



Land Use & Natural Resources Committee

Meeting Date: March 7, 2024

[[!Agenda Item No. {{item.number}}!]]

2025 Blueprint: Housing Product Type Demand Trends

Information

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Attachments: No

Approved by: Clint Holtzen

Referring Committee: Not Applicable

1. Issue:

The purpose of this item is to explore emerging trends in the demand for various housing products within the SACOG region and as compared to other mid-sized regions throughout the country. This work is in response to board questions and requests to take a deeper look at housing type preferences and how those preferences may influence land use assumptions in the 2025 Blueprint.

2. Recommendation:

Staff is looking for board feedback and discussion on the findings of this analysis.

3. Background/Analysis:

SACOG is undertaking an update to its long-range transportation and land use plan, the 2025 Blueprint. For each plan update, SACOG prepares a projection for the amount of regional growth in population, employment, and households the region can expect over the life of the plan. For the 2025 Blueprint, the projections adopted by the SACOG board in 2022 cover a timeframe from 2020 to 2050 and anticipate that the region will grow by nearly 600,000 people, add just over 260,000 new jobs and 278,000 new homes.

As part of the Blueprint, under state law SB375, SACOG is required to adopt a Sustainable Communities Strategy (SCS) that, if implemented, aligns transportation, housing, and land use decisions toward achieving greenhouse gas (GHG) emissions reduction targets set by the California Air Resources Board (CARB). Beginning with the growth projections described above, the Blueprint must include a set of assumptions around the amount, location, and type of growth the region is planning for through 2050 as well as the policies, programs, and investments necessary to achieve these assumptions. The integrated nature of the Blueprint requires that land use and transportation decisions work in tandem to maximize benefits and minimize negative impacts that align with the federal and state requirements of the plan and the triple bottom line goals of equity, economy, and environment adopted by the board as the Policy Framework for the 2025 plan update.

The land use assumptions ultimately included in the Blueprint should be, by design, both ambitious and achievable. They are ambitious in that they are intended to outline a path towards achieving the triple bottom line goals of equity, economy, and environment, including achieving our greenhouse gas (GHG) emissions target and remaining eligible for key sources of transportation funding. The land use assumptions must also be achievable, based on the latest data and planning assumptions, and supported by the policy priorities and

investments outlined in the 2025 Blueprint. This item will take a closer examination of a key element of the SCS land use assumptions, namely housing product types, including a look at regional and national trends in housing product demand.

4. Discussion/Analysis:

The intent of this item is to explore existing and future housing demand, specifically as it relates to housing product types. As part of the 2025 Blueprint Pathways analysis conducted last year, SACOG created three distinct futures for how the region could grow as a means to better understand any tradeoffs between land use decisions and the ability of the region to achieve triple bottom line goals and GHG reductions. In [March](#) and [April](#) of 2023, SACOG staff presented what those three futures entailed, including a breakdown of assumptions for housing product types. During these presentations, there was robust conversation by the board about the housing product type assumptions, with several board members expressing a desire to better understand underlying market demand for the different housing products and what was reasonable to assume in the 2025 Blueprint. Based on these conversations, SACOG brought on a consultant, Cascadia Partners, to study these trends and provide an analysis of how they are playing out in the SACOG region as well as in comparable mid-size regions across the country.

Alex Steinberger of Cascadia Partners, will present an analysis of peer regions compared to the SACOG region and emerging national trends for housing product type demand. The next and final phase of this analysis, which will be conducted over the next several months, will explore the local and regional policies impacting housing demand in our region with a stakeholder group of local builders and developers. A presentation on the findings from the final phase is tentatively scheduled to come back to the committee in August.

Highlighted findings from the work completed so far include:

- The SACOG region is lagging behind its peers and the rest of the country in producing attached housing products and that lack of production has had a profound impact on affordability.
- Attached and smaller housing products are growing in demand and, based on anticipated changes to household size, increasing affordability challenges, and demographic shifts, demand will likely continue to increase into the future.
- Nationally, builders are responding to these trends with smaller housing products and more attached housing. While the SACOG region is behind its peers, there is clear evidence that this trend towards smaller lot single family and attached housing is already underway in the SACOG region and, in specific submarkets, is starting to relieve pressure on the housing market.

How can these findings apply to the Blueprint?

Understanding these underlying trends is critical for the SACOG board's ultimate decision on a single set of land use assumptions for the 2025 Blueprint. In April, SACOG staff will be presenting a Discussion Scenario which will include a set of land use assumptions and transportation investments. As part of that presentation, staff will provide modeling results for how the Discussion Scenario performs across a suite of performance metrics, including the ability of the region to achieve its GHG target. The land use assumptions in the Discussion Scenario will reflect the shifts in housing product type demand discussed as part of this item. The committee presentation will dive into how these assumptions align with emerging national and regional trends and provide an opportunity for the committee to engage in a discussion about how this information should influence the final plan. Staff is also looking for committee reactions or immediate feedback on anything surprising or unanticipated from this research as well as areas where they would like deeper exploration.

5. Fiscal Impact/Grant Information:

This analysis and consultant contract is a component of the 2025 Blueprint Plan Update. The Blueprint is funded by a combination of sources including Federal Metropolitan Planning funds, state Sustainable Communities Formula Program Funds, and Transportation Development Act-Local Transportation Funds. The Placer County Transportation Planning Agency and El Dorado County Transportation Commission also provide some funding to SACOG to support development of the Blueprint to assist with the planning activities, data development, and analysis that is necessary to ensure coordination and consistency between the regional plan and the county-level Regional Transportation Plans.