

Housing Background for Board Panel on Overcoming Low Housing Production

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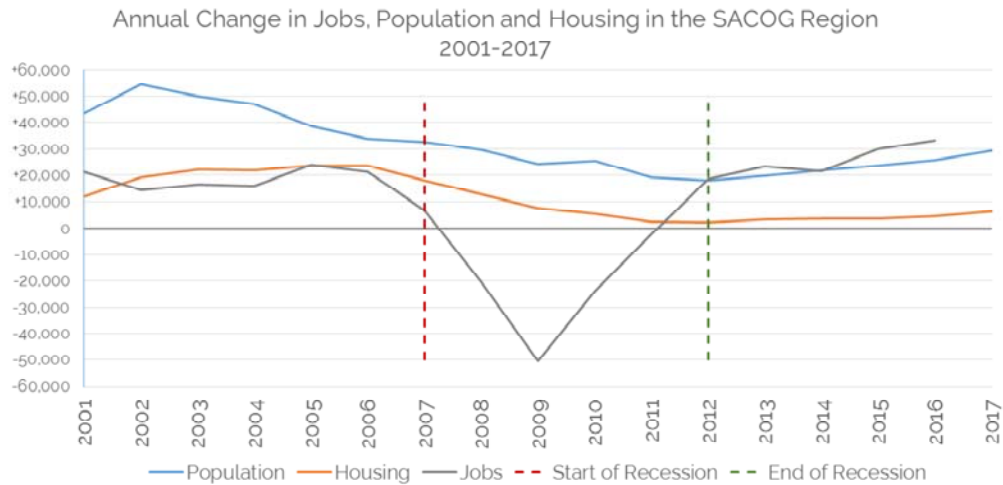
Demographer

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SACOG region in 2017 - nearly 2.5 million residents, nearly 960,000 housing units and just more than 1 million jobs



Sources: CA Department of Finance and CA Employment Development Department

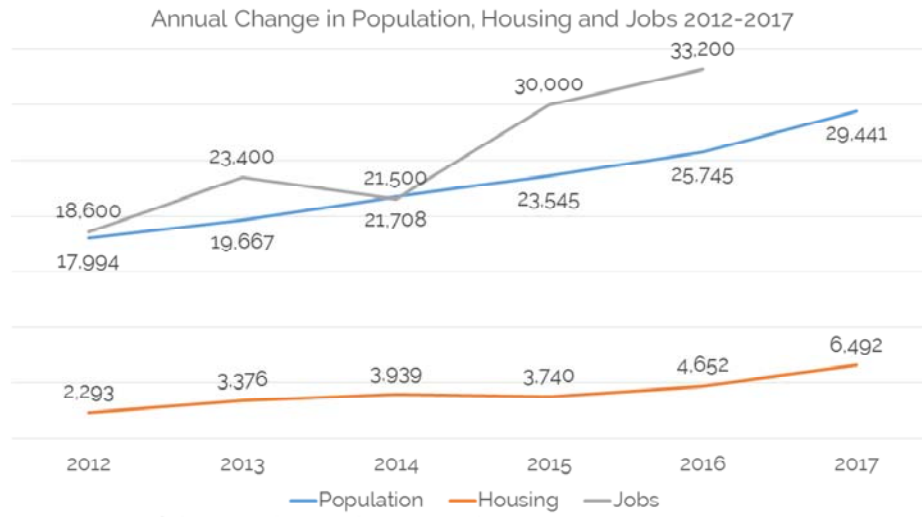
SACOG's 2017 Regional Progress Report

- jobs and population have significantly recovered from the recession and continue to increase, Housing has not.

- compared SACOG to other regions throughout California. This presentation will focus on the SACOG region specifically during the post-recession 2012-2016/17 period.

Sources: California Department of Finance Demographic Research Unit and California Employment Development Department

2012-2017 -the SACOG region has added 127,000 new jobs and only 22,000 new homes



Sources: California Department of Finance Demographic Research Unit and California Employment Development Department

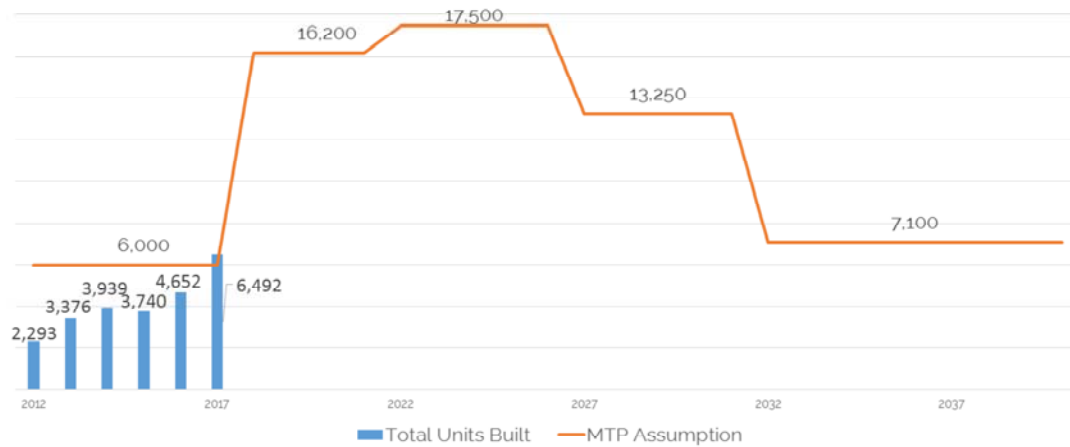
Between 2012-2016 the ratio of new jobs to housing units in the SACOG Region was 5.8

in comparison Austin, TX and Washington, DC were 1.8, Portland, OR was 2.3, and Nashville, TN was 2.4

Sources: U.S. Census, U.S. Bureau of Labor via Bloomberg

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Actual Housing Unit Growth vs Projected Growth 2012-2040



Sources: CA Department of Finance and SACOG MTP/SCS Projections

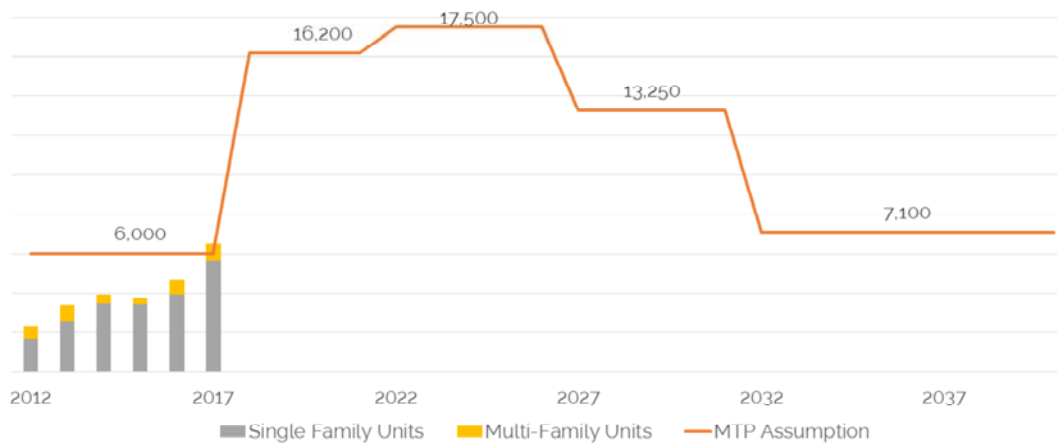
By 2040 the Region is expected to grow by at least 260,000 jobs, 625,000 residents and 290,000 housing units.

The current rate of overall housing growth is not keeping pace, and we as a region are underperforming.

Big jump in projected housing growth starting 2018 just to keep up with population and job growth.

Sources: California Department of Finance Demographic Research Unit and SACOG MTP/SCS Projections

Dearth of Attached Product -
 MTP/SCS - 45%
 2012-2017 - 16%



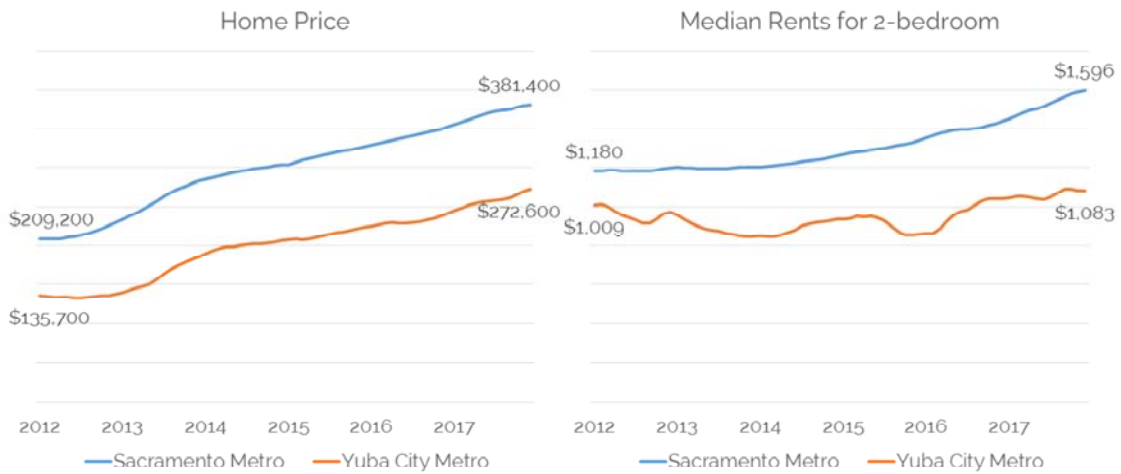
Sources: CA Department of Finance and SACOG MTP/SCS Projections

Nationally, apartment construction is at a 20-year high, the market started rebounding in 2012 and by 2014 new supply had amounted to more than 237,000 units delivered in one year, well above historical averages.

The 20 U.S Metros with the most apartments projected to be delivered in 2017 include: Austin with 7,500, Phoenix, with 7,300, Charlotte with 6,500 and Portland with 4,800. This compares to the SACOG Region currently set at 900.

Sources: California Department of Finance Demographic Research Unit; SACOG MTP/SCS Projections and Yardi Matrix

This demand has resulted in an increasingly higher priced market for both owners and renters




Source: Zillow

Large influx of Bay Area residents that want to buy and rent. This demand has led to increasingly higher rents - an 8.2% increase year over year in the last year alone. Many anecdotal stories of landlords raising rents, but people throughout the region are having a hard time finding housing at all, let alone housing they can afford.

Rents are cooling in other urban hotspots such as Houston, Austin, Denver and Portland. Six of the country's top 10 priciest markets even experienced rent drops in May 2016 including San Jose. The same does not hold true of the SACOG area.

Source: Zillow

2012-2017 Housing cost growth did not keep pace with Median Household Income Growth

	Sacramento Metro		Yuba City Metro
Housing Prices	59%		69%
Rental Prices	33%		11%
Median Incomes	7.9%		6.4%

Sources: Zillow and U.S. Census ACS

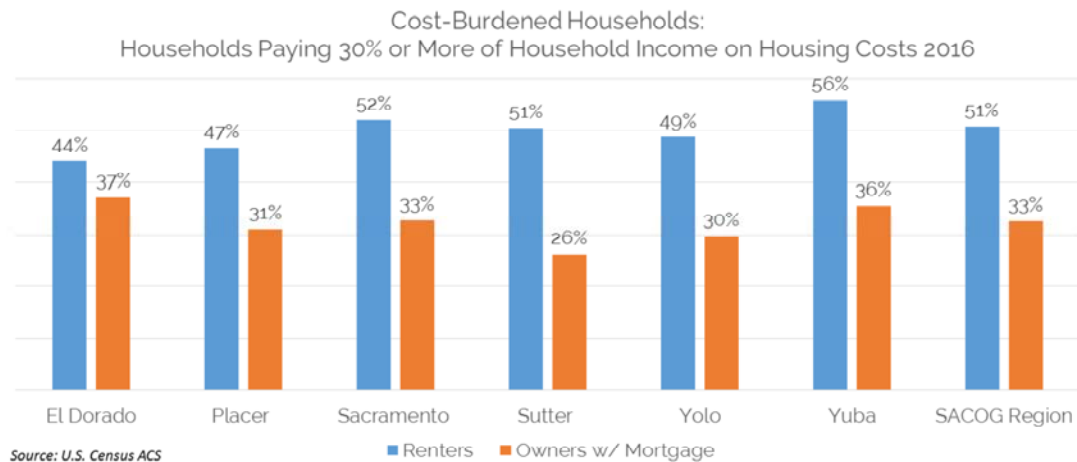
From 2012 to 2017

Sacramento Metro Area - for-sale home prices increased 59% and rental prices for a 2-bedroom increased 33%, median household income rose 7.9%.

Yuba City Metro area - for-sale home prices increased 69% and rental prices 11%, median household income rose 6.4%

Sources: Zillow and U.S. Census ACS

More than half of Renter households and nearly a third of Owners with a mortgage are housing cost-burdened



Households are considered cost burdened if they pay more than 30% of their income for housing.

Across the SACOG Region, more than half of renter households and nearly a third of owners with a mortgage are cost-burdened.

Many lower income households in the region who are paying 30, 40 and even 50% or more of their income for housing have little money left for other needs including food, clothing, transportation, and health care.

Having a large percentage of households who pay too much of their income for housing reduces other spending, and impacts the broader economy.

Source: U.S. Census ACS

What will it take to build housing units to meet the Blueprint or the SCS?

Thank you

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