

These are the most expensive counties in the US to rent. Hint: they're all in the Bay Area

You have to make \$127,000 a year to rent here

Bay Area News Group, by Marisa Kendall, June 19, 2019, 8:02 am

SAN FRANCISCO — Renters need to make about \$127,000 a year to afford a modest, two-bedroom home in the nation's three most expensive counties — all of which are right here in the Bay Area, according to the latest report to crown the region with a dubious housing distinction.

As they did last year, San Mateo, San Francisco and Marin counties — where tenants must make \$60.96 an hour to rent a modest home estimated to cost \$3,170 a month — again tied for the top spot on the National Low Income Housing Coalition's annual "Out of Reach" report. The top seven most expensive counties on the list are within the greater Bay Area, and nine of the top 10 are in California.

The numbers show affordability in the region hasn't improved in the last year. There's still a significant gap between the Bay Area's rent prices and its minimum wage — a gulf that experts say helps explain why homelessness is up 43 percent in Alameda County and 31 percent in Santa Clara County.

"It's worse," said Amie Fishman, executive director of the Non-Profit Housing Association of California, which partnered with the National Low Income Housing Coalition to promote the report. "What we're seeing is that it's just continually getting worse."

The report based its findings on the "fair market rent" for each jurisdiction — a number calculated by HUD to estimate what a family moving into a new place today can expect to pay for a modest rental home and utilities. Using those estimates, the researchers determined how much a worker would need to earn to afford a home without spending more than 30 percent of his or her salary on housing.

Renters in Santa Clara County would need to make \$113,568 a year to afford a modest two-bedroom home for \$2,839. That would be \$54.60 an hour — far above San Jose's \$15 minimum wage.

In Alameda and Contra Costa counties, renters would need to make \$40.88 an hour, or about \$85,030 a year, assuming they work 40 hours a week and 52 weeks a year. That compares to \$72,165 a year in California and \$47,756 nationwide, according to the report. Santa Cruz County also made the top ten.

"On one hand, it's shocking, and on one hand it's affirming of the reality that Bay Area residents and Californians are experiencing every day," Fishman said. "The shocking part is how if you look at the nation, we are so far out in front of everyone."

And the problem is likely to get worse before it gets better, as the number of low-wage jobs is expected to grow significantly in the next 10 years, according to the report. Seven of the 10 occupations with the largest projected growth between 2016 and 2026 — including waiters and waitresses, janitors and medical assistants — pay less than the hourly wage needed to afford both a one and two-bedroom home.

“The fundamental problem, as ‘Out of Reach’ makes clear, is the mismatch between what people earn or otherwise have available to spend on their homes, and what housing costs,” Diane Yentel, president and CEO of the National Low Income Housing Coalition, said during a media conference call Tuesday.

A shortage of cheap housing is another factor. The country is short 7 million homes for extremely low-income renters, meaning there are just 37 affordable homes for every 100 households in that income bracket.

Part of the problem is that construction of affordable housing hasn’t kept pace with demand. As of March, San Jose had approved just 1,100 affordable homes since 2017 — meaning the city must add another 8,900 in the next three years to meet its goal of 10,000 units. Oakland also is falling short. As of March, the city had approved 751 affordable homes since 2016 — missing its target of 1,785.

Federal housing assistance also is lagging behind demand, due to a lack of funding, according to the report. Three out of every four households eligible for aid does not receive help — compared to two out of every three households in the late 1980s.

“We need to have substantial increase in funds to deal with this homeless problem and to create new homes and units for the most vulnerable people in our country,” Rep. Maxine Waters, D-California, said during the conference call.

Waters is backing a bill this year that would provide more than \$13 billion over five years to combat homelessness and increase affordable housing production. The Ending Homelessness Act of 2019, which would fund housing vouchers, new construction and case management services for homeless people, passed in the House Financial Services Committee in March.

“It is a crisis,” Waters said. “And the homelessness on the streets is a shame on our government and on our country.”