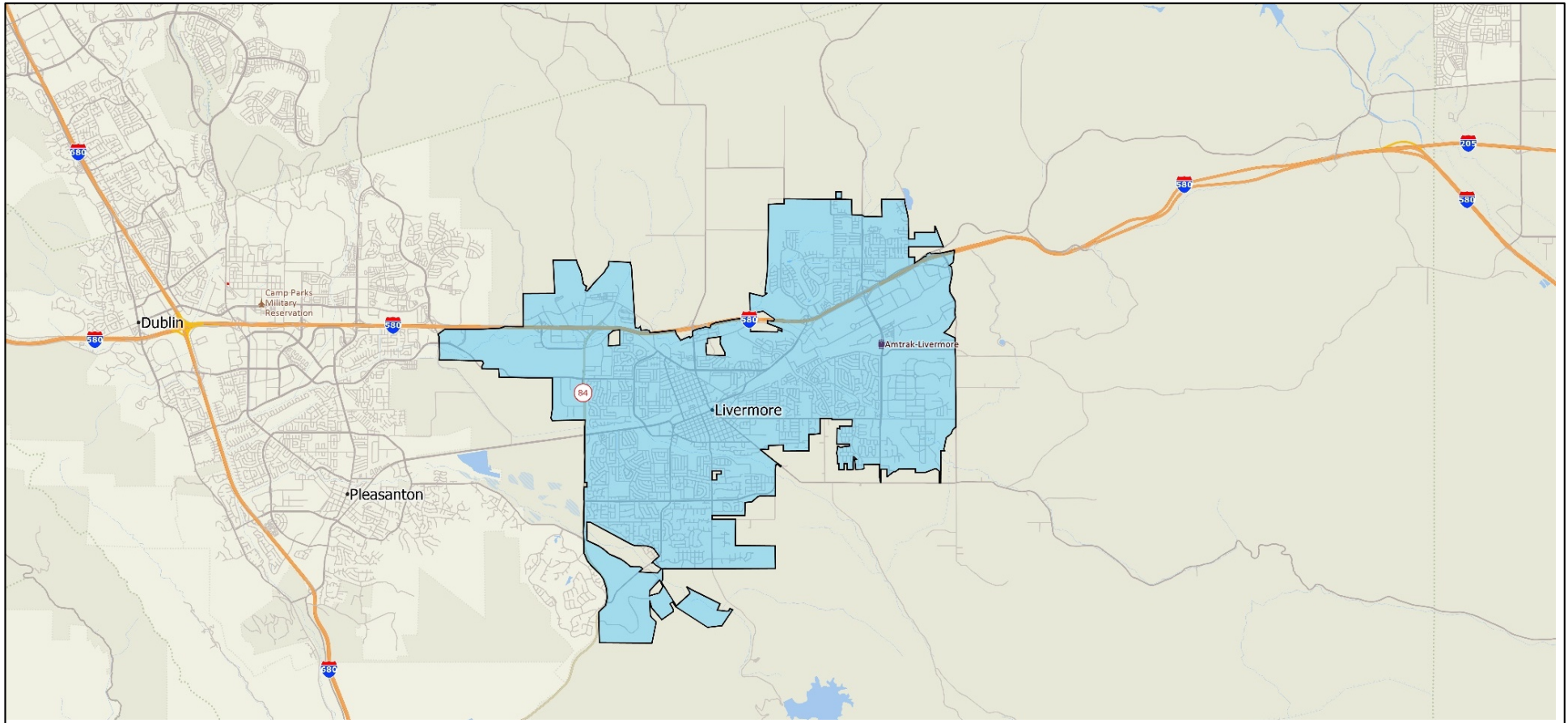


Housing Affordability and Displacement

City of Livermore



Livermore Housing Displacement Report

Executive Summary

This study demonstrates that residential displacement has occurred, is occurring and is at a high risk of occurring for lower-income households in the City of Livermore. The study documents the economic and housing market conditions that are contributing to residential displacement in Livermore with a particular focus on lower-income households that would be eligible to occupy affordable rental housing funded by the 2016 Alameda County bond measure, Measure A1.¹ This finding is supported by an analysis of historical trends and current conditions that have dramatically affected the availability and affordability of rental housing in the City of Livermore and Alameda County.

In summary, the analysis presented in this report indicates the following:

- Lack of housing production and rapid increases in housing costs throughout the Bay Area, have increased displacement pressures for lower income households, as new employment growth in the Bay Area, including in Alameda County and Livermore, has intensified the demand for housing in Livermore.
- A substantial proportion of Livermore jobs are for lower wage workers, and many industries experiencing job growth in Livermore and Alameda County include businesses with lower wage jobs, increasing the demand for housing affordable to low income households. Livermore has an increasing number of higher income households, with a growing number of workers who are commuting to higher paying jobs outside of Livermore, which is intensifying local housing demand and displacement pressures.
- Hundreds of lower-income residents in Livermore, particularly low income renter households, are vulnerable to being displaced. The number of households paying over 35% of their income on rent and the number of overcrowded households in Livermore, particularly those who are severely overcrowded, has increased compared to Alameda County since 2010. A higher percentage of low income households in Livermore are cost-burdened compared to the County.
- Livermore has thousands of residents with special housing needs, including many large families, seniors, and persons with disabilities. Livermore has a higher proportion of households with single female heads of household in comparison to Alameda County, and it has comparable proportions of senior and large households. These households have special housing needs, are particularly vulnerable to displacement and experience significant difficulties when they no longer can access services, or their children can no longer continue their education in local schools.
- Lower income households in Livermore are more diverse in terms of race and ethnicity compared to all Livermore households, which is consistent with what is experienced countywide.
- Problems of homelessness are intensifying in Livermore and in the Tri-Valley, and many service providers are spending significant proportions of their budgets on rent assistance and emergency housing assistance for households at risk of being evicted and displaced.
- New housing development has not kept pace with employment growth in Livermore, and multifamily housing development has lagged behind Alameda County as a whole. Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness.
- Without additional affordable apartment developments being constructed in Livermore that are affordable to and prioritized toward existing lower-income residents, displacement pressures will continue, and it will be very difficult for the diverse population of existing lower income households to continue to reside in Livermore.
- Implementation of a local live/work preference is critical to ensuring that lower income residents with varied racial backgrounds who would be eligible for affordable rental housing funded by Measure A1, would be provided, and not denied, access to these limited affordable housing opportunities.
- Based on the data presented in this study, having a local Livermore preference will not limit access to housing by any individual protected class. Consequently, any civil rights concerns/discriminatory impacts in violation of the Federal Fair Housing Act and Title VI regulations are minimized because the income-eligible population for affordable rental developments are more diverse in terms of race and ethnicity as compared to the Tri-Valley's general population.

¹This study is intended to meet the Measure A1 implementation policies for the Rental Housing Development Fund & Innovation and Opportunity Fund adopted by Alameda County Board of Supervisors in November 2017 to enable the City of Livermore to implement a subregional live/work preference policy: *...should a city wish to implement a sub-regional live/work preference policy for a portion of the units in a project, the city must...complete a study and one or more findings which demonstrate city-level residential displacement is occurring and/or is at high risk of occurring and a need for a sub-regional live/work preference is needed to respond to or prevent displacement...*

Finding #1 – Lack of housing production and rapid increases in housing costs throughout the Bay Area, have increased displacement pressures for lower income households, as new employment growth in the Bay Area, including in Alameda County and Livermore, has intensified the demand for housing in Livermore. (Pages 12-34 of the report present supporting technical data for this finding.)

- Housing production, particularly for multifamily housing, has not kept pace with employment growth during the past decade in Livermore, Alameda County and the Bay Area as a whole. As new housing construction has lagged demand, home prices and rents have risen dramatically.
 - From 2010 to 2017, almost 5 jobs were created in Livermore for every housing permit that was issued, and Livermore's jobs/housing gap is much greater than Alameda County's as a whole. The widening gap between housing and job production in the Bay Area has further intensified housing pressures in Livermore.
- Development in Livermore has historically been focused more heavily towards single family housing. Production of single family homes peaked in 1997, while multifamily production peaked in 1989. Neither of these product types has seen a return to peak housing production.
- Since 2010, new housing production in Livermore has slowed significantly and has occurred at a much slower pace than the growth in jobs. This is particularly true for multifamily housing. Between 2010 to 2017, multifamily housing permits averaged about 50 units per year in Livermore, representing only 22% of all housing permits.
- Housing vacancy rates have declined significantly since 2010 when the average vacancy rate in Livermore was 4.0% and 6.4% countywide.
 - In 2018, vacancy levels in Livermore had declined to 1.7% and were significantly lower than the countywide vacancy rate of 4.1%. The current Livermore vacancy rate is significantly below a 5% vacancy level that is considered by economists to represent a stable housing market for apartments.
- The slow rate of housing production in Livermore, as well as in Alameda County and the Bay Area, coupled with declining vacancy rates has resulted in a tight local housing market in Livermore, as well as many parts of the Bay Area.
 - Housing prices and apartment rents have increased rapidly since 2010 in Livermore and Alameda County, while household incomes have not kept pace.
 - In 2017, the median price for a two bedroom home in Livermore was about \$571,000, and median prices increased by 97% since 2010.
 - During the same time period, two-bedroom rents increased by 44% while median household income only increased by 16% in Livermore.
 - From 2017 to 2018, median prices for two bedroom homes in Livermore increased by an additional 7% to about \$612,000.
 - While the growth in home prices and rents in Livermore has followed similar patterns to Alameda County, the gap between household incomes and the cost of housing has widened in Livermore compared to the County.
- According to Costar data, average monthly rents in 2018 are about \$2,200 for two bedroom institutional grade apartments in Livermore, which would be affordable to households earning \$88,000 or more according to a 30% rent to income ratio per Federal affordability standards.
- Both Alameda County and Livermore have about the same average household size (2.8 persons per household) as the Bay Area as a whole.
- According to HUD, a typical low income, three person household in Alameda County had an income of about \$72,000 in 2017 and \$81,000 in 2018.
 - For purposes of this report, low income households in both Alameda County and Livermore are defined as those households with incomes at \$75,000 and below, which is one of the defined income tiers in the US Census and ACS. A typical household is assumed to occupy a two bedroom unit.
 - Market rents for a two bedroom apartment and median home prices for two bedroom homes in Livermore and Alameda County are not affordable to low income households earning \$75,000 or less according to Federal affordability standards.
- While the data and analysis in this report build on the work of the Bay Area Urban Displacement Project, this report utilizes more recent data from the 2017 American Community Survey and other current data sources to show how rising housing costs and other economic shifts in the region, Alameda County and Livermore are increasing displacement pressures for low-income households, especially people of color and those with special housing needs.

Finding #2 –A substantial proportion of Livermore jobs are for lower wage workers, and many industries experiencing job growth in Livermore and Alameda County include businesses with lower wage jobs, increasing the demand for housing affordable to low income households. Livermore has an increasing number of higher income households, with a growing number of workers who are commuting to higher paying jobs outside of Livermore, which is intensifying local housing demand and displacement pressures. (Please see pages 35-39 for supporting technical data for this finding.)

- About 17,000 jobs in Livermore provide annual earnings to workers of \$40,000 or below, or about 35% of primary jobs in the City compared to 39% in the Alameda County in 2017. These lower wage workers cannot afford typical market rents.
 - A household with one lower-wage worker would be considered very low income and would not be able to afford a typical market rate apartment in Livermore.
 - Similarly, households with two lower-wage workers would not be able to afford a typical apartment or purchase a home in Livermore.
- From 2010 to 2017, a substantial portion of the growth in primary jobs in Livermore occurred in industries that typically have lower wages– retail trade, wholesale trade, manufacturing, accommodation and food services, and administration & support.
 - Employment growth in these five industries was approximately 6,700 jobs in Livermore during this period.
 - These industries represented 77% of the City's job growth of about 8,800 jobs, which means that a growing proportion of new workers likely have lower wage jobs.
 - While these industries also grew in the County, Livermore experienced a faster overall employment growth rate in these five industries than the County.
- The Bay Area, Alameda County and Livermore have experienced a dramatic shift in incomes and rising income inequality as a direct result of rapid economic growth.
 - Higher income earning households from the greater Bay Area - in response to the housing shortage - have moved into areas with relatively lower housing costs like Livermore, significantly changing their demographic composition and contributing to displacement as low income households are often forced to move to areas where housing is more affordable due to competition for units becoming steeper in all corners of the Bay Area.
 - This shift in household income distribution and income inequality can be seen clearly in both Livermore and Alameda County.
 - Since 2010, the largest growth in households in Livermore and Alameda County is attributable to the highest income households above \$150,000, while households earning below \$75,000 declined.
 - These changes alongside the significant decline in new housing permits have significantly constrained the Livermore housing market.
- Commuter trends indicate that a significant number of households have moved into Livermore who are commuting to jobs in Silicon Valley, the Peninsula and San Francisco.
 - While Livermore maintains a strong employment base, these changes in commuter trends indicate that workers are moving to less expensive parts of the Bay Area, such as Livermore, in search of more affordably priced housing.
 - The movement of higher income households and wage earners to Livermore increases displacement pressures on lower income households who cannot afford the increasing cost for housing.

Finding #3 – Hundreds of lower-income residents in Livermore, particularly low income renter households, are vulnerable to being displaced. The number of households paying over 35% of their income on rent and the number of overcrowded households in Livermore, particularly those who are severely overcrowded, has increased significantly since 2010. (Please see pages 40-47 for supporting technical data for this finding.)

- Low income households in Livermore with incomes below \$75,000 are faced with difficult housing choices – either paying a very high percentage of their income on housing, living in overcrowded conditions or being forced to move out of the area.
- While the overall number of households in Livermore grew from 2010 to 2017, both the percentage and number of households with incomes below \$75,000 has slightly declined.
 - In 2017, low income households made up 34% of all households in Livermore, and these 10,700 low income households are vulnerable to being displaced.
- About 9,000 households in Livermore were renters in 2017, of which about 5,500 households (60%) are low income renter households with incomes less than \$75,000.
 - About 62% or 3,400 low income renter households were cost burdened in Livermore, paying more than 35% of their income on rent in 2017.
 - As significantly, about 2,000 or 59% of these low income cost burdened renter households are severely cost burdened, paying more than 50% of their income on rent.

- From 2010 to 2017, the number of cost-burdened renter households in Livermore increased by 500 households, or a growth of about 17% compared to Alameda County where the percentage of cost-burdened households increased by about 11%.
- Overcrowding – a key indicator of potential displacement – has also increased dramatically since 2010 in Livermore.
 - Livermore experienced a 41% increase in renter households that are overcrowded from 2010 to 2017, while Alameda County experienced an increase in overcrowding of about 66% during the same period.
 - Furthermore, the number of severely overcrowded renter households in Livermore increased by 151% from 2010 to 2017, increasing almost double the countywide rate of 80%.
 - Out of the 765 renter households living in overcrowded rental units in Livermore in 2017, 221 households are living in severely overcrowded conditions.
- Livermore has a limited number of below market rate apartment units in affordable housing developments that are affordable to lower income households and below despite significant demand for this housing.
 - Affordable developments currently have long waiting lists in Livermore, and new affordable housing developments in the Tri-Valley area have recently received a large number of applications.
 - The City of Livermore has 1,903 households on its waiting lists for nine representative developments. According to this wait list information, more than four households are on the waiting list for every affordable unit in Livermore.

Finding #4 – Livermore has thousands of residents with special housing needs, including many large families, seniors, and persons with disabilities. Livermore has a higher proportion of households with single female heads of household in comparison to Alameda County, and it has comparable proportions of senior and large households. These households have special housing needs, are particularly vulnerable to displacement and experience significant difficulties when they no longer can access services, or their children can no longer continue their education in local schools. (Please see pages 48-55 for supporting technical data for this finding.)

- Livermore has thousands of residents with special housing needs, which are at risk of displacement.
 - As of 2017, Livermore had over 9,000 senior households (with individuals over 60 years old of age), more than 2,800 female householders with children, and about 3,300 large households (5+ persons per household).
 - Additionally, over 7,000 persons in Livermore have one or more disabilities, of whom about half are seniors.
 - Livermore does not currently have sufficient number of affordable units for persons with special needs and for persons with disabilities.
- Livermore has a higher proportion of households with single female heads of household in comparison to the County and similar percentages of senior and large households, as well as persons with disabilities.
- Livermore does not currently have a sufficient number of affordable units for persons with special needs and disabilities.
 - According to service providers in Livermore and Tri-Valley, the supply of affordable, supportive and/or accessible housing in Livermore and the Tri-Valley is insufficient to meet the needs of persons with disabilities and special needs.
 - Service providers report that their Livermore clients face significant challenges finding and paying for housing, which has been exacerbated by landlords discontinuing their acceptance of Section 8 rental vouchers.
 - Several forms of housing assistance are among the largest categories of requested help and require the largest amount of funding assistance.
- Service providers also emphasize the importance of keeping Livermore residents with special needs close to their support networks of caregivers, neighbors and local friends. Displacement is extremely difficult for residents with disabilities (especially seniors) when they are forced to relocate out of their community.
 - Relocation causes extreme anxiety, can lead to depression and often disconnects households with needed services, which can have drastic effects on quality of life.
 - If forced to move out of the area, everyday tasks (taking the bus, grocery shopping and getting to work or a day program) become particularly challenging for a person with disabilities to re-learn and adapt to new changes.

- According to 2017-18 student enrollment data, about 3,900 students in the Livermore Valley Joint Unified School District (LVJUSD) are homeless², foster youth, English learners or are receiving free and/or reduced priced meals (FRPM).
- About 3,600 of these students are considered to be socioeconomically disadvantaged (SED), which means that they live in very-low income households with incomes below \$37,777 or are either homeless or foster youth.
 - About 26% of LVJUSD students were considered socioeconomically disadvantaged in 2018 and a higher percentage are categorized as FRPM/EL/Foster students.
 - While School Districts countywide have a higher average percentage of socioeconomically disadvantaged students, many Livermore schools share similar characteristics to other School Districts in the County.
- About 82 percent of socioeconomically disadvantaged students are students of color in the Livermore Valley Joint Unified School District, with the majority of SED students being Hispanic or Latino, which is similar to what is experienced in School Districts countywide.
 - Over 2900 socioeconomically disadvantaged students in LVJUSD are persons of color, including about 2,350 Hispanic or Latino SED students.
 - Student enrollment trends for these students have slightly increased or fluctuated in recent years indicating that significant numbers of families with children, particularly households of color, continue to be at risk of displacement in Livermore.

Finding #5 – Lower income households in Livermore are more diverse in terms of race and ethnicity compared to all Livermore households, which is consistent with what is experienced countywide. (Please see pages 56-60 for supporting technical data for this finding.)

- In Livermore, a higher proportion of Black or African American and Hispanic or Latino households make under \$75,000, while fewer White and Asian households make less than \$75,000. This pattern is similar to what is experienced countywide.
- Of the approximately 10,700 households with incomes below \$75,000 in Livermore, about 2,000 are Hispanic/Latino households and about 3,400 households identify as non-White households. As described above, about 82 percent of socioeconomically disadvantaged LVJUSD students are students of color, indicating that many of Livermore's very low income households are racial or ethnic minorities.
 - This shows that the potential housing need for certain populations more susceptible to the increasing displacement pressures in Livermore number not in the hundreds, but the thousands.
- Although the total number of households grew in Livermore from 2010 to 2017, the number of households with incomes under \$75,000 decreased. Furthermore, the number of Hispanic households with incomes under \$75,000 decreased by 160, while Black or African American households decreased by 136 households.
 - This data suggests that displacement pressures are likely impacting the racial/ethnic composition of lower income households.
- Approximately 60% of Black, Latino, and Native American households are rent-burdened in the Bay Area, which is likely to be the case in Livermore as well.
- According to data provided by City Serve, one of Livermore's and Tri-Valley's major service providers, 65% of its clientele are reported to be persons of color, with 32% being of Hispanic origin.

² The McKinney-Vento Act defines homeless children and youths as individuals who lack a fixed, regular, and adequate nighttime residence. This definition also includes:

- Children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason
- Children and youths who may be living in motels, hotels, trailer parks, shelters
- Children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings
- Children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings, or
- Migratory children who qualify as homeless because they are children who are living in similar circumstances listed above

Finding #6 – Problems of homelessness are intensifying in Livermore and in the Tri-Valley, and many service providers are spending significant proportions of their budgets on rent assistance and emergency housing assistance for households at risk of being evicted and displaced. (Please see pages 61-68 for supporting technical data for this finding.)

- CityServe conducted surveys of its clients in 2017 and 2018 to understand the special needs of households that they serve in Livermore and other Tri-Valley cities. The following findings are based on CityServe's survey data.
 - Emergency shelter, housing and rental assistance are among the largest categories of requested help. The majority its funds are spent for rent, motels, apartment deposits/initial rent.
 - Almost all of its clientele (95%) are extremely low and very low-income households who cannot afford typical apartment rents, most of whom are persons of color.
 - Clients have a variety of special housing needs, with the majority of homeless individuals coming from Livermore.
- According to the 2019 Alameda Homeless Count and Survey, the number of persons experiencing homelessness (including chronically homeless persons with disabilities and families) has increased in Alameda County and in Livermore, which is confirmed by local service providers.
 - The homeless population in Livermore exceeds 260 persons, most of whom are not currently sheltered. Neither Dublin or Pleasanton have shelters for the homeless, and about 68% of the homeless persons in Livermore are reported to be unsheltered.
 - Racial and sexual minorities are overrepresented in the homeless population.
 - Individuals face behavioral health and physical health challenges that inhibit their ability to obtain work or housing. Many have a history of system involvement in ERs, hospital beds, and jail cells.
 - Individuals want affordable housing and need additional resources to achieve housing stability. People are accessing services and support, but those services are not ending their homelessness.
 - These findings are similarly observed by service providers and City staff regarding homeless persons in Livermore and Tri-Valley.
- According to a Livermore survey of persons who are homeless conducted in 2015, most persons had previously lived in Livermore and Tri-Valley, indicating that the lack of available affordable housing in Livermore and the Tri-Valley is a critical issue.
 - Approximately 40% had been homeless for one year or less, and 38% indicated that they are employed.
 - Most had previously lived in Livermore, and many homeless persons had only recently become homeless.
- Service providers indicate that the need for housing for the homeless and homeless services currently exceeds the capacity of the local system of care and the supply of affordable housing, particularly housing with supportive services.

Finding #7 – New housing development has not kept pace with employment growth in Livermore, and multifamily housing development has lagged behind Alameda County as a whole. Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness. [Please see pages 69-74 for supporting technical data for this finding.]

- New housing development has not kept pace with the demand in Livermore and Alameda County
 - When comparing the number of permits approved for housing of varying income levels with Livermore's regional housing need allocation (RHNA) numbers, no category of housing has met its regional need with low and very low income housing lagging the farthest behind.
 - Countywide housing production of low and very low income housing has also experienced significant shortfalls in production over the past decade. This lack of housing production countywide has widened the gap between housing supply and demand.
 - Livermore's multifamily housing production has not kept pace with countywide production, as Alameda County has seen a rapid increase in multifamily permits issued in recent years. In contrast, Livermore has seen relatively slow housing growth in recent years, with only 373 multifamily housing permits were issued in Livermore from 2010 to 2017.
- New housing development has also not kept pace with employment growth in Livermore, and this is also true of Alameda County.
- Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness.
- Livermore and other Tri-Valley cities have long waiting lists for special needs housing and significant numbers of socioeconomically disadvantaged students.
- Given rising development costs in Alameda County and Livermore, new multifamily apartment development is difficult to develop and often is not financially feasible.
 - This puts additional demands on existing housing as more households are seeking housing in Livermore than are being accommodated by new development.
 - In Livermore, developers have found it increasingly difficult to develop apartments because development costs, particularly land and construction costs, have been increasing at a higher pace than rent growth. Very few new market-rate apartment developments have been constructed over the past few years in Livermore.
 - Higher density podium apartments, which are the preferred infill development type, are typically not feasible at typical development cost levels that given the current market value of land and structured parking. As a result, new construction at price points affordable to low income households cannot occur.
 - In summary, displacement pressures are intensifying for lower-income households in the Tri-Valley as evidenced by the data presented in this report and information provided by service providers in the Tri-Valley.

Conclusion

This study demonstrates that residential displacement has occurred, is occurring and is at a high risk of occurring for lower-income households in the City of Livermore. The following highlights key factors that are contributing to residential displacement in Livermore.

Housing production, particularly for multifamily housing, has not kept pace with employment growth during the past decade in Livermore, Alameda County and the Bay Area. As new housing construction has lagged demand, home prices and rents have risen dramatically. From 2010 to 2017, almost 5 jobs were created in Livermore for every housing permit that was issued, and Livermore's jobs/housing gap is greater than Alameda County as a whole. In Livermore, multifamily housing permits averaged about 50 units per year, representing only 22% of all housing permits. From 2010 to 2017, home prices have increased 97% and rents in Livermore have increased 44% while typical household incomes have only increased 16%. Current market rents for apartments and existing home prices in Livermore are not affordable to low income households.

About 17,000 jobs in Livermore provide annual earnings to workers of \$40,000 or below, or about 35% of primary jobs in the City compared to 39% in the Alameda County in 2017. These lower wage workers cannot afford typical market rents. A household with one lower-wage worker would be considered very low income and would not be able to afford a typical market rate apartment in Livermore. Similarly, households with two lower-wage workers would not be able to afford a typical apartment in Livermore. Low-wage workers in the County face similar challenges.

From 2010 to 2017, 77% of the growth in primary jobs in Livermore occurred in industries that typically have lower wages— retail trade, wholesale trade, manufacturing, accommodation and food services, and administration & support, which means that a growing proportion of new workers likely have lower wage jobs. While these industries also grew in the County, Livermore experienced a faster overall employment growth rate in these five industries than the County.

About 34% of Livermore households are low income households with incomes below \$75,000, and these 10,700 low income households are vulnerable to being displaced. Livermore's low income households are more diverse in terms of race and ethnicity compared to all Livermore households. About 2,000 low income households are Hispanic/Latino and about 3,400 households identify as non-White households. About 82 percent of socioeconomically disadvantaged LJVUSD students are students of color, indicating that many of Livermore's very low income households are racial or ethnic minorities.

Approximately 9,000 households in Livermore were renters in 2017, of which about 5,500 households (60%) are low income renter households with incomes less than \$75,000. About 62% or 3,400 of these low income renter households in Livermore were cost-burdened. As significantly, about 59% or 2,000 of these low income cost burdened renters in Livermore are severely cost burdened. Furthermore, the number of cost burdened renter households in Livermore increased at a faster rate compared to the County from 2010 to 2017.

As of 2017, Livermore had over 9,000 senior households, more than 2,800 female householders with children, and about 3,300 large households. Additionally, over 7,000 persons in Livermore have one or more disabilities, of whom about half are seniors. These households have special housing needs, are particularly vulnerable to displacement and experience significant difficulties when they no longer can access services, or their children can no longer continue their education in local schools. Livermore does not currently have sufficient number of affordable units for persons with special needs and for persons with disabilities.

Problems of homelessness are intensifying in Livermore and other parts of the Tri-Valley, as well as in Alameda County, and many service providers are spending significant proportions of their budgets on rent assistance and emergency housing assistance for households at risk of being evicted and displaced.

New housing development has not kept pace with employment growth in Livermore, and multifamily housing development has lagged behind Alameda County as a whole. In Livermore, only 373 multifamily housing permits were issued in Livermore from 2010 to 2017, while the number of jobs increased by about 8,800 during the same period. About 77% of this job growth was in industries that typically have a large proportion of lower wage jobs.

Thus, lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness. Without additional affordable apartment developments being constructed in Livermore that are affordable to and

prioritized toward lower income residents and workers in the City, displacement pressures will continue and make it more difficult for the diverse population of existing lower income households to continue to live and/or work in the City of Livermore.

To address these displacement pressures and to increase the availability of affordable housing in Livermore, the City of Livermore proposes to continue to provide a local preference whereby affordable housing units developed in the City would be available to local residents and/or workers to the extent permitted by law. Developers of affordable housing that receive City and County funding shall be required to comply with state and federal fair housing laws in the marketing and rental of these and to accept persons who are recipients of federal certificates or vouchers for rent subsidies as they would any other residents. With a local resident and worker preference, lower income households with varied racial backgrounds, who will be applying for and most likely eligible for affordable rental housing funded by Measure A1, would be provided, and not denied, access to these limited affordable housing opportunities.

Based on the data presented in this study, having a local preference will not result in limits to access to housing by any individual protected class. Consequently, any civil rights concerns/discriminatory impacts in violation of the Federal Fair Housing Act and Title VI regulations are minimized because the income-eligible population for affordable rental developments are more diverse in terms of race and ethnicity as compared to Livermore's general population.

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Introduction and Overview

The purpose of this report is to review and document the economic and housing market conditions that are contributing to residential displacement in the City of Livermore, with a particular focus on lower income households that would be eligible to occupy affordable rental housing funded by the 2016 Alameda County bond measure, Measure A1.

This study is intended to meet the Measure A1 implementation policies for the Rental Housing Development Fund & Innovation and Opportunity Fund adopted by Alameda County Board of Supervisors in November 2017 to enable Livermore to implement a City of Livermore live/work preference policy:

...should a city wish to implement a sub-regional live/work preference policy for a portion of the units in a project, the city must...complete a study and one or more findings which demonstrate city-level residential displacement is occurring and/or is at high risk of occurring and a need for a sub-regional live/work preference is needed to respond to or prevent displacement...

As this study demonstrates, lower-income residents and workers in Livermore are at risk of displacement or have already experienced displacement. This finding is supported by an analysis of historical trends and current conditions that have dramatically affected the availability and affordability of rental housing in Livermore.

This report begins with a summary of the housing and socioeconomic conditions in Livermore, Alameda County, and the Bay Area that are contributing to and causing displacement. The report concludes with supporting analysis that describes in greater detail the socioeconomic and housing conditions in Livermore, which are indicators of displacement risk.



This report was prepared by the consulting firms of Seifel Consulting and The Concord Group at the request of the City of Livermore. Please refer to the Executive Summary for a more detailed summary of quantitative findings from this analysis.

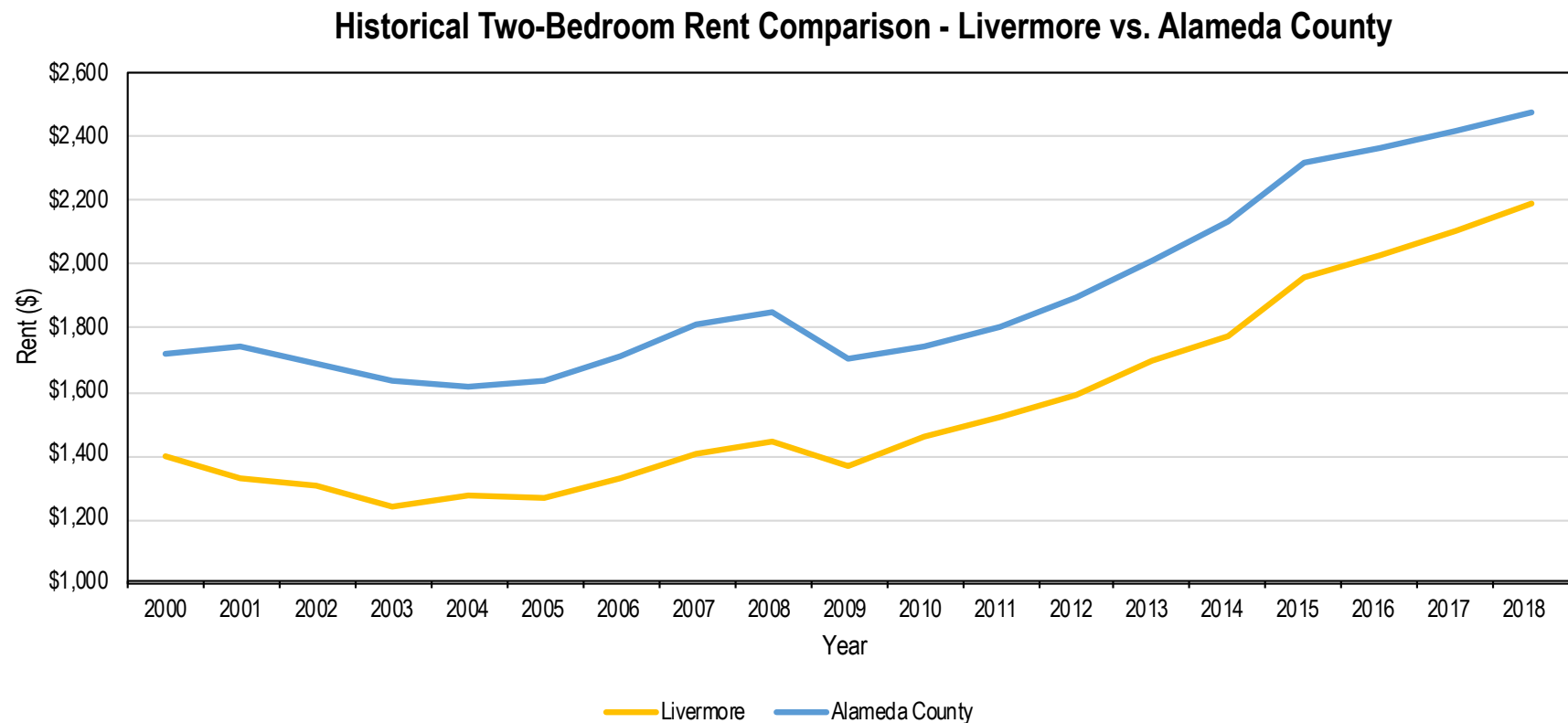
Summary of Key Findings

Without additional affordable apartment developments being constructed in Livermore that are affordable to and prioritized toward existing lower-income residents, displacement pressures will continue. This will make it even more difficult for the diverse population of existing lower income households to continue to reside in Livermore.

For key corroborating data points please see Appendix A.

Finding #1

Lack of housing production and rapid increases in housing costs have increased displacement pressures for lower-income households, as new employment growth in the Bay Area and Alameda County has intensified the demand for housing in Livermore, which has resulted in increased rents and housing prices.



Finding #2

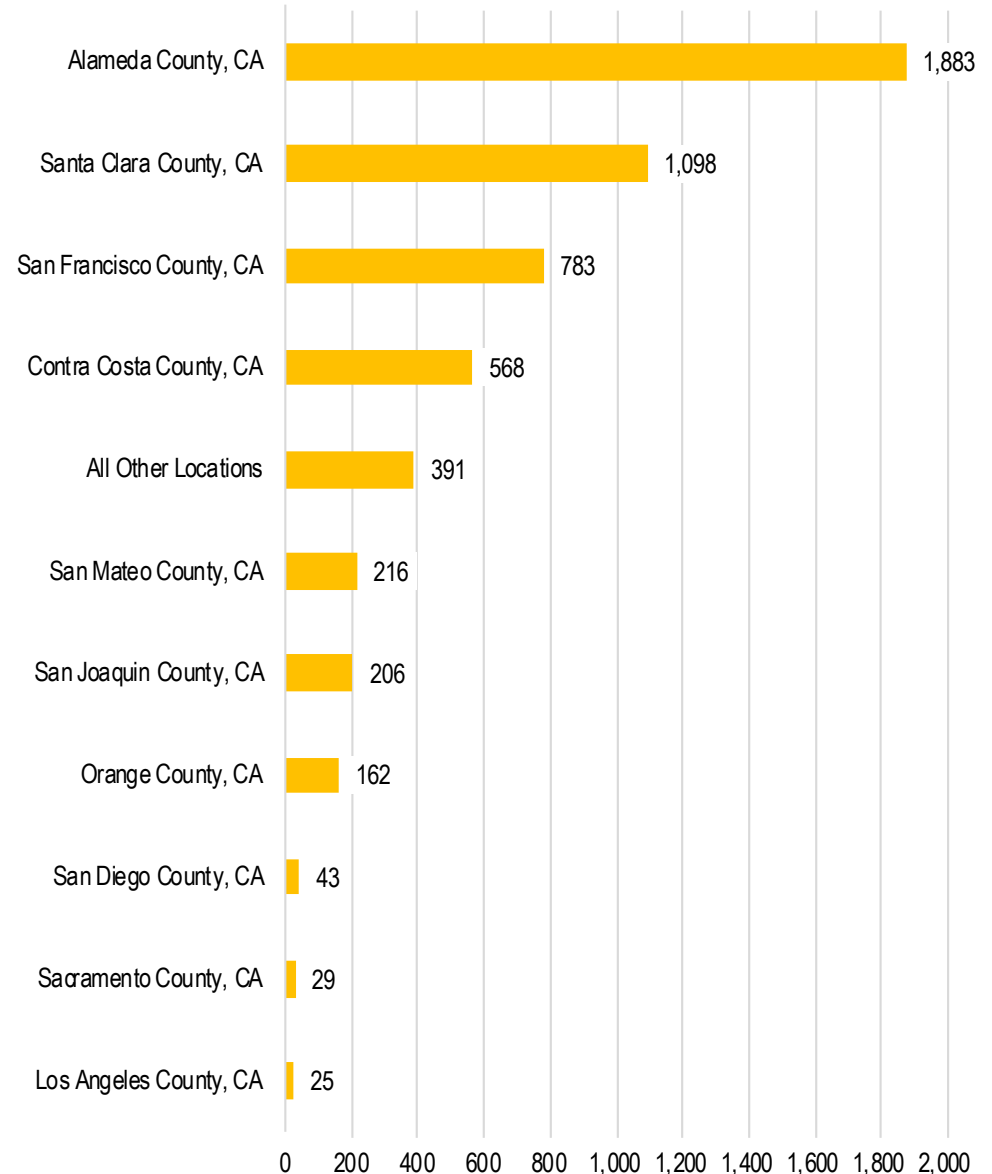
More than one-third of primary jobs in Livermore provide annual earnings to workers of \$40,000 or below, and most of the citywide growth in primary jobs occurred in industries that typically have lower wages. These lower wage workers cannot afford typical market rents in Livermore.

Livermore has an increasing number of higher income households, with a growing number of workers who are commuting to higher paying jobs outside of Livermore, which is intensifying local housing demand and displacement pressures.

2017 Annual Earnings of Primary Jobs

Annual Earnings	Livermore		County	
	# Jobs	%	# Jobs	%
\$15,000 or less	5,932	12%	96,014	13%
\$15,000 to \$40,000	10,926	23%	186,251	26%
<i>Subtotal</i>	16,858	35%	282,265	39%
More than \$40,000	31,258	65%	439,632	61%
Total	48,116	100%	721,897	100%

Change in Commuters from Livermore to Select Counties (2010-2017)

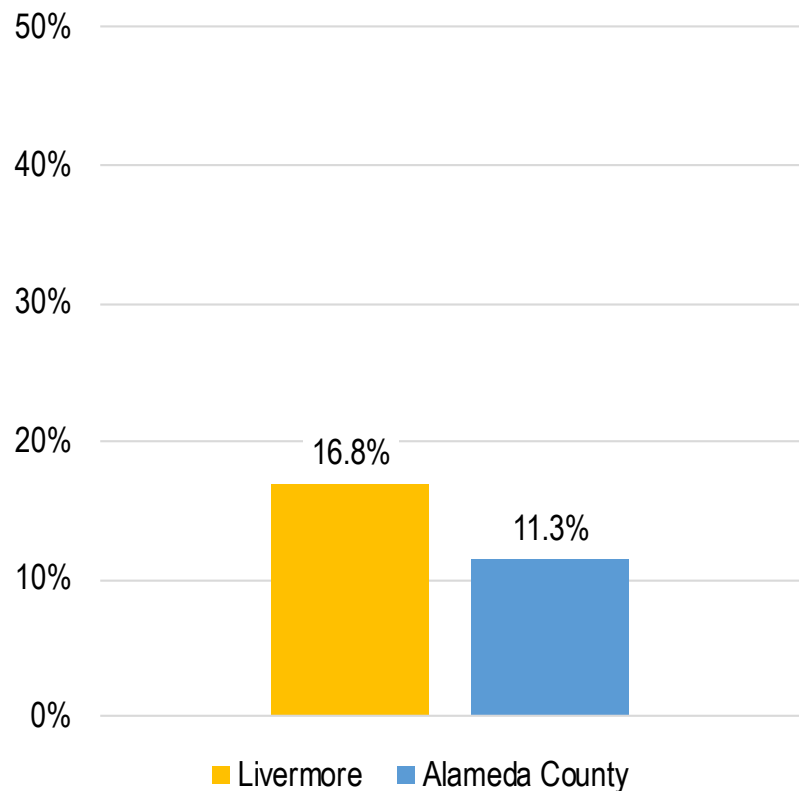


Source: onthemap.ces.census.gov

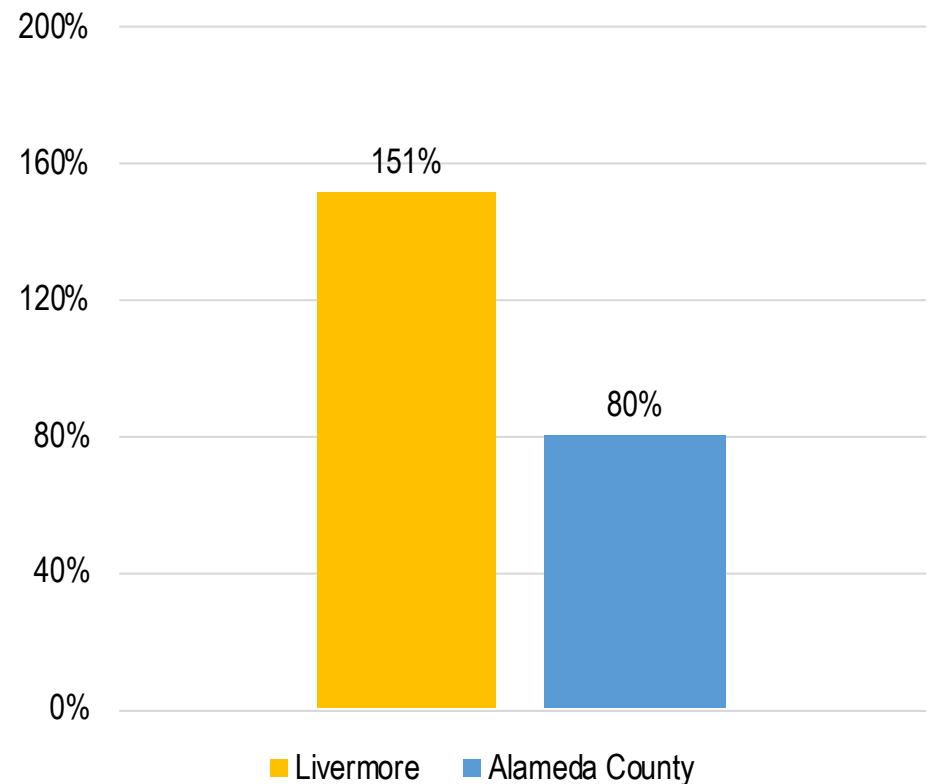
Finding #3

Hundreds of lower-income residents in Livermore, particularly low income renter households, are vulnerable to being displaced. The number of households paying over 35% of their income on rent and the number of overcrowded households in Livermore, particularly those who are severely overcrowded, has increased significantly since 2010.

**Growth in Cost-Burdened Households
(2010-2017)**



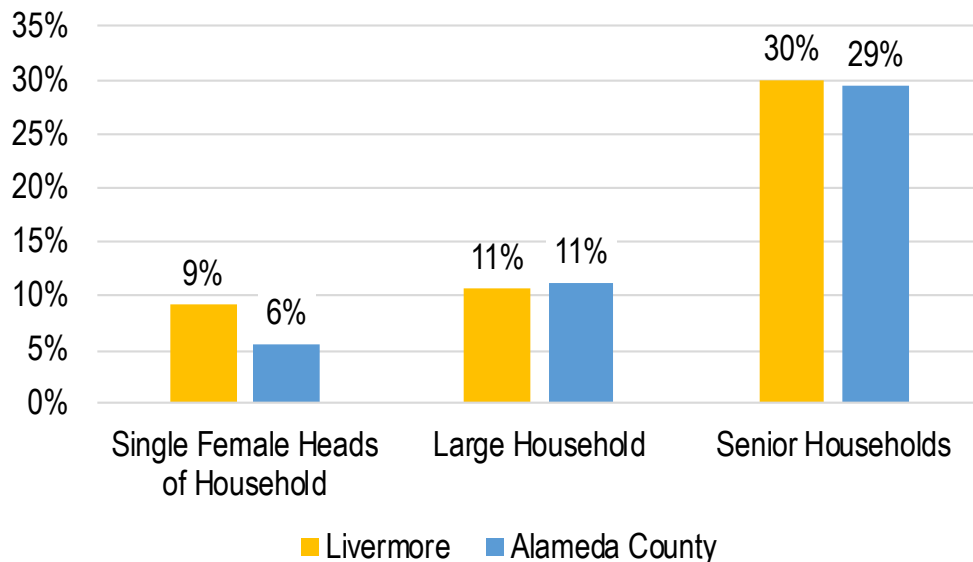
**Growth in Severely Overcrowded Renter
Households
(2010-2017)**



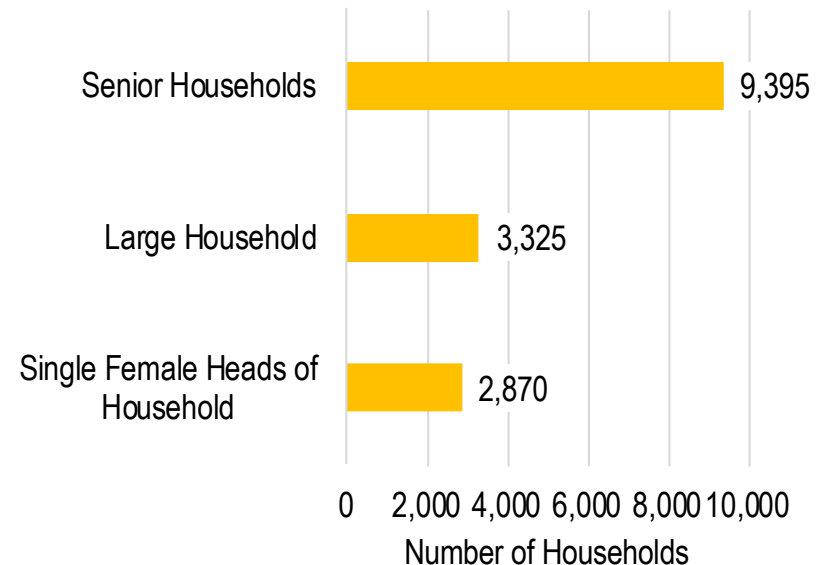
Finding #4

Livermore has thousands of residents with special housing needs, including many large families, seniors, and persons with disabilities. Livermore has a higher proportion of households with single female heads of household in comparison to Alameda County, and it has comparable proportions of senior and large households. These households have special housing needs, are particularly vulnerable to displacement and experience significant difficulties when they no longer can access services or their children can no longer continue their education in local schools.

**Proportion of Households with Special Needs
(2017)**

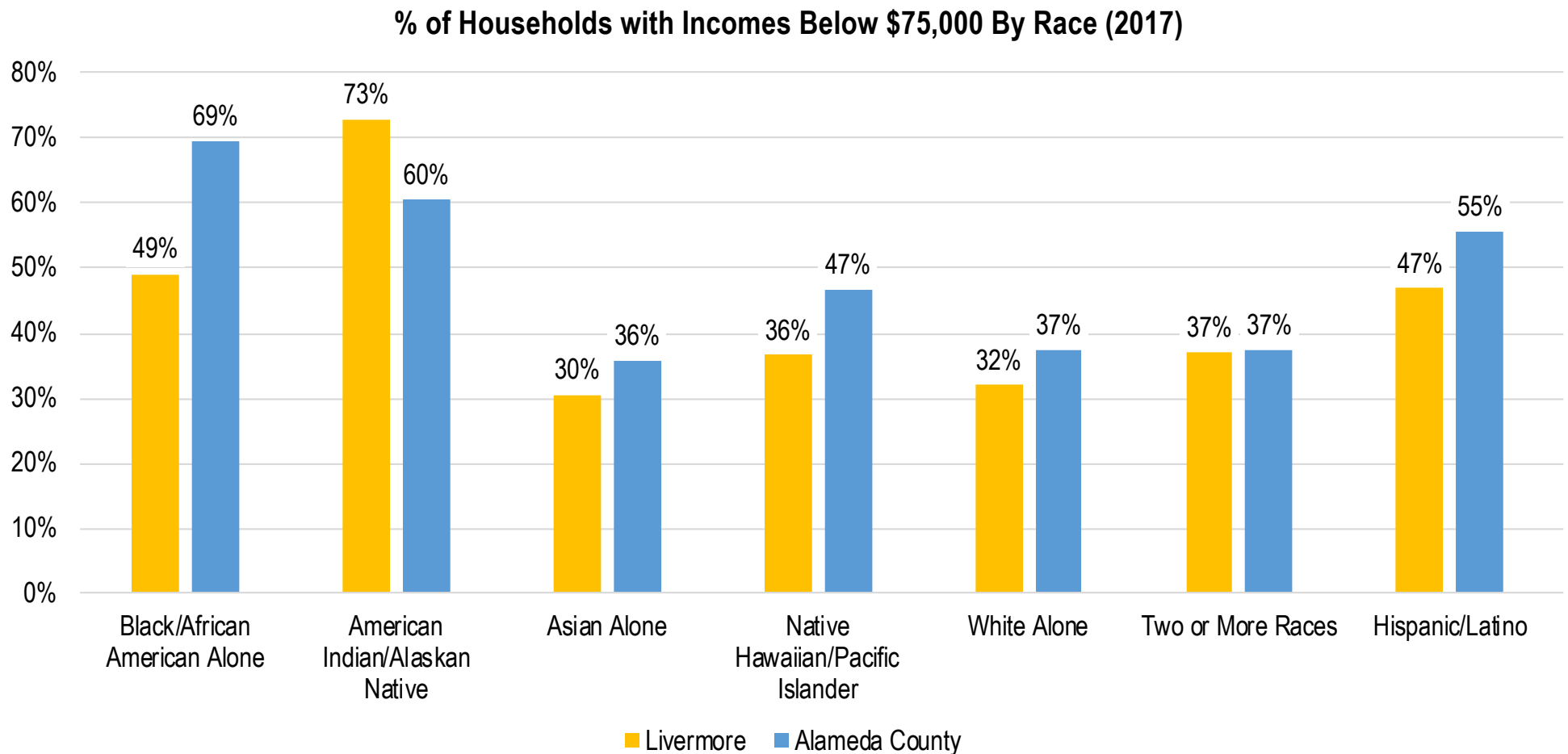


**Livermore Special Needs Households
(2017)**



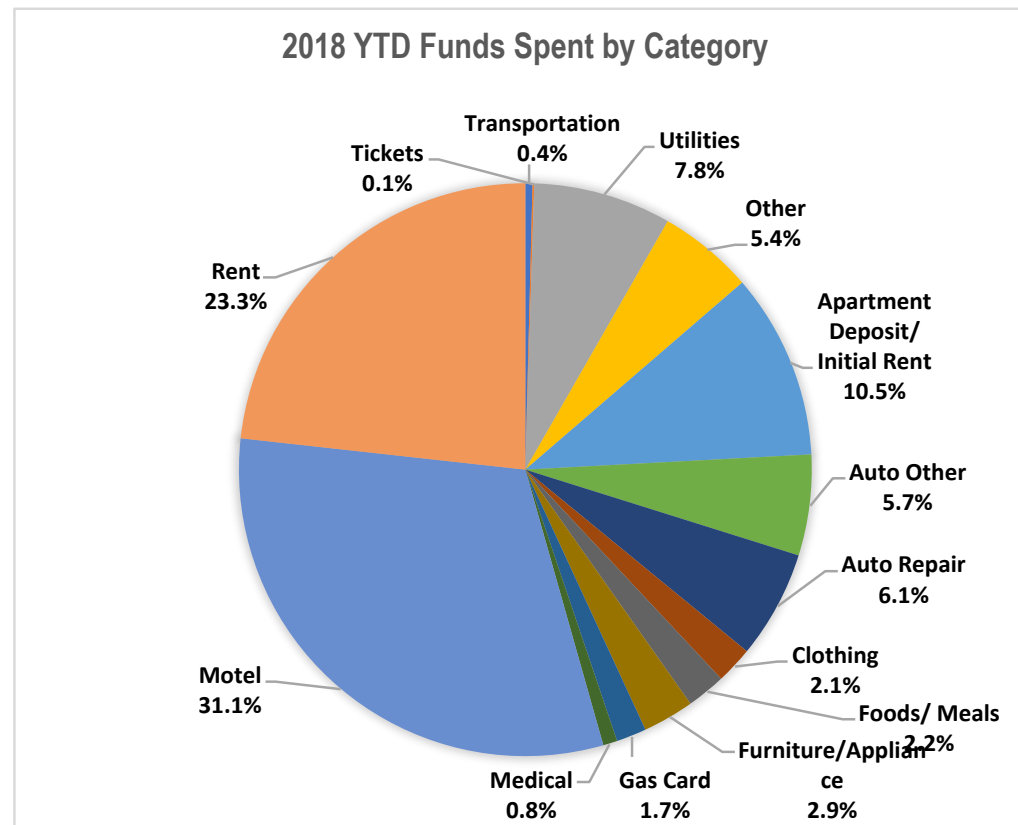
Finding #5

Lower income households in Livermore are more diverse in terms of race and ethnicity compared to all Livermore households, which is consistent with what is experienced countywide.



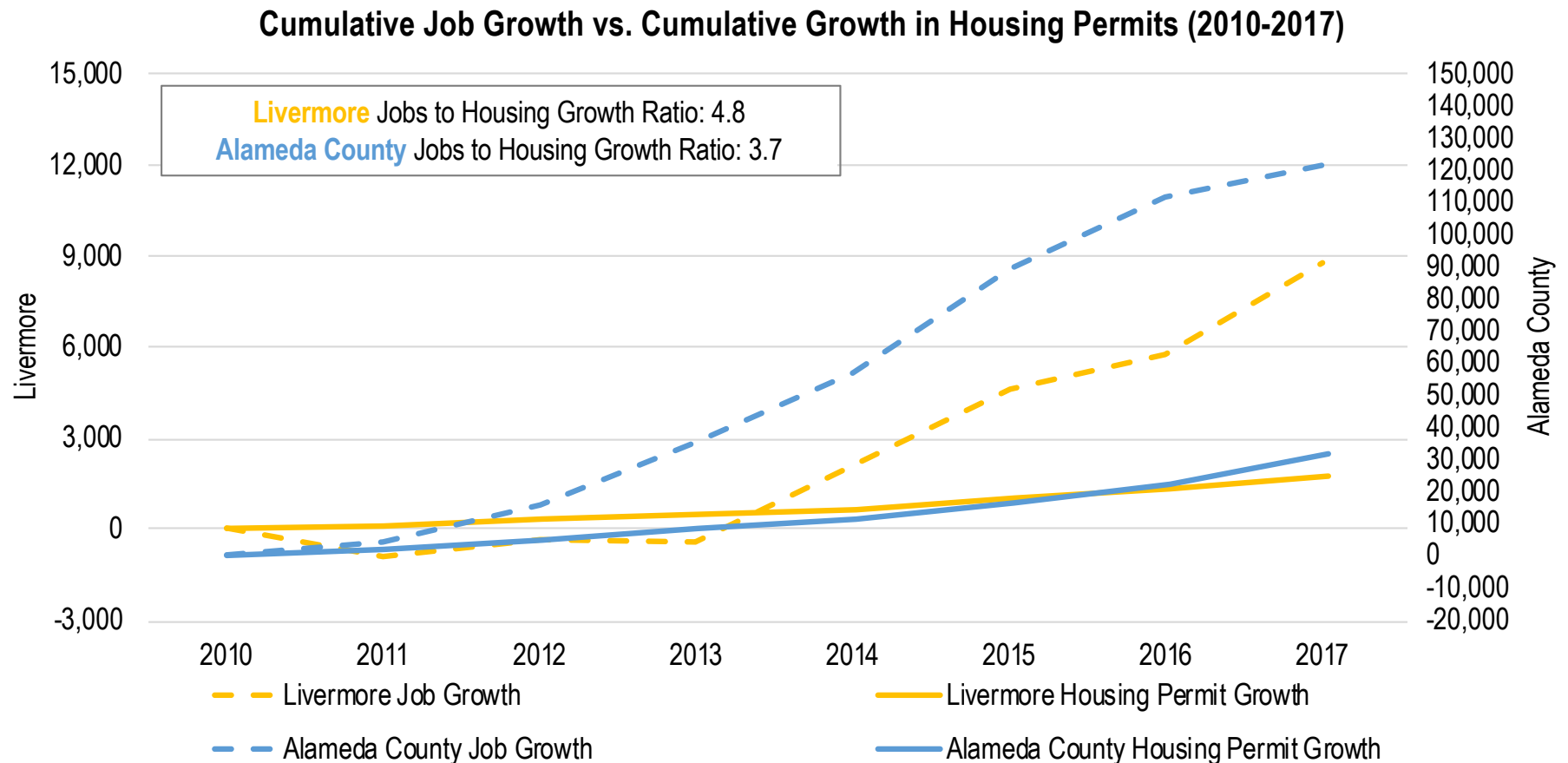
Finding #6

Problems of homelessness are intensifying in Livermore and in the Tri-Valley, and many service providers are spending significant proportions of their budgets on rent assistance and emergency housing assistance for households at risk of being evicted and displaced.



Finding #7

New housing development has not kept pace with employment growth in Livermore, and multifamily housing development has lagged behind Alameda County as a whole. Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness.



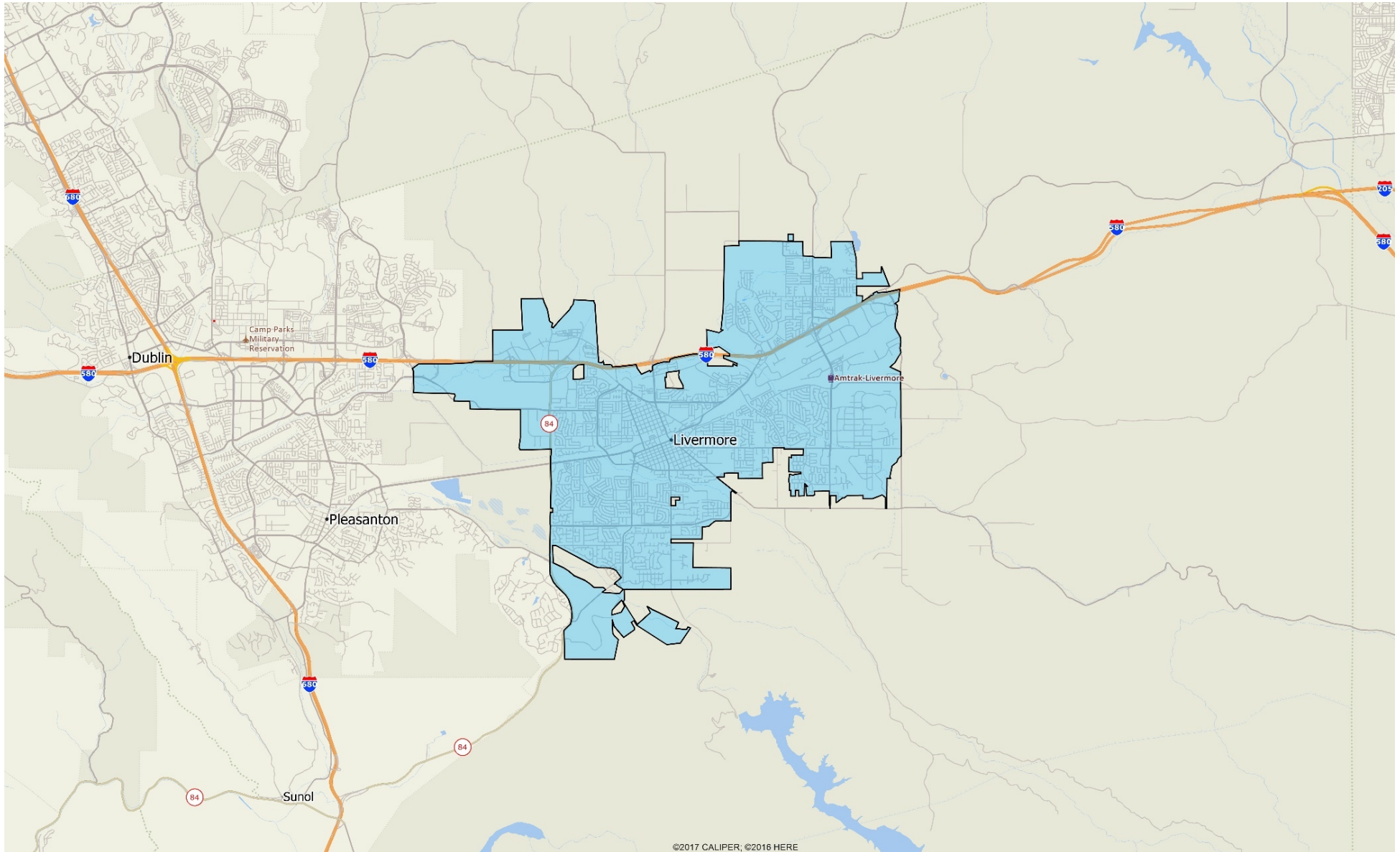
Conclusion

- Without additional affordable apartment developments being constructed in Livermore that are affordable to and prioritized toward lower income residents and workers in the City, displacement pressures will continue and make it more difficult for the diverse population of existing lower income households to continue to live and/or work in the City.
- With a local resident and worker preference, lower income residents with varied racial backgrounds, who will be applying for and most likely eligible for affordable rental housing funded by Measure A1, would be provided, and not denied, access to these limited affordable housing opportunities.
- Based on the data presented in this study, having a local preference will not result in limits to access to housing by any individual protected class.
- Consequently, any civil rights concerns/discriminatory impacts in violation of the Federal Fair Housing Act and Title VI regulations are minimized because the income-eligible population for affordable rental developments is more diverse in terms of race and ethnicity as compared to Livermore's general population.



Please refer to the Executive Summary for a more detailed summary of quantitative findings from this analysis.

Indicators of Displacement in Livermore



Finding #1 Supporting Data

Lack of housing production and rapid increases in housing costs have increased displacement pressures for lower-income households, as new employment growth in the Bay Area and Alameda County has intensified the demand for housing in Livermore, which has resulted in increased rents and housing prices.

Strong Economic and Job Growth

Industries and Employment in the Region

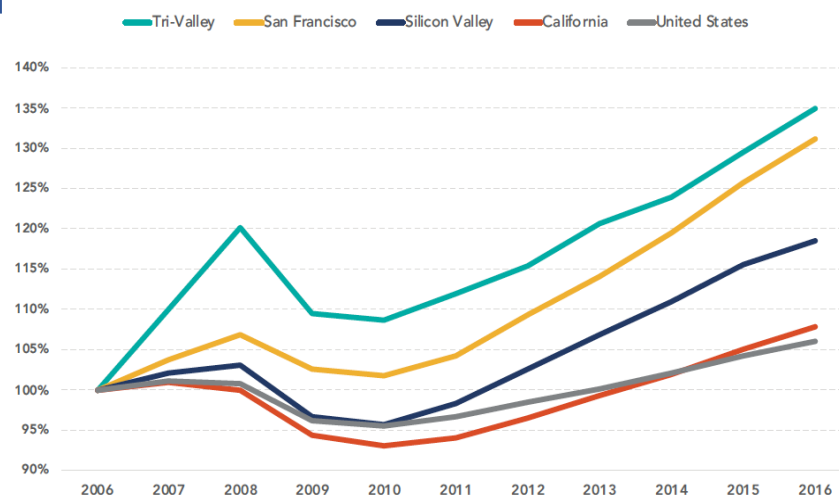
The Tri-Valley region is home to many corporate headquarters and includes several major employment centers such as Bishop Ranch and Hacienda Business Park, as well as major employers in Livermore, like Lawrence Livermore National Lab. The Tri-Valley also includes many small businesses that support these larger employers and meet the retail and service needs of the local population.

As described in the recent publication, Tri-Valley Rising, employment in the Tri-Valley region has increased faster than other job centers in the high-growth Bay Area, and much faster than California overall.

While technology represents a significant share of Tri-Valley employment, the fastest growing industry sector is educational services followed by accommodation and food services. As will be further described in this report, these sectors tend to have a large proportion of lower wage jobs.

Strong economic and job growth in the Tri-Valley and the Bay Area as a whole has increased pressures on the housing market in Livermore area. In addition, job creation in Livermore has increased faster than housing growth.

Percentage Employment Growth Since 2006



Source: California Economic Development Department; Bureau of Labor Statistics, Quarterly Census of Employment and Wages
Analysis: Bay Area Council Economic Institute

Top Ten Fastest Growing Tri-Valley Industries

Industry	% Growth in Employment Since 2005
Educational Services	157%
Accommodation and Food Services	118%
Health Care and Social Assistance	97%
Professional, Scientific, and Technical Services	97%
Management of Companies and Enterprises	62%
Other Services (except Public Administration)	59%
Retail Trade	46%
Utilities	39%
Public Administration	32%
Wholesale Trade	30%

Source: California Employment Development Department
Analysis: Bay Area Council Economic Institute

Strong Economic and Job Growth

Industries and Employment in Livermore and Alameda County

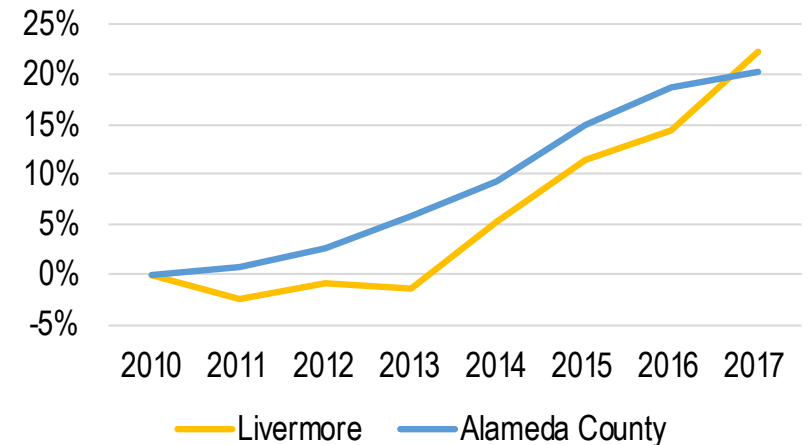
Livermore has grown its job base by 22% since 2010, which has outpaced even Alameda County's strong growth. However, a substantial portion of the growth in primary jobs in Livermore from 2010 to 2017 occurred in five industries that typically have lower wages – retail trade, wholesale trade, manufacturing, accommodation and food services, and administration & support.

Employment growth in these five industries was approximately 6,700 jobs in Livermore. These industries represented 77% of the City's job growth of about 8,800 jobs from 2010 to 2017, which means that a growing proportion of new workers likely have lower wage jobs. While these industries also grew in the County, Livermore experienced a faster overall job growth rate in these five industries than the County.

Strong employment growth intensifies the demand for housing, which drives up rents unless there is enough supply to meet demand. Many of the jobs added in Livermore do not pay enough to enable workers to afford market rents.

Source: OnTheMap 2005-2017, United States Census Bureau

Cumulative Job Growth (2010-2017)



Top Industries by Job Growth in Livermore (2010-2017)

Industry	Job Growth		
	Livermore		Alameda County
	Increase in Jobs	Percent Growth	Percent Growth
Construction	2,343	63%	53%
Retail Trade	2,104	70%	16%
Manufacturing	1,664	46%	21%
Administration & Support, Other	1,637	101%	63%
Professional, Scientific, and Technical Services	1,210	12%	29%
Wholesale Trade	779	26%	11%
Accommodation and Food Services	528	27%	39%

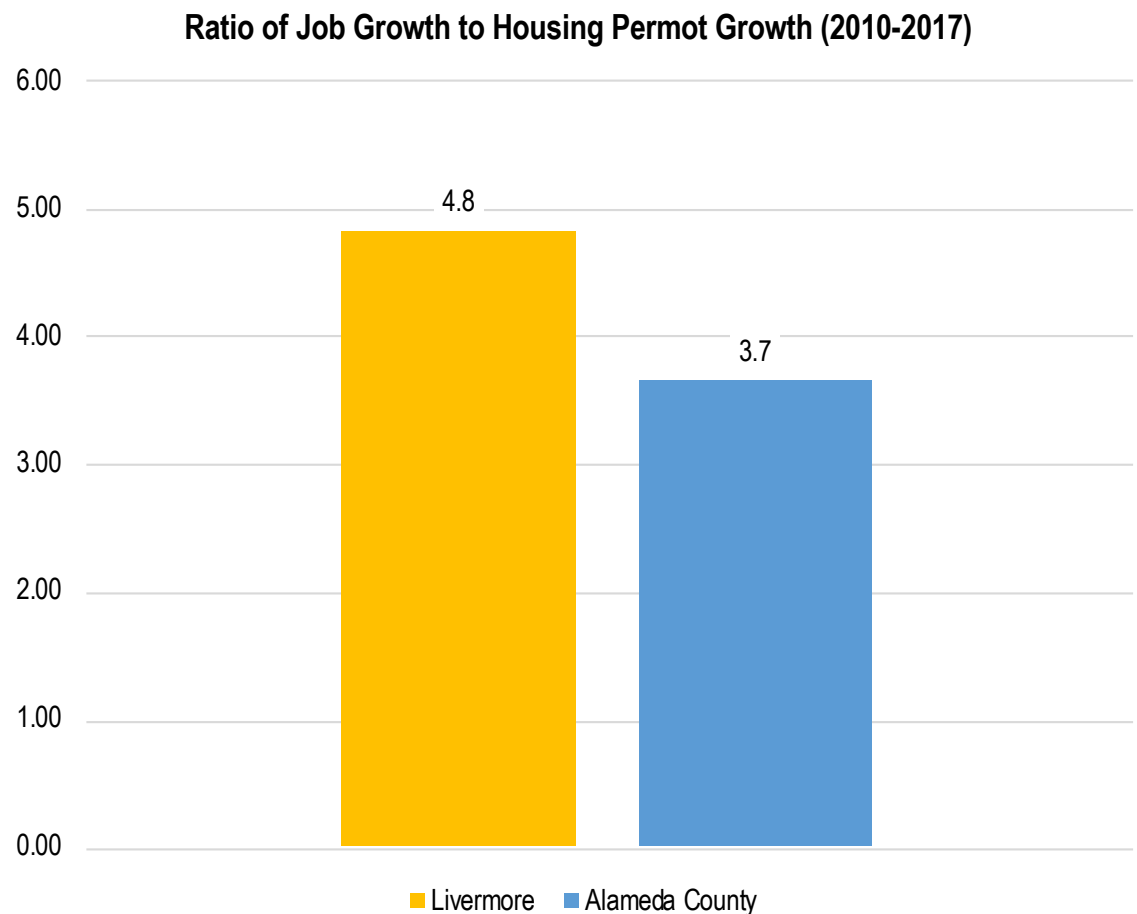
Changing Housing and Income Dynamics

Housing Supply in Livermore and Alameda County

Housing production in Livermore and across the Bay Area has not kept pace with new employment growth and housing demand. This housing supply shortage is contributing to the changing nature of the regional and Livermore household income profile. As housing prices rise, Bay Area residents at the top of the household income scale are able to purchase or rent housing at higher prices and rents across a broad range of communities while lower to middle income households are often forced to move to places where housing is more affordable.

These trends have led to displacement of lower income households from communities across the Bay Area, particularly out of high-employment growth areas where prices have rapidly increased, like Silicon Valley, to places like Livermore. Almost 5 jobs were created in Livermore for every housing permit that was issued from 2010 to 2017, and Livermore's jobs/housing gap is much wider than the Alameda County as a whole.

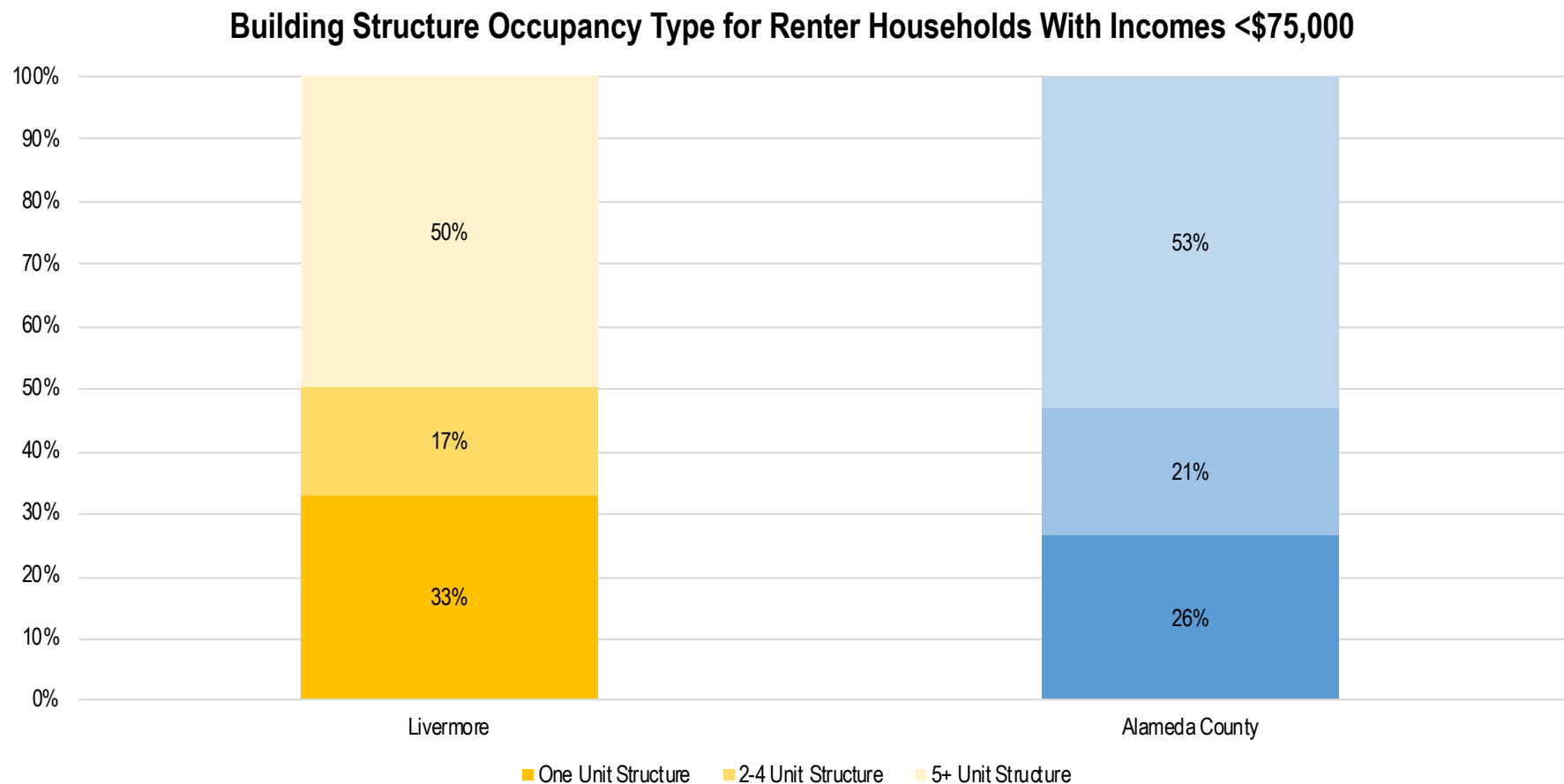
As housing construction lags demand and pricing/rents rise dramatically, higher income households – themselves facing significant housing challenges - push outwards across the region to areas like Livermore with relatively lower housing costs, significantly changing their demographic composition and contributing to displacement.



Intensifying Housing Conditions in Livermore

Housing Types in Livermore

Livermore has a population of 90,269, and currently provides about 32,458 housing units. Only about 4,446 of these units are in multifamily buildings of 5 or more units, which are typically apartments in Livermore. About 33% of lower income renter households in Livermore currently rent single family detached units, a higher percentage than in Alameda County. These renters are particularly vulnerable to displacement given the rapid increase in single family home prices due to the growing demand for housing in Livermore.

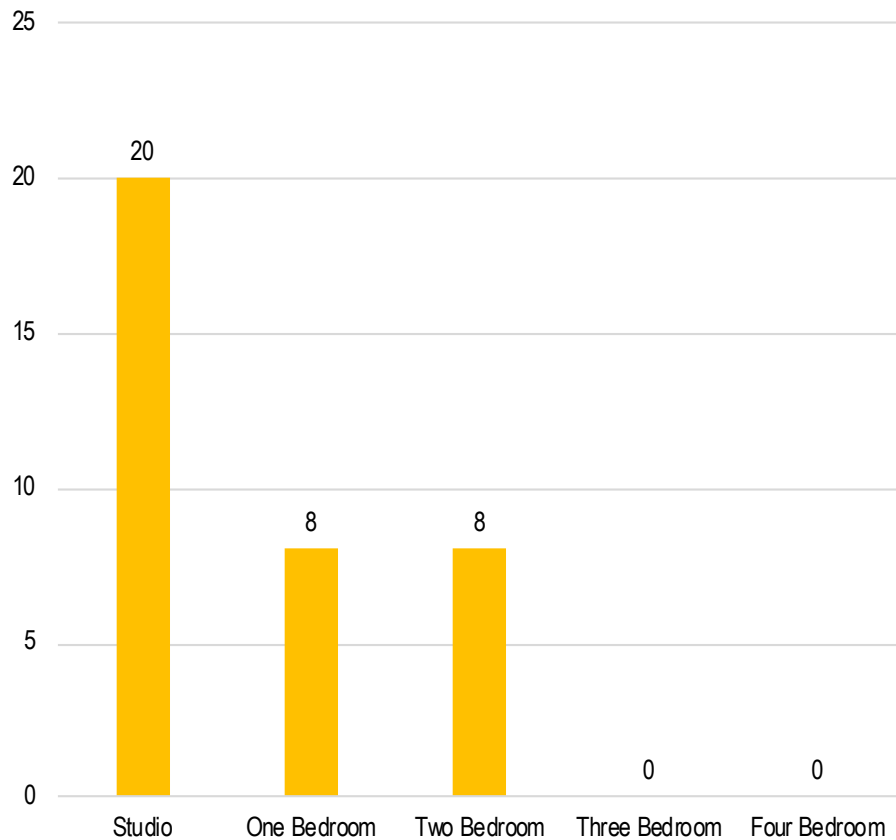


Intensifying Housing Conditions in Livermore

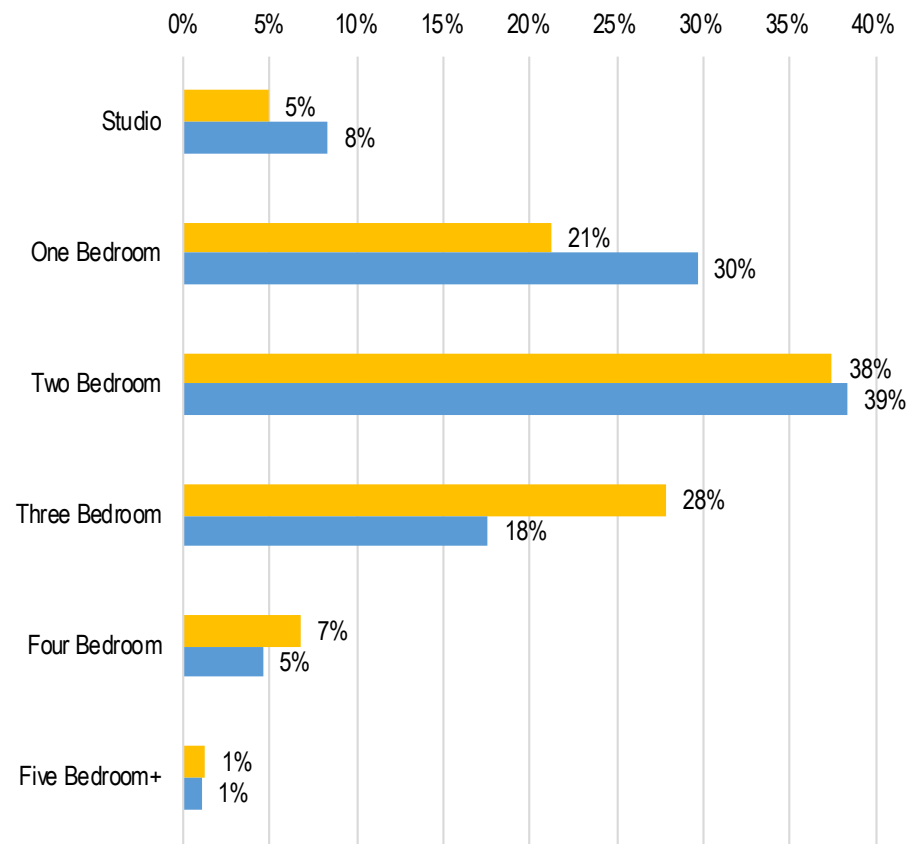
Housing Types in Livermore

The average household size for Livermore is roughly the same as the County's at 2.80 persons per household. The ideal housing type for a three-person household is usually considered a two-bedroom unit, and the majority of existing rental units in Livermore has two or more bedrooms. However, only eight of the 36 market rate institutional apartments that were built from 2000-2018 were two bedrooms or larger, which would be suitable for a typical size household in the City and the County.

Livermore Institutional Apartment Unit Deliveries by Bedroom Type (2000-2018)



Bedroom Type of Units Occupied by Renter Households (2017)



■ Livermore ■ Alameda County

Source: 2017 American Community Survey, 5-Year Estimates, United States Census Bureau; Costar
 Note: Institutional Apartment Buildings have 5+ units and are professionally managed.

The Changing Nature of the Bay Area

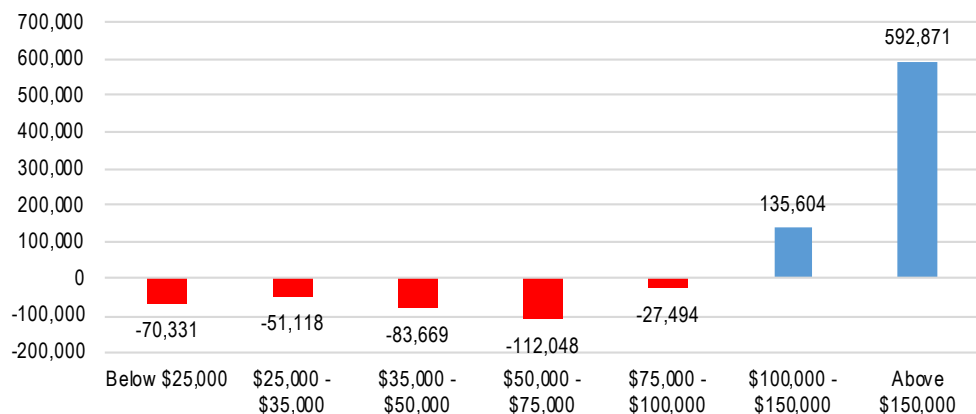
Household Income Trend

This clear shift in the makeup of the Bay Area employment base is being realized across the income spectrum.

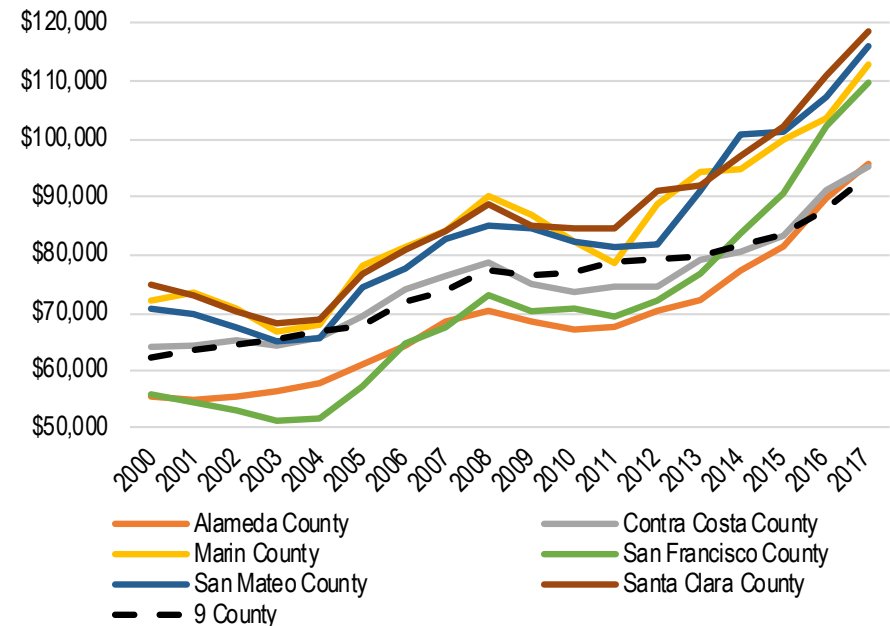
In the year 2000, the Bay Area was home to more than 1.4 million households with incomes at or below \$75,000. Today, that figure is approximately 1.1 million, which indicates that some of these 320,000 lower income households may have been displaced.

Although the historical middle income population is not making any more money – and is in fact seeing an erosion in real income - median incomes in the Bay Area have increased dramatically as the composition of households has changed. Since 2000, the Bay Area has seen a 56% increase in median income. This is not a positive story for historically low and middle income households around the Bay Area. Given the differential outcomes between the “haves and have-nots,” this median income growth is almost entirely driven by the significant addition of households earning above \$100,000 of annual income and a loss of those earning less than \$100,000 per year.

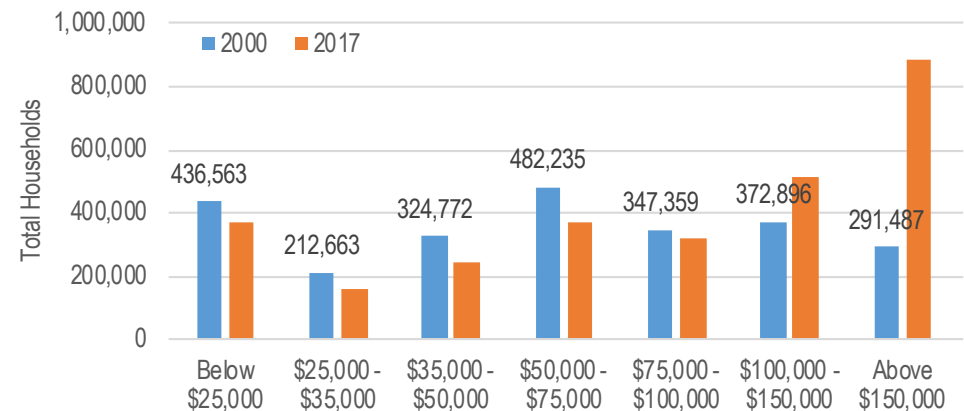
Bay Area Net Growth in Households by Income Range (2000 – 2017)



Historical Bay Area Median Incomes



Bay Area Household Income Distribution Change (2000-2017)



Supply Shortage

Housing Price and Production

Despite the economic boom since 2010 and high-end urban locations delivering many new housing units in recent years, housing creation in the Bay Area is lagging dramatically. During the 1980s boom, 270,000 housing units were built around the region. During the 1990s, 136,000 housing units were delivered. Since 2013, when the region returned to pre-recession levels of employment, the Bay Area has delivered less than 100,000 units of new housing.

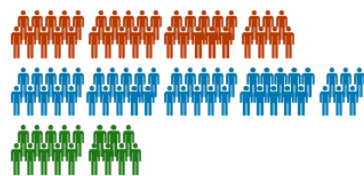
The housing supply shortage is arguably the biggest driver of income disparity and the changing nature of the regional population. Market-based housing pricing dynamics are very simple. If a community under-delivers much-needed housing, prices rise – resultantly, the most highly-qualified consumers, those at the top of the income scale, are able to participate in the market.

This, in fact, becomes a circular problem. As prices rise, incomes required to support rising prices must also rise for companies to be able to recruit new talent and grow.

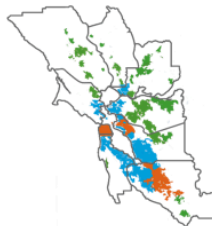
With rapidly declining real purchasing power for those that lived in the Bay Area previously, this part of the population is increasingly pushed out of the market, facing rising housing to income gaps.

For more information on the regional context of the housing imbalance in the Bay Area, please see Appendix B.

Jobs added from 2011 through 2015:
501,000



Housing units built from 2011 through 2015:
65,000

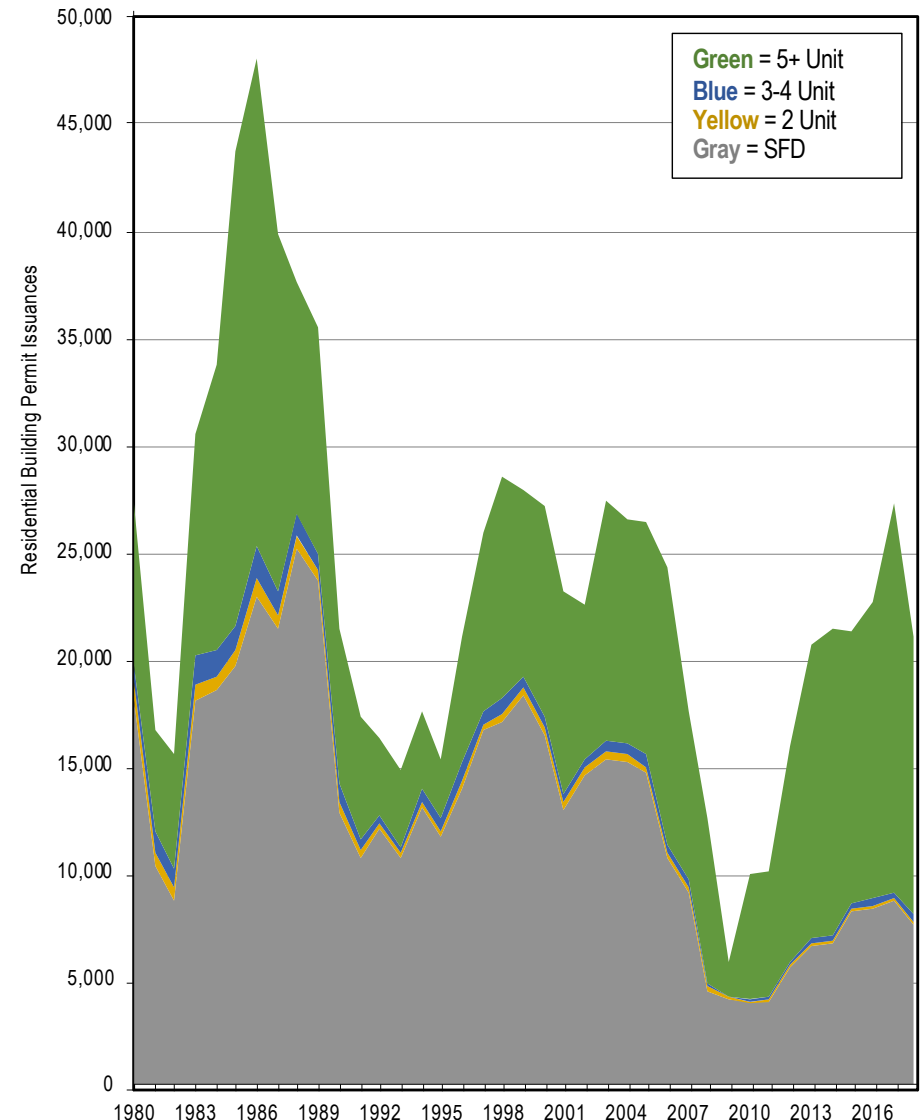


Regionally: 1 house was built for every 8 jobs created

<http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>

Source: US Department of Housing and Urban Development (SOCDS), Plan Bay Area 2040 (Graphic)

Total 9-County Bay Area Building Permit issuance by Product Type

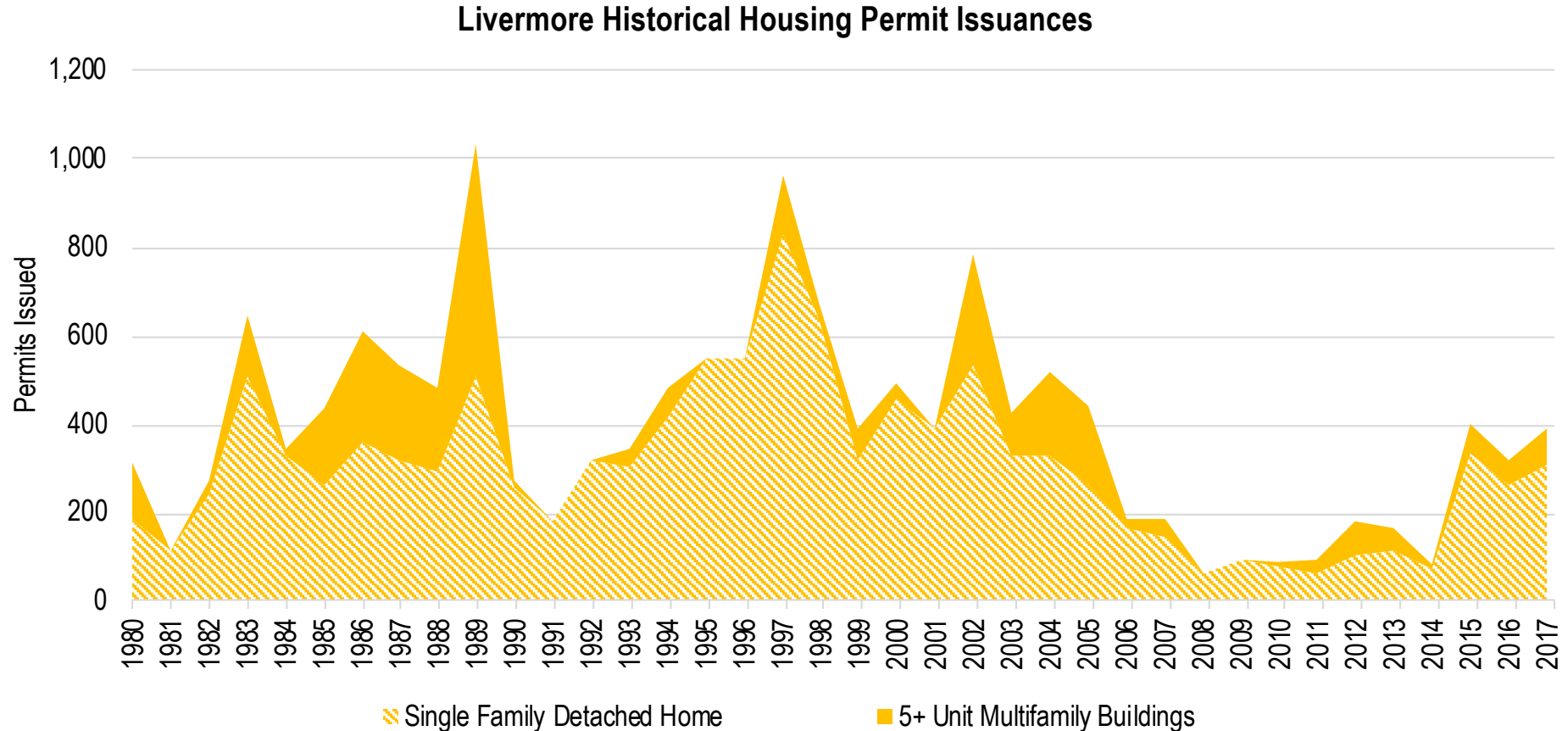


Lack of Livermore Housing Production

Livermore Housing Construction (1980-2017)

Development in Livermore has historically been focused more heavily towards single family housing. Production of single family homes peaked in 1997, while multifamily production peaked in 1989. Neither of these product types has seen a return to peak housing production.

Since 2010, new housing production in Livermore has slowed significantly and has occurred at a much slower pace than the growth in jobs. This is particularly true for multifamily housing. Between 2010 to 2017, multifamily housing permits averaged 50 units per year in Livermore, representing only 22% of all housing permits.



Source: US Department of Housing and Urban Development (SOCDS)

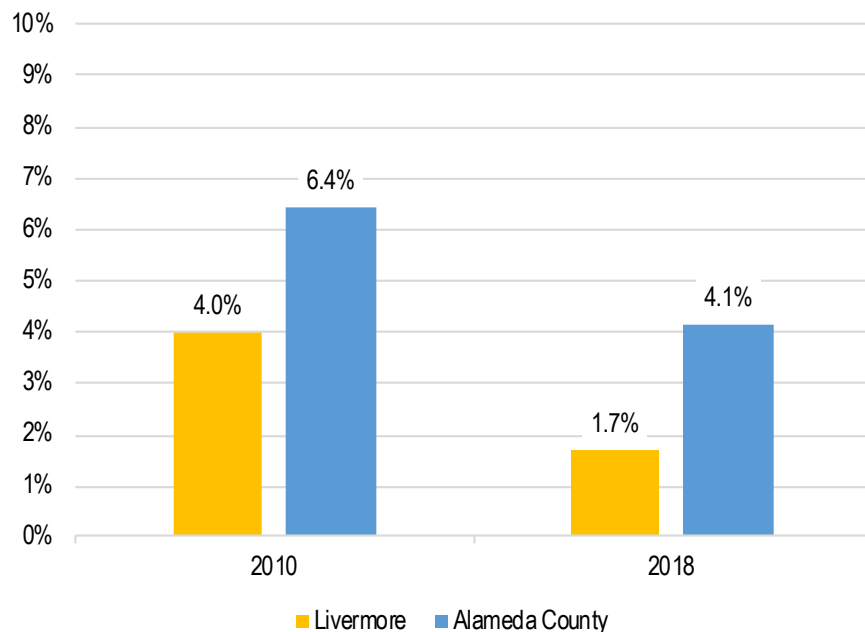
Decreasing Vacancy

Changes in Housing Market

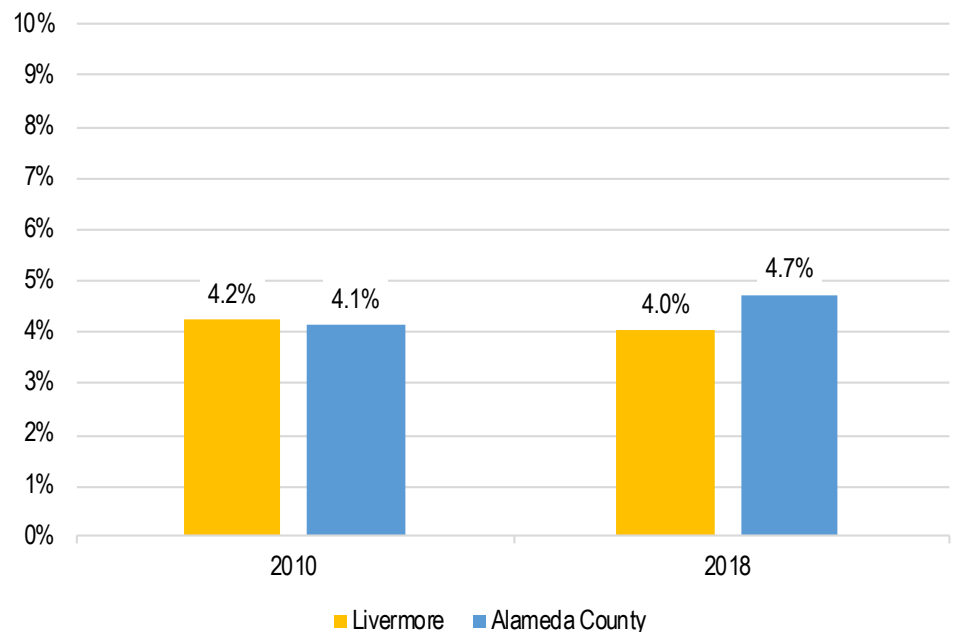
The inability of housing to keep pace with jobs has resulted in a declining vacancy rate that reflects a tightening housing market. Housing vacancy rates have declined significantly since 2010 when the average vacancy rate in Livermore was 4.0% and 6.4% countywide.

In 2018, overall vacancy rates for housing in Livermore declined to 1.7%, which is significantly lower than the countywide vacancy rate of 4.1% and indicates a very tight housing market. Similarly, the 2018 vacancy rate for institutional apartments in Livermore is lower than the 5% vacancy level considered by economists to represent a stable housing market for apartments, while the County has a vacancy rate that is closer to 5%.

Overall Vacancy Rate (2010 & 2018)



Institutional Apartment Market Vacancy Rate (2010 & 2018)



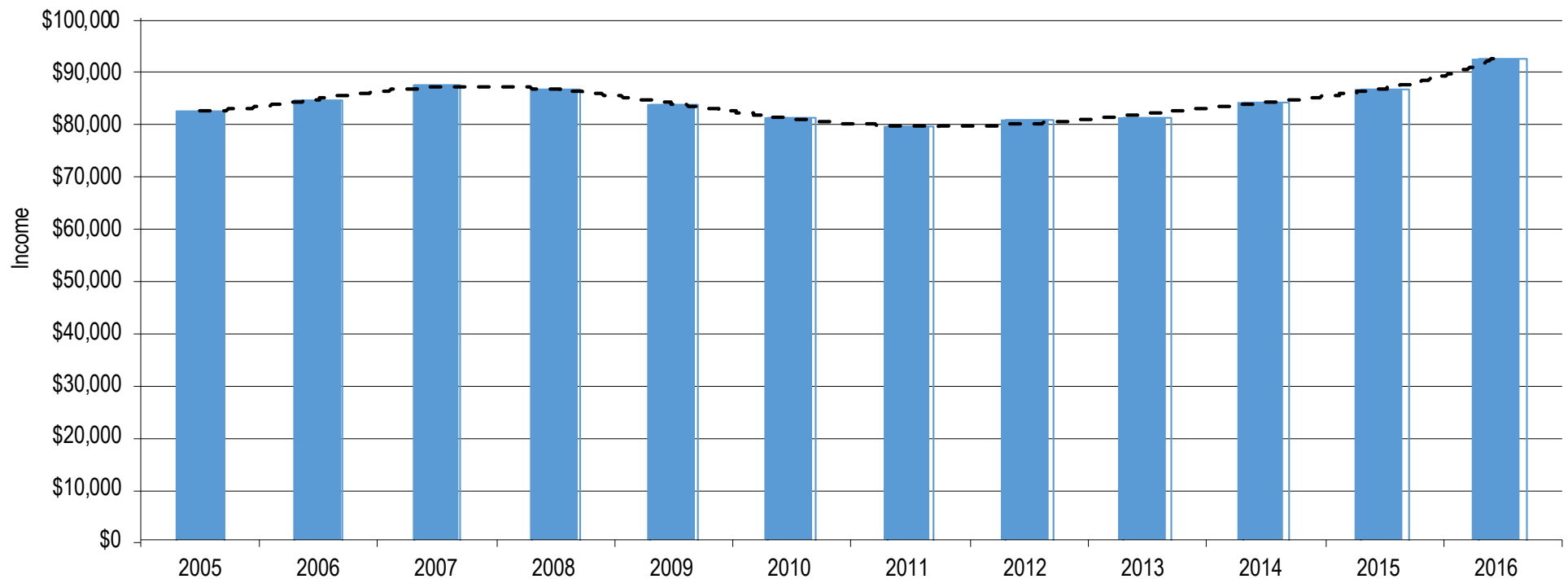
Stagnant Median Household Income Trends

Alameda County Median Household Incomes

A look at historical median incomes in Alameda County shows that median income in Alameda County stagnated for for most of the past decade when taking into account the cost of living (adjusted for inflation by the consumer price index). Median incomes have only recently started increasing again. After peaking at \$87,000 of household income in 2007 and hitting a low of \$79,600 in 2011, the county's inflation-adjusted median income only reached its prior peak in 2016. As will be described in this report, much of the recent income growth is attributable to growth in higher income households.

Livermore's median income growth has been slightly slower than Alameda County's – while non inflation adjusted median incomes grew 24% in Alameda County from 2010 through 2017, median income in Livermore grew only 16%.

Historical Alameda County Median Income in 2017 Inflation-Adjusted Dollars



Source: American Community Survey 2017, 5-Year Estimate, Bureau of Labor Statistics Consumer Price Index

Household Income Trends

Current Alameda County Incomes

The U.S. Department of Housing and Urban Development (HUD) and California Department of Housing and Community Development (HCD) establish areawide median incomes (AMI) for each County in California. The Alameda County AMI for a four-person household was \$97,400 in 2017 and increased by 7% to \$104,400 in 2018.

According to Plan Bay Area 2040, the average household size in the Bay Area is about 2.8 persons per household, and both Alameda County and Livermore have about the same average household size.

HUD adjusts AMI by household size and indicates that a typical 3-person household receives 90% of the AMI of a 4-person household.

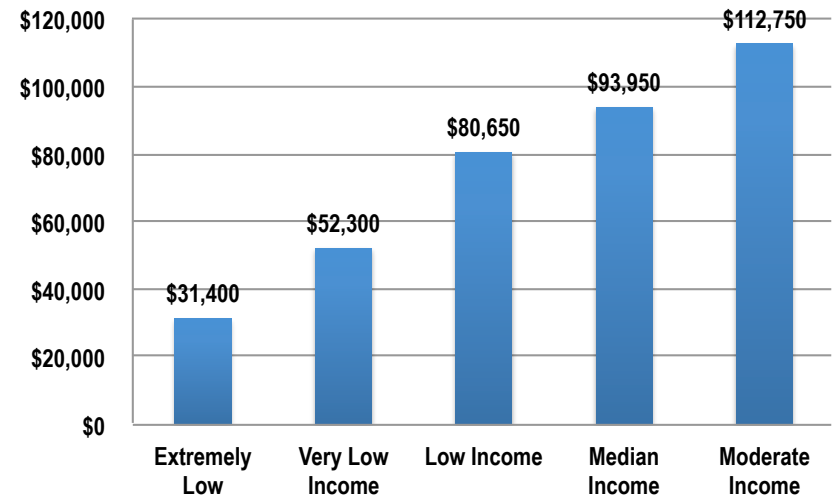
HUD also defines several income categories for affordable housing as shown on the graph to the right. According to HUD, a typical low income, three person household in Alameda County had an income of about \$72,000 in 2017 and \$81,000 in 2018.

For purposes of this report, low income households in both Alameda County and Livermore are defined as those households with incomes at \$75,000 and below, which is one of the defined income tiers in the US Census and ACS.

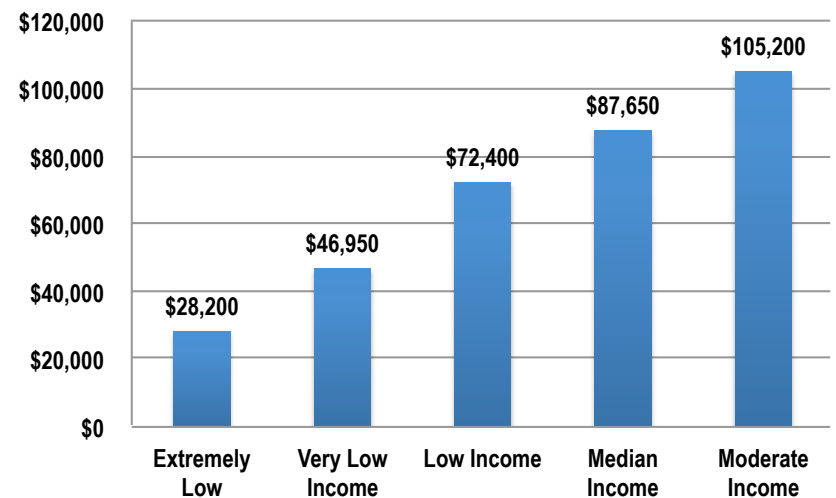
Affordable rents are established based on these different income level tiers and are defined to be equal to 30 percent of income before consideration of utility costs.

Source: US Department of Housing and Urban Development, California Department of Housing and Community Development 2018 Income Limits

Alameda County 2018 HUD/HCD Income Limits for Three Person Household



Alameda County 2017 HUD/HCD Income Limits for Three Person Household



Affordable Rents Compared to Market Rents of New Apartments

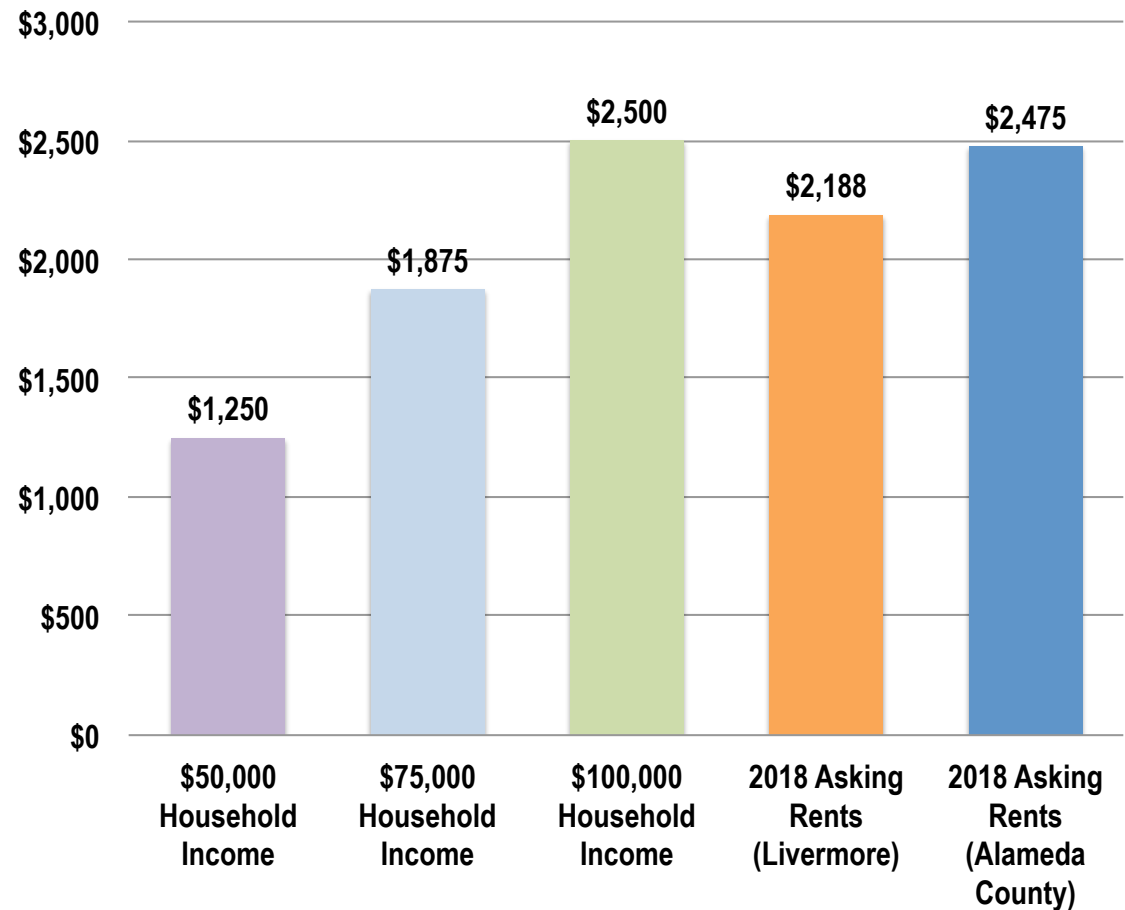
City of Livermore and Alameda County

HUD and HCD also recognize that different sized households need housing units with different numbers of bedrooms. For example, a two bedroom unit would typically be occupied by a three person household, although smaller or larger households could live there. Given that the average household size is about 3 persons per household in the City and County, a typical household would occupy a two bedroom unit.

Based on the affordability standard of 30% of income toward housing, a typical low income household in Alameda County and Livermore with an income of about \$75,000 could afford rent of \$1875 before consideration of utility costs.

Market rents in both Livermore and Alameda County for two bedroom units significantly exceed what is affordable to a lower income household with an income of \$75,000 or below.

Monthly Affordable and Market Rents of Two Bedroom Apartments



Note: Housing cost is assumed to be 30% of household income. Monthly affordable rents include utility costs.

Source: Costar, TCG, Seifel Consulting Inc.

Affordable Home Prices Compared to Market Rate Home Prices

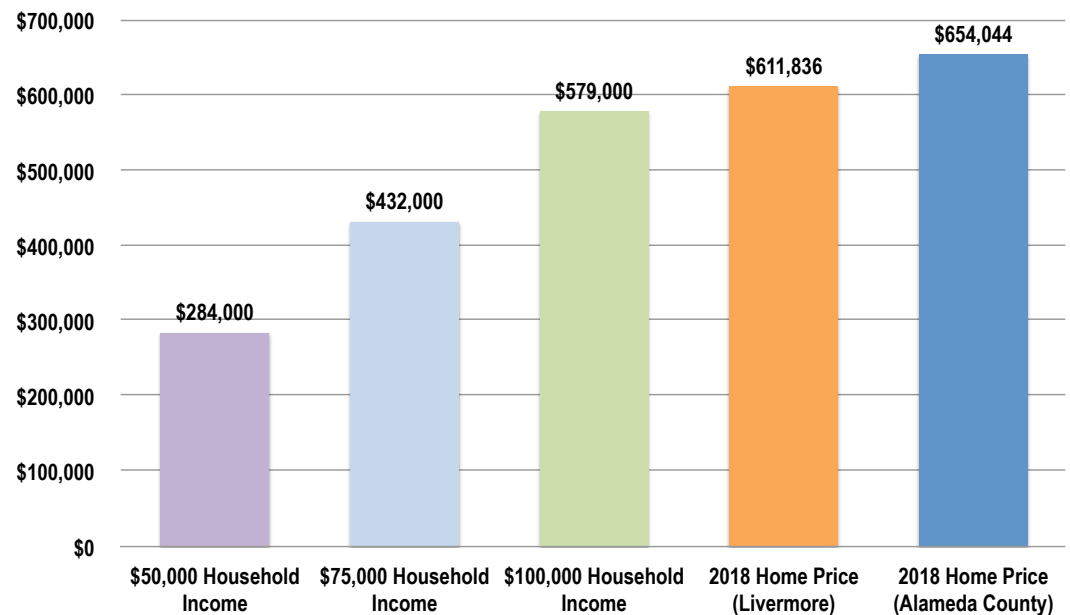
City of Livermore and Alameda County

The cost of homeownership varies depending on the amount of savings that buyers can contribute to a downpayment, whether or not they have equity in an existing home, current interest and property tax rates, and the amount of other costs that they will have to pay including mortgage insurance, property insurance, utilities etc. In addition, the State of California uses different affordability standards for homeownership ranging from 30% to 40% of income.

Assuming that a homeowner were to spend 35% of their income on housing, has sufficient savings to make a 20% downpayment and would have minimal homeownership costs other than property taxes, the likely maximum home price that a typical lower income homeowner could afford to pay is about \$432,000. However, many households may not be able to make a 20% downpayment or could have substantially higher monthly costs, such as mortgage insurance, homeowners association and/or utility costs.

For purposes of this report, the affordable home price for a low income household is considered to be at or below \$500,000.

Affordable and Market Rate Two Bedroom Home Prices



Note: The calculation of affordable home price is based on 20% downpayment and minimal homeownership costs other than property taxes.

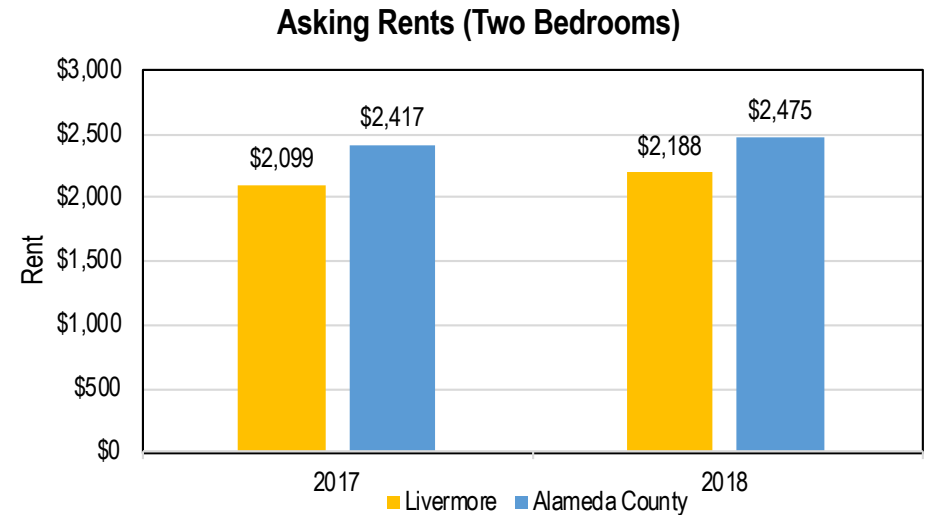
Source: Zillow, TCG, Seifel Consulting Inc.

Rapid Increases in Market Rents Since 2000

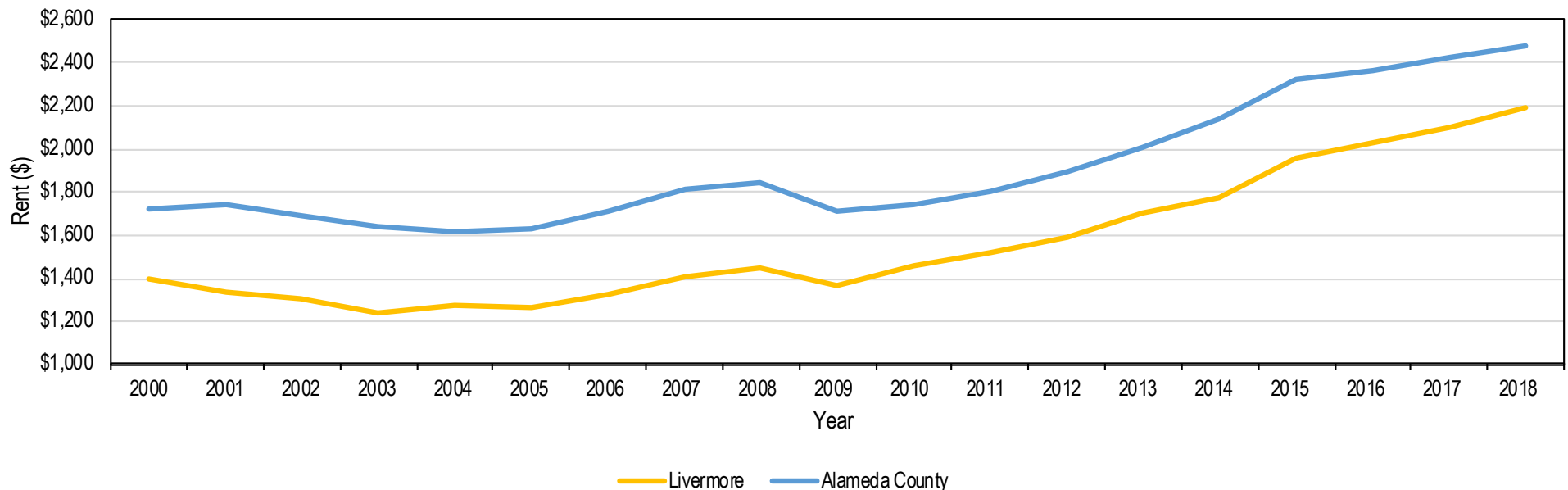
Two Bedroom Rents

Two bedroom rents for institutional grade apartments in Livermore have seen significant growth since 2000, and historically rent growth has followed similar patterns as Alameda County. However in the past three years, rents in Livermore have increased at a faster pace than the County. For example, the percentage increase in rents from 2017 to 2018 was 4.2% for Livermore and 2.4% for Alameda County.

While rents for two bedroom units in Livermore are still below those in Alameda County, the gap has narrowed from 23% to 13%.



Historical Two Bedroom Rent Comparison - Livermore vs. Alameda County



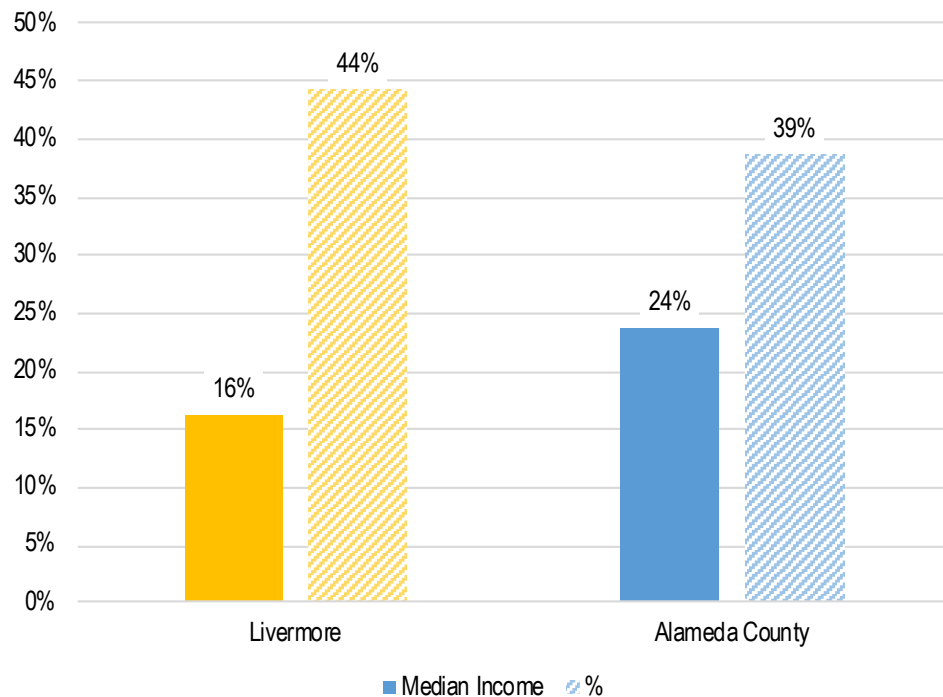
Source: CoStar, Institutional Grade Multifamily Apartment Developments

Increasing Percentage of Income Spent on Rental Housing

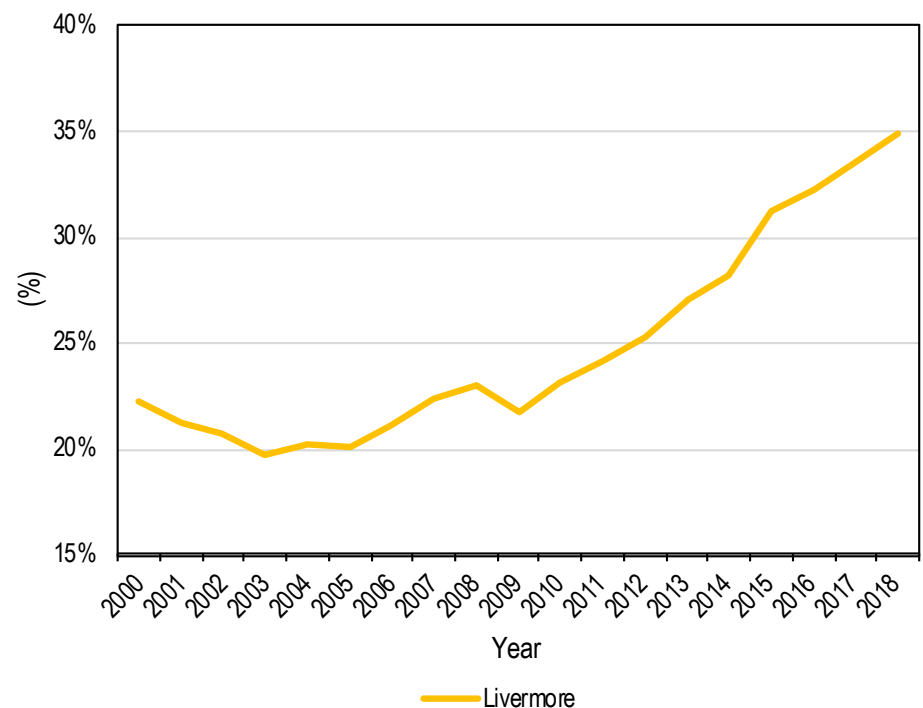
Two Bedroom Rents

While median incomes have increased in Livermore and Alameda County since 2000, much of this increase is likely due to the addition of higher-income households, and median household incomes stagnated during the recession after taking into account inflation. A typical household in Livermore would have spent 22% of their income on a two bedroom rental in 2000, and the percentage spent on housing stayed at or below 25% through the recession. Since then, rents have increased, and a typical Livermore household would likely need to spend about 35% of their income on housing to afford typical rents in 2018. The consistent upward trajectory of rents in Livermore have made it unaffordable for many residents who have lived in the City over the past decade and whose incomes have stagnated. This is similarly true for households in Alameda County.

Growth in Median Income vs. Growth in Two-Bedroom Median Rent (2010-2017)



Percent of 2000 Median Income Spent on Annual Two Bedroom Rental Housing Cost



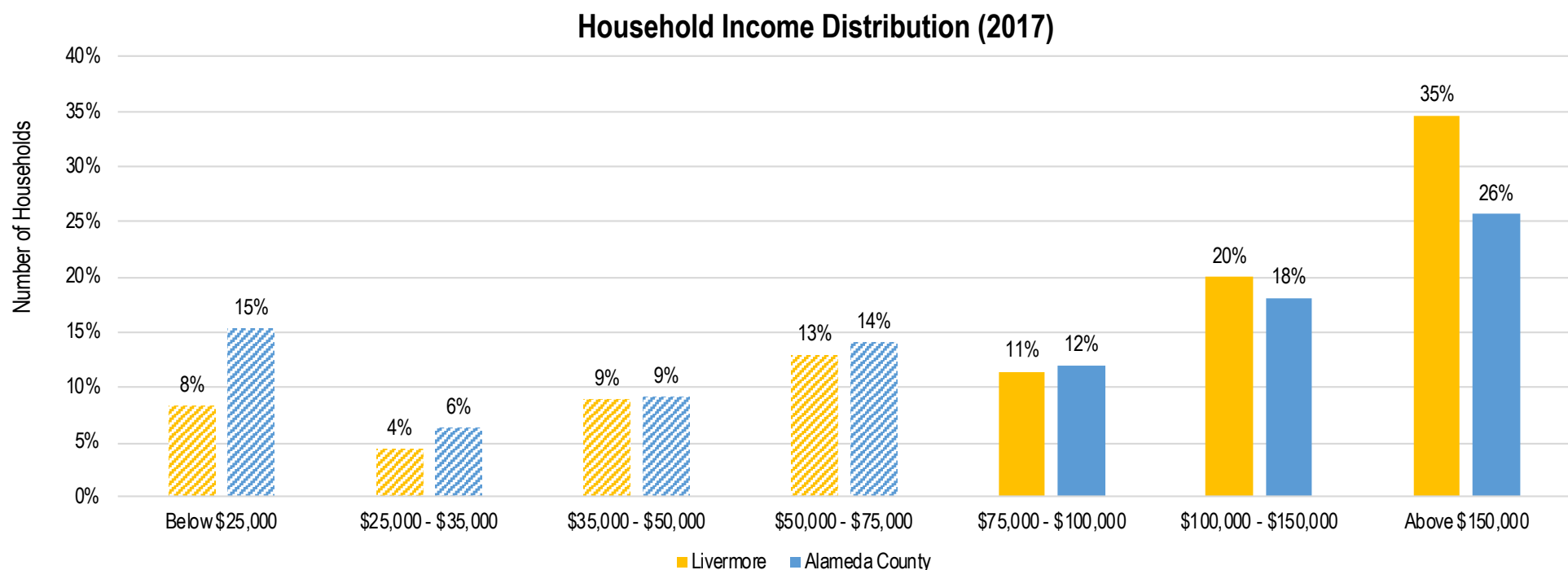
Source: CoStar, Spotlight

Significant Portion of Households at Risk of Housing Displacement

Income Distribution of Livermore

The Bay Area, Alameda County and Livermore have experienced a dramatic shift in incomes and rising income inequality as a direct result of rapid economic growth.

Higher income earning households from the greater Bay Area - in response to the housing shortage - have moved into areas with relatively lower housing costs like Livermore, significantly changing their demographic composition and contributing to displacement as low income households are often forced to move to areas where housing is more affordable due to competition for units becoming steeper in all corners of the Bay Area. This shift in household income distribution and income inequality can be seen clearly in both Livermore and Alameda County. Since 2010, the largest growth in households in Livermore and Alameda County is attributable to the highest income households above \$150,000, while households earning below \$75,000 declined. These changes alongside the significant decline in new housing permits have significantly constrained the Livermore housing market.

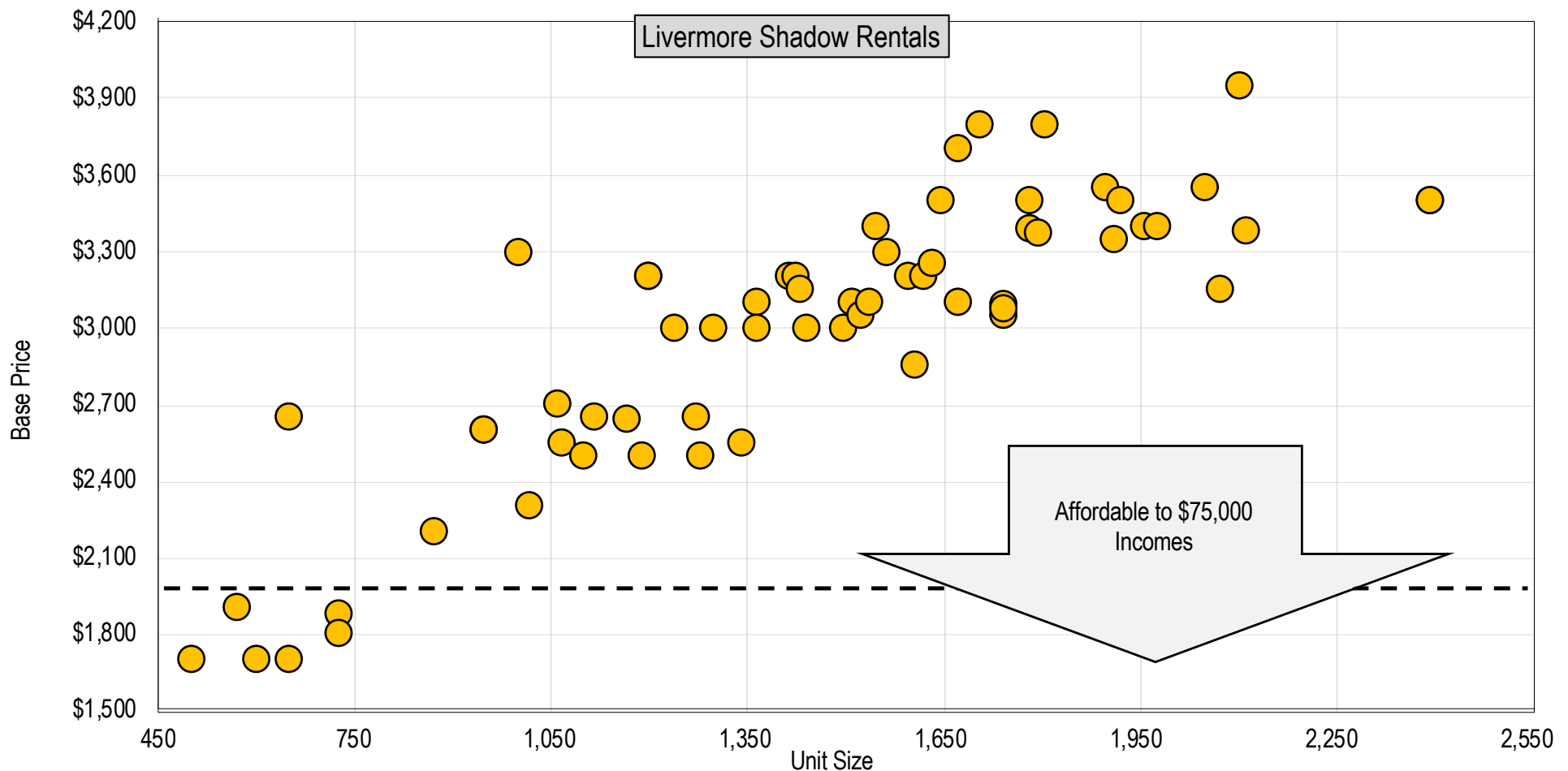


Source: American Community Survey 2017, 5-Year Estimate, US Census Bureau

Limited Rental Units Affordable to Low-Income Households

Market Rate Rental Options for Livermore Residents

The affordable rent to a low income household (with incomes at or below \$75,000) is about \$1,875 a month assuming 30% of pre-tax income. Few “shadow rental” properties in Livermore, which are typically single family homes and small units not owned or operated by large institutional property managers/ investors, are below this threshold. Most affordable apartments are all below 750 square feet in size, which is on the smaller side for a two bedroom unit in the market.



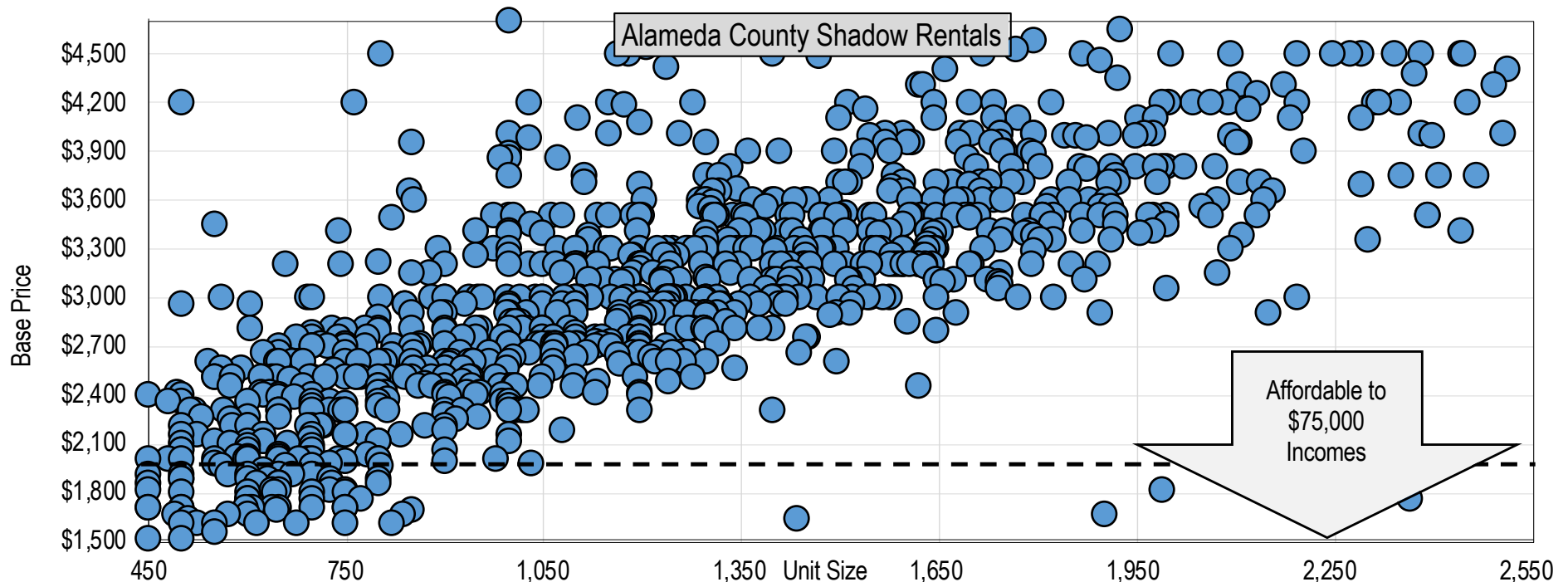
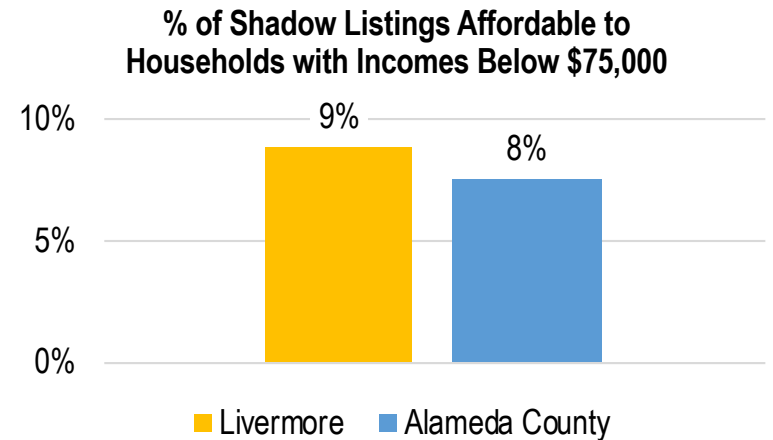
Source: Zillow February 2020 (Listings of Units not Owned or Operated by Large Institutional Property Managers/Investors), The Concord Group

Limited Rental Units Affordable to Low-Income Households

Market Rate Rental Options for Livermore and Alameda County Residents

The same lack of affordable supply holds true in Alameda County as a whole. Only 8% of listings in Alameda County are affordable to households with incomes below \$75,000, slightly higher than the 9% that are affordable in Livermore. Alameda County also has more listings for larger homes.

Very few rentals are currently available for a low or very-low income households in Livermore. Furthermore, as higher-income households are unable to afford housing in more expensive markets in Alameda County, some will likely choose to live in Livermore and compete for the limited supply of market rate units, driving up rents in ways that existing lower-income residents will not be able to afford.



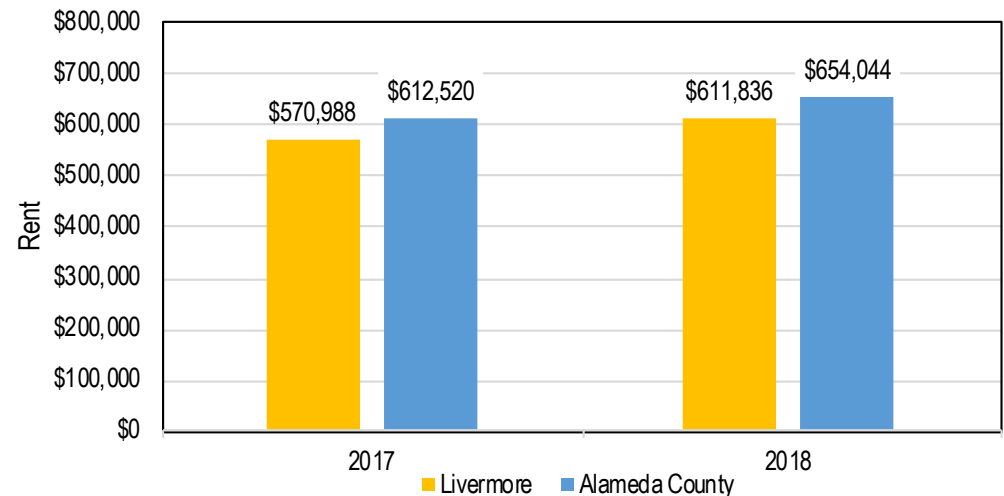
Source: Zillow February 2020 Listings, The Concord Group

Rapid Increases in Home Prices Since 2000

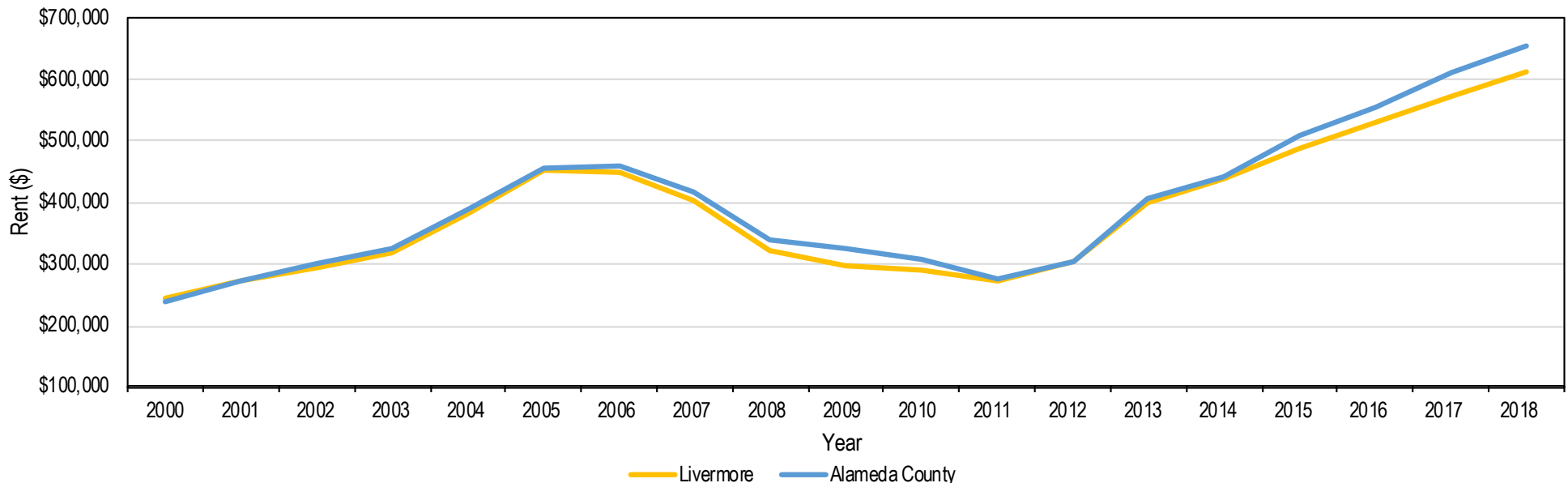
Two Bedroom Home Prices

As with apartments, two bedroom home prices in Livermore have also seen significant growth since 2000. Historical growth in home prices has followed similar patterns as Alameda County, although two bedroom home prices in Livermore are below those in Alameda County.

2018 Median Home Resale Prices (Two Bedrooms)



Historical Two Bedroom Home Resale Price Comparison - Livermore vs. Alameda County

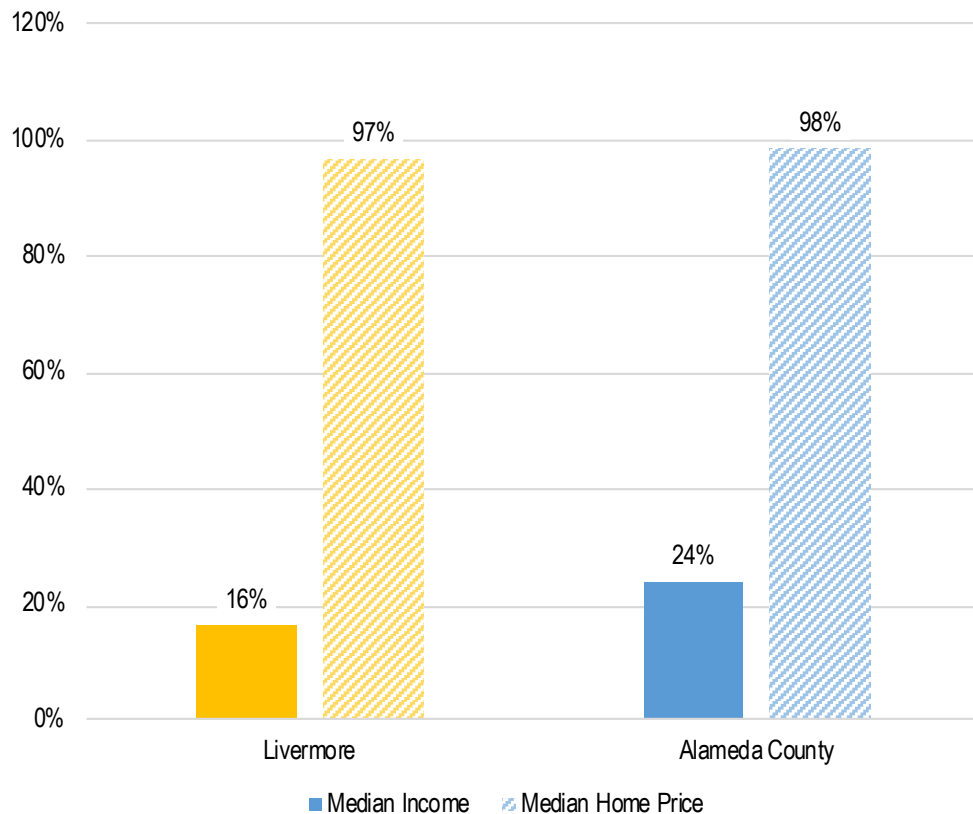


Home Prices Increasing Faster Than Incomes

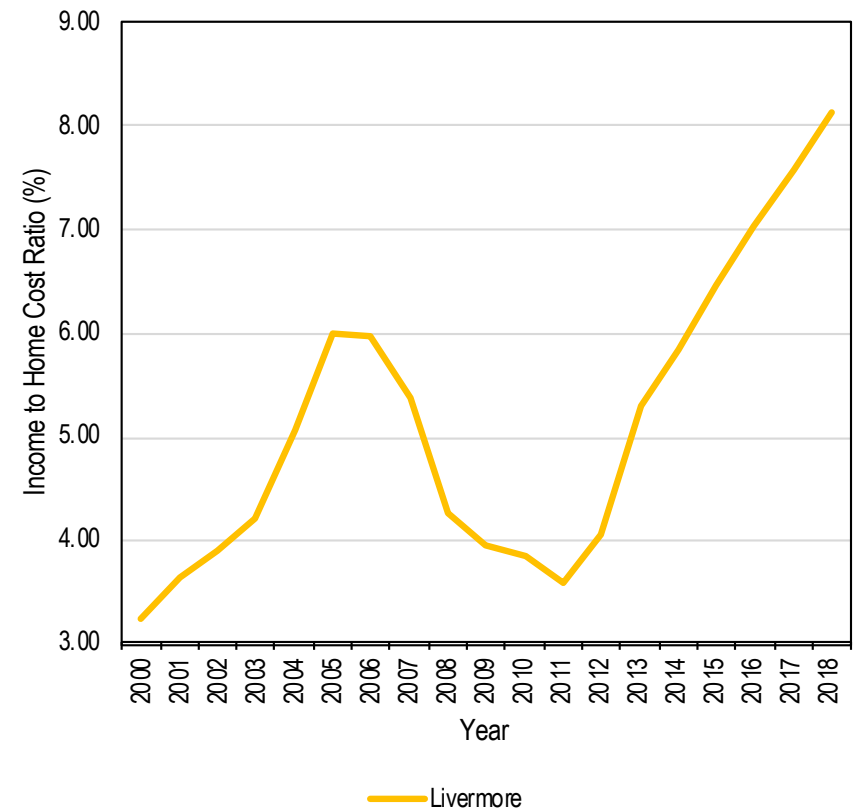
Two Bedroom Home Prices

The growth in median income has been much slower than the growth in prices for two bedroom homes in both Livermore and Alameda County. While two bedroom home prices have increased by almost 100% since 2010, median incomes have only grown by 16% and 24% in the City and Alameda County respectively. Due to the rapid escalation of home prices since the recession, for-sale homes have quickly become unaffordable to low and moderate income households in both the City and County.

Growth in Median Income vs. Growth in Median Two Bedroom Home Price (2010-2017)



Historical Income to Home Cost Ratio, Livermore (2010-2018)



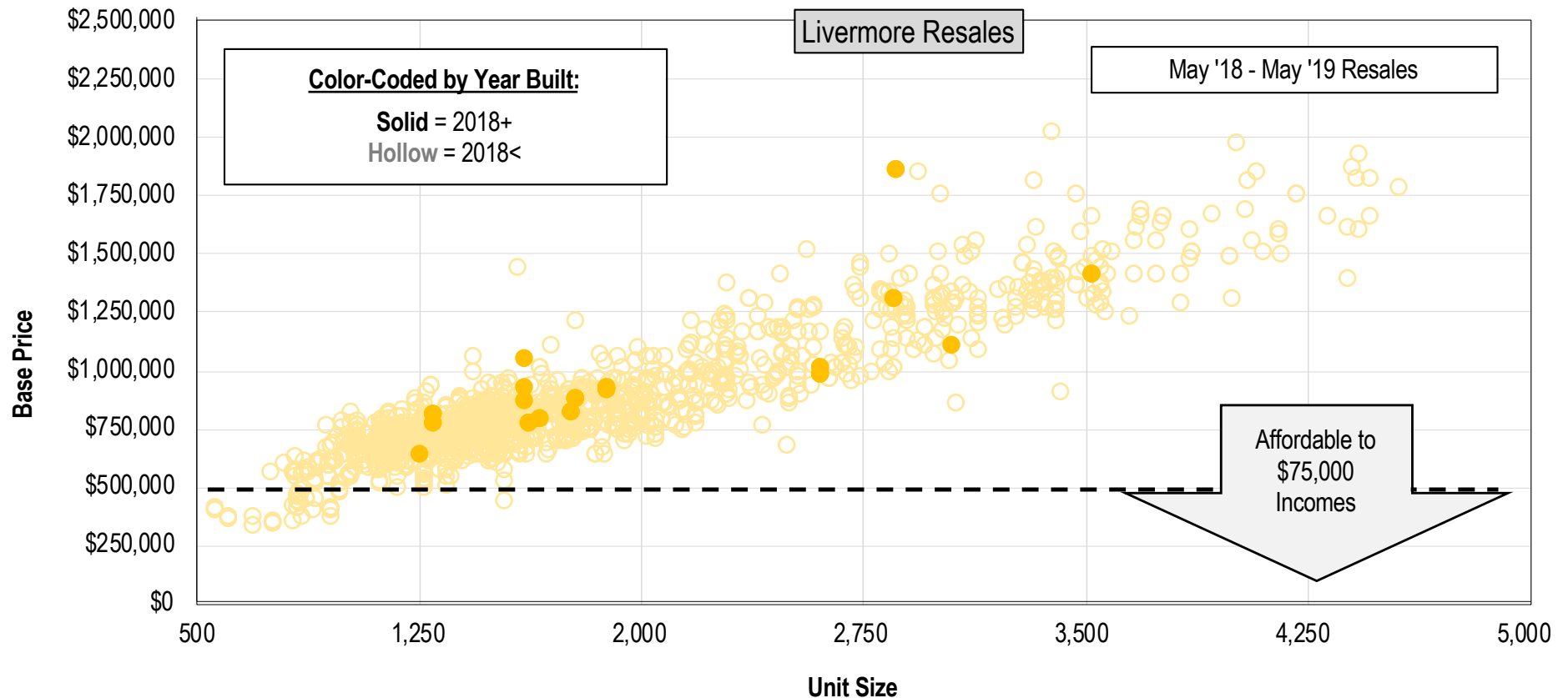
Source: Zillow

Limited For-Sale Homes Affordable to Low-Income Households

Market Rate For Sale Options for Livermore Residents

As described earlier, low income households could likely only afford homes priced below \$500,000. Of the 1,429 homes sold in Livermore from May 2018 to 2019, only 69 homes (5%) were under the \$500,000 threshold. On average these homes were under 900 square feet, and no new homes were available for under \$500,000.

While a few homes have sold in Livermore at or below \$500,000, there are not nearly enough homes or rental units that are affordable to low and very low income households, which means that a high proportion of lower income households in Livermore could be at risk of displacement.



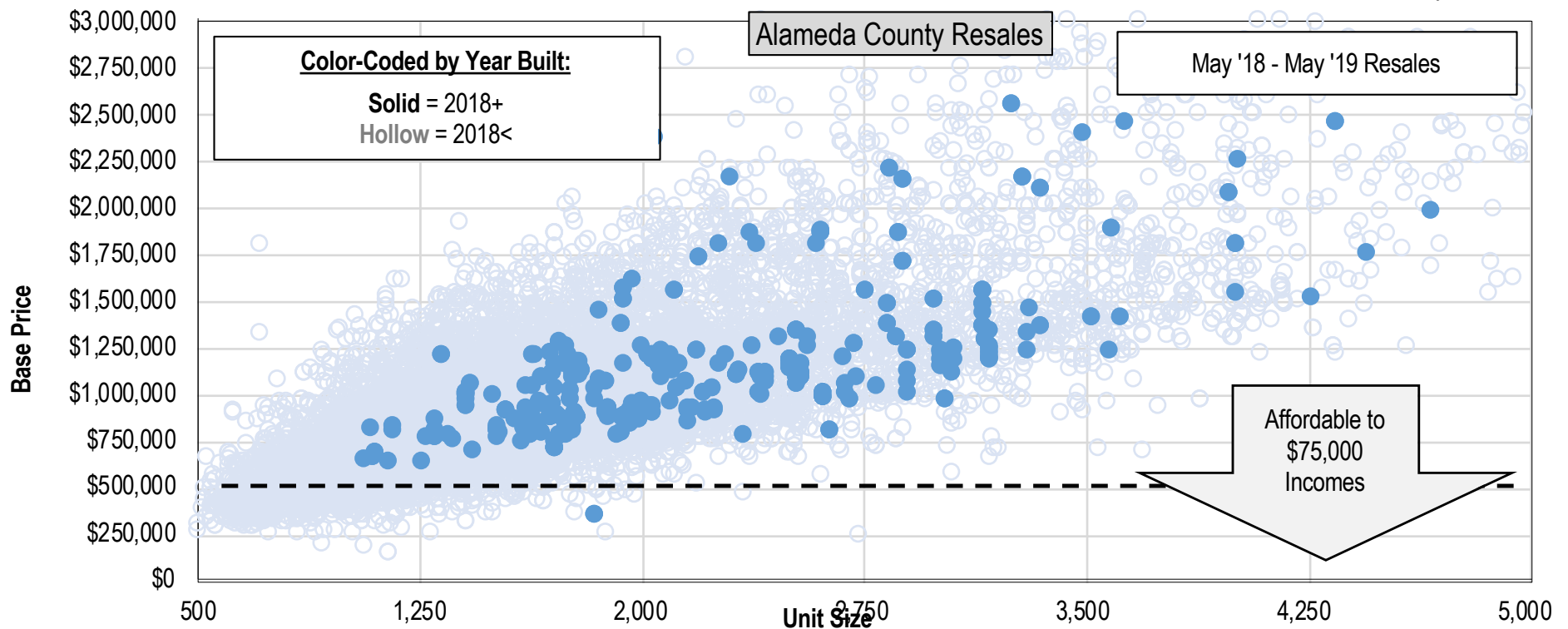
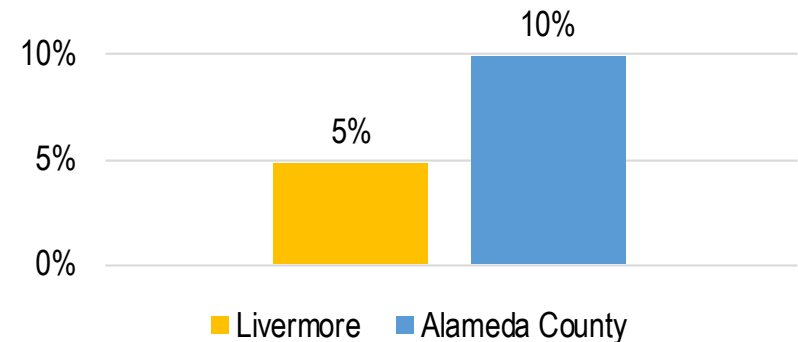
Limited For-Sale Homes Affordable to Low-Income Households

Market Rate For Sale Options for Livermore and Alameda County Residents

Alameda County has a slightly higher proportion of homes available to households with incomes under \$75,000.

Of the 17,046 homes sold in Alameda County from May 2018 to 2019, only 1,689 homes (10%) were under the \$500,000 threshold. On average these homes were under 950 square feet – slightly larger than affordable homes available in Livermore. Only one new home was sold below \$500,000.

% of Home Sales Affordable to Household Incomes Below \$75,000



Source: CoreLogic, Redfin

Bay Area Urban Displacement Project

Relevant Findings for Tri-Valley Analysis

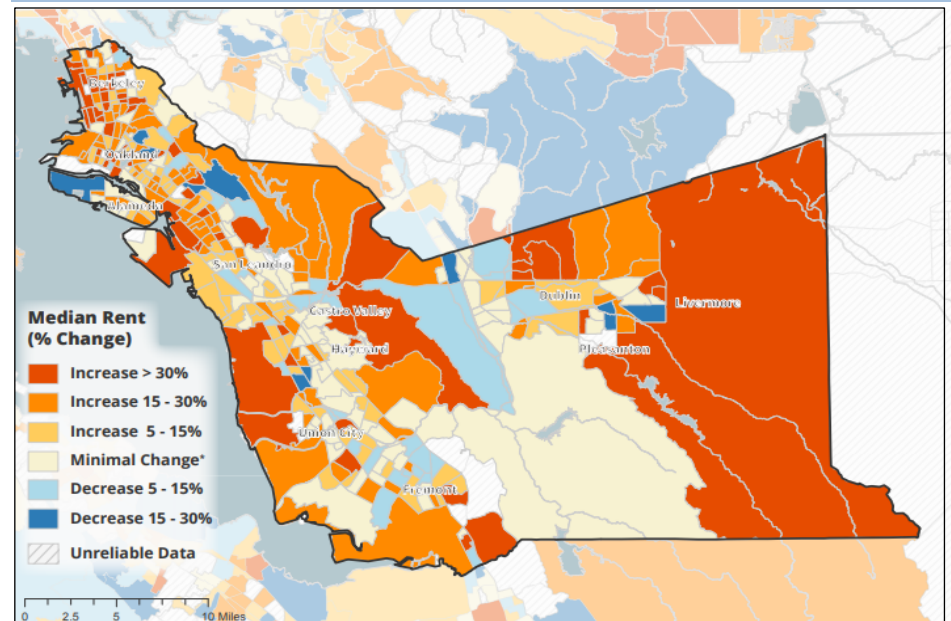
The Urban Displacement Project and California Housing Partnership Corporation (CHPC) have prepared a series of reports that analyze and document displacement pressures facing lower income households and persons of color in the Bay Area. Their work has been conducted over the past few years and utilizes data from the US Census and American Community Survey through 2015. Their reports and maps provide evidence that low-income people of color in the Bay Area suffer the most as housing prices rise, and displacement pressures often push them into higher poverty, lower-resource neighborhoods where the odds are stacked against them.

In their report, *Rising Housing Costs and Re-Segregation in Alameda County*, they found that Alameda County saw growth among its lowest and highest-income households between 2000 and 2015, while losing significant numbers of moderate-income households. Some of these shifts were involuntary moves resulting from eviction, foreclosure, large rent increases, uninhabitable housing conditions or other reasons that are beyond a household's control, otherwise known as "displacement." This report concludes that Alameda County and the region needs policies and investments that support housing affordability and stability for low-income people of color, while also increasing their access to high-resource neighborhoods, which include neighborhoods in Livermore area.

While the data and analysis in this report build on the work of the Urban Displacement Project and CHPC, this report utilizes more recent data from the 2017 American Community Survey and other current data sources to show how rising housing costs and other economic shifts in the Bay Area and Tri-Valley region as well as the City of Livermore are increasing displacement pressures for low-income households, especially people of color and those with special housing needs.

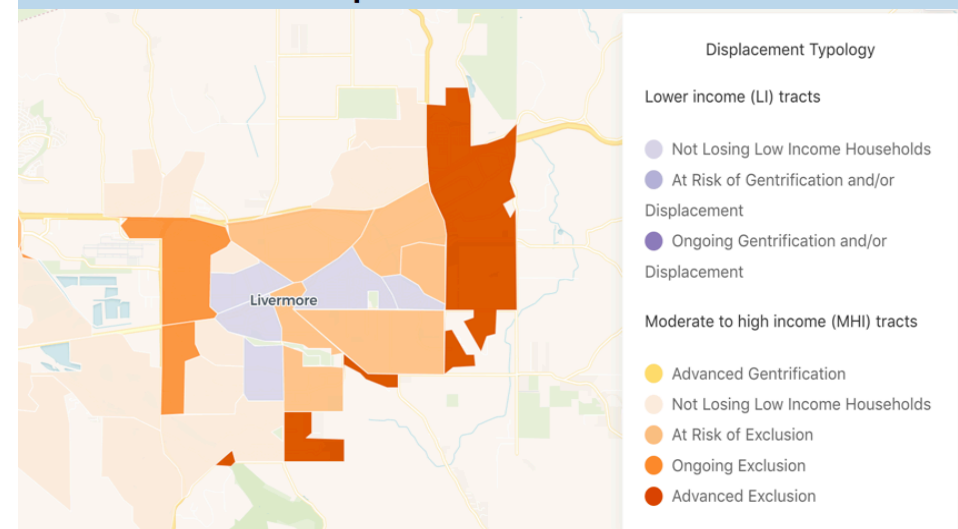
Source: California Housing Partnership Corporation (CHPC)

Alameda County Percent Change in Median Rent Paid (2000-2015)



Source: *Rising Housing Costs and Re-Segregation in Alameda County*, Urban Displacement (UC Berkeley)

Displacement in Livermore



Source: Urban Displacement Project, University of California, Berkeley

Finding #2 Supporting Data

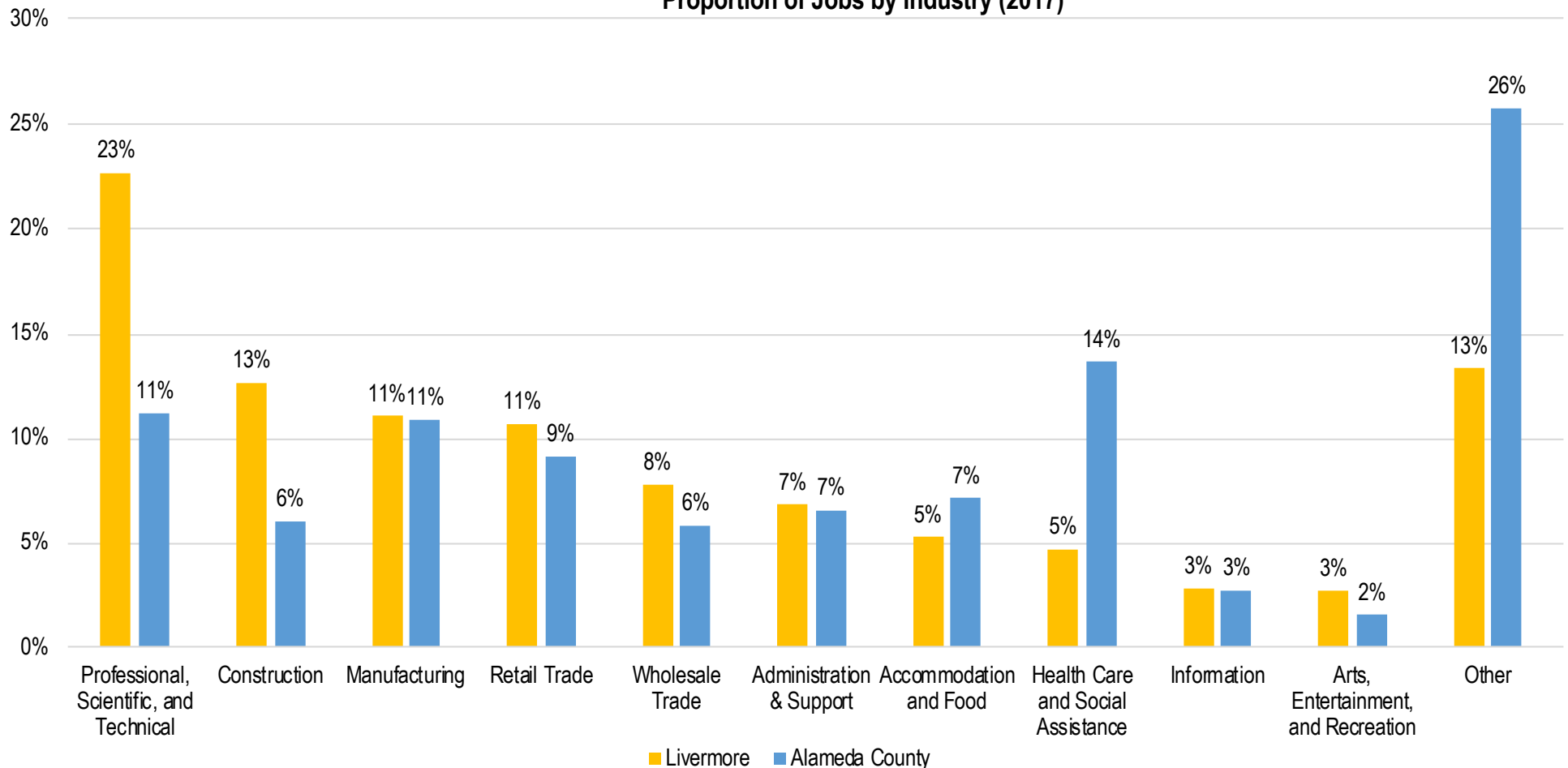
Livermore has an increasing number of higher income households, with a growing number of workers who are commuting to higher paying jobs outside of Livermore, which is intensifying local housing demand and displacement pressures.

High Proportion of Industries With Lower Wage Jobs

Top Industries in Livermore

While the largest industry in Livermore is Professional, Scientific, and Technical Services, reflecting the City's major employers of Lawrence Livermore and Sandia National Laboratories, a large proportion of Livermore jobs are in five industries that typically have lower wage jobs— retail trade, wholesale trade, manufacturing, accommodation and food services, and administration & support. As described in Section 1, these five industries represented 77% of Livermore's job growth from 2010 to 2017.

Proportion of Jobs by Industry (2017)



Source: American Community Survey 2017, 5-Year Estimates, United States Census Bureau

High Proportion of Low Income Workers

Annual Salary Levels and Housing Affordability

About 17,000 of Livermore's jobs pay wages of \$40,000 and below, which represents about 35% of primary jobs in the City compared to 39% in the Alameda County in 2017.

- A household with one lower-wage worker would be considered very low income and would not be able to afford a typical market rate apartment in Livermore.
- Similarly, households with two lower-wage workers would not be able to afford a typical apartment or purchase a home in the City.

About 6,700 jobs in Livermore were added within the five industries that typically have lower wage jobs— retail trade, wholesale trade, manufacturing, accommodation and food services, and administration & support. Thus, a growing number of new workers in Livermore likely have lower wage jobs and cannot afford a typical apartment in Livermore.

Source: OnTheMap 2005-2017, United States Census Bureau

2017 Annual Earnings of Primary Jobs

Annual Earnings	Livermore		County	
	# Jobs	%	# Jobs	%
\$15,000 or less	5,932	12%	96,014	13%
<u>\$15,000 to \$40,000</u>	<u>10,926</u>	<u>23%</u>	<u>186,251</u>	<u>26%</u>
Subtotal	16,858	35%	282,265	39%
More than \$40,000	31,258	65%	439,632	61%
Total	48,116	100%	721,897	100%

Source: onthemap.ces.census.gov

2018 Typical Annual Salary Levels

Job Category	Salary Levels
Substitute Teachers	\$43,000
Customer Service Representatives	\$40,600
Dental Assistants	\$39,300
Office Clerks, General	\$36,000
Security Guards	\$30,000
Childcare Workers	\$29,000
Waiters and Waitresses	\$27,200
Cooks, Restaurant	\$26,100
Retail Salespersons	\$25,900
Cashiers	\$24,600

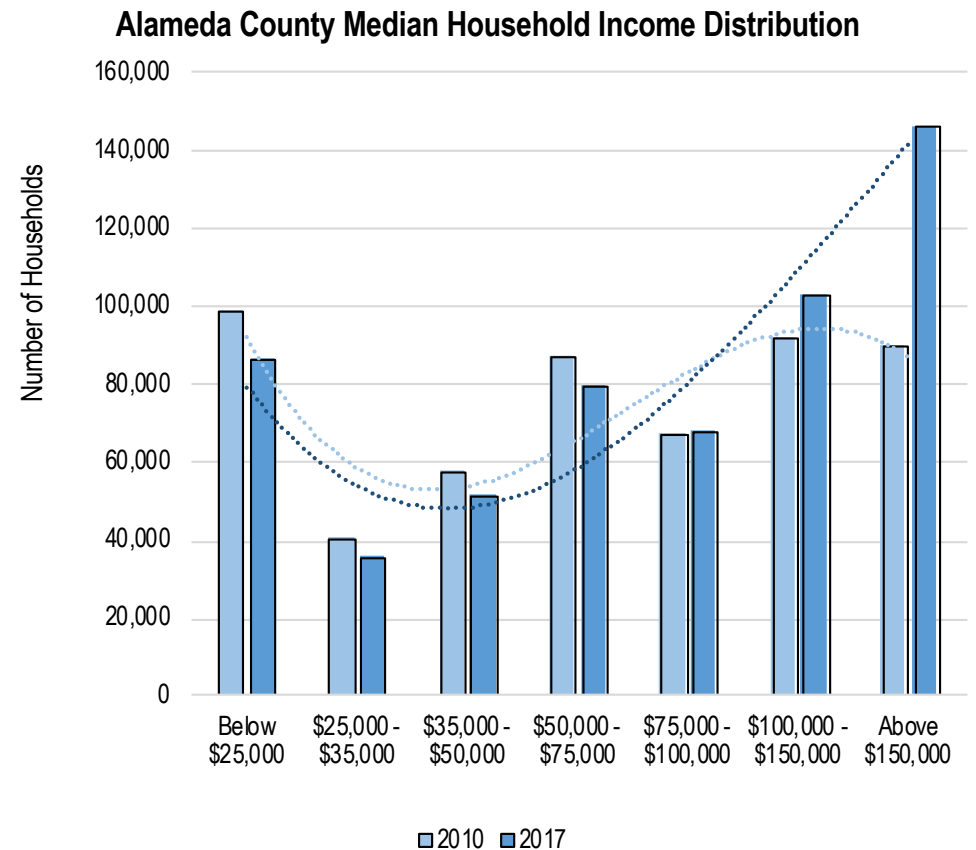
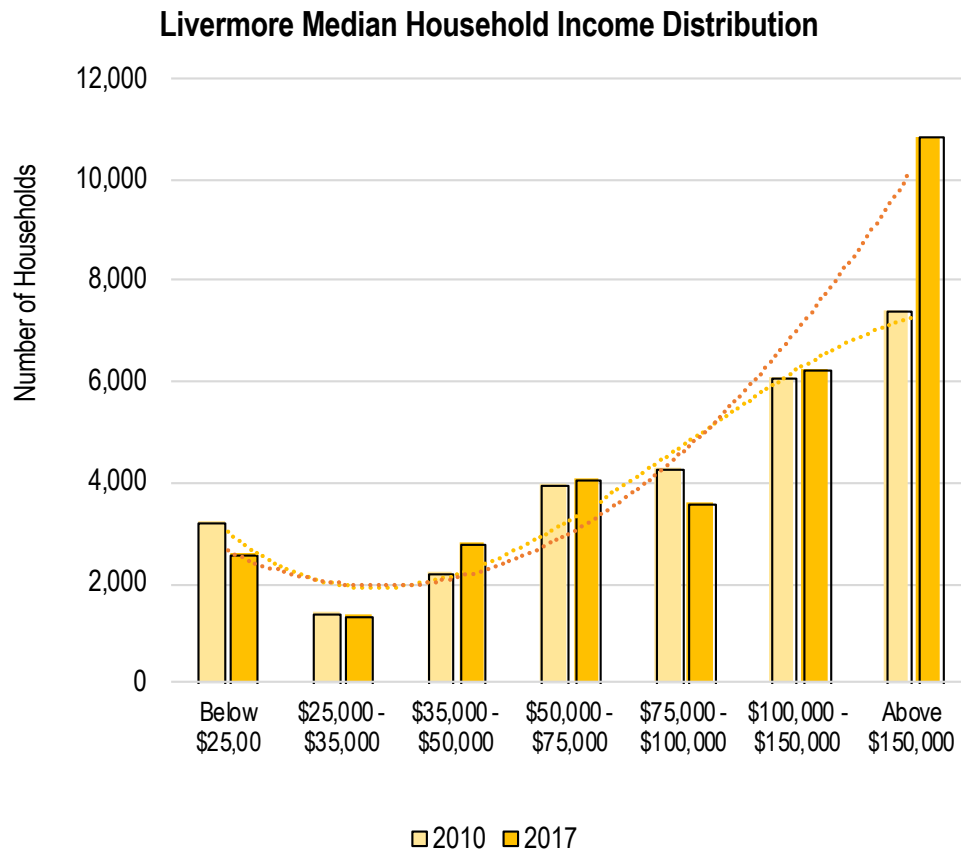
Source: Alameda County Social Services Agency
(Emsi Labor Market Data for City of Livermore)

Shifting Income Distribution

The Changing Nature of Livermore and Alameda County

The dramatic and rising income inequality in the Bay Area has been a direct result of rapid economic growth. This shift in household income distribution and income inequality can be seen clearly in both Livermore and Alameda County. Since 2010, the household income distribution in the City and County have shifted, with the largest growth in households with incomes above \$150,000.

Additionally, the collapsing of new supply deliveries has only accelerated the changing nature of Livermore. The constrained market is at price points that households who make under \$75,000 find unaffordable. Additionally, the vast majority of net new households added to Livermore are households earning more than \$150,000.



Source: American Community Survey 2017 & 2010, 5-Year Estimates, US Census Bureau

Increasing Commuter Residents

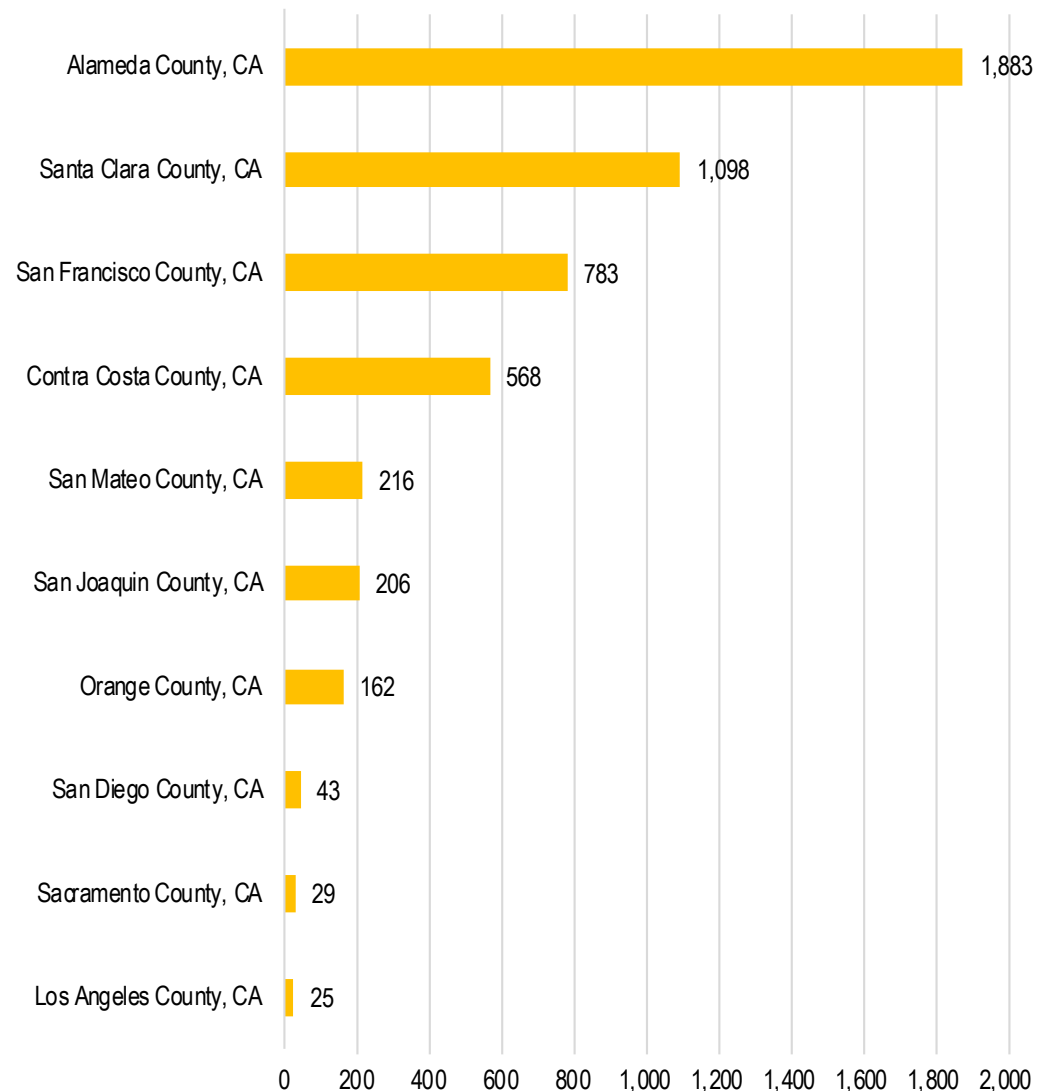
Employment Destinations and Affordability

Employment in the Bay Area is heavily concentrated in business nodes around the region: San Francisco, San Jose, Cupertino/Mountain View/Palo Alto, and smaller areas such as Livermore. Concentrated employment growth, in addition to the lack of new housing development in these cities, results in employees who have to find homes beyond spheres local to their employment. For many, this has resulted in longer commute times and heavier traffic across the Bay Area, as employed residents have to move further away from their place of work to be able to afford rent.

From 2010 to 2017, Livermore witnessed a 48% (783) increase in residents who commuted to San Francisco for their work. More Livermore residents also began commuting towards employment nodes in San Mateo and Santa Clara Counties. While Livermore maintains a strong employment base, these changes in commuter trends indicate that workers are moving to less expensive parts of the Bay Area, such as Livermore, in search of more affordably priced housing.

The movement of higher income households and wage earners to Livermore increases displacement pressures on lower income households who cannot afford the increasing cost for housing.

Change in Commuters from Livermore to Select Counties (2010-2017)



Finding #3 Supporting Data

Hundreds of lower-income residents in Livermore, particularly low income renter households, are vulnerable to being displaced. The number of households paying over 35% of their income on rent and the number of overcrowded households in Livermore, particularly those who are severely overcrowded, has increased significantly since 2010.

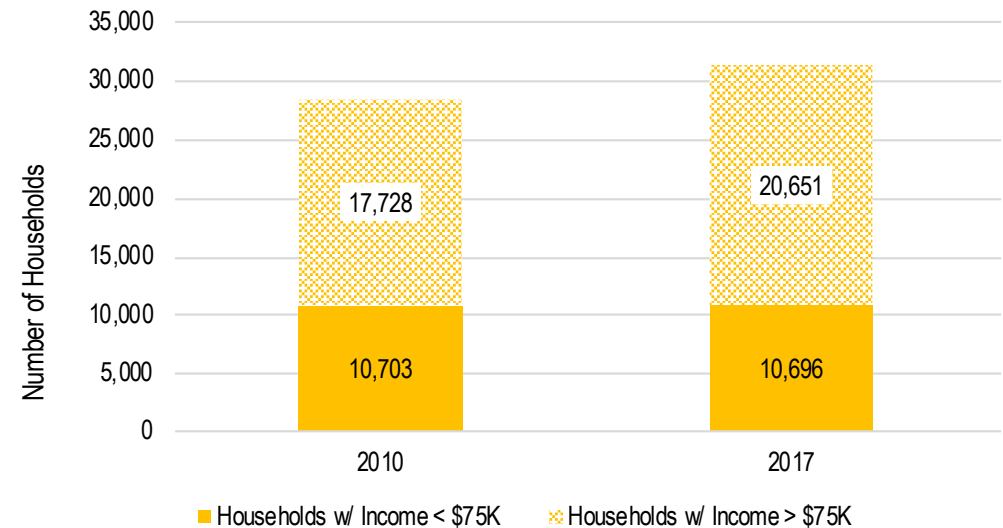
Loss of Low/Moderate Income Households

Changes in Household Income in Livermore

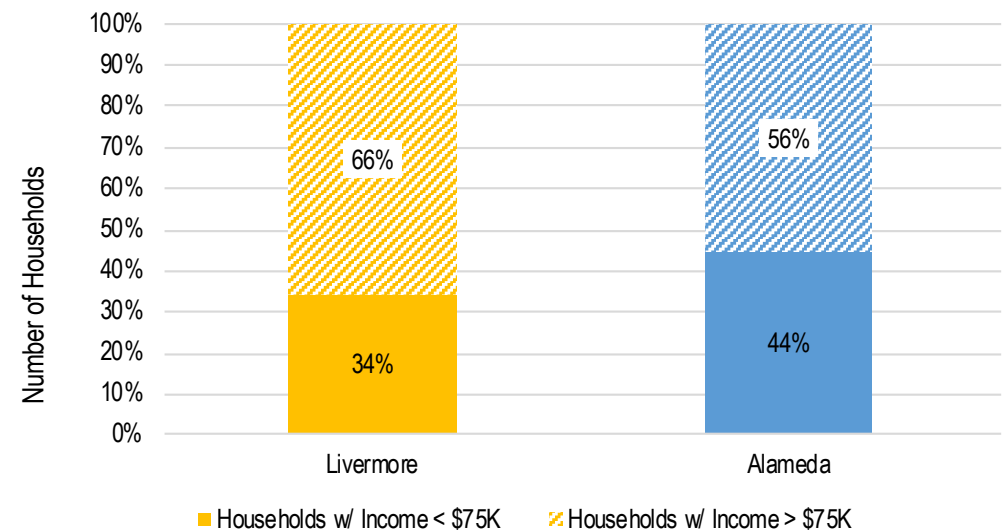
While the number of households in Livermore has grown from 28,431 in 2010 to 31,347 in 2017, the percentage of households who made less than \$75,000 in 2010 has declined. In 2010, low income households represented about 37% of all households in Livermore, decreasing to 34% in 2017.

All of Livermore's net household growth is attributable to households making over \$75,000 while the number of low-income households has decreased. Unless additional housing is built, lower-income Livermore residents will have to compete with higher-income newcomers for existing stock, and risk displacement.

Livermore Household Income Composition (2010 & 2017)



Livermore vs. Alameda County Household Composition (2017)



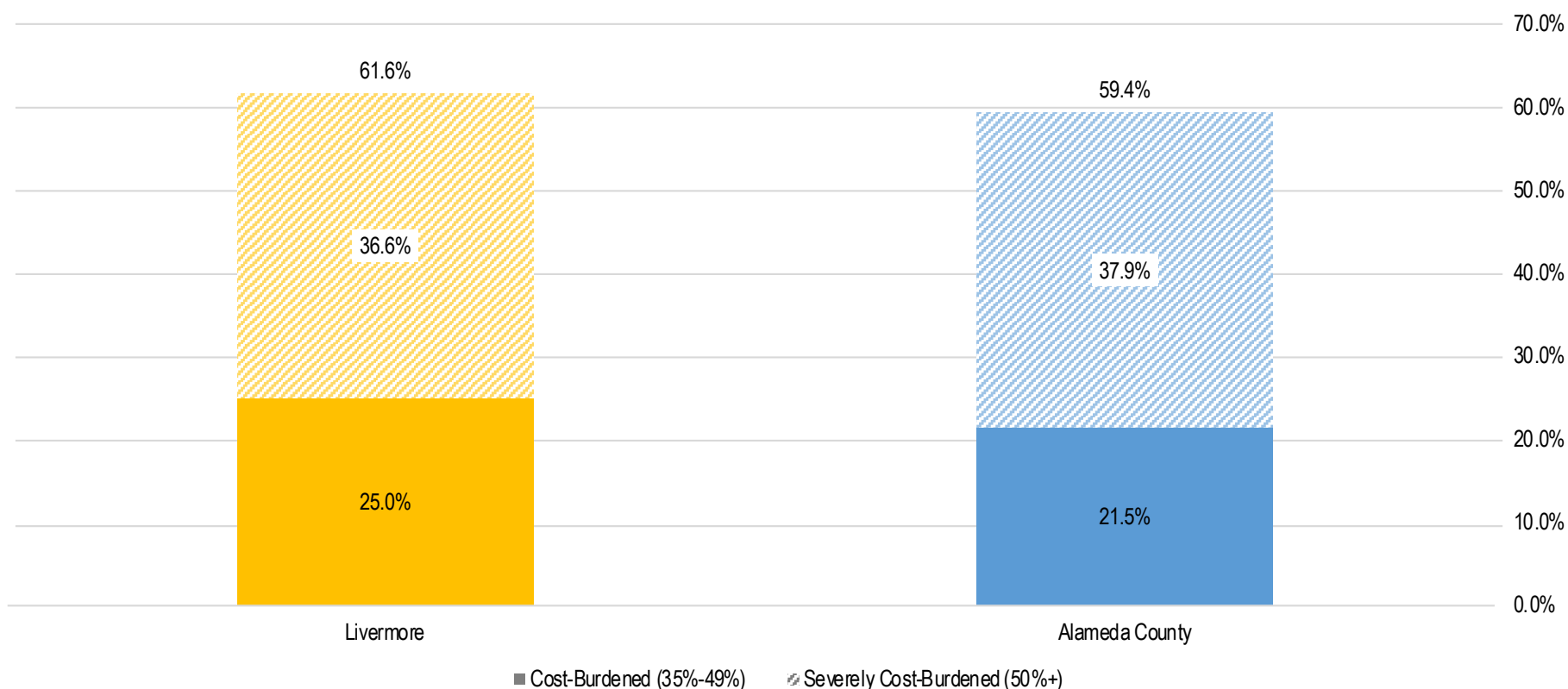
Intensifying Housing Conditions for Low Income Renters

Cost-Burdened Households in Livermore

Currently, about 9,000 households in Livermore area are renters, and 60% percent of these are lower-income (<\$75,000) renter households.

Housing production has not kept pace with the demand for housing for these households. Currently about 62% of all lower-income renter households in Livermore are cost-burdened, paying 35% or more of their income on housing costs. More than half of these cost-burdened households are severely cost burdened, or pay more than 50% of their income to rent.

Percent of Households with Incomes Under \$75K Who Are Cost-Burdened (2017)

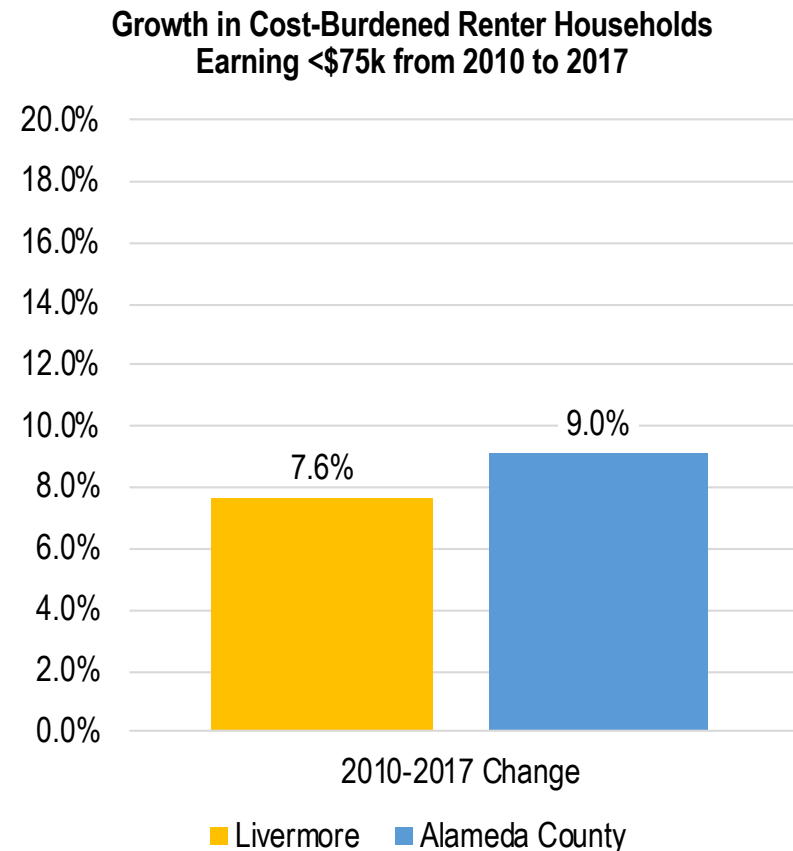
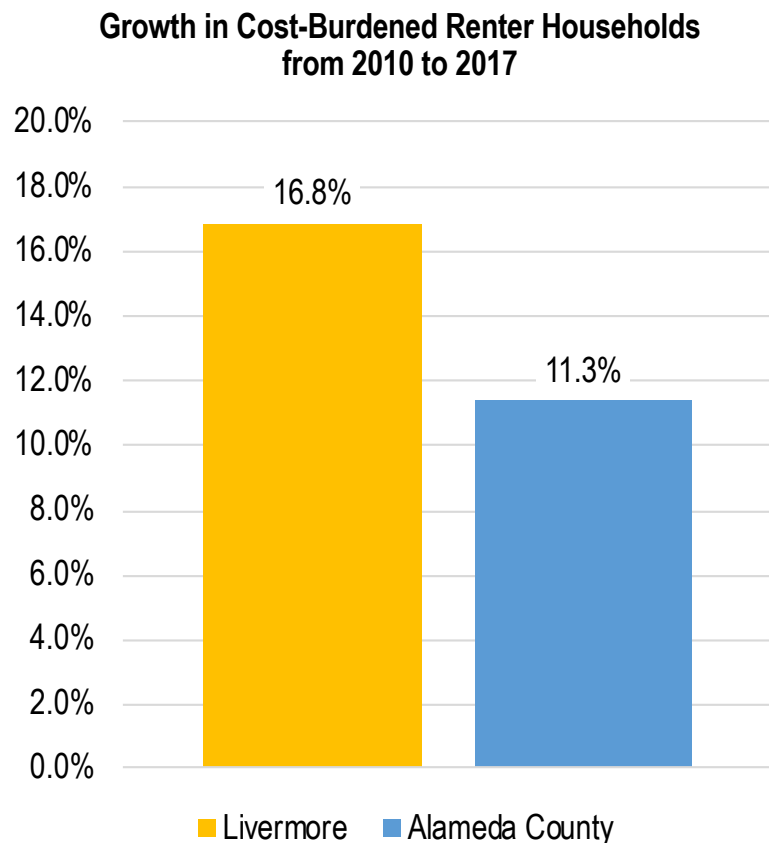


Source: American Community Survey 2017, 5-Year Estimate, US Census Bureau

Increasing Number of Cost-Burdened Renter Households

Growth in Cost-Burdened Renters

From 2010 to 2017, the number of cost-burdened renter households in Livermore increased from about 3,200 to 3,700, or a growth of more than 500 households. The growth in cost-burdened renter households in Livermore was higher than in the County, 16.8% compared to 11.3% from 2010 to 2017.



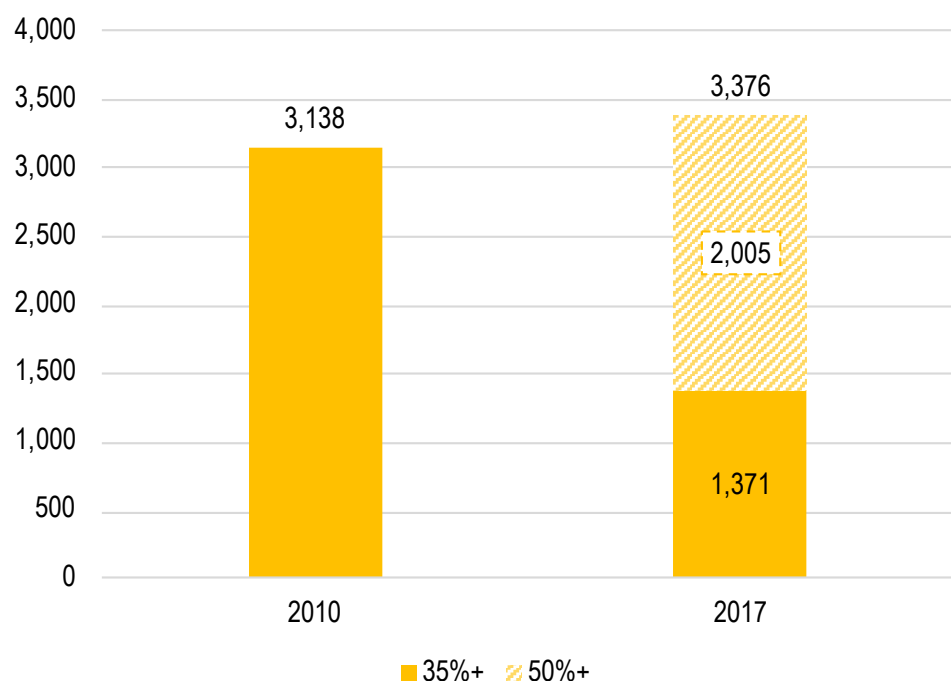
Increase in Severely Cost-Burdened Renters

Cost-Burdened Renter Households in Livermore

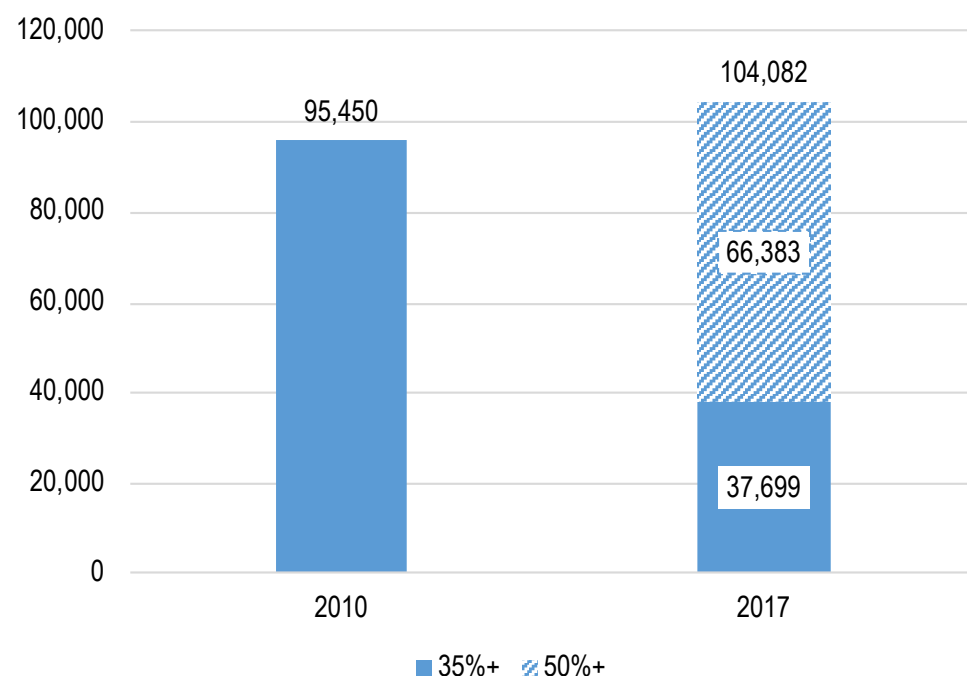
Currently, about 3,376 low income renter households are cost burdened, paying more than 35% of their income on rent. Even more dramatically, 2,005 of those 3,376 cost burdened households are severely cost burdened, paying more than 50% of their income on rent. Since 2010, the number of low income renter households that are cost burdened (paying more than 35% of income on housing) has increased in Livermore by about 238 low-income households (7% increase), which indicates that rental housing is not keeping pace with demand leading to growing displacement pressures. These trends are very similar to what Alameda County experienced.

Cost-Burdened Renter Households (35%+ of Income to Housing) Earning Less than \$75,000

City of Livermore



Alameda County



Note: American Community Survey did not record severely cost-burdened household figures until 2014

Source: American Community Survey 2014, 2017, 5-Year Estimate, US Census Bureau

Increasing Numbers of Overcrowded Renter Households

Overcrowded Renter Households

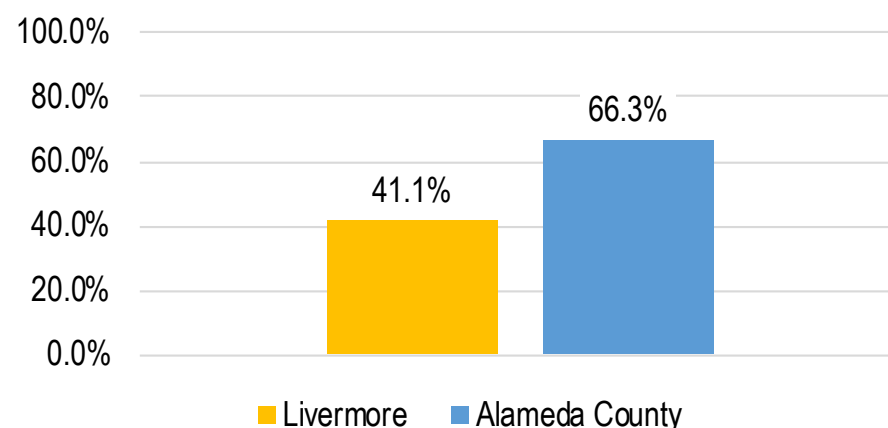
Overcrowding, defined by the US Census as having more than 1.01 person per bedroom in a housing unit, is a measure that can be observed as an initial precursor to displacement. Households move from being able to afford market rents to either paying more than 35% of their income to housing or moving to an overcrowded housing situation before leaving the area in search of a more affordable area.

Livermore experienced an increase of 223 overcrowded units from 2010 to 2017, a 41% increase. Over the same period, Alameda County experienced an increase in overcrowding of about 66.3%.

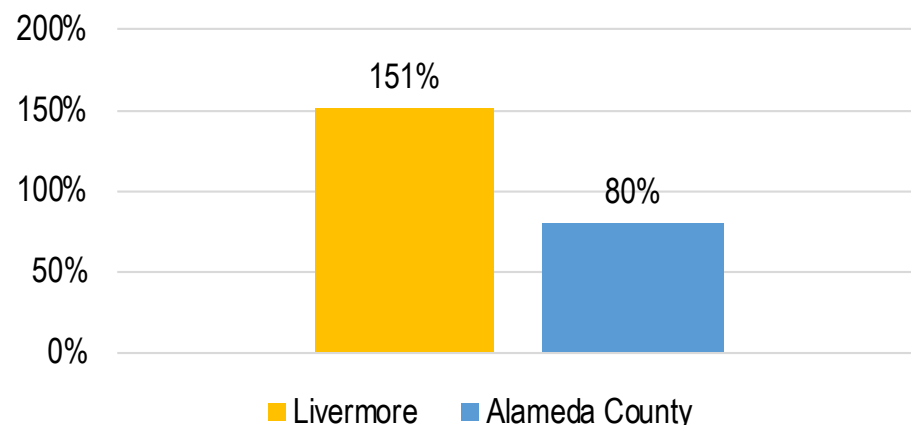
Furthermore, the number of severely overcrowded households in Livermore increased by 151% from 2010 to 2017, increasing by almost double the countywide rate of 80%.

Out of the 765 households living in overcrowded rental units in Livermore, 221 households are living in severely overcrowded conditions.

**Growth in Overcrowded Renter Households
(2010-2017)**



**Growth in Severely Overcrowded Renter Households
(2010-2017)**



Long Waiting Lists and Housing Interest Lists (Winter 2018-19)

Livermore Affordable Housing Needs

Waiting List

The City of Livermore has long waiting lists for affordable housing developments. The table on this page presents waiting list data for representative affordable housing properties in Livermore, including the number of BMR units and the number of households on the wait list for these properties as of Winter 2018-19. More than 1,900 people are registered on the waiting lists in Livermore.

Housing Interest List

The City of Livermore maintain a list of people who are seeking affordable housing with over 1,800 people registered on the two housing interest lists as of Winter 2018-19.

Development	Affordability						# of BMR Units	# on Wait List
	Ex. Low	Very Low	Low	Med.	Mod.	Sr.		
City of Livermore								
Arroyo Del Valle							12	120
Owls' Landing							72	150
Hillcrest Gardens							54	200
Arbor Vista							80	637
Vineyard Village							73	500
Carmen Avenue							30	23
Maralisa Meadows							31	60
Vandenburg Villas							40	144
Stoney Creek							70	69
Subtotal							462	1,903

City of Livermore Housing Interest List

Total 1,823 including 35 seniors from all areas, of which 218 indicated that they are Livermore residents. (Of note, people who sign up on the housing interest list are not required to indicate their current place of residence.)

Source: City of Livermore

Finding #4 Supporting Data

Livermore has thousands of residents with special housing needs, including many large families, seniors, and persons with disabilities. Livermore has a higher proportion of households with single female heads of household in comparison to Alameda County, and it has comparable proportions of senior and large households. These households are particularly vulnerable to displacement, and experience significant difficulties when they no longer can access services or their children can no longer continue their education in local schools.

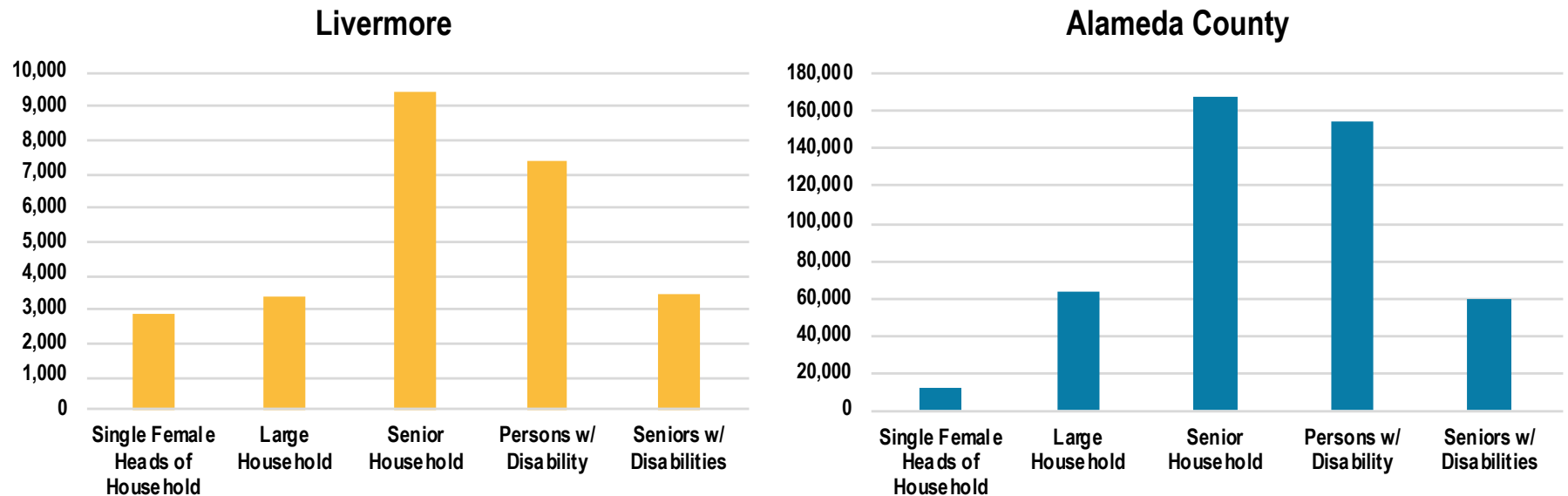
Significant Housing Challenges for Special Needs Groups

Population and Households of Special Needs

As of 2017, Livermore had over 9,000 senior households (with individuals over 60 years old of age), more than 2,800 female householders with children, and about 3,300 large households (5+ persons per household). Additionally, over 7,000 persons in Livermore have one or more disabilities, of whom about half are seniors. All of these residents have special housing needs and are at risk of displacement.

According to service providers in Livermore and Tri-Valley, the supply of affordable, supportive and/or accessible housing in Livermore and the Tri-Valley is insufficient to meet the needs of persons with disabilities and special needs. Service providers report that their Livermore clients face significant challenges finding and paying for housing, which has been exacerbated by landlords discontinuing their acceptance of Section 8 rental vouchers.

Households with Disabilities and Special Needs

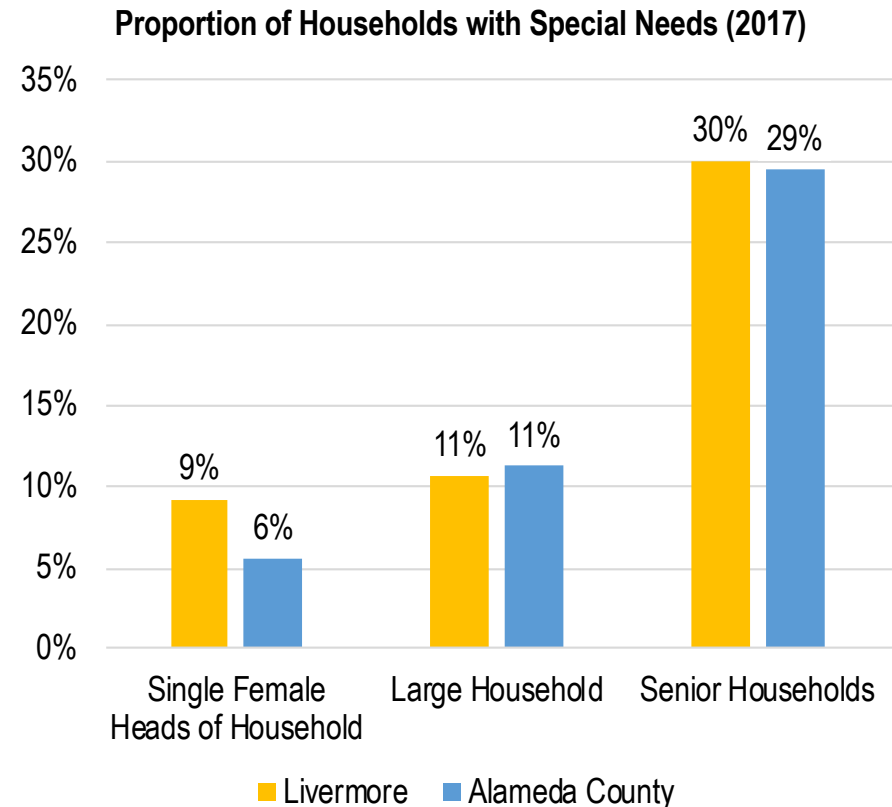
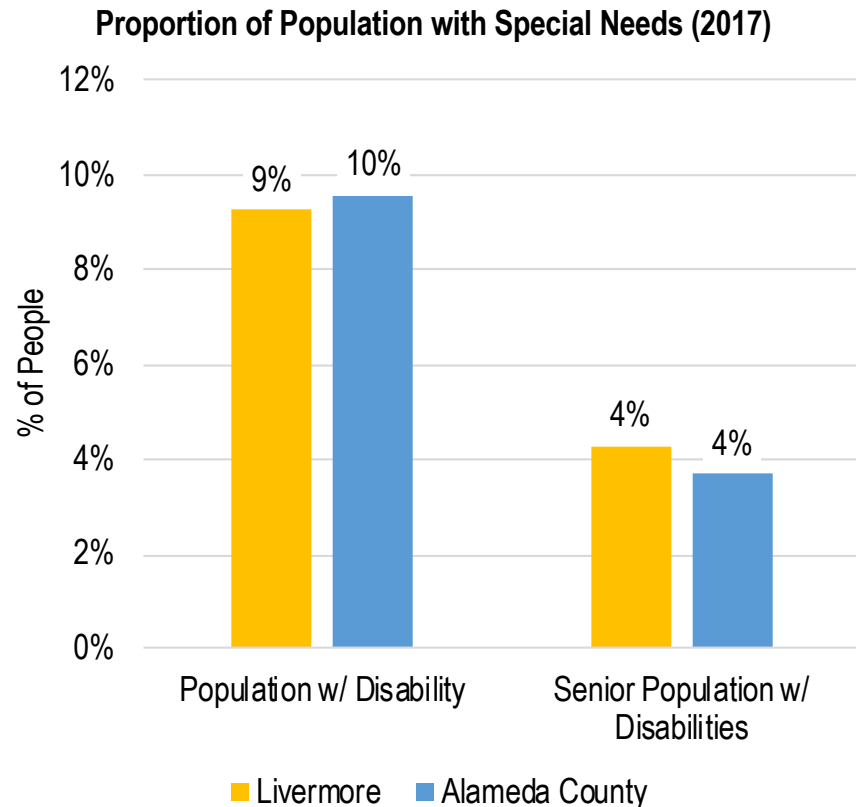


Source: American Community Survey 2017, 5-Year Estimate, Civilian Non-Institutionalized Population

Residents with Special Needs in Livermore and Alameda County

Similar Proportions of Special Needs Residents

Livermore has a higher proportion of households with single female heads of household in comparison to the County and similar percentages of senior and large households, as well as persons with disabilities. Several forms of housing assistance are among the largest categories of requested help and require the largest amount of funding assistance.



Source: American Community Survey 2017, 5-Year Estimate, Civilian Non-Institutionalized Population

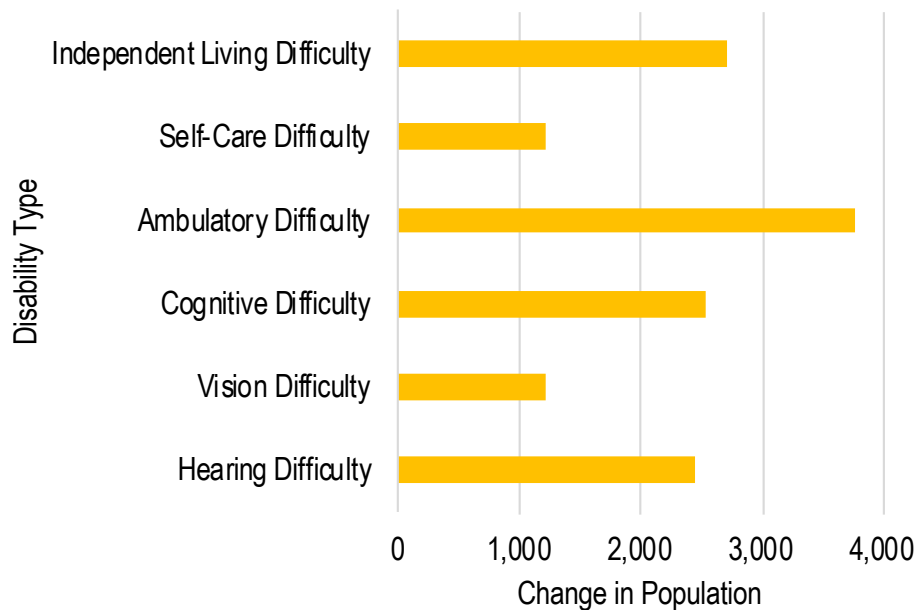
Population with Disabilities in Livermore and Alameda County

Wide Array of Disabilities and Need for Specialized Housing

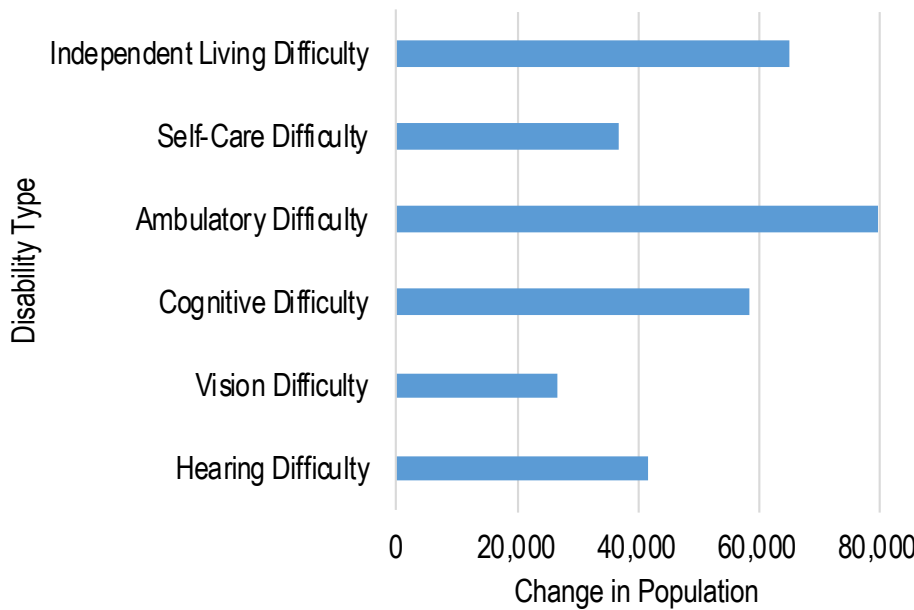
The more than 7,000 persons with disabilities in Livermore have a wide array of disabilities. Each of these types of disabilities contribute to a significant need for special needs housing to support these populations.

Displacement is extremely difficult for residents with disabilities (especially seniors) when they are forced to relocate out of their community due to housing costs. Service providers emphasize the importance of keeping Livermore residents with special needs close to their support networks of caregivers, neighbors and local friends. If forced to move out of the area, everyday tasks (taking the bus, grocery shopping and getting to work or a day program) become particularly challenging for a person with disabilities to re-learn and adapt to new changes.

Livermore Population with a Disability (2017)



Alameda County Population with a Disability (2017)



Source: American Community Survey 2017, Five Year Estimate, Civilian Non-Institutionalized Population

Socioeconomically Disadvantaged and FRPM/EL/Foster Students

Livermore Valley Joint Unified School District and Alameda County School Districts

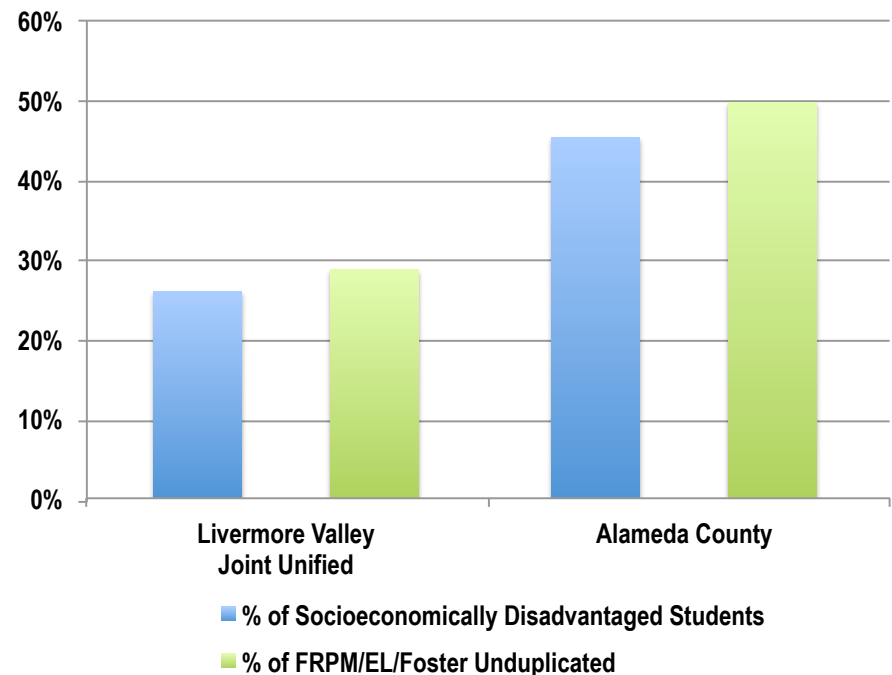
According to State student enrollment data, significant numbers of households with children enrolled in the Livermore Valley Joint Unified School District (LVJUSD) are likely experiencing the pressures of housing displacement given their socioeconomic characteristics.

The State of California maintains and analyzes student enrollment data in order to understand the special needs and characteristics of students. The State considers students with any of the following characteristics to be socioeconomically disadvantaged (referred to as SED):¹

- Students are eligible for or receive direct certification for the Free and Reduced Meal Program (FRPM, also known as the National School Lunch Program) based on household income (below \$37,777)²
- Both parents have not received a high school diploma
- Students are migrant, homeless, or foster youth

About 26% of students in Livermore were considered socioeconomically disadvantaged in 2018 and a higher percentage are categorized as FRPM/EL/Foster students. While School Districts countywide have a higher average percentage of socioeconomically disadvantaged students, many Livermore schools share similar characteristics to other School Districts in the County.

**Socioeconomically Disadvantaged and FRPM/EL/Foster Students
Livermore Valley Joint Unified and Alameda County School Districts
(2018)**



Source: California Department of Education (ED-Data). Description of students with special needs is from California School Dashboard Technical Guide (Updated March 2017), California Department of Education.

Socioeconomically Disadvantaged and FRPM/EL/Foster Students

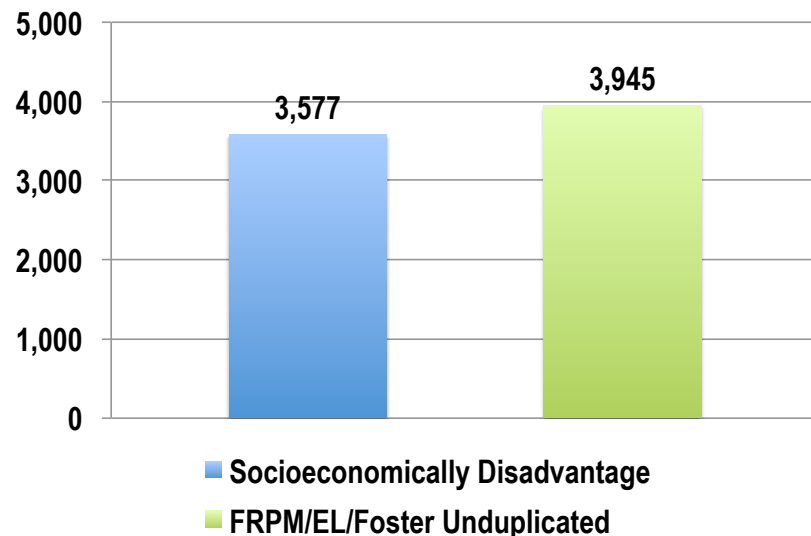
Livermore Valley Joint Unified School Districts (LVJUSD)

As of 2018, over 3,900 students in LVJUSD are homeless, foster youth, English learners (EL) or are receiving free and/or reduced priced meals (FRPM). These students are collectively referred to as students with special characteristics in this report, which corresponds with the category “FRPM/EL/Foster Unduplicated” in State data sources.

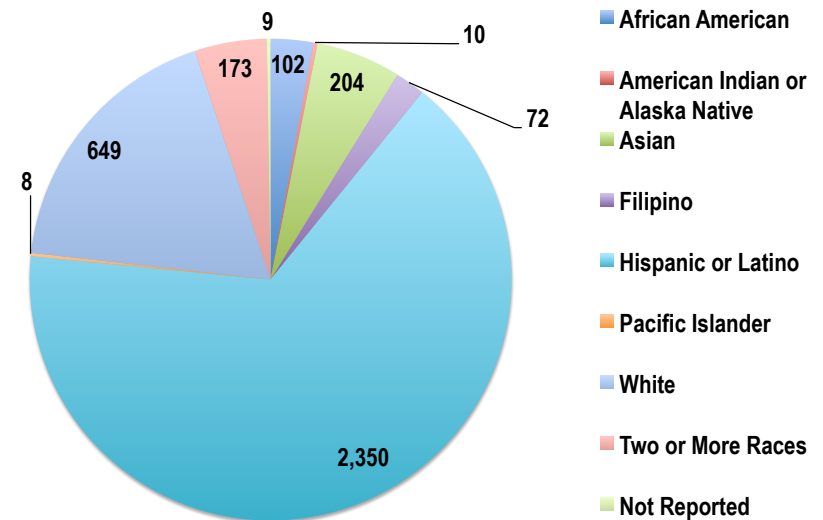
About 3,600 LVJUSD students are considered to be socioeconomically disadvantaged, and notably, 82% of these students are persons of color (over 2900 students). Furthermore, about 2,350 of LVJUSD SED students are Hispanic or Latino.³

Student enrollment trends for these students have slightly increased or fluctuated in recent years indicating that significant numbers of families with children in Livermore continue to be at risk of displacement.

**Socioeconomically Disadvantaged
and FRPM/EL/Foster Students
Livermore Valley Joint Unified School District (2018)**



**Socioeconomically Disadvantaged Students
Livermore Valley Joint Unified School District (2018)**



Note: The 2018 data is for School Year 2017-18.

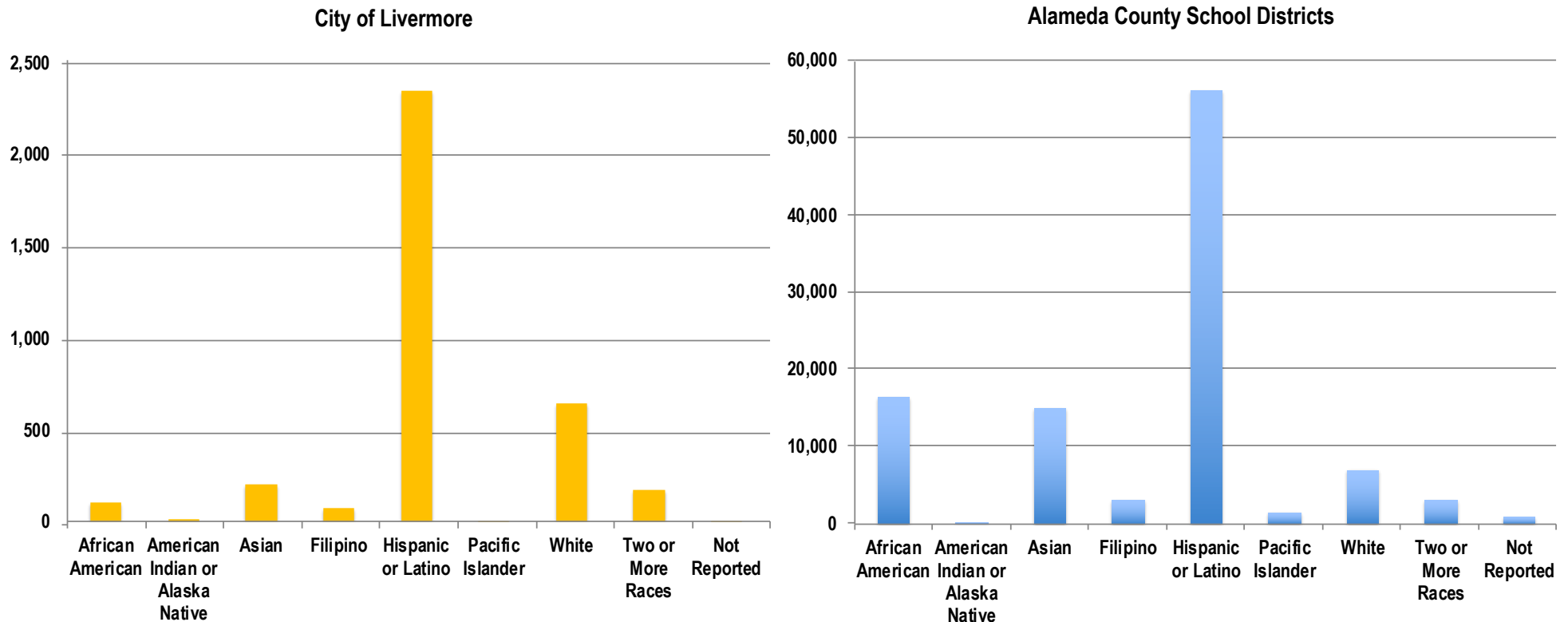
Source: California Department of Education (ED-Data). Description of students with special needs is from California School Dashboard Technical Guide (Updated March 2017), California Department of Education.

High Portion of Socioeconomically Disadvantaged Students of Color

Livermore Valley Joint Unified and Alameda County School Districts

About 82 percent of socioeconomically disadvantaged students are students of color in the Livermore Valley Joint Unified School District, with the majority of SED students being Hispanic or Latino, which is similar to what is experienced in School Districts countywide.

Comparison of Socioeconomically Disadvantaged Students by Race and Ethnicity (2018)



Source: California Department of Education (ED-Data). Description of students with special needs is from California School Dashboard Technical Guide (Updated March 2017), California Department of Education.

Endnotes to Finding #4

1. The State of California Department of Education maintains student enrollment data by a variety of student and family characteristics as further described in the California School Dashboard Technical Guide 2016–17 School Year, Updated March 2017, California Department of Education.
2. For FY 2017/18, students from household with annual income below \$37,777 for household size of three and \$45,510 for household size of four are eligible to reduced-price for meals and snacks. Students from household incomes below \$26,546 for household size of three and \$31,980 for household size of four are eligible to free meals and snacks.
3. The McKinney-Vento Act defines homeless children and youths as individuals who lack a fixed, regular, and adequate nighttime residence. This definition also includes:
 - Children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason
 - Children and youths who may be living in motels, hotels, trailer parks, shelters
 - Children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings
 - Children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings, or
 - Migratory children who qualify as homeless because they are children who are living in similar circumstances listed above.

Finding #5 Supporting Data

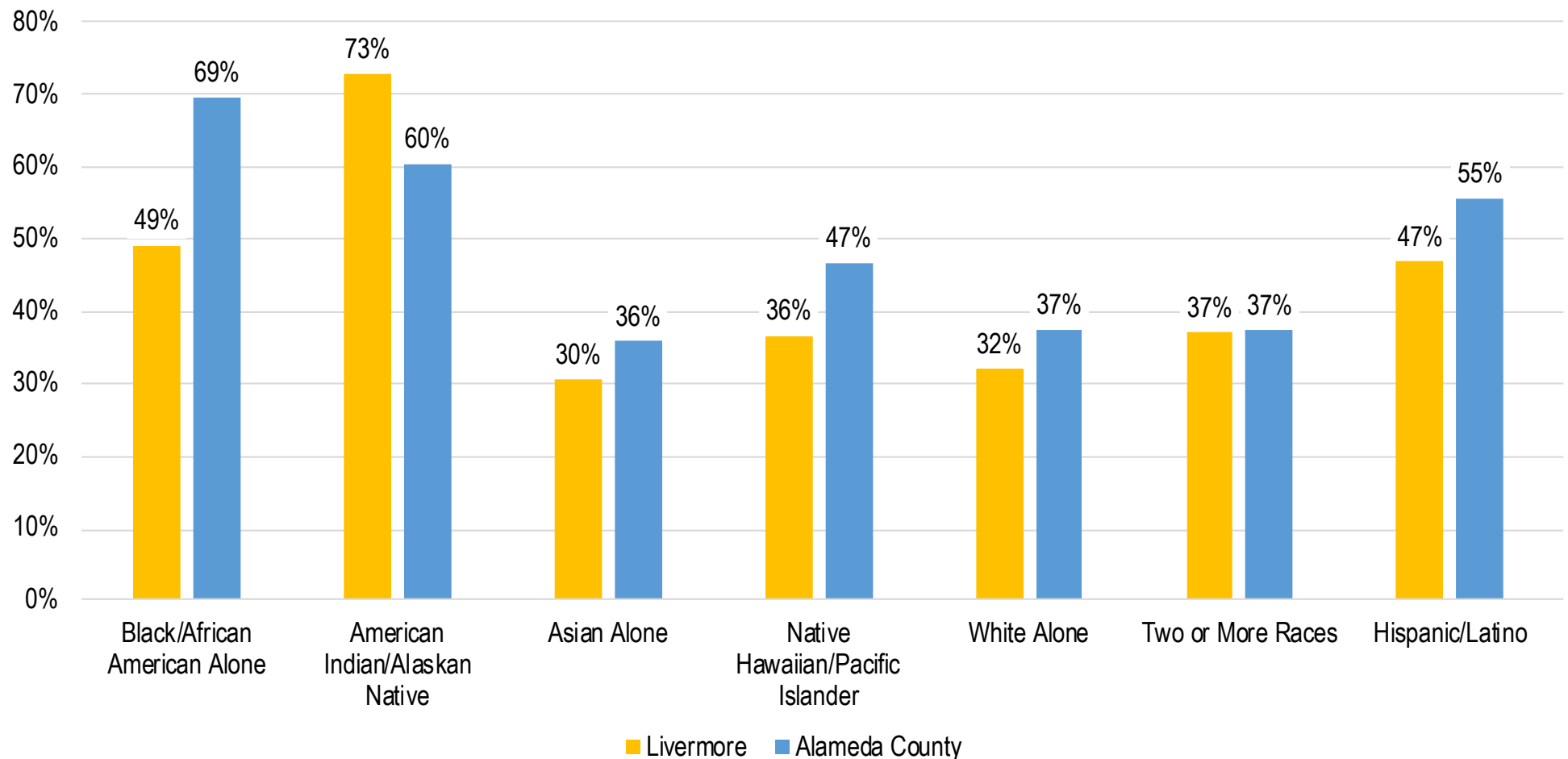
Lower income households in Livermore are more diverse in terms of race and ethnicity compared to all Livermore households, which is consistent with what is experienced countywide.

Higher Proportion of Households of Color with Low Income

Population and Income by Race and Ethnicity

Throughout Livermore area, households of color make up a higher proportion of households making under \$75,000, while White and Asian households have significantly fewer households making less than \$75,000.

% of Households with Incomes Below \$75,000 By Race (2017)

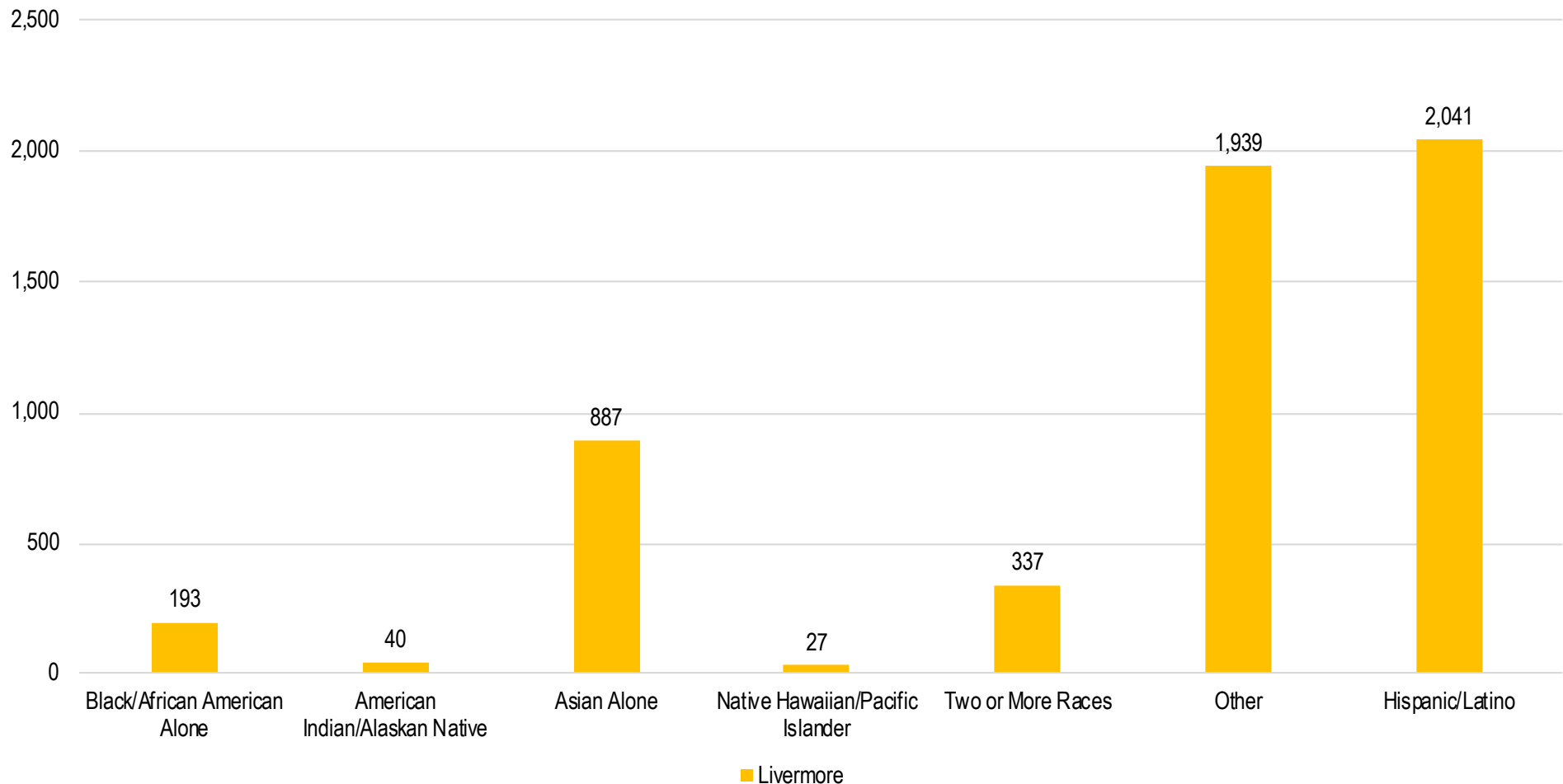


Significant Number of Low Income Households of Color

Low Income Households in Livermore by Race and Ethnicity

Of the approximately 10,700 Livermore households with incomes below \$75,000, about 2,000 are Hispanic/Latino households and about 3,400 households identify as non-White households. As previously described, about 82 percent of socioeconomically disadvantaged LVJUSD students are students of color, indicating that many of Livermore's very low income households are racial or ethnic minorities.

Non-White Households with Incomes Below \$75,000 By Race and Ethnicity



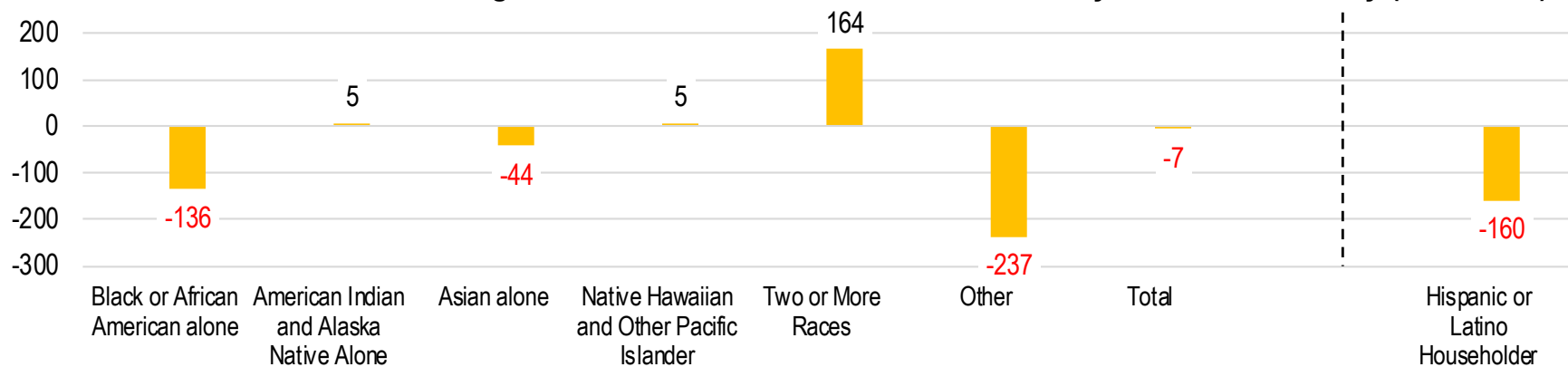
Source: American Community Survey, 2017.

Loss of Low Income Households of Color

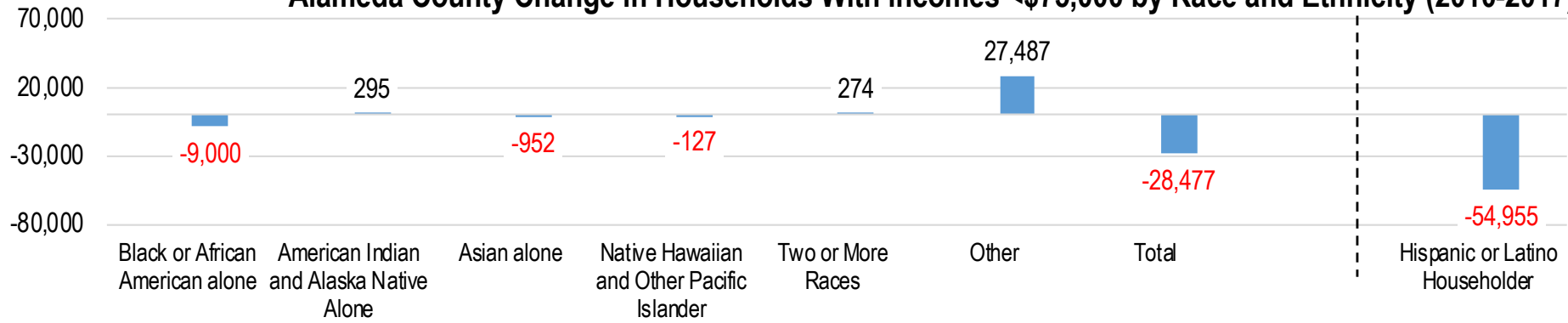
Change in Low Income Households by Race and Ethnicity (2010-2017)

While the total number of households grew in Livermore from 2010 to 2017, the number of households with incomes under \$75,000 decreased by about 200. Furthermore, the number of Hispanic households with incomes under \$75,000 decreased by 160, while Black or African American households decreased by 136 households. This data suggests that displacement pressures are likely impacting the racial/ethnic composition of lower income households.

Livermore Change in Households With Incomes <\$75,000 by Race and Ethnicity (2010-2017)



Alameda County Change in Households With incomes <\$75,000 by Race and Ethnicity (2010-2017)



Source: American Community Survey, 2010, 2017.

Note: Hispanic/Latino category is not exclusive of other categories.

Higher Proportion of Households of Color with Rent Burden

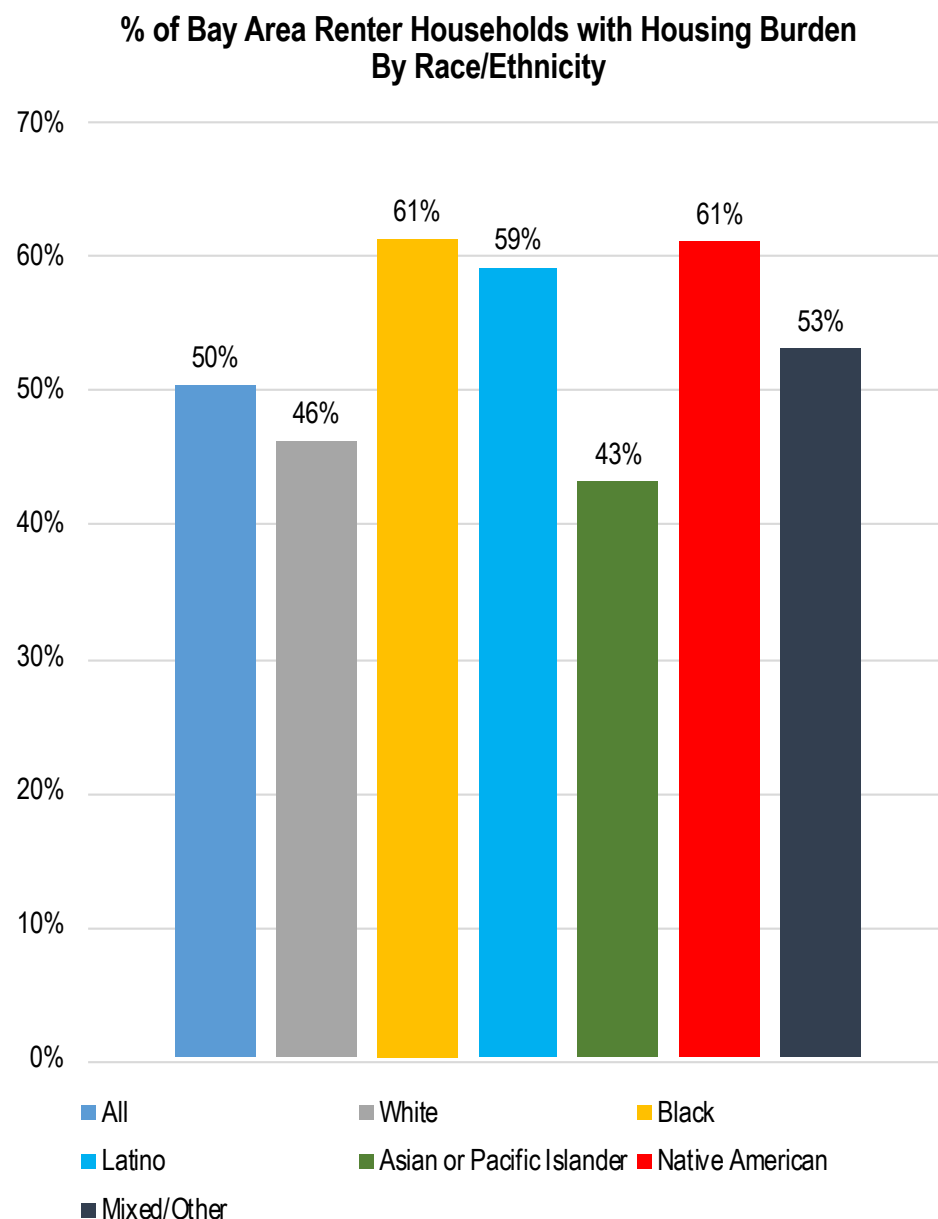
Percentage of Bay Area Households Rent Burdened

Households who are considered rent burdened or extremely rent burdened are spending over 35% or over 50% of their income on rent, respectively. Being overly rent-burdened is one key precursor to displacement. As rents reach more unattainable levels, households will have to resort to paying more out of pocket for housing, moving into overcrowded housing situations, or moving to an entirely new, more affordable area.

The overall percentage of households who spend over 35% of their income on housing in the Bay Area is very similar to the distribution in Alameda County, at approximately 40% of all households.

An analysis of renter households who are housing burdened by race/ethnicity off to the right gives a glimpse of another key characteristic of a household most at risk of displacement, beyond those are who simply low income.

Approximately 60% of Black, Latino, and Native American households are rent-burdened in the Bay Area. That, in the long run, translates to higher odds of displacement for those households, especially as rents continue to rise. White and Asian households are the only two demographic cohorts with less than 50% of households rent burdened.



Finding #6 Supporting Data

Problems of homelessness are intensifying in Livermore and in the Tri-Valley, and many service providers are spending significant proportions of their budgets on rent assistance and emergency housing assistance for households at risk of being evicted and displaced.

Local Service Providers Primarily Serve Persons of Color With Extremely Low Incomes

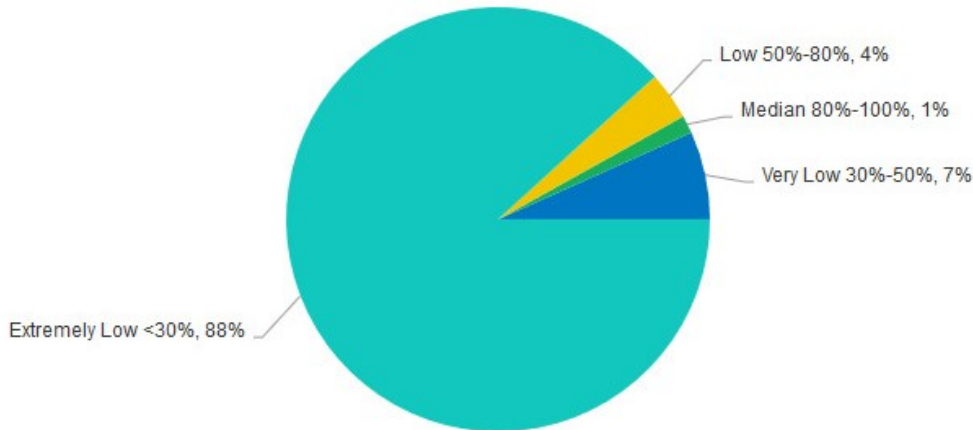
CityServe Service Population

CityServe is a non-profit, funded by all three Tri-Valley cities to provide homeless case management, prevention and intervention services. According to CityServe, a high proportion of the persons that they serve are from the City of Livermore.

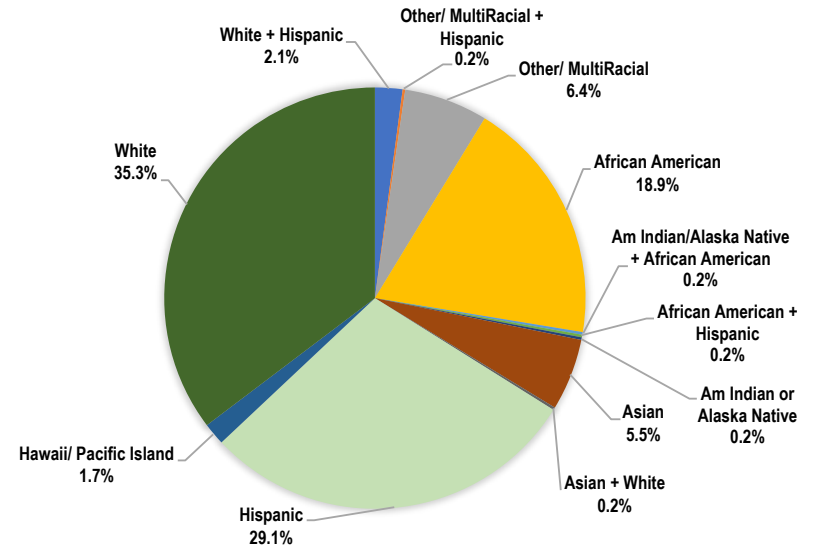
CityServe works in close coordination with local school districts to assist homeless families and to provide assistance where needed.

According to data compiled recently by CityServe, 95% of its service population is extremely low income (with incomes at or below 30% of AMI). Approximately 65% of its service population is reported to be persons of color, with a significant proportion being of Hispanic origin.

2018 YTD Income Level



2018 YTD Ethnicity Distribution

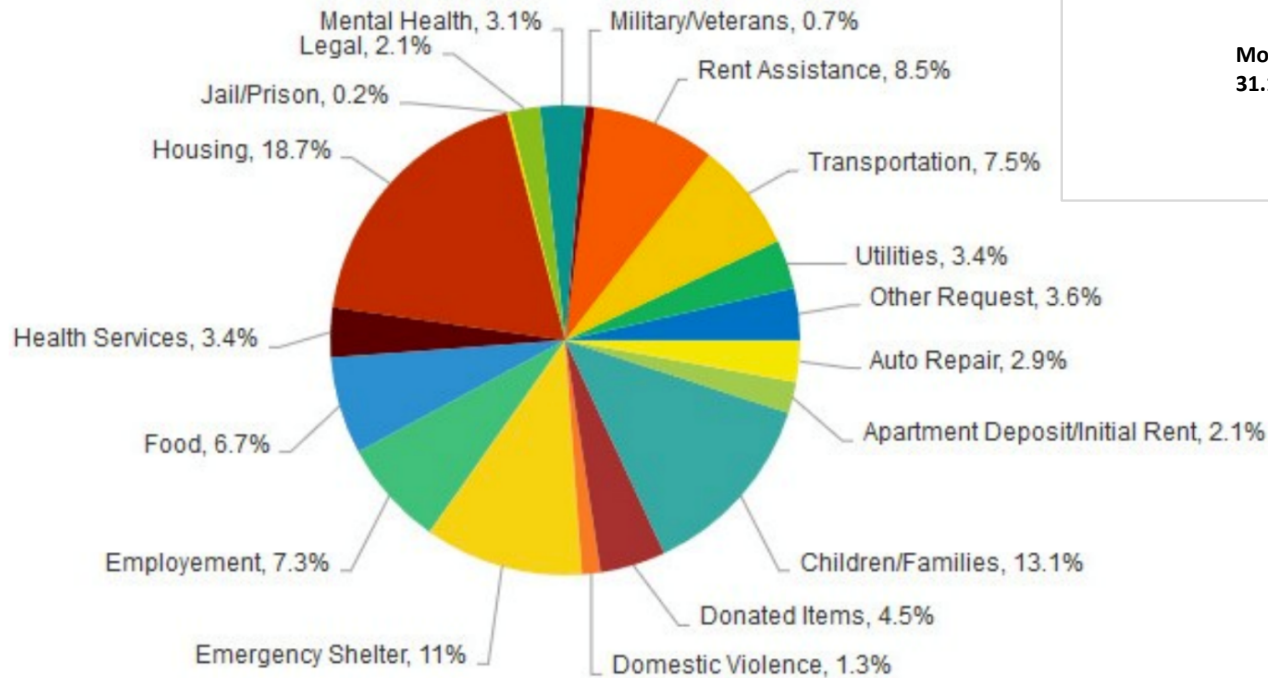


Housing is Primary Service Need and Funding Requirement

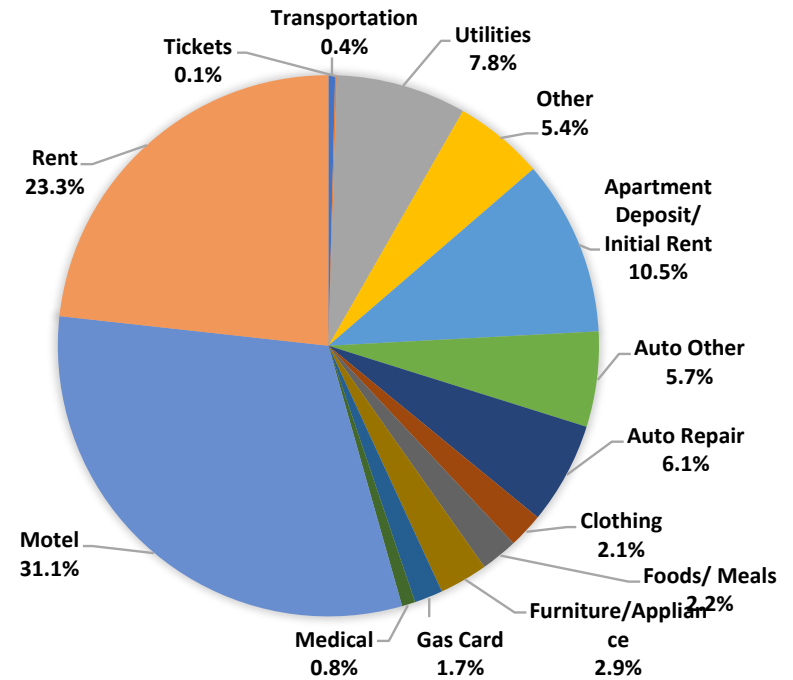
CityServe Services and Funding Needs

According to CityServe, emergency shelter, housing and rental assistance are among the largest categories of requested help. The majority its funds are spent for rent, motels, apartment deposits/initial rent. CityServe, like other Tri-Valley service providers, reports that its service population faces significant challenges finding and paying for housing in Livermore, as well as other Tri-Valley cities.

2018 YTD Categories Requested Help



2018 YTD Funds Spent by Category

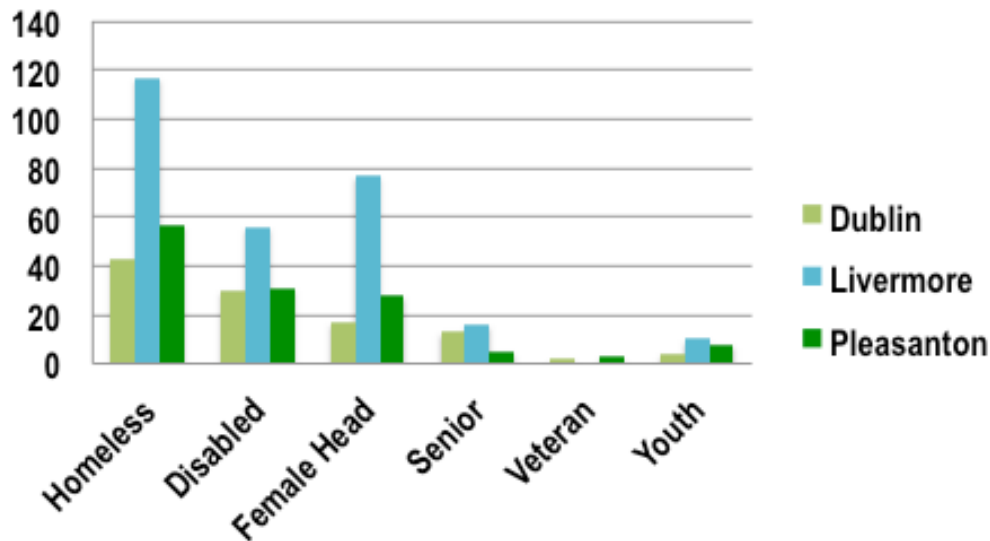


High Housing Needs for Special Needs and Homeless Population

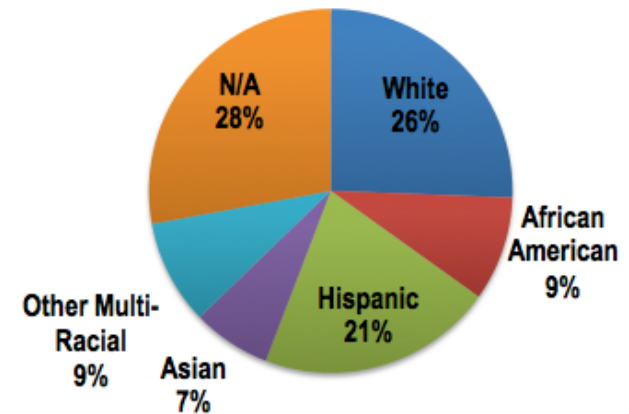
CityServe Survey of Housing Needs

CityServe conducted surveys of its clients in Calendar Year 2017 and YTD 2018 to understand the special needs of households that they serve in each Tri-Valley city. As shown by the 2018 survey data, respondents have a variety of special housing needs, with the majority of homeless individuals coming from Livermore.

Distribution of Survey Respondents by Special Needs
CityServe 2018 Survey Data for Tri-Valley Cities



Distribution of Homeless Survey Respondents by Race and Ethnicity
CityServe 2018 Survey Data for Tri-Valley Cities



Of those individuals that indicated their race or ethnicity, 65% of them indicated being persons of color, with significant proportions being Hispanic, African American, Asian or of Other Multi-Racial origin.



Increase in Homeless Households

Alameda County Homeless Count and Survey

As described earlier, Tri-Valley service providers indicate that the people they serve often face significant challenges finding and paying for housing, particularly housing that meets their special needs in the Tri-Valley and in Livermore.

According to the 2019 Alameda Homeless Count and Survey, homelessness is increasing in Alameda County, and the number of individuals experiencing homelessness exceeds the capacity of the current system of care. The majority of individuals were living in Alameda County when they lost their housing.

Racial and sexual minorities are overrepresented in the population. Individuals face behavioral health and physical health challenges that inhibit their ability to obtain work or housing. Many individuals have a history of system involvement in ERs, hospital beds, and jail cells. Individuals want affordable housing and need additional resources to achieve housing stability. People are accessing services and support but those services are not ending their homelessness.

These findings are similarly observed by Tri-Valley service providers regarding homeless persons in the Tri-Valley cities and by City staff in Livermore. Both individuals and families are affected.

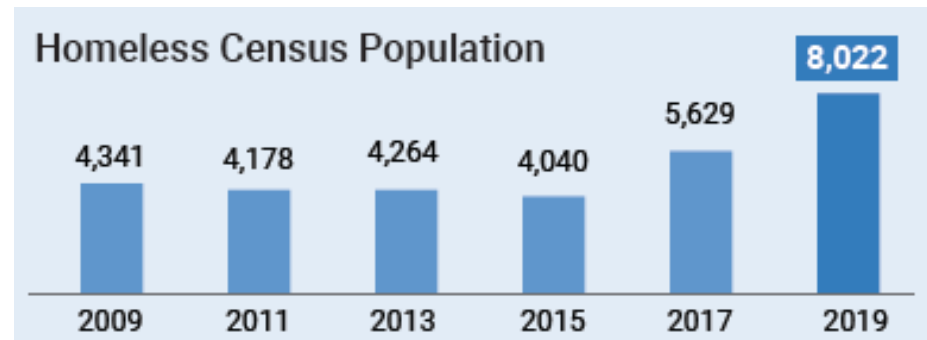


FIGURE 9. TOTAL NUMBER OF PERSONS EXPERIENCING HOMELESSNESS BY JURISDICTION AND SHELTER STATUS

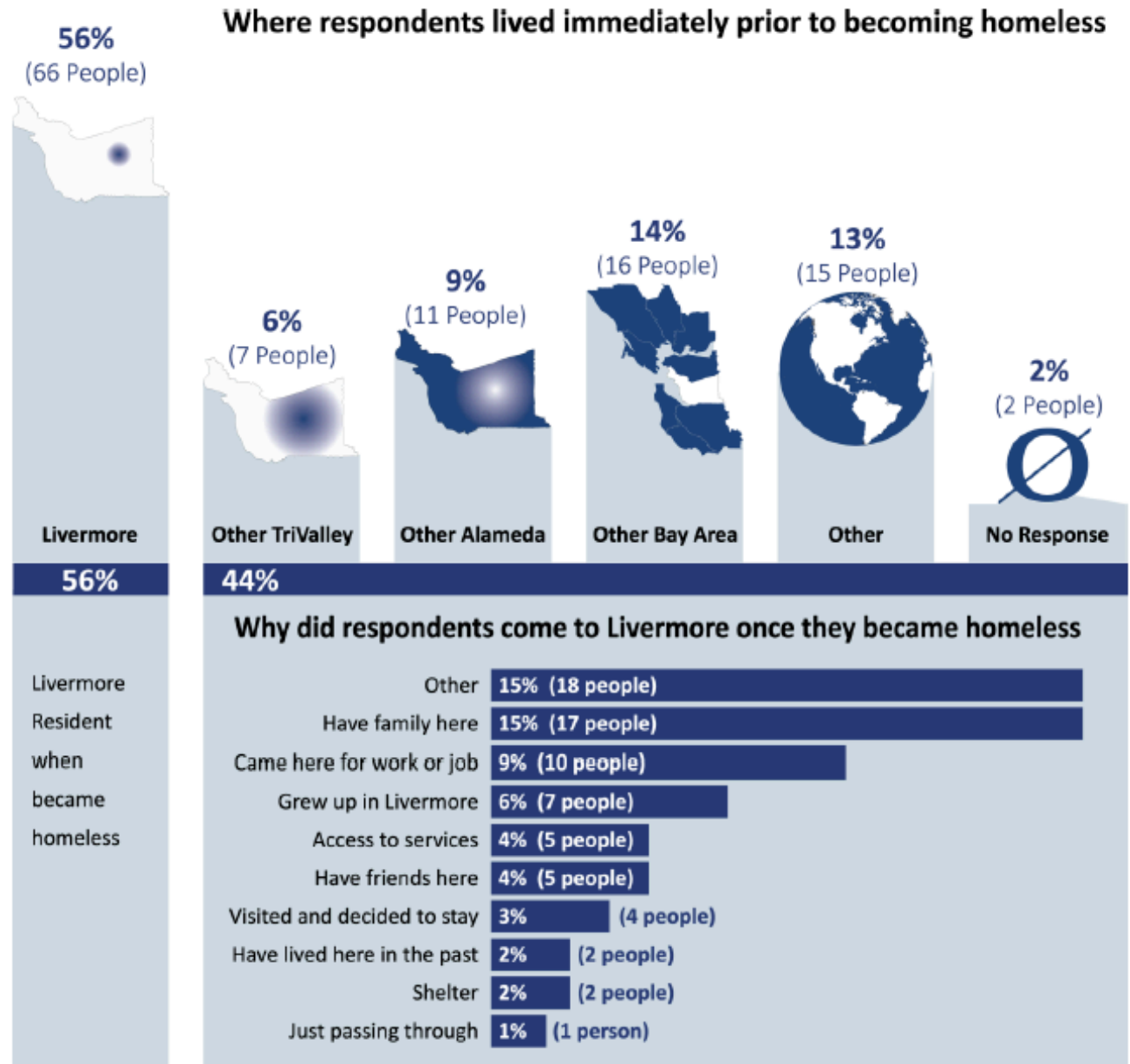
Jurisdiction	2017			2019		
	Sheltered	Unsheltered	Total	Sheltered	Unsheltered	Total
Alameda	94	110	204	99	132	231
Albany	0	66	66	0	35	35
Berkeley	308	664	972	295	813	1,108
Dublin	0	21	21	0	8	8
Emeryville	0	29	29	0	178	178
Fremont	197	282	479	123	485	608
Hayward	84	313	397	115	372	487
Livermore	102	141	243	85	179	264
Newark	42	28	70	30	59	89
Oakland	859	1,902	2,761	861	3,210	4,071
Piedmont	0	0	0	0	0	0
Pleasanton	0	18	18	0	70	70
San Leandro	54	55	109	74	344	418
Union City	0	40	40	0	106	106
Unincorporated	26	194	220	28	321	349
Total	1,766	3,863	5,629	1,710	6,312	8,022

Tri-Valley Indicators of Displacement

Special Needs Populations in Livermore

According to the 2019 countywide survey, the homeless population in Livermore exceeds 260 persons, most of whom are not currently sheltered. Neither Dublin or Pleasanton have shelters for the homeless, and about 68% of the homeless persons in Livermore are reported to be unsheltered.

According to a 2015 survey of homeless persons in Livermore, 56% of homeless persons previously lived in Livermore, and many homeless persons had only recently become homeless.



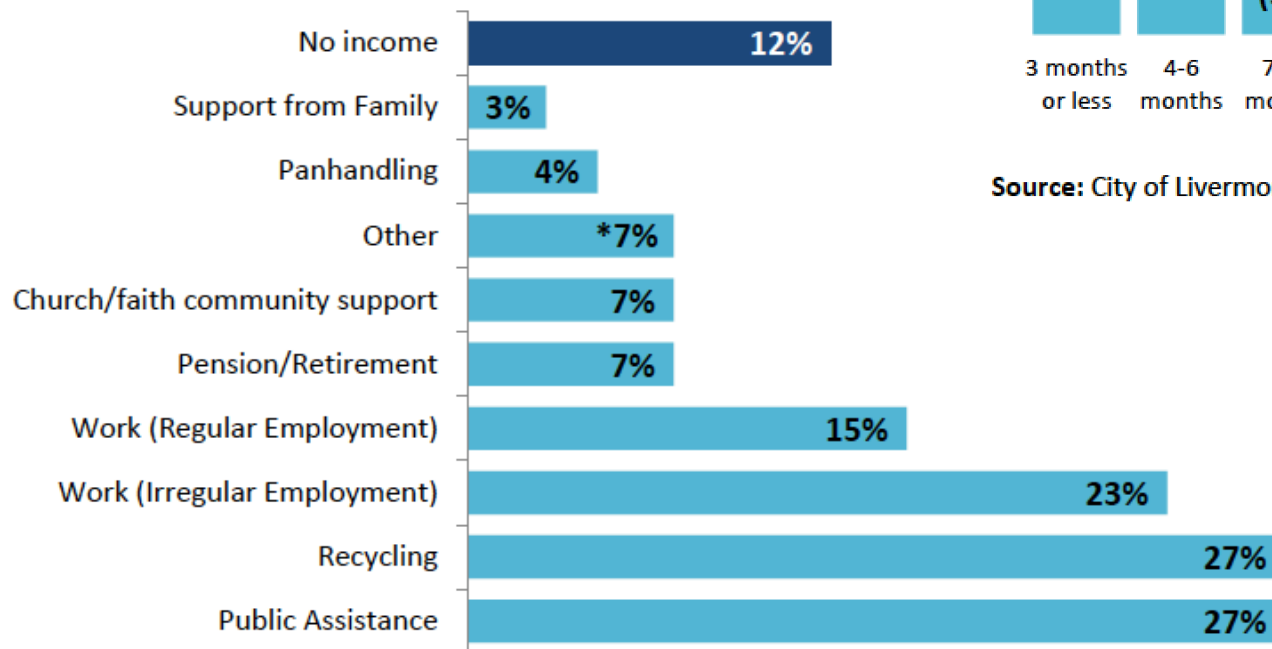
Source: City of Livermore Homelessness Survey 2015. N=117

Significant Number of Residents Who Lost Home in Livermore

City of Livermore Homeless Survey 2015

The City of Livermore conducted a homeless survey in 2015, which provides additional information regarding the housing needs of the homeless population in Livermore. Approximately 40% of survey respondents had been homeless for one year or less, and 38% indicated that they are employed.

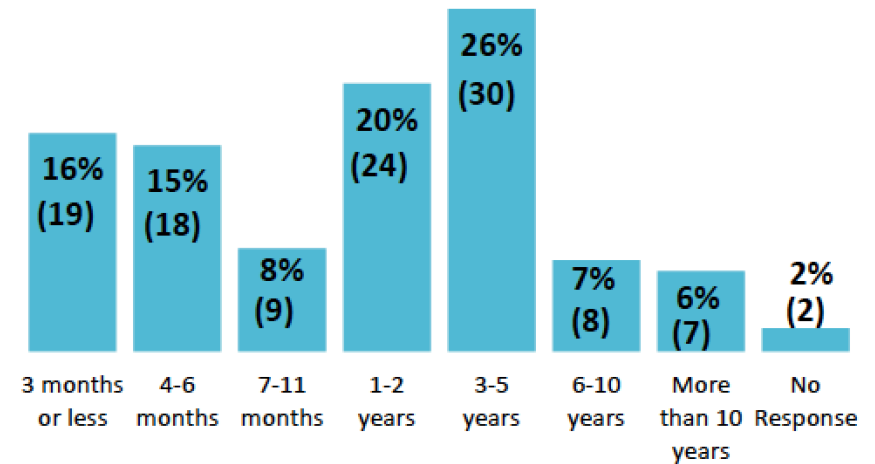
Figure 27. Percent of respondents by sources of income



Source: City of Livermore Homelessness Survey 2015. N=117

Note: Total responses do not add up to 100% as respondents had multiple answers.

Figure 12. Percent and number of respondents by the amount of time they have been homeless during the current episode



Source: City of Livermore Homelessness Survey 2015. N=117

Challenges with Housing Cost

City of Livermore Homeless Survey 2015

While the causes of homelessness for survey respondents living with or without children varied, the most frequently cited barriers to obtaining permanent housing were the same, although families with children indicated these four barriers at higher rates than individuals without children. The inability to afford rent or costs of moving into a residence was indicated by 50% of families living with children and 41% of individuals without children. Lack of a job or income was similarly cited by 50% of families living with children and 35% of individuals living without children. The next two most frequently cited barriers were the lack of low-income housing in Livermore and bad credit. Adults living with children cited bad credit and an eviction record as a reason for being homeless at much higher rates than adults living without children.

Figure 17. Most frequently cited causes for homelessness for individuals vs. families living with children

Individuals living without children		Families living with children	
Lost job	35%	Family/domestic violence	50%
Divorce/separation	21%	Divorce/separation	42%
Alcohol/drug use	20%	Landlord raised rent	17%
Illness or medical / mental health issues	13%		

Source: City of Livermore Homelessness Survey 2015. N=105 for individuals without children and N=12 for families with children.

Note: Respondents were allowed to cite multiple answers to the question.

Figure 18. Most frequently cited barriers to permanent housing for individuals living without children and families living with children

	Individuals living without children	Families living with children
Can't afford rent/moving costs	41%	50%
No job/income	35%	50%
Lack of low income housing in Livermore	12%	42%
Bad credit	7%	33%

Source: City of Livermore Homelessness Survey 2015. N=105 for individuals without children and N=12 for individuals with children.

Note: Respondents were allowed to cite multiple answers to the question.

Finding #7 Supporting Data

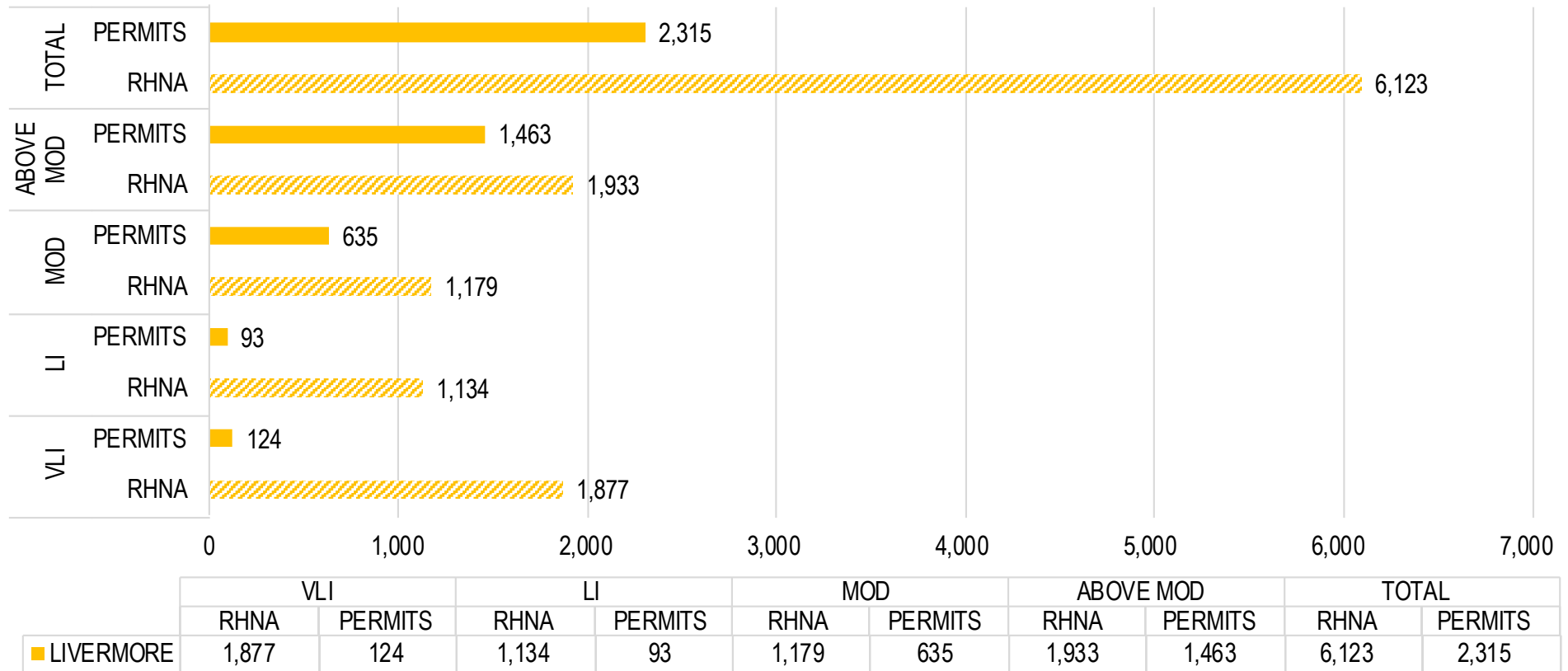
New housing development has not kept pace with employment growth in Livermore, and multifamily housing development has lagged behind Alameda County as a whole. Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness.

Lack of Low and Very Low Income Housing Supply

Livermore Housing Permits

When comparing the number of permits approved for housing of varying income levels with Livermore's regional housing need allocation (RHNA) numbers, no category of housing production has met its regional need, with low and very low income housing lagging the farthest behind.

Livermore Housing Permits 2007 - 2017
Compared to RHNA Allocations for 2007 - 2014 and 2008 - January 2023 Periods



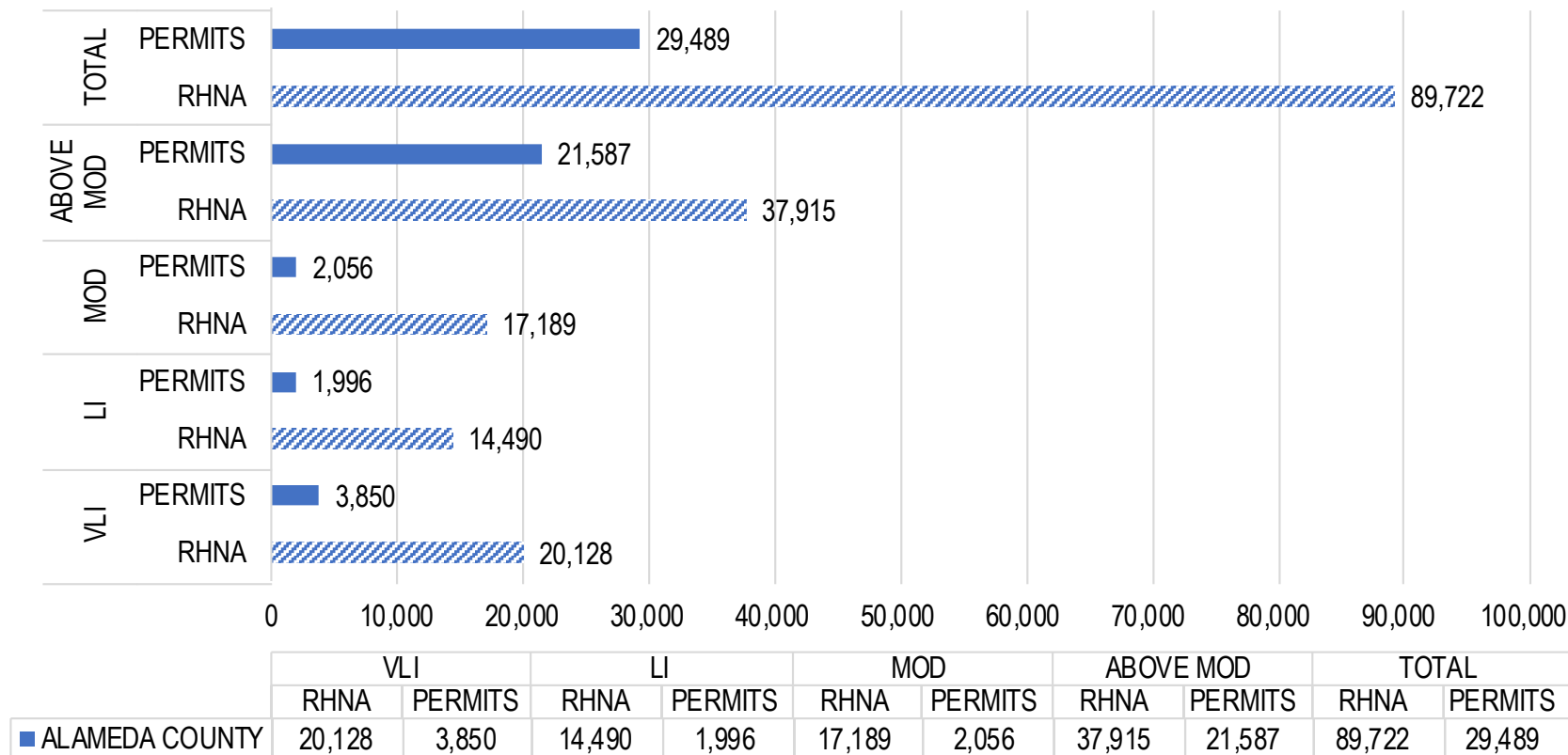
Source: California Department of Housing and Community Development

Lack of Low and Very Low Income Housing Supply

Alameda County Housing Permits

Countywide housing production of low and very low income housing has also experienced significant shortfalls in production over the past decade. This lack of housing production countywide has widened the gap between housing supply and demand.

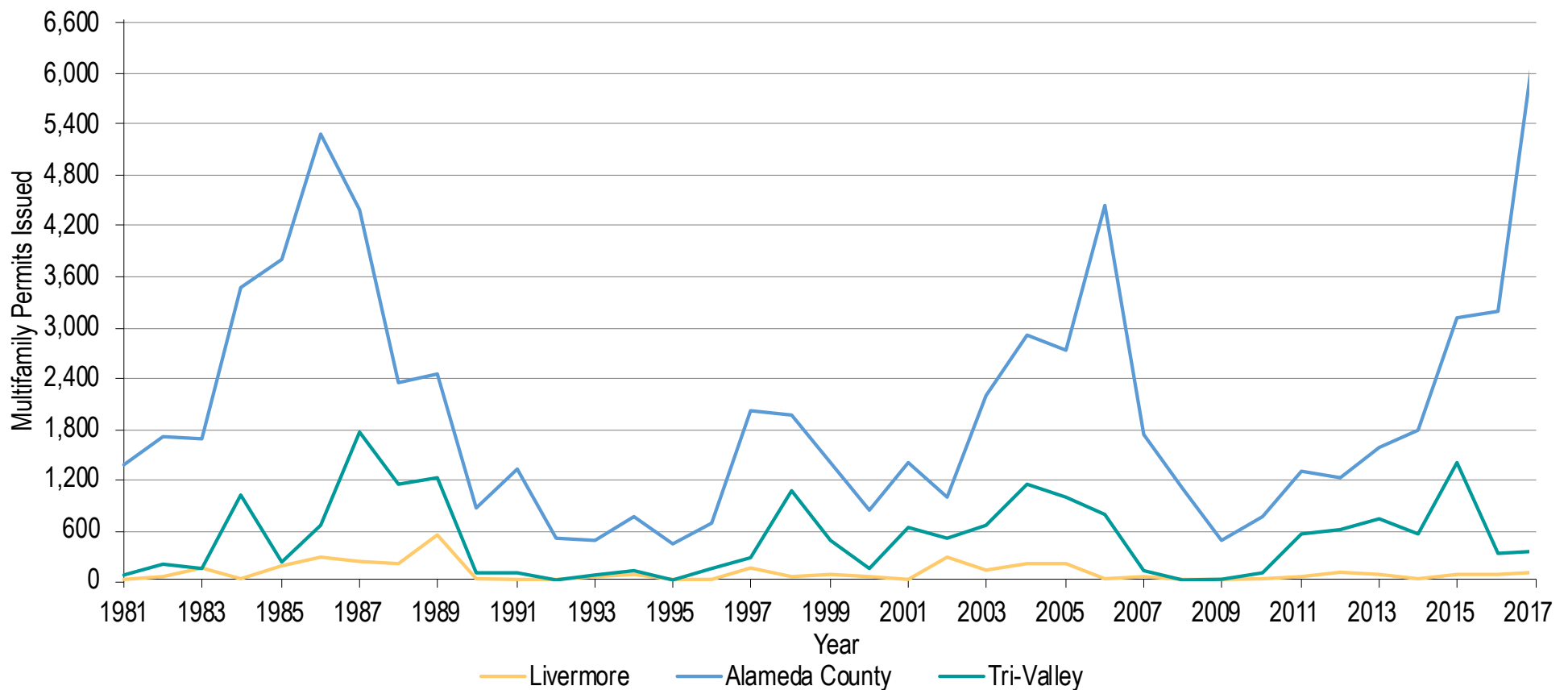
Alameda County Housing Permits 2007 - 2017
Compared to RHNA Allocations for 2007 - 2014 and 2008 - January 2023 Periods



Slow Multifamily Housing Production

Livermore and Alameda County Multifamily Housing Permits

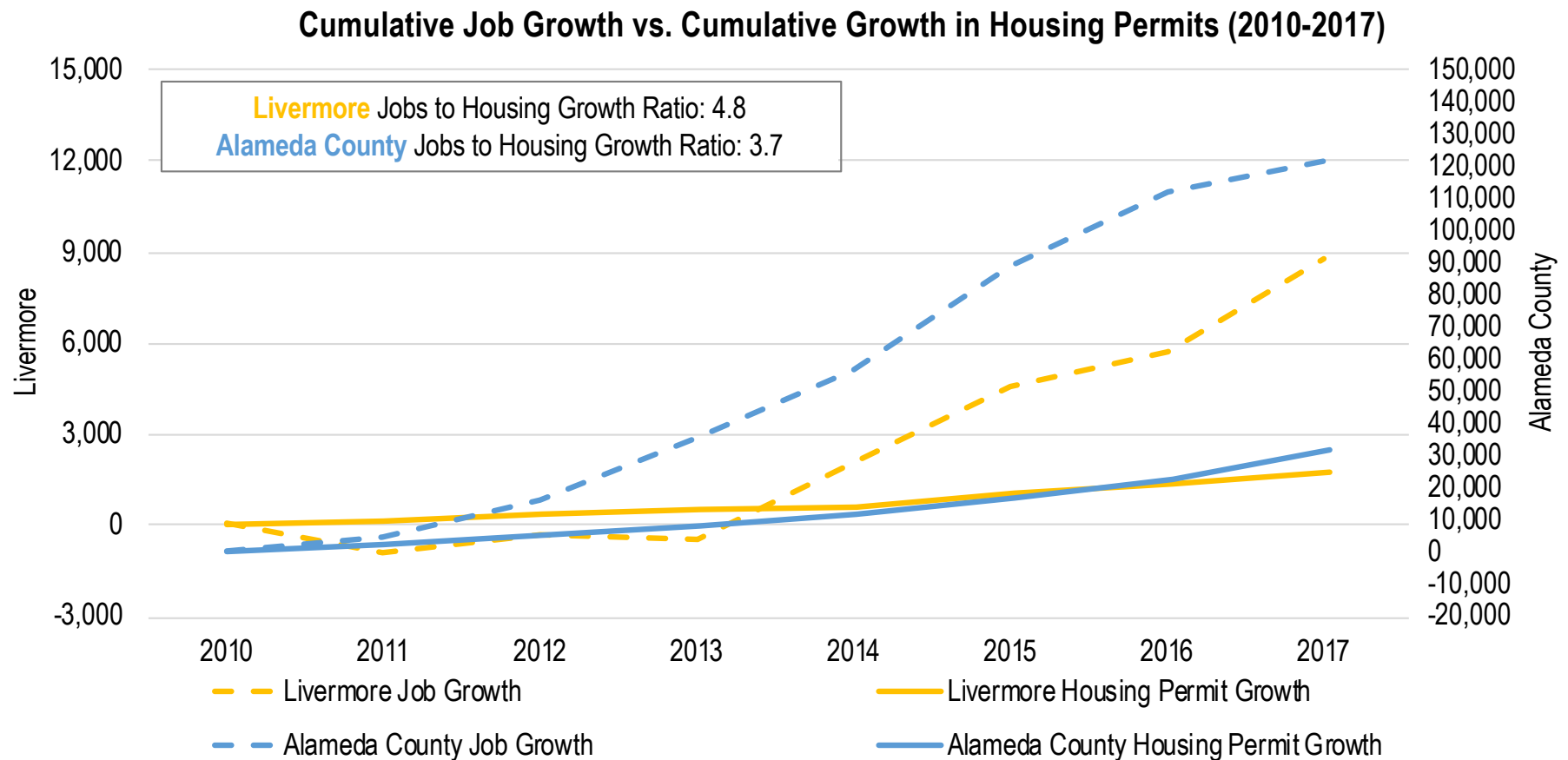
Livermore's multifamily housing production has not kept pace with countywide production, as Alameda County has seen a rapid increase in multifamily permits issued in recent years. In contrast, Livermore has seen relatively slow housing growth in recent years, and only 373 multifamily housing permits were issued in Livermore from 2010 to 2017.



Housing Production Slower Than Job Growth

Livermore and Alameda County

New housing development has also not kept pace with employment growth in Livermore, and this is also true of Alameda County. Lower income households will continue to be at risk of displacement without new affordable housing that addresses their special housing needs, including housing for large families, persons with disabilities, and those at risk of homelessness.



Rising Development Costs Hinder Feasibility of New Apartments in Tri-Valley

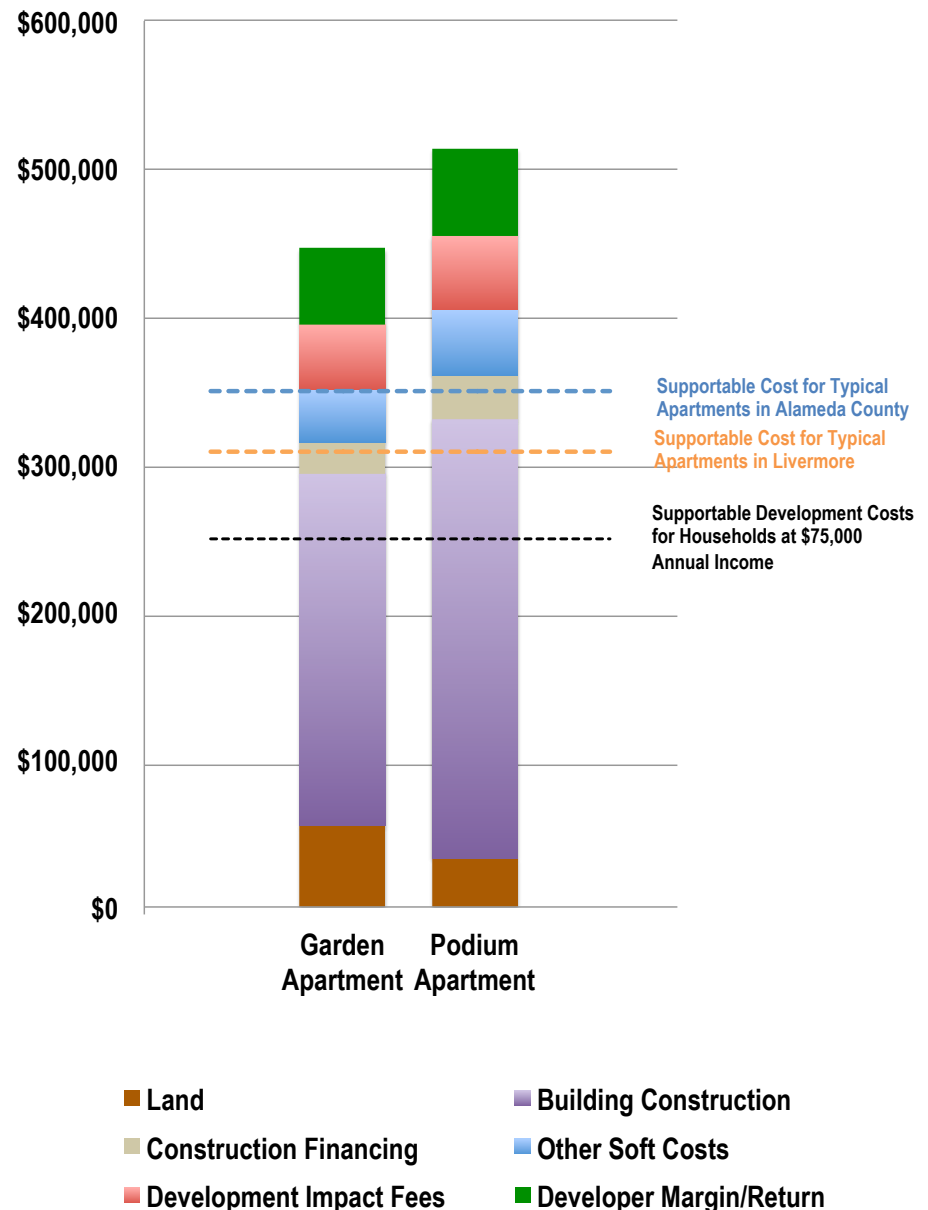
Realities of Development Costs

Given rising development costs in Alameda County and Livermore, new multifamily apartment development is difficult to develop and often is not financially feasible. This puts additional demands on existing housing as more households are seeking housing in Livermore than are being accommodated by new development.

In Livermore, developers have found it increasingly difficult to develop apartments because development costs, particularly land and construction costs, have been increasing at a higher pace than rent growth. Very few new market-rate apartment developments have been constructed over the past few years in Livermore, although some developers have been able to develop single family detached and attached housing products.

Higher density podium apartments, which are the preferred infill development type, are often not feasible given the current market value of land and construction costs including the higher costs of structured parking. The development feasibility analysis shown in this chart demonstrates that developers are not able to move forward with apartment developments that are affordable to low income renter households with annual incomes at \$75,000 without substantial public funding, and there is also a gap between what is feasible and the current average market rents in the City and County.

Development Feasibility Analysis



Conclusion

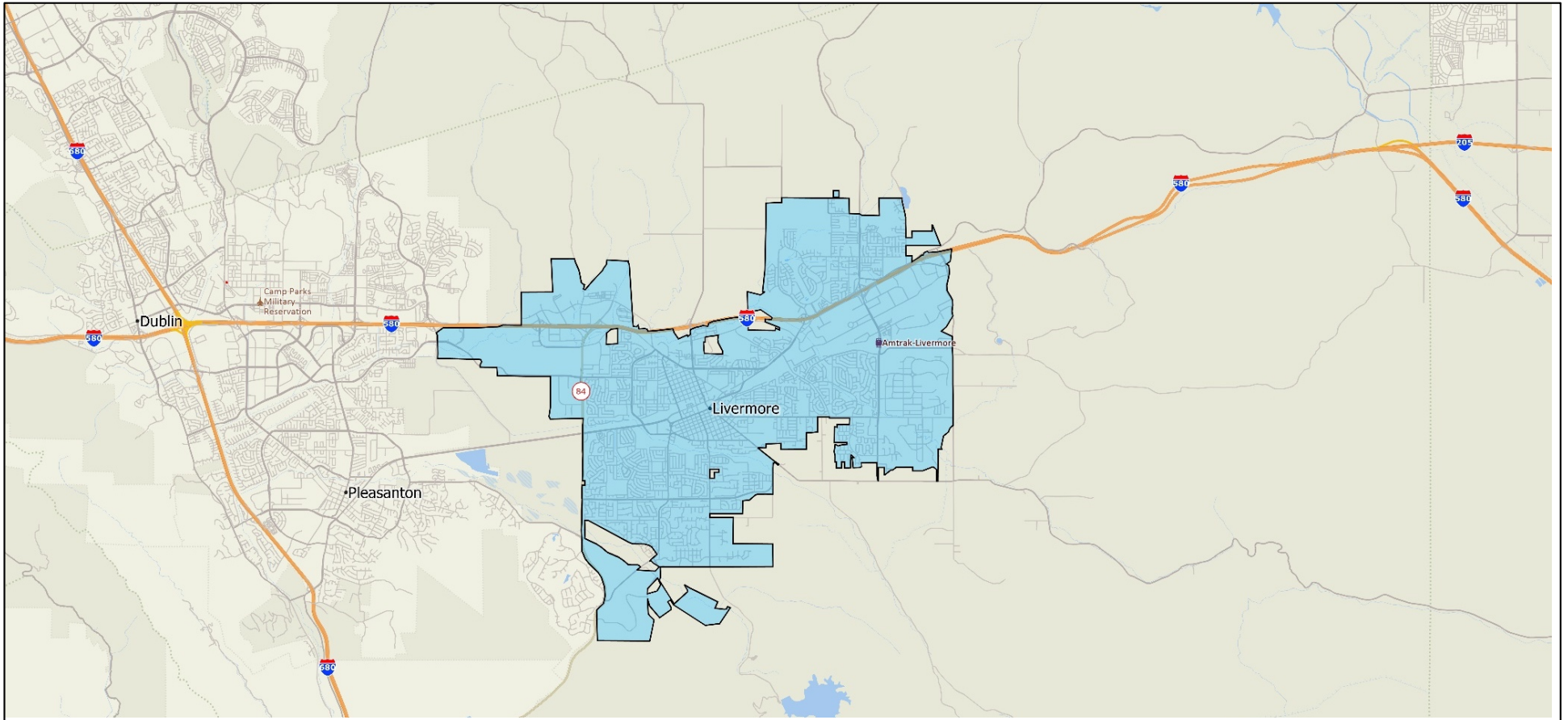
Conclusion

- Without additional affordable apartment developments being constructed in Livermore that are affordable to and prioritized toward lower income residents and workers in the City, displacement pressures will continue and make it more difficult for the diverse population of existing lower income households to continue to live and/or work in the City.
- With a local resident and worker preference, lower income households with varied racial backgrounds, who will be applying for and most likely eligible for affordable rental housing funded by Measure A1, would be provided, and not denied, access to these limited affordable housing opportunities.
- Based on the data presented in this study, having a local preference will not result in limits to access to housing by any individual protected class.
- Consequently, any civil rights concerns/discriminatory impacts in violation of the Federal Fair Housing Act and Title VI regulations are minimized because the income-eligible population for affordable rental developments is more diverse in terms of race and ethnicity as compared to Livermore's general population.



Please refer to the Executive Summary for a more detailed summary of quantitative findings from this analysis.

Appendix A: Summary Data Tables for Livermore and Alameda County



Appendix A: Summary Table 1

Household Characteristics	Livermore			Alameda County		
	2017	Increase (Decrease) from 2010	% Change	2017	Increase (Decrease) from 2010	% Change
Total Households	31,347	2,916	10%	564,293	32,267	6%
Total Renter Households	9,040	1,198	15%	267,659	28,910	12%
Total Households with Annual Household Income Below \$75K	10,696	(7)	0%	252,789	(30,901)	(11%)
Renter Households with Annual Household Income Below \$75K	5,481	315	6%	175,368	(1,250)	(1%)
Cost Burdened Renter Households	3,688	531	17%	107,368	10,969	11%
Cost Burdened Renter Households with Annual Household Income Below \$75K	3,376	238	8%	104,082	8,632	9%
Severely Cost Burdened Renter Households with Annual Household Income Below \$75K	2,005	--	--	66,383	--	--
Overcrowded Renter Households	765	223	41%	31,458	12,537	66%
Severely Overcrowded Renter Households	221	133	151%	11,317	5,023	80%

Source: American Community Survey 2010 & 2017, 5-Year Estimates, United States Census Bureau

Appendix A: Summary Table 2

Special Needs Households	Livermore			Alameda County		
	2017	Increase (Decrease) from 2010	% Change	2017	Increase (Decrease) from 2010	% Change
Householder Living Alone	7,817	1,477	23%	139,422	(10,609)	(7%)
Family Households	23,530	2,921	14%	379,405	39,215	12%
Family Households with Children Under 18	8,326	(2,622)	(24%)	133,302	(33,945)	(20%)
Single-Parent Households	2,994	(1,082)	(27%)	96,646	3,666	4%
Female Headed Family Households	2,870	(117)	(4%)	31,300	(4,690)	(13%)
Large Households	3,325	467	16%	63,428	7,018	12%
Senior Households	9,395	2,596	38%	167,530	34,223	26%

Source: American Community Survey 2010 & 2017, 5-Year Estimates, United States Census Bureau

Appendix A: Summary Table 3

Population with a Disability	Livermore			Alameda County		
	2017	Increase (Decrease) from 2010	% Change	2017	Increase (Decrease) from 2010	% Change
Total Population	88,232	9,712	12%	1,629,615	151,635	10%
Household Population	87,831	9,595	12%	1,599,087	151,976	11%
Senior Population (65+)	11,100	3,421	45%	204,503	43,822	27%
Total Civilian Noninstitutionalized Population	88,046	8,284	10%	1,619,367	135,520	9%
Persons with Disabilities	7,363	1,075	17%	154,753	18,395	13%
Seniors with Disabilities	3,396	495	17%	67,808	9,152	16%

Source: American Community Survey 2010 & 2017, 5-Year Estimates, United States Census Bureau

Appendix A: Summary Table 4

2017-18 Enrollment of Socioeconomically Disadvantaged Students by Ethnicity

	Livermore Valley Joint School District		Alameda County School Districts Total	
African American	102	2.9%	16,441	15.9%
American Indian or Alaska Native	10	0.3%	302	0.3%
Asian	204	5.7%	14,956	14.5%
Filipino	72	2.0%	3,077	3.0%
Hispanic or Latino	2,350	65.7%	56,193	54.3%
Pacific Islander	8	0.2%	1,472	1.4%
White	649	18.1%	6,933	6.7%
Two or More Races	173	4.8%	3,147	3.0%
<u>Not Reported</u>	<u>9</u>	<u>0.3%</u>	<u>888</u>	<u>0.9%</u>
Total	3,577	100.0%	103,409	100.0%

Source: California Department of Education.

Appendix A: Summary Table 5

2017-18 Enrollment of Homeless Students by Ethnicity

	Livermore Valley Joint School District		Alameda County School Districts Total	
African American	9	14.5%	765	24.0%
American Indian or Alaska Native	0	0.0%	26	0.8%
Asian	0	0.0%	105	3.3%
Filipino	0	0.0%	85	2.7%
Hispanic or Latino	37	59.7%	1,829	57.4%
Pacific Islander	0	0.0%	64	2.0%
White	11	17.7%	157	4.9%
Two or More Races	5	8.1%	134	4.2%
<u>Not Reported</u>	<u>0</u>	<u>0.0%</u>	<u>24</u>	<u>0.8%</u>
Total	62	100.0%	3,189	100.0%

Source: California Department of Education.

Appendix A: Summary Table 6

2017-18 Student Enrollment by Ethnicity

	Livermore Valley Joint School District		Alameda County School Districts Total	
African American	205	1.5%	22,820	10.0%
American Indian or Alaska Native	39	0.3%	577	0.3%
Asian	1,091	7.9%	58,108	25.4%
Filipino	399	2.9%	10,950	4.8%
Hispanic or Latino	4,245	30.8%	77,425	33.9%
Pacific Islander	40	0.3%	2,292	1.0%
White	6,611	48.0%	41,689	18.3%
Two or More Races	1,117	8.1%	12,800	5.6%
<u>Not Reported</u>	<u>18</u>	<u>0.1%</u>	<u>1,695</u>	<u>0.7%</u>
Total	13,765	100.0%	228,356	100.0%

Source: California Department of Education.

Appendix A: Summary Table 7

Distribution of Households with Incomes Below \$75,000 by Race and Ethnicity	Livermore			Alameda County		
	2017	Increase (Decrease) from 2010	% Change	2017	Increase (Decrease) from 2010	% Change
White Alone	7,273	236	3%	86,754	(46,454)	(35%)
Black/African-American Alone	193	(136)	(41%)	50,778	(9,000)	(15%)
American Indian/Alaskan Native	40	5	14%	2,158	295	16%
Asian Alone	887	(44)	(5%)	52,852	(952)	(2%)
Native Hawaiian/Pacific Islander	27	5	23%	1,831	(127)	(6%)
Two or More Races	337	164	95%	9,435	274	3%
Other	1,939	(237)	(11%)	51,405	27,487	115%
Total	10,696	(7)	0%	255,213	(28,477)	(10%)
Hispanic/Latino	2,041	(160)	(7%)	51,405	(54,955)	(52%)

Source: American Community Survey 2010 & 2017, 5-Year Estimates, United States Census Bureau

Appendix B: Regional Context



Appendix B: Regional Context

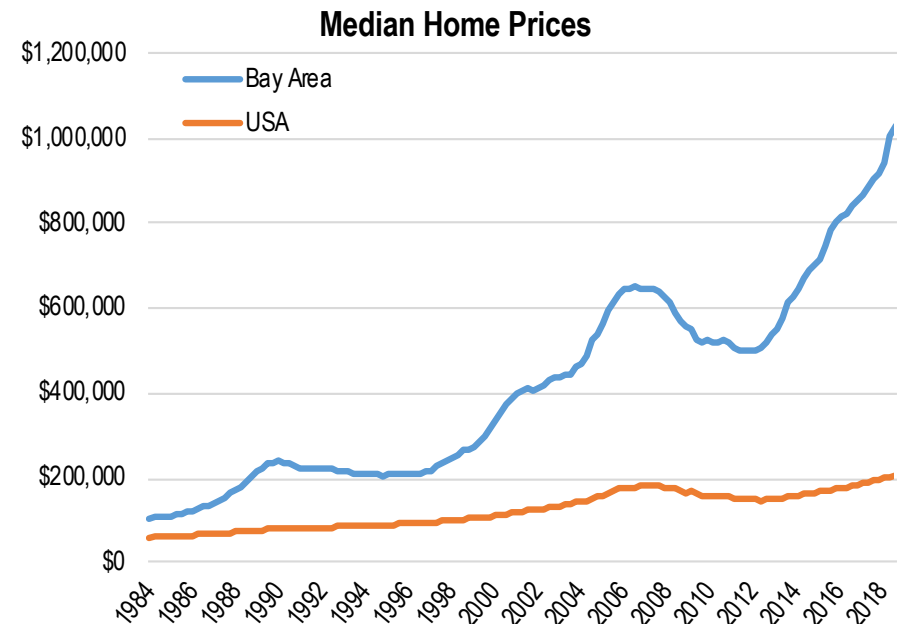
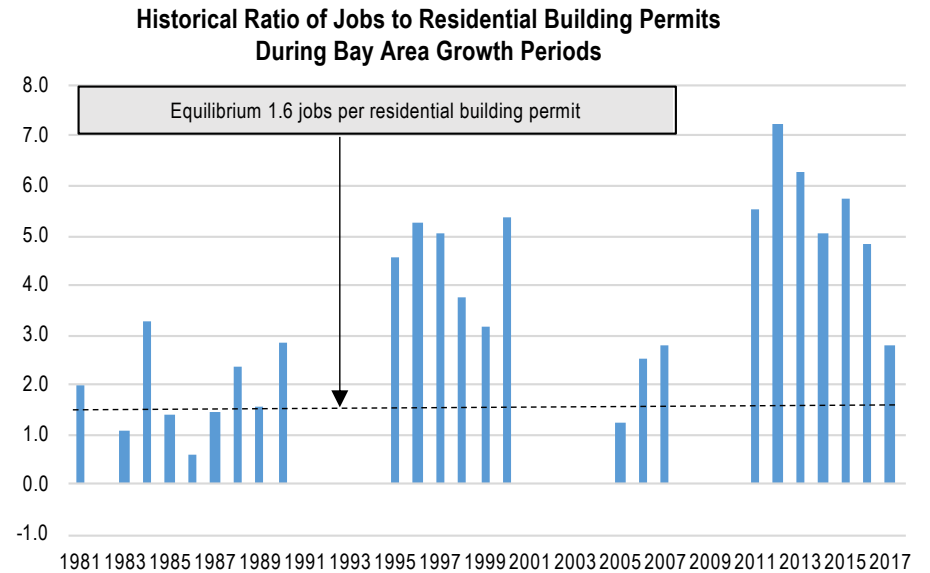
Bay Area Housing Growth Stops Keeping Pace With Job Growth

As a global center of innovation and economic growth for many decades, the Bay Area has posted annual employment gains of 1.7% per year since 1970, outpacing both California and the United States as a whole. While new residential construction kept pace with Bay Area employment growth in earlier economic cycles, this has not been the case in recent years.

For example, during one of the Bay Area's largest economic expansions that occurred between 1983 and 1989, 270,000 housing units were built across the region, keeping pace with the more than 430,000 jobs that were added. During this time period, the Bay Area ratio of housing construction to jobs was fairly close to the number of workers per household, with one housing unit delivered for every 1.6 new jobs.

While home prices and rents were higher than the United States as a whole in the 1980s, they averaged between 1.5 to 2 times the United States average. Most housing units were affordable to a broad swath of Bay Area residents in the 1980s, as median home prices and rents were within reach of lower to middle income households.

During the mid-1990s boom, the Bay Area stopped producing housing at the same pace as job growth. Facing increasing community opposition, higher construction costs and significant public infrastructure costs associated with suburban growth, Bay Area communities only permitted about 20,000 units per year during the next economic boom in the 1990s where only about one housing unit was permitted for every 3.8 jobs created. This was the period when Bay Area home prices significantly diverged from the USA as a whole. As the year 2000 began, Bay Area home prices reached record highs when Bay Area median home prices averaged about 3 times higher than the median home prices for the United States.



Source: US Department of Housing and Urban Development (SOCDS), Moody's, Federal Reserve Economic Data (FRED)

Appendix B: Regional Context

Housing Shortage

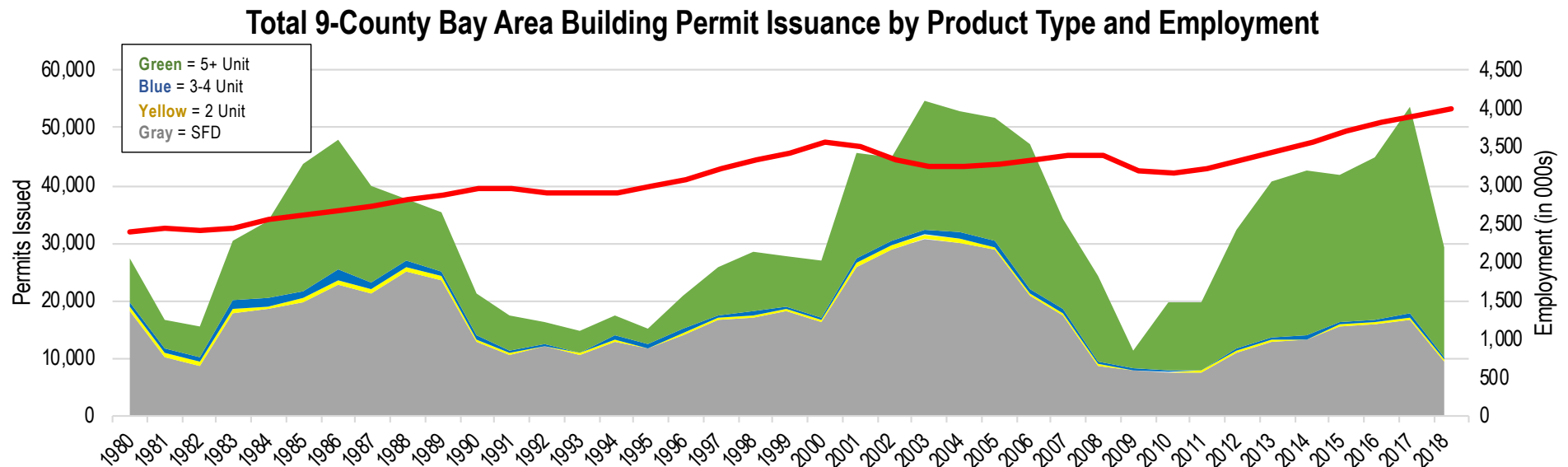
Despite the economic boom since 2010 and increased housing production in higher priced locations in recent years, housing production across the Bay Area has not kept pace with new employment growth and housing demand.

This housing supply shortage is contributing to the changing nature of the regional population and household income profile. As housing prices rise, consumers at the top of the household income scale are able to purchase or rent housing at higher prices and rents across a broad range of communities while lower to middle income households are often forced to move to places where housing is more affordable.

These trends have led to displacement of lower income households from communities across the Bay Area, particularly out of high-employment growth areas where prices have rapidly increased, such as Santa Clara, San Francisco and San Mateo Counties. As will be demonstrated in this report, these trends are significantly impacting Livermore region.

The mismatch between housing supply and demand has become a circular problem for the Bay Area economy. As prices rise, household incomes required to support rising housing prices must rise for companies to be able to recruit new talent and grow.

With rapidly declining real purchasing power for lower income households, this part of the population is increasingly left out of the market and faces rising gaps between housing affordability and incomes.

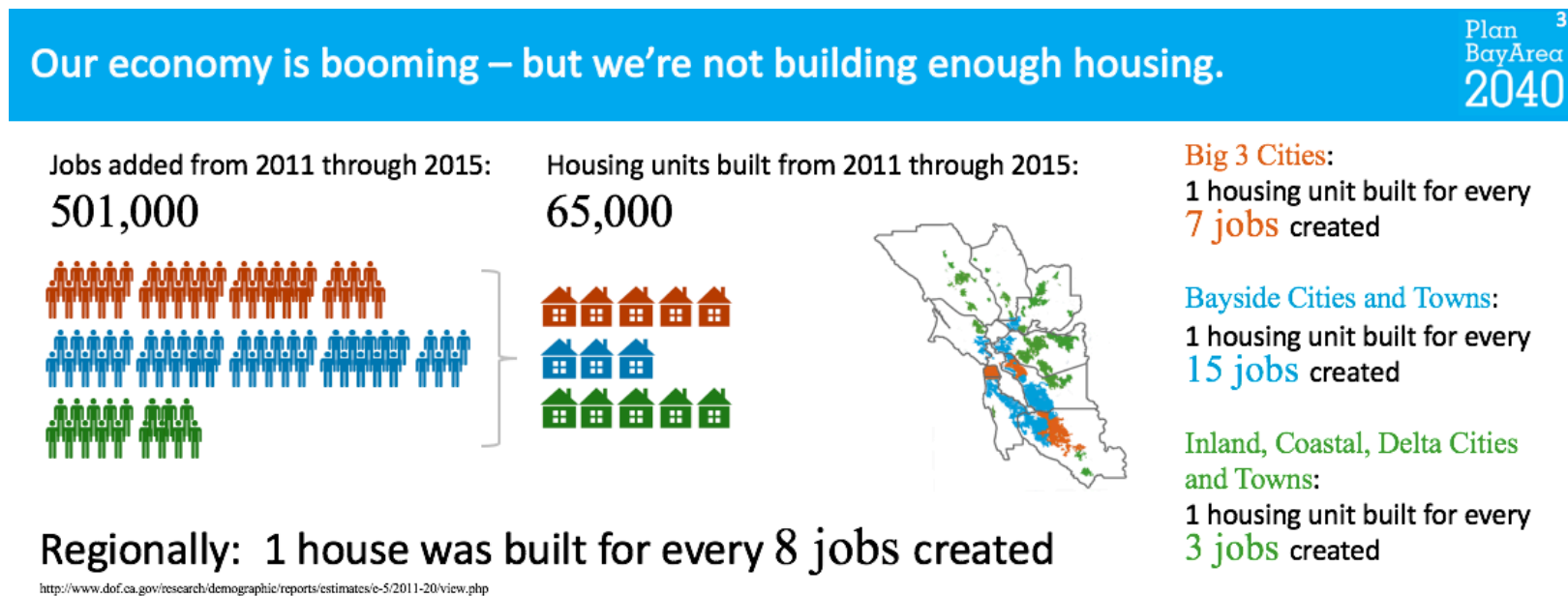


Source: US Department of Housing and Urban Development (SOCDS)

Appendix B: Regional Context

Bay Area Jobs to Household Ratio Changes

- The jobs to household ratio increased in the Bay Area from 2010 to 2018 by 16% from 1.39 to 1.62, respectively.
- The jobs to household ratio increased most drastically in bayside cities like Palo Alto, Cupertino, and San Mateo.
- The cities of San Francisco, San Jose, and Oakland also experienced a greater increase in its jobs to household ratio than inland, coastal, delta cities like Walnut Creek, Concord, or Livermore.

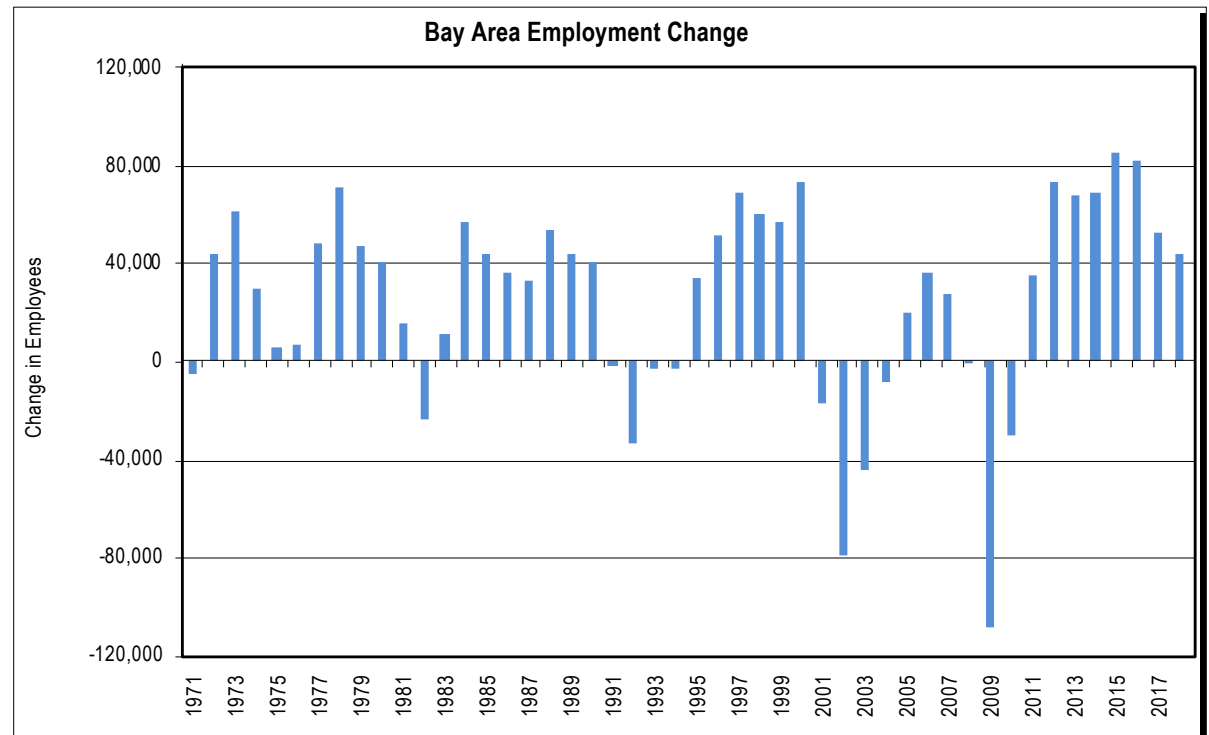
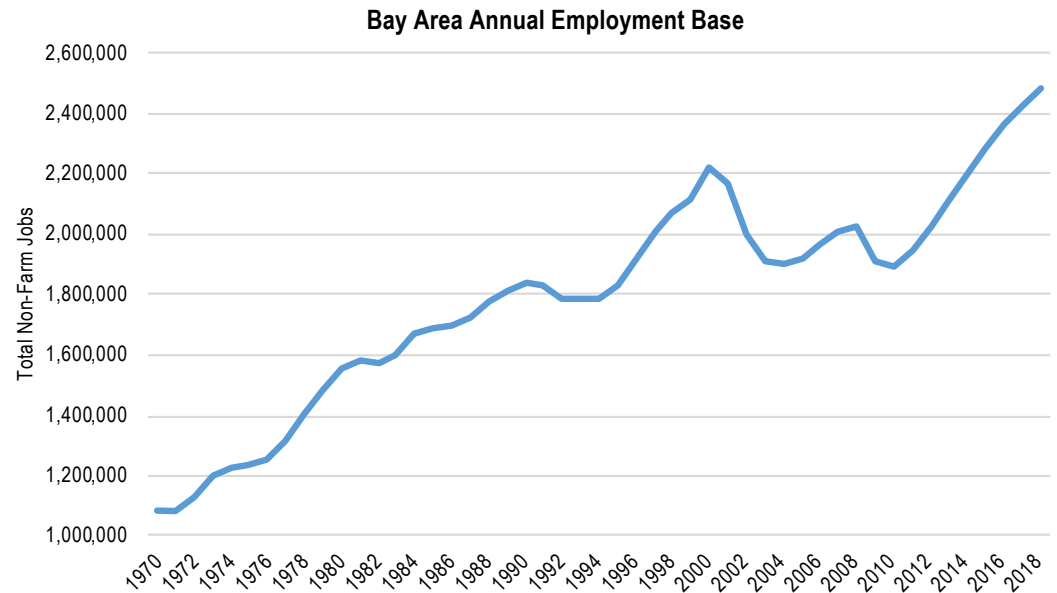


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Shift to Knowledge Economy

Over the past two decades (1997 to 2017), the Bay Area has added about 692,000 jobs, led by rapid increases in knowledge economy jobs in the technology and biotechnology sectors. Housing production has not kept pace, and there has been a growing gap between housing supply and employment growth.

This rapid employment growth from the knowledge economy has led to a dramatic shift towards higher wage jobs in selected sectors, while many middle-income and low-wage workers have experienced wage stagnation, which has increased income inequality and exacerbated the housing affordability gap for lower and middle income households across the Bay Area.



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Composition of Jobs and Economic Growth

In 1997, high-wage jobs accounted for 48% of all jobs in the San Francisco Bay Area. High-wage jobs encompass more financial service industries and some government position. Middle-wage employment, which encompassed a variety of Bay Area industries, supported a robust middle class located in communities throughout the Bay Area. Low-wage jobs relate more towards service based industries or non-specialized industries.

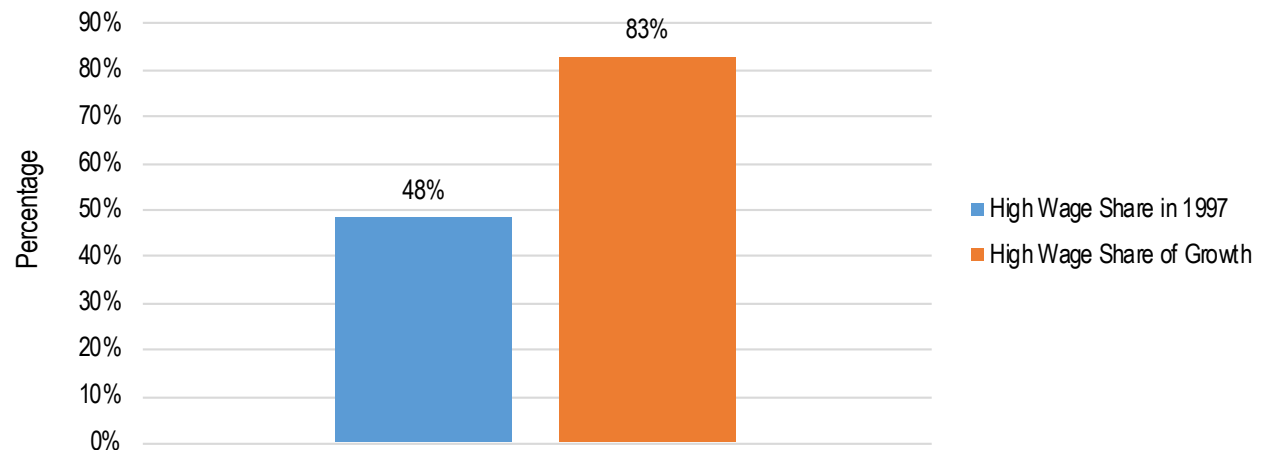
Since then, growth in Bay Area employment and earnings has been focused on high-wage, knowledge economy industries, which have accounted for 83% of employment growth since 1997. While these industries include lower-wage jobs in administrative and support services, they typically do not include a significant percentage of middle-wage jobs.

Since 1990, earnings per worker – a key measure of economic power across a variety of households – has diverged dramatically in the Bay Area as wage growth has been concentrated in industries with higher wage jobs.

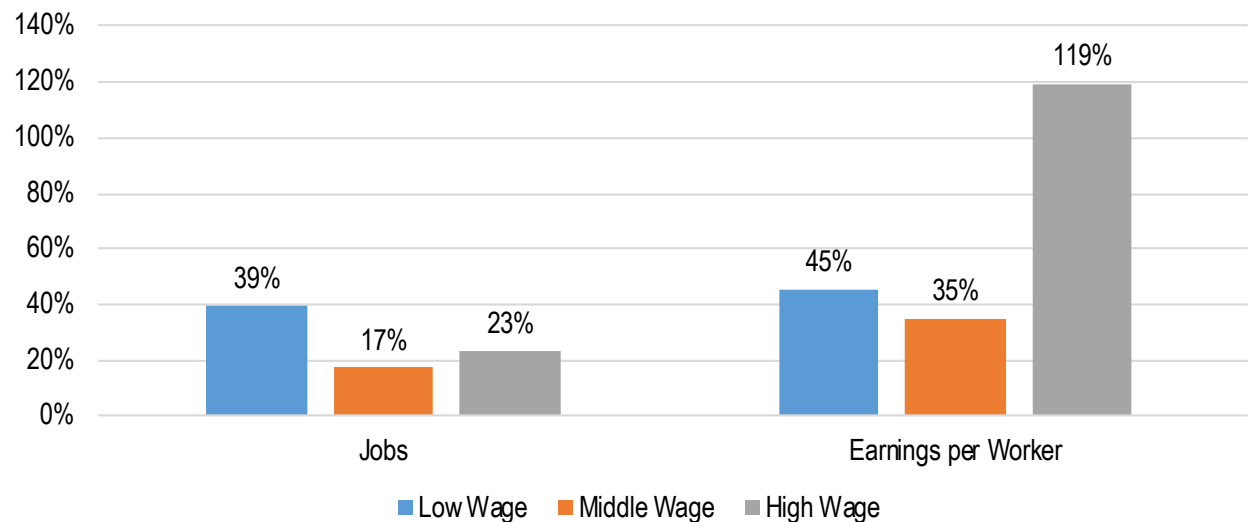
While earnings increased by 119% for high wage earners, wages for low wage and middle wage earners have stagnated, only growing 35% to 45% from 1990 to 2015, significantly lower than the inflation rate of 96% for the same period according to the San Francisco Consumer Price Index for All Urban Consumers.

Source: Moody's

High-Wage Jobs as a Share of Industry



Growth in Jobs and Earnings by Industry Wage Level (1990-2015)



Appendix B: Regional Context

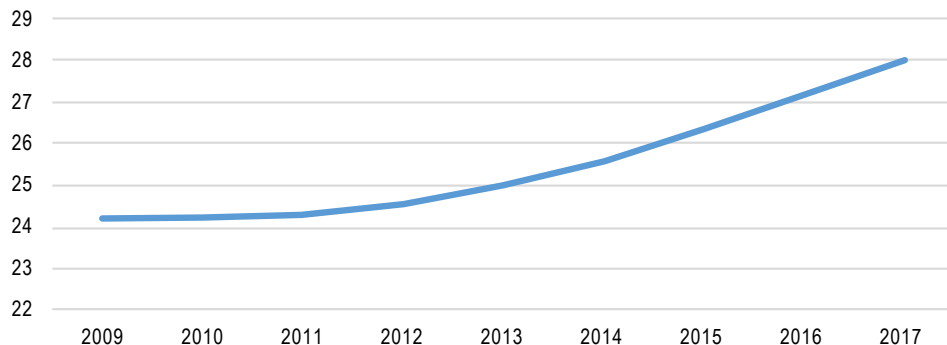
Geographic Imbalances

Although under-supply of housing is a problem throughout the Bay Area, areas with significant employment growth are particularly imbalanced. Key cities in Santa Clara County have seen dramatic job/housing imbalance figures over the recent cycle.

Together, Cupertino, Mountain View and Palo Alto – some of the region’s most affluent neighborhoods and home to some of the Bay Area’s largest employers have seen the addition of more than 10 jobs for every housing unit built between 2006 and 2014.

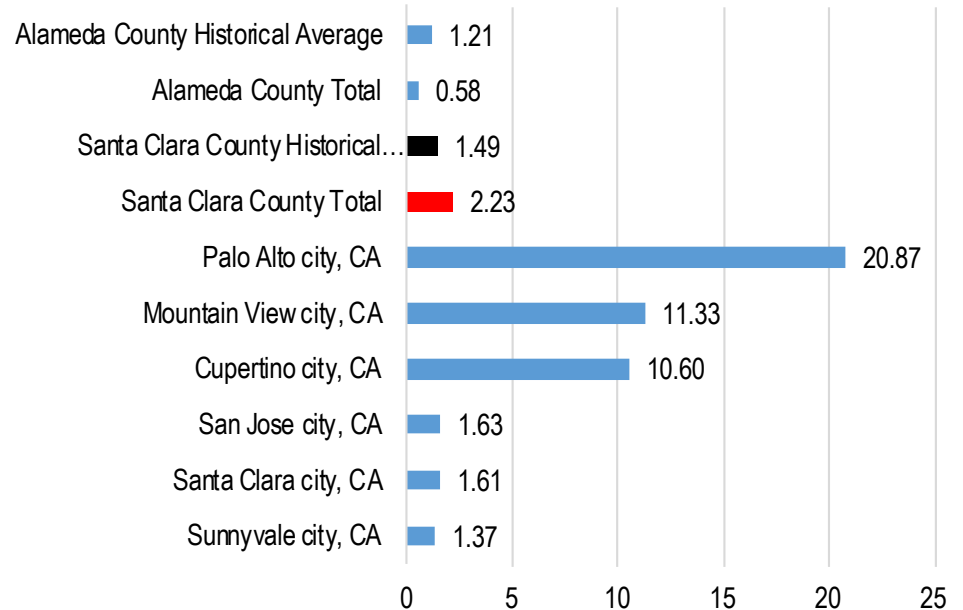
This significant increase in employment without a corresponding increase in housing has pushed workers to travel further distances to work and seek more-affordable residential options around the Bay Area. During this period, San Francisco, the I-880 corridor between San Leandro and Fremont and Livermore have all seen massive inflows of workers pushed out from core Silicon Valley job centers. In a decade, the number of people commuting from Livermore to Mountain View, Palo Alto and Cupertino has more than doubled.

Mean Commuting Time for Workers in Santa Clara County, CA, Minutes, Annual, Not Seasonally Adjusted

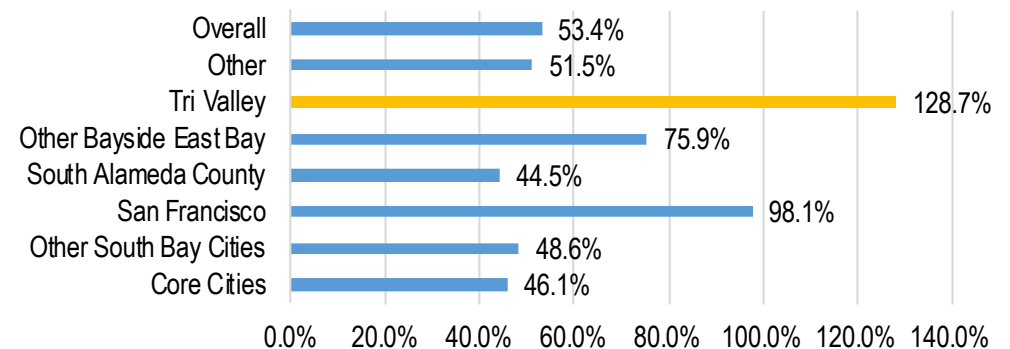


Source: Federal Reserve Economic Data, US Census

Santa Clara County Jobs/Housing Balance 2006-2014



Change in Place of Residence for Mountain View, Palo Alto and Cupertino Workers, 2005-2015



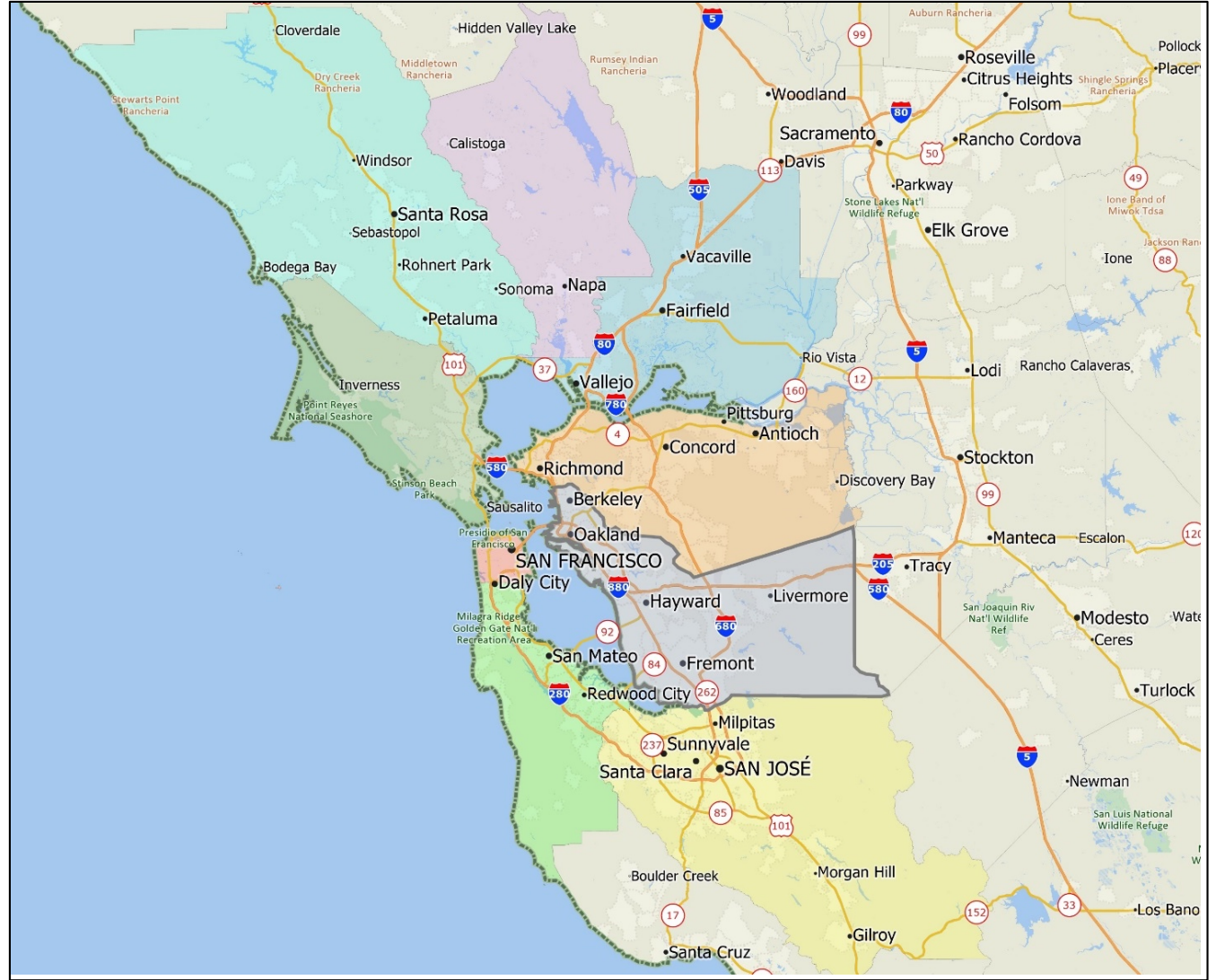
Internal Migration and the Ripple Effect

Between 2010 and 2015, 43% of all in-migration into Alameda County was from San Francisco, Santa Clara, Contra Costa Counties, and San Mateo Counties.

This is indicative of a move from higher-cost markets into the lower-cost markets that Alameda County provides.

Inbound Migration to Alameda County

San Francisco County	13%
Santa Clara County	12%
Contra Costa County	12%
Los Angeles County	6%
San Mateo County	6%
San Joaquin County	3%
Sacramento County	2%
San Diego County	2%
Orange County	2%
Solano County	1%
Marin County	1%
<i>All Other Counties</i>	<i>40%</i>



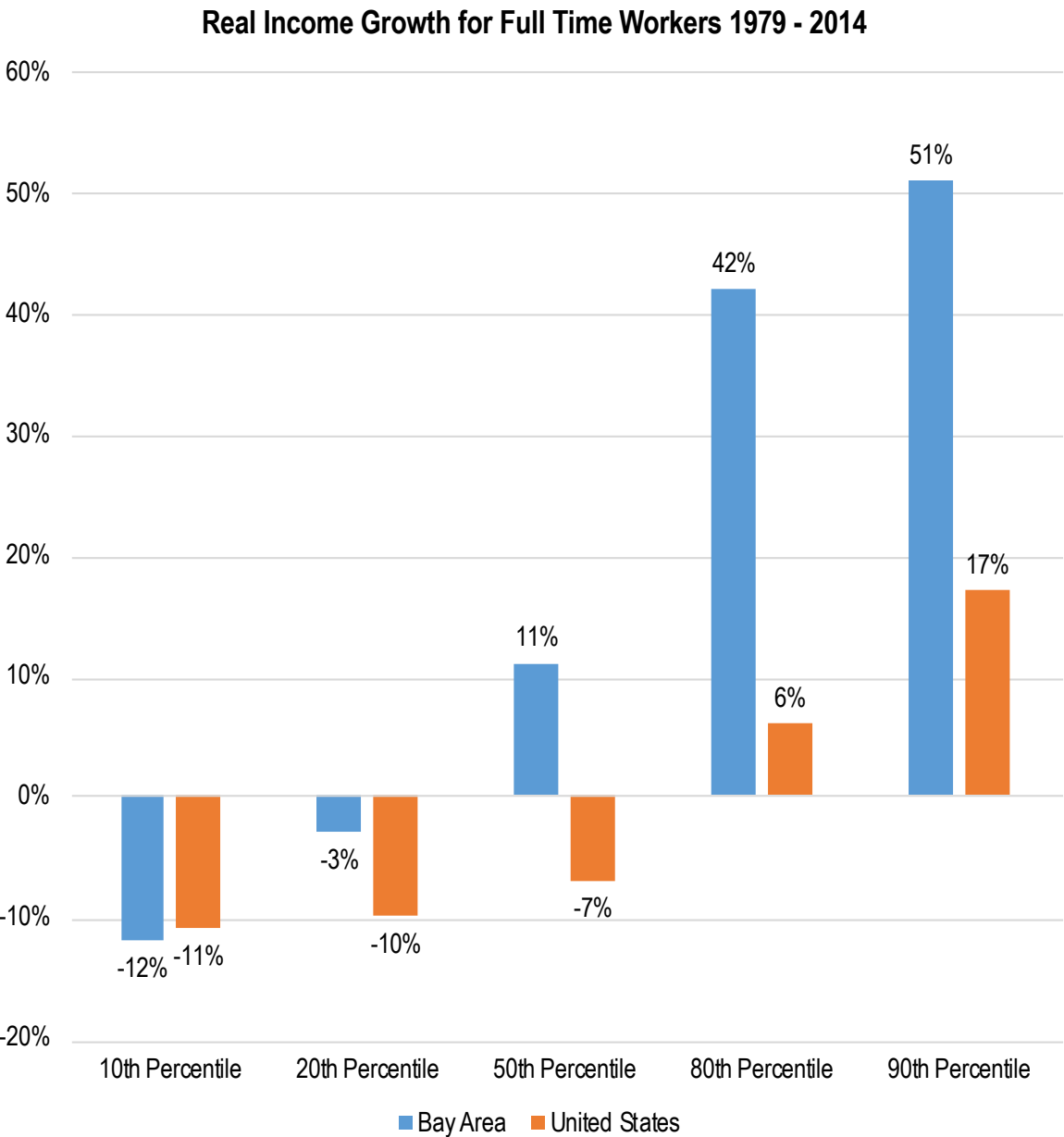
Source: FlowsMapper, US Census

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Declining Economic Power for Lower Wage Workers

Real income growth– based on gross household incomes adjusted for inflation– has grown more than 40% for the top wage-earners in the Bay Area, a growth of more than 3 times the growth rate for workers across the USA as a whole.

One of the key contributors to displacement is the fact that real income growth has been increasing for workers at or above the 50th percentile of wage earners, while lower wage earners have experienced an erosion of real incomes, purchasing power and the ability to pay the rapidly rising costs of living, including most notably, the cost of housing.



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Household Income Growth

Bay Area Household Income*	1990		2015		Change from 1990 to 2015	
	Number of Households	Percent of 1990 Total**	Number of Households	Percent of 2015 Total**	Growth/ (Decline) in Households	Percent of Household Growth
Less than \$35,000	446,000	20%	550,000	20%	104,000	+23%
\$35,000 to \$74,999	645,000	29%	625,000	23%	(20,000)	-4%
\$75,000 to \$149,999	785,000	35%	793,000	29%	8,000	+2%
\$150,000 or more	375,000	17%	741,000	27%	366,000	+80%
Total Households	2,251,000		2,709,000		458,000	+20%

* Income shown in inflation-adjusted 2015 dollars.

** Values may not sum due to rounding.

TABLE 1.1 A comparison of the number of households by income level in the Bay Area over a 25-year period from 1990 to 2015.

From 1990 to 2015, households earning more than \$150,000 a year have greatly increased their share of the total number of households in the region and comprised a vast majority of the regional growth in households over the same period. As a share of total households, those earning between \$35,000 and \$149,999 have declined significantly and in absolute numbers have either stagnated or decreased.

Source: U.S. Census Bureau, 1990; U.S. Census Bureau/American Community Survey, 2015 (Social Explorer)

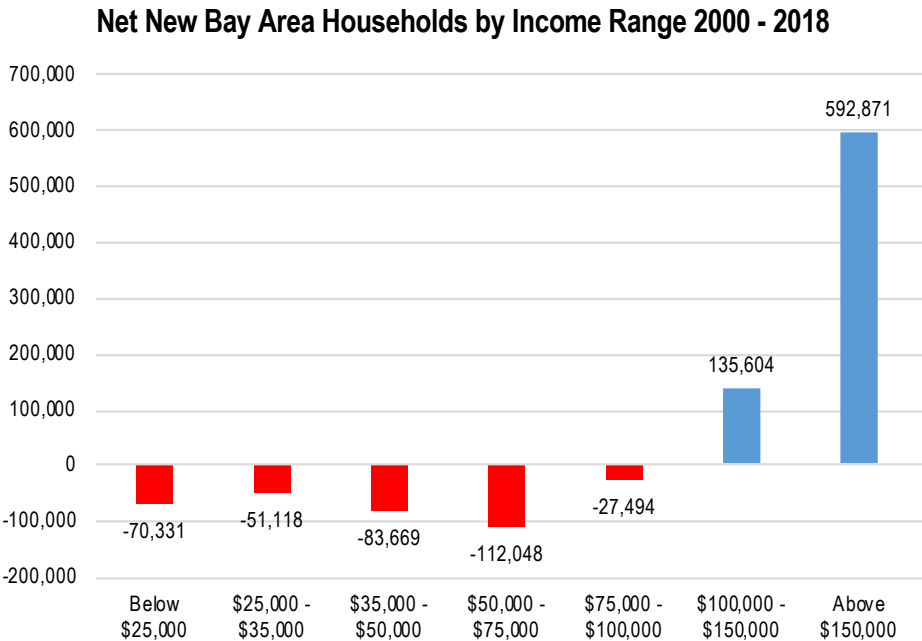
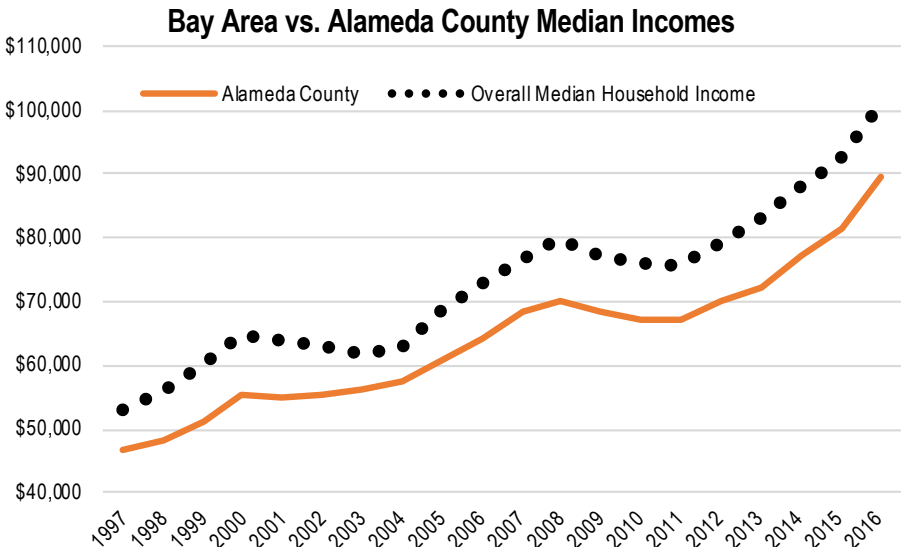
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Changing Income Profile and Housing Affordability

Although real incomes for lower and middle income households have declined, household median incomes in the Bay Area have increased significantly. Since 2000, the Bay Area has seen a 56% increase in household median income, and household incomes in Alameda County have similarly increased. However, much of this household income growth is attributable to shifts in household income distribution.

As shown on the graph, the number of lower and middle income households has decreased while there have been significant additions of households earning \$100,000 or more annually.

As housing prices have increased and household incomes have shifted, lower to middle income households need to spend higher percentages of household income on housing costs, as shown on the graph on the next page from Plan Bay Area 2040.



Source: Spotlight, US Census

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Price Performance

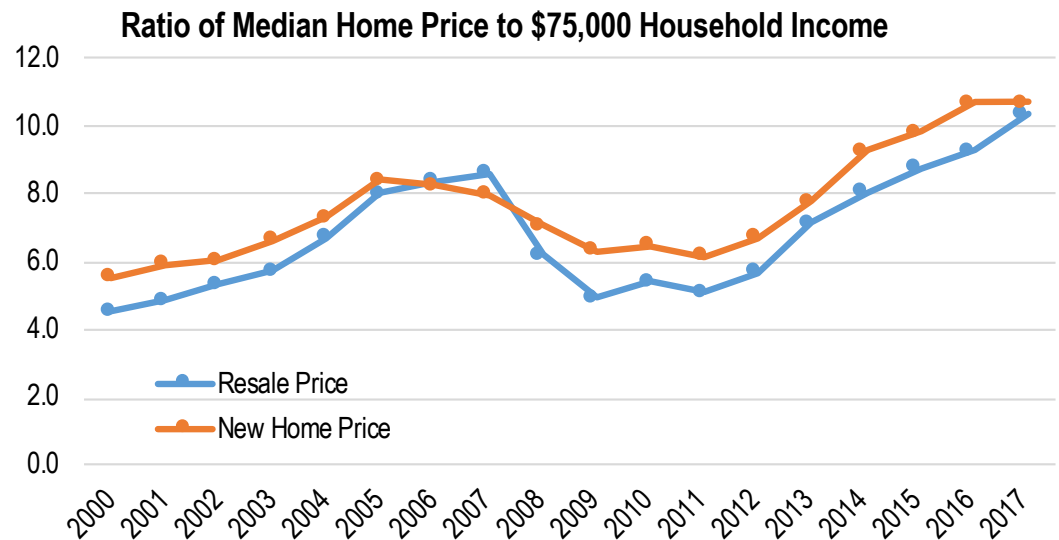
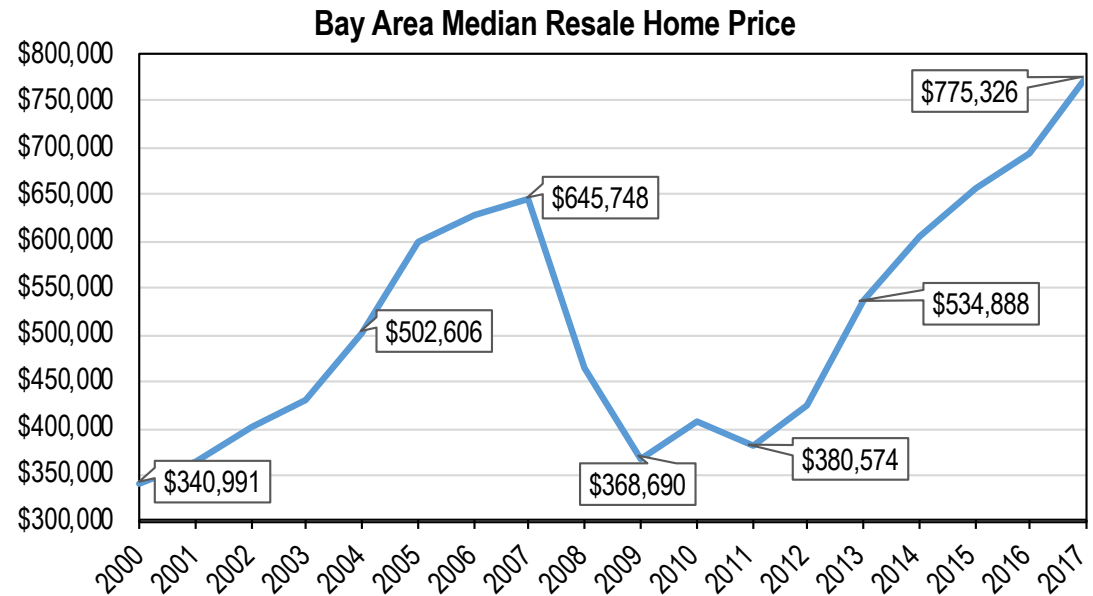
Housing prices in the Bay Area have been on a steep upward trajectory since their low in 2009 following the Great Recession. Since 2010, the median resale home price has increased over 90%, quickly exceeding the previous peak in 2007. Even amidst this rapid growth in home prices, the actual ratio of median home prices to median household income has actually remained in line with historical trends – this can be attributed to the continuously increasing median incomes in the Bay Area.

However, a benchmark for a truly affordable home is one that is below four or five times a household's income. Since 2000, the median price of a home in the Bay Area has only fallen below that threshold once, in 2009, implying that purchasing a home has remained historically unattainable to most households.

Ultimately, home prices relative to median household incomes in the region are not much higher than they were in 2003. However, that is only the case due to the subsequent rise in the Bay Area's median income over the last decade. The continued influx of high income and high net worth individuals has brought the median household income up greatly, and the majority of new housing built has been for those high earners.

The greatest concern then is for those households who are living in the Bay Area but have not seen their wages grow in the same way that the median income of the region has – the result is a continuous inability to afford a home.

Source: Redfin, CoreLogic, Spotlight, US Census



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Rents and Prices for Long-Term Residents of the Bay Area

While the median income of the Bay Area has increased since 2000, not all households have equally gained from the region's economic growth. The median income of the Bay Area has grown far more quickly than incomes for service and blue collar workers have comparably, many of whom are the longer-term residents of the Bay Area.

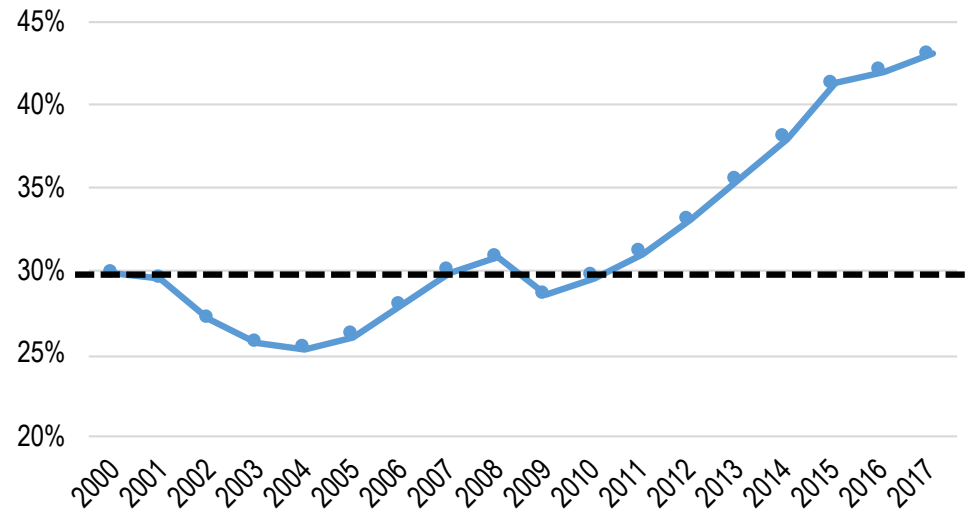
If you were to compare housing cost increases since 2000 to the median income of a household in 2000, you would see that rent as a percentage of income has quickly exceeded affordability (>33% of income) since 2012.

Similarly, the median home price compared to the median household income in 2000 shows that affordability is beyond any historic measure. The median home price today is twelve times higher than the median income in 2000. When adjusted for inflation and marginal wage increases, median home prices are still 10x above what an earner in 2000 would be making in 2018.

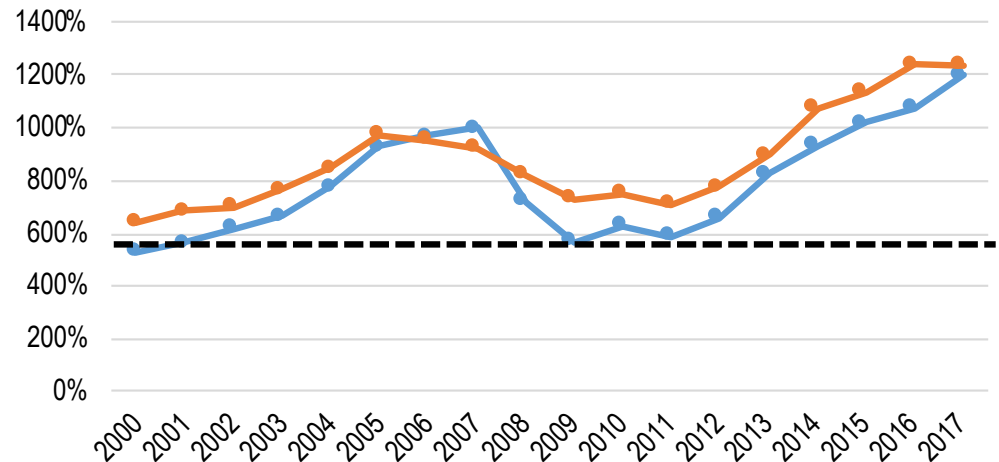
The greatest questions of affordability do not reside with new, incoming residents of the Bay Area. Those moving in who are already high-income earners are continuing to drive rents to unattainable levels for many households. Instead, these concerns lie with a core of households who already live/recently lived here. As home prices and rents push higher, these households are the ones facing longer commute times, fewer competitive housing options, and ultimately, displacement.

Households at acute risk of displacement are those that have seen wage stagnation and earn less than \$75,000 (<80% AMI), which is approximately 990,000 households in the Bay Area.

Rent as % of Median Income in 2000



Median Home Price as % of Median Household Income in 2000



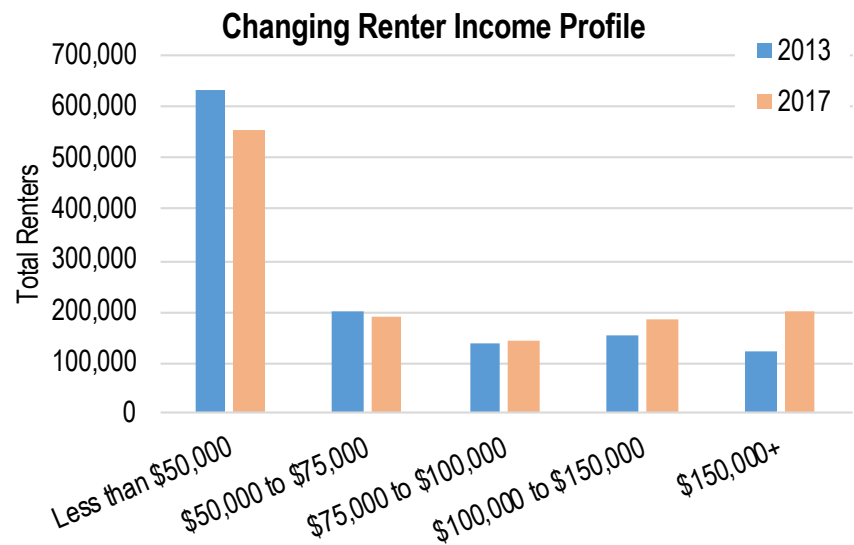
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Rent Performance

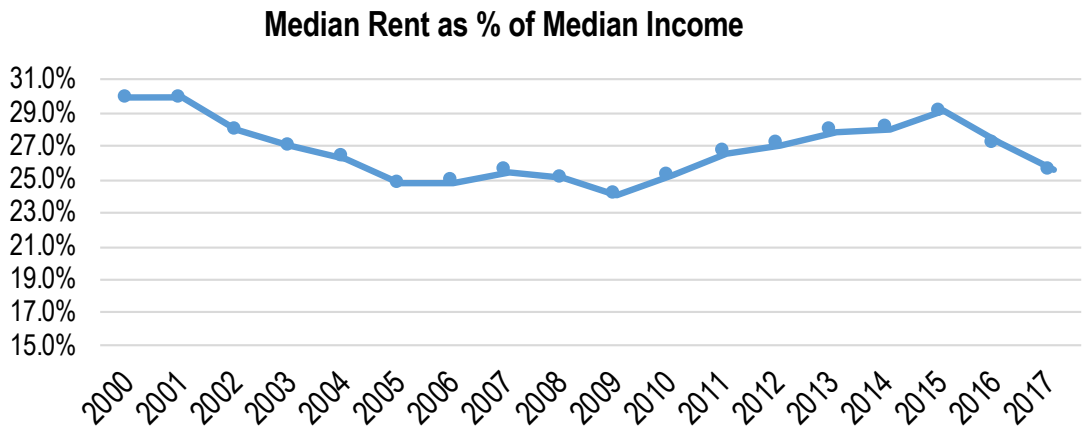
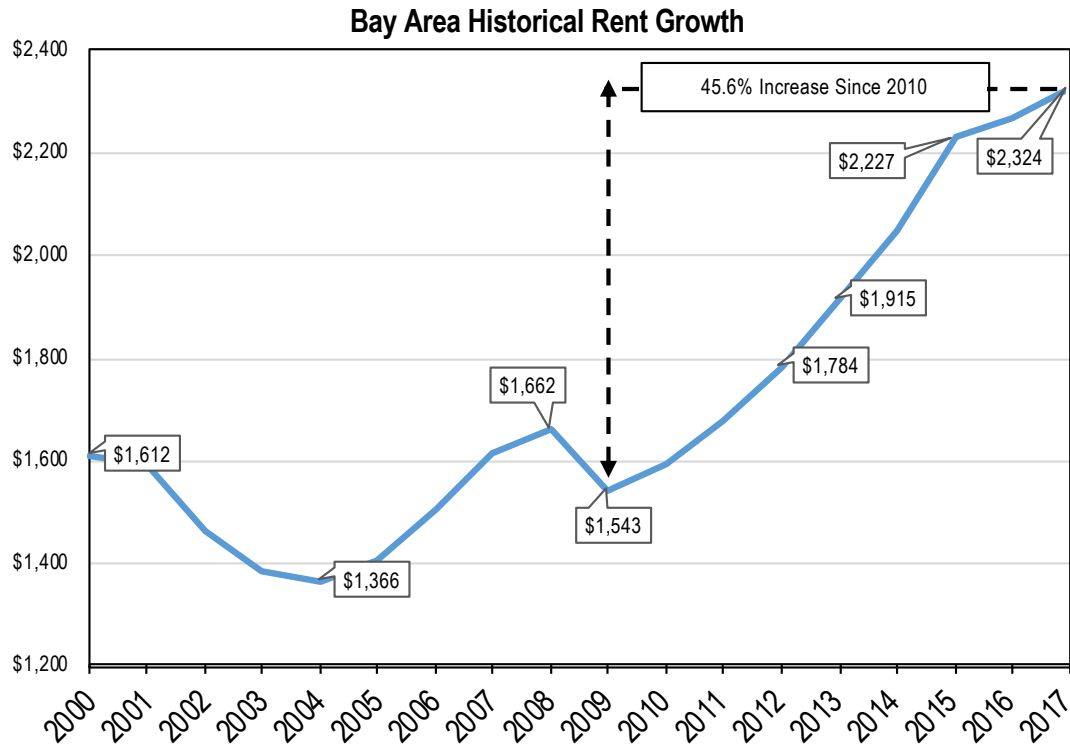
Trends for rent performance are similar to home price performance over the same time period. While median rent as a percentage of median income has dropped since 2000, that phenomenon can primarily be attributed to the increase in the Bay Area’s median income.

The Bay Area has also seen greater increase in renters, due to a variety of factors including age, an unwillingness to commit to the Bay Area by purchasing a home, a desire for a more urbanized and amenity-rich living environment, and more. Also, given the hurdles that saving for a down payment and qualifying for a mortgage present, more households are renting.

As a result, the number of affluent households seeking out rental units in the market has increased, in turn there is more competition for rental units, many of which will price out households at the key incomes who are at risk of displacement.



Source: CoStar, US Census, Spotlight



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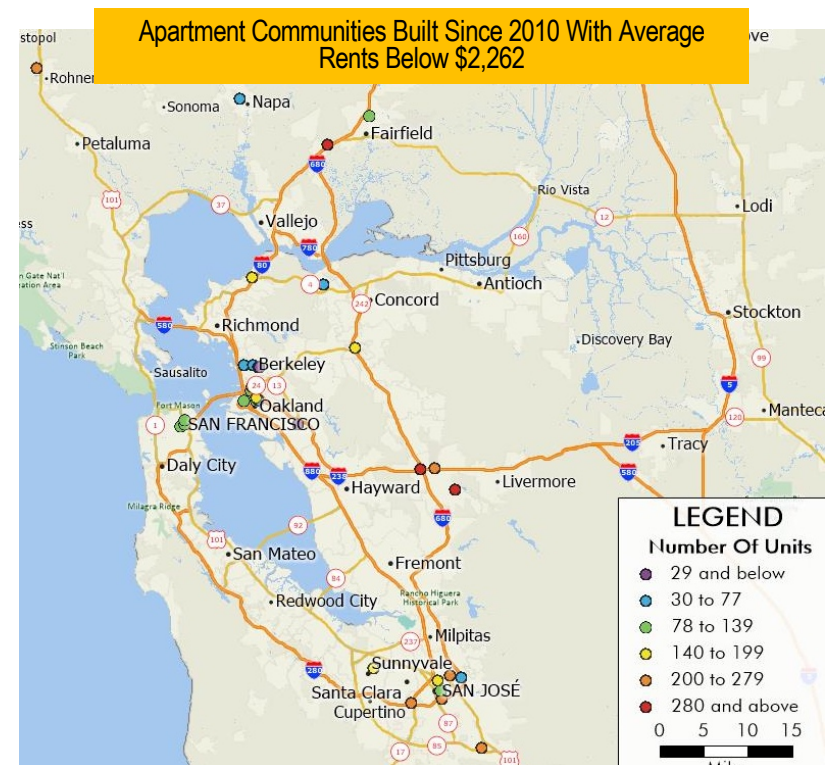
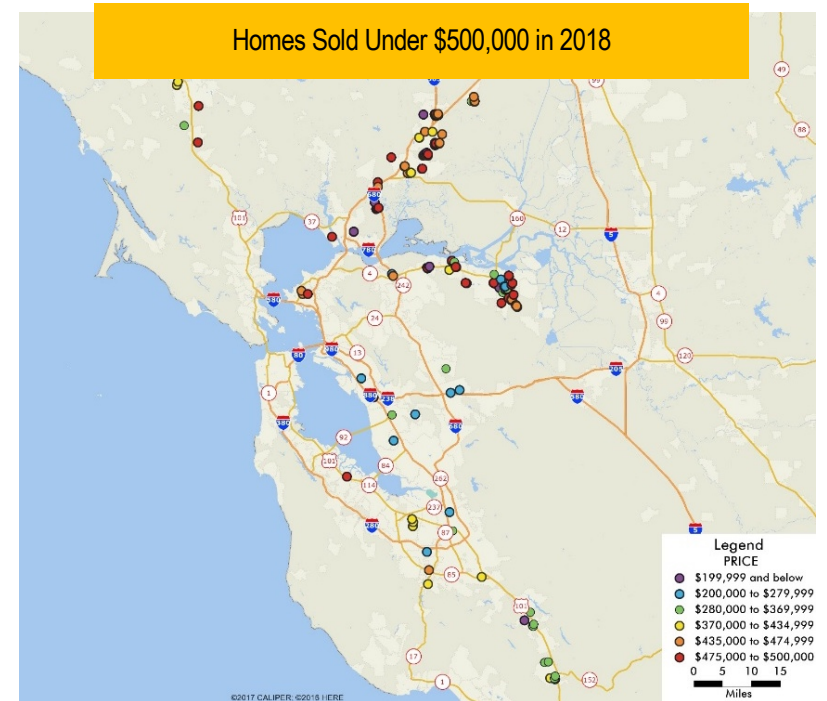
Acute Shortage of Housing Affordable to Typical Households

Currently, only a few homes are selling at prices that are affordable to lower to median-income households earning less than \$100,000 annually. Based on typical affordability standards that take into account historically low interest rates, homes need to be priced at \$500,000 or less to be affordable to these households.

In 2018, only 235 homes sold in the Bay Area at prices that were at or below \$500,000 representing .03% of the 78,000+ total home sales. These sales occurred predominantly in outlying housing markets where buyers are must often accept long commutes to employment. Within Livermore specifically, only three homes sold under \$500,000.

Although more apartments are available at naturally-occurring affordable rents – units with rents below \$2,100 per month that are affordable to households making less than \$75,000 – the total volume of newer product delivered since 2010 in these rents is still quite low. Of the total 233 market-rate communities built since 2010, only 2 of them have a two-bedroom unit with an average asking rent affordable to those making less than \$75,000 of household income.

Source: CoStar



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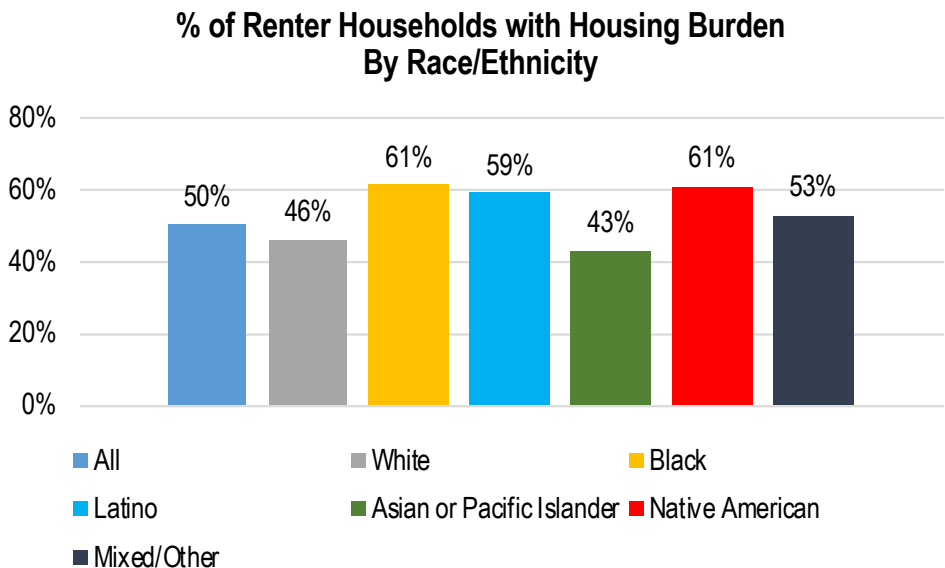
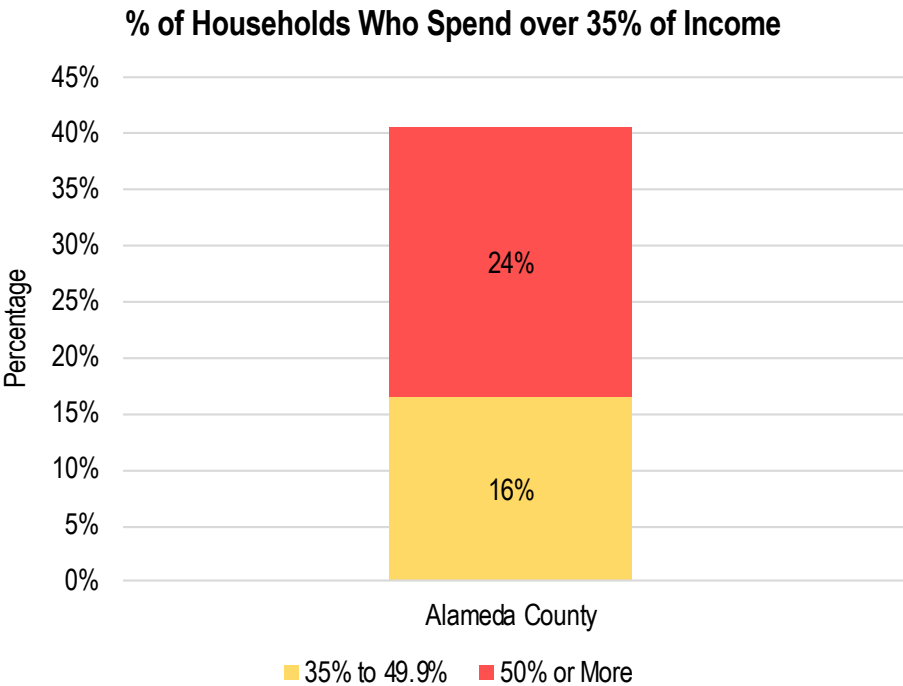
Rent Burden

Households who are considered rent burdened or extremely rent burdened are spending over 35% or over 50% of their income on rent, respectively. Being overly rent-burdened is one key precursor to displacement. As rents reach more unattainable levels, households will have to resort to paying more out of pocket for housing, moving into overcrowded housing situations, or moving to an entirely new, more affordable area.

The overall percentage of households who spend over 35% of their income on housing in the Bay Area is very similar to the distribution in Alameda County, at approximately 40% of all households.

An analysis of renter households who are housing burdened by race/ethnicity gives a glimpse of another key characteristic of a household most at risk of displacement, beyond those are who simply low income. Approximately 60% of Black, Latino, and Native American households are rent-burdened in the Bay Area. That, in the long run, translates to higher odds of displacement for those households, especially as rents continue to rise.

White and Asian households are the only two demographic cohorts who see less than 50% of households rent burdened.



Source: American Community Survey 2016 5-Year Estimates, US Census Bureau

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Share of Income Spent on Housing in 2015

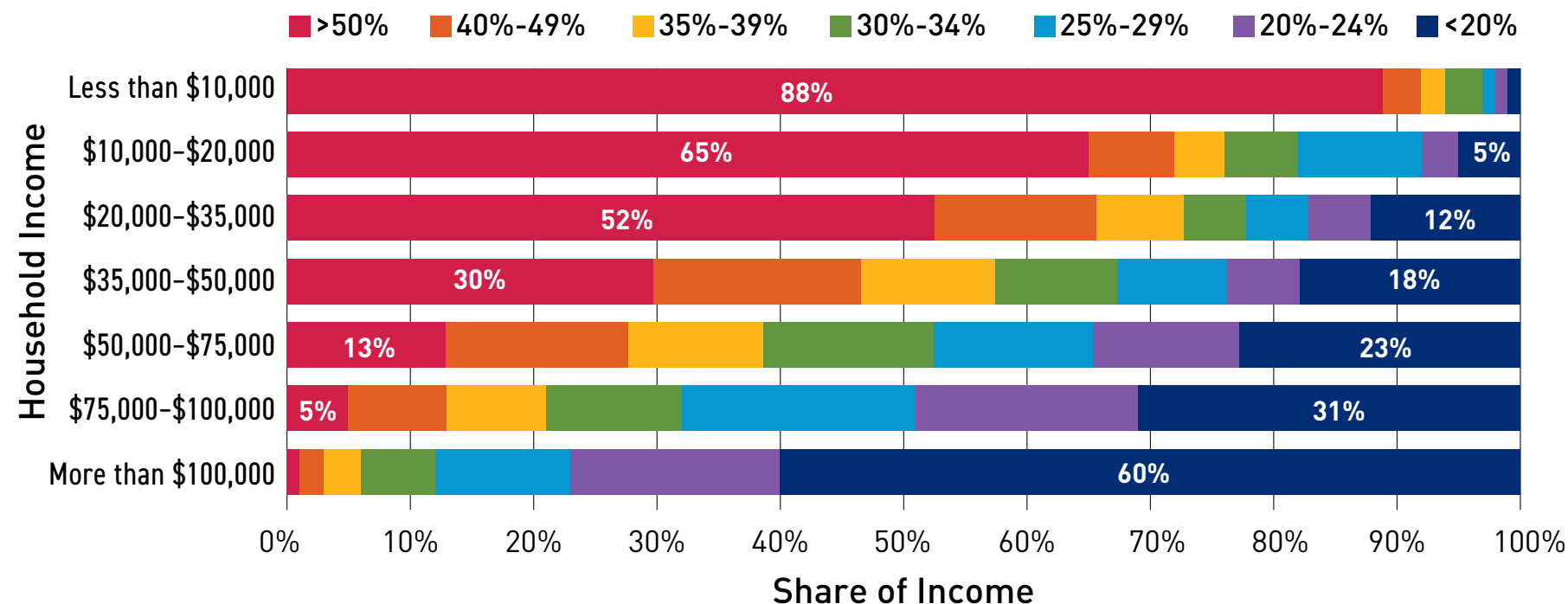


FIGURE 1.4 Share of income spent on housing by Bay Area households in 2015, segmented by income level.
A significant majority of households earning less than \$35,000 in the Bay Area spent more than 50 percent of their household income on housing in 2015.

Source: Vital Signs; U.S. Census Bureau/American Community Survey, 2015

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Summary

- Rapid economic growth comes with a cost, accelerating the pace of displacement already occurring within the San Francisco Bay Area Region. The Urban Displacement project estimates gentrification has transformed 10% of Bay Area neighborhoods and displacement is occurring in as many as 48% of Bay Area neighborhoods.
- The Bay Area is historically home to a wide variety of incomes/levels of affluence. In earlier generations, housing was more attainable to a wider swath of the job/income base.
- Structural issues, including construction costs, entitlement and market risk factors, public infrastructure costs, and land values are limiting the ability to deliver housing across the Bay Area.
- As housing construction lags demand and pricing/rents rise dramatically, higher income earning households – themselves facing significant housing challenges - push outwards across the region to areas with relatively lower housing costs, significantly changing the demographic composition of older neighborhoods.
- Growing income inequality accelerates displacement forces.
- All parts of the Bay Area are experiencing displacement – key income ranges at risk of displacement include both the Missing Middle and Low/Very Low Income/Extremely Low Income households.