

COMPREHENSIVE HOUSING MARKET ANALYSIS

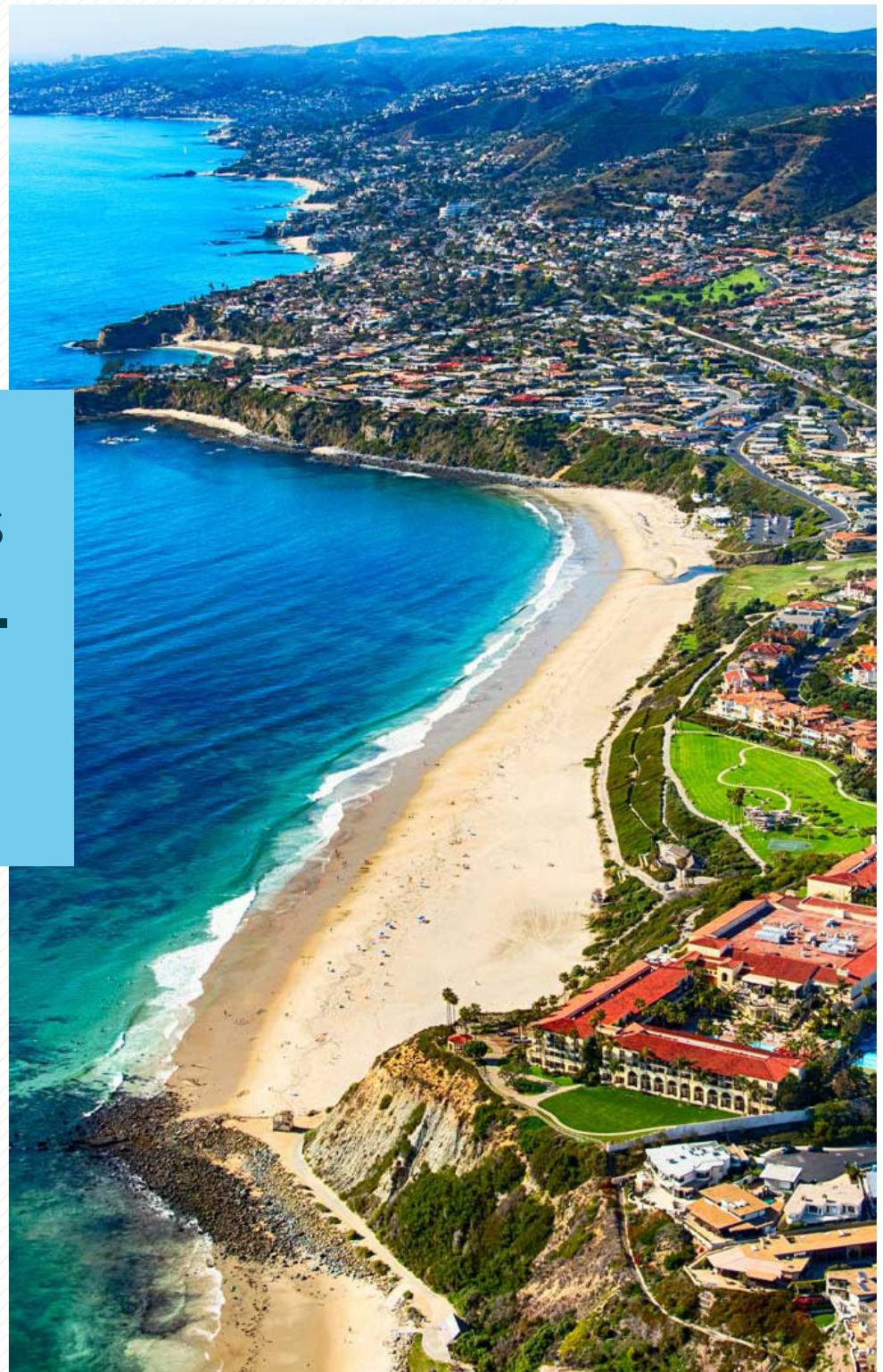
Anaheim-Santa Ana-Irvine, California

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

As of January 1, 2022



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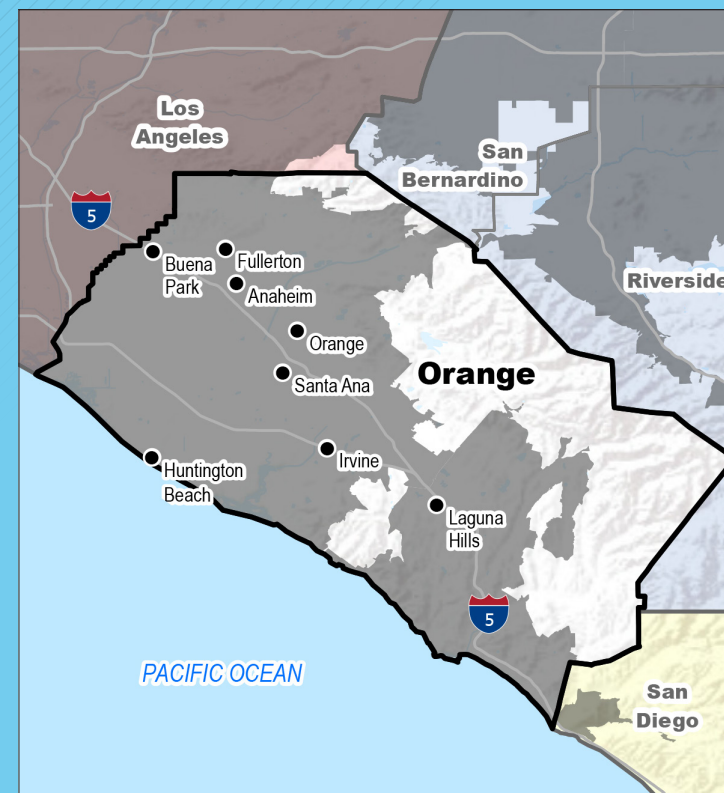
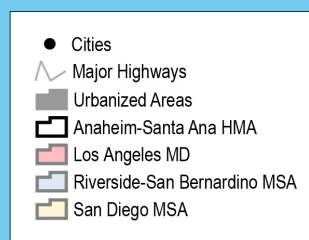
Executive Summary

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—the third largest county in California by population, following Los Angeles and San Diego Counties.

The current population is estimated at 3.21 million.

Situated along the Pacific Coast, the HMA is an economic hub for tourism, health care, education, and technology development in the southern California region, a 10-county area that stretches from the San Luis Obispo, CA MSA to the Mexican border. The largest employers in the HMA include The Walt Disney Company and the University of California, Irvine (UCI). With 40 miles of beaches and other destinations, including Disneyland® Park and the Anaheim Convention Center, the HMA typically receives nearly 20 percent of all visitors to California (Visit California).



Tools and Resources

Find interim updates for the Anaheim-Santa Ana-Irvine, CA MD, 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 the HMA, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Stable: Nonfarm payrolls in the Anaheim-Santa Ana HMA increased during 2021 by 46,100 jobs, or 3.0 percent, to 1.57 million, reflecting a steady job recovery that was partly supported by the full reopening of the Californian economy on June 15, 2021.

After economic conditions in the HMA weakened from interventions implemented to slow the spread of COVID-19 in early 2020, conditions have improved as those interventions eased, and economic growth has been steady through most of 2021. The full reopening of the economy by the second quarter of 2021 had a positive impact on the HMA economy, contributing to a partial recovery of nonfarm payroll jobs. Overall, approximately 81 percent of jobs in the HMA lost since the onset of the pandemic have been recovered—a period when losses were widespread but particularly concentrated in the tourism industry. Job recovery is expected to continue during the 3-year forecast period, and nonfarm payroll growth in the HMA is expected to average 1.4 percent a year. That pace of growth will contribute to a near-full job recovery by the end of the first year of the forecast.

Sales Market



Tight: The average home sales price in the Anaheim-Santa Ana HMA rose 15 percent, to \$1.07 million, during 2021, while the months of supply of homes for sale has declined at a fast pace since 2020.

The sales housing market in the HMA is tight, with a current vacancy rate estimated at 0.8 percent, down from 1.4 percent in 2010, when conditions were soft. A decline in the inventory of homes for sale and widespread mortgage forbearance—including federally backed mortgages under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that assisted pandemic-impacted homeowners—have contributed to low vacancy rates and tight sales market conditions since 2020. During the next 3 years, demand is estimated for 10,000 new homes. As the economy continues to expand at a steady pace, demand is expected to increase slightly in the second and third years of the forecast due to improved household growth. The 1,625 homes under construction will satisfy some of that demand.

Rental Market



Tight: Renter household growth in the Anaheim-Santa Ana HMA more than offset the production of year-round rental units, contributing to the overall tightening of the rental market.

The rental housing market in the HMA is tight, with an estimated vacancy rate of 4.0 percent, unchanged from a year ago but lower than the 5.9-percent rate in 2010, when conditions were soft. Since mid-2020, the temporary ban on evictions throughout California for nonpayment of rent related to the COVID-19 pandemic partly contributed to relatively stable market conditions during the past year. Overall, since 2010, an increase in renter households has contributed to the absorption of vacant rental units and an overall decline in the vacancy rate. During the forecast period, renter household growth is expected to support demand for 14,200 rental units. The 6,000 rental units under construction will satisfy a portion of that demand during the forecast period.

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3-Year Housing Demand Forecast

Anaheim-Santa Ana HMA		
	Sales Market	Rental Market
Total Demand	10,000 Homes	14,200 Units
Under Construction	1,625 Homes	6,000 Units

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Housing under construction is as of January 1, 2022 and excludes seasonal housing underway. The forecast period is January 1, 2022, to January 1, 2025.

Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

Allied Universal is the largest employer in the professional and business services sector, with 4,150 employees, while The Irvine Company LLC—a leading real-estate company in California since the mid-1800s—is the second largest in the sector, with 2,450 employees in the HMA.

Economic Factors in the HMA

The Anaheim-Santa Ana HMA is a major employment center for tourism, health care, education, and technological development in the southern California region, with major employers that include The Walt Disney Company, UCI, and Providence Health & Services (Table 1). Until the middle of the 20th century, the HMA had been predominantly defined by a flourishing agricultural industry and home to sprawling ranches that supported 5 million orange trees on 93,000 acres—a sizable portion of which is the Irvine Ranch that is owned by The Irvine Company. The shift away from agriculture began with the expansion of U.S. Route 101, part of which is now Interstate 5, which connected the HMA to cities and towns in northern and central California and allowed for a greater influx of commercial enterprise and people to the HMA following World War II. Since then, the HMA has transformed into an economic center and one of the most popular tourist destinations in the nation—home to Disneyland® Park, Disney California Adventure® Park, Knott's Berry Farm, and the Anaheim Convention Center that typically draw nearly 20 percent of all visitors to California (Visit California). Before the COVID-19 pandemic, the number of visitors to the HMA increased an average of 1 percent a year from 2011 through 2019, to reach 50.2 million visitors, whereas visitor spending increased an average of 5 percent a year, to nearly \$1.45 billion (not adjusted for inflation; Visit California; Figure 1). Visitors to the HMA and visitor spending supported job gains in the leisure and hospitality sector following the Great Recession. However, as in all areas throughout the nation, countermeasures

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	28,000
University of California, Irvine	Government	25,500
County of Orange	Government	18,550
Providence Health & Services	Education & Health Services	12,850
Albertsons Companies, Inc.	Wholesale & Retail Trade	8,150
Kaiser Permanente	Education & Health Services	8,050
Hoag Memorial Hospital Presbyterian	Education & Health Services	6,700
Walmart Inc.	Wholesale & Retail Trade	6,400
Target Corporation	Wholesale & Retail Trade	6,000
MemorialCare	Education & Health Services	5,500

Note: Excludes local school districts.

Source: *Orange County Business Journal*, 2021

Figure 1. Visitors and Visitor Spending in the Anaheim-Santa Ana HMA



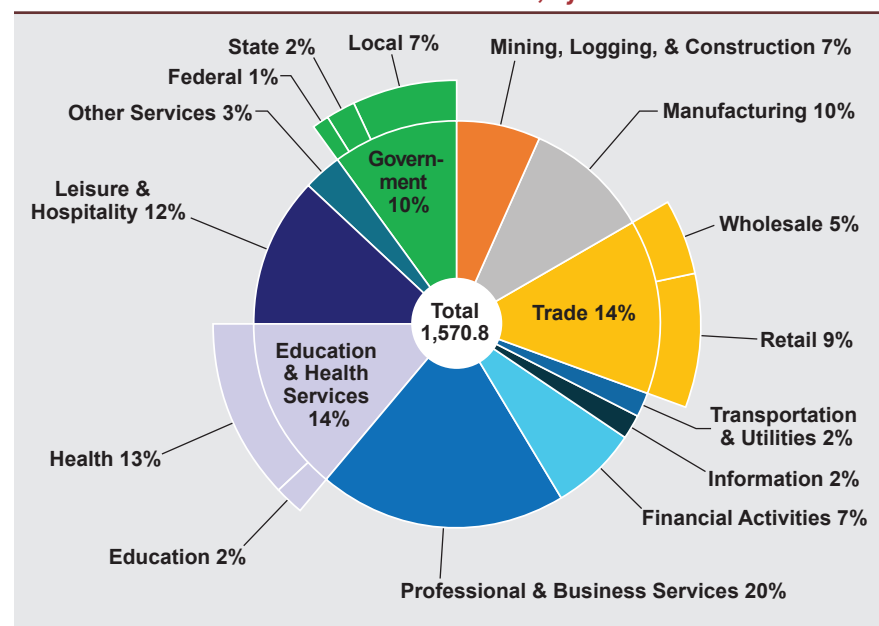
Note: Visitor spending is not adjusted for inflation.

Source: Visit California

to slow the spread of COVID-19 affected the tourism industry, contributing to significant job losses during 2020. The leisure and hospitality sector had accounted for 14 percent of all nonfarm payroll jobs before the pandemic, before falling to 11 percent of all payrolls by the end of 2020 (See the COVID-19 Pandemic and the HMA Tourism Industry section for more details). As the economy reopened, the sector began to recover jobs, and it currently accounts for 12 percent of all payrolls in the HMA (Figure 2).

The HMA is also home to 45 hospitals and 12 colleges and universities that support the education and health services sector. The number of hospitals in the HMA increased from a total of 31 in 2010, a period when the average annual economic impact of the healthcare industry in the HMA was \$13.4 billion

Figure 2. 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 2021. Source: U.S. Bureau of Labor Statistics

on the southern California region (Los Angeles County Economic Development Corporation). Among the colleges and universities in the HMA, UCI (Photo 1) is the largest, with a \$7 billion annual economic impact on the HMA, followed by California State University, Fullerton (CSUF), with a \$2 billion annual economic impact (2020, UCI and CSUF), although both are public universities in the government sector. Overall, more than one-third 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 the growing technology industry (Orange County Business Council).

Throughout the HMA, there are a total of 2,878 companies in the technology industry that employ nearly 134,500 people (2021, *Orange County Business*

Photo 1. Campus of University of California, Irvine



Source: University of California, Irvine (UCI)

Journal [OCBJ]), contributing to the professional, scientific, and technical services industry of the professional and business services sector. Among these companies are the two largest software developers in the HMA—Activision Blizzard, Inc. and International Business Machines Corporation

(IBM)—which have 2,800 and 1,200 employees, respectively. Broadcom Inc., the largest chipmaker in the HMA, has 1,475 employees, while Raytheon Technologies Corporation, one of the largest aerospace technology developers, has 2,000 employees in the HMA.

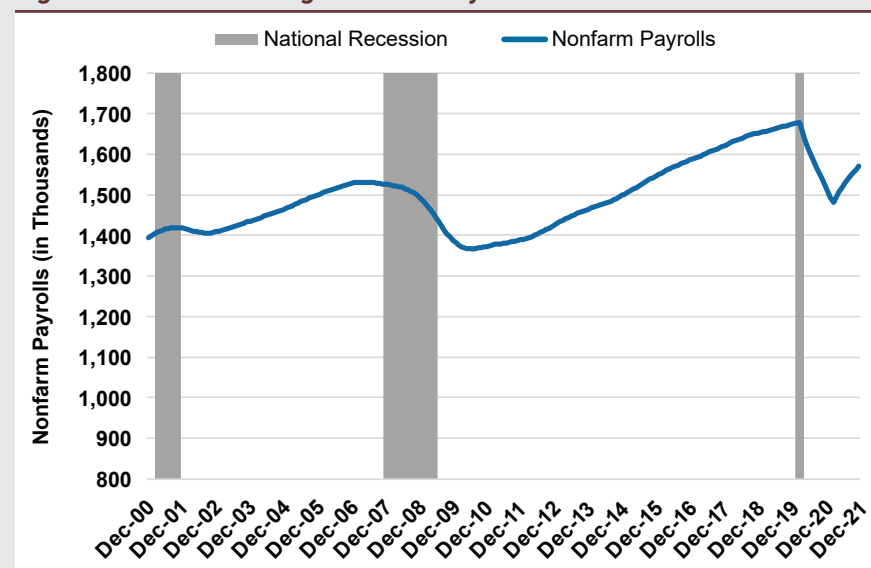
Economic Periods of Significance in the HMA

The Dot-Com Crash and Expansions: 2001 Through 2006

Overall, the economy 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 resulting from the dot-com crash that partly offset two periods of economic growth—one in 2001 and another from 2003 through 2006 (Figure 3). The HMA was not as affected by the national recession of the early 2000s, and the overall rate of nonfarm payroll growth in the HMA was above the 0.6-percent average annual rate for the nation during the 2001-through-2006 period.

During the period of economic growth in 2001, nonfarm payrolls in the HMA increased by 24,500 jobs, or 1.8 percent, before declining by 9,200 jobs, or 0.6 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 payrolls increased by an average of 29,800 jobs, or 2.0 percent, annually from 2003 through 2006. Job growth in the HMA exceeded the rate of growth in the nation, which expanded by an average of 1.1 percent a year. This period of expansion was characterized by strong financial and sales housing market conditions in response to lenient mortgage-lending standards and increased homebuilding in the HMA, particularly for seasonal use or investment. More than 45 percent of the entire net increase in the HMA occurred in the financial activities sector and the construction subsector, up by averages of 7,000 and 6,900 jobs, or 5.8 and 7.7 percent, annually, respectively.

Figure 3. 12-Month Average Nonfarm Payrolls in the Anaheim-Santa Ana HMA



Note: 12-month moving average.

Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics

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

By the end of 2007, the Great Recession began and payrolls in the HMA declined by an average of 39,000 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 1.1-percent decline in the nation. One-quarter of the loss in the HMA

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 6,900, or 7.0, 4.7, and 2.6 percent, respectively, a year had accounted for a combined 61 percent of the total net loss.

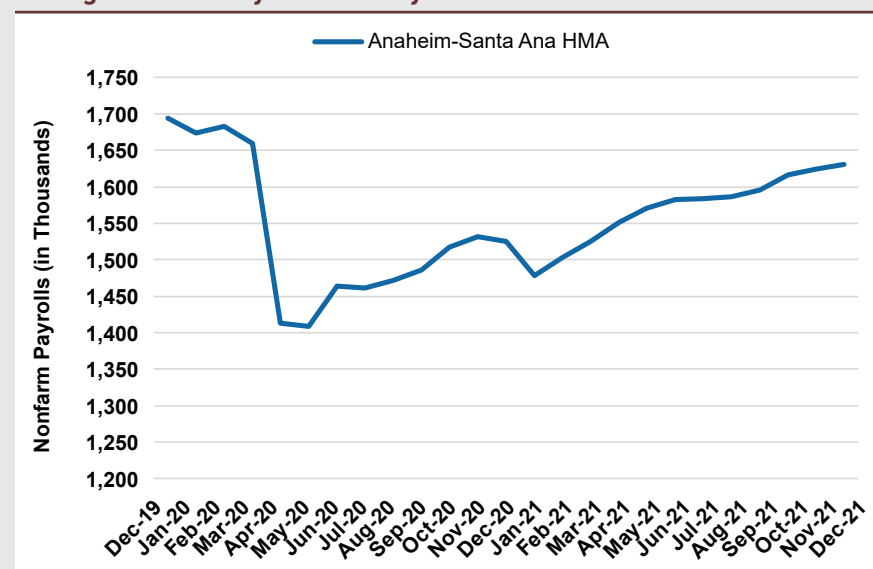
Economic Recovery and Expansion: 2011 Through 2019

Following the Great Recession, nonfarm payrolls in the HMA increased by an average of 33,500 jobs, or 2.2 percent, annually from 2011 through 2019. As in the expansion of the early to mid-2000s, the HMA economy expanded at a faster pace than the nation, which was up an average of 1.7 percent a year. This pace led to nonfarm payrolls in the HMA surpassing prerecessionary levels by the end of 2014. Gains in the education and health services, the leisure and hospitality, and the professional and business services sectors predominately supported growth during the period, accounting for 67 percent of the total job gain from 2011 through 2019. Job growth in the education and health services sector, which was up by an average of 7,100 jobs, or 3.6 percent, a year, was supported by continued hiring at hospitals; Hoag Memorial Hospital Presbyterian and Children's Health of Orange County (CHOC) added a combined 780 jobs during the period. In the professional and business services sector, payrolls were up by an average of 8,700 jobs, or 3.1 percent, annually. The computer systems and design industry added 7,300 jobs during the period; Deloitte LLP and The Irvine Company added 960 and 400 jobs, respectively. The leisure and hospitality sector increased by an average of 6,600 jobs, or 3.4 percent, annually. A steady increase in the number of visitors to the HMA partly influenced the construction of more than 30 hotels at a combined cost of nearly \$825 million, adding more than 1,200 jobs in the leisure and hospitality sector. Two of those hotels are near Disneyland® Park and the Anaheim Convention Center, adding a combined 400 jobs when they opened in 2017. In addition, the opening of the \$1.1 billion Galaxy's Edge, a Star Wars-themed section of Disneyland® Park in 2019, added 2,100 jobs during the period.

Current Economic Conditions: The COVID-19 Pandemic and Partial Recovery

By early 2020, economic conditions in the HMA began to weaken following interventions that were taken to slow the spread of COVID-19, including enforcing physical distancing and discouraging nonessential travel. Nonfarm payrolls in the HMA declined sharply by a total of 274,600 jobs, or 16.3 percent, from March through May 2020 (not seasonally adjusted; Figure 4). By the second quarter of 2020, businesses began a measured reopening, followed a year later by the full reopening of the California economy on June 15, 2021, contributing to a net gain of 221,900 jobs from June 2020 through December 2021 and an 81-percent recovery in jobs lost in the HMA. Those gains contributed to overall steady growth in nonfarm payrolls during 2021 by 46,100 jobs, or 3.0 percent (Table 2).

Figure 4. Monthly Nonfarm Payrolls in the Anaheim-Santa Ana HMA



Note: Based on non-seasonally adjusted monthly data.
Source: U.S. Bureau of Labor Statistics

Job gains during 2021 occurred in 9 of the 11 sectors of the economy, with the greatest gains in the leisure and hospitality and the professional and business services sectors, which were up by 23,100 and 11,000 jobs, or 14.3 and 3.6 percent, respectively. In the leisure and hospitality sector, numerous hotels, restaurants, and amusement parks that had laid off thousands of workers during 2020 increased staffing levels as capacity restrictions and travel limitations were lifted. A total of 7,000 jobs were added in the food services and drinking places industry during 2021, while the reopening of hotels led to 1,700 jobs added, or a 10.6-percent gain, in the accommodations industry. In April 2021, Disneyland® Park and Disney California Adventure® Park reopened, contributing to 12,300 jobs added in the amusement, gambling, and recreation industry during 2021. These gains have contributed to the overall recovery in the HMA, but jobs in the leisure and hospitality sector remain 19 percent below their prepandemic levels. See The COVID-19 Pandemic and the HMA Tourism Industry section for additional details on the impact of the pandemic.

Near-normal operations and growing demand from employers to fill vacant positions contributed to job gains in the employment services industry of the business and professional services sector, adding 1,800 jobs during 2021, compared with a decline of 11,300 jobs a year earlier. Major employer Allied Universal added 510 jobs during

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

	12 Months Ending December 2020	12 Months Ending December 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,524.7	1,570.8	46.1	3.0
Goods-Producing Sectors	251.3	252.3	1.0	0.4
Mining, Logging, & Construction	102.2	102.9	0.7	0.7
Manufacturing	149.0	149.3	0.3	0.2
Service-Providing Sectors	1,273.4	1,318.6	45.2	3.5
Wholesale & Retail Trade	212.2	217.4	5.2	2.5
Transportation & Utilities	29.4	32.6	3.2	10.9
Information	24.2	24.4	0.2	0.8
Financial Activities	115.3	114.0	-1.3	-1.1
Professional & Business Services	307.1	318.1	11.0	3.6
Education & Health Services	224.0	226.4	2.4	1.1
Leisure & Hospitality	161.5	184.6	23.1	14.3
Other Services	44.0	46.3	2.3	5.2
Government	155.7	154.8	-0.9	-0.6

Notes: Based on 12-month averages through December 2020 and December 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

2021, contributing to professional and business services sector gains. In addition, the technology industry continued to expand, even during the pandemic, partly because of greater availability of remote work. Employment in software development and software quality assurance analysis rose by nearly 500 jobs, or 2.3 percent, to a total of 20,800 jobs during 2021, following a 600-job gain, or 3.1 percent, during 2020 (Economic Modeling Specialists, Intl.). In addition, in the aerospace technology industry, Raytheon Technologies Corporation added 700 jobs during 2021.

Gains in most sectors of the economy were partly offset by continued losses in the financial activities and the government sectors, which were down by 1,300 and 900 jobs, or 1.1 and 0.6 percent, respectively. The real estate industry contributed the most to the net decline in the financial activities sector, down by 1,500 jobs, or 4.7 percent, partly resulting from less demand for office space as telecommuting has risen since the onset of the pandemic. The average vacancy rate for offices increased to 16.6 percent during the fourth quarter of 2021 from 13.6 percent a year earlier (Cushman & Wakefield). In the government sector, the public educational services industry was particularly affected by the pandemic; a total of 600 jobs were lost in the educational services industry of the local government subsector, accounting for the

largest share of job losses in the government sector overall. State government schools were affected unevenly, however. Jobs at CSUF declined by 280, but this was more than offset by an 800-job gain at UCI during 2021.

The COVID-19 Pandemic and the HMA Tourism Industry

The tourism industry in the HMA was deeply impacted by the onset of the COVID-19 pandemic. The industry, which includes jobs in the leisure and hospitality sector and the transportation industry, employed 97,500 people throughout the HMA during 2020, down 33 percent from 2019 (Visit California). Approximately 69 percent of those jobs lost, or 33,200 jobs, were due to the temporary closures of several establishments in the Anaheim Resort district, an area that includes both Disneyland® Park and Disney California Adventure® Park, Downtown Disney® District, Anaheim GardenWalk, the Anaheim Convention Center, and multiple hotels (Woods Center for Economic Analysis and Forecasting [WCEAF]; Map 1). Overall, those closures contributed to a loss of approximately \$4.3 billion in tourism-related revenue throughout the HMA from March 2020 through March 2021 (MoffettNathanson LLC). In addition, the Anaheim Convention Center canceled 300 planned events in 2020, contributing to another \$2.0 billion in economic loss on the HMA (Visit Anaheim).

After the number of COVID-19 cases in the HMA declined 90 percent from their peak levels in December 2020, were consistently low through April 2021 (John Hopkins University & Medicine), and the number of intensive-care-unit patients decreased, Disneyland® Park and Disney California Adventure® Park reopened by the end of April 2021. Since reopening, the number of workers employed at both parks has gradually increased; however, employment at The Walt Disney Company remains 4,175 lower than before the pandemic (OCBJ). The Anaheim Convention Center also reopened in April 2021, contributing to 88 events held at the center during 2021, which generated \$248 million in economic impact on the southern California region (Visit Anaheim). Despite that reopening, the number of events and the amount of economic impact remained lower than before the pandemic; during 2019, approximately 300 events were held at the center, with an economic impact of \$2 billion on the southern California region.

Map 1. Anaheim Resort District



Source: TripAdvisor, Inc.

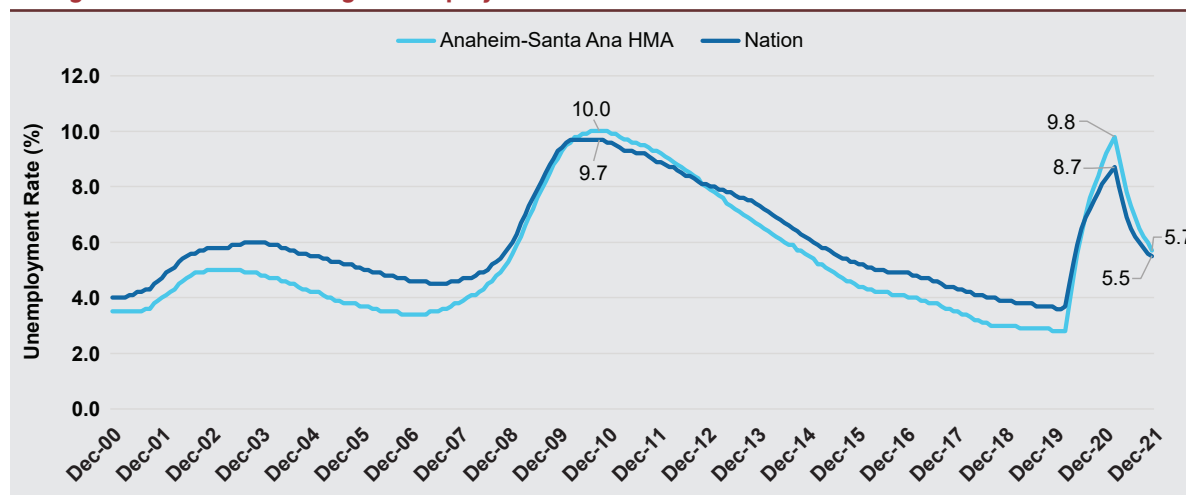
Unemployment Trends

The average unemployment rate in the HMA declined during 2021, to 5.7 percent, down from 8.8 percent a year earlier and notably lower than the recent high of 9.8 percent during the 12 months ending March 2021 (Figure 5). The average unemployment rate in the HMA was slightly greater than the national rate, which was 5.5 percent during 2021, down from a recent high of 8.7 percent during the 12 months ending March 2021. Before the recession of early 2020, the average unemployment rate in the HMA and the nation had been declining for 9 consecutive years, from 2011 through 2019—a period when economic conditions were relatively strong—after reaching respective highs of 10.0 and 9.7 percent in 2010.

Forecast

During the 3-year forecast period, gains in the healthcare, technology, and tourism industries are expected to contribute to continued job growth in the HMA. Overall, nonfarm payrolls are expected to increase an average of 1.4 percent a year during the forecast; the economy is expected to reach a near-full recovery by the end of the first year. Expansions during the forecast period include the Lennar Foundation Cancer Center in

Figure 5. 12-Month Average Unemployment Rate in the Anaheim-Santa Ana HMA and the Nation



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

the city of Irvine, which is expected to add 1,000 jobs—a combination of doctors and researchers—when it is completed by the end of 2022. The new center is part of a larger \$1 billion campus that is expected to be completed in 2025. Continued expansions in the technology industry are also expected; jobs in software development and software quality assurance analysis are expected to increase each year by an average of 370 jobs annually and contribute to job gains in the professional and business services sector (Orange County Business Council). In the tourism industry, the completion of nine hotels, at a total cost of \$283 million, will add 550 jobs to the leisure and hospitality sector during the second and third years of the forecast. Job gains at The Walt Disney Company are expected to continue but at a potentially slower pace due to job relocations from offices in Los Angeles and Orange Counties to the company's new development in Florida. Although job gains at The Walt Disney Company might be slow, the second largest employer in the HMA, UCI, is expected to expand during 2022, adding 500 jobs and contributing to overall payroll gains during the forecast.

Population and Households

Current Population: 3.21 Million

Population growth in the HMA has been slow since 2015 as higher home prices contributed to net out-migration each year.

Current Population Facts

The population of the Anaheim-Santa Ana HMA is estimated at nearly 3.21 million as of January 1, 2022 (Table 3). Approximately 8 percent of the 39.54 million residents in California live in the HMA, and Orange County is the third most populous county in the state (U.S. Census Bureau, 2020 Decennial Census). The cities of Anaheim, Irvine, and Santa Ana are the largest in the HMA, with more than 271,500 residents each as of January 2021 (California Department of Finance). In addition, the cities of Fullerton, Huntington Beach, and Orange are of significant size, with more than 137,000 residents each.

Population and Demographic Trends

Since 2000, economic conditions, mortgage lending standards, and housing prices relative to neighboring counties have influenced migration trends and overall population growth in the HMA. In addition to net migration, net natural change has also contributed to overall population growth (Figure 6). Students moving to the HMA, mainly

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

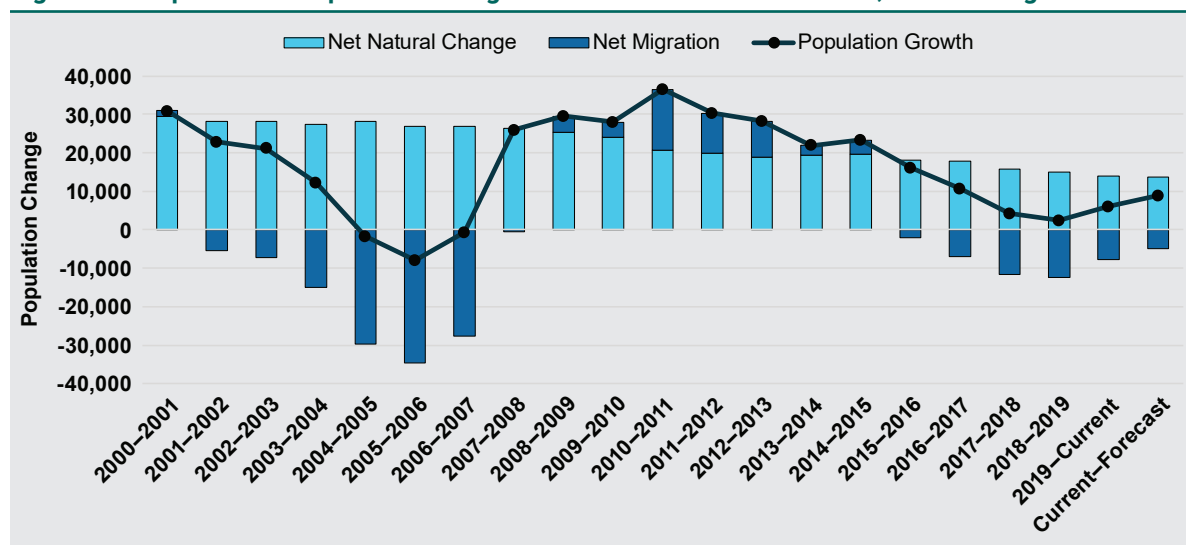
Population Quick Facts	2010	Current	Forecast
	Population	3,010,232	3,205,000
	Average Annual Change	16,400	16,550
	Percentage Change	0.6	0.5
Household Quick Facts	2010	Current	Forecast
	Households	992,781	1,080,000
	Average Annual Change	5,750	7,375
	Percentage Change	0.6	0.7

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, 2022) to January 1, 2025.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 6. Components of Population Change in the Anaheim-Santa Ana HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from January 1, 2022 (the current date) to January 1, 2025.

Sources: U.S. Census Bureau; current and forecast—estimates by the analyst

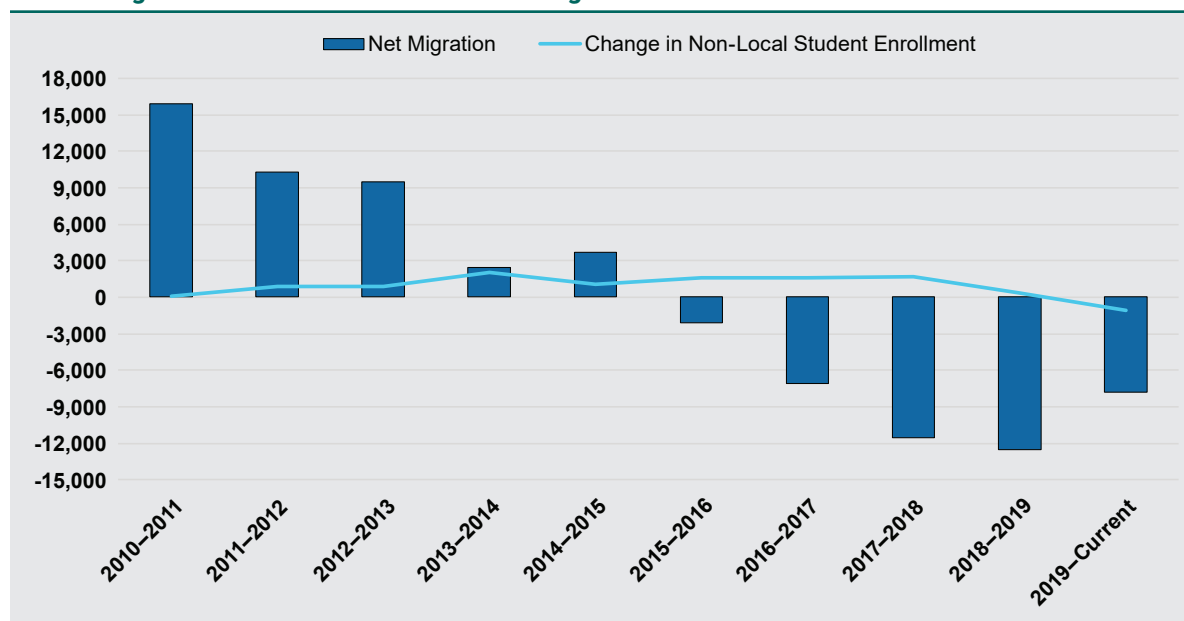
to attend UCI, have influenced population growth only since 2012 because of an increasing share of new students coming to the HMA from outside of California compared with previous years. Since 2012, nearly 30 percent of all new UCI students came from outside of California, compared with less than 10 percent in previous years (UCI). A smaller percentage of students that attend CSUF move to the HMA; however, that

percentage has been increasing in recent years, from only 5 percent in 2010 to 10 percent since 2018. Students attending other colleges and universities in the HMA predominately come from commuting distances, and enrollment changes at these schools do not significantly affect migration in the HMA.

During the early 2000s—a period that includes the dot-com crash—net out-migration from the HMA averaged 6,350 people a year from 2001 to 2003, resulting in population growth averaging 21,950 people, or 0.8 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 (CoreLogic, Inc.), but still within commuting distance to the HMA for work. 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, where home prices continued to be significantly lower than in the HMA. Net out-migration rose to an average of 26,800 people a year from 2003 to 2007, leading to virtually no growth in the population, which was up by an average of only 560 annually. By 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, the HMA had an average net in-migration of 2,600 people annually, and population growth rose to an average of 27,850 people, or 0.9 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 during the mid-2000s, net in-migration increased. From 2010 to 2015, net in-migration rose to an average of 8,400 people a year, and population growth averaged 28,100 people, or 0.9 percent, annually. Partly offsetting some of the growth, however, was a slowdown in net natural change, which averaged 19,700 people a year from 2010 to 2015, down from an average of 27,400 people annually from 2000 to 2010. Some of that growth was also supported by new students moving to the HMA to attend UCI and CSUF (Figure 7). Since 2015, however, rising home prices and reduced housing affordability contributed to net out-migration from the HMA. Overall, population growth since 2015 slowed to an average of 7,525 people, or 0.2 percent, annually as net out-migration averaged 8,125 people a year. Net natural change slowed even further during the period, to an average of 15,650 people a year.

Figure 7. Student Enrollment and Net Migration Trends in the Anaheim-Santa Ana HMA

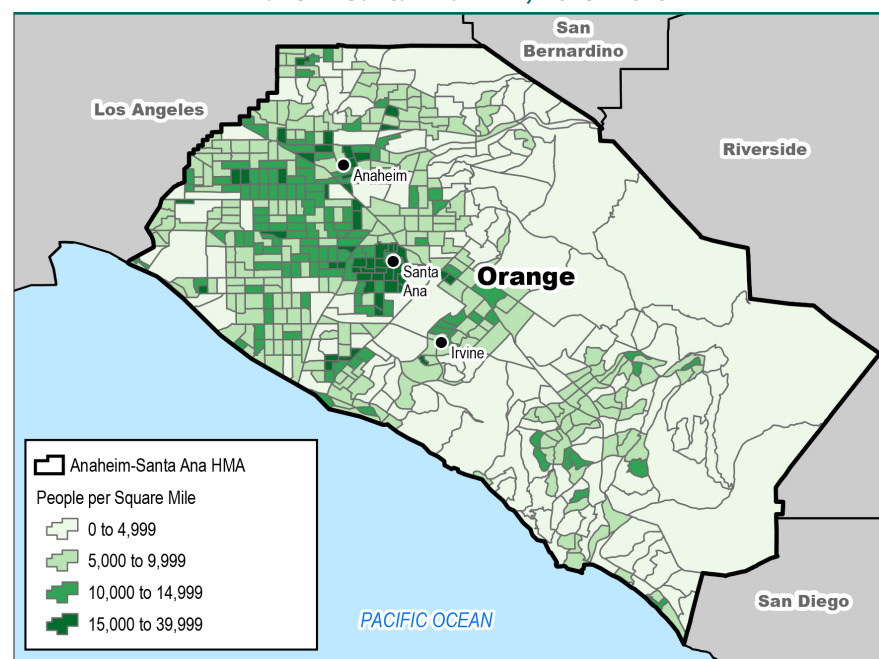


Sources: U.S. Census Bureau; University of California, Irvine; California State University, Fullerton

Population by Geography

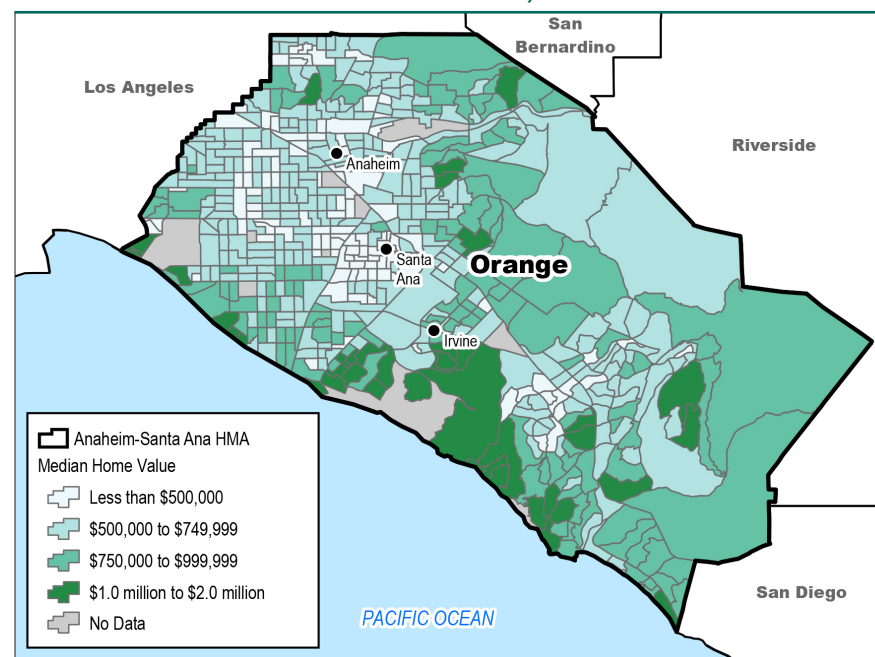
The population in the HMA is concentrated in several areas (Map 2), including the northern part that is closer to Los Angeles County—which includes the cities of Anaheim and Santa Ana—where housing is relatively more affordable than in the southern and coastal parts of the HMA (Map 3). Other areas of population concentration include the central and southern parts of the HMA, which are relatively more expensive due to a greater number of luxury homes being built in those areas during the past two decades, especially in the city of Irvine.

Map 2. Population Density by Census Tract in the Anaheim-Santa Ana HMA, 2015–2019



Source: 2015–2019 American Community Survey 5-year data

Map 3. Home Values by Census Tract in the Anaheim-Santa Ana HMA, 2015–2019



Source: 2015–2019 American Community Survey 5-year data

Household Trends

Despite overall net out-migration from the HMA since 2015, resident household growth since 2010 has been slightly greater than growth during the 2000s, when net out-migration was considerably higher during most years. The number of households in the HMA is currently estimated at 1.08 million, up by an average of 7,375, or 0.7 percent, annually since 2010, compared with an average annual increase of 5,750, or 0.6 percent, during the 2000s. The slightly faster pace of growth in households has been partly due to the net out-migration of families with larger household sizes during the 2000s, contributing

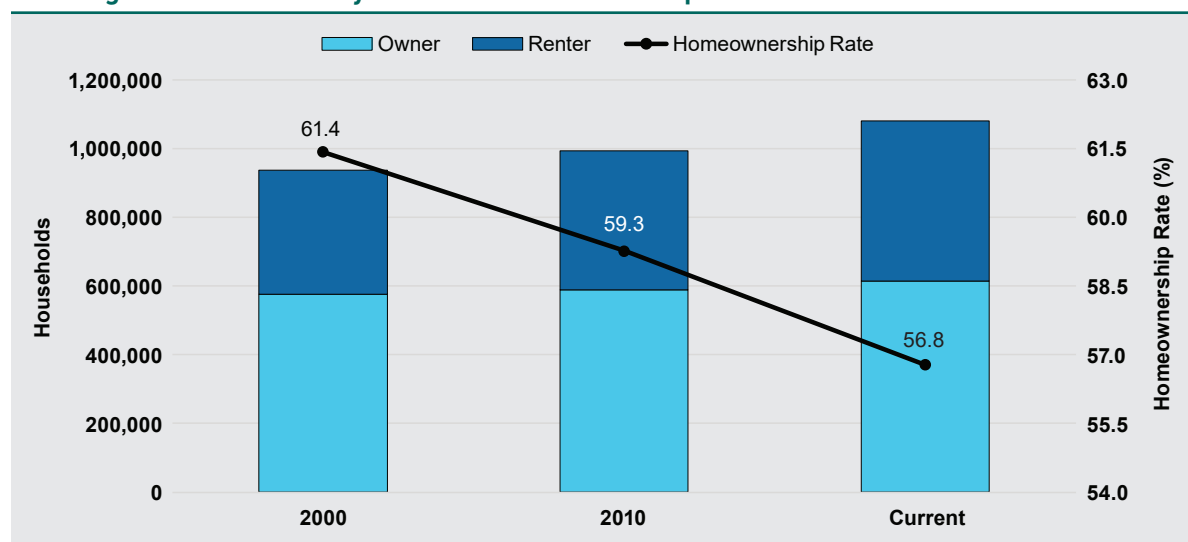
to a decline in the proportion of households with children younger than 18 years of age—from 34 percent in 2010 to 29 percent in 2019 (2010 and 2019 American Community Survey [ACS] 1-year data)—and a decline in the average household size from 2.99 in 2010 (U.S. Census Bureau, 2010 Decennial Census) to an estimated 2.92 currently.

In terms of household tenure, homeownership has been dampened by rising home sales prices nearly every year since the Great Recession. The proportion of owner households in the HMA has decreased from 59.3 percent in 2010 to 56.8 percent currently (Figure 8). Generally, homeownership is highest in areas farther away from the coast or in the central and southern parts of the HMA, where a greater proportion of housing has been built for homeownership.

Student Household Trends

Apart from a decline during the COVID-19 pandemic, the number of student households has generally increased each year since 2012, partly due to a greater number of students attending UCI and CSUF from outside the HMA who were unable to secure university-affiliated housing. An estimated 8 percent of renter household growth in the HMA since 2010 has been attributed to student renter households, compared with 4 percent during the 2000s, indicating that the number of available dormitories has generally fallen short of rising student housing demand. Despite the share of growth, student households only account for an estimated 2 percent of total renter households in

Figure 8. Households by Tenure and Homeownership Rate in the Anaheim-Santa Ana HMA



Note: The current date is January 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

the HMA, or 8,525. In 2010, there were 3,850 student renter households, accounting for only 1 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 8,875, or 0.3 percent, a year, to reach 3.23 million, reflecting lower levels of net out-migration each year of the forecast period. As a result, the pace of growth is expected to be slightly faster than the average annual pace of growth since 2015. The continued economic recovery and job growth, along with increases in the construction of affordable rental housing, are expected to contribute to improved migration trends and gradually higher levels of household growth and housing demand during each year of the forecast.

The number of households in the HMA is estimated to grow by an average of 4,875, or 0.4 percent, annually, to reach 1.09 million by the end of the forecast period. Homeownership is expected to continue being dampened by the high cost of homes for sale, declining slightly to 56.5 percent of total households by the end of the forecast. Student households are estimated to account for 1 percent of total renter households, down from the current 2 percent, as growth in the number of students requiring housing will partly be met by the addition of 2,250 dormitory beds in the fall of 2022.

Home Sales Market

Market Conditions: Tight

A significantly lower inventory of homes for sale since the onset of the pandemic has contributed to the tightening of sales market conditions compared with 2010 despite recent net out-migration and slower formation of owner households.

Sales Market Conditions Overview

The sales housing market in the Anaheim-Santa Ana HMA is tight, similar to a year ago and tightening from balanced conditions in 2019 and soft conditions in 2010. The estimated sales vacancy rate is 0.8 percent, down from 1.4 percent in 2010. The overall decline in the vacancy rate partly resulted from a 50-percent decrease in the inventory of homes for sale since 2008, when the market was weakest, from a high of 18,200 homes during 2008 to 9,175 homes during 2021 (CoreLogic, Inc.). The rise in demand for homes for sale since the onset of the pandemic, coupled with an already low level of inventory, contributed to the tightening of the market, despite net out-migration each year since 2015. Some of the rise in demand came from absentee owners. These purchases have typically accounted for 21 percent of all home sales since 2015, compared with 15 percent from 2005 through 2014 (Bright MLS). As market conditions tightened, the months of supply of homes for sale declined to a low of 1.0 month in December 2021, unchanged from a year ago but down from 5.1 months in March 2010, and the inventory is lower than the 1.1-months of supply for the nation (Table 4).

New and Existing Home Sales

Home sales in the HMA were generally high during the early to mid-2000s, averaging 43,100 homes sold annually from 2000 through 2006, the highest average in more than a decade (CoreLogic, Inc.; Figure 9). Lenient mortgage lending standards during the early to mid-2000s allowed a greater proportion of households to purchase homes, contributing to a higher level of sales,

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

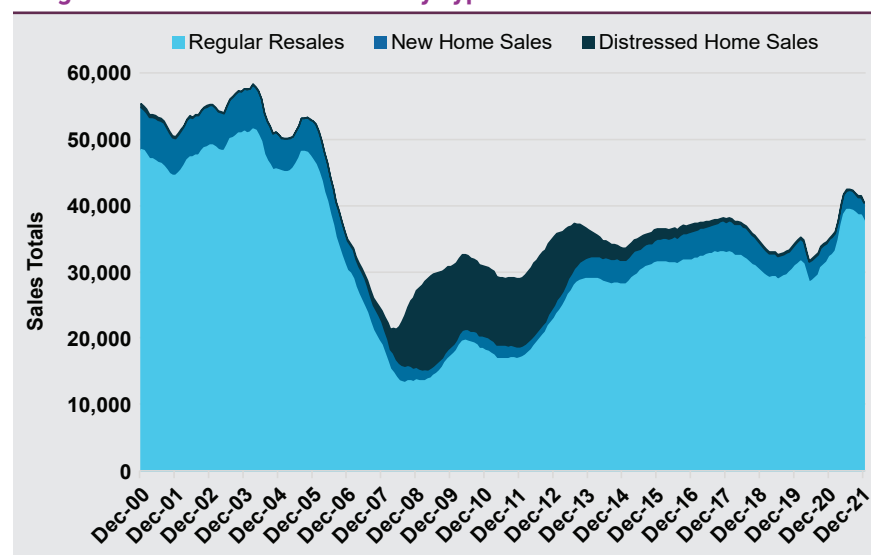
	Anaheim-Santa Ana HMA	Nation
Vacancy Rate	0.8%	NA
Months of Supply	1.0	1.1
Total Home Sales	40,500	6,887,000
1-Year Change	15%	7%
Existing Home Sales Price	\$1,066,000	\$368,500
1-Year Change	17%	11%
New Home Sales Price	\$1,185,000	\$458,700
1-Year Change	2%	17%
Mortgage Delinquency Rate	1.1%	2.0%

NA = data not available.

Notes: The vacancy rate is as of January 1, 2022. Home sales and prices are for the 12 months ending December 2021; and months of supply and mortgage delinquency data are as of December 2021.

Sources: Vacancy rate—estimates by the analyst; mortgage delinquency rates, months of supply—CoreLogic, Inc.; home sales and prices for the HMA—CoreLogic, Inc.; home sales and prices for the nation—National Association of REALTORS® and Census Bureau/HUD

Figure 9. 12-Month Sales Totals by Type in the Anaheim-Santa Ana HMA



Note: Distressed home sales include real estate owned homes and short sales.

Source: CoreLogic, Inc.

despite net out-migration during most of that period. As lending standards tightened at the onset of the subprime mortgage crisis in 2007, home sales declined by an average of 3,875 homes, or 12 percent, annually during 2007 and 2008, to reach a low of 27,150 homes sold during 2008. Declines in regular resales and new home sales accounted for the entire decrease, down by respective averages of 8,300 and 1,275 homes, or 33 and 35 percent, a year. Distressed home sales increased more than sixfold during that period, to 11,600 homes sold.

Distressed home sales continued to increase during most of 2009—accounting for 39 percent of all sales compared with less than 1 percent of sales before the housing crisis—and remained relatively elevated as the housing crisis and economic contraction continued in the HMA in 2010, although they declined 14 percent that year. Despite weak conditions and the decline in distressed home sales during 2010, total home sales increased during 2009 and 2010 by an average of 1,775 homes, or 6 percent, annually. Regular resales accounted for most of that gain, up by an average of 2,225 homes, or 15 percent, a year, whereas new home sales rose by an average of 95 homes, or 5 percent, a year, partly due to investor purchases. By 2011, total home sales dipped once again, down by 1,725 homes, or 6 percent, to 29,000 homes sold. Fewer regular resales led to that overall decline, as these sales were down by 1,175 homes, or 6 percent, followed by a decrease in new home sales of 360 homes, or 17 percent.

As the sales market began to recover, home sales rose by 6,325 homes, or 22 percent, during 2012. Regular resales contributed the most to that overall increase, up by 6,075 homes, or 36 percent, followed by new home sales, up by 200 homes, or 12 percent. The sales market fully recovered by 2013, and home sales were relatively stable from 2013 through 2019, despite variations in net migration; from 2013 through 2019, home sales averaged 35,750 homes a year. Regular resales held relatively steady during that period, averaging 30,600 homes sold annually; distressed home sales continued to decrease by an average of 1,450 homes, or 40 percent, a year.

The decline in distressed home sales was partly offset by gains in new home sales that averaged 200 homes, or 8 percent, a year.

Since 2020, home sales have increased and remained at relatively high levels due to heightened demand for homes since the onset of the pandemic. Low interest rates contributed to the recent surge in demand. Home sales rose 2 percent during 2020 before surging 15 percent, or by 5,375 homes, during 2021 to a total of 40,500 homes sold. Regular resales accounted for most of the recent gain in sales, as new home sales were little changed. Regular resales increased by 5,400 homes, or 17 percent, during 2021, offsetting a decline in distressed home sales by 40 homes, or 18 percent.

Overall, most of the home sales since the mid-2000s have been either single-family homes or townhomes, with the share of condominiums sales typically averaging 10 percent of total sales (Bright MLS). Condominium sales are generally concentrated in the cities of Anaheim and Irvine and areas in close proximity to Interstate 5, which connects the HMA to neighboring counties.

New and Existing Home Sales Prices

Strong demand for homes since the onset of the pandemic and low inventory levels have caused growth in home sales prices in the HMA to accelerate from previous years. That demand contributed to the average home sales price rising 15 percent during 2021, to \$1,074,000, following a 6-percent increase in the average price during 2020 (Figure 10). The surge in home prices during 2021 was mainly due to a 17-percent increase in the average regular resale price, to \$1,066,200. The average new home price rose 2 percent, to \$1,185,200, and a greater number of distressed luxury home sales contributed to a 17-percent increase in the average distressed home price, to \$1,083,700. By comparison, home prices from 2012 through 2019 increased at a slower rate, averaging 7 percent a year. During that period, new home prices rose an average of 9 percent annually, and regular resale and distressed home prices rose at averages of 4 and 10 percent, respectively, a year.

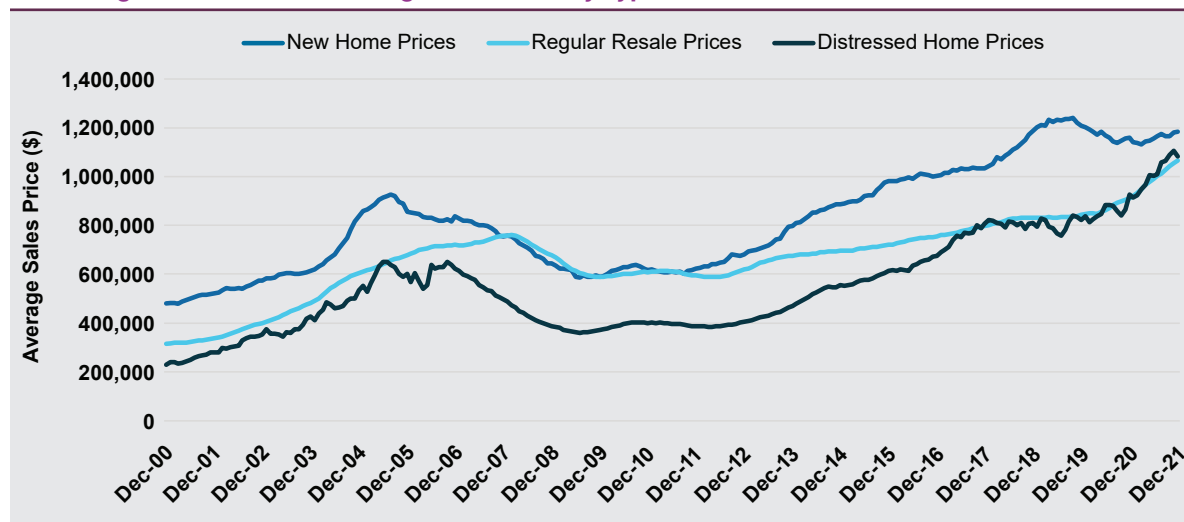
Before that period of strong price growth, weak housing market conditions caused home prices to decline an average of 2 percent a year from 2009

through 2011, reaching a low of \$522,400. That low followed a 25-percent decrease in prices from \$739,100 in 2007 to \$551,600 in 2008. Distressed home prices, which accounted for a larger share of home sales during the housing market downturn, declined 22 percent during 2008; regular resale and new home prices were down 11 and 15 percent, respectively. By comparison, when sales market conditions were strong during the early to mid-2000s, home prices rose an average of 14 percent a year from 2001 through 2006, to reach \$734,400; regular resale prices rose an average 15 percent a year during that 6-year period, to \$720,000, and new home prices rose an average of 10 percent a year, to \$837,900.

Delinquent Mortgages and REO Properties

The tightening of sales housing market conditions in the HMA has led to a reduction in the rate of seriously delinquent mortgages and REO properties. As of December 2021, 1.1 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, below the 2.8-percent rate in December 2020 but higher than the 0.4-percent rate before the pandemic, in December 2019 (CoreLogic, Inc.). The current rate is below the 1.4-percent rate for California and the 2.0-percent rate for the nation. The decline in the rate partly reflects fewer homeowners

Figure 10. 12-Month Average Sales Price by Type of Sale in the Anaheim-Santa Ana HMA



Note: Average distressed home prices include real estate owned home and short sale prices.
Source: CoreLogic, Inc.

struggling with mortgage payments compared with a year ago. The number of loans in forbearance, which reached a peak of 13,000 home loans in August 2020, has since declined, month-over-month, to 4,100 home loans in December 2021—contributing to the decline in the rate.

Housing Affordability in the HMA: Owner

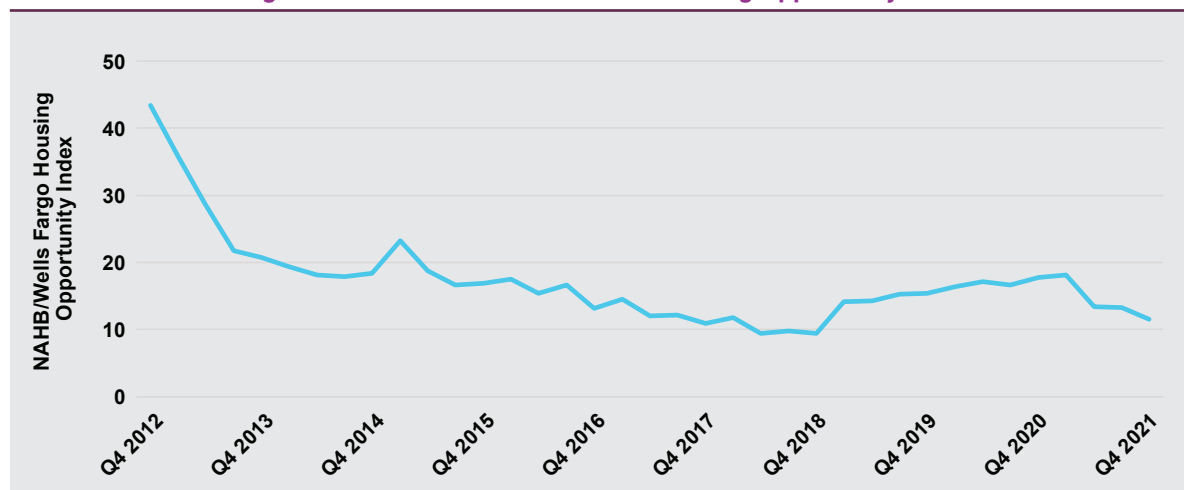
With the recent surge in home prices, overall affordability in the HMA has worsened compared with 2 years ago. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, reached a low of 11.5 during the fourth quarter of 2021, down from 17.8 during the fourth quarter of 2020 and 15.4 during the same quarter in 2019 (Figure 11). Affordability was at a high of 43.4 during the fourth quarter of 2012, and overall affordability has not reached that high level due to steady growth in home prices each year since then. The Anaheim-Santa Ana HMA was the third least affordable area in the nation during the fourth quarter of 2021, when 235, or 99 percent, of the 237 ranked MSAs in the nation were more affordable than the HMA.

Sales Construction

Home sales construction in the HMA—measured by the number of single-family homes, townhomes, and condominiums permitted (hereafter, homes; see [residential building permits](#))—has been at generally lower levels since the housing crisis compared with the early to mid-2000s (Figure 12). Approximately 17 percent of building activity during the early to mid-2000s consisted of condominiums, a proportion that has decreased to approximately 8 percent since 2008. The decline in the proportion of condominiums reflects a greater focus on single-family subdivision development, particularly in master-planned communities in the southern parts of the HMA. Since the housing boom, single-family home construction in the HMA has generally been concentrated in the city of Irvine, where land is available for [low-density residential construction](#), and in the unincorporated areas. Combined, these areas have accounted for 45 percent of all single-family development in the HMA.

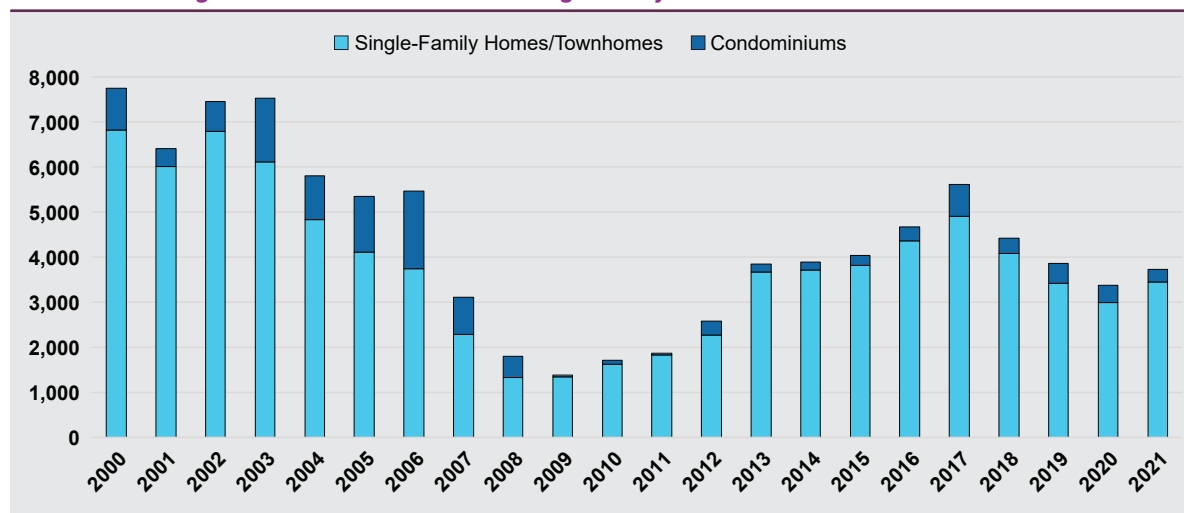
During the early 2000s, an average of 7,275 homes were permitted annually from 2000 through 2003 before slowing to an average of 5,525 homes permitted from 2004 through 2006, partly in response to slower household growth from greater levels of net out-migration during the period. Construction declined even further at the onset of the housing crisis, to 3,125 homes in 2007, before decreasing to an average of 1,675 homes permitted a year from 2008 through 2011, as sales market conditions softened during and

Figure 11. Anaheim-Santa Ana HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q4 = fourth quarter.
Sources: NAHB; Wells Fargo

Figure 12. Annual Sales Permitting Activity in the Anaheim-Santa Ana HMA



Notes: Permitting numbers in this figure include seasonal and year-round housing. As a result, the number of homes currently under construction in other tables in this report may be lower than what is indicated here.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

after the Great Recession. As sales market conditions improved by 2012, construction rose 39 percent, to 2,575 homes permitted, before increasing by an average of 610 homes permitted annually from 2013 through 2017, reaching a high of 5,600 homes permitted. Since 2018, the construction of homes, however, has been at lower levels despite strong market conditions, partly because of a slowdown in household growth from continued net out-migration along with supply-chain issues and labor shortages. During 2018 and 2019, construction slowed to an average of 4,125 homes permitted a year. The onset of the COVID-19 pandemic during 2020 contributed to a continued slowdown; by 2021, construction levels rose to 3,725 homes permitted, up 10 percent from the 3,375 homes permitted during 2020 but remained below the recent high in 2017 (preliminary data and estimates by the analyst).

Current Construction and Completed Developments

Notable single-family developments under construction are concentrated in several master-planned communities in the southern part of the HMA, with the largest two communities, Villages of Irvine and Great Park Neighborhoods, in the city of Irvine. Many of these communities began construction during the mid-2000s, before the contraction in the sales market. During the past year, a significant amount of development took place in the Villages of Irvine community, with nearly 940 homes completed during 2021. Of the 9,000 single-family homes and townhomes planned at buildout, 5,000 homes have been completed throughout the Villages of Irvine community, and there are another 300 homes currently under construction. Several developments in the Portola Springs neighborhood (Map 4) of the Villages of Irvine community are underway, including the 180-townhome development, Lapis in Portola Springs Village (in the top right section of Map 4), which will offer two-, three-, and four-bedroom homes at prices ranging from the low \$800,000s to \$1.3 million. The development began construction in late 2021, with six townhomes currently under construction. Hillside in Portola Springs Village (also in the top right section of Map 4) is a 152-single-family home development that started in late 2019, with 78 homes completed and 51 homes underway; prices start at \$1.2 million for a three-bedroom home.

Map 4. Portola Springs



Source: Mission Landscape Companies

In the Great Park Neighborhoods, 610 homes were completed during 2021, adding to the 3,900 homes completed of the 7,900 homes planned at buildout. Currently, there are 200 homes under construction throughout the community. Among the developments underway is the 121-townhome development Evergreen at Rise, with 49 townhomes completed and 43 under construction. The development began in early 2020 and offers two-bedroom townhomes that start in the mid-\$800,000s and three-bedroom townhomes that start in the mid-\$900,000s.

Condominium developments underway include those in the Platinum Triangle area of the city of Anaheim (Photo 2), which is among the largest redevelopment areas in the HMA and utilizes infill land that was previously zoned as industrial. The area is planned for 9,050 units at buildout—a mix of condominiums, townhomes, and apartments—and approximately 5,600 units have been completed since construction began in 2008.

Developments underway include those in the A-Town master-planned community within the Platinum Triangle area, which has 1,120 units planned at buildout—518 units of which have already been completed. Within the community, the 154-condominium unit Alia at A-Town is underway and will offer one-, two-, and three-bedroom units with prices ranging from the mid-\$600,000s to mid-\$800,000s. Completion is expected during 2022, with 55 units already sold. Recently completed condominiums include those within the Portola Springs neighborhood of the Villages of Irvine. The 112-unit Celeste at Portola Springs Village, which includes a mix of condominium and townhome-style three-bedroom units, was completed in late 2021, with prices that started at \$725,000; it is entirely sold out.

Forecast

During the next 3 years, demand for year-round sales housing is estimated for 10,000 new homes (Table 5), with demand skewed toward the second and third years of the forecast period, as household growth improves. The 1,625 homes under construction in the HMA will satisfy a portion of demand during the first year of the forecast.

Photo 2. Platinum Triangle



Source: Lennar Corporation

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

New Homes	
Demand	10,000 Homes
Under Construction	1,625 Homes

Notes: Housing under construction is as of January 1, 2022, and excludes seasonal housing. The forecast period is January 1, 2022, to January 1, 2025.

Source: Estimates by the analyst

Rental Market

Market Conditions: Tight

Rental market conditions have tightened since 2010 because strong rental demand was only partly met by increases in the rental 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 4.0 percent, virtually unchanged from a year ago but a decline from 5.9 percent in 2010, when conditions were soft (Table 6). The overall tightening of the rental market since 2010 has occurred because of an increase in renter households that resulted in increased absorption of vacant rental units. During the past year, market conditions have held steady, partly due to the temporary ban on evictions for nonpayment of rent related to the COVID-19 pandemic, which was implemented throughout California from June 28, 2020, through September 30, 2021. This ban allowed many struggling renters to remain in their units during the initial period of widespread job losses. Despite the ban on evictions, 54,980, or 12 percent, of renter households in the HMA have unpaid rent, totaling \$308 million, or \$5,600, in rent debt per household (National Equity Atlas). A portion of these households are eligible for [Emergency Rental Assistance](#),

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

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	5.9	4.0
		2010 (%)	2019 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	29.4	28.5
	Multifamily (2–4 Units)	17.9	17.5
	Multifamily (5+ Units)	51.2	52.1
	Other (Including Mobile Homes)	1.5	1.8
Apartment Market Quick Facts		Q4 2021 (%)	YoY Change
	Apartment Vacancy Rate		
	Anaheim-Santa Ana HMA	3.4	-0.1
	Nation	3.5	-0.2
		Q4 2021 (\$)	YoY Change (%)
	Average Asking Rents		
	Anaheim-Santa Ana HMA	2,328	19
	Nation	1,304	11

Q4 = fourth quarter. YoY = year-over-year change.

Notes: The current date is January 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data; apartment market data—Moody's Analytics REIS

[ERA1](#) and [ERA2](#), made directly available to the County of Orange to administer throughout the HMA. Approximately \$98.6 million in rental assistance has been allocated to eligible households in the HMA; nearly \$34 million has been distributed to households in need. Funds for ERA1 are set to expire on September 30, 2022, and funds for ERA2 will expire on September 30, 2025.

Single-Family Home Rentals

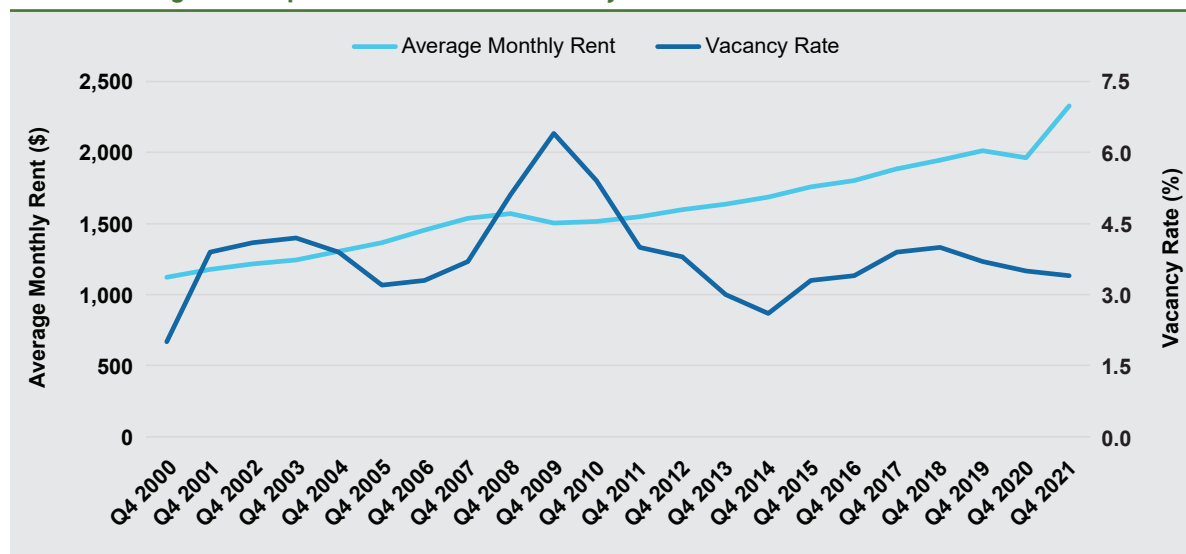
Nearly 29 percent of renter households in the HMA live in single-family homes (2019 ACS 1-year data). The rental market for single-family homes remains very tight overall, unchanged from a year ago but tighter than during the early 2010s. The average vacancy rate for professionally managed single-family rental homes during December 2021 was 1.4 percent, unchanged from a year ago but down from 1.8 percent in December 2012 (CoreLogic, Inc.). An increase in demand for single-family homes, which typically have more bedrooms and greater space compared with apartments, contributed to very tight market conditions. Vacancy rates were lowest for the largest homes, with a rate of 1.3 percent for three-

and four-bedroom homes compared with a rate of 1.7 percent for one- and two-bedroom homes. Average rents for single-family homes increased sharply from a year earlier, ranging from a 7-percent increase for two-bedroom homes to a 10-percent increase for four-bedroom homes, following increases in rents that ranged from 2 to 8 percent during the previous year. Overall, rents by number of bedrooms have increased an average of 4 to 5 percent annually since December 2012; average monthly rents for one-, two-, three-, and four-bedroom homes are currently at \$2,494, \$3,234, \$3,842, and \$4,372, respectively.

Apartment Market Trends

Slightly more than one-half of all renter households in the HMA live in structures with five or more units (2019 ACS 1-year data); a portion of these units are in apartment buildings, and the remainder are individually rented condominium units. The apartment vacancy rate for properties with 40 or more units was 3.4 percent during the fourth quarter of 2021, similar to the rate of 3.5 percent a year ago but down from 5.4 percent during the fourth quarter of 2010 (Figure 13; Moody's Analytics REIS). The apartment market tightened, and rents rose nearly every year since 2010 because renter household growth outpaced apartment completions. During the fourth quarter of 2021, the average rent surged 19 percent from a year

Figure 13. Apartment Rents and Vacancy Rates in the Anaheim-Santa Ana HMA



Q4 = fourth quarter.

Source: Moody's Analytics REIS

ago, to \$2,328, after declining briefly, year over year, by 3 percent during the fourth quarter of 2020 because of widespread job losses during the onset of the pandemic. Before the pandemic, rent growth in the HMA averaged 3 percent a year from 2010 to 2019.

Rents surged in all of the Moody's Analytics REIS-defined market areas (hereafter, market areas) in the most recent period. The fastest rent growth occurred in the Laguna Hills market area, south of the city of Irvine, with an average increase of 24 percent from a year earlier, to \$2,609. The market area also had the steepest decline in average vacancy rates, down from 6.1 percent during the fourth quarter of 2020, to 4.7 percent during the fourth quarter of 2021. Rent growth was also fast in the Fullerton market area, where CSUF is located, with the average rent increasing 21 percent, to \$2,071, and an average vacancy rate of 3.1 percent, down from 3.7 percent a year earlier. The tightest segment of the HMA was the Buena Park market area, which borders Los Angeles County and has an average vacancy rate of 1.7 percent, up slightly from 1.6 percent a year earlier. The low vacancy rate in the Buena Park area is due to it being relatively more affordable. The average rent in the market area remained 20 percent below the average for the HMA despite it increasing 17 percent, to \$1,863. The market areas of Irvine and South Anaheim,

which includes the Platinum Triangle neighborhood, have the highest average vacancy rates in the HMA, at 5.1 percent and 4.6 percent, respectively, compared with respective rates of 5.8 and 4.1 percent a year ago. The high vacancy rates in those markets were partly due to greater levels of apartment completions. In addition, the average rent in the Irvine market area is among the highest in the HMA, at \$2,858, up 21 percent from \$2,360 a year ago, partly contributing to the high vacancy rate. Rents in the South Anaheim market area averaged \$2,098, up 16 percent from a year ago.

Student Housing

Among the 12 universities in the HMA, the largest and most significant in terms of rental market impact are UCI and CSUF. Combined, enrollment at both universities has generally increased by an average of 1,600 students annually from 2010 to 2019, before the pandemic. Of the approximate 33,700 UCI students as of 2021, 44 percent come from beyond commuting distance—those who would need to relocate to the HMA to attend classes (UCI)—up from 34 percent in 2012. To meet the demand for housing, UCI offers 10,775 campus-owned beds and 5,160 beds in privatized apartments. These beds are typically fully occupied, with a waiting list of 1,300 students, indicating strong demand from those that also come from within commuting distance. During the pandemic, occupancy at these residences varied greatly due to campus closures and other safety measures. Nevertheless, UCI maintains a long-term plan to house 60 percent of all students and continues to strive toward that goal with the construction of Verano 8 graduate student housing. The addition will provide 1,050 new beds when it is completed in 2023. The monthly rental rate at Verano 8 is expected to be \$995 per student.

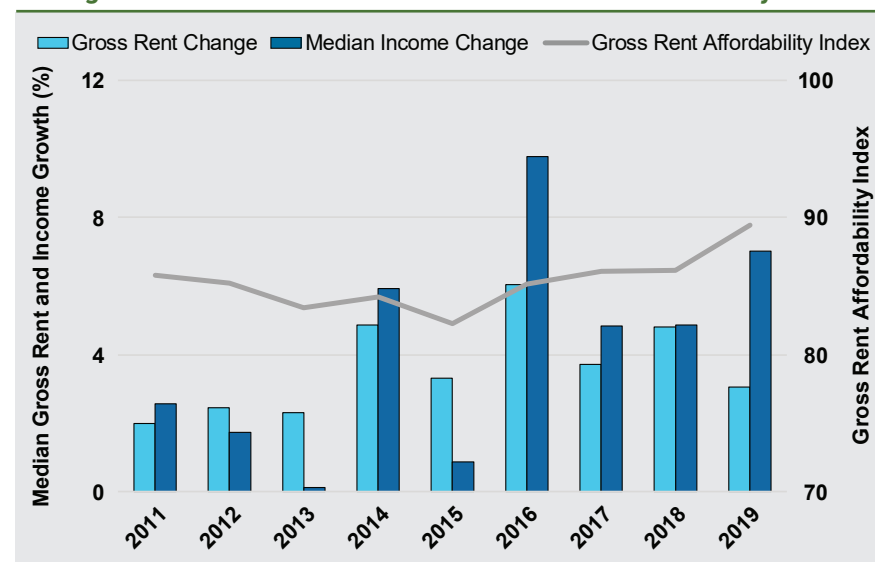
CSUF has nearly 40,100 students as of 2021, with approximately 10 percent coming from outside the HMA (CSUF). The university has 1,062 beds in residence halls and 800 beds in apartment-style student housing; however, housing has fallen short of student housing needs. CSUF maintains a long-term plan through 2034 to house 3,000 students and 350 faculty. Construction of student housing is underway, with a total of 1,200 student beds that will be completed by August 2022.

Housing Affordability: Rental

Overall Affordability Issues

After reaching a low in 2015, overall renter affordability in the HMA was improving in the most recent data through 2019, with an increase in the number of completed affordable rental units and a rise in income that has been faster than rent growth. Median renter income, however, remained below the annual qualifying income for a median-priced rental unit. The median renter household income rose 7 percent, from \$64,504 in 2018 to \$69,026 in 2019; the median gross monthly rent increased only 3 percent, from \$1,872 to \$1,929. As a result, the HUD Gross Rent Affordability Index—a measure of median renter household income relative to qualifying income for the median-priced rental unit—rose to 89.5 in 2019 from 86.1 in 2018 (Figure 14). The increase was an improvement from 2015, when the index reached a low

Figure 14. Anaheim-Santa Ana HMA Gross Rent Affordability Index



Notes: Rental affordability is for the Anaheim-Santa Ana-Irvine Metropolitan Division. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.

Source: American Community Survey 1-year data

of 82.3, as median gross monthly rent increased at a faster rate than median renter household income. While the HUD Gross Rent Affordability Index cannot be calculated beyond 2019 due to insufficient data, recent rapid rent increases likely mean the rent affordability has fallen.

Renter Cost Burdens

Renter cost burdens exist for some households in the HMA. Approximately one-quarter, or an estimated 25.7 percent, of all renter households in the HMA experienced moderate to high cost burdens during the 2014-through-2018 period (Table 7). These households were spending between 31 and 50 percent of their income on rent; a slightly greater proportion, 26.7 percent, in the HMA were severely cost burdened, spending 51 percent or more of their income toward rent. Nationwide, a lower proportion of renter households were moderate to high cost burdened and severely cost burdened compared with the HMA, at 21.8 and 22.6 percent, respectively. A greater proportion of lower income renter households, or those with incomes less than 50 percent of the Area Median Family Income (AMFI) experienced severe cost burdens. Approximately 61.4 percent of renter households with incomes less than 50 percent of the AMFI in the HMA were paying more than 50 percent of their incomes toward rent, compared with 51.2 percent nationwide. The recent surge in apartment rents in the HMA is expected to have affected these households, worsening their cost burdens.

Table 7. Percentage of Cost-Burdened Renter Households by Income in the Anaheim-Santa Ana HMA, 2014–2018

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Anaheim-Santa Ana HMA	Nation	Anaheim-Santa Ana HMA	Nation
Renter Households with Income <50% HAMFI	22.3	24.7	61.4	51.2
Total Renter Households	25.7	21.8	26.7	22.6

HAMFI = HUD area median family income.

Sources: Consolidated Planning/CHAS Data; 2014–2018 American Community Survey 5-year estimates

Homelessness

Nearly 2,441 people throughout the HMA were homeless and living in shelters, accounting for 4 percent of the 57,468 sheltered homeless throughout California in 2021 (Point-in-Time Count). Of the number of homeless people living in shelters in the HMA, 23 percent were living in transitional housing, a higher proportion compared with approximately 17 percent throughout the nation, Puerto Rico, and the U.S. territories. The remaining lived in emergency shelters. Among the homeless were children under 18 years of age, who accounted for 26 percent of all sheltered homeless in the HMA and more than one-half of whom, or approximately 56 percent, lived in emergency shelters in 2021.

Policy Initiatives

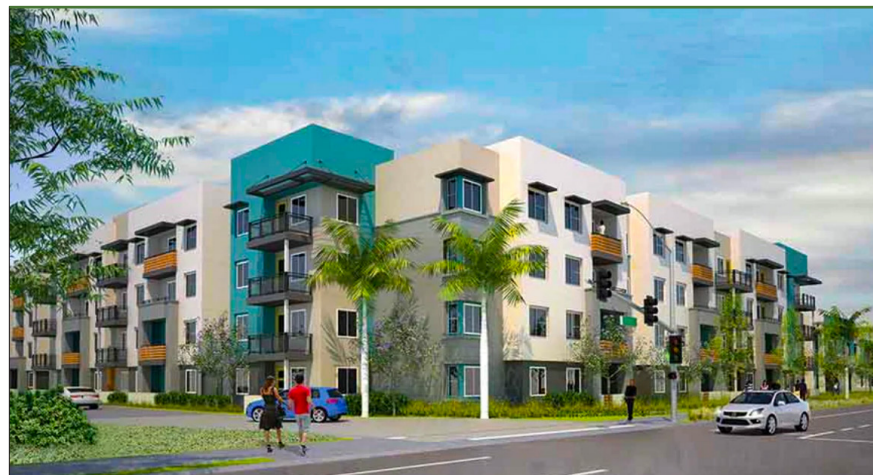
Several local and statewide policy initiatives are underway to address homelessness and housing affordability issues in the HMA, and cities within the HMA—including Santa Ana, Irvine, and Anaheim—have pledged to add housing to address these issues. The city of Santa Ana has addressed homelessness by implementing initiatives that have facilitated access to transitional and permanent supportive housing by the homeless population and created links between housing and key services, including mental health and job resources. Currently, there are 600 shelter beds and 434 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 a total of 122 units of permanent supportive housing in the pipeline. To address affordable housing issues, the city of Santa Ana adopted an inclusionary housing ordinance, requiring 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. There are 3,340 affordable housing units in the city of Santa Ana, with nearly 650 affordable units underway.

The city of Irvine also has an inclusionary housing ordinance, similar to 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 4,853 affordable housing units, with an additional 1,000 affordable units underway and 649 units in planning. Approximately 80 percent of all affordable units in the city are reserved for households with incomes between 30 and 50 percent of the Area Median Income (AMI). Among the recently completed complexes are 156 units at Montaira in the Great Park Neighborhoods, which was completed in 2020 and offers affordable housing for eligible seniors with incomes at or below 50 percent of the AMI.

In the city of Anaheim, the Housing First initiative was adopted, which prioritized supportive housing for the homeless. Since January 2014, 3,822 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 4,988 affordable units, with another 102 units, at Finamore Place underway (Photo 3). Finamore Place, which provides permanent supportive housing for families, is being developed with \$3 million in donations from The Walt Disney Company to the Orange County Housing Trust Fund; completion is expected by the second quarter of 2022.

Statewide measures to reduce homelessness include the SB-15 Housing Development, a housing package signed into law earlier in 2021 that identifies funding sources and regulatory measures to increase the production of low- and moderate-income housing. The land set aside for these developments includes underutilized commercial space. Grant funding, made available through the California Department of Housing and Community Development, offers approved local governments 7 years of incentivized funding—equivalent to the sales taxes that would have been generated by the commercial space.

Photo 3. Finamore Place



Source: Jamboree Housing Corporation

Current Affordable Housing Options: LIHTC, PBRA, HVC

Low-income housing tax credit (LIHTC) is the primary funding source for new affordable rental housing in the nation. Since 2010, 3,825 new LIHTC units, or an average of nearly 330 units annually, have been placed in service in the HMA. From 2000 through 2009, approximately 3,150 new LIHTC units were placed in service in the HMA, an average of nearly 320 units annually. Approximately 25 percent of all new LIHTC units placed in service since 2010 have been in the city of Anaheim, with another 21 percent in the city of Irvine. The city of Santa Ana has accounted for 7 percent of all new LIHTC units placed in service in the HMA since 2010.

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 approximately 22,550 HCVs in 2021 (Table 8). The waitlists for HCVs and public housing in the HMA are closed, with a wait time of up to 4 years;

there are 28,174 subsidized units through PBRA and other programs that accommodate 27,050 households (Picture of Subsidized Households). The number of households with an HCV in the HMA has increased 7 percent, or an average of less than 1 percent annually, since 2010. The inflation-adjusted monthly rent subsidy from HUD has increased 22 percent since 2010; during the same time, the inflation-adjusted tenant contribution for HCVs went up 5 percent. By comparison, the total number of voucher households in the nation has increased 14 percent since 2010, whereas the inflation-adjusted HUD subsidy has increased 2 percent and the inflation-adjusted tenant contribution has decreased 2 percent.

Rental Construction

Since 2000, rental construction in the HMA has been concentrated in the cities of Anaheim and Irvine, partly due to either the abundance of developable land or comparatively larger scale redevelopment efforts. Combined, these 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 15) and nearly comparable with or exceeding levels during the early to mid-2000s. From 2000 through 2007, an average of 3,325 rental units were permitted a year. By 2008, during the Great Recession, the number of units permitted

Table 8. Picture of Subsidized Households in the Anaheim-Santa Ana HMA, 2021

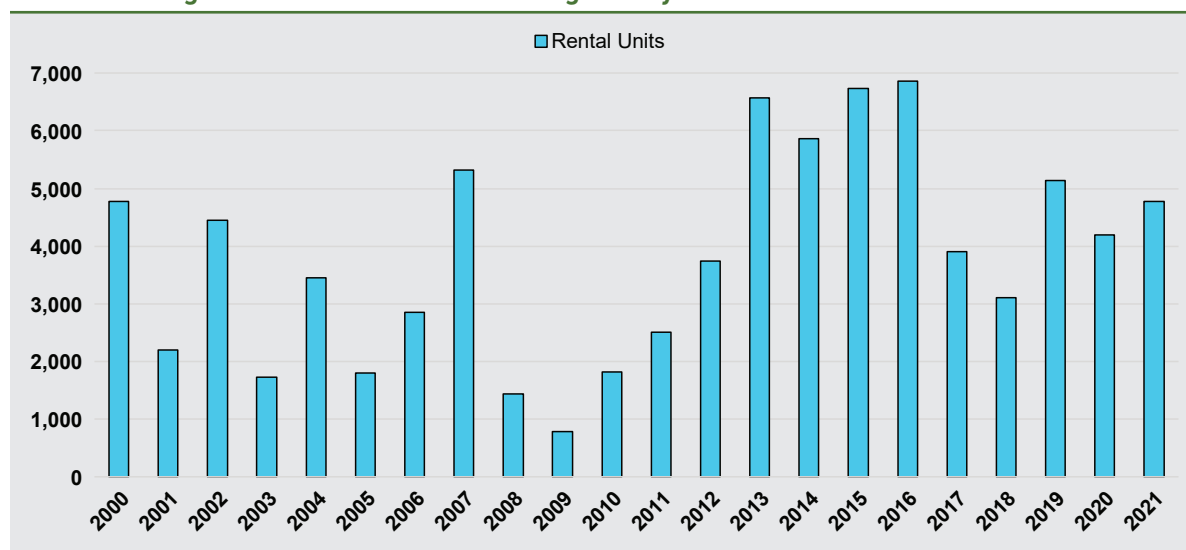
	Anaheim-Santa Ana HMA	HMA Change Since 2010	National Total	National Change Since 2010
Total Assisted Households (2021)	27,050	7%	4,565,900	3%
Total Housing Voucher Households (2021)	22,550	7%	2,327,700	14%
Average HCV Tenant Monthly Contribution	\$537	5%	\$395	-2%
Average Monthly HUD Subsidy	\$1,563	22%	\$883	2%

HCV = housing choice voucher.

Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).

Source: HUD Picture of Subsidized Households

Figure 15. Annual Rental Permitting Activity in the Anaheim-Santa Ana HMA



Notes: Includes apartments and other units intended for rental occupancy. Permitting numbers in this figure include seasonal and year-round housing. As a result, the number of rental units currently under construction in other tables within this report may be lower than what is indicated here.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

declined, and the pace of construction remained at low levels that averaged 1,350 units annually from 2008 through 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 1,600 units a year, reaching approximately 6,575 units permitted by 2013. Rental construction activity continued to

be at high levels from 2014 through 2016, averaging 6,475 units a year, before slowing to an average of 4,050 units a year from 2017 through 2019. 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 2020, construction slowed because of the pandemic, and approximately 2,650 rental units were permitted before construction increased 58 percent, to 4,200 units, during 2021 as pandemic-related countermeasures eased (preliminary data and estimates by the analyst).

Current Construction and Recently Completed Developments

Apartments in the HMA that have been completed since 2019 or are currently under construction total nearly 11,000 units. Approximately 23 percent of those units are in the city of Irvine, with a combined 29 percent in the cities of Anaheim and Santa Ana. Of the apartments that have been completed since 2019, approximately 1,330 units have been either income restricted or part of mixed-income apartment developments, with another 1,750 income-restricted units underway. Among the recently completed properties is Revo, a mid-rise apartment community with 16 affordable units and 316 market-rate units in the Platinum Triangle in the city of Anaheim. The last phase of the development opened in early 2021, with rents for market-rate studio, one-bedroom, two-bedroom, and three-bedroom units starting at \$2,230, \$2,490, \$3,150, and \$4,600, respectively. The affordable units are restricted to households with incomes at or below 60 percent of the AMI. In addition, the 371-unit Jefferson Edge at Platinum Park was completed in mid-2019, with market-rate rents for studio, one-bedroom, two-bedroom, and three-bedroom units starting at \$2,500, \$2,650, \$3,200, and \$3,900, respectively. Although the property is currently entirely market rate, the city of Anaheim approved the conversion of these units into affordable housing, which will take place in the next few years. In the city of Irvine, recently completed properties include the 594-unit second phase of Los Olivos Apartments, which was completed in early 2020.

The property offers all market-rate units, with one- and two-bedroom units that start at \$2,700 and \$3,200, respectively.

Apartment communities under construction include First Point, a 552-unit affordable apartment community in the city of Santa Ana, with completion expected in late 2022. All units will be set aside for those with incomes between 50 and 60 percent AMI and will address severely rent-burdened households who are also experiencing overcrowding. In addition, the 93-unit Legacy Square is another affordable apartment community in the city of Santa Ana, with units that will be set aside for those with incomes between 25 and 60 percent of the AMI when completed in early 2023. In the city of Irvine, Pistoia Apartments, a mixed-income development, is underway. The development will offer 38 units reserved for those at or below 80 percent of the AMI and another 333 units at market-rate rents when it opens in early 2022.

Forecast

During the forecast period, demand is estimated for 14,200 new rental units in the HMA (Table 9). Demand is expected to increase slightly during the second and the third years of the forecast from improved migration. Approximately 65 percent of the 6,000 rental units under construction are expected to be completed during the first year of the forecast, with the remaining units completed during the second year—meeting a portion of demand during both of those years.

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

Rental Units	
Demand	14,200 Units
Under Construction	6,000 Units

Notes: Housing under construction is as of January 1, 2022, and excludes seasonal housing underway. The forecast period is January 1, 2022, to January 1, 2025. Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of 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 under construction or units in the development pipeline.
Distressed Home Sales	Short sales and real estate owned (REO) sales.
Emergency Rental Assistance (ERA1 and ERA2)	Emergency Rental Assistance is distributed to eligible households in the HMA through the federal funds received by the County of Orange to provide financial assistance and housing stability services to eligible households. To be eligible for ERA1 and ERA2, a household must pay rent on a residential unit, and the grantee must determine that (1) one or more individuals in the household have qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due, directly or indirectly, to the COVID-19 pandemic; and (2) one or more individuals in the household can demonstrate a risk of experiencing homelessness or housing instability. In addition, for ERA1, eligible households must be low income, at 80 percent of the area median income. For ERA2, the additional requirement is that households must be very low income, or at 50 percent of the area median income, and either pay more than 50 percent of their income on rent or are living in substandard or overcrowded conditions.
Emergency Shelter	Emergency shelter is defined as “housing with minimal supportive services for homeless persons that is limited to occupancy of 6 months or less by a homeless person; no individual or household may be denied emergency shelter because of an inability to pay,” California Government Code, § 65582, subdivision (d) and Health and Safety Code, § 50801, subdivision (e).
Forecast Period	1/1/2020–1/1/2023—Estimates by the analyst.

Homeless	The homeless counts for 2021 include only the sheltered population. In 2021, HUD gave communities the option to cancel or modify the unsheltered survey portion of their counts based on the potential risk of COVID-19 transmission associated with conducting in-person surveys. As a result, HUD has excluded the unsheltered population subtotals for 2021.
Home Sales/ Home Sales Prices	Unless otherwise stated, includes new and existing single-family homes, townhomes, and condominiums.
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.
Low-Density Residential Construction	Low-density residential zones consist of one to five dwelling units per acre to create a living environment primarily for single-family dwellings.
Net Natural Change	Resident births minus resident deaths.
Regular Resales	Existing home sales that exclude short and real estate owned 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/Homes and Units Permitted	Residential building permits do not necessarily reflect all residential construction that occurs in an HMA. Some residential homes and units may be constructed with a different type of building permit. For example, some 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 intended for the seasonal market.

Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.
Southern California Region	A 10-county area that includes Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura Counties.
Student Renter Households	Student households in the rental housing market who do not live in university-affiliated housing, either on or off campus.
Supportive Housing	Supportive housing is defined as “housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community,” California Government Code, § 65582, subdivision (g).
Transitional Housing	Transitional housing is defined as “buildings configured as rental housing developments but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than 6 months from the beginning of the assistance,” California Government Code, § 65582, subdivision (j).
Year-Round	Year-round homes or rental units refer to sales or rental housing that is generally made available to households in the HMA. Year-round housing can include pricing structures that cater to residents or minimum-length-of-stay occupancy rules.

B. Notes on Geography

1.	The metropolitan definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated September 14, 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 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.

D. Photo/Map Credits

Cover Photo	OUTFRONT Media
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