

# INTRODUCTION

San Mateo County is a great place to work, live and play. But like the rest of the region, we are experiencing housing challenges. While developing enough housing to meet the demands of our strong economy and growing workforce remains a key issue, our housing needs are also diverse and changing. Just as our individual housing needs change over the course of our lifetime, the housing needed by our communities change too. Understanding those changes is critical to shaping housing policies and programs that ensure our communities are places where all of us can thrive, regardless of our age, income, and specific circumstances.

Here are some trends related to the people, jobs, and households of San Mateo County, and what they mean for our housing needs today and into the future.

## KEY TAKEAWAYS:



### People

- By 2026, one out of five residents will be 65 or over
- San Mateo County's population is becoming more diverse



### Housing

- The number of households will continue to grow
- Housing prices and rents will continue to increase



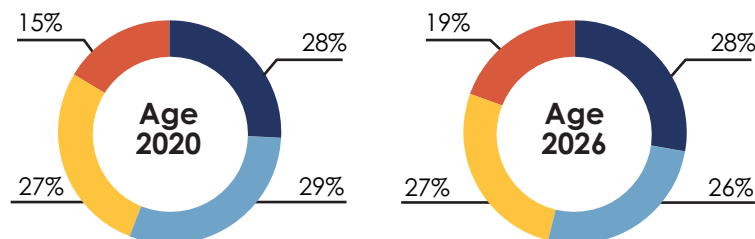
### Jobs

- The number of jobs will continue to grow
- Although the median income is high, many jobs pay low wages

# PEOPLE

## By 2026, one out of five residents will be 65 or over

■ Under 25 ■ 25-44 ■ 45-64 ■ 65+



San Mateo County makes up 10 percent of the total Bay Area population, which is the fifth largest metropolitan area in the country. The number of people living here has steadily grown over the past few decades. **In 2020, our population was estimated to be 773,244, an increase of 19 percent since 1990.**<sup>1</sup> That trend is expected to continue—despite the impact of the pandemic—because jobs continue to be added.

People are also living longer, with those 65 and over expected to make up nearly 20 percent of the population by 2026. Equally important is the fact that Millennials recently surpassed the Baby Boomers as our largest generation. As Millennials enter their 40s, they will continue to shape countywide housing needs. By 2026, people 25-44 and 45-64 will make up more than 50 percent of the population.<sup>2</sup>

### What does this mean for housing needs?

Both seniors and Millennials have shown a preference



for more walkable, mixed-use neighborhoods that are close to work, schools, parks, and amenities. The majority of seniors prefer to stay in their homes and communities, known as *aging-in-place*. Yet many live on fixed incomes and may have mobility issues as they age, which require supportive services.

Simultaneously, Millennials are less likely to own homes and have less savings than previous generations; they are more likely to live alone and delay marriage; and as they start families, may be in greater need of support when purchasing their first home. Coupled with increasing housing prices, it is more difficult for younger generations to rent or purchase a home than it was for current residents.

We must address how to support our seniors as they get older so they can stay in their homes and communities, and make sure young people, new families, and our workers can find housing they can afford that meets their needs.



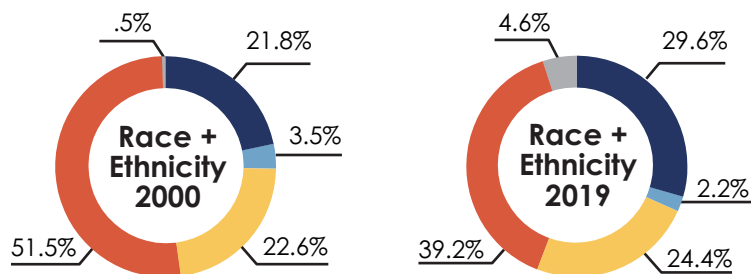
<sup>1</sup> U.S. Census, American Community Survey

<sup>2</sup> Claritas Population Facts 2021

# Our population is becoming more diverse

■ Asian    ■ Latinx    ■ Other \*  
■ Black    ■ White

\*Due to small percentage, Other is grouped as American Indian, Alaska Native, "Other" or Multiple Races



San Mateo County is a very diverse place to live, even when compared to the State of California. Countywide, more than one-third of the population is foreign-born and almost half speaks a language other than English at home. By contrast, a quarter of all Californians are foreign-born and less than a quarter speak a language other than English at home. Over 120 identified languages are spoken in San Mateo County, with top languages including Spanish (17 percent), Chinese (8 percent) and Tagalog (6 percent).

Our population has become increasingly more diverse over time. **In 2000, more than half of people identified as White, which fell to 39 percent in 2019, and is expected to decrease further to 35 percent by 2026.** However, while the Asian and Latinx populations increased during that time, but the Black population decreased by almost half, from 3.5 to 2.2 percent.<sup>3</sup>

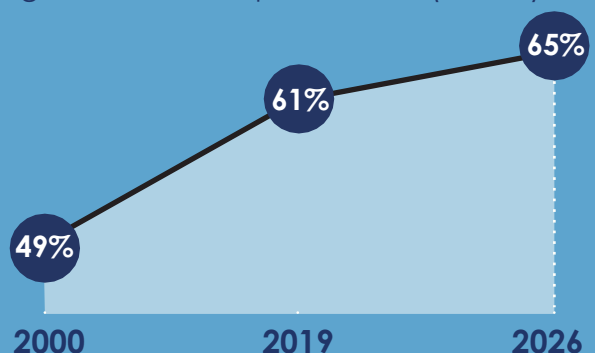
## What does this mean for housing needs?

When planning for housing, we need to consider a variety of housing needs—like larger homes for multi-generational families or those with more children—and how to create opportunities for everyone to access quality, affordable housing near schools, transit, jobs, and services.

Past exclusionary practices have prevented people of color from purchasing homes, living in certain neighborhoods, and building wealth over time. As a result, they are more likely to experience poverty, housing insecurity, displacement, and homelessness. And while many of our communities are very diverse, we are still contending with segregation and a lack of equitable opportunities. To help prevent displacement due to gentrification and to create a future where it is possible for everyone to find the housing they need, it will be important to plan for a variety of housing types and affordability options in all neighborhoods.

## DIVERSITY

Past and projected percentage of Black, Indigenous and People of Color (BIPOC)



2000 to 2019:

**BIPOC population growth**  
from 48.5% to 60.8%

**↑ 12.3%**

**Asian Population growth**  
from 21.8% to 29.6%

**↑ 7.8%**

**Black Population decline**  
from 3.5% to 2.2%

**↓ 2.2%**

**35%** of the population is foreign born

**46%** speak a language other than English

**120** different languages are spoken

# HOUSEHOLDS + HOUSING

The number of households will continue to grow

265K  
Households in 2020

394K  
Households in 2050

That's a  
**48%**  
increase

Over the past 30 years, new home construction has not kept up with the number of jobs added to the economy. This has led to a housing shortage.

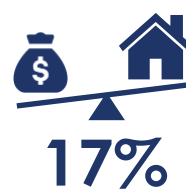
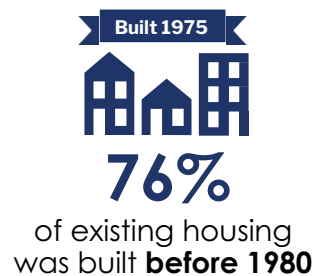
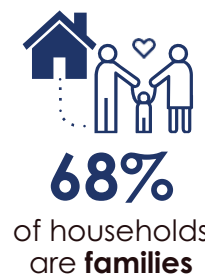
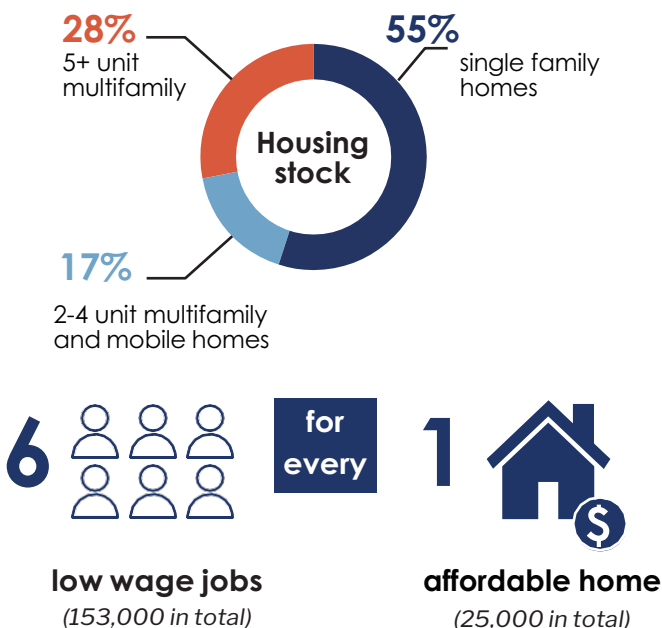
**In 2020, there were 265,000 households in San Mateo County. By 2050 we expect that to increase by almost 50 percent, to 394,000.<sup>4</sup>** This growing demand will continue to put pressure on home prices and rents. Given that nearly 75 percent of our housing was built before 1980, there will also be a need to upgrade older homes. While upgrades will be essential to make sure housing is of high quality and safe to residents, redevelopment or repair can sometimes result in a loss of affordable housing, especially in older multifamily or apartment buildings.

For every six low-wage jobs (\$20/hour) there is one home in the county that is affordable to such a worker (monthly rent of \$1,500).<sup>5</sup>

## What does this mean for housing needs?

Along with planning for more housing, we also need to consider how to best support the development of low and moderate income housing options while preserving existing affordable homes. This includes transitional and supportive housing options for the unhoused and universal design to meet accessibility and mobility needs.

Although the majority of housing produced in the past few decades has been single-family homes or larger multifamily buildings, some households have become increasingly interested in *'missing middle'* housing—smaller homes that include duplexes, triplexes, townhomes, cottage clusters, garden apartments, and accessory dwelling units (ADUs). These smaller homes may provide more options to a diversity of community members across income, age, and household size.



<sup>4</sup> Plan Bay Area 2050 [Projected Growth Pattern](#), U.S. Census, American Community Survey

<sup>5</sup> Association of Bay Area Governments [Jobs Housing Fit](#)

# Housing rent and prices continue to increase

2009 to 2020

**\$1.56K**

**\$2.2K**  
per month

Median rent increased 41%

**\$675K**

**\$1.4M**

Home values more than doubled

The Bay Area is a great place to live, but throughout the region and county there just isn't enough housing for all income levels, which has caused costs to go up. Home prices and rents have been steadily increasing the past two decades, but in recent years the jump has been dramatic. **Since 2009, median rent increased 41 percent to \$2,200, and median home values have more than doubled to \$1,445,000.<sup>6</sup>**

Overall, many residents are paying too much for housing, while many others have been priced out entirely. If a household spends more than 30 percent of its monthly income on housing, it is considered *cost-burdened*. If it spends more than 50 percent, it is considered *severely cost-burdened*. Renters are usually more cost-burdened than homeowners. While home prices have increased dramatically, homeowners often benefit from mortgages at fixed rates, whereas renters are subject to ups and downs of the market.

In San Mateo County, 17 percent of households spend half or more of their income on housing, while 19 percent spend between a one-third to half. However, these rates vary greatly across income and race. Of those who are *extremely low income*—making 30 percent or less of the area median income (AMI)—88 percent spend more than half of their income on housing. Latino renters and Black homeowners are disproportionately cost burdened and severely cost-burdened. Given that people in this situation have a small amount of income to start with, spending more than half what they make on housing leaves them with very little to meet other costs, such as food and healthcare. Very low-income households paying more than 50 percent of their income on rent are often at a greater risk of homelessness.<sup>7</sup>

As a result, more people are living in overcrowded or unsafe living conditions. They are also making the

tough choice to move further away and commute long distances to work or school, which has created more traffic. Since low income residents and communities of color are the most cost burdened, they are at the highest risk for eviction, displacement, and homelessness.

## What does this mean for housing needs?

Although there are complex supply, demand, and economic factors impacting costs, not having enough housing across all incomes has meant rent and prices are just higher. Programs and policies that can support more homes across all income levels, particularly very low, low, and moderate income, are essential, as are more safe, affordable housing options to address homelessness.

## RENTER SNAPSHOT



**54%** are under 44 years old

**76%** are people of color and at a higher risk of being displaced

### 1 in 4 renters...



spend **50%** of income on rent

live in overcrowded households –  
**89%** of these renters are BIPOC

### Latinx are the most cost burdened



**31%** spend more than half and

**18%** spend a third to half of their income on rent

<sup>6</sup> San Mateo County Association of Realtors, Zillow

<sup>7</sup> U.S. Census, American Community Survey



# JOBS

## The number of jobs will continue to grow

416.7K

Jobs in 2020

507K

Jobs in 2050

That's a  
**22%**  
increase

The Bay Area and San Mateo County have had very strong economies for decades. While some communities have more jobs and some have less, we have all been impacted by the imbalance of job growth and housing.

Since 2010, we have added over 100,000 jobs but only 10,000 homes.<sup>8</sup> At the same time, our population is growing naturally, meaning more people are living longer while our children are growing up and moving out into homes of their own. All of this impacts housing demand and contributes to the rising cost of homes. We need more housing to create a better balance.

**In 2020, there were 416,700 jobs, and by 2050 we expect that to increase 22 percent to 507,000.<sup>9</sup>**

While some jobs pay very well, wages for many others haven't kept up with how costly it is to live here.



## What does this mean for housing needs?

As we plan for housing, we need to consider the needs of our workforce—folks who are a part of our communities but often end their day by commuting long distances to a place they can afford. Many have been displaced in recent decades or years, as housing rent and prices soared along with a job-generating economy. The lack of workforce housing affects us all, with teachers, fire fighters, health care professionals, food service providers, and many essential workers being excluded from the communities they contribute to every day. The long-term sustainability of our communities depends on our ability to create more affordable and equitable housing options.

## NEW JOBS TO NEW HOUSING

2010 - 2020

100K

10K

**New jobs continue to outpace new homes added to the County**

Jobs

Homes



More people  
living longer



children  
growing up and  
moving out



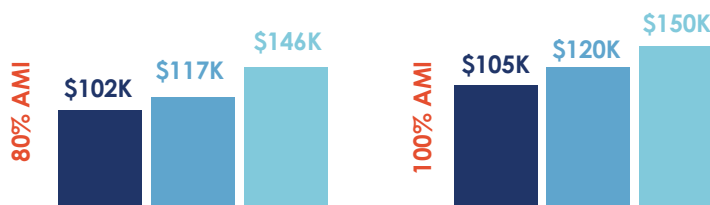
natural growth  
and more  
housing needed

<sup>8</sup> U.S. Census American Community Survey, State of CA Employment Development Dept (EDD)

<sup>9</sup> Plan Bay Area 2050 [Projected Growth Pattern](#)

# Our median income is high, but the wage gap continues to grow

2021 Household Income:



■ Household of 1 ■ Household of 2 ■ Household of 4

To be considered low or moderate income in the Bay Area means a very different thing than in most parts of the country. The *income or wage gap*—the difference between the highest and lowest wages—is large in our region. Affordable housing here can mean that your favorite hairstylist, your child’s principal, or the friendly medical assistant at your doctor’s office can qualify for—and often needs—below market rate or subsidized affordable housing so they can live close to their work.

The starting point for this calculation is the *Area Median Income (AMI)*—the middle spot between the lowest and highest incomes earned in San Mateo County. Simply put, half of households make more, and half of households make less. Moderate income is 80 to 120 percent of the AMI, low income is 50 to 80 percent AMI, and very low income is 30 to 50 percent AMI. Below 30 percent AMI is considered extremely low income. The rule of thumb is households should expect to pay about a third of their income on housing.

**In San Mateo County, the AMI is \$104,700 for a single person, \$119,700 for a household of two and \$149,600 for a family of four.** When we talk about affordable housing, we mean housing that is moderately priced for low or moderate income residents so that new families and the workforce can live in our communities. Affordable housing programs are generally for those who earn 80 percent or below the AMI, which is \$102,450 for a single person, \$117,100 for a household of two, and \$146,350 a year for a household of four.<sup>10</sup>

## What does this mean for housing needs?

Given the price of land in San Mateo County and what it costs to build new housing, creating affordable housing is extremely challenging—and often impossible without some form of subsidy. Sometimes this is in the form of donated land from a local government or school district. Sometimes this is in the form of incentives to

developers or zoning rules requiring affordable units to be included. Most commonly, subsidies happen through special financing, grants, and tax credits. Often all of these factors and more are needed to make affordable housing work. The housing element update process is an opportunity for each community to look at what is possible and put in place policies and programs to help make affordability a reality.

## INCOME LEVELS + WAGES

Extremely Low Income 30% AMI	Grocery Store Clerk or Barista \$29k/Yr or \$15/Hr 83% of income spent on housing*
Very Low Income 50% AMI	Hair Stylist or Administrative Assistant \$38k/Yr or \$20/Hr 63% of income spent on housing*
Low Income 80% AMI	Medical Assistant or Preschool Teacher \$52k/Yr or \$27/Hr 46% of income spent on housing*  School Administrator or Social Worker \$86k/Yr or \$45/Hr 28% of income spent on housing*

\*income spent on housing based on 2k per month/studio or 1 bedroom

<sup>10</sup> State of CA Dept of Housing and Community Development (HCD)