



BEACONECONOMICS

The Future of Housing Demand in San Jose:

2008-2040

Assessing Housing Land Needs: Purpose

- Provide an estimate of future residential development and land area needed to accommodate growth through 2040
- In a way that is consistent with:
 - Projected population growth (CCSCE)
 - San Jose development patterns and trends

Assessing Housing Land Needs: Methods

- **Forecast population growth**
 - Implies an increase in number of households
 - Each of which requires a separate housing unit
- **Establish the types of units to be built**
 - Single-family vs. multiple-family
 - Density (units per acre)
- **Combining these elements provides an indication of acreage requirements**

Outline

- Describe today's housing market
- Forecasting housing needs
- Forecasting requirements by housing type
- Forecasting acreage requirements

Housing Stock (2008)

Housing Stock = Occupied Units + Vacant Units

According to the California DOF (2008) :

- **Occupied: 301,892 units**
- **Vacant: 5,722 units**
- **Total: 307,614**

Occupied Units (2008)

Occupied units = Owned units + Rented units

According to the 2007 Census Bureau's American Community Survey (ACS), San Jose has:

- 61.8% of occupied units are owned

= 186,569 units



- 38.2% of occupied units are rented

= 115,323 units



301,892
Occupied
Units

Occupancy by Type

- Owner Occupied

Type	Share(%)
SF Detached	56.7
SF Attached	10.3
2 Units	2.2
3-4 Units	6.8
5-9 Units	5.5
10+ Units	18.5

- Renter Occupied

Type	Share(%)
SF Detached	23.0
SF Attached	7.2
2 Units	4.4
3-4 Units	11.1
5-9 Units	12.3
10+ Units	42.0

Housing Needs: New Households

	2008 Actual	2020	2025	2030	2035	2040
Total HH	301,892	376,283	400,788	424,383	445,875	471,695
New HH	-	74,391	24,505	23,595	21,492	25,820
Cumulative Increase		74,391	98,896	122,491	143,983	169,803

- Draws upon population forecasts from CCSCE

New Housing: Vacancies

Currently:

- DOF estimate of vacancy rate = 1.86%

In equilibrium:

- 2% of owner-occupied units are vacant
 - 2% of 186,569 = 3,731
- 5% of renter-occupied units vacant
 - 5% of 115,323 = 5,766

Market
Equilibrium
Vacancy Rate:
3.15%

Housing Stock (Forecast)

	2008 Actual	2020	2025	2030	2035	2040
Occupied	301,892	376,283	400,788	424,383	445,875	471,695
Vac. Rate	1.86	3.15	3.15	3.15	3.15	3.15

Occupied Units = Household growth, according to CCSCE forecasts

Vacancy rate is assumed = 3.15% of total stock

Total Housing Forecast = Occupied Units + Equilibrium # of Vacancies

	2008	2020	2025	2030	2035	2040
Total Housing	307,614	388,506	413,807	438,168	460,357	487,016

Undersupply

	2008	2020	2025	2030	2035	2040
Total Housing	307,614	388,506	413,807	438,168	460,357	487,016
Vacancy Rate	1.86	3.15	3.15	3.15	3.15	3.15
Undersupply	4,084	0	0	0	0	0

New Vacancies

	2008-2020	2021-2025	2026-2030	2031-2035	2036-2040
Vacant	6,501	796	766	698	839
Undersupply	4,084	0	0	0	0

- Vacancies in each period = new vacant units + undersupply

Total Housing Requirements

	TOTAL	2008-2020	2021-2025	2026-2030	2031-2035	2036-2040
New HHs	169,803	74,391	24,505	23,595	21,492	25,820
Vacant Units	9,600	6,501	796	766	698	839
Total	179,403	80,892	25,301	24,361	22,190	26,659

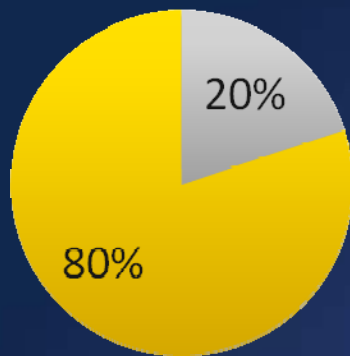
- According to projected household growth and the equilibrium vacancy rate, 179,403 total units will need to be built between 2008 and 2040.

Average Annual Growth

Period	# of Units
2008-2020	6,222
2021-2025	5,060
2026-2030	4,872
2031-2035	4,438
2036-2040	5,332

Projected Residential Development

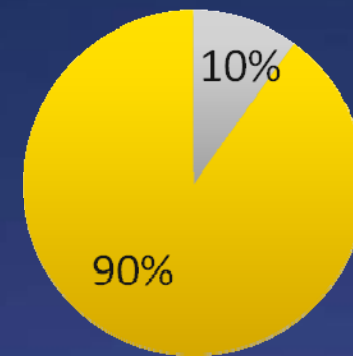
2008-2030



■ Single-Family

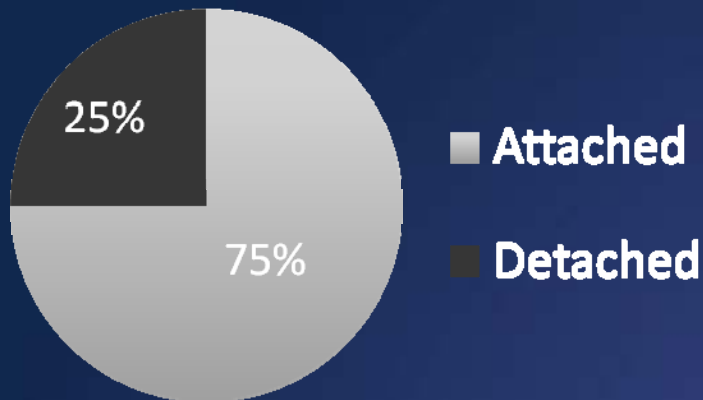
■ Multi-Family

2031-2040

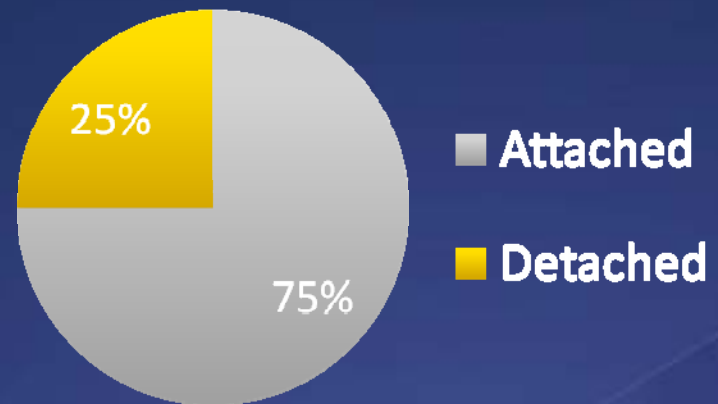


Single-Family

2008-2030

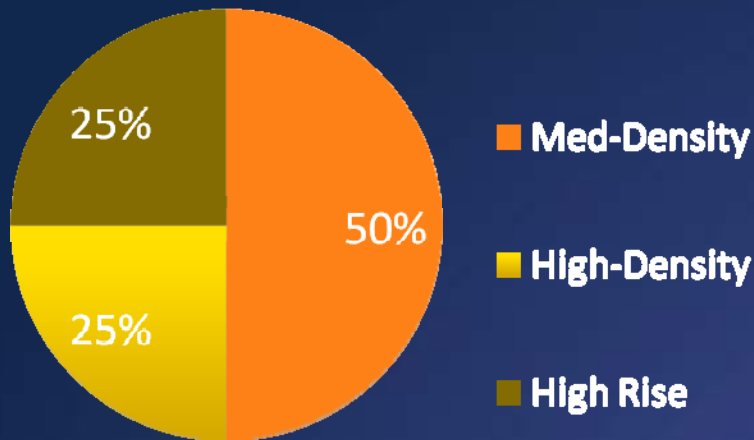


2031-2040

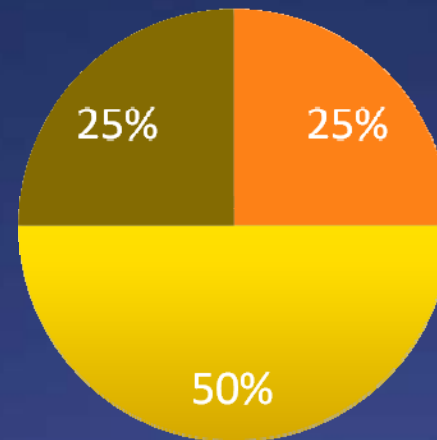


Multi-Family

2008-2030



2031-2040



Projected Housing by Unit Type

Housing Type	Total Growth	Unit Growth 2008-2030	Unit Growth 2031-2040
Single-Family	30,996	26,111	4,885
<i>Attached</i>	23,247	19,583	3,664
<i>Detached</i>	7,749	6,528	1,221
Multi-Family	148,407	104,443	43,964
<i>Med-Density</i>	63,213	52,222	10,991
<i>High-Density</i>	48,093	26,111	21,982
<i>High Rise</i>	37,102	26,111	10,991
TOTAL	179,403	130,554	48,849

Projected Land Demand

Housing Type	Total Units	Average Density (Units per Acre)	Acres Required
Single-Family	30,996		1,421
<i>Attached</i>	23,247	30	775
<i>Detached</i>	7,749	12	646
Multi-Family	148,407		2,153
<i>Med-Density</i>	63,213	50	1,264
<i>High-Density</i>	48,093	75	641
<i>High Rise</i>	37,102	150	247
TOTAL	179,403		3,573

Land Demand by Period

Period	# Acres	Annual Average # Acres
2008-2020	1,712	131.7
2021-2025	536	107.1
2026-2030	516	103.1
2031-2035	368	73.6
2036-2040	442	88.4

Conclusions

- Projected 169,803 household growth by 2040
- Resulting need for 179,403 new dwelling units
- Stronger relative growth of multi-family units
- Projected land demand of 3,573 acres
 - 105 acres per year