

## Chico feeling impacts from state housing crisis

### DEVELOPMENT

By Ashiah Scharaga

[ascharaga@chicoer.com](mailto:ascharaga@chicoer.com)  
@AshiahD on Twitter

**CHICO** » Chico is plagued by a serious lack of housing.

The city's vacancy rate is miserably low — 3.9 percent for homes and 1.2 percent for apartments, according to the North Valley Property Owner's Association.

Chico Housing Director Marie Demers said at these rates, rents tend to go up and people can't move around because there's nowhere to go. The standard across the housing industry is typically 5-7 percent for a healthy market.

It's not just Chico's problem — it's reflective of statewide issues. Gov. Jerry Brown signed 15 bills on Sept. 29 in a legislative effort to address the California housing crisis and its lack of lower-priced homes and apartments. Local impacts will be discussed

Butte County's Housing Authority Director Ed Mayer said there's an enormous disconnect between the rents that exist and people's ability to pay for them.

In Chico, 66.8 percent of households are considered cost-burdened: They are paying more than 30 percent of their income on rent and utilities. Thirty-one percent are severely cost burdened, spending more than 50 percent of their income on these bills,

at Tuesday's City Council meeting.

This package includes Senate Bill 3, a \$4-billion housing bond that would require voter approval, and Senate Bill 2, a \$75 real estate transaction fee. If SB3 is approved, the state could bring in nearly \$1 billion a year between the two bills to help encourage the development of new homes for low-income residents — people earning 60 percent or less of the median income in a community. In Chico, a family of four would have to have an income of less than \$25,040 a year to qualify.

#### The cost of living

It isn't just a lack of housing — home affordability is an issue in Chico, as well. In 2016, the median four-person household income was \$62,600, according to the U.S. Department of Housing and Urban Development. A median home price was listed at \$310,000, according to Chico Multiple Listing Service.

The population of people who apply — most of which are low-income households that are not homeless — is moving so fast within the year that they are becoming harder to find. In 2015, only 2 percent of households that received vouchers couldn't find a place or get approved after the 120-day cut off. That number just two years later is now 12 percent.

“That's a good indicator of how tough it's getting to rent,” he said.

To afford that home, that same family would need to make at least 10 grand more per year, Demers said.



Although there are homes under construction, evidenced in this Dec. 11 photo, a lack of housing remains a problem in Chico.

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“Land availability, it's a really tricky thing, especially in Chico,” he said. “Where do we go to buy it? It's just not there.”

City Senior Planner Mike Sawley said the crux with the city's special planning and major growth areas identified in the General Plan is that the parcels are large and owned by few people. Until those owners come forward with development plans or sell, nobody is building anything in those spaces.

according to the city of Chico 20142022 Housing Element.

“Obviously if you’re paying that much of your income for rent, what’s left for groceries, medical, gas — y’know, basic necessities?” Demers said.

Mayer said this lack of vacancies and affordability are directly related.

“In California, we’ve been locked into an escalating spiral of ever-increasing prices because we simply do not produce enough housing,” he said.

California is a destination state. The demand is high compared to the supply, and this is also true for Chico, even though the local development community has been busy, with hundreds of units approved for construction in the last two years.

According to Chico’s Housing Element, 974 units need to be built in Chico for extremely- and very-low income families before 2022. Demers said only 15 have been built since July 2014, and that includes the recently completed Valley View Apartments for those with mental illness. The state needs to generate 180,000 housing units per year to keep up population growth, about 80,000 more than its currently producing, according to The Department of Housing and Community Development.

Mayer said the crisis has impacted the federal section 8 housing voucher program as well: just as demand is high for housing, demand is also high for vouchers. More than 5,000 households usually apply when the application opens up once a year, and out of those, only 2,100 were given a voucher last year.

Many people are a paycheck away from homelessness. Some are already there.

At least 1,096 people are homeless in Chico, according to the 2017 Butte Countywide Homeless Continuum of Care’s Homeless Point-In-Time Count Census.

There are many factors that contribute to homelessness, but the most common response from those experiencing it was an inability to find affordable housing, followed by lack of enough money for rent or deposit, finding a job and poor credit.

“If we live in communities we like, we have to be proactive in ensuring that they produce what we like and they accommodate all citizens,” Mayer said. “If we all have a place to live, we get a nice community to live in. If we don’t all have a place to live, we see the consequences that are very graphic.”

### **Development barriers**

Compounding the housing crisis, some developers in Chico want to build, but they’re running out of space.

Chris Giampaoli, of Epick Homes, said there is not a lot of “shovel-ready” land in Chico. If a developer wants to build 15-30 homes, they will be hard pressed to find property that is available.

This is because of the green line to the west, rocky soil to the east that presents environmental constraints, farm land in the north and people who have land but don’t want to sell.

Sawley said the city has approved more than a hundred lots that are just waiting to be developed.

Development impact fees, prevailing wage, building cost increases and new codes and restrictions all factor into the price of new homes for developers.

Giampaoli said it takes years and years to get projects with new homes through environmental impact reports, California Department of Fish and Wildlife and U.S. Army Corps of Engineers approvals, building and energy code requirements and city regulations.

These things take time, and they don’t come without a cost.

“It just adds up every time you turn around,” he said.

Right now, the city does not really have many incentives to encourage developers to build low-income or affordable properties, Demers said, aside from a housing density bonus for some projects.

In the past, the city could provide several million dollars for a project from Redevelopment Agency funding to attract outside financing or grants. Chico received about \$6 million annually for housing at the peak of the now-dissolved program.

Demers is hopeful the passage of SB2 and voter approval of the SB3 bond measure could bring additional financial resources to Chico. *Contact reporter Ashiah Scharaga at 896-7768.*

