

Silicon Valley getting serious about severe housing shortage

In the 18 years since Google was born in a garage, Mountain View has ridden a wave of unprecedented job growth. But alongside the boom has come a slew of other issues familiar across the Bay Area: soaring rents, snarled traffic and people living in vehicles because they can't afford apartments.

Google is starting to address the crisis head-on. Its parent company, Alphabet, which employs more than 20,000 people in a city of 80,000, has proposed building 330 units of housing not far from its headquarters.

It's the first time Google has filed paperwork with the city to build housing – and a sign of just how acute the problem has become for technology companies, which are generating jobs much faster than their communities are building homes.

"It's kind of a new thing in our area," Mountain View Mayor Pat Showalter said of Google's project, which includes office space as well as housing. The Bay Area, she added, has "under-built for decades."

Google's plan, which the Mountain View City Council is likely to take up in 2017 or 2018, is part of a renewed push across Silicon Valley to address a problem that [has] become one of the most serious threats to the tech industry's growth. Facebook has also announced plans to develop 1,500 units of housing on its property in Menlo Park, and it is donating \$20 million to a community partnership that would support affordable housing and providing tenants' rights services to the community.

The new units address only fractions of the need.

"The fact that companies that design software and build algorithms for a living are having to build housing is really an indicator of the failure of our traditional housing supply model," said Matt Regan, senior vice president of government relations for the Bay Area Council.

After years of foot-dragging, cities are also showing a change in attitude, as they take modest steps that will make it easier for developers to build more housing. In Palo Alto, city officials recently discussed whether to change a rule that limits the height of buildings to 50 feet. Last month, Menlo Park changed its zoning rules to allow for more dense housing in an area of the city. In Mountain View, which added 17,921 jobs between 2012 and 2015 while adding just 779 new housing units, the City Council voted last week to clear two projects to go through the city's planning process: a few dozen condominiums and a 470-unit luxury apartment complex.

"Governments are starting to realize that they have to stand up and start approving more housing," Regan said. But even with the new push, cities and companies are only building a small portion of what's necessary, he said.

Google's proposal would build 330 housing units on its property, in an area that once housed semiconductor companies using hazardous materials. It would prioritize housing for people working in the city and would not be limited to Google employees.

Partly because of zoning considerations, which need to be reconciled with the city's growth plans, Mountain View's City Council did not advance Google's project even as it moved the condos and luxury apartments forward in the planning process. But the mayor and several council members seem supportive, and assuming Google remains keen, the project is likely to come before them again.

"If our goal is to reduce (traffic), it would make sense to prioritize housing for folks that are working in the area," Ryan Trinidad, a project executive with Google, told the council Tuesday. Google's proposal would fit well with the city's goals, he said.

Facebook's project, which is still in the early planning stages, would add 1,500 housing units on its Menlo Park property, even as the company expands its headquarters to accommodate more workers. Fifteen percent of the units would be designated as affordable housing – an issue that Facebook's \$20 million donation is also intended to address.

"If we're able to develop housing to increase the supply in the market, I think it makes a substantive difference," said Juan Salazar, Facebook's public policy manager. "It's small in terms of the size of the problem, (but) it helps to contribute to some of the solutions."

Both Facebook and Google have also made contributions in the past to apartment projects in their communities.

Aaron Terrazas, senior economist for Zillow, likened the recent moves by Facebook and Google to when Henry Ford, founder of the Ford Motor Co., built houses for workers in Dearborn, Mich., in the 1900s. At the time, the city did not have enough housing and workers were traveling an hour to get to work, according to the Detroit News. In the Bay Area, some tech workers are cramming into small apartments with multiple roommates to shave off commuting time; others are living in their cars or choosing to leave the area entirely.

Article continues at link below

Region	November 2015	October 2016	November 2016	Percentage Point Change	
				1 month	12 months
San José MSA	4.1%	3.8%	3.6%	- 0.2	- 0.5
San Francisco MD	3.3%	3.2%	3.0%	- 0.2	- 0.3
California	5.8%	5.3%	5.0%	- 0.3	- 0.8
United States	4.8%	4.7%	4.4%	- 0.3	- 0.4

Sector — November 2016	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,101,800	1,101,600	2,203,400	+ 0.5	+ 2.9
Construction	49,000	47,100	96,100	+ 1.3	+ 10.8
Manufacturing	162,200	35,300	197,500	+ 0.3	- 0.4
Retail Trade	91,200	86,300	177,500	+ 4.0	+ 0.4
Information	80,400	60,900	141,300	- 0.1	+ 2.9
Professional & Business Services	237,500	279,200	516,700	+ 0.4	+ 4.7
Educational Services	48,000	31,200	79,200	+ 1.4	+ 4.1
Health Care & Social Services	121,800	108,200	230,000	+ 0.3	+ 5.3
Hospitality & Leisure	99,000	138,200	237,200	- 2.4	+ 1.7
Government	96,900	128,600	225,500	+ 1.0	+ 2.0

NOTE: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

	Labor Force			Employed			Unemployment		
	November 2015	November 2016	Change	November 2015	November 2016	Change	November 2015	November 2016	Change
California	18,996,000	19,358,000	1.9%	17,894,400	18,381,600	2.7%	5.8%	5.0%	- 0.8
Alameda County	827,400	843,600	2.0%	790,000	810,100	2.5%	4.5%	4.0%	- 0.5
Contra Costa County	551,000	561,500	1.9%	525,000	538,300	2.5%	4.7%	4.1%	- 0.6
Marin County	141,400	145,500	2.9%	136,600	141,000	3.2%	3.4%	3.0%	- 0.4
Napa County	74,000	76,200	3.0%	70,300	73,100	4.0%	5.0%	4.2%	- 0.8
San Francisco County	552,000	564,800	2.3%	533,000	547,300	2.7%	3.4%	3.1%	- 0.3
San Mateo County	445,200	455,200	2.2%	430,900	442,300	2.6%	3.2%	2.8%	- 0.4
Santa Clara County	1,026,200	1,057,100	3.0%	985,500	1,020,300	3.5%	4.0%	3.5%	- 0.5
Solano County	208,400	212,000	1.7%	196,400	201,100	2.4%	5.8%	5.1%	- 0.7
Sonoma County	259,400	262,000	1.0%	248,100	252,300	1.7%	4.3%	3.7%	- 0.6
SF Bay Area (sum)	4,085,000	4,177,900	2.3%	3,915,800	4,025,800	2.8%	4.1%	3.6%	- 0.5

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

November 2016 Events			# Affected	WARN SUMMARY	
Company	Location			Events YTD †:	37
Calibra Medical Inc.	Redwood City		12	Individuals Affected YTD:	1,991
GoPro, Inc.	San Mateo		138	Individuals Previous YTD ‡:	2,424
Hewlett-Packard Enterprise	Palo Alto		25		
SunEdison, Inc.	Belmont		10		
Symantec Corp.	Mountain View		23		
Total			208		

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)
 † **YTD: Year to Date** (Program year: July 1–June 30)
 ‡ **Previous YTD:** No data available for San Mateo County, FY2014/15

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database