

PASADENA STAR-NEWS

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Gap widening between income and costs

BY PETER DREIER

RISING housing costs are undermining Pasadena's social and economic fabric. Working families are being pushed out. Our public schools are losing children. Many religious congregations are losing members. Youth soccer and baseball leagues, and other civic activities, are losing volunteers.

The children of many current residents won't be able to buy a house - or even rent an apartment - in our community. The number of Pasadena households who pay over half of their incomes for rent or mortgages is steadily growing. These families have little left over to spend, which hurts local businesses. Local employers can't find enough employees who live in the city, causing long commutes and traffic congestion. Housing costs are skyrocketing beyond what most working families can afford.

Unless we change course soon, Pasadena will become, within two decades, primarily an enclave for the well-off. Housing policy must focus on maintaining a diverse, vibrant city for people of all incomes.

We face a widening gap between incomes and housing costs. Families with incomes below about \$17,000 face an "affordability gap" of at least \$1,227 a month - the difference between what they can afford to pay and typical Pasadena rents (more than \$1,650 a month for a three-bedroom apartment). Families with incomes of about \$44,000 confront an "affordability gap" of about \$534 a month.

Almost all the new housing projects recently approved by Pasadena are targeted for well-off buyers and renters. Of

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the 1,169 units built under the city's Inclusionary Housing Law, only 172 are affordable to low- and moderate-income people.

We must increase the housing supply but simply adding more high-end housing doesn't relieve market pressures. It has the opposite ripple effect of pushing up rents and home prices for the existing housing stock. Instead, we need more emphasis on protecting existing affordable housing, while focusing new construction on affordable units.

Market forces, though powerful, can be tamed and redirected by responsible public policy. Cities can't solve the housing crisis on their own, but they can make significant progress if they have the political will and use the tools at their disposal.

City officials could consider the following initiatives:

- Help nonprofit community and tenant groups to purchase existing rental apartment buildings and preserve them permanently as affordable rental and resident-owned cooperative housing. Set a target of preserving 500 units a year for 10 years.

- Collaborate with employers, social agencies, unions and churches to guarantee that all Pasadena families eligible for the federal Earned Income Tax Credit (an income supplement for families earning up to \$37,000) sign up to receive it.

- Revise the Inclusionary Housing ordinance. First, require all new housing development along major transit corridors to be mixed-income, with one-third at market rate, one-third for "workforce" housing and one-third for low-income

families. Second, in other areas, set aside at least 20 percent of units for low-income and moderate-income families. Third, eliminate in-lieu fees that allow developers to avoid creating mixed-income housing.

- Encourage mixed-use development that combines first-floor office/retail space with mixed-income housing above.

- Work with the school district to convert surplus school buildings into mixed-income housing, perhaps with preference for teachers and other municipal employees.

- Identify vacant land and underutilized buildings owned by public and private entities for city purchase for future housing developments.

- Work with employers and lenders to help families purchase homes through a "soft second" mortgage program.

- Adopt a "linked deposit" policy by requiring the city to do business only with banks that invest in affordable housing while withdrawing funds from banks that practice redlining and predatory lending.

- Enact "just cause" eviction law so landlords can evict problem tenants quickly yet protect responsible tenants from arbitrary evictions.

- Ban or limit conversion of affordable rental apartments to expensive condominiums.

- Expand local funds for housing by eliminating the cap on using downtown redevelopment area funds for housing; enacting a tax on real estate transfers and requiring developers of commercial projects to contribute to the housing trust fund.

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