

Housing Shortage

The shortage of housing in California, and the resulting high prices of homes, have been in the news a lot lately. Estimates are that the State is already short 3 million housing units, and that the number of houses built in California each year is only about half of what is needed for the growing population. That means the problem is going to get a lot worse if something does not change.

There are many factors which contribute to this shortage: Some are economic – the cost of land in some parts of the State and the cost of construction is so high compared to wages that the cost of any new home would be far too much for most people to afford. This limits how many homes get built because it does not make sense for anyone to build homes that they cannot sell. California's strict regulations and environmental laws also add to the problem. A developer must clear several hurdles before a project can be built, including possible litigation, and must incorporate some costly energy saving features into every new home that is built. These costs all add up to push the price of a new home above what many people can afford. Lastly, in many parts of the State, resistance from existing residents, which is called NIMBY-ism (Not In My Back Yard), is a major factor that limits the construction of new homes. Existing homeowners often oppose new construction in their neighborhoods, especially if the new construction is at a lower price than their home or is multi-family homes like apartments or condominiums.

The magnitude of the housing shortage and affordability problems vary widely depending on what part of the State you look at. The bay area is where the problem is the worst. Between 2012 and 2017, Bay Area cities added 400,000 new jobs, but only issued 60,000 building permits for new homes. All of those workers need some place to live, but housing construction has not kept pace. That has forced the median price of a home in some of those cities over \$1 million, and median rent for a 1-bedroom apartment to almost \$4,000 per month. On the other hand, Clovis was recently identified as having the 2nd most affordable housing of any city over 50,000 population in California (Visalia was number 1). This rating is based on the median salary in the City compared to the median home price. Clovis residents have relatively high salaries, and the price of homes in Clovis is much lower than many parts of the State, so we measure up quite well in this kind of comparison. However, even though we do well in the overall affordability comparison, Clovis is still short of meeting the State's goals for providing housing for Low and Very Low Income households. The City has several affordable housing programs, but more will be needed to meet the State's goals.

In the past couple of years, the State Legislature has adopted several bills to address the State's housing situation, and the new Governor and Legislature are working on even more measures. Some of these strengthen the State's ability to penalize cities that do not meet certain housing goals, some bills limit a city's ability to deny certain types of housing projects, and some bills provide funding for developers to build affordable and high-density housing projects. All of these regulations will have an impact on the type of development that we see in Clovis.

Due to increasing land prices and market demands, we have already seen the trend towards denser developments with smaller lots in Clovis. That trend is going to continue and will accelerate. We are starting to see more multi-family homes being developed for the same reasons, and that trend will also continue and accelerate. Due to the availability of new funding sources, Clovis will probably also see an increase in the construction of high-density and affordable multi-family housing projects. We have not seen many of those types of projects in the past, so it will be a bit of an adjustment for the residents of Clovis, as well as for how we provide services to these types of developments.

Some will oppose the changes that are coming; they will worry that the changes will destroy the Clovis Way of Life. I disagree. These changes will present challenges, but I think Clovis will remain a destination of choice. I think we will remain the Safest City in the Valley, and I think we will continue to be a top city to raise a family. The Clovis Way of Life has endured as we have grown to a city of more than 117,000 residents, and I am confident that we will find a way to maintain the Clovis Way of Life as the housing market changes.