Preferential Employer Assisted Hsng + Low Income Upward Mobility

• Steve Raney, Cities21
• The most cost-effective suburban traffic reduction policy. A ↔ B (swap)
• Improvement on Employer Assisted Housing (purchase subsidy, etc)
• Thanks to federal government for funding (EPA’s Transforming Office Parks into Transit Villages study)
• Acronym: PEAH+LIUM. (helium).
Better Home Location Choice

• Problem: few innovative housing choices:
  1) Zimmerman / Volk. Home industry: "lumbering giants." No genuine innovations. No “meaningful improvement of the product offered to the consumer"
  2) Smart Growth America: "Homes are like pork bellies, all essentially the same, rather than as consumer products like cars or clothing, which vary greatly according to people's preferences.”
    • Fannie Mae's Housing Policy Debate (Volume 12, Issue 4. 2001)
• New choice: short commute aps and condos.
Co-Location

- Influence “good” location decisions ➔ “co-locate” job & home (walk to work).
- Minimize SOV mileage. For each human, minimize the distances in the triangle below. Job ↔ Home equals 7,500 miles per year.
- Change measure from miles to feet.

![Diagram](image-url)
3 Steps for Housing Preference

• 1) a city agrees to a preference scheme designating:
  – a) qualifications for entering households to achieve preferred status and
  – b) financial incentives for developers who adopt such schemes

• 2) applicable rental/for-sale housing units are priced to ensure high demand (must have a waiting list)

• 3) preferred people are granted priority for those housing units

• NOT: teacher / police preference
  – INSTEAD IT IS: “commute impact.”
PEAH for Suburban Office Parks

- Best: Suburbs w/ congestion + expensive housing
- ULI’s *Transforming Suburban Business Districts*
- Calthorpe "We didn't focus on office parks. Huge mistake. Need powerful strategies for these."
- Shoup (… *Parking*) - Parking lots ➔ land bank
- Duany: "Upper Rock" business park ➔ TOD
- Rail~Volution session: Tyson’s ➔ edgy TOD
- Potential: **1M new condos and apts** in largest 200 office parks. (jobs/hsg)
  - Private sector: density bonus, reduced pkng, small units.
Most cost-effective congestion reduction

• Tumlin: “most cost-effective peak hour trip reduction: provide housing for workers”
• Cross-disciplinary topic, so tricky when dealing with “housing-only” or “transportation-only” specialists
• Anthony Downs (Still Stuck in Traffic): a) learn to cope with traffic congestion in the short run, b) in the long run, jobs and housing will eventually co-locate
• Cervero: co-location hasn’t been happening. "Average journey to work distance has been increasing, jobs/hsng continues to exacerbate"
• Thus, co-location is crucial, and PEAH is needed.
Win⁴ – cities, workers, employers, developers

• Decrease commute time, emissions, auto mileage, gas use
• Allow workers to walk and bike to work
• Reduce the cost of living for co-located folks via reduced auto costs. Note also that location efficient mortgages are enabled
• Reduce regional pressure to grow outside the inner-ring.
• Increase the profitability of in-fill development by reducing mitigation fees and parking construction costs
• Enable land-constrained cities to meet state mandated "fair share" housing production goals
• Reduce employee turnover by providing better quality of life because of more free time caused by shorter commutes
  – Employee retention economics: Turnover is 20% to 50% per year. $100K to replace a tech worker (headhunter, job training, lost productivity, time spent interviewing). 20K workers per big office park. 1% of workers = 200. Reduce turnover by 1% = $20M
• Improve areas afflicted with jobs/housing imbalance.
Research: Thought Leaders

• Origin: Cervero advised masters thesis
• Aug 30 “coffee roundtable” at EPA’s SF office
  – Larry Rosenthal, Berkeley Program on Housing
  – Paul Smith, HUD
  – Jim Grow, National Housing Law Project
  – Linda Nichols, CA State Housing & Community Development – housing policy
  – Mark Stivers, CA Senate transportation and housing committee
  – Alex Amoroso, Alameda County and ABAG (COG) planning
  – Valerie Knepper, MTC (regional transportation)
• Catalog of 17 SF Bay Area ad-hoc preference schemes
• ULI, William Fulton, Fannie Mae Foundation, Berkeley/Stanford profs, CA Affordable Housing Law Project, developers, facilities mgrs, etc.
?? Give the “Haves” a break ??

• Two tier suburban society. Educated folks => high income. Historical discrimination and segregation
  – Hsng affordability crisis ➔ increased segregation
  – Katrina: third world city in first world country
• Silicon Valley: Haves: white & Asian, HaveNots: Latino (growing) & African American.
• CA Guv: “each community should house its own”
• Must mitigate. Is inclusionary zoning / affordable housing production sufficient?
• LIUM should be added: {package deal: job, home, job training, better schools for kids, more family time.} Boost up the ladder
  – Not just “sink or swim.”
LIUM {package} details

- ZERO suburban hsng affirmative action programs
- U MI law school admissions: {disadvantaged background, low income, race/ethnicity, etc}
- Targeted marketing to low income communities
- WELCOMING: Latino themed architecture. Buttress grocery ethnic sections. Latino-serving first floor retail & community services. Cultural events
- Employer coalition: job placement & mentoring
  - Temps, contractors, & “first floor” jobs count too
  - Employer pays LIUM $ to reserve PEAH DUs
- I Have a Dream Foundation, after school programs
- Pilot projects with measurement & mid-course adjustments. Propagate effective programs & set measurable goals
  - Employees volunteer (within walking distance)
Fair Housing / Civil Rights Law

• Discrimination law is a confused, contradictory mess

• Slim chance of successful legal challenge to PEAH
  – 0 challenges to elite suburban preferences
  – Courts: No reqt to remedy historical discrimination
    • U.S.: fix educational opportunity
    – disparate impact on qualified population per Ward’s Cove

• < 5K DUs ➔ “below the radar”. (15%+ affordable)

• > 5K DUs – political (not legal) mitigation reqd

• City attorneys should be risk averse, but only 30% preference in Novato project

• Politicians: do something about the problem – not the best thing.
Implementation: Handcuffs, etc.

- Gate: good commute hurdle to enter housing
  - Tiered preference: 1 mi commute, 2 mi, 3 mi, non-SOV
- Handcuffs. Monthly $100 price \( \Delta \) between good and bad commutes. Condo assn fees or personal commute mitigation tax
  - Stanford West Apts: annual re-qualification with eviction for bad commutes
  - Condo deed restriction to re-sell to good commuter.
Political strategy: employers

• Coalition of employers, employer advocates (SVMG), tech-company foundations (Packard, Google, Gates)
  – 2 of top 4 corporate issues over past 6 years: congestion & housing affordability
    • SVMG $20M hsng fund, Orange County $50M fund
  – Foundations can boost LIUM funding
  – William Fulton advocates for local employer coalitions
  – Not quite a company town
  – National umbrella organization facilitate local efforts

• Government as a helpful follower

• NGOs: crucial for LIUM. Hard to influence coalition
  – Stop insincere, but well-spun, mitigation.
Economic theory

• Bad location decision creates “negative economic externality” for society. PEAH “internalizes” the cost, creates a more efficient housing market

• Reduced labor mobility (but that’s exactly the point for employers: increased employee retention)
1M DUs - Thumbs up/down?
Implementation issue? Bad idea?
Call to action

• Join the discussion – steve_raney@cities21.org
  – E-mails, working papers, etc
  – USC September 19
  – EPA DC October 19
  – Bay area roundtables (policy, employer coalition, LIUM, change discrimination law via a test case)

• Provide an influential statement of support

• Promote: > 50 DU projects, city genl plans, regional, state, & national..
THE END