

Apple Commits \$2.5 Billion to California Housing Initiatives

By Chris Gronseth, J.D. Candidate 2022 | November 11, 2019

Apple recently declared its intent to contribute \$2.5 billion towards housing initiatives in Northern California, a region heavily scrutinized for its unaffordability and homelessness. This move by the largest public U.S. company follows the roadmap put forth by Microsoft, Facebook, and Google. Earlier this year, these tech giants pledged grant and loan packages focused on similar initiatives. Tim Cook, Apple's CEO, [stated](#) that the contribution was a part of Apple's "civic responsibility to ensure that [Silicon Valley] remains a vibrant place where people can live, have a family, and contribute to the community."

The projected breakdown of Apple's \$2.5 billion commitment [includes](#):

- \$1 billion for a statewide affordable housing fund
- \$1 billion for first-time homebuyer mortgage assistance
- \$300 million for conversion of existing Apple property to affordable housing
- \$150 million to a Bay Area nonprofit focused on reducing and preventing homelessness
- \$50 million to address homelessness

While the move is sure to generate some positive media publicity, it has already generated some criticism. Apple, as one of the most cash-rich public companies, holds over \$200 billion of excess [cash](#) and bought back more than \$18 billion worth of its own stock in the last 3 months. Thus, their \$2.5 billion commitment, while commendable, represents less than 1.5% of their outstanding cash and should be placed in context with other corporate initiatives.

Questions also arise as to the feasibility of the proposed initiatives. San Francisco and other Bay Area cities have reached the capacity of outward expansion, meaning that the only way to expand housing is to modify existing structures. However, as it stands, current zoning laws severely restrict high-density housing construction. Earlier this year, the California state legislature tabled a bill proposing to loosen some of these [regulations](#). Certainly, the California state government will need to supplement large tech company contributions with laws encouraging affordable housing solutions.

Regardless of the criticism and feasibility, any Bay Area affordable housing aid is desperately needed. A 2016 McKinsey Global Institute [report](#) projected that California needs 3.5 million new housing units to address its current shortage. San Francisco maintains the highest cost of living in



the [country](#), contributing to increases in homelessness and demographic inequality.

Unquestionably, large companies can help offset some of these costs, and California Governor Newsom hopes that more companies follow suit. In the meantime, historically low interest and unemployment rates, coupled with legislative inaction, suggests no end in sight for the Bay Area housing crunch.