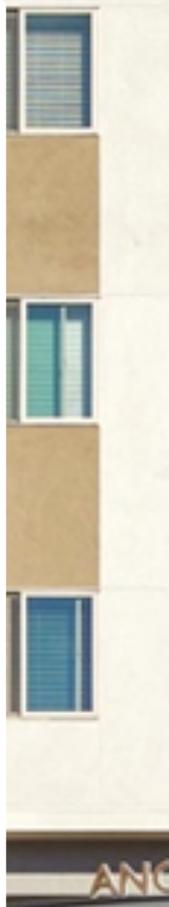
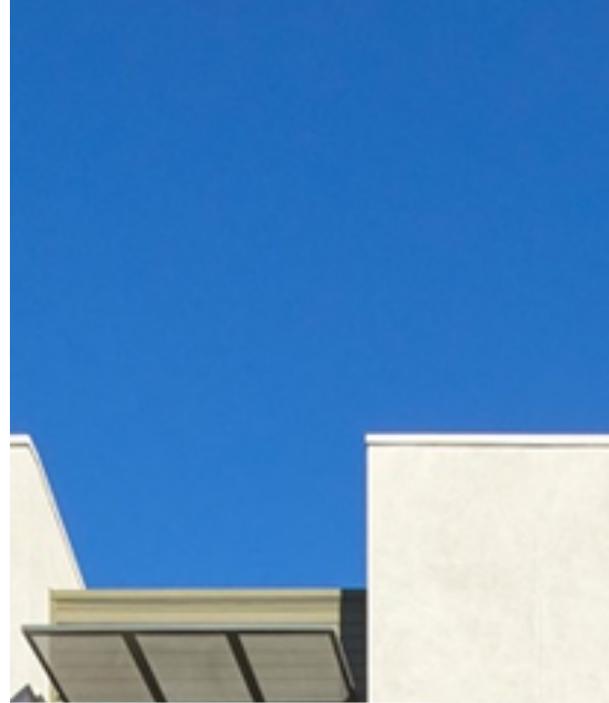


CHAPTER 8

Housing



EIGHT

The population of the San Joaquin region is expected to increase by 200,000 residents by 2050. That means at least 74,000 more housing units will have to be built to meet this demand. Housing production in the region has not kept up with demand, leading to rising prices and growing shortages. Here we look at the current state of housing in the region and the effects of housing costs on the region's residents. We also look at RTP/SCS strategies to support local agencies in increasing housing production.





Housing

A family's ability to pay for housing can be vulnerable to economic ups and downs. Other external forces will shape housing markets in the future, such as climate change, demographic trends, technological advances, and construction activity.

San Joaquin County is often lauded as an affordable place to live, but this is primarily true for those migrating from regions with a higher cost of living. Compared to neighboring regions, San Joaquin County has relatively lower housing costs, however, residents living here also tend to have comparatively lower household income. As a result, housing affordability is a challenge for residents who already call the region home.

The San Joaquin region has 243,260 homes throughout the county and the seven cities. To

accommodate a growing population expected to exceed 1 million by 2050, more housing will need to be built throughout the region. Where that housing is built, and in what form, can affect some of the greatest challenges today, such as housing stability, job opportunities, and greenhouse gas emissions.

Regional Housing Dynamics

The San Joaquin County region is experiencing the housing crisis felt across the state. As the region's population continues to grow, housing production has not kept up. The result is an overwhelming need for housing at an affordable level. The county's housing stock provides limited options for the diverse communities that make up the region. This housing shortage causes the cost of housing in the region to rise at a more rapid pace than incomes, threatening the stability of families and contributing to a

concerning rise in homelessness. All these factors contribute to the region’s housing crisis and increases the importance of strategies in the 2022 Regional Transportation Plan/Sustainable Communities Strategy (2022 RTP/SCS) to support SJCOG’s member agencies in increasing housing production.

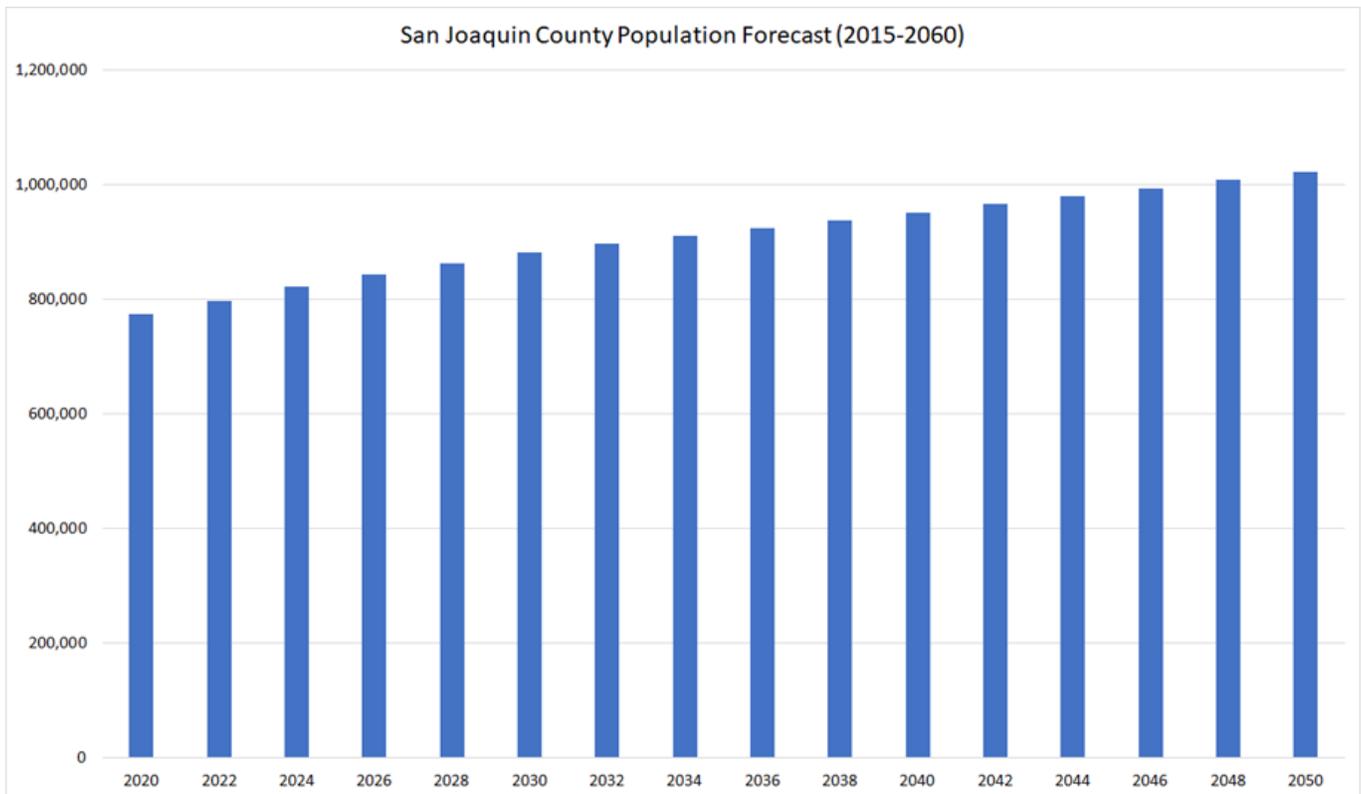
Population Growth

Like many regions in California, San Joaquin County has seen massive changes to its population and the overall number of households. Within the next 30 years, the population is expected to grow from the approximately 800,000 today to 1 million in 2050 (Figure 8.1). The 200,000 more residents expected to be housed in the county represents a 25 percent increase over the next 30 years.

Home ownership may come with a large amount of debt, but it also acts as an asset that individuals use as collateral to access liquidity and/or investments.

— University of the Pacific Center for Business and Policy Research, SJC Index 2020

Figure 8.1



Source: US Census Bureau, 2019 ACS 5-Year Estimates and University of the Pacific Center for Business & Policy Research

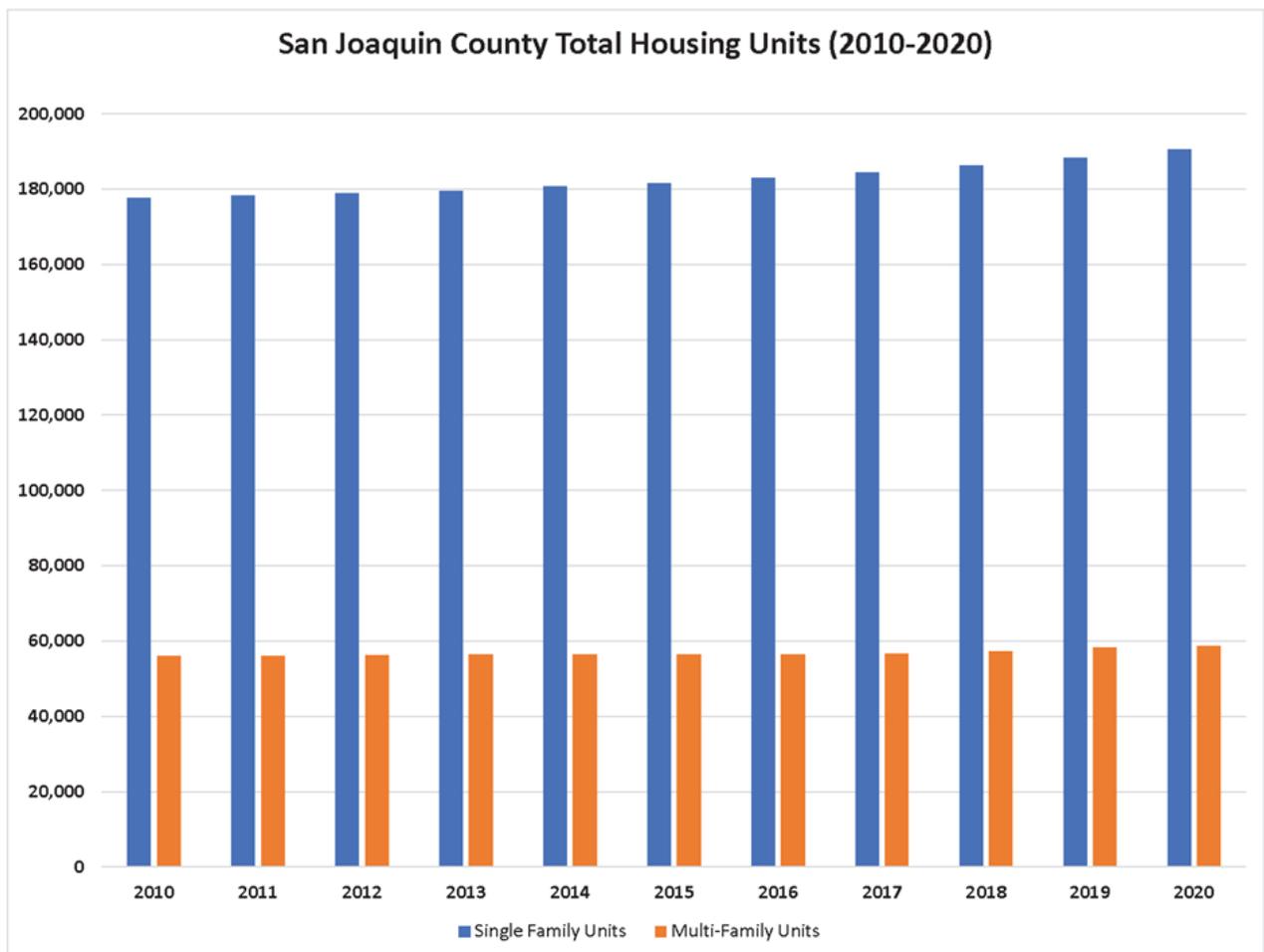
Housing Stock

Housing production has not kept up with population growth. Since 2010, the number of single-family units in San Joaquin County has slowly increased from 180,000 to 200,000 units, while multifamily units have stagnated at around 60,000 units (Figure 8.2).

The available housing in San Joaquin County is made

up of a low percentage of attached single and multifamily units when compared to the state, 24 percent and 39 percent respectively (Figure 8.3). The county has an overwhelming share of single family-detached units, significantly greater than the state as whole. Because a large majority of housing is categorized as single-family, the available housing stock does not offer much in terms of choices.

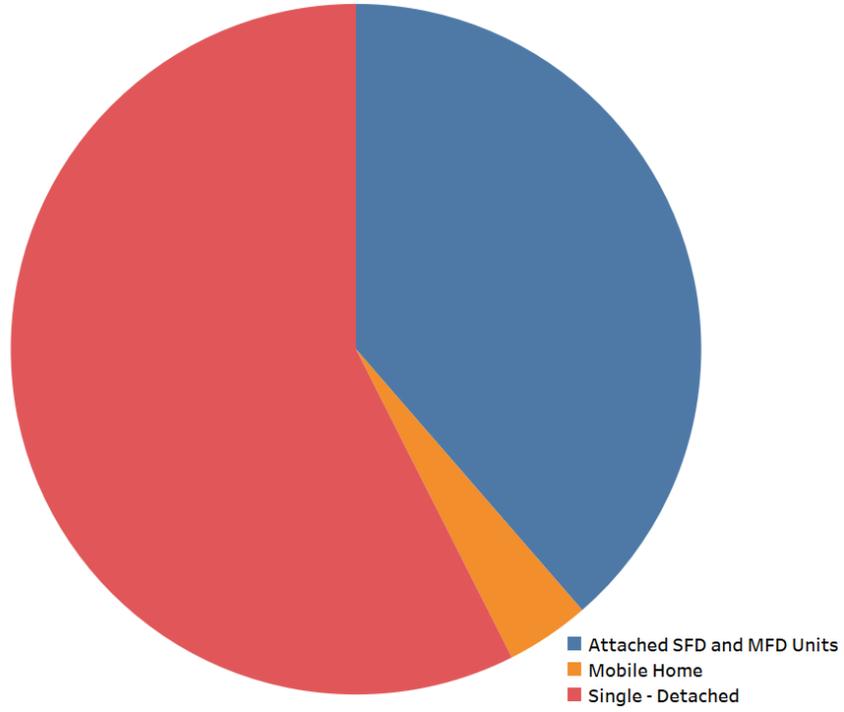
Figure 8.2



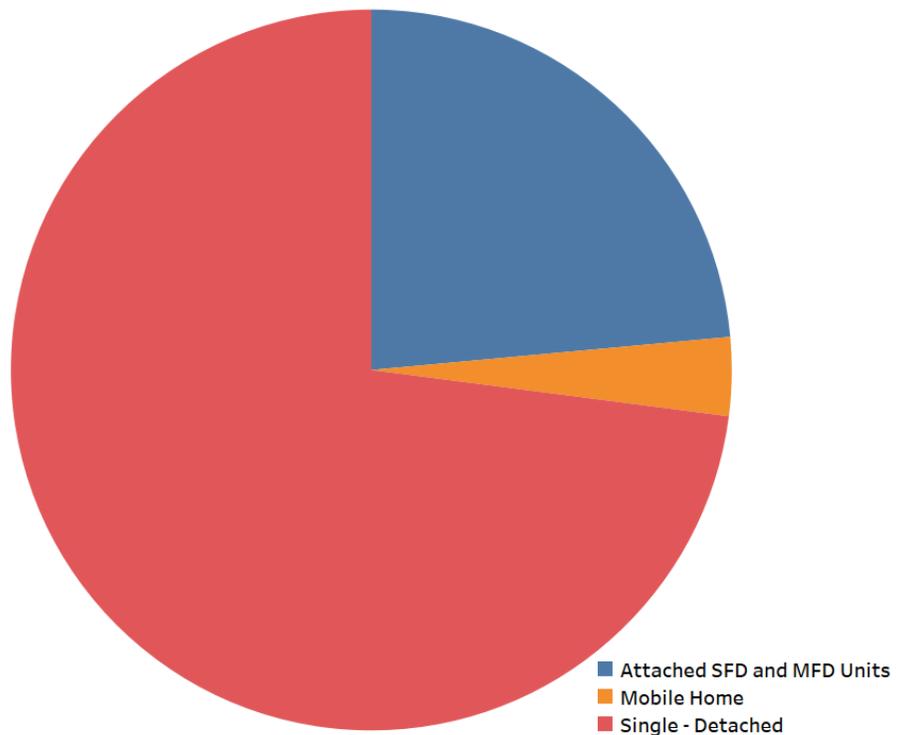
Source: California Department of Finance

Figure 8.3

Housing Stock Split - California

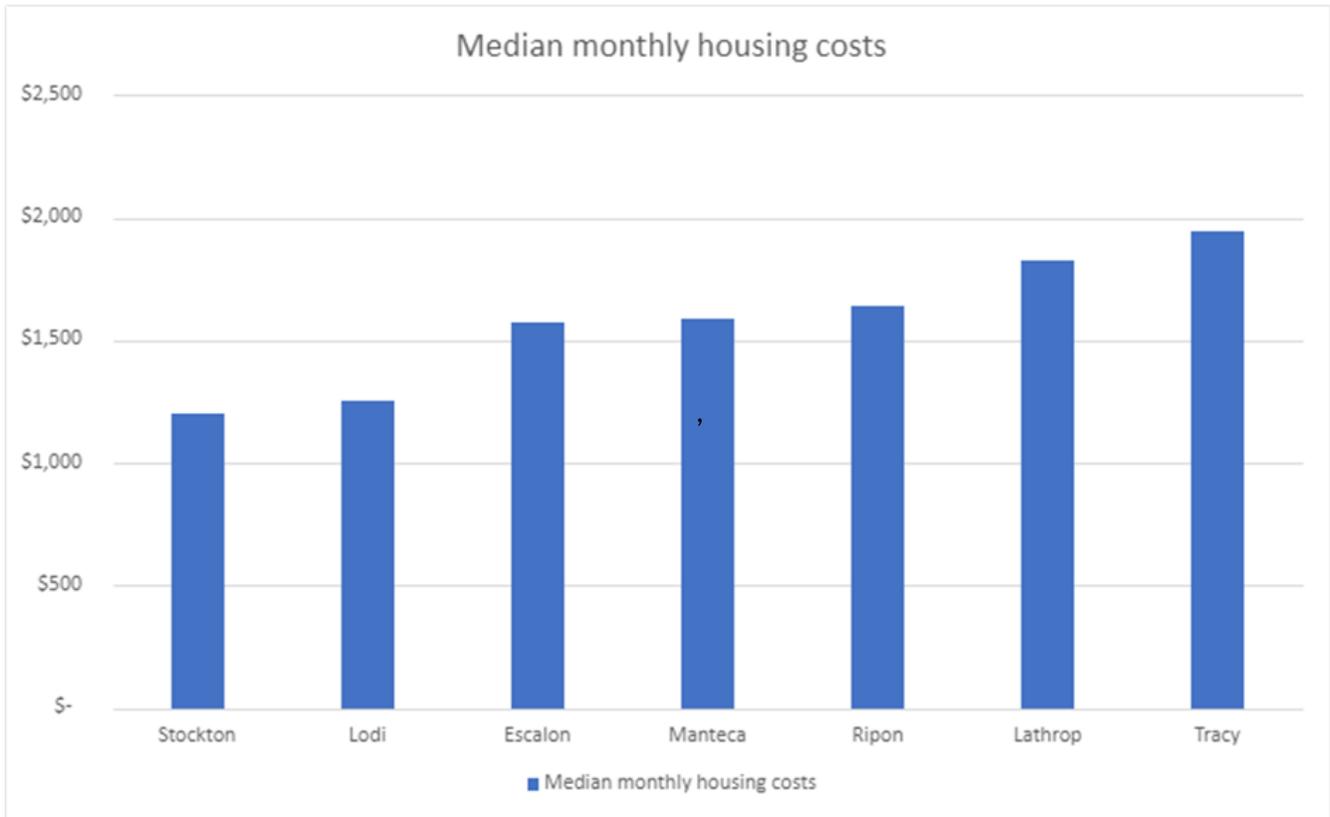


Housing Stock Split - San Joaquin County



Source: California Department of Finance

Figure 8.4



Source: US Census Bureau, 2019 ACS 5-Yr Estimates

The Cost of Housing

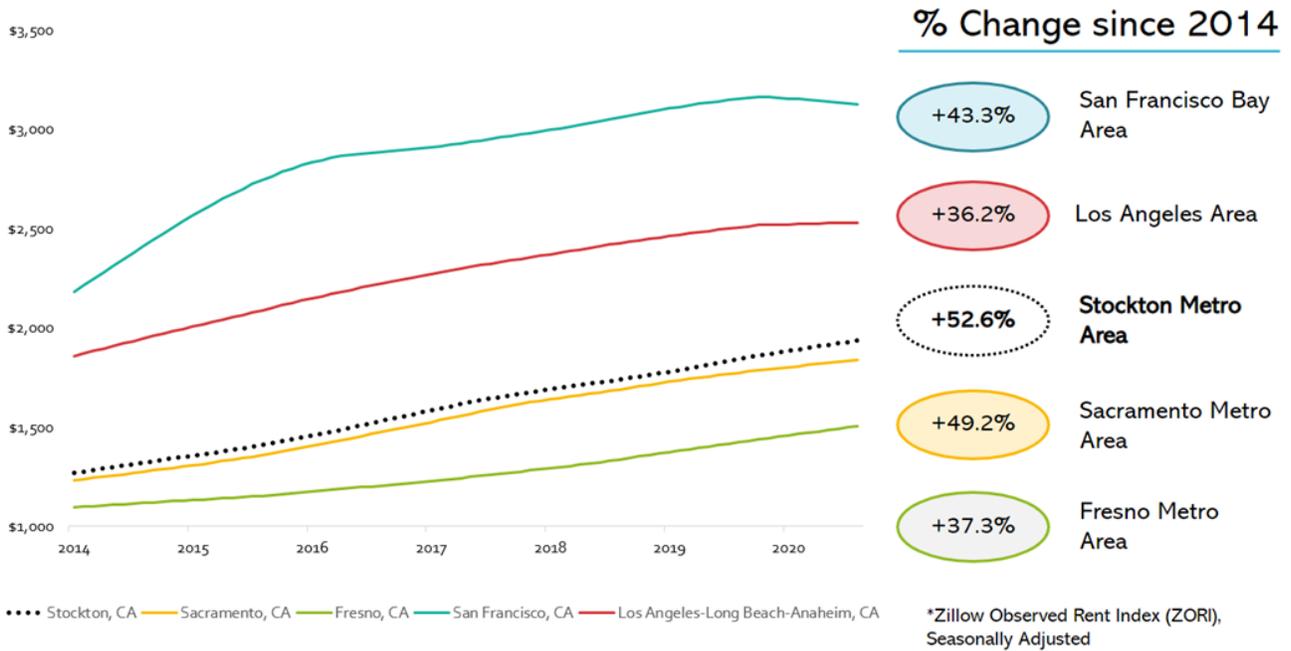
Throughout the San Joaquin County region, median monthly housing costs range from \$1,200 to \$2,000 for the seven cities in the county (Figure 8.4). Stockton and Lodi have the lowest median costs of housing at approximately \$1,300 per month, while Tracy has the highest median monthly housing costs at approximately \$2,000. Median monthly housing costs includes such expenses as mortgage, real estate taxes, home insurance and utilities.

The region's housing costs, however, have seen

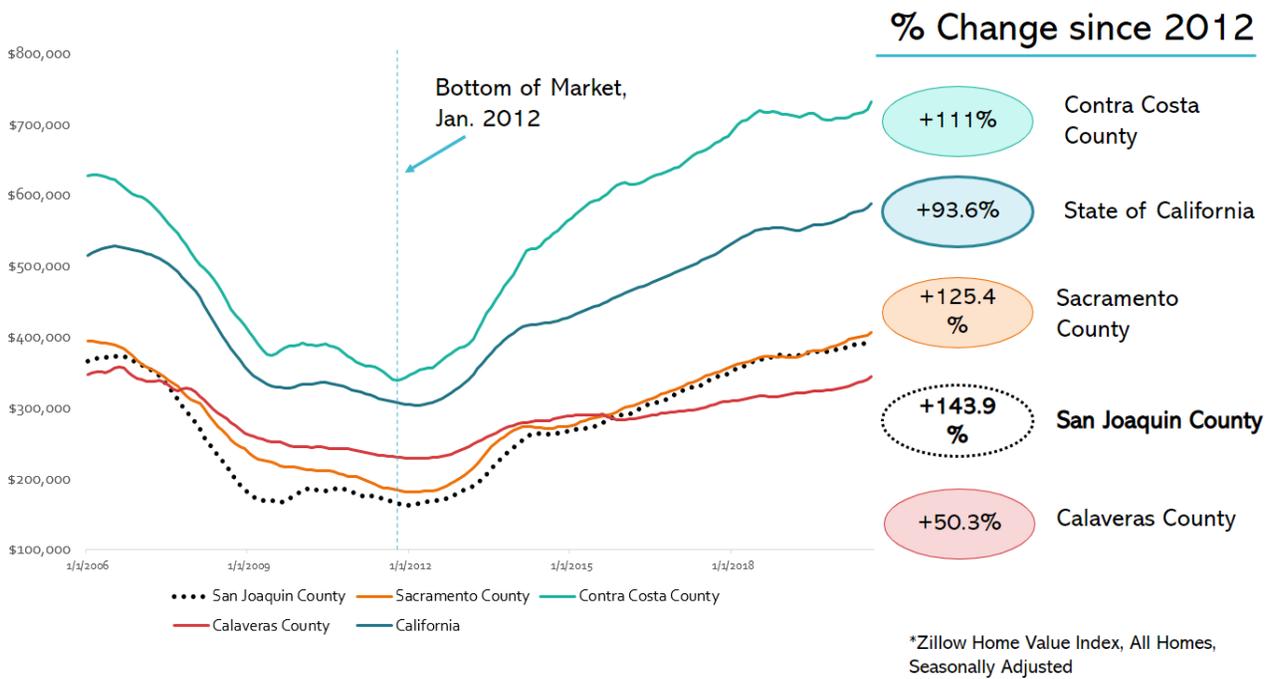
dramatic increases in recent years, outpacing other metropolitan areas in the state. The county's rental prices have been steadily increasing, rising more than 50 percent since 2014. That is more than surrounding metro areas. Similar increases have been observed in the homeownership market. San Joaquin County has some of the greatest housing price volatility in the state with prices increasing an astounding 143 percent since the bottom of the market in January 2012 in the wake of the Great Recession (Figure 8.5). This is more than any other adjacent county and the statewide average.

Figure 8.5

Rent Index* for Select Metro Areas, 2014 - 2020



Home Value Index*, 2006 - 2020



Source: Zillow

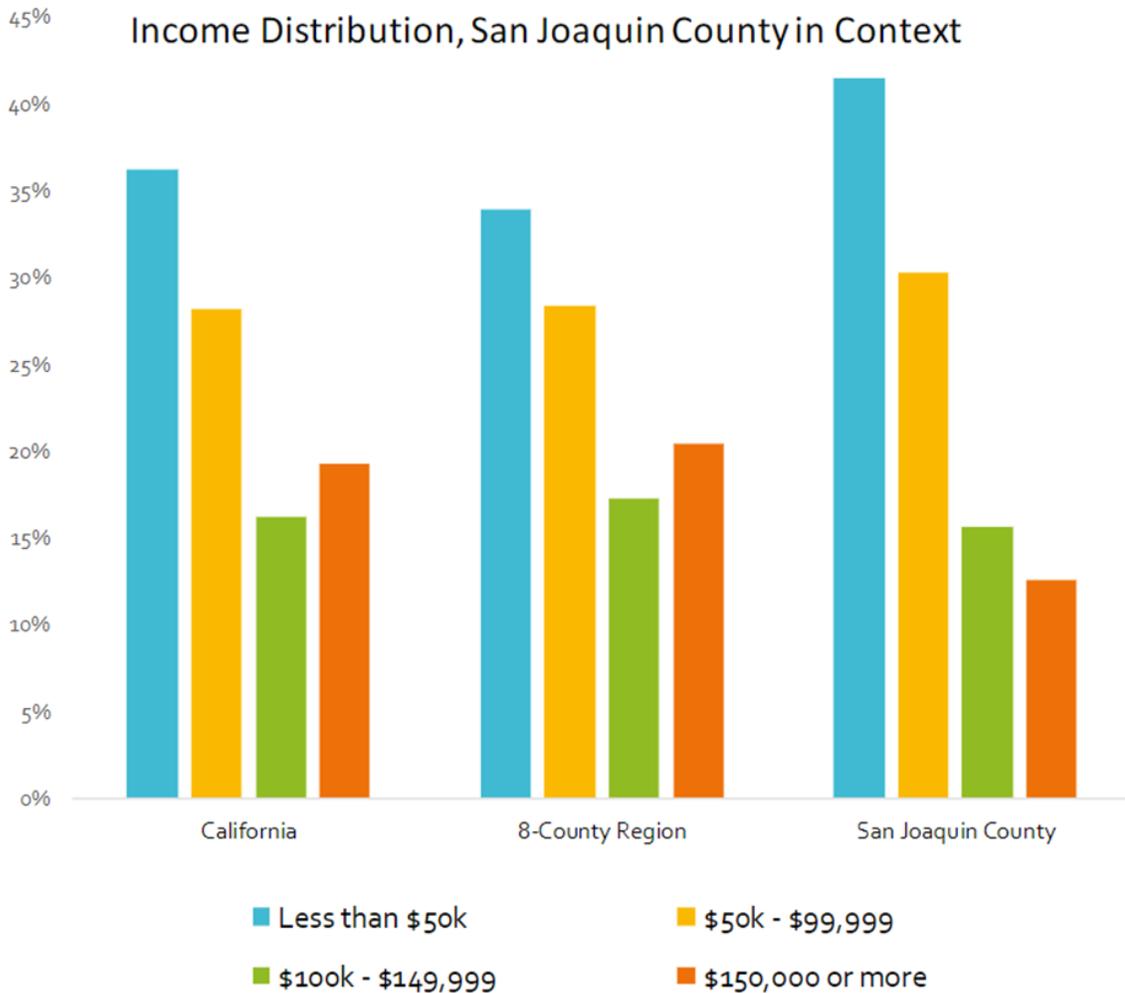
Housing Access

Compared to neighboring regions and the state, San Joaquin County has a higher percentage of households earning less than \$50,000 annually, contributing to a larger share of low-income households (Figure 8.6). These trends generally align with lower income jobs in the region’s retail and service sectors. The demand for affordable housing opportunities far outweighs the existing supply and this gap continues to grow.

Housing cost burden is an important metric that shows how much money as a share of income people are spending on housing. A household is considered

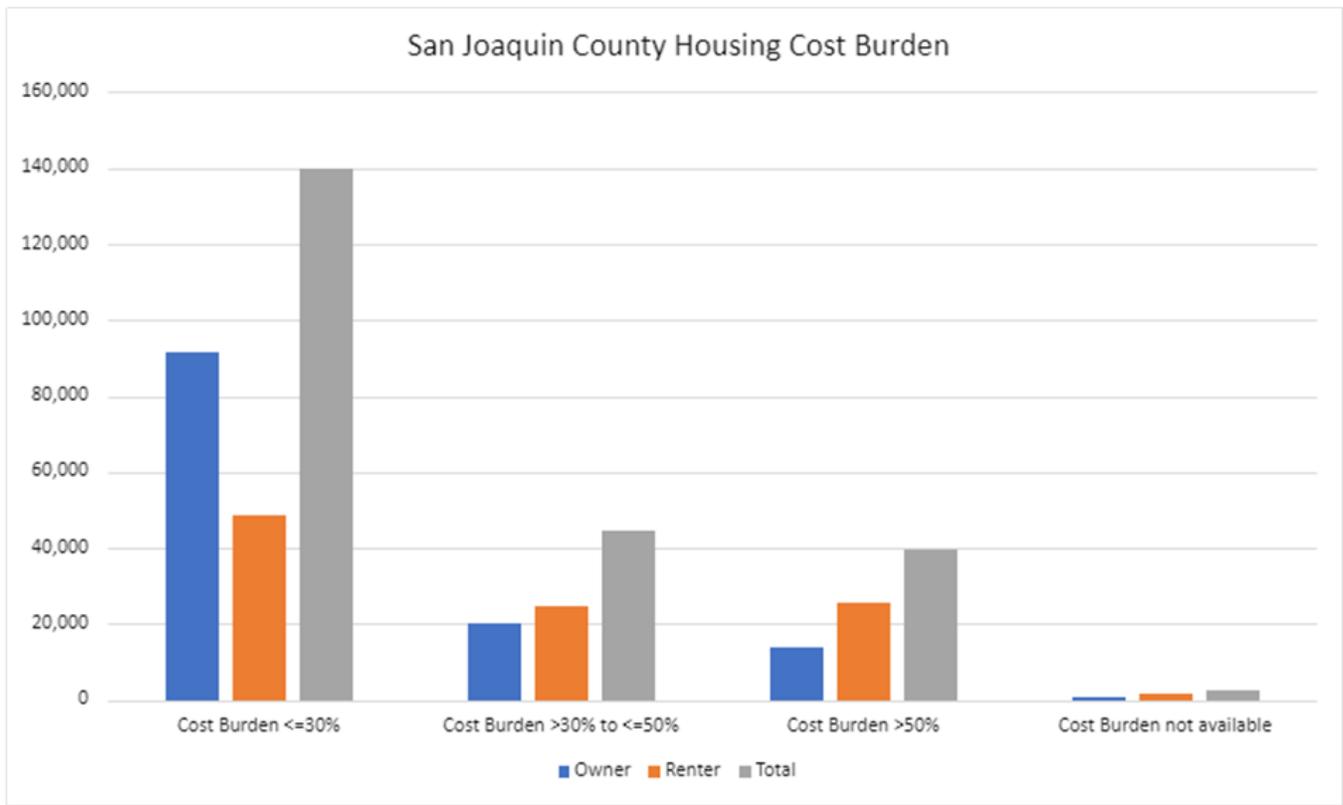
cost burdened when more than 30 percent of income is spent on housing. Out of the 228,567 total households in the San Joaquin region, more than 40,000 households would be considered severely cost burdened by spending more than 50 percent of the household income to cover housing costs (Figure 8.7). As housing becomes increasingly out of reach for low-income individuals and families, San Joaquin County’s 2019 Homeless Point in Time count saw a nearly 70 percent increase in the local unsheltered population, jumping from just over 1,500 individuals experiencing homelessness in 2017 to 2,629 in 2019.

Figure 8.6



Source: US Census Bureau, 2019 ACS 5-Year Estimates

Figure 8.7



Source: US Census Bureau, 2019 ACS 5-Year Estimates

Residential development activity has not kept pace with actual population growth.

Planning for Housing in Uncertain Conditions

Housing access and stability in the San Joaquin region is increasingly at risk, especially for its most vulnerable residents. The future is also full of uncertainties that will undoubtedly shake housing markets in the coming decades, as did the Great Recession from late 2007 to mid-2009 and the COVID-19 pandemic in 2020. Housing preferences in the future might change, which could shift demand for either more suburban single-family homes or more apartments. Technological advancements, such as expanded broadband access and the introduction of autonomous vehicles, have the potential to alter what the typical commute between home and work may look like. Finally, climate change impacts across the globe could influence migration patterns to the San Joaquin region.

Regional Role in Housing

The regional role in housing has been historically limited to well defined state driven planning processes. Regarding regional housing, SJCOG promotes strategies to increase the supply of, and ensure access to, a variety of housing choices for all residents of the region through the Regional Housing Needs Allocation (RHNA) process. Through this process, the State authorizes SJCOG to determine each local jurisdiction's "fair share" of affordable housing throughout the region. With the passage of SB 375, this role was expanded to more explicitly consider the integration of state and federal transportation investments with local land use planning. In this role, SJCOG coordinates regional strategies and assists local jurisdictions in their role as the local land-use authorities. Even with the more recently expanded role of regional agencies in tackling the statewide housing crisis, jurisdictions retain local land-use control, subject to limited affordable housing permit streamlining requirements. The following sections summarize SJCOG's existing roles, programs, and activities that concern housing issues in the region.

Regional Housing Needs Allocation Process

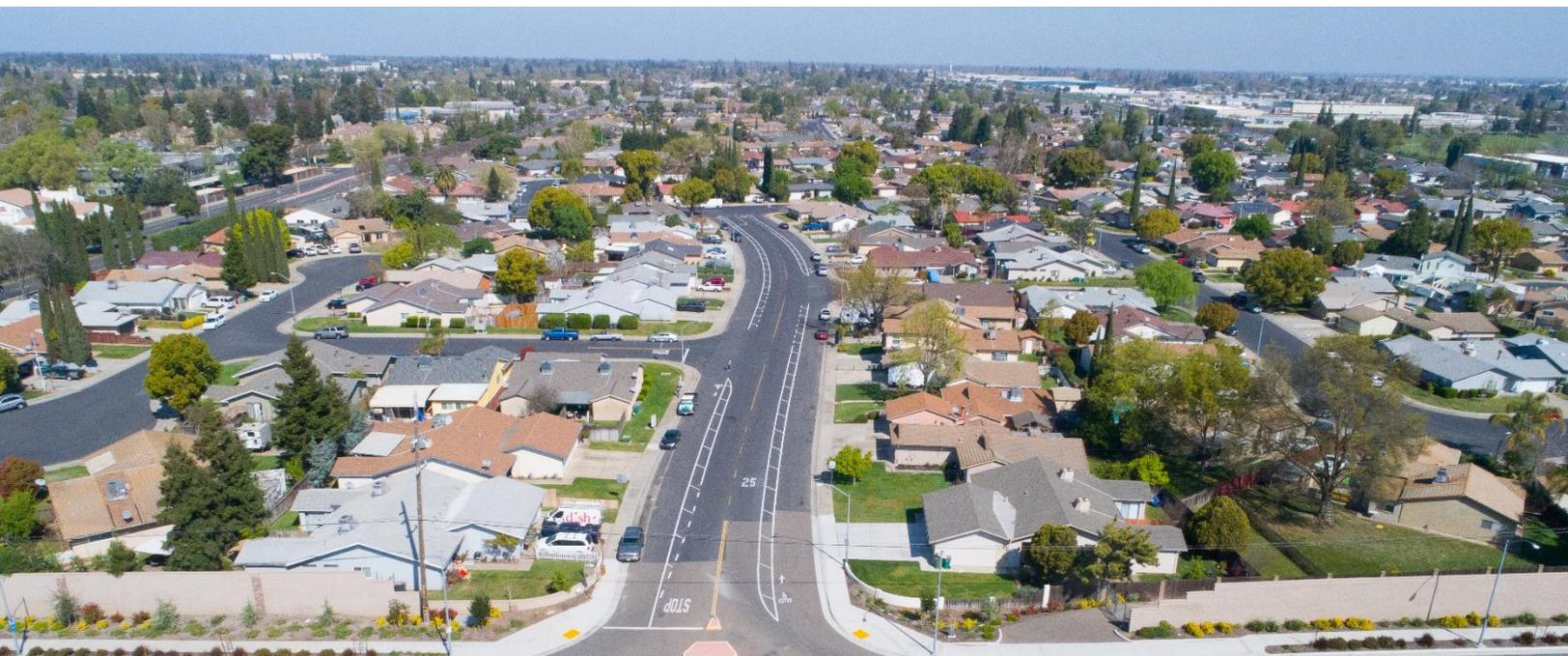
The RHNA process, mandated by state law, quantifies the need for housing at all income levels and informs local land use planning in addressing

existing and future housing needs resulting from population, employment, and household growth. As the council of governments, SJCOG is responsible for overseeing the process and preparing the RHNA every eight years for the San Joaquin region.

The process is initiated by the California Department of Housing and Community Development (HCD), which provides a Regional Housing Needs Determination (RHND) for the region. The regional determination includes an overall housing need number based on forecast population growth and adjustments to this need based on local market conditions for housing vacancy rates, overcrowding, and rates of cost burdened households. The overall RHND is further divided into the percentage of units required to meet the need across all income levels. SJCOG, with input from elected officials, local staff, and stakeholders, then develops a methodology to distribute to each local government a fair share to meet the total regional housing need. This division should ensure adequate housing affordable for all income levels in the region.

The Regional Housing Need Plan (RHNP) is the official assignment of projected regional housing need totals to the jurisdictions in San Joaquin County across four family income categories defined as Very Low, Low, Moderate, and Above Moderate). Once adopted, each jurisdiction has 18 months to update their Housing Element and zoning ordinances to accommodate its fair share of the region's housing

Photo Credit: Captivating Photos





need. Local communities are also required to report their progress to HCD on an annual basis. SB 375 requires that the land-use allocation for the RTP/SCS be consistent with and accommodate the calculated regional housing need. The 2022 RTP/SCS meets this requirement.

The regional growth forecast anticipates an additional 28,664 households in the region during the eight-year RHNA projection period. To meet future housing needs, the San Joaquin region must plan and zone for 53,640 housing units over the next eight years (Figure 8.8). This determination from the state is the highest ever received by the region and is in response to a housing crisis that was decades in

the making. Residential development activity in the region has not kept pace with actual population growth and addressing the housing crisis will require more planning, coordination and resources. Regardless of how the future may unfold, the strategies included in the 2022 RTP/SCS are responsive to uncertainties and aim to provide a resilient framework for long range planning.

The draft RHNA methodology for allocating the RHND of 53,640 units to each jurisdiction in the region and among the required income categories is included in Appendix Y. The full RHNA plan will be released and considered for adoption in the late Summer or Fall of 2022.

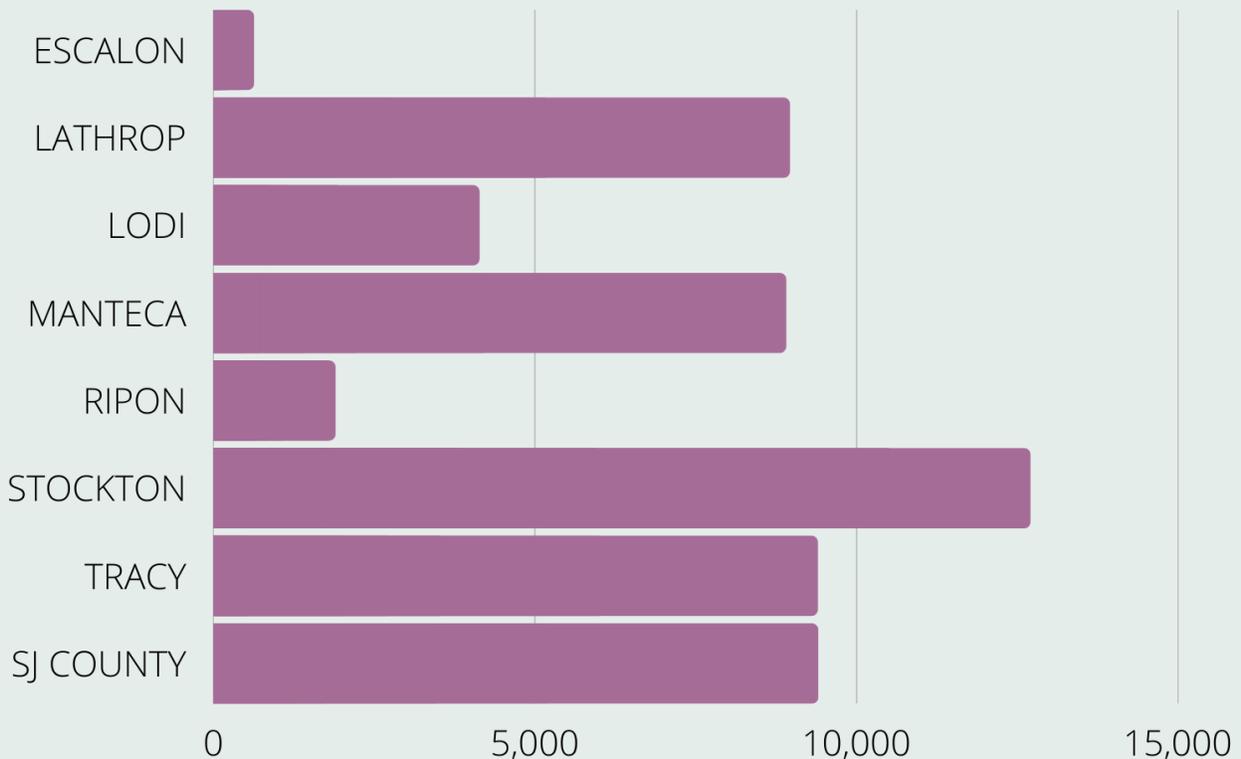
Figure 8.8

REGIONAL HOUSING NEEDS ALLOCATION (RHNA) 2022-2030

Regional Housing Needs Allocation (RHNA) is a state-mandated planning requirement for accommodating the projected housing need through each jurisdiction's general plan housing element. The law requires that the State project overall housing needs at the regional level for the eight-year planning period and that SJCOG further divides the housing need into four income categories, which are based on the regional median income.



THE 6TH RHNA CYCLE REPRESENTS AN EIGHT-YEAR PERIOD FROM JANUARY 1, 2022-DECEMBER 31, 2030



2022 RTP/SCS Housing Strategies

SJCOG's previous RTP/SCS plans included strategies to encourage complementary land use and transportation planning to promote environmental sustainability, maximize mobility and accessibility, preserve the efficiency of the existing transportation system, improve public participation, maximize cost effectiveness, and improve the quality of life for residents. Strategies that support housing production – while coordinating with existing and future transit service – can help the region grow more sustainably and inclusively.

The 2022 RTP/SCS builds on the 2018 strategy framework by identifying bold regional actions to tackle the ongoing challenges to provide stable and affordable housing that all residents in the San Joaquin region can rely on no matter how the future unfolds. There is no single solution to solve the regional housing crisis, so the package of strategies included here leverage the tools and resources currently at the region's disposal. The housing-related strategies identified in the 2022 RTP/SCS help to advance regional housing priorities:

- **Support establishment of a regional housing trust fund:** Funding for affordable housing in the San Joaquin region has significantly declined since 2007, making it extremely difficult to build needed housing. A housing trust fund can serve as a local source of dedicated resources to support the preservation and production of affordable housing and increase opportunities for families and individuals to access housing.
- **Streamlining the development process:** Improving development processes through streamlining is a best practice strategy for reducing the cost of development. While each local jurisdiction in the region may be at varying stages of streamlining in their own departments, the plan supports these activities. These may include preparing specific plans with an accompanying environmental impact report, objective design

and/or development standards and provide more certainty for applicants, and other strategies intended to reduce the time for application approval.

- **Promote a broader range of housing types:** Allowing for a greater mix of densities and housing types would make it easier to meet the future housing needs of all San Joaquin residents.

Funding and Implementation

Since 2017, numerous housing legislation bills have been introduced and signed into law to address California's growing housing and homelessness crisis. SJCOG has taken steps to play a more active role in supporting housing production throughout the region by integrating land use and housing policy discussions in transportation planning and implementation efforts. New funding from the state's Regional Early Action Planning Program (REAP) has provided resources directly to SJCOG for planning to accelerate development and increase housing supply (Figure 8.9). In addition to supporting the regional housing priorities outlined in this chapter, the new resources also help in knitting together a more cohesive framework for SJCOG's other ongoing housing-related activities.



Current and recently completed implementation activities include:

- A gentrification and displacement study completed in February 2022 identifying displacement risk and potential solutions for the region.

- A regional housing trust fund feasibility study, begun in May 2022, will evaluate the appropriate scale, funding sources, structure, and impact for a regional trust fund in San Joaquin County.
- The addition of an executive fellow to the SJCOG housing team to concentrate on building collaboration for the trust fund effort, working with SJCOG's local jurisdictions on technical assistance and tools needed for housing element updates, and assist in structuring SJCOG's upcoming REAP 2.0 application for additional planning and infrastructure funding to further housing production.

Conclusion

Looking ahead, rising concerns around displacement and gentrification have led to a host of questions around investment – both public and private – and how to responsibly wield it so that all residents can equitably reap its benefits. To further understand the potential link between transportation investment and

displacement risk, SJCOG conducted a gentrification and displacement risk assessment. The region's first ever assessment of this kind found that much of the region remains inaccessible to low-income residents, making it imperative that the region better understand how to mitigate any negative impacts associated with transportation investment. This becomes especially important since the 2022 RTP/SCS includes a robust investment strategy for public transit services, particularly in commuter rail. Research has found that without policies in place to stabilize vulnerable neighborhoods this can cause displacement in communities.

SJCOG's continued technical assistance activities on affordable housing projects have helped local projects in competing for grant funding. Ongoing stakeholder engagement has elevated the need to expand local funding for affordable housing throughout the region. Finally, with a higher Regional Housing Needs Allocation (RHNA) housing construction target for the county, the region has an unprecedented opportunity to pair planning with implementation funding.

Photo Credit: Captivating Photos



Figure 8.9

