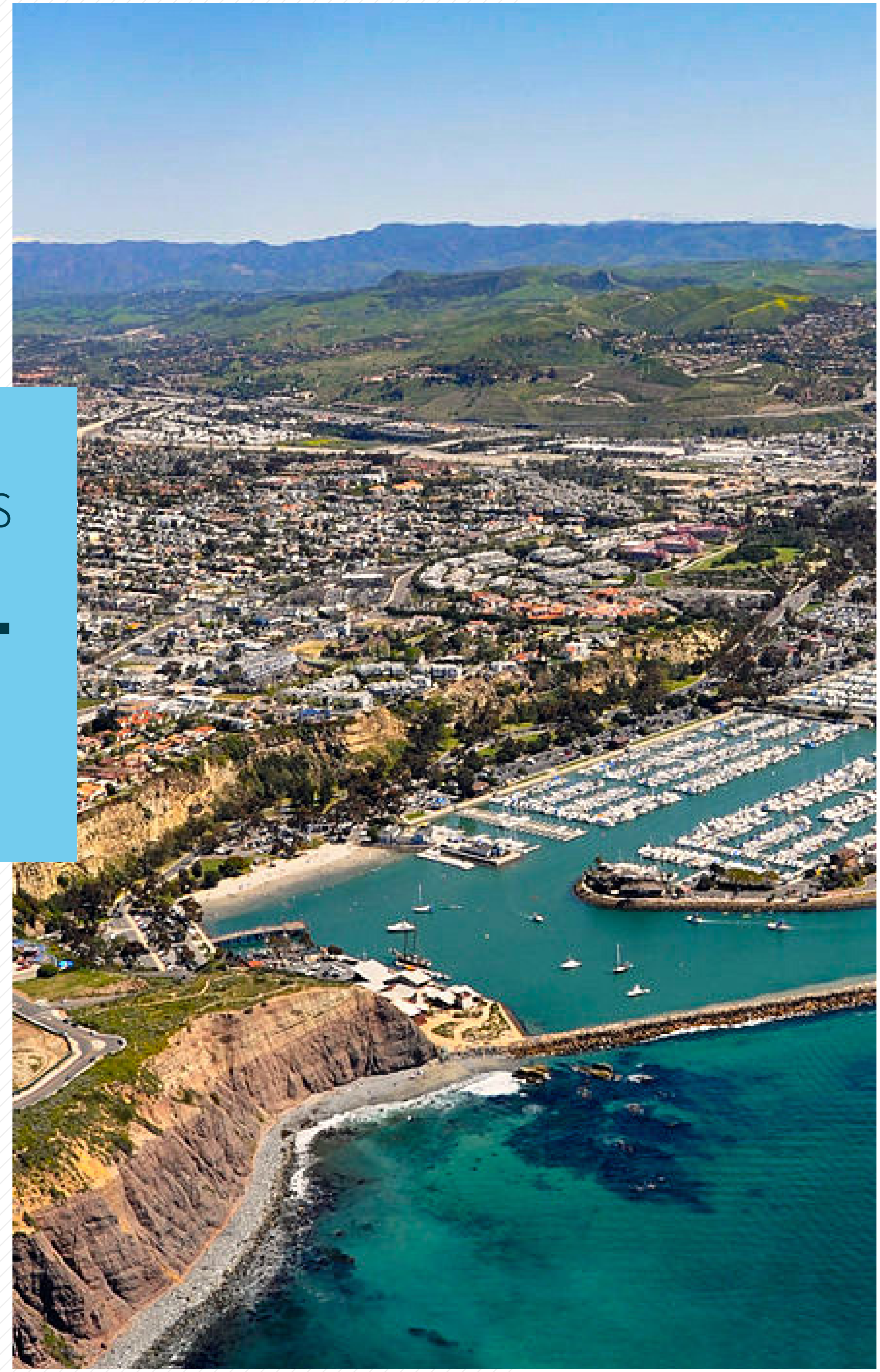
The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of government policies to counteract the disruption. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.



COMPREHENSIVE HOUSING MARKET ANALYSIS

# Anaheim-Santa Ana-Irvine, California

**U.S. Department of Housing and Urban Development,**
Office of Policy Development and Research

As of January 1, 2020

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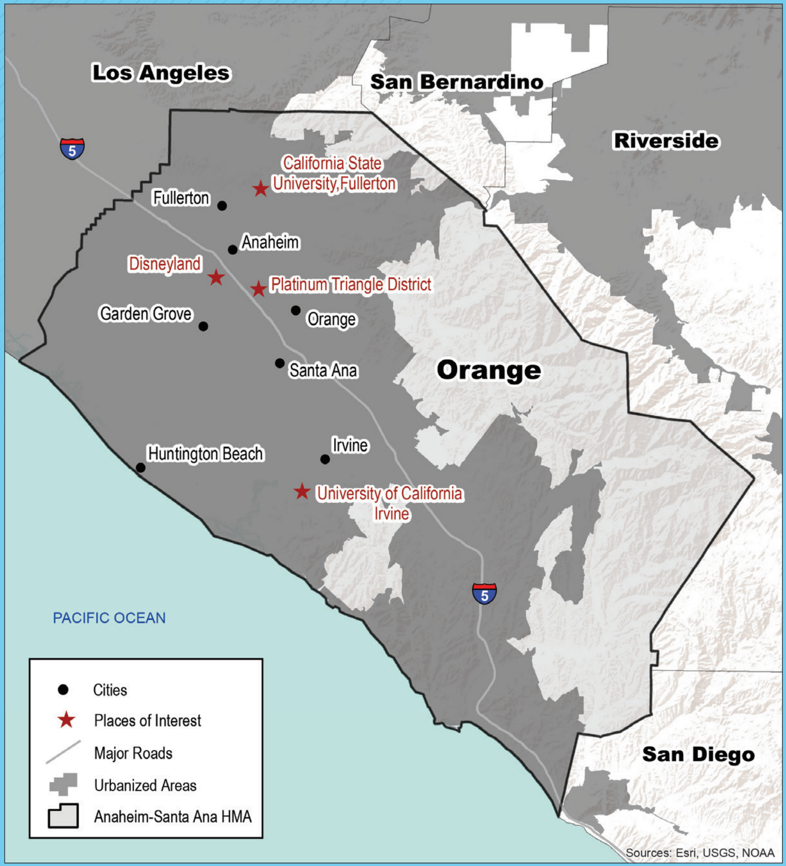


# Executive Summary

## Housing Market Area Description

The Anaheim-Santa Ana-Irvine Housing Market Area (hereafter, Anaheim-Santa Ana HMA) is coterminous with the Anaheim-Santa Ana-Irvine, CA Metropolitan Division (MD) and is defined as Orange County, which is the third largest county in California by population following Los Angeles and San Diego Counties.

The current population is estimated at 3.22 million.

Situated along the Pacific coast, with 42 miles of beaches, the Anaheim-Santa Ana HMA is a center for tourism, healthcare, and technology development in the southern California region. The Walt Disney Company and the University of California, Irvine (UCI) are the largest employers in the HMA.

### Tools and Resources

Find interim updates for this metropolitan division, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

# Market Qualifiers

## Economy

**Stable:** Nonfarm payrolls in the Anaheim-Santa Ana HMA increased by 18,700 jobs, or 1.1 percent, during 2019, reflecting notable gains in the education and health services, the leisure and hospitality, and the professional and business services sectors.

The HMA economy has expanded for 9 consecutive years since the Great Recession. During 2019, nonfarm payrolls in the HMA increased to nearly 1.67 million jobs and accounted for 17 percent of all nonfarm payroll jobs in the southern California region, a proportion that has been virtually unchanged since the recession. During the 3-year forecast period, nonfarm payroll growth in the HMA is expected to moderate slightly, averaging 1.0 percent a year.

## Sales Market

**Balanced:** The average number of months that homes were on the market in the Anaheim-Santa Ana HMA was low at 2.5 months during the 12 months ending December 2019, down from 5.5 months during the 12 months ending March 2010.

The sales housing market in the HMA is balanced. The vacancy rate is currently estimated at 1.0 percent, which declined from 1.4 percent in April 2010, partly in response to reduced inventory levels. During the 3-year forecast period, demand is estimated for 5,925 new homes, which is expected to increase slightly in the second and third years of the forecast period because of improving household growth. The 1,250 homes under construction will satisfy some of the forecast demand.

## Rental Market

**Tight:** Renter household growth in the Anaheim-Santa Ana HMA has more than offset the production of rental units since 2010, contributing to the overall tightening of rental housing market conditions.

The rental housing market in the HMA is tight, with an estimated vacancy rate of 3.9 percent, down from 5.9 percent in 2010, when conditions were soft. During the forecast period, demand is expected for 8,675 new rental units in the HMA. The 3,900 units under construction will meet all the demand in the first year and a portion of the demand in the second year of the forecast.

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**3-Year Housing Demand Forecast**

| | | Sales Units | Rental Units |
|---|---|---|---|
| Anaheim-Santa Ana HMA | Total Demand | 5,925 | 8,675 |
| | Under Construction | 1,250 | 3,900 |

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2020. The forecast period is January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

# Economic Conditions

### Largest Sector: Professional and Business Services

The Irvine Company, the largest employer in the professional and business services sector with 4,125 employees, has been a leading real estate company in California since the 1800s and owns 93,000 acres called the Irvine Ranch—a portion of which is home to UCI.

## Economic Factors in the HMA

The Anaheim-Santa Ana HMA is a major employment center in the southern California region, once defined by a flourishing agricultural industry and home to sprawling ranches that partly supported 5 million orange trees on 67,000 acres until the middle of the 20th century. A large part of the shift away from agriculture began with the expansion of U.S. Route 101, a part of which is now Interstate 5, which allowed for a greater influx of commercial enterprise and people to the HMA following World War II. Today, the HMA is an economic center for tourism, education, health care, and technological development, with major employers that include The Walt Disney Company, UCI, and St. Joseph Health (Table 1).

**Table 1. Major Employers in the Anaheim-Santa Ana HMA**

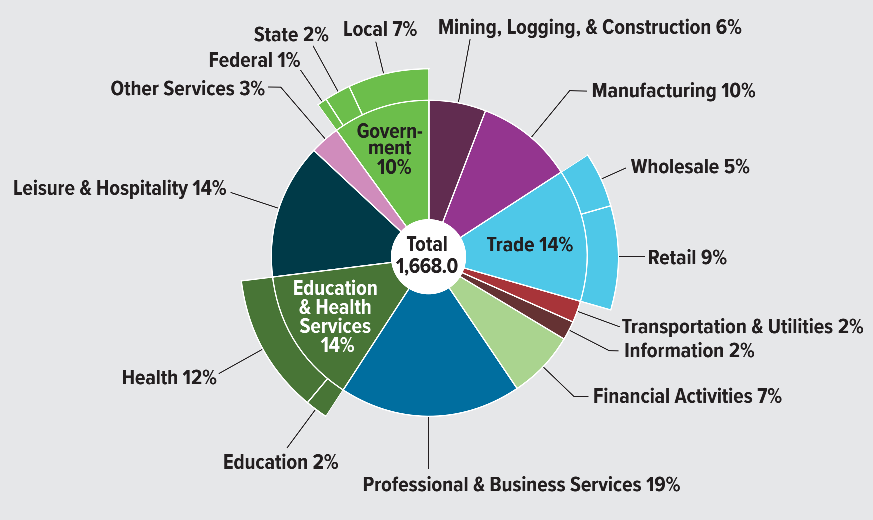
| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|---|---|---|
| The Walt Disney Company | Leisure & Hospitality | 32,000 |
| University of California, Irvine | Government | 24,700 |
| County of Orange | Government | 17,350 |
| St. Joseph Health | Education & Health Services | 14,000 |
| Kaiser Permanente | Education & Health Services | 8,200 |
| The Boeing Company | Manufacturing | 6,600 |
| Hoag Memorial Hospital Presbyterian | Education & Health Services | 6,500 |
| Walmart Inc. | Wholesale & Retail Trade | 6,200 |
| Target Corporation | Wholesale & Retail Trade | 6,000 |
| MemorialCare Health System | Education & Health Services | 5,400 |

Note: Excludes local school districts.
Source: Orange County Business Journal 2020 Book of Lists

The HMA is among the most popular tourist destinations in the nation, accounting for approximately 18 percent of all visitors to California (Visit California). In addition to beaches, the HMA is home to Disneyland, Disney California Adventure Park, Knott's Berry Farm, and the Anaheim Convention Center. Annual visitors to the HMA reached nearly 50.2 million in 2018—up from 49.4 million in 2017—and visitor spending increased 4 percent to more than $13 billion (Orange County Visitors Association). The number of visitors to the HMA and visitor spending have supported job gains in both the leisure and hospitality and the wholesale and retail trade sectors, each accounting for 14 percent of all jobs in the HMA (Figure 1).

The 43 hospitals and 12 colleges and universities located throughout the HMA support the education and health services sector. The number of hospitals in the HMA increased from 31 in 2010, a period when the economic impact of the HMA

**Figure 1. Share of Nonfarm Payroll Jobs in the Anaheim-Santa Ana HMA, by Sector**




Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2019.
Source: U.S. Bureau of Labor Statistics

healthcare industry was $13.4 billion on the southern California region (Los Angeles County Economic Development Corporation). In addition, among the colleges and universities in the HMA, UCI is the largest, with a $5 billion annual economic impact on the HMA (UCI), followed by California State University, Fullerton (CSUF), although both are public universities in the government sector. Overall, 40 percent of all degrees conferred by HMA universities were in the fields of science, technology, engineering, and math, contributing to a highly skilled labor force needed in both the medical industry and high-tech development (2018 Orange County Business Council).

The HMA is home to several software, computer product, and chipmaking companies, including Blizzard Entertainment, Toshiba America Information Systems, and Broadcom. In 2018, the HMA had the second highest employment concentration in technology when compared with 200 metropolitan areas in the nation (Orange County Business Council). In addition, the medical device industry in the HMA was the most concentrated in the nation, employing nearly 17,350 employees, and the biopharmaceutical industry was the sixth most concentrated, with 6,500 employees, during 2016 (U.S. Cluster Mapping, Harvard Business School, U.S. Economic Development Administration). Both industries had more than $1.03 billion in combined venture capital investments from 2011 through 2017, partly contributing to growth in the professional, scientific, and technical services industry of the professional and business services sector.

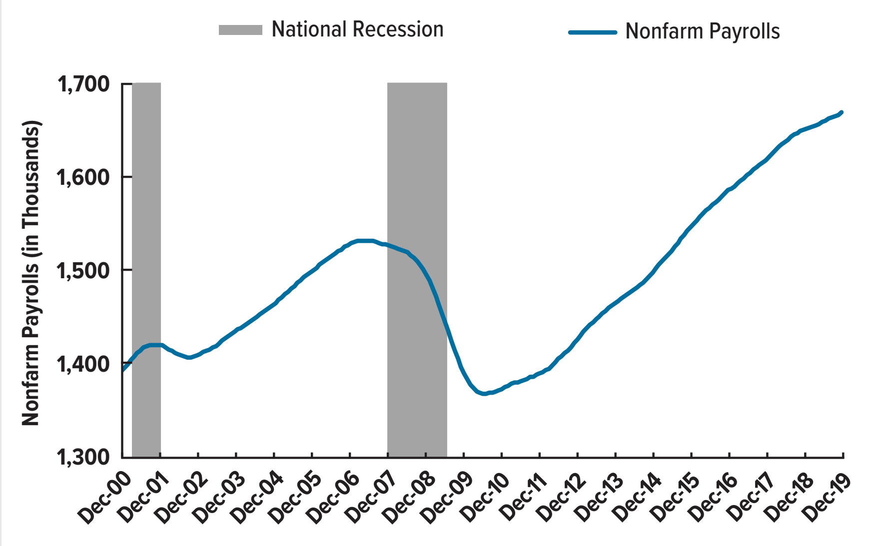
## Economic Periods of Significance in the HMA

### The Dot-Com Crash and Expansions: 2001 through 2006

Overall, economic growth in the HMA expanded from 2001 through 2006, with nonfarm payrolls increasing by an average of 22,400 jobs, or 1.5 percent, a year. The expansion occurred despite a contraction in 2002 that partly offset two periods of economic growth—one in 2001 and another from 2003 through 2006 (Figure 2). The effect on the HMA of the national recession following the dot-com crash of the early 2000s was mild and delayed, and the overall rate of nonfarm payroll growth in the HMA was above the 0.6-percent annual rate for the nation during the 2001-through-2006 period.

During 2001, nonfarm payrolls in the HMA increased by 24,500 jobs, or 1.8 percent, before declining by 9,400 jobs, or 0.7 percent, during 2002. More than one-half of the net decline in payrolls in the HMA resulted from layoffs at companies involved in high-tech production. The computer and electronic product manufacturing industry lost 5,300 jobs, or 10.7 percent, that year. By 2003, the HMA economy began to strengthen, and payroll growth increased by an average of 29,800 jobs, or 2.1 percent, annually from 2003 through 2006, a period characterized by strong financial and sales housing market conditions.

**Figure 2. 12-Month Average Nonfarm Payrolls in the Anaheim-Santa Ana HMA**




Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

More than 45 percent of the entire net increase in payroll jobs occurred in the financial activities sector and the construction subsector, up by 7,000 and 6,900 jobs, or 5.8 and 7.7 percent, annually, respectively. The gain was partly in response to lenient mortgage-lending standards and increased homebuilding in the HMA, particularly for seasonal use or investment. Job growth in the HMA during the 2003-to-2006 period exceeded the rate of growth in the southern California region and the nation, which expanded by averages of 1.6 and 1.1 percent, respectively, a year.

### The Great Recession and the Anaheim-Santa Ana HMA: 2007 through 2010

By the end of 2007, the Great Recession had begun. Payrolls in the HMA declined by an average of 39,100 jobs, or 2.7 percent, a year from 2007 through 2010, mainly in response to the contraction in the housing and financial markets. The rate of job loss in the HMA was more severe than the rates in the southern California region and the nation during the period, which were down by averages of 1.8 and 1.1 percent, respectively, a year. One-fourth of the loss occurred in the construction subsector, which was down by an average of 9,600 jobs, or 10.4 percent, annually, partly because of reduced housing development. In addition, losses in the financial activities, the manufacturing, and the professional and business services sectors—which were down by averages of 8,700, 8,100, and 7,000—or 7.0, 4.7, and 2.6 percent a year, respectively—accounted for 61 percent of the total net loss.

### Economic Recovery and Expansion: 2011 through 2018

Following the Great Recession, nonfarm payrolls in the HMA increased by an average of 34,800 jobs, or 2.3 percent, annually, from 2011 through 2018. As in the expansion during the early to mid-2000s, the HMA economy recovered at a faster pace than both the southern California region and the nation, which were up averages of 2.2 and 1.7 percent a year, respectively. This pace led to nonfarm payrolls in the HMA surpassing prerecessionary levels by the end of 2015. Gains in the education and health services, the leisure and hospitality, and the professional and business services sectors predominately supported growth during the period. These three sectors accounted for 63 percent of the total job gain from 2011 through 2018. A total of 1,200 jobs added at hospitals throughout the HMA contributed to growth in the education and health services sector, which was up by an average of 7,000 jobs, or 3.6 percent, a year. In the professional and business services sector, payrolls were up by an average of 8,300 jobs, or 3.0 percent, annually. The computer systems and design industry added an average of 800 jobs annually; companies in the industry were among the 80 in total that expanded during the 2011-though-2018 period, contributing to sector growth (Orange County Business Journal). In addition to high-tech companies, the Irvine Company expanded during the period, adding approximately 300 jobs. The leisure and hospitality sector increased by an average of 6,700 jobs, or 3.5 percent, annually. The number of visitors to the HMA increased 17 percent during the period, partly influencing the construction of 30 hotels at a combined cost of nearly $824.4 million, adding more than 1,200 jobs in the leisure and hospitality sector. Two of those hotels are in the Anaheim Resort™ district, which includes Disneyland and the Anaheim Convention Center, and added a combined 400 jobs when they opened in 2017. Hotel construction in the HMA was partly to support increased visitors brought on by the opening of the $1.1 billion addition of Galaxy's Edge—a Star Wars-themed section in Disneyland—and the $190 million expansion of the Anaheim Convention Center, both of which began construction in 2016.

## Current Nonfarm Payroll Trends

Since 2018, nonfarm payrolls in the HMA have expanded but at a slower pace compared with the 2011-through-2018 period. Payrolls were up by 18,700 jobs, or 1.1 percent, to nearly 1.67 million jobs during 2019 (Table 2). Nonfarm payroll job growth was also slower than in the southern California region and the nation, which increased 1.7 and 1.6 percent, respectively. A decline in the other services sector contributed to the slowdown in the HMA, as 800 jobs were lost in services that ranged from laundry to repair and maintenance. In addition,

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Anaheim-Santa Ana HMA, by Sector**

| | 12 Months Ending December 2018 | 12 Months Ending December 2019 | Absolute Change | Percentage Change |
|---|---|---|---|---|
| **Total Nonfarm Payroll Jobs** | **1,649.3** | **1,668.0** | **18.7** | **1.1** |
| **Goods-Producing Sectors** | 266.4 | 267.7 | 1.3 | 0.5 |
| Mining, Logging, & Construction | 106.6 | 107.9 | 1.3 | 1.2 |
| Manufacturing | 159.8 | 159.9 | 0.1 | 0.1 |
| **Service-Providing Sectors** | 1,383.0 | 1,400.3 | 17.3 | 1.3 |
| Wholesale & Retail Trade | 232.9 | 233.0 | 0.1 | 0.0 |
| Transportation & Utilities | 29.3 | 29.7 | 0.4 | 1.4 |
| Information | 26.7 | 26.8 | 0.1 | 0.4 |
| Financial Activities | 119.1 | 119.2 | 0.1 | 0.1 |
| Professional & Business Services | 315.4 | 322.2 | 6.8 | 2.2 |
| Education & Health Services | 225.0 | 228.3 | 3.3 | 1.5 |
| Leisure & Hospitality | 222.6 | 229.1 | 6.5 | 2.9 |
| Other Services | 51.1 | 50.3 | -0.8 | -1.6 |
| Government | 160.8 | 161.8 | 1.0 | 0.6 |

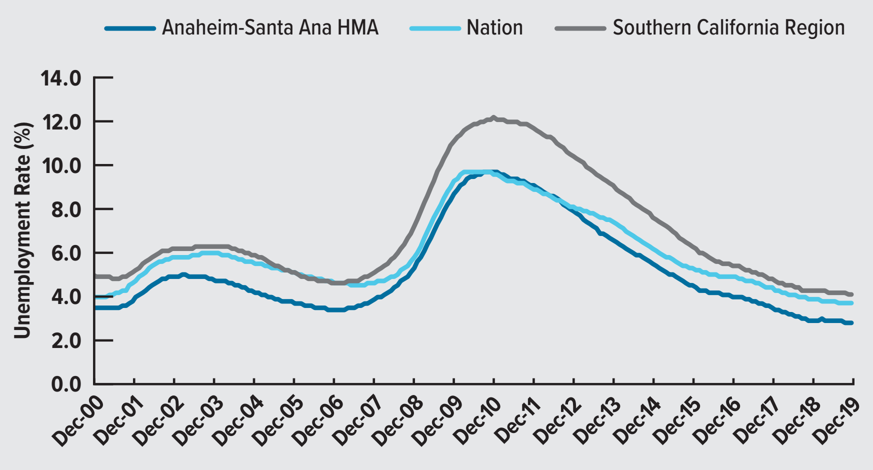
Notes: Based on 12-month averages through December 2018 and December 2019. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

the rate of job growth in the education and health services, the leisure and hospitality, and the professional and business services sectors was slower than during the previous period, although those sectors continued to add the most jobs in the HMA during 2019. The education and health services, the leisure and hospitality, and the professional and business services sectors increased by 3,300, 6,500, and 6,800 jobs—or 1.5, 2.9, and 2.2 percent—respectively. Hoag Memorial Hospital Presbyterian and the Children's Hospital of Orange County added more than 780 jobs combined, contributing to growth in the education and health services sector. In the leisure and hospitality sector, the opening of Galaxy's Edge at Disneyland contributed to a total of 2,100 jobs added in the HMA by The Walt Disney Company. Expansions in the high-tech industry contributed to growth in the professional and business services sector, as Ultimate Software, Alteryx, Inc., and Kareo, Inc. added a combined 115 jobs. In addition, the 960 jobs added by Deloitte LLP and 80 jobs added by the Irvine Company contributed to sector growth during 2019.

## Unemployment Rate Trends

The average unemployment rate in the HMA declined during 2019 to 2.8 percent from 2.9 percent a year ago and is below the 4.1-percent rate for the southern California region and the 3.7-percent rate for the nation. The average unemployment rate in the HMA has been below that of both the region and the nation since 2012, similar to the period during the 2000s (Figure 3).

**Figure 3. 12-Month Average Unemployment Rate in the Anaheim-Santa Ana HMA, Southern California Region, and the Nation**




Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

## Employment Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase by an average of 16,300 jobs, or 1.0 percent, annually. Nonfarm payroll growth is expected to increase from a low of 0.8 percent in the first year to 1.1 percent by the third year of the forecast period. Expansions in the leisure and hospitality and the professional and business services sectors are expected to contribute to overall payroll growth during the period. Currently, 10 hotels at a total cost of $619.5 million are under construction and will add more than 500 jobs to the leisure and hospitality sector when complete during the first and second years of the forecast. In the professional and business services sector, SchoolsFirst Credit Union is expected to add 750 employees by the third year of the forecast when it opens a new 180,000-square-foot office facility; construction on the facility is expected to start in 2020. OncoCyte Corporation, specializing in molecular diagnosis, is expected to move its headquarters facility from the San Francisco-Oakland-Berkeley, CA Metropolitan Statistical Area (MSA) to the city of Irvine and construct a clinical and research laboratory during the second year of the forecast. The move and completion of the laboratory are expected to contribute to overall job growth. In addition, Sofwave Medical Ltd.—a medical device maker—plans to add 40 jobs during 2020, and Solugenix Corporation—an IT support services company—plans to add 400 jobs that same year.

# Population and Households

## Current Population: 3.22 million

Population growth has slowed since 2015, as higher home prices contributed to net out-migration from the HMA.

The population of the Anaheim-Santa Ana HMA is estimated at 3.22 million as of January 1, 2020 (Table 3). The cities of Anaheim, Irvine, and Santa Ana are the largest in the HMA, with more than 280,000 residents each as of January 2019 (California Department of Finance). In addition, the cities of Fullerton, Garden Grove, Huntington Beach, and Orange are of significant size, with more than 140,000 residents each. Overall, the HMA accounts for an estimated 13 percent of the population in the southern California region.

**Table 3. Anaheim-Santa Ana HMA Population and Household Quick Facts**

| | | 2010 | Current | Forecast |
|---|---|---|---|---|
| Population Quick Facts | **Population** | 3,010,232 | 3,223,000 | 3,260,000 |
| | Average Annual Change | 16,400 | 21,850 | 12,250 |
| | Percentage Change | 0.6 | 0.7 | 0.4 |

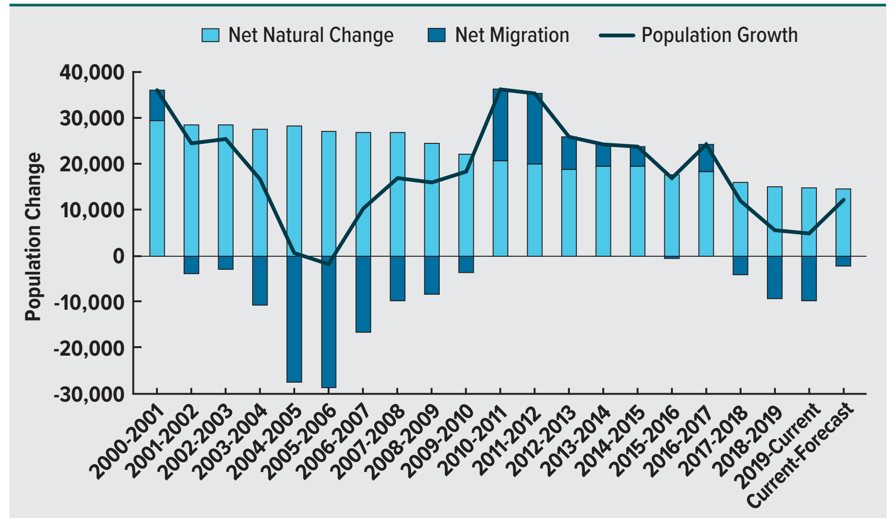
| | | 2010 | Current | Forecast |
|---|---|---|---|---|
| Household Quick Facts | **Households** | 992,781 | 1,068,000 | 1,081,000 |
| | Average Annual Change | 5,750 | 7,700 | 4,350 |
| | Percentage Change | 0.6 | 0.7 | 0.4 |

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2020) to January 1, 2023.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

## Population and Demographic Trends

Economic conditions, mortgage-lending standards, and housing prices relative to neighboring counties have influenced migration trends and overall population growth in the HMA since 2000. In addition to net migration, net natural change has also contributed to overall population growth in the HMA since 2000 (Figure 4). Students moving to the HMA, mainly to attend UCI, have influenced population growth only since 2012 because of an increasing share of new students coming to the HMA from outside California compared with previous years. Since 2012, nearly 30 percent of all new UCI students came from outside California, compared with less than 10 percent in previous years (UCI). Students attending other colleges and universities in the HMA, including CSUF, are predominately within commuting distance, so enrollment changes at those schools do not significantly affect migration in the HMA.

**Figure 4. Components of Population Change in the Anaheim-Santa Ana HMA, 2000 Through the Forecast**



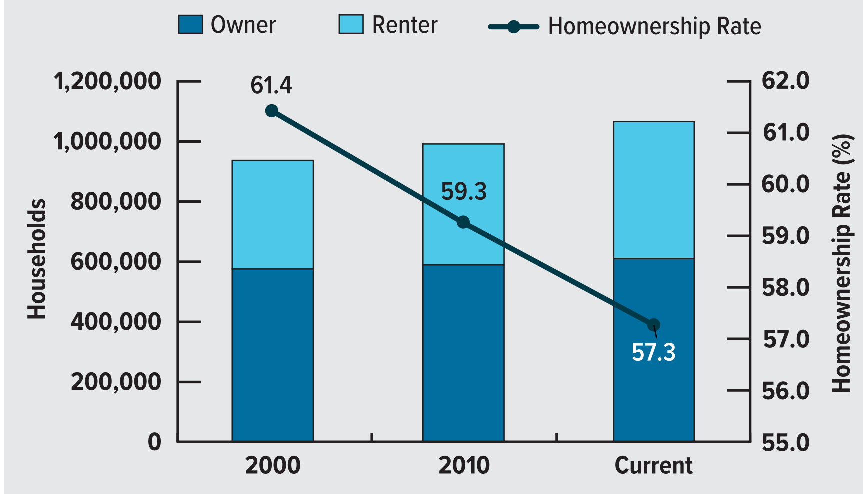

Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2020) to January 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst.

From 2001 to 2003, a period that includes the economic contraction of 2002, net out-migration from the HMA averaged 3,450 people a year, resulting in population growth averaging 24,900 people, or 0.9 percent, a year. Residents were mainly moving to neighboring Riverside and San Bernardino Counties (Internal Revenue Service migration data), where home prices were at least 40 percent lower. By the end of 2003, lenient mortgage-lending standards and strong economic growth supported increased homebuying and a surge in residents moving to Riverside and San Bernardino Counties because of lower priced homes and the ability to commute to the HMA for work. From 2003 to 2007, net out-migration averaged 20,900 people a year, leading to slower average population growth of 6,525 people, or 0.2 percent, annually—the lowest rate of growth since 2000. Toward the end of 2007, the draw of residents away from the HMA to purchase homes elsewhere slowed as the HMA economy and housing markets in parts of the southern California region began to weaken. From 2007 to 2010, net out-migration slowed to an average of 8,650 people annually, and population growth averaged 16,150 people, or 0.5 percent, a year. As economic conditions began to improve by the end of 2010 and housing prices in the HMA were 27 percent lower than the peak in 2006, net in-migration occurred for the first time in nearly a decade. From 2010 to 2015, net in-migration averaged 9,250 people a year, and population growth averaged 29,000 people, or 0.9 percent, annually—the highest level of growth since 2001. The number of new UCI students coming from outside California averaged 1,000 a year from 2010 to 2015, up from an average of 160 a year from 2007 to 2010; the increase partly contributed to net in-migration. Since 2015, overall population growth has faltered, however, due to reduced housing affordability, which contributed to general net out-migration from the HMA. Overall, population growth since 2015 averaged 13,600 people annually, as net out-migration averaged 2,950 people a year. Partly offsetting net out-migration was an increase in the number of new UCI students coming from outside California, which increased to an average of 1,525 a year from 2015 to 2019.

## Household Trends

Despite overall net out-migration from the HMA since 2015, resident household growth since 2010 has been greater than growth during the 2000s, a period when net out-migration was considerably higher. The number of households in the HMA is currently estimated at 1.07 million, up by an average of 7,700 households, or 0.7 percent, annually since 2010, compared with an average increase of 5,750 households, or 0.6 percent, annually during the 2000s. The homeownership rate has declined since 2010 (Figure 5), partly due to reduced affordability in the sales housing market, which suppressed owner household formation.

**Figure 5. Households by Tenure and Homeownership Rate in the Anaheim-Santa Ana HMA**




Note: The current date is January 1, 2020.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

## Student Household Trends

Student household growth has increased since 2012, partly due to the greater number of students attending UCI from outside California who are unable to secure university-affiliated housing. Most of those students form renter households in the HMA. Since 2012, UCI student renter households have increased by an estimated 310 households a year, up from an average of 50 households a year from 2006 to 2012. Overall, student households currently account for less than 5 percent of total renter households in the HMA.

## Forecast

During the next 3 years, the population of the HMA is expected to increase by an average of 12,250, or 0.4 percent, a year, reflecting lower net out-migration during the first and second years and a return to net in-migration by the third year of the forecast period. The overall slowdown that is expected during the first year is partly in response to the higher cost of sales housing; that cost is expected to lessen by the second year as sales prices are anticipated to adjust downward. In addition, the faster pace of job growth during the second and third years of the forecast is also expected to contribute to improved migration to the HMA. The population of the HMA is estimated to reach 3.26 million by the end of the 3-year forecast period.

The number of households in the HMA is expected to increase during the forecast by an average of 4,350, or 0.4 percent, annually to reach 1.08 million households by the end of the forecast. The homeownership rate is expected to decline to 57.0 percent by the end of the forecast period but at a slower annual rate of decrease compared with the period since 2010. Student households are expected to continue to account for less than 5 percent of total renter households in the HMA.

# Home Sales Market Conditions

Market Conditions: Balanced

Lower levels of available for-sale housing inventory since 2010 contributed to improved sales market conditions despite recent net out-migration and slower growth in the number of homeowners.

## Sales Market Conditions Overview

The sales housing market in the Anaheim-Santa Ana HMA is balanced, with an estimated sales vacancy rate of 1.0 percent, down from 1.4 percent in April 2010 (Table 4). Overall, the inventory of homes for sale declined 32 percent, or by nearly 6,000 homes, from the 12 months ending March 2010 to the 12 months ending December 2019 (CoreLogic, Inc.), contributing to the decrease in the vacancy rate. Inventory declined with an increase in the number of homes sold annually since 2010. The average number of months a home was on the market decreased to 2.5 months during the 12 months ending December 2019 from 5.5 months during the 12 months ending March 2010.

Table 4. Home Sales Quick Facts in the Anaheim-Santa Ana HMA

| | | Anaheim-Santa Ana HMA | Nation |
|---|---|---|---|
| Home Sales Quick Facts | Vacancy Rate | 1.0% | NA |
| | Months on the Market | 2.5 | 2.7 |
| | Total Home Sales | 33,450 | 5,695,000 |
| | 1-Year Change | -2% | 0% |
| | New Home Price | $1,233,000 | $410,400 |
| | 1-Year Change | 10% | -1% |
| | Existing Home Price | $876,100 | $313,600 |
| | 1-Year Change | 1% | 3% |
| | Mortgage Delinquency Rate | 0.4% | 1.4% |

NA = data not available.
Notes: The vacancy rate is as of the current date; months on the market, mortgage delinquency data, home sales, and prices are for the 12 months ending December 2019. The current date is January 1, 2020.
Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company

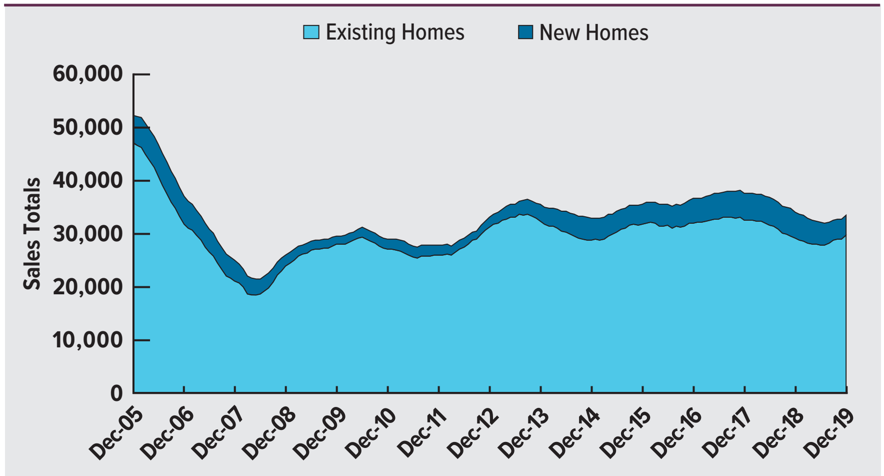
## Delinquent Mortgages and REO Properties

Since 2010, the rate of seriously delinquent mortgages and real estate owned (REO) properties has declined. As of December 2019, 0.4 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 0.5 percent in December 2018 and a peak of 8.1 percent in January 2010 (CoreLogic, Inc.). The current rate is below the 1.4-percent rate for the nation.

## New and Existing Home Sales

New and existing home sales in the HMA were high during the mid-2000s, averaging 44,650 homes sold annually during 2005 and 2006 (Figure 6; Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of homes sold during 2005 and 2006 were the highest annual averages since the mid-2000s despite net out-migration that occurred during those 2 years. Lenient mortgage-lending standards during the period allowed a larger proportion of households to purchase homes, which contributed to the higher level of sales. As lending standards began to tighten, new and existing home sales declined 32 percent, or by 11,950 homes sold, during 2007.

Figure 6. 12-Month Sales Totals by Type in the Anaheim-Santa Ana HMA




Source: CoreLogic, Inc., with adjustments by the analyst

Home sales remained low through 2011 in response to tighter lending standards and the Great Recession, averaging 27,450 new and existing homes sold annually from 2007 through 2011. The average number of homes sold during this period was 39 percent lower than the average sold annually during 2005 and 2006, a period when market conditions were strong. Declines in regular resale and new home sales of 53 and 56 percent, respectively, contributed to the lower level of sales. Those declines were partly offset by growth in distressed sales, mainly supported by investor purchases; those purchases rose as the market weakened, from an average of 160 sold annually from 2005 through 2006 to an average of 6,775 sold annually from 2007 through 2011. The investor share of sales in the market rose between those two periods, from approximately 7 to 17 percent (Metrostudy, A Hanley Wood Company).

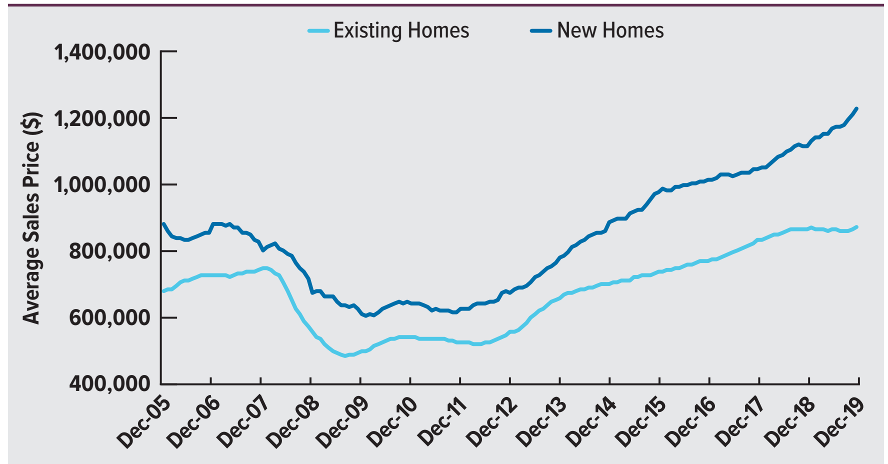
By 2012, the sales market began to improve following nearly 2 years of net in-migration and economic growth. From 2012 through 2018, new and existing home sales averaged 35,050 homes sold, partly supported by an average annual gain of 1,375 regular resales and 400 new home sales—or 6 and 15 percent, respectively—that offset an average annual decline of 910 distressed sales, or 32 percent. Since 2018, home sales have declined in response to high home sales prices, and net out-migration contributed to fewer potential homebuyers. During 2019, 33,450 homes sold, down 2 percent from a year ago. New home sales accounted for the entire decline, down by 1,275 homes, or 26 percent, as regular resale and distressed home sales increased by 580 and 45 homes, or 2 and 9 percent, respectively.

Overall, most of the home sales since the mid-2000s have been either single-family homes or townhomes, with the share of condominium sales averaging 10 percent of total sales (Metrostudy, A Hanley Wood Company). Condominium sales are generally concentrated in the cities of Anaheim and Irvine and areas near Interstate 5 or the regional commuter rail, which connects the HMA to neighboring counties.

## New and Existing Home Sales Prices

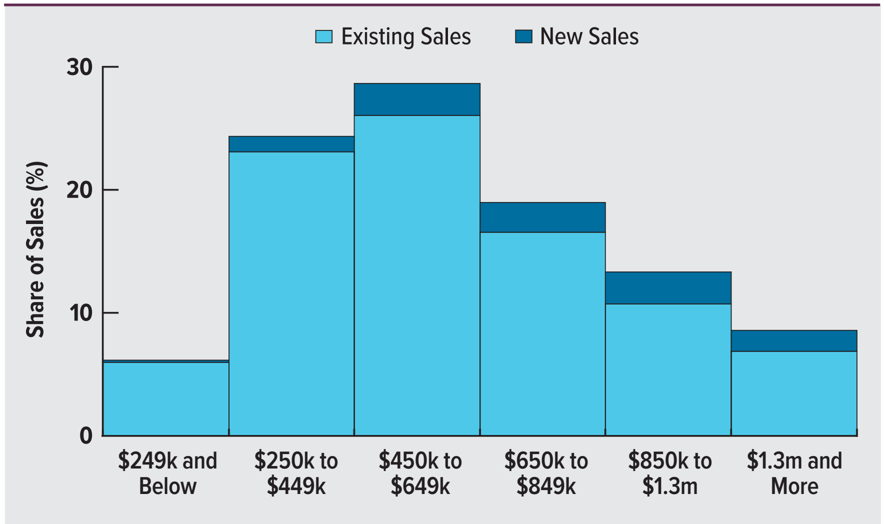
Despite the decline in home sales, home prices in the HMA continue to rise (Figure 7), partly due to low inventory levels; however, growth in home prices has moderated recently. The average new and existing home sales price rose 1 percent during 2019 to $915,500, following 7 consecutive years of price growth that averaged 8 percent annually from 2012 through 2018. New home prices averaged $1,233,000 during 2019, whereas existing home prices averaged $876,100—up 10 and 1 percent, respectively, from a year ago. During the sales housing market downturn from 2007 through 2011, new and existing home prices averaged $585,600 a year, down 20 percent from the average annual price of $728,500 during 2005 and 2006, when market conditions were stronger. Distressed homes, which were priced 34 percent below regular resales, contributed to the overall decline in home sales prices during the housing market downturn. As prices rose from 2012 onward, the spread between home prices in the HMA and in neighboring counties increased. The current average sales price in the HMA is $500,500 higher than the average price of homes in neighboring Riverside and San Bernardino Counties, up from an average of approximately $297,500 higher from 2007 through 2011. The increase in the difference in home prices was a significant reason for residents moving away from the HMA in recent years. Overall, homes priced from $450,000 to $649,000 accounted for the largest share of sales among price ranges during 2019 (Figure 8).

**Figure 7. 12-Month Average Sales Price by Type of Sale in the Anaheim-Santa Ana HMA**




Source: CoreLogic, Inc., with adjustments by the analyst

**Figure 8. Share of Sales by Price Range During the 12 Months Ending December 2019 in the Anaheim-Santa Ana HMA**




Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Metrostudy, A Hanley Wood Company

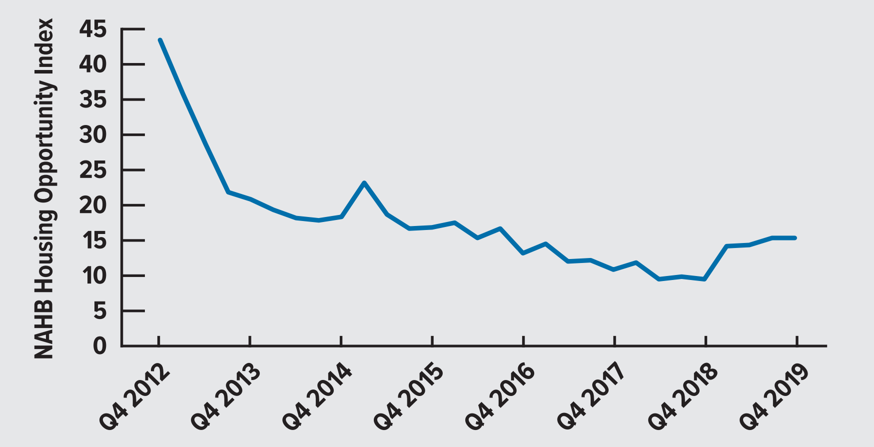
## Housing Affordability in the HMA: Owner

The affordability of buying a home in the HMA has generally declined since 2012 (Figure 9) as home prices have increased each year during that period. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 15.4 during the fourth quarter of 2019, up from 9.5 during the fourth quarter of 2018 but down from a high of 43.4 during the fourth quarter of 2012. The HMA was the fourth least affordable area among MSAs and MDs in the nation during the fourth quarter of 2019, when 234, or 98 percent, of the 238 ranked areas in the nation were more affordable than the Anaheim-Santa Ana HMA.

## Sales Construction Activity

Since 2000, sales construction activity has been concentrated in the southern portion of the HMA, including the city of Irvine, due to the amount of developable

**Figure 9. Anaheim-Santa Ana HMA Housing Opportunity Index**

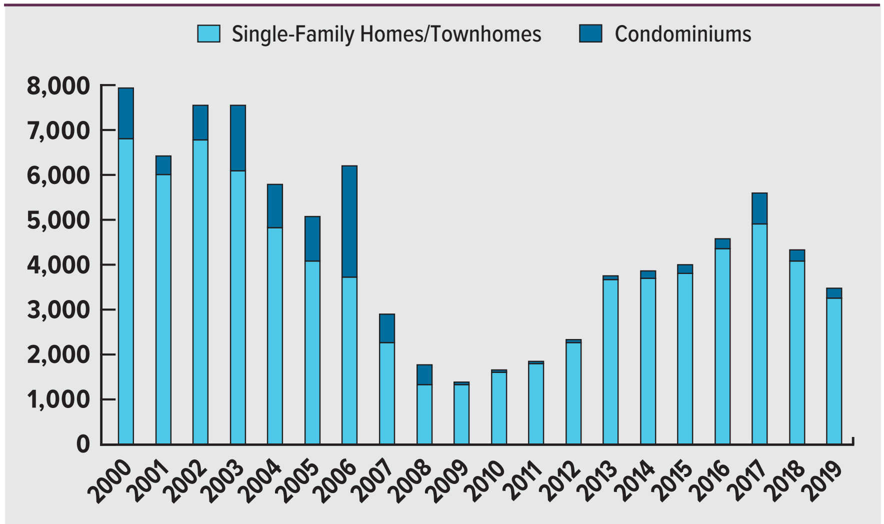



NAHB = National Association of Home Builders. Q4 = fourth quarter.
Note: A decline in the Housing Opportunity Index is an indication of reduced affordability.
Sources: NAHB; Wells Fargo

land. In addition, the regional commuter rail in the HMA facilitates access to jobs either within the HMA or to Los Angeles County, and housing development has also occurred near commuter stations.

Overall, sales construction activity—as measured by the number of single-family homes, townhomes, and condominiums permitted—has been lower than levels during the early 2000s (Figure 10) despite the improvement in the sales housing market. From 2000 through 2003, an average of 7,350 homes were permitted annually before permitting slowed 21 percent, to 5,800 homes, in 2004 in response to a surge in net out-migration. Permitting declined nearly every year at an average of 21 percent to a low of 2,900 homes by 2007, when the market began to soften and the economy began to contract. From 2008 through 2011, the number of homes permitted slowed even further to an average of 1,650 homes a year, the lowest level since 2000. As the sales housing market began to improve, the number of homes permitted increased to nearly 2,350 homes in 2012 before averaging 4,375 homes permitted annually from 2013 through 2018. During 2019, approximately 3,475 homes were permitted, compared with 4,350 homes permitted during 2018 (preliminary data and estimates by the analyst).

**Figure 10. Average Annual Sales Permitting Activity in the Anaheim-Santa Ana HMA**




Note: Includes single-family homes, townhomes, and condominiums.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

Current sales construction activity in the HMA is concentrated in master-planned communities, with the largest occurring in the city of Irvine. Many of those communities began construction during the mid-2000s, before the decline in the sales market. During the past year, a significant amount of development took place in the Villages of Irvine community, which is planned to include 9,000 single-family homes and townhomes at buildout. Approximately 600 homes are under construction throughout the Villages of Irvine community, and more than 4,000 homes have been completed. Newly completed home prices at the Villages of Irvine start in the low $600,000s for a two-bedroom townhome and the low $800,000s for a three-bedroom single-family home. In the Great Park community, also in the city of Irvine, 800 homes are under construction, with 3,250 completed of the 7,900 planned at buildout. Prices for new homes in the community start in the mid-$500,000s for a one-bedroom townhome and in the high $800,000s for a single-family three-bedroom home. The Rancho Mission Viejo master-planned community is expected to have 940 homes at buildout, with 850 homes completed and 60 homes underway. Prices start in the mid-$700,000s for a three-bedroom home. Completion of Rancho Mission Viejo is anticipated within a year, and completion of the Villages of Irvine and Great Park is expected beyond the 3-year forecast period.

## Forecast

During the next 3 years, demand for year-round sales housing is estimated for 5,925 new homes (Table 5), which is expected to increase slightly in the second and third years of the forecast period as migration to the HMA is expected to improve, with a return to net in-migration by the third year. The 1,250 homes under construction in the HMA will satisfy a portion of demand in the first year of the forecast.

**Table 5. Demand for New Sales Units in the Anaheim-Santa Ana HMA During the Forecast Period**

| Sales Units | |
|---|---|
| **Demand** | 5,925 Units |
| **Under Construction** | 1,250 Units |

Note: The forecast period is from January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

# Rental Market Conditions

## Rental Market Conditions: Tight

Rental market conditions have tightened since 2010 despite an increase in inventory during the period.

## Current Conditions

The rental housing market in the Anaheim-Santa Ana HMA is tight. The overall rental vacancy rate currently is estimated at 3.9 percent, down from 5.9 percent in 2010, when conditions were soft (Table 6). Renter household growth in the HMA more than offset an increase in the number of single-family homes available for rent and the production of year-round rental units since 2010, contributing to the overall tightening of market conditions.

**Table 6. Rental Market Quick Facts in the Anaheim-Santa Ana HMA**

| | | 2010 (%) | Current (%) |
|---|---|---|---|
| Rental Market Quick Facts | **Rental Vacancy Rate** | 5.9 | 3.9 |
| | **Occupied Rental Units by Structure** | | |
| | Single-Family Attached & Detached | 29 | 31 |
| | Multifamily (2–4 Units) | 18 | 16 |
| | Multifamily (5+ Units) | 51 | 52 |
| | Other (Including Mobile Homes) | 2 | 2 |

Notes: The current date is January 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2018 American Community Survey, 1-year data; Reis, Inc.

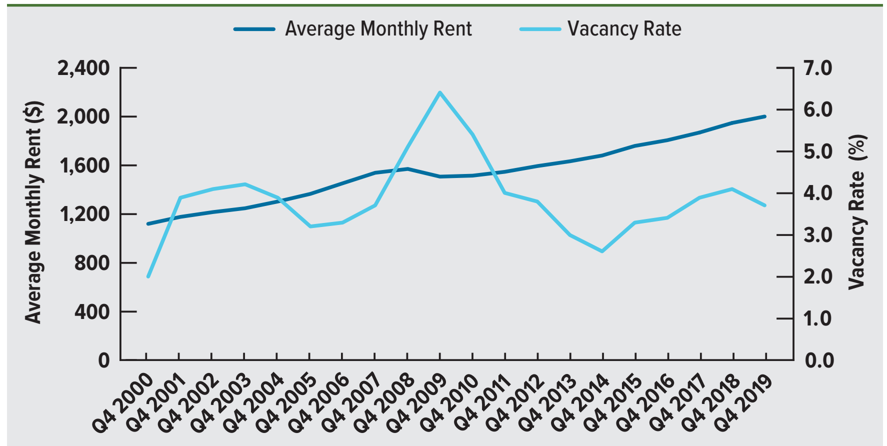
## Single-Family Home Rentals

In 2018, an estimated 31 percent of occupied rental units in the HMA were single-family homes, up from 29 percent in 2010 and representing an increase of 17,650 renter households occupying single-family homes during the period. Currently, the rental market for single-family homes is tight, unchanged from a year ago. Vacancy rates for professionally managed single-family rental homes during 2019 averaged 1.5 percent, down from 1.6 percent a year ago and from 1.8 percent during 2012, the earliest data available (CoreLogic, Inc.). By number of bedrooms, vacancy rates during 2019 ranged from 1.4 percent for four-bedroom homes to 1.9 percent for one- and two-bedroom homes. Vacancy rates by number of bedrooms declined by at least 0.1 percentage point from a year ago except for two-bedroom homes, for which the rate held steady. The average rent increased the most for two-bedroom single-family homes, up 3 percent from a year earlier, to $2,851. Rents for three- and four-bedroom homes increased 2 percent each, to $3,344 and $3,881, respectively. The average rent for one-bedroom homes remained virtually unchanged at $2,106. Since 2012, average rents in each number-of-bedrooms category have increased by at least 3 percent a year.

## Apartment Market Trends

Approximately one-half of all renter households in the HMA live in apartments. As of the fourth quarter of 2019, the apartment vacancy rate for properties with 40 or more units was 3.7 percent, down from 4.1 percent a year ago and from 5.4 percent in 2010 (Figure 11; Reis, Inc.). Renter household growth outpaced

**Figure 11. Apartment Rents and Vacancy Rates in the Anaheim-Santa Ana HMA**




Q4 = fourth quarter.
Source: Reis, Inc.

apartment completions since 2010, causing the apartment market to tighten. Average rents rose 3 percent to $2,000 during the fourth quarter of 2019, from $1,945 a year earlier, and were up an average of 3 percent a year from 2010 through 2018. Rent growth was highest in the Reis-defined Placentia/Northeast Anaheim market area, with an average rent of $1,637, up 7 percent from a year earlier. The market area was also among the tightest in the HMA, with a vacancy rate of 2.3 percent, down from 2.6 percent a year earlier. Rent growth was also high in the Fullerton market area, where CSUF is located, with average rents increasing 6 percent to $1,769 and a vacancy rate of 4.1 percent, up from 3.7 percent a year earlier. The tightest segment of the HMA was the Buena Park market area, which borders Los Angeles County, with a vacancy rate of 1.8 percent, up from 1.6 percent a year earlier. The low vacancy rate in the Buena Park area is due to it being relatively more affordable despite rent growth increasing 3 percent to $1,599 from $1,557. Softer apartment markets in the HMA include the Irvine and South Anaheim market areas, with vacancy rates of 5.1 and 5.5 percent, respectively, but those rates were down from 6.5 and 6.2 percent, respectively, a year ago. The high vacancy rates in both markets are partly due to greater levels of apartment construction. In addition, rents in the Irvine market area are among the highest in the HMA, at $2,557, up 2 percent from $2,496 a year ago, partly contributing to the high vacancy rate. In the South Anaheim market area, rents are also relatively high, increasing 4 percent to $1,917 from $1,843 a year ago.

## Student Housing

Of the 12 universities in the HMA, the largest are UCI and CSUF. Approximately 43 percent of the 36,900 UCI students as of 2019 live on campus in residence halls or in university-affiliated apartments (UCI data). UCI has 10 student-oriented housing communities that include 10,775 campus-owned beds and 5,160 beds in privatized apartments that are fully occupied and have a waiting list of more than 1,300 students. This strong demand for UCI-affiliated housing reflects the high cost of rental housing in the city of Irvine. Student enrollment at UCI is anticipated to increase by an average of 700 students a year during the next 3 years, adding to the existing demand. UCI has a long-term plan to house 60 percent of all students to meet the growing need. Recently, UCI opened the $98 million second phase of Middle Earth Residence Hall, adding 494 beds, and the fourth phase of East Campus, or Plaza Verde, which added 1,441 beds. Both additions were completed in the fall of 2019. Verano 8 Graduate Student Housing is in planning and will add 1,050 new beds by 2023 to serve the larger number of graduate students, which is expected to increase from 6,100 in 2019 to 7,400 by 2022. The monthly rent at Verano 8 is expected to be $995 per student. Upon completion, Verano 8—along with 2,800 existing graduate beds—will accommodate 52 percent of graduate students at UCI.

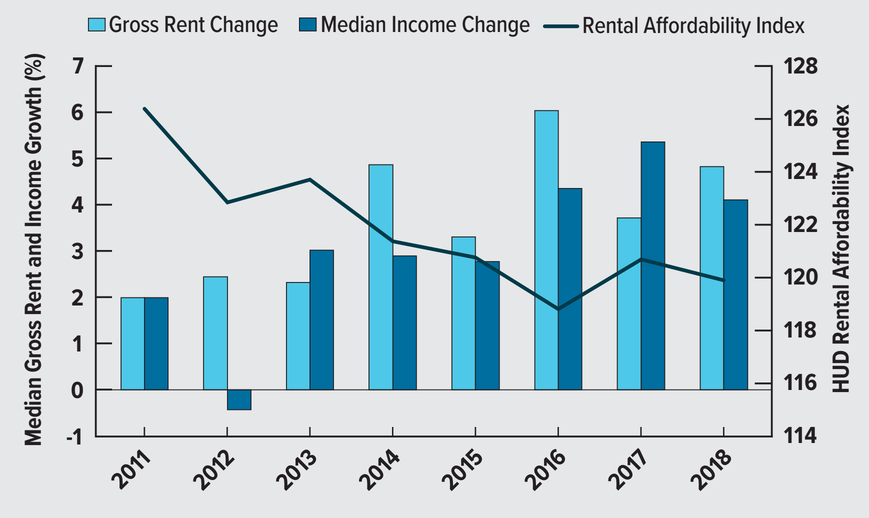
CSUF has nearly 40,450 students as of 2019, but nearly all commute. Approximately 5 to 10 percent of CSUF students come from outside the HMA (CSUF data). The university has 1,062 beds in residence halls and 800 beds in apartment-style student housing, but housing has fallen short of student housing needs. As of 2019, CSUF initiated a long-term plan to house 3,000 students and 350 faculty by 2,035; plans that would add student housing to meet that goal are in the development stages.

## Housing Affordability: Rental

### Overall Affordability Issues

Rental housing in parts of the HMA is expensive, and affordability has been affected by more than 7 consecutive years of rent growth. Overall, the increase in the median income of renters has been less than the increase in the median gross rent in the HMA, contributing to a decline in overall affordability since 2011 (Figure 12). The median renter household income increased 24 percent, from $72,293 in 2011 to $89,759 in 2018, whereas the median gross monthly rent rose 31 percent, from $1,430 to $1,872. As a result, the HUD Rental Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has declined. The index was 119.9 during 2018, down from 126.4 in 2011.

Figure 12. Anaheim-Santa Ana HMA Rental Affordability




Source: American Community Survey, 1-year data

## Renter Cost Burdens

Partly as a result of reduced rental affordability in the HMA since 2011, an estimated 25.6 percent of all renter households in the HMA were cost burdened during the 2012-through-2016 period (Table 7). Those households were spending between 30 and 49 percent of their income on rent, whereas a greater proportion—27.4 percent—in the HMA were severely cost burdened, spending more than 50 percent of income on rent. Nationwide, a lower proportion of renter households were cost burdened and severely cost burdened compared with households in the Anaheim-Santa Ana HMA, at 21.9 and 23.3 percent, respectively. Severe cost burdens were a greater proportion for lower-income renter households, or those with incomes less than 50 percent of the HUD Area Median Family Income (HAMFI). Approximately 58.4 percent of renter households with incomes less than 50 percent of the HAMFI in the HMA were paying more than 50 percent of their incomes toward rent, compared with 49.3 percent nationwide.

Table 7. Percentage of Cost-Burdened Renter Households by Income in the Anaheim-Santa Ana HMA and the Nation, 2012–2016

| | Cost-Burdened | | Severely Cost-Burdened | |
|---|---|---|---|---|
| | Anaheim-Santa Ana HMA | Nation | Anaheim-Santa Ana HMA | Nation |
| Renter Households with Income <50% HAMFI | 25.3 | 26.4 | 58.4 | 49.3 |
| Total Renter Households | 25.6 | 21.9 | 27.4 | 23.3 |

HAMFI = area median family income.
Note: "Cost-burdened" households spend between 30 and 49 percent of their income on rent, and "severely cost-burdened" households spend more than 50 percent of their income on rent.
Source: Consolidated Planning/CHAS Data, 2012–2016 American Community Survey, 5-year estimates (huduser.gov)

## Homelessness

Nearly 6,875 people throughout the HMA were homeless, which accounted for 8 percent of the 87,000 homeless people throughout the southern California region in 2019 (Point-in-Time Count). Of the number of people that were homeless in the HMA, 58 percent were unsheltered, compared with approximately 37 percent throughout the nation, Puerto Rico, and the U.S. territories.

## Policy Initiatives

Several local and statewide policy initiatives are underway to address homelessness and housing affordability issues in the HMA, and cities within the HMA have pledged to add housing to address those issues. The city of Santa Ana has addressed homelessness by implementing initiatives that have facilitated access to transitional and permanent supportive emergency housing by the homeless population and created links between housing and key services, including mental health and job resources. Currently, there are 1,000 shelter beds and 400 units of permanent supportive housing in the city of Santa Ana. Plans to add additional housing in the city for the homeless are underway, with 139 units of permanent supportive housing in the pipeline, including 56 units for the chronically homeless and 75 units for homeless veterans. To address affordable housing issues, the city of Santa Ana adopted an inclusionary housing ordinance, which requires 15 percent of housing developments with five or more units to be reserved for low- to moderate-income households or pay an in-lieu-of fee that will go toward the future development of affordable housing. More than $10 million in funding has been generated for the construction of affordable housing under the ordinance. The city of Santa Ana has 2,666 affordable housing units, with nearly 860 affordable units in the pipeline. The city of Irvine also has an inclusionary housing ordinance, similar to that of the city of Santa Ana, and has also facilitated the production of affordable housing through the investment of federal HOME funds that are directly available to the city. Currently, the city of Irvine has 4,569 affordable housing units, with the creation of an additional 1,000 affordable units underway.

The city of Anaheim adopted the Housing First initiative, which prioritized supportive housing for the homeless. Since 2014, a total of 2,675 homeless individuals in the city have transitioned from homelessness—at a 90-percent retention rate—under this initiative. In addition, the city of Anaheim offers developer incentives that include allowing for greater density, providing gap financing, waiving fees, and expediting the review process for the development of affordable housing. The city is home to 3,854 affordable units, with an additional 236 units that will be completed by the end of 2021.

In late 2017, The California State Legislature signed into law a 15-bill comprehensive housing package that includes funding sources, tools, and regulatory measures to increase statewide production of housing units. Some of the measures include reaffirming inclusionary zoning practices to require a certain percentage of new construction be targeted toward lower income households and streamlining zoning guidelines to allow developments to move forward in a timely manner.

## Current Affordable Housing Options: LIHTC, PBRA, HCV

The low-income housing tax credit (LIHTC) is the primary source of funding for new affordable rental housing in the nation. From 2000 through 2009, approximately 3,150 new LIHTC units were placed in service in the HMA—an average of nearly 320 units annually. Since 2010, 3,400 new LIHTC units—or an average of nearly 340 units annually—have been placed in service in the HMA. Of those placed in service since 2010, approximately 29 percent have been in the city of Anaheim, 23 percent in the city of Irvine, and 6 percent in the city of Santa Ana.

In addition to LIHTC, income-eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCVs) through the local public housing authority (PHA). The PHAs in the HMA administered more than 22,000 HCVs in 2019 (Table 8). The waitlists for HCVs and public housing in the HMA are currently closed, with a waiting time of up to 5 years. There are 27,438 subsidized units through PBRA and other programs (Picture of Subsidized Households). The number of households that have an HCV in the HMA has increased 5 percent, or an average of less than 1 percent annually, since 2010. The increase in assisted households has occurred as an inflation-adjusted rent subsidy from HUD has increased 14 percent since 2010; during the same time, the inflation-adjusted tenant contribution for HCVs went up 9 percent. By comparison, the total number of voucher households in the nation increased 13 percent since 2010, whereas the inflation-adjusted HUD subsidy declined 2 percent and the inflation-adjusted tenant contribution increased 2 percent.

**Table 8. Picture of Subsidized Households in the Anaheim-Santa Ana HMA and the Nation, 2019**

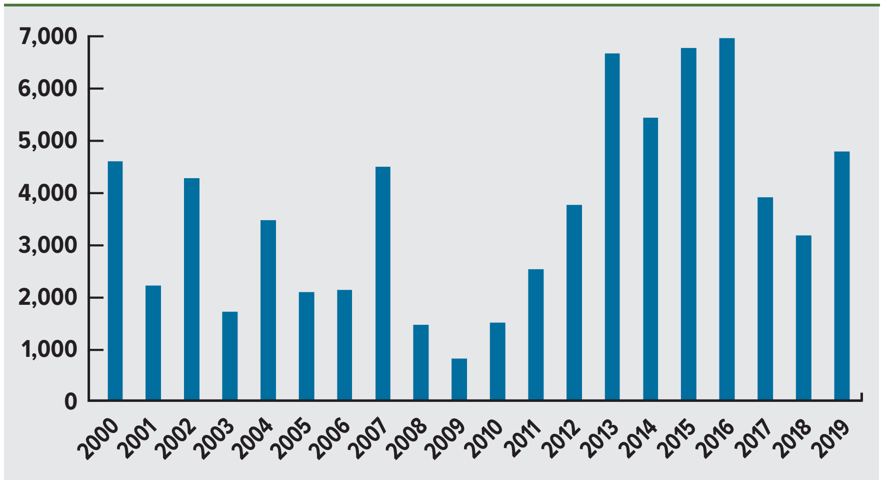
| | Anaheim-Santa Ana HMA | Anaheim-Santa Ana HMA Change Since 2010 (%) | National Total | National Change Since 2010 (%) |
|---|---|---|---|---|
| **Total Assisted Households (2019)** | 26,476 | 5 | 4,619,488 | 4 |
| **Total Housing Voucher Households (2019)** | 22,021 | 5 | 2,299,617 | 13 |
| Average HCV Tenant Monthly Contribution | $530 | 9 | $390 | 2 |
| Average Monthly HUD Subsidy | $1,379 | 14 | $807 | -2 |

Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).
Source: Assisted Housing: National and Local (huduser.gov)

## Rental Construction Activity

Since 2000, rental construction activity in the HMA has been concentrated in the cities of Irvine and Anaheim, partly due to either the abundance of developable land or comparatively larger scale redevelopment efforts. Combined, those two cities have accounted for more than one-half of all rental development in the HMA. Rental construction activity, as measured by the number of rental units permitted, has generally been high during most years since 2010 (Figure 13) and nearly comparable with or exceeding levels during the early to mid-2000s. From 2000 through 2007, an average of 3,100 rental units were permitted a year. By 2008, during the Great Recession, the number of units permitted declined to approximately 1,450 units before averaging a low of 1,125 units in 2009 and 2010. As household growth increased from net in-migration and as economic conditions began to improve, the number of units permitted increased each year from 2011 through 2013 by an average of 1,725 units a year, reaching a high of 6,650 units permitted by 2013.

**Figure 13. Average Annual Rental Permitting Activity in the Anaheim-Santa Ana HMA**




Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

Rental construction activity continued to be at high levels from 2014 through 2016, averaging 6,375 units a year, before slowing to an average of 3,525 units a year from 2017 through 2018. The slowdown in construction activity was partly in response to net out-migration, which reduced the pace of absorption of newly completed rental units. During 2019, approximately 4,775 rental units were permitted, compared with 3,175 units during the previous year (U.S. Census Bureau and analyst estimates).

Market-rate apartments that were recently completed or are under construction in the HMA include those in the Platinum Triangle neighborhood in the city of Anaheim, which is among the largest redevelopment sections in the HMA. Within the Platinum Triangle, 9,050 units have been approved since 2008, of which approximately 5,575 units have been completed. Developments under construction include the 376-unit Jefferson Rise at Platinum Park, with completion expected in 2020. The 371-unit Jefferson Edge at Platinum Park, the most recent addition to the Platinum Triangle, opened in mid-2019 with rents for studio, one-, two-, and three-bedroom units that start at $2,050, $2,175, $2,475, and $3,825, respectively. In the city of Irvine, the 592-unit Los Olivos Apartments and the 271-unit 2525 Main Apartments are under construction and expected to be completed by early 2020.

## Forecast

During the forecast period, demand is estimated for 8,675 new rental units in the HMA (Table 9). Demand is expected to increase slightly during the second and third years of the forecast period due to higher levels of in-migration. The 3,900 rental units under construction are expected to meet all the demand during the first year and a portion of the demand in the second year of the forecast period.

**Table 9. Demand for New Rental Units in the Anaheim-Santa Ana HMA During the Forecast Period**

| | Rental Units |
|---|---|
| **Demand** | 8,675 Units |
| **Under Construction** | 3,900 Units |

Note: The forecast period is January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

| | |
|---|---|
| **Chronically Homeless** | According to the McKinney-Vento Act, it refers to an individual or family that is homeless and resides in a place not meant for human habitation, a safe haven, or in an emergency shelter, and has been homeless and residing in such a place for at least 1 year or at least on four separate occasions in the last 3 years. The statutory definition also requires that the individual or family has a head of household with a diagnosable substance use disorder, serious mental illness, developmental disability, posttraumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability. |
| **Cost Burdened** | Spending more than 30 percent of household income on housing costs. |
| **Demand** | All demand estimates in this report are for the total year-round housing production needed to achieve a balanced sales or rental market at the end of the forecast period and do not contain any estimates for seasonal or vacation housing. The demand estimates in the analysis are not a forecast of building activity. They are estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. These estimates do not account for units currently under construction or units in the development pipeline. |
| **Distressed Home Sales** | Short sales and real estate owned (REO) sales. |
| **Forecast Period** | 1/1/2020–1/1/2023—Estimates by the analyst |

| | |
|---|---|
| **Home Sales/ Home Sales Prices** | Includes single-family home, townhome, and condominium sales. |
| **Homes/ Units Under Construction** | Units under construction represent sales or rental housing for year-round residents of the HMA and do not include units that would be intended for occasional visitors to the HMA. |
| **Net Natural Change** | Resident births minus resident deaths. |
| **Other Vacant Units** | In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the U.S. Census Bureau. |
| **Regular Resales** | Existing home sales that exclude distressed home sales. |
| **Rental Market/ Rental Vacancy Rate** | Includes apartments and other rental units, such as single-family homes, multifamily homes, and mobile homes. |
| **Residential Building Permits** | Residential building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some residential units may be constructed with a different type of building permit. For example, some residential units might be classified as commercial structures and would not be reflected in the residential building permits. The building permits in this report include an estimate of this additional construction activity. The sales and rental permits in this report may also include a portion of residential structures that are intended for the seasonal sales or rental markets. |
| **Seriously Delinquent Mortgages** | Mortgages 90+ days delinquent or in foreclosure. |
| **Southern California Region** | A 10-county area that stretches from San Luis Obispo to the Mexican border and includes the following counties: Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura. |

### B. Notes on Geography

| | |
|---|---|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
| 2. | Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria. |

### C. Additional Notes

| | |
|---|---|
| 1. | The National Association of Home Buyers (NAHB)/Wells Fargo Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria. |
| 2. | This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department. |
| 3. | The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions. |
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