

# 2021 Regional Progress Report

How the Greater Sacramento region is tracking on key measures of economic prosperity, vibrant places, and connected communities





The second of SACOG's three key goals, Vibrant Places means ensuring the region's growth patterns enhance the vitality of existing communities and foster multi-modal mobility. We want to ensure new development encourages a healthy mix of uses that include a diversity of housing, businesses, essential services, and amenities near one another.

**Vibrant Places key findings:**

- The region is heavily housing-cost burdened. Part of this stems from wages and income, but the region is also underproducing housing in relation to population growth, which puts upward pressure on prices.
- Not only the total number, but the type and location of housing matters. During the early 2000s the region produced upwards of 20,000 new housing units per year, but also lost prime agricultural land at an alarming rate. Efforts such as the Sacramento Region Blueprint showed how such growth would be unsustainable from a fiscal, economic, and environmental perspective, especially as the food/agriculture cluster is a leading tradable component of the regional economy.
- The region has made strides in recent years in increasing and diversifying its housing stock, particularly in small-lot single-family housing. But despite modest improvements, the region continues to underproduce attached and infill housing in relation to MTP/SCS goals and despite having ample land designated for attached housing. The region's Green Means Go initiative aims to tackle barriers to multifamily and infill development in greater Sacramento.

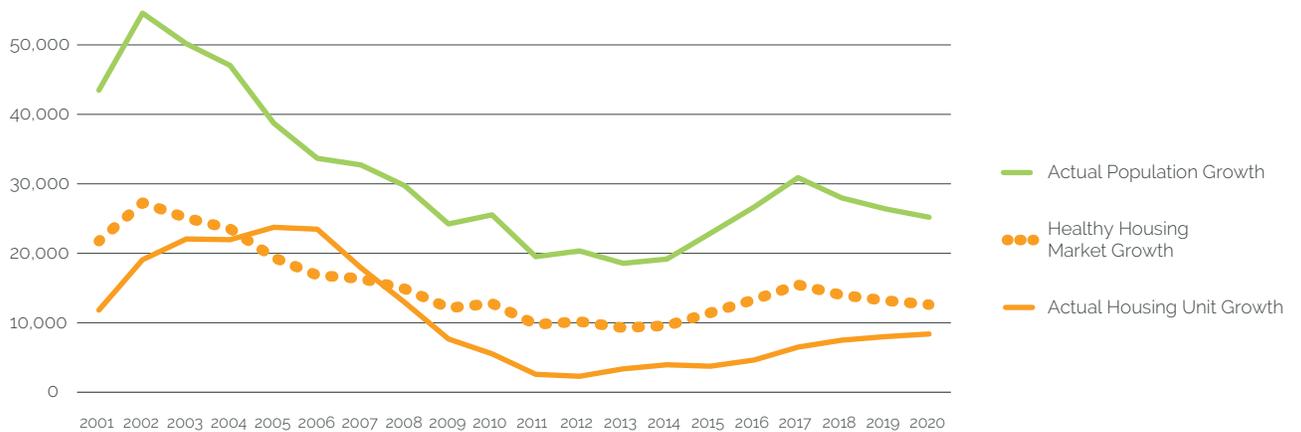
### Housing production not keeping up with population growth

Housing production in the region continues to lag population, although it has risen slightly over the last several years. However, production is still not keeping up with what is needed relative to population growth.

From 2009 onward the region has added about 65,000 new housing units. The region would have needed to add an additional 80,000 units in that timeframe (or about 6,500 more units per year above what is has been building) just to meet the new population growth.

This indicator only compares new housing to new population and does not account for any existing housing shortage. Each year the region underproduces housing adds to the cumulative impact of the housing shortage.

Vibrant Places Figure 1. Annual Population and Housing Unit Growth in Sacramento Region



Source: SACOG analysis of DOF E-5 annual population and housing estimates. "Healthy housing market growth" is defined as 1 new housing unit to 2 new residents (or 0.5 new units per new resident) using a static 5% vacancy rate assumption. Importantly, the indicator doesn't account for an existing housing shortage (for example, SACOG's analysis for the 2021 Regional Housing Needs Allocation found the region had an overcrowding rate of nearly 4.5%), just measuring new housing to new population growth. Some of the other housing indicators in the progress report use the separate SACOG permit database, which differs slightly to the DOF in geography and based on when jurisdictions report new housing starts compared to when the housing is built.

### *Largest shortfall between actual housing production and regional goals is in attached housing product*

Most of the new growth in the housing boom of the early 2000s came in the form of large single-family homes, largely in developments entitled decades prior.

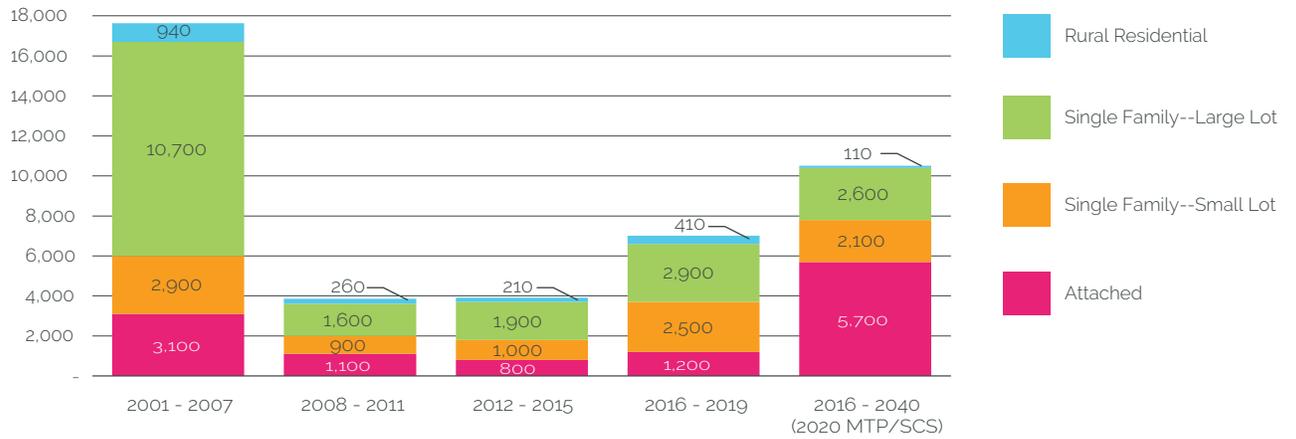
More recently, rural residential and large-lot product types account for less than half of new homes built. The largest noticeable shift in housing product the last ten years has been growth in small-lot single-family as a percentage of all new homes built, with much of this from new plans entitled in the last 15 years.

While the trend of denser housing helps toward the goal of more compact development and housing choice, the region still has a long way to go to meet the outcomes of the MTP/SCS, which suggests that 54 % of the new homes the region builds should be in attached product (e.g., apartments, townhomes, duplexes), and much of this as infill in existing communities. The region's share of new attached product in relation to all new housing starts stands little changed from early 20 years ago and trails the early part of the 2000s in terms of absolute attached units built.

Housing product type examples:



**Vibrant Places Figure 2. Annual New Dwelling Units by Product Type compared to MTP/SCS Goals**



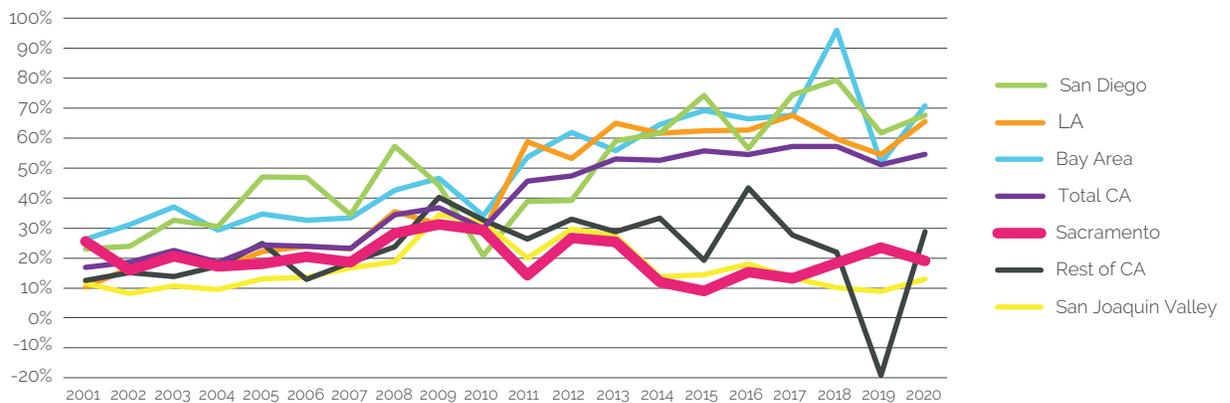
Source: SACOG analysis of regional permits database and SACOG MTP/SCS Land Use Forecast for 2016 to 2040. Note the final column (MTP 2020) represents the average annual new dwelling units forecasted in the 2020 MTP/SCS. Totals are for the SACOG region only, so do not include the Tahoe Basin of Placer and El Dorado Counties. See the "About the Data" section at end of document for more details.

*Unlike Sacramento, other California regions increasing share of attached product*

The Sacramento region (and also the San Joaquin Valley) continue to differ from the other large California regions that produce a much higher percentage of multifamily housing units (multifamily includes not only apartments but also products such as townhomes, duplexes, etc.).

In 2001, the Sacramento region was tied with the Bay Area with the highest percentage of new multifamily units in the state. Since then, however, the coastal regions have greatly increased their share of multifamily as new construction, while the share in Sacramento has slightly declined. In other words, the Sacramento region continues to miss out on the coastal “attached product boom.” While the region has ample multifamily zoning, challenges could be in part due to requirements/barriers within multifamily zoning codes, such as setbacks, parking, etc.

**Vibrant Places Figure 3. Percent of Total New Units that are Multi-Family by California Region**



Source: SACOG analysis of DOF/DRU E-5 series. The negative numbers for 2019 in rest of CA represent the large number of housing units that burned down. The DOF dataset does not separate out demolitions in this data set from new growth, so it measures a slightly different total from the regional permit database used above.

### *Underproduction of attached product exacerbates housing-cost burden, especially for low-income residents*

The Regional Housing Needs Assessment (RHNA) is a process that quantifies the need for housing by income category and sets housing goals for jurisdictions across the state. The California Department of Housing and Community Development (HCD) releases annual reports that track housing permits by RHNA category. The permit data available for this progress report update is from 2013 to 2018, while the corresponding RHNA (cycle 5) covers 2013 to 2021 (in other words, the available permit data doesn't cover every year of the cycle 5 RHNA). Yet even with a few years to go in terms of reported permits, the data show stark challenges the region and state have faced in meeting housing goals.

Most notably, the Sacramento region is not producing enough new housing to serve lower-income segments of population (i.e., nearly two-thirds into the 2013-2021 RHNA in terms of permit data, the region has only built 5% of the very low-income housing RHNA says is needed, and 7% of housing that serves the low-income cohort). And while building housing that serves lower-income families is a challenge across the full state, it seems particularly pronounced here.

The region's underproduction of attached product likely contributes to this outcome. While there is not always a one-to-one relationship (e.g., some multi-family units such as luxury condos serve a high-income market), attached housing products generally are more affordable than large-lot single-family homes.

**Vibrant Places Table 1. Reported Housing Permits between 2013 and 2018 as Percentage of RHNA Cycle 5 Allocation**

<b>RHNA Income category</b>	<b>Sacramento Region</b>	<b>California</b>
Very low	5%	9%
Low	7%	14%
Moderate	57%	32%
Above moderate	61%	81%

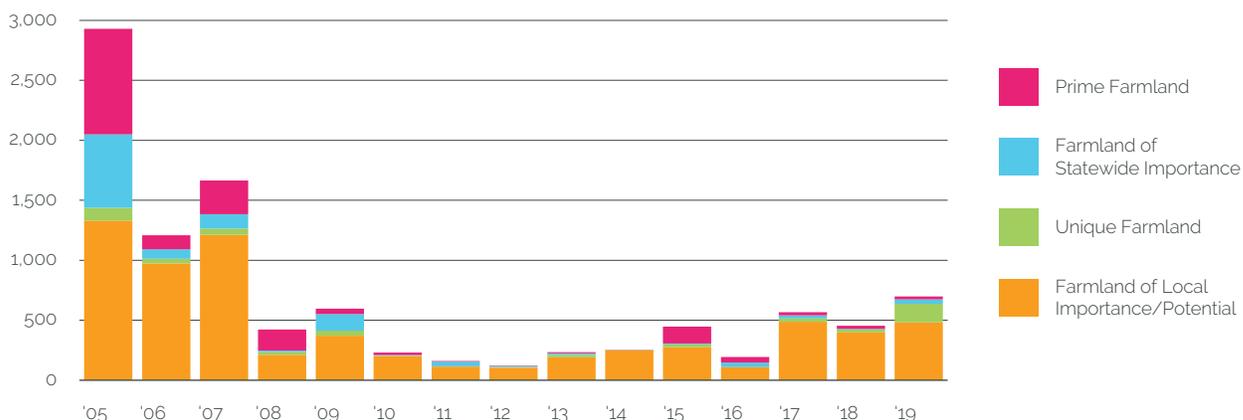
Source: SACOG analysis of HCD annual progress report permit summary. Methodology sums self-reported permits up to 2018. The table compares reported housing permits (how much housing has been built) by income category between 2013 and 2018 compared to state goals for production. Note the state goals for production in the comparison RHNA (cycle 5) go until 2021. A new cycle 6 of RHNA has been adopted which covers 2021-2029.

*As large lot single-family production slows, so does consumption of agricultural land*

In the housing building boom of the early 2000s the Sacramento region was losing farmland at an alarming rate: as mentioned above, the region was adding over 10,000 new large lot single family homes a year, many of which were sited on converted agricultural lands. Since the recession this trend has slowed, in particular the amount of prime farmland converted to housing. As home building has picked up the last few years, so too has the pressure on agricultural lands.

As noted above, food/agriculture is a leading tradable industry in the region, so conversion of agriculture land has an outsized impact on this key sector.

**Vibrant Places Figure 4. Annual Acres of Important Farmland in Sacramento Region Urbanized by Housing: 2005 to 2019**



Source: SACOG analysis of regional permits database and the CA Department of Conservation's Farmland Mapping and Monitoring Program, 2019.



## Geography

The 2021 Regional Progress Report covers the six-county Sacramento region, which consists of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties. Indicators, statistics, and charts in the Progress Report titled or referenced as the "Sacramento region" or "greater Sacramento" are for this six-county area, unless otherwise explicitly mentioned in the corresponding text/chart.

Several indicators/charts however are instead at the Metropolitan Statistical Area (MSA) level. There are two different MSAs in the Sacramento region—the Sacramento MSA (also referred to as the Sacramento metro area), consisting of El Dorado, Placer, Sacramento, and Yolo counties, and the Yuba City MSA (also referred to as the Yuba-Sutter metro area), consisting of Yuba and Sutter counties. Due to data restrictions some indicators only have data for the Sacramento MSA, not the Yuba City MSA; these will be noted in the source documentation. Finally, one transportation-related indicator uses the Sacramento Urbanized Area geography, a measure of the urbanized core of the region, while the indicators drawing on SACOG's regional permit database are just for the SACOG planning region (i.e., do not include the Tahoe Basin portion of Placer and El Dorado counties). Each of these unique geographies is referenced in the source documentation.

## Comparator regions

The 2021 Progress Report compares the Sacramento region to a variety of other metropolitan areas. First, the report compares greater Sacramento to fellow California regions: the Bay Area, greater Los Angeles, and San Diego are defined as the areas covered by their respective Metropolitan Planning Organizations (MTC, SCAG, and SANDAG), while the Progress Report defines the San Joaquin Valley as Fresno, Kern, Kings, Madera, Merced, San Joaquin, and Stanislaus counties.

Several indicators in the report include a comparison to other national mid-sized regions. Recent work by the Brookings Institution found these comparators share similar economic size, wealth, productivity, industrial structure, and competitiveness factors to the Sacramento region. To Brookings' list of 15 national comparators SACOG added two fellow state capitals (Austin and Salt Lake City) and another West Coast mid-sized region (Portland). In short, while regions in California are important points of comparison across many indicators (such as the population growth or housing cost measures), Brookings' work shows how benchmarking across fellow mid-sized regions instead of larger coastal areas can be an effective way to track other trends captured in the Progress Report. Comparator mid-sized regions are defined as their MSA.

## Race/ethnicity data

The Progress Report draws on a wide variety of data sources. Many on race and ethnicity come from the US Census Bureau based on the respondent's self-identification within Census categories. The Census recognizes race as a social construct, noting the racial categories used "generally reflect a social definition of race recognized in this country and not an attempt to define race biologically, anthropologically, or genetically." In the Census, the concept of Hispanic origin is separate from race. In other words, the Census asks respondents if they identify as being of Hispanic, Latino, or Spanish origin, and then a separate question on how they identify within Census racial categories of Alaskan Native or American Indian; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; White; Some Other Race. This two-question approach to race and ethnicity means there can be overlap between several of the reported categories in indicators that compare across groups. For example, a person who identified as being of Hispanic origin on the ethnicity question and as Black or African American on the race question would be included in both the Hispanic and Black reported categories in certain indicators. However, in other measures the data separates out Hispanic from non-Hispanic across all race categories. The Progress Report documents if the reported race/ethnicity category includes those that identify as of Hispanic origin or not, using (NH) to distinguish non-Hispanic. For example, an indicator for Black (NH) means the category covers those who selected Black or African American on the race question and 'not of Hispanic origin' on the ethnicity question. An indicator for Black (no 'NH' following in the legend) encompasses those who selected Black or African American on the race question regardless of how they answered the ethnicity question.

Because the Census is only conducted once every ten years, the bureau uses surveying techniques such as the American Community Survey (ACS) to gather important information about metropolitan regions, states, and the nation. Much of the race and ethnicity data in this Progress Report is from the ACS. The ACS source documentation details the scientific approach to these surveys, including margin of error. Data indicators on several Census racial categories in the region have high margins of error given the relatively small population and sampling size for these racial categories. As a result, outside of the total population indicator, the Progress Report does not report individual data on American Indian, Alaskan Native, Native Hawaiian, Pacific Islander, Multi-Race, or the Census' Other category. SACOG staff reviewed the available data and believe that it is not possible in the data for these categories to distinguish a true population value from a random sample error given the reported margins. However, ACS data for these racial categories can be found at <https://www.census.gov/programs-surveys/acs>

