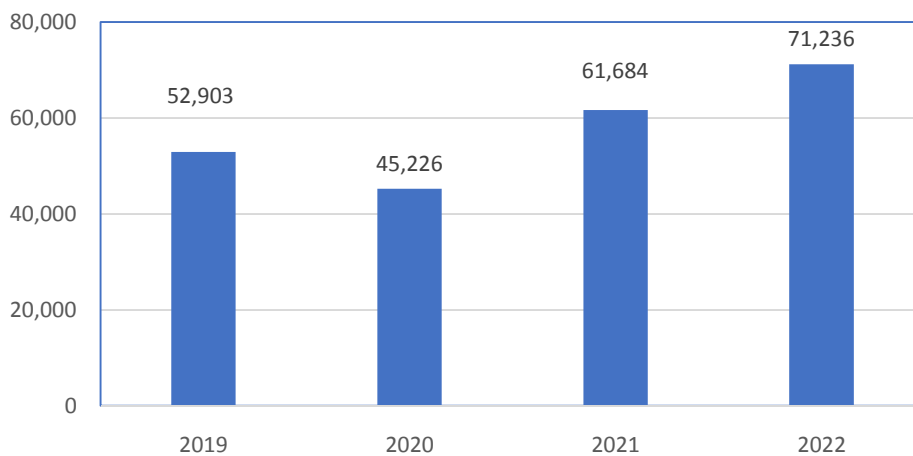


August 2022

## A Welcome Uptick in Housing Permits

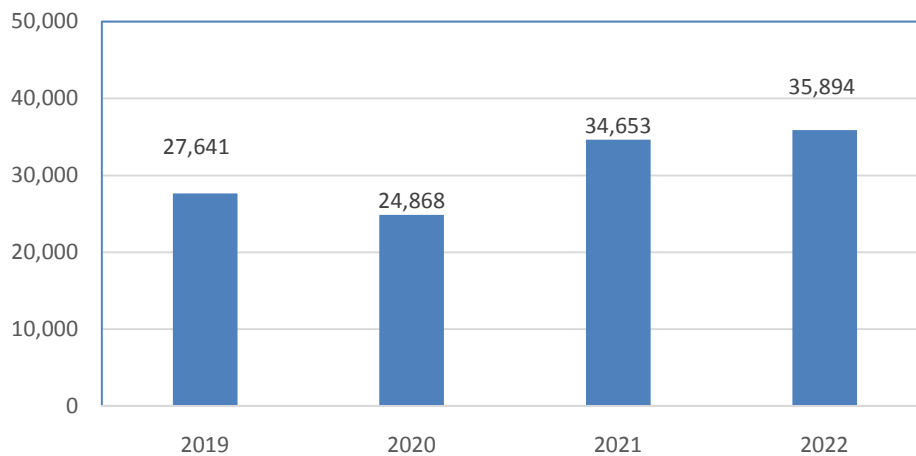
California recorded 71,236 residential building permits in the first six months of 2022—a 15.5% increase over the 2021 comparable figure of 61,684. The state is on pace to record the largest number of housing permits since 2006, though the level is still below the state’s target for correcting the persistent recent undersupply of housing.

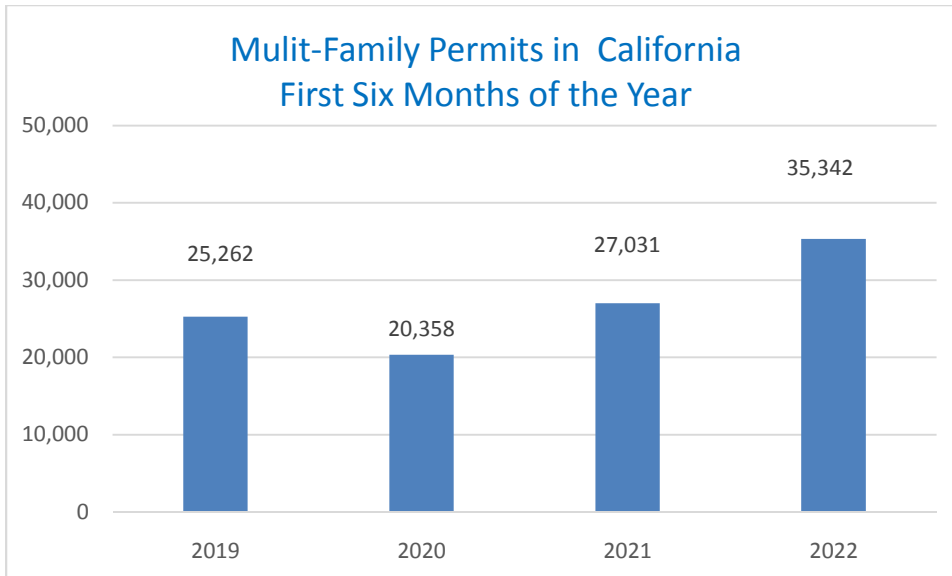
**Residential Building Permits in California**  
First Six Months of the Year



In 2022 the permits were evenly split between single-family and multi-family units though the split varies substantially among individual counties and regions.

**Single-Family Permits in California**  
First Six Months of the Year





## Regional Overview

Data from the California Homebuilding Foundation (CHF) and the Construction Industry Research Board (CIRB) show that all regions participated in the 2022 uptick in housing permits.

### Regional Housing Building Permits First Six Months of the Year

Southern California	2019	22,101	San Francisco Bay Area	2,019	13,201
	2021	25,350		2,021	13,511
	2022	28,470		2,022	14,838
San Diego	2019	3,924	Sacramento Region	2,019	4,705
	2021	4,958		2,021	6,551
	2022	6,015		2,022	8,268
San Joaquin Valley	2019	6,520	Rest of State	2,019	2,452
	2021	7,937		2,021	3,377
	2022	8,480		2,022	5,165
California	2019	52,903			
	2021	61,684			
	2022	71,236			

Source: CHF and CIRB

All regions also posted increases compared to the first six months of 2019 though the gains varied by region with the lowest % gain in the Bay Area.

## Southern California Trends

Riverside County accounted for most of the increase between 2021 and 2022 followed by Los Angeles and San Bernardino counties. Orange County is the only Southern California county that trails 2021 permit levels at mid-year. Southern California communities are in the process of updating their Housing Elements in response to California Housing and Community Development Department (HCD) review and numerous letters outlining deficiencies in their original draft updates.

Southern California Housing Building Permits First Six Months of the Year					
	Year	Permits			
Los Angeles	2019	10234	Orange	2019	4313
	2021	12428		2021	4460
	2022	13556		2022	3650
Riverside	2019	4398	San Bernardino	2019	2266
	2021	4157		2021	3465
	2022	6405		2022	3984
Ventura	2019	890	Southern California	2019	22101
	2021	840		2021	25350
	2022	875		2022	28470

Source: CHF and CIRB

## Bay Area Trends

The Bay Area recorded modest gains in housing permits in the first six months of 2022 with decreases in the East Bay offset by gains on the peninsula led by Santa Clara County and gains in the North Bay.

More increases seem likely as there are stories every week about new housing proposals and approvals.

Bay Area communities are finishing their draft Housing Element updates this year and will then respond to expected responses from HCD requesting revisions.

Bay Area Housing Building Permits  
First Six Months of the Year

	Year	Permits		Year	Permits
Alameda	2019	3309	Contra Costa	2019	1546
	2021	3592		2021	2070
	2022	2344		2022	1455
Marin	2019	149	Napa	2019	99
	2021	118		2021	170
	2022	200		2022	561
San Francisco	2019	1995	San Mateo	2019	945
	2021	1294		2021	732
	2022	2399		2022	1242
Santa Clara	2019	2527	Solano	2019	612
	2021	2650		2021	864
	2022	3589		2022	1026
Sonoma	2019	1216	Bay Area	2019	13201
	2021	972		2021	13511
	2022	1331		2022	14838

Source: CHF and  
CIRB

## Sacramento Region Trends

The Sacramento region has seen a sharp increase in housing permits since 2019. The 2022 level is only slightly below the annual level for the region in their 6<sup>th</sup> cycle RHNA needs determination. Of course, total permits could still fall short of the requirements for units affordable to low- and moderate-income residents as is true in all regions.

Part of the increase in permits is probably the result of Bay Area residents moving to the less expensive region as work from home opportunities increased. Regional home prices and rents have increased recently though still below levels in the Bay Area and Southern California.

The majority of the permit increases were in Sacramento and Placer counties.

## Sacramento Region Housing Building Permits First Six Months of the Year

	Year	Permits		Year	Permits
El Dorado	2019	288	Placer	2019	1038
	2021	248		2021	2280
	2022	279		2022	2713
Sacramento	2019	2615	Sutter	2019	69
	2021	3435		2021	40
	2022	4224		2022	95
Yolo	2019	446	Yuba	2019	249
	2021	494		2021	54
	2022	539		2022	418
Sacramento region	2019	4705			
	2021	6551			
	2022	8268			

Source: CHF and CIRB

## San Joaquin Valley Trends

San Joaquin Valley housing permits have trended up modestly since 2019. For the first six months of 2022, the region has a similar permit level to the Sacramento region though the Valley population is much higher.

Valley regional planning agencies are among the last to get their 6<sup>th</sup> cycle RHNA needs determinations and are among the last areas to update their Housing Elements. The 2022 permit level if continued will be below the Valley's annual permit target though less so than in the Bay Area and Southern California.

Permit increases in San Joaquin County (adjacent to the Bay area) and Tulare County have offset small declines in Fresno, Kern and Merced counties so far in 2022.

San Joaquin Valley Region Housing Building Permits  
First Six Months of the  
Year

Thru June	Year	Permits		Year	Permits
Fresno	2019	1452	Kern	2019	1648
	2021	2215		2021	1281
	2022	1989		2022	1109
Kings	2019	226	Madera	2019	299
	2021	110		2021	604
	2022	147		2022	543
Merced	2019	502	San Joaquin	2019	1311
	2021	647		2021	1756
	2022	452		2022	2240
Stanislaus	2019	325	Tulare	2019	757
	2021	485		2021	839
	2022	487		2022	1513
San Joaquin Valley	2019	6520			
	2021	7937			
	2022	8480			

Source: CHF and CIRB

## Comments

The future of housing permit growth faces strong but opposing forces.

In the short-term the recent increase in permit levels goes counter to 1) rising costs for producing housing, rising mortgage interest rates, a potential economic slowdown of unknown depth and length and continued high home prices and rents.

However, there are strong positive forces. Property owners and public agencies are increasingly seeing opportunities in converting underutilized or vacant office and retail space to housing as well as more opportunities to convert unneeded public properties like parking lots to housing.

And even in the short-term new housing proposals are seen weekly despite the obstacles mentions above.

The RHNA targets, recent state laws and a series of court decisions are prompting more cities to take the housing requirements seriously and take steps in zoning, development standards and reducing application review time.

Funding and city rules are still barriers to greatly increasing the number of subsidized units for low-income residents.

Events in 2023 will shed more light on how quickly permit levels will increase throughout the state.