

Modesto's Housing Problem: Growing Population, High Cost, Difficulties in Obtaining Building Permits and Less Construction

Abdulla Mammadsoy, B.S. Candidate in Mathematics and Computer Science

California State University, Stanislaus

Introduction

- Modesto faces housing problem. Rising rent and housing cost as well as limited number of available housing units has turned into a nightmare for many families.
- The change in housing price is affected by many factors. To conduct a research and investigate this problem we need to observe few key factors that may cause high housing cost in Modesto.
- These key factors are population growth (both natural and migration), the process of obtaining building permits and construction, economy of the Central Valley, new tax laws bringing in more investments in real estate, etc.
- However, we will exclude some factors such as economic growth or geographically close location to Bay Area that may cause rapid population growth in cities of Central Valley.
- The goal is defining the problem and looking for solutions. Since we cannot change the situation regarding population or economic growth, we must look for solution referring to factors that can be affected. These factors that may help to contribute into solution of housing problem are easing the process of obtaining building permits and expanding construction of new dwellings.

Research Question

- The purpose of this research is to investigate how the housing problem and change in housing price is affected by population growth, limited number of available housing units, long and expensive process of obtaining building permits and lack of construction new dwellings.
- Dr. Soydemir (2019) mentioned that Central Valley has expensive permit fees and the process of obtaining a permit takes time.
- Carlson (2019) compares the population growth in Modesto to the number of housing units. "The number of permits issued last year was 38 percent below the total in 2005" (Carlson, 2019).
- Referring to previous research and articles, it clearly appears that the housing problem in Modesto exists for years and lack of construction along with difficulties in the process of obtaining building permits are key factors.

Background and Literature Review

- According to data retrieved from U.S. Census Bureau, there is a growth in obtaining building permits in recent years. However, the number of obtained building permits is lower.
- According to an article “New housing in Modesto did not keep pace with population growth in the past decade. Based on normal occupancy of 2.80 people per dwelling, the city needed 4,350 new housing units, five times more than what was built. Since 2011, population has grown by 12,209 but the number of dwellings has grown by only 791” (Carlson, 2019).
- Carlson (2019) refers to data obtained from the City of Modesto. This means that population growth outpaces the building units available for living. Observing data from “The Federal Housing Finance Agency”, we may see change in housing prices. Based on this data and later processing of information we will be able to investigate the housing problem and look for its possible solutions.

Methods

- **Design**

This research will use data from Bureau of Labor Statistics, U.S. Census Bureau, The Federal Housing Finance Agency, and City of Modesto. The further processing of obtained information, data analysis and visualization will help us compare data on the next key factors important for this research: population growth, construction, change in housing price, granting building permits. Using this data will serve to investigate and demonstrate how easing the process of obtaining building permits by policymakers and expanding construction of new units may help to satisfy the demand of growing population in housing. Balancing the supply and demand should lower the housing prices and contribute into solution of the housing problem in Modesto.

- **Materials**

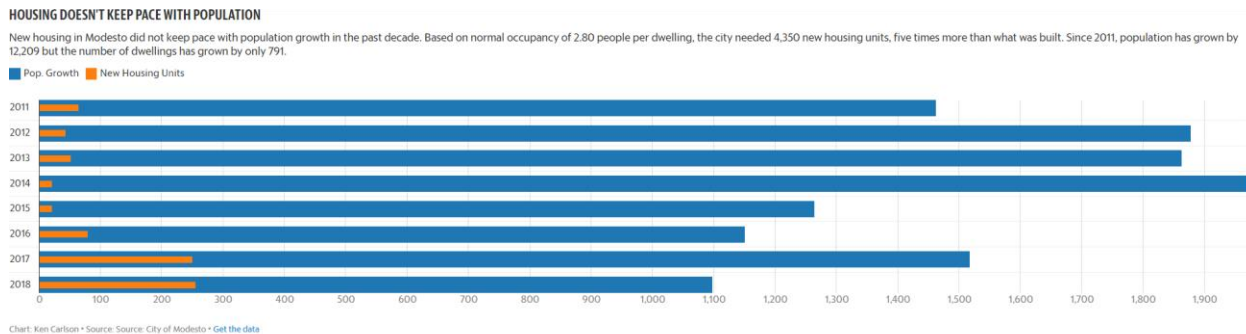
The data analysis from City of Modesto is expected to show in numbers and graph the population growth. Another data will provide the number of building permits granted for each year. These two data sets will demonstrate the population growth outpacing the construction of new housing units in times. In addition, this research will also include data showing change in housing price over years.

Expected Results

- The data demonstrating population growth and the number of granted building permits clearly shows the huge difference between those two. Since the housing units in Modesto are limited and there is less construction of new units, Modesto fails to satisfy the high demand in housing for its growing population. This change of price in housing over years is also shown in data obtained from The Federal Housing Finance Agency.
- This research will investigate how the change in housing price is affected by long and expensive process of obtaining building permits and lack of construction new dwellings. The data analysis is expected to support the hypothesis.

Significance

This study is important since high housing cost affects many families living in Modesto. Finch (2018) writes about the housing and affordable housing becoming a problem for residents. Many residents and families spent significant amount of their earnings on housing rent or faces becoming homeless.



Contact

Abdulla Mammadsoy
California State University, Stanislaus
amammadsoy@csustan.edu

References

- Carlson, K. (2019, August 15). Why so few places to live in Modesto? A clue. It has to do with raging economy. Retrieved April 17, 2020, from <https://www.modbee.com/news/local/article234000777.html>
- Carlson, K. (2019, July 22). Modesto has a severe housing shortage. Here's how and when all the problems started. Retrieved April 17, 2020, from <https://www.modbee.com/news/local/article232977642.html>
- Federal Housing Finance Agency. (n.d.). Retrieved April 17, 2020, from <https://www.fhfa.gov/>
- II, M. F. (2018, December 9). Housing in the Central Valley is changing. But not necessarily for the better. Retrieved April 17, 2020, from <https://www.sacbee.com/latest-news/article222821310.html>
- Salviati, C. (2019, October 2). New Housing Construction Continues to Lag: Building Permits vs. Job Growth 2019. Retrieved April 17, 2020, from <https://www.apartmentlist.com/rentonomics/building-permits-vs-job-growth-2019/>
- Soydemir, G. (2019). San Joaquin Valley Business Forecast. Retrieved April 17, 2020, from <https://www.csustan.edu/sjvbf>
- U.S. Bureau of Labor Statistics. (2020, April 15). Retrieved April 17, 2020, from <https://www.bls.gov/>
- US Census Bureau. (n.d.). Census.gov. Retrieved April 17, 2020, from <https://www.census.gov/>