

May 5, 2020

Senate President pro Tempore Toni Atkins
State Capitol
Room 205
Sacramento, CA 95814

Assembly Speaker Anthony Rendon
State Capitol
Room 219
Sacramento, CA 95814

RE: Housing production legislation

Dear President pro Tempore Atkins and Speaker Rendon:

Thank you for your decisive and prompt action during the COVID-19 pandemic. The State government's response to the pandemic has undoubtedly saved lives, and your extraordinary leadership has been a key part of that response.

On behalf of the undersigned organizations, we are writing in support of bringing forward major housing production legislation in the current legislative session. CalMatters reported that an ad hoc committee has been formed in the Senate to develop a production bill (or suite of bills) that is agreeable to both houses and the Governor.

Major housing production legislation is needed now more than ever. Housing permits in 2019 were down statewide from 2018, and housing production since the 2008 financial crisis has failed to meet the need for new homes year-over-year. The nearly 111,000 housing permits issued in 2019 represents just 3 percent of the 3.5 million new homes the McKinsey Global Institute says California needs by 2025.

The health and economic crises stemming from the coronavirus and COVID-19 further underscore the need for new, low-cost homes. At a time when social distancing and staying at home is required to ensure public health, tens of thousands of people experiencing homelessness, many of whom are at high risk of COVID-19, remain unsheltered due to the high cost of living stemming from our substantial housing deficit.

Additionally, we are already experiencing a housing production slowdown due to the economic impacts of the pandemic. The U.S. Department of Commerce found construction of new apartments and condominiums, which are naturally more affordable housing types, was down more than 30% from February to March.

With that said, we understand that addressing the immediate impacts of COVID-19 is top priority at this moment. Ending the spread of COVID-19, administering federal resources, protecting homeowners and tenants, assisting small businesses, and saving lives and jobs are

understandably the focus of our elected officials. Again, we applaud the legislature's response to the health emergency and do not seek to divert attention from the immediate crises.

When California does beat the virus, housing will be central to the economic recovery, both in San Diego and statewide. It is well-documented that meager housing production and a dearth of low-cost homes are significant drags on the economy. Conversely, housing production is a major stimulus, creating and sustaining jobs throughout the economy.

According to a recent study by the National Association of Home Builders, building just 1,000 homes creates 2,900 full-time jobs and generates more than \$110 million in taxes and fees that support essential services like police, firefighters and schools. This revenue is critical with governments at all levels, including the City of San Diego, facing unprecedented budget deficits. It also results in the ultimate benefit to communities – more affordable homes. This is in part why the American Recovery and Reinvestment Act, enacted in 2009 following the financial crisis, significantly bolstered the Low Income Housing Tax Credit program and provided billions of dollars in supplemental funding for federal housing programs.

As you know, California cannot deficit spend like the federal government can during economic recessions, but it can and must create the conditions to allow for the proliferation of low-cost homes when financial resources come online and the economy regains its footing. Major housing production legislation at the state level can do just that, but such legislation must favor the types of homes California needs – infill, low-cost homes.

To that end, we request the Senate's ad hoc committee consider the following:

- **Transit-oriented development** – using proximity to major transit hubs to allow for greater densities, such as mid-rise developments, is crucial to increasing affordability and achieving the State's and San Diego's climate goals. Transit-oriented, mid-rise apartment communities do not impact our neighborhoods. They enrich them. There is no finer example of this than the revitalization of El Cajon Boulevard, where the stretch through North Park recently saw the openings of North Park Seniors, an LGBT-friendly, affordable housing community for seniors, and BLVD North Park Apartments.
- **Development in high-opportunity areas** – We support increasing density not just near transit, but also in high-opportunity areas and near job centers. A [report](#) from the UC Berkeley Turner Center for Housing Innovation compares the feasibility of a hypothetical 12-unit project in Menlo Park and the Fruitvale neighborhood in Oakland. The project in Menlo Park, home to Facebook, is "very feasible", whereas the same project in Fruitvale would not be. Yet we continue to site new housing in disadvantaged areas at risk of gentrification because apartments are essentially banned in wealthy, low-density areas like Menlo Park. This must change.

- **Affordable requirements** – To account for our affordable housing need, new production legislation should include an inclusionary housing provision. However, market rate and affordable development possess very different financing structures, so this requirement should be carefully calibrated, with paying an in-lieu fee as an option, to ensure production across the income spectrum remains feasible.
- **Parking** – reducing or eliminating parking requirements is often one of the most controversial aspects of housing policy, but we believe the State must preclude localities from mandating residential parking in new development near transit. Parking requirements increase housing costs and perpetuate car dependence, two things that stand at odds with California's values.
- **Scaled density** – All neighborhoods should share the responsibility of addressing our housing deficit. New production legislation, such as SB 902 (Wiener), should strive for this goal by modestly increasing allowable density on all property zoned for single-family residential use.

We would like to express our gratitude for Sen. Atkins's vote in support of SB 50 in January. Your leadership and longstanding commitment to the issue of housing is inspiring and we look forward to supporting both the Senate's and Assembly's work on housing in 2020 and beyond. For that reason, it is with great optimism that we write to you urging your continued leadership on housing in the upcoming legislative session.

Sincerely,

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