

DRAFT 6
City of Goleta, California
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BACKGROUND REPORT NO. 3

Jobs-Housing Balance

EXECUTIVE SUMMARY:

One of the issues in land use planning today in Santa Barbara County is that of “jobs-housing balance.” **The purpose of the job-housing balance concept is to match the number of workers who reside in an area with the number of jobs provided in that same area (one resident worker for each job).** Since the number of people who reside in an area is generally only available every ten years at the time of the US Census of Population, the more readily available number of housing units is usually used as a surrogate for counting potential resident workers.

A close match exists between the number of people in the resident labor force and the number of jobs provided in the Goleta Valley area. Nonetheless, a regional perception exists that in the Goleta area there is an imbalance of jobs to housing. That is some people believe that more jobs are here than there is housing to accommodate the necessary number of workers. This perceived imbalance has placed pressure on the City of Goleta, and the surrounding unincorporated neighborhoods in the greater Goleta Valley, to plan for and accommodate more new housing units to achieve a better balance. This perception, however, is inaccurate.

The 2000 United States Census of Population reports (includes) a **resident labor force of 41,361 in the Goleta Valley** (an area defined as the Goleta County Census Place [which includes the City of Goleta], the Isla Vista County Census Place and the census block that includes the Santa Barbara Airport). In contrast the July 2003 UCSB Economic Forecast Project estimate of wage and salary jobs (35,468)¹ coupled with an estimate of non-wage and salary jobs from the US Census yields a total of **39,375 jobs in the Goleta Valley in 2000.**

The primary cause of the regional misperception of this issue is that the customary way of associating housing units to jobs undercounts the approximately 22,291 students who reside in the area and participate in the labor force. These students compose 29% of the total population of the area and this number of students contributes an estimated 12,460 workers, or 30% of the labor force of the entire Goleta Valley.

¹ University of California at Santa Barbara Economic Forecast Project, Goleta 2004 Economic Forecast, July 2003, Goleta, California, page 11.

Introduction

This paper explores the jobs-housing balance in the Goleta Valley and suggests a reexamination of the issue. This paper is not intended to address the overall South County regional supply of housing and its affordability, it only examines one important part of that complex issue—*the actual number of resident labor force participants compared to the number of jobs in the Goleta Valley.*

The information for this report is from two primary sources; the 2000 U.S. Census of Population² provides the information for the resident households and the University of California at Santa Barbara (UCSB) Economic Forecast Project for employment information, as published in The 2004 Goleta Valley Economic Update, July 2004.

Planning Considerations and Implications of the Jobs-Housing Balance Concept

The concept of achieving an appropriate balance between housing to accommodate workers and the number of jobs in an area is sometimes seen as a useful planning tool. If workers reside near their place of employment, there should be less traffic congestion and other associated adverse impacts on environmental resources and quality of life. As such, the concept has been used in regional planning in an attempt to reduce traffic and congestion.

The issue of jobs-housing balance has an extensive literature in both academia and planning practice. The Atlanta Regional Commission has published on the web an overview of the concept, its purposes, its practical applications and techniques for implementing it. This work, by proponents of the use of the concept in planning, describes what most proponents of the concept believe can be achieved at the local and regional levels with appropriate use of the concept as a planning tool. As such, it is used here as background to assist in evaluating how the concept has been applied here.³

Proximity to employment is just one factor that influences where people decide to live. Other factors, which may be more important considerations, include various residential amenities, ranging from the quality of schools, density, housing costs, and life style choices. In two income families it may not be possible to locate near both places of work and so one or more family members will choose to commute some distance, even if they had the option to locate near one of their jobs. Employment opportunities change over time and many people would rather commute than relocate each time an employment change occurs in the family. Furthermore employment opportunities may not coincide to housing preferences and/or opportunities. While one person in any given occupation may desire a suburban environment for the family, he or she may only find suitable

² <http://factfinder.census.gov/servlet/BasicFactsServlet>

³ www.atlreg.com/qualitygrowth/Planning/Toolkits/JOBS_HOUSING_BALANCE_TOOL.PDF -

employment in an urban center. Conversely another person may have secured a position in a suburban community but a spouse prefers to live in an urban setting. In both cases the result may well be a long commute, as each person pursues their own unique mix of residential and employment objectives.

There can be much debate over whether “jobs-housing balance” is as effective as a tool as some believe. Whatever its utility, the jobs-housing concept still needs to be balanced appropriately with other planning considerations such as maintaining neighborhood quality, conserving agricultural land, protecting environmental resources, reducing local congestion, achieving social equity etc.

Jobs Housing Balance as a Policy Issue in Santa Barbara County

In Santa Barbara County, regional policy incorporates the job housing balance concept in formulating regional housing and transportation policy. The most prominent example of this is the allocation of housing units by the Santa Barbara County Association of Governments (SBCAG). Its Regional Housing Needs Assessment (RHNA) allocates (targets) regional housing needs for the period of January 2002 to 2008 to sub areas of the county.⁴ RHNA first allocates units on the basis of its Regional Growth Forecast, reflecting anticipated growth throughout the county. The RHNA then adds to this target an adjustment based on the relationship of jobs to housing (job housing balance).

Since some data sources appear to indicate that there is a higher ratio of jobs to housing in the Goleta area than in other parts of the county, the perception has developed that there is an imbalance between the number of jobs in the area and the number of housing units to accommodate them. Perhaps the most dramatic statement of the perceived imbalance in the Goleta area can be found in the materials explaining the need for a planning project by SBCAG to address the jobs housing balance concept. Slide 9 of a power point presentation⁵ on the SBCAG web site outlining the need for the program cites the jobs housing imbalance in Goleta to be 2.3 jobs for every housing unit.

Initially, the City of Goleta was allocated 1,133 units. An additional 1,255 units were allocated “to reduce the jobs housing imbalance in the City of Goleta...” In contrast no additional units were allocated to the city of Carpinteria and the unincorporated areas of South Coast because they “...are considered as having a more ideal balance of jobs to housing...” Although other unincorporated areas of the County were not allocated any additional units, the County, nonetheless, focused the majority of its allocation (1181 units) to the unincorporated area of Goleta, apparently, to address the perceived jobs housing imbalance in the Goleta Valley.⁶

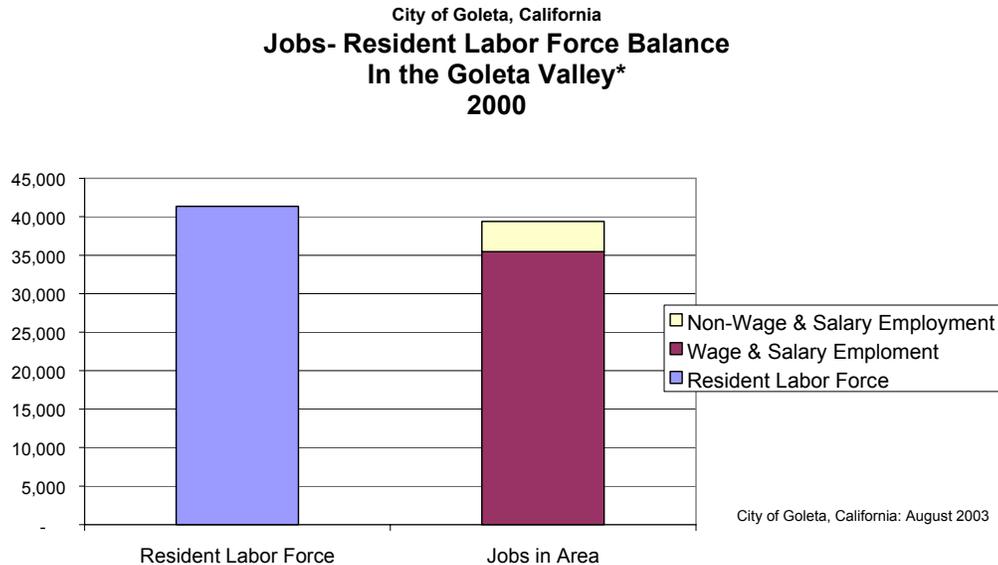
⁴ Santa Barbara Association of Government, Regional Housing Needs for Santa Barbara County, December 2002.

⁵ Undated, accessed October 7, 2003.

⁶ Ibid. page 11.

Residential Labor Force Supply in the Goleta Valley

While the number of housing units compared to the number of workers apparently has been used as the means to determine that there is a labor force imbalance (a “shortage” relative to the number of jobs) in the Goleta Valley, a more appropriate measure would be the actual number of labor force participants who reside in the area relative to the available jobs in the area, irrespective of the number of housing units in the area.⁷



*Includes Isla Vista CDP, and Goleta CDP and Santa Barbara Airport

Sources: 2000 US Census of Population for resident labor force, UCSB Economic Forecast Project for Wage & Salary Employment and an estimate by the City of Goleta for Non-wage & Salary Employment.

With this actual measurement, no imbalance exists between the number of jobs in the community and the residential supply of a labor force.⁸ The 2000 United States Census of Population reports a resident labor force of 41,361⁹ in the Greater Goleta area (an area defined as the Goleta County Census Place, the Isla Vista County Census Place and the census block that includes the Santa Barbara Airport¹⁰). In contrast the UCSB Economic Forecast Project estimates

⁷ “In the strictest terms of jobs-housing balance, the number of resident workers (i.e. labor force) is the best measure to use... Using housing units or households is less representative of employment needs...”

Atlanta Regional Commission, *op cit.* page 18. Since the Census reports 26,094 housing units in the Goleta Valley there is a ratio of 1.59 resident labor force participants per housing unit in the Valley.

⁸ Non-wage and salary employment is estimated from census data for the Goleta Valley to be 11% of wage and salary employment. The national average according to the Bureau of Labor Statistics is about 7%.

⁹ The US Census Information used in this report is data downloaded from the American Factfinder System on the US Census Bureau’s web Page at <http://factfinder.census.gov/servlet/DatasetMainPageServlet>

¹⁰ Data for the Santa Barbara Airport is included because the US Census records (apparently in error) 2,759 people, almost entirely in college dormitories at the Airport. These students probably should be counted in the census blocks that include the UCSB campus rather than the Airport. Without so accounting these students, the census reports too few students in dormitories in Isla Vista than do reside in UCSB facilities.

that there were 35,468 wage and salary jobs in this area in 2000. Added to this number is an estimated additional 3,907¹¹ jobs to reflect the presence of non wage and salary jobs in the area, for a total of 39,375 jobs.

The Role of Students in the Labor Supply

There were over 22,291 college or university students residing in the Goleta Valley area during the US Census of Population.¹² This represents 29% of the population of the area. In contrast college and university students compose only 7% of the population in the rest of the county.

The presence of a large number of students would alter the usual housing- job relationship in two ways. First a large number of students live in dorms and similar group quarters which are not counted as “housing units” in most calculations, including the US Census. The Census reports 5,639 persons in such group facilities in the area. Second, and probably more significant, a household composed of students may have a substantially higher labor force participation rate than a typical family household. A large proportion of students relative to other household types increase the number of workers, on average that each housing unit can support.

The labor force participation rate of students for different areas is not reported in the census, but it can be estimated. The Bureau of Labor Statistics reports that 55.9% for all students in the nation (59.1% for white students) were labor force participants in 2003.¹³ Reflecting this national average, the 2000 census reports that 94.6% of all people in Isla Vista 18 to 24 were students and the labor force participation rate for all 16 to 24 years olds in the area was 59%. At national average rate (55.9%) the 22,291 students create a labor supply of 12,460 workers—a number equivalent to 32% of the jobs available in the area.

Similarly while the available census information does not directly report a relationship between student “households” and labor participation, insight can be obtained from the census information for Isla Vista where students comprise 76% of the population. In Isla Vista the ratio between housing units and labor force is 1.94 workers per unit,¹⁴ compared to a ratio of 1.37 for all of the County. For the entire Goleta Valley (including Isla Vista) the ratio is 1.42.

¹¹ This is estimated on the basis of the ratio between total employment and wage and salary employment as reported in the US Census for the Goleta Valley.

¹² This includes not only UCSB undergraduates but graduate students and students of other institutions including Santa Barbara City College.

¹³ <http://www.bls.gov/cps/#charemp>

¹⁴ Since the Isla Vista numbers include 2,914 of the 5,369 total dormitory population, this ratio includes those students as well as those living in separate housing units. Interestingly the labor force participation rate may be particularly high in Dorms. The data for Census tract 29.03 Block group 1 reports a 2,715 dorm residents out of a total population of 2,759 also reports a labor force of 2,179 for a total participation rate of workers to total population of 79%, while the same ratio for all of Santa Barbara County is 49%.

While a straightforward accounting of the labor force residing in the area at the time of the census indicates a “balance” between the resident labor supply and the number of jobs, the actual amount of the available resident labor force probably is understated in this approach. The labor force consists of employed and unemployed people. Students are less likely to be counted as unemployed by themselves, or by labor force analysts, when they are without a job, even though they may take one if one were offered. Students move in and out of the labor force more than the base population. In contrast, the “labor force” counted directly in the census is at a point in time when the census is taken. Consequently the census does not directly capture this latent part of the labor supply in the area. The census does, however, report the number of people who worked during the last year—whether or not they were in the labor force at the time of the census. This number for this area is 46,928, 13% higher than the reported labor force in the Goleta Valley where there is high proportion of students. In contrast the number of people who worked some in the last year is only 6% higher than the reported labor force in the rest of the county where there are proportionately fewer students.¹⁵

Geographic Considerations

Another issue embedded in the perception that there is an imbalance is that it makes a difference what specific area is being considered when examining jobs housing balance.

There is little theoretical agreement on the appropriate size of a jobs-housing balance area or how large the labor pool should be.¹⁶ Nonetheless as a policy tool, the size and location of the balance area should be related to the policy objectives being pursued with the tool. The 2.3 ratio cited above appears to be based just on some estimate of the employment and housing units within just the corporate limits of Goleta. The policy basis for looking at just the City of Goleta is not clear and does not generally relate to the policy objectives usually attributed to the issue.

One objective of achieving a jobs housing balance within various areas of the South Coast appears to be to reduce traffic congestion in general, and congestion on Highway 101 in particular.¹⁷ This policy objective offers a very practical way to designate the area for jobs housing balance. As noted herein the resident supply of labor within the Goleta Valley is in close balance with the number of jobs. The addition of more housing units in the area defined as the

¹⁵ In Isla Vista, where the student population is most concentrated, the ratio is 27%, demonstrating the highly fluid character of the student labor force.

¹⁶ Atlanta Regional Commission, *op cit* page 17.

¹⁷ “Growth management, jobs/housing balance, economic development, and housing affordability are perhaps the most hotly debated issues in communities all along the Central Coast of California. These issues know no particular border, as evidenced by the increasing commuter traffic along Highway 101 from San Luis County to the Conejo Grade in Ventura County.” SBCAG’s introduction to their Jobs-Housing Balance project posted on their web page.

Goleta Valley would exceed the current balance and it would result in more commuting into Santa Barbara, exacerbating the existing congestion between the Goleta Valley and Santa Barbara on 101. Given this circumstance and the policy objective of reducing congestion, the Goleta Valley is the appropriate area for jobs housing balance, not some smaller area.

For jobs to balance with housing, the area should be sufficiently large enough for many of the variables associated with employment and residential choice to balance each other. If the area is too small, smaller and smaller proportions of the total population will have the range of choices they desire for both housing and residences. Since most forms of employment, either require or desire urban services, employment tends to be more concentrated in cities than in the surrounding unincorporated area. In contrast, housing tends to be more dispersed. Consequently one would normally expect to find a jobs housing imbalance if one is just measuring uses within a city the size of Goleta.

If the City of Goleta were to be considered an appropriate geographical area for the job housing balance objective, then the remaining areas of the Goleta Valley would need to be job housing balance areas also. There would be two such areas involved, Isla Vista—including the University and the Santa Barbara Airport--and the area between the City of Goleta and Santa Barbara. Implementation of policies to achieve a jobs housing balance in these areas raise significant policy concerns. To achieve such a balance, it is clear¹⁸ from available information that regional policy would need to promote many more jobs in the area between the City of Goleta and Santa Barbara and new housing should be discouraged since there are many more resident labor force participants than there are jobs in the area. The impacts of this policy would be very significant on existing land use patterns and infrastructure. While available information is not as clear for Isla Vista,¹⁹ it does appear that there are more jobs in the area than resident labor force participants indicating that more housing units are needed in this area. Due to the environmental constraints in this area such additional housing could have significant potential impacts.

¹⁸ If the greater Goleta Valley is in balance and the City of Goleta is out of balance, then Noleta logically is out of balance the other way. A city estimate based on SBCAG data indicates that there about 5,100 more resident labor force participants than jobs in this area.

¹⁹ A city estimate based on SBCAG data is that there are about 2,000 more jobs than resident labor force participants identified in the Census

Appropriate Relationship Between Housing and Jobs

Few advocates of the job housing balance concept as a planning tool consider that the balance needs to be perfect to achieve the desired policy goals to the extent that the concept can. The Atlanta Regional Commission, in a review of the literature on the subject, notes the acceptable range (the Commission uses the term “implied balance”) for a “balance” between residential labor force and jobs is a ratio of 0.8 to 1.25 of jobs²⁰ to employed residents. Interestingly the same source notes that the acceptable ratio of jobs to housing is in one source 1.3 to 1.7 and 1.4 to 1.6 in another. The ratio for UCSB estimated jobs (along with an estimate of non-wage and salary employees—a total of 40,899) to housing units counted by the census of population in the Goleta Valley (26,094) is 1.59. Without counting the student factor the jobs housing balance is within the implied balance range suggested by the studies cited by the Atlanta Regional Commission.

Conclusion

Analysis of the 2000 census data does not indicate an imbalance between the supply of residential housing and jobs in the Goleta Valley. Once there is a match between a geographic area and the policy objective being pursued (such as reducing regional traffic congestion) and the labor force participation of all residents in the Goleta Valley are accounted, there is almost a perfect match between jobs and resident labor force.

Planning Implications for Goleta

The job housing balance has been used to support the allocation of “additional” housing units to compensate for a perceived imbalance of housing to support the number of jobs in the area. This is given such priority by some that a serious consideration is to convert increasingly scarce agricultural land to this apparently “higher purpose.” To the extent that a the jobs-housing balance concept has any utility at all in reducing congestion, the current policy of requiring and promoting additional units in the area would increase rather than reduce congestion on 101. Regional policy and actions pursuing this objective should be reformulated.

However, the question associated with the job-housing balance is probably broader than merely realigning the policy to reflect accurate information. The data issues addressed here probably only reflect the complexity that underlies this deceptively simple tool. Rather the complexity of regional economic relationships associated with residential choice and employment opportunities, and then balancing those relationships with other important planning considerations and values suggest that the regional policy should not be so

²⁰ Community Choices, Quality Growth ToolKit: Jobs-Housing Balance, Atlanta Regional Commission, 10/1/02, Atlanta, Georgia.

heavily driven by any such “overreaching” principle as it seems to be in this region.

As noted in the introduction, this paper is not intended to address the overall regional housing needs. It is only intended to examine the question of locating a greater share of that housing in the Goleta Valley.