

Directions: In this section, you are going to read a passage with ten statements attached to it. Each statement contains information given in one of the paragraphs. Identify the paragraph from which the information is derived. You may choose a paragraph more than once. Each paragraph is marked with a letter. Answer the questions by marking the corresponding letter on *Answer Sheet 2*.

San Francisco Has Become One Huge Metaphor for Economic Inequality in America

- A) The fog still chills the morning air and the cable cars still climb halfway to the stars. Yet on the ground, the Bay area has changed greatly since singer Tony Bennett left his heart here. Silicon Valley and the tech industry have led the region into a period of unprecedented wealth and innovation. But existing political and land limits have caused an alarming housing crisis and astronomical rise in social and economic difference.
- B) While the residents of most cities display pride and support for their home industries, drastic market distortions in the San Francisco Bay Area have created boiling resentment in the region towards the tech industry. A vocal minority is even calling on officials to punish those who are benefitting from the economic and housing boom. If this boom and its consequences are not resolved, a drastic increase in social and economic difference may have a profound impact on the region for generations. A history and analysis of this transformation may hold invaluable insights about the opportunities. Perils of tech cities are currently being cultivated across the US, and indeed around the world.
- C) According to a recent study, San Francisco ranks first in California for economic difference. The average income of the top 1% of households in the city averages \$3.6 million. This is 44 times the average income of those at the bottom, which stands at \$81,094. The top 1% of the San Francisco peninsula's share of total income now extends to 30.8% of the region's income. This was a dramatic jump from 1989, where it stood at 15.8%.
- D) The region's economy has been fundamentally transformed by the technology industry springing from Silicon Valley. Policies pushed by Mayor Ed Lee provided tax breaks for tech companies to set up shop along the city's long-neglected Mid-Market area. The city is now home to Twitter, Uber, Airbnb, Pinterest, Dropbox and others. In short, the Bay Area has become a global magnet for those with specialized skills, which has in turn helped fuel economic enthusiasm, and this economic growth has reduced unemployment to 3.4%, an admirable feat.
- E) In spite of all that, the strength of the recent job growth, combined with policies that have traditionally limited housing development in the city and throughout the peninsula, did not help ease the affordability crisis. In 2015 alone, the Bay Area added 64,000 in jobs. In the same year, only 5,000 new homes were built.
- F) With the average house in the city costing over \$1.25 million and average flat prices over \$1.11 million, the minimum qualifying income to purchase a house has increased to \$254,000. Considering that the average household income in the city currently stands at around \$80,000, it is not an exaggeration to say that the dream of home ownership is now beyond the grasp of the vast majority of today's people who rent.
- G) For generations, the stability and prosperity of the American middle class have been anchored by home ownership. Studies have consistently shown that the value of land has overtaken overall income growth, thus

providing a huge advantage to property owners as a vehicle of wealth building. When home prices soar above the reach of most households, the gap between the rich and the poor dramatically increases.

- H) If contributing factors leading to housing becoming less than affordable are not resolved over multiple generations, a small elite will control a vast share of the country's total wealth. The result? A society where the threat of class warfare would loom large. A society's level of happiness is tied less to measures of quantitative wealth and more to measures of qualitative wealth. This means that how a person judges their security in comparison to their neighbors' has more of an impact on their happiness than their objective standard of living. At the same time, when a system no longer provides opportunities for the majority to participate in wealth building, it not only robs those who are excluded from opportunities, but also deprives them of their dignity.
- I) San Francisco and the Bay Area have long been committed to values which embrace inclusion and rejection of mainstream culture. To see these values coming apart so publicly adds insult to injury for a region once defined by its progressive social fabric. In the face of resentment, it is human to want revenge. But deteriorating policies such as heavily taxing technology companies or real estate developers are not likely to shift the balance.
- J) The housing crisis is caused by two primary factors: the growing desirability of the Bay Area as a place to live due to its excellent economy, and our limited housing stock. Although the city is experiencing an unprecedented boom in new housing, more units are sorely needed. Protection policies were originally designed to suppress bad development and boost historic preservation in our urban areas. Now, too many developers are experiencing excessive delays. Meanwhile, there are the land limitations of the Bay Area to consider. The region is surrounded by water and mountains. Local governments need to aid development as well. This means increasing housing density throughout the region and building upwards while streamlining the approval process.
- K) Real estate alone will not solve the problem, of course. Transportation, too, needs to be updated and infrastructure extended to link distant regions to Silicon Valley and the city. We need to build an effective high-speed commuting system linking the high-priced and crowded Bay Area with the low-priced and low-density Central Valley. This would dramatically reduce travel times. And based on the operating speeds of hovering trains used in countries such as Japan or Spain, high-speed rail could shorten the time to travel between San Francisco and California's capital, Sacramento, or from Stockton to San Jose, to under 30 minutes. This system would bring once distant regions within reasonable commute to heavy job centers. The city also needs to update existing transportation routes combined with smart home-building policies that dramatically increase housing density in areas surrounding high-speed rail stations. By doing so, we will be able to build affordable housing within acceptable commuting distances for a significant bulk of the workforce.
- L) Our threatening housing crisis forces the difficult question of what type of society we would like to be. Will it be one where the elite command the vast bulk of wealth and regional culture is defined by an aggressive business world? We were recently treated to a taste of the latter, when local tech employee Justin Keller wrote an open letter to the city complaining about having to see homeless people on his way to work.
- M) It doesn't have to be this way. But solutions need to be implemented now, before angry crowds grow from a nuisance to serious concern. It may take less than you might think. And in fact, the solutions to our housing crisis are already fairly clear. We need to increase the density of housing units. We need to use existing technology to shorten travel times and break the land limits. There is a way to solve complex social and

economic problems without abandoning social responsibility. This is the Bay Area's opportunity to prove that it can innovate more than just technology.

36. The higher rate of employment, combined with limited housing supply, did not make it any easier to buy a house.
37. One way to deal with the housing crisis is for the government to simplify approval procedures for housing projects.
38. Residents of the San Francisco Bay Area strongly resent the tech industry because of the economic inequality it has contributed to.
39. The fast rise in the prices of land and houses increases the economic inequality among people.
40. San Francisco city government offered tax benefits to attract tech companies to establish operations in a less developed area.
41. Innovative solutions to social and economic problems should be introduced before it is too late.
42. When people compare their own living standard with others', it has a greater impact on their sense of contentment.
43. San Francisco has been found to have the biggest income gap in California between the rich and the poor.
44. Improved transport networks connecting the city to distant outlying areas will also help solve the housing crisis.
45. Average incomes in the Bay Area make it virtually impossible for most tenant families to buy a home.