Housing shortages afflict many metropolitan regions in the United States, particularly in coastal states with vibrant job markets. For residents of such regions—particularly households with low or moderate incomes—housing costs often are extremely burdensome. Nowhere is the housing crisis more pronounced than in the San Francisco Bay Area, generally considered the most expensive regional housing market in the country. In the two decades beginning in 2000, the Bay Area added jobs and residents at a much more rapid pace than it added housing, as the number of new residential units built lagged well below the number that had been built in earlier periods. From 2011 to 2017 alone, during a period of sustained economic recovery from the Great Recession, the region added 4.7 jobs for every one new unit of housing. This lack of housing production contributed to an escalation of rents and home prices, and the ratio was worse in many parts of the region where job growth was high. Meanwhile, the income gap between the Bay Area’s richest and poorest residents widened considerably.\(^1\) Not surprisingly, then, by 2017 nearly one-third of the households in the Bay Area region were considered excessively cost burdened by housing, spending more than 35 percent of their income on shelter. Rates were far worse among lower-income households and people of color.\(^2\)

Policy makers, activists, and scholars have proposed a plethora of diagnoses and remedies for such housing shortages and inequities. Rarely, however, have they made systematic connections between patterns of housing development and the structure of governance in a region—that is, the institutional
arrangements by which a metropolis is governed. Lack of attention to that connection between government structure and housing outcomes, we argue, is a lamentable oversight—one we aim to remedy in this book. The architecture of government in a region influences political power and land-use decision-making in ways that systematically shape the built environment—including the development, or lack of development, of housing.

In the San Francisco Bay Area, a region of 7.7 million residents, there are 101 municipalities, nine counties, and several regional agencies that hold varied responsibilities. The municipalities—commonly called *cities* in California, regardless of size—hold the primary role in land-use policy, creating the plans, zoning ordinances, and subdivision regulations that govern what can be built where. Cities are the primary units of local government in the region, controlling land-use regulation as well as key public services such as policing for the 90.7 percent of Bay Area residents who live within city boundaries. This highly decentralized structure of governance affects the region’s ability to increase its residential supply and pursue a regional vision for equitable housing opportunity. In particular, as we demonstrate, small-scale cities—of which the Bay Area has many—generally have a built-in bias against multifamily housing development. Meanwhile, the Bay Area’s region-wide agencies, ostensibly designed to handle problems of metropolitan scale, lack sufficient leverage or motivation to effectively reshape the region’s future growth. Our book focuses on this broad, nine-county region because its housing and land-use problems are not limited to the big cities of San Francisco, Oakland, and San Jose. Instead, these problems—and their causes—are metropolitan in scale.

**A Case in Point: Localism in Lafayette and a Regional Response**

In one indication of the severity of the Bay Area’s housing crisis, a previously obscure civil servant took a stand in 2018 that has become almost legendary among those who pay attention to the region’s housing shortage. In the fall of that year, Steven Falk decided that he’d had enough. Falk was the longtime city manager of Lafayette, an affluent suburb of twenty-six thousand residents about sixteen miles northeast of San Francisco (see Figure I.1). He believed that permitting multifamily housing near his city’s Bay Area Rapid Transit (BART) station would be the best way for Lafayette to address the challenges of housing affordability, income inequality, and climate change. But in the face of sustained opposition to such projects from the voters and elected officials to whom he answered, Falk resigned. He also posted his resignation letter on Twitter, writing, “It has become increasingly difficult for
The San Francisco Bay Area

The region customarily is defined to include the nine counties (including San Francisco) surrounding the San Francisco Bay. However, many long-distance commuters to Bay Area jobs reside in San Joaquin County and other inland areas.

However, Falk’s vision of transit-oriented, multifamily housing in Lafayette may yet become a reality. Just days after Falk announced his resignation, California governor Gavin Newsom signed legislation that would take some power over land-use regulation out of Lafayette’s hands. In order to support, advocate for, or implement policies that would thwart transit density. My conscience won’t allow it.”

Figure I.1 The San Francisco Bay Area

The region customarily is defined to include the nine counties (including San Francisco) surrounding the San Francisco Bay. However, many long-distance commuters to Bay Area jobs reside in San Joaquin County and other inland areas.

Legend

City & County of San Francisco
City of Vallejo
City of San Jose
City of Oakland
City of Lafayette
City of Redwood City
Incorporated cities

0 10 20 mi
promote a regional plan for dense residential development around transit stations, which had been adopted by the BART district, the new state law required local land-use regulation to accommodate the development envisioned in the BART plan on BART-owned property. One such property eyed by BART for transit density was the parking lot adjacent to the Lafayette station.8

The case of Lafayette illustrates an important lesson: Highly localized control of land use can thwart housing development in locations where it would be most beneficial. And small suburban cities like Lafayette are more likely to be part of the problem than to embrace a solution to the housing shortage. But the case also hints at the potential for regionalized decision-making authority to help address the challenges of climate change, income inequality, and housing affordability. If cities like Lafayette had less final authority to veto housing proposals, a more regionally beneficial housing development pattern might result. For example, under BART’s plan, parts of the parking lots that currently adjoin rail stations in communities like Lafayette could be developed as mid-rise housing and office space.9 Expanding the supply of market-rate and subsidized housing would help reduce the rate of increase in the region’s housing costs.10 Increasing the amount of transit-adjacent housing and office space could mitigate congestion on roadways. And providing housing in this relatively close-in location, accessible to some of the region’s biggest concentrations of jobs, could reduce the need for lengthy auto commutes, which are responsible for an increasing share of California’s greenhouse gas emissions.

But BART’s plan only applies to the relatively small amount of land that BART owns. How will more sustainable and affordable development patterns emerge in the face of often vigorous local opposition? Strengthened regional institutions, bolstered by supportive state government legislation, will be necessary to overcome antihousing localism.

A Preview of Our Argument

This book explains how the governmental geography of the Bay Area—with its plethora of communities like Lafayette that have a veto power over residential proposals—contributes to the region’s housing shortage. In Chapter 1, we argue that small-population municipalities are generally less amenable to housing development—especially new multifamily housing—than large municipalities, and we describe several reasons why this would be the case. Chapter 1 also explores the historical origins of the Bay Area’s fragmented system of local government and the likely influence of that structure on housing development patterns.
Chapter 2 tests our claim empirically, examining the relationship between jurisdictional population size and housing outcomes during the period of recovery after the Great Recession. Results of our statistical analysis, which looks at multifamily development among local governments in California’s metro areas, suggest that small jurisdictional size is linked to subpar rates of increase in multifamily housing. We then show that small municipalities dominate the landscape in many of the Bay Area’s most job-rich locations. These job-rich areas are highly appropriate for multifamily, mixed-use, and transit-oriented development but have been largely a dead zone for new housing, experiencing little or no recent increase in multifamily units. With potential infill housing displaced from such communities, workers often find that the housing they can afford is located instead at the auto-dependent far fringes of the region.

If the Bay Area’s localized system of land-use control is not providing housing that the region needs, could geographically more inclusive governmental organizations counter these negative effects? After all, as “regional citizens,” residents lack a political unit or election where they can register their concerns about area-wide problems such as housing availability or long-distance commutes. The latter part of Chapter 2 summarizes how several generations of reformers have attempted to create a regional level of government capable of shaping the Bay Area’s development patterns. As we show, while the Bay Area today has no shortage of region-wide governmental institutions, it is not regionally governed: None of the metropolitan-level entities created to date has strong leverage over housing and land-use patterns. Thus, to many residents of the region, the Bay Area’s growth patterns and housing outcomes seem, literally and figuratively, out of control.

If there is a partial exception to this lack of control, it involves those residents fortunate enough to already own homes in relatively small, well-off communities like Lafayette, who seek—often successfully—to minimize land-use changes in their immediate area. Restrictive land-use regulation in close-in cities such as Lafayette reinforces historic inequities, contributing to enduring patterns of ethno-racial segregation and unequal access to opportunities. Even the power enjoyed by residents of affluent suburbs in shaping their communities is only partial, however, since the lack of sufficient housing development near employment means that their roads often become congested by commuters from far-off residential communities. And the absence of affordable local housing opportunities means that local-serving businesses and schools in the affluent communities often have trouble attracting and retaining the employees upon whom residents depend.

In short, the system of land-use control in the Bay Area is highly fragmented—divided in such a way as to impede government’s ability to improve
the housing situation. In Chapter 3, therefore, we evaluate the Bay Area’s structure of regional governance in the context of recent discussions—in the region, in California state government, and nationally—about how to improve land-use regulation. Specifically, we provide a menu of possible options to improve housing opportunity through reforms in government structure or the enactment of state legislation, ranging from incremental to more radical. In contrast to prior generations of would-be reformers who pressed for sweeping changes to regional government structure, we argue that more targeted reforms of local and regional institutions could generate durable improvements to the sustainability of the region’s growth pattern.

Finally, the Conclusion draws together the main lessons from the case of the San Francisco Bay Area and offers some strategic considerations that policy makers and housing advocates should consider. Strategy is important to achieve effective reform. And without such reform, housing stability and economic mobility for workers and families who try to make a home in job-rich regions like the Bay Area will continue to be an elusive goal.