2025 Regional Progress Report

Recent Housing Trends in the Sacramento Region

SACOG

Table of Contents

Introduction	3
Key Findings	4-5
Overall Housing Production	6
Rate of Housing Production	6
New Housing by Product Type	8
New Housing by Location	11
Home Prices	16
Rent Prices	18
Housing Prices Compared to Income	18
Income Categories Served by New Housing	19
Housing Cost Burden	21
Home Ownership	23

Introduction

SACOG's Progress Report series tracks change across key indicators in the six-county Sacramento area that are important in implementing the Blueprint plan as well as for gauging the broader health of the region. Starting in 2024, SACOG has begun to release these progress reports on an annual basis. The shift to annual reporting corresponds with a new indicators dashboard that displays an array of data and metrics, including those referenced here, and allows users to access data at different geographies.

The 2025 edition of the Progress Report dives into a single topic: **housing**.

Housing, especially housing affordability, has long been a critical issue across the region, while a deeper dive into aspects such as housing choice, location, and product type gives important details and context for progress on Blueprint implementation.

To measure these changes, the 2025 Progress Report summarizes recent trends in housing production in the Sacramento region, including by product type and location. It then turns to a set of housing cost measures to gauge what, if any, has changed in terms of housing affordability.

The 2025 edition reports indicators at the six-county Sacramento region, which encompasses El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties and all the cities within. The companion online dashboard includes these same housing indicators at other geographies, including the jurisdictional and, in some cases, community level.

KEY FINDINGS: Housing Production

- The more than 12,500 housing units completed in the region last year (2024) represent a near two-decade high in new housing construction. This annual level surpasses the near-term growth projection in the 2025 Blueprint plan.
- When adjusting for population, the SACOG region has led California in housing production not just this year, but for eight years in a row (and 18 of the last 24, when SACOG started its housing permits inventory).
- Historically the SACOG region has had a much larger share of its new housing come from large lot single family development. More recently, the region has seen strides in diversifying the types and locations of new housing being built, which has greatly contributed to housing's rebound:
    - The roughly 4,000 attached housing units (such as apartments, townhomes, or condos) completed in the region in 2024 are the most of any tracked year (tracking began in 2001).
    - The nearly 800 Accessory Dwelling Units completed last year also are an all-time high for the region.
    - Likewise, the more than 3,300 units completed in Green Zones in 2024 represent the highest total (and highest share of total units) to date (Green Zones are locally adopted infill corridors through the region's Green Means Go program). In fact, the 2024 housing starts in Green Zones are more than three times the level of just five years ago (when Green Means Go began).
- Despite the impressive recent uptick in housing production, the region has a long way to go in tackling a housing shortage decades in the making. Put another way, the region has averaged more than 10,000 new housing units a year the last five years, but only about half that the full decade prior. Since housing markets are cyclical, the question remains whether the recent uptick will offset the period of slower housing growth following the Great Recession. And high interest rates and other economic headwinds have led many to suggest housing construction may slow in the coming years.

KEY FINDINGS: Housing Costs

- Housing costs in the six-county region are low relative to the state's large coastal areas, but high in comparison to national levels. The 2025 Progress Report compares the Sacramento region to a national set of 16 other midsized regions. These peer regions often make for a better comparison than large metros, as the midsized regions not only are a similar size to Sacramento, but also share many economic characteristics.
    - With home values around $600,000, and rents at $2,300 a month, the Sacramento region has some of the highest housing costs of its midsized peer regions group (second highest home prices and third highest rents of the peer group of 17 regions).
    - Rents and home prices have continued to increase in the region, but while prices have increased since 2020, they have not increased here as quickly compared to the set of 17 peer regions. In fact, unlike most all other studied peer regions, home prices in the Sacramento region have yet to rebound from their peak 2022 levels.
- Comparing home values to income provides a useful way to track if housing prices are rising faster than earnings. In 2012 the typical home in the area was valued at about 3.75 times the median regional income. In 2022 this rose to more than 6.75 times, demonstrating how housing prices had greatly outstripped wage gains that decade. However, in 2023 (the last year currently with income data), the ratio has fallen to roughly 6, as incomes increased and home values declined (the rents-compared-to-income measure shows a similar trend of peaking in 2022, then falling in 2023). Even with this one-year decline, the region's home-to-income ratio still falls far above levels most lenders use for housing cost burden estimates.
- Like the rest of the state, building homes that serve a variety of incomes—especially low-income residents—continues to be a key challenge. About 5 percent of new units built in the region since 2018 served low (and very low) income households. Yet as for other measures tracked in this progress report update, the last few years have seen positive momentum. In 2024, more than 20 percent of new units in the region served the low and very low income categories, an all-time high in the series.
- Even with some progress, the region still faces deep-rooted housing affordability challenges. Well over a third of households in the SACOG region are considered housing cost burdened, or those paying more than 30 percent of gross income to cover housing costs. And stark disparities by race/ethnicity persist, as Hispanic and especially Black households are much more likely to be housing cost burdened and much less likely to be homeowners.

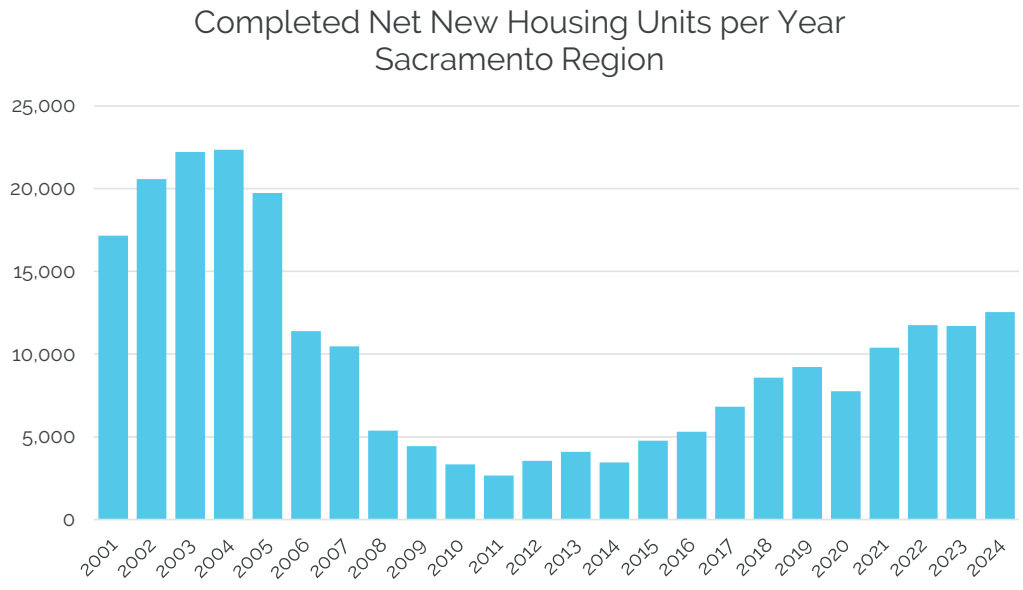
Part I. Trends in Housing Production

Overall Housing Production

The more than 12,500 housing units completed in the region last year (2024) represent a near two-decade high in new housing construction. This annual level surpasses the near-term growth projection in the 2025 Blueprint plan.

The more than 12,500 new housing units completed in the region last year are the highest level of any year since 2005. While these totals fall below the peaks of the rapid growth of the early 2000s, they represent a sustained rebound from a period of slow housing production during the Great Recession. The increase follows a period of substantial planning by local communities to invite and facilitate more housing.

And for the first time since before the great financial crisis in 2008, the SACOG area is achieving the annualized growth projections of the region's long range plan, including the near-term levels of the soon to be adopted 2025 Blueprint plan. In fact, the annualized 2020-2024 average of 10,827 new units built actually exceeds the annual 2020-2035 housing assumption (of 10,406 units a year) from the 2025 Blueprint. This is a monumental achievement.



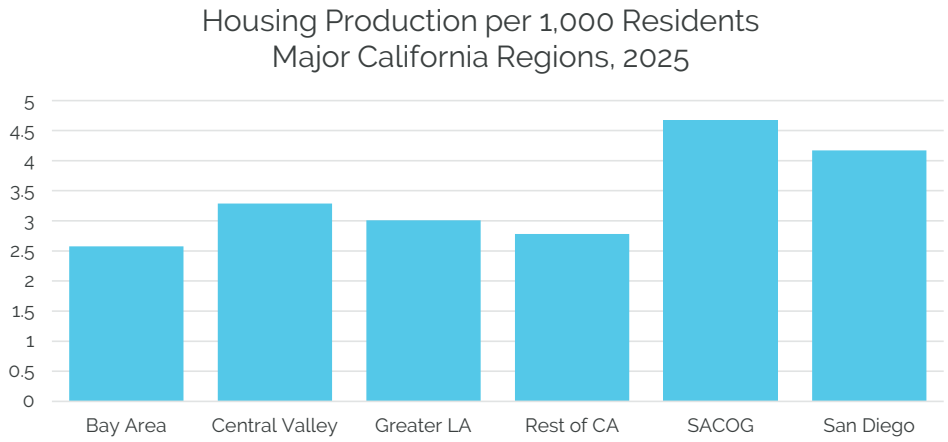
Source: SACOG permit database, for six-county Sacramento region

Rate of Housing Production

Looking at housing growth in the Sacramento region in relation to the rest of the state further illuminates the recent momentum in regional housing production. Comparing our region to other metropolitan areas in California is important in that while regions can have drastically different market dynamics, they share a similar state regulatory framework.

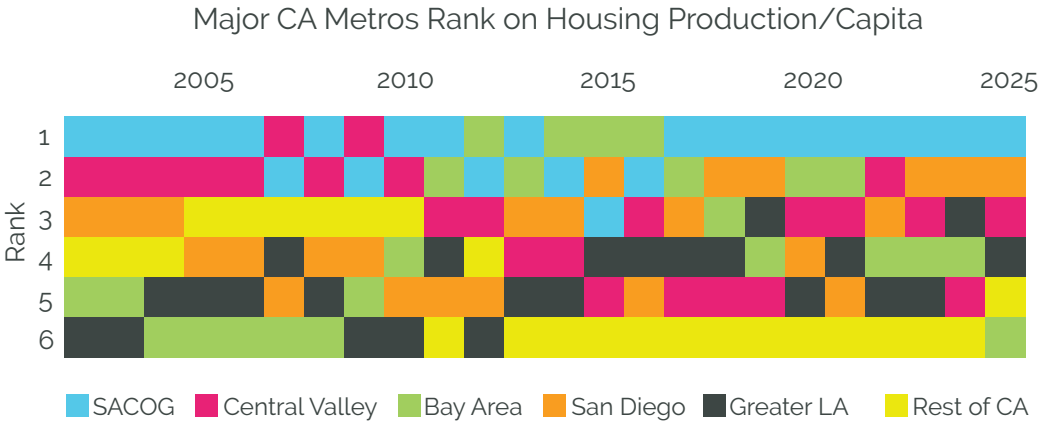
One common measure to compare housing production in areas of different sizes is new housing units per 1,000 residents. Based on this measure, the SACOG region has the highest rate of housing production of any major region in California. The measure defines regions as the nine-county Bay Area, Central Valley (San Joaquin to Kern County), Greater Los Angeles (including the Inland Empire and Orange County), the SACOG region, San Diego, and the rest of California (as a single category).

When adjusted for population, the SACOG region has led California in housing production not just this year, but for eight years in a row, and staggeringly, 18 of the last 24 years..



Source: SACOG analysis of California Department of Finance housing and population series

Looking back through time, the SACOG region has ranked first in housing production per capita not just this year, but for eight years in a row (and in 18 of the 24 years since the series began).



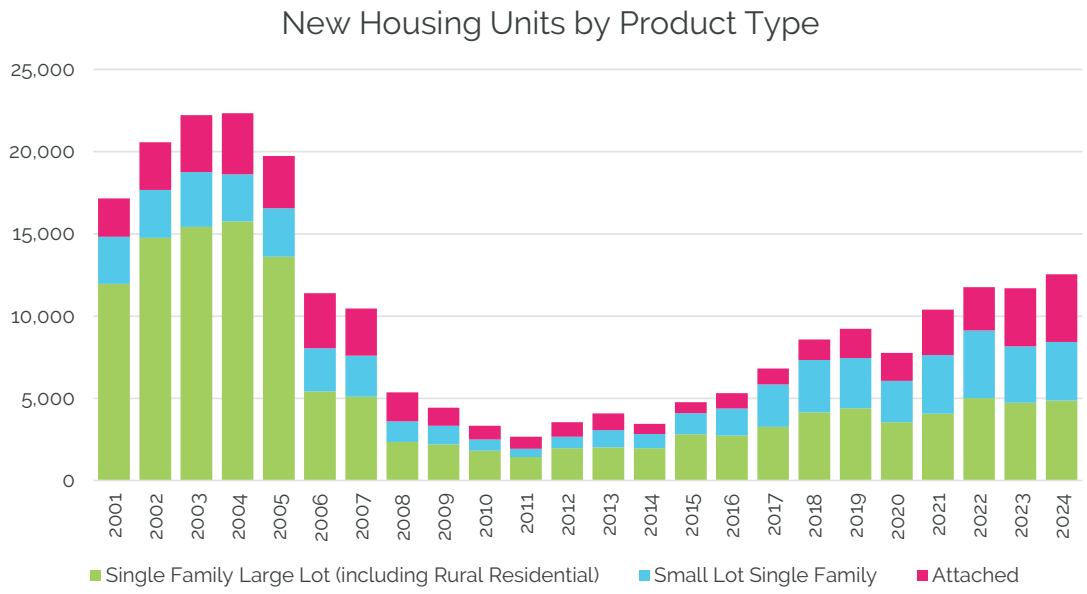
Source: SACOG analysis of California Department of Finance housing and population series

New Housing by Product Type

Large lot single family development has traditionally been the mainstay of new housing production in the Sacramento region, especially in the peak years of the early 2000s. This type of housing will continue to be an important product type into the future, yet the Blueprint plan has had a longstanding goal of providing a wider array of housing types, such as smaller lot houses, "missing middle" type units such as duplexes, and a variety of multi-family options.

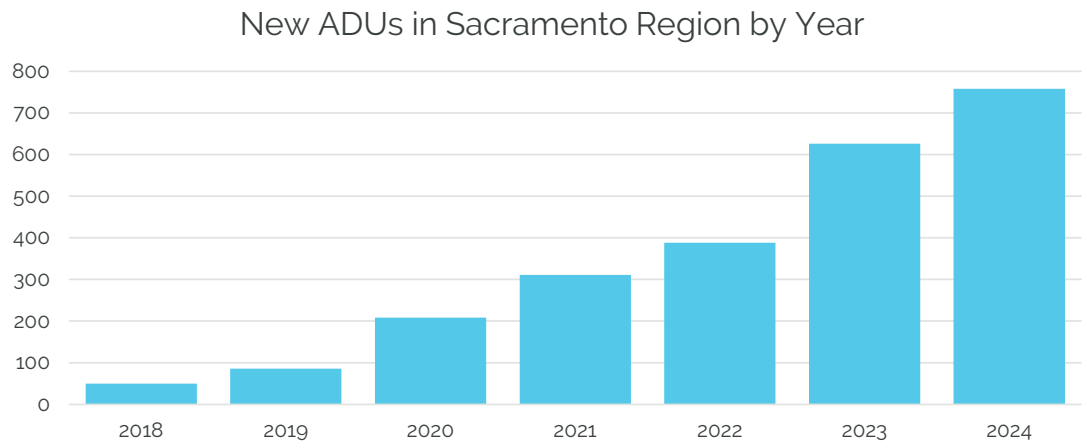
The region experienced record highs in 2024 for:
- ***New attached housing units***
- ***New Accessory Dwelling Units***
- ***New units in locally-adopted Green Zones***

Unlike prior periods, the recent increase in new housing construction in the region draws from a variety of housing types: not only large lot single family, but single family small lot and attached housing have each been an important part of the housing rebound. In fact, the nearly 4,000 attached units completed last year are the highest ever in the series (which goes back to 2001), and the second highest share ever (only 2008, which had very few units overall, had a slightly higher share). Likewise, small lot single family units (lots of 5,500 square feet or less) have grown from fewer than 15 percent of all new units in the early 2000s to around 30 percent of new construction. During this time, multiple local communities have undertaken extensive efforts to plan and then implement a strategy for more housing choice.



Source: SACOG permit inventory. For six-county Sacramento region

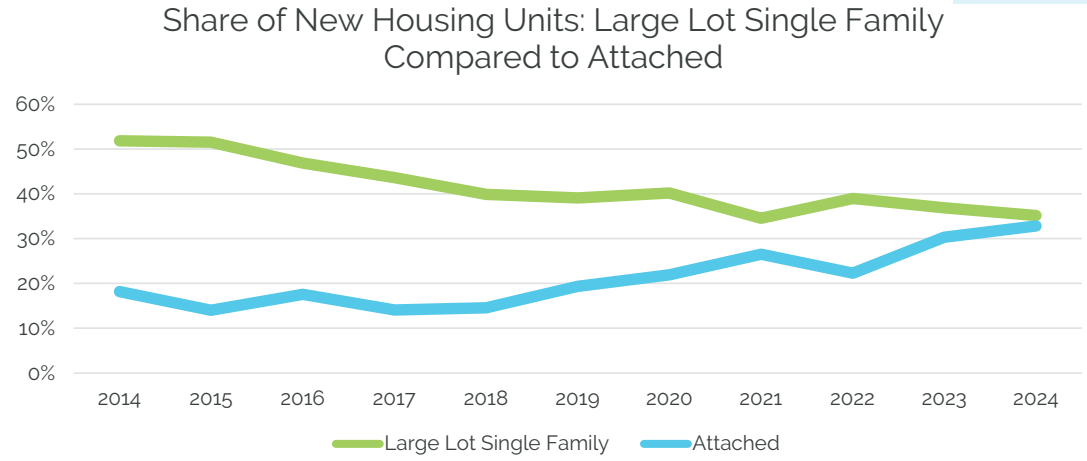
Finally, the advent of policies and actions in California to encourage Accessory Dwelling Units (ADUs) has shown impressive results: new ADU construction in the Sacramento region today is 15 times higher than in 2018, the year before many of the significant early legislative and policy changes came into effect.



Source: SACOG permit inventory. For six-county Sacramento region

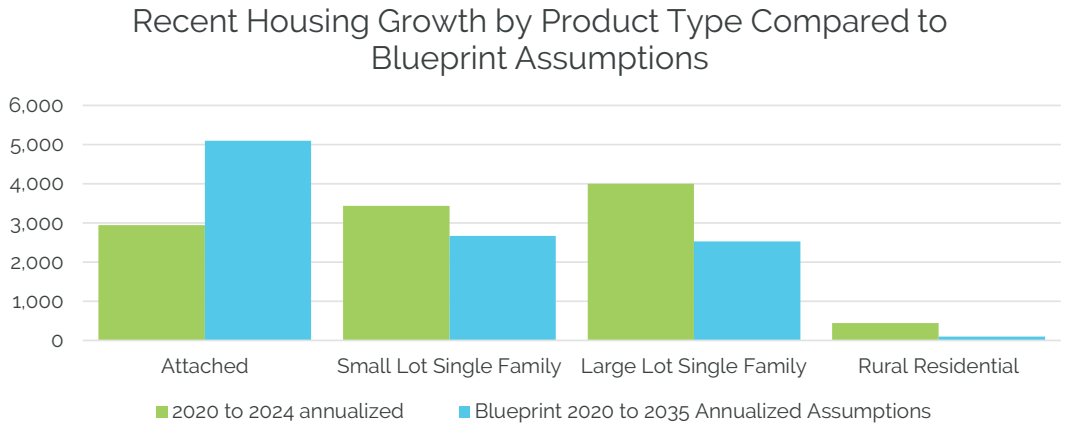
The complementary role of different housing types helps provide choice to regional residents. Delving into new housing by type highlights an important finding: the share of new large lot single family units and attached units was nearly identical last year, a far cry from the early 2000s when large lot single family units accounted for two-thirds of all new housing.

In 2024, the Sacramento region built nearly the same number of new attached housing units as new large lot single family units.



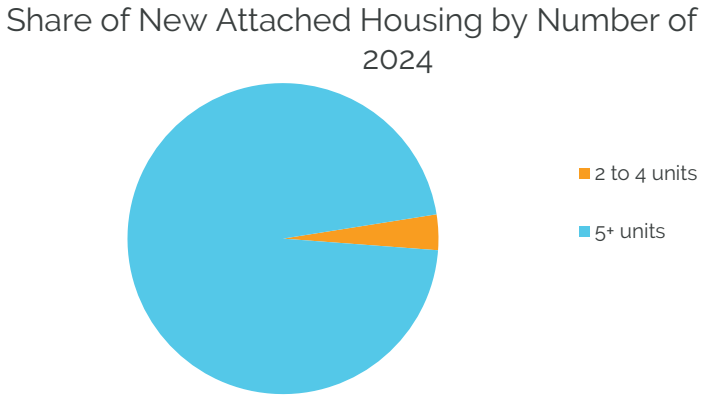
Source: SACOG permit inventory. For six-county Sacramento region

Despite the increase in the variety of housing types, the region continues to fall below Blueprint goals for one form of housing: attached units. The record nearly 4,000 attached units completed last year are below the Blueprint's annual average of 5,100 units out to 2035. In other words, the region's one-time high in attached housing last year still falls below the levels the Blueprint suggests are needed each and every year. All other types of housing have exceeded Blueprint growth assumptions for the last five years.



Source: SACOG permit inventory and 2025 Blueprint plan. For six-county Sacramento region.

SACOG's permit database allows for a deeper look for trends within attached housing. The database splits new attached developments into those of 2 to 4 units (such as duplexes and fourplexes), and those of 5 or more units. Not surprisingly given the higher unit count, developments of 5+ units account for most of the region's new attached housing stock. But what may be surprising is the predominance of the larger attached units—more than 95 percent of the new attached housing that came online in the region last year was in developments of 5 or more units (so that less than 5 percent came from small developments of 4 units or fewer). And 2024 is not an outlier: the 20 year average on the 5+ units is 92 percent. One way the region can bridge the gap between production and Blueprint goals on attached housing could be in these smaller developments, which often form a large part (but not all) of missing middle housing strategies.



Source: SACOG permit inventory. For six-county Sacramento region.

New Housing by Location

The region's Blueprint plan uses a framing to help describe and organize the multiple different communities and neighborhoods within the six counties. The plan's four main community types are:

- **Center and Corridor Communities**, typically higher density and more mixed in surrounding uses, such as historic downtowns/main streets, suburban commercial corridors, central business districts, or town centers.

- **Established Communities**, typically adjacent to or surrounding Centers and Corridors. Often characterized as "first ring" or mature suburban communities, these Established Communities are typically made up of existing low to medium density residential neighborhoods along with offices, industrial parks, and commercial strip centers.

Roughly two thirds of new housing the last five years has been in infill areas, aligning with the 2025 Blueprint forecast.

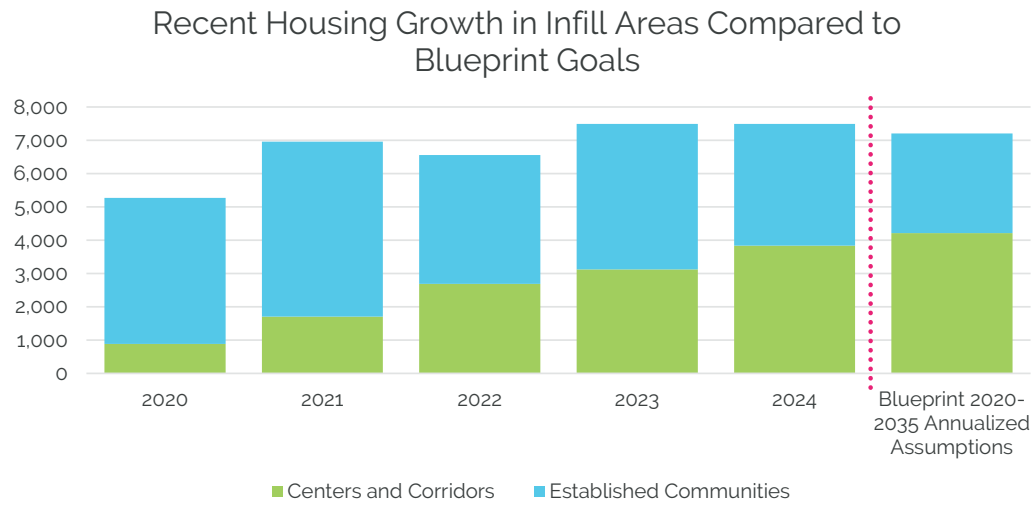
- **Developing Communities**, typically situated on vacant land at the edge of existing development, they are the next wave of urban expansion.

- **Rural Residential Communities**, predominantly low density residential outside of urbanized areas.

From a location perspective, the Blueprint calls for about two-thirds of new housing to fall within infill areas, which, using the community type framing, are defined as Center and Corridor and Established Communities.

The region's housing growth has largely followed this Blueprint goal, where roughly two-thirds of new housing the past five years has been within those infill categories. However, a significant proportion of that infill housing production until recently has been made up of new growth areas in more recent Established Communities filling out their last remaining subdivisions.

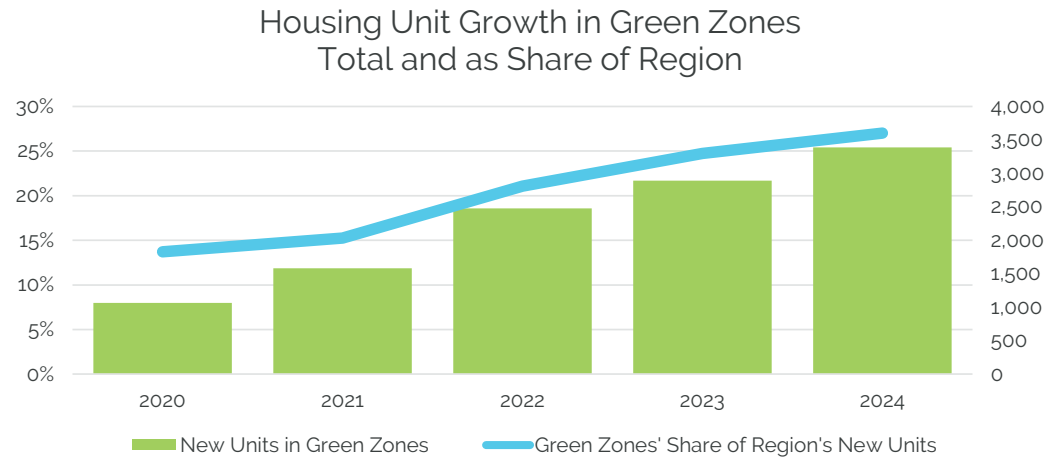
As for attached housing (a product type), the region still has a gap between Blueprint goals and actual production levels within Centers and Corridors (a housing location). The gap for Centers and Corridors is closing, with 2024 also an all-time high in units constructed in that community type.



Source: SACOG permit inventory and 2025 Blueprint plan. For six-county Sacramento region.

One homegrown strategy that is helping revitalize Center and Corridor areas is Green Means Go. Green Means Go is the region's infill accelerator, where 26 of 28 local jurisdictions have adopted Green Zones—key infill areas with capacity for growth but that to date have faced market or other barriers to development. Not every Green Zone is exclusively within a Center and Corridor, but most are.

Green Means Go is a homegrown strategy to revitalize infill communities.

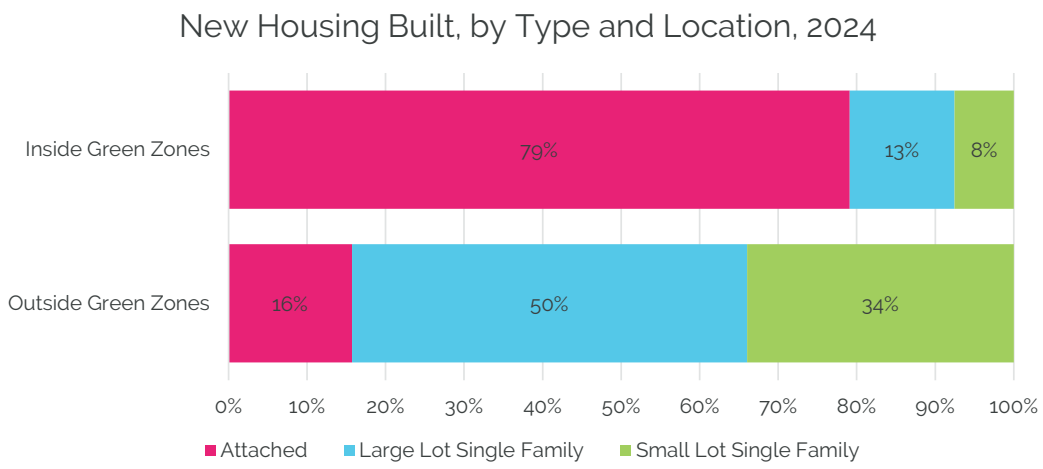


Source: SACOG permit inventory. For six-county Sacramento region.

Since 2020, when Green Means Go launched, the number of housing units annually completed in Green Zones has tripled. And the share of new housing units in the region that fall within Green Zones (compared to outside of Green Zones) has also steadily risen, to over a quarter of all new units. The previous chart shows the total number of new units in Green Zones by year (bar chart) and Green Zones' collective share of new regional housing units (line chart); 2024 levels for each are an all-time high.

This growth in key infill Green Zones stems from a variety of factors, including investments made before the launch of Green Means Go as well as local planning efforts and policy changes. But the increase also helps demonstrate the potential and continued need for a regional effort aimed at infill development and the capacity for housing in Green Zones.

New housing in Green Zones is also much more likely to be the attached housing product that the region needs more of to meet Blueprint goals. Nearly 80 percent of new housing in Green Zones last year was attached housing; attached housing's share of new units outside of Green Zones was 16 percent. And Green Zones are accounting for a greater and greater proportion of all new attached housing. In the 2019 to 2021 period, Green Zones accounted for about a third of all new attached units in the region. In the last three years (2022 to 2024) this has risen to 70 percent. Such growth doesn't just happen by circumstance, but draws on local plans now coming to fruition for new housing and economic development that were envisioned and invited by local communities.



Source: SACOG permit inventory. For six-county Sacramento region

Bridge District, West Sacramento

Part II. Trends in Housing Cost

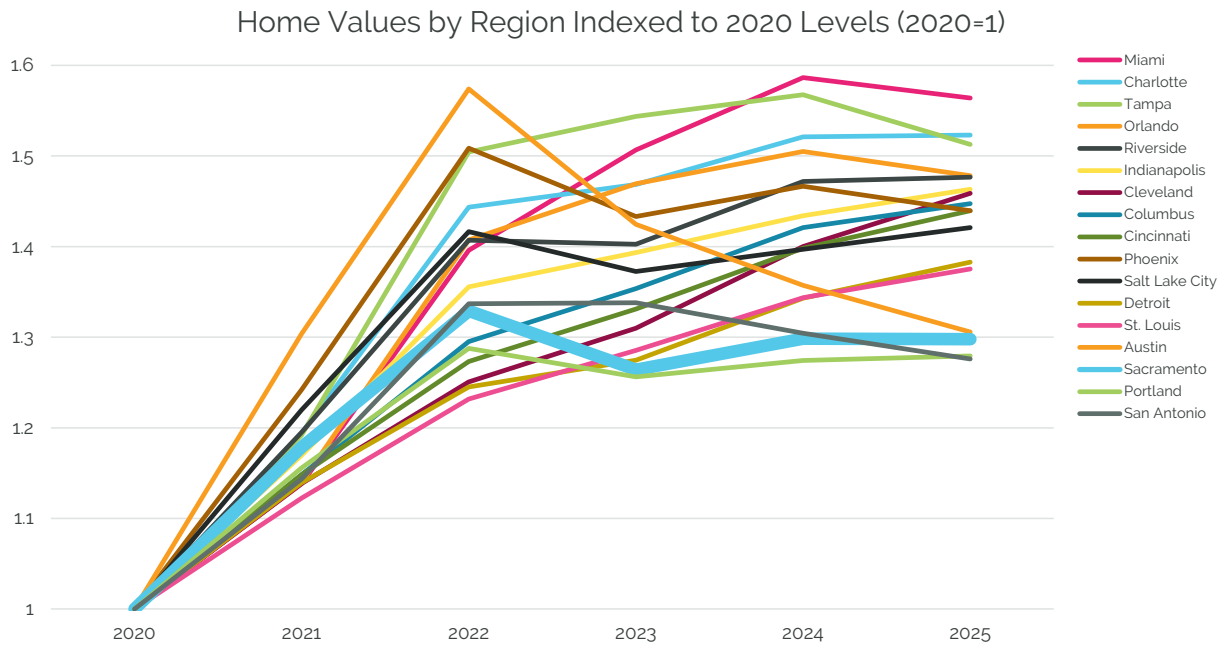
With home values around $600,000, and rents at $2,300 a month, the Sacramento region has some of the highest housing costs of its midsized peer regions group (2nd highest home prices and 3rd highest rents of the peer group of 17 regions).

Even with some promising near-term trends, housing affordability in the Sacramento region continues to remain a major challenge. Housing cost pressures are particularly acute for low-income households, renters, and communities excluded from homeownership. This section explores housing costs in the Sacramento region, including recent changes in prices and measures more resistant to near-term change, such as homeownership rates.

Home Prices

Compared to the large coastal regions in California, housing prices in the Sacramento area are much less expensive. But while housing prices in the region may seem affordable in the California context, a look at other midsized regions outside the state highlights the Sacramento region's high costs relative to the nation. The annual progress report and dashboard use a set of midsized peer regions from across the nation to compare to the Sacramento region. In addition to similar sizes, these peer regions have more resemblance in economic structure and other factors. In the early part of the 2000s, home price increases in the Sacramento region outstripped almost all other national midsized peer regions. By 2022, the "typical" home price in the six-county region was nearly $600,000 (stats in this section draw on Zillow's Home Value Index, which is a seasonally adjusted measure of home values in the region).

More recent data, however, suggests that since 2022, home prices in the Sacramento region decreased year-over-year into 2023 and have yet to exceed that 2022 high. This is more unique in its peer group of 17 regions, as based on the available data only four other regions (Austin, Phoenix, Portland, and San Antonio) have home values lower today than in 2022. And the Sacramento region's overall increase in home prices since the beginning of Covid is the lowest of all save two other regions in its peer group.



Source: SACOG analysis of Zillow data. For MSA geography (except SACOG is for 6-county region)

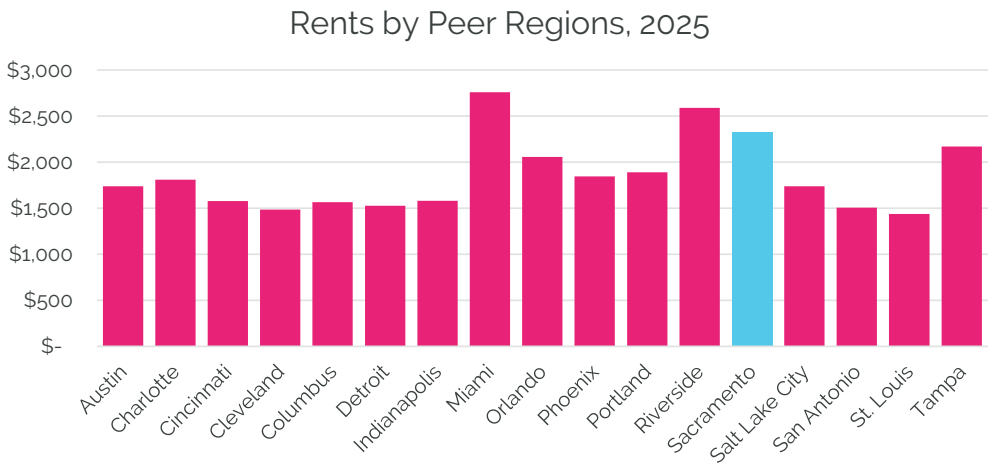
While the slight decline in home values could be a hindrance for homeowners looking to sell or tap into equity, lower prices make homes more accessible to a broader range of residents, including first-time purchasers who were previously priced out of the market. Yet even with the softening in prices, the typical home price in the Sacramento region is still the second highest of its set of peer midsized regions (given the high starting point).

Rents and home prices have continued to increase in the Sacramento region, but the increases here since 2020 are actually lower (on a percent basis) than most all other studied midsized regions.

Habitat for Humanity, Folsom, Single Family Homes and Accesory Dwelling Units

Rent Prices

Similar to home values, rents in the Sacramento region are lower in the California context, but high compared to national levels. The "typical" market rent of $2,325 a month in the Sacramento region in 2025 is the third highest of its set of 17 peer midsized regions (stats in this section use the Zillow Observed Rent Index, tracking listed rents within the 40th to 60th percentile, then weighted to reflect the full rental housing stock).



Source: SACOG analysis of Zillow data. For MSA geography (except SACOG is for 6-county region)

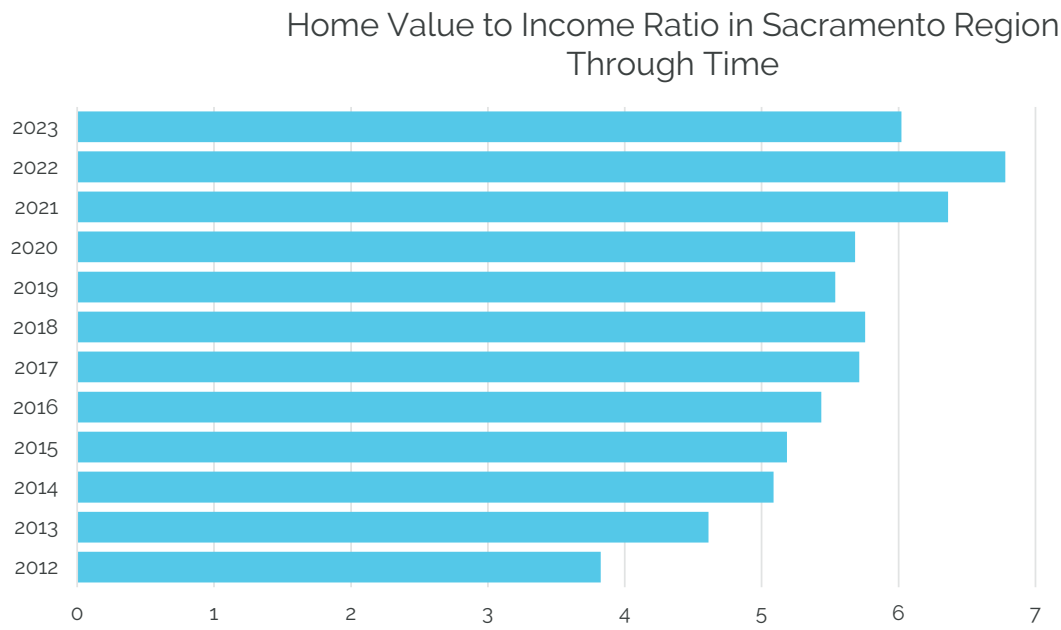
As for home values, though, rents have not increased as quickly in the Sacramento region during the last five years compared to its set of national peer regions. While rents have risen almost 30 percent during this period here, this level is lower than all but three fellow midsized comparators.

Housing Prices Compared to Income

Pairing income with home costs is an extremely useful indicator to track if housing is rising faster than household earnings. The median home value to median income measure accounts for variations in cost of living across markets and also tracks if housing is outpacing wage gains. The measure used here is the "typical" home value (as described above) compared to regional median household income.

Household incomes in the Sacramento region have increased noticeably in the last ten plus years. However, for much of this period, home prices have increased faster. In 2012 the typical home was valued at about 3.75 times the median regional income. In 2022 this rose to more than 6.75 times (a ratio higher than all but two other peer regions). However, in 2023 (the last year currently with income data), the ratio has fallen to roughly 6, as incomes increased and home values actually declined. Rents compared to income follow the same trend as home values, where rents rose faster

than income since 2015 (when the rental dataset began) to peak in 2022, but then fell in 2023. Even with this one-year decline, the region's home-to-income ratio still falls far above levels most lenders use for housing cost burden estimates.



Source: Zillow Home Value Index for home value and US Census Bureau ACS data on income. For six-county Sacramento region.

Income Categories Served by New Housing

Another measure that can shed insight into housing costs is the income level needed to meet the different types of new housing being built. Through a state process, local jurisdictions track the estimated household income category served by new housing. For example, a large new luxury home with a big yard in an expensive real estate market would likely only be attainable to high income/high net worth households such as doctors or lawyers, given the home's high price point. Conversely, a small starter home could be within reach for a wider array of households such as teachers, nurses, or skilled trade workers.

Like the rest of the state, building homes that serve a variety of incomes—especially low-income residents—continues to be a key challenge in the region.

The measure compares units constructed to income levels established through the region's current Regional Housing Needs Allocation (RHNA) using four income categories:

- **Very Low Income** households (0-50% of Area Median Income), such as restaurant workers, maintenance crews and janitors, or farmworkers.
- **Low Income** households (50-80% of Area Median Income), such as lower-skilled construction occupations, medical assistants, or administrative services workers.

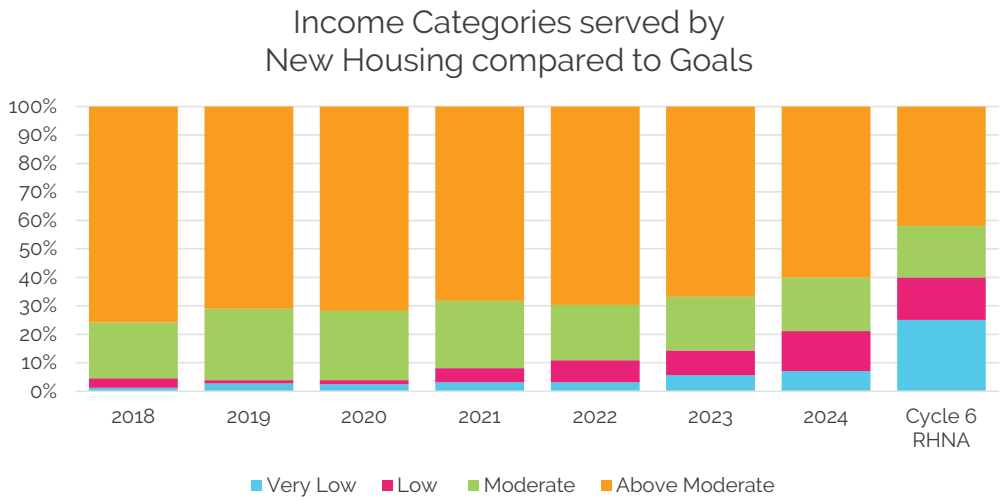
- **Moderate Income** households (80-120% of Area Median Income), such as teachers, skilled trade workers or entry to mid level nurses and firefighters.
- **Above Moderate Income** household (120% or more of Area Median Income), such as engineers, doctors, lawyers, software developers and managers.

(These examples, based on typical earnings by occupation, are for illustrative purposes. Household income and housing need are influenced by other factors, including the number of workers and the number of dependents.)

Overall, new homes constructed in the Sacramento region have largely been geared toward above moderate income earners (or those households earning more than $115,000 a year). This is typical of what is experienced in the rest of the state, especially as construction costs and other factors make it very difficult to deliver a new dwelling unit below a certain price point. In fact, the Sacramento region has a slightly higher share of new units in the low income and very low income categories compared to the state as a whole.

The last few years have seen a noticeable uptick in new housing units serving very low income and low income households in the region, as both the shares and overall levels in these categories have increased every year since 2020. Indeed, the nearly 900 units constructed in 2024 estimated to serve the very low income category are more than 10 times the levels in 2018, when the dataset began (and the 1,755 units in the low income category are likewise almost ten times 2018 levels).

Still, like the rest of the state, the region continues to face a challenge in delivering housing units across income categories: the region has averaged about 5 percent of new units in the low income and very low income categories since 2018.



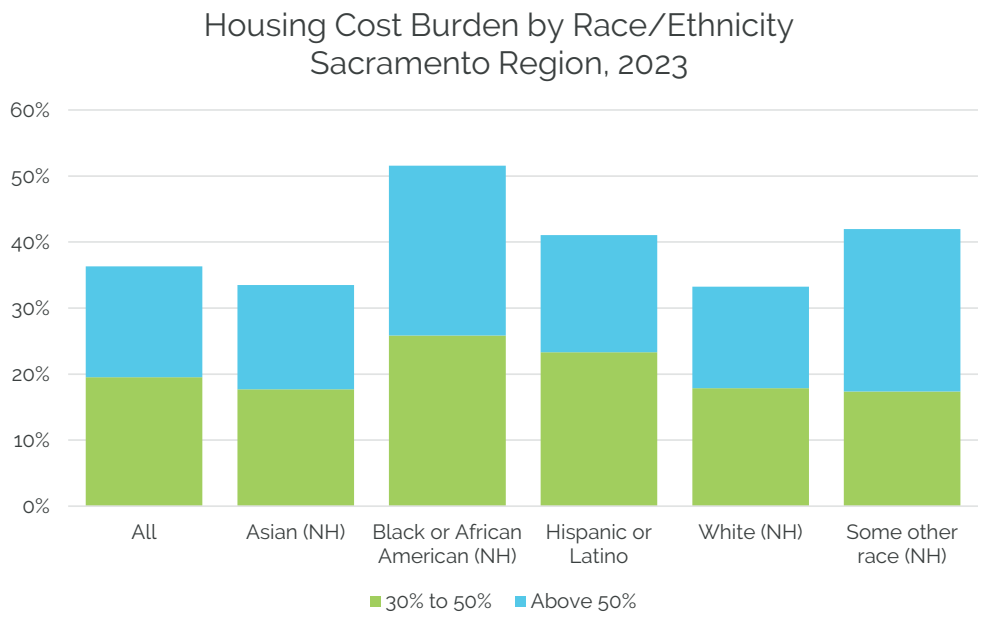
Source:SACOG analysis of HCD APR data. For six-county Sacramento region

Housing Cost Burden

Housing cost burden tracks the percentage of household income devoted to housing. A household is considered "housing cost burdened" if it pays at least 30 percent of gross monthly income (i.e., overall income before taxes, retirement, health care, or any other costs are subtracted) to cover housing costs. In the analysis, housing costs include contract rent plus utilities for renters, and mortgage payments, taxes, insurance, and utilities for homeowners.

Well over a third of households in the SACOG region are burdened by housing costs. This measure has changed little over the 15 years, partly because new housing each year represents just a fraction of the region's overall housing stock. Further, the measure uses a five-year rolling average, which can mask some changes year over year.

Even with some progress, the region still faces deep-rooted housing affordability challenges. Stark disparities by race/ethnicity persist, as Hispanic and especially Black households are much more likely to be housing cost burdened and much less likely to be homeowners.

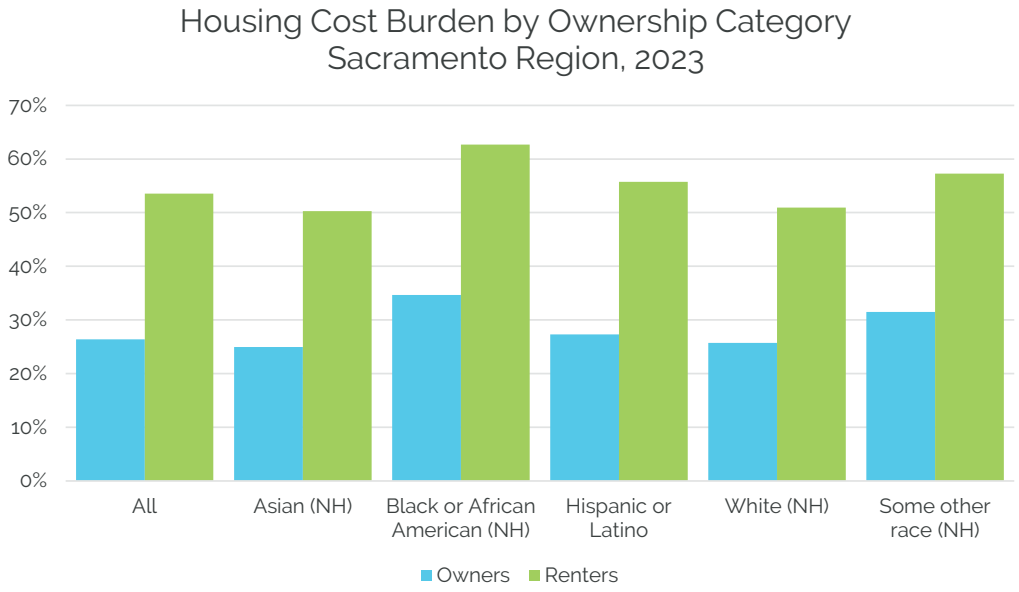


PUMS 2023 5 year rolling average. For six-county Sacramento region, combined owner and renter categories. (NH) stands for non-Hispanic.

Looking at housing cost burden by race/ethnicity in the region highlights significant disparities. Hispanic and Black households must contribute a much higher share of income to cover basic housing costs. Indeed, more than half of all Black households in the region are housing cost burdened.

Delving deeper into the housing costs highlights an important finding: across race and ethnicity, renters are very susceptible to housing cost burden.

More than half of all renters in the Sacramento region are housing cost burdened, which is double the rate of homeowners. Increases in rents can thus be particularly challenging to household budgets, as a high housing cost burden leaves little wiggle room for other expenses.

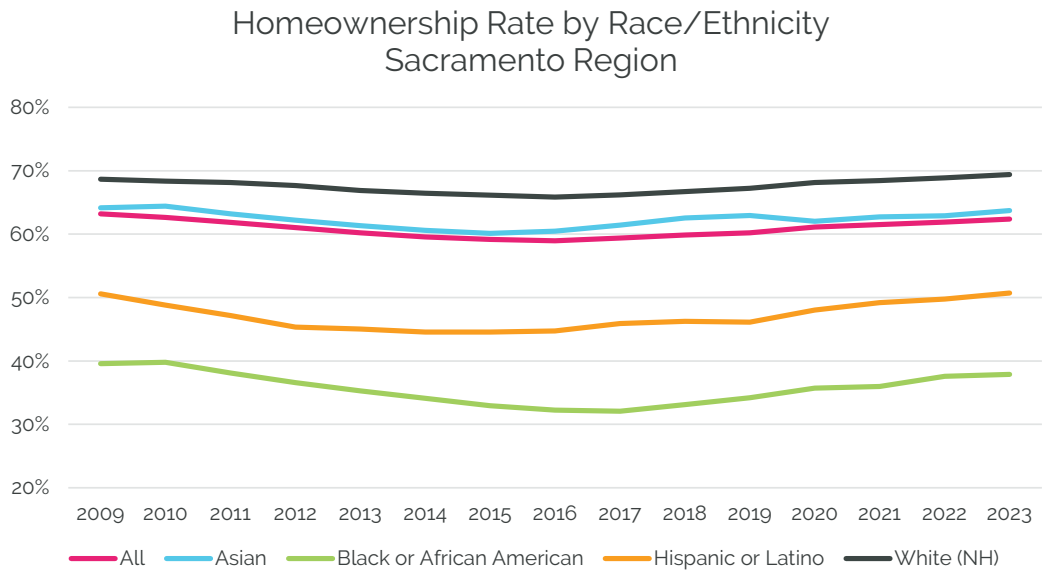


Source: PUMS 2023 5 year rolling average. For six-county Sacramento region. Renter and own categories separated

Home Ownership

As for housing cost burden, homeownership rates tend not to change much in the short term. Yet homeownership has traditionally been one of the primary ways families build wealth, while historical practices such as redlining and discriminatory lending denied many families of color access to homeownership. As home prices outstrip incomes, it becomes even harder for those who missed out on this wealth building to break into the housing market, resulting in a persistent gap in homeownership rates by race/ethnicity.

The disparities in homeownership rates in the Sacramento region stand little changed from 2009, when the US Census Bureau started tracking the measure on an annual basis.



Source: US Census Bureau American Community Survey, 5 year rolling average. For six-county Sacramento region.


sacog.org