

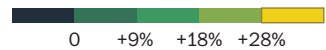
The best and worst places to own a home after America's housing bust

BY TED MELLNIK, DARLA CAMERON AND DENISE LU

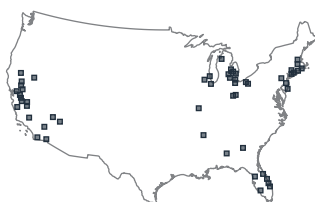
The overall U.S. housing market has recovered from the crisis that plunged the country into recession. But The Washington Post's new analysis shows that the recovery has been deeply uneven, creating winners and losers along lines of race, income and geography.

See how your neighborhood fared at wapo.st/housing.

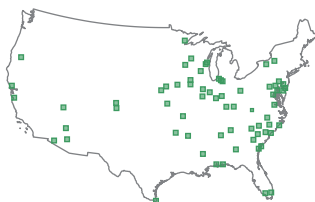
CHANGE IN HOME VALUES SINCE 2004 BY METRO AREA



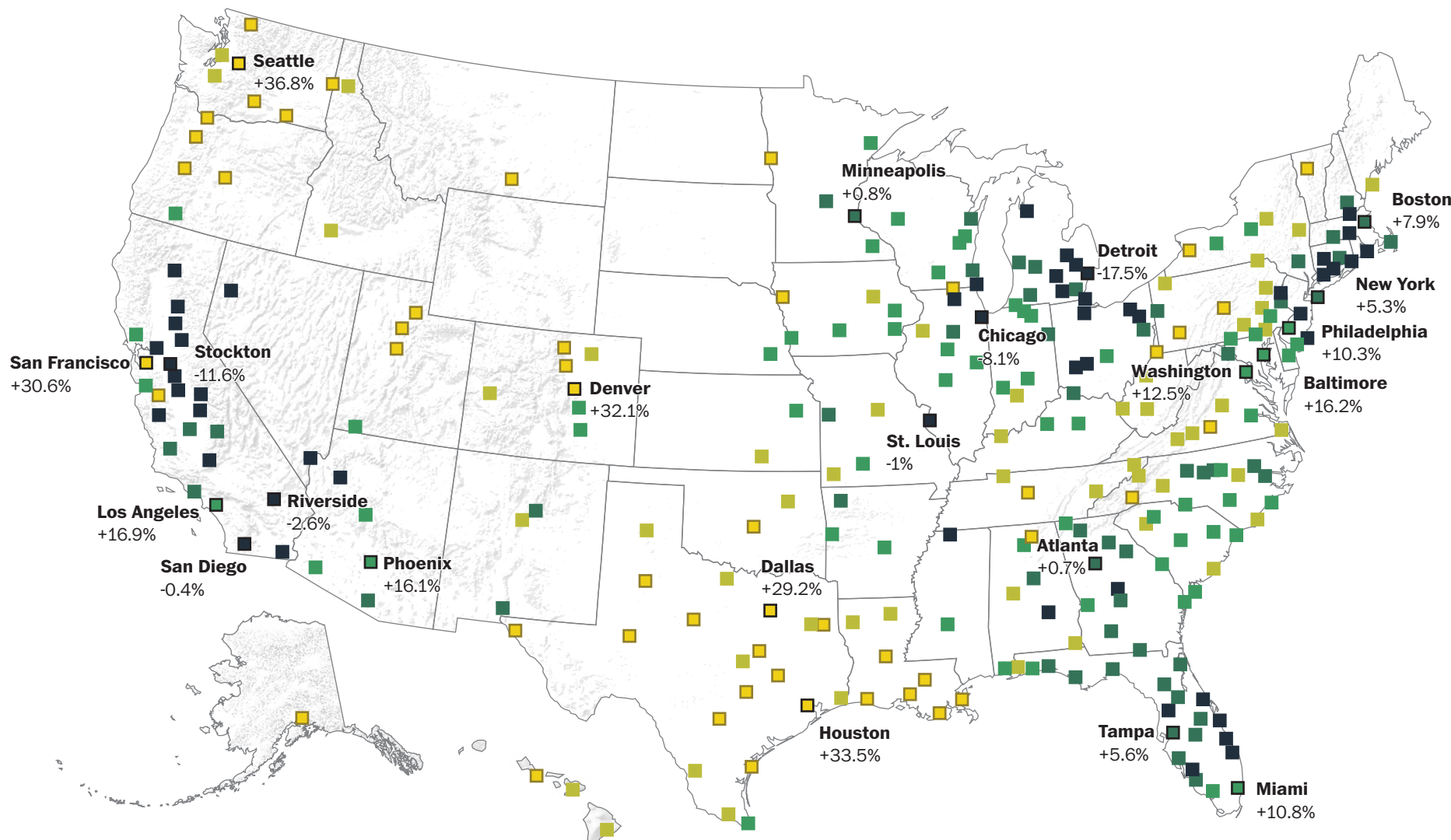
Of the 300 largest metro areas shown: **91** had lower average home values than in 2004



67 fared about the same as the national average



52 had much higher increases than the national average



Northern California

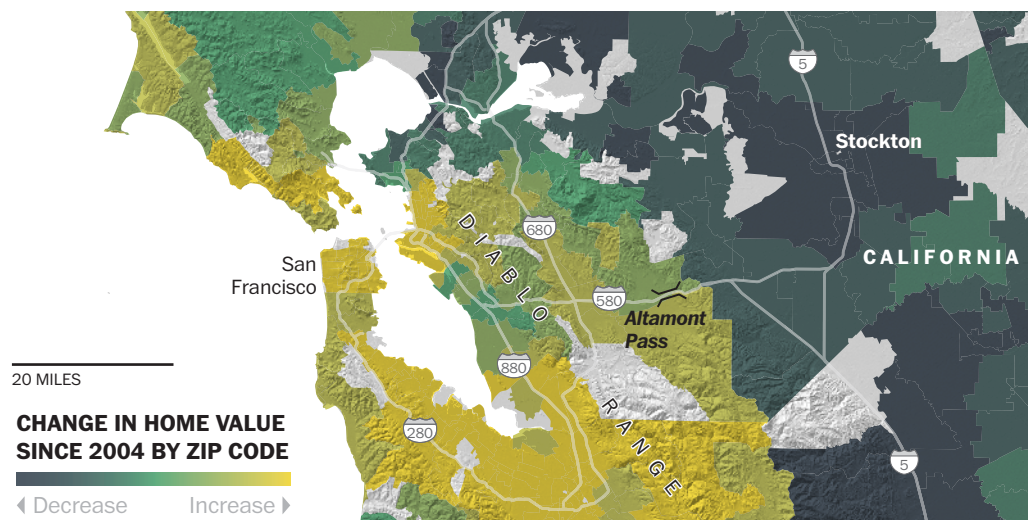
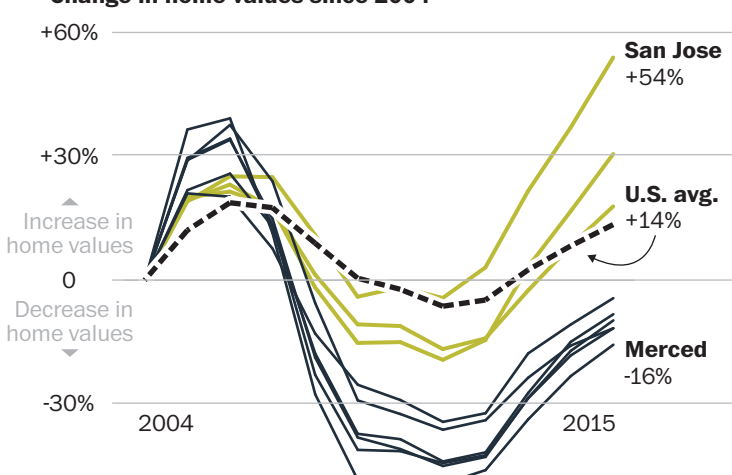
The biggest victors and victims of the national housing market are separated by a low, inland mountain range, with Bay Area cities such as San Francisco on one side and struggling Central Valley communities like Stockton on the other.

Counties in:

- Coastal metros
- Central Valley metros



Change in home values since 2004

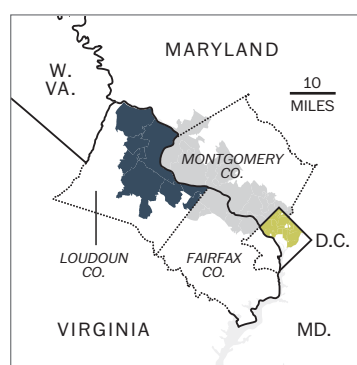


D.C. metro area

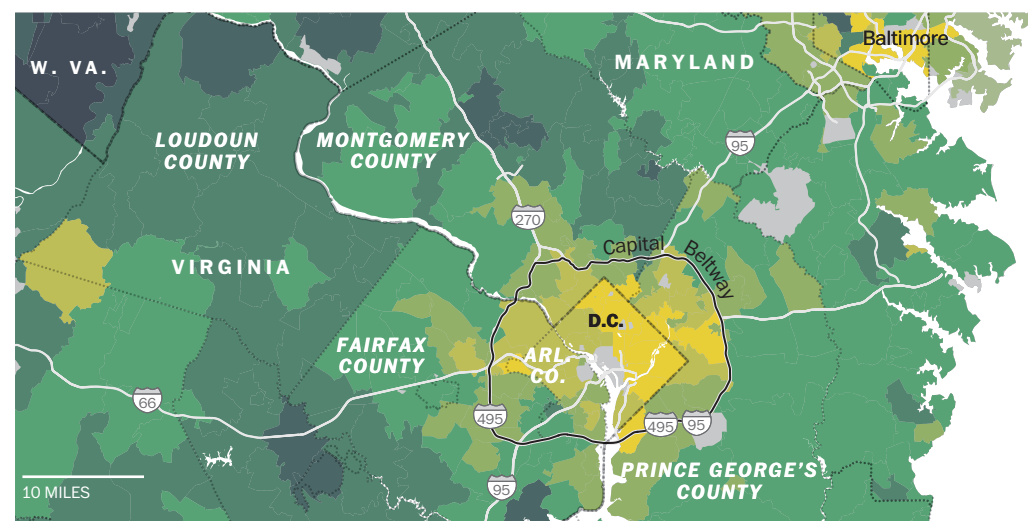
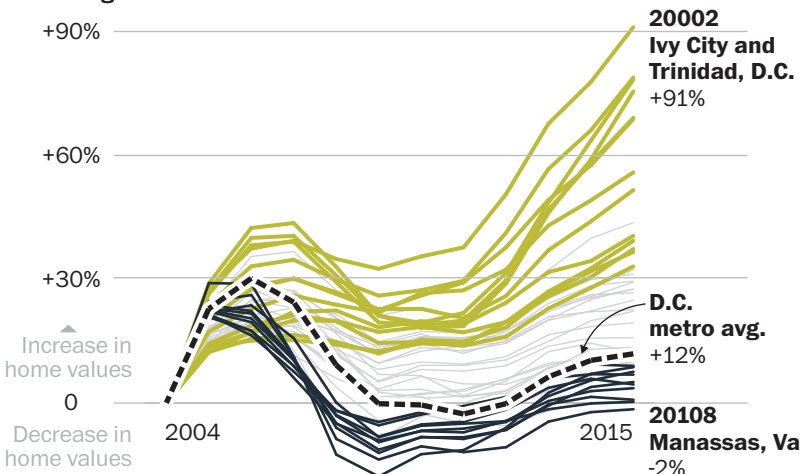
Suburbs farthest from D.C. and its accessible transit have experienced only a small increase in home values since 2004, much lower than inside the Beltway.

Zip codes in:

- D.C.
- Montgomery and Fairfax counties
- Loudoun County



Change in home values since 2004



ABOUT THE DATA

These stories and maps are based on an analysis of data on the market value of single-family homes from Black Knight Financial Services. The estimates reflect repeat sales and loan data from 2004 to 2015 across the country, down to the neighborhood level for some 19,000 zip codes. The data are adjusted to correct for the sales prices of distressed properties like foreclosures to better capture what homes would sell for on the open market. Areas with few single-family homes or few sales are not included, and neither are condos. Sources: Black Knight Financial Services, Census Bureau, ESRI

THE WASHINGTON POST

HOUSING FROM A8

crash when few others thought a bubble existed.

"I think that the people in the Central Valley view themselves as a different kind of Californian," he says. These are practical agricultural people, not tech entrepreneurs; they live in spread-out ranch homes, not ornate Victorians. But in the housing frenzy, the idea of that difference broke down. Whatever was happening in the market on the coast seemed relevant to what should happen here in the great big Northern California economy.

"Speculative bubbles are social epidemics," Shiller says. "It's just a thing that spreads from person to person. It's a thought virus."

But when the bubble burst — and it burst in the Bay Area, too — places such as San Francisco and Palo Alto were much better prepared to weather the downturn. Stockton was left with bad mortgages, few high-skilled jobs and public debt that would eventually push the city into bankruptcy.

The Bay Area still had Apple and Intel and Stanford and tourists and those spectacular views of the ocean. Those communities hadn't overbuilt because they hadn't built much new housing in decades; instead, they had let places like Stockton absorb the demand.

"We were the ones benefiting from it over here for a long time," says Patrick

Wallace, association executive of the Central Valley Association of Realtors. "We were the ones selling houses. The contractors were building houses. And the cities were getting the tax revenue. So it is a double-edged sword."

Legacy of a bust

The Weston Ranch subdivision was built right off the interstate that leads into town, a prime location for would-be home buyers more concerned with commuting 80 miles west to the Bay Area than getting to stores or jobs in Stockton. The developers never finished it, though.

A corner of the neighborhood closest to the highway is preserved at a moment in time just before the crash: Roads for more new homes were paved there, streetlights installed and Italian cypress trees planted. But the houses those roads were supposed to lead to were never built. A chain-link fence now cordons off the property, and someone has planted a yard sign nearby aimed at the neighbors. "TE COMPRO TU CASA EN 7 DIAS O MENOS." We buy your home in seven days or less.

In this Zip code, 95206, home values in 2015 were still 21 percent below what they were in 2004. Nearly 40 percent of the homes in Zip codes like this one along the interstate received a foreclosure notice in the first few years of the bust. The effects still linger, but they're subtle: The occasional boarded-up window blends in with

the neighborhood's beige stucco. A scrapper has ripped the air conditioning unit off the back of one house, presumably for its copper wiring.

Eric Totman bought his house in Weston Ranch, a three-bedroom, three-bath foreclosure, for \$145,000 in 2013. It was priced over \$300,000 during the boom. When he bought it, the hallway still had crayon scribbles up the wall and an upstairs bedroom painted for a princess. Banks don't cleanse properties of personal touches the way homeowners do when they're trying to attract the highest bidder.

This is what Totman could afford — with space for fruit trees and a chicken coop out back — on a middle-class job 80 miles away. He is one of the fortunate ones in Stockton, in that he bought just after the bust. But he still grapples with the region's other stark reality, because when he bought this home, he couldn't afford to buy one anywhere closer to his job. Five days a week, he drives to Redwood City on the San Francisco Peninsula, where he owns a business coaching men's gymnastics.

"A house this size in Redwood City would be a million and a half," Totman says, pulling up impossible for-sale listings on an app on his phone. "I thought it would be closer to a million. But no. Million and a half."

And home values in Redwood City are moving even farther out of reach by the

moment. They're up 55 to 75 percent since 2004. In some Zip codes, that's the equivalent of more than half a million dollars in a decade. It's the same story all around the Bay: In San Francisco Zip codes, already high home values are up by 84 percent, 96 percent and 97 percent. In Oakland Zip codes, they're up as much as 76 percent. In Palo Alto, 155 percent.

So gymnastics coaches can't live there. Or firefighters, teachers, nurses, cops, chefs, clerks or day-care workers. And because they can't head west (thanks to the ocean) or north or south (where other coastal properties are pricey, too) everyone pushes inland. It's not high-skilled tech workers moving over here; it's the construction workers who build their offices, or the coaches who instruct their children.

Now, 45,000 workers in the county around Stockton head over the Altamont Pass every day to jobs in the Bay Area. Rush hour starts at 4 a.m. San Francisco radio stations report on traffic in the Altamont Pass.

This time of year, the drive passes by rolling green hills, topped with lonely wind turbines. But most of the rest of the year, the views are shades of brown in every direction. In times of drought, smoke rises on the horizon.

Today, more Bay Area commuters are moving in again, and construction has resumed in some subdivisions meant for them along the Interstate 580 corridor. That's helping to drive prices up again, but

it also means that Stockton doesn't entirely control what happens next.

"At some point, Stockton stopped growing in its own right and became part of something else," says Hannah Harrison, a schoolteacher and Stockton native who moved back here after college at Berkeley when she and her husband realized that their careers would never allow them to afford the Bay Area. Now she and her husband worry about what it means for a city to become a bedroom community to someplace else very far away, to have so many children whose parents return home late every night, so many community members whose lives are fundamentally oriented elsewhere.

"At some level, why are they becoming more integrated?" asks Jeff Michael of the University of the Pacific. It's not because Stockton is becoming more like San Francisco; it's because Stockton is different. The Central Valley can solve problems the Bay Area has. It can build more housing when the Bay Area won't. It can house middle-class workers when the Bay Area can't. It can accommodate the growing number of warehouses and logistics operations that no longer make economic sense in the expensive Bay.

"Now the question is: What else?" Michael asks. "Can you take it to the next level, where you start to engage in ways that don't depend upon cheap land?"

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