



Executive Summary

Background

The San Joaquin Valley, like the rest of California, is facing unprecedented housing supply and affordability challenges. In response to these challenges, the State of California is, among other things, requiring cities and counties to do more to encourage and support housing production. The State is also providing a broad range of funding opportunities to assist local governments in this effort. One of those funding opportunities is the Regional Early Action Planning (REAP) grant program, which funded this study.

The San Joaquin Valley Regional Early Action Planning (REAP) Committee commissioned this study of housing trends, impediments, and best practices in the Valley. This effort is intended to assist the 62 Valley cities and eight counties with preparing their sixth cycle housing elements and increase housing supply and affordability. The study included: outreach to housing stakeholders; city, county, and MPO staff; and the public. It also included coordination with HCD staff; periodic informational webinars; research on socioeconomic and housing data; housing production impediments; and general plan, housing element, and regulatory mechanism practices. Where appropriate, topics addressed include statutory references, resources, examples, case studies, and recommendations.

An aerial photograph of a suburban neighborhood. The image shows a grid of streets with houses, some with swimming pools. There are large open fields, some of which appear to be agricultural, and a baseball field. The overall scene is a mix of residential development and open land.

Initial Outreach

The first phase of this study was designed to provide an understanding of the issues, concerns, ideas, and expectations from those working on the front line of Valley housing supply and affordability issues: builders, developers, housing advocates, and city, county, and MPO staff. To do this, the authors conducted stakeholder interviews and an extensive survey of city and county planning staff, as well as hosting two information webinars to solicit input and direction. There was also periodic collaboration with HCD staff regarding the Valley RHNA process. The detailed results of these interviews and survey are found in Part 3 of this report. The following is a summary of those efforts, as well as the informational webinars.

Stakeholder Interviews

The stakeholder interviews were designed to gain a better understanding of developer and housing advocate views of Valley housing issues, opportunities, and challenges. The interviews primarily explored impediments to housing production and affordability and solutions to address those impediments. Between April 26 and May 13, 2021, the report authors interviewed 20 local developers and housing advocates. While the interviewers provided some questions in advance, the stakeholders were free to make comments on any topic related to housing. The following is a list of the key topics and issues that stakeholders raised:

Housing Trends and Issues

- Low housing supply
- High costs for developers
- Lack of incentives from local jurisdictions and State

Challenges Unique to the San Joaquin Valley

- Farm labor housing shortage
- Cost/income ratio
- Land value
- Lack of agency staffing
- Less developed transportation systems
- Ineffective density bonus
- Water supply

Impediments to Housing

- Increasing construction material and land costs
- Chaotic State funding system
- Lacking infrastructure
- Lacking bridge to homeownership
- Complex funding systems
- Limited number of non-profit developers

Opportunities

- Management assistance
- Address prevailing wage requirement
- Housing preservation
- Tenant's rights and housing instability
- Economic development
- Rent caps
- Update development regulations

- Incentivize density
- Identify, plan, and incentivize priority sites

Best Practices

- Plan for housing
- Streamline permit processing
- Reduce fees
- Plan regionally
- Provide technical assistance and financial support

Housing Production Successes

- Public funding
- Cohesive planning
- Collaboration
- Cost reductions
- Income and use mix

What more should cities, counties, and the State be doing?

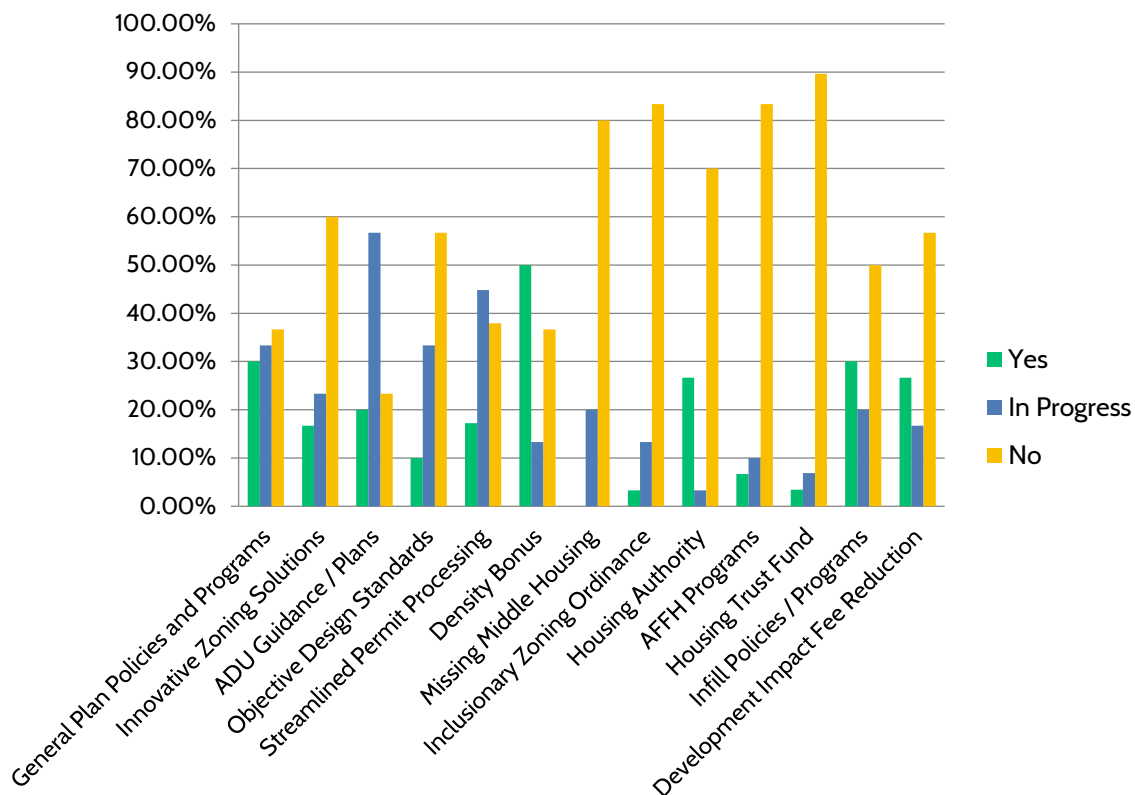
- Support new tenants
- Align priorities
- Support funding pursuits
- Add public funds to housing projects
- Correct compliance issues
- Communicate with stakeholders on the ground
- Encourage innovation and flexibility
- Focus on equity
- Support advocates
- Support goals on the ground
- Plan from an affordable housing perspective
- Prioritize surplus properties

City/County Planning Staff Survey

The authors distributed an online survey to the planning staff of the 62 cities and eight counties in the San Joaquin Valley to help understand local government perspectives related to housing needs, impediments, and best practices. A total of 43 responses were received from five county and 30 city staff from June 25 to July 28, 2021.

The survey included 28 questions on topics such as general plans, housing elements, and zoning codes. The survey began by gathering information from each jurisdiction on the age of current planning documents, status of compliance with State law on a number of housing issues, and the tools available to the jurisdiction to encourage or incentivize housing. In addition to gathering this data, the survey included questions regarding development types, constraints to housing production, recent successes, and best practices. See Part Three for detailed survey results.

Question Twenty-five: Have you completed recent projects or regulatory changes that you feel promote housing production?



Webinars

Webinar #1

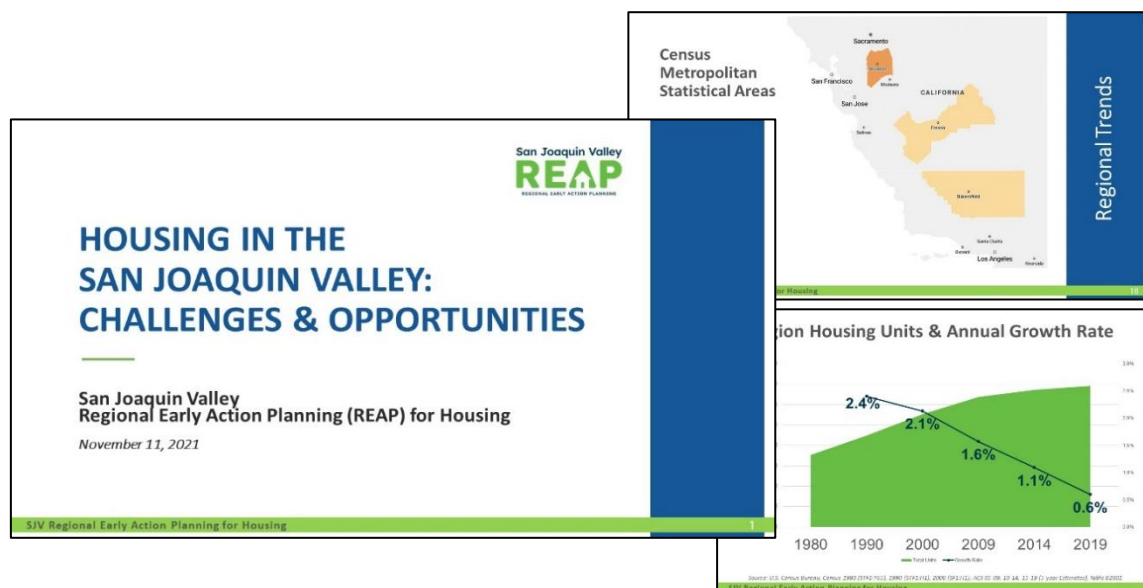
On Tuesday, July 27, 2021, the San Joaquin Valley Regional Early Action Planning (REAP) team hosted a 60-minute workshop with housing stakeholders to identify key housing issues and potential strategies to overcome them. The objectives were to:

- Summarize the REAP program process and opportunities
- Provide an overview of new State housing laws, the Regional Housing Needs Assessment (RHNA) allocation process, and the purpose and requirements of the Housing Element
- Present preliminary findings related to regional housing and demographics trends, as well as opportunities to facilitate housing production
- Collect feedback on key housing issues, barriers to production, and potential solutions to overcome key challenges

Webinar #2

On Thursday, November 11, 2021, the program hosted a second 60-minute regional workshop with housing stakeholders to present an overview and key findings from the program's work products to date, including:

- A summary of outreach efforts to date
- A description of stakeholder input received on housing issues and trends, root causes, keys to success, and opportunities
- A summary of existing conditions and regional trends findings
- An overview of reports on local land use and planning, impediments to housing production and planning, and best practices to increase housing production



Part 1 | Existing Conditions

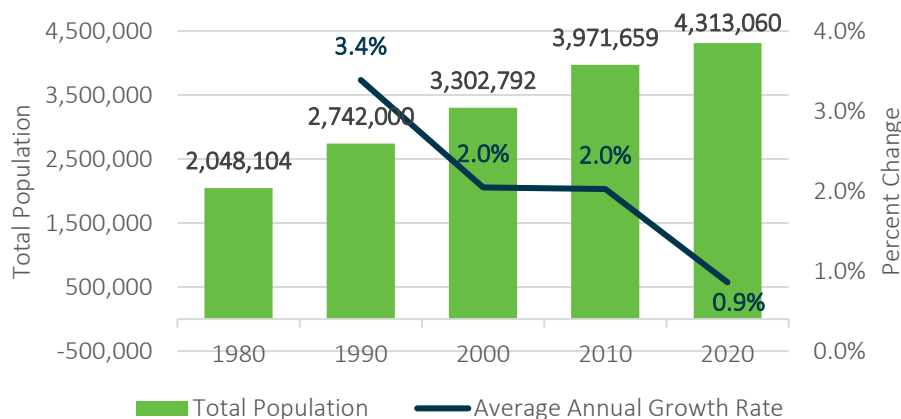
This “snapshot in time” report is intended to inform housing element update efforts in the San Joaquin Valley by highlighting its different population, economic, and housing trends, as well as those characteristics that distinguish the Valley from other parts of the state. The report will help tailor future housing policy and programs to better meet Valley needs. Toward that end, it addresses the following questions:

- What are the region’s key demographic, economic, and housing characteristics?
- What trends – both encouraging and concerning – are common regionwide?
- How is the region the same and different from the rest of the state?
- What are the key differences among subregions?

Key Findings

The data indicate that the steady population and housing growth that occurred in the Valley since 1980 has dramatically slowed in the last decade. The region has become more diverse, but there are disparities in income, poverty, and homeownership among racial and ethnic groups. In general, the region has lower housing values and lower housing costs than the rest of California; however, homeowners and renters experience housing cost burdens on par with state levels due to the region’s comparatively lower incomes.

Figure 1. Regional Population and Annual Growth Rate (1980-2020)



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

Demographic Conditions

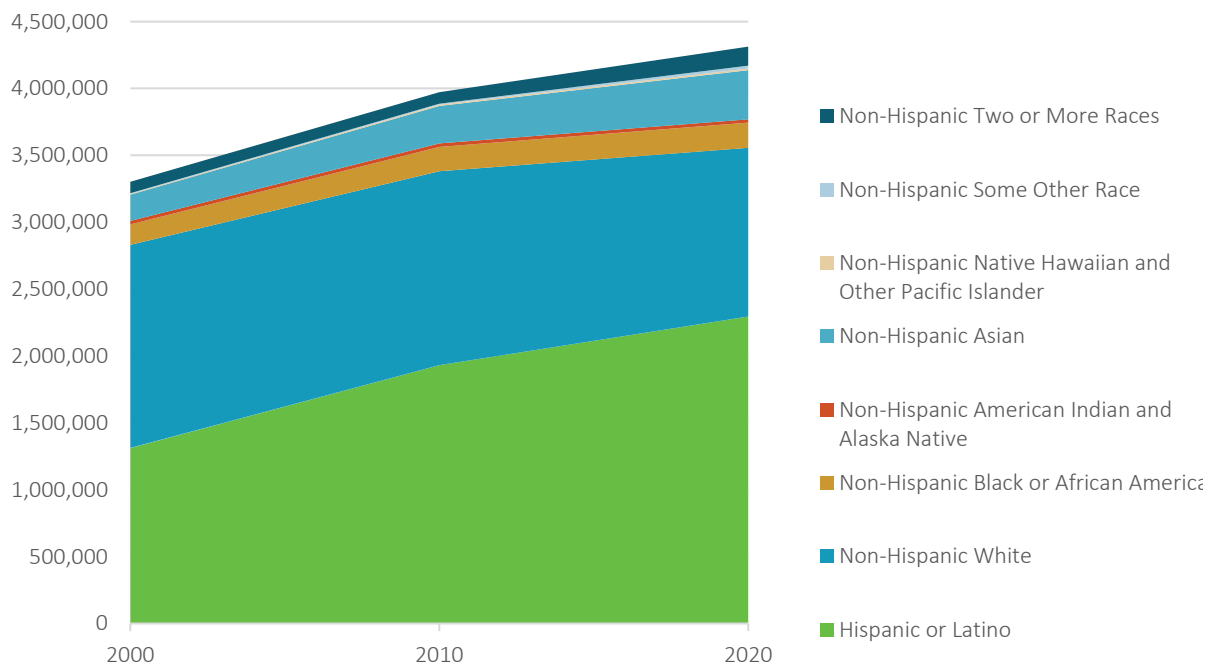
Population

About one in 10 Californians live in the San Joaquin Valley region, but its growth is slowing. According to the American Community Survey (ACS) 2015-2019 5-Year Estimates, the eight-county region population was 4,197,363 (10.7 percent of the estimated population of California). Growth slowed between 2010 and 2020; the region experienced only a 0.9 percent annual change in population size over the last decade, the lowest rate of change of the last five decades.

Racial and Ethnic Diversity

The region became more diverse between 2000 and 2020. In 2020, over half of the region's population identified as Hispanic or Latino (increasing from 39.8 percent to 53.2 percent), and approximately one-third identifies as non-Hispanic White Alone (decreasing from 46 percent to 29.2 percent). The population that identifies as non-Hispanic Asian Alone is 8.5 percent, while 4.4 percent identifies as non-Hispanic Black or African American Alone.

Figure 2. Regional Population by Race by Hispanic Origin Over Time (2000-2020)



Source: U.S. Census Bureau, Census 2000, Table SF1-P8; U.S. Census Bureau, Census 2010, Table SF1-P5; U.S. Census Bureau, Census 2020.

Households

San Joaquin Valley households are generally larger (have more members) than those in California overall. The average household size in the Valley is 3.18 people; 3.14 for owner-occupied households and 3.24 for renter-occupied households.

Age

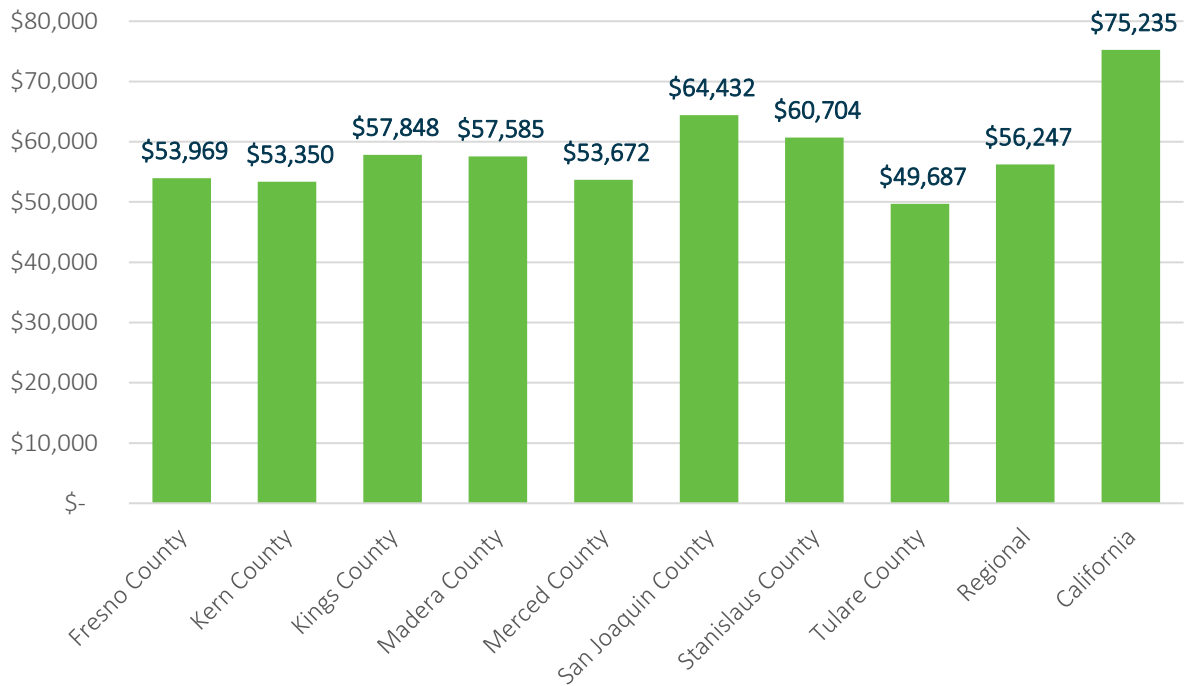
All San Joaquin Valley counties have more young people than the state overall. According to the ACS 2015-2019 5-year estimates, 39 percent of the region's population is under age 25 compared to 33 percent at the state level.

Economic Conditions

Income

Valley median household income is lower than the statewide median. According to the ACS 2015-2019 5-year estimates, Valley median household income is \$56,247, which is only 75 percent of the statewide median (\$75,235).

Figure 3: Median Household Income by County



Source: U.S. Census Bureau, ACS15-19 (5-year Estimates), Table B19013.

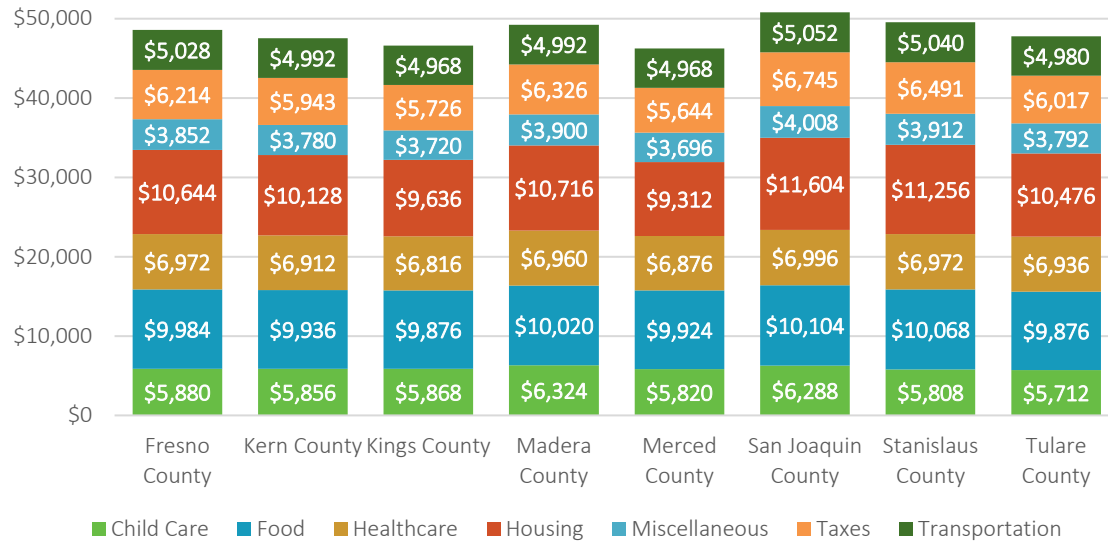
Median Household Income by Race

Median household income varies by race. Asian Alone householders reported having the highest median income in the region (\$70,330), followed by Native Hawaiians and Other Pacific Islander householders (\$69,293), and White Alone householders (\$58,238). Black or African American Alone householders reported the lowest median income in the region (\$40,497).

Cost of Living, Poverty, and Inequality

According to the California Housing Partnership, the average cost of living for a family of three in the San Joaquin Valley is about \$48,293. This regional cost of living is 14 percent below the regional median household income of \$56,247; however, it is 66 percent higher than the state minimum wage income of \$29,120.

Figure 4. Cost of Living (Household Budget for a Family of Three) by County



Source: California Housing Partnership, 2019.

Employment

The region's largest employment industry is educational services, health care, and social assistance (21.6 percent) according to the ACS 2015-2019 5-year estimates (educational services, health care, and social assistance are defined as a "super sector" part of the services providing group). Retail trade is the second largest industry (11.1 percent). Agriculture, forestry, fishing and hunting, and mining is the third largest (10.7 percent). These industries have been the region's top three consistently in 2009, 2014, and 2019.

Travel to Work

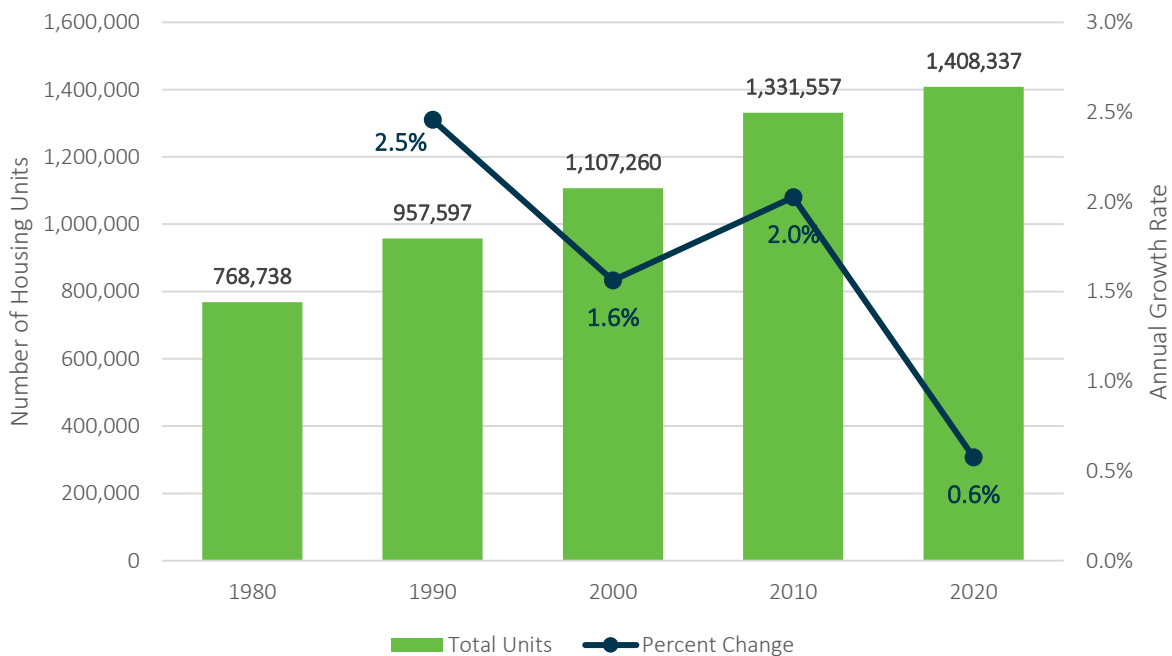
A majority of the region's workers drive alone to work (79.4 percent), 12.1 percent carpool, and only 1 percent take public transportation. The region's rate of carpooling is greater than the state's (12.1 percent compared to 10.1 percent at the state level), but the rate of public transportation is only one-fifth of the state rate (1 percent compared to 5.1 percent at the state level).

Housing Conditions

Production

Valley housing production is at its lowest point in decades. From 1980 to 2010, units built increased at an annual rate of 1.6 to 2.5 percent; however, from 2010 to 2020 there was only a 0.6 percent annual increase, or about 7,678 units built annually.

Figure 5. Regional Housing Units and Annual Growth Rate



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

Housing Unit Characteristics

The Valley's housing stock comprises mostly detached single-family residences, with over three-quarters of the units detached or attached single-family homes (75.7 percent) in 2019. This proportion was much higher than the state level (57.7 percent).

Tenure

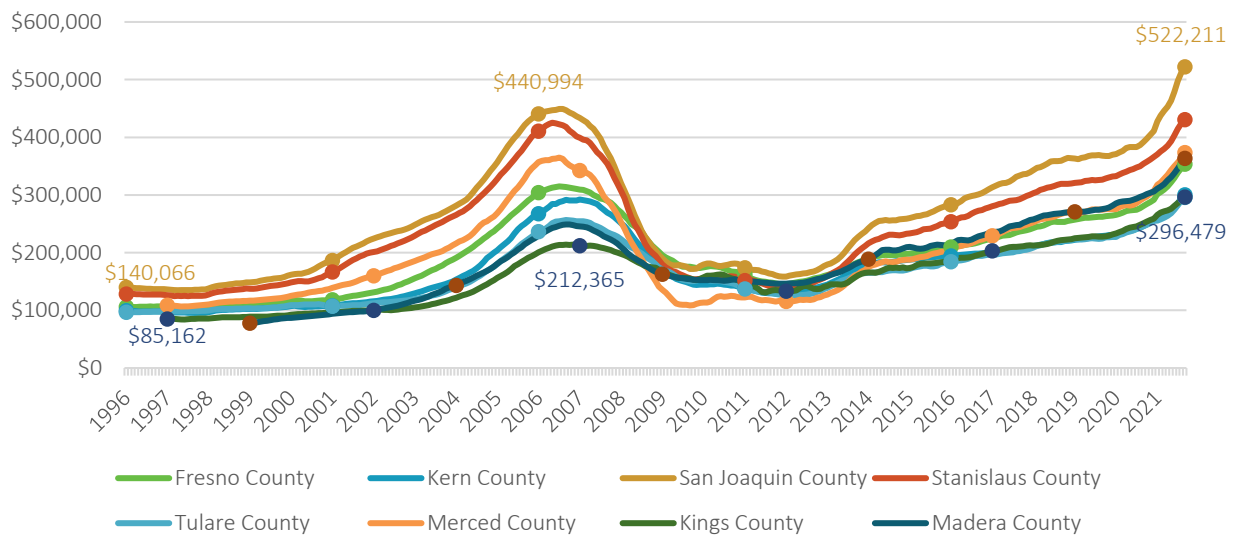
The region has more owners than renters. According to ACS 2015-2019 five-year estimates, about 56 percent of housing units are occupied by owners, and 44 percent are occupied by renters. However, the proportion of renters has increased slightly since 1980, from 39.3 percent in 1980 to 43.8 percent in 2019.

Housing Market

Value

Housing values in the region are lower than the rest of the state. According to ACS 2015-2019 five-year estimates, the median housing value is approximately half of the statewide median. More recently, county-specific data from Zillow also demonstrates that the estimated median home value for each of the eight counties is more affordable than the statewide median.

Figure 6. Home Values for All Homes in San Joaquin Valley Counties (Jan 1996 – Sep 2021)



Source: Zillow, Housing Data, 2021.

Monthly Costs

Housing costs are typically the largest portion of household monthly budgets. According to the ACS 2015-2019 five-year estimates, the Valley's median monthly housing costs were about \$1,156, which is 24.7 percent of the regional median monthly household income. Cost burden, where 30 percent or more of a household's income is spent on housing, is a problem for many Valley owner and renter households. Among owner households, according to the ACS 2015-2019 Five-Year Estimates, the median monthly owner housing costs in the region were \$1,256 per month and over a quarter of owner households were cost-burdened.

Homelessness

According to data from the Continuum of Care (CoC) Homeless Populations and Subpopulations Reports compiled by the United States Department of Housing and Urban Development (HUD), 3,641 individuals experienced homelessness in the region during 2020. This was a reduction of almost 70 percent from 2005 levels, but it was an increase since 2015 (when the population was 1,383 individuals). Almost three-quarters of the homeless population were unsheltered.

Part 2 | Housing Production Trends, Impediments, and Best Practices

Part Two provides an overview of housing production trends, impediments, and best practices in the San Joaquin Valley. The overview is based on statutory requirements, stakeholder/MPO director interviews, planning practice, city and county planning staff survey results, and broad Valleywide research. This part provides background on key planning topics relevant to Valley housing production and affordability. The intent is to provide the reader with a broad understanding of the range of planning and regulatory responsibilities of Valley cities and counties, describe the challenges facing local governments to plan for and accommodate their fair share of housing, and identify resources for addressing these challenges.

Fifty-six topics are addressed in this Part. In each section, an overview provides a brief description of the topic or issue, including a brief history and relevance to housing in the San Joaquin Valley. Impediments and best practices are described. Relevant State laws are identified, if applicable. The San Joaquin Valley experience is then summarized based on stakeholder and MPO director interview results, city/county planning staff survey results, and supplemental research. Resources, templates, and examples are provided where useful. Finally, recommendations for future action are suggested. The topics addressed in this chapter are listed on the following page.

General Plans

- General plan policies and programs
- General plan annual reports
- Community engagement
- Environmental justice
- Hazard mitigation
- Vehicle miles traveled (VMT)

Housing Elements

- The housing element
- Housing element annual progress report
- Available sites inventory
- Affirmatively furthering fair housing (AFFH) programs
- Fair housing enforcement and outreach capacity
- Segregation and integration
- Access of opportunity disparities
- Disproportionate housing needs/displacement risk
- Racially concentrated areas of poverty and affluence
- Homeless housing planning and production trends
- NIMBYism and resistance to higher-density housing
- Regulatory barriers and constraints

Regulatory Mechanisms

- Objective residential design and development standards
- Density bonuses
- Missing middle housing/infill housing
- Inclusionary zoning
- Infill development
- Transit-oriented development (TOD)
- Innovative zoning solutions
- Form-based codes
- Upzoning
- Housing overlay zones

- Accessory dwelling units (ADUs)
- Permit streamlining and fee reduction
- CEQA implications for housing approvals

Funding and Financing

- Local funding barriers
- Lack of State and Federal housing funding
- Market and feasibility implications for affordable and higher-density market rate housing
- Prevailing wages
- ADA and Title 24
- Capacity to deliver housing
- Mello-Roos community facilities district (CFD)
- Tax-increment financing
- Community revitalization and investment authority (CRIA)
- Housing trust funds
- Housing impact and linkage fees
- Development agreements
- Revenue bonds
- Grants

Housing Production and Ownership

- Employer-assisted housing
- Alternative housing ownership models
- Mutual housing associations
- Other lower-cost housing types

Land Availability

- Annexations, spheres of influence, county islands, and municipal service reviews
- Infrastructure
- Disadvantaged unincorporated communities
- Water conservation and management
- Surplus public land
- Religious/public institutions
- Agricultural land preservation

Key Findings and Recommendations

Part Two of this report includes over 100 recommendations for action by local, regional, and State agencies. A summary of key findings and recommendations are as follows:

Cities and Counties

- 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 to holistically address multiple issues such as agricultural land preservation, housing, equity, health, and hazards, and to ensure consistency
- Update zoning codes to include objective residential design and development standards
- Reduce regulatory barriers by updating zoning codes and entitlement processes to comply with State law, increase housing capacity, and streamline housing project approvals
- Provide preapproved ADU plans and streamlined building permit processing
- Revise permitting fee structures, specifically for affordable housing development
- Engage with the public early and often. Align community engagement efforts and support meaningful dialogue with the community to better understand needs and secure public support for programs and policies
- Analyze infrastructure deficiencies and needs and identify and tailor infrastructure funding and financing strategies to the local context and the requirements of individual development projects
- When considering housing impact fees, linkage fees, and other revenue sources to fund housing production, 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
- Encourage partnerships among housing providers and homeless assistance programs that can quickly and efficiently address homeless housing in the short term
- Form local trust funds to leverage the State's Local Housing Trust Fund program

Regional Agencies

- Increase technical support and funding for city and county housing elements, particularly smaller jurisdictions
- Consider providing targeted technical assistance to smaller cities and counties with limited staff to help prepare their housing elements or annual progress reports
- Prepare preliminary sites analysis data for each MPO region for cities and counties to use in preparing housing element sites analysis

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- Prepare data packages, either on a Valleywide or MPO basis, to assist and streamline housing element updates
- Pool resources by developing countywide or multijurisdictional objective design standards
- Consider forming multijurisdictional or regional housing trust funds to expand funding sources and trust fund recipients

State Agencies

- Increase technical support and funding for city and county housing elements, particularly smaller jurisdictions
- Provide technical assistance, particularly for smaller cities and counties, to prepare Affirmatively Furthering Fair Housing (AFFH) analysis for local conditions
- Continue to fund technical assistance programs that produce instructional materials that assist jurisdictions with State requirements and forms, such as the annual progress report
- Prepare model inclusionary zoning ordinance provisions to make it easier for cities and counties to adopt inclusionary requirements
- Provide technical assistance with forming housing trust funds to smaller cities and counties
- Provide direct assistance to small rural communities for funding or infrastructure updates related to contaminated water supplies
- Reduce complexity, local funding requirements, and reimbursement requirements for AHSC and MHP programs
- Focus on housing implementation rather planning programs for the San Joaquin Valley
- HCD should provide construction defect liability insurance to encourage condominium development
- HCD should incentivize inclusionary housing with project-based mortgage assistance
- Exempt housing projects funded with redevelopment or low-moderate housing funds from prevailing wage requirements

Part 3 | Outreach Summary

Part Three of this report includes summaries of the results of the stakeholder outreach and city/county survey. The three reports are:

- Stakeholder interviews summary
- MPO director interviews summary
- City/county planning staff survey results

Part 4 | Regional Data Sets

Part Four of this report provides a link to the Excel workbook that includes county and regional data tables and figures detailing population, household, economic, and housing data.