

Why Can't California Solve Its Housing Crisis?

It's the epicenter of the tech industry and the wealthiest, most progressive state in the union, but homelessness is surging — and no one can agree on how to fix it

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When the shimmering, state-of-the-art, \$1.3 billion Levi's Stadium opened its doors in Santa Clara, it was hailed as the pinnacle of technological innovation. Concessions delivered to your seat at the touch of a button! Bluetooth beacons to navigate you with pinpoint precision! High-speed internet throughout! And to top it all off, not a single public cent was spent. The whole thing was privately financed, partly through seat licenses sold to fans at prices ranging from \$2,000 to \$250,000 — a testament to the exorbitant, almost incomprehensible wealth generated in the greater Bay Area in recent decades, and a gambit that happened to price out a huge swath of 49ers faithful.

Adelle Amador has been a Niners fan since she was a kid living on the east side of San Jose. Her husband, Maurice, is a supervisor at one of the stadium's club-level restaurants. "He's been working there since they cut the ribbon," she says. The stadium opened five years ago. The couple and their children, ages three to 14, have been homeless for about the same amount of time. Adelle works too, as a cashier, but the couple's combined income is not enough to afford a market-rate apartment in the city where they've spent their entire lives.

They've stayed with friends and family, cycled through shelters, motels, and garages, slept at drive-in movie theaters, and parked their Ford Explorer near Coyote Creek, a homeless encampment San Jose has been trying to eradicate for years, where Adelle and her husband would trade shifts sleeping. "We've been where there's people trying to open the handles to your car door," Amador says. Most nights, "My main thing was just, 'Oh, God, just please get us to the morning, please, God.'"

Last December, the family began spending nights in the parking lot of a community center in a residential neighborhood just off the Capitol Expressway, about 30 minutes, give or take, from the headquarters of some of the country's richest companies — Apple's Infinite Loop, in Cupertino; the Googleplex, in Mountain View; and Facebook, in Menlo Park. On those manicured campuses, employees are generating billions of dollars shaping every aspect of our futures, but just outside, the lower-wage workers who make this community run are struggling to meet a basic human need: shelter. Google recently pledged \$1 billion to help ease the Bay Area's housing crunch — but that sum is only eye-popping until you hear experts explain it would cost \$14 billion to execute the company's vision of building 20,000 homes. Google's is a well-intentioned gesture, but one that illustrates how the problem facing the Bay Area, and California at large, is much worse than even its brightest minds can comprehend.

The city of San Jose opened the parking lot to homeless families after fielding hundreds of complaints from locals confounded by the increasing number of people they saw living out of their cars on city streets in the past two years. The lot's first night of operation was last November, a couple of weeks after San Jose voters rejected a small property-tax increase that would have funded the construction of affordable housing.

It's just a patch of concrete adjacent to a community center where the kids can shower and do their homework, with a caseworker on site for a few hours every night, and a rent-a-cop security guard who occasionally cruises by to keep an eye on things. But Amador says her family feels safer here than on the street by themselves.

Every night at 7 p.m., she and her husband pull their two cars into the lot — the Explorer and an Econoline van sold to them by another homeless family. They pack their belongings under a tarp on the roof, lay the seats down, and go to sleep, waking up at the crack of dawn to repack the car so they can be off the lot by 7 a.m., when the community center's daytime crowd starts to show up. "I tell these [little] ones: 'We're living a learning experience,'" Amador says. "I don't want you guys to go through this with your kids.'"

Housing has been one of San Jose Mayor Sam Liccardo's top priorities since he took office in 2015. When talking about it, he uses the local dialect, referring to solutions the city can "scale in a really disruptive way." The parking lot, though, is about as low-tech as it gets, which is how you can tell it wasn't originally part of the plan.

Four years ago, Liccardo set a goal to create housing for all of San Jose's 7,400 homeless. The city has just about hit that goal, sheltering 6,937 people this year. The problem, Liccardo explains, is "as quickly as we're housing residents, we're seeing three more getting pushed out into the street by the economy."

It isn't a failing economy that's putting residents out on the streets, though. It's a booming one. By almost every economic measure, the Bay Area is outperforming the rest of the nation. Together, the region's nine counties boast a GDP of \$748 billion — larger than Switzerland's or Saudi Arabia's — and an economy that's growing at double the rate of the United States' at large. Santa Clara County, home to San Jose, has a job-growth rate that's twice the national one. But in the past five years, San Jose has built only one unit of housing for every six jobs it's created — a recipe for rising rents, rabid competition for available units, and, ultimately, economic evictions like the ones many of the families in the parking lot described when *Rolling Stone* visited in March.

It's a dynamic happening across California, which, despite generating so much wealth, has the highest proportion of residents in poverty when you factor in the cost of living. San Diego, East Palo Alto, and L.A. have all opened safe parking lots in 2019; Mountain View and San Francisco are poised to follow suit, as demand for housing is far outstripping supply, and the resulting astronomical rents are pushing people out of homes and onto the streets.

"More and more people at higher and higher incomes are finding themselves with this cost burden, so as quickly as you fill up [new] units, you have more people falling into homelessness — oftentimes through economic evictions, where they can no longer afford the rent increases," says Michael Lane, deputy director of the nonprofit Silicon Valley @ Home.

Almost all of the families sleeping in the parking lot in San Jose have stories that mirror Amador's: They grew up in the Bay Area, and despite holding down jobs — in warehouses, as customer-service reps, as call-center workers, in retail — they are struggling to find homes they can afford.

Twelve percent of the U.S. population lives in California, but it's home to nearly a quarter of the nation's homeless. In the spring, the results of a federal survey found rates of homelessness had increased by double digits across the state this year. In Los Angeles County, the rate went up 12 percent — 6,198 more people on the streets — and that was among the lowest percentage increases. Orange County saw a spike of 42 percent. In Alameda County,

home to Oakland, homelessness was up 43 percent this year, and in the Central Valley's Kern County, it was up 50 percent.

California has been experiencing a "housing crisis" since at least the 1970s, but the situation has rapidly deteriorated in just the past few years. According to research by the *San Jose Mercury News*, in 2012, a family with an income of \$100,000 could afford the median rent in 72 percent of Bay Area neighborhoods; as of 2018, the same family could afford the median rent in just 28 percent of those neighborhoods. Worse, there was not a single enclave in the Bay Area last year where a family with two parents working full-time making \$15 an hour could afford the median rent.

At its heart, California's housing problem is one of scarcity: According to one analysis, the state has 3.5 million fewer homes than it needs to house all the people who live there. That gap was created over decades — largely as a result of the zoning policies of individual communities, under pressure from local residents. Randy Shaw, a longtime Bay Area housing advocate and author of the book *Generation Priced Out*, says the best way to describe the dynamics at play is to look at the city of Atherton. Thirty minutes from San Jose, Atherton is the most expensive city in the country: The median price of a home there is \$8.1 million.

"You can't build an apartment building in Atherton," Shaw says. City code prohibits anything other than a single-unit building with a footprint that cannot exceed 18 percent of the land. In other words, everything but a single, detached home with a yard is *verboten*. "You have all of these cities in California where you can't build anything but a luxury home," Shaw says. "When you have zoning restrictions that prevent you from building the housing you need, you're pretty much guaranteed to get in the situation we have."

It's a problem lawmakers across the state are grappling with, including in San Jose, where 94 percent of the city is zoned for single-family homes. "You got lots of family housing, and you're not going to bulldoze it to go build apartments," Liccardo said at a meeting of the state's mayors in July. "At least, not if you don't want [homeowners] to burn down City Hall."

IF THERE WERE ever a year in which California seemed poised to finally fix its housing crisis, it was this year. All of the conditions were in place: In November, voters elected Gov. Gavin Newsom, a Democrat who made ending the housing woes the central promise of his campaign, pledging to build 3.5 million homes by 2025. In the same election, Democrats solidified supermajorities in both chambers of the state Legislature — a virtual magic wand to pass any bills they wanted. In a signal of just how committed they were, the president pro tempore of the state Senate, Toni Atkins, created a new committee devoted exclusively to housing, and appointed San Francisco state Sen. Scott Wiener as its head.

Bearded and bespectacled, Wiener moved to the Bay Area in 1997, a 27-year-old gay man "coming to San Francisco for the same reason generations of LGBT people have come to San Francisco," he says. He flew out on a Friday night to look for an apartment. Early Saturday morning, he attended his first open house and was stunned to find there was already a line snaking around the block. "I said to myself, 'What on Earth is going on here?'"

Wiener eventually did find an apartment, and a job as a lawyer. On the side, he began doing pro bono work defending tenants — often older gay men and long-term HIV survivors who were facing no-fault evictions.

He was elected to his neighborhood association board and, later, to Harvey Milk's old seat on the San Francisco board of supervisors, roles that gave him a macro view of the dynamics that were contributing to San Francisco's housing quagmire. "The pieces all started coming

together about why housing is so scarce, and why people are getting evicted, and why it takes years and years to approve new housing,” Wiener says. He remembers sitting through the dozens of multihour meetings it took to approve the construction of a single zoning-compliant building — just one building — with affordable units. Meanwhile, San Francisco was emerging from a recession, and as more money flowed into the city, competition for the limited units available was intensifying and rents shot through the roof.

He won a seat in the California state Senate in 2016, arriving in Sacramento like a time traveler with grim tidings from the future. “I saw that other parts of California are headed to where San Francisco is,” he says. “That San Francisco is five or 10 years ahead of other places — in a bad way. San Francisco went off the cliff first.”

At the start of the legislative session this past January, the housing committee introduced a slate of bills focused on streamlining approvals for new construction, protecting renters, funding affordable housing, and, most controversially, reforming zoning laws. Wiener’s top priority was SB50, an ambitious proposal that would prohibit cities from having zoning laws like Atherton’s. Residential neighborhoods historically reserved for single-family homes would be opened up to multi-unit housing like triplexes and fourplexes. And even higher-density construction would be allowed around transit corridors and “job-rich” enclaves.

Wiener knew SB50 would be a battle, based on his earlier efforts at zoning reform, which were met with ferocious backlash from homeowners, NIMBY groups, and local politicians desperate to preserve “the character” of their communities. But nothing could have prepared him for the firestorm SB50 touched off.

At a meeting of the Beverly Hills City Council, the mayor compared “Sacramento politicians” like Wiener to King Haman, the biblical figure who ordered the slaughter of every Jew in his kingdom. The Coalition to Preserve L.A. called the bill “an act of war” declared by “our supreme rulers in the Cowtown Kremlin” — an act, they huffed, that would be “prohibited by the Endangered Species Act if California homeowners were considered a species worthy of protection.” And an ugly mailer distributed in San Francisco even quoted the writer James Baldwin to suggest SB50 would negatively impact the city’s black residents: “Urban renewal . . . means Negro removal,” the mailer read. (It was roundly denounced by the head of the San Francisco NAACP, among others.)

But beyond the concerns attributed to wealthy suburban homeowners — that a proposed development would cast a shadow, blot out the sun, increase traffic, and, perhaps most to the point, impact the value of their homes, many of which have been dramatically appreciating in value as a direct result of the state’s housing shortage — there are fears that the bill could inadvertently impact lower-income Californians already bearing the brunt of the housing crisis. Politicians in L.A. and San Francisco worry that permitting higher-density developments in urban centers would draw in high-priced projects, and drive out longtime residents. (SB50 requires new buildings with more than 11 units to include affordable housing, but developers can opt out by paying a fee instead.)

At the heart of the argument against SB50, from both ends of the economic spectrum, is a desire for “local control” and a belief that the people closest to the problem can diagnose it more accurately than lawmakers far removed from these communities. But arguments against a top-down measure like SB50 run up against the fact that cities, left to their own devices, have not built enough housing. And California’s problem just keeps getting worse.

“You have more moderate suburban Democrats who, on many issues, are progressive,” says Lane of Silicon Valley @ Home, “but when it comes to land use and zoning, [they want]

local control — which means ‘Just leave us alone, we understand there is a housing crisis, but we’ll take care of it the way we want to take care of it’ — which might mean doing very little.”

By spring, despite a vocal campaign against it, SB50 was advancing through committee hearings quicker than anyone familiar with the plodding pace typical of housing legislation in Sacramento would expect. But in the middle of May, the bill’s progress was abruptly halted — shelved without public discussion or a vote — by the head of the Senate appropriations committee: Sen. Anthony Portantino.

Portantino acknowledges he was the single person standing in the way of SB50, and makes no apologies for acting unilaterally. “I don’t feel I would have been doing my duty without providing Californians this opportunity to take a breath and get a better outcome,” he tells *Rolling Stone*. “I was in a position to help facilitate that better outcome. So I exercised my discretion to do that.”

It’s unusual for the head of one committee to single-handedly spike a piece of legislation, especially if it’s the top priority of another committee head in your own party. To Lane and others, Portantino’s decision signified something more than Democrat-on-Democrat violence. It was emblematic of a kind of generational warfare that pits the “younger and more diverse population in California,” says Lane, “who have lots of student debt, are trying to rent an apartment, need to be in an urban environment near jobs, and are unable to find housing” against “an older generation of boomers who own their homes and resist multifamily housing, upzoning, and . . . are still a powerful force” in California politics.

Portantino is a homeowner in the small, wealthy bedroom community of La Cañada Flintridge, in the foothills of L.A., where the average home price is \$1.7 million. But he bristles at the implication that those are the reasons he intervened to stop SB50. “My mom was a single mom, and I lived in a one-bedroom apartment with her — she gave me the bedroom and she slept on the couch,” he says. “I get this stuff. But you’ve got to do it in a way that makes sense — and that’s gonna pass.”

The problem with SB50, he says, is not that it poses a threat to wealthy communities like his but that it would hurt “working-class cities, where families go for their first 1,100-square-foot affordable housing. Many of them are Latino communities, immigrant communities.”

If SB50 passed, Portantino argues, developers would swoop in, erect market-rate buildings, and drive lower-income folks out, because “SB50 is not affordable housing . . . the lion’s share of it is market-rate housing.” Wiener has argued that “California as a whole needs every kind of housing,” including for the middle class. Portantino rejects that logic: “Did trickle-down Reaganomics work? Did the recent tax cut for corporations trickle down to benefit the middle class and poor people? So why would you think this would work?”

Senate pro tem Toni Atkins insists that even without Portantino’s shelving it, SB50 didn’t have the votes. “I’m sure there are members who didn’t want to vote on this bill,” she says, “or were not ready to.” But SB50 isn’t dead yet — it will be under consideration again in January. Though if political pressure around it was high this year, it will be even higher in 2020, when a large share of state legislators will be up for re-election. Portantino and Wiener each see reasons to still be hopeful. “I think the reaction to the bill’s delay made clear to everyone that there is a lot of public support, not just for SB50 but for pro-housing policies in general,” says Wiener. After the bill was shelved, three different statewide polls showed support grew from 61 percent to 66 percent, he says. “Support in every region of the state, every demographic, including older white people, including homeowners — everyone.”

Portantino says it was a “jolt” to cities that have failed to act. “I do think now everybody’s going to come to the table, and I’m getting optimistic about finding the sweet spot,” he says. But it will take a herculean effort, and perhaps more involvement from Gov. Newsom. Despite his promise to build 3.5 million new houses, approvals for construction are down 12 percent in 2019, and Newsom was largely absent from the debate over SB50. (“The governor continues to believe California can and must do more to address the housing shortage and the high cost of housing and rent, and he will continue working with the Legislature to do just that,” Newsom’s press secretary said in a statement, adding that Newsom approved a budget with \$1.75 billion to jump-start construction and allocated “more state money than ever” to fight homelessness.) “He said all the right things, gave all the indications that this was his top priority, and then he just disappeared,” Shaw says of the governor. “He’s invisible.”

SB50 was not the only legislation that disappointed advocates this year, only the most high-profile. In May, almost all the major housing bills proposed (there were more than 200 total) went up in flames. Two renter-protection bills were killed, and a third, to shield against egregious rent increases, passed only after it was effectively gutted. A tax credit benefiting the owners of historic or architecturally significant homes, “such as the craftsman, the California ranch, the mission revival & art deco building,” sailed through the chamber, however.

The best that Democrats are able to offer the homeless is the creation of more safe parking lots. AB891, one of a number of parking-lot bills still alive in the Legislature, would require every California city with a population greater than 330,000 to establish a parking program like the one in San Jose.

“It’s not a solution,” says Jen Loving, an advocate for the homeless who works with the city of San Jose. “Anything that is not solving homelessness — providing an affordable place for someone to live — is an interim measure. . . . Shelters, safe parking, temporary stuff is providing more safety for people than they might have out on the streets on their own, but we’re not ending homelessness that way — ending homelessness in the state of California requires political courage at the state and local levels.”

Until the state’s politicians find the courage to act, families like Adelle Amador’s will be stuck living in their cars. “It’s a test for us,” Amador says. “We’re going to make it through or we’re not. I think we’re going to. . . . I got a lot of faith.”

For as little as it offers, she still sees the parking lot as progress. “Believe me, five years ago they weren’t offering all this stuff,” she says. “There was none of this help. At times, me and my husband felt like we were the only ones out here with our kids. My kids been out here for so long. All they ever want is just a home. That’s all I ever hear is them going, ‘I just want a home.’ “I’m like, ‘I know, guys. I know it’s going to happen.’ Believe me, I got a lot of faith in my heart, and I know it’s going to happen for us.”