

HOUSING

INTRODUCTION

Affordable housing is typically defined as housing for which the resident pays no more than 30 percent of their income toward housing costs. The lack of affordable housing is one of the major issues facing the San Diego region today. Housing can provide stability to our neighborhoods, communities, and families. It is vital to our economy. It is directly linked to traffic congestion, the length of our commutes, and the quality of our environment. Unfortunately, the costs of renting or owning a home in the San Diego region have risen dramatically over the past ten years. In fact, our region is regularly ranked as one of the top ten areas in the nation with the highest priced and least affordable housing.

A core value of the Regional Comprehensive Plan is to provide more housing choices—more apartments, condominiums, and single family homes in all price ranges. How much housing we build, what type of housing we build, and where we build it are some of the most important decisions we can make in shaping our region's future.

While the types of homes vary, the majority (61 percent) of the housing units in the San Diego region are single family homes. Multifamily homes make up 35 percent of the region's housing stock, and mobile homes, manufactured homes, and trailers comprise the remaining four percent.

The cost of homes in the region has increased dramatically over the last decade, especially when compared to household income, which has increased only slightly over the past 20 years. As of December 2005, only nine percent of households in the San Diego region could afford a median priced home, compared to 14 percent in California and 49 percent for the nation.⁴

Rental housing costs also are high. In an annual survey of rental costs entitled "Out of Reach," the National Low Income Housing Coalition ranked the San Diego region as the 11th costliest rental housing market in the United States—up from 12th the year before. In 1999, the region ranked 40th.

To find affordable housing, many workers are moving far from their jobs, often outside San Diego County or across the international border. A recent survey indicates that 29,000 south western Riverside County residents commute into San Diego County for work, and workers even move as far away as Imperial County to find homes they can afford. An estimated 40,000 workers cross the border from Mexico each day for jobs in the San Diego region and many are U.S. citizens (Caltrans Traffic Census). This imbalance between jobs and housing is leading to a tremendous strain on our roads, freeways, infrastructure, and environment, as well as a strain on the quality of life for those commuters.

⁴ *Source:* California Association of Realtors, Housing Affordability Index, December 2005

The indicator data included in this chapter establish a baseline for tracking progress toward the following goal included in the RCP:

- Provide a variety of affordable and quality housing choices for people of all income levels and abilities throughout the region

The indicators designated for tracking progress toward the above housing goal are as follows:

1. Housing Affordability Index
2. Percent of Households with Housing Costs Greater Than 35 percent of Income
3. Ratio of New Jobs to New Housing Units
4. Share of New and Existing Units by Structure Type and Income Category
5. Vacancy Rates
6. Percent of Households Living in Overcrowded Conditions
7. Number of households on the waiting list for Section 8 (housing assistance) Vouchers

1. Housing Affordability Index

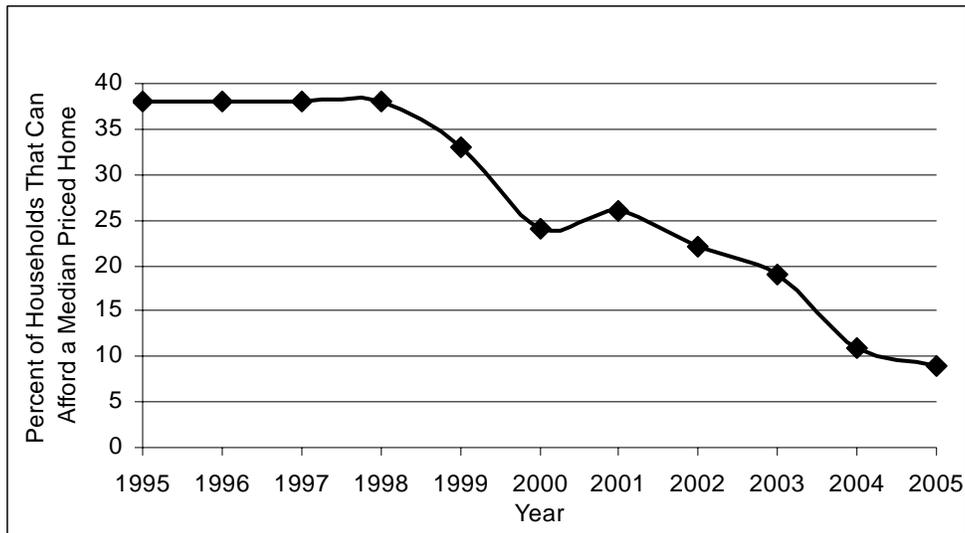
Significance

A primary goal of the RCP is to provide a variety of affordable housing choices for people of all income levels. The Housing Affordability Index rates the affordability of owner-occupied units currently on the market. The Index compares local median housing prices (including mortgage payments, interest rates, taxes, and insurance) with local household incomes to determine overall affordability. The Index shows the percentage of households that can afford a median priced home in the county. Lower index values represent less housing affordability. The Index ranges from zero (no household can afford a median priced home) to 100 (every household can afford a median priced home).

Findings

Housing affordability in the region has decreased significantly since 1995.

**Figure 9
HOUSING AFFORDABILITY INDEX (1995-2005)**



Source: California Association of Realtors.

**Table 6
HOUSING AFFORDABILITY INDEX (1995-2005)**

Year	Percent of Households that can Afford a Median Priced Home in San Diego
1995	38 %
1996	38 %
1997	38 %
1998	38 %
1999	33 %
2000	24 %
2001	26 %
2002	22 %
2003	19 %
2004	11 %
2005	9 %

Source: California Association of Realtors.

2. Percent of Households with Housing Costs Greater Than 35 Percent of Income

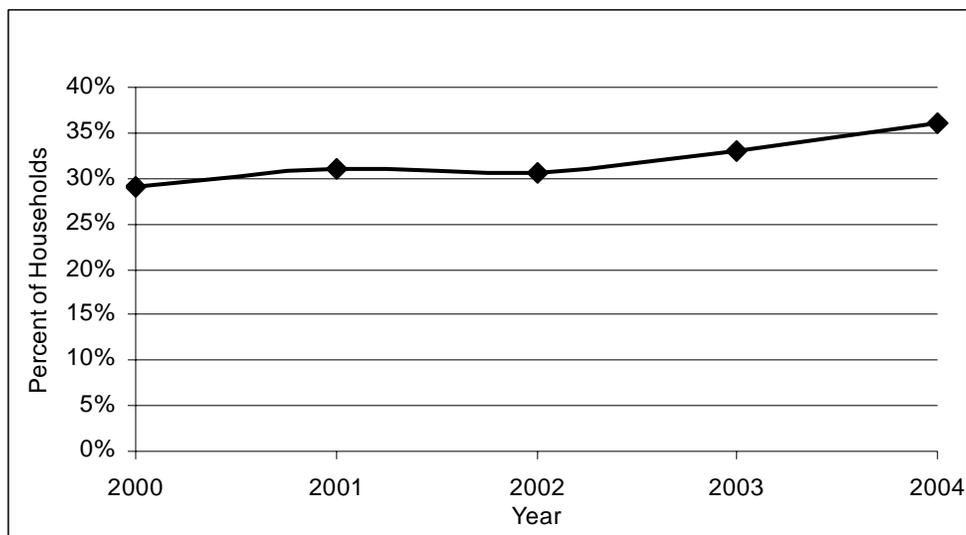
Significance

A primary goal of the RCP is to provide a variety of affordable housing choices for people of all income levels. In addition to the Housing Affordability Index, which relates to owner-occupied housing, it is important to look at the full spectrum of housing options. To do this, the federal affordability standard is applied. Federal guidelines suggest that no household should spend more than one-third of its income on housing, for either rental or owner-occupied housing. Households spending more than one-third of their income on housing are considered to be living in unaffordable housing. The values listed below represent the percent of households that are paying 35 percent or more of their income for housing. This includes households with a mortgage, households without a mortgage, and renter-occupied units.

Findings

Housing affordability has declined in the region since 2000, as more households are paying 35 percent or more of their income for housing. These observed year-to-year increases are significant, and are not the result of sampling variability, according to the U.S. Census Bureau.

Figure 10
PERCENT OF HOUSEHOLDS PAYING 35 PERCENT
OR MORE OF INCOME FOR HOUSING (2000-2004)



Source: American Community Survey, U.S. Census Bureau.

3. Ratio of New Jobs to New Housing Units

Significance

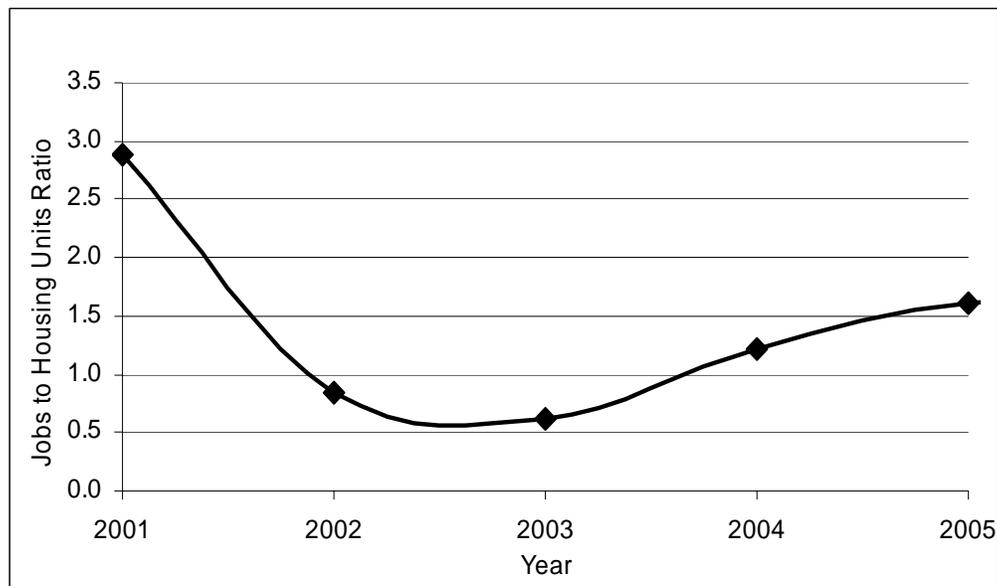
A balance of jobs and housing is fundamental to many of the goals and objectives of the RCP. In particular, the RCP focuses on providing an adequate supply of housing for our region's workforce and adequate sites to accommodate business expansion and retention. The ratio of new jobs to new housing units provides an indicator of whether or not the region is meeting both goals and is a calculated variable based on housing unit and wage and salary job counts.

Findings

Since 2001, we have seen steady growth in the number of new housing units completed, while job growth has fluctuated as a result of the nationwide recession.

However, even if the region is closer to establishing a favorable jobs-housing balance, it should be noted that the quality of job growth and the cost of housing still continue to impact quality of life in the region. The number of low-paying jobs in the region appears to be growing, as housing costs continue to increase. See the Balanced Job Growth indicator, in the Economic Prosperity chapter of this report.

Figure 11
TOTAL NEW JOBS PER NEW HOUSING UNIT RATIO (2001-2005)



Source: SANDAG Annual Population and Housing Estimates, California Employment Development Department.

Table 7
TOTAL JOBS PER HOUSING UNIT RATIO (2001-2005)

Year	Housing Units	Jobs	New Units	New Jobs	New Jobs / New Units	Jobs / Units
2000	1,040,149	1,193,800				
2001	1,048,699	1,218,400	8,550	24,600	2.9	1.2
2002	1,063,371	1,230,700	14,672	12,300	0.8	1.2
2003	1,078,416	1,240,100	15,045	9,400	0.6	1.1
2004	1,095,077	1,258,600	16,661	18,500	1.1	1.1
2005	1,108,500	1,281,000	13,423	22,400	1.7	1.2

Source: SANDAG Annual Population and Housing Estimates, California Employment Development Department.

4. Share of New and Existing Units by Structure Type and Income Category

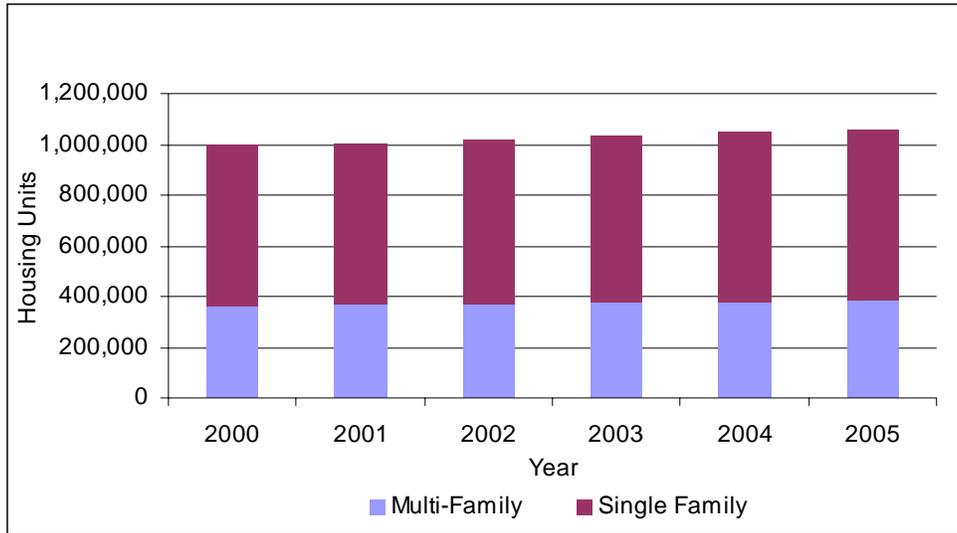
Significance

A primary goal of the RCP is to provide a variety of housing choices for people of all ages and income levels. The mix of single family and multifamily units is an indicator of the types of housing choices available to the region's residents. Single family units may be either detached or attached units. Multifamily units include apartment buildings. Condominiums may fall into either category, depending on the configuration of the building. Note: Data on new and existing units by income category are not currently available, but should be included in future reports. Additionally, as stipulated in the SANDAG Board Policy No.033, jurisdictions are asked to report annually on their progress toward meeting the Regional Housing Needs Assessment for 2005-2010.

Findings

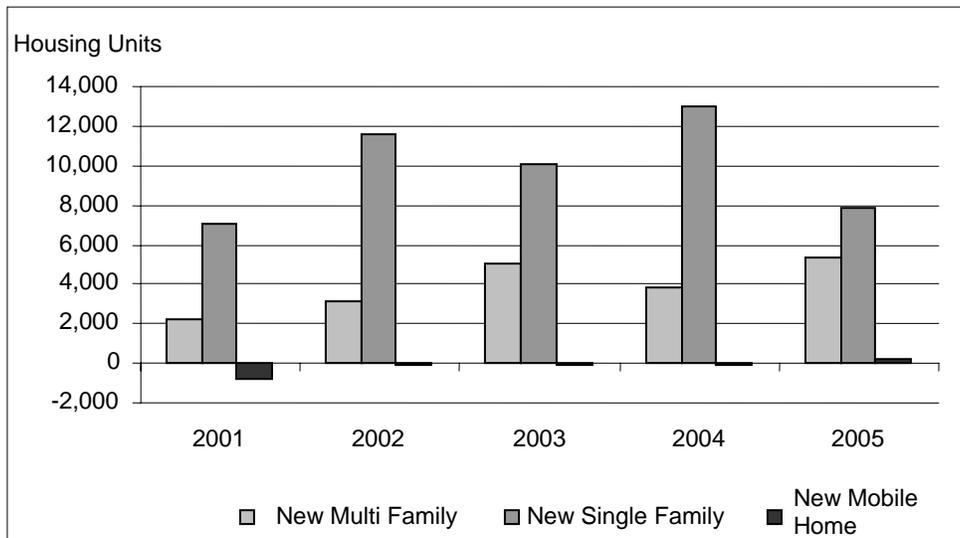
The mix of single and multifamily units in the region has remained constant over time. New construction may show some variation from year to year, but the overall trend has been a mix of roughly 1/3 multifamily and 2/3 single family units.

Figure 12
SHARE OF EXISTING UNITS BY STRUCTURE TYPE (2000-2005)



Source: SANDAG Annual Population and Housing Estimates

Figure 13
NEW MULTIFAMILY AND SINGLE FAMILY UNITS (2001-2005)



Source: SANDAG Annual Population and Housing Estimates

5. Vacancy Rates

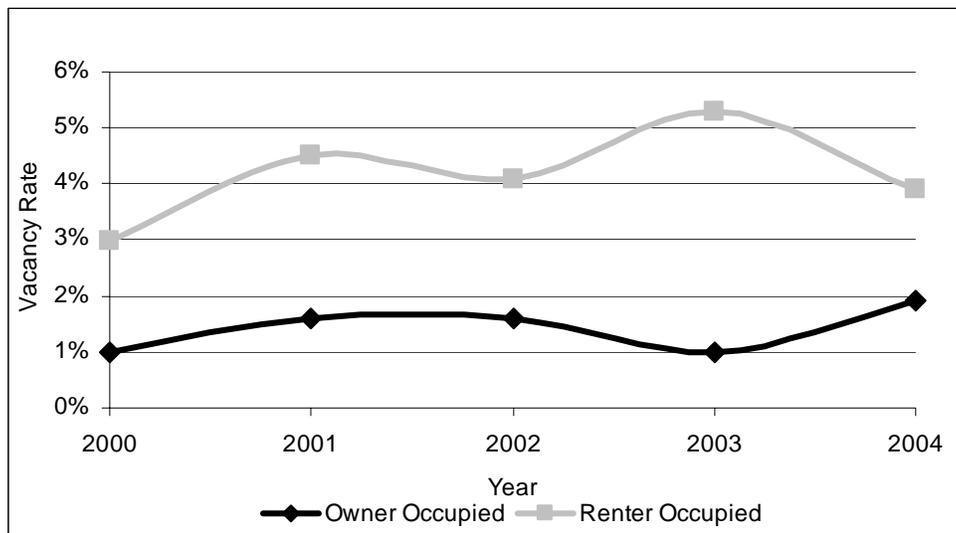
Significance

Housing vacancy rates are indicative of the supply of housing in the region. Low vacancy rates suggest a tight housing supply, and can lead to an increase in housing costs.

Findings

Rental vacancy rates have remained relatively constant since 2000. Owner-occupancy vacancy rates have increased slightly since 2000. In both cases, minor year-to-year fluctuations in the reported data may be the result of sample differences and may not reflect true year-to-year changes.

Figure 14
VACANCY RATES BY OWNERSHIP (2000-2004)



Source: American Community Survey, U.S. Census Bureau.

6. Percent of Households Living in Overcrowded Conditions

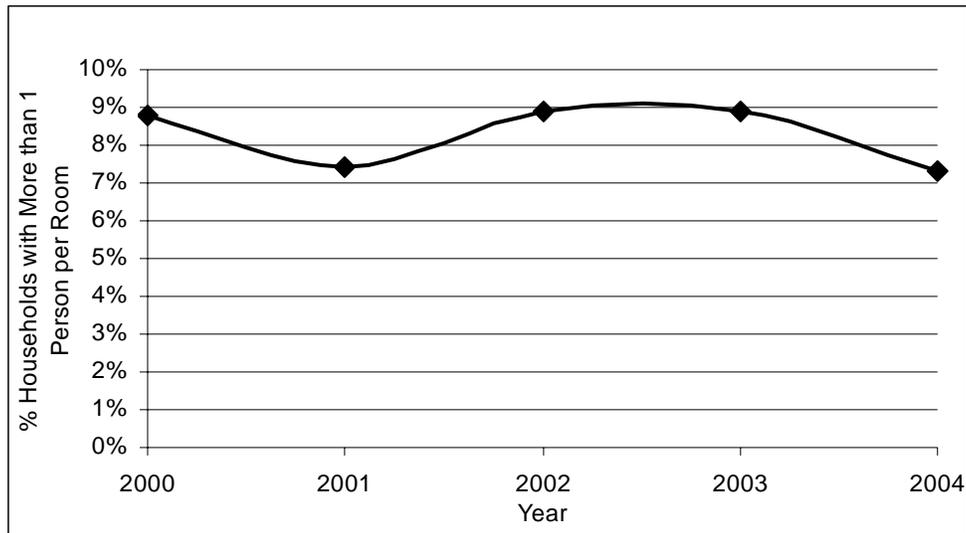
Significance

Overcrowding is an indicator of both the supply and affordability of housing. Overcrowded housing suggests that residents either cannot find, or cannot afford, adequate housing. Federal guidelines suggest that a household is overcrowded if there is more than one person per room in the housing unit.

Findings

Overcrowding in the region has remained relatively constant since 2000. Minor year-to-year fluctuations in the data may be the result of sample differences.

Figure 15
OVERCROWDING IN THE REGION (2000-2004)



Source: American Community Survey, U.S. Census Bureau.

7. Number of Household on the Waiting List for Section 8 (Housing Assistance) Vouchers

Significance

Tens of thousands of families and individuals in San Diego earn less than half of the median area income. They include seniors living on low fixed incomes, veterans who served the country but cannot afford decent homes, single-parent and even two-parent families in low-wage jobs, and people with disabilities.

To assist with rental costs, various housing authorities manage major programs to help house San Diegans. These programs make housing more affordable by reducing a family's rent amount. One such program is Section 8, which was enacted as part of the Housing and Community Development Act of 1974. The Section 8 rental assistance programs are federally funded and administered through various housing agencies.

Findings

There are six housing authorities that administer the Section 8 program in the San Diego region; these agencies include the San Diego Housing Commission, the San Diego County Housing Authority, and the cities of Carlsbad, Encinitas, National City, and Oceanside. According to staff at these agencies, approximately 73,500 households are on Section 8 waiting lists with a wait time that ranges from four to seven years.

HOUSING SUMMARY

Conclusions

The region continues to experience serious housing affordability problems. The clearest evidence of this is the affordability ranking by the California Association of Realtors (CAR) Housing Affordability Index, which indicates that only 9 percent of the county's households can afford a median priced home, down from 38 percent in 1995. Further evidence of the region's growing unaffordability is the rising percentage—from 29 percent in 2000 to 36 percent in 2005—of households that pay more than 35 percent of their income for housing. Contributing to the increase in housing costs is the region's lack of housing supply and variety of housing types as shown in the ratio of new jobs to housing units and the share of existing units by structure type.

During the 1999-2004 housing element cycle the number of new homes built for very low and low income households in the region was about 5,800 units or about 16 percent of the new housing needed as identified in the Regional Housing Needs Assessment. (See the Regional Housing Needs Assessment discussion below.)

Although home sales and home prices in San Diego have experienced historically high rates of growth since approximately 2000, rising interest rates and the increasing stock of resale homes indicate that San Diego's housing market is starting to plateau. In recent years, the rapid appreciation of existing housing stock combined with increased utilization of interest-only and no-interest loans enabled home sales and home prices to continue increasing. Despite the slowdown in the growth of home sales and home prices, the region continues to experience a serious housing affordability problem.

Future Target Setting

The initial housing-related targets for the RCP will come from the Regional Housing Needs Assessment (RHNA) process described below. Over the next year, work will continue on setting targets for the other housing indicators.

SANDAG Role

SANDAG has a number of roles in helping the region address its housing needs and the goals laid out in the RCP. These roles include: undertaking the Regional Housing Needs Assessment (RHNA)

process associated with the preparation of local general plan housing elements, staffing the Regional Housing Working Group (RHWG), reviewing state and federal housing-related legislation, and working with local jurisdictions on implementing smart growth.

Regional Housing Needs Assessment

The role of SANDAG in the local general plan housing element process is the preparation of the Regional Housing Needs Assessment (RHNA). SANDAG and the California Department of Housing and Community Development determine each region's share of the state's housing need for the five-year housing element cycle based on growth projections. This number represents the amount of new housing units for which the region will need to plan during the housing element cycle. Then SANDAG works with the local jurisdictions to allocate overall regional housing needs to each jurisdiction in four required income categories (very low, low, moderate, and above moderate).

The RHNA for the 2005-2010 housing element cycle was adopted by the Board of Directors on February 25, 2005. The goals set as part of this process will help the region plan for more housing and a greater diversity of housing types. Monitoring the region's actual production of housing against the RHNA goals will help the region determine its success in meeting its housing needs. SANDAG Board Policy No. 33 lays out specific provisions regarding the allocation of certain discretionary funding to local jurisdictions in relation to local jurisdiction housing element compliance.

Regional Housing Working Group

The Regional Housing Working Group is a standing committee that advises SANDAG on housing issues, including housing production, affordable housing, housing elements implementation, and the RHNA. The committee is composed of local housing staff and the representatives from the construction, financial, and real estate industries, low-income housing advocacy groups, and nonprofit organizations.