

2019 SAN GABRIEL VALLEY  
**ECONOMIC FORECAST  
SUMMIT**



**CalPolyPomona**

College of  
Business Administration



# Housing Development

## Opportunities and Challenges

**Steve PonTell**, President and CEO, National CORE

**Brett Whitehead**, CEO and Principal, Brandywine Homes

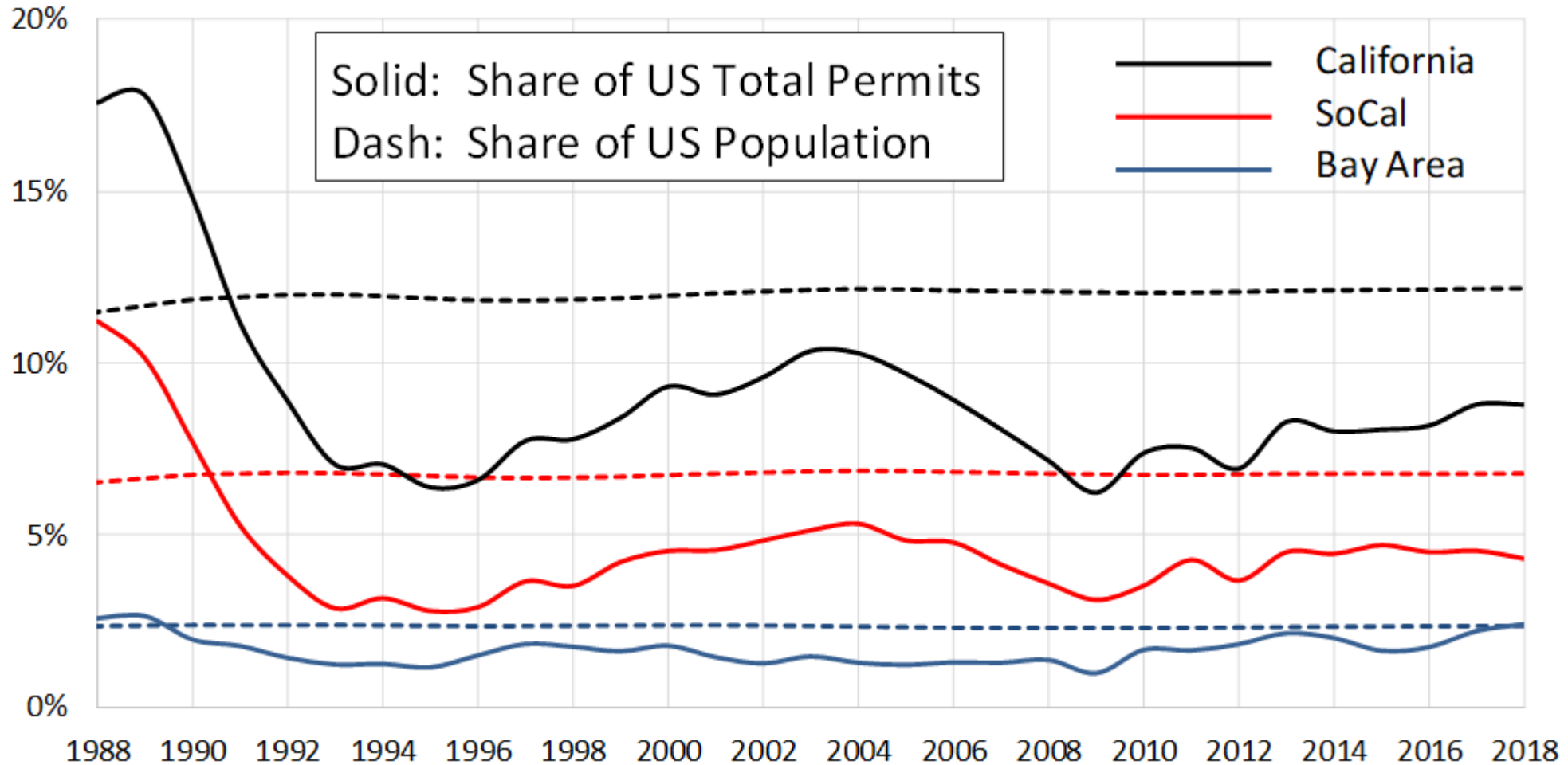
**Brad Jensen**, Director of Public Policy, SGVEP

**Gerd Welke**, Moderator, CPP and RERC

# Supply and Demand

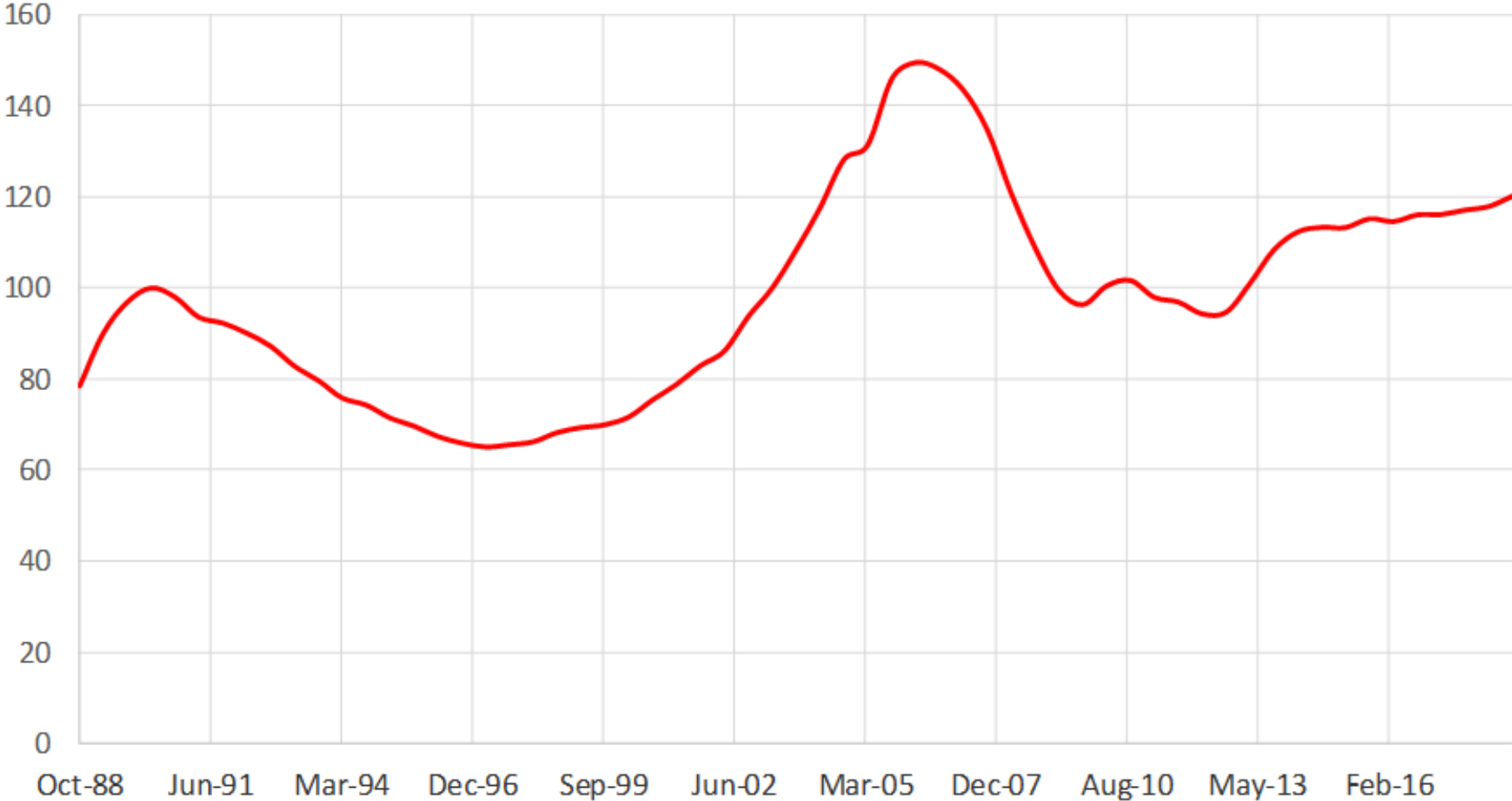
- **SoCal added about 400,000 total housing units since 2009**
  - Population has grown by about 1.6 million
  - 250 units per thousand
  - NY: 400 units per thousand
- **SoCal SF home prices have risen 60% since 2009**
  - Median wages: 30%
  - Residential rents: 30%
  - Inflation ex shelter: 18%

# Undersupply of Housing Units



# LA County:

## Median House Price / Median HH Income



# Affordability

- **For California, affordability gap about \$60 billion per year**
  - Aggregate difference between 30% of HH income and local cost of housing
- **Moderate income (80-120% AMI)**
  - For 50% HH, housing cost > 30% of income
- **Low income 50-80% AMI**
  - For 90% of HH, housing cost > 30% of income
  - 40% 50%
- **Very low income (30-50% AMI)**
  - For 100% of HH, housing cost > 30% of income
  - 97% 50%

# Economic Cost

- **More than 6% of state GDP (\$2.8 trillion in 2007)**
- **More than \$168 billion per year**
  - Lost other consumption
  - Lost construction opportunity, with 2× multiplier
  - Direct cost of homelessness
- **Conservative:**
  - Excludes broader cost to leisure, health, education, and environment
  - Loss from firms not moving here, or moving out, not included

# Opportunities

- **Identify “new” land**
  - Vacant, underutilized, ADUs, urban fringe
- **Remove barriers to housing development approval**
  - Local incentives, speed up approval process, up-zoning
- **Housing access**
  - Prioritize state and local funding, attract investment
- **Cut cost and risk of construction**
  - Construction permitting, impact fees, construction productivity, operating costs