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Sonoma Index Tribune
June 29, 2023

# To Make Rent Affordable: Raise the Wage Floor

By Martin J. Bennett

Low-income renters in Petaluma and across the County are on edge due to skyrocketing rents and stagnating wages. Forty percent of county residents are tenants, and for nearly half, rent is unaffordable; they pay more than 30 percent of their income for rent.

Almost one quarter are severely rent burdened, meaning these tenants spend more than 50 percent of their income on rent. Consequently, low-income renters experience overcrowding, displacement, long commutes, and eviction.

According to a United Way of California 2023 report, more than 25 percent of Sonoma County households do not earn sufficient income to pay for necessities, including food, housing, childcare, healthcare, taxes, and miscellaneous expenses. Ninety-six percent of these households are working poor and include at least one adult reporting income from work. Disproportionately, these low-income households are young people, immigrants, and Latinos.

In addition to affordable housing construction lagging far behind demand, one of the fundamental causes of the housing crisis is a generation of widening inequality.

Between 1980 and 2020, according to the most recent U.S. Census data, inflation-adjusted wages for the bottom 60 percent of workers in the County increased slightly by 8 percent. However, during that same period, wages fell by nearly 3% for the lowest 20 percent of county wage earners, while for the top 10%, wages spiked by more than 35 percent.

Then, between 2000 and 2020, median rents climbed 28%, but renter incomes grew by just 10 percent. The state Department of Finance reports

that over the last five years, Sonoma County has experienced a net loss of about 23,000 residents, many of whom (both renters and homeowners) relocate to more affordable housing markets in Mendocino, Lake, Solano, Sacramento, and Eastern Contra Costa counties.

A 2023 Generation Housing report indicates that commutes roughly double for severely cost-burdened renters who move to more affordable housing markets. Such longer commutes cost money, as well as contributing to greenhouse gas emissions; (transportation is responsible for 60 percent of total county emissions).

Moreover, severely cost-burdened renters are twice as likely to live in overcrowded housing, adversely affecting their children's academic achievement and associated with increased infections and mortality from infectious diseases such as COVID. Half the severely cost-burdened tenants also struggled with food insecurity last year. They were twice as likely to skip medical and dental appointments as households that could afford the rent.

Future job growth trends are deeply troubling.

The California Employment Development Department estimates that between 2016-2026 more than two-thirds of the jobs created in the County will pay less than a livable wage of $31 an hour or an annual household income of $126,946 in 2023, as calculated by M.I.T. economists--for two parents each working full-time to support two children and to pay for necessities without relying on any public assistance.

Hence, much more funding is needed to offset the expansion of low-wage employment. Increased state funding is unlikely this year because of the budget deficit, but to fund affordable housing the legislature is considering a bill to tax short-term vacation rentals. However, the funding shortfall is massive, given the dire need. The California Housing Corporation estimates that the state is currently funding just 16 percent of affordable housing units necessary to meet the target goals of local governments across the state.

Nonetheless, building new affordable housing is costly, and permitting and construction can take years. The fastest way to make housing more

affordable and to enable low-income residents to live where they work is to boost wages.

One approach to increasing wages is to raise the state minimum wage, currently $15.50 an hour. Hawaii has increased its minimum wage to $18 an hour, to be phased in by 2028. A California ballot initiative has qualified for the November 2024 general election that would raise the state minimum to $18 an hour by 2025. Los Angeles is considering Living Wage legislation for large hotels and most workers at LAX airport that would raise wages to $30 an hour by 2028.

Another way to raise wages is for workers to organize a union. According to the UC Berkeley Labor Center in California, union workers earn, on average, 13 percent more or $5800 annually than nonunion. Moreover, union workers are much more likely to receive comprehensive and affordable employer-provided healthcare benefits and guaranteed defined-benefit pensions compared to nonunion workers.

At the Fairmont Sonoma Mission Inn in Boyes Hot Springs, 250 workers are organizing to affiliate with UNITE HERE Local 2. Brookfield Asset Management, an $800 billion private equity firm, owns the Fairmont. Wages and working conditions are inferior to those of union workers at other Fairmont hotels in the Bay Area. At the Fairmont Sonoma Mission Inn, housekeepers earn $21 an hour and demand the same hourly pay, $28 an hour, as unionized housekeepers at the Fairmont San Francisco.

Martin J. Bennett is Instructor Emeritus of History at Santa Rosa Junior College and a consultant for UNITE HERE Local 2 representing hotel workers in the North Bay.