

HOUSING DEVELOPMENT CONSTRAINTS



Actual or potential constraints to the provision of housing affect the development of new housing and the maintenance of existing units for all income levels. State housing element law requires cities and counties to review both governmental and non-governmental constraints to the maintenance and production of housing for all income levels. Since local governmental actions can restrict the development and increase the cost of housing, State law requires the housing element to “address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing” (Government Code Section 65583(c)(3)). The housing element must also analyze potential and actual constraints upon the development, maintenance, and improvement of housing for persons with disabilities.

Non-governmental constraints are not specific to each community and are described in this section at the regional level. Governmental constraints, on the other hand, are specific to each local government and are described only generally in this section. The appendices contain a more detailed governmental constraints analysis for each local government.

GOVERNMENTAL CONSTRAINTS

Local governments have little or no influence upon the national economy or the Federal monetary policies that influence it. Yet, these two factors have some of the most significant impacts on the overall cost of housing. The local housing market, however, can be encouraged and assisted locally. One purpose of the housing element is to require local governments to evaluate their past performance in this regard. By reviewing local conditions and regulations that may impact the housing market, the local government can prepare for future growth through actions that protect public health and safety without unduly adding to the cost of housing production.

It is in the public interest for a local government agency to accommodate development while protecting the general welfare of the community, through a regulatory framework/environment. At the same time, government regulations can potentially constrain the supply of housing available in a community if the regulations limit the opportunities to develop housing, impose requirements that unnecessarily increase the cost to develop housing, or make the development process so arduous as to discourage housing developers.

Land Use Controls

Land use controls provided in the general plan and the zoning ordinance influence housing production in several ways. The permitted and conditionally permitted uses in each district guide new development and

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provide both developers and the public with an understanding of how vacant land will develop in the future. This includes the density of development that will occur within a particular zone, the compatibility of planned uses in a given area, and the range and type of buildings and uses that will be located throughout the city or the county.

General Plan

Each city and county in California must prepare a comprehensive, long-term general plan to guide growth and development. The land use element of the general plan must contain land use designations, which establish the basic allowed land uses and density of development for the different ranges and areas within the jurisdiction. Under State law, the zoning districts must be consistent with the general plan land use designations. The general plan land uses must provide suitable locations and densities to accommodate each jurisdiction's regional housing needs allocation (RHNA) and implement the policies of the housing element. Appendix 2 provides a description of each jurisdiction's general plan land use designations.

Zoning Ordinance

Land use controls provided in the zoning ordinance influence housing production in several ways. The permitted and conditionally permitted uses in each district guide new development and provide both developers and the public with an understanding of how vacant land will develop in the future. This includes the density of development that will occur within a particular zone, the compatibility of planned uses in a given area, and the range and type of buildings and uses that will be located throughout the jurisdiction.

Local governments regulate the type, location, and scale of residential development primarily through the zoning ordinance. The zoning ordinance implements the general plan. It contains development standards for each zoning district consistent with the land use designations of the general plan. Appendix 2 provides a description of each jurisdiction's zoning districts and development standards.

Residential Development Standards

Each jurisdiction's zoning ordinance contains development standards for each zoning district. These standards vary by jurisdiction, but typically include density, parking requirements, lot coverage, height limits, lot size requirements, setbacks, and open space requirements. The Housing Element must analyze whether development standards impede the ability to achieve maximum allowable densities.

Parking

Parking requirements do not constrain the development of housing directly. However, parking requirements may reduce the amount of available lot areas for residential development. Most of the participating jurisdictions require two parking spaces per single family dwelling unit. Several, but not all jurisdictions have reduced parking standards for multifamily and elderly housing.

Open Space and Park Requirements

Open space and park requirements can decrease the affordability of housing by increasing developer fees and/or decreasing the amount of land available on a proposed site for constructing units. All jurisdictions require that park space is set aside in new subdivisions, or that developers pay a fee in lieu of providing parks.

Density Bonus

A density bonus allows a parcel to accommodate additional residential units beyond the maximum for which the parcel is zoned. California density bonus law (Government Code Section 65915) establishes the following minimum affordability requirements to qualify for a density bonus:

- The project is eligible for a 20 percent density bonus if at least 5 percent of the units are affordable to very low-income households, or 10 percent of the units are affordable to low-income households; and
- The project is eligible to receive a 5 percent density bonus if 10 percent of for-purchase units are affordable to moderate-income households.

A project can receive additional density based on a sliding scale. A developer can receive the maximum density bonus of 35 percent when the project provides either 11 percent very low-income units, 20 percent low-income units, or 40 percent moderate-income units.

Density bonus law also requires cities and counties to grant a certain number of incentives depending on the percentage of affordable units developed. Incentives include reductions in zoning standards, reductions in development standards, reductions in design requirements, and other reductions in costs for developers. Projects that satisfy the minimum affordable criteria for a density bonus are entitled to one incentive from the local government. Depending on the amount of affordable housing provided, the number of incentives can increase to a maximum of three incentives from the local government. If a project uses less than 50 percent of the permitted density bonus, the local government must provide an additional incentive.

Additionally, density bonus law provides density bonuses to projects that donate land for residential use. The donated land must satisfy all of the following requirements:

- The land must have general plan designations and zoning districts that allow for the construction of very low-income affordable units as a minimum of 10 percent of the units in the residential development;
- The land must be a minimum of one acre in size or large enough to allow development of at least 40 units; and
- The land must be served by public facilities and infrastructure.

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Density bonus law also imposes statewide parking standards that a jurisdiction must grant upon request from a developer of an affordable housing project that qualifies for a density bonus. These parking standards are summarized in Table 4-1. These numbers are the total number of parking spaces including guest parking and handicapped parking. The developer may request these parking standards even if they do not request the density bonus.

Table 4-1 Statewide Density Bonus Parking Standards

Number of Bedrooms	Required On-Site Parking
0 to 1 bedroom	1 space
2 to 3 bedrooms	2 spaces
4 or more bedrooms	2.5 spaces

Source: Government Code Section 65915

Appendix 2 provides a description of whether or not individual jurisdictions comply with State density bonus law.

Growth Control

Growth control ordinances or policies are designed to limit the amount or timing of residential development. Since growth control policies, by definition, constrain the production of housing, local governments must analyze whether or not local growth control policies limit the ability to meet the Regional Housing Needs Allocation (RHNA). Most jurisdictions have not adopted growth control policies. Appendix 2 describes which jurisdictions have other growth control policies or ordinances.

While not a form of growth control, all jurisdictions in Fresno County are subject to the City-County memorandum of understanding (MOU), which establishes procedures for annexation of land to cities. The City/County Memorandum of Understanding encourages urban development to take place within cities and unincorporated communities where urban services and facilities are available or planned to be made available in an effort to preserve agricultural land. The MOU standards for annexation require that a minimum of 50 percent of annexation areas have an approved tentative subdivision map or site plan. Therefore, Cities must wait for private developers to request an annexation, before initiating an annexation. In cities that are mostly built out within their current city limits, the MOU limits the cities' ability to accommodate future housing needs. While cities can take certain steps to "prezone" land in advance of annexation, the annexation of the land into the city limits is not entirely within the cities' control.

Airport Land Use Compatibility

State law requires each local agency having jurisdiction over land uses within an Airport Influence Area (AIA) to either: (1) modify its general plan, zoning ordinance, or other applicable land use regulation(s) to be consistent with the Airport Land Use Compatibility Plan (ALUCP); or (2) overrule all or part of the ALUCP within 180 days of adoption of the ALUCP. If a city or county fails to take either action, the

agency is required to submit all land use development proposals to the Airport Land Use Commission (ALUC) for consistency review until such time as the ALUC deems their general plan consistent with the ALUCP. The Fresno COG Airport Land Use Commission has completed Airport Land Use Compatibility Plans. The following are the most recently adopted plans for public airports in Fresno County.

- Coalinga Airport Land Use Plan
- Fresno-Chandler Executive Airport Land Use Plan
- Fresno Yosemite International Airport ALUC Airport Land Use Compatibility Plan
- Harris Ranch Land Use Plan
- Reedley Airport Land Use Plan
- Selma-Reedley-Firebaugh-Mendota Airports Land Use Plans
- Sierra Sky Park Land Use Plan

The ALUCP has the potential to constrain residential development, if deemed incompatible with the ALUCP. No incompatibility has been identified with existing General Plan land uses and none is anticipated in the future. Sites identified in the residential sites inventory are not constrained by the land use compatibility requirements of any ALUCP. As such, the ALUCP is not considered a significant constraint in Fresno County and is not addressed in Appendix 2.

Zoning for a Variety of Housing Types

State Housing Element Law (Government Code Section 65583(c)(1) and 65583.2(c)) requires that local governments analyze the availability of sites that will facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobile homes, housing for farmworkers and employees, emergency shelters, transitional and supportive housing, single-room occupancy (SRO) units, group homes and residential care facilities, and second dwelling units.

Multifamily

Multifamily housing includes duplexes, apartments, condominiums, or townhomes, and is the primary source of affordable housing. Appendix 2 provides descriptions of the restrictions on multifamily housing units in each jurisdiction.

Manufactured Housing

Manufactured housing can serve as an alternative form of affordable housing in low-density areas where the development of higher-density multifamily residential units is not allowed or not feasible because of infrastructure constraints. California Government Code Sections 65852.3 and 65852.4 specify that a jurisdiction must allow manufactured homes on a foundation on all “lots zoned for conventional single family residential dwellings.” Permanently sited manufactured homes built to the HUD Code are subject

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to the same rules as site-built homes, except architectural requirements concerning the manufactured home's roof overhang, roofing materials, and siding materials.

The only two exceptions that local jurisdiction are allowed to make to the manufactured home siting provisions are if: 1) there is more than 10 years difference between the date of manufacture of the manufactured home and the date of the application for the issuance of an installation permit; or 2) if the site is listed on the National Register of Historic Places and regulated by a legislative body pursuant to Government Code Section 37361.

Appendix 2 provides descriptions of the allowances and restrictions on manufactured homes in each jurisdiction and whether the zoning ordinances in the jurisdictions comply with State law requirements for manufactured homes.

Farmworker Housing/Employee Housing Act

The Employee Housing Act requires jurisdictions to permit employee housing for six or fewer employees as a single family use. HCD also indicates that employee housing shall not be included within the zoning definition of a boarding house, rooming house, hotel, dormitory, or other similar term that implies that the employee housing is a business run for profit or differs in any other way from a family dwelling. Jurisdictions cannot impose a conditional use permit, zoning variance, or other zoning clearance of employee housing that serves six or fewer employees that are not required of a family dwelling of the same type in the same zone. In addition, in any zone where agriculture is a permitted or allowed by a conditional use permit, employee housing containing up to 36 beds and 12 units must be treated as an agricultural use. No conditional use permit, zoning variance, or other zoning clearance shall be required for this type of employee housing that is not required of any other agricultural activity in the same zone.

Appendix 2 provides an analysis of whether or not each jurisdiction complies with the Employee Housing Act.

Emergency Shelters

Emergency shelters are defined as:

"Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay."

Senate Bill 2 (Government Code Section 65583) was enacted in 2008 to support the needs of the homeless by removing barriers to and increasing opportunities for development of emergency shelters. SB 2 requires every jurisdiction in California to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit or other discretionary permit. To address this requirement, a local government may amend an existing zoning district, establish a new zoning district, or establish an overlay zone. The zone(s) must provide sufficient opportunities for new emergency shelters

to meet the homeless need identified in the analysis and must in any case accommodate at least one year-round emergency shelter. SB 2 requires that emergency shelters only be subject to those development and management standards that apply to residential or commercial use within the same zone, except the local government may apply certain objective standards, as follows:

- The maximum number of beds or persons permitted to be served nightly by the facility.
- Off-street parking based upon demonstrated need, provided that the standards do not require more parking for emergency shelters than for other residential or commercial uses within the same zone.
- The size and location of exterior and interior on-site waiting and client intake areas.
- The provision of on-site management.
- The proximity to other emergency shelters provided that emergency shelters are not required to be more than 300 feet apart.
- The length of stay.
- Lighting.
- Security during hours that the emergency shelter is in operation.

Appendix 2 analyzes each jurisdiction’s compliance with State law requirements for emergency shelters.

Transitional and Supportive Housing

With the enactment of Senate Bill 2 (SB 2), State law now requires cities and counties to treat transitional housing and supportive housing as a residential use and allow transitional and supportive housing in all zones that allow residential uses, subject only to those restrictions that apply to other residential uses of the same type in the same zone.

Transitional housing is a type of housing used to facilitate the movement of homeless individuals and families to permanent housing. Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation. Transitional housing can take several forms, including group quarters with beds, single family homes, and multifamily apartments; and typically offers case management and support services to help return people to independent living (often six months to two years).

The State defines transitional housing as:

“Transitional housing” shall mean buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than six months from the beginning of the assistance.

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Supportive housing links the provision of housing and social services for the homeless, people with disabilities, and a variety of other special needs populations. Similar to transitional housing, supportive housing can take several forms, including group quarters with beds, single family homes, and multifamily apartments. The State defines supportive housing as:

“Supportive housing” shall mean housing with no limit on length of stay, that is occupied by the target population and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

The State defines the target population as:

“Target population” shall mean persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people.

Appendix 2 analyzes compliance with State law requirements for transitional and supportive housing in each jurisdiction.

Single Room Occupancy Units

“Single Room Occupancy (SRO) Unit” means a living or efficiency unit, as defined by California Health and Safety Code section 17958.1, intended or designed to be used, as a primary residence by not more than two persons for a period of more than 30 consecutive days and having either individual bathrooms and kitchens or shared bathrooms and/or kitchens. SRO units can provide affordable private housing for lower-income individuals, seniors, and persons with disabilities. These units can also serve as an entry into the housing market for formerly homeless people. Appendix 2 provides descriptions of the allowances and restrictions for SRO units in each jurisdiction.

Group Homes/Residential Care Facilities

The Lanterman Developmental Disabilities Services Act (Lanterman Act) sets out the rights and responsibilities of persons with developmental disabilities. A State-authorized, certified, or licensed family care home, foster home, or a group home serving six or fewer disabled persons or dependent and neglected children on a 24-hour-a day basis must be considered a residential use that is permitted in all residential zones. Appendix 2 provides descriptions of the restrictions on group homes in each jurisdiction.

Second Units

A second unit (sometimes called an “accessory dwelling unit” or “granny flat”) is an additional self-contained living unit either attached to or detached from the primary residential unit on a single lot. It has cooking, eating, sleeping, and full sanitation facilities. Second units can be an important source of affordable housing since they can be constructed relatively cheaply and have no associated land costs. Second units can also provide supplemental income to the homeowner, allowing the elderly to remain in their homes or moderate-income families to afford a home.

To encourage second units on existing lots, State law requires cities and counties to either adopt an ordinance based on State standards authorizing second units in residentially-zoned areas, or where no ordinance has been adopted, to allow second units on lots zoned for single family or multifamily use that contain an existing single family unit subject to ministerial approval (“by right”) if they meet standards set out by law. Local governments are precluded from totally prohibiting second units in residentially-zoned areas unless they make specific findings or require a Conditional Use Permit for Second Units (Government Code, Section 65852.2).

Appendix 2 analyzes compliance with State law requirements for second units in each jurisdiction.

On/Off Site Improvement Standards

On/off-site improvement standards establish infrastructure or site requirements to support new residential development such as streets, sidewalks, water and sewer, drainage, curbs and gutters, street signs, park dedications, utility easements, and landscaping. While these improvements are necessary to ensure public health and safety and that new housing meets the local jurisdiction’s development goals, the cost of these requirements can sometimes represent a significant share of the cost of producing new housing.

Appendix 2 describes specific site improvement standards for each jurisdiction. Although improvement requirements and development fees increase the cost of housing, jurisdictions have little choice in establishing such requirements due to the limitations on property taxes and other revenue sources needed to fund public improvements.

Fees and Exactions

State law limits fees charged for development permit processing to the reasonable cost of providing the service for which the fee is charged. Local governments charge various fees and assessments to cover the costs of processing permit applications and providing services and facilities, such as, parks, and infrastructure. Almost all of these fees are assessed based on the magnitude of a project's impact or on the extent of the benefit that will be derived. Additional fees and/or time may be necessary for required environmental review, depending on the location and nature of a project.

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A 2012 National Impact Fees Survey surveyed 37 jurisdictions in California. The study reports average impact fees of \$31,014 per single family unit and \$18,807 per multifamily unit in California.

Appendix 2 provides an analysis of permit and processing and development impact fees in each jurisdiction. In addition to the fees shown in the Appendix, jurisdictions in Fresno County are subject to two regional impact fees, described below.

Regional Transportation Mitigation Fees

In addition to local planning and development impact fees, Regional Transportation Mitigation Fees, shown in Table 4-2, are payable to the Fresno COG as a part of “Measure C,” approved by Fresno County voters in 2006. Jurisdictions have no control of these fees, which are paid to ensure that future development contributes toward the cost to mitigate cumulative, indirect regional transportation impacts. These fees are the same throughout the county and fund important improvements needed to maintain the transportation system.

Table 4-2 Fresno COG Transportation Impact Fee

Residential Developments (\$/Dwelling Unit)	Fee
Single Family Dwelling (Market-Rate)	\$1,637
Single Family Dwelling (Affordable)	\$818
Multifamily Dwelling (Market-Rate)	\$1,150
Multifamily Dwelling (Affordable)	\$575

Source: Fresno Council of Governments, 2014

San Joaquin Valley Air Pollution Control District Fees ~~(ISR)~~

Fresno County is within the regulatory jurisdiction of the San Joaquin Valley Air Pollution Control District (SJVAPCD). The air basin as a whole does not meet ambient air quality standards set at the State and Federal levels, and is within a “non-attainment” area for ozone, PM10 (state), and PM2.5.

As a consequence of these conditions, the SJVAPCD has implemented an Indirect Source Review (ISR) process to reduce the impacts of growth in emissions from all new land development. An Air Impact Assessment (AIA) and potential mitigation fees are required for residential projects that contain 50 or more units and when there is a discretionary approval required. Fees are also exacted by the SJVAPCD to offset emissions created by typical operational sources. These fees can add hundreds of dollars to the cost of development. However, the cost is applied to all jurisdictions in the air basin and may be eliminated for a lesser number of units or reduced with additional mitigation measures.

Processing and Permit Procedures

Jurisdictions have various procedures that developers must follow for processing development entitlements and building permits. Processing times vary and depend on the size and complexity of the

project. Appendix 2 provides more information on the processing and permit procedures in each jurisdiction.

Building Codes and Enforcement

Building codes and their enforcement can increase the cost of housing and impact the feasibility of rehabilitating older properties that must be upgraded to current code standards. In this manner, building codes and their enforcement can act as a constraint on the supply of housing and its affordability.

The California Building Standards Code, Title 24, serves as the basis for the design and construction of buildings in California. State law prohibits the imposition of additional building standards that are not necessitated by local geographic, climatic, or topographic conditions, and requires that local governments making changes or modifications in building standards must report such changes to the California Department of Housing and Community Development and file an expressed finding that the change is needed. Appendix 2 provides more information on building codes and enforcement by jurisdiction.

Constraints on Housing for Persons with Disabilities

In accordance with Senate Bill 520 (Chapter 671, Statutes of 2001), jurisdictions must analyze the potential and actual governmental constraints on the development of housing for persons with disabilities. Appendix 2 contains a detailed review of zoning laws, policies, and practices in each jurisdiction to ensure compliance with fair housing laws.

California Building Code

The 2013 California Building Code, Title 24 regulations provide for accessibility for persons with disabilities. The Housing Element must identify the version of the Building Code adopted in each jurisdiction and whether or not a jurisdiction has adopted any amendments to the Code that might diminish the ability to accommodate persons with disabilities. Appendix 2 provides information on which jurisdictions have adopted the 2013 California Building Code, including Title 24 regulations of the code concerning accessibility for persons with disabilities.

Definition of Family

There are a number of State and Federal rules that govern the definition of family, including the Federal Fair Housing Amendments Act of 1988, the California Fair Housing and Employment Act, the California Supreme Court case *City of Santa Barbara v. Adamson* (1980), and the California Constitution privacy clauses. The laws surrounding the definition of family have a few primary purposes: to protect people with disabilities, to protect non-traditional families, and to protect privacy. According to HCD and Mental Housing Advocacy Services, there are three major points to consider when writing a definition of family:

- Jurisdictions may not distinguish between related and unrelated individuals;
- The definition may not impose a numerical limit on the number of persons in a family; and

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- Land use restrictions for licensed group homes for six or fewer individuals must be the same as those for single families.

Appendix 2 analyzes whether or not the zoning ordinances in each jurisdiction contain restrictive definitions of “family.”

Zoning and Land Use Policies

Restrictive land use policies and zoning provisions can constrain the development of housing for persons with disabilities. The Housing Element must analyze compliance with fair housing laws, provisions for group homes, and whether or not jurisdictions have adopted any minimum distance requirements or other zoning procedures or policies that would limit housing for persons with disabilities. Appendix 2 provides information on zoning and land use policies.

Reasonable Accommodation Procedure

Both the Federal Fair Housing Amendment Act (FHAA) and the California Fair Employment and Housing Act direct local governments to make reasonable accommodations (i.e., modifications or exceptions) in their zoning laws and other land use regulations when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling. It may be reasonable to accommodate requests from persons with disabilities to waive a setback requirement or other standard of the zoning ordinance to ensure that homes are accessible for the mobility impaired. Whether a particular modification is reasonable depends on the circumstances, and must be decided on a case-by-case basis. Appendix 2 provides information on reasonable accommodation policies and procedures in each jurisdiction.

NONGOVERNMENTAL CONSTRAINTS

The availability and cost of housing is strongly influenced by market forces over which local governments have little or no control. Nonetheless, State law requires that the housing element contain a general assessment of these constraints, which can serve as the basis for actions to offset their effects. The primary non-governmental constraints to the development of new housing are land costs, construction costs, and availability of financing. This section also discusses environmental constraints that might affect housing development in the region.

Land Costs

The cost of land can be a major impediment to the production of affordable housing. Land costs are influenced by many variables, including scarcity and developable density (both of which are indirectly controlled through governmental land use regulations), location, site constraints, and the availability of public utilities. For example, land prices in downtown Fresno range from \$500,000 to \$1 million per acre, more than twice as high as the county average. This is often because sites are smaller and/or occupied by existing uses that generate revenue to property owners. As shown in Table 4-3 and Table 4-4, smaller

sites (under 10 acres) have a much higher cost-per-acre in both the cities and unincorporated area.

As shown in Table 4-3, in February 2015, land was listed for less in the unincorporated area. Excluding the City of Fresno whose land costs are not reflective of the rest of the county, five properties were listed for sale in the incorporated cities (three in Sanger, and one each in Firebaugh and Clovis). The properties ranged from 2.1 acres for \$499,500 (\$237,857 per acre) to 2,000 acres for \$11,900,000 (\$5,950 per acre). The average list price per acre was \$94,136.

In the unincorporated area, 10 properties were listed for sale. The properties ranged from 0.3 acres for \$250,000 (\$833,333 per acre) to 46.8 acres for \$99,900 (\$2,136 per acre). The average list price per acre was \$116,535.

Table 4-3 Listed Land Prices (2015)

Lot Size	Average Price per Acre (Listed)	
	Incorporated	Unincorporated
Less than 10 acres	\$237,857	\$162,269
10 or more acres	\$36,159	\$9,823
Average \$/acre	\$94,136	\$116,535

Source: MLS Real Estate Database, February 2015.

As shown in Table 4-4, between 2002 and 2015, land sold for less in the unincorporated area. Excluding the City of Fresno whose land costs are not reflective of the rest of the county, seven properties were sold in cities (three in Sanger, and one each in Clovis, Firebaugh, Mendota, and Reedley). The properties ranged from 0.2 acres for \$50,000 (\$239,657 per acre) to 42.1 acres for \$400,000 (\$9,494 per acre). The average sale price per acre was \$49,565.

In the unincorporated area, 14 properties were sold, ranging from 0.3 acres for \$50,000 (\$172,857 per acre) to 46.6 acres for \$565,000 (\$12,135 per acre). The average sale price per acre was \$35,668. The average cost per acre of all sold properties in Fresno County was \$105,223.

Table 4-4 Land Sale Prices (2002-2015)

Lot Size	Average Price per Acre (Sold)	
	Incorporated	Unincorporated
Less than ten acres	\$65,292	\$43,764
Ten or more acres	\$10,247	\$5,980
Average \$/acre	\$49,565	\$35,668

Source: MLS Real Estate Database, February 2015.

Construction Costs

Construction costs can be broken down into two primary categories: materials and labor. A major component of the cost of housing is the cost of building materials, such as wood and wood-based products, cement, asphalt, roofing materials, and pipe. The availability and demand for such materials affect prices for these goods.

Another major cost component of new housing is labor. The cost of labor in Fresno County is comparatively low because the area's cost of living is relatively low compared to other areas in California. However, labor for government subsidized housing work is additionally costly for the Central Valley, as wages are rooted in the required State Labor Standards based on higher northern and southern California prevailing wages.

Table 4-5 shows the estimated cost of constructing an average 2,000 square foot single family home in the Fresno region to be around \$207,000. The estimate includes direct and indirect (e.g., insurance, permits, utilities, plans) construction costs, including material, labor, and equipment costs, but does not include the price of land or development impact fees.

Table 4-5: Estimated 2,000 square-foot Single Family Home Construction Cost, 2015

Item	Cost
Material	\$125,497
Labor	\$77,428
Equipment	\$4,494
Total	\$207,419

Source: Building-cost.net, 2015

Multifamily construction generally costs less per unit than single family construction. According to RS Means, a reliable source for construction industry costs, the construction costs for a typical one- to three-story multifamily residential construction with wood siding and frames in the Fresno area are \$148 per square foot.

There is little that municipalities can do to mitigate the impacts of high construction costs except by avoiding local amendments to uniform building codes that unnecessarily increase construction costs without significantly adding to health, safety, or construction quality. Because construction costs are similar across jurisdictions in Fresno County, the cost of construction is not considered a major constraint to housing production.

Availability of Financing

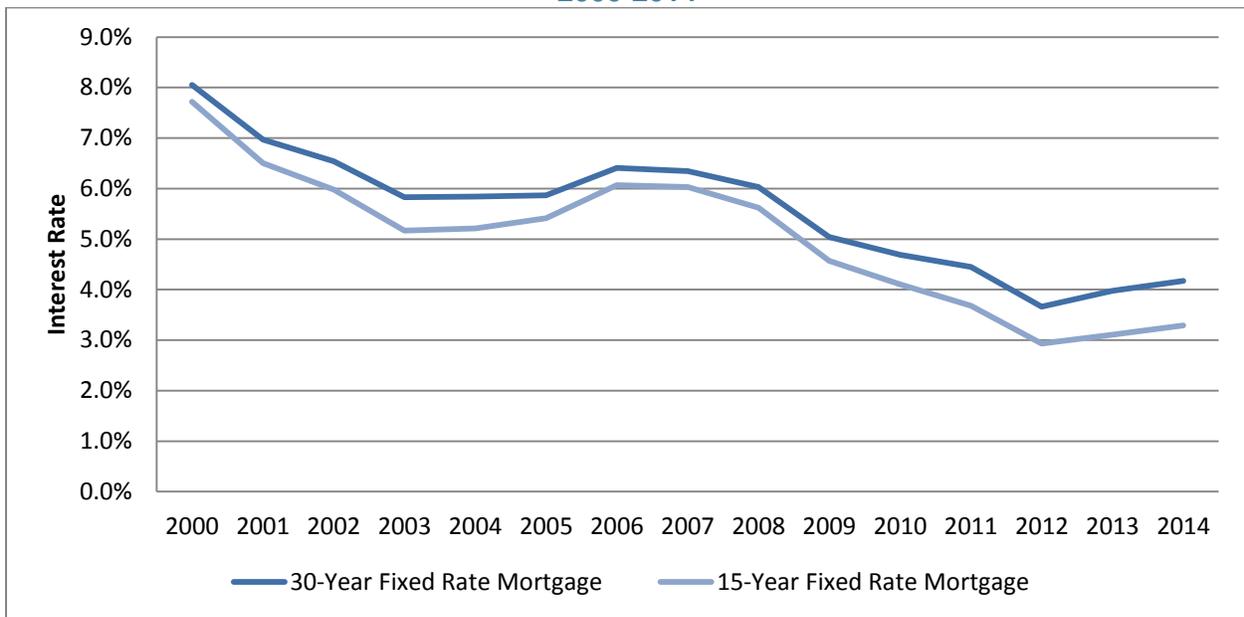
The mortgage banking crisis that began in 2008 affected the availability of construction financing and mortgage loans. Lenders that had once offered mortgage loans more freely became much more restrictive after 2008. Lenders required down payments of 20 percent and credit scores higher than 680 to receive

competitive interest rates. These restrictions placed homeownership out of reach for many, although in 2013 lenders began to ease the qualifications required for a competitive mortgage rate. As the economy continues its recovery, lenders may continue to make mortgage loans more accessible, although they may never be as easy to obtain as they were prior to 2008.

Mortgage interest rates have a large influence over the affordability of housing. Higher interest rates increase a homebuyer’s monthly payment and decrease the range of housing that a household can afford. Lower interest rates result in a lower cost and lower monthly payments for the homebuyer. When interest rates rise, the market typically compensates by decreasing housing prices. Similarly, when interest rates decrease, housing prices begin to rise. There is often a lag in the market, causing housing prices to remain high when interest rates rise until the market catches up. Lower-income households often find it most difficult to purchase a home during this time period.

As shown in Figure 4-1, the interest rate on a 30-year fixed rate mortgage was an average of 8.05 percent in 2000. Interest rates hit a historic low in 2012 at 3.66 percent for a 30-year fixed rate mortgage. As of March 2015, rates remain near historic lows around 3.77 percent.

FIGURE 4-1 HISTORICAL MORTGAGE INTEREST RATES
UNITED STATES
2000-2014



Source: Freddie Mac Primary Mortgage Market Survey, March 2015.

Interest rates are determined by national policies and economic conditions and there is little that a local government can do to affect these rates. However, in order to extend home buying opportunities to lower-income households, jurisdictions can offer interest rate write-downs. Additionally, government insured loan programs may be available to reduce mortgage down payment requirements.

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Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. The primary concern in a review of lending activity is to determine whether home financing is available to a county’s residents. The annual HMDA report for 2013 (the most recent available at the writing of this report) was reviewed to evaluate the availability of residential financing within Fresno County. The data presented in this section include the disposition of loan applications submitted to financial institutions for home purchase, home improvement, and refinance loans in the region.

Table 4-6 shows the disposition of loan applications in 2013. Overall, 68.1 percent of loan applications were approved. The loan type with the highest denial rate was home improvement loans. Loan applications from lower-income applicants seem to be more likely to be denied (28.3 percent denial rate for very low-income households compared to 14.2 percent denial rate for above moderate households).

Table 4-6 Fresno County Disposition of Loan Application (2013)

Applications	Total	Percent Approved	Percent Denied	Percent Other
<i>By Loan Type</i>				
Conventional	5,446	76.7%	11.5%	11.8%
Government Backed	4,904	74.1%	12.7%	13.3%
Home Improvement	1,037	50.0%	37.6%	12.3%
Refinancing	21,199	65.4%	18.0%	16.5%
<i>By Income</i>				
Very Low (<=50% AMI)	2,305	56.0%	28.3%	15.7%
Low (51-80% AMI)	4,590	64.4%	20.0%	15.6%
Moderate (81-120% AMI)	6,514	68.1%	16.7%	15.2%
Above Moderate (>120% AMI)	16,489	71.4%	14.2%	14.4%
Not Available	2,688	64.7%	17.4%	17.9%
Total	32,586	68.1%	16.8%	15.1%

Notes: “Approved” includes loans approved by the lenders, whether or not they were accepted by the applicants. “Other” includes loan applications that were either withdrawn or closed for incomplete information.

Source: www.lendingpattern.comTM, 2013 HMDA data.

Homebuyer assistance program, that provide mortgage assistance, can be useful tools for helping lower-income residents with down payment and closing costs, which are often significant obstacles to homeownership. There are also areas of the county where housing is deteriorating. Residents in these areas are often unable to qualify for home improvement loans because of their low income. Housing rehabilitation programs can help these low income residents with meeting their home improvement needs.

Environmental Constraints

Typical environmental constraints to the development of housing in Fresno County include physical features such as floodplains, sensitive biological habitat, and seismic zones. In many cases, development

of these areas is constrained by State and Federal laws (e.g., FEMA floodplain regulations, the Clean Water Act and the Endangered Species Act, and the State Fish and Wildlife Code and Alquist-Priolo Act).

Floodplains

Official floodplain maps are maintained by the Federal Emergency Management Agency (FEMA). FEMA determines areas subject to flood hazards and designates these areas by relative risk of flooding on a map for each community, known as the Flood Insurance Rate Map (FIRM). The 100-year flood is defined as the flood event that has a one percent chance of occurring in any given year.

Principal flooding problems lie along the San Joaquin and Kings Rivers, smaller perennial streams in the Sierra Nevada foothills and to areas in western Fresno County. This area includes the cities of Huron and Mendota which become flooded from streams flowing east from the Coast Range. Friant and Pine Flat Dams, upstream reservoirs, and stormwater detention/retention facilities operated by the Fresno-Clovis Metropolitan Flood Control District have minimized flooding problems in highly urbanized areas in the valley.

Development within a flood zone typically is required to be protected against flood damage. FEMA requires developers to obtain a flood zone elevation certificate when they apply for their permit. These certificates require elevating the developed area (i.e., house pad) above the known flood level of that particular flood zone. The sites in the inventory must obtain a flood zone elevation certificate, which may increase the cost of a development but is necessary nation-wide to protect against flood risks.

Each sites inventory provides parcel-specific environmental constraints, including whether or not the site is within the FEMA 100-year flood zone. While residential development can certainly occur within these zones, it does add an additional constraint. The Sites inventories include vacant sites within the FEMA 100-year flood zone, but no jurisdiction relies on these sites to meet its RHNA in any of the income categories. Figures 4-2, 4-3, and 4-4 show the FEMA 100-year flood zones in Fresno County.

Seismic Zones

There are a number of active and potentially active faults within and adjacent to Fresno County. Two of the active faults in western Fresno County have been designated Alquist-Priolo Earthquake Hazard Zones. No structure for human occupancy may be built within an Earthquake Hazard Zone (EHZ) until geologic investigations demonstrate that the site is free of fault traces that are likely to rupture with surface displacement. Special development standards associated with Alquist-Priolo requirements would be necessary for development in those areas.

Although all development must consider earthquake hazards, there is no specific threat or hazard from seismic ground shaking to residential development within the county, and all new construction will comply with current local and State building codes. Between the minimal historical hazard of earthquakes in the county and the use of the most current building codes and construction techniques, earthquakes pose a less than significant danger to residential development.

Biological Resources

A large percentage of Fresno County is occupied by orchard-vineyard habitat that grows crops such as almonds, nectarines, figs, and table wine and raisin grapes. Cultivated vegetable, fruit and grain crops are also grown on cropland in Fresno County and can consist of corn, cotton, or grapes in this part of the valley. Urban development occurs mostly in the valley floor and Sierra Nevada foothill regions.

Fresno County supports a large diversity of habitats for vegetation and wildlife in four generalized biotic regions. Approximately one-third of the County lies within land under federal jurisdiction. The United States Forest Services and National Park Service manage these lands for recreation, biology, wilderness, tourism, timber, and mining under guidelines, policies, and laws separate from local government. Areas that are outside of federal ownership and, therefore, most subject to development include the Coast Range, Valley floor, and lower Sierra Nevada foothill biotic regions. Sensitive biological resources are associated with specific habitat types (natural habitat areas not intensively farmed, wetlands, riparian, vernal pools, etc.) or habitat elements such as specific soil types (clay, alkaline, serpentine). The western valley floor and Coast Range biotic regions, in particular, have special planning concerns because of the San Joaquin kit fox, kangaroo rats, and blunt-nosed leopard lizard. Regional habitat planning efforts can be used as the basis for addressing sensitive biological resources in the area.

**FIGURE 4-2 FEMA FLOOD ZONES IN FRESNO COUNTY
COALINGA AND HURON**

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**FIGURE 4-3 FEMA FLOOD ZONES IN FRESNO COUNTY
FIREBAUGH, MENDOTA, SAN JOAQUIN, AND KERMAN**

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**FIGURE 4-4 FEMA FLOOD ZONES IN FRESNO COUNTY
CLOVIS, SANGER, FOWLER, SELMA, PARLIER, REEDLEY, AND KINGSBURG**

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