

# Housing in the SF Bay Area, 2010-2040

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# Factors affecting future housing production

## In support

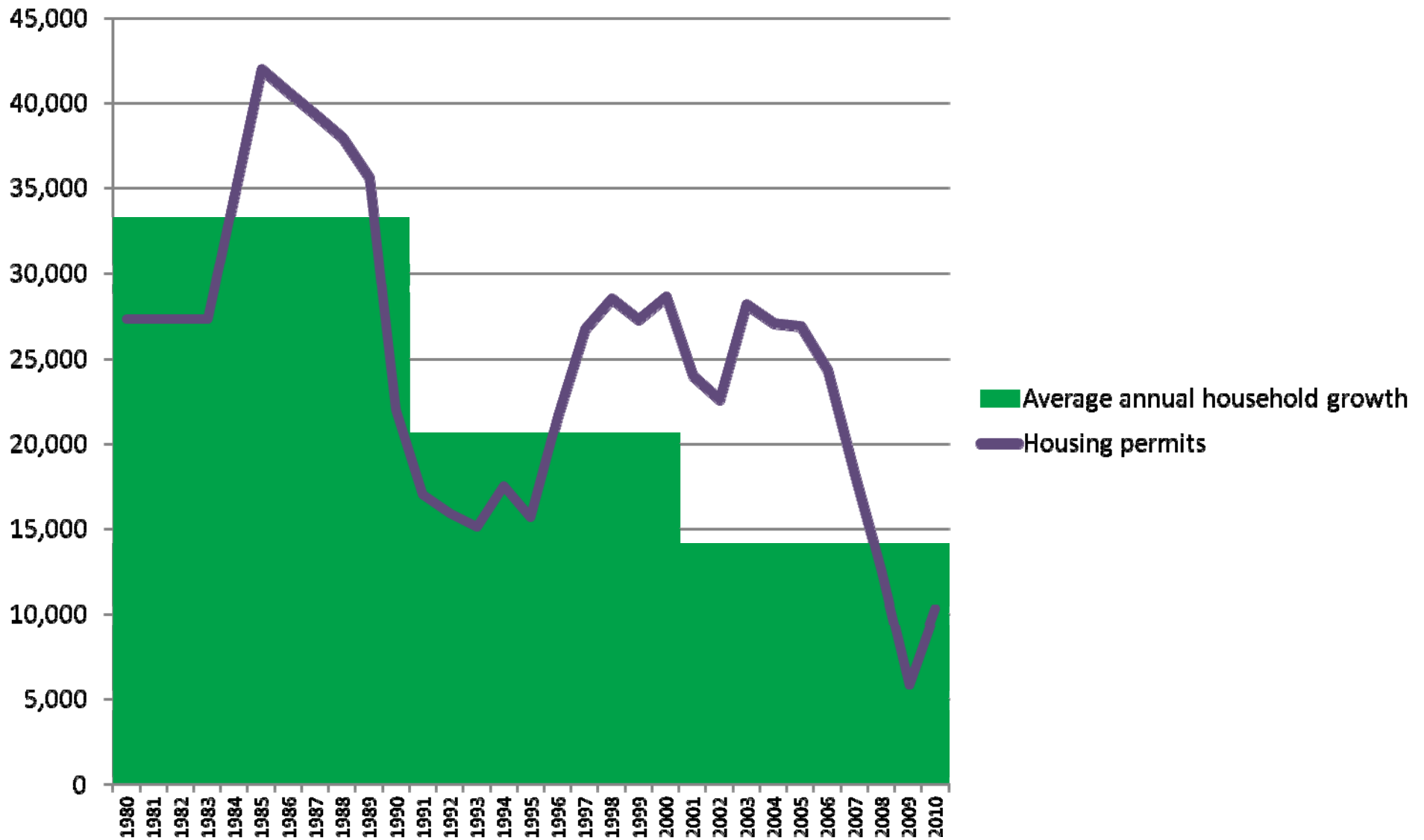
- Demographic trends increasing preference for multi-family
  - Affluent aging boomers
  - New preferences among echo boomers
  - Minimal projected growth of 35-54 cohort
- Increasing ease of construction
- CEQA reform to facilitate infill (e.g., SB 226)

# Factors affecting future housing production

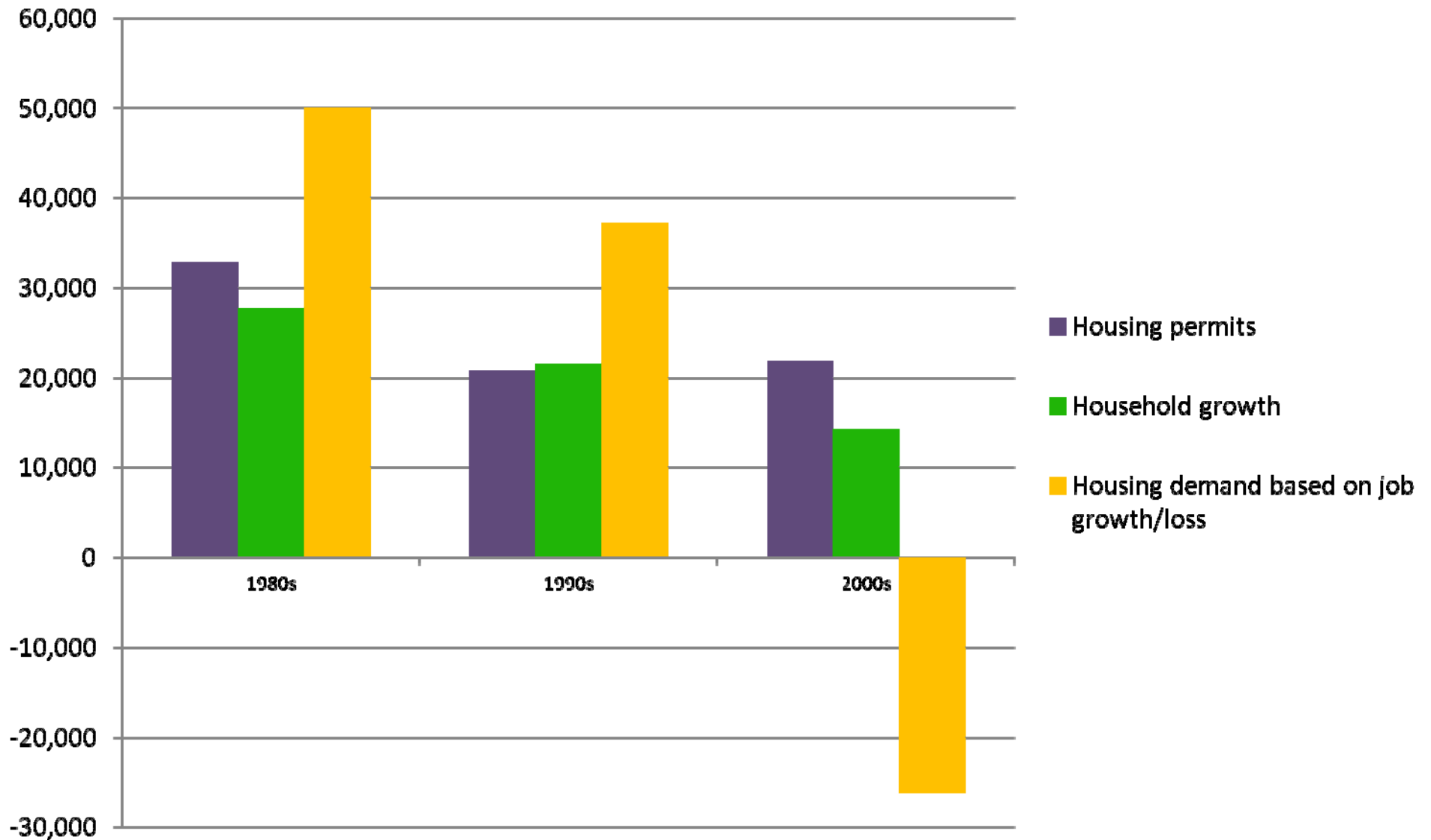
## Constraints

- Inventory and uncertainties in foreclosure crisis
- Increasing housing costs
  - Materials
  - Marketing
  - Financing, cost of money
- Urban infill costs
- Regulatory and legal factors
  - Regulatory hurdles particularly in core areas
  - Lack of institutional capacity

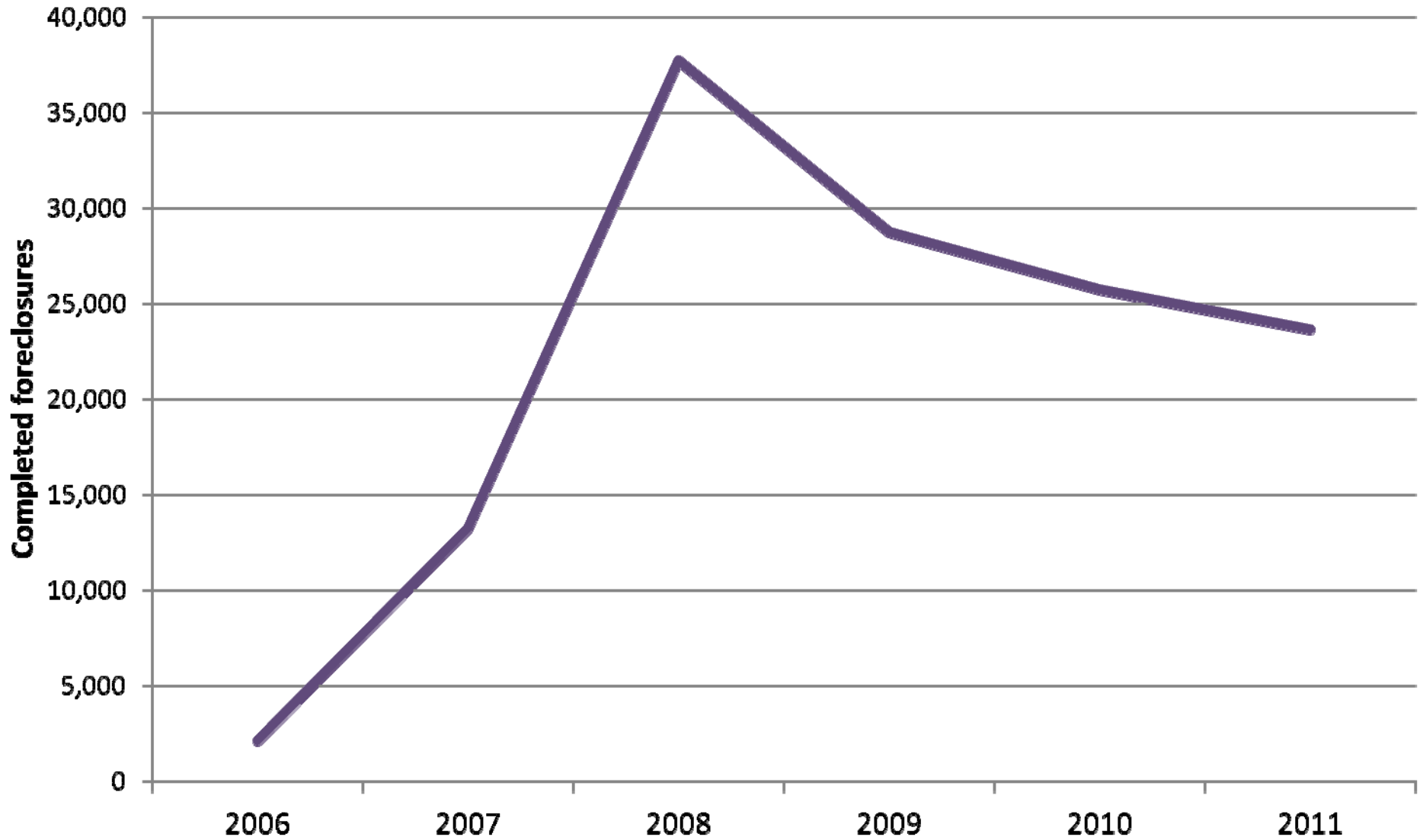
# Housing permits and household growth: An uneasy relationship



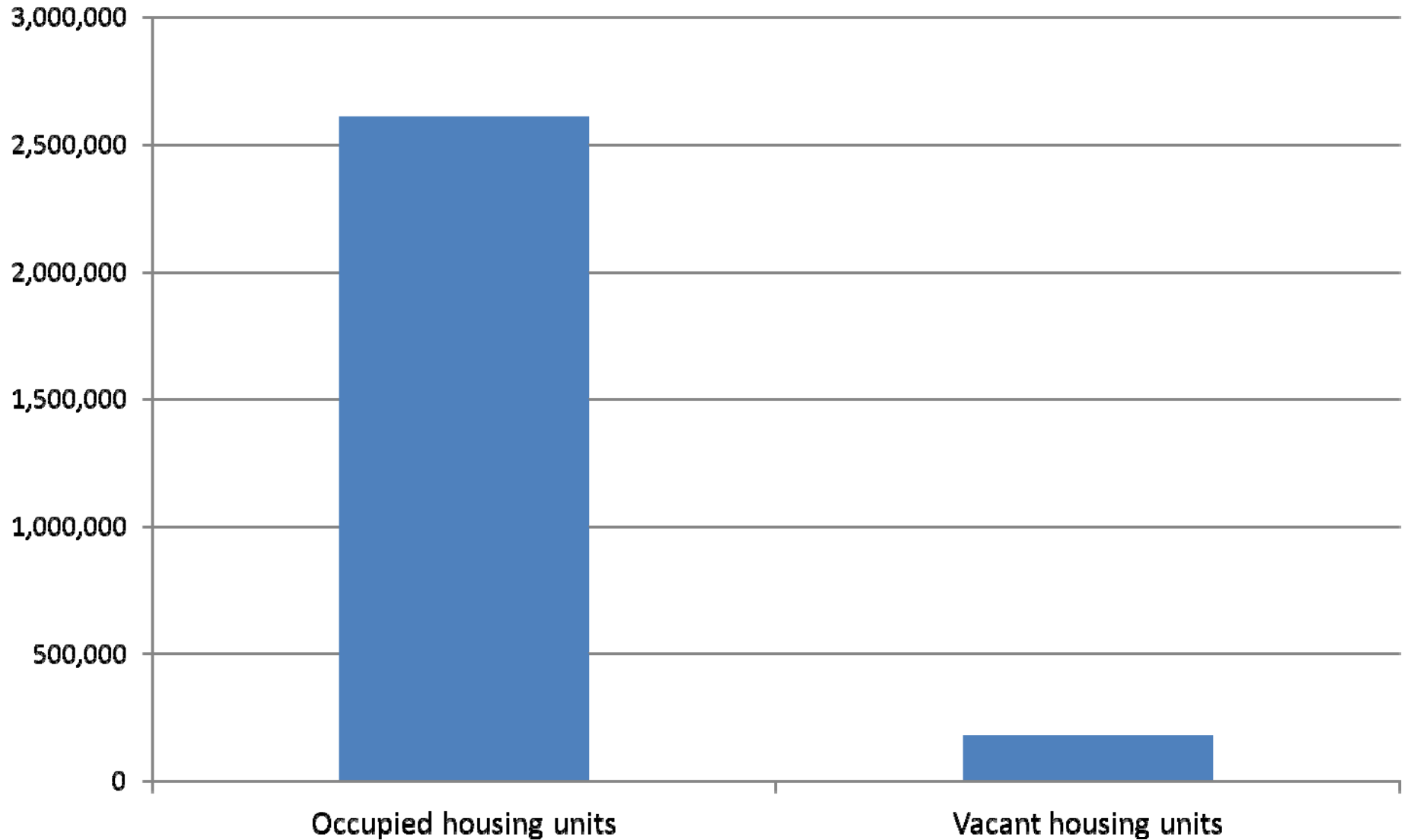
# Employment changes may not predict housing production.



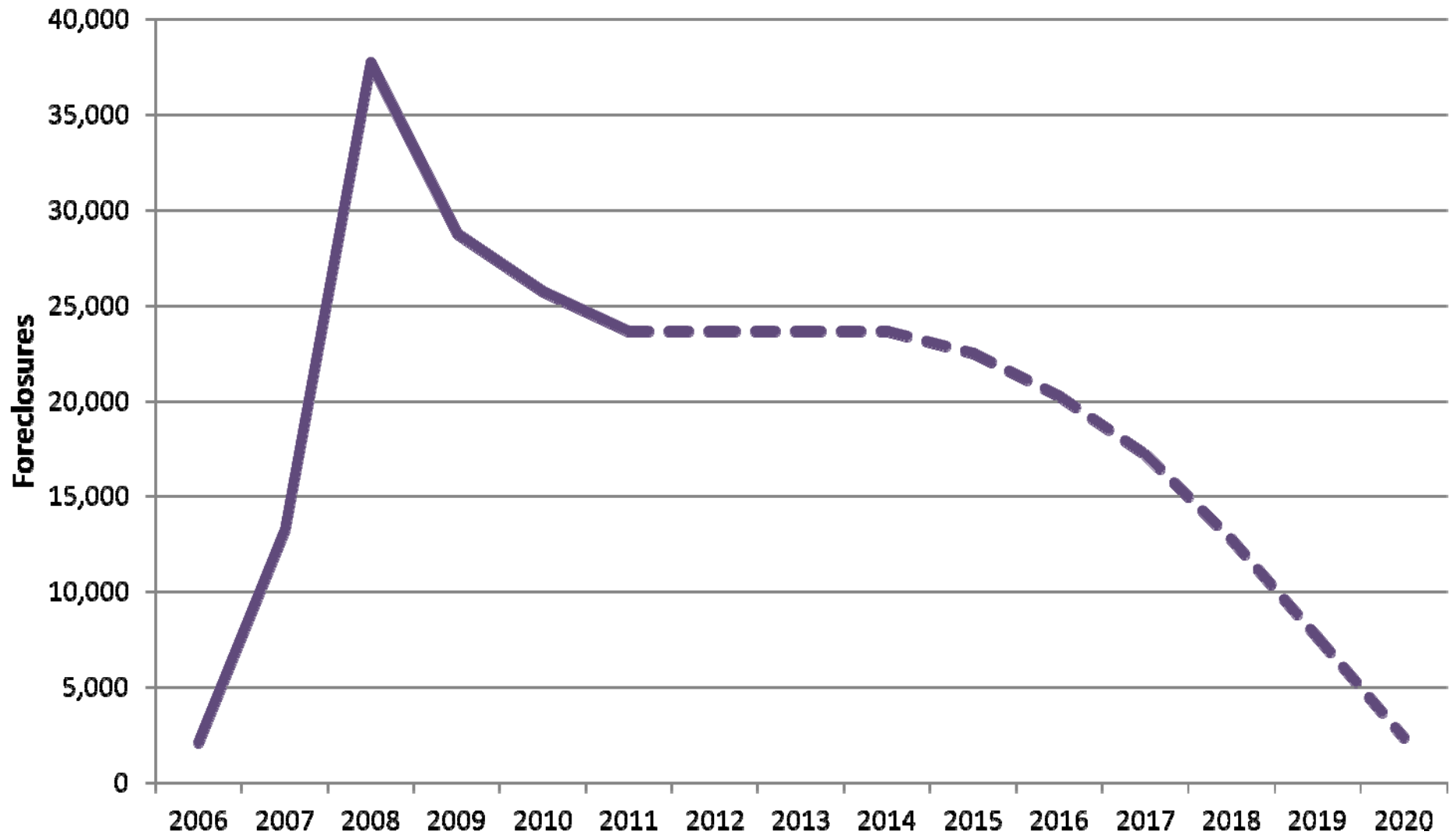
*A new housing market challenge:*  
The foreclosure crisis reached a peak in 2008...



# Leading to a vacancy rate of 6.4% in 2010



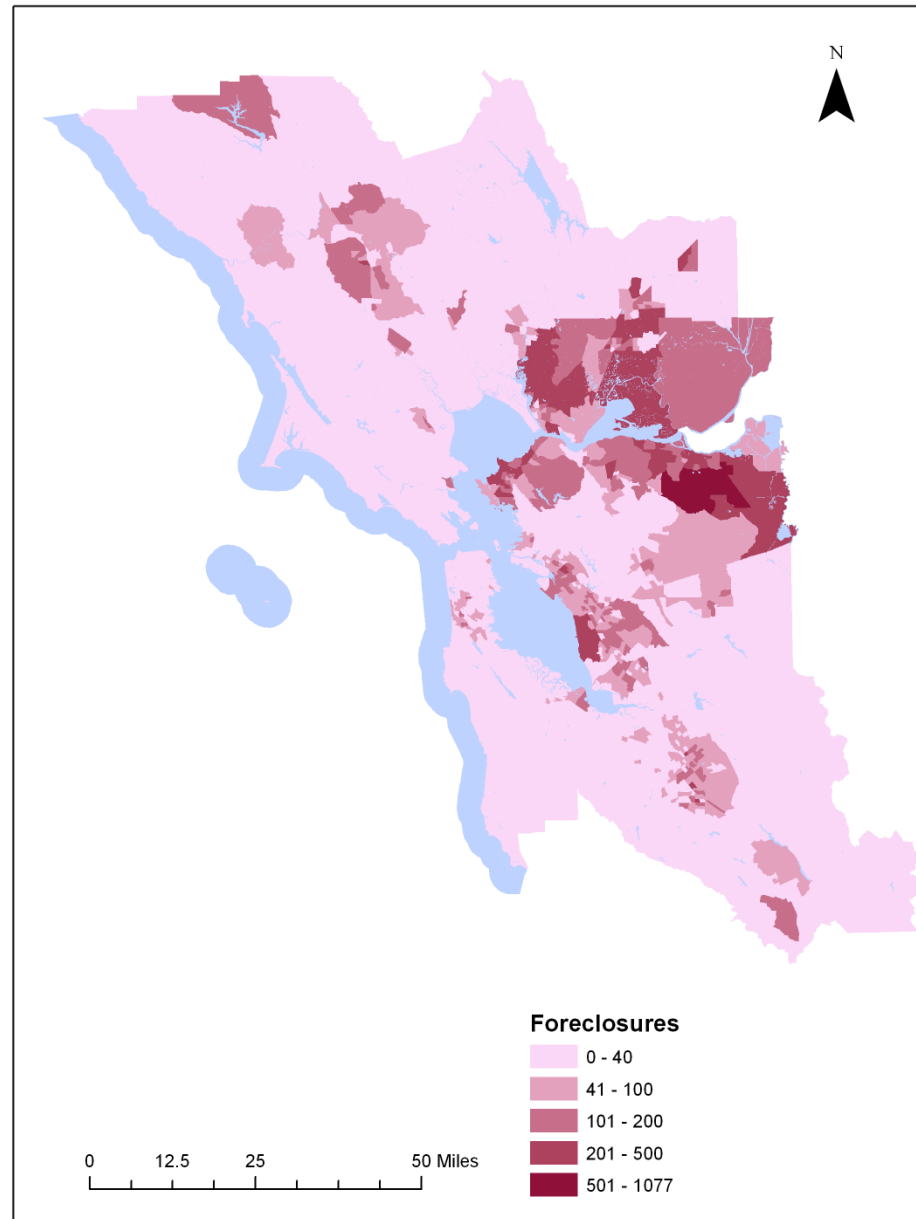
But the crisis is not yet half finished,  
with 154,000 yet to come in SFBA





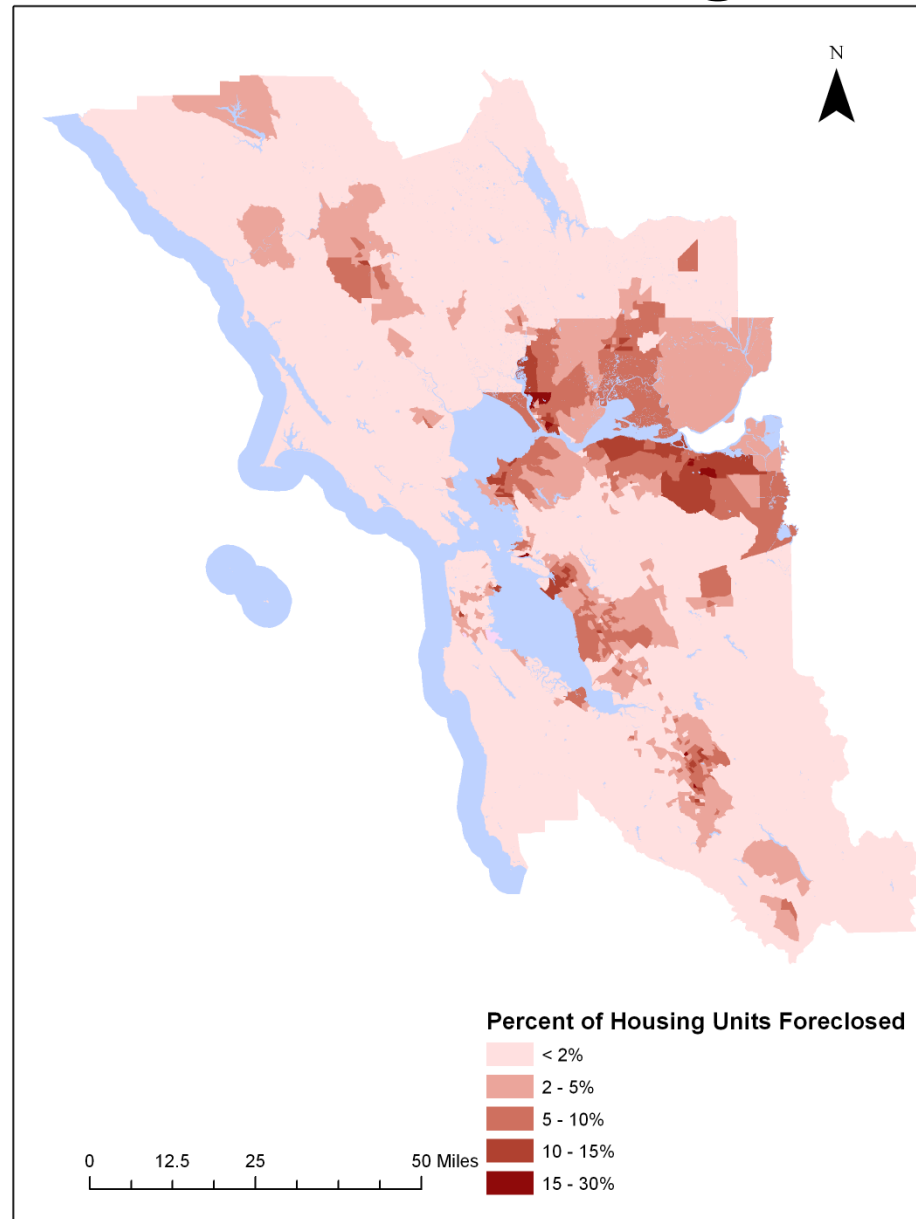
Excess inventory + future foreclosures – unusable stock =  
?? years of future housing need

# Foreclosures, 2006-09



Map: Anne J. Martin, UC Berkeley  
Data Source: Notice of Trustee Sale, DataQuick; USPS Change of Address, Satori

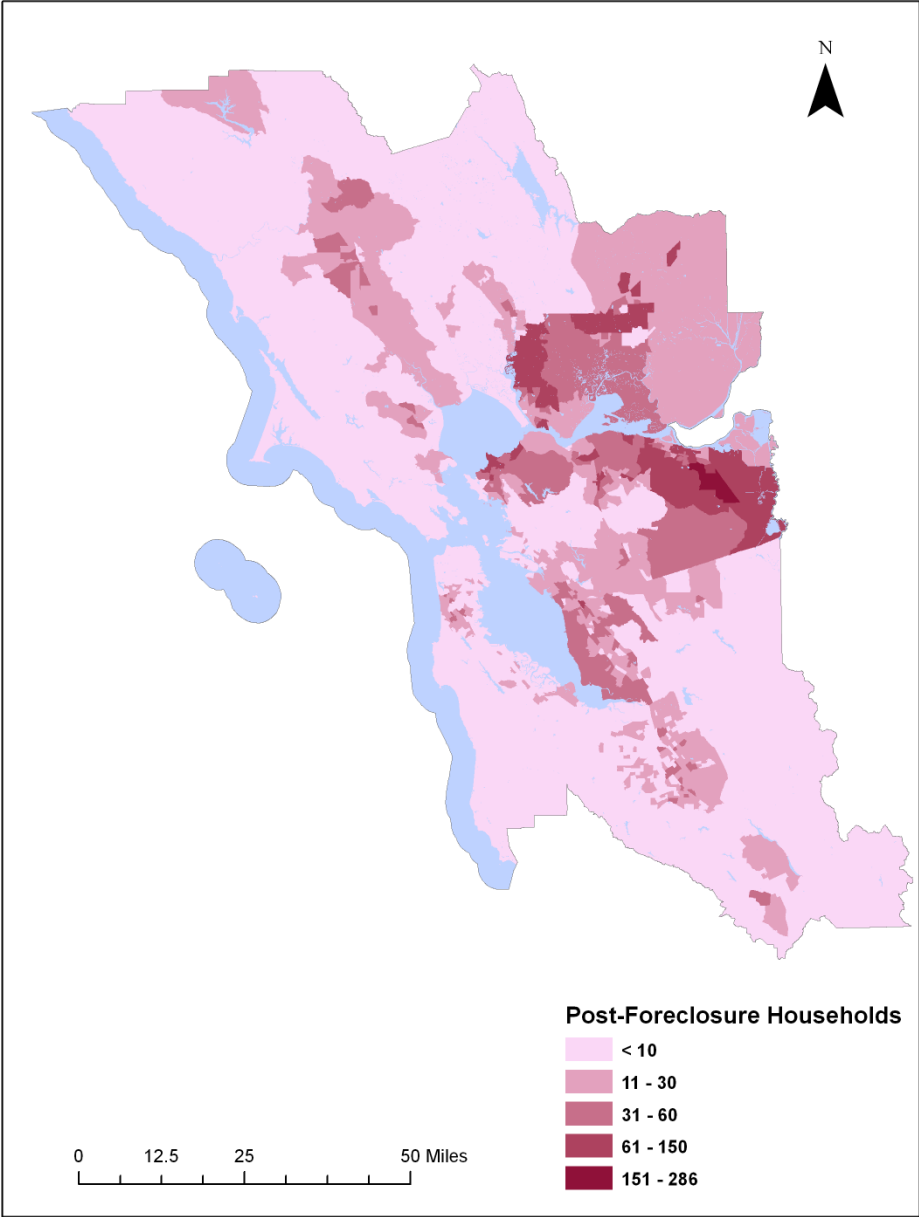
# Foreclosures as % of housing units, 2006-09



Map: Anne J. Martin, UC Berkeley  
Data Source: Notice of Trustee Sale, DataQuick; USPS Change of Address, Satori

# Post-Foreclosure Household Location

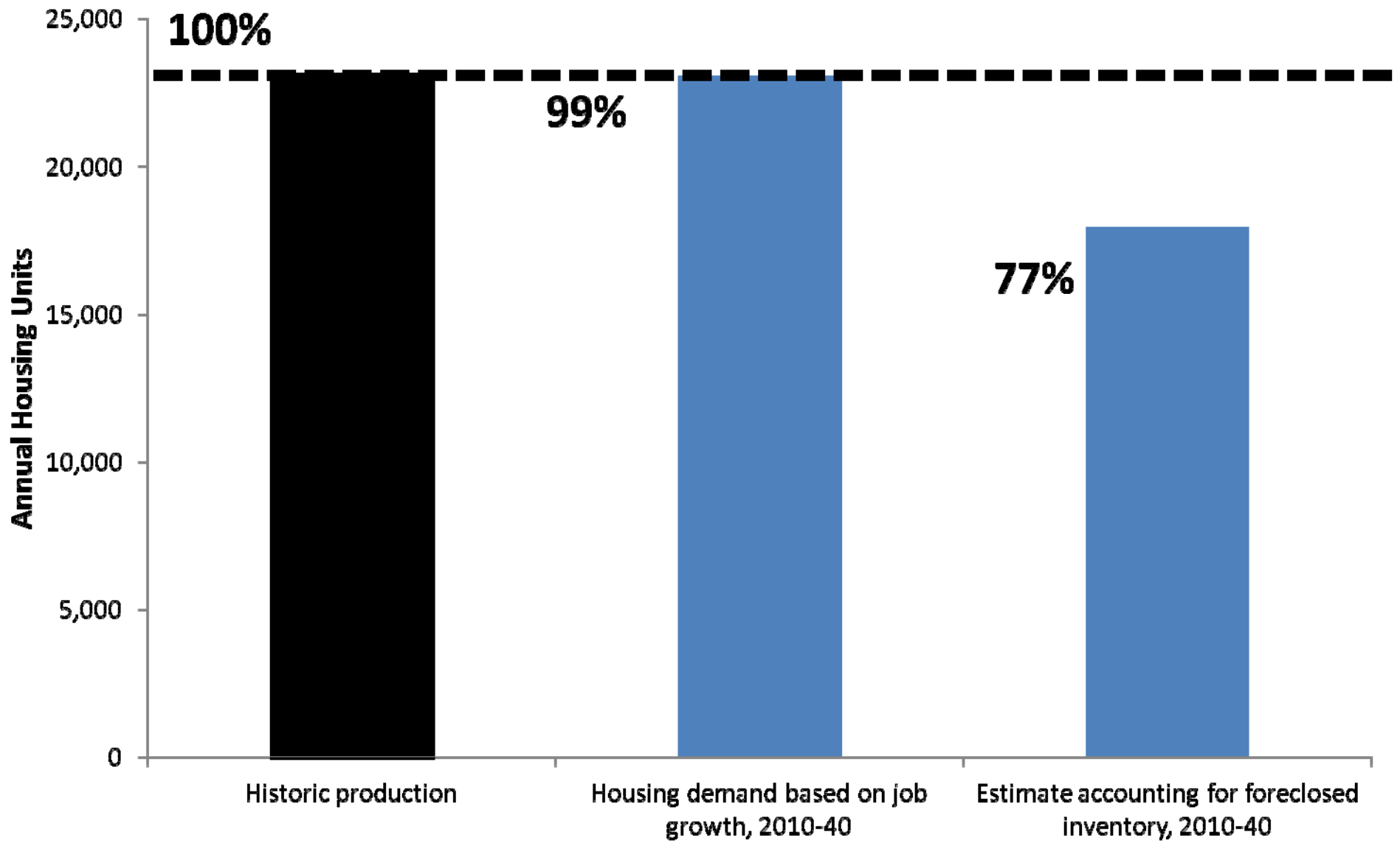
Note:  
Sample of 1 in 6  
households (17%)



Map: Anne J. Martin, UC Berkeley  
Data Source: Notice of Trustee Sale, DataQuick; USPS Change of Address, Satori

Source: Anne Martin,  
PhD Candidate, DCRP,  
UC-Berkeley

# Forecasted annual housing production



# Determining the Need for Affordable Housing

Job growth by sector and county → occupations  
→ median wages → households →  
four affordability categories

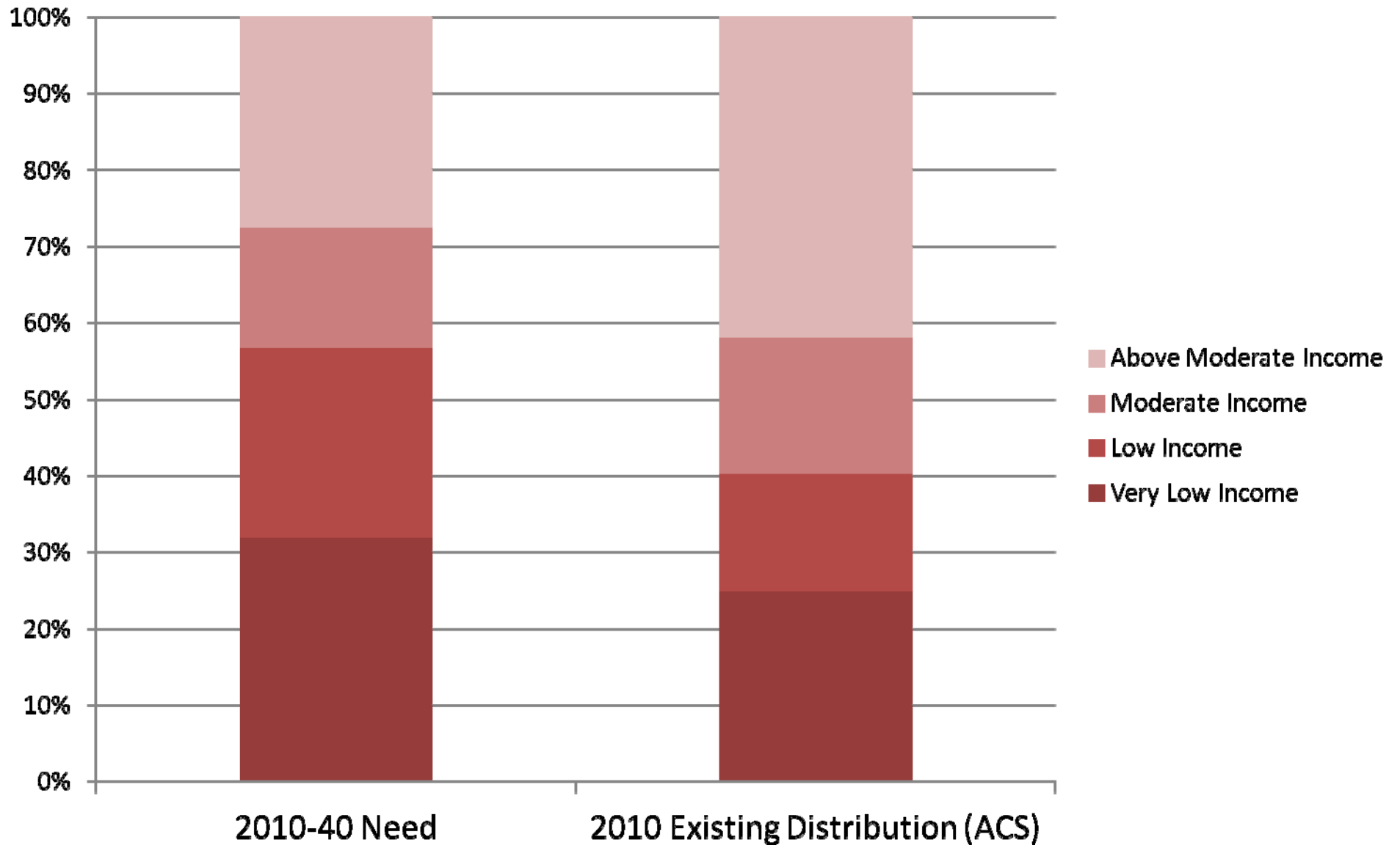
# Forecasting 2010-40 need based upon job growth

*New low-wage jobs mean need for affordable housing*

Industry Sectors	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Agriculture, Natural Resources	106%	-32%	32%	-5%	<b>-1,300</b>
Arts, Recreation, Other	87%	5%	3%	4%	<b>185,686</b>
Construction	4%	55%	27%	14%	<b>80,694</b>
Finance and Leasing	0%	37%	4%	60%	<b>48,596</b>
Government	6%	11%	25%	59%	<b>72,595</b>
Health, Education	16%	27%	22%	35%	<b>244,482</b>
Information	-4%	5%	57%	42%	<b>36,497</b>
Manufacturing, Wholesale	113%	-112%	-40%	139%	<b>5,700</b>
Professional and Business	24%	34%	14%	29%	<b>365,673</b>
Retail	78%	6%	11%	6%	<b>52,396</b>
Transportation, Utilities	48%	40%	4%	7%	<b>28,898</b>
<b>Total</b>	<b>32%</b>	<b>25%</b>	<b>16%</b>	<b>28%</b>	<b>1,119,918</b>

# Forecasting need based upon job growth

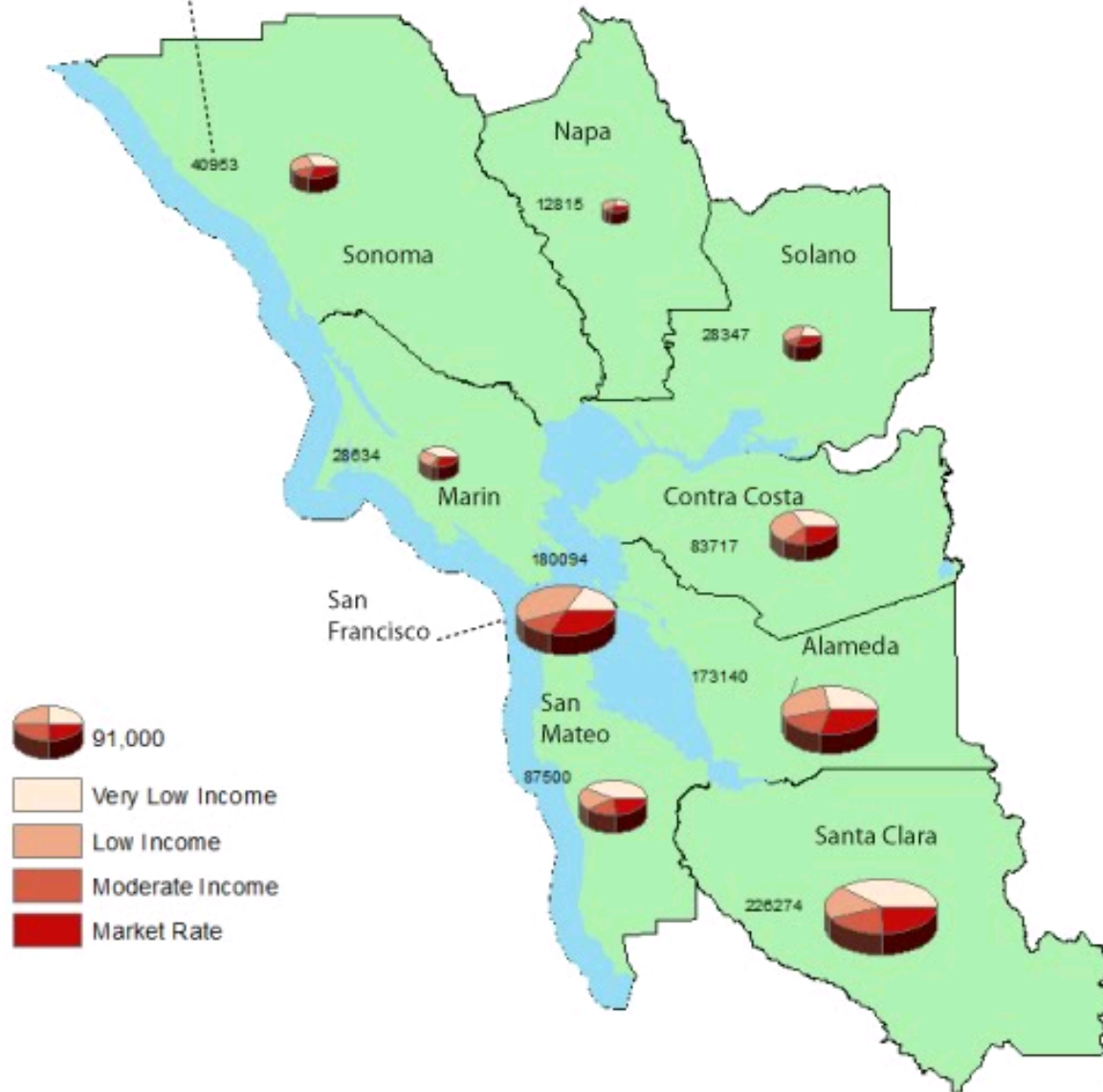
*-72% of new housing should be affordable*





# Distribution of household growth based on county job growth

Total HH growth in County 2010-2040



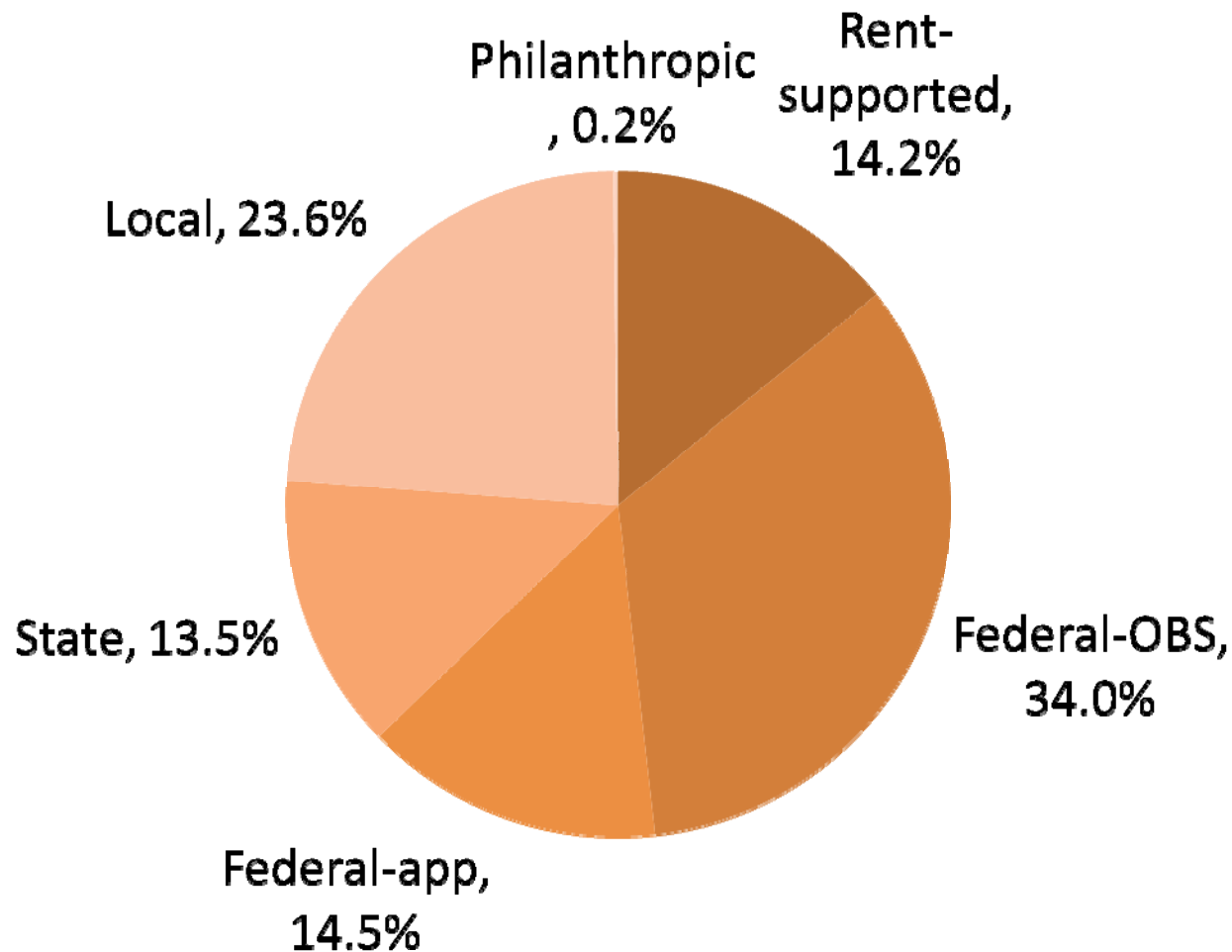
# An Imperfect Housing Market

- Historic shortfalls relative to job demand
- Legacy of the recent housing bubble
- Future job growth creates high demand for affordable housing

=

**Gap between  
housing production and sustainability goals**

# Where will funding come from? Who pays for affordable housing now



# Policies to bridge the gap

- Tax reform
  - Prop 13
  - Federal tax reform
- Regulation
  - Streamlining
  - Enforcement
- Finance
  - Foreclosure reform
  - Funding for affordable housing
- Economic development policies
- Pricing policies and value capture