

**Santa Fe Depot**  
Specific Plan Update

# Workforce Housing

In many cities across the county, people working the jobs that allow those communities to function successfully – civil servants, police officers, fire fighters, teachers, retail sales clerks, or nurses, for example – cannot afford to buy or rent a home in the community in which they work. In a few of the largest U.S. metropolitan areas, virtually all homes are priced beyond the reach of households that rely on the salary of one of these professions.



This shortage of “workforce housing” in large segments of metropolitan areas has many negative consequences. Essential workers must either commute longer or find less desirable homes or neighborhoods in order to live closer to their workplace. Longer commutes affect everyone since they add to traffic congestion, air pollution, environmental degradation, and more requests for public funds to be used for the construction of new roads, schools, libraries, etc. Longer commutes also diminish time available to spend with family and friends.

And when workforce employees leave the community at the end of the work day, it leaves a hole in the social fabric as these valuable members of society take their availability and interaction to another community.

In some areas, the lack of workforce housing has become an economic development issue as corporations decide not to locate in areas where their employees cannot acquire decent, safe, and affordable housing.

The dichotomy between the need for human infrastructure jobs in every community and the large portions of metropolitan areas where homes are not affordable to people working

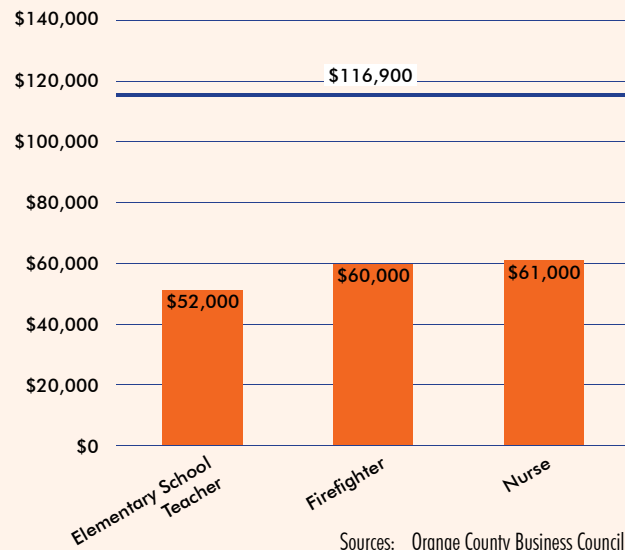
in those jobs is striking and troubling. If communities do not contain a mix of homes that provide housing for the mix of jobs required to make them function, filling those jobs and maintaining essential fiscal services becomes more expensive and more difficult. Everyone in the community is affected with higher taxes to support essential services, or lower service levels, or both.

## The Housing Crisis in Orange County

Orange County, along with the rest of California, is in the midst of two simultaneous, but interrelated housing crises: 1) an under-supply of newly built housing to meet a growing population, and 2) rapidly diminishing housing affordability for a growing workforce.

According to a survey of business executives by the Orange County Business Council, the high cost of housing is the number one reason Orange County is becoming a less attractive place to do business. Housing costs were ranked as the third largest barrier to doing business in Orange County. The high cost of living translates into higher costs for businesses as they must offer higher wages in order to recruit and retain employees. Eventually, without action, the housing affordability crisis will rapidly eat away at Orange County’s long-term economic stability and competitiveness.

**Income Needed to Afford Median Priced Home (\$496,540) Compared to Typical Salaries Orange County, 2004**



Sources: Orange County Business Council

# FACT SHEET

## The Workforce Housing Issue: *The Facts Nationwide*

- Between 1997 and 2001, the number of lower-middle and middle-income households spending more than half their incomes on housing surged by more than 700,000. (Harvard University, 2003)
- In 1999, an estimated 3.9 million working families had critical housing needs (paying more than half their income for housing), another 1.6 million lived in overcrowded conditions, and another 2.7 million were forced to commute over 45 minutes. (National Housing Conference, 2003)
- Retail salespersons cannot qualify to purchase the median-priced home in 60 metropolitan markets in the country; elementary school teachers could not qualify in 32 markets; police officers, 28 markets; and licensed practical nurses in 57 markets. (National Housing Conference, 2003)
- Over 50 percent of immigrant families with critical housing needs worked the equivalent of a full-time job. (National Housing Conference, 2003)
- The gap between home price and income growth during the last five years is the largest it has been since the data has been collected, with home price growth of 45 percent far outstripping the 28 percent income growth. (OFHEO, Bureau of Economic Analysis)

Housing has not been in the forefront as a political issue at the federal level for some time now. Federal funding to address housing issues has been declining for decades. After adjusting for inflation, housing as a federal budget item has half the funding today that it had in the 1970s. With the decline of federal participation in housing issues, state and local governments are being asked to address the issue through innovative and affordable programs.

**One goal of the Santa Fe Depot Specific Plan Update is to identify sites appropriate for moderate and higher density housing, where there will be opportunities to develop workforce housing suitable for professionals such as City employees, Chapman University faculty and staff, St. Joseph Hospital staff, and other Orange business employees.**

## Successful Example of Workforce Housing

### University Gables, Cal State Fullerton

Cal State Fullerton found it increasingly challenging to recruit and retain employees, especially faculty in nationally recruited positions who could accept jobs at institutions where housing is more affordable. University Gables is a residential neighborhood of 86 attached and detached homes built to accommodate the faculty and staff of Cal State Fullerton.

University Gables' home prices are far less than surrounding communities because the land was donated by the County of Orange and the City of Buena Park, both of which have progressive programs to create affordable housing opportunities for county residents. These cost reductions are being passed on to buyers to make the homes more affordable for entry-level faculty and staff. Home prices range from the high-\$100,000s for the attached homes and from the mid-to-high \$200,000s for the detached homes.



Sources: Fannie Mae Foundation, Livable Places, National Association of Home Builders, Urban Land Institute, Orange County Business Council

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