

City Planning Commission
Sacramento, California

Members In Session:

Subject: **JOBS/HOUSING RATIO -- BACKGROUND**

SUMMARY

During a discussion of the Exposition Center DEIR on December 6, 1990, the City Planning Commission requested a "report back" from staff regarding the "jobs/housing" issue. This staff report attempts to provide the Commission with an outline of the general principles and analytical tools pertaining to jobs/housing.

The City's General Plan does not set a specific jobs/housing goal ("balance"). The General Plan land uses adopted in 1987 would result in a jobs/housing ratio at buildout of 1.9 jobs per dwelling unit, compared to an existing ratio of 1.5 jobs per dwelling unit. Since this time, there have been numerous amendments to the General Plan that have exacerbated the imbalance.

Central to the jobs/housing issue is the notion that housing should be located reasonably close to jobs: "Providing enough housing within a reasonable commute distance of major employment centers is essential to any metropolitan region." (General Plan, page 1-25)

This staff report recognizes that the jobs/housing ratio is becoming less balanced, i.e., employment opportunities are growing at a faster rate than housing opportunities. In the coming months, staff will be exploring (through the Housing Element) ways to increase housing opportunities.

This report discusses jobs/housing ratios and the notion of jobs/housing "balance". Mixed use and housing affordability are also discussed in the context of jobs/housing issues in terms of its potential to link jobs and housing and/or to provide air quality and traffic congestion relief benefits.

BACKGROUND

During the General Plan Update process that culminated in the adoption in January 1988 of a new General Plan, the jobs/housing issue was extensively debated. The City Council adopted specific policies as a way to consider the issue. The Council did not adopt a specific ratio.

Previous reports by City Planning staff have addressed jobs/housing issues. For additional background, see:

- o December 31, 1987 Report to Council (M85-049)
- o October 9, 1985 Report to T&CD Council Committee (M85-070)
- o October 3, 1985 Report to Planning Commission (M85-070)

Many of the analytical points presented in these previous reports are also discussed in the present report. The previous reports also presented proposed jobs/housing policy statements, some of which were adopted during the 1988 General Plan Update process.

Sacramento City General Plan

The overall jobs/housing policies of the General Plan are:

- o Residential uses should be located near employment centers;
- o Central City residential neighborhoods should be used as a housing resource near downtown employment centers;
- o Further studies should be conducted to enhance the ratio of housing to jobs, i.e., to reduce the jobs/housing ratio;
- o Sufficient residential land uses should be planned upon approval of non-residential development.

Policy 2: Population and Housing Growth

It is the policy of the City that adequate housing opportunities be provided for all income households and that projected housing needs be accommodated. (p. 1-31)

The location of residential land use in relationship to employment centers may be a significant factor in reducing traffic and meeting local housing needs.

Policy 3a: Downtown Sacramento

It is the policy of the City to provide continued support of private and public efforts that promote the Central City's role as the region's commercial office, employment, and cultural center; and at the same time provide close-by housing within identifiable residential neighborhoods. (p. 1-32)

Residential neighborhoods within the Central City can provide needed housing options for those choosing to be near their employment and activity hub, will offer contrasting land use to stimulate variety in the urban landscape, and afford many the opportunity to reduce dependency on auto usage. (Page 1-33)

Mixed Use Policies in the General Plan

The General Plan addresses mixed-use development as one appropriate method of contributing to a positive jobs to housing relationship.

Policy 2 - Population and Housing Growth: There are locations where a mixture of residential, neighborhood related commercial/office, and employment opportunities should be provided. The percentage of each type of use should be determined in a manner where each type of use adequately supports other land use components. (p. 1-31)

Residential Land Use Element, Goal E, Policy 3: Establish guidelines for mixed use projects and allow these uses in urbanized areas of the City where intensive development is planned. (p. 2-16)

STAFF ANALYSIS

Jobs/Housing Ratio vs. Jobs/Housing Balance

Some California communities are designed with extremely high jobs/housing ratios. The cities of Emeryville, Sand City, Commerce, and Industry, for example, are intended to produce high tax base employment-oriented "communities". Other cities are designed primarily as "bedroom communities".

The City of Sacramento has chosen to encourage the location of housing near jobs within a reasonable commute distance. With the exception of North Natomas, specific ratios have not been adopted, pending further studies.

Intended to aid in the long-range land use planning, State planning law (Govt. Code Section 65913.1) requires municipalities to zone "sufficient vacant land for residential use ... in relation to zoning for non-residential use". Additionally, State housing element law (Govt. Code Article 10.6) requires that population and employment projections be considered in estimating housing need.

Jobs Housing Ratio Calculation. The calculation of jobs/housing ratio is simply the number of jobs divided by the number of dwelling units projected in the study area. Thus, the North Natomas Community Plan (including the County area) results in a 2.05 jobs/housing ratio [66,865 employees divided by 32,618 DUs]. The North Natomas Community Plan (City portion only) results in a 1.80 jobs/housing ratio [52,855 employees divided by 29,284 DUs].

Jobs Housing Balance Calculation -- Simple Version. The simplest definition of jobs housing balance is a 1:1 correlation between jobs and housing units. This is a neat and simple definition, but it does not address affordability, location, number of workers per household, and other factors.

Jobs Housing Balance--North Natomas Calculation. Jobs / Housing balance represents the relationship of the jobs / housing ratio relative to the regional employees per dwelling unit factor. The calculation of jobs/housing balance is the inverse of the jobs/housing ratio multiplied by the "employees / dwelling unit" factor.

The North Natomas Community Plan assumes 1.2 employees per dwelling unit in calculating its 58% jobs/housing "balance" for the entire planning area and 66% jobs/housing "balance" for the City portion. The calculation is based on the following factors (as discussed in Appendix S):

- o 2.43 persons per dwelling unit (regionally);
- o 64% of population of working age;
- o 78% labor force participation rate.

Thus: $2.43 \times 0.64 \times 0.78 = 1.2 \text{ empl/DU}$

A 100% jobs/housing "balance" would provide a 1.2 jobs/housing ratio. One housing unit would be available for each participant in the labor force.

Thus: $\frac{1}{2.05} \times 1.2 = 58\% \text{ "balance" entire Community}$
 $\frac{1}{1.80} \times 1.2 = 66\% \text{ "balance" City portion only}$

The underlying assumption in a 100% jobs/housing balance is that an economic region would provide 1.2 jobs for every dwelling unit. Any excess of jobs would require "importing" workers from outside of the region. Any excess of housing would require "exporting" workers outside of the region in order to maintain the "balance". While this 1.2 jobs/DU "balance" does not have policy standing in the General Plan, it does provide a benchmark for analysis.

This 1.2 jobs/DU is not without controversy. A State Housing and Community Development issue paper ("Jobs-Housing Balance", December 1987) noted that workers per household factors vary substantially by location. Sunnyvale had 1.8 workers per household and Hercules had 2.0 workers per household. Gruen Gruen + Associates (1983) assumed a workers per household (higher than 1.2) for South Placer, and derived a 1.6 jobs/housing balance goal. Additional workers per household may be available from the State Census Data Center.

An example of non-interactive multiple use would be a project with residential on a portion of the site, separated by a wall from a commercial or office portion of the site. The two land uses are designed to be separated from one another. The project may have a favorable jobs/housing ratio but does not facilitate linkages between the two uses.

Interactive mixed use would be a project where land use components are intended to relate to the other components and would include any of the following, for example:

- o office park with a support commercial component;
- o residential project with support commercial component;
- o residential project with an open space component.

By this definition of "mixed use", no minimum or maximum composition is specified. The project might be predominantly employment related with little or no housing component. This may meet some objectives of providing a more supportive environment than a single-purpose use. However, the lack of definition can blur important gradations and distinctions.

Balanced mixed use development would be a project which provides a full complement of linked compatible land use products. Housing, employment, and shopping opportunities would be provided as a relatively balanced mix of development types. In theory, the area would provide approximately the same number of jobs as the number of household employees. The area would not boast a shopping district of specialty products designed to draw from a wide market area. Rather commercial uses would be scaled to serve the local population and employees.

This theoretical concept of balanced mixed use is presented merely to illustrate the range of applications of "mixed use". Some of these projects may be predominantly single-purpose uses, while other projects may represent a more balanced composition.

Benefits of Balanced Mixed Use

Mixed use that provides linked activities is likely to reduce the length of trips and facilitates the consolidation of many activities into fewer trips. This has a direct impact on traffic congestion and air quality. The stronger the link and the more interactive the activities, the greater the likelihood that these potential benefits will be realized.

The County's Draft General Plan (Land Use Element) envisions Transit Oriented Developments (TODs). TODs are described as mixed use development, integrating residential land uses with public, commercial, and office space.

"The purpose of this configuration is to bring the places where people live, work, and shop closer together, reducing the need for vehicular travel. As a result, the need for a jobs/housing balance is also addressed through policies that support a mix of land uses." (Draft Air Quality Element, p. 9)

Phasing Employment and Housing Opportunities

In projects which purport to provide jobs/housing linkages, some consideration should be given to the timing of job availability with housing availability. An individual migrating to Sacramento may base housing locational decisions on job availability. If both job and housing are available simultaneously, a greater likelihood exists for the individual to choose housing close to the employment site.

RECOMMENDATION

Staff recommends that the Commission not take any action at this time to revise the jobs/housing policies. Revisions to these policies may be proposed during the update of the General Plan Housing Element.

Nonetheless, the Commission may want to consider the information presented in this report in order to analyze key projects that will be presented to the Commission in the near future. In short:

- o The jobs/housing ratio provides a general indicator of potential jobs to potential housing proposed by the project;
- o A ratio of 1.2 or more is a truer numeric representation of a jobs / housing "balance";
- o Housing affordability (relative to job wages) should be considered;
- o Employment centers can be linked to housing areas if serviced by transit; and
- o Mixed use projects can contribute to a favorable jobs/housing balance.

Respectfully Submitted,



Scot Mende
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