Merging Corporate Marketing and Travel Experience

Using her corporate marketing skills and travel experience, San Diegan Crystal Sargent created a new business model. See pg. 8
THE TRACK IS BACK

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Merging Corporate Marketing and Travel Experience

Crystal Sargent decided to combine her 25 years of corporate marketing experience and travel expertise to create a “journey model of workforce engagement” through her venture, Invested Traveler. The company serves clients through their business cycle in several ways: it helps recruit and retain talent by producing employee and client events, retreats, and incentives. See Page 8

Women Who Impact San Diego 2018


Aiming to Transfer

Former San Diego Miramar College student Thaimae Le is at Arizona State University majoring in English with plans that include becoming a community college dean. She is among a growing number of community college students transferring to four-year colleges and universities.

Understanding California’s Affordability Crisis

The ultimate cause of California’s housing crisis is more than just not enough houses. It is not enough houses that can be afforded by a shrinking middle-class, while the cost of affordable housing for low-income households has become insanely prohibitive for taxpayers.
C.W. Driver Companies has completed the construction of Ampersand, a 330,000-square-foot office center located on the former site of the San Diego Union-Tribune in Mission Valley. The redevelopment of the 13-acre campus included a major overhaul of a five-story office tower and a three-story industrial/office building. Each consists of 165,000 square feet. Re-imagined spaces incorporate the outdoors with parks throughout the property and along the adjacent San Diego River.

The three-story building originally held the Union-Tribune’s printing plant and was built to withstand the heavy load of printing presses and other equipment.

Designed by Wolcott Architecture, the Ampersand redevelopment project brings the two dated buildings, originally designed and constructed in 1973, into the new era by incorporating modern design elements that pay homage to the property’s unique past. Ampersand owner and developer Casey Brown Company acquired the Union-Tribune property in 2015 for $52 million from Doug Manchester, the former publisher of the newspaper. The property is named for the ampersand character, which is the last figure in the typesetter’s alphabet and the last character printed when the Union-Tribune shut down its presses in 2016.
Navy wants to have sprawling SPAWAR complex redeveloped

Eighty-five companies registered to attend a Navy forum on Nov. 5 to hear about opportunities to redevelop the 42-acre Space and Naval Warfare Systems (SPAWAR) complex in Old Town and a 24-acre complex on Sports Arena Boulevard.

Earlier this year, the Naval Inspector General reported a number of safety issues related to SPAWAR’s aging complex, where more than 4,000 employees work. Some windows are cracked, while others are stuck open, attracting pests. In the most northern building, especially, inspectors found workers are exposed to dripping water. Bird feces have rained down from the ceiling.

During World War II, the SPAWAR complex was used to manufacture aircraft. The open hangers have been converted to office space.

SPAWAR spent $26 million from 2013 to 2016 to upgrade the Old Town campus. Investigators said that was not enough to solve all of the issues.

Spaces preleases Little Italy office building undergoing restoration

Spaces, a large coworking company, has preleased the first three floors of a seven-story Little Italy building that is undergoing a major transformation to a boutique Class A office project to be known as “Kettner & Ash.” The building at 1420 Kettner Blvd. is owned by DivcoWest Real Estate Services LLC and Ocean West Capital Partners LLC.

Spaces preleased 43,540 square feet in the 123,062-square-foot building, which is expected to be completed in late 2019. The property renovations were designed by Gensler. The general contractor is Reno Construction.

Spaces represents the first official lease executed since the owners began reconstructive work at the building.
Women in Technology Network launched in San Diego

A San Diego chapter has been launched for The Women in Technology Network, a community of professionals across the world who believe in making it easier for women to develop careers in IT. The chapter’s first program was a technology demonstration and networking event on Wednesday.

“In San Diego, we have a unique opportunity to establish an environment that will attract women in technology and bring them from imagining to developing a successful career in IT,” said Tina Rountree, co-chair of the San Diego WIT Network chapter. “We are open to suggestions and needs from our members and are looking forward to joining forces with other female-led organizations in the region for a greater impact.”

At the kick-off event, members experienced a demo of productivity tools and discussed current statistics about women in technology as well as San Diego’s current state as it relates to women in the technology industry, and how collaboration can be established in ways to promote welcoming tech environments for women.

Rountree is director of sales at Managed Solutions. Jennifer Benedict, the other co-chair of the local chapter, is an account executive at Managed Solutions.

Kyocera wins Water Innovation & Efficiency Award

The San Diego County Water Authority presented its 2018 Water Innovation & Efficiency Award to Kyocera for reducing its annual water use by more than 6 million gallons at its San Diego facility, a decrease of nearly 20 percent since 2014.

The award marks the Water Authority’s inaugural effort to recognize water-efficiency investments among the region’s top manufacturing companies in conjunction with the Industrial Environmental Association. The 2018 Water Innovation & Efficiency Award was announced at the IEA’s 34th Annual Environmental Conference at the San Diego Convention Center.

Headquartered in San Diego, Kyocera’s North American operations were established in 1971. Today, the company employs about 625 people locally and manufactures high-tech products such as ceramic semiconductor packages and microelectronic devices at its San Diego plant.
Crystal Sargent launches Invested Traveler

By Jennifer Coburn

Crystal Sargent was enjoying an idyllic day along the French Riviera when her life changed in an instant. After dinner, Sargent and a friend joined a crowd of people in Nice to watch the Bastille Day fireworks. Soon she was running from the scene of the ISIS terror attack, where a truck plowed into civilian bystanders, killing 86 people and injuring 458.

Sargent and her friend ran to a vestibule with a group of people and tried to open a door. When she realized the door was locked, “my whole body went numb,” she recalls. “I thought this is where it all comes to an end.” Just then, someone found another door and was able to open it. The group escaped unharmed.

The experience made Sargent ask herself if she was getting the most out of this short, unpredictable life. “There’s nothing like a near-death experience to catapult you in doing something,” she says.

Though Sargent enjoyed her role as senior vice president of marketing for Torrey Pines Bank, she was in the same role for 11 years and already knew it was time for a change.

“I’ve always been a believer in rotating talent across functions and disciplines to keep people engaged and have a deeper bench. Solving complex problems and challenges stimulate the mind which presents opportunities for growth. The work was no longer challenging,” she says.

Sargent decided to combine her 25 years of corporate marketing experience and travel expertise to create a “journey model of workforce engagement” through her venture, Invested Traveler. The company serves clients through their business cycle in several ways. It helps recruit and retain talent by producing employee and
client events, retreats, and incentives and negotiating venue and vendor contracts to save the client money.

“We are the strategic marketing arm for human resources,” Sargent says, explaining that one of the biggest problems in organizations is employee disengagement. “Business owners are so good at what they do, and we give them an opportunity to step back” and examine strategies to maximize employee engagement. “It costs an awful lot of money to replace a talented employee, from the cost of recruitment and onboarding to time to prove their talents are equal to their resume,” says Sargent. She adds that it is usually wiser for a company to invest in developing the team it already has.

Sargent says businesses can focus on their growth strategies and operate more efficiently when they don’t have to worry about top performers leaving and going to work for the competition. Her company helps clients create incentive travel, from trips abroad to staycations. The Invested Traveler also steps in to create the collateral material that explains these incentive programs to staff.

This got Sargent thinking. If she could effectively help businesses market themselves internally, wouldn’t she add even more value by helping clients market themselves to their customers? She began offering advisory services such as branding, positioning, and event production. Sargent laughs and says she started out thinking she was launching a business, “but I accidentally built a business like a bank would, with divisions that offer complementary services.” She calls that enterprise Invested Advisors, with clients that include businesses like Culinary Concepts Catering, and Anne Sneed Architectural Interiors as well as start-ups like Etha Live Fully, a locally-based manufacturer of Kratom, in need of governmental affairs and consumer education strategies.

Sargent enjoys success in other ways besides business. She chaired the recent March of Dimes fundraising gala. “It was very successful,” she says.

The U.S. Department of Transportation uses Sargent as its facilitator to help business owners understand how to build their brand and market their business. “We travel across the state and generate clients in transportation and construction,” says Sargent. “For example, at Fleet Care International, we’re developing focus groups as a part of our efforts to rebrand the company as they reposition themselves to acquire other firms as part of their growth strategy.”

Melissa Fazio, director of marketing at Culinary Concepts Catering, says working with Invested Advisors has helped the company develop a strategy for its branding, website design, advertising, and promotion. “We never had a clear focus on our marketing, it’s all been by the seat of our pants,” she says, explaining that their energy has been spent on providing great food and service.

Anne Sneed says what she appreciates most about working with Sargent is she is focused on big-picture strategy and outcomes rather than individual projects. “She listens to my goals and tells me what I need,” says Sneed, explaining that Sargent’s advice is often different than what she expected. For example, Sargent suggested to Sneed that she needed to raise her profile and sourced a speaking engagement in Copenhagen for Anne because it is the design capital of the world. Her first talk is scheduled for the fall.

Sargent says, “I didn’t want to be in business without helping companies solve problems. What fuels me every day is a genuine passion for the possible – for solving a client’s immediate needs but also seeing something bigger for them than what they may see for themselves – and delivering on those possibilities. We’re doing just that every day, and I feel like the best is yet to come.”

“Business owners are so good at what they do, and we give them an opportunity to step back and examine strategies to maximize employee engagement”
**Women Who Impact San Diego 2018**

16 OUTSTANDING PROFESSIONALS

**Leah Strickland** is a partner at Solomon Ward Seiderowm & Smith, a skilled litigator and an asset to the San Diego community. Her practice encompasses business litigation, employment litigation and intellectual property disputes. She also has extensive experience defending against claims under the state and federal Fair Debt Collection Practices Act. At the trial level she has drafted numerous successful disposition motions in both state and federal courts. She is extremely active in the San Diego County Bar Association and is vice chair of the association’s Legal Ethics Committee. She has also been very active in the association’s Intellectual Property Section working to advance the development of intellectual property laws. Strickland was promoted to partner at Solomon Ward earlier this year. She also is listed as a San Diego Super Lawyer. She is a graduate of the University of Texas at Austin and holds her law degree from the College of William & Mary.

**Susanne de la Flor** is a regional litigation consultant at Litivate Trial & Reporting Services. She is a resilient spirit who truly displays heart when it comes to giving to the community. She has coordinated the annual Consumer Attorneys of San Diego Blood Drive. She organizes professional clothing drives for Dress for Success. After her husband, George, suffered cardiac arrest and brain damage in 2011, she turned her attention to educating others on sudden cardiac arrest.

**Aly Jamison** is chief executive officer of Jamison Public Relations. She has attained the coveted Accreditation in Public Relations, achieved by only 19 percent of public relations professionals. She has secured favorable press coverage for her clients in some of the most well-read publications in the country. She is making six donations (the maximum allowed in a calendar year) to the San Diego Blood Bank. Jamison is a member of the Rady’s Children’s Auxiliary Poway unit. It is her way of giving back to the hospital that has helped her own children. She is a member of the Kylie Rowand Foundation, set up for a local 2-year-old who was diagnosed with stage 4 neuroblastoma. She was heartbroken when Kylie passed, and in less than a year she promoted two fundraisers helping to bring awareness for pediatric cancer research. She has also made a tremendous impact for a company called RAIN Group, a sales training and performance improvement company.

**Luda Safransky** is business development manager at Balfour Beatty Construction’s California division, leading the company’s pursuit and management effort for both higher education and public civic markets. Prior to her promotion, she was one of Balfour’s most prominent and dedicated marketing professionals. Over her seven years with Balfour, she has secured more than $230 million in various projects for the company through her efforts in marketing and business development. Safransky serves on the Developing Leader Council of the NAIOP, the commercial real estate development organization. She volunteers for the Challenged Athletes Foundation, supports Junior Achievement and continuously participates in the annual Ronald McDonald Red Shoe Day. In the last 11 years, Balfour Beatty has raised over $130,000 for Junior Achievement. Safransky joined Habitat for Humanity by participating in the Women Build Event, where, together with her team, raised $8,500. She is a graduate of San Diego State University.

**Dr. Jeanne Loring** is a stem cell researcher and professor at the Scripps Research Institute. She has been working on human pluripotent stem cells for 20 years. Her human embryonic stem cell lines were among those approved for federal funding by President George H.W. Bush in 2001. Her research team pioneered the use of genomic and epigenetic analyses to ensure the effectiveness and safety of stem cells for therapy. She is heavily involved with the San Diego Zoo.

**Anneke Stender** is an executive vice president and part owner of TAG who oversees the corporate accounting, bill pay and family CFO division with a team of over 30 client relationship managers and accounting staff. Originally from Germany, she moved to San Diego for a year of English language studies. She fell in love with San Diego, stayed and graduated summa cum laude from San Diego State University.
**WOMAN WHO IMPACT**

**Ann Hill** is a sustainer at the Junior League of San Diego. In her 30 years with the Junior League, she worked with Bill Clinton to chair the first national dropout prevention conference, won a $5 million grant to lower San Diego’s dropout rate and supported immigrant students. She is a graduate of the University of Southern California.

**Rachel Shermirani** is vice president of marketing for Barons Markets. Her favorite Barons happening is the quarterly Barons Backroom Beer Pairing, from which she has raised $65,000 for local charities. She leads the Taste Team, which evaluates products before they stock the shelves for customers, and coordinates the store design that allows a 10-minute shopping experience.

**Karen Burges** is the executive director of NAIOP San Diego, and a unifying force behind NAIOP’s role as a leading, high-powered commercial real estate association. Under her leadership, NAIOP San Diego continues to make significant impacts on legislation to promote job creation and enhance economic development within the commercial real estate industry. NAIOP’s Adopt A Platoon program provides supplies and assistance to locally-stationed Marines and their families.

**Rita Abbati Albert** is a lawyer specializing in intellectual property law. She has worked in private practice, taught as an adjunct professor at the University of San Diego Law School and co-authored a treatise for over 10 years about intellectual property rights on the Internet. She is a co-founder of ConnectMed International and helps identify an unmet need for philanthropic global surgical care and medical outreach to underserved communities around the world.

**Catherine McCullough** is president and chief executive officer of McCullough Landscape Architecture. After serving as marketing director of Westfield UTC, she joined her husband, David, at McCullough in 2001. She oversees all of the company’s marketing and business development as well as its financial management. The firm has a major landscape design project in China, a mega, 800-acre waterfront site along the Huanggu River, located 18 miles south of the Bund of Shanghai. She has taken her design knowledge and marketing skills to help create a Morley Field Historic Street Light District.

**Nastasha McKeon** is an executive vice president and part owner of TAG who oversees the corporate accounting, bill pay and family CFO division with a team of over 30 client relationship managers and accounting staff. Originally from Germany, she moved to San Diego for a year of English language studies. She fell in love with San Diego, stayed and graduated summa cum laude from San Diego State University.

**Mia Roseberry** is the founder of Wounded Warrior Homes, a mission to provide affordable housing, hands-on resources and a defined path for each post-9/11 service veteran transitioning to independent living. Since its start, Wounded Warrior Homes has provided 38 homes, 646 months of housing and 1,254 referrals. After hosting a group of Marines who shared their experiences about the silent effects of war, she was determined to give back through Wounded Warrior Homes.

**Debra Aitken** is director of project strategy for Wright Management, serving as the project lead on large commercial design and construction projects and advising clients on workplace strategies. A cancer survivor, she started PALS (Patients, Assistance, Liaison and Support) for San Diego Pacific Oncology and Hematology. She has received the coveted CR San Diego Golden Sail Award and Legacy Member of the Year honor.

**Sabrina Daneshvar** serves as vice president of clinical services at Autism Spectrum Therapies, a leading national behavioral health organization. She is a board certified behavior analyst-doctoral. She is an active and contributing member in the autism community and continues to support families impacted by autism. She earned her Ph.D. in Applied Developmental Psychology from the Claremont Graduate University with a concentration in the behavioral treatment of developmental disabilities.
Growing number of San Diego Community College students transferring to four-year colleges and universities

Former San Diego City College student Sergio Sandoval graduated from the Georgia Institute of Technology and landed a job at NASA. Former San Diego Mesa College student Joshua Quiroz is at San Diego State University studying business administration with plans on earning a master’s degree. And former San Diego Miramar College student Thaimae Le is at Arizona State University majoring in English with plans that include becoming a community college dean.

Sandoval, Quiroz, and Le are among the growing numbers of San Diego Community College District students who are transferring to four-year colleges and universities en route to launching rewarding careers. But despite the successes that are being fueled by initiatives that include the District’s Honors Program, Bridges to the Baccalaureate, and the Mathematics, Engineering, Science Achievement (MESA) program, challenges remain.

The biggest challenge? Not enough room at some of the most sought-after public universities in the region to accommodate every qualified transfer student.

“We can change the rules, we can change the dynamics, we can change the instruction, and it wouldn’t make any difference if there is no room at the universities students want to transfer to,” said Lynn Neault, the District’s Vice Chancellor of Student Services. “We have eight community colleges in the region that are feeding students into a limited number of seats at universities in San Diego County.”

In fact, 19 percent of students from the region’s eight community colleges who earn an associate degree for transfer cannot get into San Diego State University, where the number of applications from community college students rose from 6,249 for fall of 2017 to 6,687 for fall of 2018.

Thaimae Le is Exhibit A. Le was one of only 75 community college students from a nationwide pool of 2,400 applicants who earned a 2016 Jack Kent Cooke Foundation Undergraduate Transfer Scholarship, which pays up to $40,000 per year for tuition, living expenses, and fees for the final two to three years necessary to earn a bachelor’s degree at a four-year scholarship. Yet Le, an honors student at Miramar, was unable to get into San Diego State after she decided to leave UC San Diego after one semester.

“English is an impacted major over there (SDSU) so it didn’t matter that I had this scholarship, it didn’t matter that I had a great grade point average, it’s just not easy to get into,” Le said.

Instead, she enrolled in an online Arizona State University program. She hopes to earn bachelor’s degrees in English and Anthropology in the spring of 2019, then secure her master’s degree in Educational Leadership.

In a sense, Le is an anomaly. According to a 2016 report from the Community College Research Center at Columbia University’s Teachers College, just 14 percent of the nearly 1.1 million students who enroll at a two-year institution annually earn a bachelor’s degree within six years. The report noted that improving degree outcomes is critical to achieving national goals for improving upward social mobility and economic vitality. In addressing such concerns, the California Community Colleges Board of Governors in 2017 adopted a Vision for Success that calls for increasing by 35 percent the number of community college students statewide transferring annually to a University of California or California State University campus. A memorandum of understanding signed by UC President Janet Napolitano and California Community Colleges Chancellor Eloy Oakley calls for a new UC Transfer Pathway similar to the CSU pathway, guaranteeing those graduating with an Associate Degree for Transfer a spot at a UC campus.

Students, however, are not guaranteed a spot at a specific UC or CSU campus. And because so many students are working and raising a family, leaving San Diego to attend, say, UC Merced or Cal State Los Angeles is not always an option. “A lot of our students want to stay local,” said Kelly Mayhew, co-coordinator of the Honors Program at City College. “Because so many majors are impacted, there’s just no room for a lot of the students who want to transfer to San Diego State.”

Still, nearly 3,900 City, Mesa, and Miramar college students transferred to a four-year institution in the 2016–17 academic year, the most recent full year for which statistics are available. In 2016–17, transfers increased by 8 percent at City College, 4 percent at Mesa College, and 9 percent at Miramar College. The number of Latino students who have transferred has increased by nearly 50 percent in the past five years.

Higher transfer rates are not occurring in a vacuum. Numerous initiatives have been launched across the District to help students continue their education at the university level. Among them:

- Funded by a three-year, $2.6 million grant from the Andrew W. Mellon Foundation, Preparing Accomplished
Transfers to the Humanities (PATH) is a collaborative transfer support program between the District and UC San Diego that guides students from City, Mesa, and Miramar colleges into arts and humanities majors at the university. It includes a residential summer academy at UC San Diego that helps students acclimate to a university environment. Over the past two summers, more than 50 students have transferred to UC San Diego through the program.

“It also has had a kind of ripple effect of putting our District on the UCSD radar when it comes to transfer students who are not part of the PATH Program,” Mayhew said.

- The Honors Transfer Council of California has negotiated transfer partnerships enabling students completing the Council’s programs at the District’s three colleges to enjoy enhanced transfer consideration and other benefits at partner campuses. Such agreements, campus officials say, help students get to where they want to go.

- The UCLA Transfer Alliance Program involving Honors students has resulted in a transfer rate that is three times higher the average transfer rate to the university. Under the cooperative agreement, City, Mesa, and Miramar colleges offer enriched academic programs and all courses necessary to transfer, and the colleges and UCLA work together to help students navigate the transfer process.

- The Bridges to the Baccalaureate at both City and Mesa colleges is aimed at boosting transfer rates of students studying the sciences and who are from underrepresented populations and interested in research careers. Students are paired with mentors, tutors, and counselors, work in laboratories, and present their findings at research conferences across the country.

- At Miramar College, the Transfer Center is increasing broadening its outreach into the classroom to discuss pathways to various universities, said Transfer Center Director Naomi Grisham. Miramar also has a Transfer Banter series where the Transfer Center sets out information tables where students tend to congregate, and it has invited UC Irvine, UC Santa Barbara, UC San Diego, and San Diego State University to conduct various workshops. “Our Transfer Center teams reads up on the latest research regarding our incoming populations and tries to shift our practices to best address the needs of our students,” Grisham said. “We are mindful of the barriers experienced by our students, and we focus on teaching them how to become experts of their own transfer pathway.”

San Diego State University is, by far, the top destination for students transferring from the San Diego Community College District. UC San Diego is the second most popular choice for students at San Diego Mesa and Miramar colleges, and National University for students at San Diego City College. Others have transferred to the likes of UC Berkeley, Stanford, Cornell, and Dartmouth.

Born in San Diego and raised in Tijuana, Sergio Sandoval enrolled at San Diego City College and participated in the school’s MESA program, which focuses on creating a culture of success by raising expectations, establishing mentorships, and improving study habits.

“When I was at City College, my biggest goal was to transfer to Georgia Tech,” Sandoval said. “That’s what I wanted to do. I wanted to get my bachelor’s and then be able to apply for a job. NASA was not even in my mind. When I went to Georgia Tech, I started doing research, and thanks to that I got called into work at JPL, and then I got like a recommendation to apply for the Johnson Space Center, and got the co-op (a NASA program), so everything was just like a little bit of luck. I mean, of course the effort had to be there, but having the opportunity like being at the right place at the right moment was essential. I never thought I was going to make it that far.”

He’s now in a master’s degree program in aerospace engineering at San Diego State.

By far, most students in the District who seek to transfer to a UC campus are accepted: at City College, 70 percent of 217 students who applied to a UC campus were accepted; At Mesa College, 68 percent of the 586 students who applied to a UC campus were accepted; and at Miramar College, 74 percent of students who applied were accepted. What’s more, Mesa is among the leading California community colleges in the number of students who applied and who were admitted to a UC campus.

Those who transfer say their community college experience had prepared them well.

“There’s really not much difference between Mesa and San Diego State regarding the content,” said Quiroz, who graduated with an Associate Degree for Transfer last spring. “It’s just that the professors are different, obviously, and the classroom sizes are bigger. Mesa helped provide the tools I needed to get where I am today.”
Understanding California’s Housing Affordability Crisis

By Wendell Cox

According to an Oct. 21, 2018 Los Angeles Times article, experts “agree that the fundamental issue underlying the state’s housing crisis is that there are not enough homes.” In contrast, according to the article, is that “the public doesn’t believe it.” Only 13 percent of registered voters cited “too little homebuilding” as a principal reason for California’s housing unaffordability, in a USC/Dornsife Los Angeles Times poll.

The ultimate cause of California’s housing crisis is more than just not enough houses. More precisely, it is not enough houses that can be afforded by a shrinking middle-class, while the cost of affordable housing for low-income households has become insanely prohibitive for taxpayers. There may be no better proof than the fact that many households are “doubling up” (a term coined by the Census Bureau to describe sharing of houses by two households) — a phenomena far more common in places like Southern California or Silicon Valley’s San Jose metropolitan area than in the rest of the country.

The housing affordability problem in California cannot be solved unless its causes are understood. This article outlines the fundamental causes.

(1) Middle-Income Housing Affordability

It is beyond comprehension that California’s many nominally affluent middle-income households have been priced out of the market, while similar incomes elsewhere are enough to purchase larger and better houses.

Construction costs are not the problem. In fact, building a house (excluding the land) in California is just a little more expensive than elsewhere. For example, the construction costs for a new 2,500-square-foot house in the Atlanta suburbs are only about 10 percent less than for the same house in the San Francisco metropolitan area suburbs, based on calculations from Building-Cost.net. Astoundingly, when adjusted for incomes, construction costs are about 30 percent lower in San Francisco than in Atlanta.

Yet San Francisco area house prices are nearly triple those of Atlanta, and this is after accounting for San Francisco’s higher income. Similar comparisons show California prices to be far higher than virtually all markets across the nation. Further, Atlanta’s houses are on lots three times the size in San Francisco, according to the American Housing Survey.

The Problem — Exorbitant Land Costs: All of the house cost difference — and then some — is land. Indeed, California is so expensive that if builders sold camping tents as houses, they would still be unaffordable because of the costly land underneath.

In urban areas, land tends to be the least expensive per acre on the urban fringe, where housing meets rural, largely agricultural, areas. Land values increase toward the urban core and commercial centers. Since World War II, land, like labor and materials, was priced in a competitive market. Generally, the land cost including infrastructure represented 20 percent of the price of a new house and lot, both nationally and in California. But that has changed radically in California as the price of land (as opposed to construction) have virtually exploded. For example, in the San Jose metropolitan area, land values have reached $925,000, 77 percent of the cost of a house.

Why Land Costs are so High: California’s high land prices can be largely traced to its environmental and land use regulations — notably called “urban containment” — that have driven up land prices and even outlawed new houses on perfectly developable urban fringe areas. The land on which houses are allowed is quickly snapped up by developers where artificial scarcity creates much higher prices. The higher land costs are natural consequence of supply that falls far short of demand.

Urban growth boundaries (UGBs) are a principal strategy of urban containment, and are intended to reduce or stop the expansion of urban areas. According to the economic and planning literature, UGBs increase the value of land within the contained urban area. This reality is indicated by research showing that land values per acre for adjacent comparable properties can jump 10 times (1,000 percent) or more at an urban growth boundary.

Planners and other advocates of urban
containment believed that their strategies increase densities, while sufficiently reducing the land cost per unit to keep housing affordable. It has not worked out that way and not even close — not in California, and not in other markets with urban containment policy, such as Vancouver, Sydney, Melbourne, London, Auckland along with Liverpool and virtually all of England’s economically depressed Midlands and North.

Before all else, land prices must come down to restore middle-income housing affordability.

(2) Low-Income Affordable Housing:

The impact on low-income households has been at least as destructive. Outrageously, rich California has the highest housing cost adjusted poverty rate in the nation, well above Mississippi and West Virginia, long known for high poverty rates.

A consequence of the housing crisis is indicated by the California Housing Partnership Corporation estimate that 1.5 million additional subsidized houses are needed in the state.

Proposition 1, the affordable housing referendum with $2 billion for affordable housing, which at an average cost of $425,000 could build a maximum of 4,600 houses. At least 300 more identical ballot measures would be required to solve the problem. Obviously that is not going to happen. Make no mistake about it, the lucky few receiving the new houses would benefit greatly. But it would be misleading to characterize Proposition 1 as anything more than a “drop in the bucket.” This problem is beyond the power of the state to solve itself; there needs to be a more market-based solution.

Eligibility for low income housing is based on the ratio of housing costs to income. California’s high housing costs produce a much greater need for subsidized housing. There is probably no surer way to reduce the cost of subsidized housing to levels practical for taxpayer support than to improve housing affordability for middle-income households. For example, if California’s housing affordability were at the level of Colorado’s (itself an expensive state), the need for subsidized housing likely would be reduced by at least 200,000 units. California has a need for three times as many new subsidized houses as Texas (using the same methodology), despite having a higher income.

Less Expensive Land: The Key to Solving California’s Housing Crisis.

Without reform, housing affordability and the challenge of financing subsidized housing is likely to worsen over time. This routinely occurs when demand exceeds supply. The price of land is the key. California’s housing crisis cannot be solved without reforms that restore a competitive land market, reducing the price of new houses on the urban fringe and obviously allowing their construction.

Urban fringe development need not be at the low densities of suburban Atlanta or New York. California has the densest urbanization in the nation. Indeed, Los Angeles suburbs are nearly twice as dense as those of New York City. Appropriately reformed regulations could maintain California’s high urban densities, while allowing housing to be built on competitively priced land, substantially improving housing affordability, and reducing the need for subsidized housing. The result would be a significant improvement in the quality of life for most Californians, which is undeniably a principal purpose of government.

Wendell Cox is principal of Demographia, an international public policy and demographics firm.
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OPEN AT 4:00PM, DINNER AT 5:00PM.
RESERVATIONS RECOMMENDED.
BUSINESS CASUAL. VALET PARKING AVAILABLE.