

Homeownership in Orange County and Demographic Effects

There are 34 incorporated cities in Orange County, Anaheim being the first incorporated city in 1870, and 14 unincorporated communities. Unlike Los Angeles, Orange County is not identified by a majority city or urban core. Orange County is largely known for its large master planned communities, such as areas in Irvine, Anaheim Hills, Tustin Ranch, and Mission Viejo. With a population over 3 million, according to the 2015 census data, it is the third largest population in the state and the second most densely populated county, second to San Francisco.¹

Housing affordability has decreased tremendously over the years causing an increasing number of residents to move away from Orange County. According to Jonathan Lansner,, Staff Columnist for the OC Register, housing affordability in Orange County is "roughly one third of what it is nationally."² He goes on to say that between the early 1990s to mid-2000s, Orange County's housing affordability was typical for the region with an average index of 31 percent. Since then; however, affordability has decreased to 22 percent based on the California Association of Realtors affordability measurement index.³

The decrease in affordability is a factor to the lower percentage of homeownership in cities, but how does demographic factor into this? Does the rise in housing prices and the lack of affordability decrease the demographic diversity in Orange County cities creating homogeneous neighborhoods lacking culture and heterogeneity? This assessment will study the top three cities in Orange County with the highest percentage of home ownership versus the cities with the lowest percentage of home ownership to understand how demographics, including ethnicity, household income, and education, affect this percentage. It will also compare housing prices in the top and lowest percentage of home ownership cities, as well as rental pricing in these areas to determine if higher housing prices and lower rents contribute to lower home ownership. This study is being completed to gain an understanding of the demographic and level of diversity in Orange County and how that affects home ownership. Being a homeowner in Foothill Ranch, a Lake Forest

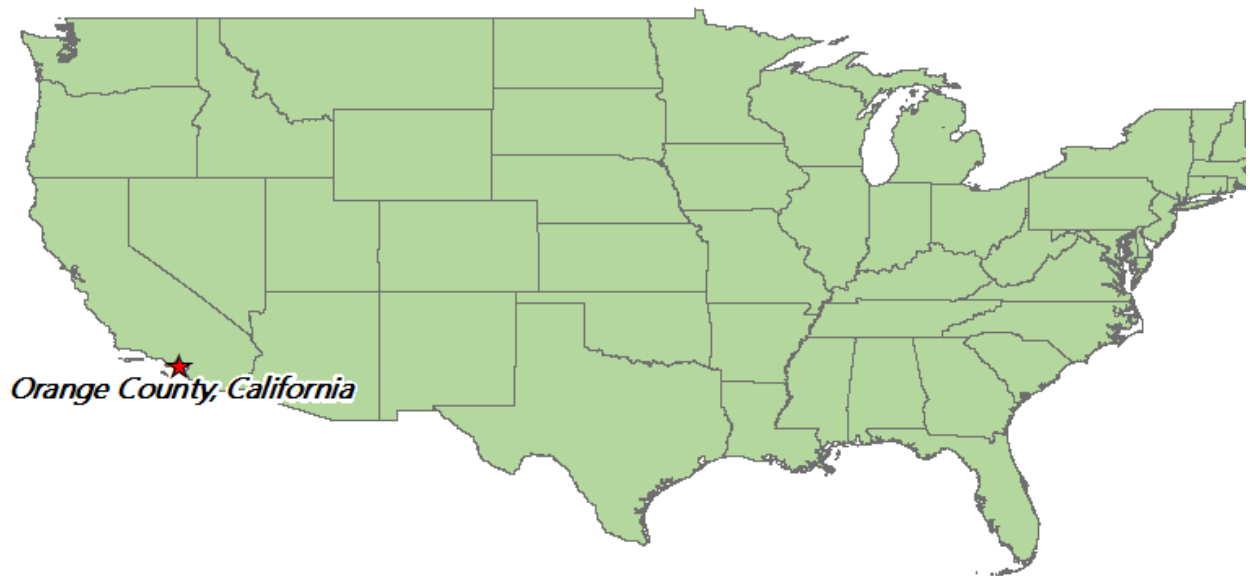
¹ "California Population Density County Rank." USA.com. Accessed April 08, 2017. <http://www.usa.com/rank/california-state--population-density--county-rank.htm>.

² Lansner, Jonathan. "Lansner: O.C. losing home affordability battle." The Orange County Register. May 15, 2015. Accessed April 08, 2017. <http://www.ocregister.com/articles/affordability-661956-percent-home.html>.

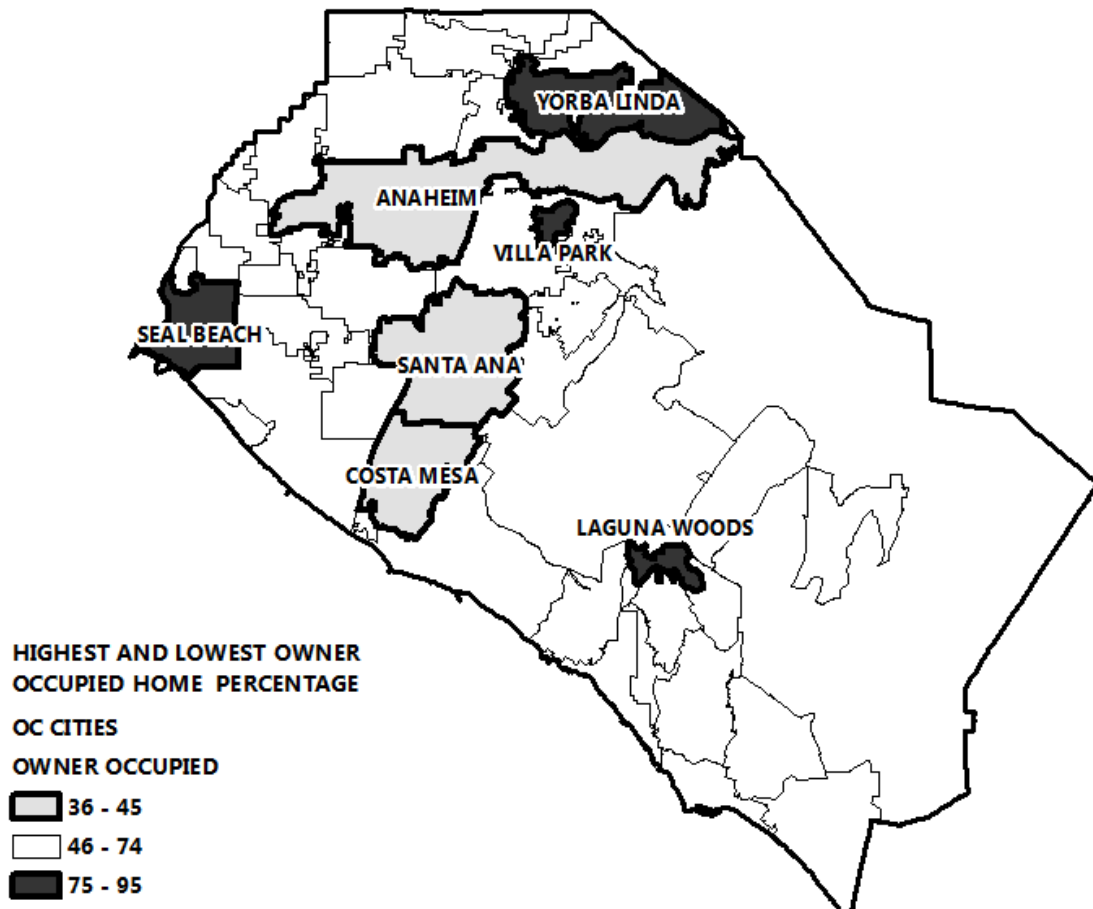
³ Ibid.

incorporated community in Orange County, has peaked my interest in this topic of homeownership and demographic diversity in my city and other surrounding cities.

The majority of the data utilized for the maps was obtained from the 2015 Census Reporter. Data was re-entered into an Excel spreadsheet to make it usable for ArcGIS. Each of the map studies uses the base map highlighting the cities with the lowest and highest percentage of homeownership. A separate map is used to show how demographics affects homeownership.

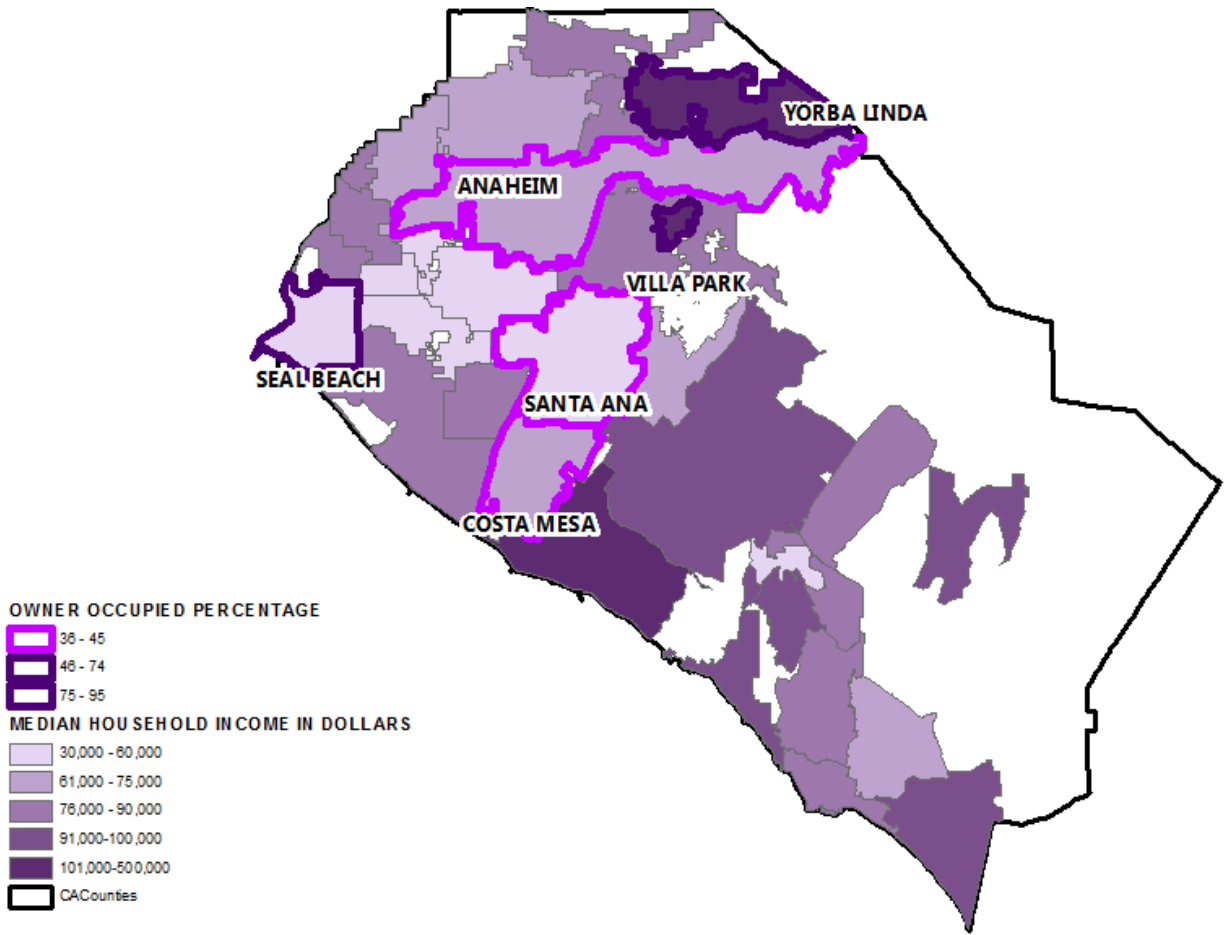


Area of interest map (where in California)



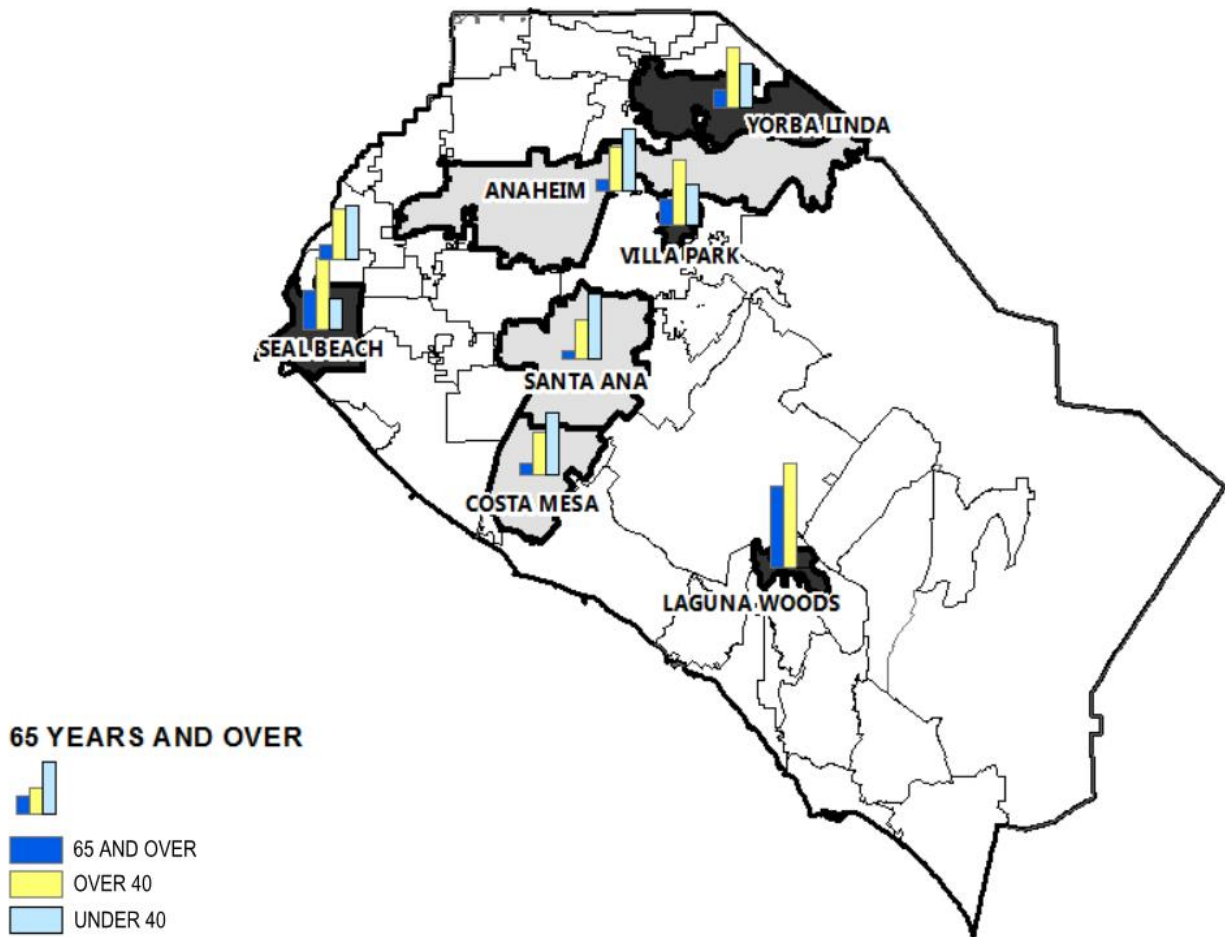
Base map – top three and lowest three homeownership

The above map portrays the cities with the highest and lowest percentage levels of homeownership; Yorba Linda, Seal Beach, Villa Park, and Laguna Woods at the top and Anaheim, Santa Ana, and Costa Mesa at the bottom. The next few maps will look at the demographic of each of these cities to determine if there is a demographic pattern in the top and lowest cities.



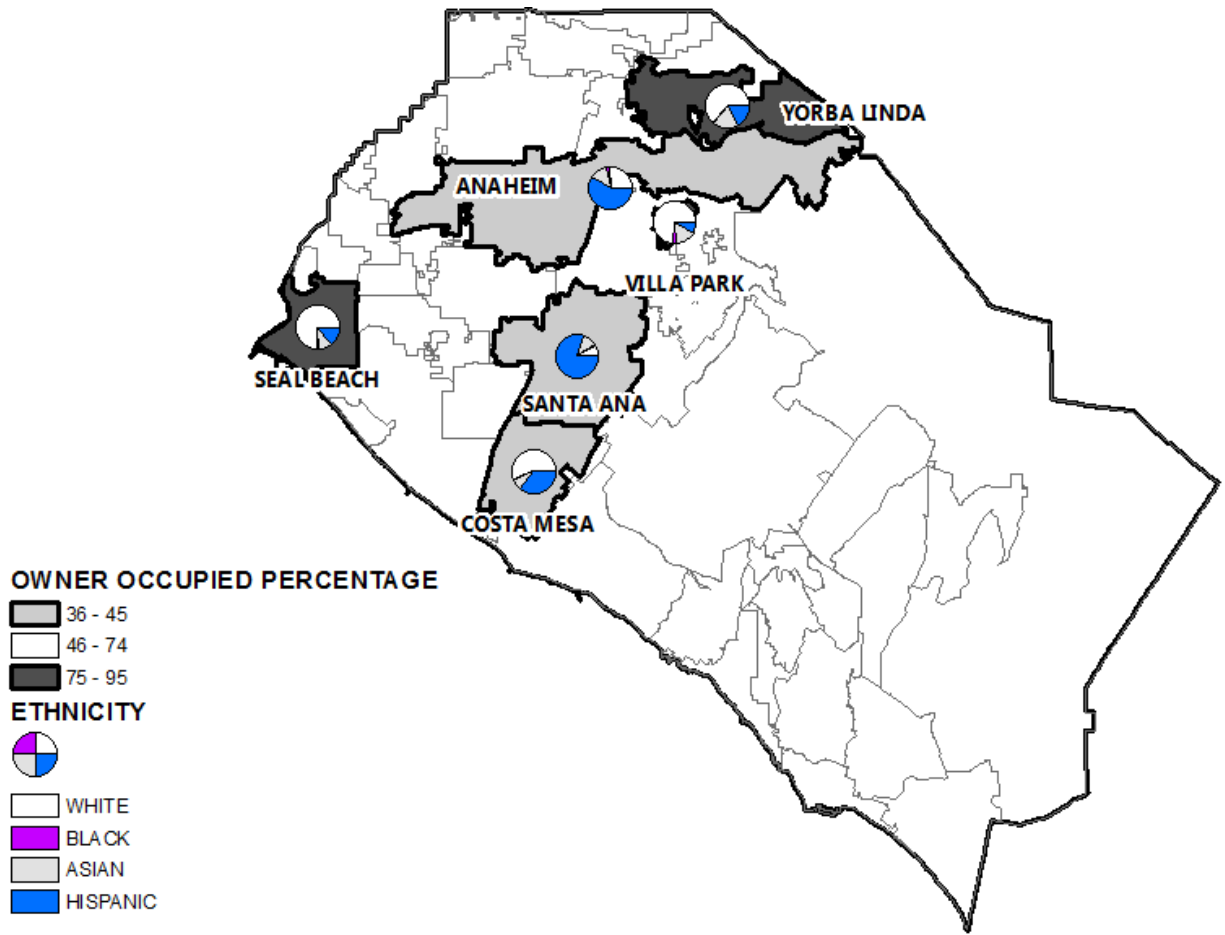
Base map with household income

Based on the map above, the three lowest percentage cities for owner-occupied units are within the cities having a lower median household income range, with median household incomes generally below \$75,000 per year. Of the four cities with the highest level of owner-occupied units, two of them are located within cities with a median household income greater than \$100,000; Yorba Linda and Villa Park. Of these four cities, however, there are two cities in the lower income range, which can be explained in the next table portraying age demographic.



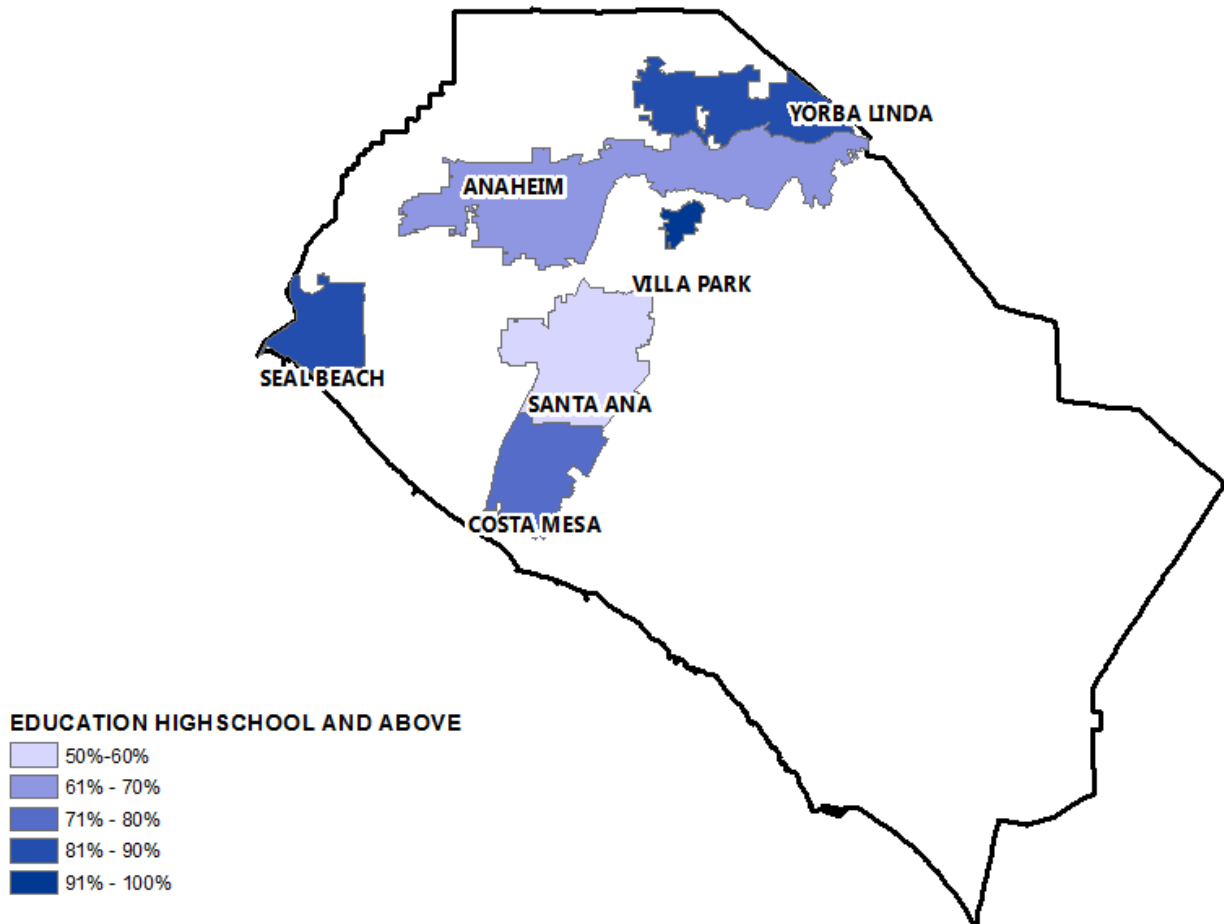
Base map with age demographic

The above map shows that age factors into the reason for the high percentage of owner-occupied rates in Laguna Woods and Seal Beach. Based on this observation, we can see that generally all residents in Laguna Woods are 40 years and over and a large percentage of residents are 65 years of age and over. Seal Beach also has a generally higher percentage of residents over 65 in comparison to other Orange County cities, with a majority of them being over 40. This is likely due to Laguna Woods entirely, and Seal Beach partially, containing retirement communities with lower home value programs to assist the elderly in home purchasing. ***For this reason, going forward, Laguna Woods will be excluded from the study as it is considered a retirement community. Seal Beach will be included as not all areas of the city are retirement.***



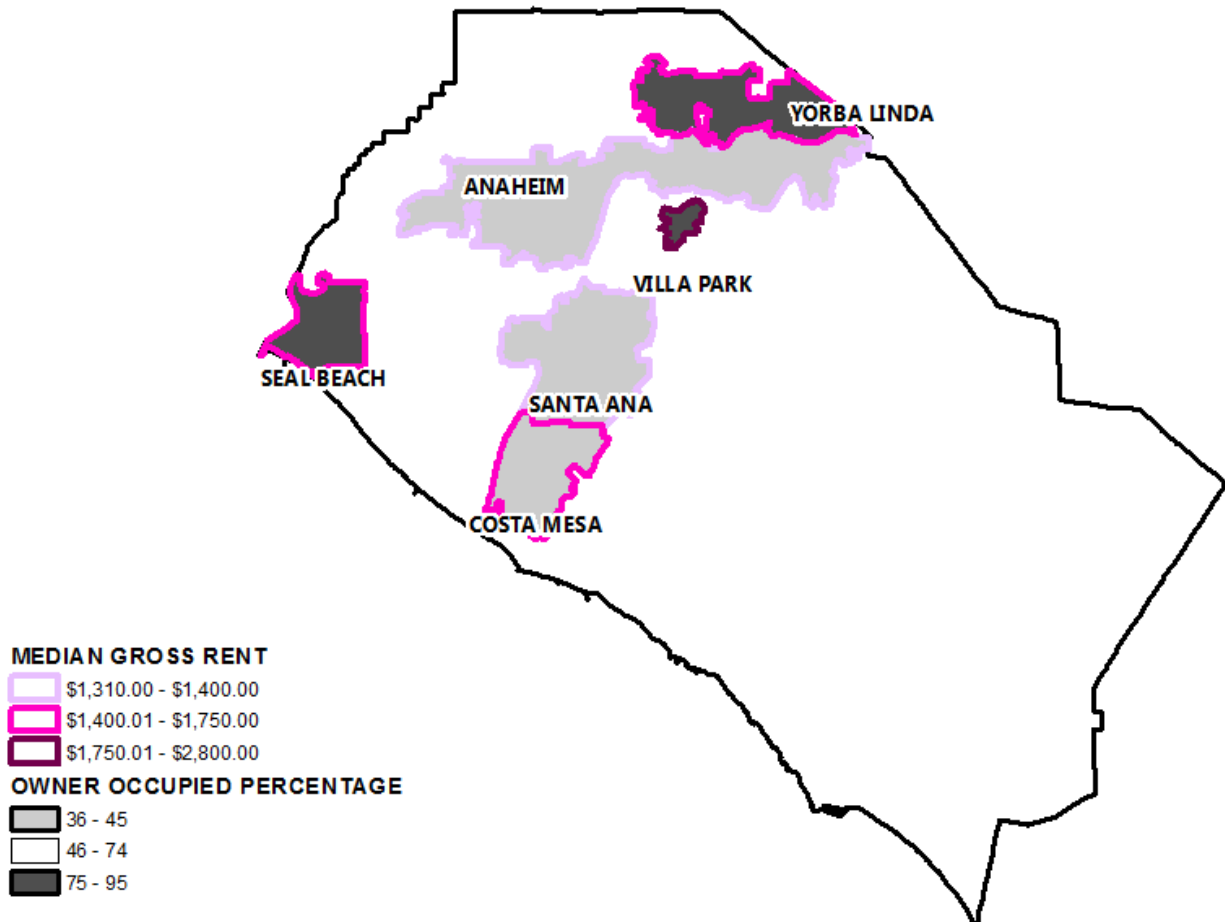
Base map with ethnicity demographic

The above map shows that the three cities with the highest percentage of homeownership is a majority white while the three cities with the lowest percentage of homeownership has a higher percentage of ethnic minorities.



Base map with Education

Based on the above geographic analysis, education levels also appear to have an impact on home ownership levels as those with a higher percentage of high school education and above are located within cities with the top percentage of home ownership.



Median Gross Rental in Dollars for the Study Cities

In the above map, Anaheim and Santa Ana generally have lower median gross rents, while Villa Park has the highest. Seal Beach, Yorba Linda, and Costa Mesa are average in terms of median gross rent. Two of the three cities with lower median gross rents are located within the cities with lower owner-occupied units, while three of the top cities owner occupied units have an average or high median gross. This can show that areas with lower rental rates may also have a lower percentage of homeownership, as renting may be more financially attractive.

Conclusion

The analysis shows that demographics does have some level of impact on the percentage of home owners within the Orange County cities. A study on housing affordability may have contributed to this study; however, due to the flaws in the method of calculating affordability, it was not included in this study. Generally speaking, if more than 30% of your income goes to housing costs, your house is not affordable. Although it could be determined which cities are within the affordable index based on the median house value and median income level, this is a general

approach. More detailed research such as each resident income, other expenses, and house value would be required to get an accurate understanding of what percentage of residents in these cities would be considered within the affordability the affordable index; therefore, it is outside the scope of this analysis. Additionally, although the study includes average rents in the study cities, it does not provide information on the number of rental units provided in each city. It is likely that cities such as Villa Park or Seal Beach do not have a significant number of dwelling units for rent, whereas, Anaheim is likely to have a higher number of rental units. This may contribute to the increased percentage in Villa Park and Seal Beach and provide an improved analysis.

Results of this study show that three of the cities with the lowest median household income were also the cities with the lowest home ownership percentage in the county. While the higher household income levels were located within cities with a higher percentage of home ownership. The only anomalies are Laguna Woods and Seal Beach, which were noted to have a large population with residents over the age of 65, being that they have retirement communities. Also, cities with a higher percentage of ethnic minorities tend to have a lower percentage of homeownership, as well as those cities with a lower percentage of high school graduates. Finally, we find that median gross rents in a city play a small role in homeownership, as cities with lower median gross rents were within the lower homeownership percentage cities. The information for this study was obtained from 2015 Census Reporter. This provides a general overview of study on homeownership based on this information. Several factors, including total population, number of rental units, and affordability would contribute to better understanding how demographics play. Cities such as Villa Park have a high percentage of homeownership; however, the number of rental units in the city are significantly less than cities such as Anaheim or Santa Ana.

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