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MEMORANDUM

DATE: October 17, 2005.

TO: Deputy Mayor and City Council Members

CC: Hal Sadler, Centre City Development Corporation

FROM: Murtaza H. Baxamusa, Center on Policy Initiatives

SUBJECT: Jobs-Housing Balance in Downtown

SUMMARY

This memo attempts to address the question: “Does the supply of low-income family housing meet the demand from workers within the Centre City area?”

Downtown employment generates demand for 2,850 low-income family housing in the City of San Diego. It is projected that this demand will increase to 5,944 units by 2025. However 307 units of low-income and very low-income affordable family units have been built within downtown since 1979. This represents 2% of all housing units constructed downtown during the past three decades. In addition, market-rate units in downtown are “naturally affordable” only for moderate income families, where as they are somewhat “naturally affordable” for low-income families elsewhere. It can be inferred that the rest of the City of San Diego primarily bears the burden for providing the housing affordable to the low-income families with members working downtown.

1. AFFORDABLE FAMILY HOUSING CREATED IN CENTRE CITY

One of the key problems of “income restricted” affordable housing downtown is that only 19% built is for families. The rest is for individuals (43%), seniors (27%) and special needs including transitional (11%) (see Figure 1). Out of the family housing created, a limited portion is for low income. Overall, only 4% of all the approximately 3,000 affordable units downtown are for low-income families (see Table 1).

Table 1. Affordable family housing built in downtown: (including units in pipeline)

Income Level	Income Range	Affordable Family Housing	% of all Affordable Units	% of all Housing Units
Very Low Income:	0-50% AMI	180 units	6%	1.2%
Low Income:	51-80% AMI	127 units	4%	0.8%

Source: Affordable Housing Projects Log, 2004; Courtesy: Dale Royal, CCDC. Current housing units estimated from Community Plan Update (see Priced Out, Center on Policy Initiatives, 2005).

In addition to eligibility restrictions, the bedroom mix of units makes it difficult for families with children to live in them.

Table 2. Bedroom Mix of the Affordable Housing in Downtown:

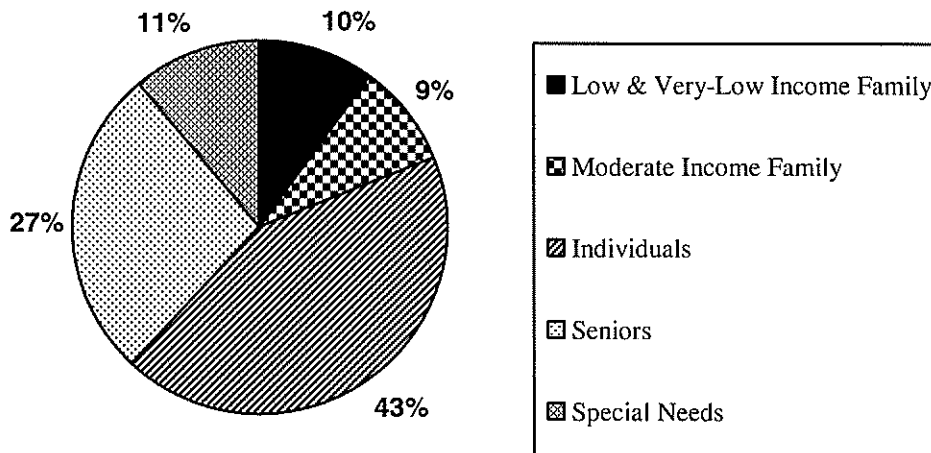
Unit Mix	Units (including units in pipeline)	Percentage
Zero Bedroom	2,443	84%
One Bedroom	232	8%
Two Bedroom	178	6%
Three Bedroom	71	2%

Source: Affordable Housing Projects Log, 2004; Courtesy: Dale Royal, CCDC.

Pipeline units include the Lillian Place, 13th and Market RFP site, and the Cortex Hill Condos project.

These projections do not include the units built outside of downtown with CCDC assistance. Family units are typically units with one or more bedrooms.

Figure 1: Affordable Housing Created Downtown since 1979:



Source: Citywide Affordable Housing Projects Log, 2004. Courtesy: Dale Royal, CCDC.

2. LOW INCOME JOBS CREATED IN CENTRE CITY

Currently, there are 42,000 jobs in the private sector in downtown: 42% of these jobs earn less than a self-sufficiency wage (\$11.38) and 19% do not have health insurance. Low income families are those with four members with wage-earners earning less than \$16.36 per hour¹. There are 26,209 jobs (62%) in downtown that fall under this category currently. A sample of occupations that generate low-income households includes housekeeping maid, preschool teachers and security guards (see Table 3).

Table 3: A Sample of Low-Income Occupations in Downtown:

Occupation	Median Hourly Wage (1)	Estimated number in Center City (2)	Approx. AMI based on family of four (3)
Parking Lot Attendants	\$7.88	455	39% AMI
Housekeeping maids	\$8.76	1,355	43% AMI
Janitors and Cleaners	\$9.31	387	46% AMI
Security guards	\$9.38	968	46% AMI
Landscaping Workers	\$9.54	308	47% AMI
Hairdressers, hairstylists	\$9.60	144	47% AMI
Child-care workers	\$9.61	36	47% AMI
Home Health Aides	\$9.67	23	47% AMI
Restaurant cooks	\$9.96	557	49% AMI
Preschool Teachers	\$10.76	26	53% AMI
Bakers	\$10.81	36	53% AMI
Library Assistants	\$12.61	26	62% AMI
First line Supervisors Food Prep	\$12.71	325	54% AMI
Parking Enforcement Workers	\$12.96	NA	63% AMI
Medical Assistants	\$13.18	41	64% AMI
School bus-drivers	\$14.37	86	70% AMI

Sources and Methodology: (1) Occupational Median Wage data for San Diego County from the Occupational Employment Statistics (ES202) survey conducted in 2002 by the California Employment Development Department. The data was adjusted for US Department of Labor Employment Cost Index and inflation (San Diego Consumer Price Index-U) to reflect 2004 wages. (2) Employment data by industry was provided by Dunn and Bradstreet employer survey data for the Census Tracts 51-54,56,58. Next, employment data by industry was converted to employment by occupation using Bureau of Labor Statistics staffing patterns (2002). (3) Annual household income was calculated from hourly wages based on 1.61 workers per family from the 2000 Census. Next, the HUD adjusted Income Levels for various levels of AMI for a family of four, were used from data provided by the San Diego Housing Commission. The annual household income was then interpolated between different levels of HUD-adjusted AMI levels to calculate the approximate AMI.

¹ For a family of four, HUD adjusted AMI is \$54,800 annually, which is \$26.34 per hour. Assuming 1.61 workers per family (based on 2000 census), this translates into \$16.36 per hour for each worker.

In sum, there is a current demand of 16,380 low income units from downtown workers. From San Diego commuting patterns, approximately 58% of people holding jobs in the city also reside in the city. Also, from Census 2000, we know that about 30% of households are families with children. Therefore, about 2,850 families with members working downtown, are currently looking for low-income affordable housing (whether “naturally affordable” or “income restricted”) in the City of San Diego.

3. MARKET RATE UNITS

The average rent in the Centre City area is about 30%-40% higher than comparable units in the rest of the County. These are far above the fair market rent, which is the upper limit that HUD uses for Section 8 recipients. To put this in perspective, a minimum wage worker (earning \$6.75/hour) would need to work 135 hours per week to be able to afford a studio at fair market rent in San Diego.

Table 4. Comparison of Market Rents

Number of bedrooms	Fair Market Rent	San Diego County		Downtown	
		Average Rent	AMI at which “naturally affordable”	Average Rent	AMI at which “naturally affordable”
0	\$854	\$852	71% AMI	\$1,183	107% AMI
1	\$904	\$1,010	74% AMI	\$1,311	103% AMI
2	\$1,104	\$1,223	79% AMI	\$1,697	119% AMI

Sources: MarketPoint Real Estate Information Services, 2004 for rental data. AMI-level is interpolated from the HUD 2004 adjusted income levels calculated by the San Diego Housing Commission. Fair Market Rents for San Diego County MSA from the US Department of Housing and Urban Development.

4. THE GAP WILL CONTINUE TO GROW

By 2025 the Downtown Community Plan Update envisions creation of 85,000 jobs in Office, Hotel and Retail uses. These jobs consist of 52,000 households, almost a third of which (17,783) will be at or below low-income. The average household income for these workers is projected to be:

Hotel \$39,800 58% AMI
Retail \$46,800 68% AMI

Source: Keyser Marston Associates, 2005 Job Housing Balance report projecting downtown employment through 2025 presented to the Jobs Housing Balance Subcommittee of the Steering Committee for the Downtown Community Plan Update.

The demography of some of the employment is quite stark:

- Almost 80% of hotel workers in downtown will be at or below low income
- Almost 70% of retail workers in downtown will be at or below low income

In sum, an additional 3,094 families will be looking for low-income affordable housing (whether “naturally affordable” or “income restricted”) in the City of San Diego as a result of new development in downtown.