

March 9, 2018

The Honorable Jim Beall
Chair
Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

The Honorable Anthony Cannella
Vice Chair
Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

Re: Support for SB 827 Planning and Zoning: Transit-Rich Housing Bonus

Dear Chair Beall and Vice Chair Cannella,

We, the undersigned, are writing in support of SB 827, “Planning and Zoning: Transit-Rich Housing Bonus.” This bill would permit denser housing development in areas near high-quality transit. We write this letter knowing that SB 827 remains a work in progress. It has been revised substantially since it was first unveiled, and we expect that it will continue to be revised as voters, elected officials, and community groups work to improve it. Our support therefore is largely for the idea behind SB 827. We explain this support below.

California is in the midst of an unprecedented housing crisis, and the root of that crisis is a failure to build homes. Housing prices have risen virtually across-the-board in California, making basic shelter a burden for not just low-income residents but also working- and middle-class households. These rising prices owe largely to our state adding jobs and people without adding enough new housing. Between 2009 and 2014, California added 544,000 households but only 467,000 new housing units, and the state is now 49th out of 50 in housing units per capita. The housing units California has added, moreover, tend not to be in places where the demand for housing is largest. We build most in our inland areas, and least in neighborhoods of our large metropolitan areas where jobs and other economic opportunities are most prevalent. In short, we do not have enough housing, and new supply is often not geographically matched to demand.

The consequences of this crisis are serious for many Californians, and devastating for the lowest-income Californians. High housing prices harm anyone who seeks shelter. But the harms are particularly acute for low-income households. California’s most vulnerable residents have low and unstable incomes, and the state has failed to protect them from the volatility of the housing market. There are long waiting lists for subsidized affordable units, public housing units, and housing vouchers. As a result, the vast majority of low-income Californians must house themselves, without subsidy, using the open housing market. And that market, as a result of the

housing crisis, has become brutal and unforgiving. Our failure to build new housing has driven up the price of our existing housing stock, because more potential buyers now exist for every available unit. Landlords have more power, and affluent consumers who might otherwise buy new units now compete for older units instead, fueling gentrification, displacement and homelessness. Today almost none of California's low-income and very-low-income households can afford the local cost of housing.

It always been within the power of local governments to alleviate this crisis, but they have consistently failed to act. Our housing crisis is a preventable and self-inflicted catastrophe. Had our cities allowed housing to be built, price appreciation would be far lower. But too many cities, even as prices rose, have done the opposite. They have erected regulatory and legal barriers to housing, chief among them low-density zoning. In most parts of most cities, local governments prohibit the construction of multi-family housing. These constraints on new housing catered to the concerns of existing residents, who worried about traffic congestion, neighborhood aesthetics, the ease of parking on the street, and the nature or character of people might live in multi-family housing. Some of these concerns are understandable (others are *not*), but cities that block housing out of fears over congestion or aesthetics are prioritizing amenities a lucky few over basic shelter for the many. By accident or intent, our local governments have created and presided over a massive transfer of wealth: from renters to owners, from the poor to the rich, and from the young to the old. They have also reinforced the segregation, by race and income, of our metropolitan areas.

SB 827 can break the local gridlock and put housing where it belongs. The local failure to build housing owes largely to the political incentives local governments face. Local officials are most responsive to local voters, and the most vocal of these local voters are often suspicious of housing. The result is a collective action problem: when every local government looks out for itself, the state as a whole suffers, and the most vulnerable residents—who often have the least local voice—suffer most. The State of California has an interest in ensuring housing production in our high-demand neighborhoods, and particularly in the parts of those urban areas that give people the option of driving less (and “driving less” includes by rail *and* bus), which will also contribute to the state's ambitious climate goals. No one should pretend that simply building homes near transit will dramatically slow climate change. But California's climate goals cannot be met without new housing in its established urban areas, and if we are to build housing, we should build in a way that has the smallest environmental impact.

SB 827 includes some of the strongest anti-displacement provisions ever proposed in California. Done carelessly, upzoning along transit corridors can have the perverse impact of displacing vulnerable residents. Nothing can completely eliminate this risk, but SB 827 offers robust protections for renters that in most places will be stronger than what exists today. Developers cannot use SB 827 to demolish rent-stabilized housing, unless the local government passes a Right to Remain Guarantee. If a local government does approve a demolition permit for renter-occupied housing, developers must compensate any displaced tenants by paying their moving expenses, subsidizing their new rent to ensure they don't pay more than their previous rent, and offering them a home in the new building at that previous rent. Perhaps most important, allowing new housing in high-demand areas that previously excluded it can reduce some of the development pressure currently felt in lower-income areas.

Nothing about SB 827 implies, nor should imply, that it alone will solve the housing crisis. Building housing is a necessary but not sufficient strategy for solving our housing problems. California has a long overdue obligation to its most vulnerable residents, and more market-rate housing will not by itself meet that obligation. The state must also find more resources for housing subsidies, strengthen protections for tenants, and examine policies to reduce the cost of building housing. SB 827 does not stand in the way of those goals, and indeed complements those goals in many ways. SB 827 works with local inclusionary housing policies, and by upzoning parcels currently restricted to single family homes it would dramatically expand the number and location of developments subject to inclusionary zoning. In the same way, SB 827 also complements state affordable housing legislation, such as SB 2 and SB 3. While new supply cannot by itself solve the housing crisis, *there is no path out of the crisis that does not involve new supply.* Building housing cannot be the only way we help low-income Californians. But not building housing will continue to hurt them.

For all these reasons, we urge support and consideration for the path that SB 827 lays out, and look forward to continued discussions to improve it.

Signed,

Michael Manville
Associate Professor of Urban Planning
University of California, Los Angeles

Michael Lens
Associate Professor of Urban Planning and Public Policy
University of California, Los Angeles

Paavo Monkkonen
Associate Professor of Urban Planning and Public Policy
University of California, Los Angeles

Victoria Basolo
Professor of Urban Planning and Public Policy
University of California, Irvine

Evelyn Blumenberg
Professor of Urban Planning
University of California, Los Angeles

Daniel Chatman
Associate Professor of City and Regional Planning
University of California, Los Angeles

Dana Cuff
Professor of Architecture/Urban Design and Urban Planning
University of California, Los Angeles

Ethan Elkind
Director of the Climate Program
University of California, Berkeley

C.J Gabbe
Assistant Professor of Environmental Studies and Sciences
Santa Clara University

Carol Galante
Distinguished Professor of Affordable Housing and Urban Policy
University of California, Berkeley

Richard Green
Professor of Public Policy and Real Estate
University of Southern California

Susan Handy
Professor of Environmental Science and Policy
University of California at Davis

Anastasia Loukaitou-Sideris
Professor of Urban Planning
University of California, Los Angeles

Greg Morrow
Professor of Real Estate
Pepperdine University

Paul Ong
Professor of Urban Planning
University of California, Los Angeles

Vinit Mukhija
Professor of Urban Planning
University of California, Los Angeles

Carolina Reid
Assistant Professor of City and Regional Planning
University of California, Berkeley

Donald Shoup
Distinguished Professor of Urban Planning
University of California, Los Angeles

Brian Taylor
Professor of Urban Planning
University of California, Los Angeles

Chris Tilly
Professor of Urban Planning
University of California, Los Angeles

Rick Wilson
Professor of Urban and Regional Planning
Cal Poly Pomona

Jonathan Zasloff
Professor of Law
University of California, Los Angeles