

Small-lot Planning Study for the San Joaquin Valley

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Planning Tomorrow Today®

In association with:

The Natelson Dale Group, Inc

Acknowledgments

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1. Introduction and Purpose

The San Joaquin Valley Small-lot Planning Study investigates small-lot housing development feasibility in the eight-county region of the San Joaquin Valley. The Study is intended to inform elected officials, city managers, and community development directors about benefits of small-lot development to help meet local housing needs in the Valley. This Study is intended to encourage jurisdictions to implement small-lot single-family development to increase housing capacity, mobility, and choice. As many jurisdictions throughout the Valley are experiencing increased construction and housing costs, small-lot single-family housing can function as a more affordable alternative to traditional single-family development on lots larger than 6,000 square feet, which are common throughout the Valley.

There has been a limited amount of small-lot single-family development in the San Joaquin Valley to date. While some Valley jurisdictions have incorporated small-lot single-family development, most Valley jurisdictions only permit single-family development on lots smaller than 6,000 square feet through a planned unit development or conditional use permit process. Additionally, various factors including neighborhood opposition, perceived risk by developers, development fees and standards, and production costs that can further constrain small-lot development. This Study identifies and explores each of these issues and discusses opportunities for addressing existing constraints to small-lot single-family development through changes to local policy and zoning requirements.

The Study addresses the following key questions:

1

In the current single-family market, what is considered a small lot?

2

What is driving interest in reduced lot sizes?

3

Where has small-lot single-family development occurred in the San Joaquin Valley?

4

What are the constraints preventing developers from building small-lot single-family homes?

5

How can jurisdictions encourage small-lot single-family development in the San Joaquin Valley?



Organization

- **Chapter 1: Introduction and Purpose** provides a brief overview of the topic and the intent of the Study.
- **Chapter 2: Existing Conditions and Trends** provides a brief assessment of housing needs in the San Joaquin Valley.
- **Chapter 3: Market Conditions and Feasibility Analysis** documents regional real estate market conditions and provides a financial feasibility analysis based on representative case studies.
- **Chapter 4: Issues and Opportunities** identifies issues and opportunities related to small-lot single-family development, as reported by Valley developers, planners, and non-profit housing providers through stakeholder interviews with the Project Team.
- **Chapter 5: Implementation** summarizes best practices for implementing small-lot single-family development, including guidance related to evaluating current zoning standards and design requirements, and a sample small-lot subdivision ordinance.
- **Appendix A** includes a detailed stakeholder summary report.

What is Small-lot Residential Development?

The definition of “small-lot single-family” varies by jurisdiction and project. Traditionally, residential zones with a minimum lot size of 6,000 square feet were considered small in the Valley. However, due to increased costs and changing markets, a 6,000 square-foot lot is now considered a large lot appropriate for a higher-end housing product. Due to increased costs, developers have been working with jurisdictions to provide a variety of products on smaller lots, and several jurisdictions in the Valley have begun to allow single-family development on lots considerably smaller than the typical 6,000 square feet.

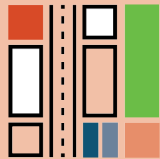
In addition to variations in lot size, small-lot residential developments also vary in design and format. While some are constructed as detached units with no shared walls and separate foundations, others are attached units. The form and orientation of small-lot single-family development can also vary from single-family homes to cottage courts, to sweat-equity formats, and even tiny-home developments. While the format and design of small-lot housing types is quite diverse, three common characteristics are seen throughout the State: reduced lot sizes, fee-simple ownership, and reduced or flexible development standards.



Lot size is the fundamental component of small-lot development. A small-lot development is built on a lot or parcel with an area substantially less than 6,000 square feet, with greater potential for affordability as lot sizes decrease.



For sale small-lot developments use a fee-simple structure, meaning the property owner owns both the housing unit and land on which it is built, as opposed to condominium ownership, which only includes ownership of the unit and interior spaces.



To accommodate a variety of structure sizes, types and orientations, reduced or flexible development standards related to setbacks, open space, parking and other requirements are required.

1

In the current single-family market, what is considered a small lot?

Traditionally: 6,000 square feet

In 2024: 2,000 square feet

Relevant State Housing Law

This subsection identifies recently enacted State housing laws relevant to the topic of small-lot residential development.

Assembly Bill 686 2017

Assembly Bill 686 (AB 686) requires jurisdictions to take meaningful actions that overcome patterns of segregation and foster inclusive communities. The California Department of Housing and Community Development (HCD) requires affordable housing to be encouraged and incentivized in high resource areas, which tend to consist of single-family homes. Allowing for small-lot single-family development can significantly increase housing capacity and encourage production of more affordable housing types in low density high resource areas.

What is a high resource area?

High resource areas are areas most strongly associated with positive economic, educational, and health outcomes for low-income families – particularly long-term outcomes for children – when compared to other neighborhoods in the same region.

Senate Bill 9 2021

Senate Bill 9 (SB 9) allows property owners to split existing single-family parcels and create up to four units (two primary units and two accessory dwelling units) between the two lots. The legislation is intended to make it easier to plan, finance, build, and/or sell additional homes on a traditional single-family lot. Small-lot formats can be a great option for property owners using SB 9 lot splits to maximize the number of units on their parcels.

Senate Bill 478 2021

SB 478 prohibits a local agency from imposing a floor area ratio standard that is less than 1.0 on a housing development project that consists of three to seven units, or less than 1.25 on a housing development project that consists of eight to 10 units. Additionally, the bill prohibits a local agency from imposing a lot coverage requirement that would physically preclude a housing development project from achieving the floor area ratios described above or denying a housing development project located on an existing legal parcel solely on the basis that the lot area of the proposed lot does not meet the local agency's requirements for minimum lot size. The bill only applies to housing development projects that meet specified requirements, including, among other things, that the project be located in a multifamily residential zone or a mixed-use zone.

Senate Bill 684 2024

SB 684 requires local agencies to ministerially consider, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project of 10 or fewer residential units on urban lots under five acres. SB 684 requires the proposed subdivision to be located on a lot zoned for multifamily residential development that is no larger than five acres and is substantially surrounded by qualified urban uses.

Public Participation

During March and April 2024, Mintier Harnish and The Natelson Dale Group conducted small-group interviews with local housing developers, agencies, and housing advocates to gain an understanding of the interest and feasibility of small-lot housing development in the San Joaquin Valley. The input received provides context on housing needs and constraints in the community. The interviews included 12 participants, identified below.

Each interview lasted approximately 45 minutes and was conducted virtually via conference call or Zoom. The project team encouraged stakeholders to provide their thoughts on small-lot single-family development in the San Joaquin Valley. The Project team used stakeholder feedback to inform the market conditions analysis, help evaluate issues and opportunities, and provide guidance on best practices in implementing and encouraging small-lot development.

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Bonique Emerson	Precision Engineering
Paul Bernal	City of Visalia
Jeff Roberts	Granville Homes



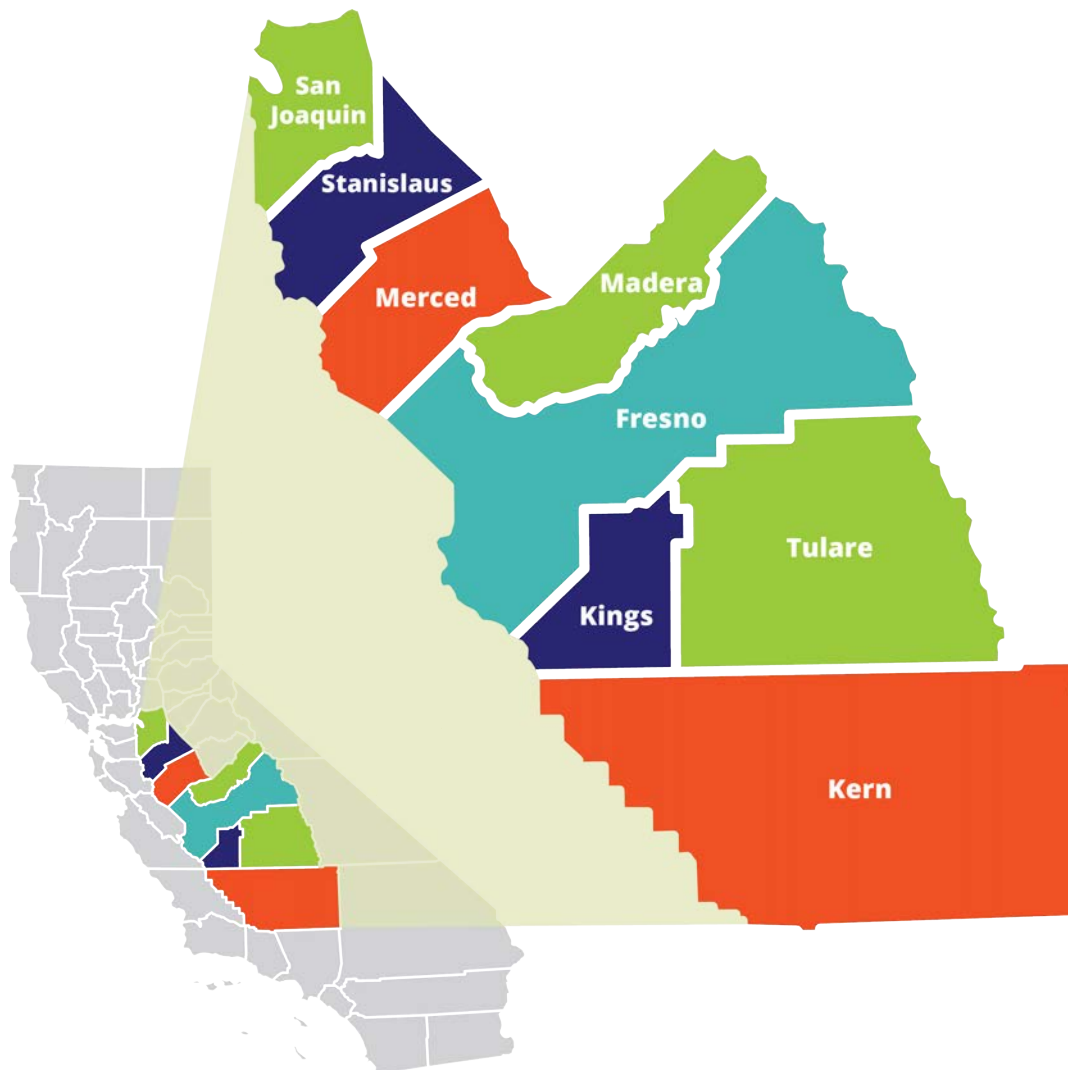
2. Existing Population and Housing Trends

This section identifies population and housing characteristics and summarizes housing needs in the San Joaquin Valley. The intention is to provide a baseline understanding of recent trends and an indication of how small-lot development can help meet housing needs.

Existing Conditions

The San Joaquin Valley includes eight counties: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare. Data for this section comes from U.S. Census (2010 and 2020) and the American Community Survey (ACS) 2006-2010, 2013-2017, and 2018-2022 5-year estimates.

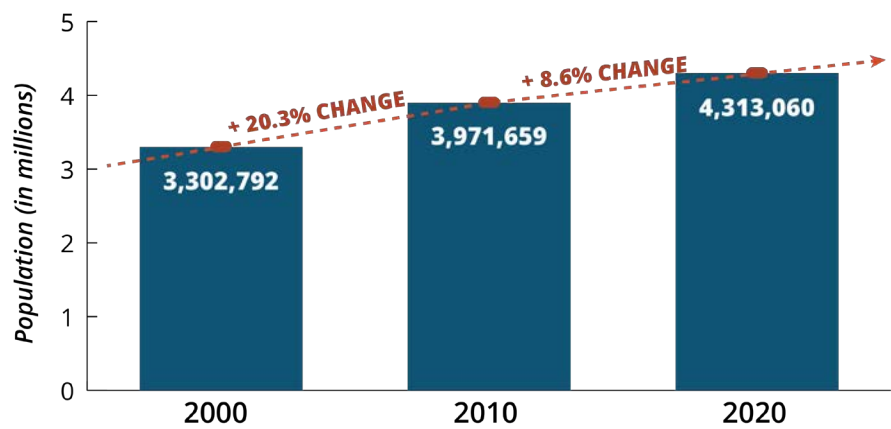
Population characteristics, including growth rate and median income, affect the type and amount of housing needed in a community. Data indicates a clear need for more affordable housing throughout the San Joaquin Valley to provide for existing and projected housing needs. The growing gap between home prices and the median household income is a major constraint to homeownership. It is also clear that renters are disproportionately cost-burdened and are more likely to face overcrowding, indicating a need for more affordable homeownership opportunities for renters.



Population

Figure 2.1 shows population growth from 2000 to 2020. Between 2000 and 2010, the San Joaquin Valley’s population grew by 20.3 percent from 3.3 million to 3.9 million. Between 2010 and 2020, the population grew at a slower rate of 8.6 percent, reaching 4.3 million in 2020.

Figure 2.1 Population Growth by Decade (2000 – 2020)

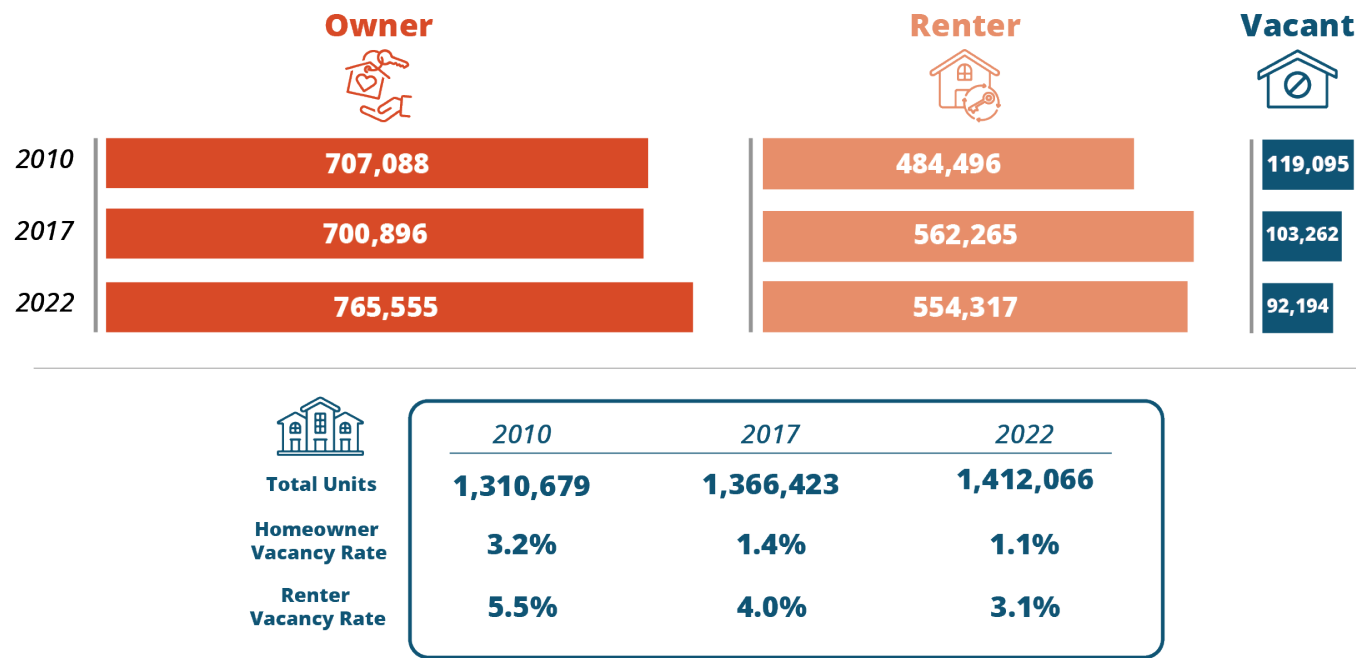


Source: US Census, Decennial Census, 2000 Table DP1; 2010 Table P1; 2020 Table P2.

Housing Stock

As shown in Figure 2.2, total housing units increased in the Valley between 2010 and 2022 by 101,387 units (7.8 percent) while housing vacancy decreased from 119,095 units (9.1 percent) in 2010 to 92,194 units (6.5 percent) in 2022. In 2022, the homeowner and rental vacancy rates were both below the healthy vacancy range of 1.3 to 2.0 percent for ownership and 6.0 to 8.0 percent for rentals. When the vacancy rate falls below the healthy range, housing prices tend to increase as the housing supply is constricted and demand continues to grow, driving up the cost of housing.

Figure 2.2 Total Housing Supply (2010 – 2022)



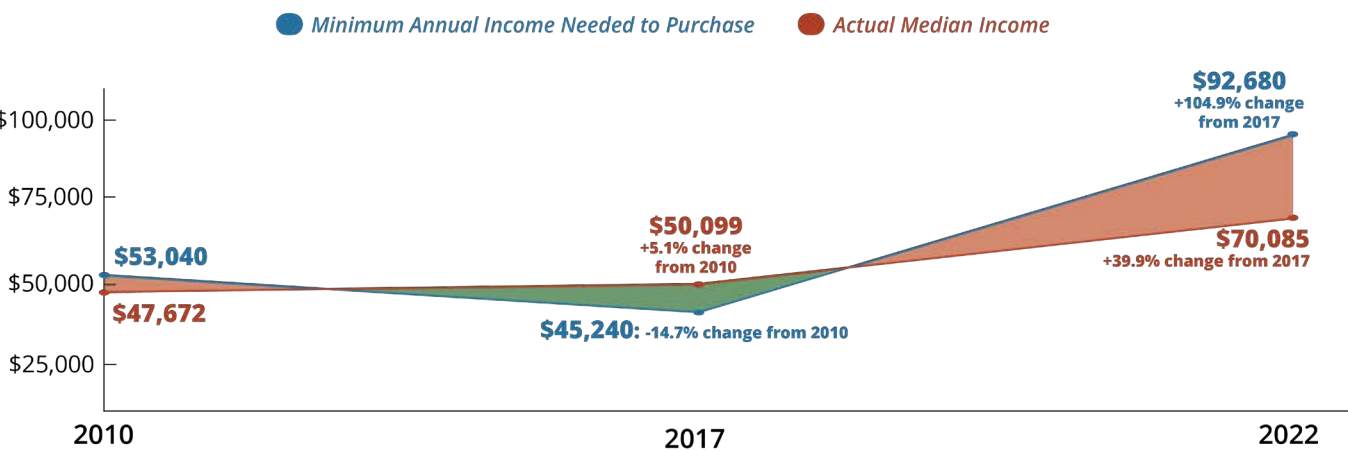
Source: U.S. Census Bureau, 6-10 ACS (5-Year Estimate), 13-17 ACS (5-Year Estimate), 18-22 ACS 5-Year Survey, Table DP04.

Household Income and the Cost of Homeownership

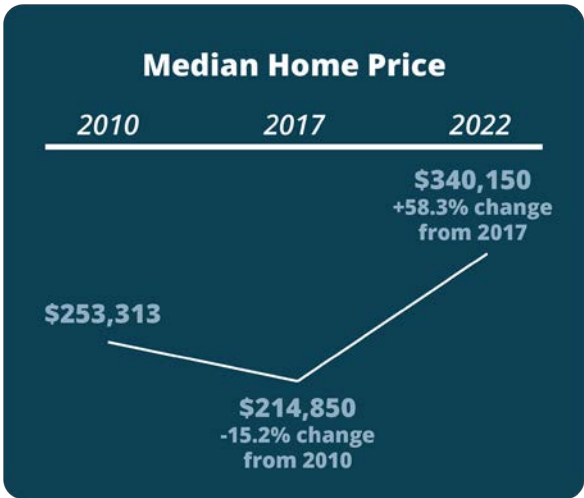
Figure 2.3 shows the minimum annual income necessary to purchase a home at the median home price without spending more than 30 percent of household income on housing. As shown, the minimum annual income necessary to purchase a home in 2022 without being cost burdened was \$92,680, while the median income was \$70,085. This means there was a \$22,595 gap between the income necessary to purchase a home at the median price and the median income. As shown, the minimum annual income necessary to purchase a home increased by approximately 104.9 percent during the five-year period between 2017 and 2022, while median income increased by 39.9 percent.

Figure 2.3 also identifies the median home sale prices in the San Joaquin Valley for the years 2010, 2017, and 2022. Between 2010 and 2017, home values decreased by 15.2 percent followed by a 58.3 percent increase between 2017 and 2022. During this same period, median incomes increased, but by smaller percentages of 5.1 percent between 2010 and 2017, and 39.9 percent between 2017 and 2022.

Figure 2.3 Homeowner Affordability Gap (2010 – 2022)



Source: U.S. Census Bureau, 6-10 ACS (5-Year Estimate), 13-17 ACS (5-Year Estimate), 18-22 ACS (5-Year Estimate), Table B25077; Table S1901.

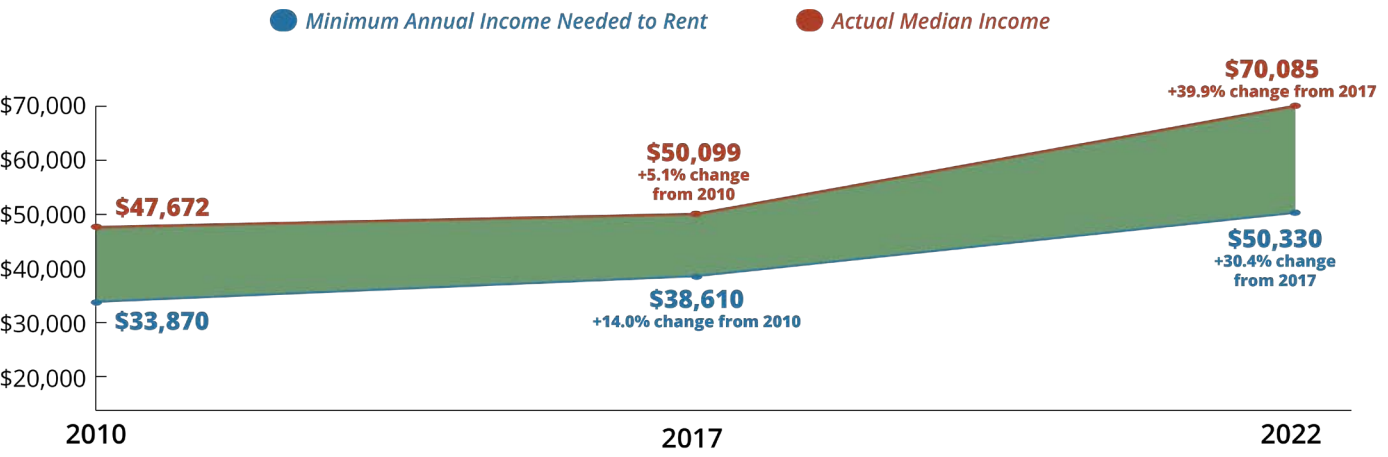


The minimum annual income needed to purchase is calculated with the Zillow Mortgage Calculator using the median home price based on a 30-year, fixed-rate mortgage with a 4.2 percent, 4.1 percent, and 7.5 percent interest rate, respective to each year.

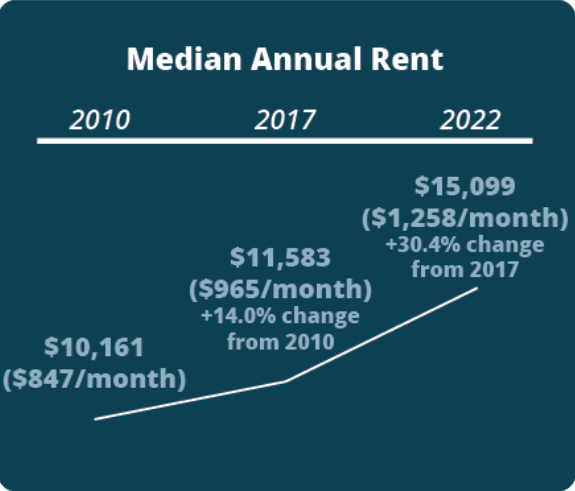
Cost of Rent

Figure 2.4 shows the minimum annual income necessary to rent a home at the median annual rental price without spending more than 30 percent of household income on housing. As shown, the minimum annual income necessary to rent a home in 2022 without being cost burdened was \$50,330, while the median income was \$70,085. This means that the price of rental housing is generally affordable and renters are less likely to be cost burdened. While median annual rent prices have remained affordable for most renters, the percent change for the price of rent increased at double the rate between 2017 and 2022 (30.4 percent) compared to the period between 2010 and 2017 (14.0 percent).

Figure 2.4 Renter Affordability Gap (2010 – 2022)



Source: U.S. Census Bureau, 6-10 ACS (5-Year Estimate), 13-17 ACS (5-Year Estimate), 18-22 ACS (5-Year Estimate), Table B25077; Table S1901.

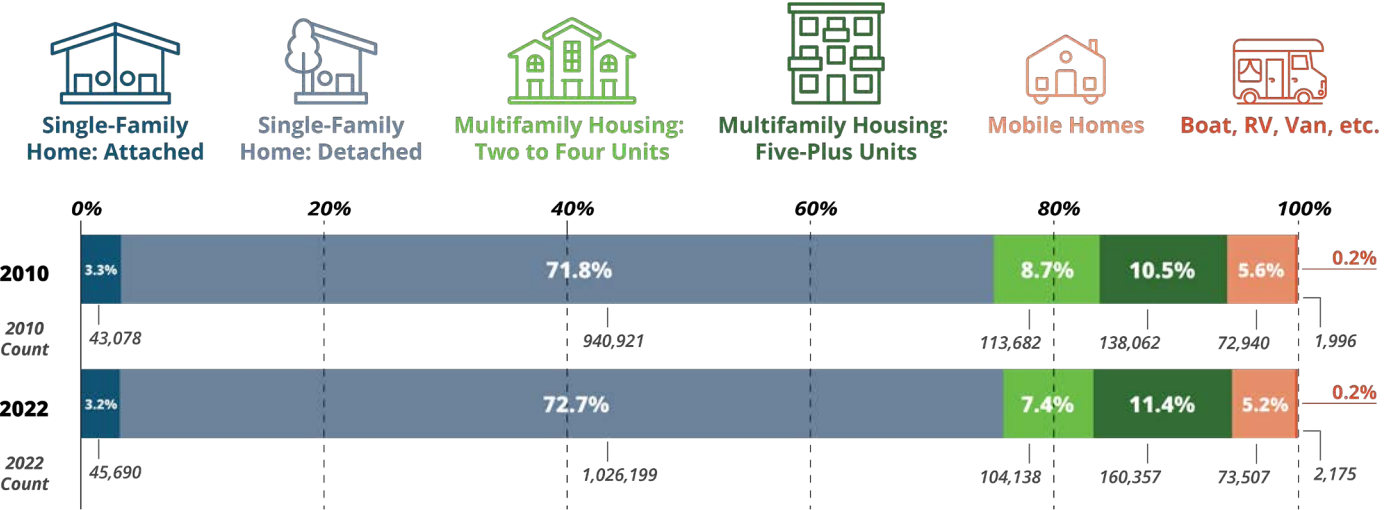


The minimum annual income needed to rent is calculated by dividing the median annual rent by 30 percent. Households spending more than 30 percent of their income on housing are considered cost burdened.

Housing Types

Analyzing housing-type trends provides a glimpse into the region’s housing market, offering insight into housing preferences in the San Joaquin Valley. As shown in Figure 2.5, single-family, detached homes made up 71.8 percent of the Valley’s housing stock in 2010, and grew to 72.7 percent by 2022. During this time, the number of multifamily homes with five or more units grew the most (16.1 percent), followed by single-family detached homes (9.1 percent). While multifamily housing with five or more units had the highest growth rate between 2010 and 2022, single-family detached homes remain the primary household type. Due to the dominance of single-family homes historically in the Valley, local developers and builders tend to have more experience and market confidence when building this type, as opposed to condominiums or multifamily developments.

Figure 2.5 Housing Type Trends (2010 – 2022)



Source: U.S. Census Bureau, ACS 06-10, 18-22 (5-year Estimates), Table B25024.

Household Size and Tenure

Understanding household size can help provide a more complete understanding of housing needs in the region. As shown in Table 2.1, households with two to three people make up the largest percentage of total households. Among renter-occupied housing units specifically, 63.8 percent are occupied by households with fewer than three people. Small-lot single-family formats affordable to moderate income households are typically of modest size (three bedrooms or fewer) and are suitable to accommodate households in these categories.

Table 2.1 Household Size by Tenure (2022)

Household Size	Owner-occupied	Percent	Renter-occupied	Percent
Householder living alone	138,042	18.0%	131,019	23.6%
Households 2-3	362,171	47.3%	222,630	40.2%
Households 4+	265,342	34.7%	200,668	36.2%
Total Households	765,555	100.0%	554,317	100.0%

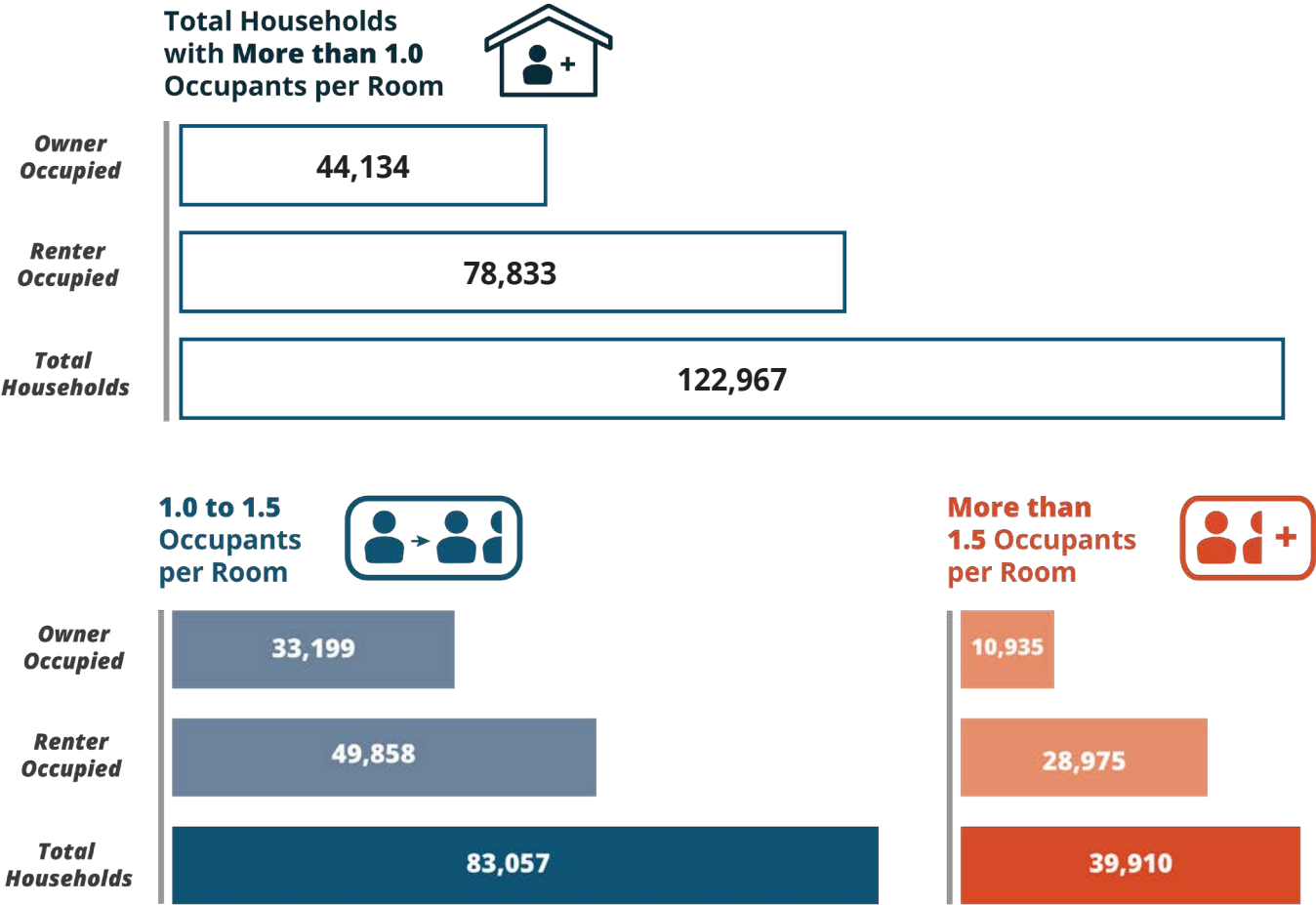
Sources: U.S. Census Bureau, 18-22 ACS 5-Year Survey, Table S2501.

Overcrowding

U.S. Census standards define a housing unit as overcrowded when the total number of occupants is greater than one person per room, excluding kitchens and bathrooms. Units with more than 1.5 persons per room are considered severely overcrowded and should be recognized as a significant housing problem.

Figure 2.6 shows overcrowding severity by tenure in the San Joaquin Valley. As shown, there are a total of 122,967 overcrowded households, with 83,057 units (68 percent) overcrowded and 39,910 units (32 percent) severely overcrowded. Of the total households with more than 1.0 occupant per room, 78,833 units (65 percent) are renter-occupied, and 44,134 units (36 percent) are owner-occupied. Construction of more affordable housing types helps address the disproportionate number of cost-burdened, renter-occupied households.

Figure 2.6 Overcrowding Severity by Tenure






Overpayment

This section provides an analysis of the proportion of households “overpaying for housing” based on income level and percentage of income used for housing (i.e., housing cost). Lower-income households are defined as those that earn 80 percent or less of the area median income. Housing cost is measured as the percentage of income. A “moderate cost burden” is defined by HUD as gross housing costs between 31 and 50 percent of gross income. A “severe cost burden” is defined as gross housing costs exceeding 50 percent of gross income. For renters, gross housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.

As shown in Table 2.2, renters are more likely to experience moderate and severe cost burdens than owners. Of the households with a moderate cost burden, renters make up 56.6 percent, while owners make up 43.4 percent. Similarly, renters account for 65.6 percent of severely cost burdened households, while owners makeup 34.4 percent. Because renter-occupied households are more likely to be cost burdened than owner-occupied households, increasing the stock and affordability of for-sale homes can be effective in reducing the number of cost-burdened households.

Table 2.2 Cost Burden Severity by Tenure

Tenure	 No Cost Burden (0%-30% of Income Toward Housing Cost)	 Moderate Cost Burden (30%-50% of Income Toward Housing Cost)	 Severe Cost Burden (50%+ of Income Toward Housing Cost)	Cost Burden Not Computed
Owner Occupied	355,871	103,725	72,006	2,972
Percent	55.8%	43.4%	34.4%	7.4%
Renter Occupied	281,564	135,317	137,436	37,439
Percent	44.2%	56.6%	65.6%	92.6%
Total	637,435	239,042	209,442	40,411
Percent	100%	100%	100%	100%

Source: U.S. Census Bureau, ACS 18-22 Table B25091; ACS 18-22 Table B25070.

Existing Small-Lot Residential Parcels

This section analyses land use data to determine the extent of existing small-lot residential planning in the Valley. Data informing this section was provided by the SJV REAP program and was compiled in UrbanFootprint using assessor parcel data for each county through 2022. This data shows a total of 89,277 small-lot residential parcels in the Valley, including both vacant subdivided residential parcels and existing small-lot residential development (see Figure 2.7). Although this dataset is from 2022, it shows a clear picture of where small-lot developments have been concentrated in recent years throughout the Valley.

Small-lot Parcels by County

Of the eight Valley counties, San Joaquin has the largest number of small-lot residential parcels. The 26,326 small-lot parcels in the county account for nearly 30 percent of all residential small-lots valleywide. Fresno also has high counts of small-lot developments at 22,231 countywide parcels. Kern and Stanislaus have very similar counts of small-lot parcels at 12,024 and 12,843 parcels, respectively. All other counties in the Valley have less than 6,000 small-lot parcels, with Madera County having the lowest count at 840 parcels.

Small-lot Parcels by City

Throughout the Valley, there is a clear concentration of planning for small-lot residences among certain cities. The ten cities with the most small-lot residential parcels in the Valley include Fresno, Stockton, Bakersfield, Modesto, Clovis, Tracy, Visalia, Lodi, Merced, and Turlock. These cities often represent the majority of total small-lot parcels in the respective county.

Notably, of the top ten cities, there is a distinct concentration of small-lot residential parcels in northern portion of the Valley, including those in Stockton, Modesto, Tracy, Lodi, Merced, and Turlock. Stockton has the second highest number of small-lot residential parcels by city at 12,354 parcels. Modesto is fourth at 17,403 parcels, while Tracy (4,696 parcels), Merced (2,862 parcels), and Turlock (2,284 parcels) also have a significant number of small-lot residential parcels.

In the central and south Valley, Fresno, Bakersfield, Clovis, and Visalia are concentrated areas for small-lot planning. Fresno has the highest number of small-lot residential parcels of any city in the Valley at 15,488 parcels while the neighboring city of Clovis has the fifth highest total at 5,257 parcels. Fresno and Clovis account for over 92 percent of all small-lot parcels in Fresno County. Further south, Bakersfield has the third highest count of any Valley city (7,751 parcels) and the city of Visalia in Tulare County is seventh (3,004 parcels).

Small-lot Parcels by Size

As displayed on Figure 2.8, 44 percent of the existing small-lot residential parcels in the Valley are between 4,000 and 5,000 square-feet in size. This is generally true across each of the eight of the San Joaquin Valley counties. Further, 24 percent are parcels between 3,000 and 4,000 square feet and 32 percent fall into the smallest category of less than 3,000 square feet. The greater percentage of parcels below 3,000 square feet indicates that, when comparing these two lot sizes, the benefits of increased affordability likely outweigh the benefits of owning a slightly larger property.

Figure 2.7 Number of Small-lot Parcels by County

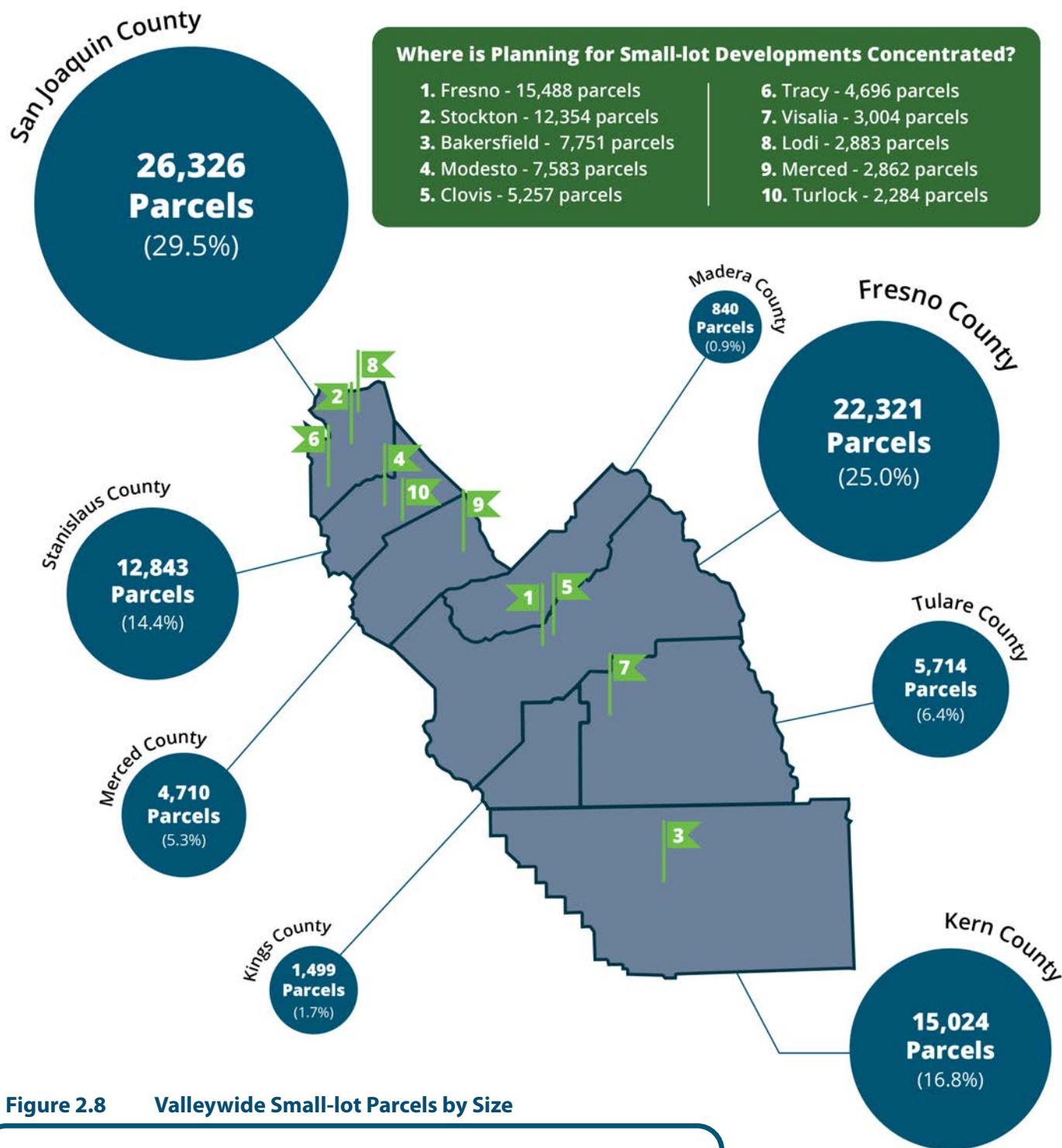
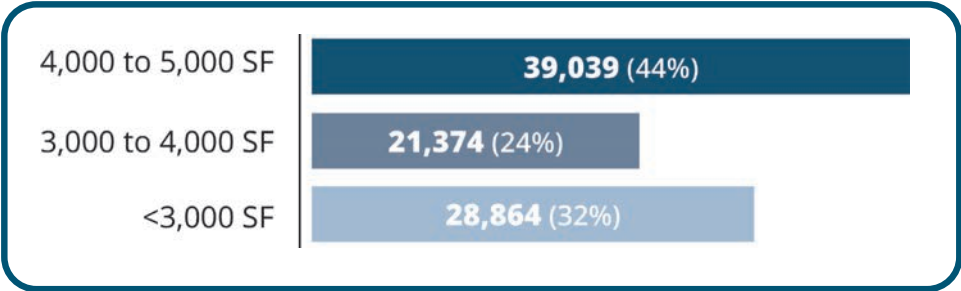


Figure 2.8 Valleywide Small-lot Parcels by Size



Data source: SJV REAP, Compilation of 2022 county assessor parcel data, UrbanFootprint, 2022.

Summary of Existing Population and Housing Trends

Population Growth has Increased Demand

Population growth in the San Joaquin Valley has increased the demand for housing in the region. The addition of nearly 350,000 residents between 2010 and 2022 has impacted the cost and availability of both rental and for-sale housing.

Insufficient Supply

There is a shortage of available affordable units in the Valley. In addition to increased demand, this supply shortage has driven up the price of housing, and particularly for-sale units, as indicated by low vacancy rates. The Valley needs to increase its housing supply; encouraging small-lot developments is one way of increasing this supply. Until supply and demand find a point of equilibrium, prices will continue to rise.

Increasing Cost of Homeownership

The central constraint to homeownership in the San Joaquin Valley is the growing gap between home prices and median household income. The data presented in Figure 2.3 clearly indicates that home prices are increasing at a much faster rate than median income, which restricts access to homeownership even for moderate-income households. The availability of smaller, more affordable housing types, such as small-lot single-family homes, can help to lower the cost of entry into homeownership.

Impacts of a Lack of Affordable Units

Due to the lack of affordable housing options, many households must adapt to ensure access. Overcrowding and overpaying have increased in the Valley as a direct result of insufficient supply and rising home and rental costs. To address these issues, jurisdictions should allow for and encourage increased production of a variety of more affordable housing types, including small-lot housing types that can be developed on less-costly lots and sold or rented at a more affordable cost.

2

What is driving interest in reduced lot sizes?

Population growth

Increasing land and construction costs

High cost of homeownership

**Popularity of
single-family homes**

Insufficient supply

Benefits of homeownership

3. Market Conditions and Financial Feasibility Analysis

This chapter provides an overview of economic conditions – at both regional and site-specific levels – that will potentially give rise to wider-scale acceptance of small-lot development as an alternative to traditional single-family housing in the San Joaquin Valley. The chapter includes a long-range market demand analysis, which provides a general forecast of the potential size of the small-lot residential development market in the Valley over the next 20 years. Recognizing that small-lot residential development is essentially an “untested” residential product type in most parts of the Valley, the demand forecasts are not represented as definitive, but are intended to provide a framework for anticipating the potential magnitude of small-lot residential development demand (for each of the eight counties in the study area) based on the assumptions presented.

The chapter also provides case study profiles of existing small-lot residential development projects in the Valley, as well as a pro forma financial analysis documenting the potential feasibility (from a developer’s perspective) of small-lot development in the Valley’s current and foreseeable housing market.

Overview of Relevant Market Conditions

The analysis provided in this chapter, as well as input from interviewed members of the development community, indicate that the following conditions are favorable for small-lot residential development in the Valley:

- Ongoing population growth and development cost increases have placed upward pressure on housing prices even in the relatively affordable San Joaquin Valley. As a result of price increases, the typical lot size for single-family detached housing has decreased over time. As a result, consumer acceptance for higher-density detached housing products has risen, even if this is to some extent a matter of necessity to achieve affordability.
- The Valley has maintained its distinct market preference for single-family, detached housing. Whereas statewide data indicate an ongoing shift toward multi-family/attached housing, in the Valley the percentage of housing in the single-family, detached category has increased in recent years. Small-lot units may therefore represent a higher-density solution that responds to the Valley’s market preference for detached housing.
- In addition to responding to ongoing and growing demand for market-rate housing, cities and counties appreciate creative approaches for increasing affordable housing to fulfill RHNA obligations. Small-lot residential development may be especially viable in both increasing production and affordability.
- Population and household growth is anticipated to be strong in the coming decades. The Valley is expected to gain approximately 270,000 households over the next 20 years, representing a 20 percent increase over the existing number of households. These expectations for strong growth translate into market conditions that are likely to accelerate the small-lot residential development-favorable trends noted above: upward pressures on prices and an ongoing evolution toward higher-density single-family housing products.

Projected Market Demand for Small-lot Units

This section provides a forecast of the numbers of small-lot residential units that could potentially be developed in each Valley county over the next 20 years (2024-2044). These projections are not intended to assess the feasibility of individual development projects in specific locations but are presented as “planning level” forecasts that generally quantify the levels of demand that can potentially be anticipated.

Single-Family Detached Units

Table 3.1 summarizes county-level data for single-family detached units as a percentage of the total housing stock in each of the analysis years (2010, 2020 and 2024). Valley-wide, single-family detached units represented 72 percent of the housing stock in 2010. The share of single-family detached units increased to 73 percent in 2020 and remains constant at 73 percent in 2024. For California as a whole, single-family detached units represent a much smaller percentage of the housing stock, and the number has slightly decreased over the 14-year analysis period (from 58 percent in 2010 to 57 percent in 2024). This data provides insight into local housing market conditions in the San Joaquin Valley and indicates a preference towards single-family residential over all other housing types.

Table 3.1 Single-Family Detached Units as Percent of Total Units

County	Year		
	2010	2020	2024
Fresno	67%	68%	68%
Kern	71%	72%	72%
Kings	72%	73%	73%
Madera	80%	80%	81%
Merced	73%	74%	74%
San Joaquin	72%	73%	74%
Stanislaus	75%	75%	75%
Tulare	75%	76%	76%
SJV Total	72%	73%	73%
California	58%	58%	57%

Sources: Zillow; Home-Cost.com modeling framework; The Natelson Dale Group, Inc., 2024.

Growth Projections

Table 3.2 provides a forecast of household growth in each Valley county over the next 20 years. These forecasts are based on projections published by the California Department of Transportation (Caltrans). Caltrans forecasts provide the most recent data available for most of the Study counties and specifically reflect changes in market conditions in the post-pandemic period.

As shown, the number of total households in the Valley is expected to increase by 267,900 during the 20-year period. Table 3.2 indicates a projected household growth rate of 11.6 percent between 2024 and 2034, at a rate of 8.1 percent between 2034 and 2044.

Table 3.2 Projected Total Households by County, 2024-2044

County	Year				
	2024	2034	Percent Change	2044	Percent Change
Fresno	328,500	358,600	9.2%	384,900	7.3%
Kern	283,400	309,300	9.1%	335,600	8.5%
Kings	46,000	50,400	9.6%	54,400	7.9%
Madera	48,700	56,300	15.6%	61,200	8.7%
Merced	85,000	97,200	14.4%	109,600	12.8%
San Joaquin	249,700	287,600	15.2%	315,700	9.8%
Stanislaus	179,500	189,600	5.6%	198,400	4.6%
Tulare	147,200	163,700	11.2%	176,100	7.6%
SJV Total	1,368,000	1,512,700	10.6%	1,635,900	8.1%

Sources: California Department of Transportation, county-level economic forecast reports for 2022 and 2023.

Demand Projections

Table 3.3 projects demand for new housing units by county over the 20-year forecast horizon. The projected unit demand reflects the projected number of households (occupied units) and an assumed standard vacancy rate of 5.0 percent. Valley-wide, total demand for new housing between 2024 and 2044 is projected at 282,000 units.

Table 3.3 Projected Demand for Additional Housing Units

County	Period		
	2024-2034	2034-2044	20 Year Total
Fresno	31,700	27,700	59,400
Kern	27,300	27,700	54,900
Kings	4,600	4,200	8,800
Madera	8,000	5,200	13,200
Merced	12,800	13,100	25,900
San Joaquin	39,900	29,600	69,500
Stanislaus	10,600	9,300	19,900
Tulare	17,400	13,100	30,400
SJV Total	152,300	129,900	282,000
Vacancy Rate	5.0%		

Sources: The Natelson Dale Group, Inc., 2024.

Table 3.4 projects demand for new single-family detached units by county over the 20-year forecast horizon. For each county, the projections assume that the single-family, detached share of the market (i.e., single-family detached units as a percentage of the total housing stock) will remain at 2024 levels. Based on this assumption, Valley-wide demand for single-family detached homes is projected at 205,600 units over the next 20 years.

Table 3.4 Projected Demand for Single-Family Detached Units

County	Period			
	Single-Family Detached	2024-2034	2034-2044	20 Year Total
Fresno	68%	21,700	18,900	40,600
Kern	72%	19,800	20,000	39,700
Kings	73%	3,400	3,100	6,400
Madera	81%	6,500	4,200	10,700
Merced	74%	9,400	9,700	19,100
San Joaquin	74%	29,300	21,800	51,100
Stanislaus	75%	7,900	7,000	14,900
Tulare	76%	13,200	10,000	23,100
SJV Total		111,200	94,700	205,600
Vacancy Rate	5.0%			

Source: The Natelson Dale Group, Inc., 2024.

Tables 3.5 through 3.12 provide county-by-county projections of potential demand for small-lot development. These tables include projected changes in the numbers of households in each county by household-income bracket. The target market for small-lot residential development units is assumed to be households in the \$75,000-\$99,000 and \$100,000-\$149,000 income brackets. The model assumes that small-lot housing will capture 50 percent of the single-family detached market for the \$75,000-\$99,000 income group, and a 25 percent capture for the \$100,000-\$149,000 income group. These percentages estimate the market share for small-lot units as percentages of new households in the target-income categories, but may include demand from both existing and new households in each income group. While the projected small-lot residential development market shares are aggressive compared to historic trends, they provide an upper limit forecast for planning purposes for this emerging segment of the housing market.

Table 3.5 Projected Small-lot Housing Demand - Fresno County

Income Range	2024	2034	2044	20 Year Change	Market Capture	20 Year Demand
< \$15,000	36,000	32,500	31,300	-4,700	N/A	N/A
\$15,000 - \$24,999	22,300	11,600	9,200	-13,100	N/A	N/A
\$25,000 - \$34,999	22,600	14,800	12,800	-9,800	N/A	N/A
\$35,000 - \$49,999	33,800	23,300	20,500	-13,300	N/A	N/A
\$50,000 - \$74,999	55,100	50,600	49,100	-6,000	N/A	N/A
\$75,000 - \$99,999	41,500	46,600	48,600	7,100	50%	3,550
\$100,000 - \$149,999	54,500	73,800	83,000	28,500	25%	7,125
\$150,000 - \$199,999	34,300	57,600	71,300	37,000	0%	0
\$200,000 +	29,600	48,900	60,000	30,400	0%	0
Total	329,600	359,700	386,000	56,100		10,675

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.6 Projected Small-lot Housing Demand - Kern County

Income Range	2024	2034	2044	20 Year Change	Market Capture	20 Year Demand
< \$15,000	28,600	25,700	24,700	-3,900	N/A	N/A
\$15,000 - \$24,999	18,900	6,000	3,000	-15,900	N/A	N/A
\$25,000 - \$34,999	20,900	11,600	9,000	-11,900	N/A	N/A
\$35,000 - \$49,999	32,400	19,600	16,000	-16,400	N/A	N/A
\$50,000 - \$74,999	42,300	38,900	37,800	-4,500	N/A	N/A
\$75,000 - \$99,999	37,800	44,200	46,900	9,100	50%	4,550
\$100,000 - \$149,999	55,400	77,800	89,100	33,700	25%	8,425
\$150,000 - \$199,999	27,600	47,400	59,700	32,100	0%	0
\$200,000 +	26,900	45,500	56,900	30,000	0%	0
Total	290,800	316,700	343,000	52,300		12,975

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.7 Projected Small-lot Housing Demand - Kings County

Income Range	2024	2034	2044	20 Year Change	Capture	20 Year Demand
< \$15,000	4,100	4,000	3,900	-200	N/A	N/A
\$15,000 - \$24,999	3,300	2,300	2,100	-1,200	N/A	N/A
\$25,000 - \$34,999	3,700	2,900	2,600	-1,100	N/A	N/A
\$35,000 - \$49,999	4,600	3,800	3,500	-1,100	N/A	N/A
\$50,000 - \$74,999	9,900	9,700	9,600	-300	N/A	N/A
\$75,000 - \$99,999	6,800	7,800	8,300	1,500	50%	750
\$100,000 - \$149,999	6,200	8,500	9,800	3,600	25%	900
\$150,000 - \$199,999	4,300	7,300	9,500	5,200	0%	0
\$200,000 +	1,900	3,100	4,000	2,100	0%	0
Total	44,900	49,300	53,300	8,500		1,650

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.8 Projected Small-lot Housing Demand - Madera County

Income Range	2024	2034	2044	20 Year Change	Capture	20 Year Demand
< \$15,000	6,400	5,300	5,100	-1,300	N/A	N/A
\$15,000 - \$24,999	2,000	-300	-700	-2,700	N/A	N/A
\$25,000 - \$34,999	2,800	700	300	-2,500	N/A	N/A
\$35,000 - \$49,999	3,400	1,200	800	-2,600	N/A	N/A
\$50,000 - \$74,999	7,900	6,800	6,500	-1,400	N/A	N/A
\$75,000 - \$99,999	5,100	6,100	6,400	1,300	50%	650
\$100,000 - \$149,999	8,600	13,300	14,900	6,300	25%	1,575
\$150,000 - \$199,999	6,100	11,900	14,500	8,400	0%	0
\$200,000 +	5,500	10,500	12,600	7,100	0%	0
Total	47,900	55,500	60,400	12,600		2,225

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.9 Projected Small-lot Housing Demand - Merced County

Income Range	2024	2034	2044	20 Year Change	Market Capture	20 Year Demand
< \$15,000	11,000	9,600	9,100	-1,900	N/A	N/A
\$15,000 - \$24,999	2,800	-4,100	-5,800	-8,600	N/A	N/A
\$25,000 - \$34,999	4,200	-300	-1,600	-5,800	N/A	N/A
\$35,000 - \$49,999	5,400	700	-600	-6,000	N/A	N/A
\$50,000 - \$74,999	16,300	14,800	14,200	-2,100	N/A	N/A
\$75,000 - \$99,999	11,900	15,500	17,000	5,100	50%	2,550
\$100,000 - \$149,999	19,700	32,000	38,300	18,600	25%	4,650
\$150,000 - \$199,999	9,900	19,500	25,700	15,800	0%	0
\$200,000 +	6,300	12,200	16,000	9,700	0%	0
Total	87,700	99,900	112,300	24,800		7,200

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.10 Projected Small-lot Housing Demand - San Joaquin County

Income Range	2024	2034	2044	20 Year Change	Capture	20 Year Demand
< \$15,000	19,400	15,200	13,900	-5,500	N/A	N/A
\$15,000 - \$24,999	9,700	1,400	-300	-10,000	N/A	N/A
\$25,000 - \$34,999	12,400	4,700	2,900	-9,500	N/A	N/A
\$35,000 - \$49,999	18,000	8,000	5,600	-12,400	N/A	N/A
\$50,000 - \$74,999	37,000	29,800	27,600	-9,400	N/A	N/A
\$75,000 - \$99,999	37,000	40,200	41,400	4,400	50%	2,200
\$100,000 - \$149,999	54,000	74,600	83,500	29,500	25%	7,375
\$150,000 - \$199,999	33,900	60,400	74,600	40,700	0%	0
\$200,000 +	33,300	58,300	71,400	38,100	0%	0
Total	254,700	292,600	320,700	65,900		9,575

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.11 Projected Small-lot Housing Demand - Stanislaus County

Income Range	2024	2034	2044	20 Year Change	Capture	20 Year Demand
< \$15,000	16,500	13,700	13,100	-3,400	N/A	N/A
\$15,000 - \$24,999	17,200	10,900	10,000	-7,200	N/A	N/A
\$25,000 - \$34,999	16,000	11,000	10,100	-5,900	N/A	N/A
\$35,000 - \$49,999	24,300	17,000	15,600	-8,700	N/A	N/A
\$50,000 - \$74,999	37,000	31,200	29,900	-7,100	N/A	N/A
\$75,000 - \$99,999	23,200	24,500	24,800	1,600	50%	800
\$100,000 - \$149,999	27,900	40,300	44,300	16,400	25%	4,100
\$150,000 - \$199,999	8,800	21,100	26,100	17,300	0%	0
\$200,000 +	8,900	20,400	25,000	16,100	0%	0
Total	180,000	190,100	198,900	19,100		4,900

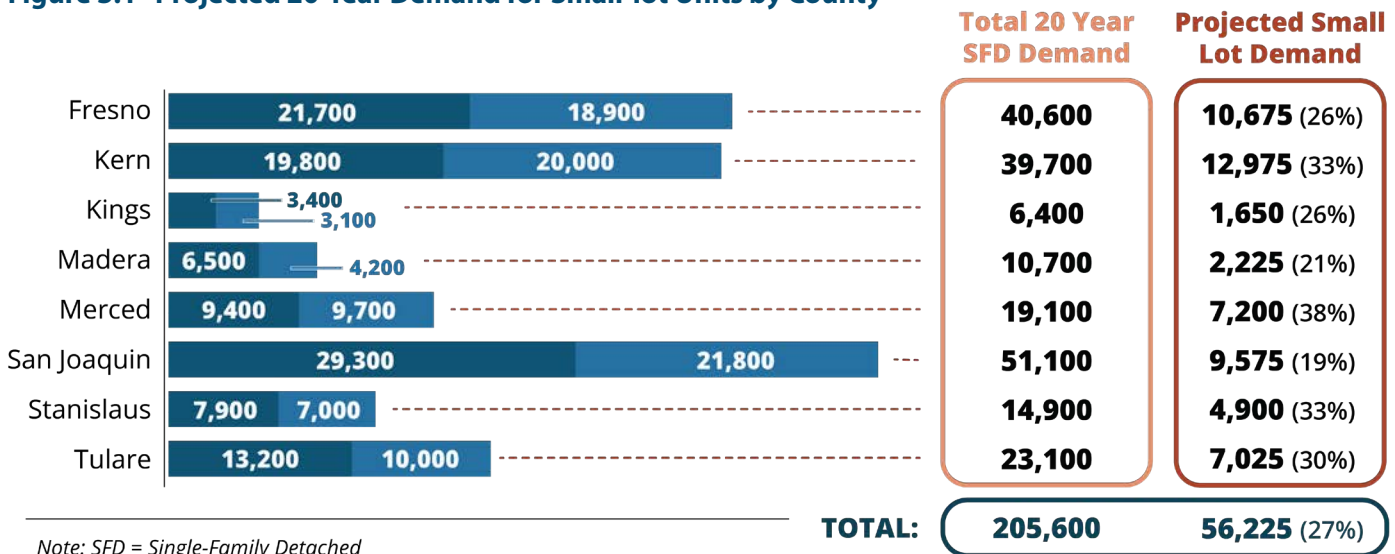
Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Table 3.12 Projected Small-lot Housing Demand - Tulare County

Income Range	2024	2034	2044	20 Year Change	Market Capture	20 Year Demand
< \$15,000	15,800	14,700	14,400	-1,400	N/A	N/A
\$15,000 - \$24,999	8,500	3,100	2,000	-6,500	N/A	N/A
\$25,000 - \$34,999	10,500	6,100	5,100	-5,400	N/A	N/A
\$35,000 - \$49,999	17,100	10,800	9,300	-7,800	N/A	N/A
\$50,000 - \$74,999	28,900	27,400	27,000	-1,900	N/A	N/A
\$75,000 - \$99,999	19,800	24,000	25,500	5,700	50%	2,850
\$100,000 - \$149,999	23,900	35,500	40,600	16,700	25%	4,175
\$150,000 - \$199,999	11,400	21,100	26,300	14,900	0%	0
\$200,000 +	11,800	21,500	26,500	14,700	0%	0
Total	147,700	164,200	176,600	29,000		7,025

Source: ESRI, Department of Finance (DOF), Caltrans, The Natelson Dale Group, Inc.

Figure 3.1 summarizes the small-lot housing demand forecasts by county. Based on the model assumptions described above, total potential demand for small-lot development over the next 20 years (Valleywide) is projected at 56,225 units. This total would represent 27 percent of new single-family detached housing during the projected 20-year period.

Figure 3.1 Projected 20-Year Demand for Small-lot Units by County

Note: SFD = Single-Family Detached

Source: U.S. Census Bureau, 6-10 ACS (5-Year Estimate), 13-17 ACS (5-Year Estimate), 18-22 ACS (5-Year Estimate), Table B25077; Table S1901.

Small-lot Housing and the Regional Housing Needs Allocation (RHNA)

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. This process starts with the California Department of Housing and Community Development (HCD) determining how much housing at a variety of affordability levels is needed for each region in the state. Then the regional governments develop a methodology to allocate that housing need to local governments. This allocation is called the jurisdictions Regional Housing Needs Allocation, or RHNA.

Once the RHNA has been determined, California's local governments adopt housing plans (called housing elements) as part of their "general plan" (also required by the state) to show how the jurisdiction is working to meet local housing needs. As part of this process, cities and counties must show that sufficient land zoned for residential uses to meet the RHNA at all income levels. Following certification of the housing element by HCD, jurisdictions must track and report actual housing production annually and report any progress made in achieving the RHNA through production. Allowing for small-lot residential developments is one approach jurisdictions can take to increase zoning capacity to meet the RHNA in the housing element and encourage production of more affordable housing types.

Zoning to Meet the RHNA in the Housing Element

Government Code section 65583.2, subdivision (c)(3)(B), allows local governments to use the default density standard to identify zones appropriate for lower-income capacity toward the RHNA in the housing element sites inventory. The default density provides the threshold at which capacity can be counted toward lower-income goals. Zones allowing a range of densities that include or exceed the default density are deemed appropriate for lower-income capacity by state law. Zones with a maximum density less than the default density are not.

Because small-lot developments achieve greater density, zones allowing for small-lot development often meet the default density standard. For the majority of the Valley, the default density is 20 dwelling units per acre (du/ac).¹ For comparison, development of a single-family home on a 2,000 square foot lot equates to 21.8 du/ac. A zone allowing for this type of development within the allowed density range (i.e. 12-24 du/ac) meets the default density. Unless otherwise constrained, any vacant developable parcels in the zone could be identified as lower-income capacity. This could apply to either higher density single-family zones or low and medium density residential zones allowing a mix of housing types.

Projected Demand by Income

Table 3.13 provides a general analysis of the degree to which small-lot development could help in achieving the RHNA for each of the eight counties. The table displays the small-lot single housing demand for each county and projects the expected percentage that might be affordable to moderate income households. Although small-lot housing has the potential to be relatively affordable compared to traditional, larger-lot housing, market-rate sales prices for new small-lot units will likely still be unaffordable for low and very-low income households. The analysis projects, however, that small-lot units absorbed during the 8-year projection period could meet 16 percent of the Valley-wide RHNA allocation for moderate-income housing.

Within each individual county, it is projected that the portion of the moderate income RHNA allocation met by small-lot development would range from zero percent in Fresno County to 37 percent in San Joaquin County. The zero percent conclusion for Fresno County is attributable to the low moderate income threshold for the county (\$73,445), which is below the income level at which small-lot home ownership is projected to be affordable.

¹ Cities with a population above 100,000 are assigned a default density of 30 du/ac.

Table 3.13 Projected Small-lot Housing Capacity to Meet the RHNA²

COUNTY	10-Year Small-lot Demand	8-Year Demand (prorated) ¹	Moderate Income Threshold ²	Moderate Income Units			Above-Moderate Income Units		
				Potential Small-Lot Units Affordable	Total RHNA Allocation	% of RHNA Met by Small-Lot Units	Potential Small-lot Units Affordable	Total RHNA Allocation	% of RHNA Met by Small-Lot Units
Fresno	5,706	4,564	\$73,445	0	9,047	0%	4,564	24,516	19%
Kern	6,471	5,177	\$96,350	1,550	9,299	17%	3,626	24,365	15%
Kings	877	701	\$96,350	272	1,753	16%	429	3,747	11%
Madera	1,197	957	\$80,300	41	2,175	2%	917	5,139	18%
Merced	3,543	2,835	\$96,350	857	3,930	22%	1,977	9,394	21%
San Joaquin	8,637	6,910	\$120,350	3,411	9,231	37%	3,499	21,851	16%
Stanislaus	2,598	2,078	\$96,350	290	6,132	5%	1,789	13,981	13%
Tulare	4,014	3,211	\$100,650	1,328	5,424	24%	1,884	14,055	13%
Total	33,043	26,434	-	7,749	46,991	16%	18,685	117,048	16%

⁽¹⁾ 8-year demand is assumed to be 80 percent of the 10-year demand and corresponds to each county's RHNA cycle.

⁽²⁾ Income thresholds are calculated as the maximum income for a 4-person moderate-income household.

Valleywide, small-lot units are projected to meet approximately 16 percent of the RHNA allocation for above-moderate income units, with this percentage ranging from 11 percent in Kings County to 21 percent in Merced County.

The analysis shows the potential for small-lot units to provide affordable housing ownership opportunities for moderate income households in most counties and above moderate income households in all. Affordability is constrained primarily by the imbalance between the high cost of market rate housing and the insufficient area median income.

² Notes on Methodology:

As described in the demand projection section above, the target market for small-lot housing includes households with annual incomes between \$75,000 to \$149,999, with approximately 68 percent of this demand expected to be generated by households in the \$100,000 to \$149,000 range.

The portion of small-lot units affordable to moderate income households is based on the assumption that income levels (and therefore housing prices) are evenly distributed within the relevant income brackets. For example, in San Joaquin County, the maximum income for a 4-person moderate income family is \$120,350. Therefore, this analysis assumes that all units affordable to households in the \$75,000 to \$99,000 income bracket would be affordable to moderate-income households. Since a household at the \$120,350 income level would represent the 41st percentile of the \$100,000 to \$149,000 income bracket, the analysis assumes that approximately 41 percent of that group's projected demand for small-lot units would be built at prices affordable to moderate-income households.

Small-lot Feasibility Analysis and Case Studies

The eight counties in the study area (San Joaquin Valley) are, roughly north to south: San Joaquin County, Stanislaus County, Merced County, Madera County, Fresno County, Kings County, Tulare County, and Kern County. Case study projects were identified in Fresno, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties.

Key points of the feasibility case for small-lot development are summarized below:

- Based on the All-Transactions House Price Index by the Federal Reserve Bank of St. Louis and changes in countywide median home prices, small-lot single-family homes appear to appreciate at a similar rate to the average of all other housing types. Additionally, sales in small-lot projects have generally occurred at a pace consistent with successful traditional subdivisions.
- While raw land prices for small-lot development are assumed to be higher due to higher land prices for infill sites as well as price per acre savings associated with larger greenfield sites, the total lot cost as a percent of home cost are still considerably less for the small-lot scenario compared to a typical traditionally sized lot, with multiple aspects of costs savings in effect.

Approach to Case Studies and Their Selection

The following case studies include a range of typical small-lot residential developments in different parts of the Valley that showcase the broader housing market of the region. Case studies 1 through 3 show developments that began relatively recently and therefore could be more easily associated with relevant data, and consisted of products by recognized homebuilders. Case studies 4 through 6 show older developments by recognized homebuilders that have been sold at least twice and demonstrate the financial feasibility of small-lot residences over the past 15 years in the Valley.

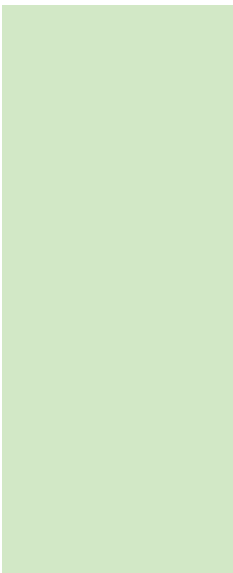
Project information was obtainable through sales brochures, online maps and mapping software, and Zillow housing-sales information that could then be analyzed in conjunction with other Zillow data for metro-wide housing information by product type. The case study projects described on the following pages add detail to the preceding observations regarding the feasibility of small-lot developments. The key, comparable characteristics of these small-lot case study projects include the number of lots sold, home prices, lot sizes, home size ranges, and stories. The case studies provide information for several typical homes offered for sale within each subdivision, including their sale dates.

3

Where has small-lot single-family development occurred in the San Joaquin Valley?

Small-lot residential developments have occurred in more urban areas of the Valley, as shown on Figure 2.7. The following pages include six case studies, representing projects in the cities of Visalia, Fresno, Madera, Manteca, Newman, and Merced.

Case Study #1: Huckleberry Park



City:

Visalia, CA



Builder:

Woodside Homes



Stories:

2



Garage:

2 car



**Lots at Project
Buildout:**

111

Huckleberry Park is located in Visalia’s Shannon Ranch community. All the small-lot single-family homes in this development are two stories. There is a public park and no homeowners association. There have been 25 sales between 2022 and 2024.

Project	Home Size		Lot Sizes	Prices		Sale Date
	Smallest	Largest		Lowest	Highest	
Huckleberry Park	1,436	1,758		\$374,000	\$410,000	-
Home example #1	1,436	-	2,613	\$390,900	-	July 2022
Home example #2	1,758	-	2,613	\$378,100	-	August 2023
Home example #3	1,503	-	2,613	\$356,830	-	March 2023

Source: The Natelson Dale Group, Inc.

Case Study #2: Citrea



City:

Fresno, CA



Builder:

Wilson Homes



Stories:

1-2



Garage:

2 car



Lots at Project
Buildout:

130

Citrea is located east of central Fresno with some urban development to the north and south. There is a homeowners association, with monthly fees ranging from \$90 to \$162. There have been 31 sales between 2022 and 2024.

Project	Home Size		Lot Sizes	Prices		Sale Date
	Smallest	Largest		Lowest	Highest	
Citrea-Fresno	1,318	1,793	-	-	\$410,000	-
Home example #1	1,622	-	2,000	\$350,000	\$423,000	May 2024
Home example #2	1,398	-	2,160	\$432,485	-	May 2024
Home example #3	1,318	-	2,000	\$374,300	-	April 2023
Home example #4	1,806	-	1,981	\$384,990	-	October 2022

Source: The Natelson Dale Group, Inc.

Case Study #3: Elev8ions



City:
Madera, CA



Builder:
Woodside Homes



Stories:
2



Garage:
1 to 2 car



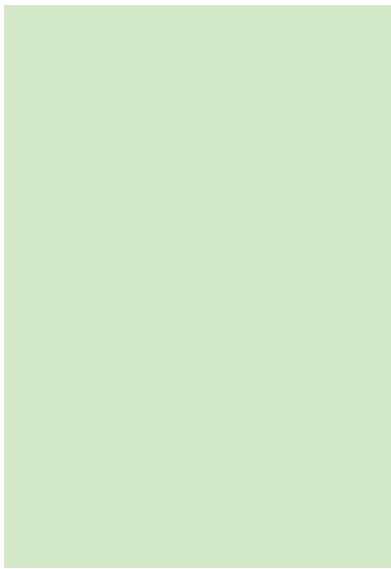
Lots at Project Buildout:
143

Elev8ions is a master-planned development located in Madera’s Riverstone community. All the small-lot single-family homes in this development are two stories. Homeowners association fees are \$235 per month. There have been a total of 92 sales in the community between 2023 and 2024.

Project	Home Size		Lot Sizes	Prices		Sale Date
	Smallest	Largest		Lowest	Highest	
Elev8ions-Madera	1,227	1,652	-	\$350,000	\$423,232	-
Home example #1	1,412	-	2,000	\$370,000	-	May 2024
Home example #2	1,227	-	2,000	\$350,880	-	May 2024
Home example #3	1,652	-	2,000	\$406,780	-	December 2023

Source: The Natelson Dale Group, Inc.

Case Study #4: Dutra Estates Unit 4


City:

Manteca, CA


Builder:

Florsheim Homes


Stories:

2


Garage:

2 car


Lots at Project Buildout:

52

Dutra Estates Unit 4 is located in southwest Manteca, outside of the center of town and adjacent to other residential areas. All the small-lot single-family homes in this development are two stories. There is a public park nearby and no homeowners association. All homes in this subdivision were built by 2010 and sold between 2012 and 2013.

Project	Home Size	Lot Size	Oldest Recorded Sale		Most Recent Recorded Sale		Percent Change in Value
			Date	Price	Date	Price	
Home example #1	1,341	2,996	11/2/2012	\$152,500	11/25/2022	\$455,000	+198.4%
County median home price	During this same time period, county median home prices for all homes increased from \$177,660 in November 2012 to \$532,500 in November 2022.						+199.7%
Home example #2	1,483	2,613	4/4/2013	\$184,000	10/14/2016	\$340,000	+84.8%
County median home price	During this same time period, county median home prices for all homes increased from \$195,960 in April 2013 to \$320,000 in October 2016.						+63.3%

Source: California Realtors Association, Historical County Median Home Prices for SFR Detached Homes by Month and Year; Redfin; Zillow; TNDG.

Case Study #5: Villas at Sherman Ranch



City:

Newman, CA



Builder:

SCM Homes



Stories:

1



Garage:

2 car



Lots at Project Buildout:

68

Villas at Sherman Ranch is located in the northeastern area of Newman. There is a homeowners association, with monthly fees ranging from \$115 to \$119. All homes in this subdivision were built by 2018 and sold between 2018 and 2019.

Project	Home Size	Lot Size	Oldest Recorded Sale		Most Recent Recorded Sale		Percent Change in Value
			Date	Price	Date	Price	
Home example #1	1,287	2,940	7/18/2018	\$252,500	8/7/2023	\$360,000	+42.6%
County median home price	During this same time period, county median home prices for all homes increased from \$325,000 in July 2018 to \$465,000 in August 2023.						+43.1%
Home example #2	986	2,901	3/1/2019	\$222,500	9/15/2022	\$345,000	+55.1%
County median home price	During this same time period, county median home prices for all homes increased from \$320,000 in March 2019 to \$450,000 in September 2022.						+40.6%

Source: California Realtors Association, Historical County Median Home Prices for SFR Detached Homes by Month and Year; Redfin; Zillow; TNDG.

Case Study #6: Devonwood Village



City:

Merced, CA



Builder:

Gold Key
Development



Stories:

2



Garage:

1 to 2 car



**Lots at Project
Buildout:**

63

Devonwood Village is an infill residential development in Merced located adjacent to retail, existing neighborhoods, and Bear Creek. A bike path runs along the border of the development and connects the subdivision to downtown Merced. Homeowners association fees range from \$66 to \$99 per month. All homes in this subdivision were built and sold by 2020.

Project	Home Size	Lot Size	Oldest Recorded Sale		Most Recent Recorded Sale		Percent Change in Value
			Date	Price	Date	Price	
Home example #1	1,490	2,082	6/8/2020	\$266,000	10/18/2023	\$362,000	+36.1%
County median home price	During this same time period, county median home prices for all homes increased from \$300,000 in June 2020 to \$392,750 in October 2023.						+30.9%
Home example #2	1,619	2,907	12/29/2020	\$273,500	7/22/2024	\$385,000	+40.8%
County median home price	During this same time period, county median home prices for all homes increased from \$315,000 in December 2020 to \$345,000 in June 2024.						+9.5%

Source: California Realtors Association, Historical County Median Home Prices for SFR Detached Homes by Month and Year; Redfin; Zillow; TNDG.

Comparison of Case Studies

Although the six case studies of this section feature varied home styles, lot sizes, and subdivision sizes in different cities, there is a clear trend that shows that small-lot developments are a desirable home type in the Valley. For the three more recent case studies that are still being developed as of 2024, homes are successfully being sold as they are built. For the older case studies, all homes in the respective developments have been purchased at least once, if not several times.

As shown in Table 3.14, the older case studies show a trend of generally larger small-lot parcel sizes compared to more recent small-lot developments, with older developments ranging from 2,000 to 5,200 square feet and newer developments sitting at around 2,000 to 2,600 square feet. A majority of the case studies feature attached, 2-car garages and 2-story homes, although some developments also feature 1-story houses. Many small-lot developments have some amenities, such as a small park; however, given the compact nature of these subdivisions, most of the land is dedicated to the homes themselves and leaves little land for additional amenities.

Table 3.14 Comparison of Sample Small-lot Developments in the Valley

Project	City	Stories	Garage Spaces	Typical Lot Size (SF)	Lots at Buildout	Sold Parcels to Date	Years Developed	Amenities
Huckleberry Park	Visalia	2	2	2,600	111	25	2022-2024	Small Park
Citrea-Fresno	Fresno	1-2	2	2,000	130	31	2022-2024	None
Elev8ions-Madera	Madera	2	2	2,000	143	92	2023-2024	Master-planned comm.
Dutra Estates Unit 4	Manteca	2	2	Varies: 3,000-5,200	52	52	2007-2010	Several nearby parks
Villas at Sherman Ranch	Newman	1	2	2,900	68	68	2017-2018	None
Devonwood Village	Merced	2	1-2	Varies: 2,000-4,000	63	63	2020	Park area

Source: Redfin; Zillow; TNDG.

Value Preservation Over Time

Another important consideration in assessing the feasibility of residential developments is how their value changes over time. For many Americans, a home is their largest financial asset and can be a long-term strategy for improving a family's financial circumstances and building generational wealth. As such, it is important that the value of newly-built homes continues to increase into the future so that prospective homeowners may be able to grow their personal wealth.

Of the first three case studies provided above, Huckleberry Park has the most historic sales data. Zillow data on this subdivision from 2021 to 2024 estimates that home values increased between 8.4 percent to 11.3 percent above the original sales price during this time period. The Federal Reserve Bank of St. Louis estimated that the change in the All-Transactions House Price Index for the Fresno MSA for this same time period was comparable to this case study at 9.0 percent, showing that recent small-lot residential developments have appreciated at similar rates compared to typical, larger-lot housing.

Case Studies 4 through 6 have a more extensive sales and development history and show a similar trend of value preservation. This set of case studies features homes sold at least twice since they were initially built. The earliest of these case studies, Dutra Estates Unit 4, was developed in 2007, and the most recent, Devonwood Village, was developed in 2020. As shown in the case studies provided above, the values were compared to the percent change in value of the countywide median home price for the same time period between the two points of sale. The percent increase in sale price for all of these examples either exceeded or were within two percentage points of the change in the corresponding County median home price for the same time period.

Although this general increase in small-lot home values could be attributed to a number of factors, such as improvements made by homeowners, maintenance of grounds and lawn areas, or the personal and financial decisions of homeowners, these case study examples show that small-lot homes appreciate in value at similar or higher rates compared to their respective countywide median home values.



Diversity of Small-lot Developments in the Valley

Some small-lot residential developments in the Valley appear to be relatively similar in size and form, consisting of two story homes with three to four bedrooms and little to no yard. Additionally, many of these homes have a two-car garage facing the front of the house. However, not all small-lot homes are developed the same. Even within the category of small-lot development, there is a lot of flexibility for developers to explore different home sizes, forms, and amenities.

Small-lot developments can vary considerably in design, format, amenities, and intended homeowners. The examples below describe variations that can be seen in the Valley.

Charlotte Oaks is a gated small-lot community in Stockton that has a variety of one- and two-story home styles at different price points. The community has plenty of mature trees, a central shared lawn, and a playground. Some homes utilize shared driveways to maximize space.

Cornerstone is a suburban neighborhood with spacious homes on small lots in Riverbank. This development is on the larger end of small-lot housing developments. All of the surrounding neighborhoods are also small-lot residential developments, with multiple new small-lot developments being actively developed nearby in recent years.

Villas at Sherman Ranch is a dense single-family development (average density of 15 units per acre) in Newman with low-cost small-lot homes. Its unique narrow lot configurations do not limit garage and parking availability; some homes offer rear loading garages, while others' parking and/or garage spaces are positioned in-between adjacent residences to maximize space.



Charlotte Oaks, photo source: MetroList



Cornerstone, photo source: MetroList



Villas at Sherman Ranch, photo source: Realtor.com

Affordability and Feasibility of Small-lot Housing

Table 3.15 below compares costs and other development feasibility conditions for a small-lot project and a typical single-family home in the region. There are two parts to the table:

1. **Overall cost differentials** compare costs associated with residential development for a typical single-family home to a small-lot single-family home.
2. **Homebuilder pro forma overview** continues the cost comparison with more focus on the production side, including a comparison of the return on investment across different development categories.

Table 3.15 Small-lot Cost Differentials and Development Feasibility

	Typical Lot/House	Small-lot/House
1. Overall Cost Differentials		
Lot Size	6,000	2,000
House Size	2,400	1,600
Stories	1	2
Lot for Landscaping/Paving	3,600	1,000
Home Price	\$625,000	\$375,000
Price/Square Foot of House	\$260	\$234
Raw Land Price per Square Foot	\$10.00	\$13.00
Lot Improvement Cost per Square Foot (of lot)	\$7	\$8
Lot Hard Cost	\$41,000	\$15,000
Total Lot Cost, Construction and Raw Land	\$101,000	\$41,000
Total Lot Cost as % of House Price	16%	11%
Small-lot Cost as % of Large Lot		45%
2. Homebuilder Pro Forma Overview		
Total Home/Site Construction Costs	\$490,300	\$295,000
Cost per Square Foot	\$204	\$184
As % of Price	78.4%	78.7%
\$ Return/House (before land cost)	\$134,700	\$80,000
% Return on Construction Costs	27.5%	27.1%
Lot Net/Gross Ratio	84.8%	79.5%
Net Lots/Acre	6.15	17.31
Gross \$ Return/Acre	\$828,990	\$1,384,637
Per-Acre Land Purchase Price	\$435,600	\$566,280
Net Return/Acre	\$393,390	\$818,357
Cost/Acre to Develop	\$3,017,473	\$5,105,848
Rate of Return on Costs (per acre)	13.0%	16.0%

Source: Zillow; Home-Cost.com modeling framework; The Natelson Dale Group, Inc., 2024.

The pro forma analysis is not intended to provide a definitive feasibility analysis for a specific project or location, but represents a general depiction of small-lot development feasibility in comparison to more traditional residential subdivisions in the Valley. Key assumptions (e.g., raw land values, lot development costs, home construction costs, and potential home sale prices) reflect current “typical” Valley-wide conditions based on market research for this project, but may vary significantly from county to county or among specific places within the study area which are understood to be constantly changing in the current dynamic market/financial environment.

The analysis for the prototypical small-lot development assumes “market rate” pricing and project financing. As noted by some of the stakeholders interviewed for this process, small-lot projects could potentially be positioned as affordable housing and, as such, would have access to different funding sources that could change the overall feasibility conditions for these types of projects.

Developer Cost Savings

The **overall cost differentials** compare a typical home on a 6,000 square foot lot to a smaller home on a 2,000 square foot lot. This analysis assumes that both raw land prices per square foot and lot improvement costs per square foot are higher for small-lot developments compared to typical, larger-lot homes. Even with these conditions, the total lot cost as a percent of the home cost is still considerably less for the small-lot scenario compared to a typical, traditionally-sized lots, at 11 percent and 16 percent of the home price, respectively. The final cost per square foot of house is also lower for the small-lot scenario than traditional-sized lots at \$234 and \$260, respectively. These multiple aspects of cost savings show that a small-lot home can cost only 45 percent of the total home cost of a typical, larger-lot home.

The **homebuilder pro forma overview** expands upon the factors in the cost differentials section, including development costs and profitability, both on a per-house and per-acre basis. In this analysis, percentage returns for small-lot housing are similar on a per-house basis compared to typical, traditionally-sized lots, at 27.1 percent and 27.5 percent, respectively. Additionally, the net return on costs for small-lot developments is noticeably more advantageous on a per-acre basis at \$818,357 per acre, compared to \$393,390 per acre for traditionally-sized lots.



QUESTIONS ABOUT FEASIBILITY FROM A BUILDER’S POINT OF VIEW

**HOW IS THIS QUESTION
ADDRESSED IN THIS STUDY,
GIVEN THE AVAILABILITY AND
LIMITATIONS OF INFORMATION?**

**WHAT CONCLUSIONS CAN
BE DRAWN, OR AT LEAST
CONFIDENTLY CONJECTURED?**

***What are the potential
advantages, as a
product type within the
market for homes?***

Demand projections are based on a combination of household growth, trends in sales of single family homes compared to other types, and numbers of households expected to fit into income categories for which this product type is affordable. Because these products are relatively new, longer-term trends data are limited.

Small-lot homes allow access to a market segment that desires detached single-family homes but could not afford a home in which lots are traditionally sized. Given the high price of homes generally, this market segment would be expected to be both large and expanding.

***What is the
relative profitability
of this product type
compared to traditional
single-family detached
housing?***

Sales data indicate that small-lot homes sell at a pace comparable to or better than those of traditionally sized-lot subdivisions.

The Project Team generated financially based development models comparing small-lot projects to traditional single-family development, using a combination of cost examples and applicable rules of thumb. For example, the analysis assumes that raw land prices per square foot of land, and also lot development costs on a square-foot basis, are higher for small-lot developments.

Even with the conditions as modeled, total lot cost and lot cost as a percent of home cost are still considerably less for the small-lot scenario compared to a typical traditionally sized lot, with multiple aspects of costs savings in effect. Analyzed on a per-house and also on a per-acre basis, percentage returns are similar on a per-house basis and noticeably more advantageous (as percentages and dollars both) on a per-acre basis.



QUESTIONS ABOUT FEASIBILITY FROM A CONSUMER’S POINT OF VIEW

**HOW IS THIS QUESTION
ADDRESSED IN THIS STUDY,
GIVEN THE AVAILABILITY AND
LIMITATIONS OF INFORMATION?**

**WHAT CONCLUSIONS CAN
BE DRAWN, OR AT LEAST
CONFIDENTLY CONJECTURED?**

***To what extent does
this product potentially
satisfy my personal
residence “wish list”?***

The report includes a number of examples of family-sized homes that differ primarily from homes in traditional subdivisions only to the extent of having a considerably smaller lot. Again, limited market activity involving this type of product means that price comparisons are also somewhat limited.

These individually configured units are true detached single-family homes, even if the surrounding yards are scaled down. Home sizes are less compromised by the shrinkage of lots.

***Will subdivisions of this
type develop successfully
(in a timely manner)?***

Sales data for multiple projects indicate that sales of small-lot homes keep pace with, or outpace, traditional single-family subdivisions.

As noted above, sales in small-lot projects have generally occurred at a pace consistent with successful traditional subdivisions.

***Are houses likely to
maintain their usefulness
and value?***

The Project Team compared values of homes sold at different points of time in small-lot subdivisions to price changes occurring in the regions within which projects were located.

For 10 small-lot homes located within five different projects, in three different counties, the percent increase in sale price/value for eight of the small-lot examples either exceeded or were within two percentage points of the change in the corresponding county median home price, for the same time period. (In the other two cases, the percentage change was lower for the small-lot examples, by 10 to 30 percentage points.)

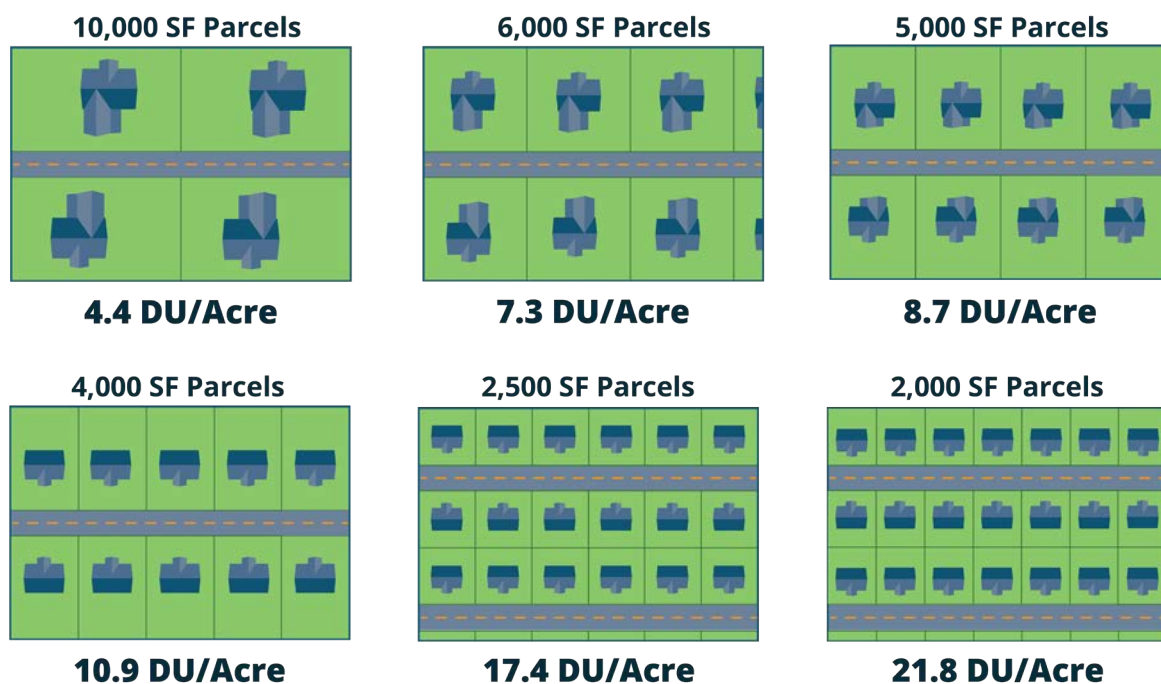


4. Advantages, Issues, and Opportunities

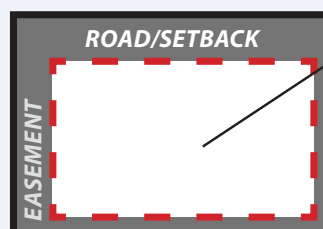
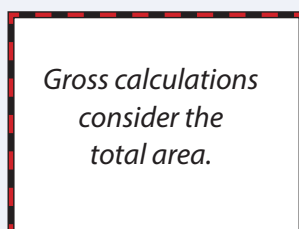
Advantages of Small-lot Housing Types

Efficient use of land. Typical large lot residential developments in the Valley equate to a maximum residential gross density of 4.4 to 7.3 dwelling units per acre (du/acre) for single-family lot size of 6,000 square feet to 10,000 square feet, respectively. While this level of density is appropriate for many types of residential developments, smaller single-family parcels are able to achieve a higher density of development, which could allow for very efficient use of land. As summarized in Figure 4.1, a single-family parcel of 5,000 square feet would allow for a density of 8.7 du/acre. A smaller parcel of 4,000 square feet would increase this to 10.9 du/acre. Further, a residential parcel of 2,500 square feet would allow for a maximum achievable density of 17.4 du/acre and a residential parcel of 2,000 square feet would allow for a density of up to 21.8 du/acre. Possible advantages of choosing to develop at a denser scale between 8.7 and 21.8 du/acre include more efficient use of infill parcels and reducing residential sprawl, which would aid in preserving the Valley's open space and agricultural lands.

Figure 4.1 Achievable Density by Single-Family Lot Size



Gross vs. Net?



Net calculations consider the developable area, exclusive of easements, roadways, or other unbuildable areas.

Potential to increase profit per acre. Small-lot developments are not only an efficient use of land, but can also increase the profitability per acre. Housing units on a parcel are generally the highest value component of the property; the yard, parking areas, and other amenities add value, but not at as high of a rate. Developing smaller housing units on smaller parcels could increase the profit and value per acre, an important consideration for developers with a financial stake in the product.

Reduced development costs. Small-lot housing types use significantly less material to construct than larger ,single-family homes. As a result, developers can build small-lot housing at a much lower cost per unit than a market rate homes with 2,500+ square feet of living space. Reduced development costs can lead to greater affordability and increased access to housing and homeownership.

Cost accessibility. Small-lot housing developments are often categorized as “affordable by design,” meaning while they may not be officially designated as affordable housing, their smaller size and efficient materials use can reduce sales costs to rates that are more accessible for younger families and lower- and moderate-income households. In addition, homeowner’s insurance and property taxes, which are generally based on home values, will be lower, leading to additional long-term savings for those living in small-lot housing developments. Small-lot developments bridge this gap and increase the possibility of homeownership and wealth generation for lower- and moderate-income households.



In the United States, home ownership is one of the primary ways in which households can build wealth, both personally and generationally. However, the high cost of typical housing developments price many households out of homeownership, hindering these families’ opportunities for building generational wealth.

Diversity of housing types and sizes. While typical single-family homes on lots of 6,000+ square feet are desirable to many families, they do not necessarily fit the unique needs of a variety of household types. For example, individuals, students, and “empty nesters,” may prefer to have smaller homes that better fit their day-to-day needs. Similarly, those who wish to reduce their cost burden from housing may seek out smaller, more affordable housing options that fit their lifestyles. For example, those with fewer material possessions who wish to reduce their housing costs may choose to live in a smaller housing development such as a cottage court or tiny house village. Adding small-lot housing developments to the mix of housing types being built in the San Joaquin Valley can help meet a wider range of housing needs.

Transit access and VMT reduction. Small-lot residential developments can increase transit access and support walkable living, potentially reducing local vehicle miles traveled (VMT) if developed as infill opportunities in transit-rich areas. Small-lot housing developments located near existing transit lines have the potential to increase the number of households with access to quality transit opportunities, which can mitigate development's VMT impacts despite the increased density achieved on smaller lots. Small-lot housing can also provide more affordable housing options in areas that are potentially closer to residents' jobs, reducing the need for longer commutes if residents would otherwise have to live far away from their work to afford housing costs.

Sustainability. While many of the advantages for small-lot housing developments are financial or social, these developments can also have positive impacts for the environment and local sustainability goals. Due to smaller home sizes, small-lot housing units have the potential to require less energy consumption to heat or cool units compared to typical 2,000+ square foot homes on 6,000+ square foot parcels. This saves not only on utility costs, but also reduces each unit's carbon footprint. In addition, fewer resources are required in constructing smaller dwelling units compared to typical, larger, newly developed housing units, meaning that the same number of people could be housed using far fewer materials for construction.

Neighborhood character. Given that small-lot homes are still single-family dwellings, the design and character of those buildings can fit comfortably among typical, larger single-family homes in existing neighborhoods. While other missing-middle housing types, such as duplexes, triplexes, and small apartment buildings, can be useful tools for increasing the capacity and affordability of housing in developed areas, some members of the public may prefer detached, single-family housing types. Developing small-lot homes that fit into the character of existing neighborhoods can ease concerns among residents who are resistant to new affordable housing types.

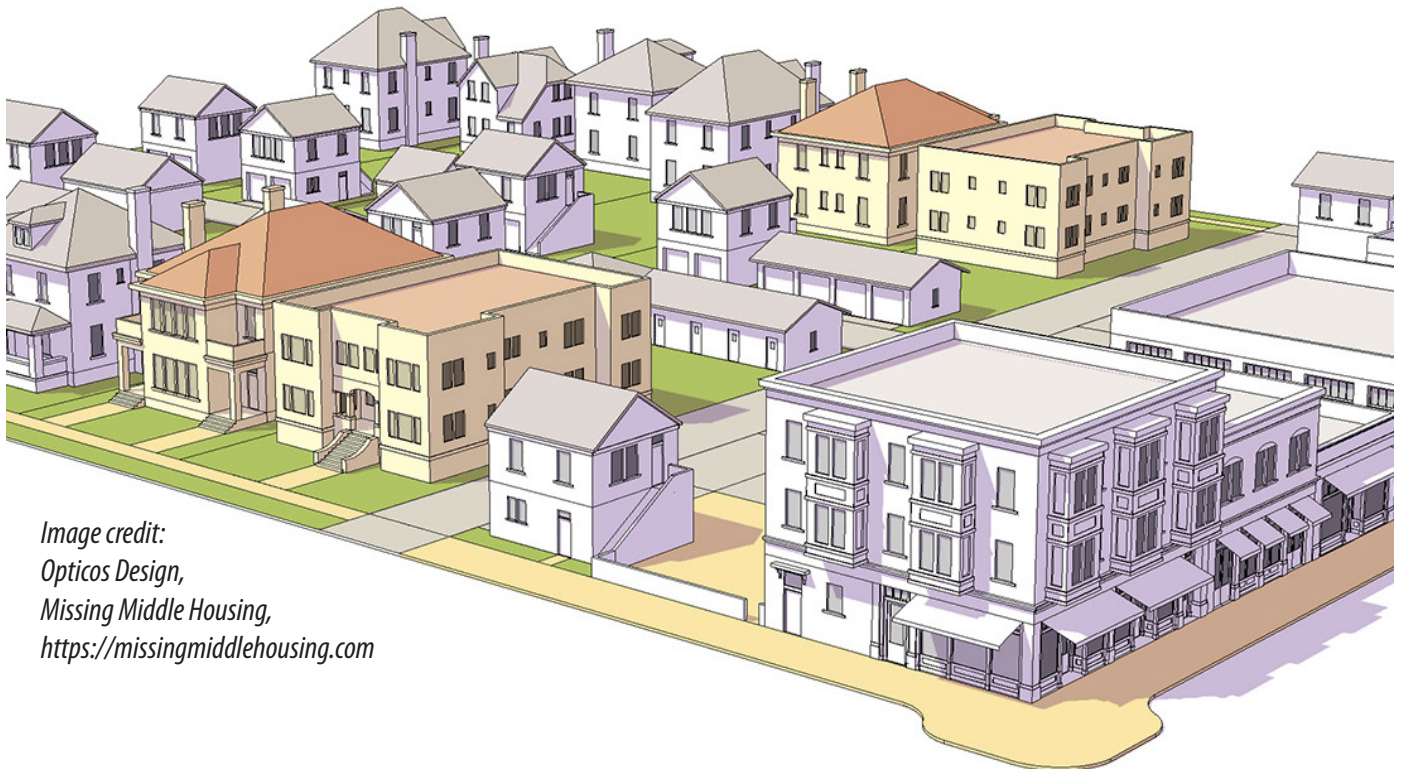
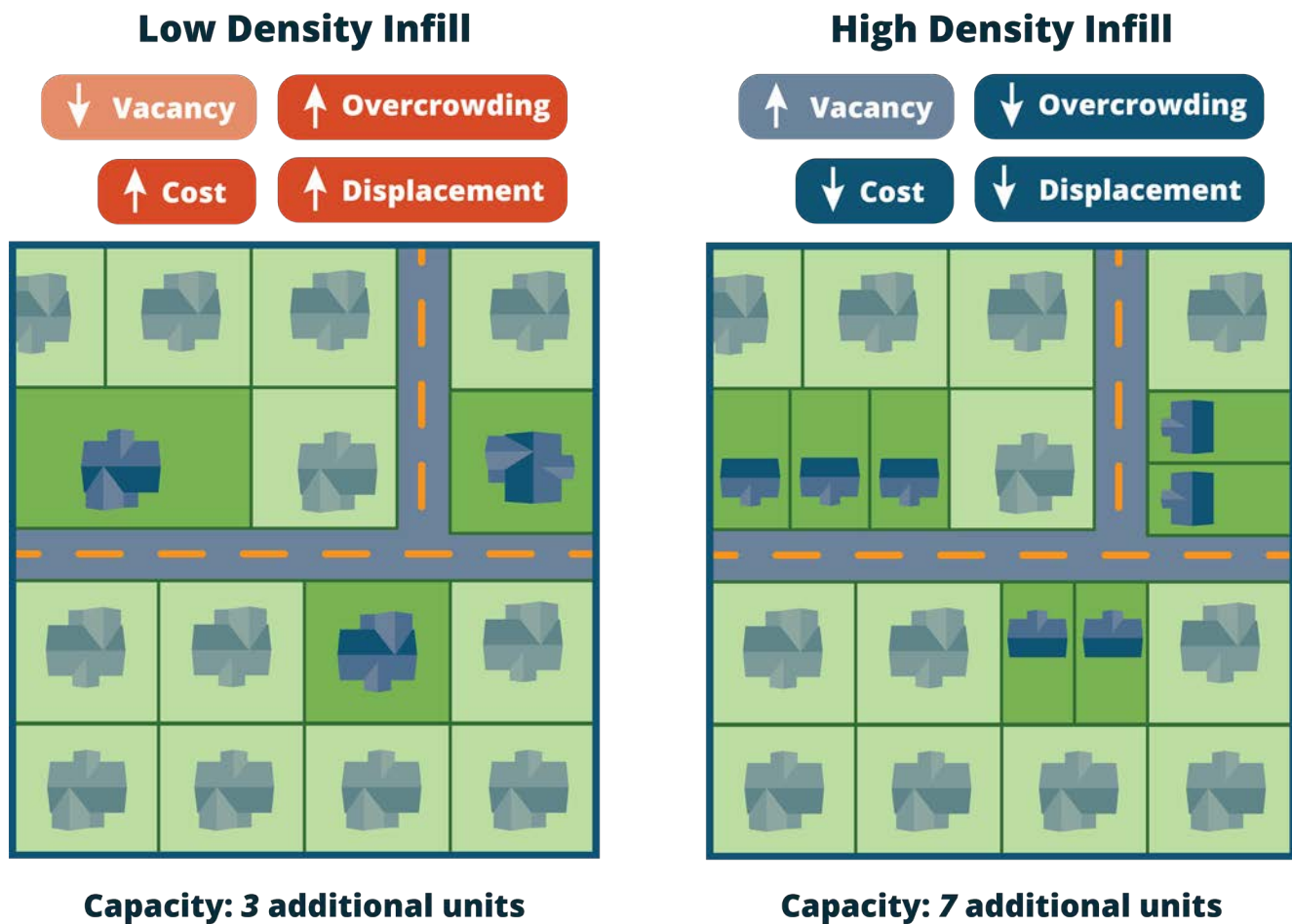


Image credit:
Opticos Design,
Missing Middle Housing,
<https://missingmiddlehousing.com>

Increased capacity. Small-lot housing types can increase the local housing supply and help address falling vacancy rates (see Figure 4.2). Smaller housing types can also be easier to orient around a parcel's natural topography and any existing on-site trees, which is an important consideration for infill developments that commonly have land-based constraints to developments. By planning for small-lot single-family housing types in high resource areas, jurisdictions can increase capacity in desirable areas that may have little capacity remaining for larger residential developments.

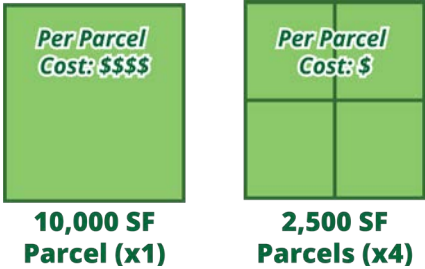
Figure 4.2 Increased Capacity Through Infill Development



Reduced per unit cost of necessary off site improvements. Expanding utility connections to denser developments is generally more cost effective than expanding utility connections to larger lot single-family residential units, as they tend to be farther apart and require more materials and construction costs per developed unit. Utility connection costs are much lower for infill developments when they are located close to existing electric, water, sewer, gas, and/or telecommunications lines. Additionally, utility connection improvements and other off-site improvements in support of small-lot developments serve more units per acre at a lower per unit cost than large lot single-family development.

Issues

Land costs. While the San Joaquin Valley has plenty of undeveloped land, overall land costs continue to rise, making it increasingly challenging to develop traditional single-family lots of 6,000 square feet or more. In addition, the higher cost of land is reflected in the final cost of the home, further reducing new residential development affordability.



Development costs. While small-lot sizes can reduce land costs per unit, costs involved with labor and materials, environmental analysis, building code compliance, development fees, and public hearings can push development costs beyond affordability of lower- and many moderate-income households. Construction, labor, and compliance costs have increased significantly statewide. Additionally, discretionary review and hearing processes can significantly increase project costs. The high cost of development and entitlement are the primary constraints on developers in the Valley.

Development risk, and comfort with traditional single-family development. There are perceived risks associated with building new housing types, including small-lot developments. There are fewer trends to guide developers and uncertainty involved with discretionary review processes, such as through implementation of a planned development zone. Developers build single-family homes on standard lots because the market trends are predictable and cities allow them by-right.

NIMBY opposition. Concerns from certain members of the public regarding potential traffic impacts, higher density developments, inconsistency with existing higher-value housing, and increased student populations in local schools can create neighborhood opposition to proposed residential developments. This potential for outspoken NIMBY concerns can substantially delay and complicate projects, particularly in the public hearing phase of the permitting process. This issue can especially impact the permitting timeline for infill projects adjacent to existing single-family residential uses.

Fees as a constraint to in-fill development. Per unit development fees are a constraint to small-lot single-family infill development, as they are often calculated for much larger residential developments and do not reflect the small size of infill development projects. As a result, small-lot developers pay much more in development fees per acre than typical, larger-lot single-family developments. Similarly to the issue of the cost of land in the San Joaquin Valley, these steep existing per unit costs for small-lot residential developments are likely reflected in the final cost of the developed parcel, reducing affordability. For small-lot infill projects, which must achieve density on limited land, fees could be charged per acre to reduce per unit costs and promote affordability.

Subjective design requirements. Subjective or ill-defined design requirements lead to uncertainty, additional time spent communicating with local planning agencies, and extra costs for residential developers. This uncertainty adds to many developers’ perceived risks associated with building new housing types, such as small-lot developments, that can constrain production. Objective, simplified, and clearly defined design requirements clarify what is expected of developers and streamline the permitting and approval process.

Parking requirements. Small-lots have less available land to provide off-street parking without reducing the livable area or increasing building height. In more rural areas, a personal vehicle is often needed to travel locally, and must be accounted for in the planning of small-lot residential developments. Reduced on-site parking requirements in combination with on-street parking and/or car share program availability would help address this issue.

Open space requirements. Open space requirements and lot coverage maximums can be a major constraint small-lot development affordability. Both tend to cater more to the needs of larger lot developments, such as typical single-family and multi-family developments. Reducing open space requirements and increasing lot coverage maximums could allow for denser housing on smaller lots. In addition, denser infill developments allow for additional preservation of large open spaces surrounding urban areas, which might otherwise be developed for typical large lot single-family housing.

High cost of infrastructure in rural areas. New residential development affordability in rural areas is often constrained by infrastructure requirements. Typical improvements include new roadways and water and sewer lines, which, in rural areas, may need to be extended long distances. In some cases, infrastructure expansion is only achievable through competitive grant funding, which also requires substantial time and effort from local agencies. In cases where infrastructure improvements are postponed due to a lack of funding, new residential developments may not be possible within the constraints of existing local infrastructure. Subdivisions with higher densities, such as small-lot housing developments, can spread the cost of extending utility infrastructure among more units, reducing utility connection costs per unit.

Side yard setbacks. Minimum side yard setbacks need to be reduced to accommodate small-lot development but can only be reduced so far, in some cases. For example, it is common in the Valley for fire regulations to require a minimum of four feet on at least one side to ensure clearance for fire personnel in case of an emergency. Factors such as this impose certain restrictions on setback flexibility but are important for public safety. Valley planners should develop reduced setback requirements in coordination with local fire protection districts to ensure sufficient access in the event of an emergency.

4

What are the constraints preventing developers from building small-lot single-family homes?

Discretionary review

Subjective design guidelines

Traditional lot size and setback requirements

NIMBY opposition

Parking and open space requirements

Opportunities

Provide flexible development standards. Flexible design and development standards are needed to ensure project design and parking capacity are appropriate to encourage small-lot housing without need for discretionary approvals through a planned development or conditional use permit process. Providing developers with more flexibility may also encourage better residential developments which can be built more efficiently, rather than building purely to meet the requirements. Flexible standards have the potential to allow for more creative developments, which can fit the housing needs of a much wider range of San Joaquin Valley residents.

Adjust fees as possible. Planning fees imposed on a per-residential-unit basis disincentivize multiple unit development on infill parcels. Fees that are calculated per acre (as opposed to per unit) allow for a notable reduction in fees for multi-unit developments compared to a single-family home. To encourage greater density and affordability on infill lots, planning fees should instead be assessed by acreage when possible. As these fees are factored into the final sale cost of a unit, adjusting planning fees to be calculated on a per-acre basis has the potential to increase small-lot infill housing development affordability by spreading the cost of these fees among multiple units.

Increase affordability in high resource areas. High resource areas, which have increased access to parks and recreation opportunities and more positive economic and educational outcomes, typically have little capacity remaining for additional residential developments. The cost to access housing in these areas is high and often out of reach for most lower- and moderate-income households. Planning for small-lot housing in these areas increases housing capacity while encouraging a more affordable housing type, which can improve access to these neighborhoods for lower- and moderate-income households.

What are high resource areas again?

High resource areas are census tracts most strongly associated with positive economic, educational, and health outcomes for low-income families.

These areas are generally categorized by:



MORE POSITIVE ECONOMIC AND EDUCATIONAL OUTCOMES



HIGHER MEDIAN INCOMES



IMPROVED HEALTH OUTCOMES

Did you know?

State law now requires jurisdictions to provide capacity for low-income residential development in high resource areas. By encouraging and incentivizing small-lot residential development, as well as ADUs, and SB 9 lot splits, jurisdictions can work to expand affordability in resource rich neighborhoods, in line with the goals of AB 686 (2017).

Innovative transportation solutions. On-site parking requirements have the potential to constrain small-lot developments. Incorporating flexible parking standards and innovative transportation solutions into these developments could reduce excess parking while ensuring that residents will still be able to travel to services and appointments and use a car as needed. Car-share programs, ride share parking, and/or bike/scooter-share parking could all reduce the need for private vehicles in small-lot residential developments, reducing the need for excess on-site parking. These programs could take the form of public-private partnerships or public-nonprofit partnerships with car/bike/scooter-share programs.

What could car share programs look like in small-lot developments in the San Joaquin Valley?

Car share programs can take many different forms, depending on the needs of their users.

*The nonprofit car share service **Míocar** already operates in the San Joaquin Valley, offering around 30 hybrid/electric vehicles in three different areas of the Valley: Tulare/Kern, Stockton, and Escalon. Particularly in Stockton, several of the Míocar stations are located in housing developments where mobility challenges have been documented, promoting interest in and use of the service. The service provides 24/7 access to vehicles on an hourly or daily basis and can be booked in advance.*

*Examples of for-profit, car-share services include Zipcar, which operates on a similar reservation system. In Sacramento, the **Our Community CarShare Sacramento** (OCCS) system partnered with Zipcar to offer zero-emission vehicles to select communities exclusively for their residents to run errands, get to appointments, and take local trips. Each OCCS community has designated community representatives who offer their time to drive others to their appointments or take them wherever they need. Unlike Míocar, which can be reserved for an entire day, OCCS cars can be reserved for up to four hours per day for a total of 12 hours per week.*



Photo source: Míocar



Photo source: Míocar



Photo source: OCCS

Provide objective design standards. Simple and objective design requirements provide clear approval certainty for applicants that reduces costs and increases affordability. Creating objective design standards can streamline the permitting process by reducing local planning staff’s application review time. Design requirements should be developed with input from local developers to ensure that additional constraints are not inadvertently imposed.

What are objective design standards? An “objective” standard is one that involves no personal or subjective judgment and is verifiable by reference to an external and uniform criterion. Many design standards, however, are “subjective” and require personal interpretation of their meaning and application. This interpretation can sometimes lead to a lengthy project review and approval process, making it difficult to efficiently develop new housing projects. Incorporating objective design standards into the permitting process for residential projects can, in turn, increase housing production and streamline the review process.

Engage developers. Local developers should be involved in public decision-making processes as they relate to residential development, including updating housing elements, evaluating existing zoning maps and standards, creating objective design standards, and preparing small-lot development regulations. When developers have a “seat at the table” they can provide critical input on issues, constraints, and opportunities to better enable development and ensure greater affordability. This could be one of many steps to bolster housing production as it relates to their housing element goals.

Public engagement. Local agencies should educate and involve local communities in the planning process, particularly regarding ADU and small-lot residential developments. Public engagement is also an effective tool in addressing NIMBY opposition towards new housing types. Local agencies can help their communities understand these developments have potential to create needed affordable housing in existing residential areas and could provide an additional source of income to those families.

SB 9 lot splits. Lot splits are recognized as a pathway to more small-lot development in the San Joaquin Valley due to the abundance of traditionally-sized single-family lots 6,000 square feet or larger. SB 9, which is intended to create additional housing development opportunities in California, allows homeowners of single-family lots to split their lots into two and build a single-family home on the second lot, and either sell it or rent it. This potential is increased when lots can accommodate a rear alley with new housing oriented to the alley.

Community land trusts. Community land trusts provide affordable homeownership opportunities for lower- and moderate-income households by offering greater flexibility related to down payment and mortgage costs. New and existing community land trusts in the Valley who develop small-lot single-family homes can provide even greater cost savings by offering flexible payment options in addition to the cost savings of small-lot single-family development. By combining the home costs savings associated with community land trusts and small-lot single-family development, homeownership can be attainable across more income categories.

Infrastructure. Local jurisdictions should prioritize infrastructure improvements that reduce off-site improvement costs in areas zoned for higher density projects, such as multifamily or small-lot single-family uses. Developing, maintaining, and expanding urban infrastructure systems is costly and challenging, and placing the responsibility for these improvements and expansions on infill developers alone can increase the price of infill housing beyond acceptable market rates. Taking steps to reduce infrastructure costs for developers could ease development of affordable housing types.

Preapproved ADU plans. Past pilot programs for preapproved ADU plans have been successful in the San Joaquin Valley; however, to be most effective, more jurisdictions need to adopt preapproved ADU plans, which ensure an easy to navigate process for those who are not seasoned developers but wish to build an ADU on their property. Additionally, preapproved ADU plans can ensure that local governments can encourage their own design and development ideals for ADUs without providing an excessive financial burden on homeowners. These benefits can only be experienced if jurisdictions throughout the Valley are more active in adopting preapproved ADU plans.



Want to go the extra mile? Allow pre-approved ADU plans to be used as the primary and secondary units on infill parcels split under the provisions of SB 9. By doing so, jurisdictions can encourage the development of four extremely cost-effective units on a traditional single-family parcel.

Developer pipeline. Jurisdictions should engage local, regional, and out-of-area housing developers who have experience with different building types to encourage local development of small-lot housing types (and affordable housing generally). Many housing developers in the San Joaquin Valley are largely interested in developing 6,000+ square foot lots for estate-style housing; however, incentivizing and engaging with a range of developers that build additional housing types could encourage large-lot residential developers to build small-lot and missing middle housing types themselves.

Identify publicly owned surplus sites. Jurisdictions are required to identify publicly-owned surplus sites that could be developed to meet local housing needs. As part of this effort, jurisdictions should create partnerships with local developers to ensure that housing development occurs on these identified sites without costly delays. To the extent feasible, jurisdictions should streamline the acquisition and entitlement processes to expedite development and reduce project costs.

Reduced lot size. While most current single-family residential zones require lot sizes of at least 5,000 square feet, there are opportunities to allow minimum lot sizes as small as 2,000 square feet to encourage additional capacity, increased affordability, and a greater diversity of housing options. Some small-lot residential developments such as tiny home villages and garden apartments may be able to be reduced to 1,200 square feet through consolidating and sharing common areas. Not all individuals and families have an interest in large yards surrounding their home, particularly if smaller yards can help reduce the home purchase price.

Zero lot lines. Some jurisdictions allow “zero-lot line development,” or homes that include one or more walls positioned very close to or on the property boundary. These properties minimize outdoor space while maximizing indoor square footage, increasing the potential building footprint and square footage of living space.

5. Implementing Small-lot Housing Development in the San Joaquin Valley; A Guide for Planners and Decision-Makers

The San Joaquin Valley, characterized by its agricultural riches and growing communities, faces increasing pressure to provide affordable and diverse housing options. Among other tools, zoning for small-lot residential development can increase capacity and affordability in single-family zones and encourage new opportunities for lower- and moderate-income households to move into homeownership. This chapter aims to assist local planners and decision-makers in implementing small-lot housing developments effectively.

To streamline small-lot housing, local zoning codes must be examined and updated to accommodate denser residential developments while maintaining community character and livability. The following steps are critical to implementing small-lot development:

Step 1: Evaluate Zoning Code Provisions

Key Considerations

Minimum Lot Size Reduction: Traditional single-family zones often have large minimum lot sizes that preclude small-lot developments. Reducing these standards to allow for smaller lots (e.g., from 5,000 sq. ft. to 2,000 sq. ft.) can create additional housing capacity and promote affordability in lower density zones.

Setback Requirements: Adjust front, side, and rear setback requirements to reflect the reduced lot sizes. For instance, front setbacks could be reduced to 10 feet and side setbacks to four feet.

Parking Requirements: Reduce parking requirements to accommodate smaller lots and encourage alternative transportation. For example, the parking requirements could be reduced from two spaces per unit to one space, or to allow tandem parking or rear-facing garages.

Height and Coverage Limits: Increase allowable building heights and lot coverage to maximize usable space on smaller lots. Allow three-story buildings to provide flexibility in design.

Best Practices

Conduct a Zoning Audit: Evaluate existing zoning codes to identify provisions that inhibit small-lot developments.

Community Engagement: Involve local residents and stakeholders in discussions about zoning changes to address concerns and incorporate feedback.

Model Ordinances: Review and adapt successful small-lot zoning ordinances from comparable regions.

Step 2: Identify Opportunity Areas and Zones

Identifying suitable locations for small-lot housing is essential for successful implementation. This involves assessing existing land use patterns, infrastructure capacity, and community needs.

Criteria for Identification

Proximity to transit and services: Prioritize areas near public transit, schools, parks, and commercial centers to reduce car dependency and enhance accessibility.

Underused parcels: Consider both vacant and underused parcels, especially in infill areas.

Existing low-density residential areas: Target traditional single-family neighborhoods where small-lot housing can provide a gradual increase in density while blending in with existing uses.

Infrastructure capacity: Ensure that areas selected for small-lot developments have adequate infrastructure, including roads, utilities, and public services.

Best Practices

GIS mapping and analysis: Use geographic information systems (GIS) to analyze potential opportunity areas based on the criteria mentioned above.

Work with local developers: Engage developers to encourage input when choosing sites for increased density or updating development standards to allow for more affordable housing types.

Zoning districts: Create specific zones with flexible/reduced development standards, streamlined approval processes, and incentives for small-lot developments.

Step 3: Update Land Use Policy and Controls

Updating land use policies and regulatory controls is critical to support small-lot housing. This involves revising general plans, specific plans, and development regulations.

Policy Updates

General plan amendments: Incorporate policies that support diverse housing types and higher density developments in the general plan. For example, include goals to promote small-lot subdivisions in residential growth areas.

Specific plan revisions: Update specific plans to allow for small-lot housing in designated areas, aligning with broader community goals and infrastructure plans.

Development regulations: Simplify the approval process for small-lot subdivisions and create clear development standards to streamline their implementation.

Inform policy makers: Educate policy makers and elected officials about the benefits small-lot developments can bring to residents.

Best Practices

Policy alignment: Ensure that updates to land use policies align with regional housing needs assessments and state mandates.

Stakeholder collaboration: Work with developers, community organizations, and public agencies to develop policies that are feasible and beneficial.

Flexibility and innovation: Incorporate flexible design standards and encourage innovative housing solutions that meet community needs.

Step 4: Incentivize Development

Incentives play a vital role in encouraging developers to pursue small-lot housing projects. These incentives can take various forms, including financial support, regulatory relief, and technical assistance.

Types of Incentives

Financial incentives: Offer subsidies, grants, or low-interest loans for small-lot housing developments, particularly those that include affordable units.

Density bonuses: Provide density bonuses that allow developers to build more units than typically permitted in exchange for providing community benefits such as affordable housing or public open space.

Expedited review and permitting: Streamline the approval process for small-lot subdivisions to reduce time and costs associated with development.

Fee reductions or waivers: Reduce or waive development fees and impact fees for small-lot projects to lower financial barriers.

Best Practices

Balanced incentives: Ensure that incentives balance developer interests with community benefits.

Targeted application: Apply strategic incentives to areas most suitable for small-lot housing.

Monitoring and adjustment: Regularly review incentive efficacy and adjust as needed to respond to changing market conditions and community needs.

5

How can jurisdictions encourage small-lot single-family development in the San Joaquin Valley?

Identify opportunity areas

Audit zoning code

Reduce minimum lot size, setback, and open space requirements

Simplify the approval process

Adopt incentives

Example Development Standards

This section provides simple illustrative examples of potential small-lot parcel configurations.

Development Standards

The illustrative examples presented below are based on the following standards:

Minimum Lot Size: 2,000 square feet (SF)

Minimum Lot Width: 20 feet

Setbacks:

- Front: 10 feet
- Side: Four feet on at least one side
- Rear: 10 feet

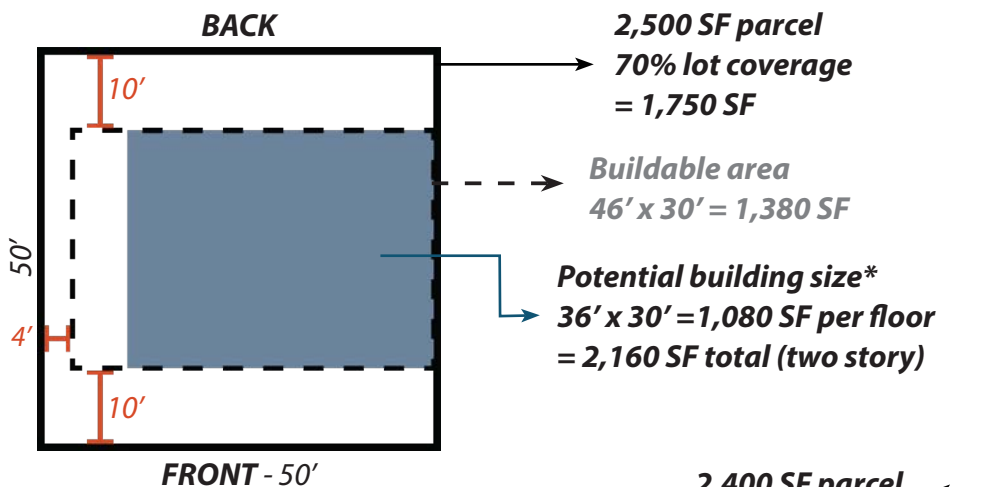
Maximum Building Height: 35 feet or three stories

Maximum Lot Coverage: 70 percent

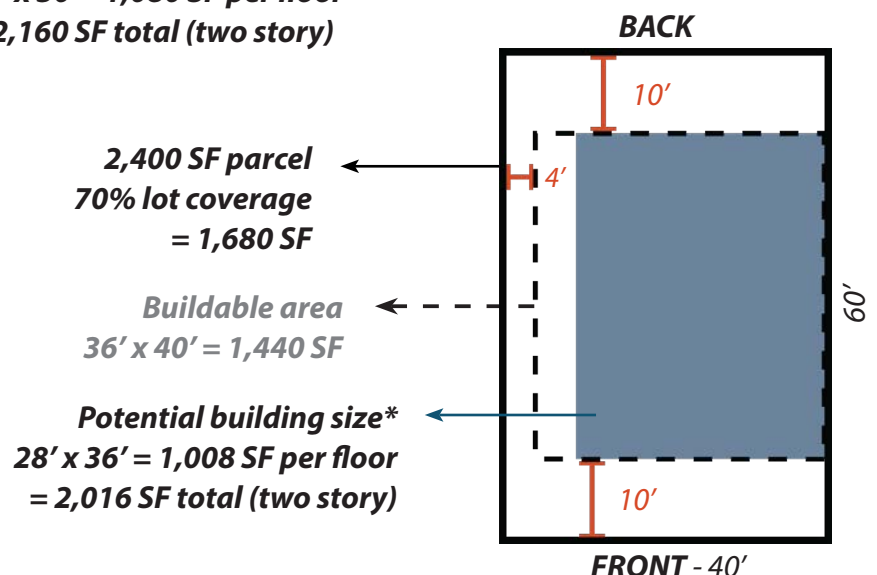
Parking Requirements: One space per unit with allowances for tandem parking and shared parking arrangements.

Open Space Requirements: Minimum of 20 percent the lot area to be dedicated to private or shared open space.

Example Small-lot Parcel #1



Example Small-lot Parcel #2



* Assumes 200 square feet for a single parking stall and approximately 25 percent of open space requirement accommodated within buildable area

Sample Small-lot Subdivision Ordinance

A. Purpose and Intent

The purpose of this *[Chapter/Section/Ordinance]* is to encourage the development of small-lot single-family homes to increase affordable housing, diversify housing options, and efficiently use land within the *[County/City]* of *[Name]*. This *[Chapter/Section/Ordinance]* is intended to reduce barriers to homeownership, promote more inclusive neighborhoods, and support sustainable urban growth by allowing the construction of smaller, more affordable single-family homes on appropriately sized lots.

B. Where Allowed

Small-lot subdivisions are allowed in any zoning district that allows single-family or multi-family *[specify applicable zoning districts here]* residential development, subject to compliance with the standards established in this *[Chapter/Section/Ordinance]*.

C. Optional/Not Mandatory

The provisions for small-lot subdivisions established in this *[Chapter/Section/Ordinance]* are an available option, not a mandatory requirement. Lots in the *[reference applicable zoning districts here]* may also be subdivided in compliance with the conventional subdivision regulations established in *[cross-reference adopted subdivision ordinance/regulations here]*. Conventional subdivisions, however, are not eligible for relaxed development standards established in this *[Chapter/Section/Ordinance]*.

D. Application and Processing Procedures

1. Parcel or Subdivision Map Required. Small-lot subdivisions require the approval of a tentative and final parcel or subdivision map in compliance with the California Subdivision Map Act and *[cross-reference adopted subdivision ordinance/regulations here]*. Proposed small-lot subdivisions shall be identified as such on the tentative map.

2. Pre-application Meeting. Applicants are encouraged to schedule a pre-application meeting with the *[Department/Division]* to discuss the project, review requirements, and identify any potential issues before submitting a formal application.

3. Application and Submittal. Applicants shall submit a complete application, along with all applicable materials, to the *[Department/Division]* in compliance with *[cross-reference adopted subdivision submittal requirements here]*.

4. Public Notice and Hearing. The *[County/City]* shall hold a public hearing for a small-lot subdivision in compliance with the *[cross-reference subdivision ordinance/regulations here]* and *[cross-reference public hearing procedures]*. In the event a public hearing is required, notice of the hearing shall be provided in compliance with *[cross-reference public noticing procedures]*.

5. Decision of the appeal. The decision of the applicable review authority shall be final unless otherwise appealed in compliance with *[cross-reference appeal procedures here]*.

E. Development standards

1. Lot size and configuration

- a. **Minimum lot size:** 2,000 square feet.
- b. **Maximum lot size:** 5,000 square feet.
- c. **Minimum lot width:** 20 feet.
- d. **Minimum lot depth:** 50 feet.

2. Setbacks

- a. **Front setback:** 10 feet.
- b. **Side setback, interior:** Five feet; unless the lot abuts the side setback of another lot within the small-lot subdivision, in which case there is no minimum interior side setback required.
- c. **Side setback, street:** Five feet.
- d. **Side setback, reverse corner lot:** 15 feet.

3. Lot coverage.

Maximum of 70 percent of total lot area.

4. Height.

The maximum building height in a small-lot subdivision shall be 35 feet.

5. Parking.

Small-lot subdivisions shall comply with the following parking requirements:

a. **Number of spaces required.** On-site parking is required in compliance with *[cross-reference parking standards here]*.

b. **Lots without street or alley access.**

1. The *[Department/Division/Director]* may waive the on-site parking requirement with an *[insert ministerial process here]* for lots without street or alley frontage where it is physically impossible for a vehicle to access a lot.

2. To approve the *[insert ministerial process here]*, the *[Department/Division/Director]* shall make the findings in *[cross-reference applicable ministerial process required findings]* in addition to the following:

- a. It is physically impossible to provide vehicular access to the lot due to the location of existing structures; or
- b. Proposed development on the lot cannot be reasonably reconfigured in any way that would allow for vehicular access to the lot.

6. Architecture and design. The design of the individual dwellings within the small-lot subdivision shall comply with all applicable design standards established by the *[County/City]* in compliance with *[cross-reference adopted design standards **if applicable**]*.

F. Access and maintenance. An agreement for access and maintenance for all facilities used in common shall be submitted as part of the Subdivision Map for approval and recordation.

1. All areas of small-lot subdivision with five (5) or more parcels subject to a reciprocal access and/or maintenance easement shall be maintained by an association that may be incorporated or unincorporated.
2. Small-lot subdivisions with four (4) or fewer parcels subject to a reciprocal access and/or maintenance easement may execute a maintenance agreement in lieu of requiring an association.
3. A maintenance agreement shall be formed, composed of and executed by all property owners, to maintain all common areas and appurtenances such as trees, landscaping, water treatment facilities, trash, parking, driveways, drive aisles, walkways, private water lines, meters, etc. Each owner and future property owners shall automatically become members of the agreement and shall be subject to a proportionate share of the maintenance and related costs. The maintenance agreement shall be recorded as a Covenant and Agreement to run with the land. The subdivider shall submit a copy of this Agreement, once recorded, to the Planning Division for placement in the subdivision file.

G. Severability

If any provision of this *[Chapter/Section/Ordinance]* or its application to any person or circumstance is held invalid, the remainder of the *[Chapter/Section/Ordinance]*, including the application of such part or provision to other persons or circumstances, shall not be affected and shall continue in full force and effect. To this end, the provisions of this *[Chapter/Section/Ordinance]* are severable.





APPENDIX A: STAKEHOLDER SUMMARY REPORT

*SAN JOAQUIN VALLEY REAP
SMALL-LOT PLANNING STUDY FOR THE SAN JOAQUIN VALLEY*

JULY 2024

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Stakeholder Interview Summary

During March and April 2024, Mintier Harnish and The Natelson Dale Group (Project Team) conducted stakeholder interviews with local housing developers and Valley planners to gain an understanding of the interest in and feasibility of small-lot housing development in the San Joaquin Valley. The input received during these interviews provides context to the consultants on issues and opportunities involving small-lot single-family development. The interviews included 12 participants, identified below.

Interviewees

Name	Details
Ashley Hedemann	Habitat for Humanity, Madera and Fresno Counties
Ron White	Habitat for Humanity, City of Bakersfield
Carol Ornelas	Visionary Home Builders
Michael Prandini	BIA of Fresno and Madera
John Beckman	BIA of the Greater Valley
Karl Schoettler	Collins and Schoettler Planning Consultants
Matt Diaz	City of Stockton
Chris Boyle	City of Bakersfield
Cynthia Marsh	City of Lodi
Bonique Emerson	Precision Engineering
Paul Bernal	City of Visalia
Jeff Roberts	Granville Homes

Input Received

Each interview lasted approximately 45 minutes and was conducted virtually via conference call or Zoom. After the Project Team provided a brief project overview, stakeholders were encouraged to provide their thoughts on small-lot single-family development in the San Joaquin Valley. Although a broad range of opinions and ideas were expressed during the interviews, comments can be generally summarized into the following three categories:

- 1. Issues
- 2. Trends
- 3. Opportunities

For each category, this document summarizes themes that emerged across the interviews. Please note that the opinions expressed in this summary are those of the stakeholders and do not necessarily reflect the opinions of the Project Team. All comments are paraphrased and presented without attribution.

Issues

- **Cost of land.** Land costs in the San Joaquin Valley continue to rise making it increasingly challenging to develop traditional single-family lots (6,000 square feet or greater). Stakeholders identified this as the number one constraint to residential development in the San Joaquin Valley.
- **Development risk.** There are perceived risks associated with constructing new housing types, including small-lot development, because there are not any trends to point to. This causes developers to build more traditional single-family homes on standard lots because the market trends are predictable.
- **NIMBY opposition.** Stakeholders voiced concerns regarding traffic, higher residential density, and increased student populations in local schools. Some stakeholders indicated that these concerns can substantially delay and complicate development projects, particularly infill projects adjacent to existing single-family residential uses.
- **Fees as a constraint to in-fill development.** Stakeholders reported that per unit development fees are a constraint to small-lot single-family infill development. Stakeholders expressed that fees for infill projects (which must achieve density on limited land) should be charged per acre to reduce costs per unit and increase affordability.
- **Planning.** Stakeholders reported that subjective and poorly defined development and design regulations lead to uncertainty and additional entitlement processing time. This results in extra costs that constrain development.
- **Home prices.** While small-lot parcel sizes can reduce land costs per unit, costs involved with construction, environmental analysis, building code compliance, and the public hearings increase the total costs of development beyond the affordability for lower- and many moderate-income households.
- **Engagement and information.** Information and education around development needs to be actively shared with communities. Language barriers and a lack of information restrict access to community engagement.
- **Utilities connections.** Stakeholders reported utility connection fees are too costly and restrict the potential for affordable residential development on certain parcels.
- **Parking requirements.** Small-lots have less available land to provide off street parking without reducing the livable area or increasing building height. This has resulted in over parked streets and emergency vehicle access concerns.
- **Comfort with traditional single-family development.** Many developers in the San Joaquin Valley continue to favor large lot single-family development due to their experience developing traditional housing types, as well as the risks perceived with housing types that aren't supported by extensive development trends.
- **Open space.** Stakeholders reported that open space requirements and lot coverage maximums are two major constraints to the affordability of small-lot development. Stakeholders agreed that for small-lot development to be feasible, open space requirements and lot coverage maximums need to be reduced.
- **Lack of infrastructure in rural areas.** Affordability in rural areas is often constrained by the need for infrastructure improvements.

- **Yard setbacks.** Minimum yard setbacks need to be reduced to accommodate small-lot development. According to stakeholders, in several cases Valley fire departments requested a minimum of four feet on at least one side to ensure clearance for emergency personnel.

Trends

- **Development feasibility.** Residential developments with 10 or more units are a common standard for market feasible housing development; however, rising land prices have made it difficult to acquire parcels large enough to accommodate this many units. This has resulted in more small-lot infill projects based on current land prices.
- **Infrastructure constraints.** There are high opportunity areas throughout the San Joaquin Valley, but many are severely constrained by a lack of access to water and sewer infrastructure.
- **Ideal lot size.** Minimum lot sizes for small-lot development in the Valley range from 2,000 square feet to 5,000 square feet. Some stakeholders identified 5,000 square foot lots as the minimum, stating that there are too many constraints to smaller parcels.
- **Public opinion.** Stakeholders reported that single-family homes are the preferred housing type for most households in the Valley, but that there is a need for affordable units of all types. Small-lot homes and other more affordable options are required to meet the needs of first-time home buyers, young families, and lower- and moderate-income households.
- **Planning.** Stakeholders reported that San Joaquin Valley jurisdictions with the creativity and funding to update their general plans and zoning regulations in a manner that incentivizes alternative housing types have been successful in removing constraints to developing affordable small-lot single-family housing.
- **Publicly owned surplus land.** While publicly owned surplus land provides an opportunity for affordable housing development, the extended timelines associated with public land acquisition can constrain development.
- **Minimum parcel size requirements.** Stakeholders expressed that development on traditional lots with a minimum of 6,000 square feet is now considered “estate residential” due to the high cost of land and development. Developer stakeholders indicated that they are pursuing single-family detached housing on lots down to 2,500 square feet to reduce costs. Because most Valley jurisdictions do not allow residential uses on non-traditional lot sizes, small-lot projects are often approved through planned development or conditional use permit processes.
- **Property value.** Stakeholders reported that property values in neighborhoods with small-lot development(s) have not been negatively impacted and that the small-lot housing units are a community asset.

Opportunities

- **Provide flexible development standards.** Stakeholders agreed that flexible development standards are needed to ensure project design and parking capacity are appropriate to encourage the development of small-lot housing without the need for discretionary approvals through a planned development or conditional use permit process. Providing developers with more flexibility may also encourage better development, rather than developing purely to meet the requirements.

- **Adjust impact fees.** Impact fees are commonly imposed on a per unit basis, which disincentivizes development of multiple units. To encourage greater density and affordability on infill lots, fees could be assessed based on acreage.
- **Provide objective design standards.** Stakeholders explained that simple and objective design standards provide approval certainty for applicants that reduces costs, increases housing affordability, and cuts down on the entitlement review process. Design standards should be developed with input from local developers to ensure that additional constraints are not inadvertently imposed.
- **City leadership.** Stakeholders expressed a desire to be included into the decision-making process, as it related to residential development. When developers have a “seat at the table” they can provide critical input on issues, constraints, and opportunities to better facilitate development and ensure greater affordability.
- **SB 9 lot splits.** Lot splits are recognized as pathways to more small-lot development in the San Joaquin Valley due to the large number of traditionally sized single-family lots. This potential is increased when lots can accommodate a rear alley with new housing oriented to the alley.
- **Land trusts.** There are opportunities for land trusts to be established to purchase land for the development of affordable housing. Land trusts have been used to incentivize small-lot projects in the Valley that provided homeownership opportunities for lower- and moderate-income households. In contrast to traditional financing, these projects were able to provide greater flexibility related to down payment and mortgage costs that increased access to homeownership.
- **Preapproved ADU plans.** Stakeholders reported that pilot programs for preapproved accessory dwelling unit (ADU) plans throughout the Valley were successful but that more options and broadened standards are needed to ensure that preapproved plans are widely applicable. Stakeholders also indicated that preapproved ADU plans may provide additional cost savings if the plans can be used for the construction of both the primary and accessory units on an infill lot, or SB 9 lot split project.
- **Infrastructure.** Stakeholders encourage local jurisdictions to invest in infrastructure improvements that reduce off-site improvement costs in support of the development of housing types affordable to lower- and moderate-income households.
- **Developer pipeline.** Stakeholders believe that jurisdictions should engage local, regional, and out-of-area housing developers with experience with different building types to encourage the development of small-lot housing types (and affordable housing generally) locally.
- **Identify Publicly owned surplus sites.** Jurisdictions are encouraged to identify surplus sites that can work to meet local housing goals and to create partnerships with local developers to ensure that housing development occurs without costly delays. Jurisdictions should work to streamline the acquisition process to the extent feasible.