

SECTION 3 - REGIONAL HOUSING CONTEXT

3.0 REGIONAL HOUSING

The city's ability to meet its share of the regional housing need is addressed in Section 6. The city will meet and exceed its regional fair share allocation for this planning period. The State Department of Housing and Community Development (HCD) provides each regional Council of Governments (COGs) its share of the statewide housing need. In turn, all COGs, including the Sacramento Area Council of Government (SACOG), are required by State law to determine the portion allocated to each jurisdiction in the region. This allocation process is referred to as the Regional Housing Needs Plan (RHNP) by Sacramento Area Council of Governments. The plan allocates to cities and counties in the SACOG region their "fair share" of the regions' projected housing needs by household income groups over the five-year planning period of each jurisdiction's housing element. The region's current five-year planning period started July 1, 2002 and will end June 30, 2007. There was an Interim Planning Period, which covered January 1, 2000 through June 30, 2002.

The RHNP methodology takes into account growth in both households and jobs. In allocating the overall regional growth to individual jurisdictions, SACOG attempts to achieve a geographic balance in terms of jobs and housing growth and to avoid an over concentration of lower income housing. SACOG indicates that the following areas are considered in assigning regional housing needs:

- Market demand for housing,
- Type and tenure of housing,
- Employment opportunities,
- Commuting patterns,
- Suitable sites and public facilities,
- Loss of assisted multifamily units,
- Avoiding further concentration of lower income households, and
- Special housing needs.

3.1 JOB/HOUSING BALANCE

A balance in each community between the number of employed residents and jobs is believed to minimize total travel in a metropolitan area. However, other factors influence the in and out-commute of residents of any community. These factors include types of jobs, cost of housing,

and proximity to employment centers. The 2001 General Plan eliminated policies regarding job/housing balance, which were in the 1987 General Plan. The City Council made the decision to remove job/housing balance policies from the 2001 General Plan based on numerous studies and perspectives it considered during the General Plan update process. The decision recognized that other policies and efforts, while not explicitly referring to job/housing balance, are directed at maintaining a job/housing balance in the city.

The city believes that job/housing balance may not be a good indicator of potential transportation and air quality impacts when applied on a city-by-city basis. Davis exists in a regional employment and housing market area that cannot be accurately described by a simple ratio between the number of jobs produced in the city and the number of people living in it. Several factors contribute to the availability of housing and affect people's decisions about where to live and work, which include:

- Availability of housing at a range of costs commensurate with the profile and salaries of the jobs that are available
- Perceived quality of life afforded by the community
- Number of workers in the household
- Commute time and distance to other employers
- Tele-commuting opportunities, and
- Schools.

Davis is uniquely located in the Central Valley of California in relation to job/housing balance analysis. It is located 15 miles west of Sacramento. It is separated from surrounding cities in the Counties of Yolo and Solano by 10 to 15 miles. According to Census 2000, the mean travel time to work for Davis residents is 20.6 minutes. The 2000 U.S. Census data concerning “journey to work” for Davis residents is shown in Table 3 below. At this time, detailed data indicating the place of residence for local workers is not available.

In February of 2003 the City Council commissioned an Internal Housing Needs Projections 2000 to 2015 Study, which was conducted by Bay Area Economics (BAE). Table 3 below is from this study. The study analyzed whether the housing market conditions, (e.g., a scarcity of relatively affordable for-sale homes, extremely low rental vacancy rates) in Davis appear to discourage local workers from living near their place of work, and if so, to estimate the number of households that include people currently employed within Davis but live outside the city who might select housing within Davis if appropriate housing options were available. As the table below shows, the study found that there were 31,165 employed local residents, and 13,906 of them either worked at home or commuted less than 15 minutes. This represents 44.6 percent of the working Davis population. The study conservatively defined the number of local residents who work locally as those who commute less than 15 minutes to work. The table also contains journey to work data for residents of the Sacramento Region (Sacramento-Yolo CMSA) as a whole, indicating that a much smaller percentage, 29.8 percent, commute less than 15 minutes to work.

The BAE study estimated the number of jobs in the Davis area at 29,542 using SACOG employment projection data. This includes jobs at UC Davis. The number of Davis residents

who worked locally (13,906) was subtracted from 29,542. This provided the estimated workers that commuted 15 minutes or more. The result is approximately 15,600 jobs, or 52.9 percent of Davis area jobs. The study concludes that regionally 70.2 percent of workers commute 15 minutes or more. Thus, it appears that as a group, people who work in the Davis area are more likely to live within 15 minutes commute of their workplace than residents of the region who work elsewhere in the region. The study stated that this suggests that on a gross level, there is not a significant pent-up demand from existing Davis workers who live elsewhere for housing in Davis, as would be indicated if there were an excessive proportion of in-commuters. Table 3 below summarizes the Davis and Sacramento Region commute pattern.

TABLE 3 - 2000 Commute Times, Davis Residents				
	Davis		Sacramento Region (a)	
	Number	Percentage	Number	Percentage
Total Employed Residents	31,165	100.0%	799,989	100.0%
Employed Residents Who Did Not Work at Home	29,958	96.1%	767,710	96.0%
Travel Time to Work				
Employed Residents Who Worked at Home	1,207	3.9%	32,279	4.0%
Less than 10 minutes	5,636	18.1%	94,668	11.8%
10 to 14 minutes	7,063	22.7%	111,401	13.9%
Sub-total, residents working locally	13,906	44.6%	238,348	29.8%
15 to 19 minutes	4,821	15.5%	122,312	15.3%
20 to 24 minutes	3,939	12.6%	123,642	15.5%
25 to 29 minutes	2,015	6.5%	52,019	6.5%
30 to 34 minutes	2,912	9.3%	113,986	14.2%
35 to 44 minutes	1,224	3.9%	47,593	5.9%
45 to 59 minutes	987	3.2%	50823	6.4%
60 to 89 minutes	622	2.0%	29212	3.7%
90 or more minutes	739	2.4%	22054	2.8%
Sub-total, residents commuting	17,259	55.4%	561,641	70.2%
Mean travel time to work (minutes)	20.6		25.6	
Total In-Commuter Workers in Davis				
Number of Davis Residents Working Locally	13,906		47.1%	
Total In-Commuter Workers	15,636		52.9%	
Note:				
(a) Sacramento Region includes El Dorado, Placer, Sacramento, and Yolo Counties				
(b) Includes workers in the City of Davis and UCD employees				
(c) Working locally is defined as having a commute time of less than 15 minutes. According to the Census Journey to Work file, 4,493 people bike to work and another 1,440 walk. If any of these residents' commute times are greater than 15 minutes, the number of in-commuters is overstated.				
Sources: Compiled by Bay Area Economics; 2000 Census				

Conclusively, the study found people are free to choose where they live and work. This choice is usually based on a wide range of variables, including community character, cost of housing and transportation and family requirements. Therefore, job/housing balance is difficult to achieve through regulatory measures. There are simply too many variables affecting individual live/work decisions. Although, job/housing balance is an important goal, it is one that cannot be achieved to any significant degree through regulatory means in Davis. Establishing a reasonable balance between land designated for housing and job-producing sites is one of the tangible ways to address the issue. Davis has chosen this option.

3.2 EMPLOYMENT TRENDS

Evaluation of employment and labor force issues within the Davis area brings home the importance of the University of California as a local employer. The University employs 17,000 persons. The total employment of the next nine largest employers is fewer than 3,000 non-seasonal positions. In its Internal Housing Needs Projections 2000 to 2015 (February 19, 2003) report, Bay Area Economics (BAE) estimated that there were 29,542 jobs in the Davis area, which include UC Davis. Table 4 contains Davis area major employers with over 100 employees.

TABLE 4 - DAVIS AREA MAJOR EMPLOYERS (With Over 100 Employees)			
Employer	Product or Service	Employment (no seasonal)	Percent of Total
UC Davis* (no Med. Ctr.)	Education and Research	17,000	57.54%
DJUSD	Education	800	2.71%
City of Davis	Government	423	1.43%
Sutter Davis Hospital	Health Services	385	1.30%
Safeway	Groceries	260	0.88%
Nugget Market	Groceries	202	0.68%
PGE	Utilities	155	0.52%
USDA	Conservation/Agri. Research	220	0.74%
Davis Coop	Groceries	120	0.41%
Davis Ace Hardware	Hardware and Household Sales	110	0.37%
Z-World	Technology	105	0.35%
Sub-total for Employers with over 100 employees		19,780	66.95%
Davis Total Employees per BAE Report		29,542	100

Source: City of Davis Economic Development Division Last Revised in April 2002; BAE 2003 Internal Housing Needs Analysis

University employment is anticipated to increase proportionally with the increase in student enrollment. Student enrollment at UC Davis will be on the increase during the planning period of this Housing Element and beyond. The draft UC Davis Long Range Development Plan (LRDP) released for public comments on May 5, 2003, indicates that for the School Year 2002-

03 through 2003-04, student population will be 26,850, and by 2015-16, 30,000. According to UC Davis representatives and the draft Long Range Development Plan, to teach and provide services for these additional students about 2,500 new faculty and staff will be added to the campus by 2015-2016 School Year. The draft UC Davis 2003-15 LRDP also states that the UC Davis enrollment is planned to increase to 32,000 in 2015-16. The draft LRDP indicates that the campus population growth will result in approximately 5,130 new students and 4,000 new faculty and staff over 2001-02 levels in 2015-16. It also states that this increase does not include potential population growth that may result from the 38-acre planned Research Park at UC Davis. It is anticipated that this 38-acre Research Park will accommodate about 480,000 square feet of building space with capacity for up to 1,400 non-university employees. Construction of the first project phase of the Research Park is expected to begin in Summer of 2004 and completed in Summer of 2005. The construction on the remaining portions of the Research Park are anticipated to begin in 2005 and potentially completed in 2015.

The BAE February 2003 report indicates that about 4,688 additional faculty and staff could be added due to the UC Davis enrollment increases. The BAE report does not state whether this figure includes the planned 38-acre Research Park at UC Davis. Staff has no explanation for the difference between the projected employment numbers in the BAE report as compared to the UC Davis LRDP. However, it is known that the University has committed to exploring opportunities for encouraging university employees to live in Davis. UC Davis is evaluating opportunities to construct a new neighborhood. This would provide additional housing opportunities on campus land for faculty, staff, and students. The draft LRDP indicates that in 2001-02 the campus Student Housing accommodated approximately 5,800 students, or 23 percent of the student population. The draft LRDP indicates that total on-campus student housing planned will accommodate approximate 36 percent of student population through 2015-16. It also contains designated land for development of approximately 500 faculty/staff housing units.

Potential development of vacant commercial and/or industrial sites in Davis will provide opportunities for additional employment in the area. At this time, the city cannot determine to what extent new developments will result in new employment, as opposed to relocation of existing employment centers or housing growth, which has already been projected.

Appendix D of the BAE February 2003 report (not included to this document) shows that the city's 2010 projected total cumulative new employees for office / business park will be 1,152.

3.3 INCOMES AND HOUSEHOLD AFFORDABILITY

Evaluating the match between jobs and housing is especially difficult because of variations in household composition. Table 5 below shows incomes and housing affordability levels for selected employee positions in the Davis area. A household affordability standard of 30 percent of the gross monthly income is used to calculate typical monthly housing cost for each position. On this basis, a typical teacher can afford to pay \$1,020 per month and an Associate Planner can afford to pay \$1,280 for housing monthly. An Associate Professor can afford to pay \$1,650 towards rent or mortgage.

However, the above income explanation is incomplete. This is because of the varying composition of households. Table 5 is not intended to show that the households of these employees cannot afford to pay more than the amounts shown for rent or mortgage. Many people are living with someone who is also employed or has another source of income. For instance, a teacher living with a firefighter would have a combined household monthly income of \$6,694. Thus, they could afford a monthly housing cost of \$2,008 (using 30 percent of gross monthly income as a factor). Other factors that influence how much a person pays for rent or mortgage include individual preferences and circumstances, household situations, other available sources of income (such as trust fund), and the nature of mortgage or rent contract.

TABLE 5 - Selected Employee Salaries and Affordable Housing Costs			
Position	Monthly Salary	Annual Salary	Maximum Monthly Housing Cost
UC Davis			
Accounting Manager/Assistant III	\$3,095	\$37,140	\$929
Administrative Assistant I	\$2,806	\$33,672	\$842
Associate Professor	\$5,500	\$66,000	\$1,650
Groundskeeper	\$2,292	\$27,504	\$688
Davis Joint Unified School District			
Teacher	\$3,400	\$40,800	\$1,020
City of Davis			
Associate Planner	\$4,265	\$51,180	\$1,280
Firefighter II	\$3,294	\$39,528	\$988
Park Maintenance Worker I	\$2,656	\$31,872	\$797
Senior Office Assistant	\$2,651	\$31,812	\$795
Others			
Checker, Safeway	\$2,720	\$32,640	\$816
Checker, Nugget	\$2,500	\$30,000	\$750
Customer Service Representative, PG&E	\$3,014	\$36,168	\$904
Note: Monthly salary costs consist of salary only, NOT benefits. Salaries are midpoint of salary ranges.			
Source: City of Davis, Planning and Building Department			

Section 5 of this document further discusses housing affordability. The level of housing affordability for a household depends on numerous factors. Some of the factors include whether the combined household income is within a certain income range, the total financial circumstances of the household, the household's interests regarding renting versus ownership, housing size, and the preferred location for residence. For instance, a household that has significant debt-ratio, such as outstanding student loan, on-going medical bills, extended dependents, and other financial burdens may not necessarily be able to afford to live within the presumed affordable units based on the household income.