El Futuro es Latino
“Demographics is destiny” has become a somewhat overused phrase, but that does not reduce the critical importance of population trends to virtually every aspect of economic, social and political life. Concern over demographic trends has been heightened in recent years by several international trends—notably rapid aging, reduced fertility, and before large scale migration across borders. On the national level, shifts in attitude, generation and ethnicity have proven decisive in both the political realm and in the economic fortunes of regions and states.

The Center focuses on research and analysis of global, national and regional demographic trends and also looks into policies that might produce favorable demographic results over time. The Center involves Chapman students in demographic research under the supervision of the Center’s senior staff. Students work with the Center’s director and engage in research that will serve them well as they look to develop their careers in business, the social sciences and the arts. They also have access to our advisory board, which includes distinguished Chapman faculty and major demographic scholars from across the country and the world.
ACKNOWLEDGMENTS

The authors would like to thank the Trustees of Chapman University, President Daniele Struppa, Executive Vice President Matt Parlow and the Center’s long time backer Roger Hobbs for their continued steadfast support. We also wish to thank Reg Stewart and Gabriela Castenada from the office of Diversity, Equity and inclusion for their support.

Perhaps no one has helped us more to get this report out than Drew Moshier, dean of the School of Communications. The school of Communications has been a strong partner in this process.

We also owe a great debt of gratitude to Mahnaz Asghari who has been the primary enabler for this project. Without her dedication and organizational skills this project would never have been possible.

Given the scope of our study we needed to raise funds for diverse sources who have given generously to this effort. Ambassador Ronald P. Spogli and Irv and Nancy Chase have been early and consistent backers. We also want to thank Steve Hilton, founder of Golden Together, an organization focused on developing positive, practical policies that will help restore the California Dream, Andrew Segal of Group Zocalo (Le Gran Plaza Fort Worth), Howard Ahmanson of Fieldstead and Company, Joel Farkas from Fruition California Housing as well as Dan and Linda Weisberg.
Soledad Ursúa is the Principal Researcher for this project. Soledad is Principal at Orinoco Equities and is a member of the board of directors of the Venice Neighborhood Council in the Los Angeles area. Her undergraduate degree from University of California Santa Barbara was in Global and International Studies and Spanish. She has a master’s in finance from the New School and worked in the New York venture capital industry.

Jennifer L. Hernandez (housing) has practiced land use and environmental law for 40 years, and leads Holland & Knight’s West Coast Land Use and Environmental Group. Ms. Hernandez is the longest-serving minority board member (23 years) of the California League of Conservation voters, was appointed by President Clinton to serve as a trustee for the Presidio National Park in San Francisco, serves on the board of directors for Sustainable Conservation, and teaches environmental justice at the University of Southern California Law School. Ms. Hernandez graduated with honors from Harvard University and Stanford Law School. She and her husband live in Berkeley and Los Angeles.

Karla López del Rio (policy) is dedicated to empowering working families to achieve their potential. She actively leads as a community development executive, grounding her research in real-world experience to drive equitable public policies that foster financial wellness, upward mobility, and wealth creation. Her innovative approach generates public-private partnerships that promote civic engagement and attract multi-million dollar investments to Southern California’s low- and moderate-income neighborhoods. A native of Mexico City, Karla currently works as Executive Director of Riverside County’s Community Action Partnership, serves on Chapman University’s Center for Demographics and Policy Advisory Board, and holds a Bachelor’s degree in Development Studies from UC Berkeley. Her work has earned numerous awards from esteemed institutions at the local, state, and national levels.
Sen Gloria Romero (Ret.) (education) was elected to the 24th Senate District in 2001 and served as Senate Majority Leader—the first woman to ever hold that leadership position in the history of the California State Senate. Romero holds a PhD in Social/Personality Psychology and is Professor Emeritus at California State University, Los Angeles. She is the author of California’s groundbreaking Romero Open Enrollment Act, also known as the “Parent Trigger” law, which provides opportunities for school choice for parents of children trapped in chronically academic under-performing, failing schools. She is the co-founder of the innovative independent charter school, Explore Academy, in Orange County, California.

Marshall Toplansky (economic analysis) is Clinical Associate Professor of Management Science at The George L. Argyros College of Business and Economics at Chapman University. He is a research fellow at the Hoag Center for Real Estate and Finance and the Center for Demographics and Policy and co-author (with Joel Kotkin) of California Feudalism: The Squeeze on The Middle Class and Beyond Feudalism: A Strategy to Restore California’s Middle Class. Co-Founder and former Managing Director of KPMG’s national center of excellence in Data & Analytics, Marshall also co-founded the big data company Wise Window, a pioneer in analyzing social media, blogs, and news stories to track business trends and predict elections. He holds a BA from SUNY Albany in Political Science and Chinese Studies, and an MBA from Harvard Business School.

Wendell Cox (demographer) Wendell Cox is principal of Demographia, a St. Louis based international public policy consulting firm and a senior fellow of the Center for Demographics and Policy. He is author of Demographia World Urban Areas, the only regularly published resource for the population, land area and population densities of world urban areas. Cox was appointed to three terms on the Los Angeles County Transportation Commission (LACTC) by Mayor Tom Bradley and has served as a visiting professor at the Conservatoire National des Arts et Metiers (CNAM), a national university in Paris and as vice-president of CODATU, a France based research organization dedicated to improving transportation in developing countries.
Joel Kotkin (editor) is the Roger Hobbs Presidential Fellow in Urban Futures and director of the Center for Demographics and Policy at Chapman University. He is Executive Editor of the widely read website NewGeography.com. He has a regular column in Spiked in the UK, the National Post in Canada and the American Mind. He also writes regularly for Unherd, Quillette, the Los Angeles Times, National Review, American Affairs and City Journal as well as many other national publications. He is the author of eleven books including the most recent, The Coming of Neo-Feudalism: A Warning to the Global Middle Class, is now available in paperback and in Japanese, Arabic and soon Chinese editions.

Cruz García is a research consultant for the Center for Demographics and Policy at Chapman University. His research focuses on economic mobility in low-income communities, Latino achievement, and urban development. He received his Master’s degree from the Pepperdine School of Public Policy and his undergraduate Political Science degree from the University of Michigan College of Literature Sciences and Arts. He has become an expert in public policy, contributing research to various think tanks, including the Political Economic Research Institute (MTSU), the Latino Leadership Fund, and Urban Reform Institute. He currently serves as the Policy Advisor for STIIIZY, America’s leading cannabis brand.

Alicia Kurimska has worked as a research associate at Chapman University’s Center for Demographics and Policy and the Urban Reform Institute. She is the co-author, with Anne Snyder Brooks, of The Millennial Dilemma: A Generation Searches for Home... On Their Terms. She has lived in Stockholm, Prague, Slovakia, and California.

Rhonda Howard is a graphic designer based in Southern California.
From 2010 to 2020, the Latino populace has witnessed a notable uptick of 23%, presently constituting 62.1 million individuals, equivalent to 18.7% of the overall U.S. population. Within California, this demographic has experienced rapid expansion, now representing nearly 40% of the state’s population, with much potential for economic and social progress, but their prospects are marred by various challenges.

**The Livelihood of Latinos: Vulnerabilities Amidst Sacramento’s Environmental and Regulatory Policies:** Latinos hold a significant presence in California’s economic landscape, particularly in agriculture, manufacturing, logistics, and construction. Pivotal players within the state’s ‘carbon economy’, they are most threatened by California’s draconian carbon-neutrality initiatives.

**Challenges in Housing Affordability for Latino Families:** Homeownership bears profound cultural and aspirational significance for Latinos, optimizing familial stability and the realization of the American Dream. But the dream of homeownership has become increasingly elusive for many Latino families within California, due to exceedingly high costs, and the state’s stringent environmental regulations. Today California’s Latino homeownership rate ranks an abysmal 41st nationwide.

**Challenges in California’s Education System and Implications for Latino Mobility:** Constituting 56.1% of California’s public-school demographic, Latino students are falling behind both their counterparts elsewhere and other ethnic groups in state. Recent testing data indicates that merely 36.08% of Latino students met or exceeded proficiency benchmarks in English Language Arts (ELA), with an even lower 22.69% achieving similar standards in mathematics. Latino students in the state exhibit an average score 27 points lower than their White counterparts, underscoring the entrenched disparities within the educational framework.

**Potential for Political Engagement and Influence:** Despite commendable strides in Latino voter turnout, between 2000 and 2020, Latino voter turnout nearly tripled, a sizable proportion of eligible voting-age Latinos in California, estimated at approximately 4 million individuals, abstain from participating in the electoral process, signaling untapped potential for political influence.

**Optimism and Resilience Among Latinos:** Latinos exhibit a notable penchant for optimism regarding the future far more than their non-Latino counterparts. Latinos steadfastly retain their faith in and reverence for the American Dream, with a majority expressing confidence in their ability to attain it. When queried about the paramount factors contributing to success in the United States, an overwhelming 94% cited ‘a strong work ethic and diligent labor’.

---

**KEY FINDINGS**

**EL FUTURO ES LATINO**

**SCAN ME**
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Futuro es Latino</td>
<td>1</td>
</tr>
<tr>
<td>- Latinos represent America’s best hope — and California’s greatest challenge</td>
<td>2</td>
</tr>
<tr>
<td>- California Historic Overview</td>
<td>5</td>
</tr>
<tr>
<td>Latino Political Engagement and California’s Future</td>
<td>18</td>
</tr>
<tr>
<td>Shortchanging The Future: California Fails Its Latino Students</td>
<td>20</td>
</tr>
<tr>
<td>Latinos and the California Housing Crisis: “They Really Don’t Want Us Here, Do They?”</td>
<td>27</td>
</tr>
<tr>
<td>Public Policies to Empower Latinos In California</td>
<td>33</td>
</tr>
</tbody>
</table>
El Futuro es Latino
From the earliest days of European settlement, Latinos have played a crucial role in the remarkable ascendancy of California. However, as they become the majority of the state’s population, workforce, and students, the trajectory of Latinos is being blocked by policies hostile to traditional middle-class values, like homeownership, entrepreneurial freedom, educational progress, savings, and security. As more of California’s historically white middle class depart to other states, Latinos are now primed to occupy that void.

Latinos, the key to the future middle class, face a difficult road towards upward mobility, particularly here in California. Although they have made some remarkable progress towards higher wage positions, Latinos still face serious challenges due to a dysfunctional public education system and an unhelpful regulatory regime that works against smaller, less capitalized businesses. According to the Small Business Regulation Index, California has the worst business climate for small firms in the nation.

Latinos exhibit a remarkable propensity for entrepreneurship in the United States, initiating more businesses per capita than any other racial or ethnic group. While most Latino small businesses are small and family-run, they represent the fastest-growing group of entrepreneurs in the United States. Over the past decade, Latino business owners grew 34%, compared to only 1% for all business owners. Yet, Latinos face significant challenges in accessing relief, with their applications for Payroll Protection Program loans being approved at only half the rate compared to those submitted by white business owners.

Latino business owners

All business owners

Source: The International Society of Logistics
At the same time, California’s policies have systematically weakened crucial blue-collar sectors such as energy, construction, and manufacturing – key sources of employment for Latino workers – resulting in stagnation or decline. Concurrently, stringent environmental regulations also have contributed to soaring home prices in California, reaching the highest levels in the nation.6

Access to quality education is foundational to achieving the American Dream. Yet, California’s children are educationally redlined into their “local” zip-code-determined schools even when state officials know that these schools are failing, a form of institutionalized racism that still exists today. As Gloria Romero explains in our education sidebar, Latino students scored 27 points lower than White students, on average.7

Latinos represent America’s best hope — and California’s greatest challenge

Latinos are the largest of the growing demographic groups in the nation. The Latino population increased by 23% from 2010 to 2020 and they now account for 62.1 million, or 18.7%, of the U.S. total population. In California, Latinos have grown rapidly and now represent nearly 40% of the population.8

Latinos have played a significant role in the U.S. workforce, with their numbers steadily increasing over the years. In 1990, Latinos accounted for approximately 10.7 million workers, a figure that rose to 29 million by 2020, and is projected to reach nearly 35.9 million by 2030.9 Projections indicate that between 2020 and 2030, Latinos will account for 78% of new US workers, whereas the non-Latino workforce slowed from 1990 to 2020.10 These trends are even more dramatic in California, where Latinos represent about 37.7% of the workforce, with expectations of further growth by 2030.11
The youthfulness of the Latino workforce compared to the overall U.S. workforce reflects a shifting demographic landscape. A young workforce signifies a larger pool of individuals in their prime working years, which can contribute to economic growth and productivity. These individuals are often more innovative, adaptable to change, and willing to take risks, which can drive entrepreneurship and in turn, fuel economic development.

Latino economic progress is based on values like family, entrepreneurship and belief in hard work. They already enjoy longer lifespans than white by three years\textsuperscript{12} and Latino \textit{wealth} has grown in the past decade roughly twice as fast as the general population.\textsuperscript{13} Their overall labor participation rates are higher all other ethnic groups while over the
past 20 years Latinos nationwide have experienced the largest reduction in poverty as well.\textsuperscript{14} They have become increasingly critical in many key occupations, particularly those tied to the “carbon economy” such as construction, farming and logistics.

Perhaps equally important, at a time of deep-seated pessimism across the country, Latinos remain incredibly optimistic. Latinos are generally more optimistic about the future than non-Latino whites, who tend to perceive a dimmer future for their own children.\textsuperscript{15} Critically, they still believe in and cherish the American Dream.\textsuperscript{16} A majority of Latinos in the U.S. believe they can achieve that dream. And when asked what are the most important factors to succeed in the U.S., 94% said “a strong work ethic and working hard”.\textsuperscript{17}

Many Latinos still view America as the land of opportunity, where their hard work can yield results. Latinos tend to embody traditional middle-class values of work and success, and more U.S.-born Latinos are entering the ranks of the middle class. Latinos also boast some of the highest rates of voluntary enlistment and military service. They represent the fastest growing population in the military, making up about 16% of all active-duty military.\textsuperscript{18} The number of police who are Latino increased 82% from 1997 to 2020.\textsuperscript{19}

The key question for America, and particularly California, lies in equipping Latinos with the skills and opportunities to reach their dreams. In the United States, Latinos comprise 25.9% of elementary and secondary students, and 18.9% in post-secondary institutions.\textsuperscript{20} In California, Latinos make up 52.2% of elementary and secondary school students, and 40.5% of post-secondary students. Sadly, all too often, the state is failing these youngsters.
The future trajectory of America, particularly in California, hinges on whether Latinos can realize their aspirations. Promoting upward mobility for Latinos is not just relevant to them, but to all Californians, particularly our business and political leadership that has repeatedly failed them.

California Historic Overview

Throughout California’s history, Latinos have held up the backbone of the state’s workforce. They performed the hard labor that allowed critical sectors of the state’s economy to grow—agriculture, industry by mid-century, service, and manufacturing work in the recent era of economic restructuring. Latinos worked disproportionately in lower-paid, low-skilled occupations due to a mix of forces, including discrimination, employers and union practices, immigration pressures, and government policy. Over the 20th century, California experienced unprecedented growth, surpassing even the most optimistic projections of state promoters.

World War II played a pivotal role in lifting the United States out of the Depression, marking the onset of what some historians have dubbed “the golden age” of capitalism, characterized by robust economic growth, increased employment opportunities, and improved
living standards. California emerged as a prominent exemplar of this prosperous era. Fueled by massive federal contracts in defense spending, technological innovation, and the growth of industries like aerospace, electronics, and manufacturing, World War II played a pivotal role in transforming California’s economy. Migration accelerated after the war, leading California to surpass New York as the nation’s most populous state in 1962. By the turn of the 21st century, California boasted the world’s fifth largest economy and a population nearing 34 million.

From the fields to the factories, there was no greater industrial force to propel California into one of the highest GDP states than that of the Latino worker. Motivated by the piecework payment system prevalent in agriculture, Latinos swiftly became the industrial proletariat needed to sustain California’s industrial boom. The transition from agricultural fields to factory floors is vividly illustrated by individuals such as my aunt Anita Rodriguez, who transitioned from picking cotton in the San Joaquin Valley to soldering computer chips for Lockheed Martin in Pomona. Numerous Latino families underwent this transition from field to factory work, with returning war veterans also playing a pivotal role in the process.

This economic momentum persisted throughout the 1950s and 1960s, with skilled and semi-skilled workers witnessing greater employment growth compared to unskilled laborers. Individuals found employment...
in various sectors, including defense plants, military bases, and factories, working as welders, plumbers, mechanics, and production-line workers. During the state's industrial boom, Mexicans in California benefited from the state's robust industrial economy, contributing to the gradual emergence of a Mexican American middle class. The implementation of initiatives like the G.I. Bill also facilitated the rise of professionals and white-collar workers among the Latino population, symbolizing modest but significant upward mobility in occupational opportunities for Latinos in California.²³

A Case of Bad Timing?

As they have become more prominent in California's population, and workforce, they have also been among the primary victims of the state's regulatory regime.

![Latino: Population & Employment Growth Chart](image)

Unfortunately for Latinos, the 1970s also coincided with the environmental decade when largely upper-class environmentalists emerged as dominant political force. The California Air Resources Board (CARB) was established in 1967 to control and reduce air pollution in the state. The California Environmental Quality Act (CEQA), adopted in 1970, exerted significant influence by extending environmental review standards to private developments, impeding housing development and exacerbating price inflation.²⁴
Although the environmental improvements like cleaner air benefited all Californians, the policy agenda worked against the kind of jobs most likely to offer upward mobility for Latinos. Over the ensuing decades, industrial employment stagnated and then dropped. Between 1990 and 2021, according to the Census of Employment Wages, California saw a reduction of 795,879 manufacturing jobs.²⁵

Additionally, the judicial system’s inclination towards regulatory interventions intensified the housing crisis by fostering an environment conducive to local government regulation and facilitating private entities’ ability to obstruct housing development endeavors. Collectively, these regulatory measures, predominantly aimed at environmental protection, have served as a pivotal factor in driving up housing costs and concurrently restricting business growth across various sectors within the state.²⁶ (see Jennifer Hernandez’s sidebar)

Climate Policies, Latinos and the “Carbon Economy”

These actions became far more severe with the rise of severe climate policies in the 1990s and beyond. California emerged as a pioneer in implementing “growth-control” regulations during a period of substantial expansion, surpassing all other states in the nation. However, despite facing a significant outmigration of both people and business, as well as a deficit of $73 billion, the state remains steadfast in its pursuit of achieving net zero emissions by 2045.²⁷

In order for the state to achieve its carbon zero goals, it will need to curtail much of its basic industries – agriculture, manufacturing, logistics and construction. These industries are commonly associated which what can be best described as a heavily Latino “carbon economy.”
economy”. Latinos, for example, are heavily represented in construction, where employment is impacted by such regulations.

These policies will fail to contribute much to reducing global greenhouse gases. Instead, emissions will move to other areas, like Texas, with its hot climate, or to countries like China which rely on coal and have far less rigorous regulations. Even former governor Jerry Brown recognized the limitations of California’s impact on global emission and warned against futile efforts without broader participation.29

While its environmental impact is at least somewhat questionable, California’s ambitious carbon-neutrality plan has been remarkably effective in reducing prospects for lower-income and minority households. California’s multi-decade climate blueprint, while aiming for positive environmental outcomes, disproportionately harms disadvantaged communities, undermining civil rights and racial equity.31

Latinos continue to play a significant role in the carbon economy workforce. In sectors like construction and transportation, Latinos are disproportionately represented, performing essential tasks that contribute to carbon emissions. They make up well over 90% of agricultural workers and over 50% of all California construction workers and roughly 30% of workers in oil and gas.32 Construction activities often involve the use of heavy machinery and materials with high carbon footprints, while transportation relies heavily on fossil fuels. Yet, the massively important contributions of Latino workers are often myopically labeled as mere “carbon emissions” by California’s environmental apparat.

**Percentage of Latinos in Basic Occupations**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>California</th>
<th>US Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and extraction</td>
<td>61.6%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Installation, maintenance and repair craft workers</td>
<td>46.0%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>58.2%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Transportation and material moving operative workers</td>
<td>50.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Laborers and helpers</td>
<td>71.7%</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

Source: American Community Survey, 2014 - 2018

"Latinos, for example, are heavily represented in construction, where employment is impacted by such regulations."
These businesses, and not just fossil fuel jobs, are facing climate extinction. For example, California’s Air Resources Board possesses the authority to establish emissions standards independently in certain instances. It is leveraging this authority to effectively compel the swift adoption of electric long-haul trucks. Beginning in 2035, diesel trucks will be banned from California’s ports. With about 30,000 trucks registered with the ports, it is the large companies – with deep pockets and big facilities – that are able to make the transition while smaller companies struggle. Electric trucks, with their huge batteries, can cost over $400,000 and they cannot do long hauls without stopping for long charging periods, undermining the economics of a trucking fleet.33

The American trucking industry has traditionally been associated with white blue-collar workers. However, there has been a notable shift as Latinos increasingly occupy these roles, reflecting their upward mobility. According to data from the U.S. Bureau of Labor Statistics (BLS), Latino workers account for approximately 20% of the transportation industry’s workforce in the nation but more than 50% of California’s transportation workforce. Latinos who have transitioned into the trucking industry report that they have experienced improved compensation, with $80,000 annual salaries and a sense of empowerment and fulfillment, often leaving behind jobs they found unsatisfying.34

Trucking can be considered an upwardly mobile job for many individuals. It offers opportunities for career advancement, skill development, and potentially higher earnings over time. Many people enter the trucking industry at entry-level positions and can progress to roles with greater responsibility, such as fleet management or owning their own trucking business.

California has the highest percentage of Latinos in the transportation sector of any other state. That level was slightly lower in 2014-2018 over the previous period.

The American trucking industry has traditionally been associated with white blue-collar workers. However, there has been a notable shift as Latinos increasingly occupy these roles, reflecting their upward mobility. According to data from the U.S. Bureau of Labor Statistics (BLS), Latino workers account for approximately 20% of the transportation industry’s workforce in the nation but more than 50% of California’s transportation workforce. Latinos who have transitioned into the trucking industry report that they have experienced improved compensation, with $80,000 annual salaries and a sense of empowerment and fulfillment, often leaving behind jobs they found unsatisfying.34

Trucking can be considered an upwardly mobile job for many individuals. It offers opportunities for career advancement, skill development, and potentially higher earnings over time. Many people enter the trucking industry at entry-level positions and can progress to roles with greater responsibility, such as fleet management or owning their own trucking business.

California has the highest percentage of Latinos in the transportation sector compared to any other state, with nearly 50.7%, followed by New Mexico at 50.2%, and Texas at 41.3%, which means that Latinos will disproportionately be impacted by stringent regulations.35
The influence of California’s policies extends beyond its borders, with several states already adopting California’s regulations, and others poised to follow suit.

A Losing Hand for the largely Latino California Working Class

Despite its leadership in greenhouse gas reduction, California struggles with high rates of poverty, homelessness, and soaring costs of living. The disconnect between the state’s climate agenda and its socioeconomic challenges underscores the contradictions within its policies. Recently, the California Air Resources Board, the primary executor of California’s climate policies, projects that these policies will result in significant income declines for individuals earning less than $100,000 annual, while boosting incomes for those above this threshold.36

These burdens are already impacting the prospects for California’s largely Latino working class. Over the past decade, despite the wealth generated by the tech sector, luxury real estate, and Hollywood, 85% of all jobs in California have been in the low-paid service sector. A recent study conducted by Chapman University revealed that California’s capacity to generate middle-income jobs is among the lowest in the country.37

In California, Latino workers are under-represented in the top salary bracket, while White workers dominate it. Latinos mainly occupy labor and service roles, with very few earning high incomes.38 Shockingly, California has witnessed the loss of 1.6 million above-average-paying jobs over the past decade, a figure that exceeds twice the losses experienced by any other state.39

...the California Air Resources Board, the primary executor of California’s climate policies, projects that these policies will result in significant income declines for individuals earning less than $100,000 annual, while boosting incomes for those above this threshold.
These challenges place Latinos, the youngest and fastest growing part of California’s workforce, at a distinct disadvantage. Adjusted for the cost essentials like housing, gas, and electricity, nearly 13.2% of the state’s population, or 5 million people, live in poverty. Despite being 40% of the population, Latinos make up about half of Californians living in poverty. By comparison, only about 10% of White Californians live in poverty.\textsuperscript{40}

California is falling behind in both income and job growth behind the national average, and even further behind key rival states like Texas, Utah, Washington, Nevada, and Arizona.\textsuperscript{41} Lauded in the media for its extensive environmental and labor protections, the gap between working class Californians and the more affluent is widening.\textsuperscript{42} In fact, recent studies have shown that California Latinos do far worse than their counterparts elsewhere. A 2020 study by the Urban Reform Institute introduced an Upward Mobility Index, evaluating opportunity levels across the nation’s 107 largest metropolitan areas by race and ethnicity. Latinos are found to fare best in Virginia Beach-Norfolk, which is followed by 11 of the next 15 areas situated in the Heartland. These areas are characterized by evolving economic hubs tied to basic goods production, logistics, agribusiness, energy, and manufacturing.\textsuperscript{43}

Despite being 40% of the population, Latinos make up about half of Californians living in poverty.
Latinos and California’s cost structure

California’s regulatory regime has made upward mobility more difficult even for those who do manage to find work. Since World War II, homeownership has been a cornerstone of middle and working-class aspirations. For the new generation, including disadvantaged minorities, the inability to own homes presents significant obstacles to increasing their wealth. Property ownership continues to be central to financial security, with homes constituting approximately two-thirds of the wealth of middle-income Americans. According to the Census Bureau, homeowners have a median net worth more than 44 times that of renters.

Various studies conducted in the 1980s underscored the adverse impact of growth restrictions on housing prices. For instance, research conducted in Petaluma and Davis revealed housing price increases of 8% and 9%, respectively, due to growth controls. Additionally, a study encompassing 64 communities in the San Francisco Bay area found that houses in growth-controlled areas were 17% to 38% more expensive than those in other communities. Put simply, regulation drives up housing costs. (See: Jennifer Hernandez’s sidebar)

California’s population surged by 3.7 million individuals between 1970 and 1980, outpacing the national growth rate by 60%. Coinciding with the 1970s, characterized as the “environmental decade”, housing prices in California experienced a significant surge. In 1960, the value of houses in California was only 27% higher than the national average, and by 1970, this margin increased to 35%. However, by 1980, the difference had more than doubled, reaching 79% higher than the national average. This gap continued to widen, with the housing prices in California soaring to more than 147% above the national average by 1990.
Once a beacon for middle-class homeownership, much of California has become unaffordable today, particularly in coastal communities that were once magnets for Latinos. Median house prices in the coastal California metropolitan areas of Los Angeles, San Diego, and San Jose have risen from more than 125% above the national average to nearly 400% above in the first quarter of 2020. A 2019 report from the Legislative Analyst’s Office revealed that the average cost of a home in California is 2.5 times the national average, with monthly rent about 50% higher. Furthermore, in 2019, the median house value in California was $325,000 higher than the national average.

Housing prices are one factor where California fails its middle- and working-class residents, particularly young adults. Most egregiously, these high prices are not inevitable. Until 1970 nearly all of today’s 53 major markets were considered “affordable”. However, significant disparities paced by regulatory issues have since emerged, particularly between California and the rest of the nation. The primary losers here are young people and minorities.

Homeownership holds immense value for Latinos, symbolizing family, security, stability, and the pursuit of the American Dream. It is considered a pathway to generational wealth, quality education, and full integration into American life. Yet, Latinos possibility of achieving this in California has greatly diminished.

In 2022, 51.1% of Latino households owned their homes nationwide, compared with just 45.9% in California. Other heavily Latino states do even better in terms of homeownership rates. For instance, Latino homeownership rates were 59.2% in Texas, 55.4% in Florida, and over 70% in New Mexico. California, on the other hand, posted a Hispanic or Latino homeownership rate ranked 41st nationwide.

A significant factor contributing to the homeownership disparity lies in the discrepancies between actual Latino household incomes and the Cost of Living Adjusted (COLA). Adjusted COLA is a method used to account for variations in the cost of living across different geographical areas or time periods, making it possible to measure the purchasing power of incomes in regions with differing living costs. COLA calculations typically involve adjusting income factors to account for differences in housing costs, food prices, transportation expenses, utilities, healthcare costs, and other essential living expenses. However, it does not encompass federal, state, or local taxes. Through these adjustments, COLA seeks to accurately portray the purchasing power of a given income or amount of money across diverse locations or timeframes.

Despite a Latino median household income of $75,698 in California, this figure diminishes to $50,499 when adjusted for cost of living, resulting in a significant disparity of $25,199. Conversely, Latinos experience comparatively favorable circumstances in states like New
Mexico and Texas, where the COLA adjustments yield gains relative to the national Latino median household income of $6,898 and $3,725, respectively. This is one reason why 70% of all Latino household in New Mexico, and 59% in Texas, own their homes, compared with a dismal 45.8% in California.\textsuperscript{54}

For instance, consider Iowa, a state characterized by its affordability. Here, the Latino median income stands at $64,447. However, after adjusting for COLA, this figure escalates to $80,458, indicating a gain of $16,011. Despite Iowa’s relatively modest Latino population of 6.8%, it boasts a Latino homeownership rate of 61.3%, much higher than in California.\textsuperscript{55}

Another significant obstacle hindering Latino upward mobility in California is the issue of energy prices. California’s fixation on renewable energy, along with the closure of natural gas and nuclear plants, has led to increased utility costs for consumers, particularly for electricity. Presently, California ranks third in the nation for electric rates, with prices reaching 29.4 cents per kilowatt-hour. Only Hawaii, with rates reaching 45.5 cents, and Rhode Island, with rates at 31.3 cents, surpass California in this regard.\textsuperscript{56} Conversely, states with significant Latino populations such as Arizona, Texas, and New Mexico experience notably lower electricity costs, with rates at 15.5 cents, 14.6 cents, and 14.5 cents per kilowatt-hour, respectively.\textsuperscript{57}

\begin{quote}
Another significant obstacle hindering Latino upward mobility in California is the issue of energy prices.
\end{quote}

The new focus for Latino upward mobility: The Inland Counties

Reforming California’s regulatory system is crucial to Latino upward mobility, particularly in terms of energy policies that hurt the heavily Latino “carbon economy”. It is also critical to provide this community a “field of dreams” rather than enclosure in expensive, often dangerous areas with poor schools and few jobs.

Ultimately, the future of California’s Latinos will lie in the interior of the state, where costs are lower and much of the “carbon economy” still thrives. Yet this movement is not being encouraged by the state, whose policies to limit “sprawl” end up limiting new supply in those parts of California that are most amendable to new working- and middle-class aspiring homeowners. Interior regions, principally the Sacramento and San Joaquin Valleys and the Inland Empire offer more favorable conditions for Latino homeownership.

It is apparent that Latinos or Latino experience better outcomes in other parts of the country compared to California. Moreover, there seems to be a trend indicating that Latinos generally enjoy higher levels of prosperity in the interior regions of California as opposed to the coastal metropolitan areas. By this report’s definition, the interior encompasses all areas of the state excluding the metropolitan regions along the coast, extending from Sonoma County to San Diego County.
The most substantial increase in from 2010 to 2022 occurred in Riverside-San Bernardino, totaling 509,000 individuals. Additionally, four other Metropolitan Statistical Areas (MSAs) experienced increased ranging from 100,000 to 500,000 individuals: San Diego, Los Angeles, Sacramento, and Bakersfield. Another five MSAs observed population gains between 50,000 to 100,000 individuals, including Fresno, San Francisco, Stockton, Modesto, and Visalia.  

It is noteworthy that all 26 MSAs registered an increase in Hispanic or Latino population during the same time period, with one exception. Situated at the core of California’s information technology industry, San Jose recorded a decrease of 9,000 individuals within the Hispanic or Latino demographic. This outcome is unsurprising, given San Jose’s reputation for having the highest cost of living and housing expenses relative to income among the 54 major metropolitan areas with populations exceeding one million. Latinos
are increasingly migrating away from high-cost areas in search of more affordable opportunities, contributing to shifts in demographic patterns and homeownership rates.

The recent growth observed in Riverside and San Bernardino may be attributed, in part, to the availability of homeownership opportunities. Within the 26 MSAs analyzed, Riverside-San Bernardino boasted the highest Latino homeownership rate, standing at 61.3%.60

Moreover, six other MSAs showcased homeownership rates exceeding 55%, including Stockton, Bakersfield, Hanford, Madera, Modesto, Visalia, Merced, and Oxnard. Among major metropolitan areas, Sacramento emerged with the highest Hispanic or Latino homeownership rate, reaching 49.4%.

Conversely, the lowest Hispanic or Latino homeownership rates were recorded in MSAs such as San Jose (35.5%), Los Angeles (38.7%), Santa Maria (40.5%), Salinas (40.5%), Santa Rosa (40.9%), San Francisco (42.0%), San Diego (42.2%), Napa (42.4%), and Santa Cruz (43.2%). Notably, seven of the nine least affordable MSAs were concentrated in the San Francisco Bay Area, Los Angeles, and San Diego. 61

Needed: A State Agenda Focused on Upward Mobility

A state policy that encourages, rather than discourages, migration to the state’s vast interior is one way to encourage Latino upward mobility. But under current policies, as Latinos relocate to lower-cost metros, they may still be subject to further regulatory restraints. California’s aims to achieve significant reductions in per capita vehicle miles traveled pose challenges for Latino communities where driving is strongly linked to upward mobility, especially for lower-income households. By 2030, California seeks to slash per capita driving by the equivalent of 1.5 pandemics, with an additional reduction targeted by 2045, aiming for carbon neutrality.62

This approach seeks to steer growth into the very dense and expensive areas that Latinos, along with many other Californians, are leaving, especially the depopulating coastal cities. Proposed laws to regulate vehicle speed hint at potential future regulations on vehicle miles traveled, exacerbating affordability issues, and making driving more challenging for those striving to better their lives.

California’s political establishment seems determined to limit opportunities for working class Californians to live in communities they can afford. On everything from economy to jobs to housing to education, California is failing its largest, and youngest, ethnic group.
LATINO POLITICAL ENGAGEMENT AND CALIFORNIA’S FUTURE

Since 1992, California has consistently supported Democratic presidential candidates, with margins of victory ranging from 10% to 30%. In 2018, the California Latino vote reached 3.3 million, nearly doubling its election turnout from 2014, with the turnout rate of Latino voting-age citizens increasing from 25% to 43%.

However, the issues considered important by Latino voters evolved. According to findings from a NALEO Educational Fund Election 2022 Weekly Tracking Poll, it was discerned that nearly half (48%) of California Latinos regarded the escalating cost of living as one of their paramount concerns in the election. Moreover, issues pertaining to women’s reproductive and abortion rights (26%) and the enhancement of wages and job opportunities (26%) were deemed of greater significance when compared to the safeguarding of immigrant rights (16%).

Despite remarkable increases in Latino voter turnout, challenges persist in fully engaging this demographic. Between 2000 and 2020, the Latino voter turnout nearly tripled, surging from 1.6 million to 4.5 million, marking a notable increase of 184%. Despite this growth, approximately 4 million eligible voting-age Latinos in California abstaining from voting.

Despite this, California voting demographics prove that El Futuro es Latino. Latino registered voters are generally younger than their non-Latino counterparts. 18- to 24-year-olds make up 16% of registered Latinos, twice the proportion found among non-Latinos at 8%. Similarly, 25- to 34-year-olds represent 25% of Latino registered voters, compared to 15% among non-Latinos.
The youthfulness of California’s Latino registered voters suggests a potentially greater impact in shaping the state’s political trajectory. Thus, as California’s voting demographics continue to evolve, the Latino community’s role remains pivotal. It remains essential, for both the state and Latinos, that they mobilize to improve the economic and social prospects for the community destined to shape California’s future.

“...It is an issue that is critical not just to Latinos, but for all of us who call this state our home.”
In 1983, the National Commission on Excellence in Education declared that “the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people.” Forty-one years later, much the same can still be said about the state of our education system in California.

Nowhere is failure more disturbing than in reference to California’s close to 5.9 million public school children – the largest K-12 public education system in the country. In fiscal year 2023-2024 California will spend about $128 billion on K-12 public education, an amount exceeding the entire budget of all states except New York. Despite this level of spending, about 75 percent of California students lack proficiency in core subject areas based on federal education standards.

These worrying results occurred even as spending soared. In the year prior to the pandemic, large numbers of students were already struggling to meet grade-level expectations. Now, two out of three California students do not meet math standards, and more than half do not meet English standards on state assessments. Overall, 46.66% of California public students are at or above grade level for English Language Arts or ELA (reading, writing, etc.), while only 34.62% met or exceeded the math standard on the Smarter Balanced 2023 tests.

How California fails Latino and other minority students

Latino students, who constitute 56.1% of California’s public-school students, are primary casualties of these aforementioned achievement gaps. According to the latest California testing results, only 36.08% of Latino students met or exceeded ELA proficiency. Only 22.69% met or exceeded proficiency standards in math. According to the latest National Assessment of Educational Progress (NAEP) – commonly referred to as the “Nation’s Report Card” – California 4th graders scored lower in mathematics proficiency than those in 29 other states/jurisdictions, with only 30 percent at or above the NAEP standard. California only exceeded five states/jurisdictions. Latino students in the state had an average score that was 27 points lower than that of White students. This performance gap is not significantly different from that in 2000 – almost a quarter century ago!
In contrast, 41% of Florida’s 4th graders and 38% of Texas’ 4th graders scored at or above the level of proficiency in math, significantly better than their California counterparts. Florida’s Latino students had an average score that, while still troubling, was only 17 points lower than that for White students — 10 points better compared to California. Texas’ Latino students had an average score that was 21 points lower than that for White students — worse than Florida’s but better than California’s.\(^{72}\)

Reading outcomes for California’s 4th graders showed poor outcomes as well. Overall, just 31% of 4th graders scored at or above the level of proficiency in reading. California’s Latino student had an average score 29 points lower than White students. This performance gap is not significantly different from 1993! 39% of Florida’s 4th graders scored at or above proficiency level in reading. Overall, Latino students in both Florida and Texas outperformed those in California.\(^{73}\)

California’s education system is deeply flawed. The most powerful database of educational outcomes for California’s students is the state’s own Smarter Balanced test. According to the Smarter Balanced test, only one in three students met the standard in math. Scores on that exam showed a paltry 27.35% of 11th graders met or exceeded proficiency standards in math and just over half — 55.41% — met or exceeded proficiency standards in ELA.\(^{74}\)

These dismal math and ELA proficiency outcomes threaten a trajectory for upward mobility for Latino students in California. Stark gaps for Latino students have perniciously persisted for decades, irrespective of geographic region or the approximately 1000 school districts in California.

“Overall, Latino students in both Florida and Texas outperformed those in California.
Mapping Systemic Failure

Consider these disturbing statistics:

In Los Angeles Unified School District — the largest school district in the state — Latino students fall behind their White counterparts in ELA by some 30 percentage points: 65.4% proficiency for Whites; 35.33% proficiency for Latinos. Similar gaps exist for Math as well: 54.97% proficiency for Whites; only 24.29% proficiency for Latinos.75

In San Diego Unified School District, the gaps are even greater: 72.11% ELA proficiency for White students; only 38.21% proficiency for Latino students. In math, it is 64.81% proficiency for White students; 26.1% proficiency for Latinos.76

In Sacramento City Unified School District, in the shadow of the State Capitol, White students have a 60.05% ELA proficiency while Latino students only have 30.57%. In math, White students show a 49.31% proficiency level, contrasted with 20.46% for Latino students.77

In the Coachella Valley School District - on the eastern side of the state and a high poverty community — all students fare dismally, underscoring the state neglect of its more rural, lower-income, farm working communities. But once again, there are large achievement
gaps between Latino students and White students. Only 13.83% of Latino students meet or are proficient in math compared with 17.81% of White students. In ELA, only 30.66% of White students meet or exceed proficiency, and only 26.11% of Latino students. 78

We demonstrate these ominous trends in the maps above (p22). The reality is simply too stark to ignore.

Apologists for the state system often blame poverty, race, and state funding levels as primary factors in the low performance of Latinos and other minority groups. However, Texas and Florida are also ethnically diverse but appear to do better with less spending. California spends over $129 billion for K-12 public education in 2022-23 — almost half of California’s total budget — which comes out to a whopping $22,000 per public school student. 79

Others have attributed the low scores to the COVID pandemic. Indeed, California’s policy kept schools closed longer than those in other states and learning losses occurred, however, dismal learning outcomes were already recorded long before the pandemic.

Even as California politicians continue to name schools in tribute to Latino leaders, these same schools repeatedly fail their Latino students. 80 According to the California Department of Education, California boasts 21 schools named for Cesar Chavez. 81 At the Cesar Chavez Intermediate School in Sacramento, only 32.43% of students meet or exceed ELA proficiency standards and only 29.3% met or exceed Math proficiency levels. 82

César Chávez Elementary in San Francisco. Source: Wally Gobetz, under CC 2.0 License
A few other examples:

- Cesar Chavez Elementary school in Coachella Valley Unified school district, reported that only 28.5% of students scored proficient in ELA and only 14.22% in Math.

- In Los Angeles County, the Lynwood Cesar Chavez Middle School reported only 26.68% of students met or exceeded ELA standards and only 13.33% reached Math standards.

- At the Cesar Chavez Middle School in Hayward, California, only 16.22% are proficient in ELA and an astonishingly low 6.2% are proficient in Math.\(^3\)

Certainly, standouts exist. For example, the Cesar Chavez Elementary school in Davis showed that 73.93% of its students met or exceeded proficiency in English and 77.7% do so in Math.\(^4\) However, that is a rare exception to the pattern of lackluster educational outcomes. Quite frankly, schools named for heroes – be they Martin Luther King, Jr., or Cesar Chavez – have been more ceremonial, leaving students to languish once the naming festivities and parades concluded.

**Needed: A Major Fix**

Given these results, employers in the Golden State will confront an under-prepared workforce. Even political progressives who dominate the state's governance and education bureaucracies grasp that there is a school-to-workforce problem. However, simply pouring millions into the current flawed system or tinkering with budget formulas or hastily settled court cases is not sufficient. California's educational crisis is not one of funding and formulas but must involve the political will and backbone to change the system to one that works for kids – not just for adults employed in the system.

Perpetually bowing to the most powerful political interest in California — the California Teachers Association — reinforces the expectation that state legislators are more concerned with serving the perceived interests of the unions rather than improving student performance and closing stark racial achievement gaps. Indeed, the education consortium of unions prevails as the most influential donors in political campaigns.\(^5\) Even as school boards — largely elected by the influence of teacher unions — hand out gratuitous pay raises to workers on strike, nothing is done to revise employment contracts that significantly perpetuate dismal learning outcomes for students.\(^6\)

One key reform would be to hold schools accountable for students’ academic performance. The state's school funding should include more concrete goals with rewards for schools that show improvement and penalties for schools that fail to meet identified learning benchmarks. Yet, over the years, California's education leaders have made it more...
difficult to see and interpret learning outcomes by moving away from a “single score” reporting system, which enabled parents to clearly see if their children were advancing. Laws to make information more transparent exist on the books but have been neutered by “educrats” in California’s bureaucracies to the point that they are almost impossible to use.

Other critically needed reforms include changing teacher tenure laws so that the best teachers — the most critical factor impacting student learning — are more easily deployed in the schools most in need. Today, California teachers are granted tenure after a very short “review” process of less than two years. Contrast this with the state university systems which require a more rigorous process, lasting some seven years. Then, it is no surprise when K-12 public school students arrive at university, ill prepared to undertake college level work. They wind up having to do remediation studies which eats into their student loans and places them in financial jeopardy.

Most importantly, school choice options must expand in California, comparable to efforts made in other states. Be they called “vouchers” or “opportunity scholarships”, parents need to be offered greater options in order to “break zip code education” which assigns students to a school based on their home address.

In contrast, school choice options are strongly embraced by parents and data continues to show that charter schools outperform traditional district schools. During the pandemic, charter schools increased their enrollment. The National Alliance for Public Charter Schools reports that nationwide, public charters increased enrollment by 7%, while traditional public schools decreased by 3.5%. Yet, even as charter schools succeed in closing achievement gaps, especially for minority students, school districts have made it harder for charter schools to open and allow parents to choose these options for their children.

Stanford University’s Center for Research on Education Outcomes (CREDO) 2023 study focused on charter school performance in 29 states, as well as Washington, D.C. and New
York City. 80% of tested public school students were included in CREDO’s data set. More than 1.8 million charter students were paired with a ‘virtual twin’ (i.e., a nearby pupil with similar demographic traits and prior test scores) enrolled at the district school that the charter student would have otherwise attended. Overall, charter school students experienced an additional 16 days of learning in reading and six days of learning in math compared to their district school counterparts.89

In California, the same CREDO study found that when compared with similar students in district schools, students in Los Angeles-based Alliance College-Ready Public Schools gained the equivalent of 107 days in additional learning, about 40% of a year. Students in Bay Area-based Rocketship charter schools gained three-quarters of a year in additional learning days in math.90

What Californians — particularly Latinos — need is not more symbolic gestures but a concerted effort to address the education failures of the state. New approaches such as charter schools, school choice and a greater emphasis on basics.

One step would be to streamline California’s convoluted education governance system which serves to obfuscate who is “responsible” for closing academic achievement gaps. California’s constitution asserts that the State of California is the legal and political entity with plenary responsibility for education all their public-school students and making sure they receive a high quality, equal education.

The State Board of Education and its members — appointed by the Governor and confirmed by the California State Senate — are responsible for determining the rules and regulations for the supervision and administration of all local school districts. The State Superintendent of Public Instruction who runs the Department of Education is an elected officer who typically wins due to the financial support of the California Teachers’ Union. Neither are held accountable and efforts to enact transformative changes are met with fierce resistance in the Democratic controlled legislature and executive branch who remain subservient to the power of the teachers’ unions.

What California’s predominantly minority school children need is a concerted effort to break the cycle of education failure, not more buck-passing or virtue signaling. Leaders like Governor Newsom may speak about racial justice and reparations but by failing to improve schools they are leaving youngsters — in particular, Latinos and African Americans — from achieving their share of the California dream.
LATINOS AND THE CALIFORNIA HOUSING CRISIS: “THEY REALLY DON’T WANT US HERE, DO THEY?”

by Jennifer L. Hernandez

My extended family spans from third to seventh generation Mexican immigrants. Most of us expect to work hard, provide for our families, and hope our children do better than we did. However, in a total Blue State betrayal of the political, environmental, and civil rights progress that began in the 1960s, younger and middle-income Latino families can no longer afford to buy a home in California.

Much of the Democratic party’s traditional middle-income constituency include small business owners, first responders, and the army of the “essential workers” who were directed to work during the prolonged COVID-19 lockdowns. These groups earn too much to qualify for housing assistance, but too little to live in the state's most expensive population centers. Economist John Husing showed that even the highest-paid construction workers cannot afford to buy a median priced home in any Southern California county that touches the ocean, or any Bay Area county that touches San Francisco Bay.91

Homeownership is by far the most effective multi-generational wealth accumulation investment for working families. According to Habitat for Humanity, homeowners have four times the net wealth of non-homeowners.92 They are also physically and mentally healthier, vote more often, and their children achieve higher levels of education. Owning a home in the working-class Bay Area town of Pittsburg, in Contra Costa County, was a far superior economic and quality of life choice for my parents and grandparents rather than paying landlords rent in San Francisco.

Today, however, middle-income home-ownership is thwarted by urbanists who solely desire denser cities as well as environmentalists who condemn any development, even of fallow pastures next to urban freeways as unsustainable “sprawl”. Vast areas of the state where affordable, desirable housing could be built are exclusive, high-income, and largely white ‘green’ enclaves.

For example, Marin County, which is located a scant two miles from San Francisco has proudly banned homes on over 83% of its land.93 Marin has the region's lowest Latino population (about 17% of all households) and has one of the region's highest median incomes and home prices. It is essentially still a “sundown town,” a segregated area during the Jim Crow era where people of color were encouraged or forced to

SIDEBAR

Even the highest-paid construction workers cannot afford to buy a median priced home in any Southern California county that touches the ocean, or any Bay Area county that touches San Francisco Bay.
vacate each night.94 Over 60% of the county’s workforce commutes from other counties where housing is more affordable.95

Scores of studies have bemoaned California’s housing crisis. Yet, the state continues to favor policy reforms that focus on high-priced infill housing. Truly affordable home building outside of these areas is seen as harmful to the environment and anti-climate. At the same time, the state’s profligate spending and record deficits are draining revenues from local governments which forces cities and counties to boost development fees for local service funding.96 The state is utterly failing to provide “missing middle” affordable housing, or indeed any housing for hard-working families and households.

**Background: Progress Report on California Housing Law Reforms**

Starting in 2017, an all-Democrat slate of statewide leaders enacted the first few dozen laws — which have now grown into more than 100 — aimed at solving California’s acute housing crisis.97 Total housing production continued to hover between 110,000 – 1118,000 new housing units per year but these figures conceal the fact that single family, condominium and apartment construction stagnated or fell. Instead, accessory dwelling units (ADUs) — granny cottages and garage apartments built in someone else’s home — rose from nearly nothing to 19% of all new housing permits in 2022.98

ADUs are most popular in Los Angeles County, where 49% of the population is Latino.99 They provide homeowners with rental income opportunities and nearby living units for family or friends who would otherwise be forced to move to more remote, but affordable locations, including other states. But ADUs do not provide the same generational wealth-building benefits as owner-occupied housing and are not well-suited for households with children.

Despite the new laws, affordable single and multifamily housing production - particularly compared to competitors like Florida and Texas — continues to be blunted by California’s increasingly stringent “CalGreen” building code costs, fees and exactions that can exceed $150,000 per unit, as well as high cost cleanup or utility improvements required to reuse urban infill sites.100 Infill housing costs have skyrocketed to the point that infill proponents concede that even staggering expensive rental housing development is not feasible in major California urban areas. A multi-family project charging over $4,000 per month for a small two-bedroom unit touted as an infill housing solution in 2019 simply did not “pencil” almost anywhere in 2023.101

“...the state’s profligate spending and record deficits are draining revenues from local governments which forces cities and counties to boost development fees for local service funding.
California’s inability to produce affordable for-sale and rental housing particularly harms the aspirations of Latino households. According to the Public Policy Institute of California, Latinos are far more likely to have children. In 2022, the median annual income of a U.S. born Latino household was estimated to be $70,000, and $55,000 for a foreign born household, compared with $90,000 for white and $100,000 for Asian households.\textsuperscript{102}

These incomes are far too small to rent a $4,000 per month apartment, which requires annual earnings of at least $160,000 to avoid paying more than 30% of total income on housing, the standard threshold for excessive housing costs.\textsuperscript{103} California Latino households have much lower homeownership rates compared to white and Asian households.\textsuperscript{104}
Only 45.4% of California’s Latinos were homeowners in 2021, compared to 63.6% of California’s non-Latino white population. California Asian households had a homeowner-ship rate of 60 percent. African Americans rates were also far lower than in other states.

The profound disconnect between how much housing costs and how much residents can afford is also driving California’s worst-in-nation poverty rate. More than half — 58.3% of Los Angelinos and 50.2% of San Franciscans pay more than 30% of their income on rent.

**Solving California’s Housing Crisis: Restore Attainable Homeownership to Middle Income Households**

To truly solve California’s housing crisis, California’s leaders — which include a record number of Latino legislators - must support housing law reforms that make homeownership attainable again for low- and middle-income workers and families. Affordable, desirable housing must be provided without taxpayer subsidies from our cash-strapped state and struggling local governments.

The ecology warriors’ platform of the 1960s — fighting against pollution and for the protection of natural places — has long ago mutated into an environmental “hustle” using environmental rhetoric to conceal their own selfish, especially no-growth, interests. “Many growth opponents use environmental arguments to mask other motives,” wrote...
MIT’s Bernard Friedan in 1979, “such as fear of property tax increases or anxieties about keeping their communities exclusive.”

Dr. Friedan’s book recounts the weaponization of state environmental law, including the California Environmental Quality Act (CEQA), against housing projects throughout the Bay Area. It prompted the California Legislature to enact the state’s first Housing Accountability Act and Permit Streamlining Act in the early 1980s, only to have the courts slam the door against housing in favor of ever-more expansive interpretations of CEQA.

In recent years, the state’s regressive housing policy has developed a profound racial character that has erased decades of homeownership progress made possible by civil rights laws. Latino and Black households struggle to even afford rent, let alone own a decent home, as a largely high-income, anti-growth environmental movement works relentlessly to reduce or eliminate new housing.

Today’s “radical chic” anti-housing activists are our climate change warriors. They believe that all people should live in high density cities, have few or no kids, and happily ride a bike or bus to all destinations. They claim with apocalyptic certainty that civilization or the planet itself will end unless bureaucrats and suits choke off any kind of housing that working families desire or can actually afford. This constitutes, in my estimation, a racist green assault on civil rights, buried beneath layers of acronyms and hundreds of ever-evolving infill housing and climate plans, reports, “guidance documents,” and funding diktats.

For example, California’s climate cultist lead agency, the California Air Resources Board (CARB), is not content with just banning fossil fuels in cars and pickup trucks. Its appointed leaders voted unanimously to demand that each Californian drive 30% fewer miles - even if they use electric cars — which is two and a half times fewer miles traveled than during our prolonged COVID-19 lockdown. Yet, car use is one of the most effective means for lower-income families (disproportionately Black and Latino in California), to gain access to job opportunities and achieve upward mobility.

The adverse racial and social effects of California’s anti-housing environmental movement are amplified by the local government’s increased reliance on exorbitant development fees to pay for public services. Gone are the days when cities and counties were required to provide basic sewer and wastewater treatment, or police and fire services, for all residents, new and old. As California’s leaders squander billions of dollars on failed homeless reduction or high speed rail programs, and seize local redevelopment funds to plug budget deficits, cities and counties (and ultimately new housing residents) pay for municipal services by exacting large payments from housing or other developers.

Although California’s pro-housing legislators have attempted to require more transparency, and even control, over government imposed fees and costs for new housing, their efforts have largely failed. A new home buyer or renter in the state pays what amounts
to a country-club initiation fee that can be in excess of $150,000 per unit to pay for the public services that existing residents pay for through conventional property taxes.\textsuperscript{114} It is no wonder that California has by far the most unaffordable housing in the nation.\textsuperscript{115}

\begin{quote}
California will not solve its housing crisis until our government officials resist anti-housing environmental dogma and start returning taxpayer dollars to local governments for essential services.
\end{quote}

Absent ending or politically neutralizing anti-housing and infill-only environmental bias, and capping fees on new housing by restoring more tax funds to local governments, attainable homeownership and high-quality public amenities are at risk of becoming a historic memory rather than an integral part of Californians’ lives — just as Latinos are now the state’s demographic plurality. Our younger, browner, and housing-poor families expect and deserve to become homeowners, and must wrest control of the legislature’s decades-long bias against attainable homeownership
PUBLIC POLICIES TO EMPOWER LATINOS IN CALIFORNIA

by Karla López del Río

The Gonzalez family’s immigrant journey from Mexico to California began in the late 1970s with a modest corner market in Anaheim. Today, Northgate Gonzalez Market has evolved into a billion-dollar food retailer that operates 47 stores, positively impacting local communities with hundreds of local jobs and youth scholarships, as well as providing access to onsite community health and financial resources. This upward mobility success story emphasizes the critical connection between U.S. economic prosperity and that of its residents, particularly for the state’s working-class immigrants and their descendants.

To sustain this progress, there must be a commitment to public policies that can effectively break intergenerational cycles of poverty by significantly enhancing the financial and civic foundations of working Latino families. This represents the key to California’s future success.

Data shows that Latinos in California face a concerning level of poverty. They represent 40% of residents, yet account for over 50% of the state’s impoverished population. Their substantial demographic growth – accounting for more than two-thirds of all growth over the past decade – is expected to raise their share of the population to nearly 50% in 25 years.

The biggest problem cited by Latinos stems from lack of access to quality education or skill development — crucial to boosting income. This is of increasing importance due to California’s skyrocketing cost of living. Soaring market-rate rentals accelerate rent burden, making saving for education, entrepreneurship, and homeownership virtually impossible. With lack of familial inherited wealth, the exponentially increasing housing prices make investment all but impossible for millions of Latinos.

California ranks as the third lowest in the nation for Latino homeowner-ship. This is especially consequential to the Latino population, which holds over half of its total wealth in real estate, compared to white populations who tend to have more diversified investment portfolios. This constitutes one of the main underlying reasons for the state’s deep wealth gap. This is further

They represent nearly 40% of residents, yet Latinos comprise over 50% of the state’s impoverished population.

California’s Latino Community

<table>
<thead>
<tr>
<th>Family Type</th>
<th>% college grad</th>
<th>% own a home</th>
<th>% annual income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latino, foreign born</td>
<td>13</td>
<td>46</td>
<td>70k</td>
</tr>
<tr>
<td>Latino, native born</td>
<td>20</td>
<td>46</td>
<td>70k</td>
</tr>
<tr>
<td>White</td>
<td>45</td>
<td>54</td>
<td>80k</td>
</tr>
<tr>
<td>Asian American/Pacific Islander</td>
<td>42</td>
<td>56</td>
<td>80k</td>
</tr>
<tr>
<td>Black</td>
<td>72</td>
<td>60</td>
<td>90k</td>
</tr>
</tbody>
</table>

SOURCE: Author calculations using 2018-2020 5-year American Community Survey data from IPUMS USA; Version 5.12.
NOTES: College graduates are calculated as a share of those 25 years and older with at least a bachelor's degree. Income is the household income reported by heads in which the head of household identified in each demographic group.
FROM: PPIF Blog, October 2022.
Get the data - Embed - Download image
Addressing these issues is critical. In high-cost California, Latinos face setbacks due to deep-rooted, community-wide, obstacles such as lower financial literacy, higher debt-to-income ratios, and missed tax credits.125 “[They] are consistently priced out of the market”, states Brenda Rodriguez, executive director of Affordable Housing Clearinghouse, “…so equipping them for success requires engaging them from a young age in programs promoting financial wellness.”126 Assisting them along their financial track increases their chances for success and provides opportunities to craft their unique economic paths. Building the capacity of trusted community messengers, such as Ms. Rodriguez, could prove transformative.127

In California, 99% of Latino immigrants are from Latin America, and 77% of those are from Mexico.128 Such migrants mainly come from impoverished rural communities with low educational attainment, face language barriers, and are unfamiliar with the U.S. education, financial, and civic systems.129 Unable to guide their children, partnering with local leaders is vital for providing culturally relevant guidance that ensures they have all the information and resources they need to succeed. Mentorship can have a profound impact on Latinos upward mobility and civic engagement.

“I nearly overlooked the college application process, assuming it was a straightforward progression from one grade to the next,” recalls Heidi Marshall, Riverside County’s Director of the Department of Housing and Workforce Solutions. “[I was] unaware of this crucial step [and] my single mother, who had migrated from Honduras as an adult and...
worked two jobs, was even more uninformed." She then added, "It was a professor who showed me the intricacies of the college application process."\textsuperscript{130}

Low wage work often imposes long hours, leaving little time for civic and political engagement among Latinos. They face time constraints, lack of knowledge, and difficulties accessing resources.\textsuperscript{131} This challenge is particularly difficult for leaders of Central and Southern Inland California, under-resourced regions, historically disconnected from Sacramento policymaking.\textsuperscript{132} As Latino families increasingly migrate inland, away from high-cost coasts where Latino leadership is historically found, the need to recognize and cultivate new leaders in these communities becomes paramount.\textsuperscript{133} Meeting emerging leaders where they are can amplify their voice and directly involve them in shaping public policies that affect them and their communities.\textsuperscript{134} Their development can be facilitated by a variety of institutions including schools, churches, nonprofits, civic organizations, government, and businesses – both small and large.

Despite facing formidable financial barriers to upward mobility and civic engagement, Latinos’ relentless efforts echo in the data. They exhibit undeniable economic power; contributing $3.2 trillion to the U.S. GDP in 2023 (rivaling the United Kingdom’s economy), driving over one-fifth of consumer spending in California (approximately $750 billion of its $2.9 trillion economy), and increased political representation;\textsuperscript{135} Latinos comprise 32.5% of the California Legislature, well above national averages of 2%.\textsuperscript{136}

In the business sector, Latino-owned businesses — predominantly led by Latina entrepreneurs — marked the fastest-growing national sector in 2022.\textsuperscript{137} Significant strides have been made in education as well. For example, in the California State University system, Latino male graduation rates doubled from 9% to 18% within the last five years, and Latino female rates increased from 15% to 29%.\textsuperscript{138} Of University of California Riverside’s 22,000 student body, 75% are Latino and 46% report being low-income. Nonetheless, the school boasts a 77% graduation rate and has been ranked #1 in social upward mobility two years in a row.\textsuperscript{139}

Latinos have made impressive progress, but their economic power and civic leadership still holds great untapped potential. Gonzalez’s Market evolved from a modest corner market to a billion-dollar company thanks to the creativity, hard work, and resilience of its founders, exemplifying Latino immigrants and their descendants as assets to California. Yet, despite their significant contribution to the state’s economy and society, the prosperity of approximately 16 million Latino residents continues to be plagued by stark financial disparity. To ensure a brighter future for all Californians, closing the wealth gap for working families is essential. Empowering them to be active leaders, problem solvers, and contributors to wealth creation will unlock opportunity for young Latinos who will carry the legacy of the American Dream far into the future. ※
El Futuro es Latino


7. California Assessment of Student Performance and Progress, California Department of Education, 2023; English Language Proficiency Assessments for California. [https://caaspp-elpac.ets.org//ResearchFileListSB?ps=true&IstTestYear=2023&IstTestType=B&IstCounty=00&IstDistrict=00000#dl](https://caaspp-elpac.ets.org//ResearchFileListSB?ps=true&IstTestYear=2023&IstTestType=B&IstCounty=00&IstDistrict=00000#dl).


11. "Labor Market Information for the State of California (Statewide Summary),” Employment Development Department. [https://labormarketinfo.edd.ca.gov/specialreports/CA_Employment_Summary_Table.pdf](https://labormarketinfo.edd.ca.gov/specialreports/CA_Employment_Summary_Table.pdf).


Endnotes


23 “Latinos in Twentieth Century California”.


25 Census of Employment and Wages.


30 https://calmatters.org/environment/climate-change/2024/03/california-climate-change-mandate-analysis/


Endnotes


35 Based on analysis by Marshall Toplansky, Chapman University, based on American Community Survey


38 https://www.governing.com/work/california-has-a-huge-wage-gap-by-race-and-gender

39 "Beyond Feudalism".

40 https://calmatters.org/california-divide/2023/10/poverty-rate-california/


42 Jonathan Lansner, “CEOs may hate California, but state’s ranked second-best for workers,” The Orange County Register, October 18, 2019, https://www.ocregister.com/2019/10/08/ceosmay-hate-california-but-states-ranked-second-best-for-workers/; “Beyond Feudalism".


44 Ibid.

45 Ibid.

46 Ibid.


49 Regulatory Takings: Law, Economics, and Politic.
Endnotes


53 Based on US Census data analyzed by Wendell Cox.


57 "Electric Power Monthly".

58 Based on US Census data analyzed by Wendell Cox

59 Wendell Cox analysis from US Census data

60 Jonathan Lansner, "Where is homeownership highest in California?" San Bernardino Sun, February 21, 2024.

61 Based on US Census data analyzed by Wendell Cox


Shortchanging the Future: California Fails Its Latino Students


75 Ibid.

76 Ibid.

77 Ibid.

78 Ibid.


82 Ibid.

83 Ibid.

84 Ibid.

Endnotes


89 "Charter Pupils Outperform Peers at Traditional Public Schools".

90 Ibid.

Latinos and the California Housing Crisis


Endnotes


111 Rolf Pendall, "For many low-income families, cars may be key to greater opportunity," Urban Institute, April 1, 2014. https://www.urban.org/urban-wire/many-low-income-families-cars-may-be-key-greater-opportunity

Endnotes


Public Policies to Empower Latinos In California


Endnotes


123 Alissa Anderson, “California’s Top 1% Grew Richer During the Pandemic” California Budget & Policy Center, November 2023. https://calbudgetcenter.org/resources/californias-top-1-grew richer-during-the-pandemic/


130 Interview with Heidi Marshall, Director Riverside County’s Housing and Workforce Solutions Department.


California’s $2.4 trillion in consumer spending, 40% of the state’s population, projected $960 billion. However, due to their income being below the average, a more accurate estimate of their spending is likely closer to $750 billion.; Marshall Terrill,” 2023 LDC US Latino GDP Report shows tremendous impact of Latinos to US economy,” Arizona State University, October 2, 2023. https://news.asu.edu/20231003-discoveries-lde-us-latino-gdp-report-impact-economy-asu-authors.


