
Housing Affordability and Regional Development Focus Group Report

April 2020

Summary

The Inland Center of Sustainable Development (ICSD) held a focus group on housing and regional development in February, 2020 at the University of California, Riverside's School of Public Policy. The purpose of this focus group is to provide commencing information for ICSD's research project: Housing Affordability and Regional Development in Southern California. This study attempts to examine and analyze the region's key housing issues in addition to collecting recommendations to overcome identified regional housing development barriers. Participants came from a wide variety of community stakeholders (E.g., local public officials, housing developers, residents and other community leaders). Any opinions expressed in this focus group and reported on in this report are the opinions of participants and not of the Inland Center for Sustainable Development.

Discussion

Over the past 20 years, housing has remained a central focus of California's politics and public policy. Since the mid-2000's Great Recession, the California housing market has experienced many fundamental issues including mass under-production, rising home prices, and the expansion of conflicting state and local policies. The Inland region is not immune to these issues. Although California has systematic and extensive housing problems, there is minimal research on specific housing issues, especially focusing on the Inland Southern California.

Participants were asked critical questions about three general topics: (1) regional strengths / regional weaknesses; (2) barriers to housing development; (3) recommendations for alleviating the identified barriers. A variety of comments and ideas were expressed in the focus group. A few important ideas are summarized below:

The group participants expressed a plethora of regional strengths including, strong MetroLink transportation infrastructure and available land for potential development. Four MetroLink lines link the Coastal and Inland Southern California Regions and offer an alternative to California's overcrowded freeways. Since the early 1990's the MetroLink's Riverside and San Bernardino Lines have carried thousands of passengers between the Inland Region and Orange and Los Angeles Counties every day (MetroLink). The four lines have 17 stations in Riverside and San Bernardino Counties, and connect the suburban and accessible Inland Empire with the dense Coastal community and economy.

Due to land availability and accessibility, extensive suburban development during the last few decades has occurred in the Riverside-San Bernardino region. This tremendous amount of available land is coupled with the potential for economic and housing development. Participants identified this potential for development as a critical strength for the region. The excess of developable land is demonstrated by the vast tracts for sale; as of March 2020, there are many plots of more than 500 acres for sale throughout the Riverside-San Bernardino metropolitan area (Zillow). Flexible zoning, which is often a byproduct of lower development, was also identified as a regional strength by participants.

However, per the opinions of focus group participants, the potential for economic development is accompanied by two principal weaknesses: inchoate cities which lack established tax, planning and political structures, and a lack of both public and private funding for development. For example, four of the five cities in Riverside and San Bernardino Counties (La Quinta, Murrieta, Adelanto, & Temecula) that experienced the highest housing production rate since 1990 were incorporated after 1980 (What Housing is Built?, 2020). Participants posited that cities with only 30-40 years of experience may lack an established tax base and workforce to further community development and adequate planning structures. Moreover, developing cities and regions often lack funding from the public and private sectors for additional growth measures like infrastructure and education.

The next portion of the focus group included a discussion of local and regional barriers to housing production. A number of barriers were identified as part of the discussion including, the rise of NIMBYism, conflicting state and local policies and low regional wage and job growth. Focus group participants recognized the low levels of higher education throughout the Inland Region as an important barrier to housing production. Participants expressed that the Inland workforce is less educated than their coastal workforce counterparts. For example, in Los Angeles County, 21.3% of the population aged 25 years and over has a Bachelor's degree (United States Census Bureau, 2018). However, in Riverside County only 14.2% of the same population has received a Bachelor's degree (United States Census Bureau, 2018). Participants also observed that the Inland Region does not have a school of Urban Planning which may contribute to a lack of proper and sustainable housing development.

Another crucial barrier the participants recognized was the flawed fiscal structure of local governments. Housing development is less lucrative than commercial or industrial development for local jurisdictions. Localities systematically receive more tax revenue from non-housing developments, resulting in localities that favor commercial development in an effort to boost sales tax revenue. (Lewis and Barber, 1999). Participants who are proficient in local government matters shared that the cost of housing services is often much higher than property tax revenue received to support these services. More specifically, participants indicated that local jurisdictions lose money on city services for housing sold for less than \$650,000.

The final portion of the focus group concentrated on specific recommendations to alleviate regional housing development issues. One exigent recommendation the participants expressed was an overhaul and reform of the California Environmental Quality Act (CEQA). Participants were also interested in CEQA exemptions for affordable housing options to streamline established building and permitting processes. The development of workforce housing was another popular recommendation among participants. Focus group members quickly pointed out that employer involvement in the development of workforce housing has been used throughout southern California with moderate success. This recommendation may provide the opportunity to rebrand affordable housing and removes some negative perceptions of affordable housing recipients.

To conclude, key points from participants are summarized below:

- (1) Regional Strengths: Available land for housing development & the potential for economic and housing growth; A strong Metrolink transportation system
- (2) Regional Weaknesses: New cities that lack established tax, planning and political structures; Lack of both private and public sector funding
- (3) Barriers: The fiscal structure of local government; Low levels of education throughout the Inland region
- (4) Recommendations: CEQA reform + exemptions; Employer involvement and the development of workforce housing

ICSD's staff has reviewed the focus group discussion and will continue to progress with our research project. As we move forward, we intend to interview other community stakeholders from the public and private sector for further conversation about housing and regional development in the Inland Region.

References

- “About Adelanto .” City of Adelanto, CA. City of Adelanto, CA. Accessed March 25, 2020.
<https://www.ci.adelanto.ca.us/218/About-Adelanto>.
- “About Beaumont.” City of Beaumont, CA. City of Beaumont, CA. Accessed March 25, 2020.
<https://www.beaumontca.gov/31/community>.
- “American Community Survey” United States Census Bureau. United States Census Bureau. Accessed March 25, 2020.
<https://data.census.gov/cedsci/>.
- “City History.” City of Murrieta, CA. City of Murrieta, CA. Accessed March 25, 2020.
<https://www.murrietaca.gov/621/City-History>.
- “History.” MetroLink. MetroLink. Accessed March 25, 2020.
<https://metrolinktrains.com/about/agency/history-of-metrolink/>.
- “History of La Quinta.” City of La Quinta, CA. City of La Quinta, CA. Accessed March 25, 2020.
<https://www.laquintaca.gov/about-us/history-of-la-quinta>.
- “History of Temecula.” City of Temecula, CA. City of Temecula, CA. Accessed March 25, 2020.
<https://www.temeculaca.gov/150/History-of-Temecula>.
- Lewis, Paul G., and Elisa Barbour. “California Cities and the Local Sales Tax.” Rep. California Cities and the Local Sales Tax. Public Policy Institute of California, 1999.
https://www.ppic.org/content/pubs/report/R_799PLR.pdf.
- “San Bernardino County, CA Land For Sale.” Zillow. Zillow. Accessed March 25, 2020.
<https://www.zillow.com/san-bernardino-county-ca/land/>.
- “What Housing Is Built, Where? Part 2 of 2.” Issue brief. *What Housing Is Built, Where? Part 2 of 2*. The Inland Center for Sustainable Development, March 2020.
<https://icsd.ucr.edu/research>.