Will Sacramento home prices keep rising in 2018? Here are predictions from three experts

Residential Rents Accelerating in US, Fastest Pace in 21 Months

Sacramento home prices rise 14 percent since last year

US home prices post 6.2 percent annual gain in January

Homeless people need jobs and housing. Here’s how Sacramento is doing both at the same time
Regional Housing & Equity in Sacramento
Presentation Outline

• State of Housing Production in Sacramento

• Why We Plan for Affordable Housing

• Distribution of Affordable Housing (Region/City)

• Current City Housing Programs

• Future Initiatives and Planning
Housing Shortage
In Sacramento

- Rising Rents
- Rising Average Home Sale Prices
- Shrinking Vacancy Rates
- Flat Median Incomes
Average Annual Rent & Vacancy Rate
(Sacramento County)

Average Annual Rent
Vacancy Rate

SOURCE: COSTAR (NOTE: 2016 PROJECTED VALUES)
MEDIAN RENT INCREASE / MEDIAN RENTER INCOME DECLINE
(2000-2014 SACRAMENTO COUNTY)

$1,370 Increase in Annual Median Rent

% Change in Rent

$5,334 Decrease in Annual Median Renter Income

Total decline in annual purchasing power: -$6,704

SOURCE: CALIFORNIA HOUSING PARTNERSHIP CORPORATION – CONFRONTING SACRAMENTO COUNTY’S RENT AND POVERTY CRISIS: A CALL FOR REINVESTMENT IN AFFORDABLE HOMES
Average Home Prices (Sacramento County)

SOURCE: SACRAMENTO BEE - CORELOGIC
SACRAMENTO HOUSING CONSTRUCTION (2002-2016)

NEW HOUSING UNITS CONSTRUCTED

SOURCE: GENERAL PLAN 2035 LIVABILITY INDEX
Factors Contributing to The Drop In Housing Production

- Economic Recession
- Rising Construction Costs
- Financing
- Decrease in Affordable Housing Subsidy
New homes built each year in California

To keep up with a growing population, California needs **180,000** new homes each year.

New legislation could add about **14,000** new homes each year.

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Note: One of the bills would require voter approval in 2018.

Sources: Construction Industry Research Board and California Department of Housing and Community Development
Affordable Housing
Area Income Levels

**4 PERSON HOUSEHOLD**
(SACRAMENTO COUNTY – 2016)

- $60,901 - $91,300
- $38,051 - $60,900
- $24,301 - $38,050
- $24,300

**1 PERSON HOUSEHOLD**
(SACRAMENTO COUNTY – 2016)

- $42,651 - $63,900
- $26,651 - $42,650
- $16,001 - $26,650
- $16,000

**SOURCE:** DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
SACRAMENTO AVERAGE ANNUAL SALARY EXAMPLES

Construction Laborers ($43,687)
Teachers and Instructors ($43,953)
Office and Administrative Workers ($39,700)
Security Guards ($27,099)
Retail Salespersons ($27,883)
Janitors and Cleaners ($27,447)
Childcare Workers ($24,300)
Food Preparation and Serving ($23,543)
Fast Food Employees ($20,999)

SOURCE: SACRAMENTO BEE
Sacramento Subsidized Affordable Housing Production

- Constructed or Substantially Rehabilitated Affordable Housing
  - **2002-2007:** 4,004 homes.
  - **2008-2013:** 1,650 homes.
  - **2014-2017:** 432 homes.
UNITs AFFORDABLE AND AVAILABLE PER 100 ELI RENTER HOUSEHOLDS BY STATE

Source: NLIHC tabulations of 2015 ACS PUMS data.
The 2017 figures should not be compared to previous years, because of a change in the definition of extremely low income.
Why Is Affordable Housing So Important?

• Lack of affordable housing results in overcrowding and overpayment

• Need housing *for all incomes* near job centers

• GHG and VMT impacts from lack of housing mix
What is the Housing Element?

- The City’s housing strategy
- Chapter of City’s General Plan
- Must be certified by State every 8 years
- Regional Housing Needs Allocation (RHNA)
- Sets forth housing goals, policies and programs for all income levels
Regional Housing Needs Allocation (RHNA)

- PROVIDE AFFORDABLE HOUSING CAPACITY:
  - ZONING
  - VACANT LAND INVENTORY
  - HOUSING PROGRAMS
## Sacramento’s Share of RHNA

*Per Gov’t. Code Section 65583(a)(1), half of a jurisdiction’s very low-income share of the RHNA presumed to be extremely low-income.*
Distribution of Subsidized Affordable Housing

<table>
<thead>
<tr>
<th>County</th>
<th>Total Housing Units, 2012</th>
<th>% of Region’s Housing Units</th>
<th>Subsidized Rental Units</th>
<th>% of Total Subsidized Units in Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Dorado**</td>
<td>73,195</td>
<td>7.9%</td>
<td>1,419</td>
<td>3.2%</td>
</tr>
<tr>
<td>Placer</td>
<td>154,525</td>
<td>16.8%</td>
<td>4,354</td>
<td>9.7%</td>
</tr>
<tr>
<td>Sacramento</td>
<td>558,209</td>
<td>60.5%</td>
<td>31,387</td>
<td>70.2%</td>
</tr>
<tr>
<td>Sutter</td>
<td>33,935</td>
<td>3.7%</td>
<td>763</td>
<td>1.7%</td>
</tr>
<tr>
<td>Yolo</td>
<td>74,379</td>
<td>8.1%</td>
<td>5,634</td>
<td>12.6%</td>
</tr>
<tr>
<td>Yuba</td>
<td>27,687</td>
<td>3.0%</td>
<td>1,169</td>
<td>2.6%</td>
</tr>
<tr>
<td>Region Total</td>
<td>921,930</td>
<td>100.0%</td>
<td>44,726</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Housing Programs
### Mixed Income Housing Ordinance / Housing Impact Fee

#### Fee Amount (Per Square Foot)  
#### Fiscal Year 2017/2018

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Fee Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-unit and duplex dwellings (less than 20 dwelling units per net acre)</td>
<td>$2.68</td>
</tr>
<tr>
<td>High density single-unit and duplex dwellings (20 dwelling units per net acre or more*)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Multi-unit dwellings (less than 40 dwelling units per net acre)</td>
<td>$2.68</td>
</tr>
<tr>
<td>High density multi-unit dwellings (40 dwelling units per net acre or more*)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Conversion of a nonresidential building to a residential use</td>
<td>$0.00</td>
</tr>
<tr>
<td>Dwelling units in the Housing Incentive Zone (see map below)</td>
<td>$1.16</td>
</tr>
</tbody>
</table>
Housing Trust Fund Ordinance

- Nonresidential Development
- Fees used for affordable workforce housing

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Current Fee Level (FY 16/17) Fee/SF</th>
<th>New Fee Level (FY 17/18) Fee/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>$2.50</td>
<td>$2.51</td>
</tr>
<tr>
<td>Hotel</td>
<td>$2.38</td>
<td>$2.39</td>
</tr>
<tr>
<td>Commercial</td>
<td>$2.00</td>
<td>$2.01</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$1.57</td>
<td>$1.57</td>
</tr>
<tr>
<td>Warehouse**</td>
<td>$0.68</td>
<td>$0.69</td>
</tr>
</tbody>
</table>

** Warehouse buildings with a minor portion (25% maximum) of the space improved for incidental office use.

*San Francisco Construction Cost increase between March 2016 and March 2017 = 0.443949062%
Housing Trust Fund Assisted Projects (44 Developments, 3095 Units)
Other Housing Element Programs

- Acquisition Rehab
- Preservation of Existing Affordable Housing
- 10 Year Plan to End Chronic Homelessness
  - Over 427 permanent supportive housing units constructed
- Rental Housing Inspection Program
- Single Family Rehabilitation
  - In 2016, SHRA completed 96 Emergency Repairs and 153 accessibility modifications in 2016.
- Universal Design Ordinance
- Responsible Banking Ordinance
- Reasonable Accommodation Ordinance
Current & Upcoming City Housing Programs / Policies

• Update of Mixed Income Housing Ordinance Fees in 2019

• Exempting Affordable Housing from Impact Fees (Citywide)

• Environment Justice policies in General Plan

• 2nd Unit Streamlining

• Central City Specific Plan

• New Local and Regional Resources for Affordable Housing
Other Citywide Programs to Facilitate Housing Production

- Zoning Code Update / Planning & Building Process Streamlining
- Fee Deferral Ordinance
- SCIP (Statewide Community Infrastructure Program)
- SB 743 Implementation
- Update to minimum Unit Size (Encourage Affordability By Design)
Contact Information

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