AMERICA'S EMERGING HOUSING CRISIS SUPPLEMENT

A DEEPER LOOK AT THREE STUDY AREAS

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This report concentrates on housing affordability in three of California's metropolitan areas: Los Angeles, Riverside-San Bernardino and San Jose. These areas were selected to represent:

- a mature, slow-growing and average-income metropolitan area (Los Angeles)
- a fast-growing, largely lower-income metropolitan area (Riverside-San Bernardino)
- and a high-income, slow-growing metropolitan area (San Jose)

These three Metropolitan Statistical Areas (MSAs) are among the largest in the nation. Los Angeles-Long Beach-Santa Ana has a population of 13.1 million (2012), second in size only to the New York metropolitan area. The Riverside-San Bernardino MSA has a population of 4.4 million, ranking 12th in the nation. Riverside-San Bernardino is slightly less populous than the San Francisco metro area, and slightly more populous than greater Phoenix. If recent historic trends continue, Riverside-San Bernardino should exceed the San Francisco metropolitan area in population before 2020. The San Jose MSA has a population of 1.9 million and ranks as the nation's 34th largest metropolitan area.

Until late in the 2000s, the three metropolitan areas had been among the fastest growing in the nation. However, during the last decade, Los Angeles and San Jose experienced some of the slowest growth in the U.S. The reduction in growth coincided with unprecedented house-price escalation. Riverside-San Bernardino has continued to grow strongly, reflecting its somewhat less severe housing affordability crisis.

The Los Angeles MSA experienced significant losses due to net domestic migration, as 1.4 million people moved to other parts of the country between 2000 and 2012. The San Jose area lost nearly 240,000 net domestic migrants. The Riverside-San Bernardino area, however, added approximately 475,000 net domestic migrants (Figure 1).

Figure 1 **MSA Net Domestic Migration: 2000-2012 (Los Angeles, Riverside-San Bernardino, San Jose)**

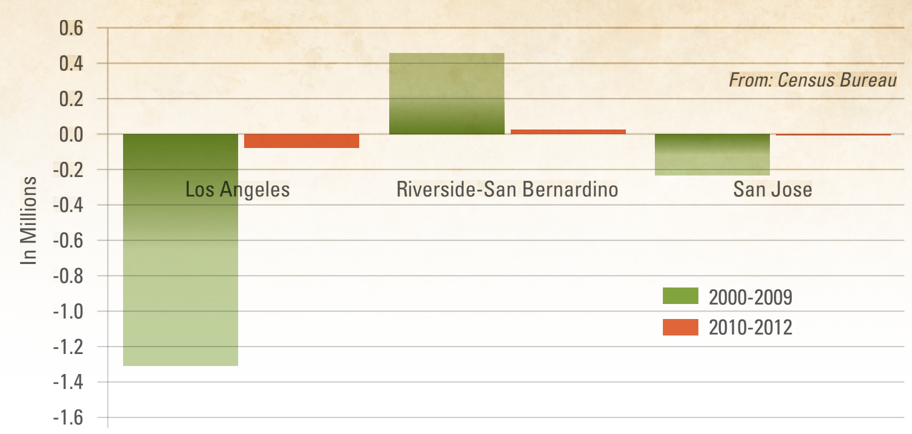
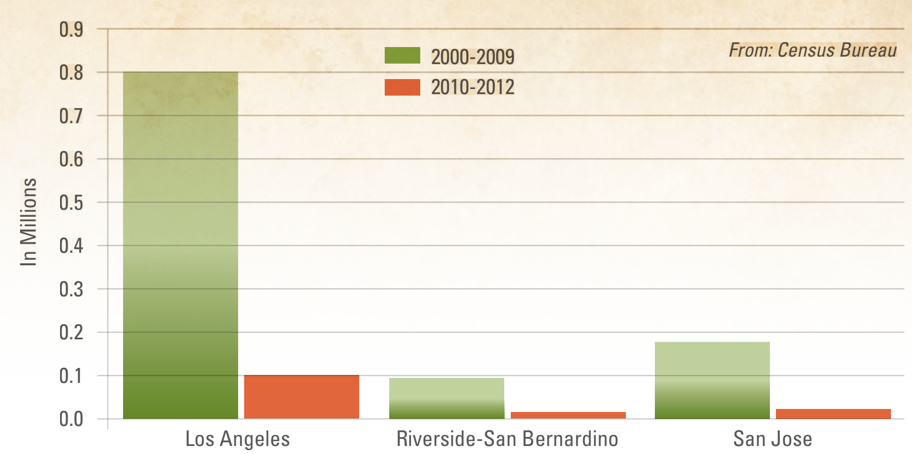


Figure 2 **MSA Net International Migration: 2000-2012 (Los Angeles, Riverside-San Bernardino, San Jose)**



All three metropolitan areas have net additions in international migrants. Between 2000 and 2012, the Los Angeles-Long Beach-Santa Ana metropolitan area added 900,000 net international migrants, and the Riverside-San Bernardino area 100,000. The San Jose area added 200,000 (Figure 2).

San Jose is the highest income metropolitan area in the United States, with a median household income of $84,000 in 2011. Los Angeles, at $56,600, and Riverside-San Bernardino, at $52,000, have median household incomes slightly higher than the U.S. median of $50,500 (Figure 3).

As noted in the main report, the high cost of living, largely a result of the high cost of housing, is particularly burdensome on California's low-income citizens. When adjusted for the cost of housing, California has the highest poverty rate in the nation of any state, and has an even higher poverty rate than the District of Columbia, with its huge pockets of inner-city poor.[1] Under the housing adjusted measure, California's poverty rate is 23.7 percent, higher than that of states with the highest poverty rates. California's housing-cost-adjusted poverty rate is nearly 1.5 times that of Mississippi's (15.8 percent) and nearly double that of West Virginia's (12.2 percent). This housing-cost-adjusted poverty rate, which was created in an experimental program at the Census Bureau, is far higher than the regularly reported poverty rate, which does not take housing costs into consideration. The housing-cost-adjusted cost of living is not reported below the state level, though previous research by the Public Policy Institute indicated substantially higher cost of living adjusted poverty rates than the unadjusted rates in each of the metropolitan areas examined in this report.[2]

Housing prices in California's largest metropolitan areas were similar to the rest of the nation as late as 1970. Affordability was similar, too. However, during the 1970s there was substantial house-price escalation in each of the three study markets. At the height of the housing boom, each of the markets peaked well above the national average peak median multiple (Figure 4).

Figure 3 **Median Household Income: 2011 (California & U.S.)**

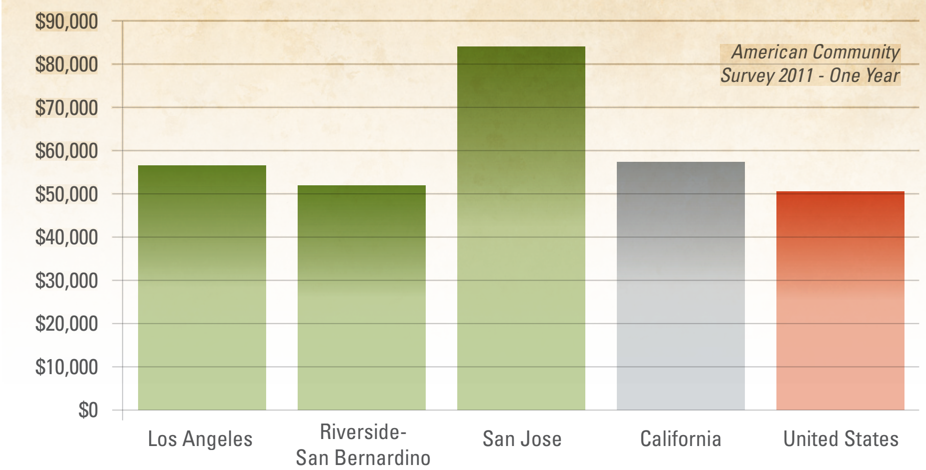
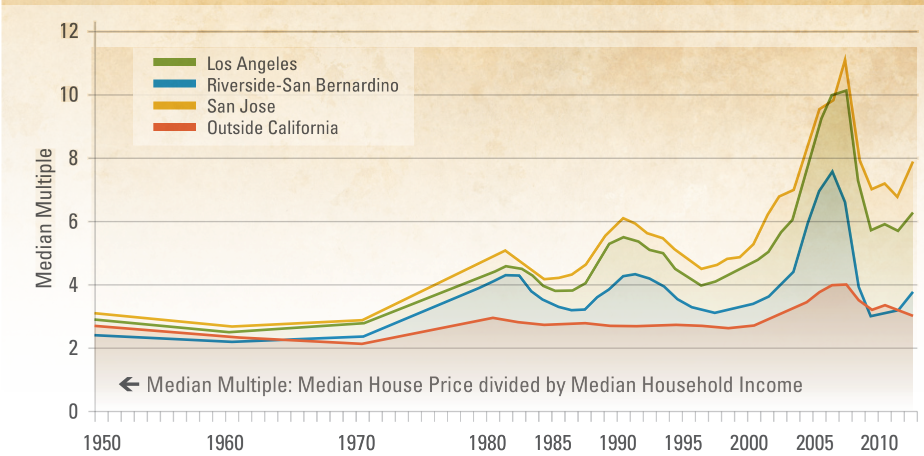


Figure 4 **Housing Affordability 1950-2012 (Median Multiple: California Markets and Outside)**



HOUSING AFFORDABILITY IN THE THREE METROPOLITAN AREAS: HISTORICAL CONTEXT

The Los Angeles Metropolitan Area

The Los Angeles metropolitan area includes Los Angeles and Orange counties.

In 1970, the median value multiple[3] in Los Angeles was 2.8, 17 percent higher than the national average. By 1980, the median multiple in Los Angeles had reached 4.4, nearly one and a half times that of major metropolitan areas outside of California. Over the next 20 years, the median multiple in Los Angeles fluctuated between 40 percent and 106 percent above the national average.

Los Angeles house prices escalated substantially above the national rate during the housing bubble, reaching a median multiple of 10.2 in 2006, 153 percent above the national average. During the housing bubble, Los Angeles and three other California metropolitan areas (San Jose, San Francisco and San Diego) were the most unaffordable in the nation.

During the housing bust in 2010, median house prices declined to 77 percent above the national average, but by 2012 the median house price recovered to 88 percent above the national average. In 2012, Los Angeles was the fourth most unaffordable major market in the nation (trailing San Jose, San Francisco and San Diego). As was noted above, even greater price escalation appears to be occurring, with a 31 percent increase in median house price over year end May 2013.

Table 1 **Median Value Multiple (Los Angeles MSA: Cities over 100,000 Population)**

City	Median Value Multiple
Anaheim	7.7
Burbank	9.0
Costa Mesa	9.4
Downey	7.9
El Monte	8.9
Fullerton	7.8
Garden Grove	7.3
Glendale	11.5
Huntington Beach	8.2
Inglewood	8.5
Irvine	7.1
Lancaster	4.1
Long Beach	9.0
Los Angeles	10.3
Norwalk	6.0
Orange	7.2
Palmdale	4.1
Pasadena	9.4
Pomona	6.1
Santa Ana	6.8
Santa Clarita	5.1
Torrance	8.5
West Covina	6.2

Source: American Community Survey 2007-2011

Housing affordability varies considerably within the Los Angeles metropolitan area. This can be shown by the median value multiple for the larger cities. In Los Angeles and Glendale, the median value multiple was three times or more the national average. The lowest house values relative to incomes were in Palmdale, Lancaster and Santa Clarita (Table 1). Data for all cities and census designated places is illustrated in Figure 5. Housing affordability for individual zip codes is illustrated in Figure 6.

Figure 5 **Los Angeles Metropolitan Area Median Value Multiple - Places**

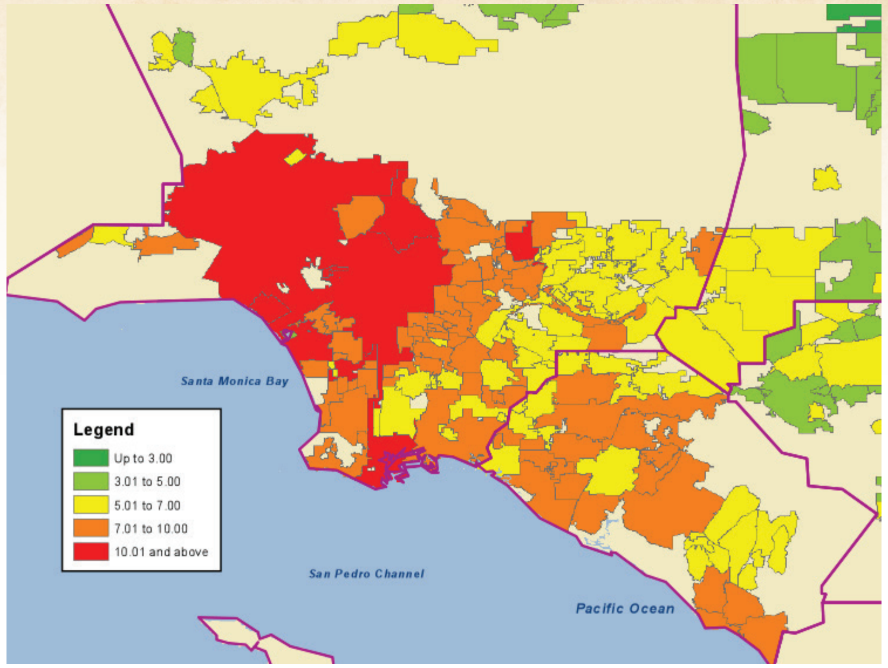
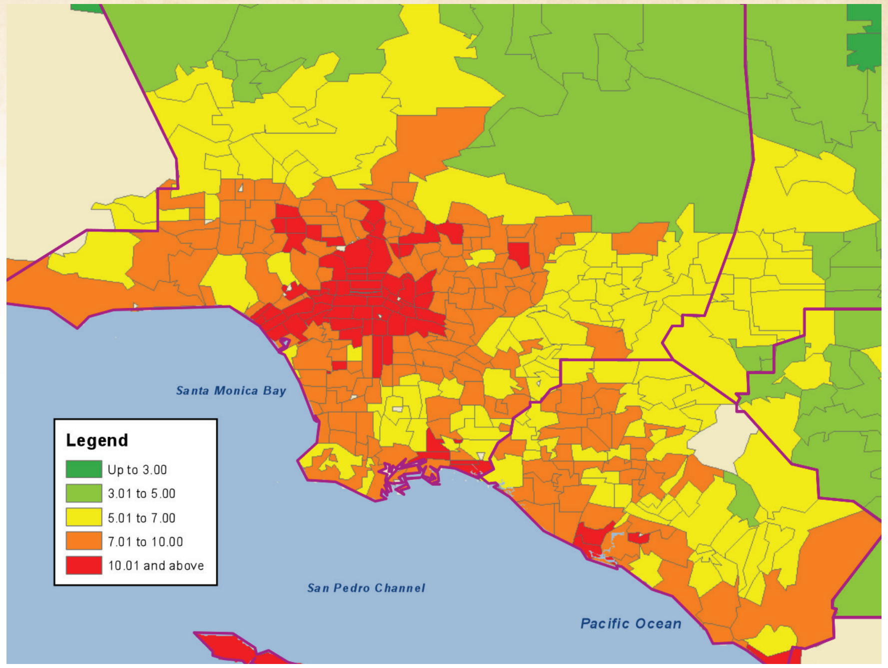


Figure 6 **Los Angeles Metropolitan Area Median Value Multiple - Zip Codes**



Rental Affordability

Figure 7 shows that the Los Angeles metropolitan area has the fourth highest share of renter households in the United States with a housing burden (30 percent or more of gross income for housing) carried by 54.8 percent of the population (1.1 million households).

In the largest city, Los Angeles, 56.5 percent of renter households have a housing burden. Among the 23 cities with more than 100,000 population, only Irvine and Torrance have a renter housing burden lower than the national average of 47.3 percent of households. The highest percentage of households with a housing burden is in Palmdale, at 68.6 percent. In Glendale, Anaheim and El Monte, more than 60 percent of renters have housing burdens (Table 2).

Data is shown by city and census designated place and by zip code in Figures 8 and 9.

Data on the more extreme "severe housing burden" (50 percent or more of household expenditures) is available only at the metropolitan area level. The National Housing Conference estimates that 39 percent of Los Angeles metropolitan area working households spent more than 50 percent of their income on housing in 2011. This is 65 percent higher than the national average of 23.7 percent. Since 2008, this has increased from 36.4 percent, reflecting an increase similar to the national average.[4] In 2011, the Los Angeles severe housing burden was the second highest in the nation, after Miami.

Figure 7 **Housing Burden (30%+ of Income) Worst Ranking Major Metropolitan Areas: 2011**

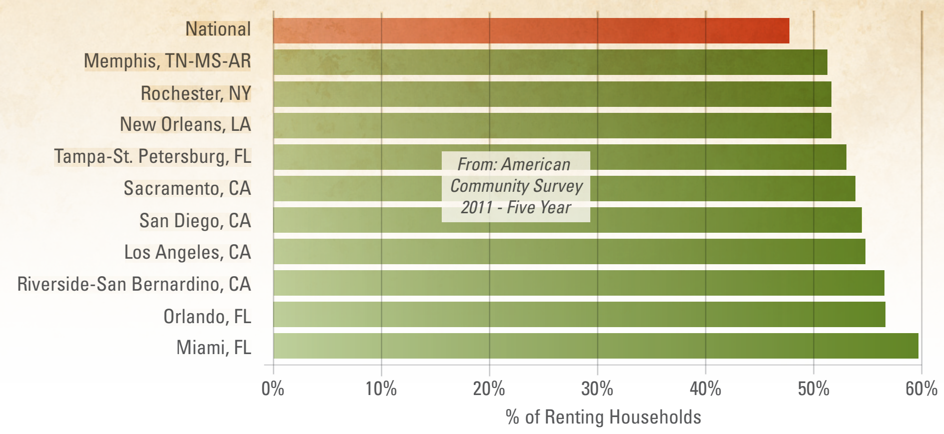


Table 2 **Renting Households Spending 30%+ of Income on Housing (Los Angeles MSA: Cities over 100,000 Population)**

City	% of Households
Anaheim	61.4%
Burbank	48.8%
Costa Mesa	51.2%
Downey	52.8%
El Monte	61.4%
Fullerton	54.1%
Garden Grove	58.0%
Glendale	61.6%
Huntington Beach	48.8%
Inglewood	58.5%
Irvine	44.5%
Lancaster	56.7%
Long Beach	53.9%
Los Angeles	56.5%
Norwalk	53.6%
Orange	51.0%
Palmdale	68.6%
Pasadena	49.1%
Pomona	59.3%
Santa Ana	57.0%
Santa Clarita	53.5%
Torrance	47.3%
West Covina	56.1%

Source: American Community Survey 2007-2011

Consequences

Cost of Living

The cost of living is high in the Los Angeles metropolitan area. In 2012, the cost of living in Los Angeles County was approximately 31 percent higher than the national average, while in Orange County the cost of living was approximately 41 percent above the national average.[5]

Poverty Rate

The Los Angeles metropolitan area's poverty rate of 16.0 percent is above the national rate of 15.2 percent. As indicated above, the housing cost adjusted poverty rate, which shows California to have the highest poverty rate in the nation, is not available at the metropolitan area level. However, in 2004, the Los Angeles County cost of living adjusted poverty rate was estimated by the Public Policy Institute of California at 20 percent above the unadjusted rate, while the Orange County cost of living adjusted poverty rate was 50 percent above the unadjusted rate. If this ratio has been maintained, the Los Angeles cost of living adjusted poverty rate is now well above the national rate.[6]

Figure 8 **Los Angeles Metropolitan Area Rental Housing >30% of Income - Places**

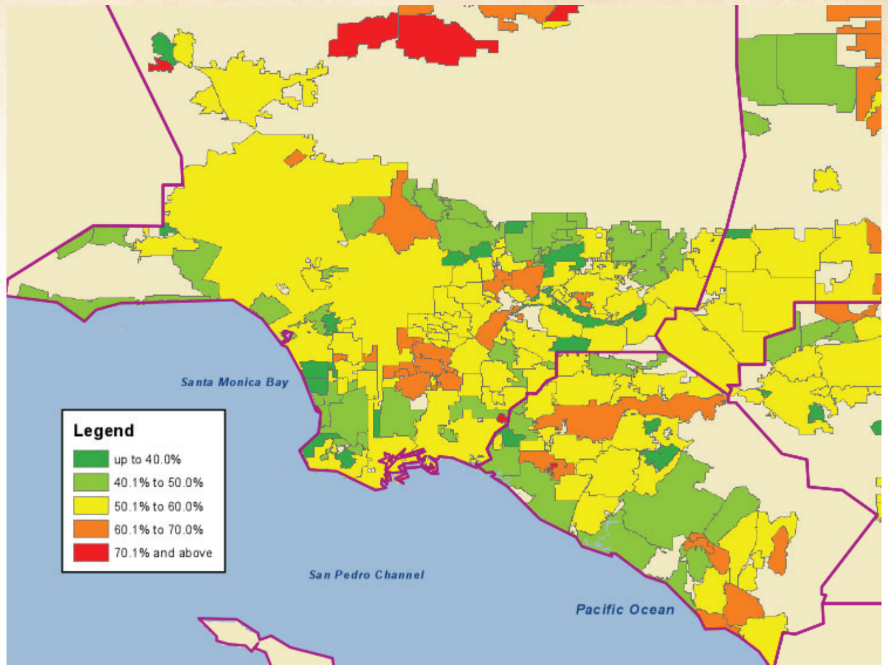
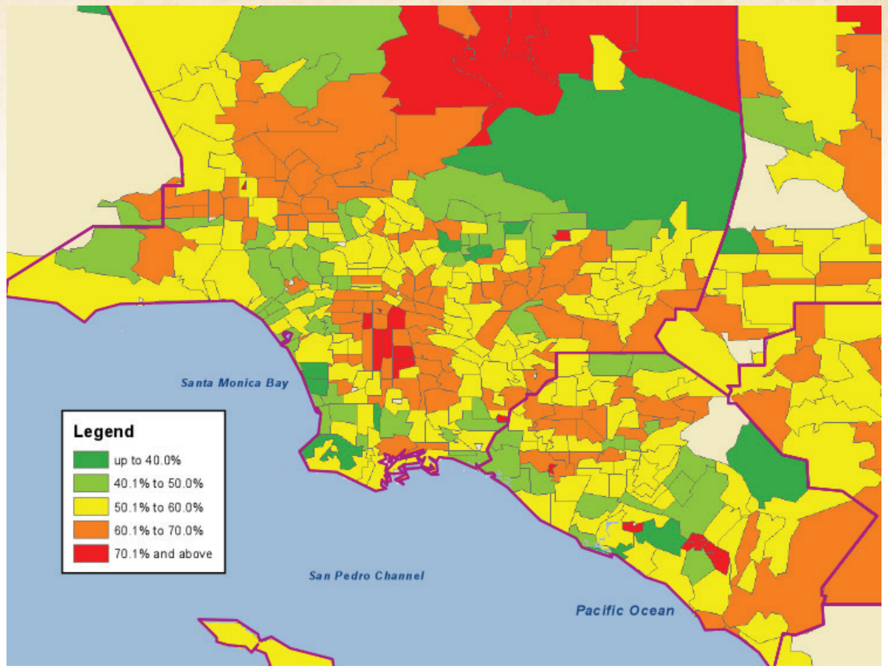


Figure 9 **Los Angeles Metropolitan Area Rental Housing >30% of Income - Zip Codes**



Overcrowding ("Doubling Up")

Approximately 255,000 households "doubled up"—more than one family shared a housing unit—in the Los Angeles metropolitan area in 2011. This is the second highest number in the nation. Los Angeles also ranks second in share of households doubling up, at 6.1 percent, nearly double the 3.3 percent national average.

Among the cities with more than 100,000 population, Santa Ana has the greatest overcrowding, with 13.8 percent of households containing an extra family. El Monte is second, at 13.6 percent. Norwalk, Garden Grove and Pomona also exceed 10 percent (Table 3).[7] Even greater overcrowding is indicated in smaller cities, including Baldwin Park (17.5 percent), South El Monte (16.0 percent), La Puente (14.2 percent) and Hawaiian Gardens (14.0 percent). Among census designated places,[8] West Puente Valley had the highest doubling up rate, at 21.8 percent. Figure 10 shows doubling up percentage rates by city and census designated place. Zip code doubling up data is indicated in Figure 11.

Table 3 **Doubling Up in the Los Angeles MSA (Cities over 100,000 Population)**

City	% of Households
Anaheim	7.5
Burbank	2.9
Costa Mesa	4.4
Downey	6.4
El Monte	13.6
Fullerton	4.2
Garden Grove	10.7
Glendale	3.5
Huntington Beach	2.5
Inglewood	6.9
Irvine	1.6
Lancaster	6.0
Long Beach	4.9
Los Angeles	5.0
Norwalk	12.2
Orange	5.3
Palmdale	7.7
Pasadena	3.2
Pomona	10.5
Santa Ana	13.8
Santa Clarita	3.4
Torrance	2.1
West Covina	8.5

Source: American Community Survey 2007-2011

Domestic Migration

Between 2000 and 2012, approximately 1.4 million people moved from the Los Angeles metropolitan area to other parts of the nation. This represents approximately 12 percent of the 2000 population.

Commuting

The Los Angeles metropolitan area ranks eighth in the number of commuters traveling 90 minutes or more to work, and in those travelling 60 minutes or more to work (3 percent and 11 percent respectively). The average work trip travel time is 28.4 minutes, compared to the national average of approximately 25.5 minutes. The average employee can reach only 3.7 percent of jobs within 45 minutes by transit (96.3 percent of jobs are not accessible within 45 minutes).

Figure 10 **Los Angeles Metropolitan Area Doubling Up - Places**

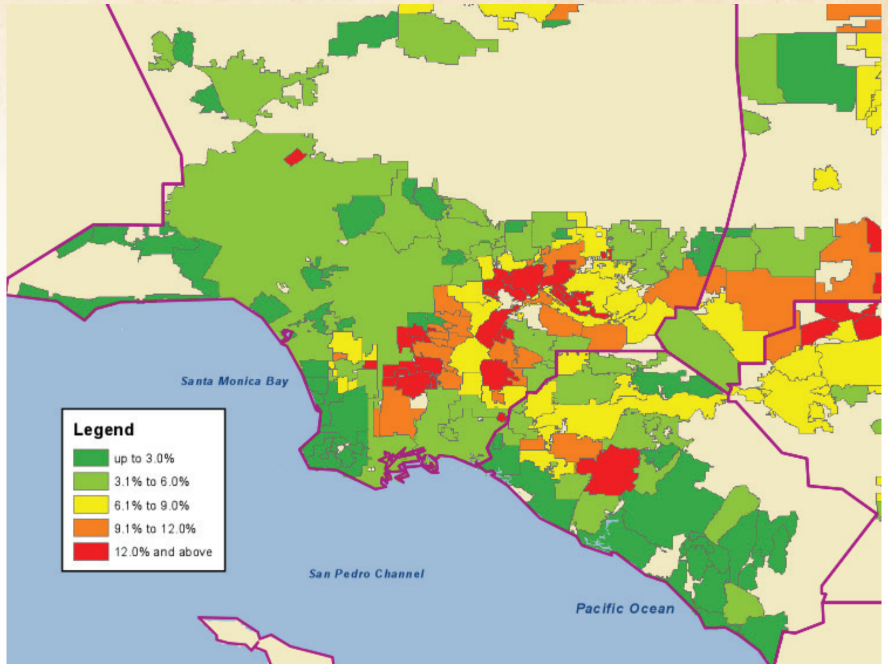
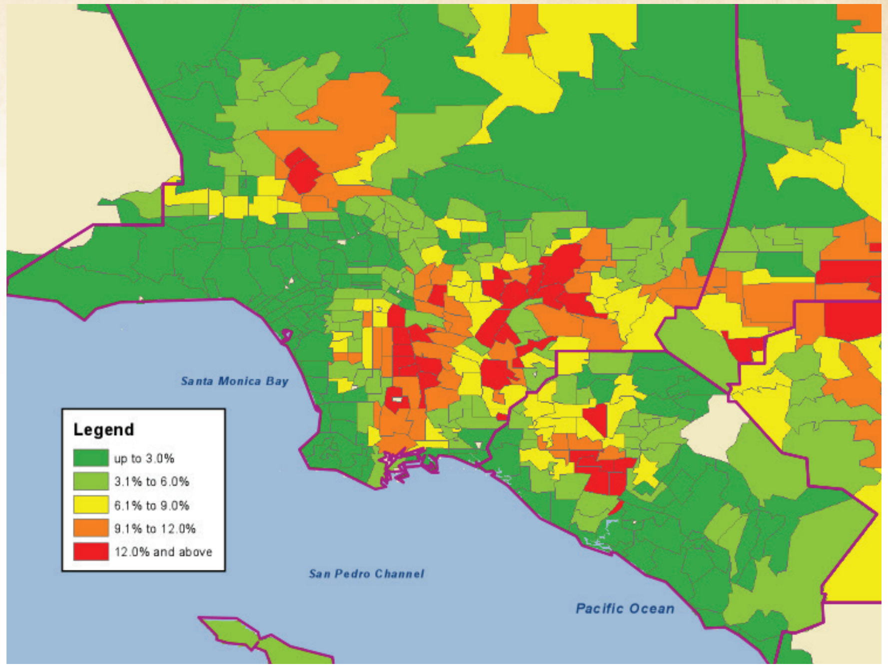


Figure 11 **Los Angeles Metropolitan Area Doubling Up - Zip Codes**



The Riverside-San Bernardino Metropolitan Area

The Riverside-San Bernardino metropolitan area includes Riverside and San Bernardino counties.

In 1970, the median value multiple in Riverside-San Bernardino was 2.4, the same as the national average. By 1980, the median multiple in Riverside-San Bernardino had reached 4.1, nearly 40 percent above the average for major metropolitan areas outside California. By 2000, the median multiple was 24 percent above the major metropolitan national average.

Riverside-San Bernardino house prices also escalated substantially above the national rate during the housing bubble, reaching a median multiple of 7.6 in 2006, 92 percent above the national average. During the housing bubble, Riverside-San Bernardino ranked from sixth to ninth most unaffordable out of the 51 major markets in the United States.[9]

Riverside-San Bernardino median house prices fell to 7 percent below the national metropolitan area average in 2010, though by 2012 had reached 12 percent above the national average. As was noted above, even greater price escalation appears to be occurring now, with a 31 percent increase in median house price over the year that ended in May 2013.

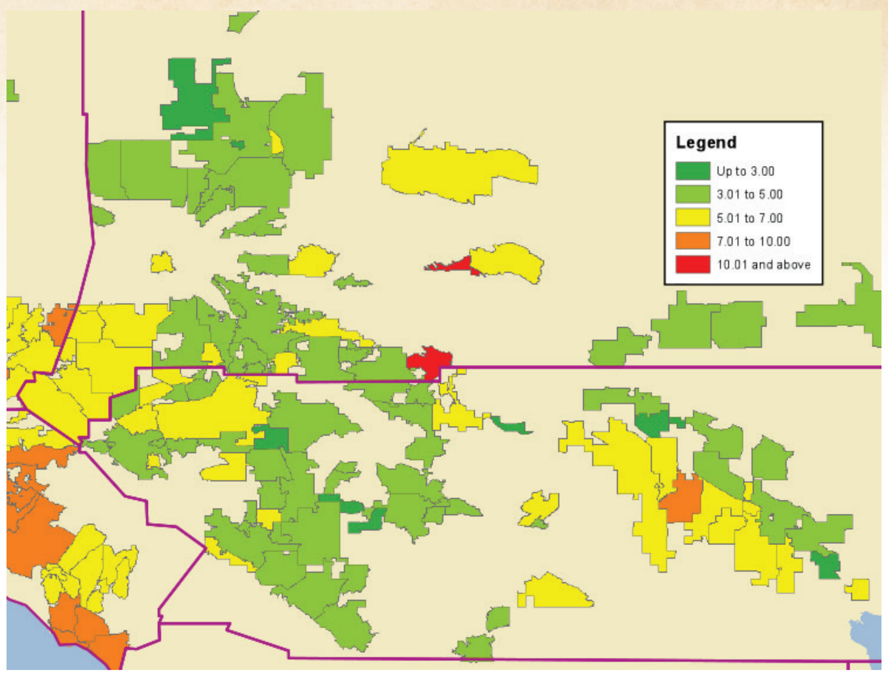
In all of the region's cities with more than 100,000 in population, with the exception of Victorville, the median value multiple was greater than the national average of 3.5. Elsewhere, the median value multiples were in the range of 4.1 to 5.3, with the least affordable housing in the western parts of San Bernardino County, in Rancho Cucamonga and Ontario (Table 4). Data for all cities and census designated places is illustrated in Figure 12. Median value multiples are much higher in the Palm Springs area: Palm Springs and Palm Desert are at nearly 7.0. However in a number of smaller jurisdictions, median value multiples are near 4.0 or below, especially in the high desert (such as Apple Valley and Hesperia), and southwestern Riverside County (such as Murrieta, Lake Elsinore and Hemet).

Table 4 **Median Value Multiple (Riverside-San Bernardino MSA: Cities over 100,000 Population)**

City	Median Value Multiple
Corona	4.8
Fontana	4.6
Moreno Valley	4.1
Murrieta	4.0
Ontario	5.3
Rancho Cucamonga	5.2
Riverside	5.2
San Bernardino	5.0
Temecula	4.5
Victorville	3.3

Source: American Community Survey 2007-2011

Figure 12 **Inland Empire (Riverside-San Bernardino) Median Value Multiple - Places**



The data is further illustrated by zip code in Figure 13.

Because housing is generally less expensive in the Riverside-San Bernardino area, approximately 280,000 of its residents commute to jobs in Los Angeles County or Orange County, where home prices are considerably higher. These commuters compose 17 percent of the resident work force.[10] In many occupations, annual incomes are less than would be required to purchase the median house in Orange County (Figure 14). This illustrates the "drive until you qualify" dynamic, which results in longer commutes.

Rental Affordability

As shown previously in Figure 7, the Riverside-San Bernardino metropolitan area has California's third highest share of renter households with a housing burden (30 percent or more of gross income for housing), at 56.8 percent (195,000 households).

Each of the 10 cities with a population greater than 100,000 in the Riverside-San Bernardino MSA has a larger share than the national average of its rental households with a housing burden (Table 5 on next page). The largest share of households with a housing burden is in Moreno Valley (63.6 percent), while Victorville and San Bernardino also have more than 60 percent of rental households with a housing burden.

Figure 13 **Inland Empire (Riverside-San Bernardino) Median Value Multiple - Zip Codes**

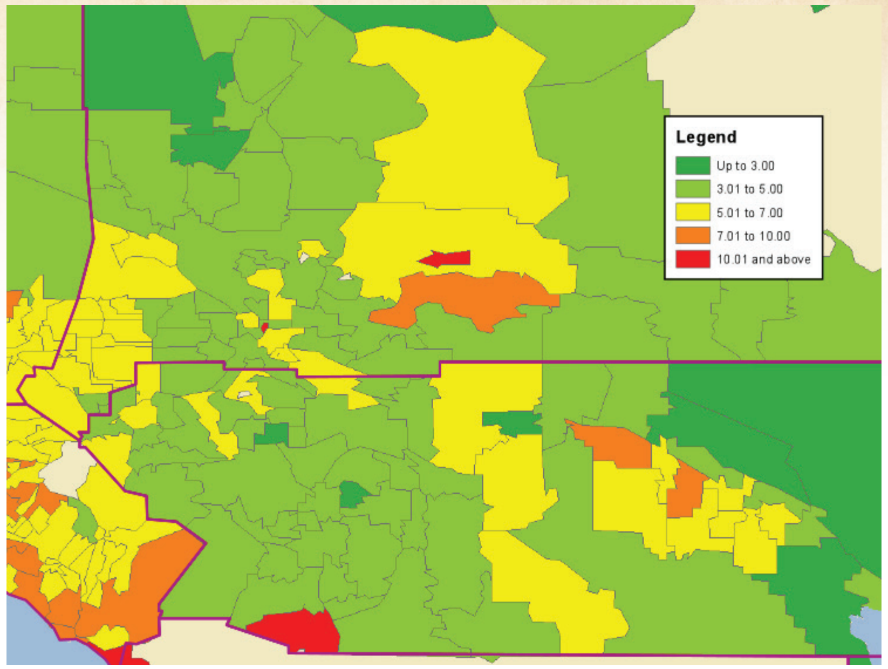
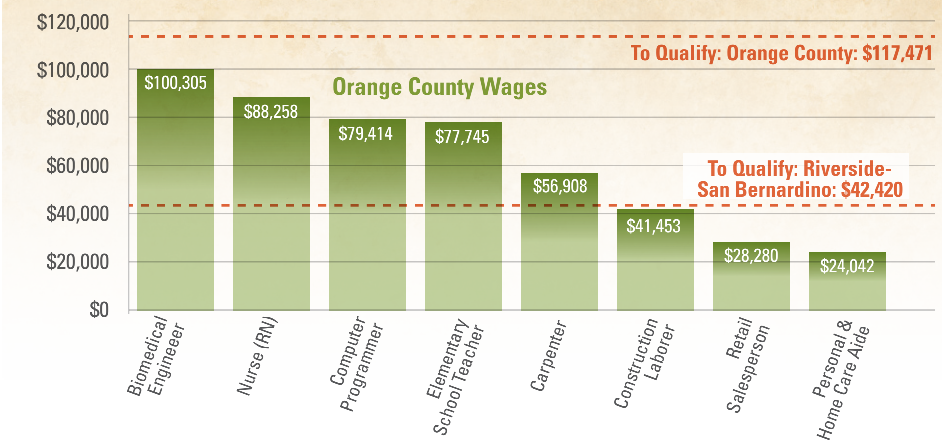


Figure 14 **Workforce Wages & Qualifying Incomes (Orange County and Inland Empire)**



Qualifying income (with 10% down payment) data from National Association of Realtors & actual wage data from California Employment Development Dept.

Housing burdens are illustrated in Figure 15, which is a map of housing burdens by municipality or census designated place.

Data is further illustrated by zip code in Figure 16.

In 2011, 34.0 percent of working households in the Riverside-San Bernardino metropolitan area had a severe housing burden (spending 50 percent or more of their income on housing). This is 43 percent above the national average of 23.7 percent. However, the 2011 rate was an improvement from 37.1 percent in 2008, when the rate was 70 percent above the national average.[11]

Consequences

Cost of Living

The cost of living is higher than average in the Riverside-San Bernardino metropolitan area. In 2012, in the western part of the metropolitan area, it was approximately 13 percent higher than the national average, while in the Coachella Valley the cost of living was approximately 20 percent above the national average.[12]

Poverty Rate

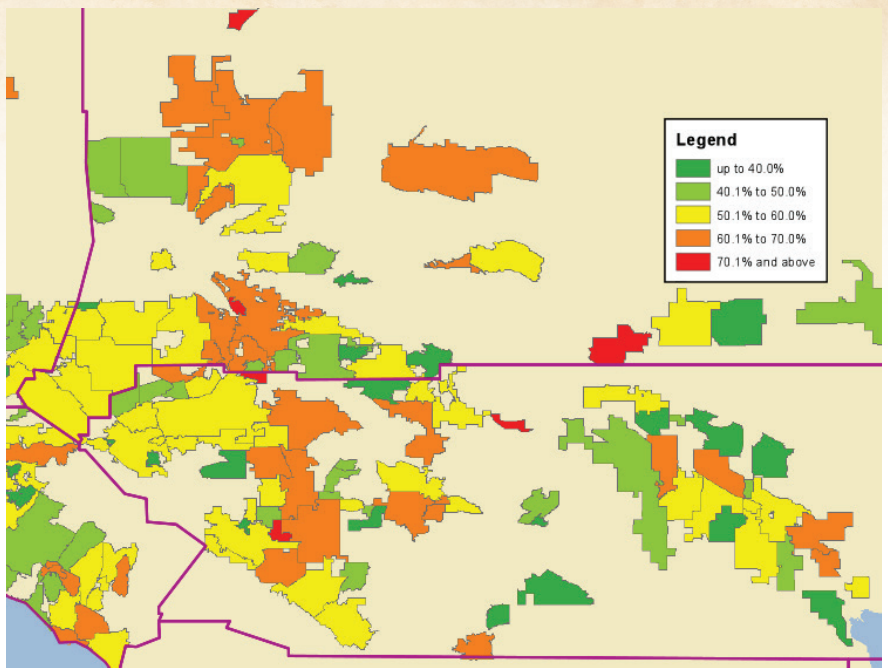
The Riverside-San Bernardino MSA poverty rate of 16.9 percent is above the national rate of 15.2 percent. It was previously mentioned that the housing cost adjusted poverty rate, which shows California to have the highest poverty rate in the nation, is not available at the metropolitan area level. However, in 2004, the Riverside-San Bernardino cost of living adjusted poverty rate was estimated by the Public Policy Institute of California at a percentage point above the unadjusted poverty rate.[13]

Table 5 **Renting Households Spending 30%+ of Income on Housing (Riverside-San Bernardino MSA: Cities over 100,000 Population)**

City	% of Households
Corona	57.2
Fontana	59.5
Moreno Valley	63.6
Murrieta	52.0
Ontario	55.6
Rancho Cucamonga	54.6
Riverside	56.2
San Bernardino	60.2
Temecula	55.6
Victorville	60.4

Source: American Community Survey 2007-2011

Figure 15 **Inland Empire (Riverside-San Bernardino) Rental Housing >30% of Income - Places**



Overcrowding (Doubling Up)

Approximately 96,000 households experienced doubling up in the Riverside-San Bernardino metropolitan area in 2011. This is the fifth highest in the nation. Riverside-San Bernardino also ranks first in the doubling up share, at 7.4 percent, more than double the 3.3 percent national average.

Among the cities with more than 100,000 population, Fontana has the greatest overcrowding, with 11.3 percent of households consisting of more than one family. Moreno Valley is the only other large city with a doubling up rate exceeding 10 percent, at 10.6 percent (Table 6).[14] The highest share of doubling up is in Coachella (smaller than 100,000), at 11.5 percent. Among census designated places,[15] Crestmore Heights had the highest doubling up rate, at 27.0 percent. Crestmore Heights has now been included in the newly incorporated city of Jurupa Valley,[16] for which data is not yet available. Figure 17 (on next page) shows doubling up rates by city and census designated place. Doubling up by zip code is indicated in Figure 18 (on next page).

Figure 16 **Inland Empire (Riverside-San Bernardino) Rental Housing >30% ofIncome - Zip Codes**

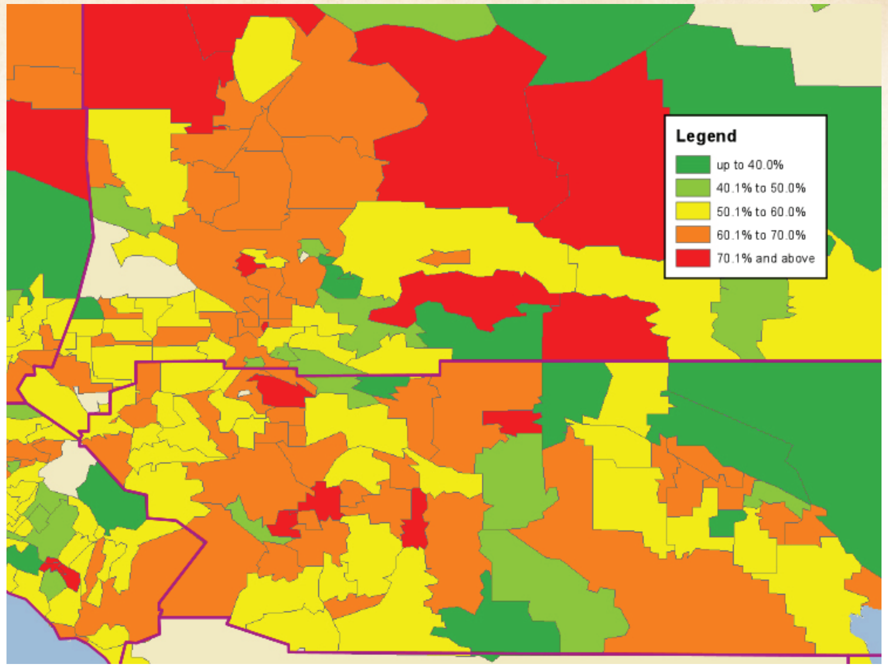


Table 6 **Doubling Up in the Riverside-San Bernardino MSA (Cities over 100,000 Population)**

City	% of Households
Corona	6.8
Fontana	11.3
Moreno Valley	10.6
Murrieta	5.4
Ontario	9.9
Rancho Cucamonga	4.0
Riverside	6.9
San Bernardino	7.2
Temecula	4.0
Victorville	7.3

Source: American Community Survey 2007-2011

Domestic Migration

Between 2000 and 2012, Riverside-San Bernardino attracted approximately 475,000 people from other parts of the nation. This represents approximately 15 percent relative to the 2000 population. Much of the migration is likely to have been from higher-priced housing areas of California, principally the Los Angeles metropolitan area. In the first two years of the new decade, the net domestic migration rate has declined to 10,000 annually.

Commuting

Riverside-San Bernardino has nearly as many resident commuters traveling 90 minutes or more one way to work as number one ranked New York: both are at 6.0 percent. Among the metropolitan areas with the largest number of commuters traveling 60 minutes or more to work one way, Riverside-San Bernardino ranks third at 16.3 percent, trailing only New York and Washington. The average work trip travel time is 31.0 minutes, compared to the national average of approximately 25.5 minutes. The average employee can reach only 1.3 percent of jobs within 45 minutes by transit.

Figure 17 **Inland Empire (Riverside-San Bernardino) Doubling Up - Places**

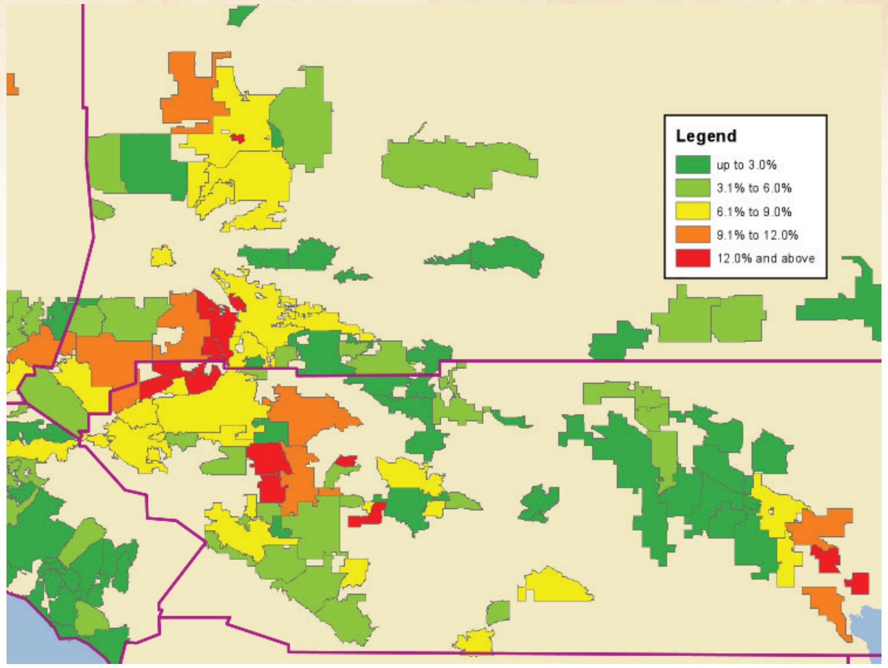
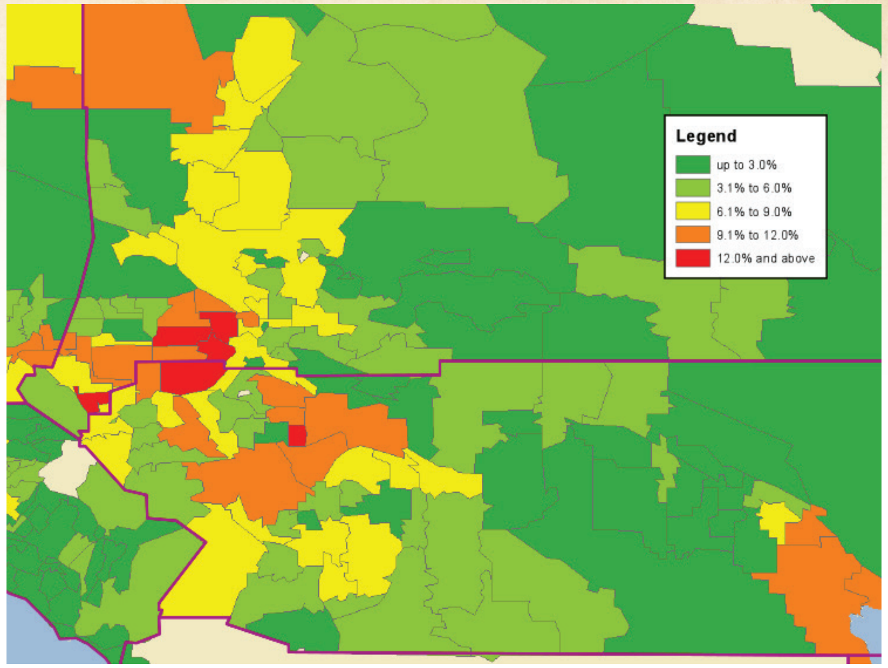


Figure 18 **Inland Empire (Riverside-San Bernardino) Doubling Up - Zip Codes**



San Jose Metropolitan Area

The San Jose metropolitan area includes Santa Clara and San Benito counties.

In 1970, the median value multiple in San Jose was 2.5, 4 percent higher than the national average. By 1980, the median multiple in San Jose had reached 4.9, approximately 65 percent above the average for major metropolitan areas outside California. By 2000, the median multiple had reached 84 percent above the major metropolitan national average.

San Jose's median house prices escalated substantially during the housing bubble, reaching a median multiple of 11.2 in 2007, 181 percent above the national major metropolitan area average. During the housing bubble, San Jose ranked among the most unaffordable four major markets, along with San Francisco, San Diego and Los Angeles.[17]

By 2011, the median multiple had fallen to 6.7, still 110 percent more unaffordable than the national average. In a single year, 2011 to 2012, the median multiple escalated back up to 7.8, an increase that was greater than all but one of the increases during the housing bubble. As noted earlier, even greater price escalation appears to be occurring. California Association of Realtors (CAR) data indicates that the combined San Francisco Bay Area and San Jose had a 32 percent increase in the median house price over the year ended in May 2013.

Among the cities with more than 100,000 population, all have median value multiples of more than 7.0, more than double the national average (Table 7). Information for all cities and census designated places is indicated in Figure 19. More detailed data is illustrated for zip codes in the map that follows (Figure 20).

Table 7 **Median Value Multiple (San Jose MSA: Cities over 100,000 Population)**

City	Median Value Multiple
San Jose	7.5
Santa Clara	7.1
Sunnyvale	7.6

Source: American Community Survey 2007-2011

Figure 19 **San Jose Metroplitan Area Median Value Multiple - Places**

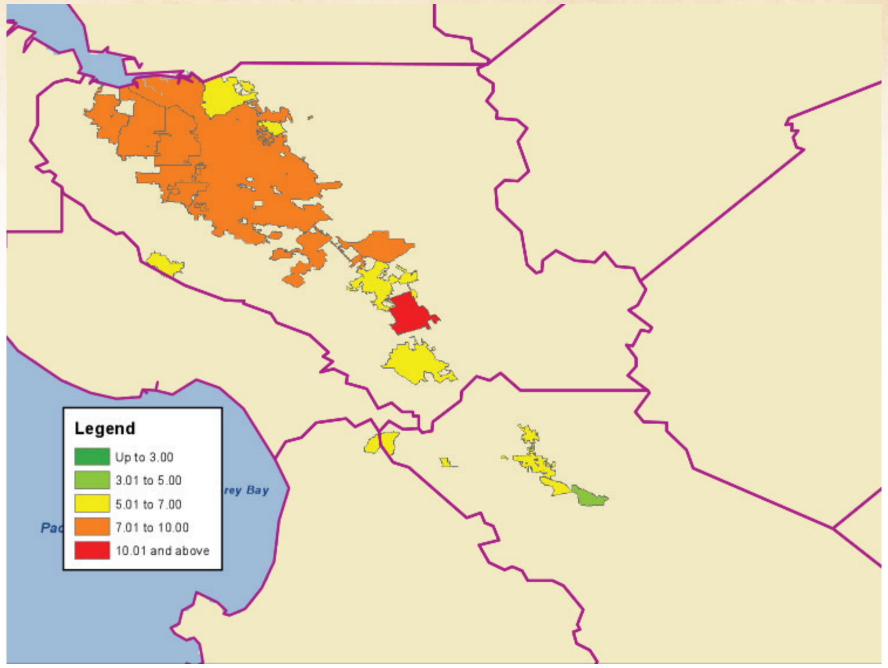
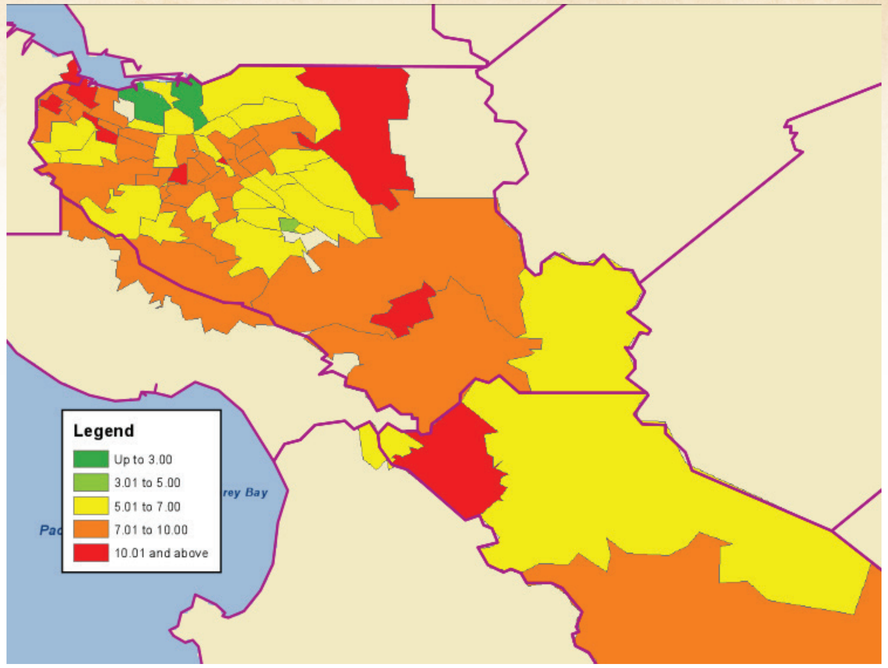


Figure 20 **San Jose Metroplitan Area Median Value Multiple - Zip Codes**



Rental Affordability

Rental affordability is better in the San Jose metropolitan area than in the other areas studied here, but below the national average, with 44.3 percent of households (115,000) with a housing burden (Table 8).

Nonetheless, in the largest city, San Jose, nearly 50 percent of rental households have a housing burden. In San Benito County, which includes only 3 percent of the metropolitan area population, 53.7 percent of rental households have a housing burden. In the adjacent Stockton metropolitan area, home to many commuters to San Jose, 54.7 percent of rental households have a housing burden.

Data is shown by city and census designated place and by zip code in Figures 21 and 22.

In 2011, 27.3 percent of working households in the San Jose metropolitan area had a severe housing burden (spending 50 percent or more of their income on housing). This is 16 percent above the national average of 23.7 percent. The 2011 figure was up from 26.3 percent in 2008.[18]

Consequences

Cost of Living

The cost of living is high in the San Jose metropolitan area, at approximately 53 percent above the national average.[19]

Poverty Rate

The San Jose metropolitan area's poverty rate of 10.2 percent is below the national rate of 15.2 percent; it is not, however, adjusted for the cost of living (the housing cost adjusted poverty rate is not available at the metropolitan area level). In 2004, the San Jose cost of living adjusted poverty rate was estimated by the Public Policy Institute of California at two-thirds above the unadjusted poverty rate. If this ratio has been preserved, the San Jose poverty rate would exceed that of the nation.[20]

Table 8 **Renting Households Spending 30%+ of Income on Housing (San Jose MSA: Cities over 100,000 Population)**

City	% of Households
San Jose	49.3%
Santa Clara	39.0%
Sunnyvale	30.8%

Source: American Community Survey 2007-2011

Figure 21 **San Jose Metroplitan Area Rental Housing >30% of Income - Places**

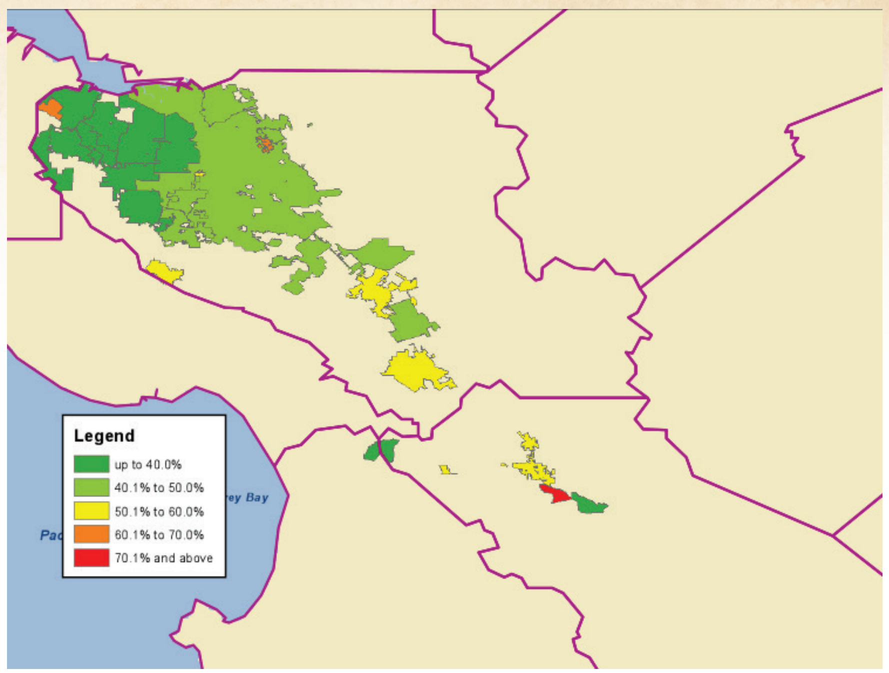
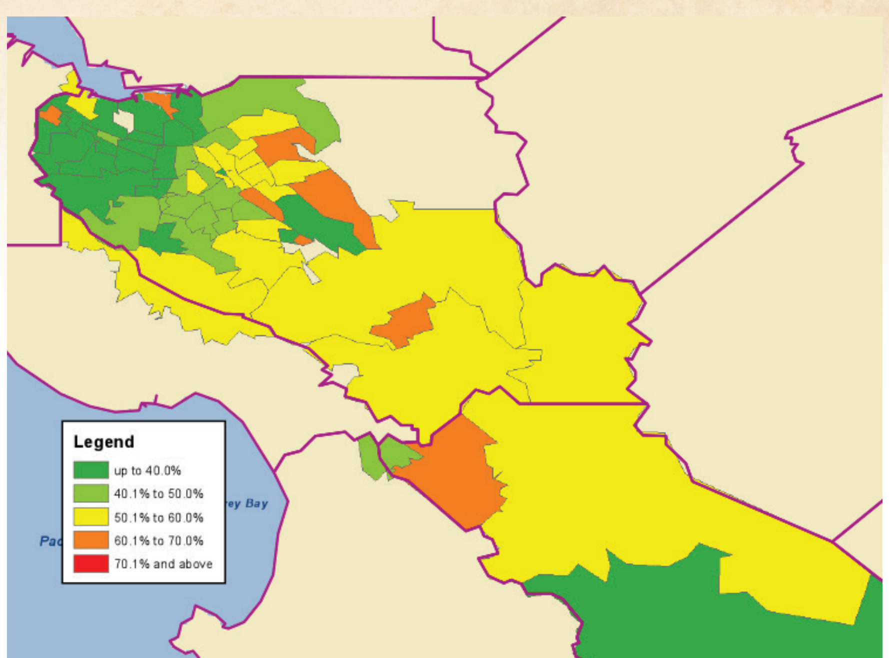


Figure 22 **San Jose Metroplitan Area Rental Housing >30% of Income - Zip Codes**



Overcrowding (Doubling Up)

Approximately 31,600 households experienced doubling up in the San Jose metropolitan area in 2011. San Jose ranks fourth in the doubling up percentage at 5.1 percent, one-half greater than the 3.3 percent national average. In the nearby Stockton metropolitan area, home to many commuters to San Jose, even more households experience doubling up (6.3 percent). Among the cities with more than 100,000 in population, San Jose has the greatest overcrowding, with 5.8 percent of households consisting of more than one family (Table 9).[21] The highest share of doubling up is in San Juan Bautista in San Benito County (smaller than 100,000), at 9.2 percent. Among census designated places,[22] Alum Rock had the highest doubling up rate, at 11.2 percent. Figure 23 shows doubling up rates by city and census designated place. Smaller area overcrowding data is indicated in Figure 24.

Domestic Migration

Between 2000 and 2012, approximately 240,000 people moved from the San Jose metropolitan area to other parts of the nation. This represents approximately 14 percent relative to the 2000 population, and was the highest percentage of loss in the nation, except for hurricane ravaged New Orleans.

Commuting

While San Jose does not rank among the longest 10 commutes by resident location, it ranks ninth in the 60 minutes and over ranking for travel to the work place. This results from the large number of commuters traveling from the Central Valley (especially the Stockton metropolitan area), where housing is considerably less expensive.[23] The average work trip travel time for residents is 24.8 minutes, less than the national average of 25.5 minutes. The average employee can reach only 9.3 percent of jobs within 45 minutes by transit (90.7 percent of jobs are not accessible within 45 minutes).[24]

Table 9 **Doubling Up in the San Jose MSA (Cities over 100,000 Population)**

City	% of Households
San Jose	5.8
Santa Clara	3.5
Sunnyvale	3.1

Source: American Community Survey 2007-2011

Figure 23 **San Jose Metroplitan Area Doubling Up - Places**

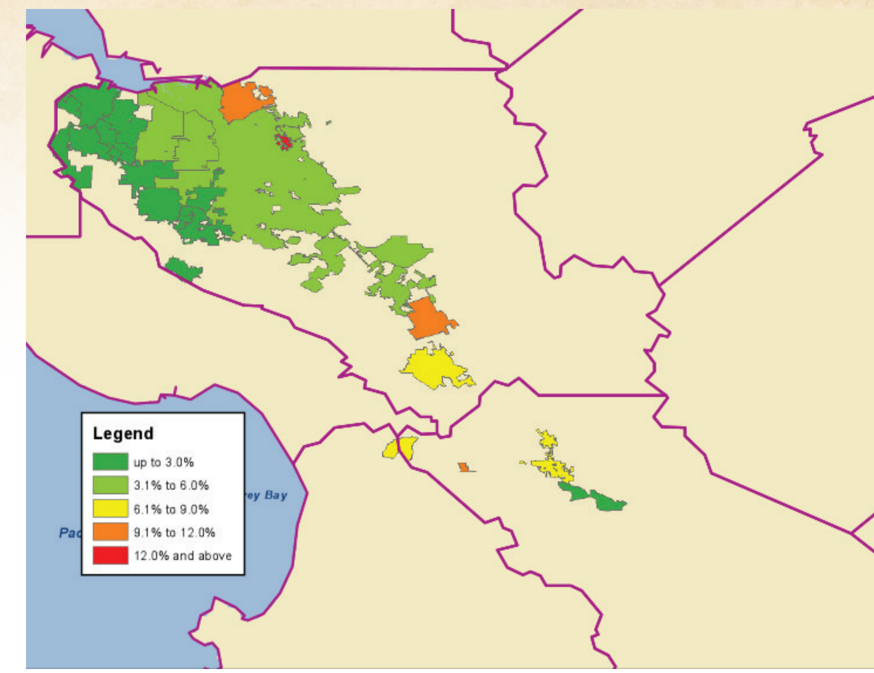
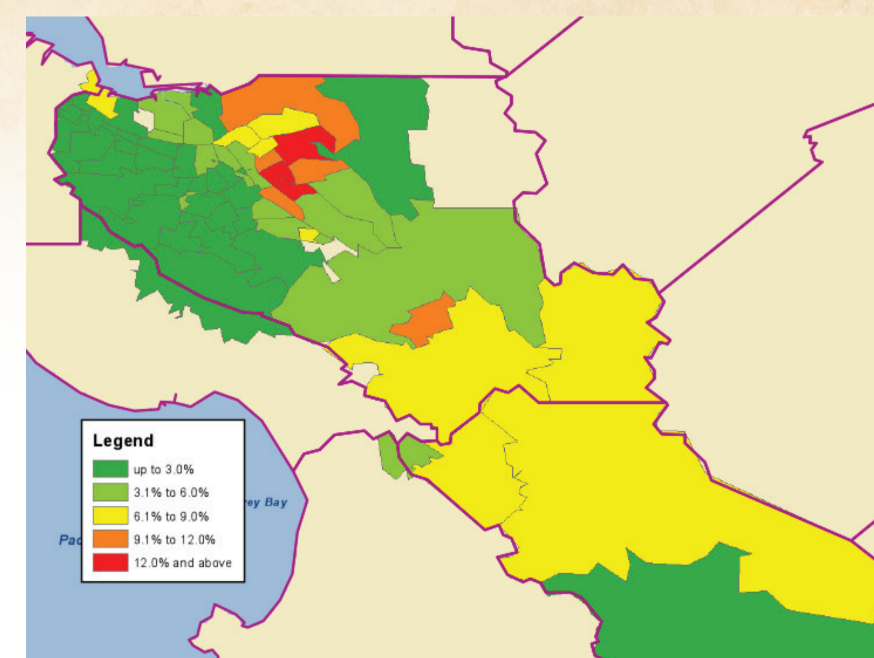


Figure 24 **San Jose Metroplitan Area Doubling Up - Zip Codes**



HOUSING AFFORDABILITY: THE LIMITED INCIDENCE

Housing affordability has improved markedly along the northern and eastern urban peripheries of the Los Angeles and Riverside-San Bernardino metropolitan areas. This is especially evident in the high desert areas of the Antelope Valley and Victor Valley, as well as in southwestern Riverside County. In a number of cities, the median value multiple has fallen to below the national average, restoring housing affordability. Cities in these locations have far better housing affordability than those in the rest of the area. They could represent an opportunity for households seeking more affordable housing.

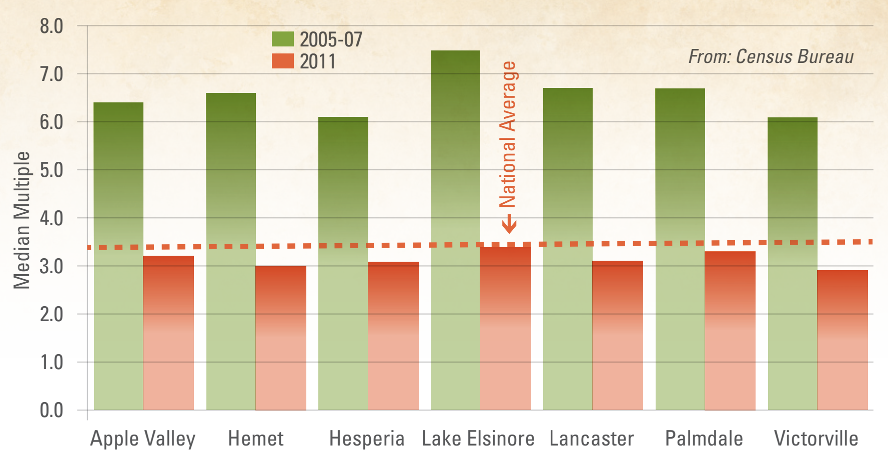
These cities had poor affordability during the housing bubble, with median value multiples double that of 2011 (Figure 25). If the housing cost escalation now underway continues and spreads to these areas, housing affordability could again be lost.

New housing development, both single-family and multi-family, could be allowed on or beyond the urban fringe. This would require the local jurisdictions and the counties overseeing urban fringe land to relax regulations.[25] This could represent a real opportunity to secure sustainable housing affordability, especially in the urban fringe areas in which housing prices are back to their historic relationships to income. In the Los Angeles, Riverside-San Bernardino and San Jose metropolitan areas, this is limited to the high desert of Los Angeles and San Bernardino counties and southwestern Riverside County. Failure to liberalize land use regulations in these areas could again destroy their housing affordability.

There is an imperative to expand the availability of all types of housing. More single-family housing can be expected to improve affordability, as the demand of households that prefer such housing is met by a larger supply. This would reduce the demand for multi-family housing, which is artificially high; right now, high house prices are forcing middle-income households into the multi-family market.

At the same time, the excess in demand over supply for multi-family housing could be improved by allowing more development of this kind in already developed areas (infill). Greater multi-family supply and a reduction in demand from segments of the market that prefer single-family housing could be expected to result in lower rents, and better housing affordability for lower-income households.

Figure 25 **Median Value Multiple: 2005-07 to 2011 (Lower Cost Markets On Urban Periphery)**



References

1 http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2011.pdf

2 http://www.ppic.org/content/pubs/cacounts/CC_506DRCC.pdf

3 The median value multiple is similar to the median multiple, however is derived by homeowner estimates of house value as reported to the American Community Survey, rather than reported sales prices.

4 http://www.nhc.org/media/files/Landscape2013.pdf

5 Based on the C2ER Cost of Living Index: Annual 2012. This cost-of-living index, the most widely cited in the United States, uses observations for metropolitan areas, metropolitan divisions (sections of metropolitan areas) and specific municipalities. As a result, no definitive metropolitan area rankings can be provided. However, there are a few observations in the data set that indicate higher costs of living than in California.

6 http://www.ppic.org/content/pubs/cacounts/CC_506DRCC.pdf

7 More detailed data from the 5-year ACS is used (2007-2011, average year 2009), to obtain all cities and zip codes.

8 Unincorporated places (not municipalities), designated by the US Census Bureau for statistical purposes.

9 Data from the Joint Center for Housing Studies, Harvard University and the Demographia International Housing Affordability Survey.

10 Calculated from 2006-2010 Census Bureau Commuter Flow data http://www.census.gov/population/metro/data/other.html

11 http://www.nhc.org/media/files/Landscape2013.pdf

12 Based on the C2ER Cost of Living Index: Annual 2012. This cost-of-living index, the most widely cited in the United States, uses observations for metropolitan areas, metropolitan divisions (sections of metropolitan areas) and specific municipalities. As a result, no definitive metropolitan area rankings can be provided. However, there are a few observations in the data set that indicate higher costs of living than in California.

13 http://www.ppic.org/content/pubs/cacounts/CC_506DRCC.pdf

14 More detailed data from the 5-year ACS is used (2007-2011, average year 2009), to obtain all cities and zip codes.

15 Unincorporated places (not municipalities), designated by the US Census Bureau for statistical purposes.

16 http://www.jurupavalley.org/share/events/City_Celebration_Events_portrait2.pdf

17 Data from the Joint Center for Housing Studies, Harvard University and the Demographia International Housing Affordability Survey.

18 http://www.nhc.org/media/files/Landscape2013.pdf

19 Based on the C2ER Cost of Living Index: Annual 2012. This cost-of-living index, the most widely cited in the United States, uses observations for metropolitan areas, metropolitan divisions (sections of metropolitan areas) and specific municipalities. As a result, no definitive metropolitan area rankings can be provided. However, there are a few observations in the data set that indicate higher costs of living than in California.

20 http://www.ppic.org/content/pubs/cacounts/CC_506DRCC.pdf

21 More detailed data from the 5-year ACS is used (2007-2011, average year 2009), to obtain all cities and zip codes.

22 Unincorporated places (not municipalities), designated by the U.S. Census Bureau for statistical purposes.

23 In May 2013, the median house price in the Stockton metropolitan area was $206,000, one-quarter of the median price in Santa Clara County (the core county of the San Jose metropolitan area), which was $825,000 (http://www.car.org/newsstand/newsreleases/2013releases/homepricerecords).

24 Calculated from Brookings Institution data IN http://www.brookings.edu/events/2011/0512_transit_jobs.aspx.

25 See Gruen, page 21