

## WHAT CAN OTHER PLACES TEACH CALIFORNIA ABOUT ADDRESSING ITS HOUSING CRISIS?

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There is no ready-mix recipe for affordable housing that will effectively address the current challenge in California. Instead, Californians will continue to absorb the consequences of not dealing with the crisis. Any discussion on the topic needs to acknowledge that reality from the start. However, if Californians are seeking models for how to respond to the situation, the "other place" isn't geographic. It's temporal. We need to look back to the past for guidance. We've dealt with widespread difficulties before and successfully resolved them. But reform doesn't come just because some people lower down on the economic food chain are having a bad time. Americans are perfectly comfortable with other people getting the short end of the stick. Structural change comes only when the pain hits the broad middle of society. We're not there yet. But when that moment arrives there will be tremendous opportunities to move forward as we have in the past.

One of the problems with attempting to resolve the housing crisis is that there is no housing crisis *per se*, just as there is no income inequality problem, or municipal insolvency problem, or financial bubble problem, or automation-induced unemployment problem, or geopolitical problem... What we have instead is an *everything* problem. Tackling one dilemma won't work unless all the others are also managed in a meaningful way. That's a tall order. It's also worth pointing out that Sydney, Melbourne, Hong Kong, Singapore, London, Toronto, and Vancouver are also dealing with precisely the same gap between what wage earners can afford and the extravagant price of property. At the same time there are entire regions where property is ridiculously inexpensive, but people struggle to earn any kind of living. And finally, there's the assumption that real estate values in California will permanently remain in the stratosphere. The global financial crisis of 2008 demonstrated that things can and sometimes do change very quickly, albeit unpleasantly.

Listening to government officials, professional builders, financial experts, university professors, social commentators, and representatives of philanthropic organizations discuss affordable housing, it's clear that solutions will not be coming from the usual institutions. What we're witnessing is an attempt to lash together an immensely complex collection of one-size-fits-all, insanely expensive, highly leveraged systems with even more layers of ham-fisted complexity and additional costs. These strategies are destined to fail. What's needed instead are a great many different, small, simple, inexpensive, and intensely local responses with continuous feedback as to what works and what doesn't. A light framework that allows people to solve their own problems within basic safety parameters would work wonders.

For centuries, housing was small-scale, incremental, and iterative. The building in Philadelphia that's now known as the Betsy Ross House is typical of living arrangements in the 1770s. City lots were between twelve and sixteen feet wide. Most buildings were compact three-story "trinity" homes with a kitchen in the basement, a parlor on the main floor, and a bedroom upstairs. Over time, additions were put on to the back that doubled or tripled a home's size. They were expanded as more children arrived, and the household budget allowed in a pay-as-you-go fashion.

In the case of the Betsy Ross House, the landlady, a widow who was house rich but cash poor, occupied the back rooms, which had been built as an addition to the original small home. The rear quarters were quieter and removed from the unpleasantness of the street. The original front part of the house was rented to Ross, who was a young war widow at the time. She lived upstairs and ran her upholstery and drapery business from the front parlor downstairs. A cook and laundry woman, most likely Irish or black, lived in the lower-level kitchen. The house was effectively a triplex that housed three separate women from different economic and social levels, each of whom contributed to and benefitted from the arrangement.

Every aspect of this arrangement—a common one and the basis of household wealth creation that built the colonial city of Philadelphia—is absolutely illegal today in nearly every municipality in the country, including much of modern-day Philadelphia. Try subdividing your suburban ranch home on a cul-de-sac into apartments and opening an upholstery shop in your two-car garage, and see how that goes down with the local authorities. You won't likely be sewing any American flags for General Washington if the HOA finds out about it.

As a twenty-two-year-old architect in 1889, Frank Lloyd Wright was working for Adler & Sullivan's office in Chicago. Wright designed and built his own home in Oak Park, Illinois. It was a modest structure befitting a young apprentice, and at the time the surrounding territory was open prairie at arm's length from the industrial heart of Chicago. He and his wife Catherine raised their children in this home, but the house was more than a suburban residence. Wright conducted his architectural practice from a home office. As more children continued to arrive (there were ultimately six), his original office was turned to bedrooms and an addition to the home was created for his professional activities. A waiting room, secretary's office, private office, and large drafting room were all built on what was originally the front lawn.

Wright had an affair that resulted in his leaving his family and running off to Europe with his mistress in 1909. In order to support his family during this abandonment, he subdivided the Oak Park home into apartments. Catherine and the six kids lived in one portion of the house and drew rental income from the other parts of the building. Again, try any of that in your home today and see how the neighbors and municipal authorities respond.

The grand Victorian homes of San Francisco and elegant brownstones of Brooklyn were originally built by prosperous families eager to celebrate their good fortune. But the Great Depression brought financial distress, and many families found themselves living in reduced circumstances. World War II brought rationing, a complete standstill to all new domestic construction, and an acute housing shortage for wartime industrial workers. When soldiers returned at the end of the war, the housing crunch only got worse until the country rebalanced its economy. For twenty years, those stately homes were carved up into a dozen small makeshift apartments in a hurry and on the cheap. This would have been unthinkable in their halcyon days, yet it happened as the demands of history pressed in.

Laura Ingalls Wilder wrote affectionately about her early years growing up in the frontier settlements of the Midwest. While her "Little House on the Prairie" series of children's books are romantic works of fiction, they still manage to describe the process by which people of modest means built their own homes as best they could with the resources they had on hand. Most

families had no access to bank loans and could never afford a home that someone else built for them. That mandated a slow incremental DIY approach for the majority of the population. Pioneers set off for the territories and built a log cabin or sod hut. Over time they saved and built a more permanent two-room home that they continued to improve and expand over a number of years. In many cases, the transition from cabin to respectable farm house took more than one generation. Their neighbors were all busy doing the same thing, and together the community built churches, schools, fairgrounds, shops, and a town hall. This approach is entirely illegal and socially unacceptable in most places today.

Try to imagine a young family buying a vacant parcel of land and building a 200 square foot cabin with the plan to add on in stages over the next decade or so as savings permit. The zoning regulations require a minimum 2,800-square-foot home in their jurisdiction. The county plan check fee is \$2,904. Building permit fee \$4,603. Plan administration fee is \$690. Sewer sanitation connection fee \$13,198. Water connection fee \$11,037. Parking mitigation fee \$3,678. Traffic mitigation fee \$7,388. School mitigation fee \$6,912. And of course the affordable housing fee \$8,022. Be sure to factor in fire sprinklers which are required even for a fully detached single family home. And they'll need two off-street covered parking spaces. These are real numbers from an actual project. And this is before any part of the house itself is even begun.

The usual conversation regarding housing is divided between the folks who believe that every American heart yearns for a tract home on a cul-de-sac and the people who insist that compact walkable transit-rich neighborhoods are the wave of the future. I've spent a lot years exploring the entire country and I'm here to tell you it's a mixed bag. But at the end of the day, we aren't going to transform very much of the landscape one way or another. We have the built environment that we have, and almost all of it is going to stay pretty much the way it is for decades. The project of the next generation is to figure out how to inhabit what we already have in a different way. Our attitudes and behavior will change much more than our buildings.

It's not possible in today's political climate to change the prevailing institutional procedures. Each regulation has a devout constituency that jealously guards its prerogatives. Health and safety are paramount. We can't have fires and cholera breaking out in modern America, although the connection between a minimum 2,800-square-foot home and the Black Death is a stretch. The required fees—all of them—are a reflection of the underlying insolvency of our municipal authorities. They're desperate for revenue, and one of the few politically palatable sources of cash comes from people who apply for building permission. Our institutions and the cultural attitudes that drive them have reached a point of sclerotic dysfunction. They can't be reformed. But they can be worked around under the right circumstances.

Let's return to the assumption that there are rational, bottom-up responses to the situation, which can occur outside the bounds of institutional protocols. *Sub rosa* workarounds are California's *de facto* affordable housing policy. The poster child is a 1982 Winnebago quietly trying not to attract attention to itself in a big box store parking lot. But what if the pent-up need for housing combines with popular demand for change and California's culture of innovation? We know from the rapid growth of companies like Lyft, Airbnb, and WeWork that entire industries can appear out of nowhere and come to dominate established systems with a bit of jiu-jitsu.

We have entirely too many large single family homes that are occupied by one or two people—not all of them as solvent as they should be. There's an endless supply of half-empty strip malls that could be converted to stylish places to live without major construction. If you think that sounds ridiculous, you only need to reflect on the so-called industrial artist lofts that currently sell at a premium in former slums. Failing suburban office parks are ready to be pressed into service as residential accommodations with just a few minor tweaks. What's required to overcome the administrative friction of zoning restrictions, building codes, and standard finance mechanisms is a new breed of independently funded enterprises with wide popular support. A dozen years ago, if anyone started renting out their spare room to tourists without a hotel license or picking up strangers and giving them taxi rides without a medallion, the authorities would have cracked down *tout de suite*. Now, it's perfectly normal, and somehow the authorities have learned to accommodate it all. We can do this. We just haven't yet reached the point where we actually want to.