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# INLAND CENTER FOR SUSTAINABLE DEVELOPMENT 2021 REPORT:

# Regional Challenges and Opportunities for Housing Development in Inland Southern California

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July 2021

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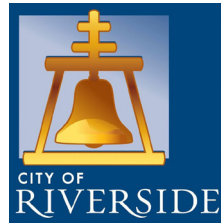
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# Sponsors

Our members make it possible for us to continue our research, engage students in regional issues, and maintain our community outreach efforts. We are thankful for their continued support:

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## Section 1: Introduction

In June of 2019, the Office of Governor Gavin Newsom labeled California’s high cost of housing a “defining quality-of-life concern”.<sup>1</sup> Housing, specifically housing of suburban, low-density style, remains an integral component of the California Dream. But for many Californians, this dream of homeownership is unattainable due to increased inequality and lack of opportunity. Throughout the state, skyrocketing home prices coupled with a shortage in supply have created significant barriers to homeownership; both housing and rent prices in California are over two times higher than national averages.<sup>2,3</sup> Lack of housing affordability is not solely a California problem, it’s a United States problem: across America, only 60% of new housing is affordable to the typical American family.<sup>4</sup> This has declined by 15% since 2012, widening the affordability gap for thousands.

Discussions by policymakers and academicians regarding the housing crisis are characterized by record low homeownership rates, cost-burdened renters, and some outward migration.<sup>5,6</sup> These conversations are often focused on the coastal metropolitan areas like the Bay Area, Los Angeles, and San Diego. However, the effects of the ongoing crisis are not limited to those areas; less populated inland regions also feel a tremendous burden.

Governor Newsom announced his intention to address the housing crisis by expanding unit production in California by 3.5 million units in just seven years, an average of 500,000 new homes annually. Current production levels in California vary greatly by metropolitan area, and in recent years the state’s housing production averaged at about 80,000 units per year. The 2000s recession had an extremely negative impact on the Inland home-building industry. During the construction boom from 2001-2004, Riverside-San Bernardino construction permits increased 109%, only to fall by 60% from 2004 to 2007.<sup>7</sup> The current volume of housing construction in Riverside and San Bernardino Counties is comparable to levels of the late 1990s, but is still about eight times less than the years leading up to the mid-2000s recession.

In the last five years Riverside County added 125,000 people, yet built only about 25,000 new homes. This lack of development has created quality of life concerns, including overcrowding. Data derived from the American Community Survey identifies the Riverside/San Bernardino metropolitan area as the third most overcrowded region in the United States (overcrowding defined as more than one person per room for a household).<sup>8</sup>

Projections show affordability further declining as regional jobs and population growth fuel increased demand for housing.<sup>9,10</sup> The high demand for homes in more coastal communities also serves to exacerbate inland prices further, as residents are forced to move inland. The latest assessment of housing need by income level calls for the development of 101,374 housing units in Riverside County from 2014 to 2021, including 40,436 units for

1 The Office of Governor Gavin Newsom, 2019.

2 California Department of Housing and Community Development.

3 California Legislative Analyst’s Office, 2015.

4 National Association of Home Builders.

5 Chiland, 2016.

6 The HUD defines cost-burdened and extremely cost-burdened families as those who pay 30% and 50% of their income on rent, respectively.

7 Public Policy Institute of California, 2008.

8 Cox, 2021.

9 Lusk Center for Real Estate, 2016.

10 California Legislative Analyst’s Office, 2015.

low and very low-income households.<sup>11</sup> Similarly, San Bernardino County was allocated 57,207 units for the same period, including 23,264 for low and very low households. Though these units are planned and zoned, early indications suggest that development of housing units suitable for higher income groups is disproportionately favored over lower income developments.<sup>12</sup> The housing shortage coupled with commensurate economic and social challenges have created tremendous development challenges for the Region.

The purpose of this report is to contribute to and expand on the ongoing conversation and research about the Inland Region's main housing issues including, regional affordability, the jobs-housing imbalance, and rising unaffordability. This report also serves as a summary of our previous year's work and research on housing and development. Briefly, a profile of the Region's housing stock is given, housing construction and statewide policies are examined, and challenges and opportunities for development are presented. While we detail some of the Region's most salient issues, this report also provides up to date policy recommendations on each examined topic.

In Section 2: Inland Region Profile, we present analyses and findings based on the 2014-2018 American Community Survey (ACS) microdata. This data is used to identify key demographic, socio-economic, and housing characteristics to create a greater understanding of the Region's households and housing stock. In this section we ask:

- What are the main socio-economic characteristics of the Inland Region's homeowners and renters?
- What are the main housing characteristics of the Inland Region?

Section 3: Statewide Housing Policies & Requirements, presents an overview of statewide housing policies and a review of the Regional Housing Needs Assessment (RHNA). Our review of RHNA focuses on the Southern California Association of Governments' (SCAG) Region which comprises Imperial, Riverside, San Bernardino, Orange, Los Angeles and Ventura Counties. The analysis of RHNA contains an overview of each RHNA cycle from 1989 to 2029 with a discussion on its allocations and their implications for the Inland Region. For this section we ask:

- What are the major statewide policies that affect our Region?
- How have RHNA allocations been determined historically within the SCAG Region?

In Section 4: Housing Construction in the Inland Region, we examine housing development trends for the Inland Region from 1990 to 2019. Housing construction in the Inland Region has not returned to pre-2000's recession levels. In 2019, San Bernardino and Riverside Counties only produced 17% and 24% of the housing produced in 2005, respectively. Despite low housing development for the region as a whole, development success is somewhat geographically dependent, with some areas continuing housing development on a larger scale. Our primary research question for Section 4 is:

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<sup>11</sup> Southern California Association of Governments.

<sup>12</sup> Ibid.

- What are the temporal trends of the Inland Region’s housing development (single-family vs. multi-family)?

Section 5: Broad Opportunities & Challenges for Inland Housing Development, provides insights into the challenges and opportunities for the Inland Region’s housing. Mainly, this section presents a summary of our research project and report: *Challenges and Opportunities for Housing Development in the Inland Empire: Perspectives from the Community* in which we interviewed over 30 community stakeholders on their opinions on the region’s most salient housing issues. In this section we ask three questions:

- What are the strengths and weaknesses of the Inland Region in housing development?
- How do stakeholders view the common barriers and most pressing issues regarding housing development in the Region?
- What strategies are used by stakeholders to overcome these barriers and what recommendations could be made to improve the situation?

Section 6: COVID-19 & the Inland Region, primarily focuses on and summarizes our work on COVID-19 and housing. In 2020 and 2021 ICSD released six reports that focus on COVID-19 and its effects on housing insecurity. Two reports, *Housing Insecurity & the COVID-19 Pandemic*, and *Living with the COVID-19 Pandemic for a Year: The Exacerbated Housing Insecurity Issue* examined housing insecurity 10 months apart; special attention is given to the differences in housing security by racial categories and the difference in payment status for mortgage holder and renter households. We ask:

- How has COVID-19 affected housing insecurity in the Inland Region performed?

Section 7: Looking Forward & Recommendations, acts as an overall conclusion to the report and presents our policy recommendations from our work over 2020 and the first half of 2021. This section also provides a conversation on sustainability and housing, in addition to new and additional, ongoing research conducted by ICSD.



## Section 2: Inland Region Profile

This section provides key characteristics of the households that make up the Inland Region. This information is descriptive and is not intended to formulate or establish causal effects between any characteristics and rates of homeownership. The 2014-2018 American Community Survey (ACS) microdata on housing and socioeconomic statistics from the United States Census Bureau<sup>13</sup> was the most up-to-date data set when this report was processed. Our data focuses on the Inland Region which includes San Bernardino and Riverside Counties. Additionally, for those statistics which are divided into generations, Generation Z (approximately ages 6 to 24) was removed from the analysis due to the small sample size of Generation Z homeowners.

### I. Main Socio-Economic Characteristics:

Table 2.1 displays key socio-economic characteristics based on three ownership statuses. Own Free & Clear refers to households that purchased their home in cash or have paid off their mortgage completely; Own with Mortgage refers to households that own their home but are still in the process of paying off a mortgage; Renters are defined as households that are currently renting their housing. The table also displays key characteristics including, racial breakdown by ownership status and educational attainment.

Table 2.1: Inland Region Socio-Economic Characteristics

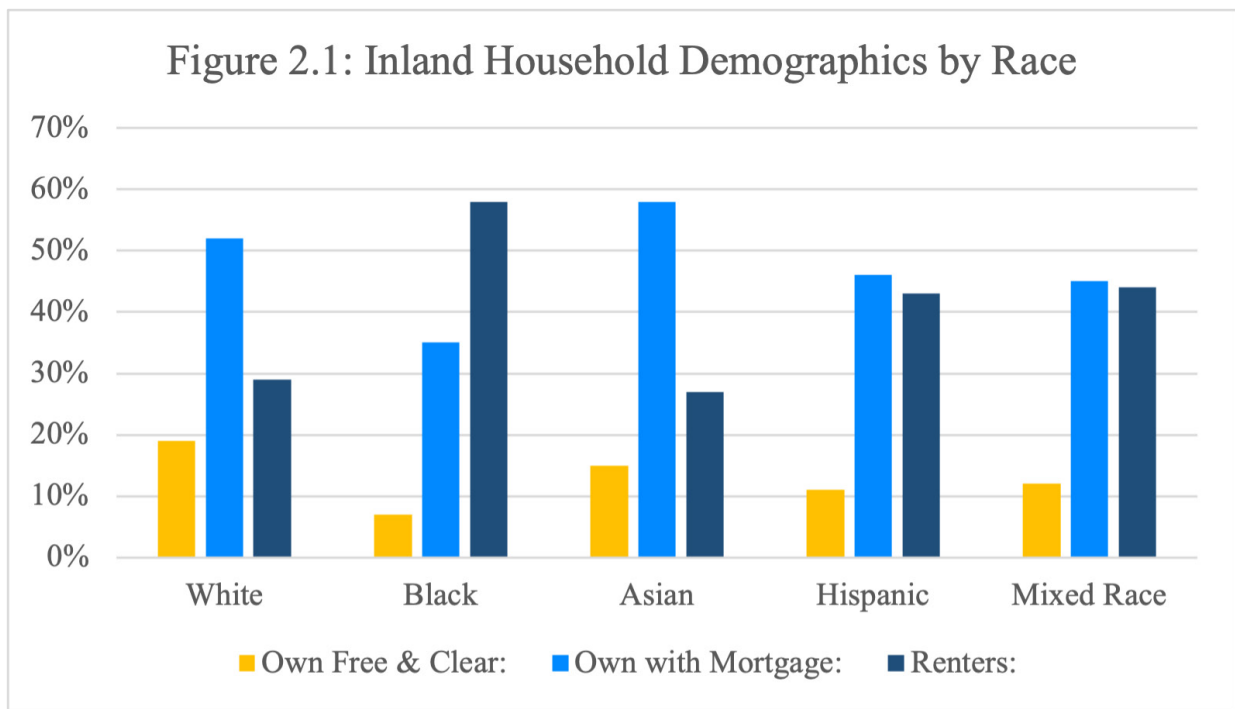
Characteristic :	Own Free & Clear:	Own with Mortgage:	Renters:	Totals:
Married	17%	56%	28%	1,598,359
High School	13%	44%	43%	2,204,604
Associate's degree	15%	50%	34%	1,103,012
Bachelor's Degree	17%	59%	24%	589,106
Have Children under 5	7%	44%	50%	350,776
White	19%	52%	29%	1,355,871
Black	7%	35%	58%	269,845
Asian	15%	58%	27%	272,389
Hispanic	11%	46%	43%	2,033,278
Mixed Race	12%	45%	44%	120,633

Table 2.1: Adapted from United States Census Bureau Data

<sup>13</sup> IPUMS, 2020.

Among all education levels, Bachelor’s Degree holders have the lowest percentage of renters, and the highest percentage of homeowners without a mortgage. The percentage of homeowners without a mortgage decreases by about 2% with each education category. Conversely, the percentage of renters increases by about 10% as education decreases.

The disparities in homeownership can also be seen in different racial categories. Black residents have the highest level of renters, and the lowest level of owning their homes without a mortgage. White and Asian residents own their homes at the highest rates, and have the lowest percentage of renters. Across all races, less than 20% of residents of the Inland Region owned their homes without a mortgage. A majority of each racial category either own their home with a mortgage, or are renters. However, there were notable differences among some racial categories. These differences point to a large racial/ethnic disparity, especially between Blacks and other races. A closer look at household ownership and rental rates are included as Figure 2.1.



## II. Housing Characteristics:

Table 2.2: Housing Characteristics & Condition

Characteristic:	Own Free & Clear:	Own with Mortgage:	Renters:	Total:
One Room Housing Unit	9%	6%	85%	180,798
Two Room Housing Unit	15%	19%	66%	821,311
Three Room Housing Unit	16%	51%	34%	1,499,726
More than Three Room Housing Unit	12%	67%	21%	1,506,918
Single Generation Household	24%	42%	33%	989,982
Multi-Generation Household (two or more generations living in the same home)	10%	48%	42%	2,453,726
Multi-Family Unit	2%	3%	95%	617,859
Single Family Unit	14%	60%	26%	3,045,601
Mobile Home	48%	21%	31%	234,983

Table 2.2: Adapted from United States Census Bureau Data

The housing characteristics and conditions data convey few surprises. As displayed in Table 2.2, most of the Inland Region's housing stock has three or more rooms, which is relatively predictable given the region's general historical emphasis on suburban, low-density land uses; over 75% of the housing in the Region has three or more rooms. The larger homes in the Region undoubtedly allow for a higher percentage of multi-generational living.

In contrast to homeowners with and without a mortgage, those who live in rental housing overwhelmingly live in one- and two-room housing. But, 26% of those who live in single-family housing are renters. Despite renters living in smaller units, the average rent for the Region is \$1,209. Although not a perfect equivalent, for a similar period, the median rent in Los Angeles and Orange Counties was \$1,406 and \$1,854, respectively.<sup>14</sup>

<sup>14</sup> United States Census Bureau.

### III. Generational Differences:

Table 2.3 displays the differences in socioeconomic characteristics of homeowners by generation, including Baby Boomers (b. 1946 – 1964), Generation X (b. 1965 – 1980), and Millennials (b. 1981 – 1996).

Table 2.3: Homeowner Socio-Economic Characteristics and Trends by Generation

Characteristic:	Baby Boomers:	Generation X:	Millennials:	Totals:
Married	45.51%	35.78%	18.45%	1,010,378
High School	21.45%	16.76%	15.31%	1,146,158
Associate’s Degree	45.02%	22.55%	28.70%	732,878
Bachelor’s Degree	40.60%	32.93%	26.40%	390,257
Have Children under 5	1.22%	30.32%	67.68%	177,090
White	41.80%	20.78%	17.61%	802,406
Black	34.95%	21.00%	20.92%	100,856
Asian	28.98%	26.10%	21.12%	182,088
Hispanic	18.89%	21.68%	24.84%	1,104,773
Mixed Race	18.94%	17.02%	21.15%	64,356

Table 2.3: Adapted from United States Census Bureau Data

Homeowner characteristics viewed by generation indicate a few temporal and generational trends in the Region including, changing racial demographics, changing marriage characteristics, and increased socio-economic status among homeowners. Hispanic Millennials own more homes in the Region than Hispanic Baby Boomers, which could indicate a higher population of younger Hispanics, or an increase in education and socio-economic status among Millennial Hispanics. This pattern is also seen more generally in those of Mixed Race. The opposite pattern is shown for the White and Black races. For Baby Boomers, Blacks and White own 15% and 24% more homes than their Millennial counterparts, respectively.

Although mostly due to age, Baby Boomers and Generation X homeowners have much higher rates of marriage than Millennials do. This echoes a larger trend of Millennials delaying marriage, or choosing to forego it altogether. 10% fewer Millennials are currently married than Generation X’s were at a comparable age.<sup>15</sup> Because this dataset only covers from 2014 to 2018, the marriage rate drop from COVID-19 is not included.

<sup>15</sup> Barroso, Parker and Bennett, 2020.

## Section 3: Statewide Housing Policies & Requirements

### I. Housing Element & the Regional Housing Needs Assessment (RHNA)

Originally established in 1969, California’s Housing Element Law states that decent and suitable housing for every Californian is “a priority of the highest order.”<sup>16</sup> Additionally, the Housing Element Law states that “local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.”<sup>17</sup> To reach these stated goals, the law requires each jurisdiction to include a Housing Element section in their General Plan and each of its subsequent editions.

The Housing Element typically includes a community context section addressing the social and economic demographics of the area, and sections dedicated to topics including, but not limited to, neighborhood livability, diversity, and housing needs. Further, a Housing Element is required to have the following portions:

- An assessment of the jurisdiction’s housing needs, an inventory of resources, and a listing of constraints relevant to the region - this includes an analysis of population, employment trends, and housing needs by income category according to the localities share of the Regional Housing Needs Assessment (RHNA).
- An assessment of housing stock characteristics including, overcrowding, area average income vs. average housing costs, and housing stock condition.
- An inventory of available and suitable land for housing development or redevelopment.
- Identification of zones acceptable for emergency shelters, and their capacity and characteristics.
- An analysis of nongovernmental constraints for improvement and development of housing (e.g., lack of interest from developers, lack of available land or financing).
- An analysis of special housing needs for persons with disabilities, the elderly, farmworkers, etc.
- A framework for opportunities to increase energy conservation specific to residential developments.
- An analysis and listing of communities and housing developments that are eligible to change from subsidized or low-income housing due to the end of subsidy contracts.

Jurisdictions typically update their Housing Element in 4-8 year intervals. During the updating process, jurisdictions are encouraged to have their Housing Element reviewed and approved by California’s Department of Housing and Community Development (HCD) in addition to a public input period.

An integral part of a locality’s Housing Element is a plan to incorporate the region’s RHNA allocation. As part of the Housing Element revision process, the HCD performs an assessment of a region’s unmet housing needs and subsequently divides that assessment into 5 income levels (included as Table 3.1). To determine a region’s unmet needs, the HCD analyses a variety of factors including, jobs-housing balance, population growth rate, and household characteristics. HCD then transmits the regional assessment to a region’s Council of Government’s (COG) to further allocate their RHNA numbers to jurisdictions in their region. The major goal of RHNA is to

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<sup>16</sup> State of California.

<sup>17</sup> Ibid.



increase housing supply and affordability within each region in an equitable manner. It does so by requiring that local plans demonstrate the ability to accommodate existing and projected housing needs for all income levels throughout their communities.

Table 3.1: RHNA Income Levels<sup>18,19</sup>

Above Moderate Income (AMI)	More than 120% of the area median income
Moderate Income (Mod)	81%–120% of the area median income
Low Income (LI)	51%–80% of the area median income
Very Low Income (VLI)	Below 50% of the area median income
Extremely Low Income (ELI)	Below 30% of the area median income (sometimes included in the Very Low Income category)

*Table 3.1: Data from the California Department of Housing and Community Development*

RHNA allocations take place over set time periods. The Southern California Association of Governments (SCAG) region, the COG that oversees the Riverside – San Bernardino Region is currently at the end of their 5th RHNA cycle, running from 2013 to 2021. The 6th RHNA cycle will cover the period from October 2021 through October 2029.

Although governments are required to adequately plan for their RHNA allocation, currently there are no penalties for failing to build 100% of their RHNA allocation, as jurisdictions often have little control over the amount of actual construction of new housing in their communities. Based on some estimates, over 90% of jurisdictions fail to issue enough permits to meet their RHNA allocation.<sup>20</sup> At the county level, the Inland Region has mixed results in building their full RHNA allocations: some cycles have completely met their RHNA allocation, however, some cycles have only built 30 – 40% of their allocation.

## II. RHNA Allocations Over Time

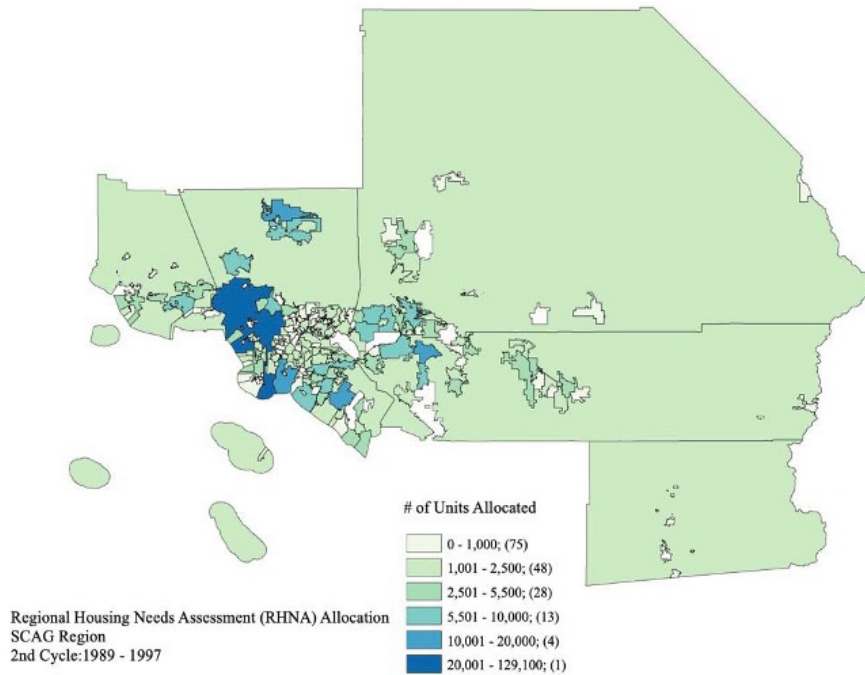
In the SCAG Region, RHNA allocations have changed drastically over time due to changes in the allocation methodology and demographic dynamics.

<sup>18</sup> California Department of Housing and Community Development.

<sup>19</sup> Kirkeby, 2019.

<sup>20</sup> Johnson, 2019.

Figure 3.1: SCAG Region 2nd RHNA Allocation (1989 – 1997)



The allocation for the 2nd RHNA cycle, which ran from 1989 to 1997, allocated most of the region’s housing units to relatively developed areas like Los Angeles and Orange Counties. Most localities in the region were allocated less than 5,000 units; 44% of jurisdictions were allocated less than 1,000 units. Of the cities that were allocated units, San Marino was the lowest at 18 units, and Los Angeles was the highest at 129,100 units. The total units allocated and the progress towards those allocations for San Bernardino, Riverside, Orange, and Los Angeles Counties are included in Table 3.2.

Table 3.2: RHNA Allocation vs. Total Units Built 2nd Cycle (1989-1997)<sup>21</sup>

County:	RHNA Allocation #:	Housing Built:	% Progress:
Riverside	97,087	74,640	77%
San Bernardino	92,655	47,647	51%
Orange County	102,332	69,349	68%
Los Angeles	291,978	88,742	30%

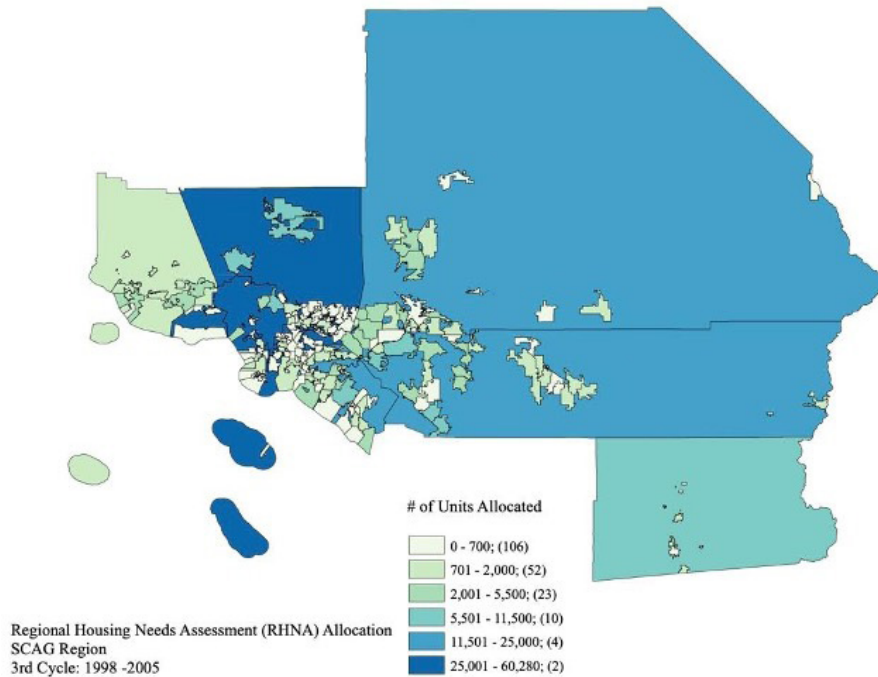
Table 3.2: Data courtesy of SCAG

No county in the SCAG region built their entire RHNA allocation for the 2nd cycle. This is in sharp contrast to the 3rd cycle of RHNA, in which Riverside, San Bernardino, and Orange Counties met over 100% of their

<sup>21</sup> The units built for the 2nd cycle is partial (1990 – 1997) due to incomplete housing data from the California Department of Finance.

RHNA allocation.

Figure 3.2: SCAG Region 3rd RHNA Allocation (1998 – 2005)



The 3rd RHNA cycle differed in the structure of allocations, with more units allocated to the unincorporated portions of Riverside, Los Angeles, and San Bernardino Counties. However, similar to the previous cycle, the suburbs of Los Angeles still received relatively low allocations, especially given their proximity to large employment centers. Due to the pre-recession housing boom, the 3rd cycle was the most successful in meeting RHNA goals. In the post-Great Recession era, the Inland Region experienced a mass reduction in housing development which has lasting effects into the 2020’s. The total units allocated and the progress towards those allocations for San Bernardino, Riverside, Orange, and Los Angeles Counties is included as Table 3.3.

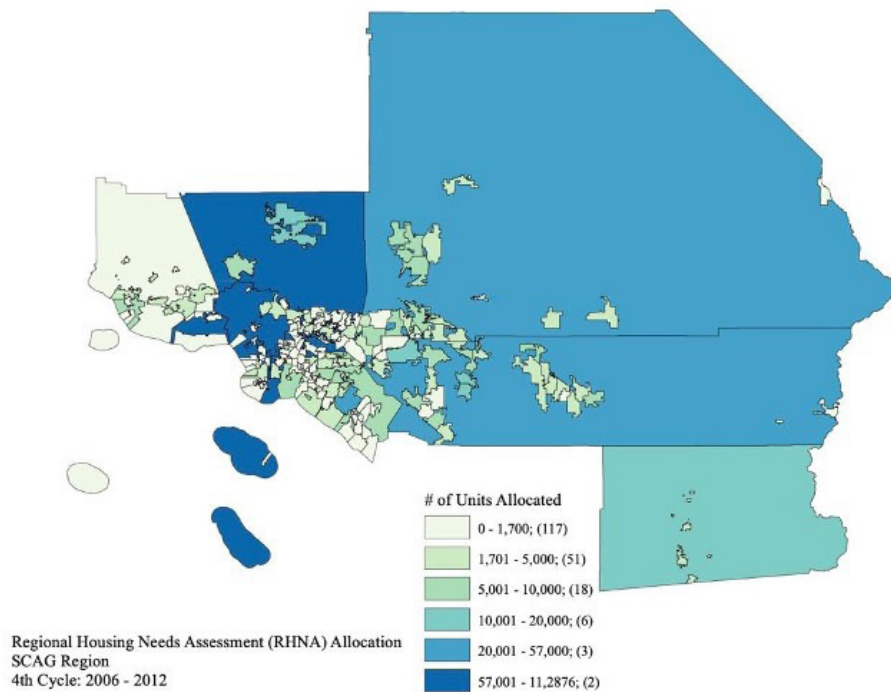
Table 3.3: RHNA Allocation vs. Total Units Built 3rd Cycle (1998 - 2005)

County:	RHNA Allocation #:	Housing Built:	% Progress:
Riverside	87,542	171,788	196%
San Bernardino	57,651	74,563	129%
Orange County	75,502	79,150	105%
Los Angeles	179,003	119,607	67%

Table 3.3: Data courtesy of SCAG

The 4th RHNA cycle, which ran from 2006 – 2012, experienced a large housing construction drop off.

Figure 3.3: SCAG Region 4th RHNA Allocation



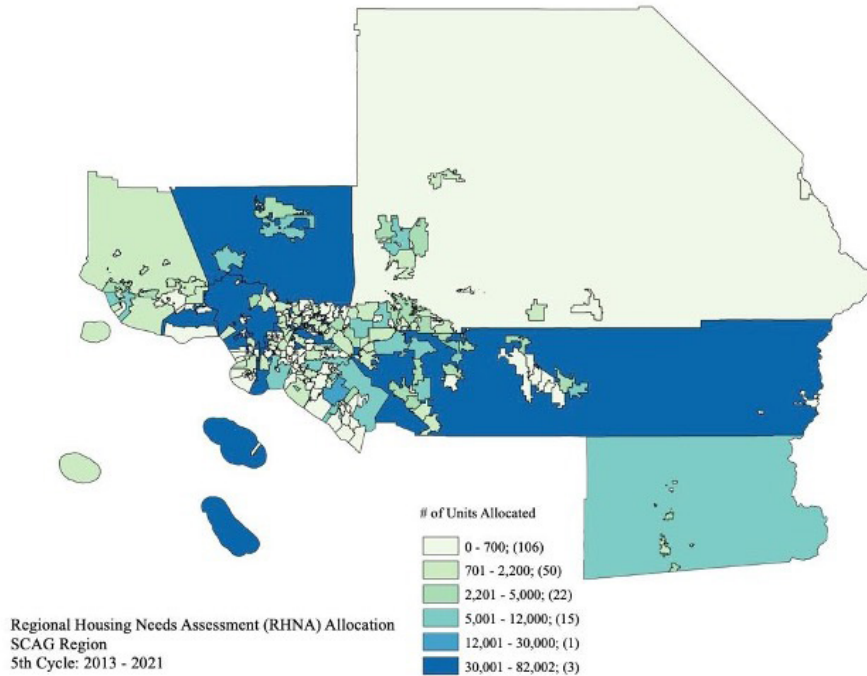
Because housing development significantly declined due to the mid-2000’s recession, Riverside County, the most successful county in the SCAG region for the 4th cycle, only met 47% of their RHNA allocation. Los Angeles County, despite being the region’s most prominent job and economic center, was allocated only 100,000 more units than Riverside County. This is surprising considering Los Angeles has three times as many residents as Riverside County. Of those jurisdictions that were allocated units, the City of Industry received the lowest allocation of seven units, and the City of Los Angeles received the highest allocation of 112,876 units. Full RHNA allocations for the SCAG Region are included as Figure 3.4.

Table 3.4: RHNA Allocation vs. Total Units Built 4th Cycle (2006 - 2012)

County:	RHNA Allocation #:	Housing Built:	% Progress:
Riverside	174,706	81,959	47%
San Bernardino	107,544	39,998	37%
Orange County	82,330	32,618	40%
Los Angeles	283,923	91,833	32%

Table 3.4: Data courtesy of SCAG

Figure 3.4: SCAG Region 5th Cycle RHNA Allocation (2013 – 2021)



The 5th RHNA cycle, running from 2013 to 2021, featured some surprising changes to RHNA allocations, notably a reduction in Orange County’s RHNA allocation by almost 50,000 units from the previous cycle (despite population growth of about 140,000). Likely because of the drastic decrease in Orange County’s RHNA allocation, Orange County was the only county in the SCAG region which built more than 100% of its RHNA allocation (refer to Table 3.5). The overall cut in RHNA allocations in the SCAG region from the 4th to 5th RHNA cycle was likely a response to the Great Recession and the decline of residential construction. For the SCAG Region, of the jurisdictions allocated units, 16 were allocated only two units, including Malibu, Laguna Beach, and Rancho Santa Margarita. The City of Los Angeles was, once again, allocated the highest number of units at 82,002. The Inland Region, which was disproportionately affected during the recession, did not experience a return to their pre-recession housing production levels during this cycle.<sup>22</sup> For Riverside County, this RHNA cycle was the least successful in terms of meeting production goals of all of the analyzed RHNA cycles; at only 43%, housing production in Riverside County was at its lowest point since 1990. San Bernardino County faced similar hardships in the post-recession era, meeting just 39% of its allocation.

<sup>22</sup> Kopko, 2020.



Table 3.5: RHNA Allocation vs. Units Built 5th Cycle (2013 - 2021 as of 1/1/20)

County:	RHNA Allocation #:	Housing Built:	% Progress:
Riverside	101,374	43,890	43%
San Bernardino	57,207	22,140	39%
Orange County	37,966	55,199	145%
Los Angeles	179,881	127,082	71%

Table 3.5: Data courtesy of SCAG

The 6th cycle will begin at the end of 2021, and features some prominent changes in methodology including, the consideration of job accessibility and transit accessibility, in addition to household growth. Due to pressure from the state government to make housing production and maintenance (e.g. rehabilitating dilapidated units/maintaining the current housing stock, especially multi-family and mobile homes) a priority, SCAG generally allocated units closer to job centers. In contrast to prior cycles, many coastal areas received larger allocations than their inland counterparts. Specifically, areas like the City of Los Angeles increased substantially in the current allocation, from 82,002 units in cycle 5 to 455,565 units in cycle 6. In contrast, of the cities allocated units, the City of Vernon received the lowest allocation at just eight units. The full allocation by county for the 6th cycle can be found as Figure 3.5.

Figure 3.5: SCAG Region 6th Cycle RHNA Allocation (2022- 2029)

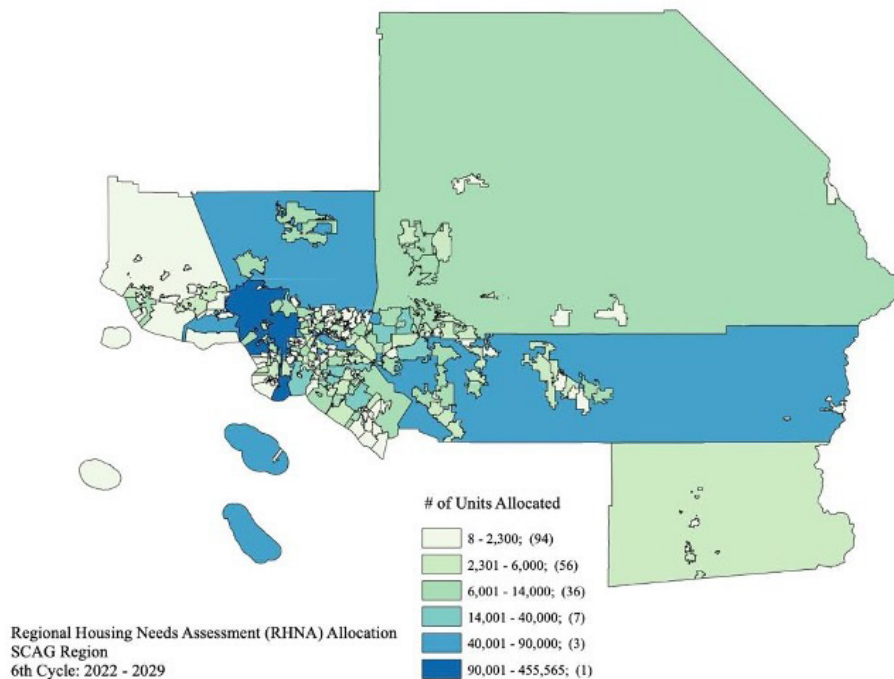


Table 3.6: 6th Cycle RHNA Allocation (2022 – 2029)

County:	RHNA Allocation #:
Riverside	167,191
San Bernardino	137,796
Orange County	183,425
Los Angeles	813,071

Table 3.6: Data courtesy of SCAG

### III. The Housing Element and Allocations: Possibilities or Politics?

As displayed in the data above, in the years after the pre-recession housing boom, jurisdictions have generally failed to reach their RHNA allocations often by a 50-60% margin. This is only coupled with the issues of general non-compliance with Housing Element requirements; during some periods up to 25% of jurisdictions have been out of compliance with the Housing Element Law.<sup>23</sup> A jurisdiction is determined to be out of compliance when they fail to comply with the standards outlined in the Housing Element Law (included earlier in this Section). The shortcomings of RHNA and other policy efforts have been attributed to many causes. Some point to the disparity between allocations and the reality of communities and their physical constraints including, build out, and varied topography that may not be conducive to housing construction. Others note that noncompliance reflects a community aversion to new housing and its resulting NIMBYism; this noncompliance and NIMBYism are often exacerbated in wealthy and well-to-do communities.<sup>24</sup> Some blame anti-growth and local restrictive policies that are sometimes imposed on local governments by their citizens.<sup>25</sup> Jurisdictions also argue that housing construction is market driven and the government ultimately has little control over the number of actual units proposed or constructed in their communities.<sup>26</sup> Finally, a lack of planning experience and knowledge is pointed to as another issue with compliance. We talk about two of these criticisms individually.

As part of a large qualitative research project on housing conducted in 2020, we interviewed community members in the public, non-profit and private sectors. Some of our participants pointed to issues with RHNA allocations in the past and present. Namely, the dichotomy between RHNA allocations and the reality of how much housing a jurisdiction can feasibly build. One participant who works in the local public sector pointed to the variety of factors that are not taken into account while making RHNA allocations: “Our city is spread out 25 square miles, but a third of it’s in a multi-species habitat plan. When you take the numbers and you try to work those into how many housing units you’re supposed to have within your community is sometimes unproportional [sic]”. The tension between RHNA allocations and the reality of community building is due to a variety of factors including, topography, nature preserves, and build out. Some believe that often RHNA allocations are not

<sup>23</sup> Lewis, 2003.

<sup>24</sup> Osterberg, 2020.

<sup>25</sup> Ibid.

<sup>26</sup> Kopko and Wang, 2021.

possibilities for housing, but impossibilities.

Another public official pointed to this disparity using a concrete example, “[Our city is] at zero [units] right now and I have one project that’s 44 units and I have one project that’s nine units. So that’s 53 units out of about a little over 1,700 units that we’re obligated to provide. So that’s the comparison as far as what the state says we should be providing... versus practically what we’re able to provide.” The 4th and 5th RHNA cycles display the tension between actuality and jurisdictional goals: between 2006 – 2021, on average the Inland Region only met 41.5% of their RHNA allocation.<sup>27</sup>

The Inland Region’s RHNA allocations also display the criticism of the disparity between wealthy and non-wealthy jurisdictions. Historically, in the SCAG region, allocations have been increasingly pushed towards the Inland Region due in part to changing methodologies. RHNA has often been criticized for not fairly allocating housing goals between wealthy and non-wealthy jurisdictions.<sup>28</sup> Wealthier, whiter jurisdictions often advocate to push their share to other areas.<sup>29</sup> Although legislative progress towards curbing such activity was passed in 2018, RHNA and the Housing Element requirements are often viewed as a threat to local land use control and autonomy by wealthier more conservative areas.<sup>30, 31</sup>

Wealthier communities can often afford to neglect Housing Element compliance and their low-income RHNA allocations; the consequence of such neglect is the disqualification from state and federal affordable housing funding, which is often not desired in wealthy communities.<sup>32</sup> Participants in our study also noted the issue with compliance and RHNA allocations more broadly: “The challenge we have in local government is the state is always moving the target. Depending on the politics, and what goes on in Sacramento, the state is constantly changing those rules and changing those numbers”. These issues with the Housing Element law, and RHNA more specifically continue to influence the politics and housing policies throughout the Inland Region.

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27 The 5th cycle RHNA data and building numbers only covers the years 2013 to 2019.

28 Osterberg, 2020.

29 Ibid.

30 Ibid.

31 Wassmer & Lascher, 2006.

32 Monkkonen, 2017.

## Section 4: Housing Construction in the Inland Region

### I. California's Focus & History on Housing

Although the effects of the mid-2000s Great Recession varied across the United States, one of the most notable impacts was the decline of the housing market. Spurred by public policies promoting homeownership in the early 2000s, housing construction in California increased dramatically from 1999 to 2005. By 2006, the housing market began to decline, and continued to decline until 2012; from 2005 to 2010, new housing construction in California fell by 82%.<sup>33</sup> Although over a decade has passed since the start of the Great Recession, overall housing construction statewide has not returned to pre-recession levels. However, in some of California's more affluent jurisdictions, housing production has returned to pre-recession levels, indicating that construction resiliency is distributed geographically due to a variety of factors.

The lack of housing construction in the post-recession era has become the focus of many of California's policymakers in recent years. Efforts to boost housing production have come in a multitude of forms, from 'up-zoning' near transit centers to providing new rights for tenants to buy homes facing foreclosure.<sup>34,35</sup> Prior to the COVID-19 outbreak in March of 2020, California's previous legislative cycle saw more than 150 housing-related legislative proposals, showing an effort at the state level to address a range of common housing issues like homelessness, the affordability gap, and low housing production.<sup>36</sup> Despite the COVID-19 pandemic, housing production in 2020 largely remained on track. In 2020, California constructed 103,073 new housing units - the first time the state built over 100,000 units since 2008, though much fewer than the 500,000 units a year aspired by the state.<sup>37</sup> However, the pandemic quickly shifted the focus from constructing new housing units to keeping those affected by the pandemic in their current housing.<sup>38</sup>

During his 2018 gubernatorial campaign, Governor Gavin Newsom announced his "Marshall Plan" for California's housing which focused on reducing homelessness and increasing housing production by 3.5 million units by 2025. Even Governor Newsom recognized the enormity of the task, describing this housing goal as "audacious", also pointing to not only the plan's unattainability, but *impossibility*.<sup>39</sup> Unfortunately, in the past two years, California has not made significant progress in these areas; overall, new housing development continues to fall below what is needed. In this section, we look at housing production over the past 30 years to examine California's housing trends. Additionally, we pay particular attention to the Inland Region, and the factors that influence housing production. To do this, we utilize data from the California Department of Finance from 1990 to 2019.<sup>40</sup> The California Department of Finance uses the Housing Unit Method (HUM) to estimate total housing units, population, household size, occupied housing units, and household population. The Housing Unit Method is the most commonly used method for making smaller scale population estimates. The Department of Finance

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33 California Department of Finance, 2012.

34 "SB-50 Planning and Zoning: Housing Development: Streamlined Approval: Incentives."

35 "Governor Newsom Signs Legislation Boosting Housing Production in California to Fight Affordability Crisis.", 2020.

36 Kopko, 2020.

37 California Department of Finance, 2021.

38 "Covid-19 Economic Relief."

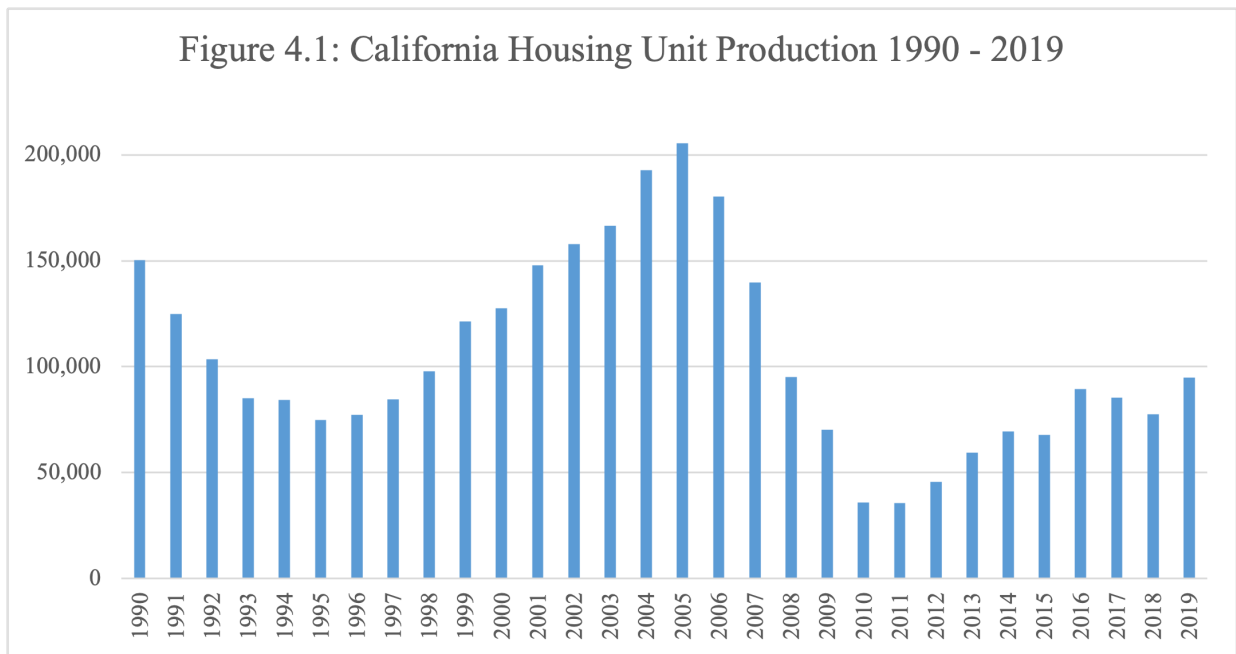
39 Dillon, 2019.

40 State of California, Department of Finance, 2021.

makes Housing Unit Method estimates with annual housing data reported by local jurisdictions and the United States Census Bureau. This data includes new construction numbers and annexations in addition to lost and demolished units. This housing unit estimate includes the total stock of completed housing units, including vacant, and seasonal units.

## II. California’s Housing Production & Trends 1990-2019

Despite Gavin Newsom’s goal to build 500,000 units a year until 2025, this rate of production has been an impossibility based on previous years housing data. The impossibility of this goal is incontrovertible given that California as a whole is only currently zoned for 2.8 million new housing units – 700,000 units less than Gavin Newsom’s original new housing production goal.<sup>41</sup> Even during 2005, California’s most successful development year, the state only produced 205,000 new units. Further, California has only produced more than 100,000 new units in only 12 of the past 30 years. Figure 4.1 displays California’s housing production numbers from 1990 to 2019.<sup>42</sup> This data displays the net increase of California’s housing stock, incorporating housing production, annexations, and lost and demolished units. For clarification and simplification, we refer to this throughout the report simply as housing production.



California’s construction trends are influenced by a variety of outside factors including, but not limited to, the economy, NIMBYism, CEQA, and available land. During the late-2000’s recession, statewide housing production fell by 82%, resulting in production stagnation well into the late 2010s. After increasing from 2011 to 2015, California’s housing production increased slightly, but has not returned to pre-recession levels. Housing production in 2019 saw an increase from 2018 by about 15,000 units, which could signal an uptake in housing development. However, with the economic downturn of 2020 given the COVID-19 pandemic and stay-at-home orders,

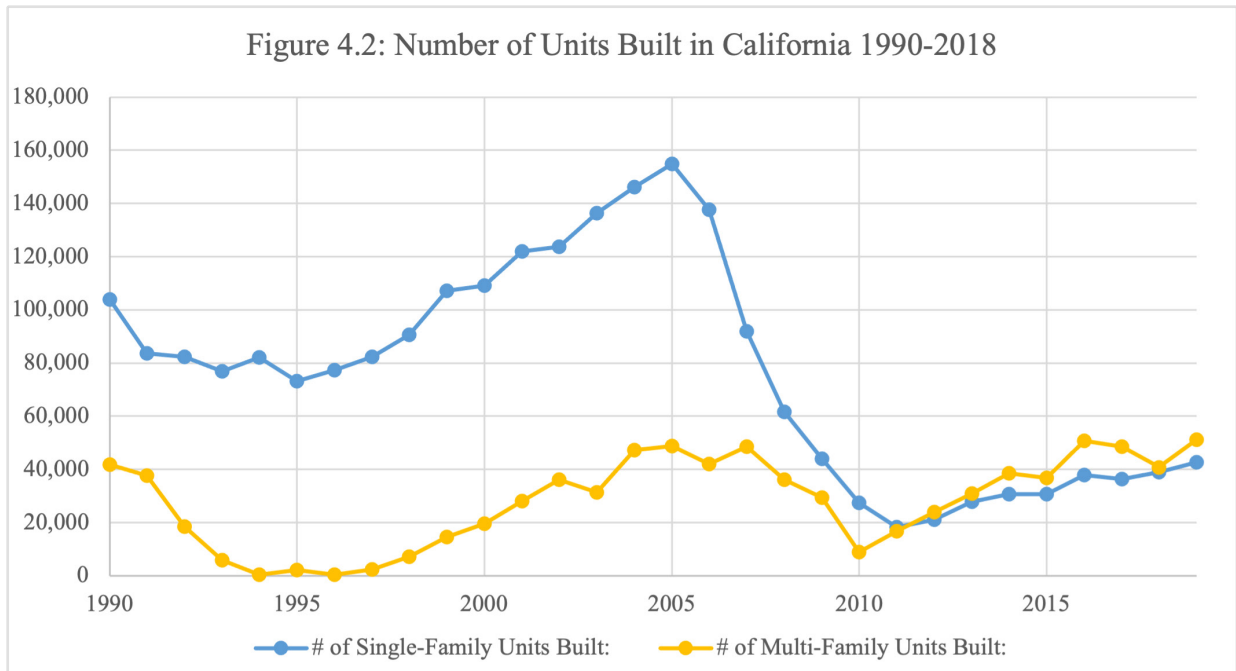
41 Monkkonen, Paavo, and Spike Friedman, 2019.

42 The building/production numbers for the year 1990 are only partial for this report. The production number for units built in 1990 only include what was built after April 1st 1990.



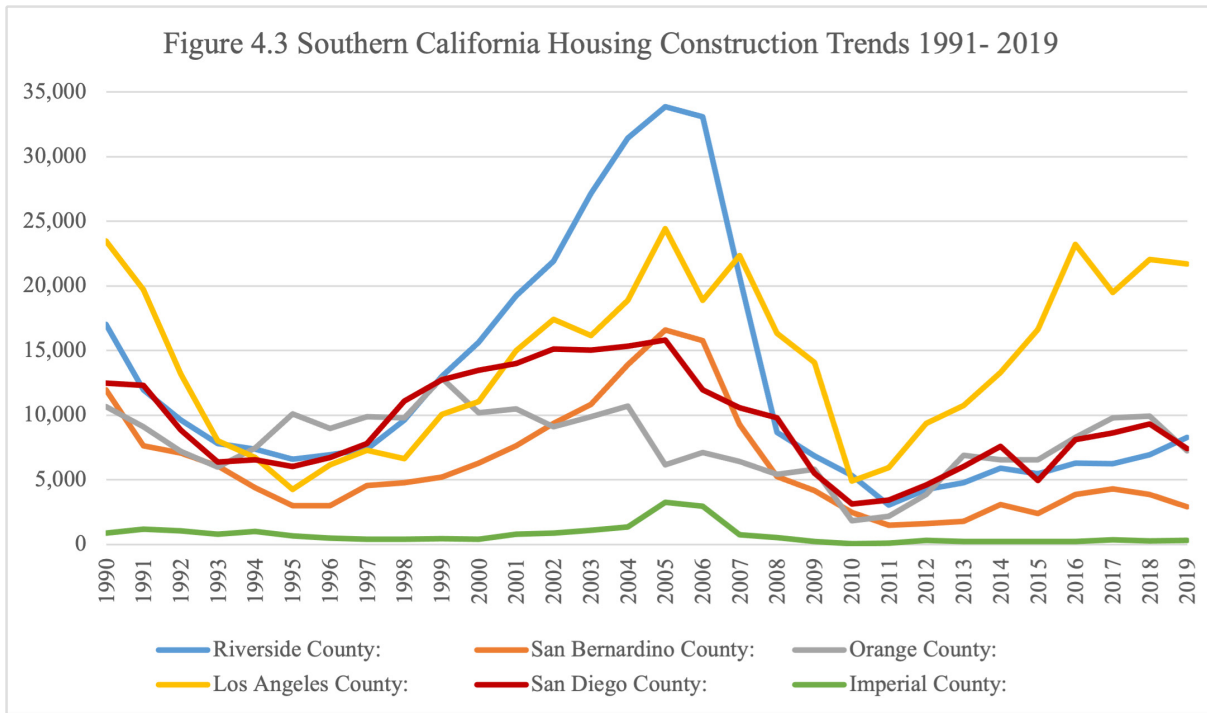
housing development could face further stagnation, although preliminary numbers indicate that housing construction has been relatively stable during the pandemic. Other factors, such as the recent spike in lumber costs, for example, could impact the rate of production and/or housing costs.

Another interesting statewide trend is the decline of single-family housing development in California. Multi-family housing production has outpaced single-family housing production every year since 2012, although in some years only marginally.



However, the state building a similar number of multi-family housing and single-family housing signals a strong departure from the norm throughout the 1990s and early 2000's. The increase in multi-family development and the decrease in single-family housing production is likely due to the lack of available land for single-family development, and perhaps an increase in demand for alternative, smaller styles of housing especially in the more developed metropolitan areas.

Just as multi-family housing production has been more resilient in the post-recession years, the distribution of resiliency has also been geographically uneven. Housing production in the post-recession era differs in levels of recovery throughout Southern California; the more resilient areas tend to be more developed, coastal areas (Figure 4.3).

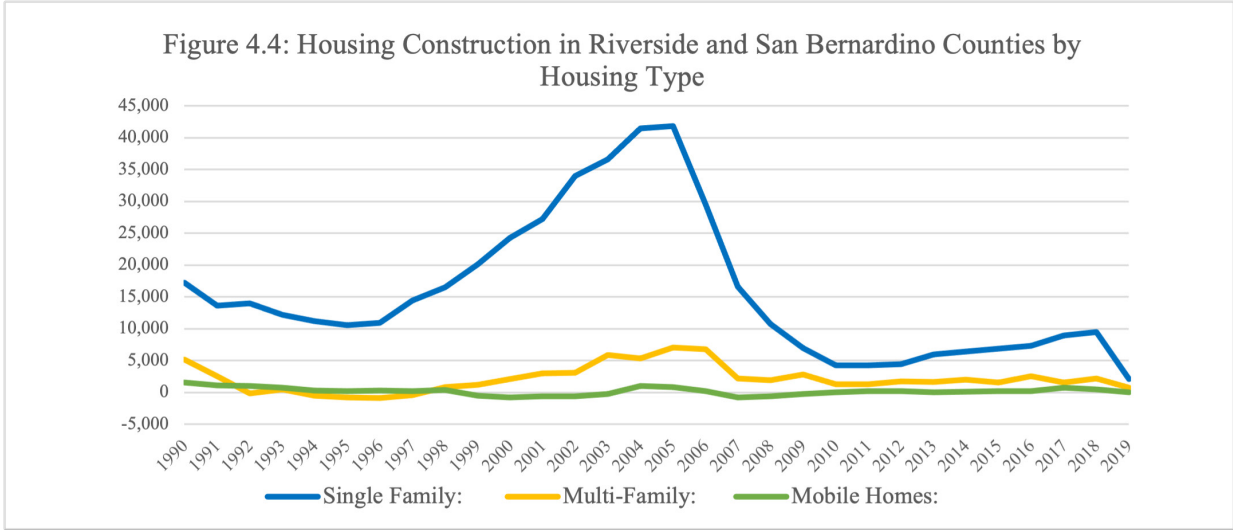


While comparing 2019 building numbers with 2005, Orange County produced 18% more housing in 2019 than in 2005. Similarly, in 2019 Los Angeles County only produced 89% of the housing they did in 2005. This is in relatively sharp contrast to San Bernardino, Riverside, and Imperial Counties who in 2019 produced, 17%, 24%, and 10% of housing they produced in 2005, respectively.

The contrast between Inland construction and coastal construction historically has not been driven by lack of demand or population in the Inland Region. From 1990 to 2019 Riverside and San Bernardino Counties experienced population growth at a significantly higher rate than California as a whole.<sup>43</sup> From 1990 to 2019, Riverside County’s population grew by 111%, from 1,170,413 to 2,470,546 residents; San Bernardino County’s population also grew by 54% for the same period. However, housing construction in Riverside and San Bernardino has not increased proportionally to population growth. Riverside County experienced a 77% increase in home construction while San Bernardino saw a 34% increase for the same period. Therefore, population growth has outpaced housing development by a relatively wide margin over the past 30 years for the Inland Counties.

Inland housing trends are characterized by the standard suburban development of greater Southern California. A visualization of Inland housing development by type (single, multi, mobile) is included as Figure 4.4. In the post-recession era, single-family housing development has remained low compared to pre-recession years. In contrast, multi-family housing has held stagnant at around 2,000 units in the post-recession era. This is a departure from the late pre-recession era, where in many years multi-family housing units were torn down to make room for other developments. For example, in 1996, the two-county region lost 915 multi-family units.

<sup>43</sup> Population numbers are based on the United States Census Bureau estimates from July 1st 2019.



Just as resiliency is geographically uneven in the broader Southern California region, development resiliency within the Inland Region is also geographically uneven. Many localities in the region have continued to develop at a high rate, while others have 0-2% growth rates. Cities that saw the highest rates of housing construction in Riverside and San Bernardino Counties were Beaumont, La Quinta, Murrieta, and Adelanto. From 1990 to 2019, Riverside and San Bernardino Counties had 14 cities with a housing growth rate of 100% or more. Canyon Lake, a gated city in southwestern Riverside County with limited residential infill lots remaining for new development, had the lowest production rate, at 0.3%; from 1990 to 2018 Canyon Lake produced 15 new units. Beaumont had the highest housing production rate: over the past 30 years Beaumont has produced 13,191 new housing units, resulting in a growth rate of 355%. In contrast, 15 cities in the two-county region had a housing construction rate of less than 20% including, Rialto, Lake Elsinore, Upland, and San Bernardino. Similarly, 16 localities have average yearly development rates of under 1%. Selected growth statistics are included in Table 3.1; full growth statistics for each Inland jurisdiction are included in the Appendix. In general, cities with the highest housing production growth rates were located outside of the more established job and transportation networks. Many of the cities that produced the most housing during this period are suburban and/or exurban-style communities like Beaumont, Murrieta, and Temecula. Additionally, the Palm Springs-Coachella Valley Region has five cities with a housing production growth rate of over 100% since 1990. In the next section, we discuss the policy and economic factors that have contributed to these development trends.

Table 4.1: Selected Housing Growth Statistics for the Inland Region

City:	Number Built:	Percent Growth (1990 -2019 or Incorporation – 2019):	Average Growth Percentage (from 1990 or incorporation)
Beaumont	13,191	355%	12.2%
La Quinta	18,531	288%	9.9%
Murrieta	27,651	285%	10.5%
Temecula	25,891	243%	8.4%
Coachella	6,801	178%	6.1%
Chino Hills	10,989	174%	6.2%
Lake Elsinore	11,953	171%	5.9%
Corona	23,461	89%	3.1%
Fontana	25,710	87%	3.0%
Hemet	16,375	83%	2.9%
Rancho Cucamonga	23,073	63%	2.2%
Riverside	21,154	26%	0.9%
Ontario	8,747	21%	0.7%
Menifee	5754	19%	1.9%
San Bernardino	6,685	11%	0.4%
Canyon Lake	15	0.3%	0.0%

Table 4.1: Data adapted from the California Department of Finance

## Section 5: Broad Opportunities and Challenges for Inland Housing Development

Many causes have been attributed to low levels of housing development throughout California and the Inland Region including, California’s sometimes circuitous approval and entitlement processes, increased environmental regulation, development impact fees, and the lack of available land in large metropolitan areas. The consistent low rate of housing construction has caused rents and housing prices to rise, creating an urgent need to expand housing supply.<sup>44</sup> However, California and its policymakers have struggled to produce policies that increase and/or incentivize housing and non-housing development in a more equitable, affordable, and sustainable manner, contributing greatly to the state’s jobs-housing imbalances. This results in long commutes, increased pollution and significant expenditure of tax dollars for transportation. Additionally, the jobs-housing imbalance in many California metropolitan areas has led to a reduction in overall economic output, due to labor and business relocations to other areas.<sup>45</sup>

As part of our previous study on regional stakeholders’ opinions on housing and community development, our participants outlined some of the most salient influences on housing development in the Inland Region. Specifically, participants opined about what issues cause low levels of housing construction. These include the higher cost of high density, NIMBYism, and land use fiscalization.

### I. Statewide Challenges:

#### a. NIMBYism

An additional issue with increasing density is the NIMBY (Not In My BackYard) pushback that often typically accompanies new local development projects. Because local residents are concerned with the status of their community, such as maintaining open space and reducing traffic, it is common for some residents to oppose new residential developments, especially in localities where high-density development or growth is not the norm. One public official commented on the NIMBY phenomenon directly, *“when you build a higher density apartment complex next to an existing single-family neighborhood, people will come out and maybe be opposed to it. But as an elected official, you have to have the wherewithal and the conviction of doing what you know is right for the future of your community...”*. Local officials therefore have to balance the wants of their current residents with the realities that growth in their communities is going to occur, along with meeting compliance with state objectives such as those contained in the Regional Housing Needs Assessment.

#### b. Land Use Fiscalization / Housing’s Negative Fiscal Calculus

Fiscalization of land use is a term generally used to describe local governments making land-use decisions based on what is expected to generate higher tax revenues. Proposition 13, which was enacted by California’s voters in 1978 to limit property tax increases on real property to 2% each year, and limited overall property taxes to 1% of a property’s assessed value. Land use fiscalization is often considered a negative externality of Proposition 13. In

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44 Reid, Galante and Weinstein-Carnes, 2017.

45 Glaeser and Gyourko, 2018.



particular, commercial development, which produces sales tax revenues in addition to property taxes, is favored over residential development. Proposition 13 has led to a revenue gap for localities due to the cost of providing city services to households. Participants claimed that the cost of city services has only increased, yet property tax revenue has remained relatively stagnant. The fiscalization of land uses and the resulting reliance on sales tax, not property taxes, is also seen abstractly through our participants' comments on the economy. Our participants' discussions of the region's economy and the competition for emerging businesses pointed to the reliance on sales taxes to fund city services. Therefore, housing is not viewed favorably from a revenue standpoint by many local government officials.

### **c. Heightened Environmental Regulation**

Increased environmental regulation and the California Environmental Quality Act (CEQA) is frequently blamed for California's low housing production. The California Environmental Quality Act was commonly recognized by participants as increasing the cost of development due to the additional time and costs needed to comply with the stringent and often circuitous law. However, participants had varying views on how much CEQA suppresses housing development. Some believed that although CEQA increased the time and money spent on development, the law does not disincentive housing.<sup>46</sup> One participant commented directly on CEQA, statewide regulations, and the Inland Region: *"It's not demotivating. It's just more expensive"*. However, some opined that in their experience, CEQA regulations greatly increase the costs of housing which adds limitations on development. Most participants agreed that the cost of compliance and increased regulation is high.

## **II. Regional Challenges:**

### **a. Increased Mitigation and Jurisdiction Fees**

Development fees on a new housing development are intended to mitigate the impacts of a new housing project on the costs of the community's education and infrastructure, as well as provide and support environmental regulation. Participants suggested that the cost of compliance can constrain profits and productivity for developers and builders. The stakeholder's opinions of this development and mitigation fees were varied; some participants indicated that fee reduction may not translate into lower housing costs for the consumer. Other participants believed that the revenue from development fees is crucial for well-rounded communities. However, although fees are often touted as the reason for rising home costs, public officials had relatively negative opinions on the success of fee reduction programs. According to some of our participants, due to the general lack of housing supply, it is unlikely that any positive monetary benefit from streamlining would be passed on to the homebuyer: *"What we end up seeing is if we were to lower the fees, but [builders] can still sell the house for \$350,000 or \$500,000. They're not going to lower it because we saved them \$50,000 in fees if they can sell it for the same amount and make a \$50,000 profit."*

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<sup>46</sup> Lewis, and Barbour, 1999.

An additional problem with the fees leveled against new housing is the unequal fee burden levied on a community's new residents. Development fees often benefit the community as a whole, not just the new portions of a city, or the portion in which a resident purchased a home, yet development fees are solely paid by new residents. However, participants continually noted the positive community development that results from fees. School fees to fund local education and expansions to educational programs are viewed as a necessity according to a majority of participants. Therefore, development and mitigation fees are extremely complex, and can often be both negative and positive in community building and development.

### **b. Lack of White Collar –High Paying Jobs/ Overemphasis on the Logistics Industry**

The Inland Region economically trails behind the more developed metropolitan areas of the state. The general and disproportional lack of high-paying jobs in the Inland Region creates a lack of solvent and qualified buyers for the Region's housing. The lack of high paying jobs contributes to an endogenous process by which the lack of high paying jobs suppresses economic development, and the relatively low economic development precludes the creation of high paying jobs. The Region's emphasis on industries that often provide lower paying jobs, like the warehousing and logistics industries, is viewed as impacting both the supply and demand of housing production. Although some participants did state that the industrial commercial space does offer possibilities for economic growth, others opined that the focus on blue-collar jobs continues to forestall the region's economic development.

The rise of the redoubtable warehousing industry in the region has undeniably created jobs and contributed to the economic base. However, many of our participants in the non-profit, public, and private sectors questioned the stability of this industry over the coming decades. Some pointed to the growing advances in automation, putting such jobs at risk and further eroding the Region's job base. One of our participants who works closely with housing and development in the non-profit sector stated: "*[The logistic industry is] employing people, but they're not the jobs that have long sustainability... the positions that they're hiring... are ones that can be, not too far off in the future, easily automated.*" Thus, while warehousing and logistics industries have contributed to growth in the Inland Region's economy, it's likely that the job growth in the blue-collar sector is relatively hollow and unsustainable over the next two to three decades.<sup>47</sup>

### **c. Red Tape & Excessive, Varied Regulation**

Rigid housing legislation and regulation are frequently cited as a driving force behind California's consistently low housing production numbers. The region's home builders and developers echoed this prevailing sentiment, "*All of the processes you have to go through to get approval, that needs to be streamlined, and that's city to city. Some cities are good at that; some cities are bad at that...*" For developers and builders in the private sector, the adage 'time is money' is especially true. The inefficiency and the large variance in regulation among jurisdictions

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<sup>47</sup> Theodore, Nik, and Gutelius, 2019.

have discouraged developers from building in the region. According to our participants, this is partially due to variances in zoning laws, although this is a statewide issue, and not unique to the Inland Region. Because each jurisdiction has its own distinct zoning policies, a significant amount of time goes into understanding and abiding by local ordinances.

#### **d. The Density Quandary**

The lack of housing supply coupled with the lack of available land in local job centers has created a jobs-housing imbalance in some localities in the Inland Region. Although there are a multitude of local land use policy solutions to combat this issue, the most common solution cited by our study participants is upzoning near employment centers and areas that are approaching build out. However, the Inland Region's historical emphasis on single-family detached housing has created homogeneity in land use policy in most jurisdictions. This homogeneity does not favor high-density residential production and zoning.

One important issue that makes increasing density unfeasible is the increased costs of developing at a higher density. Participants in our study opined particularly about lower profit margins for high-density developments and lower land value in the region making higher density development not cost-effective or as profitable as detached single-family housing. When discussing mid-rise apartment buildings one participant simply remarked: *"That's just very, very expensive to do."*

Another participant who works in the public sector commented on why developers are unwilling or unable to build at a higher density in the Inland Region, *"There was certainly an upper limit on the density that developers were willing to build at... because they felt that the profit margins weren't there for... that kind of walkup apartment-style format that couldn't be parked with surface parking."* Participants noted that because developers seek to maximize profit, the lower land values in the Inland Region deter high-density development. Due to the higher land values in Los Angeles, San Diego, and Orange County, developers have a larger motivation to increase the capacity of each parcel.

However, because the Inland Region is inexpensive relative to coastal areas, the cost of increasing density does not necessarily translate into higher profits as it could elsewhere in the state. Another interview participant commented directly on the lower monetary value of land and the issue it creates for high-density development: *"the land value residual is just not high enough to allow for a higher density of project that could ultimately generate more housing units... anywhere north of 35 units to the acre, 40 units to the acre... we just can't do that because the residual land value isn't as high."* According to participants, the most profitable development for housing developers in the Inland Region continues to be suburban and exurban-style dwellings. The monetary issues and the overemphasis on single-family land use policies associated with the region make upzoning an improbability.

### **e. A Need for Balance**

An overarching theme evident in each perceived challenge to housing development is the need for more community balance in areas like zoning, community building, the economy, and education. There are many indicators of imbalance that are evident in the context of the Inland Region: housing stock, jobs, zoning, age, socio-economic status, etc. Housing policies and the local economy are influenced by these imbalances in the region and vice versa. The need for balance was frequently noted by our participants by expressing the need for economic and community inclusivity. By identifying the need for robust transportation networks, greater job opportunities, and a diverse economy, participants discern the general need for broader community balance. Many residents in the Inland Region, due to the imbalance of jobs, education, and socio-economic status, face a broad lack of opportunities.

The most salient issue of Inland housing and community balance is the overemphasis on single-family zoning that has created large exurban areas. Some participants additionally noted that a variety of housing in each local community is necessary to create vibrant and inclusive communities. Although some areas within the region are more balanced in terms of housing stock and development, some lack inclusive housing options, like senior and entry-level housing. One participant stated: *“diversification of housing is critically important to our citizens and to our community.”*

The Inland Region also has a long-standing jobs-housing imbalance that has resulted in many residents commuting to neighboring San Diego, Los Angeles, or Orange Counties for their jobs. The overall jobs-housing imbalance can create a lack of opportunities in both jobs and education. According to our participants, balancing these factors is critical to a sustainable and vibrant Inland Region. Attracting higher-paying jobs in the region will likely be a stabilizing force in the economy. Attracting these jobs has many positive externalities: attracting highly-skilled people and additional business creates a wider sales and property tax base through the commercial and service economy.

Finally, community balance is more than just increasing sales and property tax revenues. As one participant noted, *“So you’re striving to get this balance... by collaboration with education in our school districts because that’s a major determinant in the value of property in a place, and in creating interesting places, the place making aspect of what cities can do.”* Balance in communities in the more social aspects of development therefore increases the quality of life and allows residents to build healthy and fulfilling lives for themselves and their families. By noting the need for more balanced communities, our participants demonstrate that housing is not an isolated issue; the variety and quality of housing influences vital aspects of one’s life. Increasing housing, social opportunities, education, and jobs in a variety of areas translates into an increase in broader opportunities in the personal lives of residents.

## Section 6: COVID-19 & Housing in the Inland Region

COVID-19 has had tremendous impacts on virtually all aspects of American society; one of COVID-19’s most tremendous effects is the redefinition of the home and home life. For millions during COVID-19, the home transitioned into the only place for work, school, and rest due to stay-at-home and public health orders. The effects of the pandemic also served to exacerbate longstanding racial and social inequities due to uneven levels of education, housing, and employment.<sup>48</sup> Because the Inland Region is very ethnically diverse, some areas and ethnic/racial groups had high rates of hardship, particularly with housing insecurity.

Throughout the pandemic, ICSD released a series of reports on the status of housing insecurity, education, and small businesses in the 15 most populous metropolitan statistical areas with a special focus on the Riverside-San Bernardino-Ontario metropolitan area which is comprised of Riverside and San Bernardino Counties.

### I. Housing Insecurity

In the past year, ICSD published two reports on housing insecurity caused by the COVID-19 pandemic: the first in July of 2020, and the second in April of 2021. Housing insecurity is broadly defined as a specific set of housing problems, including loss of housing, quality, affordability, and safety. In our first report, *Housing Insecurity & the COVID-19 Pandemic*, we reported that about 12% of mortgage holder households and 18% of renter households missed their housing payments in the previous month. Due to income instability, renter households faced higher housing instability both nationwide and in the Inland Region. At the time of the survey, only about 50% of mortgage-holding households and 35% of renter households were confident that they would make their next housing payment. Many Riverside-San Bernardino-Ontario MSA residents participated in deferral programs, and 28% of those who received deferrals expected to receive another in the next month.

The impacts of housing insecurity vary across racial and ethnic groups. Nationally, minority groups had lower rates of on-time payments in April of 2020, with the exception of Non-Hispanic Asian renter households. In the Inland Region, White and Black owner/ renter households made on-time housing payments at similar rates. Renter households of the “Other” race category experienced the highest level of housing insecurity - 76% paid their rent on time, and 23% did not. Full statistics for housing payment status by racial groups in the Inland Region are included below as Figure 6.1.

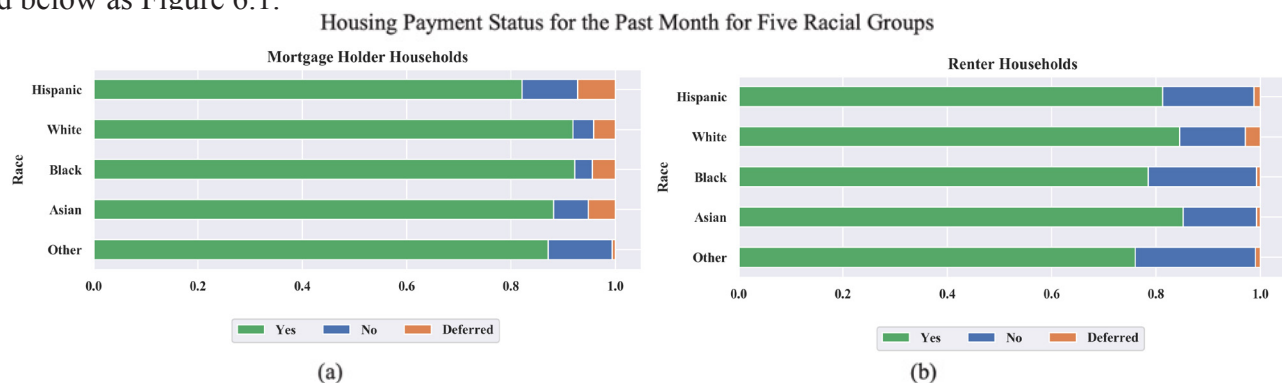


Figure 6.1: Housing Payment Status for the Past Month for Five Racial Groups in the Riverside-San Bernardino-Ontario MSA

48 “Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships.”, May 2021.

ICSD’s second report, published in April of 2021, found that housing insecurity has worsened compared with our first report in mid-2020. Nationally, about one in ten owner households and one in five renter households reported that they were behind on mortgage/rent payments for the last month as of February of 2021, a slight increase from the early stages of the pandemic. This demonstrates the continued economic hardships faced by many who do not have steady employment, or those who have become unemployed due to the pandemic. As of late February 2021, ethnic disparities in on-time payments and housing security more generally were still prevalent in the Inland Region. Hispanics/Latinos and Non-Hispanic Blacks have the lowest percentage of missing mortgage payments, 9% and 2% respectively. Rental households displayed higher levels of insecurity by race: Hispanic/Latino and Non-Hispanic Black renters had the highest percentages of missing their rent at 30% and 28%, respectively.

### Housing Payment Status for the Past Month for Five Racial/Ethnic Groups

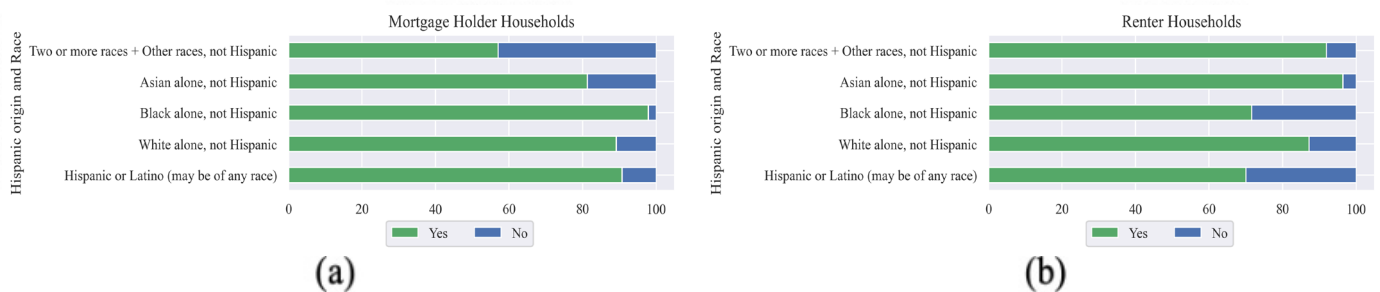


Figure 6.2: Housing Payment Status for Five Racial/Ethnic Groups in the Riverside-San Bernardino-Ontario MSA

In comparison to the national level, the Inland Region had generally lower levels of confidence in making their future housing payments. Only about 55% of homeowners report high confidence in continuing payments, whereas 79% of homeowners in the San Francisco-Oakland-Berkeley, CA MSA reported high confidence in continuing their housing payments. Renters experienced even lower confidence in continuing on-time rent payments: only 30% of renters reported high confidence in making the rent payment for the next month. Even further, more renter households reported a high likelihood of eviction sometime in the next two months. This is likely due to higher job insecurity and unemployment rates by renters.

## II. The Impacts of COVID-19 on the Inland Region: Community Perspectives

As part of our large qualitative research project, *Challenges and Opportunities for Housing Development in the Inland Empire: Perspectives from the Community*, we asked stakeholders their opinions on COVID-19 and its effects on the Region. We received broad feedback in three critical areas on the impact of COVID-19. The first and most commonly cited by participants was the negative impact store closures would have on the Region’s workforce. The reduction in working hours and the commensurate decrease in sales tax revenue would negatively impact programs and city services that are funded from such revenues. One participant in the public sector described this in detail: “The first and second quarter of this year when we received our tax revenues... [the loss



*of revenue] could really hurt our city. That's how we pay our bills. It's going to be an interesting time over the next six months to 12 months to see how those taxes roll in."* An increase in the fear of COVID-19 has additionally led to a decrease in buyer's confidence, equally affecting the Inland economy.

The second effect frequently noted by our participants was COVID-19's both negative and positive effects on the Region's homeless population. Because homeless populations were at an increased risk during the pandemic, community policymakers made significant efforts to put homeless populations in emergency housing. Enhanced efforts to identify and assist homeless populations have undoubtedly been one of the most positive externalities of the pandemic. Conversely, due to job losses, working hour reduction, and housing instability, some in the Region's population may be at an increased risk for homelessness.

The third and final impact of COVID-19 discussed by our participants is the potential for higher housing demand in the Inland Region. Because proximity to others is actively discouraged, there may be an increased demand for low density suburban and exurban-style housing. Many also speculated that the new benefits of suburban living may increase housing development in the Inland Region in the future due to a higher demand for suburban or rural-style living. Therefore, the increased demand for this style of home may increase, stimulate, and incentivize development in the Riverside-San Bernardino area.

### **III. Implications for Future Agenda**

Housing security has been a persistent issue in many communities for decades, and has been further exacerbated by the COVID-19 pandemic. Due to the economic impact associated with the nationwide shutdown, renters have been particularly impacted.<sup>49, 50, 51</sup> Specifically within Southern California, local surveys have found that low-income renters had fewer resources,<sup>52</sup> and thus were especially worried about eviction.<sup>53</sup> Within Riverside and San Bernardino Counties, the rental market has been further impacted by the migration of residents from Los Angeles and Orange Counties. Coastal residents are attracted by the lower rents which has created an even tighter – and for many underserved communities in the region, a much more precarious – market for those who already reside within the Region.<sup>54, 55</sup>

Many policies have been implemented to help renters to stay housed. For example, California passed statewide rent control laws in 2019, and started to implement them in January 2020 to stabilize surging rent. To protect renters from being evicted during the pandemic, federal, state, and local governments have been providing emergency rental assistance, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the recent American Rescue Plan. California enacted the COVID-19 Tenant Relief Act (TRA) in 2020 and extended

49 Airgood-Obrycki, Demers, Greene\*, Herbert, Hermann, Luberoff, and Wedeen, 2021.

50 Reed, Davin and Divringi, 2021.

51 Akana, May 2020.

52 Manville, Monkkonen, Lens, and Green. 2020.

53 Reina, Aiken, and Goldstein, 2021.

54 Ong, McKeever, and Ong, 2020.

55 Juarez, 2021.

it to June 2021. However, despite these governmental efforts, the housing crisis still worsened amid the pandemic.<sup>56</sup> In the early stages of the pandemic (April 2020), about 15% of renters missed their rent payments in the past month. This stands in sharp contrast with the late payment rate of 7% (during a period of the past three months) as of 2017.

Thanks to the various eviction moratoria enacted at the national, state, and local levels, many renters have been exempted from eviction since the beginning of the pandemic. However, many of these moratoria do not provide a grace period for repaying any unpaid rent following the expiration of the emergency (currently June 30, 2021 at both the federal level as enacted by the Centers for Disease Control and Prevention (CDC) and in the State of California per the current California TRA). Some California jurisdictions have enacted more protective local ordinances.

For instance, renters who cannot pay rent due to the negative impacts of COVID-19 in the City of Los Angeles and the City of Pasadena will have until March 2022 to repay any rent due. In contrast, renters in the two Inland Southern California Counties have less protection – renters in the City of San Bernardino have up to six months following the expiration of the state emergency, renters in the City of Riverside have four months, and renters in the City of Redlands or unincorporated Riverside County have to repay any rent due once the state of emergency expires. Jurisdictions that have not enacted more protective local ordinances could see a surge of evictions immediately following the expiration of the state of emergency without further measures.

Throughout the U.S. and other regions, a multitude of disastrous events have exacerbated housing insecurity, caused property damage, and increased housing dislocation. The impacts are usually prolonged due to improper allocation of resources, inadequate infrastructure, and ineffective plans in the recovery process.<sup>57, 58, 59</sup> In addition, individual preparation, leadership, community resources, and federal government support are all critical factors.<sup>60</sup> This is underscored by the inequalities that disasters lay bare (e.g., in resources, information, and the ability to act).<sup>61, 62</sup> For instance, housing is a prime example of spatial inequality, as the instability that is present outside of a disaster situation becomes exacerbated when in one. Low-income individuals are disproportionately affected by disastrous events and struggle to find the financial resources to assist in their housing security issues.<sup>63</sup> For example, after Hurricane Katrina, African Americans in New Orleans struggled to find permanent housing, with some unable to return to their old neighborhoods. This was especially true for renters and those who lived in affordable housing units. In addition, high-income African American homeowners were also disproportionately impacted because discrimination often led to barriers in access to credit and FEMA grants that can be utilized in the rebuilding process.<sup>64</sup>

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56 Kang and Kopko, 2021.

57 Peacock, Brody, and Highfield, 2005.

58 Peacock, Dash, Zhang, & Van Zandt, 2018.

59 Van Zandt, Peacock, Henry, Grover, Highfield, & Brody, 2012.

60 Kamel, and Loukaitou-Sideris, 2004.

61 Hartman, Squires, and Squires, 2006.

62 Peacock, Van Zandt, Zhang and Highfield, 2014.

63 Mueller, Bell, Chang and Henneberger, 2011.

64 Bates and Peacock, 2008.

The COVID-19 pandemic has highlighted and exacerbated the well-defined inequalities within society. Recent studies have shown that since mid-March, more than half of Hispanic (58%) and Black (53%) households have experienced a decline in employment income, which is significantly higher than the share of Asian/other ethnicities (44%) and white (39%) households.<sup>65</sup> Although prior to the pandemic housing insecurity already disproportionately affected communities of color, the COVID-19 health crisis, and associated economic impact only exacerbated the situation for the vast majority of people living in precarious housing circumstances.<sup>66</sup>

Job loss and the resultant decreased and limited income for renters of color have exerted a greater burden on their housing situations. Many have reported having “less confidence in [their ability] to pay their next month’s rent and not having paid the previous month’s rent on time at disproportionately higher rates than their white counterparts” since the pandemic.<sup>67</sup> Even before the pandemic hit, “10.9 million renter households (or 25% of all renter households) were spending over 50% of their income on rent each month.”<sup>68</sup> Even though evictions were rising prior to the pandemic, the economic impact of COVID-19 has only increased evictions further. For instance, research shows that “an estimated 5.2 million renter households had at least one wage-earner who experienced job or income loss”, which made them more likely to receive an eviction notice.<sup>69</sup> Accordingly, 3.3 million renters received “an eviction notice or threat of eviction from their landlords” since the beginning of the pandemic in March 2020. Among the vast majority of renters facing evictions, Black and Hispanic/Latinx experienced evictions at a rate of four times higher than white renters.<sup>70</sup> Therefore, following the ever-changing situation and examining the process of how local communities cope with housing and affordability challenges is essential to future research and recovery.

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65 Cornelissen and Hermann, 2020.

66 Lake, 2020.

67 *Ibid.*

68 Benfer., Vlahov, Long, Walker-Wells, Pottenger, Gonsalves, and Keene, 2021.

69 Noble, E., & Morales-Burnett, J. 2020.

70 Cunningham, Hariharan, and Fiol, 2021.

## Section 7: Looking Forward & Recommendations

The future of the Inland Region's housing is dependent on a variety of social and economic factors. Due to the long-lasting impacts of the COVID-19 pandemic and the mid-2000s recession, housing and perhaps more importantly, residents' expectations of housing have changed. Housing has become increasingly unattainable to younger, middle and lower class residents. Although this is a well-recognized phenomenon throughout California, efforts to combat this legislatively have thus far largely failed. Because housing unattainability has become increasingly ubiquitous, housing aspirations across income groups, ages, and ethnicities have broadly shifted for many, creating novel and broad implications for the future of housing development.<sup>71</sup>

Multi-generational housing, in which more than one generation (e.g., grandparents, parents, children or grandchildren) live together in the same household, accounts for 20% of U.S. households as of 2016.<sup>72</sup> Co-residence among family members like siblings, cousins, and non-relatives is also becoming a societal norm. Two types of multi-generational housing are often observed: children moving back into or remaining in their parent's household, or elderly parents moving in with their children. Economic crises, insecure labor markets, and an increase in higher education typically result in children moving back with their parents, while health issues and spousal loss facilitate the elderly moving in with their children.<sup>73,74</sup> Therefore, an increase in multi-generational living can be attributed to a variety of social and economic factors including, economic recessions/depressions, changes in Social Security, and changes in caregiver arrangements.

Because housing aspirations are rapidly changing, the Inland Regions' historical emphasis on single-family land uses may not be complementary to the potential changing housing needs of younger generations and multi-generational families. Many throughout the Region believe that housing development patterns in areas like the Inland Region are unlikely to change, despite apartment and high density style living becoming more popular.<sup>75</sup> As part of our interview project, we interviewed local stakeholders about the future of the region's housing. One participant remarked, "the development community tends to be backwards-facing. They tend to look at past trends as opportunities to predict what's going to happen in the future and so that doesn't really give us a lot of opportunity to respond to today's need and produce or provide for a different type of housing..." Therefore, the Inland Region may need to actively reorient their housing goals to create more attainable housing to attract a younger workforce, who typically struggle with housing instability and attainability. However, because the average size of the American home has increased from 1,973 ft<sup>2</sup> in 1973, to 2,687 ft<sup>2</sup> in 2015, the mass growth of alternative housing is unlikely.<sup>76</sup> The production of housing suitable not only for those who wish to live in a multi-generational setting but for those who are entry-level homebuyers, or want to live in higher density transit-oriented settings, should become a priority to keep up with the Region's growing housing needs. Encouraging the production of attainable housing options throughout Southern California can alleviate some of California's affordability issues.

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71 Preece, Crawford, McKee, Flint, and Robinson, 2019.

72 Gardner, Geraldine, and Alexander Nasserjah, 2020.

73 Preece, Crawford, McKee, Flint, and Robinson, 2019.

74 Keene, Reid, and Batson, 2010.

75 Pinnegar, 2020.

76 Gardner, Geraldine, and Nasserjah, 2020.

## **I. Future Agenda for Practice and Research**

### **a. Economy and Business**

As the Inland Region continues to grow and recover from the economic impacts of COVID-19, ICSD strives to continue to examine the regional imbalances in education, housing, and jobs. There are many indicators of imbalance that are evident in the context of the Inland Region: housing stock, jobs, zoning, age, socio-economic status, etc. Housing policies and the local economy are influenced by these imbalances in the region and vice versa. A historical emphasis on single-family zoning, while neglecting commercial and industrial land uses, has created mass exurban areas. Thus, leading to longer commute times to larger employment centers. Policies to promote building and attracting businesses are needed throughout the Riverside-San Bernardino-Ontario MSA.

Additionally, balancing communities in the more social aspects of development can provide for quality of life enhancements and allows residents to build healthy and fulfilling lives for themselves and their families. Housing is not an isolated issue; the variety and quality of housing influences almost every aspect of one's life. Increasing housing, social opportunities, education, and jobs in a variety of areas translates into an increase in broader opportunities in the personal lives of residents. Crafting policy recommendations to promote balance in housing, education and the economy are of vital importance to the Region and to our future research.

### **b. Housing Affordability and Inequality Issues**

Housing affordability and affordable housing stock have gradually declined for most low-, very low-, and extremely low-income renters and for some low-income homeowners in the past few decades. Lack of housing affordability has significant negative consequences for individual households, neighborhoods, and the entire society.<sup>77</sup> It could force households to reside in physically defective or overcrowded housing, or low-quality neighborhoods with higher crime rates or lower-quality schools. Alternatively, households may occupy decent housing but be forced to reduce spending on other non-housing goods such as food, education, and health costs in order to make high rent or mortgage payments, thereby leading to negative wellbeing outcomes. In addition, lack of housing affordability is also closely related to housing instability and insecurity, which is likely to lead to forced displacement, or more specifically, evictions for renters and foreclosures for homeowners with a mortgage. As shown in Table 1, in 2017 more than half of the inland region's renters were burdened by housing cost (spending 30% or more of the household income on housing costs), and about 28% of renters were severely burdened (spending 50% or more of the household income on housing costs). As housing affordability and forced displacement are most prevalent among the poor, women, and ethnic minorities, they have increased the vulnerability of many disadvantaged communities and exacerbated socioeconomic inequalities along the lines of race, gender, and class. Inland Empire is socially and demographically diverse, as a home to a plurality of Hispanic/Latino (51%), white (32%), Black (6.9%), and Asian (6.6%) populations. This demographic and racial diversity is significant because the lack of housing affordability and housing insecurity disproportionately impact and penalizes

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<sup>77</sup> Galster, George, and Lee, 2021.

poor people and communities of color.

Table 7.1: Cost-burdened households in the Inland Empire: 2017

	Owner	Renter	Total
Not Burdened	557,215 (67%)	220,620 (43.8%)	777,835 (58.2%)
Moderately Burdened	152,460 (18.3%)	129,990 (25.8%)	282,450 (21.2%)
Severely Burdened	113,515 (13.6%)	141,570 (28.1%)	255,085 (19.1%)
Total	832,120	503,250	1,335,365

We plan to research a number of issues that could impact housing affordability including the housing market (e.g. housing costs, affordable housing stock/preservation), households (e.g. household growth, migration, income inequality), and public policies (e.g. affordable housing policies, regulations). We will utilize two valuable data sets: (1) the Zillow Transaction and Assessment Dataset (ZTRAX) - the nation’s largest real estate database, which recently became available for ICSD research, and (2) the confidential affordable housing data from the Riverside County Housing Authority. We also plan to conduct interviews, focus group studies, and surveys to seek opinions from diverse community stakeholders. The research is expected to provide comprehensive insights into the housing affordability issues and support housing policymaking in the inland region.

**c. Sustainability and housing: How will environmental goals impact housing construction and affordability?**

As detailed in this report, new housing production in the state has not kept pace with population growth and demand, resulting in price hikes and overcrowding. As California’s policy-makers strive to address these issues, attention must also be given to the costs of meeting new environmental laws and regulations aimed at reducing the State’s carbon footprint and addressing climate change. These rules will certainly add to the cost of new housing construction initially, but to what extent might longer-term benefits and costs to residents occur? ICSD will strive to examine these issues in the coming year, and attempt to present information that discusses the short and long term issues related to the dual needs of increasing the State’s housing supply and meeting environmental goals and objectives.



#### **d. COVID-19, Housing & New Research Areas**

The COVID-19 pandemic has deepened California’s housing crisis despite safe and decent housing becoming necessary to fight against the pandemic. With COVID-19’s resulting economic downturn, low-income and renter households disproportionately suffered from housing insecurity and instability due to financial hardship such as loss of income or unemployment. Additionally, the pandemic has made working from home a new normal, changing people’s views and expectations of housing and commuting. In the post-COVID-19 era, involuntary residential mobility (e.g. as a result of evictions), as well as voluntary mobility in seeking more suitable housing, are likely to shape neighborhood change, commuting, transportation, telecommuting, public health, and employment. The Census Bureau Household Pulse Survey (HPS) and Small Business Pulse Survey (SBPS), the most recent Zillow Transaction and Assessment Dataset (ZTRAX), as well as interviews, focus group studies, and surveys, will be utilized to shed light on these very important issues on the journey to recovery in the Inland Region. The research is expected to provide evidence for enhancing the resilience of communities and homes to mitigate the risk and effects of pandemic disasters and provide insights to inform regional public policymaking and support regional development.

#### **e. Success Stories among Government, Nonprofits and Research Institutions**

Future attention will also be given to examining to what extent localities throughout the state have designed and implemented programs and initiatives to spur new housing construction, and report on which initiatives might have application in our region.

## **II. Recommendations:**

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Two sets of policy recommendations are given as a conclusion: broad policy recommendations targeting incentives to accelerate housing production and recommendations stemming directly from our previous housing research.

#### **a. Three Proposals to Incentivize Jurisdictions to Pursue Housing Developments:**

1. **Reward progress toward RHNA milestones with increased access to infrastructure funding:** In 2006, California Proposition 1C provided \$1.35 billion in grants for local governments for various projects, including \$850 million for parks, water, sewer, transportation and environmental clean-up, \$300 million to local governments to encourage dense development near public transportation.<sup>78</sup> California leaders should consider a bond or other significant allocation of funding that would be allocated to local jurisdictions that show progress in meeting milestones targets in the current Regional Housing Needs Assessment (RHNA). HCD’s Prohousing Designation Program should also be expanded for this purpose; the Program enables HCD to designate jurisdictions as “pro-

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<sup>78</sup> California’s Legislative Analyst’s Office, 2006.

housing” when they demonstrate policies and planning that accelerate housing production.<sup>79</sup> The designation gives jurisdictions points/preference in various state funded grant programs.

**2. Change the fiscal calculus to make housing a revenue winner:** Localities focus on the fiscal effect that new developments will have on local revenues and expenditures—on whether the proposed development “pays its way” or can generate discretionary revenues for the jurisdiction. The most common approach is “fiscal zoning”—making land-use decisions that may not be based on the suitability of the land or the long-term needs of the region, but on the tax revenue a development can generate. Viewed in this context, housing is viewed by many local jurisdictional officials as a fiscal loser. Leaders should examine the benefits of a pilot effort to increase the amount of taxes allocated to jurisdictions from housing by changing current allocation methodologies. This was tried by Sacramento Assemblyman Darrell Steinberg’s AB 680 in 2002, which would have established a sales tax sharing program in the six-county Sacramento region.<sup>80</sup> While the bill was vehemently opposed by local jurisdictions throughout the state and was not passed, its major tenant – to reduce local governments’ incentive to pursue retail uses over others – deserves to be revisited. Examination should be given to similar programs in existence in Minnesota, New Jersey, and Ohio.<sup>81</sup>

**3. Provide incentives for converting underutilized retail to housing:** As retailers move away from brick and mortar sites, underutilized non-residential buildings are left behind. These structures already have infrastructure in place and are surrounded by existing development. The government and/or affordable housing developers should repurpose these sites for residential use. State leaders should prioritize redevelopment of these structures / areas to housing, and develop incentive packages for local jurisdictions to take action. This kind of policy has been successful on a local level. For example, the Fresno Housing Authority converted multiple motels into housing for the local homeless population.<sup>82</sup> Based on ICSD’s work throughout the previous year, we provide the following policy recommendations:

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#### **b. Accessory Dwelling Units Recommendations:**

1. Jurisdictions should consider **the development of programs to encourage the development of Accessory Dwelling Units**. These programs should include a series of free pre-developed and pre-approved ADU plans available to homeowners. These programs should have the overall objective to establish processes that reduce ADU costs and minimize red tape.

2. Jurisdictions should also **consider the elimination of city development fees specifically for ADU Development**.

3. As part of this ADU development program, jurisdiction should work with community members on the development of these standards and to otherwise educate the community on the role



<sup>79</sup> California Department of Housing and Community Development, 2019.

<sup>80</sup> California Legislative Information Database, 2002.

<sup>81</sup> Orfield and Luce, 2016.

<sup>82</sup> Council of Large Public Housing Authorities, 2020.

ADU's have in meeting state housing requirements.

Read the full report [here](#).

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### c. California Environmental Quality (CEQA) Policy Recommendations:

1. **An End to the Serpentine Legal Battle** - California should consider putting in place protections against the lengthy and costly legal processes that accompany a CEQA suit. Policies that limit or end serial or duplicate law-

suits to projects in which the state has determined to be not environmentally detrimental could be especially helpful (e.g., limit on appeals or limits on suits against projects which have faced previous development, policies specifically targeting litigation against housing, and not all types of development, should be considered. California law already sets goals of wrapping up CEQA lawsuits — including appeals — in nine months, but other court rules still leave room for



procedural gamesmanship that push CEQA proceedings past a year and beyond. Without harming the ability of all sides to prepare their cases, those delaying tactics could be outlawed.

2. **An End to Anonymity** – The implementation of policies that end the anonymity often associated with CEQA litigation. Those who bring a CEQA suit should have to disclose their identity, and their interests – environmental and non-environmental alike.

3. **Imposing Financial Disincentives** – In many civil cases, the losing party pays for court costs and attorney fees for the prevailing party. This should be an enforced and standard system for all CEQA litigation cases. Increasing the financial cost of baseless challenges may serve to limit litigation abuse by organizations which exist to solely challenge development under the guises of CEQA.

4. **Expand legislative relief from CEQA lawsuit delays** beyond politically favored projects like sports arenas. Additionally, more broadly limit the ability of organizations to bring suits against minor, non-prejudicial errors in CEQA documents which do not warrant vacating project approvals, and may cause large delays by repeating CEQA processes. With this reform, CEQA lawsuits that are brought against minor discrepancies in an EIR could be thrown out, but still allow CEQA cases that focus on projects that are potentially harmful to the natural environment or public health. Judges can toss out an entire project based on a few deficiencies in an Environmental Impact Report. Restraints should be added to the law to make remedies to deficiencies a normal, procedural part

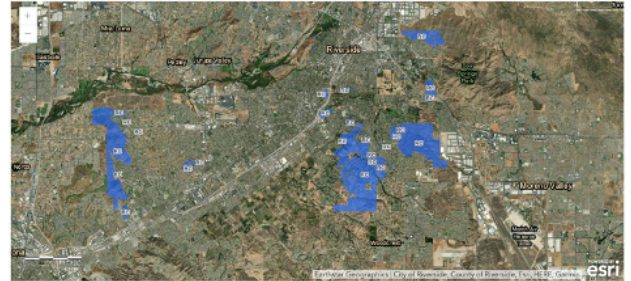


of the CEQA process.

5. Examine the concept of providing some CEQA relief to housing, such as expanding negative declaration findings for larger-scale projects that are proposed in jurisdictions that have state-certified housing elements. Further research on CEQA streamlining and exemptions is necessary.

Read the full report [here](#).

Residential Conservation (RC) Districts in Riverside, CA



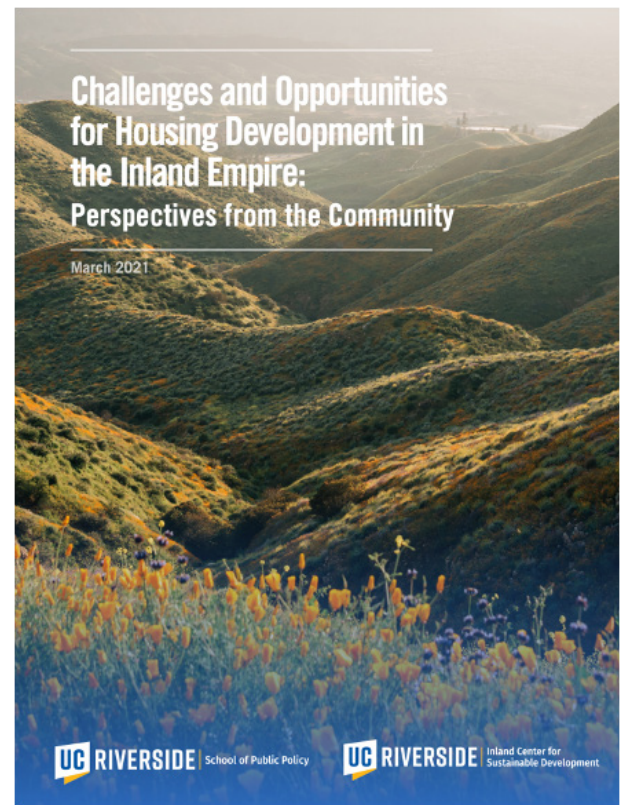
#### d. General Housing Policy Recommendations:

1. An increase in **communication, public engagement, transparency & coordination**. A large identified barrier in this study was the competing development demands particularly on city officials to balance the needs of developers with the needs of the community. However, many indicated that a lack of effective communications only furthers the developer/resident divide. Likewise, transparency from the government officials to both residents and developers and vice versa can streamline development.

2. **Further streamline** governmental procedures for housing production. According to many developers, the delay in approval for housing projects discourages investments in housing. A more standardized procedure and streamlined process – especially among jurisdictions since builders often work in more than one local community - may save time, and therefore decrease the costs of approving housing projects.

3. The **expansion of fee reduction programs specifically for affordable housing developments**. Fees are needed so that municipalities can mitigate the impacts that new development has on roads, public safety, education, parks, etc. But existing fee structures can also inhibit the development of needed low and moderate-income housing. Policy-makers should strive to identify where fees can be reduced and possibly offset by state and federal sources.

4. Additionally, **further CEQA relief for affordable housing** developments should be considered to promote development and improve costs. There are many forms in which CEQA relief can take, such as expanding lim-



itations on the ability for organizations to bring lawsuits for minor errors in CEQA documents. Limiting the requirements for Environmental Impact Reports (EIR's) for affordable housing, or expanding the ability to issue negative declarations for affordable projects can decrease development costs and building time should also be considered. Further research on CEQA streamlining and exemptions for affordable housing is necessary.

5. Inland municipalities should consider **updating outdated zoning policies** and incorporating more inclusive zoning policies. Some stakeholders indicated that due to rapidly changing and developing areas, zoning policies may not meet realistic demands in terms of housing production.

6. The **enhancement of the local economy and the creation of high-paying jobs**. The deliberate and targeted attraction and development of a higher-end workforce are important for the economic development of the region and would increase the number of people who are able to afford new homes here. Highly skilled industries can attract a wide range of residents that support different sectors of the economy, increase access to education and create socio-economic diversity. Neither Riverside or San Bernardino Counties has a functioning Economic Development Corporation (EDC) that could act to brand the region and compete for these kind of jobs that are urgently needed to 1) help reduce/eliminate out of county commutes because of the significant white-collar jobs to housing imbalance that exists between the coastal and inland counties, and 2) as mentioned above, potentially increase the number of people in the Inland Region that can afford new homes here. EDCs exist in each of the counties that surround the Inland Counties.

Read the full report [here](#).

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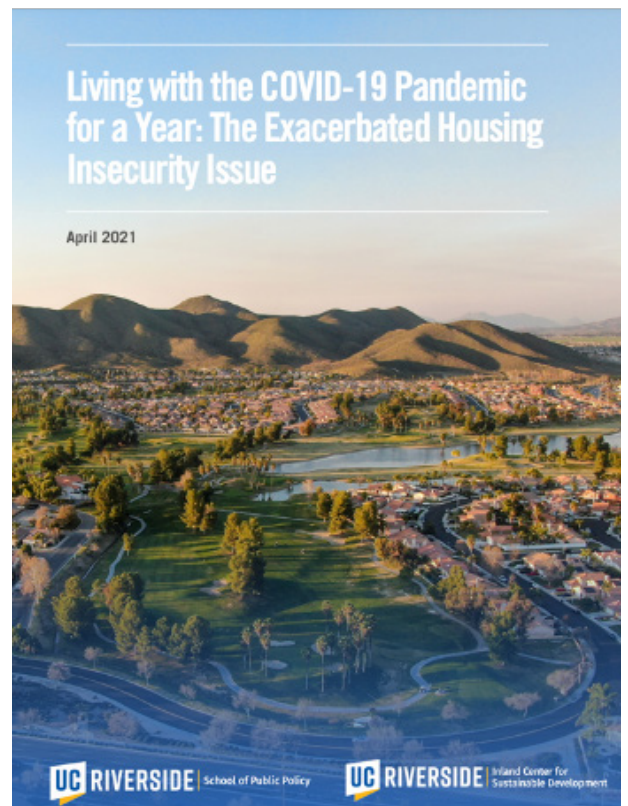
#### **e. COVID-19 Specific Policy Recommendations:**

##### **1. Expand the COVID-19 relief to protect against foreclosures and evictions:**

Federal, state, and local governments should consider expanding policy measures to protect against foreclosures and evictions and help building confidence and a sense of stability in housing. Although the vaccine is widely distributed and is expected to stop the spread of the virus, a long path to full economic recovery from the pandemic is still expected. At the federal level, the government is passing new economic relief legislation: President Biden's \$1.9 trillion package passed the House on March 10, 2021, and was signed into law on March 11, 2021. The package provides comprehensive assistance to Americans. In addition to a set of direct cash assistance to households including a \$300 per week boost to unemployment benefits through September 6, 2021, and an up to \$1,400 stimulus check. The package also provides financial assistance to renters and homeowners from losing their homes. Future relief packages, including those after the pandemic, should be adopted to assist those who have greatly suffered during the pandemic to keep their house and thrive again.

## 2. Consider adopting place-based policies for improving fair housing and equity:

Racial/ethnic disparity in housing insecurity existed before the onset of the pandemic. A recent analysis of the 2018 American Housing Survey (AHS) reveals significant mortgage interest rate disparities between white and black homeowners.<sup>10</sup> More specifically, black homeowners received higher interest rates for primary mortgages than white homeowners with similar incomes. Black households also received higher interest rates than white homeowners with substantially lower incomes. The associated larger monthly housing payments for black homeowners reduce housing affordability and increases housing insecurity for this group. Much of previous analyses have focused on the disparities between white and black households which have systematic racist roots like racially restrictive covenants and the inability to qualify for the G.I. Bill. However, for the Inland Region where the Hispanic/Latino population is relatively substantial, a more comprehensive analysis and perspective should be considered. Our analyses reveal that Hispanic/Latino and Non-Hispanic Black mortgage holder households were faced with the lowest level of housing insecurity in terms of not being able to be caught up with mortgage payment for the past month (9% and 2% respectively), while renter households of these two groups were faced with the highest level of housing insecurity (30% and 28% respectively). These patterns are quite different from the national average. Policymakers should take account of this regional difference and make place-sensitive policies to improve fair housing and equity in this region.



## 3. More and Diversified Resources for Unemployed Renters:

In the Inland Region, about one in four unemployed renter households were not caught up on rent in the past month. About two in three unemployed renter households reported they could be evicted in the next two months. These households are at a high risk of losing their homes and becoming homeless. For these households, the high level of housing insecurity is exacerbated by income insecurity as they are most likely to rely on assistance from the government or families to live with the pandemic. In addition to the financial assistance such as the unemployment benefit and stimulus check, more diverse resources to these households to improve their resilience to the pandemic should be considered. Some examples include rent deferral, on-line counseling to help ease the anxiety, and training for better jobs after the pandemic.

Read the full report [here](#).



# Appendix 1

## Growth Statistics by Locality:

City:	Number Built:	Percent Growth (1990 - 2019 or Incorporation – 2019):	Average Growth Percentage (from 1990 or incorporation)
Beaumont	13,191	355%	12.2%
La Quinta	18,531	288%	9.9%
Murrieta	27,651	285%	10.5%
Adelanto	6,839	248%	8.6%
Temecula	25,891	243%	8.4%
Coachella	6,801	178%	6.1%
Chino Hills	10,989	174%	6.2%
Lake Elsinore	11,953	171%	5.9%
Perris	11,696	150%	5.2%
Indio	19,489	149%	5.1%
Victorville	22,670	145%	5.0%
San Jacinto	9,099	133%	4.6%
Desert Hot Springs	6,183	113%	3.9%
Palm Desert	20,429	112%	3.9%
Corona	23,461	89%	3.1%
Blythe	2,561	88%	3.0%
Fontana	25,710	87%	3.0%
Hemet	16,375	83%	2.9%
Indian Wells	2,376	79%	2.7%
Hesperia	12,793	74%	2.5%
Rancho Cucamonga	23,073	63%	2.2%
Twentynine Palms	3,723	62%	2.2%
Apple Valley	10,405	62%	2.2%
Chino	9,484	59%	2.0%
Rancho Mirage	5,428	58%	2.0%
Moreno Valley	19,578	52%	1.8%
Banning	3,877	47%	1.6%
Yucaina	6,065	42%	1.5%
Cathedral City	6,218	41%	1.4%
Loma Linda	2,804	40%	1.4%
Calimesa	1,207	39%	1.4%
Highland	4,283	34%	1.2%
Yucca Valley	2,080	27%	1.0%
Norco	1,544	27%	0.9%
Riverside	21,154	26%	0.9%
Needles	536	23%	0.8%
Ontario	8,747	21%	0.7%
Menifee	5,754	19%	1.9%
Montclair	1,633	18%	0.6%
Palm Springs	5,522	18%	0.6%
Eastvale	2,512	17%	1.9%
Redlands	3,939	17%	0.6%
Grand Terrace	668	16%	0.6%
Big Bear Lake	1,386	16%	0.6%
Rialto	3,756	16%	0.5%
Upland	3,504	14%	0.5%
Barstow	1,136	13%	0.5%
Colton	1,794	12%	0.4%
San Bernardino	6,685	11%	0.4%
Wildomar	913	9%	0.9%
Jurupa Valley	2,055	8%	1.0%
Canyon Lake	15	0.3%	0.0%
Totals/Averages:	374,063	80%	2.9%

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