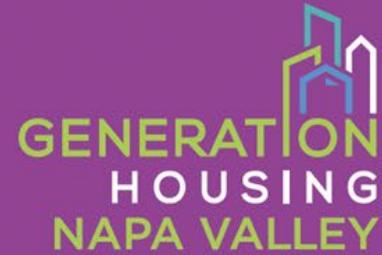


Napa Valley Housing Needs Assessment



Motivation for the Housing Needs Assessment

- 1. Addressing rising housing need in the context of lower population:** Making the case for need is harder when it looks like housing is adequate to the population. *This report offers a better assessment to equip electeds, staff, and advocates to respond to those who challenge the need for housing.*
- 1. Identifying model projects to better prioritize where & how we build:** We know housing is limited, but what types of housing face the biggest shortage for their need? *This report quantifies need for particular project types and units by matching them with likely household need.*

Who has been unable to form a household: A new methodology

The question: if population has gone down, doesn't that mean we don't need as much housing?

The problem: Most measures of housing deficits enable this challenge because they focus on population vs. housing units, which is misleading because it overlooks residents and workers within the county who are not forming households.

Our method: We compare current rates of owners, young adult households, and other measures to historical averages as well as credible population & workforce projections to show who isn't forming households who we otherwise would expect to. This allows us to identify latent or unmet need.

Young adults cannot form households at the same rates as the past

- Nearly 13,000 fewer young adult households have formed compared to historical averages
- Residents born in the 1990s have achieved half the rates of headship as those born 20-30 years earlier

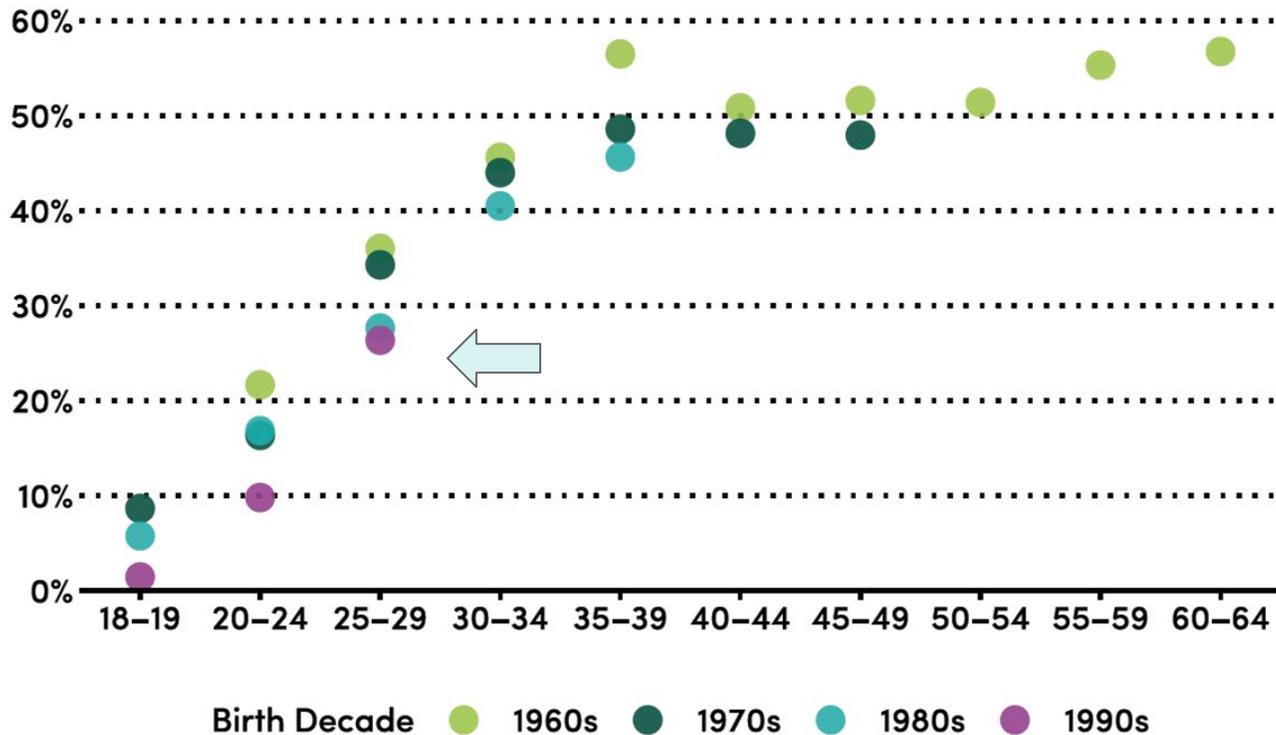


Figure 2. Observed Headship Rates by Age and Decade of Birth

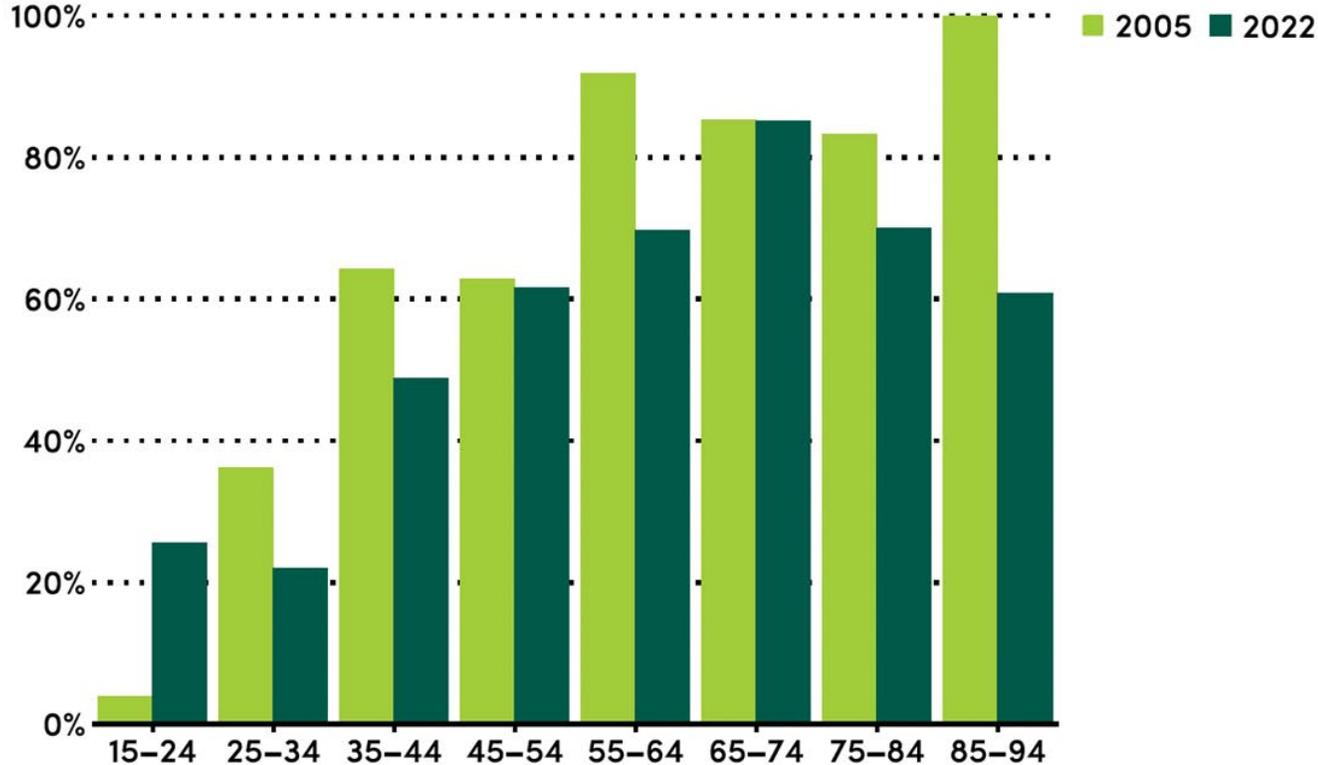
Source: IPUMS USA and U.S. Census Bureau

Renters failed to make the transition to homeownership at past rates

- 3,000 renter households delayed making the transition to owner-occupied units compared to 2005 rates
- Households aged 25 to 45 saw a 15 percentage point decline in homeownership

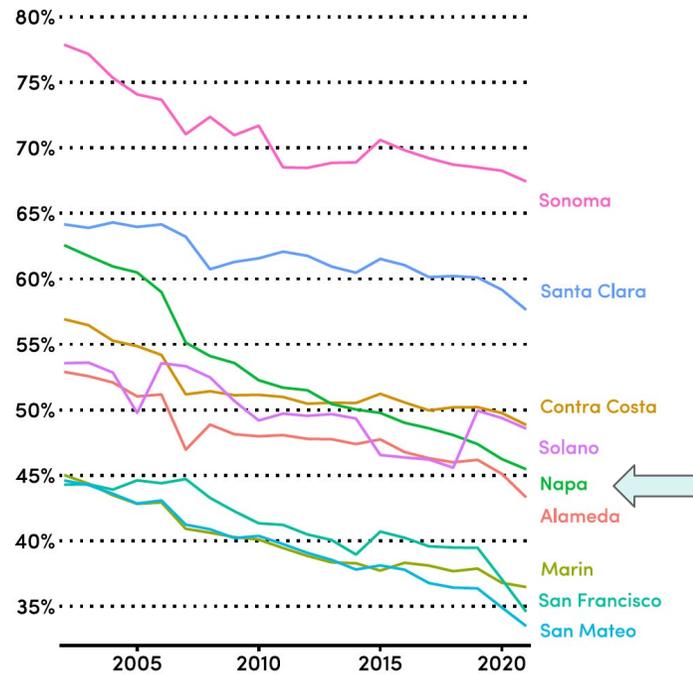
Figure 3.
Homeownership Rate by Age of Householder, 2005 vs. 2022

Source: IPUMS USA and U.S. Census Bureau



Napa Valley has lost thousands of lower earning & workforce households

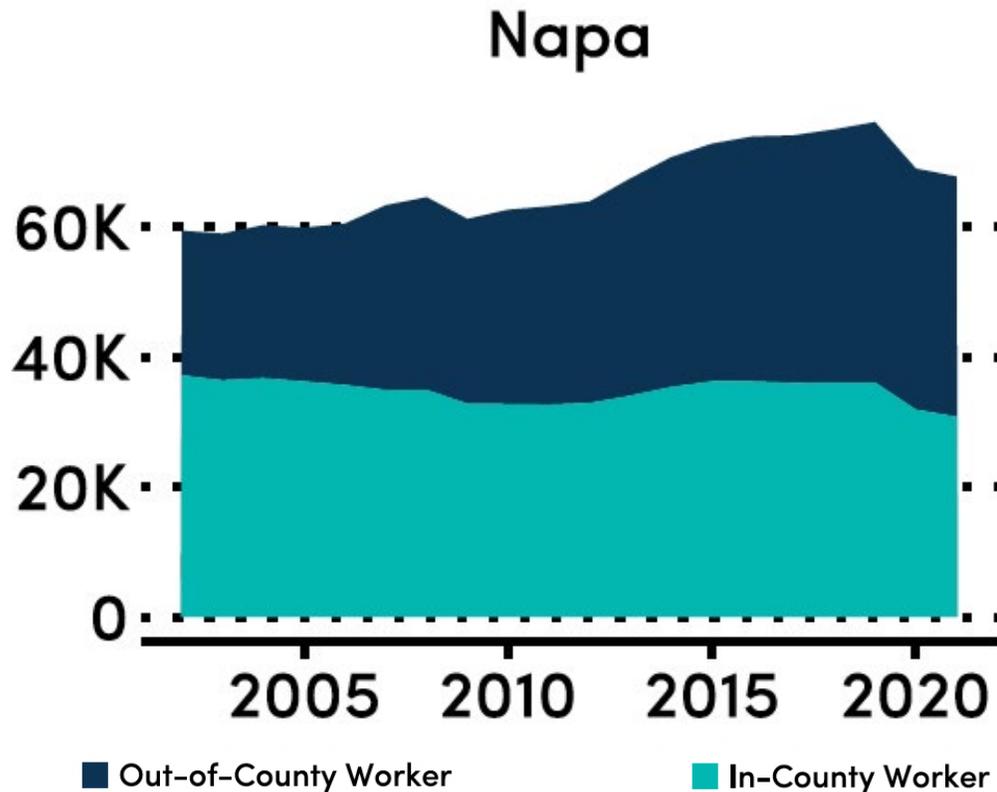
- 8,000 households making less than \$100,000 have left or failed to maintain a household since 2005
- 4,100 Workforce households moved out of county despite a rising number of jobs



Need for workforce housing will grow in the next decade

Figure 6. Total Workers Living In-County vs. Out-of-County, 2002–2021

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics



- Share of out-of-county workers has grown even as total jobs increase, meaning most new workers never live in Napa Valley
- 3,500 new workers in the Valley's top 10 occupations will be added in the next decade (Lightcast); 8 of 10 of these occupations earn median wages below \$40,000

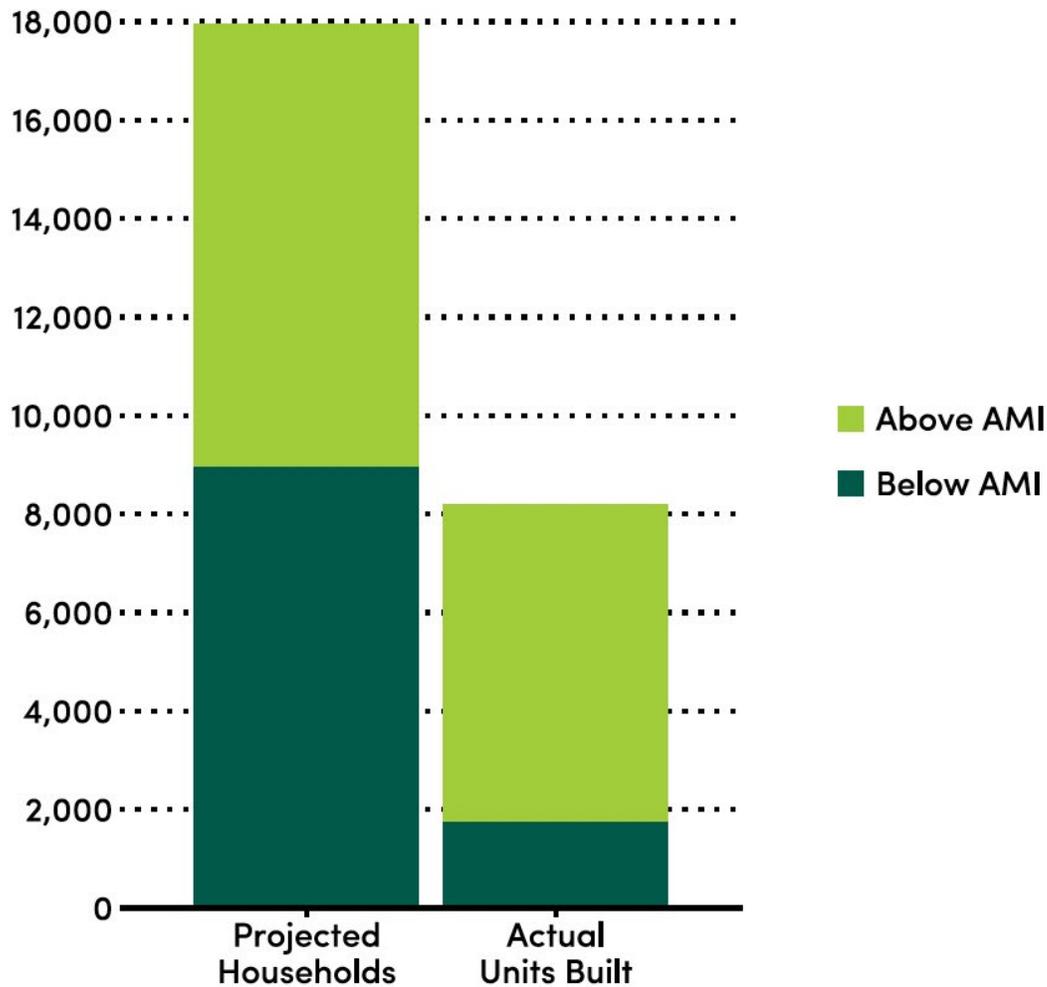
What changes in housing type and affordability have precipitated this trend:

Amenity-rich destinations experience “symptoms of [their own] successful economic development strategy” when they attract residents who do not need to work in a region in order to live there, resulting in housing prices largely unconstrained by local wages.

Several types of housing are most vulnerable to these forces: (1) moderate-priced owner occupied properties, which are more likely to be converted to rental or luxury end for-sale properties. (2) New affordable housing units which do not pencil out on high value land.

Figure 1. Projected Household Growth vs. Permitted Units, 2000–2020

Source: Generation Housing calculations



Napa Valley's housing deficit

- Napa Valley has a twenty-year housing deficit of roughly 9,700 homes across all unit types that should have been built to accommodate population
- 65% of the 9,700 unit shortfall originates from a shortage of affordable homes

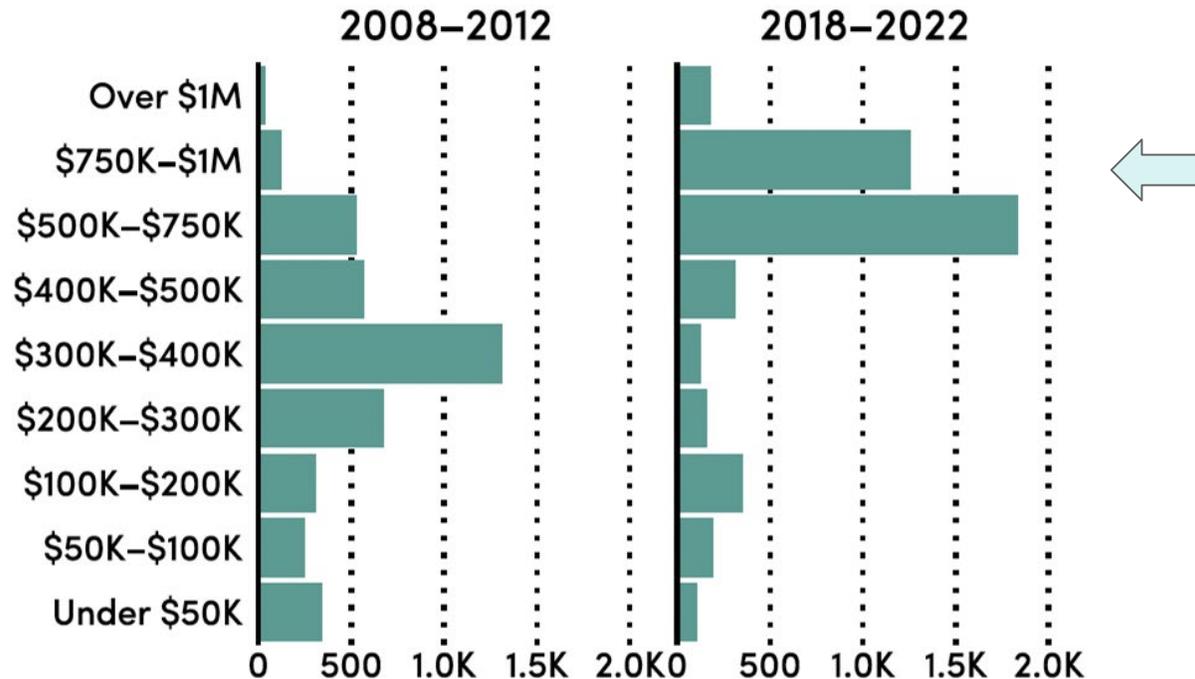
Loss of affordable homes to high end markets

- Lost 6,000 Owner-Occupied Homes Affordable to Low- and Moderate-Income Households
- Nearly 3 in 4 vacant homes in Napa County's unincorporated land are used as second homes

Figure 12. Distribution of Home Values by City, 2008–2012 vs. 2018–2022

Source: U.S. Census Bureau

Napa

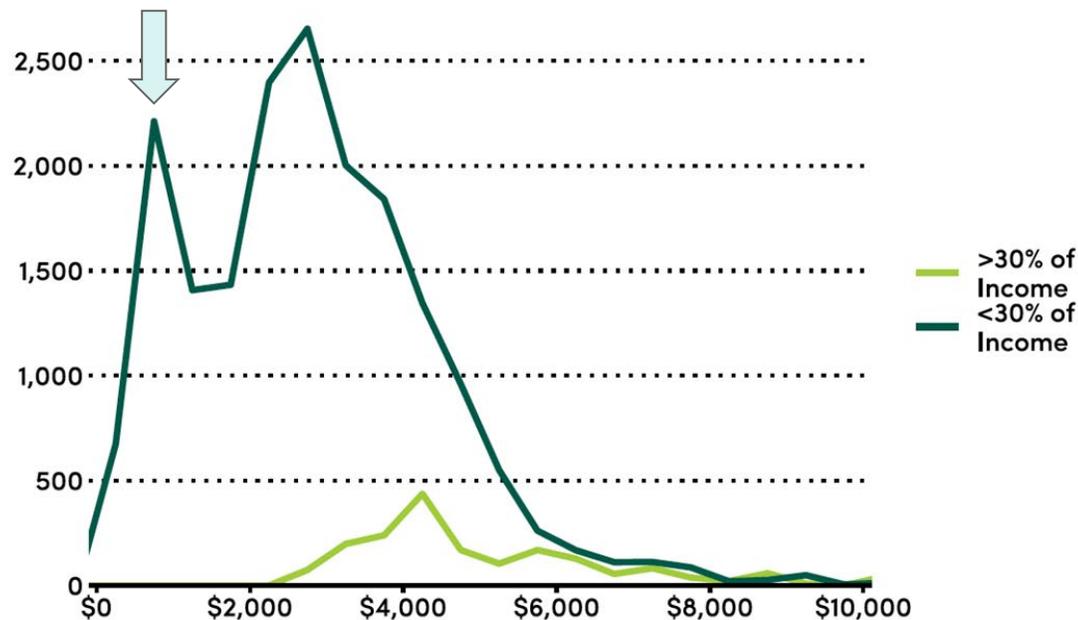


Moderately Priced homes are “lost” to higher earners

- 5,700 Units Affordable to Low- and Moderate-Income Households Are Occupied by Above Moderate-Income Owners
- One-third of above moderate earning households pay under 10% of their income towards housing; Over 2,000 above moderate earners pay \$800 for housing

Figure 10. Distribution of Monthly Housing Costs, Above Moderate Income Households Paying 30% of Income or More on Housing vs. Those Paying Less Than 30%

Source: IPUMS USA and U.S. Census Bureau



Larger rentals and smaller for-sale properties are rarer



Figure 15. Breakdown of Units by Bedroom Count and Type of Structure for the North Bay Counties

Source: IPUMS USA and U.S. Census Bureau

- 83% of its 3-or-more-bedroom homes are for sale, the highest rate in the North Bay
- Nearly all for sale 1-bedrooms are located in single family units

How can Napa Valley counteract this deficit in homes:

Historically small towns bounded on most sides by strong agricultural preservation – with scarce land that is typically broken up into small lots – are most successful when broadening the criteria for what counts as underutilized land and acquiring discounted land that reduces cost. We find the following tools already at play in Napa Valley are yielding success:

1. **Discounted land** including public & quasi-public land (such as lands with facilities like schools, libraries, police or fire stations, or community centers)
 - a. City of Napa – Harvest Middle School
2. **Building on religious lands** using the Affordable Housing on Faith Lands Act (SB 4)
 - a. Yountville – 6406 Washington St.
3. **Parking to housing:** Underutilized parking sites are excellent sites for future housing given their cost and location
 - a. City of Napa – 725 Coombs

What types of homes can it prioritize:

Napa Valley must counter the loss of owner-occupied units priced at modest or entry level ranges while at the same time adding more below AMI rental units sized for larger households to allow households with children. It should prioritize the following:

1. Larger multifamily rentals:

- a. Lemos Pointe – American Canyon
- b. Heritage House / Valle Verde – City of Napa

2. Workforce housing:

- a. Wine Train Housing – City of Napa
- b. 951 & 953 Pope St. – St. Helena

3. Smaller ownership options:

- a. HHS Site – City of Napa

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