

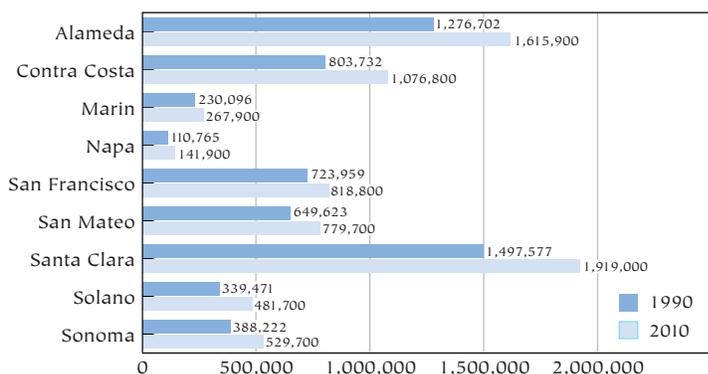
B. Regional Profile

The San Francisco Bay Area is the fifth largest metropolitan area in the United States. It is a region of world-renowned cities and small towns with distinct personalities. The governmental system includes five regional agencies, including ABAG, nine counties, 101 cities, 162 school districts and nearly 1,000 special districts. A robust economy, diverse mix of communities, numerous parks, vast areas of open space and a moderate climate also distinguish the region. The region's allure and exuberant growth have created an economy that ranks higher than that of many countries and includes a number of cutting edge industries. It has long served as an incubator for the high-technology industry and as a center for biotechnology research and product development. Equally important is its role as a major tourist destination attracting visitors world-wide.

However, the region's growth and popularity contribute to several adverse impacts which affect housing and the necessary infrastructure to sustain economic growth the region thrives upon.

The following section provides a brief description of the region's demographic shifts, household and employment patterns as well as household income, all of which provides the context for the region's housing market.

Figure 2. 1990-2010 Regional Population Growth



Source: December 1999, ABAG Projections 2000

Population

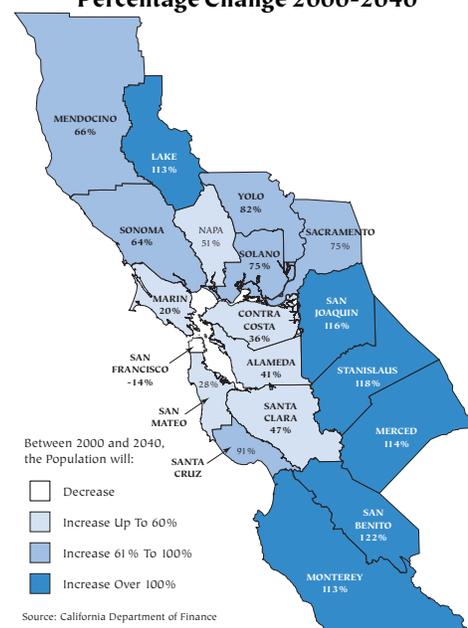
An additional 1.61 million by the year 2010

The Bay Area's population is growing larger, older and more diverse. It is estimated that by 2010, about 7.63 million people will inhabit the region, a growth of about 21 percent over 1990 population of 6 million residents. The population growth will mainly be due to increases in births and longer life expectancy, rather than migration. However, the Bay Area is growing slower than the State of California, which will experience a growth rate of about 26 percent during the same time period.

While the highest rate of growth within the Bay Area will take place in the less populated North Bay counties of Solano, Sonoma and Napa, the counties of Santa Clara, Alameda and Contra Costa will remain the region's largest populated areas.

More importantly, the region's growth will produce phenomenal changes in the ten counties adjoining the Bay Area. Triple digit growth is forecast for Lake, San Joaquin, Stanislaus, Merced, San Benito and Monterey Counties, fueled in part by the availability of affordable housing in those counties.

Figure 3. Population Growth: Bay Area and Surrounding Counties Percentage Change 2000-2040



Between 2000 and 2040, the Population will:

- Decrease
- Increase Up To 60%
- Increase 61% To 100%
- Increase Over 100%

Source: California Department of Finance

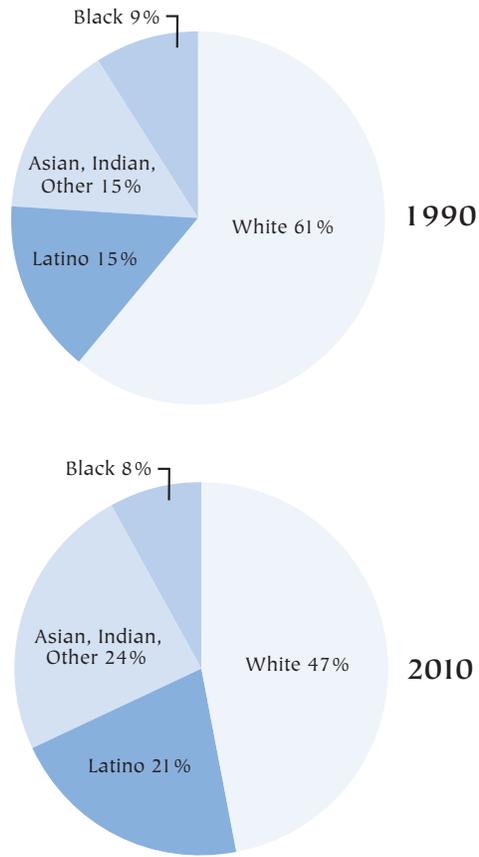
Chapter 1

An Increasingly Diverse but Graying Population

An increase in the number of people 65 and older will result in a dramatic change in the Bay Area's population. Currently estimated to be about 11 percent of the population, seniors will comprise nearly 14 percent of the population by the year 2010. This change may have a significant impact on housing needs, as well as on a wide range of social programs and services.

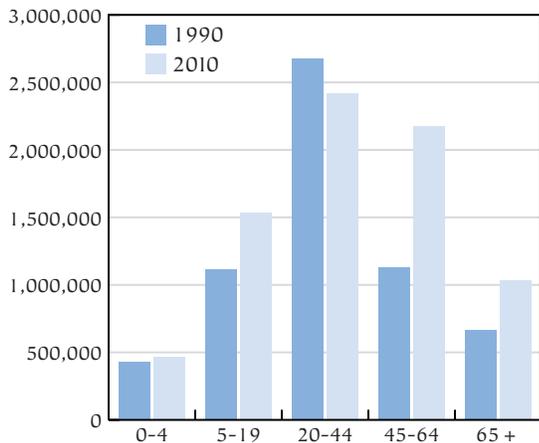
By 2010, about 54 percent of all Bay Area residents will be persons of color. Asians and Pacific Islanders will see the most growth: from about 15 percent of the population in 1990 to about a fourth of the total population in 2010, followed by people of Hispanic origin, who will grow to about 21 percent of the population in 2010 from a little over 15 percent of the population in 1990. The percentage of African-Americans is expected to remain constant. These trends are also related to the region's expected increase in average household size, growing from 2.61 in 1990 to 2.81 in 2010. These shifts signal an upcoming significant impact on housing needs.

Figure 5. Regional Population by Ethnicity



Source: 1998, California Department of Finance

Figure 4. Regional Population by Age



Source: December 1999, ABAG Projections 2000

Job Growth and Employment Patterns

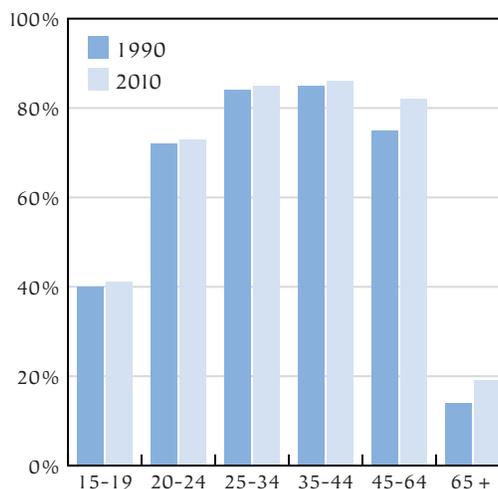
Job growth and employment patterns in the Bay Area are undergoing significant changes both in types of jobs available and their location. The regional economy is diversifying, even as growth in the information and high technology sector remains significant. The nine-county Bay Area is expected to add more than a million jobs between 1990 and 2010. About 39 percent of these jobs will be in the services sector (business and professional, health and recreation, social and personal), the manufacturing and wholesale sectors will comprise 21 percent and the remaining 40 percent will include a variety of professional related jobs ranging from communications, insurance and real estate to construction and transportation.

Santa Clara County will see the highest number of new jobs in the services and manufacturing sector, while Alameda County will gain the most new jobs in retail and other sectors. In terms of cities, San Francisco followed closely by San Jose are expected to gain the most new jobs. The rate of job growth will, however, be highest in the East and North Bay Areas. Sub-regional clusters in Contra Costa-Alameda Counties' Tri-Valley, Sonoma County's Telecom Valley, San Francisco's Multi-media Gulch and the Fremont-Milpitas Corridor are also expected to boom.

However, the burgeoning economy continues to produce more jobs than housing units, particularly in job-rich communities, with significant impacts on housing prices and rents. The price of buying or renting a home has soared and is amongst the highest in the nation.

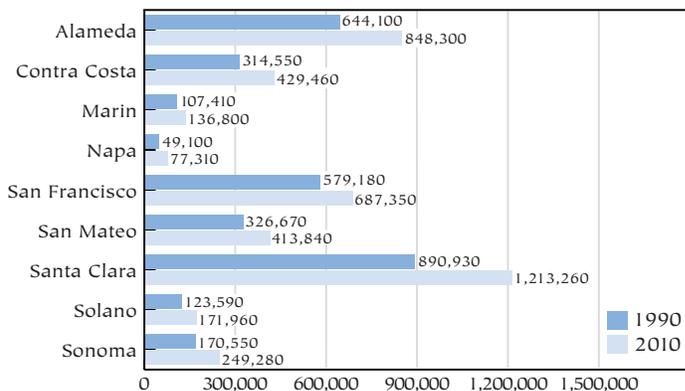
We will also see an older labor force. By the year 2010, it is expected that nearly a fifth of those 65 and older in the region will still be working (in comparison to the 1990 labor participation rate of 14 percent). This is due in part to the region's high cost of living. The region's residents also hold a higher rate of multiple jobs, which can be attributed to the high cost of living.

Figure 7. Bay Area Labor Force Participation Rate



Source: December 1999, ABAG Projections 2000

Figure 6. Job Growth by County



Source: December 1999, ABAG Projections 2000

Chapter 1

Household Income

The Bay Area's median household income is among the highest in California. Marin County will continue to have the highest mean household income, while the fastest growth rate in mean household income is expected in San Francisco and Santa Clara counties.

However, the income disparities between the wealthiest and the least affluent—a phenomenon occurring worldwide due, in part, to changes in the labor market—are also wide in the Bay Area, and growing.

Disparities between cities are high and will continue to spread. Figure 9 illustrates the income disparities of jurisdictions in the region. The ratio of household income for the cities of Atherton and Oakland is expected to spread from 6 to 1 in 1990, to 8 to 1 by 2020. Similar patterns can be seen in other cities as well.

Figure 8. Projected Mean Household Income

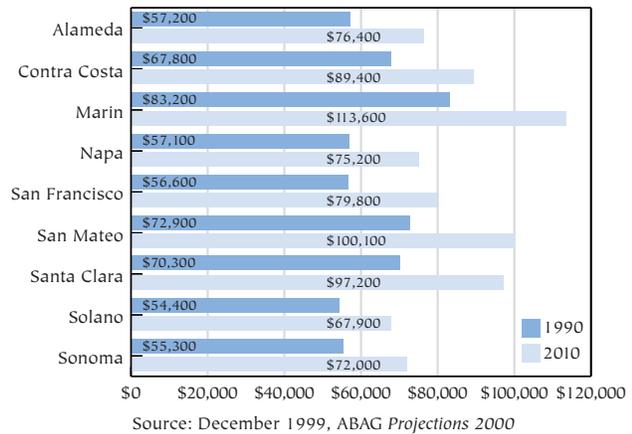


Figure 9. Projected Mean Household Income in San Francisco Bay Area Communities *

