



Building Industry Association
of Fresno/Madera Counties, Inc.

BIA Fresno/Madera Counties

UPDATE BULLETIN

Volume 25, Issue 9 – September 30, 2016

BIA ACTIVITIES

Community Leadership Forum—September 8, 2016

The Fresno-Madera Region: Where Are We Headed?



Brent McCaffrey—BIA Chairman
Tim Sullivan—Meyers Research



Bernard Jiminez—Fresno County
Randy Jackson—PlaceWorks
Norm Allinder—Madera County

Attendees at the “SOLD OUT” Forum



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Local Leaders and Experts Examine Where Fresno-Madera Is Headed

Research on the future of the Fresno-Madera region was presented to a packed house at a Building Industry Association (BIA) forum. The event was held on September 8th at Pardini’s and was sold-out with more than 110 people attending. The featured speaker was Tim Sullivan of Meyers Research, who is regarded as one of the country’s leading market experts in residential feasibility studies, strategic planning, and product development. He was joined by panelists Norm Allinder, Madera County planning director; Bernard Jimenez, deputy director of planning for Fresno County; and PlaceWorks president Randy Jackson, who has prepared general and specific plans for many local jurisdictions.

Research presented included:

In the last recession, Fresno home values declined by -42.5%, and today they’re currently at -20.7%. There are a significant number of potential homebuyers waiting on the sidelines. Those who dealt with short sales and bankruptcies in 2010 will be ready to come back to the market after 7 years, which will be 2017.

Top amenities that influence buyers to purchase are walking/jogging trails, park areas, and open space. Open space in home development is the new trend and builds long-term value into communities.

Other topics discussed by the panelists included the future of agriculture and water usage in the region.

“While Madera County will evolve significantly in the next 10 to 20 years, we continue to work closely with the agricultural community to protect ag lands,” said Norm Allinder, Madera County planning director. “Of the 700,000 acres that our county has zoned for agriculture, 500,000 of that is currently under the California Land Conservation Act, and we’ll add several hundred more acres into the Land Conservation Act this year.”

“As mandated by the Sustainable Groundwater Management Act of 2014, we’re working with other affected agencies to develop a comprehensive plan for basin-wide groundwater management,” said Bernard Jimenez, deputy director of planning for Fresno County. “This is something that will impact everyone as we either have to reduce our water usage or find a way to bring water into the area. We will need to have an extensive plan in place by 2020 to achieve long-term groundwater sustainability.”

“Our sell-out crowd was an indication of the strong interest in the future of our region. The BIA started these forums to engage, lead, and share knowledge and research on the challenges and opportunities facing us,” said Brent McCaffrey, chairman of the board of the Building Industry Association of Fresno/Madera Counties. “This forum was so popular that many in attendance have asked us to host it again next year which we hope to do. It’s a great way to look at the latest research while opening the discussion up with the public about where our region is headed.”



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Marcia Russell—Chair



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AROUND THE STATE

How Today's Housing Market Psychology Resembles 2005

Elliot Wave

Last month, the Financial Forecast compared the status of the current U.S. housing market to that of mid-2005, when the rush to buy U.S. housing reached the feverish climax shown on this long term chart of U.S. homebuilding stocks. [The price pattern shows that] housing appears to be on the cusp of return to the crisis environment that figured so prominently in the Great Recession.

The Financial Forecast observed last month, "Optimism toward housing prices appears as strong now as it was in July 2005." June was the 50th straight month of annual national home price appreciation. According to CNBC (Aug. 29), home prices are only 1% shy of their 2006 peak.

<http://goo.gl/tDTwjs>

Chronicle recommends: Yes on Prop. 51

San Francisco Chronicle

California voters have a chance in November to upgrade an overlooked part of the state's crumbling public infrastructure. Proposition 51 would provide \$9 billion in bond money to renovate aging classrooms and build new teaching facilities for the state's shifting population.

The measure divvies the sum among school districts and community colleges, spreading the fix-it work from kindergarten rooms to technical training classes. It's also the first state school bond in over a decade, a lapse blamed on California's recent wobbly finances and rival public works projects that jumped ahead.

<https://goo.gl/RLSiFf>

'An aggressive proposal that touched a lot of nerves': Why Gov. Brown's plan to stem the housing crisis failed

Los Angeles Times

The idea behind Gov. Jerry Brown's plan to stem the state's housing affordability crisis was simple: Make it easier to build houses.

If developers pledged to set aside some units in their projects for low-income residents, the governor's proposed legislation would have eliminated some local hurdles to building, likely leading to a modest increase in construction.

Yet the proposal the governor unveiled in May represented a profound shakeup in how the development process would have worked in California. The measure challenged the primacy of local control over housing, inflamed powerful entrenched interests and was eyed warily by the very groups representing those the plan was supposed to help.

<https://goo.gl/K9zKCP>



AROUND THE STATE

Fewer California homes went into foreclosure last month. What does that mean for home prices?

Pasadena-Star News

Figures released Tuesday from industry tracker CoreLogic show that in July just 0.3 percent of all California homes with a mortgage were in some stage of foreclosure. That's a considerably lower percentage than New Jersey (3.3 percent) and New York (3 percent).

California's inventory of foreclosure properties also fell more than 30 percent in July from a year earlier.

The number of completed foreclosures dropped from 26,509 in July 2015 to 21,343 in July of this year, a decrease of more than 19 percent. A completed foreclosure occurs when a property is purchased at auction by the lender or a third party, such as an investor.

<https://goo.gl/VDLrIK>

Why McMansions were doomed investments from the start

Business Insider

The term "McMansion" is not usually used as a compliment. Loosely defined as a cookie-cutter suburban home of between 3,000 and 5,000 square feet, the McMansion was considered the ultimate sign of affluence in the late 1980s, 1990s, and early 2000s, before the crash of the housing market in 2008.

A recent report from Bloomberg and Trulia claimed that these homes turned out to be terrible investments - though the assumption was that McMansions would cost more to construct and sell for more than a typical starter home, it turned out that just wasn't true. Bloomberg cited data from Trulia that showed that the premiums paid for McMansions have declined significantly in 85 of the country's 100 biggest cities.

<https://goo.gl/mJmFZY>

Zero Net Energy Projects To Transform Affordable Housing & Grocery Industry

Clean Technica

With the recent signing of SB 32 by the California Governor Jerry Brown, the State will be maintaining its aggressive emission reduction goals and taking it even further to achieve an additional 40% cut in emissions by 2030. This further strengthened effort to reduce emissions will mean that all industries, from transportation to manufacturing and construction, will need to take new measures and innovate across sectors.

One of the biggest culprits of greenhouse gas emissions are buildings. In this context, ProspectSV has taken on a couple of ambitious projects in San Francisco. With two \$3M grants from the California Energy Commission, it is working with an impressive set of partners to upgrade a Whole Foods Market and a historic, mixed-use building to Zero Net Energy (ZNE). ZNE design means that the building will utilize no more energy than it can produce onsite over the course of a calendar year, resulting in no energy utility costs and will emit no greenhouse gasses through energy use.

<https://goo.gl/5PgLBr>



AROUND THE STATE

Obama takes on zoning laws in bid to build more housing, spur growth

Politico

The Obama administration Monday is calling on cities and counties to rethink their zoning laws, saying that antiquated rules on construction, housing and land use are contributing to high rents and income inequality, and dragging down the U.S. economy as a whole.

City zoning battles usually are fought block by block, and the president's involvement will create friction, particularly among environmental groups and the not-in-my-backyard crowd. But the White House jawboning is welcome news to many others, including mayors and builders increasingly foiled by community opposition to development.

<https://goo.gl/oSpZE3>

California's housing shortage will hamper the economy, reports say

Los Angeles Times

The dearth of housing in California will put a drag on the state's economic growth, according to two new studies.

California will continue to pile on jobs in 2017, but its advantage over the rest of the country will shrink in the future, say a report from UC Riverside and another from UCLA.

The state cannot continue to grow as fast as it has in recent years, said economists who wrote the reports, unless it funnels more people into the workplace. But there aren't enough homes in the state to accommodate a wave of new workers.

<https://goo.gl/BzFkm9>

AROUND THE STATE

The New Face of Immigration Is Changing the Housing Market

By [Conor Sen](#)

The twin shortages plaguing the U.S. in 2016 -- a shortage of cheap service labor, and a shortage of affordable housing -- are products of the same little-noticed trend: For decades, the education level of immigrants has been rising.

A recent report from the National Academies of Sciences, Engineering, and Medicine entitled "The Economic and Fiscal Consequences of Immigration" shows that since 1970, [average educational attainment of Mexican immigrants](#) has increased to 9.5 years from 5.7 years. For Latin American immigrants outside of Mexico, average educational attainment has increased to 11.3 years from 9.5 years. For Chinese immigrants, it's increased to 13.9 years from 10.5 years.

This "up-skilling" of the immigrant labor force is contributing to the country's labor and housing woes. Historically, immigrants provided much of the muscle for building the nation's infrastructure. In the 1820s and 1830s, canals were built by Irish and German immigrants. Chinese immigrants were instrumental in building the First Transcontinental Railroad in the 1860s. The late 20th century Sun Belt boom, including the 1996 Summer Olympics in Atlanta, could not have been built without Mexican construction workers. (The games even [relied on illegal immigrants](#) to meet deadlines.)

Today's immigrants, many arriving with college degrees, are headed for other careers. These individuals aren't going to contribute to the supply of housing.

But they'll contribute to the demand.

Under the "old normal" of less-educated immigrants, workers may have huddled in immigrant neighborhoods in inner cities like the old Chinatowns, or agricultural communities like the Central Valley in California. But well-educated immigrants tend to desire, and can afford, the same kinds of neighborhoods that well-educated native-born Americans do: suburban neighborhoods with good schools. These neighborhoods often are the kinds of stable, desirable communities that have strict limits on density and new construction, restraining the housing supply, so an influx of educated immigrants has the effect of raising prices and pricing out some native-born residents (and less educated immigrants).

AROUND THE STATE

This is occurring not just in traditional gateway communities like the San Francisco Bay Area or Southern California, but also where I live, in metro Atlanta. From 2011 to 2016, Asian student enrollment in Georgia public schools increased by 11,400 students. Fifty-three percent of that growth occurred in just two of Georgia's 159 counties: Fulton and Forsyth, both in the Atlanta area. This rapid demographic shift leads to speculation about white flight from [increasingly Asian communities](#), as has [happened in California](#).

High-skilled immigrants are the least politically contentious, as nearly everyone agrees that they lead to faster economic growth and increased innovation and entrepreneurship and are net contributors to government budgets. But as this political season reminds us, not everyone feels like the societal benefits of immigration outweigh the personal costs. And the big losers of high-skilled immigration might be members of today's (largely white) upper middle class, who will face more competition for good housing, good schools and good jobs.

Not that there's anything wrong with that. But we should be prepared for the shift, as long as new American immigrants are more likely to be buying suburban houses than building them.

Education itself has become one of the main attractions of the U.S. In the 2014-15 academic year, international student growth at U.S. colleges and institutions grew at its [fastest rate since 1979](#), with nearly a million students, or one in 20, hailing from abroad. Rather than less-educated migrant farm workers from Latin America, the U.S. is increasingly importing well-educated students from China and India.

To contact the author of this story:

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BIA-Fresno/Madera Member Benefits

Three-In-One Membership

When you join the Building Industry Association of Fresno/Madera Counties you also become a member of the California Building Industry Association (CBIA www.cbia.org) and the National Association of Home Builders (NAHB www.nahb.org)

These associations work together to ensure sufficient affordable housing and to make the American dream of homeownership a reality. Your local, state and national memberships provide many valuable benefits, services and opportunities that range from advocacy, education, technical support, industry resources and the latest data and information.

Advocacy

Our advocates and member volunteers work year-round in your community, Sacramento and Washington, D.C. to encourage local government officials and lawmakers to provide incentives for people to purchase new homes and lower the costs of homebuilding, such as through fee reductions and eliminating high-cost regulations.

Targeted Networking and Marketing Opportunities

We encourage our members to *do business with members*. Local, state and national events also offer opportunities to build business relationships.

Our committees hold regularly scheduled meetings to fulfill tasks and goals.

Create brand awareness and make yourself known. Use your membership to promote your brand and market your business message to potential customers through advertising and sponsorships.

Save Money

- ◆ 2-10 Home Buyers Warranty: New Home Warranty Discount
- ◆ Ames Grenz Insurance Services: Dental, Medical and Vision Benefits
- ◆ BDx (Builders Digital Experience): List Communities/Homes for Free
- ◆ CBIA Workers Compensation Group Program: 5% Group Discount on Premium Rates
- ◆ CIRB Report: A Comprehensive Summary of Construction Permit Data for California: 20% Discount
- ◆ GM New Vehicle Purchase: \$500 Discount
- ◆ Member Rebate Program: Quarterly rebates on materials purchased
- ◆ APP: Fueling Program and Discounts
- ◆ FTD: 20% off floral arrangements and gifts
- ◆ Hewlett Packard Computers, etc.: Various discounts on notebooks, printers/scanners/handhelds, workstations, servers, storage third party options, FREE ground shipping
- ◆ NAHB Career Center: 20% off standard rates for job posting and 15% off human resources services
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- ◆ Avis: Up to 25% off rental cars and FREE Avis Preferred Service membership



Member Advantage at a Glance

www.nahb.org/ma

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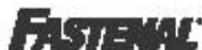
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Calendar of Events

October

- | | |
|--------------|--|
| 4 | BIA/Fresno Committee—9:00 am—Fresno City Hall, Room 4017 |
| 5 | BIA Board of Directors—8:45 am—265 E. River Park Circle |
| 10-12 | CBIA Meetings—Huntington Beach |
| 11 | PWB Executive Committee/Membership —12:00 pm—Motivational Systems, Inc. |
| 12 | BIA/Fresno County Committee—9:00 am— Fresno County Plaza—8th Floor—Conf. Rm. A |
| 19 | BIA/Clovis Committee—9:00 am—Clovis Police/Fire Department HQ—Exec. Conf. Rm. |