



bae urban economics

## ALAMEDA RENT STUDY

Presentation to Alameda  
City Council  
November 4, 2015

# OVERVIEW

- In June 2015, the City of Alameda engaged BAE Urban Economics to conduct the Alameda Rent Study.
- Study was initiated to respond to concerns about rapidly rising rents and potential displacement of long-term residents.
- Full report shows detailed data and an overview of policy options proposed by Council.
  - Data on Alameda renter households, the City's housing supply, and affordable housing need.
  - Various data sources cited, with some differences between sources.

# PROFILE OF ALAMEDA RENTER HOUSEHOLDS

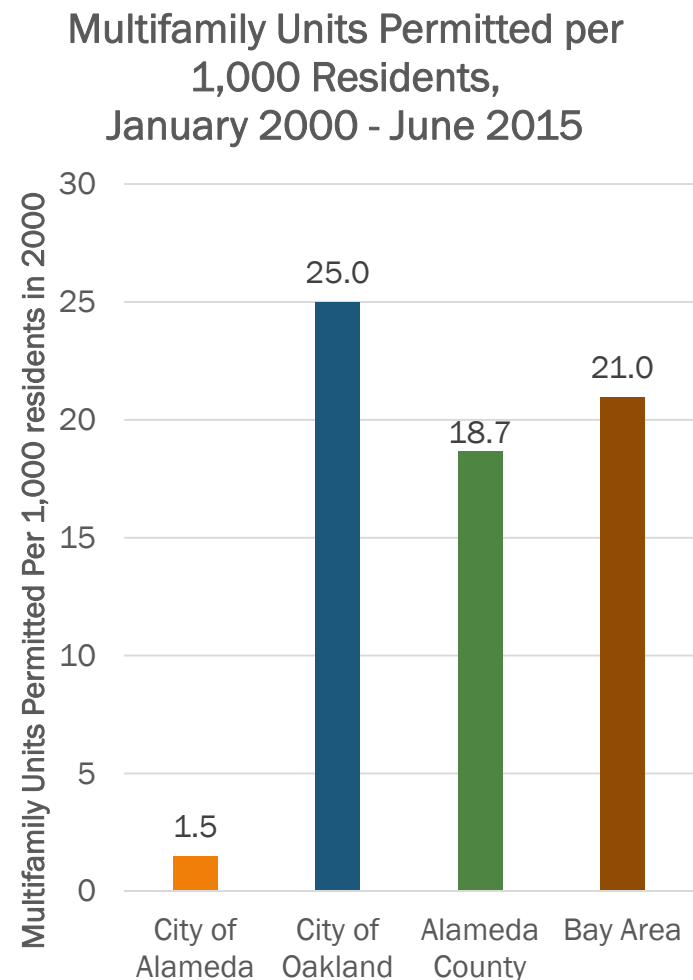
- Alameda had 16,518 renter households in 2013, representing 55% of all households in the City.
  - Proportion of renters is higher than in Alameda County overall (48%).
- Median 2013 Alameda renter household income was about \$55,000, which is less than half of the median for owner households (~\$115,000).

# PROFILE OF ALAMEDA RENTER HOUSEHOLDS

- Approximately 3,100 households in Alameda had a householder over age 65 in 2013 (19% of renter households).
  - About 1,300 with householder over age 75.
- As of 2013, 13% of Alameda renter households had been in the same home since 1999 or earlier.
  - 53% in the same home since 2010 or earlier.
  - More turnover in Alameda County: only 9% had been in the same home since 1999.

# MULTIFAMILY BUILDING PERMITS, 2000 - YTD 2015

- 112 multifamily units have been permitted in Alameda since 2000.
  - Equivalent to 1.5 units per 1,000 residents.
  - In Oakland, Alameda County, and the Bay Area, 19 to 25 multifamily units per resident were permitted since 2000.
  - Limited multifamily construction activity in Alameda reflects effect of Measure A on the City's housing supply.
- Density Bonus and Multifamily Overlay have helped increase multifamily permits since 2013 (88 units).

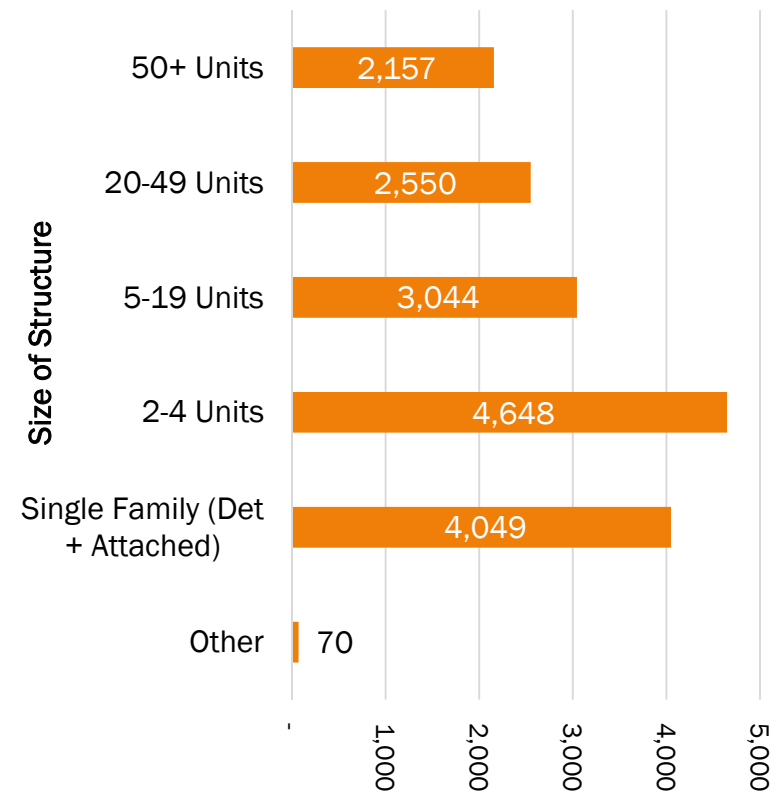


Source: Census Building Permits, BAE, 2015

# RENTAL HOUSING INVENTORY

- 53% of renter households live in small buildings with 4 units or less.
  - 4,049 (25%) in single family homes.
  - 4,648 (28%) in buildings with 2 to 4 units.

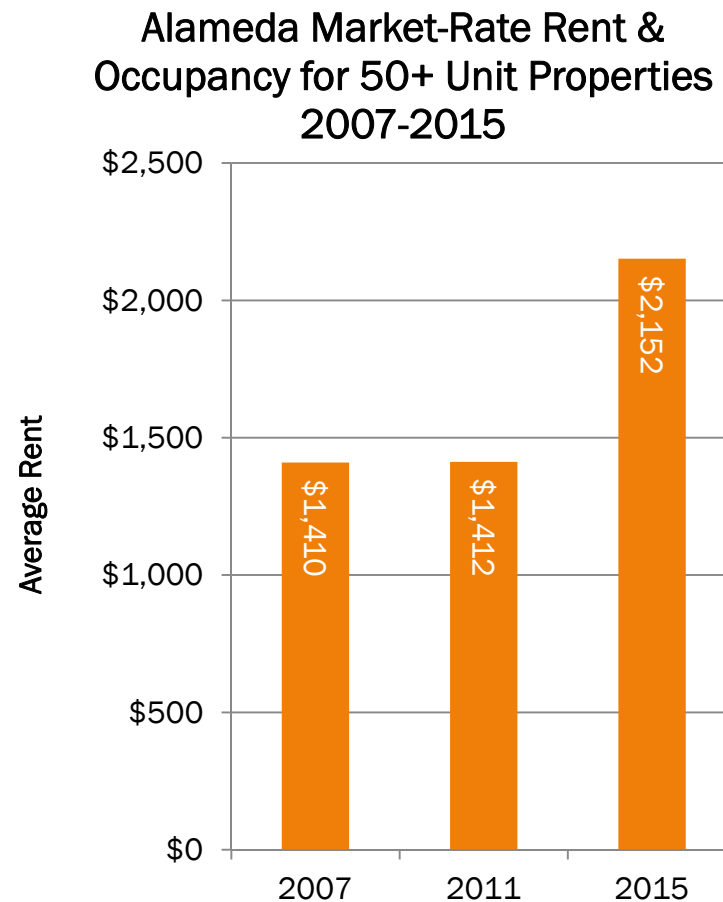
Composition of Alameda's Renter-Occupied Housing, 2013



Sources: ACS, 2011-2013; BAE, 2015.

# RECENT RENTAL RATE TRENDS

- Rents across all rental households reportedly increased 54% between 2000 & 2013 (4% average per yr.).
  - Incomes for all renter households increased by just 29% between 2000 & 2013 (2% average per yr.).
- In properties with 50+ units, rents have jumped 52% since 2011 (13% average per yr.).
- In 50+ unit properties, average rent is \$2,152 in Q3 2015.
  - Rents have increased much more than inflation and renter household incomes.

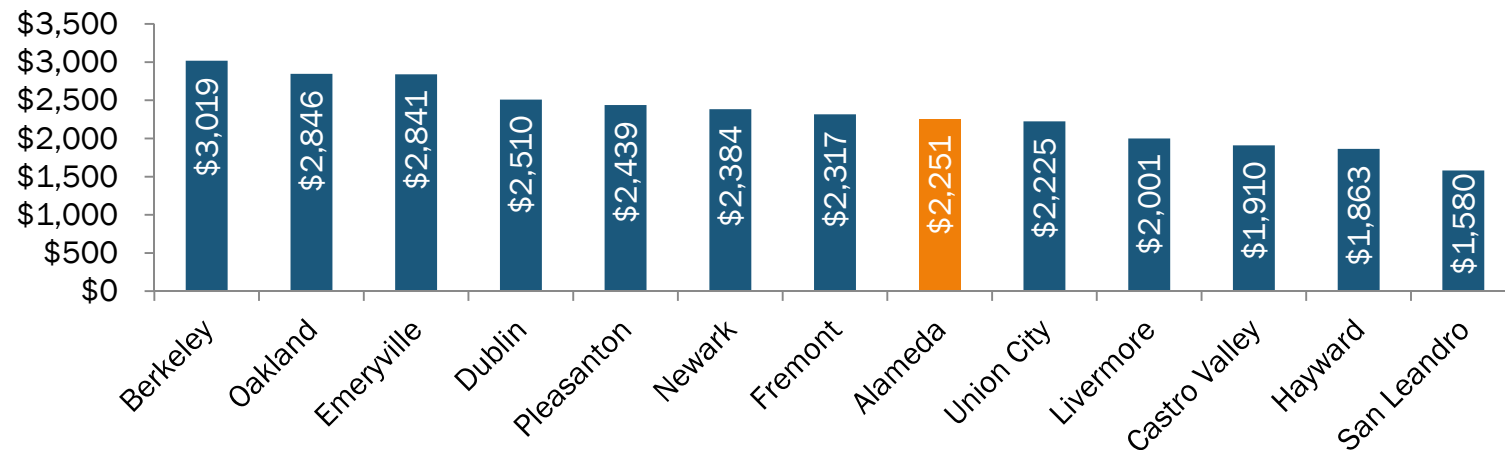


Source: real ANSWERS; BAE, 2015.

# REGIONAL RENTAL RATE TRENDS

- Alameda's rental rates are reflective of the high rents seen throughout the regional housing market.
  - In Q3 2015, Alameda had the 8<sup>th</sup> highest average rental rate of 13 Alameda County cities.

Average Rent, Alameda County Cities, Q3 2015



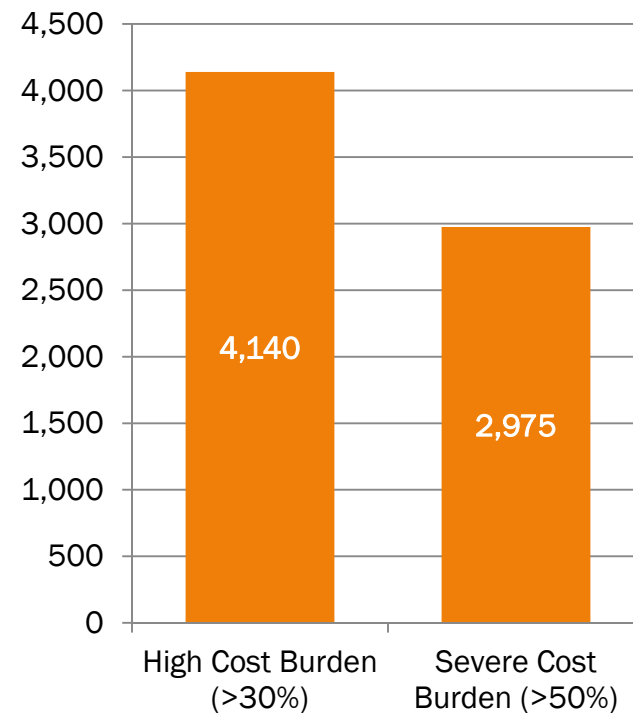
Note: Data are for rental properties with 50 units or more.  
Source: real ANSWERS; BAE, 2015.



# AFFORDABLE RENTAL HOUSING NEED

- Alameda has 5,125 very low-income renter households.
  - 4,140 very low-income renter households pay more than 1/3 of their income for housing.
  - Of these, almost 3,000 pay more than 1/2 of their income for housing.
  - Residents that pay more than 1/2 of their income on rent are at risk of homelessness or displacement.
- High housing cost burdens span households types in Alameda.

Housing Cost Burden for Very Low-Income (<50% AMI) Renter Households, City of Alameda

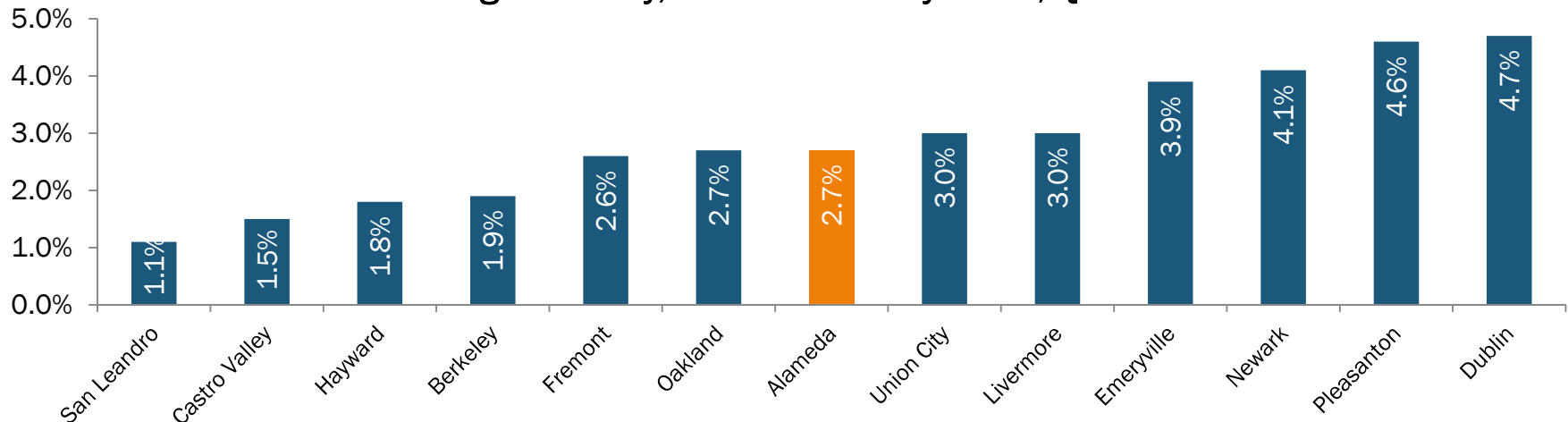


Source: CHAS tabulations 2008-2012; BAE, 2015.

# RENTAL VACANCY

- Alameda has a constrained rental market with a low vacancy rate.
  - 2.7% vacancy rate in properties with 50+ units.
  - Reflects regional trends, with low vacancy rates and high rents countywide.
- Low vacancy rates mean rental rates are likely to continue to rise.

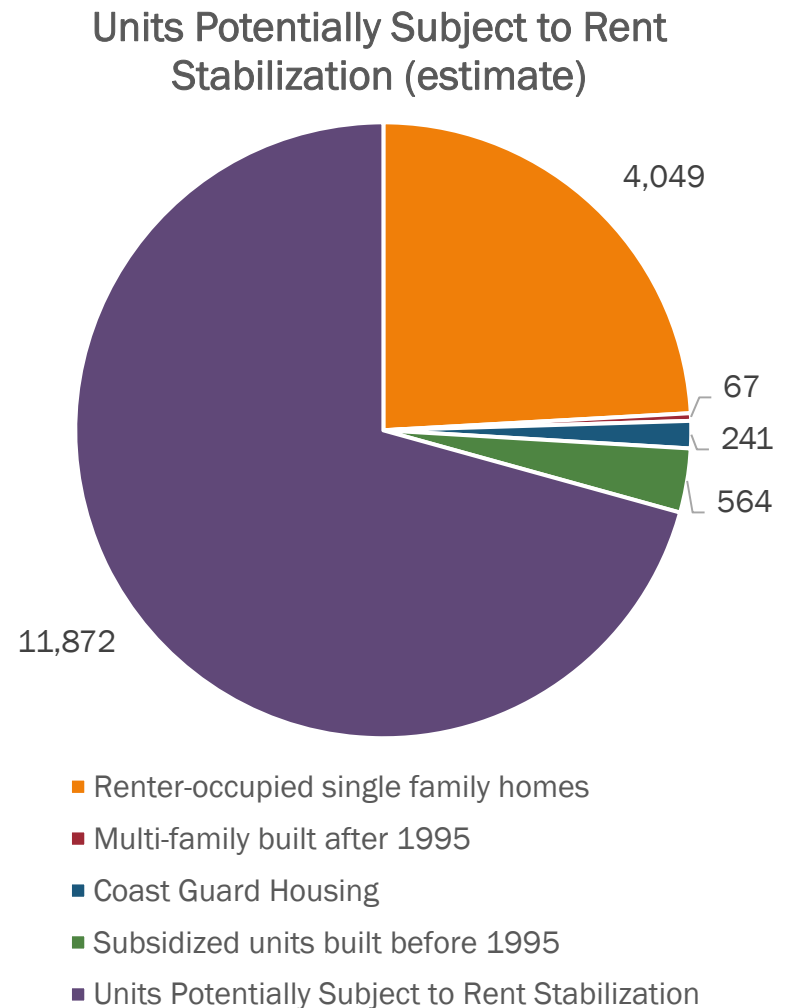
Average Vacancy, Alameda County Cities, Q3 2015



Note: Data are for rental properties with 50 units or more.  
Source: real ANSWERS; BAE, 2015.

# ALAMEDA UNITS POTENTIALLY SUBJECT TO RENT STABILIZATION

- Up to 11,872 Alameda rental units could legally be subject to rent stabilization.
  - 71% of the City's rental units.
- At least 4,921 units would be exempt, including:
  - 4,049 single family rental units
  - 67 multifamily units built after 1995
  - 241 Coast Guard units
  - 564 subsidized units built before 1995



Source: ACS 2011-2013; City of Alameda, 2015; BAE, 2015.

# SHORT-TERM RENTAL MARKET

- Data on Airbnb rentals in Alameda suggest that short-term rentals have a minimal impact, if any, on the City's housing supply. According to data from Airbnb:
  - There are **100 active hosts** in Alameda, representing about 0.3% of the City's housing units.
  - This includes shared units and entire units for rent.
  - Alameda Airbnb properties are booked for a median of **44 days/year**.
  - Median Airbnb income in Alameda was **\$3,800/year**.

# POLICIES SUGGESTED BY COUNCIL

- **Transfer tax waiver** in exchange for affordable units
  - On its own, waiver is not sufficient to incentivize affordable rents
- **Direct subsidy** to finance production and preservation
  - Existing City programs already provide direct assistance
  - Could be expanded through use of boomerang funds
- **Low Income Housing Tax Credits**
  - Can be used for new construction or acquisition & rehab
  - Usually coupled with Section 236 of the State Tax Code, which provides property tax exemptions for affordable housing