

Meeting Future Housing Needs in the San Joaquin Valley



Changing Demographics and Income Levels Are Fueling Different Housing Needs and Preferences

The population of the eight-county San Joaquin Valley is expected to continue to grow from 3.9 million in 2010 to 7.4 million in 2050 – the highest growth rate in California.* It is likely that, by 2050, the Valley will need to provide housing for about 700,000 new households.**

The Hispanic population will grow at a much greater rate compared to other population groups. The Department of Finance estimates the Hispanic population will more than double over the next 40 years rising from 1.9 million in 2010 to 4.2 million by 2050. The Valley's white, non-Hispanic population, on the other hand, will either decrease** or grow very minimally.*

According to the most recent U.S. Census, the average age of Valley residents is younger than the state average, with about 30% of the Valley's population under the age of 18.

Average annual income per capita in the San Joaquin Valley, according to the U.S. Census, is about \$20,000 per capita – 2/3rds of the state average of \$30,000.

To meet future market demand, 42% of all new residential units built between today through 2050 should be attached units.

Many of today's younger, more educated workers whose incomes allow them to choose where to live now prefer to locate in an active urban environment where they can live, work and play.

Housing is the largest budget item for most American households, but transportation costs can be a close second. Valley residents with constrained incomes will be able to spend more on housing if they can live in a place where affordable transportation options are available.

Economic and financial trends coupled with rising energy prices indicate that fewer families will be able to afford home ownership in the next 40 years, according to "A Home for Everyone: San Joaquin Valley Housing Preferences and Opportunities to 2050" (Nelson, 2013, councilofinfillbuilders.org/resources/valley-housing.html).

Significantly lower income levels will also limit the housing options available to a growing number of Valley residents.

* California Department of Finance, County Population Projections by Race/Ethnicity, Age and Gender, 2010-2060, January 2013.

** San Joaquin Valley Demographic Forecasts 2010-2050.



Valley residents are increasingly interested in small-lot, single-family homes, townhouses, mixed-use buildings and apartments, and alternatives to driving alone – walking, biking and transit.

The Unmet Need Is for Mixed-Use, Walkable Neighborhoods, More Housing Choices and More Rental Opportunities

To meet future market demand, **42% of all new residential units built between today through 2050 should be attached units**, according to a recent study by the Concord Group for the Valley's regional planning agencies. These new units could be in the form of apartments, flats, duplexes, triplexes, bungalow courts and townhouses. The San Joaquin Valley does not have a track record for providing a variety of housing choices. About 91% of residential permits issued in the Valley between 1990 and 2011 were for single-family homes, according to the "San Joaquin Valley Higher Density Residential Housing Market Study" (valleyblueprint.org).

The Kern County Council of Government's 2012 Community Survey found that **more than two-thirds of Kern County respondents favored having an alternative to driving alone, including walking, biking and transit**, with the greatest support for these options coming from the Hispanic population. To respond to this transportation preference, it will be necessary for cities to move toward zoning for more compact development in mixed-use neighborhoods.

The Kern COG survey, which compared 2008 and 2012 housing preferences, found **residents' interest in small-lot, single-family homes, townhouses, mixed-use buildings and apartments has grown by 20% to 33% over the past four years**, depending upon the building type. The most striking change was a rising interest in living in a mixed-use building ("A Home for Everyone: San Joaquin Valley Housing Preferences and Opportunities to 2050").





Compact, walkable development raises far more property tax per acre than does large-lot development, and reduces the costs of creating and maintaining the community's infrastructure.

There Are Many Economic Benefits of Shifting to More Walkable, Mixed-Use Development

Continuing to build as we have in the past will result in the loss of an additional 500,000 acres of farmland by 2050. The economic value of this loss is estimated to be over \$136 billion a year, according to the American Farmland Trust's "Saving Farmland, Growing Cities" (2013). Many in the business community strongly support farmland preservation as an important economic development tool vital to the Valley's future, as the "San Joaquin Valley Regional Economic Summit: Building Prosperity for the Valley Ag Value Chain" reports.

Studies in the San Joaquin Valley and elsewhere in the country demonstrate that compact, walkable development raises far more property tax per acre than does large-lot suburban development ("Valuing Downtowns: Upward Not Outward Is a Smart Revenue Strategy for Local Governments").

A 2006 "Fiscal Impact Analysis" completed by Fresno County (co.fresno.ca.us) demonstrated that the cost of maintaining and servicing residential growth of the type being constructed at that time was resulting in an annual loss of over \$400 per unit, with losses increasing in future years.

The cost of physical inactivity and the related overweight and obesity among California adults was \$41 billion in 2006, according to the California Center for Public Health Advocacy. Unfortunately, obesity rates in the San Joaquin Valley exceed the state average. Land-use changes supporting walking, biking and transit can reduce rates of overweight and obesity, and the associated health costs.

Businesses around the country seeking management-level employees are increasingly attracted to locate in cities that support more urban lifestyles where workers can live, work and play.





Local Government Policies Can Respond to the Changing Housing Market

There are a number of policy changes available to local governments that will help communities respond to the future housing market. Many are listed in the “San Joaquin Blueprint Planners Toolkit.” Below are five important ones:

Ensure Your General Plan Supports Walkable, Complete Communities.

1 The General Plan is the policy document that expresses the vision of a community and provides direction on how a community will grow and develop over time. General Plans can help make communities more walkable by directing new growth and investment to existing cities and communities, which already have the requisite infrastructure and services to accept additional development.

As a complementary strategy, General Plans should discourage growth to occur in less ideal areas that are harder and more costly to serve. For example, the City of Visalia’s General Plan includes an urban growth boundary that helps to guide the timing, type, and location of growth; preserve resource lands; protect natural feature and open space; and encourage energy conservation.

A number of Valley cities have begun to incorporate language in their General Plans that support walkable, complete communities. A few are also now directing a percentage of expected new growth toward infill areas. The City of Fresno’s preferred General Plan Alternative, for example, is now directing almost half of all new growth into infill sites, mostly downtown and along older, declining commercial corridors.

Adopt a Form-Based Code.

2 Form-based codes offer a powerful alternative to conventional zoning for communities looking to create compact, mixed-use, walkable neighborhoods. Form-based codes foster predictable built results and high-quality streets and public spaces by emphasizing the physical form of development rather than the separation of uses. Form-based codes are regulations, not mere guidelines, adopted into city or county law. Modesto adopted a form-based code for their down-

town core in 2010, and Fresno followed suit in 2011. For more guidance on the purpose and development of a form-based code, visit lgc.org/freepub/community_design/factsheets/form_based_codes.html

Adopt a Complete Streets Policy.

3 Complete streets are multi-use environments that enable safe and comfortable access for all users of the streets and sidewalks. This includes pedestrians, bicyclists, motorists and public transit riders of all ages and abilities, including older people, children and people with disabilities. A number of San Joaquin Valley communities have modified their streets to better accommodate bicycling or walking, beginning with downtowns in Lodi and Visalia over a decade ago.

Reduce Costs of Infill Development.

4 Developers prefer to undertake greenfield development because it is easier and costs them less. The City of Fresno is taking the lead in developing policies to help make the initial cost of infill development more competitive with conventional greenfield development. The city council has adopted a resolution to move ahead with an “Infill Development Act” that will help establish economic incentives to level the playfield for infill development.

Maintain an Adequate Planning Staff.

5 Ultimately, plans for more sustainable, compact, vibrant communities require skilled professional staff to assist local elected officials with the day-to-day review and permitting process. It is important to keep proper staffing resources in mind when making increasingly difficult budget decisions.