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A wave from the Bay

Flood of newcomers is changing the face of the Sacramento region

By Phillip Reese and Jim Wasserman - Bee Staff Writers

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They brought the Bay with them: upscale shops, more government services, new restaurants.

But also: More traffic, higher home prices, congestion.

Almost 150,000 people moved from the Bay Area to the Sacramento metropolitan region from 2001 to 2005, a torrent of 80 newcomers a day, according to a Bee analysis of new federal IRS data. More people came here from the nine Bay Area counties during that time than from all other counties in the state combined.

The eastward migration is part of a longer-term trend, too. Over the past decade more Bay Area transplants have moved here than the permanent population of Reno plus all the gamblers and skiers visiting there on any given Saturday night.

As a group, the newcomers who arrived in the five years ending with 2005 came with ample funds -- a combined annual income of \$4 billion. Santa Clara County, home to the high-tech Silicon Valley, sent the most new residents this direction: more than 40,000 in five years. That group also reported the highest average household income: nearly \$69,000 a year.

The wealthiest Bay Area transplants tended to head straight for the suburban counties, while Sacramento County has attracted those less well-off.

The newcomers' upside outweighs any drawbacks, according to economists and urban planners. For instance, collectively they contributed to a rise in taxable retail sales in the region of about 28 percent from 2001 to 2005, easily outpacing growth statewide, according to the State Board of Equalization.

"The economic benefit is obvious," said Michael Faust, Sacramento Metro Chamber senior vice president of public policy and advocacy. Businesses moved from the Bay Area and people followed, he said.

"Just connect the dots," he added. "Business attraction creates new jobs, new jobs build new homes, new homes feed existing business, and strong business environment attracts new business.

"That equation is why Sacramento has been able to (maintain) a strong economic position in a slowing state and national economy."

Still, if you've tried to merge onto eastbound Interstate 80 near Roseville at 5 p.m. lately, the traffic might cause you to form a contrary opinion of the benefits. Or, if you want to buy a house with a typical local income, the Bay Area transplants may have helped price you out of the market.

"It's pretty hard to reach any other conclusion than that that influx had a significant impact on the run-up on housing prices in the region," said Mike McKeever, executive director of the Sacramento Area Council of Governments.

Take El Dorado County. About 14,000 Bay Area residents moved in during the five years ending in 2005, while only about 3,000 left for the Bay Area. The newcomers' average household income was about \$82,000 -- far above the county's own average.

That income, along with the equity from selling Bay Area homes, has contributed to the county's median home price rising from about \$235,000 to about \$480,000 since 2001.

The upward tick in housing puts Marilyn Orrick in a lurch. She's vice president of the board of directors at El Dorado County Habitat for Humanity, which provides housing to those who can't afford it. The number of properties the organization can afford has dwindled significantly.

"There is a scarcity of available property," Orrick said. "We're having to go up the hill and away from the populated areas."

For Bay Area transplants, homes here are a relative bargain. That is apparent in the city of Lincoln, a boomtown within a boom county, where growth has been driven largely by Sun City Lincoln Hills, a super-size retirement community with close to 7,000 homes.

When Del Webb Corp. opened Sun City in late 1999, Lincoln boasted just 11,000 residents and a downtown street where jaywalking was the norm. Bay Area arrivals quickly made Lincoln the state's fastest-growing small city, pushing the population to nearly 35,000.

Ralph and Shirley Green rode that wave. The Greens lived 40 years in the same San Mateo County house before they came to Sun City just after Thanksgiving in 2001, moving closer to a daughter who had left the Bay Area for Folsom in 1993.

The Greens quickly found that their idea was far from original. How many of their neighbors are Bay Area transplants? "Like 70 percent," Ralph Green said. "I run into them in the Jacuzzi, playing golf, everywhere."

Green, a retired private investigator, is comfortably settled in now, but remembers his first reaction to Placer County.

"I said, 'No way. I'm born and raised in San Francisco, and I lived in Belmont for 40 years, and there's no way I am going to come up to this hellhole with 110 degrees.'" Today, he calls it "great living."

When Green drives north on Highway 65, his view of the Sierra foothills includes a seemingly endless expanse of new single-family rooftops and fresh businesses. He says it's become easy to impress Bay Area visitors with his surroundings as Lincoln takes shape around him.

"People come up here and visit it and see it and say 'Oh, my God,'" he says. "Now, with the shopping and restaurants, it's even better."

Unfortunately, Green's Highway 65 vista is marred by lots of traffic in the foreground. The number of cars on the highway, which connects Lincoln and Roseville, increased about 117 percent from 2001 to 2005, according to data from the state Department of Transportation on average daily traffic counts. Officials can hardly improve the road fast enough.

Highway 65 also doubles as Lincoln's main street, and serious bottlenecks ensue. Besides annoying those stuck in traffic, it's not much fun eating outdoors at a restaurant and trying to talk over the din of idling 18-wheelers.

"It's nuts," Green said. "I keep teasing everybody I'm going back to the Bay Area to get out of traffic."

Elk Grove, too, has seen itself transformed by Bay Area arrivals. It's an entry point for newcomers who plan to commute back until they find work in Sacramento.

Ryan and Thais Turner came from Fremont a few years back during Elk Grove's infancy, helping replace dairy cows with single-family homes. They watched and supported the stores, restaurants, gyms, offices, hospital expansions -- even wine cellars -- that followed, making Elk Grove feel a little like one of those cities to the west.

Ryan commuted for nine months to a Sunnyvale Fry's Electronics store 120 miles away. For two years, Thais drove to Antioch and climbed aboard a BART train to take classes at San Francisco State University.

Today, Ryan runs the audiovisual department at Sacramento's Fry's Electronics. Thais is a technical writer and consultant on a pair of local projects related to substance abuse. And they're raising a 9-month-old daughter in a three-bedroom, two-bath house near a park.

Among the attractions to Sacramento for Bay Area residents are political jobs. In 2002, Bay Area friends gave political consultant Julie Soderlund no more than three or four years in Sacramento "and you're going to be out of there."

"I've been here five years now," said Soderlund, who moved from Castro Valley to join a Republican consulting firm and later became Gov. Arnold Schwarzenegger's campaign spokeswoman. "My life has really taken shape."

Soderlund met her husband-to-be in Sacramento, got married, and the couple recently bought a house in Land Park.

Residents who came here with metropolitan tastes have helped some specialized Sacramento businesses thrive -- places like 58 Degrees and Holding, a midtown wine bar. Owner Ian Smith, who came to the capital four years ago from San Francisco, says many Bay Area transplants moved into the lofts and new downtown housing near his business.

"When we designed the concept it was toward catering to that type of individual," he said. "They want something that's a little different."

Still, a large number of the transplants to Sacramento County are struggling to get by, tax records show.

The average household income of the 90,000 Bay Area residents who came to Sacramento County -- only 31,000 left for the Bay Area -- was 7 percent lower than the average annual income of those already here.

Poorer residents tend to gravitate toward urban centers, economists say, for cheaper housing and better public transportation.

"Partly it's just the nature of the housing supply," said Hans Johnson, a research fellow at the Public Policy Institute of California. "Secondly, it's a reflection of where services are and where they aren't. ... People without cars are certainly not going to be drawn to Placer County."

On paper, Yolo County migration appears to have the same economic challenges as Sacramento County. But a natural influx of college students -- who show up in IRS figures if they report a permanent address in Yolo County -- may skew those numbers.

The net increase of Bay Area residents in Yolo County -- where slow-growth policies in the two largest cities kept numbers small -- was almost 6,000 between 2001 and 2005. The Welch family counted for four of that number.

"Housing prices were much more reasonable," said Dana Welch, describing some of the reasons for her family's move. "We wanted a more mellow lifestyle that involved bike riding to sports practices."

The Welches came to Davis from Santa Clara County not just for more affordable housing, but also for a smaller community and better public schools. Today, Dana Welch organizes events part time for UC Davis; her husband, Paul, works for Hewlett-Packard in Roseville.

But the family -- now numbering five with the arrival of a third son in Davis -- was able to trade a three-bedroom, 1,400-square-foot home near San Jose for a six-bedroom, 2,900-square-foot home in central Davis.

Because relative housing costs were a significant factor in the Bay Area influx, there is debate among experts over whether the trend will hold now that the housing price gap has closed a bit.

The 2005 migration figures show many more are still coming in from the Bay Area than heading in the opposite direction. But a slowdown in that migration has contributed to the cooling of the area's real estate market.

In 2000, a typical Bay Area home cost more than twice as much as a typical Sacramento area home, according to real estate tracking firm DataQuick Information Systems. In 2006, the Bay Area's median home price was about 63 percent higher.

"You have lost a bit of that competitive edge," said Stephen Levy, director of the Center for Continuing Study of the California Economy, based in Palo Alto. "Sacramento is still an attractive place, but my guess is that most of the people who would move there have moved already."

Others see the trend continuing for the foreseeable future. It remains, they note, much cheaper to live in Sacramento than in San Francisco.

"I don't expect this will reverse or anything dramatic like that," said Suzanne O'Keefe, a Sacramento

State economist. "This region expects more and more people. We have more land to move into than the Bay Area does. We have a strong economy, a diversified economy. That will definitely attract more people. This isn't a short-term trend."

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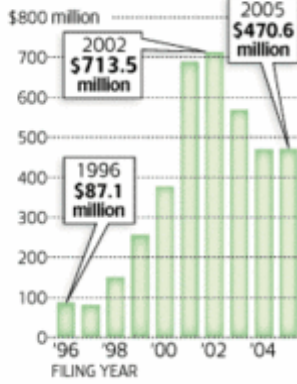
From the Bay to the Valley

Nearly 150,000 Californians moved from the Bay Area to the Sacramento metro area from 2001 to 2005 – about 80 Bay Area transplants a day, according to a Bee analysis of Internal Revenue Service data. During that period, only about 50,000 people moved from Sacramento to the Bay Area, giving Sacramento a net increase of 100,000 Bay Area transplants in just five years.

The number of people moving from the Bay Area to the Sacramento region, minus those moving to the Bay Area



Annual income of transplants minus income of those who left



Median home price for Bay Area
106 percent higher than
Sacramento region

Median home price for Bay Area
54 percent higher than
Sacramento region

10 California counties that sent the most residents to Sacramento region, 2001-05

FROM	NEW RESIDENTS	AVERAGE HOUSEHOLD INCOME
Santa Clara County (San Jose)	40,727	\$68,851
Alameda County (Oakland)	28,935	\$52,109
Solano County (Fairfield)	21,910	\$45,281
Contra Costa County (Concord)	19,581	\$56,778
San Mateo County (Redwood City)	16,859	\$68,156
Los Angeles County	16,782	\$42,434
San Joaquin County (Stockton)	15,913	\$40,333
San Diego County	9,110	\$38,220
San Francisco County	8,545	\$51,870
Sonoma County	7,959	\$46,202

10 out-of-state counties that sent the most residents to Sacramento region, 2001-05

FROM	NEW RESIDENTS	AVERAGE HOUSEHOLD INCOME
Washoe County, Nev. (Reno)	4,588	\$39,699
Maricopa County, Ariz. (Phoenix)	4,458	\$52,643
Clark County, Nev. (Las Vegas)	3,820	\$39,572
King County, Wash. (Seattle)	3,121	\$48,939
Douglas County, Nev.	1,686	\$33,616
Honolulu County, Hawaii	1,588	\$34,350
Salt Lake County, Utah	1,504	\$45,525
Cook County, Ill. (Chicago)	1,432	\$54,450
Multnomah County, Ore. (Portland)	1,249	\$34,357
Pierce County, Wash. (Tacoma)	1,195	\$39,250

Note: Sacramento area counties consist of Yuba, Sutter, Yolo, Sacramento, Placer and El Dorado. Bay Area counties consist of San Francisco, San Mateo, Marin, Santa Clara, Alameda, Contra Costa, Solano, Napa and Sonoma.

Source: Bee analysis of IRS data

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