

HOUSING IN THE SAN JOAQUIN VALLEY: CHALLENGES & OPPORTUNITIES

San Joaquin Valley
Regional Early Action Planning (REAP) for Housing

November 30, 2021

Initial Valleywide Team



WORKSHOP OVERVIEW

Overview

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Overview of Initial Valleywide Work Products

Initial Valleywide
Work Products

Initial Valleywide Work Products (2021)

- Existing Conditions Report
- Local Land Use and Housing Element Report
- Impediments to Housing Production and Planning Report
- Best Practices to Increase Housing Production Report
- Final Report: Policy and Strategy Recommendations to Improve Housing Production

Outreach

- Stakeholder Interviews
- COG Director Interviews
- City and County Staff Survey
- July Workshop

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Stakeholder Input

Stakeholder Input

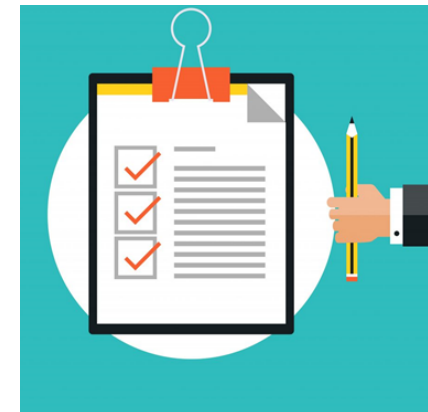
Stakeholder Interviews

- Over 30 housing stakeholders, including:
 - Developers, building industry representatives, housing advocates, and non-profit housing representatives
- Directors and staff of the eight Valley councils of government
- Key discussion topics:
 - Housing Issues and Impediments
 - Opportunities and Best Practices
 - Housing Production Successes
 - What more should cities, counties, and the State be doing to help address the housing crisis?
- Housing Report provides detailed interview results



City/County Planner Survey

- An online survey of planning staff of the 62 cities and eight counties
- Conducted June 25 to July 28, 2021
- Help understand local government needs related to:
 - Housing needs
 - Impediments and best practices
- 28 questions
- A total of 43 responses from five county and 30 city staff
- Housing Report provides detailed survey results



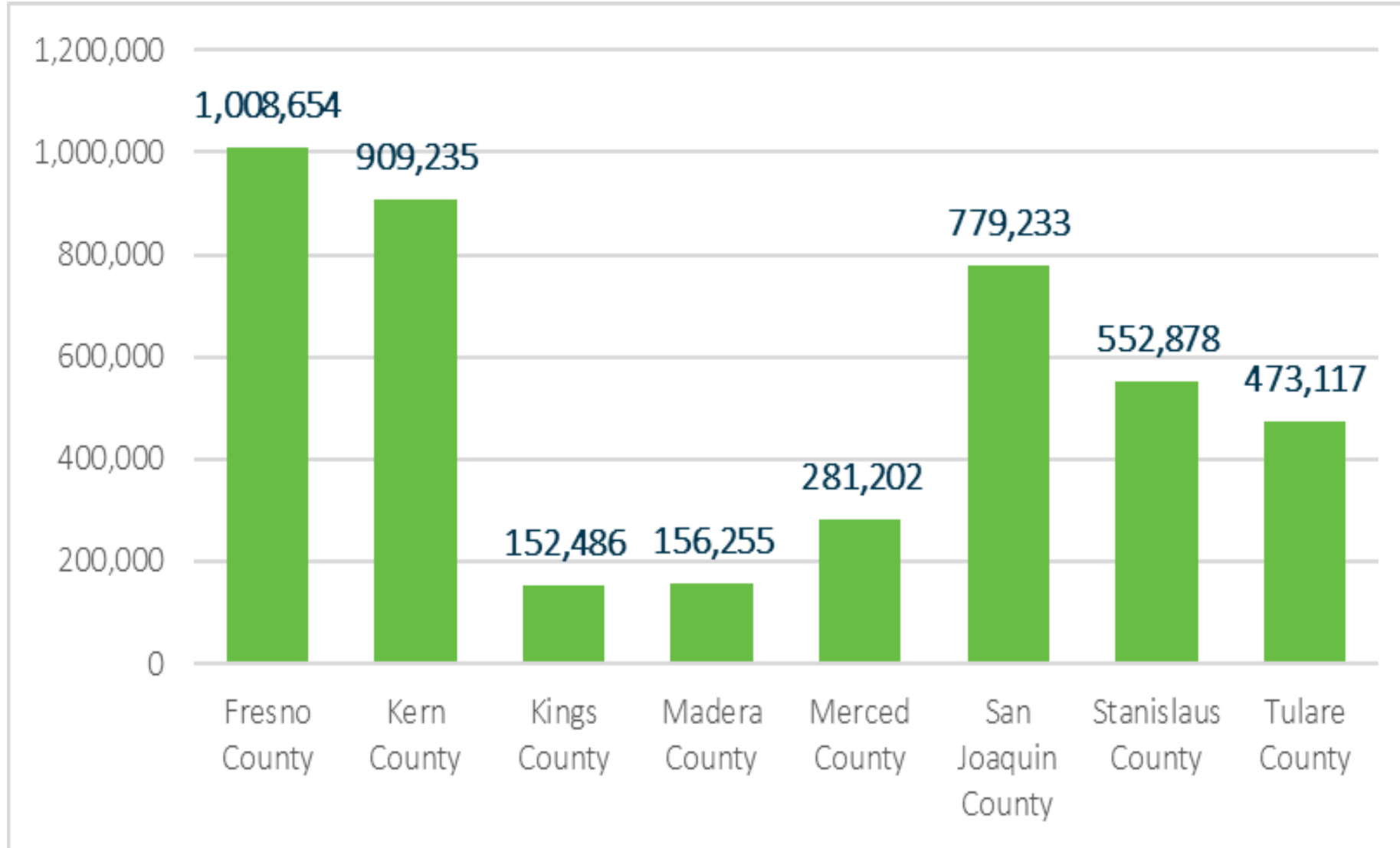
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Findings

Findings

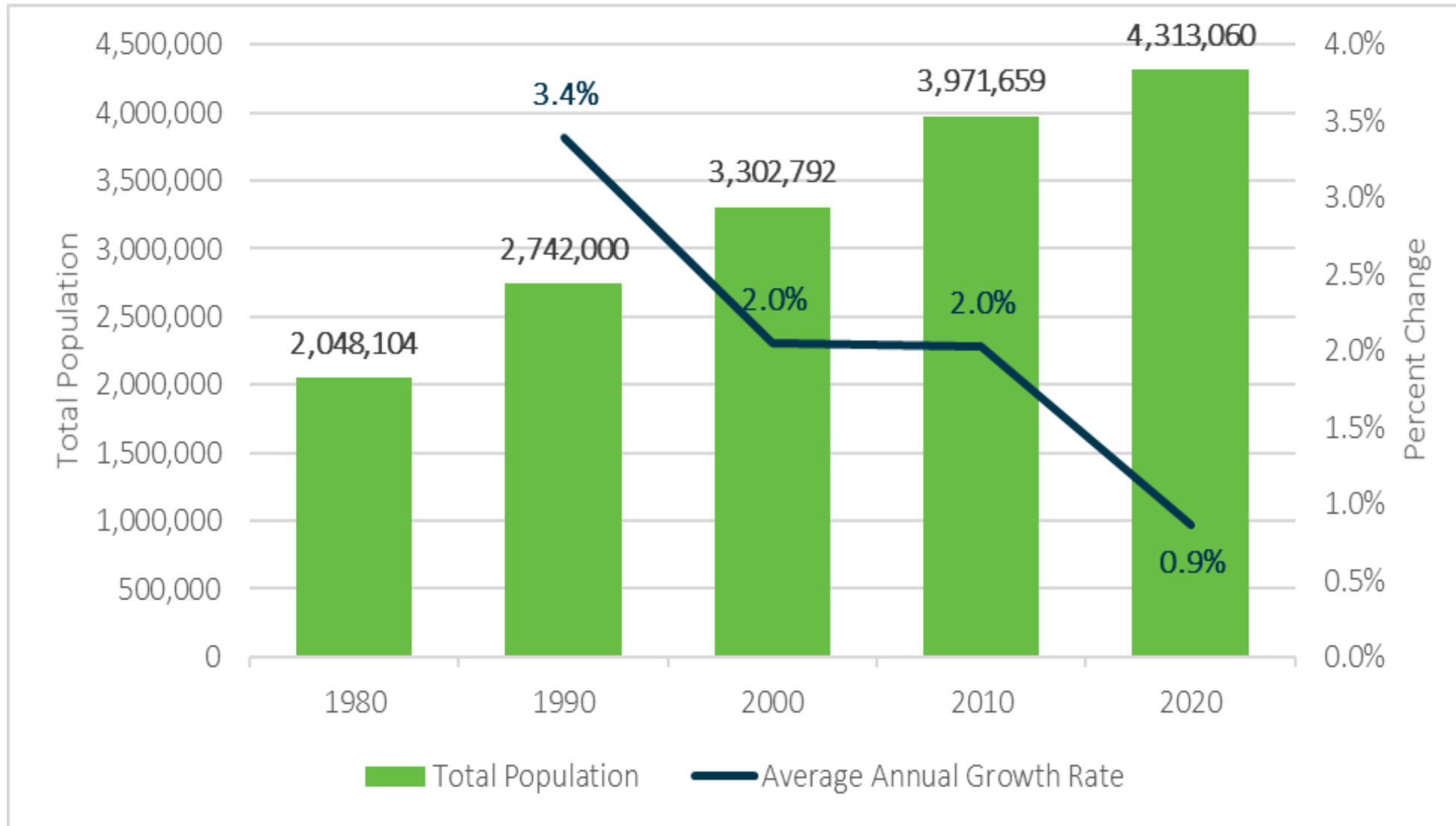
REGIONAL EXISTING CONDITIONS

Total Population by County (2020)



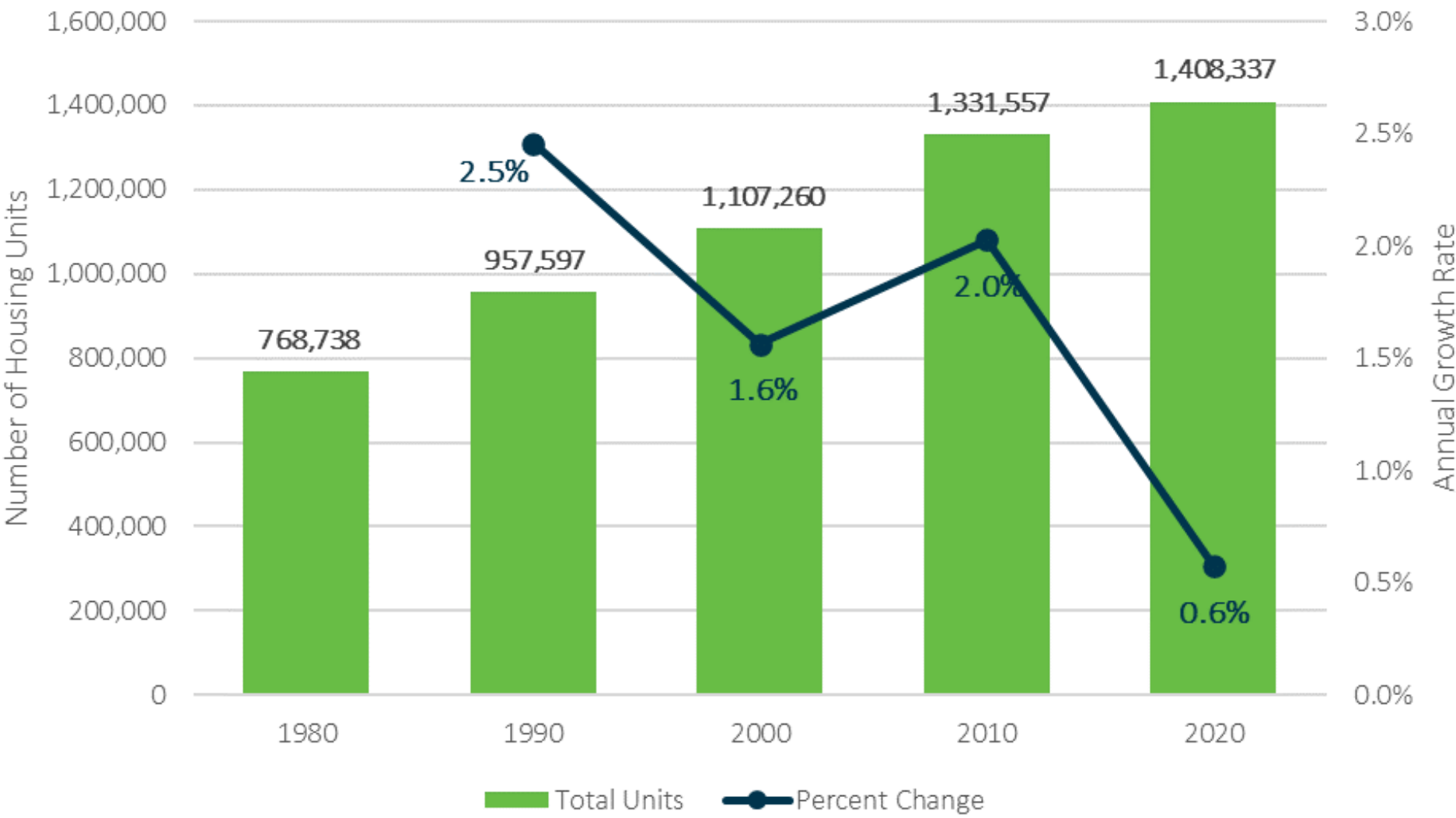
Source: U.S. Census Bureau, Census 2020.

Regional Population & Annual Growth Rate



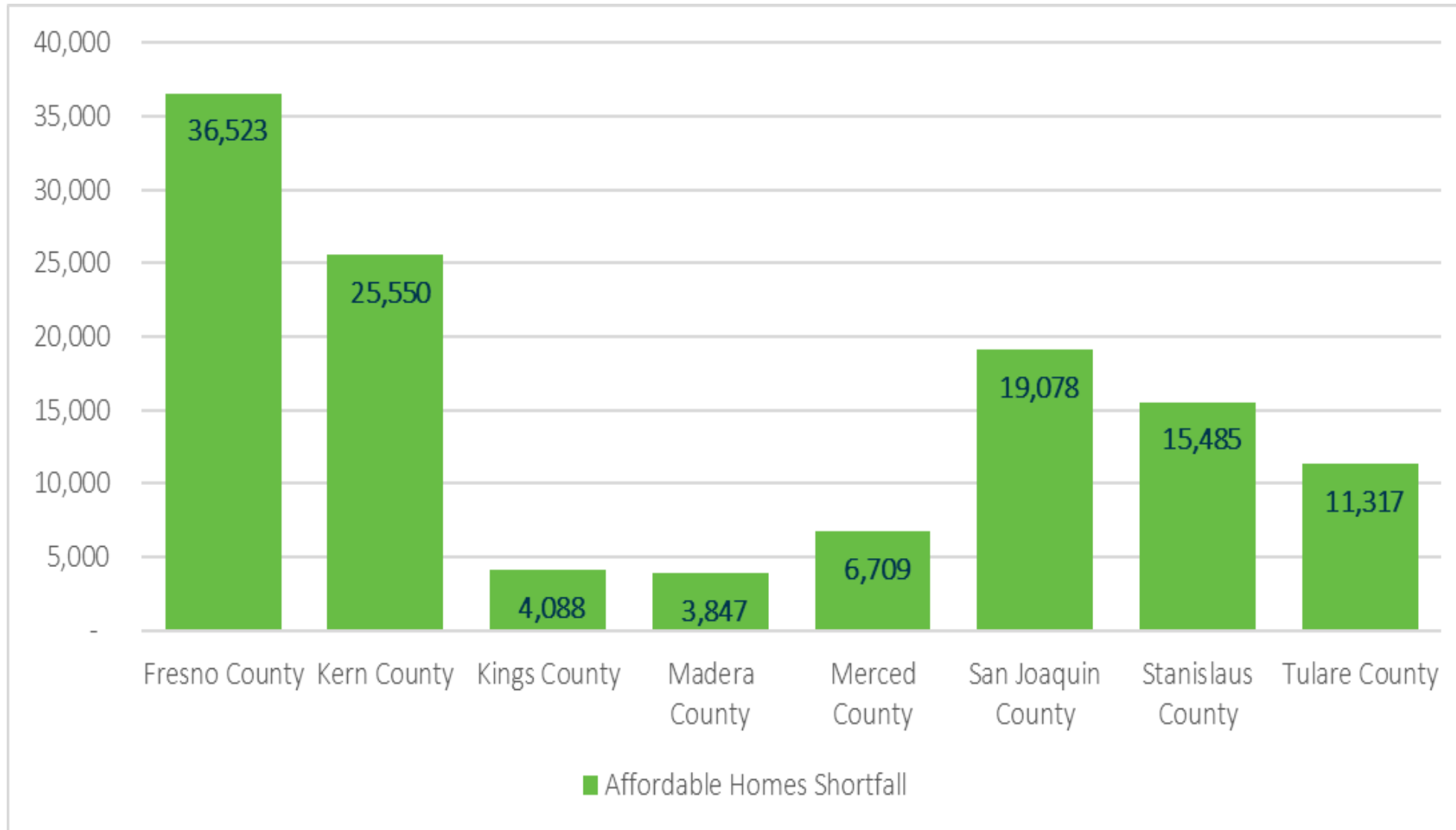
Source: U.S. Census Bureau, Census 1980, 1990, 2000, 2010, 2020.

Regional Housing Units & Annual Growth Rate



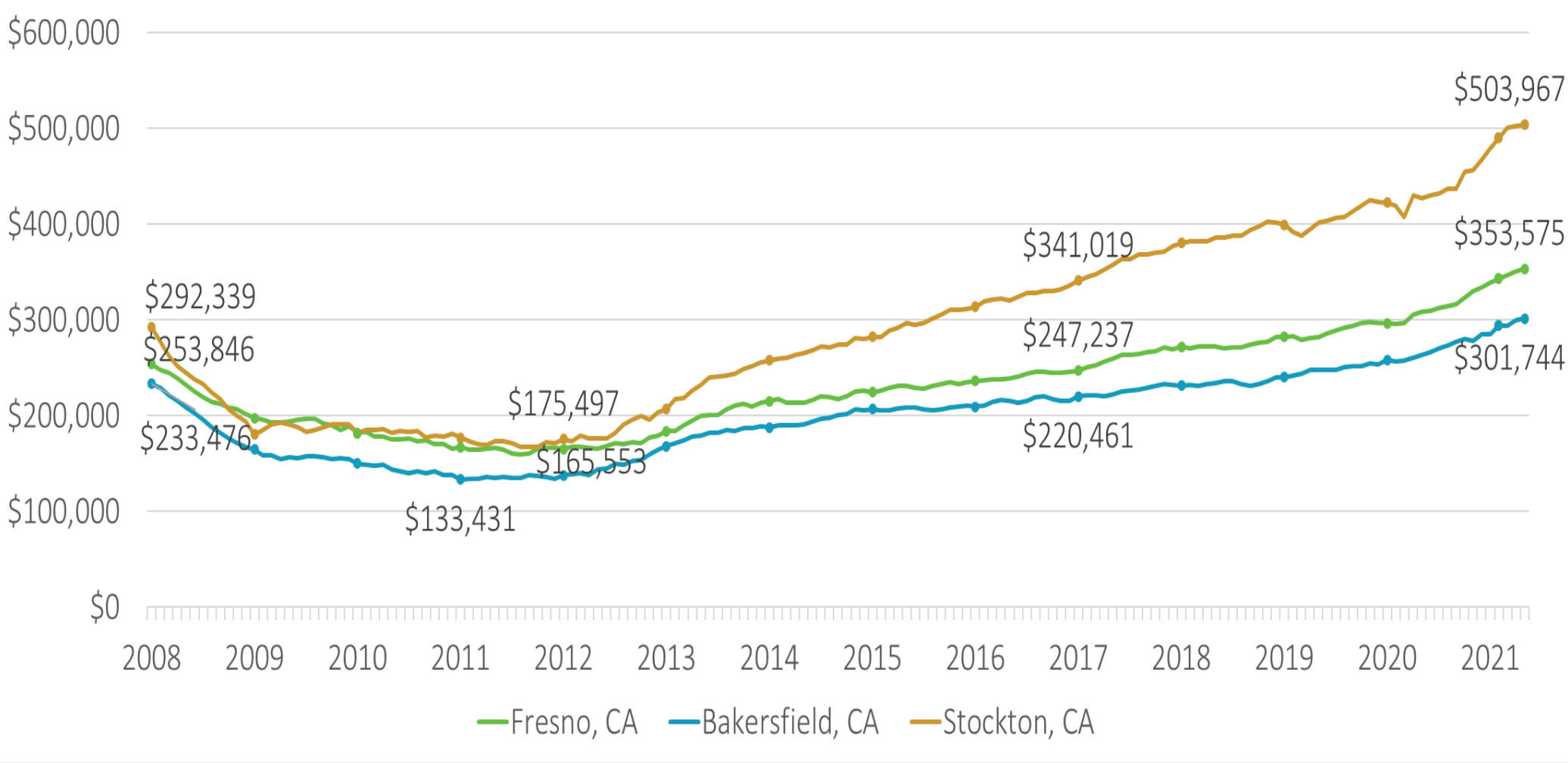
Source: U.S. Census Bureau, Census 1980 (STF1:T65), 1990 (STF1:H1), 2000 (SF1:H1), 2020 (SE:T3).

5th Cycle RHNA Affordable Unit Shortfall



Source: California Housing Partnership, 2019.

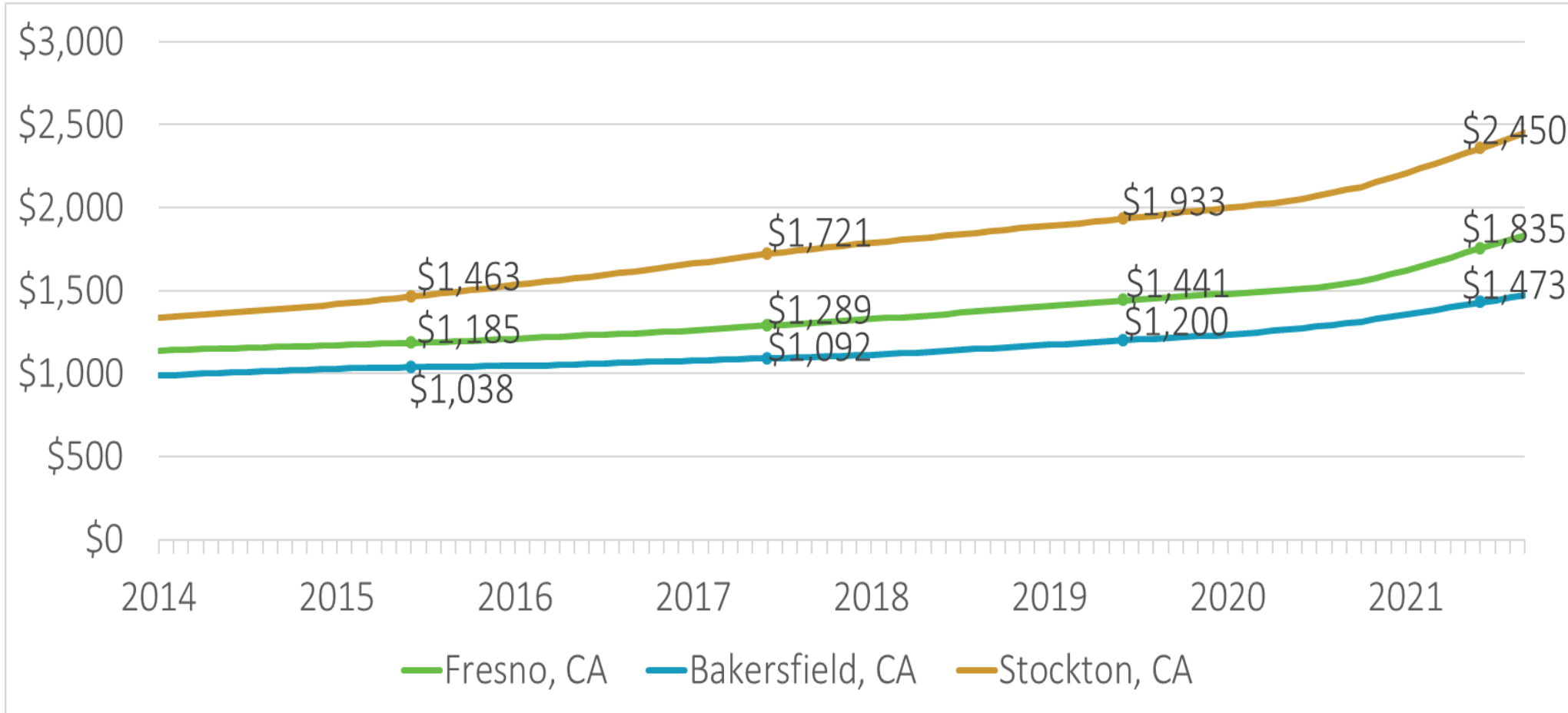
Median Home Sales Price (Metro Areas)



Source: Zillow

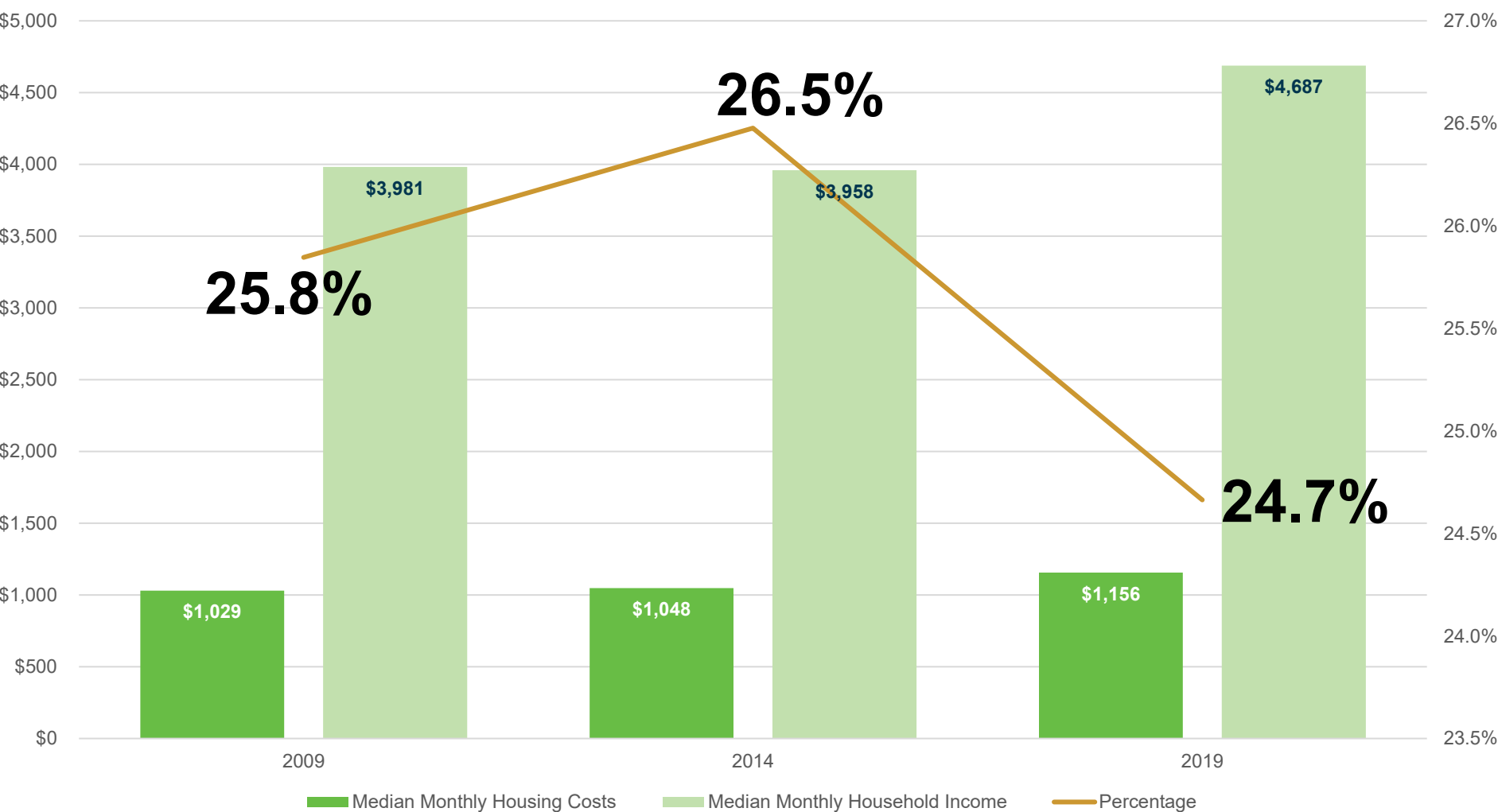
Regional Trends

Median Monthly Rent (Metro Areas)



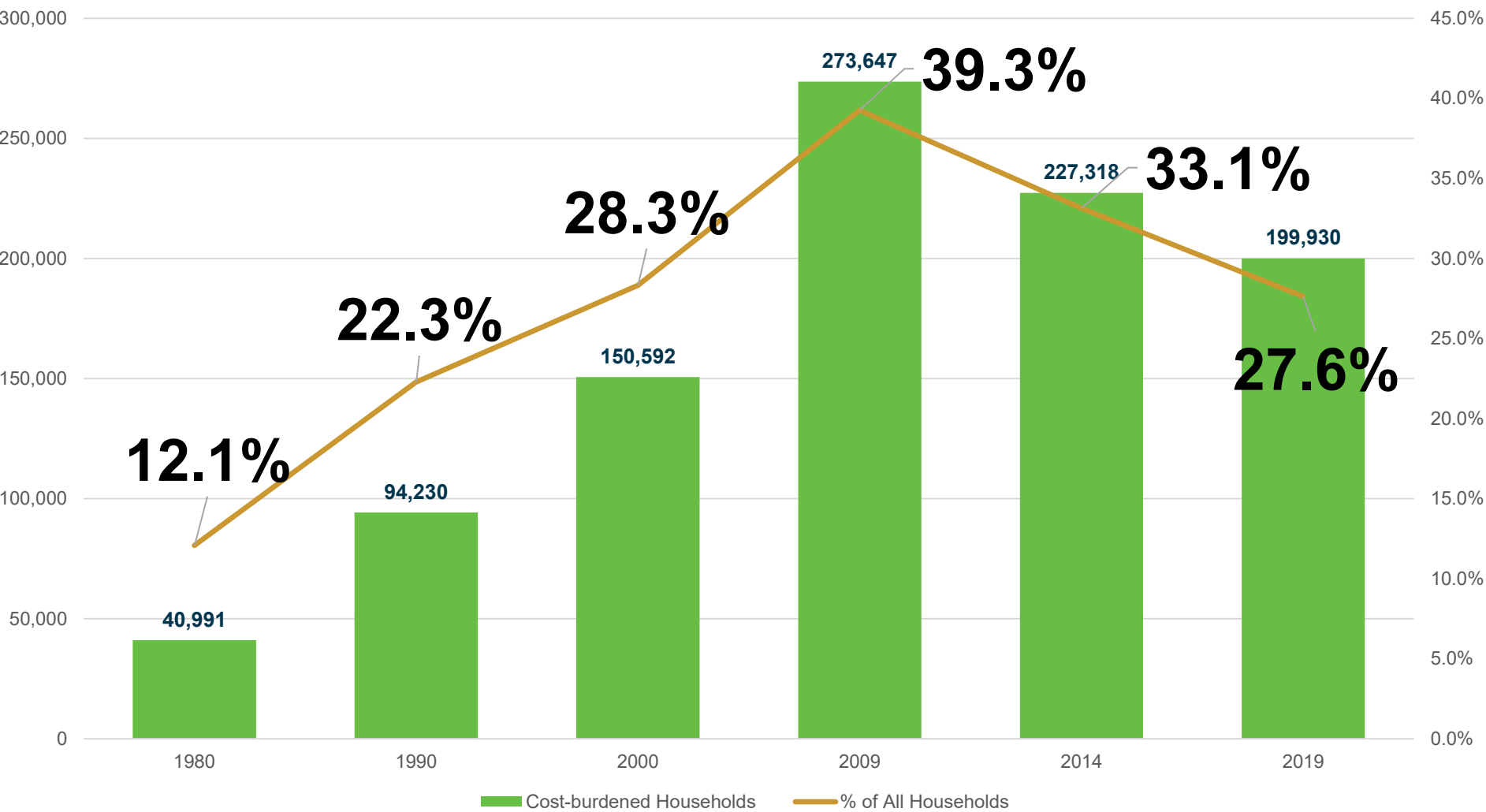
Source: Zillow

Median Monthly Housing Costs as % of Income



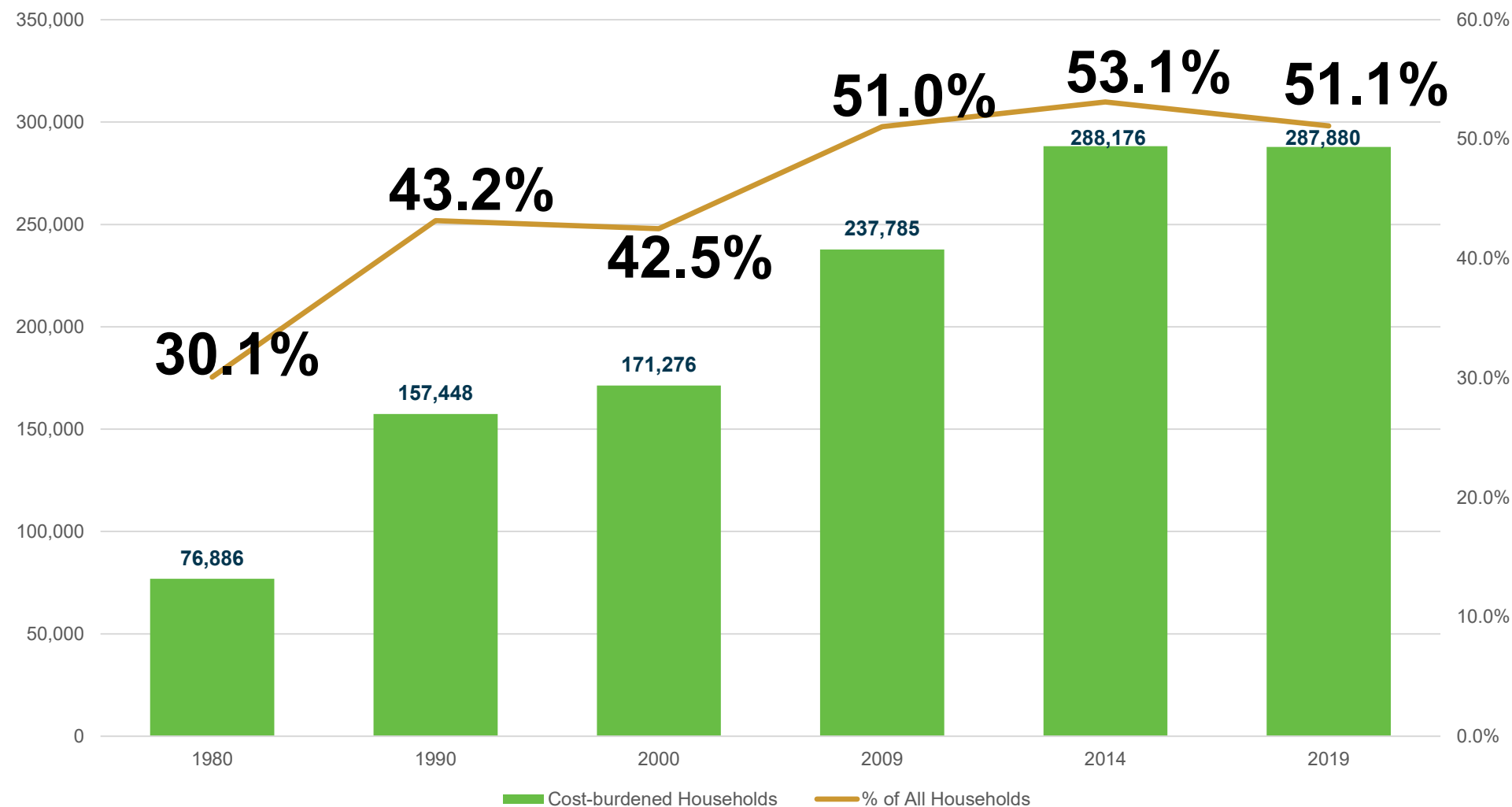
Source: U.S. Census Bureau, ACS 05-09, ACS 10-14, ACS 15-19 (5-year Estimates), Table B19013, B25105.

Cost-Burdened Homeowners



Source: U.S. Census Bureau, Census 1980 (STF3), 1990 (STF3), 2000 (SF3); ACS 05-09, 10-14, 15-19 (5-year Estimates), Table B25091.

Cost-Burdened Renting Households



Source: U.S. Census Bureau, Census 1980 (STF3), 1990 (STF3), 2000 (SF3); ACS 05-09, 10-14, 15-19 (5-year Estimates), Table B25070

LOCAL LAND USE AND HOUSING PLANNING

Chapter Overview

- Provides an overview of:
 - City and county land use, housing, and zoning practices related to housing production
 - Accommodating RHNA
 - Updating housing elements
- Based on
 - Statutory requirements
 - Stakeholder/MPO Director interviews
 - Planning practice
 - City and county planning staff survey results
 - Broad, Valleywide research



Chapter Overview

- Background on the **key planning topics** relevant to housing production and affordability in the Valley
- Broad understanding of the range of planning and regulatory **responsibilities** of Valley cities and counties
- **Challenges** facing local governments to plan for and accommodate their fair share of housing
- **Resources** for addressing these challenges.

Chapter Topics

- Five broad categories
 - General Plans
 - Housing elements
 - Zoning Codes
 - Infrastructure
 - Governance
- Twenty-two key topics addressed



General Plans

- General Plan Policies and Programs
- General Plan Annual Reports
- Community Engagement



Housing Elements

- Annual Housing Element Reports
- Available Sites Inventory
- AFFH Programs
- Housing Trust Funds



Zoning Codes

- Innovative Zoning Solutions
- Accessory Dwelling Units
- Objective Residential Design Standards
- Permit Streamlining and Fee Reduction
- Density Bonus
- Missing Middle Housing
- Inclusionary Zoning



Infrastructure

- Water Systems: Water Supply and Water Resource Management
- Wastewater: Sewer Systems and Wastewater Treatment Facility Capacity
- Flood Control and Management
- Utilities
- Telecommunications and Broadband Internet



Governance

- Annexations, Spheres of Influence, County Islands, and Municipal Service Reviews
- Disadvantaged Unincorporated Communities
- Staffing Capacity



Example Recommendations

- Increase State and regional technical support and funding for city and county housing elements, particularly smaller jurisdictions
- Prepare AFFH data packages, either on a Valleywide or MPO basis, to assist and streamline housing element updates
- Consider forming multijurisdictional or regional Housing Trust funds to expand funding sources and trust fund recipients



Example Recommendations

- Update zoning codes to include innovative zoning provisions designed to reduce housing costs and increase housing affordability
- Update zoning codes to expand the type of residential uses permitted by right in lower density zoning districts.
- Consider a general plan/zoning maintenance fee (or enhanced maintenance fee) to cover staffing costs associated with housing element requirements.



IMPEDIMENTS TO HOUSING PRODUCTION AND PLANNING

Impediments

Key Impediments

- Infrastructure Constraints
- Capacity to Deliver Housing
- Prevailing Wages
- Market Feasibility
- Local Funding Barriers & Lack of State and Federal Funding
- Regulatory Barriers

Infrastructure Constraints

- Identify and prioritize needs
- Direct and facilitate growth to areas with capacity (e.g., infill)
- Evaluate funding opportunities and financing options
 - Grants, Impact fees, Bonds, and Financing Districts

Capacity to Deliver Housing

- Streamline
 - By-right approvals, Objective Standards, CEQA streamlining
- Secure staff capacity
 - Consider "Pay-for-service" models, General Plan maintenance and/or technology fees, temporary/shared staff
- Create both incentives and requirements for affordability
 - Deferred or waived impact fees combined with inclusionary requirement or in lieu fee

Prevailing Wages

- Prevailing wages appear here to stay
 - Legislature continues to make them a requirement in new legislation
- Regional PW rates may be contributing to skilled labor shortages in some regions
- Build a better workforce through education, apprenticeship programs and workforce development boards

Example of Prevailing Wages by Area – Trade: Residential Carpentry

Region	Prevailing Wage (\$)	Variance from Bay Area (\$)
Bay Area Counties	54.85	0
San Joaquin, Sacramento, and Yolo Counties	48.97	5.88
Valley Counties (except San Joaquin and Kern)	48.97	5.88
Kern, Inyo, and Mono counties	43.87	10.98
Counties west, south and east of Kern County	44.44	10.41

Source: California Department of Industrial Relations (as of August 22, 2021).

Market Feasibility for Affordable and Higher Densities

- Feasible but hindered by skilled labor shortages, material shortages, and construction costs; however, these are likely to change over time.
- In the interim, take steps to assist development by:
 - Implementing zoning and other incentives to facilitate higher densities
 - Streamlining permitting processes (e.g., by right and objective standards)
 - Prioritizing and facilitating developments with affordable housing
 - Supporting development in areas with existing infrastructure (e.g., infill)
 - Planning (Housing Elements, Community/Specific Plans, CEQA clearances (e.g., EIRs))
- More feasible in urban settings but there are steps smaller jurisdictions can take:
 - Reducing lot sizes, allowing attached housing types, adjusting parking requirements
 - Accommodating higher densities within new developments (e.g., buffer from existing)
 - Incorporating higher density into mixed use projects that foster community needs.

Local Funding Barriers & Lack of State and Federal Funding

- Utilize/Develop local funding to leverage state and federal resources
 - Trust funds
 - Housing successor agency funds
 - Surplus land (i.e., at less than market value)
 - Capital improvements or other local funds
 - In-lieu fees from inclusionary programs
 - Philanthropic donations
 - Taxes
 - Housing Bonds
- Partner/Assist affordable housing providers
 - Through streamlined permitting
 - Assistance with funding applications
 - Any needed modifications or adjustments
 - Impact fee deferrals and/or waivers

Regulatory Barriers

- Amend Zoning Codes to:
 - Allow residential use by right / reduce residential project appeals
 - Create objective standards
 - Revise parking standards
- Revise permitting fee structures to:
 - Provide for fee deferrals for preferred projects
 - Consider fee waivers for highly affordable units
- Prepare Program Level EIRs
 - Allows for subsequent project clearances, tiering, addendums

BEST PRACTICES TO INCREASE HOUSING PRODUCTION

Topic Areas

- Land Use Policy and Land Availability
- Regulatory Mechanisms
- Housing Production and Ownership Costs
- Funding and Financing

For 35 Best Practices

- Description
- Related Statutes
- Opportunities and Challenges
- Resources
- Recommendations

Land Use Policy and Land Availability Recommendations

- Maximize the use of surplus public lands, land used for religious purposes, and other institutional land for affordable housing
- Prioritize and facilitate infill and TOD development
- Update land use policy in the general plan to align with housing goals and other community priorities
- Coordinate housing element, safety element, and environmental justice element updates along with water management plans
- Engage with the public early and often

Regulatory Mechanism Recommendations

- Reduce regulatory barriers by **updating zoning codes and entitlement processes**
- **Potential zoning code revisions** include:
 - Objective Standards
 - Upzoning
 - Establishing minimum densities
 - Refining parking requirements
 - Housing overlay zones
 - Inclusionary zoning
 - Permit streamlining and by-right approvals

Housing Production and Ownership Cost Recommendations

- Promote **low-cost housing types** through zoning provisions and education or marketing
 - Accessory dwelling units
 - Prefab, modular, manufactured, micro-units, etc.
- Pursue **funding sources for housing production**
 - Housing trust funds
 - Impact and linkage fees
 - Community Revitalization and Investment Authority (CRIA)
 - Employer assisted housing

Funding and Financing Recommendations

- **Analyze infrastructure deficiencies and needs**
- Identify and **tailor infrastructure funding and financing strategies** to the local context and the requirements of individual development projects
- **Consider the cumulative impact of all fees and exactions** to ensure that development is feasible and that fees and incentives advance community goals
- **Reduce or defer impact fees** for preferred and affordable housing projects