

Building & Development and Water Efficiency



*PRESENTATION TO:
CV WATER ACADEMY
MARCH 2, 2023*

Mission Statement:

The DVBA is the Trade Association of the Building Industry Professionals, representing all levels of the construction industry and committed to ensuring that building of all types remains vibrant and strong in our region.

We are dedicated to providing excellence in community development while protecting the natural beauty of the Coachella & Imperial Valleys.

We are engaged with over 50 Agencies comprised of:

Local City Governments & County Agencies

School Districts

Water Districts

Air Quality Management Agencies &

Regional Transportation Agencies &

Variety of Other Regulatory Agencies

Throughout the Region & at the

State/National Levels



The DVBA is a partner/participant with:

- ✓ **California League of Cities – Only Building Industry Partner in the State**
- ✓ **Coachella Valley Housing Coalition (CVHC) – Advisory Board Member**
 - ✓ **California Desert Association of Realtors Partner Member**
 - ✓ **Greater Palm Springs Association of Realtors Partner Member**
 - ✓ **Rancho Mirage Chamber of Commerce Partner Member**
 - ✓ **Palm Desert Chamber of Commerce Partner Member**
 - ✓ **Indian Wells Chamber of Commerce Partner Member**
- ✓ **Desert Business Association Chamber of Commerce Partner Member**
 - ✓ **Thousand Palms Chamber of Commerce Partner Member**

DVBA also maintains as a Separate Subsidiary:

“The Coachella Imperial Valleys Strategies PAC”

Involved with Local, County, State & Federal Elections & Issues

(Over 200 Campaigns Supported/Opposed in Past 8 Years- With a nearly 80% Success Rate of Campaigns)

OBTAINING A WATER WILL SERVE LETTER

SB 610 – ENACTED JANUARY 1, 2002 & SB 221 – ENACTED JANUARY 1, 2002

THESE TWO STATE LEGISLATIVE BILLS FORMED THE BASIS BY WHICH “WILL SERVE” LETTERS ARE NOW GENERATED AS PART OF THE ENTITLEMENT PROCESS FOR NEW PROJECTS (HOUSING, INDUSTRIAL, COMMERCIAL, ETC).

ALL NEW DEVELOPMENT PROJECTS ARE CONDITIONED TO RECEIVE ONE OF THESE LETTERS FROM THE AGENCY THAT WILL BE PROVIDING WATER SERVICE TO THE FINISHED PROJECT

AS RELATED TO HOUSING PROJECTS WAS ORIGINALLY ENACTED FOR *LARGE* SUBDIVISION PROJECTS (*500 OR MORE UNITS*), HAS SINCE BEEN AMENDED TO INCLUDE ALL PROJECTS

UNLESS AN AGENCY ISSUES A “WILL SERVE” LETTER AS PART OF THE CONDITIONS OF APPROVAL FOR THE PROJECT, THE PROJECT WILL NOT BE APPROVED NOR MOVE FORWARD



March 19, 2020

The Day California came to
a screeching halt within
the Economy!

***So what “really” has
happened since
March of 2020 with Permits
& Housing Starts?***

What's happened to the Coachella Valley with Home Sales since COVID 19 Hit Us?

*The resale market has gone a **LOT!!!** crazy the past 2+ YEARS!*

- ✓ Extremely Low inventory
 - ✓ Multiple Offers for Resales
 - ✓ Low Low Interest Rates – so lots of Refi's as well as Pushing Buying Power
 - ✓ **RATES CHANGED DRAMATICALLY IN 2022 WITH RISING RATES**







*And On the New Home Side of Sales??
(Just as **Crazy!** For Sales)*

- ✓ Sales Office Moved to Appointments/Virtual Tours Initially
- ✓ Past Few Months – Reopened to include Walk Ins – But many remain Virtual Tours as optional
- ✓ Buyers **WERE** predominately California Based
- ✓ Will Seasonal/Snowbirds/2nd Homeowners Ever Return to the Market? (**STARTED TO RETURN WINTER 2022**)
- ✓ New Housing Projects Sold Out Months Earlier than Forecast

First Shown in June 2021 – Who Knew!!!

Housing Permits Issued

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	AS OF 12/31/2022
<i>Cathedral City</i>	72	132/(+70 MFD)	242	110	
<i>Coachella</i>	56	110/(+56 MFD)	82	69	
<i>Desert Hot Springs</i>	138	114/(+6 MFD)	98	21	
<i>Indian Wells</i>	50/+2 MFD	41	15	77	
<i>Indio</i>	588/+216 MFD	533/+184MFD	415	265	
<i>La Quinta</i>	501	256	190	138	
<i>Palm Desert</i>	619/+14 MFD	92	31	65 (+ 305 MFD)	
<i>Palm Springs</i>	190+173 MFD	306/+15 MFD	144	198 (+22 MFD)	
<i>Rancho Mirage</i>	<u>184</u>	<u>246</u>	<u>202</u>	<u>199</u>	
TOTALS	 2397/+461MFD	 1830/+275 MFD	 1419	 1142 /327 MFD	

How Many Houses Were Really!!!! Built?

*Last building boom (2008!!) saw nearly 8,800 permits issued across the
9 Coachella Valley Cities....*

But how does it look since the Economic Downturn?

While we are told it ended in 2013 – the Reality is this

2015..... 794 permits issued

2016..... 742 permits issued

2017..... 900 permits issued

2018..... 995 permits issued (Only 5 more than the prior year!)

There is currently a housing deficit of 1.5 million residences nationwide

We need to exceed 1.1 million starts per year to reduce it

California in 2021 – 65, 191 & in 2022 only 61, 468

Need 100,00 per year to reduce deficit

Burdens “or” Opportunities to Homeownership:

***Tri Annual Updates to Construction Building
Codes/Standards***

(NEW ELECTRICAL CODES IMPLEMENTED JAN 1, 2022)

(NEXT BUILDING CODE UPDATE JAN 1, 2024)

***POTENTIAL ON HORIZON OF “ALL”
ELECTRIC HOMES REQUIREMENTS***

(How does the Infrastructure Grid Support That?)

State Government ever increasing regulations!!!!

Fees – ever increasing costs of permitting

Length of time to gain approvals/NIMBYISM/

Supply Chain/Labor Issues

HOW HIGHER INTEREST RATES PRICE OUT BUYERS!!

The difference between a slightly more than 3% mortgage rate and a 7% mortgage rate adds roughly an **additional \$1,000 mortgage payment to a typical, new median-priced single-family home** and **prices 18 million U.S. households “out” of the market for the home.**

This means that a mortgage payment on a \$450,700 home would have increased from \$1,925 in January 2022.....
to \$2,923 in late October when mortgage rates topped 7%.

And while mortgage rates fell back modestly to a level of 6.42% at the end of the year, the monthly mortgage payment on the same home increased from \$1,925 in January when rates were just above 3%, to \$2,740 in December when rates doubled, *adding more than \$800 to the cost of the home loan.*

The Forecast is for rates below 6% by end of 2023!

SO – WHAT'S 2023 GOING TO LOOK LIKE

**PREDICTION THAT INTEREST RATES STABILIZE IN 2ND QUARTER 2023 –
POSSIBLE TO LOW 5% RANGE?**

MORE LIKELY LESS THAN 6% BY END OF 2023!

HOUSING STARTS WILL CONTINUE TO HAPPEN...

**BUT WILL DEPEND ON RESOLUTION TO SUPPLY CHAIN ISSUES/
AVAILABILITY OF LABOR FORCE & STABILIZED INTEREST RATES**

***HOUSING STARTS DECLINED NATIONWIDE FOR 1ST TIME IN 11 YEARS,
EXCEPT FOR HERE IN THE COACHELLA VALLEY***

**CHALLENGES WILL BE SEEN FROM STATE & FEDERAL GOVERNMENT
WITH EVER MORE REGULATIONS, CODE UPDATES AND
GENERAL WACKINESS (YES – THAT IS A BUILDING TERM!)**

AWAITING SUPREME COURT RULING ON WATERS OF THE U.S. (WOTUS)

So be prepared for any & everything to come in 2023!

DVBA representing the Industry at the International Builders Show – Las Vegas – Jan 29-Feb 2, 2023

Resurgence from Pandemic, Innovation, Education & New Designs all key components to a Hugely Successful Show





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