

Solidarity Economics



HOUSING IN THE MONTEREY BAY AREA

This is part of a series on how Solidarity Economics principles of mutuality and movements can be applied to help promote inclusive economic development in the Monterey Bay region. For more information on Solidarity Economics, please see:

<https://transform.ucsc.edu/work/solidarity-economics-projects/>



THE STATUS QUO

MUTUALITY

MOVEMENTS

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THE STATUS QUO

WHAT IS THE CURRENT SITUATION IN OUR REGION?

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HOUSING IS A CENTRAL PART OF OUR ECONOMY

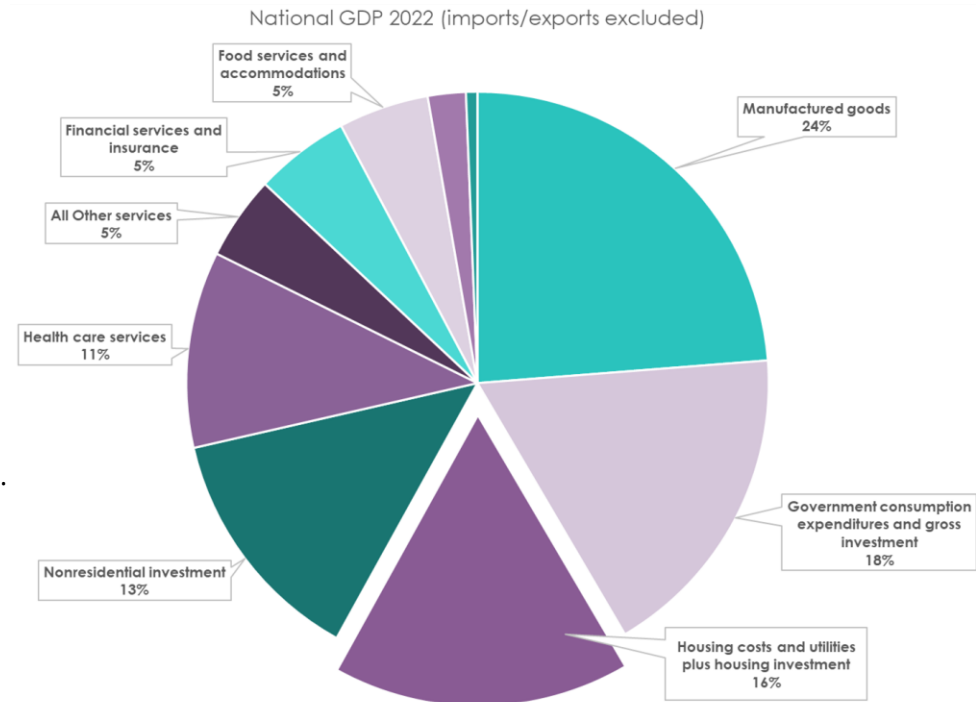
The combination of residential construction and spending on housing costs accounts for 15-18% of our total economic output (NAHB). The shortage of affordable housing costs our economy in the U.S. about \$2 trillion a year, in lost time, wages and productivity, as people can't move to locations with better and more productive jobs (Hsieh and Moretti 2019).

Furthermore, the types, location and cost of housing fundamentally shapes people's access to jobs, education, food, essential public services, and the health and safety of communities.

Housing costs are the largest single expenditure of most households. It is also the primary means of wealth accumulation.

Our current system is highly unequal as well, rooted in historical racism, and continues to undermine the upward mobility of the most impoverished low-income and residents of color.

*Monterey Bay Area refers to the tri-county region of San Benito, Santa Cruz, and Monterey Counties



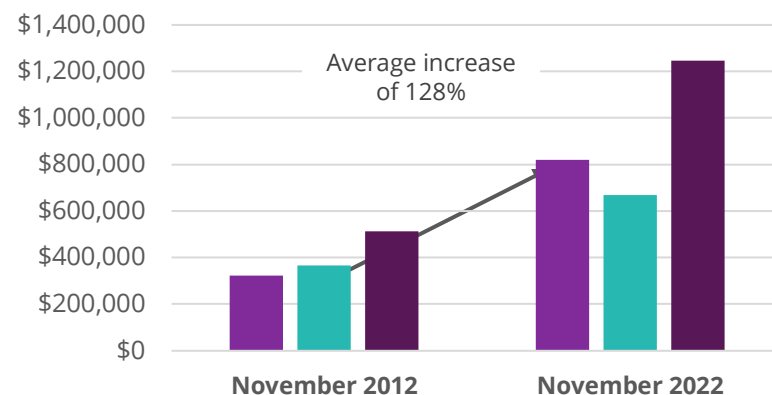
HOUSING IS UNAFFORDABLE

The Monterey Bay Area has some of the least affordable housing of any region in the U.S.

The median home sale price has **doubled** in the past decade.

Over a **third of all homeowners** and **half of all renters** in the Monterey Bay area spend more than what is considered an affordable amount, 30% of their income on housing costs.

MEDIAN HOME PRICE BY COUNTY



■ Monterey ■ San Benito

Source: ACS 2015 5-year estimates

| | Monterey | San Benito | Santa Cruz |
|---------------|-----------|------------|-------------|
| November 2012 | \$350,000 | \$375,000 | \$500,000 |
| November 2022 | \$825,000 | \$675,000 | \$1,275,000 |

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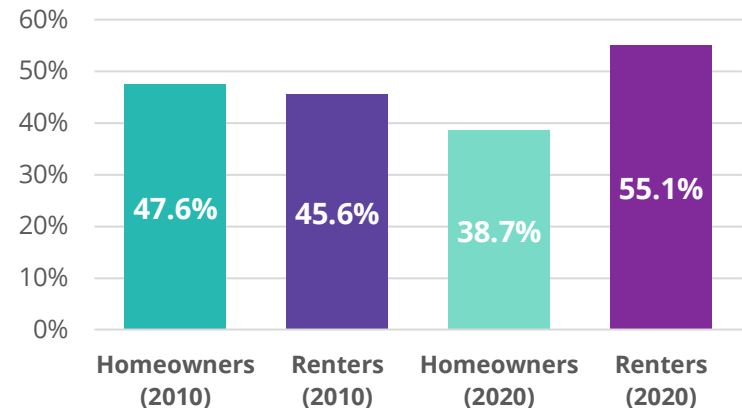
MORE THAN HALF OF RENTERS ARE COST BURDENED

According to the U.S. Department of Housing and Urban Development, the Fair Market rental rate for a 2-bedroom home in Monterey County is **\$2,675/month**

To afford this rent without being cost-burdened, a household would need an annual income of **\$107,000 or \$8,917/month**. The median household income for renters in Monterey County (2021) is only **\$82,013 or \$6,834/month**. That means the median household would need to earn **~30% more** just to afford fair market rent.

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HOUSEHOLDS SPENDING >30% OF INCOME ON HOUSING (2010 VS 2020)



| | 2010 | 2020 |
|------------|-------|-------|
| Homeowners | 47.6% | 38.7% |
| Renters | 45.6% | 55.1% |

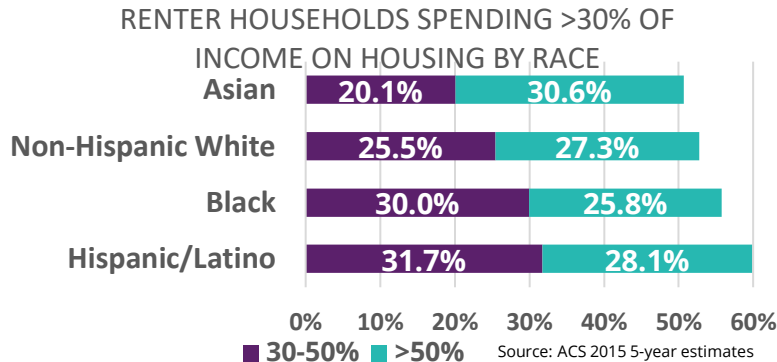
RACIAL DISPARITIES IN ACCESS TO AFFORDABLE HOUSING ARE STRIKING

The lack of affordable housing disproportionately affects Black and Hispanic/Latino renters.

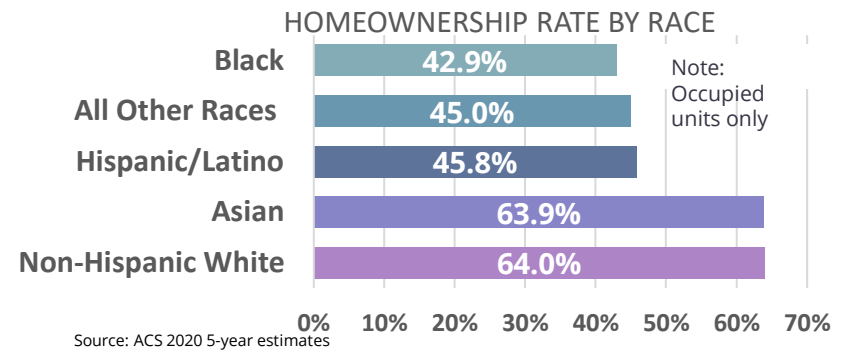
Black and Latino renters experience greater moderate and severe housing cost-burden, and are less represented in homeownership than Non-Hispanic white and Asian households.

Non-Hispanic White residents are **2.1x** more likely to be homeowners in the Monterey Bay Area compared to their Hispanic/Latino counterparts

Less than **1/2** of Black and all other race residents are homeowners in the area.



| | 30% - 50% | > 50% |
|--------------------|-----------|-------|
| Asian | 20.1% | 30.6% |
| Non-Hispanic White | 25.5% | 27.3% |
| Black | 30.0% | 25.8% |
| Hispanic/Latino | 31.7% | 28.1% |



| | HOUSEHOLD HOMEOWNERSHIP |
|--------------------|-------------------------|
| Black | 42.9% |
| All Other Races | 45.0% |
| Hispanic/Latino | 45.8% |
| Asian | 63.9% |
| Non-Hispanic White | 64.0% |

UNAFFORDABLE HOUSING LEADS TO LONG COMMUTES

The geography of unaffordable housing drives workers to have to travel long distances to job centers in the region.

Nearly **1/10th** of Monterey Bay Area workers travel an hour or more into the region for work. Of these workers, over 30% are considered “super-commuters” who travel over 90 minutes for work.

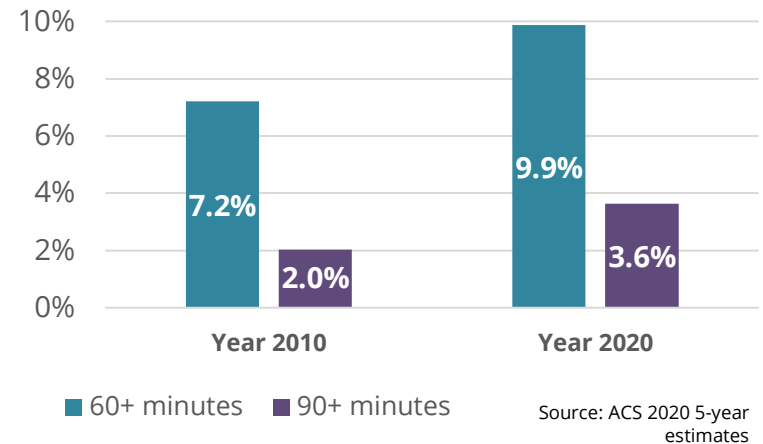
A disproportionate number of workers commute into our area for work from outside counties

Monterey Bay Area = **29%**

California State Average = **17%**

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PROPORTION OF SUPER COMMUTERS BY YEAR



| | 2010 | 2020 |
|-------------|------|------|
| 60+ minutes | 7.2% | 9.9% |
| 90+ minutes | 2.0% | 3.6% |

LACK OF AFFORDABLE HOUSING CONTRIBUTES TO A RANGE OF ECONOMIC PROBLEMS



OUR ECONOMY

Property tax revenue stays within the counties where our commuting workforce lives rather than in our local area. Companies may also be less interested in settling in the Monterey Bay Area due to a limited local workforce and high property costs.



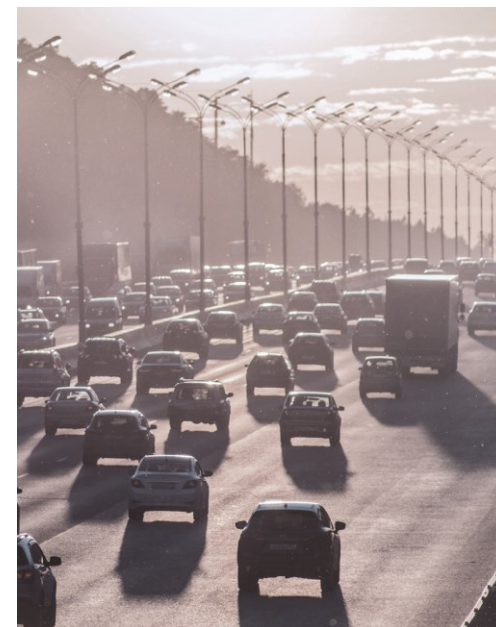
OUR ENVIRONMENT

Commuting results in environmental and atmospheric degradation through increased air, water, and noise pollution. This pollution burden is more prevalent across inland regions, disproportionately impacting low-income BIPOC residents.



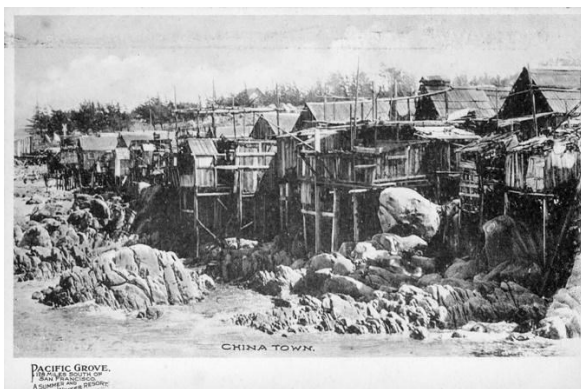
OUR PUBLIC HEALTH

Poor air quality due to increased vehicle emissions may increase rates of respiratory and cardiovascular injury. Workers with long commute times are also at higher risk of hypertension and cardiovascular illnesses. Beyond commuting itself, lack of affordable housing results in increased experiences with housing instability and homelessness, places both working adults and their families at greater risk of food insecurity, inconsistent healthcare access, and malnutrition



DISCRIMINATION IN HOUSING

These unequal patterns didn't emerge by chance but were driven by discriminatory policy and practice.



- Redlining practices of the 1930's contributed to racial segregation by assigning predominantly **BIPOC neighborhoods as "hazardous"** lending risk.
- Racialized housing assistance practices allowed greater access to housing **subsidies for middle-upper class, white homeowners** rather than lower income, BIPOC renters
- In the New Deal Era of the 1930's, Black-only public housing developments had **considerably less availability** compared to the White-only public housing
- In 1906, the Pacific Grove Chinatown area was **severely damaged by suspicious arson** which displaced the majority of the Chinese immigrant population along the peninsula. Some suspect that the real estate group Pacific Improvement Company **initiated the arson** to remove the growing immigrant population
- From the 1920's-1950's, the predominantly white upper-class of the Monterey Bay Area **pushed out minority immigrant residents** living along the Monterey Peninsula, and ultimately forced them to seek housing in under-developed portions outside of Salinas and Monterey
- White leaders of the newly established cities of Pebble Beach, Pacific Grove, Del Rey Oaks, and Carmel **created legal decrees to prevent minorities from occupying choice buildings** in the region

DISCRIMINATION IN HOUSING

These influences have modern consequences

"[T]he premises herein described... shall not be in any manner used or occupied by Asiatics or Negroes;... [buyers] agree not to sell or lease the said property... excepting to persons belonging to the Caucasian race; and agree not to lease, sell... to any person born in the Turkish empire, nor to any lineal descendant... except that persons of said races may be employed as household servants."

- Property deed from house in Pacific Grove, unchanged through 1990's

THE STATUS QUO

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HOW IS OUR REGION CONNECTED?

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WE ARE ALREADY MUTUAL

Housing exists within an **interconnected system** which includes our economy, environment, public health, and cultural practices. Increasing availability of affordable housing doesn't just improve access to shelter, it improves access to countless opportunities and **improved quality of life**.

The presence of affordable housing drastically reduces commuting rates of regional workers by providing accessible housing options closer to their places of work.

Our environment will benefit significantly from reductions in commuting rates through reduced environmental pollution across the region. From a public health perspective, improved air quality from decreased commuting subsequently reduces rates of respiratory and cardiovascular disease. Workers with shorter commute times are also at lower risk of hypertension and cardiovascular illnesses given the reduction of time spent sedentary.



Access to affordable housing also greatly facilitates economic growth in our area. When more area workers can afford to live in the region rather than commute into the area, we may experience the generation of more property tax revenue.

Lower property costs also encourage greater opportunity for new business ventures to expand into our area and drive our local economy. In addition to this broad array of benefits, affordable housing is associated with more efficient use of urban space and more opportunities for lower-income residents to stay in the Monterey Bay Area long-term.

WE ARE ALREADY MUTUAL

The interdependency of housing affects the cost of housing.

Rising housing costs in the Monterey Bay Area are shaped by broader factors, notably: LAND COST AND NIMBYISM

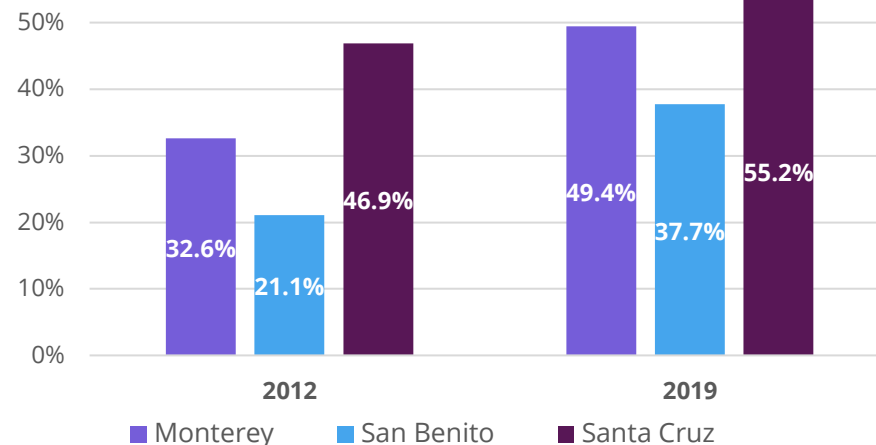
LAND COST

Apart from the cost of building materials, labor, and development fees, the price of the land itself greatly influences the cost of property in our area. Rising land costs have contributed to higher property value and related sales prices of homes in our area

LAND SHARE OF PROPERTY VALUE BY COUNTY

| | 2012 | 2019 |
|------------|-------|-------|
| Monterey | 32.6% | 49.4% |
| San Benito | 21.1% | 37.7% |
| Santa Cruz | 46.9% | 55.2% |

LAND SHARE OF PROPERTY VALUE BY COUNTY



Source: Federal Housing Finance Agency 2020

WE ARE ALREADY MUTUAL

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NIMBYISM

NIMBY or (Not-in-my-backyard) movements negatively influence the development of affordable housing nationwide. Traditional NIMBY-ism includes the opposition of plans for dense and low-income housing developments, in addition to the promotion of stricter zoning laws to prevent nearby land from being utilized. Local NIMBYs cite the potentially poorer quality of life associated with such developments in their neighborhoods. Ultimately, NIMBYism benefits existing homeowners at the expense of renters and new arrivals

"Their quiet, small town or rural lifestyle is disappearing, and they are frustrated with traffic congestion, potholed roads, overcrowded schools, and poor services."

**From Protect San Benito County's
Let Voters Decide How San Benito County Grows Initiative**

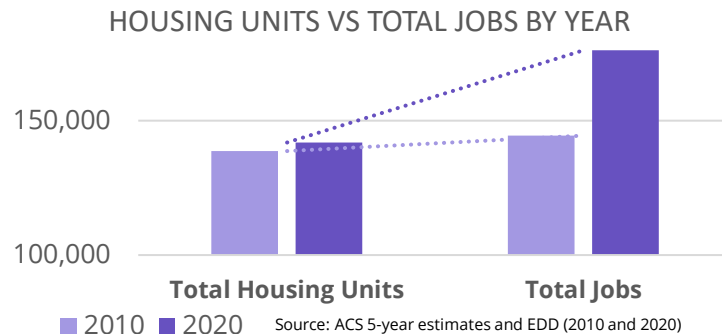


THE AVAILABILITY OF HOUSING

Housing shortages, coupled with zoning geared towards single-family housing shrinks the availability of affordable housing.

SUPPLY AND DEMAND OF UNITS

In the past decade, the number of regional jobs has increased by 21.9% while the number housing units have only increase by 2.2%. This drastic difference in housing availability signifies a major housing shortage in our area.



| | 2010 | 2020 |
|---------------------|---------|---------|
| Total Housing Units | 139,000 | 141,000 |
| Total Jobs | 142,000 | 178,000 |

PLANNING AND ZONING OF LAND

The production of housing requires not just individual decisions, but the coordination of city planning, neighborhood agreements, and housing developers. Local governments dictate how land is zoned for certain types of development. A portion of land may only be zoned for single family residential developments, meaning that only single-family homes can be built on that space. This process presents a barrier to affordable housing when insufficient land is allocated for lower cost housing options such as high-density or multi-family developments (i.e. apartments and town houses).

When the majority of residential land is zoned for only single-family or low-density development, fewer low-income residents can afford to live in the area due to higher monthly housing costs.

WHEN WE INVEST IN MUTUALITY, WE ALL DO BETTER

Scarcity and inequality of affordable housing in places of opportunity has negative consequences **for all in the region**. Ensuring affordable housing for all would lead to a **more prosperous** as well as equitable economy.

In a nationwide systematic review of housing and economic development, access to affordable housing increased local tax base, revenue from zoning/development-related taxes, employment opportunities, and available residual income that can potentially be spent in the local economy.

According to the David Schwartz with the Economic Development Journal, increased affordable housing in a region provides a more promising market for new industry growth due to an increased local workforce and improved quality of life for said potential workforce. In addition, a nationwide review of impacts of housing quality on quality of life found that decreases in housing costs allow for more funds to be allocated to improved housing quality.

Subsequently, increased housing quality contributes to decreased rates of respiratory illness, mental illness, and neighborhood violence. This evidence points to mutuality in our housing market as a driver of both individual and community prosperity. With this considered, it is crucial to consider where mutuality currently exists in the Monterey Bay Area. Mutual points of interest in our regional housing market include

AREAS OF MUTUAL INTEREST

- Increase the supply of affordable housing
- Reduce the impact of harsh commutes on local workforce, environment, and economy
- Promote settlement of new and emerging businesses to drive our regional economy
- Combat inequal displacement of BIPOC workers

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WHO IS CURRENTLY FIGHTING TO BRING
MUTUAL PROSPERITY TO OUR REGION?

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HOW TO SHIFT THE STATUS QUO

Shifting the status quo will require shifting **who has power** in housing markets, policies and decision-making processes.

To create more equitable access to housing, we need to challenge the status quo and shift power across several domains. Renter discrimination still exists in our area despite major progress in recent decades. It is important to strengthen systems for reporting maltreatment and unfair displacement of renters. In addition, the distribution of unequal housing subsidies continues to leave our area's most vulnerable at risk of housing instability. For this reason, it is vital to ensure that BIPOC and/or extremely low-income residents are aware of the housing assistance programs available to them.

NIMBY-ism also contributes to growing animosity against affordable housing developments in wealthier, less diverse regions of our area. To combat NIMBY-ism, it is imperative to ensure unbiased zoning and planning of affordable housing developments.

Moreover, the marketization and commodification of land results in housing being treated as a speculative market good. If we truly aim to ensure affordable housing, we need to expand social housing insulated from market pressures.

Fortunately, the challenges to the current power structures are already established and at work in the Monterey Bay Area.

HOUSING CALIFORNIA housingca.org

Working to increase California's affordable housing supply through land use regulation and financing public investment in low-income housing

MONTEREY BAY ECONOMIC PARTNERSHIP (MBEP)

mbep.biz/housing Sponsors a variety of affordable housing initiatives including the Monterey Bay Housing Trust to fund affordable home loans and widespread regional advocacy for low-income residents

COMMUNITY LAND TRUST OF CALIFORNIA cacltnetwork.org Supports a network of statewide community-owned housing developments to provide permanently affordable housing options

CENTER FOR COMMUNITY ADVOCACY (CCA)

cca-viva.org/housing Organizes farmworkers to advocate for more affordable housing options and improved housing quality

COMMUNITY HOUSING IMPROVEMENT SYSTEMS AND PLANNING ASSOCIATION (CHISPA) chispahousing.org/about

BUILDING HEALTHY COMMUNITIES

<https://www.buildinghealthycommunities.org>

COPA <https://www.copaiaf.org/>

Organizes civic academies to inform community members about local housing elements and their rights as tenants

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WHAT KEY STEPS SHOULD WE TAKE TO ENSURE A MORE PROSPEROUS FUTURE?

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BUILDING SOLUTIONS

NORTH STAR

Opportunity housing for all. This will require substantially expanding social housing—permanently affordable housing insulated from market pressures.

PRODUCE

Increase the supply of affordable housing through greater investment in social and employer-supported housing developments.

ACTION STEP

Work at the local level to improve zoning, and expand employer sponsored and publicly subsidized permanently affordable housing.

PROTECT

Create and enable safeguards for tenants that protects them from unjust rental costs, racial discrimination, and displacement

ACTION STEP

Develop or improve reporting local systems that anyone could use to report rental discrimination. This includes providing reporting options in multiple languages and on multiple platforms (online, in-person, etc)

PRESERVE

Acquire land into highly accessible, community-based protections such as community land trusts (CLT) or community/tenant-opportunity to purchase acts (COPA/TOPA). Examples include:

ACTION STEP

Identify local or potential community-based housing initiatives and support financially or politically

POLICY

Enshrine housing as a social right in local, state, and federal policy.

ACTION STEP

Advocate for affordable housing and support measures that enable this right

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