

STAFF REPORT

SUBJECT: Speaker Series 1 Synopsis: Regional Affordability Seminar

RECOMMENDED ACTION: Information

DISCUSSION:

Join the conversation on
regional affordability
with
San Joaquin Council of Governments & CBPR

Come learn about:

- how regional affordability impacts housing & transportation
- commuter profiles
- New research findings
- Demographic updates

Engage in thought provoking discussion on income gaps affecting our region!

RSVP for FREE on Event Brite!
SJCOG Regional Affordability Seminar

DON'T MISS OUT!

GUEST SPEAKERS

Panelists:

Dr. Jeffrey Michaels	Thomas Pogue	Alicia Sebastian	John Beckman	David Garcia
Executive Director & Associate Director UOP CBPR		Director of Housing CA Coalition for Rural Housing	Chief Executive Officer BIA	Chief Operating Officer TenSpace

MAY 18, 2017
3:00 p.m. - 5:00 p.m
SJCOG Board Room
555 E. Weber Ave.
Stockton, CA 95202

On May 18, 2017, San Joaquin Council of Governments in conjunction with University of the Pacific Center for Business and Policy Research (CBPR) successfully held their Regional Affordability Seminar, the first of three total in the 2017 Speaker Series.

The seminar on regional affordability was a lively discussion with great educational opportunities around new data and allowed for a look into different viewpoints from professionals in their respective fields.

Dr. Thomas Pogue and Dr. Jeff Michael from University of the Pacific Center for Business and Policy Research gave presentations on migration and commuting patterns in relation to income and housing costs in San Joaquin County. They provided new data around the topic and discussed their newest research study, commuter profiles of in and out commuters.

Alicia Sebastian from California Coalition for Rural Housing gave a presentation entitled “Where Home Is”, a presentation on affordable housing in relation to high amenity sites that are currently primarily zoned for single family homes.

We heard from *John Beckman, Builders Industry Association of the Greater Valley* and *David Garcia, TenSpace*, both giving presentations on housing choices and available housing stock and what the residents in the Central Valley are looking to own and rent.

RECOMMENDATION:

There is no recommendation, this staff report is for informational purposes.

FISCAL IMPACT:

Sufficient resources have been budgeted in the approved FY 2016-2017 Overall Work Program to cover the contract expenditure.

OVERVIEW:

Dr. Pogue was the first to present giving an overview of migration and commuting patterns in San Joaquin County (Figure 1). Some of his data findings included commuter characteristics which showed the following:

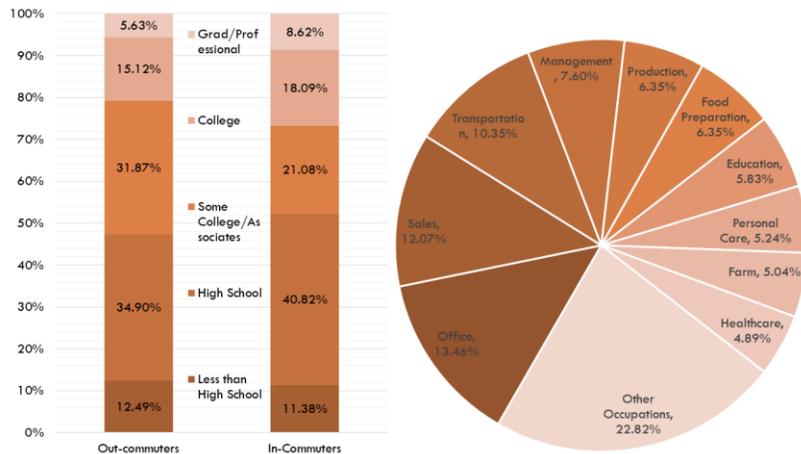


Figure 1: Breakdown of job types for in and out commuters in SJC. Dr. Thomas Pogue, CBPR

About the UOP Business & Policy Research Center

The Center for Business & Policy Research (formerly the Business Forecasting Center) at UOP was founded in 2004. The Center, originally intended to be a collaborative effort involving the cooperation of various regional public and private agencies engaged in economic development activities, including the City of Stockton and other cities in the County, San Joaquin County, the San Joaquin Partnership and Business Council, and the Port of Stockton among others, has grown substantially in its scope and analytical capabilities. Housed in the Eberhardt School of Business, the Center produces quarterly economic forecasts of the United States, California and 11 Metropolitan areas from Sacramento to Fresno and the San Francisco Bay Area. The Eberhardt School of Business is one of a handful of Business schools producing comprehensive quarterly forecasts of the U.S. economy. In addition, the quarterly metropolitan forecasts cover several regions in California's Central Valley not covered by other forecasts. It also offers a variety other services such as the ones provided for SJCOG.

- The top four jobs that people are commuting in and out of San Joaquin County for are office, sales, transportation and jobs included in the ‘other’ category.
- Most of the out-commuters are included in either the high school graduate category, or denoted as having an Associate Degree or ‘Some College’.
- The in-commuters are heavily populated by high school graduates at 40.82%.
- The highest percentage of commuters, making income levels of \$50,000-99,000 per year, are in and out commuters at 38%, while those making less than \$50,000 is 33%. This in comparison to the Bay Area and Sacramento is comparable by percentage and the conclusion is that out of area commuters have higher incomes.

Dr. Michael continued the conversation of commuter patterns and migration and how that relates to San Joaquin County income and housing costs. Some of his takeaways are as follows:

- Incomes are finally growing faster than inflation, yet still remain below pre-recession levels.
- Specifically, the median household income in San Joaquin County is currently \$53,274.
- Housing costs, including rents, have grown faster than incomes, and that inequality is on the rise.

Dr. Michael discussed inequality and the Gini index, a measurement of income distribution of residents that ranges between 0-1, 0 representing perfect equality, 1 representing perfect inequality. San Joaquin County’s Gini coefficient is on the rise, ranking at about .45 in 2015 (see Figure 2).

The Gini Index

The Gini index (also known as the Gini coefficient or Gini ratio) is a measure of statistical dispersion intended to represent the income distribution of a nation's residents, and is the most commonly used measure of inequality. It was developed by the Italian statistician and sociologist Corrado Gini and published in his 1912 paper Variability and Mutability.

(Source: Wikipedia)

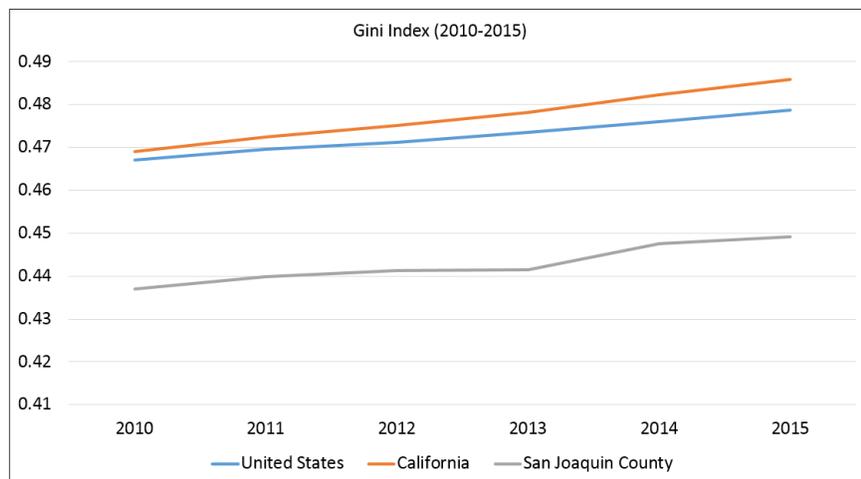


Figure 2: Gini Index, Dr. Jeff Michael, CBPR

As one can see in the graph, San Joaquin County's Gini coefficient is still lower than the United States and California. There are many factors playing into that, including our housing prices, our regional affordability, and our median incomes.

The impact of this Gini index can be found when the county is broken down by jurisdiction, with Stockton and Lodi having the highest Gini coefficient within the region, and Lathrop having the lowest. (see Figure 3).

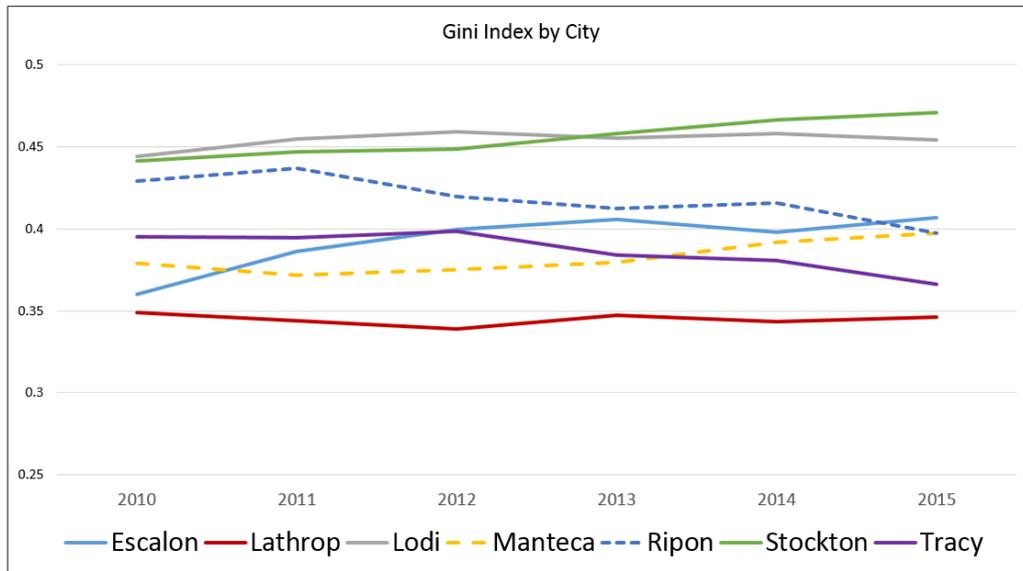


Figure 3: Gini Index by City, Dr. Jeff Michael, CBPR

Dr. Pogue and Dr. Michael set the tone for the rest of the afternoon as panelists gave presentations related to the topic of regional affordability.

The first panelist, **Alicia Sebastian**, Director of Housing and Community Development for the California Coalition for Rural Housing, gave a presentation entitled “Where Home Is”. This presentation addressed high amenity sites¹ and the zoning that is most prevalent for single family homes.

She connected this to the disproportionate zoning for multi-family housing in Stockton, Fresno, Modesto, and Merced. Her data showed that throughout the valley, high amenity sites are in existence in both rural and urban areas at roughly 60% urban and 40% rural. She made the following points:

¹ Defined as an area with transit, full scale grocery stores, public elementary, middle, and high schools all within ranges between .25 miles to 1 mile away.

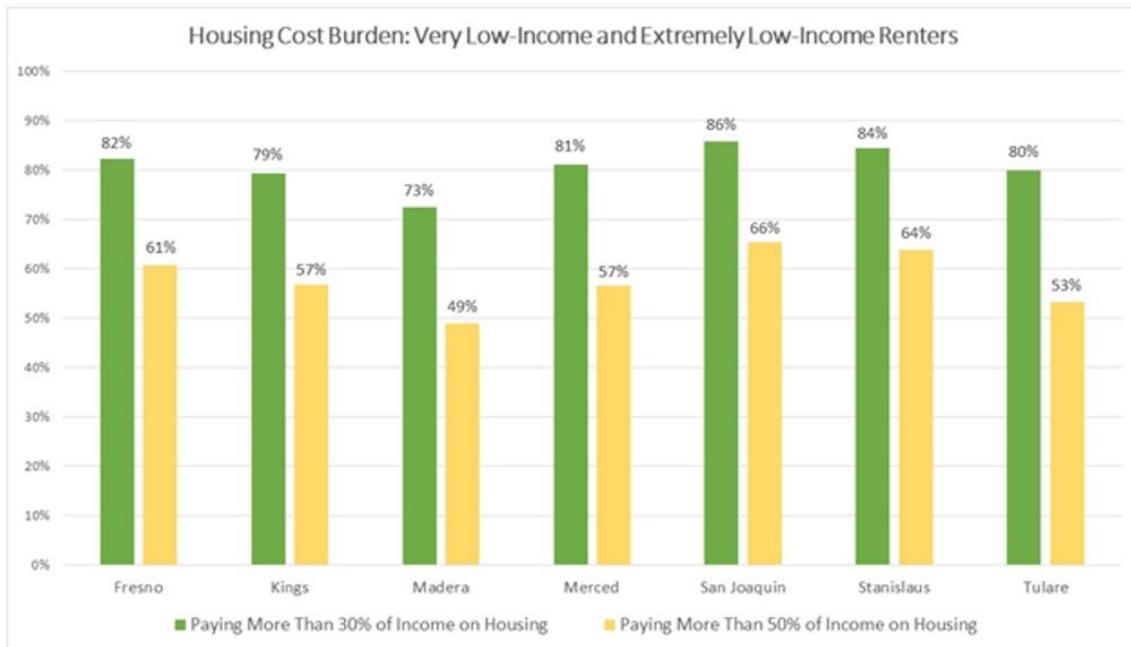


Figure 4: Housing Cost Burden, Alicia Sebastian

- There are 93,490 high amenity parcels throughout the valley, 57% of those being located in disadvantaged communities² and 42% being located in areas of opportunity.
- 82.7% of low income and extremely low income renters pay over 30% of their income on housing and 60.21% pay over 50% of their income on housing (see Figure 4).

Continuing the discussions were **John Beckman**, CEO of BIA and David Garcia, Chief Operating Officer at TenSpace. Beckman began his presentation by giving a brief overview of the percentage of owner occupied housing units. His observations are below:

- That the Northern San Joaquin Valley and California are almost meeting at about 53% owner occupied. Meanwhile the United States is still almost 10% higher than California and the NSJV, even though US rates have been dropping over the last several years.
- That people are renting because the available housing stock is not what the consumers are looking for.

Housing Preferences

According to the 2011 Community Preference Survey by the National Association of Realtors, consumers were looking for a larger, single detached home with separation from neighbors.

² Defined as areas that are disproportionately affected by environmental pollution/hazards leading to negative public health effects, exposure or environmental degradation, and areas with concentrations of people that are of low income, high unemployment, with low levels of home ownership, high rent burden, sensitive populations, or low levels of educational attainment.

- That as housing prices are at a constant increase in the Bay Area, it is driving buyers to the east towards the Valley where prices are better.
- Added that because of this drive of people to the east, it is important that we change our mindsets regionally in order to build more housing and give the consumers what they are looking for at an affordable price.

The presentation by **David Garcia** brought a different point of view to the table. Mr. Garcia made the following points:

- That instead of building more single family homes, it is important to build more multifamily homes.
- Stressed the importance of this by noting that residents in the Central Valley are looking to live in multifamily, walkable communities³.
- Cited a recent project in Downtown Stockton as an example for the multifamily housing need-- the CW 40 housing community will soon be 100% occupied and has a waiting list of 300 people.
- Noted that multifamily housing will be over 5,000 units short within the next few years as market rate rentals continue to increase.

CONCLUSION:

The lively presentations and discussion during the question and answer session were both robust and interesting as the topic of regional affordability is currently trending. Hearing from professionals in their respective fields was enlightening and educational.

NEXT STEPS:



Get excited and save the dates!

The next two dates for the 2017 Speaker Series will be **July 18, 2017**, and **September 21, 2017**.

Topics and details will be announced very soon.

Prepared by: Summer Anderson, Assistant Regional Planner

³ Three different studies conducted by Arthur C Nelson, 2013, The Concord Group, 2012, and Godbe Research, 2012