

*“A teacher’s salary is **nearly not a living wage** in the Bay Area.”*

- English teacher Beverly Manning

‘Missing middle’ in crisis

Bay Area’s rising rents and high home prices unsustainable for teachers

For six years, chemistry teacher Andrew Irvine, 39, lived in a single-family home in Willow Glen, San Jose, about five miles from the upper school. Last year, he received a notice from his landlord that the rent would be increased by 22 percent, from \$2,700 a month to \$3,300 a month.

This was a price Irvine and his wife, who works as a nurse in San Jose, could not afford. The landlord evicted Irvine and his family.

“There’s no restriction on no-cause eviction on single family homes [in Willow Glen]. We had no legal recourse,” Irvine said.

Priced out of the Willow Glen rental market, Irvine sought the relative stability of owning a home. But with the Bay Area’s housing costs, finding an affordable home close to the upper school proved a challenge.

Irvine looked to Boulder Creek in Santa Cruz County. In addition to the more affordable home prices, the town’s woods and spacious mountain roads appealed to Irvine, who wanted room to grow cacti and keep a pet turtle. With some family support, Irvine got a down payment that made his mortgage payments comparable to his previous rent.

His commute time more than doubled, from 20 minutes to 45-60 minutes.

Irvine’s experience with rising rents, unaffordable home prices and a long commute is shared by many teachers across the Bay Area, who are finding it increasingly difficult to keep up with the high cost of housing in the region.

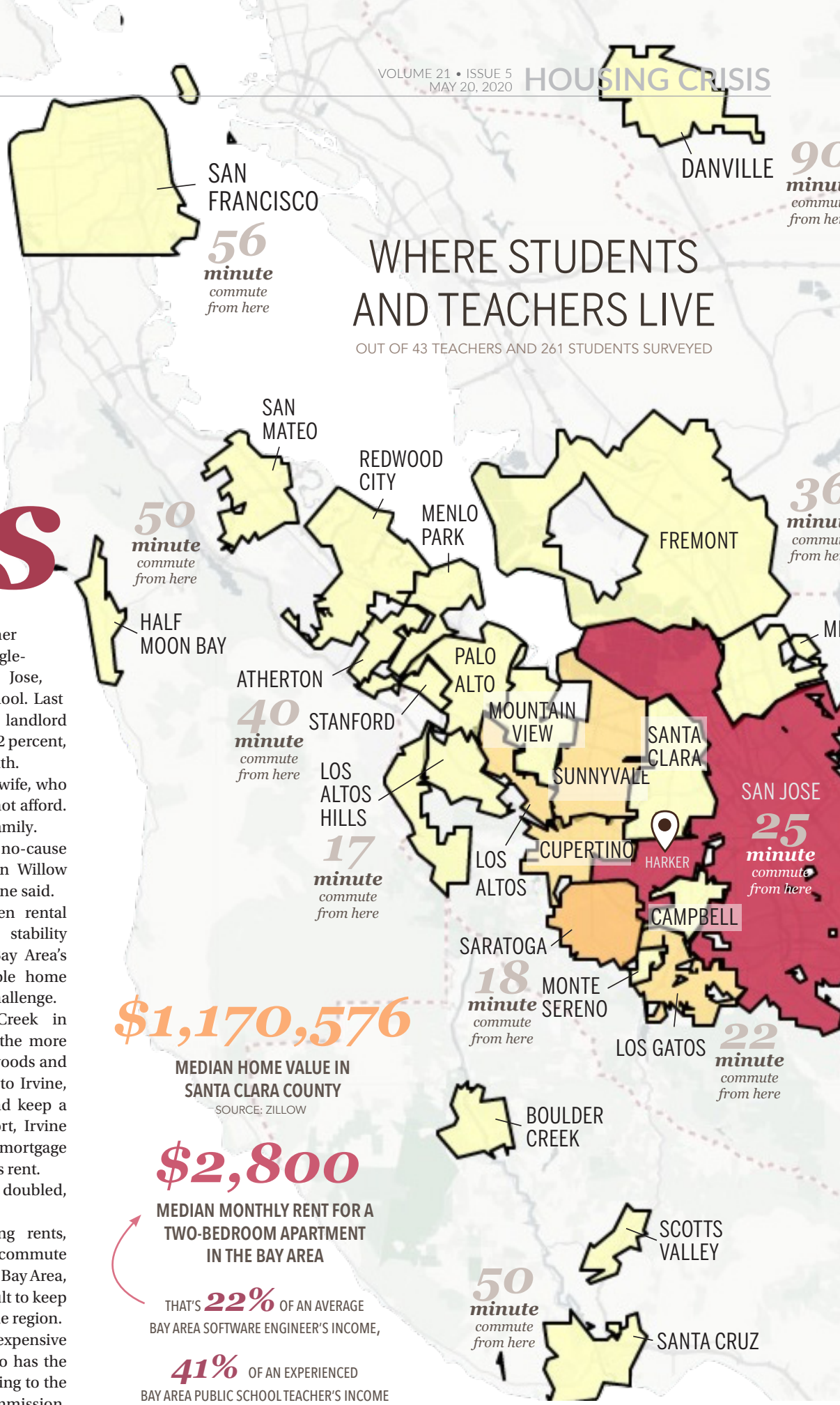
The Bay Area is one of the most expensive housing markets in the U.S. and also has the fastest-growing home prices. According to the Metropolitan Transportation Commission, home prices in the Bay Area are nearly twice that of New York and D.C. metro areas and increased by 143 percent from 1997 to 2018.

Spending more than 30 percent of household income before taxes on housing is defined by the U.S. Department of Housing and Urban Development as being cost-burdened. Spending more than 50 percent is defined as being severely cost-burdened.

According to the latest census data, in the Bay Area in 2018, 48.1 percent of people were cost-burdened, and 23.9 percent of people were severely cost-burdened.

The COVID-19 pandemic adds to the problem. As shelter-in-place orders swept across the Bay Area, thousands of people were laid off from their jobs. Employers filed plans over the first three weeks of April to eliminate around 53,500 jobs, a number almost four times larger than the job cuts filed throughout March. Many people are finding it increasingly difficult to afford already high housing costs.

“Because so many Bay Area renters were already in precarious positions even before the pandemic happened. I think there was a rush



WHERE STUDENTS AND TEACHERS LIVE

OUT OF 43 TEACHERS AND 261 STUDENTS SURVEYED

\$1,170,576

MEDIAN HOME VALUE IN SANTA CLARA COUNTY
SOURCE: ZILLOW

\$2,800

MEDIAN MONTHLY RENT FOR A TWO-BEDROOM APARTMENT IN THE BAY AREA

THAT’S **22%** OF AN AVERAGE BAY AREA SOFTWARE ENGINEER’S INCOME,

41% OF AN EXPERIENCED BAY AREA PUBLIC SCHOOL TEACHER’S INCOME

AND **107%** OF A FULLTIME BAY AREA STARBUCKS BARISTA’S TOTAL COMPENSATION

SOURCES: RENTHOP, LINKEDIN, CALIFORNIA DEPARTMENT OF EDUCATION

“Things are still expensive in Santa Cruz, but not nearly as expensive as here. But the commute can be an issue. And that’s the downside.”



KATHY FANG

BRIGID MILLER
ENGLISH TEACHER
LIVES IN SANTA CRUZ
30 TO 120-MINUTE COMMUTE


“I would love to be able to stay here [after retirement]. I love California. I don’t think I can afford to, and that saddens me.”



NIVA GEE

BRIAN LARSEN
PRODUCTION MANAGER
LIVES IN SAN JOSE

“Part of the reason tuition goes up each year is to allow us to compensate our faculty more every year. We try to keep pace with the rate of inflation in the Bay Area, which factors in housing cost increases, it’s not just cost of bread and other stuff.”



NIVA GEE

BRIAN YAGER
HEAD OF SCHOOL

“When I moved to California, I let go of the idea that I would own property ever again. I had a good situation, I had a lot of luck, I had a lot of help from people who wanted me to come here and found ways to jump over the structural problems like helping to find a home at below-market rents.”



NIVA GEE

ELLEN AUSTIN
DIRECTOR OF JOURNALISM
LIVES IN SAN FRANCISCO
65 TO 120-MINUTE COMMUTE

SUPPORT FOR TEACHERS

HARKER
RENTS OUT 15 HOUSING UNITS IN 4 APARTMENT BUILDINGS AT SUBSIDIZED RATES TO FACULTY AND STAFF

“The convenience of being that close to school was tremendous, especially at a time in my life when I needed it.”

BRIAN LARSEN
PRODUCTION MANAGER, LIVED IN HARKER APARTMENTS FROM 1997-2002, 2004-2012




ERIC FANG

SOPHIE RAVEL
BAY AREA REALTOR

HAS REBATED 25% OF COMMISSION TO CLOSING COSTS ON TEACHERS’ HOMES FOR PAST 12 YEARS

“I have more appreciation for closing a deal that has more history behind it than for someone buying a property as another investment of theirs.”



PROVIDED BY SARAH CHAFFIN

SARAH CHAFFIN
FOUNDER OF SUPPORT TEACHER HOUSING

BUILDING AFFORDABLE HOUSING FOR SCHOOL EMPLOYEES AND TEACHERS

Support Teacher Housing is planning to:

- Build four units of two-bedroom two bathroom apartments in Los Gatos that will cost no more than \$2,017 a month to rent
- Raise \$1.2 million to fund this project

According to Dillon, even if housing prices were to fall as a result of the pandemic, incomes are likely to fall faster, leaving as many or more households cost-burdened as before.

“I think [the government] is working extremely hard to support tenants, both at the state and local level. What I think we’re finding is, and this kind of goes back to the fact that the rent is too d— high, it’s still not enough,” said Kathleen Wortham, Health and Housing Policy Senior Associate at the Silicon Valley Leadership Group. “We’re going to have to keep pushing to do more funding programs, like for rental assistance.”

While cities across the country struggle with gentrification and housing insecurity, these issues are particularly acute in the Bay Area due to the abundance of high-wage jobs in the region. In 2017, the Bay Area added 3.5 times as many jobs as it did housing units.

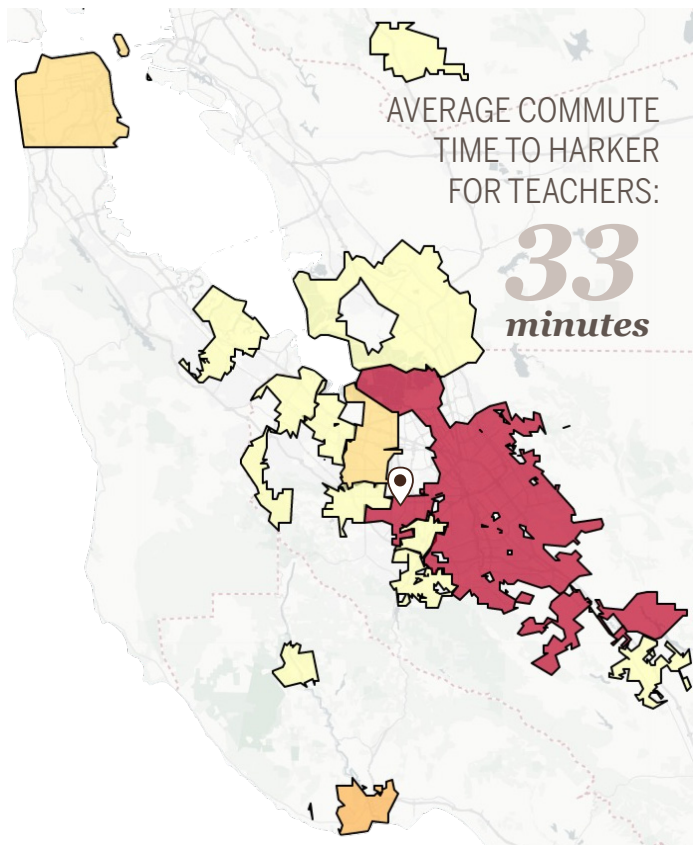
With all this competition for housing, middle-wage earners like teachers are often the hardest hit. This “missing middle” population earns too much to qualify for subsidized housing units but not enough to afford homes in more expensive Bay Area neighborhoods, preventing teachers from living in the communities in which they teach, creating long commutes and limiting teachers’ abilities to engage with students and school activities. In some cases, teachers have had to leave the Bay or give up teaching entirely.

LEAVING THE BAY

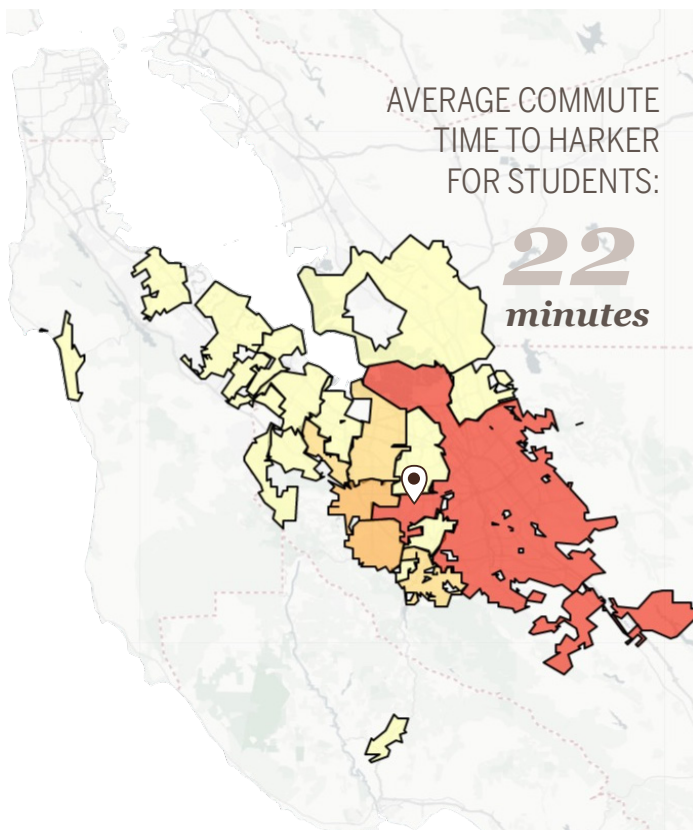
For many Bay Area renters, wages have not kept up with housing cost hikes.

Between 2010 and 2019, average rent in San Jose increased by 74 percent from \$1,550 to

WHERE TEACHERS LIVE



WHERE STUDENTS LIVE



"I don't know what happens when cities become literally unlivable for the people they need to make the cities run."

- upper school visual arts teacher Trish Ludovici

Visual arts teacher Trish Ludovici lives in Oakland with her husband, who is also an artist. Despite having rent control, Ludovici worries about whether it will be sustainable for them to stay in the Bay Area long-term.

With student loans and no parental assistance, Ludovici and her husband are finding it difficult to save up for the high cost of homeownership in the region.

"If our house got sold, I don't know that we could afford to rent another place in the Bay Area and save any money towards owning anything," Ludovici said. "So then you have to do the math, right? Is it better to take a job someplace else that pays you less, but you save more money and you can afford a house later on? I don't know."

LEAVING THE BAY

According to a local loan officer who has helped over 75 Bay Area teachers get mortgage loans approved, homeownership gives teachers a much better chance of being able to continue teaching where they are. Monthly mortgage payments are fixed for a number of years, while rents typically increase every year.

But owning a home in the Bay Area isn't a possibility for most teachers.

According to the senior loan officer, in other parts of the nation where home prices and wages tend to be lower, teachers may be on an equal footing with other buyers. Here, teachers face competition from buyers with a lot more income and a lot more cash.

For Harker production manager Brian Larsen, 52, who has taught at Harker since

Miller's commute home, after picking up her two children from the middle school and the lower school, ranges from half an hour on a good day to two hours on a bad day.

"On the best possible day, no accidents, no major traffic, we get home at 4:30 p.m.. That's a dream day though," Miller said. "When I have a faculty meeting after school, I'm not getting home until closer to 6 p.m., which makes a mess of the schedule."

Teachers are not alone — in 2018, for the first time in a decade, more people left the Bay Area than moved in, as the region experienced a net loss of 3,013 people.

According to realtor and Harker parent Alice Xu, many people also leave the Bay for much farther locations: Sacramento, Seattle, Texas, Florida and even Mexico.

Larsen will be one of those people when it comes time for retirement. He and his wife plan to eventually leave the state.

"In my previous line of work when I was producing children's theater, I visited 42 states in the U.S. There are things in other parts of the country that I've enjoyed, but this is where I would prefer to stay," Larsen said. "I don't think I can afford to, and that saddens me."

Though people are leaving the Bay Area now more than ever, those moving out tend to be older and lower-income compared to those moving in. As a result, housing prices and demand for housing remain high.

THE PUSH TO BUILD

With prohibitively expensive housing costs near the upper school, administrators have to consider the housing barrier when recruiting and hiring highly-skilled teachers.

"Housing might be the number one factor [in new teachers' decisions to come here], and it didn't used to be that way," Keller said. "I remember my first year here [in 2007], I went to New York [for a teacher job fair], and I was interviewing teachers for days. It didn't matter where they came from, it just wasn't a big deal. Five or six years ago it became a big deal."

According to Head of School Brian Yager, while it's become harder to attract people from outside the Bay Area, Harker still recruits through a national network of consultants.

But the school has become "cautious" about recruiting teachers outside of the Bay Area, according to Keller.

While the constraints on recruitment haven't impacted the quality of teachers here, Keller said, it has limited the diversity of perspectives that teachers bring to the table.

"I think Mrs. Keller and I bring something different to San Jose because of where we're from [Virginia]," Keller said. "That [diversity] might not happen."

Visit harkeraquila.com for full article.

\$2,439

MEDIAN MONTHLY OWNER COSTS IN SANTA CLARA COUNTY

SOURCE: U.S. CENSUS BUREAU 2018

\$257,000

AVERAGE DOWN PAYMENT IN SAN JOSE

FROM MARCH 2017 TO MARCH 2018

SOURCE: REALTOR.COM

BY COMPARISON, MEDIAN MONTHLY OWNER COSTS IN CHICAGO IN 2019

WERE **\$1,276**. THE AVERAGE DOWN

PAYMENT WAS **\$52,200**.

SOURCE: UNISON HOME AFFORDABILITY REPORT

1996, high homeowner costs mean that he and his family will continue to rent, despite the possibility of having to move on short notice.

For seven years, Larsen, his wife and six of their children had lived in a four-bedroom, three-bathroom house they rented in San Jose about five miles from the upper school.

"In October of this past year, our landlord sold the house, and we had to move quickly," Larsen said. "We have five total people at home right now, so three-bedroom two-bath, but we rent because there's no way we could purchase in the valley right now."

As home values exceed affordability, many teachers are leaving the Bay Area in search of cheaper and more attractive housing options. According to Irvine, several upper school faculty and staff members have moved to the mountains in Santa Cruz County for more affordable housing that meets the needs of their families.

When English teacher Brigid Miller's family needed a larger house to accommodate the arrival of her second child seven years ago, they moved from a home in Santa Clara a mile and a half from school to a home in the Santa Cruz mountains about 20 miles away.

A house with the same acreage in Santa Clara County would have been unattainable for Miller and her husband, Lester, a systems engineer in Los Gatos.

"Things are still expensive in Santa Cruz, but not nearly as expensive as here," Miller said. "But the commute can be an issue. And that's the downside."

\$2,697, while median household income increased by just 51 percent from \$76,730 to \$115,862.

On Jan. 1, California enacted statewide rent control. AB-1482, the Tenant Protection Act of 2019, limits annual rent increases to 5 percent but only applies to units at least 15 years old.

Before AB-1482, Bay Area cities differed in the amount of rent control they had, if any. Some teachers, like Irvine, faced rent hikes of over 20 percent in a year. Many upper school teachers chose to live farther from school in areas that limited rent increases.

"Our rent when we were in San Jose was jumping by huge amounts whenever they wanted to raise the rent," said theater teacher Jeffrey Draper, who moved to San Francisco 17 years ago and started teaching at Harker 20 years ago. "I think it would be really a challenge for us to have stayed in a region without rent control."

Draper said that he "lucked into" an apartment in San Francisco with a three percent per year cap on rent increases, which has protected him from rent hikes in the city. Currently, he pays \$2,000 per month in rent, while his neighbors pay \$5,500.

One of the trade-offs is the 45-minute commute, assuming that Draper leaves at 5 or 6 a.m. to beat the morning rush.

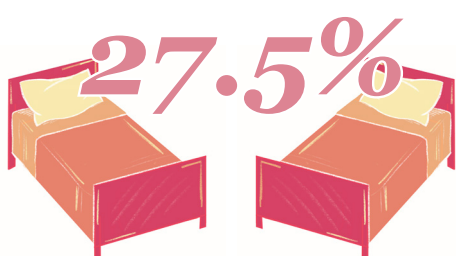
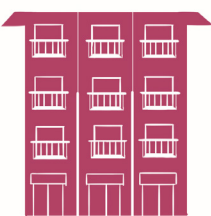
"It's not an amazing apartment, there are things we complain about, but because we have rent control, it's too expensive for us to move, so we're sort of stuck with it," Draper said. "Luckily we're happy."

The insecurity that comes with renting in the Bay Area means that many teachers live with the anxiety of potentially having to one day leave the region or give up teaching altogether.

10%

OF UPPER SCHOOL TEACHERS HAVE LIVED IN HOUSING RENTED OUT BY HARKER

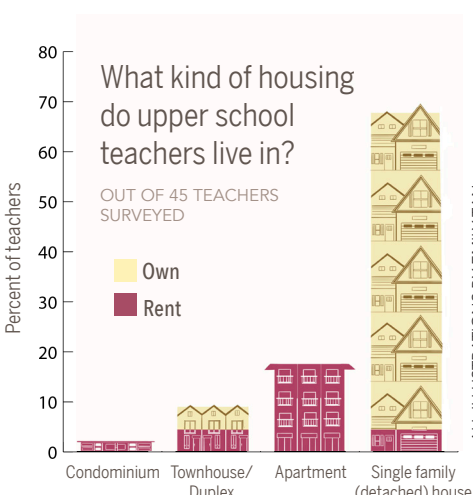
OUT OF 40 TEACHERS SURVEYED



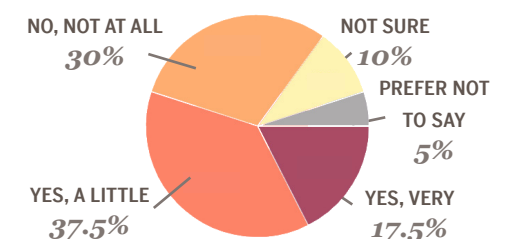
27.5%

OF UPPER SCHOOL TEACHERS HAVE LIVED WITH A ROOMMATE TO SAVE ON HOUSING COSTS WHILE AT HARKER

OUT OF 40 TEACHERS SURVEYED



Does housing cost factor into whether upper school teachers will continue at Harker in the next 5 years?



What impact do their commutes have on upper school teachers' overall satisfaction with their jobs?

