



## Bay Area Could Use a Fresh Wave of Chinese Immigrants

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August 25, 2023

The nine Bay Area counties in California have lost around 175,000 people since 2020, and deaths are expected to surpass births in 2029. With U.S. citizens continuing to move out of the region at a faster pace than they move in, the best hope of recovering our population is international immigration.

Meanwhile, China is once again promising to be a major source of international migrants. The People's Republic is experiencing a tepid recovery from COVID-19, high youth unemployment, and frustration with government policies. The Bay Area could attract a large share of Chinese expatriates, but substantial policy changes will be needed at all levels of government.

At the national level, we need to make it easier for STEM professionals to immigrate to the United States. For a potential immigrant without relatives in the U.S., obtaining a green card is virtually impossible. Some professionals can work in the U.S. on an H1-B visa, but there are a limited number of these visas available each year, and the program has numerous limitations.

H1-B visa holders have difficulty changing jobs and must leave the U.S. if they are unemployed for sixty days. Last month, Canada offered up to 10,000 U.S. H1-B visa holders a three-year open work permit. The Canadian program was fully subscribed in one day, illustrating the dissatisfaction U.S. H1-B holders have with the program.

Short of fully open immigration, the federal government should offer more visas with fewer restrictions. California lawmakers of both parties, many of whom represent highly diverse districts, should be well positioned to offer bipartisan compromises that increase legal immigration, while settling or setting aside such highly charged issues of border walls, undocumented immigrants, and a path to citizenship.

Whether or not legal immigration to the US remains at current levels or increases, the Bay Area will face an uphill battle competing against other regions for these new arrivals. A major disadvantage of coming here is the high cost of living relative to Dallas, Houston, Miami, and Orlando. Although just about everything is more expensive in the Bay Area, home prices are the biggest concern.

The local housing shortage is well known. One might think that a declining population would alleviate this shortage and lower prices, but a trend toward smaller household sizes and the reluctance of many owners to sell are keeping prices of existing homes elevated. More housing

production is needed, and while the state is pressuring cities to approve more units, new housing starts remain limited.

A thicket of state and local regulations makes it hard for developers to produce market rate housing that would be affordable to recent immigrants. New affordable housing, typically made affordable by heavy government subsidies, is in limited supply and more accessible to those with local connections.

Among the government impositions that raise the costs of new housing are zoning regulations, California Environmental Quality Act (CEQA) compliance, solar panel mandates, prevailing wage laws, and impact fees. Large brownfield sites such as Richmond's Point Molate, the Concord Naval Weapons Station, and Brisbane Baylands have remained undeveloped for years as developers deal with red tape and battle an array of special interests. When development is finally permitted, cities, school districts, and other local governments impose an array of fees that can approach or even exceed \$100,000 per unit.

Systematically eliminating these frictions is a heavy lift, but perhaps state and local policymakers could establish zones free from some or all development restrictions and fees. If each Bay Area County could designate one or two square miles as a "free development zone," either in unincorporated areas or in conjunction with a city, we could easily get 100,000 new housing units, especially if the zones are developed with apartment towers like those in China. The zones could be brownfield sites or undeveloped areas near regional freeways.

While Bay Area residents love the recreational opportunities and beauty afforded by our green spaces, our shrinking population already has more than 800 square miles of federal, state, and county parks to enjoy. Rather than convert additional ranches into open space, policymakers should allow at least some of them to be devoted to housing.

Building apartments at the Concord Naval Weapons Station or on ranch land does not conform to planners' preference for infill projects, but these efforts have proven to be time-consuming and costly. Even though they would not constitute transit-oriented development, new projects in more remote areas that include a range of commercial amenities and provide shuttle service to the nearest BART station should work well for new immigrants trying to get by without a car.

Given its natural beauty, cultural amenities, and agglomeration of tech industry knowledge, the Bay Area can probably never compete with Texas for home prices on a cost-per-square-foot basis. But by providing some safe harbors from government-imposed development restrictions, we may be able to build smaller units that are affordable and comfortable for immigrants who are used to smaller spaces.

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