LAND USE AND THE JOBS-HOUSING MISMATCH
(THE "LOHWOT" CHALLENGE)

A WORKING PAPER OF THE
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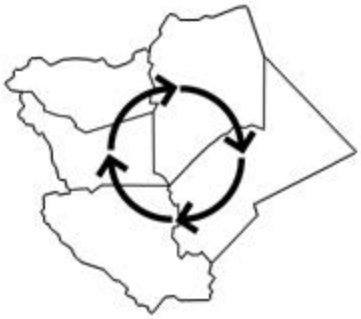

INTER-REGIONAL
PARTNERSHIP
Alameda County
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Santa Clara County
Stanislaus County

with
Association of Bay Area Governments
San Joaquin County Council of Governments
Stanislaus Area Association of Governments

INTRODUCTION

The current distribution of jobs and housing in the five county IRP study area is markedly uneven. The result is increasing numbers of people who spend more time and energy commuting on already congested roads. This paper examines the problem and suggests a number of strategies designed to help the area cope with continued growth, lengthening commute times and related land use conflicts.

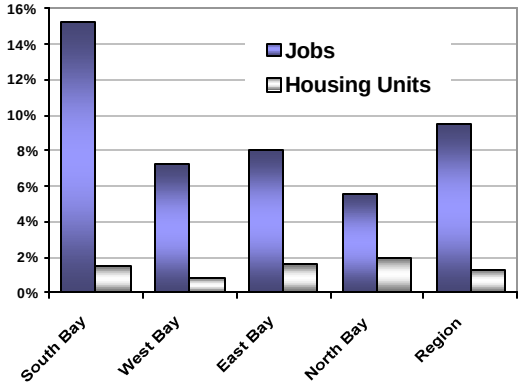
LOHWOT (live over here, work over there) is a term for this problem of long commute times associated with living far from work. In the case of the IRP study area, jobs and housing mismatch issues are spread across county and regional lines, complicating solutions.

EMPLOYMENT AND HOUSING GROWTH IN THE IRP AREA

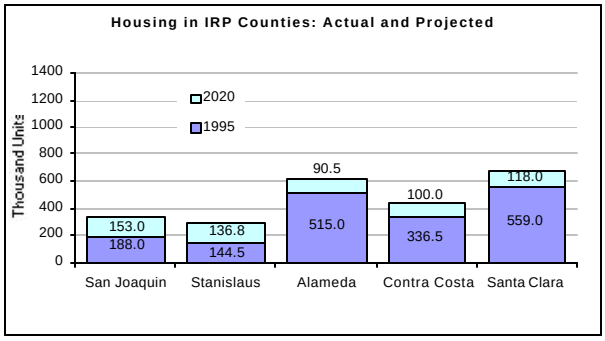
In the San Francisco Bay Area today, job growth is far exceeding the growth in housing units (see graph below). The reverse is true in parts of San Joaquin and Stanislaus Counties.

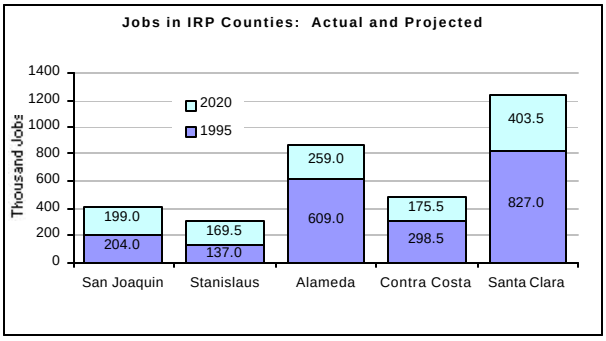
The Association of Bay Area Governments predicts that by 2020 the nine counties around the Bay will add approximately 1.4 million new residents and an equal number of new jobs. During the same period, it is expected that only 508,000 new housing units will be added to an already very costly and competitive housing market (ABAG, 1997). On average, one housing unit supports 1.4 to 1.6 jobs (Cervero, 1991). This means that close to half of the new workers coming to the Bay Area may encounter difficulty finding appropriate housing. This situation will continue to pressure the rapid residential growth occurring in Central Valley cities like Modesto, Tracy and Patterson.

Bay Area Jobs and Housing Growth: 1995-7



The following graphs show the current distribution of jobs and housing and projected growth for the five IRP counties. They clearly indicate that the number of people not living close to their jobs will increase substantially over the next 25 years and that an increasingly common commute will be from the Central Valley to South Bay and East Bay destinations via the Altamont Pass.





Two overarching strategies can be employed to permit continued growth and economic prosperity in a region with a geographic mismatch in jobs and housing:

1. **Bring jobs and housing physically closer together.**
2. **Establish more sustainable methods of moving and connecting people between distant jobs and homes.**

STRATEGY 1: BRING JOBS AND HOUSING CLOSER TOGETHER

The closer employees live to work, the less time and energy is consumed in transporting them to and from their jobs every day.

- Time saved by not commuting long distances or suffering severe congestion delays can be used for other purposes. Employees with short, free flowing commutes are able to spend more productive time at work or more family time at home than those who travel long distances. This translates to greater productivity and a higher general quality of life.

> **Supportive Evidence:** A study done in the Greater Seattle-Tacoma area found that in census tracts with fairly equal numbers of jobs and employed residents, commute times were an average of 29% shorter than in unbalanced tracts.
> *Source: Cervero & Landis, 1995.*

- Not commuting long distances saves energy and helps sustain a healthier environment while reducing consumer costs for cars and fuel and taxpayer costs for infrastructure provision and maintenance.

When communities produce new jobs at a faster rate than new housing (as in many Bay Area counties today), or more housing than jobs (as in San Joaquin and Stanislaus Counties) longer commutes and their associated economic, social and environmental costs ensue. It is therefore important to strive for a closer match between jobs and housing.

An effective jobs/housing balance requires more than simply providing an equal number of housing units and jobs. In order to give people the option of living close to their jobs, it is vital that a community's housing stock match the economic profile of its workers. For example, if 15% of a community's employees are in low-income professions, then approximately 15% of that area's housing ought to be "affordable" to that group of people.

Considerations / actions for bringing jobs and housing into balance

Staff suggests a number of approaches to correct the jobs/housing imbalance for IRP consideration.

Create more housing opportunities near employment centers.

This is probably the most effective method of enabling people to live closer to their jobs. Building new housing within existing Bay Area communities (and often right in urban cores) can accommodate significant numbers of residents and workers. A number of things can be done to encourage such development.

- **Identify vacant and underutilized residential, commercial and industrial sites (including brownfields)** that could accommodate a significant amount of future growth demand. Consider modifying existing policies and regulations to foster reuse.
- **Modify land use policies, zoning codes, and development charges** to encourage private development in central areas. Rewrite obsolete zoning codes requiring strict separation of uses to allow housing production in or near employment centers.
- **Streamline the permitting process** for residential and mixed use developments meeting location and density requirements. This serves two functions: It makes such development projects more attractive to investors because of less red-tape and a shorter time-to-completion, and it allows needed new housing units to come on-line sooner.
- **Encourage business leaders to advocate new housing near employment centers**. It is in the best interest of major employers to encourage construction of new housing in proximity to their facilities. Not only are people more productive at work when they have short

commutes, it is easier to attract high quality employees if sufficient quantities of affordable housing is available in a community.

- **Stress local planning which is sensitive to the housing needs of the region**. Revenue-driven land use decision-making aimed at maximizing tax profits by encouraging retail and commercial construction over other uses has led to the types of problems now being addressed by the IRP.

Attract employment to areas which have a large supply of workforce housing.

Decentralizing jobs into areas which are currently housing-rich helps to equalize the balance in both the community from which the jobs are moving and the community receiving the jobs. Such jobs should however, match the skills of local residents. Staff are currently identifying potential research directions for inter-regional economic development efforts.

- San Joaquin and Stanislaus counties **economic development** efforts could target existing companies expanding in currently jobs-rich IRP areas - specifically employers who already have employees living in the Central Valley. Thus far, Stanislaus and San Joaquin counties have not been able to attract significant numbers of jobs from the major employment centers in the Bay Area.
- Existing employment centers with more jobs than housing units might **develop referral programs** to expose new companies to Central Valley communities with less costly housing and reduced congestion.
- **Identify commuters and where they work**. The Stanislaus County Economic Development Corporation (SCEDCO) and the San Joaquin Partnership could collaborate and target those businesses with their joint marketing efforts. Both SCEDCO and the San Joaquin Partnership have resources in place to work directly with any business that expresses interest in the Central Valley as a potential location.

Encourage people to locate (or relocate) closer to their jobs

Assuming housing in the appropriate price range is available, several things may be done to entice employees to search out housing in close proximity to their workplace.

- **Bonuses** (monetary or otherwise) may be granted to people who buy or rent homes near their jobs in an effort to reduce public costs incurred through providing infrastructure for the same people if they choose to live in new subdivisions on the urban fringe.

> **Example:** As part of a larger program called *Smart Growth*, The State of Maryland has begun awarding $3,000 closing bonuses to people who are willing to buy homes in established neighborhoods close to their jobs.
> *Source: Maryland Office of Planning, 1997.*

- Employers can be encouraged to **hire local workers**. Though they cannot be forced to hire locally, companies requiring significant numbers of laborers (public works and construction projects for example) can be presented with references of qualified local workers and asked to make an effort to employ locals.

Challenges inherent in jobs/housing goals

Critics of attempts to achieve a balance in jobs and housing opportunities bring up several indisputably important points that must be acknowledged.

- **Two-worker households** have become increasingly commonplace. If two working members of a household are employed in areas far apart, it is impossible for them both to live in close proximity to their jobs.

- Increasing **job turnover** is another factor. In today's economic marketplace, it is not uncommon for people to change jobs often, however they cannot be expected to move every time they switch jobs - especially if they are homeowners.

STRATEGY 2: ESTABLISH MORE SUSTAINABLE METHODS OF MOVING PEOPLE

As discussed above, the problems associated with the jobs/housing mismatch theory make it clear that even achieving a perfect numerical balance in jobs and housing in every community will not completely solve the commuting problems in the IRP area. Because of this, staff offers a number of strategies designed to effectively support transit and alternative commuting schedules for your consideration.

Create a more efficient pattern of land use

- **Urban Growth Boundaries (UGBs) and compact community land use patterns** encourage creative solutions for accommodating future growth within existing urbanized areas.
- Consider **Transfer of Development Rights (TDRs)** programs to preserve greenbelt lands on the urban fringe and intensify land use within existing developed areas.

> **Example:** Maryland's TDR program allows owners of undeveloped or agricultural lands in designated zones to sell the development potential of their land for application to other more appropriate sites for development.
> *Source: Planning Commissioners Journal. 1998.*

- **Support location efficient mortgages (LEMs)**. LEMs recognize that people who live near work or transit facilities tend to spend less on transportation and therefore have more money to invest in a home.
- **Encourage mixed-use, transit-oriented development (TOD) around ACE stations** as an integral part of the implementation plan for the new service. The commuter train creates a unique opportunity to plan efficient TODs from the ground up.
- **Encourage new commercial and residential development near transit** by lowering impact fees for developments close to transit stations and raising fees for development not near transit.
- **Encourage local transit connections to ACE and BART** by working with local transit providers on route modifications.
- Explore ways to **make transit work better in existing lower density areas**. Programs like dial-a-ride may be more effective at providing flexible transit service to existing suburban areas than conventional fixed bus routes.
- Development on the fringes of urbanized areas should be required to **pay the full costs of development**. Adding the true costs of infrastructure provision and maintenance, and environmental impacts to the price of such developments will make living at slightly higher densities in central areas or in transit-friendly clusters more economically attractive.

> **Example:** The Southern California City of Lancaster has adapted an *Urban Structure Program* which includes distance surcharges. Charges are levied for new developments based on how far they are from existing service providers located in the core.
> *Source: City of Lancaster.*

Promote strong and vibrant urban cores

Directing new investment into older urban areas maintains the strength of a region and is an efficient use of existing infrastructure and services.

- Create and **support designation of redevelopment areas** in urban cores and give these areas the highest planning priority.
- **Advocate rezoning of undeveloped or under-utilized commercial and industrial lands**.
- **Promote mixed-use developments/zoning.**
- **Encourage regional institutions and services to locate in downtown areas**.
- **Advocate for regional transportation priority to improve existing public transit infrastructure in urban cores**.

Create new towns with a mix of housing types and commercial land uses

Though the success of new towns is mixed, they could serve as a preferable alternative to continued sprawl around existing urban areas.

- New towns may be **planned from the ground up** to be transit-oriented and can complement infill in existing urban areas (Calthorpe, 1993). Planners and architects of new towns can consider the best possible layouts for various land uses and locations for transit facilities which is never possible when working with existing cities. The introduction of the ACE train service creates an opportunity for the development of transit-oriented new towns around stations.
- **New towns are intended to become communities**, not simply isolated attachments to existing ones. This model allows for a potential future jobs/housing balance and, with local shopping and schools, a successful new town could have less of an impact on the regional transportation system than typical suburban housing developments.

Encourage alternative commuting solutions

- **Telecommuting**, even if only for one or two days per week, dramatically reduces the time an employee spends traveling between home and work and significantly reduces impacts on transportation infrastructure. Employers should be encouraged to promote telecommuting wherever possible. The benefits for employees are obvious.
- **Alternative work schedules** can also improve the commute for people living far from their jobs by not requiring them to drive or use transit during peak hours. This promotes a more efficient use of existing infrastructure.
- **Advocate programs like Ecopass** (employer-subsidized transit passes) for all employers located near transit facilities. Tax incentives may be offered to participating employers based on the public savings associated with reduced traffic during peak hours.
- **Encourage the elimination of free employee parking** and persuade workers to use transit and carpools wherever feasible.
- **Encourage programs like "don't drive one in five"** for employers to recommend and implement with employees.
- Support **employer sponsored carpool programs** and **shuttle bus services**.

CONCLUSION

It is clear that the current mismatch of jobs and housing production in the IRP area is severe and continues to worsen. This paper has suggested a number of actions for both equalizing the distribution of jobs and housing, and fostering more sustainable land use patterns. The Partnership is an excellent forum for promoting inter-regional change, and continuing discussion of these issues.

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