

AFT 2121 presentation on cost of living in San Francisco

We all know that the cost of living in San Francisco has been rising more rapidly than most of the rest of the U.S., but few are aware of the exact details. This presentation provides those details by looking at the major spending categories for San Francisco and for other large metropolitan areas with populations of 1.5 million or more. All of the data are taken directly from the Bureau of Labor Statistics. The data compare the changes in the CPI-W (for all wage and salary workers) from August 2007 to August 2015.

<u>Spending Category</u>	<u>Percent change S.F.</u>	<u>Percent change in other large metro</u>	<u>SF inflation relative to rate in other metro areas</u>	<u>SF cost of living relative to COL in other metro areas</u>
All Items	21.0%	15.0%	40% faster	18% higher
Housing, general	26.2%	14.8%	77% faster	34% higher
Rental housing	34.0%	22.6%	50% faster	50% higher
Transportation	14.3%	11.5%	24% faster	1.2% higher

The first row indicates that the overall cost of living in the Bay area has gone up by 21% since August 2007. This, combined with the 4% pay cut unilaterally imposed by the administration in 2011, reduces the average faculty member's standard of living by 25%. The overall cost of living in San Francisco increased 40% faster than the average of all large metropolitan areas with populations greater than 1.5 million. To compare actual cost of living, we must compare the actual costs of living in each city in the based year of the CPI, which is 1984, and then compare the inflation rates since then, rather than just since 2007. Using this method, the overall cost of living in San Francisco is 18% higher than the average of other large metropolitan areas.

For most middle income individuals in large metropolitan areas, more than forty percent of their monthly spending is allocated to housing. Since August 2007, overall housing costs in San Francisco have gone up by 26.2%, which is 77% faster than in other large metropolitan areas. Overall, the average cost of housing in San Francisco is 34% higher than the average in other large metropolitan areas.

Many faculty members at CCSF are not homeowners. The cost of rental housing in San Francisco has risen by 34% since August 2007, which it fully 50% faster than the average of other large metropolitan areas, and is also 50% higher in actual cost than the average of other large metropolitan areas. Reduced and stagnating salaries are pricing many faculty members out of the San Francisco housing market.

The high cost of housing has forced many faculty members to live outside of the city of San Francisco and commute to the city to teach their classes. The average cost of transportation in San Francisco has increased by 14.3% since August 2007, which it 24% faster than in other large metropolitan areas. However, because our transportation costs started from a lower level in 1984, the current cost of transportation is now 1.6% higher than in other large metropolitan areas.

Housing costs have risen much faster than the "All Items" inflation rate. The result is that using the "All Items" cost of living to estimate the decline in living standards for CCSF faculty members greatly underestimates the decline in actual spending power of faculty salaries.

The most recent, very reasonable, compensation proposal submitted by AFT 2121 will not fully make up for these rising costs. However, it does come closer to maintaining the standard of living of CCSF faculty than the unreasonable proposal made by the administration.

Annual income required to qualify for FHA loan for different home prices

The article on San Francisco teachers mentions, a "conforming" FHA insured mortgage requires a 20% down payment and a monthly payment of no more than 30% of gross monthly income.

Historically, mortgage interest rates have averaged 5%. Currently, they are at an historic low of 3.25%.

The following table shows the annual income required to qualify for different priced homes and different potential interest rates.

The conclusion is that no faculty at CCSF can afford to buy a home anywhere on the peninsula. Very few can afford to buy a median priced home in the near East Bay. Newly hired faculty are now living in Vallejo and Pittsburg and commuting two hours each way to CCSF. With 238 faculty on the verge of retirement, attracting new faculty at our current salaries will be nearly impossible.

Rates	Amounts, in thousands										
	400	450	500	550	600	650	700	750	800	850	900
3.25	\$69,633.01	\$78,337.14	\$87,041.26	\$95,745.39	\$104,449.52	\$113,153.64	\$121,857.77	\$130,561.90	\$139,266.02	\$147,970.15	\$156,674.27
3.5	\$71,847.15	\$80,828.04	\$89,808.94	\$98,789.83	\$107,770.73	\$116,751.62	\$125,732.51	\$134,713.41	\$143,694.30	\$152,675.19	\$161,656.09
3.75	\$74,098.49	\$83,360.81	\$92,623.12	\$101,885.43	\$111,147.74	\$120,410.05	\$129,672.37	\$138,934.68	\$148,196.99	\$157,459.30	\$166,721.61
4	\$76,386.45	\$85,934.75	\$95,483.06	\$105,031.37	\$114,579.67	\$124,127.98	\$133,676.28	\$143,224.59	\$152,772.89	\$162,321.20	\$171,869.51
4.25	\$78,710.38	\$88,549.18	\$98,387.98	\$108,226.78	\$118,065.57	\$127,904.37	\$137,743.17	\$147,581.97	\$157,420.77	\$167,259.56	\$177,098.36
4.5	\$81,069.65	\$91,203.36	\$101,337.06	\$111,470.77	\$121,604.47	\$131,738.18	\$141,871.89	\$152,005.59	\$162,139.30	\$172,273.01	\$182,406.71

Median home prices

San Francisco	\$1,350,000
Oakland, highest	\$1,300,000
Berkeley	\$1,125,000
Fremont	\$920,000
Alameda	\$900,000
Daly City	\$855,000
Albany	\$850,000
El Cerrito	\$775,000
Castro Valley	\$710,000
Union City	\$700,000
Bayview	\$640,000
Hayward	\$550,000
Hercules	\$510,000
Oakland, lowest	\$500,000
Pinole	\$490,000
El Sobrante	\$460,000
Vallejo	\$350,000
Pittsburg	\$350,000