



HOUSING POLICY STRATEGIC FRAMEWORK
- Overview and Summary -
November 2000

Overall Goal

The overall goal of the Bay Area Council regarding housing is to achieve in the Bay Area an adequate housing supply of sufficient affordability to the full population, particularly for the workforce, in order to sustain long-term economic prosperity.

Policy Framework

The lack of housing affordable within the region to the workforce is perhaps the greatest short-term threat to sustained economic prosperity. Housing prices and rents in the Bay Area are the highest ever on both an absolute and adjusted bases. The jobs-housing imbalance is the worst in the history of the region--fewer houses than ever before are being produced in the region for the quantity of new jobs being generated. And, although housing costs have historically been higher in the Bay Area than other regions, a recent analysis of the Bay Area economy in comparison to other competitor regions documents the fact that housing costs are eroding the economic comparative advantage derived from impressive productivity gains in this region. High housing costs are not just a problem for individual consumers--they are impacting the economic competitiveness of the region in tangible measurements.

The housing affordability challenge is first and foremost an availability problem--it is a basic case of supply and demand. Strong demand for an extraordinarily constrained supply has driven prices and rents higher and higher. Thus, without an expanded supply, any public or private attempt to provide increased affordability--such as bonds, tax credits, tax-exempt financing, rental assistance, first-time homebuyer programs, a trust fund, and employer assistance through participation in down payments or other equity arrangements--will be more costly to both taxpayers and consumers. Market forces through accommodating adequate supply must be embraced to achieve greater affordability.

Housing is an integral component of the regional economic infrastructure. And, housing is the *linchpin* of sustainable development and smart growth. It is inextricably inter-related with transportation, land use, air quality, and education. And, it is the common connecting element or "intersection" of the "3 Es" of smart growth: Prosperous Economy, Quality Environment, and Social Equity. Therefore, effective actions to achieve the housing supply and affordability goal must reflect the connections to other issues. Without an adequate supply in the region, unmet demand will drive housing costs and rents even higher. As housing available and affordable to the workforce is pushed farther away from job centers, the transportation and air quality problems are worsened. Mobility solutions will be even more expensive without a land use pattern that accommodates a lot more housing closer to job centers. And, without improved housing opportunities in core cities and older suburban communities, the poorest neighborhoods in the region will continue to deteriorate. It is not possible to achieve smart growth without first getting "right" the housing supply and affordability challenge within the region.