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Mercury News editorial: California can't abandon affordable housing

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Redevelopment in California is dead -- or so it appears -- as lawmakers who might have defended it from Gov. Jerry Brown's budget ax are choosing to fight other battles instead. But the governor and Legislature cannot allow affordable housing in this high-cost state to become collateral damage.

Redevelopment agencies have been the primary driver of low- to moderate-income housing development in California, since 20 percent of redevelopment revenue is set aside by law to help build affordable homes -- not for lowlifes and welfare cheats, as opponents imply, but for starting teachers, administrative assistants, store clerks, entry-level techies and, yes, for gardeners and house cleaners upon whom not just wealthy but many middle-class families rely.

Housing advocates are rallying behind state Sen. Mark DeSaulnier, D-Concord, who has proposed continuing to spend 20 percent of redevelopment money for housing instead of diverting it all to schools and other services. Absent a better idea, DeSaulnier's plan should be part of the budget deal.

Regional government agencies such as the Association of Bay Area Governments would administer the program. Cities that build affordable housing -- San Jose, Redwood City -- would get

their 20 percent back. Money from cities that don't want to build the housing -- perhaps Menlo Park -- would be offered to ones that do. This would remedy Controller John Chiang's finding that some cities don't use

their housing money (although he was wrong about San Jose, which has spent every penny).

The need for affordable housing will only grow.

While home prices continue to lag, rents are soaring. Demand is high in part because of foreclosures forcing families into rentals. Rising rents are the reason builders are reviving plans for new apartments in North San Jose.

Meanwhile, the next state budget will further deepen cuts in aid to low-income and disabled Californians. More people will be homeless, which creates other public costs.

Existing affordable units are full to the brim. At the nonprofit Eden Housing, the vacancy rate is 1.5 percent. A healthy rate in the rental market is 5 percent.

Eden's executive director, Linda Mandolini, says redevelopment doesn't just help nonprofit developers -- it enables them to exist. Without its grants or loans, they couldn't pull together enough tax credits and other components to finance quality buildings and rent them to low-wage earners. And there is nothing to replace the redevelopment money. Federal housing aid is drying up, and California has stopped floating bonds for housing and other construction projects.

Brown's proposal to whack redevelopment has shone a spotlight on problems with some agencies. We would prefer to see the program overhauled rather than ended, and we suspect it will be revived

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in some form, or else California communities will have no resources for economic development.

But those who say housing is unimportant compared with other business and education needs should chat with leaders of the Silicon Valley Leadership Group. They continue to cite the lack of affordable housing as a major challenge for the valley's competitiveness.

Whether for business or humanitarian reasons, California can't turn its back on this need.

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