# HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT POLICY COMMITTEE HIGHLIGHTS
## Thursday, March 27, 2025

**ATTENDANCE**

Members: Wes Speake (Chair); Leslie Castellano (Vice Chair); Tiffany Allen; Rob Baquera; Scott Behrendt; Art Bishop; Evan Branning; Jorgel Chavez; Alexxis Diaz; Tanya Doby; Marilyn Ezzy Ashcraft; Waymond Fermon; Alma Hernandez; Andrew Jared; Lisa Kaplan; Tamala Kelly; Mark Lazzareto; Danielle LeBlang; Kari Leon; Sergio Lopez; Julie Lucido; Carlos Manzo; Meredith Matthews; Patricia Matthews; Stacey Mattina; Thaddeus McCormack; John Miki; Lisa Motoyama; Juan Munoz-Guevara; Scott Ochoa; Beth Painter; Ray Pearl; Scott Sawin; Cindy Silva; Lisa Soghor; Thomas Soule; Fred Strong; Toni Taber; Julie Testa; Maureen Toms; Helen Tran; Acquanetta Warren

Cal Cities Partners: Clayton Miller

Staff: Brady Guertin, Legislative Affairs Lobbyist
Waleed Hojeij, Legislative Affairs and Policy Analyst

**I. General Briefing**

Prior to the individual policy committee breakouts, members gathered for a general briefing where League staff provided high-level legislative and budgetary updates. This session served as an opportunity to align all policy committees on major state developments and cross-cutting issues impacting cities.

During the briefing, each policy area offered a snapshot of the most significant bills in their respective portfolios. Staff highlighted priority legislation, recent amendments, and upcoming hearings, giving committee members a broader understanding of the legislative landscape. In addition, members received a budget update outlining key proposals in the Governor's revised spending plan, with a focus on funding streams and policy changes relevant to cities.

**II. Welcome and Introductions**

The meeting began with welcoming remarks from Chair Wes Speake, Council Member for the City of Corona, who thanked members for their participation and emphasized the importance of the committee's work in shaping League policy and advocating on behalf of cities throughout the state. He acknowledged the collective expertise in the room and expressed appreciation for everyone's continued engagement on critical local government issues.

**III. Predictability and Stability: How to Bring Development to Your Community**

During the meeting, a joint panel was held with the Revenue and Taxation Policy Committee, featuring a discussion with representatives from the commercial real estate and development sectors. Panelists included Skyler Wonnacott, Senior Director of Government Relations at the California Business Properties Association; Rob Cord, Founding Partner at Advisors Real Estate Asset Services; and Phil Tate, Senior Vice President of Development and Government Affairs at Kilroy Realty Corporation.

One of the dominant themes was the role of CEQA in delaying or derailing development projects. Panelists emphasized that the threat of litigation—especially under CEQA—can add hundreds of thousands of dollars in legal and consultant fees. One panelist estimated that a CEQA battle costs approximately $450,000 and carries only a 50/50 chance of success, discouraging developers from pursuing otherwise viable sites. Developers urged cities to define allowable land uses in advance clearly and to use negative declarations or mitigated negative declarations wherever appropriate to reduce CEQA exposure.

Another primary focus was the importance of zoning clarity and ministerial approvals. Developers praised cities like San Diego and South San Francisco for proactively updating their specific and community plans to allow by-right approvals when projects meet predetermined criteria. They said this eliminates risk and shortens timelines—both crucial to making projects financially viable. One developer summarized the issue by saying, "The best cities to work in are the ones with clear rules that are hard to deviate from."

Electrification mandates were another point of concern. While the panelists affirmed their support for sustainability, they warned that aggressive electrification policies must be balanced with the actual capacity of utility providers. Utilities like PG&E were described as "unmovable" and "the bottleneck" in many projects. They said that electrification mandates risk becoming project killers without assurances that power can be delivered on time.

The discussion also touched on the importance of vibrant street life and small business ecosystems. Panelists emphasized that tenants—especially office tenants—want to be in places with walkable environments, cafes, public safety, and pedestrian activity. One said, "Small businesses are the catalyst. They make streets feel safe and active."

This panel led to a robust discussion from members of our policy committee, who shared their experiences and thoughts. One example was how litigation and the absence of clear land use policies led to Whole Foods abandoning plans to open in their city and instead locating in the city next door. This cost the city a potential anchor tenant and redirected long-term tax revenue to another jurisdiction.

Further conversation by the committee focused on the legal risks of council involvement in development decisions after a plan is submitted, citing a court case that required a jurisdiction to pay $24 million due to a council member's undue influence on a local development project. As a result, they now refuse to express any opinion on development applications once they have been submitted to the local jurisdiction. This is important in their view to preserve due process and protect the city from potential litigation.

Committee members described the experience of complying with state mandates as "being parented." They emphasized that while cities want to comply, they also want to preserve local identity and standards. Some members also asked developers to show grace and understanding as cities navigate rapid regulatory change, saying, "We're not misbehaving—we just want autonomy."

## IV. Public Comment

There was no public comment.

## V. Legislative Agenda

AB 306 (Schultz) Building regulations: state building standards *(Attachment A)*

AB 306 would impose a six-year moratorium (from June 1, 2025, to June 1, 2031) on adopting or modifying state and local building standards affecting residential units.

During the committee meeting, members discussed the bill in depth. Several members sought clarification about the distinction between general plan updates, zoning regulations, and building codes. It was affirmed that objective design standards and zoning updates are not considered part of the building code and, therefore, would not be impacted by the bill. Members expressed concern about the inability to implement beneficial changes during the six-year pause. One member noted that while the state should not continue to add new regulations rapidly, the freeze might prevent the adoption of positive or necessary innovations at the local level.

Another area of concern was the impact on "reach codes," particularly those related to electrification and green building initiatives. Cities in Southern California, for example, have adopted reach codes requiring electric heat pumps and other electrification measures in response to climate goals. Members clarified that existing reach codes would remain in effect, but new ones could not be adopted during the moratorium period. Some advocated for an exemption to allow local jurisdictions to implement policies that align with state climate objectives during the freeze.

Questions arose about how "home hardening" would be defined under AB 306. Brady clarified that the State Fire Marshal would determine those standards. Members also expressed concern that pending 2026 building code updates could be stalled, potentially undermining the extensive public review process involved in code adoption.

Several individuals spoke in support of the bill. One member highlighted high costs and delays related to electrification equipment, noting the industry's need to catch up. Others emphasized that the bill aims to stabilize costs and provide regulatory certainty without weakening existing building codes.

However, other members were concerned that the bill could stifle innovation, hinder local climate action, and restrict cities from updating codes to align with state law or address supply chain issues. Some suggested shortening the moratorium period or allowing local jurisdictions to adopt new standards voluntarily.

After careful deliberation, the committee voted to support the measure as written.
**Vote: 34 Yes / 4 No / 1 Abstain**

AB 87 (Boerner) Housing development: density bonuses: mixed-use developments: short-term rentals

The committee had a robust discussion on Assembly Bill 87, which proposes amendments to the state's density bonus law. The bill would require that at least 70% of the total square footage in a mixed-use development using the density bonus law be designated for residential purposes. It would also prohibit using any portion of that development for hotels, motels, bed and breakfasts, or other visitor-serving accommodations. It would mandate a land use covenant that none of the units are used as short-term rentals, such as through Airbnb or VRBO.

Several committee members supported the bill's intent while raising questions about feasibility, flexibility, and unintended consequences. One member noted that the legislation appeared to conflate the terms "residential" and "affordable" and sought clarification about whether the 70% residential square footage must all be affordable housing. Staff clarified that projects using the density bonus law still need to include a portion of affordable units, but the remainder of the residential space can be at market rate. The bill does not change the affordability thresholds currently in statute—it only restricts the allowable mix of residential versus commercial space.

Some members, particularly from cities with strong tourism economies, voiced concerns about how the prohibition on hotel and short-term rental uses could impact local economic development. One member suggested a "support if amended" position, proposing that transient occupancy tax (TOT) -generating uses like hotels could be allowed in such projects if they also meet a strong affordability threshold. Another member suggested a unit equivalency framework—for example, allowing commercial square footage to count toward density calculations if treated as equivalent to one housing unit, ensuring fairness in how bonus calculations are applied.

Other members emphasized the need for the organization to take a firm stance on reinforcing the original purpose of the density bonus law. One committee member noted that some developers use the density bonus as a "smokescreen" to build projects that do not meaningfully expand the affordable housing supply. They stressed the importance of clarity and consistency in applying the law across jurisdictions. Another member supported the bill because it helps prevent abuses of local land use exceptions and supports the creation of workforce housing, which many cities desperately need.

There was a brief discussion about local control, with questions about whether the bill would prevent cities from adopting their own, more flexible zoning incentives. Brady clarified that the legislation only applies to projects that use state density bonus law; cities would still be free to adopt their own incentives or zoning ordinances that go beyond the state framework, so long as they do not conflict with existing state laws.

Committee members concluded that the bill helps reinforce the core purpose of the density bonus program—encouraging more housing development and exceptionally affordable housing while limiting opportunities for misuse.

The committee voted to support AB 87.
**Vote: 34 Yes / 0 No / 1 Abstain**

## VI. Legislative Update

Housing, Community, and Economic Development Hot Bills
Housing, Community, and Economic Development Priority Bills

Brady Guertin shared with the committee some of the most important bills we are currently tracking in the portfolio. A list of these bills can be found linked above.

## VII. Adjourn

**Next Meeting - Virtually: Thursday, June 12, 9:30 a.m. - 12:30 p.m.**