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PASADENA'S TALE OF TWO CITIES

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By Peter Dreier*

New Census data reveal a troublesome reality about the Rose City. Pasadena has become a tale of two cities. It welcomes affluent residents, while middle-class and poor families are pushed out by rising housing prices.

Pasadena officials like to boast about the city's recent "renaissance," pointing to the major (and expensive) renovations of City Hall (\$117 million) and the convention center (\$150 million), and the just-approved \$152 million facelift for the Rose Bowl, as well as the addition of new condominium complexes and upscale stores.

But who, exactly, is benefitting from the city's renaissance?

This question should be at the core of current discussions about updating the General Plan, which is the roadmap guiding the city's future. For months, Pasadena officials and citizens have engaged in numerous meetings about what should be included in the revised General Plan, which the City Council will vote on next spring.

But these discussions have paid little attention to the most significant trend confronting Pasadena during the past decade – the widening divide between the rich and everyone else.

The General Plan's seven "guiding principles," initially adopted in 1994 and reaffirmed in 2004, focus on preserving the city's historic character and environment, promoting "economic vitality" and "health families," encouraging people to walk, ride bikes, and take public transit, targeting "growth" to meet "community needs," and enhancing Pasadena's role as a regional center for business, culture, science, and education.

These noble, if somewhat vague, goals, are given more specificity in the most recent (September 2010) General Plan Update, available on the city's website. The report gives lots of attention to preserving historic buildings, preserving open space and trees, promoting the arts, improving the flow of traffic, and reducing pollution. You can read all about the importance of managing growth to avoid over-building and too much density. You can even learn that in recent years, "traffic travel times and speeds have remained relatively constant, with only minor fluctuations."

The report include lots of statistics about the city's population, economic growth, and new construction, but the words "poverty," "poor" and "homeless" do not appear even once. There's barely any mention of public education, although a growing chorus of school advocates, including Invest in PUSD Kids and the Pasadena Educational Foundation, have been urging the City Council to add public education to the list of "guiding principles."

There's nothing in the report about the importance of providing jobs with which to support a family. Indeed, the phrases "good jobs" and "living wage" don't appear in the report, even though the city has its own (very weak) living wage law. There's considerable space devoted to the number and location of housing units, but very little attention devoted to the need for affordable housing for working families trying to make ends meet. There's no

recognition that good jobs and affordable housing are cornerstones of a healthy business climate and family-friendly city.

It is obvious from the General Plan Update report that city staffers are familiar with the data from the U.S. Census Bureau, which they use throughout the report. The data available on the Census Bureau's website makes it very easy to examine how Pasadena has changed during the past decade. An analysis of U.S. Census Bureau data comparing Pasadena in 2000 and 2009 (the most recent figures) reveals the number of affluent residents is spiraling while the number of families with low and modest incomes is shrinking. The data also reveal that Pasadena is one of the most unequal cities in California.

A standard way to measure inequality is to look at the concentration of income among the rich -- how the economic pie is divided. The richest one-fifth of Pasadena households -- those with incomes over \$134,296 -- has over half (53.2%) of the income earned by city residents. On this measure, Pasadena is in a virtual tie with San Francisco for the title of California's most unequal city. (See Table 1)

At the very top, the wealthiest 5% of Pasadena households -- those with household incomes above \$249,841 -- have almost one-quarter (22.7%) of city residents' total income. Only five cities -- Los Angeles (25.9%), Glendale (25.8%), Rancho Cucamonga (25.2%), San Francisco (23.4%), and Oakland (23.1%) -- have a higher concentration of income among the richest five percent. (See Table 2)

In contrast, the poorest one-fifth of Pasadena households -- those with incomes below \$23,042 -- combined have only 2.6% of all residents' income. As Table 2 reveals, only in San Francisco do poor households have a smaller share of citywide income.

In Pasadena, those in the next poorest one-fifth -- those with household incomes between \$23,043 and \$45,174 -- bring home only 7.6% of residents' incomes. Together, the poorest 40% of Pasadena's households have only 10.2% of Pasadena's total income.

If we looked at wealth (stocks, bonds and other holdings) instead of income, the concentration at the top of the economic pyramid would be even more skewed. (Also, the Census data is based on a sample of households in each city, so there is some margin for error regarding the income statistics.)

Another standard way to measure inequality is to consider the gap between the rich and poor. To do this, we compared the income of households near the top (those at the 95th percentile, where only five percent of households have more money) with those near the bottom (those at the 20th percentile, where only 20 percent of households have less money). This way, we avoid measuring the distance between the extremes -- the very richest and the very poorest -- which may distort the reality.

In Pasadena, the income of households near the top (\$249,841) is almost 10.8 times greater than the income of those near the bottom (\$23,042). Only four of the 37 California cities with more than 140,000 people have a wider rich-poor gap - San Francisco (12.4), Oakland (11.2) Glendale (11), and Los Angeles (10.9). No other cities have a rich-poor gap in double digits. (See Table 3)

Over the past decade, gentrification has exacerbated the gap between the rich and the rest. Pasadena's median household income increased from \$46,012 in 1999 to \$61,298 in 2009 -

- a significant 33% boost. During that same period, the city's poverty rate fell from 15.9% to 14.1%. But this jump in income, and decline in poverty, is not because Pasadena's existing residents got big pay raises from generous employers or otherwise lifted themselves out of poverty. It is because the people moving to Pasadena are increasingly those with high incomes, while those with low and modest incomes are being pushed out of the city.

In other words, the city's prosperity is not being widely shared, but instead pitting the affluent against the poor and working class for the city's scarce housing.

Between 1999 and 2009, Pasadena added 5,523 households – a 10.6% gain. But the increase was almost entirely among affluent residents.

In 2009, 30% of Pasadena households had incomes over \$100,000 compared with only 24% in Los Angeles County. Households with incomes over \$200,000 comprised 9% of Pasadena households in contrast to 5.6% in the County.

Since 1999, the number of Pasadena households with incomes above \$100,000 increased by 7,046 -- a dramatic 69.4% gain. During the decade, Pasadena added 2,050 households with incomes between \$100,000 and \$149,999 (a 38.1% increase), 2,779 households with incomes between \$150,000 and \$199,999 (a 143.7% jump), and 2,217 households earning over \$200,000 (a 78.2% gain). (See Table 4)

Meanwhile, Pasadena lost 2,420 households with incomes below \$50,000 – an 8.8% drop. By far the biggest losses were among households earning under \$10,000. The number of these households fell from 5,273 to 4,094 – a 22.9% decline.

None of this should be surprising in light of spiraling rents and house prices, the accelerating conversion of affordable apartments to expensive condominiums, the predominance of new luxury units among the condos approved by city officials and the paucity of affordable housing in Pasadena's development pipeline.

Despite the loss of apartments to condominiums, Pasadena is still a city of many renters. More than half (52.7%) of the city's 57,332 units are rental housing and 47.4% of Pasadenans rent their homes. But that housing has gotten more and more expensive. Between 2000 and 2009, the number of Pasadena apartments with rents over \$1,000 a month jumped from 33% of all apartments to 68% of all apartments. The number of apartments with rents over \$1,500 jumped from 6% to 33% of all units. (Table 5)

The shortage of affordable housing in Pasadena puts a real squeeze on family incomes. (The rule-of-thumb is that families shouldn't have to spend more than 30% of income for housing). But in Pasadena, more than half (51.2%) of the city's 30,241 renter households spend more than that, just to put a roof over their heads. (Table 6)

It probably isn't surprising that among the very poor -- households earning below \$10,000 -- 74.7% pay more than 30% of their income for housing. But 84.9% of households with incomes between \$10,000 and \$19,999, 76.3% of families earning between \$20,000 and \$34,999, and 69.9% of households with incomes between \$35,000 and \$49,999 pay more than 30% of family budgets for housing.

This rent-to-income squeeze not only places a burden on many Pasadena families, it also hurts the local business community. When families spend so much of their incomes on housing, they have less to spend on food, clothing, dry cleaning, movies, and other goods and services, which hurts local businesses. It also makes it more difficult for local employers to find employees who live in the city. Long commutes into Pasadena exacerbate traffic congestion and pollution.

The reality is that the poor and working class families are being pushed out of the city by rising housing costs. This is a major reason for the decline in enrollment in Pasadena Unified School District (PUSD) schools. Most of the students who have left the district are those who live in areas with many low-income families and mostly rental housing. PUSD's declining enrollment and budget woes are due in large part to the displacement of the poor, not the flight of the middle class.

Gentrification may be good for a handful of developers, but it isn't good for most residents or for the city's business climate. As the new census data suggest, Pasadena housing costs are skyrocketing beyond what most working families -- including schoolteachers, nurses and nurses' aides, bus drivers, security guards, secretaries, janitors, child care providers, retail clerks, computer programmers, lab assistants and others -- can afford.

According to the city's state-required Housing Element report, Pasadena has met less than 30% of its need for low-income housing. In contrast, the city has met 253% of its need for market-rate and luxury housing.

Rising rents and home prices are undermining our city's economic, social and civic fabric. Our public schools are losing children. Many religious congregations are losing members. Youth soccer and baseball leagues, and other community initiatives, are losing volunteers.

The goal of a city housing agenda must recognize the importance of maintaining a diverse, vibrant city where people of all incomes can live, work and play.

We need to dramatically increase the city's housing supply to meet current and projected population growth. But the Census data indicate that, contrary to those who argue that simply adding more high-end housing relieves market pressures (a theory called "filtering"), it has the opposite ripple effect of pushing up rents and home prices for the existing housing stock. Instead, we need more emphasis on protecting the existing stock of affordable housing, helping families avoid foreclosure, while focusing new construction on affordable units within mixed-income developments

Pasadena needs to attract good-paying jobs that allow employees to support their families. Recently, the City Council voted to allocate its entire \$11.1 million allocation of federal stimulus funds to Singpoli Pacifica, a developer, to turn an old building on the corner of Colorado and Mentor into a "boutique" hotel. The developer's own economic analysis revealed that the average wages for the hotel workers would be \$22,000 – below the poverty level. Few of its employees will be able to afford to live in Pasadena on such meager salaries due to the city's desperate shortage of low-rent housing. Why should taxpayers subsidize a private developer to create poverty-level jobs?

Pasadena needs to follow the lead of many other cities that extract "community benefit agreements" – including guarantees of decent jobs, affordable housing, and other much-needed priorities – in exchange for public funds and city approvals.

But until our community starts asking “renaissance for whom?” and begins addressing the need for affordable housing and good-paying jobs, Pasadena will continue to be a tragic tale of two cities.

Table 1 CONCENTRATION OF INCOME IN CALIFORNIA CITIES, 2009 THE SHARE OF TOTAL INCOME OF THE RICHEST 20% AND POOREST 20% (Cities with populations over 140,000) Source: U.S. Census, American Community Survey, 2009			
CITY	Share of Total Income of Poorest 20% of Population	Share of Total Income of Richest 20% of Population	Ratio of Share of Income of Richest 20%/Poorest 20%
San Francisco	2.3	53.3	23.17
Pasadena	2.6	53.2	20.46
Los Angeles	2.8	54.6	19.50
Glendale	2.8	54.0	19.29
Oakland	2.8	52.5	18.75
Lancaster	2.9	46.6	16.07
Fresno	3.3	50.4	15.27
San Bernardino	3.2	48.3	15.09
San Diego	3.3	49.2	14.91
Long Beach	3.4	50.5	14.85
Irvine	3.2	46.8	14.63
Stockton	3.6	48.7	13.53
San Jose	3.5	46.3	13.23
Sacramento	3.7	48.9	13.22
Oxnard	3.7	47.4	12.81
Santa Rosa	3.8	46.9	12.34
Bakersfield	3.8	46.3	12.18
Huntington Beach	4.0	48.2	12.05
Riverside	3.9	46.7	11.97
Torrance	3.8	44.6	11.74
Chula Vista	3.9	45.4	11.64
Modesto	4.1	47.7	11.63
Garden Grove	3.8	43.7	11.50
Palmdale	4.0	45.3	11.33
Rancho Cucamonga	4.5	49.4	10.98
Anaheim	4.5	46.0	10.22
Pomona	4.4	44.9	10.20
Santa Ana	4.6	46.8	10.17
Fremont	4.1	40.9	9.98
Santa Clarita	4.4	43.8	9.95
Salinas	4.6	44.8	9.74
Ontario	4.7	44.8	9.53
Oceanside	4.6	43.0	9.35

Fontana	4.7	43.3	9.21
Hayward	5.0	43.7	8.74
Moreno Valley	4.9	42.6	8.69
Corona	4.8	40.4	8.42

Table 2
CONCENTRATION OF INCOME IN CALIFORNIA CITIES, 2009
THE SHARE OF TOTAL INCOME OF THE RICHEST 5% AND POOREST 20%
(Cities with populations over 140,000)

Source: U.S. Census, American Community Survey, 2009

CITY	Share of Total Income of Poorest 20% of Population	Share of Total Income of Richest 5% of Population	Ratio of Share of Income of Richest 5%/Poorest 20%
San Francisco	2.3	23.4	10.17
Los Angeles	2.8	25.9	9.25
Glendale	2.8	25.8	9.21
Pasadena	2.6	22.7	8.73
Oakland	2.8	23.1	8.25
Lancaster	2.9	19.1	6.59
Fresno	3.3	21.6	6.55
Long Beach	3.4	21.8	6.41
San Diego	3.3	20.8	6.30
Irvine	3.2	19.3	6.03
San Bernardino	3.2	18.0	5.63
Rancho Cucamonga	4.5	25.2	5.60
Stockton	3.6	19.7	5.47
Sacramento	3.7	19.7	5.32
San Jose	3.5	17.9	5.11
Riverside	3.9	19.8	5.08
Oxnard	3.7	18.7	5.05
Huntington Beach	4.0	20.0	5.00
Santa Rosa	3.8	18.8	4.95
Bakersfield	3.8	18.6	4.89
Chula Vista	3.9	17.6	4.51
Modesto	4.1	18.3	4.46
Torrance	3.8	16.5	4.34
Palmdale	4.0	17.1	4.28
Pomona	4.4	18.6	4.23
Garden Grove	3.8	16.0	4.21
Anaheim	4.5	18.7	4.16
Santa Ana	4.6	19.1	4.15
Santa Clarita	4.4	17.2	3.91
Ontario	4.7	18.0	3.83
Fontana	4.7	16.8	3.57
Fremont	4.1	14.6	3.56
Hayward	5.0	17.3	3.46

Salinas	4.6	15.8	3.43
Moreno Valley	4.9	16.7	3.41
Oceanside	4.6	15.1	3.28
Corona	4.8	13.3	2.77

Table 3
THE RICH-POOR GAP
INCOME INEQUALITY AMONG CALIFORNIA'S 37 LARGEST CITIES
(Cities with populations over 140,000)

Source: U.S. Census, American Community Survey, 2009

City	Income at 20 th Percentile (dollars)	Income at 95 th Percentile (dollars)	Ratio of Incomes at 95 th /20 th Percentile
San Francisco	24,087	298,956	12.41
Oakland	19,024	212,846	11.19
Glendale	18,054	198,659	11.00
Los Angeles	18,931	206,362	10.90
Pasadena	23,042	249,841	10.84
San Bernardino	13,233	131,795	9.96
Long Beach	20,924	191,799	9.17
Oxnard	20,067	174,352	8.69
Fresno	17,937	152,065	8.48
San Diego	24,929	210,383	8.44
Sacramento	19,977	164,379	8.23
Stockton	19,069	155,537	8.16
Santa Rosa	24,090	195,491	8.12
Modesto	19,965	160,199	8.02
Lancaster	19,825	154,461	7.79
San Jose	31,434	240,873	7.66
Riverside	23,609	177,668	7.53
Bakersfield	21,278	158,967	7.47
Huntington Beach	34,272	254,078	7.41
Chula Vista	24,092	174,373	7.24
Irvine	37,282	268,028	7.19
Salinas	20,875	147,651	7.07
Palmdale	22,484	156,194	6.95
Anaheim	26,505	176,219	6.65
Garden Grove	24,805	159,751	6.44
Pomona	21,988	140,529	6.39
Torrance	33,925	216,416	6.38
Santa Ana	26,286	164,408	6.26
Oceanside	27,601	169,699	6.15
Fontana	26,003	155,566	5.98
Moreno Valley	26,310	152,553	5.80
Ontario	26,095	149,462	5.73
Rancho Cucamonga	37,733	215,729	5.72

Santa Clarita	37,777	215,544	5.71
Fremont	41,242	232,657	5.64
Hayward	31,885	173,505	5.44
Corona	33,845	183,335	5.42

Table 4
WHO IS MOVING IN? WHO IS MOVING OUT?
CHANGES IN THE NUMBER AND PERCENTAGE OF PASADENA HOUSEHOLDS
AT DIFFERENT INCOME LEVELS, 1999-2009

Source: U.S. Census

Income	Number of Households: 1999	Number of Households: 2009	+/- 1999-2009	% change: 1999-2009
Under \$10,000	5,314	4,094	-1,220	-22.95%
\$10,000-14,999	3,140	2,985	-155	-4.93%
\$15,000-24,999	5,649	5,790	141	2.49%
\$25,000-34,999	5,966	5,134	-832	-13.99%
\$35,000-49,999	7,446	7,092	-354	-4.75%
\$50,000-74,999	8,648	8,810	162	1.87%
\$75,000-99,999	5,501	6,236	735	13.36%
\$100,000-149,999	5,379	7,429	2,050	38.11%
\$150,000-199,999	1,933	4,712	2,779	143.76%
\$200,000 and over	2,833	5,050	2,217	78.25%
TOTAL	51,809	57,332	5,523	10.66%

Table 5
MONTHLY GROSS RENTS IN PASADENA

Source: U.S. Census Bureau, 2009 American Community Survey

	2000		2009	
	No. Units	% units	No. Units	% Units
Under \$300	1,610	6%	1,025	3%
\$300-499	2,417	9%	932	3%
\$500-749	9,885	36%	2,479	8%
\$750-999	7,375	27%	4,849	16%
\$1,000-1,500	4,609	17%	10,705	35%
Over \$1,500	1,550	6%	9,839	33%
Total	27,446	100%	30,241	100%

Table 6
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD
INCOME-RENTER-OCCUPIED UNITS
PASADENA: 2009

Source: U.S. Census Bureau, 2009 American Community Survey

Income	total units	# households paying more than 30% of income for rent	% households paying more than 30% of income for rent	# units not computed
Under \$10,000	3,655	2,730	74.70%	925
\$10,000-19,999	4,993	4,240	84.90%	72
\$20,000-34,999	4,886	3,727	76.30%	0
\$35,000-49,999	4,618	3,226	69.90%	136
\$50,000-74,999	4,672	1,215	26.00%	70
\$75,000-99,999	2,759	210	7.60%	0
\$100,000 or more	4,658	132	2.80%	0
Total (excluding units not computed)	30,241	15,480	51.20%	1,203

***Peter Dreier, a Pasadena resident, is chair of the Urban & Environmental Policy Department at Occidental College.**