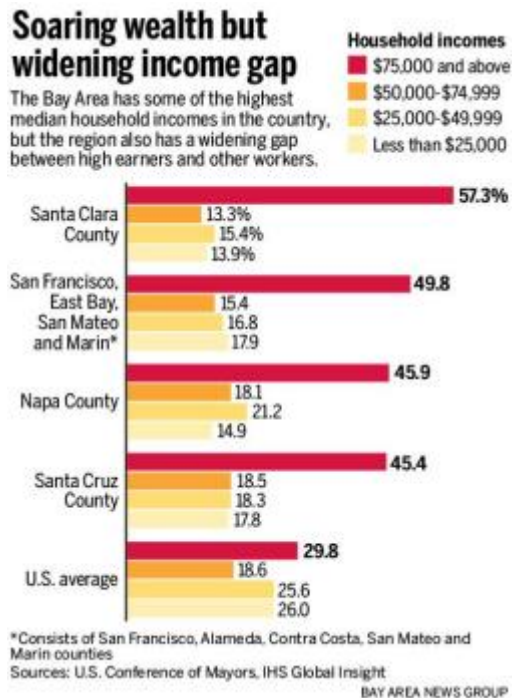


Santa Clara County has highest median household income in nation, but wealth gap widens



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Santa Clara County has the highest median household income in the nation, at \$93,500, and two other Bay Area urban centers are in the top 10, but the tech-fueled geysers of wealth has created a widening gap between high earners and middle- and low-income workers, according to a report released Monday.

Commissioned by the U.S. Conference of Mayors, the study found that the San Francisco-East Bay-San Mateo-Marín area ranked No. 4 nationally, at \$75,900, and Napa County came in at No. 7 with \$72,100.

But the study also found that income is increasingly less evenly distributed. In the Bay Area, Jon Haveman, an economist with Marin Economic Consulting, said that has led to “a region of haves and have-nots.”

More than half of the households in Santa Clara County earn \$75,000 or more per year. But only 13 percent of the county’s households are in the \$50,000-to-\$74,000 per year range, which analysts say is a clear sign the middle class is being hollowed out.

“All of a sudden people turn around and realize we don’t have a middle class anymore,” said Russell Hancock, president of Joint Venture Silicon Valley.

Santa Cruz County was ranked No. 11 with a median household income of \$61,500. In all of those regions, the income gap has widened.

“High tech industries are driving the gains in the Bay Area,” said Jim Diffley, senior director of IHS Economics, which prepared the study for the mayors. “The problem is a good share of the gains in the economy during the rebound aren’t going to the lower half or the middle class in income distribution. We have to be careful that economic growth benefits all income levels.”

That trend is epitomized by Santa Clara County, where 45.4 percent of the households have a median income of \$100,000 or more, 11.9 percent are in the \$75,000 to \$99,999 range, 13.3 percent in the \$50,000 to \$74,999 category, 15.4 percent in the \$25,000 to \$49,999 range and 13.9 percent are below \$25,000.

The report also found that the income gap is growing across the nation. From 2005 through 2012, the study found that 248 metro areas experienced a widening income gap, while the gap shrank in about 109 urban centers. The study findings did not include past-to-present comparisons for individual urban areas. But it said that nationwide, the highest 20 percent of earners in 1985 collected 45.6 percent of all income, while they now get 51 percent.

“This is an alarming situation,” said Tracey Grose, a vice president and research director with the Bay Area Council’s Economic Institute. “The income disparity is setting us on a path to economic crisis and decline.”

Job growth and a surge in wages and salaries in higher income groups have fueled demand for housing in the Bay Area and sent home prices and rents skyrocketing. When houses become more expensive, middle- and low-income earners frequently must live in cheaper communities farther from the primary job hubs of Santa Clara County, San Mateo County and San Francisco.

“People are spending hours and hours in automobiles,” Hancock said. “That is not how you build families. That isn’t a life.”

Local leaders have long called for higher-density housing near transit hubs. They also said it’s vital for the Bay Area and California to intensify efforts to fund education so young residents can compete against job hunters from other states or countries for well-paying tech jobs.

A second gap is expected to emerge in the coming years, the study found — a gap between Santa Clara County’s wage levels and the rest of the nation.

In 2009, Santa Clara County was No. 2 behind Washington, D.C., in median household income. But last year, the South Bay was No. 1 and its household income was 6.1 percent above the nation’s capital. By 2017, Santa Clara County is expected to boast a median household income of \$111,900, which is expected to be 11.8 percent ahead of Washington, D.C.

“We are seeing a fundamental transformation of Santa Clara County,” Hancock said. “We are becoming more like Manhattan.”

