

City of Stockton
Housing Action Plan (HAP)
Public Review Draft

Section 2 – Housing Market and Needs

October 6, 2023

Market and Needs

The following chapter of the Stockton Housing Action Plan (HAP) summarizes current market conditions and trends within the local housing market. The purpose is to provide residents (both new and existing), property owners, community groups, and prospective developers with general guidance regarding the community's needs and the conditions that may influence the feasibility of housing in the City of Stockton. Below is a summary of some of the key findings of the analysis. For additional details, please refer to the remainder of this chapter. Additional research and information can also be found in Appendix A's Demographic Trends and Market Conditions Update and in the *City of Stockton 2023-2031 Housing Element*.

Five Main takeaways

1. Market constraints and the need for enhanced infrastructure influence Stockton's housing production. Governmental constraints do not seem to be an issue.
2. Current development trends only strengthen existing markets and do not support sustainable housing or income diversity.
3. Stockton has a higher percentage of minorities and low-income communities when compared to the region and state averages.
4. Key solutions to improve disadvantaged communities should include diversifying income levels for communities and activities that lead to wealth creation for lower-income households.
5. City efforts and Private investment cannot achieve major tasks on their own. Both groups do not have the funding or resources to pay for needed items.

Five Main Solutions

1. While the City cannot directly change the housing market, the city can engage in activities that would reduce the feasibility gap in projects by providing incentives, adequate infrastructure and partnering with private groups.
2. The City should explore activities that provide equal access to supportive services and encourage efforts to create wealth for residents in disadvantaged communities.
3. Proactively engage in public-private partnerships tied directly to City projects and projects that can demonstrate direct public benefit.
4. Explore Policy and Land Use amendments that would provide more flexibility for future development and help target more grant funding opportunities including for infill developments and brownfield redevelopment projects.
5. Provide more requirements and incentives to diversify housing types and income levels by changing the General Plan and zoning requirements. This would require diversification of housing in Stockton, with allowances and waivers for projects that demonstrate consistency with City housing goals.

Demographic Characteristics and Trends

Population and Household Growth

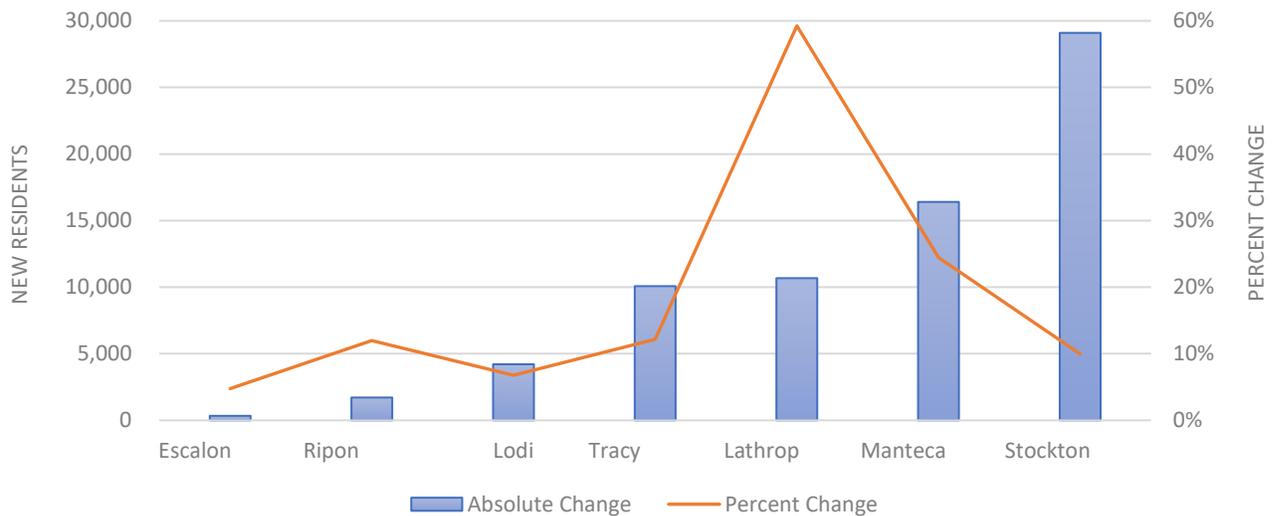
Stockton and San Joaquin County experienced significant population and household growth in the early- to mid-2000s, but growth slowed after the Great Recession. Between 2010 and 2020, Stockton added 10% more residents, while the county added 14%. Growth in the county shifted away from Stockton to other communities like Lathrop and Manteca. The annual rate of population growth in Stockton between 2010 and 2020 was 0.8 percent, or nearly half the 1.8 percent experienced over the prior decade (i.e., 2000 to 2010). While other communities in San Joaquin County grew more rapidly in recent years on a proportionate basis, Stockton is the largest urban center in San Joaquin County and had the largest absolute growth (i.e., roughly 29,100 new residents over the decade).

Table 1-Population and Household Growth

POPULATION	2000	2010	2020	PERCENT CHANGE 2000-2010	PERCENT CHANGE 2010-2020
<i>City of Stockton</i>	243,771	291,707	320,804	19.7%	10.0%
San Joaquin County	563,598	685,306	779,233	21.6%	13.7%
HOUSEHOLDS	2000	2010	2020	PERCENT CHANGE 2000-2010	PERCENT CHANGE 2010-2020
<i>City of Stockton</i>	78,556	90,605	97,736	15.3%	7.9%
San Joaquin County	181,629	215,007	241,119	18.4%	12.1%

Sources: U.S. Census Bureau, Decennial Census 2000, 2010, and 2020.

Figure 1-Population Growth by Jurisdiction, 2010-2020

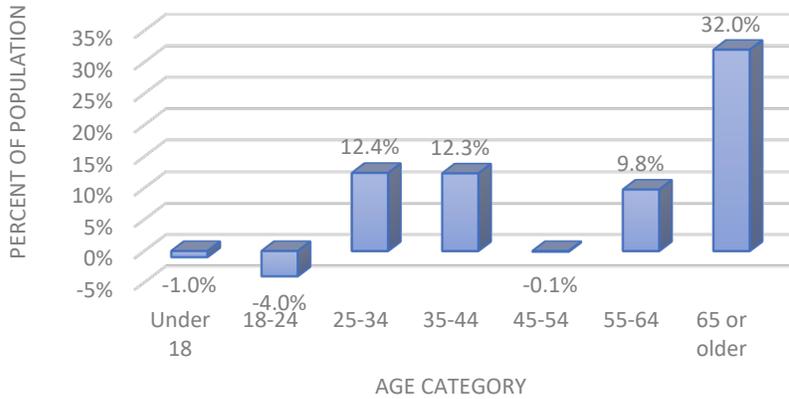


Sources: U.S. Census Bureau, Decennial Census 2000, 2010, and 2020.

Population Age Distribution

The age of residents affects their housing needs. Younger people prefer smaller units, while middle-aged households need more bedrooms. Older households downsize. Younger households usually rent, while middle-aged ones can afford homeownership. The Stockton population is mostly between the ages of 25 and 64, with one-third under 18 and 12 percent over 65. There was a decline in residents under 25 over the last decade and an increase between 25-44 years, indicating a shift towards prime working age.

Figure 2-Population Age Distribution, Change from 2010 to 2020



Sources: U.S. Census Bureau, Decennial Census 2010; American Community Survey 2016-2020 five-year sample data.

Race and Ethnicity

Stockton is a minority majority community. Hispanics represent the largest subgroup at 44% of the population. Other significant groups include Asians, non-Hispanic Whites, and African Americans. The largest growth occurred among Asians, African Americans and persons of mixed race/ethnicity.

Table 2-Distribution of the Population by Race and Ethnicity, 2010 and 2020

Racial or Ethnic Group	2010		2020		Change	
	Number	Percent	Number	Percent	Number	Percent
<i>Hispanic/Latino (a)</i>	117,590	40%	141,601	44%	24,011	20%
Not Hispanic/Latino	174,117	60%	179,203	56%	5,086	3%
<i>White</i>	66,836	23%	54,765	17%	(12,071)	-18%
Black/African American	33,507	11%	38,178	12%	4,671	14%
<i>Native American</i>	1,237	0%	1,237	0%	-	0%
Asian	60,323	21%	67,738	21%	7,415	12%
<i>Native Hawaiian/Pacific Islander</i>	1,622	1%	2,440	1%	818	50%
Other	470	0%	1,608	1%	1,138	242%
<i>Two or More Races</i>	10,122	3%	13,237	4%	3,115	31%
Total Population	291,707	100%	320,804	100%	29,097	10%

Note: (a) Includes all races for those of Hispanic/Latino background.

Sources: U.S. Census Bureau, Decennial Census 2010 and 2020.

Persons with Disabilities

In Stockton, 15% of the population has a physical or cognitive disability. The most common types of disabilities are ambulatory, cognitive, and independent living. These individuals have specific housing needs because of poverty and employment difficulties.

Table 3-Disability Status and Disability Type, Persons Five Years and Older, 2020

Disability Status	Stockton	
	Number	Percentage
Persons 5 years and over	286,286	100%
Without a disability	244,579	85%
With a disability	41,707	15%
Total disabilities tallied	85,544	100%
Hearing	9,354	11%
Vision	8,669	10%
Cognitive	17,547	21%
Ambulatory	23,442	27%
Self-Care	9,407	11%
Independent Living	17,125	20%

Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Persons in Need of Shelter

The latest Point-In-Time (PIT) count in San Joaquin County found 2,319 homeless individuals, with 1,355 being unsheltered. This is a 15 percent decrease from 2019. The City of Stockton had 893 unsheltered

individuals, a three percent decrease from 2019, but this may be due to COVID-19 pandemic.¹ Homelessness affects mostly White and African American individuals, with single men and female-headed families being the most impacted. Female-headed households make up 80 percent of all homeless families with children. Veterans are also disproportionately affected. Homeless shelter and transitional housing facilities currently located in Stockton have capacity for 1,172 persons at a given time.

Table 4-Homeless Point-in-Time (PIT) County, San Joaquin County, January 2022

	SHELTERED		UNSHELTERED		TOTAL	
	NUMBER	PERC.	NUMBER	PERC.	NUMBER	PERC.
Total Households and Persons						
Total Households	637	32.0%	1,355	68.0%	1,992	100.0%
TOTAL PERSONS	964	41.6%	1,355	58.4%	2,319	100.0%
Gender						
Female	432	18.6%	459	19.8%	891	38.4%
Male	530	22.9%	891	38.4%	1,421	61.3%
Ethnicity						
Hispanic/Latino	315	13.6%	411	17.7%	726	31.3%
Non- Hispanic/Latino	649	28.0%	944	40.7%	1,593	68.7%
Race						
Caucasian	533	23.0%	930	40.1%	1,463	63.1%
Black or African-American	248	10.7%	271	11.7%	519	22.4%
Asian	31	1.3%	35	1.5%	66	2.8%
American Indian or Alaska Native	26	1.1%	23	1.0%	49	2.1%
Native Hawaiian or Other Pacific Islander	19	0.8%	7	0.3%	26	1.1%
Multiple Races	107	4.6%	89	3.8%	196	8.5%

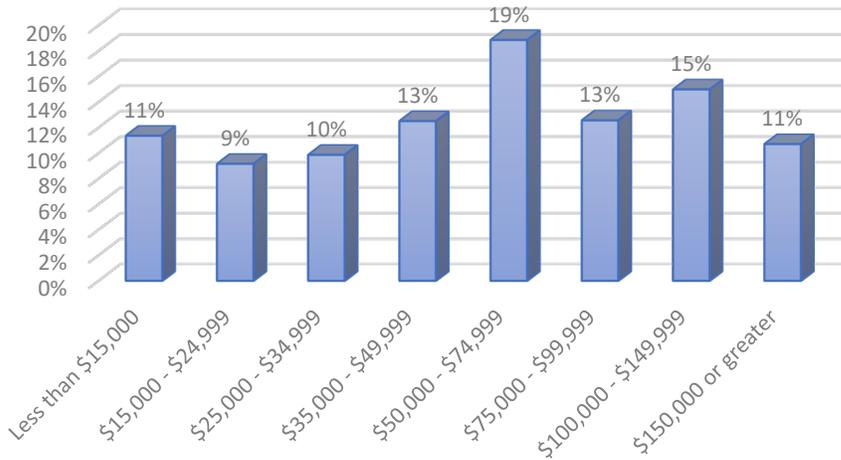
Source: San Joaquin Continuum of Care PIT Count, June 2022.

Household Income Characteristics

Forty-three percent of households in Stockton earn less than \$50,000 a year, making it difficult to afford an average-priced rental. Thirty-one percent earn between \$50,000 and \$99,999, and 26 percent make \$100,000 or more and can afford homeownership. The inflation adjusted median income in Stockton decreased over the last decade.

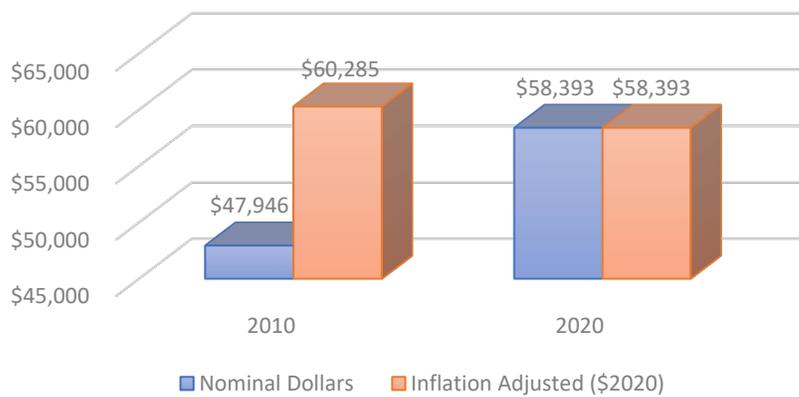
¹ This data indicates that while both San Joaquin County and the City of Stockton saw a decrease in the total number of individuals observed to be experiencing homelessness, the share of the countywide homeless population living in Stockton increased from 61 percent to 66 percent. This may be due, at least in part, to the fact that Stockton hosts a majority of the countywide inventory of homeless service providers and associated facilities. Nonetheless, new homeless shelters are under development in Lodi, Manteca, and Tracy, with a new acute care facility in French Camp.

Figure 4-Household Income Distribution, 2020



Sources: U.S. Census Bureau, American Community Survey 2006-2010 and 2016-2020 five-year sample data.

Figure 5-Nominal and Inflation Adjusted Median Income, 2010 and 2020



Sources: U.S. Census Bureau, American Community Survey 2006-2010 and 2016-2020 five-year sample data; California Department of Industrial Relations, Consumer Price Index, 2022.

Racially and/or Ethnically Concentrated Areas of Poverty (R/ECAP)

U.S. Department of Housing and Urban Development (HUD) collects information on Racially or Ethnically Concentrated Areas of Poverty (R/ECAP) which have non-White populations of at least 50 percent and where at least 40 percent of the population lives at or below the poverty line. R/ECAP tracts are generally concentrated in Downtown and South Stockton, as shown in Figure 6.

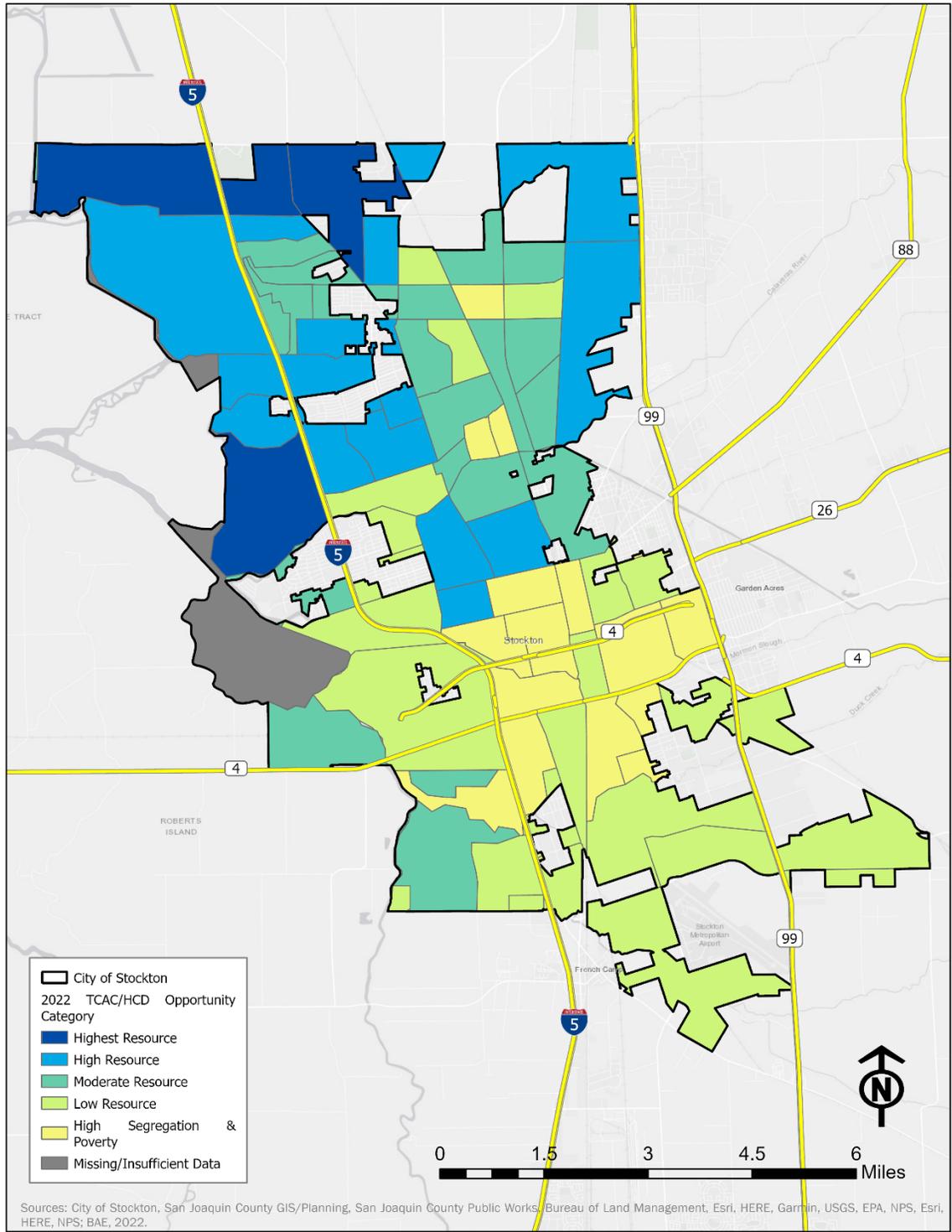
TCAC/HCD Opportunity Scores by Census Tract

The California Fair Housing Task Force produces Opportunity Maps that identify areas with positive economic, educational, and health outcomes for low-income families. These maps use 21 indicators, categorizing tracts into five groups based on index scores. Figure 7 indicates that:

- Areas with more resources are mainly found in the north of Stockton, while Downtown has high levels of segregation and poverty.
- Lower median household incomes and R/ECAPs also correlate with these areas. Most areas south of East Harding Way are either High Segregation and Poverty or Low Resource.
- The City should encourage both low-income and market rate housing development in these areas to provide a diversity of housing options.
- It will be important to encourage lower-income housing and market rate rental housing in High and Highest Resource areas to offer lower-income households' greater access to opportunities.

For more information on fair housing topics, as well as for resources to address fair housing issues, please refer to the Assessment of Fair Housing section of the 2023-2041 Housing Element.

Figure 7-TCAC/HCD Opportunity Scores by Census Tract, 2022



Sources: California Tax Credit Allocation Committee, Opportunity Area Maps, 2022.

Housing Problems

HUD measures housing instability by identifying common housing problems such as high costs, overcrowding, and substandard conditions. Data for Stockton indicate that:

- Excessive housing cost burden is the most common housing problem, impacting around 60 percent of households earning the median income or less, including both renters and owners.
- Overcrowding is also a concern, impacting about 10 percent of households.
- Substandard housing is a problem for less than two percent of Stockton households.
- Lower income households are more likely to experience housing problems. This is especially true for renters, with over 80 percent of those earning median income or less facing problems.

Table 5-Housing Problems by Tenure and Income Level, City of Stockton, 2014-2018 Five-Year Sample

	0-30% HAMFI (b)		31-50% HAMFI		51-80% HAMFI		81-100% HAMFI		≤ 100% HAMFI	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied Households ≤ 100% HAMFI (a)										
Substandard Housing (c)	45	1.7%	15	0.5%	15	0.3%	20	0.4%	95	0.6%
Severely Overcrowded (d)	70	2.6%	70	2.3%	110	1.9%	55	1.2%	305	1.9%
Overcrowded (e)	4	0.2%	65	2.1%	390	6.7%	415	9.1%	874	5.4%
Severe Housing Cost Burden (f)	1,675	63.2%	1,425	46.6%	1,420	24.5%	475	10.4%	4,995	31.1%
Housing Cost Burden (g)	220	8.3%	625	20.4%	1,485	25.6%	1,280	28.0%	3,610	22.5%
Zero/Negative Income	380	14.3%	0	0.0%	0	0.0%	0	0.0%	380	2.4%
Subtotal, Owners w/ Problems	2,394	90.4%	2,200	71.9%	3,420	59.0%	2,245	49.2%	10,259	63.8%
Total, Owners ≤ 100% HAMFI	2,649	100%	3,060	100%	5,800	100%	4,565	100%	16,074	100%
Renter-Occupied Households ≤ 100% HAMFI (a)										
Substandard Housing (c)	355	3.3%	165	1.7%	270	2.8%	60	1.2%	850	2.4%
Severely Overcrowded (d)	230	2.2%	290	2.9%	385	3.9%	100	2.0%	1,005	2.9%
Overcrowded (e)	750	7.0%	885	9.0%	960	9.8%	425	8.6%	3,020	8.6%
Severe Housing Cost Burden (f)	6,920	64.7%	4,695	47.7%	870	8.9%	160	3.2%	12,645	35.9%
Housing Cost Burden (g)	860	8.0%	2,930	29.8%	4,595	47.0%	1,495	30.2%	9,880	28.0%
Zero/Negative Income	870	8.1%	0	0.0%	0	0.0%	0	0.0%	870	2.5%
Subtotal, Renters w/ Problems	9,985	93.4%	8,965	91.1%	7,080	72.4%	2,240	45.3%	28,270	80.2%
Total, Renters ≤ 100% HAMFI	10,690	100.0%	9,845	100.0%	9,780	100.0%	4,945	100.0%	35,260	100.0%

Notes: (a) Problems are listed from most severe to least severe. Households may have multiple problems but are counted under the most severe problem.

(b) "HAMFI" is the HUD Area Median Family Income for Stockton-Lodi, CA MSA.

(c) Lacking complete plumbing or kitchen facilities.

(d) Greater than 1.5 persons per room.

(e) 1.01 to 1.5 persons per room.

(f) Housing costs greater than 50% of gross income.

(g) Housing costs greater than 30% but less than 50% of gross income.

Sources: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy (CHAS) data; BAE, 2022.

Employment Characteristics

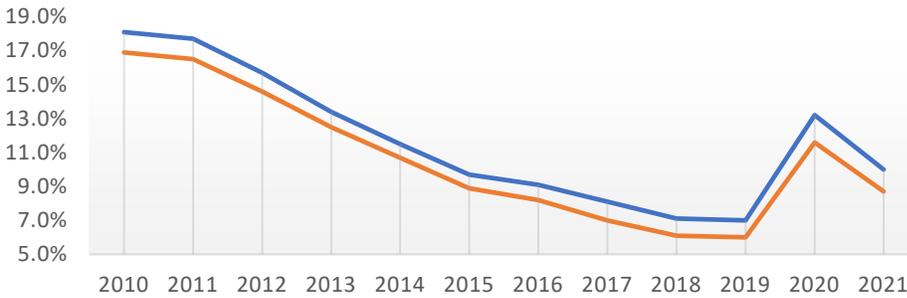
Stockton is the largest city in San Joaquin County and hosts many of the county’s largest employers. The top ten employers, including the school district, hospital, and Amazon, employ around 17 percent of the Stockton workforce. The top three employment sectors are Education and Health Services, Retail, and Transportation, Warehousing, and Utilities. Employment in Stockton accounts for 45 percent of countywide employment. Stockton's unemployment rate is typically higher than the countywide average. Before COVID-19, it had been steadily decreasing from the historic highs caused by the foreclosure crisis and Great Recession, though it remains elevated at around 10 percent. Roughly 22 percent of all households in Stockton are senior households (i.e., headed by a person aged 65 or over) who can often have special housing needs and can face challenges maintaining their housing.

Table 6-Employment by Industry, 2016-2020

	STOCKTON		SAN JOAQUIN COUNTY	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Agriculture, Forestry, Fishing and Hunting, and Mining	5,010	3.9%	14,472	4.5%
Construction	9,207	7.1%	27,114	8.5%
Manufacturing	10,425	8.1%	30,223	9.5%
Wholesale Trade	3,679	2.9%	9,655	3.0%
Retail Trade	15,650	12.1%	37,996	11.9%
Transportation, Warehousing, and Utilities	12,342	9.6%	27,176	8.5%
Information	1,358	1.1%	4,015	1.3%
Financial Activities	5,690	4.4%	14,579	4.6%
Professional, Scientific, and Management, and Administrative, and Waste Management Services	10,947	8.5%	30,877	9.7%
Educational and Health Services	28,702	22.3%	65,614	20.5%
Arts, Entertainment, and Recreation, and Accommodation and Food Services	11,358	8.8%	25,917	8.1%
Other Services	7,090	5.5%	15,573	4.9%
Public Administration	7,494	5.8%	16,597	5.2%

Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Figure 8-Unemployment Rate, 2010 to 2021



Sources: Bureau of Labor Statistics (BLS), Local Unemployment Statistics (LES).

Long-Range Growth Forecast

Stockton's growth rate has been moderate since the Great Recession and is expected to continue at a similar pace. The city anticipates a demand for 9,000 new housing units between 2020 and 2050.

Table 7-Employment by Industry, 2016-2020

	2020	2025	2030	2035	2040	2045	2050	Change, 2020-2050		
								Number	Perc.	Rate
City of Stockton										
Population	321,195	333,543	342,941	347,404	349,786	352,281	354,083	32,888	10.2%	0.3%
Households	97,365	101,388	103,527	104,527	105,075	105,514	105,987	8,622	8.9%	0.3%
Housing Units (a)	101,526	105,721	107,951	108,994	109,565	110,024	110,517	8,991	8.9%	0.3%
Employment	157,422	175,080	179,253	182,471	187,520	193,373	200,024	42,602	27.1%	0.8%
San Joaquin County										
Population	780,723	827,460	868,694	898,933	924,999	952,542	979,433	198,710	25.5%	0.8%
Households	241,351	256,612	267,660	276,184	283,865	291,606	299,803	58,452	24.2%	0.7%
Housing Units (a)	251,695	267,611	279,131	288,021	296,032	304,104	312,652	60,957	24.2%	0.7%
Employment	333,972	368,274	374,031	378,183	386,622	397,276	409,495	75,523	22.6%	0.7%

Note: (a) Assumes a 4.1 percent vacancy rate to calculate housing units, based on the 2020 Decennial Census vacancy rate for the City of Stockton and San Joaquin County.

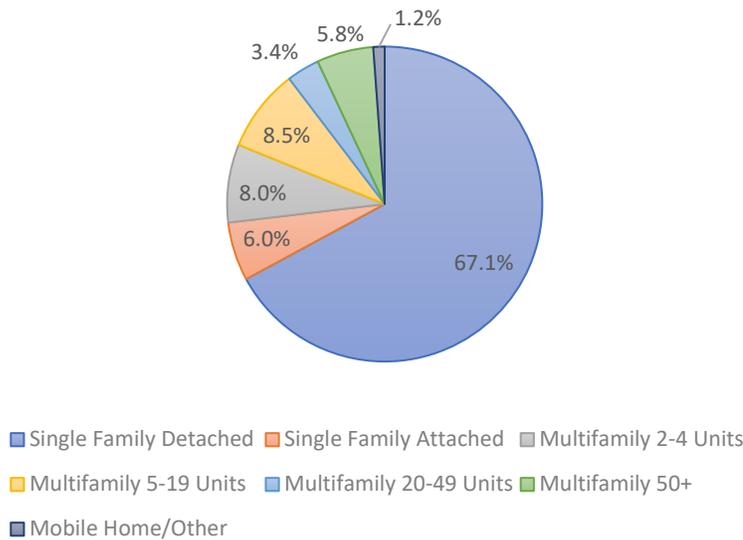
Sources: University of the Pacific Center for Business & Policy Research, San Joaquin County Demographic and Employment Forecast, 2022; U.S. Census Bureau, Decennial Census 2020.

Housing Market Conditions

Housing by Units in Structure

Stockton should prioritize preserving naturally occurring affordable housing (NOAH) units, which are smaller multifamily properties that serve as affordable housing options for lower- and moderate-income households. These units tend to have lower rents and sale prices, making them beneficial for middle-class and workforce households who may not qualify for housing subsidies but still need assistance. By preserving these NOAH units, the city can accommodate different household needs and income levels.

Figure 9-Housing by Units in Structure, 2016-2020 Five-Year ACS

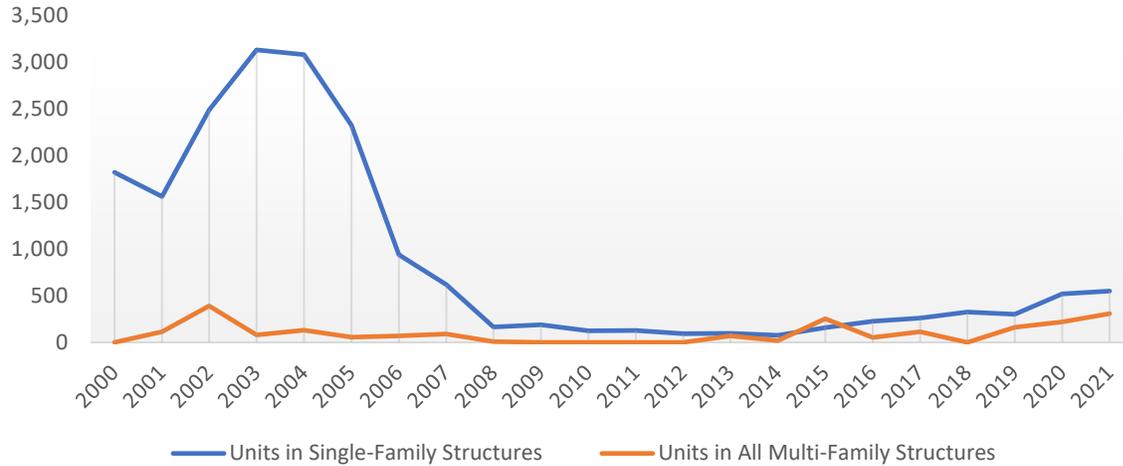


Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Building Permit Trends

A graph in Figure 10 shows building permit trends in Stockton from 2000 to 2021. Building increased between 2001 and 2005, decreased due to foreclosures in 2008, then rose again after 2015. Multifamily units make up 30-35 percent of new construction, though single-family units remain in the majority. Stockton permits construction of an average of 400 to 500 new residential units per year, including both single- and multifamily units. Recent trends indicate increased multifamily building activity in Stockton.

Figure 10-Residential Building Permits, 2000-2021

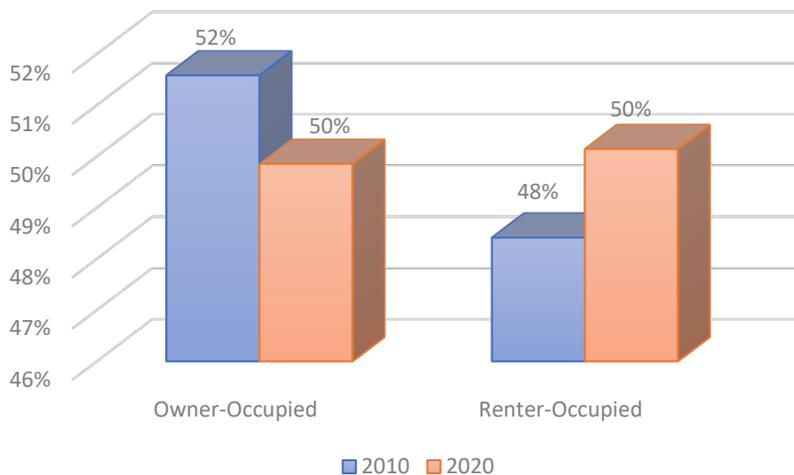


Sources: HUD State of the Cities Data Systems, 2022.

Household Tenure (Renter vs. Owner)

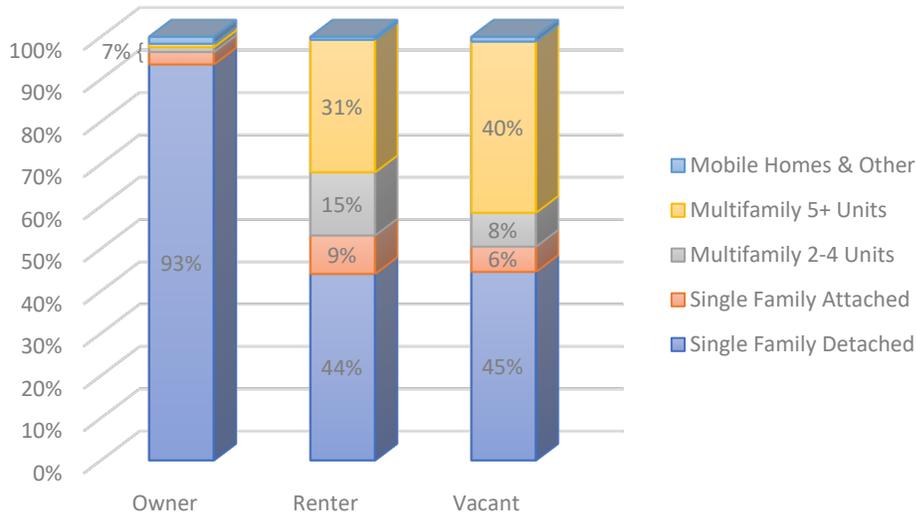
The length of time a household stays in a unit affects housing stability and wealth creation. Homeowners have fixed costs, can save more, and benefit from equity appreciation. Renters face instability due to rising costs. Stockton's homeownership rate declined over the decade, while renters increased, indicating a need for more entry-level homeownership options and rental housing. Detached single-family homes make up a large portion of Stockton's rental inventory, accounting for 44 percent. In contrast, only around 27 percent of rental homes in California are single-family homes.

Figure 11-Percent of Households by Tenure, 2010 and 2020



Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Figure 12-Percent of Housing Stock by Tenure and Units in Structure, 2020

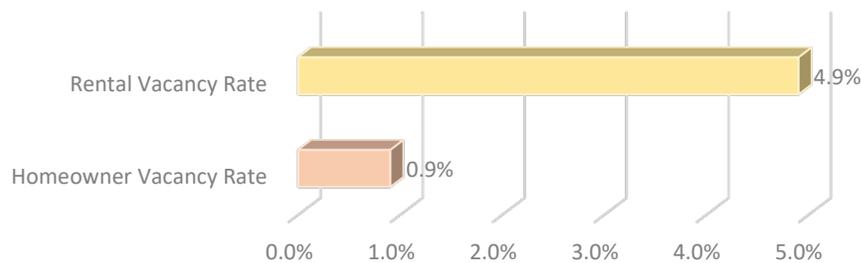


Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Housing Vacancy

Figure 12 shows that 50 percent of vacant housing units are single-family homes, while 48 percent are multifamily apartments (mostly with five or more units). The rest are mobile homes and other unconventional shelters like cars and motorhomes. The ownership housing market may be limited by a vacancy rate of less than 1 percent. The overall rental market seems notably healthier with a vacancy rate just under 5 percent. Nonetheless, there is a mismatch between household needs and inventory.

Figure 13-Functional Vacancy Rate by Tenure, 2020



Sources: U.S. Census Bureau, American Community Survey 2016-2020 five-year sample data.

Rental Market Conditions

Table 8 has data on multi-family unit rental rates by size, including asking rents and vacancy rates. As of Q1 2022, Stockton's average rent for multi-family units increased 9.4% to \$1,370.

Table 8-Multifamily Residential Market Summary by Unit Size, City of Stockton, Q1 2022

	Studio	1BD	2BD	3BD	4+ BD	All Units
Inventory, Q1, 2022 (Units)	1,419	7,512	6,519	1,007	9	16,466
% of Units	8.6%	45.6%	39.6%	6.1%	0.1%	100.0%
Occupied Units	1,362	7,239	6,312	979	9	15,901
Vacant Units	57	273	207	28	0	565
Vacancy Rate	4.0%	3.6%	3.2%	2.8%	3.1%	3.4%
Avg. Unit Size (sf)	516	634	925	1,220	1,232	784
Ave. Asking Rents						
Avg. Asking Rent, Q1 2021	\$1,004	\$1,098	\$1,425	\$1,354	\$1,341	\$1,254
Avg. Asking Rent, Q1 2022	\$1,065	\$1,221	\$1,542	\$1,452	\$1,381	\$1,370
% Change Q1 2021 - Q1 2022	6.1%	11.2%	8.2%	7.2%	3.0%	9.3%
Ave. Asking Rents Per SF						
Avg. Asking Rent, Q1 2021	\$2.05	\$1.76	\$1.55	\$1.10	\$1.09	\$1.60
Avg. Asking Rent, Q1 2022	\$2.20	\$1.97	\$1.68	\$1.19	\$1.12	\$1.75
% Change Q1 2021 - Q1 2022	7.3%	11.9%	8.4%	8.2%	2.8%	9.4%

Sources: CoStar Group, 2022.

Table 9 provides affordable rent estimates for different household sizes and income categories based on 2022 HCD income limits and utility allowances. By comparing these estimates to average market-rate rents in Table 8, we can see that moderate-income households can generally afford average market-rate multifamily rental housing. However, Most low-, very low- and extremely low-income households of all sizes may struggle to afford an average-priced rental apartment in Stockton.

Table 9-Affordable Rental Rates, San Joaquin County, 2022

2022 HCD Income Limits (a)	Persons Per Household				
	One	Two	Three	Four	Five+
Extremely Low-Income (30% MFI)	\$17,400	\$19,900	\$23,030	\$27,750	\$32,470
Very Low-Income (50% MFI)	\$29,000	\$33,150	\$37,300	\$41,400	\$44,750
Low-Income (80% MFI)	\$46,350	\$53,000	\$59,600	\$66,200	\$71,500
Moderate-Income (120% MFI)	\$71,400	\$81,600	\$91,800	\$102,000	\$110,150

Affordable Rents (b)	Unit Size				
	Studio	1BD	2BD	3BD	4+BD
Extremely Low					
1-Person	\$333	\$313			
2-Person		\$376	\$340		
3-Person			\$418	\$379	
4-Person			\$536	\$497	\$455
5-Person				\$615	\$573
Very Low					
1-Person	\$623	\$603			
2-Person		\$707	\$671		
3-Person			\$775	\$736	
4-Person			\$877	\$838	\$796
5-Person				\$922	\$880
Low					
1-Person	\$1,057	\$1,037			
2-Person		\$1,203	\$1,167		
3-Person			\$1,332	\$1,293	
4-Person			\$1,497	\$1,458	\$1,416
5-Person				\$1,591	\$1,549
Moderate					
1-Person	\$1,683	\$1,663			
2-Person		\$1,918	\$1,882		
3-Person			\$2,137	\$2,098	
4-Person			\$2,392	\$2,353	\$2,311
5-Person				\$2,557	\$2,515

Notes: (a) Income limits are based on the HCD-adjusted median family income of \$85,000 (\$2022).

(b) Affordable rents equal to 30 percent of gross monthly income, minus a utility allowance. The utility allowance is published by the Housing Authority in 2022. Utility allowance estimates assume that all heating, cooking, and water heating would be done using natural gas. Other electricity usage is also included, accounting for lighting, refrigeration, and small appliances.

Sources: HCD, 2022; Housing Authority County of San Joaquin, 2022.

For-Sale Market Conditions

From November 2021 to April 2022, 1,705 single-family homes and 88 condos were sold in Stockton. The median sale price for a single-family home was \$425,000, with a median price of \$195,000 for condos.

Table 10-Home Sale Distribution, City of Stockton November 2021 to April 2022

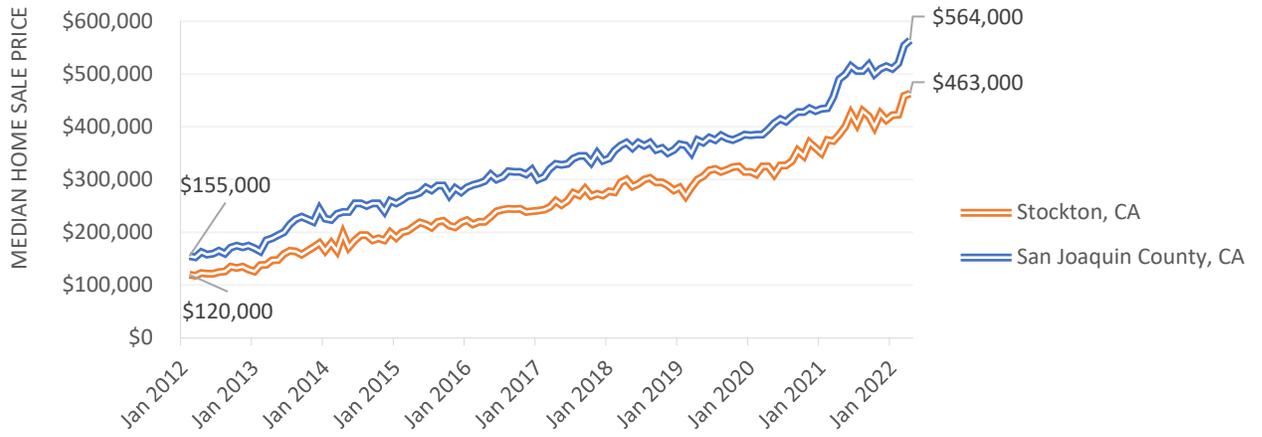
Single-Family Homes	1BD	2BD	3BD	4+BD	Total	Percent
Sale Price Range						
Less than \$300,000	9	112	61	22	204	12.0%
\$300,000-\$399,999	2	191	259	34	486	28.5%
\$400,000-\$499,999	1	28	337	141	507	29.7%
\$500,000-\$599,999	0	9	121	197	327	19.2%
\$600,000 or more	1	6	45	129	181	10.6%
Total Units Sold	13	346	823	523	1,705	100%
Percent of Total	0.8%	20.3%	48.3%	30.7%	100%	
Summary Statistics						
Median Sale Price	\$259,000	\$325,000	\$420,000	\$520,000	\$425,000	
Average Sale Price	\$294,577	\$345,650	\$435,941	\$541,069	\$448,788	
Average Unit Size (SF)	\$770	\$1,061	\$1,543	\$2,278	\$1,665	
Median Price per SF	\$373	\$318	\$289	\$238	\$279	
Average Price per SF	\$384	\$338	\$288	\$241	\$284	
Condominiums	1BD	2BD	3BD	4+BD	Total	Percent
Sale Price Range						
Less than \$150,000	11	11	0	0	22	25.0%
\$150,000-\$199,999	7	17	2	0	26	29.5%
\$200,000-\$249,999	1	11	1	0	13	14.8%
\$250,000 or more	0	22	5	0	27	30.7%
Total Units Sold	19	61	8	0	88	100%
Percent of Total	21.6%	69.3%	9.1%	0.0%	100%	
Summary Statistics						
Median Sale Price	\$145,000	\$215,000	\$260,000	n.a.	\$195,000	
Average Sale Price	\$224,926	\$224,926	\$224,926	n.a.	\$211,648	
Average Unit Size (SF)	\$595	\$991	\$1,255	n.a.	\$929	
Median Price per SF	\$237	\$236	\$220	n.a.	\$236	
Average Price per SF	\$224	\$224	\$224	n.a.	\$228	

Note: Data reflect full and verified sales from November 1, 2021, to April 30, 2022.

Sources: ListSource, 2022.

Home prices in Stockton and San Joaquin County have increased significantly over the last decade. The median sale price increased by 264 percent countywide and 286 percent in the city, which outpaced household income growth over the same period, making homeownership less achievable. While condos are a more affordable for-sale option, there are relatively few located in Stockton.

Figure 14-Median Home Sale Price, All Unit Types, February 2012 to April 2022



Sources: Redfin.com.

Table 11-Affordable Home Sale Prices, 2022

2022 HCD Income Limits (a)	Persons Per Household					Total Monthly Payment	Down Payment	Affordable Sale Price
	One	Two	Three	Four	Five+			
Extremely Low- Income (30% MFI)	\$17,400	\$19,900	\$23,030	\$27,750	\$32,470			
Very Low-Income (50% MFI)	\$29,000	\$33,150	\$37,300	\$41,400	\$44,750			
Low-Income (80% MFI)	\$46,350	\$53,000	\$59,600	\$66,200	\$71,500			
Moderate-Income (120% MFI)	\$71,400	\$81,600	\$91,800	\$102,000	\$110,150			
	Amount Avail. For Housing	Principal & Interest	Prop. Tax	Prop. Insur.	Mortgage Insurance	Total Monthly Payment	Down Payment	Affordable Sale Price
1-Person Household								
Extremely Low	\$450	\$332	\$17	\$61	\$41	\$450	\$3,171	\$60,392
Very Low	\$749	\$552	\$28	\$101	\$67	\$749	\$5,277	\$100,519
Low	\$1,197	\$882	\$45	\$162	\$108	\$1,197	\$8,434	\$160,643
Moderate	\$1,845	\$1,360	\$70	\$249	\$166	\$1,845	\$12,999	\$247,608
2-Person Household								
Extremely Low	\$514	\$379	\$19	\$69	\$46	\$514	\$3,622	\$68,981
Very Low	\$856	\$631	\$32	\$116	\$77	\$856	\$6,031	\$114,879
Low	\$1,369	\$1,009	\$52	\$185	\$123	\$1,369	\$9,646	\$183,726
Moderate	\$2,108	\$1,553	\$80	\$285	\$190	\$2,108	\$14,852	\$282,904
3-Person Household								
Extremely Low	\$595	\$438	\$23	\$80	\$54	\$595	\$4,192	\$79,852
Very Low	\$964	\$710	\$37	\$130	\$87	\$964	\$6,792	\$129,373
Low	\$1,540	\$1,135	\$58	\$208	\$139	\$1,540	\$10,850	\$206,675
Moderate	\$2,372	\$1,748	\$90	\$321	\$214	\$2,372	\$16,713	\$318,334
4-Person Household								
Extremely Low	\$717	\$528	\$27	\$97	\$65	\$717	\$5,052	\$96,225
Very Low	\$1,070	\$788	\$41	\$145	\$96	\$1,070	\$7,539	\$143,599
Low	\$1,710	\$1,260	\$65	\$231	\$154	\$1,710	\$12,048	\$229,490
Moderate	\$2,635	\$1,942	\$100	\$356	\$237	\$2,635	\$18,566	\$353,630
5-Person Household								
Extremely Low	\$839	\$618	\$32	\$113	\$76	\$839	\$5,911	\$112,598
Very Low	\$1,156	\$852	\$44	\$156	\$104	\$1,156	\$8,145	\$155,141
Low	\$1,847	\$1,361	\$70	\$250	\$166	\$1,847	\$13,014	\$247,876
Moderate	\$3,463	\$2,552	\$131	\$468	\$312	\$3,463	\$24,399	\$464,751

Note: (a) Income limits are based on the HCD-adjusted median family income of \$85,000 (\$2022).

(b) Based on the following ownership cost assumptions:

% of Income for Housing Costs - 31%

Down payment - 3.50%

Annual interest rate - 5.22%

Loan term - 30

Upfront mortgage insurance - 1.75%

Annual mortgage insurance - 0.85%

Annual property tax rate - 1.21%

Annual homeowners insurance - 0.29%

Sources: California Department of Housing and Community Development (HCD); California Department of Insurance, Homeowners Premium Survey; Freddie Mac.

Stockton should prioritize infill housing and produce more small, attached, housing units to encourage sustainable homeownership at all income levels. Building condos and townhomes could ease the shortage of for-sale homes and complement the construction of market rate and below market rate single-family homes and apartments for a more diverse range of housing options.

Emergency and Transitional Housing Resources

Tables 12 and 13 summarize the homeless service facilities in Stockton as of 2022, including bed capacity and the characteristics of clients they serve. The majority of facilities serve unaccompanied males and females, adult couples without children, and single-parent and two-parent families.

Housing Capacity (Available Land)

The city has enough land for 53,000 to 78,000 new housing units according to the land analysis in the HAP Housing Supply section and the 2023-2031 Housing Element. Challenges and recommended action for the City’s entire housing capacity and future supply are outlined in Section 4 of the HAP.

Development Costs

The following sections summarize costs related to **New Housing Construction** and **Preservation** as documented in the 2023-2031 Housing Element.

New Housing Costs

The total estimated development costs for a typical entry-level single-family home (1,800 square feet) are estimated to equal \$457,617, while a three-story one-bedroom apartment project with 27 units is estimated to cost \$561,457 per unit, including land costs, construction costs, fees, and permits.

Land Costs

Acquiring land for development can be expensive, sometimes making up over half of the final sales price. The value of the land is determined by development potential, owner expectations, and disincentives for keeping it undeveloped. In California, Prop. 13 prevents issues with property tax. Larger builders may purchase land speculatively until it's financially viable. The average price of residentially zoned land in Stockton is \$213,416 per acre, with a median lot size of 3.08 acres.

Table 14: Estimated Development Costs

TYPE OF COST	SINGLE-FAMILY UNIT (a)	MULTIFAMILY UNIT (b)
Land Costs (c)	\$98,000	\$337,162
Total Construction Cost (d)	\$299,955	\$192,253
Impact Fees (e)	\$43,704	\$22,964
Other Fees (e)	\$2,999	\$774
Building Permit Fee	\$2,428	\$1,320
Building Plan Check	\$1,020	\$554
School District Fee	\$10,512	\$5,840
Total Housing Development Costs	\$457,617	\$561,457

Notes:

(a) Fee estimate based on 1,800-square-foot home, 3-bedroom, 2-bathroom on a 5,663-square-foot lot.

(b) Based on a 1.48-acre vacant site with 27 multifamily units. Multifamily unit costs assume each unit is 1,000 square feet.

(c) The land cost per acre is assumed to be \$337,162.

(d) The construction cost is based on \$192.25 per square foot for a three-story complex and 1,000 square feet per unit sums to \$192,253.

(e) Based on total fee estimates from Table HE-64 of the 2023-2031 Housing Element.

Sources: Redfin and City of Stockton Master Fee Schedule,

Construction Costs

Housing construction costs can act as a constraint to the affordability of new housing. However, the cost of construction varies with the type, size, location, and amenities of the development.

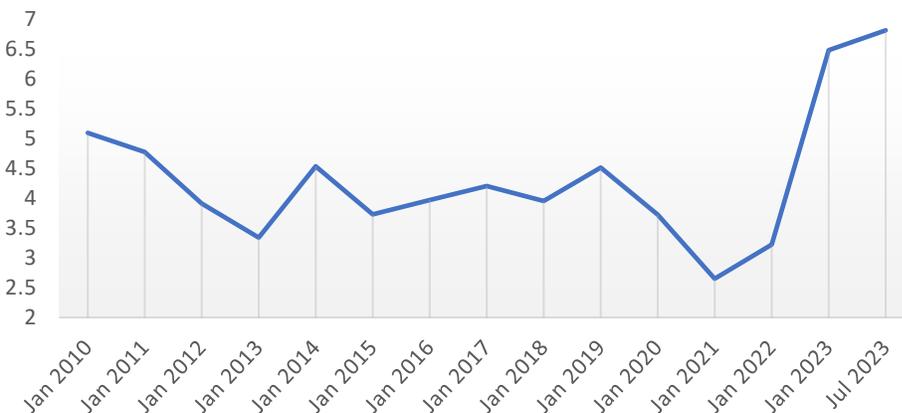
- Entry-level homes have fewer amenities than custom homes. The Craftsman Book Company provides construction cost estimates based on geographic areas and ZIP codes. Building a 2,000 sq ft single-family home in Stockton costs around \$151 per sq ft, totaling \$302,248 excluding land cost. Prefabricated factory-built homes are becoming popular and allowed in all residential areas, reducing material costs and on-site labor.
- Multifamily construction costs around \$121 per square foot, according to Craftsman Book Company's 2022 estimates. This includes a three-story building in Stockton with 40 units, each 1,000 square feet. Costs cover wood or light steel frame structures, plus heating and cooling. Each unit costs \$104,573 to build, and the total cost for the building is \$4,420,124. This doesn't include land or off-street parking expenses.

The City received an estimate for a 27-unit residential building with construction costs at \$192,253 per unit. Some builders are hesitant to start new projects due to high costs and rising interest rates. The City can avoid unnecessary amendments to building codes to reduce costs. Construction costs are not a major constraint to housing production in the area.

Construction and Permanent Financing

Local governments can support lower-income households and first-time homebuyers by offering interest rate write-downs and government-insured loan programs to reduce mortgage down-payment requirements. Interest rates directly impact the affordability of housing, with higher rates leading to increased monthly payments and fewer affordable options. Construction loans are also impacted by interest rates, with higher rates leading to higher costs. Fluctuations in interest rates can significantly impact monthly debt service expenses for rental projects. Rates have decreased due to the pandemic but have since increased significantly in 2022 and early-2023, reaching as high as 7% in July 2023.

Figure 15-Historical Mortgage Rates, 30-Year Fixed



Sources: Freddie Mac, Primary Mortgage Rate Survey, 2023.

Interest rates are high, causing a potential decrease in housing prices. However, low inventory in the single-family housing market has kept prices relatively high despite the predicted decrease.

Governmental and Non-Governmental Constraints

California law requires local governments to assess constraints to housing production. The 2023-2031 Housing Element analysis found no undue constraints in Stockton's Envision 2040 plan and Development Code updates. Main takeaways from the Housing Element include:

- Residential development is permitted in nonresidential and mixed-use zones, with high-density units up to 136 per acre downtown.
- The City's Affordable Housing Density Bonus exceeds State law by allowing 100% Density Bonuses. In addition, density waivers are allowed for small lots to match surrounding development and address site constraints.
- Parking standards are low and not a constraint for development, even for housing projects like TOD, affordable, senior, and small lots.
- ADUs are permitted by right and treated equally as other housing types. Supportive housing and low-barrier navigation centers are also allowed without constraints in specified zoning districts.
- In 2023, the City earned the Prohousing Designation from California's Housing and Community Development Department (HCD). This designation indicates the City has progressive policies and regulations that encourage housing production and increase the City's position in competing for funding programs.

Local government agencies cannot control construction costs or financing terms, which do not count as development constraints under California Housing Element law. However, if the City can assist with interest rate buy downs or cost-saving measures like prefabricated units, it may speed up new housing production.

Recommended Actions

The following actions expand on the Housing Element Goals and Programs and address specific challenges in Stockton's Housing Market for current and future housing needs.

Collaboration

The following actions shall continually be conducted to improve collaboration and inventory the needed resources and partnerships for additional action.

HAP-ACTION: Property Owner Outreach

Conduct targeted outreach to property owners in the Transformational Areas identified by the HAP and communities in the Neighborhood Action Plans to learn why they may leave a site undeveloped or underutilized. Explain any applicable incentives or programs the City offers that may assist the property owner with developing the site.

HAP-ACTION: Implementation Tracking on City's Website

The city will enhance its online monitoring of the Housing Element Program and Action Plan implementation and provide more frequent status updates, a list of resources and links,

contacts, workshops, and hearing materials, and any quantitative information. This online monitoring will be built from the City's required annual progress reports to accurately assess program success.

HAP-ACTION: Task Force

Create a task force of City, stakeholders, business, and regional partners to explore identified struggling commercial corridors in the City and propose actions that could include analysis of existing factors, partners, business and housing opportunities, and residential feedback. Corridors can include Martin Luther King/Charter Way, Main Street, Wilson Way, and others. The group could explore starting a comprehensive corridor redevelopment strategy in the central area of a community is a wise choice. The attention to the downtown area and central city, along with corridors and urban villages, allowed for the concentration of resources and a phased approach to redevelopment, creating synergies between the urban villages and commercial corridors. The group could explore.

- Improving the image and identification of the corridor
- Recruiting new businesses and reducing vacancies
- Improving street and alley lighting
- Improving transit opportunities and conditions, including bus stops
- Improving safety and security
- Improving maintenance of infrastructure, including streets, alleys, and sidewalks
- Increasing the mix of land uses
- Upgrading basic streetscapes in some areas and better maintaining existing streetscape in other areas

HAP-ACTION: Market City Land

The City must market available land to affordable housing developers and partner with them. It can also consider relocating public uses to make sites available for affordable housing, particularly in high-resource areas. Collaborating with other public agencies is important.

Other City Actions:

- Coordinate and track federal and state legislative changes and funding. Housing Element
- Improve City Branding efforts
- Economic Development Strategic Action Plan

Resources

The following actions focus on exploring, capturing, and maintaining funding for current and future housing needs.

HAP-ACTION: Maintain Prohousing Designation

The City shall strive to maintain its State Prohousing Designation to enhance its chances of remaining competitive for State funding grant programs in housing, transportation, infrastructure, and land use.

HAP-ACTION: On-Going Financial Assistance

Should the City be unable to reduce upfront costs, the City should explore ongoing financial assistance for rehabilitated buildings for residential use. These ongoing cost savings are intended to incentivize development and reduce the time needed to break even and profit from a reuse project. Ongoing options could include:

- Tax reductions
- Fee reductions for tenants
- Fee deferrals

HAP-ACTION: Balance requirements and incentives to encourage income diversity in housing projects.

The city could explore the following options to facilitate the production of housing projects that includes income diversity. This will also align with areas of the City identified in the Citywide Displacement study as being areas most likely to suffer from Gentrification and Displacement impacts.

- Establish a mixed-income ordinance that requires housing projects to provide housing diversity and/or affordability diversity (i.e., 70% market, 30% affordable to low/very low income). In addition to the standards, outline possible waivers that would allow flexibility in the requirement should the project provide some public benefit or fee. This can include land dedication for housing or civic uses, payment of in-lieu and linkage fees, or other public benefits provided by the project.
- Create informational handouts to educate developers on the benefits made available for projects that demonstrate housing and income diversity.

HAP-ACTION: Explore options for Rental Assistance Programs

The City will research affordable alternatives to up-front payments such as low- or no-interest loans, grants, and supportive services to reduce housing barriers for all residents. This includes the exploration of a Fair Chance Ordinance limiting the use of criminal records by landlords when screening tenants.

HAP-ACTION: Tenant-Based Housing Choice Vouchers

The City, with assistance from the Housing Authority, will explore Housing Choice Vouchers (HCVs) to provide affordable housing options for very low- and extremely low-income households in Stockton. This will include implementing Small Area Fair Market Rents, a Landlord Incentive Program based on federal funding, and providing landlord education on program benefits. The City will also consider other best practices to encourage new landlords to participate.

HAP-ACTION: Ownership Protection Programs

The City shall promote and expand programs that support existing homeowners in affording and maintaining their homes, including home repairs and foreclosure prevention, focusing on people of color and vulnerable populations, such as low-income households, the elderly, and people with disabilities. This includes resources and tools for ownership kept on the City's website.

HAP-ACTION: Historic Preservation Fund

Promote funding sources for historic preservation, such as California's Mills Act Property Tax Abatement Program, Federal Historic Preservation Tax Incentives Program, and State Historic Rehabilitation Tax Credit Program. These incentivize the rehabilitation and protection of historic resources in the Study Area.

HAP-ACTION: Increase Regulatory Incentives

The City shall work with developers and other stakeholders on replicable site plans or architectural plans to reduce pre-development costs and expedite the planning approval process for a variety of ADA-accessible housing types that could include.

- Enhanced typologies
- State Approved Designs (modular, etc.)
- Pre-Approved duplexes, triplexes, fourplexes, bungalow courts, and
- Other workforce housing types, that can be used throughout the City.

HAP-ACTION: Mitigation and Linkage Fees

The city should explore additional financing options that include:

- Establishment of a dedicated housing production fund that could be used to leverage other funding or be applied directly to qualified housing projects or efforts. The city could work with partners to match funds for new development or help offset the upfront cost of leasing or first-time home-buying programs.
- Apply housing mitigation fees for discretionary projects that impact housing demand.
- Any fee would require a nexus study prior to adoption to indicate impacts, costs, and anticipated exaction.
- New commercial or industrial development to meet the housing demand they generate, particularly the need for affordable housing for lower-income workers.
- Project seeking waivers to various standards or fees.

HAP-ACTION: Inclusionary Housing

Explore the strategic use of inclusionary housing for projects to provide more diversity in housing choices. This can be applied on a case-by-case review for projects seeking discretionary review, Development Agreement, or financial assistance and include the following options:

- Require inclusionary for select areas or when a project requires discretionary approval. Discretionary approvals can include tentative subdivision maps, Master Plans, Specific Plans, Planned Developments, general plan changes and/or zoning designation, annexation, development agreements, and financial assistance or fee waivers for items unrelated to housing.
- Require a percentage of residential land be higher-density housing
- Require a percentage of residential units to be set aside for various income groups
- Require dedication of land to the City for affordable housing-related projects
- Allow waiver of the required land/units through the payment on an inclusionary in-lieu fee that could be applied to future housing projects.

- Allow waiver of the required land/units/dedication/fees for other items that provide additional support to residents (parks, civic uses, job training)

HAP ACTION: Funding Partners

Partner with the State for new dedication of State resources A. Refers to the CA Auditor's report that calls for real coordination of resources between State funding agencies and between the State and Local jurisdictions and more efficient use of capital subsidies.

Other City Actions:

- Coordinate and track federal and state legislative changes and funding. Housing Element
- Improve City Branding efforts. Strategic Economic Development Plan

Increase Ownership

The following actions are intended to increase ownership opportunities.

HAP-ACTION: Increase Homeowners Programs In areas Of low Ownership

The City shall target outreach on homeownership programs and other housing opportunities to residents in areas at risk of displacement and gentrification and to populations historically excluded from homeownership by discriminatory mortgage lending practices.

HAP-ACTION: First-Time Homebuyer Assistance

The City shall seek resources for local down payment assistance programs and continue to apply for funding to support first-time homebuyer assistance programs. Available funding programs currently include the following: CalHome First-time Homebuyer Mortgage Assistance Program (CalHome), Building Equity and Growth in Neighborhoods Program (BEGIN), and Mortgage Credit Certificate Program (MCC). The City shall work with service providers and identify community partners to market these homeownership programs to residents in areas at risk of displacement and gentrification and to populations that have historically been excluded by discriminatory mortgage lending practices.

HAP-ACTION: Down-payment Assistance.

Work with San Joaquin County to conduct targeted outreach on the San Joaquin County to renters in the Study Area to provide down-payment assistance to interested and eligible lower-income, first-time homebuyers. This includes community-based organizations (CBOs) and other potential community partners that are working with interested low-income community members to develop new forms of community-driven, collective ownership models and wealth-building strategies for lower-income residents (e.g., co-op housing, community land trusts) to identify ways the City can support these efforts. The City shall work with communities at-risk of displacement to evaluate these ownership models and may explore innovative ideas such as interest rate buy-downs and incorporation of pre-fabricated housing units as strategies to increase affordability.

HAP-ACTION: Local Financing for Affordable Housing

The City shall study the feasibility of developing local financing strategies to help finance affordable housing. Some options could include reviewing and evaluating the viability of creating a public bank to help finance affordable housing, among other public goals, and forming a consortium of locally serving banks to develop a source of capital for residential builders who agree to target their housing product to the needs of the local economy.

HAP-ACTION: Land Acquisition Assistance

Commit to a meaningful expansion of community ownership through preservation housing acquisition which opens opportunities for community control of land and housing, meaningful tenant protections, and strong tenant participation.

HAP-ACTION: Support Condominium Conversions for Low-Income Ownership

To increase ownership opportunities in areas with low ownership and vacant land for new home sales, the city should partner with groups to explore converting the apartment and multi-unit residential properties into condominiums for residents to lease to own or purchase outright. The proposals would include owner participation, possible land acquisition, building review, and legal review.

HAP-ACTION: Community Land Trusts

Explore the option of land trust with property owners, stakeholders, and nonprofits in the communities. The City can provide information to these groups via the Internet and mail notices and attend community functions to spread education and awareness for groups interested in the concept.

Supportive Services

The following actions are intended to provide additional resources to residents.

HAP-ACTION: Possible Rent Escrow Programs

The City shall explore the feasibility and implementation of the Rent Escrow Account Program. If implementing an ordinance is deemed infeasible or ineffective, the City shall coordinate with stakeholders to identify alternative approaches to addressing the needs of tenants.

HAP-ACTION: Workforce Training

The City shall support efforts to connect low-income residents with financial empowerment resources, homeownership programs, small business assistance, living wage jobs, and workforce training resources and services. A list of these resources shall be placed on the City's website. This includes working with local high school districts, higher educational institutions, related non-profit agencies, and representatives of the building trades through the creation and regular convening of a taskforce to do outreach and educate youth on construction job options and benefits, develop training pathways and system coordination, and enhance programs to ensure sufficient, local skilled labor within our region.

HAP-ACTION: Rental Home Inspection

The City will explore the implementation of a Rental Housing Inspection Program. Building inspectors will inspect rental properties for compliance with building codes and safety standards. Corrective notices will be issued. The City will annually report the number of units inspected, violations found, and actions taken. Community-based organizations will provide education on the program to tenants and landlords.

HAP-ACTION: School Districts

Work with School districts to explore:

- Fee waivers for affordable housing.
- Available land for housing and civic uses.
- Educational options for underserved areas.
- Additional after-hour programs for childcare and job training.
- Joint-Use Agreements for job training and use of facilities.

Other City Actions:

- Amendments to the Development Code to allow and/or require larger residential sizes for larger households. Housing Element Program