

2019-2020

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March 4, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol Building, 1st Floor
Sacramento, CA 95814

RE: League of California Cities Housing Production Proposal

Dear Governor Newsom:

On behalf of the League of California Cities, thank you for traveling to Yountville recently to meet with our board. We sincerely appreciated the opportunity to discuss greater partnership between cities and the state to address the housing and homelessness crisis in California. The League is also grateful for your commitment to ensuring that all Californians have a safe and affordable place to call home. You have traveled across the state, listened to local concerns, and provided billions of dollars and other resources to help cities confront the homeless crisis, plan for housing, invest in infrastructure to support housing and fund affordable housing.

Our board members were encouraged by our discussion in Yountville and believe there is a real opportunity now to forge a consensus solution that will accelerate housing production and, at the same time, allow cities to develop locally driven plans for those homes.

For more than a year, the League has persistently pursued solutions to the housing supply and affordability crisis that is gripping many regions of the state. Recently, the League's board overwhelmingly supported a bold housing production proposal that, if fully implemented, will lay the foundation for the immediate production of much needed housing across all income levels.

The League's housing production proposal consists of both near-term and longer-term actions:

Near-term Actions

A realistic housing production proposal must include new long-term funding to support the construction of affordable housing and essential infrastructure. Without a source of reliable, ongoing funding that matches the scale of the problem, little will be done to actually produce new affordable housing units. Funding could come from the following pending bills or other sources:

- SB 795 (Beall) Affordable Housing and Community Development Investment Program – a measure that would restore a more robust property tax-based financing mechanism focused on building affordable housing and infill infrastructure that would provide up to \$2 billion annually.



- ACA 1 (Aguiar-Curry) Affordable Housing and Public Infrastructure. Voter Approval – a measure that would allow the voters to lower the vote approval threshold to 55 percent for local general obligation bonds, sales taxes or parcel taxes that invest in affordable housing and key infrastructure.

However, cities recognize that more than new funding will be necessary to produce housing units at the scale needed. That is why the League also supports requiring cities to take (some) immediate actions (already adopted actions would qualify) designed to help spur housing production. In order to ensure cities retain flexibility to best meet their local needs and conditions, they would be able to choose from a suite of actions, including but not limited to the following:

- Adopt an Accessory Dwelling Unit (ADU) ordinance;
- Streamline housing approval processes;
- Establish a Workforce Housing Opportunity Zone (WHOOZ) or a Housing Sustainability District;
- Develop objective design review standards;
- Reduce development fees;
- Adopt an inclusionary housing ordinance;
- Establish a local housing trust;
- Restrict demolition of existing housing stock;
- Allow up to fourplexes in single-family zones;
- Increase allowable heights and densities;
- Adopt transit-oriented development (TOD) plans;
- Reduce parking requirements;
- Adopt tenant protections; and
- Establish an Enhanced Infrastructure Financing District (EIFD) or a similar financing tool.

Finally, there are many well-documented barriers to housing production. A considerable number of these barriers are well beyond the control of local governments yet have significant impacts on what types of, and how many, housing units are built. The League is committed to working with you, the Legislature, and stakeholders to address the barriers listed below to help accelerate housing construction:

- Construction costs;
- New building codes;
- CEQA costs and delays; and
- Financing.

Longer-term Actions:

As you are well aware, the 6th Cycle of the Regional Housing Needs Allocation (RHNA) and associated Housing Element update process is currently underway. All cities and counties, on a staggered schedule, must update their housing planning documents to include their new housing unit allocations by early 2024. It has become clear that nearly all communities will receive a much higher housing unit allocation than they received in the last RHNA cycle.

To accommodate these much higher RHNA allocations and align local planning documents with state priority development areas, the League supports requiring that cities prioritize housing density and housing site identification near key transit infrastructure, downtown areas, and commercial



corridors. The League also supports cities needing to accommodate as much of their housing unit allocation in these areas before other locations are considered.

In closing, the League recognizes that we need a housing production bill that includes consensus solutions that will effectively address our housing affordability crisis. While prior proposals have missed the mark and were unable to garner the support to advance out of the Legislature, the League strongly believes the housing production proposal outlined above can be that vehicle. We look forward to continuing to partner with you and other stakeholders on finding solutions to the housing supply and affordability crisis that are built on local civic engagement and community input, while simultaneously working to achieve the state's housing needs.

Sincerely,

A handwritten signature in black ink that reads "Carolyn M. Coleman".

Carolyn M. Coleman
Executive Director
League of California Cities

cc. Jason Elliott, Senior Counselor for Housing and Homelessness
Ronda Paschal, Deputy Legislative Secretary
Mark Tollefson, Deputy Cabinet Secretary