunities for working families. The mission of the Center is to serve as a catalyst in increasing the availability of workforce housing by harnessing the power of the private sector. The Center supports the development of mixed-income communities close to employment centers and transportation hubs. Through a multifaceted approach, the Center facilitates research advocates for public policy change, publishes best practices, convenes housing experts, and works to eliminate regulatory barriers to the production of workforce housing.

About the Urban Land Institute

The Urban Land Institute (www.uli.org) is a global nonprofit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in sustaining and creating thriving communities worldwide. Established in 1936, the Institute has nearly 34,000 members representing all aspects of land use and development disciplines.