

SJCOG & UOP
May 18, 2017



BIA
Greater Valley

Affordability

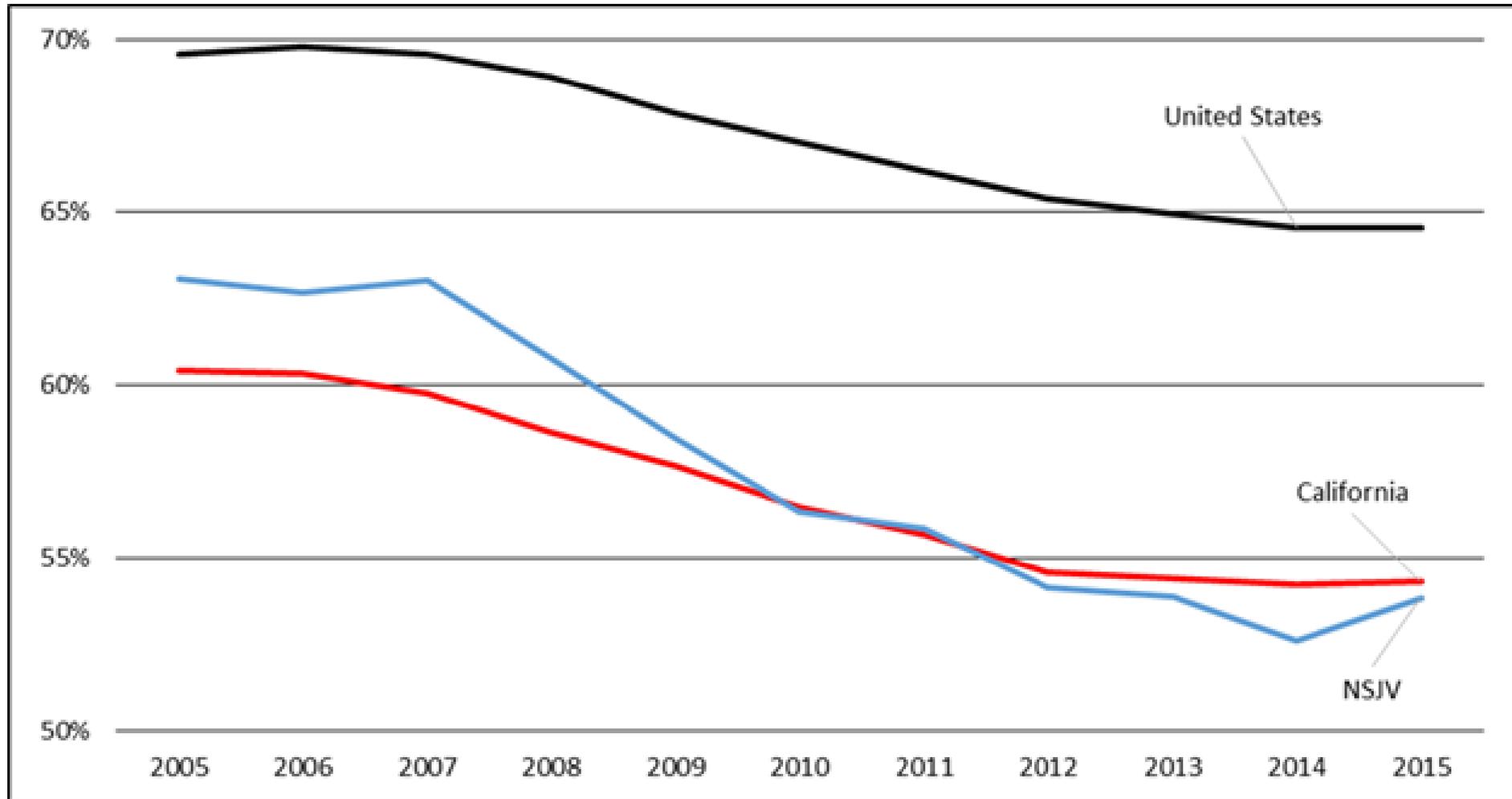
The relationship between:

PRICE

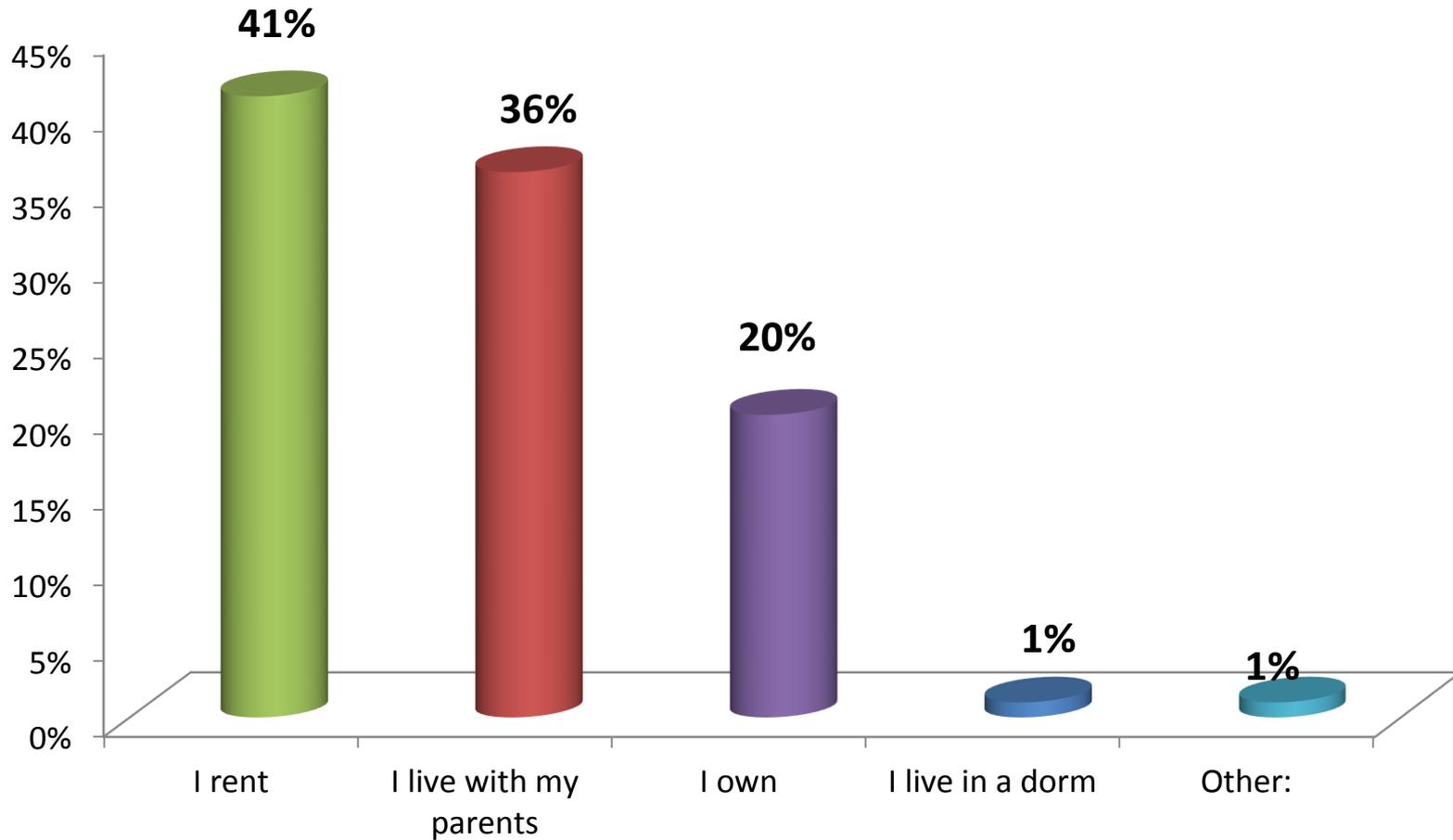
ABILITY TO PAY

**Why is it
important?**

Percent of Housing Units that are Owner Occupied



California 18 – 35 Year-Olds

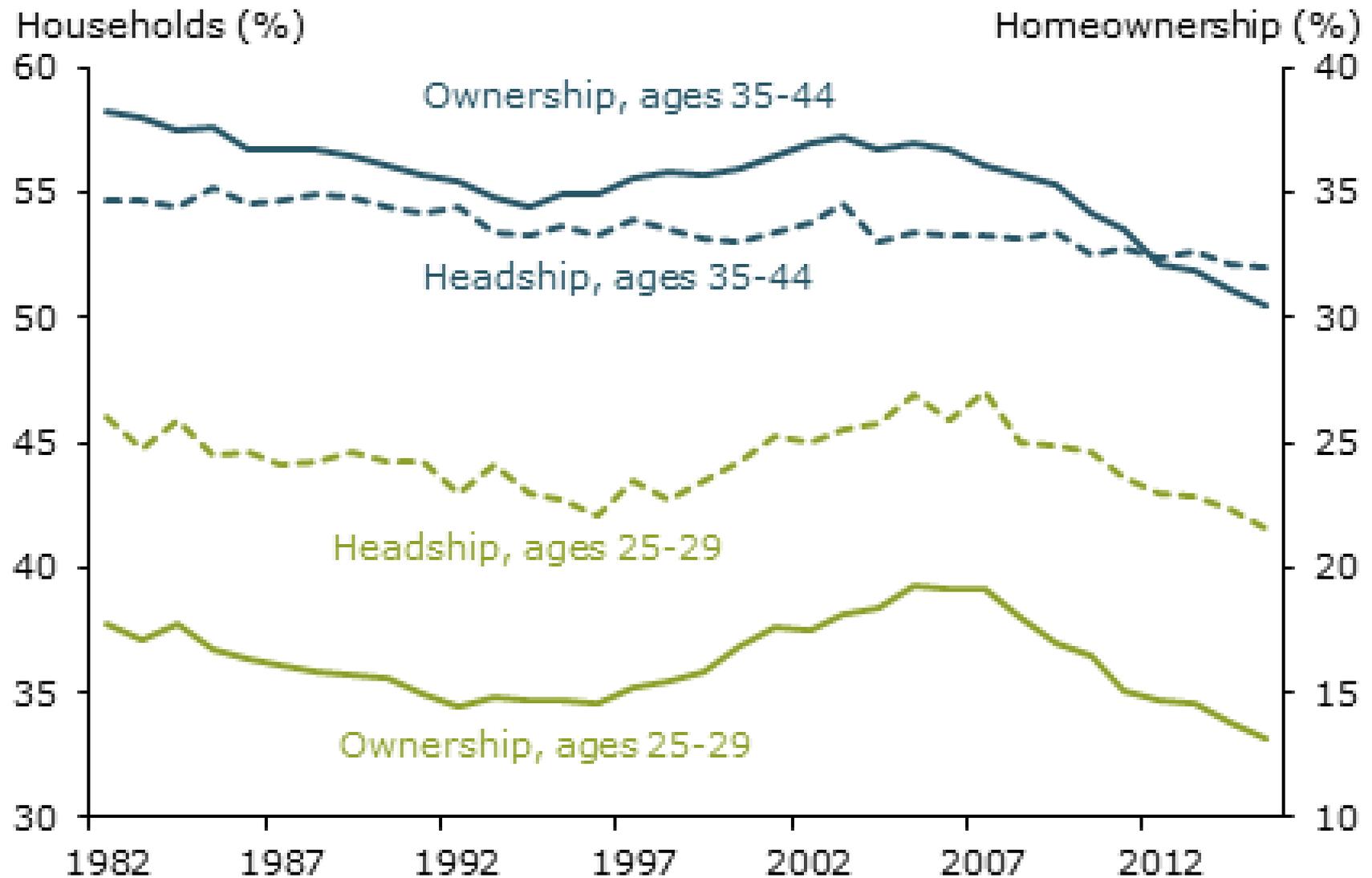


SERIES: 2014 Millennials Survey

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

What is your current living situation?

Up to age 44, household formation falling



Nearly one-third of California renters, more than 1.5 million households – pay more than 50% of their income toward rent.

California Department of Housing and
Community Development

California's Housing Future:
Challenges and Opportunities

Public Draft – Statewide Housing Assessment 2025

“Overall homeownership rates are at their lowest since the 1940’s.”

California Department of Housing and
Community Development

California’s Housing Future:
Challenges and Opportunities

Public Draft – Statewide Housing Assessment 2025

“California is home to 12 percent of the nation’s population, but a disproportionate 22 percent of the nation’s homeless population.”

California Department of Housing and
Community Development

California’s Housing Future:
Challenges and Opportunities

Public Draft – Statewide Housing Assessment 2025

Price

- Demand
 - Population growth
 - What people want, location, amenities, structure
- Existing Supply
 - Vacancy, what's on the market
- Cost of production, adding new supply
 - Land, materials, labor, fees, financing, regulation

WHAT

PEOPLE

WANT

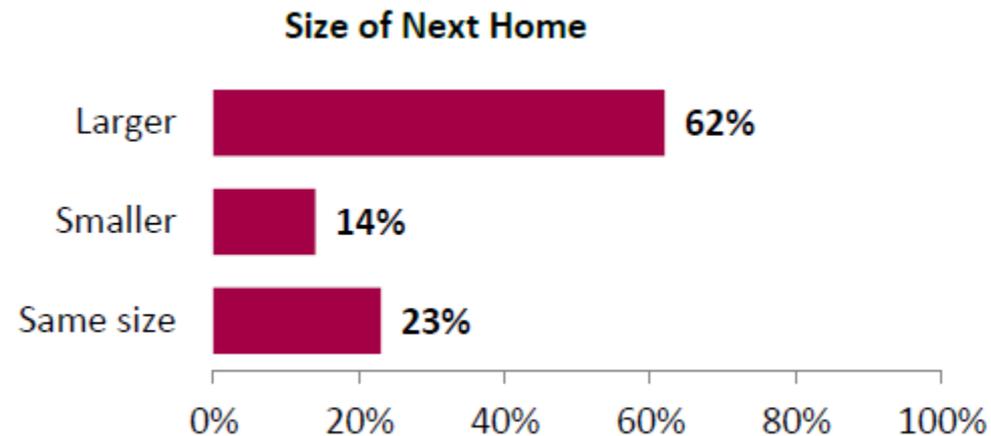
The 2011 Community Preference Survey
**What Americans are looking for when deciding
where to live**

Analysis of a survey of 2,071 American adults nationally

Conducted for the National Association of Realtors®

March 2011

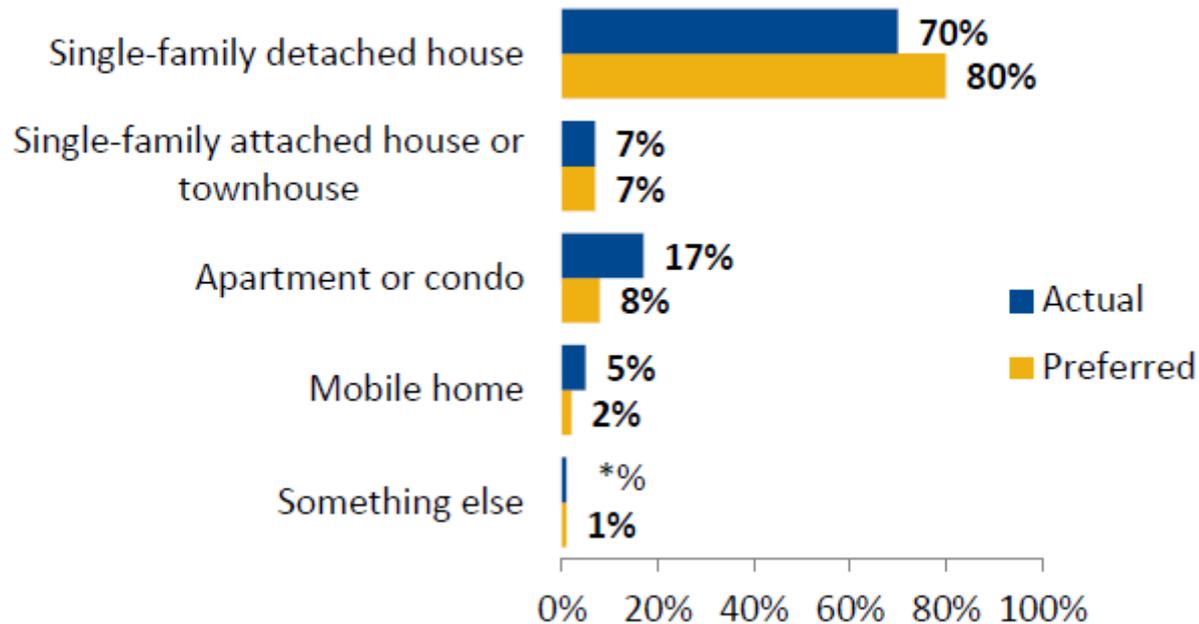
Home buyers want larger homes



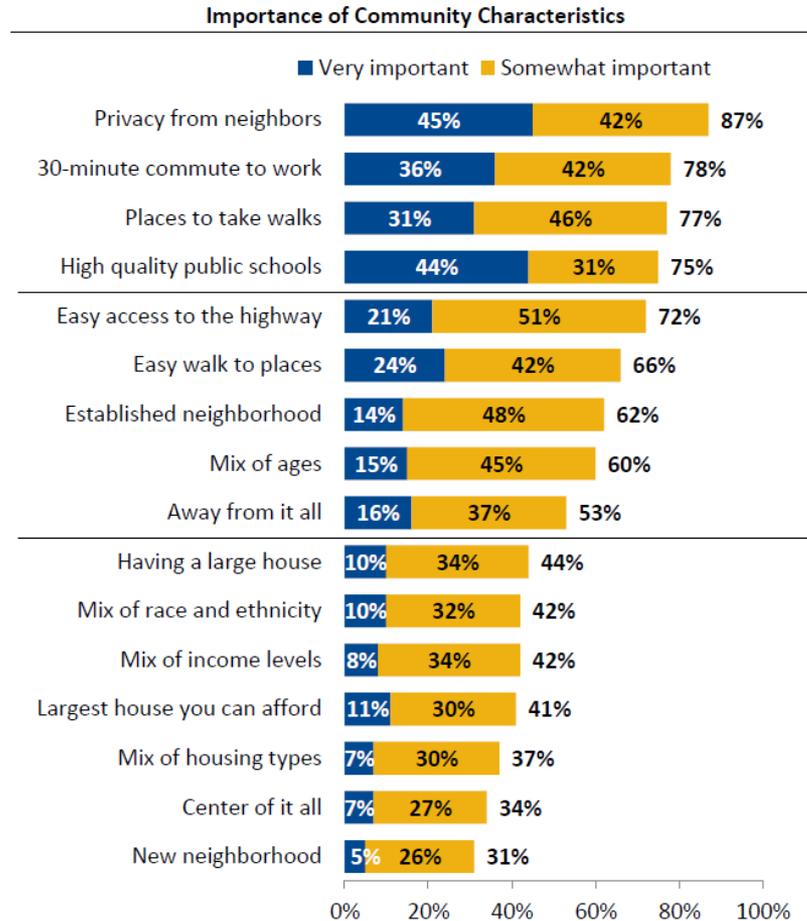
D8b. (IF D8=YES n=376) Will the next home you purchase be larger or smaller than your current home?

80% want single family detached

Preferred versus Actual Housing Type



Privacy (separation from neighbors) MOST important characteristic

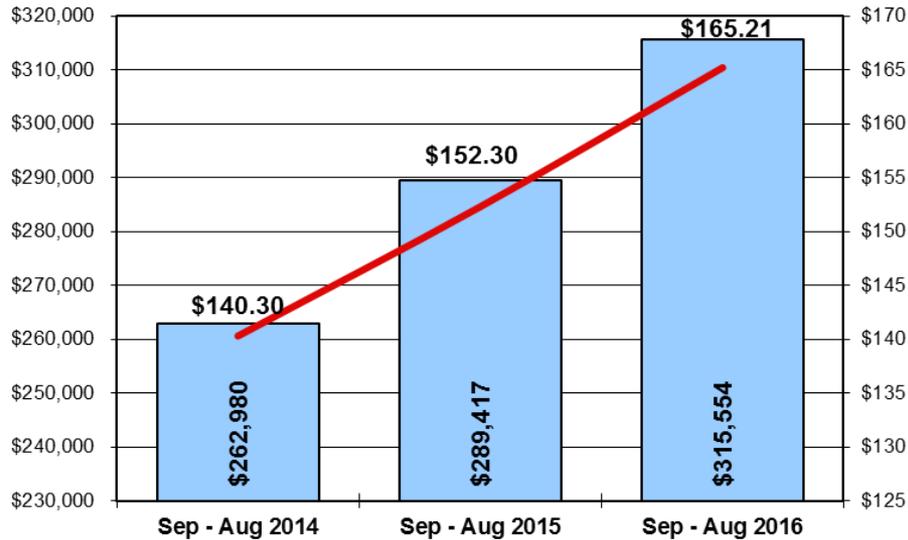


Current Price Trends?

HIGH HOME PRICES ARE SENDING BUYERS EAST

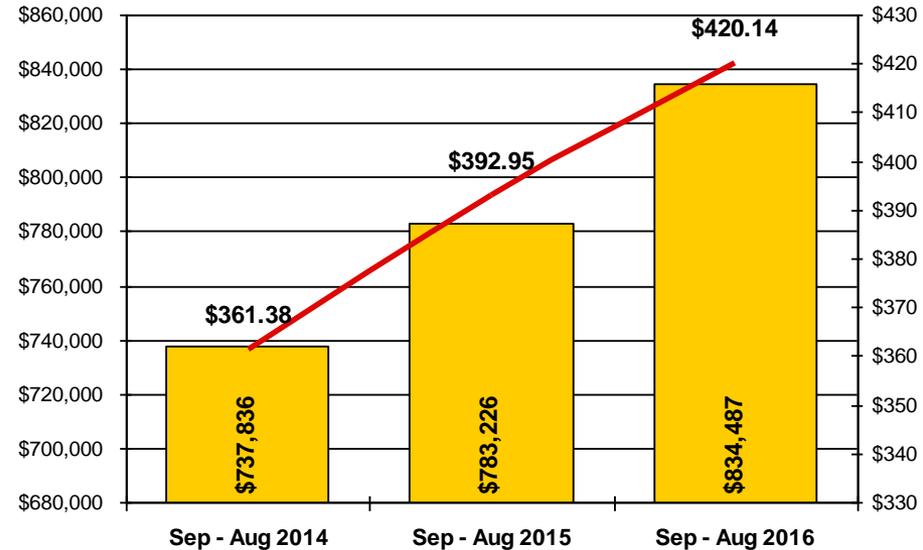
San Joaquin Co. Price Data

Average Price and Price/Sq.Ft.



San Ramon/Dublin/Livermore Price Data

Average Price and Price/Sq.Ft.

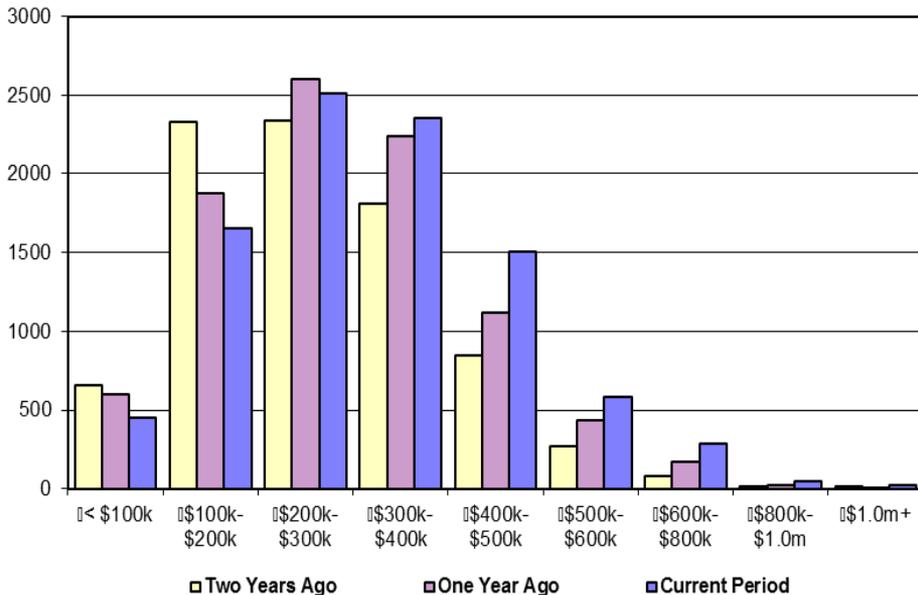


San Joaquin County is seeing higher price appreciation on a percentage basis, but price points are much lower.

PRICE DISTRIBUTIONS ARE CHANGING

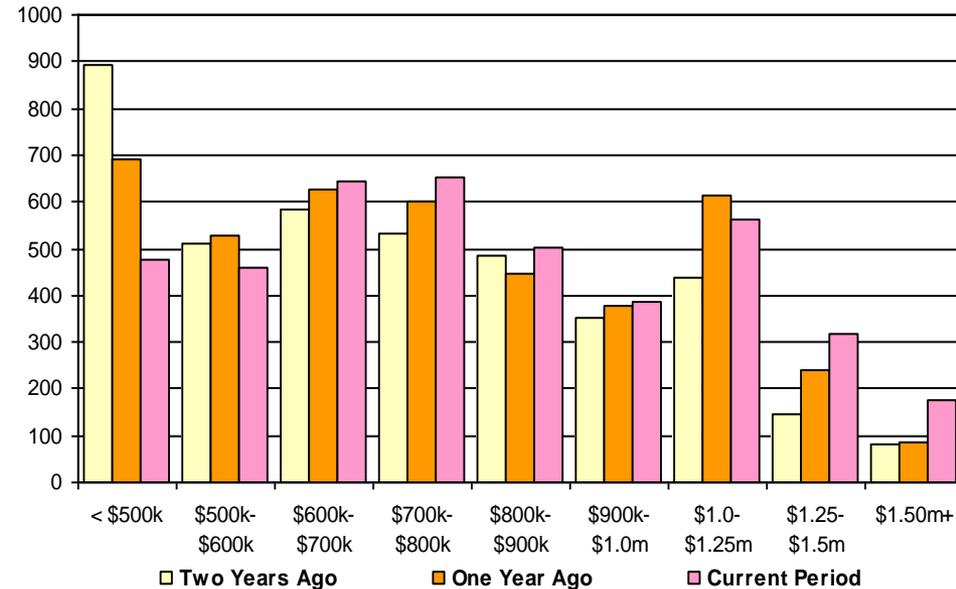
San Joaquin Co. Price Data

Housing Transactions By Price Range



San Ramon/Dublin/Livermore Price Data

Housing Transactions By Price Range



There is little sales volume over \$500,000 in San Joaquin County and little under \$500,000 in the Tri-Valley area.

NEW HOME PRICE COMPARISONS

NEW HOME PRICE COMPARISONS - TRI VALLEY & SAN JOAQUIN COUNTY

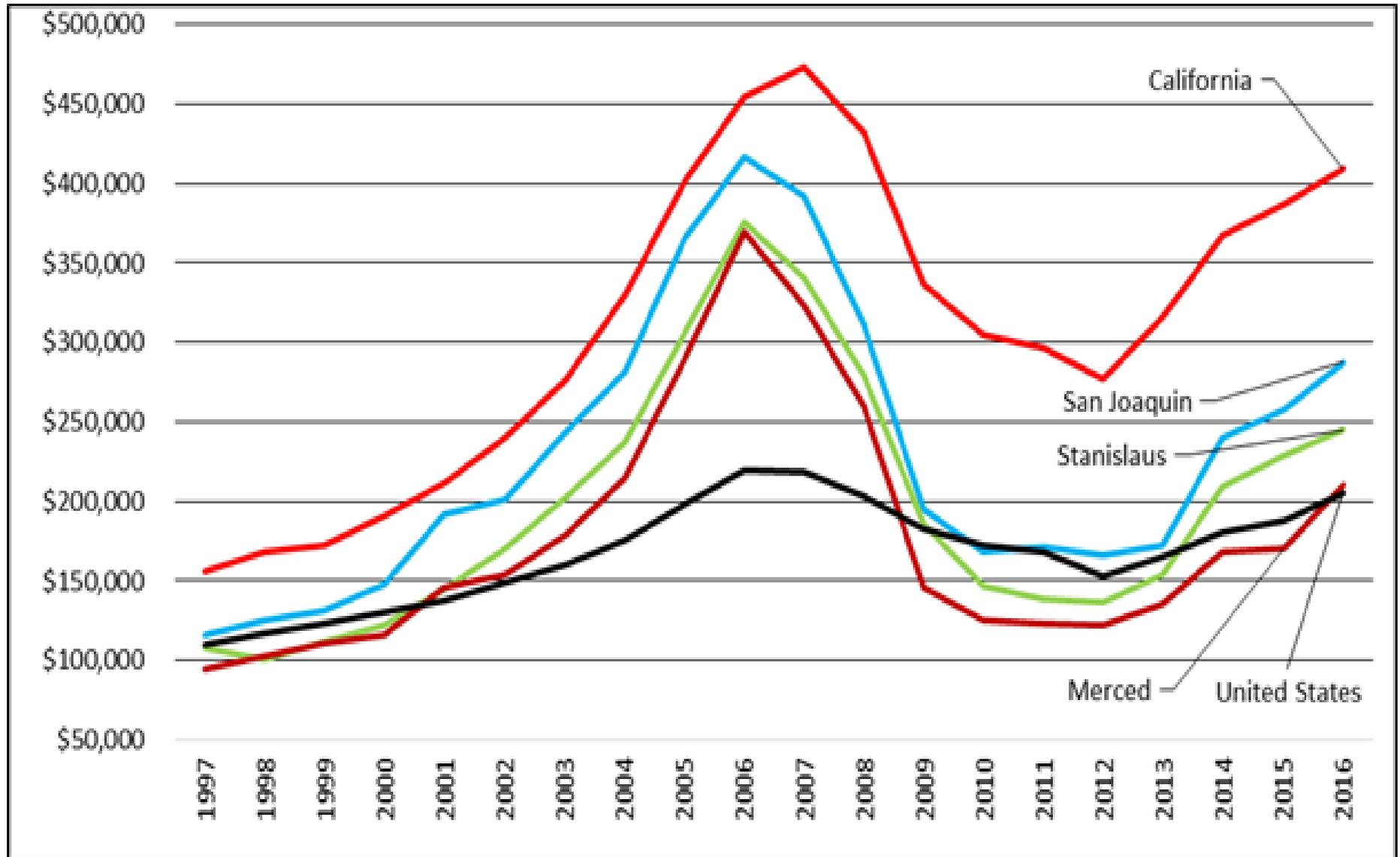
Year / Quarter	2008 Q3	2009 Q3	2010 Q3	2011 Q3	2012 Q3	2013 Q3	2014 Q3	2015 Q3	2016 Q3
Tri Valley-Detached	\$1,011,049	\$952,809	\$961,136	\$894,478	\$839,759	\$971,127	\$1,047,030	\$1,110,877	\$1,159,653
Tri-Valley Attached	\$611,358	\$547,039	\$543,297	\$546,850	\$527,008	\$611,674	\$639,037	\$736,693	\$759,375
San Joaquin - Det.	\$380,449	\$317,411	\$292,765	\$300,011	\$297,151	\$376,197	\$422,047	\$431,623	\$443,073

San Ramon / Dublin / Livermore is very expensive, even for attached homes. More of the Tri Valley new homes are 3-level designs.

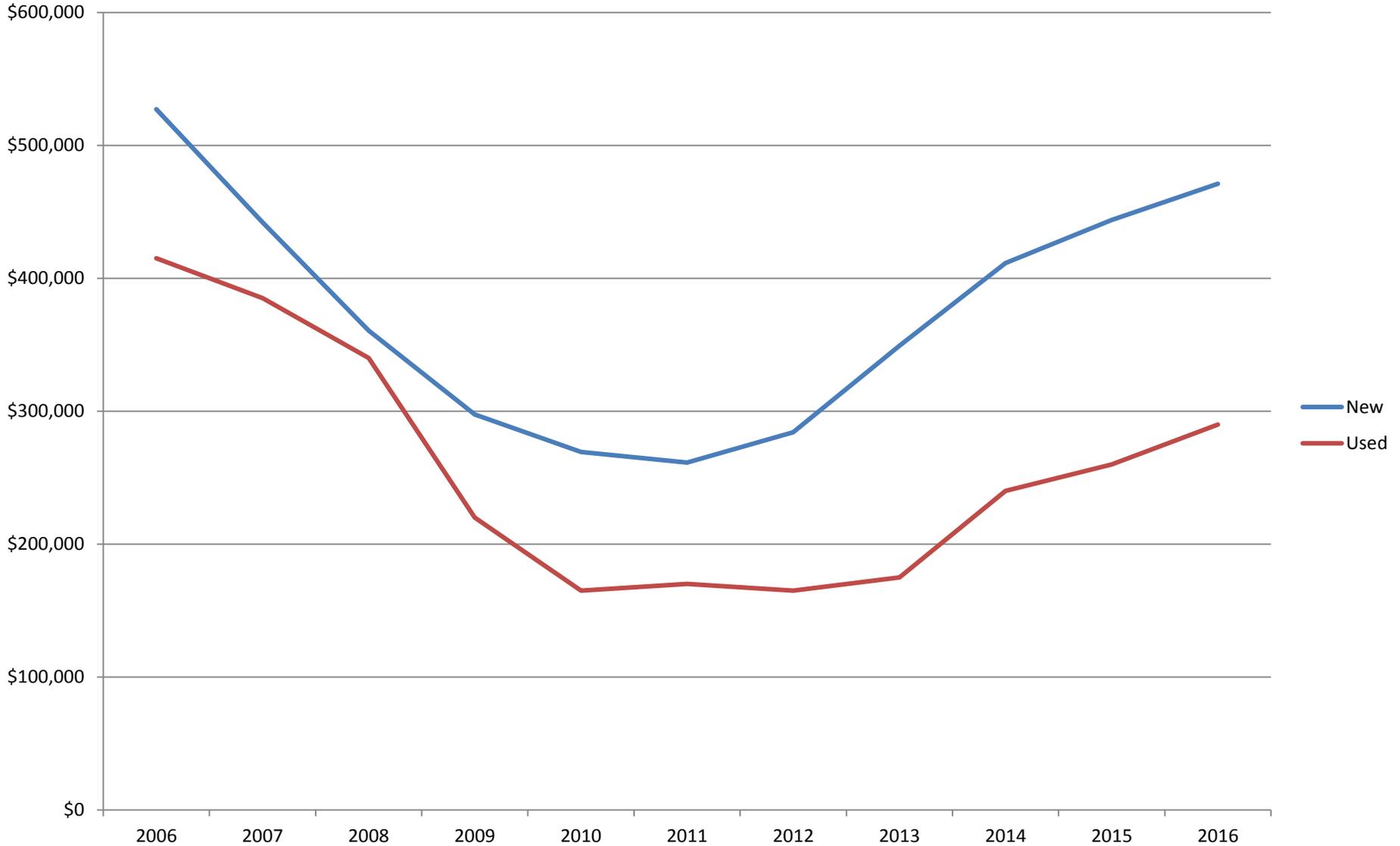
Differentials of this magnitude, in terms of price and the attractiveness of the designs, insure that more buyers will consider moving east.

Mature households will move east in far higher percentages than family households.

Trends in Median Home Sale Price



S.J. Home Sale Prices New vs. Used



NEW SUPPLY

\$Land

\$Materials

\$Labor

\$Fees

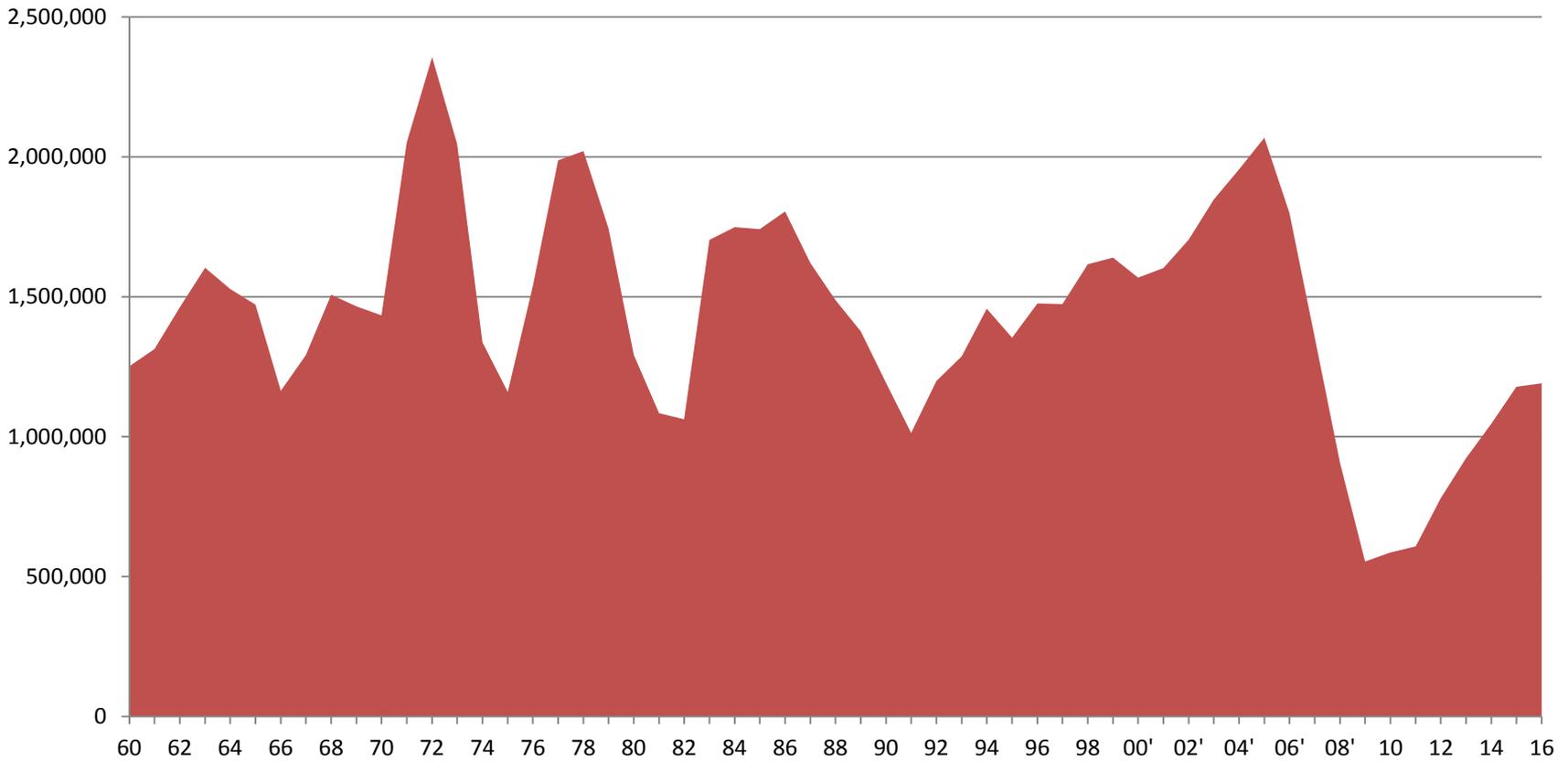
\$Financing

\$Regulation

\$Public attitude*

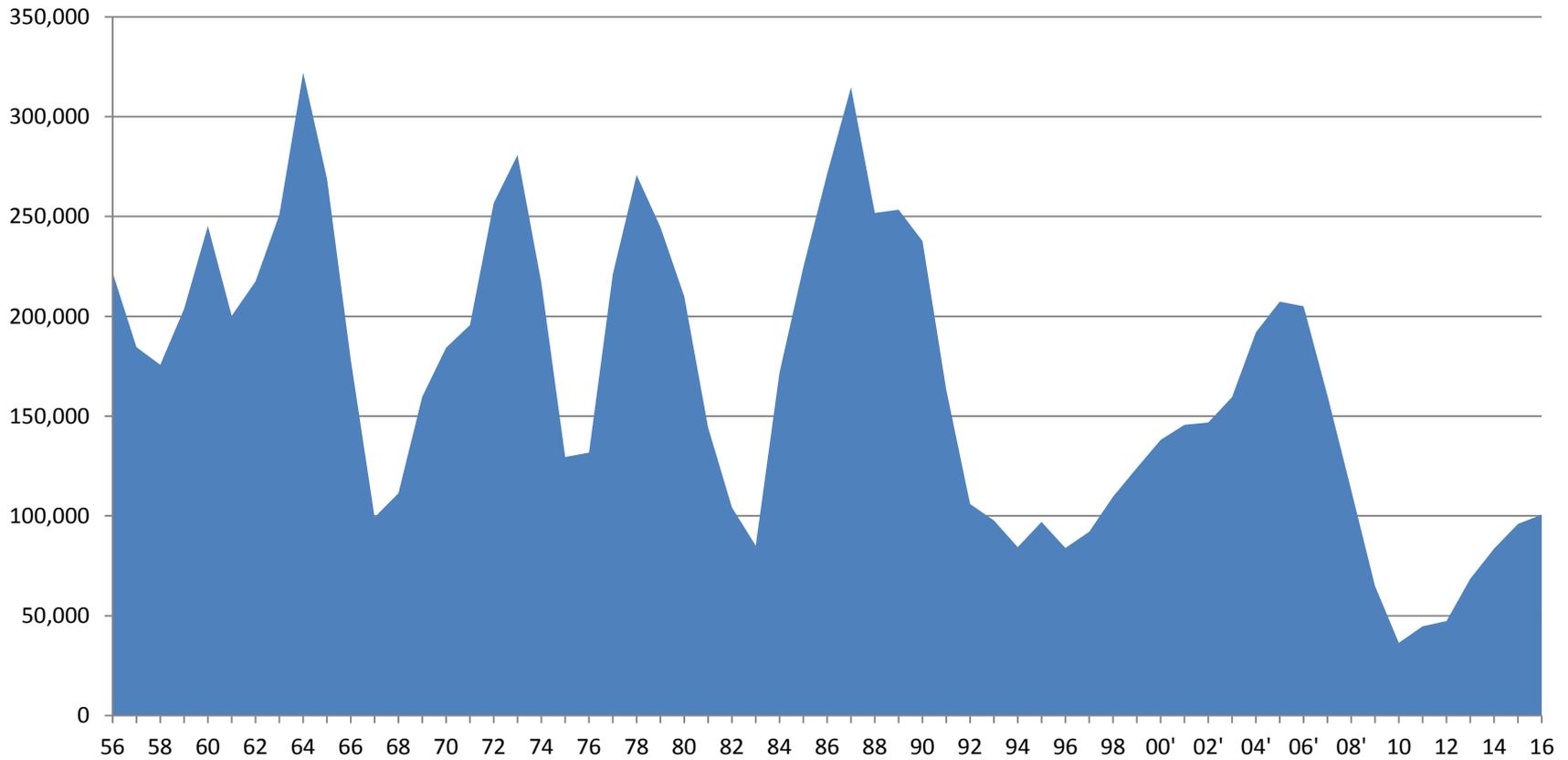
Homebuilding is very cyclical

New Housing Units U.S.



California is even more cyclical

New Housing Units California



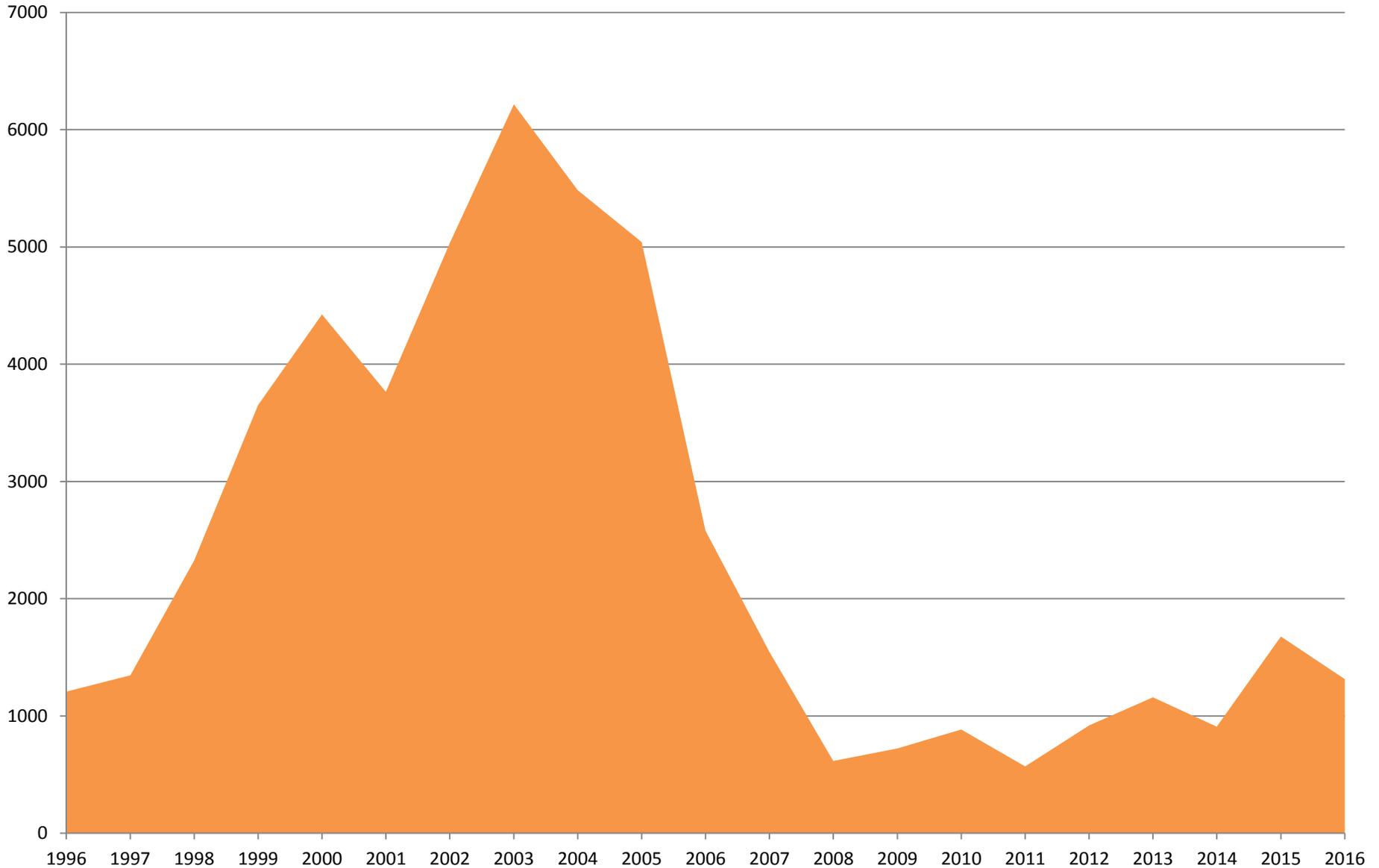
“Production averaged less than 80,000 new homes annually over the last 10 years, and ongoing production continues to fall far below the projected need of 180,000 additional homes annually.”

California Department of Housing and
Community Development

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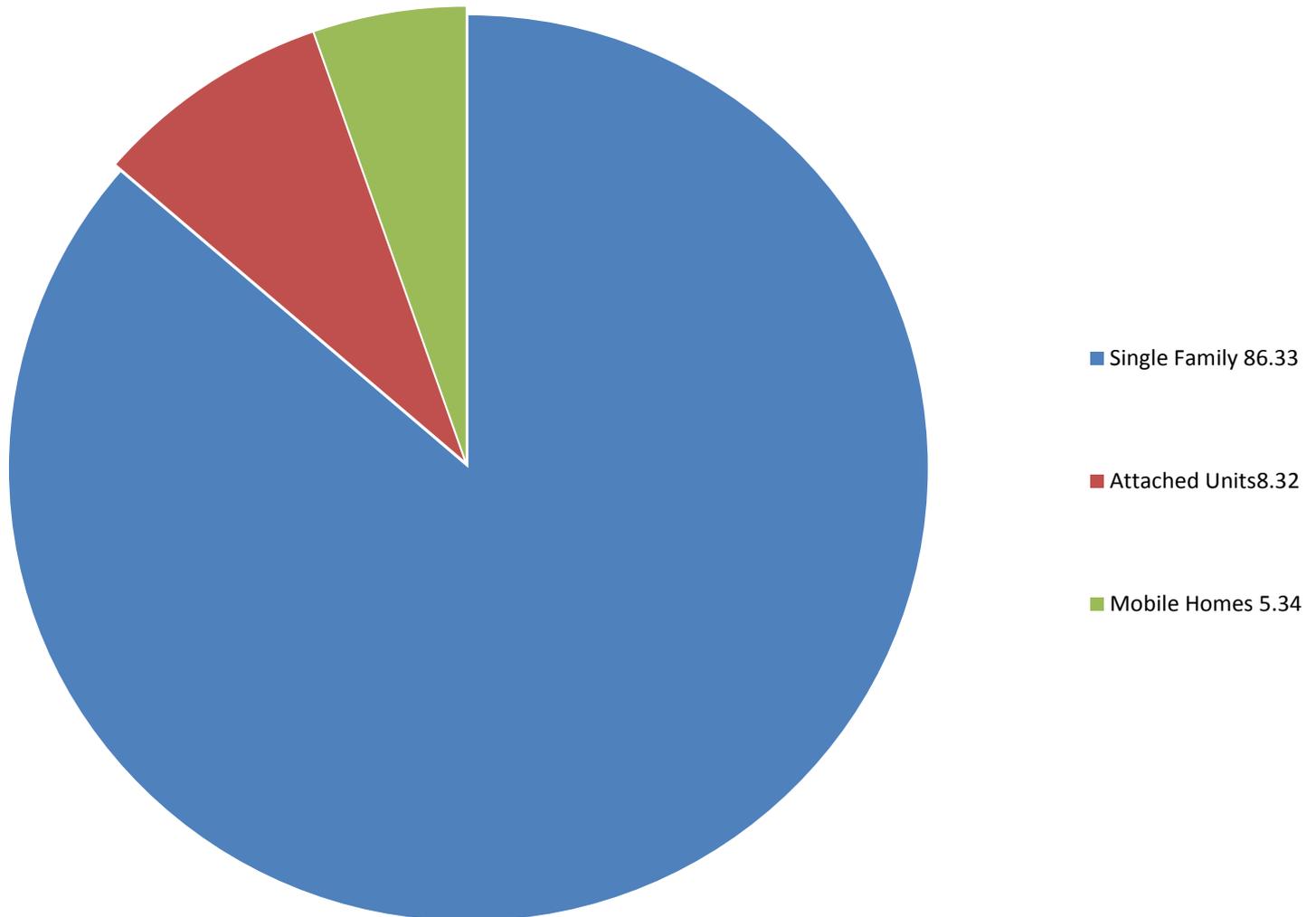
Public Draft – Statewide Housing Assessment 2025

New Residential Units in San Joaquin County

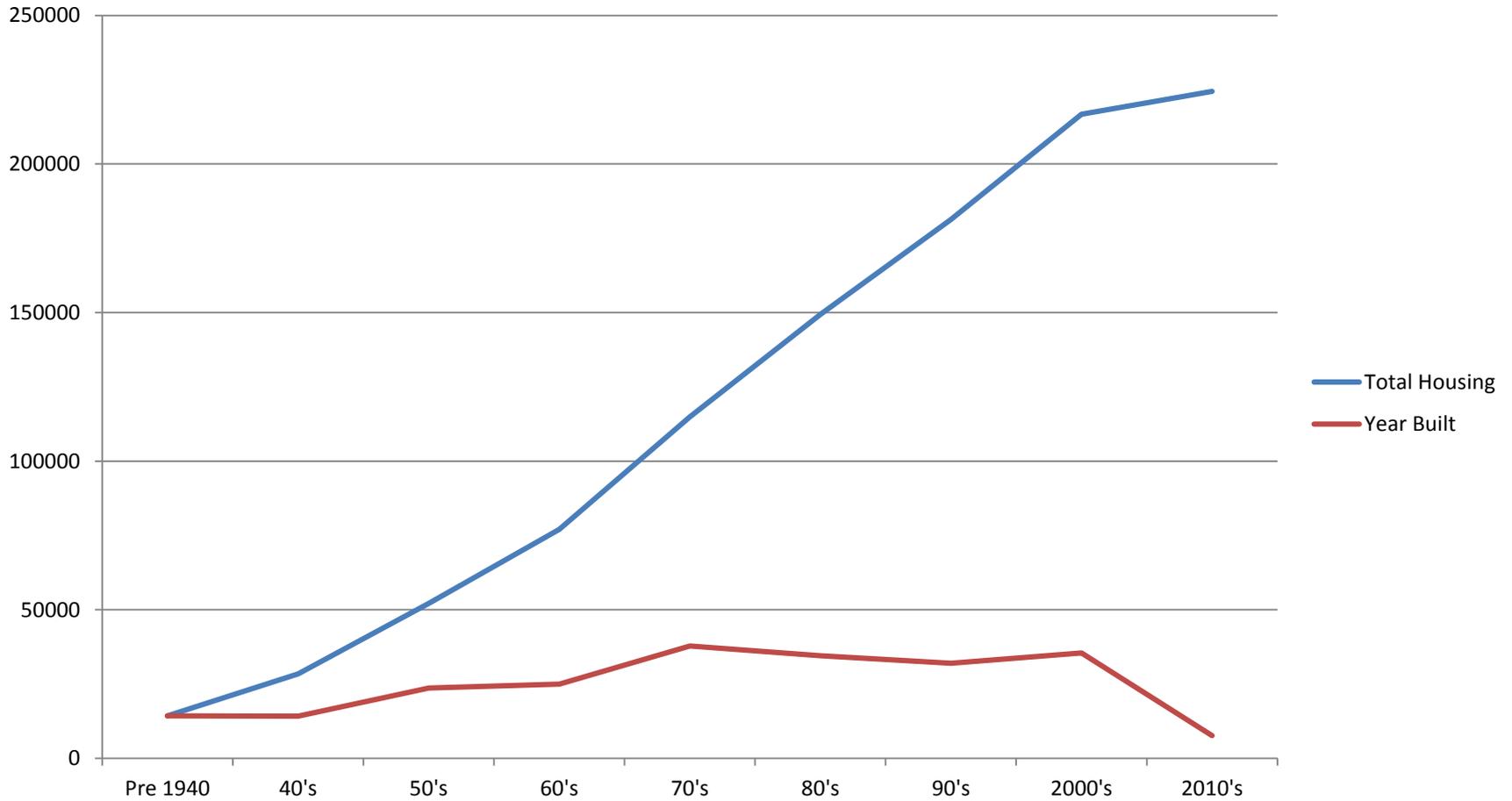


Existing Housing Stock?

Existing Housing Unit Type

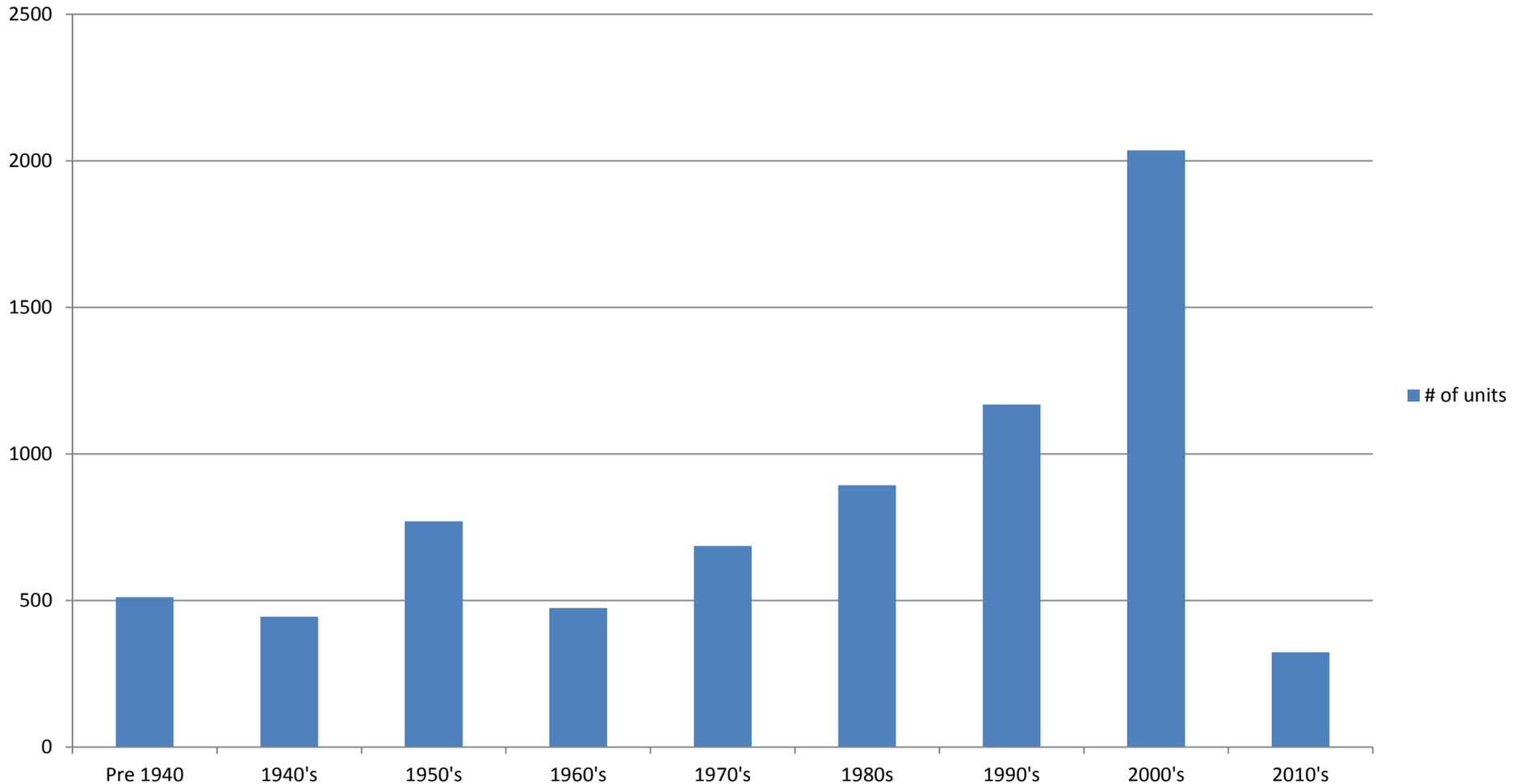


Accumulation of units over the years



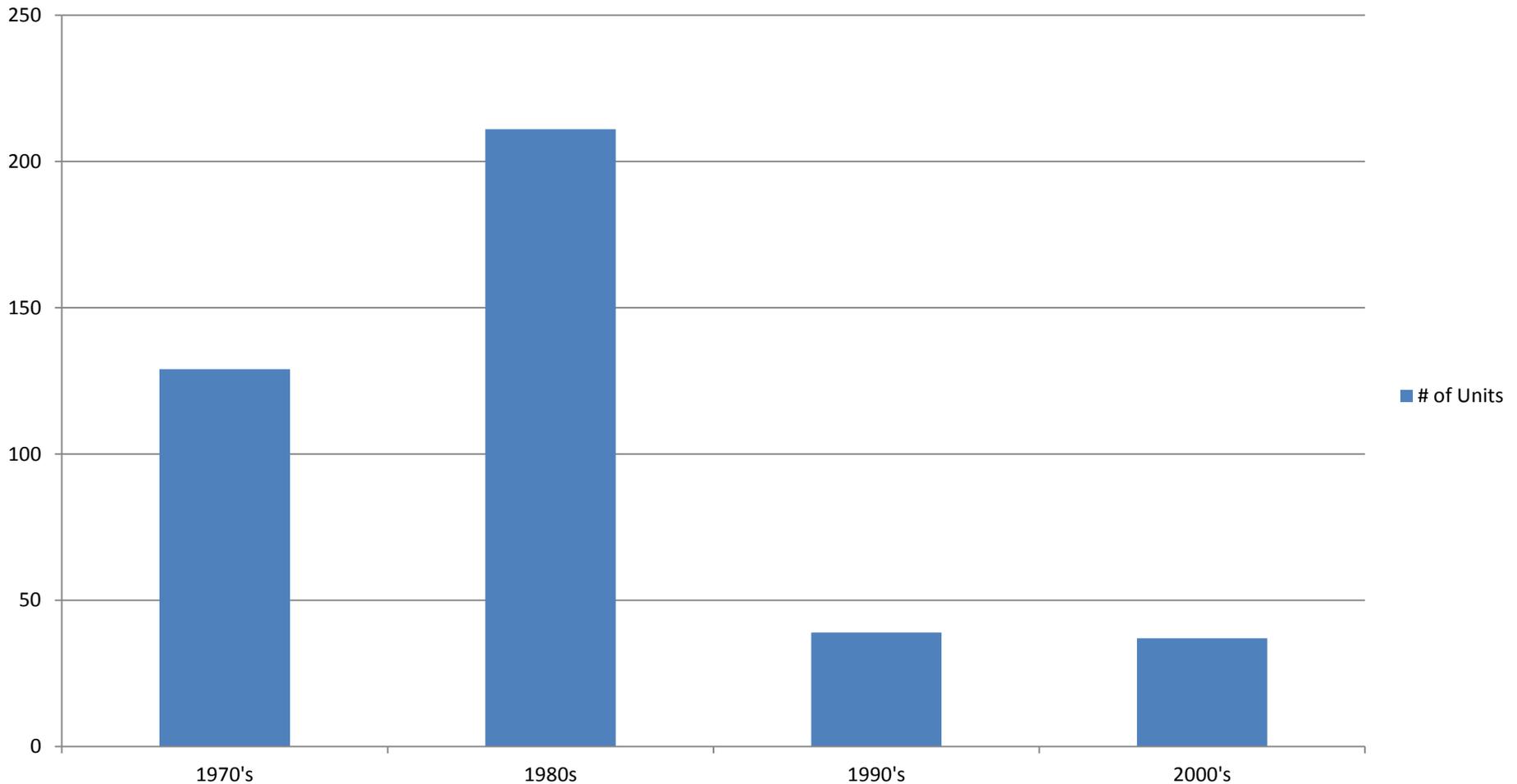
Resale Single Family Units San Joaquin County April 2016 – March 2017

Year the home was built



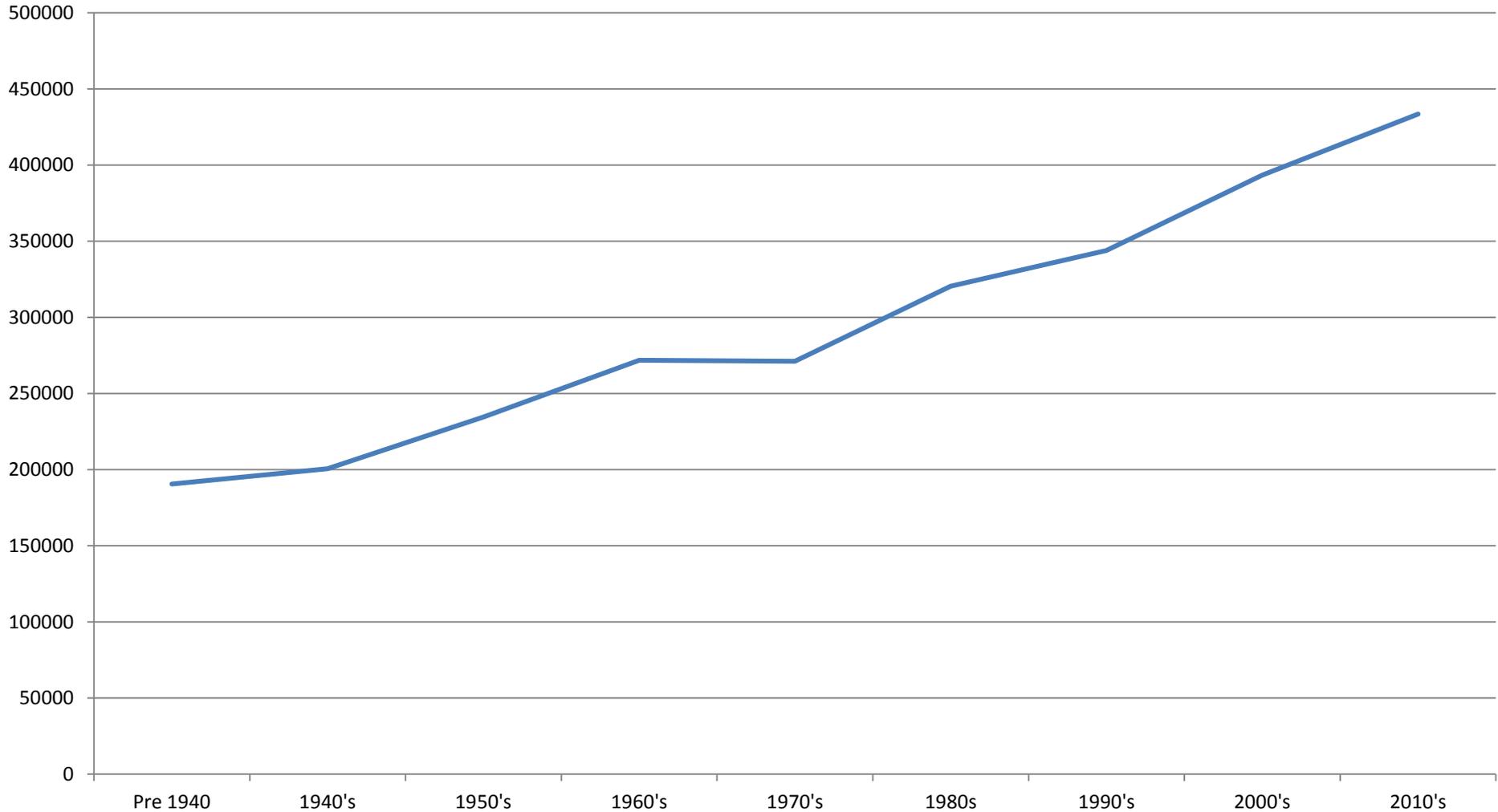
Resale Condominiums San Joaquin County April 2016 – March 2017

of Units



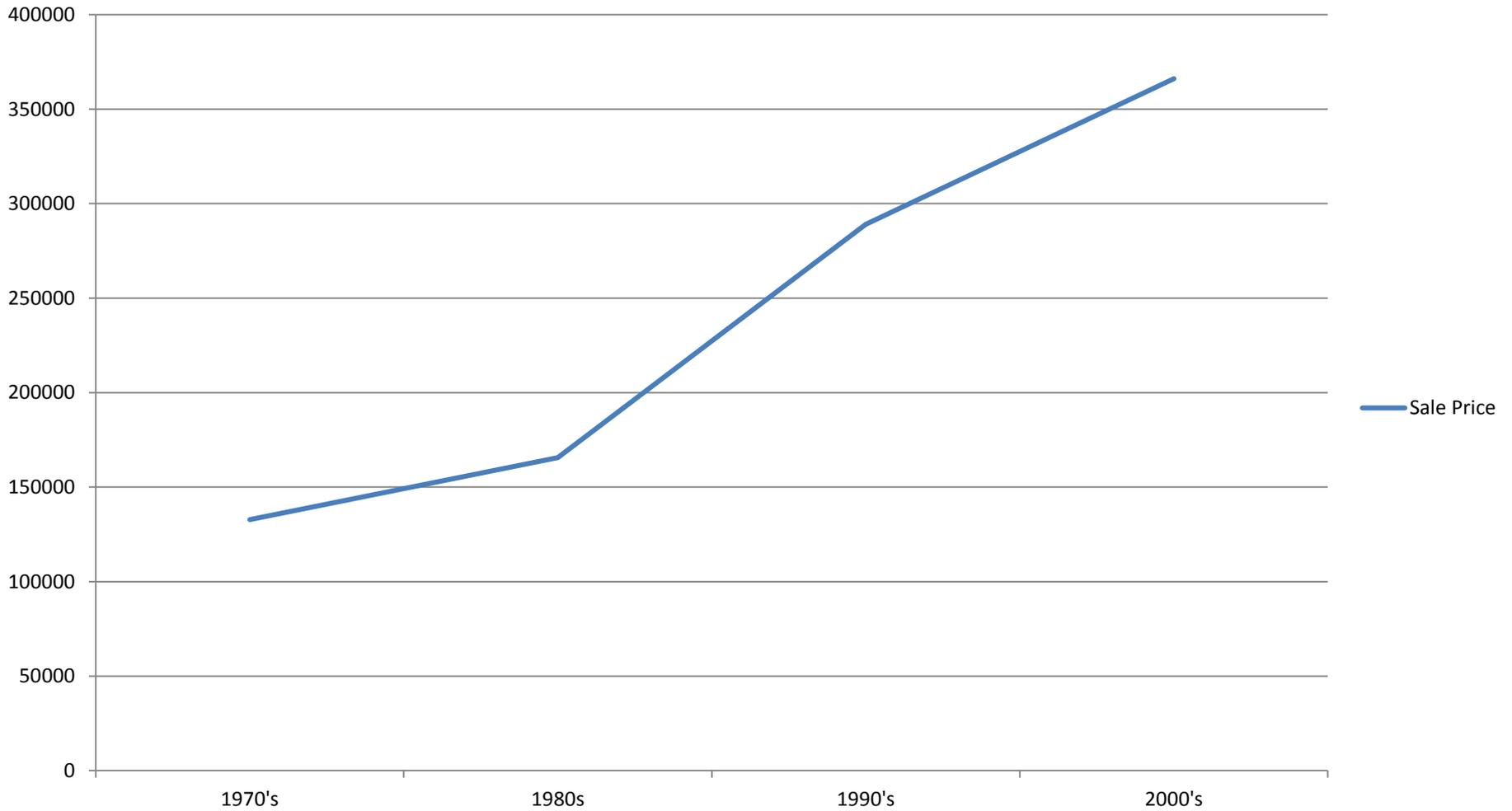
S.J. Single Family Detached Resale Price/Year Built

Sale price

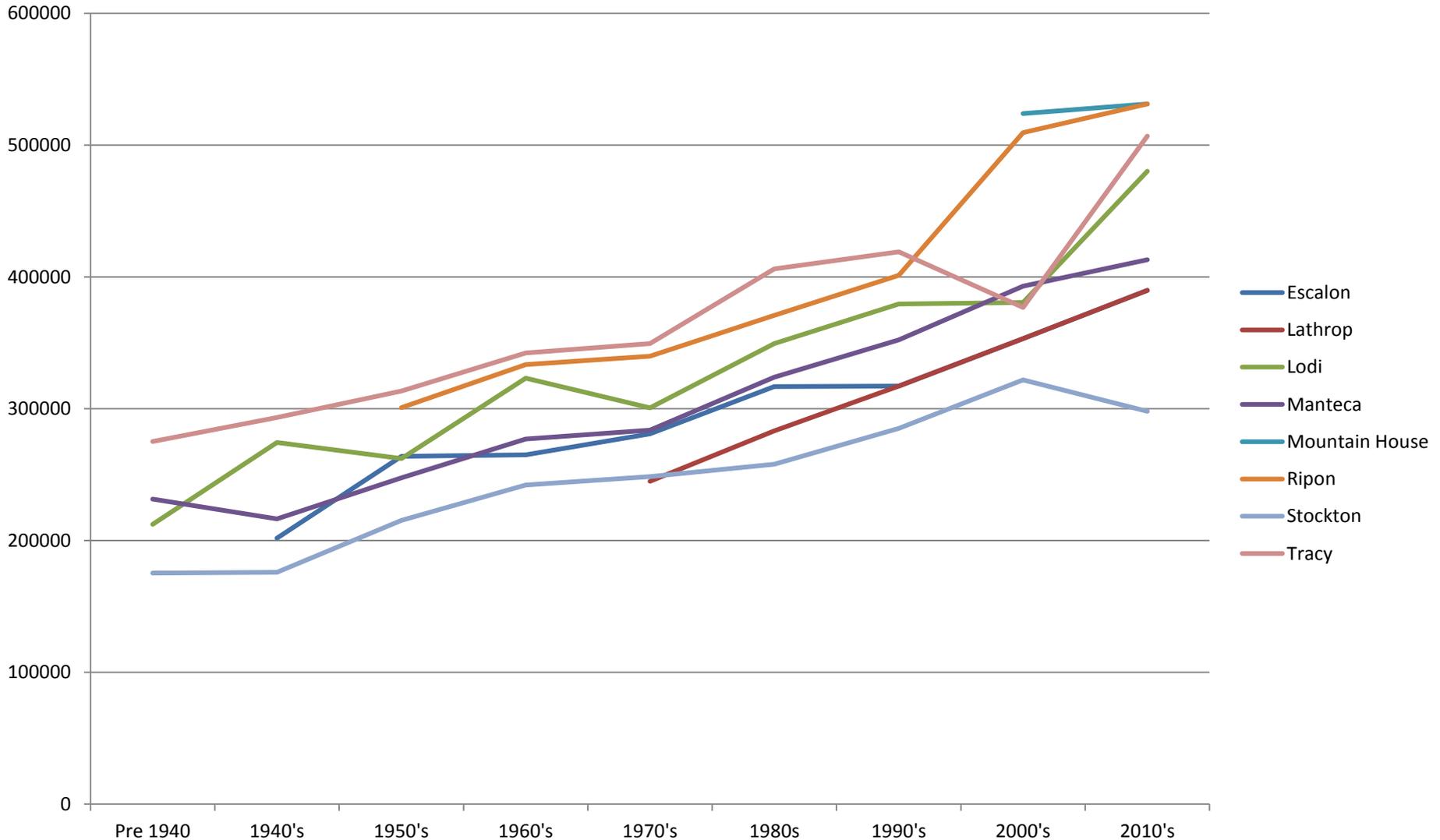


S.J. Condominiums Resale Price/Year Built

Sale Price

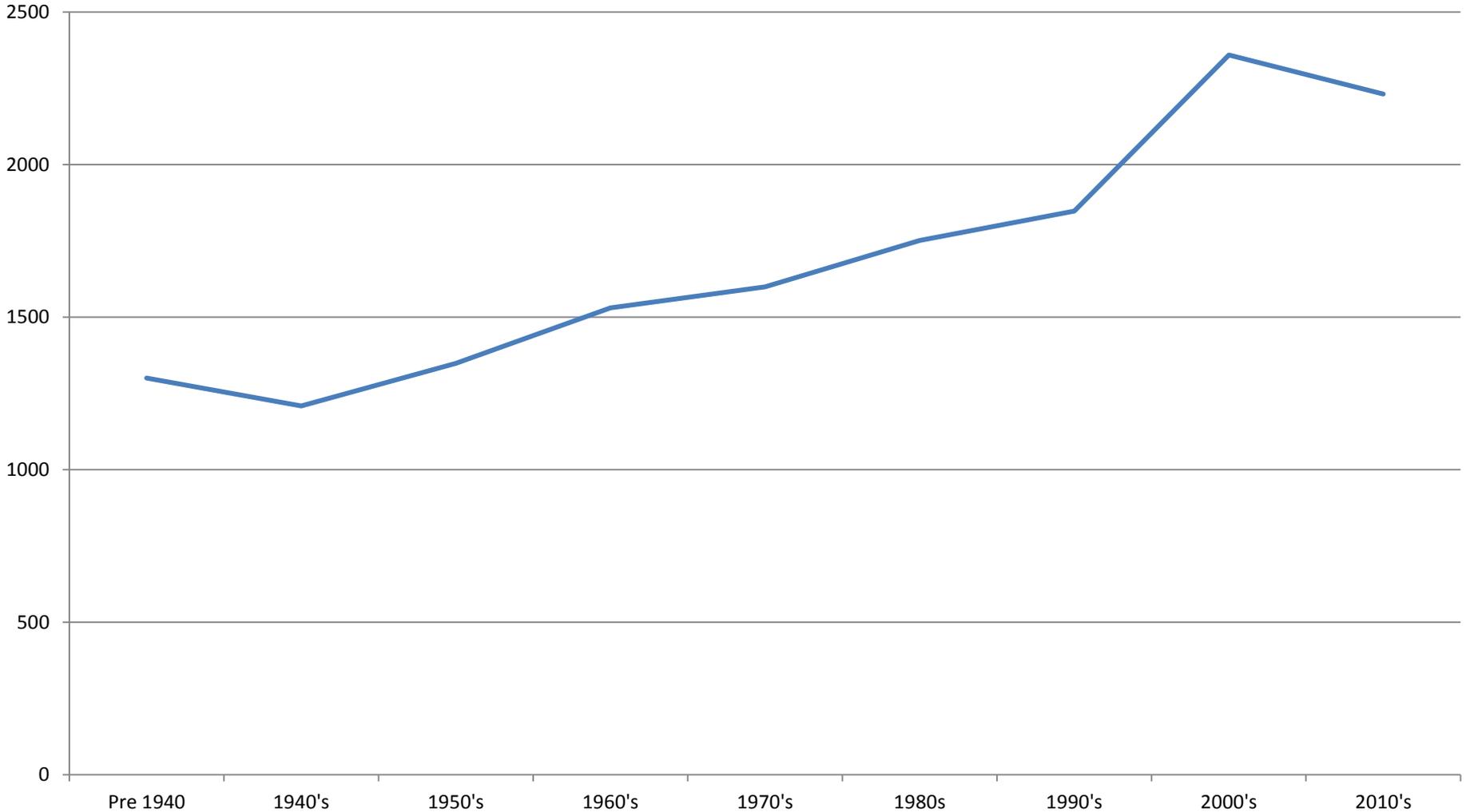


Resale Price by City/Year Built



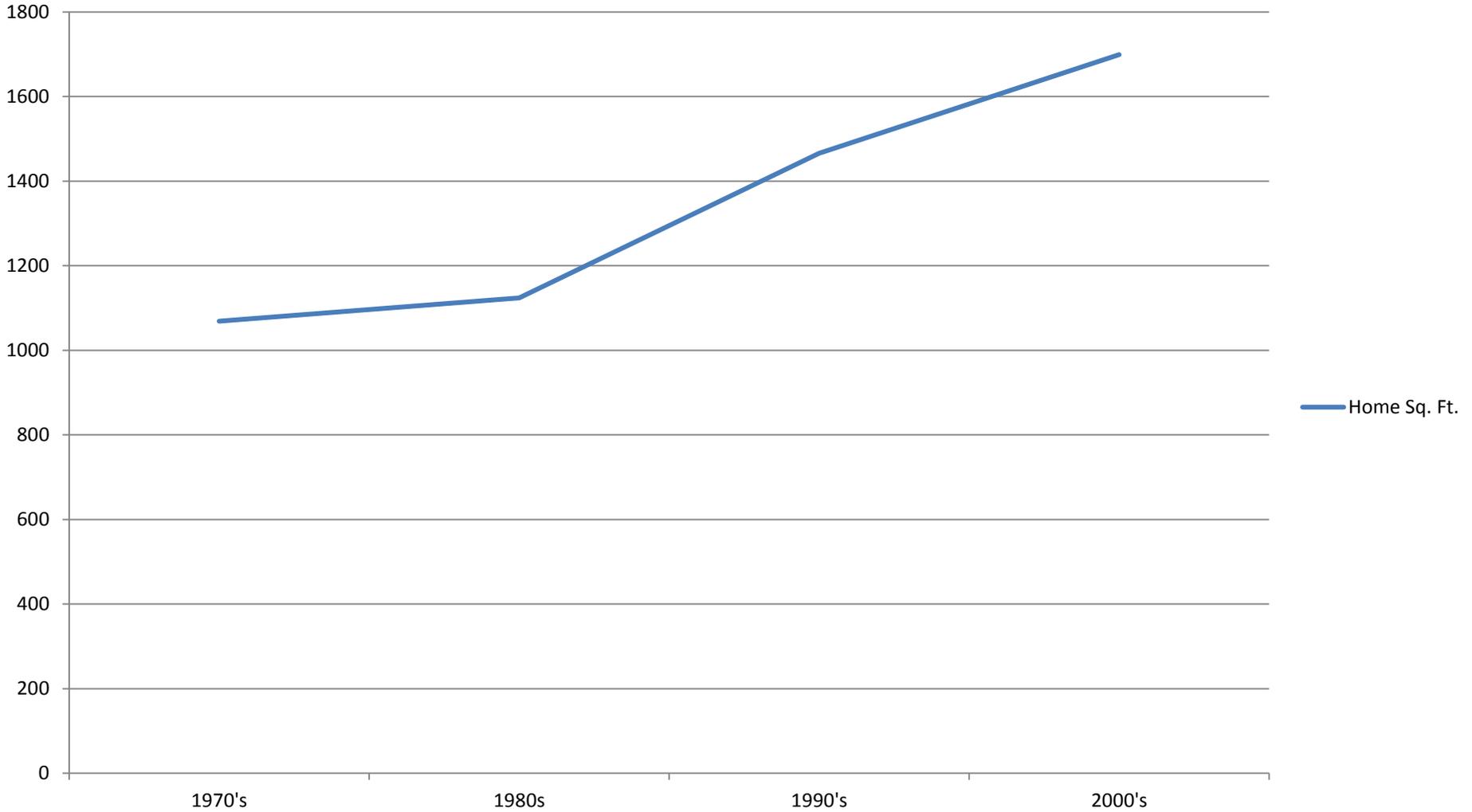
Average Square Footage SFD

Home Sq. Ft.

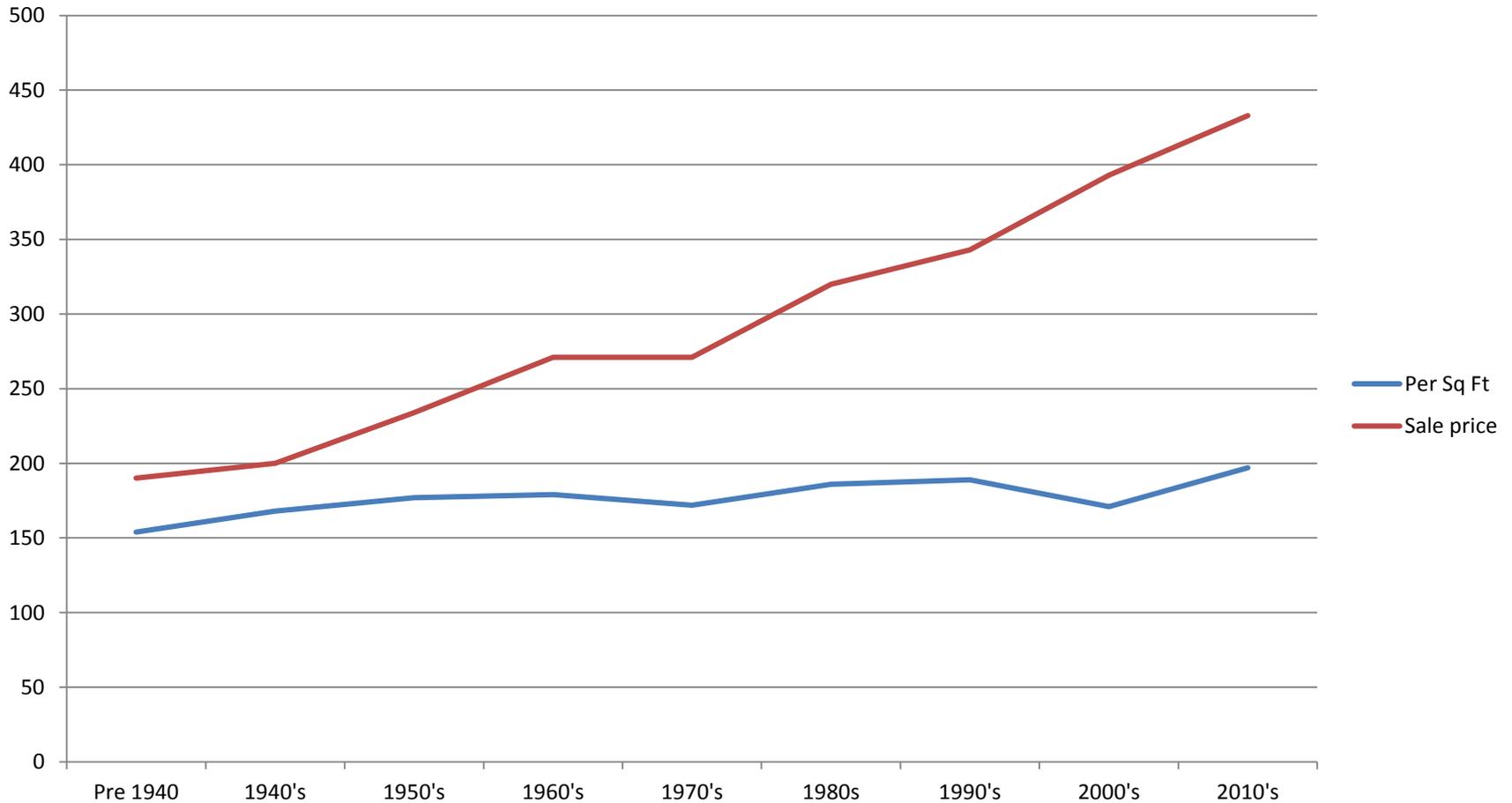


Average Square Footage Condos

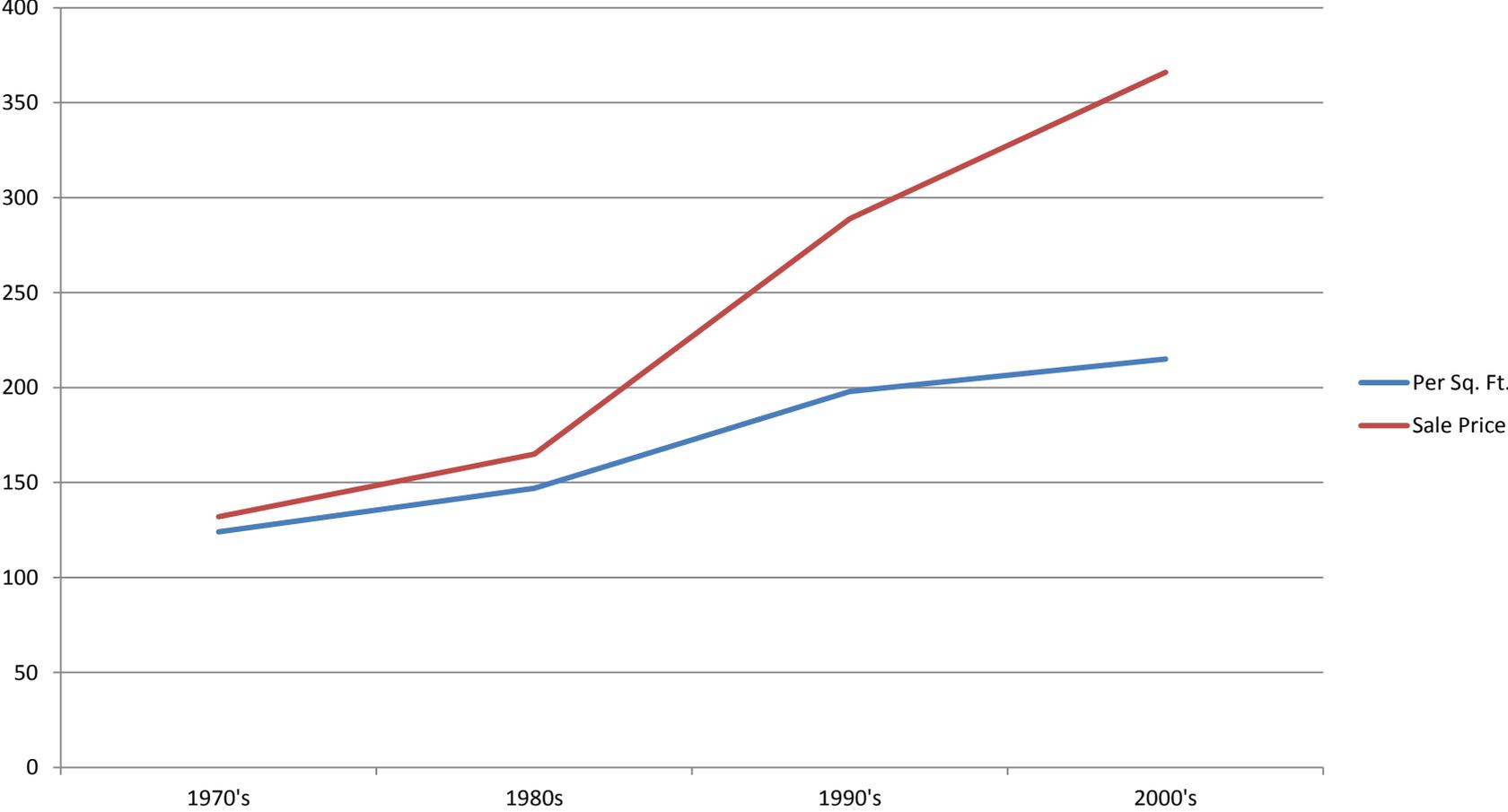
Home Sq. Ft.



Resale Price to Price per Sq. Ft. SFD

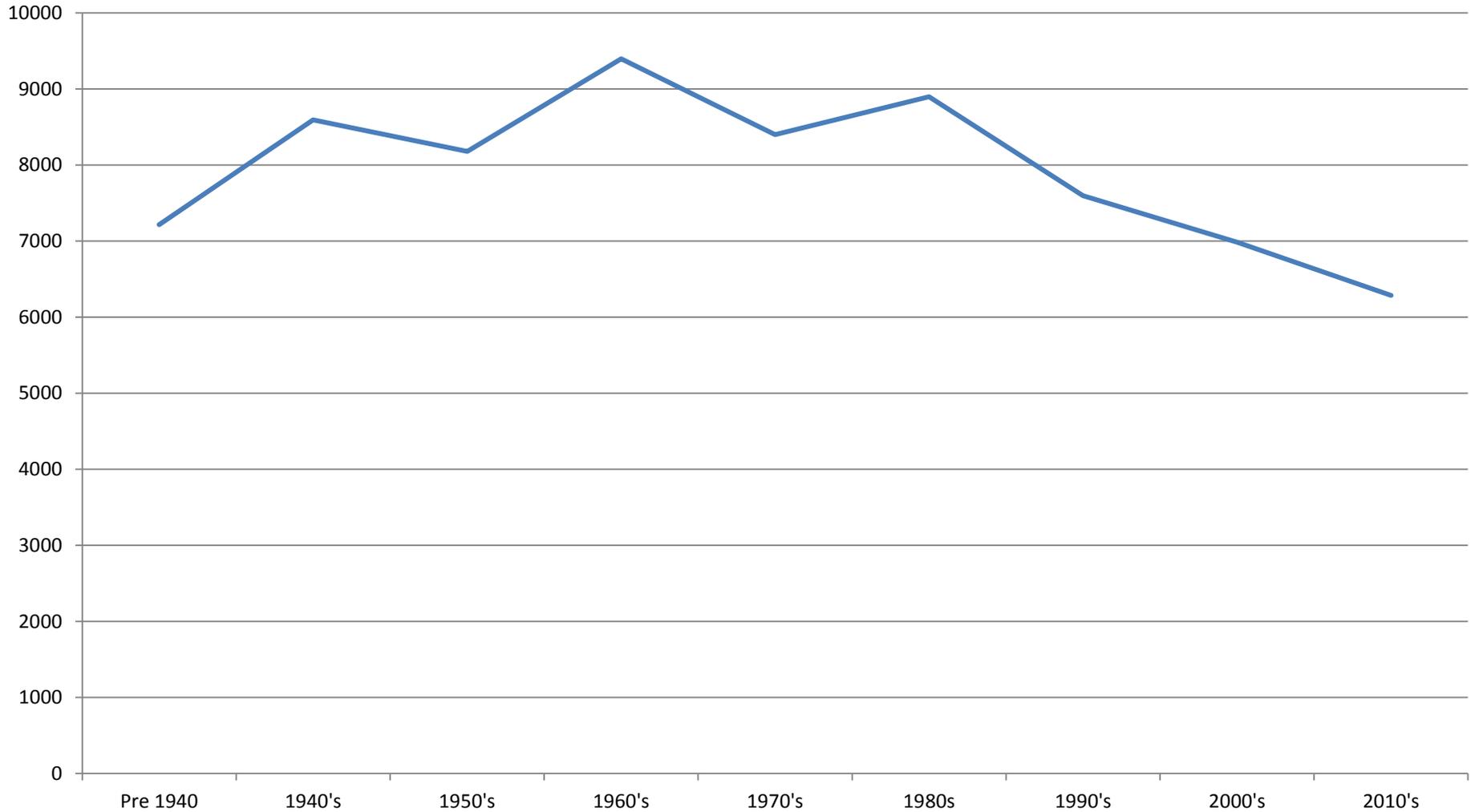


Resale Price to Price per Sq. Ft. Condo

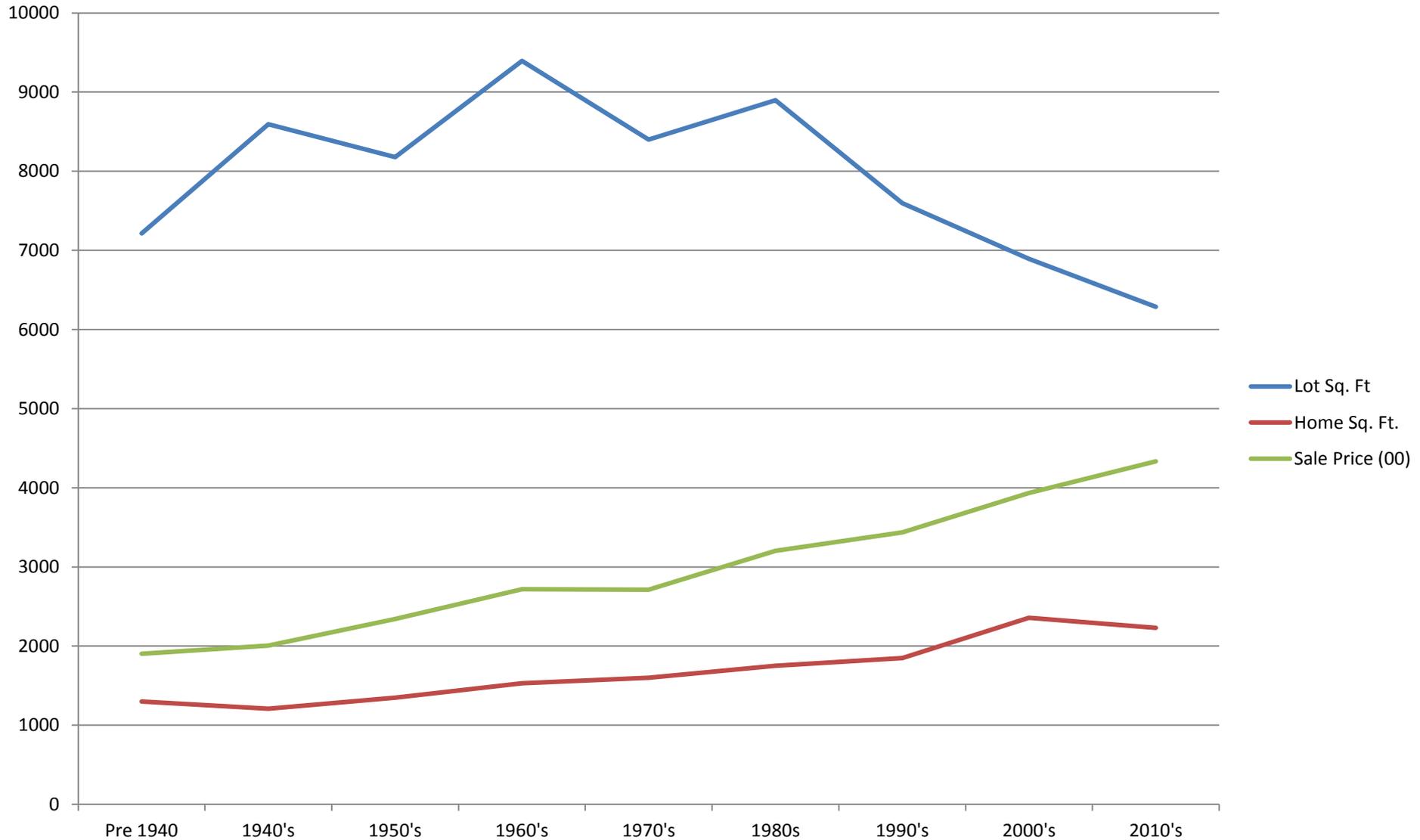


Average Lot Size SFD

Lot Size sq. ft.

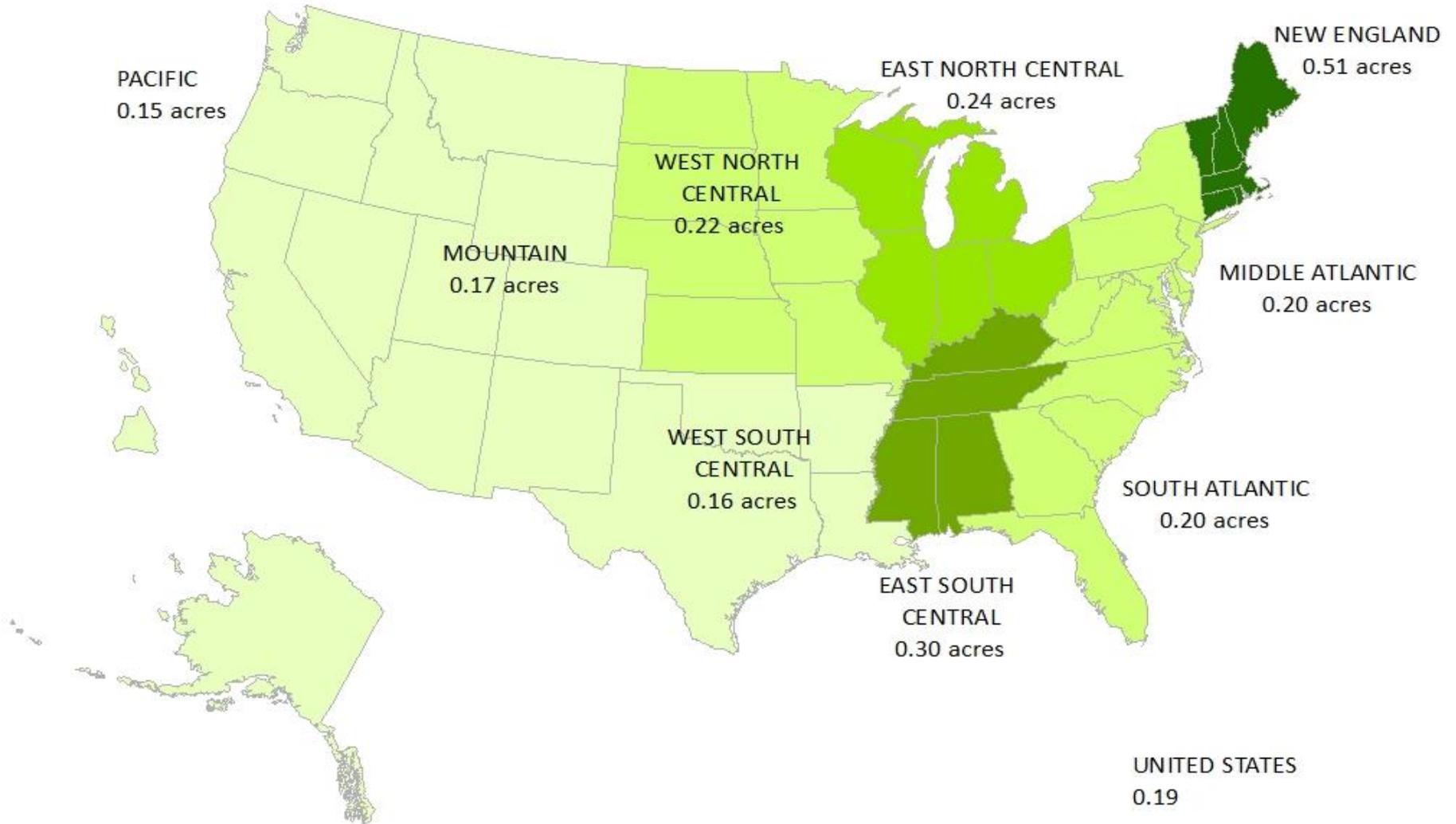


Resale Price-Lot Size-Home Size SFD



Median Lot Size

New Single-Family Spec Homes Started in 2015



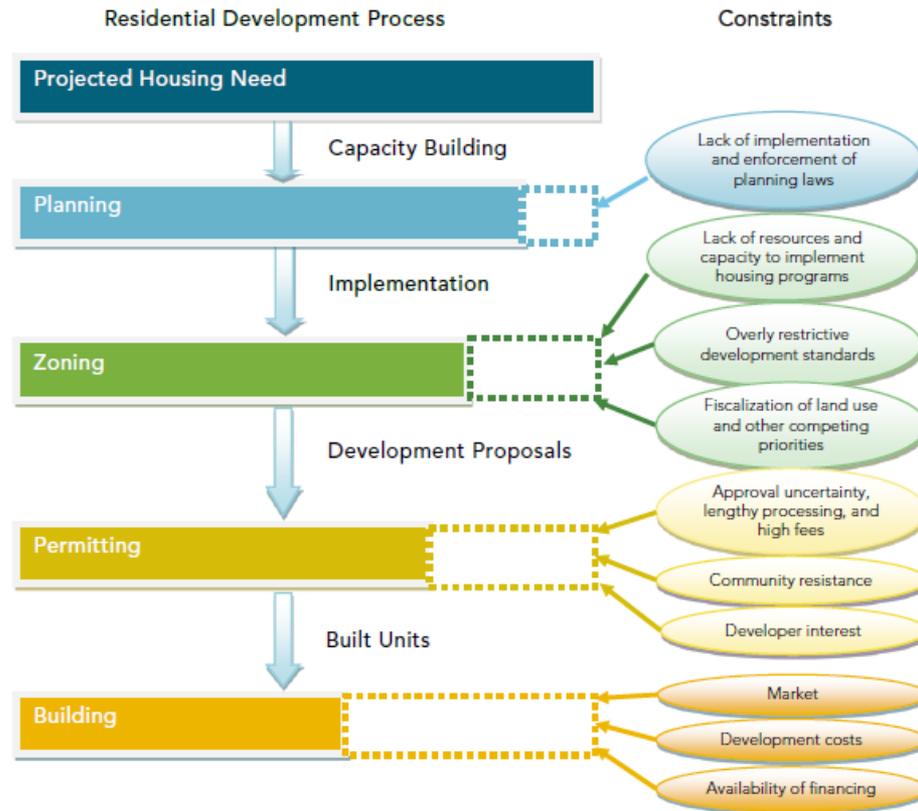
Source: 2015 Survey of Construction, NAHB Estimates

Why are we not building
the needed units?

What are the constraints?

California Housing and Community Development Department, January 2017

Figure 2.3
Constraints Create a Gap Between Planned Capacity and Built Units



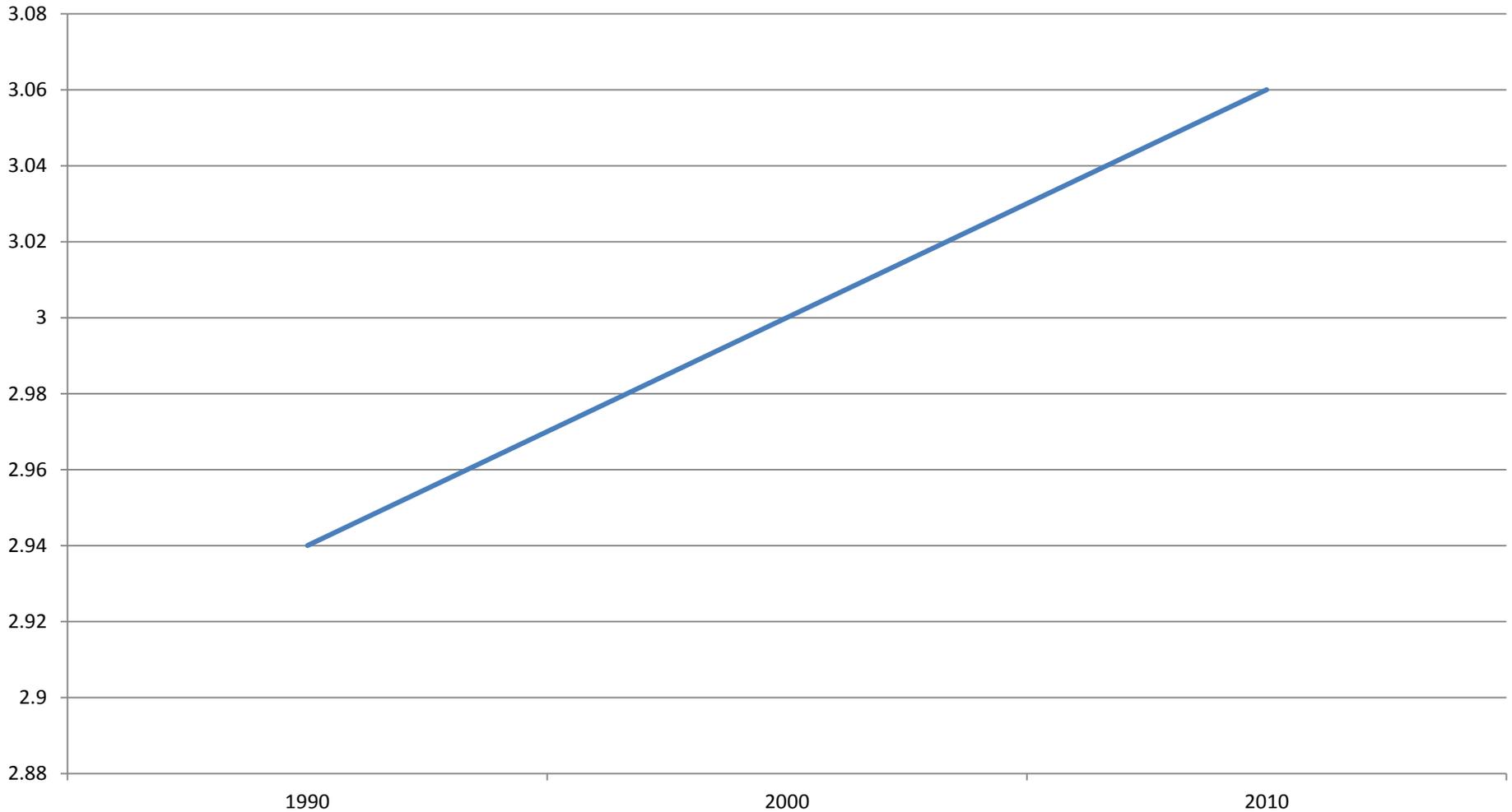
California Housing and Community Development Department, January 2017

Figure 2.4
Barriers and Constraints to Housing Development

TYPE OF CONSTRAINT	CONSTRAINT
PLANNING PHASE	
Implementation and Enforcement of Planning Laws	Tension between State and local control
	Enforcement of State law
	Community resistance to growth and change
	Inadequate capacity and resources at a local level to complete plans
	Weak General Plan and housing program implementation
ZONING PHASE	
Competing Priorities	Local revenue generating mechanisms that favor nonresidential development
	Tensions between the need for transportation corridor or transit-oriented development (TOD) and health effects from exposure to poor air quality/pollutants
	Development standards that impact supply and cost of housing
PERMITTING PHASE	
Processes and Standards	High impact fees
	Lack of implementation of housing programs
	Multiple levels of discretionary review
Community Opposition	Community resistance to new affordable housing
	Environmental permit process reviews, which can be used to stop, or limit, housing development for various reasons
	Calls for preservation of character that raise development standards, limit density, etc.
	Referendums and requirements for voter approval
BUILDING PHASE	
Market Conditions	Limited access to predevelopment financing
	Weak market conditions
	High land and construction costs
	Public subsidies inadequate/declining

Symptom of not building enough units

People Per Household



Are YOU part of the
problem or solution?

State of California Legislative Analysts Office

“Convincing Californians that a large increase in homebuilding – one that often would change the character of communities – could substantially better the lives of future residents and future generations necessitates difficult conversations led by elected officials and other community leaders interested in those goals.”

Stockton Record

Infill or outgrowth? Council expected to decide planned growth

April 3, 2017

- STOCKTON — A diverse coalition of more than 20 community organizations recently submitted a five-page letter asking that the City Council direct staff to chart a course for Stockton that focuses on rebuilding downtown and the city's aging core neighborhoods.
- “Stockton needs to invest in its existing neighborhoods ... not build new neighborhoods,” says the letter from the Healthy Neighborhoods Collaborative, with wide-ranging cosigners including the American Lung Association, the Audubon Society and the Stockton branch of the NAACP.
- Infill. This option's emphasis is on development near Stockton's core, as well as to the south and east of downtown. Mixed-use residential development would be the focus, and this option would mandate reserving “much of the area” beyond the city's limits for open space and agricultural uses.

Stockton Record

City Council decides future is in downtown, infill development

April 4, 2017

- STOCKTON — After hearing from a broad swath of the community — including a poet and a pastor, an environmentalist and a 16-year-old high school student — the City Council directed staff members Tuesday night to develop a new land-use plan for Stockton that promotes downtown and neighborhood revitalization.
- “Our neighborhoods within the city need more help than we need expansion.”
- the council voted 6-1 to direct city planners to develop programs and policies intended to encourage downtown and infill development over sprawl.
- “This is clearly what people want,” said Richard Abood of the Delta Sierra Group. “We do not want sprawl.”
- The night’s only dissenting voice belonged to John Beckman of the Building Industry Association of the Greater Valley