

California Home Revitalization & Homestead Act

(Evidence in Support of)

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Background

The Solution was used successfully 65 years ago so why not use it again today?

What is the solution? That Solution is to implement a program modeled after the “*Veteran’s Emergency Housing Program.*”

“Veterans’ Emergency Housing Program” (VEHP)

From 1946 to 1948, in a 3 year period of time, VEHP built 2.5 million homes that cost \$10,000 or less to address the housing shortage crisis.

National Housing Emergency, 1946-1947

An act of congress, May 22, 1946, declared a national housing emergency and clothed the Executive Branch of the government with special powers to deal with it.

<http://library.cqpress.com/cqresearcher/document.php?id=cqresre1946121700>

The Veterans’ Emergency Housing Program

Limiting the sale price or monthly rental of housing which can be built under the program to \$10,000 and \$80 per month respectively-administered by the NHA.

<http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2295&context=lcp> pg. 13

3-year period that changed cities forever – The Veterans’ Emergency Housing Program

<http://www.cityclock.org/program-changed-cities-forever/#.WaSJmckuUk>

\$10,000 for a house in 1948 adjusted for inflation equals \$103,285.23 in 2017.

\$80.00 a month for rent for an apartment in 1948 adjusted for inflation equals \$826.28 in 2017.

<https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=10%2C000.00&year1=194801&year2=201707>

William Levitt & Sons Mass Produced Housing

*The building of every house was reduced to 26 steps, and sub-contractors were responsible for each step. His mass production of thousands of houses at virtually the same time allowed Levitt to sell them, **fully furnished with modern appliances, for as little as \$8,000 each (\$65,000 in 2009 dollars) , (\$75,356 in 2017 dollars)**, which, with the [G.I. Bill](#) and Federal housing subsidies, reduced the up-front cost of a house to many buyers to around \$400. (\$4,143.78 in 2017 dollars).*

https://en.wikipedia.org/wiki/William_Levitt

To fix the housing shortage California should implement a house building program modeled after the Veterans’ Emergency Housing Program.

Build 1.3 million single-family/unit homes that cost consumers \$250,000 or less over the course of three years; and 300,000 of those homes which cost consumers less than \$200,000.

Build 300,000 multi-unit apartment homes over the course of three years of which 100,000 units rent for \$800 a month or less and another 100,000 units which rent for \$1,200 a month or less

Relocate hundreds of thousands of jobs from cities that have a shortage of housing to existing cities that have a surplus of housing and to new development communities.

Regulate the housing market by providing economic incentives for developers to build inexpensive housing and an economic deterrent to developers to build expensive housing.

California Senate Bills SB2, SB 3 and SB 35 will perpetuate the housing crisis for another decade, actually another three decades by not addressing the root cause of the housing crisis.

Streamlined construction and \$3.6 to \$4.6 billion, (maybe \$15 Billion), for affordable housing will not fix the housing crisis. It's like placing a band aid on severed artery. The root cause is that the market has been manipulated from producing affordable housing as it did in the 40s and 50s. The only solution is to enact the regulations to create a market that will produce affordable homes.

Fact: in 1975 a UPS delivery driver could afford to buy a house in Palo Alto.

Fact: in 2017 a UPS deliver driver cannot afford a studio apartment in Palo Alto.

There is no reason why the housing market and economy cannot be regulated so that a UPS delivery driver can afford to buy a house in Palo Alto in 2017; well at least at the new Palo Alto located adjacent to Tracy, California.

If government officials changed the rules of the housing economy to reduce the cost of housing 30% across the board everybody would be able to afford to buy health insurance without the Affordable Care Act, they wouldn't need it.

It could be argued that the housing shortage in California in 2017 is worse than what it was in 1946.

From 1946 to 1948 the country built 2.5 million homes to address the housing shortage which was just the beginning of a boon last lasted for over two decades.

The California Legislature is pushing bills in 2017 and 2018 that will generate \$3.6 to \$4.6 billion for housing. That will build 36,000/46,000 units of housing at a cost of \$100,000 per unit or 18,000/23,000 units of housing at \$200,000 per unit or 14,400/18,400 at \$250,000 per unit. 36,000/46,000 units will not even keep pace with the rising demand over the next 3 years.

\$15 billion in federal funds would produce 150,000 units of housing at a cost of \$100,000 each.

According to a September 4, 2017 L.A. Times Editorial the cause of the housing crisis is due to the state failing to build a minimum of 1.5 million homes from 2003 to 2014 during which time less than half were built. The state has created a deficit of 750,000 to a 1,000,000 homes in a decade.

<http://www.latimes.com/opinion/editorials/la-ed-housing-bills-20170904-story.html>

The population of U.S. in 1948 was 146 million.
0.017123 of 146 million is 2.5 million homes

The population of California will be 41 million by 2020.
0.017123 of 41 million is 702,000.

It would require \$70.2 billion at \$100,000 per home to build 702,000 homes.
It would require \$140.4 billion at \$200,000 per home to build 702,000 homes.

Can California tax its citizen \$70 billion to spend on homes? Nope. How about 140 billion? No way.

But California can implement financial and land policies that will push private business to build \$140 billion worth of homes at prices that average people can afford.

And California can create incentives and deterrents to push business to new cities lessening the housing crisis and decreasing traffic and long commutes.

To achieve the same success as our forefathers California would need to build 1.3 million homes and 300,000 apartments over a 3 year period and then continue at a prodigious rate for the foreseeable future.

California is building approximately 100,000 homes a year and needs to build 200,000 a year just to stabilize housing costs which would be 600,000 homes over three years, yet that still fails to reduce the current high costs preventing millions from owning a home who should be able to.
<http://www.latimes.com/politics/la-pol-sac-housing-shortage-law-questions-20170705-htlstory.html>
<http://www.lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.aspx>

California should build 1.3 million homes over three years. If we can go to the moon we can build a million homes. We did it before therefore it is not about ability; it is about “want to.”

Does California want to apply the solution that will provide housing for all income levels?

California has the nation’s highest poverty rate, when factoring in cost-of-living 20.6 percent,
<http://www.politifact.com/california/statements/2017/jan/20/chad-maves/true-california-has-nations-highest-poverty-rate-w/>

Two-fifths (40.0%) of state residents were poor or near poor in 2014.
<http://www.ppic.org/publication/poverty-in-california/>

8.1 to 15.8 million people are spending more money on housing than what is necessary. They are the collateral damage of property owners, state and local zoning laws exploiting the new economy.

The single biggest factor producing this poverty rate is not a lack of available jobs, it’s not the lack of a higher minimum wage, the predominant cause to this poverty rate is the lack of housing, affordable housing.

The economy, the housing market, has been manipulated through self-serving regulations and policies that benefit a minority at the expense of the majority.

We regulate electricity that goes to houses to ensure the people are not exploited by a manipulated market, (ENRON), but we don't regulate the houses in which the electricity goes to.

What is more important, electricity or a house?

It is clear that the current regulations and laws that govern the Housing are not capable of preventing the market from being manipulated in a manner which allows the people to be exploited.

California does not have a housing crisis. California's housing shortage is a "state of emergency" just as if a natural disaster had destroyed a million homes. SB 3 and SB 35 are treating the housing shortage as if the state had the flu when the state is in cardiac arrest and needing open heart surgery. Without properly diagnosing the problem and the severity of the condition California will not be able to restore the economic health to the State. The only way to deal with the housing shortage, the only means to heal the state's economic ailment, is to properly call it what it is; and that is a "state of emergency" not a "crisis." Only after the problem is properly diagnosed can the appropriate remedy be applied. SB 3 and SB 35 are not a remedy for the problem.

The economy and housing market created by policy makers in the 1950s provided a custodian or a delivery driver the economic ability to afford a house in Palo Alto, California.

There is no moral justification, nor any economic reason why today's policy makers cannot create an economy and housing market that would provide the economic ability to a delivery driver to purchase a house in Palo Alto.

The only difference between then and now is logistics. The Palo Alto of today is not Silicon Valley on the Peninsula but it is in places like the western side of the Hwy 5 corridor between Tracy and Los Banos and south of Livermore to Sunol.

By refusing to create an economy and housing market equal to that which our grandparents enjoyed is immoral. Allowing a minority of citizens to exploit a manipulated housing market made up of contrived regulations in order to force a majority of citizens to hand over a majority of their income is robbery.

SB 2, SB 3 and SB 35

There are dozens of bills floating through the California State Legislature including the recently passed (SB 2, SB 3 and SB 35) to address the housing shortage in California which will raise between \$3 to \$4.6 Billion for affordable housing.

<http://www.latimes.com/politics/essential/la-pol-ca-essential-politics-updates-billions-of-new-funding-for-low-income-1505517751-htmlstory.html>

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB3

https://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=201720180SB35

<http://www.latimes.com/politics/la-pol-sac-housing-bills-taxes-affordable-20170319-story.html>

<http://www.latimes.com/politics/essential/la-pol-ca-essential-politics-updates-california-senate-passes-package-of-1496339298-htmlstory.html>

Despite billions of dollars being thrown at homelessness; homelessness not only persists but it is worse than ever. Homeless Service Providers make a good appearance at providing token solutions of wiping up the puddle from the leaky pipe but they never truly address the leaky pipe which is why homelessness persists. Just as Homeless Service Providers never eliminate homelessness these bills that address the shortage of housing will not eliminate the gap between the average worker's income and the cost of a home which is the fundamental problem as to why people cannot afford housing.

Neither Bill will regulate the market to produce large quantities of affordable housing for neither Bill produces affordable housing in undeveloped areas that would create affordable housing.

History has shown that the only areas that can produce large quantities of affordable housing are vacant barren areas that have not been developed before. The reason why Americans pushed westward for 150 years was for cheap housing; cheap land.

The Homestead Act of 1862 provided 160 acres of land to 1.6 million households.

<http://www.history.com/topics/homestead-act>

<http://lifeofthecivilwar.blogspot.com/2011/05/160-acres-of-free-land.html>

President Abraham Lincoln signed the Homestead Act on May 20, 1862, to spur Western migration. How did a person get 160 acres of one's own? You had to be a U.S. citizen and 21 years of age. By paying a filing fee of \$10 and residing on your new farm in the West for at least five years, the land would be yours.

http://www.americaslibrary.gov/jb/civil/jb_civil_homestead_1.html

The Homestead Act of 1862

Such an act helped thousands achieve the American dream of owning their very own land. ***While it might not seem revolutionary to us today***, in the 1800s many people taking advantage of the homestead act were ***first or second generation Americans***. *Many fled oppressive European systems of class and status and life no better than a serf of tenant farmer on a rich person's land.* ***To own your own land was a dream they couldn't achieve in Europe, but in America, it was possible thanks to the Homestead Act.***

<https://homesteading.com/homestead-act-of-1862/>

American Dream of Homeownership Delayed for Millennial Generation

In a nationwide survey of about 24,000 renters Apartment List found that the 80 percent of millennial renters, born between 1982 and 2004, want to purchase a house or condo, but face a huge obstacle: affording a home. For some millennials that means ***a wait of at least two decades before they can afford to buy a home.***

The 80 percent of respondents who indicated they plan to eventually buy a house or apartment contradicts a popular notion that millennial preference for living in dense, walkable urban areas makes home ownership less attractive to this generation. That percentage has been inching higher from the 74 percent that said they plan on eventual home ownership in 2014 and 79 percent in 2015, but the figure has been relatively consistent over the past three years of our study.

<https://www.apartmentlist.com/rentonomics/american-dream-homeownership-delayed-millennial-generation/>

'Housing crisis' tops state's legislative agenda this year

According to the state Housing and Community Development Department, California needed 180,000 new homes each year over the past decade but built on average just 80,000 a year.

The state will need at least 1.8 million new homes by 2025.

At 54 percent, California's homeownership rate has dropped to the lowest point since the late 1940s. Overcrowding in the state is double the national rate. And while the

state has 12 percent of the nation's population, it has 22 percent of the nation's homeless.

Unless something is done, **the state will have a housing gap of 3.5 million units in eight years**, he said. "People have come to understand that this is a crisis, and we need to treat it as such and address it accordingly." Assemblyman Richard Bloom, D-Santa Monica,

<http://www.ocregister.com/2017/05/01/housing-crisis-tops-states-legislative-agenda-this-year/>

For millennials in Silicon Valley, buying a home is pretty much a nightmare

A new report shows that between 2005 and 2015, the rate of home ownership among millennials in the San Jose metro plunged faster than anywhere else in the country — a 34.8 percent decrease "in the heart of Silicon Valley," as the report puts it.

And ponder this: The average millennial in San Jose would have to sock away 15 percent of his or her annual income for 27.9 years in order to afford a 20 percent down payment on a home. The average value of a millennial-owned home in San Jose is \$737,077

<http://www.siliconbeat.com/2017/06/27/millennials-silicon-valley-buying-home-pretty-much-nightmare/>

Bay Area housing crisis splits young and old

New poll pinpoints sharp generational divisions

A separate poll released Thursday by the council showed that 40 percent of Bay Area residents — and **46 percent of the region's millennials — are considering leaving the region because of congested roadways and exorbitant housing costs.** Those costs have marched higher in recent years as the local economy has generated more jobs while the supply of available housing has shrunk.

<http://www.mercurynews.com/2017/04/06/bay-area-housing-crisis-splits-old-young/>

California needs a new Homestead Act. California needs to give up land to homesteaders and housing developers. It is the only solution to the housing shortage. It is the only solution that has demonstrated itself successful time and again throughout the history of country.

Existing cities are not capable of reversing housing costs. If you add 50,000 units of housing to San Francisco, the cost of housing will not go down. If you had 10,000 units of housing to Palo Alto, the cost of housing in Palo Alto will not go down.

Even if you build upwards all you're going to get is Manhattan. And who can afford to live in Manhattan? The average rent for a two bedroom apartment in Manhattan is \$3,895.

<https://smartasset.com/mortgage/what-is-the-cost-of-living-in-new-york-city>

Compounding the problem is the active resistance of cities to build housing insisting on near zero growth at the behest of residents and property owners who seek to increase their property values and rents by maintaining a shortage of housing.

A Bay Area developer wants to build 4,400 sorely needed homes. Here's why it won't happen

<http://www.latimes.com/politics/la-pol-ca-small-city-controls-big-housing-project-20170728-story.html>

Dogpatch developer cuts plans to build on-site affordable housing in half

The developer of two residential towers in the Dogpatch will build less than half of the affordable housing units originally planned for the site because of rising construction costs in San Francisco, according to an attorney for the company.

<http://www.sfexaminer.com/dogpatch-developer-cuts-plans-build-site-affordable-housing-half/>

Despite concerns about lack of data, Berkeley votes to increase developer fee

A proposal to build 91 units at 2100 San Pablo Ave. was abandoned last year after the city increased inclusionary housing per project from 10% to 20%. Changes this week to a Berkeley fee related to affordable housing could give developers more pause about building in town, some say. Image: It already costs nearly \$500,000 per unit to build apartments in downtown Berkeley, according to a prior analysis from development consultant Mark Rhoades.

Under the prior policy, developers of new market-rate housing in Berkeley could either build 20% affordable units on site, or pay a \$34,000 fee for every market-rate unit in a project. That money goes into the Housing Trust Fund and the city can use it to build affordable housing in other parts of town.

<http://www.berkeleyside.com/2017/06/30/despite-concerns-lack-data-berkeley-council-votes-increase-developer-fee/>

Apartment Tower Proposed for Downtown Berkeley

A developer is proposing to build a 180-foot, market-rate apartment tower in downtown Berkeley, reports Roland Li of the San Francisco Business Times\$. The 274-unit high-rise at 2190 Shattuck Ave. by developer Mill Creek would include no affordable units. Instead, the developer plans to pay the city \$1.5 million to \$1.8 million in affordable housing impact fees.

<http://www.oaklandmagazine.com/September-2017/Fridays-Briefing-Legislature-OKs-Billions-for-Affordable-Housing-Apartment-Tower-Proposed-for-Downtown-Berkeley/>

Building skywards will destroy the quality of life that bay area residents enjoy and the reason why they live here in the first place.

Redwood City has recently added 2,500 units of housing yet the cost of housing has not gone down. Redwood City has reached its cap limit and the only other option to increase housing would be to build higher which would require a change to the zoning law. Building higher will turn Redwood City into a traffic congested, stifling city of steel and shadows without reducing housing costs.

<https://www.bizjournals.com/sanfrancisco/news/2017/02/13/redwood-city-housing-downtown-boom-caltrain.html>

Housing was cheap from the 40s to the 70s because the land was cheap. Barren land; orchards; vacant land etc..

There is only one solution to the housing crisis/emergency and that is to build massive amounts of housing over a short period of time on vacant lands creating new towns and cities and or new housing developments adjacent to small towns and cities willing to expand exponentially by constructing inexpensive housing. Coupled with that a concerted effort to move existing businesses and jobs to close proximity to these new housing developments, these new towns and cities, must be a priority to ensure a high quality of life for the new residents and those of existing municipalities.

Summary of the Home Revitalization & Homestead Act

- 1)** Build 1.3 million homes in 3 years; 1 million that cost less than \$250,000 and .3 million that cost less than \$200,000.
- 2)** Build 300,000 apartments in 3 years in which 100,000 units' rents shall not exceed \$800 a month and another 200,000 units in which the rents shall not exceed \$1,200 a month.
- 3)** Identify and designate specific areas of land and regions to be developed with housing and businesses.
- 4)** Provide undeveloped land to developers at discount prices to facilitate the construction of affordable homes for the majority of Californians.
- 5)** Reduce and or eliminate taxes on profits made by lending institutions for those loans made to home buyers.
- 6)** Reduce and or eliminate taxes from profits derived by developers and contractors that produce large quantities of affordable housing units pursuant to the terms of this Act.
- 7)** Eliminate property taxes on all new home and business construction in housing and economic development zones for a period of ten years.
- 8)** Levy a tax on all new home construction that exceeds \$250,000 in final cost to consumer.
- 9)** Eliminate all corporate, business and income tax for ten years in the designated housing and economic development zones.
- 10)** Upon five years of ratification of the Act levy a fine on all municipalities that have a disproportionately higher number of jobs than housing units.
- 11)** Create a sweat-equity program enabling the poorest Californians to become home owners.
- 12)** Open up state owned land for a Californians to homestead new sustainable farms and ranches.
- 13)** Levy an increasing tax on all profits derived from single-unit home rentals to discourage the monopolization of homes for exploitive purposes.

The Problem - The Solution - The Benefits

The Problem: There is no more room to build housing where the jobs are at.

The current zoning and planning laws allow communities and cities to prohibit the production of housing that is required to meet the demand created by the jobs those very same cities produce. This creates an imbalance in the ratio of housing to jobs. This shortage of housing results in an unsustainable increase in the cost of housing. This increase in the cost of housing is entirely unnecessary and allows property owner to extort more money from renters than what they have a right to.

People who cannot afford the rents and or who are unwilling to pay the exploitive prices end up homeless costing the state billions of dollars in financial aid and subsidies. Additionally there is a correlating loss in economic production also in the billions of dollars.

Due to the current laws and policies that regulate the commodity of "Housing" the "Market Rate" or "Market Price" of "Housing" can be manipulated by a minority of special interests in which these special interests cannot do to most other commodities in the market because other commodities are not subject to the restrictive laws and policies that "Housing" is subject to.

Housing is not like most other commodities in the market and therefore should not be treated as most commodities in the market. If housing were like most other commodities in the market than the law of "supply and demand" would drive the price of housing down while improving the quality of that housing as companies competed against each other on an equal playing field for sales, for share of the market.

Twenty years ago a personal computer cost thousands of dollars and the abilities and features were quit limited. Today a person can purchase a personal computer for a few hundred dollars that is a hundred times more powerful and has numerous more features than what computers had twenty years ago. Twenty years ago a small percentage of people had a personal computer; today most everybody has a personal computer.

If all things were equal than houses would be of better quality and less expensive today than what they were twenty years ago just like computers. If all things were equal than there would be millions of more houses in the market and millions of more home owners today than what there were twenty years ago just like there are more computers and more computer owners today than what there were twenty years ago. Because all things are not equal there are less homes in the market and less home owners per capita than what there was twenty years ago.

Because the supply of houses can be artificially restricted by those who control the "Housing Market" the law of "supply and demand" fails to work. The same thing happened when the laws regulating the "Energy Market" were changed giving control of the supply to companies like ENRON. ENRON restricted the supply of energy to California when demand was high in order to drive up the costs to increase its profits all by manipulating the market unnecessarily and without any competition. The result is the government regulates the "Energy Market" differently than most other commodities to ensure that citizens are not extorted out of their money.

Imagine ENRON controlling the housing market in California. That is what we have, the only difference is its not ENRON in control but a loosely connected confederacy of Property Management Corporations, Real Estate companies, zero growth residentialists.

The housing that is being built in outlying areas is too expensive and too far away for the middle class let alone the working poor to benefit from. These developments result in a substantial increase in traffic congestion, commute times and pollution.

Business entities and individuals are monopolizing the residential home stock by acquiring large numbers of homes further reducing the supply of the home stock denying more people the opportunity of home ownership while driving up costs of those homes left on the market in the process. Homes should be owned by owner occupied residents; homes should not be primarily for the profit of businesses. Apartments should be rented.

The Solution: Build massive quantities of solid, inexpensive housing in outlying areas of the bay area that have not been developed.

Move the jobs to close proximity to these new housing developments.

Create new economic centers surrounding these new housing developments.

Repeat that growth of Silicon Valley in a new location; in multiple new locations.

What can be done for the Bay Area can be replicated in Los Angeles and around the state.

Create laws that will bring the percentage of housing units into equilibrium with the number of jobs existing in local geographic regions; essentially leveling the playing field between the property owners and those seeking property.

Tax the profits of home rental proportionally to the number of homes it owns.

The Benefits: Inexpensive housing for millions without raising income taxes

Reduced traffic on the roadways as result of moving hundreds of thousands of jobs to new developments from existing cities and to the cities where the workers actually live. Less maintenance costs of roadways passed on to tax payers.

Moving the jobs to where people live will eliminate the need for workers to commute two, (2), hours every day saving them thousands of dollars in transportation costs each year in addition to reducing the pollution associated with those commutes and thereby mitigate global warming.

Building 1.3 million homes over three years would pour hundreds of billions of dollars into the economy and add money to the state treasury through sales taxes.

Reducing the cost of housing will place more money in the pockets of renters who will then spend that money on more goods and services. Even with the elimination of the state income tax for these tax free zones, the state would stand to reap billions of dollars in new sales tax revenue from the exchange of money due the purchases of goods and services.

The state will save billions of dollars in financial aid and housing subsidies with millions of more people able to pay for rent from their own means. Millions of people will be able to pay for health insurance without government assistance.

A great benefit of this act is the ability of city planners and developers to build commuter friendly, completely sustainable, green and carbon free communities and cities from the ground up.

With more home ownership there will be a corresponding drop in crime and therefore safer and healthier communities.

Building new homes and placing jobs in areas that will not be affected by sea rise will mitigate much of the financial damage that the bay area will incur in the future.

Bedroom communities that have a surplus of housing and want to remain a bedroom communities without will be able to retain the character of their communities by not being forced to add jobs or high density housing..

Regulations

The Naysayers say *“you want to regulate the market, that’s not American. You should allow the competitive forces of the market dictate what the cost of housing is.”*

The fact is the Market is already regulated. If it were not regulated than Palo Alto would have twenty more 300ft tall office buildings and fifty 200 unit apartment complexes. If the Market was not already regulated than the city of Brisbane would not be able to stop 4,400 homes from going into its city.
<http://www.latimes.com/politics/la-pol-ca-small-city-controls-big-housing-project-20170728-story.html>

There is no such thing as a so called “Free-Market,” there are rules which dictate how every economy and every market within that economy will function. It’s just a matter of what kind of rules the people want the market to be governed by. One set of rules produces one outcome; a shortage of expensive housing and another set of rules produces another outcome; a surplus of inexpensive housing.

The current housing market rules, regulations, are producing a shortage of housing which allows property owners and the like to exploit consumers unfairly by prohibiting the construction of inexpensive housing.
<http://www.latimes.com/politics/la-pol-sac-housing-shortage-law-questions-20170705-htlstory.html>

From 2007 to 20014 Santa Clara County completed **139%** of its housing needs for **high-income earners** but only **25%** of **low to very-low income earners**.

From 2007 to 20014 San Mateo County completed **93%** of its housing needs for **high-income earners** but only **23%** of **low to very-low income earners**.

From 2007 to 20014 San Francisco County completed **109%** of its housing needs for **high-income earners** but only **33%** of **low to very-low income earners**.

<https://www.siliconvalleycf.org/sites/default/files/publications/housing-brief-spring.pdf>

The reality is that based upon the current rules that regulate the housing market the state of California is prohibiting the production and sale of inexpensive housing that could be produced and sold if the rules were changed.

The effect is no different than if the State of California passed a law that prohibited the sale of Honda Civics, Toyota Corollas, Ford Focuses, Chevrolet Bolts, Volkswagen Beetles, Buick Veranos and all cars that would cost consumers less than \$25,000 or at best limited the number of these cars to no more than 30% of all cars produced for consumers.
<https://cars.usnews.com/cars-trucks/rankings/small-cars>

Not only do the current regulations prohibit the production and sale of inexpensive cars but the current regulations actually restrict the overall number of cars that businesses may produce and sell in the market.

Imagine for a moment if the State of California utilizing arbitrary regulations as justification told Chevrolet that it could no longer sell cars for less than \$25,000 even though there were a 1,000 people in the market willing and able to spend \$20,000 on a car and Chevrolet could make a profit selling \$20,000 cars to these 1,000 consumers. Imagine for a moment that the State of California told Chevrolet that it could no longer sell more than 1,000 cars a year even though there were 2,000 people in the market willing and able to purchase a car from Chevrolet.

That is the California Housing Market in a nutshell.

The current regulations/laws have actually removed competition from the market. This lack of competition has resulted in a minority of special interests driving up the cost of housing, the so called "market rate housing," unfairly. The regulations/laws proposed here would actually increase competition and drive down costs to a fair amount. The regulations/laws proposed here would allow new and old companies alike to build inexpensive housing enabling more consumers to become home owners.

In 2015 approximately 79,656 Honda Civics were sold in California for an average cost of \$22,000.
<http://www.latimes.com/business/autos/la-fi-hy-california-car-sales-20160217-story.html>

In 2015 approximately 7,763 Porches were sold in California for an average cost of \$70,000.
http://press.porsche.com/more_about/statistics/

If all things were equal in the Housing Market the production and sale of homes would look like the above percentages.

But as it is if the above car market were to be subjected to the current Housing Market regulations than the above percentage would look something like this:

8,000 Honda civics were sold in California at a cost of \$66,000;

36,000 Porches were sold in California for an average cost of \$210,000.

Policy makers need to change the current regulations of the economy from producing a few expensive Honda Civics to a large quantity of inexpensive Honda Civics.

History has shown that large quantities of affordable housing cannot be produced in areas that have already been built up due to the high cost of the main material the goes into the production of a house, the land. It would be like building the frame of a Honda Civic with expensive carbon fiber when all it needs is aluminum. Imagine building a new, very basic 2 bedroom 1 bath 800 sq.ft. wood house on 12,000 sq.ft house in the Professorville area of Palo Alto.

This is another reason why there is a lack of affordable housing. State and regional policy makers are forcing companies to use carbon fiber instead of aluminum to build their cars. Policy makers are forcing all companies to build all housing in areas that have already been built up instead of vacant areas that have never been developed.

A new apartment complex went up in Palo Alto a year ago and the starting price for a one bedroom is \$2,900 and a 2 bedroom is \$3,700.

<http://hohbachrealty.com/park-plaza-apartments/>

An equivalent one bedroom apartment starts at \$1,850 and a 2 bedroom starts at \$2,045 in a newer apartment complex in Tracy.

<https://www.forrent.com/apartment-community-profile/1001240543>

If these apartments were built with less square footage and more economical materials on vacant land six to twenty miles west to south-west of Tracy they could be rented out for \$700 for a one bedroom and \$1,000 for a 2 bedroom and still make a profit.

Policy makers need to implement regulations that not only allow but encourage the use vacant undeveloped areas in the construction of housing.

Wealth Redistribution

The Naysayers say *“oh you cannot pass those laws; that would be “Wealth Redistribution.” “You want to take money from the wealthy and give it to the poor.”*

First of all the current zoning, quality of life and neighborhood character laws are already redistributing wealth. Wealth Redistribution is happening right now but instead of taking the wealth of the rich and dispensing it to the poor the current laws are taking the wealth of the poor and dispensing it to the rich. The laws put forth in this Homestead Act are not intended to take any money from the rich that they have a right to and give it to the poor, the laws proposed here are intended to put a stop to the unfair redistribution of the wealth of the poor that is going to the rich which results from the current laws, the current rules of the market, that prohibit the sale of inexpensive homes.

The current laws allow the property owners to exploit consumers for more money than what they would be able to do if the market were opened up to more competition from more companies producing more homes for less money.

Using the law to remove Honda Civics that cost \$20,000 from the market forcing consumers to purchase \$70,000 Porches is forcing the consumers to spend \$50,000 more than what is necessary;\$50,000 more than what many consumers desire to or are able to spend. Correlating this scenario to an apartment it would be like forcing consumers to spend \$2,800 on a studio apartment when they should be spending \$800. That extra \$2,000 that the property owner takes in from the renter is Wealth Redistribution solely due to the regulations, the laws, that are in place which create this outcome and has absolutely nothing to do with a “free” or “fair” market.

“Pay up or sleep on the street.”

That is called coercion. That is extortion accomplished by fraudulently constructed laws.

It’s no different than if it were a tax levied by the government destined for the state’s coffers and bureaucratic salaries and expenses. The only difference here is the tax goes into the hands of property owners who lobby the bureaucrats to create and maintain the present policies with which they use to extract the monies from consumers.

Total rent is \$33,600 per year. If we are to look at this extra amount, \$24,000 per year, of rent coerced out of renters unfairly as a tax it would be an upside down incremental tax. That is instead of the tax rate going up as income goes up the tax rate goes up as income goes down.

If a person earns \$100,000 a year he is paying 24% of his income to this housing tax.

If a person earns \$70,000 a year he is paying 34% of his income to this housing tax.

If a person earns \$60,000 a year he is paying 40% of his income to this housing tax.

If a person earns \$50,000 a year he is paying 48% of his income to this housing tax.

Is there any elected official who can justify creating a set of regulations and laws that would produce such a tax system that would take a greater percentage of income from those who earn less than those who earn more in exchange for the exact same entitlement/service, the exact same apartment, that both earners receive?

What has been the solution of the policy makers to mitigate this problem? They have been raising overall taxes to provide housing subsidies to make up the difference between what the cost of the apartment should be and the market rate of which it is.

It's a shell game. The person making the hundred grand a year is taxed by the government more money at a higher rate which is then sent to the property owner in the form of a housing subsidy to help pay the rent of the person making fifty grand a year. Regardless if the property owner gets his money from renter or the government he gets his \$2,800 and the policy makers get their cut.

This ever relentless pursuit of solving society's problems by over taxing the people to ensure that everyone gets enough is a slippery slope to complete failure just like America's first colonies Plymouth and Jamestown.

William Bradford, the colony's first governor, writes that the communal lifestyle was "found to breed much confusion and discontent and retard much employment ... [f]or the Young men, that were most able and fit for labour and service, did repine that they should spend their time and strength to work for other men's wives and children without any recompense." After every family was assigned its own parcel of land to farm, "this had very good success, for it made all hands very industrious, so as much more corn was planted than otherwise would have been."

http://www.slate.com/articles/life/holidays/2014/11/thanksgiving_socialism_the_strange_and_persistent_right_wing_myth_that_thanksgiving.html

<http://www.hoover.org/research/how-private-property-saved-pilgrims>

http://www.americanthinker.com/articles/2009/06/americas_socialist_past.html

As long as people feel they are being cheated out of the fruit of their labor, regardless if it is going to the government or the company they work for or the land owners whom they are forced to rent from production will decline and people will fall into poverty and sickness. California's economic system is failing because millions of Californians are being denied the fruit of their labor. They are being denied the fruit of their labor because a minority has monopolized the one resource in which they can obtain control over the majority of people and that resource is the land.

So yes, my conservative friends are correct in this axiom of wealth redistribution however in their zeal to fly the banner of capitalism in its entirety as being the panacea to society's ills and inequities they conveniently leave out one very important factor of the success of America's first colonies. That factor is the colonists of Plymouth and Jamestown were given, did you get that, "GIVEN" a piece of land to possess for their own private use; private property. With this piece of property a person could do with it what he wanted. He no longer had to pay rent to the corporate owners for the land he slept on, built his house on and sowed seed on by handing the fruit of that land over to the property owners whether they be a government or a corporation or another individual.

If he built a house he slept comfortably inside, if he did not he slept uncomfortably outside. If he sowed much seed and harvested a large crop he would have much food. If he sowed little seed and reaped little food and went hungry.

This is Meritocracy. But it is also Socialism.

Socialism, freely given a tract of land, by which one can produce goods and services to exchange with others, capitalism. Without socialism supporting capitalism, capitalism would not have succeeded.

This is a Judeo-Christian principle for those who identify with Christianity or Judaism or upholding the values espoused by the two religions.

“At the end of every seven years you must cancel debts. This is how it is to be done: Every creditor shall cancel any loan they have made to a fellow Israelite. They shall not require payment from anyone among their own people, because the LORD’s time for canceling debts has been proclaimed.” Deuteronomy 15:1-2

“Consecrate the fiftieth year and proclaim liberty throughout the land to all its inhabitants. It shall be a jubilee for you; each of you is to return to your family property and to your own clan.” Leviticus. 25:10

Leviticus 25:10 is inscribed on the Liberty Bell.

“If you sell land to any of your own people or buy land from them, do not take advantage of each other. You are to buy from your own people on the basis of the number of years since the Jubilee. And they are to sell to you on the basis of the number of years left for harvesting crops. When the years are many, you are to increase the price, and when the years are few, you are to decrease the price, because what is really being sold to you is the number of crops. Do not take advantage of each other, but fear your God. I am the Lord your God. Lev. 25:14-17

“The land must not be sold permanently, because the land is mine and you reside in my land as foreigners and strangers. Throughout the land that you hold as a possession, you must provide for the redemption of the land.

“If one of your fellow Israelites becomes poor and sells some of their property, their nearest relative is to come and redeem what they have sold. If, however, there is no one to redeem it for them but later on they prosper and acquire sufficient means to redeem it themselves, they are to determine the value for the years since they sold it and refund the balance to the one to whom they sold it; they can then go back to their own property. But if they do not acquire the means to repay, what was sold will remain in the possession of the buyer until the Year of Jubilee. It will be returned in the Jubilee, and they can then go back to their property. Leviticus 25:23-28

God knows that wealth has a way of accumulating into the hands of the few at to the detriment of the majority over the course of time regardless what kind of economic system is employed, (capitalism, socialism, communism or kingdom), which is why He instituted a reset every 7 and 50 years. A reset to land ownership. Every person is given, socialism, a piece of land to work, capitalism, from.

One can only bear the fruit of his labor if he owns the property in which that that fruit is derived from. In actuality, the current land-use and zoning laws are more socialistic than capitalistic in nature.

The only difference between a pure socialistic state and the one controlling California is that in pure socialism the wealth that has been taken from most citizens is shared equally with all citizens whereas in California's socialistic state the wealth that is taken from most citizens is shared with only a minority of citizens; the property owning corporations and their stockholders.

Millions of Californians are being denied the fruit of their labor just as if the government were taking it from them for socialist policies instead of the property owners for capitalistic policies. The only reason why the property owners are able to take an unfair amount of the fruit of the labor of millions of Californians is because the policy makers have written laws than enable them to do so and do so indefinitely.

THE BIG LIE

Cost of a House

“It takes 50 years of hard work at 30 hours a week to build habitable house.”

If that were true than the 1.6 million uneducated Americans who homesteaded America would not have been able to afford a house for they would have died long before they ever completed the house to live in.

“If you’re not educated enough to acquire a job that pays you enough money to buy a piece of land and a house on that land than you simply haven’t worked hard enough to deserve a house of your own.”

If that were true than a custodian or delivery driver would not have been able to afford to purchase a home of his own and then pay off the mortgage on that home in 7 to 10 to 15 years back in 1965.

It took a man 900 hours of labor, 5 months at 40 hours a week, by himself to build a basic 1,200 ft. house. Those total man hours go down with two men working on the house simultaneously. It doesn’t take 20 years to build a house.

<http://www.contractortalk.com/f16/avg-man-hours-build-1800sf-home-12127/>

Cost to Build a House in Sacramento, (Tracy), California **Building Journal.com** **Building Calculator**

At a 33% cost to contractor and design fees
\$133,780 for a 1,000 sq ft house at least expensive
\$133.78 per sq.ft

Reducing the contractor and design fees down to 15%
\$124,015 for a 1,000 sq ft house at least expensive
\$124.02 per sq.ft

<http://www.buildingjournal.com/residential-estimating.html>

In both cases the materials are \$97,649.74

A vacant lot of 12,000 sq.ft. on barren land can be obtained for \$5,000.00

Total home price is \$130,000 to \$150,000.

A 1,600 sq.ft house costs \$196,000. \$201,000 with a lot.

Materials cost \$154,326.00.

<http://www.buildingjournal.com/residential-estimating.html>

A 30 year 3.577% fixed rate mortgage with 10% down a person would pay a \$1,372.00 month for a \$250,000 house.

A 30 year 3.642% fixed rate mortgage with 20% down a person would pay a \$1,156.00 month for a \$250,000 house.

A 30 year 3.741% fixed rate mortgage with 30% down a person would pay a \$1,051.00 month for a \$250,000 house.

A 30 year 3.66% fixed rate mortgage with 10% down a person would pay a \$1,066.00 month for a \$200,000 house.

A 30 year 3.66% fixed rate mortgage with 10% down a person would pay a \$941.00 month for a \$200,000 house.

A 30 year 3.741% fixed rate mortgage with 30% down a person would pay a \$854.00 month for a \$200,000 house.

A 30 year 3.66% fixed rate mortgage with 10% down a person would pay a \$816.00 month for a \$150,000 house.

A 15 year 2.93% fixed rate mortgage with 10% down a person would pay a \$1,126.00 month for a \$150,000 house.

A 15 year 3.02% fixed rate mortgage with 20% down a person would pay a \$960.00 month for a \$150,000 house.

A 15 year 3.02% fixed rate mortgage with 30% down a person would pay a \$857.00 month for a \$150,000 house.

<https://www.zillow.com/mortgage-calculator/>

Newly built houses in the Tracy area are being sold for an average of \$400,000. These homes are built with the most expensive materials and average in size from 2,500 sq.ft. to 3,000 sq.ft.

Mountain House, California adjacent to Tracy, California.

House A) One new 2,644 sq.ft. home in Tracy area goes for \$569,000. It has 4 bedrooms and 3 baths and uses top materials.

House B) Another new 2,996 sq.ft. home goes for \$675,000. It has 5 bedrooms and 4 bathrooms and uses expensive materials throughout.

https://www.zillow.com/homes/for_sale/15373969_zpid/globalrelevanceex_sort/37.736818,-121.401029,37.701785,-121.485658_rect/13_zm/

https://www.zillow.com/homes/for_sale/Tracy-CA/7453_rid/globalrelevanceex_sort/37.80402,-121.453943,37.734001,-121.623201_rect/12_zm/

Based upon the building estimator the cost of materials for House A cost \$300,608. The Developer is making a \$259,392 profit not including labor and land costs which is a 86 percent mark up from the cost of materials

Based upon the building estimator the cost of materials for House B cost \$419,000. The Developer is making a \$256,000 profit not including labor and land costs which is a 61 percent mark up from the cost of materials.

<http://www.buildingjournal.com/residential-estimating.html>

If House A was reduced in size to 1000 sq. ft. and eliminated 1 bedroom and 2 bathrooms while using less expensive materials throughout the price of materials should drop 62% to \$186,000.

If House B was reduced in size to 1500 sq. ft. and eliminated 1 bedroom and 2 bathrooms while using less expensive materials throughout the price of materials should drop 50% to \$209,500.

Building large developments of houses while using pre-fabrication in the construction process should reduce the costs even further.

House C) An older 1,436 home, built in 1992, goes for \$430,000. It has 4 bedrooms and 3 bathrooms and uses moderately priced materials.

According to the building calculator the cost of materials would be 172,141.18 if this home were to be built today:

A 38% contractor's fee would raise the price to \$235,833.41 a 27% mark up.

The house costs \$195,000, 54.7% more, than if it were built new.

A Delivery Driver makes about \$40,000 a year.

A \$150,000 house is 3.75 times the Driver's salary.

A \$200,000 house is 5 times the Driver's salary.

A \$250,000 house is 6.25 times the Driver's salary.

In 1965 the cost of a house was 4.5 times the Driver's salary.

A construction worker makes about \$60,000 a year.

A \$200,000 house is 3.33 times the salary of a construction worker.

A \$250,000 house is 4.16 times the salary of a construction worker.

The median income for San Joaquin County, Tracy California, is **\$33,249 a year.**

<https://data.ftb.ca.gov/PIT-Charts/California-Median-Income-by-County/6gsn-ex6f/data>

A house cost a delivery driver 8.5 times his salary in 1975.

A house cost to yearly median salary in Tracy of **8.5 to 1 equals \$282, 616.**

The area around Livermore to Walnut Creek to Brentwood to Tracy and back to Livermore is being built up. The problem is the homes being built are too expensive for what most people can afford. This Homestead Act will push for the creation of inexpensive homes that people can buy. Instead of building large expensive home there needs to be many smaller, less expensive homes built to get more people into home ownership. When more people own homes then there is less people living in apartments and a corresponding drop in demand for apartments which results in cheaper rents for everyone.

Tracy Land

152 acres/ (66,621,120 sq.ft), for \$2 million.

12,000 sq. ft. lots = 551 lots or 456 lots per suburb measurement

That is \$3,629.76 per lot or \$4,385.96 per lot per suburb measurement

<http://www.landwatch.com/San-Joaquin-County-California-Land-for-sale/pid/25033699>

Housing Costs vs. Wages

California and cities like San Francisco and Palo Alto have recently raised the minimum wage. California's is \$10.00 per hour and will increase to \$11.00 per hour in 2019 and up to \$15.00 an hour in 2023. S.F. is at \$14.00 per hour and will increase to \$15.00 in a year. Palo Alto's minimum wage is \$12.00 and will increase to \$15.00 by 2019.

Rents statewide are increasing approximately 3% a year.

Raising the minimum wage over the last 52 years even the significant increases going on now have not reduced the cost of living. Rising pay rates have not kept pace with housing costs. Why was housing cheaper, the cost of living less in 1965 than 2017? Housing costs and therefore the cost of living was cheaper in 1965 than 2017 because there was a significantly greater supply of housing, of inexpensive housing.

The cost of housing, the cost of living is created by policy makers manipulating the supply of housing.

HUD states that families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Thus anything beyond 30% for basic housing is an unnecessary expense. Any revenue derived beyond 30% has been obtained through exploiting a broken economy and fraudulent housing market.

In 2019 the rent in Palo Alto for a one bedroom apartment will be \$3,005.00

Palo Alto's minimum wage in 2019 will be \$15.00 an hour which equals \$2,400.00 a month at 40 hrs. a week.

30% of \$2,400 is \$720.

\$720 is what a small one bedroom apartment should cost in Palo Alto in 2019.

$\$3,005.00 - \$720 = \$2,285.00$

Property owners are taking in \$2,285.00 more a month, \$27,420.00 more a year, than what is necessary. Property owners are taking in \$2,285.00 a month, \$27,420.00, a year, of the fruit of the labor of the worker.

Property owners are taking in \$27,420.00 more a year from each tenant than what they would be able to do if there was a much larger supply of inexpensive housing.

Assuming one can find a small studio for 30% less than what a one bedroom goes for the rent decreases to \$2,103.50 month.

$\$2,103.50 - \$720 = \$1,383.50$.

Best case scenario property owners are taking \$1,383.50 a month, \$16,602.00 more a year of the fruit of the labor of the worker than what is necessary or what they could achieve if there was a much larger supply of inexpensive housing.

That's \$16,602.00 that could be spent on health insurance, healthier foods and better school supplies for one's kids.

Multiply that's \$16,602.00 by 100 hundred tenants and you get \$1.6 million.

That's \$1.6 million not being spent at local and state businesses generating sales tax revenue. That's \$1.6 million going to 1 person rather than 100 hundred people. That's \$1.6 million going to 1 business rather than hundreds if not thousands of businesses. That's \$1.6 million removed from the California's economy shrinking production. Multiply sixteen grand by one million and that equates to \$16.6 Billion in lost spending on California's businesses all because the State of California prohibits the sale of inexpensive housing.

In 1965:

A one bedroom apartment rented for \$87.50 to \$130 a month.
The federal minimum wage was \$1.15 which equals \$200 a month at 40 hrs. a week.
43.5% to 65.0% of income to Housing Cost.

In 1975:

A one bedroom apartment rented for \$87.50 to \$130 a month.
The federal minimum wage was \$2.10 which equals \$336 a month at 40 hrs. a week.
37% to 44.6% of income to Housing Cost.

In 2011:

A one bedroom apartment rented for \$1,100 to \$1,650
The federal minimum wage was \$7.25 an hour which equals \$1,160 a month at 40 hrs. a week.
94.8% to 142.2% of income to Housing Cost.

In 2017

A one bedroom apartment rented for \$2,833
The Palo Alto minimum wage is \$12.00 an hour which equals \$1,920 a month at 40 hrs. a week.
147.5% of income to Housing Cost.

In 2019

A one bedroom apartment will rent for \$3,005
The Palo Alto minimum wage will be \$15.00 an hour which equals \$2,400.00 a month at 40 hrs. a week.
125.2% of income to Housing Cost.

Federal Minimum Wage: Pay before taxes (40hrs per week)

1965	1.25	\$200 per month
1970	1.60	\$256 per month
1975	2.10	\$336 per month
1980	3.10	\$496 per month
1990	3.80	\$608 per month
2000	5.15	\$824 per month
2010/11	7.25	\$1,160 per month
2017	12.00	\$1,920 per month
2019	15.00	\$2,240 per month

One bedroom Apartment in Palo Alto

1965:	\$87.50	to	\$130.00
1970:	\$115.00	to	\$165.00
1975:	\$125.00	to	\$150.00
1980:	\$385.00	to	\$400.00
1990:	\$600.00	to	\$775.00
2000:	\$1,200.00	to	\$1,600.00
2011:	\$1,100.00	to	\$1,650.00
2017:	\$2,833.00		
2019:	\$3,005.00	(est. based upon inflation)	

Percentage of a Single Person's Minimum Wage Income Used On Housing Cost

In 1965	43.5% to 65.0%	of income to Housing Cost
In 1970	44.9% to 64.4%	of income to Housing Cost
In 1975	37.0% to 44.6%	of income to Housing Cost
In 1980	77.6% to 80.0%	of income to Housing Cost
In 1990	98.8% to 127.4%	of income to Housing Cost
In 2000	145.6% to 194.0%	of income to Housing Cost
In 2010/11	94.8% to 142.2%	of income to Housing Cost
In 2017	147.5%	of income to Housing Cost
In 2019	125.2%	of income to Housing Cost

PALO ALTO Home Costs Indicative of the State Home Costs:

In **1965** it took 4.5 years' salary of a custodian to purchase a 2 bedroom house in Palo Alto, California.

In **1975** it took 8.5 years' salary of a delivery driver to purchase a 3 bedroom house in Palo Alto, California.

In **2011** it took 40 to 54 years' salary of a delivery driver to purchase a 3 bedroom house in Palo Alto, California.

In **2017** it takes 47 to 65 years' salary of a delivery driver to purchase a 3 bedroom house in Palo Alto, California.

In 1965 a 2 bedroom house cost \$23,000.00

In 1965 a 4 bedroom house cost \$36,000.00

In 1965 a Machinist earned \$8,500.00 a year

In 1965 a Custodian earned \$5,100.00 a year

A Machinist's yearly salary was 37% of the cost of a 2 bedroom house.

A Machinist's yearly salary was 23.6% of the cost of a 4 bedroom house.

A Custodian's yearly salary was 22% of the cost of a 2 bedroom house.

A Custodian's yearly salary was 14% of the cost of a 4 bedroom house.

In 1975 a 3 bedroom house cost \$61,000.00

In 1975 a Delivery Driver earned \$7,200.00

A Delivery Driver's yearly salary was 11.8% of the cost of a medium quality house.

In 2011 a 3 bedroom house costs \$1,200,000.00

In 2011 a Delivery Driver earned \$22,000.00 to \$30,000.00 a year

A Delivery Driver's yearly salary was 1.8% to 2.5% of the cost of a low-end quality house.

A person's yearly income of the cost of an average house in Palo Alto went from 22% to 11.8% to 2.5% of in 45 years.

In 2017 the median price of a house in Palo Alto is \$2,600,000.00

In 2017 the cheapest 3 bedroom 1 bath house in Palo Alto goes for \$1,900,000 but will likely sell for more.

In 2017 a delivery driver earns \$40,000 per year a year.

A Delivery Driver's yearly salary is 1.5% to 2.1% of the cost of a low-end quality house.

A person's yearly income of the cost of an average house in Palo Alto went from:

22% to 11.8% to 2.5% to 2.1%, (or 1.5% of the median price of house), in 52 years.

In 2017 a custodian worker earns \$36,000 a year.

In 2017 it takes 52 to 72 years' salary of a custodian to purchase a modest below average 3 bedroom house in Palo Alto.

In 2017 a construction worker earns \$64,000 a year.

In 2017 it takes 29 to 40 years' salary of a construction worker to purchase a modest below average 3 bedroom house in Palo Alto.

You know the economy is broken when the people who build the homes cannot afford to purchase the homes they build.

<https://www.zillow.com/palo-alto-ca/home-values/>

<https://www.indeed.com/salaries/Delivery-Driver-Salaries,-San-Francisco-CA>

<https://www.indeed.com/salaries/Custodian-Salaries,-San-Francisco-CA>

<https://www.sokanu.com/careers/construction-worker/salary/California/>

* **References for wages and housing costs:** The "Palo Alto Times," the "Palo Alto Times-Tribune," the "Palo Alto Weekly," and "Craigslist"

The exorbitant cost of housing is the result of restricting the supply of land.

The Flaw of Senate Bill's SB 2, SB 3 & SB 35

The Cost of a Hot Economy in California: A Severe Housing Crisis

The bill sponsored by Mr. Wiener, one of 130 housing measures that have been introduced this year, would restrict one of the biggest development tools that communities wield: the ability to use zoning, environmental and procedural laws to thwart projects they deem out of character with their neighborhood.

<https://www.nytimes.com/2017/07/17/us/california-housing-crisis.html>

SB 35 properly identifies the problem of the Housing Crisis but the law cannot produce enough housing to lessen the housing crisis.

All it does is help a developer get a project built in those cities that are not meeting their affordable housing mandates.

What is the penalty for a city not meeting its affordable housing mandates? Its penalty is to have its approval process for granting a building project that intends to build affordable housing commandeered by a state streamlining process.

The law is trying to cram down affordable housing in areas in which the land value far exceeds the ability to build enough housing for those at the bottom end of the income ladder. This is why new affordable housing needs to be built in areas that have not been developed.

There is nothing in the law that requires developers to build affordable housing that meets any city's or the state's mandates.

There is nothing in the law that requires cities to build affordable housing to meet the demand within the city.

There is nothing in the law that penalizes cities when they don't build enough affordable housing to meet the number of jobs it produces.

There is nothing in the law that incentivizes or compels developers to build a significant amount of affordable housing.

There is nothing in the law that penalizes developers to build a significant amount of affordable housing. There is nothing in the law that brings the number of housing units into equilibrium with the number of jobs.

There is nothing in the law that actually increases the number of housing units being built to meet the state wide demand.

The California Homestead Act does all of the above while creating millions of new homes.

To demonstrate how weak SB 35 is; a new San Francisco law will require that 18% of all new housing projects be built for affordable housing increasing the amount from the current 12%. That is less than 2 out of every 10 units. A 100 unit apartment building will be required to build 18 units for affordable

housing. The standard of affordability is any single person who earns \$120,000 a year or less or a family of two earning \$138,000 a year or less. 30% of \$120,000 is \$36,000 a year or \$3,000 a month.

[http://abc7news.com/realestate/family-earning-up-to-\\$138k-qualifies-for-affordable-housing-in-sf/2206839/](http://abc7news.com/realestate/family-earning-up-to-$138k-qualifies-for-affordable-housing-in-sf/2206839/)

Theoretically a developer could build a 100 unit apartment complex in which 80 units cost \$5,000 a month and 20 units cost \$3000 a month.

The City of San Francisco mistakenly believes that by increasing the level of income to incorporate more people in the subsidized housing market that that will provide for a significant relief to the housing crisis. No it won't.

Despite an ever increasing number of Californians receiving subsidized housing the demand for subsidized housing exceeds the ability of the state to provide subsidized housing to all who need it and qualify for it.

Despite millions receiving subsidized housing aid there are still 1.7 million California residents who pay more than half their income on housing.

SB 35 coupled with SB 2 and SB 3 that would provide up to \$4.6 Billion for housing or 46,000 units of affordable housing.

Combined, the three laws will provide a few extra units to the State's overall needs but will not have much of an impact upon the housing crisis as a land use attorney/developer informed me.

State Senate bills aim to make homes more affordable, but they won't spur nearly enough construction

"If [lawmakers] get a package that includes SB 2, SB 3 and some version of SB 35, it is reason to celebrate," said Jim Mayer, the president and CEO of California Forward, a nonprofit that has urged the state to act more aggressively on housing. "But it won't have solved the problem, and nobody in their communities is going to think it's solved the problem."

<http://www.latimes.com/politics/la-pol-ca-state-housing-deal-effects-20170811-htmstory.html>

The Fundamental Flaws in these bills is that they are attempting to build inexpensive housing on very expensive land; cannot happen, will not happen. The only way to bring down the cost of housing in the areas that have been built up is to build housing on undeveloped areas of cheap land. Moving hundreds of thousands of people out of the overcrowded municipalities will decrease demand for housing and therefore bring down housing costs in those areas?

SB 35 does not address the imbalance of housing to jobs in any given city or locale. By not addressing that imbalance the housing problem will persist indefinitely.

Like Housing Subsidies and Homeless Service Providers; SB 2, SB3, and SB35 will be some more pretty looking bricks added to the top of the Dam increasing the capacity of the reservoir another foot yet in

the time it takes to add the new brick the inflow of water will increase the reservoir level another 3 feet sending another 2 feet of water over the top of the Dam.

Those who benefit from Subsidize Housing and Homeless Services laud those services and the people who manage those programs, yet for ever person who has benefited from these programs 10 people who qualify for the same aid go without for lack of funding.

Like those few who have benefited from Subsidized housing and Homeless Services there will be a group of people who will benefit greatly from SB 2, SB 3, and SB 35 and deceive the everyone else into falsely believing that such solutions will fix the problems of a lack of affordable housing and homelessness.

The lack of affordable housing and homeless are inextricably connected to which homelessness will never be resolved unless the lack of affordable housing for the majority of citizens is resolved. Unless affordable housing is provided to all through a housing market that produces its of its own accord all of the money being thrown at homeless service providers is a futile endeavor at ending homelessness.

Marin County Assemblyman Works To Avoid Affordable-Housing Requirement.

*Regardless of what Levine told KPIX 5, many low-income residents would argue the need for affordable housing in Marin is greater than ever. Ratishia Kassa waited nearly a decade for a two-bedroom unit in Golden Gate Village in Marin City. It's the only public housing in the county for families. The waiting list is in the thousands and includes many of her friends. "I can name like ten people who are homeless right now and its scary," said Kassa. "They can't find a place." **The housing authority says its waiting list for public housing and section 8 totals about 4,000 people. There are thousands more waiting in lotteries for the affordable units in private complexes.***

<http://sanfrancisco.cbslocal.com/2017/06/22/marin-county-assemblyman-works-to-avoid-affordable-housing-requirement/>

GET THE KEYS

TO AFFORDABLE HOUSING

YOU HAVE TO BE IN IT TO WIN IT!

<http://www.unlocksf.org/>

Housing-lottery hopeful wishes final years won't include worries over rent hikes

<http://www.sfexaminer.com/housing-lottery-hopeful-wishes-final-years-wont-include-worries-rent-hikes/>

Housing subsidy managers have reduced the ability to acquire affordable housing to a "**game of chance**" that plays havoc on people's emotions and therefore their health.

Subsidy managers and Homeless service providers pat at each other on the back for doing a great job of saving a few hundred souls from homelessness and a thousand souls from being housing burdened yet in the time that they saved those hundred and those thousand another 300 became homeless and another 3,000 became housing burdened.

The water is coming down stream and there is nothing to stop it.

There is only two options. Option one is to build the Dam higher and higher and in the process reduce the quality of life by never achieving lower housing costs for everyone nor reducing traffic or pollution.

Option two is to divert half of the water from the river upstream of the current reservoir into a new reservoir created by a new Dam.

Do you want to have one reservoir that looks and functions like New York City or two reservoirs in which both look like the bay area, not like the bay area of 2017 but the bay area of 1975 yet with less pollution and less traffic than even then. Which one provides a better quality of life?

If suburbs like San Martin, Morgan Hill, Palo Alto, Burlingame, Mill Valley, San Rafael, Pateluma, Napa, Walnut Creek, Brentwood and San Ramon, were are so bad than why do we keep building them?

The fact is people want suburb living. The solution is not to get rid of suburb living. The solution is to build all new suburbs smartly so that jobs to housing are in balance within areas of radius that eliminate commute times and pollution.

Building new cities; new suburbs; new homestead; on cheap land is the only solution that has ever worked to produce affordable housing to the majority of people.

It's time to pull down all of the road blocks and remove everyone that is hindering the building of large inexpensive housing developments on the cheap undeveloped barren lands just outside of the bay area.

***Senate Bill 35 – Housing For A Growing California:
Housing Accountability & Affordability Act***

California is in the depths of a housing shortage. Our State's housing production has not kept pace with population growth, particularly for low and middle income residents. California households in the bottom quarter of the income distribution—the poorest 25 percent of households—report spending four times more of their income (67 percent, on average) than households in the top quarter of the income distribution (16 percent, on average).

However, when local communities refuse to create enough housing — instead punting housing creation to other communities — then the State needs to ensure that all communities are equitably contributing to regional housing needs. Allowing local communities to ignore their

responsibility to create housing has led to a housing disaster — triggering huge economic, environmental, and social problems.

Under SB 35, as amended, cities that are on track to meet their RHNA housing production goals at all income levels will retain full local control over how they approve housing. When cities do not meet their housing obligations, approval of qualified housing projects will be streamlined until cities do meet their goals.

http://sd11.senate.ca.gov/sites/sd11.senate.ca.gov/files/SB%2035%20Fact%20Sheet_1.pdf

<http://sd11.senate.ca.gov/sites/sd11.senate.ca.gov/files/SB35%20Diagram.pdf>

<http://sd11.senate.ca.gov/news/20170123-senator-wiener-releases-details-sb-35-%E2%80%93-housing-accountability-and-affordability-act>

SB 35 acknowledges the symptoms of a lack of affordable housing and the problems that have arisen from the lack but SB 35 does not provide the remedy to the problem.

Best case scenario SB 2 and SB 3 will provide \$15 billion to produce 150,000 units of housing at a cost of \$100,000 each to build.

The population of California will increase by 4.5 million over the next 12 years to 2030 and close to 10 million by 2040 putting the population at 49 million. SB 2 and SB 3 will not even keep pace with demand let alone make up the 1 million home deficit that has been created over the last decade.

The only mechanism that can provide affordable housing to all is to change the regulations so that developers can produce affordable housing on cheap land as was done in the 1940s and 1940s.

California’s current home-building pace won’t tame skyrocketing prices soon, forecast says

“We find that to obtain a modest 10 percent reduction in price requires a little over 20 percent more housing,” economist Jerry Nickelsburg wrote in the forecast, which focused on the state’s economy. “Making housing affordable in California is difficult at best.” “The more supply you have, the lower the price,” Nickelsburg said. “But at least initially, all we will be able to do is reduce the rate of gains in home prices, which have been significant, particularly in the Bay Area.”

<http://www.mercurynews.com/2017/09/27/building-boom-may-merely-slow-soaring-bay-area-home-prices-economists/>

How Housing Subsidies & Homeless Service Providers Perpetuate Income Inequality and Homelessness

Despite millions receiving subsidized housing aid there are still 1.7 million California residents who pay more than half their income on housing.

Despite an ever increasing number of Californians receiving subsidized housing the demand for subsidized housing exceeds the ability of the state to provide subsidized housing to all who need it and qualify for it.

You cannot tax your way to providing housing for all when a majority does not have the money to begin with to pay for housing.

You cannot tax your way to providing housing for all when the people whom you are taxing don't have enough money to house themselves.

Despite an ever increasing number of people receiving housing subsidies home prices continue to press skyward. High home prices result in more people moving into apartments who would otherwise be living in a home if they could afford one. This influx of more people renting apartments results in higher costs for apartments due to the greater demand. Subsidizing the rent of millions of Californians does not bring rents down in line with incomes it actually exacerbates the disparity between income and the cost of housing by maintaining the high cost of the rental market. **Housing subsidies actually create a financial disincentive for property owners and all who benefit from the high cost of housing to build more housing, both single family residents and apartments. Housing subsidies are actually subsidizing a system that is preventing the creation of affordable housing.**

The only way to reduce the cost of rental housing, to make it more affordable, is to make single family homes more affordable so that there is less demand for apartments.

The median income of a single person in San Francisco County is \$75,400.

The median income of a single person in San Joaquin County is \$46,400.

The Real Per Capita Income for California in 2015 was \$31,587.

The Real Per Capita Income for U.S. in 2015 was \$29,979.

For a Family of Four:

The median income of Silicon Valley is \$107,000.

The median income of California is \$64,775.

The median income of the U.S. is \$55,775.

The median income for San Joaquin County, Tracy California, is \$66,300 a year.

<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k16.pdf>

<https://data.ftb.ca.gov/PIT-Charts/California-Median-Income-by-County/6gsn-ex6f/data>

When you need to help a person who makes more than twice the median income of the region in which he works and three times the median income of the state you know you have a broken economy.

[http://abc7news.com/realestate/family-earning-up-to-\\$138k-qualifies-for-affordable-housing-in-sf/2206839/](http://abc7news.com/realestate/family-earning-up-to-$138k-qualifies-for-affordable-housing-in-sf/2206839/)

The reason why a person who makes \$150,000 to \$200,000 a year cannot afford housing is because the state is not building housing on inexpensive land in areas where affordable housing can be built in which not only the person making \$150,000 a year can afford that housing but also the person who makes \$60,000 a year and even \$40,000 a year.

The state and cities mistakenly believe that by forcing developers to build 20% to 30% of their units as affordable for low income residents that will mitigate the housing crisis. This is the crux of the problem, the fallacy that 30% of housing units set aside for low income will solve the housing crisis.

30% affordable units is not enough to end the housing crisis.

60% affordable units is not enough to end the housing crisis.

This is one of the fundamental flaws in current housing policies.

The only time period that housing was affordable to the majority of people was during the years that immediately followed WWII when the majority of the homes built were affordable to those residents earning incomes at the very bottom of the income ladder.

Cities' quotas which require only 30% or less of housing units to be built for low income residents is a major factor as to why there is a shortage of housing and a shortage of housing for all.

The only way to end the housing crisis expeditiously is to require the state of California ensure that 80% or more of new homes that are built are built so that people earning 64% of the State's median income, (HUD's criteria of low income), can afford to purchase a home.

70% of the State's median is \$41,456.

5 times \$45,342 equals \$207,280.

Bay Area buyers need double the income to buy a home from five years ago

Blaming a "severe lack of homes for sale and high demand," the California Association of Realtors (CAR) claims in a report released last week that it now takes almost double the income to qualify to buy a home in California as it did in 2012.

The situation is even worse in the Bay Area.

CAR now recommends "a minimum annual income of \$110,890" (before taxes) in order to purchase a single-family home in California selling for the median price of \$533,260, based on a \$2,770/month mortgage payment after 20 percent down and an interest rate of just over four percent.

<https://sf.curbed.com/2017/8/14/16145314/income-buy-house-san-francisco-needed>

The cost of housing has been the greatest factor in creating income, wealth, inequality. Those with more financial resources gobble up more property for themselves further shrinking the supply of property, apartments, resulting in higher costs for housing while increasing their own income through those rents. Those residents relegated to apartments can no longer save enough money for a down payment on a house and end up perpetually confined to apartment living. It used to be that people lived in apartments for 4 or 5 years to save money for a down payment on a house. Little by little and parcel by parcel a real estate monopoly has been created by not providing inexpensive homes. Those stuck in apartment can no longer save enough money for down payment. The self perpetuating cycle creates an ever increasing disparity between the rich and poor like the snowball effect.

The greatest factor that could reduce the income inequality is to produce housing that is affordable for all income levels just as the country did in the 1940s and 50s. Not by subsidizing the system that is creating the housing shortage but by building inexpensive housing which the current system refuses to do.

The only way to produce housing for all is to build more housing than what is presently needed and to maintain a surplus for an ever increasing population. The reason why the state is not capable of providing affordable housing for its residents is because it is not changing the rules of the game to essentially force the creation of affordable housing.

Homeless Service Providers

Homeless Service Providers are just another form of Housing Subsidies. Regardless of individual problems that contribute to a person becoming homeless, the core reason is a lack of affordable housing. Despite creating ever increasing new and ingenious ways of eliminating homelessness while spending millions even billions of dollars over the last twenty years to end homelessness, homelessness not only persists but it actually has become worse.

Homeless Numbers:

There are:

1,772 homeless people in San Mateo County

7,394 homeless people in Santa Clara County

6,686 homeless people in San Francisco County

The population of the three counties combined is 3,506,050.

The homeless make up 0.0045% of the population.

<http://www.sfgate.com/bayarea/article/San-Francisco-homelessness-by-the-numbers-10767735.php>
<http://www.mercurynews.com/2017/06/30/san-jose-huge-surge-in-homeless-silicon-valley-youth/>
<https://palooonline.com/news/2017/06/30/palo-alto-homelessness-rises-26-percent>
https://hsa.smcgov.org/sites/hsa.smcgov.org/files/2015_SMC_Homeless_Count_Final_Report.pdf

California has the highest number of **homeless people; 118,446**, 21.5% of all homeless people in the U.S. and the most unsheltered homeless; 78,446 of any state.

California has a population of 39,849,872.

The homeless make up 0.0029% of the population

Such factors as cost of living and median home value are closely related to the incidence of homelessness

<http://247wallst.com/economy/2017/03/05/california-has-the-most-unsheltered-homeless-people/>
<http://worldpopulationreview.com/states/california-population/>

Palo Alto homelessness rises 26 percent

Housing costs and availability still major culprits, county census finds

<https://palooonline.com/news/2017/06/30/palo-alto-homelessness-rises-26-percent>

L.A. County homelessness jumps a 'staggering' 23% as need far outpaces housing, new count shows

*The sharp rise, to nearly 58,000, suggested that **the pathway into homelessness continues to outpace intensifying efforts that** — through **rent subsidies**, new construction, **outreach** and support services — got more than 14,000 people permanently off the streets last year.*

<http://www.latimes.com/local/lanow/la-me-ln-homeless-count-20170530-story.html>

Homelessness is first and foremost a problem of affordability, and like other states with relatively large homeless populations, California is not especially affordable.

<http://247wallst.com/economy/2017/03/05/california-has-the-most-unsheltered-homeless-people/>

Silicon Valley's rental market is so absurd, tech workers are living in vans — here's the Reddit community where they commiserate

Some of the most well-known cases of Silicon Valley van dwelling involve a software engineer at Google who lived in a truck in the company's parking lot, saving 90% of his income, and a Tesla employee who paid off \$14,000 of student loans by living in a van for five months.

<http://www.businessinsider.com/inside-the-silicon-valley-van-dwellers-reddit-community-2016-6>

Just as property owners enrich themselves by using state subsidies to fuel their exploitive housing market so too do Homeless Service Providers.

Virtually all Homeless Service Providers assert that their goal; their mission statement, is to end homelessness, yet their very existence is dependent upon the existence of homeless people. If they were to achieve their goal than they would cease to exist for their services would no longer be needed and they would no longer receive millions of dollars in donations and government subsidies. In fact the more homeless there are the more money they make. In reality Homeless Service Providers have an incentive to ensure that homelessness not only continues but continues in ever increasing numbers.

If there were abundant affordable housing on the market the vast numbers of homeless would not need the services of the Homeless Service Providers.

The reason pointed out as to why communities and the state of California cannot provide affordable housing to those people who are renting is the same reason why the state cannot provide affordable housing to those people who are homeless. Homeless people are just an economic rung below those who are on the bottom rung of housing.

There just isn't enough room on the bottom rung for those making the bare minimum. There isn't enough room on the bottom rung because the rung is filled with renters who would normally be living on the next rung or two or three above if the housing market were functioning in a healthy manner. People who make \$40,000 a year are living in micro studios and rooms in houses that go for a \$1,000 a month or more. In a healthy housing market these renters would be living in higher end one and two bedroom apartments instead of the rooms and studios that used to be affordable, \$500 a month, to those earning the minimum wage.

Now you see why there is no incentive for property owners to go back to a surplus of housing. Why would a property owner want to go back to renting a unit for \$500 a month when he can rent it for \$1,200.00 a month?

Housing subsidies and Homeless service providers prop up a few homeless people to the bottom rung but they do not lower the rung and fail at solving the homeless problem because their solutions are fundamentally flawed. They are trying to house the homeless onto a rung of housing that is full. As you can see from the article above those homeless people who move up to the bottom rung with financial assistance from housing and homeless service providers simply displace well paid tech workers who decide, *"a box inside another box to primarily sleep in is not worth half my income,"* and move into a van.

Once again the principle of not wanting to be cheated out the fruit of one's labor reveals itself.

Homeless service providers increasingly come up with new and creative ways of mitigating the homeless problem but they fail to do so because none of their solutions address the root cause of homelessness, the lack of affordable housing, affordable single unit family residence, **not for the homeless** but for those earning \$45,000 a year.

If housing was represented by Rungs on a ladder there would 5 Rungs of representing various economic levels of housing.

Rung 1: Studio apartments and rooms

Rung 2: 1 and 2 bedroom apartments

Rung 3: Small, inexpensive single family units

Rung 4: Contemporary large modern homes

Rung 5: Luxury Custom Home

The problem is Rung 3 no longer exists. The land value exceeds the value of the house that is on it. Homes that used to exist on Rung 3 are demolished to build large contemporary and luxury homes that exist on Rung 4 and Rung 5. Those people who used to move up from Rung 2 to Rung 3 are no longer able to do so because Rung 3 has ceased to exist. Those on Rung 2 cannot afford a home on Rung 4 to begin with and much less so as the shortage of supply moves to all 5 Rungs on the ladder. When land values exceed house values in any given area to the extent that it becomes cost prohibitive to build modest, inexpensive homes; that area will incur a shortage of housing and a subsequent lack of affordable housing for all.

It's impossible to build enough affordable housing in an area in which the housing regulations create a shortage of affordable housing. It's impossible to build enough affordable housing in an area in which the area has already been built up.

It's like building a Dam that is meant to leak in 100 different locations and then trying to plug those 100 leaks with 10 fingers.

The only way to solve the homeless problem is to build a large quantity of affordable homes on the currently nonexistent 3rd Rung of the housing ladder. Millions of people will move out of 1 or 2 bedroom apartments into homes. They will move off of the 2nd Rung on the housing ladder up to the 3rd Rung. The Rung of housing that these people vacate will now be filled with those who move up from living in studios and rooms on Rung 1 below. This domino effect will continue downward to those who are homeless who will then move up onto the bottom Rung 1 which has been vacated by those who moved up to Rung 2.

One of longest existing and largest Homeless Service Providers in Silicon Valley took in \$23.8 million of Revenue for the fiscal year of 2015/2016.

3,454 individuals donated \$5 million

The government, tax payers, gave \$13.56 million.

Other sources contributed \$5.24 million.

This organization **employs 225 people** while using **15,000 volunteers** annually.

On average this organization **housed 775 people** every night for the year.

\$1.9 million, .08%, of the \$23.8 million, was spent on **Permanent Housing** for the homeless

\$2.38 million, 0.10% of the \$23.8 million, was spent on **Prevention and Rapid Re-Housing**

\$17.37 million, 0.73% of the \$23.8 million, was spent on **Interim Shelters**

\$2.14 million, .09% of the 23.8 million, was spent on **Other Services**.

\$21.65 million was spent on housing **775 people** most of that on high density shelters.

That amounts to **\$27,935 per homeless person** housed for the year, which is **\$2,328 a month**.

Given that most of the revenue goes to high density shelters and the lack of a complete financial statement it is not possible to determine what percentage of the \$23.8 million revenue the 225 employees actually take up it must be substantial for surely it does not cost \$27,935 dollars to house a single individual in a shelter.

Despite all of the help to those 775 homeless people the gap between wages and the cost of housing continues to increase while the homeless population keeps growing.

This organization claims to have served a total of **9,636 homeless** clients during the single year period yet only housed 775 individuals at a cost of \$21.64 million.

That leaves 8,861 homeless people without shelter.

Estimating that the total \$4.28 million, 0.197% spent on permanent housing went to 0.197% of homeless clients permanently housed that leaves **621 homeless** people housed in a shelter for **\$17.37 million**.

It costs approximately \$27,971 to house each homeless person in need of shelter in a shelter.

9,636 minus 775 equals 8,861 homeless people in need times \$27,971 equals \$247,851,031.

It would cost **\$247.8 million** to house 8,861 homeless people of Silicon Valley, not in traditional housing, but in cramped over crowded buildings by using the methods and solutions that this Homeless Service Provider applies to the problem of homelessness.

A basic 5,000 sq. ft. steel building, 50 x 100 x 18, can be built for \$37,276.

<https://www.buildingsguide.com/estimates/building-cost-estimate.php>

Throw in some basic electrical, plumbing, bathrooms and other amenities for another \$63,000 that brings the total to \$100,000.

Subtract 500 sq.ft for bathrooms and other common areas that leaves \$4,500 sq. ft. for individual space.

Giving each person 140 sq.ft. of living space the 5,000 sq. ft. building could provide decent shelter to 32 people for an upfront cost of \$100,000. Let's throw in another \$100,000 for operations, maintenance and costs per year. \$200,000 total to initially house 32 people.

Going forward essentially a \$100,000 dollars a year should be able to house 32 people indefinitely.

That equates to \$3,125 per person. Contrast that with the \$27,971 that this very reputable Homeless Service Provider is spending per person.

Oh that's right the cost of the land, that's why it's so expensive. A 12,000 sq.ft. lot can be had for \$5,000 in Tracy California as opposed to the \$2 million plus in Silicon Valley.

That cost differential clearly identifies the problem; you cannot house the homeless in an area where the land price exceeds building prices tenfold let alone twentyfold. The same can be said to providing affordable housing to those who are housed but are spending more than 50% of their income on housing.

621 times \$3,125 equals **\$1,940,625.**

Total Cost to House the Homeless 621 homeless people being housed by the Service Provider would be **\$1,940,625.**

The Homeless Service Provider spends **\$17.37 million** on housing 621 people in shelters.

If land is not the issue than **where is the extra \$15,429,376 going?**

225 employees are being paid something

At \$6,250 per person for the one time **upfront** cost to house the **8,861 homeless** people without shelter for a year would be **\$55.3 million**. The **ongoing costs** would be half that at **\$27.65 million per year**.

Compare that to the **ongoing costs** of **\$247.8 million** that the Homeless Service Provider would need to spend per year to house the remaining homeless.

Essentially for what this Homeless Service Provider spends per year on housing 8% of its homeless population they should be able to house 80% of the homeless population.

This organization has had 25 years to solve the homeless problem in San Mateo and Santa Clara Counties but it has not done it. Why?

Why, because they are not treating the problem but treating the symptom. They are not using the solution that is necessary to end homelessness, they are using a solution to lessen the symptom of homelessness.

<http://lifemoves.org/about-us/our-story/>

<http://lifemoves.org/wp-content/uploads/2017/04/LifeMoves-Annual-Report-15-16.pdf>

The Profit in Non-Profit Goes to the CEO and Staff

There is another Homeless Service Provider that has grown exponentially in the bay area over the last decade whose primary goal since its inception is to end homelessness in Santa Clara County in five years.

It's been a decade and homelessness in the county is as bad if not worse than when the organization began.

Year	2008	2009	2010	2011
Revenue	\$194,809	\$398,625	\$523,931	\$1,031,788
Salaries	\$54,858	\$125,510	\$194,540	\$346,280
% Salaries of Revenue	28.1	31.4	37.1	33.5

Year	2012	2013	2014	2015	2016
Revenue	\$1,734,997	\$3,134,775	\$2,759,485	\$4,133,422	\$4,871,662
Salaries	\$838,084	\$1,625,952	\$1,299,448	\$2,254,549	\$2,723,075
% Salaries of Revenue	48.3	51.8	47.0	54.5	55.8

Salaries jumped from **28.1 percent** of revenue to **33.5 percent** of revenue to **55.8 percent** of revenue in 9 years.

Salaries jumped from **\$54,858** to **\$346,280** to **\$2,723,075** in 9 years.

Between the 1st and 4th year:

revenue increased 5 times

salaries increased 6.4 times

salaries increased 5.4% of revenue going from 28.1% to 33.5%

Between the 4th and 9th year:

revenue increased 4.7 times

salaries increased 7.8 times

salaries increased 22.3% of revenue going from 33.5% to 55.8%.

If homelessness ended than this non-profit would no longer be necessary and therefore the employees would no longer be making **\$2,723,075** a year. The mission statement of ending homelessness is contradicted by the financial incentive of making money from the existence of homeless people.

Buena Vista Home Park

The County of Santa Clara along with the City of Palo Alto and the Santa Clara Housing Authority purchased a mobile home park for \$40 million to preserve about 100 mobile homes from the doom of the housing/development markets. These 100 units/lots will remain with well below market rate rents enabling about 400 poor residents to continue to live in Palo Alto and the area.

https://www.paloaltoonline.com/news/2017/07/13/new-lot-lines-pave-the-way-for-buena-vistas-sale?utm_campaign=magnet&utm_source=article_page&utm_medium=related_articles

https://www.paloaltoonline.com/news/2017/08/11/editorial-buena-vistas-finish-line?utm_campaign=magnet&utm_source=article_page&utm_medium=related_articles

<http://www.mercurynews.com/2017/03/29/palo-alto-sale-of-buena-vista-still-being-negotiated/>

<https://www.paloaltoonline.com/news/2016/06/15/county-may-use-eminant-domain-to-prevent-buena-vistas-closure>

<http://www.mercurynews.com/2017/05/18/a-great-great-day-palo-altos-buena-vista-mobile-home-park-is-saved/>

<https://paloaltoonline.com/news/2016/12/23/buena-vista-owners-receive-36-million-plus-offer>

<https://www.paloaltoonline.com/news/2014/07/08/developer-drops-plan-to-buy-buena-vista-mobile-home-park>

It's a feel good story. **The question is why did the County, City and Housing Authority not preserve the thousands of other residents who have been displaced from the city, county and even the state, for no other reason than not being able to afford the increase in rent?** Over the 5 year fight to preserve this mobile home park thousands of locals have been forced to relocate to less expensive housing areas in the state, even out of the state. For the last twenty years tens of thousands of local residents have been forced to move in order to enjoy the fruit of their labor by finding inexpensive housing.

The three municipal entities haven't helped all of these other people because they truly don't want to create affordable housing for all. They create just enough affordable housing to maintain the existence of the current housing market/economy that exploits the residents of Santa Clara County and California to ensure that high profits for property owners and the like continue.

The three municipal entities went so far as to use eminent domain to ensure that the owners of the mobile home park could not sell it to a developer who intended to build high-end apartments for tech workers who could afford them, who could afford the market rate.

The other question is why couldn't this developer build a combination of market rate and below market rate rental units?

The developer would need to exceed the City of Palo Alto's 50ft height limit on new buildings to build enough units to make a profit and the City refused to allow him to do that.

The City of Palo Alto refused to change its zoning laws to create more housing for not only the existing low wage mobile home residents who work in the city but also the tech workers who currently commute from places like Tracy to Palo Alto every day.

In Palo Alto \$40 million for 100 units equals \$400,000 per unit and that does not even include the cost of the mobile home. That's just the cost of the land under the mobile homes.

The local government spent \$40 million on a 4.5 acre lot which is about 196,000 sq.ft. to place 100 units of housing for 400 residents. Subtracting 96,000 feet for set backs and roadways that equals about 100,000 sq.ft of space for 100 units and 400 residents

That's 1,000 sq. ft. per unit with an average of 4 residents; 250 sq. ft. per resident.

Four 25,000 sq. ft. area and 100 ft. tall apartment buildings with 15ft. of height per floor equals 6 floors of apartments.

6 times 25,000 equals 150,000 sq. ft. per building times 4 buildings equals 600,000 sq. ft. of living space which is enough to house 2,400 residents per the 250 sq.ft. per resident in 600 units.

A more conservative number would be an average of 500 sq.ft. per resident amounting to 1,200 residents living in an average of 300 units averaging 2,000 sq.ft per unit.

Santa Clara County and Palo Alto are spending \$40 million to preserve 100 units of housing when they could have worked with the developer to provide an additional 200 units of housing while preserving the 100 affordable units for \$10 million to \$20 million.

Santa Clara County and Palo Alto do not want affordable housing and do not want to house the workers who commute to the area. Santa Clara County and Palo Alto do not want to reduce traffic or pollution or mitigate global warming and sea rise.

\$40 million for 4.5 acres of land is \$8.88 million per acre.

In Tracy, Ca a similarly zoned 2.15 acre lot can be purchased for \$1.5 million which is about \$700,000 per acre.

<http://www.loopnet.com/Listing/20465738/258-274-W-Clover-Road-Tracy-CA/>

Palo Alto \$8.9 million per acre.

Tracy \$700,000 per acre.

Palo Alto has 100 units of 1,000 sq.ft each on 4.5 acres at \$400,000 per unit which equals \$40 million.

Tracy would have 50 units of 1,000 sq.ft for 2.15 acres at \$14,000 per unit which equals \$1.5 million.

What you can build and the number of people you can house in Palo Alto for \$40 million you can build and house in Tracy for \$1.4 million.

That price goes down exponentially when you go just outside of Tracy to purchase 152 acres for \$2 million.

Palo Alto has 25 units on 1.125 acres at \$400,000 per unit which equals \$10 million.

Tracy could have 25 units on 1.125 acres at \$526 per unit which equals \$13,158

Four times that you get \$52,632 to house 400 residents in 100 units on 4.5 acres in Tracy and still have 157 acres to spare.

What you can build and the number of people you can house in Palo Alto for \$40 million you can build and house in Tracy for \$52,632.

Using the same dimensions as Buena Vista Mobile Home Park you could provide 1,471 parcels for 1,000 sq.ft. units for \$1,360 per parcel.

152 acres of land had just outside of Tracy zoned for housing development can be had for \$2,000,000

<http://www.landwatch.com/San-Joaquin-County-California-Land-for-sale/pid/25033699>

Palo Alto 4.5 acres ÷ \$40,000,000 = **\$8,888,888 per acre.**

Tracy 152 acres ÷ \$2,000,000 = **\$13,157 per acre.**

Along with other initiative like building below market housing units, Section 8 housing these Housing Subsidizers and Homeless Service Providers look good and make people feel good about helping the poor and homeless yet their efforts actually perpetuate the lack of housing and homelessness.

The state of the homeless problem is like a water main to a city that has sprung a leak which is never fixed.

The water main that sprung a leak only affects the poor neighborhoods of the city about 40% of the population. Since there is no urgency on the part of the 60% the leak is not fixed. After a while the puddles of water become such a nuisance and the out-cry of the 40% of the city becomes so loud that the 60% agrees to deal with the leak. Some opportunistic plumbers come along and tells the city that they can clean up the puddle and fix the leak for a specified amount of money. The city, the 60% pays the plumbers, the homeless service providers, who clean up the puddle boasting about what a great job they have done yet they do not fix the leak because they do not have the funds to do so. They, the plumbers/homeless service providers, continue to promote themselves to the people of the city as the solution to the leak, the homeless problem, so the city, the 60% gives them more money after seeing that some of the puddle has been cleaned up. The plumbers, the homeless service providers, clean up the puddle that resulted from the leak and once again they don't fix the leak. This cycle repeats itself year after year for 30 years during which time the hole in the water main becomes larger and larger spilling an ever increasing amount of water. The puddle has become correspondingly bigger requiring larger sums of funding from the city to clean up but still not enough to fix the leak.

There is a house that has a leak in its plumbing. The owner calls the plumber to fix the leak. After cleaning up the puddle of water and applying some duct tape the plumber asks the owner to pay his fee. The owner pays the fee believing that the problem is solved. After slowly dripping for few months the duct tape gives way and the leak springs forth in greater intensity the second time around. The owner calls the plumber to come back and fix the leak second time. Once again the plumber applies duct tape to the leak and tells the owner the problem is solved. This cycle repeats itself over and over year after year until finally there are 9,000 puddles in the basement rather than the initial 900 puddles, (homeless people in S.C. Valley).

If the plumber fixed the leak with a new pipe and thereby permanently fixed the problem then the plumber would be without a job, so the plumber never tells the owner that the owner should put in a new pipe, though more expensive initially it would save a hundred fold years to come.

San Jose Neighbors Push Back Against Tiny Homes For The Homeless

Real estate agent Jessica Hooley moved into the neighborhood three years ago. She says she's an advocate for the homeless but that she's opposed to tiny homes in her neighborhood.

But Hooley said, "...we do have to support the homeless and we do have a growing concern about the homeless here. But not in a neighborhood where there's children."

<http://sanfrancisco.cbslocal.com/2017/07/24/san-jose-neighbors-tiny-homes-homeless/>

San Jose proposes just two "tiny home" villages for homeless

SAN JOSE — First there were 99. Then there were four. Now there could be just two.

After a big backlash from neighbors, city housing officials are now recommending just two tiny home villages in San Jose — down from an initial list of nearly 100 potential such sites for the homeless.

<http://www.mercurynews.com/2017/08/28/san-jose-proposes-just-two-tiny-home-villages-for-homeless/>

Marin County Assemblyman Works To Avoid Affordable-Housing Requirement

But while the demand for affordable housing is clearly there, the demand to maintain Marin's character as it is has plenty saying 'not in my backyard.'

"Let's face it. Poverty is not welcome in Marin," said Kassa. "There it is. It's not welcome and never has been, so it's getting harder, not easier on these streets."

<http://sanfrancisco.cbslocal.com/2017/06/22/marin-county-assemblyman-works-to-avoid-affordable-housing-requirement/>

20,000 Homeless Bay Area Schoolchildren – How Did We Get Here?

KCBS Cover Story Series: Our Homeless Schoolkids

"Then we see families like Vicky, who are holding down full-time jobs as a substitute teacher, but can't make ends meet because housing is so expensive."

<http://sanfrancisco.cbslocal.com/2014/12/17/20000-homeless-bay-area-schoolchildren-how-did-we-get-here/>

More than one-third of schoolchildren are homeless in shadow of Silicon Valley

Tech economy is drawing new inhabitants and businesses but is contributing to dislocation, leaving families, teachers and even principals with housing woes

<https://www.theguardian.com/society/2016/dec/28/silicon-valley-homeless-east-palo-alto-california-schools>

Silicon Valley's rental market is so absurd, tech workers are living in vans — here's the Reddit community where they commiserate

<http://www.businessinsider.com/inside-the-silicon-valley-van-dwellers-reddit-community-2016-6>

Silicon Valley 'Tech-Slaves' Forced To Live In Their Cars

<http://www.zerohedge.com/news/2017-05-06/silicon-valley-tech-slaves-forced-live-their-cars>

Scraping by on six figures? Tech workers feel poor in Silicon Valley's wealth bubble

I didn't become a software engineer to be trying to make ends meet," said a Twitter employee in his early 40s who earns a base salary of \$160,000. It is, he added, a "pretty bad" income for raising a family in the Bay Area.

<https://www.theguardian.com/technology/2017/feb/27/silicon-aa-cost-of-living-crisis-has-americas-highest-paid-feeling-poor>

With Google developers now living in their cars, is Silicon Valley going to drive tech talent out?

Highly paid software developers helped drive up Bay Area rents, and now even they can't afford to live here. Is this a threat to the future of Silicon Valley?

<https://www.networkworld.com/article/2998506/careers/silicon-valley-google-employees-living-in-cars.html>

City's 'missing middle' squeezes home buyers

Trevor Mcneil and Sarah Montoya both 35, would love to buy a home in San Francisco, but like many young couples, they make too much money to qualify for below market-rate unit and too little to afford market-rate on.

<http://www.pressreader.com/usa/san-francisco-chronicle-late-edition/20170917/281492161489229>

If Housing Subsidies and Homeless Services were the answer to the problems of unaffordable housing and homelessness than there wouldn't be 20,000 homeless children in the Bay Area. Housing Subsidy Managers and Homeless Service Providers have had 25 years to solve the problems yet they have not solved them.

“Insanity: doing the same thing over and over again and expecting different results.” Unknown

It's time to something different and SB 2, SB 3, SB 35, housing subsidies and homeless services is not different.

Reservoir Analogy

Development areas like the Bay Area are like manmade reservoirs. A Dam is put in resulting in a slow gradual rise of a river into a lake. At first there is not much water and the land is cheap to be had for development. As the water rises higher and higher the cost of the land becomes more expensive to the point that the reservoir reaches its maximum capacity. At this point it becomes cost prohibitive to add more housing or businesses. The result is the amount of water exceeds the capacity of the Dam and the water begins to overflow.

The housing advocates demand more affordable housing for those who are being pushed out of the reservoir. Through public pressure the policy makers add some height to the Dam to accommodate. This new construction looks pretty and everyone congratulates themselves for doing something good, yet in the time it took to increase the Dam one foot the water level increased three feet.

There simply is not enough money or resources to build the Dam fast enough and high enough to prevent the water from overflowing.

Housing advocates refuse to acknowledge that the reservoir cannot hold anymore water. They refuse to build new reservoirs because they believe that in doing so it will destroy the environment.

Should they build high enough to accommodate all of the new water, the new homes and jobs, they will have changed the character and integrity of the reservoir from what it was into something entirely different forcing those who moved there in the first place to seek out new reservoirs elsewhere, yet without reducing the cost of housing for the majority of people nor reducing traffic and pollution.

Regardless what the urban planners do, new reservoirs will be built elsewhere, so the smart thing to do is to build new reservoirs now and build them smartly to reduce state wide traffic congestion and pollution.

The only solution to the housing problem in the bay area is to build a new economic and housing reservoir, a new high tech silicon valley adjacent to the San Joaquin valley.

As the American colonies of Plymouth and Jamestown illustrate you cannot tax your way out of poverty. You cannot tax poor people to pay for all of the necessities of the poor people. You cannot even tax the rich all of their money to pay for the needs of the poor. The only way to ensure that the needs of the greatest number of people are being met is to regulate the economy, the housing market, in a manner that produces the greatest amount of wealth to the greatest amount of people. How is that accomplished, it's accomplished by allowing the people to bear the fruit of their labor by reducing housing costs to a little as possible. That is achieved by producing and maintaining a large supply of inexpensive housing.

Wouldn't it be better to regulate the economy in such a manner that would produce the ownership of more homes by more people than to tax the people to provide them with subsidies for their housing.

Wouldn't it be better to regulate the economy to produce more home ownership and less government dependence requiring less overall taxes and less homelessness

Than by regulating the economy in such a manner that results in less home ownership and more government dependence and higher overall taxes

Natural Disaster or Economic Disaster

What's the difference if you end up without your house?

If California were hit with an earth quake and a million homes were destroyed forcing 3 million people to move in with relatives and friends or other accommodations and 200,000 people ended up homeless the Governor would declare a state of emergency in order to allocate billions of dollars in emergency funding to rebuild the 1 million homes in the most expeditious and cost effective manner as possible.

California has been hit with a disaster that has removed a million homes from the state. It's not a natural disaster but a man-made disaster brought about by extremely poor public planning and economic policies. The good news is that the state can remedy this disaster by properly identifying it for what it is and release the resources necessary to bring the heart ache of this disaster to an end.

The state of California needs to act now. The state of California needs to eliminate the anti-development laws, cut the bureaucratic red tape and start building a million homes that cost less than \$250,000 each.

Governor Brown wants to spend \$60 billion plus on a train and another \$20 billion on a water tunnel.

There is no point in moving people on a train when they have no home to get on the train from.

There is no point in moving water to homes when there are no people in the homes.

California has created a deficit of 1 million to 1.5 million homes. Even if California upped its production from 100,000 homes a year to 200,000 homes a year it will still be behind resulting in even higher housing costs. California needs to make up the deficit in addition to the 200,000 homes per year if California is to avoid a housing and economic collapse.

According to the urban planners the Bay Area will grow increase from 3.4 million jobs to 4.7 million jobs between 2010 to 2040, an increase of 1.3 million jobs; 7.2 million people to 9.5 million people between 2010 and 2040 an increase of 2.3 million people. During this period an estimated 823,000 housing units will need to be built to keep pace with demand.

Between 2010 and 2015 600,000 jobs were created, 46% of the projection.

Between 2010 and 2015 65,840 units of housing were created, 8% of the projection.

If the job creation pace remains the same than the bay area will see an increase of 3,000,000 jobs over the next 25 years totaling 3.6 million exceeding the projection by 2.3 million.

If the housing unit creation pace remains the same than the bay area will see an increase of 329,200 units of housing over the next 25 years totaling 395,040 units of housing falling short of the projection by 427,960.

The Bay Area's current pace will add 3 million jobs and 395,040 units of housing over the next 25 years.
<http://www.planbayarea.org/sites/default/files/pdf/files/files10300.pdf>
<http://2040.planbayarea.org/forecasting-the-future>
<http://abag.ca.gov/planning/research/forecasts.html>

That is a job to housing rate that will result in the collapse of the economy.

California's current population is 39.5 million and is expected to grow to 44.1 million by 2030 and 49 million by 2040.

California Population

http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/documents/E-1_2017PressRelease.pdf
http://www.ppic.org/content/pubs/report/R_116HJ3R.pdf
http://www.ppic.org/content/pubs/report/R_116HJ3R.pdf

'Housing crisis' tops state's legislative agenda this year

According to the state Housing and Community Development Department, California needed 180,000 new homes each year over the past decade but built on average just 80,000 a year. The state will need at least 1.8 million new homes by 2025. At 54 percent, California's homeownership rate has dropped to the lowest point since the late 1940s.

Overcrowding in the state is double the national rate. And while the state has 12 percent of the nation's population, it has 22 percent of the nation's homeless.

Unless something is done, **the state will have a housing gap of 3.5 million units in eight years**, he said. "People have come to understand that this is a crisis, and we need to treat it as such and address it accordingly." Assemblyman Richard Bloom, D-Santa Monica,
<http://www.ocregister.com/2017/05/01/housing-crisis-tops-states-legislative-agenda-this-year/>

Between 2010 and 2016, the Bay Area added 500,000 jobs but only 50,000 homes, and the jobs-housing gap and affordability problems continue to grow apace.

<http://www.sfoxaminer.com/senate-bill-35-will-help-create-affordable-homes-vulnerable-populations/>

California and Bay Area housing set to get even pricier, says UCLA

<https://sf.curbed.com/2017/6/22/15855670/housing-san-francisco-ucla-homes-affordable-study>

The Housing Disaster That's Not Being Fixed

<https://www.brookings.edu/research/the-housing-disaster-thats-not-being-fixed/>

In costly Bay Area, even six-figure salaries are considered 'low income'

<http://www.mercurynews.com/2017/04/22/in-costly-bay-area-even-six-figure-salaries-are-considered-low-income/>

State Senate bills aim to make homes more affordable, but they won't spur nearly enough construction

"If [lawmakers] get a package that includes SB 2, SB 3 and some version of SB 35, it is reason to celebrate," said Jim Mayer, the president and CEO of California Forward, a nonprofit that has urged the state to act more aggressively on housing. "But it won't have solved the problem, and nobody in their communities is going to think it's solved the problem."

A similar shortfall exists in home building. **Developers need to construct 180,000 new homes annually just to accommodate California's projected population growth, according to the state Department of Housing and Community Development.** an amount roughly equivalent to state spending on Medi-Cal.

<http://www.latimes.com/politics/la-pol-ca-state-housing-deal-effects-20170811-htmistory.html>

What you want to know about California's failed housing affordability law

Developers in Bay Area cities and counties, for instance, nearly met the region's goal for above-moderate income housing, compared with building only 28% of the moderate- and low-income housing goals [during the eight years leading up to 2014.](#)

The problem is that there's not enough housing getting built, period. Reports from the [state's legislative analyst](#), [the state's housing department](#) and [McKinsey Global Institute](#) have argued developers need to double the roughly 100,000 homes they build each year to stabilize housing costs.

<http://www.latimes.com/politics/la-pol-sac-housing-shortage-law-questions-20170705-htmistory.html>

Only in San Francisco — inside the 232-square-foot micro apartment that sold for nearly \$425,000

<http://www.businessinsider.com/425-thousand-dollar-tiny-apartment-san-francisco-real-estate-2016-2>

2.97 people per household in California

<http://www.dof.ca.gov/Forecasting/Demographics/>