

MEMORANDUM

To: Closing the Gap Task Force

From: 21 Elements, Joshua Abrams, Baird + Driskell Community Planning

Date: January 23, 2016

Re: San Mateo County Jobs Housing Balance

Summary Findings

- **At times during the past decade San Mateo County has been job rich (e.g. more jobs than employed residents) and at times it has been housing rich.** This is because housing growth in the county tends to be fairly consistent, but job growth, or loss, has varied significantly from year to year. In 2000, the county's ratio of jobs to employed residents was 1.05, indicating more jobs than employed residents living in San Mateo County and a deficit of housing opportunities. By 2014, this ratio had decreased to .98, indicating faster housing growth than job growth. While jobs figures are not available for 2015 yet, the county has probably transitioned back to being job rich and housing poor.¹
- **Housing growth has not kept up with job growth since the end of the recession.** Since 2010, the county as a whole has added over 54,000 new jobs while at the same time adding only 2,148 new housing units. Looking at a slightly longer period and taking into account employment losses during the last recession in 2008-2010, the County added a net of 32,000 jobs between 2007 and 2014 in comparison to just over 7,000 new housing units².
- **Generally, San Mateo County has not produced as much housing as other inner Bay Area Counties.** For example, from 2007-2014, Santa Clara County produced more than five times the housing as San Mateo County even though it has only about two-and-a-half times the population, meaning Santa Clara County grew twice as fast on a percentage basis.³

¹ Housing unit and employed resident data is from the US Census while jobs data is from the State of California Employment Development Department (EDD).

² Housing unit data for 2010 to 2014 is from the US Census while data from 2007 through 2014 is from ABAG supplemented by local jurisdiction housing production reporting. Jobs data in both cases is from CA EDD.

³ Sources for this data include EDD, the Association of Bay Area Governments and the State of California Department of Finance (DOF).

- **The problem is likely to get worse, with approximately 44,000 new jobs and 7,900 new housing units currently proposed countywide.** This correlates to over 14 million square feet of office, 1,700 hotel rooms and half a million square feet of retail proposed for the county. In contrast, there are only 7,900 homes currently proposed.⁴
- **A significant challenge that San Mateo County faces is the Jobs-Housing Fit, or making sure the housing stock matches the needs and incomes of the workforce.** Jobs/Housing Fit is a newer metric that measures the imbalance between a community’s total number of low-wage workers and the number of homes affordable to them⁵. This metric represents an important step in creating a more complete picture of the jobs-housing connection. New research currently being undertaken by Dr. Chris Benner, UC Santa Cruz, shows there is a mismatch in San Mateo County and across the Bay Area as a whole in terms of the “fit” and affordability of new housing compared to the wage levels of many types of jobs being produced, particularly for lower-income workers and their families. As more jobs/housing fit data is released in the coming year, this metric will provide a helpful guidepost for jurisdictions looking to address housing shortages for low-wage workers.

San Mateo County Jobs Housing Balance, 2010-2014

	<u>2000</u>	<u>2010</u>	<u>% Change 2000-10</u>	<u># Change 2000-10</u>	<u>2014</u>	<u>% Change 2010-14</u>	<u># Change 2010-14</u>
Housing Units	260,576	270,039	3.6%	9,463	272,187	0.8%	2,148
Employed Residents	361,640	360,951	-0.2%	(689)	379,767	5.2%	18,816
Jobs	379,000	317,600	-16.2%	(61,400)	372,200	17.2%	54,600
Jobs/Employed Residents	1.05	0.88			0.98		

Sources: US Census, 2000 and 2010 Decennial Censuses and 2014 American Community Survey 5-year estimates; CA EDD, 2015.

⁴ Source: San Francisco Business Times, Aug 28th, 2015, "Development on the Peninsula." Over half of these proposed units are in a single development in Brisbane.

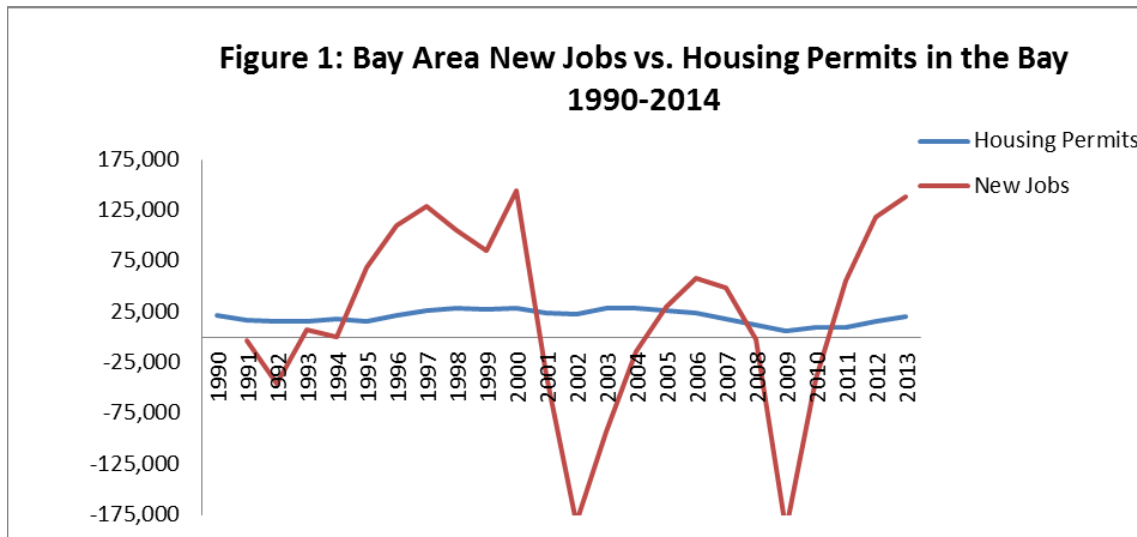
⁵ <http://nonprohousing.org/wp-content/uploads/JH-Fit-Fact-Sheet-FINAL-9.15.pdf>

Introduction

This memo has been prepared to clarify recently presented jobs and housing data for San Mateo County in comparison to the San-Francisco-San Mateo Metropolitan Area and the larger nine-county Bay Area region. There are many sources of information on this topic, including various reports in the general media that do not consistently cite or explain their sources. This memo uses data from the US Census, the State of California Departments of Finance (DOF) and Employment Development EDD, the Association of Bay Area Governments (ABAG) and local jurisdiction housing elements. These sources may not always agree on the exact number of jobs and housing units and any discrepancies will be noted below. Nonetheless, all of the sources point to a rapidly expanding local and regional economy creating new jobs in comparison to relatively modest increases in the local and regional housing supply.

Regional Trends

The Bay Area is currently experiencing record job growth driven by the rapid expansion of the high technology sector concentrated primarily in San Francisco and Silicon Valley. As recently as October 2015, the region accounted for over 40 percent of all employment growth statewide, even though it constitutes less than 20 percent of the State's population.⁶ Although dramatic, this regional economic resurgence in the post-recession recovery period since 2010 is consistent with long-term trends, and it reflects the cyclical nature of the regional economy. As displayed in Figure 1 below, since 1990 the Bay Area has experienced a series of economic downturns and strong recoveries, with the most recent economic growth period driving overall regional employment above the previously recorded high in 2000. At the same time, permits for new housing units across the region have generally tended to lag job growth leading to a cumulative overall deficit in new housing opportunities compared to new jobs.

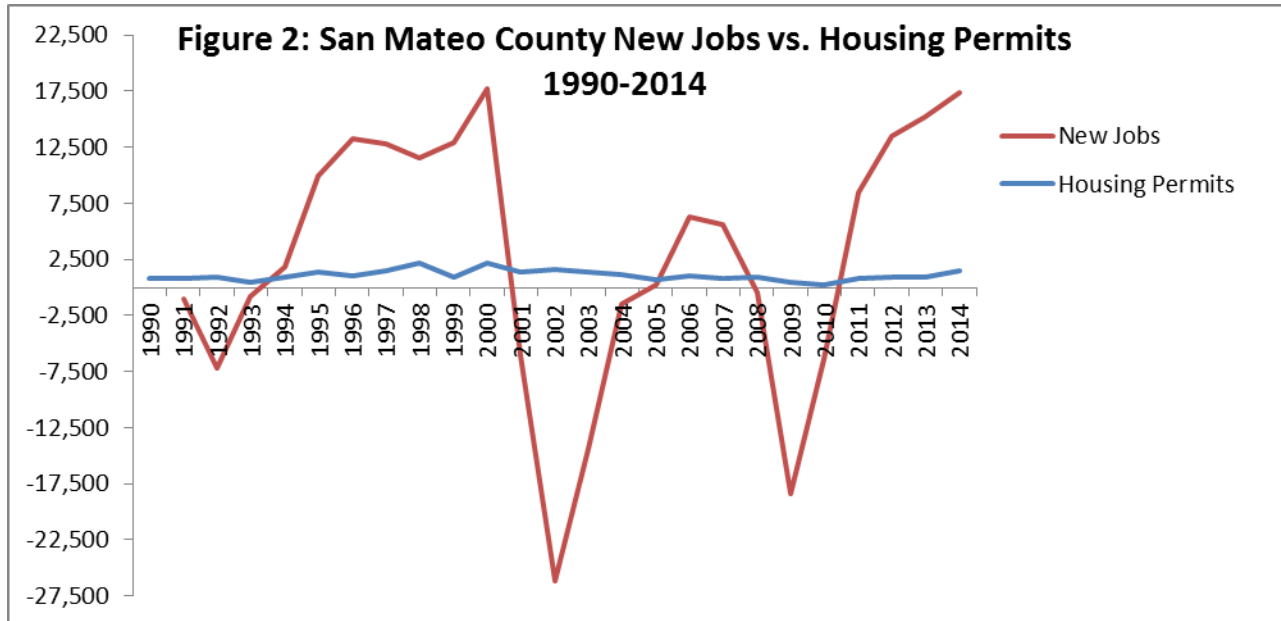


Sources: California EDD; US Census Building Permit Survey.

⁶ www.bizjournals.com/sanfrancisco/blog/techflash/2015/11/bay-area-job-growth-october-2015-tech-40-percent.html

San Mateo County Trends

The regional pattern of jobs and housing growth is mirrored in San Mateo County where recent employment growth has significantly outstripped earlier projections by the State Department of Transportation⁷. At the same time, housing permits have fallen short of earlier economic forecasts and under the long-term housing policy goals formulated by local jurisdictions.



Sources: California EDD; US Census Building Permit Survey.

Moving beyond permits issued, it is also possible to examine cumulative job growth versus actual new housing units built, as reported by local San Mateo County jurisdictions in their certified Housing Elements. Even taking into account significant job losses between 2008 and 2010, according to data compiled by EDD, San Mateo County added a cumulative total of 32,600 jobs (see table 1 below) versus 7,078 total housing units between 2007 and 2014⁸. Put differently, assuming an average of 1.58 employed residents per household, the county should have added approximately 20,250 net new housing units to keep pace with employment growth, and instead approximately one-third of that need was met.

Current Metro Area Economic Growth

The State EDD provides some employment estimates at the metropolitan area level that are more current than data available at the County level. Although a final average annual employment figure is not yet available for San Mateo County for 2015, looking at the combined San Francisco-San Mateo metro area as of October, 2015, the EDD data suggest extremely robust job growth in San Mateo County. Final data for 2015 at both the Metro Area and County levels will likely be available from EDD by March of this year.

⁷ www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2014/SanMateo.pdf

⁸ Jobs data is from California EDD. Housing production data is from ABAG and represents total housing production is reported in 2007-2014 Housing Elements.

Table 1: Metro Area and County Employment Trends, 2007-2015

Year	Metro Area (a)			San Mateo County		
	Total Jobs	Annual Change	Cumulative Change	Total Jobs	Annual Change	Cumulative Change
2015 (b)	1,077,500	47,000	169,800	-	-	-
2014	1,030,500	50,800	122,800	372,200	17,400	32,600
2013	979,700	36,000	72,000	354,800	15,200	28,700
2012	943,700	49,400	36,000	339,600	13,500	22,000
2011	894,300	29,300	-13,400	326,100	8,500	2,100
2010	865,000	3,000	-42,700	317,600	-6,400	-24,800
2009	862,000	-50,400	-45,700	324,000	-18,400	-18,900
2008	912,400	4,700	4,700	342,400	-500	-
2007	907,700	-	-	342,900	-	-

Source: CA EDD, 2015.

Notes:

(a) The metro area includes San Francisco and San Mateo Counties. .

(b) 2015 data is reported through October and is only available at the Metro Area level.

Development Trends and the Residential Development Pipeline

The previous Housing Element planning period of 2007-2014 represents a relatively low ebb in housing production as the Bay Area region was just emerging from the financial crisis of 2008 and related recession. As the residential real estate market has recovered, developers have also begun to respond with new proposals for residential projects. According to data assembled by the San Francisco Business Times, there are currently more than 6,500 housing units approved or under construction across San Mateo County and more than 6,900 housing units that are proposed. Despite this number of additional housing units, job growth and related housing demand generated by new employed residents will likely continue to outstrip housing supply.

Jobs Housing Fit

In San Mateo County as whole, as of June 2015 (according to the U.S. Department of Labor, Bureau of Labor Statistics) there were 352,000 people employed in jobs located in San Mateo County. Of those, 61 percent, or 214,500 people, were employed in jobs earning less than \$70,000 per year, with an average annual wage of those jobs being \$50,054. The remaining 39 percent, or 137,500 people, were employed in jobs earning more than \$100,000 per year, with an average annual wage of those jobs being \$161,187. This same ratio of roughly two higher paying job for every three lower paying jobs is expected to continue through the foreseeable future.

According to the California Association of Realtors, only 13 percent of the households currently residing in San Mateo County could afford to purchase the median priced home in San Mateo County in the second quarter of 2015. Even with the economic downturn during 2008-2010, both sales and rental prices have been increasing.