

VCEDA NEWS

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Housing and the Local Economy

By Sandy Smith, VCEDA Chairman

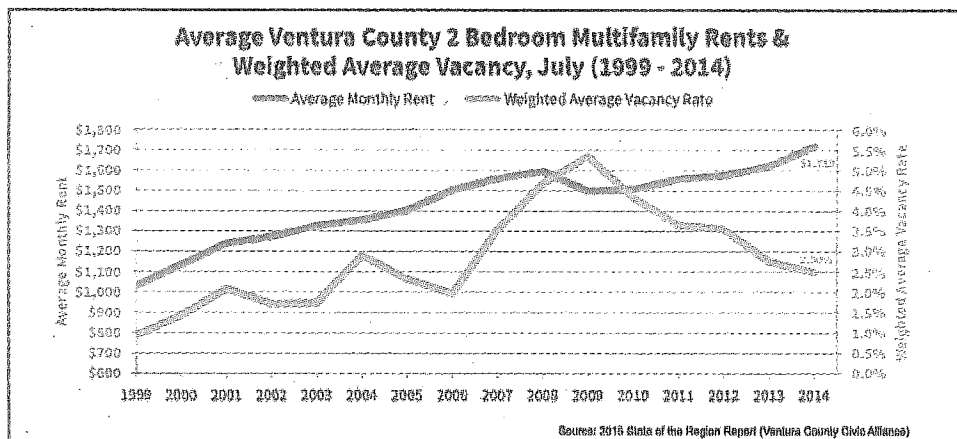
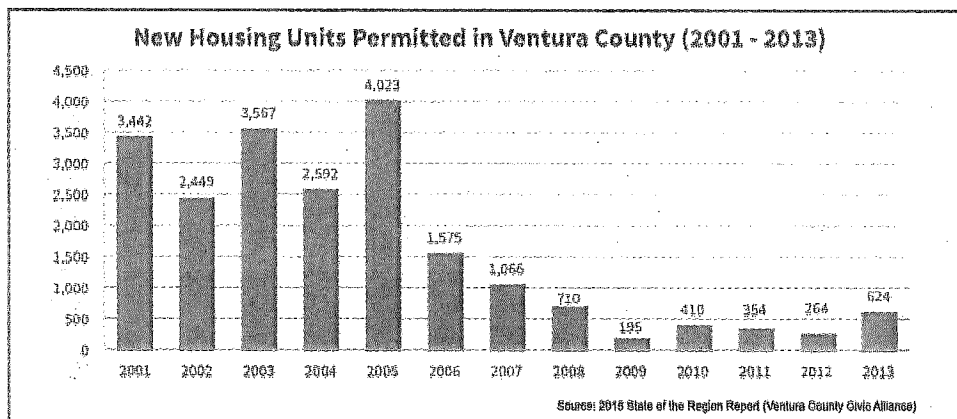
The performance of the housing market is a major reason why the economic recovery has been so slow, and required so much policy support. Ordinarily, deep recessions are followed by strong economic snap-backs. But economists have found two exceptions to that rule: the Great Depression and the recent recession.

In this last downturn, evidence points to the collapse of the housing market as the key explanation for the slow recovery. Most of the time, home construction and spending on household goods can be counted on to provide a big push toward economic growth. Historically, residential investment has contributed about half a percentage point to GDP growth in each quarter during the two-year period immediately following a recession. However, during the first two years of this recent recovery, the contribution of residential investment to GDP growth was basically zero. Because the recent recession was caused in part by a housing crisis, the housing market was too damaged to provide its customary lift to GDP growth.

The collapse of housing construction means that there are fewer homes on the market, adding to an already critical problem in the state of California and Ventura County: How do we house our workforce? Employers are beginning to identify a link between high housing costs; employee recruitment, productivity, and retention; and their own bottom line. As workforce housing initiatives spring up in our communities, and as a small but growing number of employers offer housing benefits to their employees, questions arise: Are high housing costs undermining the type of competitive business environment that is essential to strong, vibrant communities? Should the increasing cost of housing therefore be added to the list of traditional business concerns? How do we find ways to house our workforce?

Over the past decade, the term "workforce housing" has gained popularity throughout the U.S. as an alternative to "affordable housing." But what is workforce housing and what is affordable housing? If "workforce" means young professionals such as teachers or social workers, does it also include the employees of a bakery or ice cream shop, a convenience store, or the housekeeping department of a hotel? What about public safety – our police and fire service personnel, or healthcare professionals? The short answer is that in Ventura County, whether you call it workforce or affordable housing, the cost of housing impacts the majority of our residents.

The combined Thousand Oaks, Camarillo, Oxnard, and Ventura region finds itself in the top ten metropolitan areas in the United States that require the highest wages (\$28.83 an hour) to afford a two bedroom apartment. (Number one is Honolulu, Hawaii.) According



to data from the Center for Leadership and Values at California Lutheran University, 77% of those employed in our County can't afford to rent a two-bedroom apartment on one salary – yet some decision makers in this county believe that there is no relationship between the price of housing and our local economy, ignoring all data and common sense.

The reasons why housing costs so much in Ventura County are well documented: the price of land, a lack of supply due to the recent recession as noted above, and the time it takes to permit and entitle housing projects, to name a few. Due to our self-imposed land use restrictions (SOAR), we also require new housing projects to be located within existing urban boundaries.

Unfortunately, this infill strategy for development faces two additional challenges. First, we have an aging infrastructure that requires projects to absorb some of the upgrade/replacement costs, and secondly, any project proposed within an existing urban setting means that the proposed location is near somebody else. In short, any proposed project must overcome public and political barriers as part of the entitlement process.

How do our elected officials acquire the political will to make land use decisions that are in the best long-term interests of their communities? How can we help build support for infill and revitalization projects by making their objectives clear through various plans and land use policies? Without continuing education and an open feedback loop, those policies can fall to the wayside of the next conflict.

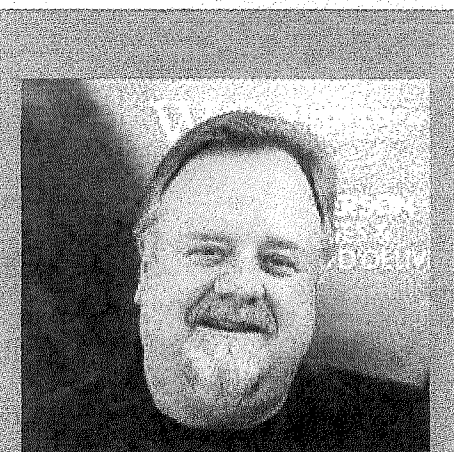
How do we encourage local governments to have a positive dialogue with community groups by gathering influential members at key junctures throughout planning processes and development applications?

Where to begin? First, local government needs to support public outreach and education programs to explore and address the public's concerns related to infill housing and higher densities. If we hope to house our workforce, there is no other option given our self-imposed land use constraints. We have already experienced what happens to our local economy and quality of life when we don't build housing: our workers, and our children, can't afford to live here. At the same time, government needs to present and support the benefits to the neighborhood, the community, and the local economy if we embrace infill development - and there are many benefits.

VCEDA has a long history as an advocate for affordable/workforce housing in Ventura County. Given the nature of our regional housing crisis and its impact on our local economy, it is important for VCEDA to again play a leadership role in this conversation – first as a sponsor of these public information sessions, and second, to encourage our elected officials to support infill development and housing typologies of higher density. In the weeks to come, VCEDA will reinstitute our land use committee to focus on these two objectives. If you are interested in serving on this committee, or participating in these workshops, please contact VCEDA at Info@VCEDA.org or 805-676-1332.

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