



June 9, 2016

TO: Members, Budget Conference Committee

FROM: Anthony Samson, Policy Advocate

SUBJECT: PROPOSED TRAILER BILL – STREAMLINING AFFORDABLE HOUSING APPROVALS SUPPORT

The California Chamber of Commerce is pleased to **SUPPORT** the Governor's budget proposal to allow new market-rate housing projects to be approved "as of right" so long as the projects (1) are multifamily housing developments surrounded by urban uses; (2) have affordable housing components of 5 to 20 percent, depending on access to transit and the income levels targeted; (3) conform to local general plan and zoning standards; and (4) provide relocation assistance to displaced households.

California is currently facing a significant housing crisis – a crisis not only concerning the affordability of housing, but the supply of housing, the two of which are inextricably linked. In fact, in a February 2016 report, the Legislative Analyst's Office (LAO) noted that "California's high housing costs denies many households the opportunity to live in the state and contribute to the state's economy. This, in turn, reduces the state's economic productivity." According to the LAO, policies that seek to address housing affordability without addressing housing supply do "very little to address the underlying cause of California's high housing costs: a housing shortage." Rather, the LAO opined that policies promoting additional housing supply are the only way to chip away at California's housing affordability crisis.

The Governor's "as of right" proposal is a welcomed step in the right direction to address California's housing affordability crisis, as it will incentivize and streamline the development of certain housing developments and thereby contribute to increased housing supply. Importantly, while the "as of right" proposal will eliminate the need to conduct project-level environmental review under the California Environmental Quality Act (CEQA), the proposal expressly requires each project to be consistent with the relevant General Plan and zoning requirements. General Plans and zoning policies are required to undergo separate CEQA review subject to robust public review and comment. Accordingly, the streamlining approach in the Governor's "as of right" proposal strikes an appropriate balance by expediting housing development while continuing to retain robust environmental protections for qualifying housing developments.

California's current housing crisis, in which the bottom 25 percent of income earners are spending 67 percent of their income on housing, is unsustainable and must be addressed with multiple commonsense reforms. The Governor's "as of right" proposal is one such reform, and for this reason, we respectfully urge the Budget Conference Committee to approve it while continuing to explore additional ways to increase housing supply and affordability throughout the state.

cc: Camille Wagner, Office of the Governor
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Ben Metcalf, Director, Department of Housing and Community Development
District Offices, Members, Budget Conference Committee

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