San Jose Mercury News

BAY AREA NEWS GROUP
2.7 MILLION READERS WEEKLY IN PRINT AND ONLINE

Wednesday, May 12, 2010

75 CENTS WEST VALLEY 102
24/7 NEWS COVERAGE ON WWW.MERCURYNEWS.COM

Affordable housing still an obstacle for valley businesses

By Jay Glasscock

As local governments struggle to balance their budgets, the term "structural deficit" has become a household phrase. It is also a term that can be applied to our persistent housing problem — the widening gap between the number of homes needed and the number of homes built. This gap is one that affects our region's ability to grow and thrive as companies such as ours struggle to recruit and retain the type of talent needed to keep our businesses innovative and productive.

This link between economic development and housing affordability and availability was recently underscored by the Silicon Valley Leadership Group's annual CEO Business Climate Survey. For the seven years that the report has been published, housing has been voted the No. 1 impediment to doing business in Silicon Valley. Even now, with the drop in housing prices, it still tops the list.

According to the Association of Bay Area Governments, between 1999 and 2006, Santa Clara County needed to build approximately 32,000 homes for moderate-income families and below. Cities approved plans for only about 16,000, or close to 50 percent. In San Mateo County, the numbers are much more disheartening, at 20 percent.

With a finite number of homes, a constrained home development pipeline (housing construction) and an increasing number of homebuyers and renters, the end result is a lack of housing and high home prices. This gap between supply and demand makes our region a less attractive place to locate jobs.

What can be done? One of the most obvious solutions is to build more homes. More specifically, the types of homes that serve the bottom rung of the equity ladder — condominiums and townhomes. This entry-level housing can be significantly more affordable with no public subsidy and no tax dollars, typically representing a $200,000 price difference from a single-family detached home.

The challenge though is that condos, townhomes and apartments often face resistance from nearby existing residents who fear the unknowns that new development may bring to a beloved neighborhood. That reaction is understandable and calls for a more concerted effort from all of us to understand the issues and constraints and to work on figuring out ways that we can grow our economy and build a better community.

Many cities are in the process of updating their general plans, the blueprint that outlines how the city will grow within the next 20 years. This is an important document given that the state is expected to grow by a city the size of Los Angeles every seven years. General plan updates also involve extensive participation from the community and offer a way for residents to shape how the community will grow, while trying to meet our housing needs.

This is Affordable Housing Week. Throughout the week in Silicon Valley, there will be seminars, workshops and tours so that policymakers and the public can better address our housing needs. Everyone is invited to attend these events, learn about housing issues and, most importantly, how each of us can help put the plans in place to build and maintain a strong community and economy.

We have a long way to go. But the goal is to make sure housing is no longer the top impediment to doing business in Silicon Valley.

JAY GLASSCOCK is president of BD Biosciences Cell Analysis, a Silicon Valley Leadership Group member. He wrote this article for this newspaper. For information on Affordable Housing Week go to www.hlcsmc.org/ahw.