

The Impact of SB 375 and Changing Demographics on Future Development

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The Case Shiller U.S. Home Price Index



Source: Robert J. Shiller

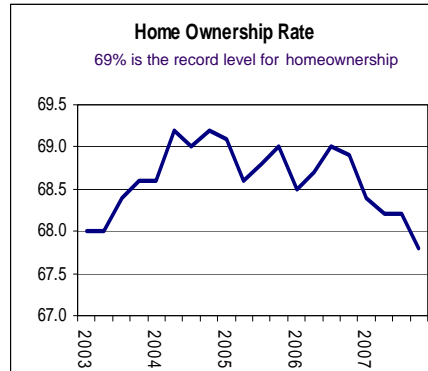
MATT MOODY Los Angeles Times



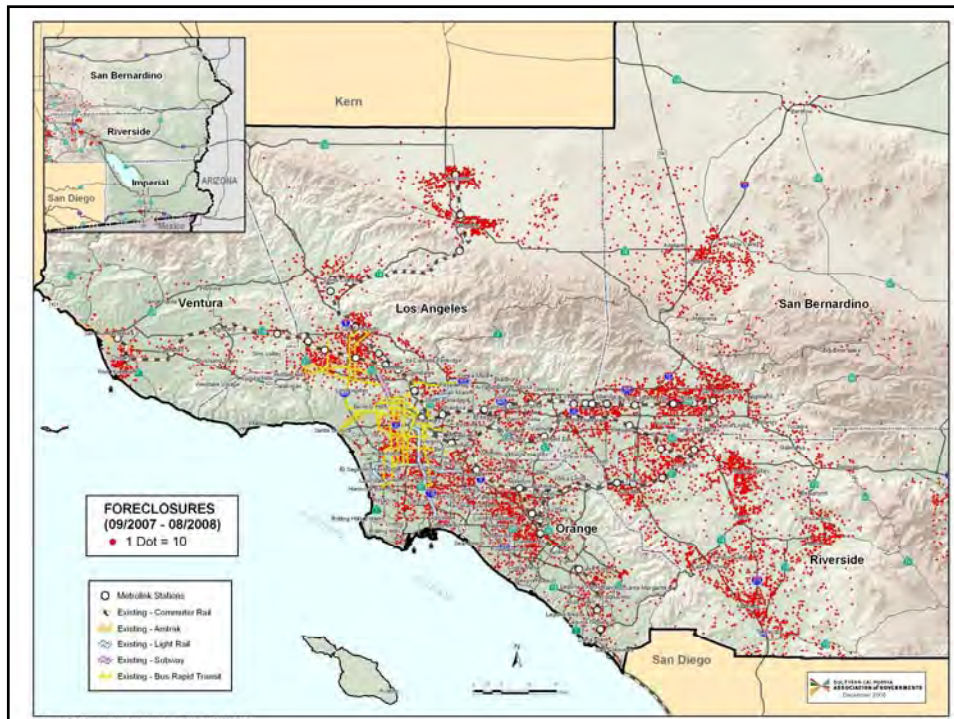
Impact of the Current Housing Market Downturn



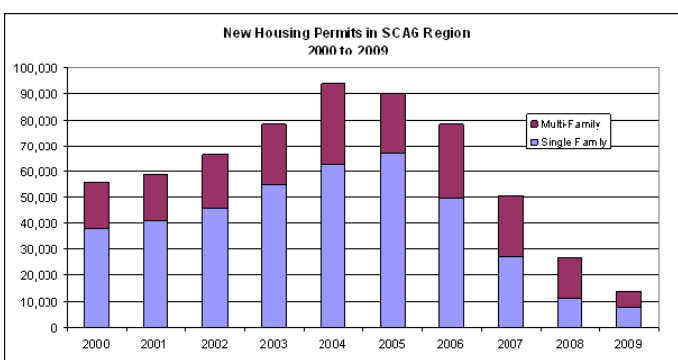
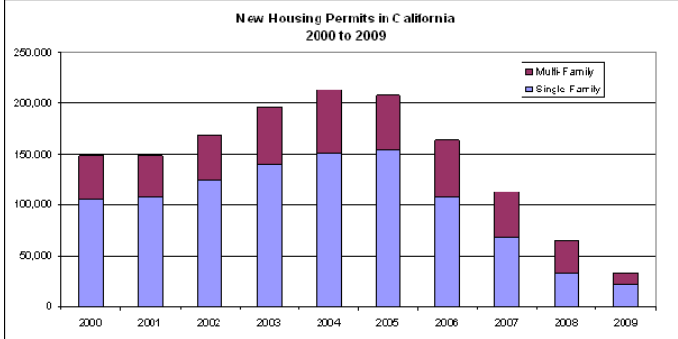
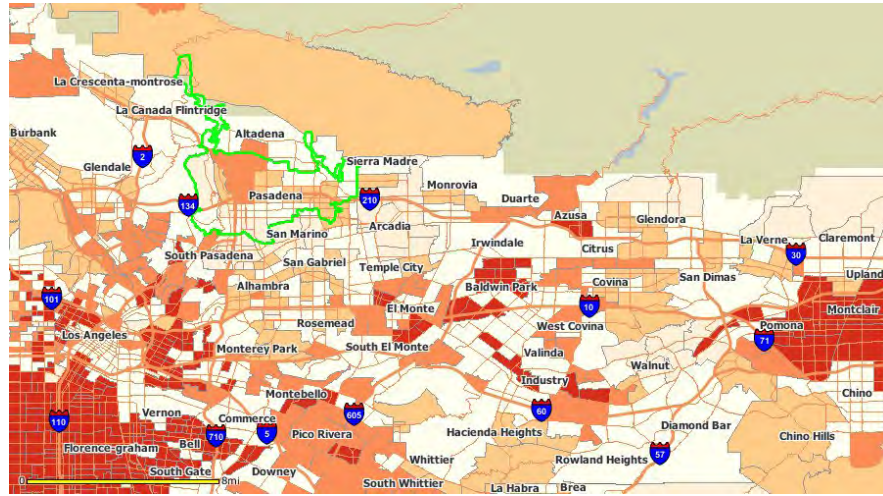
“Six million or more households will have been forced out of their homes by the current wave of foreclosures by the end of 2010 with more in 2011, over 15% of all households with mortgages.”



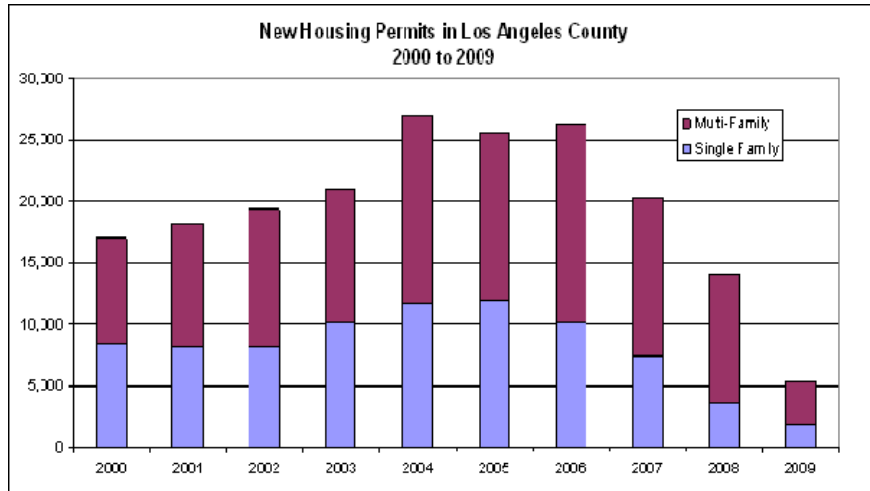
Source: Housing in America the Next Decade, John McIlwain, Urban Land Institute, January 2010 and SCAG



Foreclosure Hot Spots in the San Gabriel Valley



The Market Downturn Hits Los Angeles County

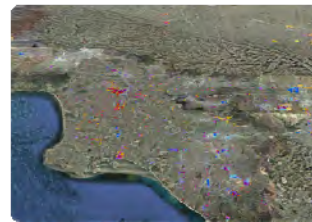


Source: CIRB and SCAG

Impact of SB 375 on Future Development



- Requires regional Sustainable Communities Strategy (SCS)
- Includes these three related approaches
 - Land use planning
 - Transportation policies
 - Transportation investments



LAND USE & TRANSPORTATION PLANNING

SB 375 in a Nutshell



- Transportation Planning Requires California Air Resources Board (CARB) to set regional greenhouse gas emission targets by September 30, 2010
- Each region must incorporate its target in its Regional Transportation Plan (RTP)
- Each region's RTP must include a Sustainable Community Strategy (SCS) or, in the alternative, adopt an Alternative Planning Strategy (APS) that addresses the target
- Each region's Regional Housing Needs Allocation (RHNA) plan must be consistent with the development pattern in the SCS

Eight Sustainable Community Strategy Elements



- Identify existing land use
- Identify areas to accommodate long term housing need
- Identify areas to accommodate 8 year RHNA housing need
- Identify transportation need and planned network
- Consider resource areas and farmland
- Consider statutory housing goals and objectives
- Future growth and development pattern
- Comply with federal law for developing an RTP

Potential Impacts on Development of SB 375



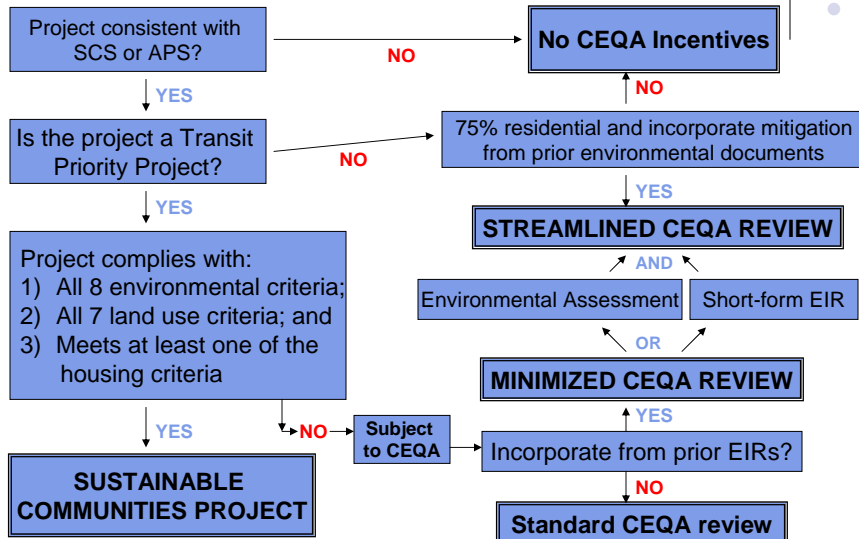
Cools Down:

1. Growth in environmentally sensitive areas
2. Sprawling development patterns
3. Inefficient energy and transportation demand growth
4. Need for infrastructure to serve new development

Heats Up :

1. Infill choices for a new demographics in the region
2. Priority for transit oriented and mixed use development
3. Sustainable suburban communities
4. Incentives through environmental streamlining

CEQA Incentives



This affects how we build communities



Suburban development

Transit-oriented development



Some examples

Changing Demographics will Impact the Region



Five Major Demographic Trends to Watch



- The aging Baby Boomers, the oldest of whom are now in their mid-sixties
- The younger Baby Boomers in their late forties and early fifties
- The kids of the Baby Boomers, called variously Generation Y and Eco Boomers together with the Baby Boomers, will comprise over **one half** of the U.S. population.
- Immigrants, their children and grandchildren
- A shift in the age and ethnic composition of future housing demand



Population Growth

Immigration

Aging

Household Formation

Internal Migration

“Traditional” Households on the Wane



Married couples without children (including empty-nesters) will be the fastest-growing household type, followed closely by single person households. While the number of married couples with children will fall.

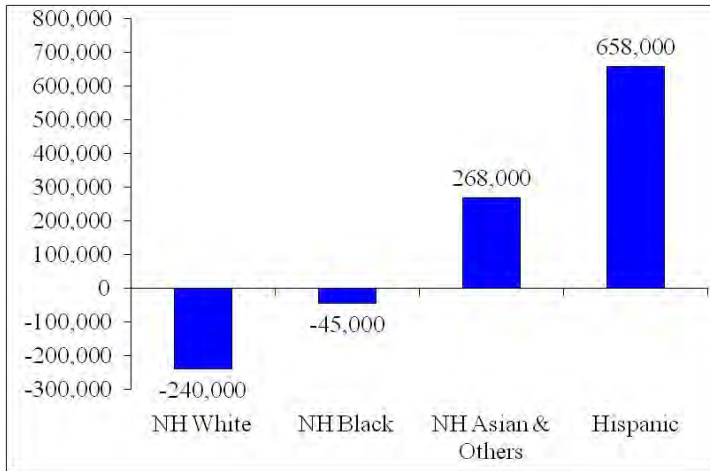
Household Type	1960	2000	2005	2040
HH with Children	48%	33%	32%	27%
HH without Children	52%	67%	68%	73%
Single-Person HH	13%	26%	31%	34%

Source: Dr. Arthur C. Nelson, Presidential Professor & Director of Metropolitan Research, University of Utah.

Los Angeles County Household Growth by Race/Ethnicity, 2010 and 2035

Unlike white household change, which will occur primarily among older single-person households, minorities will add to households across the full spectrum of family types and make up most of the workforce.

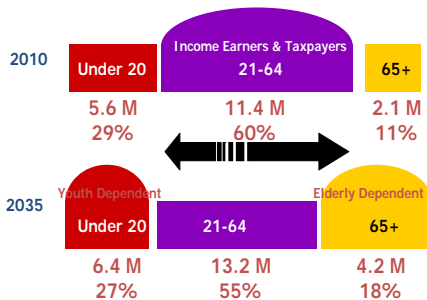
Reducing the homeownership, education and income gap between White and Asian and Hispanic and Black ethnic groups will be important for overall economic prosperity.



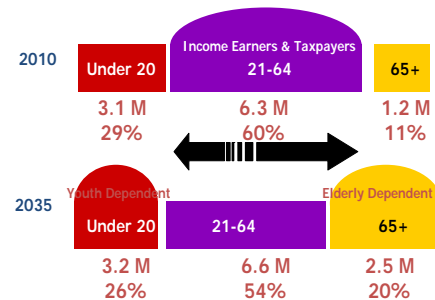
Source: SCAG

The Population over 65+ will Double

Huge Shift in Ages of the Population: SCAG Region

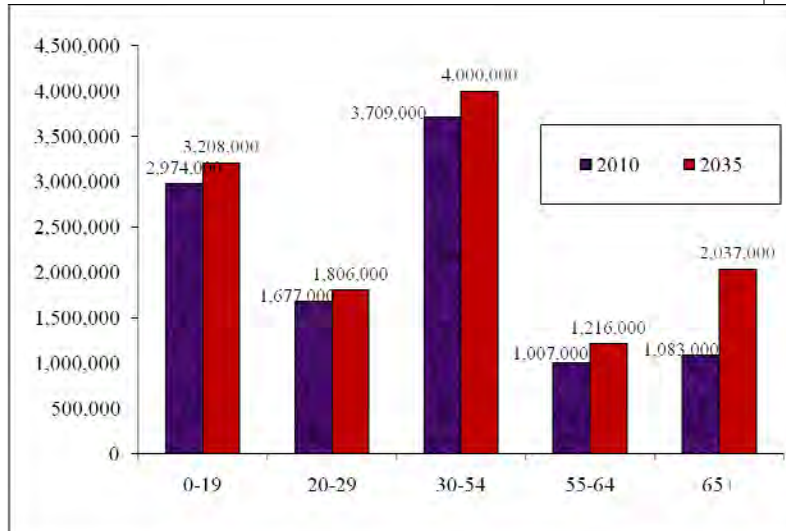


Huge Shift in Ages of the Population: Los Angeles County



Source: SCAG

Los Angeles County Total Population by Age Group, 2010 and 2035



Source: SCAG

Impacts



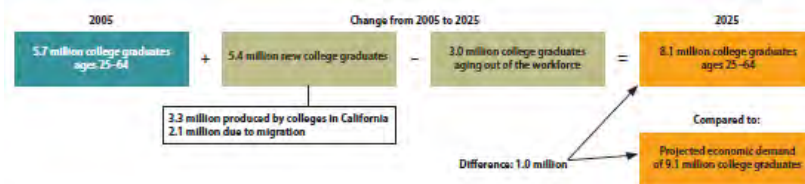
There will be an impact on

- Health care
- Transportation needs
- Delivery services
- Government finance/revenue generation
- Fiscalization of land use



Government finance will also be affected by the demographic shift

Closing the Workforce Force Gap - Meeting the Need for College Graduates



Source:
Closing the
Gap PPIC
2009



To put it another way, younger people who can fill high skill jobs will be a hot commodity in the future



Baby Boomers still drive what happens in the market.

Aging and Younger Baby Boomers – Shifting Preferences

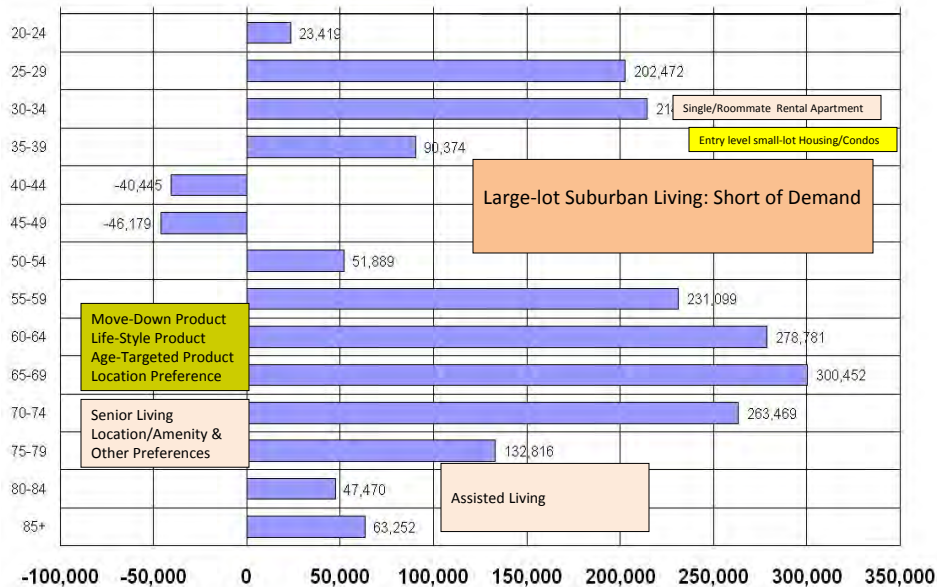


- Aging Baby Boomer are either staying put in their suburban homes or, selling them and moving closer to jobs and urban amenities
- The Younger Boomers have their suburban homes. If they wish to buy a new one, such a move does not add to the supply of suburban homes
- The prime group of move up buyer for new suburban homes is Generation X (35 to 49 yrs old), a significantly smaller group. Their ability to sell their existing homes is constrained by the market today and many find themselves with homes which are “underwater”
- Generation Y or Eco Boomers are not yet ready to move to the traditional suburban cul-de-sacs and will seek starter homes and rentals



Source: Housing in America the Next Decade, John McIlwain, Urban Land Institute, January 2010

Projected Population Growth By Age (2010-2020)



Potential Strategies



• Younger Boomers

- **Empty nesters 55-65 yrs**
 - Prefer single or multifamily housing
 - May seek vibrant in town living environments near transit or near where they work
 - May purchase 2nd homes in retirement areas

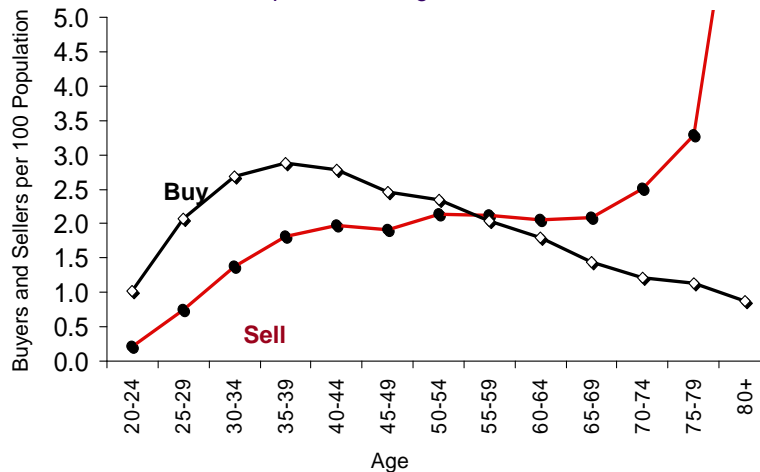
• Aging Boomers

- **Active Retirees 65-75 yrs and Older Seniors 75 to 85 yrs or older may**
 - May sell homes to younger buyers and move down
 - May age in place or seek urban living options in suburbs
 - May remodel and adapt homes
 - Granny Flats/ intergenerational living
 - May seek single or multifamily housing in retirement communities
 - May seek assisted or service enriched living

Aging Sellers will outnumber Move Up Buyers for Suburban homes while More Multifamily Supply will be Needed by both the Young and the Old



Average Annual Rates of Buying and Selling Per 100 People of Each Age in California



Source: Myers (2007) *Immigrants and Boomers*, Figure 11.1

The Housing Supply Challenge



- Long term trends favor rental housing and multifamily housing in general because of:
 - The falling homeownership rate
 - The wave of Generation Y deferring home ownership
 - Growing urbanization, even in suburbs to accommodate Aging Baby Boomers moving down
 - The demand for **Workforce housing** created by Eco Boomers or Generation Y moving into apartments and starter homes will be particularly challenging

Barriers to Rental and Multifamily Housing Production



- Land costs
- Development costs
- Parking standards
- Financial analysis shows that with lower land costs and lower parking requirements, some multifamily housing scenarios would be feasible



Potential Workforce Housing Strategies for First time Buyers and Renters



1. Build Coalitions of Employers and Local Governments

- Key finding of SCAG research – need to conduct systematic outreach and coalition building to address this segment of housing need

2. Link Workforce Housing Directly to Climate Change Strategies

- Research methods to directly link reduction in Vehicle Miles Traveled (VMTs) resulting from workforce housing development to climate change

Source: Westside Cities Workforce Housing Study, Nov. 2008 and SCAG

Potential Strategies



3. Dedicate Land to Reduce Cost of Workforce Housing

- Publicly-owned lands
- Privately-owned lands
- Need to creatively think about integrating housing into mixed use projects as facilities are redeveloped

4. Produce Workforce Housing Through Inclusionary Ordinances

- Some inclusionary ordinances in CA have required housing up to 200% AMI
- Develop Model Inclusionary Ordinance for Workforce Housing

Potential Strategies



5. Leverage Available Financing Sources

- Numerous public sources for up to 120 % AMI
- Several private funds for higher AMI levels targeting workforce

6. Acquire or Facilitate Purchase of Foreclosed Properties

- Evolving right now per recent federal legislation
- County communities could join together to apply for federal grants and other programs



Potential Strategies



7. Refine Transit-Oriented Development Incentives

- SCAG offers technical assistance for TOD planning
- Toolkit report recommends Housing + Transportation Costs Index to better evaluate TOD opportunities
- Craft Tailored TOD Workforce Housing Strategy for Each Jurisdiction





Potential Strategies

8. Mix Incomes and Funding Sources

- Develop workforce housing along with lower income affordable and/or market rate housing
 - Requires strong developer capacity and technical expertise
- Support joint staff or consultant expertise through the SCAG Compass Blueprint Program



Potential Strategies

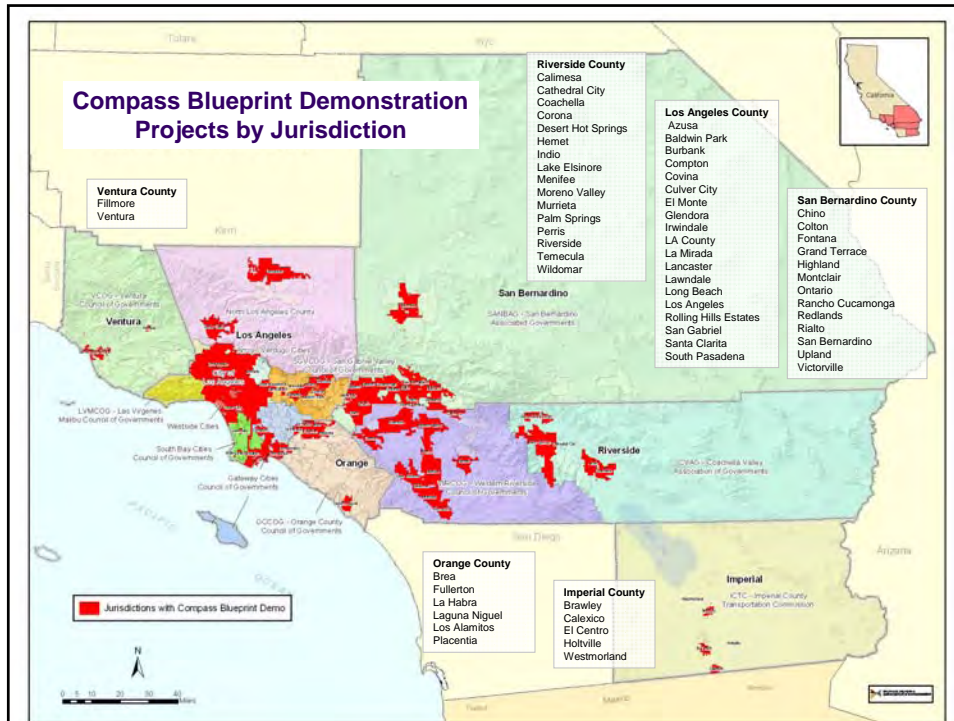
9. Additional Strategies for Local Consideration

- Streamlined Entitlement Processing
- Modular Green Housing
- Affordability by Design / Reduced Parking Requirements
- Homeownership Counseling
- Workforce Downpayment and Mortgage Programs
- Lease – Purchase Programs
- Limited Equity Co-Ops


DISTRICT WIDE LAND USE CONCEPT

District-wide Map 9: Sub-district Concept






Compass Blueprint Services




Land Use Planning & Design

- General and specific plans
- Development code analysis
- Form-based codes
- Scenario planning
- Infill analysis & strategies




Transportation & Parking

- Transit planning
- Transportation & "4D" modeling
- Parking studies & strategies
- Bike/Ped planning




Outreach & Engagement

- Workshops & charrettes
- Focus groups
- Web & email
- Visual preference surveys




Market Feasibility Analysis

- Development prototypes
- ROI analysis
- Economic development strategies



Visualization

- Photo-morphs
- Video fly-throughs
- GIS mapping



Sustainability Services

- Carbon footprinting
- Green building guidance
- Open space planning

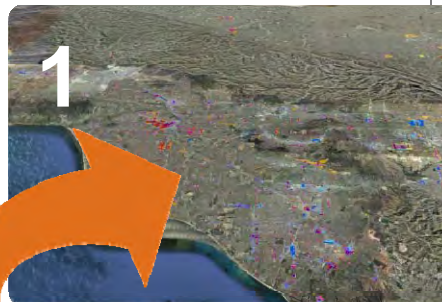
So What Does Our Future Hold?



Senate Bill 375 Calls for Addressing Green House Gas and Housing Targets together



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LAND USE & TRANSPORTATION PLANNING



TRANSPORTATION INVESTMENTS



TRANSPORTATION POLICIES

Next Steps



- Workshops on developing a Sustainable Communities Strategy (SCS)
- GHG emission reduction Target finalized by Air Resources Board in September 2010
- State Housing Department will finalize a regional Housing Target



The Connection to Local Housing Elements



- The Housing Element due date will be 18 months after RTP/SCS adoption
 - Draft target for RTP/SCS adoption is April 2012
 - 5th Revision Housing Element Due date for the SCAG region is projected to be October 2013
- Housing elements that are 120 days late will revert to a 4 year housing element planning cycle...don't be late!



Thank You

For further information , please contact

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