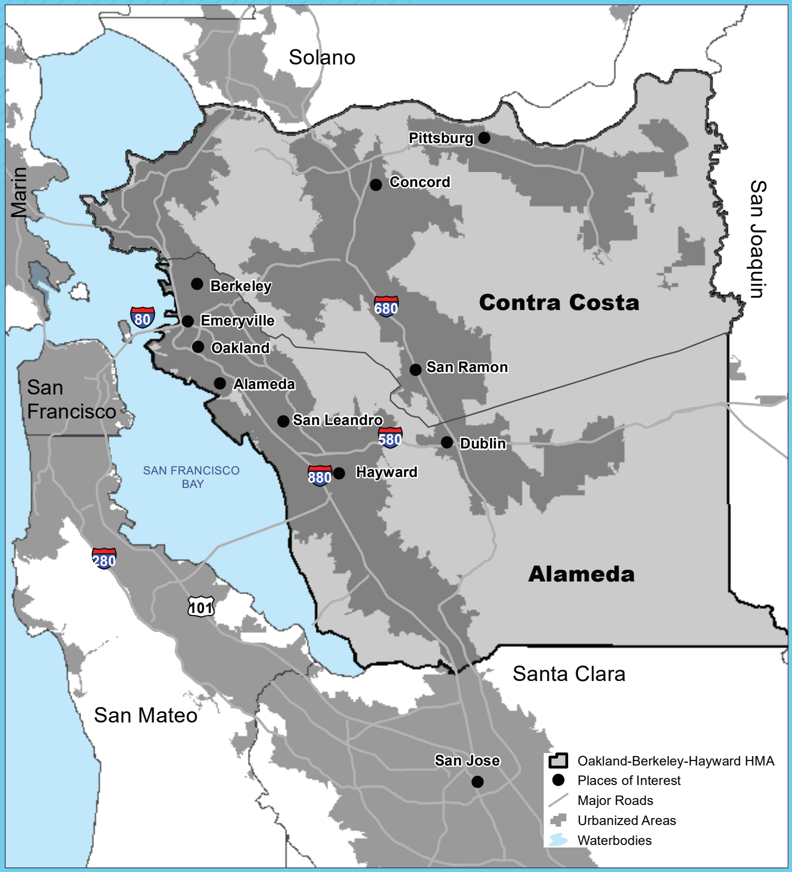
COMPREHENSIVE HOUSING MARKET ANALYSIS

Oakland-Hayward-Berkeley, California

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

As of May 1, 2019



Executive Summary

Housing Market Area Description

The Oakland-Hayward-Berkeley Housing Market Area (hereafter, Oakland HMA) is coterminous with the Oakland-Hayward-Berkeley Metropolitan Division, consisting of Alameda and Contra Costa Counties. The HMA is located 10 miles to the east and directly across the San Francisco Bay from the regional job center of San Francisco. The current HMA population is estimated at 2.83 million.

The Oakland HMA is home to the University of California, Berkeley (hereafter, UC Berkeley). The presence of the university, a highly educated workforce, and spillover effects of the technology boom in Silicon Valley have contributed to recent growth in the high-tech industry, along with stable employment anchored by the university and headquarters for large regional employers such as Kaiser Permanente, Safeway, and Chevron Corporation.

Tools and Resources

Find interim updates for this metropolitan area, 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

Strong: Nonfarm payrolls have increased each year since 2011, and expanded by an average of 26,800 jobs, or 2.6 percent, a year from 2011 through 2017.

Job growth has continued but moderated during the past 2 years. During the 12 months ending April 2019, nonfarm payrolls in the HMA increased by 18,400 jobs, or 1.6 percent, to 1.19 million jobs, after an increase of 2.1 percent during the previous 12 months. The professional and business services and education and health services sectors led growth during the most recent 12 months. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.4 percent a year.

Sales Market

Tight: New and existing home prices during the 12 months ending April 2019 were up approximately 9 and 6 percent, respectively, from a year earlier.

The sales housing market is tight, with a 0.4-percent vacancy rate, down from 1.9 percent in 2010. Demand has exceeded construction of sales units, leading to rapid price increases since 2013. The average price for a new home during the 12 months ending April 2019 was up 9 percent from a year earlier, to about $1.03 million, and existing home prices were up nearly 6 percent to $819,000. During the next 3 years, demand is expected for 14,450 new sales units; the 2,150 homes currently under construction will meet part of the demand.

Rental Market

Tight: During the first quarter of 2019, the average apartment rent rose to $2,313, up 3 percent from a year ago.

The overall rental market is tight, with a current rental vacancy rate estimated at 3.4 percent, down from 6.6 percent in 2010. Despite a significant increase in rental construction activity, as measured by building permits issued, since 2011, rental market conditions have tightened due in part to large net in-flows of rental households from the notably more expensive markets of San Francisco and San Jose. During the next 3 years, demand is expected for 16,100 new rental units in the HMA; the 10,100 units currently under construction will meet a portion of the demand during the forecast period.

TABLE OF CONTENTS

3-Year Housing Demand Forecast

		Sales Units	Rental Units
Oakland HMA	Total Demand	14,450	16,100
	Under Construction	2,150	10,100

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2019. The forecast period is May 1, 2019, to May 1, 2022.
Source: Estimates by the analyst

Economic Conditions

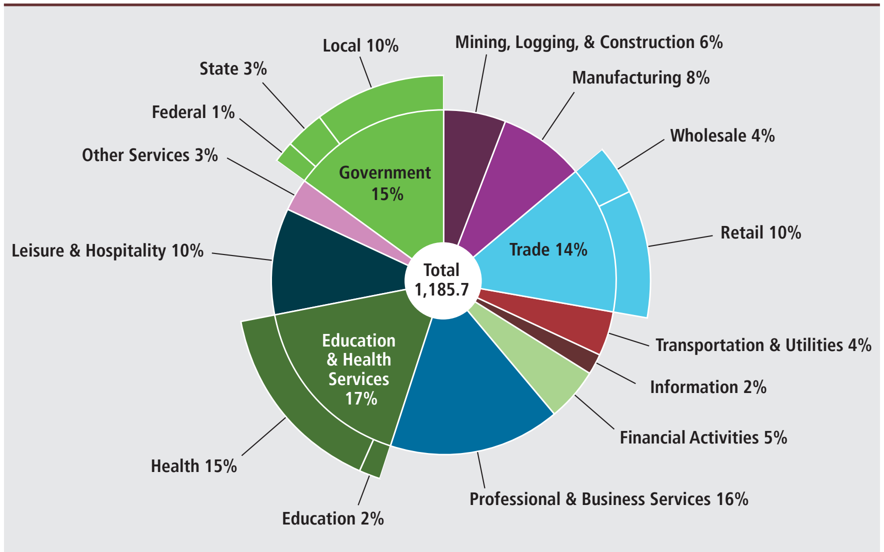
Largest sector: Education and Health Services

A significant recent expansion of hospitals and clinics in the HMA, primarily Kaiser Permanente (the largest employer), has made the education and health services sector the largest sector in the HMA since 2015, when it surpassed the professional and business services sector.

Primary Local Economic Factors

The Oakland HMA has a diversified economy, which includes significant employment in higher education, healthcare, and high-tech industries (Figure 1).

Figure 1. Current Nonfarm Payroll Jobs in the Oakland HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding.
Source: U.S. Bureau of Labor Statistics

The workforce has high levels of educational attainment, due in part to the presence of UC Berkeley and California State University, East Bay (hereafter, CSU East Bay), which have approximately 59,100 students, combined, and have contributed to the growing technology industry in nearby Silicon Valley. UC Berkeley alumni have founded or co-founded more than 30 tech start-up companies since 2000, including Tesla, Zynga, and TechCrunch. The HMA has become an increasingly popular location for Bay Area businesses because the average asking rent for office space in the Oakland central business district was $4.67 per square foot during the first quarter of 2019, a small fraction of the $82.80 per square foot average rent in the San Francisco central business district (Avison Young).

Current Conditions—Nonfarm Payrolls

The economy in the Oakland HMA has expanded since 2011, due in part to a surge of startup tech firms in neighboring San Francisco and San Jose that has spilled over into the East Bay. From 2011 through 2017, payroll growth averaged 26,800 jobs, or 2.6 percent, a year, and by 2015 nonfarm payrolls surpassed the prerecession peak of 1.07 million jobs, which occurred in 2007. Job growth continued, but has moderated in recent years, as increasingly high housing costs have constrained growth in the labor market and made the HMA less attractive to new businesses. Since 2017, nonfarm payroll growth has slowed to an average of 1.7 percent, or 19,800 jobs, a year. The education and health services and the professional and business services sectors have led job growth since 2017, adding a respective average of 4,700 and 4,600 jobs a year, or annual increases of 2.5 percent each. During the 12 months ending April 2019, nonfarm payrolls increased by 18,400 jobs, or 1.6 percent (Table 1).

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

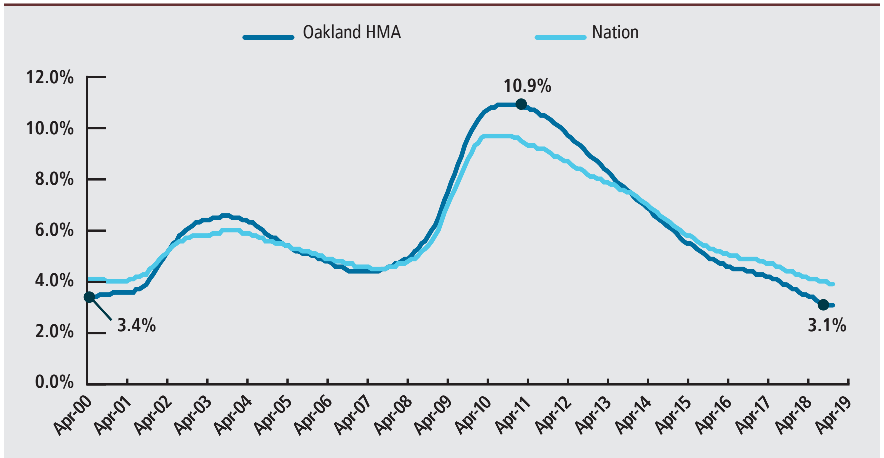
	12 Months Ending April 2018	12 Months Ending April 2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,167.3	1,185.7	18.4	1.6
Goods-Producing Sectors	171.0	176.6	5.6	3.3
Mining, Logging, & Construction	73.5	76.3	2.8	3.8
Manufacturing	97.5	100.3	2.8	2.9
Service-Providing Sectors	996.3	1,009.1	12.8	1.3
Wholesale & Retail Trade	163.2	162.4	-0.8	-0.5
Transportation & Utilities	41.0	42.6	1.7	4.1
Information	27.1	27.4	0.3	1.1
Financial Activities	55.9	54.7	-1.1	-2.0
Professional & Business Services	185.9	192.0	6.1	3.3
Education & Health Services	192.5	196.9	4.4	2.3
Leisure & Hospitality	115.6	117.4	1.8	1.5
Other Services	40.5	40.3	-0.2	-0.5
Government	174.7	175.4	0.7	0.4

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

Current Conditions—Unemployment

The unemployment rate averaged 3.1 percent during the 12 months ending April 2019, down from the 3.5-percent rate during the previous 12 months and is currently at the lowest level since 2000 (Figure 2). By comparison, the unemployment rate peaked in 2010 at 10.9 percent as a result of the Great Recession. During the most recent 12-month period, the respective rates for the state and nation were 4.2 and 3.8 percent.

Figure 2. 12-Month Average Unemployment Rate in the Oakland HMA and the Nation



Source: U.S. Bureau of Labor Statistics

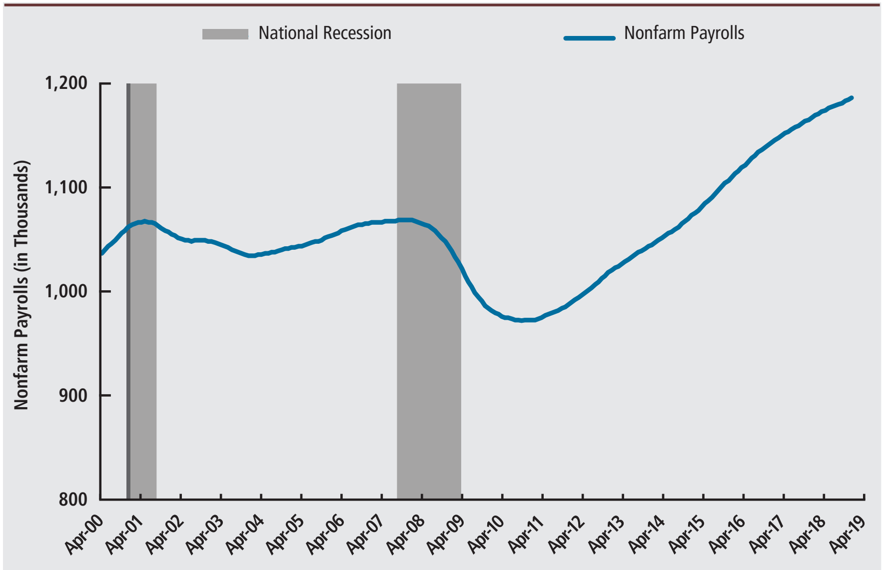
2002 through 2008

The Oakland HMA experienced job losses during the recession that followed the bursting of the dot-com bubble in 2000, which, although concentrated in Silicon Valley, affected the entire San Francisco Bay Area. During 2002 and 2003, nonfarm payrolls declined by an average of 12,400 jobs, or 1.2 percent, a year; the greatest losses occurred in the manufacturing and the professional and business services sectors, where payrolls fell by 7,400 and 6,600 jobs, or 6.9 and 4.2 percent, respectively. The HMA subsequently added jobs during the next 5 years, although the rate of growth was modest relative to the nation. From 2004 through 2008, nonfarm payrolls in the HMA increased by an average of 3,400 jobs, or 0.3 percent, a year, well below the average rate of 1.0 percent annually for the nation. Gains in the professional and business services, education and health services, and leisure and hospitality sectors offset losses in all other sectors in the HMA during this period.

2008 through 2010

The current period of economic expansion followed 3 years of significant job losses caused by the Great Recession (Figure 3). From 2008 through 2010, nonfarm payrolls decreased by an average of 32,200 jobs, or 3.1 percent, a year as compared to an average decline of 1.4 percent annually for the nation. During the period, the largest declines in the HMA occurred in the mining, logging, and construction, wholesale and retail trade, and government sectors, which posted average annual losses of 8,100, 6,500, and 6,200 jobs, or 12.7, 4.2, and 3.5 percent, respectively. The education and health services sector was the only sector to add jobs from 2008 through 2010, expanding by an average of 4,500 jobs, or 3.0 percent, annually during the period.

Figure 3. 12-Month Average Nonfarm Payrolls in the Oakland HMA



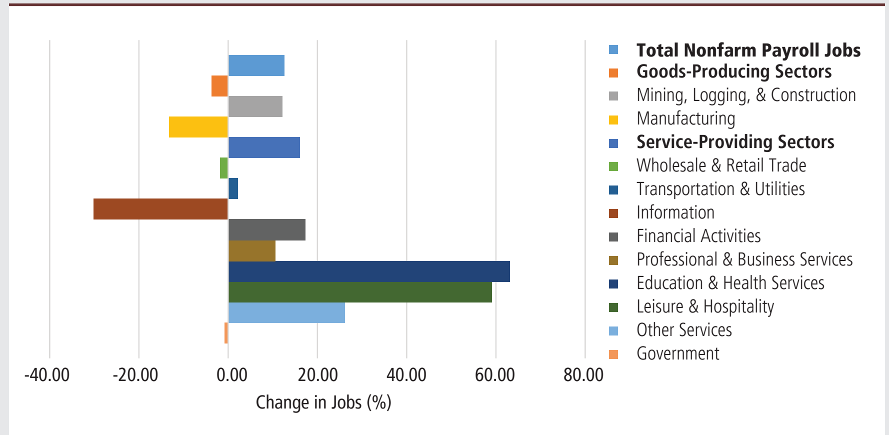
Note: Based on the 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Economic Sectors of Significance

Healthcare

Supported by multiple regional health networks and hospital expansions, the education and health services sector is the largest in the HMA, accounting for nearly 17 percent of nonfarm jobs. The sector has expanded every year since 2000, was the only sector to add jobs during both recessionary periods during the past two decades, and has been the fastest growing sector since 2000 (Figure 4). During the 12 months ending April 2019, the sector continued to be one of the leading sectors of job growth, with an addition of 4,400 jobs, a 2.3-percent increase from the previous 12-month period. Since 2014, five hospitals initiated a combined $3.1 billion in expansion and modernization plans in the HMA. Several projects were completed in 2014 alone, including the $1 billion, 349-bed rebuild of the Kaiser Permanente flagship Oakland Medical Center, the 238-bed inpatient tower at Alta Bates Summit Medical

Figure 4. Sector Growth in the Oakland HMA, 2001 to Current



Note: The current date is May 1, 2019.
Source: U.S. Bureau of Labor Statistics

Center, and the new 216-bed Kaiser Permanent San Leandro Medical Center. Kaiser Permanente is currently the largest employer in the HMA, with 34,400 employees, including physicians and medical personnel at its 18 hospitals and clinics in the HMA and employees at its corporate headquarters in Oakland (Table 2). The University of California, San Francisco Benioff Children's Hospital Oakland recently began the first phase of its $500 million, 10-year expansion project, which includes a second outpatient center that opened earlier this year. The second phase of construction, expected to begin in 2020, will add 20 inpatient beds and private intensive care units. An estimate of the number of full-time jobs expected to be added is currently unavailable.

Table 2. Major Employers in the Oakland HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kaiser Permanente®	Education & Health Services	34,400
University of California, Berkeley	Government	24,000
Safeway, Inc.	Wholesale & Retail Trade	15,700
Sutter Health	Education & Health Services	10,200
Tesla, Inc.	Manufacturing	10,000
Chevron Corporation	Mining, Logging, & Construction	8,000
John Muir Health	Education & Health Services	6,575
Wells Fargo & Company	Financial Activities	5,925
Lam Research Corporation	Professional & Business Services	5,275
Alta Bates Summit Medical Center	Education & Health Services	4,575

Note: Excludes local school districts.
Sources: Economy.com; *San Francisco Business Times*

Education and High-Tech Industries

UC Berkeley is often identified as one of the top public and research universities in the nation (*Forbes*). As the second largest employer in the HMA, the university employed approximately 24,000 full- and part-time employees and enrolled 42,500 students during the fall 2018 semester. As of 2010, the most recent data available, UC Berkeley generated an annual economic impact of more than $4.6 billion in the greater San Francisco Bay Area (Economic and Planning Systems, Inc.). Enrollment has grown 19 percent since 2010, and, in order to address the growing campus headcount, the university recently completed five major capital improvement projects with four more underway. Completed projects include the $94 million David Blackwell Residence Hall, which houses 775 students and opened in the summer of 2018; the new Berkeley Way West academic building completed in July 2018; and the Connie and Kevin Chou Hall, a new learning laboratory for students at the Haas School of Business.

The university contributes substantially to entrepreneurship and innovation in the Bay Area, including the latest tech boom, via the commercial licensing of technology developed on campus as well as university-sponsored incubators and accelerators designed to support the creation of companies. Students and faculty at UC Berkeley benefit from the concentration of research institutions and other UC campuses available for collaboration, as well as the number of venture capital investors in the Bay Area. As of 2012 (the latest data available), UC Berkeley alumni have founded or co-founded over 2,600 firms with total employment of more than 540,000 workers and revenue of $317 billion (Bay Area Council Economic Institute). Companies founded by alumni are in a variety of industries, including wholesale and retail trade (Gap Inc.), computer systems design (VMware and NetApp), education and health services (Scientific Learning Corporation), and construction (New Urban West). The most significant economic contribution the university has made, however, has been to the professional and business services sector, which accounted for 16 percent of all nonfarm payrolls during the most recent 12 months. More than one-half of all firms in the sector were established by UC Berkeley graduates, including Keyhole (which eventually became Google Earth after acquisition), Intel Corporation, and Glowlink Communications Technology (which produces tools for improving the quality of satellite communications). During the 12 months ending April 2019, the professional and business services sector added the most jobs in the HMA, with the addition of 6,100 jobs, or a 3.3-percent increase, compared with the previous 12-month period. Gains in the professional, scientific, and technical services industry accounted for nearly three-fourths of the growth sector-wide.

In addition to the main campus, both the Lawrence National Laboratory locations at Berkeley and Livermore are significant to the local economy, employing more than 4,000 staff each, a portion of which are high-paying research positions. From 2008 through 2009 (the most recent data available), the Lawrence National Berkeley Lab (hereafter, Berkeley Lab), alone, contributed approximately half a billion dollars of direct spending to the Bay Area economy, and the impact on the national economy was estimated to be $1.6 billion (CBRE). The current economic impact of the lab is likely to be much higher, as the number of staff have since doubled from the time of the study. In addition, research at the Berkeley Lab has contributed to the innovation of new technologies, multiplying its direct spending impact. From 1990 to 2009, innovation at Berkeley Lab formed the basis for 30 start-up firms and over 2,000 new jobs using licensed technology including genomics-related software, biomolecular tagging, and energy-efficiency home improvements. The economic impact of these start-up firms exceeded the impact of the lab itself, benefiting Bay Area businesses by $904 million in 2008 and 2009 (CBRE).

In 2012, the Berkeley Lab announced plans for a 40-year buildout of the Berkeley Global Campus, in the city of Richmond. UC Berkeley manages the Berkeley Lab, and the two will jointly occupy the new campus that will include 5.5 million square feet of new research and educational facilities. Although construction is currently suspended due to the budget deficit at the university, anticipation for the project has already attracted several tech incubator startup firms to locate nearby.

Commuting Patterns

Housing costs are high throughout the Bay Area due to the concentration of high-paying tech jobs, although both sales and rental housing are relatively affordable in the Oakland HMA when compared to the neighboring markets of San Francisco and San Jose. As a result, an increasing number of workers living in the HMA commute to areas within the Silicon Valley including San Mateo and Santa Clara counties (part of the San Jose MSA) and San Francisco. In 2015, 34 percent of workers living in the HMA commuted to jobs in San Francisco and Silicon Valley, up from 27 percent in 2010 (U.S. Census, OnTheMap, 2015).

Employment Forecast

Job growth is expected to continue in the Oakland HMA during the next 3 years, but at a slower rate compared with growth since 2010, as real estate costs continue to rise and some businesses target more affordable areas for relocation and expansion. Nonfarm payrolls are expected to increase by an average of 16,900 jobs, or 1.4 percent, annually. Continued growth is expected in the high-tech industries and the education and health services sector. At the end of 2018, Square, Inc., the digital payments company, leased 365,000 square feet of office space at Uptown Station in downtown Oakland, the same building that Uber previously owned but sold without moving any employees into in 2017. Square, Inc. plans to move about 2,000 employees into the new Oakland office by late 2019 but will also keep its San Francisco headquarters location. The lease is the largest office deal in downtown Oakland since 2016, when Blue Shield leased 225,000 square feet of office space at the newly constructed 601 City Center as part of an expansion that will add 1,200 employees by mid-2019. The two office towers are the first additions to the city in over a decade and highlight a trend of businesses relocating from San Francisco in search of lower rents.

Population and Households

Current population: 2.83 million

> Net in-migration accounted for the majority of population growth from 2010 to 2015, as an average of 20,850 people moved into the HMA annually, but has slowed since 2015, to an average of 7,200 people annually, with rising housing prices deterring many potential new residents.

Population and Migration Trends

The current population of the Oakland HMA is estimated at 2.83 million, an increase of 29,250 people, or 1.1 percent, a year since 2010 (Table 3). Net in-migration accounted for more than one-half of the growth, or 15,100 people a year, during the period but has slowed significantly since 2015. From 2011 to 2015, net in-migration averaged 22,300 people a year with job growth and low housing prices in the HMA relative to other parts of the Bay Area attracting new residents (Figure 5). Residents relocating from high cost housing markets in Asia accounted for the most in-migrants during the period, followed by San Francisco, Santa Clara, and San Mateo Counties, where current home prices range from 59 to 85 percent higher than the average sales price in the Oakland HMA. Since 2015, however, net in-migration has slowed to 7,200 people a year, accounting for only 35 percent of the population growth. The decline in net in-migration has coincided with slowed job growth as well as significant out-migration to San Joaquin and Solano Counties, where home prices during the 12 months ending April 2019 were approximately 46 and 51 lower than in the Oakland HMA.

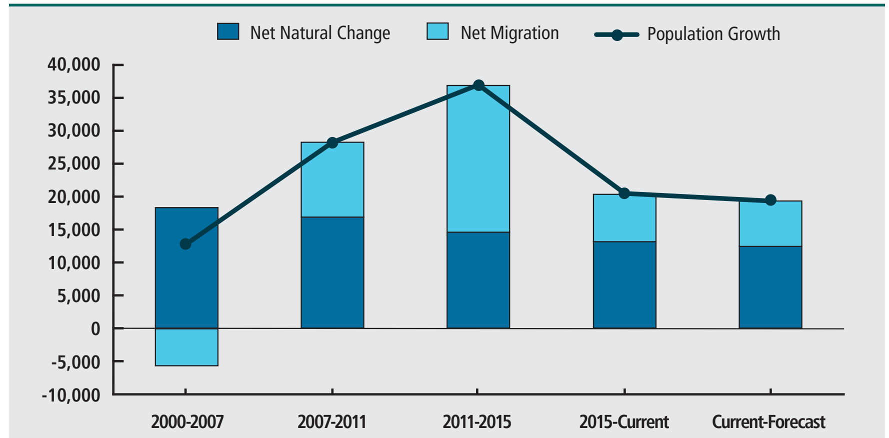
Table 3. Oakland HMA Population and Household Quick Facts

		2010	Current	Forecast
Population Quick Facts	**Population**	2,559,296	2,825,000	2,883,000
	Average Annual Change	16,650	29,250	19,400
	Percentage Change	0.7	1.1	0.7

		2010	Current	Forecast
Household Quick Facts	**Households**	920,502	1,003,000	1,023,000
	Average Annual Change	5,300	9,125	6,475
	Percentage Change	0.6	1.0	0.6

Note: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current (May 1, 2019), and current to forecast (May 1, 2022).
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Oakland 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 May 1, 2019 (the current date), to May 1, 2022.
Sources: State of California, Department of Finance Population Estimates; current to forecast—estimates by the analyst

2000s

From 2000 to 2007, the population in the HMA increased by an average of 12,850, or 0.5 percent, annually (intercensal population estimates for the State of California, Department of Finance). Lasting effects of the dot-com bust prompted average net out-migration of 5,500 people annually during this period.

Although economic conditions shifted between growth and decline from 2007 to 2011, a period that includes the height of both the national housing boom and the foreclosure crisis, population growth remained steady. The HMA added an average of 28,250 people, or 1.1 percent, annually, and net in-migration averaged 11,300 people, accounting for 40 percent of population growth during this period.

2011 to Current

The HMA attracted increasing numbers of in-migrants as the economy not only recovered but surpassed the rate of growth witnessed during the housing boom. From 2011 through 2015, population growth averaged 36,950 people a year, or 1.4 percent. Net in-migration accounted for 60 percent of the growth as an average of 22,300 people relocated to the HMA annually during the same period. About 37 percent of recent in-migrants originated from San Francisco or Santa Clara counties, where high rental and sales prices are a barrier to entry for many prospective residents (Table 4).

Table 4. County-to-County Migration Flows in the Oakland HMA, 2012–2016

Into the HMA	Asia	16,908
	San Francisco County	14,876
	Santa Clara County	12,894
	Los Angeles County	6,834
	San Mateo County	7,788
Out of the HMA	Santa Clara County	8,785
	San Joaquin County	7,657
	San Francisco County	6,634
	Los Angeles County	5,710
	Solano County	5,645

Sources: U.S. Census Metro-to-Metro Migration Flows; 2012–2016 American Community Survey, 5-year data

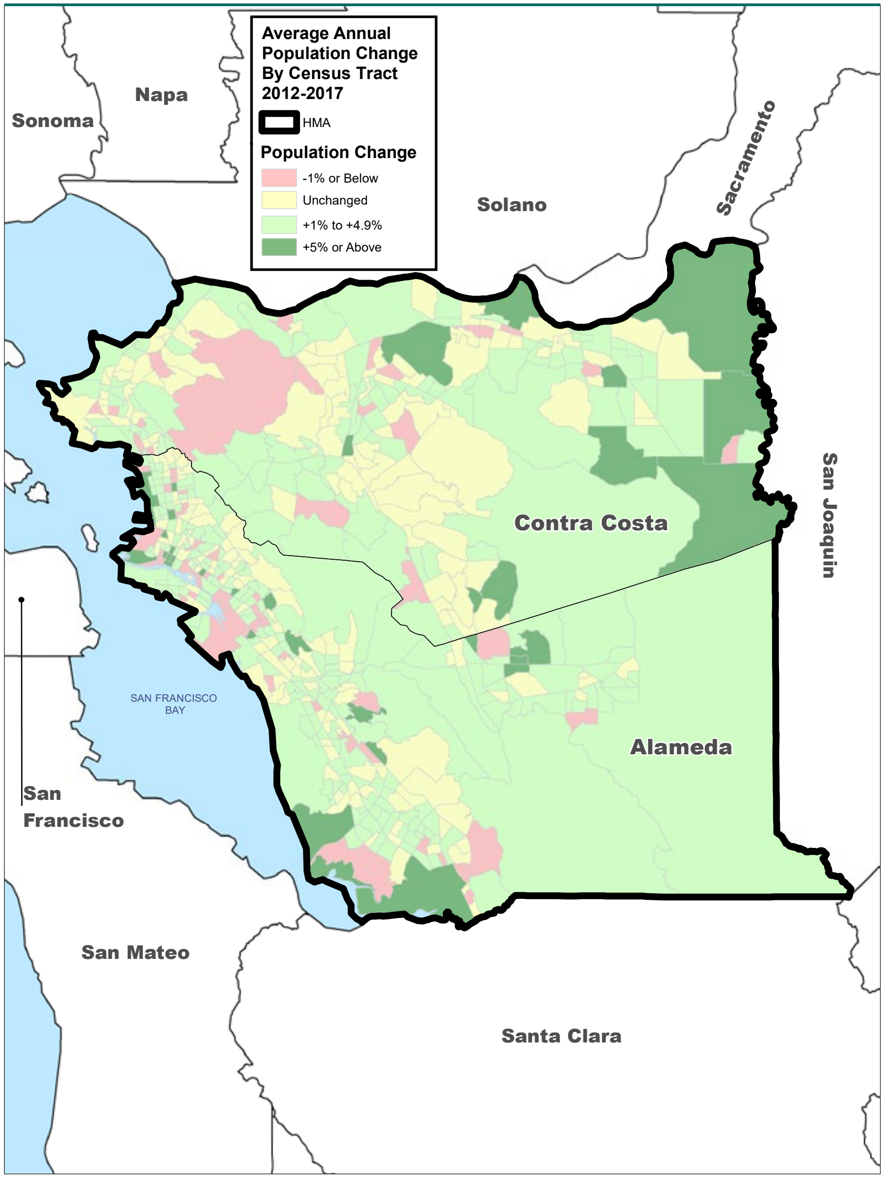
As the HMA absorbed the inflow of high-income households, housing costs in the HMA began to increase, reducing the price differential between the HMA and other parts of the Bay Area and leading many residents to move to the more affordable housing markets in San Joaquin and Solano Counties. Since 2015, the population growth rate has been cut in half, with an average addition of 20,450 people, or 0.7 percent, annually. Average annual net in-migration of 7,200 people has contributed to only 35 percent of that growth.

Population by County

Alameda County, which includes the central cities of Oakland, Berkeley, Hayward, and Fremont, is home to approximately 1.66 million people, or 59 percent of the residents in the HMA, as of July 2018 (State of California, Department of Finance). The county added an average of 18,400 people, or 1.2 percent, annually from July 2010 to July 2018. By comparison, the population of Contra Costa County was 1.15 million people as of July 2018, representing an average annual increase of 11,800, or 1.1 percent, since July 2010. Both sales and rental housing costs are generally higher in Alameda County than in the more suburban Contra Costa County, due to the proximity of the former to San Francisco and San Jose. Net in-migration to Contra Costa County contributes more significantly to growth than in Alameda County, accounting for 60 percent of population growth in the county from 2011 to 2018, compared with only 47 percent in Alameda County.

Almost all census tracts within the HMA recorded population growth during the 2012 to 2017 period (Map 1). The fastest rates of growth occurred in urbanized census tracts in the cities of Oakland and Emeryville, which offer close proximity to San Francisco as well as downtown amenities and are more attractive to urban professionals, and in suburban census tracts in cities such as San Ramon, Pittsburg, Dublin, or Concord, where lower per square foot prices generally attract more families. The average commute time is relatively short in the fastest growing urban census tracts, generally ranging from 25 to 35 minutes, although median incomes are lower than in the HMA overall (2012–2017 American Community Survey, 5-year data). In contrast, the average commute time was

Map 1: Average Annual Population Change by Census Tract in the Oakland-Hayward-Berkeley HMA



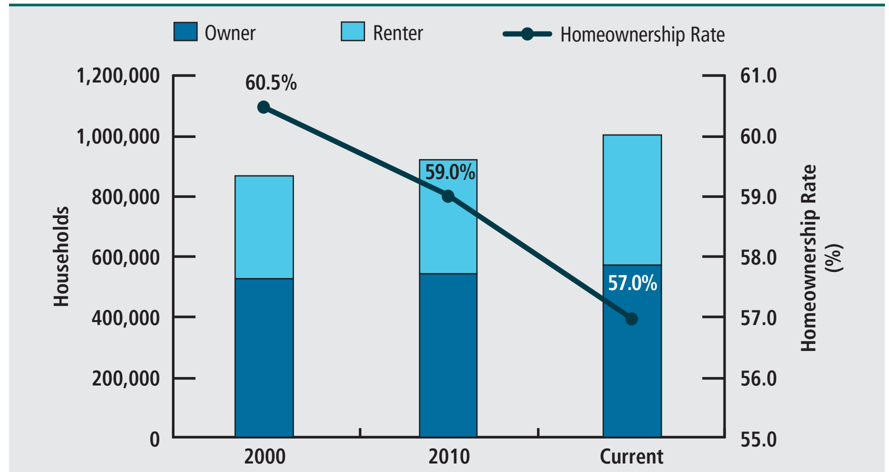
Source: U.S. Census Bureau

generally more than 45 minutes in the fastest growing suburban census tracts, but the median income was significantly higher than the median income of the HMA overall. Population declines were largely limited to highly industrialized census tracts in San Leandro, Oakland, and Alameda that have not undergone significant redevelopment.

Household Trends

Household growth has generally trailed population growth in the HMA during the past two decades as rising housing costs have incentivized doubling up, even by highly paid tech workers. The number of households is estimated at 1.0 million as of May 1, 2019, including approximately 571,600 owner households and 431,700 renter households (Figure 6). Since 2010, the number of households has increased by 9,125, or 0.9 percent, annually, below the 1.1-percent rate of population growth. The number of households increased by approximately 5,300, or 0.6 percent, from 2000 to 2010, slightly slower than the 0.7-percent rate of population growth.

Figure 6. Households by Tenure and Homeownership Rate in the Oakland HMA



Note: The current date is May 1, 2019.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Households by Tenure

Renter household growth has been much faster than owner household growth in the HMA since 2000, a trend that has been particularly pronounced since 2010 because of sharply rising sales prices, tighter lending standards, and a generally higher preference to rent among younger professionals. From 2000 to 2010, renter households increased by an average of 1.0 percent, or 3,450 households, annually. By comparison, renter households have increased by an average of 1.5 percent, 5,975 households, annually from 2010 to the current date. The current homeownership rate is estimated at 57.0 percent, down from 59.0 percent in 2010.

Forecast

Because economic growth is expected to moderate in the HMA and the surrounding Bay Area during the 3-year forecast period, net in-migration is likely to slow further, resulting in lower rates of both population and household growth. During the forecast period, population growth is expected to average 0.7 percent, or 19,400 people, a year, a decline from the 1.1-percent rate since 2010. Net in-migration is expected to account for 36 percent of the increase, down from the 52-percent contribution since 2010. The number of households is expected to increase at an average of 0.7 percent, or 6,475, annually during the forecast period, compared with the 0.9-percent rate since 2010.

Home Sales Market Conditions

Market Conditions: Tight

Demand for for-sale housing has been boosted by job growth, net in-migration and rising incomes, but the supply of available homes has not kept pace.

Current Conditions

The home sales market in the Oakland HMA is tight with an overall estimated vacancy rate of 0.4 percent, down from 1.9 percent in April 2010. The overall sales vacancy rate has declined because of both increased demand from households that have higher incomes than the median income in the Oakland HMA, but that are still priced out of the sales markets in San Francisco and San Jose, and the absorption of much of the excess inventory from the foreclosure crisis. As both economic and population growth began moderating in 2015, however, sales market conditions have gradually eased. As of April 2019, a 1.5-month supply of existing homes was available for sale, down from a 2.0-month supply a year earlier, but up from a previous low of 0.7 months in December 2015 (Redfin). By comparison, a 2.6-month supply of homes was available for sale statewide and a 3.1-month supply of homes was available for sale nationwide during April 2019 (Table 5).

Table 5. Home Sales Quick Facts in the Oakland HMA

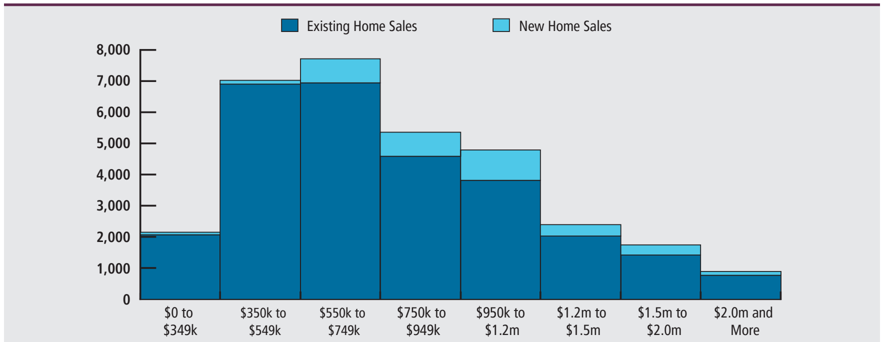
		Oakland HMA	Nation
Home Sales Quick Facts	Vacancy Rate	0.4%	NA
	Months of Inventory	1.5	3.1
	Total Home Sales	32,250	5,459,000
	1-Year Change	-7.5%	-3.0%
	New Home Sales Price	$1,030,000	$408,400
	1-Year Change	10%	0%
	Existing Home Sales Price	$819,000	$308,800
	1-Year Change	6%	3%
	Mortgage Delinquency Rate	0.4%	1.6%

NA = data not available.
Notes: Vacancy rate is as of the current date; total home sales and prices are for the 12 months ending April 2019; months of inventory are as of April 2019, and mortgage delinquency data are as of March 2019. The current date is May 1, 2019.
Sources: Sales data—Metrostudy, A Hanley Wood Company, with adjustments by the analyst; mortgage delinquency data—CoreLogic, Inc.; months of inventory—Redfin

Home Sales and Prices

During the 12 months ending April 2019, new and existing home sales totaled 32,250, down 7 percent from a year ago but almost 30 percent higher than the low of 24,900 sales during the same 12-month period in 2008, near the start of the Great Recession (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). An influx of high-income households into the HMA, combined with low levels of available inventory, have resulted in relatively high home sales prices and positive year-over-year price appreciation every year since 2013. The average sales price was $842,400 during the 12 months ending April 2019, a 6-percent increase from the previous 12-month period. Approximately 46 percent of all sales during the 12 months ending April 2019 were homes priced between $350,000 and $749,999 with about one-third of all sales priced between $750,000 and $1.5 million (Figure 7).

Figure 7. Share of Sales by Price Range During the 12 Months Ending April 2019 in the Oakland HMA



Source: Metrostudy, A Hanley Wood Company

Despite strong economic growth during 2006 and 2007, total sales in the HMA declined by an average of 27 percent annually during the period. Steady sales price appreciation during this period, at an average of 2 percent a year, contributed to high sales prices, reaching $662,200 by the end of 2007, which acted as a barrier to entry to homeownership for many. During 2008 and 2009, when prices declined an average of 25 percent annually, total sales growth averaged 12 percent a year. Sales prices were depressed during this period because an increasing number of distressed homes were added to the for-sale inventory. Real estate owned (REO) sales accounted for more than one-third of total sales during 2008 and 2009 compared with less than a 2-percent share during 2006 and 2007. The absorption of the distressed inventory from 2010 through 2014 meant that the number of homes available at the most affordable price ranges declined through the period causing the average sales price to rise 11 percent a year. Total sales decreased 2 percent annually during the period, due in part to an average annual decline of 33 percent in REO sales. Declines in sales were recorded during most of this period (Figure 8). Since 2015, slowing net in-migration and population growth has acted to slightly reduce demand for sales housing, tempering the growth in sales prices since 2015. During this period, average sales increased 1 percent annually, while the average sales price increased 8 percent annually (Figure 9).

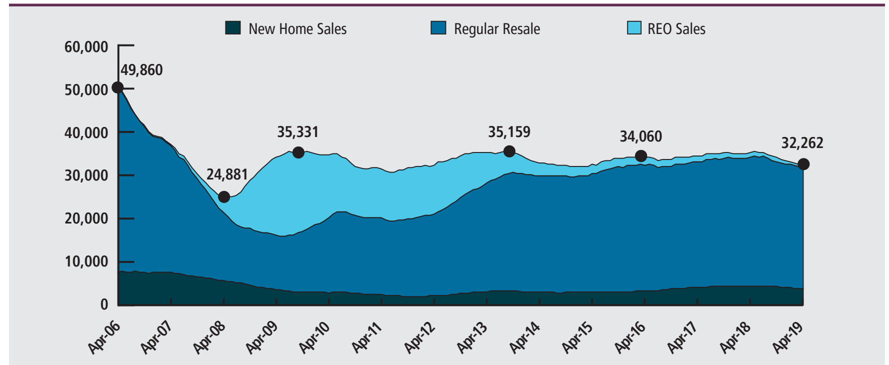
REO Sales and Delinquent Mortgages

The rate of seriously delinquent mortgages and REO properties in the Oakland HMA peaked in February 2010 at 9.9 percent, compared with an 11.4-percent rate statewide and an 8.6-percent rate nationwide (CoreLogic, Inc.). The delinquency rate in the HMA has fallen consistently since reaching its peak and was only 0.4 percent in March 2019, compared with a 0.7-percent rate statewide and a 1.6-percent rate nationwide.

Housing Affordability

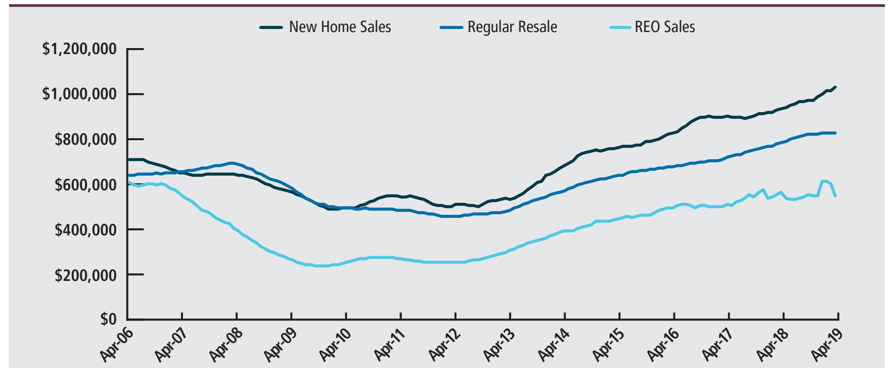
Homeownership in the Oakland HMA is very expensive and the affordability of buying a home in the HMA has declined since 2009, when a large number of distressed properties entered the market during the foreclosure crisis. Excess inventory has since been absorbed and high demand from workers benefiting from the regional technology boom have put upward pressure on sales prices. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 16.4 during the fourth quarter of 2018, down from 22.2 during the fourth

Figure 8. 12-Month Sales Totals by Type in the Oakland HMA



REO = real estate owned.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Figure 9. 12-Month Average Sales Price by Type of Sale in the Oakland HMA

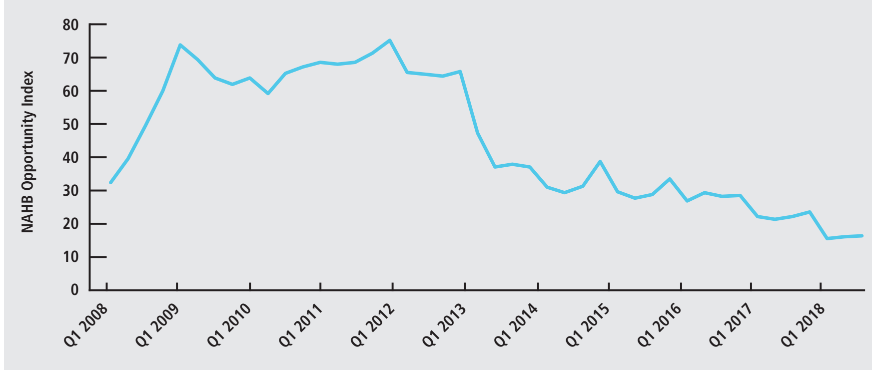


REO = real estate owned.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

quarter of 2017 (Figure 10). During the most recent quarter, the Oakland HMA was the 10th least affordable metropolitan area in the nation. By comparison, the San Francisco-Redwood City-South San Francisco metropolitan division was the least affordable sales housing market during the fourth quarter of 2018, and only four metropolitan areas were more expensive than the San Jose-Sunnyvale-Santa Clara metropolitan area. After reaching a high of 73.8 during the first quarter of 2009, when a peak number of distressed properties sold at a discount were on the market, the index declined to 64 in the first quarter of 2010, as the excess inventory began to be absorbed. From the first quarter of 2010 to the first quarter of 2012, sales housing affordability improved, as the number of distressed home sales peaked and dampened price appreciation for sales housing across the board. The index has since trended down, indicating a decline in affordability, because both home prices and mortgage rates have risen, reducing the number of potential new homeowners in the HMA.

Rising sales prices have acted as a barrier to entry into homeownership which is particularly pronounced for heads of household aged 35 to 44 years, a prime age cohort for first-time homebuyers. From 2000 to 2010, the homeownership rate in the HMA declined by an average of 1.5 percentage points to 59.0 percent as a result of both the dot-com bust and the Great Recession. As economic conditions began to improve, however, the homeownership rate rose slightly to 59.2 percent by 2017. Unlike the trend in the overall HMA, homeownership for heads of household aged 35 to 44 years declined significantly as affordability concerns limited the ability of this group to purchase a house; from 2010 to 2017, homeownership in this age group declined by an average of 0.7 percentage points annually to 49.3 percent in 2017, compared with an average decline of 0.6 percentage points from 2000 to 2010 (Table 6). Nationwide, the homeownership rate for this same prime aged cohort was 57.5 percent during 2017 even after declining by the same average as the HMA, 0.7-percentage points, annually from 2010 to 2017. Despite the improvement in economic conditions recently, high sales prices and rapid price appreciation have priced out potential new homeowners in the HMA. Overall homeownership has declined since 2017, to a current estimate of 57.0 percent.

Figure 10. Oakland HMA Housing Opportunity Index



NAHB = National Association of Home Builders. Q1 = first quarter.
Source: NAHB/Wells Fargo

Table 6. Homeownership Rates by Age of Householder in the Oakland HMA and the Nation

	Oakland HMA			Nation		
	2000	2010	2017	2000	2010	2017
Householder Age 25 to 34 Years	34.2	28.8	27.7	45.6	42.0	38.2
Householder Age 35 to 44 Years	59.6	54.0	49.3	66.2	62.3	57.5
Total Households	60.5	59.0	59.2	66.2	65.1	63.9

Sources: 2000 and 2010 Decennial Census; 2017 American Community Survey, 1-year estimates

Sales Construction Activity

Starting in 2012, builders responded to the improvement in the sales market by increasing new home construction activity, as measured by the number of homes for sale permitted. Construction activity has declined during the past year, however, due in part to an increasingly limited supply of developable land. During the 12 months ending April 2019, 3,875 homes for sale were permitted, a 9-percent decline from the 4,250 homes permitted during the previous

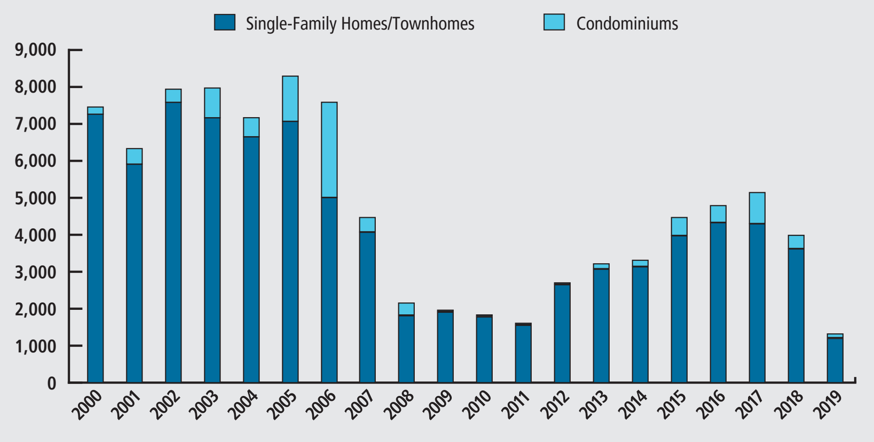
12 months (preliminary data, with adjustments by the analyst). Sales housing permitting activity is below the peak levels from 2000 through 2006, when an average of 7,525 homes were permitted annually. Permitting activity peaked in 2005, when a high of 8,275 homes were permitted and declined each year to a low of 1,550 in 2011 as a consequence of the housing market downturn. Demand for new homes has subsequently increased because economic conditions recovered and both household finance and access to credit improved. From 2012 through 2017, sales permitting increased by an average of 22 percent a year (Figure 11).

New Construction

Given the high cost of construction and limited amount of developable land in desirable locations in the HMA, much of the for-sale housing units currently underway are townhomes or condominiums. Likewise, redevelopment of highly urbanized areas has become increasingly prevalent, particularly in the western part of the HMA. A significant portion of the market-rate development in the construction and planning pipeline within the city of Oakland is encompassed by the $1.5 billion, 65-acre, mixed-used Brooklyn Basin waterfront development, located in the Oakland Estuary. When completed in 2038, the development is expected to contain 3,700 residential units, 60 to 70 percent of which will be for-sale condominium or townhouse units. Currently, no for-sale housing is underway in the first phase of construction.

Despite the prevalence of townhome and condominium construction, some new developments, including the Oak Knoll master-planned community, are expected to add a significant number of single-family homes to the HMA. The project broke ground in late 2018 with plans for more than 900 homes located at the site of the decommissioned Naval Hospital Oakland. Over the next 3 years, the development is expected to complete construction of 300 to 400 single-family detached and attached units, while the entire development is expected to be completed in 10 years. Prices have not yet been determined but the developer estimates that home prices will average more than $700 per square foot, given the strong demand in that location.

Figure 11. Average Annual Sales Permitting Activity in the Oakland HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through April 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

Forecast

During the next 3 years, demand is expected for 14,450 new sales units in the Oakland HMA (Table 7). The 2,150 homes currently under construction will meet a portion of the demand. Sales demand is expected to moderate throughout the forecast period, as job gains and population growth continue to slow.

Table 7. Demand for New Sales Units in the Oakland HMA During the Forecast Period

	Sales Units
Demand	14,450 Units
Under Construction	2,150 Units

Note: The forecast period is from May 1, 2019, to May 1, 2022.
Source: Estimates by the analyst

Rental Market Conditions

Market Conditions: Tight

Although rental construction activity reached its highest levels since 2000 during the past 2 years, the rental market in the HMA remains tight.

Current Conditions and Recent Trends

Rental housing market conditions in the Oakland HMA are currently tight, with an overall estimated rental vacancy rate of 3.4 percent, down from 6.6 percent in April 2010 (Table 8). Rental demand has risen since 2010 due in part to strong net in-migration from households priced out of San Francisco and San Jose, as well as rising for-sale home prices, and an increased preference for urban neighborhoods that have undergone significant redevelopment but that also have a limited inventory of units for sale.

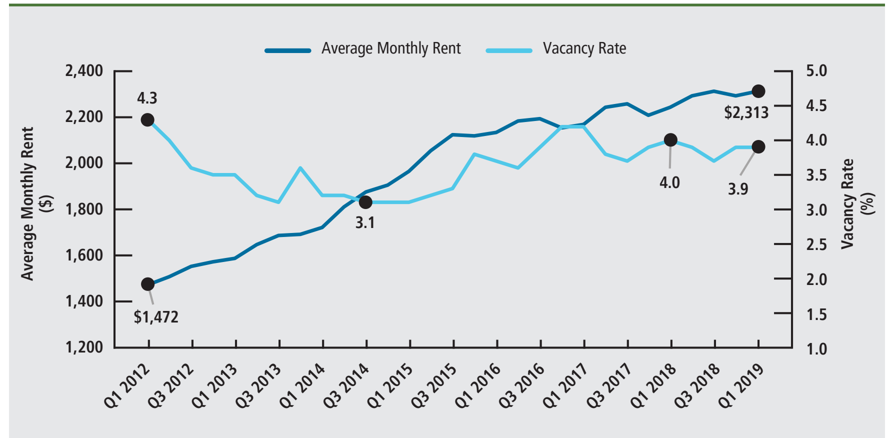
Table 8. Rental and Apartment Market Quick Facts in the Oakland HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	6.6	3.4
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	34	33
	Multifamily (2-4 Units)	18	17
	Multifamily (5+ Units)	48	49
	Other (Including Mobile Homes)	1	1
		Current	**YoY Change (%)**
Apartment Market Quick Facts	Apartment Vacancy Rate (%)	3.9%	-10%
	Average Rent	$2,313	3%

YoY = year-over-year.
Note: The current date is May 1, 2019.
Sources: 2017 American Community Survey, 1-year data; RealPage, Inc.

The apartment market is also tight, despite a significant increase in the number of recently completed units, with a 3.9-percent vacancy rate as of the first quarter of 2019, down slightly from the 4.0-percent rate during the first quarter of 2018 (RealPage, Inc.). The apartment market has been tight since 2012; however, conditions have eased slightly since 2014, when the apartment vacancy rate reached a low of 3.1 percent, due to the recent completion of new units. During the first quarter of 2019, the average apartment rent rose 3 percent to $2,313 (Figure 12). The average rent has generally increased since 2012, as most of the new apartment development has been of luxury units with high market rents. Although high, the average rent in the HMA is 18 percent lower than the average rent of $2,804 in San Jose and 31 percent lower than the average rent of $3,376 in San Francisco.

Figure 12. Apartment Rents and Vacancy Rates in the Oakland HMA



Q1 = first quarter. Q3 = third quarter.
Source: RealPage, Inc.

Apartment Market Conditions by Market Area

Of the nine RealPage, Inc.-defined market areas (hereafter, market areas) that make up the HMA, apartment vacancy rates during the first quarter of 2019 ranged from 3.2 percent in the Fremont market area to 4.7 percent in the San Ramon/Dublin market area (RealPage, Inc.). Rents were the lowest in the Northeast Contra Costa County (encompassing the cities of Antioch, Pittsburg, and Brentwood), Concord/Martinez, Northwest Contra Costa County (encompassing the cities of Richmond and San Pablo), and the Hayward/San Leandro market areas, with rents around $2,000. Rents were the highest in the Oakland/Berkeley market area, at an average of $2,849. All nine market areas recorded rent gains from a year earlier during the first quarter of 2019. Average rents generally grew the fastest in the market areas with the highest rents, where new development has been concentrated. Rent increases ranged from 1 percent in the Oakland/Berkeley market area, to 5 percent in the Walnut Creek/Lafayette market area where the average rent was $2,475.

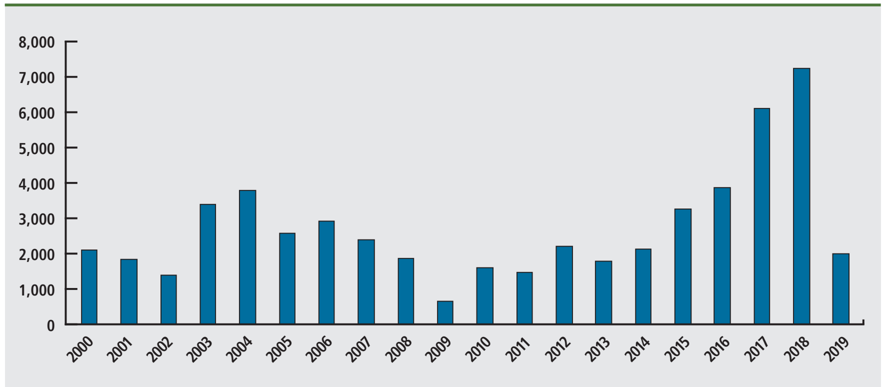
Rental Construction Activity

During the 12 months ending April 2019, approximately 5,400 rental units were permitted, a 32-percent decline from the 7,900 units permitted a year earlier (preliminary data, with estimates by the analyst). For context, an average of 3,000 units was permitted annually from 2003 through 2007, during the previous economic expansion. Despite increased demand for rental units brought on by the foreclosure crisis, the late 2000s recession caused rental permitting to decline to an average of only 1,400 units from 2008 through 2011 when financing for new construction became difficult to obtain. As the economy recovered and then began to expand, rental permitting activity increased by an average of 480 units, or 21 percent, annually from 2012 through 2016 before reaching its highest levels since at least 2000 during the past 2 years. During 2017 and 2018, rental permitting increased by an average of 23 percent, annually, with the 7,225 rental homes permitted in 2018 representing the highest single-year total since the mid-1980s (Figure 13).

New Construction

New apartment construction activity has been clustered in cities with easy access to the Bay Bridge, connecting the HMA to San Francisco. Over 80 percent of all apartment units currently under construction in the HMA are in the cities of Oakland, Berkeley, and Emeryville, along the San Francisco Bay, and much of the construction activity is occurring on redeveloped land (Map 2). The 40-floor, 1314 Franklin Street Apartments tower is currently underway in downtown Oakland on the site of a former parking lot, and it will be the tallest residential building in the HMA when completed in late 2019. The project will add 634 units with rents that have not yet been determined. There are plans to include permanently affordable units in the project, consisting of either 27 units reserved for households earning 50 percent of the area median income (an income of $61,950 for a family of four) or 54 units reserved for households earning 80 percent of the area median income (an income of $98,550 for a family of four). In Emeryville, the 389-unit Avalon Bay Communities apartment

Figure 13. Average Annual Rental Permitting Activity in the Oakland HMA



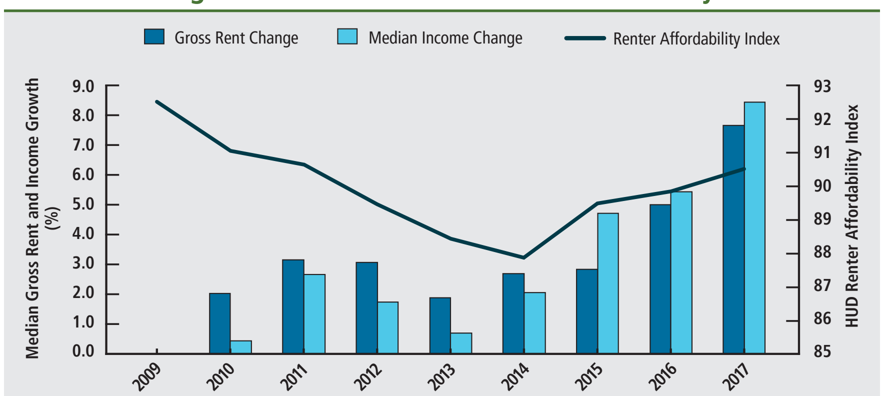
Notes: Includes apartments and units intended for rental occupancy. Data from 2019 are through April 2019.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

complex is underway as part of the redevelopment of the city's Public Market. Two communities will make up the development: the AVA Public Market apartments, with 167 units, and the AVA Market Place apartments, with 222 units. Both communities are expected to be open by the summer of 2019. Proposed rents are not yet available.

Housing Affordability: Rental

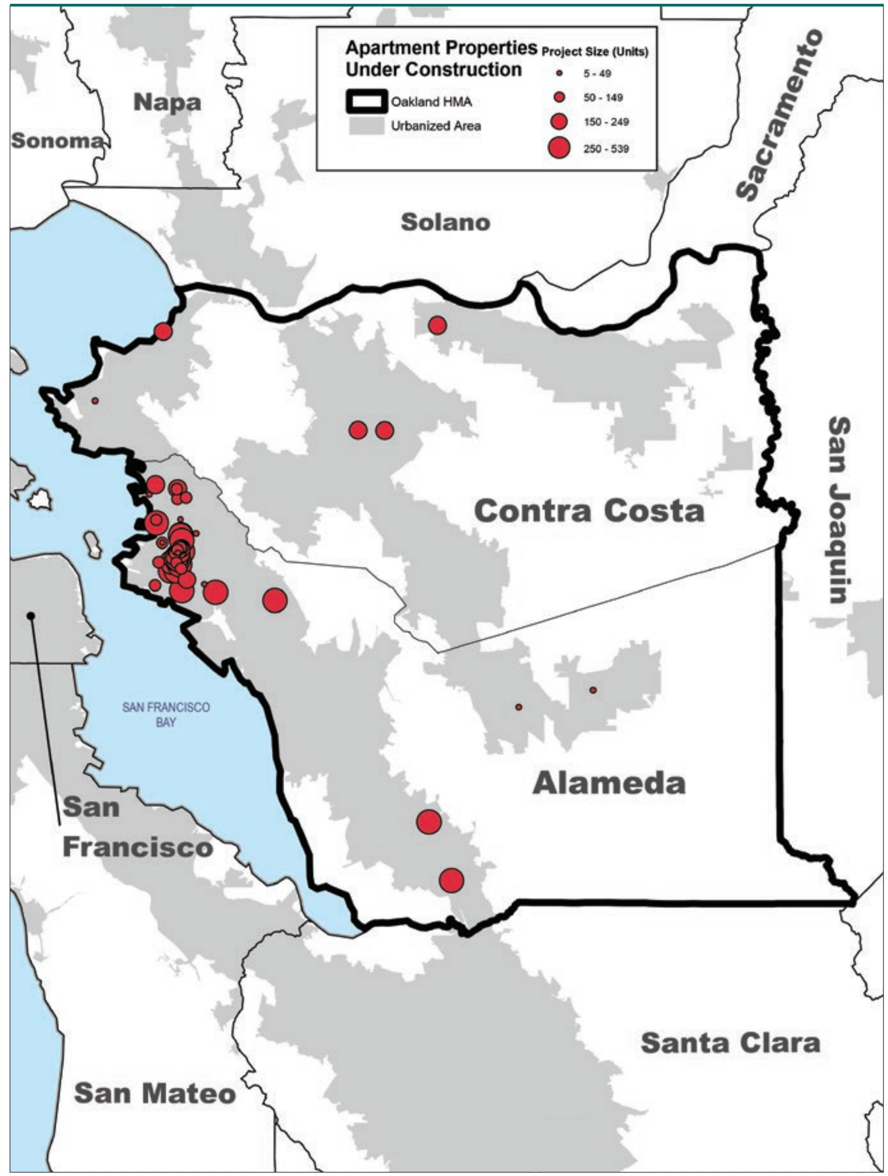
Rental affordability in the Oakland HMA has trended upward since 2014, with income growth generally outpacing rent growth due to an influx of high-income earners. Affordability remains an issue for many rental households in the HMA, however. The median gross monthly rent in the HMA rose 16 percent from $1,348 in 2014 to $1,566 in 2017. During the same period, the median household income for renter households increased 20 percent from $47,400 to $56,700. 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 trended upwards since 2014 (Figure 14). The index was 90 during 2017, up from 87.9 in 2014, but below the high of 92.5 in 2009, during the height of the foreclosure crisis when many foreclosed properties were converted into rental units.

Figure 14. Oakland HMA Rental Affordability



Note: Earliest data available; gross rent and median income change is not available for 2009.
Source: American Community Survey, 5-year data

Map 2. Apartments Projects Underway in the Oakland-Hayward-Berkeley HMA



Source: CBRE Econometric Advisors

Despite the recent increase in affordability, the percentage of cost-burdened households in the HMA is notably higher than for the nation. During the 2011-through-2015 period, an estimated 23.5 percent of all renter households in the HMA were cost burdened, spending between 30 and 49 percent of their income on rent, while 25.1 percent were severely cost burdened, spending more than 50 percent of income towards rent (Table 9). Nationwide, a smaller proportion of renter households were cost burdened and severely cost burdened, at 22.0 and 23.8 percent, respectively. Cost burdens are also particularly notable for lower-income renter households in the HMA. For renter households with incomes less than 50 percent of the Area Median Family Income (AMFI), 26.7 percent were cost burdened, but a majority of households at these income levels, or 53.9 percent, were severely cost burdened. By comparison, nationwide, 25.7 percent of lower-income renter households were cost burdened and 50.2 percent were severely cost burdened.

A number of local and statewide policy initiatives are underway to address the severe affordability issues that the Oakland HMA is experiencing. Examples include California Senate Bill 680, which extended the surrounding distance for transit-oriented development (TOD), and was signed into state law in July 2017. Bay Area Rapid Transit (BART), one of the HMA's primary public transportation networks, may be able to partner with public agencies that hold underutilized land with the potential to add over 16,000 housing units to the Bay Area housing supply over the next 20 years as a result of the bill's passage. As of February 2019, 1,872 TOD units were built on BART property, 15 percent of which were affordable, and all units were within the HMA (Bay Area Rapid Transit). An additional 1,900 units are in the planning pipeline, and one-third of those units will be considered affordable. Cities within the HMA have also reduced local regulatory barriers in an effort to expand the amount of housing construction. In Oakland, the city reduced parking requirements for new residential and commercial developments starting in 2016, which significantly reduced developer costs to build. The Bay Area Economic Council estimates that an additional 1,339 households will be able to live in the county as a result of the estimated increase in housing construction from this policy. In Berkeley, the city voted in 2017 to explore zoning changes on minimum size requirements, paving the way for proposals to construct 100 stackable, 160-square-foot micro units that would cost $1,000 per month to rent. Rent would be covered by combined payments from the city, tenants, and a nonprofit that would operate the units. An estimated 335 additional households would be able to live in the HMA as a result of the policy change (Bay Area Economic Council).

Table 9. Percentage of Cost-Burdened Renter Households by Income in the Oakland HMA and the Nation, 2011–2015

	Cost Burdened		Severely Cost Burdened	
	Oakland HMA	Nation	Oakland HMA	Nation
Renter Households with Income <50% AMFI	26.7	25.7	53.9	50.2
Total Renter Households	23.5	22.0	25.1	23.8

AMFI = Area Median Family Income.
Notes: "Cost burdened" are those households who spend 30–49 percent of their income on rent. "Severely cost burdened" are those households who spend more than 50 percent of their income on rent.
Sources: Consolidated Planning/CHAS Data; 2011–2015 American Community Survey, 5-year estimates (huduser.gov)

The Low-Income Housing Tax Credit (LIHTC) program is the primary source of funding for new affordable rental housing in the nation. From 2010 to 2016, 7,575 LIHTC units have been placed in service in the HMA, with almost all units reserved for households with incomes at or below 60 percent of the median family income (MFI; $74,400 for a family of four in 2019). Of these, 29 percent were reserved for seniors. By comparison, from 2000 through 2009, 13,800 LIHTC units were placed in service in the HMA, again with almost all units for households with incomes at or below 60 percent of MFI and 26 percent of units reserved for seniors. Approximately 3,100, or 41 percent, of all LIHTC units placed in service in the HMA since 2010 are located in the city of Oakland. Recently completed LIHTC projects include the 145-unit Stoneman Village in the city of Pittsburg, placed in service in 2016.

In addition to LIHTC, income eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCV) through the local public housing authority (PHA). The PHAs in the HMA administered approximately 30,400 HCVs in 2018 (Table 10). Some HCV holders report difficulty in obtaining a suitable unit at affordable rents. In the 5 days that the waiting list was open in 2011, over 53,000 pre-applications were received by the Oakland Housing Authority for 10,000 lottery spots. By 2020, the housing authority expects to re-open the waiting list after working through nearly 8,000 of the households on the waiting list throughout the 9-year period (Oakland Housing Authority). Within the Oakland HMA, there are nearly 13,700 subsidized units through PBRA and other programs. The number of households that are receiving federal rental assistance and that have an HCV in the HMA have increased by 7.4 and 11.0 percent, respectively, since 2010 (Table 10). To address the growing number of assisted households with rising costs, the (inflation adjusted) rent subsidy from HUD increased 13.9 percent since 2010 in the HMA; during the same time the (inflation adjusted) tenant contribution for HCV declined 7.2 percent. By comparison, the total number of assisted and voucher households expanded by respective averages of 4.5 and 11.6 percent nationwide, while the inflation-adjusted HUD subsidy declined 1.4 percent and the inflation-adjusted tenant contribution increased 1.2 percent, since 2010.

Table 10. Picture of Subsidized Households in the Oakland HMA and the Nation, 2018

	Oakland HMA	Oakland HMA Change Since 2010 (%)	National Total	National Change Since 2010 (%)
Total Assisted Households (2018)	44,091	7.4	4,628,247	4.5
Total Housing Voucher Households (2018)	30,376	11.0	2,276,722	11.6
Average HCV Tenant Monthly Contribution	$530	-7.2	$379	1.2
Average Monthly HUD Subsidy	$1,563	13.9	$793	-1.4

HCV = housing choice voucher.
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)

In the Oakland HMA, approximately 7,725 people were homeless in 2018, and nearly 70 percent were unsheltered homeless (2018 Point-in-Time Count). Similarly, about 69 percent of homeless persons in California were unsheltered.

Forecast

During the next 3 years, demand is expected for an additional 16,100 rental units (Table 11). The 10,100 units currently under construction are expected to meet a portion of demand. Rental demand is expected to be greatest during the first year of the forecast period and gradually slow as economic growth tempers and population growth slows.

Table 11. Demand for New Rental Units in the Oakland HMA During the Forecast Period

Rental Units	
Demand	16,100 Units
Under Construction	10,100 Units

Note: The forecast period is May 1, 2019, to May 1, 2022.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Demand	The demand estimates in the analysis are not a forecast of building activity. They are the 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. The estimates do not account for units currently under construction or units in the development pipeline.
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.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family homes, multifamily homes, and mobile homes.
Forecast Period	5/1/2019–5/1/2022—Estimates by the analyst
Cost Burdened	Spending more than 30 percent of household income on housing costs.

B. Notes on Geography

1.	The metropolitan division definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB 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.

D. Photo/Map Credits

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