

# Affordable housing downtown: The ones who need it can't afford it

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*The Daily Transcript*

**DOWNTOWN** — One out of every four new housing units being developed in San Diego is in the center city area, according to a new study.

However, a report from the Center For Policy Initiatives (CPI) showed that the number of newly developed units hasn't kept up with the job growth experienced downtown.

Combine this with the price of housing and rental units in downtown San Diego and the result is an increased demand for more affordable housing and rental units among those who work in the heart of the city, according to CPI.

Affordability hinges on a household spending less than a third of its income on rent or mortgage.

Murtaza H. Baxamusa, senior planner of CPI, says San Diego's downtown employment generates demand for 2,850 low-income family units annually.

"There's a huge demand," said Alan Nevin, director of economic research for **MarketPointe Realty Advisors**, adding that the majority of workers in downtown are in the retail, leisure and hospitality businesses, which are notorious for low-paying jobs. "There is an enormous chasm between those that can afford a condo and those that have modest-income jobs downtown."

According to CPI, "the majority of jobs downtown pay under \$15 an hour," and the household income needed to purchase the median-priced home in that area is more than \$150,000 a year.

Past figures also indicate that housing and rental prices are higher in the center city when compared with the rest of San Diego County.

In 2004, the median sales price of a home in downtown was

\$60,000 more than the county's median price, the report said. Additionally, the median sales price for all homes in downtown has increased since 1991, outpacing prices at the county level except in 1994.

"The vast majority of the people working downtown can't afford to buy," Nevin said.

With a majority of jobs paying under \$15 an hour, it appears that renting, although more expensive downtown than elsewhere in the county, is the only housing solution for those who wish to work and live there.

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"Average rents in the center city are significantly higher; 29 (percent) to 39 percent, than the average rents in the county," the CPI report stated.

The average rent for studio in downtown is \$1,183, which compares with an average of \$852 for the rest of the county, according to 2004 figures. A one-bedroom there is \$1,311, two-bedroom \$1,697, and three-bedroom \$2,656. When contrasted with the Housing and Urban Development's fair market rents (FMR), downtown's average rents for 2004 are 39 percent to 54 percent higher than suggested for the county.

"Unless they (tenants downtown) double up, they can't afford to rent," Nevin said.

A studio apartment downtown requires an earned income of more than \$47,000, while a single-bedroom calls for \$52,000. The report also said only 23 percent of the employees can afford a studio apartment and 20 percent can afford a single-bedroom apartment. Two-bedroom apartments are within reach for 15 percent of the occupations, while three- and four- are affordable only for 2 percent or 1 percent.

Despite the report predicting that 6,707 new units will either be

under development or in the approval process between 2005 and 2007, Nevin said a major problem is the lack of inventory.

"One of the facts of life is many of the SRO (single-room occupancy) units downtown are occupied by Navy personnel and also international students," he said, commenting that the county needs 1,000 more SRO's to help the overall inventory.

There are several rental development projects in the works downtown; however, the affordability problem there will not be resolved until additional work force housing rental units are in the pipeline, which is becoming more difficult as downtown developers are still experiencing construction-cost increases.

Nevin said more affordable units can only happen through subsidies from the Centre City Development Corp.

"They have the money to do it; it's just they haven't really worked hard enough," he added.

CCDC did not return call for comment.

Looking forward, the report predicted that 21 percent of newly developed units downtown in 2006 would be affordable, mirroring this past year.

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